MANUFACTURED HOUSING COMMUNITIES

Provide a Supply-Side Solution to the Affordable Housing Crisis

Prepared for
UMH PROPERTIES, INC.

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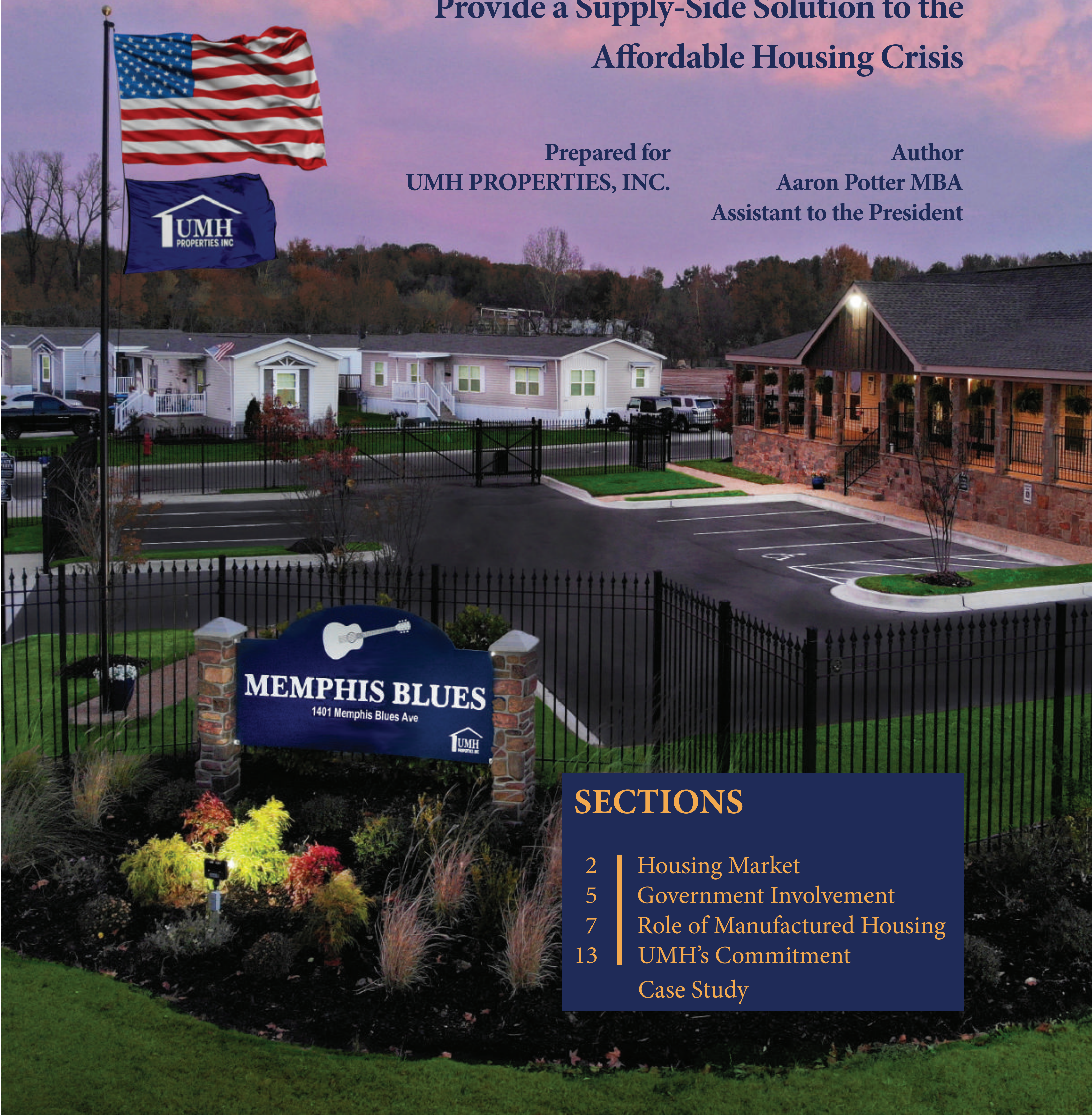

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5 KEY TAKEAWAYS

1

NEARLY ONE-THIRD OF ALL HOUSEHOLDS, 38 MILLION, AND HALF OF ALL RENTERS, 20.8 MILLION, ARE CONSIDERED COST BURDENED.

To be cost-burdened is to pay 30% or more of one's household income on housing itself.

2

THERE IS AN ABSOLUTE GAP BETWEEN THE SUPPLY OF AFFORDABLE HOUSING AND THOSE NEEDING IT BY ABOUT 3.6 MILLION UNITS.

3

FACTORY BUILT HOUSING UTILIZES QUALITY BUILDING MATERIAL, SKILLED LABOR, AUTOMATED EQUIPMENT AND ECONOMIC ASSEMBLY LINES TO CREATE A PRODUCT THAT IS 50% OF THE COST OF SITE-BUILT HOMES.

Manufactured housing maintains cost efficiency without compromising quality.

4

LOW LEVELS OF CONSTRUCTION FOR A DECADE HAVE LED TO A SHORTFALL OF ABOUT 370,000 HOMES PER YEAR, COUPLED WITH AN OBSOLESCENCE OF 350,000 HOMES.

5

IN 2018 UMH'S AVERAGE MONTHLY LOT RENT WAS $449, AND THE AVERAGE TOTAL RENT INCLUDING LOT WAS $743.

INTRODUCTION

America's housing market is going through an affordability crisis, which has plagued the nation for decades, and little has been done to alleviate the pressure it has placed on the economy and society. A multitude of elements have initiated this problem including but not limited to, stagnant wage growth outpaced by the increase in rents and home prices, astronomical student debt ubiquitously held by millennials, rising construction costs, and an outdated system of constructing homes. All these factors are keeping affordability out of reach for millions of Americans. Macro trends such as low-interest rates and below average inflation have done little to abate this problem as many Americans remain priced out of the market. Quality affordable housing has a lasting positive effect on individuals and families alike, helping to promote both mental and physical health, economic growth, and educational participation. Affordable housing also eliminates the need to sacrifice money that would otherwise be used on groceries, healthcare, transportation and other necessities to live. Citizens not unduly burdened by rent and mortgage payments each month are more capable of finding and maintaining employment, investing, and actively participating in their surrounding community; all a real benefit and economic multiplier.

UMH Properties Inc, a NYSE equity Real Estate Investment Trust (REIT), specializing in manufactured housing, believes the affordable housing crisis can be solved by building more affordable manufactured housing communities. This would directly tackle the supply problems that preside over the housing market and provide more Americans with the opportunity to live out their dream of homeownership. UMH Properties has over 50 years of experience helping people achieve that dream, in an industry that existed for roughly 100 years. Called different names in the past, today's manufactured home is a house that owners take pride in going to every day. Manufactured homes in land leased communities can improve the lives of millions, especially those who are cost burdened due to a lack of quality affordable housing.

HOUSING MARKET

The current housing market does not provide adequate housing for the lowest income earners in the country, highlighting a systemic socio-economic issue. Affordable housing should be available to all, as it establishes the foundation for many other aspects of life, including proper education, adequate health care, and overall wealth creation. Households across the country are feeling the affordability crunch, with nearly one-third of all households, 38 million, and half of all renters, 20.8 million, considered cost burdened[i]. This is defined as paying 30% or more of their income on housing alone. Renters also represent 10.8 of the 18.2 million severely cost burdened households, which spend more than 50% of their income on housing. Little has been done to subdue the pressures on those making salaries of $30,000 or less. This portion of the population is still facing many obstacles, as current trends are not in their favor.

Families and individuals making a yearly household income of $30,000 need housing that costs no more than one-third of their income. This equates to $9,900 per year, or $825 per month. UMH can provide a brand new 1,000 square-foot, three-bedroom, two-bathroom manufactured home on a 5,000 square-foot lot with an on-site, two car driveway for less than that amount as total rent. This is the solution to the affordable housing crisis.

Historically low interest rates have helped to keep monthly housing costs down even though housing prices in more than half of the nation's 100 largest metros are above pre-crisis levels. The Federal Housing Finance Agency's House Price Index reports house price increases of 5.7% from Q4 2017 to Q4 2018[ii]. Consistent with a six-year annual average rise from Q4 to Q4 of 5.4%, recent trends demonstrate that both rental and home prices for the lowest cost housing are rising at faster rates than the highest cost housing. In comparison to 1990 where 41% of renters could afford the median rent of $1,064, only 30% of renters could afford the median rent of $1,550 for new units in 2017[iii]. In addition, this is compounded by the fact that the lowest priced homes are getting more expensive. In 2017, real home prices for homes selling below 75% of median sales price grew 6.9%, while home prices for households priced above 125% of the median only grew 3.3%[iv]. Furthermore, between 2000-2017 real prices for the lowest priced housing rose 80% while the highest cost units only increased 28%, cementing the fact that between 1990-2016 home and rental prices outpaced inflation by 41% and 20% respectively[v]. Ballooning prices in building materials, such as asphalt, fuel, lumber, and steel have all led to an increase in overall construction costs, which are then passed on to consumers. Market forces, as well as recent trade conflicts, have led to the roughly 7.4% cost increase in construction material from 2017-2018[vi]. Skilled labor participation required to complete construction has remained below peaks seen in the early 2000s, subsequently adding to total costs. Over and above construction costs, including material and labor, land prices have also skyrocketed due to the lack of developable land in most metros.

Significant increases in home prices are keeping many would be buyers out of the market, especially young first-time buyers and minorities. While over the years the share of minority-owned households has gone up for every group, ownership rates are still far less than white ownership. Young first-time home buyers are finding it hard to come up with enough money for down payments due to other debt burdens, including massive amounts of student loans. Income growth, a welcomed recent phenomenon, is soft and has over the long run failed to keep up with rising costs involved with housing, further exacerbating the crisis. This is especially true for the most vulnerable groups; households in the bottom quartile and those aged 25-34, saw their incomes rise 3% and 5% respectively between 1988 and 2016, while GDP grew 52%[vii]. In the second quarter of 2019, Attom Data Solutions reported that average earners in 74% of counties cannot afford median house prices[viii]. Additionally, Attom reported that currently 61% of markets are less affordable than their historical averages. Disparities such as these underscore the devastating effect that low-income growth can have when coupled with rising costs. The low inventory of quality affordable housing across the country has a tremendous impact on the workforce and employment. Low income earners typically live far from available jobs leaving employers with open positions[ix]. This spatial mismatch between employment and employee could be devastating for both parties. The need for affordable housing today is as prevalent as it's ever been.

Demand for affordable housing is not met by the current supply, leaving millions in desperate situations. The National Low Income Housing Coalition (NLIHC) reports that there are 11 million extremely low-income renter households, defined as those who are at or below the Poverty Guideline, making less than 30% of their area median income. Those 11 million people only have access to 7.4 million affordable units of which 4 million are occupied by those with higher incomes[x], creating an absolute gap of 3.6 million units as well as a gap of over 7 million available units. In other terms, for every 100 extremely low-income renters, only 37 units are accessible and affordable, emphasizing a growing social problem. Income earners higher on the ladder are beginning to take what would be affordable housing away from low and extremely low-income earners. Fewer old apartments are converted into affordable housing, and new stock has not only fallen short of demand but has been predominantly built on the higher end of the spectrum. The decade beginning 2006, occupied rentals increased 21%, but units renting under $650 fell 5% nationwide. In 153 metros out of 381, the results were even worse as these low-cost units fell by 10%, and in another 89 metros, those units declined by 20%. Shortfalls in the affordable supply can also be seen at units priced $800 and below, which between 1990-2016 suffered a loss of 2.5 million units[xi]. Vacancy rates for the lowest cost housing are now lower than at the upper end, a contrast to 6 years ago. This is primarily due to the growing supply of expensive homes and dwindling supply of those priced at the lower end. Although total housing starts have been increasing annually, growth is tapering off. In 2017, housing starts only increased by 2.4% to reach 1.20 million, the lowest percentage increase in 10 years. Growth in 2018 was analogous to 2017, growing only 3.3%, the second lowest percentile increase since the recession. Significant declines in multifamily construction, previously a boon for the housing market, and rising building costs are predominantly to blame for weakness in total housing starts. Single-family home starts have been on the rise since 2011, totaling 871,000 in 2018, but still very short of the 44-year average of 1,024,000. Rental markets, which experienced tremendous growth after the economic downturn of 2008 and 2009, are beginning to show signs of cooling off. These statistics help to point out not only the need but demand for housing to keep up with internal population growth, immigration, and other demographic changes.

GOVERNMENT INVOLVEMENT

The federal government's ability to moderate and help solve these problems has been inadequate to say the least. Government subsidy programs like housing vouchers and low-income housing tax credits are not used to their full potential to grow the supply of affordable housing, failing to keep pace with the growing number of renters needing support. The percentage of renters being helped by these assistance programs decreased between 1987-2015[xii]. Current resource allocation for public housing is primarily committed toward preserving the running stock, due to idle funding[xiii], underlining the need for strong public-private partnerships -which to date have primarily been in the form of low-income housing tax credits. Tax credits are positive for both the developers receiving the credits and the government, which does not incur any upfront cost but instead forgone revenue. Since inception, the tax credits have proved their worth, spurring the production of much needed housing for millions of households culminating in billions of dollars in investment[xiv]. Low Income Housing Tax Credits (LIHTCs) have grown to become the most significant and longest running assisted housing program, but in many cases still require other forms of governmental assistance to completely cover costs for some renters[xv]. Legislation recently passed only aggravates the problem. The Tax Cut and Jobs Act of 2017 cut the corporate tax rate, therefore, disincentivizing the tax credits. Reducing corporate tax levels from 35% to 21% lowers the amount of depreciation expense that would regularly be enjoyed as well as decreases equity that developers own[xvi]. Furthermore, inflation factor changes in the new laws have a negative effect on both LIHTCs and debt obligations, resulting in an estimated loss of 235,000 units over a decade[xvii]. A year later, the 2018 Omnibus Spending Bill provided some much-needed reform to LIHTCs but did little to solve the problem. The bill increased the credits for the first time in years by 12.5%, something the NLIHC has been recommending for a long time[xviii]. However, this increase is set to expire after four years and was only prescribed to 9% of all available low-income housing tax credits. This insufficient attempt to stop the damage done by the tax cut will only create an estimated 28,400 additional homes, far short of the 235,000 projected loss[xix]. The U.S Department of Housing and Urban Development (HUD) sponsored vouchers commonly used in conjunction with LIHTCs declined in 2017 and often took over a year to be awarded[xx]. The government's inability to provide required housing comes as a detriment to its society. Citizens experience shortfalls in other aspects of life because they must pay outsized portions of their budget on the basic need of shelter, forcing them to stay in what feels like a cyclical trap.

It is clear the solution to fixing this affordable housing crisis is to increase the affordable housing stock that is severely undersupplied. Freddie Mac reports that after more than a decade of low levels of construction, the current supply of housing does not meet demand by roughly 370,000 homes per year[xxi]. In addition, the U.S. Census Bureau estimates that around 350,000 old housing units need to be replaced every year because of obsolescence, fodder for a compounding problem[xxii]. Freddie Mac's estimates that 900 thousand to 4 million new homes are needed to close this gap depending on specific variables, such as vacancy rates and target production. Its baseline forecast of 2.5 million new housing units to bring supply in line with demand could be achieved with an annual average housing completion rate of 1.6 million units for the next decade and beyond[xxiii]. One way to partially fill the gap in the supply of housing is to drastically increase the amount of manufactured housing stock, which is already home to 22 million Americans[xxiv]. There are more than 8.6 million manufactured homes spread across the country, accounting for close to 10% of all households in the United States. Building 1,000 new communities containing 200 homes or more a year, for a decade, is feasible and would go far towards reducing the shortage of affordable housing. Studies show that manufactured housing costs, including the setup, transportation, and land can be as much as 75% less than the cost of a site-built house[xxv], but ordinarily average 50%. MHI reports that manufactured housing is obtainable housing with the average price per square-foot totaling $49, while site-built homes average $107 per square-foot. These typically smaller homes generally range from 800 to 1,900 square-foot, allowing ample space for families and are known to be more energy efficient than site-built homes. Factory built homes are meant to last decades with proper maintenance, not only a characteristic of traditional housing. These qualities led to average annual shipments of 291,000 during the 90s and 137,000 during the 2000s. Recent shipments of manufactured homes are much lower, only totaling 96,555 last year. Purchases from factories are growing steadily at an annual average of roughly 10% for the past seven years[xxvi]. Solving the affordable housing crisis requires providing adequate quality housing to those who are most at risk. Manufactured housing is not only the best, but the most efficient way achieving this.

ROLE OF MANUFACTURED HOUSING

Manufactured housing, previously known as mobile homes or trailers, can be dated back circa 1920; appealing to people's newfound affliction to roam in the state-of-the-art technology, automobiles. Campgrounds were the first parking spots for these new mobile homes, but by the mid-'20s, land-leased communities began to blanket the country from coast to coast. Communities grew in popularity as they offered amenities not generally found on traditional campgrounds such as essential utilities, common areas, and playgrounds for children. In the beginning, the green industry was experiencing a lot of change, still trying to figure out all the efficiencies to the production of its juvenile product. However, during the war times of the 1940s, the government came calling, and the industry had to answer to the best of its ability like the rest of the country. Sought after for their simplicity and immediate availability, thousands of trailers were mass ordered by the government to house the influx of factory workers and later assimilate returning soldiers under the G.I. Bill[xxvii]. To meet the demands of the government, inexperienced companies hastily constructed homes with inferior quality materials. It took two years before trailers were considered a housing necessity, allowing them the privilege to finally access proper building materials that were being rationed[xxviii]. Due to early setbacks such as these and a general lack of know how that is enjoyed today, pioneering manufacturers left a lot to be desired in their original products. These less than perfect homes lasted many decades and unfortunately became people's idea of what manufactured housing looked like. The poor image has been hard to shake despite significant improvements over the years.

Manufactured housing is still geared toward low-income tenants, providing the most extensive form of unsubsidized affordable housing in the country. Modern manufactured housing, however, is not limited to specific income demographics, as many luxury coastline communities like Capistrano Shores' and Paradise Cove have sprung up in states like California and Florida[xxix]. Such communities boast celebrity tenants and ideal million dollar lots. Apart from prime locations, a considerable amount of the value in these lots arise from the structures on it. Changes in construction quality have transitioned the industry into a preferable alternative to the legacy site-built home. Wood, metal, vinyl, and all the other construction materials used in a traditional site-built house are also used in the production of a manufactured home. Additionally, these houses benefit from the economies of scale enjoyed by factory builders, technological advancements in equipment that help streamline the assembly process, skilled specialized labor, and most importantly, homes are constructed in a climate-controlled facility sheltering them from outside elements. These efficiencies help to keep costs low as well as nullify other risks typically found with site-built houses, such as vandalism and theft. Legitimate cost savings per square-foot without sacrificing quality, in the end, benefits the consumer the most. Apart from the efficiencies mentioned above, cost advantages are also realized because homes are built to one rigorous, preemptive federally regulated construction standard known as the HUD Code. This code governs the construction of manufactured homes, compared to state and local regulations that dictate traditional housing. More bureaucracy and regulation often lead to increased costs and longer timelines. As the only federal building code of its type, the HUD Code helps to ensure each home is built to a high standard. Manufactured homes built to HUD Code are known to have "38-44% fewer fires and less civilian injuries compared to site-built homes"[xxx], making them one of the most fire-resistant forms of housing on the market. HUD's Safety Standards enforce strict fire resistant and retardant features that help protect homes and residents, such as standards for flame spread, egress windows, as well as remote exterior doors accessible without passage through other doors. Manufactured homes are also designed to withstand powerful winds and are constructed to handle one of three wind loads based on their geographic location. Homes in the first wind zone must be able to withstand winds up to 70 mph, the second zone resisting wind gusts up to 100 mph, and the final zone 110 mph - all while maintaining structural stability and not exceeding the allowable stresses on the homes stabilizing devices[xxxi]. Modern manufactured homes now come standard with or can be easily customized to have shingle roofing, insulation, drywall, pitched roofs, 2x6 framing, vinyl siding, and shutoff valves. Other features like granite countertops and real wood flooring, thought only to be found in site-built homes or luxury apartments, can also be added at the request of the buyer.

As seen, the lower cost of the home does not stem from inferior quality, but rather from the efficiencies of being built to a standard code in a controlled factory. In comparison, on-site construction is less systematic and does not bind itself to mass production methods of efficiency. Manufactured housing is a proven product, whether it is on leased land or sold in a land home deal. Communities provide the best choice for workforce housing and other low-income families seeking an economical solution to their housing woes. Manufactured housing stands out as the clear, viable and sensible option, when compared to renting a like-for-like apartment, the alternative for those seeking affordable housing. Residents benefit from an increased sense of privacy, knowing there are no common wall neighbors. A sense of pride can also manifest since this may be their only path to homeownership. The process of moving a home to one's own land can be relatively expensive, averaging between $4,000 and $5,000. However, in comparison to providing a security deposit and any other additional costs incurred with relocating, one can come very close to that of moving a manufactured home. Even if manufactured homes do depreciate over time, which is not always the case if they are properly maintained and in a strong location, they can still be sold, recapturing some of the original value. Rent payments when strictly leasing an apartment has no chance of building equity or ever being recovered. Other advantages come along with owning your home in a community, such as still being able to apply for deductions on interest and taxes and having access to common areas like dog parks, pools, and playgrounds. Despite the apparent benefits to HUD Code manufactured housing, there's still a lot of animosity stemming from pre HUD Code built homes. Due to this, NIMBYism is still strong with municipalities and neighbors alike, hampering the development of communities or even placement of manufactured homes on private land. Local municipalities popularly allude to significant concerns such as additional stress on schools and other public systems, decreasing nearby home values, and aesthetics, in their attempt to stonewall the progression of new manufactured home communities. This has been going on nationwide for the past 20 years, affecting the supply of quality affordable housing. These concerns have been proven by studies to be inaccurate and are often the result of a misconception about manufactured housing and their residents.

As a result, the industry has faced many setbacks not only due to exclusionary zoning, but also the lack of federally supported financing. Manufactured homes have faced unequal treatment in land use regulations, stopping them from being placed in certain cities and counties based on zoning ordinances. Zoning rights which are usually left to the control of the town, county, and state have been biased toward more expensive residential homes built to local standards even though HUD Code preempts any local or state building codes. States and municipalities should not be able to set impractical zoning barriers that prohibit the placement of manufactured homes because of differences in construction or safety codes[xxxii], but all too often courts rule in favor of hostile restrictive zoning rights for manufactured housing[xxxiii]. This is evident in case law throughout the country, where zoning barriers have been placed for numerous reasons which are not limited to aesthetic, safety, and quality concerns. Courts have even ruled in favor of exclusionary zoning, based on the popular misconception that manufactured housing is "aberrant housing that is rationally disfavored."[xxxiv] Additionally, only allowing homes to be placed in communities and not private land because "The ordinances here in question bear a substantial relationship to the public health, safety, morals or general welfare. They are not clearly arbitrary and unreasonable, and hence are not unconstitutional."[xxxv] Rulings such as these are not uncommon and show the misconceptions and bias against manufactured housing at the local level, even when it is known to be erroneous. Many states are also known to have found state constitutional barriers to exclusionary zoning and regulation. Federal law prohibits states and localities from zoning out affordable housing if it has a disparate adverse impact on minority populations.

Apart from exclusionary zoning, finding proper financing can also be a challenge for many looking to purchase a home. Homes without land are financed with personal property loans or chattel loans. Personal property loans tend to be funded at much higher rates, typically at interest rates between 8-10% in the case of manufactured homes, which can be more than double the rates on traditional mortgages. Chattel loans are also not subject to the same amount of competition that is experienced in mortgage markets, as fewer institutions are willing to originate chattel loans making it harder for owners to obtain financing. Purchasers of manufactured homes in the past usually relied on their retailer to provide them with the needed funding, which left them with one option instead of seeking other rates. The lack of shopping for lower rates often led to buyers paying more than they had to and left them susceptible to whatever the retailer told them. Current laws such as Dodd-Frank, which had intentions on remedying this problem, only worsened it by not allowing anyone who wasn't a licensed mortgage loan originator (MLO) to talk financing under any circumstances. A severe limitation on the assistance purchasers could receive from those in the industry who are experts. The legislation also classified small loans of $50,000 and less as high cost, detracting many would be lenders from the market. Instead of diverting lending institutions from the market, the federal government should continue to work on programs that will spur investment in the industry. Federal assistance to build affordable housing developments, through Fannie Mae and other government-sponsored entities needs to continue to filter into manufactured housing. When community operators can obtain favorable financing on the land and lots, they can transfer that savings to their customers in the form of lower lot rents. To maximize consumer savings, the interest rates at which the homes are financed should also be lowered to something comparable to a conventional mortgage rate. Government-sponsored entities should take into consideration a program where well capitalized manufactured housing community owners can provide their financing to consumers aided by a GSE guarantee to give everyone involved the best deal. A program that UMH would be a champion of as we continue to look for synergies between both parties to provide the needed housing. When both the land and home are rented manufactured housing communities, are the same as horizontal apartment complexes, and should not be treated any differently. By working in conjunction with public entities, manufactured housing community owner operators can alleviate some of the impediments that have stunted growth in the industry. The President along with Secretary Dr. Ben Carson have recently taken that first step in recognizing the importance of manufactured housing in helping solve the affordable housing conflict. A recent executive order on affordable housing calls for deregulation across the board in the housing market, especially for "outdated manufactured-housing regulations and restrictions."[xxxvi] Ben Carson took it a step further by working with Manufactured Housing Institute (MHI) to put on the Innovative Housing Showcase at the national mall. A five-day event where manufactured homes and other innovative homes were put together not only for the public but for politicians to see the product as well. As Ben Carson said, "That's one of the reasons that we're having this display, so not only that people can see this and disabuse them of the notions that manufactured housing are trailers and trailer parks and seeing what actually can happen here."[xxxvii] The president and the Secretary of HUD are not the only ones calling for action as Federal Housing Finance Agency Director, Mark Calabria, also echoed the fact that regulations are too debilitating. Arguing that the strict regulatory environment at the local level is making it harder for developers to build affordably. Calabria believes that this is a national problem with roots at the local level, stating "The most burdensome regulations come from local governments. And typically, it is the wealthiest communities that hike up the regulatory costs of homebuilding the highest."[xxxviii] In order to combat this problem, more has to be done with all levels of government working in conjunction to fix the problem.

UMH'S COMMITMENT

Providing housing to those who need it most has been a top priority for UMH. We know firsthand the struggles that these individuals go through to find adequate, affordable housing. We believe that this is one of the biggest problems facing the country as homelessness is on the rise, and the gap between rich and poor is only getting larger. The problem mainly stemming from the inability to afford a place to live, as sizable chunks of monthly income are allocated toward rent and away from other pursuits such as wealth creation. We know that we can provide families and individuals with a place they are proud to call home at rents they can afford, something we have been doing for over 50 years. Our experience and track record of advancing communities allows us to obtain low financing, which combined with efficiently built smaller houses on smaller lots, will enable us to charge rents that are hard to beat. Our average same-store monthly lot rent per site in 2018 was $449, while our average total rent, including lot rent was $743. Both representing a modest rent increase of less than 4% from the prior year, to cover rising costs and satisfy investor expectations. Even though we provide a benefit to the entire municipality, we are still subject to all the hardships of exclusionary zoning and fight to get proper financing. Battling for years in most cases to obtain approvals for expansions and the building of new communities, as well as lobbying against detrimental financial regulation. UMH has been opposing exclusionary zoning for decades as it seeks to build brand new five-star communities. There is a dire need for affordable housing with very few low-cost options available to minority groups such as Spanish and African Americans. UMH can provide as many as 330 new homes with the majority priced at approximately $100,000 or less, or available as rentals for affordable rates. Since 2005, UMH has submitted several applications for new planned communities, meeting all applicable zoning requirements, but has still been denied.

Despite all of this, UMH has continued to grow, providing affordable housing for nearly 70,000 people. UMH's current and still expanding portfolio of 122 communities across eight states contains 23,000 sites; a mix of homeowners who lease the land and renters who rent both the site and home. Thanks to its large size and vast experience, UMH can accomplish what many in the industry cannot, strong and consistent growth through value-add properties.

Given that developing new communities is challenging at best, we have continued to grow our portfolio through the acquisition of existing manufactured housing communities. Focusing on older properties priced below replacement cost that have been neglected and run down by prior management. This is primarily due to inadequate capital for maintenance and improvements. Each renovation into a UMH community starts with establishing a strong on-site management team that can execute long term goals as well as enforce the rules and regulations. Then the excitement begins with an immediate capital improvements program that includes water and sewer upgrades, street paving, clubhouse restoration, and adding amenities where possible. Significantly improving the underlying infrastructure of the communities where it is needed. Every community is unique, and as such, requires its own business plan that addresses its needs and highlights its attributes. We continue to improve the community by taking out older less efficient mobile homes and replacing them with modern innovative housing, manufactured homes. This helps to phase out past reputations and outdated misconceptions about the community, attracting new demand for homes and rentals. It typically takes 2-3 years to bring a community up to UMH’s standards. We have been satisfied with our ability to source these turn around communities and achieve our goals of providing quality affordable housing in any given market.

UMH also pioneered the first all rental community (Memphis Blues) in Memphis Tennessee, which won MHI's 2019 community of the year award. Backed by an impressive 2018 when UMH won MHI's community operator of the year and the land leased community of the year. UMH's commitment to being part of the solution does not stop at running award winning communities but extends to financing as well. We provide some of the lowest interest rate financing on new and used manufactured homes at 6.75% and 7.25% respectively. These rates are practically unseen across the industry as we try our best to put people in a home they can afford. We are also confident that if we get the house back, with a little touch-up work, it can be sold again for a profit. In addition, we are committed to giving back to our first responders and veterans, setting up luncheons and events for local police, firefighters, and other civil servants. Driven to do right by its customers and shareholders, UMH also knows that nothing would be possible without its hard-working team. Upholding a founding belief of enriching the lives of people impacted by the company, including residents, employees, neighbors, and other shareholders alike.

The affordable housing crisis is one fundamentally of a lack of supply that has devastatingly pushed all costs associated with housing passed levels many Americans can endure. Manufactured housing will go a long way in helping to bridge this gap between supply and demand as it provides the best combination of quality and affordability. Outstanding communities offer a better alternative to renting out of apartment complexes with their added privacy, opportunity to build equity, and so much more. To reach the potential that they are capable of, manufactured housing will have to rid itself of old stigmas that paint an unclear picture of what they are today. Proper exposure at the state and national level is needed, but combating the local bias often felt is the main hurdle that the industry must cross. Once this is achieved, more could be done to fix this daunting social problem. UMH stands at the forefront of all of this as we continue to fight for what’s best for the industry and our customers. The entire company is committed to being part of the solution and is taking the necessary steps to do so.

End Notes

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CASE STUDY
COUNTRY SIDE VILLAGE
COLUMBIA, TN

BEFORE UMH ACQUIRED THE COMMUNITY

AFTER UMH ACQUIRED THE COMMUNITY

	At Acquisition	Today	Increase
Occupancy Percent	55%	95%	40%
Number of Rentals	79	221	142
Site Rent	$302	$372	23.2%
Rental and Related Income*	$953,000	$2,370,000	148.7%
Net Operating Income*	$497,000	$1,454,000	192.6%
Value per site **	N/A	$69,400	47%***
Value of Community **	N/A	$24,233,300	47%***

*Source UMH Sept 2019 Presentation