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65 Percent of Home Manufacturers Operating Under Restricted Conditions Due to COVID-19

By: Next Step Network, Inc.

Summary of 2020 Manufacturer COVID-19 Survey

Overview and Key Insights:

In order to gain better insight into how the continuing COVID-19 pandemic is impacting the manufactured housing industry, Next Step conducted a survey of our home manufacturing partners from April 7 – April 20, 2020. The survey sought to ascertain information about key areas of business and operations that may be impacted by the COVID-19 pandemic, including: labor, floor production, and sales.

Leveraging existing relationships with manufacturers brokered through affordable housing development projects across the country, we captured self-reported information from 17 manufacturing facilities. Next Step has provided a snapshot of the manufactured housing industry as impacted by the COVID-19 pandemic. As of April 20, 2020, **65 percent of manufacturer respondents indicated that their operations are somehow restricted due to COVID-19**, and **91 percent of those manufacturers expect to build fewer homes** as result of ongoing impact from the pandemic.

Survey Methodology:

Surveys were sent to 62 manufacturing facilities, collecting 17 responses from April 7 to April 20, 2020, representing a 27 percent response rate. Surveys were sent to a primary contact for individual manufacturing facilities via email. Any duplicate responses from individual facilities were omitted from the aggregate data. Manufacturing facilities from eight (8) states responded to the survey.

Housing Manufacturer Survey and Results:

Manufacturing facilities responded to questions on three primary areas: operations, labor, and floor production and sales.

Operations –

Of 17 respondents, 65 percent of manufacturer respondents indicated that their operations are somehow restricted due to COVID-19. Of those respondents, various measures have been taken to comply with local/state ordinances related to COVID-19 mitigation, including **adjusted**

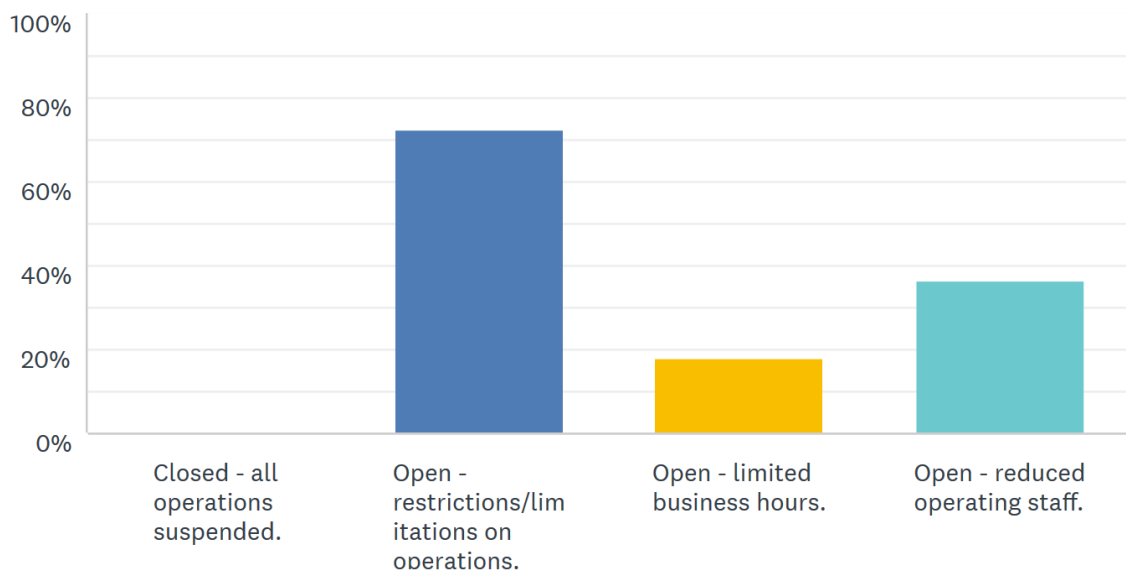
operating hours and reduced staffing levels. However, no respondents indicated their operations were shut down at the time of the survey.

ANSWER CHOICES	RESPONSES
▼ Closed - all operations suspended.	0.00%
▼ Open - restrictions/limitations on operations.	72.73%
▼ Open - limited business hours.	18.18%
▼ Open - reduced operating staff.	36.36%

Anecdotally, respondents indicated additional challenges to operations.

“We closed for [two] weeks. We opened back up on 4/6. Orders are slow, but we are getting enough in to keep the doors open.” – Tennessee manufacturer.

“I answered the previous question saying we are operating as usual. That doesn't tell the story of operating as usual while meeting social distancing guidelines, team member anxiety and attendance issues. This has resulted in fewer homes produced as things change day-to-day. So, I say we are operating as normal as possible considering the difficult time that we are living in right now.” – Oregon manufacturer.





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Labor –

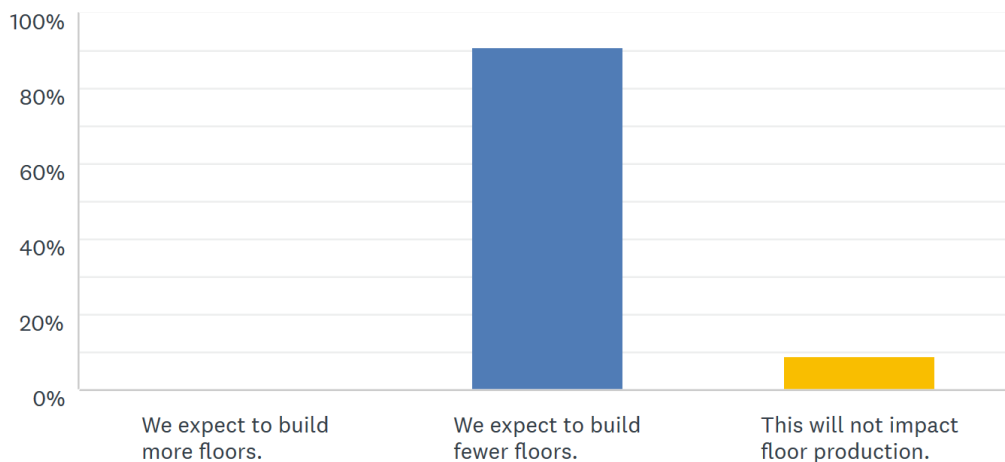
Of responding manufacturing locations that indicated that they are operating under restrictions, **100 percent specified that fewer team members have been reporting for daily operations**, reporting an **average 22 percent reduction** in their workforce for daily operations.

Of responding manufacturing locations that indicated that they are operating under restrictions, **100 percent also reported that they are implementing practices to maintain social distancing**.

“We have cut out all overtime and are dedicating a big part of our days to disinfecting. We had higher [absenteeism] in first week or two of the outbreak news but things are normalizing a bit.” Tennessee manufacturer.

Floor Production and Sales –

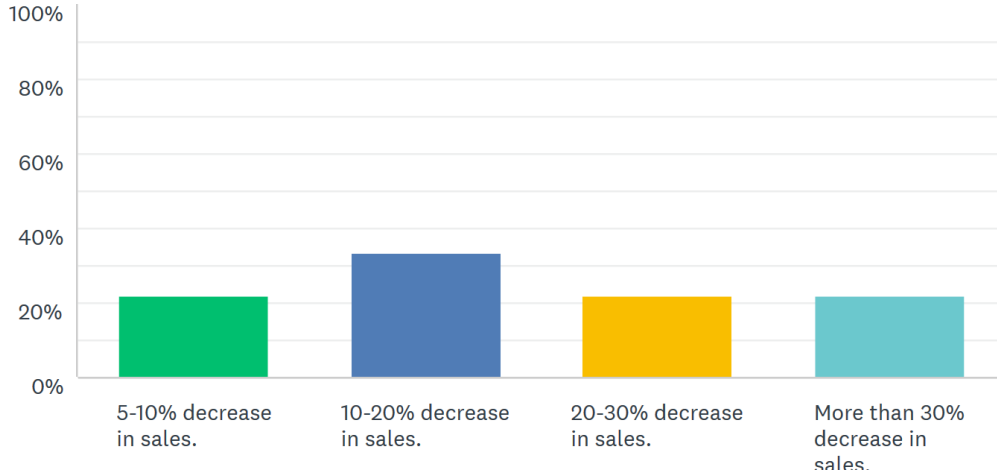
The vast majority of respondents who indicated that they are operating under restricted conditions (91 percent) reported that they expected to build fewer homes as a result of COVID-19 impact.



Those same facilities reported a wide range of impact on their overall sales, however **77 percent indicated that they could see up to a 30 percent reduction in sales**.



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“Our unique product offering (high end) allowed for a longer backlog, and sales so far have stayed consistent.” Tennessee manufacturer.

“We are running and fortunate not to [have] run out of material yet like some facilities. MI has hampered our effectiveness with our workforce and orders.” Indiana manufacturer.

Conclusions:

The ultimate impact of COVID-19 on the manufactured housing industry is shifting, with many unknown variables at play. Manufacturing facilities are remaining operational, with restrictions in place to comply with state ordinances. However, prolonged restrictions – coupled with the overall impact of COVID-19 – could negatively affect home production and sales.