



Today's Manufactured Housing

Manufactured Housing: Not a Product – A Process

Why are we
here?



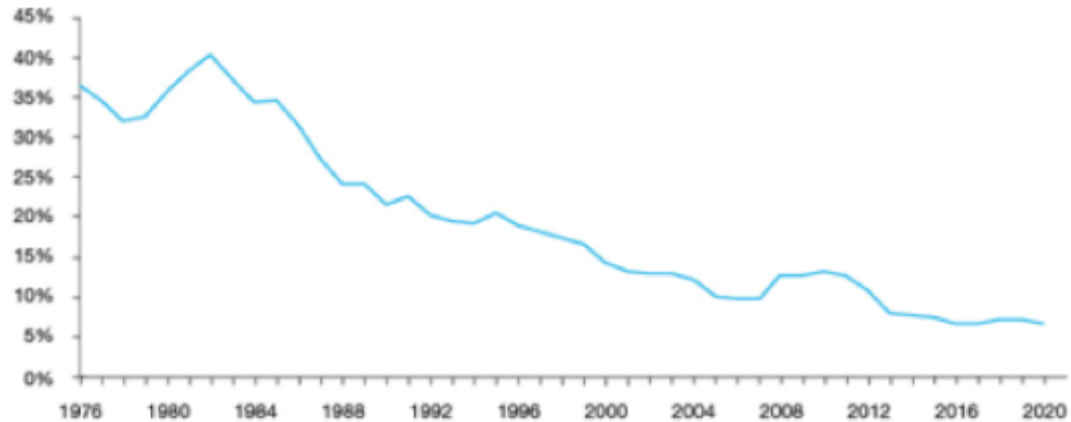
An Affordable Housing Crisis

- In Fayette County:
 - As of 2015, 6,600 households couldn't find housing within their means
 - Since then, an approximate 400 existing affordable housing units have been rehabbed, and priced out of reach for low-income residents every year
 - With 1.2% expected growth, Fayette County will need 1,700 new homes a year (in 2018 only 1200 were built)
 - Pricing has also increased. Since 2011, housing pricing has gone up 27%
- In Louisville:
 - An estimated 31,412 new units of affordable housing needed
 - Cost of subsidies needed for developing those units to fill the gap is approximately \$3.5 billion

Source: Lexington-Fayette Urban County Government Study
Louisville Housing Needs Assessment

An Affordable Housing Crisis

Percentage of New Homes
with Less than 1,400 Square Feet



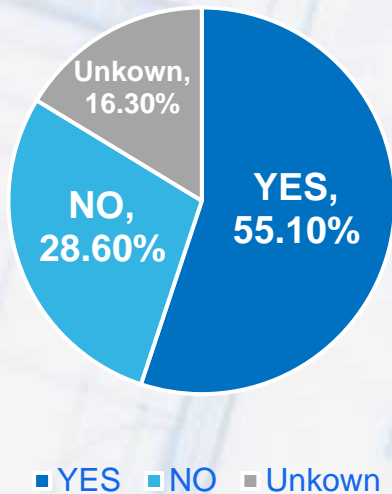
Source: U.S. Census Bureau



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MANUFACTURED HOUSING
INSTITUTE

An Affordable Housing Crisis

Have local housing issues adversely impacted your business in the past couple years?

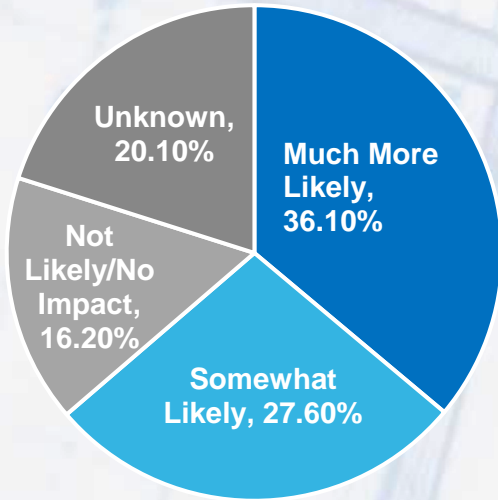


Bowen National Research

Over one-half (55.1%) of the 456 Kentucky employers surveyed in July, stated that local **housing issues adversely impact their business**

An Affordable Housing Crisis

Likelihood of Adding Employees
with Adequate Housing Available?



Nearly two-thirds (63.8%) of employers indicated that they would be **Much More Likely** or **Somewhat Likely** to add more employees if local housing issues are resolved.

What is manufactured housing?





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Terms That Matter



MOBILE HOME

A residential structure manufactured prior to the enactment of the Federal Manufactured Housing and Construction Standards, also known as the HUD Code, on June 15, 1976. Mobile homes are no longer being constructed.



MANUFACTURED HOME

Single-family residential dwelling built in compliance with the Federal Manufactured Housing and Construction Standards, as amended, also known as the HUD Code, after June 15, 1976. Built in multi- or single-section units and verified by an independent third-party inspector.



MODULAR HOME

Homes built to the state Code where the home will be located. Sectional units are built in a production facility, transported to the site and assembled.

Common Concerns

- Manufactured Homes Are Not Safe
- Manufactured Homes Will Depreciate in Value
- Manufactured Homes Do Not Last
- These Homes Are Not Really Affordable
- You Wouldn't Want These Homes In Your Community



MYTH:

**MANUFACTURED
HOMES
AREN'T SAFE**

“Manufactured Homes Aren’t Safe”

815 KAR 25:090 Section 1.

2. The permanent foundation shall be installed

A. In accordance with the manufacturer’s installation instructions.

B. In accordance with the following methods and materials designed to protect from the effects of frost heave:

1. With conventional footings below frost line depth;
2. As a monolithic slab system in accordance with accepted engineering practices and approved by the manufacturer and its associated DAPIA



“Manufactured Homes Aren’t Safe”

815 KAR 25:090 Section 3. Inspections of New Manufactured Home Installations

1. Site and footer inspection

- C. The site and footer inspection *shall* be made by a state inspector.

815 KAR 25:090 Section 3. Inspections of New Manufactured Home Installations

2. Installation inspection

- C. The department (DHBC) shall inform the installer, purchaser, and if applicable, the retailer at least one (1) day prior to the intended inspection of the installation of a new manufactured home.



MYTH:

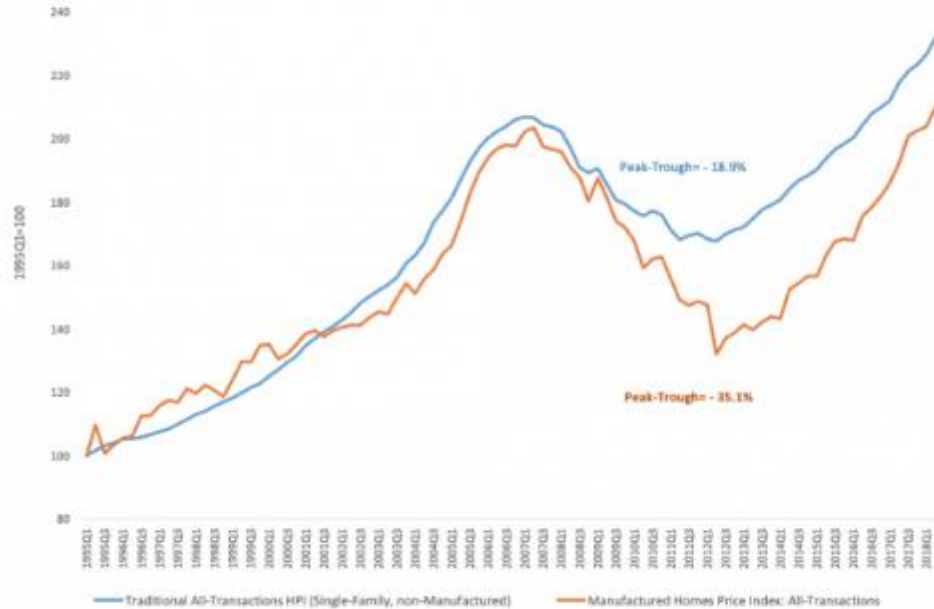
**MANUFACTURED
HOMES
DEPRECIATE**

“Manufactured Homes Depreciate in Value”

A 2018 study conducted by the Federal Housing Finance Agency found this to be false for today’s manufactured homes.



Figure 2: Traditional All-Transactions HPI vs. Price Index for Manufactured Homes
1995Q1-2018Q3



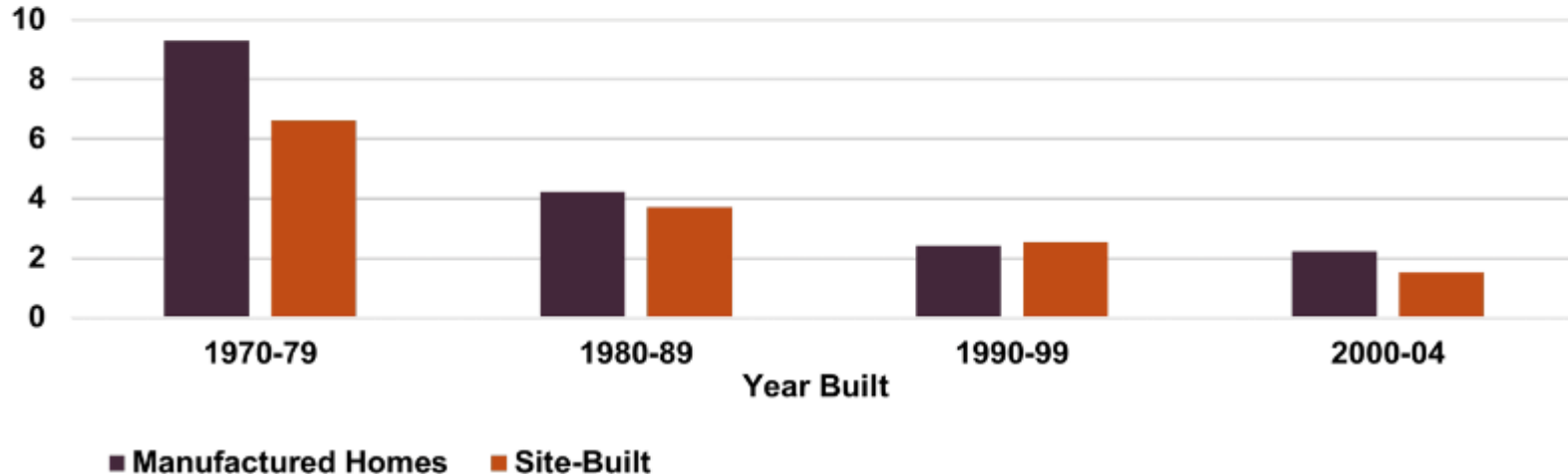
Source: FHFA

MYTH:

**MANUFACTURED
HOMES
DO NOT LAST**

“Manufactured Homes Don’t Last”

Share of Housing Deemed Inadequate in Decade After Construction (Percent)



Note: Inadequate housing is defined as having either one major deficiency or several minor deficiencies. For more information, see <https://www.census.gov/programs-surveys/ahs/research/publications/HousingAdequacy.html>. Inadequacy assessed one decade after end date of year-built range.

Source: American Housing Survey, various years, as reported in Kaul and Pang (2022).



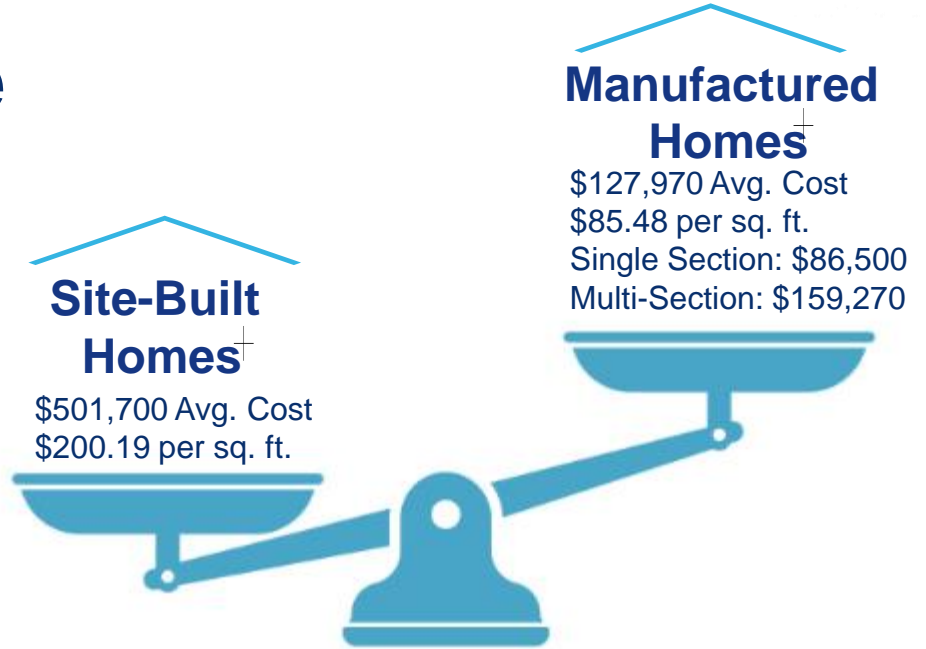
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MYTH:

**THESE
HOMES
ARE NOT AFFORDABLE**

How Can It Be More Affordable?

- Buying Power
- Supply Chain
- Efficiency
 - Labor
 - Speed
- Little to no waste



WOULD YOU
WANT THESE
HOMES?













Manufactured Housing: Aesthetics

Interior and exterior improvements have **elevated the aesthetics of the manufactured home** to be on par with site-built homes; only a negligible proportion of Considerers can tell the difference between the two

Only 11% of Considerers could correctly distinguish a manufactured home from a site-built home based on Exterior pictures¹...

..and only 16% of Considerers could correctly distinguish a manufactured home from a site-built home based on Interior pictures¹



Site-Built Home



Manufactured Home



Site-Built Home



Manufactured Home

¹: Respondents were shown the two pictures and asked to identify which was the manufactured home and which was the site-built home, on a blinded basis (names not shown to respondents for this question)

Identification of Manufactured vs. Site-Built Home

Image A (Site-built)



Image B (Manufactured)



Image A (Site-built)



Image B (Manufactured)



Exterior

Image A is a Site-built home and Image B is a Manufactured home (Correct)

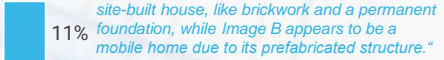
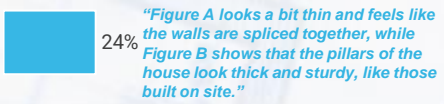
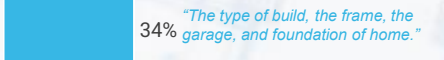


Image A is a Manufactured home and Image B is a Site-built home (Incorrect)



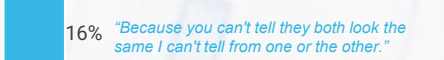
Both are Site-built homes (Incorrect)



Both are Manufactured homes (Incorrect)



Don't know/unsure



Interior

Image A is a Site-built home and Image B is a Manufactured home (Correct)

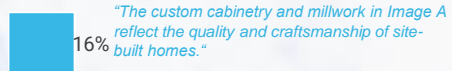
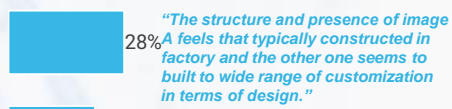
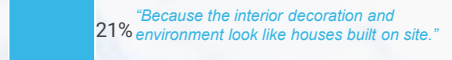


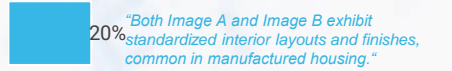
Image A is a Manufactured home and Image B is a Site-built home (Incorrect)



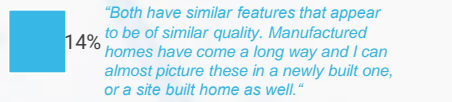
Both are Site-built homes (Incorrect)



Both are Manufactured homes (Incorrect)



Don't know/unsure



Base: Total (n=402)

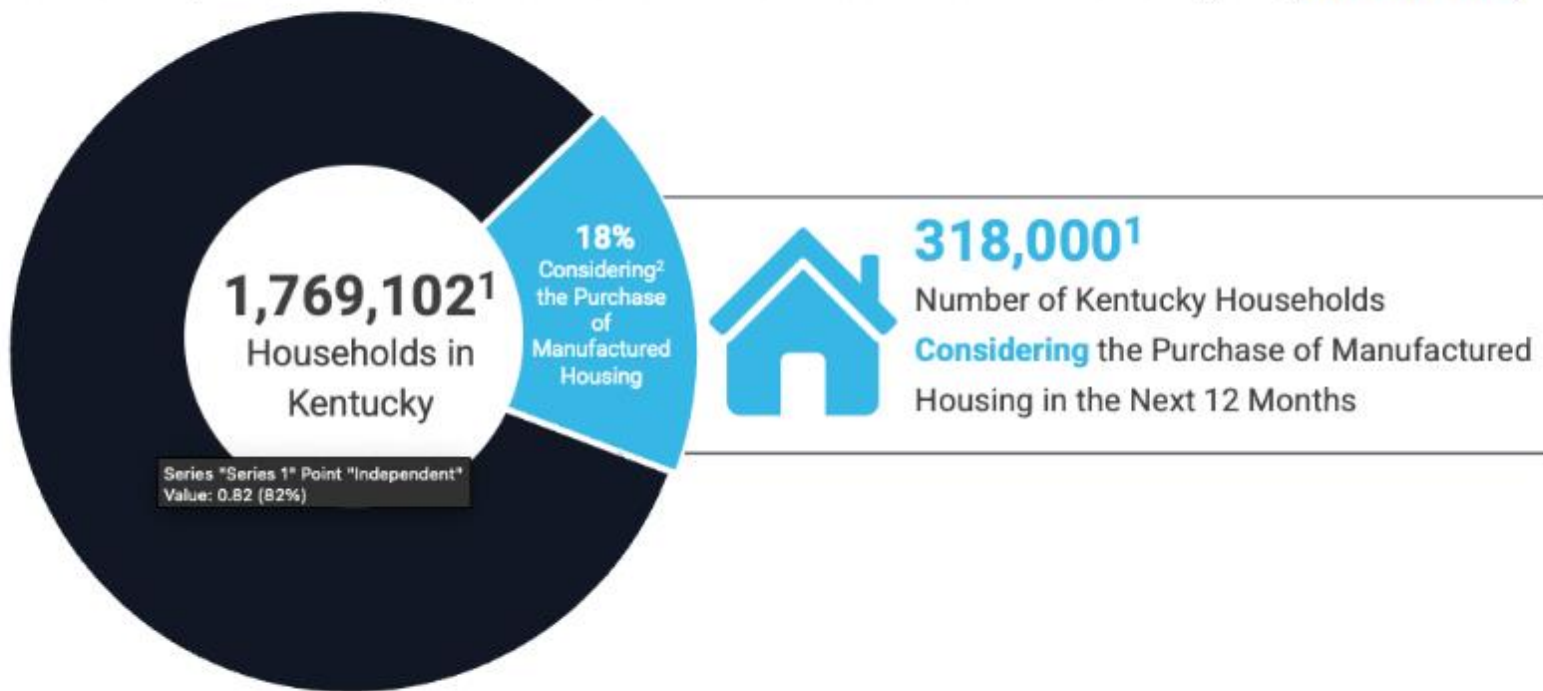
Q7a. Please review the two images below. For each image, please indicate what type of home you believe it is based on the image.

Q7c. Please review the two images below. For each image, please indicate what type of home you believe it is based on the image.



Estimated Market Size: Manufactured Housing in KY

There is interest in manufactured housing in Kentucky, with 18% of the population (or 318k households) considering the purchase of a manufactured home in the next year ("**Considerers**")

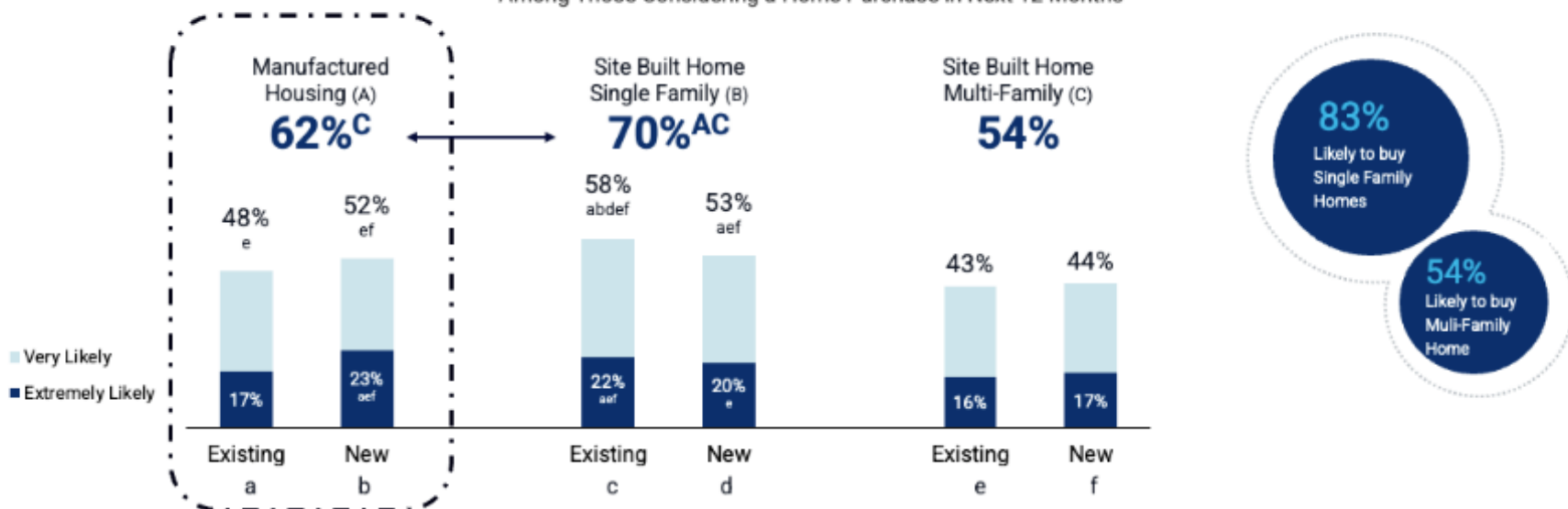


Consideration: Manufactured Home vs. Site Built Homes

Manufactured homes are nearly as likely to be considered as site-built homes in the Kentucky market

Home Type Purchase Consideration

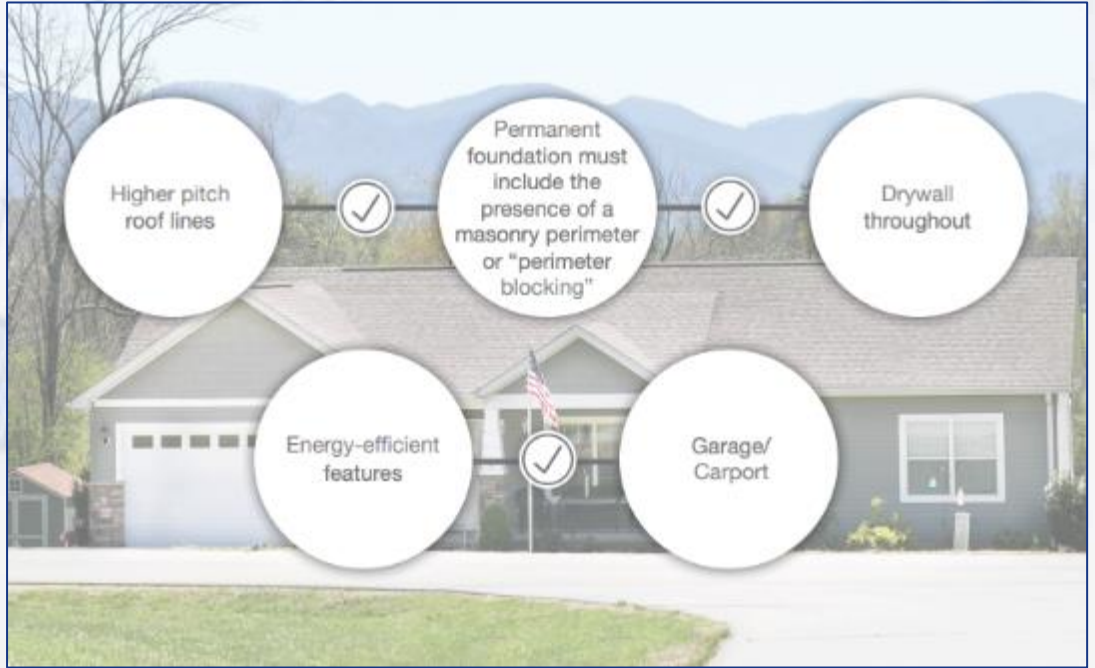
Among Those Considering a Home Purchase in Next 12 Months¹



Terms That Matter



CrossMod & MH Advantage





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New Class of Home

Obstacles To The Solution

- Sales Tax on HUD Code
- An inability to replace homes due to restrictive zoning
- Restrictive zoning ordinances rooted in outdated stigma and NIMBY-ism



Would You Want These Homes?

“We have to find a solution as leaders, right? How do I find that solution? It’s partnering with people like Clayton Homes to be able to offer an affordable option. We’ve looked at many other places. Stop thinking something because of the old stigma. Investigate. Look at the quality of it and understand that it’s totally changed. It’s totally different.”

- Randall Weddle
 - Mayor of London, KY





City of Versailles Pilot Project

Placing the KLC Home to show residents that factory-built housing can be a viable solution.



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FACTORY-BUILT HOUSING IN PRACTICE



An Affordable Housing Opportunity:
A Solution in London, KY - 2024



An Affordable Housing Opportunity:
A Solution in London, KY - 2024



Success in Indiana House Enrolled Act 1320

Local units of government may not preclude manufactured homes on private property if the home meets certain standards for roofing, siding, roof pitch, and other items included in the law. The bill became law on July 1, 2024.



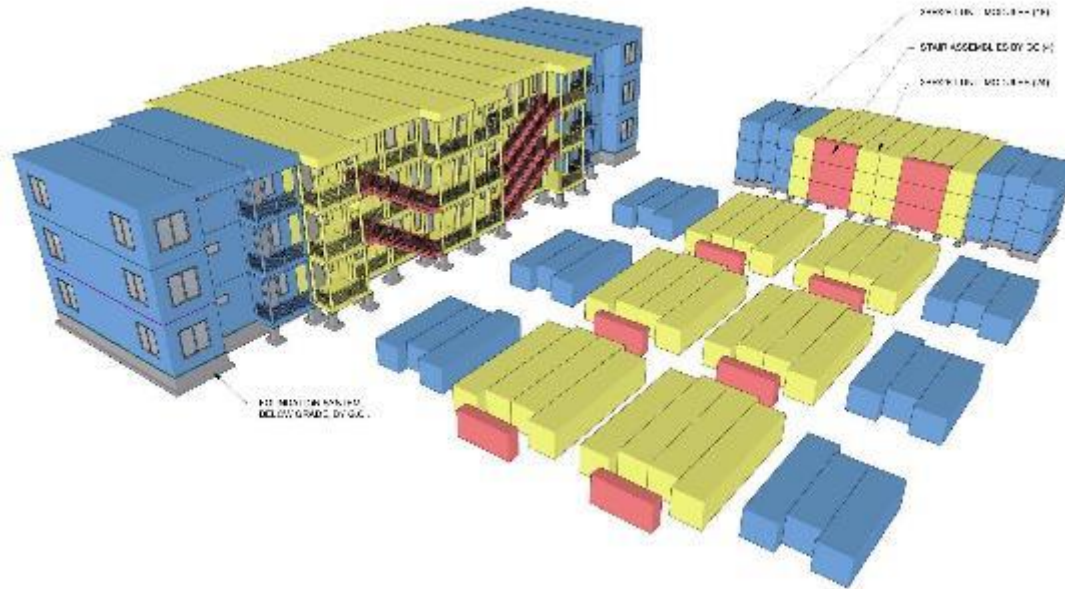
A Solution for Multi-Family



A Solution for Multi-Family



Project comprises 87 modules which will be constructed in Louisville and assembled in Sellersburg



Breakdown of one of two Blocks

Interior Design – Rendering of Living Room



Interior Design – Rendering of Kitchen



Hanger Flats Batavia, OH

84 Unit Duplex Development









Padgett Place Asheville, NC

41 Home "For Sale"
Development













Myths & Negative Perceptions

- 22 million Americans live in a factory-built home.
- Pre-1976 mobile homes were not regulated.
- Post 1976 – the “HUD Code” established national standards for manufactured homes.
 - Several significant overhauls since
- Homes are required to be installed by a certified installer
 - HUD requires 100% inspection on new homes
- “Mobile home” is a misnomer.
 - More than 90% of homes placed are never moved due partly to prohibitive cost.
- Since 2018, FHFA found that manufactured homes titled as real property increase in value at the same rate of that of site-built homes
 - 34.6% Appreciation – Over 5 years median home value increased



Obstacles To The Solution



- Sales Tax on HUD Code
- An inability to replace homes due to restrictive zoning
- Restrictive zoning ordinances rooted in outdated stigma and NIMBY-ism

Questions?

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