

LOWER RIO GRANDE VALLEY

AFFORDABLE HOUSING NEED & THE ROLE OF MANUFACTURED HOUSING

The Lower Rio Grande Valley region, situated in the deep southeastern corner of Texas along the border shared with Mexico, features both urban centers and communities known as colonias. A unique set of challenges affect the four counties that occupy the valley, and over the years, both immigration and high birth rates have caused explosive population growth. Though many regional partners are addressing these issues, the region lacks a cohesive regional planning authority to manage the recent growth and the accompanying housing, transit and job needs.

Colonias are rural neighborhoods located within 150 miles of the U.S.–Mexico border, often lacking adequate infrastructure and basic services, like potable water and sewer systems, electricity, paved roads and safe housing. The development and persistence of colonias is, to some extent, a direct response to a need for affordable housing dating back to the 1950s, when developers who recognized a limited supply of and growing need for adequate affordable housing in border towns began creating unincorporated subdivisions on rural tracts of land, dividing them into small plots without infrastructure and selling them to low-income families seeking low-cost housing options. The scarcity of affordable housing in the region is created by a combination of factors, among which are the persistence of extremely low-wage jobs; the difficulty of accessing credit for immigrants or low-income borrowers with little to no credit history; and the inaccessibility of publicly subsidized housing for low-income immigrants.

As of 2011, Hidalgo County featured one of the highest colonia populations¹ in the country in spite of being the fourth fastest growing² county in the United States. Today, manufactured housing makes up a sizeable share (15%) of the housing stock in the area and has the potential to fill some critical housing needs. Manufactured housing could be well-suited to serve as replacement housing for aging, substandard, dilapidated homes and as new development in communities where population growth has outpaced the expansion of the housing stock. Ensuring that systems are in place that enable families to build wealth through homeownership—such as safe, affordable home loan products and sound neighborhood infrastructure—is also key. Further, given the region's vulnerability to tropical storms, the role of high-quality manufactured housing in long-term disaster recovery efforts is another avenue of potential opportunity. It is important to note, however, that the cost-efficiency of manufactured housing may not always exceed that of site-built housing constructed through self-help programs in this metro area. Manufactured housing already plays a critical role in serving the affordable housing needs of low- and moderate-income families in this metro area, so understanding how to leverage its value going forward could play a major role in increasing their access to affordable housing and opportunity.



A **manufactured home** is a type of prefabricated housing that is constructed in a factory and then transported to a site for installation. These homes are built to a federal code administered by HUD that went into effect in 1976. Factory-built homes constructed before 1976 are called mobile homes. Modular homes are also prefabricated in a factory, but differ from manufactured homes because they are built to a local building code.

For many low- and moderate-income households, manufactured housing is more affordable than other types of housing.

HOW MANY HOUSEHOLDS?

132,973

residents or

11%

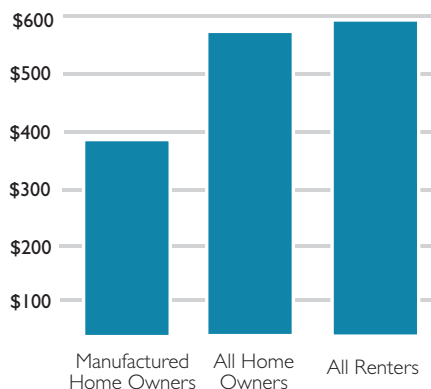
live in

58,134

manufactured homes

HOW AFFORDABLE IS MANUFACTURED HOUSING?

Monthly Housing Cost Comparison



HOW MUCH MANUFACTURED HOUSING IS AFFORDABLE?

32%

of manufactured housing is affordable, to low-income households compared to only 26% of all other housing types

Housing is "affordable" if total housing costs account for 30% or less of household income for households earning incomes below 50% of area median income.

Note: This Data Snapshot is designed to assess the role of manufactured housing in local markets and the extent to which manufactured housing contributes to a set of solutions for affordable housing needs in the Lower Rio Grande Valley region. The geographic area referred to as the Lower Rio Grande Valley region includes Cameron (Brownsville-Harlingen MSA), Hidalgo (McAllen-Edinburg-Mission MSA), Starr (Rio Grande City-Roma MSA) and Willacy (Raymondville MSA) counties.

¹ Rubén Hinojosa, "Sin Casa: Bringing Hope to the Colonias," *Rural Voices: The Magazine of the Housing Assistance Council*, Vol. 14, No. 1 (2009): 4.

² "Census Estimates Show New Patterns of Growth Nationwide," U.S. Census Bureau, 2012, April 5, 2012, <http://www.census.gov/newsroom/releases/archives/population/cb12-55.html>

WHO LIVES IN MANUFACTURED HOMES?

The population of manufactured home residents in the Lower Rio Grande Valley is made up of a couple different core populations. On one hand, there is a sizeable population of low-income families; on the other, a growing contingent of “snowbirds,” retirees who have a second, seasonal home in Sunbelt states with warmer climates, occupy manufactured homes in communities. This split likely accounts for a notable demographic disparity: owners of manufactured homes are more likely to be over 65 and less likely to speak Spanish at home or be Hispanic than all other residents. Further, it may explain why, although we anecdotally might expect owners of manufactured homes living in colonias to feature extremely lower incomes, the median income of manufactured home owners is still higher than that of renters (but lower than other homeowners). Anecdotally, we know that snowbirds are more likely to be White and higher income than permanent residents of the region. Otherwise, owners of manufactured homes and owners of site-built homes feature similar characteristics in terms of housing cost burden, household composition, children, length of residency and educational attainment.

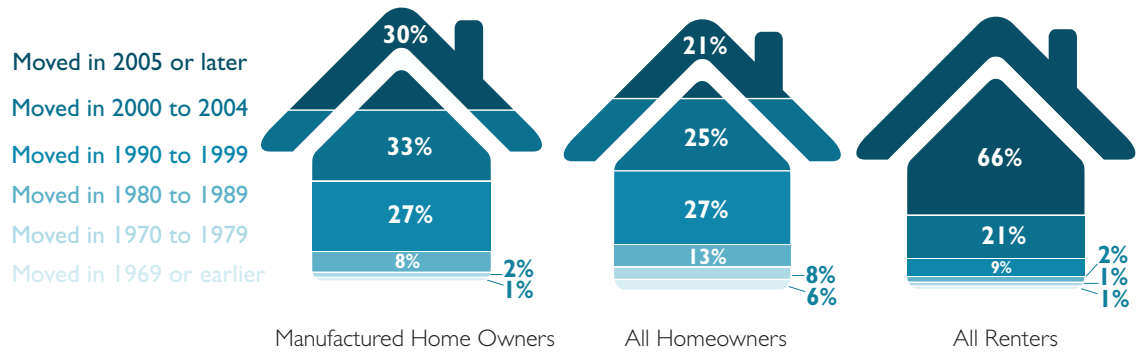
HOMEOWNERSHIP

Manufactured home residents are just as likely to own their homes as residents of other types of housing.



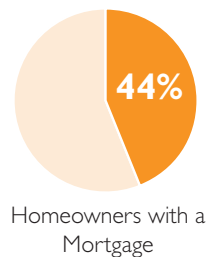
LENGTH OF RESIDENCY IN HOME

Unlike renters, the majority of homeowners living in both site-built and manufactured homes have lived in their homes for at least 8 years or more.



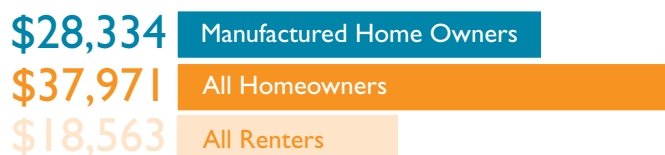
HOME FINANCING

Owners of manufactured homes are less likely to have a mortgage and, presumably, more likely to have a personal property loan. **Why does this matter?** Personal property loans tend to have higher interest rates, shorter prepayment periods and fewer protections for owners. Plus, homes financed with personal property loans tend to be titled as personal property, like cars, which depreciate. This makes it much harder for homeowners to build wealth through homeownership. It is also important to note that compared to other metropolitan areas, the share of site-built homeowners with a mortgage seems surprisingly low in the Lower Rio Grande Valley region, which may be attributable to a type of rent-to-own financing that was once common in colonias called “contracts for deed.” The informality of contracts for deed leaves residents at risk of unclear title to their homes and, ultimately, losing their homes and all the money they have invested into them over time



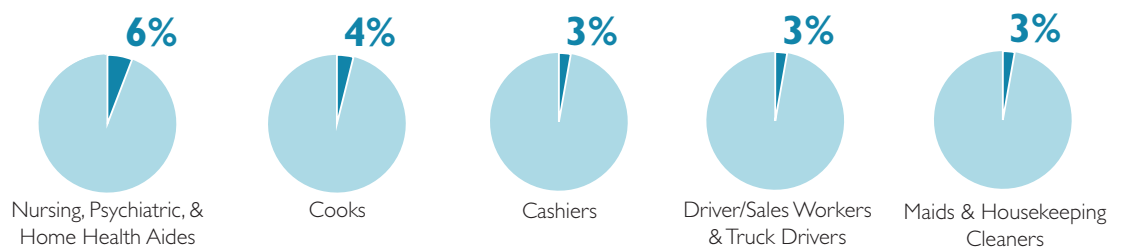
Note: We assume that the American Community Survey (ACS) data at our disposal most likely misrepresents the share of manufactured homes with mortgages. Because the ACS defines mortgages as “all forms of debt where the property is pledged as security for repayment of the debt,” owners of manufactured homes who are asked whether they have a mortgage may respond affirmatively knowing that they are repaying a loan of some sort, even if that may be a personal property loan. As a result we assume that the ACS estimate for the share of manufactured home owners with a mortgage is inaccurate, so it has been omitted here.

MEDIAN INCOMES



JOBS

Owners of manufactured homes often work in lower-wage occupations.

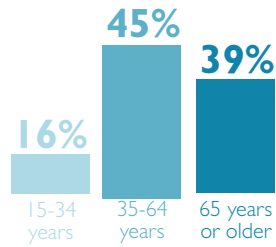


The above are the most common occupations for owners of manufactured homes.

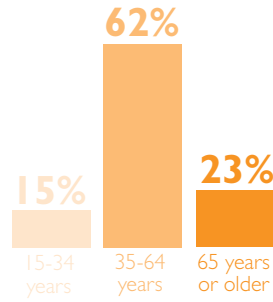
AGE

Owners of manufactured homes are much more likely than other homeowners and renters to be over the age of 65.

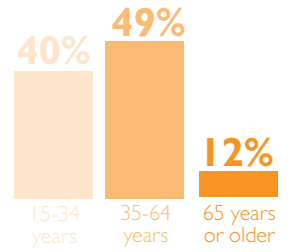
OWNERS OF MANUFACTURED HOMES



ALL HOMEOWNERS

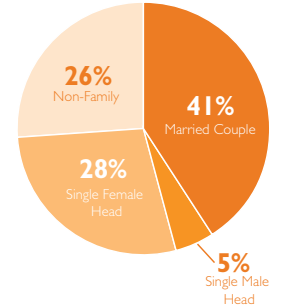
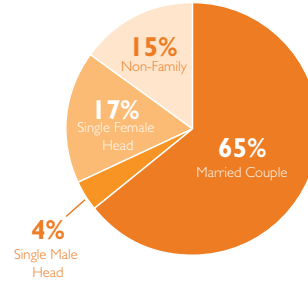
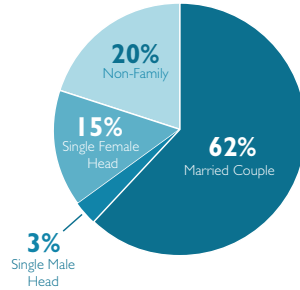


ALL RENTERS



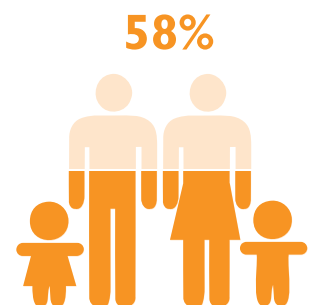
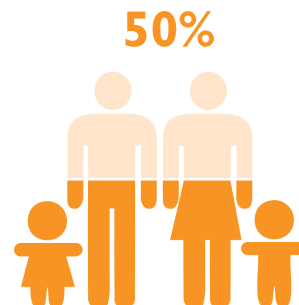
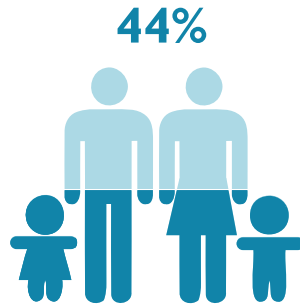
HOUSEHOLD COMPOSITION

Owners of manufactured homes and other homeowners are more likely to be married than renters.



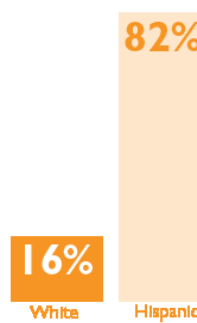
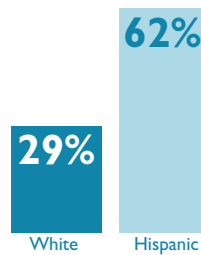
CHILDREN

Compared to renters, owners of manufactured homes and all other homeowners are less likely to have children.



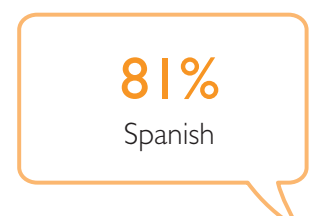
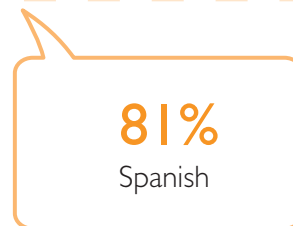
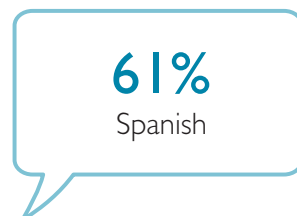
RACE/ETHNICITY

Hispanics make up a majority of the region's population, but owners of manufactured homes are considerably more likely to be White than other homeowners and renters.



LANGUAGE

Owner-occupied manufactured homes are less likely to include Spanish-speaking household members.



Note: Unless otherwise noted, the data presented here is from the 2010 American Community Survey 5-Year Estimates. On the "Monthly Housing Cost Comparison" graph, selected monthly owner costs for both manufactured home owners and all homeowners are calculated from the sum of payment for mortgages, real estate taxes, various insurances, utilities, fuels, mobile home costs, and condominium fees. On the stacked bar chart indicating the age of manufactured homes on page 4, we have used "built before 1980" as a proxy for homes built before the 1976 HUD code went into effect since the decennial data only allows us to analyze home construction in 10-year increments.

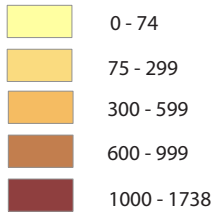
WHERE ARE MOST MANUFACTURED HOMES LOCATED?

Manufactured Housing Units and Public Transit

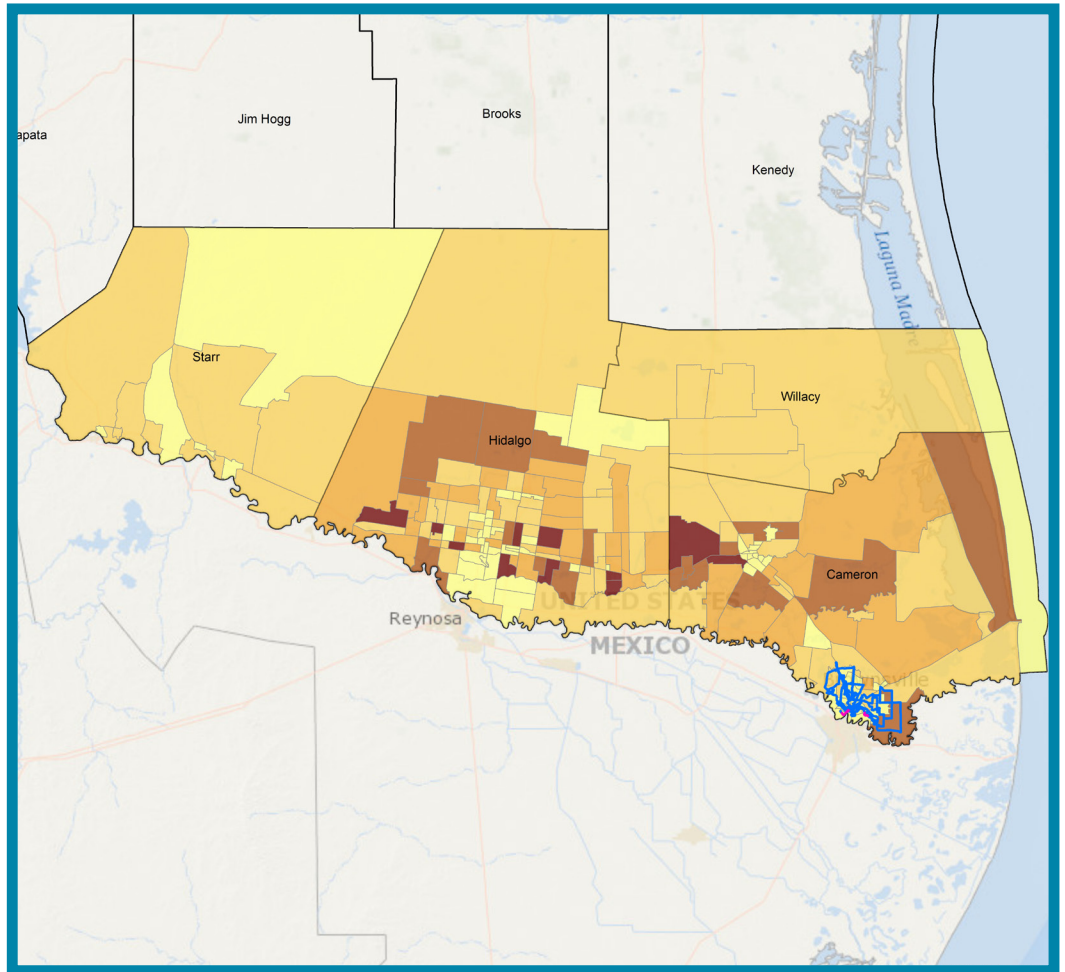
15,987
of the manufactured homes in the Lower Rio Grande Valley metro area
or
28%
are located in
413
manufactured home communities

LEGEND

Total MH Units by Census Tract



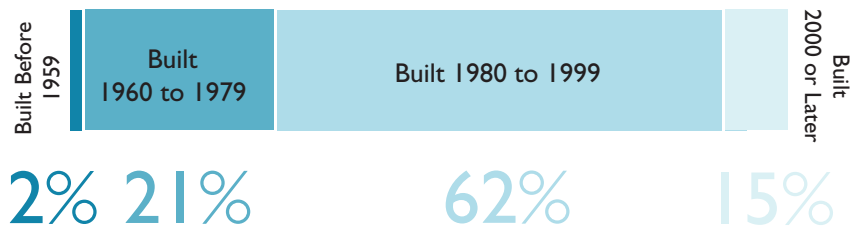
Weekend-Only Bus Service
Weekday Bus Service



Sources: Alternative estimate calculated by CFED from the American Community Survey, American Housing Survey, and public data sources (2010).

IN WHAT CONDITION ARE MOST MANUFACTURED HOMES?

About one-fifth of the manufactured homes in the Lower Rio Grande Valley region were built before 1980. **Why does this matter?** Before HUD began regulating the construction of these homes in 1976, there were no consistent building standards for manufactured homes, so older units are more likely to be in need of repair or replacement.



Innovations in Manufactured Homes (I'M HOME) is a national initiative managed by CFED which seeks to ensure that owners of manufactured homes have the opportunity to build wealth through homeownership by improving the quality of new and replacement development, enhancing homeowners' ability to enjoy long-term land security, expanding access to safe home financing and encouraging a supportive policy environment.