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Politics

# A once obscure office at HUD is the subject of unusually intense lobbying effort

By Juliet Eilperin April 30 at 10:45 AM

For most of its existence, the Office of Manufactured Housing has been an unassuming office within a federal department not known for its glitz and glamour.

But the little-known agency in the Department of Housing and Urban Development has been thrust into the spotlight as trade groups mount an unusually intense lobbying effort, seeking to scale back regulations that they say are hampering an industry that could provide a market-based solution to the affordable housing crisis.

In the process, the groups are gaining influence with Trump administration officials trying to purge their ranks of holdovers from the previous administration and put their stamp on every part of government, no matter how obscure.

The growing clout of the industry came into sharp focus last summer, when a trade group demanded — and got — the ouster of an agency official who favored more regulation of the industry while serving in the Obama administration, and an underling who donated to the former president's campaign.

“That the Trump Administration would be party to such an amazingly ill-considered, offensive and arguably scandalous action . . . is directly contrary to president trump’s own pledge to ‘drain the swamp’ in Washington D.C.,” wrote Mark Weiss, president of the Manufactured Housing Association for Regulatory Reform, in a July 27 letter, which was unusually harsh even by Washington standards.

Within a few months, Office of Manufactured Housing Programs Administrator Pamela Beck Danner had been reassigned, and the woman she had hired, Lois Starkey, had been terminated.

Not long after, the department kicked off a formal process to reconsider several of the new federal requirements the office had advanced over the past two years.

The efforts have come as administration officials are embracing manufactured homes as a way to increase the stocks of affordable housing using the private sector rather than taxpayer funding.

Already, they serve as the largest source of unsubsidized affordable housing in America, with 22 million Americans living in structures ranging from trailers to high-end homes with ample amenities.

The average price of a “stick-built” home in January was \$382,700, according to the Census Bureau, compared to about \$70,000 for the average manufactured home. Once derided as “mobile homes,” these edifices are increasingly seen as attractive housing options for retirees and low-income residents.

In recent years, federal regulators sought to ensure that increasingly elaborate manufactured homes are installed properly and comply with modern energy-efficiency standards.

“It’s all about quality, longevity, value and confidence for the next buyer and lender,” said Doug Ryan, director of affordable homeownership at the advocacy group Prosperity Now.

But industry officials say HUD has pushed impractical policies, often at odds with its own advisory board’s recommendations, that would boost the cost of their products without significantly improving their safety.

They have taken aim at a handful of policies that Danner, the ousted official, who joined HUD in 2014, instituted during her tenure as head of the manufactured housing office. They include requiring an additional certification process for structures added onto an existing home, such as garages, enclosed decks and car ports; an expansion of the inspection process for homes where features such as French doors are added on site; and a new national standard to prevent frost-related damage to homes and foundation systems.

The recently passed trillion-dollar spending bill included language that halted all three directives; Carson told senators last month he considered the rules under review “ridiculous.”

During a speech Wednesday in Las Vegas, he told members of Manufactured Housing Institute, the industry’s largest trade group, “We’re working and trying to find a way to get the paper shredder out and get rid of as many of those things that are not necessary as we possibly can.”

When the first of several protesters disrupted his speech, shouting, "I need housing, where will I live?" he called the protester "a perfect example" of "the swamp" in Washington. Some members of the audience laughed and applauded in approval.

There are other signs that the industry — and the federal office overseeing manufactured homes — are gaining prominence at HUD.

Department officials are considering a reorganization plan that could elevate the office within the departmental hierarchy, HUD spokesman Raffi Williams said.

Testifying before Congress in March, Carson referred to manufactured homes as "amazing."

Lesli Gooch, vice president of government affairs and chief lobbyist for the institute, said in an interview that Carson and his staff are now paying attention to an office and issue "buried deep within the bureaucracy."

"He's interested in moving to people to self-sufficiency," Gooch said. "We are definitely encouraged by the direction in which things are headed. They definitely hear us."

Gooch said her association did not weigh in on Danner's reassignment, preferring to push for a broader reorganization. But a lawyer representing the group did challenge Starkey's right to work there in a Nov. 16 letter obtained by The Washington Post.

The letter to HUD's acting general counsel Beth Zorc notes that Starkey, who worked for the trade association from 2010 to 2017, was still receiving severance payments from the Manufactured Housing Institute after starting work at the department.

Starkey violated the terms of her severance agreement "by agreeing to work for HUD, a client of MHI," wrote Webster, Chamberlain & Bean lawyer David P. Goch. "For these reasons, we request that you take appropriate actions regarding Ms. Starkey's employment with HUD, which may include immediate termination."

In fact, a top HUD ethics lawyer, Daniel Baxter, had signed off on the arrangement, writing in an email to Starkey that she was permitted to receive the severance pay "since it appears they are based on your prior work and not your position at HUD."

Still, Starkey was terminated Dec. 19, the day after Danner was reassigned.

HUD officials declined to comment on either personnel change.

Dana Wade, a Trump appointee who serves as general deputy assistant secretary for the Office of Housing, ordered Starkey's termination on the grounds she had shared confidential information with an outside group, though Danner said that she complied with standard procedures. Starkey, who was in her initial year of employment, is now challenging her dismissal in a case before the Merit Systems Protection Board.

"I have never seen anything like this, and I regularly represent federal employees," said Starkey's lawyer, John J. Rigby. "I guess it is open season on Obama donors."

Danner declined to comment, as did Starkey.

Weiss, head of the trade group that sought the dismissal of the women, said his organization never got a formal response to its July 27 letter. But when HUD announced that it was reviewing all the existing rules that apply to manufactured housing, his group issued a news release saying the move, "together with the reassignment and replacement of the previous program administrator, have been priority objectives for [the association] since day-one of the Trump Administration."

Weiss declined to disclose his group's membership, saying only that it includes between 15 and 20 small manufacturers.

Liz Ryan Murray, project director for the advocacy group CarsonWatch, said in an email that she took a different view of the situation.

"Secretary Carson's job is to help families keep their homes and keep their homes safe," she said, "it's not to ask 'how high' when the manufactured housing industry says jump."

Behind the ideological struggle lies a serious policy debate that deeply affects both manufacturers and buyers of manufactured homes.

Hometown America President Stephen Braun, whose company operates 60 communities with 24,000 manufactured homes across the country, said in an interview that he backs some of the measures HUD has adopted under the previous administration, such as additional installation inspections.

But he said others, such as a proposal to improve the overall energy efficiency of these homes by at least 20 percent, didn't make economic sense for his customers because they wouldn't save enough money in the short term.

"I'm not anti-regulation at all," Braun said. "It does drive the price of the product up, and there's a lot of resistance to that."

Some manufactured home residents, however, said that they wanted more federal scrutiny.


Residents of Oak Point, an active adult community operated by Hometown America in Middleborough, Mass., said that they've discovered installation problems ranging from bolts that were never screwed into exposed electrical wires and overheating furnaces. After a HUD-certified inspector examined two homes and found extensive problems, Danner sent a note Dec. 12 demanding the errors be corrected within 60 days.

Charlie Russell said that after he filed a complaint with HUD last year, Starkey had made sure their concerns were addressed. Braun has pledged to fix any home dating back to November 2011, when his firm purchased the site.

But for older residents living in homes purchased before that point, Russell noted, there is no easy solution.

"This is your retirement, this is what you look forward to," he said. "Then to have all these issues pop up, it's pretty overwhelming."

## 2 Comments

Juliet Eilperin is The Washington Post's senior national affairs correspondent, covering how the new administration is transforming a range of U.S. policies and the federal government itself. She is the author of two books — one on sharks and another on Congress, not to be confused with each other — and has worked for The Post since 1998.  Follow @eilperin

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