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Some retailers specialize in the sale of existing manufactured homes. Since few manufactured homes are ever moved once delivered to an original foundation site, manufactured homes, even in landlease communities, are sold on site and the space lease is transferred to the new homeowner.

**Financial Institutions**

A number of California financial service companies and their branch offices have loan programs for factory constructed homes. These companies include banks, credit unions, mortgage corporations and commercial finance companies. These companies provide all types of consumer, conventional and government-backed financing for factory constructed homes.

A common method of financing manufactured homes is through a personal property installment loan. This can be arranged by the homebuyer directly with the financial institution. Terms range from 15 to 30 years.

Conventional real estate mortgages are also available for manufactured and factory-built homes when they are properly affixed to real property. Factory constructed homes are eligible for insurance under government backed programs offered by the Federal Housing Administration (FHA), the Veterans Administration (VA) and the Farm Home Loan Administration (FmHA). A number of California financial service companies provide all types of consumer, conventional and government-backed programs for factory constructed housing contact:

The profile of those who have purchased factory constructed homes in the past decade demonstrates that significant changes are occurring in the characteristics of factory constructed homeowners. Recent purchasers are younger, more affluent, have larger families, have attained a higher level of education and are less likely to be retired than factory constructed homeowners as a whole.

**Manufactured Homes as Real Estate**

In 2018, 16% of the new manufactured homes sold in California were in subdivisions, planned unit developments and on scattered urban and rural lots where the land and homes are owned and financed as real estate. The real estate trend for manufactured housing will continue and could represent 15 to 18 percent of new sales in 2019.

**Urban In-fill and Redevelopment**

With the introduction of two-story homes and architecturally compatible exterior treatments, coupled with on-site enhancements such as attached garages, porches and decking, factory constructed housing has become a viable and cost effective choice for local governments, redevelopment agencies and developers for urban in-fill and redevelopment projects.

As this market niche is developed, bringing affordable housing to inner-city families, real estate sales of manufactured homes could reach 25 percent of total sales within three to five years.

**Demographics**

The following forecast comes with all the normal caveats. Obviously, trends can take some unexpected changes in the economy and/or consumer preference. Here’s what we see, barring significant changes in the economy and financing, for 2019.

**Production/Shipment**

New manufactured homes shipments, including shipments into California from neighboring states, should be approximately 4,175 homes. About 3,632 (87 percent) of those homes will be produced in California’s factories. Additionally, deliveries of factory-built (modular) homes could add approximately 200 units to the total shipments of factory constructed homes.

**Federal Standards & Factory Inspection**

Manufactured homes built since June 15, 1976, must conform to the National Manufactured Home Construction and Safety Standards, a national, uniform building code commonly called the “HUD Code.” This code is administered by the U.S. Department of Housing and Urban Development. The HUD Code regulates home design and construction, durability, fire resistance, energy efficiency and the installation and performance of heating, plumbing, air conditioning, thermal and electrical systems.
WHY FACTORY CONSTRUCTED HOUSING?

Better Quality and Cost Control

Increased reliance on factory production has resulted in major changes in the efficiency of housing construction. Better quality and cost control are the hallmark of architectural compatibility. Many factory constructed homes are indistinguishable from their site-built counterparts in construction, appearance and performance. In California, many new manufactured homes sold are sited on lots in urban, suburban or rural neighborhoods. Facilitating this opportunity are state laws (Government Code Sections 65852.3 and 65852.4) which allow manufactured homes to be sited on any residential lots, providing the home meets local development standards. Also, covenants, conditions and restrictions adopted on or after January 1, 1988, cannot forbid the siting of a manufactured home on a residential lot, if the home can meet the same architectural standards as site-built homes in the neighborhood. (California Civil Code Section 714.5).

Factory-built (modular) housing bearing an insignia of approval, pursuant to Section 19980 of the California Health and Safety Code, is deemed to comply with the requirements of all ordinances or regulations enacted by any local jurisdiction applicable to the construction of housing. Local zoning, snow load, fire zone, setback, architectural and aesthetic requirements are applicable to factory-built housing.

Land-Lease Communities

Many California home buyers site their new manufactured homes in planned developments where they typically own the home as personal property and lease a home site from a corporation or partnership responsible for maintaining community amenities and services, including security, clubhouses, pools, spas and common areas. There are approximately 4,594 manufactured housing communities in California offering a wide variety of lifestyles.

The diversity of today's factory constructed home and the amenities available means that there is a home to meet practically any lifestyle. Homes range in size from 700 to over 3,000 square feet.

Single-Site Occupancy

Many factory constructed homes are being sold in conventional subdivisions, planned unit developments and condominiums where the land and homes are owned and financed as real estate.

Urban In-fill and Redevelopment

Today's factory constructed homes are growing in popularity with local governments and redevelopment agencies for urban in-fill and redevelopment projects. Factory constructed housing is attractive for this use due to its cost effectiveness and the ability to design a home compatible with the local neighborhood that will fit any lot with relative ease.

In trend-setting California, factory constructed homes are available with stucco or wood siding; roofs of tile or composition shingles; and dramatic windows. Architectural styling include traditional Ranch, Cape Cod, Southwest, Mediterranean and Craftsman. Exteriors can be designed to be compatible with any local neighborhood.

Interiors can be modest or luxurious. They can feature spacious living rooms with vaulted ceilings, formal dining rooms, kitchens with breakfast nooks, master suites with walk-in closets, dressing areas and spacious bathrooms with garden tubs as well as stall showers.

Manufactured homes and selected factory built homes are sold with major appliances, window coverings and carpeting in a choice of colors included in the price of the home.

As California's land costs have increased, lot sizes have decreased. The resultant increased density has created a demand for floor plans with more square footage on smaller foot prints. In response, several manufacturers have developed two story models that once again advance factory constructed housing's hallmark of architectural compatibility.

In addition to being sold as real property homes, two-story factory constructed homes are being used to upgrade the housing stock in several land-lease communities in California. These homes are often financed as personal property. Long-term leases reduce the down payment requirements for families seeking high value affordability.

Homeowner Demographics

More than 1.4 million Californians live in nearly 561,570 manufactured homes. Manufactured housing is a significant portion of the California housing stock, representing nearly seven percent of all single-family detached homes.

The profile of those who have purchased manufactured homes in the past decade demonstrates that significant changes are occurring in the characteristics of manufactured homeowners. Recent purchasers are more affluent, have larger families, have attained a higher level of education and are less likely to be retired than manufactured homeowners as a whole. Many are sighted on private property or in resident owned communities as opposed to traditional land lease communities.

Types of Factory Homes

A key to understanding today's factory constructed home is distinguishing the types of homes constructed in a factory. Most factory homes are comprised of three-dimensional modules. These modules are transported to a home site and installed on a state approved foundation or support system. California law clearly distinguishes among the types of factory constructed homes by the building code to which the home must comply.

Manufactured Homes are constructed to comply with the National Manufactured Home Construction and Safety Standards (24 CFR 3280), a uniform building standard administrated and enforced by the U.S. Department of Housing and Urban Development. About 95 percent of all factory homes constructed in California last year meet this code.

Factory-built Homes often called modular homes, are constructed to comply with the California Uniform Building Code, which is incorporated into law at Title 25, Chapter 3 of the California Administrative Code. Some factory-built homes employ panelized construction techniques. About five percent of all factory constructed homes produced in California factories last year meet this code.

Subdivisions, Planned Developments and Condominiums

A growing number of manufactured homes in California are being sold in conventional subdivisions, planned unit developments and condominiums where the land and homes are owned and financed as real estate.

Features and Trends

Manufacturers

There are four CMH member companies building factory constructed homes in eight factories in California. Additionally, nine CMH member factories ship homes into California from neighboring states. In 2018, approximately 3,988 new manufacturers homes were delivered in California, approximately 3,468 of which were produced in the state. Manufacturing and retail sales of new factory constructed homes contributed over $1 billion to the California economy.

Retailers

New manufactured homes are sold by licensed retailers. The California Manufactured Housing Institute, the industry's professional trade association since 1937, has nearly 100 member companies who specialize in the sale and resale of manufactured housing. These professionals must routinely complete certified continuing education programs. Retailers typically control the subcontracting relationships related to installing the home on the lot of the homebuyer's choice. Additionally, many of our retail members also specialize in the sale and installation of factory-built (modular) homes and mobile homes. Others are sold from a model center located in a land-lease community or subdivision. Many retailers will develop a custom factory constructed home for a lot already owned by a consumer or help the prospective homeowner find a suitable lot.

Industry Profile

Homeowner Demographics

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