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WI MFG'D HOMEOWNERS ASSN INC.
wimhoa@chorus.net
P.O. BOX 254
MARSHALL, WI 53559

June 26, 2001

MEMO TO THE LEGISLATIVE HOUSING COMMITTEE

To: ✓ Rep. Tom Sykora, 8 North
Rep. Tom Hebl, 304 West
Sen. Scott Fitzgerald, 308 - 100 N. Hamilton St
Rep. Mark Meyer, 320 West
Rep. Scott Walker, 308 North
Rep. Steve Wiekert, 9 North
Rep. Morris-Tatum, 118 North
Rep. Lee Meyerhofer, 17 SF 5th Floor

From: Kristen Zehner 
President, WI Mfd Home Owners Assn, Inc.
PO Box 254, Marshall WI 53559
608/655-4573

Attached is a composite summary of what is wrong with the manufactured housing industry--including Wisconsin's--in particular consumer issues, which the MH Task Force has failed to address even remotely.

In spite of the fact that MHP (parks/land-lease community) conditions are a large part of the impetus for this Task Force discussion and evaluation, the huge discrepancy in the power imbalance between landlords and tenants wasn't given the time of day. The only matter considered was how to find remedies for MHP landlords and the industry. Consumers are a large part of this equation, yet nobody seems to care about a fair deal for us.

When is the Legislature going to address MHP issues from the standpoint of consumers???

Also attached is a list of the laws that we consumers need just as badly as a large upgrade in MH industry business practices.

ENCLS (2)

***Why Advocates Need to Think About
Manufactured Housing***

*and Its
Inherent Problems*

Richard Genz

PLUS

SOLUTIONS

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20 Battery Park Ave. Suite 211

Asheville NC 28801

828-285-9647

Contents

Summary.....	2
We've Met the Enemy, and It's Us.....	4
What's At Stake: The Housing Choice of Millions.....	5
Who Lives in Manufactured Homes?.....	6
Why People are Buying	
Bargain Prices.....	7
Quality of Construction.....	8
Marketing.....	8
What People are Buying.....	10
Where People are Buying.....	10
Land Ownership and Foundation.....	11
What's Being Done.....	12
The Challenge for Advocates.....	13
Problems in Financing.....	14
Problems in Sales and Installation.....	17
Problems with Leased Sites.....	18
Condition of Older Homes.....	19
The Price of Living in Chattel.....	20
Effects of the Legal/Policy Framework: Individual.....	23
Effects of the Legal/Policy Framework: Community.....	24
Potential for Development and Innovation.....	26
What Needs to be Done.....	26
Notes.....	28

Summary

For too long, manufactured housing has been neglected and even disliked by housing advocates. Despite their real problems, manufactured homes are our single biggest source of unsubsidized, low-cost housing. We need to take a fresh look, and we need to get involved.

It's a huge market, especially in the South and in rural areas. The industry produces 30 percent of all new homes nationwide. In rural areas, it's not unusual for manufactured homes to account for more than half of new housing production. A large majority of manufactured homes are owner-occupied. Our homeownership rate would drop by almost five percentage points if these households weren't counted.

Seven out of ten new homes are placed on the buyer's land, and most buyers are choosing multi-section homes that are practically identical to a site-built ranch-style house. Despite these trends, and despite the fact that manufactured homes are almost never moved after initial placement, the paradigm of "personal property" still dominates their financing, legal treatment, taxation, and resale.

Manufactured housing's isolation from the housing mainstream has created and protected a parallel financing system in which marginal credit is accommodated, loans are approved within hours, and 12 buyers out of 100 lose their homes to speedy repossession. Participating in this personal property finance system costs an extra two to five percentage points in interest, plus fees and rebates that would be have to disclosed if the loans were for real estate. The system makes it easy to inflate home prices. Personal property loans don't require appraisals and, as with a car sale, only the seller knows the real value. Loan-to-value ratios well over 100 percent give buyers the dubious opportunity to pay more than a home is worth.

When a federal building code took effect in 1976, it was a watershed event for manufactured housing. Many of the 3 million units built before 1976 are obsolete or substandard today. Their continued occupancy is a hardship for residents and creates a cloud over modern homes. Newly built manufactured homes can last as long as site-built homes, says *Consumer Reports*, but construction problems and warranty disputes are common.

Legal protections are weak for homeowners who lease their land. Outside the realm of manufactured housing, no one would seriously consider putting a \$30,000 investment at risk with a month-to-month lot lease. The balance of power is decidedly with the landlord, and that power is commonly abused in ways large and small.

How to build wealth through manufactured home ownership is a key problem for advocates to reckon with. Most manufactured homes decline in value, but many do appreciate. This tells us depreciation is not built-in. Why is it so prevalent? We should

not just look the other way. The market is too big, and the net worth of too many low-income households is at stake. We have to sort out the causes of depreciation.

By incorrectly categorizing most manufactured homes as chattel--movable, personal property that is expected to depreciate--we make a self-fulfilling prophecy about resale value. For example, most property tax systems automatically depreciate personal property. Real estate brokerage systems exclude personal property, limiting the number of potential buyers and depressing prices. And because Fannie Mae, Freddie Mac, and bank mortgage departments fund only real estate loans, they are minimally involved in this market. That keeps qualified manufactured home buyers from getting the benefit of lower-cost financing and an objective look at the sales price, not to mention access to homebuyer education.

Bad bargains in the areas of financing, legal protections, quality control, and resale value mean the manufactured home resident often pays a kind of surcharge for his "affordable" house. The extra price is not intrinsic to manufactured housing. It is exacted by policies and business practices that need to change. As advocates, we need to get over our bias, understand the problems, and see that manufactured home residents become fully vested participants in our housing system.

Why Advocates Need to Think About Manufactured Housing

We've Met the Enemy, and It's Us

When the housing market speaks, advocates need to listen. If we listen carefully enough, we might figure out where to intervene effectively to improve housing for people with low incomes, low wealth, and little power.

When it comes to manufactured housing, the market is not just speaking, it's shouting. Yet the huge popularity of manufactured housing has prompted only a shrug, and in some cases a cold shoulder, from affordable housing advocates. Consider:

- “There is no wealth-building in owning a mobile home. Purchase loans may outlive the unit. In short, they are not an investment. They should not be considered owner-occupied housing since they have none of the benefits..” (*Economic development director, former CDC director, Minnesota*)
- “[The] myth that home ownership was impossible for modest-income Santa Feans and that the only choices were mobile homes...served to undermine the civic fabric of Santa Fe. It encouraged people to opt out of a system fundamentally designed to broaden wealth and create a middle class.” (*Pew Partnership commentary on homeownership as a vehicle for building social capital*)
- “Manufactured housing and community development? An oxymoron.” (*Nonprofit housing developer, Kentucky*)

We need to understand the dynamics of the manufactured housing sector. Our skills in finance, development, and policy can help people make the most out of a fundamentally viable housing choice. That's not happening today. What signals are we missing?

What's At Stake: The Housing Choice of Millions

Too often housing advocates dismiss manufactured housing buyers as hapless consumers who just don't get it. Buyers don't realize what a bad deal a manufactured home is, according to this line of thinking, and they probably chose a factory-built home out of ignorance, a need for easy credit, and susceptibility to marketing pitches. Their home will never appreciate, we say, and quality is inferior to site-built construction. Maybe they'll come around eventually, see the light, and buy a "real home." After all, these units look pretty temporary. Meanwhile, we focus our attention on other things.

In fact, people who buy manufactured homes are usually choosing the kind of shelter they will occupy for years to come. Six out of ten manufactured home residents have lived in manufactured homes for more than ten years.¹ Almost nine out of ten say they're very satisfied or somewhat satisfied with manufactured home ownership, and people who have lived in a manufactured home are likely to become repeat buyers.² Despite their heritage and nomenclature, only one out of a hundred "mobile homes" are ever moved from their original site.³ The homes may or may not be physically integrated with the site, but in practice they might as well be. Manufactured home owners are not camping out in an oversized recreational vehicle. They are at home.

What's at stake in our perceptions about manufactured homes, mobile homes, and trailers is the housing choice of some 8 million households and 18 million people.⁴ If we dismiss manufactured home ownership as a mistake, or a "bill of goods," we should probably also adjust our pride in record-high homeownership rates. Excluding manufactured home owners would reduce the country's homeownership rate from the current 67.7 percent to 63 percent.⁵

There is a palpable stigma associated with manufactured homes, going back to days when workers towing trailers moved from city to city, chasing jobs and crowding into muddy, unsanitary trailer parks. As a modern housing choice, manufactured housing does in fact often fall short. Financing, legal protections, equity buildup, landlord-tenant law, and marketability are often inferior to those for site-built homes. The parking lot aesthetics of some developments are hard for anyone to love. However, these serious shortcomings are not inherent in the factory-built home itself. They are the product of laws, policy choices and business practices that are selling short millions of people.

Who Lives in Manufactured Homes?

Most manufactured home buyers have low incomes and low wealth. Overall, manufactured home occupants had a median income of \$23,413 in 1997, compared with a US median of \$37,005.⁶ Recent buyers are only a little more affluent. People who bought new homes during the past eight years had a median income of \$30,000 in 1999, compared to the US median of \$40,800 that year.⁷

Median net worth is \$58,000 for manufactured home owners, compared to \$102,000 for all homeowners.⁸ Reflecting the continued occupancy of millions of old units, owners reported a median home value of just \$15,000, excluding land.⁹

One of the industry's strong points is its appeal to distinctly different market segments. Owners tend to be either very young or elderly.¹⁰ Although most buyers have low incomes, one segment of the market is quite well off. Nine percent of manufactured home residents report a net worth of more than \$250,000, and another 18 percent are worth more than \$100,000. Many of the high net worth owners live in well-planned subdivision-style communities with recreation centers, pools and even golf courses.

These high-end communities demonstrate the potential of factory-built homes, but also represent a continuing shift away from the industry's original focus on serving the affordable housing market.¹¹

Minorities have traditionally been under-represented in manufactured housing, but their numbers are growing. 7.8 percent of manufactured home residents are African-American and 4.6 percent are Hispanics. Almost all African-American manufactured home residents live in the South, comprising 8 percent of African-American households there.

82 percent of African-Americans own their manufactured homes. 58 percent of Latino households own theirs.¹²

Why People Are Buying: Bargain Prices

Housing advocates should make a point of walking through a couple of new homes at a dealer's lot, keeping the monthly payment in mind and mentally comparing the local rental stock available for the same amount. Interiors have good light. Insulation standards are solid. Floor plans have come a long way from the time when residents say a mobile home felt like living in a hallway.

Because their costs per square foot are about one-half those of site-built homes, manufactured homes put ownership within reach of millions of households, and fully 79 percent are owner-occupied.¹³ A good-quality single-section home of 1,000 square feet costs about \$26,000 including setup and installation. It's been argued that cost comparisons with site-built homes are unfair because construction standards are inferior, but a Harvard study refutes that, labeling as "exaggerated" the "concerns about the difference between manufactured homes... and [homes] built to applicable local building codes." The study found that code standards have little to do with manufactured housing's price advantage.¹⁴

Although interest rates are high, longer loan terms have made monthly payments competitive with rents in many markets. A \$26,000 home costs less than \$300 per month over 20 years, even at 12 percent interest. A late-model used home—and they're abundant now, as industry lending practices have contributed to high rates of repossession—can be had for just over \$200 per month. These payments let many

would-be buyers cover land acquisition or site rental costs with a little room to spare. Low or moderate-income families living in a multifamily rental can achieve the privacy of a detached home much sooner than with site-built alternatives.

Why People Are Buying: Quality of Construction

Since 1976, all units have been designed and constructed to a performance-based code, the only federal building code. It is administered by HUD, usually in partnership with state administering agencies, and it pre-empts local codes. Federal pre-emption allowed the industry to achieve scale and create the cost advantage of mass-produced housing. Despite widespread perceptions of low quality and short life, Consumer Reports says that “manufactured housing can last as long as site-built housing,” and one expert concluded that recently-built units have a useful life of 55.8 years.¹⁵ Harvard’s Joint Center for Housing Studies is more conservative, placing the life expectancy in the range of “30 to 40 years or even longer,” depending on maintenance.¹⁶

Because HUD’s code is a “performance” code, a variety of different materials can be used to yield the specified outcomes for frame strength, ventilation, and so forth. Quality and durability vary among makes and models. It is not easy to know what materials are used in any given home. Insiders know how to read serial numbers to figure out which one of a manufacturer’s several factories produced a particular home, providing a fairly reliable indicator of build quality. Consumers could use some organized help in sorting this out.

Why People Are Buying: Marketing

Advocates should think about the differences in the marketing systems for manufactured housing and conventional housing. Comparison shopping for a site-built home, whether new or used, takes a long time. A key element is location, choosing a particular place to live. Conventional homes come in all kinds of shapes, sizes, and construction types. The job of organizing the complexity falls to a real estate broker. She has to abide by strict

rules of disclosure, and the multiple listing service provides uniform data on each house. After deciding on a house, the buyer begins a separate process of shopping for financing in a competitive marketplace regulated with homebuyer interests in mind. By appraising collateral, the lender provides a reality check on the agreed price. A professional home inspection is often required.

In shopping for a new manufactured home, the consumer sees the unit in isolation from the site, on a dealer's lot. Because lane widths and bridge heights make the home similar in exterior dimensions and floor plan to other manufactured homes, it's like a commodity, a product whose competitors seem functionally identical. Marketers may try to set their products apart with attention-getting features like skylights, his and hers bathrooms, and "garden tubs."

The complexities of a family's biggest purchase are smoothed over by the manufactured housing dealer, who sometimes combines the roles of homebuilder, real estate agent, lender, appraiser, inspector, and land developer. Perhaps the role of homebuyer counselor should be added, too, since few sources outside the sales process are available to inform the consumer. In-house dealer financing programs can accommodate buyers of widely varying qualifications, with approvals coming in as little as one hour. The experience may be similar to that of car-shopping. While the conventional home buyer expects to take a long time to choose a home and get financing approval, the manufactured home buyer has a much shorter time horizon. X

Fresh, new, private living space; easy shopping and financing; adequate quality; and homeownership *now*. It adds up to a powerful appeal, and when you think about it, it becomes easier to see why manufactured homes have been chosen by an average of 29 percent of new home buyers every year since 1980.¹⁷

What People Are Buying

About seven out of ten manufactured homes in place are single-section,¹⁸ but recent buyers favor multi-section homes. They offer more space than a single-section, at a higher cost per square foot. Their more conventional appearance gives buyers a wider choice of sites under state and local zoning laws that prohibit single-section homes. In 1999, the mix in selected states was as follows:

State	Percent of Sales Multi-Section, 1999
California	93%
Florida	82%
Georgia	71%
South Carolina	69%
North Carolina	66%
Texas	55%
Kentucky	50%

Source: Manufactured Housing Institute

Nationwide during the 90's, sales of new single- and multi-section homes have been evenly divided.¹⁹

Most recent buyers paid less than \$35,000 for their manufactured home, excluding land but including setup and installation. One out of four paid over \$45,000.²⁰

Where People Are Buying

The South has long been the center of the manufactured housing market, and in recent years two out of three new homes have been placed there.²¹ More than half of the existing manufactured home stock is in the South. Florida, Texas, North Carolina, Georgia, and South Carolina are among the top six states for existing units in place,

accounting for 2.7 million units in 1998.²² About 19 percent of North Carolina households live in manufactured homes; in South Carolina, about 22 percent do.²³

In 1999, Texas and North Carolina led the nation in sales.

State and National Rank	New Units Sold, 1999
1. Texas	41,454
2. North Carolina	29,167
3. Alabama	18,065
4. Georgia	17,864
5. Florida	17,563
6. South Carolina	15,835
7. Tennessee	13,642

Source: Manufactured Housing Institute

In North Carolina, manufactured housing accounted for 40 percent of new home starts during the 90's.²⁴

About seven out of ten manufactured homes are in rural locations.²⁵ They comprise about 15 percent of the nonmetro housing stock nationwide.²⁶

Land Ownership and Foundation

More and more buyers are placing homes on land of their own. During the nineties, 69 percent of new manufactured homes were sited on the owner's land nationwide. In the southeast, it was 79 percent.²⁷

Slightly less than half of existing manufactured home owners lease the land where their home is placed. The proportion has declined from 62 percent 20 years ago.²⁸

The presence of owned land by itself does not mean a manufactured house is visually integrated with its site like a conventional one. 81 percent were placed on blocks or

piers, with tie-downs for wind safety.²⁹ While such foundations can be structurally sound, their appearance can differ from the brick or masonry perimeter foundation that surrounds a typical site-built home.

What's Being Done

X There is some consumer advocacy taking place, but not much in view of the scale of the sector. Government, nonprofit, and philanthropic involvement is strikingly less than in the world of "real homes."

Grassroots organizations of manufactured home owners are strong in some states including California, Florida, and Michigan, but they are weak or nonexistent in others--including many states in the South with high concentrations of manufactured housing. The National Federation of Manufactured Home Owners is a dedicated, 30-year-old federation of state organizations, but its all-volunteer staff has few resources for strategic initiatives. Its highest priority in 2000 is lobbying for an overhaul of HUD building code administration. Consumers Union has published one detailed article for buyers, and sponsors some pro-consumer lobbying.³⁰ The AARP is a strong advocate for improved regulation of construction standards. Legal Services has lobbied for improved tenant protections in some states, and in Ohio has produced a brief Consumer Guide.³¹

X In Vermont, New Hampshire, and California housing advocates have taken up the cause of mobile home park residents threatened with eviction by the proposed sale of their park. Several hundred parks have converted to resident ownership nationwide. In Vermont, the state enacted legislation providing tax benefits to park owners who sell to residents, and gave tenants the right of first refusal to buy parks offered for sale.

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HUD's major role has been to administer the federal building code. It has also produced research, including a detailed report on how conventional builders could employ manufactured housing in subdivisions.³² FHA financing programs exist for purchase or refinance of manufactured housing, including homes titled as personal property, and also

for development of land-lease communities. However, the programs are little-used, mainly because the industry's retailing system favors its own finance programs, and conventional housing lenders have not chosen to go after the business.

The Rural Development Administration, which has made a specialty of financing modest rural homes, has a surprisingly small role in manufactured housing finance, limiting itself to new multi-section homes on perimeter foundations. State housing finance agencies vary in their policies. Some, like North Carolina's, take the same conservative stance as RDA, while others extend financing to single-section and even used homes.

HUD recently issued regulations designed to increase manufactured housing loan purchases by Fannie Mae and Freddie Mac. Up to now, agency participation in the sector has been very small. In 1998, Fannie Mae and Freddie Mac funded less than 15 percent of loans on manufactured housing, compared to their 55 percent share of the home mortgage market overall.³³

In 1994, a Congressionally established Commission on Manufactured Housing issued a report focusing on reforming HUD's building code administration.³⁴

National organizations working on affordable housing, development banking, community reinvestment, and rural development are conspicuously quiet about manufactured housing.

The Challenge for Advocates

Millions of households will continue to choose manufactured housing. The existing system works smoothly, delivering affordable housing to many low income households, and supporting a thriving business for dealers, financiers, manufacturers, and park owners.

The challenge for housing advocates is to critically analyze the system and correct policies and practices that are hurting low-income people. Attention to manufactured housing from the consumer's point of view is a scarce commodity. There is a shortage of consumer information on important issues like comparative quality, financing options, fair market values of new and resale homes, values of developed lots, and factors contributing to equity-building. *

As Allan Wallis has pointed out, "invisibility" has long been a characteristic of the manufactured housing sector.³⁵ Where affordable housing developers, advocates, or lenders gather, the mention of manufactured housing is likely to evoke derision. There are a few worthy exceptions to the tradition of not-so-benign neglect, but on the whole this large part of the country's affordable housing sector calls out for more scrutiny, policy innovation, and transfer of known techniques from the realm of site-built affordable housing. X

Problems in Financing

"Financing procedures for most manufactured housing sold today are holdovers from the origin of a manufactured home as a mobile vehicle or trailer," says a 2000 report issued by HUD.³⁶ A few finance companies dominate this specialized kind of lending, which accounts for up to 90 percent of manufactured housing finance.³⁷ Although it does provide convenient, fast decisions and accommodate marginal credit, personal property financing is costly. Buyers pay anywhere from 2 to 5 percentage points higher interest than conventional home buyers.³⁸ A 3-point difference on the typical \$29,000 price of a single-section homes adds up to almost \$700 per year in additional payments; a 5-point difference costs an extra \$1170 per year.

Manufactured housing lenders specialize in subprime lending, which can justifiably cost from two to three percentage points more.³⁹ We need to understand how many manufactured home buyers paying premium interest rates actually fit the subprime borrower profile, and how many pay high rates unnecessarily. A survey of manufactured

housing lenders and retailers in Austin found that a person with good credit and a five percent downpayment would have been charged from 2 to 4 percentage points more by manufactured housing lenders than a conventional home mortgagor.⁴⁰ Citing the fact that a majority of buyers have held the same job for five to ten years, a Freddie Mac economist notes that “except for lower incomes, the profile of manufactured home buyers seeking financing does not appear to differ greatly from site-built loan borrowers.”⁴¹ It is quite possible that the intersecting interests of manufacturers, dealers, and financiers combine to successfully market quick-approval, high-rate loans to some borrowers who could have qualified for lower-cost money.

In southern markets, where virtually all African-American and many Latino manufactured home residents live, there may be significant overlap between manufactured home subprime lending and home lending to minorities. For example, in 1998 three of the top 10 lenders to Black and Latino applicants in Texas were manufactured home lenders.⁴²

X Because personal property financing is not governed by the Real Estate Settlement Procedures Act, which requires disclosure of settlement costs and prohibits kickbacks or referral fees for loan closing service providers, “[manufactured housing] retailers can and frequently do earn commissions, rebates, or other payments on loan originations, credit life insurance, property insurance, and other services arranged for at the time the loan is closed.”⁴³ We need to find out whether such fees are reasonable, or whether the opportunity to charge them with little scrutiny is resulting in the kinds of abuses that have been documented in the home equity loan business.

“Value” may have only a loose relationship to “price” in this marketplace, in contrast to the world of site-built homes, where an appraisal using comparable properties is a critical benchmark. Retailers commonly adjust home prices according to a customer’s perceived ability to pay. One experienced observer of the market cites variations of \$5 to \$10,000 and more in prices paid for identical units. To accommodate the practice, loan-

to-value ratios well over 100 percent are reportedly common for manufactured housing finance companies.

X Such high loan-to-value ratios practically guarantee depreciation and directly contribute to defaults. In the site-built home mortgage industry, lenient qualification standards have generated the highest rates of delinquency and foreclosure in two decades, but manufactured housing defaults are much higher still. 12 percent of manufactured housing loans go into default, a rate four times higher than conventional loans.⁴⁴ This rate of homeownership failure would be unthinkable in the world of "real housing" finance, short of a national economic depression, but somehow it is tacitly accepted for people who make their home in a factory-built unit.

Categorizing homes as "personal property" puts manufactured housing outside the realm of conventional housing finance. Even buyers who place homes on their own land continue to use personal property loans to finance them. They finance land separately.

On the fringes of the marketplace are lower-cost, slow, and highly regulated financing programs for manufactured housing, some of them backed by state and federal finance agencies. All of them are reserved for manufactured homes categorized as real estate, except for HUD's dormant Title I program and the Mortgage Credit Certificate program.⁴⁵ Advocates could make an important difference by promoting the value of these programs, which would save consumers money and increase competition. The industry's Manufactured Housing Institute has published a guide to these "mainstream mortgage lending" programs,⁴⁶ and optimistically predicts they are the way of the future.

However, the existing system of personal property finance is skillfully marketed, profitable, and unlikely to change without efforts from informed consumers, interested housing advocates, and motivated lending institutions.

As regulator of Fannie Mae and Freddie Mac, HUD is trying to stimulate secondary mortgage market funding for the sector. Noting that 76 percent of manufactured housing loans were to low- and moderate-income borrowers in 1998, and that many homes are

being placed on the homebuyer's land, HUD rejected the federal secondary market agencies' request to exclude this part of the housing market when calculating their 2001-2003 affordability goals. Fannie Mae and Freddie Mac had argued that the manufactured housing market was "not available" to them, and that they were not "full participants" in it.

Problems in Sales and Installation

As Consumer Reports puts it, "shopping for a manufactured home can combine all of the headaches of buying an automobile with the complexities of any housing purchase."⁴⁷ Buyers must figure the process out for themselves, as there is no buyer education program for manufactured home buyers like the hundreds of programs that have evolved for conventional home buyers over the past ten years. There is little comparative information available about various makes and models, which vary considerably in quality. Nor is there any information about dealer costs and markup norms to help consumers negotiate a deal.

In his book, *Buying a Manufactured Home*, Kevin Burnside, a 15-year veteran of manufactured housing marketing at the dealer and corporate levels, describes a sales environment that is sometimes driven by monthly and yearly quotas to the detriment of the customer. While acknowledging that some dealers are conscientious about customer service, Burnside cites the following concerns with retailing practices:⁴⁸

- "maxing out" monthly payments
- charging interest rates that are too high
- using covert sales tactics and withholding pertinent information
- manufacturers and dealers fighting over responsibility for warranty issues
- poorly trained sales people not offering options on financing, insurance, and set-up contractors
- selling homes built to the "absolute minimum of the HUD code"
- insufficient regulation of set-up contractors.

Consumer problem

National surveys by Consumer's Union and AARP show high levels of satisfaction with manufactured housing ownership, but they also reveal that owners frequently have had to work out major problems with their homes. In recently purchased units, problems were most commonly reported with interior fit and finish, windows and doors, plumbing, and general construction. Installation of the manufactured home is a critically important process that is lightly regulated, and accounts for a significant share of owner complaints.⁴⁹ Scrutiny needs to be applied to the practice, used in North Carolina and possibly elsewhere, of having buyers waive rights to judicial review of disputes by signing an arbitration agreement at closing.

Problems with Leased Sites

Affordable housing advocates think of homeownership on leased land only in innovative situations like land trusts, where commonly owned land enables a community to ensure permanent affordability or other social goals. Except in such controlled circumstances, no one would recommend investing thousands of dollars in a home sited on land held under a short-term lease. Yet that is the basic situation for the great majority of the three million manufactured home owners whose home is on leased land.

For most owners living in parks, the option of moving a home is not realistic because of the scarcity of alternative sites, the \$2000 cost of transportation and setup, and low incomes. The balance of power in a mobile home park is with the landowner. Site rental rates, utility charges, and cable TV fees can have hidden components and unforeseen increases. Arbitrary park entry and exit fees are still legal in many states. Strict park rules can range from petty to draconian. An evening visitor's car may be towed away without notice. If water is run through a central meter, guests staying more than a few days may be required to register. When streetlights were added by management in one park, residents of sites with new light poles were assessed a fee, while neighbors got a free ride.

X
It's all too easy for an owner to intimidate residents who complain or try to organize, and such "retaliatory conduct" is explicitly illegal in only half the states. In others, complaints can lead to eviction.⁵⁰ Abuses can also arise where sale of a used home is subject to a park owner's approval, enabling an unscrupulous owner to reject purchasers and make a lowball offer in the end.⁵¹ A Legal Services attorney notes that "in many states park owners are free to order the removal or replacement of homes once they reach a certain age, which eliminates much of the resale value."⁵²

Although landlord-tenant protections have been extended to mobile home owners in many states, eighteen states had not done so as of 1998.⁵³ Even where the protection exists, one expert notes that "many tenants are unaware of their rights and, in areas where vacancies are low, intimidated against exercising them."⁵⁴

The trend toward purchase of locally managed mobile home parks by real estate investment trusts (REITs) could hold good and bad news for residents. When individually owned homes rise in value, so do the site rental rates that can be charged. REITs may also standardize management practices for efficiency and to attract investor capital. On the other hand, their business strategies include regular rent increases, and absentee ownership carries the risk of disengaged management.⁵⁵

Condition of Older Homes

Programs and financing for the rehabilitation and replacement of old mobile homes should be an urgent priority. As many as 3 million homes in the nation's current manufactured housing inventory were built prior to implementation of the HUD building code in 1976, when some homes had a useful life as short as ten years.⁵⁶ Many of these were built in the industry's boom years 1968 through 1973, when 2.7 million new homes were sold.

Most pre-HUD code homes were built to a loosely enforced industry standard. Ralph Nader's Center for Automotive Safety found the industry standard to be better than

nothing, but reported in 1975 that “poor design, cheap materials, and sloppy workmanship...all too often result in shockingly bad products.”⁵⁷

Few housing rehabilitation loan programs target manufactured home owners. Some programs actually exclude mobile homes altogether, manifesting a denial that these dwellings are “real homes,” despite having been in service for some 25 years or more. This is all the more regrettable since identifying old manufactured homes is a straightforward matter of checking for a HUD certification plate on the exterior or checking tax rolls for the date of origin, compared to the difficult job of determining which site-built homes in a community are substandard.

A Harvard Joint Center study found that “renters of manufactured housing are some of the most transient and low-income households in America.”⁵⁸ The 1.6 million rental units in the stock are likely to include a large number of substandard pre-1976 units. Programs targeting rental manufactured homes would reach a population with pressing needs. For example, it might be possible to offer financing for good-quality used replacement units that could be purchased cheaply by landlords.

Light
Interviews with advocates show that many Latinos get their start in the US housing market in an old manufactured home. Families or groups of workers sometimes crowd into a single-section home and pay rents of up to \$100 per month per capita, yielding up to \$600 or more to a landlord who may have invested only a few thousand dollars in a pre-HUD code unit.

The Price of Living in Chattel

A recent *Shelterforce* article states flatly that “mobile homes don’t appreciate in value” and “can’t build equity.”⁵⁹ Unfortunately these assertions reflect a near-consensus among housing advocates. Consumer’s Union survey research does show that two-thirds of units are worth less than their owners paid for them. However, the converse is that one-third of manufactured homes have held their value or appreciated.⁶⁰ Several other

studies establish the simple fact that some manufactured homes increase in value, and some decline.⁶¹

What we need to do is sort out the factors that cause values to go up or down, and then promote policies and practices that can build wealth. The mistaken perception that depreciation is somehow inherent in manufactured homes is at the root of disinterest about them among development bankers, advocates, planners and nonprofit developers. These professionals are rightly concerned that housing should be a foundation for wealth-building, but if we just write off the preference of so many homebuyers for lower-cost manufactured units, we passively contribute to a problem we should be helping to solve.

After all, even though manufactured homes are relatively cheap, they're still the most valuable thing that a lot of families own. In North Carolina, for example, the value of manufactured housing in place was estimated at \$6.4 billion in 1990.⁶² In just this one state, a 3 percent change in value up or down means \$180 million in assets gained or lost, every year, for families at the bottom of our wealth ladder.

Close observers of the market generally agree that manufactured housing which is permanently affixed to a site is more likely to appreciate.⁶³ Physical factors like permanent, perimeter foundations are important, but the way we classify manufactured homes in law could also be important. Some insight on this comes from Hernando De Soto, a third world development specialist who has written a book on the relationship between property systems and low-income household wealth.⁶⁴ He argues that when it comes to the capital value of an asset, physical characteristics are actually secondary. Of prime importance is the way assets are categorized, described, and "fixed" in legal and administrative systems. Fixing an asset in a uniform way enables the greatest number of market participants—such as lenders, buyers, real estate agents and secondary mortgage market investors—to relate to it with minimum confusion and uncertainty. Once an asset is legally fixed, "[its] economic potential...[can] be used to produce, secure or guarantee greater value in the expanded market."⁶⁵

X De Soto's subject is the untapped wealth locked up in informal, untitled third world dwellings and property. Although an American manufactured home is formal property with legal recognition, it stands distinct from the rest of our housing stock in its legal classification. This isolation relates to the pervasive problem of depreciation.

X More than 8 out of 10 manufactured homes placed in 1998 were titled as personal property, or chattel.⁶⁶ The word derives from "cattle," and denotes property that is moveable and personal, like cars, furniture, and clothing. Chattel is the opposite of real estate, which is fixed and immovable. Chattel generally has a shorter life and is more rapidly consumed than real property. Although manufactured housing is almost always classified as chattel, a manufactured home is not really any more moveable, nor more rapidly consumable, than other housing.

X To finance, record, and tax manufactured housing as personal property is a technical mis-categorization with real consequences for people. Whether property is fixed or immovable has obvious implications for using one's home as collateral, for example. Lenders may joke about how a manufactured home might go rolling down the road one night and disappear, but the joke is partly grounded in the legal treatment of these homes.

X Advocates should work toward classifying every home as real estate. Bringing manufactured housing unambiguously into the world of "real" housing would improve owners' access to markets and financing, and contribute to wealth accumulation. Proper classification would also extend the legal protections of real estate occupancy to all manufactured home owners, including those who lease land.

States vary widely in how they classify manufactured housing. A few states consider all manufactured homes to be real estate, regardless of who owns the underlying land. Most others permit a home sited on the owner's land to be converted to real property. Eighteen states categorize all manufactured homes on leased land as personal property.⁶⁷

Illustrating the resulting confusion, an attorney has commented, "if you want to take a security interest as a lender on a mobile home [on leased land], how you do it depends on

state law, which varies, is confusing and sometimes involves a vehicle-type lien. In most cases...a separate ruling has to be obtained for mobile homes, because they really aren't rental or owner occupied. Needless to say, loans on these hybrids are valued in a completely different manner from loans on rental or owner occupied property."⁶⁸

Considering that one-half of homes are on leased land, this confusion and the resulting bottleneck on capital flows should be of concern to housing advocates.

The state-by-state patchwork of categorization is itself a barrier to integrating manufactured housing into mainstream markets. Decades ago, the standardization of housing loans across the country made it possible to integrate housing finance with capital markets. Standardization was promoted by federal mortgage insurance and secondary market agencies. Likewise, real estate brokerage systems, appraisal, and assessment methodologies operate uniformly to benefit conventional homebuyers and

X We need to promote and codify a consensus understanding that manufactured housing is not mobile, not chattel, not disposable, and not a special case.

Once their houses are classified and recognized as "real" housing, manufactured home residents will have much improved access to our extensive policy supports for homeownership.

Every housing advocate knows the gospel about homeownership as the transformation that gives a family a real stake in the community, with stabilizing spin-off benefits for everyone. It's an idea that goes back a long way. If we accept it, we advocates should ask ourselves why it's acceptable to overlook millions of owner-occupied, depreciating homes that are cut off from the rest of the housing stock in a parallel legal universe.

Effects of the Legal/Policy Framework: Individual

X Discriminatory treatment of manufactured home residents flows from the unexamined matrix of law, finance, taxation, land use regulation, and custom within which manufactured housing exists. It is a matrix to which the manufactured housing industry has profitably adapted, and its continuation is supported by inattention from housing X

X advocates. The combined effect of these policies is to drain wealth from manufactured home owners and block their access to the housing subsidies, tax benefits, resale institutions, financing, and legal protections that site-built owners take for granted. For example:

- Even when homes are placed on the owner's land, personal property mobile homes are subject to relatively rapid repossession proceedings if owners fall behind in payments. Site-built homeowners benefit from extensive protections under real estate foreclosure laws.
- There is some confusion among industry representatives, experts, and owner advocates about whether manufactured home loans qualify for the mortgage interest tax deduction.⁶⁹
- Owners of personal property manufactured homes have less access to affordable refinance, home improvement, and equity lines than site-built owners.
- To sell a chattel manufactured home, owners usually have to offer it "by owner" since most real estate brokers sell only real estate. This depresses resale value.
- Property tax authorities typically apply depreciation schedules automatically to manufactured housing, unlike site-built homes whose tax valuations usually increase over time. The resale price data that supports increased real property valuation is usually not collected for manufactured housing.⁷⁰
- If an owner violates the terms of a lot lease or is evicted, after relatively short periods of time a park owner may be able to keep or sell the home.

Effects of the Legal/Policy Framework: Community

Consumers are not the only potential beneficiaries of the needed classification change. Recognizing the "real" character of manufactured housing contributes to the asset base of an entire community. For example, Henderson County, NC's tax assessor decided to begin taking manufactured homes seriously in the early 1990s. Two full time staff were assigned the job of tracking manufactured housing values—not an easy task given the absence of an organized resale market system; the wide variation in maintenance;⁷¹ the presence of leased land with varying lease terms; and most problematically, the retail practice of "pricing to monthly payment" that negates the benchmark of purchase price.

Once values were established, the assessor determined that the use of depreciation schedules had systematically undervalued this stock of residential property. The result was a \$53 million increase in the tax rolls over two years.

In the process of raising so many manufactured home dwellers' property taxes, the assessor and his staff found themselves in the role of consciousness-raising, explaining to concerned taxpayers that a "trailer" is something you haul around behind a vehicle, and that their increased valuation resulted from the assessor's best estimate of the actual market value of a *home* that happened to have been built in a factory.

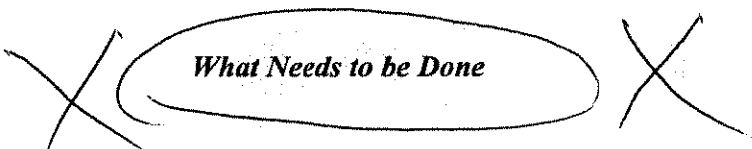
Low and moderate income people should not be left to learn about asset-building and the meaning of homeownership from their tax assessor. The protests from mobile home dwellers confirm what our housing system has inculcated in them: that their housing is a depreciating asset, like a vehicle. How many buyers of conventional homes would trade off a lower annual property tax bill for a depreciating home value?

Too many owners of manufactured housing participate in the settled wisdom that their form of housing is uniquely handicapped in its potential for appreciation. They may accept the "reality" that they are using up their housing every day they live in it, while the rest of us have our cake and eat it too, enjoying shelter and value appreciation at the same time. This perception of manufactured housing contributes to a self-fulfilling prophecy about long-term value by discouraging maintenance, deterring legal conversion to real estate, and making long-term leases or permanent integration with the site uninteresting.

If owners, lenders, planners, real estate agents, and tax assessors all concur that manufactured housing depreciates, then surely it will do so. Housing advocates need to help sort out the details of this housing form that starts out as personal property, but delivers shelter like any other home.

Potential for Development and Innovation

Clearing up the thicket of misperceptions about manufactured housing, and addressing the problems of buyers, owners, and renters should be the first priority for advocates. Having started on that, it may be possible to incorporate the cost advantages of manufactured homes into nonprofit housing developments.⁷² If stereotypes can be overcome, eventually the nonprofit development community could help to re-invent manufactured homes as quality, wealth-building, affordable housing.



What Needs to be Done

Value Appreciation and Market Data

- Analyze the factors that contribute to manufactured home value appreciation and depreciation.
- Encourage the real estate brokerage industry to list and provide sale price data on manufactured homes.

Finance

- Promote real estate financing for purchase, refinance, and home equity lines from banks, Fannie Mae, Freddie Mac, HUD/FHA, Rural Development Administration, and state housing finance agencies.
- Promote home value appreciation and increase monthly cash flow for existing manufactured home residents by converting personal property units to real estate and refinancing existing higher-cost debt.
- Evaluate prevailing practices in personal property finance. Some areas to look into: correlation of buyer risk profile and interest rates charged; repossession rates; fees and rebates compared to those for real estate loans; disparate effect of subprime manufactured home lending on minority borrowers; and inclusion of arbitration agreements in closing documents.

Consumer Information and Support

- Develop and deliver buyer education programs targeted to manufactured home buyers.
- Develop consumer information about home prices, normal markups, options, and comparative quality.
- Improve responsiveness of state agency administration of HUD building code complaints and warranty issues.

- Facts and regulation on proper installation, including installation options relating to value appreciation.
- Support grassroots organizing of manufactured home owners and residents.
- Develop manufactured housing rehab and replacement programs to benefit residents of pre-HUD code homes.

For Residents on Leased Land

- Extend landlord-tenant law to owners of units on leased land, provide protections against rapid or arbitrary forfeiture of homes, and spread information about resident rights. Address the potential for intimidation.
- Offer financing and technical assistance to enable residents of land-lease communities (parks) to buy their park if it is offered for sale.

Development

- Support innovative uses of manufactured housing by for-profit and non-profit organizations, such as: least-cost rental housing; condominium communities; long-term land-lease communities with resident management; moderately priced assisted living for seniors; manufactured housing subdivisions planned for value appreciation; and other concepts that take advantage of the 50 percent construction cost reduction and simplified execution of manufactured housing projects.

Policy Reforms

- Support property tax valuation reforms that track actual resale prices of manufactured homes, and abandon the use of depreciation schedules for housing.
- Research land use policies and other restrictions affecting the supply and cost of land for manufactured home placement.
- Sponsor conferences for affordable housing professionals to discuss manufactured housing facts vs. perceptions.

Richard Genz is an independent consultant specializing in affordable housing planning, finance and research. Based in Asheville, North Carolina, he has worked on projects throughout the eastern US and internationally. Genz's website is www.housingcommunity.com, and he may be reached at 828 285 9647, or genz@housingcommunity.com.

This document is available online at: <http://www.housingcommunity.com/manhousing.pdf>

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Notes

- ¹ Foremost Insurance Company, *The Market Facts*, 1996, p. 10.
- ² Foremost Insurance Company, *The Market Facts*, 1996, p. 10. Vermeer, Kimberly and Louie, Josephine. *The Future of Manufactured Housing*. Harvard Joint Center for Housing Studies. 1995. Section V, p. 3.
- ³ Wallis, Allan. *Encyclopedia of Housing*. Sage Publications. 1998, p. 349. In 1981 Congress revised the 1974 national building code (HUD code, implemented in June 1976) for mobile homes and formally named the product "manufactured housing." An integral chassis is a HUD code requirement. "Manufactured housing" does not include other factory-built housing such as modular or panelized housing, which is built to one of four national codes adopted by local governments.
- ⁴ *Ibid.* p. 348.
- ⁵ The US Census counts every manufactured home owner as a homeowner, whether or not the home is on leased land or is titled as personal property.
- ⁶ Recent buyer median income from *National Survey of Mobile Home Owners*, AARP 1999. Manufactured home occupant median from AHS Table 2-12 1997.
- ⁷ AARP *National Survey of Mobile Home Owners* for buyer income for buyers from 1992-1999, and US Census Income Statistics 1999 for median US income.
- ⁸ Foremost Insurance Co. *Market Facts 1996*, p. 7; Federal Reserve Survey of Consumer Finances for 1995, *Federal Reserve Bulletin* January 1997 p. 6.
- ⁹ Foremost study, p. 13.
- ¹⁰ Vermeer, Kimberly and Louie, Josephine. *The Future of Manufactured Housing*. Harvard Joint Center for Housing Studies. 1995. Section III, p. 1
- ¹¹ This is one of the central points of Allan Wallis' excellent study of manufactured housing, *Wheel Estate: The Rise and Decline of Mobile Homes*. Oxford University Press 1991 and Johns Hopkins University Press, 1997.
- ¹² All statistics on minority occupancy from American Housing Survey, 1997.
- ¹³ American Housing Survey, 1997.
- ¹⁴ Vermeer, Kimberly and Louie, Josephine. *The Future of Manufactured Housing*. Harvard Joint Center for Housing Studies. 1995. Section IV, p. 2
- ¹⁵ *Manufactured housing: dream...or nightmare?* Consumer Reports, February 1998, and Meeks, Carol B., Ph.D., *Manufactured Home Life*. Manufactured Housing Institute, 1995.
- ¹⁶ Vermeer, Kimberly and Louie, Josephine. *The Future of Manufactured Housing*. Harvard Joint Center for Housing Studies. 1995. Section II, p. 2.
- ¹⁷ Manufactured Housing Institute.
- ¹⁸ Foremost *The Market Facts*, 1996, p. 12.
- ¹⁹ AARP *National Survey of Mobile Home Owners*.
- ²⁰ AARP, p. 11.
- ²¹ HUD, *Federal Register*, Vol. 65, No. 211, p. 65096.
- ²² Manufactured Housing Institute.
- ²³ Manufactured Housing Institute figures on 1998 total manufactured housing stock applied to current population estimates for each state.
- ²⁴ Brookings Institution. *Adding it Up: Growth Trends and Policies in North Carolina*. For Z. Smith Reynolds Foundation, 2000. p. 10.
- ²⁵ Vermeer, Kimberly and Louie, Josephine. *The Future of Manufactured Housing*. Harvard Joint Center for Housing Studies. 1995. Section II, p. 4.
- ²⁶ American Housing Survey 1997 table 1D-7.
- ²⁷ AARP study.
- ²⁸ Foremost Insurance Co., *The Market Facts 1996*, and FNMA marketing material on manufactured homes.
- ²⁹ AARP study, p. 5.
- ³⁰ *Manufactured housing: dream...or nightmare?* Consumer Reports, February 1998.
- ³¹ Buchanan, Jim, Esq. *A Consumer's Guide to Mobile Home Ownership, Y-2000 Edition*. Reymont Associates, PO Box 114, NY, NY 10276.

- ³² HUD/NAHB, *Home Builders' Guide to Manufactured Housing*. May 2000.
- ³³ HUD, Federal Register Vol 65, No. 211, 10/31/2000. p. 65053.
- ³⁴ Commission members representing the industry abstained from the recommendations due to disagreement about how the code should be reviewed over time.
- ³⁵ Wallis, Allan. *Wheel Estate: The Rise and Decline of Mobile Homes*. Oxford University Press 1991 and Johns Hopkins University Press, 1997, p. 203.
- ³⁶ Home Builders' Guide to Manufactured Housing cite HUD/NAHB report, p. 37.
- ³⁷ Vermeer, Kimberly and Louie, Josephine. *The Future of Manufactured Housing*. Harvard Joint Center for Housing Studies. 1995. Section IV, p. 5.
- ³⁸ HUD/NAHB report, also *Consumer Reports* February 1998.
- ³⁹ National Consumer Law Center, *Home Equity Lending and HOEPA*, Testimony before the Board of Governors of the Federal Reserve, 8/4/2000, p. 4. "If higher rates for some borrowers were meant *only* to compensate for the increased losses expected, the rates should be no more than 2 or 3 percentage points higher for C loans than for A- loans."
- ⁴⁰ *Access to the Dream: Subprime and Prime Mortgage Lending in Texas*. Consumers Union Southwest Regional Office and The Austin Tenants' Council. April 2000.
- ⁴¹ Bradley, Donald S. *Will Manufactured Housing Become Home of First Choice?* Secondary Mortgage Markets, July 1997.
- ⁴² Ibid.
- ⁴³ HUD/NAHB report, p. 41.
- ⁴⁴ *Consumer Reports* February 1998, p. 34. It is worth noting that the Title II FHA-insured loans in Ginnie Mae's portfolio had a delinquency rate twice that of its FHA-insured site built homes, according to the agency's 1999 annual report. This seems to indicate that permanent attachment to the site, as required by Title II FHA, substantially reduces manufactured housing delinquencies.
- ⁴⁵ While FHA's Title I manufactured home loan program is available for personal property homes, volume in the program dwindled to nothing during the nineties, from 28,404 loans in 1991 to a negligible 377 loans in 1999. Source: HUD Title I Manufactured Home Loan Volume, Report No. F72BMR1A, 9/22/00. The Mortgage Credit Certificate program holds promise for reducing the cost of personal property financing.
- ⁴⁶ *Manufactured Housing: A Guide to Mortgage Lending Programs*. Manufactured Housing Institute.
- ⁴⁷ *Dream home...or nightmare?* *Consumer Reports*, February 1998. Page 33.
- ⁴⁸ Burnside, Kevin. *Buying a Manufactured Home*. Van der Plas Publications. San Francisco, 1999. pp. 11-12.
- ⁴⁹ *Consumer Reports* cites regulators who say installation complaints account for one-half of all complaints. The AARP survey showed that 15 percent of recent buyers had problems with installation.
- ⁵⁰ Buchanan, Jim. *A Consumer's Guide to Mobile Home Ownership*, p. 20.
- ⁵¹ *Consumer Reports*, February 1998, p. 35.
- ⁵² Buchanan, Jim. *A Consumer's Guide to Mobile Home Ownership*. P. 15.
- ⁵³ Wallis, Allan. "Manufactured Housing." *Encyclopedia of Housing*, 1998. P. 350.
- ⁵⁴ Wallis, Allan. *Wheel Estate*. P. 195.
- ⁵⁵ See discussion by Vermeer, Kimberly and Louie, Josephine. *The Future of Manufactured Housing*. Joint Center for Housing Studies. 1995. Section IV, p. 7.
- ⁵⁶ Meeks, Carol B. *Manufactured Home Life*. Manufactured Housing Institute, 1995. Table 1, p. 4. See also Harvard Joint Center report, Section 4, p. 5 and Section II, p. 2.
- ⁵⁷ Cited by Wallis, Allan. *Wheel Estate*. P. 213.
- ⁵⁸ Vermeer, Kimberly and Louie, Josephine. *The Future of Manufactured Housing*. Joint Center for Housing Studies. 1995. Section III, p. 5.
- ⁵⁹ Rosenbloom, Phillip. *Homeowners, and Tenants Too*. Shelterforce, July-August 2000 p. 22. Rosenbloom presents useful information and analysis about problems affecting owners on leased land, and urges advocates to put mobile homes on their radar screens.
- ⁶⁰ *Consumer Reports*, February 1998.
- ⁶¹ Datacomp Appraisal Systems analyzed 185 manufactured homes re-sold as personal property, several years after their original purchase, in Michigan. 97 increased in value and 88 declined. Appreciation rates in four manufactured housing communities in California ranged from 8 to 17 percent during the hot real estate market of the late eighties, according to a study by the California Manufactured Housing Institute. In

Washington state, appreciation rates in six counties varied from 0.3 to 4.9 percent in a study of 3,200 resales by the Washington Manufactured Housing Association. Source: North Carolina Manufactured Housing Institute.

⁶² US Census, 1990, as quoted by NC Manufactured Housing Institute.

⁶³ See for example Wallis, Allan. "Manufactured Housing," *Encyclopedia of Housing*. Sage Publications. 1998. P 350.

⁶⁴ De Soto, Hernando. *The Mystery of Capital*. Basic Books. 2000.

⁶⁵ De Soto, p. 48.

⁶⁶ US Census, *Selected Characteristics of New Manufactured Homes Placed, by Region, 1998*.

⁶⁷ HUD/NAHB report.

⁶⁸ Carolyn Betts, Esq. posting to build-com@spruce.libertynet.org 8/3/99.

⁶⁹ Two attorneys experienced in the industry, Mr. James Molino and Mr. Ted Lincoln, were consulted for this study and both stated that manufactured home loans are eligible for the deduction regardless of whether the home is real or personal property. In the *Encyclopedia of Housing* ("Manufactured Housing" p. 350), Allan Wallis says personal property loans do not qualify. *Consumer Reports* wrote to the author that "chattel loans are frequently not deductible."

⁷⁰ This is changing in North Carolina, where the Department of Revenue is encouraging local tax assessors to begin collecting actual market values of manufactured homes. Preliminary data is showing some appreciation in values.

⁷¹ This has something to do with how the owner perceives the unit—consumable good vs. capital investment—and that in turn flows partly from the way authorities view it.

⁷² See Wallis, *Wheel Estate*. Pp. 251 and following.

WI MANUFACTURED HOME OWNERS ASSOCIATION, INC
(WIMHOA) <wimhoa@chorus.net>
PO Box 254
Marshall, WI 53559-9207

June/July 2001

Dear Legislator SyBora:

We residents in MH parks need fairness and enforcement written into state law. These are the laws we need if we are going to enjoy the full rights of every other citizen in this country:

- 1. Right of First Refusal when parks are put on the market. Require park owner to accept a buyout at fair market value. Require adequate notification of residents of a park sale or closure.**
- 2. Required relocation assistance from park owners in the event of park closures or park-instigated in-park relocations.**
- 3. Resident complaint remedies requiring arbitration and/or mediation for unreasonable park rules and regulations as well as excessive rent increases. A state-established Ombudsman office to act as intermediary.**
- 4. Rent increase justification--to include rent formulae that must be based on the average of parks state-wide from the median of its peer groups. The amount should be adjusted for cost of living, and should assume future rent increases equal to the projected consumer price index (CPI). Current overpriced rents would be subject retroactively to this formula. Increases should require 60 days written notice prior to implementation; park owners must justify increases based on whether it is indefensible (based on the park owner/operator's total expenses, including debt service and a reasonable return on the park owner's investment or equity in the park)--provided, however, that such debt service is directly related to acquisition of the mobile home park. Debt service used to, or otherwise employed, for purposes other than that which is directly related to the acquisition or capital management of the MHP, shall be excluded. Further, the arbitrator shall perform an analysis as to the MHP owner's need for a rent increase and services provided to the park. Such analysis shall be performed for a period of not less than 3 years preceding the application for rental increase. Specifically excluded in any such analysis shall be any debt service incurred using the MHP as collateral or other security for investment, enterprises, businesses or similar ventures separate and apart from the MHP.**

Along with rent gouging, in MHPs in which park owners make the decision by themselves to install water meters (whereby individual residents will assume their own costs for water and sewer), water charges that had previously been included in monthly rent charges should reduce the monthly rent by the same amount, in order to compensate residents who would otherwise be charged twice for the same utility.

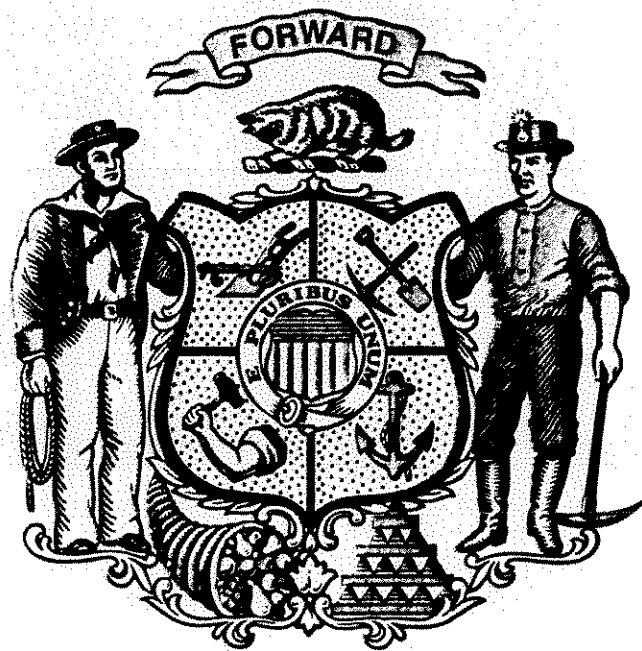
5. **State certification of managers with requirements for continuing education.**
6. **State enforcement with civil penalties for those who violate landlord-tenant statutes.** The burden of proof should be on the park owner since s/he imposes the regulations. MH resident should be able to get a judgment that can be enforced by paying a sheriff to serve it and collect on the spot.
7. **Criminal penalties for verbal abuse and intimidation of the elderly and handicapped.** Specifics for enforcement needed.
8. **Improved language for resale of homes on site,** holding park owners/managers accountable for intimidation, avoidance, and discouragement of prospective buyers by use of civil penalties.
9. **Leases.** Since the legislature allows evictions for not signing it (s.710.15(5m)), since many residents don't know what they are signing, and since some park operators devise 12-page lease charters, it would make sense to use required model lease language. We would also like increased notice of at least 60 days. Since we are required to give 45-days notice upon departure, it is patently unfair for park owners to give us a mere 28-day notice of rent increases, et al. Along with that, 5-year to 20-year leases should be the norm, rather than the exception, for residents who request them.
10. **Elimination of guest and pet fees.** Do park owners have a hotelier's license to use our houses?
11. **Requirements of park habitability.** No state enforcement nor municipalities even give cursory effort to enforce park owner specific maintenance obligations with civil penalties for failure to perform, particularly as regards sewer maintenance.

Please advise our organization of any actions you intend to take on behalf of consumers in order to address these concerns.

Sincerely,



Kristen Zehner, President
WI MHOA



Hardinger, Marlin

From: Kristen [wimhoa@chorus.net]
Sent: Friday, June 29, 2001 11:20 PM
To: kezehner@facstaff.wisc.edu
Subject: Comprehensive Report on MHP Lifestyle

Dear Legislator,

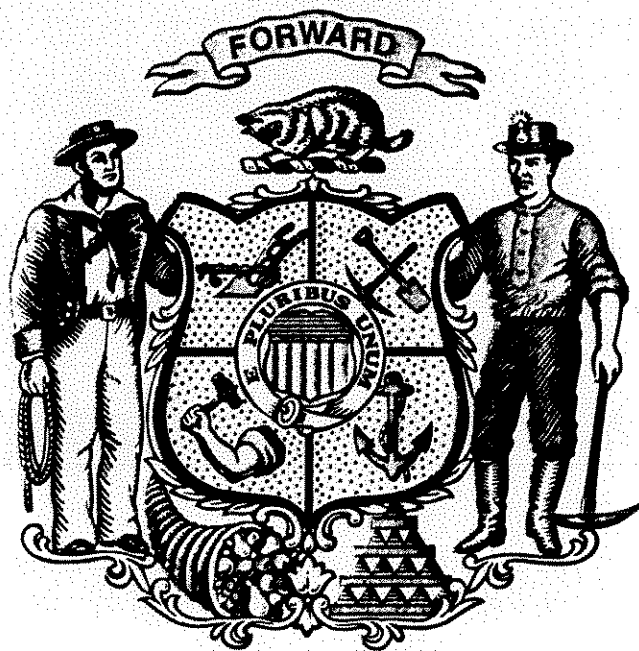
Sometime this fall, you will be sent recommendations from the Guv's Task Force On Manufactured Housing on the industry's take on needed improvements in the industrial climate.

Please remember--none of these recommendations will include any consideration of consumer needs.

To read a comprehensive assessment prior to your deliberations on changes in law to benefit the industry, I urge you to check out the article by Richard Genz, a consultant on MH housing, at <www.communityhousing.com>

It's the best script on the reality of MHPs and not just the hype available to date.

*not up yet website
andy construction*



Hardinger, Marlin

From: Kristen [wimhoa@chorus.net]
Sent: Sunday, July 29, 2001 4:08 PM
To: kezehner@facstaff.wisc.edu
Subject: Housing discrimination

Dear Legislator,

The House VA-HUD Appropriations Subcommittee followed the Administration's lead on the FY02 housing budget by marking up a bill that is uninspired and perfunctory. The bill has modest increases in a few areas, flat funding in a few more, and cuts to some others, including public housing and homeless assistance, two of HUD's programs that serve the poorest people. The bill provides for only 26,000 new incremental vouchers, which we should regard only as a retreat, as it is a decrease in the number of new housing vouchers after three straight years of hard fought increases.

The Subcommittee that recommends funding for housing programs, of course, is operating within the confines of the budget agreement and the allocations from the full Appropriations Committee, so they have little room to negotiate, just as HUD was confined by the dictates of the Office of Management and Budget this year. As Senator Kit Bond (R-MO) admonished Secretary Martinez at the recent hearing with the Senate VA-HUD Appropriations Subcommittee, HUD needs to shape its own budget priorities and argue their merits with OMB, not just accept what is handed down and make do. I hope that Senator Bond and other members of the Senate subcommittee, now chaired by Senator Barbara Mikulski (D-MD), will assert their displeasure with the limited resources allocated to them when they mark-up their appropriations bill this week. The solution to the affordable housing shortage will not be found in the deliberations of the HUD Appropriations Subcommittee as long as the budget process restrains the debate.

The National Low Income Housing Coalition is well known for calling attention to one of the most blatant inequities in federal priorities - the disparity between direct housing subsidies to low income renters and the tax based subsidies to homeowners. The accelerating rate and cost of homeownership has driven the tax expenditures for homeowners way over the \$100 billion a year, while budget authority for direct housing assistance has declined in the last 25 years. Most people understand intuitively that this is unfair, just as they understand that tax cuts that benefit the most well-off are unfair. Nonetheless tax benefits for homeowners have been considered sacrosanct.

Now, the Brookings Institution has added an important new dimension to this discussion. (see article elsewhere in Memo). By examining the geographic distribution of homeowner related tax benefits, we now have evidence that these benefits accrue disproportionately to certain states, those where the most expensive homes are. While California has only 10% of the homeowners in

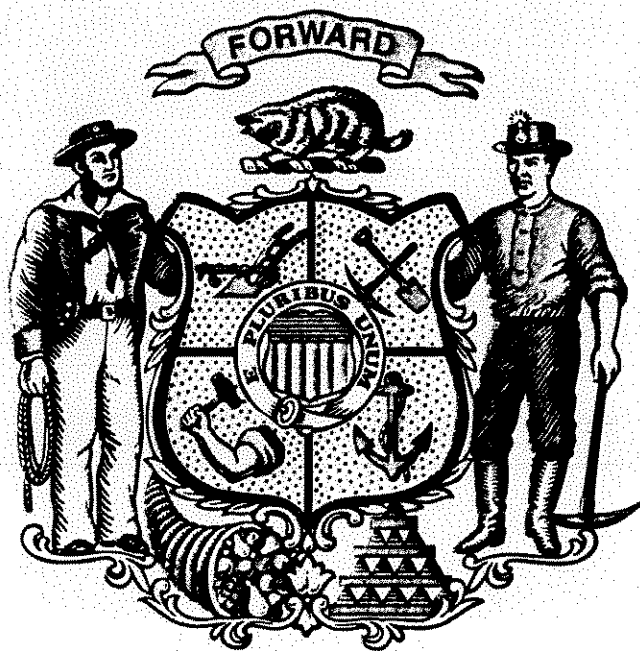
the country, 25% of the total tax benefits go to them. Only 10 states and the District of Columbia have a positive net transfer of benefits. These data argue for a renewed examination of the distribution of housing benefits, as members of Congress begin to realize how skewed the tax benefits are, not only to high income homeowners, but to the states where they reside.

per NLIHC President Sheila Crowley

Kristen Zehner, Pres.
WI Mfg. Home Owners Assn. Inc.
PO Box 254
Marshall WI 53559-9207
wimhoa@chorus.net
608/655-4573

No one is good enough to govern another
without that other's consent.

ABRAHAM LINCOLN (1809-65)



Hess, Martha

From: Ross Kinzler [ross@wmha.org]
Sent: Monday, August 13, 2001 11:06 AM
To: Hess, Martha
Subject: Task Force Update

Here is my summary of what happened at last Thursday's task force meeting. I wish I could report that they are done...but!!!

Governor's Task Force Takes Stance on Deed Restrictions

The Governor's Blue Ribbon Task Force on Manufactured Housing took a bold step at its August 9 meeting to urge adoption of legislation that would attack discriminatory deed restrictions. The action was urged by the WMHA and as adopted provides that "no restrictive deed provision, restrictive covenant or agreement may be applied or enforced on a property prohibiting the erection of a factory built home. This prohibition does not however limit a developer's right to adopt aesthetic compatibility criteria."

In a letter to Chairman Rand, WMHA Executive Director said, "While the Governor's Task Force has thoroughly discussed the effects of zoning and planning on the availability of manufactured homes to Wisconsin citizens, we believe an additional factor deserves attention. All across Wisconsin subdivisions and other residential lots are created daily, but many are subject to deed restrictions created by the developer that prohibit a buyer from selecting a factory built home for use on the property. As you know, Wisconsin law limits local governmental bodies from 'zoning out' homes built to the uniform dwelling code whether they are built on site or in a factory. Similarly, federal law extends this limitation to homes built to the Federal Manufactured Housing Construction and Safety Standards. These limits however can be of little use if developers systematically draft and record deed restrictions to effect the same purpose. We think all Wisconsin citizens deserve a chance to select whether their home will be built on site or in a factory. We do not seek to limit a developer's right to insist on aesthetic compatibility. The language we suggest would still guarantee that the developer could control the exterior 'look and feel' of their development."

The recommendation will now become a part of the Task Force's final report to Governor McCallum.

In addition, the Task Force recommended that the business practice elements of industry regulation generally found in ATCP 125 be transferred from DATCP to the Department of Commerce. The Task Force felt it was important to centralize the remaining elements of the community licensing function in a single agency. General landlord-tenant regulation would remain at DATCP.

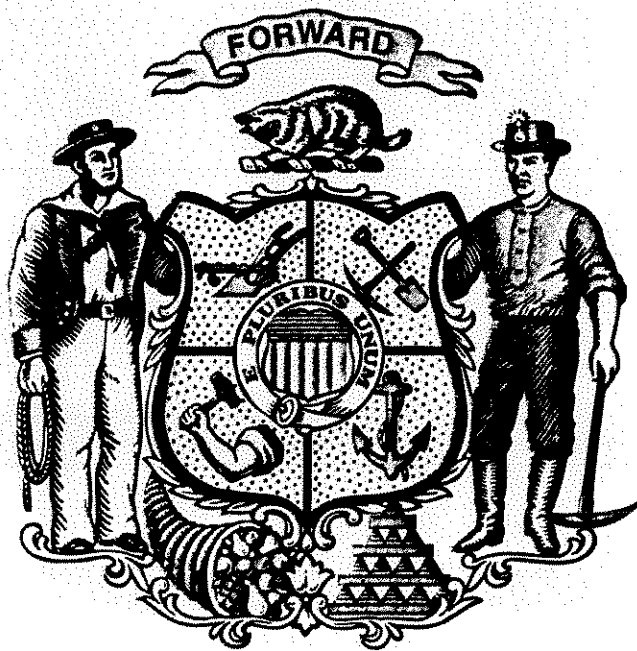
In other action, the Task Force recommended:

1. The Department of Commerce study and adopt specific standards for suspension, revocation or rejection of a dealer applicant based on a criminal background check or a conviction. Under current law, the Department has the power to suspend or revoke a license or reject an application, but no written standards are in place to do so.
2. The Department study and adopt educational standards for dealers and salespersons that might include continuing education and examinations.
3. The Department study and adopt revised qualification standards related to dealer minimum financial responsibility.

The Task Force discussed but failed on a tie vote to recommend that the Department study the feasibility of licensing community managers. Another motion to ask the Department to adopt educational standards for community owners failed to gain a second.

Chairman Rand was asked by the Task Force to communicate with the American Planning Association that sent a letter to the Task Force objecting to a prior recommendation that would require manufactured housing to be specifically included in any Smart Growth plan. The APA said it objected to any "single issue" mandates because it tied the hands of local planners. The Task Force discussed the APA letter and asked Rand to assure the APA that the goal of the recommendation was to make sure local plans did not ignore manufactured housing as a viable housing choice. It also asked him to communicate with the Department of Revenue regarding the Department's interpretation of Section 66.0435 stats and whether a local government could simultaneously require a community owner to be responsible for non-payment of mobile home parking fees yet deny the community owner the 2 percent statutory administrative fee.

At its next meeting the Task Force is scheduled to discuss mortgage broker activity by retailers, how to encourage long-term leases, and manufacturer minimum financial responsibility.





SAFETY AND BUILDINGS DIVISION
Program Development Bureau
P. O. Box 2689
Madison, Wisconsin 53701-2689
TDD #: (608) 264-8777
www.commerce.state.wi.us

Scott McCallum, Governor
Brenda J. Blanchard, Secretary

August 24, 2001

To: Members of the Governor's Blue Ribbon Task Force on Manufactured Housing

As previously scheduled, the next meeting of the Governor's Blue Ribbon Task Force on Manufactured Housing will be held as follows:

Thursday, August 30, 2001, from 9:00 a.m. to 3:00 p.m.
(Lunch will be provided for members)
Human Resources Room, First Floor
Tommy G. Thompson Commerce Center
201 West Washington Avenue
Madison, Wisconsin

The agenda for the meeting is as follows:

1. Welcome, Introductions, Review of Agenda
2. Review August 9 Meeting Summary
3. Re-review tabled recommendations related to Dept of Financial Institutions
4. Re-review no action recommendations related to Department of Revenue
5. Develop recommendations related to agencies or subject areas not covered previously
6. Any other items held over
7. Any other recommendations from the members of the Task Force
8. Discuss format of Task Force report to Governor
9. Schedule Next Meeting

Attached are the following documents: Updated recommendations summary, the August 9 meeting summary.

If you have any questions or are unable to attend the meeting, please contact Larry Swaziek at 608/267-7701 or myself.

Sincerely,

A handwritten signature in cursive script that reads 'Ronald H. Acker'.

Ronald H. Acker
Code Consultant
Telephone: 608/267-7907
Email: racker@commerce.state.wi.us

cc: Larry Swaziek
Interested Parties

RA:\h:\Committee Letters\NextMtgManHousing

MEETING SUMMARY

MANUFACTURED HOUSING TASK FORCE MEETING

DATE: Thursday, August 9, 2001

TIME: 9:00 a.m.

LOCATION:

Human Resources Room
Tommy G. Thompson Commerce Center
201 West Washington Avenue
Madison, Wisconsin

MEMBER ATTENDANCE:

Clifford L. Bader, Jr.	<u>Present</u>
William M. Baudhuin	<u>Excused</u>
Harris "Butch" Berg	<u>Excused</u>
Ray C. Feldman	<u>Present</u>
Lynn M. Lamke	<u>Present</u>
Daryll J. Lund	<u>Present</u>
Dale M. Pedretti	<u>Excused</u>
Richard J. Rand (Chair)	<u>Present</u>
Brent A. Schmaling	<u>Present</u>
Charlotte L. Thompson	<u>Present</u>
James P. Voight	<u>Excused</u>

VISITORS:

Ross Kinzler
Osborn Brown
Kristen Zehner

STAFF:

Michael Corry
Randy Baldwin
Bob DuPont
Larry Swaziek
Ronald Acker
Malini Ganeshappillai

1. WELCOME, INTRODUCTIONS, REVIEW OF AGENDA. Chairman Richard Rand opened the meeting and welcomed everyone. Copies of the following 4 documents were distributed: (All distributed materials are included with this summary for members not in attendance.) Boardman Law Firm memo, Additional Possible Recommendations to DATCP, WMHA letter, and DATCP memo.

2. REVIEW OF JUNE 19 MEETING SUMMARY. The June 19 meeting summary was accepted as written. The task force discussed the Boardman Law Firm memo regarding item 6 in the meeting summary. The memo basically indicated that the American Planning Association is opposed to the recommendations in item 6 because the association is opposed to single-issue mandates. After reviewing the memo and the recommendations in item 6, the task force believed the Association's concern was with item 6.b., but the task force was not sure. The task force unanimously approved modifying the recommendation in item 6.b. of the June 19 meeting summary to read: "Recommend that the Smart Growth law include a requirement that local planners consider manufactured housing as a component of affordable housing." Chairman Rand noted that he would respond to the memo with this change and ask for further clarification.

3. DEVELOP RECOMMENDATIONS RELATED TO DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION. The task force reviewed the DATCP memo in response to Chairman Rand's request for clarification information. The task force discussed the transfer of DATCP's programs related to manufactured housing to Commerce. Also discussed was item 1. relating to Commerce being the lead agency on the Additional Recommendations document. Although it was agreed that the goal is to have the consumer better served, it was commented that DATCP is better at handling consumer protection issues. DATCP has 2 separate administrative code chapters affecting manufactured housing: Chapter ATCP 125 - Mobile Home Parks, and Chapter ATCP 134 - Residential Rental Practices. Copies of these chapters were distributed. It was pointed out that DATCP uses less than 1% of its resources for handling complaints related to manufactured homes. The task force unanimously approved modifying item 1. on the Additional Recommendations document to read: "Recommend that the guiding principal of state regulation of the industry be that the Department of Commerce be the primary agency for all manufactured housing related programs and regulations."

The task force then reviewed the Additional Possible Recommendations document drafted by Charlotte Thompson as follows:

a) Eviction process. The task force discussed the difference between evicting the tenant only and evicting the tenant and the home. It was noted that there needs to be a clear understanding of who or what is being terminated. It was pointed out that this recommendation would need a statutory change rather than a code change. Also noted was that some study will be required to develop the eviction process. No action was taken on this recommendation.

b) Local expertise in tenant considerations. The task force discussed having local authorities involved in resolution of disputes between tenants and community owners. No action was taken on this recommendation.

c) Brochure on rights and responsibilities. It was noted that the proposed brochure should be given to the resident at the time of lease signing. No action was taken on this recommendation.

d) Format for long-term leases. It was commented that this recommendation needs more work, and no action was taken.

e) Expedited process within small claims court. It was noted that there is a need to speed up the small claims court process. It was suggested that this recommendation be redrafted, and no action was taken.

Chairman Rand indicated that he would work with Charlotte on revising recommendations a) to e).

The task force discussed item 1. under possible recommendations related to DATCP. In discussing the transfer of program and regulator authority to Commerce, concern was expressed about not knowing what the business practices to be transferred are. Concern was also noted about the transfer of tenant/landlord issues from DATCP to Commerce. It was stated that any changes to DATCP rules would have to go through a rulemaking and hearing process. In rebuttal, it was noted that proposed rule changes and public hearing notices do not always get to the people affected. The task force approved (1 no vote) the following recommendation: "Transfer program and regulator authority related to business practices of manufactured home communities to Commerce."

4. DEVELOP RECOMMENDATIONS RELATED TO DEPARTMENT OF FINANCIAL INSTITUTIONS. The letter/info from DFI was briefly reviewed. It was noted that the main concerns are what is considered compensation for issuing a loan and when a mortgage broker license is required. Clarification is needed for a dealer acting as a mortgage broker. It was agreed to table this issue until a specific recommendation could be drafted for review.

5. RE-REVIEW TABLED RECOMMENDATIONS RELATED TO DEPARTMENT OF COMMERCE. The task force discussed the possible recommendations for Commerce from the Items Held Over document as follows:

a. Criminal background check. Currently, Commerce may do a criminal background check on a person applying for a salesperson license. Any complaint filed on a person would be in the Department's database. Also, a dealer could ask the Department if there is a complaint on a particular person. Copies were distributed of the Department of Regulation and Licensing

information on application procedures relating to arrest or conviction records. Those procedures allow rejection of an applicant if a conviction is related to the license applied for. It was agreed that it should be the dealer's responsibility to check on the background of a salesperson. The task force unanimously approved modifying this recommendation to read: "Recommend the Department study and adopt procedures for suspending, revoking or rejecting an applicant for a dealer license based on a criminal background check or conviction."

b. Qualifications for dealer license. The task force first discussed the requirement for continuing education of dealers and salespersons. It was noted that there is a need for the continuing education to be related to the license. The task force unanimously approved a recommendation to read: "Recommend the Department study and adopt qualifications for licensing a manufactured housing dealer be strengthened to include educational standards of dealers and salespersons."

A motion was then made to require continuing education for licensing of park owners. It was noted, however, that the Department does not currently license the park owner/manager. It was stated that the MHI currently has educational courses for park owners/managers. The following motion was then made and seconded: "Recommend the Department study the feasibility of requirements for licensing of community owners." A vote on the motion resulted in 3 in favor, 3 opposed, and 1 abstention.

The task force then discussed requiring a safety shelter or an approved evacuation procedure. It was noted that safety shelters are not built because of liability concerns resulting from the fact that there are no approved safety shelter designs. The disaster mitigation issue needs to be addressed by the local emergency director.

The task force discussed net worth requirements, including insurance coverage and performance bonds. It was noted that such requirements may be a restraint of trade issue. The task force unanimously approved a recommendation to read: "Recommend the Department study and adopt qualifications to be licensed as a manufactured home dealer be strengthened by increasing minimum financial responsibility standards." A comment was made that there may be a need for financial responsibility requirements for a manufacturers license. Brent Schmaling agreed to draft a proposed recommendation.

6. RE-REVIEW NO ACTION RECOMMENDATIONS RELATED TO DEPARTMENT OF REVENUE. The task force discussed item 2. under possible recommendations for the Department of Revenue, related to the 2% administrative fee. How the parking fees are collected was discussed, along with item 3. It was noted that more information is needed from the Department of Revenue on items 2. and 3., and no action was taken.

7. DEVELOP RECOMMENDATIONS RELATED TO AGENCIES OR SUBJECT AREAS NOT COVERED PREVIOUSLY. The task force reviewed the WMHA letter containing the

recommendation related to prohibiting the erection of a factory built home. This recommendation would require a statutory change dealing with deed restrictions. It was noted that the prohibition would apply to existing property because of the words "or enforced." The task force unanimously approved this recommendation to read: "No restrictive deed provision, restrictive covenant, or agreement may be applied or enforced on property prohibiting the erection of a factory built home. This prohibition does not however limit a developer's right to adopt aesthetic compatibility criteria."

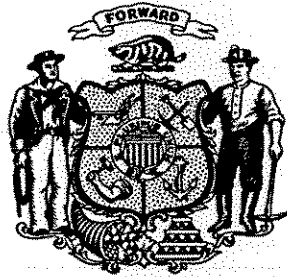
8. DISCUSS FORMAT OF TASK FORCE REPORT TO GOVERNOR. This item was not discussed.

9. SCHEDULE NEXT MEETING. Chairman Rand will schedule the next meeting.

State of Wisconsin
JOINT LEGISLATIVE COUNCIL

Senate Cochairperson
FRED A. RISSER
President, State Senate

Assembly Cochairperson
CAROL KELSO
Representative, State Assembly



LEGISLATIVE COUNCIL STAFF
Terry C. Anderson, Director

One East Main Street, Suite 401
P.O. Box 2536
Madison, WI 53701-2536
Telephone: (608) 266-1304
Fax: (608) 266-3830
Email: leg.council@legis.state.wi.us

December 8, 2000

TO: MEMBERS OF THE SPECIAL COMMITTEE ON DEVELOPMENTAL
DISABILITIES
FROM: Laura D. Rose, Deputy Director, and Rachel E. Letzing, Staff Attorney

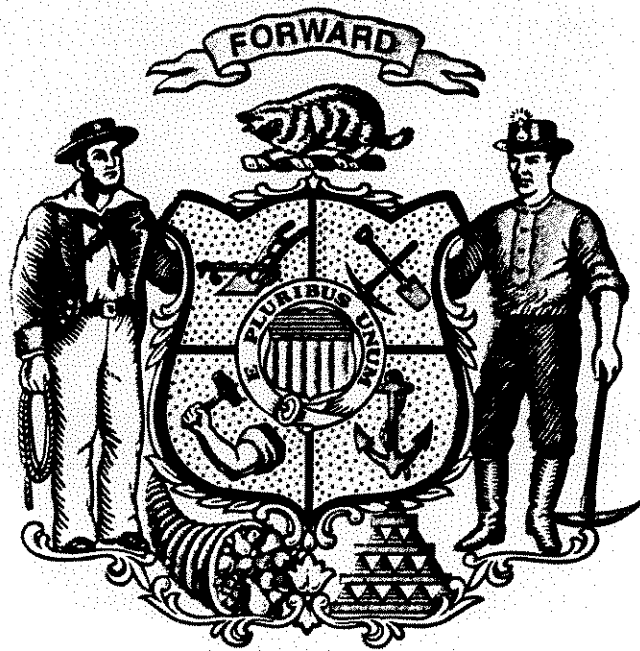
The next meeting of your committee is scheduled to be held on *Thursday, December 14, 2000, at 10:00 a.m., in Room 225 Northwest, State Capitol, Madison.* For your information, a subsequent meeting has been scheduled for *Thursday, January 18, 2001, at 10:00 a.m., in Room 225 Northwest, State Capitol, Madison.*

Enclosed for your review in advance of the next meeting are the following:

1. The minutes of the November 17 and November 27, 2000 meetings.
2. A preliminary agenda for the December 14, 2000 meeting.
3. Memo No. 7, *Summary of Recommendations Offered for Committee Discussion* (December 8, 2000).
4. Memo No. 8, *Attached Report Relating to Long-Term Care Work Force Issues* (December 8, 2000).
5. *Testimony From Members of the Public Relating to Developmental Disabilities Issues* (December 8, 2000).
6. Report No. 12 to the 1989 Legislature, *Legislation on Developmental Disabilities Laws* (September 21, 1989).
7. *An Evaluation of Division of Vocational Rehabilitation (00-11)*, Department of Workforce Development (October 2000).

If you have any questions regarding the above materials or the next meeting, please feel free to call us at (608) 266-1304.

Enclosures



MEETING SUMMARY

MANUFACTURED HOUSING TASK FORCE MEETING

DATE: Thursday, August 30, 2001

TIME: 9:00 a.m.

LOCATION:

Human Resources Room
Tommy G. Thompson Commerce Center
201 West Washington Avenue
Madison, Wisconsin

You are listed on our database as an interested party (IP), not a member of this council. Should you no longer desire to receive these mailings, please contact this office. (608) 266-9375.

MEMBER ATTENDANCE:

Clifford L. Bader, Jr.	Excused
William M. Baudhuin	Present
Harris "Butch" Berg	Present
Ray C. Feldman	Present
Lynn M. Lamke	Present
Daryll J. Lund	Present
Dale M. Pedretti	Present
Richard J. Rand (Chair)	Present
Brent A. Schmaling	Present
Charlotte L. Thompson	Present
James P. Voight	Present

VISITORS:

Ross Kinzler
Michael Bright
Kristen Zehner

STAFF:

Randy Baldwin
Bob DuPont
Larry Swaziek
Ronald Acker

1. WELCOME, INTRODUCTIONS, REVIEW OF AGENDA. Chairman Richard Rand opened the meeting and welcomed everyone. Copies of the article on the task force in the Milwaukee Daily Reporter were distributed. (All distributed materials are included with this summary for members not in attendance.)

2. REVIEW OF AUGUST 9 MEETING SUMMARY. The August 9 meeting summary was reviewed. Chairman Rand added the following 3 revisions to the summary. Under item 3., the 6th sentence was changed to read: "It was pointed out that DATCP uses less than 1% of its resources for handling complaints related to manufactured homes and has no special funding or positions for mobile home programs." Under item 3. c), a new first sentence was added to read: "It was noted that a brochure prepared by DATCP is currently in use." Under item 3. d), a new first sentence was added to read: "Chairman Rand noted that his company is currently using a long term lease in one community." The summary was accepted as revised.

3. RE-REVIEW TABLED RECOMMENDATIONS RELATED TO DEPARTMENT OF FINANCIAL INSTITUTIONS. Jim Voight distributed copies of possible recommendations related to DFI. The task force reviewed the recommendations as follows.

1. Two licenses for manufactured housing dealers. The task force discussed recommending having 2 licenses for dealers, with the licenses issued separately by Commerce and DFI. It was noted that DFI has stated that there are currently no violations on the mortgage side of businesses, and DFI does not favor 2 separate licenses. Separating the sales finance license from the dealer's license is favored by Commerce in order to promote better efficiency in issuing the licenses. It was noted that this recommendation was made as an effort to increase enforcement of the sales finance rules. It was commented, however, that it may not bring better enforcement and it may create unknown problems in the future. It was agreed that the recommendation should require study of the separation and better enforcement. The task force unanimously approved a recommendation to read: "Recommend that the Departments of Commerce and Financial Institutions study the separation of the license for manufactured housing dealers into 2 licenses and the process for better enforcement of rules."

2. Universal license. The task force unanimously approved this recommendation to read: "Recommend that the Department of Financial Institutions explore a universal license for manufactured housing dealers that designates any or all of 4 licenses (possibly on a limited license basis): Sales Finance license, Mortgage Broker license, Mortgage Banker, or Loan Company license."

3. Need for license for sales finance function. No action was taken on this recommendation.

4. Payment of fees to brokers. The task force discussed this recommendation in conjunction with recommendation 5. The task force unanimously approved combining and modifying the 2 recommendations into one to read: "Recommend that the Department of Financial Institutions review prohibitions or limitations on payment of fees to brokers or other parties, the elimination of such limitations on manufactured housing loans, and the prohibition on prepayment penalties on loans used to finance the purchase or refinance of manufactured housing within conscionable rates and terms."

5. Prepayment penalties on loans. This recommendation was combined with recommendation 4.

6. Title all manufactured homes. It was noted that this recommendation was included in the budget bill, and no action was taken.

4. RE-REVIEW NO ACTION RECOMMENDATIONS RELATED TO DEPARTMENT OF REVENUE. Copies of possible recommendations for the Department of Revenue were distributed for review of recommendations 2 and 3. The task force reviewed the recommendations as follows.

3. Reasonable collection efforts by municipalities. The task force discussed the collection of the parking permit fee by the community owner or the municipality, and the denial of 2% of the fee to the community owner. It was noted that the fee is really a tax, and it is very beneficial to the municipality. It was suggested to call it an excise fee. Copies of section 66.0435 of the statutes were distributed. Specific parts of the section were reviewed and discussed, especially 66.0435 (3) (c) 6. regarding liability for the fee. The task force discussed who should be responsible for collecting the fee, and what the process should be for making reasonable collection efforts for non-payment of the fee. The following motion was made and seconded: "Amend section 66.0435, Stats., to require the clerk of the municipality to prosecute a small claims action to collect the parking fee or excise fee against the homeowner prior to liening the community owner's property." A vote on the motion resulted in 6 in favor and 3 opposed.

2. 2% administrative fee eligibility. The task force discussed eliminating the parking fee and removing the liability of park owners for the collection of the fee. It was agreed that it would not be a good idea to recommend eliminating the parking fee. The task force also discussed changing the parking fee to a personal property tax and what the effects of that change would be. It was noted that such a change would require a significant phase-in period. A motion was made to remove the liability of the park owner for the collection of the parking permit fee. There was no second to the motion, and no action was taken on this recommendation.

5. DEVELOP RECOMMENDATIONS RELATED TO AGENCIES OR SUBJECT AREAS NOT PREVIOUSLY COVERED. Copies were distributed of additional items modified from Char's recommendations from the August 9 meeting. Copies were also distributed of the

following information: Mobile Home Park Living pamphlet, Landlords and Tenants - The Wisconsin Way, and a memo from Tom and Joyce Sinkule regarding education of public officials. The task force reviewed Char's modified recommendations as follows.

a) Work group regarding home eviction process. It was noted that a work group or advisory committee can be created by a state agency or by a directive from the governor to an agency. It was pointed out that a recommendation relating to Commerce had previously been approved that suggests the creation of a permanent advisory council. A motion was made and seconded to amend that previous recommendation by adding the words "and that consumer protection interests are addressed." The motion passed unanimously.

To address all of the consumer protection issues raised in proposed recommendations a), c), d) and e), the task force unanimously approved a combined recommendation to read: "Recommend that a permanent council study and adopt rules relating to a manufactured home eviction process, information resources for community owners and residents, long-term leases, and dispute resolution."

b) Agency training information. The task force unanimously approved modifying this recommendation to read: "Recommend that all appropriate state agencies include in their internal training information about manufactured housing."

6. ANY OTHER ITEMS HELD OVER. Copies of "Additional Recommendations" were distributed and reviewed as follows.

1. Commerce as lead agency. This recommendation was handled at the August 9 meeting.

2. Single chapter of state statutes. This recommendation would move all statutory provisions related to manufactured housing, such as taxation and licensing park fees, into one chapter of the statutes. As an option, it was suggested that a cross-reference table be created. The task force unanimously approved modifying this recommendation to read: "Recommend that a new single chapter of the state statutes be created to encompass manufactured housing statutory provisions, or a cross-reference table be created."

3. State regulation supercede local regulation. It was commented that the fight between 2 municipalities for local control needs to be addressed. It was noted that this situation may be adequately addressed by Smart Growth. No action was taken on this recommendation.

7. ANY OTHER RECOMMENDATIONS FROM THE MEMBERS OF THE TASK FORCE. Copies of the chart of interests and issues from the 1/9/01 meeting were distributed. The task force reviewed the chart to assure that all of the issues raised have been addressed.

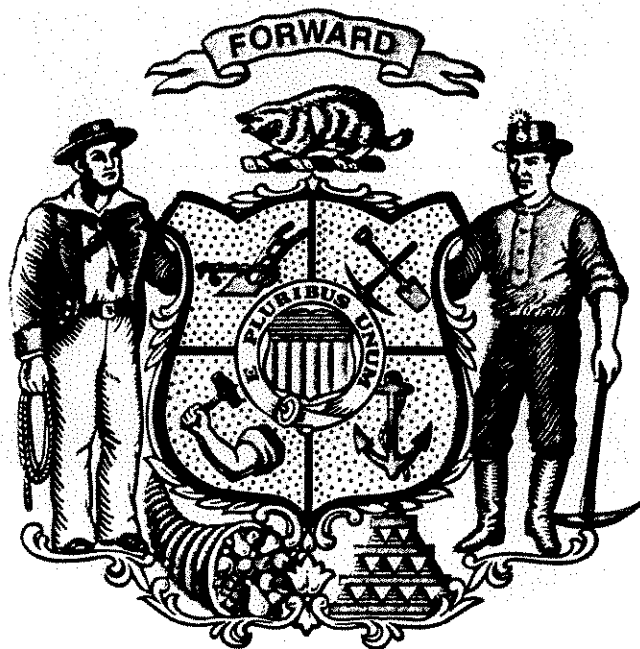
Group 1. Predatory Lending Standards. It was noted that the Manufactured Housing Institute has a position on predatory lending, and the task force will not address this issue.

Group 9. Energy Savings for Residents. It was noted that this issue may not have been sufficiently addressed. The task force unanimously approved a recommendation to read: "Recommend that the Governor and Legislature explore how to make available to the owners and residents of mobile/manufactured home parks financial assistance to make repairs or energy saving improvements."

Group 16. Discrimination Concerns. The task force discussed discrimination concerns and various discriminatory actions against owners of manufactured homes. It was agreed that there was no way to address these actions with specific recommendations at this time. It was noted that taken as a whole the recommendations in the report to the governor will convey the concerns of the task force relative to discriminatory actions against owners of manufactured homes.

8. DISCUSS FORMAT OF TASK FORCE REPORT TO GOVERNOR. Chairman Rand proposed that the report to the governor consist of the following elements: Executive Summary, Make-up of the Task Force, Mission Statement, Meeting Summaries (possibly in appendix), Status of the Industry (statistics, history, demographics, sales, regulations), Recommendations (subdivided into Business Practices, Transportation, Market Development). Chairman Rand indicated that he would prepare a draft of the report.

9. SCHEDULE NEXT MEETING. Another meeting of the task force was not scheduled at this time. Chairman Rand indicated that he would E-mail a draft of the report to the task force members.





WI Rental Housing Legislative Council

*7 North Pickney Street - Suite 320
Madison, WI 53702*

August 30, 2001

Speaker Scott Jensen
WI State Assembly
P.O. Box 8952
Madison, WI 53708-8952

Dear Speaker Jensen,

In a very short time the rules for Act 113, "The Lead Paint Bill" will be coming to your office for committee assignment. I would like to request at this time that the assignment for these rules is sent to Representative Sykora's Housing committee.

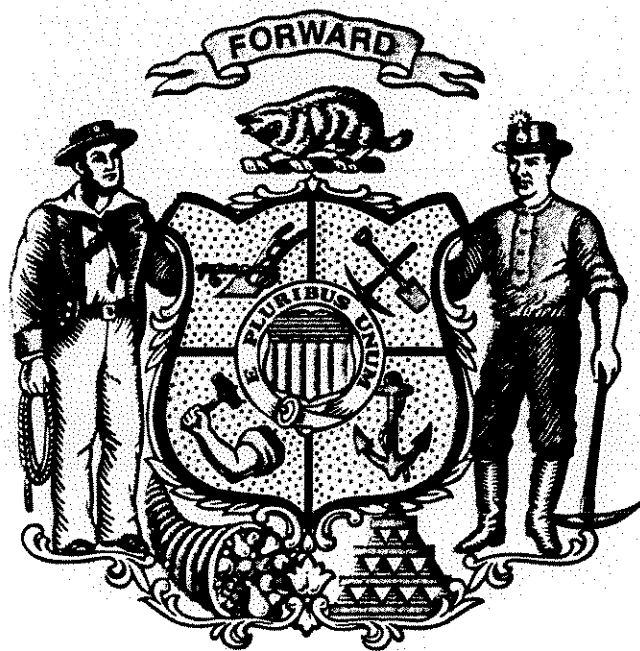
This bill was drafted and initially sent through the Housing Committee when this bill was introduced and passed in 1999-2000 session. We believe that this committee for changes and discussion would best serve these rules.

Thank you for your time.

Sincerely,

Robert R. Dennik
Director of Governmental Affairs
WI Rental Housing Legislative Council

Cc: Representative Sykora



Hardinger, Marlin

From: Kristen [kzkzkzkz@monstermail.com]
Sent: Sunday, November 04, 2001 7:45 PM
To: kezehner@facstaff.wisc.edu
Cc: cte55688@centurytel.net
Subject: Problem in MHP in Randolph Wis by elderly woman

NOV 5 2001

Dear Legislator,

This elderly woman recently won an attempted eviction case against her by her park owner, Wallace Tonn, Randolph, WI. He has been harassing her for years in numerous ways, but since he got recently beat in court in October 2001, this past week his manager disconnected Dorothy's sewer pipe under her house (she has a septic system), and threw feces all over her yard. Even her neighbors complained about it, and she ended up in the hospital and became sick from the sewer gas. There is no end to the retaliation that these park owners inflict on people they don't like. Dorothy is in poor health and is well into her 70s, and would like to live and die in peace. This park won't let her. And Consumer Protection refuses to lift a finger in her defense either--they "have to budget, staffing, positions, etc." according to former Secy of Ag Ben Brancel. Why is that? Would you be able to instruct Consumer Protection to do something about the unending harassment and intimidation this park owner relentlessly pursues?

Kristen Zehner
 WI MHOA President
<http://userpages.chorus.net/wimhoa/>
 PO Box 254
 Marshall, WI 53559

PS We are a state-wide, incorporated organization, so you needn't forward this to Sen. Chvala or Rep. Hahn.
 Thank you.

From: "Dorothy Webb" <cte55688@centurytel.net>
 To: "kris" <wimhoa@chorus.net>
 Subject: writhing about the probem I,me having here
 Date: Sun, 4 Nov 2001 15:32:39 -0600
 X-Mailer: Microsoft Outlook Express 6.00.2600.0000

I,m wring to tell you what happened to me in this Tonns trailer part as it is known . I,m having trouble with my land lord and his park manger about my toilet running over because they wont pump it out .I wrote Mr. Tonn a small note and mailed it to him and told him that my toilet was running over and that I had sewer gas real bad in my home to which Mr. Tonn got a hold of his part owner manger to come fix it so Leonard Wolc and Bob Monty his helper came over and took the septic tank pipe apart and let some of the sewage run under my Mobile home. it helped the toilet run down over night but the next morning it was doing the same thing and the gas was worse then ever. So I called the police and they went over and talked to Mr. Wolc so he came back over that night after the police had talk to him and did the same thing.

S i called Mr Wolc about it and told him that I was sick to my stomach and had passed out twice Mr WOLC said that he would be over and do something about it and I said to him that I had heard that they were going to give a third eviction notice and he said that he wasnt having anything to do with it which Heen Scott and I both said right after I hung up.Mr.r Wolc part owner never showed up so for the second time I called the police his name is Steve and he went again and talked to Mr Wolc so himand hid helper came over and took the sweage pipe apart and never put it back together so I called Mr Wolc about it and told him again that I was sick to my stomch and dizzy and had a sore throat which then made fun of me and sai that he had one too.

My Son Jim also talked to him and told him that we were getting sick from the sewer gas and Mr. WOLC SAID THAT THE WHOLE TRAILER COURT WAS HAVING THE SAME PROMBLEM and that he would

be over Saturday to have the sewer pumped out right after he had his done. Mr Wolc never showed up so I called my Son Larry and he told me to call the shirffs dept which i did and when they had heard what happened to me they called the ambulance and I WAS TAKEN TO THE HOSPITAL AND WAS IN THERE FOR FOUR DAYS. I had a dislocated shoulder and a broken rib and a broken ham string and my blood count went down to 9. something and the doctor thought that I was bleeding from inside but I,m not but MR Wolc and his helper came over when they took me to the hosptial and put the septic tank pipes back together but never pumped it out needless to say that I,m still having the same promblem and after I GOT HOME FROM the hospital Iwas only home about four hours when I went and throw up

Dorothy E. Webb
544 Grove St.
Randolh,Wisc 53956

920/326-3049

Kristen Zehner, Pres.
WI Mfg. Home Owners Assn. Inc.
PO Box 254
Marshall WI 53559-9207
<http://userpages.chorus.net/wimhoa/>
608/655-4573

No one is good enough to govern another
without that other's consent.
ABRAHAM LINCOLN (1809-65)