

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
2022 Appropriation	14,000	10,118	-	24,118	12,378	10,542
2023 Appropriation	14,000	12,092	-	26,092	14,438	14,051
2024 President's Budget	14,000	11,454	-	25,454	20,753	12,652
Change from 2023	-	(638)	-	(638)	6,315	(1,399)

a/ 2022 Carryover amount includes \$9.47 million in carryover, and \$644 thousand in recoveries.

b/ 2023 Carryover amount includes \$11.74 million in carryover and \$352 thousand in estimated recaptures.

PROGRAM PURPOSE

Manufactured housing is a key segment of the affordable housing industry, and manufactured homes accounted for approximately nine percent of the Nation's single-family housing starts in 2022.¹ 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 home ownership 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 housing opportunities across the Nation.

BUDGET OVERVIEW

The 2024 President's Budget requests \$14.0 million for the Office of Manufactured Housing Programs, which is equal to the 2023 enacted level. This includes:³

- \$4.6 Million for payments to State Administrative Agencies
- \$4.5 Million for Monitoring Primary Inspection Agencies and States
- \$2.0 Million for Monitoring Design Approval Agencies
- \$825 thousand for Installation Inspection and Enforcement
- \$650 thousand for Consumer Information and Dispute Resolution
- \$475 thousand Consensus Committee Administering Organization and Support Services
- \$950 thousand for Manufactured Housing Programs Meeting Support Services

HUD is also requesting authority to establish a grant program for States and primary inspection agencies to help offset costs associated with implementation and enforcement of new energy

¹ HUD Policy Development and Research, National Housing Market Survey, 2022 Supply Data.

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

³ Note: The bulleted summary 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.

conservation standards for manufactured housing, including those established by the Department of Energy in 2022. The grant 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 and other standards for manufactured homes, both for the grant recipients and the entities they oversee. The one-time grant, which may be awarded non-competitively 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 grant program will align with the Administration's initiatives to modernize building codes, improve climate resilience, and reduce energy costs.

This program aligns with 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 many Americans realize the dream of homeownership. By enabling low- and moderate-income households to acquire safe, efficient, and affordable homes, OMHP directly supports the objectives of sustainable homeownership and financial stability. 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 solely supported from 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 2024 Budget would provide 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 on national and regional issues. The funding will support State inspection programs, increase State collaboration with OMHP, and fully support Manufactured Housing Consensus Committee (MHCC) and contracted assistance activities that support the rulemaking process. The 2024 Budget will also allow for continued contract assistance to develop more robust cost and benefit analyses for recommended standards and regulation updates, facilitating a more expedient and streamlined rulemaking process.

Equity

This program increases housing choices and offers greater economic opportunity to many underserved populations. As an extremely affordable housing type, manufactured housing is often well suited for low- and extremely-low-income households of all demographics, including people of color, young families, the elderly, and disabled persons. As such, it advances the Administration's goal of equitably providing safe, affordable, and durable homes.

Funding Impact

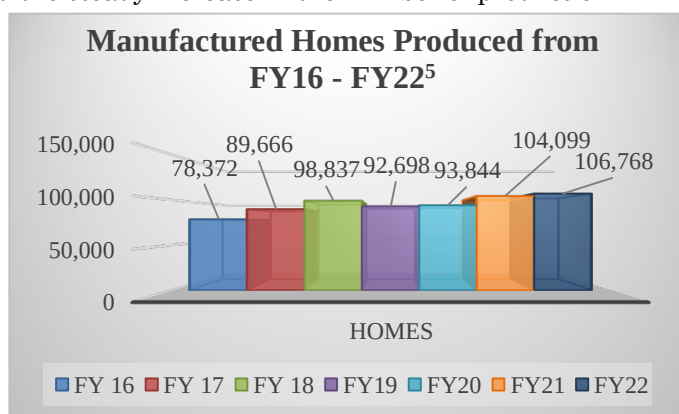
Since the program's inception in 1976, the overall quality, safety, and durability of manufactured housing has improved while preserving affordability. The number of per capita fires and deaths in manufactured homes has been significantly reduced compared to homes produced before the HUD

standards became effective.⁴ Manufactured homes produced under the HUD Code also perform better in high wind events due to enhancements to modern manufactured home construction standards.⁵ Moreover, financial organizations have been encouraged to offer less expensive financing in the form of home mortgages rather than chattel loans due to the increased lifetime and durability of manufactured homes produced under HUD's program.

HUD has made significant progress in updating 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, and in 2022, HUD published a proposed rule based on the 4th and 5th set of MHCC recommendations. 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. Manufactured homes are particularly important in supporting rural and underserved communities.

Key Assumptions

The costs of executing HUD's statutorily required activities (state payments, monitoring and inspections, consensus committee administration, etc.) 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 Design Approval Primary Inspection Agencies (DAPIAs) and Production Inspection Primary Inspection Agencies (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 36 percent from 2016 to 2022. Also, the number of manufacturing plants has increased from 122 in 2013 to 146 in 2023. Manufacturers pay a \$100 fee per transportable home section (a manufactured home typically has 1-2 transportable sections). In 2022, HUD collected approximately \$18.2 million in fees, an abnormally high amount resulting from production at higher-than-normal rates to catch up from previous years' manufacturing backlogs. HUD projects label fee revenue to decrease to an estimated \$16 million in fee collections in 2023 and 2024.



Stakeholders

OMHP has relationships with State Administrative Agencies (SAAs) in 33 States and acts directly as the SAA for the remaining 17 States. SAAs monitor production, installation, and consumer complaints, and they can also conduct production plant record reviews and inspections (for States that don't perform these functions directly, OMHP funds and oversees contractors who perform them). Manufacturers retain the services of IPIAs and DAPIAs for design reviews and approvals,

⁴ John R. Hall, Jr., National Fire Protection Association, Manufactured Home Fires, September 2013.

⁵ Institute for Building Technology and Safety, An Assessment of Damage to Manufactured Homes Caused by Hurricane Charley, March 2005.

⁵ Monthly Production Report (HUD-302) reported by manufacturers to HUD in accordance with 24 CFR 3282 Subpart L.

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and these inspection functions must be monitored. Some States also serve as IPIAs, DAPIAs, or both. There are also 146 manufacturing plants for over 30 manufacturers currently building manufactured housing to HUD Code.

The MHCC has 22 members – 21 MHCC voting members and a non-voting Designated Federal Official from HUD – that provide recommendations to the Secretary on construction and installation standards and enforcement regulations in proposed rule format with an economic analysis. Committee meetings are held bi-annually or annually, with subject matter subcommittees meeting more frequently, as needed.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2022 Budget Authority	2021 Carry over Into 2022	2022 Total Resources	2022 Obligations	2023 Appropriation	2022 Carry over Into 2023	2023 Total Resources	2024 President's Budget
Budget Payments to States & Contracts	14,000	10,118	24,118	12,378	14,000	12,092	26,092	14,000
Energy Standards Training and	-	-	-	-	-	-	-	7,000
Total	14,000	10,118	24,118	12,378	14,000	12,092	26,092	21,000

APPROPRIATIONS LANGUAGE

The 2024 President's Budget includes proposed changes in the appropriations language listed below. New language is italicized, and language proposed for deletion is bracketed.

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]2024 so as to result in a final fiscal year [2023] 2024 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] 2024 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

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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. (Department of Housing and Urban Development Appropriations Act, 2023.)