

‘Sitting on a time bomb’: Mobile home residents at risk in red-hot housing market

By: [Ariana Figueroa](#) - April 11, 2022 6:25 am



The sun sets on a neighborhood of mobile homes in Arvada, Colorado, March 15, 2020. Photo by Moe Clark/Colorado Newsline.

WASHINGTON — Jon Zang walks his dog several times a day in his mobile home community in West Goshen Township, Pennsylvania.

It’s quiet, as most of his neighbors are at work. But he often wonders how many more walks he and his bulldog mix, Ladybug, will have down the streets of the place he’s called home for 21 years.

“We’re literally sitting on a time bomb that we’re sure is going to go off at some point, but we don’t know when,” Zang said.

His park was purchased by an investment company, Walkart Inc., that residents say is trying to [change the county zoning laws](#) to close down a community that’s been home to 60 manufactured homes since 1957. Walkart, which could not be reached for comment, wants to build luxury apartments in its stead, according to Zang and a report in the [Daily Local News](#).

“They just want this property to expand their stranglehold on the rental communities of West Chester,” said Zang, who pays \$550 a month for his lot compared to an [average rent](#) in the area of \$1,700 monthly for a one-bedroom apartment.

Mobile home parks provide affordable housing for millions of low-income residents — including seniors on fixed incomes — to own homes while renting the land underneath. The average cost of a manufactured home in 2019 was about \$82,000, according to a [report](#) by Manufactured Housing Institute, a trade organization representing the industry.

But in an exploding housing market, that land is increasingly in demand for other projects, or park owners propose major rent hikes or changes in leases. Residents have few protections under a patchwork of state laws.

Congress might be expected to step in, since some mobile home parks are bought by private equity firms that use federally subsidized loans that carry low interest rates. But there’s been little movement in Washington, D.C.

“The invisibility of mobile home parks is a huge problem,” Andrew Rumbach, an associate professor with the Department of Urban Planning at Texas A&M University, said.

It's difficult to understand the scope of people living in these communities, as there is no federal database. But it is estimated that there are 2.7 million mobile homes across 45,600 mobile home parks in 49 states, said Paul Bradley, the president of [ROC USA](#) — a nonprofit based in New Hampshire that helps residents purchase their mobile home communities.

What's more, in the middle of the coronavirus pandemic, some of the most frequent filers of evictions on a county-by-county basis were owners of mobile home parks, according to data collected by Eviction Lab.

For example, the owner of a mobile home community was the top filer of eviction cases in [Cincinnati](#), in Hamilton County, Ohio, with almost 200 eviction files through November 2021, said Jacob Haas, a research specialist at Eviction Lab, a project by Princeton University that collects and publishes the first-ever dataset of evictions in the U.S.

Mobile home park owners were the top 10 filers of evictions in Florida's Alachua, Duval and Pinellas counties, according to data collected by Eviction Lab.

"It's not uncommon at all for manufactured home communities to show up among the locations that have the most (eviction) filings during the pandemic," Haas said.

50 states, 50 policies

During the pandemic, amid sickness and job losses, mobile home park residents also have grappled with rent hikes or revisions of their leases, often with little help from state laws.

"There's basically 50 different policies for how to protect residents in these parks," said Esther Sullivan, an assistant professor of sociology at the University of Colorado Denver.

"In many cases, they are disadvantaged by omission, meaning a state usually doesn't have laws on the books that directly address the rights of park residents and the responsibilities of park owners," she said.

In the worst case scenarios, some residents must abandon their properties because they can no longer afford to rent the land below their homes.

Cesiah Guadarrama Trejo, a housing advocate who also lives in a manufactured housing community in Colorado, said that when people own their homes but cannot afford the rent hikes, "that will eventually displace people."

If a resident can no longer afford the plot of land they rent, it's not like they can move their homes, said Dave Anderson, the executive director for All Parks Alliance for Change, a tenants' union for residents of Minnesota's manufactured home parks.

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The cost of moving a mobile home — assuming it doesn't damage the structure — can range from \$5,000 to \$8,000.

Anderson said the trend he's noticed in the Twin Cities is out-of-state companies buying parks and trying to rewrite leases.

"There's a much more aggressive plan for generating profits out of these purchases," he said.

Some states, like Pennsylvania, have 60-day notice requirements for any rent increases, said Daniel Vitek, a staff attorney at Community Justice Project in Pennsylvania. But there's no state law to prevent aggressive rent hikes, he added.

Vitek said one protection that Pennsylvania gives mobile home park residents is a requirement for six months notice of a park's closure, and the owner of the park must pay for the appraisal of the mobile home. Depending on the appraisal, that homeowner might be compensated for the worth of the manufactured home.

"I don't want to make it sound like Pennsylvania is a great place to live in a mobile home park because even though it has its own statute and provides for a lot more protections than, say, a tenant in just a normal landlord-tenant relationship, they're still pretty weak protections," he said. "And the tenants are at the mercy of a bad owner quite a bit."

Where's Congress?

The invisibility of mobile home parks extends to the federal level, despite deep government involvement in the housing and mortgage industry that is supposed to prop up the availability of low-income housing — especially manufactured housing.

"We need people to be able to see these places and see what they are and what value they have and then make good, intelligent policy decisions to protect people who live there," Rumbach said.

U.S. Rep. Cindy Axne, D-Iowa, [introduced](#) legislation last year that would extend tenants' rights to help residents get at least a 60-day notice of rent increases.

In a statement to States Newsroom, Axne said movement on legislation for manufactured housing has stalled since the president's social spending plan, known as Build Back Better, died in the Senate.

The House passed its version of the bill that included a \$500 million Manufactured Housing Community Infrastructure Improvement Grant program that would have helped resident-owned groups and nonprofits in buying and preserving manufactured housing communities.

Sen. Catherine Cortez Masto, a Nevada Democrat, [introduced](#) a stand-alone Manufactured Housing Community Infrastructure Improvement Grant program in November.

The chairman of the Senate Banking Committee, Democratic Sen. Sherrod Brown of Ohio, sent a letter in January 2020 to the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation — the government-sponsored enterprises known as Fannie Mae and Freddie Mac. Brown questioned how many manufactured housing communities are being bought by private equity firms that obtained billions in low-cost loans through those entities.

Brown noted there is little data available on private equity's involvement, and that Freddie Mac and Fannie Mae are just two outlets for financing, but said Congress needs a better understanding of the situation.

“I have seen first-hand how residents in these communities, many of whom are elderly and have fixed incomes, have experienced rent and other housing cost increases with few consumer protections,” the Ohio Democrat said in a [statement](#).

Brown, along with Axne, traveled to Waukee, Iowa, to visit residents of Midwest Country Estates, a mobile home community that had been recently bought by a private equity firm in Utah, Havenpark Capitol. Axne said many of the residents [experienced](#) a 70% increase in rent hikes from the firm.

Brown in his letter raised numerous questions about Fannie Mac and Freddie Mac and the effect of private equity firm ownership on manufactured housing. The Senate Banking Committee declined to share the responses received from the two agencies.

At a recent Senate Banking Committee hearing, Sen. Elizabeth Warren, a Massachusetts Democrat, criticized private equity firms for creating a housing crisis, especially for seniors in mobile home parks.

“So Wall Street investors buying up manufactured home communities threatens the remaining affordable housing stock that seniors rely on,” she said.

“It means that seniors have fewer opportunities to age in their own homes and that they risk being squeezed by rising rents, leaving them even with less money to buy medicine and to put food on the table. Congress needs to act to weaken the investors’ grip on the housing market.”

Debate over federal protections

The most recent federal action came from Freddie Mac in September of last year, when the [agency announced](#) some tenant protections on all future Manufactured Housing Community sales “that go above and beyond current state and local requirements.” Some of those protections include a renewable year-lease term, 30-day notice of rental increases and a 60-day notice if the park will be sold or permanently closed.

“Manufactured housing communities often represent the most affordable multifamily housing option available in many areas, particularly rural areas,” Debby Jenkins, the executive vice president of Freddie Mac Multifamily, said in a statement. “We have been ramping up our tenant protections offering since 2018, and today we’re making these protections a requirement for all future transactions.”

Axne said she was hopeful of these protections the agency announced, but still believes congressional action must be taken.

“I am encouraged by actions like what Freddie Mac did last fall to finally make their tenant site lease protections universal for all of the MHCs they finance, but do believe more can be done,” Axne said.

But housing advocates like Guadarrama Trejo have said the updates from Freddie Mac and Fannie Mae are toothless.

Guadarrama Trejo, who works as an associate state director for the working women’s advocacy group 9to5 Colorado, said that many of the tenant protections that Freddie Mac issued are less stringent than some standards in Colorado.

Guadarrama Trejo said the guidelines requiring a 60-day notice for a closure of a park is not a lot of time “for what can potentially put someone in displacement.”

“We’re talking about people who would lose everything,” she said.

Sullivan, the sociology professor, said that in the last 20 years, many private companies have realized how profitable manufactured housing communities can be and have started to acquire them from traditional mom-and-pop operations. She added that it’s such a popular investment that there is a [Mobile Home University](#) course where investors can learn how to purchase those communities.

“They’re a favorite investment item of those who are interested in passive income,” she said. “And that’s because many park owners are looking for investments that require minimal upkeep, maintenance, and capital investment.”

And for residents who want to purchase their communities, known as a resident-owned cooperative, it’s an uphill battle, said Nick Smithberg, the executive director at Iowa Legal Aid.

“There’s no present owners under any obligation to sell to any particular group of tenants,” he said, referring to Iowa’s laws.

If a park were to go up for sale, a handful of states offer what is known as a first refusal, which means it obligates the community owner to sell to the residents if they match the terms of the other offer. But only Florida, Minnesota and New Jersey have such first refusal laws.

Pressure on Freddie and Fannie

A [coalition](#) of about 20 affordable housing groups is pushing for Freddie Mac and Fannie Mae to do more to help residents of mobile home parks, such as assisting them in acquiring capital to purchase their communities.

“Amid a housing affordability crisis that requires bold and aggressive action, Fannie Mae and Freddie Mac have set forth plans that fail to effectively reach those not served or not served well by the conventional mortgage market,” the coalition wrote to FHFA Acting Director Sandra Thompson.

Jim Gray, a senior fellow at the nonprofit Lincoln Institute of Land Policy, said Freddie and Fannie have two mission requirements. The first is an affordable housing goal, which “requires them to purchase a certain percentage of mortgages that support low income communities,” and the second is the “duty to serve clause.”

“The duty to serve was something that Congress passed to complement the affordable housing goals, and what it does is it requires Fannie and Freddie to make greater efforts to reach three historically underserved markets,” he said. “And those markets are manufactured housing, rural housing, and affordable housing preservation.”

Bradley, the president of [ROC USA](#), said Freddie Mac and Fannie Mae could help low-income groups of neighbors purchase their communities by lowering the upfront capital requirement needed to obtain a loan to purchase a community.

But without approval to be flexible in their equity investments from FHFA, Freddie and Fannie Mac’s hands are tied.

“If you’re going to meet the needs in low-income neighborhoods, like mobile home parks, you got to have some flexibility,” Bradley said.

Bradley said that he's hoping when Thompson, who has been [nominated](#) as FHFA's director, is confirmed, she'll allow those entities to be more flexible in their "duty to serve" clause.

He said that none of the 20,000 homeowners in the nearly 300 resident-owned communities where ROC USA has helped secure financing has gone into foreclosure, arguing that the resident-owned co-op model is a success.

"These groups of homeowners have proven themselves, these co-op borrowers have proven themselves, and it's still not good enough," he said. "And that's what annoys everybody."

Bradley added that an effective way to help residents of manufactured housing communities is to pass opportunity to purchase laws, which allow residents to match a third party's offer to buy their community.

Bradley said that such options are "perhaps their once-in -a-lifetime chance to get control of the land under their homes."

"And at the end of the day, we ought to have owners on land that they own and control and not on the land of a commercial investor," he said. "That's the bottom line."

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