Report by:

CARSEY INSTITUTE AT THE UNIVERSITY OF NEW HAMPSHIRE

Building Value and Security for Homeowners in "Mobile Home Parks:" A Report on Economic Outcomes

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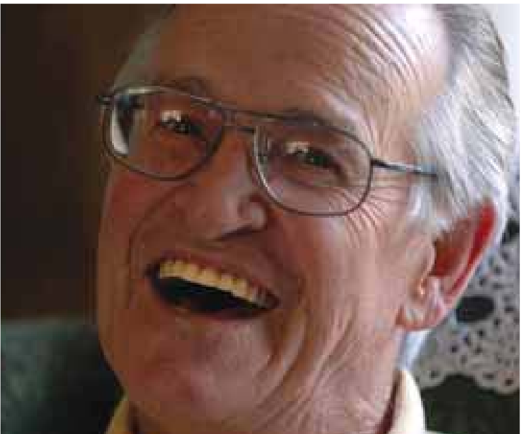

Report Commissioned by:

New Hampshire Community Loan Fund
A sense of possibility

The Carsey Institute at the University of New Hampshire conducts research and analysis into the challenges facing rural families and communities in New Hampshire, New England, and the nation. The Carsey Institute sponsors independent, interdisciplinary research that documents trends and conditions in rural America, providing valuable information and analysis to policymakers, practitioners, the media, and the general public. Through this work, the Carsey Institute contributes to public dialogue on policies that encourage social mobility and sustain healthy, equitable communities and strengthens nonprofits working to improve family and community well-being.

The Carsey Institute was established in May 2002 from a generous gift from alumna and noted television producer Marcy Carsey. *Learn more at* ***www.carseyinstitute.unh.edu***.

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New Hampshire Community Loan Fund
A sense of possibility

Since 1983, **The New Hampshire Community Loan Fund**, a private non-profit organization, has provided more than $93 million in loans, leveraging more than $321 million, to help low- and moderate-income families in New Hampshire gain long-term security and asset appreciation by securing affordable, quality housing, creating and developing jobs, and supporting essential community institutions like child care centers. **The Manufactured Housing Park program** is the Loan Fund's oldest initiative, assisting more than 4,100 families convert 82 parks to resident-ownership. ***ROC*** USA is a new national initiative to further promote Resident Owned Communities (ROCs) through its training institute, developing a mechanism for financing ROCs, and for cooperative buying of goods and services for ROCs, and coordinating partners across the country to support Resident Owned Communities. *Learn more at* ***www.theloanfund.org/programs/housing/mhpp***.

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Stories:

One morning, Florence Quast arrived home from her job as an obstetrical nurse in Nashua, New Hampshire to the uncommon sight of her neighbors assembled by the mail-boxes in their manufactured home community. They anxiously shared some news.

“They said to me, ‘We’re going to have to move. They’re going to sell the park to this developer and we’re going to have to get out.’ They asked me, ‘Can they do that?’”

Quast didn’t know, but before long she and the other 56 families in the Milford, N.H. neighborhood paid $10 each to retain a lawyer. They engaged the Loan Fund, N.H. Legal Assistance and other non-profits to buy the park themselves.

They formed a cooperative and, after some legal wrangling, they made an offer to the owner of $1.5 million. He gave them ten days to come up with the money and close—on the day before New Year’s Eve.

“We did it,” said 69-year-old Quast, now retired, who became the cooperative’s first president. “I think the owner was shocked that we’d come up with the money.”

To make it happen, the Loan Fund provided a bridge loan until the Souhegan Valley Manufactured Housing Cooperative could get a $350,000 Community Development Block Grant.

“My proudest accomplishment is helping us become a co-op and buying the park, because it’s something people said we couldn’t do,” said Quast, who has traveled nationally to talk about cooperatives. “Not only did we do it, but 20 years later the co-op is still working. We are united so that anything that might affect this community, we make sure that we have a say in it.” ▲

United

FOREWORD

Consumer Union confirmed a widely held perception when it published the "Manufactured Housing Asset Appreciation Study" in 2003: manufactured housing or "mobile homes," when sited on land not owned by the homeowner tend to depreciate.

Two of Consumer Union's recommendations ring loudest for those homes sited in investor-owned "mobile home parks" – where people own their homes but rent the land: homeowners would be better off if they controlled the land and had access to reliable used home financing.

At the time of the Consumer Union study, a strategy for delivering site control and higher home values to homeowners had been underway in New Hampshire for nearly 20 years. We hope you will join with us in a national effort to improve asset appreciation for homeowners in manufactured home communities.

Since 1983, the non-profit New Hampshire Community Loan Fund (the "Loan Fund") has been providing training, technical assistance and financing to help homeowners buy their communities as resident-owned cooperative associations.

In 2003, with support from the Ford Foundation, the New Hampshire Community Development Finance Authority and six banks, the Loan Fund launched a home loan program in the Resident Owned Community (or "ROC") market segment. The aim was to demonstrate the security of lending in this transformed market and eventually attract conventional residential lenders to this historically personal property finance market.

The impact of the New Hampshire Housing Finance Authority's entry in the ROC market segment with its First Time Homebuyer Program in 2003 is dramatic. By 2006, roughly one of four ROC homebuyers were using a New Hampshire Housing home purchase loan; a conventional residential loan that mirrors what is available for site-built homes on fee simple owned land.

In late 2004, the Loan Fund decided to test the impact of this two-layer theory of change – that land ownership followed by access to reliable home purchase loans would lead to individual and community benefits.

The Carsey Institute of the University of New Hampshire was hired to independently test the economic impact of this market-based strategy. The results are significant: **homes in ROCs in the eight markets examined sold for twelve percent more per square foot and sold faster than homes in investor-owned communities.**

Contrary to popular belief, depreciation is not inherent to the housing unit; it is a matter of market function. By focusing on land ownership and access to decent financing, communities and affordable housing can be successfully preserved and individuals can build a housing asset in manufactured home communities.

By the end of 2006, there were 82 ROCs – representing about 17 percent of the market – in New Hampshire.

With recent programmatic additions of leadership development and replacement homes, the Loan Fund continues to improve the sector in a homeowner-oriented manner. And, based upon success, partners continually enter the market, as USDA did, for instance, with its 504-home rehab grant and loan program in 2005.

Emerging National Work

It is possible in only a few states for homeowners to band together to buy their communities. Less than two percent of manufactured home communities in the United States are resident-owned.

Most of the of three and half million American families living in the nation's roughly 50,000 manufactured home communities want control and the opportunity that home and land ownership represents. However, their wishes are not often realized because of a lack of systematic local technical support and appropriate financing when communities are put up for sale.

To help build the ROC infrastructure in other states, leadership from New Hampshire, in partnership with national partners like the Ford Foundation, CFED, Opportunity Finance Network, NeighborWorks America®, and the Manufactured Home Owners Association of America, is stepping forward to provide experienced, system-building leadership.

ROC USA is being launched in 2007 to align the essential resources needed to take resident-ownership – and its impacts on preserving affordable housing, improving communities, building individual assets and fostering community – to scale. We hope you will join with us in meeting the needs of homeowners.

All our best,

P E Bradley

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ROC USA
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Juliana Eades

Juliana Eades, President
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December 2006

Sheila Dickerson, former president of Soda Brook Cooperative

Rationale for Study: Consistent Data to Examine Benefits of Resident-Ownership

Since 1983, the New Hampshire Community Loan Fund (the "Loan Fund") has been helping residents of manufactured home communities purchase the land underneath their homes. Through the fall of 2006, homeowners have purchased 82 manufactured home communities and converted them into "Resident Owned Communities" (ROCs) in New Hampshire. These communities now include more than 4,100 homeowners. The premise of the Loan Fund program is that resident-ownership provides both an important vehicle for preserving affordable housing in New Hampshire and economic benefits to homeowners in ROCs. Until now, no systematic data have been available to confirm the benefits. To fill that gap, the Loan Fund contracted researchers from the Carsey Institute at the University of New Hampshire to conduct a study of the economic outcomes of resident-ownership.[a]

Key Findings

The principal findings of this benchmark study are that residents who own their manufactured home communities, commonly referred to as mobile home parks, have significant economic advantages over their counterparts in investor-owned communities, as evidenced by higher average home sales prices, faster home sales, and access to fixed rate home financing. Additionally, residents who own their communities consistently perceive greater control over and stability in their lot rents and governance, and worry less about being displaced because of park closure for redevelopment.

Study Methodology

In order to examine economic outcomes, Carsey researchers designed a study to compare Resident Owned Communities (ROCs) with investor-owned communities (sometimes referred to as land-lease communities). A sample of towns in the state was selected (see map, Figure 1), and within those towns, the sample included at least one ROC and one investor-owned community. These selections were comparable in location, size, and demographics of the residents. Communities for 55 and older residents were eliminated, as those are generally different from communities not restricted by age. A detailed description of sampling procedures is presented in the Appendix. The final sample included eight ROCs and 12 investor-owned communities.

There are four sources of data on the communities and residents: a mailed survey, town tax records, real estate sales data, and interviews with leaders in Resident Owned Communities. Details of the survey methodology and the interview process are presented in the Appendix.

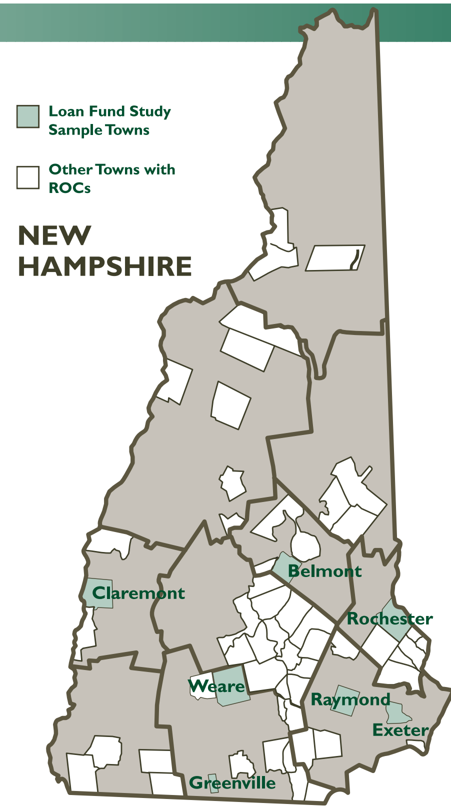


Figure 1

Objective Economic Indicators

Survey Data

We begin by examining data in the survey that capture objective aspects of the economic impacts of ROCs.

Lower Lot Fees in ROCs

The first indicator is the *monthly lot fee* that homeowners are charged (Figure 2). In manufactured home communities, whether owned by residents or investors, the homeowners own their homes, but must pay a monthly fee for the land underneath their homes. In the survey, on average, residents in ROCs report lower lot fees than their counterparts in investor-owned communities, and the difference is statistically significant. One puzzle is why the difference is small – only about $11 per month on average. Some evidence exists to suggest that there is an effect of the age of the ROC on the lot fees. Often newer ROCs incur expenses due to pressing infrastructure problems, like faulty water and sewage systems, that motivated the previous owner to sell the property. Correcting these problems initially leads to higher lot fees for residents of newer ROCs. To examine this, we compared the average fees to the age of the ROC and to the overall average in investor-owned communities (Figure 3).

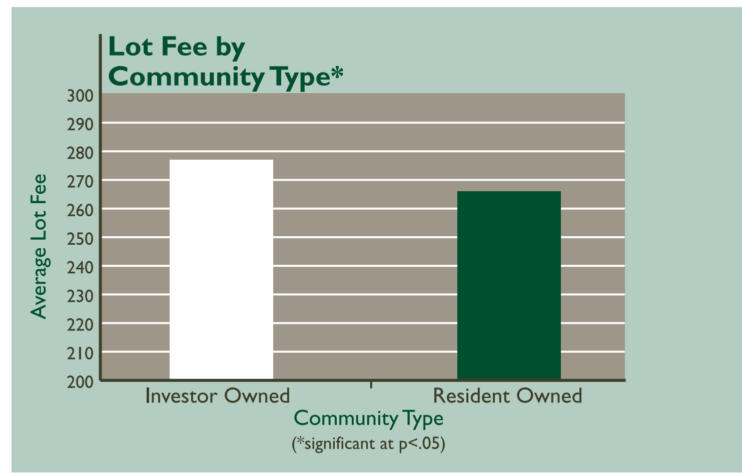


Figure 2

A management job in a department store brought Jay Methena to New Hampshire. But affordable housing led the Virginia native to the Belknap Mobile Home Park in Belmont.

"I could afford it, own a home and afford the lot fees," said 62-year-old Methena, who moved into his three-bedroom single-wide in 1983, paying a monthly lot rent of $125.

Not long after, lot rents began to rise. "Every January, the owner would increase the rent by five or ten percent," said Methena, a father of two grown daughters. By 2000, the rent was $280. "We had no control over it."

Even more unsettling was the offer made by a Colorado investor the same year to buy the 109-site community. He told homeowners that he would boost lot rents by five percent for five consecutive years, raising rents to $357, in addition to any large capital improvement outlays.

The homeowners had 60 days to make a counter offer. They formed the Lakes Region Cooperative and, with the Loan Fund's help, bought the 109-site family park for $2.1 million.

"The rent has never gone up," said Methena, treasurer of the co-op. "When we bought the park, the rent was $280. Today it's $280. And we've done all this work in the park."

"This work" includes installing a state-of-the-art wellhouse, paving roads, replacing several septic systems, and creating a community center at the entrance. Homes that are put on the market, sell quickly, and, according to Methena, at a tidy profit. "I don't think that would be happening if Lakes Region weren't a co-op."

The stability of lot rents, the appreciation of homes, and democratic control of the cooperative eased Methena's financial pressures. "Owning the park has allowed me to semi-retire because we control our finances," Methena said. "We still pay $280 in monthly park rent, and I don't see any need for immediate increases. If we hadn't bought the park, we'd be paying well over $400-a-month in lot rent." ▲

Control

ROC Rents Stabilize Over Time

As expected, the newer ROCs have higher fees than ROCs that were established earlier; and the newer ROCs have fees that are higher than the average fees for all of the investor-owned communities. We know that one of the three ROCs in the two to six year category did incur great start-up costs, and this pushes the average higher for the newest ROCs. Once we eliminate that community from the analysis, the average fee for the newest ROCs is lower, but there are only two ROCs in the newest category. (The "average" drops to $258; see Figure 3a.) In addition, we do not know the length of ownership among the investor-owned communities, so the comparison between investor-owned communities and ROCs is somewhat problematic. The issue of initial costs incurred for communities that become resident-owned was mentioned in the interviews with the ROC leaders, as presented below.

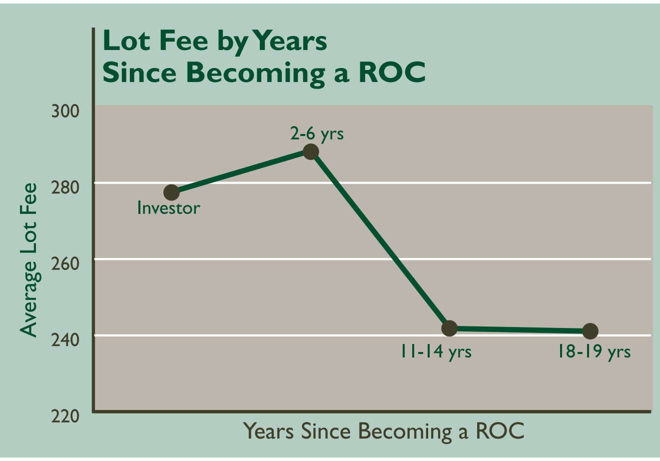


Figure 3

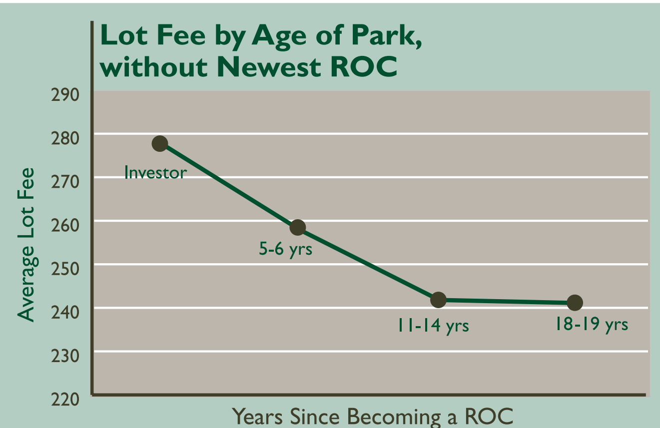


Figure 3a

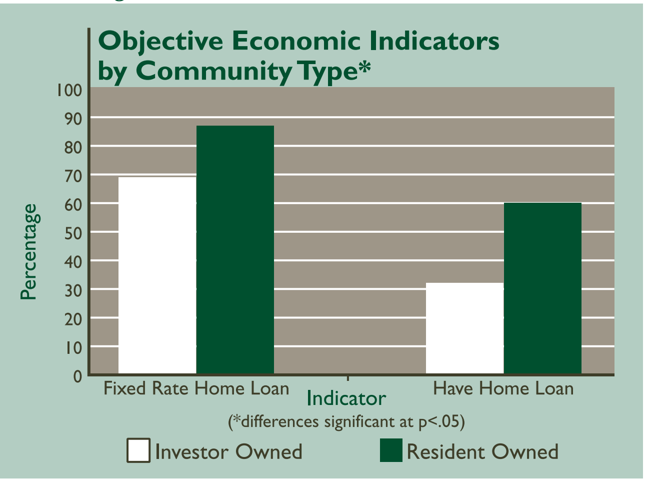
More Fixed Rate Home Loans in ROCs

Data on *mortgage loans* provide another indication of the economic impact of resident-ownership. Historically, homeowners in manufactured home communities have paid higher rates of interest on their home purchase loans. There are many well-documented reasons for this. Since 2003, the Loan Fund and the New Hampshire Housing Finance Authority began lending single-family mortgage loans in ROCs. While their entrance in the market is clear from the data, it is too early to determine the overall impact on interest rates. However, we did find that homeowners in ROCs were more likely to have a *fixed rate loan* than homeowners in investor-owned communities. The comparison of mortgages by community type is presented in Figure 4. Eighty-seven percent of ROC residents have a fixed rate of interest, compared to only sixty-nine percent of residents in investor-owned communities. This difference is statistically significant.

More Home Ownership Access

In addition to the greater likelihood of having a fixed interest mortgage loan, residents of ROCs are more likely to *have* mortgage loans, and residents of investor-owned communities are more likely to have either paid off their loans or to have bought their homes outright without any loan in the first place. Although we didn't ask this explicit question, we were able to determine from the data whether the resident had a loan, and the differences are striking, as presented in Figure 4. Residents of ROCs are more likely to have a current mortgage. We controlled for respondent age, length of time in park, and income in a multivariate logistic regression predicting whether the homeowner had a mortgage.

Figure 4



The predicted probabilities by the park type are essentially the same as those in Figure 4. All of the independent variables in this analysis were significant as well. That is, younger respondents, those having lived in their community a shorter period of time, and those with *higher* incomes are more likely to have a loan on their home.[b] Access to a mortgage loan at a reasonable interest rate makes housing more accessible, all else being equal. This means that the availability of home loans opens up a part of the market that would otherwise be out of reach to low-and moderate-income individuals who do not have the resources to purchase a home outright.

Comments from Respondents

Deserve Mortgage

Some of the respondents to our survey volunteered their views on the finance market for owners of manufactured homes. This comment was provided by a resident in an investor-owned community.

"It is not fair that mobile homes are considered by mortgage institutions to be less than a traditional home. These homes are not truly mobile. (I'm not going to drive away in the middle of the night with it.) Yes, they could be moved, at great trouble and expense, but [that's] not likely to happen. Our home deserves to be mortgaged at the same rates as traditional homes. That would be the greatest help to those of us unable to afford a new home at the current outrageous prices they go for."

Used Retirement Savings

Another resident in an investor-owned community wrote:

"It is very important that loans be available for potential homeowners that want to live in mobile home parks. We had to take money from our retirement to buy this home because no bank or institution would finance this older home. Something needs to be done soon!"

Overlooked Market

Commenting specifically on the missed opportunity for lending institutions, a resident in an investor-owned community offered this observation:

"My biggest complaint is the archaic view of the lending community in not allowing us to take advantage of our equity. In all my near thirty years [of living in a park] I've never seen one house pulled out, nor heard of one pulled out to avoid payment to the lenders. Lenders are overlooking a huge market!! And, as I, like most of my neighbors age, we have more disposable income. They're missing out."

Loans & Insurance Expensive

One final comment from a resident of a ROC mentions the impact of the Loan Fund on the availability of home mortgage loans.

"It is very difficult to get affordable loans and insurance. There are a lot of companies that won't loan to us. Either that, or we have to pay a much higher rate. (My husband and I had to pay 14.5% for our original loan, while others were paying 7 to 7.5%.) We had a hard time with insurance, also. Thanks to the NHCLF [the Loan Fund] this is changing, but much too slowly."

Fixed Rate Loans Boost Demand and Home Values in ROCs

One of the goals of the Loan Fund program is to provide a consistent source of financing in the ROC home purchase market. In 2002, the Loan Fund started a single-family mortgage program for homebuyers and homeowners in ROCs, and we examined our survey data to see whether the *number of mortgage loans* to residents changed as a consequence (Figure 5). The results clearly show that the Loan Fund program affected the availability of home mortgage loans. Starting in 2003, the number of mortgage loans in ROCs greatly surpassed the number in investor-owned communities.

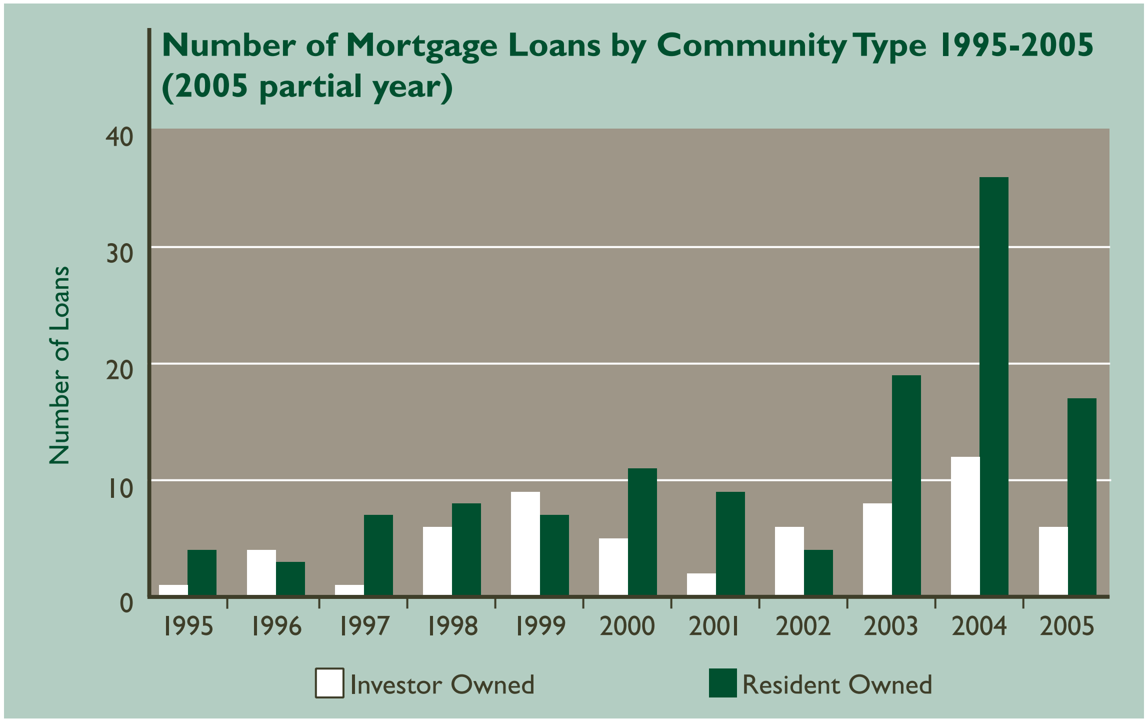


Figure 5

(Note, also that the data for 2005 are partial; by the end of 2005 we would expect to see a differential matching or surpassing that for 2004.) It appears from the data that this type of housing has become more accessible to more people, judging from the increased loan activity since 2002. The availability of loans increases the effective demand for housing, and this contributes to greater appreciation in housing values. In the next section, we examine in more detail home sales and associated factors.

Analysis of Real Estate Sales and Tax Card Data

Town Tax Cards (also known as Assessment Cards) and data from recent real estate sales are good sources of impartial data, and these data are an important supplement to the survey data. We focus here on sales price and associated factors.

The aroma was unpleasant, not to mention the discharge on the lawns.

"It looked like brownish-colored water, and the smell was bad, especially when the wind blew in the summer," said Sheila Dickerson, commenting on the failing septic system in the Mill Hill Park in Northfield, New Hampshire. "We made sure to close our windows and doors."

Residents also reported comparable problems with the water supply–not one household drank the water because of coloration.

While the owner of the park attempted to make fixes, they never worked. Then, when the residents bought their park in 2002, they were able to apply for federal and state funding to build new septic and water systems, and new roads. They also gave the park a new name: Soda Brook Cooperative.

"I'm very proud of where we've come," said Dickerson, who, as president of the co-op, oversaw completion of a $1 million upgrade of the infrastructure, funded by USDA-Rural Development, a Community Development Block Grant, and the Loan Fund.

Like others, Dickerson and her husband bought a house in the 25-site community because of its rural setting, small size and affordability. "The lots were nice," said the 51-year-old New Hampshire native.

When the park owner wanted to sell out, he gave the residents a first crack at buying it, even though another buyer had expressed interest.

"We knew we had a choice, either go for it ourselves or let someone else take it over, knowing that our [lot] rents would just keep going up and up, and with a lot of people here unable to afford it," said Dickerson, who works in shipping at Globe Manufacturing, which makes firefighter suits and other protective clothing. "We decided to bite the bullet and buy the park."

Four years later and without a rise in lot rents, Dickerson appreciates the control that co-op members have in their community, whose residents are low- and moderate-income.

"We can actually say we own the park," she said. "We can actually say that the money isn't going to someone else but to something we own, something we are going to make better. It's a lot healthier here." ▲

Sales Price of Homes

There are a variety of ways to investigate the sales price of homes. The basic price per home is important but can be misleading because it does not automatically address how large the average home is, how old the average home is, and, if a home were to go on the market, how long it would take to sell.

For these analyses, we examined two categories of sales data: sales that occurred during the most recent one-year period (September 22, 2004 to September 22, 2005)[C] and all sales from 2000 through 2005, a range chosen to capture a longer period and thus a larger number of home sales. We examined the sale price, size and age of the home, the number of days the home was on the market, and its assessed value (Table 1).

ROC Homes Sell for More

Comparing basic home prices, homes in ROCs have a *higher average sale price* than homes in investor-owned communities, both for all sales since 1999 and for homes sold in the more recent year, from September 2004 to September 2005. The average differences ($4,566 and $7,234) are sizable (although not statistically significant). What accounts for the difference? The data on home size and age indicate two possible explanations: among the homes that sold during these periods, homes in ROCs are, on average, both larger and newer. These differences are sizable with respect to size and to age for the most recent period. Larger and newer homes would be expected to have a higher selling price. To examine this in more detail, we calculated the price per square foot of living area. Once we do this, the difference between ROC homes and homes in investor-owned communities is reduced substantially, although there is still a slightly higher price among ROC homes ($42.4 vs. $41.9 for sales since 1999, and $55.1 vs. $48.6 for sales from September 2004 through September 2005 on a price per square foot basis).

ROC Homes Sell Faster

In addition, data on the number of *days on the market* show that ROC homes have generally sold more quickly, and much more so in the most recent period, than homes in investor-owned communities, suggesting greater desirability in the market. In theory, the days on the market for similar housing stock ought to

Table 1

Comparative Data on Homes that Sold

Housing Characteristics	Sales Since 1999		Sales 9/22/04 - 9/22/05	
	ROC	Investor	ROC	Investor
Price	$45,884	$41,318	$53,077	$45,843
Living Area	1,035*	953*	1,017.8◆	936.9◆
Age of Home	22.4 years	22.8 years	17.6 years*	23 years*
Assessed Value	$38,803*	$35,565*	$40,021	$36,882
Days on Market	68	72	60	83
Price per Sq. Ft.	$42.4	$41.9	$55.1	$48.6
Assessed Value Per Square Foot	$36.9	$36.8	$38.7	$38.5

Note: *p < .05 ◆p < .10

be roughly the same, with price being variable. The correlation between days on the market and type of community could indicate that ROC homes are consistently underpriced. Additionally, the average ROC resident stays in his home longer than the average resident of an investor-owned community (analyses not shown). Both findings suggest that ROC homes are more desirable to home buyers.

In summary, homes in ROCs sell more quickly than homes in investor-owned communities; they have a 12% higher price per square foot in the most recent period; and the monthly lot fees are lower.

Perceptions about Economic Factors

So far, we have presented findings specific to *objective* economic benefits. Several survey questions capture important resident *perceptions* about economic aspects of living in their community. We asked if respondents would live in their community if they were given that choice again. We then asked follow-up questions about the main reasons for their choice. Residents who responded that they would choose to live there again received three follow-up choices that refer to economic factors. These are:

- This is the most affordable decent housing I can find.
- The monthly fee/lot rent is a good value.
- This is a good way to build equity in a home.

The responses to these choices by type of community are presented in Figure 6.

Affordability

Residents in ROCs are more likely than residents in investor-owned communities to indicate that affordability is a reason for choosing to live in the community again (74% compared to 67%), although the difference is not significant ($p<.08$). Similarly, the perception that the lot fee is a good value is more common among residents in ROCs, although this is not a significant difference (65% compared to 59%). The third item refers to the perception that ownership in the community is a good way to build equity in a home. Residents in ROCs are more likely to give this as a reason for choosing this community again, although the difference is small and not significant (24% vs. 21%). These three items indicate that residents in ROCs perceive that there are economic advantages to living in their communities.

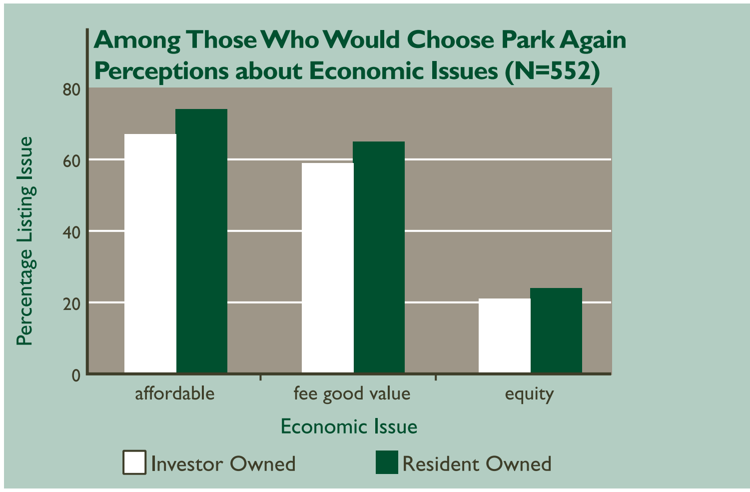


Figure 6

While the differences are small, perceptions of residents in ROCs are consistently more favorable.

Respondents who indicated that they would *not* choose to live in their community again, were asked to consider three follow-up economic factors:

- I am worried that the land under my home will be sold.
- The monthly fee/lot rent is too high.
- The monthly fee/lot rent goes up too fast.

Figure 7 shows the relationship between community type and responses to these items.

More Insecurity in Investor-Owned Communities

Residents in investor-owned communities are much more likely to cite *concern about the sale of the land* than residents of ROCs, and the difference is statistically significant (26% vs. 9%). For the second item, residents in investor-owned communities are more likely to cite *concern that the monthly fee is high*, although the difference is not statistically significant (50% compared to 39%). The final item is a perception about the *increases in the monthly fees*. Here, residents in investor-owned communities are much more likely to cite this concern, a difference that is significant (62% vs. 18%). Again, for all three factors the differences are consistent; ROC residents see greater economic benefits and security in living in Resident Owned Communities.

ROC Residents Perceive Benefits

One additional question capturing resident perceptions was, "Do you feel that your monthly fees/lot rents are spent on the best things for the park?" As with other resident perceptions, the community comparison shows that ROC residents perceive greater economic benefit than residents in investor-owned communities (81% compared to 71%), a difference that is statistically significant.

Lower Monthly Fees and More Control

Some of the written comments of the survey respondents also address the perceived economic benefits of life in a ROC, including the sense of control, the affordability, and the impact of resident-ownership on monthly fees.

"I think co-op parks are the best affordable way for younger low-middle income families to live, without having to live just to pay their mortgage."

"The best thing we as tenants did was to organize and buy our park. We are now a tenant-owned park; we have managed to lower our monthly lot rent...and we no longer have to fear the park being sold and closed."

"Co-ops are cheaper and the rules are much more flexible and people have a say."

"We control the rent; it is one of the better parks in _________. We have basic rules that are easy to live with."

*"[being a ROC] will help keep our lot rents right where **we** want them, affordable."*

The picture that emerges is that residents of ROCs see economic benefits, and the economic data indicate economic benefits to resident-ownership. While some of these relationships are not statistically significant, there is a consistent pattern in the direction of perceived economic benefits of resident-ownership. The economic variables from the survey are consistently favorable.

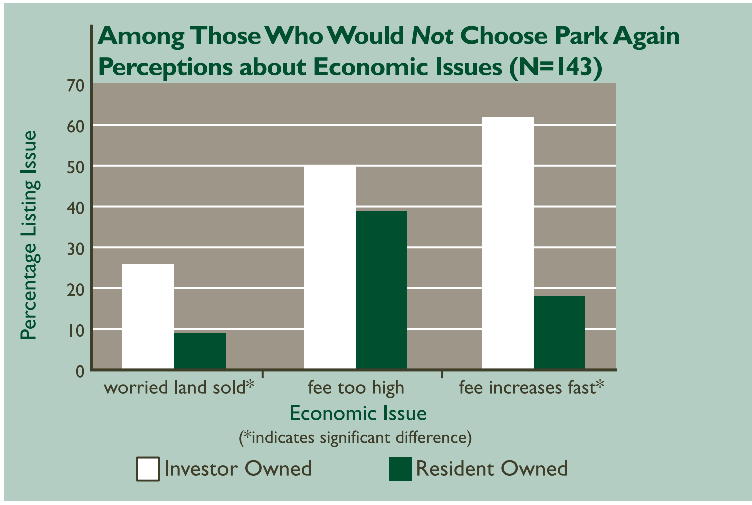


Figure 7

Analysis of the Interviews with ROC Leaders

According to the ROC leaders who were interviewed for the study, the primary economic benefits associated with resident-ownership are increased access to fair market-rate financing and the stabilization of monthly lot fees.

Access to Home Financing

In 2002, Melanie Barker ran the numbers. They weren't promising.

"I was approved for $80,000 by the bank and the only stick-built homes I could afford were dumps," said the 30-year-old accountant.

Barker wanted to own her own home after living in an apartment. "I was putting money into something that wouldn't give me anything back in the long run," Barker said.

Her real estate agent told her about the resident-owned Pine Ridge Estates, a 148-site manufactured home community in the country setting of Loudon, New Hampshire. "I hadn't considered a manufactured home until then, but I was ready to expand my options," she said.

Her offer of $69,000 for a three-bedroom home in the community was accepted, but Barker could not get bank financing. "At the time, banks would not make a loan for a mobile home in a park, or for a manufactured home that was more than 10 years old," she said. Then she learned about the Loan Fund's Cooperative Home Loan Program for homebuyers in Resident Owned Communities like Pine Ridge Estates, owned by the Freedom Hill Cooperative.

"I became the first borrower of the program," said Barker, a native of Concord, N.H.

Recently, Barker looked into refinancing her mortgage to reduce her debt. "I wanted to see if I could do better, and I couldn't find anything."

Barker estimates that in today's market, she could sell her home for substantially more than she bought it for. "If I had to sell, I would not be sunk in debt to keep going."

She said the Cooperative Home Loan Program gave her a chance to realize the dream of home ownership. "A lot of low-and moderate-income people just want to own their own home. This program allows people like me to start out—get a foothold into owning something that will have lasting value." ▲

Fair Financing

One leader commented:

"The benefits of living in a mobile home park, a co-op in particular, [are] the increase in access to prime rate financing as well as [the] increase in equity values."

Good Risk

Another pointed out that the success of ROCs should be apparent to the financial community:

"What is it, [there are now] 70 or 71 co-ops, and none of them has ever failed. So you know that says a lot to the banking community."

Rents Stabilized

Leaders commented that monthly fees are stabilized because ROC residents elect Board members from within their communities, and thereby control decisions. In many instances, ROC residents are given the opportunity to vote on major decisions, like changes in monthly fees. Rent stabilization was a theme that emerged in the comments of several of the interviewees.

"Our lot fees are kept down because we are able to do a budget and run the cooperative within that budget, so our lot fees are what pay to run our business. Oh, it's been that way for the last 7 or 8 years...we haven't found it necessary to raise our rents. It has been reduced once since we've been a cooperative. We couldn't live anywhere else. You know, $220, plus the few utilities that we have, that's it."

"Sure, it's good for someone my age group and it's inexpensive. The co-op fee is very reasonable....the rent here is very inexpensive compared to other areas, other parks. It's been the same since they started and occasionally they give us a free month right around December. For a lot of people in here that's a blessing around the holidays."

Leveraged Savings, Bulk Buying

Interviewees did comment on the affordability gained when ROCs are able to leverage savings through bulk purchases of fuel, services, and other items. At least three of the eight communities in the study saved significant dollars through bulk purchases.

Conclusions

The economic impacts of Resident Owned Communities are an important, emerging beneficial resource for the low- and moderate-income population of New Hampshire. The data are clear:

> Homeowners perceive and enjoy real economic benefits from resident-ownership of manufactured home communities.

They feel their monthly fees are stable and they have more control over the land. Home values are higher (particularly in the most recent time period), considerably more home mortgage loans have become available to ROC residents since 2002, and the loans that ROC residents have are the more desirable fixed rate loans.

In some cases the differences we have found are not dramatic, but there is a clear and consistent pattern that suggests an economic advantage of considerable magnitude. The changes over time suggest growing advantages.

continued on next page

"We are People with Dreams"

The comments by residents and leaders echo the quantitative survey findings. One respondent living in an investor-owned park eloquently expressed the frustrations of people of moderate means:

"Life in a mobile home park would be much more pleasant if park management listened to us or even cared about us at all. We represent nothing more than a rent check to park owners. We are not "trailer trash." We are people with dreams and aspirations the same as anyone else. Just because we are not fortunate enough to live in half-million dollar homes does not mean we are worthless. People are not defined by their circumstances but by how they act and react to them."

There is evidence here that the New Hampshire Community Loan Fund program is helping those of moderate means realize the aspiration of secure home ownership. ▲

FOOTNOTES

[a] Information on The Carsey Institute can be found at www.carseyinstitute.unh.edu.

[b] Multivariate analyses controlling for the same set of factors were conducted for all dependent economic factors, as presented in the Appendix. The significant differences held up in all cases.

[c] The one-year period was chosen since the housing market has changed in important ways in New Hampshire over time, and these changes complicate analyses over the longer period of time.

"A lot of low-and moderate-income people just want to own their own home. This program allows people like me to start out – get a foothold into owning something that will have lasting value."

Melanie Barker
Membership Coordinator
Freedom Hill Cooperative

Appendix

Survey Methodology

The survey data came from a self-administered survey mailed to homes in the sample communities. The study towns were selected purposively to include variation in geographic region and community size, presence of both resident- and investor-owned parks, and access to tax data from the town offices. The northern portion of the state was excluded, since economic conditions there are quite different from those in other parts of the state. Within each town, we selected parks of approximately the same size and in the same part of town. For 19 of the selected parks, we attempted to mail the survey to all park residents. Because of the size of the one remaining park, we sampled 50% of the homes to include in the survey portion of the study. Using town tax records, we were able to obtain the name(s) and addresses of the owners of record for each home. We eliminated residents where the mailing address for the tax bill was different from the residence address. We sent a letter introducing the study to all addresses, indicating the purpose of the study and that we would shortly send a survey to be completed and returned. Several days later, we sent out the survey with another cover letter and included a $1 bill as a courtesy compensation for completing the survey. We logged in the surveys as they were returned, and after 10 days, we sent another copy to those who had not yet responded. 1187 surveys were sent out following these procedures. 698 were returned, for an overall response rate of 59%. 356 surveys were returned from Resident Owned Communities. 342 were returned from investor-owned communities.

Interviews

For the interview portion of the study, we conducted in-depth interviews with leaders of ROCs. The interviews were conducted in the communities or by phone and covered a range of issues regarding economic and management issues. The interviews lasted from 20 to 90 minutes. Interviews were conducted with 19 Board members from the eight ROCs. We interviewed leaders only in the Resident Owned Communities, since it would be difficult to identify “leaders” in investor-owned communities that, by definition, do not have a formal organization in which leaders play a key community role. It would be interesting to try to identify key informants in such communities, but this would be the focus of a different kind of study.

“My proudest accomplishment is helping us become a co-op and buying the park, because it’s something people said we couldn’t do.”

Florence Quast
First President
Souhegan Valley Manufactured
Housing Cooperative

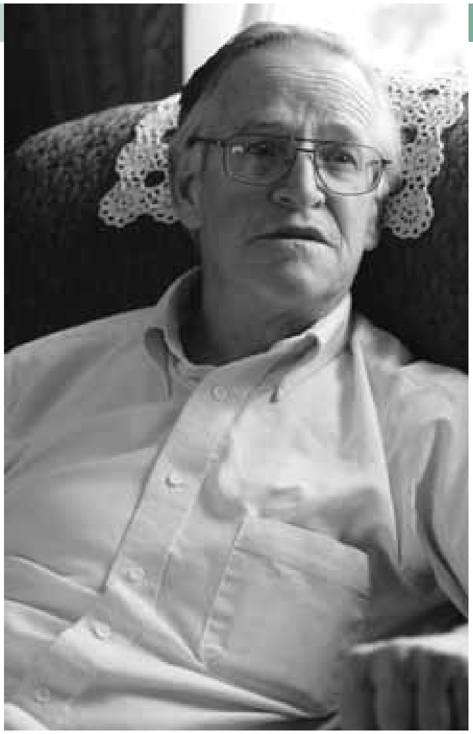
"We knew we had a choice, either go for it ourselves or let someone else take it over, knowing that our [lot] rents would just keep going up and up, and with a lot of people here unable to afford it, we decided to bite the bullet and buy the park."

Sheila Dickerson
Former President
Soda Brook Cooperative

Multivariate Analyses of Survey Data

Although the sample communities were chosen to be similar in size and location, it is possible that the analyses in the body of the report were influenced by demographic and socio-economic differences between the resident-owned and investor-owned communities in the sample. For several demographic variables, the differences between resident-owned and investor-owned parks are significant or nearly so. Residents in ROCs are younger, have slightly more education, higher incomes, and larger household size. They have lived in their parks for less time, and are more likely to have at least one worker in the home. The cumulative effect of these demographic differences may account for the differences between park types reported in the body of the report. As a check on this, multivariate analyses were carried out, with these demographic variables serving as controls: age and education of respondent, household income, number of people living in the household, length of time residing in the community, and the presence of at least one full-time worker in the household. Table A1 presents bivariate coefficients for the type of community (ROC is coded as 1 and investor-owned is coded as 0) and the size of the coefficients in the equation including control variables. The only results reported are the effect of the ownership variable on each of the dependent variables; the full results are available on request. The dependent variables examined are those in the body of the report: seven measure perceptions about the economic aspect of the respondent's housing, and three measure objective aspects of economic housing factors. Nine of these dependent variables are dichotomies and these are analyzed using logistic regression. One is a measurement variable (monthly fee) so its analysis relies on OLS regression. The same set of control variables is included in each of the multivariate regressions.

For most of the dependent economic variables, a significant coefficient in the bivariate analysis remains significant once controls are entered. In one case (affordable housing) the marginally significant bivariate coefficient becomes more significant in the multivariate analysis. In one case (fees spent on best things) the significant bivariate coefficient drops to only marginal significance in the multivariate analysis. For the most part, the results reported in the body of the report are replicated in the multivariate analyses. ▲



"Owning the park has allowed me to semi-retire because we control our finances."

Jay Methena
Treasurer
Lakes Region Cooperative

[a] Control variables:
Respondent age and education; household income; number of people in the household; length of time residing in the community; presence of at least one full-time worker in the household. Logistic regression results for first eight dependent variables; OLS regression for monthly fee. Only the ownership type coefficient is presented. N varies due to missing values and contingency nature of some questions.

Coefficients for the Effect of Ownership Type, Bivariate and Multivariate with Controls[a]

	Bivariate	Multivariate with controls
Dependent Variable	Logistic Regressions (ROC=1)	
	Odds Ratio	Odds Ratio with Controls
This is the most affordable housing I can find	1.39* (n=549)	1.64** (n=477)
The monthly fee is good value	1.28 (n=549)	1.26 (n=477)
Good way to build equity	1.24 (n=549)	1.01 (n=477)
Worried land will be sold	.27** (n=142)	.28** (n=122)
Monthly fee is too high	.62 (n=142)	.68 (n=122)
Monthly fee goes up too fast	.13** (n=142)	.11** (n=122)
Monthly fees spent on best things	1.73** (n=625)	1.69* (n=551)
Fixed Rate Loan	2.72** (n=340)	2.57** (n=309)
Has current mortgage	3.17** (n=596)	2.4** (n=531)
	OLS Regressions	
	Regression Coeff.	Regression Coeff. with Controls
Monthly Fee	-11.70 (n=649)	-13.23 (n=573)

*Note: *p < .10 **p < .05*

Table A1

Notes:

"The key to prudent lending on manufactured homes is in treating these loans like any other mortgage and providing mortgages when the borrower has ownership or an interest in the land. We're proud to be on the forefront of manufactured housing lending and expect to help many more first time home buyers purchase manufactured homes in the future."

Liz Lamoureux
Director of Home Ownership Programs
New Hampshire Housing Finance Authority

"The Loan Fund's long-standing work with home-owners in manufactured housing communities now gives hope to millions of American families that economic security and the financial and social benefits from home ownership are possible. The Carsey Institute study offers solid evidence that ownership of a manufactured home in a Resident Owned Community provides a true asset-building opportunity for low-wealth families within a stable, healthy, and engaged neighbor-hood–what we used to call the American Dream."

George McCarthy
Senior Program Officer
Ford Foundation

"In 1988, the Legislature passed what many believe is the long-term solution to the tension between landowners and park residents: a 60-day notice and the right to negotiate for the purchase of the park by resident families themselves. With this approach, investor/landlords receive fair market value for their property at a time of their choosing. And resident homeowners and their supporters, such as the NH Community Loan Fund, MOTA-New Hampshire, and the NH Housing Finance Authority, have risen to the challenge by creating a highly effective statewide infrastructure to support resident ownership."

Elizabeth Hager
Thirteen-term New Hampshire Legislator

Obtain an Informative DVD:

Discover what life is like in a Resident Owned Community by viewing the Loan Fund's DVD. To request a free DVD, call the Loan Fund at 603/224-6669 or email us at geninfo@nhclf.org.

The New Hampshire Community Loan Fund is a founding member of the Opportunity Finance Network.

OPPORTUNITYFINANCE NETWORK

Pictured:

Meredith Manufactured Housing Cooperative, est. 1984

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