



Manufactured Housing Comes of Age

by Cheryl A. Sessions
New Hampshire Community
Loan Fund

A Support Network for Resident-Owned Communities

New Hampshire Community Loan Fund courtesy photograph

One morning in 1987, Florence Quast arrived home from night duty as an obstetrical nurse in Nashua, New Hampshire, and was surprised to see her neighbors assembled by the mailboxes of her manufactured-home community.

"We're going to have to move," the residents said anxiously. "They're going to sell the park to a developer." Alarmed, Quast and the other 56 families in the Milford neighborhood contributed \$10 each to retain a lawyer. With the help of the New Hampshire Community Loan Fund, New Hampshire Legal Assistance (a low-income, legal-services organization), and other nonprofits, they made their own offer for the park and ultimately launched the Souhegan Valley Manufactured Housing Cooperative.

"Not only did we do it," says Quast, "but 20 years later the co-op is still working."

A Growing Trend, Rooted in New Hampshire

Today the trend for owners of manufactured housing to purchase their communities (no longer called trailer parks) has accelerated, as has the quality and resale value of the homes themselves, providing a viable alternative in costly housing markets.

When the Loan Fund organized and made its first loan to the Meredith Village Cooperative in 1984, a new movement began. Though slow to start, the movement to preserve manufactured-housing communities by converting them to resident ownership has been picking up steam.

The Loan Fund converted 57 parks by 2002.¹ Since then, the number of resident-owned communities (ROCs) of manufactured homes in New Hampshire has increased from 57 to 82—and the number of households in ROCs went from 2,803 to 4,143. At the same time, resident-owned communities as a share of the total number of manufactured-housing communities in New Hampshire rose from 12 percent to nearly 18 percent. The change is due in part to lenders' positive repayment experience, which has increased their comfort with the creditworthiness of ROCs.

As Clair Monier, executive director of New Hampshire Housing (NHH), the state's housing finance authority, says, "We were able to show that lending to cooperatives was a good investment, that it made financial sense for conventional banks to participate." Since the early 1990s, the debt packages that have financed most of the homeowner-led community purchases in New Hampshire have come not only from nonprofits such as the New Hampshire Community Loan Fund, but also from private banks.²

Two-Tiered Approach

In 2003, the Loan Fund and NHH also started doing single-family financing for manufactured homes in ROCs. By the end of 2005, in a real sign of progress, 42 percent of homebuyers who financed their home purchase in a ROC were able to obtain a mortgage equal to one for a site-built home on an individually owned lot.

Owning the land plus obtaining single-family financing for manufactured homes is fairly new. This two-layered, market-based approach has resulted in significant economic benefits for low- and moderate-income people.

In 2005, the University of New Hampshire's Carsey Institute studied data on manufactured homes in eight New Hampshire towns. The Institute took sales data from investor-owned communities (communities where the residents owned only their unit and not the land or the community infrastructure) and compared them with sales data from resident-owned communities.

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In the one-year period between September 2004 and September 2005, homes in the ROCs sold more quickly, taking 60 days to sell on average instead of the 83 days in investor-owned communities—and for more per square foot (\$6.50, or 12 percent more). The study also found that, after 10 years of being part-owners of the community, homeowners who paid carrying charges for their lots in ROCs were able to pay an average of \$40 per month less than homeowners who rented in traditional, investor-owned communities.

Today the Loan Fund's two-layered approach is becoming the basis for a national

effort to support owners of manufactured homes who want to control their land rents, improve their neighborhood, and build a secure homeownership asset.

A multifaceted system of support is important. According to Jerry Rioux, who has been converting manufactured-home communities to cooperatives in California for 25 years, New Hampshire is unique. "What New Hampshire has done, unlike any other state where there are resident-ownership conversion services, is create a support system of leadership development, training, and home financing."

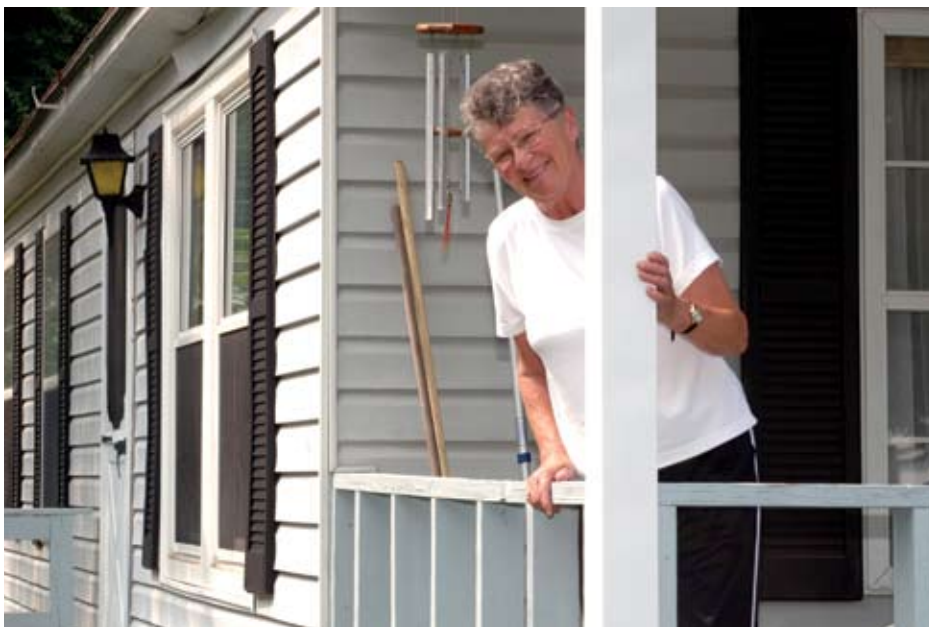
Across New England

To support the ownership movement, the Loan Fund established ROC USA in 2006. The Meredith Institute, ROC USA's training division, was launched in 2005 to accommodate groups and individuals interested in the New Hampshire system. By November 2006, 34 people from 17 states were converging on the institute to gain knowledge of successful manufactured-housing community conversions. Among states that have sent representatives to trainings are Massachusetts, Rhode Island, Maine, and Vermont.

Rhode Island

Rhode Island has shown strong interest in resident-owned communities. The Statewide Planning Council, for example, in its 2006 Five-Year Strategic Housing Plan, called for technical assistance and fund-raising for infrastructure improvements and for organizing homeowners to purchase their communities.³ The homeowners have a statute granting them a right of first refusal that creates the opportunity for purchase, but only if the current owner plans to sell or lease the land to someone who will change the use of the land from a manufactured-home community.

Rhode Island has 46 licensed manufactured-home communities, 10 of which are resident-owned. Support has been critical. ROCs in Newport and Newport County, for example, were assisted by two groups. One was the Community Development Consortium, an East Greenwich-based partnership among smaller community development block grant communities that collaborate on housing and community development in Washington County. The other was Church Community Housing Corporation, a Newport-based, countywide housing agency.



New Hampshire Community Loan Fund courtesy photograph

Owners of manufactured homes in resident-owned communities generally enjoy increased security and higher resale value than homeowners in investor-owned parks.

Maine

In Maine, interest in resident-owned communities has increased significantly of late. Requests for more information have come from those who specialize in cooperatives, as well as from municipal officials, community development lenders (such as the Damariscotta-based Genesis Community Loan Fund), and community development corporations.

At a September 2006 conference on cooperative enterprise held in Bangor, Terry Lewis, vice president of the National Co-op Bank and former executive director of the National Association of Housing Cooperatives, generated interest with a description of the New Hampshire model. Also, the Genesis Community Loan Fund began working with the town of Fort Kent to help residents convert a 16-unit manufactured-home park under threat of closure to resident ownership. And it is advising legislators on amending Maine statutes to require that owners of manufactured-home parks notify the state housing finance agency of intent to sell—a small but important step to make the market more transparent.

Vermont

In Vermont, there are a few resident-owned communities, although the primary method of preserving manufactured-home communities has been nonprofit ownership. The nonprofits welcome homeowner associations' input but manage the commu-

nities themselves; individuals have a landlord-tenant, leased-land relationship. Dawn Moskowitz of Opportunities Credit Union reports that homeowners in Vermont's investor-owned manufactured-home communities are starting to express interest in resident ownership.

In April 2006, the Vermont Governor's Commission on Manufactured Housing released a report that included recommendations supporting resident ownership. In the 2006 legislative session, a statute was passed to make it easier for residents to pursue cooperative ownership.

Massachusetts

In Massachusetts, Gardner-based RCAP Solutions Inc. has been concerned that owners of manufactured-home parks face pressure to sell to change-of-use developers. The pressure has come as land values, the cost of upkeep, and environmental enforcement have increased. So the nonprofit is developing a manufactured-housing-park program for "sustaining and increasing the inventory of affordable housing" and "maximizing local neighborhood excellence through neighborhood revitalization."⁴ Its goal is to protect assets and create wealth among low- and moderate-income state residents who live in the parks.

RCAP has relevant experience improving rural and environmental infrastructure, and helping homeowners acquire the financing and know-how they

need to make land improvements once they have gained ownership. The Meredith Institute and its partner "I'm Home" (a program of Washington-based nonprofit CFED) are currently working with RCAP to make the investment necessary for a thriving market-based ROC program.⁵

As RCAP Vice President of Real Estate Services Paul Teixeira observes, "Lenders and others need to get away from the stigma surrounding manufactured housing and see that there is an opportunity to create real homeownership opportunities and get away from subsidized rental situations." RCAP Director of Communications Skip Moskey, adds, "This is not just a social good, but a business opportunity."

Manufactured housing is one of the largest sources of unsubsidized affordable housing anywhere. The giant steps that have been taken to improve the quality of that housing while protecting and enhancing the homeownership asset of low-income families through their own sweat equity is only the beginning.

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Endnotes

¹ See Paul Bradley, *Communities & Banking*, fall 2002, <http://www.bos.frb.org/commdev/c&b/c&b/back.htm>.

² In addition, public agencies—primarily HUD and the U.S. Department of Agriculture—have provided substantial sums to rehabilitate communities that were experiencing health and safety risks as a result of failing infrastructure.

³ See <http://www.planning.ri.gov/housing/shp06.pdf>.

⁴ See http://www.rcapsolutions.org/manufactured_housing.htm.

⁵ See <http://www.cfed.org/focus.m?parentid=314&siteid=317&cid=317>.

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