



Manufacturing Affordability?

by Michael Collins

THE MARKET FOR MANUFACTURED HOMES, formerly referred to as mobile homes, is changing. Once restricted to suburban trailer parks or rural areas, manufactured housing is gaining acceptance, particularly in the South and West, as an affordable housing choice and an urban infill strategy. The 1999 American Housing Survey estimates that there are currently 8.4 million manufactured homes, 6.7 million of which are occupied year round.ⁱ In addition, in 2000, one in six single-family housing starts was a manufactured home.ⁱⁱ The low cost of manufactured housing is one of its principal strengths and has contributed to its increased acceptance as a housing choice. But it is still unclear whether manufactured homes appreciate in value and thus function as an asset-building mechanism. Given this uncertainty, should manufactured housing become part of the Neighborhood Reinvestment Corporation's Campaign for Home Ownership strategy?

Efforts have begun to gain a better understanding of the market for manufactured housing and its potential as a home-ownership strategy. At the end of April, a presentation and discussion were held before the Rocky Mountain district executive director's meeting in Las Vegas to begin to tap into members' experience and formulate research questions to better inform practitioners thinking about manufactured housing production, retailing and financing. Participants made it clear that manufactured housing is an increasingly common housing choice, particularly in rural areas; however, they currently lack adequate information to help consumers make informed decisions.

Despite significant numbers of low-income homebuyers, as a topic manufactured housing has been absent from homebuyer-education materials and training. One participant acknowledged that NeighborWorks® organizations need to be more proactive in their approach to dealing with this housing type. As a housing choice, manufactured housing can no longer be ignored and should be evaluated according to three principles: Does it provide safe and affordable housing? Is it an asset-building mechanism? Does it have a positive impact on the community?

What Is Manufactured Housing?

Manufactured housing is built in a factory and transported intact to a retailer or directly to the site, distinguishing it from conventional site-built homes. It is required to meet the standards of the National Manufactured Housing Construction and Safety Standards Act, better known as the HUD Code. Each manufactured home displays a small silver and red shield of certification, indicating that it has met the required federal standards. Passed in 1976, the HUD Code regulates the design and construction of manufactured housing and preempts all state and local building codes. The HUD Code sets manufactured housing apart from other forms of factory-built housing, such as modular or panelized housing, which are subject to state and local building codes.

The second distinguishing feature of manufactured housing is the chassis requirement. A holdover from its mobile beginnings, the chassis — a supporting frame with removable axle and wheels — is mandated by the HUD Code and used to transport the homes from the factory to the site. State highway regulations and the need to transport a finished home under bridges, underpasses and power lines have, to a certain extent, determined the maximum allowable dimensions and design potential of manufactured homes.

For the most part, these constraints produce a rectangular home with a flat or low-pitched roof sited above grade on concrete pier supports. Vinyl skirting conceals the foundation allowing access to the chassis. It is this image that still dominates public perception; an image that the industry is working vigorously to overturn.

Technological and Design Innovation

Much has changed in the industry since the 1970s; technological innovations have enabled manufactured housing to shake its trailer-park image and, in some cases, to become architecturally indistinguishable from site-built homes. The HUD Code was revised in the 1990s to improve energy efficiency, ventilation standards and wind resistance in areas prone to hurricanes. Many homes, particularly in the South, are still single-section, but larger multisection homes are now more common and new chassis designs have made two-floor models possible. In 2000, multisection homes represented 67 percent of the total manufactured home shipments.^{iv}

Hinged roofing systems allow steeper roof pitches, while



PHOTO BY DAVID FUJHAL

Not necessarily mobile and not always in trailer parks, manufactured houses are a common sight across the country, especially in southern and western states.

still permitting the homes to travel under bridges, and shingles have replaced galvanized steel. Frequently, garages and porches are added to the home once it is installed and help it to blend into residential subdivisions or older neighborhoods containing site-built homes. It should be noted, however, that any site-built additions are subject to local building codes. Many of the traditional constraints remain, and not surprisingly, successful designs are quickly replicated.

The Manufactured Housing Institute, the national trade organization representing all aspects of the industry, has expended considerable resources to publicize the industry's progress. The institute, in partnership with Freddie Mac and the Low Income Housing Fund, has begun to promote the use of manufactured housing on vacant lots as an urban-revitalization strategy. Additionally, it has increased outreach to redevelopment authorities and housing agencies to educate them about recent changes and improvements in the industry.

Innovations in design and technology have established the potential of the manufactured housing industry to deliver a comparable product at a lower price than a site-built home. However, there are extra costs associated with permanent foundations, increased energy efficiency, and

site-built additions, and, consequently, many lower-income people still opt for the more-traditional single-section home placed outside metropolitan areas. The diversity that exists within the broad category of manufactured housing makes it impossible to generalize; more needs to be known about the appreciation or depreciation rates of units, taking into account size, design, construction quality and geographic location.

Consumer Culture

Manufactured housing is an option that is quickly installed and more affordable than a site-built home. The home can be custom built, allowing consumers to choose from a wide array of wall finishes, cabinet designs, appliances, carpet and drapery colors. In addition, many retailers offer financing, which makes purchasing a manufactured home an easy one-stop-shopping experience. The downside of this convenience is that frequently consumers do not comparison shop and may not obtain the best value for their money. The considerable appeal of a brand new, all-inclusive home with a one-year warranty and servicing from the retailer raises questions about the resale market for older manufactured homes.