

Brace Yourselves: Manufactured Housing Good News!

Several things are going on in today's housing market that suggest all is not gloom and doom in today's world of manufactured housing.

First, the same onerous Federal and State regulations which keep many of us in the manufactured housing industry awake at night are causing ulcers for those in the site-built market. While we lament the fact that there are few lenders and no secondary mortgage market in our industry, those in the site-built industry are struggling with lenders whose qualifications for new mortgages are so strict that no loans are being made. On top of that, the site-built guys are trying to deal with oversupply of housing and unprecedented numbers of foreclosures.

So those in our industry who said a few months ago that manufactured homes can't compete with rock bottom foreclosure prices on site-built homes are finding that regardless how interested our prospective buyers may be in a foreclosure, most can't qualify for the mortgage. Add to that the fact that manufactured home buyers frequently follow their previous generation (those who grow up in manufactured homes or whose relatives live in manufactured homes are inclined to buy a manufactured home themselves) and one just might conclude that the final nail hasn't yet been driven in the coffin of manufactured housing.

Those who thought our industry might survive government regulations and site-built sales thought surely we would succumb to site-built rentals. Think again! The inability of buyers to qualify for mortgages is driving rental rates to unprecedented highs. A Wall Street Journal article this month (July 18th) reported that new multi-family construction is now up almost 50% compared to a year ago. So the same manufactured home sales prospects who couldn't qualify for a site-built mortgage now can't afford site-built rent. Our phones are ringing and our walk-in and Internet traffic is up!

Manufactured home land lease communities (LLCs) are finding themselves in an excellent position to sell or rent homes. Many are using internally-generated funds to buy new CSH or previously owned homes to resell or rent. Some are looking into offerings from a few specialized lenders who claim to provide financing while avoiding regulatory compliance. Still others are relying on Lease-Option "sales".

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