

47° North – Estimated Minimum Ownership Cost

9-19-22

The purpose of this fact sheet is to examine the cost of owning the least costly detached single family Manufactured Home that will be sold in 47 Degrees North.

“Affordable Housing” is a legal term, defined as costing no more than 30% of the income available to a household making 60% of the Mean Household Income (Cle Elum MHI = \$48,693/yr), or no more than \$730/month¹. Sun Communities is not required to, nor is proposing, that any of its units will be “affordable” as legally defined². Rather, Sun has said its housing prices will be market based, but generally less expensive than traditional stick built houses of similar size, and thus more “attainable” to home buyers than traditional stick built housing.

Per the project Environmental Impact Statement (EIS) Sun will be selling and marketing two basic housing types in 47 Degrees North: Multi Family (180 units), Single Family Manufactured Homes (527 units). Per the EIS the Multi-Family units would consist of triplexes all located in one sub-area of the site and all would be rentals, none for sale³.

The single family manufactured units (SFMU) would consist of various models ranging in size and features. All SFMU’s would be located on land owned by Sun and leased back to buyers. Sun reports as many of 50% of SFMU’s may be owned by Sun and rented⁴. The DSEIS says that SFMU’s will be priced from \$150k to \$250k, but subsequent public statements indicate pricing will be \$200k to \$300k. In any event, Sun has made no written commitment on pricing, except to say “market based”. Sun has also made no commitment on how many of the units in 47 Degrees North will be reserved for least cost.

Sun has not made written commitments on pricing or terms, so analyzing ownership costs requires making a number of assumptions, and these are listed below. Because the overriding goal is to get accurate facts on 47 Degree North ownership costs for review by the city and public, Sun Communities is invited to critique this analysis, correct any or all of the assumptions, and respond in writing for public review.

¹ See DSEIS, Chapter 3, page 3-9.4

² Sun Communities proposes to dedicate a site to the city of Cle Elum for the city to construct Affordable housing

³ Project DSEIS, Chapter 2, page 2-19 - Sun has made no public statements on the cost of rent for multi-family units.

⁴ See DSEIS, Chapter 3, page 3-9.11 - Sun has made no public statements on the cost of rent for single-family units.

47 Degrees North
Estimated Manufactured Home Monthly Ownership Cost
9/13/2022

Est Min Cost - Smallest sized unit and least expensive lot lease

	Lot Rental at +3% Annually	20 Yr Fixed 6.75% - \$160,000	Taxes + Insurance	Total Monthly
Year 1	\$700	\$1,217	\$125	\$2,042
2	\$721	\$1,217	\$125	\$2,063
3	\$743	\$1,217	\$125	\$2,085
4	\$765	\$1,217	\$125	\$2,107
5	\$788	\$1,217	\$125	\$2,130
6	\$811	\$1,217	\$125	\$2,153
7	\$836	\$1,217	\$125	\$2,178
8	\$861	\$1,217	\$125	\$2,203
9	\$887	\$1,217	\$125	\$2,229
10	\$913	\$1,217	\$125	\$2,255
11	\$941	\$1,217	\$125	\$2,283
12	\$969	\$1,217	\$125	\$2,311
13	\$998	\$1,217	\$125	\$2,340
14	\$1,028	\$1,217	\$125	\$2,370
15	\$1,059	\$1,217	\$125	\$2,401
16	\$1,091	\$1,217	\$125	\$2,433
17	\$1,123	\$1,217	\$125	\$2,465
18	\$1,157	\$1,217	\$125	\$2,499
19	\$1,192	\$1,217	\$125	\$2,534
20	\$1,227	\$1,217	\$125	\$2,569

Income required year 1 = \$82,000, year 20 = \$103,00 (max 30% income for housing)

See assumptions and conclusions following page

Assumptions

- Least Cost Unit - \$200,000
- Down Payment required – 20%
- 20 year fixed mortgage – 6.75%
- No depreciation of the manufactured home is assumed
- Taxes and insurance approximately 1% of mortgage
- Lot lease =\$700 Sun public statement
- Lot lease annual price increase – average of 3% per year Sun public statement
- No cost of utilities assumed because it is not known how Sun will charge for this, utilities could be additive to the calculations shown

Conclusions

- Monthly housing cost at initial purchase - \$2,042/month
- Monthly housing cost in 20 years - \$2,529/month (2022 dollars)
- **Income required to purchase and own least cost unit = \$82,000/yr at purchase, \$103,000/yr. at year 20** (Assuming no more than 30% of income allocated to housing)
- Cle Elum median income = \$48,693 (Draft SEIS)

- **Purchasing the minimum cost single family home unit in 47 Degrees will require a household income that ranges from 170% to 211% of the median income in Cle Elum**