



Ed Hicks

R For Our Industry?

Seriously looking at manufactured housing as a housing option for many families, is not unlike the ersatz wine connoisseur who wants fine wine, but won't consume it, no matter how high the quality and value, if it comes in a box.

I call them wine snobs.

"I need a safe, secure, affordable place to live; I want it to be the Taj Mahal". "As much as I understand a manufactured home may fit my financial and housing needs, I just don't like its image, it's reputation".

I call them housing snobs.

Wants vs needs:

And, manufactured home financing terms are not all the best in the world, are they? Once the newly reformed FHA Title I home financing program is fully implemented, we are going to see a great improvement in this important area.

What does the packaging have to do with anything? Everything!

Boulevard retailers have long known installing a site built like looking house on their sales lot such as a modular cape, or garrison, will attract buyers to their sales location. Some call it the "bait" house. I call it the "getter". They also know few of these homes are sold to these prospective buyers, who often choose a less expensive, more practical multi section home which represents a better value. Some say the multi section home doesn't look as nice, but all admit it is a pretty good housing value.

By the way, why can't we find some new home designs to replace the old, ubiquitous single and double section homes? Aren't there any manufacturers out there who are willing to hire young, hungry architects who can take on the task of improving the physical appearance of our homes. We need more new home ideas like the Interlok Home, some less expensive two story models, and improvements in the "slip sided" home designs. How about some home designs which are better integrated with garages and carports, or mud rooms, and adjacent out structures?

Take a look at the business model for age 55+age restricted housing in Land Lease Communities for example. In resort, retirement markets, and near major population centers these communities do very well in providing high quality housing to senior citizens. They are usually multi-section or if single section, are higher quality homes, and the communities often have extensive amenities, and are well landscaped and maintained. When they sell, they often sell for multiples of their original prices. I know because I have visited some communities in which I sold homes many years ago and looked at the resale prices which the original home buyers are now getting for their homes.

Our industry's image is badly tarnished, and with some good reasons. But with all the innovation, and improvements in our new homes, we have failed miserably to improve our image. The average "Joe" or "Joan" on the street still believes our homes are built to inferior building codes, are firetraps, fall apart in high winds, depreciate rapidly, and harbor only so called "gypsies tramps and thieves", military transients, and migratory farm workers.

Can you imagine a little boy or girl when saying their prayers at bedtime hoping for a nice double wide trailer when they grow up?

One way to bolster our industry's reputation is to let new home buyers unlike past times when lenders steered away from used home sales, know when they go to sell their home, the FHA Title I program may be used to finance the used home buyer. This has the potential to eliminate much of the misunderstood "depreciation" which almost everyone thinks is inherent in manufactured housing; it's really only a lowered home price to accommodate many lender's unwillingness to finance used homes at reasonable rates and terms.

Do you think our industry's failure to secure viable home financing for our clients may have something to do with to whom we are targeting our home sales? With foreclosure rates at 20% and higher, how can investors be expected to provide capital for our lenders?

Interestingly, we don't have that problem with the seniors communities, who rarely default on their home loans. Let's try the seniors model for a while: higher quality homes, nicer communities, better locations, improved home and community images. I haven't heard anyone recently talk about ways to improve our industry's image with the general public, other than spending some large dollars for institutional advertising. We can't afford that, and it isn't necessary with some creative thinking.

Here is my prescription:

1. Market and sell primarily to buyers with higher credit scores, by designing more attractive and functional homes to appeal to a wider range of customers, while keeping our products affordable.
2. Improve the industry's image through product placement in electronic media, and encourage the positive inclusion of our industry with writers, directors and producers of popular shows. Produce some high quality institutional advertising.
3. Create some real support for our customers by increasing the value of pre-sold homes through the use of viable aftermarket financing programs like the newly revised FHA Title I financing program.

The manufactured housing industry does a fine job of building high quality, safe, functional, reasonably attractive housing for Americans. Few seriously doubt that fact. And Americans need low cost affordable, finance able, housing, but manufactured housing isn't always high on their list of wants.

Come to think of it, where are our industry's institutions on these issues? Where is the support for improving our image with the public, the aftermarket?



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