



MANUFACTURED & MODULAR HOME ASSOCIATION OF MINNESOTA

January 25, 2023

Dear Chair Howard and Members of the House Housing Finance and Policy Committee:

Thank you for the opportunity to offer written comments to HF 602 on behalf of the members of the Manufactured & Modular Home Association of Minnesota, for the January 25, Committee hearing.

The MMHA was formed in 1951 and is the only statewide trade association representing manufactured home and modular home builders, model home sales centers, lenders and mortgage companies, and speaks for Minnesota's nearly 1,000 privately owned manufactured home communities. The MMHA works to promote quality and affordable workforce housing, encourages a level playing field in the public policy arena, educates its members on new home building technologies and best industry practices.

We appreciate the Committee's work to address the eviction process in situations when a resident is delinquent on their rent yet applied for rental assistance that is pending approval and would cure the default. Owners of manufactured home communities always work to retain their residents in an effort to keep occupancy rates high and avoid turnover.

While we understand the bill's intent, we believe there should be a couple of guardrails added on either line 2.20 or 2.21 of the bill so a landlord or community owner has the ability to verify, after receiving a copy of the rental assistance application from the resident, that the assistance program is "qualified," and that a reasonable time limitation of the "stay" be established, based on the date the rental assistance application was submitted. In the case of a manufactured home community, as was the case when the Emergency Eviction Moratorium was in place, some rental assistance programs may only target applicants whose evictions fall under MN Chapter 504B versus MN Chapter 327C, for manufactured home community residents.

One additional suggested improvement, on line 2.20, define what constitutes a "pending application." During the recent Eviction Moratorium, our members witnessed situations when residents' rental assistance applications did not move forward because they had not provided all of the information requested of them and were told their application was "pending," but not informed that it was due to an incomplete application having been submitted. Hence, their "pending" status in some cases, lingered for several months.

Thank you again for the opportunity to offer comments on the bill.

Sincerely,

Mark Brunner
President

mark@mfgmodhome.org

Today's Factory-Built Homes

Factory-built homes are Minnesota's largest source of non-subsidized, affordable housing, accounting for nearly 15 percent of all new single-family homes sold. For many Minnesotans, factory-built homes represent the difference between joining the ranks of those realizing the dream of homeownership, versus remaining perpetual renters. A recent study on affordable housing options in Minnesota revealed that manufactured homes account for nearly 25 percent of all owner-occupied units considered affordable for Minnesota families earning less than half the area median income of approximately \$34,000.

- ➔ The industry in Minnesota employs around 3,000 workers at 1,200 mostly small businesses. There are 14 factories authorized to build manufactured homes and/or modular homes in Minnesota, the largest of which are in Redwood Falls, Montevideo, Red Lake Falls, Worthington, Detroit Lakes.
- ➔ There are nearly 1,000 privately owned licensed manufactured home communities in the state, providing land-lease home sites to 50,000 families.
- ➔ The industry estimates that 85 percent of all new manufactured homes sold in Minnesota are affixed to real property and financed with traditional or conventional Fannie/Freddie mortgages. The remaining 15 percent of new homes sold are sited on leased land in one of the State's nearly 1,000 manufactured home communities, or on family farmland for adult children who desire to remain involved in the family's business. In either situation, manufactured homes are classified as single-family residential dwellings and qualify for the mortgage interest tax deduction.
- ➔ Factory-built home construction costs can be 20 to 40 percent less than the cost of traditional on-site construction. Oftentimes, the savings are the difference for someone being able to afford a down payment as a first-time homebuyer or remaining perpetual renters.
- ➔ Some of the savings are achieved by the climatically controlled environment in which homes are built eliminating weather damage to materials, or lost days or weeks due to outdoor weather conditions.
- ➔ Factory home builders purchase their building materials in large quantities, taking advantage of volume pricing from suppliers.
- ➔ Theft of building materials and vandalism at the home site can account for up to 5 percent of site-constructed home costs. With the factory-building process, these threats are virtually eliminated.
- ➔ Finally, construction financing costs caused by delays from the weather and subcontractor scheduling problems are reduced.
- ➔ Generally, modular homes and manufactured homes are built in the same factory with many of the same component products and by the same highly skilled workers—the difference is in the building code.
- ➔ Manufactured homes are built to a Federal building code, often referred to as the "HUD Code," which is a performance-based building code and adopted as a part of the Minnesota State Building Code. MN Chapter 1350.
- ➔ Modular homes are built to the Minnesota's Residential Building Code and transported from the plant to the home site on a removable chassis, which is returned to the factory and recycled. MN Chapters 1360 & 1361.
- ➔ Both are rigorously inspected throughout the entire construction process receiving a seal of approval with a State of Minnesota IIBC label or Federal HUD label before a final Certificate of Occupancy is issued.

There are nearly 1,000 privately owned manufactured home licensed communities in the State of Minnesota, home to nearly 50,000 families. Each of these communities is licensed and inspected annually by the Department of Health. The communities were developed by private owners and capital, mostly small family businesses and entrepreneurs. Of these nearly 1,000 communities, approximately 10 are smaller and cooperatively owned by the residents. The MMHA represents the private ownership model of manufactured home communities.

Today's Factory-Built Homes

Manufactured & Modular Homes

Offering Smaller Footprint Options for Homebuyers



Small Modular Home with Dormers



Small Modular Home



Manufactured Home



Small Modular Home



Small Modular or Manufactured Home



Manufactured or Modular Home



Manufactured Home

Today's Factory-Built Homes

Manufactured & Modular Homes

