

HOUSING
MANUFACTURED HOUSING STANDARDS PROGRAM
 2008 Summary Statement and Initiatives
 (Dollars in Thousands)

MANUFACTURED HOUSING STANDARDS PROGRAM	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2006 Appropriation	\$9,165 ^a	\$3,647	...	\$12,812	\$9,411	\$8,753
2007 Full-Year CR Estimate.....	10,000	3,401	...	13,401	13,401	12,000
2008 Request	<u>16,000</u>	<u>...</u>	<u>...</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>
Program Improvements/Offsets	+6,000	-3,401	...	+2,599	+2,599	+4,000

a/ In fiscal year 2006, \$13 million was appropriated however, only \$9.165 million in fees were collected.

Summary Statement

The budget proposes \$16 million for Manufactured Housing for fiscal year 2008, which is the same as requested by the President in fiscal year 2007 and \$6 million more than the fiscal year 2007 CR amount. This amount will be derived from fees assessed on each transportable unit produced, as well as user fees from the new dispute resolution and installation programs.

The 2008 Budget estimates assume fee-based income of approximately \$16 million based on a fee level of \$39 per unit as well as fees income generated by dispute resolution and installation programs. These funds will allow the Department to continue executing current activities, which includes the implementation of new statutory programs for installation inspection and dispute resolution.

The following table reflects an estimate of the use of the \$16 million. However, the table is for illustrative purposes only. Actual expenditures may deviate from these amounts.

<u>Cost Categories for Federal Manufactured Housing Program</u>	<u>FY 2008 Budget Request</u>
Payments to States.....	\$3.700 million
Salaries.....	1.600 million
Contract for Monitoring Primary Inspection Agencies and States	3.150 million
Contract for Consensus Committee Administering Organization...	0.200 million
Other Contracts.....	1.000 million
Contract for Installation Inspection and Enforcement.....	4.700 million
Contract for Dispute Resolution Enforcement.....	1.650 million
 Total.....	 16.000 million

Manufactured Housing Standards Program

Manufactured Housing Standards Program

Manufactured housing is a critical element in the nation's supply of affordable housing. The Federal Manufactured Housing Program is the sole party, through Federal pre-emption, responsible for the oversight of the design and construction of all manufactured housing (mobile homes) in the United States. The program is also responsible for the oversight of manufactured housing installation in those states that have no installation programs, as well as for a dispute resolution program for those states that have no dispute resolution programs. The program is administered from the Department's Headquarters with no Field Office staff support. The proposed fee income will allow the Department to continue its oversight of the manufacturer's inspection agencies, identifying weaknesses in the oversight of production and design review and approval systems, and to monitor the performance of states working as partners in identifying serious defects and imminent safety hazards in new and existing manufactured housing.

Installation and Dispute Resolution

The proposed fee income will also allow the program to continue implementation of new statutory programs for manufactured home installation and dispute resolution. As required by statute, the Federal installation program includes not only the inspection of manufactured home installations, but also the training and licensing of installers. The program must also maintain a Federal dispute resolution program in those states that have no such programs. Additional appropriations language is requested to permit the collection of user fees from the participants in the installation and dispute resolution programs.

Manufactured Housing Consensus Committee

The proposed fee income will also allow the Department to meet its responsibilities regarding the Manufactured Housing Consensus Committee (MHCC), a statutory advisory committee charged with making recommendations to the Department regarding revisions to manufactured home construction and safety standards. By regulation, the MHCC participates in most rulemaking regarding the programs standards and regulations.

Initiatives

The Budget request reflects statutory language to establish fees to offset the costs of the new Installation and Dispute Resolution program components.

Manufactured Housing Standards Program

HOUSING
 MANUFACTURED HOUSING STANDARDS
 Summary of Resources by Program
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 Budget Authority</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2006 Obligations</u>	<u>2007 CR Estimate</u>	<u>2006 Carryover Into 2007</u>	<u>2007 Total Resources</u>	<u>2008 Request</u>
Fees	\$9,165	\$3,647	\$12,812	\$9,411	\$10,000	\$3,401	\$13,401	\$16,000
Total	9,165	3,647	12,812	9,411	10,000	3,401	13,401	16,000

NOTE: Actual program activity is determined by actual fees collected and may be below the appropriated level.

<u>FTE</u>	<u>2006 Actual</u>	<u>2007 Estimate</u>	<u>2008 Estimate</u>
Headquarters	11	11	11
Field .....	...	...	...
Total	11	11	11

Manufactured Housing Standards Program

**HOUSING
MANUFACTURED HOUSING STANDARDS PROGRAM
Program Offsets
(Dollars in Thousands)**

Fees	<u>Amount</u>
2006 Appropriation	\$9,165
2007 Full-Year CR Estimate.....	10,000
2008 Request	<u>16,000</u>
Program Improvements/Offsets	+6,000

Proposed Actions

The regulatory activities supported by the \$16 million in revenue will: (1) cover the contractual costs of the program; (2) make payments to the States to offset the costs of administering the Federal portion of the manufactured housing program; 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 program administration and enforcement of standards.

The 2008 Budget estimates assume fee-based income of approximately \$13 million based on a fee level of \$39 per unit and \$3 million in fees for service from the new dispute resolution and installation programs. These funds will allow the Department to continue executing current activities.

Manufactured housing is a critical element in the nation's supply of affordable housing. The Federal Manufactured Housing Program is the sole party, through Federal pre-emption, responsible for the oversight of the design and construction of all manufactured housing (mobile homes) in the United States. The program is also responsible for the oversight of manufactured housing installation in those states that have no installation programs, as well as for a dispute resolution program for those states that have no dispute resolution programs.

The program is administered from the Department's Headquarters with no field office staff support. The proposed fee income will allow the Department to continue its oversight of the manufacturer's inspection agencies, identifying weaknesses in the oversight of production and design review and approval systems, and to monitor the performance of states working as partners in identifying serious defects and imminent safety hazards in new and existing manufactured housing. The proposed fee income will also allow the Department to continue implementation of the installation and dispute resolution programs.

The Department publishes and enforces standards for the construction and safety and installation of manufactured housing pursuant to the authority of the National Manufactured Housing Construction and Safety Standards Act of 1974, 42 U.S.C. 5401, *et seq.* ("the Act"). 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)(MHI Act). The MHI Act expanded the Department's responsibilities to include regulation of manufactured home installation in those states that have not implemented their own programs, and the resolution of disputes among manufacturers, installers, and retailers of manufactured homes in those states. The MHI Act also established the MHCC, a Federal advisory committee charged with providing recommendations to the Secretary for revisions to the construction and safety standards and procedural and enforcement regulations related thereto. By regulation, HUD has expanded the MHCC's responsibilities to include rulemaking for most other program standards and regulations.

Manufactured Housing Standards Program

Program functions required by the Act include the following:

1. Establishment of Construction and Safety, and Installation 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, as well as model standards for the installation of manufactured homes.
2. Compliance with the Construction and Safety Standards. Compliance with the construction and safety standards is accomplished mainly by third-party primary inspection agencies. There are both private and state primary inspection agencies, all of which are approved by the Department and monitored by a HUD contractor.
3. Enforcement of Non-compliance with Construction and Safety Standards. The 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 construction and safety standards. If the Department determines that a manufactured home contains a non-compliance with the standards, it may require the manufacturer to notify the purchaser of the defect. In the event of a serious defect and or imminent safety hazard, the Department may require the manufacturer to either repair or replace the defective home, or refund of the purchase price.
4. Establishment and Enforcement of Installation Standards. The MHI Act requires the Department to establish program standards and regulations for the installation of manufactured homes. These standards and regulations will have been published and the Department will be implementing the Federal installation program in those states that have no program of their own. This includes enforcement of HUD's installation standards as well as licensing and training of installers.
5. Dispute Resolution Program. The MHI Act also requires the Department to establish a program to resolve dispute between manufacturers, retailers and installers of manufactured homes. As with the installation program, the Department is implementing the Federal program in those states that have no program of their own.
6. Manufactured Housing Consensus Committee (MHCC). The MHI Act established a consensus process for the development of standards and regulations. This includes the MHCC, which is composed of 21 persons appointed by the Secretary, and a contract administering organization that acts as secretariat for the Committee. By statute, the MHCC is responsible for providing periodic recommendations to the Secretary for revising the construction and safety standards. By regulation, HUD has expanded the MHCC's responsibilities to include making recommendations for most other program standards and regulations.

Budget and Activities

Payments to States and Program S&E. The Manufactured Housing Program has two primary financial responsibilities, and several activities of a more discretionary nature requiring financial commitments. The two primary responsibilities are to share the fee income with the participating states, and to pay staff salaries and expenses allowing overall administration of the program. Together these two financial commitments account for approximately 33 percent of the fiscal year 2008 budget. Other essential program elements are supported through procured services.

Administering Organization and MHCC. Another program responsibility is the support of the MHCC. As mandated by the MHI Act, the MHCC must be able to meet on a regular basis to carry out its responsibilities, primarily the recommendation of new and revised program standards and regulations. This is accomplished through a contract with an Administering Organization (AO), with projected fiscal year 2008 cost of \$200,000.

Manufactured Housing Standards Program

Monitoring, Inspection, and Support Contracts. The Department uses several resources to monitor program administration by the 17 inspection agencies and 38 state administrative agencies: staff paid from fee income, state payments from fee income, and contractual assistance paid through fee income. The projected costs of these activities will account for approximately 20 percent of the fiscal year 2008 budget.

Installation and Dispute Resolution Support Contracts. Administration of these programs requires contracted services authorized by the statute. The contracts will procure services with two appropriate agents, one to implement the dispute resolution program, and one to implement the installation program, specified in the contracts to be executed by the Department. The projected costs of these programs will account for approximately 40 percent of the fiscal year 2008 budget.

Manufactured Housing Standards Program

HOUSING
MANUFACTURED HOUSING STANDARDS PROGRAM
 Performance Measurement Table

Program Name: MANUFACTURED HOUSING STANDARDS PROGRAM					
Program Mission: Increase the nation's supply of affordable housing.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2006 Plan	2006 Actual	2007 Plan	2008 Plan
By September 30, 2008, HUD will establish fully operational dispute resolution and installation programs in HUD-administered states.	Office of Manufactured Housing Programs will monitor implementation.	Establish the dispute resolution and installation programs mandated by the Manufactured Housing Improvement Act of 2000 by September 30, 2006.	Supported Housing Consensus Committee in meeting milestones for the publication of proposed rules for model manufactured home installation standards, the manufactured home installation program and the manufactured housing dispute resolution program.	Fully implement the dispute resolution and installation programs in HUD-administered states.	Establish fully operational dispute resolution and installation programs in HUD-administered states.

Explanation of Indicators

None.

**HOUSING
MANUFACTURED HOUSING STANDARDS PROGRAM
Proposed Appropriations Language**

The 2008 President's budget includes proposes appropriations language listed and explained below. New language is italicized.

For necessary expenses as authorized by the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended (42 U.S.C. 5401 et seq.), up to \$16,000,000 to remain available until expended, to be derived from the Manufactured Housing Fees Trust Fund: Provided, That not to exceed the total amount appropriated under this heading shall be available from the general fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund pursuant to section 620 of such Act: Provided further, That the amount made available under this heading from the general fund shall be reduced as such collections are received during fiscal year 2008 so as to result in a final fiscal year 2008 appropriation from the general fund estimated at not more than \$0 and fees pursuant to such section 620 shall be modified as necessary to ensure such a final fiscal year 2008 appropriation: Provided further, That for the dispute resolution and installation programs, the Secretary of Housing and Urban Development may assess and collect fees from any program participant: Provided further, That such collections shall be deposited into the Fund, and the Secretary, as provided herein, may use such collections, as well as fees collected under section 620, for necessary expenses of such Act: Provided further, That notwithstanding the requirements of section 620 of such Act, the Secretary may carry out responsibilities of the Secretary under such Act through the use of approved service providers that are paid directly by the recipients of their services.

Explanation

The proposed language above would enable the Secretary, by regulation, to assess and collect user fees to help fund the new dispute resolution and installation programs mandated by the 2000 Act. Such an approach would: minimize any label fee increase to be collected from manufacturers; fund the programs in part with fees paid directly by their users; deter the filing of frivolous requests for dispute resolution services, and encourage states to operate their own programs. The total amount of income HUD could collect through label fees and user fees would be subject to the total appropriations cap for the program.

Manufactured Housing Standards Program

HOUSING
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 Crosswalk of 2006 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Fees	\$9,165 ^a	...	...	...	\$3,647	\$12,812
Total	9,165	...	...	...	3,647	12,812

a/ In fiscal year 2006, \$13 million was appropriated however, only \$9.165 million in fees were collected.

Manufactured Housing Standards Program

HOUSING
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 Crosswalk of 2007 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2007 President's Budget Request</u>	<u>FY 2007 CR Estimate</u>	<u>2007 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2007 Resources</u>
Fees	<u>\$16,000</u>	<u>\$10,000</u>	...	...	<u>\$3,401</u>	<u>\$13,401</u>
Total	16,000	10,000	...	...	3,401	13,401