



NeighborWorks Rural Initiative

Eradicating Substandard Manufactured  
Homes: Replacement Programs as a Strategy

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Conference Code: 6817837471

**Phones are muted**

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## The NeighborWorks Rural Initiative

The NeighborWorks Rural Initiative promotes, supports and enhances comprehensive rural community development – a mix of affordable housing, economic development, and other locally determined strategies that strengthen and revitalize rural communities.

To learn more check out our [website](#) or contact us at [rural@nw.org](mailto:rural@nw.org)



## Matthew Furman

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## Presentation Agenda

1. Manufactured housing and its role in the U.S.
2. The case for replacement of older, substandard manufactured housing.
3. Quantity and location of older, substandard manufactured housing.
4. Key features of the impacted population.
5. Four crucial considerations for designing replacement programs:
  - How should a program be organized?
  - What model years should a program focus on?
  - What amount of subsidy is required in order to prompt the participation of homeowners?
  - What program features and external factors are instrumental to a program's success?



## Manufactured Housing (MH) Context

- Factory-built: MH units are constructed on a steel chassis in a controlled environment and transported to their sites for installation.
- Widespread: There are approximately 9 million MH units in the U.S., housing 18 million people.<sup>1</sup>
- Affordable: The average cost of a MH unit is \$64,000, \$133,000 less than the median sales price of an existing site-built home.<sup>2</sup>
- Maligned: Despite improvement in design and durability, MH continues to be stigmatized as a dilapidated form of housing.



19% of MH is anchored to the ground by a masonry foundation.<sup>1</sup>



36% of MH (approx. 3.2 million homes) are located in parks.<sup>1</sup>

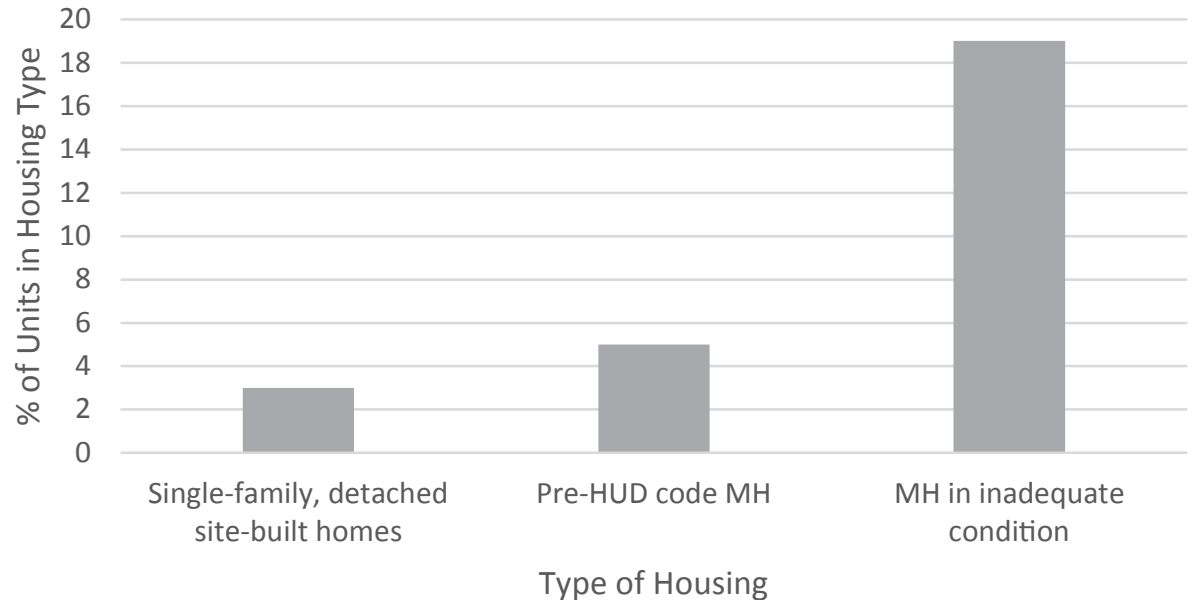
<sup>1</sup> Tabulation of AHS 2011

<sup>2</sup> U.S. House. "State of Manufactured Housing." 2011.

# The Case for Replacement of Older, Substandard Manufactured Housing (MH)

- The physical conditions in certain manufactured housing units are so deteriorated that the units represent a health risk.

Figure #1: % of units with mold by housing type (AHS 2011)



- Modern MH appreciates in value when it is packaged with land ownership, and this helps households to build their assets.
- MH residents can save energy and reduce their utility bills by investing in new, energy efficient homes.

# Scope of the Issue

Fig. #2: MH Units by Physical Adequacy (2011 AHS)

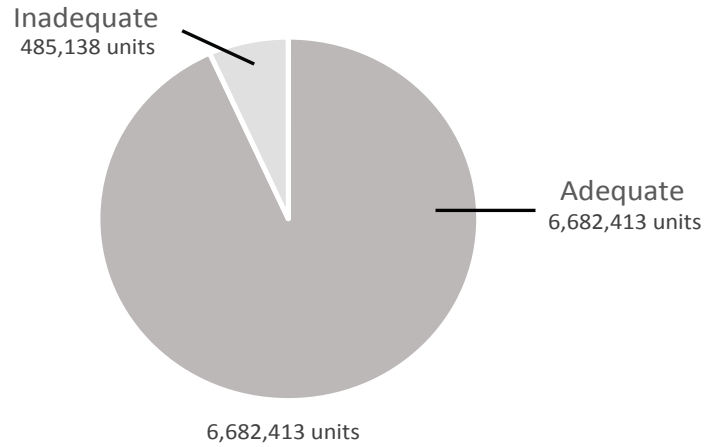
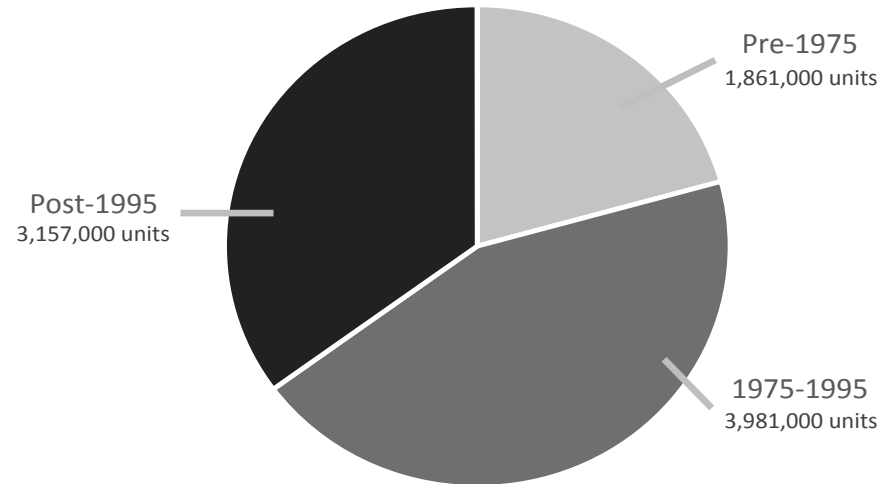
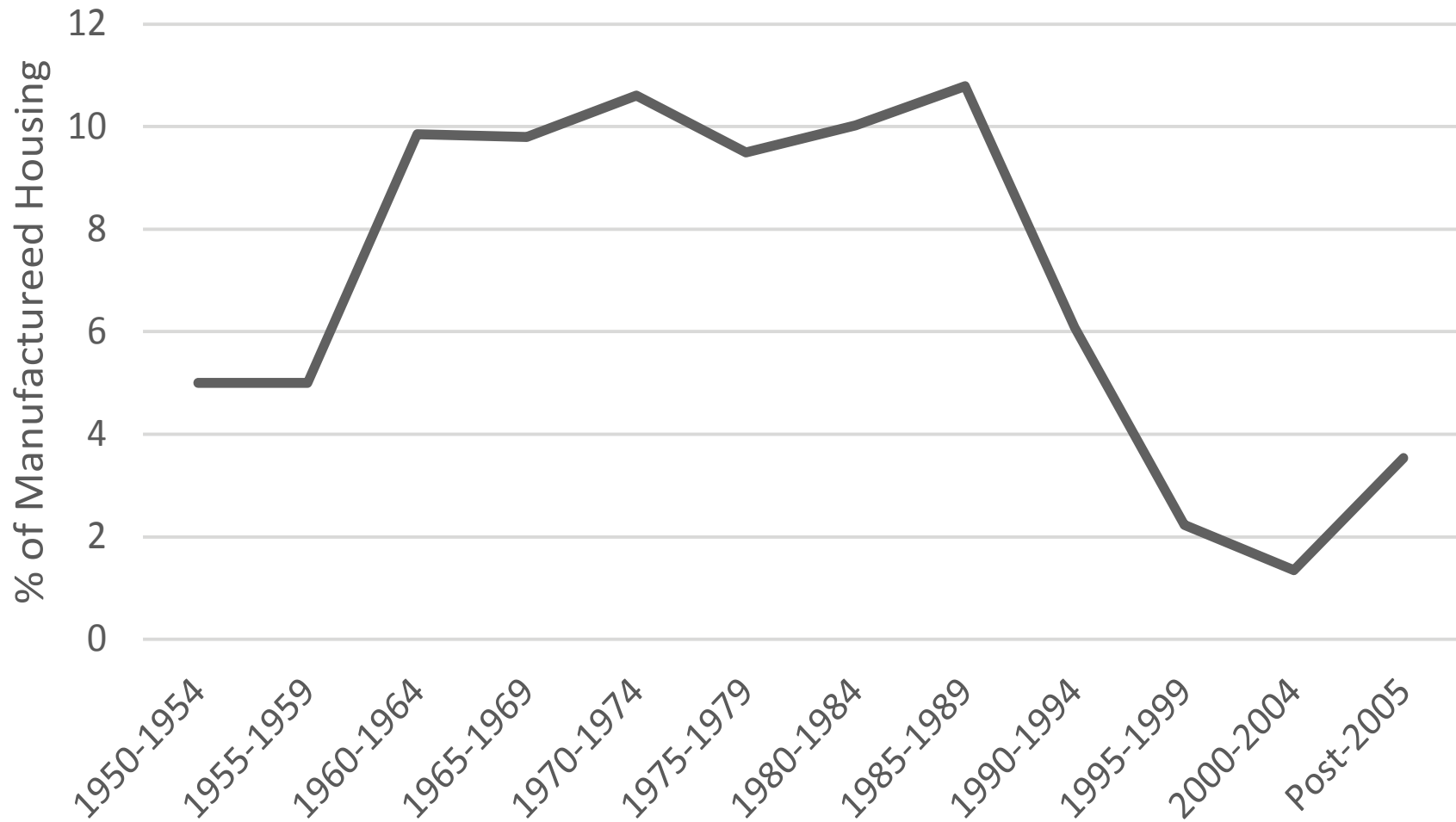


Fig. #3: MH Units by Period Built (2011 AHS)



*Note: AHS quality question covers only 80% of total manufactured homes*

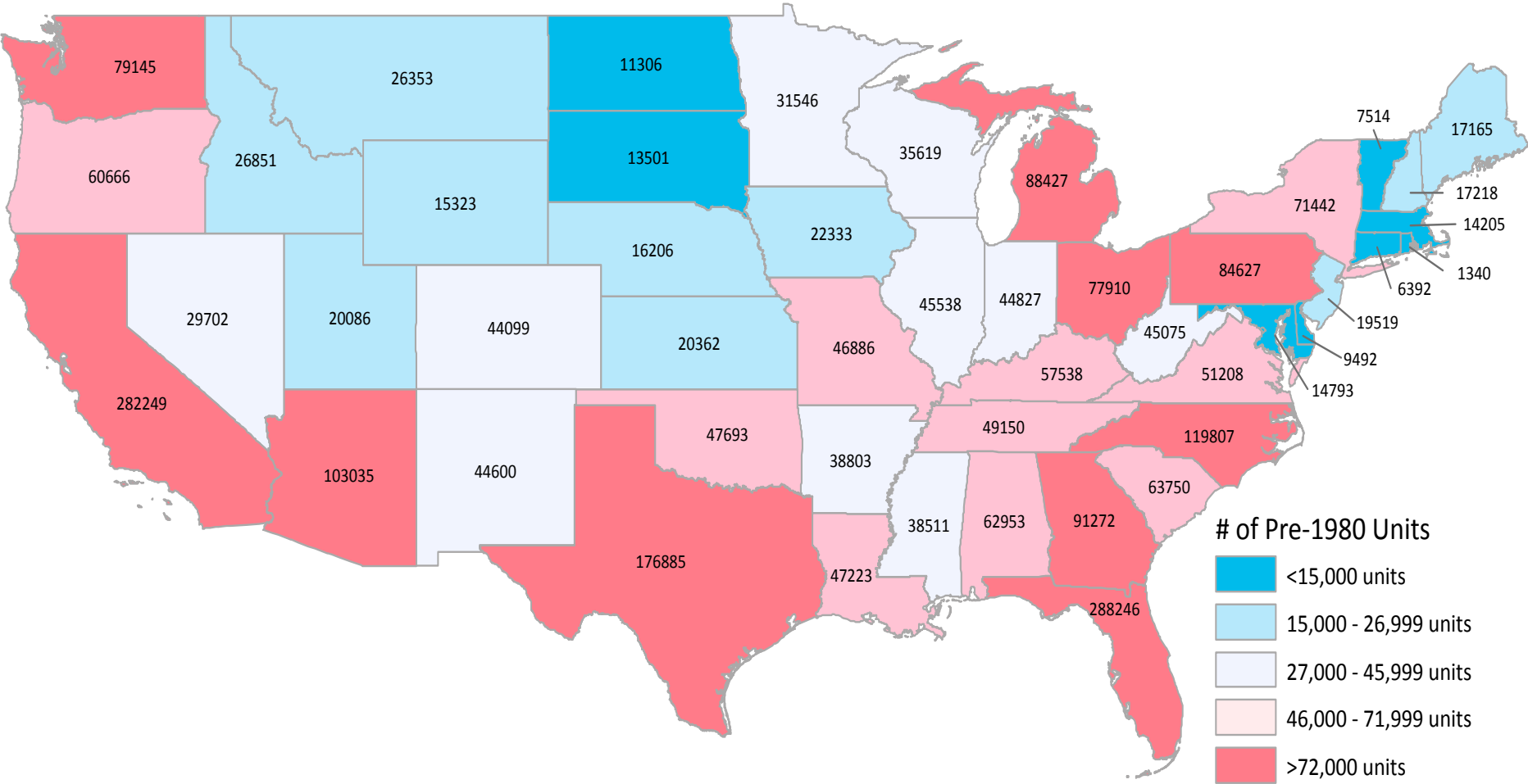
Fig. #4: % of Units in Inadequate Condition by Period Built



Source: AHS 2011

# Distribution of the Issue

Map #1: Number of Pre-1980 Manufactured Homes by State (2012 ACS)





## Impacted Population

- Approx. 2.9 million people live in pre-HUD code units and 1.2 million people live in MH that is in inadequate condition.<sup>3</sup>
- Perception is that the population in older, substandard units is:
  - Elderly
  - Young families
  - Low-income
  - Disabled
- 150,000 single-mothers live in pre-1980 manufactured housing.<sup>1</sup>
- In 2012, 25% of MH did not include a member who had worked in the last week, compared to 14% for single-family, site-built homes.<sup>2</sup>

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1 ACS 2012 tabulation

2 ACS 2012 tabulation

3 AHS 2011 tabulation

Fig. #5: Concentration of Demographic and Socioeconomic Groups in Inadequate Condition Manufactured Housing

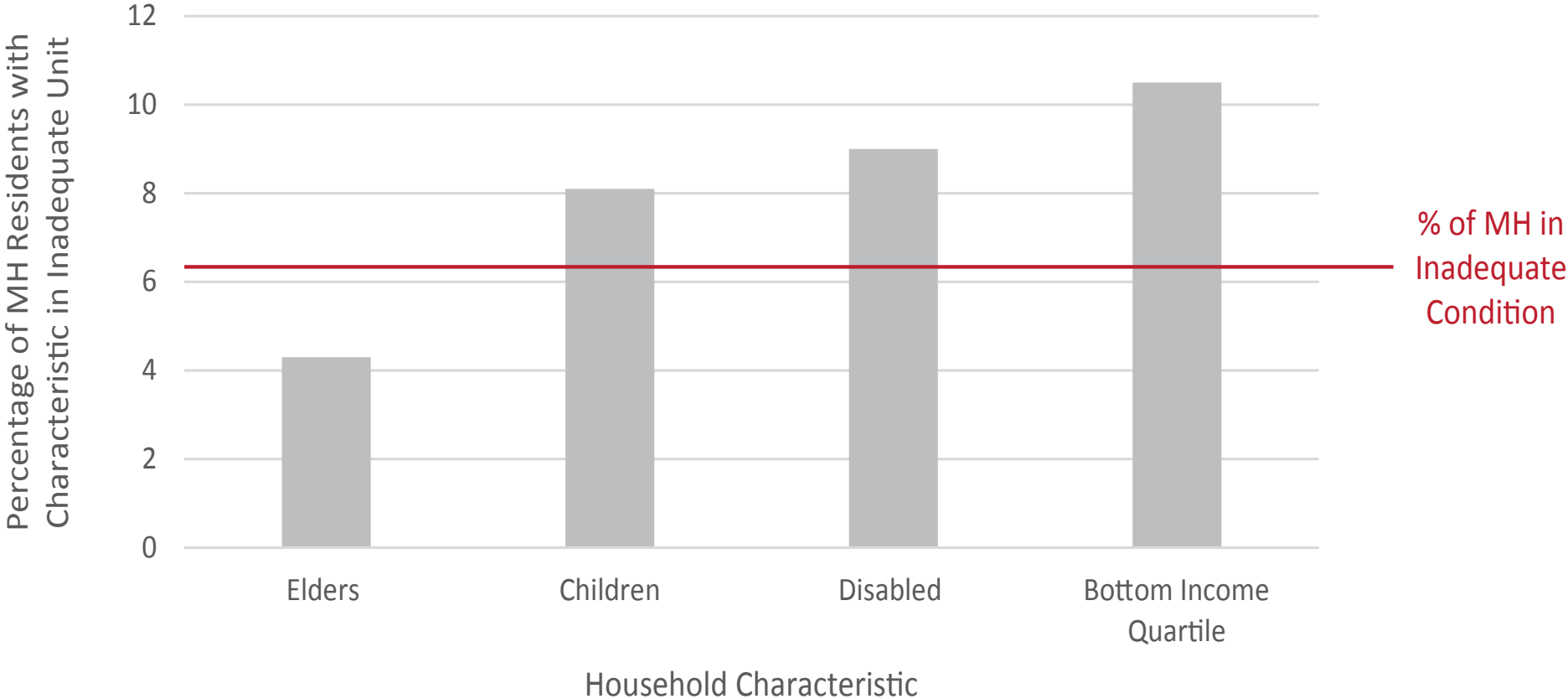


Fig. #6: Concentration of Demographic and Socioeconomic Groups in Pre-1975 Manufactured Housing

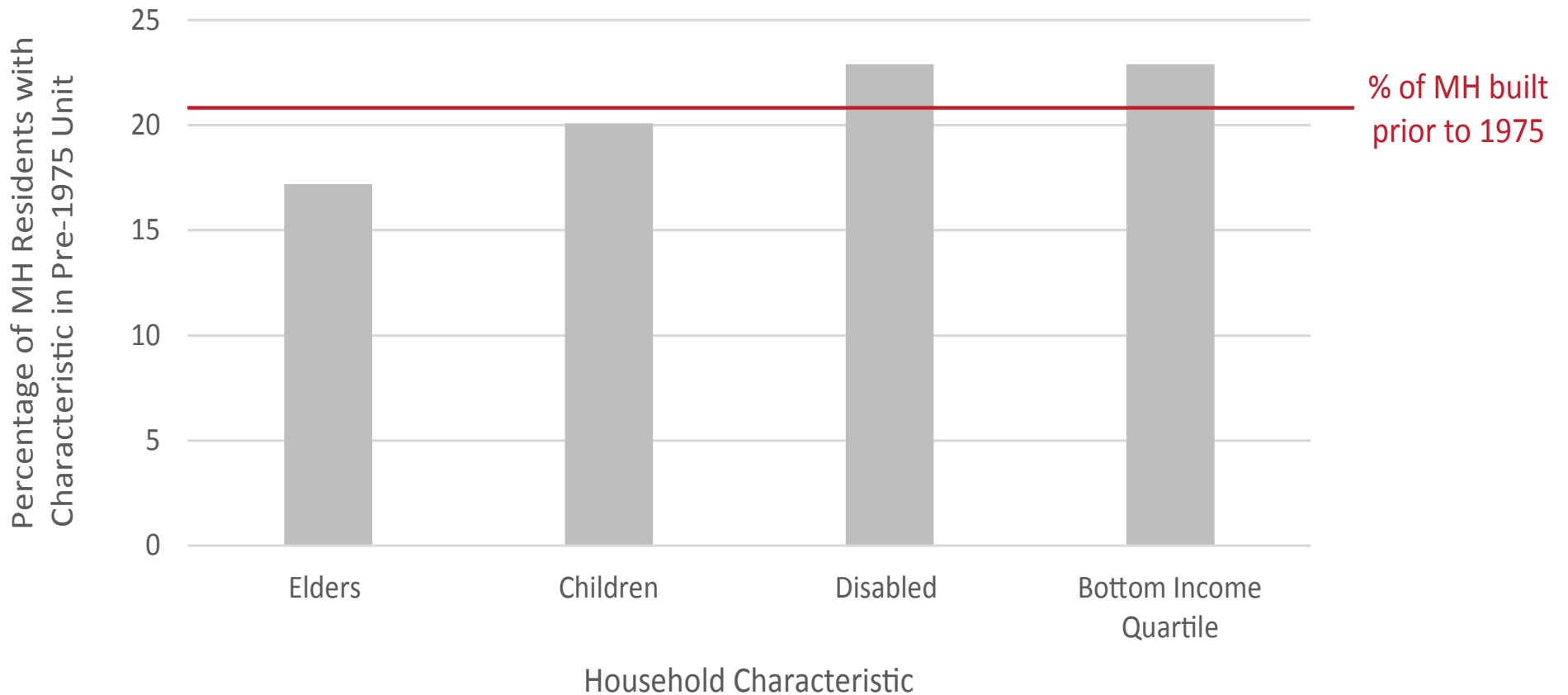
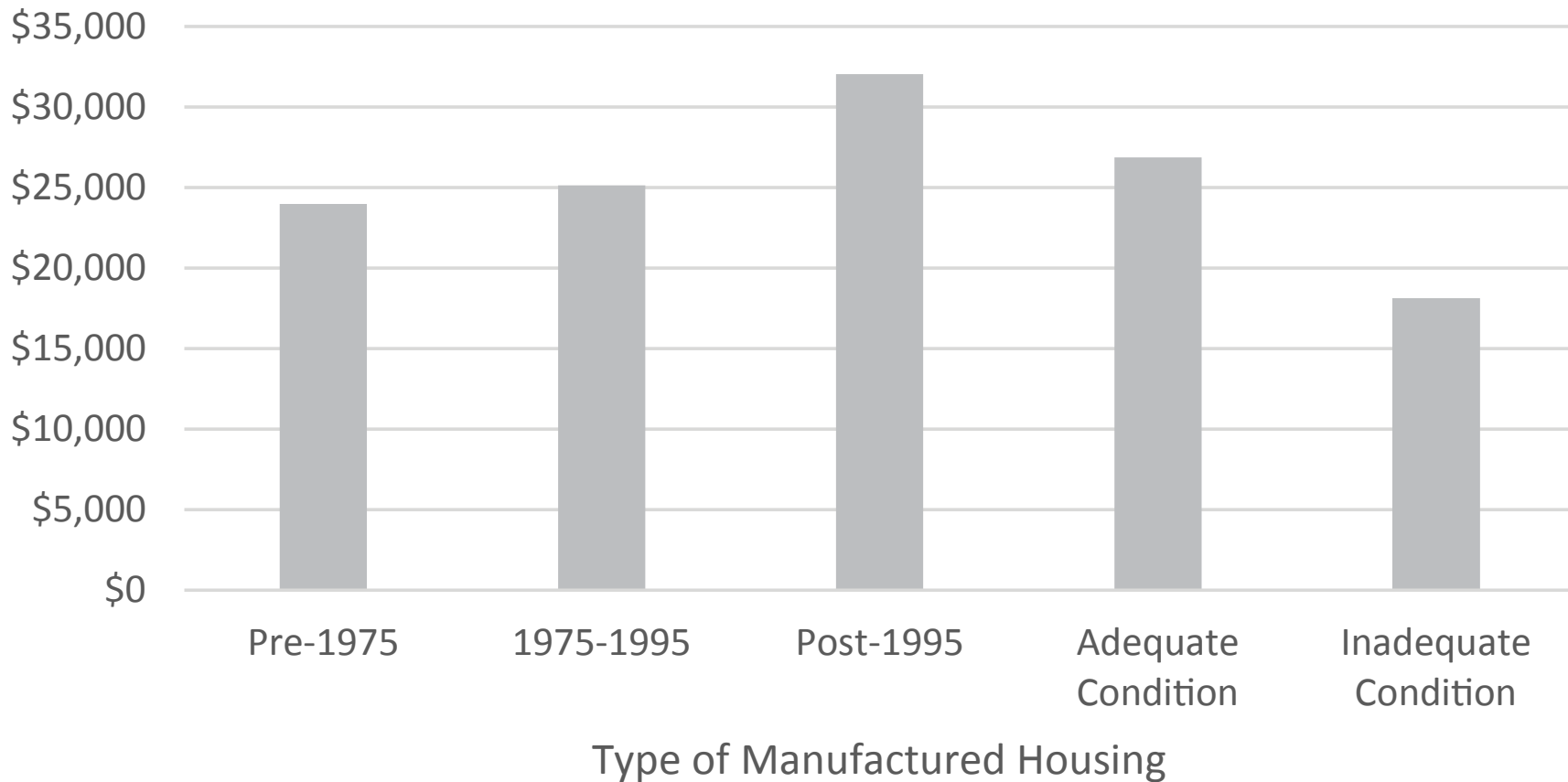


Fig. #7: Median Household Income by Housing Type (2011 AHS)



# Manufactured Housing Replacement Programs

Extent of replacement activity:

- Over 25 programs
- Across 15 states
- Results range from a single pilot unit to 150 units
- Approx. 500-750 replacements conducted over the past decade

Example programs:

- Mobile Home Change-Out Program - Santa Cruz County, California
- Manufactured Housing Done Right - Frontier Housing
- Pre-1976 Mobile Home Replacement - MaineHousing
- reHome Oregon - NeighborWorks Umpqua

Four major organizational models:

- Government-driven
- Social enterprise
- Coalition
- Individual initiative

# Government-Driven Model:



## Government Agency

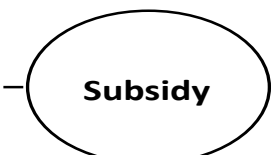
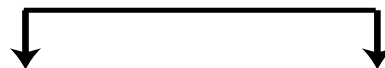


Trust fund  
Bond  
User fees  
General budget

HOME  
CDBG  
Energy efficiency funds  
Weatherization funds



## Local Nonprofit or Municipality

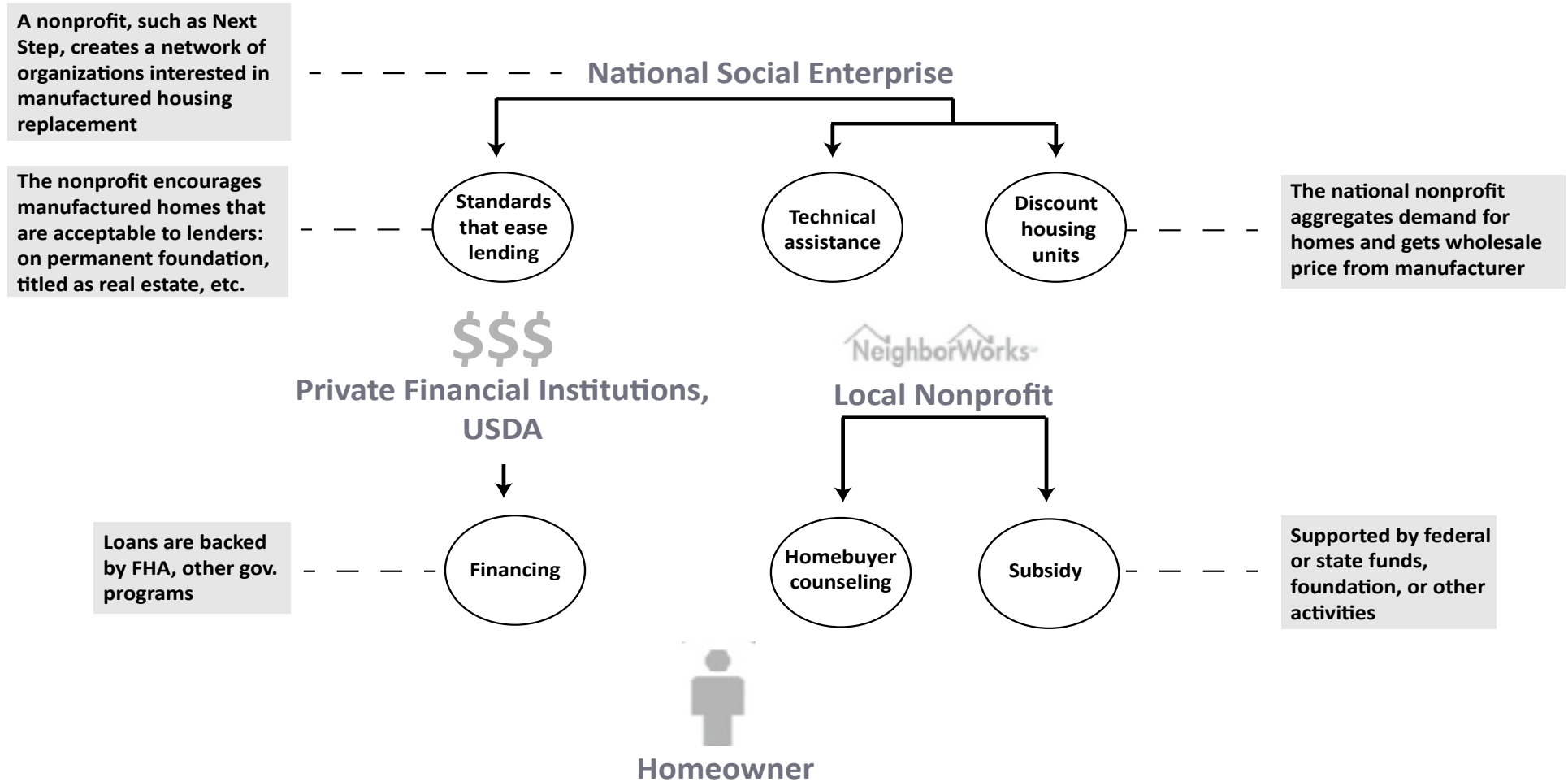


Nonprofit uses funding from gov. for grants, forgivable loans, low-interest loans, downpayment aid



## Homeowner

# Social Enterprise Model:



# Coalition Model:

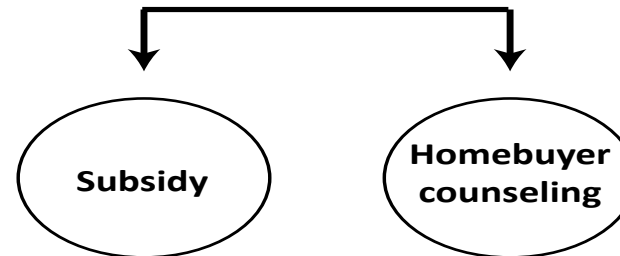


## **Coordinating Coalition of Stakeholders** (healthcare, government, utilities, financial institutions, etc.)

Utility rebates  
On-bill financing  
Tax credits  
Health grants



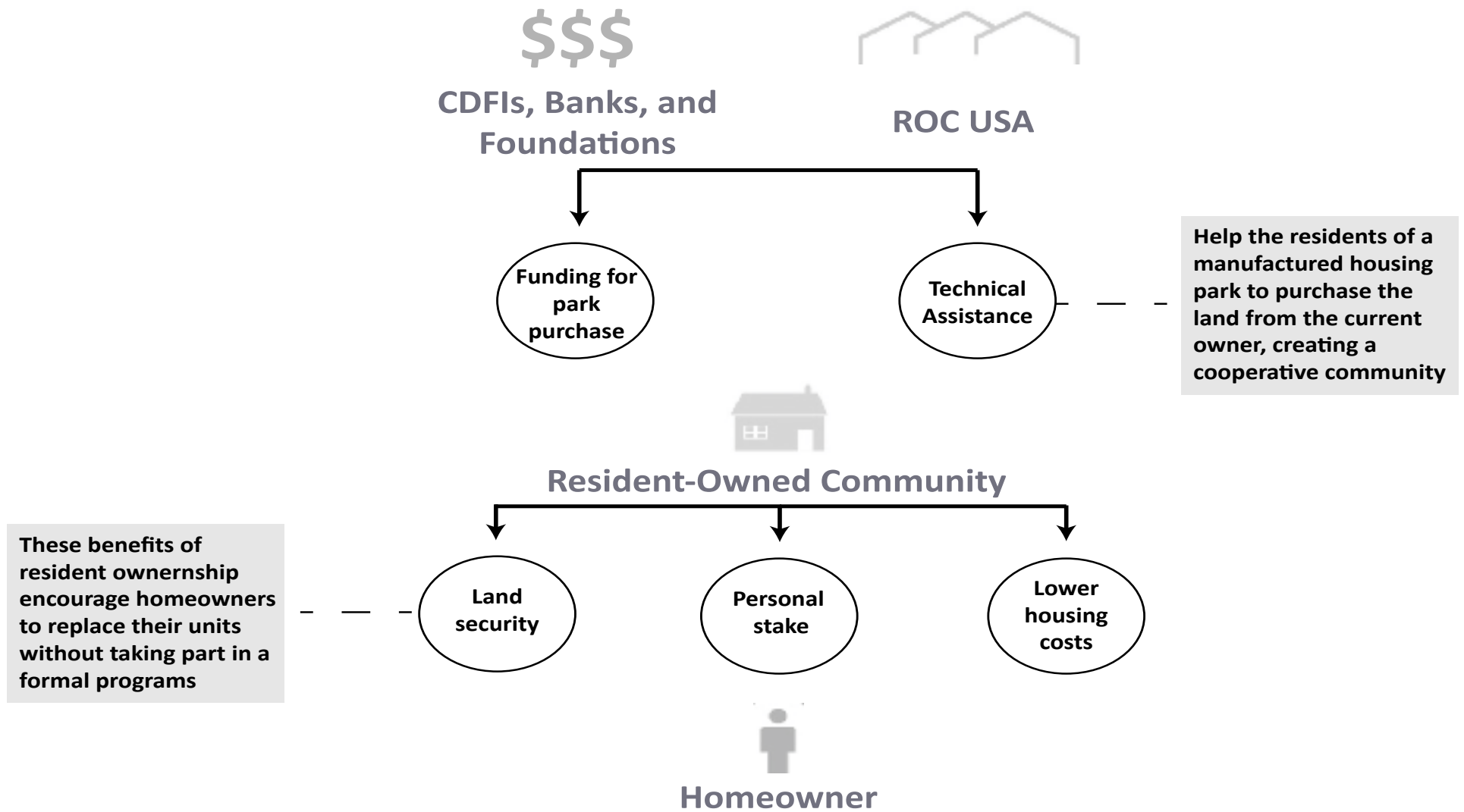
## **Local Nonprofit**



**Homeowner**



# Individual Initiative Model:



## Policy Consideration #1: Assessing the Organizational Models

- Government-driven:
  - Offers the largest, most accessible sources of funding
  - Many rigid regulatory hurdles
- Social Enterprise:
  - Can operate at zero or low-cost to government
  - Difficult to employ on leased land
  - Homeowners are wary of taking on new debt
- Coalition:
  - Having many partners brings program legitimacy
  - Diverse funding sources
- Individual Initiative:
  - Builds human capital
  - Limited evidence of its implementation

## Policy Consideration #2: Model Years Targeted for Replacement

Many policymakers argue for limiting replacement programs to manufactured housing built prior to the 1976 HUD code for three reasons: (1) conditions of units, (2) prioritization of resources, and (3) administrative ease. Across a range of physical indicators, however, these units are of relatively similar quality to homes built in the 1980s and early 1990s.

Table #10: Frequency of Physical Problems in Manufactured Housing by Period Built

Physical Problem	% of Pre-1975 Homes	% of 1975-1995 Homes	% of Post-1995 Homes
Exterior Water Leak	14%	12%	8%
Sewer Failure	2%	2%	1%
Lost Running Water	8%	9%	5%
Unit Cold 24+ Hours	17%	14%	8%
Uneven Roof	6%	6%	1%
Missing Shingles	3%	4%	4%
Holes in Roof	4%	4%	2%
Foundation Crumbling	6%	6%	2%
Broken Windows	8%	6%	5%
Space Heater Used	13%	16%	11%

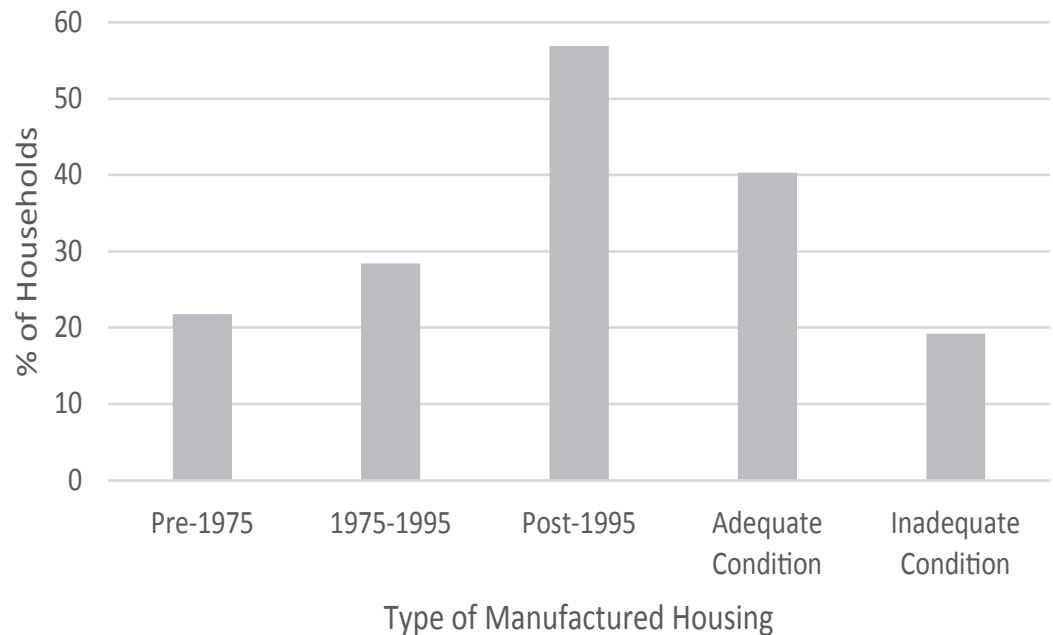
Source: Tabulation of AHS 2011

## Policy Consideration #3: Required Subsidy Size

Some homeowners are not willing to take on the cost of replacement, even if it is offset by energy savings and greater value retention. Larger subsidies might be required in order to entice these homeowners to participate in a program:

- “The [upfront] match money is difficult for low-income people. An income eligible person with a substandard trailer and a match is rare,” Tennessee program stakeholder
- “Even if they can afford [a mortgage], it’s scary for them,” NeighborWorks Montana administrator
- “Most [applicants] do have existing mortgages, which wasn’t expected. There is a demographic that does not have debt, but [we] haven’t got to them. [I’ve] met with some people who don’t have debt, and they just don’t want it,” NeighborWorks Umpqua

Fig. #8: % Units with Mortgage (AHS 2011)



## Possible Housing Cost Increases

Several aspects of a households' monthly housing bill might increase due to replacement:

- Mortgage payment
- Real estate taxes
- Insurance

If the new unit is significantly larger than the old unit, then the energy bill might increase, even if the new unit is more energy efficient.

Table #2: Housing Costs for Inadequate and Adequate Condition Manufactured Homes

Cost	Inadequate Condition Home	Adequate Condition Home	% Change
Median Monthly Housing Cost	512	598	16.8
Median Tax Payment	150	250	66.7
Median Insurance Payment	307	441	43.6
Median Water and Sewage Bill	360	360	0.0
Mean Maintenance Cost	572	412	-28.0
Median Electric Bill	120	125	4.2

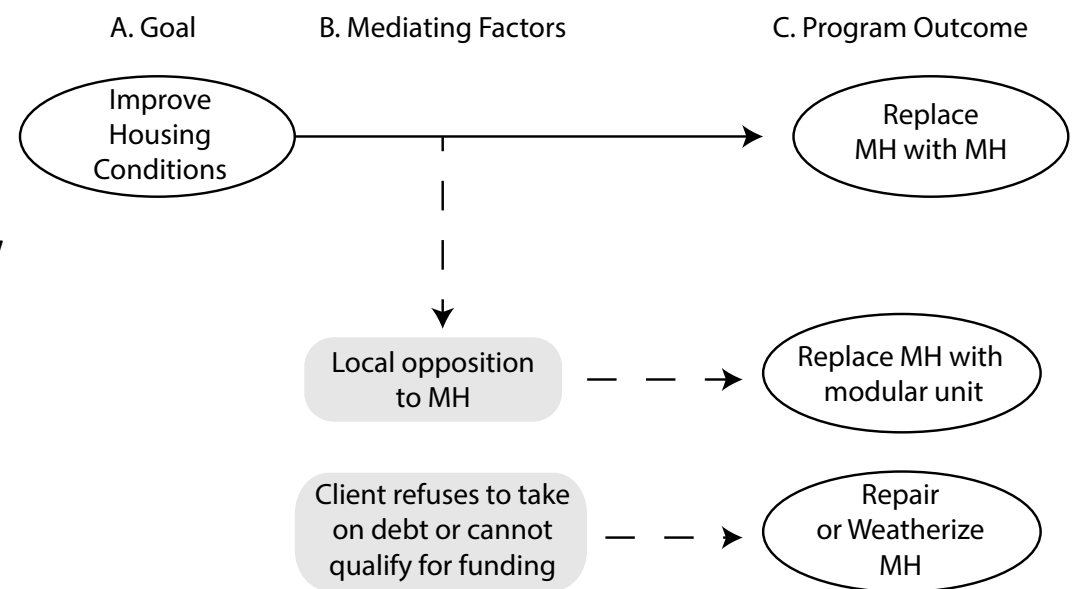
Source: AHS 2011

## Policy Consideration #4: Key Program Features and External Factors

Stakeholders indicate that having flexible program requirements helps them to deal with major roadblocks, including: clients being unable or unwillingness to take on the cost of replacement, community opposition to manufactured housing, and clients failing to qualify for aid.

- “It can’t be a one size fits all. What works for a consumer who replaced her home, might not work for someone else. Why limit it to you either qualify or you don’t when you could improve their health or make it slightly more energy efficient?” reHome Oregon participant
- “There was a great deal of anger and bias against mobile homes as a form of housing. [Modular housing replacement was] flexibility that agencies need to respond to some of these community concerns,” New York State housing advocate
- “Even though it’s a grant, we can’t put people outside their ability to pay [taxes, maintenance, and other housing new housing costs],” MaineHousing administrator

Fig. #13: Flexible Program Design Responds to Mediating Factors



## Policy Recommendations

1. Systematically track changes in client finances in order to determine whether or not replacing MH has a net positive impact, and therefore, how much replacement must be subsidized.
2. Embrace non-profits as program administrators, client sources, and places for resource aggregation.
3. Focus on need-based criteria for replacement, rather than model year.
4. Link replacement to other housing services so that program ineligibility does not end discussion about how to improve client's housing situation.
5. Seek local, state, and federal policy changes that make it easier to: finance units in manufactured housing parks, package MH loans on secondary market, and apply conventional financing to MH.



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# Any Questions?

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For more information about Matthew's work you can contact him at  
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To learn more about the Rural Initiative check out our [website](#) or email us at [rural@nw.org](mailto:rural@nw.org)





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**Thank you for attending!**

## Appendix: American Housing Survey Definition of Physical Inadequacy for Housing Units

If the unit meets just one of the following conditions:

- Unit has less than 2 full bathrooms (BATHS < 2) and the unit has at least one of the following:
  - Unit does not have hot and cold running water (HOTPIP='2')
  - Unit does not have a bathtub or shower (TUB='2')
  - Unit does not have a flush toilet (TOILET='2')
  - Unit shares plumbing facilities (SHARPF='1')
- Unit was cold for 24 hours or more (FREEZE = '1') and there have been more than 2 breakdowns of the heating equipment that lasted longer than 6 hours (NUMCOLD is '3', '4','5','6','7',or '8')
- Electricity is not used (BUYE = '1')
- Unit has exposed wiring (NOWIRE = '2') and not every room has working electrical plugs (PLUGS = '2') and the fuses have blown more than twice(NUMBLOW is '3', '4','5','6','7',or '8')

Then assign ZADEQ as severely inadequate (ZADEQ='3')

Determine how many of the following conditions the unit meets:

- Unit has had outside water leaks in the last 12 months (LEAK = '1')
- Unit has had inside water leaks in the last 12 months (ILEAK = '1')
- Unit has holes in the floor (HOLES = '1')
- Unit has open cracks wider than a dime (CRACKS='1')
- Unit has an area of peeling paint larger than 8 x 11 (BIGP = '1')
- Rats have been seen recently in the unit (RATS = '1')

If the unit meets 5 or 6 of the conditions, then assign ZADEQ as severely inadequate (ZADEQ='3')

If the unit meets 3 or 4 of the conditions and has not been identified as being severely inadequate (ZADEQ='3'), then assign ZADEQ as moderately inadequate (ZADEQ='2')

If the unit has not been identified as being severely inadequate (ZADEQ='3') and meets one of the following conditions:

- There have been more than 2 breakdowns of the toilet that lasted longer than 6 hours (NUMTLT is '3', '4','5','6','7',or '8')
- The main heating equipment is unvented room heaters burning kerosene, gas, or oil (HEQUIP = 7)
- The unit is lacking complete kitchen facilities (KITCHEN = '2')

Then assign ZADEQ as moderately inadequate (ZADEQ='2')