



# NATIONAL MANUFACTURED HOME OWNERS ASSOCIATION

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U.S. Department of Energy  
1000 Independence Avenue SW  
Washington, DC 20585

RE: Comment on Docket EERE-2009-BT-STD-0021

Submitted via regulations.gov

To Whom It May Concern:

I write on behalf of the National Manufactured Home Owners Association. NMHOA exists to promote, represent, preserve and enhance the rights and interests of people living in manufactured homes. We are a member-led organization that focuses on enhancing human dignity by supporting the development of leadership for change in low-income manufactured home park communities through strategies based in community education, economic development, and public policy change.

Manufactured housing is a significant source of unsubsidized affordable housing for those living on modest incomes, and an accessible opportunity for home ownership. There are 22 million people living in manufactured homes, including those placed in the nation's estimated 55,000 park communities. Since 1989, manufactured housing has accounted for 21% of all new single-family homes sold; in 2009, manufactured housing accounted for 43% of all new homes sold under \$150,000 and 23% of all new homes sold under \$200,000. In part, this is because of their extreme affordability. In fact, as of 2020, the median income served by manufactured home ownership was \$38,087 and by manufactured home rental was \$28,280, which both fall below the Multifamily Tax Subsidy Income Limit.

Since 1976, the construction standards for manufactured homes have been determined at a federal level, through the National Manufactured Housing Construction and Safety Standards Act of 1974 (the HUD code), in recognition that the homes are built off-site and therefore may be constructed in one state, sold in a second, and sited in a third. The Manufactured Housing Improvement Act (MHIA) of 2000 made significant changes, expanded HUD's authority to include installation standards, and created the Manufactured Housing Consensus Committee (MHCC) – which includes producers, consumers, and public officials – to review and recommend changes to the construction and safety code, and installation standards.

*The mission of NMHOA is to promote, represent, preserve, and enhance the rights and interests of manufactured home-owners throughout the United States.*

The ongoing debate concerning what are the appropriate standards reflects a variety of factors, including: the evolution of this form of housing (from trailer, to mobile home, to manufactured home); the demands of different topography and climate zones; the competing interests of consumers and producers; changes in technology; and overall changes in the housing industry. The energy efficiency standards for manufactured homes as governed by HUD were last changed in 1994. The Energy Independence and Security Act of 2007 enacted substantial updates to federal energy building performance standards for new construction projects supported by HUD's housing programs. It also mandated the U.S. Department of Energy, in consultation with HUD, create new standards for manufactured homes based on the most recent International Energy Conservation Code (IECC), except where the code is not cost-effective, by 2011.

NMHOA participated in the rulemaking process that occurred belatedly in 2015 and produced draft standards in 2016 that have not been finalized. It is important to encourage greater energy efficiency in manufactured housing beyond simply fulfilling the statutory mandate. Manufactured home owners spend nearly twice the amount site-built home owners do on energy costs per square foot (\$1.38 per square foot compared to \$0.74). A 2020 study found manufactured home owners had a median energy burden 39% higher than site-built home owners a quarter of those in manufactured homes spent more than 10% of their income on energy costs, which rates them as severely cost burdened. A study conducted by the DOE's Building Energy Codes Program in 2009 determined that meeting only the minimum requirements under the existing HUD code energy standards resulted in higher energy costs than any other form of energy use they studied. In addition, improved standards save not only money, but also improve health and protect lives. There were nearly 20,000 cold-weather related deaths in the United States between 1979 and 2016, and a 2018 study suggested even a 15% increase in home energy efficiency could prevent 30,000 asthma attacks each year.

While it is important to encourage higher levels of manufactured home energy efficiency, the way the issue is approached through the Energy Independence and Security Act of 2007 makes it unclear what question is really being asked: is it whether homes with the proper energy efficiency standards are being produced, or whether consumers are able to buy those homes? What should our goal be in this policy making process, requiring producers to build energy efficient homes, or enabling consumers to buy them? Low-income consumers find themselves caught in a Catch-22 scenario: a home with a more affordable upfront cost may become unaffordable over time because of high energy bills, but a home with better long-term affordability may have a prohibitively high upfront cost.

There are already manufactured homes being produced based on more efficient standards. In 2020, the manufactured housing industry shipped 94,401 homes and 30% of them (29,686) were certified as ENERGY STAR. The Housing and Economic Recovery Act of 2008 (HERA) required energy efficiency in the Low-Income Housing Tax Credit (LIHTC) Program Qualified Allocation Plans. HERA required state housing finance agencies to consider energy efficiency in tax credit allocations and include energy efficiency considerations in state plans for allocating credit among projects. According to Enterprise Community Partners, 33 states require or encourage developers seeking these projects to follow the Enterprise Green

Communities Criteria, which means all residential units must certify through the ENERGY STAR Residential New Construction Program using, for example, ENERGY STAR Manufactured Homes.

The larger and more significant challenges for encouraging higher levels of energy efficiency in manufactured housing seem to be both enabling new buyers to purchase more efficient homes, as well as assisting current home owners to replace less efficient homes. Many consumers face the problem of only being able to buy older model manufactured homes. Because the homes are classified as “personal property” rather than “real property,” buyers are most often only able to receive high-cost, poor-quality chattel loans; despite presenting the same collateral assets as a site-built home buyer. In fact, 88% of new manufactured homes are titled as chattel even though 66% are located on privately-owned land and only 34% in manufactured home communities. In 2015, two-thirds of manufactured home loans were classified as “high cost” (having a substantially high interest rate) with rates as high as 9-10% and terms as short as 7-18 years; which makes high-cost loans for manufactured homes 7 times more likely than for site-built homes.

This leads many consumers to buy cheaper, older model homes built before the HUD Code established national design, performance, and installation standards; in part, because the lower cost may allow them to buy the home for cash. Manufactured home owners are more likely than single-family home owners to purchase their homes for cash, rather than through financing, 33% to 12%, respectively. “Mobile homes” built prior to 1976 are considered by many to be the “worst housing stock” in America. These homes suffer from leaking roofs, dangerous or inefficient heating sources, lack of insulation, and deteriorating foundations. Some residents of these homes even experience a housing cost burden from utilities alone, with average monthly utilities costs requiring more than 30% of their household income; according to research done by Virginia Center for Housing Research (VCHR) at Virginia Tech.

If the primary challenge is enabling consumers to own more energy efficient manufactured homes, then the DOE, HUD, and others should focus on providing home buyers and home owners with more tools. It would mean providing more and better financing strategies for purchasing and improving manufactured homes, either in general or tied to the purchase of homes meeting certain energy efficiency standards. It might mean supporting home replacement programs, such as those being conducted or piloted in states, such as Maine, Minnesota, Montana, Tennessee, Vermont, and Washington. These tools might also include more resources for rehabilitating, retrofitting, or weatherizing existing homes.

### **Recommendations for Final Rulemaking**

If DOE moves forward with a proposed rule designed to require producers to build more energy efficient homes, then what are the appropriate standards, when should they be implemented, and how should they be enforced?

- Standards – A single-tier standard for the rule should be applied, rather than different standards based arbitrarily on retail cost, square footage, or number of sections. While establishing a tiered system

may somewhat address the issue of the higher upfront costs associated with purchasing a home, doing so fails to address the core purpose of the proposed rule: addressing the ongoing costs of ownership. As such, a proposed rule that creates a tiered-system makes two fatal mistakes: first, it negates its own argument that a problem has been identified significant enough to warrant government intervention, because it excludes a significant number of consumers (more than likely, most consumers); and, second, the consumers it excludes from the proposed rule are the most financially vulnerable consumers, those most in need of more energy efficient homes, and the specific set of consumers who are the very backbone of the argument for such an intervention.

- Implementation – The proposed one-year lead time to implementation is not sufficient given the changes required to the production process, inspections process, and, more than likely, the other public policy changes that would be required to make the higher upfront costs work for consumers. A three-year time frame seems more appropriate. The producers would need more time to adapt their processes, facilities, designs, and supply chain issues. The inspections process would need more time to develop policies and practices, prepare materials and manuals, and conduct education and training. The consumers and advocates would need more time to understand the impending changes, identify existing financing options, and push for improved financing for maintaining or replacing existing homes and purchasing new homes.
- Enforcement – HUD should be the lead agency in implementing the new rules. Compliance should be addressed in the final rule to ensure DOE and HUD efforts are coordinated. Although DOE’s methods for certifying ENERGY STARS homes is certainly relevant, HUD’s regulatory and inspections processes appear to be the appropriate mechanism for ensuring compliance without creating a new, complicated system of two-party inspections.

Thank you for the opportunity to provide comments on the proposed rule. We hope you are able to make use of our comments both for the file rulemaking as well as the larger issues related to empowering consumers that the agency should also consider.

Sincerely,

Dave Anderson, MPA, Ed.D.  
Executive Director