

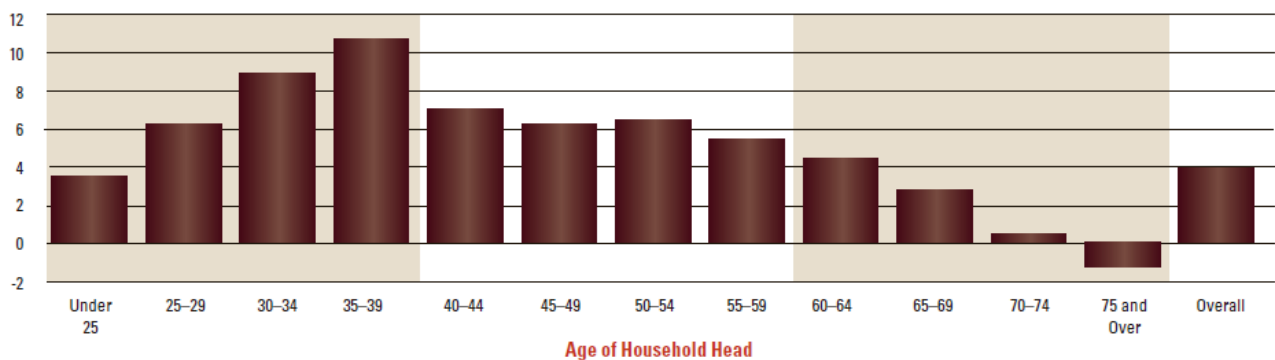
Manufactured Homes and the Harvard Joint Center for Housing Studies reports on America's Rental Housing: Evolving Markets and Needs

On December 9th, 2013 Harvard University's respected Joint Center for Housing Studies issued a report entitled **"America's Rental Housing: Evolving Markets and Needs."** The study begins by reporting what we all know from experience, namely that the numbers of renters are significantly up as a result of the 'Great Recession' that resulted in the conventional housing/mortgage bubble bursting in 2008. The report deserves a closer look, because manufactured homes offers a significant option often overlooked by such studies. Let's begin with some facts from their report, which will be included as a download at the end of this article.

FIGURE 1.1

Renting Has Increased Sharply Across Most Age Groups...

Change in Share of Households Renting 2004–2013:2 (Percentage points)



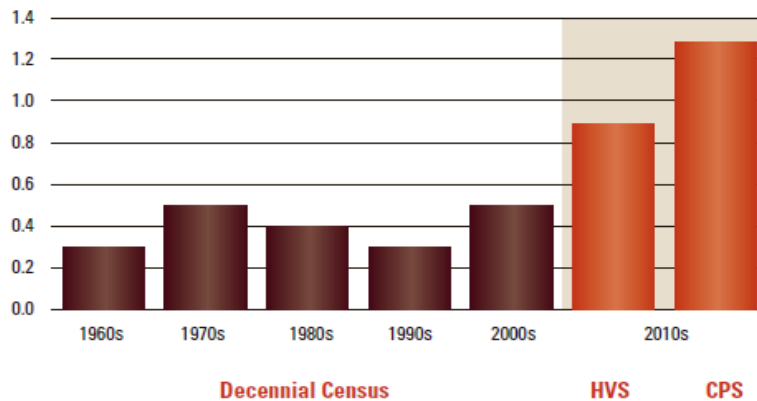
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

The study says, "Depending on the pace of immigration, the number of renter households is likely to increase by between 4.0 million and 4.7 million in 2013–23." and that "...renting has appeal for households of all ages." No doubt some find renting appealing, but the reality is that most American's still have the strong desire for the dream of home ownership. The most affordable kind of new homes, according to U.S. Census Bureau figures, are modern manufactured homes.

FIGURE 1.2

...Generating a Surge in Renter Household Growth

Average Annual Growth in Renter Households (Millions)



Note: Renter growth in 2013 in the HVS was calculated by averaging the number of renters in the first and second quarters of the year and subtracting the average number of renters in the first and second quarters of 2012.

Source: JCHS tabulations of US Census Bureau, Decennial Censuses, Current Population Surveys (CPS), and Housing Vacancy Surveys (HVS).

The growth in rental housing use reported by Harvard's study is one born of necessity in many cases, as their own report underscores. To put a rosy face on renting's positive aspects seems odd for a nation that still favors home ownership by a wide margin.

HouseLogic reported on August 5, 2013 that: "From 2007 to 2011, based on earlier Pulse surveys, the share of people who thought buying a home was a good financial decision dropped from about 85% to 73% and the share of people who were "not so strongly" positive grew. By 2013, we're back to 80% thinking homeownership is a sound financial decision."

The 2013 National Housing Pulse Survey, by the National Association of Realtors ® also reported that:

- 8 in 10 Americans think buying a home is a good financial decision.
- 68% believe now is a good time to buy a home.
- 36% of renters are now thinking about purchasing a home, up from 25% last year.
- The proportion of renters who say they prefer to rent dropped from 31% to 25%.
- Half of renters say that eventually owning a home is one of their highest personal priorities, up to 51% from 42%.

This desire for home ownership only makes sense. While not everyone believes that 'appreciation' of homes is a certainty in the future, common sense tells us that once you've paid off a mortgage, your cost of housing goes down.

By comparison, the cost of renting tends to rise and is a never ending cost, unless and until a home is purchased. This may be one reason why only 25% "prefer" to rent, per HouseLogic's study, because you have so many advantages when you can own a home.



Residential style manufactured home, photo courtesy of New York Housing Association

Modern manufactured homes have been drawing increased interest for a variety of reasons, precisely because they offer such a smart option. Entry level manufactured homes can be purchased for under \$40,000 in most markets, while more residential style multi-sectional homes have an average cost of under \$70,000, according to the latest facts reported by the U.S. Census Bureau.



Entry level manufactured home photos, courtesy of UMH Properties (UMH).



According to the 2012 Foremost Survey of Mobile/Manufactured Home owners, 36% of households who own a manufactured home have less than \$25,000 in net worth. That underscores the affordability of manufactured homes. What might surprise many is that 23% of those surveyed have a net worth of \$100,000 to over \$500,000. This demonstrates the broad cross appeal, which **Manufactured Home Living News** has reported in the stories that showcase [millionaire screen stars who own luxurious manufactured homes](#), including the one that made national news owned by [actress Betsy Russell, which we provided a virtual tour, linked here](#).

Contrast the net worth of manufactured home owners with this from the Harvard study: "Among households aged 35–44 in the upper-middle income quartile, for example, median net wealth in 2010 was just \$13,300 for renters but \$69,700 for owners."



Note too that the Harvard study says: "According to AHS data, the median contract rent (excluding tenant-paid utilities) was \$725 in 2011...At the 30-percent-of-income standard, households would have to earn at least \$33,700 a year—several thousand dollars more than the median renter income—to afford this home."

Yet that same standard of living easily qualifies most of those same renters for owning a manufactured home, based upon the Foremost Survey results.

Rising rents are another reason that manufactured home ownership makes more sense, both as a personal

housing option choice for millions, and as a public policy option. Why should local, state or the federal government subsidize renting to the tune of tens of billions a year, when people can save money and encourage affordable home ownership by turning to quality factory-built homes?

The location of manufactured homes (MH) by survey respondents are split almost evenly between those who own their home site, and those who lease it, either in a land-lease community, or on other non-owner-occupied sites.

Manufactured Home Location

Which of the following best describes the location of your Mobile/Manufactured Home?

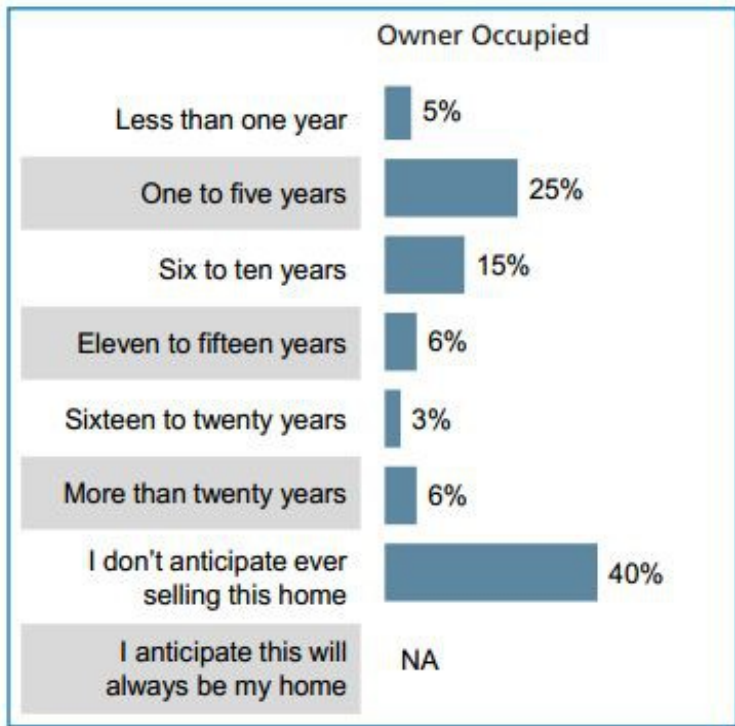
Respondents who reside within a Mobile Home park continue to grow slightly

	1999	2002	2005	2008	2012
A mobile home park – do not own the lot	39%	35%	36%	37%	39%
On (owners) private property**	47%	51%	51%	49%	46%
On someone else's property**	8%	8%	6%	6%	7%
Mobile home subdivision or park – own the lot	6%	6%	6%	7%	7%
Condo / Co-op mobile home park	1%	1%	1%	1%	1%
Base:	17,926	17,432	16,094	10,600	10,002

**Numbers based on mobile home owners (7,406)

The flexibility of not owning the land means that millions of MH Owners benefit from home ownership, with little or no real estate taxes, depending upon the state. Meanwhile, states, counties and cities still collect taxes from those who own the leased land, of course.

The satisfaction of living in a manufactured home is strongly suggested by the graphic below, where 40% of owners believe they will always live in their home, and 55% believe they will live in their current home for up to 20 years, with an amazing 70% saying they plan to stay put 6 years to the rest of their lives.



Base: (7,670)

Public policy and studies like Harvard's ought to invest more time looking more closely at the amazing value that manufactured homes offer. Studies should also use proper terminology, as the Harvard study errantly uses the term 'mobile home' when millions of the factory built homes they are referring to are in fact modern manufactured homes.

An increased use of manufactured homes could save tax payers tens of billions of dollars a year. For those shopping for their next home, it is easy to find the many options for quality affordable living appealing. ##

Download Harvard Harvard Joint Center for Housing Studies reports on America's Rental Housing: Evolving Markets and Needs at this link here.