

# BUILDING ★ America:

## *Home by Home*



M H I ' S   N A T I O N A L   P O L I C Y   A G E N D A

JANUARY 2008



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January 2008

Manufactured and modular housing have long played a key role in housing, providing millions of consumers with affordable quality housing. Currently, over 18 million people live in manufactured homes. The manufactured housing and modular housing industries are the most flexible segments of the housing industry, capable of delivering – quickly and efficiently – the American dream of homeownership with a stronger, technologically-advanced product.

Today, a unique combination of events has created an even greater opportunity for manufactured and modular housing to serve the current and future housing needs of a wide range of consumers. As we write this, the United States housing market faces a never-before experienced combination of forces. Credit markets are contracting after several years of unprecedented and unsustainable expansion. Lenders are returning to more conservative underwriting criteria. Housing price growth is slowing in several regions, and homes are taking longer to sell.

Despite this market upheaval, housing continues to occupy a priority role in the nation's economy and social fabric. Homeownership remains an important personal and financial goal for many households as well as the most important source of asset building and wealth accumulation for the majority of households. With the advent of the baby boomers turning sixty, the industry is serving an even greater number of this

growing demographic group, taking the form of lifestyle buyers in retirement destinations.

Yet, many consumers still face challenges in attaining quality housing: the changes in the credit and capital markets are affecting the cost and availability of homeownership; changes in underwriting will affect who gets approved, under what terms, and for how much; and last, but not least, housing affordability remains a huge challenge, as the rapid home price appreciation experienced in recent years has priced a large segment of the population out of the range of homeownership.

Manufactured housing is perfectly poised to address these housing challenges. The factory-production process gives manufactured housing an unbeatable affordability and technological advantage over other construction forms. Such advantages include producing approximately 30 percent less waste during the construction process and increased energy efficiency through the EnergyStar® certification program. As a result, manufactured housing has the value and flexibility to be an excellent solution for consumers seeking quality housing and sustainable homeownership.

The Manufactured Housing Institute (MHI) and the National Modular Housing Council (NMHC), working collectively under the umbrella of MHI, represent all segments of the manufactured and modular housing industries, including man-



ufactured and modular home producers, retailers, developers, community owners and managers, suppliers, insurers, and financial services providers. Our membership includes small businesses and large, publicly-traded, companies, which employ over 70,000 people in home factories and retail sales centers alone. Countless others are employed by manufactured home community operators and by the lending institutions, insurance companies and suppliers that do business within the industry.

MHI is proud to be an advocate for our industry, *for housing*, and for solutions to the nation's housing challenges. MHI works to promote fair laws and regulations, increase and improve financing options, provide technical analysis and research, promote industry professionalism, remove zoning barriers and educate external audiences about the benefits of manufactured and modular housing.

MHI has developed this National Policy Agenda with the goal of furthering a policy and regulatory environment that promotes affordable and safe homes for America's consumers and furnishes an array of housing choices to meet the diverse lifestyles of our nation's homeowners. Among our key public policy objectives are:

**Promoting manufactured housing's role as a source of innovative and affordable housing** for a broad range of households seeking to meet a variety of housing needs. Central to this objective is making sure that policies and policy-makers treat manufactured housing the same as other residential construction types and removing barriers that prevent manufactured housing from playing an even larger role in meeting the nation's housing needs.

**Improving the flow of capital to manufactured housing lending** by enhancing government loan and loan guarantee

programs that serve manufactured home buyers, by ensuring that Fannie Mae and Freddie Mac are focused on serving the manufactured housing market and by promoting approaches to responsible lending that appropriately consider the economics of manufactured housing lending.

**Promoting innovation and preserving affordability through enhanced quality and efficiency of the HUD-Code regulatory regime** to better solve the nation's housing affordability crisis and to keep pace with the demands of consumers for increased customization of homes.

**Ensuring consumer safety** by advocating a fact-based approach that recognizes the superior safety record of manufactured housing and that rejects inaccurate stereotypes. This includes rejecting regulatory or legislative measures that hold manufactured homes to a different standard than other forms of housing based on unfounded negative stereotypes.

**Protecting and developing industry employees** through constant attention and compliance with reasonable labor and workplace safety regulations and through supporting policies that ensure a consistent supply of educated workers.

On behalf of MHI, we look forward to working with you to house America.

Barry McCabe  
*Chairman of the Board*  
 Manufactured Housing  
 Institute

Gail Cardwell  
*President & CEO*  
 Manufactured Housing  
 Institute

# EXECUTIVE Summary

Manufactured housing and modular housing are perfectly poised to be part of the solution to the nation's housing challenges, in particular to assist those affected by the current housing credit crunch. The Manufactured Housing Institute's National Policy Agenda represents the regulatory and policy framework necessary for our industry to serve this vital role in housing America.

January 2008

**Manufactured housing today has the value and flexibility to serve a new demographic.**

- Manufactured housing has long appealed to first-time homebuyers. However, given the current state of the housing market, as well as the rapidly changing make-up of the home-buying population, manufactured housing is uniquely suited to meet the housing needs of an ever-expanding range of consumers, including the rapidly growing immigrant population, baby boomers seeking affordable retirement or second homes, and consumers in areas with high housing and construction costs.
- The manufactured housing industry is leading the way in technological innovation, leveraging the factory-production process to create state of the art homes, with a virtually unlimited range of options and aesthetic features and exceptional energy efficiency and durability. As a result, more and more consumers and developers should be turning to manufactured and modular housing as their construction type of choice.

To ensure that consumers will continue to be able to look to manufactured housing as an innovative and accessible housing source, MHI's advocacy efforts are focused on:

**Improving the flow of capital to manufactured housing lending by modernizing FHA's Title I and Title II programs and creating a duty to serve manufactured housing for Fannie Mae and Freddie Mac.**

- FHA's Title I loan insurance program historically provided much needed capital to borrowers seeking to purchase manufactured homes, insuring up to 30,000 loans annually. However, the program's structural problems have reduced significantly its relevance to the point that over the past few years, it has served less than 1500 borrowers annually. MHI has been working closely with Congress to raise the program's loan limits, establish annual indexing of the loan limits, mandate loan-by-loan insurance, and increase the Title I up front insurance premium. These changes will both increase lender participation in the Title I program and improve the program's financial soundness.
- Additionally, MHI supports proposals to modernize FHA's Title II program to provide more borrowers with access to fair and affordable housing finance. In particular, MHI has been working with the Administration and Congress on provisions to make FHA loans available for manufactured housing condominiums and to enable FHA to serve more borrowers living in manufactured housing in land lease communities.
- Fannie Mae and Freddie Mac were created by Congress to expand affordable homeownership by maintaining liquidity and stability in the mortgage market. This mission includes specific authority to support manufactured housing lending. However, the companies' involvement in this market has been relatively small, especially considering the affordability advantage that manufactured housing offers consumers. MHI supports legislative proposals creating an enforceable duty for the companies to serve the manufactured housing



market through product development – including acquisition of manufactured housing personal property loans -- and more flexible underwriting.

- FHA and the housing GSEs were created to provide affordable housing finance, particularly during times of economic and market stress. Modernizing FHA and expanding Freddie Mac's and Fannie Mae's role in manufactured housing lending will bring more lenders to the manufactured housing lending market, expanding our industry's ability to solve the nation's housing challenges, in particular to serve consumers whose options have been drastically limited by the credit crunch.

#### **Ensuring a robust and flexible regulatory framework.**

- Congress created the HUD Code as a federal quality assurance standard for every manufactured home in America. The HUD Code regulates home design and construction, strength and durability, transportability, fire resistance, energy efficiency, and quality control. The HUD Code regime includes a process for stakeholder involvement – through the Manufactured Housing Consensus Committee (MHCC) -- in revisions and interpretations of the HUD Code.
- To thrive and grow, our industry and the consumers we serve need a regulatory process that encourages innovation and cost-effective techniques that properly balances affordability,

quality and safety. As HUD and the MHCC interpret and update the HUD Code, MHI believes is vital that the HUD Code be empowered to function as a dynamic standard that supports innovation, consumer safety, and quality, while preserving manufactured housing's affordability.

- It is also imperative that zoning barriers are removed at the local level. Discriminatory zoning and land-use regulations should not exclude or limit manufactured housing. Instead of constraining the use of manufactured housing, local community development and planning officials should look for opportunities to incorporate manufactured housing into new and existing communities.

MHI is proud to be an advocate for our industry, *for housing*, and for solutions to the nation's housing challenges. MHI works to promote fair laws and regulations, increase and improve financing options, provide technical analysis and research, promote industry professionalism, remove zoning barriers and educate external audiences about the benefits of manufactured and modular housing.

MHI's National Policy Agenda seeks to further a policy and regulatory environment that promotes affordable and safe homes for America's consumers and to provide a broad range of housing choices to meet the diverse lifestyles of our nation's homeowners.

# HOUSING America

“[M]anufactured housing plays a vital role in meeting the housing needs of the Nation; and manufactured homes provide a significant resource for affordable homeownership and rental housing accessible to all Americans. . .”

(Section 602(a), *Manufactured Housing Improvement Act of 2000*)

“Affordability problems are the nation’s fastest-growing and most pervasive housing challenge.”

(Joint Center for Housing Studies, *State of the Nation’s Housing 2007*, Harvard University)

Manufactured housing is a key source of quality affordable housing for 18 million people living in manufactured homes across the nation. And, as Congress recognized in the Manufactured Housing Improvement Act of 2000, manufactured homes have the potential to play – at this very critical time for the housing markets, for home buyers, and for renters -- an even greater role in providing quality affordable housing for current and future consumers looking to meet a variety of housing and lifestyle needs.

To accomplish this, the Manufactured Housing Institute (MHI) supports public policies that focus on:

- Promoting and preserving the affordability and customization of manufactured housing,
- Preserving and expanding access to housing for all Americans, and
- Placing manufactured housing on a “level playing field” with site-built housing.

## Definitions

**Manufactured Homes:** These are homes built entirely in the factory, transported to the site, and installed under a federal building code administered by the U.S. Department of Housing and Urban Development (HUD). The Federal Manufactured Home Construction and Safety Standards (commonly known as the HUD Code) went into effect June 15, 1976. The federal standards regulate manufactured housing design and construction, strength and durability, transportability, fire resistance, energy efficiency and quality. The HUD Code also sets performance standards for the heating, plumbing, air-conditioning, thermal and electrical systems. It is the only federally-regulated national building code. On-site additions, such as garages, decks and porches, often add to the attractiveness of manufactured homes and must be built to local, state or regional building codes.

**Modular Homes:** These factory-built homes are built to the state, local or regional code where the home will be located. Modules are transported to the site and installed.

**Site-Built Homes:** Homes where all the components are assembled on-site.



Today's manufactured homes deliver quality and value to consumers.

## The Affordability Advantage

Manufactured housing delivers quality and value to consumers. Through cost savings and technological advancements in factory-building processes, the manufactured housing industry can produce homes for 15 to 25 percent less than the cost of comparable site-built construction.



Manufactured homes fit into a wide range of urban and suburban neighborhoods.

This affordability factor means that manufactured housing has long been the housing of choice for many low- and moderate-income families, including retirees on fixed incomes, all seeking affordable home purchase or rental opportunities. In fact, roughly one-in-three manufactured home buyers are first-time homebuyers. Manufactured housing serves many housing needs in a wide range of communities – from rural areas where

construction labor is scarce and/or costly to higher-cost urban areas where the lower cost of production and technological advances of the past decade make manufactured housing ideal for economical urban infill construction. Without the land, the typical single-section home sells for \$36,000, while the typical multi-section home sells for \$71,000 – affordable by almost any definition.

Furthermore, manufactured homes offer safety and energy efficiency to consumers, as well as amenities and aesthetic features on par with, or better than, site-built housing, while still passing on significant savings to the consumer.



Manufactured homes offer all the amenities and features that people want in a home.

## Housing for a Growing and Diverse Market

Manufactured housing is poised to play an even larger role in solving the nation's housing challenges as housing demand continues to grow. The Joint Center for Housing Studies projects that household formation during 2005-2015 will reach 14.6 million, compared to the net increase of the previous ten-year period of 12.6 million.<sup>1</sup>

Key drivers include growth in consumer segments traditionally underserved by the housing market – namely minorities and immigrants. While the national homeownership rate is approximately 70%, the homeownership rates for African Americans and Hispanics remain below 50%, while the Asian homeownership rate hovers around 60%. At the same time, net annual immigration has averaged 1.2 million annually,<sup>2</sup> with immigrants choosing to live in more areas of the country and frequently settling in suburban and rural areas.

<sup>1</sup> Joint Center for Housing Studies, *State of the Nation's Housing 2007*, Harvard University, p. 9.

<sup>2</sup> *Ibid.*, p. 10.

**Age of Household Head**

Less Than 30	8%
30 – 39	20%
40 – 49	25%
50 – 59	25%
60 – 69	16%
70 Years & Older	8%



Average Age 49.1

**Employment Status of Household Head**

Full Time	64%
Part Time	7%
Retired	19%
Not Employed	10%



**Annual Household Income**

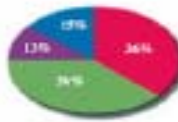
Less Than \$10,000	5%
\$10,000 – \$19,999	14%
\$20,000 – \$29,999	21%
\$30,000 – \$39,999	18%
\$40,000 – \$49,999	16%
\$50,000 & Over	27%



The median income is \$35,000

**Household Size**

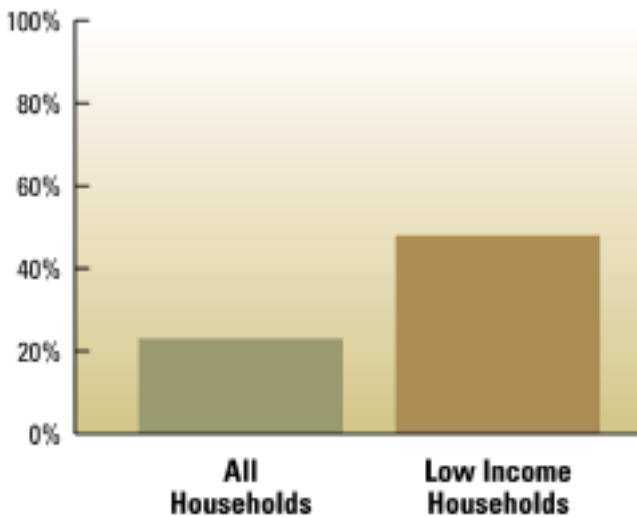
1 Member	15%
2 Members	36%
3 – 4 Members	36%
5 or More	13%



Average household size is 2.8 persons.

Sources: 2005 Manufactured Home: The Market Facts, by Foremost Insurance Company

**Median Housing Cost as Percent of Income**



Housing costs are outstripping income growth, resulting in more people spending a disproportionate share of their income on housing.

While housing demand continues to increase, so too does the housing affordability gap. Even with the current housing market slowdown, home price growth continues to outstrip income growth. The latest data from the Joint Center for Housing Studies indicate that one of every seven households in the U.S. now pays more than half its income for housing.<sup>3</sup> And housing affordability is at a near 15-year low, according to the National Association of Realtors. This is playing out in every community and touches many segments of the population: working individuals who deserve workforce housing—including teachers, nurses, and public safety officials -- are finding it harder and harder to live in or near the communities they serve. A large segment of the aging baby boomers are or will be living on smaller fixed incomes, making it harder for them to stay in their homes and communities. We cannot forget the returning veterans from Iraq and Afghanistan who are seeking affordable housing and homeownership options, which should be their right and our nation's duty to provide.



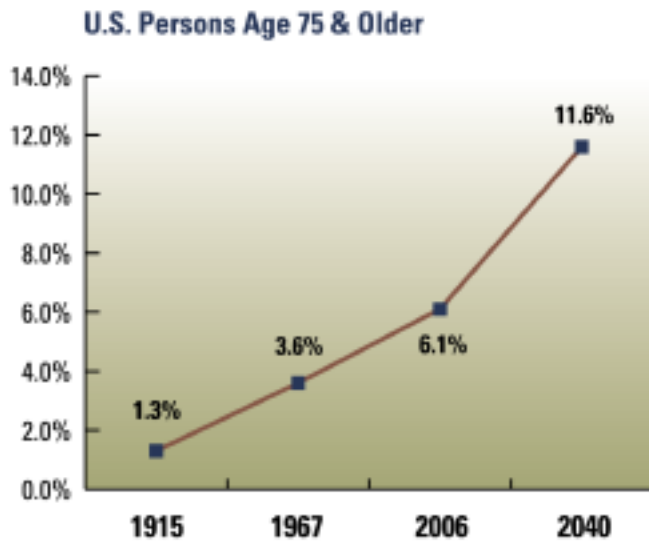
Public service workers, such as teachers and public safety officials, are finding it hard to live in the communities they serve.

The current correction in the housing market is unlikely to significantly ease the affordability challenge that many current and prospective homebuyers face. As lenders trend toward more conservative lending practices, low- and moderate-income consumers face the prospect of getting less home for their housing dollars. Here again, manufactured housing provides consumers with a housing option of sound value and quality.

**The Lifestyle Advantage**

There currently are more than 80 million people in the United States over age 50, with another 40 million to be added by the year 2020. This is an unprecedented demographic shift that is having a major impact on the entire building and real estate market, driving demand for first and second homes and affecting home design and construction.

<sup>3</sup> Ibid., p. 25.



Manufactured housing's combination of quality and value makes it a superior choice for a large segment of these maturing consumers – in fact, the average age of a manufactured housing resident is 49.1 years. Many baby boomers choose manufactured homes for their second homes, making the most of their housing investment dollars. Additionally, manufactured housing can be the perfect choice for retirees looking to move out of larger homes to access their home equity or who are on limited fixed incomes.

The manufactured housing industry understands the importance of offering home styles, features, and value that maturing consumers want and need. Additionally, MHI and its members continue to increase outreach to older Americans, including through partnerships with organizations such as AARP.

A recent HUD survey notes that "it is no longer the case that consumers must sacrifice aesthetics and amenities when purchasing a factory-built home. Newer versions of factory-built homes contain features such as peaked roofs, porcelain sinks, and solid oak cabinets that were once only available in site-built homes." The survey also points out that "factory-built homes use a variety of materials including glass, steel, and eco-friendly technologies." It concludes that "designers have finally succeeded in merging styles and substance in factory-built homes targeted at buyers seeking looks and modern conveniences. A marketable competitive advantage associated with factory-built homes is that they can be rapidly produced to customer specification." (See HUD report, Office of Policy Development and Research, "Factory-Built Construction and the American Homebuyer: Perceptions and Opportunities," p. 10, June 2007).



Manufactured housing offers a variety of home styles.

## Policy Priorities

MHI is committed to promoting public policies that preserve the affordability of manufactured homes, enabling manufactured housing to meet current and future demand. In the Manufactured Housing Improvement Act of 2000 and other measures, Congress has affirmed repeatedly the importance of manufactured housing as a key source of affordable housing. This has been reinforced through the inclusion of manufactured housing in affordable housing programs, such as the HUD HOME and American Dream Downpayment Assistance Programs, Community Development Block Grants, the FHA Title I and Title II mortgage insurance programs, and the VA and Rural Housing Service loan guaranty programs.

Nevertheless, and despite the proven quality and affordability of manufactured homes, policies and regulations that do not treat manufactured housing the same as other forms of residential housing continue to exist.



Congress recently affirmed the importance of manufactured housing as a key source of affordable housing.

At the local level, discriminatory zoning and land-use regulations exclude or limit manufactured housing. This bias against manufactured housing is also perpetuated by local policies and regulations that discourage new and existing land-lease manufactured home communities. Such regulation reinforces a stigma that fails to reflect the reality of today's manufactured homes, denying consumers the ability to choose from the broadest range of home types.

Instead of constraining the use of manufactured housing, local community development and planning officials should look for opportunities to incorporate manufactured housing into new and existing communities. While it may be appropriate for localities to mandate certain aesthetic requirements consistent with neighborhood standards, it is not appropriate for localities to exclude manufactured homes simply because they are built to the HUD Code.



Local community development and planning officials need to take a fresh look at manufactured housing, such as the Noji Gardens project in Seattle, Wash.

At the national level, policies such as EPA's inconsistent application of the testing requirements for submetered water impose an unnecessary burden on manufactured housing communities without placing the same requirement on other multifamily properties, such as apartment buildings.

Similarly, MHI opposes provisions in some federal housing programs that treat manufactured housing differently than other construction types. These include: the Rural Housing Service's prohibition on financing purchases of existing manufactured homes; FHA's ban on manufactured home condominiums; and the HUD Code's restrictions on building single-family, attached manufactured housing.

MHI is committed to eliminating housing barriers and ensuring housing regulations and programs treat manufactured housing no differently than other forms of residential housing. To attain this parity, it is particularly important for national policy-makers to continue their leadership role in

rejecting attitudes and policies that unfairly penalize manufactured housing.



National policy-makers need to continue their leadership in combating housing and lending unfairness.

Finally, fully serving the consumer segments that are driving and will continue to drive housing growth in this country requires an ongoing commitment to combating housing and lending discrimination of all forms, both subtle and not-so-subtle. MHI promotes ethical and professional conduct by industry professionals and supports expansion and preservation of homeownership and housing opportunities for all Americans.

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## Manufactured Housing: Innovation and Solutions

### Resource Conservation



The factory-construction process has enabled the manufactured housing industry to be at the forefront of developing resource-efficient building processes and products, while preserving the affordability advantage. Approximately 130 out of 190 manufacturing facilities across the nation today are certified to build EnergyStar® manufactured homes. To preserve affordability while promoting energy efficiency, MHI strongly supports federal tax incentive programs such as the EnergyStar® tax credit, which helps manufacturers offset the added costs of building more energy-efficient homes. These cost savings are then passed along to homebuyers.

Manufactured housing is at the forefront of energy-efficient home building.

The factory-building process enables the industry to build "green" homes more efficiently than site-built homes.



The building industry and consumers are placing more and more emphasis on resource conservation and "green building." As this trend continues, the manufactured housing industry has been at the forefront, with MHI working closely with the national organizations developing "green building" standards and practices to recognize and encourage the resource efficiencies inherent in factory construction. In addition to producing homes that are energy efficient, factory processes enable the industry to build green homes efficiently – more efficiently than site-built homes. For example, the factory-construction process generates much less construction waste – about 30 percent less for comparably-sized homes -- than site building.

### A Short and Long-Term Solution to Natural Disasters

Factory building also saves time and money that are crucial to meeting emergency housing needs in the aftermath of natural disasters such as Hurricane Katrina. MHI continues to work closely with FEMA and others to ensure that the manufactured housing industry can respond quickly and systematically to meet emergency housing needs, while also ensuring that related policies and regulations do not undermine the industry's ability to produce such emergency housing in a timely and cost-effective manner.



Factory-built homes are taking the lead in rebuilding the Gulf Coast region.

Beyond meeting the immediate need for safe, transportable and accessible temporary housing, manufactured housing is integral to rebuilding communities damaged by natural disasters. Here again, the affordability of manufactured homes and the speed and flexibility of the factory-building process make manufactured housing an obvious choice. As part of its efforts to promote manufactured housing as a key rebuilding tool, MHI has been encouraging FEMA to consider cost-effectiveness, as well as housing affordability, as it updates its regula-

tions regarding the installation of manufactured homes in flood hazard areas. MHI has developed a robust dialogue with national, regional, and local community development organizations to ensure that the industry has a seat at the table when rebuilding strategies are being formulated.

### Modular Housing: Serving a Key Role in the Housing Market

Modular housing is a method of construction utilizing the advantages and efficiencies of factory construction. Modular homes are built to a substantial level of completion in a factory as three-dimensional modules, transported to the site location and assembled. Any remaining construction is then completed on-site.

Modular homes are distinct from manufactured homes because they fall under the auspices of the local building codes and tend to be built much like a traditional, site-built home in terms of materials used and general appearance, as well as financing and appraisal. In other words, modular homes are built to the same building codes met by traditional site builders, most familiarly the One- and Two-Family International Residential Code. Modular homes are financed as residential real estate through conventional mortgages.



Modular housing can be built in a number of configurations.

Within the MHI organization, the National Modular Housing Council (NMHC) represents the diversity of issues faced by the modular housing industry, including building codes and standards, land-use and zoning laws, taxation and housing finance.



The NMHC will continue its commitment of ensuring modular homes are:

- Treated equally and fairly and as residential real estate in mortgage underwriting standards and in sales and use tax application;
- Properly accounted for in zoning ordinances and other land use regulatory mechanisms;
- Safe for consumers through fair and reasonable building codes and standards; and
- Accessible to all markets, builders and developers without undue regulation or licensing requirements.

While these topics transcend both modular and manufactured housing sectors, there are important and necessary reasons to frame policy discussions separately because of differing: construction codes; transportation requirements; appraisal standards; and financing options. The two industries are mutually supportive of the goal of consumer choice and providing a wide range of housing options.

There is an unwavering recognition and cooperation by both sectors that manufactured and modular housing together offer tremendous housing and economic opportunities. However, MHI does recognize that in the application of specific policies, modular housing remains distinct.

# IMPROVING THE FLOW OF Capital

As the events of 2007 illustrate, a steady flow of affordable financing is a necessary ingredient for a robust housing market. Unrelated to the recent turmoil in the subprime mortgage market, manufactured housing lending has been contracting for several years. If manufactured housing is to play a meaningful role in meeting the nation's current and future housing needs, the prudent flow of capital must increase

MHI supports accountability in lending. A regulatory and policy environment that supports greater investment in manufactured housing personal property and mortgage loans by a broader range of investors and promotes financing parity between manufactured and site-built homes is another prerequisite. Specifically, MHI supports:

- Focusing continuously on manufactured housing in affordable housing programs;
- Increasing the role of government-sponsored enterprises' policies and programs in manufactured housing lending;
- Ensuring that lending policies and programs do not penalize the financing of manufactured housing merely because of construction type;
- Ensuring that federal lending proposals preserve lenders' ability to make economically viable manufactured housing loans; and
- Focusing homebuyer education and counseling programs on foreclosure prevention.

\* \* \*

## Expanding Liquidity by Restoring Market Confidence

From 1996 to 2006, the single-family housing market grew 53 percent. Even with the ongoing market correction brought on by the current subprime market meltdown, the number of site-built, single-family home sales is forecast to approach 5.5 million in 2007, including re-sales. To put the size of the manufactured housing lending market in perspective, new manufactured home shipments and resales combined are expected to total approximately 600,000 in 2007.

Manufactured homes can be financed in a variety of ways: as personal property in a manufactured home land-lease community or on a privately owned lot; in a combined "land-home" transaction where the home is financed as personal property; or financed with the land as real property, using a conventional mortgage.

## Site Statistics Indicate Most Manufactured Homes Are Financed as Real Estate

2006	Number	Percent
Total Home Placements	111	100%
Location:		
Inside manufactured home communities	32	29%
In land-lease community	23	21%
In subdivisions	9	8%
Outside manufactured home communities	79	71%

Source: U.S. Census Data

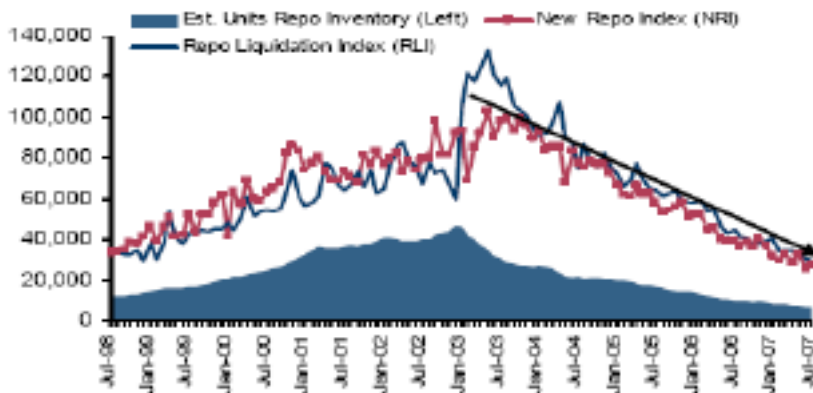
The availability of capital to support any lending market is driven by investors' appetite for such loans. Multiple factors – including underwriting weaknesses in the mid- and late-1990's and the resulting poor loan performance – ultimately resulted in a significant contraction of liquidity to the manufactured housing lending market for the past several years.

MHI and its members have been working for several years to restore market confidence in manufactured housing lending – to make the case to the asset-backed securities (ABS) market, Fannie Mae, Freddie Mac, the Federal Home Loan Banks,

FHA, and Ginnie Mae that manufactured housing lenders operate within a disciplined lending environment with a growing track record of improved loan performance. As part of this effort, in 2002, MHI adopted the Lender Best Practices ("LBP") Program™, a set of best practices for business systems, procedures and standards aimed at helping industry lenders to improve portfolio performance. Additionally, MHI and its members – recognizing the difficulties created by the fragmented and incomplete nature of industry loan data -- have been working to improve the quantity and quality of industry loan performance data.

Through more prescriptive underwriting, significant investments in technology and other back-office functions, and an overall more disciplined approach to lending, lenders are seeing improved portfolio performance. However, the capital markets have yet to recognize the industry's real improvements. To complement and promote the industry's gains, MHI needs national policy-makers as active supporters and vocal advocates.

### Estimated Monthly New Repossessions Incurred vs. Repossessions Liquidated



Source: Credit Suisse

Improving the prudent flow of capital to this lending sector will lower lenders' cost of capital. This will draw more lenders to the market, enabling more consumers to choose manufactured housing and do so even more affordably. As demand and affordability improve, so too will the resale market for manufactured homes. In the end, the manufactured home owner is benefited not only by the affordability and choice, but also by the enhanced equity and value in the home.

### Promoting Manufactured Housing through Affordable Housing Programs

Congress has long recognized the importance of manufactured housing in meeting the nation's housing needs. In addition to

the Manufactured Housing Improvement Act of 2000, Congress has promoted manufactured housing through a variety of federal affordable housing and lending programs such as:

- The Federal Housing Administration's ("FHA") Title II loan insurance program, which serves low and moderate income home buyers, and is available for buyers of manufactured homes with real property.
- FHA's Title I loan insurance program for primarily home-only personal property loans on manufactured homes.
- The Department of Veterans Affairs' loan guaranty program for manufactured homes and disabled veterans housing assistance programs, which can be used for manufactured and site-built housing alike.
- The U.S. Department of Agriculture's Rural Housing Service direct loan and loan guaranty programs.
- The Federal Home Loan Bank System's affordable housing program.

As Congress works to improve these programs' ability to respond to contemporary and future housing needs, MHI supports ongoing inclusion of manufactured housing on an equal footing with site-built housing, as well as the continuation and improvement of manufactured housing-specific lending programs—for both real and personal property.

Specifically, MHI supports legislative proposals to modernize FHA's Title I loan insurance program by raising the program's loan limits, establishing annual indexing of the loan limits, mandating loan-by-loan insurance, and providing for an increased up front insurance premium. MHI believes that these changes will increase Ginnie Mae's involvement and give more lenders access to the Title I program, thus serving more borrowers while

improving the program's financial soundness.

Furthermore, as Congress and the Administration work on ways to expand FHA's ability to respond to the events in the subprime market, MHI believes it is important that borrowers with mortgages on manufactured homes have as much access to lending programs and related homeownership preservation initiatives as those living in site-built homes. In fact, as housing affordability problems continue to intensify and as the broader mortgage market returns to more conservative lending practices, policy-makers need to promote manufactured housing as part of the solution and to ensure that manufactured housing lending is not penalized for the current ills of the subprime market. Data indicate that while 80% of loan applica-

tions for site-built homes were approved in 2006, only 54% of loan applications were approved for manufactured housing homebuyers.

### Outcome of Loan Applications, 2006

	MH	Conventional
Applications	673,984	9,129,269
Approvals	360,873	7,288,697
Percentage Approved	53.5%	79.8%

Source: Home Mortgage Disclosure Act

Separately, the VA home loan program should be revitalized for manufactured housing, especially to serve the needs of veterans returning from Iraq and Afghanistan. In addition, the Rural Housing Service (RHS) program should be modified to support resales. The current RHS program prohibits financing manufactured home loans on resales that were originated with a non-RHS loan, effectively denying consumers buying existing homes access to the RHS program.

### Government Sponsored Enterprises: A Duty to Serve Manufactured Housing

The housing government-sponsored enterprises ("GSEs") – Freddie Mac and Fannie Mae – were created by Congress to expand affordable homeownership by maintaining liquidity and stability in the mortgage market. Congress has reaffirmed this purpose repeatedly, and, as part of this, Congress gave the companies the authority to support manufactured housing lending – both personal property and mortgage loans.<sup>4</sup>

Unlike programs such as FHA's Title II loan insurance program, the GSEs treat manufactured homes differently than site-built homes. In reaction to the industry's credit problems in the 1990s, Fannie Mae and Freddie Mac in 2003 significantly tightened their underwriting standards for manufactured housing loans. Despite improved loan performance and efforts such as MHI's Lender Best Practices Program™, the GSEs' policies continue to base loan purchase decisions upon underwriting standards created several years ago. As a result, the companies' automated underwriting systems reject a disproportionate number of the manufactured home mortgages submitted, even though mortgages for manufactured homes make up a very small portion of Fannie Mae's and Freddie Mac's current books of business.

Just recently, Freddie Mac announced an increase in the delivery fee which will be passed along to homebuyers of manufac-

tured homes. We believe this action is an unjustified reaction by Freddie Mac resulting from losses it has suffered due to the subprime mortgage meltdown. MHI strongly opposes the increased delivery fee because manufactured housing did not contribute to the ongoing turmoil in the mortgage markets, and the imposition of the new fees will unfairly impact the affordability of manufactured homes secured by real property.

### 2006 GSE Loan Purchases

	Fannie Mae	Freddie Mac
Total Loans Purchased	2,212,837	1,359,056
MH Loans Purchased	10,831	11,692
MH Share	0.49%	0.86%

Source: Home Mortgage Disclosure Act

Separately, MHI believes that Fannie Mae and Freddie Mac should be doing more to support manufactured housing personal property loans. While the companies have the statutory authority to invest in personal property loans backed by manufactured homes and such investment is part of the companies' mission, neither Fannie Mae nor Freddie Mac invests in such loans on a systematic, flow basis. In fact, both companies' seller-servicer policies specifically prohibit the purchase of such loans. Even attempts by both GSEs to create a viable leasehold mortgage program for manufactured homes with long-term leases and classified as real property have not progressed.

MHI continues to work with the GSEs to make the case for greater investment in personal property loans, and MHI believes that policy-makers and the GSEs' regulators similarly should encourage them to support this sector of manufactured housing lending. When Freddie Mac and Fannie Mae participate in a market, they bring efficiencies that ultimately benefit consumers. The companies' lack of investment in personal property loans denies these benefits to consumers who purchase manufactured homes as personal property – frequently for placement in land-lease communities. These low- to moderate-income consumers are the exactly the type of borrowers both GSEs were created to serve.

The GSEs – recognizing the affordability advantage of manufactured housing – have made some moves to expand their investment in manufactured housing classified as real property. With industry-driven initiatives such as Fannie Mae's MH Select®, MHI hopes to create greater GSE commitment to manufactured housing and to demonstrate the industry's commitment to increasing accountability. The MH Select® initiative will provide for lending parity with site-built housing for

<sup>4</sup> Fannie Mae and Freddie Mac Charters, Sec. 302(b)(4). Manufactured Housing Improvement Act of 2000, Sec. 608(a)(4).

manufactured homes built and sited according to a rigorous set of requirements.



Fannie Mae's "MH Select" initiative will provide lending parity with site-built homes for manufactured homes built and sited according to a rigorous set of requirements.

To ensure that the GSEs grow their commitment to manufactured housing – through initiatives such as Fannie Mae's MH Select and expansion into personal property loans -- Congress should re-focus the companies' obligation to support manufactured housing lending. In particular, MHI supports legislative proposals creating an enforceable duty for the companies to serve the manufactured housing market through product development – including acquisition of manufactured housing personal property loans -- and more flexible underwriting.

Additionally, MHI believes it vital that policy-makers and GSE regulators themselves – chiefly HUD and the Office of Federal Housing Enterprise Oversight (OFHEO) – maintain an appropriate, fact-based view of the risk associated with manufactured housing loans. Such a view will encourage the GSEs to expand their investment in manufactured housing loans.

As with improvements to FHA's Title I program, an enhanced GSE presence in the market will encourage more lenders to finance manufactured housing. Bringing more lenders to the manufactured housing lending market will increase the choices available for consumers and will bring even greater discipline, standardization and affordability.

### **Responsible Lending: Avoiding Unintended Consequences**

For several years, policy-makers in Congress and the Administration have sought to better protect consumers from predatory lending practices. This has gained renewed focus because of the current state of the subprime market. MHI recognizes the importance of responsible lending and of

improving the consumer experience. Through ongoing initiatives such as the MHI Lender Best Practices Program™ and the MHI Home Finance Task Force, the industry is constantly striving to ensure that consumers are treated responsibly, are benefiting from the affordability advantage of manufactured housing, and are living in a safe and comfortable home that is a source of pride and financial security.



The manufactured housing industry recognizes the importance of responsible lending and of improving the consumer experience.

MHI supports national, uniform lending standards that would preempt the patchwork of state and local laws that exist today. In developing such initiatives, MHI urges Congress to consider the nature of manufactured housing lending and to avoid measures that would inadvertently curtail lenders' ability to make manufactured housing loans or inhibit lenders' ability to properly evaluate credit risk. We also oppose measures that would give bankruptcy judges the authority to "cram down" outstanding loan balances to fair market value or otherwise alter loan terms.

### **Homeownership Preservation**

MHI believes that information is one of the most important tools a consumer can have to help make the home purchase and ownership experience successful. Public and private homebuyer education and counseling programs play an important role in preparing prospective homebuyers for homeownership and in helping existing homeowners properly manage the financial responsibilities that come with homeownership. Foreclosure is a no-win situation for borrowers, lenders, communities, and investors. MHI recognizes the importance of responsible counseling and education initiatives aimed at avoiding foreclosure and preserving homeownership.

PROMOTING  
**Innovation** and  
PRESERVING  
**Affordability**  
THROUGH CODES & STANDARDS

Manufactured homes are built to a national standard governing every aspect of construction, engineering, quality, safety and systems performance – better known within the industry as the "HUD Code." Over the years, Congress has taken steps to update and improve the HUD Code and its administration. Permitted to function and adapt appropriately, the HUD Code is intended to be a dynamic standard that supports innovation, consumer safety, and quality, while preserving manufactured housing's affordability

For manufactured homes to be part of the solution to America's growing housing challenges, MHI strongly urges national policy-makers and regulators to properly execute Congress' intent for amending and interpreting the HUD Code. Specifically, regulators should facilitate robust, technological advancements and innovation necessary to support the industry's ability to customize homes to meet consumers' changing demands while maintaining affordability.

\* \* \*

**The HUD Code: A National Quality Assurance Standard**

For over 30 years, the HUD Code has set the quality assurance standards for every manufactured home in America. The HUD Code regulates home design and construction, strength and durability, transportability, fire resistance, energy efficiency, and quality control. This national preemptive code also sets stringent performance standards for the structural framing, heating and air conditioning, plumbing, thermal, and electrical systems.



The HUD Code sets stringent performance standards for structural framing, heating and air-conditioning, plumbing, thermal, and electrical systems.

The HUD Code is specifically designed for the factory-production process. It includes a comprehensive inspection and enforcement process that starts before production with approval of engineering designs, applies in-factory scrutiny and oversight throughout the building process, and does not end until the home receives a numbered certification label that indicates to the home buyer that the home has been inspected in accordance with the HUD Code.

With the HUD Code as the foundation, the manufactured housing industry is producing homes of high quality design, construction and value. In fact, today's manufactured home is, in many ways more durable and safer than a site-built home. The fact that manufactured homes are constructed to withstand rigorous transportation conditions demonstrates their durability in a manner that site-built homes cannot duplicate. A recent report by HUD cites a survey which suggests that because the machinery of factory-built housing production often requires kiln-dried lumber, the construction results in tighter, more energy-efficient homes that can sustain vibrations encountered during their transport to the final site. (See HUD report, Office of Policy Development and Research, "Factory-Built Construction and the American Homebuyer: Perceptions and Opportunities", p. 7, June 2007).

Furthermore, there are other safety provisions of the HUD Code – such as certain fire resistance requirements and egress provisions – that are more stringent than other residential building codes. In fact, a recent University of Florida study found that not one manufactured home built and installed after the 1994 HUD Code wind safety changes was destroyed or seriously damaged by the four hurricanes that struck Florida in 2004.<sup>5</sup>

### The Manufactured Housing Improvement Act: Striking the Appropriate Balance

In 2000, Congress passed the landmark Manufactured Housing Improvement Act (the "2000 Act") which transformed the original National Manufactured Housing Construction and Safety Standards Act of 1974 from merely a consumer protection law into a fully-realized and comprehensive housing law. Correspondingly, the 2000 Act broadens HUD's mandate beyond its traditional regulatory enforcement role to the broader role of advancing the manufactured housing industry. The 2000 Act has two Congressional "Findings": "(1) manufactured housing plays a vital role in meeting the housing needs of the Nation; and (2) manufactured homes provide a significant resource for affordable homeownership and rental housing accessible to all Americans." These are powerful, positive statements, which were not part of the original 1974 Act.



Congress passed the Manufactured Housing Improvement Act of 2000 which will help keep the HUD Code dynamic.

In addition to expanding HUD's mission with regard to manufactured housing, the 2000 Act improves the process for establishing, revising and updating the standards to which manufactured homes are built. The 2000 Act created a new process involving a consensus committee of relevant stakeholders (the "Manufactured Housing Consensus Committee" or "MHCC") responsible for recommending to the HUD Secretary revisions and interpretations of the HUD Code.<sup>6</sup>

The Congressional "Purposes" of the 2000 Act articulate the key considerations that should guide the MHCC and HUD in their work:

- Giving affordability and increasing homeownership equal weight with quality, durability and safety of homes;
- Ensuring that construction standards are practical, uniform and performance-based;
- Encouraging innovative and cost-effective construction techniques; and
- Ensuring that the process for developing, revising and interpreting safety and construction standards is balanced.

### Carrying Out Regulatory Responsibilities

Congress has empowered HUD with regulatory oversight responsibility for manufactured housing construction and safety standards. This reflects Congress's goal of ensuring regulatory attention to, active oversight of, and federal regulatory support for manufactured housing. In the 2000 Act, Congress also intended for HUD to partner with the MHCC to update safety and construction standards.



HUD and the manufactured housing industry need to work together to promote innovation in manufactured housing.

The 2000 Act required HUD to develop and promulgate model installation standards for manufactured homes, a model installation program, and a model dispute resolution program which would apply to states that did not develop their own programs. HUD had five years – until December 2005 – to finalize these three programs. The dispute resolution procedures were published in May 2007, the model installation standards were only recently published in October 2007 and

the model installation program is not expected until sometime in 2008.

Because these programs and standards are all intended as default regimes for states lacking their own programs and requirements, the delay in issuing final standards has prolonged uncertainty and created significant confusion for state officials

<sup>5</sup> See, Univ. of Florida study, "Safety, Sustainability and Public Perception of Manufactured Housing in Hot, Humid Climates" (March 2006).

<sup>6</sup> The 2000 Act specifies that the MHCC include representatives of producers, retailers, consumer organizations, homeowners and public officials.



HUD must ensure that the HUD Code can accommodate innovation and design flexibility to meet the needs of consumers.

charged with day-to-day responsibility in these areas. MHI has urged HUD to move more quickly in issuing these standards. We also approached Congress, in its oversight role of HUD, in an effort to encourage HUD to act in a timelier manner.

Innovation happens quickly in today's market, and to take advantage of technological advances that improve the quality and the affordability of manufactured homes, the industry needs product and performance standards able to adapt to the pace of innovation and a regulatory decision-making process that supports this. HUD and the industry need to work together to promote innovation that will better serve our customers.

For example, the current regulatory approval process for innovative home designs – including two-story homes and single family attached homes – is burdensome, discouraging the use of manufactured homes in settings such as urban areas, where the increased affordability would have clear consumer benefit. Furthermore, other design features common in site-built housing, such as porches, basements, and stairways, have yet to be specifically addressed in the HUD Code. HUD must ensure that the HUD-Code revision process can meet the increasing advancements in design that the industry makes each year. Furthermore, MHI believes it crucial that HUD obtain and deploy the resources necessary to accomplish this mandate.

HUD has set up a system to consider technological innovations which lie out outside of factory construction known as the alternative construction (AC) process. Recently HUD has issued policy interpretations relating to AC letters without first consulting with the MHCC. Some interpretations did not involve either new technologies or life-safety issues. MHI believes that AC letters should be used primarily for new innovations and life-safety matters, and that the 2000 Act requires HUD to consult with the MHCC prior to issuing any policy interpretations relating to the HUD Code.

### **Reinforcing the Role of HUD**

The HUD Code, as a federal building code, preempts state and local building codes affecting manufactured homes. This notion of federal supremacy is reinforced in the 2000 Act which states that the HUD Code should be "broadly and liberally construed". HUD can advocate for manufactured housing through actions such as encouraging more states to enact nondiscrimination laws that prevent localities from discriminating against the placement of aesthetically-compatible manufactured homes, as well as evaluating state and local governments' commitment to manufactured housing as part of its criteria and formula for awarding federal housing dollars.

# PROTECTING OUR Consumers

The manufactured housing industry's mission is to build safe, quality, and affordable homes that meet a broad range of consumer needs and preferences. Safety, in particular, is a matter that receives constant attention from MHI and its members.

MHI supports a rational and balanced approach to successfully ensuring consumer safety. This approach is based on a few basic tenets:

- Protecting consumers through regulation which is even-handed in its approach to manufactured housing;
- Grounding safety measures in facts and not stereotypes and misperceptions;
- Improving safety by focusing on realistic approaches that do not unduly impact affordability or limit consumer choice.

\* \* \*

## Manufactured Homes and Safety: The Facts

The manufactured housing industry is committed to consumer safety, with much of the research and resulting innovation in the industry focused on consumer safety.

Unfortunately, misperceptions about the safety of manufactured homes persist. Particularly following natural disasters, well-intended emotional reactions aimed at ensuring public safety and minimizing future property loss and damage often-times have unintended consequences. The problem is that these reactions can be colored by perceptions grounded in stereotypes, not facts.

Today's manufactured homes benefit from demanding construction standards and tremendous innovation, making them as safe as – if not safer than – other forms of residential housing. And, real life data prove this. The industry is actively involved in educating consumers and policy-makers about the safety record of manufactured homes.

For example, the HUD Code's fire resistance requirements are more stringent than other residential building codes. The

HUD Code has strict standards relating to flame spread and smoke generation, especially for materials in close proximity to heating equipment and in the kitchen. The HUD Code also requires egress windows in all bedrooms, as well as smoke detectors. A 2005 report by the National Fire Protection Association found that the number of fires per 100,000 manufactured home units was 38 to 44 percent lower than that of other dwelling types.

Separately, there is the myth that manufactured housing is more prone to damage from natural disasters such as hurricanes and tornadoes. Few structures were likely to emerge unscathed from the 145 mph winds of Hurricane Andrew in 1992 or Hurricane Charley in 2004. Of equal importance, the manufactured housing industry acted quickly to implement lessons learned from these storms. Hurricane Andrew caused devastating property damage in the southern tip of Florida and the Gulf Coast of Louisiana. In the aftermath, the industry, national officials and state officials in Florida pursued a concerted effort to enhance installation and construction standards. In 1994, HUD issued revised wind safety construction standards for manufactured homes in Wind Zones II and III, surpassing any construction standards for site-built homes in the region. And, in 1999, Florida adopted enhanced home installation standards.

These measures have had a clear impact. In 2004, Hurricane Charley struck Florida (to be followed that same year by three other direct hits from hurricanes). No manufactured home constructed after 1994 was separated from its foundation. Additionally, an inspection of over 10,000 manufactured homes in more than 25 affected communities found that no manufactured home built after 1994 sustained any serious damage.<sup>7</sup>

<sup>7</sup> See, University of Florida study, "Safety, Sustainability, and Public Perception of Manufactured Housing in Hot, Humid Climates," March 2006.



As a result of HUD's new wind-zone construction standards in 1994, not a single manufactured home suffered serious damage during Hurricane Charley's strike on southern Florida in 2004.

When Hurricane Katrina struck the Gulf Region in 2005, it caused massive and widespread destruction of nearly every structure in its path. Manufactured homes located in those areas fared as well as or better than other building structures.

The industry has long battled the misperception that manufactured homes are more susceptible to damage from tornadoes. The simple reality is that manufactured homes happen to be more common in rural and suburban areas – the same areas that are more meteorologically prone to tornadoes. Therefore, the locations of the homes – not the type of the home – can have the unintended consequence of perpetuating the stereotype about the safety of manufactured homes. Again, the reality is that with winds frequently exceeding 100 miles per hour, a direct hit from a tornado likely will inflict significant damage on any home or building structure, regardless of construction type.



The manufactured housing industry had devoted a great deal of effort to installation standards and training to ensure the safety and durability of manufactured homes.

One very important factor in the safety and durability of a manufactured home is installation. For a home to perform as intended, it must be properly installed. MHI and its members devote a great deal of effort to installation standards and training and actively sought the enactment of the Manufactured Housing Improvement Act of 2000, which required HUD to develop model installation standards. Every state must now adopt standards that meet or exceed the HUD model or the HUD installation standards automatically will take effect in that state. This requirement, coupled with the HUD model dispute resolution program and forthcoming HUD model installation program, are key to improving consumer safety and satisfaction.

### A Broad and Fair Approach to Improving Safety

MHI believes in continuous improvement when it comes to the safety of manufactured homes and protecting the consumers who live in them. The industry's work with HUD on indoor air quality, which has resulted in drastic reductions in ambient levels of irritants such as formaldehyde, is one example of consumer safety benefits from the synergy of regulation and innovation. However, MHI also believes that consumer and industry safety interests are best promoted by ensuring a balanced and realistic approach that reflects manufactured housing's superior safety performance. MHI has particular concern when, in the interest of enhancing public safety, well-intentioned safety proposals emerge that reflect, in part, a lack of understanding about manufactured home quality and that, furthermore, would have the result of not only raising costs, but also perpetuating incorrect stereotypes without appropriately addressing the safety issues.

For example, there is a current legislative proposal to require that every manufactured home delivered include a weather radio. Anyone in harm's way deserves to have adequate early warning and opportunity to seek appropriate shelter – whatever the type of dwelling they live in. Severe weather does not distinguish between buildings – residential or commercial, site-built or manufactured home -- and MHI believes that imposing such an obligation on only one type of structure does not truly enhance safety. It merely reinforces unfounded and stereotypical misperceptions.

MHI believes the federal Warning, Alert, and Response Network (WARN) Act, signed into law last year, provides a far superior public alert system as opposed to battery operated weather radios. This Act will ensure that regardless of where individuals are located or what kind of technologies they use, they will receive an audible life-saving alert over their wireless device (cell phones, pagers etc). Alerts will be transmitted in response to all threats to public safety including natural disasters, man-made accidents, and terrorist alerts.



The system would provide federal, state, and local emergency managers with a tool to input alerts into the system and have them directed out to a geographically targeted section of the population that may be in harm's way. Alerts would only be issued for hazards that pose a grave risk to public health and safety. This would avoid over-activation of the system that could result in individuals ignoring alerts that "cry wolf," such as weather radios. The WARN Act also establishes a grant program to provide assistance to remote communities to install siren and other devices, ensuring that all Americans are protected.

Above and beyond construction standards, there are many avenues for enhancing public safety. As state and local officials look at community emergency response and preparedness, MHI urges them to think broadly about the uses of federal funds in order to ensure that manufactured housing residents receive as much benefit as others in the community. MHI has developed and disseminated a Disaster Planning Guide to assist manufactured home communities prepare its residents for such emergency situations.

### Combined Public and Private Support for Innovation

Real advances and measurable improvements in home performance and consumer safety are the result of thorough analysis and well-planned research. MHI is a strong advocate of research, particularly jointly funded public-private initiatives, such as the Partnership to Advance Technology in Housing (PATH) program. PATH provides an integrated approach to addressing housing needs and helps facilitate the development of new technologies that improve affordable housing options. Research drives innovation, advances building science and creates technologies that achieve even greater levels of performance and safety while keeping homes affordable. MHI urges HUD to continue to support PATH, and MHI supports continued Congressional funding for this and other cooperative research and innovation programs.



The manufactured housing industry is committed to ensuring the safety of its homeowners, including efforts to assist manufactured home communities prepare for emergency situations.

# PROTECTING AND DEVELOPING OUR Workforce

The manufactured housing industry employs more than 70,000 people in home factories and retail sales centers across the country. This includes employees working in 196 manufacturing facilities producing approximately 100,000 homes a year. Countless others are employed by the industry who transport, sell, install and service the homes, as well as the people who manage and maintain the tens of thousands of manufactured home communities across the country.

Developing and maintaining a steady pool of skilled labor, coupled with a strong commitment to occupational safety and training, is of paramount importance to the manufactured housing industry. To that end, MHI believes in:

- Developing and enforcing rational occupational safety and health regulations that enhance employee safety that are also practical, achievable and cost-effective;
- Developing and implementing workforce training programs and workplace efficiency/process-improvement initiatives, such as "lean production"; and
- Developing policies and programs that promote a consistent supply of educated workers.

\* \* \*

## A Commitment to Workplace Safety

While MHI's members are constantly modifying and adapting their safety and health programs to improve employee safety in an industry at the forefront of technological innovation, the Occupational Safety and Health Act of 1970 has not been substantially amended since its original enactment. As a result, OSHA has maintained a strong emphasis on standards development and enforcement. MHI encourages OSHA to partner with the industry on safety education and voluntary-compliance programs to facilitate the shared goal of a well-trained and safe workforce.



The manufactured housing industry is constantly modifying and adapting its safety and health programs to improve employee safety.

The manufactured housing industry is unique in that it must comply with two different sets of OSHA standards—general industry standards in the factory, as well as construction standards for the installation job-site. Given the complexity of complying with not one, but two sets, of OSHA standards, MHI believes OSHA should:

- Use quantifiable and rational economic and scientific data to support the need for proposed safety and health standards to ensure they are practical, achievable and cost-effective in



The manufactured housing industry is one of continuous technological advancement and improvement, such as this "lean production" class where managers learn how to improve worker productivity and safety, while improving space utilization and diminishing waste and inefficiencies.

- today's factory and job-site environment;
- Apply consistency in its inspection and enforcement regimes, including taking into account the safety record of manufacturing plants on an individual basis as opposed to a company-wide evaluation;
- Modify its multi-employer citation policy so that each employer on the installation job-site is held accountable for only their own employees;
- Provide more resources to employers on implementing effective safety programs and their responsibilities under the law; and
- Establish more cooperative programs with the industry to reduce workplace injuries.

### A Commitment to Process Improvement

The factory-production processes of the industry are a source of continuous technological advancement and improvement that benefits factory employees, the homes they build and, ultimately, the homebuyer. Recently, several manufacturers have begun piloting and implementing "lean production" techniques. This requires a significant investment of resources and employee time, but the manufacturers involved expect a significant return

in the form of improving overall customer value. Reducing process variations and employing other lean techniques enhances worker productivity and safety, improves space utilization, and diminishes overall waste and inefficiencies.

### Ensuring a Constant Skilled Labor Supply

The industry cannot succeed or grow without a well-trained and readily available workforce. While manufactured housing production facilities are not as prone to labor shortages as other segments of the residential building industry, MHI shares the concerns of many in business about policies that could affect the ability to attract willing and capable employees. MHI supports policies and programs that facilitate opportunities for foreign-born workers to be legally employed in the United States.

Additionally, MHI supports policies and programs that provide and support job training opportunities. For example, MHI has strongly embraced the development of comprehensive installation training programs for installers in various states, as well as the training of inspectors of HUD-Code homes.

## Membership of the Manufactured Housing Caucus

### U.S. House of Representatives (79 Total)

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Rep. Marion Berry (D-AR)  
Rep. John Boozman (R-AR)  
Rep. Mike Ross (D-AR)  
Rep. Vic Snyder (D-AR)  
Rep. Rick Renzi (R-AZ)  
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## Board Members

Mr. Ken Anderson, PHC  
*President*

Anderson Manufactured  
Homes, Inc.  
8200 E. Brookwood Dr.  
Tucson, AZ 85750  
Ph: (520) 296-3133  
Fx: (520) 296-4162  
andersonarizona@aol.com

Mr. Christopher J. Barrett  
*Executive Vice President*  
Bennett Truck Transport, LLC  
Dept. #12  
1001 Industrial Pkwy.  
McDonough, GA 30253  
Ph: (770) 957-1866  
Fx: (888) 214-9037  
chris.barrett@bennettig.com

Mr. Woody Bell  
*EVP - Manufacturing*  
Palm Harbor Homes, Inc.  
15303 Dallas Pkwy., Suite 800  
Addison, TX 75001-4600  
Ph: (972) 764-9440  
Fx: (972) 764-9050  
wbell@palmharbor.com

Mr. Michael R. Bowen  
*Senior Vice President*  
American Modern Insurance  
PO Box 5323  
Cincinnati, OH 45201-5323  
Ph: (513) 947-5573  
Fx: (513) 947-4789  
mbowen@amig.com

Mr. Ken Cashin  
*President*  
Windstorm Mitigation, Inc.  
PO Box 2442  
Tallahassee, FL 32316  
Ph: (850) 575-4709  
Fx: (850) 575-7458  
kcashin@wind-storm.net

Mr. Kevin Clayton  
*President/CEO*  
Clayton Homes, Inc.  
PO Box 9790  
Maryville, TN 37802  
Ph: (865) 380-3000  
Fx: (865) 380-3784  
kevin.clayton@clayton.net

Mr. Sean Dalton  
*Vice President*  
Haylor, Freyer & Coon, Inc.  
110 W. 39th St., Apt. 1511  
Baltimore, MD 21210  
Ph: (410) 235-0562  
Fx: (410) 235-5757  
sdalton@haylor.com

Mr. Terry Decio  
*Vice President of Marketing*  
Skyline Corporation  
PO Box 743  
Elkhart, IN 46515  
Ph: (574) 294-6521  
Fx: (574) 293-7574  
tdecio@skylinecorp.com

Mr. Richard Ernst  
*President*  
FINMARK  
11829 Buffalo Creek Pl.  
Dallas, TX 75230  
Ph: (972) 503-3201  
Fx: (972) 503-3220  
rdehome@aol.com

Mr. John Evans  
*West Coast Sales Manager*  
Kinro, Inc.  
11700 Industry Ave.  
Fontana, CA 92337  
Ph: (951) 681-4236  
Fx: (951) 681-4395  
jevans1252@aol.com

Mr. Keith O. Holdbrooks  
*President and CEO*  
Southern Energy Homes, Inc.  
PO Box 390  
Addison, AL 35540  
Ph: (256) 747-8589  
Fx: (256) 747-7586  
kholdbrooks@sehomes.com

Mr. Dennis Jones  
*President*  
R-Anell Housing Group LLC  
PO Box 1143  
Cherryville, NC 28021  
Ph: (704) 483-5511  
Fx: (704) 483-5674  
dennisj@r-anell.com

Mr. Lon Larson  
*General Manager*  
Oliver Technologies, Inc.  
562 Glenheather Dr.  
San Marcos, CA 92069  
Ph: (760) 744-6975  
Fx: (760) 744-7444  
lon@lonlarson.com

Ms. Christine Lindsey  
*VP Sales*  
UMH Properties, Inc.  
Regional Office  
4912 Raleigh Millington Rd.  
Memphis, TN 38128  
Ph: (901) 373-1700  
Fx: (901) 373-3444  
umh2@aol.com

Mr. Charles E. Lott  
*President-Fleetwood Housing Grp.*  
Fleetwood Enterprises, Inc.  
PO Box 7638  
Riverside, CA 92513-7638  
Ph: (951) 351-3544  
Fx: (951) 353-7016  
charley.lott@fleetwood.com

Mr. Roger A. Lyons  
*President and CEO*  
Penn Lyon Homes Corp.  
PO Box 27  
195 Airport Rd.  
Selinsgrove, PA 17870  
Ph: (570) 374-4004  
Fx: (570) 374-8593  
rlyons@pennlyon.com

Mr. Barry McCabe  
*President Emeritus*  
Hometown America  
150 N. Wacker Dr., Suite 2800  
Chicago, IL 60606  
Ph: (312) 604-7511  
Fx: (312) 604-3116  
bmccabe@hometownamerica.com

Mr. Chris Parrish, PHC  
*Vice President*  
Parrish Manor  
4500 Parrish Manor Dr.  
Garner, NC 27529  
Ph: (919) 661-1234  
Fx: (919) 661-2706  
chris@parrishmanor.com

Mr. Leo A. Poggione, PHC  
*President*  
Craftsman Homes  
PO Box 33301  
Reno, NV 89533  
Ph: (775) 323-6229  
Fx: (775) 323-6647  
leo@forahouse.com

Mr. Richard J. Rand, ACM  
*President*  
Great Value Homes, Inc.  
9458 N. Fairway Dr.  
Milwaukee, WI 53217-1321  
Ph: (414) 352-3855  
Fx: (414) 352-3631  
rrand@wi.rr.com

Ms. Paula Reeves  
*President, Financial Services*  
CIS Financial Services, Inc.  
369 10th Ave. SW  
Hamilton, AL 35570  
Ph: (205) 921-4814  
Fx: (205) 921-4965  
preeves@cisfn.com

Mr. Ramon L. Sanchez-Vinas  
*General Manager*  
Professional Building Systems of North  
Carolina, LLC  
PO Box 70  
610 W. Allenton St.  
Mount Gilead, NC 27306  
Ph: (800) 439-4317  
Fx: (910) 439-4558  
rsvinas@pbsnc.com

Mr. Joseph Stegmayer  
*Chairman & CEO*  
Cavco Industries, Inc.  
1001 N. Central Ave., 8th Floor  
Phoenix, AZ 85004  
Ph: (602) 256-1522  
Fx: (602) 256-6189  
joes@cavco.com

Mr. William Trottier, CAE, PHC  
*Executive Director*  
Arizona Housing Association  
4525 S. Lakeshore Dr.  
Suite 105  
Tempe, AZ 85282-7047  
Ph: (480) 456-6530  
Fx: (480) 456-6529  
bill@azhousing.org

Mr. B. J. Williams  
*VP Operations*  
Champion Enterprises, Inc.  
755 W. Big Beaver Rd.  
Suite 1000  
Troy, MI 48084  
Ph: (248) 614-8200  
bwilliams@championhomes.net