

# Mobile Home Replacement Report

## Executive Summary

### Introduction

To ensure the long-term sustainability of our nine mobile home parks, ACCT is currently planning significant infrastructure improvements. As the landowner, the organization is positioned to fund and construct these improvements; however, in order to address the aging owner-occupied homes themselves, the individual owners must navigate complex programs and undertake what is often a costly investment. Because of this it is important for ACCT to understand just what the scale, cost, and hurdles of replacement are, for example:

- Residents may need deeper subsidy than existing programs provide;
- Those with necessary funds may be unsure of how to start the process.

This report was conducted by Middlebury College Privilege and Poverty intern Ella Jones during summer 2022. It organizes and analyzes data collected from ACCT applications and some municipal databases to better understand the scale of the undertaking. It then outlines some of the costs and programs available to help better understand the challenges to improving park sustainability.

### Assessing the Challenge

ACCT was able to obtain land record data from Middlebury and Starksboro that allowed us to identify the number of pre-1976 and pre-1994 homes in Lindale, Brookside, Hillside Manor, and Lazy Brook, which combined represent a little over half of ACCT's portfolio. This analysis identified 19 pre-1976 homes (10%) and 98 pre-1994 homes (55%). If these numbers are extrapolated to the rest of the portfolio, it is likely that 2/3 of the homes in ACCT parks were manufactured prior to 1994, representing over 200 homes likely in need of replacement.

- 10% of homes in ACCT parks are older than the 1976 HUD Code—enough to absorb all the tax credit grants available in a year (30+)
- 55% are older than 1994, when the HUD Code was substantially updated—these homes are more than 25 years old

Approximating income data based on self-reported household income at the time of application, analysis revealed that 75% of residents likely have an income of under \$50,000 annually. This compares to a common replacement scenario necessitating over \$60,000 per year in annual income to afford without spending more than 30% of income on rent.

### Options for Replacement

Based on calls to several Vermont-based dealers, current pricing on 2br/2ba mobile home models is over \$100,000 including delivery and installation. Zero Energy Modular (ZEM) options are about double the cost. In the case of manufactured homes, financing options tended to have higher rates (at least one to five percentage points above conventional 30yr mortgage rates) and shorter terms—typically only 10 years. Since ZEMs have access to more conventional financing, the total monthly cost even before utilities is roughly comparable to a new manufactured home—yet many households still don't consider them to be an option due to sticker shock.

In addition to high costs, another barrier to replacement is the long lead time for homes. For example, Bean’s Homes, which offered several models with competitive financing (assuming good credit), had lead times of ten months.

Based on data collected and options studied, several dozen ACCT households may live in homes older than 30 years and have incomes to support financing a replacement. Even so, additional challenges such as ACCT’s outreach capacity, sticker shock, and the likelihood that residents of older homes are not carrying mortgages (and hence would be likely to experience a large increase in monthly housing costs were they to replace their home) remain.

## Sample Budget for Replacing a Mobile Home

Up-Front Costs	
New Manufactured Home	\$100,000
Removal of Old Home	\$10,000
Other Costs	\$5,000
<b>Total</b>	<b>\$115,000</b>
CHT Grant	-\$27,500
Buyer Cash	-\$2,500
<b>Net Cost to Finance</b>	<b>\$85,000</b>

Do you live in a mobile home that needs extensive repair or replacement? This info sheet can help you know what to expect in terms of costs and whether or not replacement might be an affordable option for you. Your actual costs may vary depending on the kind of home you choose and the financing terms you are able to secure. To learn more, see Mobile Home Replacement on ACCT’s website.

Monthly Cost of Mobile Home Replacement	
Mortgage (10yr term @ 6.25%)	\$950
Taxes & Insurance	\$250
Utilities	\$400
<b>Total Monthly Housing Cost:</b>	<b>\$1,600</b>
Yearly Income Needed (@Cost <30% Income)	\$64,000

Dealer	Home Type	Contact
<a href="#">Bean's Homes</a>	Manufactured, Modular	1-800-321-8688
<a href="#">Fecteau Homes</a>	Manufactured, Modular	802-229-2721
<a href="#">Village Homes</a>	Manufactured, Modular	802-229-1592
<a href="#">Vermod</a>	ZEM	802-295-0042
<a href="#">KBS</a>	ZEM	207-739-2400

### Conclusions and Next Steps

The cost of mobile home replacement outstrips the ability of most ACCT park residents to afford it, and this is likely true across the state. Two policy options could help more residents replace their homes:

- Increase the amount of the down-payment grant to reduce the balance that must be financed;
- Better analyze depreciation trends for mobile homes in parks, and offer a public financing option with a 30yr term if supported by the evidence.

Even with existing options, this report identified a number of ACCT resident living in homes older than 30 years and with expected earnings sufficient to support replacement costs based on the scenarios that were explored. With the outreach materials created through this project, ACCT can begin to conduct outreach to determine if any of these residents are interested in exploring replacement of their home.