

Testimony in favor of LD 337, “An Act to Amend the Regulations of Manufactured Housing to Increase Affordable Housing.”

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Good morning, chairs Gere and Pierce, and all members of the Housing committee. My name is Josie Phillips, and I am representing Maine Center for Economic Policy. I am testifying in favor of LD 337 because it would make it easier to more quickly and efficiently increase the stock of affordable housing in Maine while providing wealth-building opportunities to more Mainers with low and moderate income.

LD 337 would help put manufactured housing on par with site-built housing by subjecting it to the same zoning requirements and dissuading municipalities from putting unduly burdensome requirements on its design or placement. While local governments will still have control over where housing is built and how it should fit into the surrounding neighborhood character, this bill would prevent local governments from adopting regulations strictly for the purpose of restricting the siting of manufactured housing.

The most promising element of manufactured housing is that it is inexpensive, both to build and to purchase. According to the Manufactured Housing Institute, factory-built housing is roughly half as expensive as site-built housing,ⁱ and the Turner Center estimated in 2017 that off-site construction can reduce costs by up to 20 percent relative to on-site construction.ⁱⁱ Reducing the cost of construction is critical, as the costs of construction materials alone have risen by more than 40 percent since the beginning of the pandemic,ⁱⁱⁱ and according to some industry experts, these higher prices are quite likely here to stay for the foreseeable future.^{iv}

The savings generated by off-site construction are then passed on to the consumers, allowing more Mainers to benefit from the residential and financial stability that comes with homeownership. Census data shows that as of August 2023, the median sale price for a manufactured home in the Northeast was \$132,500.^v This is less than half the median sale price for single family homes in Maine for that month according to both Redfin (\$378,000)^{vi} and Zillow (\$369,191).^{vii} Because manufactured housing appreciates at roughly the same rate as site-built housing when sited on owned land, purchasing a manufactured home not only provides housing stability to the purchaser but also an opportunity to build wealth. This wealth can be critical to ensuring a household’s financial stability for decades if not generations to come. Equitably expanding opportunities to build wealth can also boost overall economic growth and make the economy more resilient in the face of recessions.^{viii}

It is worth noting that zoning and regulatory parity with site-built housing is not all that is required to fully unlock the potential that manufactured housing has in expanding affordable housing options to more Mainers. For instance, expanding the availability of financing for manufactured home purchases is critical. Loans for manufactured homes are held to higher standards than loans for site-built homes, and more than half of loan applications for manufactured homes are denied.^{ix} However, LD 337 would prevent or remove a substantial barrier to purchasing and siting manufactured homes, and I encourage this committee to vote ought to pass.

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ⁱ Lincoln Institute of Land Policy, “Home Economics: How Manufactured Housing Can Help Solve the National Housing Affordability Crisis.” December, 2022. <https://www.lincolninst.edu/publications/articles/2022-12-manufactured-housing-help-solve-housing-crisis>

ⁱⁱ Turner Center for Housing Innovation, “Building Affordability by Building Affordably: Exploring the Benefits, Barriers, and Breakthroughs Needed to Scale Off-Site Multifamily Construction.” March, 2017. https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/offsite_construction.pdf

ⁱⁱⁱ U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Special Indexes: Construction Materials [WPUSI012011], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/WPUSI012011>, January 17, 2024.

^{iv} Construction Dive, “Higher material prices here to stay.” June, 2023.

<https://www.constructiondive.com/news/falling-material-prices-expected-reverse-course/651744/>

^v U.S. Census Bureau, “Latest Data Tables of New Manufactured Homes: Average Sales Price by Region and by Size of Home.” <https://www.census.gov/data/tables/time-series/econ/mhs/latest-data.html>. Accessed 1/17/2024.

^{vi} Redfin, “Maine Housing Market.” <https://www.redfin.com/state/Maine/housing-market>. Accessed 1/17/2024.

^{vii} Zillow Home Value Index – Maine. <https://www.zillow.com/home-values/28/me/>. Accessed 1/17/2024.

^{viii} Federal Reserve Bank of St. Louis, “How Equitable Wealth Outcomes Could Create a Resilient and Larger Economy.” February, 2023. <https://www.stlouisfed.org/on-the-economy/2023/feb/how-equitable-wealth-outcomes-could-create-resilient-economy>

^{ix} National Conference of State Legislatures, “Manufactured Homes: An Underutilized Source of Affordable Housing?” December, 2023.