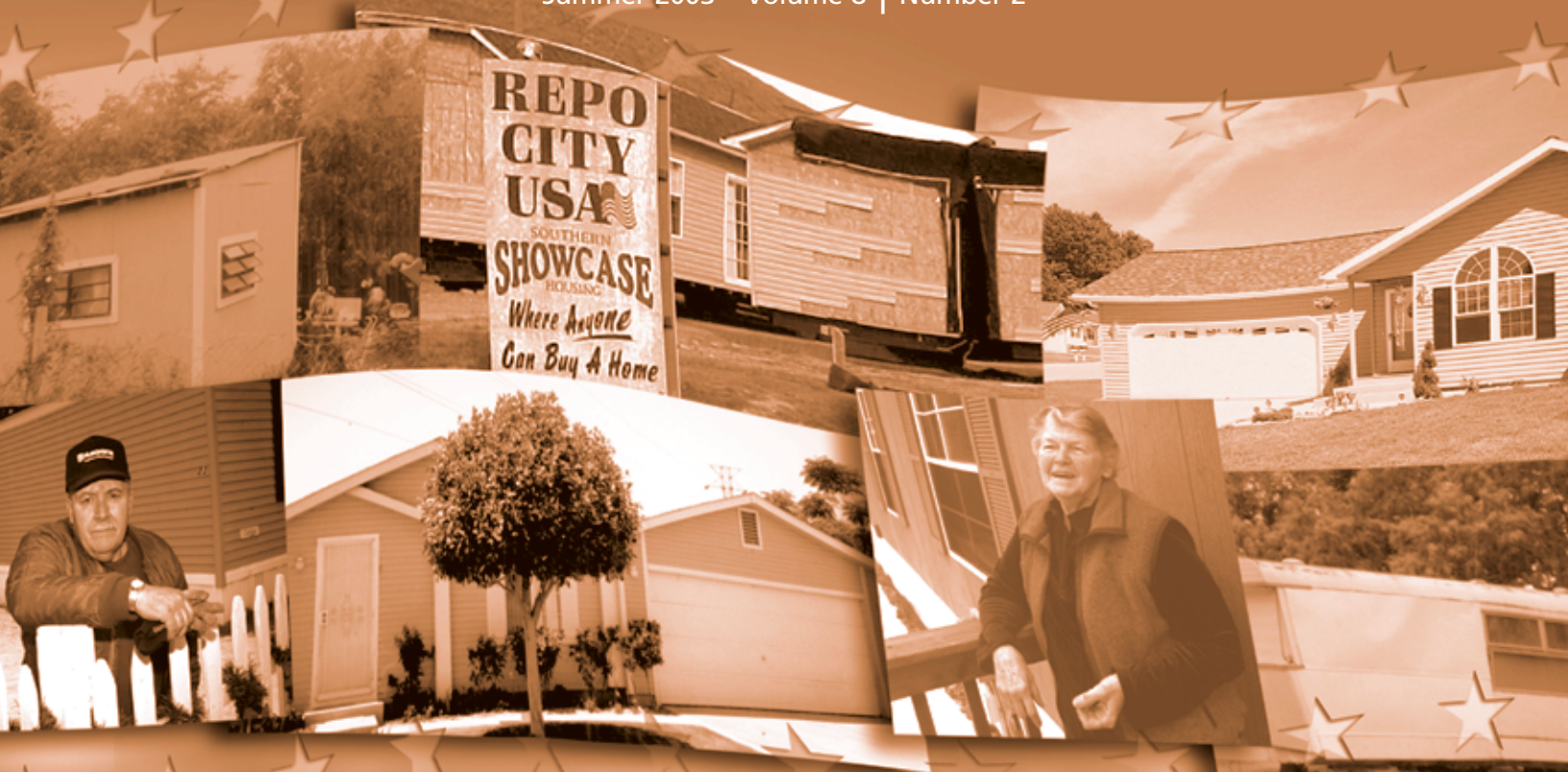


# Rural Voices

THE MAGAZINE OF THE HOUSING ASSISTANCE COUNCIL

Summer 2003 • Volume 8 | Number 2



Manufactured Housing in Rural  
**America**

## Dear Friends,

Ask a group of affordable housing professionals about manufactured housing and you are likely to get impassioned reactions — but those reactions will not all be the same. Everyone agrees that manufactured housing is ubiquitous in rural America, but while some view it as a potent solution to housing woes, others condemn it as a major contributor to those problems.

The discrepancy can be partially explained by semantics. While the manufactured housing industry and its proponents generally consider “manufactured housing” to include only those factory-built units produced under the national building code established in 1976, many housing practitioners refer to “mobile homes” or “trailers” in order to include pre-1976 units as well as units originally intended to be travel trailers but now occupied full-time.

Differences in definitions alone do not fully explain differing attitudes toward manufactured housing, however. Practitioners’ goals for, and experiences with, this housing segment also vary. Manufactured housing is a complicated topic involving not only structures, but land tenancy, housing finance, changing technologies, consumer education, economic impact, and community perceptions. One cannot consider only manufactured housing units themselves. The markets and community contexts in which these homes exist must also be examined.

For this issue of *Rural Voices* HAC asked several housing policy experts and local practitioners to write about their findings and experiences relative to manufactured housing. The magazine begins with an overview that includes a statistical description of the country’s manufactured housing stock. The articles that follow provide examples of manufactured housing programs the authors consider successful and experiences with manufactured housing that are not considered satisfactory, as well as policy considerations regarding financing, zoning, and housing for older Americans. As always, statements made in these articles are the opinions of the authors, not of the Housing Assistance Council.

This issue also contains a guest-written “View from Washington” in which U.S. Representatives Rubén Hinojosa (D-Texas) and Artur Davis (D-Ala.) explain two critical pieces of legislation they recently introduced: the Rural Housing Tax Credit Act and the Rural Rental Housing Act.

HAC thanks all the contributors to this issue of *Rural Voices* for sharing their experiences, opinions, and expertise. Although one magazine issue alone cannot provide a thoroughly comprehensive examination of manufactured housing in rural areas, we hope that it serves as a thought-provoking part of the ongoing discussion in which many rural housers are already participating.

Sincerely,



Debra Singletary, Chair



William Picotte, President



Moises Loza, Executive Director

### 1 HAC FACTS

### FEATURES

#### 2 Rural America’s Housing of Choice?

##### Exploring Manufactured Housing’s Growing Role

BY MICHAEL COLLINS, NEIGHBORHOOD REINVESTMENT CORPORATION The number of manufactured homes in rural places is increasing, bringing cost advantages along with challenges in the areas of financing, sales, and installation. Additional issues relate to aging homes and potential instability for those who rent land in manufactured home parks.

#### 6 Manufacturing Affordability

BY THAYER LONG, MANUFACTURED HOUSING INSTITUTE Cost advantages, quality, and efforts to overcome outdated stereotypes help manufactured housing to create homeownership opportunities for low-income buyers.

#### 9 Planners Help To Integrate Manufactured Housing

BY CHRIS COOPER, AMERICAN PLANNING ASSOCIATION Planners have a role to play in updating local laws and policies that discriminate against manufactured housing.

#### 12 Research Identifies Problems in Manufactured Home Financing System

BY KEVIN JEWELL, CONSUMERS UNION Buyers of manufactured homes can be subject to predatory lending tactics. Housing counselors, lenders, and advocates can help educate consumers, provide financing options, and promote protective legislation.

#### 14 Manufactured Housing Can Serve Older Persons

BY ANDREW KOCHERA, AARP Many older Americans own manufactured homes, and many of them live on low, fixed incomes. Legal protections and design standards can make these homes an even better option for rural seniors.

#### 16 No Longer a Secret: The Manufactured Housing Sector Can Create Long-Term Value for Homeowners

BY PAUL BRADLEY, NEW HAMPSHIRE COMMUNITY LOAN FUND

Cooperatively owned manufactured home parks in New Hampshire demonstrate the potential of manufactured homes as rural affordable housing.

#### 19 Appalachian Manufactured Housing Experience Raises Concerns

BY ANDY KEGLEY, MOUNTAIN SHELTER, INC. A community development corporation’s experience identifies problems with manufactured home dealers and the impact of these homes on community economies.

#### 21 Coachella Valley Mobile Home Parks Transformed

BY DAVID SIDLEY, COACHELLA VALLEY HOUSING COALITION A nonprofit housing organization uses manufactured homes to provide decent, affordable housing for farmworkers in California.

### 23 VIEW FROM WASHINGTON

#### New Resources for Rural Housing

BY REP. ARTUR DAVIS AND REP. RUBÉN HINOJOSA

### 25 BOARD MEMBER PROFILES

#### Donna Fairbanks, Nancy Neuman

## Peer Exchange Program Underway

Two community organizations hoping to start self-help housing programs recently received both training and inspiration from a peer exchange visit to Self-Help Enterprises, one of the

most experienced rural housing groups in the country. Their one-week trip was financed by HAC's Rural Community Development Initiative, which is funded primarily by USDA and the Ford Foundation.

Staff from Seventh District Pavilion in Crowley, La. and James L. Barnes Community Development Corporation in Dawson, Ga. spent the last week of June in Visalia, Calif. with Self-Help Enterprises staff and Christina Adeshakin from HAC's Southeast Regional Office. They learned how

to finance and run a mutual self-help program, through which low-income homebuyers help to construct their own and their neighbors' houses. Topics included everything from land acquisition and overcoming NIMBY challenges to conducting pre-construction meetings and managing construction.

Participants reported that the program was nothing like a workshop-style training session. One was particularly impressed by the SHE staff's willingness to share their knowledge, including all the documents they use. The visitors learned from SHE staff who work in all aspects of a self-help program, viewed sites in various stages of construction, and talked to self-help families about their experiences.

A highlight of the experience was a visit with Mrs. Lilia Jimenez, still living in the house her family built in 1963, one of the first three self-help houses financed by USDA. (More information about Mrs. Jimenez and the history of the self-help program will be published in the fall 2003 issue of *Rural Voices*.)

Forty-two groups have been selected to participate in this peer placement program. To learn when other opportunities arise, subscribe to the free *HAC News* newsletter by visiting [www.ruralhome.org/pubs/hacnews/sub.htm](http://www.ruralhome.org/pubs/hacnews/sub.htm) or calling Luz Rosas at 202-842-8600.

Photo by Liz Wynn, SHE.



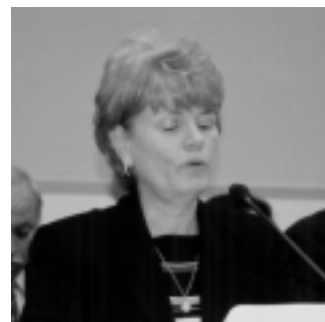
**Participants in one peer exchange session included (from left) Tom Fasold, Self-Help Enterprises Construction Superintendent; Rosa Lawson, Seventh District Pavilion; Rev. Ezekiel Holley, James L. Barnes CDC; Bill Littleton, SHE Construction Superintendent; Christina Adeshakin, HAC; Benny Hand, James L. Barnes CDC; and Dazetta Thorne, Seventh District Pavilion.**

## HAC Testifies Before House Subcommittee

The House of Representatives Housing Subcommittee recently held two days of hearings on rural housing. Patty Griffiths, Housing Director at the Community Action Commission of Fayette County, Ohio, testified on behalf of her own organization and HAC that USDA's rural housing programs "really have had an enormous impact on the lives of millions of rural people."

Griffiths's organization has developed and rehabilitated hundreds of homes for low-income homeowners and renters in rural southwest Ohio, using USDA funding as well as HUD programs, bank loans, private investment, and financing from other sources. Griffiths is especially proud of the CAC's self-help housing program, in which first-time homebuyers do 65 percent of the labor to build their own and their neighbors' houses.

"They don't just paint the walls," Griffiths explained. "They also build them — and the foundation and the roof." A loan from HAC's HUD-funded Self-Help Homeownership Opportunity Program has enabled the CAC to help over 100 low-income families become homeowners this way.



**Patty Griffiths testified on behalf of the Community Action Commission of Fayette County, Ohio and HAC.**

Photo by Leslie R. Strauss, HAC.

## National Homeownership Month Observed

Rural housing organizations around the country held events during June to observe National Homeownership Month. Staff from HAC's Washington, D.C. national office participated in work days at self-help subdivisions in southern Maryland, developed by the Southern Maryland Tri-County Community Action Commission, and western Maryland, where the developer is Interfaith Housing of Western Maryland. Both projects rely in part on Self-Help Homeownership Opportunity Program loans from HAC.

## USDA Honors Art Collings

Art Collings, HAC's senior housing specialist, was recognized by USDA at a National Rural Housing Summit held in June to observe National Homeownership

CONTINUED ON PAGE 24

# Rural America's Housing of Choice?

## EXPLORING MANUFACTURED HOUSING'S GROWING ROLE

by Michael Collins

Manufactured housing has become the fastest growing segment of the housing stock in nonmetropolitan areas.

Often called “trailers” or “mobile homes,” manufactured homes are the punch line of many a comedian’s monologue and are inextricably tied to rural stereotypes. They are located in every state and almost every rural community. Yet most housing advocates have turned a blind eye to manufactured housing, or have been so angered by practices in this market that even acknowledging it as an affordable housing strategy seems akin to betrayal. Meanwhile, manufactured housing has become the fastest growing segment of the housing stock in nonmetropolitan areas, accounting for 38 percent of homes built in the last five years, according to the 2001 American Housing Survey. Manufactured housing is home to over 3.4 million families living outside metropolitan areas.

### Defining Manufactured Housing

Although confusion over terminology is rampant, manufactured homes are literally manufactured, built in factories and transported intact, as opposed to “site-built” homes, which are mostly constructed out of doors, on-site. The manufactured housing industry began as an offshoot of the automobile industry in the 1930s, producing vehicles intended for recreation or temporary shelter for itinerant workers. In the 1950s the industry began designing and constructing units that were intended to be sited as permanent homes.

Since 1976, all manufactured homes have been built to a single national quality and safety standard, based on the

National Manufactured Housing Construction and Safety Standards Act, also called the HUD Code. Importantly, the HUD Code preempts all state and local building codes, and is generally based on the performance of the structure and its components, rather than mandating a prescription for specific materials. Therefore, units built to HUD Code may use engi-

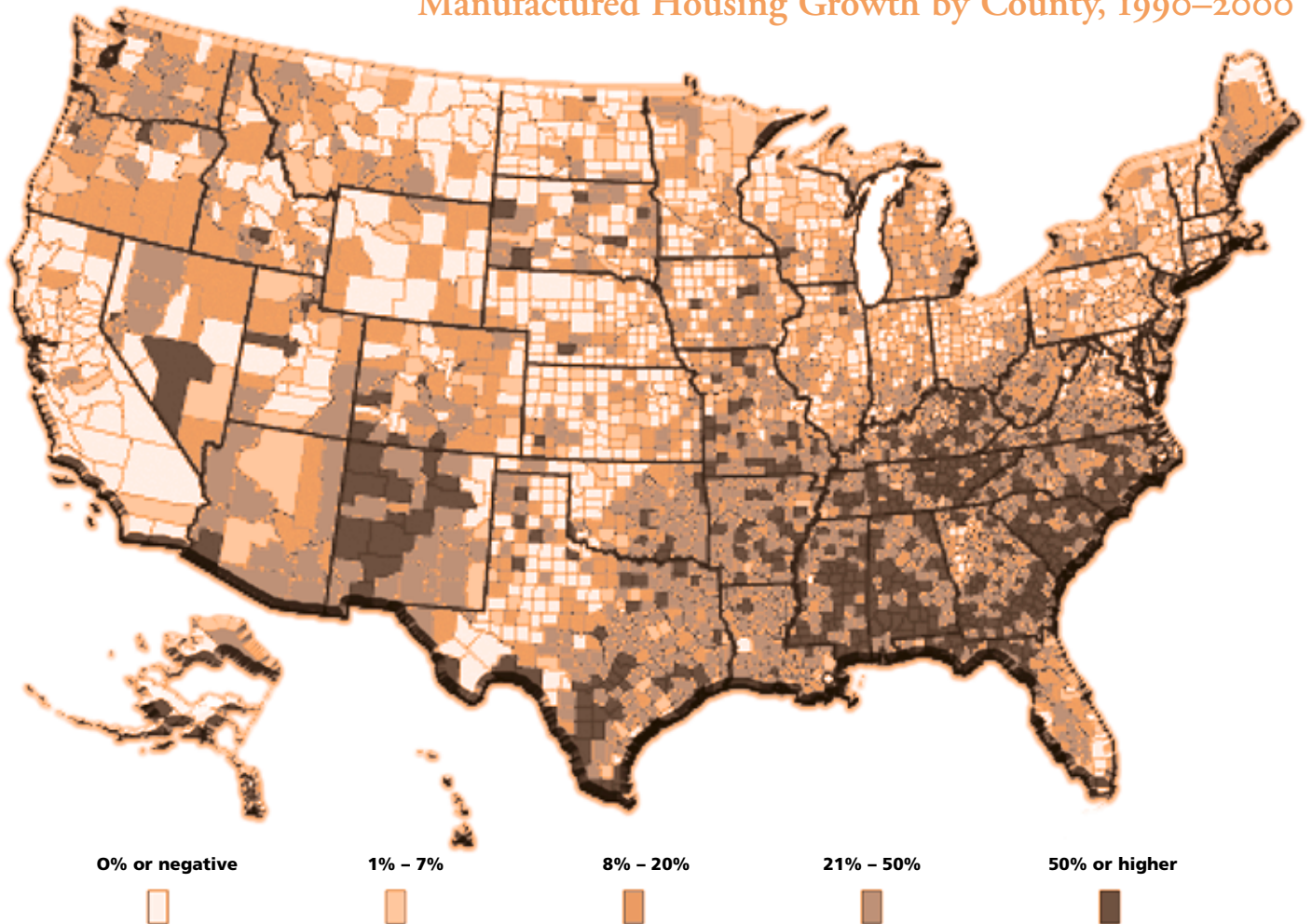
### ALTHOUGH THEY ACCOUNT FOR JUST 22 PERCENT OF HOUSEHOLDS,

rural Americans occupy more than one-half of the nation’s manufactured housing stock, and they are likely to continue to be disproportionately impacted by this segment of the housing market. As noted in this article, without the tremendous increase in the number of manufactured homes in the 1990s, the number of owner-occupied units in nonmetro America would actually be shrinking. The number of manufactured homes in nonmetro areas grew by 25 percent from 1990 to 2000.

While manufactured housing has affected every region of the country, nearly 60 percent of mobile homes are located in the South, and manufactured housing growth over the past decade was greatest in the southern region at 38 percent. The states of Alabama, Tennessee, and South Carolina each had nonmetro manufactured housing growth rates higher than 50 percent.

neered lumber or alternative materials not commonly permitted under local building codes. A distinguishing feature of HUD Code homes is that each has a chassis — a supporting steel frame used to transport the home from the factory to its site. Other forms of factory-built housing, such as modular and panelized construction, must be built to local codes, although in some cases they may be constructed to meet both local and HUD Code standards.

## Manufactured Housing Growth by County, 1990–2000



Source: HAC Tabulations of 2000 Census of Population and Housing, Demographic Profile 3.

### Growth Trends

Between 1993 and 2001, manufactured housing accounted for 14 percent of the growth in homeownership nationally, and 33 percent of homeownership growth for very low-income families (those with incomes of 50 percent of area median income or less) in the South. Manufactured homes comprise about 16 percent of the stock of owner-occupied homes outside metropolitan areas, compared to 7 percent of owner-occupied homes in metro suburbs. The inventory of all owner-occupied homes in nonmetropolitan areas would actually be shrinking were it not for manufactured housing. Rural America lost 216,000 of its total owner-occupied homes from 1995 to 2001, but that loss was offset by a gain of 336,000 manufactured units.

### Breakthroughs in Design

In the past, manufactured homes tended to be rectangular with flat roofs and were sited above grade on concrete pier supports.

While this image dominates public perception, recent advances in design make factory-built homes look similar to site-built homes. Two- and three-story homes, porches, gables, and steep-pitched roofs are being produced, as are full-perimeter foundations flush with the ground. According to Census Bureau construction reports, about half of manufactured homes developed in 1995 were multi-section homes, the other half being single-section units. By 2001, almost 70 percent of new manufactured units were multi-section homes, just one indicator of the movement of the industry toward larger, more upscale designs.

Meanwhile, regulations and standards have also increased in recent years. Manufacturers have increased production of “Energy Star” high-efficiency homes, and in the early 1990s the HUD Code was refined to require smoke detectors and limit combustible materials. After disastrous hurricane damages in the last decade, homes sited in specific

CONTINUED ON PAGE 4

FROM PAGE 3

areas are also now required to withstand wind gusts of over 100 mph. Of course, problems will remain in older units for some time to come, but recent advances among new manufactured homes are promising.

### Cost Advantages for Affordable Housing Development

Manufactured housing's affordability stems largely from five production factors: 1) economies of scale in the purchase of materials, 2) efficiencies due to better coordination of the building process using an assembly line, 3) a controlled environment devoid of weather or other delays, 4) reduced waste due to standardization in design and materials, and 5) reduced delays due to inspections and approvals. The average cost per square foot of a manufactured home is about \$31 when it leaves the factory, less than half the cost for an average site-built home. Even including costs of delivery, installation, and site work, the total development costs of manufactured units are typically 20 to 30 percent lower than those of site-built houses, depending on local costs. According to Census construction reports, the average multi-section manufactured home cost \$55,000 in 2001, and a single-section home \$36,000.

### Challenges in Manufactured Housing Finance

The financing system for manufactured housing includes two categories of homebuyers: 1) those whose home and the land on which it is sited are titled as real estate, and 2) those who buy their home separately from the land on which it is sited, titling the home as personal property and placing it on rented or owned land. The conventional mortgage industry generally serves the real estate titled market, with some added restrictions on loan terms and requirements. But the personal property loan market is a completely different system. These so called "chattel" loans entail increased risks, including potential over-valuation of the home and the potential mobility of the unit. These loans also carry much higher interest rates and terms that can be onerous for borrowers to maintain.

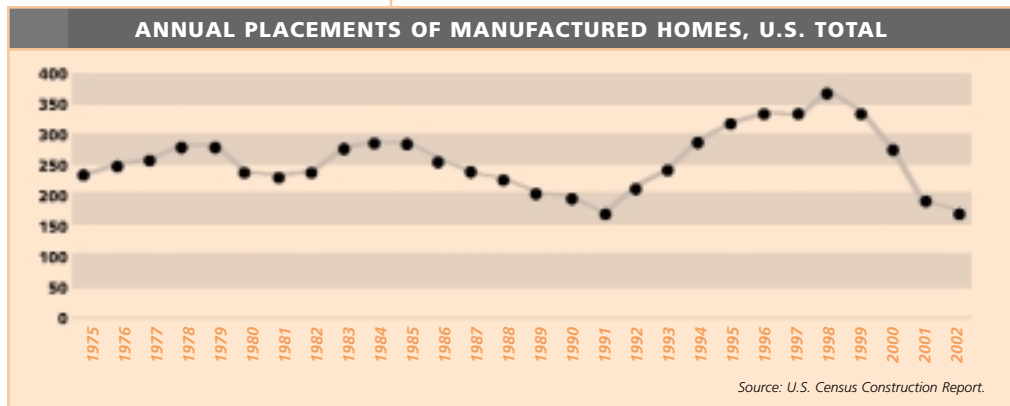
During the 1990s, much of the boom in the sales of manufactured homes was fueled by chattel lending. But by 2002, sales declined by more than two-thirds, down to 170,000 units

from 319,000 units in 1995, according to Census reports. This falloff is related to the sharp industry correction and the closing of many factories. This correction is directly related to the failure of several large chattel lenders that extended loans to thousands of marginally qualified buyers with overly aggressive credit terms. Thousands of chattel loans defaulted, resulting in the repossession of homes.

### Challenges Regarding Sales Practices, Installation, and Economic Impact

Most new manufactured units are sold through retail sales centers. Retailers show would-be buyers model homes, offering features such as custom wall finishes, cabinets, appliances, and even carpet and draperies. Many retailers also offer financing, which makes purchasing a manufactured home a seemingly easy "one-stop" shopping experience, especially for nervous first-time buyers. The downside of this convenience is that frequently consumers do not comparison shop and may not obtain the best value for their money. Retailers may convince some borrowers to pay higher prices for their home, or higher interest rates, based simply on the customers' inexperience and lack of knowledge.

The installation of a manufactured home can create serious problems if the site is poorly prepared or the unit is incorrectly placed. In response to installation problems, the Manufactured Housing Improvement Act, passed in 2000, requires all states to adopt installation standards and dispute resolution processes. Installation of manufactured homes, including proper tie-downs, continues to be one of the most significant shortcomings of manufactured units. Research by Consumers Union



shows that many of the problems consumers report, as well as safety problems, are due to installation using low-quality foundation materials or anchoring methods.

Some rural advocates are concerned that importing homes from other regions results in job losses for local construction

**NUMBER OF OWNER-OCCUPIED MANUFACTURED HOUSING UNITS BY YEAR BUILT AND LOCATION**

	PRE-1976	1976-1985	1986-1995	1995-2001	TOTAL
<b>Central City</b>	204,497	39,657	17,811	42,375	304,340
<b>Suburb</b>	1,372,077	710,867	527,396	553,855	3,164,195
<b>Nonmetro</b>	1,275,245	800,563	686,384	675,180	3,437,372
<b>Total</b>	2,851,819	1,551,087	1,231,591	1,271,410	6,905,907

Source: 2001 American Housing Survey.

workers. While calculations vary by market, the National Association of Home Builders estimates the typical builder spends about 20 to 30 percent of the total development cost of site-built homes for on-site labor. Manufactured housing factories utilize about half that level of labor in the building process. But manufactured homes still require labor to prepare the site, develop infrastructure, prepare foundations, and install garages, porches, and landscaping. These activities all depend on local labor, although the type of workers employed shifts from carpentry and trades to other types of jobs.

### The Challenge of Preserving Aging Manufactured Homes

About 37 percent of all manufactured units in nonmetropolitan areas were built before the HUD Code was established in 1976. While the condition of new manufactured homes on owned land seems to be improving, the condition of older homes can present serious health and safety problems, or simply sour the aesthetic in rural landscapes. More than 3 million families, almost half of whom live in nonmetropolitan areas, occupy pre-1976 homes nationally, but few programs provide for the affordable repair or replacement of these units as needed.

Tenants of manufactured home communities (also called parks) face the risks of rent increases, eviction, and inadequate infrastructure, including water systems. Yet moving a manufactured home to a different home site can cost \$5,000 or more, limiting the options of families unsatisfied with their conditions. More than 42 percent of nonmetropolitan manufactured homes, housing 1.5 million families, are not placed on owned land. One-third of these rural homes on rented lots were built before 1976, according to the *2001 American Housing Survey*. These older homes often are built to lower standards, sited in undesirable locations, and more likely to house families with

very low incomes. These homes are also more susceptible to fire and storm damage, and more likely to be in severely inadequate condition. Innovative programs to form nonprofit cooperatives among tenants in manufactured home communities, such as the New Hampshire example described in Paul Bradley's article in this issue of *Rural Voices*, represent one of the hopeful strategies emerging to help create improved conditions and control for low-income families, but more solutions are needed.

### Conclusion

Rural advocates and housing policy analysts ought to take another look at manufactured housing. First, the growth of this type of housing, especially in the affordable homeownership segment, is enormous. Second, while older units continue to present challenges, newer units employ new designs and standards that have helped overcome many of the historic problems of manufactured homes. Third, manufactured homes provide significant cost savings in the production of affordable housing in an environment of escalating housing costs.

However, these promising trends for the future cannot mask continuing problems with manufactured housing. The industry is currently in a severe downturn, in part due to the near collapse of the system for financing the purchase of manufactured units. The system of selling units continues to be plagued by poor business practices, and poor installation threatens the longevity of these homes. Moreover, thousands of communities face the challenge of older manufactured housing units with physical and aesthetic problems. The paradox of the opportunities and challenges of manufactured housing can be frustrating for practitioners and policymakers alike. Yet millions of families, especially in rural communities, depend on the manufactured housing industry to produce affordable housing. Progress may be slow but, as more community leaders begin to address this issue, inroads into fixing the failures in this market can be paved.



**MICHAEL COLLINS** is an analyst at the Neighborhood Reinvestment Corporation.

The organization's web site is [www.nw.org](http://www.nw.org), and a recent report on the implications of manufactured housing for the community development industry is at [www.nw.org/network/community/Dev/manufHsg/pdf/manufactHsgRpt.pdf](http://www.nw.org/network/community/Dev/manufHsg/pdf/manufactHsgRpt.pdf).

# Manufacturing Affordability

by Thayer Long

As communities look for affordable housing, manufactured and modular housing will continue to play a valuable role in building neighborhoods and creating homeownership opportunities.

One of the primary challenges jurisdictions face today is the growing need for quality, affordable housing that is compatible with local architectural and aesthetic standards. Compounding this challenge is a federal government unable to fully meet its commitment to housing, while state governments are cutting back on services in order to balance budgets. The results include sharp cuts in subsidies and other forms of financial assistance to local governments' housing initiatives and a growing housing crisis across the nation.

At the same time, local and regional homebuilders faced with labor shortages and escalating costs either cannot or refuse to step forward to help rural municipalities fill this housing gap. Without the "economies of scale" found in large-scale developments, now focused primarily on the outlying suburban and some urban areas, many builders refuse to be part of the solution. They view rural markets, with scattered site construction, as "losing" propositions.

## Industry Overview

Manufactured housing has long fulfilled the need for affordable housing for those in less densely populated areas and in suburban markets, and it is one of the largest sources of non-subsidized affordable housing in the country. According to the recent report on the nation's housing crisis released by the Millennial Housing Commission, during the 1990s manufactured housing accounted for a quarter of all new homes built. Furthermore, from 1997 to 1999, this type of housing accounted for 72 percent of unsubsidized new homes affordable to low-income buyers.

Since 1976 manufactured homes have been built to a national building code that preempts local and state building codes. The affordability of manufactured homes comes through

the building process itself. The homes are built in quality-controlled environments, and use the latest building technology employed by trained workers. The homes are built from the same materials used for site-built homes, but since manufacturers purchase and store the materials in large volume, economies of scale play a much larger role in consumer cost savings.

The industry has made tremendous strides in educating consumers on the improved quality of manufactured housing. Construction of manufactured housing is basically a two-part, off-site and on-site, process. Off-site, the home is constructed in a factory to the prescriptive standards established and enforced by the U.S. Department of Housing and Urban Development, commonly referred to as the HUD Code. Once completed at the factory, the home is transported to the site for installation. On-site work consists of grading and excavation, foundation and flat work, home installation, and other work such as construction of the garage and landscaping.

This bifurcated process allows simultaneous construction of the home and foundation, leading to quicker project completion and thereby reducing carrying costs for the developer. Additionally, because homes are routinely installed and secured in one day, opportunities for vandalism and theft are reduced. Each step in the process is focused on speed to project completion, with cost savings being passed onto the homebuyer.



© 2003 Photo-Illustration by Duane Cregger



## Zoning

With few exceptions, zoning ordinances treat manufactured homes differently from site built homes, and create barriers for their use and development. These discriminatory barriers ignore the fact that manufactured homes are no longer the “mobile homes” and “trailers” that most people associate with factory-built housing. Today’s manufactured homes offer flexible living spaces and amenities at prices people can afford. Unlike the stereotypes that abound even today, almost all manufactured homes are never moved once sited, and can be attached to any type of permanent foundation being engineered today. According to the Foremost Insurance Group Report, *Manufactured Homes: The Market Facts 2002*, 94 percent of manufactured homes remain where originally sited. Manufactured homes are increasingly being used in infill projects, as well as continuing to serve rural communities, and will continue to be a valuable component in meeting the affordable housing crisis facing our nation.

Many housing advocates have worked hard to educate consumers and public and elected officials and to change discriminatory zoning practices. Approximately 20 states already have enacted laws that require local jurisdictions to treat manufactured housing no differently than site-built homes, and the number is growing each year. Very often local zoning ordinances still contain antiquated language such as “trailer” or “mobile home” that does not reflect the modern manufactured home.

Organizations such as the American Planning Association have adopted policies to change this phenomenon, recognizing that factory-built housing is playing an increasing role in all segments of the housing industry, and the use of manufactured housing has proven to be a “sound housing development method.” As noted in Chris Cooper’s article in this issue of *Rural Voices*, the APA encourages local zoning and subdivision standards to treat manufactured housing fairly, and to enact appropriate design standards and criteria for manufactured housing that do not unfairly discriminate against factory-built homes. Criteria such as roof pitch and eave overhangs can allow manufactured housing to be more compatible with existing neighborhoods and people’s expectations.

## Financing and Nonprofits

According to the U.S. Census Bureau, more than 65 percent of existing manufactured homes are placed on private property, while the remaining 35 percent are sited in residential land-lease communities. The type of land upon which a manufactured home is placed dictates the financing options for that home.

Reflecting product improvements and growing consumer demand, the buyers of both new and existing manufactured

CONTINUED ON PAGE 8



Photos courtesy of the Manufactured Housing Institute.



**FROM PAGE 7** homes have a variety of financing options available to them.

Most of the growing number of homes being permanently attached on private property are financed as real property and through a mortgage lender that offers traditional mortgage financing. Fannie Mae and Freddie Mac, which provide the major secondary mortgage market for single-family homes, offer conforming mortgage terms for manufactured housing. Homes being placed in land-lease communities, where the home is purchased but the land is leased, are usually treated as personal property, and the financing arranged by the retailer from whom the homes are purchased. In addition,



tion, the Federal Housing Administration has a number of programs for homes being placed in leased communities.

Much has been said by critics about the appreciation rates of homes in land-lease communities. However, the most conclusive studies have shown that while the homes in land-lease communities do not always appreciate at the highest rate, they do appreciate based on factors similar to those of any home, such as where the home is located, the initial purchase price of the home, and the maintenance and upkeep of the home. Furthermore, despite misperceptions, in studies conducted by the University of Michigan (1993) and East Carolina University (1997) and in a study conducted for two Alabama counties (2000), manufactured homes were shown to have no impact on property values of adjacent land.

Land-lease arrangements are also extremely important in providing single-family residential dwellings for those who are on fixed incomes and low- to moderate-income persons whose only other option would be to rent where land costs are prohibitively high. Purchasing a home in a land-lease community not only

provides the American dream of homeownership but also allows the buyer to build equity and (when the home is financed as real property) deduct the interest paid on the mortgage.

As mentioned, manufactured housing remains one of the largest sources of non-subsidized housing in the nation. This attribute has more community development corporations, state and local housing agencies, and other nonprofit housing groups taking a closer look at using manufactured housing without subsidies. Manufactured homes can also be used with subsidies: providing these homes is an eligible activity for a number of federal funding programs, including the HOME Investment Partnerships Program, mortgage revenue bonds,

and Community Development Block Grants, as well as Rural Housing Service programs. With no substantial increase in these programs in the foreseeable future, many nonprofits and recipients of these funds are looking to use these funds creatively with manufactured housing in order to maximize homeownership. A complete list of uses and examples of projects around the country can be obtained by contacting the Manufactured Housing Institute.

As communities across the nation look for solutions to the need for affordable housing, manufactured and modular housing will continue to play a valuable role in building neighborhoods and creating homeownership opportunities. The partnership and communication between the public and private sectors will become even more important as jurisdictions strive to meet their housing goals and work to overcome regulatory obstacles that prevent the attainment of such goals.

**THAYER LONG** is director of state and local affairs for the Manufactured Housing Institute. MHI's website is [www.manufacturedhousing.org](http://www.manufacturedhousing.org).

# Planners Help To Integrate Manufactured Housing

by Chris Cooper

Planners are challenged with balancing the housing needs of lower-income families and the needs of existing site-built, single-family neighborhoods.

For many years, residents with investments in site-built housing used safety concerns to urge officials to keep “mobile homes” — and the “undesirables” they attract — out of their communities. The results included zoning and land-use regulations that limited or sometimes banned outright the placement of manufactured housing.

Since enactment of the Department of Housing and Urban Development’s Manufactured Housing Construction and Safety Standards in 1976, many states have enacted legislation requiring parity in zoning and building regulations for manufactured housing with site-built housing. Some communities, however, operate under antiquated zoning codes and lack the planning expertise to site manufactured homes properly.

Fears that manufactured housing will devalue existing property still motivate exclusionary actions in many communities. Last year, the Henrico County, Va. board of supervisors lobbied state legislators to fight proposed legislation allowing manufactured homes in subdivisions despite local exclusionary zoning ordinances. Opponents argued that “manufactured home” is just a dressed-up term for “mobile home.”

Just this year, the town of Milton, N.Y. adopted a new zoning and comprehensive plan that, after 2006, bans new and even replacement manufactured homes on individual lots. Town zoning laws still refer to them as “mobile homes.”

In Tennessee, where the state legislature prohibits local governments from zoning manufactured homes out of areas, some communities have turned to setting tough design standards or trying to establish deed restrictions that would prohibit the homes. “They stick out like sore thumbs,” said the president of one well-established neighborhood.

In Louisiana, a state legislator who sponsored a bill to allow manufactured homes in some areas where they are now prohibited decided to pull the bill after strong lobbying from the

Home Builders Association of Greater New Orleans. The group said it had “strong concerns” about the definition of manufactured housing.

Recognizing that manufactured housing, like all development, should be considered within the context of local planning objectives, in 2001 the American Planning Association adopted and ratified a policy guide on factory-built housing that acknowledges its increasingly significant role in meeting rural housing needs. The guide encourages revising planning requirements to incorporate opportunities for manufactured homes. Uniformly applied design standards are one way to resolve fears that these houses will devalue existing homes.

The guide also supports legislation that creates tax equity and consistent valuation among various housing forms. Because most manufactured homes are financed as personal property, associated loan interest rates are higher and municipalities cannot collect property taxes on these homes. APA encourages state laws that declare permanently installed manufactured housing to be real property and supports efforts to permit surrender of estate titles so that manufactured home buyers can obtain real estate mortgages and insurance without special endorsement.

Planners are challenged with balancing the housing needs of lower-income families and the needs of existing site-built, single-family neighborhoods. Continued resistance to manufactured housing will only make their task more difficult and further the historical legacy of exclusion that has segmented many of our nation’s rural communities.



CHRIS COOPER is public affairs associate at the American Planning Association. The APA’s policy guide on manufactured housing can be found at [www.planning.org/policyguides/factoryhousing.htm](http://www.planning.org/policyguides/factoryhousing.htm).

# Research Identifies Problems in Manufactured

by Kevin Jewell

We wanted to know why manufactured home purchases generate the kinds of horror stories we heard from consumers and affordable housing practitioners.

The signs line the highways — “Zero Down,” “EZ Terms,” “Low Monthly Payments.” They invite families into manufactured home dealerships with the dream of affordable homeownership. Some consumers find success with manufactured homes. Others find failure. Often, financing terms make the difference between the two. Manufactured housing loans all too often prevent these homes from becoming equity building investments for the families who buy them.

## What Happens and Why

Recently, Consumers Union spent the better part of a year examining the manufactured housing finance market. We wanted to know why manufactured home purchases generate the kinds of horror stories we heard from consumers and affordable housing practitioners. Our report on the topic, *In Over Our Heads: Consumers Report Predatory Lending and Fraud in Manufactured Housing*, details what we found.

Consumers reported to us and to state agencies that:

- ▶ The terms and conditions of their loans worsened at closing, including higher interest rates, additional loan fees, and other charges.
- ▶ Salesmen tried to falsify loan application information, including falsifying down payment amounts and taking borrowed money as down payments.
- ▶ Dealers encouraged consumers to verify by phone their homes' placement even when the homes still needed installation.
- ▶ Interest rates higher than those in the conventional market, financed dealer “add-ons” ranging from cash rebates to “free” vacations, packed points, insurance, and other fees kept buyers “underwater,” with negative or zero equity on their loans for years.

Certainly many of these predatory lending practices occur in the subprime market for conventional, site-built homes. But manufactured home loan transactions often lack even the basic safeguards — good faith estimates, independent appraisals, and escrows — that help mortgage borrowers navigate their deals.

A home loan closing is often the most complicated and

stressful transaction a family undertakes. Most manufactured home borrowers enter this closing with less information and even more pressure to close than site-built home buyers. The manufactured home buyer's home may have been “special ordered,” with a non-refundable deposit. The buyer may have already purchased land and started site preparation. She may be afraid she does not qualify for an ordinary mortgage. So the purchaser often signs a simple “chattel loan” contract, even if



# Home Financing System

the terms and conditions are not what was expected.

Most states define a manufactured home as “personal property,” like a car, unless the consumer specifically cancels the title to the home. As personal property loans (or chattel mortgages) manufactured home loans are exempt from the federal Real Estate Settlement and Procedures Act (RESPA), which requires that consumers get an estimate of costs prior to closing. Without this estimate in advance, consumers report many



Photos courtesy of Consumers Union.

“gotchas” at closing but may close anyway due to pressure. Borrowers with personal property loans also traditionally lack the benefit of independent third party appraisals. Rather than underwrite the value of the home in its final location, finance companies underwrite the loan based on the purchase price and the credit of the borrower. This removes an important check for the consumer that the transaction is occurring at a fair price. In many states, manufactured homes are not even required to have sticker prices, which means dealers can size up consumers’ ability (or willingness) to pay before they even quote a price.

Manufactured homes are built in a factory, but they are not complete until they have been installed, connected to utilities, and repaired for any damage in transit. Nevertheless, finance companies usually pay dealers before warranty repairs are complete, rather than holding their money in escrow until the work is done. With their money already in the bank, retailers have little incentive to properly complete repairs on these homes, and consumers report repair efforts that drag on for months and even years.

Combine the lack of these safeguards (estimates, appraisals, and escrows) with high pressure commission driven sales, and you have a recipe for disaster. Consumers can be locked into deals within hours or days of walking onto retail lots — which is convenient, but not conducive to comparison shopping for the best deal.

Due to the current state of the manufactured housing market, it is all too easy for consumers to end up underwater on their loans. Inflated sales prices and loans packed with points, fees, extras, and insurance, combined with home problems not corrected under warranty, drive up the principal balance of loans while reducing the resale value of the homes. Many consumers we contact believe that their home is worth less than their loan balance.

The collateral damage of such deals, where the terms were “EZ” but the total costs surprisingly high, hurts entire communities. Families who realize they are underwater may walk away, leaving their homes and their credit behind. When the manufactured homes are then repossessed and hauled off by the finance company, holes are left behind in neighborhoods. These empty lots degrade neighborhoods and depress property values, which ultimately affect local property tax bases. Nancy Webb chronicled the impact of these abandoned lots on Anderson County, S.C. in the Spring 2002 issue of *Rural Voices* (“Promising Dreams, Delivering Nightmares: How One Community Fought Back”).

The problems in manufactured home finance have led to the collapse of much of the market in recent years. Last year, an estimated 90,000 manufactured homes were repossessed. This has led to a tightening of credit standards, but until systematic reforms are made to the busi-

CONTINUED ON PAGE 12

**FROM PAGE 11** ness practices in the industry, consumers are likely to continue to have problems with financing.

### What Housing Practitioners Can Do

Homeownership and credit counselors can help consumers avoid the pitfalls by warning against pervasive practices like the use of prepaid financed points and financed single-premium property insurance. Prepaid financed points are interest payments that are earned up front and rolled into the loans so that consumers end up paying interest on their interest payments. Likewise, property insurance is a better deal for consumers when it is paid on a

that currently dominate the market. Lenders need to consider outreach through developers and counselors — as well as direct marketing to consumers — to compete with the dealer market. The industry appears to be in a slow transition towards conventional financing, which may open up further opportunities. Refinancing existing manufactured home owners out of high-priced chattel loans may provide another opportunity for entry into this market.

Advocates can promote legislation to equalize consumer protections in the personal property market with those commonly found in the real property market, and they can advo-



monthly basis. When consumers pay for insurance up-front with a “single premium” they pay unnecessary interest.

Housing counselors can also direct families to search for the lowest cost financing for their homes, which may not be the financing recommended by retailers. They can explain to consumers how to cancel the titles on their homes, making them real estate and eligible for conventional financing, as well as how to be savvy by shopping separately for homes and financing. Getting a good deal on financing is one straightforward way to increase a family’s chances of building equity.

Community-based lenders should investigate new products to compete in the manufactured housing market. Consumers need fairly priced alternatives to chattel loans, for both new and used manufactured homes, that have checks and balances against dealer fraud, such as on-site appraisals and accounts held in escrow until the homes are fully repaired. It can be difficult to get such products in front of consumers and to compete with the low-paperwork, sign-on-the-dotted-line loans

cate for protections against all predatory lending tactics. New predatory lending statutes should specifically apply to all home-secured loans, including manufactured housing. Many existing statutes allow personal property manufactured home loans to slip through loopholes in the law.

Consumers of manufactured homes all too easily lose the benefits of homeownership through high-cost, poorly structured loans. We must address the problems in the manufactured home finance market if we want all home purchasers to truly benefit from the American dream of homeownership.

**KEVIN JEWELL** is a policy associate with Consumers Union’s Southwest Regional Office. Consumers Union’s latest report, *Raising the Roof, Raising the Floor: Raising Our Expectations for Manufactured Housing* provides an overview of the manufactured housing market for the nonprofit housing practitioner. This report and other information on Consumers Union’s work on manufactured housing can be found at [www.consumersunion.org/mh](http://www.consumersunion.org/mh).

# Manufactured Housing Can Serve Older Persons

by Andrew Kochera

Manufactured housing provides a major source of affordable housing for older Americans, many of whom are retired and living on fixed incomes.

“The things that stand out the most in manufactured housing are the style, affordability, adaptability to a variety of land use settings and community exposures. I observed \$100,000 manufactured homes in coastal settings that added a two-car garage ... the entire exterior was color-coordinated along a river setting. I observed triple-wide homes constructed on a bluff overlooking the Pacific Ocean. Manufactured homes offer flexibility to any style in any setting, be it rural, city, or park.”

▶ Alan Youse, AARP volunteer and member of the federal Manufactured Housing Consensus Committee

Manufactured housing provides a major source of affordable housing for older Americans, many of whom are retired and living on fixed incomes. In 2001, out of the nation’s stock of 7.2 million manufactured homes occupied year-round, approximately 1.5 million were owned or rented by persons age 65 and older, according to the American Housing Survey. And out of that 1.5 million, nearly 900,000 were located in rural areas.

Even during the recent industry downturn, older persons have continued to be a prominent market segment for manufacturers. In 2001, for instance, older persons purchased new manufactured homes at the rate of about 40,000 per year.

In addition to purchasing manufactured homes for primary residences, older persons are also an important segment of the vacation home market. The Census Bureau does not collect direct information on vacation homes, though it does approximate this market by collecting information on units designated as “seasonal” or “usual residence elsewhere.” AARP estimates that, out of a stock of approximately 970,000 “seasonal/usual residence elsewhere” manufactured homes, around 250,000 are owned by someone age 65 or older.

## Geography

Contrary to some popular perceptions, the top states for older manufactured home residents go far beyond the “Sun Belt.” Certainly, states like Florida, Texas, and California account for a large number of older residents. Largely this is because of their sizeable population base, but they also benefit from retirees who have moved from colder climates in search of warmer weather and recreational destinations.

But the top ten states for older manufactured home residents also include states such as Washington, Pennsylvania, and Oregon. Those states do not appear in the top ten for manufactured home residents of all ages, and in those states the dynamic is somewhat different. Those are states in which the manufactured home market has been more influenced by the migration of younger families from rural areas (where manufactured housing is more common) to urbanized job markets (where manufactured housing is less common). As a consequence, the manufactured home market in those states relies more on long-term community residents, and less on the migratory retirees from other states.

## Income and Costs

Older persons who reside in manufactured housing year round are frequently poor and have few other financial assets. For instance, the median income of owners age 65 and older in manufactured housing was only \$16,400 in 2001, compared to \$24,000 for older owners in conventional single-family homes. In fact, three-quarters of older manufactured home owners meet the Department of Housing and Urban Development definition of “low income.” Because these residents seldom receive any direct government housing subsidies, it is a sign of success that the industry has been able to provide homeownership opportunities for persons of limited means.

CONTINUED ON PAGE 14

FROM PAGE 13

Nonetheless, these older owners frequently live on fixed incomes, and high ongoing costs can represent a significant burden. Costs of ownership include taxes, utilities, maintenance/upkeep, and lot fees for those that are located in land-lease “mobile home” parks. In addition, most manufactured homes are financed as personal property rather than real estate, and the interest rates and terms of purchase loans are frequently much less favorable than a comparable mortgage. Limited financial resources make residents of manufactured housing particularly vulnerable to increases in park rents and unexpected home repair costs. Altogether, 38 percent of manufactured home owners age 65 and older meet HUD’s definition of “cost burdened” (they pay 30 percent of income or more toward housing expenses), compared to 33 percent of older owners of conventional single-family homes.

### Construction and Safety Standards

Manufactured homes are built in accordance with federal construction and safety standards that preempt local building codes. Thirty-seven states have administrative agencies that enforce federal standards and handle consumer complaints. HUD has those responsibilities in the remaining states. This federal system was developed because new manufactured homes could be moved from the factory to a distant site, and so these homes were frequently a form of inter-state commerce. It also helped to encourage cost-saving systems in which companies could standardize their product without the necessity of learning local codes for each of their customers.

Despite the standards and regulatory structure, however, consumers have continued to experience a number of problems with the construction and installation of their homes. This is a concern for all consumers, of course, but is particularly important for older persons who rely on home equity as their single largest asset. Thus, preserving the physical and financial value of the home is not merely a matter of personal safety and comfort, but also has consequences in terms of wealth accumulation.

For this and a variety of other reasons, AARP undertook a survey in 1999 of manufactured housing owners of all ages. The survey focused on whether there were any physical problems with the homes and, if so, what those might be. Results included:

- ▶ Nearly eight in ten owners (77 percent) reported having at least one problem with the construction, installation, or appliances of their new homes; 57 percent reported multiple problems.
- ▶ Among the most common problems were interior fit and finish (37 percent), improper fit or leaks in doors/windows (35 percent), problems with general construction such as cracks or separation of walls (31 percent), and plumbing (30 percent).
- ▶ Problems resulting from faulty installation accounted for

### TOP TEN STATES FOR MANUFACTURED HOUSING BY AGE OF HEAD OF HOUSEHOLD

	NUMBER (AGES 65+)	RANK	NUMBER (ALL AGES)	RANK
Florida	254,174	1	663,560	1
California	193,230	2	481,947	4
Texas	89,872	3	609,919	2
Arizona	79,681	4	221,652	10
North Carolina	56,915	5	497,133	3
Washington	48,810	6	190,184	15
Pennsylvania	44,878	7	208,842	11
Michigan	43,259	8	233,865	9
Georgia	41,086	9	334,142	5
Oregon	40,143	10	137,803	22

Source: AARP Public Policy Institute analysis of Census Bureau's 1% Census 2000 Public Use Microdata Sample.

one-fifth of the problems of most trouble or concern to the homeowner.

▶ Although 95 percent of those surveyed said they had warranties, only one-third (35 percent) of those having major problems reported that the problems had been corrected under the warranty; the remainder were either not fixed at all (30 percent) or were fixed at the homeowner’s expense (31 percent).

Progress has been made recently with passage of the American Homeownership and Economic Opportunity Act of 2000, which created a balanced consensus committee to recommend revisions to the manufactured housing construction standards and to develop an installation standard. Though there are certainly challenges to reaching agreement among such a variety of represented interests, committee vice chair and AARP board member Chuck Leven has described the process as “a critical opportunity for our nation to better serve manufactured residents of all ages.”

### Practices in Manufactured Home Parks

In addition to the federal issues, there are a number of tenancy issues that are treated as matters of state law. Though manufactured homes are commonly referred to as mobile homes, the term “mobile home” is misleading; most manufactured homes are not moved again once they leave the dealer’s lot.

Manufactured homes are expensive to move and may suffer significant damage if moved. Further, it is often difficult for residents of manufactured home parks to find alternative rental space. For these reasons, manufactured home owners who rent their lots in manufactured home parks find it very difficult to leave when a landlord engages in unfair practices. Around 36 percent of manufactured homeowners age 65 and older reside in manufactured home parks.



Many states have various legal protections for residents of manufactured home parks, but these vary widely, and at least 15 states have no manufactured home park statutes at all. In response to this situation, AARP recently contracted with the National Consumer Law Center to develop revise its 1991 model statute, “Manufactured Housing Park Tenants: Shifting the Balance of Power.” *The Manufactured Home Owners’ Bill of Rights* incorporates a long-term renewable lease, prohibits “tie-ins” and other unfair practices, remedies park maintenance problems by requiring a warrant of habitability, requires relocation assistance in the event of park closure, and provides a right of first refusal to residents if the park is sold.


### Innovative Design Ideas for Older Customers

One of the most important challenges for home builders is how to accommodate the future boom in older persons. Between 2000 and 2020, the number of persons age 65 and older is expected to increase from 34.8 to 53.7 million — a change of more than 50 percent. With this demographic wave comes an increasing demand for products that meet the needs of persons who may become frail or disabled. But for manufactured home builders, this demand will be particularly acute. Disability is more common among low- and moderate-income individuals for a number of complex reasons and, because of affordability concerns, these persons are also an important market segment for home manufacturers. In 1999, for instance, 28 percent of residents age 65 and older in manufactured homes reported having difficulty with at least one task of common daily activities, compared to 21 percent of residents in conventional single-family homes.

Many manufactured home builders are already starting to recognize the implications in their long-term market strategies, and some have already introduced innovative products tailored to this demographic. The features found in these homes are appealing not just to older persons, but persons of all ages and abilities. Fleetwood’s *Life Stages II* product line, for instance, has a wide array of “universal design” features. These include

wider doorways and hallways for easy mobility, lever door handles that are easy to grasp, single lever controls on kitchen and bath faucets for simpler operation, improved accessibility of storage areas, knee space under sinks and counters, low maintenance materials and appliances, etc. The company’s design process included consultation with an AARP specialist in home design. Other manufactured home builders have also introduced a variety of accessible home designs.

### Conclusion

While many challenges remain regarding modern construction, installation, and lending standards, manufactured housing continues to be a critical part of our nation’s housing for older persons. It is especially important in rural areas, where many older persons have aged in place or have chosen to retire, and where incomes are frequently lower than in urban areas. Although the industry is currently in recession, with production levels only a fraction of the mid-90s peak, older persons continue to be a reliable customer segment for the industry. And with the flexibility of the product, there are continuing opportunities to meet the needs of an aging population. Consensus Committee member Alan Youse, an AARP volunteer with a background in rural and agricultural issues, notes that many innovative opportunities are already being explored, and that “manufactured homes offer flexibility to any style in any setting, be it rural, city or park.” 

**ANDREW KOCHERA** is senior policy advisor at the AARP Public Policy Institute. AARP can be found at [www.aarp.org](http://www.aarp.org). More information about age, income, and disability is available in AARP’s *Beyond 50, 2003: A Report to the Nation on Independent Living and Disability*, available at [www.research.aarp.org/general/beyond\\_50.html](http://www.research.aarp.org/general/beyond_50.html). Common daily activities referenced in this article include “activities of daily living” (getting around inside the home, getting in/out of bed/chair, taking bath/shower, dressing, eating, and using the lavatory) and “instrumental activities of daily living” (using the phone, going outside the home, keeping track of money and bills, preparing meals, doing light housework, and taking prescription medicine).

# No Longer a Secret

THE MANUFACTURED HOUSING SECTOR CAN CREATE LONG-TERM VALUE FOR HOMEOWNERS

by Paul Bradley

In addition to preserving and improving existing parks, NHCLF is now demonstrating how manufactured housing can be used to meet the growing demand for new entry-level housing.



Photos by Geoff Forester, Concord, N.H.

**Jack Lapham appreciates the benefits of cooperative ownership of the land where his manufactured home is sited.**

In the late 1970s, Jack Lapham got a quick lesson in tenant rights. “In my park, the owner gave us 54 days to get out. He did it in the name of a dollar bill. He wanted to build something else there,” said the retired police officer from Epsom, N.H. Lapham sold his home at a huge loss, moved, and swore he’d never live in a manufactured housing park again.

But in 2000, Lapham and his wife moved into a three-bedroom home in Breezy Acres Cooperative. “Unlike the other park I lived in, we own the land here,” said Lapham. “If you own something it’s yours.”

In 1992, the tenants bought Breezy Acres with assistance from the nonprofit New Hampshire Community Loan Fund, a local bank, the Community Development Finance Authority, and the New Hampshire Housing Finance Authority. Faulty septic systems and detrimental drainage problems were fixed.

“Parks carry a stigma with them but if more people were exposed to parks like this one, they’d appreciate how nice and quiet it is,” Lapham said. “This is a well-kept secret.”

As the list of successful resident-owned parks grows and the demand for entry-level homes intensifies, the “secret” is getting out among national housing audiences that once gave short shrift to this housing sector. Practitioners, foundations, public and quasi-public agencies, and banks are beginning to recognize the potential to improve key elements of the heretofore ridiculed and neglected manufactured housing sector. NHCLF’s activities provide excellent examples of the sector’s potential.

## NHCLF’s Manufactured Housing Park Program

NHCLF’s 19-year record of organizing, training, and financing homeowners in parks is altering the market forces that have destabilized manufactured homeowners. Efforts to correct market dysfunctions are providing real promise for improving America’s most controversial housing stock — a housing stock that is home to 30 percent of the country’s low-income home-

owners, according to the Joint Center for Housing Studies.

“The question of whether manufactured housing can appreciate cannot be answered until healthy markets are created, and New Hampshire is 20 years ahead of the rest of the country in creating those markets,” according to George McCarthy, Ph.D., a program officer at the Ford Foundation.

In 1984, the Loan Fund made its first loan to residents of a manufactured housing park in a popular lakeside town. They bought their park as a group to gain control over the land they rented.

Not long after, a resident of a town in southern New Hampshire called the Loan Fund for help in fighting eviction by an out-of-state developer who wanted to build condominiums on the site — a fundamental risk to homeowners who own their home but rent the land underneath them. By 1986, the park became the Loan Fund’s second manufactured housing park cooperative borrower and the first park financed by the New Hampshire Housing Finance Authority. These early land transfers set in motion a change in park ownership that has given homeowners control over the rents, park conditions, and the future of the land.

“We haven’t increased our rents in eight years of ownership even though we’ve replaced septics, repaved roads, and improved our water system,” stated Shirley Hooker, a member

of the Windy Hill Housing Cooperative in Tilton, N.H. Stable rents and ongoing capital improvements are familiar accomplishments among the state's cooperative parks.

Most everyone, including a surprising number of private park owners, agrees that resident ownership of parks is the best long-term solution for problems related to owning a manufactured home on rented land. Moreover, the conversion to resident ownership eliminates the destabilizing cycle of speculative park sales and the ensuing rent increases that are needed to cover a new investor's financing costs.

Today, residents own 59 parks or 13 percent of the state's 460 "land-lease" communities. These resident-owned parks are home to 2,900 families in New Hampshire.

Legal changes have paralleled efforts to give manufactured housing park residents greater control over their housing. Promoted by the Manufactured Homeowner's and Tenant's Association of New Hampshire and the Loan Fund, state law now requires park owners to give homeowners an 18-month



**Shirley Hooker says her tenant cooperative has provided better maintenance and more improvements than the former landlord at the park where she lives.**

progress and the potential to deliver conventional financing in resident-owned communities: home mortgage loans in cooperative and condominium manufactured housing communities are now eligible for sale to Fannie Mae.

With resident ownership as a base, the Loan Fund is deepening its strategic response to improving market conditions in this sector with home mortgage lending.

Following research that showed 20 percent of co-op homeowners with housing loans were paying in excess of 14 percent interest on their home loans, the NHCLF began providing first mortgage financing to homebuyers and owners in resident-owned parks.

With no secondary mortgage market for these single-family loans, the NHCLF developed its own with six banks that will, in exchange for up-front operating grants and loans to the NHCLF, purchase pools of seasoned and standardized manufactured housing loans. The collaboration helps ensure a steady flow of capital in a housing finance market that has suffered from cycles of too much and too little capital over time.

These two NHCLF programs seek to preserve and improve existing manufactured housing communities through resident ownership and stable single-family mortgage lending. Long-term site control and predictable financing make sense as a starting point for improving homeownership in land-lease communities.

### Manufactured Housing Innovation To Meet Consumer Demand

In addition to preserving and improving existing parks, NHCLF is now demonstrating how manufactured housing can be used to meet the growing demand for new entry-level housing. Pepperidge Woods is a 44-site cluster development of energy-efficient manufactured homes currently under construction in Barrington, N.H., a market with a rental vacancy rate less than 1 percent, high prices for new and existing housing, and little for entry-level buyers. The

CONTINUED ON PAGE 18

#### "THE MANUFACTURED HOUSING INDUSTRY HAS CHANGED VERY DRAMATICALLY,

as you know, and has constructed innumerable, multifaceted types of structures, which has enabled the productivity that is embodied in the manufacturing process, which has been doubtless the fastest part of productivity growth in this country. And that has been a significant factor in getting available homes at all levels."

► Alan Greenspan, chairman of the Federal Reserve Bank on July 24, 2001 in response to a Senate Banking Committee member's question on addressing affordable housing issues

notice of park closure. Since 1988, park owners have been required to give residents a 60-day window to purchase a park before it is sold to an outside investor.

### NHCLF's Cooperative Home Loan Program

It is impossible for sellers to realize asset appreciation if homebuyers do not consistently have access to decent financing. What Fannie Mae and Freddie Mac have done for the site-built market (and for manufactured homes on fee simple land) has not been provided for manufactured homes in parks. Instead, the four million manufactured homeowners in land-lease parks are captive to subprime and predatory chattel lending, a credit market widely acknowledged for devastating eight-year liquidity cycles. Excessive interest rates, poor terms, and wildly erratic liquidity cycles burden this already troubled housing stock. A recent announcement from Fannie Mae demonstrates true

**FROM PAGE 17** community will offer new three-bedroom homes at roughly 50 percent of the median new home sales price for the region.

If developed in a consumer-centered manner, with a focus on good quality housing stock and long-term site control, manufactured housing parks can provide excellent affordable homeownership. The relatively high density that zoning affords parks translates into lower site development costs and less land use. Factory-built homes can be attractive, efficient, and durable. Homes can be set on foundations that support the house well over time and make them visually more like site-built homes. Plus, cost saving solutions like conventional home financing and bulk fuel programs are possible, as are other value-enhancing features like community meeting space and playgrounds.

### Changing Market Dynamics

The modern manufactured housing industry — manufacturers, retailers/dealers, specialized lenders, developers, and park owners — is structured with an outmoded mentality that continues to serve homebuyers poorly. Some leaders in the industry see the need for change. “The way we’ve sold homes for the last 30 years is dead,” wrote Chris Stinebert, president of the Manufactured Housing Institute, the industry’s leading trade association.

Much of the current market structure dates back to the industry’s origin in the automobile and travel trailer industries. As travel trailers became permanent homes for some, the “mobile home” and then manufactured housing industries were born. Today, we still have an industry sector using an automobile industry framework intended for travel trailers to produce, sell, finance, and place permanent manufactured homes. The



**“We all watch out for everyone,” says Dottie Hillock, praising the neighborhood spirit in her coop in Winchester, N.H.**

result is a mismatched set of market conditions that at key points undermines homeowners and leads to widespread disdain among much of the general public, including nonprofit housing advocates.

Market-based and public policy changes such as those brought about by NHCLF are key to remaking this under-performing housing market. The nonprofit sector has the sophistication and resources to improve market conditions and deliver long-term value to low- and moderate-income homeowners. With a ripening environment for nonprofits in this sector, it’s time to include manufactured housing’s possibilities in your game plan.

**PAUL BRADLEY** is vice president of the New Hampshire Community Loan Fund and manager of the Manufactured Housing Park Program. More information about NHCLF and its programs is available at [www.nhclf.org](http://www.nhclf.org).

## Rural Voices

[ruralvoices@ruralhome.org](mailto:ruralvoices@ruralhome.org)

Statements made in *Rural Voices* are the opinions of the authors of the individual articles, not of the Housing Assistance Council. Subscriptions to *Rural Voices* are free, but donations of \$12 per year are gratefully accepted. Single copies and back issues are \$4. Material may be reproduced without permission, but *Rural Voices* should be credited.

The Housing Assistance Council (HAC) is a national nonprofit corporation founded in 1971 and dedicated to increasing the availability of decent housing for low-income people in rural areas. HAC strives to accomplish its goals through providing loans, technical assistance, training, research and information to local producers of affordable rural housing. HAC maintains a revolving fund providing vital loans at below-market interest rates to rural housing developers. Developers can use these funds for site acquisition, development, rehabilitation or new construction of rural, low- and very low-income housing. HAC has a highly qualified staff of housing specialists who provide valuable technical assistance and training, and research and information associates who provide program and policy analysis and evaluation plus research and information services to public, nonprofit, and private organizations. HAC’s subsidiary, Rural Housing Services, Inc. (RHS), syndicates rural housing developed with the Low Income Housing Tax Credit.

**EDITORS** Mary Stover, Leslie R. Strauss **DESIGN** Cregger Creative **ISSN** 1903-8044

## HOUSING ASSISTANCE COUNCIL

### National Office

1025 Vermont Avenue, NW  
Suite 606  
Washington, DC 20005  
**TEL** 202-842-8600  
**FAX** 202-347-3441  
**E-MAIL** [hac@ruralhome.org](mailto:hac@ruralhome.org)

### Midwest Office

10920 Ambassador Drive  
Suite 220  
Kansas City, MO 64153  
**TEL** 816-880-0400  
**FAX** 816-880-0500  
**E-MAIL** [midwest@ruralhome.org](mailto:midwest@ruralhome.org)

### Southeast Office

615 Peachtree Street, NE  
Suite 1130  
Atlanta, GA 30308  
**TEL** 404-892-4824  
**FAX** 404-892-1204  
**E-MAIL** [southeast@ruralhome.org](mailto:southeast@ruralhome.org)

### Southwest Office

3939 San Pedro, NE  
Suite 7-C  
Albuquerque, NM 87110  
**TEL** 505-883-1003  
**FAX** 505-883-1005  
**E-MAIL** [southwest@ruralhome.org](mailto:southwest@ruralhome.org)

### Western Office

131 Camino Alto  
Suite D  
Mill Valley, CA 94941  
**TEL** 415-381-1706  
**FAX** 415-381-0801

**E-MAIL** [susan@ruralhome.org](mailto:susan@ruralhome.org)





Photos courtesy of Mountain Shelter.

## Appalachian Manufactured Housing Experience Raises Concerns

by Andy Kegley

One lesson we've learned is that no matter what we counsel or say, any time a family that has been approved for financing sees that set-up home, listens to the sales pitch, and believes all the promises being thrown at them, it's all over but the closing.

**M**anufactured housing has saturated the market in Appalachia — at rates double the national average. In southwest Virginia, where Mountain Shelter operates, this market dominance has collateral implications for many aspects of our regional economy beyond being a good source of “affordable housing.”

For instance, by tracking building permits in our home county of Wythe over the last dozen years, we've learned that over 75 percent of all single-family building permits issued for new homes were for manufactured homes. The average value of these homes was \$28,000, compared to about \$100,000 for stick-built homes. Manufactured housing's lower value helps explain our low tax base and lack of home equity appreciation, the decline in the available building trades employment sector, and the flight of huge amounts of capital away from our economy.

Though not by deliberate intention, Mountain Shelter, a nonprofit housing developer, community development corporation, Community Housing Development Organization, and user of Self-Help Homeownership Opportunity Program funds, has developed a handful of manufactured housing units. Our experience with these homes has been mixed at best, and generally not positive.

The first manufactured housing unit we developed, in 1999, was financed with a leveraged loan from the U.S. Department of Agriculture's Rural Housing Service and leveraged through the Federation of Appalachian Housing Enterprises. It was the first manufactured home that our district USDA Rural Development office had financed. Thus there was a pretty steep learning curve for all of us involved. The development of that first unit was instructive for several reasons.

CONTINUED ON PAGE 20

Working with the homebuyer, we put a set of conventional three-bedroom plans out to bid with local contractors. Meanwhile, the family made the fateful decision to walk onto the lot of one of our area's half-dozen manufactured home dealers, Oakwood. One lesson we've learned is that no matter what we counsel or say, any time a family that has been approved for financing sees that set-up home, listens to the sales pitch, and believes all the promises being thrown at them, it's all over but the closing. The bid for this family's stick-built home came in at \$54 per square foot for a 1,000 square foot home. Walking onto the Oakwood lot, the family was able to buy a 1,250 square foot home for the same money. You can guess what an impulsive buyer would do.

When FAHE and RD staff wanted to see the home plans, despite the HUD Code certification clearly stamped on the dealer's demo on the lot, getting them from the local dealer was like pulling teeth. A fairly typical experience working with local manufactured home dealers is that the model sitting on the lot doesn't end up being the same model or unit that the dealer promises to deliver. It's a shifting target, which is frustrating to a developer working with rigid financing program guidelines.

A more recent experience with another manufacturer, Fleetwood, raises new issues and challenges. Our buyer was qualified by the state housing finance agency, and SHOP funds were used for the land purchase. However, unlike RD, our state agency does not provide construction financing, so Fleetwood offered their in-house construction loan to be taken out with the permanent mortgage from the state. Dealing with the construction loan underwriters in Texas detracted from the close personal connection we'd had with this family, and adding closing costs for this second loan hasn't helped the affordability. In order to meet the SHOP sweat equity requirements for this disabled family, we intervened with the dealer and agreed to work with the purchasing family on certain improvements, including the yard grading, seeding, landscaping, and the electrical hook-up work, to be completed with volunteer labor.

It isn't necessarily the physical character of the home or the quality of construction that gives manufactured housing such a shady reputation among affordable housing advocates. It's the urgency of doing the deal as expressed by the local dealers. During the development of our second manufactured unit in particular, the dealer said one thing, showed us something else, and could never be pinned down on exactly what the specs were with regards to roof pitch, energy efficiency, eave overhang, and other features. Obviously, there isn't the commitment to what we as affordable developers cherish most — the personal connection



**Homes manufactured under the HUD Code carry this label certifying compliance.**

to those in our community. And as recently as last autumn, while on site with a prospective homebuyer and a manufactured home dealer, we heard more shifting promises — the old bait-and-switch routine, as the size of the unit promised to the buyer had already changed, unbeknownst to her.

As Mountain Shelter has grown and acquired more experience, we're trying hard to regain ground on some lost principles. We won't deny a potential homebuyer's request to finance a manufactured home, but we're a lot more comfortable talking with them about the broader impact of that decision on their own future, as well as on the economic viability of our community. Not only is Mountain Shelter a housing advocate, but also our board takes to heart two of the words in our CHDO certification: Community and Development. We believe that housing is a major part of community economic development. If we are entrusted with public funds, derived from taxes paid, then we believe we have a responsibility to see that our projects have as broad an impact as possible.

We understand that others take the position that manufactured housing doesn't need to be community development. Some argue that, as with many things in life, there are compromises and that the impact of not spending as much money locally on stick-built construction is worth the trade-off for lower cost homes with factory-controlled workmanship that enable more low-income families to become homeowners.

At Mountain Shelter we believe that the discussion regarding manufactured housing's role in affordable housing development must focus on homebuyer education and counseling, which Mountain Shelter and other CDCs do particularly well. Any reform or oversight of the industry should require purchasers of these products to be certified as having received homeownership education — a service the CDCs can provide. This simple and proven tool would go a long way toward improving the sustained affordability of home purchases for our lower-income clients interested in their piece of the American dream.

Short of this reform actually happening, building stick-built homes with local labor and vendors, financed through local banks or public agencies, will always be a proven stimulus to the local and regional economies. In this era of globalization of corporate interests, we as local builders are doing something about our own neighborhoods, and we shouldn't be in denial about this.

**ANDY KEGLEY** is executive director of Mountain Shelter, a housing provider in Wytheville, Va., which is a member of the Federation of Appalachian Housing Enterprises, Inc. Mountain Shelter's website is [www.mountainshelter.org](http://www.mountainshelter.org).



Photos courtesy of Coachella Valley Housing Coalition.

## Coachella Valley Mobile Home Parks Transformed

by David Sidley

The Coachella Valley Housing Coalition is proud of its accomplishments with manufactured housing: Las Palmeras and Paseo de los Heroes provide homes to more than 200 lower-income families in Riverside County who were previously living in substandard conditions.

If you travel east on Interstate Highway 10 about 110 miles outside of Los Angeles to Mecca, Calif., you'll see something that you may have thought doesn't exist in America. Not only will you be surprised to see vast farm fields in the Sonora Desert, but you are also likely to be overwhelmed by witnessing the conditions in which the people who work in those fields live. Rows

and rows of old, rusty, dilapidated trailers line illegal trailer parks. Crude housing additions are made out of cardboard, scrap wood, and anything else that can be found. Extension cords run from makeshift power poles to one trailer after another. Garbage piles swarm with flies, and the stench of raw sewage seeps from improper septic systems.

Among this filth exist fragments of daily life: children laughing and playing, not aware that the conditions in which they live are not normal; families gathered around picnic tables enjoying meals; laundry hanging from clotheslines; and fires burning on which dinners will be prepared. This is not a "developing" country, it's right here in California, and it exists today. This is the area where the Coachella Valley Housing Coalition has been working for 20 years to combat a serious affordable housing shortage.

An estimated 500 un-permitted mobile home parks occupy the eastern region of Riverside County, Calif. These parks are part of a complex affordable housing problem. The wealthy agricultural industry relies on permanent, migrant, and seasonal labor to work in the fields picking the rich harvests of grapes and other crops. There was a time when the county overlooked the safety hazards at these parks because of the severe housing shortage. Although regulations have changed, the parks are still largely un-permitted. Entire families are still living in automobiles, under bridges, and in dirt lots.

The illegal mobile home parks meet a need in Riverside County where farm labor housing is significantly lacking. Several years ago, the state of California declared a state of emergency because of the severe lack of housing for agricultural workers and passed a law designating parks that housed five to twelve of these workers as Employee Housing Facilities. These are exempt from certain local zoning requirements but are still required to fulfill other health and safety requirements to ensure that tenants reside in decent and safe housing facilities.

In June 1998 a 41-year-old man was electrocuted and killed while washing his trailer when he grabbed a carport pole that touched exposed wires. A 16-year-old boy was also electrocuted at a park where trailers were rigged up to a house for electricity. These and other accidents in the un-permitted parks spurred local action. The county decided that the parks with hazardous conditions too severe to improve, including some Employee Housing Facilities, would be shut down. Tenants faced serious problems because there were no available permitted mobile home park lots in the area. Even if tenants were willing to abandon their homes and dreams of homeownership, the lack of affordable rental housing in the area further limited their options. Many tenants faced the possibility of homelessness.

One solution was to move mobile homes to Native American land that was exempt from

CONTINUED ON PAGE 22

**FROM PAGE 21** county code enforcement rules. This proved to be a poor solution as conditions were often times much worse on Indian land. However, legal issues make it extremely difficult to close unsafe parks located on Indian reservations.

In November 1998 the Coachella Valley Housing Coalition, along with the U.S. Department of Agriculture, the California Department of Housing and Community Development, the U.S. Department of Housing and Urban Development, California Rural Legal Assistance, the County of Riverside, Catholic Charities, and mobile home park owners and tenants joined the Mobile Home Task Force organized in part by the Catholic Diocese of San Bernardino County. CVHC then began to work with the county and other local organizations to help solve some of the housing problems created by the park closures.

CVHC approached the owner of Las Palmeras, a 17-acre, run-down mobile home park in the City of Coachella, about 15 miles east of Palm Springs. The park was almost totally vacant with 77 of 121 lots unoccupied. Of the developed lots, seven were rented manufactured homes, 14 had owner-occupied homes on leased lots, and the remaining 25 lots were privately owned and fully developed with manufactured homes. The park's laundry room had been closed because of severe vandalism, the park was littered with garbage, and some buildings had been painted with graffiti. The community room had been closed along with the community swimming pool.

CVHC purchased the subdivision in June 2000 and built out the vacant lots to provide affordable rental units. The project's overall affordability target is 40 percent of the area median income, and 20 percent of the units are set aside for farmworker families. CVHC contracted with Fleetwood Homes, a manufactured home company, to produce Las Palmeras's 77 homes for large families. Fifty-three homes have three bedrooms and two baths, and 22 have four bedrooms and two baths. All the homes have private yards and were installed on permanent foundations. Each unit is equipped with a full kitchen — including a refrigerator, a dishwasher, a stove/oven, and a garbage disposal.

CVHC also reinstated the Las Palmeras homeowners association and included those residents who already lived in the park and owned their homes. There was some initial resistance to the \$40 per month payment because the previous park owner was bankrupt and had not maintained the park. Once the homeowners could see how CVHC managed the park, however, the resistance subsided and the homeowners continue to pay their monthly homeowners' dues.


Furthering CVHC's commitment to the families it serves, the community room and swimming pool at Las Palmeras were refurbished and CVHC partnered with the Coachella Valley Unified School District and the Coachella Valley Park and Recreation District to develop programs that meet the educa-

tional and social needs of the residents at Las Palmeras.

The Las Palmeras project was placed in service in October 2000 and has been fully occupied since. Financing for the project came from Low Income Housing Tax Credits, the County of Riverside, and the State of California Affordable Housing Program.

Although Las Palmeras is a great addition to the area's affordable housing stock and a partial solution to the mobile home park crisis, it isn't enough. In 1999 CVHC began development of a second mobile home park, Paseo de los Heroes, in an unincorporated area of Riverside County called Mecca to further address the displacement of families from illegal mobile home parks. CVHC formed partnerships with the County of Riverside Economic Development Agency, the Riverside County Office of Education, and Santa Rosa del Valle to develop the park with numerous service amenities for this underserved population. Families who are displaced from illegal parks can purchase homes and move them to Paseo de los Heroes where the monthly rent is about \$200 through a Riverside County loan and grant program. The overwhelming majority of tenants in existing parks are agricultural workers whose health and safety this project serves to protect.

Through the integration of on-site medical and social services and community facilities, the Paseo de los Heroes project contributes to a higher quality of life and community sustainability. It has a soccer field, a community building with a kitchen for community events, a computer lab, and laundry facilities. The community building is a satellite home for the Clinic of Santa Rosa del Valle, which provides health assessments; diabetic, hypertension, and tuberculosis screenings; immunizations; and outreach services such as social services and MediCal application processing. CVHC has also partnered with the Riverside County Office of Education to provide a Migrant Head Start Program and pre-school program at Paseo de los Heroes. These important educational programs are offered to residents and others at no charge.

The Coachella Valley Housing Coalition is proud of its accomplishments with manufactured housing; Las Palmeras and Paseo de los Heroes provide homes to over 200 lower-income families in Riverside County who were previously living in substandard conditions. In addition, due to the added community services, these families have much healthier lives. But there is still a lot more to do. Families are still living in rusty, old trailers. People are still living under bridges and in cars. These people, who put food on our tables, deserve decent, safe, affordable places to live. 

**DAVID SIDLEY** is a research analyst/technical writer with the Coachella Valley Housing Coalition. Information about CVHC can be found at [www.cvhc.org](http://www.cvhc.org).



# New Resources for Rural Housing

by Rep. Artur Davis and Rep. Rubén Hinojosa

The current affordable housing stock in rural America, and the federal programs that have nurtured that stock, need to be preserved and expanded. But more is needed; new ideas and new resources are also essential.

**H**enry David Thoreau in “A Winter Walk” described rural America as the foundation of American civilization:

See yonder thin column of smoke curling up through the woods from some invisible farmhouse, the standard raised over some rural homestead.... It is a hieroglyphic of man's life, and suggests more intimate and important things than the boiling of a pot. Where its fine column rises above the forest, like an ensign, some human life has planted itself, — and such is the beginning of Rome, the establishment of the arts, and the foundation of empires, whether on the prairies of America or the steppes of Asia.

Thoreau's idealized vision of rural life, unfortunately, does not mesh with the reality of rural life in America today. Rather than fine columns emitting curls of smoke, you are more likely to find aging homes in need of renovation. The current affordable housing stock in rural America, and the federal programs that have nurtured that stock, need to be preserved and expanded. But more is needed; some new ideas and new resources are also essential. That's why we introduced H.R. 1913, the Rural Housing Tax Credit Act, and H.R. 1722, the Rural Rental Housing Act.

Why are these bills important? First consider why the American dream of homeownership is so important. Homeownership is the principal way in which most families acquire assets and build wealth. It closes the gap in education, jobs, and income. It offers the promise of a brighter future.

Of America's 21 million occupied rural homes, over 76 percent are owner-occupied. Superficially at least it appears that most rural people would seem to have achieved the American dream. But when we delve deeper we see that only 61 percent of rural minority households own their homes. And approximately 21 percent of nonmetro homeowners are cost-burdened, meaning they pay over 30 percent of their incomes for shelter.

Further, rural homeowners pay higher mortgage interest rates for shorter mortgage terms. In 2001, the median mortgage interest rate was 7.7 percent in rural areas and the median term was 26 years. By contrast, suburban and urban homeowners held, on average, 30-year mortgages and paid interest rates of 7.4 percent or 7.5 percent. Rural home buyers also often lack access to conventional mortgages. For instance, only 43 percent of owner-occupied homes in rural areas have conventional mortgages, while in suburban areas 57 percent of such homes have regular mortgages. Finally, while 12 percent of homes in suburban areas have mortgages insured by the Federal Housing Administration or Department of Veterans Affairs, only 5 percent of owner-occupied homes in rural areas have such mortgages.

As with Thoreau's idyllic vision, the homeownership rates do not tell the whole story of homeownership in rural America. The country's rural areas are losing population rapidly. The 2000 Census identified a total rural population growth of only 10 percent since 1990, and 28 percent since 1970, compared to 38 percent for the country as a whole. Nearly all of this growth was experienced in just one-third of all non-metro counties, those that adjoin urban areas, are situated along prime transportation routes, or have prominent natural advantages. In order to stem the tide of people flowing out of our rural communities, we introduced the Rural Housing Tax Credit Act, which will provide a \$5,000 tax credit to first-time homebuyers with low and moderate incomes who purchase a home in a rural area.

While much work remains to be done to increase rural homeownership, we must keep in mind that rental housing in rural America is also vitally important. Stable rental housing is a stepping stone to homeownership. If renters can stay in one place and not have to constantly look for new housing, they can focus on saving and preparing for the purchase of their first home. Rental housing also serves

CONTINUED ON PAGE 24

**FROM PAGE 23** another function — it provides a housing option for those families that do not seek or are not ready for homeownership.

According to the *American Housing Survey*, of the 5.5 million occupied rental units in nonmetro areas, a very high 12 percent have severe or moderate physical problems, 11 percent have exterior water leakage, and 8 percent have inadequate heating. Among minority renters in nonmetro areas, 18 percent live in substandard units. Rural renters are more likely to live in older structures and more likely to occupy mobile homes. About 1.9 million rural renters, or 36 percent of the total of such renters, pay over 30 percent of their incomes for housing costs and are thus considered to be cost-burdened. Renters are only 24 percent of all nonmetro households, but make up 35 percent of cost-burdened nonmetro households.

These problems show clearly that there is a substantial need for new assisted rental units in rural America. But we are now producing fewer than 2,000 such units per year — in the USDA Section 515 program — and the Bush administration

has proposed cutting new unit production to zero.

The Rural Rental Housing Act of 2003 creates a \$250 million fund to be used for the acquisition, rehabilitation, and construction of low-income rural rental housing. The money from this fund will be allocated to states based on their shares of rural substandard housing units and the percentages of their rural populations living in poverty. Further, the bill requires states and nonprofit intermediaries to provide a dollar-for-dollar match of project funds, and priority for assistance will be given to very low-income households, those earning less than 50 percent of area median income.

Through these two pieces of legislation, we can start to make a dent in the crisis of housing that exists in our rural communities.

**ARTUR DAVIS** and **RUBÉN HINOJOSA** are Democratic members of Congress. Rep. Davis represents the 7th District of Alabama. Rep. Hinojosa represents the 15th District of Texas.



## HAC Facts

FROM PAGE 1

Month. Presenting the award, USDA Under Secretary for Rural Development Thomas Dorr emphasized Collings's exceptional commitment to rural America and to increasing access to homeownership.

Calling himself “the loyal opposition,” Collings in turn commended USDA for honoring someone who has not always agreed with its policies. He explained that his goal has always been to focus government assistance on the people who need it the most. “I’ve continued to fight against increasing the income level at which the government can provide assistance. I would like to see that level remain as low as possible so more Americans who need affordable housing will be able to receive it.”



Photo by Leslie R. Strauss, HAC



USDA Under Secretary for Rural Development Thomas Dorr presents a Certificate of Merit to Art Collings of HAC's staff.

Each issue of *Rural Voices* profiles members of the Housing Assistance Council's board of directors. A diverse and skilled group of people, HAC's board members provide invaluable guidance to the organization. We would like our readers to know them better.



### DONNA FAIRBANKS

In spring 2003 Donna Fairbanks reluctantly decided to resign from all the boards on which she served, including HAC's. She says that after seven years on HAC's board she "can't say enough good things about the organization."

She marvels at how HAC has progressed and developed throughout its 32-year history. "It has been a honor and a privilege," she says, "to serve and to be a part of this organization." However, given her husband's health issues, she decided she needed to reduce her traveling.

A member of the Minnesota Chippewa (Ojibway) tribe, Fairbanks has been involved with Native American housing for most of her professional career. She says she has loved her work and it is one of her major passions. She currently holds "the job of my dreams" as TA/TR Training Specialist for the National American Indian Housing Council. She provides technical assistance to Tribes, American Indian Housing Authorities, and other related organizations, with special emphasis in homebuyer education, credit counseling, board of commissioners training, policy development, and the HUD Section 184 and Title VI loan guaranty programs.

Fairbanks says her interest in housing began with the pain of losing a house to foreclosure when her children were young. She promised herself to help others avoid similar situations, and switched from education to the housing field in 1976. She worked for her tribe, then for the Minnesota Housing Finance Agency and USDA Rural Development, before moving to NAIHC.

Fairbanks lives with her husband Curt in Luck, Wisc. They have "six wonderful children and 19 special grandchildren," with a set of twin granddaughters on the way. She speaks enthusiastically about the importance of attractive, safe, affordable, and stable housing for families and believes that the generally stable housing situation in which her children were raised has helped them to realize their dreams and to be helpful members of their communities.



### NANCY NEUMAN

Nancy Neuman became involved in rural housing issues in the late 1960s when her family moved from Berkeley, Calif. to central Pennsylvania and she saw rural poverty "up close" for the first time. Active in local housing issues through the

League of Women Voters, she attended the second National Rural Housing Conference in 1972 and was thrilled to find a group of people who understood her concerns. In 1974 she was elected to HAC's board. At the time she was also the LWV's housing expert in Pennsylvania.

Neuman served as president of the LWV of Pennsylvania, director of the LWV's national campaign for the Equal Rights Amendment, a member of the national board, and finally as national president of the LWV from 1986 to 1990. She led a well-publicized struggle to keep the presidential debates in the hands of the nonpartisan LWV against a move by the Democratic and Republican parties to sponsor the debates themselves.

Lewisburg, in central Pennsylvania, is still home for Neuman and her husband. Their three children are grown and they have two grandsons. Neuman has also edited two books and remains involved in a variety of volunteer activities, although her health has sidelined her for much of the past year.

Neuman describes her role on HAC's board as that of a parliamentarian and someone who knows how organizations work. She has also been active in increasing the number of women on the board and the strength of their voices in decisionmaking. She is proud of HAC's ability to help change people's lives and to keep the public and policymakers aware of both rural housing concerns and also other rural issues.

Neuman says she will never forget traveling to West Feliciana, La. with HAC's board and touring the tumbledown home of a woman named Mariah Milton. Milton and other local activists were receiving assistance from HAC to build new homes, an effort Milton described at HAC's tenth anniversary celebration in 1982. "At the end," Neuman relates, "she said that in her new house she couldn't tell whether it had rained, because everything indoors was dry when she woke up in the morning."



# Support Rural Voices



## Rural Voices SUBSCRIPTION FORM

NAME

ORGANIZATION

ADDRESS

CITY STATE ZIP

PHONE

- Check or money order enclosed.  
 Please bill my credit card:  VISA  MasterCard  American Express

CREDIT CARD NUMBER EXPIRATION DATE

AUTHORIZED SIGNATURE

**SINGLE COPIES AND BACK ISSUES ARE ALSO AVAILABLE FOR \$4 EACH.**

## Subscriptions Are Free.

**Only one free subscription per organization, please.**

Contributions for additional subscriptions, or to help cover production costs, are still welcome. The suggested donation is \$12 for one year, but any amount will help.

Make your check or money order payable to —

Housing Assistance Council  
1025 Vermont Avenue, NW  
Suite 606  
Washington, DC 20005

Or call 202-842-8600 to order using a credit card.



**HOUSING ASSISTANCE COUNCIL  
1025 VERMONT AVENUE, NW  
SUITE 606  
WASHINGTON, DC 20005**

**DELIVER TO**