



Duty to Serve Listening Session – Rural Housing

July 17, 2022

Remarks by Dr. Lesli Gooch, CEO, Manufactured Housing Institute

Thank you to the team from FHFA, Fannie Mae and Freddie Mac, and everyone joining today.

I am Lesli Gooch, CEO of the Manufactured Housing Institute.

Who We Are

MHI is the only national trade association that represents every segment of the factory-built housing industry. MHI members include home builders, suppliers, retail sellers, lenders, installers, community owners, community operators, and others who serve the industry, as well as 48 affiliated state organizations. MHI's members are responsible for close to 85 percent of the manufactured homes produced each year.

In 2022, our industry produced over 112,000 homes, accounting for over 11 percent of new single-family home starts and 7 percent of total housing starts.

Manufactured housing provides an affordable form of homeownership for almost 22 million people nationwide. Manufactured housing offers value to consumers because of technological advancements and cost-savings that are associated with the factory-built process, and because of the efficiencies that come with a federal building code.

Rural

Manufactured housing has a particularly important role in facilitating affordable homeownership in rural communities. Manufactured housing represents 6.3% of the nation's total housing stock. In rural areas manufactured housing represents about 14% of stock.

5 of the top 10 states that lead in MH shipments have at least a 33% rural population; at least a quarter of the population lives in rural areas in 8 of the top 10 states. Conditions in the homebuying market are pushing consumers to explore options outside of population-dense urban areas. The top two states for MH shipments were also the leading states for domestic migration in 2021.

Duty to Serve

MHI believes that the U.S. housing finance system must do more to support homeownership through manufactured housing.

In reviewing the Enterprises Rural Duty to Serve plans for 2022 through 2024, MHI appreciates some specialized areas of focus, such as CDFIs, the low-income housing tax credit, multifamily mortgage credit, and doing research and holding symposiums on how to do even more in rural areas.

However, the overriding focus on rural Duty to Serve has and should continue to be purchasing single family loans in rural areas, which inevitably involves a focus on purchase of manufactured home loans. With respect to that metric, we support the 2022 to 2024 Duty to Serve plans' boost in targets for purchase of rural single family home loans.

The greatest liquidity need is in personal property manufactured home loans. This is because Fannie Mae and Freddie Mac have not purchased personal property loans in 15 years. Fannie Mae and Freddie Mac have for many years, under Duty to Serve, promised to resume the purchase of personal property loans – but so far, have not done so.

Fannie Mae and Freddie Mac continue to also have an important role in purchasing real property manufactured home loans, and MHI appreciates that both Enterprises have made critical updates to appraisal guidance for so-called CrossMod homes, which provide additional amenities at an attractive price point.

However, the Enterprises continue to charge a 50 basis point LLPA on real property manufactured home loans. We ask the Enterprises to eliminate that fee.

I will expand on my recommendations during the duty to serve manufactured housing session tomorrow.

Conclusion

- MHI and our members sincerely appreciate the work that has gone into the Duty to Serve activities and stand ready to help and support the GSEs as they take the next step in continuing to develop a robust secondary market for all manufactured home loan products.
- A stronger involvement by Fannie Mae and Freddie Mac in the manufactured housing market will not only strengthen homeownership opportunities but also offer an alternative to consumers who are hurt by unaffordable rents or the shortage of adequate housing.
- Manufactured housing is critical to increasing the availability of affordable housing in America and MHI looks forward to its continued engagement with FHFA, Fannie Mae and Freddie Mac on this issue.