

## The Modern Manufactured Home Next Door: Perceived Effects on Property Values

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### Background

This study assessed the opinions of a representative sample of adults living in Georgia about the effect that the addition of a modern manufactured home that is built to the federal Manufactured Home Construction and Safety Standards (better known as the HUD Code) to their neighborhood would have on the property value of their own home. Nearly one in three households spend more than 30% of their income on housing needs, and one in eight spend more than 50% on housing. Further, approximately 2.5 million households are classified as substandard or overcrowded. For many, manufactured housing is an affordable option to realize their dream of homeownership. Compared to comparable site-built homes, manufactured homes are inexpensive. Often the perception of manufactured homes is that they may be less safe or less durable than site-built homes. To the extent that negative perceptions exist, manufactured housing may be expected to reduce the value of nearby site-built homes. To address these potentially negative perceptions, producers of modern manufactured home built in accordance with the federal Manufactured Home Construction and Safety Standards (better known as the HUD Code) are offering homes with features that more closely resemble a site-built home. What is not yet clearly known, however, is the extent to which consumers believe that modern manufactured housing will affect the property values of nearby homes. Indeed, persistent negative perceptions of manufactured housing, and any resulting zoning barriers that may result, may prevent people from considering today's relatively affordable manufactured housing.

### Data

Data for this study were collected by the survey research center on the campus of The University of Georgia in October 2009. The state-representative computer assisted telephone interviews of 500 adults age 18 and older who were selected via random-digit dialing procedures last approximately 12 minutes. Sample selection protocols insured that all residents of the state had an equal probability of selection. The interviews included a full demographic profile of respondents in addition to the topical questions of interest here.

### Research Questions, Hypotheses

Analysis of the data focused on two questions. The first asked "Which of the following types of housing best describes your current home? 1. One-unit home detached from any other building (such as single-family home built at the site), 2. One-unit home attached to one or more buildings (such as a rowhouse, townhome, or duplex), 3. Multiple-unit attached building with two or more apartments (such as apartments or condominiums), 4. A manufactured home (sometimes called a mobile home), or 5. other." The second question asked "A manufactured home is a single-family house constructed entirely in a controlled factory environment, built to the federal Manufactured Home Construction and Safety Standards (better known as the HUD Code). If a modern manufactured home that met or exceeded all building codes were added to your neighborhood, do you believe the value of the home you live in now would increase, decrease, or remain the same? 1. Increase, 2. Decrease, or 3. Remain the same." Preliminary analyses included a full demographic profile of respondents compared to a state demographic profile, and chi-square tests of difference to assess hypotheses 1-2, which were as follows: Regarding the addition of a manufactured home into one's neighborhood: HA1: expectations about the value of one's home differ by the *type of home* in which the respondent resides. (i.e. single family detached response  $\neq$  one-unit attached response  $\neq$  multiple unit attached response  $\neq$  manufactured home response) HA2: expectations about the value of one's home differ according to *where* respondents reside (rural or metro).

## Results and Discussion

Although modern manufactured housing that meets existing HUD code is an affordable alternative for housing the nation's citizens, there remains the perception that if manufactured housing is placed in one's neighborhood, property values will decrease. Of the 500 respondents who were asked if a modern manufactured home were added to their neighborhood, over 90 % felt that their own property value would decrease (54%) or remain the same (38%). Respondents' expectations were significantly different across the type of dwelling in which they resided. Regarding HA1, one-unit detached dwellers were more likely than all others to expect their own home's value to decrease ( $X^2=11.309, p < .01$ ). Fifty-eight percent of one-unit detached dwellers expected their home's value would decrease, whereas 14% of others expected a value increase and 47% of all others expected value to remain the same. Regarding HA2, there was no difference between rural and non-rural respondents concerning the expected effect on one's own home value ( $X^2=1.203, p < .549$ ). While the design and quality of manufactured homes have improved over the past three decades there is a need for educating the general public and community leaders about all viable housing alternatives, possibly through demonstration projects and research.

## References

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## Acknowledgements

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