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Promoting Economic Security for Manufactured Homeowners in Parks: New Hampshire's Pioneering Cooperative Model

By Paul Bradley

Homeownership is an American dream and a path to financial security. Sixty percent of the wealth of low-income families comes from the equity in their homes. However, for the approximately 3.5 million Americans who live in manufactured homes on land that is owned and controlled by an investor-landlord, this is too often a dream denied.

Over the past 22 years, through laws and public/private partnerships, New Hampshire has pioneered a way to help owners of manufactured homes achieve resident-ownership of their communities, ending these homes' tenuous relationship with the land.

The state's innovative public policy and market-based strategies are based on two related tenets: homeowners need control of the land under their homes, and they need access to conventional residential mortgage loan products.

First, in 1988, the New Hampshire Legislature adopted a "60-day Notice" law that gives residents living in manufactured housing parks notice and an opportunity to negotiate in good faith to acquire the park when the investor puts the property up for sale or accepts an offer to sell it. Under the law, the investor is allowed to sell for fair market value and in a timely manner, while the residents gain the potential benefits of landownership through their right to purchase.

The Benefits of New Hampshire's Cooperative Model

* Owners of manufactured homes in resident-owned communities (ROCs) have greater cost stability and, over time, lower monthly land fees. In research recently conducted by the University of New Hampshire, homeowners in ROCs are paying on average \$40 less per month after five years of ownership compared with homeowners in investor-owned communities.

* These homeowners see their assets appreciating because of lower monthly fees and improved financing options, evidenced by a 12 percent price per square foot margin over homes sold in the last year in investor-owned communities.

* These homeowners are safe from park closure and change-of-use evictions.

* These homeowners are maintaining and improving their water, septic, and road systems because revenues are used locally, not exported as profits.

Second, under New Hampshire law, once installed on site, a manufactured home is defined as real estate rather than as personal property. It is taxed, sold, and recorded as real estate. Home loans are secured by mortgages, eliminating the repossession risk that plagues consumers in states where manufactured homes are treated and financed as personal property. Treating manufactured homes as real estate also

is key to attracting conventional residential lenders, who can provide far more favorable financing terms than personal property lenders.

Finally, the state's co-op statute is easy to use and ensures long-term affordability and security. The statute is rooted in a democratic "one member/one vote" principle. Directors and officers are elected by members at prescribed annual meetings, and the assets of the corporation cannot be sold without a membership vote. Were the co-op to decide to sell its park, the proceeds beyond each member's share and home value would be turned over to a 501(c)(3) nonprofit.

For more than 22 years, the nonprofit New Hampshire Community Loan Fund (Loan Fund) has served as principal architect of statewide institutional relationships that form a supportive infrastructure for resident-ownership. In addition to the Loan Fund, this network includes homeowners and the Manufactured Homeowners and Tenants Association (MOTA), a statewide advocacy group; the New Hampshire Housing Finance Authority, a quasi-public lender; USDA-Rural Development; HUD's Community Development Block Grant Program; the New Hampshire Department of Environmental Services; and the Federal Home Loan Bank of Boston along with private banks.

Homeowners who have a secure relationship with the land beneath them and who gain access to residential mortgage loans are on solid ground to build wealth and economic security for their families. New Hampshire's public policy and market-based solutions are helping residents do just that.

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