THE SPOKESMAN-REVIEW

Mobile home parks - one of the last affordable housing options - on verge of disappearing as investors snap up land

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From left: Tina McKinstry, president of Takesa Village Cooperative; Todd Walters, operations manager; and Sheila Tyler, treasurer, gather Oct. 6 at Takesa Village. The three are volunteers leading their mobile home community's cooperative in Mead. (Tyler Tjomsland/The Spokesman-Review)

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After Orem, Utah-based Havenpark Communities purchased Oak Crest in Coeur d'Alene last year, the investment firm told residents it would be raising lot rent, sending a shockwave of alarm throughout the mobile home park.

Many residents of the more than 400-home community are on fixed incomes, receiving only Social Security and disability benefits. Some have lived at the park for decades because of its affordability compared to traditional single-family homes.

Now, those residents fear they will be priced out with nowhere to go.

In letters submitted to The Spokesman-Review, existing Oak Crest residents indicated their monthly lot rent is increasing nearly 23%, from $365 in August 2021 to $447 as of Tuesday. Lot rent for new residents will increase 33% from $595 to $795.

Manufactured homeowners pay rent to the landowner for the ability to place their property on a lot in the community.

One resident, whose lot rent is equal to 40% of their income, penned an anonymous letter expressing concern about becoming homeless because of Oak Crest's increasing rents.

"If this trend continues it will be impossible to maintain a residence in Oak Crest," the resident wrote. "Unfortunately, I will not be able to qualify for suitable housing. The specter of becoming homeless can be a reality. I know that my situation is not unique. However, I am very concerned that I will become homeless without resources to secure affordable housing."

Manufactured home communities, among the few remaining affordable housing options, are at risk of being wiped out as investors are purchasing them and either redeveloping the site or raising rents to levels that residents can't afford, potentially forcing them leave.

It's a situation that's unfolding in the region and nationwide.

There are nearly 100 manufactured housing communities in Spokane County, representing an estimated 5,000 households. While it's unclear how many manufactured housing communities are in North Idaho, there's more than 5,500 mobile homeowners in Kootenai County, according to the U.S. Census Bureau.

Oak Crest resident Mary Merrill said while she's able to afford lot rent, there are two residents with monthly incomes of $700 and $900 who may be especially burdened by the increase that went into effect this month.

"They are soon going to be in a place where they have to rely on family members to help subsidize their rent or move in with a family member," she said. "I lived here in the 1970s and there was no problem finding an apartment. Now, the waiting list for senior or income-dependent housing is about two years."

Havenpark Communities

Havenpark Communities – formerly Havenpark Capital Partners – develops and operates manufactured housing parks nationwide.

In recent years, the company acquired other mobile home parks across the country, including communities in Billings and Waukee, Iowa, where residents claimed annual lot rents increased by 69%, the Des Moines Register reported.

In an email to The Spokesman-Review, Havenpark Communities said while attempting to purchase Oak Crest from its prior owners, the company was in competition with two other potential buyers that were planning to redevelop the site, meaning residents would have been evicted.

"The prior owners ultimately chose us as the appropriate buyer for Oak Crest – largely because they wanted to see the community continue as a manufactured home community for decades to come – which has always been our plan," the company said in the email.

Rather than increasing rents for all residents to market rate, Havenpark is allowing existing residents to be "grandfathered" into discounted rates while new residents are charged higher rents, the company said.

"We understand the anxiety that any rent increase has on residents, especially those on fixed incomes," Havenpark wrote. "While we try to minimize the impact, the financial realities do not change: a property purchased at a fair market price for the area must charge the prevailing fair market rate for the area."

Havenpark also mentioned it has increased rent, on average, by $35 the first year after acquiring the park and $50 this year, only slightly higher than the rate of inflation for the area. It also spent $700,000 in community upgrades, it says.

Havenpark said residents who feel like the $50 increase is more than they want to pay have been selling their homes for large amounts. For example, homes that initially cost $12,000 to $15,000 in the 1980s are selling for more than $100,000 now, according to the company.

Merrill, the Oak Crest resident, said manufactured homes are not comparable to renting an apartment. Homeowners have invested thousands of dollars in their homes sitting on leased land.

Although the properties are referred to as mobile homes, they aren't made to be portable and it costs anywhere from $10,000 to $15,000 to relocate them, she said.

"Then you have a secondary problem. What do you do with it after that? We are unique in that we have significant capital investment in our homes," Merrill said. "It's questionable whether they are movable. If they are movable, where would we move them?"

Merrill said she understands why mobile home parks are attractive investments for developers. During the COVID-19 pandemic, rent and eviction moratoriums prompted investors to shift their focus from multifamily developments to mobile home parks because residents were continuing to pay lot rent.

"Residents who have this type of investment, in my opinion, will do everything possible to pay their rent and pay their rent on time," Merrill said. "We have mostly elders in this park. They bought into it 10, 20 years ago and thought, 'This is going to be my last home.' "

'Captive customers'

Housing advocates are concerned that investors are pushing up rents to the point where manufactured housing will become unaffordable for residents on fixed incomes.

More than 22 million people nationwide live in manufactured housing communities. Mobile homes are less expensive than traditional single-family homes, with an average sale price of $148,000 in Idaho and $117,900 in Washington in 2021, according to the U.S. Census Bureau.

In September, the median price for a single-family home in Kootenai County was $550,462 and $410,000 in Spokane County, according to the Coeur d'Alene Regional Realtors and the Spokane Association of Realtors, respectively.

A decade ago, a concern among National Manufactured Home Owners Association members was that communities would be razed for redevelopment, said Dave Anderson, executive director of the National Manufactured Home Owner Association.

"I don't think that's the perspective anymore in the world of manufactured housing," Anderson said. "Now, because of the work of a lot of people, manufacturing housing has been recognized as a valuable resource to meet a need for housing and desire for homeownership."

Housing advocates say because relocating manufactured homes is an expensive undertaking, it makes mobile home parks attractive to investors.

The pandemic also drove aggressive investment from developers in manufactured housing communities, in part, because of lower operating costs compared with multifamily developments, Anderson said.

"Once you buy it, you can do whatever you want to make your money back or make a profit because you've got captive customers," he said. "Once you've got it, you can reduce maintenance and amenities. You can jack up the rents. What are (residents) gonna do?"

About a third of manufactured housing communities nationwide changed hands from 2015 to 2021. National corporations purchased about half of those communities, Anderson said.

"It's startling enough that a third of the sites would change hands in a six-year period and half go to national companies," Anderson said. "Starting in 2021, 81% went to national buyers … a lot of people now see it as a good investment. They are also sold on the Mobile Home University approach of 'Cut costs and jack up the rents.' "

Mobile Home University is an online video training course that shows investors how to purchase, repair, sell or rent mobile homes. Its website lauds affordable housing as “the hottest arena in commercial real estate.”

“With over 20% of Americans trying to live on $20,000 per year or less, the demand for mobile homes has never been higher,” Mobile Home University’s website states. “And the big winners are the owners of the mobile home parks in which those customers reside.”

About 115 cities and counties nationwide have adopted variations of rent-justification ordinances for manufactured housing lots, Anderson said.

“There’s a lot of precedence out there for something that says, ‘Yes, rent increases need to happen and it’s fair to earn a profit on an investment,’ but it either has to be justified by actual cost or stick to a local calculated rate of inflation or has to match upcoming costs,” Anderson said.

In 2015, the city of Spokane adopted an ordinance to establish a manufactured home park zone to preserve existing mobile home lots.

In Idaho, the Kootenai County Regional Housing and Growth Issues Partnership established a subcommittee dedicated to manufactured housing and resident-owned communities. The partnership formed last year to address housing solutions in the county.

Kiki Miller, a Coeur d’Alene City Council member who has been leading the partnership for more than a year, said her brother was displaced from a mobile home park in North Dakota, so she understands the hardship it presents.

She said a number of Oak Crest residents have approached the city for assistance, but there’s only so much it can do, as Havenpark has private property rights.

Miller, however, asked Victoria O’Banion, a marketing and acquisitions specialist for ROC Northwest, to lead a coalition to raise awareness that mobile home park residents have an option for purchasing their properties.

ROC Northwest is a branch of ROC USA, a New Hampshire-based nonprofit that helps residents buy their manufactured housing communities. It has assisted residents with the purchase of more than 20 communities in Washington and two in southern Idaho.

“There’s an option out there that can be a win-win,” Miller said. “Owners are going to end up with fair market value of their land and they won’t end up having to displace residents.”

By forming a resident-owned community, homeowners join a cooperative association that borrows money from ROC USA’s funding sources. Each association member contributes a joining fee while their lot rents go toward paying off the mortgage. Operating costs are divided by the number of lots.

Residents then own the land where they live and have a say in any rent increases. They are also responsible for maintenance of the park, overseeing its budget and managing vendors, O’Banion said.

As a result, manufactured homes in ROCs tend to increase in value, O’Banion said.

“I don’t think there’s a community that regrets making that choice,” O’Banion said. “What we know is the rent stabilizes. The only reason why residents would have to increase their rent is for an unplanned expense.”

If residents form an ROC after a purchase has already happened, they have strength in numbers and could essentially approach the site owner to make an offer. Or they could advocate to be the first party notified should the property owner wish to sell in the future.

“If the owner decides to sell, there is a 15-day requirement to notify tenants, but it doesn’t give them enough time to prepare and execute a purchase,” Miller said. “If they were able to organize, they could work with a company like Victoria’s.”

Merrill said she would like to see changes at the state level around a law to provide the first right of refusal before a manufactured housing community is sold, meaning residents get the first crack at making an offer on the property.

She would also like to see the 15-day notice to sell extended to at least 30 days.

“I’m concerned about the timeline,” Merrill said. “I believe residents of Idaho in a manufactured home park on leased land should have an ability to have a 30-day notice if the park is being sold and first right of refusal. Those are two things that can be done that don’t impact profitability of investors much.”

Takesa Village Homeowners Cooperative

Takesa Village Homeowners Cooperative in Mead is a successful example of a resident-owned community.

Takesa Village opened in 1969 and has expanded over the years into a 214-site manufactured home community.

When Takesa Village learned its previous owner was looking to sell the property, residents formed a cooperative and purchased the site in 2016 to have better control over rents and the ability to keep money within the community, said Tina McKinstry, president of Takesa Village Homeowners Cooperative.

Homeowners elect a board of directors to oversee Takesa Village, and every household has input on how the cooperative spends money, its annual budget and rent changes.

The cooperative hired a property manager to handle rent collection and other financial duties, but it mostly appoints volunteer committees for community improvements and projects to keep costs down, McKinstry said.

Takesa Village is a thriving neighborhood, and the process of buying the site has brought the community closer together, McKinstry added.

“Initially, there was a learning curve with running a cooperative. Finding volunteers to cover everything was daunting,” McKinstry said. “Now, we are really strong financially. We did one $5 rent increase a couple of years ago and we made it through COVID because of the fact that we’re community- and member-based.”

McKinstry, who owns a 1,860-square-foot, four-bedroom home with lot rent of $380 per month at Takesa Village, said residents learned a lot through the process of forming a cooperative.

She said she would form a cooperative again “a million times over.”

“When a group decides to come together and buy their park, it guarantees their future home has a place to stay and they will not be forced out,” she said. “It gives them security that they will not face the grueling costs of having their home removed or having to walk away from it.”

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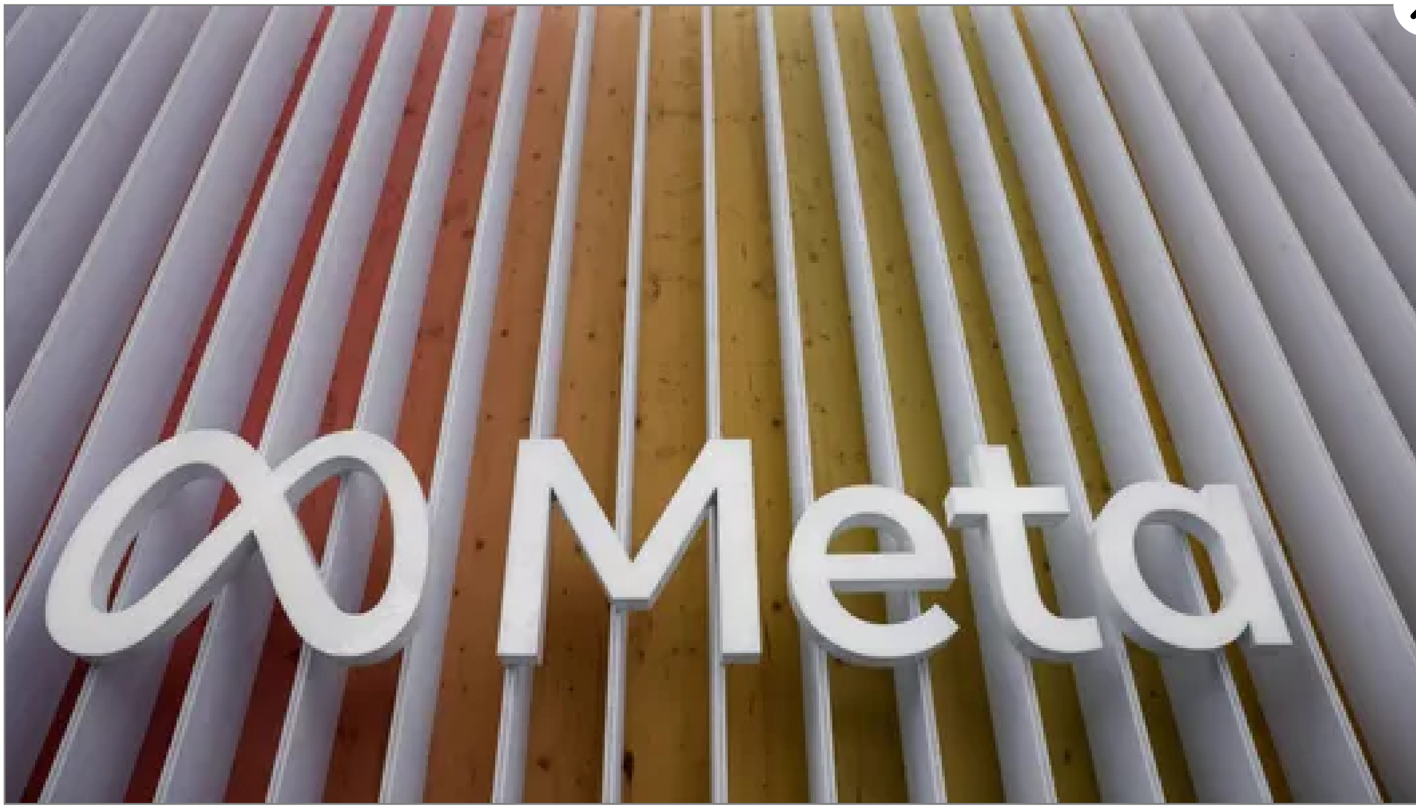

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