



Preserving the American Dream of Home
Ownership Through Regulatory Reform

MHARR

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**CONGRESS ZEROS-IN ON HUD'S FAILURE
TO IMPLEMENT THE 2000 REFORM LAW**

Washington, D.C., February 1, 2012 – A House of Representatives subcommittee, reacting to a nearly 90% decline in manufactured housing production over the past decade, questioned officials of the Department of Housing and Urban Development (HUD) at a February 1, 2012 hearing on the Department's failure to fully and properly implement the Manufactured Housing Improvement Act of 2000, a law designed to increase the availability of manufactured homes and ensure their status as "housing" on an equal footing with all other types of homes. Hearing testimony addressing HUD interpretations of the 2000 law that have paved the way for worsening discrimination in manufactured housing regulation, financing, placement and other issues leading, in turn, to the worst decline in industry history, was provided by the current Chairman of the Manufactured Housing Association for Regulatory Reform (MHARR), John Bostick, and Immediate-Past MHARR Chairman, Edward Hussey.

Other hearing witnesses included Dana Roberts, former Chairman (2002-2008) of the Manufactured Housing Consensus Committee (MHCC) established by the 2000 law, HUD program manager Henry Czauski and MHCC members Ishbel Dickens and Manuel Santana.

This oversight hearing, focused on HUD's failure to fully and properly implement major reforms to the federal manufactured housing program enacted by the 2000 law -- and the negative impacts of that failure on the manufactured housing industry and consumers -- follows a more general hearing by the same subcommittee on November 29, 2011 regarding the state of the manufactured housing industry and a joint request by Housing Subcommittee Chairperson Judy Biggert (R-IL) and House Financial Services Committee (FSC) Chairman Spencer Bachus (R-IL) for a Government Accountability Office (GAO) probe of specific aspects of the HUD program, including the Department's implementation of the 2000 law.

Thorough and effective congressional oversight of the HUD program and its impact on the industry, potential homebuyers and consumer financing has been, and remains, the centerpiece of MHARR's intensive engagement with Congress since the elections of November 2010.

In comprehensive written testimony supported by extensive documentation, as well as verbal presentations to the subcommittee, MHARR's witnesses emphasized that the overriding objective of the 2000 law – to change the program culture at HUD and ensure the equality of

Manufactured Housing Association for Regulatory Reform

manufactured homes as “housing” – has not been met and, in fact, has been undermined by institutional resistance from regulators over the course of multiple administrations, with disastrous consequences for the industry and American consumers of affordable housing. (Copies of MHARR’s written testimony - without attachments - and verbal testimony are attached).

As a result, more than a decade after the enactment of the 2000 law, nothing has changed in the way that the HUD program views and treats manufactured homes. Instead, the program remains mired in the same outdated culture, regulatory model and perspective that prevailed 35 years ago at the inception of federal regulation – even though manufactured housing, as recognized by Congress in the 2000 law, long ago evolved far beyond the mobile “trailers” that the program first regulated in the mid-1970s. This has led, over the past decade, to an industry decline that has cost nearly 200,000 jobs in manufactured housing production, retailing, communities and related industries, the virtual elimination of public and private manufactured home consumer financing and, with that, the elimination of affordable home ownership opportunities for millions of American consumers – especially lower and moderate-income families.

While, as in the past, consumer concerns expressed at the hearing centered largely on post-production matters, the witness panel did not include a representative of the post-production sector.

In his testimony, Dana Roberts, the first and longest-serving MHCC Chairman, stressed that the “number one problem facing the [manufactured housing] industry today is HUD’s administration and interpretation of the 2000 Act.” He emphasized that HUD’s misinterpretation of the 2000 law, legally separating installation standards and regulations from construction standards and regulations (i.e., re-codification) – contrary to the 2000 law and the express recommendations of the National Commission on Manufactured Housing -- has led to numerous other HUD misinterpretations of the 2000 law that “deviate” from its intent and purposes. These include, but are not limited to, HUD’s emasculation of the role and authority of the MHCC, including stripping it of authority to develop and recommend changes to the federal installation standards, even though the 2000 law directed the MHCC to write – and it did write -- those standards in the first place.

In Washington, D.C., MHARR Chairman, John Bostick, stated: “We thank Chairman Bachus and Chairperson Biggert for holding this oversight hearing and for embracing the issue of HUD’s compliance with the 2000 law. We now await the results of the GAO investigation and still further work with Congress to ensure that the 2000 law is implemented in accordance with its express terms and Congress’ full intent. Congress deserves great credit for crafting the 2000 law, which is remarkably comprehensive and forward-looking. The 2000 law simply needs to be correctly implemented by HUD.” Similarly, Immediate-Past MHARR Chairman, Edward Hussey, stated: “Although manufactured housing has changed dramatically over the past 35 years, from pseudo-“trailers” to full-fledged housing, the regulatory model and program culture of the HUD manufactured housing program remains frozen in the 1970s. This is ironic, given the fact that today’s high-quality, affordable manufactured homes should be the centerpiece of HUD programs to foster and promote affordable non-subsidized housing for Americans at all

income levels. Congress passed the 2000 law to jumpstart needed reforms to the HUD program, but regulators have only become more entrenched.”

In separate remarks following the subcommittee hearing, former MHCC Chairman Dana Roberts stated: “HUD has not interpreted the 2000 law as Congress intended, by declaring major portions of the work to build a house as not part of the home’s construction, even though the law defines ‘construction’ as ‘all activities relating to assembly and manufacturing’ [i.e., re-codification]. This has allowed HUD to distort the meaning and intent of the law in ways that severely limit the role and independence of its centerpiece reform, the MHCC, ultimately hurting both the industry and consumers. Hopefully, strong congressional intervention and direction to HUD to change their interpretations of the 2000 law will cause HUD to change the program and implement the law as Congress intended.”

The Manufactured Housing Association for Regulatory Reform is a Washington, D.C.-based national trade association representing the views and interests of producers of federally-regulated manufactured housing.