Calendar No. 517

106TH CONGRESS, 2d Session | SENATE | REPORT 106–274

MANUFACTURED HOUSING IMPROVEMENT ACT OF 2000

REPORT

OF THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

TO ACCOMPANY

S. 1452

TOGETHER WITH

ADDITIONAL VIEWS

APRIL 13, 2000.—Ordered to be printed

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APRIL 13, 2000.—Ordered to be printed

Mr. GRAMM, from the Committee on Banking, Housing, and Urban Affairs, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 1452]

The Committee on Banking, Housing, and Urban Affairs (the "Banking Committee"), to which was referred the bill (S. 1452) to modernize the requirements under the National Manufactured Housing Construction and Safety Standards Act of 1974 and to establish a balanced consensus committee process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes, having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

INTRODUCTION

On March 8, 2000, the Senate Committee on Banking, Housing and Urban Affairs met in legislative session and marked up and ordered to be reported S. 1452, the Manufactured Housing Improvement Act of 2000, a bill to modernize the requirements under the National Manufactured Housing Construction and Safety Standards Act of 1974 ('74 Act) and to establish a balanced consensus committee process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes, with a recommendation that the bill do pass, with an amendment. The Banking Committee adopted a Managers' Amendment, offered by Senators Shelby, Kerry, Allard, Edwards, Bayh

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and Bryan, making certain substantive and technical amendments. The Committee reported the bill favorably by voice vote.

PURPOSE AND SUMMARY OF NEED FOR LEGISLATION

The purpose of this legislation is to set up a process to update manufactured housing safety and construction standards on a timely basis. The '74 Act created the Federal manufactured housing program under the authority of the Department of Housing and Urban Development (HUD). Currently, the program is a division of the Office of Consumer and Regulatory Affairs and has no full-time director. The program's staff has been reduced from 35 full-time employees in 1984 to eight professional employees today. Meanwhile, manufactured housing has become one of the fastest growing segments of the housing industry, growing by 100 percent over the last decade and now accounting for one in every four new single-family home starts.

Presently, over 19 million Americans live in approximately 9 million manufactured homes. According to the Department of Commerce, the average cost of a new manufactured home in 1998 was $43,800 (excluding land) compared with $136,425 (excluding land) for a new site-built home, thus extending home ownership to Americans who may otherwise be unable to purchase their own home. The median income for a manufactured home owner was $24,500 in 1996 and according to Mr. Rutherford Brice, who testified on behalf of the American Association of Retired Persons (AARP), "44 percent of the manufactured home owners are aged 50 and above." [1]

What started as a "travel trailer" and gained popularity for recreational outdoor activities in the 1940's and 50's, has become a very reasonable, affordable option for *permanent* housing. Indeed, once shipped and anchored (most commonly to a concrete foundation), these homes are rarely, if ever, moved. Thus, manufactured housing has become a private-sector solution to affordable housing. For this reason, the Banking Committee believes Congress should update the laws to reflect the technological developments and increased reliance on this sector of the housing industry, which contributes more than $33 billion annually to our domestic economy.

HISTORY OF THE LEGISLATION

The Manufactured Housing Improvement Act of 2000, S. 1452, was introduced on July 28, 1999 by Senators Shelby, Bayh, Bryan, Rockefeller and Bingaman. Senators Craig, Hutchinson, Inhofe, Burns, Lott, Snowe, Santorum, Mack, Smith (OR), Cochran, Helms, Bunning, Lugar, Collins, Crapo, Roberts, Sessions, Johnson, Cleland, Hagel, Hollings, Abraham, Bennett, Coverdell, Daschle, Lincoln, Edwards and Allard were all added as additional cosponsors.

The Subcommittee on Housing and Transportation conducted a legislative hearing to consider S. 1452 on October 5, 1999. The Subcommittee received testimony from: Senator Evan Bayh (D–IN); the Honorable William Apgar, Assistant Secretary for Housing & Fed-

[1] Testimony of Rutherford Brice, Member of the Board of Directors, AARP, S. 1452 Hearing in the Subcommittee on Housing and Transportation, October 5, 1999, p. 2.

eral Housing Commissioner, Department of Housing and Urban Development; Mr. William Lear, Vice President & General Counsel, Fleetwood Enterprises, Inc., who testified on behalf of the Coalition to Improve the Manufactured Housing Act (the "Coalition");[2] and Mr. Rutherford Brice, a member of the Board of Directors, American Association of Retired Persons.

On March 8, 2000, the Banking Committee met in Executive Session to consider S. 1452. The Committee considered and adopted, without objection, a bipartisan Managers' Amendment offered by Senators Shelby, Kerry, Allard, Edwards, Bayh and Bryan. This amendment changed the composition of the consensus committee and included three additional provisions regarding: technical support for the consensus committee; installation programs; and dispute resolution programs for the timely resolution of disputes regarding the responsibility for the correction or repair of defects.

The Banking Committee ordered S. 1452 reported, as amended, to the Senate by voice vote.

PURPOSE AND SCOPE OF LEGISLATION

The bill, as ordered reported by the Banking Committee, contains provisions that will improve and modernize the National Manufactured Housing Construction and Safety Standards Act of 1974 (P.L. 93–383) by: (i) setting up a balanced consensus committee to recommend construction and safety standards and codes; (ii) ensuring a timely update of those standards and codes; (iii) strengthening installation standards and dispute resolution mechanisms; and (iv) increasing funding for the Federal program through industry label fees.

Balanced consensus committee

First and foremost, S. 1452 sets up a consensus committee appointed by an administering organization and subject to the approval of the Secretary of HUD (Secretary) to develop, review and recommend manufactured housing construction and safety standards and procedural and enforcement regulations on a timely basis. The consensus committee will be comprised of three groups with seven members in each group: (i) producers; (ii) users; and (iii) general interest and public officials. In addition to public officials, group (iii) may include architects, engineers, homebuilders, academicians, developers and others. HUD will also be allowed one nonvoting member of the consensus committee so as to communicate the views and concerns of the Secretary of HUD. Consistent with American National Standards Institute (ANSI) guidelines, the consensus committee is represented by balanced interests and "all affected interests have the opportunity for fair and equitable participation without dominance by any single interest." The Banking Committee has taken the extra measure of defining "dominance" to ensure representation on the consensus committee will be balanced.

[2] The "Coalition" is comprised of the manufactured housing industry's two national trade associations—the Manufactured Housing Institute and the Manufactured Housing Association for Regulatory Reform.

In testimony offered by William Lear on behalf of the Coalition, Mr. Lear testified to the inability of HUD to update the code in a timely manner:

> HUD has failed over the years in its most important obligation—to update the standards on a timely basis. Even reference standards developed by outside organizations have taken years to adopt after their implementation by other segments of the housing industry. The cumulative impact of this neglect is a code that has not kept pace with technological innovation within the industry.[3]

Thus, one of the keys to streamlining the process of updating the standards lies in the schedule for review specifically outlined in the legislation. The Banking Committee believes the need to provide such a mechanism for the timely development of standards is of paramount importance to both consumers and industry.

The bill provides that the consensus committee will meet at least once every two years to consider revisions to the Federal manufactured home construction and safety standards and regulations, procedural and enforcement regulations, and to submit proposed revisions. Revisions require a two-thirds majority vote of the consensus committee. Once adopted, the consensus committee will provide a proposed revised standard or regulation to the Secretary who shall have one year—and complete authority—to adopt, modify or reject the recommendation. If the Secretary chooses to reject the recommendation, the Secretary must publish the reasons for the rejection in the Federal Register. If the Secretary fails to act, the construction and safety standards recommendations shall be considered to have been adopted by the Secretary and automatically take effect 180 days after the conclusion of the twelve-month review.

As reported, the legislation provides that the consensus committee recommendations on both the construction and safety standards and procedural enforcement regulations will have the effect of law if the Secretary fails to act. The Banking Committee considered the implications of including the ability of the consensus committee to recommend both the safety standards and enforcement regulations. The Banking Committee recognized the significance of allowing the consideration of standards and the enforcement of those standards to be undertaken jointly so as to provide a seamless continuity between the two. However, at no time did the Banking Committee consider an enforcement action of a State Administrative Agency against a manufacturer to be subject to the approval of the consensus committee. Indeed, that is not contemplated by this legislation.

Lastly, the consensus committee language includes a provision requiring the administering organization to provide technical support for any of the interest categories represented so long as the support is "necessary to ensure the informed participation of the consensus committee members" and "the costs of providing the support are reasonable." Mr. Apgar recommended a technical assist-

[3] Testimony of William Lear, Vice President and General Counsel, Fleetwood Enterprises, Inc., on behalf of the Coalition to Improve the Manufactured Housing Act, S. 1452 Hearing in the Subcommittee on Housing and Transportation, October 5, 1999, p. 8.

ance provision so that the consensus committee could enjoy the "maximum participation of all the groups represented."[4]

Installation programs and dispute resolution

As reported, S. 1452 gives the States five years to adopt an installation program "established by State law" that includes: (i) installation standards; (ii) the training and licensing of installers; and (iii) the inspection of the installation of manufactured homes. During this five-year period, the Secretary of the Department of Housing and Urban Development and the consensus committee are charged with constructing a "model" manufactured housing installation program. In States not having or not choosing to adopt an installation program, HUD may contract with an appropriate agent in those States to implement the "model" installation program.

In order to address problems that may arise with manufactured homes, S. 1452 also gives the States five years to adopt a dispute resolution program for the timely resolution of disputes between manufacturers, retailers, and installers regarding the responsibility for the correction or repair of defects in manufactured homes that are reported during the one-year period beginning on the date of installation. In States not having or not choosing to adopt their own dispute resolution program, HUD may contract with an appropriate agent in those States to implement a dispute resolution program.

The Banking Committee considered extending the duration of the dispute resolution provision from one year to the life of the warranty. However, current warranties vary from one to five years from State to State and manufacturer to manufacturer. The Banking Committee decided that such a provision could provide an incentive for the industry to shorten the effective warranty period. Nevertheless, the dispute resolution provision does not affect voluntary manufacturers' warranties or State mandated warranties in any shape, form or fashion.

Fees

This bill amends Section 620 of P.L. 93–383, allowing the Secretary to use industry label fees for carrying out the responsibilities under this Act, including: conducting inspections and monitoring; funding for States; increased personnel at HUD for the manufactured housing program; and administering the consensus committee. As amended, Section 620 would prohibit the use of label fees to fund any activity not expressly authorized by this Act unless such activity was already engaged in by the Secretary prior to the date of enactment. Furthermore, any fee, or change in expenditure would be subject to the annual Congressional appropriations process. It is the intent of the Banking Committee that all fees collected pursuant to Section 620 be used in support of the manufactured housing program.

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[4] Testimony of William Apgar, Assistant Secretary for Housing & Federal Housing Commissioner, Department of Housing and Urban Development, S. 1452 Hearing in the Subcommittee on Housing and Transportation, October 5, 1999, p. 2.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title and references

This Act is cited as the "Manufactured Housing Improvement Act of 2000."

Section 2. Findings and purpose

This provision will add a more positive, detailed statement to the purpose of the '74 Act. This section will add a "balanced, consensus standards development process" and also express the continuing need for consumer protection while emphasizing the need for affordability, performance based standards, and for fair and reasonable enforcement regulations.

Section 3. Definitions

The bill would add several definitions to Section 603 of P.L. 93–383 concerning the consensus committee and the consensus standards development process. It also adds a definition for the monitoring function and related definitions for Production Inspection Primary Inspection Agency and Design Approval Primary Inspection Agency duties, which have not been previously defined. To update the '74 Act, the outdated term "dealer" has been replaced throughout with the term "retailer."

Section 4. Federal manufactured home construction and safety standards

Section 604 of P.L. 93–383 would be revised to establish a consensus committee to submit recommendations to the Secretary of HUD for developing, amending and revising both the Federal Manufactured Home Construction and Safety Standards and the procedural and enforcement regulations. These recommendations would be published in the Federal Register for notice and comment prior to final adoption by the Secretary. The Secretary of HUD will maintain final authority in his ability to accept, reject or modify consensus committee recommendations, within twelve months of receipt.

The administering committee would function in accordance with the ANSI procedures for the development and coordination of American national standards. The consensus committee would consist of 21 voting members and one non-voting member who would represent the Secretary. The following three interest categories would be equally represented: producers, which include producers and retailers of manufactured housing; users, which include consumer organizations, recognized consumer leaders, and owners who are residents of manufactured homes; and general interest and public officials.

The Secretary may disapprove for any reason, in writing, the appointment of an individual to the consensus committee, and members of the committee shall be reimbursed for their actual expenses for attendance at the meetings. The revisions to Section 604 would also clarify the scope of Federal preemption to ensure that disparate State or local requirements do not affect the uniformity and comprehensive nature of the Federal standards. Language also reserves to the States the right to establish standards for the stabi-

lizing and support systems or for the foundations on which manufactured homes sited are installed and the right to enforce compliance with such standards, subject to Section 605.

Section 5. Abolishment of national manufactured home advisory council; manufactured home installation

Section 605 of P.L. 93–383 is rescinded, abolishing the National Manufactured Home Advisory Council. The establishment of a consensus committee would make the council redundant and, therefore, unnecessary.

In addition, this Section provides that States have five years to adopt an installation program "established by State law" that includes: (i) installation standards; (ii) the training and licensing of installers; and (iii) the inspection of the installation of manufactured homes. During this five-year period, the Secretary and the consensus committee are charged with constructing a "model" manufactured housing installation program. In States not choosing to adopt an installation program, HUD may contract with an appropriate agent in those states to implement the "model" installation program.

Section 6. Public information

Section 607 of P.L. 93–383 is amended by clarifying that manufacturers must submit to the Secretary their opposition to any of the Secretary's actions in order for the Secretary to evaluate the manufacturers' statement. Also the Secretary must submit such cost and other information to the consensus committee for evaluation.

Section 7. Research, testing, development, and training

Section 608 of P.L. 93–383 is amended by adding two activities which the Secretary of HUD may conduct to carry out the purposes of the Act: encouraging the government sponsored housing entities to develop and implement secondary market securitization programs for Federal Housing Administration (FHA) manufactured home loans and other loan programs; and reviewing the programs for FHA manufactured home loans and development of such changes to promote the affordability of manufactured homes, including changes in loan terms, amortization periods, regulations and procedures.

Section 8. Fees

The legislation amends Section 620 of P.L. 93–383 by allowing the Secretary to use industry label fees for carrying out the responsibilities under the Act, and for the administration of the consensus committee. Additionally, fees may be used for the hiring of additional HUD program staff, along with additional funding for their travel; the funding of a non-career administrator position to oversee the Federal program; and HUD's facilitation of the acceptance of the quality, durability, safety, and affordability of manufactured housing within the Department.

The amended provision would prohibit the use of label fees to fund any activity not expressly authorized by the Act unless such activity was already engaged in by the Secretary prior to the date

of enactment; and it would make the expenditure of label fees subject to annual Congressional appropriations review. The provision would specifically require that any fee, or any change in the expenditure of such fee, shall only be modified as specifically authorized in an annual appropriations act.

Section 9. Dispute resolution

This Section provides that States have five years to adopt a dispute resolution program for the timely resolution of disputes between manufacturers, retailers, and installers regarding the responsibility for the correction or repair of defects in manufactured homes that are reported during the one-year period beginning on the date of installation. In States choosing not to adopt their own dispute resolution program, HUD may contract with an appropriate agent in those States to implement a dispute resolution program.

Section 10. Elimination of annual report requirement

This section strikes Section 626 of P.L. 93–383, eliminating HUD's annual report to Congress regarding the manufactured housing program. This should no longer be required because under Section 8 of this Act, program expenditures would be subject to annual Congressional appropriations.

Section 11. Effective date

The amendments made by this Act shall take effect on the date of enactment of this Act.

Section 12. Savings provision

Standards and regulations in effect prior to enactment of this Act will remain in effect until modified or superseded.

CHANGES IN EXISTING LAW (CORDON RULE)

In the opinion of the Banking Committee, it is necessary to dispense with the requirements of paragraph 12 of the Rule XXVI of the Standing Rules of the Senate in order to expedite the business of the Senate.

REGULATORY IMPACT STATEMENT

In compliance with paragraph 11(b) of the Rule XXVI of the Standing Rules of the Senate, the Banking Committee makes the following statement regarding the regulatory impact of the bill.

This legislation will not create a regulatory burden on producers or users of manufactured housing. Any direct economic impact is considered to be minimal, while it is believed that a secondary impact of greater commerce will result. This legislation does not impact the personal privacy of affected individuals. Lastly, there will be no additional paperwork on the manufactured housing industry as it relates to the passage of this bill.

COST OF THE LEGISLATION

Senate Rule XXVI, section 11(b) of the Standing Rules of the Senate, and Section 403 of the Congressional Budget Impoundment

and Control Act, require that each committee report on a bill containing a statement estimating the cost of the proposed legislation, which has been prepared by the Congressional Budget Office. The estimate is as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 6, 2000.

Hon. PHIL GRAMM,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1452, the Manufactured Housing Improvement Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Mark Hadley (for federal costs), Susan Sieg Tompkins (for the state and local impact), and Bruce Vavrichek (for the private-sector impact).

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

S. 1452.—Manufactured Housing Improvement Act

Summary: CBO estimates that S. 1452 would reduce revenues (government receipts) by $90 million and reduce direct spending by $82 million over the 2001–2005 period. Because S. 1452 would affect direct spending and receipts, pay-as-you-go procedures would apply.

S. 1452 would make changes to the joint federal and state program for ensuring the safety and soundness of manufactured housing. The bill would require the Department of Housing and Urban Development (HUD) to develop a program for monitoring the installation of manufactured homes and resolving disputes. The bill also would create a consensus committee to make recommendations to HUD on regulations concerning manufactured homes. S. 1452 would expand current research and information gathering activities performed by HUD and would eliminate certain reports HUD prepares for Congress. Finally, the bill would make spending for this work subject to appropriation and expand HUD's authority to charge fees to recover all associated costs. When this program is fully implemented, after 2005, the bill would have no net effect on discretionary spending because additional fees would completely offset additional discretionary spending.

S. 1452 contains several intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs of complying with these mandates would not exceed the threshold established under that act ($55 million in 2000, adjusted annually for inflation).

The bill also contains private-sector mandates as defined in UMRA. Because those new requirements would depend on specific standards that would be established by the Secretary of Housing and Urban Development, CBO cannot determine whether their di-

rect cost to the private sector would exceed the threshold in UMRA ($109 million in 2000, adjusted annually for inflation).

Estimated Cost to the Federal Government: The estimated impact of S. 1452 is shown in the following table. The cost of this legislation falls within budget function 370 (commerce and housing credit).

	By fiscal year, in millions of dollars					
	2000	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	−17	−17	−18	−19	−19
Estimated Outlays	0	−9	−17	−18	−19	−19
CHANGES IN REVENUES						
Estimated Revenue Loss	0	−17	−17	−18	−19	−19
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Changes in Offsetting Collections:						
Estimated Authorization Level	0	−26	−32	−39	−46	−55
Estimated Outlays	0	−26	−32	−39	−46	−55
Changes in Spending of Collections:						
Estimated Authorization Level	0	26	32	39	46	55
Estimated Outlays	0	18	30	37	44	52
Net Changes in Discretionary Spending:						
Estimated Authorization Level	0	0	0	0	0	0
Estimated Outlays	0	−8	−2	−2	−2	−3

Basis of Estimate: Under current law, HUD charges manufacturers fees for the cost of inspecting manufactured homes. The budget records the receipt of these fees as revenues, and they are spent by HUD without further appropriation action. CBO estimates that under current law such spending and revenue will be about $18 million a year over the 2001–2005 period. S. 1452 would make federal spending and the collection of fees associated with manufactured housing subject to appropriation action, and would direct that fees collected to cover these costs be credited as offsetting collections to this new appropriation account. Because the fees would shift to the discretionary side of the budget, revenues would decline by about $90 million over the five-year period. The spending for these activities would also become discretionary, so that direct spending would also decline—by about $82 million.

Discretionary spending would be affected both by changing the current program from mandatory to discretionary, and also by an expansion of federal activities related to manufactured homes. The bill would require HUD to establish a committee to advise it on regulations, a program to resolve disputes, and a program to monitor the installation of manufactured housing. The bill also would require HUD to increase its use of private contractors for administering the program. Based on information from HUD, CBO estimates that the bill would increase the cost of this program by $12 million a year when the legislation is fully implemented in 2005, assuming appropriation of the necessary funds.

S. 1452 would authorize the federal government to pay states for their costs associated with inspections of the installation manufactured homes. Based on information from HUD and the states, CBO assumes the installation program would require on-site inspections for about 25 percent of the 400,000 homes installed annually.

Based on information about similar programs in various states, CBO estimates that the cost per visit will be about $250. Thus, CBO estimates that the installation program will cost about $25 million a year when fully implemented in 2005.

HUD's new responsibilities would gradually increase federal spending in this area to more than $50 million a year, but such costs would be offset by higher fees paid by the manufactured home industry. Because we expect such fees to be collected more quickly than they would be spent, CBO estimates that net discretionary outlays would decline by $17 million over the 2001–2005 period.

Pay-as-You-Go Considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By fiscal year, in millions of dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	−9	−17	−18	−19	−19	−20	−21	−22	−23	−24
Changes in receipts	0	−17	−17	−18	−19	−19	−20	−21	−22	−23	−24

Estimated Impact on State, Local, and Tribal Governments: S. 1452 contains several preemptions of state authority:

From the date of enactment of the bill until the date that HUD finalizes its standard governing the installation manufactured housing, states would be prohibited from lowering their standards from those that are already in place;

Once the federal installation standard is finalized, if they choose to create their own installation standard and program, states would be required to set standards that are no less rigorous than the federal program. State installation programs that do not meet the federal minimum would be superseded by the HUD standards; and

Similarly, states that choose to create a dispute resolution program would be required to set standards that are at least as stringent as the federal program; otherwise HUD would administer the program in the state.

CBO treats such preemptions of state law as mandates under UMRA. The mandates would impose no costs on state, local, or tribal governments, however, because the affected entities would not be required to take any action. States that chose not to establish their own standards would be regulated and monitored by HUD.

Other provisions of the bill would broaden the activities HUD is authorized to include in its calculation of inspection fees for manufactured housing, and expand its authority to collect those fees in states where such collections are prohibited under current law. Though these provisions would change the method by which inspection fees are calculated and levied on builders of manufactured housing, CBO estimates that states would continue to receive at

least the same amount of funding under this program as they collect under current law.

Estimated Impact on the Private Sector: S. 1452 also contains private-sector mandates as defined in UMRA. Currently, builders of manufactured housing must pay a fee to cover the cost of construction and safety inspections and other administrative activities. The bill would increase the cost of that mandate by expanding the activities paid by the fee to include items such as the on-site inspection of newly installed homes and the operation of a dispute resolution program. CBO estimates that those changes would increase private-sector costs by $9 million in 2001 and by a total of $108 million over the 2001–2005 period, assuming that 25 percent of new-home installations would be inspected. (The added cost could be higher or lower depending on the requirements specified by the Secretary of HUD.)

The bill would also impose new federal standards on the installation of manufactured homes, including requiring installation inspections and mandating that all installers be trained and licensed. The cost of those new requirements to the private sector would also depend on the specific standards established by the Secretary of HUD.

Overall, because the requirements imposed by the bill would depend in large part on future actions of the Secretary of HUD, CBO cannot determine whether their direct cost to private-sector entities would exceed the threshold specified in UMRA ($109 million in 2000, adjusted annually for inflation).

Previous CBO Estimate: S. 1452 is similar to Title XI of H.R. 1776, which was reported by the House Committee on Banking and Financial Services on March 29, 2000. CBO's estimate of the budgetary impact of Title XI of H.R. 1776, prepared on April 4, 2000, is identical to the estimated impact of S. 1452.

Estimate Prepared by: Federal Costs: Mark Hadley. Impact on State, Local, and Tribal Governments: Susan Sieg Tompkins. Impact on the Private Sector: Bruce Vavrichek.

Estimate Approved by: Robert A. Sunshine, Assistant Director for Budget Analysis.

ADDITIONAL VIEWS

We would like to join Senator Shelby and the other sponsors of S. 1452, The Manufactured Housing Improvement Act of 2000, in recommending this bill for passage. As the report makes clear, the laws governing the manufactured housing industry have been overlooked for far too long. This oversight not only adversely affects the producers of manufactured housing, but also consumers who purchase and live in these homes. S. 1452 directly addresses the lack of progress in updating both statutes and regulations, which we believe, will be of significant benefit to all parties influenced by this section of the housing industry.

This bill establishes a national model for installation of manufactured homes, which includes inspection, and a dispute resolution program. During our hearings on this bill we discovered that consumers are frequently passed back and forth between retailers, manufacturers and installers when they have a problem with their home, making it difficult to get the problem resolved. This requirement will enable consumers who live in states that do not have laws that govern manufactured housing to establish who is responsible for the defect, and have it repaired.

However, there are a few deficiencies in S. 1452 which must be addressed before the full Senate passes this legislation. The bill establishes a consensus committee to review manufactured housing standards and regulations. Exemptions have been made to three ethics statutes for consensus committee members. While this was done to facilitate the ability to attract industry representatives—necessary participants in the consensus committee—we are concerned that the manner in which it has been done is too broad and far reaching. Before the bill passes the floor, we would like to see the ethics exemptions tailored. Specifically, we must ensure that there is a mechanism in place to ensure financial disclosure of the consensus committee members and an appropriate gift ban.

There is also concern with the process established by the legislation to develop enforcement regulations. While we agree that HUD should and must move efficiently, the method passed by the committee which allows both regulations and standards to go into effect in the absence of Secretarial action, would result in an inappropriate delegation of enforcement authority to a non-governmental entity. Enforcement of the law is an inherently governmental function. It is a potential conflict for a non-government entity such as the consensus committee to draft both the standards and the regulations to enforce those standards. This latter role should be reserved exclusively for HUD. We suggest that the provision be revised to reflect this important principle.

Lastly, we support changing the bill language to give the Secretary of HUD the authority to appoint the members of the consensus committee from among recommendations made by the ad-

ministering organization, rather than to approve selections made by that organization. According to the Administration, the latter approach raises Constitutional concerns.

Both industry and consumer groups have expressed their desire to cooperate on these matters and we feel that these remaining issues can be rectified without jeopardizing the passage of the bill. Again, it is our intention that this bill move forward expeditiously. It is a good bill for both consumers and industry.

SENATOR PAUL SARBANES.
SENATOR JOHN EDWARDS.
SENATOR RICHARD BRYAN.
SENATOR EVAN BAYH.
SENATOR JOHN F. KERRY.
SENATOR CHRIS DODD.
SENATOR TIM JOHNSON.
SENATOR CHARLES SCHUMER.

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