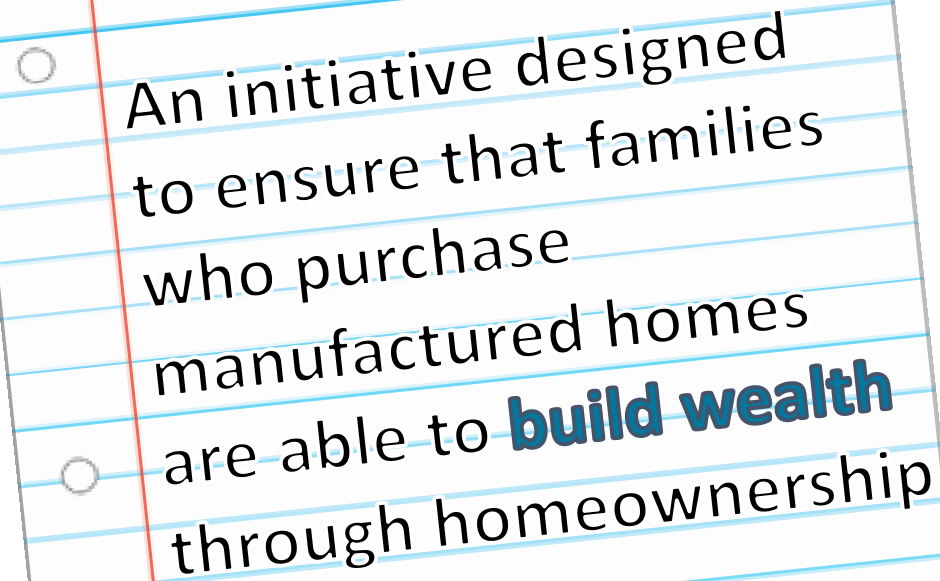


# State Policy Protections

Kate Davidoff, Associate Director, Affordable Homeownership CFED &  
Carolyn Carter, Deputy Director, NCLC  
NMHOA Convention  
September 21, 2016

# I'M HOME

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- 
- An initiative designed to ensure that families who purchase manufactured homes
  - are able to **build wealth** through homeownership

When homeowners **lack** the following, their homes become **depreciating** assets:

- Good home quality and installation
- Long-term control over land beneath one's home
- Safe, high-quality mortgage products
- Equitable public policies

# Manufactured Housing in the US

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## Where is it?

- 7% of US housing stock
- 15% of rural housing
- 46% of manufactured homes are in rural areas
- 43% in communities or “parks”
- 57% on private land

## What is it?

- About 35% less expensive
- Just 9% considered inadequate
- 2 million homes pre-1976
- Home to 12% of LI households

# Manufactured Housing Challenges

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## To the homeowner

- Limited loan options
- Land insecurity in communities
- Public policy environment varies widely

## To the developer

- Significant stigma remains
- Community/political opposition
- Public funding limitations

# Manufactured Housing Potential

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## To the homeowner

- Lowest-cost homeownership option
- Reduced energy costs
- Accessibility
- Land security enhances appreciation

## To the community

- More units per dollar invested
- Blends in with existing stock
- Economic development opportunity
- Community building

# Issues facing MH owners

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- Purchasing communities
- Own homes but not land
- Vulnerable to rent increase, arbitrary rule enforcement, failure to maintain roads, utilities and common areas
- Closure of community

# Local Protections

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- Local tax and other financial incentives to preserve communities
- Local rent control
- Inclusion of manufactured housing in consolidated planning, municipal planning and comprehensive planning

# State Protections for Homeowners

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Many policies, will focus on three in particular

- Affirmative protections for fundamental freedoms
  - Protection for residents form resident associations
- Notice before community closure
  - Relocation expenses
  - Purchase opportunity
- Quality of life
  - Rent justifications
  - Titling



# Fundamental Freedoms

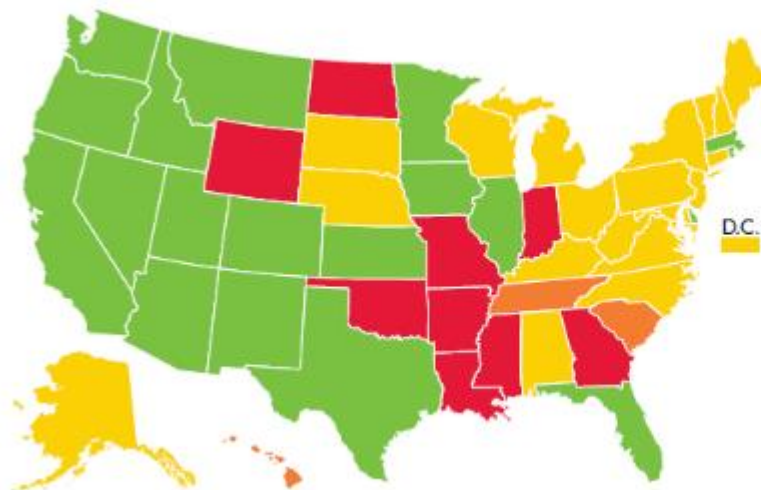
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- **The right to speak out and meet with others**
- Protection from eviction
- Right to sell the home in place
- Arbitrary denial

# Resident association protection

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States that Protect Resident Associations



## Legend

- States that provide affirmative protections for resident associations
- States that protect broadly against retaliation but do not provide affirmative protections
- States that protect only against retaliation for complaining about conditions
- States with no protections for resident associations

# The right to speak out and meet with others

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# Closure/Sales notice

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- Notice Period before Manufactured home community closes
  - Relocation expenses
  - Purchase opportunity

# Example of why it's important

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- Lowery Grove, MN
  - Lowry Grove park was sold to developer
  - Aeon, a nonprofit organization that focuses on affordable housing, agreed to step in and match the \$6 million sale price offered by The Village
  - .As the new owners, The Village promptly sent out an official closure notice, giving residents the state-mandated 9 months to relocate.
  - Residents filed suit

# Closure/Sales Notice

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# National Context

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- Why important to have NMHOA members focus on areas with little protections
- Bring in southern states
- Act as advocates, try and expand mission
- NMHOA/CFED can work as partners to do this

# Restrictions on rent increases

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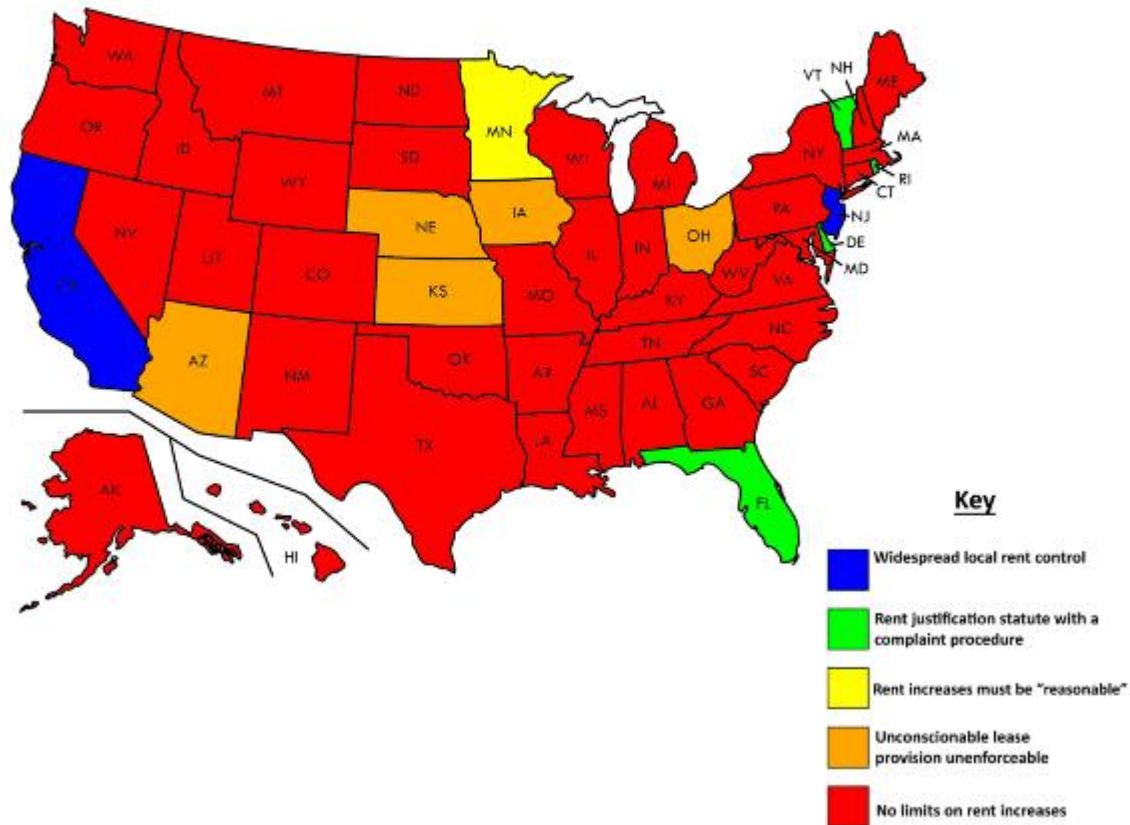


# Rent Justification: Where the States Stand

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- Widespread local rent control: CA, NJ
- Rent justification statute with a complaint procedure: DE, FL, RI, VT
- Rent increases must be “reasonable”: MN
- Court can refuse to enforce any unconscionable lease provision: AZ, IA, KS, NE, NJ, OH
- Other
  - Iowa: if there is no lease agreement, rent is fair market value
  - NJ: prohibits eviction for failure to pay unconscionable rent increase

# Restrictions on Rent Increases



# Advocating for Rent Increase

## ~~Restrictions~~

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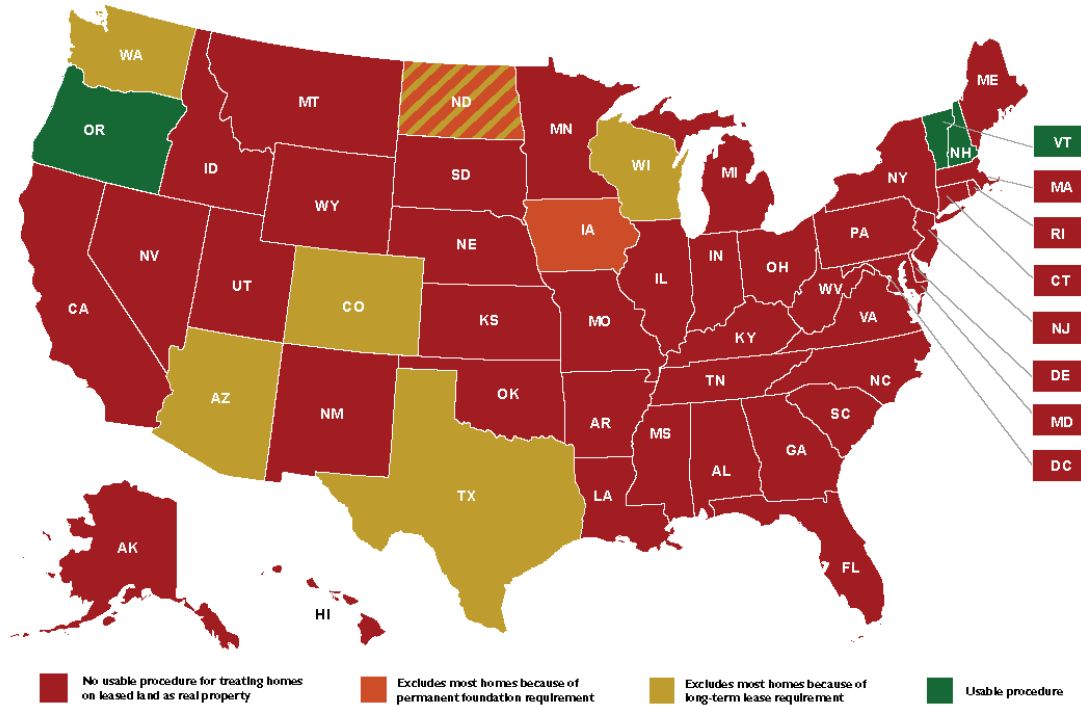
- It's “rent justification,” not “rent control”
- Make sure you have strong closure protections in place!

# Real estate titling for manufactured homes

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- Necessary step toward mainstream mortgage financing
  - Resale value
  - Better home
- Duty to serve rule creates big opportunity

## CAN HOMES ON LEASED LAND BE TREATED AS REAL PROPERTY?



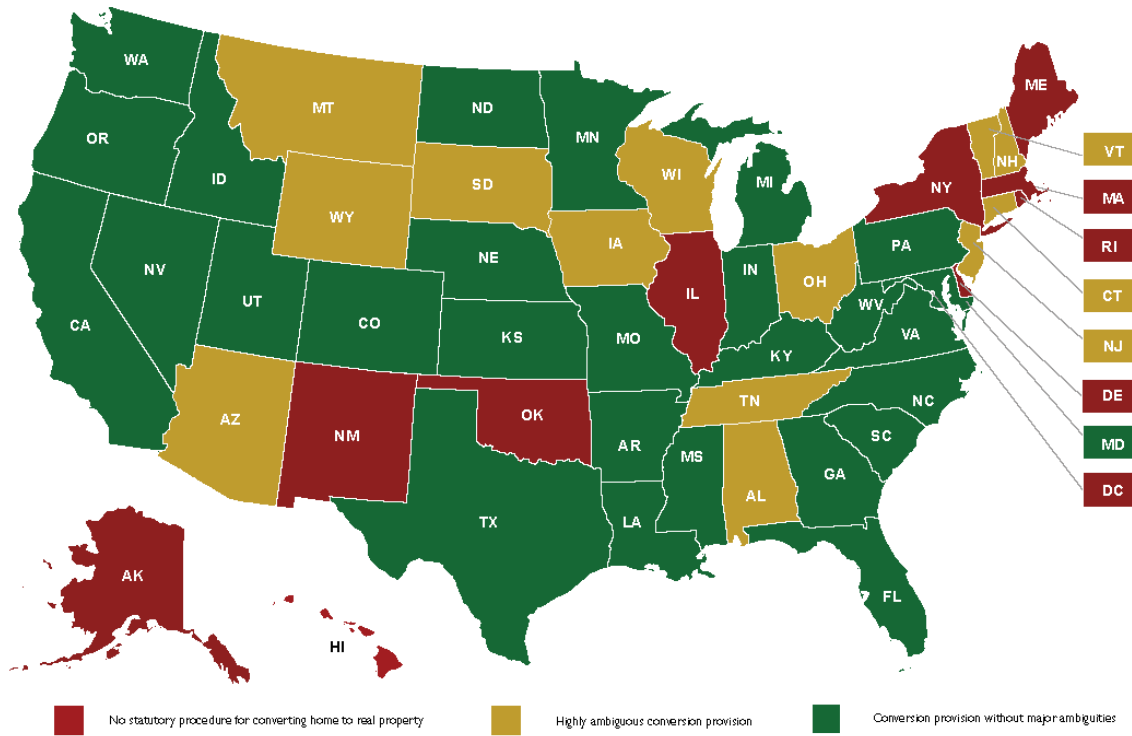
*These statutes have many ambiguities that may affect their classification for purposes of this map. See the appendix for details.  
 North Dakota requires both a permanent foundation and a long-term lease.*

# Advocating for Real Estate Titling Laws

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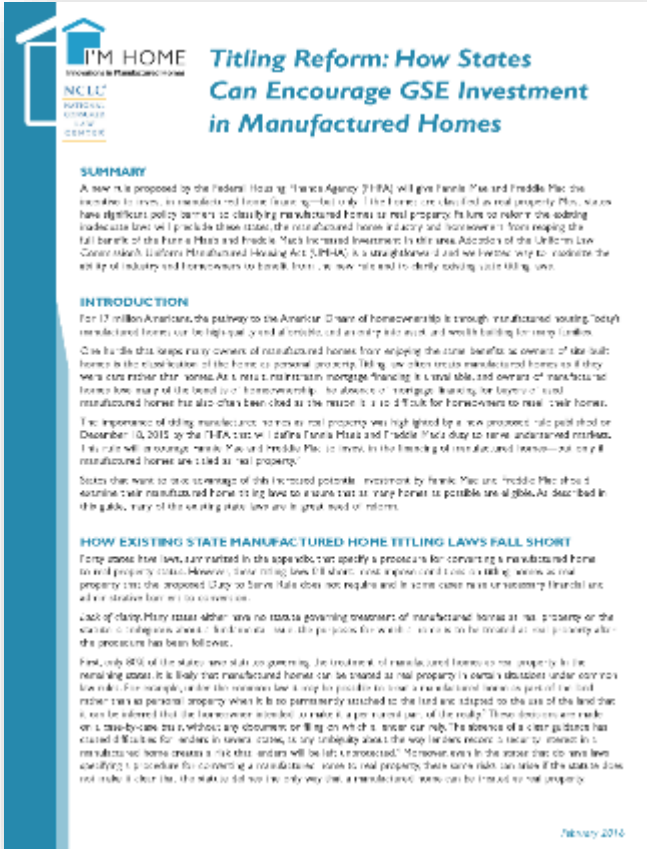
- *Uniform* Manufactured Housing Act
  - Respected non-partisan organization
- Real estate titling can bring money into the state
  - Duty to serve investments
- Lenders need less ambiguous state law

# CLARITY IN STATE MANUFACTURED HOME TITLING LAW



*This map only captures major ambiguities regarding the purposes for which a home, once converted, is to be treated as real property. Many of the statutes have other significant ambiguities, as well as other weaknesses. See appendix for details.*

# Resources: Detailed policy guide



**IM HOME**  
INSTITUTE FOR MANUFACTURED HOMES

**NCLC**  
NATIONAL CENTER  
FOR LEGAL  
EDUCATION

## Titling Reform: How States Can Encourage GSE Investment in Manufactured Homes

**SUMMARY**

A new rule proposed by the Federal Housing Finance Agency (FHFA) will give Fannie Mae and Freddie Mac the authority to invest in residential loans (originally only if the loans are classified as real property). Most states have significant policy barriers to classifying manufactured homes as real property. To help to reduce the existing disparate laws, we provide these states, the manufactured home industry and homeowners with examples of the existing full bank of the Fannie Mae and Freddie Mac increased investment in the areas. Adoption of the Uniform Law Commission's Uniform Manufactured Housing Act (UMHHA) is a straightforward and effective way to coordinate the policy of industry and homeowners to benefit from the new rule and to clarify existing state titling laws.

**INTRODUCTION**

For 17 million Americans, the pathway to the American Dream of homeownership is through manufactured housing. Today, manufactured homes can be high quality and affordable and an important asset and wealth building for many families. One barrier that traps many owners of manufactured homes from enjoying the same benefits as owners of site-built homes is the classification of the home as personal property. Titling law often treats manufactured homes as if they were cars rather than homes. As a result, manufacturer mortgage financing is unavailable and owners of manufactured homes have no way of the benefit of homeownership, the absence of mortgage financing for buyers of used manufactured homes has also often been cited as the reason it is difficult for homeowners to resale their homes.

The importance of titling manufactured homes as real property was highlighted by a rule proposed and published on December 10, 2015 by the FHFA, which defines Fannie Mae and Freddie Mac's duty to have underwritten mortgages. The rule will require Fannie Mae and Freddie Mac to invest in the financing of manufactured homes—our only if manufactured homes are titled as real property.

States that want to take advantage of this increased potential investment by Fannie Mae and Freddie Mac should outline their manufactured home titling laws to a state that is more formal or possible are eligible. As described in this guide, many of the existing state laws are in great need of reform.

**HOW EXISTING STATE MANUFACTURED HOME TITLING LAWS FALL SHORT**

Forty-seven state laws, summarized in the appendix, do not specify a procedure for converting a manufactured home to real property status. However, these titling laws still allow most a person could take a titling action as real property into the proposed GSE to serve. Rule does not require and in some cases may be necessary financial and other state law into compliance.

Lack of clarity in many state titles laws no states governing treatment of manufactured homes as real property or the specific titling procedures. In fact, many states do not provide the specific steps to be followed in the procedure after the procedure has been followed.

Finally, only 20% of the states use state as governing the treatment of manufactured homes as real property in the remaining cases. It is likely that manufactured homes can be treated as real property in certain disputes under common law rules. For example, under the common law it may be possible to treat a mobile home as part of the land and rather than as personal property when it is so permanently attached to the land and adapted to the use of the land that it can be inferred that the homeowner intended to make it a permanent part of the realty. These inferences are made on a case-by-case basis, without any guidance or litigation with a more certain rule. The absence of a state guidance has created difficulties for lenders in some cases, it is completely unclear the way the lender would be able to proceed in a manufactured home creates a risk that lenders will be left unprotected. Moreover, even in the states that do not have existing a procedure for converting a manufactured home to real property, these same risks can arise if the state does not make it clear that the state will do so the only way that a manufactured home can be treated as real property.

February 2016



# 2016 I'M HOME CONFERENCE

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## 2016 I'M HOME CONFERENCE

NOVEMBER 14-16 | SAN ANTONIO, TX

Join a growing community of policymakers, advocates, industry experts, developers, lenders, homeowners and many others who are working to address the biggest challenges in manufactured housing.

[imhomeconference.org](http://imhomeconference.org)

# Please contact

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