

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING

MANUFACTURED HOUSING STANDARDS PROGRAM

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Strategic Goal H: Increase homeownership opportunities.			
Discretionary BA (Dollars in Thousands)	\$719	\$765	\$1,000
FTE			
Headquarters	1	1	1
Field	0	0	0
Subtotal	1	1	1
S&E Cost (Dollars in Thousands)			
Personal Services	\$64	\$94	\$97
Travel	1	1	1
Transportation of Things	0	0	0
Rent, Communications & Utilities	0	0	0
Printing	0	1	1
Other Services	0	0	0
Supplies	0	0	0
Furniture & Equipment	0	0	0
Subtotal	65	96	99
Strategic Objective H.1: Expand national homeownership opportunities.			
Indicator: Improve National homeownership opportunities.	180,451 manufactured homes produced	198,000 manufactured homes produced	281,250 manufactured homes produced

EXPLANATION OF PERFORMANCE

Performance/Means and Strategies

The Manufactured Housing Standards Program requests \$1.0 million in program funding and \$0.1 million in S&E for a total of \$1.1 million to support Strategic Goal H: Increase homeownership opportunities, and in particular, Strategic Objective H.1 (Expand national homeownership opportunities).

The Manufactured Housing Program is a national HUD program established to protect the health and safety of the owners of manufactured (mobile) homes. This program supports HUD's strategic objective to expand national homeownership opportunities because it influences many home purchasers to choose manufactured housing as an affordable housing option due to the improvement in the overall quality of manufactured housing through the program's emphasis on safety and quality.

As the manager of a Federally pre-emptive program, HUD is the only regulatory agency nationwide responsible for overseeing the design and construction of all manufactured housing (mobile homes) throughout the United States. This accounts for approximately 20 percent of all new residential home sales nationwide annually. Without the safety and quality ensured by this program, manufactured housing would not be providing the significant portion of single family home sales (20 percent) that it does, nor the affordable housing option necessary in the current

tight, high-cost housing market. In 1999, the cost per square foot of manufactured housing structures was only 36 to 45 percent of the cost per square foot of site-built housing structures (MHI figures, 2001). The Program is also responsible for ensuring the correction of all design and construction deficiencies brought to the Department's attention in all manufactured homes built since 1976. In fiscal year 2004, the estimated level of new construction for manufactured housing is approximately 281,000 homes (independent forecasters, DRI-WEFA), and the overall number of homes nationwide is approximately 8.4 million (American Housing Survey, 1999). As the sole regulatory program for design and construction, the Federal Manufactured Housing Program is responsible for ensuring the accountability of the quality and safety of design and construction overseen by 17 primary inspection agencies and the consumer and oversight work of the 37 state administrative agencies working on behalf of the program. In its role in overseeing design and construction on a nationwide basis the Federal program receives and stores approximately 300,000 design pages annually, and reviews approximately 10,000 of those pages, as well as auditing construction once a year in each of the approximately 250 manufacturing plants. By carrying out the mandate of the Manufactured Housing Improvement Act of 2000, the program also works with FHA's Title I and Title II loan insurance programs, and assists FHA in its improved processing of FHA opportunities for purchasing manufactured housing.

The Department regulates the design, construction, and safety of manufactured housing pursuant to its authority under the National Manufactured Housing and Construction and Safety Standards Act of 1974, 42 U.S.C. 5401, *et seq.* ("the Act"). The standards are to govern the quality, durability, and safety among other things. The Act originally took effect June 15, 1976, and all manufactured homes produced since then must meet federal manufactured home construction and safety standards. The Act was amended by the Manufactured Housing Improvement Act of 2000 (Title VI, Pub. L. 106-569, 114 Stat. 2944, approved December 27, 2000) in part to provide for the establishment of a consensus committee for manufacturing housing that is charged with providing recommendations to the Secretary to adopt, revise, and interpret manufactured housing construction and safety standards and procedural and enforcement regulations, as well as submitting to the Secretary proposed model installation standards. Additionally, the Department's regulatory responsibility now includes the resolution of consumer-initiated disputes unresolved among manufacturers, installers, and retailers of manufactured housing. The 2000 Act requires the Department to carry out these responsibilities with completed rule-making, administration, and procurement no later than December 27, 2005. Further, the Manufactured Housing Committee must review and recommend all the proposed standards and regulations prior to the Department's own rule-making.

The current program activities of standards development, enforcement and consumer assistance use all of the current program resources, collected in fee income. Additional funds are therefore required to implement the extensive rule-making, administrative changes and procurement necessary to implement these new responsibilities. Activities authorized by the Act include the following:

1. Establishment of Standards. Under the Act, the Secretary is directed to establish appropriate Federal manufactured home standards for the construction, design, and performance of manufactured homes which meet the needs of the public, including quality, durability, and safety. The Department appointed the Manufactured Housing Consensus Committee, as mandated by statute in 2002. The Consensus Committee is responsible for initiating new manufactured housing construction and safety standards and reviewing recommended revisions to the standards.
2. Consensus Committee. In 2000, the Act was amended to establish a consensus standards and regulatory development process. HUD has contracted with the National Fire Protection Association (NFPA) to serve as the Administering Organization to support a Consensus Committee to implement the revised standards process, an effort requiring resources not previously accounted for in the program's budget. The Secretary appointed 21 persons to serve on the Consensus Committee, the cost of which is accounted for in the Administering Organization contract.
3. Enforcement of Standards. Enforcement of the standards is accomplished mainly by third-party primary inspection agencies. These agencies can be private or State agencies and are approved and monitored by HUD.
4. Addressing noncompliance with Standards. Title VI of the 1974 Act requires that every company that builds manufactured homes provide HUD with the plans for each model produced. The manufacturer is required to issue a certification that each section built meets the Federal standards in effect at the time of production. If the Department determines that any manufactured home does not comply with standards or contains a defect constituting a significant safety hazard, it may require the producer to notify the purchaser of the manufactured home of the defect. In certain cases, HUD may require repair, replacement or refund of the price of the defective section(s).

5. Administration and Enforcement of Installation Standards and Dispute Resolution Program.
The 2000 Act calls for the development of new program standards and regulations for the installation of manufactured homes as well as a new program for dispute resolution. Under current market conditions there are approximately 200,000 homes installed nationwide each year.

HUD requests a \$17 million appropriation in fiscal year 2004 which will be used to: (1) cover the contractual costs of the program; (2) make payments to the States for the costs of investigating purchaser complaints; and (3) cover the Department's expenses for staff. Payment for this last item is made through a transfer to the "Salaries and Expenses, HUD" account. The Department will ensure that staffing is sufficient for proper enforcement of standards and to respond to questions concerning the uniformity and consistency of code revision. Also, the Department will assess its program cost to ensure the program is implemented in an economical and efficient manner. The appropriation will be fully supported by the collection of fees. The appropriation for this program allows for funds to be made available from the general fund to allow obligations and expenditures pending receipt of collections to the Fund. Amounts that may be made available from the general fund are reduced as collections are received during the fiscal year so as to result in a final fiscal year appropriation from the general fund of \$0.

In fiscal year 2004, the Manufactured Housing Standards Program will continue to carry out the responsibilities of the 2000 Act. The number of manufactured homes and transportable sections produced are expected to increase above the 2003-estimated level of 198,000 homes and 346,500 transportable sections to 281,250 and 497,810 respectively. A \$39 fee is charged for each manufactured home transportable section produced and will be used to fund the costs of all authorized activities necessary for the Consensus Committee, HUD, and its agents to carry out all aspects of the manufactured housing reform legislation at the appropriated level of funding. Program income, based on fees, fluctuates with production levels, which in turn fluctuate from season to season, and cannot be precisely projected.

Resource Management Information

Staffing remains constant from fiscal year 2003 through fiscal year 2004.