

The Northwest Report

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

Manufactured Housing Demand Is Strong Regionally and Nationally

All sectors of the manufactured home business report solid performance and strong demand so far in 2022. Manufactured home communities are full, and the demand for additional manufactured home sites is stronger than it has been in a decade. Consumer demand and sales of new and pre-owned homes mirrors this sentiment. Factory backlogs in Washington, Idaho, Oregon, and California remain at record high levels – 12+ months for a new manufactured home ordered today.

Even with interest rates on the rise, manufactured homes have kept step with site-built home demands. In fact, many industry experts feel manufactured home and MH community demand will increase even more, as rising rates will cause some consumers seeking to buy a site built home to reconsider a more affordable option, such as factory-built housing. All in all, the outlook is bright for manufactured homes nationally, but will the industry step-up construction of new manufactured home communities?

“From the factories where they’re built to the communities they create; manufactured housing is building for tomorrow – helping more people than ever before live their own American Dream. We’re setting new standards in manufacturing and breaking misconceptions across America about what affordable housing really means.”

Factory Built Homes Get a Push with Washington Showcase

A recent three-day showcase on the National Mall in Washington D.C. showcased manufactured housing, where industry and government officials touted manufactured homes as a cheaper and faster way to build more affordable homes, Bloomberg reported.

One example was that the frame of a 2-story factory built home took just 9-hours to erect, compared with weeks for a traditional home. Another, a two bedroom / two bath entry level

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Pegasus model from UMH Properties featured 1035 square feet with a kitchen appointed with marble countertops, bathrooms with double-vanity sinks, stainless steel appliances, a breakfast bar with windows facing out onto the front porch, hardwood floors and many other upgraded features. But one feature distinguishes these homes from other homes, they are made in a Cavco / Fleetwood Homes factory.

These homes were part of the Innovative Housing Showcase, highlighting new formats and frontiers for factories that make housing. Tourists and residents were privy to open-house tours of homes, some assembled on the site overnight. A few of the exhibits were sensational, including an \$800,000 apparatus that can 3D print an entire home out of concrete. Many said the most extraordinary thing about the show might have been how normal some of the designs looked.

The White House is working toward making manufactured houses a more viable option for renters and first-time homeowners, as they were decades ago. The Biden administration announced in May multiple initiatives to expand the number of manufactured and modular homes, and single-family homes produced across the country. "We need people to accept that these homes will last as long as any conventional house, and therefore we're entitled to the same financing" UMH CEO Samuel Landy told Bloomberg. "We've really made a lot of headway on that."

Government officials and various regulators said the biggest takeaway from the three-day event was that manufactured homes can be built at more affordable rates. Since they're built at scale and assembled on site, the costs of labor and materials can be cut significantly.

Non-Profit Manufactured Home Builder Hopes to be a National Model

In about a year, a new Eugene, Oregon nonprofit hopes to breathe new life into a former steel plant by bringing in more than 100 workers to make mobile homes for low-income families.

Housing Options Production Enterprise Community Corporation (HOPE) has big plans.

It will be the manufacturer and work alongside St. Vincent de Paul of Lane County, which will operate as the seller. At full capacity, the mobile-home production line will be able to finish two to four homes every workday, staff said. They believe it's the only non-profit manufacturing facility for mobile homes in the nation.

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HOPE was established to respond to the housing shortage for low-income Oregonians, especially the thousands whose homes burned in the 2020 wildfires. It's a shortage staff said couldn't be met by the industry, which was already ill-equipped to serve low-income Oregonians unable to afford or access replacements for aging modular homes past the end of their useful life.

St. Vincent de Paul of Lane County executive director Terry McDonald is ambitious. He is serving as HOPE's president as well and wants the organization to manufacture affordable, energy-efficient, fire-resistant, high-quality homes while creating good local jobs for the team that makes them.

"The goal is to hit a home run," McDonald said at a news event in the nearly empty plant. "The idea is to keep the cost of these units down by vertically integrating the entire process from beginning to end so that we can make it the most affordable, durable, energy-efficient product that we've ever seen in the state."

He hopes to work with training programs within the region to give students such as those in high school career and technical education programs and at Lane Community College an opportunity to learn in a manufacturing setting and potentially begin their career.

St. Vincent de Paul will also look to its own programs for labor, such as Supportive Services for Veteran Families, which works to help to move participants from poverty and homelessness to stability and self-sufficiency. The project was launched with the help of \$15 million for the Oregon Legislature.

Oregon is 86,000 units short of the affordable units' residents need, the nonprofit housing policy advocacy group Up for Growth estimated in its 2022 report on Housing Underproduction in the U.S. State Rep. Pam Marsh, D-Ashland, said the shortage is closer to 110,000 to 140,000.

She secured the state's funding for this endeavor and introduced House Bill 4064, which prohibits local governments from banning manufactured structures in residential areas. Her district lost 2,500 homes, mostly manufactured and RVs, during 2020's Almeda Fire. Few of those homes have been replaced.

"It's really hard to come up with manufactured homes," Marsh said. "So, what do we do about

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this? We do what Terry McDonald envisioned — we start producing more manufactured homes.”

McDonald said the priority for HOPE is to start producing two traditional mobile-home floorplans most in need by low-income buyers: a 2-bed/1-bath, about 800-square-foot singlewide; and a 3-bed/2-bath, 1,300-square-foot doublewide. The homes will go to organizations and people who buy them all around the state.

Engineering and early phases of site work have begun at the West Eugene plant, located at 888 Garfield. Construction is slated to begin Dec. 1 and production will start July 1. If the project goes well, the plant will continue to make homes for years to come and serve as a model for the rest of the country.

Industry Production Through June 2022

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 once again in June 2022 according to just released statistics. Current data indicates that HUD Code manufacturers produced 11,373 new homes in June 2022, a 20.6% increase over the 9,430 new HUD Code homes produced during June 2021.

On a cumulative basis, industry production for 2022 now totals 61,658 HUD Code homes, as compared to the 53,759 homes produced over the same period in 2021, a year-to-date increase of 14.6%. Good news for the industry.

The top ten shipment states from the beginning of the industry production rebound in August 2011 through June 2022, with cumulative, monthly, current year (2022) and prior year (2021) shipments per category as indicated are:

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

Even with these positive numbers, Manufactured housing production and shipments continue to be plagued by the lack of manufacturing capacity needed to match consumer demand for

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PHONE: 206.652.4100
TOLL FREE: 888.205.8281
FAX: 206.652.4540

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manufactured homes, and persistent post-production issues which the industry has failed to resolve, including parity with financing and baseless constraints on zoning and placement.

Upcoming Events

2022 MHI Annual Meeting

October 2-4, 2022

Grand Hyatt Denver – Denver, CO

Workshops & Seminars Include:

National Communities Council * Financial Services Division

* National Retailers Council

Suppliers Division * Manufacturers Division

2022 MHCO Annual Conference

October 24-25, 2022

Valley River Inn - Eugene, OR

MHCOregon@gmail.com

503.391.4496

2022 MHI National Communities Council

November 2-4, 2022

Westin Michigan Ave. - Chicago, IL

Contact: events@mfgghome.org

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7683 SE 27TH ST SUITE 315
MERCER ISLAND WA 98040

205 SE SPOKANE ST SUITE 348
PORTLAND OR 97202