

# The Northwest Report

**Issue 72 June 2021**

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

## **WASHINGTON EVICTION BAN**

A variety of groups advocating renters is urging Washington Governor Jay Inslee to hold off on lifting the statewide eviction moratorium until support programs are in place to keep renters from losing their homes in vast numbers.

Instead of lifting the moratorium on June 30<sup>th</sup> as agreed when it was extended on March 30, 2021, a letter to the Governor proposes a county-by-count approach that would roll back moratorium only after a county is consistently and effectively distributing rental assistance dollars and has set up programs to help tenants. The letter also asks Inslee to extend a prohibition on rent increases for another 12-months. Landlords say the moratorium should end at the end of June, when its currently scheduled to expire. Currently, 211,000 Washington households are behind on their rent, even as businesses struggle to fill job vacancies.

The eviction ban has been in-place since March 2020 and has already been extended several times (December 31, 2020, and March 31, 2021). It bans, with limited exceptions, residential eviction, and late fees on unpaid rent. It also requires landlords to offer residents a repayment plan on unpaid rent. Currently, a landlord can evict an existing tenant if a tenant's behavior is hazardous to the safety of others on the premises. Or the landlord can give a 60-day notice to vacate if the owner intends to occupy or sell the premises and the notice must be in the form of an affidavit signed under penalty of perjury.

Manufactured Housing Community owners are allowed under RCW 59.20 to send advance notices of future rent increases in limited circumstances if the notice clearly provides that the rent increase will not go into effect until after the moratorium expires.

At the same time, an Emergency Proclamation went into effect that prevents certain utilities from taking collection actions. The current proclamation prohibits energy, water, and landline telephone companies from disconnecting any residential customers services due to nonpayment on an active account. It also prevents utilities from disconnecting service to any residential customers who have requested assistance from the utility's COVID-19 customer support program and from charging late payment or reconnection fees.

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.

## ***Oregon Governor Extends Foreclosure Ban***

Oregon's Governor Kate Brown has extended the mortgage foreclosure moratorium enacted during the COVID-19 pandemic to September 30, 2021, from the current expiration date of June 30. "It gives vital protection to Oregon's homeowners as we continue to rebound from the economic impacts of the pandemic" Brown said during a media briefing on the state's response to Covid.

A separate eviction moratorium for renters is set by law to expire on June 30<sup>th</sup>. Brown said she does not have the authority to extend it further. She encouraged renters to apply for financial assistance. "Renters must pay their July rent or landlords can evict them for nonpayment," she said. "I am also calling on landlords across the state of Oregon to work with their tenants to avoid unnecessary evictions."

## ***Oregon Landlord Compensation Fund Final Round Opened June 1, 2021***

SALEM, OR — Round three of the Landlord Compensation Fund programs will open June 1, 2021 and will include at least \$60 million in assistance covering rent-owed by eligible tenants that was accrued from April 1, 2020 through June 30, 2021.

The Oregon Legislature allocated a total of \$150 million to the Landlord Compensation Fund (LCF), to be distributed in multiple rounds. "This is the final opportunity for landlords to apply to get assistance to cover rental debt for all tenants, regardless of income. We encourage landlords to apply by June 18. All funds must be awarded by June 30," said Oregon Housing and Community Services Director Margaret Salazar.

Oregon's Landlord Compensation Program is designed to provide relief to residential landlords who have been unable to collect rent due to tenant hardships. Participating landlords can receive up to 80% of rent owed from April 1, 2020, to June 30, 2021, for qualifying residents. For the first time, landlords can apply for LCF funds to cover former renters.

Oregon Housing and Community Services' website includes updated Declaration of Financial Hardship for former tenants. To be eligible for assistance for rent owed by a former tenant, the landlord must provide the Declaration of Financial Hardship and the current address of their former tenant. As outlined in statute, landlords may be eligible to receive funding for an amount equal to 80% of the rental debt owed by qualified residents. Participating landlords must agree to forgive the remaining 20% of the tenant's debt as a condition of receiving payment.

"In Round Three, we will move to processing applications on a rolling basis until remaining

funds are obligated. We plan on reviewing applications June 4th, June 11th, and June 18th. We encourage landlords to apply as early as possible in this next round," said Julie Cody, Director of Affordable Rental Housing.

### **Background on the Landlord Compensation Program**

During the Third Special Session of 2020, the Oregon Legislature enacted an eviction moratorium and established the Landlord Compensation Fund (HB 4401). The Legislature allocated \$200 million in rent assistance to support tenants and landlords, which includes \$150 million for the Landlord Compensation Fund. This program was designed to provide relief to landlords who have tenants living in their homes who have been unable to pay rent at any point since April 2020 due to a financial hardship. The program will also eliminate the rent owed for those tenants experiencing a hardship.

Once a landlord's application is deemed complete and has met the eligibility requirements, Public Housing Authorities will verify ownership, make payments to landlords, and notify tenants that their rent has been forgiven. Tenants must provide their landlord with a Declaration of Financial Hardship for Eviction Protection. When tenants provide this form to their landlord, they are protected from eviction through June 30th, 2021, and the landlord may use the form to request payment for rental debt owed from April 1, 2020, through June 2021.

In Round Two, which closed on May 17, over 3,200 landlord applications were submitted, requesting over \$40 million in funds. These applications are currently being processed, and landlords are expected to finalize their grant agreements over the next two weeks. Once grant agreements are finalized, funds will be distributed.

Round One application processing is almost complete:

- In total, the Public Housing Authorities have been given 2,932 Round One landlord applications to process which will total \$32.99 M, covering missed rent for nearly 12,000 renter households.
- At this point we are seeing over a million dollars of payments going out every day from the network of public housing authorities as they work to verify ownership, set up bank transfers and provide written notice to tenant households.
- As of today, nearly a third of Round One funds have been sent to landlords and we expect the majority of funds to be out by next week.
- A third of our Housing Authority partners have distributed nearly all of their resources from this funding round out into the community.
- In nine counties, all landlords have received their payment or have a check in the mail.

law that allows businesses to write off bad debts. It would transfer \$36.2 million to the state over two years, according to another proposal by the Governor.

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.

## ***Production Headaches, Pricing Nightmares***

The topsy – turvy world of manufactured home production at times could make the most sea-worthy sailor seasick. It has been feast-or-famine for most manufactured home builders since 1998, when production hit an all-time high of 372,843 units. Since then, multiple closures, consolidations and mergers have shrunk manufacturing capacity to a level that is now far too small to meet consumer demand. Since falling to a low point of just 49,789 homes produced in 2009 the industry has steadily grown.

With all that said, the production of manufactured homes is now hampered by challenges no one ever saw coming. Thanks in equal parts to a pandemic, trade wars, natural disasters, sanctions, civil unrest, strikes and many companies focused on single-sourcing strategies perceived to be the lowest cost scenario, production is grinding to a halt.

Today, for most manufactured home builders in the western United States, backlogs for a new home can stretch to as long as 180-days and customers are no longer being guaranteed what the final retail price of the home will be once it hits the site. Supply chain shortages and roller-coaster costs of raw materials including lumber, plumbing, electrical components (from PVC to metals), appliances and floor coverings are in very short supply with little guarantees being offered by suppliers on what future raw costs may look like, thus creating an unknown cost and pricing scenario nearly impossible to manage.

This phenomenon is fueled by supply chain challenges that few if any manufacturers truly anticipated. Factories have their Tier 1 suppliers and often have a “back-up” Tier 2 supplier, but when Tiers 1 & 2 cannot deliver materials, factories are often forced to approach a Tier 3 supplier which they have a tenuous relationship with and have shown very little, if any loyalty to. Much of this is due to the faulty assumptions regarding Tier 1 suppliers and possibly a degree of wishful thinking – assuming your Tier 1 supplier will always take care of you.

But when so much of the economy was shut down due to the COVID-19 that all changed. Few manufacturers maintained traditional inventory strategies and they relied solely on “just in time” shipments and deliveries. Those strategies focused on past performance to deliver current inventory requirements. The problem with this approach is that it does not take into consideration unexpected events, nor is it agile and it is often completely divorced from current realities. What have we learned? We have learned that the continuous supply chain alignment will be the new norm. Manufacturers will need to navigate in a world of gray, where there will be no “new normal”. Traditional demand planning will become “demand shaping” based on what-if analyses to determine expected demand. Until then, manufacturing will struggle, and pricing will remain uncertain.

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

Competitive financing for a manufactured home community is still readily available to qualified investors. Lenders will always require current rent rolls and operating statements, information on local market conditions (including a rent survey/vacancy report), and the borrowers most current personal and business financial statements. On June 1, 2021, Union Bank published rates for loans 50% LTV or less, over \$2.5 million at 3.043% for 5-year fix, 3.560% for 10-year fixed and 3.788% for 20-year fixed. There is a slight add-on for loans up to 60% LTV. Costs are capped at \$2,000 or \$2,500 including appraisal, environmental and processing fees.

## ***Manufactured Housing Fun Facts***

- 22 million people live in manufactured homes.
- Manufactured home production represents 9% of all new single-family home starts.
- \$81,900 is the average new manufactured home sales price.
- 76% of new manufactured homes are titled as personal (chattel) property.
- There are 136 manufactured home production plants in the U.S.
- Those plants produced 94,390 homes in 2020.
- A total of 33 U.S corporations produce manufactured housing.
- Site built homes average \$119 per square foot, manufactured homes average \$57 per square foot.
- There are over 43,000 manufactured home, land-lease communities in the U.S. with an estimated, combined 4.3 million home sites.
- 31% of new manufactured homes are placed in land-lease communities.
- Manufactured homeowner satisfaction rates are above 90%.
- Affordability was the key driver for 71% of manufactured home buyers.
- The average yearly site-rent increase in land lease communities was just 3.5% in 2020.
- 62% of all residents anticipate living in their manufactured home more than 10-years.
- Only 38% of manufactured homeowners ever anticipate selling their home.
- California, Oregon, Washington, and Idaho have a combined (17) manufactured home production facilities currently running at full capacity.

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.



## Industry Production Through April 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 substantially in April 2021 according to the latest available statistics. Just released data indicates that HUD Code manufacturers produced 9,244 new homes in April 2021, a 39.2% increase over the 6,639 new HUD Code homes produced during April 2020.

On a cumulative basis, industry production for 2021 now totals 35,723 HUD Code homes, as compared to the 31,950 homes produced over the same period in 2020, a year-to-date increase of 11.8%. Good news for the industry.

Based on the industry's initial analysis of production data from the first half of 2020 up until the present, the latest monthly production statistics appear to indicate that negative industry impacts from large-scale COVID-19 lockdowns and related economic dislocation – which were at their worst during April and May of 2020, have, in fact, bottomed-out, and that the industry is poised to enter a period of comparative economic recovery.

The top ten shipment states from the beginning of the industry production rebound in August 2011 through April 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 April 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.

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.



PHONE: 206.652.4100  
TOLL FREE: 888.205.8281  
FAX: 206.652.4540

WWW.NWPARKS.COM

COMMERCIAL REAL ESTATE BROKERS  
The Manufactured Housing Community Network

## **Upcoming Events**

### **2021 MHI Webinar Series**

June 16, 2021, from 2:00 – 3:00 PM Eastern  
**Legal Trends, Media Tips & Best Practices for Manufactured Housing  
Community Owners and Operators**  
*Sponsored by Lutz, Bobo & Telfair, P.A. & Rent Manager*

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

July 15, 2021, from 2:00 – 3:00 PM Eastern  
**Advancing Manufactured Housing in Washington**  
*Sponsored by Lutz, Bobo & Telfair, P.A. & Sun Communities*  
Contact: [events@mfghome.org](mailto:events@mfghome.org)

August 19, 2021, from 2:00 – 3:00 PM Eastern  
**Best Practices for Developing a Manufactured Housing Community**  
*Sponsored by Skyline Champion Corp. & UMH Properties, Inc.*  
Contact: [events@mfghome.org](mailto:events@mfghome.org)

## **Always Engage the Best**

Regardless of the current circumstances, trust **Northwest Park Brokerage**, because no brokerage firm in the Pacific Northwest or on the entire West Coast has a better grasp of market conditions and emerging opportunities than **Northwest Park Brokerage**.

We have our pulse on the industry, we intimately understand the business, and we have relationships with buyers and sellers who are serious, qualified, and motivated. Let us help you evaluate your community. **Give us a call at 206.652.4100.**

**Over \$1 Billion in Park Sales. Visit our website at [www.nwparks.com](http://www.nwparks.com)**

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

this information has been secured from sources we believe to be reliable, but we make no representation or warranties, expressed or implied, as to the accuracy of the information.

7683 SE 27TH ST SUITE 315  
MERCER ISLAND WA 98040

205 SE SPOKANE ST SUITE 348  
PORTLAND OR 97202