



# NATIONAL MANUFACTURED HOME OWNERS ASSOCIATION

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## Comments on the Duty to Serve the Manufactured Housing Market Dave Anderson, NMHOA Executive Director (February 9, 2017)

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I offer these comments on behalf of the National Manufactured Home Owners Association. NMHOA exists to promote, represent, preserve and enhance the rights and interests of people living in manufactured homes. We are also one of the national partners in the Innovations in Manufactured Homes (I'M HOME) Network. The Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008, requires the Enterprises to serve very low-, low-, and moderate-income families in the underserved manufactured housing residential financing market.

It is a sizeable market with over 17 million Americans living in manufactured homes. Manufactured housing has the potential to serve an even larger market extremely well given that the cost of purchasing a manufactured home is far below the cost of purchasing a site-built home – \$68,000 versus \$276,000, in 2015. In fact, serving the manufactured housing market also has the effect of serving the rural housing and affordable housing preservation markets given both the level of affordability as well as broad use in rural America of manufactured housing.

The four regulatory activities related to manufactured housing that are outlined in the final rule do identify the critical issues confronting the market. However, to address these issues, the activities must be pursued in a robust manner that brings full parity of service to manufactured housing.

For example, 88 percent of new manufactured homes are titled as chattel even though 66 percent are located on privately-owned land and only 34 percent in manufactured home communities. Despite presenting the same collateral assets as site-built housing, most manufactured homes sited on private land are considered chattel and are subject to the terms of traditional chattel loans, which include rates as high as 9-10 percent and terms as short as 7-18 years.

The Enterprises should be required to take reasonable steps to increase support for manufactured homes whether titled as real property or personal property, such as: (1) cooperating with the U.S. Department of Agriculture's (USDA) 502 Energy Efficiency Manufactured Home Pilot Program, which replaces older homes in manufactured housing communities and is operating in California, Minnesota, New Hampshire, Oregon, and Vermont; (2) supporting home loans in manufactured housing communities with mission-oriented owners that offer long-term security, such as resident-owned cooperatives, community land trusts, nonprofit organizations, and public housing authorities; and (3) covering both single- and double-width homes.

With more than 2.9 million households that own their own homes but rent a pad in 50,000 manufactured home communities, the Enterprises should be required to support blanket loans for community purchases by residents, nonprofits, and government instrumentalities as well as purchases of communities that provide sufficient tenant pad lease protections. The proposed rule creates a good basic framework with protections that address renewable lease terms, rent increases and payments, unit sale and sublease rights, and advance notice of a planned sale of the community. However, the 30-day notice of rent increases and the 60-day notice of a community closure are both inadequately short. Many states mandate by statute notice periods and most require a minimum of 60-days for rent increases and 12-months for a community closure.

In addition, there should be a system established for home owners in these communities to report violations of these pad lease requirements without fear of retaliation for addressing these violations with the community owner and others, including affirmative protections for home owners to speak and associate in furtherance of their rights under these requirements. Working with All Parks Alliance for Change (the state association of Minnesota's manufactured home owners) for ten years, I witnessed many attempts by community owners to avoid legal requirements of other kinds that were imposed on them and the important role home owners can play in promoting accountability when their actions as "whistle blowers" are explicitly protected.

Thank you for your time and attention.

*The mission of NMHOA is to promote, represent, preserve, and enhance the rights and interests of manufactured home-owners throughout the United States.*