

FEATURE STORY

Why This Industry is Great

By: Thayer Long, Former President and CEO of the Manufactured Housing Institute

Earlier this year, the Wall Street Journal ran an op-ed titled “The Housing Illusion.” In it, they argued that the media and businesses needed to stop hoping for some miraculous housing recovery that would come back and make the U.S. economy start growing again. In fact, any additional government involvement (read: subsidization) would only further hinder any meaningful recovery since it would create another housing bubble. It concludes with the idea that while the housing market should be a major part of the U.S. economy, it needs to shrink from its artificial, subsidized share of U.S. wealth to a level that is sustainable based on population, income and productivity growth.

In my written response, I supported the premise of the article, and furthered it by arguing that instead of a return to “normalcy” in the housing market, we must be encouraging a return to responsibility. It is clear what was normal five years ago contributed to one of the greatest economic disasters in a generation. Buyers assumed more debt, more house, more excess than they could responsibly afford, and this behavior was supported by the marketplace. As the market corrects, we must guard against a return to this excess. This means endorsing more reasonable down payment requirements and supporting more private capital in the housing market.

I concluded by saying that manufactured housing, having undergone its own subprime bubble over a decade ago, learned these lessons well. Manufactured housing is the best housing value proposition in the marketplace. Since 1989, manufactured housing has accounted for 21% of all new homes sold. Citizens can realize the American Dream of owning their home at an affordable price, without sacrificing quality or the level of amenities they desire.

For almost ten years I’ve had the pleasure and honor of working for the manufactured and modular housing industries. There have been plenty of challenges, but our mission has always been pure and our work important. I also strongly believe that the next ten years will be more fruitful than recent years, and industry needs to be mindful of three areas of significant progress.

1) We Are Thinking About the Customer

When we use the term “industry” we must include the customer. Customers purchase homes and live in communities. Customers are what make factories operate, they keep sales centers open, and communities occupied. We have done a good job in building homes and creating lifestyles and value to keep customers satisfied and coming back. Satisfied and happy customers are the best way to build a good “national” image. In addition, many of our customers must also recognize the importance of keeping our homes and communities affordable. We need to do more to enlist the support of our customers, and to align ourselves with their goals, namely buying a high quality home for a good value. In order to make this possible, this also means keeping homes competitively priced, reducing the amount of regulation, and increasing the customer’s access to capital. We are a good advocate for consumers, and we should continue to make that known.

2) We Are Learning from the Past

We’ve all heard the adage about what happens to those who forget about what happens in the past (you are doomed to repeat it) and I’m a fervent believer that the manufactured housing industry has learned from past lessons, and is forging ahead by promoting a sustainable business model. This has frustrated some to be sure, especially those who are advocating for a return to the heady days when anyone with a heartbeat could get a loan, and those who believe we need to build homes the same way we were building them in the 1980s. However, the overwhelming majority of people in the business, including industry representatives here in Washington, DC, want no part of returning to those times. First of all, on the building technology side, it is just not practical to remain stuck in the past. The industry has assumed

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responsibility and a leadership role in ensuring that the HUD standards are relevant in today's building environment. On the lending side, it is simply not sustainable to go back to stated income loans and situations where the homebuyer puts little to no money down. I believe the industry has done a very good job in advancing new methods and technologies to build our homes, and has been very disciplined in not returning to a system of lending that puts customers in difficult situations. This has not been easy to accept or do, but is the right thing to do for the long-term viability of our housing market.

3) We Are Embracing Change

Given points one and two above, this industry is embracing change like never before. The industry has undergone rapid transformation in the past few years to rise to the challenges of a tougher economy, and industry members are always changing how they do business to increase their value proposition. The partnerships that are being forged by different business units in these difficult times are a testament to the resolve members have to survive. Innovation occurs not just in adjustments made to run businesses; innovations in how we think about our homes, our communities, our customers, and how we approach problem solving is also critical.

In difficult times, I think it becomes easier to justify cutting corners. Yet, collectively as an industry we are doing it the right way, and that's what makes this industry great. I urge you to ignore the naysayers and the self-promoters, the bottom feeders who try to carve a niche by creating conflict. Believe and have faith that the best days lie ahead. Manufactured and modular homes are the housing choice of too many Americans, the industry employs too many honest and hardworking people who are driven by their belief in providing Americans access to affordable housing, and the basic human need for shelter for millions of Americans is constant. It may not happen overnight, but the industry is on the right and true path, and will persevere.

UPCOMING EVENTS:

2012 MHI Legislative Conference & Winter Meeting

February 26-28, 2012

Sheraton Crystal City Hotel

Crystal City, VA/Washington, D.C.

2012 National Congress & Expo

April 10-12, 2012

Caesars Palace

Las Vegas, NV

2012 MHI Annual Meeting

October 7-9, 2012

Hotel Contessa

San Antonio, TX
