



Senate Housing Committee
April 8, 2019

Testimony in support of SB 1024

Bill Van Vliet, Executive Director
Network for Oregon Affordable Housing (NOAH)

Chair Fagan and members of the committee, my name is Bill Van Vliet, Executive Director of NOAH, the Network for Oregon Affordable Housing. NOAH is a statewide nonprofit formed in 1990 for the purposes of providing financing for multifamily affordable housing projects throughout the state.

We offer a wide range of financing products to support affordable housing development in Oregon and have over \$250 million of capital available to lend in our work.

Since 2008, NOAH has provided financing for manufactured home parks (MHPs) owned by non-profits, resident-owned cooperatives, or housing authorities. Manufactured housing provides important homeownership opportunities for lower income households and is unique because homeowners living in parks are also renters. This makes these households particularly vulnerable to park owners who choose to close their park.

Thanks to support from Meyer Memorial Trust and OHCS and other funders, NOAH has served as convener of an informal group of interested public and private sector stakeholders working with manufactured housing. The workgroup has focused on challenges and solutions to manufactured home park preservation and manufactured home replacements. We also hosted jointly with Rep. Marsh a manufactured housing conference in Ashland last fall.

I'd like to refer you to the [Oregon Data Snapshot produced by Prosperity Now](#) that has been uploaded into OLIS. It provides an excellent recap of manufactured housing in Oregon and who lives in these homes. I won't go through it in detail, but a few key data points include the following:

- There are approximately 140,000 manufactured homes throughout Oregon
- About 62,000 of those are located in over 1,000 MHPs, where homeowners own their home, but rent the land beneath it.
- Compared to all Oregon Homeowners, owners of manufactured homes are more likely to be over the age of 65, receive SNAP benefits, and have median incomes of approximately \$35,000 per year, or about half the household income of all homeowners.

I was a member of the Oregon Solutions work group that convened during 2016. MHP closures are a devastating event for homeowners due to the cost and feasibility of moving homes. Many homes can't be moved and those that can be moved face the nearly impossible challenge of finding a vacant space to move to. This places a family's home, typically their greatest asset, at risk.

Members of the workgroup discussed the need for a new MHP with available homesites that could accept homes and families needing to relocate after a closure. SB 1024 addresses this missing housing resource in Springfield and will serve as an important pilot project and blueprint for other Oregon communities.

One of the strengths of this concept is the partnership between the City and St. Vincent de Paul of Lane County (SVdP). NOAH works closely with SVdP and has financed three of their parks with a fourth in process. Because of SVdP's nonprofit status and long-term commitment to manufactured home parks, homeowners who live in their parks have the peace of mind knowing that their park won't close and that rents will be maintained at affordable rates. These are two essential and stabilizing factors for low income homeowners.

Springfield's leadership to prepare for a park closure is admirable and is backed by their commitment to assist in the new development. This bill will help assure the park gets built. I urge your support for SB 1024.

OREGON

AFFORDABLE HOUSING NEED & THE ROLE OF MANUFACTURED HOUSING

In Oregon, manufactured housing plays a small but important role in the robust affordable housing market. There are nearly 140,000 manufactured homes in Oregon, accounting for 8.2% of the total housing stock. Forty-five percent of Oregon's manufactured homes are located in more than 1,000 communities across the state.¹

Manufactured homes present a more affordable housing option for many Oregonians. Fully 42% of Oregon's manufactured housing stock is affordable, compared to just 21% of housing in the state as a whole. Among very low-income households, both renters and owners of manufactured homes spend less on their housing costs than renters or owners of all housing types.

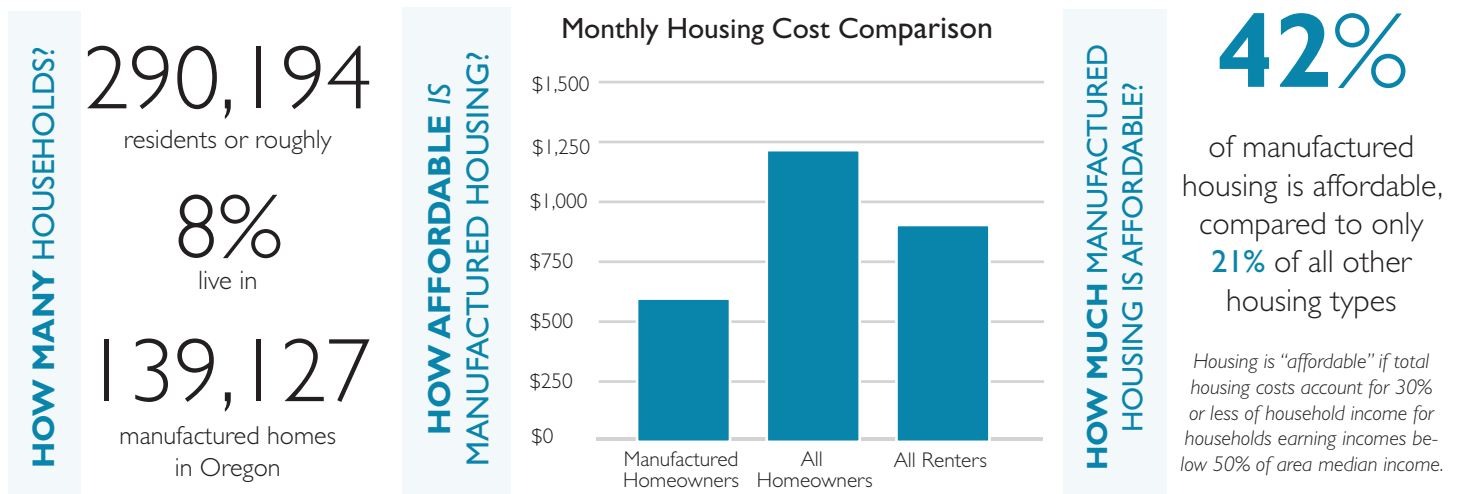
However, not all of Oregon's manufactured housing stock is high quality. The state's 10-Year Plan recognizes that access to safe, decent and affordable housing is critical to achieving its vision for healthier Oregonians. The plan notes that "too many Oregonians live in substandard housing where they are more likely to be exposed to dangerous mold or lead paint in their environments."² In fact, more than 42% of manufactured homes in Oregon were built before 1980; HUD began regulating the construction of these homes in 1976, but uniform adherence to the new code took time to reach all parts of the industry. Therefore, these older units are likely in need of repair or replacement. Additionally, Oregon's wet and humid climate only serves to accelerate the deterioration of these older homes. While the plan lists replacing substandard, unhealthy housing and incentivizing healthy affordable homes, it does not mention manufactured housing specifically. Similarly, the 2016-2020 Oregon Consolidated Plan includes only a brief mention of the substandard manufactured home stock, noting that homeowners in manufactured home parks are now eligible for housing rehabilitation assistance. Oregon should implement a more proactive strategy to replace and repair the state's manufactured housing stock.

Manufactured home communities have also been touted as "naturally occurring retirement communities," or NORCS: neighborhoods that are not originally designed for older adults, but certain community characteristics exist that promote independence, convenience and physical security. More than 35% of manufactured home heads of household are over the age of 65, compared to 31% of all homeowners and 15% of renters. As a critical source of unsubsidized affordable housing, preservation of manufactured home parks should be a priority to help stably house seniors, many of whom are likely on fixed-incomes.



A **manufactured home** is a type of prefabricated housing that is constructed in a factory and then transported to a site for installation. These homes are built to a federal code administered by HUD that went into effect in 1976. Factory-built homes constructed before 1976 are called mobile homes. Modular homes are also prefabricated in a factory, but differ from manufactured homes because they are built to a local building code.

For many low- and moderate-income households, manufactured housing is more affordable than other types of housing.



Note: This Data Snapshot is designed to assess the role of manufactured housing in state and local markets and the extent to which manufactured housing contributes to a set of solutions for affordable housing needs in Oregon. Sources: 2009-2013 American Community Survey 5-Year Estimates, Oregon Housing and Community Services.

¹ Data provided by Oregon Housing and Community Services, Housing Stabilizations Division, January 2017.

² State of Oregon, Oregon's 10-Year Plan (Salem: State of Oregon, 2014), 20.

WHO LIVES IN MANUFACTURED HOMES?

Residents of manufactured homes differ in some key ways from their neighbors in other types of housing. Compared to all homeowners in Oregon, owners of manufactured homes are more likely to receive SNAP benefits, be Hispanic, be over the age of 65 and be single parents. Manufactured homeowners also have lower levels of educational attainment: just 16% of owners of manufactured homes have Associate's degrees or higher, compared to 42% of all homeowners and 31% of renters.

HOMEOWNERSHIP

Manufactured home residents are more likely to own their homes compared to residents of all other types of housing.

77%
of manufactured home residents own their homes

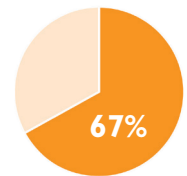


61%
of residents in other types of housing own their homes

Note: The homeownership rates in this document are the percentage of occupied housing units that are owner-occupied, based on the 2011-2015 American Community Survey 5-year estimates

HOME FINANCING

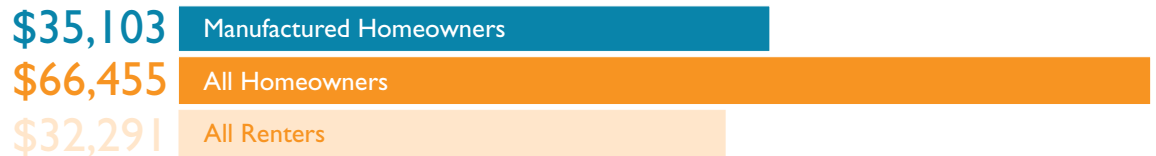
Owners of manufactured homes are less likely to have a mortgage and, presumably, more likely to have a personal property loan. **Why does this matter?** Personal property loans tend to have higher interest rates, shorter prepayment periods and fewer protections for owners. Plus, homes financed with personal property loans tend to be titled as personal property, like cars, which depreciate. This makes it much harder for homeowners to build wealth through homeownership.



All Other Homeowners with a Mortgage

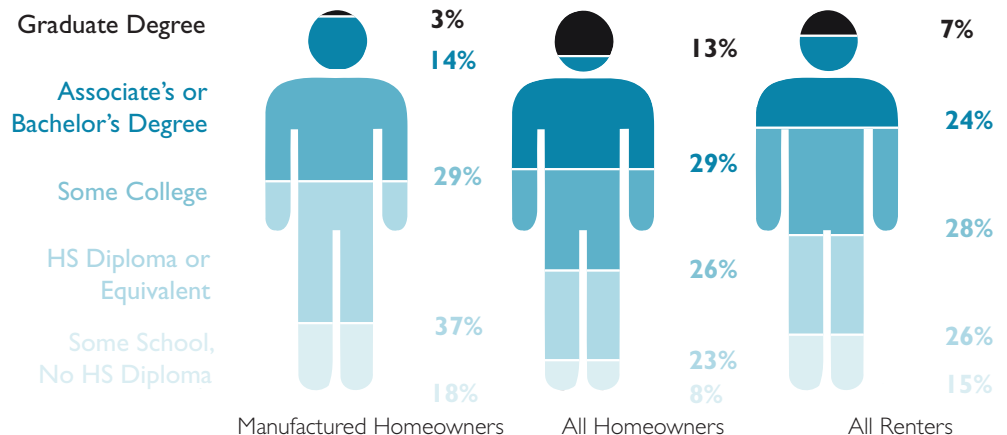
Note: We expect that the American Community Survey (ACS) data at our disposal most likely misrepresents the share of manufactured homes with mortgages. Because the ACS defines mortgages as "all forms of debt where the property is pledged as security for repayment of the debt," owners of manufactured homes who are asked whether they have a mortgage may respond affirmatively knowing that they are repaying a loan of some sort, even if that may be a personal property loan. As a result we expect that the ACS estimate for the share of manufactured home owners with a mortgage is inaccurate, so it has been omitted here.

MEDIAN HOUSEHOLD INCOME



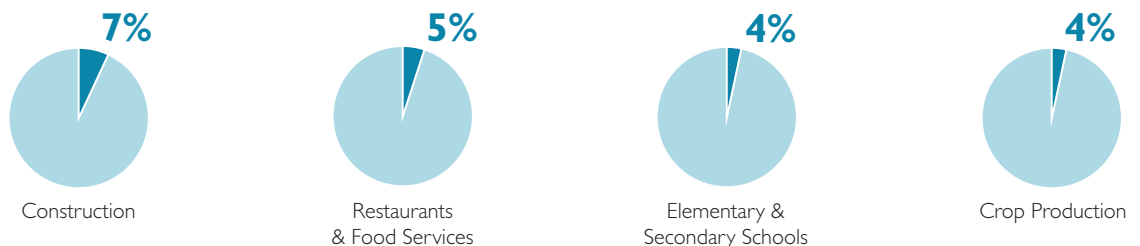
EDUCATION

Owners of manufactured homes are less likely to have completed high school or post-secondary education than both renters and all homeowners.



JOBS

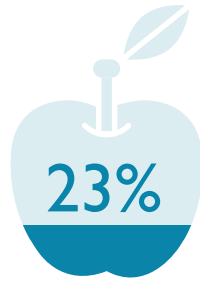
Nearly one in every eight manufactured home residents work in construction or food services.



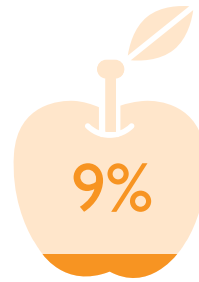
SNAP BENEFITS

More than one in five owners of manufactured homes receives benefits from the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. Owners of manufactured homes are more than twice as likely to receive SNAP benefits compared to all homeowners, but are less likely than renters to receive benefits.

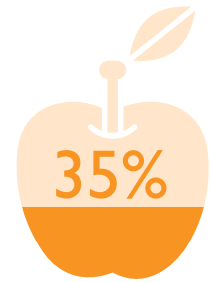
OWNERS OF MANUFACTURED HOMES



ALL HOMEOWNERS

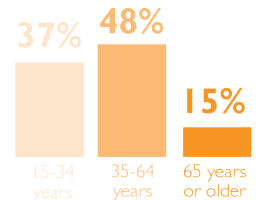
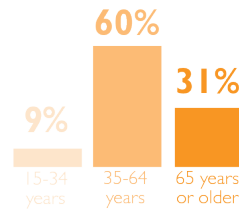
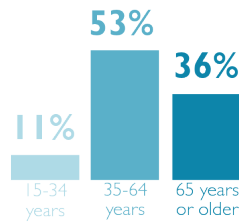


ALL RENTERS



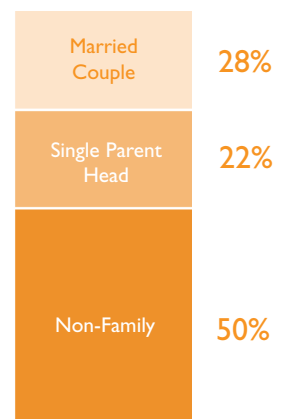
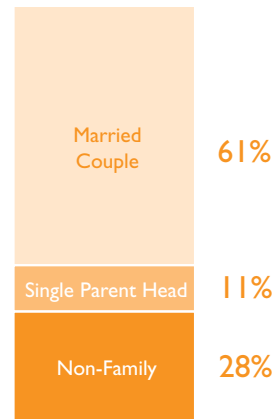
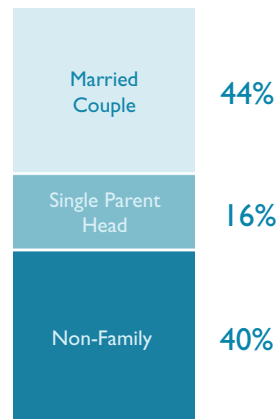
AGE

Manufactured home residents in Oregon tend to be older than both renters and homeowners as a whole.



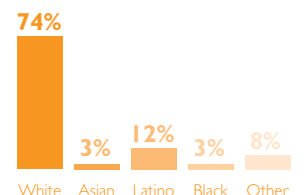
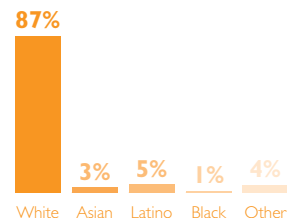
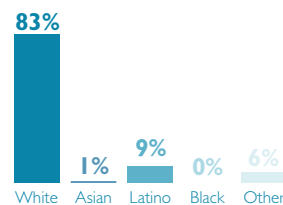
HOUSEHOLD COMPOSITION

Forty-four percent of manufactured home residents are married, compared to 61% of all homeowners and only 28% of renters. However, owners of manufactured homes—like renters—are more likely than all homeowners to be headed by single parents.



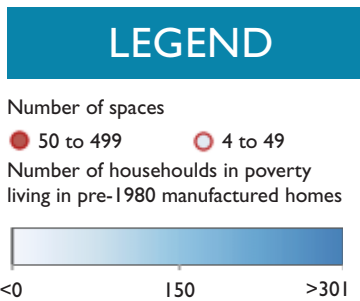
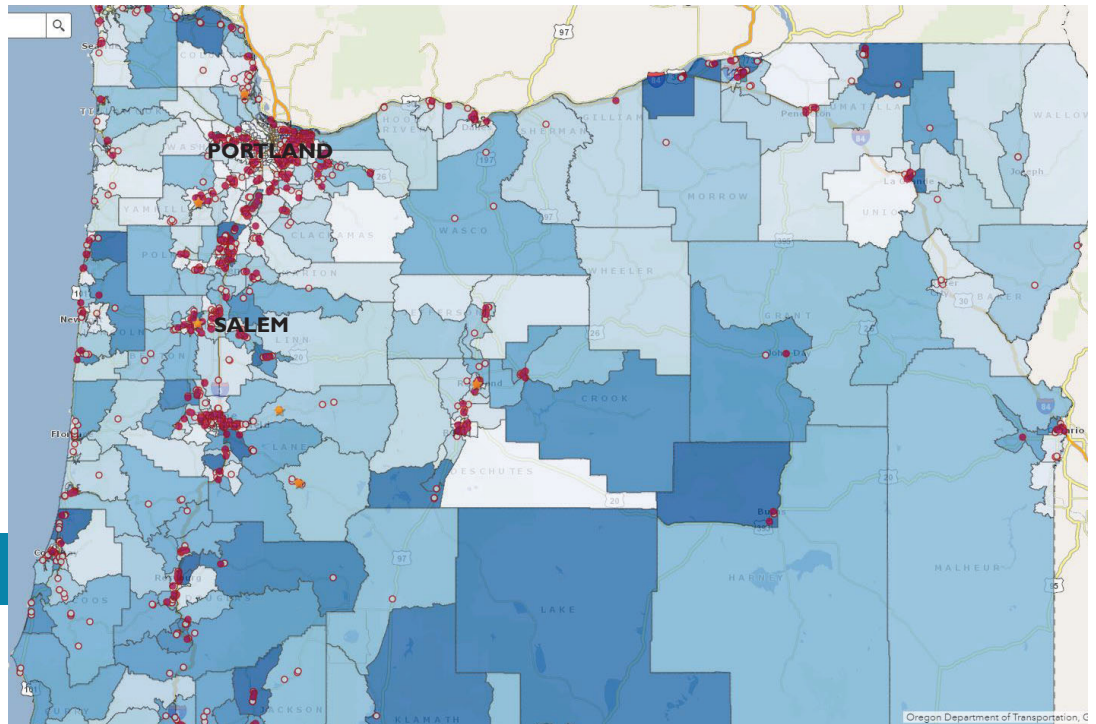
RACE/ETHNICITY

Manufactured home residents are more likely than homeowners as a whole and less likely than renters to be non-White.



WHERE ARE MOST MANUFACTURED HOMES LOCATED?

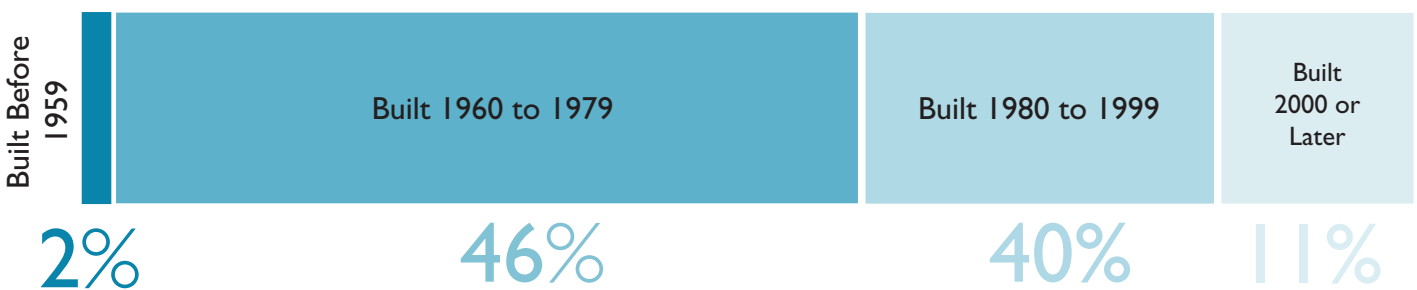
62,424
of the manufactured homes
in Oregon or
45%
are located in
1,072
manufactured home
communities



Source: ArcGIS map provided by Oregon Housing and Community Services, Housing Stabilizations Division, January 2017, <http://www.oregon.gov/ohcs/Pages/manufactured-dwelling-park-directory-oregon.aspx>.

IN WHAT CONDITION ARE MOST MANUFACTURED HOMES?

More than two in five manufactured homes in Oregon were built before 1980. Why does this matter? Before HUD began regulating the construction of these homes in 1976, there were no consistent building standards for manufactured homes, so older units are more likely to be in need of repair or replacement.



Innovations in Manufactured Homes (I'M HOME) is a national initiative managed by Prosperity Now which seeks to ensure that owners of manufactured homes have the opportunity to build wealth through homeownership by improving the quality of new and replacement development, enhancing homeowners' ability to enjoy long-term land security, expanding access to safe home financing and encouraging a supportive policy environment.