



Adapting Business Models to Bring Affordable Housing to Scale

Summary

The Cordell Oaks subdivision is located in Guadalupe County, Texas, in the San Antonio metropolitan area. As its population continues to grow, home prices continue to increase. The metro area population of San Antonio in 2021 is 2,368,000, which is a 2.07% increase from 2020.¹ During the 12-month period ending July 2020, the average sales prices for new and existing homes increased 5%.² The city of New Braunfels is the second largest city in the area and 30 miles northeast of the city of San Antonio. The military has a large presence in the area, and its effect on the local economy is significant.

The homebuilder who developed this community has extensive retail sales experience in manufactured homes. This builder chose MH Advantage-eligible homes to offer affordable housing with prices substantially below comparable homes in the area. The resulting Cordell Oaks subdivision features 21 one-acre lots and serves as the first full MH Advantage-eligible community in Texas.

The home prices start at \$201,995, and the floor plans feature open layouts, asphalt driveways, and a standard 384-square foot garage. Offers for similar site-built homes on an acre of land currently sit at a \$300K price-point in that area. The community's design accommodates homebuyers looking for affordable but quality living. As of Q2 2021, all of the lots which will feature MH Advantage-eligible homes have been pre-sold, with the home shipments being fulfilled throughout the year.

The sales model is to build an entire move-in-ready product for buyers. Buyers do not deal with any subcontractors, and the price they are presented includes all improvements, land, the garage and the home. They are also able to go under contract on homes that are "to be built," but the closing occurs when the home is complete. This is different from the sales process at traditional MH retailers.

¹"San Antonio Metro Area Population 1950-2021," Macrotrends, accessed July 6, 2021, <https://www.macrotrends.net/cities/23128/san-antonio/population#:~:text=The%20current%20metro%20area.>

²"Comprehensive Housing Market Analysis, San Antonio–New Braunfels, Texas," U.S. Department of Housing and Urban Development, Office of Policy Development and Research, accessed July 6, 2021, [https://www.huduser.gov/portal/publications/pdf/SanAntonioNewBraunfelsTX-CHMA-20.pdf.](https://www.huduser.gov/portal/publications/pdf/SanAntonioNewBraunfelsTX-CHMA-20.pdf)



Development Team

Spark Homes is a small homebuilding company that specializes in offering MH Advantage-eligible homes.³

Manufacturer

The company orders homes from Champion Home Builders, a manufactured home company that operates as a subsidiary of the Skyline Champion Corporation.

The Community Model Offerings



Model Option 1



Model Option 2



Model Option 3

Key Takeaways

Partnership with the right lender was the key to this project's success. A homebuilder designed this community to become a pilot program to showcase a few MH Advantage-eligible model homes to local municipalities. The goal was to continue developing similar subdivisions in the area. Prior MH sales experience allowed this homebuilder to quickly understand the financing benefits of MH Advantage and collaborate with the right stakeholders to serve this community. The company established a buyer-friendly home sales process, which allowed homebuyers to coordinate the additions of garages or carports directly with a contractor who specialized in building these add-on features. Early in the development process, the builder partnered with a lender knowledgeable in MH Advantage financing, which helped many potential homebuyers obtain conventional financing for their future homes. By collaborating with key partners early in the development process, the homebuilder enabled homebuyers to efficiently select, finance and build the homes eligible for MH Advantage financing.

The builder also found the right MH Advantage-eligible models best suited for his community and coordinated an efficient delivery schedule of those homes with the manufacturer. As a family-owned small business, the developer enabled lean but efficient processes that translated into additional cost savings for his company. The builder is already looking into new development opportunities in the area.

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³“Manufactured Homes for Sale in New Braunfels, Texas,” Spark Homes, accessed July 6, 2021, <https://www.sparkhomestexas.com/>.