

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING

MANUFACTURED HOUSING STANDARDS PROGRAM

PROGRAM HIGHLIGHTS

	ACTUAL	ESTIMATE	ESTIMATE	INCREASE + DECREASE -
	2002	2003	2004	2004 vs 2003
	(Dollars in Thousands)			
State Plans Approved	37	37	37	...
Manufactured Homes Produced	180,451	198,000	281,250	83,250
Transportable Sections Produced .	323,727	346,500	497,810	151,310
<u>Budget Authority</u>				
Enacted or Proposed	\$8,012	\$13,000	\$17,000	\$4,000
Obligations	7,500	15,000	17,000	2,000
<u>Carryover</u>				
Carryover from prior year	1,956	2,468	468	-2,000
<u>Source of Funds:</u>				
Fee Revenue	8,012	13,514	19,415	5,901
Budget Outlays	9,877	10,000	14,000	4,000

SUMMARY OF BUDGET ESTIMATES

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 of the Treasury 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 to \$0.

EXPLANATION OF INCREASES AND DECREASES

The Department, beginning September 2002, increased to \$39 the fee charged for each manufactured home transportable section produced. Consequently, the Department is proposing a \$4 million increase from fiscal year 2003 to fiscal year 2004. Production of approximately 281,250 homes is projected for fiscal year 2004 based on independent forecasters DRI-WEFA. In fiscal year 2001 the number of transportable sections per home totaled 1.77. With that ratio, the number of transportable sections, and therefore the number of labels, would total 497,810 or \$19.4 million. These funds are 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. The outlays and obligations increase is essentially due to the increase in the number of homes produced and sections shipped.

PROGRAM DESCRIPTION AND ACTIVITY

The Department regulates the design, construction, and safety of manufactured housing pursuant to its authority under the National Manufactured Housing Construction and Safety Standards Act of 1974, 42 U.S.C. 5401, et seq. ("the Act"). The standards are to govern 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, P. 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 Consensus Committee must review and recommend all of 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.

Manufactured Housing Standards Program

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	13	17	17
Field
Total FTE	13	17	17
S&E Cost (Dollars in Thousands)			
Personal Services	\$1,213	\$1,606	\$1,650
Travel	17	15	19
Printing	8	15	15
Other Services	10	6	5
Supplies	4	4	4
Total S&E Cost	\$1,252	\$1,646	\$1,693