



Manufactured Housing Association for Regulatory Reform

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May 13, 2021

VIA FEDERAL EXPRESS

Hon. Marcia Fudge
Secretary
U.S. Department of Housing and Urban Development
Suite 10000
451 7th Street, S.W.
Washington, D.C. 20410

Re: The Omission of Affordable Federally-Regulated
Manufactured Housing from the “HUD at 100 Days” Report

Dear Secretary Fudge:

I am writing on behalf of the members of the Manufactured Housing Association for Regulatory Reform (MHARR). Manufactured homes, as you know, are comprehensively regulated by the U.S. Department of Housing and Urban Development (HUD) pursuant to the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401, et seq.), as amended by the Manufactured Housing Improvement Act of 2000 (2000 reform law). MHARR’s members are mostly smaller and medium-sized independent producers of HUD-regulated manufactured housing, situated in all regions of the United States.

We have read with great interest the recently-published “HUD at 100 Days” Fact sheet. That document addresses, in substantial part, HUD’s efforts, under the Biden Administration, to address homelessness and increase the availability of affordable housing for American families through federal grants and other types of funding provided to public housing authorities and related government-based entities. And while we applaud these initiatives, as well as the Administration’s broader focus on promoting affordable housing and homeownership, we are extremely disappointed and surprised that neither HUD – nor *you*, as HUD Secretary – have thus far embraced or expressly recognized (either in this Fact Sheet or through other actions to date) the critical role of manufactured housing, regulated by HUD itself, in providing a private-sector resource to address and remedy both homelessness and the critical need for affordable homeownership in the United States.

The U.S. Congress, long ago, recognized the unique status of manufactured housing as the nation’s premiere source of inherently affordable, non-subsidized housing and homeownership, and has acted consistently to protect, expand and advance both the affordability and availability of manufactured homes for all Americans and, most especially, lower and moderate-income families.

www.manufacturedhousingassociation.org

Preserving the American Dream of Home Ownership Through Regulatory Reform

As a result, Congress provided for the regulation of manufactured housing production and safety under uniform, federally-preemptive standards under the 1974 Act as subsequently updated, modernized and strengthened by the 2000 reform law. Then, when Congress saw that the availability of consumer financing for manufactured homes was a significant restraint on their wider availability and utilization, it acted to advance support by both the Federal Housing Administration (FHA) and the Government Sponsored Enterprises (GSEs) (i.e., Fannie Mae and Freddie Mac) for the manufactured housing consumer loan market in the Housing and Economic Recovery Act of 2008 (HERA). Specifically, as part of HERA, Congress increased the value of manufactured home consumer loans that would be eligible for FHA underwriting, and mandated the securitization and secondary market support of manufactured home consumer purchase loans by Fannie Mae and Freddie Mac as part of the statutory Duty to Serve Underserved Markets (DTS).

Unfortunately, though, years – and, in some cases decades later -- the manufactured housing industry and American consumers of affordable housing continue to face serious obstacles and intentional discrimination that, combined with baseless resistance to the full and proper implementation of these good laws within relevant federal agencies, have undermined the full realization of Congress’ laudable objectives. These barriers, which, in combination, have prevented the industry from supplying millions of lower and moderate-income Americans with high-quality, inherently-affordable homes, include the following:

1. HUD’s continuing failure to fully and properly implement all program reforms of the 2000 reform law, including its ongoing maintenance of an archaic and dysfunctional contract-based regulatory system which needlessly increases regulatory compliance costs for both the industry and consumers;
2. Discriminatory local zoning restrictions and exclusions that HUD has failed – and continues to fail – to correct and eliminate through the full and proper implementation of the enhanced federal preemption authority enacted by Congress as part of the 2000 reform law;
3. Decimation of the FHA Title I manufactured housing finance program as a result of excessive Government National Mortgage Association (GNMA) regulatory criteria for the securitization of insured manufactured housing lenders; and
4. The decade-and-a-half failure of Fannie Mae and Freddie Mac – with the de facto approval of the Federal Housing Finance Agency (FHFA) -- to implement the DTS mandate with respect to manufactured housing and manufactured home consumer financing. Although this mandate falls under the regulatory jurisdiction of FHFA, the industry believes and maintains that, based on the entirety of federal manufactured housing law, the Secretary of HUD, as the de facto “guardian” of federal superintendence of the manufactured housing industry, has an

obligation and responsibility to address and resolve this matter for the benefit of American consumers of affordable housing.

The ultimate consequence of all the foregoing has been – and continues to be – a severe shortfall in the availability of inherently affordable manufactured housing, as part of a broader deficit in the availability of much-needed entry-level, “starter homes, as recently documented by an April 2021 Freddie Mac analysis.

Based on all of this, we hope that you can understand and appreciate our extreme disappointment and dismay at the exclusion of affordable, high-quality manufactured housing – the regulation of which HUD fully and completely controls, from the recitation of HUD’s top-level housing priorities, as reflected in the Department’s “First 100 Days” news release. Given your background in housing, as well as your Senate confirmation hearing testimony, we can only surmise that this omission is an outgrowth of either: (1) a lack of relevant and appropriate input from HUD staff; or (2) a lack of crucial information and input as a consequence of not having yet communicated directly with industry representatives. We say this, and our concern arises from the fact that, this is the first time in our collective memory that a new HUD Secretary has not had direct interaction and engagement with MHARR -- as the national representative of the smaller, independent businesses which constitute the traditional nucleus of the manufactured housing industry -- within the initial months of their tenure.

We thus view a direct meeting with you to be an urgent matter for both the industry and the millions of Americans who rely on manufactured housing as a primary resource for affordable homeownership. Consequently, we will contact your office soon to pursue a meeting to address these matters.

Again, we welcome your confirmation as HUD Secretary, and look forward to speaking with you directly.

Sincerely,



Mark Weiss
President & CEO

cc: Hon. Joseph R. Biden
Hon. Kamala Harris
Hon. Sherrod Brown
Hon. Patrick Toomey
Hon. Maxine Waters
Hon. Patrick McHenry
Hon. Mark Calabria