



6.7.2017

Regulations Division  
Office of General Counsel  
Department of Housing and Urban Development  
451 Seventh Street, S.W. Room 10276  
Washington, D.C. 20410

Attention: Regulations Division Office of General Counsel, re: **Executive Order 13777**.

I'm the managing member of LifeStyle Factory Homes, LLC which publishes the manufactured housing industry's two most popular and leading trade publications, [ManufacturedHomeLivingNews.com](http://ManufacturedHomeLivingNews.com) and [MHProNews.com](http://MHProNews.com).

We do interviews, reports, videos and receive comments from home owners, investors, and professionals nationally. As such we bring a unique and independent perspective to the issues raised below.

I'm writing in response to Executive Order 13777, asking for comments on reforms needed for consumers and professionals with respect to the HUD Code manufactured housing program's administration and regulation.

Let's set the stage by understanding a fundamental truth. The nation is in the midst of a growing affordable housing crisis. The federal government can't borrow enough, or itself commit to pay enough on the part of U.S. taxpayer to fix the problem of growing housing affordability.

To oversimplify:

- The National Association of Realtors™ (NAR) says that they don't have an adequate supply of resale homes, especially in the 'affordable' category. What [NAR says that millennials want](#), the HUD Code manufactured housing industry can supply.
- The National Association of Home Builders™ (NAHB) says they are nearly maxed out on their ability to access the labor needed to keep up with demand. They also have very little ability to produce homes under \$150,000 without taxpayer subsidies. That's where the need for first time buyers, and downsizing retirees is the greatest.
- Modular homes are a potential solution, but the savings over conventional housing ranges commonly from 10 percent – 25 percent, depending on the source and market.
- While container and other mini-housing options are being considered, those are often sourced overseas, are typically tiny, and thus would produce little benefit for Americans.
- As a single point of reference on the needs, the NLIHC.org 2017 study says that **"The U.S. has a shortage of 7.4 million affordable and available rental homes for ELI renter households, resulting in 35 affordable and available units for every 100 ELI renter households."** Without commenting on or evaluating that study, it gives a sense of the problem.

- Zillow reported that half of today's first time home buyers are under the age of 36 ([report link](#)) Yet CNBC reported on a Realtor.org survey that "According to the report, **68 percent of millennials said they have saved less than \$1,000 for a down payment. ... savings rate, millennials are 10 years or more away from homeownership.**"
- While manufactured homes are widely misunderstood, they are [stronger](#), [safer](#), more [energy saving](#) than the public generally understands them to be. They are about half the cost, and of comparable quality to moderate site built housing, as [the former program director of the HUD Code manufactured housing program said in the video linked here](#). This is possible due to the time, labor and bulk purchase of material, and the savings possible from building in an indoor controlled factory environment.
- [Several mainstream media outlets](#) have come to a similar conclusion that **MHLivingNews** and **MHProNews** have touted for years; namely that the public needs to turn to a greater acceptance of manufactured homes. It should be noted that these sources often get the [terminology wrong \(improperly calling them trailers or mobile homes, which they are not\)](#). HUD should take ownership of clarifying the fact that [manufactured homes are legally and in code/quality/construction terms different and superior to the mobile homes of 40+ years ago](#), because they are the main regulatory body.

It should also be noted that given the low savings amount that millions have, the most available resource they can potentially achieve is the one with the lowest entry cost.

The facts lead an objective thinker to one inescapable conclusion. The only practical solution for the affordable housing crisis in the U.S., based upon existing dynamics today, would be to unshackle the free market and allow for a robust production of [entry level and residential style](#), modern HUD Code manufactured homes.

Yet, HUD – which is the primary regulatory body for manufactured housing, has in many ways stymied that free market solution by problematic administration of the law.

Against that backdrop, please consider the following thoughts and links to more details, per some of the tips provided on your comments download.

[https://www.regulations.gov/docs/Tips\\_For\\_Submitting\\_Effective\\_Comments.pdf](https://www.regulations.gov/docs/Tips_For_Submitting_Effective_Comments.pdf)

First, consider the comments by multiple-award winning retailer, Doug Gorman, [linked here](#).

Second, as a practical matter, **the HUD Code manufactured home program will never change for the better while the current career administrator and the current revenue-driven contractor are in place.**

There is no change that can be made to the regulations or the law itself that cannot be distorted, twisted, misdirected, thwarted, or undermined by a program administrator – and/or regulatory contractor -- intent on maintaining the status quo.

This is a clear case of what the president has said is the need to 'drain the swamp,' in this case, at the HUD Code manufactured home program at the administration level.

Third, the current and consistent trajectory at HUD's manufactured housing program has been toward ever-more burdensome regulation. This is sadly true even though today's manufactured homes are the best-ever produced, according to [state and federal data](#) which proves that only a fraction of one percent ever need the third party dispute resolution program.

It is also demonstrated by third-party research, [which proves manufactured home owners are overwhelmingly satisfied](#).

Therefore, in commenting as part of the Executive Order 13777 process, it is essential that HUD:

- Reassign the current program Administrator -- Pam Danner, JD who was “parachuted” into the program from outside on a career basis by the Obama Administration – and who has overseen a rapid expansion of baseless federal regulatory burdens and costs since 2014.
- The current Administrator should be replaced by a qualified non-career appointee, per the specific mandate of the [Manufactured Housing Improvement Act of 2000](#) (MHIA 2000).
- The termination of the current revenue-driven, “make-work” monitoring contract for the convenience of the government, and the re-solicitation of the monitoring contract. That should be done with objective evaluation criteria, and full competition to replace the 40-year de facto sole-source contracting system (and contractor) that has been in place since the inception of federal regulation.
- There should be a clear mandate for HUD’s general counsel that works with the manufactured housing program to enforce the enhanced preemption that is called for by the MHIA 2000.

In addition to these points, the [Manufactured Housing Association for Regulatory Reform](#) (MHARR) has highlighted in its comments, the following HUD regulations and regulatory actions that should (and must) be repealed or significantly modified. These include:

- Expanded in-plant regulation;
- HUD’s excessive and needlessly burdensome “on-site” construction rule;
- Excessive Subpart I requirements;
- HUD’s unreasonable attempt to federalize installation regulation;
- HUD’s attempt to restrict the role of the Manufactured Housing Consensus Committee;
- HUD’s attempt to exclude collective industry representation on the MHCC; and
- HUD’s discriminatory and outdated “Formaldehyde Health Notice”

Perhaps most important of all is the need for HUD to fully and completely abide by the law, as has been promised by the Trump Administration. The president and vice president have both said they will be in “the promise keeping” and “law enforcement” business.

Given the spreading affordable housing crisis, and the fact that manufactured homes are the private, free market solution to that need, nothing could be more important than allowing the law that Congress passed to work as intended. HUD Code manufactured homes ought to be welcomed in cities and towns as well as rural areas, as [HUD’s own PD&R Report, linked here](#), demonstrated.

Estimates by informed professionals reflect the fact that enforcing the MHIA of 2000 could create and sustain some 1.5 million good jobs over 5 years. The industry could reduce the costs of federal subsidies, and over time, eliminate them for millions.

The conventional housing market can’t accomplish what manufactured homes do in terms of price per square foot, which has been documented by the U.S. Census Bureau to be about 50% of the cost of conventional construction.

Please see videos on this page, [linked here](#).

All of the above would boost home ownership, spur business growth, create jobs, and reduce costs to taxpayers. Given that HUD has for 50 years tried to move the needle on poverty programs, the above are common sense steps that the free market can accomplish. These are in keeping with HUD Secretary, Dr. Ben Carson's principled thoughts, as well as those of President Donald Trump and Vice President Pence.

Thank you in advance for enforcing the law, creating jobs, and restoring the promise of the American Dream for millions who would otherwise be shut out.

Respectfully submitted,

*Tony*

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