



January 6, 2020

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

Docket Number: FR-6187-N-01, White House Council on Eliminating Regulatory Barriers to Affordable Housing; Request for Information

Dear Secretary Carson,

The Manufactured Housing Industry of Arizona (MHIA) is writing in response to HUD's request regarding federal, state and local regulations that are increasing the costs of affordable housing and contributing to shortages in America's housing supply. Manufactured homes are an important source of affordable housing across the U.S. It is the largest form of unsubsidized affordable housing in the U.S. and the only type of housing built to a federal construction and safety standard. The affordability of manufactured homes enables individuals to obtain housing that is often much less expensive than renting or purchasing a site-built home.

The MHIA represents more than 120 large and small businesses vital to the industry and affordable housing, including 4 manufacturing plants. Other members include retailers, developers, lenders, community owners, contractors and installers, transporters, and other service providers. There are nearly 200,000 manufactured homes in the State of Arizona with approximately 519,000 people living in manufactured homes.

Addressing federal, state and local regulatory barriers to manufactured housing has never been more important. The country is facing an affordable housing shortage and manufactured housing can provide consumers with safe, high-quality and affordable homeownership options that include the features and amenities they want.

MHIA would like to call HUD's attention to the below examples of actions that the Department can take to address regulations that are negatively impacting manufactured housing.

- Combat Zoning and Restrictive Land Ordinances – HUD must exercise its preemption authority when local regulatory construction standards and zoning, planning, or development policies adversely affect the placement of quality, affordable manufactured housing. In addition to enforcing HUD's statutory preemption authority, the Department should work with states and local governments to address state and local discriminatory zoning and development restrictions, which make it nearly impossible to site manufactured homes.

For example, the entire Apache County requires all manufactured homes to be no older than 10 years. In addition, the City of Coolidge requires all manufactured homes to be no older than 3 years.

- Update FHA Title I and II Financing Programs – HUD should revise the FHA Title I and II programs to make it feasible for manufactured home lenders and borrowers to access financing. These programs are underutilized—and loan volumes continue to shrink—because outdated rules make them impractical as financing options. Without access to FHA financing, many families are unable to attain the dream of homeownership through manufactured housing.

Because the Southwest Region is primarily land-home transactions, FHA financing is essential to keeping affordable housing available. Title I FHA financing has been nonexistent in Arizona.

- Update the HUD Code (24 CFR 3280) in a Timely Manner – If the HUD Code is not updated on a consistent basis, manufactured home builders will be prohibited from providing the latest innovations, technologies, and features that consumers demand. The HUD Code should also minimize costly regulatory review and compliance requirements. The ability to utilize new technologies and materials is dependent on a Code that is current. Yet, HUD has not finalized more than 300 recommendations from the MHCC that would update the HUD Code and allow new innovations and technologies to be used. The internal process at HUD needs to be changed to ensure that its manufactured housing policies foster uniformity and ease of compliance, benefit consumers, minimize discrepancy with state and local codes, and promote innovation.
- Reduce Unnecessary Paperwork Burdens Under 24 C.F.R. Part 3282, Subpart I
The manufactured housing industry will always support measures that ensure manufactured homes are safe for consumers. However, after years of expansion, the Complaint Program has morphed into a regulatory burden, contributing to higher home prices by requiring unnecessary paperwork and records.
- Amend On-Site Completion of Construction of Manufactured Homes Requirements (24 C.F.R. Part 3282, Subpart M)
The On-Site Completion of Construction Rule (SC Rule), which was implemented fewer than three years ago, established procedures for the limited on-site completion of some aspects of construction that are not completed in the factory. While described as giving manufacturers greater flexibility in the construction of homes that have features consumers demand (e.g., dormers, gabled or high-pitched roofs, eaves, or brick siding), in practice the SC Rule has created new layers of bureaucracy. Most notably, the cumbersome inspection and approval procedures are expensive and time-consuming with limited consumer benefit. Many manufacturers no longer offer popular consumer amenities that may fall under the SC Rule, which negatively affects prospective homebuyers. Because of the lack of clarity, contradictions to the HUD Code, and lack of demonstrable need for the rule compared to increased costs and decreased home features, HUD should revise the on-site completion of construction rule to reduce unnecessary administrative burdens.

Because our State Administrative Agency (SAA) has budget restraints they are unable to provide the additional inspectors to perform onsite completions. As a result, we are forced to use third party inspectors at much higher costs and with significant delays for inspections.

Manufactured homes remain the most affordable homeownership option available in the U.S. today. The Manufactured Housing Industry of Arizona strongly urges HUD to revise its current manufactured housing rules and regulations, and work to not only encourage housing innovation, but also eliminate unnecessary regulatory barriers at all levels of government that impede consumer access to safe, affordable manufactured homes.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K Anderson', with a long, sweeping flourish extending upwards and to the right.

Ken Anderson, President
Manufactured Housing Industry of Arizona