

Federal Policies Should Promote the Affordability and Availability of Manufactured Homes

1 FHA Should Support Manufactured Housing Financing

HUD and the Federal Housing Administration (FHA) have a critical role in insuring mortgages for first-time, minority, and other underserved borrowers. FHA mortgage insurance programs are intended to provide for the financing of manufactured homes, but due to a lack of modernization they are not meeting the demands of consumers. For example, FHA's Title I program insured only 5 personal property loans in FY 2021. FHA's Title I and Title II programs should be reformed to ensure homebuyers can finance their purchase of a manufactured home through FHA-insured loans.

- Changes that need to be made to FHA's Title I program include: (1) increasing the loan limits for inflation; (2) aligning FHA manufactured home definitions with HUD Code definitions; (3) providing for an adequate loan origination cap; and (4) allowing financing of closing costs.
- Changes that need to be made to FHA's Title II program for real property manufactured home loans include: (1) improving guidance for CrossMod homes to ensure accurate appraisals; (2) aligning FHA inspection requirements with HUD Code requirements; (3) incorporating the HUD Code's model minimum installation standards; (4) revising the requirements for manufactured homes in flood zones; and (5) lifting the prohibition of financing for relocated homes.

ACTION REQUESTED

Ask HUD to update FHA's guidelines to ensure the Title I and II programs support manufactured housing.

2 HUD Should Regulate Manufactured Housing Energy Standards

The *Manufactured Housing Construction and Safety Standards Act* makes HUD the primary regulator for the construction standards of manufactured homes. The Department of Energy (DOE) published a rule establishing energy efficiency standards for manufactured homes. MHI and its members have always supported energy conservation efforts and we will continue to do so. However, the rule relies on misleading and significantly underestimated cost estimates which pale in comparison to the increased costs imposed on consumers by the requisite overhaul of current construction and transportation methods unique to manufactured housing.

- The DOE rule increases the cost of manufactured homes and will significantly impact, and in many cases even stop, home production while homebuilding facilities completely overhaul their systems and processes, and suppliers create the necessary products.
- The one-year implementation is out of sync with conventional three-to-five-year implementations for appliance standards and the like. Manufacturers will not be able to make changes to the entire house design within that timeframe.
- Per the statutory requirements of the *Manufactured Housing Improvement Act of 2000*, these standards should not become effective until reviewed by the Manufactured Housing Consensus Committee, approved by HUD with revisions, and incorporated into the HUD Code.
- H.R. 7651, the *Manufactured Housing Affordability and Energy Efficiency Act of 2022*, will require demonstrated coordination between HUD and DOE when determining affordability issues, and also consistency with and inclusion into the HUD Code, which ensures the feasibility of design and construction in off-site home building facilities.

ACTION REQUESTED

Ensure DOE energy standards are not implemented until they are revised and adopted as part of the HUD Code. Legislation such as H.R. 7651 establishes a path forward for consistency with the HUD Code.



3

HUD Should Support Preservation of Land-Lease Communities

There are more than 43,000 land-lease communities in the country with almost 4.3 million homesites. Today, 27 percent of new manufactured homes are placed in land-lease communities. Land-lease communities are critically important to the availability of affordable housing in America, and we believe HUD can support increasing and preserving this attainable homeownership option for more families.

- Federal policies should encourage capital investment into land-lease communities to increase the supply of quality affordable homeownership options.

- Federal support for the preservation of communities is the right approach.
- Federal programs should allow all eligible community owners to obtain financing to preserve manufactured housing communities.

ACTION REQUESTED

Federal efforts to preserve and develop manufactured housing communities should include all eligible homeownership types.



MANUFACTURED HOMES ARE A CRITICAL SOURCE OF AFFORDABLE, HIGH-QUALITY HOUSING

Manufactured Homes Make the Dream of Homeownership Possible.

- Manufactured homes offer individuals and families housing that is often much less expensive than renting or purchasing a site-built home.
- Manufactured housing is the only type of housing that Congress recognizes as having a vital role in meeting America's housing needs as a significant source for affordable homeownership accessible to all Americans.
- Manufactured homes retain their value well, if not better than site-built homes. A recent study showed that the median value of manufactured homes increased more quickly in 27 states than the median value of single-family homes.
- MHI conducted extensive research of residents of manufactured homes and found:
 - 95 percent of residents in 55+ communities and 87 percent of residents in all-age communities report satisfaction with their homes.
 - Residents cite affordability and homeownership as the top reasons for selecting manufactured housing.
 - 70 percent of those living in manufactured housing plan to live in their homes for over six years, with 40 percent saying they plan to stay in their homes indefinitely.