

Contact: Monica Farrier  
[monica@monicafarrier.com](mailto:monica@monicafarrier.com)  
231/675-5305

October 31, 2023

## How Manufactured Homes Can Help to Solve Michigan's Housing Crisis

Michigan's housing shortage has home seekers and community leaders alike exploring every possible solution. According to Traverse City-based nonprofit Housing North, the 11-county area it serves is short by 8,813 rental units and needs 22,455 for buyers, and other sources estimate a state-wide shortage of a whopping 190,000 housing units. With such staggering numbers, homes of every kind are urgently needed to address the housing crisis. This includes single-family, multifamily, duplexes, apartments, condominiums, and models of shared housing such as accessory dwelling units and cooperative housing. But in considering the options there is one that stands out in its ability to provide homes faster, more efficiently, and at a lower cost than the rest – manufactured housing.

The process makes perfect sense. Manufacturers purchase materials in volume, and due to economies of scale, they are able to obtain them at lower costs than what is available to builders who purchase smaller quantities. Homes are professionally designed and built according to plan in a temperature-controlled, indoor environment where they are protected from the elements and weather-related damage. A manufacturing process that has been perfected over time virtually eliminates waste and ensures consistent quality. The result is a modern home that is built to the federal HUD Code, so homeowners can be assured that energy efficiency, insulation, wind resistance, snow load, and other safety and construction standards have been met or exceeded.

While the cost of construction materials is rising for all segments of the housing industry, the cost of manufactured housing remains on the low end of the spectrum. As a result, it is still possible to purchase a manufactured home for under \$100,000, though the price of the home itself is only part of the overall cost. The home will then need to be moved, either to private land or to a manufactured home community.

Here in northern Michigan, many manufactured homes are placed on private land. Rob Temple of Bob's Modern Homes in Gaylord says that about 95% of the homes he sells go to private land.

He offers his customers an estimate worksheet to help them determine expenses associated with site prep on their land, which may include permits, tree removal, excavation, well and septic, and utility hookups. Additional costs such as insurance and property taxes also need to be considered when estimating the total cost of home ownership.

Some of these costs are covered by lot or site rental fees when homeowners choose to live in a land-lease manufactured home community instead. Homeowners buy the home but rent the land under it. Lot rent amount and services covered vary from one community to another, but rent may cover costs such as property taxes, groundskeeping, some maintenance and utilities, snow and trash removal, and community amenities. Many communities can also assist with the purchase or rent of a home for those who wish to live there, and may also be able to help new residents secure financing.

Whether the choice is private land or a manufactured home community, it's important to note that manufactured homes are designed to stay where they are once placed. "I think there is still this perception that they can be moved," says Kim Scott, Senior Vice President of Cambio Communities. She adds that having the ability to move a home from place to place used to be a selling point, but this is no longer the case. The misperception reflects a lingering association of manufactured homes with the mobile homes of the past. The terms "manufactured home," "mobile home," and even "house trailer" continue to be used interchangeably sometimes, adding to the confusion.

In reality, both the terminology and the building practices have changed over time. Technically, "mobile home" refers to those homes constructed prior to June 15, 1976, when the term "manufactured home" replaced it. At that time, the more stringent HUD building codes were adopted. While it is possible to move a manufactured home today, the costs can be \$10,000 or significantly more.

The relative permanence of a manufactured home lends greater importance to thinking long-term when deciding where to live than might be necessary if it were, in fact, mobile. Since owning a home in a land-lease community involves the placement of a valuable asset on someone else's land, lot rent and terms should be carefully considered. Rent in communities surveyed for this article ranged from \$400-\$700 or more per month. These fees may or may not be competitive or affordable relative to other options when all costs are factored in.

Perhaps the greater concern is whether or not residents can be assured of any limits on future lot rent increases. Some land-lease communities have come under scrutiny recently in the media, particularly in cases where investors purchase an existing community and then raise rents significantly. Residents may then be forced to pay the higher rates, absorb the costs of moving, or even abandon their homes if they are unable or unwilling to pay.

There are other community ownership models to consider. Organizations such as ROC USA help community residents form cooperatives that then purchase the land under their homes, giving them more control over costs and services in their communities. As manufactured homes continue to gain in popularity, it will be interesting to see what new models of community ownership and design may evolve to serve residents and their changing needs and preferences.

Despite the relative affordability of manufactured homes, the industry faces some challenges in reaching its true potential, most notably overcoming the cultural stigma associated with mobile homes and parks. Images of run-down mobile homes and poorly maintained parks linger in the public imagination. “I think there are a lot of misconceptions and misunderstandings about manufactured housing, says Yarrow Brown, Executive Director of Housing North. “If we can get around the preconceived ideas about manufactured homes and be able to introduce them into communities, it’s going to be one of the only ways to solve housing (needs),” she says.

Resistance to manufactured homes comes in the form of pushback from neighbors and restrictive zoning policies that exclude manufactured homes from existing communities and keep new manufactured housing communities from being built. There can be other challenges too. Limited financing options may offer unfavorable terms and high interest rates, and buyers may find difficulty getting financing at all. And negative connotations associated with mobile homes and trailer parks persist, though the need for housing is causing many people to look at manufactured housing through a fresh lens, one that is more open to possibility. The silver lining of the housing crisis may be its ability to force positive change, shift perceptions, and remove barriers that get in the way of providing housing solutions.

“Michigan is facing the same housing supply and affordability crisis as the rest of the country is facing – perhaps even worse, says John Lindley, President and CEO of the Michigan Manufactured Housing Association. “These crises are only going to be met through an ‘all of the above’ approach. We need more site-built single-family homes. We need more multi-family housing such as apartment buildings. And we need more manufactured housing communities

and manufactured and modular homes being used on private land. Manufactured housing provides some of the most affordable housing and attainable homeownership opportunities available.”

####

*Monica Farrier is a freelance writer based in Petoskey, Michigan*