

# Frank Rolfe: PBS News Hour Segment On The Mobile Home Park Industry Could Not Be More Off Base

ST. LOUIS, Jan. 6, 2016 /PRNewswire-USNewswire/ -- The following is a statement by Frank Rolfe:

The PBS News Hour recently ran a segment titled "Bad Bargain? Manufactured Homeowners Feel the Financial Strain", as a part of their "Chasing the Dream" series. Apparently, the reporters didn't listen to their own facts and statistics, because they clearly demonstrated that manufactured homes are a fantastic bargain for the consumer, and not the nemesis that they intended. They were apparently blinded by their political agenda, and could not see the forest for the trees.

## **The least expensive housing option in any market**

This segment showcased two manufactured homeowners. The first, Carla Burr, bought a manufactured home for \$113,000 in Chantilly, Virginia, where the median home price is over \$500,000. The second, Bob Thompson, paid \$90,000 for a manufactured home in Winchester, Virginia, where the median home price is a little under \$200,000. So both customers paid between 50% less and 80% less than their other home purchase options. That's the most important point of the segment, in my opinion.

## **Superior design for an aging America customer base**

In both cases, the customer needed a home that is on just one level. A recent study showed that 99% of American homes are not suitable for elderly residents. Manufactured homes are, by definition, only on one level and this is a sudden byproduct that nobody had considered before. With the Baby Boomers the largest segment of the U.S. population, and the oldest Boomers now entering their 70s, this is a trend that will fuel greater manufactured home sales in the years ahead.

## **Low lot rent increases that matched social security bumps and are far less than apartments**

Both examples included manufactured home lot rents that had increased over a decade or longer. In the case of Carla, it had gone up \$280 per month over a ten year period. In the case of Bob, the rent had gone up \$248 per month over a 13 year period. In both cases, that equates to an increase of only 3% per year, which is in-line with inflation and very mild. By comparison, apartment rents have gone up nearly 10% per year during the same period, and college tuition has gone up more than 10% per year. Even tickets to Disneyland – which is where the PBS reporters apparently got their economic training – have gone up 5% per year for the past decade. It's also important to note that apartment rents in Chantilly, Virginia and Winchester, Virginia are nearly twice as much as their lot rents.

## **The truth about manufactured home values, and not just a couple extreme cases**

One point of the story was that both Carla and Bob's home had depreciated. Of course they have. Both were purchased new and that comes with a premium – all assets cost more new and then lose their value massively the day they leave the dealer's lot. Neither Carla nor Bob are in any way the norm, but simply the most extreme end of the market. Carla paid \$113,000 for her manufactured home, and Bob paid \$90,000. In the majority of our communities – and throughout most of the U.S. – the average manufactured home costs between \$5,000 and \$30,000.

## **The reality of credit and interest rates – and why manufactured home loans are a bargain**

During the segment, the interest rate on manufactured home loans is criticized. It is noted that manufactured home loans are 3 points higher than stick-built mortgages. But the reporters admit that the customer base of manufactured homes have very poor credit and that the chattel collateral depreciates. So it's pretty amazing that any lender will make a loan on a manufactured home at all, much less for only 3 points more than a mortgage with a good-credit customer and real property as collateral. Have the reporters ever heard of credit card rates, or pay-day loans? Same customers. Same basic collateral. Rates of 20%+ in most cases. What's to complain about? These manufactured lenders should receive awards and not criticism.

### **The truth about consumer choice and personal accountability**

Throughout the segment, the tone was that both Carla and Bob were somehow deceived and at the mercy of the manufactured home industry. That's as crazy an argument as the buyer of a Mercedes complaining that the German manufacturer had somehow seduced them into signing the contract and taking the keys. Carla and Bob are adults – in fact, middle aged when they made their purchase. They elected to pay the prices they paid. They knew that brand new items carry a premium which is lost when the item is no longer brand new. They knew the exact lot rent in the community they put their home into, and that prices of everything in the U.S. rise with inflation. To claim that they are not personally accountable for their decisions and actions is insulting to the intelligence of the viewer. The new American posture that all consumers are victims and have no control over their personal choices has become a common theme since the start of the Obama era, and is still widely promoted by liberals as the reason that we need to move to more of a Bernie Sanders' socialist agenda.

### **The real scandal that the PBS is afraid to talk about**

Equally damaging for the liberals who support and manage PBS is the 800 pound gorilla of real estate lies: that the American taxpayer is supporting the apartment industry. There are 20 million Americans who live in manufactured homes. But there are more than 20 million Americans living in Section 8 apartments. These rents are subsidized –sometimes nearly 100% -- by the American government and therefore the U.S. taxpayer. These rents have risen dramatically, yet PBS never writes a single story on this fact. If you look at the amount of taxpayer subsidy of apartment owners, it would be a bigger scandal than Bernie Madoff. To run a story about manufactured homes being opportunistic – and not include apartments in the story – is disingenuous. Apartment rents in the U.S. average over \$1,300 per month, while manufactured home community lot rents average around \$275 per month. Given that fact, who is taking advantage of the American consumer?

### **Who was actually behind this story?**

This story was similar to one written in the Seattle Times, blasting Warren Buffet for "taking advantage of the American consumer" since he is the largest owner of manufactured home construction and financing in the U.S. That story was a joint venture of the Center for Public Integrity and the Seattle newspaper. What most people don't know is that CPI is basically a "journalist for hire", taking large contributions in exchange for writing positive or negative articles on the contributor's own suggestion. Here's some information on the CPI scandal <http://humanevents.com/2008/01/25/the-center-for-public-integrity-and-a-media-scam/>. Could it be that the same benefactor of CPI is also contributing to the ever cash-strapped PBS, and wanted to continue with the Buffet witch hunt? It's interesting to note that no American newspaper picked up and reprinted the Seattle story – apparently the story was so poorly thought out that no legitimate news agency would run it without getting paid. So much for public integrity.

### **Conclusion**

Manufactured homes are the last hope of the American Dream of homeownership for millions of Americans. They offer privacy, a yard, the ability to park by your front door, and a sense of community. They are preferred by millions of Americans to the inferior lifestyle of apartments. They offer a tremendous value for the dollar, in which households can live in nice areas for a fraction of the cost of stick-built homes. For every Carla and Bob, there are thousands who love their choice and lifestyle. PBS should be ashamed of themselves for running this poor excuse for journalism, and for denigrating an industry that offers the only non-subsidized affordable housing in the U.S.

SOURCE Frank Rolfe