

CDSComments

From: Jackie Braverman <jackiebraverman@gmail.com>
Sent: Monday, September 11, 2023 4:42 PM
To: CDSComments
Subject: Fwd: East Harbor Hills
Attachments: Planning Comm..pdf

TO: The Planning Commission
From: Jacqueline H Braverman, Ph.D.
Re: Mobile Home Park in Blaine
Date: September 12, 2023

Here I am writing to you again, now with a brief reprise of information which, regrettably, I did not have an opportunity to present to you on April 13. I hope you will have the opportunity to act upon this information as you might have done at that time,

Please see attachment:

You well recall that I and several others made an informed plea to the Planning Commission that East Harbor Hills sell lots in a subdivision so that buyers could place mobile homes on owned land rather than in a rental park. We spent hundreds of hours studying the situation for homeowners renting space in a park and conducted our own research in Washington.

A book entitled Manufactured Insecurity: Manufactured Home Parks and Americans Tenuous Right to Place sums up the situation in just one phrase: “**half-way home-owners,**” which is what it is to own your home, but not the land beneath it. Not owning the land costs far more than just the money spent on high interest loans and rent: it robs you of the potential to fully build home equity; it robs you of control of your life because the land beneath your house can be bought or sold at someone else’s whim.

Through all of this, we explained that our concern is not with mobile homes per se but with mobile home parks. We advocated that these homes be included in a normal PUD subdivision so that home-owners could enjoy far greater appreciation and save hundreds of thousands of dollars in ongoing payments. We hoped that the City of Blaine would recognize its responsibility to its citizenry, current and potential, by recognizing that mobile homes in a park offer merely a pretense of the term “affordable housing.”

Some facts:

- HUD parameters for affordability: housing should account for no more than 30% of gross income.
- Household income of \$134,600 in Blaine is needed to meet just rental and chattel loan interest fees, plus taxes. If rent is \$800 per month (per Jansen 12/22) and chattel interest rates are between 8 1/2 and 12%, the annual expense of living in a park is **\$40,380** not including utilities and home insurance.
- The following chart presents a comparison of the monthly cost of a mobile home purchased for \$260,000 vs a Town House in The Ridge. Which was listed on Zillow in April 2023 for \$529,000.

	MFG Home	Ridge Townhouse
Square Feet	1493	1498
Loan terms	15 year chattel loan	30 year
Interest rate	9.25%	6.5%
Lot Rent per Jansen 2022	\$800	-
Property Tax	199	375
HOA Fees	-	\$252
• Monthly payments	\$3365	\$3547
• Equity Built	NO	YES

The fiction of “affordability” cannot be sustained for other than high income earners.

Return on investment, per Commissioner Marczynski’s desire to have fact-based information, I analyzed sale prices of homes on owned land versus in a rental park, obtaining sale information through the websites Zillow and Redfin

- A comparison of list prices for 32 comparably sized mobile homes on owned land versus in mobile home parks in western Washington yielded the following results: \$585K for homes on land vs \$193K for homes in a park
- Expanded study into Eastern Washington : 94 homes on owned land vs 39 in parks provided similar figures: \$567K vs \$166K This is comparable to the first study and is consistent with home prices east of the mountains.

C. Manufactured Home Institute 2023 Congress and Expo, Las Vegas, NV 4/19-21, 2023 attended by J Braverman

- Approximately 50% of all the vendors at the expo were related to financing. Many mobile home chains are horizontally integrated and own chattel loan companies. This makes it a closed loop: paying monthly rent plus high

interest fees essentially to the same entity. Despite unsubstantiated claims to the contrary, regular mortgages for mobile homes are available ONLY if they are on owned land. A “crossover” model that can include a garage built on site also does not qualify for regular financing unless on owned land.

- The mobile home park industry is consolidating rapidly. Smaller chains are buying up individual parks, only to be sold to larger chains, including national as well as international corporations.
- Corporations and outside investors are in search of large parks to add to their portfolios. One such park in Arizona recently sold for \$165,000 per LOT.
- Very few new parks have been built in the 21 century. Existing parks are being purchased because of their investment returns, which accrue because of the cash flow from a captive audience. As one analyst put it, “The whole business model of a mobile home park is ridiculous....It made sense back in the ‘40s and ‘50s when moving them was really cheap. I think governments have known for 30 or 40 years that it’s a flawed business model.”
(www.coloradoan.com/story/news/2019/09/15/colorado-mobile-home-park-residents-living-half-american-dream/2307487001)
- Alternatively, park owners increasingly are adding new sections when space permits. They then purchase a selection of homes to be sold to people who want to rent space. This presents two new revenue streams: 1) Rent is raised for the entire park to match rents in the new section and 2) These new homes are “packaged” with moving costs, skirting and landscaping. However, while the convenience of this may appeal, particularly to older buyers, the overall price is much higher. For example, a structure built by a subsidiary of Clinton Homes sells from a dealer for \$180,000, but if purchased in a package costs \$375,000.

The Las Vegas conference enabled me to view first hand what I have been reading about. The cash flow from the captive audience in mobile home parks has allowed Real Estate Investment Trusts featuring them to lead the pack in investment returns. Mobile home parks chains are now an industry that is all about providing better yields to park owners and outside investors.

But I have read even more about the revenue source for the parks: the people who are paying the rent to live in them. From every corner of the nation come stories about the plight of the people whose homes are at risk, who have already

lost them, or who are being bled by increasing costs. Just this week I read yet another story, this from right here in Washington.

<https://crosscut.com/investigations/2023/08/wa-mobile-home-communities-organize-against-economic-eviction>

I sincerely believe that the City of Blaine compromises its integrity and its responsibility to its citizens to if it accepts this discredited business model. It is a regressive step that is in no way fulfills the city's commitment to providing affordable housing. It flies in the face of nationwide efforts to "Reclaim Our Communities" (ROC) which helps homeowners buy their parks, and it directly contradicts not-for profit ventures into affordable housing (ie Kulshan Land Trust) whose strategies are all about dwellings on owned land.

A mobile home park does not fit the characteristics of the surrounding neighborhood, nor provide a fair opportunity for "half way home owners," nor does it protect the rights of existing neighbors to enjoy their own property as entitled. Futhermore, a mobile home park does not reflect the will of the greater community, which I suggest would become immediately apparent were this park to be proposed, say, off Semiamhoo Parkway rather than off H Street Road.

The alternative to this inequitable situation remains as we have stressed all along: A subdivision where mobile home owners buy lots. This may not yield to East Harbor Hills the astonishing profits of a park with rented space, but it is a fair decision that serves the best interest of residents and the entire community.