Manufactured Housing Institute

August 15, 2016

Regulations Division
Office of General Counsel
Department of Housing and Urban Development
451 7th Street SW, Room 10276
Washington, DC 20410-0500

Docket No. FR–5855–P–02 / RIN 2501–AD74 "*Establishing a More Effective Fair Market Rent System; Using Small Area Fair Market Rents in Housing Choice Voucher Program Instead of the Current 50th Percentile FMRs*"

To Whom It May Concern:

The Manufactured Housing Institute (MHI) is writing to comment on this rule – and specifically question 11, dealing with voucher holders that own a manufactured home.

Question 11 asks whether existing voucher holders that own a manufactured home should be exempt from the new small FMR provisions:

11. The proposed rule makes no changes to 24 CFR 888.113(g), the FMR for Manufactured home space rental for voucher tenants that own manufactured housing units. Under this proposed rule Small Area FMRs would apply to manufactured home space rentals in areas designated for Small Area FMRs (i.e., FMRs for space rentals would be set at 40 percent of the 2-bedroom Small Area FMR). Given the costly nature of moving a manufactured home, HUD is seeking comment on whether or not current voucher holders using their voucher for a manufactured home space should be exempt from Small Area FMRs at their current address?

MHI is writing to state its strong support for exempting existing voucher holders owning a manufactured home from the new small FMR provisions.

Voucher holders that use a voucher to pay for the land lease rental costs of a manufactured home could be severely affected by a reduction in voucher assistance resulting from application of the new small FMR provisions. While tenants renting an apartment may have the option under the new FMR provisions of moving to a different lower priced rental unit, manufactured home owners siting a home on leased land do not have the same options.

If, as will often be the case, the manufactured home owner cannot afford the additional land lease payments resulting from the reduction in their voucher assistance, their only option would likely

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be to move the unit to a new site. HUD's question 11 specifically refers to the costly nature of moving a manufactured home. Indeed, in most cases, moving a home would be prohibitive for these low income voucher holders.

The cost of moving a manufactured home ranges from $2500 to 8,000, depending on a number of variables; including home size, age, location, moving distance, and the condition of the new site. For example, in the Texas market, the average cost of moving and siting a single section home to another the home location within a 25 mile distance averages $2,500. For a multi-section home, the cost is 7,500. This cost assumes that there would be minimal site preparation. If the site requires extensive grading, tree removal, slab or foundation repair, replacement, etc., the cost would increase.

There could also be potential problems with breaking the lease, such as loss of security deposit, possible litigation, denial of access to the home, should the landlord bar homeowner from property.

The consequences of not being able to afford the land lease payments with a lower payment standard and not being able to afford the cost of moving the home would have catastrophic consequences. The result is likely to be a default on the chattel loan on the home and on the land lease on which the home is sited.

The result would be that the borrower could experience foreclosure. The borrower would then lose their home and whatever equity is in their home.

Another result would also likely be the impairment of the borrower's credit score or rating, resulting from a foreclosure. As a result, while the borrower might be able to retain the voucher to rent an apartment unit it might be difficult to establish a credit rating sufficient to be accepted in another unit.

Moreover, the consequences of an adverse impact on their credit score would likely extend beyond the question of where the person lives - to also affect their ability to obtain other forms of credit and to qualify for a job.

For all these reasons, MHI strong recommends that the rule exempt all existing voucher holders owning a manufactured home from the FMR changes. We welcome the opportunity to answer any questions you might have as you work towards a more effective Fair Market Rent system.

Sincerely,

Lesli Gooch

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