

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
2023 Appropriation	14,000	11,777	-	25,777	12,763	11,013
2024 Annualized CR	14,000	13,013		27,013	14,000	14,000
2025 President's Budget	14,000	6,013	-	20,013	22,000	16,000
Change from 2024	-	(7,000)	-	(7,000)	8,000	2,000

PROGRAM PURPOSE

Manufactured housing is a key segment of the Nation's affordable housing and manufactured homes provided approximately nine percent of the Nation's single-family housing starts through Q3 2023.¹ 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 Office of Manufactured Housing Programs 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 2025 President's Budget requests \$14 million for the Office of Manufactured Housing Programs, which is the same level as the 2024 Annualized CR level. This includes:

- \$4.6 Million for payments to State Administrative Agencies
- \$4.6 Million for Monitoring Primary Inspection Agencies and States
- \$2 Million for Monitoring Design Approval Agencies
- \$1 Million for Installation Inspection and Enforcement
- \$680 thousand for Consumer Information and Dispute Resolution
- \$370 thousand Consensus Committee Administering Organization and Support Services
- \$750 thousand for Manufactured Housing Programs Meeting Support Services

¹ HUD Policy Development and Research, National Housing Market Survey, 2023 Supply Data, https://www.huduser.gov/portal/ushmc/quarterly_commentary.html

² Housing Assistance Council, Rural Research Brief, July 2020, <https://ruralhome.org/manufactured-housing-in-rural-america/>

HUD is also proposing to establish and implement a non-competitive grant program for States and other entities to help offset costs associated with implementation and enforcement of new energy conservation standards for manufactured housing, including those finalized by the Department of Energy (DOE). This grant program will align with the Administration's initiatives to modernize building codes, improve climate resilience, and reduce energy costs. This program would provide up to \$7 million in funding for cooperative educational and training programs that are designed to implement and facilitate compliance and uniform enforcement of energy conservation standards for manufactured homes. The one-time grant, which may be awarded noncompetitively in order to quickly reach qualified entities already working with HUD, would be funded from uncommitted carryover balances and thus would not require additional appropriations.

This program aligns to HUD 2022-2026 Strategic Objective 2A: *Increase the Supply of Housing* and 3A: *Advance Sustainable Homeownership*.

JUSTIFICATION

As a regulatory office, OMHP is uniquely positioned to assist in meeting several of the Administration's priorities. Manufactured housing contributes to the supply of safe and affordable housing, and can help Americans realize the dream of homeownership. By enabling disadvantaged households to advance their own economic opportunities and build equity, 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- and long-term objectives of disaster recovery.

Funding for OMHP is supported by the receipt of HUD manufactured home certification label fees (\$100 for each transportable section). Funding will support the Department's implementation and oversight responsibilities for the national manufactured housing regulatory program, which includes updating construction, safety, and installation standards for manufactured homes nationwide. The 2025 Budget provides funding for HUD to conduct technical compliance and enforcement activities, as well as support meetings with State partners to increase State engagement and build consensus. The funding will support State inspection programs, incentivize State partnerships, increase State collaboration with OMHP, and fully support Manufactured Housing Consensus Committee (MHCC) and contracted assistance activities that support the rulemaking process. The 2025 Budget will also allow for continued contract assistance to develop more robust cost-benefit analyses for recommended standards and regulation updates and to enable a more expedient and streamlined rulemaking process.

Equity

This program increases housing choices and offers greater economic opportunity to many underserved populations. Due to its affordability, manufactured housing is often well suited for low- and extremely-low-income households of all demographics, including people of color, young families, seniors, and people living with disabilities. As such, it advances the Administration's goal of equitably providing safe, affordable, and durable homes to those most in need.

Funding Impact and Outcomes

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. Manufactured homes produced under the HUD Code also perform better in high wind events due to enhancements to modern manufactured home construction standards. Moreover, the increased lifetime and durability of manufactured homes produced under HUD's

program has prompted broader consideration and acceptance of manufactured homes for mortgage financing rather than chattel loans for HUD Code manufactured homes.

HUD made significant progress in recent years to 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. In 2022, HUD published a proposed rule based on the fourth and fifth sets of MHCC recommendations and hopes to finalize this rule in 2024. Regular updates to the HUD Code are essential to further the administration priority of equitably providing safe, durable, and affordable, manufactured homes nationwide. Manufactured homes are particularly important in rural and underserved communities.

As a regulatory office, OMHP is charged with ensuring the quality, safety, and durability of manufactured housing. Commensurate with this charge, OMHP administers oversight of all segments of the industry and monitors the success and impacts of the programs through several indicators. This oversight and monitoring include:

- State Administrative Agency (SAA) Coordination – OMHP conducts ongoing communication and performs annual monitoring assessments for each state agency that chooses to partner with HUD. HUD issues reports for each annual assessment that informs state agencies regarding the effectiveness and efficiency of their program and provides recommendations and solutions to help ensure future success and ensure the quality, safety, and durability of manufactured housing.
- Manufacturing Plant Quality Audits – OMHP continuously assesses the results of monitoring events or audits that relate to the ongoing quality at each of the manufacturing plants across the county.
- Consumer Complaints – OMHP receives and provides oversight and enforcement for resolution of consumer complaints to ensure that defects, serious defects, and imminent safety hazards are identified and ensures that consumers are notified and that manufacturers complete corrective actions in a timely manner.
- Building Code Updates – Through regular building code updates accomplished by rulemaking, OMHP minimizes backlogs of MHCC recommendations and reduces regulatory burdens associated with issuance of special approvals for new and innovative building products and methods. Regular building code updates also ensure that consumers are afforded the opportunity to purchase homes that meet consumer demand and that manufacturers can design and construct without excessive regulatory burdens.
- Manufactured Home Production – OMHP monitors ongoing production of manufactured housing to ensure continued availability of this important source of unsubsidized affordable housing.

Key Assumptions

Manufacturers pay a \$100 label fee per transportable home section (typically 1 to 2 transportable sections per home). HUD then uses these fees to perform statutorily required activities (e.g., State payments, monitoring and inspections, consensus committee administration). The in-plant inspections and quality assurance oversight are particularly important to ensure quality assurance programs are working properly and in compliance with HUD and other standards necessary to protect consumer safety. While the number of manufactured homes produced annually increased substantially in 2021 and 2022 to address manufacturing production backlogs, in 2023, production was down approximately 16 percent, from 106,768 in 2022 to 89,717 in 2023, primarily due to reduced sales volumes resulting from higher interest rates for loans used to purchase manufactured homes. At the same time, an additional manufacturing plant came online (part of a steady increase in plants, from 122 in 2013 to 147 in 2023). These new plants increase HUD oversight activity because of the implementation of plant-specific quality assurance programs. Therefore, HUD's

oversight activities may increase as the number of production facilities grow, even if the total number of units produced declines. HUD collected approximately \$18.2 million in fees in 2022, and \$13.6 million in 2023.

Stakeholders

OMHP has relationships with State Administrative Agencies (SAAs) in 33 States and acts directly as the SAA for the remaining 17 States. SAAs provide services regarding monitoring production, installation, and consumer complaints; they can include production plant record reviews and inspections. Manufacturers retain the services of HUD-approved agents for design reviews and approvals and inspections. HUD monitors each SAA and inspection agent to assure program objectives and goals are met, including safety, durability, quality and affordability for consumers and occupants.

The various segments of the manufactured home industry are also important stakeholders. These segments - production, retail sales, and delivery/installation - are regulated separately. The production segment, with oversight by HUD and its state partners, includes approximately 30 corporate entities that operate in 147 manufacturing facilities. The retail sales segment is generally overseen by state governments and includes thousands of manufacturer-owned and independently owned and operated retailer locations across the country. The installation segment includes state or HUD-licensed entities and individuals that install or set up manufactured homes on each home site.

HUD also administers a Federal advisory committee, the MHCC, which includes producers, public officials, and users of manufactured homes. Members of the public are invited to attend all MHCC meetings and are able to provide testimony on all matters considered. The MHCC provides recommendations to the Secretary on construction standards, installation standards, and enforcement regulations in proposed rule format with an economic analysis. Meetings are held bi-annually or annually, with subject matter subcommittees meeting more frequently as needed.

Operational Improvements

OMHP continually improves its programmatic operations as opportunities and challenges become known. OMHP intends to continue to seek feedback from all industry stakeholders and operationalize improvements based on the feedback to improve customer service and ensure manufactured home consumers receive safe, decent and sanitary housing through the most cost-effective regulatory means possible.

The Administration also plans to explore updating the statutory definition of manufactured housing (for example, through amending the chassis requirement), with the goal of identifying options that could provide manufactured homebuilders with more design flexibility and consumers with more options beyond local site-built homes for single-family homes and accessory dwelling units. OMHP will also continue to push forward with building code and regulatory process updates based on recommendations from the MHCC. Regularly updating the building code will allow the industry to continue to innovate with minimal regulatory challenges.

User Fees

Fee	Statute	Where and How the Fee Is Collected	2025 Fee Schedule	Estimated Collections (dollars in thousands)
Manufactured Home Certification Label Fee	42 U.S.C §5419 - Authority to Collect Fee	Manufactured Home manufacturers order certification labels from HUD using HUD Form 301 and pay the US Treasury through www.pay.gov at a fee of \$100 per label ordered.	In accordance with program regulations at 24 CFR §§ 3282.210 and 3284.5, each manufacturer, as defined in 24 CFR § 3282.7 must pay a fee of \$100 per transportable section of each manufactured housing unit that it manufactures under the requirements of the Manufactured Home Construction and Safety Standards. ³	\$14,000

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2023 Budget Authority	2022 Carryover Into 2023	2023 Total Resources	2023 Obligations	2024 Annualized CR	2023 Carryover Into 2024	2024 Total Resources	2025 President's Budget
Manufactured Housing Fee Trust Fund -- General Fund	14,000	11,777	25,777	12,763	14,000	13,013	27,013	14,000
Energy Standards Training and Implementation Grants	-	-	-	-	-	-	-	[7,000]
Total	14,000	11,777	25,777	12,763	14,000	13,013	27,013	14,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Appropriations Language Changes

The 2025 President’s Budget includes the following:

Grant to facilitate DOE enforcement: HUD requests to use unobligated carryover to fund a one-time grant to States and other entities to assist with compliance and enforcement of the updated energy standards for manufactured housing.

³ <https://www.ecfr.gov/current/title-24/subtitle-B/chapter-XX/part-3280>

APPROPRIATIONS LANGUAGE

The 2025 President's Budget includes the appropriations language listed below.

PAYMENT TO MANUFACTURED HOUSING FEES TRUST FUND

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 2025 so as to result in a final fiscal year 2025 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 2025 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: Provided further, That of the amounts made available under this heading in this Act and any unobligated balances remaining from funds appropriated under this heading in prior Acts, including recaptures and carryover, up to \$7,000,000 may be available for grants and cooperative agreements (which may be awarded on a noncompetitive basis) to States, State Administrative Agencies, Primary Inspection Agencies, interstate agencies, independent institutions, or entities designated to receive and disburse amounts by cooperative agreements among participating States to implement and facilitate improvements or training for compliance with and uniform enforcement of energy conservation and other standards for manufactured homes, notwithstanding sections 604 and 620 of such Act (42 U.S.C. 5403 and 5419), in addition to amounts otherwise available for such purposes.

Note.--A full-year 2024 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, 2024 and Other Extensions Act (Division A of Public Law 118-15, as amended). The amounts included for 2024 reflect the annualized level provided by the continuing resolution.