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Client Bulletin



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Fannie Mae: Mobile Housing as “Naturally Occurring Affordable Housing”

Growing communities are challenged to balance economic opportunity and strong services like quality public schools with attainable, quality housing. [Columbus Business First](#) recently quoted Harvard’s Joint Center for Housing Studies in reporting that:

- 47% of people who rent in America are “cost-burdened”, meaning they spend more than 30% of their income on housing.
- That number goes to 83% when looking at low-income renter households.
- From 2011 to 2017, the number of low-rent housing (costing \$800 per month or less) fell by about four million units.

This is a workforce as well as generational issue. Families may wonder if their children will be able to return to their communities, or if parents can relocate to be closer to their children and grandchildren, regardless of whether any of those three generations prefer to own or rent.

In “Why Big Investors Are Buying Up Trailer Parks,” as originally published in the [Financial Times](#) and reprinted by [Columbus Business First](#), “big name investors – from real estate investment trusts such as Equity Lifestyle Properties (ELS) to the Singaporean sovereign wealth fund GIC and large private equity funds such as The Carlyle Group and Apollo – have all begun buying mobile-home parks.” Warren Buffett’s Berkshire Hathaway owns Clayton Homes, the largest builder of manufactured housing and modular homes in the USA.

Tenants and activists complain about rent spikes and being oversold and under-delivered on maintenance by these groups. On their side is ROC USA (“Resident Owned Communities”), a non-profit venture that aims to expand resident-owned manufactured housing across the country in the same form of co-op ownership that one might find from major metropolitan areas like New York City for high-rise apartment buildings to rural America when it comes to utility providers of water, electric, gas and telecommunications.

The point here is not that mobile home parks are on their way to every community – part of the reason this asset class appeals to investors is that there are typically high barriers to entry preventing new ones. Instead, we live in a day and age in which some are starting to use phrases like “real estate as a service” and retail real estate includes not just strip centers and regional shopping malls, but also one million square foot warehouse distribution centers for E-commerce for 1-3 day shipping to the customer’s door.

Communities will need to think more and more about land use, design standards, building sizes and supporting infrastructure (especially roads, sanitary sewer and increasing broadband) in adaptive ways that work for up to five generations at a time, from traditionalists, boomers, Gen X, Millennials and Gen Z.

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