

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Manufactured Housing Fees Trust Fund

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carry over	Supplemental/ Rescission	Total Resources	Obligations	Net Outlays
2021 Appropriation	13,000	7,275	-	20,275	11,219	10,271
2022 Annualized CR	13,000	9,474	-	22,474	13,000	12,000
2023 President's Budget	14,000	9,474	-	23,474	14,000	14,000
Change from 2022	1,000	-	-	1,000	1,000	2,000

PROGRAM PURPOSE

Manufactured housing is a key segment of the affordable housing industry, and manufactured homes provided approximately 9 percent of the Nation's single-family housing starts in 2021.¹ Additionally, manufactured homes constitute a major source of housing in rural America, where one in seven homes is a manufactured home.² The primary purposes of the Manufactured Home Construction and Safety Standards Act of 1974 as amended by the Manufactured Housing Improvement Act of 2000 is "to protect the quality, durability, safety, and affordability of manufactured homes" and, "to facilitate the availability and affordability of manufactured homes and to increase homeownership for all Americans" (42 USC Section 5401(b)). Therefore, HUD's Office of Manufactured Housing Programs (OMHP) is critical for ensuring access to affordable homeownership, increasing the supply of affordable housing throughout the United States, and coordinating proper compliance with construction safety standards. The OHMP serves a key role in supporting the Administration's goal of increasing the supply of affordable and equitable access to affordable housing across the Nation.

BUDGET OVERVIEW

The 2023 President's Budget requests \$14 million for OMHP, which is \$1 million more than the 2022 annualized CR level. Funding for this program is solely supported from the receipt of HUD's certification label fee of \$100 for each transportable section. In 2021, HUD collected approximately \$16.7 million in fees. HUD projects an estimated \$16 million in fee collections during 2022 and 2023. The Administration prioritizes manufactured housing as a critical tool in increasing the affordable housing supply, especially for underserved Americans. HUD is actively participating in the White House Council on Environmental Quality's Manufactured Housing Task Force and the White House Housing Supply and Prices Interagency Policy Committee. Both of these White House-level initiatives are taking administrative actions to boost supply and support affordability for manufactured housing.

The requested funds will support the Department's implementation and oversight responsibilities for the nationwide building regulatory program including updating the construction, safety, and installation standards of manufactured homes. The request would also provide funding for HUD to conduct technical support meetings with State partners to increase State engagement and build

¹ HUD Policy Development and Research, National Housing Market Survey, 2020 Supply Data

² Housing Assistance Council, Rural Research Brief, July 2020.

MANUFACTURED HOUSING FEES TRUST FUND

consensus in funding State inspection programs, incentivize State partnerships, increase State collaboration with OMHP, and fully support Manufactured Housing Consensus Committee (MHCC) activities that contribute to the rulemaking process.

Program Operation Area	2023 Request (Dollars in Thousands)
Payments to States	4,600
Contract for Monitoring Primary Inspection Agencies and States	4,600
Contract for Monitoring Design Approval Agencies	1,600
Contract for Installation Inspection and Enforcement	1,200
Contract for Consumer Information and Dispute Resolution	650
Contract for Consensus Committee Administering Organization and Support Services	425
Contract for Manufactured Housing Programs Meeting Support Services	925
Total	14,000

Note: The table provides estimates by contract type and are not individual programs, projects or activities for reprogramming purposes. Please see "Summary of Resources by Program" table at the end of the justification.

JUSTIFICATION

Funding Impact

HUD's construction and safety standards preempt State and local laws and apply to all manufactured homes produced after June 15, 1976. While manufactured housing serves all demographics, its continued availability and affordability is especially critical for young families, individuals with moderate or low incomes, rural households, and elderly households with fixed incomes. Therefore, manufactured housing is an important component of the Administration's goal of equitably providing safe, affordable, and durable homes to those consumers most in need. About 17.5 million people live in manufactured homes.³ In 2019, the median household income of manufactured homeowners was \$34,800, and the mean household income was \$43,900, making manufactured housing a key component of affordable housing. In 2021, the average sales price of a manufactured home was \$102,175.⁴

Payments to States: \$4.6 million of the Budget will address instances of non-conformance with the Construction and Safety Standards for homes manufactured or located in States with a State Administrative Agency (SAA). SAAs work with manufacturers to ensure consumers are notified of any defect, or, in the event of a serious problem, the SAAs may require the manufacturers to repair or replace manufactured homes. There are currently 33 SAAs in the program. HUD is responsible for direct oversight in the 17 States without SAAs and performs these functions with assistance from the contractor for Monitoring Primary Inspection Agencies and States.

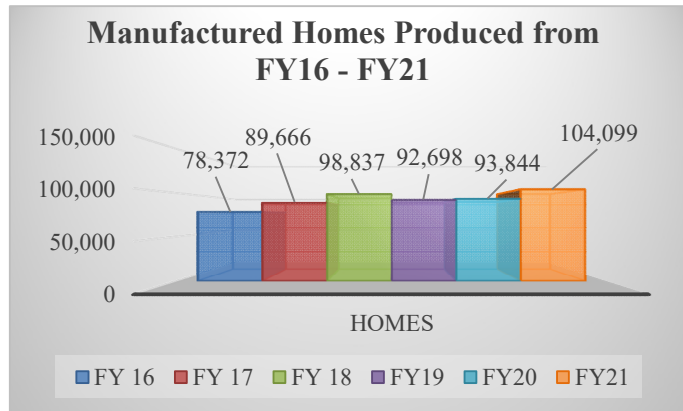
Contracted Assistance for Program Implementation: \$9.4 million of the Budget will cover the contractual costs for monitoring program compliance and enforcing program regulations, specifically:

³ U.S. Census Bureau, American Community Survey, 2019

⁴ U.S. Census Bureau, [Manufactured Housing Survey Data, October 2021](#).

- Enable HUD to continue to monitor the manufacturer's compliance with the Construction and Safety Standards (\$4.6 million IPIAs/SAAAs + \$1.6 million DAPIAs). HUD oversees 18 third-party agencies who approve manufacturers' designs (6 Design Approval Primary Inspection Agencies (DAPIAs)) and inspect construction and quality programs in the plants (12 Production Inspection Primary Inspection Agencies (IPIAs)). These agencies ensure compliance with HUD's standards from approximately 139-manufacturing plants nationwide. In addition, HUD's contractor also performs record reviews in the 17 non-SAA states and monitors the performance of and supports 33 SAA partnerships including joint monitoring teams consisting of contractor and SAA staff.
- Continue oversight of the Model Installation Standards in all States (\$1.2 million). OMHP is responsible for installation oversight nationwide and the licensing and training of installers in many States. OMHP has implemented a Federally administered program in 14 States that have no installation programs and oversees State-administered programs in 36 States that are HUD-approved.
- Continue administration of the Dispute Resolution Program (\$650,000) to resolve disputes between manufacturers, retailers, and installers of manufactured homes. OMHP manages a Federally-administered program in 24 States without dispute resolution programs and oversees State-administered programs in 26 States. The contract will also work to expand the resources, information, and data available to prospective and current homeowners.
- Facilitate coordination of activities of the Manufactured Housing Consensus Committee (\$425,000) through an Administering Organization (AO). The Committee is mandated by the amendments to the National Manufactured Housing Construction and Safety Standards Act and oversees the Federal Advisory Committee process. The AO supports 22 MHCC members comprised of 21 MHCC voting members and one HUD member that serves as a non-voting Designated Federal Official. The MHCC provides recommendations to the Secretary on construction standards, installation standards, and enforcement regulations in a Proposed Rule format with an economic analysis. The contractor also provides technical support by compiling cost and benefit data and providing analysis that will be useful in required impact analyses. This is a decrease from the 2022 request due to lower estimated contracting costs for economic analysis assistance.
- Increase collaboration and cooperation of all stakeholders (\$925,000) through up to four meetings with individual States or small group meetings in a fiscal year with partners in the Federal Manufactured Housing Program. These meetings are held with stakeholders to ensure that the program operates in a consistent and collaborative manner. These meetings bring stakeholders together, including meetings of the MHCC, meetings with in-plant and design approval agencies, and meetings at a national and regional level with State partners, as well as meetings with other Federal agencies.

Key Assumptions: The costs of these programmatic activities are rising steadily due to inflation, increases in the production of manufactured homes, and the steady increase in the number of production facilities nationwide. HUD is responsible for overseeing the DAPIAs and IPIAs to ensure the quality assurance programs are working properly so that consumer safety is not compromised. This is critical as manufactured homes are inspected by the IPIA in only one stage of production. The number of manufactured homes produced annually has increased by nearly 33 percent from 2016 to 2021, and production for the first three months of 2022 is more than 1,500 units ahead of the same period last year, despite continuing impacts from the COVID-19 pandemic. Also, the number of manufacturing plants has increased from 122 in 2013 to 139 in 2022. Manufacturers pay a \$100 fee per transportable home section (a manufactured home typically has 1-2 transportable sections). In 2021, HUD collected approximately \$16.7 million in fees. HUD projects an estimated \$16 million in fee collections during 2022 and 2023.



Outcomes, Performance Indicators, and Other Evidence

Since the program's inception in 1976, the overall quality, safety, and durability of manufactured housing has improved while preserving affordability. The number of per capita fires and deaths in manufactured homes has been significantly reduced compared to homes produced before the HUD standards became effective.⁵ Manufactured homes produced under the HUD Code perform better in high wind events due to enhancements to modern manufactured home construction standards.⁶ Moreover, financial organizations have been encouraged to offer home mortgages instead of chattel financing due to the increased lifetime and durability of manufactured homes produced under HUD's program.

HUD is also working to continuously update the Manufactured Home Construction and Safety Standards and associated regulations. In 2021, HUD published a final rule updating the HUD Code based on the third set of MHCC recommendations. HUD has been making steady progress in preparing additional updates to be published. Regular updates to the HUD Code are essential to further the associated strategic goals and administration priorities of equitably providing safe, durable, and affordable, manufactured homes nationwide.

Administration Priorities

As a regulatory office, OMHP is uniquely positioned to assist in meeting several of the Administration's priorities. Manufactured housing is a housing solution that can help Americans realize the dream of homeownership. By enabling disadvantaged households to advance their own economic opportunities, OMHP directly supports the objective of sustainable homeownership and financial viability. Additionally, as a major source of FEMA-provided temporary housing, manufactured homes also support the short-term and long-term objectives of disaster recovery. HUD has been working towards minimizing the industry impacts of supply chain disruptions for the

⁵ John R. Hall, Jr., National Fire Protection Association, Manufactured Home Fires, September 2013.

⁶ Institute for Building Technology and Safety, An Assessment of Damage to Manufactured Homes Caused by Hurricane Charley, March 2005.

manufactured housing industry, providing code updates on a more regular basis, improving organizational outreach/communication to address homelessness, and continuing communication, cooperation, and collaboration with stakeholders. To support energy efficiency and innovation, OMHP has been working with the Department of Energy to provide feedback on its rule for increased energy efficiency in manufactured homes and working with DOE on compliance and enforcement.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carry over Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carry over Into 2022	2022 Total Resources	2023 President's Budget
Payments to States & Contracts	13,000	7,275	20,275	11,219	13,000	9,474	22,474	14,000
Total	13,000	7,275	20,275	11,219	13,000	9,474	22,474	14,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

None.

APPROPRIATIONS LANGUAGE

The 2023 President’s Budget includes the appropriation language listed below.

For necessary expenses as authorized by the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401 et seq.), up to \$14,000,000, to remain available until expended, of which \$14,000,000 shall be derived from the Manufactured Housing Fees Trust Fund (established under section 620(e) of such Act (42 U.S.C. 5419(e)): 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 2023 so as to result in a final fiscal year 2023 appropriation from the general fund estimated at zero, and fees pursuant to such section 620 shall be modified as necessary to ensure such a final fiscal year 2023 appropriation: Provided further, That for the dispute resolution and installation programs, the Secretary may assess and collect fees from any program participant: Provided further, That such collections shall be deposited into the Trust Fund, and the Secretary, as provided herein, may use such collections, as well as fees collected under section 620 of such Act, 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.

Note.—A full-year 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.