

## A New Delivery System for Factory-Built Housing























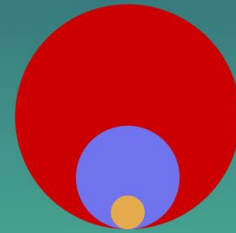




# Manufactured Homes



10 Million Manufactured



What's Affordable?

## What's affordable?



8%

Manufactured



3%

Low-income



1%

Sponsored by Nonprofits

## Opportunities for Sector Change

SUPPORTED BUYERS



ENERGY SAVINGS



2M MOBILE HOMES





## What if Done Right?







**At Next Step, the elements of  
Manufactured Housing Done Right™ come together.**



**Homebuyer  
Rights**



**Fair  
Loans**



**Pricing  
Transparency**



**Homebuyer  
Education**

Our belief is that when **prepared and supported homebuyers** purchase **quality, energy efficient homes on permanent foundations** financed with fair loans, they will be more successful.

















### Manufactured Housing is the largest unsubsidized affordable housing stock in the US:

- Manufactured homes help bolster rural homeownership rates and represents an important source of affordable housing, 430,000 units account for about 18% of the region's overall residential stock, triple the national average of 6.5%.
- In 2013, the average price for a new manufactured home in Appalachia was \$68,000.
- Nationally, one in four rural homeowners are manufactured homeowners.
- This year **over 8,800 new manufactured homes will be shipped into FAHE's Central Appalachian States.**



## What do Appalachian Housing Advocates Need to Know?

**According to the ACEEE, manufactured homeowners spend 30% more on utilities than any other resident type:**

- 2 million pre-1976 HUD Code homes, the most energy inefficient.
- In Central Appalachia, we are researching the number and concentrations of mobile homes and the occupant socioeconomic characteristics.
- Not uncommon to find owners of mobile homes spending half their monthly income, more than 90% with incomes below the national median, on utilities.
- Over the past five years only 1- 2% of the annual manufactured home shipments in Appalachia have been ENERGY STAR. (Except for Tennessee)









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### Home Loans are tilted toward Chattel:

- Approximately 75% of manufactured homes are financed as Chattel or “Home Only,” carrying higher interest rates and lower consumer protections.
- However, 70% of homes are placed on private land, which means that more could be financed with mortgages if the homes had permanent foundations.
- Next Step’s homes placed on permanent foundations are financed with mortgages.
- A mortgage loan over a chattel loan can save a homebuyer more than \$300 per month in loan interest.
- Homebuyer education in the manufactured housing finance industry could improve success rates.





## Retail Direct Program

**Next Step Members provide**  
the following for clients:

- Homebuyer education
- Credit counseling
- Down payment assistance
- Financing
- Housing

**Homes** offered must  
meet these minimum  
specifications:

- Energy Star
- Sited on a permanent foundation (there is a community exception)

### **Next Step Pricing Model**

Invoice x 1.45% +  
Improvements at cost =  
Calculated Selling Price  
(CSP) to NS Member

### **Revenue Sharing Model**

CSP x 10%  
Payable to Next Step Homes  
after closing for distribution  
to NS Member (7%); Next  
Step (3%)

- Utilizes the inherent strengths of the CMH Retail Store to assist in fulfilling our mission.
- Next Step Member educates, supports and qualifies homebuyer.
- Next Step Member works with Retail Store to select homes, price points and home specifications.
- Retail Store orders home and completes siting, improvements and finishes home.
- Next Step Member advises homebuyer throughout home purchase and construction process.
- Retail shares gross profit with Next Step.







- Next Step, CFED and Fahe commissioned a Central Appalachian Mobile Home Needs Study with Virginia Tech, funded by NeighborWorks and Wells Fargo Foundation.
- In Kentucky, Next Step with Frontier, Community Ventures and COAP are launching the Retail Direct Program.
- In Tennessee, Eastern 8 has launched their Retail Direct Program.
- In West Virginia, Next Step is partnering with the HomeOwnership Center in Elkins and CommunityWorks WV and 8 of their Members to launch a Retail Direct Program.

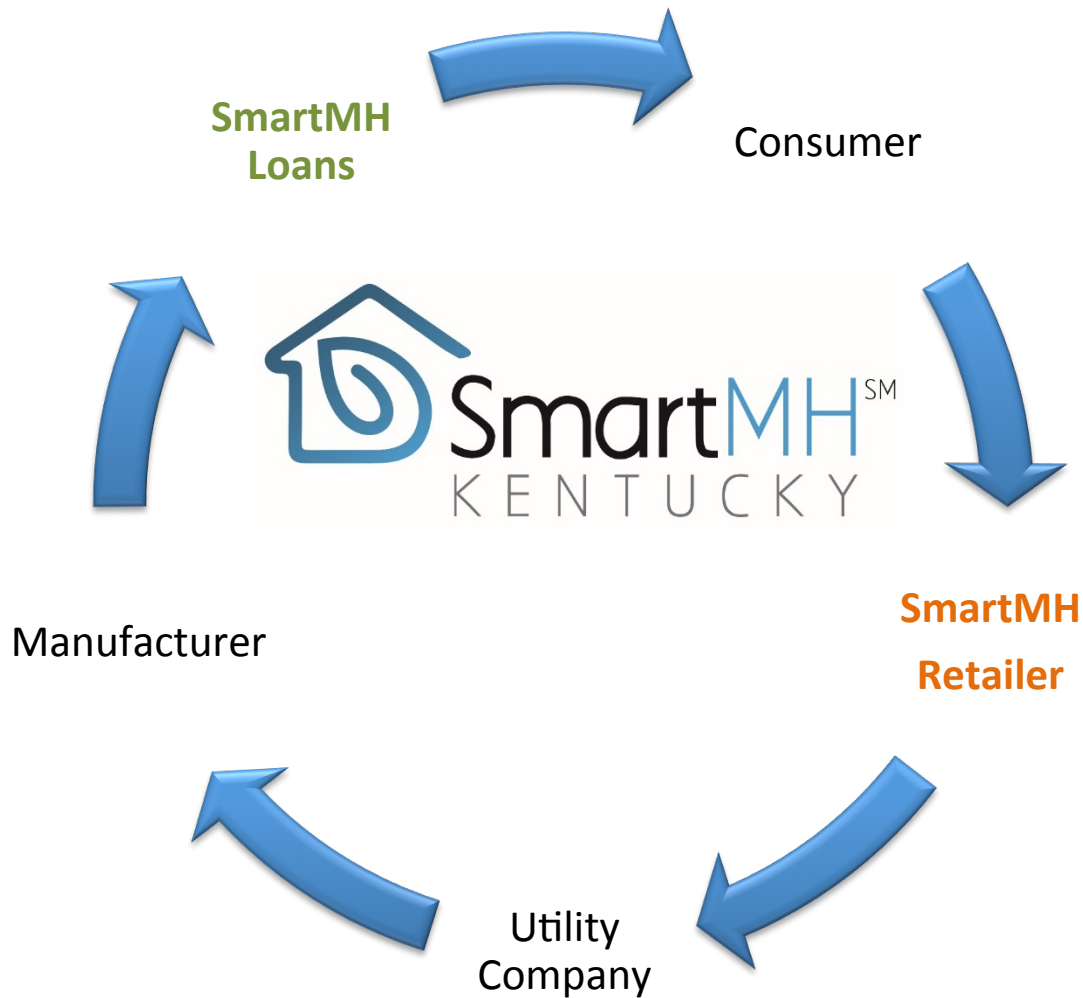
**The SmartMH KY Alliance is a partnership of the manufactured housing industry, lenders, retailers, nonprofits and public stakeholders.**

**We are committed to increasing access to ENERGY STAR homes with better loans across the Commonwealth.**

**Two Years – 1,000 homes a year!**

**We aim to achieve this through outreach, marketing, branding, training, program evaluation and financing.**





## First Homebuyers Donald & Brittany Jones







**Thank you!!**

