

## RVIA'S HUD DEFINITION CLARIFICATION – THE FACTS

For over six years the Recreation Vehicle Industry Association (RVIA) has been attempting to clarify HUD's exemption of RVs from its manufactured housing standards.

It is RVIA's position that RVs, built for recreational, seasonal and camping use belong in campgrounds or other recreational areas while manufactured housing, built as permanent residences, belongs in housing communities.

And indeed today HUD law, regulation and interpretations exempt park model RVs (also known as recreational park trailers) up to 400 square feet in size (as measured) as well as RV travel trailers and fifth wheels from manufactured housing regulation. While this distinction between RVs and manufactured housing is well understood by those with intimate knowledge of the arcane HUD law, regulations and interpretations, it is difficult and confusing for lenders, zoning officials, tax authorities and consumers to comprehend this line.

All too often this lack of clarity regarding the line between RVs and manufactured housing leads to zoning officials either disallowing larger RVs into campgrounds and/or allowing RVs into manufactured housing communities. Tax authorities get similarly confused and sometimes want to tax RVs as manufactured homes. And now RV lenders are concerned that, given new banking regulations, they need more clarity as to where the line between RVs and manufactured housing is drawn if they are going to continue to make consumer loans for some types of RVs.

So RVIA's effort simply seeks to take the current state of HUD law, regulation and interpretations as to the line between RVs and manufactured housing as it exists today and clearly state that line in the HUD definition of manufactured housing. We do not seek to change the status quo in any way; rather, we simply want the status quo to be clearly stated in the law.

And while RVIA is undertaking this effort to make sure that all RVs can continue to have access to campgrounds and RV consumer financing, we also believe that drawing a clear and bright line between RVs and manufactured housing will give states and local zoning officials a clear line of sight as to what belongs (and does not belong) in housing communities as well.

Unfortunately, there is a great deal of misinformation circulating regarding our motivation and efforts that we'd like to clear up. Here are some assertions that have been made about RVIA's efforts and a response to them:

- 1. It is impossible to “exclude” a product that is not included in the law to begin with – i.e., the law defines manufactured homes as “dwellings” while neither RVs nor Park Models are designed for habitation as permanent or long-term residential “dwellings.”**

It's true that RVs are meant for camping while manufactured housing is built to be permanent dwellings. But whether we like it or not, lenders, zoning officials, tax authorities and consumers often confuse RVs with manufactured housing. This lack of clarity is not good for either

industry. RVIA is attempting to clarify for all stakeholders exactly where the line between RVs and manufactured housing is, to the benefit of both industries.

- 2. The proposal would result in a proliferation of unregulated structures that would be used as de facto residences with no consumer protection as provided by the HUD Code, or state/local building codes. Indeed, the proposal is obviously intended to flood the national market with large, unregulated de facto “homes” and cut the current market share of HUD Code homes.**

The vast majority of housing in the United States is regulated by local building codes. Manufactured homes are exempt from those local housing codes when they are built to HUD code and bear a HUD seal. RVs are obviously not built to HUD code nor do they bear a HUD seal. Therefore, it is up to local building and zoning officials as to whether people can live in RVs. RVIA does NOT support this use of RVs, and has actively lobbied at the state level to define RVs as being for recreational, seasonal and camping use only. We have and continue to stand ready to work with any and all stakeholders to create a state and local regulatory environment where RVs are used in campgrounds and other recreational sites while manufactured homes and other locally regulated housing are used as permanent dwellings. These efforts are aided, not hindered, by the clarity RVIA is trying to bring to the line between RVs and manufactured housing.

- 3. In this regard, at a May 15, 2014 staff-level congressional hearing, RV industry representatives openly and brazenly acknowledged that the large RVs and park models included within its exemption proposal would no doubt be used as homes, thus belying the portrayal of this statutory change as a mere technical “clarification.”**

It is evident to anyone in the housing industry that RVs are currently (in RVIA’s view) misused by some consumers as permanent dwellings. And this practice is unfortunately allowed and even encouraged by some states and local zoning officials. It would be naive to believe that this practice will ever completely stop. But by drawing a clear and bright line between RVs and manufactured housing, states and local zoning officials will have a tool to better and more clearly regulate what products should be allowed in campgrounds (RVs) and what products should be used as permanent dwellings (manufactured homes and other locally regulated housing). This benefits both the RV as well as the manufactured housing industry.

- 4. The statutory definition amendment would supersede and effectively eliminate current HUD regulations, originally sought by the RV industry itself, that exempt from HUD regulation all types of RVs – up to 400 square feet and built on a single chassis – and replace them with a blanket exemption for all RVs, regardless of size and regardless of the number of potential interconnected chassis, thus promoting the creation of a new class of RV structures and the use of such larger RVs as de facto unregulated housing.**

RVIA's proposal does not change current HUD regulations with regard to the line between RVs and manufactured housing. Rather it simply states them clearly, so that all stakeholders, even those with no prior knowledge of either industry, can easily understand them. This change will NOT allow park model RVs nor other types of RVs to be larger than they are already allowed to be under current HUD law, regulations and interpretations.

- 5. While the RV industry proposal references a 400 square foot maximum size for Park Models, the term "Park Model" is undefined and would effectively promote the use of any type of structure, vehicle, or mere shelter as unregulated de facto housing. Further, under the current proposal, there would be nothing to prevent purchasers from expanding such units on-site to create much larger structures to function as unregulated de facto housing.**

Park model RVs have been built and used in campgrounds under current HUD regulations for over 30 years. The ANSI consensus standards for these products as well as campground and other local zoning laws prohibit their expansion on site. Further, clarity regarding the line between park model RVs and manufactured housing would, again, give local regulators clear guidance that park model RVs, as a type of RV, should only be used for recreational, seasonal or camping purposes, not as a permanent dwelling. A position that RVIA strongly supports.

- 6. By allowing and promoting unfair competition from unregulated structures, the RV industry proposal would reduce purchases of federally-regulated HUD Code homes by communities for existing vacancies, harming the manufactured housing industry at a crucial time when it is just beginning to slowly recover from a severe and unprecedented decade-plus decline.**

RVIA's proposal does not promote competition between RVs and HUD code homes. It does the exact opposite. It pulls RVs and HUD code homes apart by making a clear distinction between the two; a distinction that state and local regulators can use to ensure the proper use of each product with RVs in campgrounds and HUD code homes and other locally regulated homes used as permanent dwellings.

- 7. The proposal would be perceived by current homeowners, consumers and consumer organizations as a back-door effort by the HUD Code industry to circumvent the law and create a class of unregulated homes.**

Again, the exact opposite is true: the proposal is a tool to make it clear to homeowners, consumers and consumer organizations that RVs are not designed, built or meant to be used as permanent dwellings, but rather are meant for recreational, seasonal and camping use.

- 8. The proposal would harm the image of federally-regulated HUD Code manufactured housing by allowing and promoting residential use of RVs and Park**

**Models, thereby blurring the distinction between a permanent residential dwelling and temporary occupancy. The manufactured housing industry has worked hard, nationwide and particularly in Washington, D.C., for many decades, to establish manufactured housing as “housing” among decision-makers and consumers; blurring the distinction between housing and temporary occupancy vehicles would jeopardize the industry’s hard-won credibility with Congress, regulators, financing providers, insurers and consumers.**

The line between RVs and manufactured housing is currently blurry. RVIA is attempting to clear up that blurriness by drawing a clear and bright line between RVs and manufactured housing. We seek to create a clear and obvious distinction between the two products because the RV industry does not want RVs to be mistaken for manufactured housing any more than the manufactured housing industry does.

We sincerely believe that this language will CLARIFY the currently BLURRY line between RVs and manufactured housing. And that this clarity will benefit ALL stakeholders:

42 USC 5402(6) defines manufactured home:

(6) “manufactured home” means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein; except that such term shall include any structure which meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the Secretary and complies with the standards established under this chapter; and except that such term shall not include any ~~self-propelled~~ recreational vehicle, which is designed as temporary living quarters for recreational, camping, travel or seasonal use and built in compliance with consensus standards for such products, including (i) a motorhome or recreational vehicle trailer that either has its own motive power or is towed by another vehicle without a special highway use permit and is regulated by the National Highway Traffic Safety Administration as a vehicle or (ii) a park model RV that has a gross area of not greater than 400 square feet based on the exterior dimensions of the unit measured at the largest horizontal projections in the setup mode, including all floor space that has a ceiling height of more than 5 feet\*.

\*There has been some question about the 5 foot ceiling language. HUD currently allows lofts in PMRVs so long as the ceiling is less than 5 feet. Again, this initiative is simply clarifying current HUD requirements, not creating any new ones.

We hope these facts clears up some of the confusion caused by the misinformation being circulated about RVIA’s effort.

If you have any questions or would like to discuss this initiative further feel free to contact Dianne Farrell at (703) 620-6003 x. 315 dfarrell@rvia.org or Matt Wald at (703) 620-6003 x. 313 mwald@rvia.org