



Innovation in Manufactured Housing

Solutions to Solve the
Affordable Housing Crisis

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Brief Description

Manufactured housing plays a critical role in the affordable housing ecosystem. In rural communities in Virginia, up to 14% of the housing inventory is comprised of manufactured housing, and overall, Virginia has just under 200,000 manufactured homes in its current housing stock. Despite recent improvements in the overall quality, durability and attractiveness of manufactured housing, this form of housing continues to labor under a negative stigma. Terms like mobile homes and trailers are still used, while manufactured housing has advanced significantly, offering an affordable and quality option for renters and homeowners.

Why It Was Undertaken

In Virginia, manufactured housing is an underutilized option for addressing our affordable housing crisis. Challenges continue to exist in terms of overall acceptance, with many localities having zoning restrictions that prohibit the siting of manufactured housing in their community. In other areas, manufactured home communities are often at risk of redevelopment, placing residents at risk of displacement and resulting in the loss of affordable housing options. To help change the negative perception of manufactured housing, as well as the need to preserve and expand affordable housing stock, Virginia Housing has undertaken a multi-pronged approach to expand the production of manufactured housing to address Virginia's affordable housing crisis.

What We Accomplished

Connecting with the Industry

Virginia Housing partnered with the Virginia Manufactured and Modular Housing Association (VMMHA) to better understand the industry and determine the best approach to apply our resources. Our initial industry connection has led to a strong partnership, where our associates annually attend the VMMHA conference, providing Virginia Housing with the opportunity to network and serve as speakers. Additionally, we have recruited members from the industry to serve on our Advisory Council, giving them a voice with other partners. In partnership with VMMHA, Virginia Housing has been able to bring manufactured homes to the Virginia Governor's Housing Conference, Virginia's largest affordable housing event.

Preservation

Virginia Housing has brought long term, permanent financing to multiple nonprofit organizations which have acquired manufactured home communities with the intent of stabilization and preservation. In addition to take-out financing, we have provided grant funding to conduct feasibility and capital needs assessments to help the new nonprofit owners understand and prioritize future improvements. An outstanding example of this partnership is the East End Mobile Home Park, located in Manassas, a community which was on the verge of being shut down by the Health Department due to raw sewage being discharged above ground. In partnership with the city and a nonprofit, Catholics for Housing, the private owner agreed to sell the property, and Virginia Housing provided planning grant funding and ultimately, permanent financing, to preserve the 58 homes from being closed due to a health hazard.

Revitalization

Southwood in Albemarle County is home to 341 manufactured homes. Habitat for Humanity undertook a very ambitious endeavor to revitalize this community, with a focus on maintaining the existing residence, creating a resident-driven revitalization strategy and building a denser, mixed-income community with new rental and homeownership opportunities. Virginia Housing has been a key partner

Virginia Housing

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Special Achievement

in this effort by providing resources for the upfront planning and design, as well as bringing forward resources through our Homeownership and Rental divisions to support this multiphased effort. This resident-led vision is already coming online, with the first phase consisting of privately developed homeownership and rental housing, coupled with affordable rental development supported by Virginia Housing's tax credit and lending programs.

Homeownership

Virginia Housing has worked diligently to expand the production of manufactured housing for homeownership opportunities. Through our partnerships with NextSteps, Freddie Mac and the city of Danville, we were able to facilitate an infill housing project, bringing five of the next generation, cross-mod manufactured homes online. These homes were the first to be made through the Freddie Mac program. The cross-mods offer a quality similar to stick-built housing, with homes placed on permanent foundations, with attached garages, higher pitched roofs and a greater level of energy efficiency, all at an affordable price. Danville did not allow manufactured housing through its zoning ordinance, but after several public community meetings and convenings with local officials, the city recognized the value of this housing type and created a special overlay district to allow manufactured housing in their locality.

Virginia Housing also embarked on a new effort, in partnership with a private developer and the city of Petersburg, to bring 50 new cross-mod homes to market using our Low-Incoming Housing Tax Credit Program. This first-of-its-kind venture in Virginia provided an innovative use of tax credits, paired with manufactured housing, that will provide rental housing for a 15-year compliance, with the option to convert those housing units for homeownership at the end of that period.

Innovation

Through the Virginia Housing Innovation Program, we have partnered with Accomack County and private developer iUnit to construct net-zero ready homes. The homes, which look identical from the exterior and interior, are constructed using two different methods — modular construction and manufactured housing. Providing an example of manufactured housing next to modular construction is an effective way to change attitudes that typically persist around manufactured housing. In this instance, the homes look identical and the energy performance is also the same for both.

Virginia Housing also forged a new partnership with ROC USA to expand access to capital and opportunities to preserve and create more homeownership opportunities. Virginia Housing dedicated resources specifically targeted for resident-owned community projects to support acquisition and to provide ROC USA with technical assistance funding to allow them to identify communities which had the potential to evolve into a resident-owned community model. The first acquisition in Virginia is a 71-home community in the city of Buena Vista. Work has already begun to grow the capacity of the residents to serve as owners, and efforts are underway to address capital improvement needs in the community. ROC USA has also identified a number of other communities around Virginia and started negotiations for acquisition.

Why It Is Meritorious and Meets NCSHA Award Judging Criteria

Replicable and Innovative

Partnerships with industry professionals are a proven best practice, and the collaboration between Virginia Housing and VMMHA demonstrates how shared knowledge can expand opportunities for manufactured housing across the Commonwealth. By effectively leveraging widely available tools,

such as tax credits, bonds, and down payment and closing cost assistance, these efforts show a model that can be replicated in any Virginia community. Through creative financing, strong industry partnerships and engagement with local officials, Virginia is demonstrating that modern manufactured housing is a scalable, forward-thinking solution to the housing shortage facing communities statewide.

Provides Benefits That Outweigh Costs

Manufactured housing has proven to be a very cost effective and affordable option to increase housing stock, and they are far less expensive than traditional site-built housing. With improvements to quality and durability, this type of housing offers a very competitive opportunity for renters and homebuyers. Financing provided by Virginia Housing utilizes existing tax credit and bond resources, while on the homeownership side, we provide mortgages and buyer assistance in the same manner we have for years for traditional homebuyers.

Achieve Strategic Objectives

Our work in the manufactured housing space directly addresses a pressing need at the state level by preserving existing affordable housing stock while also expanding the housing inventory. Specific to Virginia Housing, this directly addresses our strategic initiatives:

- ***Priority 1 – New Inventory*** | Increase housing inventory through the expansion of new affordable housing opportunities.
- ***Priority 2 – Preservation*** | Increase housing affordability through the preservation of quality, affordable and attainable housing opportunities.
- ***Priority 3 – Statewide Targeted Investment to Support Unaddressed Needs*** | Deploy multiple strategies, housing options and resources to support all areas of the state.

Conclusion

While manufactured housing has been in use for decades, there has long been a stigma attached to this type of housing. Manufactured housing has come a long way, making significant strides in quality and performance that can be delivered at an affordable price. Virginia Housing, in partnership with industry professionals and our housing partners, have developed a framework to help change perceptions while also opening the door for a larger production of manufactured housing. Through strategies focused on creative use of our lending programs, a willingness to explore innovative use of tax credits and a commitment of resources and technical assistance to drive homeownership opportunities, we have developed an effective blueprint that continues to pay dividends. These strategies have saved manufactured home communities at risk of redevelopment and displacement of residents, created new housing opportunities for existing community residents and put in place programs available to consumers looking to become homeowners. Virginia's strategic investment in and support of manufactured housing is helping preserve critical affordable homes that might otherwise be lost to redevelopment, while also expanding the overall supply, demonstrating a proactive and impactful approach to meeting housing needs across the Commonwealth.