

# Incorporating Manufactured Housing into the Builder Model

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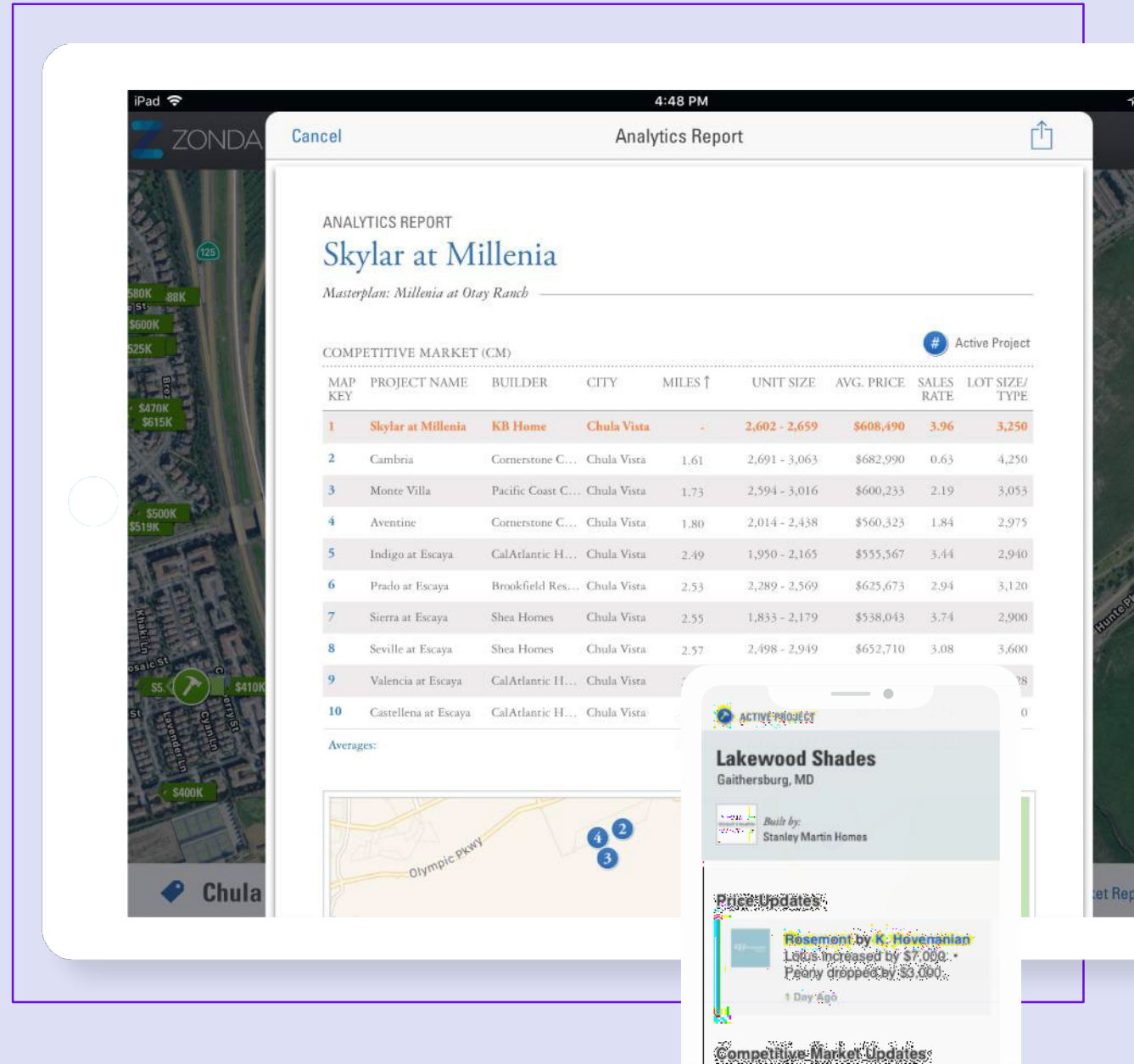
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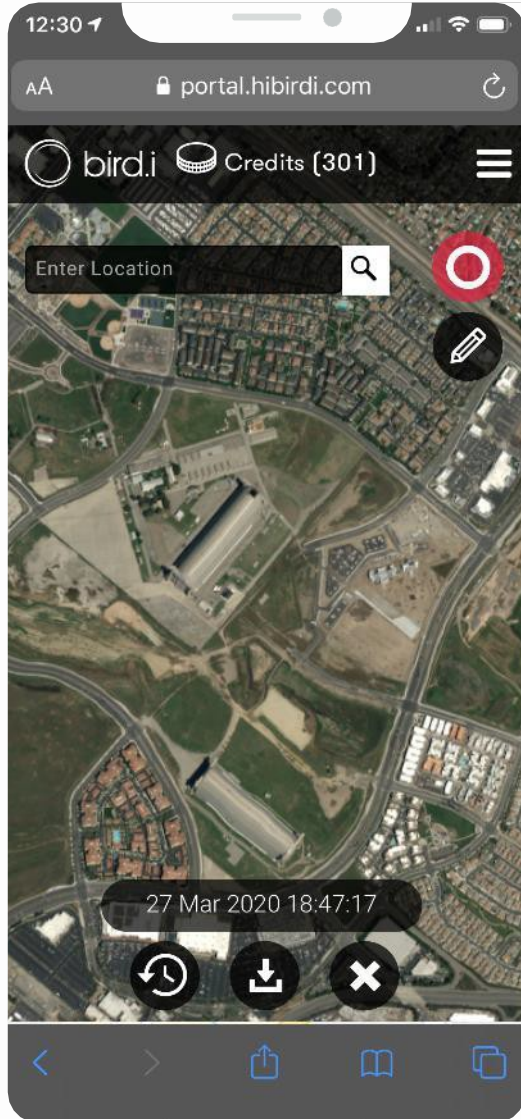
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## UPCOMING EVENTS

# Join Us This Fall

### Builder

- Future Place – October 26-27
- Builder 100 – November 2-4

### Multifamily

- Multifamily Executive Conference – September 20-October 2
- Affordable Housing Finance Summit – November 16-18

# In Collaboration with

Fannie Mae®

MetroStudy collaborated with Fannie Mae® to produce this presentation. Fannie Mae partners with lenders, builders, developers, and other industry stakeholders to help create housing opportunities for families across the country. Fannie Mae is driving positive changes in housing finance to make the home buying process easier while reducing costs and risks.



Fannie Mae®

[fanniemae.com/manufacturedhomes](https://fanniemae.com/manufacturedhomes)

# Today's Agenda

1. What is MH Advantage®?
2. Housing Affordability
3. COVID-19 and Single Family Housing
4. Top Markets
5. Opportunities with MH Advantage Qualifying Homes
6. Market Snapshots
7. Final Thoughts



# What is MH Advantage?

[fanniemae.com/manufacturedhomes](https://fanniemae.com/manufacturedhomes)

## Disclaimer

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# What is Fannie Mae

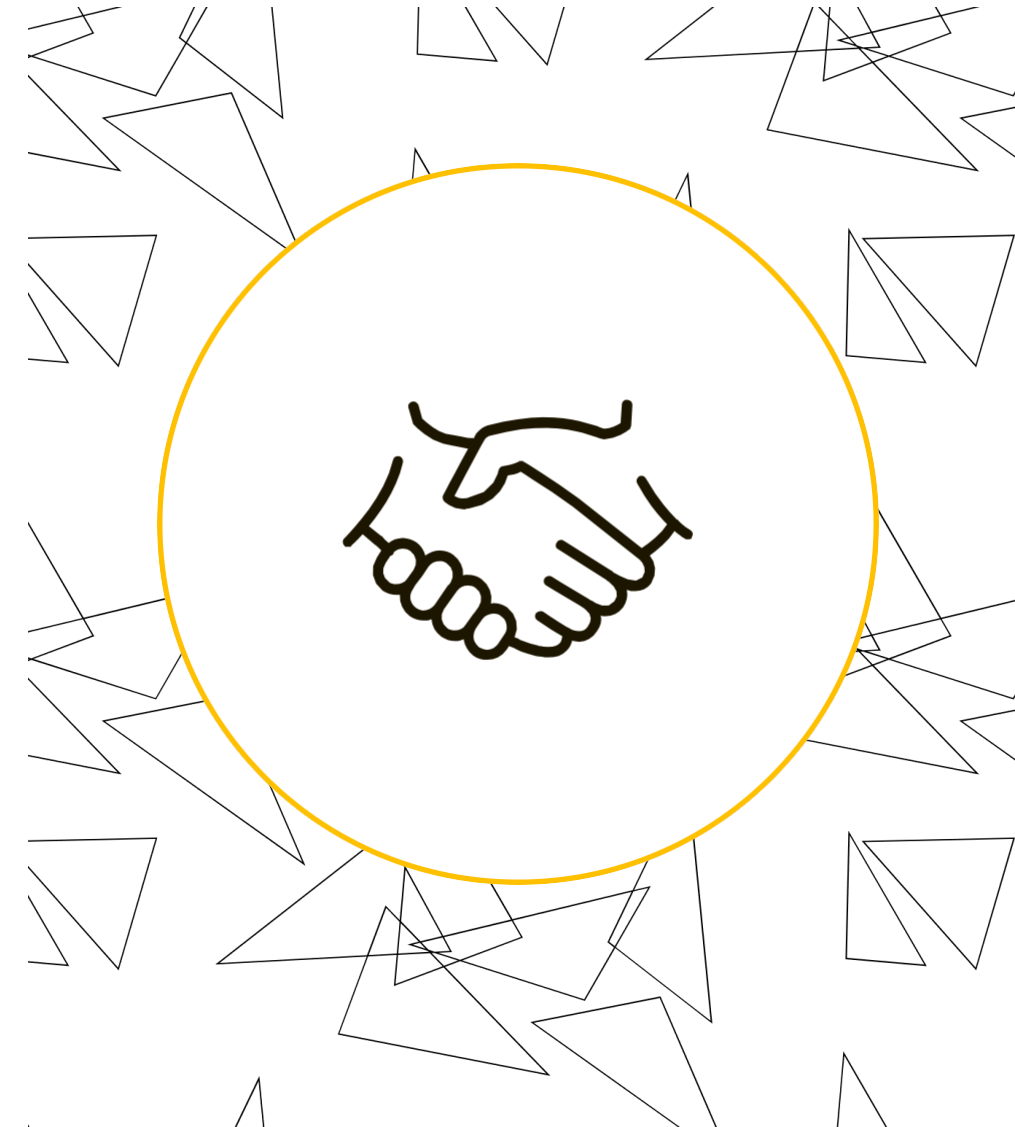
Fannie Mae is a corporation created by Congress tasked to provide liquidity to residential mortgage lenders by purchasing loans, so they can use those funds to make more loans to provide housing for consumers

Fannie Mae **does not make loans**

Fannie Mae **sets standards** for mortgage loans it will purchase

Fannie Mae is reported to be **the largest single purchaser of “conforming” loans** every year

Fannie Mae is a market leader in **financing for multifamily properties**



# MH Advantage is a potential solution to the shortage in affordable housing stock.



## What is MH Advantage?

An affordable mortgage financing option for specific (HUD certified) manufactured housing with characteristics more typical of site-built homes.



## Financing similar to site-built

- Down payment as low as 3%
- Funds for down-payment and closing costs can come from multiple sources, including gifts and grants
- Cancellable mortgage insurance for long-term affordability

## What is MH Advantage?

# Design Features of MH Advantage Qualifying Homes

- ❑ Must be double-wide or larger homes.
- ❑ Roof pitch of 4/12 or greater depending on the area, does not apply to triple wide
- ❑ Eaves that are 6 inches or greater (which may be eaves no less than 4 inches to which site-completed gutters of 2 inches or more are to be added)
- ❑ The home is designed with one of the following pairs of features:
  - ❑ Dormer(s) and Covered Porch (minimum 72 square feet); OR
  - ❑ Dormer(s) and Attached Garage/Carport; OR
  - ❑ Covered Porch (minimum 72 square feet) and Attached Garage/Carport
- ❑ Energy-efficient (overall U-Value of 0.076 or less, 2009 IECC, Energy Star®)
- ❑ A driveway leading to the home (or to the garage or carport, if one is present)
- ❑ Designed with low-profile finished floor set that does not exceed 30 inches from bottom of floor joist to the exterior grade for the front or entry elevation
- ❑ Drywall Interior walls (tape and texture)

see Selling Guide: B4-1.3-08





What is MH Advantage?

# Fannie Mae and Subdivisions

Fannie Mae does not make or purchase loans for development or construction of subdivisions.

However, we are the single largest purchaser of mortgage loans on homes located in nearly all of America's subdivisions.

## Key takeaways for developers:

- ☐ Utilize subdivision development as a way to market and sell MH Advantage qualifying homes to an affordable consumer
- ☐ Establish protective covenants and/or HOAs to ensure properties are maintained
- ☐ Make sure the homes are installed, secured and their title is converted from personal title to real property title
- ☐ More liquidity may help drive volume. Lenders now have an additional source of financing for manufactured homes, which could encourage more MH sales.
- ☐ Elevate MH perception. By providing financing terms similar to traditional mortgages, MH Advantage is positioned as a viable financial alternative to financing of site-built homes.
- ☐ Reach new audiences. Appeal of MH Advantage expands to homebuyers who may only be focusing their search on site-built homes.





# Contact Us

Thank you for your interest in partnering with us

## Headquarters:

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1100 15th Street, NW  
Washington, DC 20005

## Email interest to:

[MH\\_Notices@fanniemae.com](mailto:MH_Notices@fanniemae.com)

Attention: Mike Dixon

## MH Advantage resources:

[fanniemae.com/manufacturedhomes](https://fanniemae.com/manufacturedhomes)

# Housing Affordability

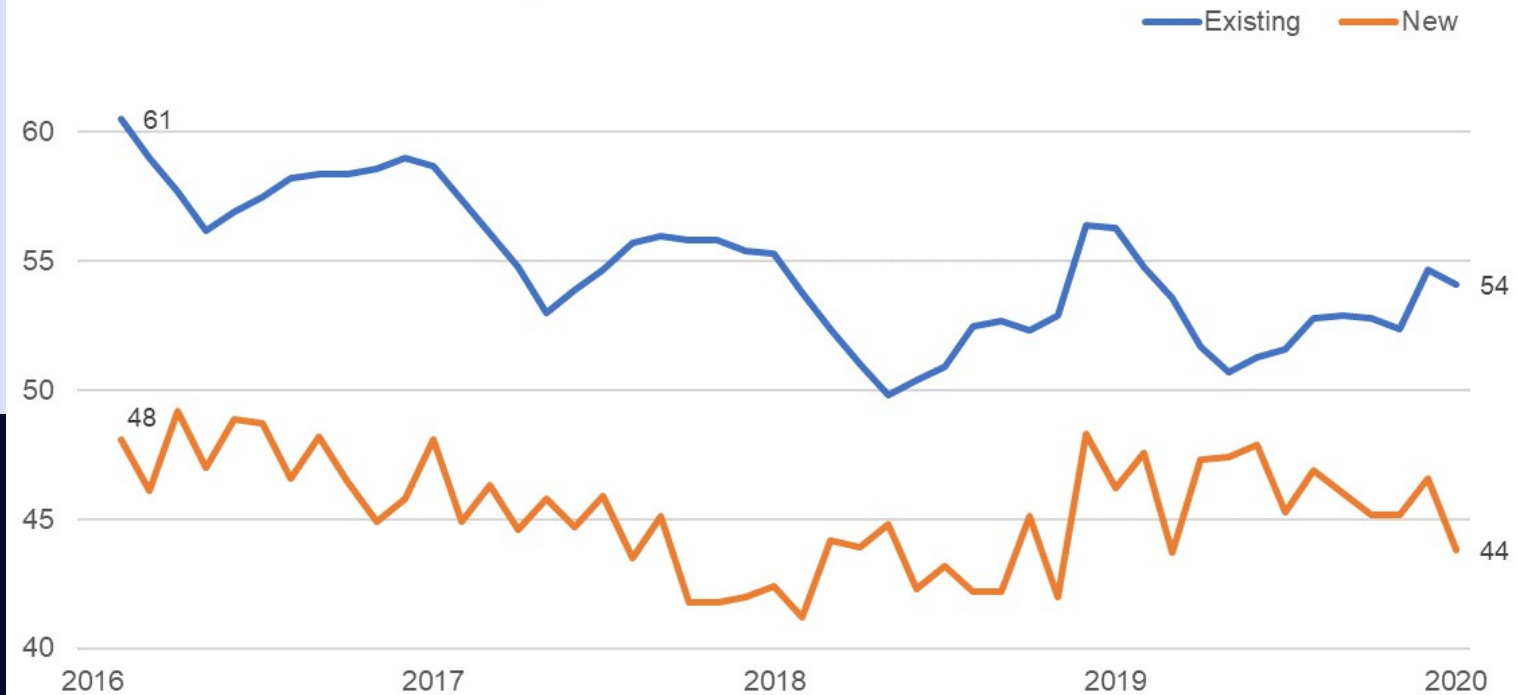


## Housing Affordability

# New Homes Have Always Been The Preference

But Affordability Is The Problem

## Historical Affordability Ratio (Percentage)

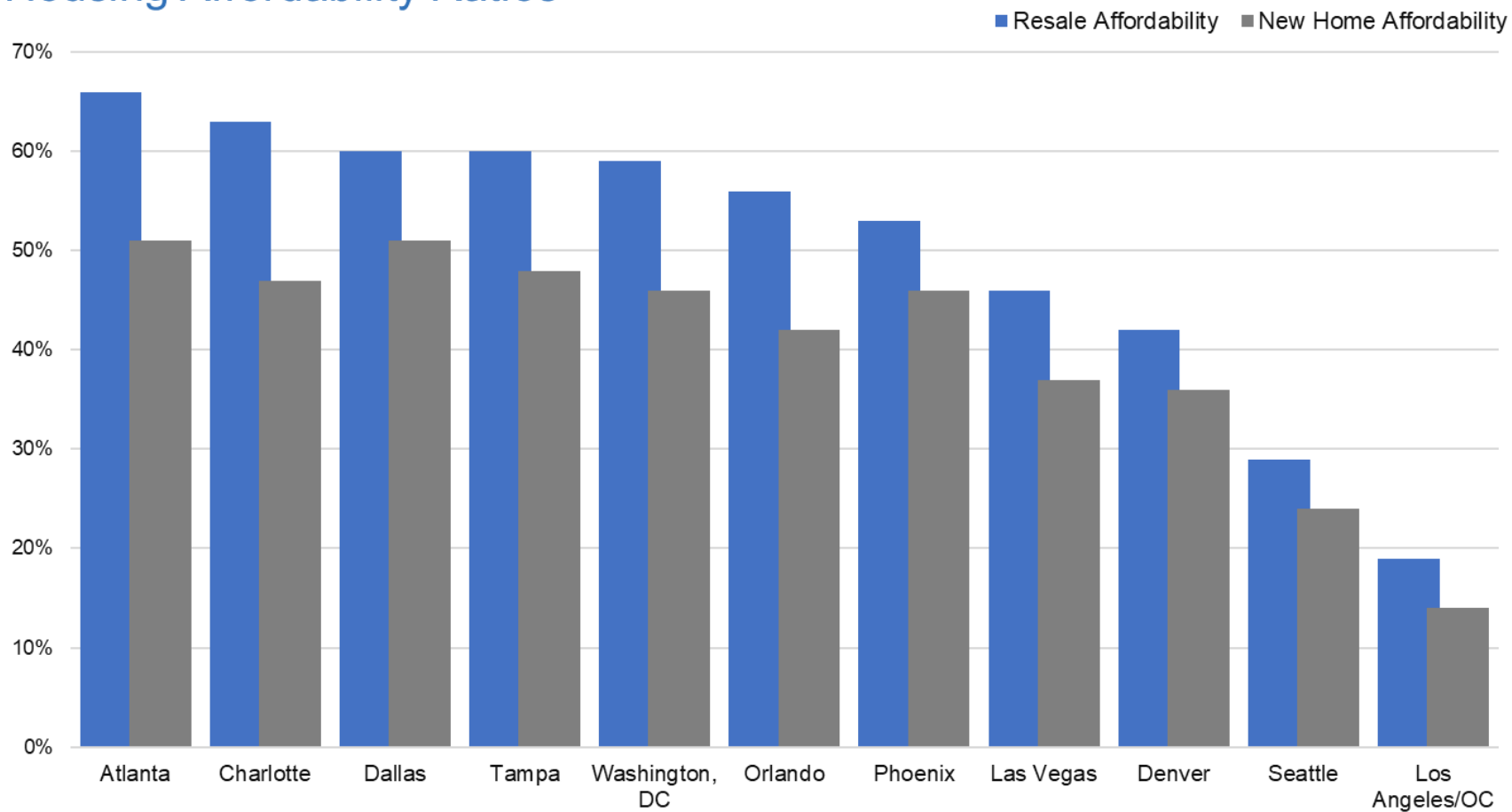


Source: US Census Bureau, Moody's Analytics; Meyers Research



# Builders Are Working On Attainability But The Spread Is Still Large

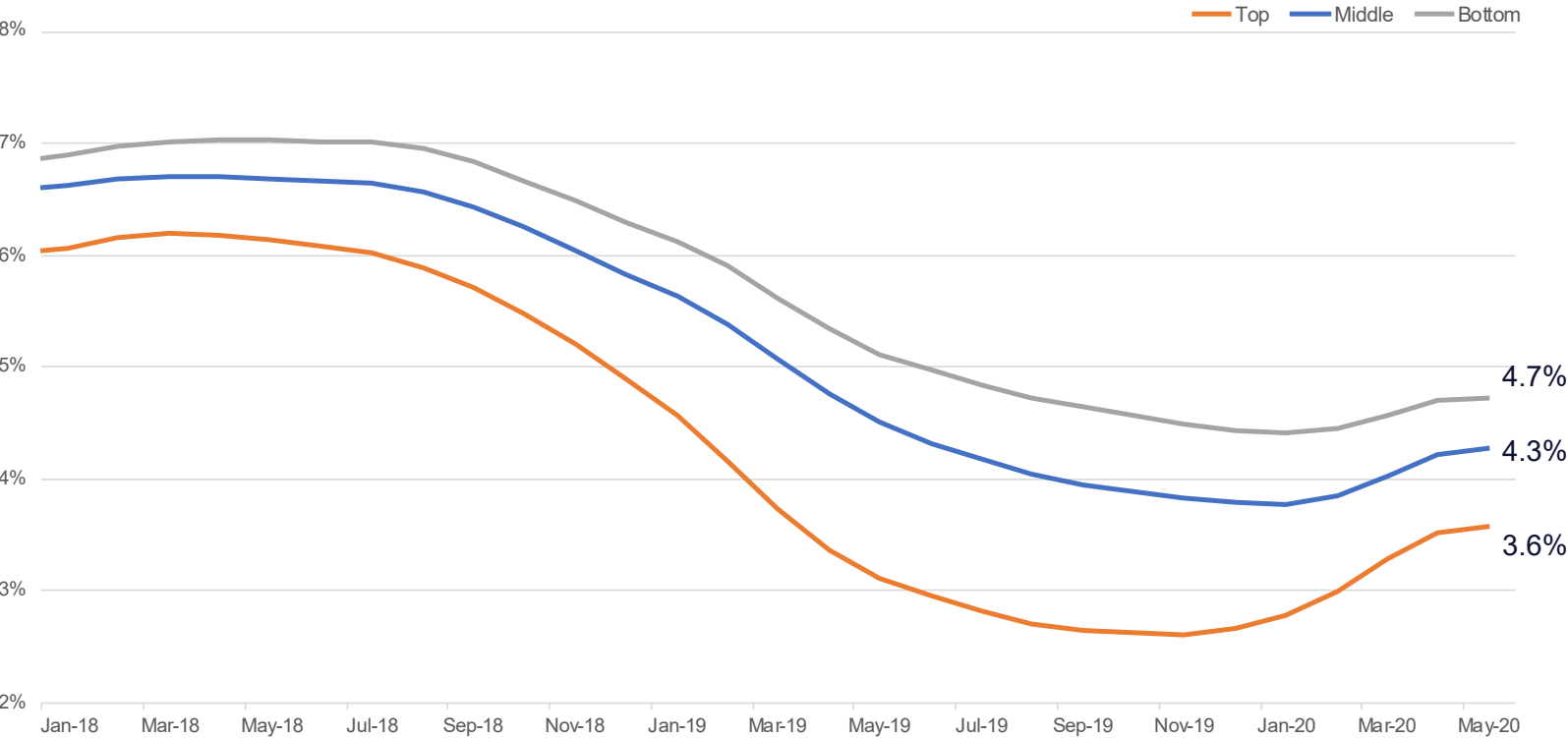
## Housing Affordability Ratios



Source: Zonda by Meyers Research

# Supply / Demand Dynamics Push Bottom Tier Price Appreciation The Most

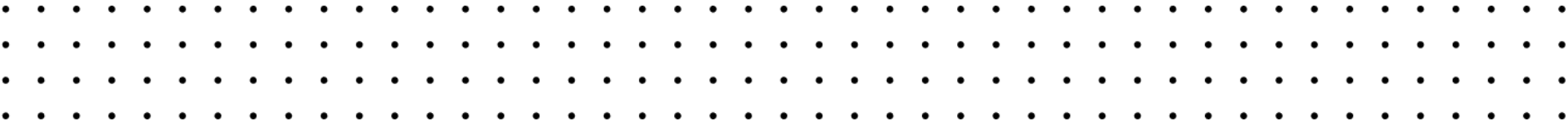
U.S. Price Appreciation by Affordability Tier (YOY Change)



Source: Zillow; Meyers Research

Metro	May-20
Las Vegas	9%
Atlanta	9%
Charlotte	8%
Dallas	7%
Austin	5%
United States	5%
Denver	5%
Washington, DC	3%
Seattle	1%
Los Angeles/OC	1%

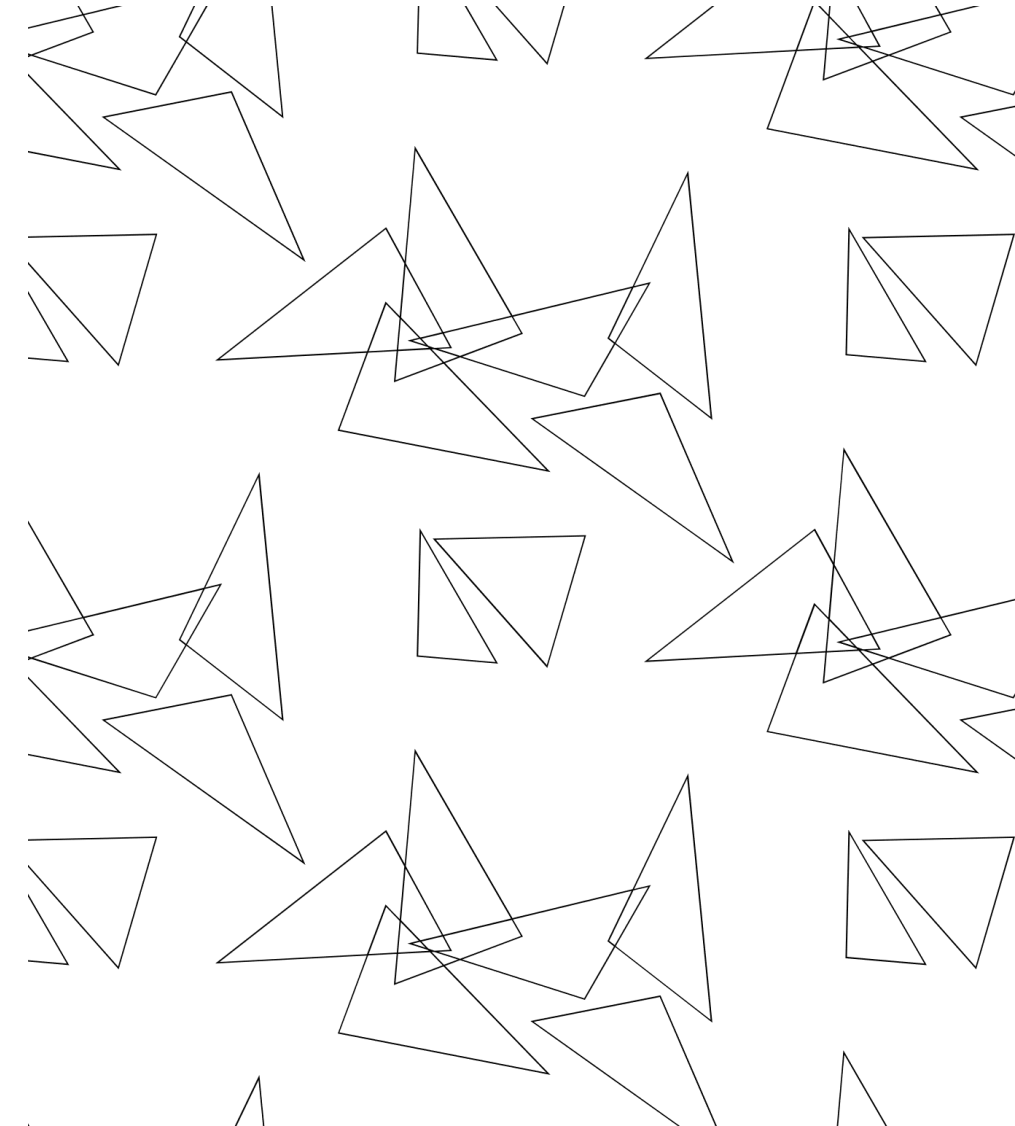
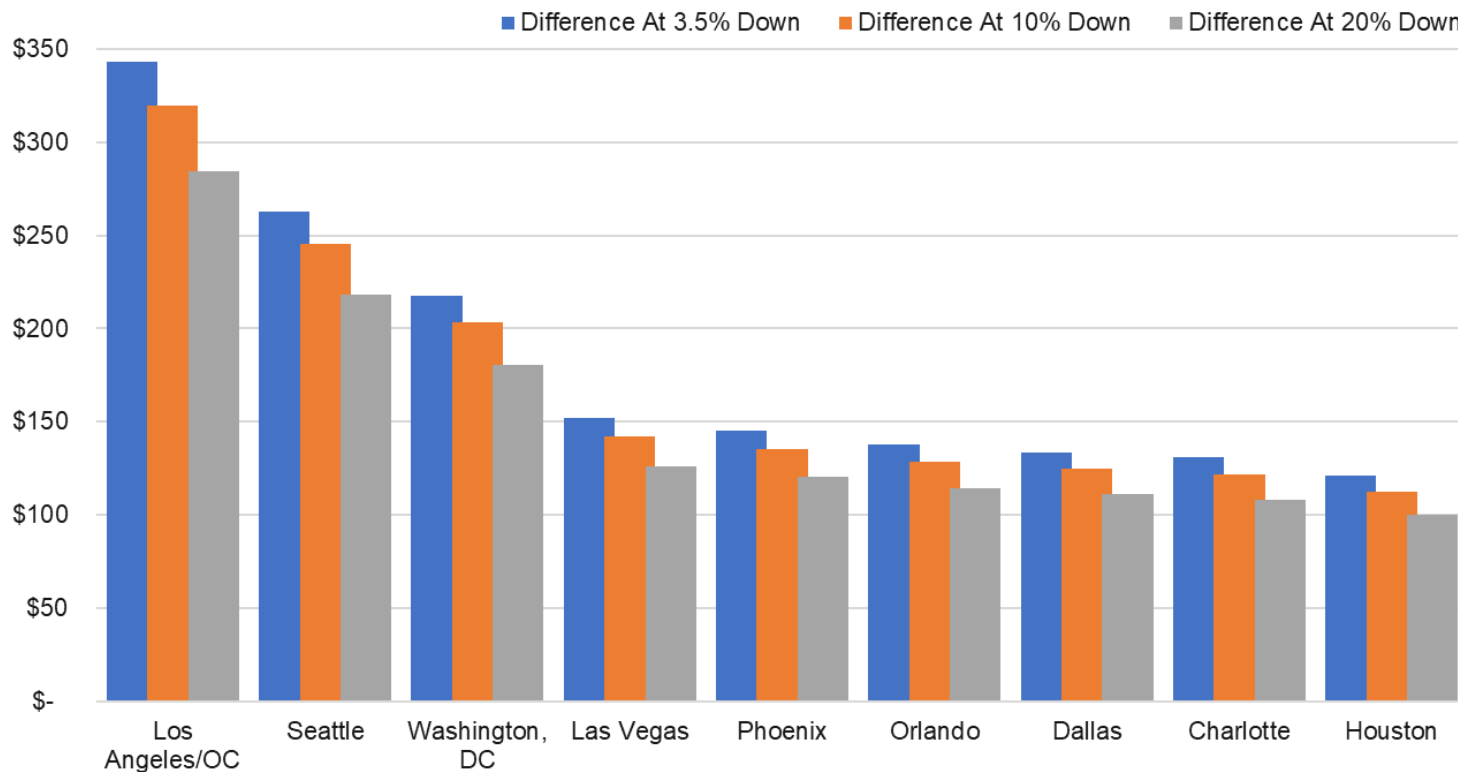
Source: US Census; Meyers Research



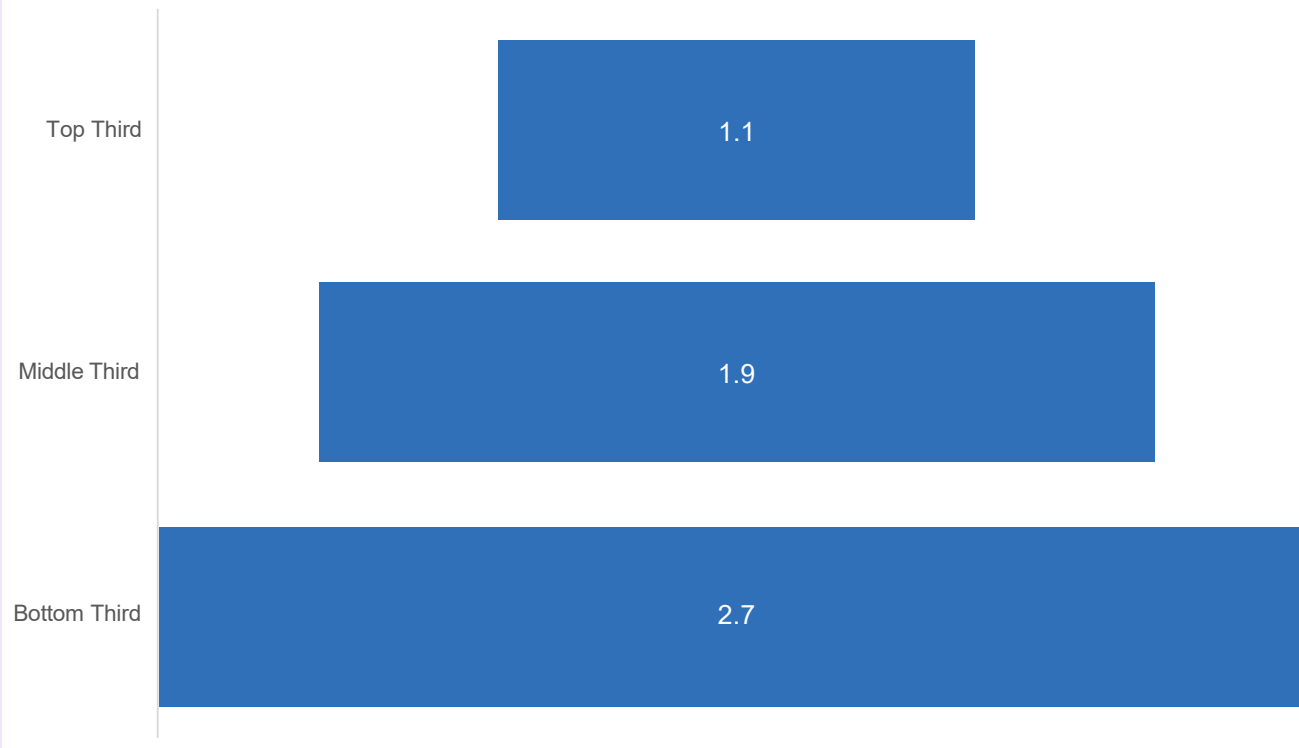
# Rates Won't Be Low Forever

And When They Increase, Lower Down Payment Buyers will be Hit Harder

## Monthly Payment Difference From 4.0% To 3.1%



### Average Sales Rate by Price Bucket

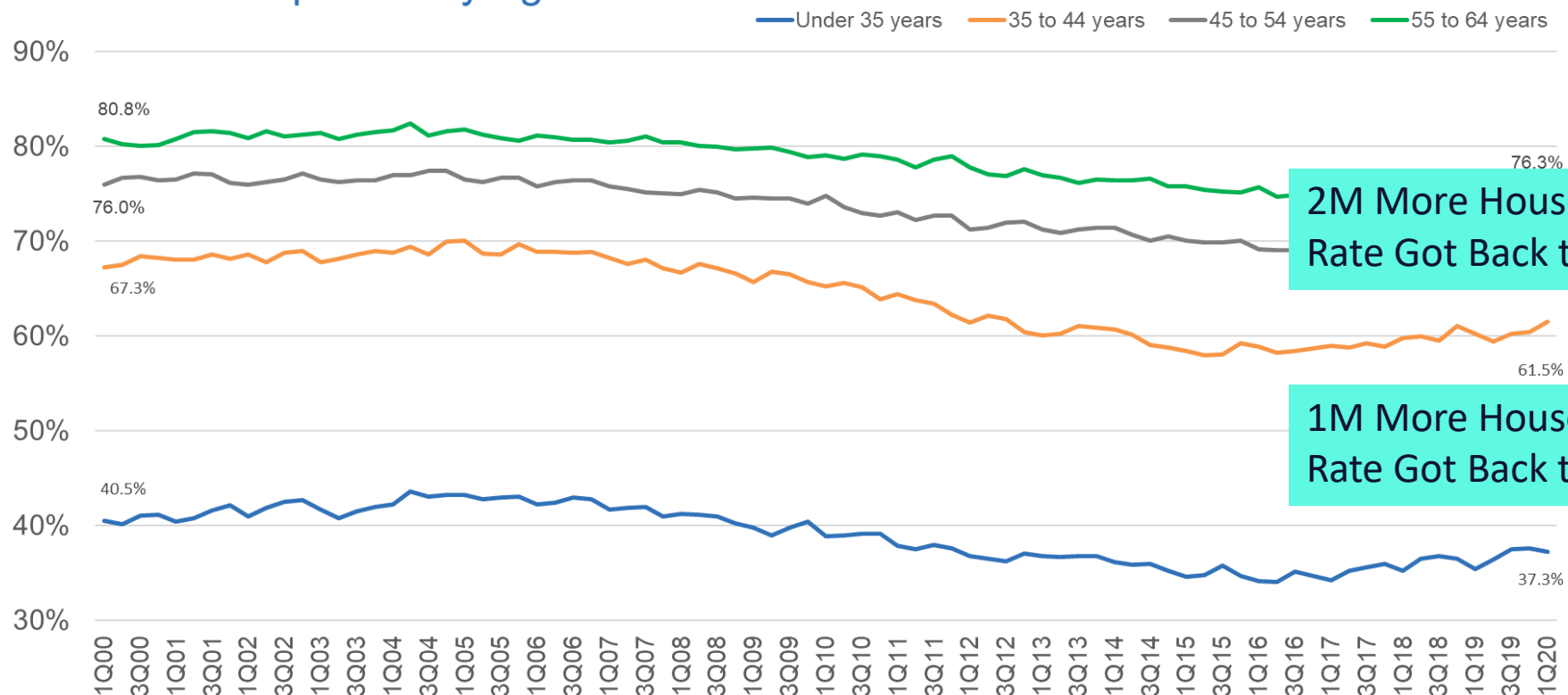


# Pre-Pandemic Lower- Priced Homes 2x1 The Most Expensive

Today, it's 3x1

# There's A Lot Of Demand Waiting On The Sidelines...

## Homeownership Rate By Age



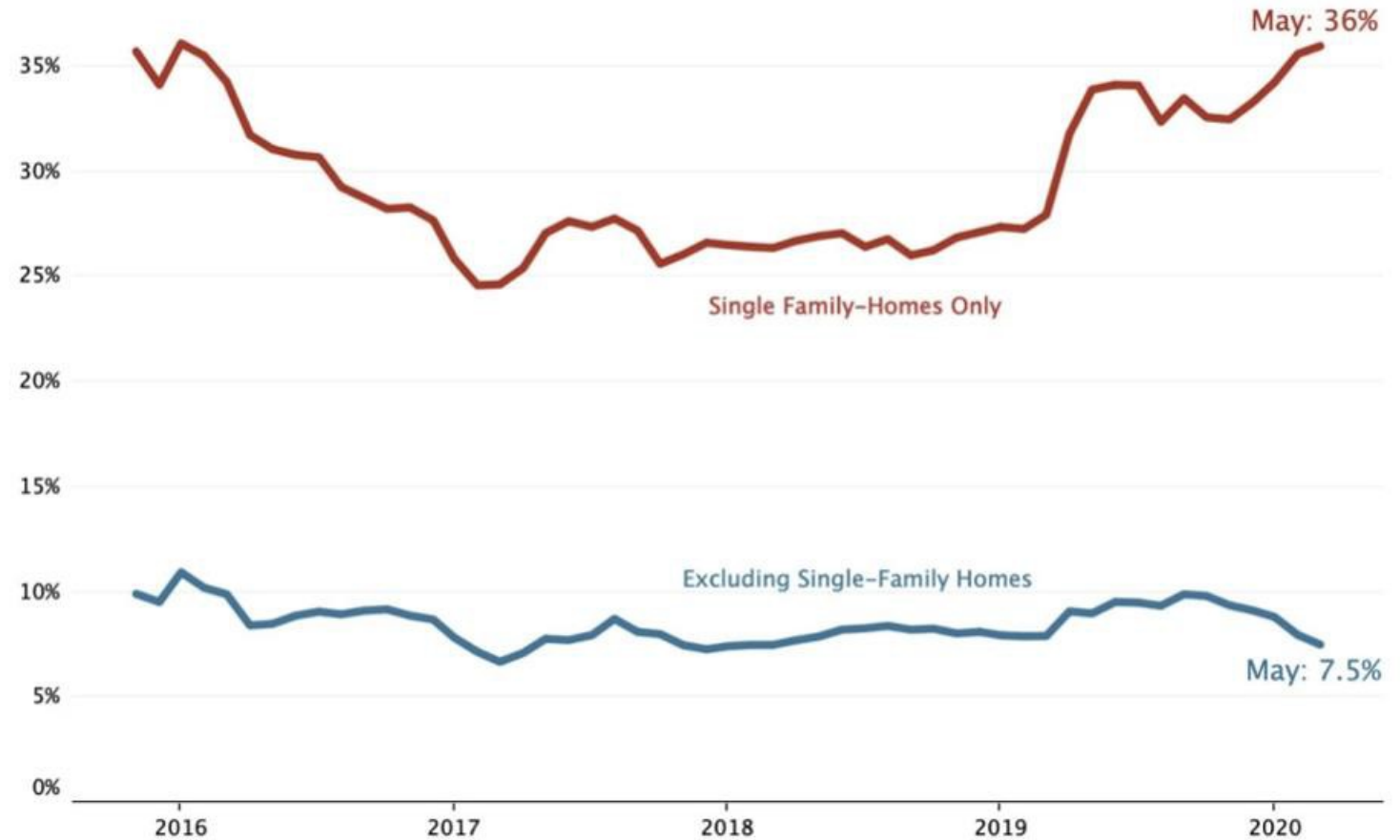
Source: US Census Bureau; Meyers Research

# COVID-19 and Single Family Housing

# Buyers Are Increasingly Looking For SF Homes

- Single-family home searches are up 28% YOY

Searches for Single-Family Homes are on the Rise  
Share of saved searches on Redfin.com



Source: User saved searches on Redfin.com

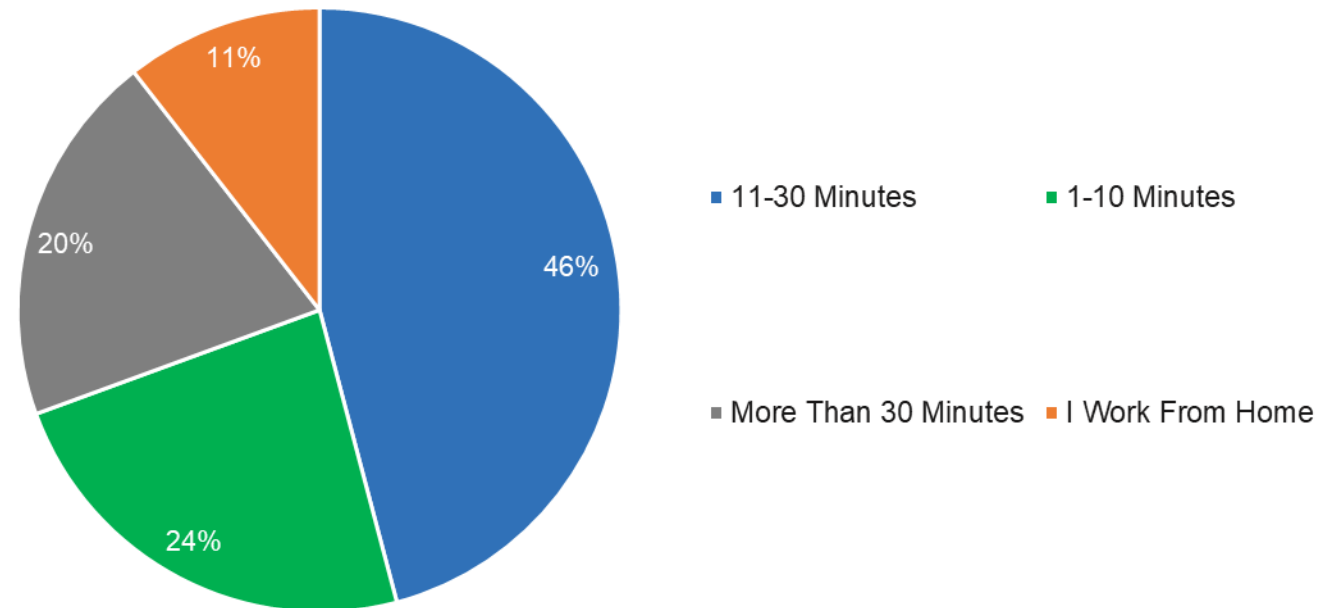
REDFIN



# Home Buyers Are Already Living In The Suburbs

Listing views in suburban ZIP codes grew 13% YOY in May, according to Realtor.com

## Millennial Commute Time

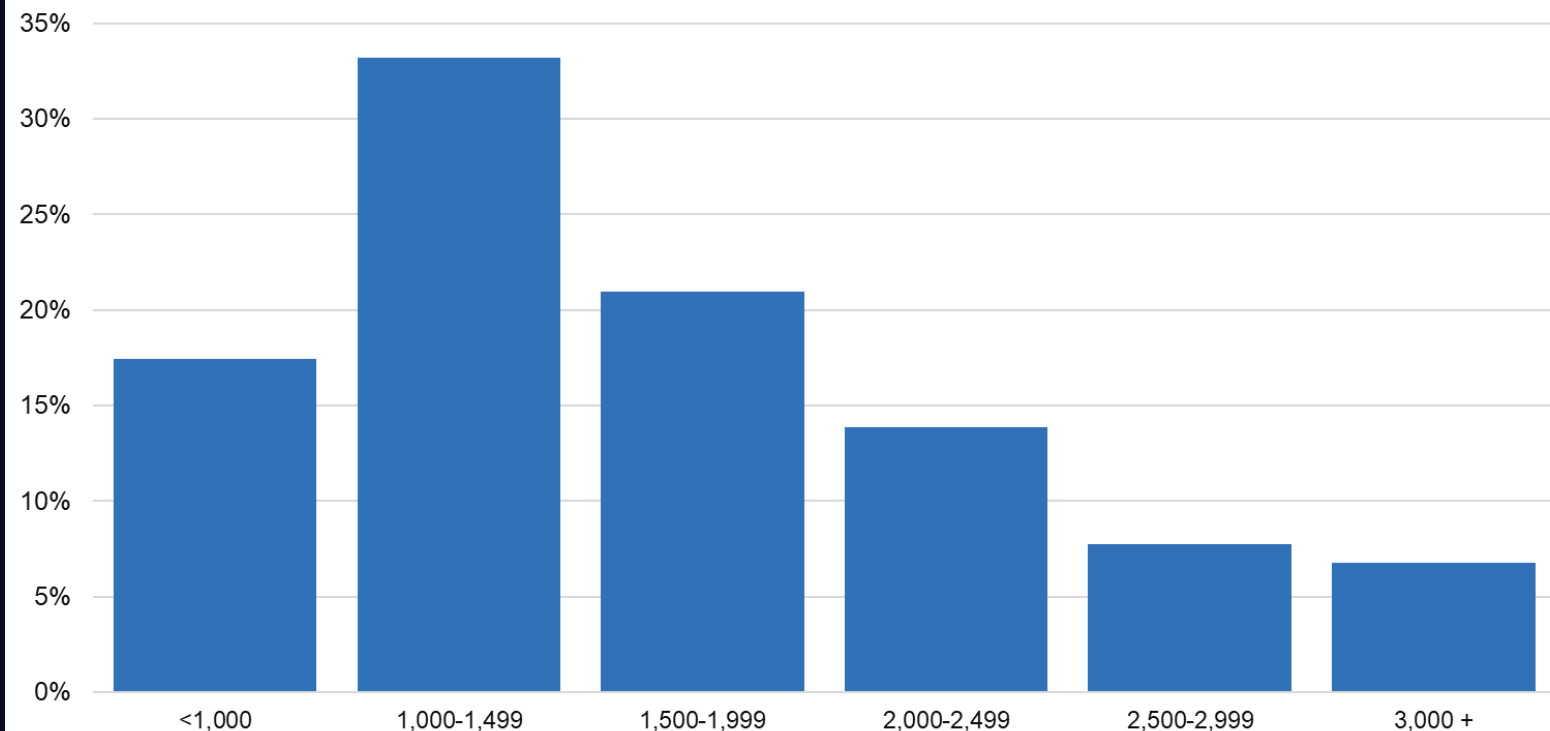


Source: Meyers Research 2020 Millennial Survey

# When There's A Will, There's A Way

72% of Millennials live in a home that is under 2,000 square feet

## If You Already Own, What Is Your Current Square Footage?



Source: Meyers Research 2020 Millennial Survey

# COVID-19 Has Shifted Some Of Our Preferences About The Home

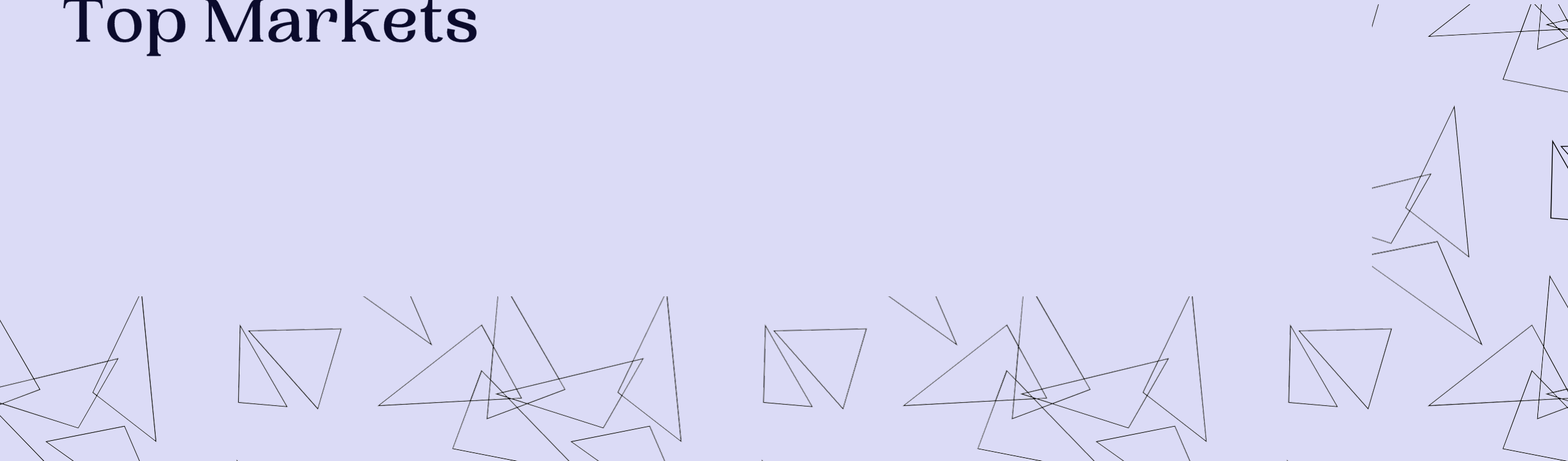
- 30% of respondents are looking for a larger home
- 29% of respondents want to live in a home with more room
- 28% of respondents want a more affordable home
- 25% of respondents are thinking about a less-dense area with fewer neighbors

Manufactured homes?

Reasons Respondents Are Likely to Consider Moving, If Given the Option to Work From Home	
Reason	% Selected
To live in a home with a dedicated office space	31%
To live in a larger home	30%
To live closer to friends and/or family	29%
To live in a home with more rooms	29%
To live in a more affordable home	28%
To live in a home with more outdoor space	27%
To live in a less-dense area with fewer neighbors	25%
To live in/nearby a vacation destination	20%
To live in a more-dense area with more neighbors	15%

Source: Zillow COVID survey; Meyers Research

# Top Markets



# Top 100 Markets

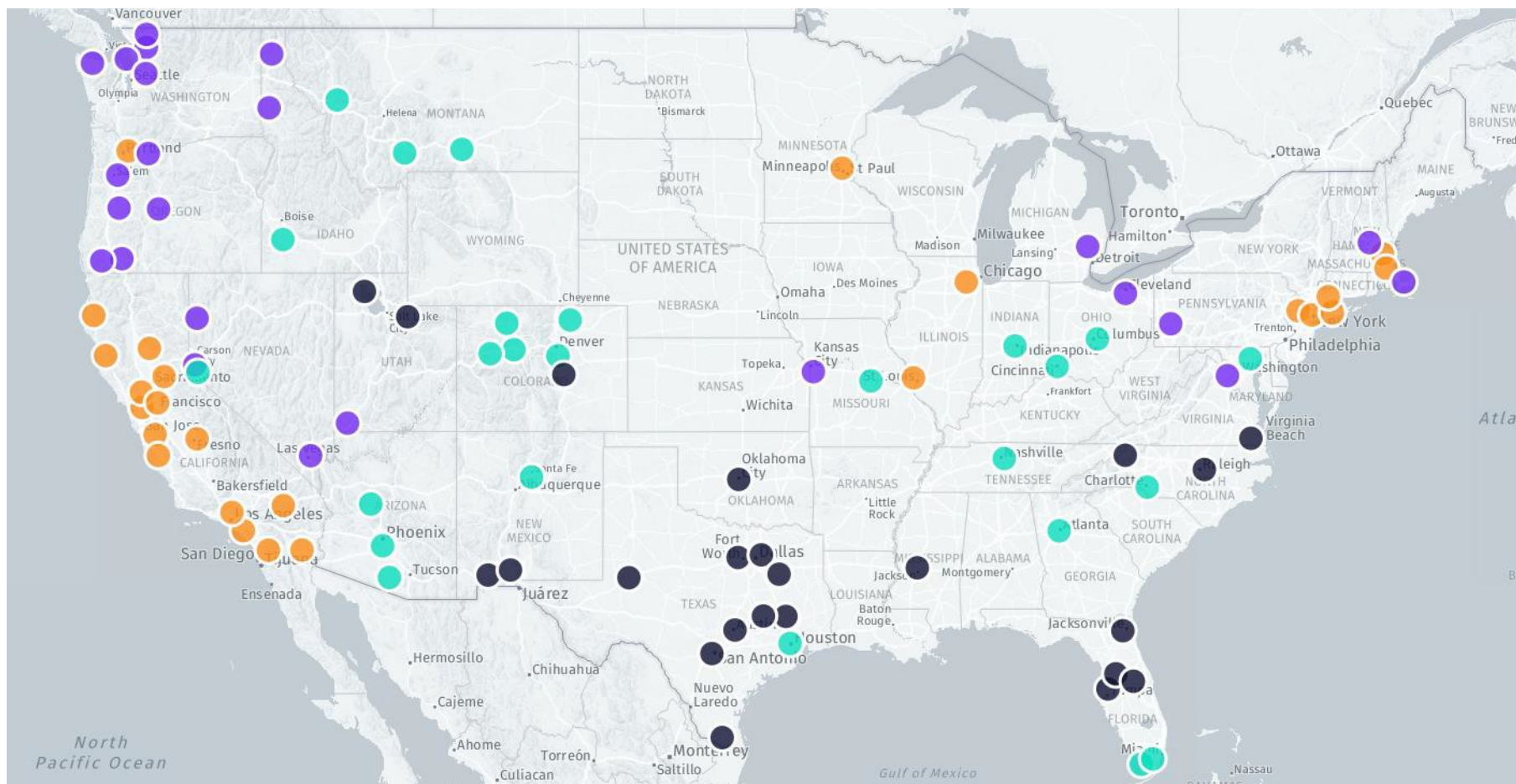
Based on Entry-Level / Affordable Housing Opportunity

Top  
25

Top  
25 to 50

Top  
50 to 75

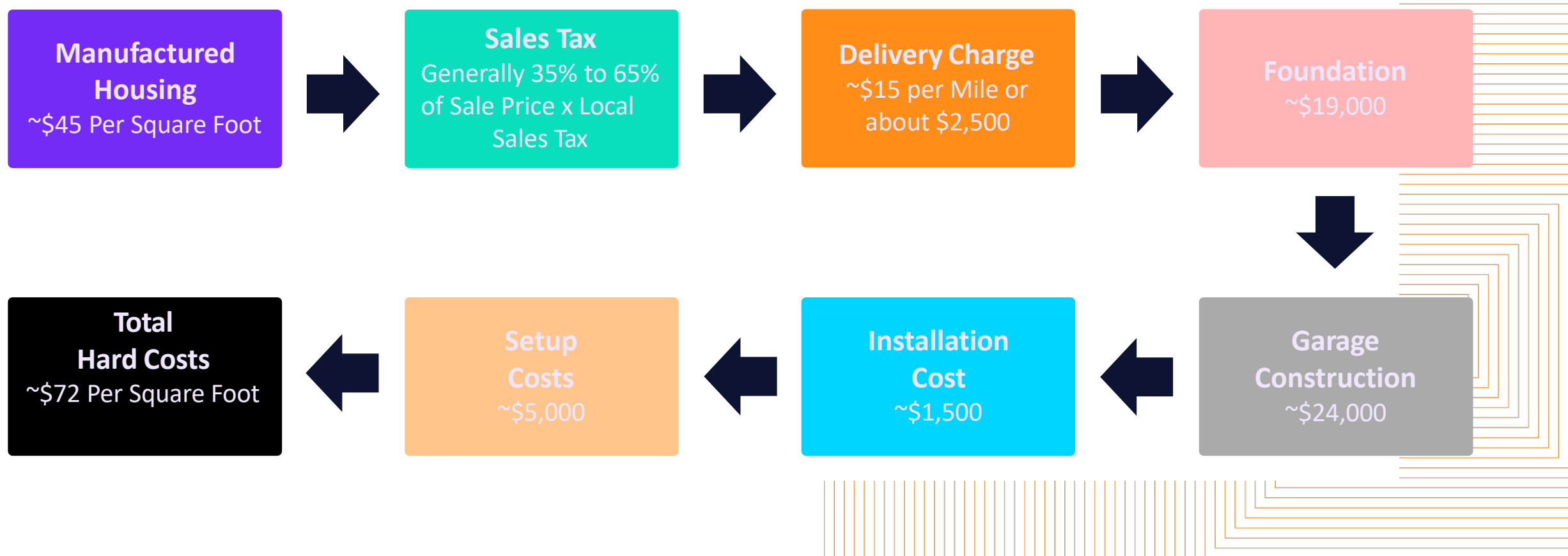
Top  
75 to 100



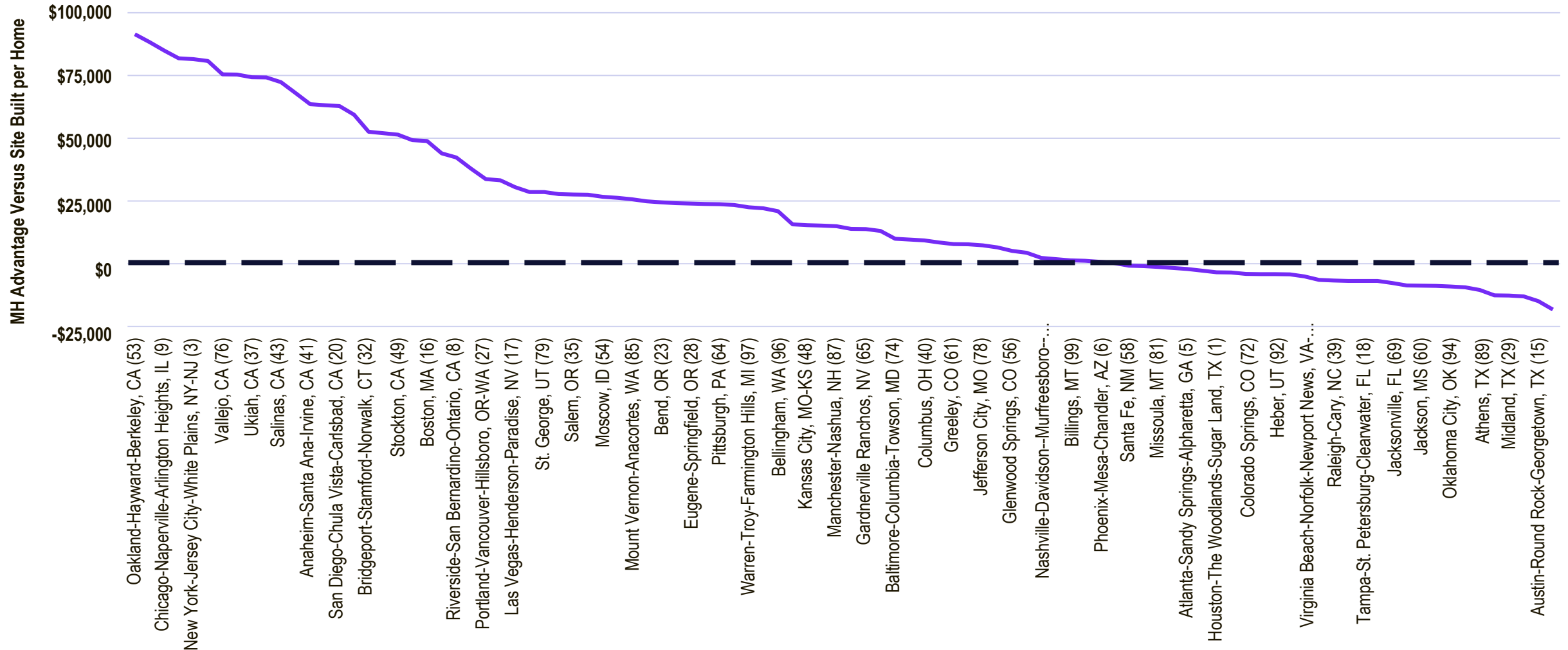
# ~\$72 Hard Costs - Break Even Point

## Site Specific Factors that are Resulting in These Hard Costs

Entry-Level; Single-Family Home; 1,800 Square Foot: Base Price of roughly \$250,000



# MH Advantage Qualifying Home Cost Vs Site Built



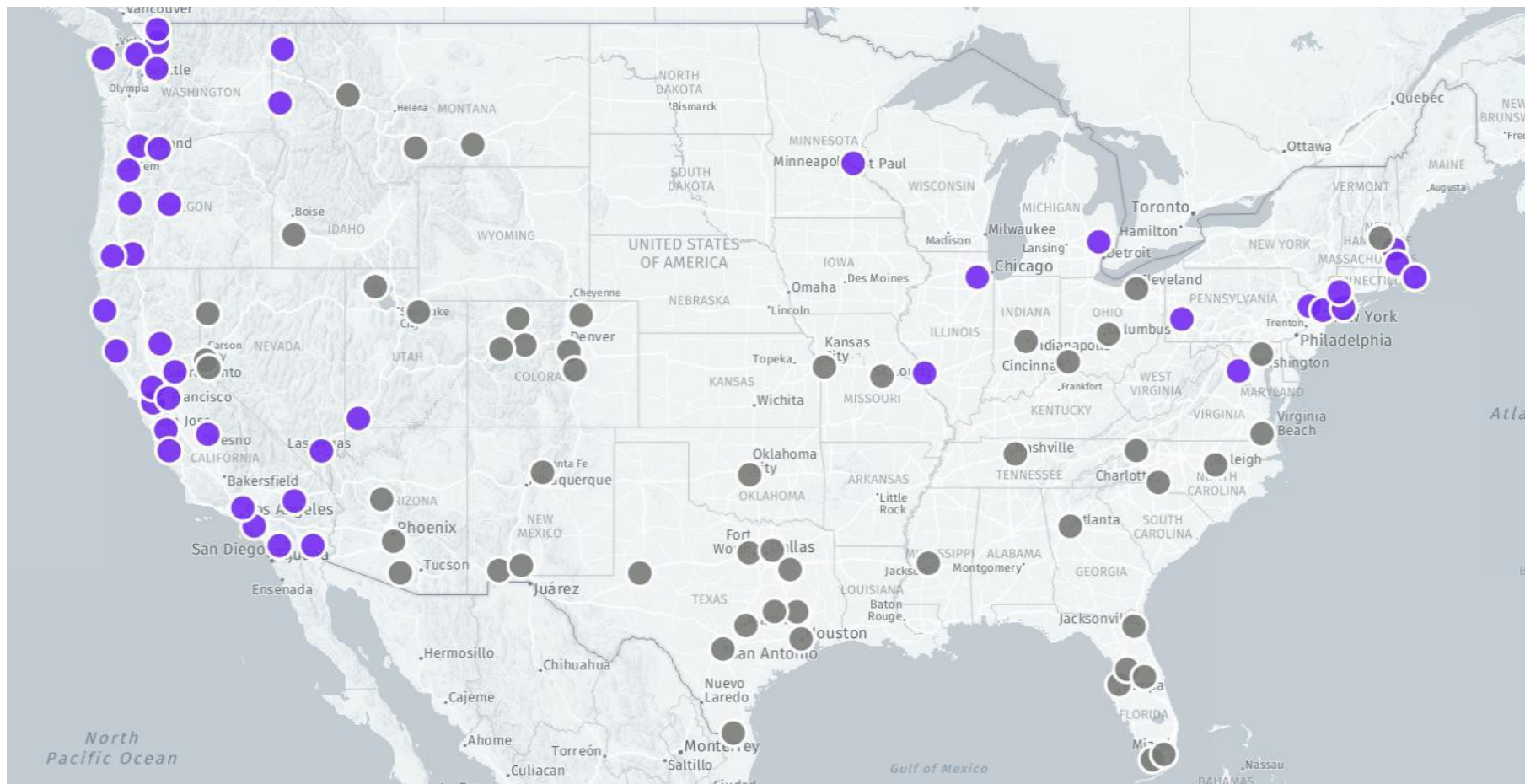


# Market Opportunity and Cost Advantage

## Based on Entry-Level / Affordable Housing Opportunity

Market  
Opportunity

Cost  
Advantage



# Sample of Top Markets

Based on Cost Opportunity

Chicago

Vallejo

Chico/Ukiah/Eureka/Santa Rosa

Salinas, CA

Fresno, CA

San Diego, CA

Bridgeport, CN

Stockton/Sacramento, CA

Columbus, OH

St. Louis

Minneapolis, MN

Las Vegas, NV

St. George, UT

Salem/Bend/Grants Pass, OR

Washington D.C.

Inland Empire, CA

# Opportunities with MH Advantage Qualifying Homes

# The Lower Costs Associated with MH Advantage Qualifying Housing Can Result In Any Combination of the Below

Increased  
Profit  
Margin

Decrease in Average  
Selling Price and the  
Associated Increase  
in Velocities

More Options  
Related to Lot Costs  
and the Associated  
Going To Market  
Price

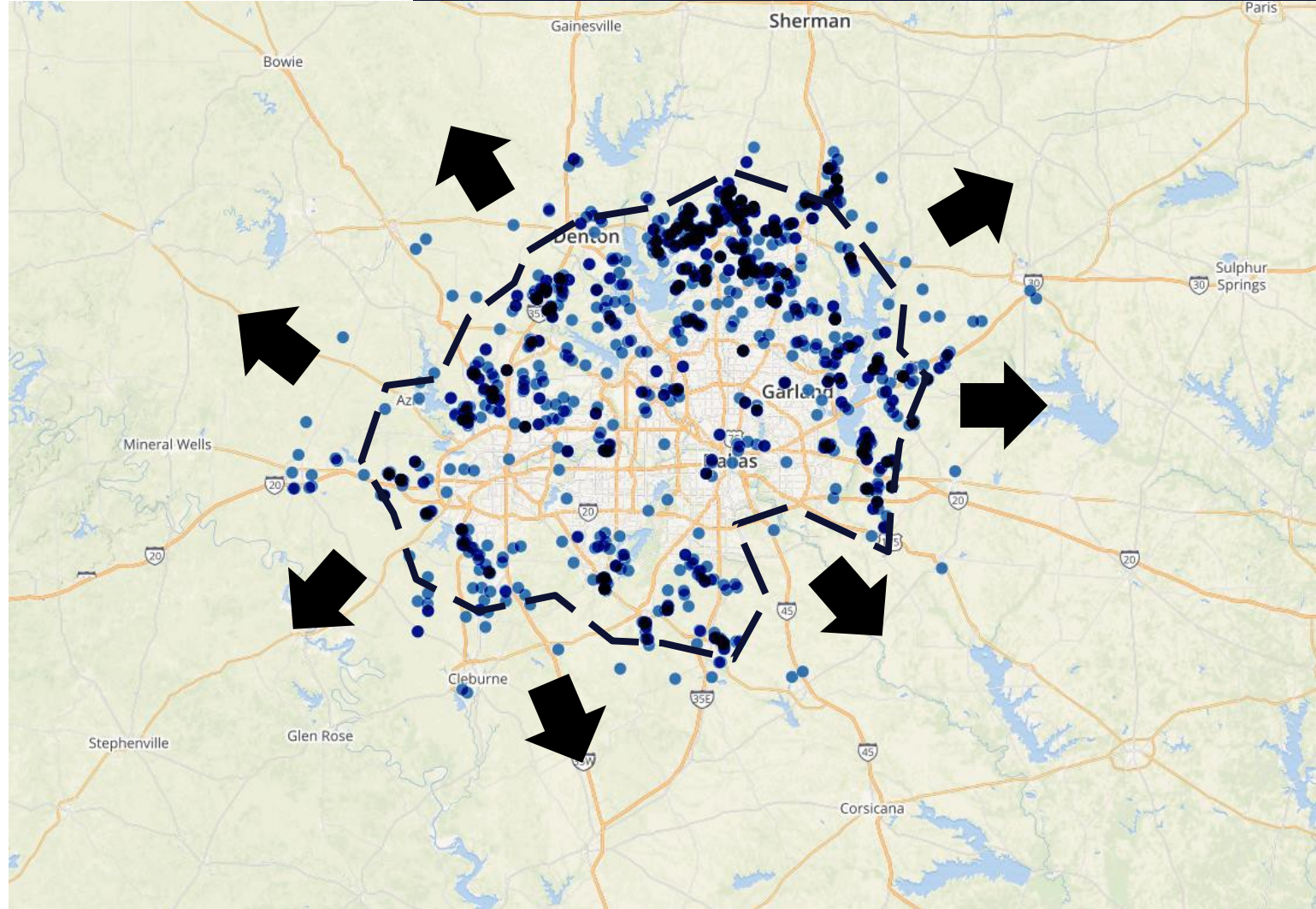
Homes eligible for MH Advantage Financing also offers the opportunity to provide housing in Satellite/Fringe locations where operating costs may have previously hindered market expansion or Creative Infill Locations

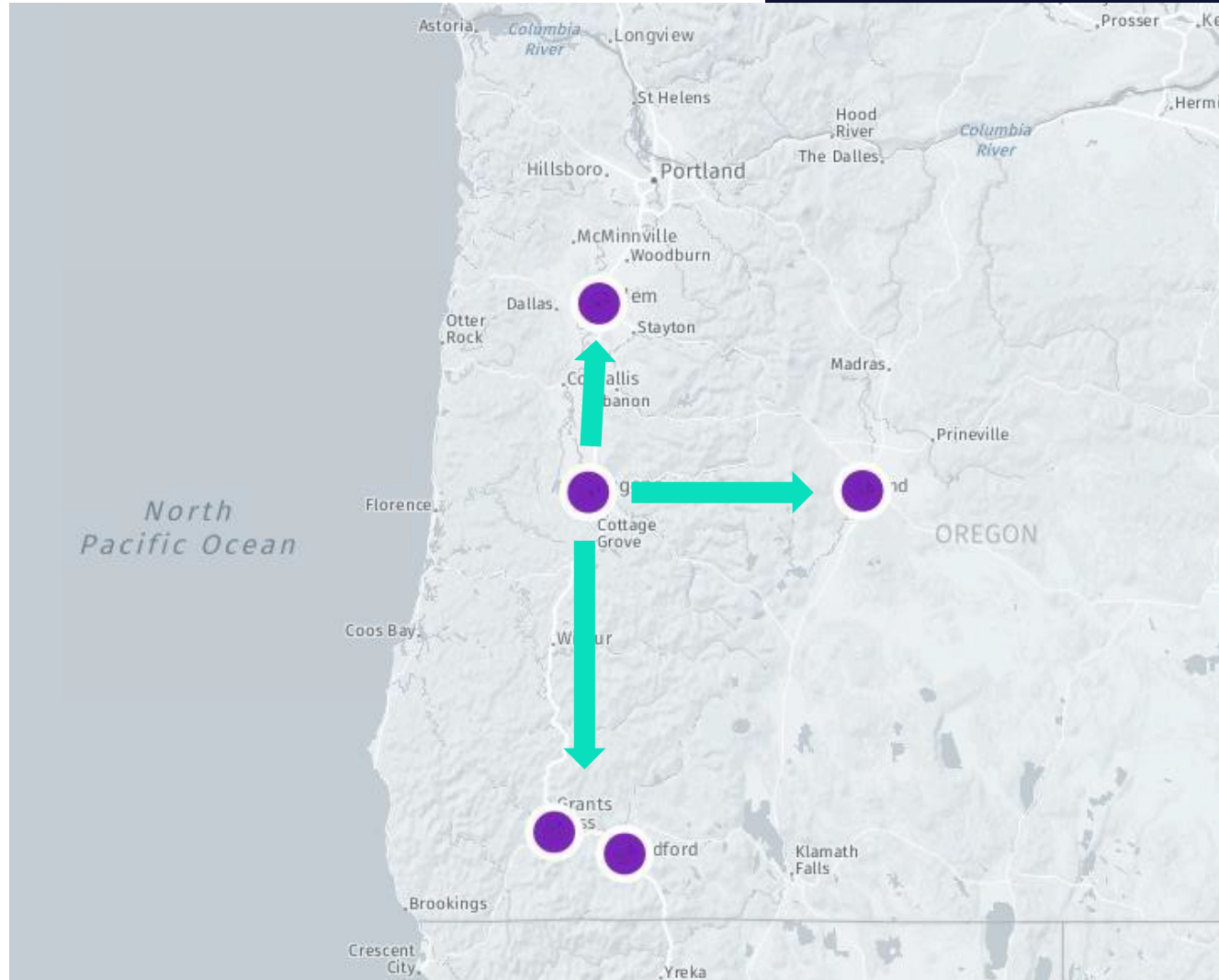




What Opportunities does MH Advantage Housing Offer?

# Opportunities in Fringe Locations





What Opportunities does MH Advantage Housing Offer?

# Opportunities in Secondary Market Clusters

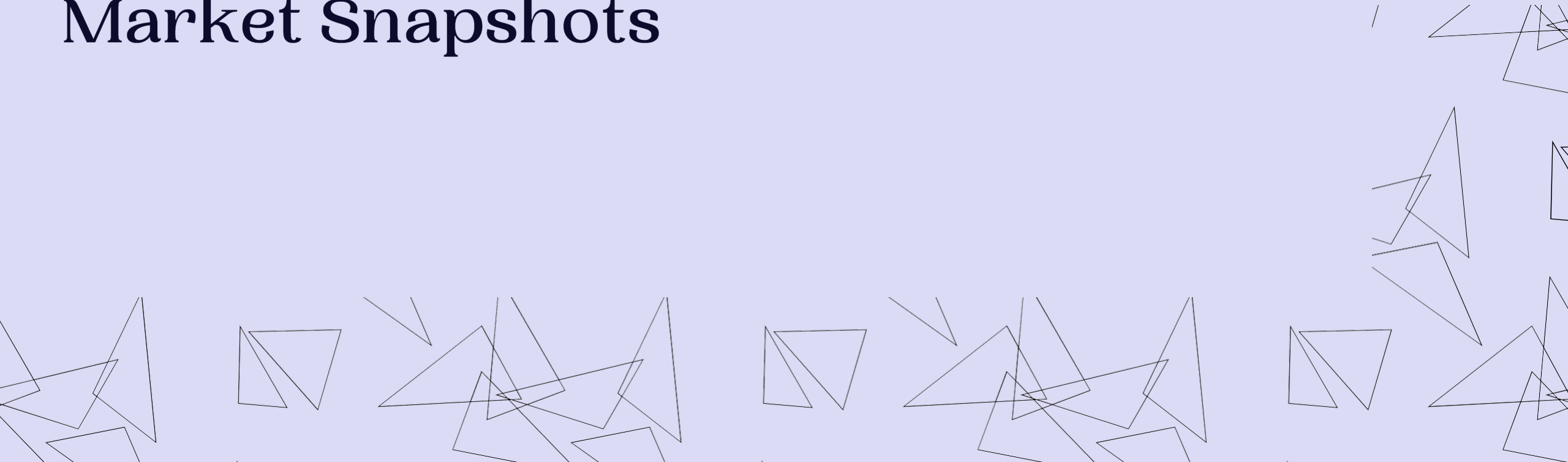


What Opportunities does MH Advantage Housing Offer?

# Opportunities for Small Infill Locations



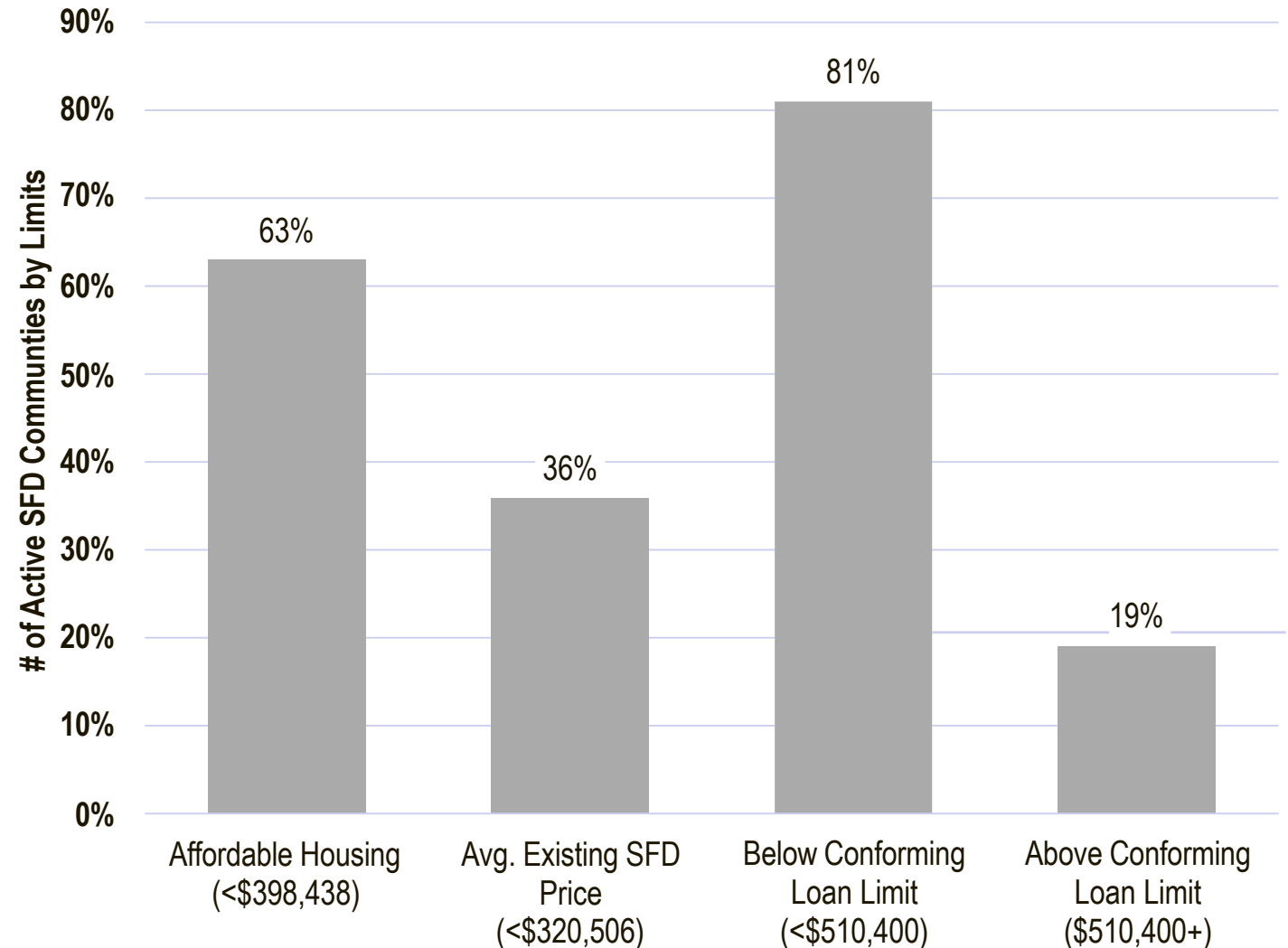
# Market Snapshots



Market Snapshots

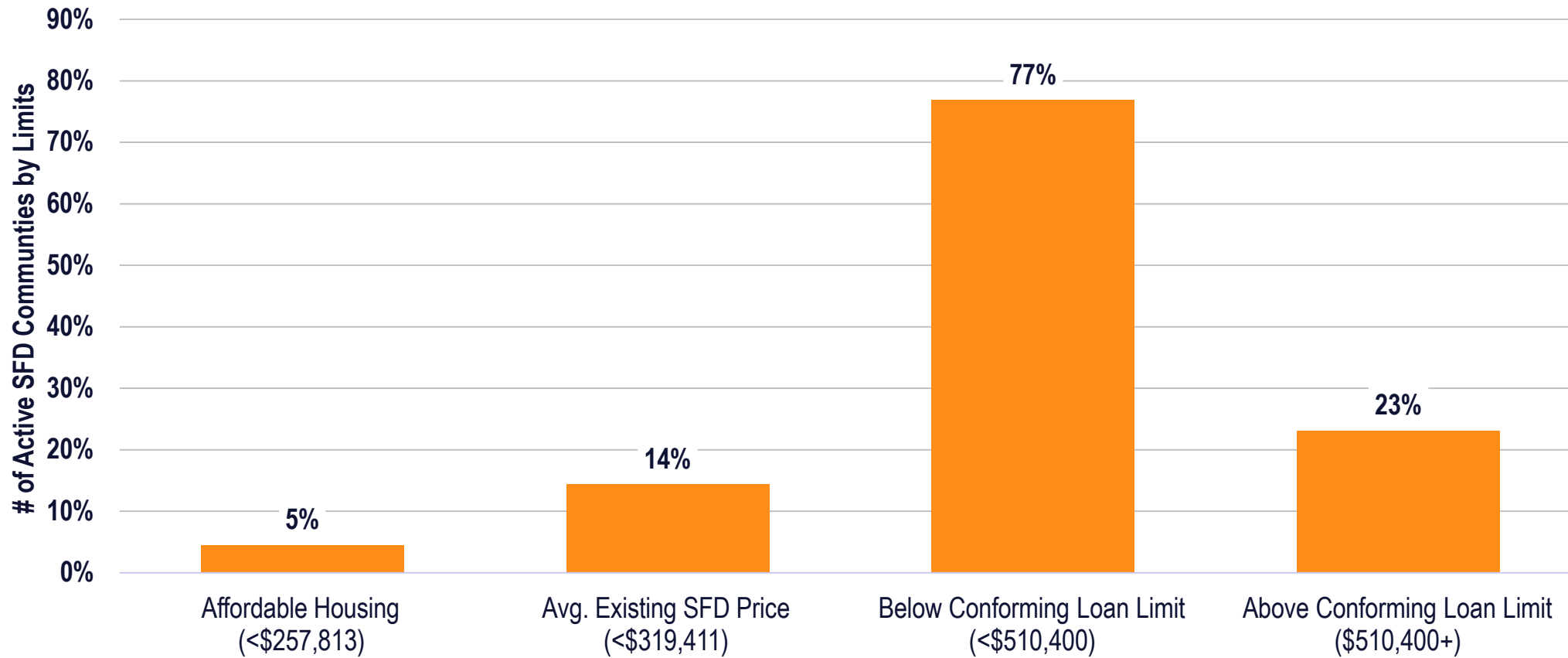
# Some Markets Do A Better Job Supplying Affordable Options

Nashville-Davidson-Murfreesboro-Franklin, TN



# Distribution of Active New Home Product

## Minneapolis-St. Paul-Bloomington, MN-WI



Market Snapshots

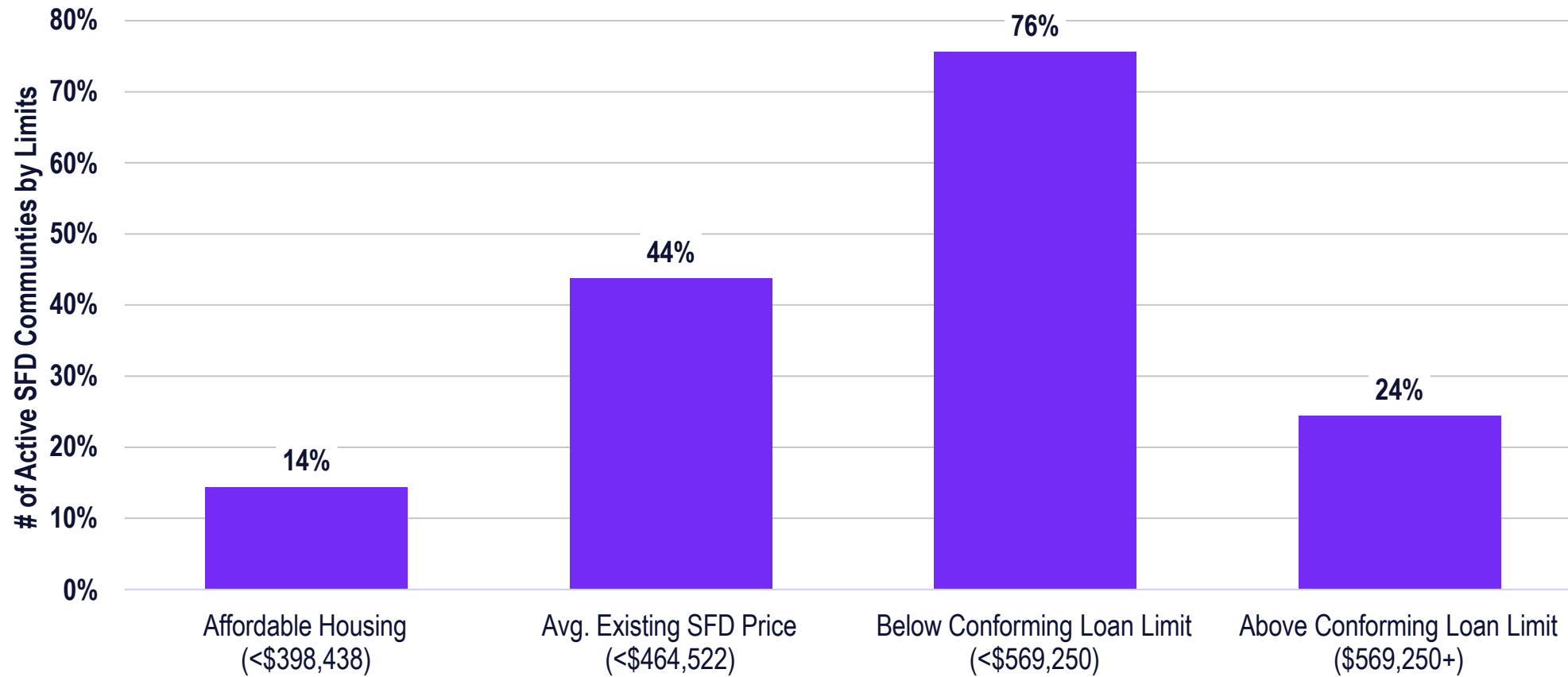
# More Affordable Housing Results in Higher Velocities

Riverside-San Bernardino-Ontario, CA



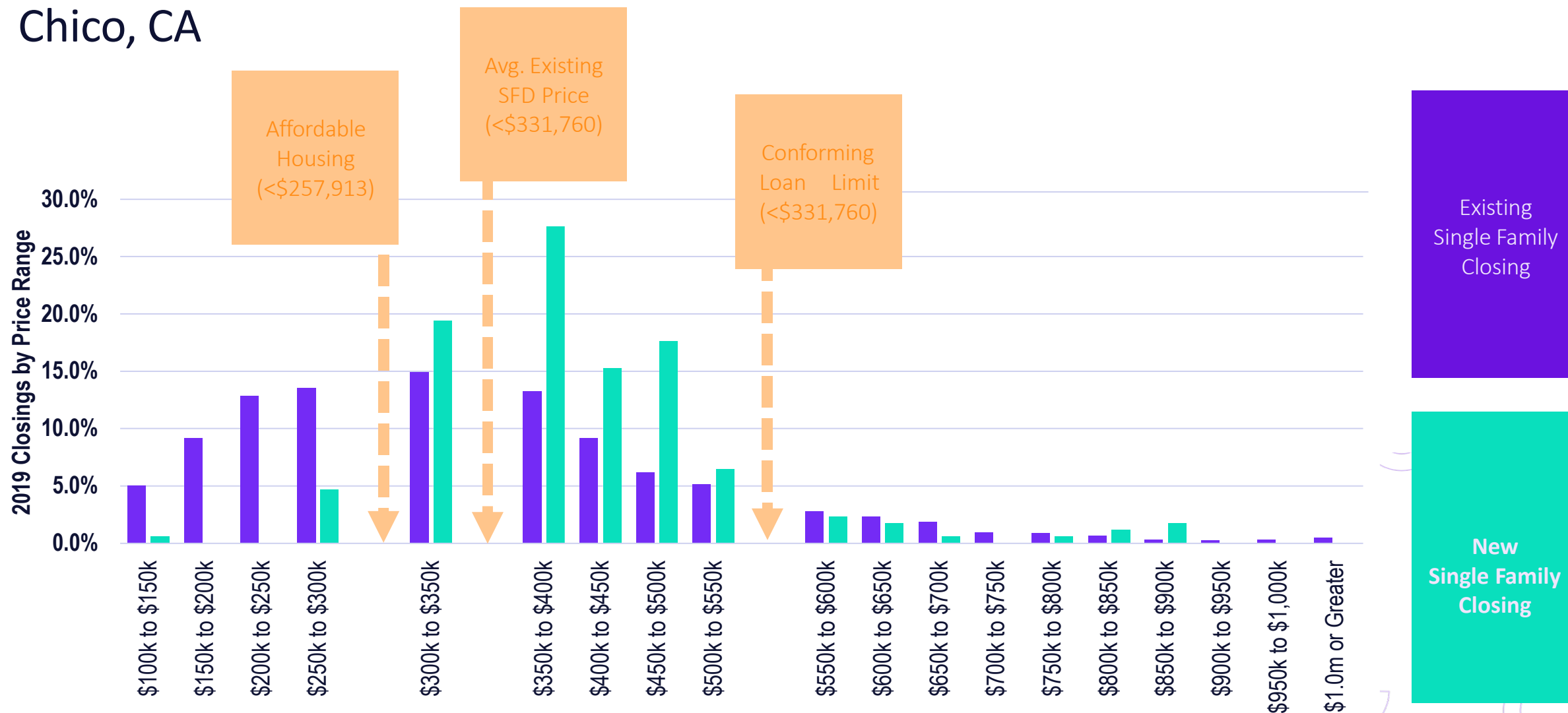
# Distribution of Active New Home Product

## Sacramento-Roseville-Folsom, CA



# Distribution of Active New Home Product

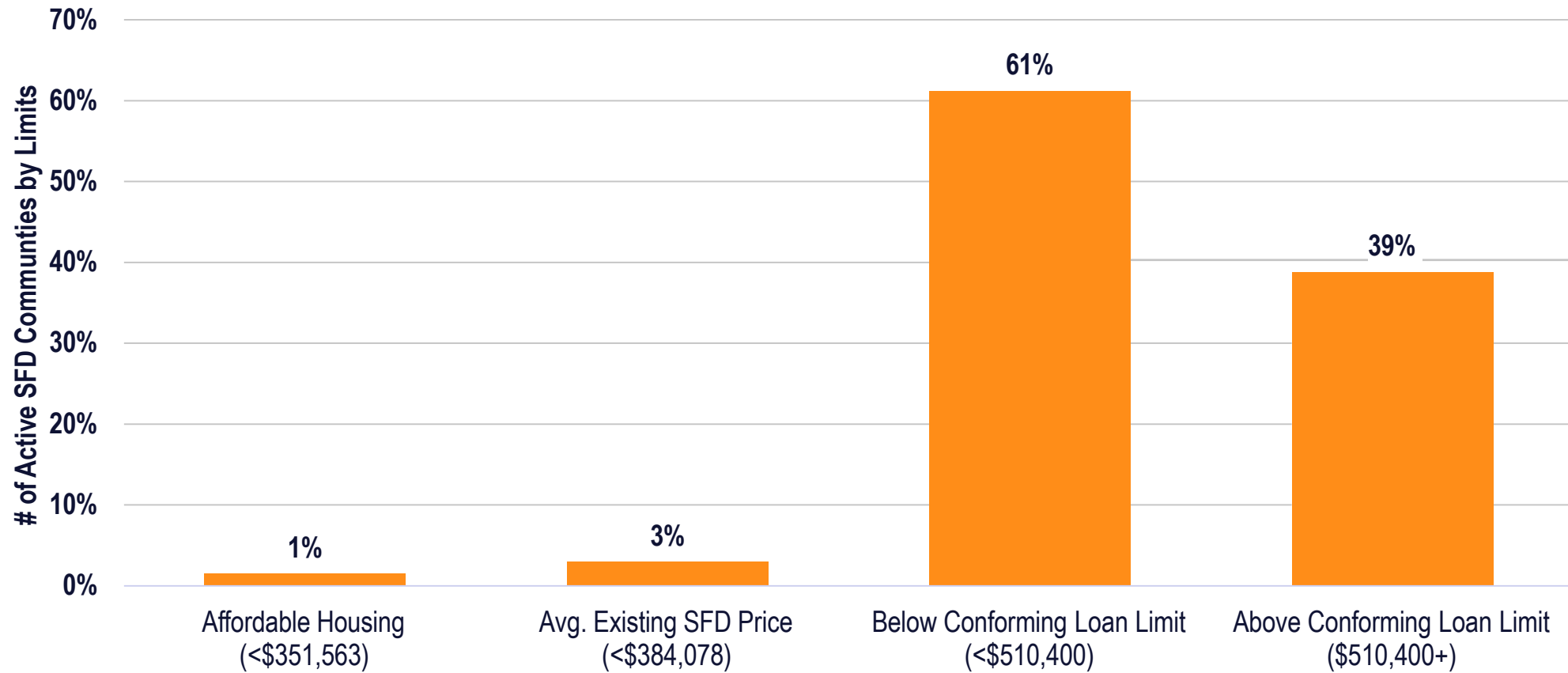
## Chico, CA





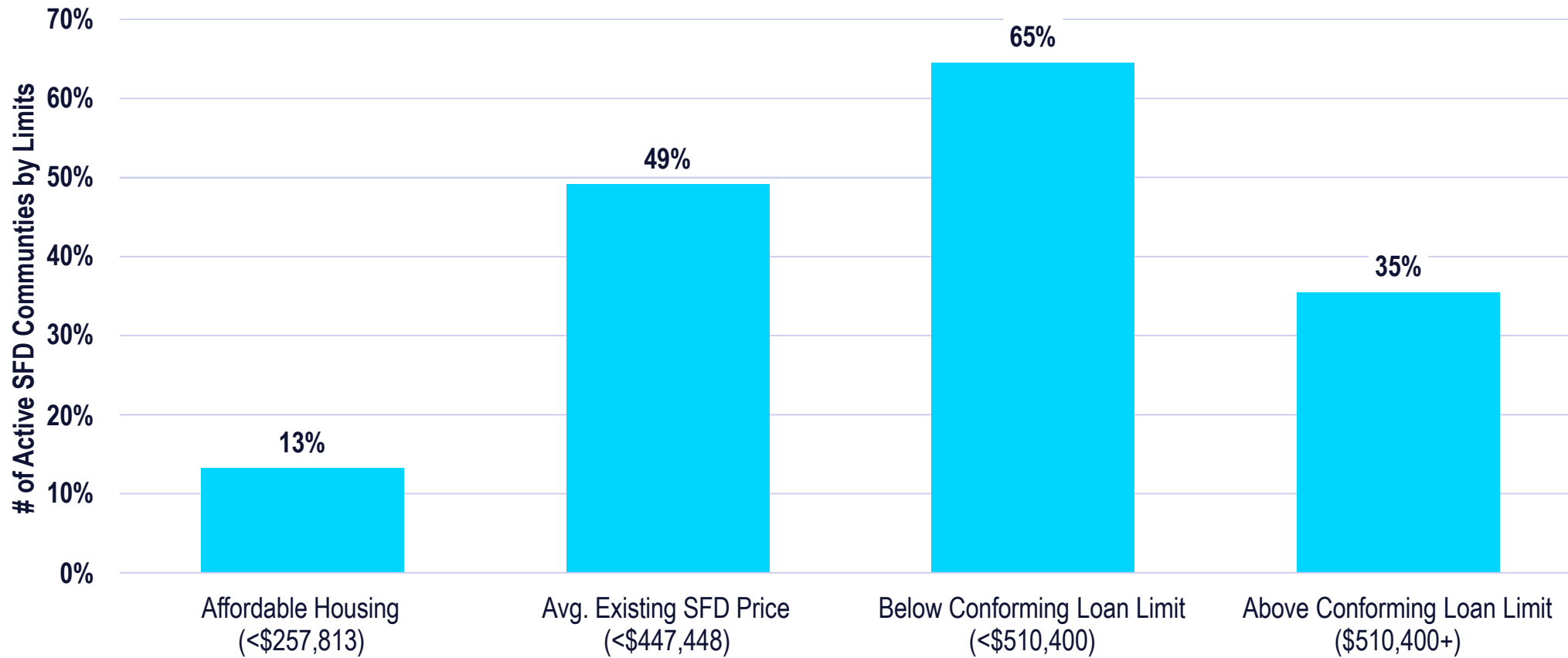
# Distribution of Active New Home Product

## Stockton-Lodi, CA



# Distribution of Active New Home Product

## Portland-Vancouver-Hillsboro, OR-WA



# Final Thoughts

# MH Advantage Qualified Housing

## What we learned

### 1. Geographic Opportunities

- Conventional Market Locations
- Fringe Locations
- Secondary Market Clusters
- Small Infill Locations

### 2. Fiscal Opportunities

- Increased Profit Margin
- Decrease in Average Selling Price and the Associated Increase in Velocities
- More Options Related to Lot Costs and the Associated Going To Market Price
- Time Cost of Money – Homes Can Come to Market at the Pace you Sell Them



# Q&A

Contact Fannie Mae by email (MH\_Notices@fanniemae.com) to learn more about MH Advantage financing or discuss collaborating on a new MH subdivision model.

[fanniemae.com/manufacturedhomes](https://fanniemae.com/manufacturedhomes)

# Thank you

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