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New Report Busts Manufactured Housing Myths

St. Paul, Minn. (July 14, 2008) – Today, the Minnesota Housing Partnership (MHP) released a new report showing that owners of manufactured housing have poorer legal protections, tax treatment, and financing as compared to owners of site-built homes. The study also found that there are few functional distinctions between the two types of homes.

Despite suffering from a negative perception by the public, manufactured homes are a significant component of Minnesota's housing stock, the study shows. Over 68,000 households, nearly equivalent to the number in St. Cloud, live in manufactured homes across the state. With a median home value of about \$29,000 in Minnesota, manufactured housing is an affordable form of unsubsidized homeownership for lower income families.

Public policy has not kept pace with design advances with regards to manufactured homes, the new research shows. Most manufactured housing is classified as personal property, or chattel, rather than real estate, which limits it to a sales and financing system that resembles the automotive industry more than that of the housing industry, the report says. For example, the majority of manufactured homes are financed through high-cost personal property loans, even when credit scores for some borrowers would likely qualify them for lower-interest real estate mortgage loans. In turn, owners of manufactured homes titled as personal property are not covered by the consumer protections provided by the Real Estate Settlement Procedures Act (RESPA), which site-built home owners enjoy.

"Until MHP completed this report, there was very little information compiled about manufactured housing in Minnesota," said Chip Halbach, executive director for MHP. "Due to a lack of reliable information, there has not been a good public discussion about the value of this type of housing. The slowing economy makes these sorts of discussions even more important, as low- and moderate-income families struggle to make ends meet."

One common misconception is conveyed in the term "mobile home," the report concludes. Although the origins of today's manufactured home trace back to travel trailers of the 1950's, over time manufactured homes have become much less mobile, larger, better in quality, and now feature amenities similar to site-built homes.

Please go to www.mhponline.org to find the full report, pictures, graphs, and more.

The Minnesota Housing Partnership is a statewide nonprofit organization that advances the preservation and creation of housing affordable to low- and moderate-income people as a means of strengthening communities and families. MHP provides local governments and nonprofit housing organizations access to loans, grants, and technical expertise to plan and construct housing, in addition to advocating and educating people on sound housing policies. MHP's work in Greater Minnesota is primarily supported by The McKnight Foundation.

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