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THE MOBILE HOME AS A SOURCE OF MEDIUM PRICED HOUSING WITH
PARTICULAR REFERENCE TO GREAT FALLS, MONTANA

By

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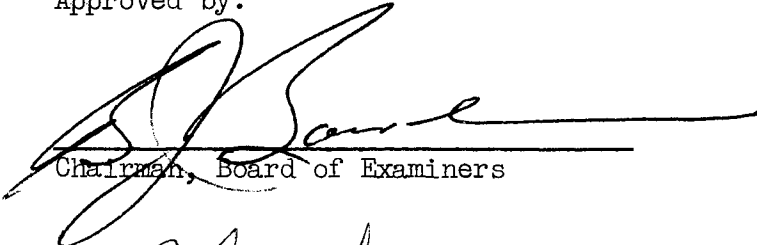
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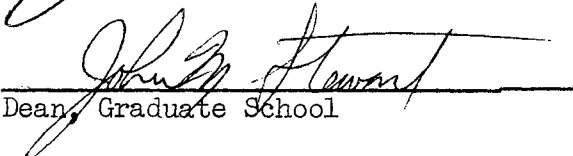
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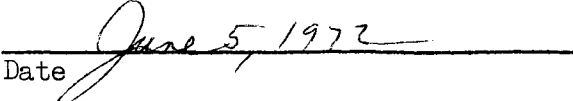
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The personnel of the Great Falls Public Library were always extremely courteous, efficient, and cooperative in my research efforts with them. I thank the mobile home dealers and park owners in Great Falls for their courtesy in devoting time from their busy schedule for personal interviews. My typist, Mrs. Anne Guevin, has earned my deepest admiration for the professional effort and attention to details she devoted to the text.

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CHAPTER I

INTRODUCTION

After more than a year of lethargy, the housing market nationally is expanding so rapidly that even the experts who had predicted a 1971 shelter boom are themselves somewhat astonished. Buyers are quickly grabbing up new and used homes, and in addition, to the delight of the sellers, are often paying the exact asking price. Housing starts fell 2-1/2 per cent in 1970 from 1969 level to 1.46 million but the administration expects a 20 per cent gain in 1971 to at least 1.75 million.¹ George Romney, Secretary of Housing and Urban Development, calls housing "the brightest spot on the economic horizon."²

Fortunately for the industry, several basic forces have aligned themselves simultaneously to account, perhaps, for the dramatic rise in housing demand. Young adults are forming families at a substantially higher rate than during the 1950s and early 1960s. Home and apartment vacancies in many metropolitan areas are remaining close to a fifteen year low.

The enthusiasm generated in the housing industry by this situation must be modified, however, by the ever present spectre of

¹"Houses: The Year of the Big Buy," Time, March 29, 1971, p. 75.

²Ibid., p. 76.

inflation. Mr. Romney warned, perhaps conservatively, in early 1971 that the price of a typical new home might well be forced up by \$2,500 over the next three years merely to cover the cost of construction wage increases alone. The cost of land for Federal Housing Administration homes has risen 80 per cent during the last five years until in some areas of the country, builders are paying up to \$30,000 an acre for choice new land. Lumber prices have increased by as much as 42 per cent since December 1970. Rene Henry, Jr., Executive Secretary of the Council of Housing Producers stated in March 1971 "this country may be on the verge of the greatest inflation ever in housing costs."³ At the time of these remarks, President Nixon had not yet made his momentous decision to curb inflation with wage and price controls. It now remains to be seen how effective these actions will be in eventually controlling spiralling building costs.

The same conditions prevailing nationally are also to be found in varying degrees in the Great Falls, Montana, Housing Market Area (HMA). This area is defined as Cascade County, and is located in north-central Montana ninety-two miles northeast of Helena. As of December 31, 1970, the area population totaled 82,300 including approximately 17,900 military personnel and their dependents, and military affiliated civilian employees and their dependents.⁴ Construction within Great Falls, for the first five months of 1971, was far

³Ibid., p. 75.

⁴Department of Housing and Urban Development, Federal Housing Administration, Analysis of the Great Falls, Montana Housing Market as of December 1, 1970, p. 1.

ahead of the previous year. The valuation was \$2.8 million as compared to \$1.8 million for the same period in 1970.⁵

Objectives of the Paper

The growing demand for suitable, reasonably priced housing already alluded to has given the consumer an increased curiosity about mobile home living. The two-fold purpose of this paper is to objectively evaluate the mobile home as a housing source and to render a judgment as to whether this type of shelter can be expected to make a significant contribution toward satisfying the demand for housing in the Great Falls, Montana, Housing Market Area.

Scope and Research Procedure

The topics discussed will include the public's historic attitude toward the mobile home; extent to which the mobile home can be unique in fitting a buyer's needs; the companies involved in production and distribution; and the park facilities available in Great Falls. The latter consideration is viewed for both present and future adequacy. Periodicals dealing with the subject of mobile homes have been a principal source of material. Information supplied by the Department of Housing and Urban Development, Federal Housing Administration, and the Mobile Homes Manufacturers Association have also been utilized, as has been data gathered from personal interviews with mobile home dealers and park owners.

⁵Great Falls Tribune, May 29, 1971.

CHAPTER II

HISTORIC PUBLIC ATTITUDE TOWARD THE MOBILE HOME

The mobile home industry is still striving to outlive the remaining impressions of cramped quarters and squalid trailer parks carried over from the turbulent war years of the 1940s. During that era, characterized by war economy scarcity and explosive demand for living quarters, the mobile home earned its reputation as the "ugly duckling" of American housing. Consigned to industrial zones or desolate fields outside city limits, mobile homes or "trailers" as they were called took root like weeds around military bases, construction sites, and college campuses. They were sardine cans packed with transient souls.⁶ Unfavorable images burned indelibly in the minds of those who experienced living in them. Unfortunately, there are still enough ill planned, and consequently unsightly, mobile home locations around to keep these impressions alive.

The mobile home is still suffering from a lack of prestige due to a presumed mobility which in practical reality it does not possess. City officials traditionally set up code restrictions against transient residents who were considered to be tax dodgers. The "trailer" of past eras perhaps justified this fear, but the modern mobile

⁶Douglas E. Kneeland, "From Tin Can on Wheels to the Mobile Home," The New York Times Magazine, May 9, 1971, p. 18.

home deserves a new evaluation. More than 80 per cent of the thousands produced annually will remain stationary once they are shipped from the factory to the buyer.⁷ This is due in no small measure to the stringent but varied restrictions placed on mobile home movements within individual states, coupled with the expense involved in moving the unit.

Much public relations work remains to be done by mobile home associations to convince municipal authorities that mobile home owners do not place a disproportionate burden on local school facilities, nor are they transient. Fears of this nature will be analyzed below.

Difficulties With Municipal Authorities

The tax issue has been a source of controversy between mobile home owners and many cities and rural communities. Since mobile homes are quite often licensed and taxed as vehicles rather than real estate, officials often take the position that the owners do not pay their equitable share toward the cost of necessary services such as police protection, water supply, sewage and garbage disposal, and other services. In areas where mobile homes are not grouped in parks, but are interspersed on individual plots of ground, owners of standard homes may legitimately object to the mobile home's appearance as contrasted with the architecture of their dwellings in the same section of town. However, almost every neighborhood has at least one house that for various

⁷"Vacation House for \$6,000 - Mobile Homes Offer a Solution to the High Cost of Building," Parent's Magazine, July, 1969, p. 71.

reasons has been dubbed an eyesore, and usually it is not a mobile home. All things considered, however, the general outward appearance of the average mobile home situated in a well maintained park is not much worse, and is sometimes better, than the appearance of many single family houses in high density tracts.⁸ It is felt it would be an interesting sidelight to examine some of the facts about mobile home owners and to compare them statistically with owners of conventional homes.

Facts About Mobile Home Owners

As an adjunct to the increasing popularity of the mobile home as a housing source, various surveys have appeared attempting to determine some broad characteristics of the people who have chosen the mobile home. It was revealed by a study conducted in late 1969 by the Department of Housing and Urban Development that half of the heads of households occupying new mobile homes were under thirty-five years of age. Only one-fourth of the heads of all United States households are in this age group. Somewhat surprisingly, only 21 per cent of the heads of mobile home households were fifty-five or older, and 12 per cent were retired.

Mobile home owners annual family income, as disclosed by the survey was about \$800 below the U.S. median.⁹ This was explained by the fact that since mobile home owners tended to be relatively young, their years of peak earnings still lay ahead of them.

⁸L.A. Meyer, "Mobile Homes Move Into the Breach," Fortune, March, 1970, p. 127.

⁹Ibid., p. 145.

A substantial portion of the mobile home owners included in the study went beyond elementary school, but a lower than average total went to college. Mobile home families tend to be small, only twenty-seven per cent having two or more children under eighteen, compared to thirty-eight per cent of families nationwide.¹⁰

Many occupants of mobile homes shift to more spacious housing as their earning power increases and their families get older and larger. In a talk entitled "Where Mobile Homes Fit Into Housing" delivered at a meeting of the Association of Montana planning boards, Dr. Carl Edwards, a member of the faculty, and a housing specialist at Michigan State University, made an impressive case for an industry which is now producing one mobile home for every two permanent dwellings constructed. Dr. Edwards serves as a consultant to the Mobile Home Association. He observed that "one-fifth of U.S. families who move each year and have to look for a place to live know there is a housing crisis. Those of us who stay put are not aware of the problem."¹¹

Dr. Edwards further stated that the head of the household, whose income is the principal criterion upon which long-term loans are made, must make a minimum of \$200 per week to afford a regular home costing \$20,000 or more. On the other hand, when family income can be figured for short term loans (such as the purchase of a mobile home), Dr. Edwards noted that fifty-six per cent of American families earn

¹⁰ Ibid., p. 145.

¹¹ "Housing Specialist Battling Mobile Home Prejudice," Great Falls Tribune, July 17, 1971.

\$200 a week or more in their peak earning years.¹² What this actually means is that half of all American families are small enough to live in mobile homes and about half can afford to do so.

Mr. Guy O. Mabry, Vice President of the Home Building Products Division, Owens-Corning Fiberglas Corporation, has further revealed additional pertinent facts concerning mobile home owners. His research showed that eighty per cent were living in their first mobile home. Nearly twenty per cent had lived in apartments before buying a mobile home, and seventy per cent had considered other forms of housing previously. A majority of the mobile home owners interviewed said they planned to continue living in their mobile home for five years or more and three out of five indicated they planned to buy another one in the future.¹³ The positive response found by this survey is due in large part to the unique and varied ways the mobile home can satisfy a buyer's needs. A discussion of this subject follows.

¹²Ibid.

¹³Vital Speeches of the Day, November 1, 1969, p. 63.

CHAPTER III

HOW THE MOBILE HOME FITS A BUYER'S NEEDS

How to provide an adequate supply of appropriately priced and suitably designed houses, apartments, and single dwellings has been a pressing problem for some time. During previous years when conditions were not so conducive to population movement, older homes, normally available for a reasonable rental, provided locations for young married couples to begin housekeeping while they were getting a start in life. Later on, as earnings increased a special home could be built.

Difficulties Experienced by Conventional Home Buyers

Today, these special homes are not being built rapidly enough to open up older quarters to tenants or else the older homes are not located in areas convenient to job opportunities. Construction is lagging due in part to the monetary policies adopted by the federal government designed to curbing inflation. The result has been increased mortgage costs and difficulty in obtaining mortgage money, even by buyers who would be good credit risks.

Even if a prospective builder has the funds available to build a home, this is not the time to do so. One columnist related the, by no means unique, experience of a retired couple who finally moved into their new home ten months after the date on which the contractor had

promised completion. The couple's final cost outlay was \$5,200 more than they expected to pay, and the interest on the mortgage that had been budgeted at six per cent turned out to be actually 9-1/2 per cent.

The high cost involved is not the only deterrent facing the new home builder today. Local authorities in an increasing number of locations are becoming more difficult to satisfy concerning methods of garbage, trash, and sewage disposal. Burning of leaves and rubbish in a backyard incinerator is not acceptable any longer where air pollution is closely monitored. Septic tanks in rural areas where municipal sewer facilities are not available must often, and rightly so, meet local code requirements to insure that any nearby wells or streams will not become contaminated. In short, home ownership is becoming more difficult.

The mobile home capably fills what would otherwise be a void in the housing market.¹⁴ Since the building industry is presently plagued with spiraling wage and material costs, even the most efficient conventional builders are virtually unable to build single family houses priced at less than \$15,000. The mobile home is, therefore, about the only option available to families with moderate to lower incomes who have aspirations of home ownership. The number of Americans who were living in mobile homes at the close of 1971 numbered about seven million. Of all the mobile homes manufactured since 1947, more than half have been produced in the last seven years.¹⁵ One important

¹⁴"Mobile Homes - One Solution to the High Cost of Building," Consumer Bulletin, Feb, 1970, p. 23.

¹⁵Mayer, Mobile Homes Move Into the Breach, p. 130.

reason for this substantial growth is that most states classify the mobile home as a vehicle, not a structure. It is, therefore, normally exempt from the municipal building codes and the real estate taxes that apply to conventional housing. The basic costs involved when considering a mobile home versus any other type of housing play a vital part in the buyer's ultimate decision. A discussion of this area follows.

Cost Comparison - Mobile Versus Conventional Home

It should be understood that the total costs of a mobile home cannot realistically be compared directly with those of a conventional house because the items themselves are different. The buyer of a mobile home has a relatively short-term mortgage with add-on interest, he normally rents the land he requires, and he possesses an asset that will depreciate in value more quickly. The reverse is generally true for the buyer of the conventional home. The tax situation is also different in both instances. Mobiles are not subjected to the burden of direct real estate taxes, but are charged with license fees and, in many instances, personal property taxes.

In almost every instance, the buyer of a mobile home incurs a much smaller initial cash outlay. He can get a mobile, complete with the necessary furniture and kitchen accessories, for about \$6,000 with only a small down payment. For many young couples with limited finances the low initial cost is a tremendously important consideration. Some other equally important factors are difficult to measure in an objective fashion. The mobile home owner has an advantage in that he can pay off his mortgage early, and therefore have that much more money

to spend or invest. However, the owner of a conventional house also has the advantage of the opportunity to build up an equity in his land and dwelling and has a more effective hedge against inflation.¹⁶

A buyer could obtain an austere mobile home for as little as \$4,000, but a more realistic price range is between \$6,000 and \$20,000. The average mobile costs a little less than \$9 a square foot, about half the price of a conventional home, excluding land.¹⁷ Bearing in mind an earlier statement to the effect that cost comparisons between mobile and conventional homes are not completely realistic, the results of various independent studies of the subject may prove enlightening. One survey concluded that the average monthly cost for thirty years living in a mobile home is \$98 while the average cost over the same period for the house owner is \$207.¹⁸ The square footage available was assumed to be the same for the conventional and the mobile home. These costs naturally will vary somewhat in different geographical areas according to the differences in tax and assessment rates, but the cost relationship should remain the same. It is a matter of opinion, however, as to whether or not the two dwellings provided comparable services. For the shorter term of five years, the mobile home costs average \$145 per month, with the unit being paid for during this period. Meanwhile, the home owner's equity on the house has hopefully increased. Assuming he sells the house for as much as he paid for it, he will at

¹⁶Ibid., p. 144.

¹⁷Kneeland, Tin Can on Wheels, p. 18.

¹⁸Carl M. Edwards, "Choosing a Mobile Home", Consumer Bulletin, September, 1968, p. 35.

least have his down payment in most instances returned. The average costs for the five years have been \$154 if no large maintenance expenditures were required.¹⁹

The basic cost outlay differences between the mobile and the conventional home were broken down more specifically in the findings of the independent housing specialist, Dr. Carl Edwards. This expert concluded that it would cost a conventional home owner \$84,000 in direct costs to buy and live in a \$20,000 house with a thirty year mortgage. If one also considers all the indirect costs, which no one but the lending agency normally does, the total would be substantially more.²⁰

The direct costs in this instance included a \$5,000 down payment; an 8-1/2 per cent mortgage which would total \$28,000 over the 30 years; \$18,300 in taxes; maintenance of \$14,400 (figured at three per cent of value per year), and other miscellaneous items such as closing costs, mortgage principal, and insurance. The total would amount to \$237 per month over the thirty year period.²¹ This is remarkably close to the conclusion reached earlier. An important factor, however, that being the residual value of the house and land, was not considered in the total monthly cost computations.

Examining mobile home costs, Dr. Edwards concluded the outlay to be \$189 monthly over a hypothetical range of one to seven years,

¹⁹Ibid., p. 35.

²⁰"Housing Specialist Battling Mobile Home Prejudice" Great Falls Tribune, July 17, 1971.

²¹Ibid.

assuming the following costs: Contract payment \$107; maintenance \$5; interest on down payment \$17.50; insurance \$9.66; site rental \$40 including utilities. Allowing the mobile home an average life of fifteen years, the average monthly cost for that period of time would be \$128.²² A final cost comparison is provided in Appendix 1 but with the conventional home owner's option of a FHA mortgage as opposed to a conventional mortgage as his principal means of financing. Assuming the prospective buyer critically evaluates the costs involved and is inclined toward the mobile home as a result, he should be aware of some of the advantages and disadvantages of mobile home living.

Advantages of Mobile Home Living

Until recently, mobile homes or "trailers" as the general public labeled them, were considered as housing suitable primarily for retired couples, transient construction workers, and young military couples living off base. This attitude reflected the mobility of the trailer which is no longer a characteristic of the "mobile" home. However, today's mobile though longer, wider, and better designed, still serves as year round housing for such couples and a consistently growing number of others as well. While the mobile home still has not shed its trailer look, being long, box-shaped, with a flat roof, it offers distinct advantages for families whose primary concern is modest housing and are not as concerned with exterior appearance as they are about low initial cost, low maintenance expense, and well planned living accommodations.

²²Ibid.

The most popular dimensional mobile home, measuring 12 feet by 65 feet, will provide comfortable living space for a small family of two or three. The actual living area of this size unit is actually 12 feet by 62 feet or 744 square feet. This discrepancy is explained by the fact that since state laws regulate the length as well as the width of the home that can be moved on highways, the length of the three foot towing hitch is included in the overall dimensions when they are listed.²³ These three feet cannot be considered when determining actual living space.

What the Purchaser can Expect for his Money

The basic purchase price of a mobile home includes almost all the items needed for housekeeping, which is not the case in the purchase of a conventional house. Furnishings included in the mobile's price are draperies, carpeting, range, refrigerator, water heater, furnace, hardwood cabinets, bathtub, lavatory, as well as living room, dinette, and bedroom furniture. In addition to these standard items, optionals such as air conditioning, garbage disposals, washers and dryers, intercom sets, dishwashers, and fireplaces are available.²⁴

The comments of Mrs. Florence Longenecker, a widow living in a small mobile home community in Belle Vernon, Pennsylvania, reflect the satisfaction with which she views mobile home living. "The mobile

²³"Mobile Homes, A Complete Guide to Mobile Home Living," Mobile Homes Manufacturers Association, Chicago, Illinois. p. 1.

²⁴Ibid., p. 11.

home I chose was a 12 foot by 50 feet, two bedrooms with a front living room and center kitchen. It is electrically heated and has carpeting throughout. I was thankful for the new furniture and draperies because the furniture I had in the big house was worn and tattered from many years of wear. If I have guests or relatives staying overnight, I have an extra bedroom and a comfortable hide-a-bed in the living room that opens into a bed for two.

When relatives ask me if I regret my decision they find themselves listening to me trying to convince them to move into a mobile home."

Mrs. Longenecker concluded her comments by stating, "the leisure of mobile home living gives me more time to enjoy my church work and to visit my children. If you are considering a mobile home and are in doubt, I'm sure you will find something that is suitable to your needs. One thing about a mobile home is that you will always find one that pleases you, because there are so many different ones to choose from!"²⁵

The discerning buyer of a mobile home has the opportunity to order his house in exactly the same manner as he might his car. He does this by choosing the color scheme, style and furnishings that he prefers from the dealer's inventory on hand or from catalogues. Once the selection is made, occupancy is possible within days. The conventional home buyer has nowhere near this degree of flexibility. If he buys a home already constructed, he may be forced to accept certain

²⁵Ibid., p. 24.

features of the house which he dislikes, or if he builds from the ground up, the inevitable delay until the house is completed must be accepted.

The Depreciation Factor

Although the mobile home purchaser has distinct initial advantages in his favor, there is a basic economic factor which is a liability to him - that of depreciation. Mobile home values go down in the same manner as car values. Either the wholesale cost or the retail price is used as a base for depreciation, depending upon one's viewpoint. A realistic value midway between these would be 20 per cent depreciation the first year, 10 per cent the second and third, and 5 per cent for each of the next few years.²⁶ Depreciation must be considered as one of the most important realities involved in mobile homes.

Has the Mobile Achieved Social Acceptability

For many families, there may still be a social stigma attached to living in a mobile home. Despite the fact that some individuals who are financially able to afford any type of housing have chosen mobiles, the general public might equate this form of housing to people with modest or low social or economic status. Some families might, as a result, feel more comfortable and secure in apartments or older conventional homes rather than in mobiles even though the mobile home might be the best solution financially to their housing needs.

²⁶"A Mobile Home Vs a House: How the Costs Compare," Changing Times, January, 1971, p. 21.

To refute this argument, however, one need only to reference any of the numerous surveys that have been conducted among mobile home owners. The results clearly show that most occupants like the style of living that goes with a mobile. There is an appeal to the wanderlust in all of us in the thought at least that stakes can be easily pulled up if need be, plus the sense of a general informality, particularly in the parks. The main disadvantage usually evidenced is the limited amount of living and storage space. It is not easy to adjust one's living habits to compact space, and there is not much room in mobile homes for those who have a tendency to save things.

Antiquated Regulations are Still in Force

The problem related to municipal attitudes is further evidenced by the manner in which mobile homes in some communities are regulated, and sometimes in extreme cases, outlawed altogether. The first regulatory "trailer ordinance" appeared in the United States in 1968.²⁷ There is overwhelming evidence all across the country that mobile homes were in reality permanent homes, yet this ordinance defined them as vehicles designed to be used as temporary dwellings. Under no circumstances can a mobile be hitched to a passenger automobile and towed away. While some states are becoming more liberal in that approximately 30 per cent now allow fourteen feet wide mobiles to be moved on their highways, the industry trade association is not satisfied with present

²⁷"What Living in a Mobile Home is Like," Changing Times, October, 1969, p. 11.

program. It seems only a matter of time until public and trade association pressure succeeds in getting the law changed. A representative of one mobile home manufacturer lamented, "It's a pity. We could build them any width at all. There must be ten million people who just don't want to be held to that twelve foot room size. Give us another two feet, and we'll put Levitt out of business."²⁸

Summing up the advantages and disadvantages of mobile home living, and discounting any social considerations involved, two general conclusions emerge:

1. If the primary objective is minimizing the monthly expense involved for housing, the mobile home is the likely winner.

2. Over a longer period of time the buyer of a conventional house will almost certainly end up owning an asset of considerable value, while his counterpart in the mobile home will merely have enjoyed inexpensive shelter while investing his savings elsewhere.²⁹

No analysis of the mobile home would be complete without comments relating to the unique manner in which it is produced and how it ultimately reaches its owner for occupancy. Chapter 4 pertains to this subject.

²⁸Blaine Kendall, "The Invisible Suburbs," Horizon, Winter, 1971, vol. 13, p. 106.

²⁹"A Mobile Home as a House: How the Costs Compare," Changing Times, January, 1971, p. 21.

CHAPTER IV

PRODUCTION OF MOBILE HOMES

The industry grew at an annual rate of 20 per cent from 1962-1969 with a 30 per cent rate realized in 1969.³⁰ Shipments during 1971 set a new record of 485,000, and an increase of at least 15 per cent is forecast by the industry for 1972. There are no substantially dominating companies. Skyline, the largest, accounts for about 10 per cent of total output. The ten largest companies together account for about 50 per cent of total production, but the remainder of the industry is segmented among hundreds of small companies. The critical factor of transporting the large product necessitates manufacturing locations as near as possible to markets. Once largely concentrated in Elkhart, Indiana, the so-called "cradle of the industry," production has since spread throughout the country. However, Indiana still produces about one-sixth of all mobile homes manufactured.³¹

Industry Trends

The mobile home industry has been a relatively easy one to enter, but this situation may now be changing. The Mobile Home

³⁰Mayer, "Mobile Homes Move Into the Breach," p. 127.

³¹Ibid., p. 127.

Manufacturer's Association estimated that 110 new manufacturers came into the field in 1969, while an estimated 15 per cent closed shop. Today's trend reflects smaller manufacturers combining or being merged with larger ones. Formidable entities such as Boise-Cascade and City Investing, have entered the field. The President of Richardson Homes, a division of the Penn Central Real Estate complex predicts, "the situation will develop to a point where a company will have to be either very large or very small to be really profitable. A commitment will have to be made to either custom or high volume work."³²

In many ways, a mobile home is assembled and treated like an automobile. It is built on an assembly line, and as previously mentioned, is sold, financed, and depreciated much like a car. The mobile still has wheels, must be properly registered, and in many states must still display a license plate even after it is put on a site.³³

If the buyer's needs demand more room than the popular 12 feet by 65 feet can provide, he can order a "double-wide" which is two units that fit together. For example, two 12 feet by 60 feet units provide 1,368 square feet of interior living space which is as much as an average single-family house and more than most apartments.³⁴ Double-wides normally retail for \$8,000 up to \$18,000 depending on furnishings, equipment, and design. The double-wide offers families three bedrooms, one or perhaps two bathrooms, living room, dining-room, kitchen, and a

³²Ibid., p. 127.

³³Ibid., p. 127.

³⁴Ibid., p. 129.

utility room. Entrance foyers and walk-in closets are also relatively common in the double-wide mobile.

If the customer wants more room but can't afford a double-wide, he can buy an expandable unit; that is, a normal size mobile that can be widened at the sides. It contains one or more sections that can be unfolded or slid out from the main structure.

How the Mobile is Assembled

The mobile home industry is presently the only large scale producer of factory assembled housing in the United States, and the economies available in the production process are the basic reasons for the success of the product. A modern factory containing between 60,000 and 100,000 square feet of floor space has the capacity to produce 2,000 to 3,000 units a year, an average of eight to twelve per work day for a single shift. All production facilities are inside, so the weather presents no problem. The cost of labor amounts to almost ten per cent of total costs, compared to about 25 per cent for a conventional single-family home, excluding land.³⁵ Many companies incorporate an incentive plan into their pay systems, and some even allow workers to leave once the day's scheduled output has been met. A distinct production advantage is held by virtue of the fact that the industry pays on the basis of an individual wage rather than the more expensive craft wage. Besides being relatively inexpensive, labor is used efficiently at all times. One prominent manufacturer disclosed

³⁵Ibid., p. 129.

a secret of his firm's success: "We run the house past the man rather than the man past the house."³⁶

The manufacturing methods involved with mobile homes cannot be classified as mass production as it is commonly used. The number of homes turned out per day is too small and the work is not sufficiently mechanized. The manufacturing process is similar to assembly line production in that the mobile is moved to individual work stations at each of which workmen perform a particular set of tasks. The mobile home is built on a welded steel undercarriage step by step. The sequence of operations is instrumental in the cost savings on a mobile in comparison to conventional building. During the construction of a conventional house, workmen do much cutting, sawing, and drilling to install the necessary heating ducts, wiring, and plumbing facilities. In a mobile home the plumbing and heating units are put in before any walls are attached, and instead of being pulled throughout the structure of the house, the main electrical wiring is simply fastened around the exterior wall before the siding is put on. As the work-in-process moves down the assembly line, it is steadily transformed from an undercarriage to a livable dwelling. When the structure is completed, the furniture and drapes are added at the last station in the factory.³⁷

To reiterate, the mobile home is generally outfitted with a refrigerator, range, furniture, carpeting, curtains, and mirrors among other basic things. The basic quality of these furnishings is closely

³⁶Ibid., p. 129.

³⁷Ibid., p. 129.

correlated to the price the buyer is asked to pay. As the buyer goes up the price scale, he can naturally expect more luxurious furnishings throughout.

The interiors of mobile homes are decorated in a variety of styles, geared to satisfy the varied tastes of the customer. On the exterior, however, discounting the use of imitation shutters, the appearance is pretty much dominated by the necessary aluminum siding. This, as the more outspoken people in the industry ruefully admit, makes mobiles look like "sardine cans." But with the demand for mobile homes steadily increasing, there is very little reason for concern. In the modern, expensive mobile home parks, some residents add brick buttresses or walls of various kinds, as well as other "fake" or "clever" modifications. These additions, designed to embellish or perhaps disguise the mobile, make the appearance of a license plate attached to one end seem even the more incongruous.³⁸

The Role of the Outside Supplier

A mobile home, similar to a conventional house, is made up of many different components. One has merely to inspect the mobile home closely to get an idea of the wide range of products used in it. It is not economically feasible for a mobile home manufacturer to produce this wide variety of products and still build a custom home at the same time. The need for the wide range of products required by the industry is satisfied by individual outside suppliers. They provide dependable,

³⁸Ibid., p. 130.

brand name home building products to the manufacturer with the end result being a home that is rated high in appearance and practicality, and relatively low in cost.

The developing importance of the mobile home industry has generated an influx into the industry of these supplier companies who provide goods and services exceeding \$2 billion annually.³⁹ These suppliers are a powerful factor in the industry whose declared goal is a better product through innovation and technology so that the consumer will ultimately benefit. For example, sturdy but attractive one-piece fiberglass bathrooms and shower stalls can replace the more expensive traditional tile bathrooms. Bathroom fixtures can satisfactorily be made from sturdy, but attractive synthetic materials. Prefabricated fireplaces can substitute for expensive, hand made brick ones. Interior wall and floor surfaces can be given an extremely durable finish at the factory. With all these products sold to the mobile home manufacturer, the supplier is consistently encouraged to meet the highest industry standards of quality and dependability.

Attempts to Hold the Line on Costs

The mobile home's classification as a vehicle instead of a structure, coupled with the use of factory production techniques has enabled the industry to keep prices down. The price per unit increased modestly during the 1960s in relation to conventional building costs.

³⁹ "Mobile Homes, A Complete Guide to Mobile Home Living," Mobile Homes Manufacturers Association, Chicago, Illinois, p. 66.

Mobile homes have been getting larger, the interior of a typical unit was 520 square feet in 1961 compared to 684 square feet today, yet the price per square foot has declined from \$10.75 in 1961 to \$8.75 today including furnishings.⁴⁰ Meanwhile, the cost per square foot of a conventional single-family home as pointed out above has climbed drastically. While the mobile home industry has been able to hold the line with the costs involved in manufacturing, it has not sacrificed quality as a result.

Industry Efforts to Improve Quality Standards

Because the mobile home is lightweight for its size and must be connected to utilities, it presents hazards peculiar to this type of dwelling. Standards for minimum safety are therefore of considerable importance.⁴¹ Considerable work has and is being done by the mobile home industry to improve basic construction techniques as well as plumbing, heating, and electrical equipment. Standards covering various important features have been developed by the Underwriter's Laboratories. There is also the American National Standards Institute Standard A119.1 and the National Electrical Code C-1. For the totally electric mobile home there is the MHTA-TCA seal, for which standards have been established in cooperation with the Edison Electric Institute and the National Electrical Manufacturers Association.⁴² The Mobile Home

⁴⁰Mayer, "Mobile Homes Move Into the Breach," p. 144.

⁴¹"Mobile Homes, Recreational Vehicles," Consumer Bulletin, Annual 1970, p. 81.

⁴²"Mobile Homes - One Solution to the High Cost of Building," Consumer Bulletin, February, 1970, p. 24.

Manufacturers Association and the Trailer Coach Association on the West Coast have established a national standard for the homes they build. These homes display a symbolic silver colored standards seal near the doorway. Manufacturers of the Craftsman's Guild build homes to standards represented by a gold seal. Some states, Montana not included, have adopted these codes as law within their boundaries. The buyer of a mobile not guaranteed to conform to any of these production standards has only the word of the manufacturer for its adequacy in any vital area.

Items to Look for in the Quality Mobile Home

Construction codes notwithstanding, there are certain features in a mobile home which the manufacturer can control which make it more trouble free in everyday use than a conventional home. The greater the amount of insulation in walls, ceiling and floor, the greater degree of comfort during both hot and cold weather. Established standards require that walls have a minimum of two inches insulation, ceilings three to four inches, and floors two to four inches. It is imperative to have a moisture barrier on the warm side of the insulation. A polyethylene plastic sheet is excellent for this purpose. Walls paneled entirely with plywood, although presenting an initial sense of elegance, eventually tend to become monotonous. Owners of such mobile homes report that after a few short years they find it unpleasant to look at every room with the same walls. Different decorative plastic finishes are now being developed to make interiors more attractive.

Additional standards of quality dictate that flooring should not show any signs of springing or creaking when a heavy person steps between the floor joists. Such movement in itself, if not excessive, does not indicate an unsafe condition although eventually it may cause unnecessary noise. The kitchen area is important in every home, but perhaps more so in the mobile where extra space is at a premium. Work surfaces must be adequate and convenient for the home maker. Ten lineal feet of counter-top space is considered adequate.

The purchaser should be aware of the mobile home's window sizes, their location, and opening peculiarities if any. The more austere mobile homes have fewer windows, and some of these may not be designed to open. Double pane or storm windows are necessary for satisfactory air conditioning and for winter heating.

The location of the rear door is also important. For convenience, it normally should be on the right side, the same as is the main entrance, unless the home has a walk, patio, or other suitable entrance area near the doorway.

Electric heat is being installed in more of the new mobile homes being produced. With adequate insulation, it has proven to be both practical and economical. Electric ranges are also available where the necessary power can be obtained, although natural gas still seems to be the most popular for cooking.

If adequate production standards are observed, maintenance of the mobile home normally remains relatively simple. Water leaks do sometimes occur around windows or roof vents, but periodic inspections plus the use of proper caulking materials should minimize the resulting damage and inconvenience.

There is no magic by which a \$6,000 mobile home can have the same quality in floor covering, furniture, and draperies which a family would buy to furnish an expensive home. Production standards are meant to insure approximately seven to ten years durability, and if this is realized, then the purchaser is getting his dollar value. After that period of time, these furniture items can then be replaced if desired. The basic structure of a well constructed mobile is capable of lasting for many years since it is made of many of the same materials as the conventional house. The efficiency of factory production techniques in the use of materials and labor, coupled with the adherence to prescribed standards, makes it possible to get an equal home for the housing dollar as is possible in a conventional house.⁴³

Regulatory Standards Established by the Industry

The mobile home standards established by the industry are adhered to by more than 70 per cent of the mobile home manufacturers. In fact, one of the specific requirements for membership in the Mobile Home Manufacturers Association is that all manufacturers must build their mobiles to meet the requirements of American National Standards Institute standard for mobile homes A119.1.⁴⁴ This requirement serves two important purposes. First, it establishes the minimum acceptable criteria which all manufacturers must meet. Secondly, it provides the

⁴³Carl M. Edwards, "Choosing a Mobile Home," Consumer Bulletin, September, 1968, p. 38.

⁴⁴"Mobile Homes, Complete Guide to Mobile Home Living," Mobile Home Manufacturers Association, Chicago, Illinois, p. 14.

mobile home buyer with a means of ascertaining whether his home is quality built and can be expected to provide a healthful and safe atmosphere for his family. While one should of necessity be concerned with the quality of the mobile home he contemplates buying, he must also realize that this is not his only concern. As one veteran mobile home owner commented: "I am convinced that what a mobile is matters less than where it is. Most of the mobiles I have observed are located on less than ideal lots, and they stay there. I have learned that the biggest problem you can have with a mobile home is where to immobilize it."⁴⁵ This problem and some of the possible solutions to it are discussed in Chapter V.

The remainder of the paper will deal largely with the mobile home situation at the local level. Up to this point, previous sections were devoted to a general discussion of the mobile home. The local analysis of the mobile home, beginning with Chapter 5, is the predominant reason for the total study. This analysis is intended to add additional meaning to earlier sections of the study.

⁴⁵"What Living In a Mobile Home is Like," Changing Times, October, 1969, p. 11.

CHAPTER V

THE IMPORTANCE AND AVAILABILITY OF MOBILE HOME PARK AND DEALER FACILITIES

After one has decided to purchase a mobile home, the next logical step is to find a suitable place to put it. Over 14,000 mobile home parks in the United States are listed in Woodall's. Each one is rated by a system of stars; one star for a park that has a good overall appearance to five stars for one that is the finest in facilities provided. Fewer than three per cent of the parks listed have the five star rating.⁴⁶

Mobile home parks today seem to fall into two distinct categories: "Service-oriented", designed for the elderly, retired, or semi-retired and the "housing parks" which offer little more than a place to park the mobile.⁴⁷ The latter type are familiar to the Great Falls area. The former type of parks are found predominantly in Florida, Arizona, and California and almost always contain various forms of recreational activities such as shuffleboard courts, swimming pools, and perhaps a putting green. Many of the exclusive parks in this category do not accept families with children, and often set a minimum age

⁴⁶Ethel Kienz, "Choosing a Mobile Home Park," Consumer Bulletin, March, 1969, p. 21.

⁴⁷Elaine Kendall, "The Invisible Suburbs," Horizon, Winter, 1971, vol. 13, p. 106.

limit for potential residents.

The "housing park" class of mobile home courts are most often found in the Northeast and Middle West, although they are by no means confined to those areas. The housing parks tend to be older, cheaper, smaller and usually on the fringes of a city or town, near industrial or commercial areas. Rental space in these parks normally does not exceed \$60 per month. The majority of the residents are young working people employed in the local area.

Choose a Park Before Buying the Mobile

Few people tend to choose a satisfactory location before buying a mobile home. In many parts of the country it is almost impossible to buy a mobile in one place and expect a park in another area to accept it. The reason for this is that many mobile home parks also sell and service mobiles, therefore using limited park space to gain unit sales.

The management of a park is one of the most important factors to consider. The manager and his staff will perform the various functions of landlord, superintendent, grounds-keeper, handyman, and can contribute a great deal toward a tenant's happiness and contentment in a mobile home park. Therefore, it is important to determine the manager's attitude toward mobile home living and what services he has the capacity to render.

There are definite areas for thought in this regard. The manager should live in the park himself. He should take an interest in mobile home living, instead of it just being a job for him. He should be concerned with the appearance of the mobiles and grounds and should

expect the residents to adhere to a high standard of maintenance. Good relations with the local police and fire departments are also important.⁴⁸ The mobile home owner should know precisely what items are expected to be covered by the monthly rental payment for the home site. In considering a potential park, a checklist with the following items at a minimum would be quite useful in reaching a decision: Water supply and sewage disposal, garbage removal, laundry facilities, snow removal, arrangements for mail delivery, police protection, closeness to fire-fighting facilities, location of churches, medical facilities, banks, shops, and transportation.

When considering a mobile home park, one should inquire as to the various restrictions imposed and consider what effect they can be expected to have. Most well managed parks have a standard list of things permitted and also forbidden. Some of the areas most commonly covered are:

1. Laundry - In a highly rated park nothing is allowed to hang around or between the units. Wash must be hung to dry in designated drying areas.
2. Fences - If a fence is permitted around mobile home sites, the park owner will usually have the final word as to the height, its color, and the material to be used.
3. Planting of shrubs - With considerable activity going on in developing and enforcing standards of performance, safety, and construction of mobile homes, increased attention is given to landscaping,

⁴⁸Kienz, "Choosing a Mobile Home Park," p. 23.

effective placement of flowers, shrubs, and trees, and generally improving the appearance of mobile home parks. The elegantly kept sites of some parks in Florida and California cannot be duplicated in most areas of the Northeast and Northwest.

City officials might be persuaded, that a large, attractively landscaped mobile home park would be an inducement to industrial expansion. Local government on the other hand might require the submission of a landscaping plan in order to qualify for an installation permit in a particular location.⁴⁹

4. Mobile home maintenance - The park owner has a right to expect that the outside of the units will be kept in good repair and that everything necessary to maintain the site in a neat, orderly manner will be done.

5. Visitors - The management of a well run park wishes, and most tenants demand, an atmosphere of peace and relative quiet. Many park residents consider this one of the most important benefits to be received from this type of living. Visitors and residents are expected to be aware of the noise restrictions. Most efficient parks try to regulate overly long stays by visitors, and may occasionally charge a small daily fee to cover extra water consumed and other services.

As in any other residential area the condition of the streets is very important. The quality park should have paved streets, curbs, and gutters. The prospective client will be concerned with the size of the lots available, whether there is adequate parking space present, and if a patio is provided.

⁴⁹Mobile Homes - One Solution to the High Cost of Building, Consumer Bulletin, February, 1970, p. 24.

To present a good appearance all mobile homes should have some type of adequate skirting. Good parks have this requirement as part of their rules. It is easy to observe whether this is a requirement and if it is being enforced. At the same time it will also give a good indication as to how seriously management takes its responsibilities.

The overall appearance of any mobile home park is greatly affected by the amount of landscaping that is provided by management, whether or not all utilities are underground, and if an underground cable television system is available to eliminate unsightly antennas. The common areas of the park should always present a well tended appearance. This also gives another excellent indication of the quality of management.

How the City of Great Falls Views the Mobile Home

The City of Great Falls has no zoning regulations per se against the mobile home. Consequently, there are several units on individual privately owned parking areas located throughout the city. There are six mobile home parks in the Great Falls Housing Market Area. With the exception of Garrett's Park completed in early 1971, they are substantially outmoded or lack adequate facilities. In addition, there is a "housing park" type facility at Malmstrom Air Force Base which provides parking spaces for 101 units. Most of these parks were completed prior to the development of the wider, longer mobile homes that are becoming increasingly popular today. Being originally designed for the twelve foot wide models, they either cannot accommodate the

wider units, or if they can, the area separating individual units is drastically reduced.

Even the newer parks provide only a few of the varied items which Woodall's Mobile Home Directory considers necessary for a star rating. Individual interviews with the various park owners, which is provided in Appendix 3 yielded the following general information:

1. The average age of the park is ten years.
2. The typical park has 60 spaces with limited capability to support wider units.
3. The occupancy rate averages 90% for older, established parks.
4. Some parks charge for all utilities, while heat or electricity may be included with the site rent in others.
5. Rental fee average is \$45 with additional charge in some cases for the wider units.
6. The older parks have paved streets, with gutters, but no sidewalks.
7. No park prohibits children; all require animals to be leashed when outside.
8. All parks have rules governing appearance of the mobile including skirting, but many appear to be loosely enforced.
9. None of the owners of the older parks contemplated expansion. Most seemed reluctant to initiate action toward improvements due to the cost involved.

The 101 units at Malmstrom Air Force Base are also designed primarily for the twelve foot wide models and are presently 100 per

cent occupied. The rental fee is a standard \$15 per month with all utilities extra. There is approximately a five month waiting period for admission, and an average of at least twenty persons normally waiting for a vacancy. No expansion of existing facilities is contemplated in the immediate future.

Until quite recently, the increasing popularity and acceptance of the mobile home among consumers was not reflected in the park facilities available in the Great Falls Housing Market Area. The completion of Garrett's Park was the first indication of a rejuvenation of interest among local entrepreneurs concerning mobile home park investment. Two major park developments have appeared recently to brighten the outlook for the future. These projects will be discussed in detail below. While the mobile home purchaser should carefully consider available parks before deciding where he will locate the unit, he should also exercise care and caution when negotiating with the dealer.

The Mobile Home Dealer - Nationally

The typical mobile home dealer conducts his operation similar to that of an automobile dealership. He accepts trade-ins, maintains an inventory of used units, will usually negotiate about his prices, and employs the same financing methods. The dealer finances his inventory at comparatively low rates through a bank or finance company. A standard contract would call for a down payment of 15 to 20 per cent with the balance paid in monthly installments.

Many times mobile home owners appear uneasy about their association with the dealer who sold them their homes. The mobile home

owner is at an inherent disadvantage compared to the conventional home buyer in at least one basic way. Once the mobile buyer purchases the product of a distant manufacturer he has no one left to complain to except a dealer whose primary interest is usually in making another sale, not in remaking a former one. One mobile owner with this type of experience commented: "We lack three window screens to this day, although I pointed out their absence to the dealer a year ago last August. My neighbor's trailer lacked storm windows until the middle of last December. I at least had a local dealer to complain to. His was in another state."⁵⁰

Another owner complained of being "baited into a trap." In that instance, when inquiries revealed that the dealer had a model the family wanted but could not get anywhere else in the vicinity, the quoted price suddenly jumped \$500. "I am not so sure now that we are going to get any service out of their guarantee once the home is set up in another state," the owner concluded.⁵¹ While the vast majority of manufacturers and dealers are reputable and committed to providing reasonable prices and honest deals, it must be accepted that "fast buck" operators are present too. Due to many varied factors, the primary one being a general lack of business acumen, the average dealer stays in business only about three years.

⁵⁰"What Living in a Mobile Home is Like," Changing Times, October, 1969, p. 11.

⁵¹Ibid., p. 11.

Local Mobile Home Dealers

There are seven mobile home dealers within the Great Falls Housing Market Area that maintain an inventory. Three of these were established within the past two years, and another broadened his business to include mobile homes only last year. This increase in the number of dealers competing for the consumer dollar reflects an awakening awareness of the opportunity the mobile home presents to satisfy the demand for reasonably priced housing.

Individual interviews with Great Falls mobile home dealers utilizing the questions presented in Appendix 2 provided the following information:

1. Dealers were reluctant to specify exactly the number of units they sold in a particular year. However, every dealer stated his sales had increased over the past two years.
2. Each dealer stated 1971 sales were ahead of previous years or were at least comparable.
3. All dealers accepted trade-ins. Most trade-in units were the older, smaller models indicating many customers were choosing to remain in mobile homes but wanted larger units.
4. Companies within Idaho, Oregon, Nebraska, Kansas, South Dakota, Texas, and Colorado were listed as sources of supply. Units produced for the Montana area are required to have the "arctic" type additional insulation, and production facilities within the states listed are equipped to provide this feature.
5. The 12 foot by 60 foot mobile home made up a large part of each dealer's current inventory, but all indicated that the trend toward the wider units appears to be developing steadily.
6. Strangely enough, most dealers did not appear to work closely with park operators to provide the customer with the latest information concerning a suitable place to park his mobile home once the purchase was made. If the customer requested assistance the dealer would make phone calls inquiring as to possible vacancies. None of the dealers were basically familiar with the advantages and disadvantages of any particular park, and none maintained contact with the park owners on a permanent basis.

Several dramatic developments have occurred which are certain to affect the mobile home's contribution to the medium cost housing effort. These are analyzed in Chapter 6.

CHAPTER VI

THE HOUSING SITUATION IN THE GREAT FALLS AREA AND FUTURE PARK DEVELOPMENTS

Various factors, including the construction of Anti-Ballistic Missile System (ABM) sites near Great Falls, to be discussed below, yield an estimated demand for approximately 350 housing units during 1972, comprised of 200 single family houses and 150 multi-family units. An annual demand for 150 mobile home units is indicated in the same projection.⁵²

The official position of Housing and Urban Development is that mobile homes and inexpensive modular housing shall be made widely available to low-income people. There is a definite shortage of inexpensive housing for low income Great Falls families. There were 356 public housing units in the Great Falls Housing Market Area as of December 1, 1970 including 242 units for non-elderly occupants and 114 for occupancy by elderly couples and individuals. As of that time, there were no vacant units and a waiting list of 70 households (25 elderly and 45 non-elderly) was reported.⁵³ Proposals have been made

⁵²Department of Housing and Urban Development, Federal Housing Administration, Analysis of the Great Falls, Montana Housing Market as of December 1, 1970, p. 2.

⁵³Ibid., p. 3.

for approximately 100 additional public housing units, but federal funds were not initially forthcoming. In mid August 1971, funds were approved for the construction of fifty of the units, but no contract has since been awarded.

The market for new, non-subsidized housing improved during the last months of 1970 as evidenced by the decline in the home owner vacancy rate from 1.6 per cent in April 1970 to 1.5 per cent by December 1, 1970. A marked shortage of available sales housing of standard quality existed. Of the 255 housing units available for sale in December 1970, it was estimated that fewer than 50 had all plumbing facilities, thus effectively reducing the home owner vacancy rate to less than 0.4 per cent.⁵⁴ The most active price range for new sales housing is \$25,000 to \$30,000 although some units above \$40,000 are being offered. These units are primarily located in subdivisions southeast of downtown Great Falls and northeast of the business district across the Missouri river.

It was reported in the 1969 FHA Unsold Inventory Survey, a canvass of construction activity in subdivisions with five or more completions, that of 58 units completed that year 27 were speculatively built. Of those in that category, all were sold within one month of completion.⁵⁵ This represents a dramatic improvement over the results of the previous survey in which it was reported that nine of 36 units built speculatively during 1968 remained unsold one or more months after completion.

⁵⁴Ibid., p. 5.

⁵⁵Ibid., p. 5.

Existing single-family units available for sale or rent are predominantly older units within the city, although several duplex type apartment houses have recently been constructed, and are now almost 100 per cent occupied. Many of the older units have become undesirable because of location or general condition.⁵⁶

The newer multi-family unit dwellings are concentrated on the South side of Great Falls, near Tenth Avenue South. Gross rent for these newer units range from \$150 to \$170 for one-bedroom units, \$180 to \$200 for two-bedroom units, and \$220 to \$290 for three-bedroom models. The monthly gross rental for two-bedroom units to be constructed in multi-family structures is expected to average \$200.⁵⁷

The ABM Impact

The construction of ABM sites northwest of Great Falls at Conrad, Montana initiated in 1970 was expected at the time to have a significant effect on the local economy during the next several years. However, contract difficulties, cost overruns, and an interruption of funding, combined to stop construction in early 1971 with the project far from completed. In mid-December 1971, a ninety-day contract totaling \$50 million was signed with the prime contractor with the provision that all labor disputes be settled before the expiration date. On February 25, 1972 a 13-month argument over the Phase II construction finally ended with the signing of a \$160.9 million contract. This

⁵⁶Ibid., p. 5.

⁵⁷Ibid., p. 6.

project will play an important role in mobile home sales within the city of Great Falls in the near future. When large scale construction resumes in early spring, 1972, the housing demand generated by the expected influx of construction workers is expected to be satisfied primarily through the in-movement of mobile homes at the missile sites and in surrounding areas, including Great Falls. Perhaps anticipating the additional housing need the ABM project should create, local businessmen have taken positive steps to provide not only additional mobile home parking facilities, but to insure that the utmost in modern accommodations will be available.

Future Developments in Mobile Home Parks

The "Highwoods", an ultra modern mobile home park comprising an initial 200 pads is under construction at 8th Avenue North and 38th Street with an estimated completion date of June, 1972. The project, which should revolutionize mobile home living in Great Falls, has a total dollar value of \$798,000 with approximately 33 acres of land being utilized. Management's objective is to build between 180 to 200 pads and then expand the park as it fills to 300 or more pads. They expect to earn a five star rating for their facility. As of March 31, 1972, 46 pads were completed and 38 of these were occupied. The management further felt that the large present number of mobile homes in Great Falls, approximately 2,400, plus the anticipated future demand combined with the complete lack of sufficient modern parks indicated the need for a park of this size. Mr. Jack Sleight, Design Representative for the Helena office of the Federal Housing Administration

commented concerning the park design. "It has incorporated extensive landscaping, good site drainage, pedestrian walks throughout, crowned paved streets, and a precast curb section. Also, the design incorporates a very extensive community building, a utility building, good entrance features and playground facilities." Information as to rental fees, facilities and activities available are contained in Appendix 4.

Glacier Estates

To further brighten the outlook concerning park facilities another edition, equally as impressive as the "Highwoods", entitled "Glacier Estates" is in the planning stage. It is being developed by Imperial Enterprises, a division of the Hagy Corporation of Los Angeles, California. An approximate 40 acre plot is involved between 57th Street and 2nd Avenue North in the vicinity of Malmstrom Air Force Base. Tentative plans call for an initial 268 pads to be constructed of which 223 will be designed for the newer, wider mobiles. All facilities necessary for a five star rating have been programmed. When the initial design was submitted to the city planning commission for approval several problem areas were recognized. The land in question lies outside the city limits, and the developers requested it to be annexed to the city in order that existing water and sewer facilities could be utilized. After examining the proposal, city engineers determined that these facilities would be inadequate to handle the increased water and sewage requirements generated when the park was at full capacity without additional pumping equipment. The commission subsequently ruled that the area could not be annexed unless the

developers agreed to provide these additional facilities. This information was provided to the developers, and in mid October, 1971, they indicated that these conditions were acceptable to them. They have since engaged a local engineering firm as their design representative. It is unknown at this time, however, what effect, if any, the completion of the "Highwoods" development will have on the proposed project. As of the end of March 1972 neither the city nor the firm's local representative had received further correspondence concerning their intentions. It would appear that a modern mobile home development convenient to Malmstrom would still be especially attractive to military personnel, both active and retired, since present facilities there are completely filled.

Expected Changes in Dealers and Production Facilities

A number of variables can be expected to greatly influence the attractiveness of additional mobile home dealerships within the Great Falls Housing Market Area in the immediate future. The construction hiatus involving the ABM system has ended. At least 1600 additional workers will be required by mid-summer, 1972. The demand for additional mobile homes certainly will be present. If the two proposed ultramodern parks are completed, with their aggregate 550 pads, this cannot fail to solve a basic problem confronting the mobile owner, where to park the unit.

Since a mobile home dealership can be established for a relatively small initial investment, one of the units or a small building can be used as an office for example, it is likely that more

dealerships will come into being in the next few years. There are no facilities at present in the Great Falls area for mobile home production. The Cascade Manufacturing Company was involved in mobile home production for a short time but discontinued its line in order to concentrate exclusively on smaller recreational vehicles.

CHAPTER VII

SUMMARY AND CONCLUSION

The building industry today faces a challenge as seemingly impossible as landing a man on the moon appeared to be a few years ago. The challenge is rebuild America's housing in the next thirty years. For every home that exists the industry is going to have to build a new home; for every store, a new store; for every existing apartment house another apartment house. The industry is going to have to build a new Sacramento, a new Indianapolis, a new Great Falls, and it is going to have to do it within thirty years.⁵⁸

The magnitude of this assignment, if taken literally, appears overwhelming. While the future need for additional housing to keep pace with projected population growth cannot be refuted, the situation need not appear so desperate. Past mistakes in housing construction and in the design of sites which have caused slum areas to appear may be corrected. While a new Great Falls literally needs to be constructed in the years to come, it certainly is not necessary to incorporate the same type of buildings and construction materials earlier generations used. The needs of the future home owner are expected to reflect more mobility, advanced design, and smaller amounts of capital invested in

⁵⁸Vital Speeches of the Day, November 1, 1969, p. 61.

the dwelling. The mobile home is one housing source that incorporates all these attributes.

The number of people in the United States, according to the census bureau, may increase as much as 160 million before the end of the century. This would be enough people to fill a new city of 250,000 every month from now until the year 2,000.⁵⁹

The immediate question is where will these people live? How many new residential units will this require? A total of seventy-five million new residential units, within the next thirty years, is realistic, including replacement of homes that will be destroyed by fire or other natural calamities, demolished, or rendered obsolete. That is fifteen million more than the total number of units now in existence in this country.⁶⁰ It is not suggested that mobile homes will be a complete answer to this housing demand but the industry is in a position to make a significant contribution toward alleviating the problem.

With the spiraling cost and lagging construction of conventional housing, the mobile home industry has achieved increasing acceptance. In 1972, according to most estimates, one out of every five new homes built will be a mobile. Mobile homes now seem likely to remain the nation's chief source of inexpensive new shelter. The average price of a 12 foot by 60 foot mobile is about \$6,500; although one can pay more for larger, fancier models. It is possible

⁵⁹Ibid., p. 62.

⁶⁰Ibid., p. 62.

to avoid the trailer look altogether by investing about \$12,000, still substantially below the initial cost of a conventional home.

The increasing awareness that the mobile home is capable of filling a large void in the housing market has begun to influence government at all levels. Federal laws enacted in 1968 and 1969 liberalized FHA regulations on mobile homes and park loans while permitting federally chartered Savings and Loan Associations to invest up to 50 per cent of their assets in chattel paper on mobile homes. Savings and Loan Associations may now offer twelve years maximum terms on new mobile homes and up to eight years on used units.

A greater sense of amity and cooperation is also evidenced at the local level. The Great Falls City Planning Commission has worked closely with the developer of Garrett's Park, and also with the entrepreneurs behind the "Highwoods" and "Glacier Estate" developments. The City Council also gave the Montana Mobile Home Association permission to display mobile homes in the downtown area during the state association's recent convention.⁶¹

The lack of a sufficient number of conveniently located places to park mobile homes has always been a limitation to the industry.⁶² Manufacturers and dealers are now beginning to realize that continued expansion of the mobile home market requires the cooperation of all segments of the industry in order to improve existing facilities and to encourage the construction of better parks in

⁶¹Great Falls Tribune, October 18, 1971.

⁶²Taylor W. Meloan, Mobile Homes - The Growth and Business Practices of the Industry, p. 6.

the future. This challenge has been accepted at the local level by the planned development of two ultramodern mobile home parks with a combined capacity of 550 pads. In addition, three new mobile home dealerships have been established within the past two years, thus providing the purchaser with a wider selection of units to choose from, plus the opportunity for a more favorable purchase price due to increased competition among dealers.

It is felt that tangible factors such as the dramatic increase in mobile home park facilities, the resumption of ABM construction, the increase in mobile home dealers, plus the steady demand created by incoming military personnel cannot fail to favorably affect the future position of the mobile home as a source of medium cost housing in the local area. Shipments of new mobile homes into Great Falls averaged less than 50 per year between 1960 and 1970.⁶³ However, based on the various factors previously mentioned, it is felt that mobile homes will steadily increase in numbers until annual sales of between 200 and 250 units at a minimum are realized for this area.

The American dream is to have a good home at a fair price in a respectable neighborhood. The mobile home, indirectly from its "tin can on wheels" origin has steadily been improved and slowly changed in image until today it can fulfill the home owner's aspirations.

⁶³FHA Analysis of the Great Falls, Montana HMA, p. 6.

APPENDIX I

Financing Terms	\$6,000 Mobile Home	\$24,000 Home	
Type of loan	Consumer Installment	FHA Mort	CON Mort
Maturity	7 yrs	30 yrs	30 yrs
Interest rate	12%	8½%	8%
Down payment	\$ 1,200	\$2,400	\$6,000
Monthly Cost			
Loan repayment and interest	\$84.74	\$165.32	\$132.08
Park rent*	36.00	-	-
Maintenance*	3.00	15.00	15.00
Taxes*	9.20	50.00	50.00
Heating and utilities*	30.00	50.00	50.00
Insurance*	<u>5.00</u>	<u>10.00</u>	<u>10.00</u>
	\$167.94	\$290.32	\$257.08
Income tax savings 20% marginal tax rate)	<u>-8.79</u>	<u>-42.20</u>	<u>-35.73</u>
Net cost	\$159.15	\$248.12	\$221.35

* Estimated

** Floor space for both units assumed to be identical

Source: New England Economic Review, May-June 1970, published by
Federal Bank of Boston

APPENDIX 2

DEALER'S INTERVIEW FORM

1. Number of units sold in each of the last two years
2. How does 1971 compare in sales volume
3. Are trade-ins accepted What is the average of trade-ins
4. Source of supply
5. What is the most popular size mobile home sold
6. Do purchasers usually ask for a mobile home park recommendation

APPENDIX 3

PARK OPERATOR'S INTERVIEW FORM

1. Age of park
2. Size and number of lots Rental fee
3. Vacancy rate
4. Ability of the park to accommodate expandable and double-wide
units
5. Utilities provided
6. Condition of streets within the park
7. Does management have restrictions against children or large
pets
8. Are units required to have skirting
9. Does management contemplate park expansion in the immediate
future

APPENDIX 4

THE HIGHWOODS DEVELOPMENT*

Rents

SINGLE SPACE (14 foot Maximum width)	\$55. per month
DOUBLE SPACE (single wide trailer)	\$60. per month
DOUBLE SPACE (double wide trailer)	\$62. per month

Included in Rent

CITY WATER	CAR WASH BAY
CITY SEWER	14x15 CONCRETE PATIO
CITY GARBAGE PICK-UP	USE OF CLUBHOUSE FACILITIES
TWO CAR OFF-STREET PARKING	USE OF GARAGE AND HOBBY SHOP
STORAGE SHED AND PRIVACY FENCE	USE OF SWIMMING POOL

Activities

HEATED INDOOR SWIMMING POOL	POTLUCK DINNERS
YOUTH CLUBROOM	HOBBY SHOP
4-BAY GARAGE	POOL TABLES
CAR WASH AREA	PING PONG TABLES
CARD PARTIES	COLOR TELEVISION
ADULT LOUNGE AND CLUBHOUSE	PLAYGROUND

Additional

PETS - Limit 2 (20 lbs. or under)	\$1.50 per month per pet
LAUNDRY ROOM (Coin Operated) - Washers and Dryers	
STORAGE YARD - For Boats, Campers, Travel Trailers and Extra Cars	\$5.00 per month per unit
MOTORCYCLES AND SNOWMOBILES	\$2.00 per month

*Source - The Highwoods Brochure

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