



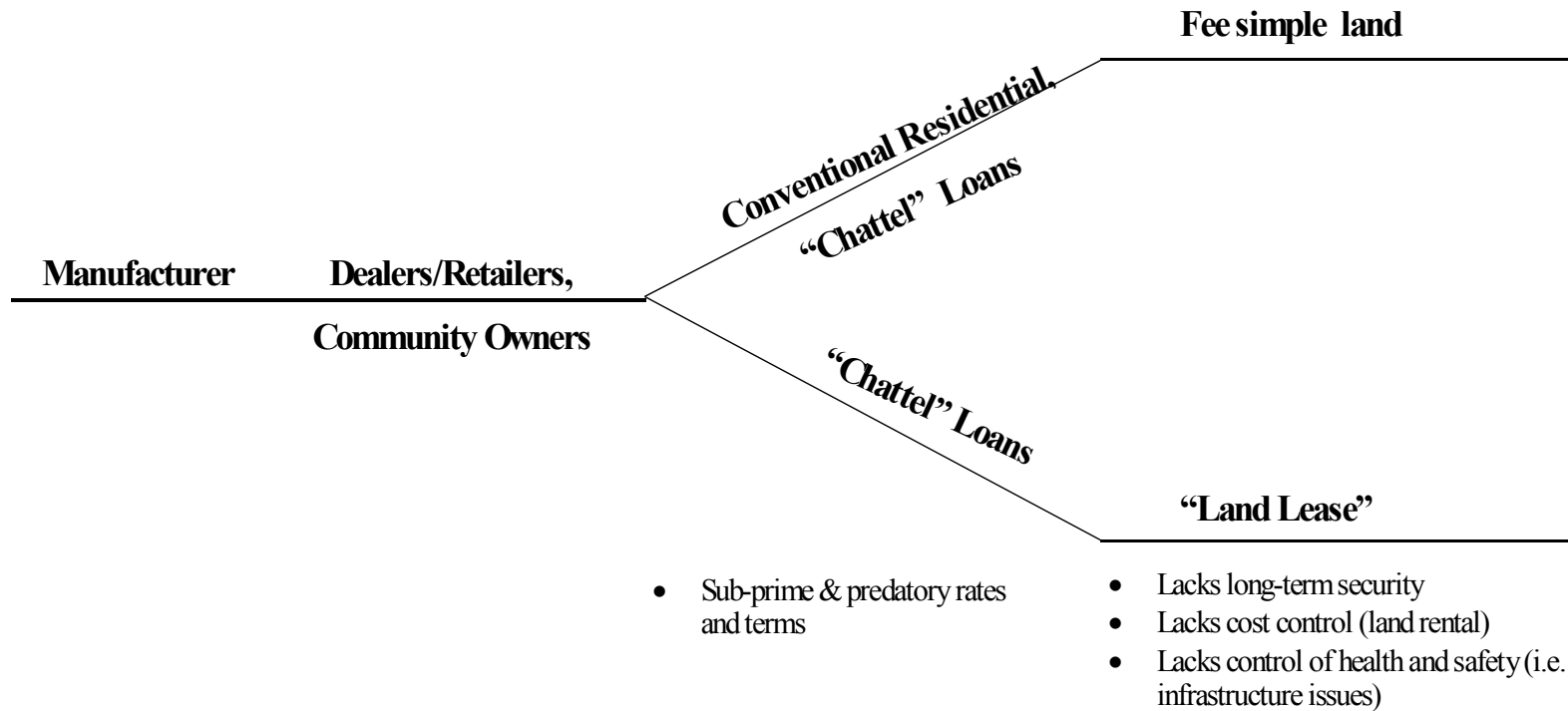
New Hampshire
Community Loan Fund

Market and policy-based strategies for improving the performance of manufactured housing.

Paul Bradley

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Manufactured Housing — Sector Strategy



Overview of the US Industry

8.5+ million Manufactured Homeowners

5+ million: Fee Simple

- own land
- able to secure conventional financing

3.5+ million live in the 50,000 to 60,000

“land-lease” communities in US

- rent lot
- personal property financing

Manufactured Housing Appreciation Study Consumer Union, April 2003

- Recommendations
 - Own the land
 - If tenant, get long-term control
 - Good location, neighborhood
 - Congruence with other stock
 - Pay fair price
 - Purchase financing options necessary
 - Budget money for repairs
 - Select durable homes
 - Consider other aspects of h/o that leads to equity building, too.

Vision

Thriving neighborhoods

Affordable and secure relationship with the land beneath homes

Access to conventional residential real estate mortgage loans and practices.

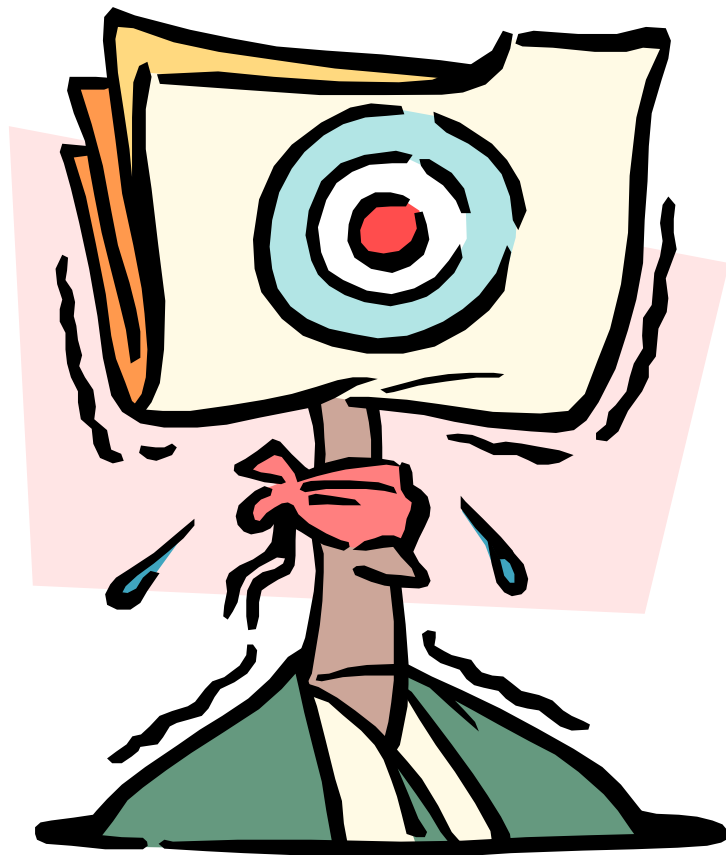
Strategy

Preserve & Improve existing manufactured home communities

Develop resident-owned communities and build thriving statewide infrastructure

Demonstrate safe and secure lending and leverage conventional lenders into emerging residential market.

Three Basic Risks to Renting Site



- Excessive rent increases
- Failed and dangerous infrastructure
- Change of use closures and loss of home



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• Preservation and Improvement Strategy - Land

- 25,500 “land lease” sites in 460 NH parks**
- 3,440 Hh live in 71 resident-owned communities**
- 75% low & very low income Hh**

Market-based Elements:

**Co-op conversion services – Training, TA,
Subordinate Financing (land) and system-building**

Public Policy Elements:

**MH is real estate in NH (security is mortgage)
60 Day Notice Law (tenants right to purchase)
Consumer Cooperative Statute (non-profit)**

Home Financing Study

New Hampshire 2001



- Sub-prime and predatory lenders predominate the market
- 1 in 5 MH borrowers paying in excess of 14% interest
- Average interest rate 11.8%
- 70% had home financing



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• Preservation and Improvement Strategy – Home financing, opened Spring, 2002

- 204 loans (\$7MM) in NH co-ops (to date)**
- 50% low & very low income borrowers**
- Built-in secondary mortgage market with six NH banks**

Goals: Produce, manage, sell and increase other lender participation. To date: USDA 504 and NHHFA First-time Home Buyers for co-op members!

“Travel trailers morphed into permanent housing without any evolution of the underlying business models.”



New Affordable Housing Production Resource

Of the 500,000 affordable units produced between 1997 and '99, 69 percent are mobile units. And, 2/3 of those do not include ownership of land.

- Joint Center for Housing Studies

The manufactured home industry...has been doubtless the fastest part of productivity growth in this country. And that has been a significant factor in getting available homes at all levels.

- Alan Greenspan (CNN)



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Pepperidge Woods

Major Elements

1. New detached single-family production
2. High-density
3. Conventional residential financing
4. Converts to resident-owned community
5. Energy efficient and ‘environmentally sensitive’

Other States

- ~ Body of published works
- ~ Resources in some states

But, too few!

~ CFED's  cfed.org

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