

Affordable Homeownership Through Manufactured Housing

Manufactured housing may offer a cost-effective homeownership solution for Millennials and retirees.

The benefits of owning a home in the United States are well known. Homeownership does more than provide a physical shelter; it provides people and families with a safe living environment, supports personal and professional development, and can offer a sense of community. With rising housing costs, many Americans are looking for alternative housing options, especially Millennials who are looking to move from renters to homeowners and Baby Boomers wanting to downsize as they enjoy retirement. The increasing demand for affordable homeownership options presents a unique opportunity for cost-effective solutions, such as manufactured housing.

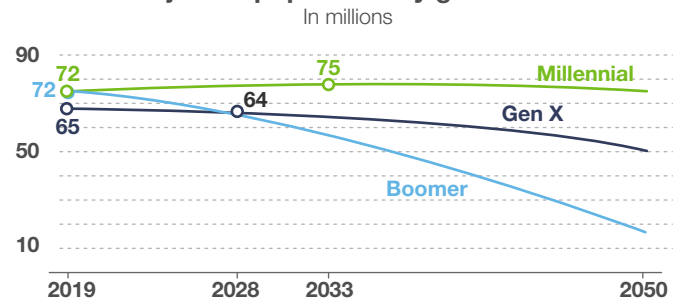
The Manufactured Housing Institute reports that manufactured housing only accounts for a mere 10 percent of the nation's total housing stock, which is evidence of the growing need for affordable housing options.¹

Five Reasons for Manufactured Housing

1. Growing Population²

According to a Pew Research Center study, Millennials (ages 23 to 38), Generation X (ages 39-54) and Baby Boomers (ages 55 to 73) account for more than half of today's total U.S. population, with Millennials numbering 72.1 million, Generation X numbering 65.2 million, and Baby Boomers numbering 71.6 million. Generational projections estimate that by 2050, all Millennials, Generation X and Baby Boomers will be either near or in active retirement, accounting for nearly 138 million of the total U.S. population. As the retiree population continues to grow in coming years, so will the demand for affordable housing solutions as many will find themselves on a fixed income.

Projected population by generation



2. Durability

While manufactured housing and mobile homes are sometimes used interchangeably, manufactured housing generally refers to units built after 1976 that adhere to the U.S. Department of Housing and Urban Development Manufactured Home Construction and Safety Standards (HUD code). These standards regulate manufactured housing construction, energy efficiency, installation into a manufactured housing community and overall quality, along with setting performance standards for heating, plumbing, air conditioning, and electrical systems.³ The HUD code's strict standards allows homeowners to gain a sense of security and comfort within their manufactured home.

HUD code regulations help ensure that manufactured housing is just as stable and secure as other site-built homes.

3. Affordability

Manufactured housing offers one of the largest sources of unsubsidized affordable housing in the United States and provides shelter to more than 22 million Americans, which have a median annual income of around \$30,000.¹ Today's factory-built manufactured homes use the same quality materials and can include many of the same high-end amenities and fixtures typically found in new traditional, site-built homes. However, construction costs for manufactured homes are nearly half the price per square foot of their traditional counterparts.

In 2020, a newly-built manufactured home's average sale price was \$87,000 while a new traditional site-built home cost nearly \$392,000.⁴

4. Community

Most manufactured homes are placed in communities, known as manufactured housing communities or MHCs, that offer residents friendly neighborhoods, common areas, onsite amenities and a sense of neighborhood. There are more than 45,600 MHCs nationwide⁵, and 27 percent⁴ of all manufactured homes built in 2020 were placed in an MHC post-construction. On average, residents stay 14 or more years within the MHC their home was placed.⁶

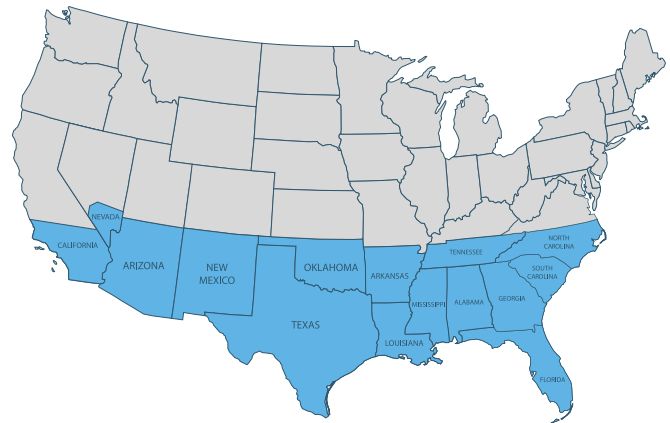
“Flexible ownership models, such as land-lease manufactured home communities, could have the potential to combine affordability with a sense of neighborhood and lifestyle.”⁷

Dr. Ben Carson, Secretary of Housing and Urban Development - 2019 Manufactured Housing Conference

5. Location

MHCs can be found in urban, suburban and rural areas across the country, with a majority of communities located along the Sun Belt region. Top states for MHCs include Alabama, Florida, Louisiana, North Carolina, and Texas, among others.⁸ Many of the communities in these states are near beaches, mountains, and state parks, which allow homeowners and their families the ability to experience a healthy and rewarding outdoor lifestyle.

Manufactured housing is a vital part of the housing market and its importance is often overlooked. Enhancements in the quality of manufactured housing and the neighborhood feel offered by MHCs could unlock the potential for utilizing manufacturing housing as a part of the solution to the affordable homeownership.



Sources:

¹<https://www.manufacturedhousing.org/affordablehousing/>

²<https://www.pewresearch.org/fact-tank/2020/04/28/millennials-overtake-baby-boomers-as-americas-largest-generation/>

³<https://www.manufacturedhousing.org/wp-content/uploads/2017/10/Understanding-Manufactured-Housing.pdf>

⁴<https://www.census.gov/data/tables/time-series/econ/mhs/annual-data.html>

⁵Freddie Mac Multifamily. Spotlight on Underserved Markets: Manufactured Housing Resident-Owned Communities. Accessed April 2022.

⁶Seeking Alpha. Ground Zero of the Affordable Housing Shortage. October 2019

⁷MHLivingNews. HUD Secretary Ben Carson Speech on Manufactured Homes. May 2019.

⁸<https://www.statista.com/statistics/1038637/states-with-most-mobile-homes-usa/>

Disclosure

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- increases in operating costs, including insurance premiums, utilities and real estate taxes;
- federal, state or local laws and regulations;
- changing market demographics;
- changes in availability and costs of financing; and
- acts of nature, such as hurricanes, earthquakes, tornadoes or floods

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