



The League of Women Voters of Delaware Position Paper on Manufactured Housing

From the national level on down to the local level, the League of Women Voters views housing as one of the most basic human needs – those include food, *shelter*, and access to health care and transportation. Accordingly, we strongly support affordable housing to meet the needs of low and moderate income families and individuals for that most fundamental need.

More specifically, the League of Women Voters of the US policy holds that “rights of tenants to negotiate for proper maintenance, management of facilities and services should be protected.”

Although they own their homes, manufactured homeowners are tenants of the landowners in manufactured home communities where their houses are located. Thus, our concern for their rights.

According to the Delaware State Housing Authority in its 2008-2012 Housing Needs Assessment:

- During the first half of the 2000s, as the total housing stock in Delaware increased by 9.3 percent, manufactured homes increased by 10.3 percent from 38,281 to 42,122. There are 72,212 persons, or about nine percent of the state’s population, living in manufactured homes.
- Statewide, manufactured homes comprise approximately 11 percent of the total housing stock. In Kent County, manufactured homes comprise 17.7 percent of the housing stock and house 17.6 percent of the population. In Sussex County, manufactured homes comprise 24.5 percent of the total housing stock and house 20 percent of the county’s population.”
- As of 2005, an estimated 21,200 manufactured homes were located in approximately 160 land-lease communities statewide. This is 50.3 percent of the 42,112 manufactured homes in Delaware as of the 2005 American Community Survey.”
- Nationally, the average cost per square foot for a new manufactured home is less than half that of a stick-built home, making manufactured homes a large contribution to the stock of affordable housing. In Delaware, the 2005 average sales price for a manufactured home (not including land) was \$84,200. Manufactured homes are a popular and affordable source of housing in Delaware, particularly in Kent and Sussex Counties.

Improvements in quality and construction have made today’s manufactured housing highly durable, high quality homes, often indistinguishable from regular stick-built housing. Understanding of manufactured housing as an affordable housing resource has improved greatly in recent years.

However, some persistent issues remain. Classified broadly, these include:

- **Consumer Protections and Education:** Despite industry standards, some consumer protection issues do remain in the retailing, associated financing, and management of some manufactured home communities.
- **Financing:** When a home is placed in a land-lease community, it remains titled as a motor vehicle through the Division of Motor Vehicles. Buyers planning to place a home or purchase an existing home in land-lease communities are limited to personal property loans that carry higher interest rates than traditional mortgage financing and also are not subject to the same consumer protections in the mortgage industry.
- **Insecure Tenure:** Owners of manufactured homes on leased land are vulnerable to rent increases and park closures. Ownership of a largely immobile asset on leased land is an inherently insecure

form of tenure when lot rents may be unpredictable, lease terms short, and the lease can be terminated by community closure or change of land use.

- There are two main sources of pressure on communities. In smaller, older communities, water and septic systems may be failing and require replacement. The older homes, lower-income households, and lower profitability of the community make these investments difficult for community owners. Facing large environmental fines, it is easier, in many cases, for the owner to simply close the community. In communities near resort areas (much of Eastern Sussex County), high land values and higher potential profitability from other land uses has made parks vulnerable to either significant rent increases, reflecting the area's resort status, or sale of the community for eventual closure and change of land use to more profitable resort residential uses.

Here in Delaware, the LWV advocates for measures that will ensure that manufactured housing remains as a viable form of affordable housing. Legislation relating to manufactured housing rarely gets a fiscal note – because this form of affordable housing requires no public funding. All the more reason to protect that precious resource.

To that end, LWVDE generally supports any legislation aimed at protecting the rights of manufactured homeowners. However, we believe that the following would best further the ultimate goal of protecting Delaware's largest source of affordable housing that is not dependent on federal or state largess:

Remove manufactured housing from the Department of Motor Vehicles by finding or creating a new “home” outside the Office of Attorney General. Today's manufactured homes, while brought to their site by trailer, are placed on permanent foundations and, typically, are not “mobile.” They are homes, not chattel or personal property. Redefining them not as vehicles and removing them from the DMV would solve owners' ability to secure lower rate financing and would provide them the same consumer protections as are available to others with traditional mortgages.

It is nothing short of ridiculous that the General Assembly must deal with such issues as who is responsible for what trees in a manufactured home community and whether the roots are part of the tree. Establishing an Executive Branch entity with the authority to resolve the many issues relating to manufactured housing would free the General Assembly from having to deal with issues that belong in a regulatory body and would allow the Attorney General's office to focus on the larger legal issues.

Provide better protection for homeowners when there is a sale or change of land use affecting their community. Landowners who sell or change the use of their land do so primarily to achieve a significant profit. Under those conditions, they should be required to “purchase” the homes in the community they are selling at a fairly appraised market rate. They can then sell them to be moved or scrap them. For most manufactured homeowners, their home is their only major asset. It is being “taken” when they can no longer remain in it. Just as public bodies must compensate for private property taken under eminent domain, it is only equitable that homeowners should be compensated for the equity that is being taken from them.

Define the term “pattern and practice.” The Consumer Protection Unit, which is responsible for manufactured housing issues within the Attorney General's Office, has adopted a policy of resolving homeowner issues only when they determine that the landowner has established a pattern and practice of violating the law by receiving a number of complaints regarding the same violation in the same park. A bill to define this term was introduced in the last Session but was “pulled” before being considered. It is important to revisit this legislation since the AG's Office has stated for years that part of their problem with enforcing Chapter 70 is that it is so difficult to establish “pattern and practice.”

Address the need for new sources of insurance. Homeowners are required by their leases to carry insurance. However, many companies are not renewing policies in Delaware and the one or two that do are raising rates significantly.