

THE NORTHWEST REPORT

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For Owners, Operators and Investors in Manufactured Housing Communities Nationwide

URGENT CALL TO ACTION - OPPOSE HB 2799

Manufactured Housing Communities of Washington has testified in opposition to House Bill 2799, concerning the sale of manufactured/mobile home communities, and is meeting with lawmakers to oppose this bill in its entirety. Please read the bill over and respond **QUICKLY**. House members need your opposition **ASAP**. This bill is in the House Finance Committee and the Prime Sponsor of the bill, Rep. Joan McBride wants the bill passed out and brought up for a vote on the House Floor.

There is NO part of this bill that Manufactured Housing Communities of Washington supports.

MHCW needs your help to oppose this legislation. Please contact your House of Representatives members by sending them an email and following up with a telephone call.

The key elements to this bill include:

- *The owner of a community must give notice within 2 days after receiving "ANY" offer to purchase to "ALL eligible organizations".*
- *Then the owner cannot sell for 90 days.*
- *If they do sell they are subject to a "penalty of \$5000 or 5% of the total sale price whichever is greater".*

1) This bill requires that the owner must give notice of "any" unsolicited offers, and that the owner must then provide notice "that the landlord intends to sell", whether the owner intends to sell or not. There is no exclusion for giving notice on offers received for whether or not an owner intends to accept or sell the property. As written, it clearly says "any offer to purchase".

2) **This is an invasion of privacy to disclose contents of an offer publicly.** Would any real estate investor agree to always disclose their negotiated offers on any property, and then wait 90 days to determine whether the tenants will match that offer? Would they even agree to divulging terms to a private agreement after a contract is agreed to? ***This bill will discourage offers to purchase any property from anyone other than tenants.***

3) Owners already have a legal duty to notify and give organizations and tenant's a chance to purchase their manufactured home community in RCW 59.20.300, when an owner publicly seeks a buyer. There is no legal reason to expand that law to include private agreements which **ONLY** pertain to manufactured housing communities and no other real estate agreements.

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- 4) The notice would be very disruptive to the tenants even if you had no intention of selling.
- 5) It is unconstitutional, as it gives a first right of refusal to a 3rd party, this is a taking of property rights.

Many members of MHCW are asking that you contact your lawmakers immediately and express your objection to this Bill. NOTE: If you do not know who your lawmakers are you can find them at the following site <http://app.leg.wa.gov/DistrictFinder/> Please include your address of where you live and where your park is located. *(From Published Reports).*

U.S. House of Representatives Passes Amendment to Support Purchase of Manufactured Homes

The U.S. House of Representatives has approved an amendment by Rep. Peter Welch (D-VT) to increase the flexibility for low income families to use a Section 8 voucher to purchase a manufactured home. The amendment was approved by voice vote. The Manufactured Housing Institute has commended Congressman Welch for his leadership in passing this important policy through the U.S. House of Representatives.

MHI had played a major role in first getting an identical provision passed nine years ago in the 2007 Section 8 reform bill (H.R. 1851) and in Section 8 reform bills in subsequent Congresses. Most recently, last October MHI submitted this policy recommendation to the House Financial Services Committee in response to the Chairman's request for "Ideas on Poverty and Housing Affordability." MHI asked for Congress to allow Section 8 voucher recipients to choose manufactured housing.

Under current law, a Section 8 voucher can be used to pay for some of the costs of living in a manufactured home in a community - such as lot rent, tenant paid utilities, and management charges. But since the law does not allow the housing voucher to be used to pay the actual financing costs of owning the home itself, this authority is seldom used. This amendment, which was supported by Financial Services Committee Chairman Hensarling (R-TX) and Ranking Member Waters (D-CA), allows vouchers to be used not just for the cost of leasing the land (which is currently permitted) but also for other monthly costs of purchasing a manufactured home loan, including mortgage payments, property tax, and insurance.

The change would allow families that receive a tenant-based Section 8 voucher to help pay for an alternative to renting an apartment - allowing them to actually purchase a home. The amendment does not provide any direct funds or require anyone to use a voucher to live in a manufactured home. However, with this change the approximately 2.1 million Section 8 voucher holders in America will now have the option to use their Section 8 voucher to buy a manufactured home.

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It's a Strong Market

With the market reporting record low capitalization rates and very strong sales, the market for manufacturing housing communities continues to be robust. Inventory is low, demand is high and interest rates are attractive. These three factors are the primary reason it's a **"sellers market"** and a great time to find out what your community is worth. There is plenty of reason to be optimistic about demand. A few high end manufactured home communities in Oregon are under contract with the new buyer planning expansions, signaling the anticipated need for additional manufactured home spaces in the next 3-5 years.

Interest Rates Remain Attractive

With the small increase in the Federal Reserve Rate behind us rates to investors of manufactured housing communities remain attractive as they hover near all-time lows. Three year fixed rates are quoted as 3.125% - 3.675% with other rates and terms for five and seven year fixed period rates close to these rates. On the other end of the rate chart fifteen year fixed period rates range from 4.250% or 4.625%. Rate locks are available up to 90 days prior to close and loans revert to adjustable rate mortgages after the initial fixed rate period. Prepay premiums exist and other underwriting requirements remain, but most experts are in agreement that these are rates worthy of serious consideration when purchasing or refinancing a manufactured home community.

Oregon Landlord Tenant Coalition

The Oregon Legislature convenes an abbreviated session every-other year and in 2016 no major legislation facing the manufactured housing industry made it out of committee in time to be heard during this session. The rules required each bill to be passed out of committee by day nine of the session or they were considered dead and no MH bills passed out of committee during that time period. Any legislation affecting manufactured housing (including the "Renter Protection Bill") will have to be reintroduced in the 2017 session.

Many people are concerned about "what's around the corner" in Oregon, especially if something resembling the Washington bill is introduced. The Oregon Manufactured Housing Landlord/Tenant Coalition will convene monthly for the remainder of 2016 to address major issues facing the industry.

The first meeting is March 2, 2016 at the Oregon Manufactured Housing Association offices, 2255 State Street, Salem, Oregon from 9am – noon. Other scheduled meetings are April 19, May 17, June 21, July 19, August 16, September 20, October 18, November 15 and December 20, 2016. Issues on the agenda include: 1). Sub metering, 2). Affordability, 3). Landlord right of first refusal, 4). Set-backs for single-wides, 5). Required repairs or improvements before a tenant can sell their home in place, 6). Clean-up issues with the abandoned property – back tax cancellation legislation from 2015.

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Production Growth Closes Strong in 2015

According to official statistics compiled on behalf of the U.S. Department of Housing and Urban Development (HUD), manufactured housing industry production increased once again in December 2015. Just-released statistics indicate that HUD Code manufacturers produced 5,657 homes in December 2015, representing a strong 20.1% increase over the 4,707 HUD Code homes produced during December 2014. Total industry production for 2015, therefore, is 70,544 homes, a 9.6% increase over the 64,334 HUD Code homes produced in 2014. For context, cumulative annual industry production figures since 2010 are: 2010 – 50,056 homes, 2011 – 51,618 homes, 2012 – 54,881 homes, 2013 – 60,228 homes, 2014 – 64,334 homes.

The top ten states for shipments of manufactured homes are, in order: Texas, Louisiana, Florida, North Carolina, Alabama, Mississippi, California, Kentucky, Tennessee and Oklahoma.

As reported by the Manufactured Housing Association for Regulatory Reform in Washington D.C., *“While sustained growth in the manufactured housing market since 2009 is encouraging, such production gains are extremely vulnerable to price increases driven by excessive or unnecessary regulatory compliance costs that could make HUD Code manufactured housing less affordable and less accessible for millions of lower and moderate-income Americans. Continued growth, therefore, will depend on industry vigilance against unjustified and unwarranted regulatory compliance cost increases such as those that could result, among other things, from baseless and excessive energy regulation or continued efforts to expand in-plant regulation and make-work contractor activity under the current selected, career program Administrator.”*

Manufacturers Report Strong Sales

Factories that build manufactured homes for the Pacific Northwest and Montana markets are reporting strong sales and comfortable backlogs. Most manufacturers serving this market are located in Oregon (McMinnville, Albany, Woodburn, Millersburg, Hermiston) and Idaho (Weiser, Caldwell, Nampa, Boise). For years these factories suffered through declining sales, plant closures, shrinking retailer networks and difficult financing programs. Today, the survivors of that era have implemented new efficiencies into their facilities which have allowed them to ramp-up production and deliver more homes within lead-times that meet consumer demand.

Every factory has a backlog of 6-8 weeks or more but with winter weather making site preparation challenging the factories are still able to deliver a quality home just in time to meet site and financing deadlines. Most factories build a wide variety of affordably priced homes designed specifically for manufactured home “land-lease” communities.

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Solar Lighting

(We recently received this advertisement from Gama Sonic USA, 9601 Dunwoody Place, Suite 315, Atlanta GA 30350 www.gamasonic.com and thought it was worth sharing).

Solar lighting has been available for many years, but people often perceive its quality and brightness to be low and that's not the case anymore! With **Gama Sonic** Solar lighting, consumers should expect higher quality and brighter light.

Many Manufactured Home Communities, Campgrounds, RV Parks and Cemeteries have switched from electrical/gas lamps to our **Imperial II solar lamp posts**, replacing outdated or non-working fixtures, or adding new solar lights in dark areas where running or rerunning electrical wiring is cost prohibitive. If you're in the market for a more sustainable lighting solution for your park or community, then the **Imperial II solar lamp post light** is a viable option. There is no wiring, digging or electricity required. The process of converting your lamps to solar is as easy as cutting off your existing electricity or gas, removing the current lamp head and replacing with the Imperial II Solar Lamp Head. (Each lamp head puts out 300 lumens which is roughly 50W).

Considering a Sale?

No brokerage firm in the Pacific Northwest has a better grasp of market conditions than **Northwest Park Brokerage**. Additionally, with inventory levels at an all-time low and market sales higher than ever, now might be the perfect time to consider a market evaluation of your community. **Give us a call at 206.652.4100.**

Upcoming Events

Manufactured Housing Communities of Oregon MANAGEMENT TRAINING SEMINARS

March 9, 2016 Portland, OR
April 12, 2016 Salem/Keizer, OR
Contact MHCO 503-391-4496
Chuck Carpenter, Executive Director

2016 National Congress & Expo For Manufactured and Modular Housing

Caesars Palace
May 3-5, 2016
Las Vegas, NV
For Hotel Reservations and Rates 866-227-5944

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**2016 Manufactured Housing Communities of Washington
Annual Convention & Board Meeting**

Tulalip Resort Casino
10200 Quil Ceda Boulevard
Tulalip, WA 98271

Call MHCW at 360-753-8730 or register online

2016 MHI Summer Meeting Meeting

June 26-28, 2016
The Alexander Hotel
Indianapolis, IN

2016 MHI Annual Meeting

September 25-27, 2015
Pasea Hotel & Spa
Huntington Beach, CA

Featured Listings:

20 Space Family Community

Located in Union Gap, WA
Operates on City Utilities;
Metered, Tenants Pay W/S/G
~Asking Price \$760,000~

36 Space Family Community

Located in Downtown Yakima, WA
Operates on City Utilities;
Owner Pays W/S/G
Features: 3 Park Owned Rentals,
3 Unit Apartment + Stick built Home Rental

Flexible Seller Financing

~Asking Price \$900,000~

Over \$600,000,000 in park sales. Visit our website at www.nwparks.com

**For more information on manufactured home communities for sale or an assessment of your community
call Bill Jackson of Northwest Park Brokerage at 206.652.4100 or email Bill at: billj@nwparks.com**

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