

Manufactured Video

A manufactured home, once referred to by the industry as a mobile home, is a type of factory-built housing. Prior to 1976, the most common type of factory-built housing was the mobile home. Today much of the perception of manufactured housing is still based on the mobile units that predated the late 1970s. "Mobile" connotes what these homes were, a unit on a steel chassis that could be hooked to a tractor unit and moved. Historically, these units were placed on concrete blocks and many left the wheels attached.

Today, however, factory-built housing includes many types of structures that are built and assembled under the controlled conditions of a factory. These structures are built to a much higher specification than the mobile units of the early 1970s. In contrast to this factory-built housing is the site-built home. This is a unit constructed entirely or predominately on the home site. Nevertheless, today, even with site-built housing, selected parts are typically built off-site. These parts are usually structural components such as wooden I-beams and roof trusses. Many of the noticeable distinctions between manufactured housing and site-built housing are disappearing, as most manufactured housing placed today is no longer single units in trailer parks, but double units placed on permanent foundations on private land.

The Manufactured Housing Institute provides the following information on types of factory-built housing:

- Modular Homes -- applies to factory-built housing that is ordinarily 85 to 95 percent complete when the unit leaves the factory. Modular homes usually consist of two or three three-dimensional boxes that are shipped complete (or nearly complete) from the factory and are connected together on the site. Units may be single or double sections. These units are required to conform to state regulations and local building codes that are in effect where the unit will be located. The advantage of modular homes is reduced construction time on the site and lower costs than conventional homes.
- Panelized Homes -- applies to factory-built housing that is composed of prefabricated panels built in a factory. The panels contain whole walls including interior wiring and exterior siding. State regulations and local building codes that are in effect where the unit will be located govern construction. The advantage of panelized homes is the quality control provided by factory assembly and faster completion time of the unit.
- Pre-Cut Homes -- applies to factory-built housing that is constructed on-site from materials cut-to-fit and finished in a factory. Pre-Cut homes include kit, log, and dome homes. These units are required to conform to state regulations and local building codes. The advantage of the pre-cut home is the quality control provided by factory assembly and faster completion time of the unit.
- Mobile Homes -- applies to manufactured housing units built before the Federal Manufactured Home Construction and Safety Standards, also known as the HUD Code, went into effect in June 1976.
- Manufactured Homes -- applies to factory-built housing that is 98 percent complete when transported to the home site. Housing units are produced in single or double sections. On average, it takes 108 hours to build a single manufactured home. Manufactured homes are required to comply with the HUD Code. Manufactured houses are pre-empted from following state regulations and local building codes because of the chassis substructure that enables transportation and allows interstate travel. In contrast to state regulations and local building codes, which typically prescribe material systems for certain construction types, the HUD Code is performance based and provides only standards for strength, transportability, fire resistance, energy efficiency, and quality for conformance. No manufactured home may be shipped from the factory unless it complies with the HUD Code and is released for shipment by an independent third-party inspector certified by HUD. Of the factory-built housing, 66 percent is manufactured housing. Manufactured Housing

Once known as a house trailer, then a mobile home, these units are now referred to as a manufactured home. The name connotes that these units have more space, are more durable, and less mobile. In some neighborhoods where these units have been used within the established housing, it is difficult to distinguish the manufactured unit from the site-built home.

According to HUD, shipments of manufactured housing more than doubled from 1991 (171,000 units) to 1996 (over

363,000 units). The Census indicates that shipments increased at an average annual rate of 9.4 percent. In 1998, according to the Census, manufactured homes accounted for nearly a quarter of all new single-family housing starts.

The South accounted for 66 percent of the shipments in 1998. In the Fifth District, North Carolina had 15 percent of manufactured homes sent to the state and ranks in the top five states of where manufactured homes are shipped. During the 1990s, manufactured housing accounted for 40 percent of the new housing starts in North Carolina. South Carolina is one of three states that leads the nation in percentage of total housing stock composed of manufactured housing. Manufactured housing is 16 percent of the housing stock for South Carolina. Affordability

Since the first Housing Act of 1949, government policy has encouraged homeownership. Yet, many do not have the financial capability to own traditional site-built houses and have turned to manufactured housing. These families are motivated by the desire to become homeowners and affordability is an important factor in the growth of manufactured housing. The average cost nationally of a manufactured home in 1998 was \$43,800. The cost of a manufactured house ranges from 21 to 65 percent of the cost of a site-built home. The median square footage for a double unit manufactured home was 1,680, which is slightly more than 85 percent of the median square footage for a site-built home. In 1996, the average square footage costs for manufactured housing was \$27.83, which is 47 percent of the site-built housing average square footage costs of \$59.25. Cost is one of the reasons these units are sought by low- and moderate-income families who want to own their own homes.

According to the census, manufactured housing makes up 50 percent or more of the housing units priced under \$100,000. Although somewhat controversial, the reality is that manufactured housing gives people a chance to own their own home. As of 1990, only 20 percent of manufactured home residents rented their units. Many homeownership advocates consider manufactured homes a viable form of entry-level housing, while others have concerns that manufactured housing in some areas may not appreciate or build equity. However, issues concerning manufactured housing revolve around lending and the stigmatization of buying and living in a manufactured home. Lending

Routinely, new homebuyers finance the unit through the manufactured home dealer or retailer. This type of financing is usually more expensive than conventional mortgages.

Manufactured homes are traditionally classified as personal property and are financed as such. Personal property loans (or chattel loans) typically have higher interest rates and shorter terms, but are easier to obtain and require little to no down payments. This type of loan also does not require the buyer to purchase a home site for the unit.

Increasingly however, manufactured housing units are placed on permanent foundations and can be classified as real property. Manufactured housing on permanent foundations on owner-occupied land could qualify for conventional mortgages thus lowering the cost for the homebuyer and extending the length of the loan. This type of loan would require more money up front from the homebuyer in the form of down payments and the potential homebuyer to own the land where the unit would be placed.

Personal property loans are still the loan of choice by most buyers, although some buyers are not aware of the different products that are available. According to the FHA and VA, they each have manufactured housing purchase programs that have been under utilized. Manufactured housing is still stigmatized and perceived to be the trailer of pre-1976. Even with the improvements in production of these units, some lenders still take a historic view, still view manufactured housing as personal property not as real property, and only provide personal property loans. Stigma

Today's manufactured housing structures are more advanced than that of its mobile home predecessor. Although many manufactured units are still the single unit, increasingly, more are double units and now some units are two-stories. Pre-HUD code units have a life expectancy of 19 years. Today's units have a life expectancy of 30 to 55 years depending on maintenance of the unit. Nevertheless, many communities have outmoded stereotypes of manufactured housing and work with their local governments to exclude all types. Local governments try to limit placement because they believe that manufactured homes will cause property values to decline and will provide limited property taxes to the community. Issues of life expectancy and property value decline may be what inhibit conventional lending.

The American Planning Association, in an attempt to end discrimination of manufactured homes in communities, ratified a policy guide on manufactured homes in 1997. The policy urges all levels of government to recognize manufactured homes as an acceptable form of housing and a viable alternative to more costly site-built housing, thus allowing for an affordable homeownership alternative to low- and moderate-income families.

Foremost Insurance Company, a manufactured home insurer, conducts a market study every 3 years to gauge the needs of their clients and to tailor their products to those needs. The last survey was conducted in 1999. Foremost surveyed 38,473 manufactured homeowners with a 59 percent return rate. As a part of this survey, they received answers to questions such as what type of person owns a manufactured home and where they have placed the unit. The following is a summary of those findings:

- The average age of a manufactured homeowner is 53 years
- Slightly over 50 percent are full-time employees and 29 percent are retired

- The median income is \$26,900
- Fifty-seven percent are married, 33 percent are divorced, widowed or separated, 20 percent are females living alone
- Eighty-three percent have high school diplomas, 47 percent have some college, and 10 percent have a bachelor's degree.
- Nineteen percent added a room to the home once it was sited
- Sixteen percent have five or more acres of land
- Thirty-six percent live in a manufactured home park
- Two-thirds of all new placements have occurred outside of planned communities.

Research conducted by several universities, including Harvard, has shown that there is little evidence to support that today's manufactured housing in the area impacts surrounding properties by depreciating property values. Research has also concluded that when maintained and on private land, manufactured housing units hold their value.

Although many may stereotype manufactured housing, it is still an affordable home option for many who otherwise could not afford their own home. In most cases, it's the most valuable item the family owns.