

## The Northwest Report

**Issue 73 September 2021**

For Owners, Operator's, and Investors in Manufactured Housing Communities Nationwide

### ***Washington Issues Housing Stability "Bridge" Proclamation***

At the end of June, Washington Governor Jay Inslee issued a housing stability "bridge" emergency order, Proclamation 21-09, intended to bridge the operational gap between the eviction moratorium enacted by prior proclamation and the protections and programs subsequently enacted by the Legislature. The bridge will reduce uncertainty as the state implements post-COVID long-term housing recovery strategies contained in legislative enactments such as SB 5160.

"COVID has had a significant economic impact on our state and a lot of Washingtonians are still experiencing financial hardship. This bridge creates reasonable steps and will ensure that renters have the opportunity to receive support and recourses that are available to them and that the Legislature intended to be in place to help both landlords and tenants," Inslee said in a statement.

Recent Washington legislative actions include appropriating an additional \$650 million for landlord and tenant rental assistance and establishing certain programs, like the eviction resolution pilot program, which were intended to be in place after the eviction moratorium ends. However, the funding has not yet been disbursed and these programs are not yet operational statewide.

In short, an eviction for non-payment of past due rent is not permitted until such time as the resources and programs established by the Washington Legislature are in place and operational, and eviction for non-payment of future rent (through September 30, 2021) is not permitted if the tenant has demonstrably taken some type of action to pay rent. Evictions for other reasons allowed under state law are permitted.

### ***YOU CAN'T FILL HOMESITES WITHOUT HOMES***

The supply chain challenges felt around the world are impacting the manufactured housing industry. Raw material and component shortages, complexity due to multiple channels to market, the volatility of some supply chain channels, and high consumer demand have had a crippling effect on manufactured home production.

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Today, the shortage of new manufactured homes throughout the country but particularly on the west coast is alarming. A survey of several major manufacturers in Washington, Oregon, Idaho, and California has revealed that the average "backlog" or lead time for a new manufactured home is 11-12 months. In other words, if you or your consumer orders a new manufactured home today to place in your community it will likely be August or September of 2022 before that home is delivered on site. And, most importantly, the price is not guaranteed. The manufacturer may quote an approximate price based on what they know about material and labor costs today, but that price can and probably will change drastically between the time the home is ordered and the time the home is built and shipped.

As global demand improves and continues to support industrial production, supply chain problems are here to stay, making it difficult and expensive for firms to get hold of industrial inputs even as more countries recover from the pandemic, particularly in a policy environment increasingly geared towards reshoring and domestic production, according to multiple economic and financial analysts who specialize in supply chain issues.

Shortages are rising across sectors, including rubber producers, plastics products, electrical equipment, motor vehicles, wood, computers, and electronics. And among rises in the prices of many products, industrial metals stand out with more than a 70% increase relative to pre-pandemic levels. Both metals and lumber prices have come down a bit from recent peaks, as some supply is being replenished to normal rates, but new price spikes are possible into 2022 during the next phase in the global recovery, while supply chains and inventories try to catch up after previous setbacks.

Shipping costs also remain higher, with a flood of new container capacity and container vessels ordered in 2021 not expected to be fully commissioned and put into service until 2023.

### ***DOE Proposes Baseless and Extreme Energy Standards Targeting Manufactured Homes***

The U.S. Department of Energy (DOE) recently published its "Supplemental Notice of Proposed Rulemaking" for manufactured housing energy standards in the federal register.

The proposed DOE standards would impose extreme and expensive new energy mandates for manufactured homes, based on the 2021 version of the International Energy Conservation Code (IECC), a code developed, in its present form, without input from the HUD Code manufactured home industry and without regard to the cost balancing and cost justification required by federal manufactured housing law. The magnitude of these price increases – which will continue indefinitely into the future with each new iteration of the IECC, if not

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stopped now, will totally change the price structure and marketability of HUD Code manufactured homes, excluding millions of lower and moderate-income families from the manufactured housing market and from homeownership altogether.

1. The new IECC standards would result in a minimum \$7,958.00 retail price increase for a single section manufactured home.
2. The new IECC standards would result in a minimum \$12,908.00 retail price increase for a two-section manufactured home.
3. Price increases of this magnitude could exclude 6,816,000 households from the manufactured housing market based on National Association of Homebuilders (NAHB) metrics developed in connection with DOE's 2016 proposed energy standards for manufactured housing.
4. These figures do NOT include added costs for testing, enforcement and regulatory compliance, and.
5. These figures do not capture the added costs that would be incurred with each new iteration of the IECC, which the DOE standards would be required to track.

The Manufactured Housing Association for Regulatory Reform (MHARR) is extremely active in tracking this proposed ruling and MHARR is holding a public webinar on September 28, 2021. MHARR urges all industry members to submit comments in opposition to these standards and to present opposing statements at the scheduled webinar. MHARR can be reached at 202-783-4087. Or go to: [www.manufacturedhousingassociation.org](http://www.manufacturedhousingassociation.org)

### ***Oregon Extends Time Period for FED's***

SALEN, OR – The Oregon Supreme Court issued a Chief Justice Order on August 19<sup>th</sup> extending certain statutory time periods for FED & Eviction actions. The Chief Justice Order went into effect immediately and remains in effect until 60-days after the end of Oregon's COVID State of Emergency or until the Chief Justice orders it to end. The CJO only alters the timeframe for FED proceedings under current statute and has no effect on any of the Eviction Moratoria or Safe Harbor provisions created by the Oregon Legislature. As of press time the Governor of Oregon, Kate Brown declared that the State of Emergency will remain in effect until December 31, 2021.

## ***U.S. Supreme Court Strikes Down Latest CDC Moratorium***

The U.S. Supreme Court struck down the CDC's current eviction moratorium, ruling that the government agency had exceeded its authority. So, while Oregon landlords are now free of any federal eviction prohibitions, they are still subject to state laws. In Oregon these include a 60 or 90-day "pause" in the eviction process (depending on which county you are in) for tenants seeking rental assistance, and provisions in the above Chief Justice Order that extends the timeframe for eviction hearings after filing of the complaint.

## ***Financing a Manufactured Home Community***

Competitive financing for a manufactured home community is readily available to qualified investors. On September 1, Union Bank published rates for loans 50% LTV, over \$2.5 million at 3.350% for 5-year fix, 3.750% for 10-year fixed and 3.950% for 20-year fixed. For 75% LTV rates range from 3.925% (5-year fixed) to 4.525% (20-year fixed). Rate locks available up to 90-days prior to close and maximum LTV may vary geographically.

## ***Northwest Housing Association Launches Virtual Marketplace***

OLYMPIA, Washington – Joan Brown, Executive Director of the Northwest Housing Association has unveiled a state-of-the-art online virtual marketplace for consumers to find places to shop for factory-built homes available in the Evergreen State. The platform provides Washington homebuyers the educational tools to learn more about today's factory-built homes and where to find manufactured homes and modular homes for sale near them.

The new website: **[www.todaysmanufacturedhome.com](http://www.todaysmanufacturedhome.com)** "will allow people shopping for a home to learn more about manufactured homes available for sale in Washington and link directly to manufacturers and retailers that service the state. This new site will explain to consumers how today's manufactured homes are built for living and built for today's new homeowner," said Joan Brown.

The Northwest Housing Association (NHA) is based in Olympia, Washington and it is a non-profit trade organization dedicated to educating Washington's homebuyers about modern precision-built manufactured housing and promoting manufactured home living across Washington State. For nearly 40-years, NHA has served the interests of Washington's home-buyer public, helping consumer find the perfect hand-built home or the right community for a home to be relocated.

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Manufactured housing is an important source of affordable housing for 22 million households across the country. The factory-built housing industry produces over 90,000 homes per year and contributes around \$2.6 billion to the U.S. economy. Every year, about 10% of new homes built in American are built in a factory.

## Industry Production Through July 2021

According to official statistics compiled on behalf of the U.S. Department of Housing and Urban Development (HUD) and verified by the Manufactured Housing Association for Regulatory Reform (MHARR), HUD Code manufactured home year-over year production increased slightly in July 2021 according to the latest available statistics. Just released data indicates that HUD Code manufacturers produced 7,564 new homes in July 2021, a modest 1% increase over the 7,485 new HUD Code homes produced during July 2020.

On a cumulative basis, industry production for 2021 now totals 61,323 HUD Code homes, as compared to the 53,650 homes produced over the same period in 2020, a year-to-date increase of 14.3%. Good news for the industry.

The top ten shipment states from the beginning of the industry production rebound in August 2011 through July 2021, with cumulative, monthly, current year (2021) and prior year (2020) shipments per category as indicated are:

1). Texas 2). Florida 3). Louisiana 4). North Carolina 5). Alabama 6). Mississippi 7). California 8). Michigan 9). Kentucky, and 10). Tennessee. The July production data results in no changes to the cumulative top-ten list.

Moreover, the broader view remains the same. Manufactured housing production and shipments continue to be plagued by persistent post-production issues which the industry has failed to resolve, including parity with financing and baseless constraints on zoning and placement. Unless and until these continuing post-production failures are confronted and resolved, the industry's recovery as an unparalleled affordable housing resource for lower and moderate-income American families will continue to needlessly lag.

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## **Upcoming Events**

### **2021 MHI Annual Meeting**

October 4-6, 2021

Estancia La Jolla, La Jolla, California

### **Kick-Off General Session on Monday!**

Contact: [events@mfghome.org](mailto:events@mfghome.org)

### **MHCO Annual Conference**

October 25 & 26, 2021

Valley River Inn – Eugene, Oregon

Register At: [www.mhco.org](http://www.mhco.org)

### **2021 MHI NCC Fall Leadership Forum**

November 8-10, 2021

Chicago Marriott Magnificent Mile

Chicago, IL

Contact: [events@mfghome.org](mailto:events@mfghome.org)

## **Always Engage the Best**

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For more information on manufactured home communities for sale or an assessment of your community call Bill Jackson & Saundra Price of Northwest Park Brokerage at (206) 652-4100 or email Bill at: [billj@nwparks.com](mailto:billj@nwparks.com)

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