

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOUSING
MANUFACTURED HOUSING FEES TRUST FUND
2020 Summary of Resources

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2018 Appropriation	11,000	3,478 ^a	-	14,478	8,157	8,278
2019 Annualized CR	11,000	6,321	-	17,321	13,729	10,216
2020 Request	12,000	3,592	-	15,592	11,721	10,790
Change from 2019	1,000	(2,729)	-	(1,729)	(2,008)	574

a/ Reflects carryover of \$2.7 million and \$821.4 thousand in recoveries of prior year obligations.

1. Program Purpose and Budget Overview

The 2020 President’s Budget for the Manufactured Housing Program is \$12 million, which is \$1 million more than the 2019 Annualized CR. The requested funds will support updating the construction, safety, and installation standards; monitoring of third-party inspection agencies for compliance with construction and safety standards; compensating state-administrative agencies (SAAs) for addressing consumer complaints and other activities; ensuring compliance with installation standards; recertifying of installation programs run by the states; administering the federal dispute resolution program; and the recertifying the dispute resolution programs run by the states.

2. Request

The Manufactured Housing Program issues and enforces appropriate standards for the construction, design, performance, and installation of manufactured homes to assure their quality, durability, affordability, and safety. HUD’s construction and safety standards preempt state and local laws and apply to all manufactured homes produced after June 15, 1976. HUD may enforce these standards directly or through SAAs. HUD may inspect factories and retailer lots and review records to enforce such standards. If a

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manufactured home does not conform to federal standards, the manufacturer must take certain actions, including possibly notifying the consumer and correcting the problem.

While manufactured housing serves all sectors of the population, its continued availability and affordability is especially critical for young families, individuals with moderate or low incomes, and elderly households with fixed incomes. In 2017, the median household income of manufactured homeowners was \$30,000, making it a key component of affordable housing. In calendar year 2016, the average sales price of a manufactured home was \$70,600.¹

The 2020 President's Budget supports the following activities:

Payments to States - \$3.6 million

The request will cover payments made to SAAs to offset their costs for handling consumer complaints and overseeing notification and correction-related activities as outlined in federal manufactured home regulations.

Contracts - \$8.4 million

The request will cover the contractual costs for monitoring and enforcement of the program to effectively carry out the multiple federally mandated and preemptive oversight and compliance aspects of the program.

3. Justification

Before 1974, regulation of manufactured homes was left to the states and manufacturers were required to comply with numerous different building codes that created a burdensome and inefficient marketplace. This decentralized regulatory structure resulted in a patchwork of regulations with varying degrees of enforcement and compliance. These variations also hindered manufacturers' ability to ship their homes across state lines and impeded the productivity and efficiency of the industry. In response, Congress passed the National Manufactured Housing Construction and Safety Standards Act of 1974.

The Act established HUD's responsibility for manufactured home design, construction, and consumer protection to protect the quality, durability, safety, and affordability of manufactured homes. The Manufactured Home Improvement Act of 2000 (2000 Act) expanded those responsibilities, requiring HUD to provide installation standards and dispute resolution services where states did not have a HUD-approved program to offer those services. The 2000 Act also required HUD to approve and recertify state installation and

¹ [Manufactured Housing Institute, 2018 Manufactured Housing Facts, Updated June 2018.](#)

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dispute resolution programs and establish and manage the Manufactured Housing Consensus Committee (see below). HUD's regulation of manufactured housing fulfills a statutory mandate in establishing federally preemptive standards (one national building code) for the industry and protecting consumers. To accomplish these goals and fulfill the requirements of the Act, the duties of HUD's Office of Manufactured Housing Programs (OMHP) include:

- **Establishment and updating of Manufactured Home Construction and Safety and Installation Standards for the construction, design, and performance of manufactured homes.** These standards are established to meet the goals of the 2000 Act and the needs of the public for the quality, durability, and safety of manufactured homes. HUD also establishes model standards for the installation of manufactured homes. These standards are updated by the OMHP following careful analysis of proposals from the industry and consumers, in close coordination with the Manufactured Housing Consensus Committee (MHCC), a 21-person Federal Advisory Committee composed of representatives from the manufacturing industry (producers/retailers), public officials/general interest, and users (consumer leaders, representatives of consumer organizations, and owners and residents of manufactured homes).
- **Monitoring the manufacturers' compliance with the Construction and Safety Standards.** HUD monitors third-party agencies who approve manufacturers' designs (Design Approval Primary Inspection Agencies - DAPIAs) and agencies who inspect construction and quality programs in the plants (In-plant Production Inspection Agencies - IPIAs). These agencies ensure that quality control programs are in place and that HUD standards are being met during home production in over 132 manufacturing plants nationwide. In addition, the HUD contractor monitors the performance of SAAs (see bullet below).
- **Addressing non-conformances with the Construction and Safety Standards by requiring manufacturers to notify consumers of a defect; or, in the event of a serious problem, require the manufacturer to repair or replace manufactured homes.** The OMHP partners with states—SAAs—through cooperative agreements to carry out consumer complaint activities on HUD's behalf. HUD is responsible for direct oversight in states without SAAs.
- **Establishment and Oversight of Model Installation Standards in all States.** The OMHP is responsible for installation oversight nationwide and the licensing and training of installers. OMHP has implemented a federally run program in 14 states that have no installation program of their own, and it oversees HUD-approved programs in 36 states.
- **Establish and Administer the Dispute Resolution Program to resolve disputes between manufacturers, retailers, and installers of manufactured homes.** OMHP administers a federally run program in 24 States that have no dispute resolution program of their own, and it oversees HUD-approved programs in 26 states.

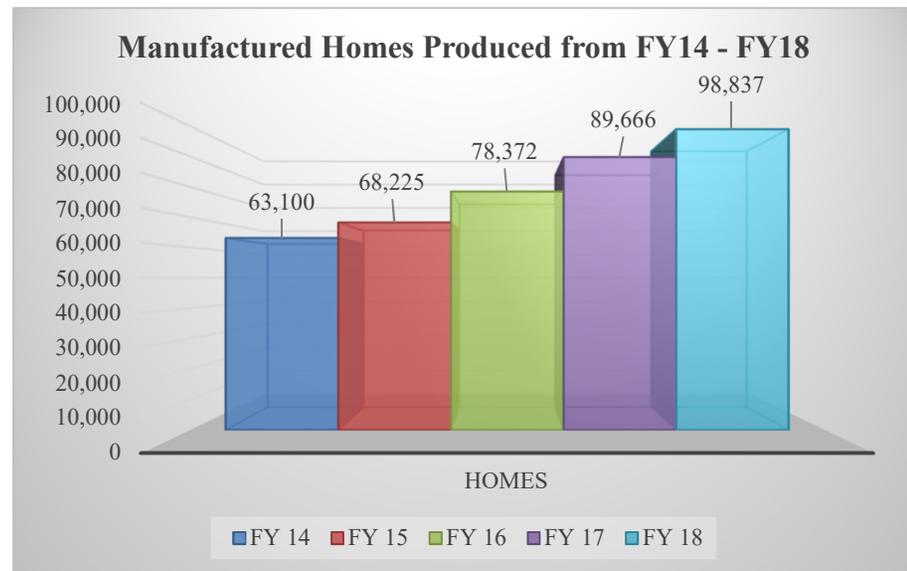
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- **Coordinate the Activities of the Manufactured Housing Consensus Committee through the use of an Administering Organization (AO).** The Committee is mandated by the amendments to the National Manufactured Housing Construction and Safety Standards Act and oversees the consensus process for the development of standards and regulations. The MHCC is responsible for providing recommendations to the Secretary on construction standards, installation standards, and enforcement regulations.
- **Meetings with Partners in the Federal Manufactured Housing Program.** These meetings are held with all parties that work with the federal program to ensure it operates in a consistent manner. These meetings bring together parties in the federal program including meetings of the MHCC, meetings with in-plant and design approval agencies, national and regional meetings with its state partners, as well as meetings with other federal agencies, manufacturers, installers, and homeowners.

The costs of these programmatic activities are rising steadily due to increases in the production of manufactured homes and the steady increase in the number of production facilities nationwide. The number of manufactured homes produced has increased by nearly 57 percent from 2014-2018. Also, the number of manufacturing plants has increased from 122 in 2013 to 132 in 2018. In addition, monitoring inspections are now being conducted as a result of full implementation of HUD's installation and dispute resolution programs.

Manufacturers pay a \$100 fee per transportable section of a manufactured home (a manufactured home typically has 1-2 transportable sections). In 2018, HUD collected approximately \$15.1 million in fees and projects \$16 million in fee collections during 2020.

In summary, since the program's inception in 1976, the overall quality, safety, and durability of manufactured housing has improved, and its affordability has been maintained. 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 HUD Code perform better in high wind events due to enhancements to modern manufactured home construction standards. In a



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study conducted after Hurricane Charley, which made landfall in 2004, manufactured homes produced under HUD's 1994 wind standard requirements performed significantly better than pre-1994 units. Additionally, mobile homes produced prior to the HUD program's effective date in 1976 were more severely damaged overall than manufactured homes produced under HUD regulations. 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.

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Summary of Resources by Program

(Dollars in Thousands)

Budget Activity	2018 Budget Authority	2017 Carryover Into 2018	2018 Total Resources	2018 Obligations	2019 Annualized CR	2018 Carryover Into 2019	2019 Total Resources	2020 Request
Payments to States	3,600	579	4,179	3,431	3,600	1,374	4,974	3,600
Contracts	7,400	2,899	10,299	4,726	7,400	4,947	12,347	8,400
Total	11,000	3,478	14,478	8,157	11,000	6,321	17,321	12,000

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Appropriations Language

The 2020 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 \$12,000,000, to remain available until expended, of which \$12,000,000 is 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 2020 so as to result in a final fiscal year 2020 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 2020 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 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.

Note.—A full-year 2019 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, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.