



August 14, 2023

Federal Housing Finance Agency  
Office of Multifamily Analytics and Policy  
400 7th Street SW, 9th Floor  
Washington, D.C. 20219.

**RE: MHI RFI Comment Letter:  
Fannie Mae and Freddie Mac Single-Family Pricing Framework**

To Whom It May Concern:

The Manufactured Housing Institute (MHI) is pleased to submit these comments in response to the Request for Input (RFI) regarding the “Fannie Mae and Freddie Mac Single-Family Pricing Framework issued by the Federal Housing Finance Agency (“FHFA”).

MHI is the only national trade association that represents every segment of the factory-built housing industry. Our members include builders, suppliers, retail sellers, lenders, installers, community owners, community managers, and others who serve our industry, as well as 48 affiliated state organizations. In 2022, our industry produced nearly 113,000 homes, accounting for approximately 11 percent of new single-family home starts. These homes are produced by 35 U.S. corporations in 146 homebuilding facilities located across the country. Today, MHI members represent over 85 percent of all manufactured homes produced and we are pleased to submit the following comments on behalf of this important industry.

This RFI seeks comment on the complex structure of Enterprise guarantee fees and Loan Level Price Adjustments (LLPAs) that apply to single family mortgage loans purchased by the Enterprises. MHI will confine our comments to the 50 basis point LLPA that is applied to a subset of real property manufactured home single family loans.

First, MHI is under the impression that this 50 basis point LLPA is in large part based on the risk weighting assigned to manufactured home loans under the Capital Rule adopted by the FHFA. As stated previously, MHI questions the basis for this risk weighting. We are not aware of long-term performance evidence that supports this permanent risk weighting of manufactured home loans. Instead, MHI believes that whether or not to apply an LLPA to manufactured home loans should be subject to ongoing performance statistics relative to site-built non-manufactured homes.

Currently, there is an affordable housing shortage in the country. Manufactured homes are the most affordable homeownership option in the market today and the largest form of unsubsidized affordable housing in the country. Manufactured housing is the only type of housing built to a federal construction and safety standard. It is also the only type of housing that Congress recognizes as having a vital role in meeting America’s housing needs as a significant source of affordable homeownership accessible to all Americans. Congress has already acknowledged the vital importance that manufactured housing has in meeting Americans’ needs and MHI believes state and local leaders should as well. Manufactured housing is one solution that is helping solve the shortage of affordable housing in this country and making the dream of homeownership an attainable reality for millions of people, including those in minority groups. In an effort to help solve the affordable housing crisis in this country and expand the opportunities for attainable homeownership, MHI suggests additional waivers for the 50 basis point LLPA as it applies to manufactured homes.

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MHI understands that in furtherance of equitable housing objectives, the 50 basis point LLPA add-on is waived for first-time homebuyers earning up to area median income. Additionally the 50 basis point LLPA add-on is waived for manufactured housing Duty to Serve single family loans. MHI would ask that this policy be amended to include more waivers that will help facilitate the underserved manufactured homebuyers that have affordability challenges.

The simplest way to do this would be to waive the LLPA for all manufactured home first-time homebuyers. The average price of manufactured homes is significantly lower than the average price of a site-built home - therefore significantly more affordable. In 2022, the price for an average manufactured home was \$127,250, while the average price of site-built homes was around \$413,000. For comparative purposes, for example, we believe a family making 110% of median come buying a \$127,250 manufactured home is much more deserving of an LLPA waiver than a family making 95% of median income buying a \$413,000 site-built home.


A second option would be to raise the waiver threshold for first-time homebuyers of manufactured homes to 150% of median income. In making this request, we would note that FHFA raised the median income threshold for the LLPA waiver to 120% later last year for high cost areas. Therefore we would suggest a similar, more granular approach also be used for manufactured home loans. The rationale for raising the threshold for an LLPA waiver for manufactured home buyers to 150% of median income is based on the fact that median income alone is not determinative of affordability. The median incomes of manufactured home buyers are much lower than site-built homes. Nearly half of residents of manufactured homes - 49% - have an annual household income under \$35,000. However, as you are aware, a significant portion of manufactured homes purchases are in rural areas, where median incomes are significantly lower than in higher cost urban and suburban areas. Because median incomes are so much lower in these areas, affordability can still challenging, notwithstanding that a family might have an income that exceeds median income.

MHI's suggested change applies to a relatively small number of loans - both because manufactured homes constitute less than 10% of the single family market - and further, because in 2022, only 21% of all manufactured homes were titled as real estate, the remainder being purchased and titled as personal property. Therefore, we believe the revenue impact of a waiver of the 50 basis point LLPA on all real property manufactured homes would be relatively de minimis.

Finally, in closing we would also note that MHI would be fine with Fannie Mae and Freddie Mac charging LLPAs for the purchase of personal property (also known as chattel) manufactured home loans. Unfortunately, despite promises under Duty to Serve in the first 2018 to 2020 Fannie Mae and Freddie Mac Duty to Serve Plans by both Enterprises to begin the purchase of personal property manufactured home loans, not a single loan has been purchased by either Enterprise since Duty to Serve was enacted in 2008. MHI is aware of conversations the Enterprises are having with different entities to begin such purchases and we call on the Enterprises to accelerate these efforts.

MHI continues to encourage the FHFA to expand opportunities for affordable housing across the United States. The primary solution to the nation's affordable housing crisis is to expand the accessibility and supply of affordable housing, including manufactured housing. MHI appreciates the opportunity to submit comments on this subject and is willing to continue to work with the FHFA to promote accessible manufactured housing opportunities across the country.

Sincerely,



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Comments by the Manufactured Housing Institute  
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