



Title Reform for Resident-Owned Manufactured Home Communities (HF 896)

House of Representatives -
Housing Policy & Finance Hearing

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Who we are

- Northcountry Cooperative Foundation, founded 1999
- Mission: Transforming lives and communities through cooperative enterprise
- Core services: Technical assistance, development services to new and existing cooperatives – specializing in housing co-ops
- Local & National Partnerships
 - ROC USA®
 - Cooperative Network
 - Homeownership Minnesota (HOM) Coalition

The Need

700 homes sites in Minnesota's nine resident-owned manufactured home communities

100 home sites are vacant (15% of all home sites)

~\$400,000 lost revenue

Physical vacancy causes

- “Pre-HUD” homes are those built prior to the institution of the 1976 national manufactured home building code (aka: “HUD code”)
- These homes are technically called “mobile” homes; homes post-1976 are called “manufactured” homes
- Pre-HUD homes are a greater risk for loss due to inadequate construction design



- Pre-1976 “mobile” homes are characterized by their flat roofs and metal siding.
- They often still have the transport hitch affixed to one end of the structure (as the home above does).

New Manufactured Homes

- Friendship Homes, Montevideo
- Homark Homes, Red Lake Falls
- Highland Homes, Worthington
- Schult Homes, Redwood Falls



3 bed, 1 bath home from Highland Homes *Signature Series*

Chattel Financing

- Chattel financing = personal property financing
 - Increasingly few chattel lenders
 - Requires more money down (typically 20%)
 - Interest rates 3 - 5% higher than mortgage financing
 - Loan terms of 5 to 15 years

Case Study: Housing Cost Comparison, Stick Built Home vs. New Manufactured Home (Fairmont, MN)

	Stick Built Home (Median Value)	New MH with Chattel Financing	New MH with Mortgage Financing
Home Value	\$102,000	\$80,000	\$80,000
Amount Lender Will Finance	95%	80%	95%
Loan Amount	\$96,900	\$64,000	\$76,000
Interest Rate	3.50%	6.00%	3.50%
Term	30	15	30
Monthly Loan Payment	\$435	\$540	\$341
Other Housing Costs*	\$200	\$315	\$315
Total Monthly Housing Cost	\$635	\$855	\$656
Affordable to Households with Annual Income of:	\$25,405	\$34,203	\$26,251

Income Limits (Martin County)	Annual Income (4 Person Family)
Extremely Low-Income (30% Area Median Income)	\$26,200
Very Low Income (50% Area Median Income)	\$36,300

*taxes, insurance, utilities, and lot rent (if applicable)

Impact of Title Reform

- HF 896 would allow homeowners to title their home as real property if the homeowner **is also a member of a nonprofit or cooperative that owns the land on which the home is sited**
- Improve the home loan products available
- Makes the purchase of a new, high-quality home affordable to more Minnesotans
- Increases new home production; good for builders
- Increases earned income for co-ops; allowing them to keep lot rents low and reinvest in their properties

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