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Financing Energy-Efficient Manufactured Housing

A Guide for State and Local Agencies

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Disclaimer

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List of Acronyms

AMI	area medium income
BPA	Bonneville Power Administration
BRIC	Building Resilient Infrastructure and Communities
CDBG	Community Development Block Grants
CDFI	community development finance institutions
CFPB	Consumer Financial Protection Bureau
DOE	U.S. Department of Energy
EECBG	Energy Efficiency and Conservation Block Grant Program
EISA	Energy Independence and Security Act
EPA	U.S. Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FHA	Federal Housing Administration
FHFA	Federal Housing Finance Agency
GGRF	Greenhouse Gas Reduction Fund
GSE	government-sponsored enterprise
HCR	Homes and Community Renewal
HUD	U.S. Department of Housing and Urban Development
HVAC	heating, ventilation, and air-conditioning
IIJA	Infrastructure Investment and Jobs Act
IRA	Inflation Reduction Act
IRS	Internal Revenue Service
KHC	Kentucky Housing Corporation
LIHEAP	Low Income Home Energy Assistance Program
MH	manufactured housing

MHCC	Manufactured Housing Consensus Committee
MMHR	Mobile and Manufactured Home Replacement
NASEO	National Association of State Energy Officials
PPL	personal property loan
PRICE	Preservation and Reinvestment Initiative for Community Enhancement
RESP	Rural Energy Savings Program
ROC	resident-owned community
RUS	Rural Energy Savings Program
SONYMA	State of New York Mortgage Agency
UEC	Umatilla Electric Cooperative
USDA	U.S. Department of Agriculture
VA	U.S. Department of Veterans Affairs
WAP	Weatherization Assistance Program

Executive Summary

Manufactured housing (MH) is an essential piece of the housing market, providing affordable housing supply for homeowners and renters, particularly in low-income and rural communities where MH is one of few accessible on-ramps for building wealth and maintaining stable housing. However, weak energy standards in older MH lead to higher energy costs and health and safety concerns. Purchasing new, energy-efficient MH or retrofitting MH for energy efficiency can reduce these energy costs, but low-income residents often face multiple barriers associated with purchasing and refinancing.

Access to financing that prioritizes energy efficiency is a key solution to overcome some of these barriers. Underscoring the critical role of MH in affordable housing, the White House convened a Manufactured Housing Task Force in 2022, co-led by the Department of Energy (DOE), to connect with stakeholders and strengthen existing, or design new, policies to improve the MH financing landscape.

State and local agencies are well-positioned to design tailored programs for MH owners and buyers in their communities that will reduce financing costs and improve energy efficiency. This guide is a centralized resource for state and local agencies planning to improve access to manufactured housing and energy efficiency in the housing stock.

This guide, produced in collaboration with the National Association of State Energy Officials (NASEO), builds upon findings from the DOE Manufactured Housing Task Force, discussions with state energy and housing agencies, and conversations with other stakeholders. Outlined below are the three sections of the guide.

Section 1 provides a broad background of MH – market statistics, regulatory landscape, energy use in MH units, and existing high-efficiency options.

Section 2 reviews the MH financing landscape, covering common private sector financing options and their differences from home mortgages, federally subsidized lending programs, and other mechanisms to reduce the cost of a new MH purchase. Currently, most buyers purchase MH using personal property loans from a small pool of specialized lenders, which results in higher costs and denial rates than mortgage financing. Many MH renters lack long-term certainty in payments and the ability to stay on their leased land. Current federal programs are generally limited to providing reduced-cost mortgages when MH buyers purchase land with the unit. However, new programs through federal, state, and private sector organizations are aiming to cover a wider share of the market.

Section 3 delves into the federal and state resources available to retrofit or replace older MH with more energy-efficient units, focusing on new funding streams under the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA). At least

eight federal programs target energy audits and efficiency measures such as equipment upgrades and renewable energy systems. Retrofits are often lower cost to homeowners and reduce the time and barriers to moving to a newer unit, but replacement is necessary for MH that has reached the end of its useful life or does not meet modern MH building codes.

Each section includes case studies on innovative state-led programs that increase access to MH units that are healthy, safe, and efficient.

Readers of this guide will gain an understanding of key nuances of the MH market and identification of critical stakeholders. Readers will come away from this guide in a position to craft tailored solutions that fill gaps in the MH financing landscape. DOE will continue to work with its partners at the national, state, and local level to update this resource and improve the outcomes of state and local programs that aim to improve people’s access to energy-efficient MHs.

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Introduction

More than 22 million people in the United States currently live in manufactured housing (MH). Today, manufactured homes make up 6.3% of the housing stock in the United States and make up 14% of homes located in rural areas in the United States.[1]

MH is an important source of affordable housing supply, particularly for low-income and rural communities because it can cost significantly less to purchase and take less time to build than a new site-built home of comparable size.[2]

Despite the lower base price of MH compared to a site-built, single-family home and a wide array of MH options, low-income residents often face multiple barriers associated with purchasing and refinancing, as well as higher operating costs. These include:

- Barriers to financing the purchase of new MH (e.g., high interest rates for personal property loans prevalent for purchases of MH),
- Land rental fees, and
- Higher energy and maintenance costs associated with older MHs that have not been retrofitted.

These additional costs can outweigh the lower base price of a MH unit for homeowners who often have little financial flexibility. Furthermore, residents in older units that need replacing or renovation often cannot afford to make the investment and must remain in substandard housing.

Energy efficiency plays a key role in boosting housing affordability and improving health, safety, and comfort of occupants.[3] Energy efficiency improvements in MH can both contribute to state and/or local climate goals and empower MH residents towards greater financial self-sufficiency.

State and local agencies are key stakeholders to improving access to energy-efficient MH, as states may be able to allocate funding to supplement the purchase or retrofitting of MH and to partner with other financing sources to create solutions relevant to their

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[1] *Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data* | *Consumer Financial Protection Bureau.* (2021). https://files.consumerfinance.gov/f/documents/cfpb_manufactured-housing-finance-new-insights-hmda_report_2021-05.pdf.

[2] MHs have an average price of $72 per square foot, compared to $144 for site-built homes. *Manufactured Housing and Manufactured Homes landscape* | *Fannie Mae*. (2020). https://multifamily.fanniemae.com/news-insights/multifamily-market-commentary/manufactured-housing-landscape-2020; U.S. Census Bureau. *American Housing Survey (AHS)*, *May 2022* (2022). https://www.census.gov/programs-surveys/ahs.html; Herbert, C., Reed, C., & Shen, J. (2023). *Comparison of the Costs of Manufactured and Site-Built Housing*. Joint Center for Housing Studies of Harvard University.

[3] *DRAFT ENVIRONMENTAL ASSESSMENT FOR Notice of Proposed Rulemaking, 10 CFR Part 460, "Energy Conservation Standards for Manufactured Housing"* | *U.S. Department of Energy.* (2016). https://www.energy.gov/sites/default/files/2016/06/f33/EA-2021-DEA-2016_0.pdf.

local housing market. The recent expansion of federal funding to states for energy-related uses makes this topic particularly relevant today. In conjunction with the introduction of new energy standards for MH that can spur the transition to more energy-efficient MH, the U.S. Department of Energy (DOE) in collaboration with the National Association of State Energy Officials (NASEO), are working with partners to improve MH access and affordability while reducing the financial burden of high energy costs in new or existing MH units.

DOE and NASEO created this guide to assist **State Energy Offices**, **housing agencies**, **state and local policymakers**, **community development finance institutions** (CDFIs), and other, non-agency stakeholders with understanding the landscape of consumer financing for manufactured housing and supporting the development and implementation of innovative financing mechanisms that incorporate energy efficiency to address the institutional barriers to manufactured homeownership and develop or expand replacement and retrofit programs.

The guide is divided into three sections in order to paint a comprehensive picture of the type of housing, the ways they are typically financed, and opportunities for expanding existing models.

- Section 1 provides an overview of the MH landscape, including how manufactured homes are constructed, operated, regulated, and financed.
- Section 2 reviews the options for financing MH purchases, including both private and public financing sources.
- Section 3 describes state programs and federal funding options to replace or retrofit existing MH, along with additional state program case studies.

Each section includes case studies showing how state agencies can overcome systemic financing barriers in ways that prioritize energy efficiency and resident financial well-being.

This guide provides a snapshot of resources and financing options available in the market at the time of publication and may not be exhaustive. Nor is it meant to be comprehensive of all challenges in the MH market; for example, separate resources exist on topics such as zoning reform. Federal, state, local, and private sector actors often innovate in this area, and this guide will be updated as new finance options become available. Readers can use this guide to strengthen their understanding of the MH landscape in America and gain awareness of different methods of engaging with stakeholders to develop targeted financing programs that benefit people, local economies, and climate goals.

1 Manufactured Housing Today

1.1 Defining Manufactured Housing Today

Today, there are more than eight million manufactured and mobile homes in the United States.[4] Manufactured homes are built in a factory based on standardized dimensions and designs and shipped to retailers or directly to their final location for installation.

Manufactured homes are designed and constructed in accordance with regulations issued under the U.S. Department of Housing and Urban Development's (HUD) Manufactured Home Construction and Safety Standards Act of 1974 (known as the HUD Code).[5] The HUD Code establishes minimum standards for manufactured homes and a federally protected source of unsubsidized affordable housing through pre-emptive authority, and has since been updated in 2000, 2013, and 2021 (see Appendix A for more information and a timeline of construction standards).

Factory-built manufactured homes built after June 15, 1976, that meet these standards bear a HUD label and are built to federal regulations that largely supersede local building regulations. Homes built before this date are considered "mobile homes" and are typically of a lesser quality construction. Manufactured homes differ from recreational vehicles, park trailers, and park model homes. Manufactured homes also differ from modular homes, which are often built in the same facilities as manufactured homes but are built to local standards in the jurisdiction where the modular home will be located rather than to HUD standards.[6]

After construction, MH is shipped either to a retailer, who will eventually sell the home to a consumer, or directly to a pre-purchased home's installation site. Although the number of manufactured homes ordered and shipped declined substantially during the 2008 recession and gradually increased since then, shipments have become more concentrated and have increased in several states in the South and West, including Texas, Florida, North Carolina, and Southern California, where land is available and site-built home prices are higher than national averages (see Figure 3).[7]

[4] American Community Survey, 2021 5-Year Estimates; *2023 MANUFACTURED HOUSING FACTS: Industry Overview*. (2023). Manufactured Housing Institute. https://www.manufacturedhousing.org/wp-content/uploads/2023/06/Industry-Overview.pdf.

[5] The complete HUD Code can be viewed here: https://uscode.house.gov/view.xhtml?path=/prelim@title42/chapter70&edition=prelim.

[6] Fannie Mae, 2020.

[7] Ibid. The number of new manufactured homes ordered and shipped has declined substantially over the past 20 years and hit a low of just 50,000 homes shipped after the recession ended in 2009. While the number of homes purchased and shipped increased as the economy rebounded, the level of shipments remains depressed. An estimated 95,000 new manufactured homes shipped in 2019, which is well below the long-term average since 1980 of 185,000 homes. The share of manufactured homes compared to all homes sold currently stands at 14%, which is below the 25-30% range recorded prior to 2000.

1.2 Ownership Models

The ownership model of the home can determine the type of financing a consumer can access and the home's value over time. That generally will depend on whether the consumer owns or rents the land on which the home will be installed.[8] Typically, manufactured homes are installed in one of two locations: a MH community (also called a park) or on individual sites.

If located in a MH community, the home's occupant does not own the plot of land where the home is sited. Ownership models within these communities can take multiple forms. Commonly, a community owner leases space for a MH owner to locate and occupy their own home. In these cases, the homeowner pays rent to the community owner. Another common ownership model is for MH community developers to purchase MH, install them in the community, and then rent the units to the occupants. Finally, there are resident-owned MH communities. In these, homeowners purchase and own the land as a group, while owning their MH individually. Often these communities have been converted from a leased model when community residents purchase the land from a community owner. This type of model is highlighted below.

If a MH is located on an individual site, there are also multiple ownership models possible. In some cases, a MH buyer purchases a home and then has it installed on land that they own, on land owned by friends or family, or on tribal land. In other cases, MH are sometimes sited on land that the occupant leases but are not part of a MH community. This can occur in rural areas or as infill in urban areas.

1.3 Manufactured Housing Residents

In 2020, the median annual household income of MH residents who owned their homes was about $35,000, half of the median annual income of owners of site-built homes.

More than one-quarter of manufactured homeowners earn less than $20,000 annually, and two-thirds earn less than $50,000 annually.[9] MH is also an important source of housing for low-income renters. While the average household income for renters tends to be lower across all housing types, more than one-third of MH renters earn less than

$20,000 per year, and over three-quarters earn less than $50,000 per year.[10]

1.4 Resident-Owned Communities

A resident-owned community (ROC) is a model to increase the rights and protections of homeowners in MH communities and provide the opportunity for greater security and

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[8] Financing is based on the titling of the home. When a MH is purchased with the land below, it is titled as real property. When purchased as the unit only and sited on leased land it is usually titled as personal property. A MH owner may have the unit titled as personal property despite siting it on owned land, or they can convert the title (usually through a county clerk) to real property by attaching it to the land. Per the FHFA House Price Index, the prices for MH titled as real estate increased similarly to site-built homes. The FHFA House Price Index does not track prices for MH treated as personal property.
[9] Fannie Mae, 2020.
[10] Ibid.

control over the land and its management. In a ROC, homeowners purchase their communities from the small investors or corporations that own them. Ownership gives homeowners the ability to maintain and upgrade their community's infrastructure and control monthly lot rents. It can also protect against unfair evictions and other frictions in the landlord/tenant relationship.

Other advantages are that homeowners in cooperatively owned communities have liability protection (members are not personally liable for association loans) and the community may qualify for better financing than as individuals to repair or refinance their home under some federal or state program models.[11] From an energy perspective, ROCs give residents more control over utilities in the community and can incentivize cooperative models like community solar.[12]

Today there are approximately 1,000 ROCs in 21 states across the country.[13] To become a ROC, homeowners form a non-profit business called a "cooperative" and all or most households are members of the cooperative, which owns the land and manages the business that is the community. Members continue to own their own homes individually and an equal share of the land beneath the entire neighborhood. Each has a say in the way the ROC is run, and major decisions are made by democratic vote. Members elect a board of directors, which appoints committees to carry out various tasks and manage the day-to-day operations of the organization.[14] Typically, the ROC hires a property manager or agency to maintain and operate the community, and therefore must have the financial capability to do so. States can incentivize creation of ROCs, for example through right-to-purchase or similar laws that give MH community residents first right (or a competitive opportunity) to purchase their community upon the existing owner selling.[15]

For more information on financing in ROCs, please refer to the section "Financing for ROCs."

1.5 Energy Use in Manufactued Housing

Energy costs can be a particularly acute problem in MH. Residents typically have lower incomes and pay a high proportion of their monthly income on utility costs (known as "energy burden"). Three million MH residents had an energy burden of over 6% of

[11] I'M HOME & National Consumer Law Center. (2022). Manufactured Housing Resource Guide: Promoting Resident Ownership of Communities. *National Consumer Law Center.* https://prosperitynow.org/sites/default/files/resources/PromotingResidentOwnership_Rev2021.pdf.
[12] Lamb, Z., L. Shi, & J. Spicer. (2023). Why Do Planners Overlook Manufactured Housing and Resident-Owned Communities as Sources of Affordable Housing and Climate Transformation?, Journal of the American Planning Association, 89:1, 72-79, DOI: 10.1080/01944363.2022.2038238.
[13] Lamb, Z., L. Shi, & J. Spicer. (2023). Why Do Planners Overlook Manufactured Housing and Resident-Owned Communities as Sources of Affordable Housing and Climate Transformation?, Journal of the American Planning Association, 89:1, 72-79, DOI: 10.1080/01944363.2022.2038238.
[14] ROC USA. (2023). What's a ROC: https://rocusa.org/whats-a-roc/.
[15] Elias, K. (2023). Manufactured-home owners get noticed. *Spokane Journal.* https://www.spokanejournal.com/special-report/manufactured-home-owners-get-noticed/.

household income in 2017, with over 1.5 million residents spending over 10% of household income.[16] 10% of all energy burdened households[17] live in MH.

Energy burden can be exacerbated by MH units' often weak efficiency measures — less efficient insulation, windows, and heating compared to site-built housing (especially in pre-HUD Code homes). MH units built to HUD-code minimum often include walls with R-11 insulation, R-20 attic insulation, and floor insulation of R22 – insulation levels that have not been allowed for site-built home code compliance for more than 20 years.[18] Many electric-only MH units rely on energy-intensive electric furnaces for heating. Site installation of multi-section units can present problems in sealing duct and air barrier connections between the sections, and the area under the floor of MH units tends to be a major area of heat loss and air leakage. While some modern MH units achieve high levels of efficiency, energy costs per square foot in MH overall are approximately 50% higher compared to site-built homes.[19, 20, 21]

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[16] Drehobl, A., Ross, L., & Ayala, R. (2020). *How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burden across the United States*. ACEEE. https://www.aceee.org/sites/default/files/pdfs/u2006.pdf.

[17] Defined as spending 6% or more of income on energy costs.

[18] A recent study by Pacific Northwest National Laboratory examining attic insulation retrofit needs in MH found that typical units had R-20 or less in the attic. Lubliner, M., K. Ueno, and L. Burkett. 2019. Retrofit of Blown Attic Insulation in Existing HUD-Code Manufactured Homes: Needs Assessment Report. Olympia, WA. While this study describes "as found" conditions in manufactured homes, the HUD Code does not point to strict R-value nominal amounts of insulation. Rather it uses a whole building U-value calculation (similar to UA calculation used in site-built codes). However, even these U value targets in 24 CFR 3280.506 – Uo 0.116 in HUD Zone 1, Uo 0.096 in HUD Zone 2, Uo 0.079 in HUD Zone 3 – are significantly less stringent than minimum requirements published in site-built codes over the last two decades.

[19] Energy Information Administration (EIA). (2020). Residential Energy Consumption Survey (RECS). www.eia.gov/consumption/residential/Data/2020/.

[20] Drehobl, A., Ross, L., & Ayala, R. (2020). *How High Are Household Energy Burdens? An Assessment of National and Metropolitan Energy Burden across the United States*. ACEEE.

[21] Analysis of 2021 American Housing Survey Data. https://www.census.gov/programs-surveys/ahs/data/2021/ahs-2021-public-use-file--puf-.html.

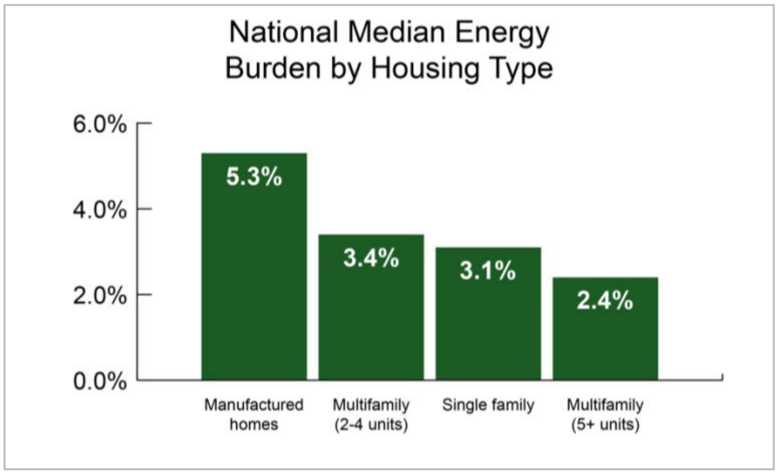

Figure 1. Median energy burden by housing type, ACEEE (see footnote 20)

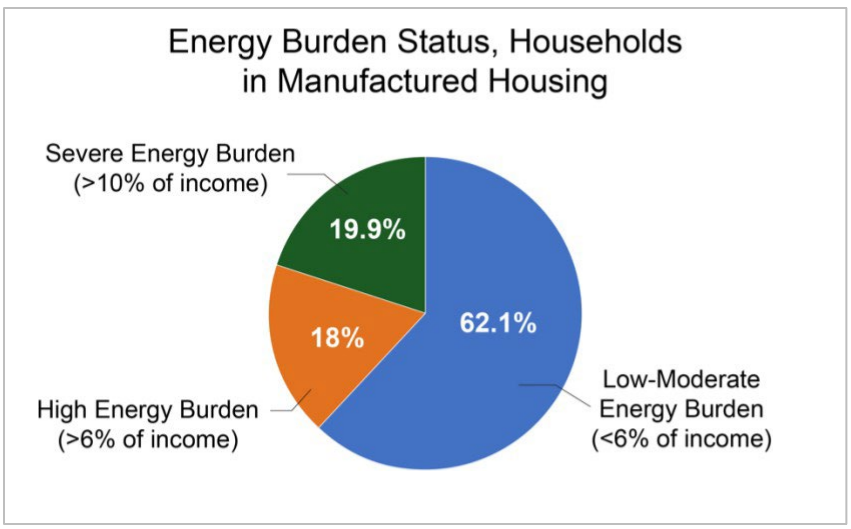

Figure 2. Analysis of 2021 American Housing Survey data (see footnote 21)

In May 2022, the U.S. Department of Energy (DOE) adopted new energy efficiency standards for MH for the first time in 30 years. The standards include increased insulation requirements and improved heating, ventilation, and air-conditioning (HVAC) system efficiency in two tiers — for single- section and multi-section homes. This rule aims to reduce MH residents' energy bills by hundreds of dollars per year, while cutting 80 million metric tons of carbon dioxide (CO_2).[22] Manufacturers must comply with these

[22] *Energy Conservation Program: Energy Conservation Standards for Manufactured housing*. (2022). Federal Register. https://www.federalregister.gov/documents/2022/05/31/2022-10926/energy-conservation-program-energy-conservation-standards-for-manufactured-housing. Moore, Daniel (2022). Climate-Minded Housing Energy Efficiency Rule Finalized. *Bloomberg News.* https://news.bloomberglaw.com/environment-and-energy/climate-minded-housing-efficiency-rule-

standards no later than July 1, 2025, for multi-section homes, and 60 days after DOE issues enforcement procedures for the MH energy efficiency standards. On December 26, 2023, DOE issued a notice of proposed rulemaking regarding enforcement procedures.

1.6 Federal Programs to Identify Energy-Efficient MH

1.6.1 Home Energy Score

In June 2024, the U.S. DOE updated the Home Energy Score tool. The tool rates a home's energy efficiency and provides cost-effective recommendations for homes, including manufactured homes. Like a vehicle's miles-per-gallon rating, a Home Energy Score rates a home's energy efficiency on a scale of 1 – 10, with 10 indicating the most efficient home. Home Energy Score uses approximately 50 different data inputs, like insulation levels and window characteristics, to estimate how much energy a home is expected to use.

The Home Energy Score also generates recommendations for cost-effective improvements and associated annual cost savings estimates, as well as a "Score with Improvements," reflecting the home's expected score if all the recommended improvements are implemented. Programs can use the Home Energy Score tool to evaluate manufactured homes and produce appropriate recommendations.

1.6.2 Above-Code Certifications

Several voluntary certification programs exist that encourage manufacturers to build homes with additional energy efficiency as well as other performance improvements compared to minimum code requirements for MH. Examples of federally administered programs operating nationally include certifications for ENERGY STAR® Manufactured New Homes as well as the DOE Zero Energy Ready Home Manufactured Homes.

Both certifications are recognized in the Inflation Reduction Act (IRA) of 2022, which includes provisions providing a tax credit to manufacturers for certified homes. The ENERGY STAR program has been actively certifying manufactured homes since 1997, but recently published an advanced update to its certification requirements in 2022 (ENERGY STAR Manufactured New Homes Version 3). DOE Zero Energy Ready Home program launched their MH Certification in 2022. Both programs achieve significant savings compared to DOE's published Energy Conservation Standards for Manufactured Housing; ENERGY STAR homes save approximately 10% of energy use compared to the standard, while DOE Zero Energy Ready Homes save approximately 18% of energy use compared to the standard. ENERGY STAR also adds additional quality through specific duct tightness and air barrier requirements. DOE Zero Energy Ready Home adds significant performance improvements related to duct tightness and air barrier details, indoor air quality, moisture control, durability, efficient components,

finalized-amid-criticism; *DOE updates mobile home efficiency standards to lower household energy bills | US Department of Energy*. (2022). https://www.energy.gov/articles/doe-updates-mobile-home-efficiency-standards-lower-household-energy-bills.

and solar ready features. Both programs add quality assurance through the use of Quality Assurance Providers who oversee third party inspectors verifying certification details.

2 The Landscape of Financing Manufactured Housing

This section highlights the financing product options currently available to consumers for financing or refinancing MH, as well as the sources of and requirements for financing across private, nonprofit, and government sectors.

- Many different lenders provide loans within the MH market, including the financing arms associated with retailers, other specialty lenders,[23] conventional banks, credit unions, independent mortgage bankers, CDFIs, and state housing finance agencies.
- MH may be eligible for government-insured loans offered by the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), and the Rural Housing Services under the U.S. Department of Agriculture (USDA).
- Some lending institutions also offer conventional mortgages guaranteed by Fannie Mae or Freddie Mac.
- ROCs and above-code, energy-efficient MH are eligible for additional incentives.
- Consumer protections vary between these financing sources which are an important consideration for low-income homebuyers.

2.1 Financing Options

2.1.1 Personal Property Loans

Personal property loans (PPLs) (also known as “home only” or “chattel” loans”) are unique for MH purchases within the housing market because they are otherwise intended for financing mobile property. This includes boats and vehicles, but also MH, even if the house is not intended to move from its site. PPLs finance the home alone and cannot be used to purchase the land under a MH. Even in ROCs where residents jointly own the community, the homes themselves are typically financed with a PPL; the loan to purchase the community itself is financed separately as described further below. PPLs have shorter repayment periods, lower maximum loan amounts, and higher interest rates than mortgages as lenders consider them riskier than loans secured by real estate – but also have lower fees and closing costs. Property purchased with a PPL is collateral for the loan and can be repossessed if not paid.[24] Many traditional lenders do not offer PPLs, but these types of loans are the main lending type for specialty MH lenders. Sources of PPLs are highly concentrated – 75% of PPLs are made by the top 5

[23] CFPB defines a MH “specialty lender” as one having over 75% of lending for manufactured housing (CFPB, 2021).
[24] Richardson, S. (2023). *Mobile Home and Manufactured Home Loans*. Rocket Mortgage. https://www.rocketmortgage.com/learn/mobile-home-loans.

lenders.[25] PPLs comprise 42% of the number of originated purchase loans in the MH market, though they are a more pronounced source of financing in various states (e.g., Texas at 66%) and certain sources point to even higher shares.[26] However, the average loan amount for PPLs is less than half the average loan amount for MH mortgages (see Figure 4).

FHA's Title I loan program is currently the only source of federally insured or guaranteed PPLs. The program has not been widely utilized by lenders in recent years due to its limitations, including loan limits that have not kept pace with the average cost of MH. However, in March 2024, FHA released a new loan limit indexing methodology that may help encourage lenders to return to the program.[27]

2.1.2 Manufactured Home Mortgages

Manufactured home mortgages (also known as real property loans) can be used for MH when the buyer owns (or is purchasing) the land where the MH is situated, or the MH is otherwise titled as real property. MH mortgages have similar consumer protections to those found in site-built home mortgages,[28] and unlike personal property loans, MH mortgages can be used for refinancing and other purposes beyond home purchases.

They may also be FHA-insured or VA-guaranteed. MH mortgages tend to have lower rates, higher loan values, and longer terms than PPLs. However, interest rates are often still higher than mortgages for site-built homes and they may be subject to extra risk-based fees.[29]

See Figure 4 for a comparison of these first two options. Figure 5 contrasts interest rates between different forms of MH financing and between MH and site-built mortgages. Table 3 shows 2021 value and interest rates for the two forms of financing.

To open the opportunity for MH homeowners to obtain more favorable mortgage financing over PPLs, a few states have introduced special programs such as the one described below.

Sample Program: State of New York Mortgage Agency Manufactured Home Mortgages[30]

State: New York

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[25] 21st Mortgage, Vanderbilt Mortgage and Finance Inc., Triad Financial Services Inc., Credit Human Federal Credit Union, Cascade Financial Services.
[26] CFPB, 2021. According to Census Bureau Data, 77% of MHs shipped in 2022 were titled as chattel (e.g., could not be purchased using a mortgage).
[27] *For the First Time in 15 Years, Federal Housing Administration Increases Loan Limits to Expand Financing for Manufactured Homes.* U.S. Department of Housing and Urban Development (2024). https://www.hud.gov/press/press_releases_media_advisories/HUD_No_24_055.
[28] For example, PPL borrowers are note protected by the Real Estate Settlement Procedures Act.
[29] CFPB. 2021.
[30] *SONYMA Manufactured Home Loans*. (2019). SONYMA. https://hcr.ny.gov/system/files/documents/2019/03/sonymamortgagesmanufacturedhomes.pdf.

Challenge addressed: Providing MH mortgage financing without land ownership

State agencies/partners involved: State of New York Mortgage Agency, MH park owners

Program description: The State of New York Mortgage Agency (SONYMA) is a public authority established by the state government in 1970 to provide New York residents with low and moderate incomes opportunities for affordable homeownership. Programs exist under this agency to help all kinds of borrowers, including those purchasing MH, and each features competitive interest rates, no prepayment penalties, low down payments, and down payment assistance.

By statute, however, SONYMA can only make real estate loans, not direct personal property loans.[31] To support affordable lending for MH on leased land (such as in communities), SONYMA developed a method whereby MH are recorded as real estate, encumbering the landlord’s property, and permitting the home alone to be financed by the borrower. To comply with all State and Federal laws, the MH is recorded at the county clerk’s office as real estate and with the New York State Department of Motor Vehicles as personal property.

MH park owners agree to the recording as real estate on their land, which enables loans to trigger the state’s strong consumer protection laws. SONYMA also offers to pay lot rents in the case of default by the borrower and throughout the foreclosure process.

SONYMA executes a Tri-Party Agreement with both the borrower and the park owner, guaranteeing not only lot rent during foreclosure but also guarantees certain protections to help the borrower avoid financial hardship that might trigger a default. These protections include a cap on increases in lot-rents to ensure long-term affordability for the borrower and a right to remain on the lot for the duration of the mortgage, with the only exceptions being egregious actions by the borrower that would call for a court-ordered eviction.

For qualified, first-time homebuyers with low- and moderate-incomes, SONYMA’s Achieving the Dream and Low Interest Rate mortgage programs can finance MH that are permanently fixed to a foundation.

As described above, a SONYMA mortgage is a real estate loan, rather than a personal property loan and can be used to:

- Finance the purchase of a new or used home,
- Site the home on leased land in a park, land the borrower owns, or land they would like to purchase, and
- Refinance debt on the home.

[31] In the 2023-2024 New York budget, statutory authority was granted or SONYMA to offer affordable PPLs. This program is still under development and will launch in 2024.

For homes being sited on leased land, SONYMA will work with the borrower and the park owner to ensure the right to remain on the site for the length of the mortgage, by executing a tri-party agreement.

SONYMA's programs also feature down payment assistance, low fixed-rate interest rates, 120-day interest rate locks, financing up to 97% of the value of the property, 30-year terms, and flexible credit requirements. Borrowers must meet maximum underwriting ratios (45% debt-to-income expense ratio) and contribute a minimum of 1% towards the purchase price.

SONYMA has partnered with a New York-based CDFI who also works with a network of nonprofit organizations across the state for buyers to contact. The nonprofits help borrowers complete the application and guide them through the entire home buying process. However, the program's reach has been limited by the lack of participation from community owners in areas attractive to homebuyers.

2.1.3 Personal Loans

Personal loans are another option for financing MH, given the lower cost for MH units may be within range of a personal loan. Personal loans are common for MH that do not meet minimum building requirements to qualify for other types of financing or for buyers who do not want their home to serve as collateral and want to simplify the application process.[32] However, interest rates can be high compared to either MH mortgages or personal property loans.[33] There is little research on the prevalence of personal loans for MH.

2.1.4 Cash

About 37% of MH in the United States are purchased with cash, a far higher percent than site-built homes.[34] The lower purchase price and higher financing costs of MH cause some buyers to prefer cash purchases, though the high denial rates, limited lender options, and high financing costs for MH lending may also block some MH buyers from accessing financing.[35]

2.2 Lenders

2.2.1 Federally Backed Loans

The federal government's home lending programs, as well as the loan purchase programs of [Fannie Mae] and [Freddie Mac], the government-sponsored enterprises

[32] Porter, T. (2022). How to finance a mobile or manufactured home. Bankrate. https://www.bankrate.com/loans/personal-loans/how-to-buy-a-mobile-home/.
[33] Richardson, 2023.
[34] Porter, 2022.
[35] 50% of MH PPLs and 33% of MH mortgages were denied in 2019, compared to 7% of site-built home mortgages (CFPB, 2021). Higher denial rates for MH loans are found even after controlling for credit score. As many PPLs and MH mortgage loans are closed for incompleteness or not accepted by the borrower, only 20% of PPL and 35% of MH mortgages applications result in an originated loan. CFPB, 2021.

(GSEs), support financing for MH. Federal agencies purchased or insured 69% of MH mortgages in 2019, a rate that exceeded site-built mortgage purchases (62%).

However, only 1% of PPLs are purchased or insured by federal agencies, primarily FHA, and 18% by private purchasers – the rest have no secondary market.[36] With the exception of USDA Direct loans, the loans described below are originated by private financial institutions before any federal backing.[37] Most federal lending applies to HUD-code compliant (i.e., post-1976) MH only – individuals purchasing units built earlier (mobile homes) or non-HUD code structures similar to MH (e.g., tiny homes) are not usually able to access this financing. These different financing options are compared in Table 1.

Fannie Mae and Freddie Mac

Loans bought from lenders and guaranteed by the GSEs, which are typically the lowest financing cost option, must be secured by homes that are classified as real property.

Other property conditions are also required, such as a being a minimum square footage and installed on a permanent foundation system.

To qualify for these loans, borrowers typically need to meet certain credit criteria, but may be able to purchase a home with as little as 3% down. Terms can be up to 30 years with fixed– and adjustable–rate options. There can be extra risk-based fees for MH loans, so rates usually are slightly higher than site-built homes. The exceptions are for loans qualifying for the GSEs' Duty to Serve affordable housing or MH built to certain construction, design, and efficiency standards—classified as MH Advantage™ for Fannie Mae and CHOICEHome® for Freddie Mac, which meet the MH industry's CrossModTM specifications. These homes have the features of a site-built home and are financed like them, without the extra pricing fee.[38]

The following are links to specific terms:

Manufactured Housing Product Matrix | Fannie Mae and Learn About Manufactured Housing (Feb. 2023) (fanniemae.com)

Manufactured Homes – Freddie Mac Single-Family and CHOICEHome® Mortgage – Freddie Mac Single-Family

[36] CFPB, 2021. A secondary market increases liquidity and decreases lending costs, benefitting consumers (Chism, P. (2023). What is the Secondary Mortgage Market and How Does It Work? Rocket Mortgage. https://www.rocketmortgage.com/learn/secondary-mortgage-market.
[37] CFPB, 2021.
[38] Fannie Mae and Freddie Mac conduct a much stricter appraisal process for these loans, using site-built or other CrossMod® comps instead of traditional MH.

FHA Title I and Title II

Offered through FHA-approved lenders who provide the funds, there are two types of FHA-insured loans:

FHA Title II loans work the same way as those for purchase or refinance of a site-built home: terms can be as long as 30 years. The minimum required down payment is 3.5% if the borrower's FICO score is 580 or higher, and 10% if it's between 500 and 579. The borrower must use the home as their primary residence. It also must be real property (generally implying the borrower owns the land),[39] have been built after June 15, 1976, be permanently installed on an approved foundation, and not be in a flood zone. FHA financing can cover the purchase of the land for a new MH through a process like a construction loan.

The following are links to terms and additional information on Title II loans:

Buying a Home | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

Manufactured Housing and Standards- Frequently Asked Questions | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

FHA Title I loans are typically used for personal property; the borrower does not have to own the land on which the home sits.[40] Down payments can be as low as 5%.

Repayment terms are shorter than Title II loans, varying from 15 years (for purchase of a lot only) to 25 years. If the land is leased, the initial lease must be at least three years. At this time, Title I has maximum loan amounts:

- Manufactured home (single-section): $105,532
- Manufactured home (multi-section): $193,719
- Manufactured home lot: $43,377
- Manufactured home and lot (single-section): $148,909
- Manufactured home and lot (multi-section): $237,096

FHA also offers Title I Property Improvement loans, for which manufactured housing is eligible with a loan limit of $25,090.

The following links provide additional information on Title I loans:

[39] FHA also offers Title I Property Improvement loans, for which manufactured housing is eligible with a loan limit of $25,090.
The following links provide additional information on Title I loans:
HUD Financing Manufactured (Mobile) Homes | HUD.gov / U.S. Department of Housing and Urban Development (HUD).
[40] Title I can also be used to purchase land for siting MH.

HUD Financing Manufactured (Mobile) Homes | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

Allowable Loan Parameters Title I Property Improvement Loans

All FHA loans are assumable—when the home is sold to a secondary buyer, the buyer can take over the payments.

On March 18, 2024, the FHA announced new loan limits for its Title I Manufactured Home Loan Program. The increased amounts rely on new methodologies for updating and calculating the limits. Resources will support residents of manufactured housing through:

- repairs and rehabilitation of homes,
- replacement of dilapidated units,
- infrastructure upgrades such as water, sewer, utilities, or broadband,
- improvements to increase community resilience in the face of extreme weather,
- planning activities to support manufactured housing communities,
- services for homeowners including housing and mobility counseling, eviction prevention, and activities that support resident-owned management structures.

The increased loan limit will better align with current market prices and are expected to encourage more lenders to offer the program to homebuyers seeking to purchase manufactured homes and the lots on which they sit.[41]

Veterans Affairs

Active-duty service members and veterans are eligible to be considered for MH mortgage loans guaranteed by the VA. Most private lenders offer VA-backed loans, which feature competitive rates and low fees. Homes must be attached to a permanent foundation and titled as real property (the land is owned by borrower). If buying the home and land together, it must be the borrower's primary residence. The VA program can help eligible veterans buy land as well as MH.

The down payment must be at least 5% of the purchased value and VA requires a 1% funding fee. Repayment terms range from 20 years up to a maximum of 25 years (loan terms may vary by lender and type of home). VA underwriting criteria includes not only consideration of the debt-to-income ratio but the borrower's residual income—the amount of discretionary money left over each month after fixed expenses. Utility costs

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[41] U.S. Department of Housing and Urban Development Manufactured Housing; For the First Time in 15 Years, Federal Housing Administration Increases Loan Limits to Expand Financing for Manufactured Homes. https://www.hud.gov/press/press_releases_media_advisories/hud_no_24_055

are a factor in calculating residual income. VA and FHA loans both have much lower denial rates than conventional MH loans (mortgage or PPL).[42]

USDA Rural Development

Properties located in a rural-designated area can be considered for USDA Rural Development loans, which are designed to assist homebuyers with low- and moderate-incomes. These require no down payment, allowing for financing of 100% of the home and land's appraised value. USDA requires the MH to be new and titled as real property and the borrower must have a credit score of at least 640 and meet income-eligibility guidelines. Those who earn 80% or less of their area median income (AMI) can apply for loans directly from the USDA under the Section 502 Direct Loan Program. Buyers with moderate incomes (115% or less of their AMI) can apply for USDA Section 502 Guaranteed Loans, which come from private lenders.

The Section 502 Guaranteed Loan Program also helps lenders finance land costs, closing costs, site development, installation, and setup costs for the home. Lenders can obtain the loan note guarantee up front, creating more flexibility for both the lender and borrower. USDA loans assess fees of 2% added to the total loan, and 0.5% to monthly payment.

In addition to being located in a designated rural area, for all MH loan types, the home and property must be contiguous to a public street; streets must be paved or have an all-weather surface; the site must not be large enough to subdivide; the value of the site must not exceed 30% of the as-improved market value of the property; the finish grade beneath the home or the habitable floor, whichever is lower, must be above the 100 year flood plain; the home must be permanently affixed, and the site must have adequate water and wastewater disposal systems.

The following link provides additional information:

[RD Home Loans (usda.gov)]

USDA Rural Development Loan Existing Home Pilot

Starting in August 2016, USDA waived the requirement that MHs be "new" to

qualify for Rural Development loans in 23 pilot states. This was extended through November 4, 2024. Eligible units under the requirement must still meet all requirements outlined above, be constructed on or after January 1, 2006, and HUD certified.

[42] Liang, L., Siegel, R., and Staveski, A. (2022). Data Shows Lack of Manufactured Home Financing Shuts Out Many Prospective Buyers. *Pew.* https://www.pewtrusts.org/en/research-and-analysis/articles/2022/12/07/data-shows-lack-of-manufactured-home-financing-shuts-out-many-prospective-buyers.

Separately, USDA relaxed loan expiration date requirements in eight states for energy-efficient MH (at least ENERGY STAR-compliant), including both Direct and Guaranteed loans.[43]

Indian Home Loan Guarantee Program

Multi-section MH treated as real property are eligible under HUD's Section 184 Indian Home Loan Guarantee Program. Section 184 is a home mortgage product specifically designed for American Indian and Alaska Native families, Alaska villages, Tribes, or tribally designated housing entities. With Section 184 financing, borrowers benefit from low down payments and flexible underwriting. These loans can be used both on and off native lands in many areas,[44] for new construction, rehabilitation, purchase of an existing home, or refinance.

The following link provides additional information:

Section 184 Indian Home Loan Guarantee Program | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

Table 1. Comparison Between Federal Lending Programs

Program	Who is eligible?	Income limits?	Titling	Loan limit	Loan type	Unit requirements
Fannie Mae – standard MH Fannie Mae – MH Advantage	Any creditworthy MH buyer	None	Real property	$726,200	30-year fixed or adjustable-rate mortgage	Meets HUD Code requirements, at least 12 ft. wide and 400 sq. ft. area Multi-section only. Meets appraisal standards consistent with site-built homes.
Freddie Mac – Home Possible® Freddie Mac– CHOICE Home	Any creditworthy MH buyer	None	Real property	$726,200	30-year fixed or adjustable rate mortgage.	Primary residence, HUD code compliant. 12 ft. wide and 600 sq. ft. area. Multi-section HUD-compliant housing only. Includes several

43 *Single Family Housing Section 502 Direct and Guaranteed Manufactured Housing pilots*. (2022). Federal Register. https://www.federalregister.gov/documents/2022/11/02/2022-23754/single-family-housing-section-502-direct-and-guaranteed-manufactured-housing-pilots.
44 Reference this HUD publication for a map of eligible regions for Section 184 financing.

Program	Who is eligible?	Income limits?	Titling	Loan limit	Loan type	Unit requirements
						added features such as a porch/dormer and a mortared masonry blocking wall set on a poured perimeter footer
FHA Title I	Any MH buyer meeting credit score and debt-to-income requirements	None	Personal Property	Manufactured home (single-section): $105,532 Manufactured home (multi-section): $193,719 Manufactured home lot: $43,377 Manufactured home and lot (single-section): $148,909 Manufactured home and lot (multi-section): $237,096	15–25-year PPL	HUD Code compliant housing unit installed on a site that meets local suitability requirements. If on leased land, minimum lease term of 3 years
FHA Title II	Any MH buyer meeting credit score and debt-to-income requirements	None	Real property	Varies by county, maximum $1,089,300	15- or 30-year fixed rate	HUD Code compliant, primary residence, permanently installed, and not in a flood zone
VA Loans	Veterans and active-duty service members	None	Real property	None	20–25 year	HUD Code compliant housing on a permanent foundation, meets VA Minimum

Program	Who is eligible?	Income limits?	Titling	Loan limit	Loan type	Unit requirements
						Property Requirements
USDA Rural Development	Residents of an eligible rural area	115% of area median house-hold income	Real property	Varies by county	30-year fixed rate	Housing must be new, primary residence, contiguous to a public all-weather street, permanently affixed, and meet the HUD Code requirements. See additional requirements above.
Indian Home Loan Guarantee	Creditworthy members of federally recognized Tribes and tribal housing entities residing in approved counties	None	Real property	Varies by county. May not exceed 150% of current FHA mortgage limits.	30-year fixed rate	HUD Code compliant housing on a permanent foundation

2.2.2 State and Local Lenders

Some state and local agencies (e.g., the Kentucky Housing Corporation (KHC) and the State of New York Mortgage Agency) offer direct housing financing for MH in their state, especially for first-time or low-income homebuyers. The outlines of these programs vary by state, but states can offer lower costs or additional assistance, such as the KHC's down payment assistance and housing counseling services.[45] This financing is through mortgages, as most states are not able to offer PPLs, and states may set specific design and construction standards to determine property eligibility.

Other states offer programs that provide broader homebuyer assistance programs covering both MH and site-built homes (FL), promote manufactured housing as a

[45] Kentucky Housing Corporation (2023). Homeownership: Future Homebuyers > Eligibility. https://www.kyhousing.org/Homeownership/Future-Homebuyers/Pages/Eligibility.aspx.

source of affordable housing via support for MH manufacturers and installers (CO), or ensure additional protections to PPL recipients (IL).[46]

2.2.3 Private Lenders

In addition to loan programs supported by the federal agencies and GSE, the private industry offers various financing options for the purchase and refinance of MH. Most PPLs and a large share of MH mortgages are made through these channels.[47]

MH Retailers and Specialty Lenders

Dealers of MH, both new and used, offer to finance the purchase through a process like buying a car from an auto dealership. When choosing a home, the buyer's loan application can be taken on-site during negotiations and several financing options from which to choose are usually listed on a "lending board" at the dealer site. Lenders on this board are typically specialty private lenders whose primary business relates to MH, often with an ultimate affiliation to a manufacturer itself, and who have been selected by the dealer to be listed.

Buyers who need PPLs are more likely to find them through MH specialty lenders than traditional lenders, who usually make only mortgage loans. Specialty lenders comprise the majority of MH lending.[48] Specialty lenders such as 21st Mortgage, Vanderbilt Mortgage and Finance, Inc. (both part of Clayton Homes), and Triad Financial Services offer almost exclusively MH lending.

Traditional Financial Institutions

Buyers can also arrange their own financing through a traditional financial institution like a local bank or credit union. Some of these lenders, however, only finance homes sold by MH dealers with whom they have a prearranged relationship and buyers who are arranging their own financing must find a lender and dealer willing to work together.[49, 50]

Institutions of all sizes – from large national and regional banks to local credit unions – offer MH financing. Larger banks usually issue only mortgages, requiring the buyer to also own the land, and do not offer personal property loans for the home only. Many of these mortgage loans are then guaranteed by and/or sold to the government or GSEs if their program guidelines are met. Smaller local banks and credit unions are more likely to provide additional lending products.

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[46] *Manufactured Homes: An Underutilized Source of Affordable Housing?* (2023). https://www.ncsl.org/human-services/manufactured-homes-an-underutilized-source-of-affordable-housing.

[47] CFPB, 2021. 99% of PPLs and 31% of MH mortgages are fully private (e.g., no federal purchase or insurance). Borrowers obtain loans through private entities who may offer federally-backed loans.

[48] Ibid.

[49] In 2019, more than 2,300 lenders reported originating home-purchase loans for MH. However, a large portion of the lending, especially for personal property loans, is concentrated among relatively few lenders. (CFPB, 2021).

[50] Nelms, B. (2019). *Financing your new manufactured home*. Manufactured Homes. https://www.manufacturedhomes.com/blog/financing-your-new-manufactured-home/.

They may hold MH loans in their portfolios and may be able to offer more flexible underwriting and terms than those required by the government or GSEs.

Community-Based Financing

CDFIs are private-sector financial institutions whose primary mission is to help communities traditionally left out of banking and investing options. They have varied lending goals and structures including community development banks, community development loan funds, community development credit unions, microenterprise funds, community development corporation- based lenders and investors, and community development venture funds. They measure their impact not only through economic gains but by the contributions they make to the local community.

CDFIs have started to provide affordable financing options to purchase MH although the number of institutions offering mortgages or personal property loans is still limited.[51] Like many traditional credit unions, they often hold the loans in their portfolios and can offer more flexible terms than those required to meet the eligibility for guarantee and/or sale to the government or GSE programs.

In addition to CDFIs that lend directly to homebuyers, at least two, ROC USA, and Network for Oregon Affordable Housing, provide technical assistance and financing for residents of MH communities to form cooperatives and purchase the neighborhoods in which they live, as explained in the Resident-Owned Communities section above.

Sample Program: New Hampshire's Home Preferred Manufactured Housing ROC loan[52]

State: New Hampshire

Challenge addressed: Recognizing and financing ROC MH as real property

State agencies/partners involved: New Hampshire Housing, Fannie Mae, New Hampshire Community Loan Fund (CDFI)

Program description: New Hampshire has one of the highest percentages of MH communities being owned by residents, with over 130 ROCs containing over 8,200 households. That represents 30% market share of the state's MH park market, and in 36 years not one has been closed or sold by the residents.[53] New Hampshire was one of the first states to pass legislation recognizing MH located in resident-owned communities as real property. This allows them to be eligible for mortgages in contrast to other states, where MH on leased or communal lands are only recognized as personal property and thus subject to less favorable financing options.

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51 *Searchable Awards Database | Community Development Financial Institutions Fund.* https://www.cdfifund.gov/awards/state-awards.
52 *Home Preferred Manufactured Housing ROCs*. (2021). New Hampshire Housing. https://www.nhhfa.org/wp-content/uploads/2020/04/FactSheet-HP-MH-ROCs.pdf.
53 *Understanding Manufactured Housing*. (2020). New Hampshire Community Loan Fund. https://communityloanfund.org/app/uploads/2021/01/Understanding-manufactured-housing-6-2020.pdf.

New Hampshire Housing, the state housing finance agency, developed the Home Preferred Manufactured Housing ROC homeownership program in partnership with Fannie Mae and the New Hampshire Community Loan Fund. Homebuyers and current homeowners in qualified New Hampshire ROCs may be eligible for the program's mortgage loan, which offers affordable financing options, including a low fixed rate, low down payment, and low mortgage insurance options. The program offers up to 95% loan-to-value terms and New Hampshire Housing's Cash Assistance Mortgage (second-lien forgivable downpayment assistance loan) can be combined with this ROC program. The borrower must occupy the home as their primary residence although is not required to be a first-time homebuyer. They must also qualify for the mortgage under Fannie Mae's HomeReady® Mortgage guidelines.

In addition to the New Hampshire Community Loan Fund, several other private mortgage lenders participate in the program. The current list of lenders and eligible ROCs can be found on the program's webpage.

Fannie Mae and New Hampshire Housing launched the loan program in the hope that more states will follow New Hampshire's lead and adopt legislation enabling MH in resident owned communities to be eligible for mortgage financing, scaling, and expanding affordable lending options for MH.

2.3 Financing for ROCs

Prospective ROCs need both technical assistance and financing to acquire their communities and mission-driven organizations are playing a key role in supporting residents. One of the most well-known resources is ROC USA, a nonprofit organization that advocates for the resident-owned model and aims to expand resident owned MH communities. It provides technical information about forming and maintaining ROCs and supports other nonprofits as well. For example, this booklet produced with NeighborWorks Montana contains key information about the process.

ROC USA also established Resident Ownership Capital, LLC (ROC USA Capital) to help meet the capital needs necessary for residents acquiring communities. This includes offering loans for up to 110% of the community's appraised value, as well as pre-development loans to cover the cost of upfront due diligence, such as hiring experts to assess the community and the purchase before making a final decision. More information on resident-owned communities is available from ROC USA.

Other lending products for the acquisition of MH communities include those backed or guaranteed by Fannie Mae and Freddie Mac.

The following report from Enterprise Community Partners contains an informative section on ROCs:

Enterprise Policy Brief on Preserving the Affordability of Manufactured Homes in Land- Lease Communities 2021.pdf (enterprisecommunity.org)

Note that ROC residents still usually use PPLs to acquire their individual homes originally.

2.4 Tax Credits for Energy-Efficient MH

The Inflation Reduction Act (IRA) amended the 45L (Tax Credit for Energy-Efficient New Homes) tax credit to provide $2,500 for ENERGY STAR-certified MH[54] and $5,000 for Zero-Energy Ready Home-certified MH, for eligible dwelling units beginning January 1, 2023. These tax credits go directly to eligible manufacturers on a per dwelling unit basis, incentivizing the production of highly energy-efficient MH. By reducing the net cost of producing these units to manufacturers, the tax credits aim to reduce the overall price to consumers. Some states have similar tax credits, as demonstrated in the case study below.

Sample Program: South Carolina's Incentive Programs to Encourage the Purchase of More Energy-Efficient Manufactured Homes

State: South Carolina

Challenge addressed: Purchase price of highly efficient MH

State agencies/partners involved:

- The South Carolina Energy Office – administers the programs by providing MH labels to manufacturers and providing a form that residents are required to complete in order to be approved by the South Carolina Energy Office to claim tax credits.
- The South Carolina General Assembly – passed 1992 legislation to increase energy efficiency in MH sold in the state (Sections 12-36-2110(B) and 40-29-360 in South Carolina Code of Laws), and 2008 legislation to establish the Energy-Efficient Manufactured Homes Incentive Program (Section 48-52-870).
- The South Carolina Department of Revenue – provides a form that residents are required to fill out in order to claim tax credits or exemptions when filing annual taxes.

Funding source and dollar amount: The South Carolina Energy Office allocates a portion of annual U.S. State Energy Program formula funds towards the Energy-Efficient Manufactured Homes Incentive and Labeling Programs.

Program description: The South Carolina Energy Office operates two programs: The Energy-efficient Manufactured Homes Incentive Program, which offers a $750 tax credit and waives the sales tax (estimated to be about $300 per home) for all new purchases and installations of ENERGY STAR certified MH in South Carolina; and The Energy-

[54] For details on the minimum ENERGY STAR program versions that are eligible for the § 45L credit, refer to EPA's Tax Credits for Home Builders webpage.

efficient Manufactured Homes Labeling Program, which awards energy labels to MH that meet minimum energy efficiency criteria as determined by the state, and exempts homeowners of labeled homes from paying any sales tax in excess of $300. Both were established through tax laws by the South Carolina General Assembly, the Labeling Program in 1992 (Section 12-36-2110(B) and Section 40-29-360) and the ENERGY STAR Tax Credit Program in 2008 (Section 48-52-870).

Outcomes: As of 2022, the South Carolina Energy Office approved 83,933 labels requested by manufacturers (since program inception in 1998), resulting in over $12.5 million in lifetime energy cost savings across all participating homes. As of 2022, the South Carolina Energy Office approved 926 applications for the Energy- efficient Manufactured Homes Incentive Program, amounting to $694,500 in $750 tax credits and resulting in $17 million in lifetime energy cost savings since program inception in 2010. The program approved 131 applications in 2022 versus 102 applications in 2021, demonstrating steady annual growth in program participation.

Approximately 54% of all MH shipments into South Carolina were ENERGY STAR homes in 2022. According to a 2020 report conducted by Systems Building Research Alliance on the market share of ENERGY STAR MH shipments by state, South Carolina saw the second highest market share of ENERGY STAR MH shipments by state (second only to Washington State) and the second largest number of ENERGY STAR total home shipments (second only to Texas, which has a total MH shipment volume nearly four times that of South Carolina).

South Carolina's cumulative approved applications represent a small percentage of the approximately 14,500 ENERGY STAR certified MH installed in South Carolina between 2010 and 2021. As such, moving forward, the South Carolina Energy Office will be looking to enhance their consumer education efforts to ensure that new homebuyers can take advantage of the incentives and lifetime cost savings of a high efficiency home. Annual program reports can be found here.

3 Manufactured Housing Replacement and Retrofits

For many of the 22 million Americans currently living in MH, moving from their existing home to a new energy-efficient MH unit would be burdensome, even with access to financing, due to higher prices for new MH units compared to resale prices of existing MHs and the often low savings/income of MH residents.[55] The lack of home equity also constrains available home improvement financing options. When MH renters or MH owners on leased land fear the landowner selling the community or raising the rents prohibitively, many MH residents choose not to make an upgrade or improvement that they cannot transport elsewhere; thus they stay in older units instead of paying for renovation or unit upgrades.[56] In older MH, the cost-benefit ratio of energy efficiency retrofits can be too low to justify either individual or state/ federally-funded retrofits.[57] For these residents, especially those in pre-HUD Code homes, government-funded replacements of older MH units with new, energy-efficient versions or retrofitting existing units are more realistic strategies to improve energy efficiency and reduce energy costs in MH.

Common retrofits can include air and duct sealing improvements, installation of modern lighting and plumbing fixtures, roof replacements or repairs, and HVAC system replacements (including electrification).[58] While individual homeowners can perform or contract improvements on their units directly, several federal and state programs already exist to support MH replacements and retrofits.

This section provides information on federal programs that can help reduce the cost of implementing measures in MH to increase energy efficiency. Table 2 compares different federal retrofit and replacement programs.

3.1 Energy Efficiency Tax Credits

The 25C Energy-efficient Home Improvement Credit was increased by the IRA to an annual tax credit of up to $1,200 for years after 2022, with the credit equal to 30% of the homeowner qualifying expenditures on energy efficiency improvement, residential

[55] The 25C Energy-efficient Home Improvement Credit was increased by the IRA to an annual tax credit of up to $1,200 for years after 2022, with the credit equal to 30% of the homeowner qualifying expenditures on energy efficiency improvement, residential energy property expenditures, or home energy audits. Heat pumps and biomass stoves/boilers receive an additional aggregate yearly credit of up to $2,000.60

[56] I'M HOME & National Consumer Law Center. (2010). Manufactured Housing Resource Guide: Weatherization and Replacement of Homes. *Prosperity Now.* https://prosperitynow.org/sites/default/files/resources/weatherization_replacement_of_homes.pdf.

[57] ACEEE presentation to state MH working group.

[58] Retrofits to address disaster resilience, resident health, or other non-energy benefits are covered by some of these funding streams but are not in scope of this report.

energy property expenditures, or home energy audits. Heat pumps and biomass stoves/boilers receive an additional aggregate yearly credit of up to $2,000.[59]

The Residential Clean Energy Credit is a separate 30% tax credit for clean energy installation, with no dollar limit. Both credits apply only to MH owners with tax burdens.

3.2 Homeowner Energy Efficiency Improvement Financing

The GSEs also have special products for the cost of energy efficiency improvements made to existing homes, including MH, to be included in the mortgage. Eligible upgrades include weatherization items, ENERGY STAR® certified products, and renewable energy sources.

HomeStyle Energy Mortgage Fact Sheet | Fannie Mae

GreenCHOICE Mortgages℠ - Freddie Mac Single-Family

The VA also offers an energy-efficient mortgage loan option to help finance energy

efficiency improvements to MH by adding the cost of improvements to a mortgage loan, up to maximum amount of $6,000. Eligible improvements financed can include installing a solar water heater or insulating the existing equipment, adding solar panels, weatherproofing additions such as caulk, modifying furnace efficiency, adding new insulation to walls and roofs, installing a storm door or windows, and more.

Homeowners meeting qualifications for USDA loan programs can obtain funds to repair a MH, through the Rural Housing Service's Section 504 Repair & Rehabilitation Loan or Grant. Very low-income homeowners can obtain loans to repair their homes including upgrading the electrical, plumbing or heating system. Qualifying seniors 62 years of age and older may be eligible for up to $7,500 in grants.

Several CDFIs structured as loan funds specifically offer funding for energy efficiency and other green improvements, including for MH. Existing homeowners may be eligible for unsecured loans for weatherization, solar, and other eligible projects to increase the home's energy efficiency. These usually carry a low-interest rate relative to other consumer financing options. An example of one of these CDFIs is the Solar and Energy Loan Fund, based in Florida but with a regional reach.

[59] *Frequently asked questions about energy-efficient home improvements and residential clean energy property credits — Energy-efficient Home Improvement Credit: Qualifying Expenditures and Credit Amount* | *Internal Revenue Service*. (2022). https://www.irs.gov/credits-deductions/frequently-asked-questions-about-energy-efficient-home-improvements-and-residential-clean-energy-property-credits-energy-efficient-home-improvement-credit-qualifying-expenditures-and-credit-amount. There are separate limitations on credits for certain improvements and regulations on specific improvements eligible.

3.3 IRA and IIJA Funding

The recent IIJA and IRA created or expanded multiple programs to reduce the cost of energy-efficient housing or provide states with new tools to finance energy efficiency programs.

3.3.1 Retrofit and Electrification Rebates

The recent IIJA and IRA created or expanded multiple programs to reduce the cost of energy-efficient housing or provide states with new tools to finance energy efficiency programs.

Home Energy Rebates | DOE

3.3.2 Tax Credits

Besides tax credits for energy-efficient MH purchases detailed above, the IRA also extended the Internal Revenue Service's section 25C credit program. Owners of existing MH who make energy efficiency improvements, such as purchasing a heat pump or conducting an energy audit, are eligible for a tax credit up to 30% of the project. State agencies can work with consumers to build awareness of and simplify access to tax credits and rebates.

3.3.3 IIJA and IRA State-Drive Funding

In addition to the rebates and credits listed above, several IIJA and IRA provisions provided direct funding to states that can be used for energy efficiency.[60]

- Energy Efficiency Revolving Loan Fund Capitalization Grant Program[61]
  - The Energy Efficiency Revolving Loan Fund Capitalization Grant Program in the IIJA provided $250 million in formula grants to states to use as loans and grants for residential and commercial energy audits, upgrades, and retrofits. Funding was awarded to state energy offices in June 2024. While program guidance prohibits using these funds to purchase new energy-efficient MH within the first five-year period of performance, they are nonetheless able to be used to perform retrofits in existing units.
- Energy Efficiency and Conservation Block Grant Program
  - The Energy Efficiency and Conservation Block Grant Program (EECBG) provides $550 million in formula and competitive grants to state, territorial,

[60] IIJA and IRA funding, including financing structures incorporating IIJA funding, is potentially subject to federal compliance requirements such as the Davis Bacon Act. States can review program guidance (SEP and EECBG) and future DOE announcements for more detail on these requirements. Non-IIJA SEP funding is not subject to Davis Bacon requirements.
[61] *Bipartisan Infrastructure Law Energy Efficiency Revolving Loan Fund Capitalization Grant Program Frequently Asked Questions*. (n.d.). US Department of Energy. https://www.energy.gov/sites/default/files/2022-10/SEP-FAQs-RLF-BIL-v2.pdf.

local, and tribal governments for a wide range of energy efficiency and clean energy uses.[62] MH is not specifically called out, but several provisions relating to establishing financing or incentive programs could be used to support purchases of energy-efficient new MH units or retrofits of existing MH units. State and local governments have significant flexibility for program design using EECBG funds. Applications for local governments and Tribes have passed.

- State Energy Program
    - State Energy Program (SEP) funding is an annual formula grant to states, with grant amounts increased in the IIJA. States can use SEP funding to develop financing programs related to energy efficiency in MH (among many other uses).

3.3.4 Greenhouse Gas Reduction Fund (EPA)

The IRA provided $27 billion to the U.S. Environmental Protection Agency (EPA) through September 30, 2024, to create and administer the Greenhouse Gas Reduction Fund (GGRF), a nationwide green bank to support emission reductions, especially in low-income and disadvantaged communities. Competition for this funding opened in Summer 2023, with selection notifications targeted for April 2024.[63]

The GGRF offers competitive grant funding through multiple programs, two of which are most relevant to energy-related projects in MH:

- **National Clean Investment Fund**, which provides $14 billion to national nonprofit clean financing institutions to provide financial and technical assistance to projects that reduce or avoid greenhouse gas emissions, in any community.
- **Clean Communities Investment Accelerator**, which provides $6 billion to nonprofits to provide financial and technical assistance to projects that reduce or avoid greenhouse gas emissions, specifically in low-income and disadvantaged communities.

Grant recipients are encouraged to collaborate with local green banks, CDFIs, and other sources of private capital to maximize the impact of their award.

3.3.5 Funding Multipliers

In order to maximize the impact of IIJA, IRA, and regular annual state and local funding, leveraging these funds with private sector dollars through a credit enhancement program or regional collaboration may be valuable, and private sector leverage is

[62] As well as non-residential energy uses such as material conservation and clean transportation.
[63] *EPA announces initial program design of Greenhouse Gas Reduction Fund | US EPA*. (2023). US Environmental Protection Agency. https://www.epa.gov/newsreleases/epa-announces-initial-program-design-greenhouse-gas-reduction-fund.

encouraged for some competitive grant applications. DOE provides guidance for developing a Loan Loss Reserve or Interest Rate Buydown here, including a template based on Michigan's successful Michigan Saves Residential Loan Loss Reserve, and an overview of credit enhancement options here. NASEO provides additional resources on clean energy financing credit enhancements here.

3.4 Other Federal Agency Retrofit and Replacement Programs

3.4.1 DOE Weatherization Assistance Program

DOE's Weatherization Assistance Program (WAP) was created in 1976 as part of the Energy Conservation and Production Act and provides annual formula grant funding to states to improve energy-efficiency in low-income households. Many states and utilities add their own funding for weatherization to WAP funds.

WAP activities are available for MH, with additional 2022 guidance on including MH in optional regional priority lists.[64] There are challenges applying WAP funding for MH due to the specialized skills needed for MH retrofits and the lower cost effectiveness for WAP in weatherizing a MH compared to site-built homes. DOE regulations do protect residents of MH communities from unreasonable rent increases or evictions due to improved property values resulting from weatherization.[65]

3.4.2 Federal Emergency Management Agency (FEMA) Building Resilient Infrastructure and Communities Funding

FEMA provides funding and non-financial technical assistance to improve community infrastructure and resilience through the Building Resilient Infrastructure and Communities (BRIC) grant program. States, territories, and tribal governments can submit applications on behalf of local government sub-applicants. While MH has not traditionally been a focal point of BRIC funding, infrastructure improvement in MH communities (including energy improvements like microgrids), relocation of MH away from areas at risk of natural disaster, or MH repairs to increase resilience to natural disasters are eligible activities.

3.4.3 USDA Rural Energy Savings Program (RESP)

The Rural Energy Savings Program (RESP) is a relending program offered through USDA's Rural Utilities Service (RUS) that helps rural families achieve energy cost savings averaging between 20% and 30% by providing loans to qualified consumers to implement durable cost-effective energy efficiency projects. Eligible applicants under the RESP include current and former RUS electric borrowers, subsidiaries of current or former RUS electric borrowers, and entities that provide energy efficiency services in rural areas, including state housing and energy offices, green banks, and CDFIs. RUS lends funds to an eligible borrower at 0% interest rate for a term of up to 20 years. 4% of the total loan amount may be used for startup expenses. The eligible RUS borrower

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[64] *Weatherization Program Notice 22-8: Streamlining the Energy Audit Process–Optional Regional Weatherization Priority Lists* | *U.S. Department of Energy.* (2022). https://www.energy.gov/scep/wap/articles/weatherization-program-notice-22-8-streamlining-energy-audit-process-optional.

[65] I'M HOME & National Consumer Law Center, 2010.

relends funds to qualified residential and small business consumers for eligible energy efficiency activities at an interest rate not to exceed 5% for a term of up to 10 years.

Eligible activities include weatherization, HVAC repair or replacements, solar installations behind the meter, electric vehicle chargers, and the replacement of dilapidated manufactured homes with energy-efficient models.

As of the end of FY 2023, the program has provided funding for approximately 50 loans in 25 states with a loan portfolio of $500 million. Consumer delinquencies are very low with RUS borrowers claiming consumer satisfaction rates around 95%. Further information on RESP is available at Rural Energy Savings Program Factsheet (usda.gov).

Sample Program: Oregon's Multi-Party Partnership for Energy-efficient Home Replacement

State: Oregon

Challenge addressed: Replacing low-efficiency MH in partnership with utilities

State agencies and partners involved: USDA, Oregon Housing & Community Services, Bonneville Power Administration (BPA), Umatilla Electric Cooperative (UEC)

Funding: $5 million in state funds, $3 million USDA Rural Energy Savings Program loan

Program description:[66] UEC uses a USDA RESP loan to provide direct loans to residents of MH served by the cooperative to replace their MH with a more energy-efficient unit. The state will provide additional gap financing to the homeowner and up to $15,000 to remove and recycle the old unit.

The state loans have no interest rate and no down payment and are fully forgivable if the homeowner stays in the new home for 10 years. The UEC loan must be repaid over 20 years. UEC also coordinates with BPA to obtain additional energy efficiency rebates for the new MH.

The program is aimed at homeowners who are unlikely to qualify for other lending. Eligible homeowners must make no more than statewide median income and must be owner-occupier of a pre-1994 MH unit (or unit otherwise certified as energy inefficient). UEC will conduct inspections of both old and new units as part of the lending process and the homeowner must take an energy conservation course.

Oregon partners with other rural cooperatives in the state for similar MH replacement programs. RESP loans are also available to cooperatives nationwide.

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[66] *Manufactured home replacement program*. (2022). Umatilla Electric Cooperative. https://www.umatillaelectric.com/home-replacement/.

Outcomes: The first home purchase was made in January 2023, so metrics are not yet available.[67]

3.4.4 HUD Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Fund

In December 2022, HUD received $225 million in appropriations under the PRICE Fund to preserve and revitalize manufactured homes and manufactured housing communities. The approximately 25 grantees (including but not limited to state, local, and tribal governments, ROCs, nonprofit entities, and CDFIs) can use funds for infrastructure, planning, resident and community services, resiliency activities, and other assistance to residents or owners of manufactured homes through 2030. HUD released guidance for the grant program in early 2024, and opportunities to submit applications have passed.

3.4.5 HUD Community Development Block Grants

The Community Development Block Grants (CDBG), provided by HUD as an annual formula grant to states and communities, are eligible to be used to purchase property for affordable housing, perform rehabilitation and reconstruction, or provide direct homeownership assistance to low and moderate income households. These funds may be used to replace existing MH with new units.[68] Jurisdictions using CDBG for MH replacement include Otsego County and Ellington, New York.[69] ROCs particularly are able to receive CDBG funding for community-wide infrastructure upgrades.

CDBG also provides loan guarantees through [Section 108] to lower financing costs for larger, more costly development projects (including housing).

3.4.6 HUD Low Income Home Energy Assistance Program

The Low Income Home Energy Assistance Program (LIHEAP) provides households with incomes up to 110 and 150% of the Federal Poverty Guidelines[70] assistance with home heating and cooling, weatherization, and/or low-cost home energy equipment repairs and replacements. The program consists of annual block grants to states, territories, and tribal governments, who then fund households in their jurisdiction. In fiscal year 2022, approximately 5.7 million households received assistance through LIHEAP.

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[67] *UEC celebrates manufactured home replacement program's first recipient* | *U.S. Senator Jeff Merkley of Oregon*. (2023). https://www.merkley.senate.gov/news/in-the-news/uec-celebrates-manufactured-home-replacement-programs-first-recipient.

[68] I'M HOME & National Consumer Law Center. (2010). Manufactured Housing Resource Guide: Weatherization and Replacement of Homes. *National Consumer Law Center.* https://www.nclc.org/wp-content/uploads/2022/09/accessing-public-resources.pdf.

[69] *Manufactured & Mobile Home Replacement Program – Otsego Rural Housing Assistance.* (2017). https://otsegoruralhousing.org/manufactured-mobile-home-replacement-program/; Ellington Receives CDBG Funds to Assist Mobile Homeowners. (2020). *The Post-Journal.* https://www.post-journal.com/news/community/2020/06/ellington-receives-cdbg-funds-to-assist-mobile-homeowners/.

[70] Income thresholds vary by state.

Table 2. Federal Retrofit Funding Sources

Program	Agency	Funding type	Recipient	Eligible MH activities (energy- related)
25C Tax Credits	Internal Revenue Service (IRS)	Tax credit	Homeowner	Efficiency improvements, appliance upgrades
Residential Clean Energy Property Credit	IRS	Tax credit	Homeowner	Clean energy installation
Energy efficiency rebates	DOE	Block grants	States, Tribes	Electrification, efficiency improvements, appliance upgrades
HomeStyle/ GreenChoice Mortgages	Freddie Mac/Fannie Mae	Addition to mortgage	Homeowner	Energy efficiency improvements in existing homes
VA Energy-Efficient Mortgage	VA	Addition to mortgage	Homeowner	Energy efficiency improvements in existing homes
Section 504 Repair & Rehabilitation Loan or Grant (EECBG)	USDA	Low-interest individual loans and grants	Low-income homeowners (loans), seniors (grants)	Loans can be used to repair, improve or modernize homes or remove health and safety hazards. Grants must be used to remove health and safety hazards
Energy Efficiency Revolving Loan Fund Capitalization Grant Program	DOE	Block grants	States	Recipient flexibility
Energy Efficiency and Conservation Block Grant Program (EECBG)	DOE	Block and competitive grants	States, local governments, Tribes	Recipient flexibility
State Energy Program (SEP)	DOE	Block grants	States	Recipient flexibility
Greenhouse Gas Reduction Fund (GGRF)	EPA	Competitive grants	Nonprofits	Recipient flexibility

Program	Agency	Funding type	Recipient	Eligible MH activities (energy- related)
WAP	DOE	Block grants	States	Weatherization

3.5 State Financing Models for Retrofit and Replacement Programs

States can combine these funding sources and others to create their own retrofit and replacement programs, such as the programs detailed here.

State and local utility programs can also support MH through rebates and credits. DSIRE – the Database of State Incentives for Renewables & Efficiency–is a comprehensive source of information on incentives and policies that support renewables and energy efficiency at the federal, state, local, and utility levels. This public resource includes summaries of more than 2,600 incentives and policies; homeowners can search within their state for opportunities and incentives on the purchase and installation of energy efficiency upgrades and renewable energy sources. While most programs cover any type of home, a few are specific to MH.

Sample Program: New York Mobile and Manufactured Home Replacement Program

State: New York

Challenge addressed: Replacing older MH

State agencies and partners involved: New York Homes and Community Renewal

Program description: Older MH across the country present a problem for low- income occupants who must find a way to deal with repairing deteriorating structures while paying the high energy costs associated with homes built under older efficiency standards. This is even more of a problem for pre-HUD Code mobile homes. The lack of a regulatory environment for pre-HUD Code mobile homes has resulted in the need for homeowners to replace the units or undergo major repairs.

Likewise, older MH, built before many of the 21st century updates to the construction and safety standards have also required major repairs or replacement as the units aged. New York's Homes and Community Renewal (HCR) agency created the Mobile and Manufactured Home Replacement (MMHR) Program to address the issue of aging MH for low- and moderate-income homeowners.

MMHR funds are not available directly to MH owners, but instead are given to "qualified units of local government and not-for-profit corporations with substantial experience in affordable housing."[71] The funds are used for replacement of units only on land owned by the homeowner. MMHR is not available to MH placed on leased land, with a few exceptions. Long-term leases may be considered and units on land owned by a co-op may be eligible if the co-op approves of the replacement. The old unit must also be completely paid off, with no liens on the unit that would prevent decommissioning. Applicant organization can use the funds to replace aging units, including decommissioning the old unit, for applicants meeting the income qualification maximum of 80% of median income. Repairs allowed under the program are limited. While the units may be replaced with a new MH, modular home, or site-built home, an individual property maximum of $100,000 makes MH the most likely replacement option, unless paired with additional funding. Homeowners must own, occupy, and maintain the property for ten years to avoid having to repay the grant.

Administration of the funds occurs at the local level, with owners of MH interacting with their local program. HCR lists Neighborhood and Rural Preservation Programs[72] as examples of organizations that could possibly offer MMHR assistance, although it is not clear that all organizations on the list have an active local MMHR program or that they have applied for the funds.

Outcome: In 2022, HCR made grants of $2.2 million to five applicant organizations.[73] In 2021, HCR made $3.7 million in grants to eight applicant organizations.[74] These grants are intended to help owners of old MH and pre-HUD Code mobile homes to replace their unit with something that will be more affordable to maintain, as well as more affordable to operate, while using less energy.

Sample Program: Minnesota's Manufactured Home Community Redevelopment Program

State: Minnesota

Challenge addressed: Improving MH park infrastructure and increasing community ownership

State agencies and partners involved: Minnesota Housing Finance Agency

Program description:[75] The Minnesota Housing Finance Agency provides competitive grants via the Manufactured Home Community Redevelopment Program to eligible MH

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[71] *Mobile & Manufactured Home Replacement Program (MMHR).* (n.d.). Homes and Community Renewal. https://hcr.ny.gov/mobile-manufactured-home-replacement-program-mmhr.

[72] *2023 Neighborhood and Rural Preservation Programs Preservation Company Directory*. (2023). New York State Homes and Community Renewal. https://hcr.ny.gov/system/files/documents/2023/06/nrpp-directory.pdf.

[73] *2022 Office of Community Renewal Grant Program Award*. (2022). New York State Homes and Community Renewal. https://hcr.ny.gov/system/files/documents/2022/12/nys-hcr-ocr-2022_0.pdf.

[74] Morosanu, L. (2021). New York announces grants for MHC. *Multi-Housing News.* https://www.multihousingnews.com/governor-cuomo-announces-grants-for-mhc/.

[75] Manufactured Home Community Redevelopment Program. www.mnhousing.gov/homeownership/community-initiatives-programs/manufactured-home-community-redevelopment-.html.

parks for infrastructure activities and improvements or park acquisition. Eligible applicants include privately, publicly, or cooperatively owned communities, as well as nonprofit organizations acting as an intermediary on behalf of a park. These are three-year grants awarded on an annual basis. This program was launched in 2020.

Eligible infrastructure uses include both energy, other utility, and safety/security upgrades, with flexibility for other forms of infrastructure improvement if approved. This grant funding cannot be used for individual home improvements and funds must be used for activities that benefit the park community as a whole. Owners must maintain affordable rents for households at or below 115% of the area median income during a 25-year affordability period following the improvement.

Scoring applications is based on community needs, community demographics, external leverage and support, and project quality and experience, with funding determined based on the final scores.

Outcomes: The program was originally highly oversubscribed,[76] so funding was increased in future years and currently is funded with approximately $19 million through state appropriations and Housing Infrastructure Bond proceeds through January 2024, resulting in $7.3 million in grants in 2022 and $8.8 million for year to date 2023.[77] State leadership continued this program with $17 million in funding for fiscal years 2024 and 2025 which could impact an estimated 1,300 homes.[78]

[76] Anderson, D. (2022). *Homes for All Minnesota: Advancing Homeownership & Wealth-building*. Minnesota House of Representatives Housing Finance & Policy Committee. https://www.house.mn.gov/comm/docs/9LyAfhdSFEGKz_JeQMLxyw.pdf.

[77] Personal data request, Minnesota Housing Finance Agency.

[78] *One Minnesota Budget*. (2024) Minnesota Housing Finance Agency. https://www.mnhousing.gov/content/published/api/v1.1/assets/CONTB158E021AC2E4242A4A2E533AAF43946/native?cb=_cache_714b&channelToken=294436b7dd6c4570988cae88f0ee7c90&download=false. Impact estimated from preliminary numbers in *One Minnesota Housing Stability Budget Summary*. (2023). Minnesota Interagency Council on Homelessness. https://mich.mn.gov/one-minnesota-housing-stability-budget-summary.

4 Conclusion and Next Steps

Manufactured housing is a critical source of affordable housing and an emerging priority as government agencies address our nation's housing supply shortage. A priority shared across federal, state, and local governments is to increase the stock of energy-efficient and affordable MH units by lowering the cost and increasing the consumer protections for new MH purchases or retrofits alike. The MH financing landscape is complex, with many public and private actors and many different ways to direct funding toward this housing solution. The numerous programs outlined above provide a means for organizations and government bodies to fill the gaps in the private sector financing landscape, but the case studies show that the best solutions will depend on local market characteristics, resources, and priorities.

This guide aims to be a comprehensive resource for state and local policymakers looking to implement or expand financing options for MH purchase, replacement, or retrofit or to have a greater understanding of the role of financing in the MH industry. DOE will continue to update this guide and provide additional resources as the DOE Energy Conservation Standards for Manufactured Housing and the MH landscape overall develop. For more detailed information or assistance in developing pilot programs, DOE and other partner agencies welcome future communication and collaboration with states, financing, and advocacy organizations to increase access to affordable and energy-efficient MH across the nation.

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Appendix A: Manufactured Housing Design and Construction

Factory Construction

MH are built in a factory environment, based on standardized dimensions and designs. The smallest units, or single-section units, range from 14 feet to 18 feet wide. These homes are required to be substantially complete when shipped to the site, so they are almost completely constructed in the factory and then shipped either to a dealer site, or occasionally shipped directly to the home's installation site. For multi-section (also known as double-wide) units, multiple sections are shipped and joined together at the installation site. These multi-section units can be joined in multiple configurations.

MH are either moved along an assembly line in the factory or remain stationary while components are moved in place. Although the factory environment suggests automation, significant portions of MH construction are still performed using the same tools and techniques that would be used to build a home on site.

Design and Inspection

Designs are approved by inspection organizations that confirm compliance with the federal HUD Code construction requirements for MH.[79] These designs are then built in a factory that uses quality assurance and quality control processes to ensure conformity of the units to the approved design. States may also perform inspections as State Administrative Agencies (24 CFR 3282) which must include minimum inspection processes as required by the installation standards.

Foundations

MH can be placed on many types of foundations. Common foundation placements are pier and beam foundations. These foundations are structurally open at the perimeter and are usually enclosed by an aesthetic skirting material. However, MH can be placed on more common foundations such as crawl spaces, basements and slabs that are typical for site-built constructions. Even in crawl space or basement foundation situations, manufactured homes use the chassis and pier system for structural load.

According to the Consumer Financial Protection Bureau (CFPB) even units placed on semi-permanent foundations are not usually moved after placement.[80] For all installations, even in foundations that are described as semi-permanent, 24 CFR 3285.312 requires installation on permanent footers.

Shipping and Installation

The units must be transported using roadways, limiting the width of any section that is shipped. Once the home reaches its destination, it is lifted onto its foundation using a crane or other equipment. If the home is a multi-section home, the sections are joined together onsite. Structural, air sealing, plumbing, and mechanical details are finalized

[79] Federal HUD Code applies specifically to MH and supersedes any local residential building codes.
[80] CFPB, 2021.

when joining the multiple sections. Final utility hook-ups such as gas, propane, water, and electricity occur after installation. In some cases, the heating and cooling system is also installed at the site. This is common for heat pump installations where the outdoor compressor is installed and connected to an indoor air handler, or where packaged outdoor heat pumps are placed and connected via heating and cooling ducts to the home. Refrigerants for heat pumps are commonly added on site.

Decommissioning

While many MH can be renovated, repaired, and weatherized as they age, just like a site-built home, units can also reach an age where they pass their useful life. This is especially true of homes built before the U.S. Housing and Urban Development (HUD) began regulating MH construction in 1976. For homes that are not viable for resale or repair, decommissioning is necessary. This means disassembling the homes, disconnecting utilities, recycling materials that can be recycled and disposing of any hazardous materials. A 2010 report by Prosperity Now provides an in-depth examination of issues around decommissioning and replacement of older units.[81]

Legislation and Regulation

Typically, the design and construction of homes is regulated at the state, county, or even municipal level depending on the rules in the specific state, rather than the federal level. But that is not the case for MH. Requirements for MH construction are established at the federal level. Because of federal preemption, this means that state and local jurisdictions cannot regulate the construction of MH – mandating requirements either less stringent or more stringent than the federal requirements are not permitted for this type of construction. For site built or modular homes, model codes are developed that can be adopted or amended by individual jurisdictions, or those jurisdictions are free to write and implement their own code. Federal regulation of MH makes them a unique form of construction. While state and local jurisdictions can incentivize better performance in MH through voluntary programs, they cannot introduce mandates related to items covered by the HUD code. State and local jurisdictions can enact planning and zoning requirements that may affect MH or may require certain design choices if those design choices are allowed within the HUD code framework.

The legislative and regulatory timeline for MH provides an important context for understanding the status and quality of construction of existing units around the country. This timeline can provide insights into when and where repair and replacement efforts should be targeted at aging units. This timeline is displayed in Figure 7.

The Manufactured Home Construction and Safety Standards Act of 1974 established the authority for the U.S. Department of Housing and Urban Development (HUD) to create the first set of standards for MH, formerly known as "mobile homes." Prior to the act, the industry was essentially unregulated. The purpose of the act was to set minimum standards for MH, and to establish a federally protected source of

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[81] I'M HOME & National Consumer Law Center. (2010). I'M HOME & National Consumer Law Center. (2010). Manufactured Housing Resource Guide: Weatherization and Replacement of Homes. Prosperity Now. https://prosperitynow.org/sites/default/files/resources/weatherization_replacement_of_homes.pdf.

standardized affordable housing through pre-emptive authority. In 1975, the first Manufactured Homes Construction and Safety Standards were published by HUD in 24 Code of Federal Regulations (CFR) Part 3280[82] – referred to as the "HUD Code" – with the first HUD Code homes being manufactured and labeled in 1976.

In 2000, the first major update to the HUD Code was mandated by Congress through the Manufactured Housing Improvement Act of 2000,[83] which also created the Manufactured Housing Consensus Committee (MHCC) – a committee which advises HUD on changes to the code. Several additional sections of the CFR detailed below are now collectively referred to as the HUD Code. The MHCC was formed in 2002 and introduced the first revisions to the HUD Code in 2005. In 2007, HUD finalized the Model Manufactured Home Installation Standards in 24 CFR Part 3285[84] and the Manufactured Home Installation Program in 24 CFR Part 3286[85] in 2008. While the HUD Code in part 3280 set construction standards that applied to the units in the plant, 24 CFR Part 3285 provided requirements for how to install the units. In launching the installation standards, HUD allowed states the option of enforcing the installation standards on behalf of HUD. To date, 36 states have established enforcement of the HUD installation, while the remaining 14 states are overseen by HUD.[86]

Also in 2007, the Energy Independence and Security Act[87] (EISA) was signed into law. This act directed the U.S. DOE to develop an energy conservation standard based on the most recent version of the International Energy Conservation Code. For the first time, an agency apart from HUD had been authorized to regulate MH.

In 2013 and 2021, HUD updated the HUD Code twice with the introduction of the 2nd and 3rd set of construction and safety standards respectively. Also in 2013, HUD introduced further guidance and requirements related to enforcement of the HUD Code through 24 CFR 3282.[88] In 2022, DOE finalized a rulemaking of its first energy efficiency standard for MH. The Energy Conservation Standards for Manufactured Homes were published in May 2022 in 10 CFR Part 460.[89] Manufacturers must comply with these standards no later than July 1, 2025, for multi-section homes, and 60 days after DOE issues enforcement procedures for single section homes.

This is the culmination of work started with the authorization for DOE to develop an energy standard in the EISA.

Although the HUD Code (and now DOE's Manufactured Housing Energy Conservation Standards) cannot be pre-empted with local regulation, voluntary above-code

[82] https://www.ecfr.gov/current/title-24/subtitle-B/chapter-XX/part-3280.
[83] https://www.congress.gov/congressional-report/106th-congress/senate-report/274/1.
[84] https://www.ecfr.gov/current/title-24/subtitle-B/chapter-XX/part-3285.
[85] https://www.ecfr.gov/current/title-24/subtitle-B/chapter-XX/part-3286.
[86] https://files.hudexchange.info/course-content/housing-counseling-nuts-and-bolts-of-manufactured-housing-access-_affordability-and-opportunity/Housing-Counseling-Nuts-Bolts-Manufactured-Housing-Access-Affordability-Opportunity-Slides.pdf.
[87] https://www.congress.gov/110/plaws/publ140/PLAW-110publ140.pdf.
[88] https://www.ecfr.gov/current/title-24/subtitle-B/chapter-XX/part-3282.
[89] https://www.ecfr.gov/current/title-24/subtitle-B/chapter-XX/part-3282.

certifications are allowed. The ENERGY STAR Manufactured Homes program was launched in 1997 and updated in 2019. Following the passage of the DOE Standard in 2022, EPA released a new version of ENERGY STAR for Manufactured Homes that will be more efficient than the new standard.[90] DOE also introduced an above-code certification for MH in 2023 through the DOE Zero Energy Ready Home program.[91]

[90] ENERGY STAR, n.d.
[91] DOE - ZERH Manufactured Homes, n.d.

Appendix B: Industry Stakeholders

This appendix briefly reviews key stakeholders in the MH industry to provide background for outreach and partnership opportunities.

Manufacturers

The top ten manufacturers represent 80% of the industry. Clayton Homes, Skyline Champion, and Cavco are the three largest manufacturers, with Clayton representing 41% of the market.

Retailers

MH retailers interface between manufacturers and consumers. Retailers manage the home purchase and delivery. They may be affiliated with a manufacturer or offer in-house lending. Figure 7 shows the sale and distribution process for MH.

Community Owners and Operators

MH communities can be owned by residents, small-scale operators, MH management companies, investment funds, or other organizations. In many cases, owners will contract with separate community operators to carry out community services and collect rent from tenants.

Trade Associations

The Manufactured Housing Institute represents home builders, retailers, lenders, suppliers, community operators, and affiliated state organizations.

The Manufactured Housing Association for Regulatory Reform is an advocacy organization only for MH manufacturers focused on engaging with federal regulation around MH construction.

Lenders

21st Mortgage and Vanderbilt Mortgage and Finance, Inc., both subsidiaries of Clayton Homes, are the two largest MH lenders, combining to make up 56% of personal property lending in the United States. Triad Financial Services and Credit Human Federal Credit Union are the next largest lenders in the industry, with over 99% of their business servicing MH via PPLs.[92]

Some large banks and mortgage companies (e.g., Wells Fargo) also have MH lending, though it is a much smaller share of total originations and overwhelmingly for MH mortgages and not personal property loans.

[92] CFPB, 2021.

Federal Agencies

Federal Lending Agencies

HUD: Through the Federal Housing Administration (FHA), HUD insures Title I loans for MH that meet certain requirements.

FHFA: The Federal Housing Finance Agency provides supervision, regulation, and mission oversight of the government sponsored enterprises, including Fannie Mae and Freddie Mac. Fannie Mae purchases low down-payment loans for MH meeting certain specifications and on owned land through the MH Advantage program. Freddie Mac offers CHOICEHome conventional loans for MH meeting similar specifications and titled as real property.

VA: The VA guarantees VA loans to veterans and active-duty service members for MH and the land beneath them.

USDA: The Department of Agriculture (USDA) operates Direct and Guaranteed Loan programs in rural communities and provides funding for home repair and replacement through the Rural Energy Savings Program.

Federal Regulators

HUD: HUD develops and maintains the construction and installation standards for MH and is the primary regulator for the MH industry. HUD also administers the MH installation program in 15 states.

DOE: DOE sets energy efficiency standards for MH, which feed into the HUD Code. DOE also develops the Zero Energy Ready Home (ZERH) specification, which qualifies MH for rebates.

Other Federal Agencies

EPA: The Environmental Protection Agency (EPA) manages the ENERGY STAR program requirements for MH. MH manufacturers achieving ENERGY STAR certification (at least 10% energy savings compared to the minimum code) may qualify for rebates. EPA is also administering the Greenhouse Gas Reduction Fund (GGRF) through the IRA, which may provide a new source of financing for MH energy projects.

CFPB: The Consumer Financial Protection Bureau provides research and other consumer resources to manufactured homeowners and enforces certain consumer protection laws.

Treasury: The Department of Treasury provides resources and funding to organizations engaged in MH lending through the Community Development Financial Institution (CDFI) Fund.

State and Local Governments

State and local governments play multiple roles around MH and energy efficiency. Local governments develop zoning rules and property codes which can affect the location of

MH. State or local housing finance agencies develop and operate numerous affordable housing programs. State Energy Offices transform many federal funding sources outlined above into tailored energy programs for their state, including operating weatherization and retrofit programs and supporting energy efficiency investments through state revolving loan funds and loan loss reserves.

Consumer Advocacy Groups

ROC USA is a non-profit social venture working to scale resident ownership of MH communities through regional affiliates and a lending subsidiary.

Next Step US is a non-profit dedicated to building relationships between stakeholders in the MH industry and educating consumers to make informed decisions through resources and advocacy for more affordable MH.

I'm HOME Network, managed by the Lincoln Institute of Land Policy, conducts policy research and advocacy to reduce barriers to home ownership and eliminate stigma around MH.

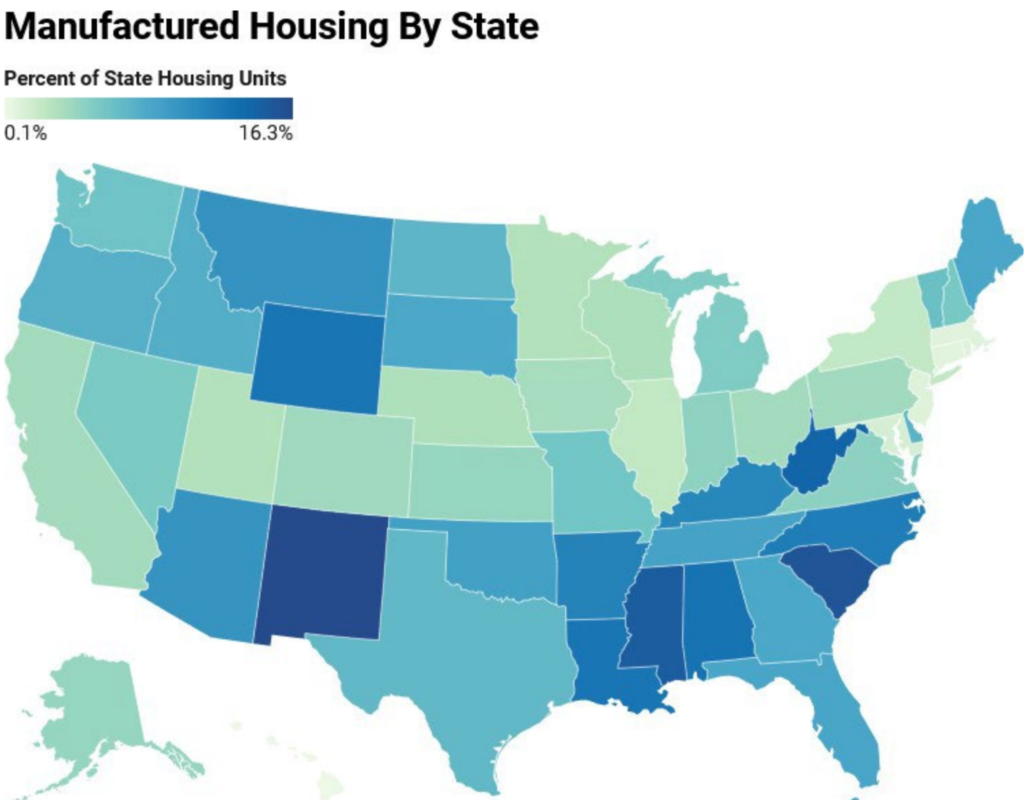
National Consumer Law Center has developed state-by-state and national guides to accessing MH financing, titling, and other relevant MH regulations.

National Manufactured Home Owners Association: Nationwide membership organization representing and advocating for manufactured homeowners.

State Manufactured Homeowners Associations: Nonprofit organizations representing MH owners exist in several states to work on state advocacy.[93]

[93] *Mobile Home Park Resources and Information - Mobile Home Park Home Owners Allegiance (MHPHOA)*. (n.d.). MHPHOA. https://mhphoa.com/resources/.

Appendix C: Figures



Manufactured Housing Estimates 2017-2021

State	%	State	%	State	%	State	%
Alabama	12.8	Illinois	2.3	Montana	10.0	Rhode Island	0.9
Alaska	4.2	Indiana	4.5	Nebraska	3.1	South Carolina	15.4
Arizona	9.9	Iowa	3.5	Nevada	5.3	South Dakota	8.2
Arkansas	11.4	Kansas	4.2	New Hampshire	5.4	Tennessee	8.7
California	3.6	Kentucky	11.0	New Jersey	0.9	Texas	6.8
Colorado	3.8	Louisiana	12.6	New Mexico	16.3	Utah	3.0
Connecticut	0.7	Maine	8.3	New York	2.2	Vermont	6.2
Delaware	7.3	Maryland	1.3	North Carolina	11.9	Virginia	4.6
District of Columbia	0.1	Massachusetts	0.8	North Dakota	7.1	Washington	5.9
Florida	8.4	Michigan	5.1	Ohio	3.6	West Virginia	14.0
Georgia	8.2	Minnesota	3.0	Oklahoma	8.8	Wisconsin	3.2
Hawaii	0.2	Mississippi	14.7	Oregon	7.5	Wyoming	12.6
Idaho	7.7	Missouri	5.7	Pennsylvania	3.7	Puerto Rico	0.3

Figure 3. Manufactured housing by state. Figure recreated from data found in ACS 2021 5-Year Estimates.

Table 3. 2021 MH Loans by Type: CFPB and Urban Institute

2021 Purchase Loans	Personal Property Loans	Manufactured Home Mortgages
Purchase Originations	$4.9 Billion	$15.2 Billion
Median Term	20 Years	30 Years
Median Interest Rate	7.8%	3.5%
Median Loan Amount	$75,000	$155,000

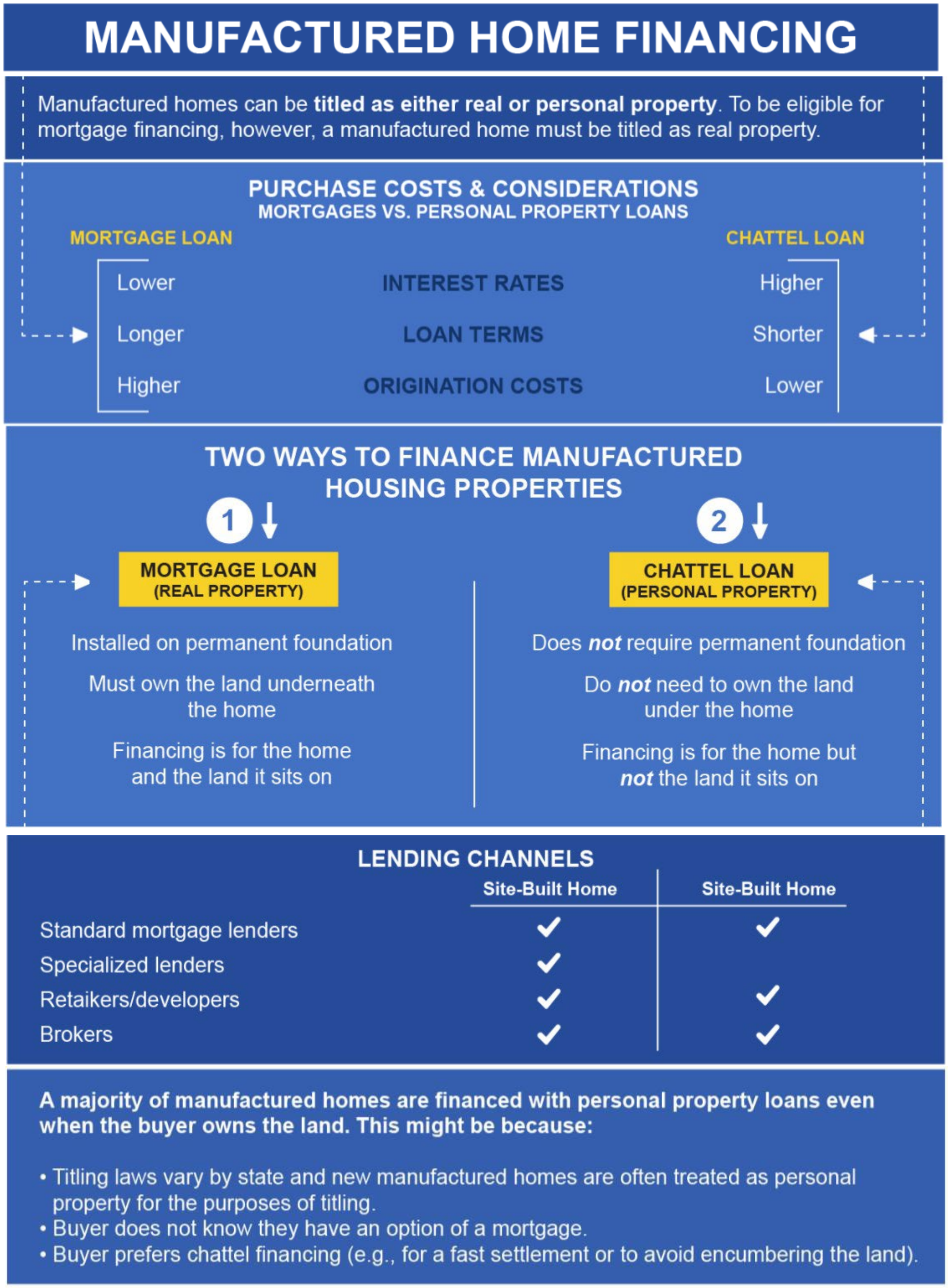


Figure 4. Manufactured home mortgages vs. personal property loans: Pew Charitable Trust

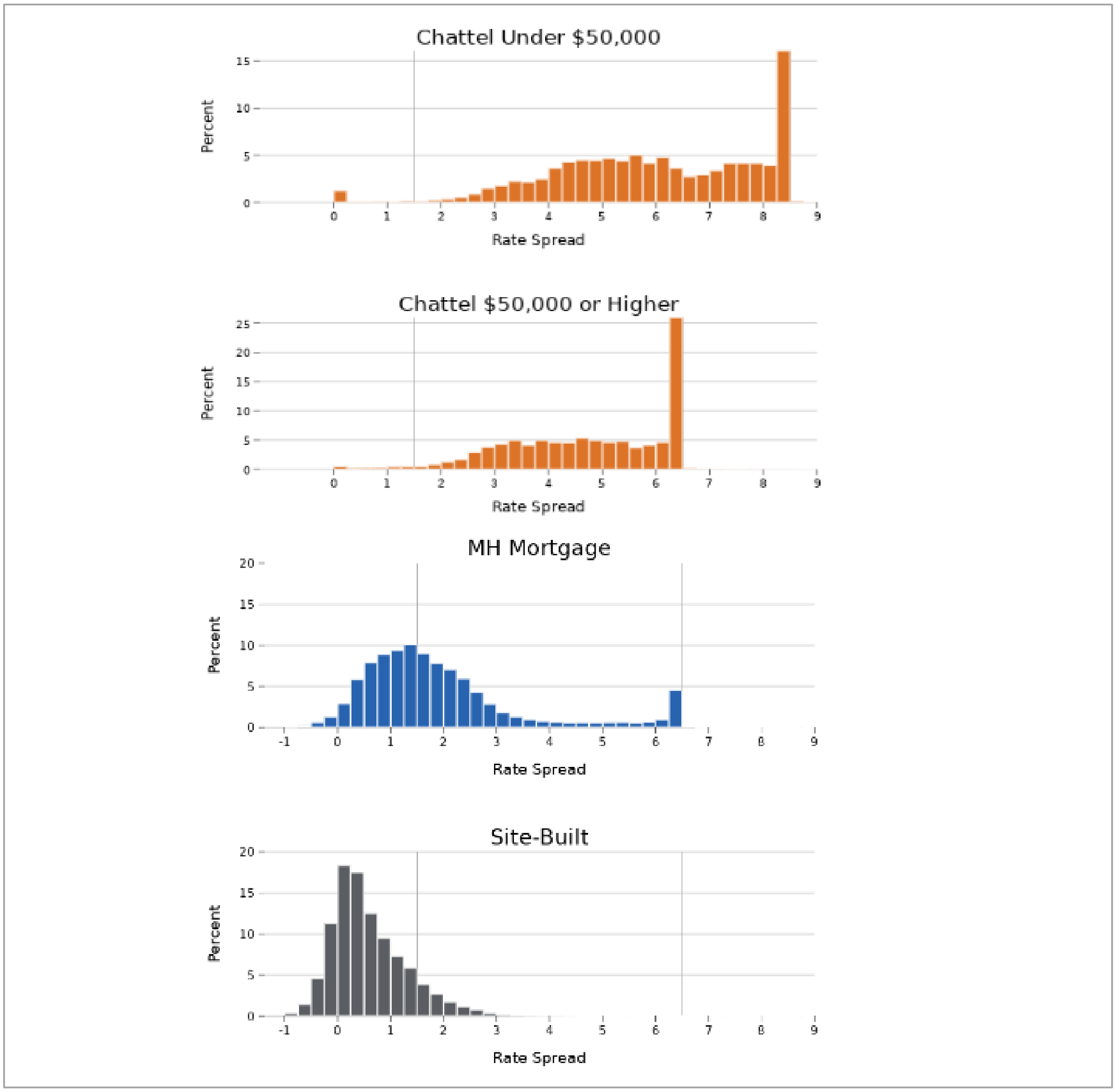


Figure 5. Chattel (personal property) loans have consistently higher rate spreads than mortgages. MH mortgages have a less extreme, but still higher, rate spread than site-built home mortgages (2019 CFPB data).

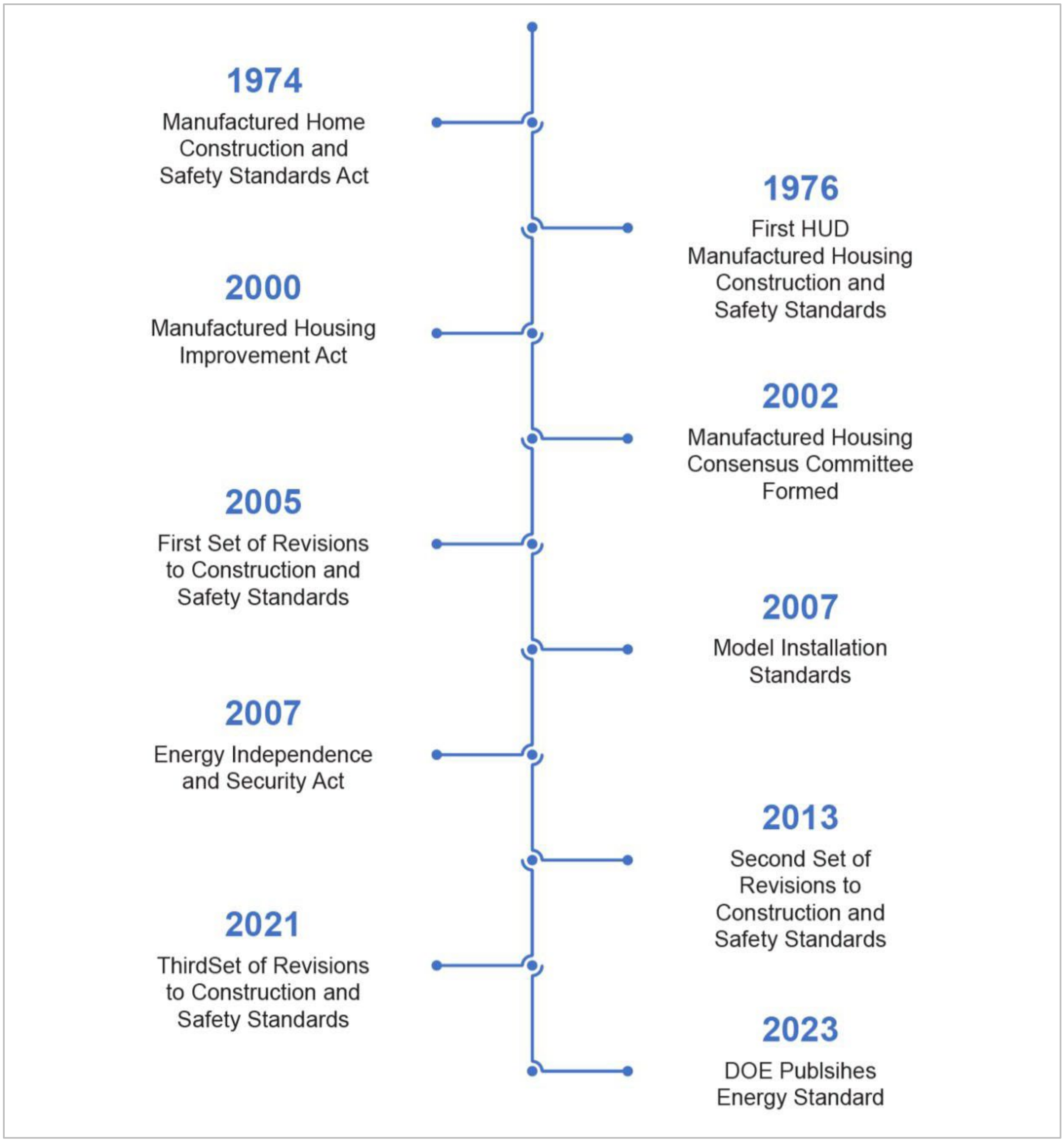


Figure 6. MH regulatory timeline

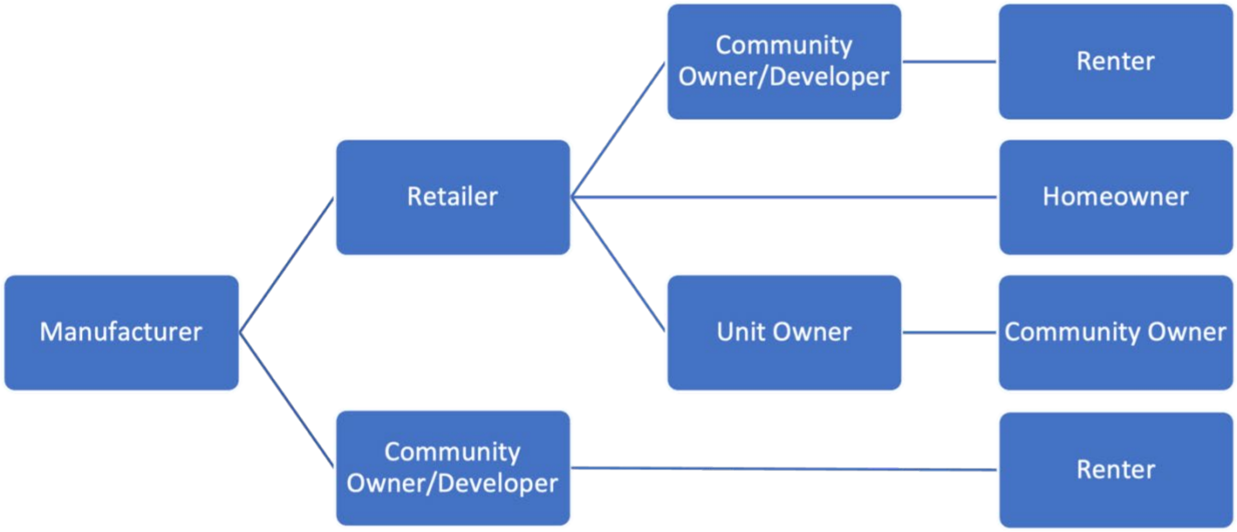


Figure 7. MH sale and distribution process

For more information, visit: energy.gov/eere

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