FULL AND PROPER IMPLEMENTATION OF THE MANUFACTURED HOUSING IMPROVEMENT ACT OF 2000 --MHARR FACT SHEET # 9

RUNAWAY HUD PROGRAM BUDGETS NEED TO BE SCRUTINIZED AND SUBJECT TO ACCOUNTABILITY

The financial aspects (i.e., budget, revenues, expenditures and appropriations) of the HUD manufactured housing program have spiraled out of control, leading to mismanagement of the federal program and the misallocation of its resources in ways that have diverted it from its main objective and mission under the 2000 law -- protecting homebuyers while maintaining the affordability of manufactured homes as "housing."

Of the seven specific program "responsibilities" to be funded by the Secretary under section 620 of the 2000 law, HUD has used runaway program budgets to primarily focus on just two -- (1) expanding "inspections and monitoring" by creating new, unnecessary, and unnecessarily complex "make-work" inspection requirements that have been used to increase payments to the program monitoring contractor, even as industry production has fallen drastically; and (2) substantially increasing program staff, despite the pronounced industry downturn. At the same time, HUD has refused to fund an appointed non-career program administrator, as required by section 620, and is denying its state partners -- the State Administrative Agencies (SAAs) -- badly needed revenue, even though those agencies, unlike the monitoring contractor, are the first line of protection for a steadily growing number of consumers in both new and existing homes.

HUD program regulators have been able to advance this highly skewed agenda because of an artificially inflated program budget that has grown even as industry production has declined and has not been subjected to effective oversight either within HUD or by Congress in recent years. Designed to be self-funding, the HUD program has sought large infusions of general revenue funds since 2009 ($5.4 million in 2009, $9.0 million in 2010, $7.0 million in 2011 and $7.0 million in 2012) and for Fiscal Year 2012, has announced a label fee increase from $39.00 to $60.00 per home section. Although sought, ostensibly, to fund contracts to implement the new installation and dispute resolution programs mandated by the 2000 law, these funds, instead, have been diverted to a needless regulatory expansion that unnecessary increases costs for manufacturers and consumers, while those programs remain only partially implemented and funding for the SAAs has been slashed from $6.6 million in 2005, to $3.7 million for 2012.

Consequently, Congress should carefully monitor, scrutinize and hold HUD accountable, beginning with its 2012 program budget request, and continue thereafter.

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