

Frequently Asked Questions About Manufactured Housing

A GUIDE FOR STATE, LOCAL AND TRIBAL HUD GRANTEES



Welcome!

Frequently Asked Questions About Manufactured Housing Wednesday, November 29, 2023, 3:00-4:00 pm ET

Housekeeping:

- All attendees will be muted with cameras off.
- Please use the Chat feature for all troubleshooting issues. Address your message to “Host.”
- Please use the Q&A feature for all questions. Address your questions to “All Panelists.”
- This webinar will be recorded. The video, transcription and Q&As will be posted to the HUD Exchange after the webinar.

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Agenda

1. Introduction
2. Manufactured Housing vs. Other Types of Factory Built Housing
3. Eligibility and Compliance
4. Ownership and Governance
5. Disaster Resilience
6. Sustainability and Energy Efficiency
7. Taxes, Title, Financing and Insurance
8. Q & A
9. Resources



INTRODUCTION



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MANUFACTURED HOUSING VS. OTHER TYPES OF FACTORY BUILT HOUSING



Questions 1-2

What is the difference between a mobile home and a trailer?

Mobile homes (i.e. constructed pre-1976) were designed to be transported to a site for permanent installation, whereas trailers are designed to be towed behind a vehicle and provide only temporary housing.

Are park models considered manufactured housing?

No. Park models are not constructed according to the HUD Code.



Question 3

Where can I get data on the number of pre-1976 mobile homes in my community?

- There is no central database that tracks the prevalence of remaining pre-1976 mobile homes in communities.
- The HUD-funded [U.S. Census Manufactured Housing Survey](#) includes data on shipments and sales as well as other information on manufactured homes
- State or local planning or GIS departments may have developed more localized resources.

Question 4

Are Boxabl, tiny homes and shipping container homes considered manufactured housing?

- Boxabl, tiny homes, and shipping containers that are converted into housing units are subject to state and local building codes like modular and site-built homes.
- These types of units cannot be accepted as a HUD-code manufactured home unless they meet all of the following requirements:
 - Built under the federal Manufactured Home Construction and Safety Standards program including design and construction to HUD's Manufactured Home Construction ([24 CFR Part 3280](#)) and Safety Standards and manufacturer participation under the Manufactured Home Procedural and Enforcement Regulations ([24 CFR Part 3282](#))
 - Transported in one or more sections on a permanent chassis
 - Display a red certification label on the exterior of each transportable section.



Question 5

When will modular constructed homes be approved by HUD to increase the inventory of affordable housing?

- HUD is broadly supportive of efforts that help to increase the supply of affordable housing, including modular housing construction methods and other innovations such as those featured in HUD's annual [Innovative Housing Showcase](#).
- Modular housing as an approach to new housing construction has long been permitted in HUD programs to the same extent as more traditional construction methods. However, new construction of housing is statutorily ineligible under the CDBG program except in very limited circumstances.



ELIGIBILITY AND COMPLIANCE



Question 6

Does the HUD Code supersede state and local codes for manufactured housing?

- State and local codes must align with the Manufactured Home Construction and Safety Standards (HUD Code) in order for units to meet the definition of manufactured housing and qualify for federal program assistance.
- The HUD Code is federally preemptive, meaning that state and local governments cannot impose standards that are different than those required by the HUD Code. However, the HUD Code includes considerations for aspects that may have more local variations such as climate considerations or hurricane prone areas.
- State and local governments may impose installation standards but those standards must meet the minimum standards set forth in the Model Manufactured Home Installation Standards ([24 CFR Part 3285](#)).



Question 7

How does Davis Bacon and Related Acts (DBRA) apply to manufactured housing activities?

- In general, DBRA applies to CDBG-assisted residential projects involving 8 or more units and HOME-assisted residential projects involving 12 or more units—see [HUD Handbook 1344.1](#) for more information on DBRA applicability.
- For manufactured housing activities, DBRA applies on a case-by-case basis—grantees should check with their CPD field office representative to determine specific applicability.
- Note that [Davis Bacon Final Rule](#) was recently published and includes some changes to grantee, subrecipient and contractor DBRA obligations—additional guidance is forthcoming.



Question 8

Can CDBG be used for infrastructure activities that are located within a privately owned manufactured housing community and if so, which national objectives may be used?

- CDBG funds may be used for public facilities and improvements within manufactured housing communities that are either publicly owned or owned by a nonprofit. Eligible national objectives for this type of infrastructure activity include LMA, LMC and LMH.
- CDBG may also be used to connect existing residential structures to water distribution lines or local sewer collection lines, as well as install or replace well water or septic systems on private residential property, as rehab activities under LMH.
- Private landlords may be considered beneficiaries and receive CDBG funds for infrastructure improvements as rehab activities under LMH. Grantees assisting private landlords are strongly encouraged to require resident protections, long-term pad leases, anti-flip clauses and long-term affordability requirements.

Question 9

Is payment usually required upfront to purchase new manufactured housing units and if so, can CDBG funds be advanced for this purpose?

- The payment process for ordering from a manufacturer can vary depending on the terms of the purchase agreement. Often a down payment may be required upfront, with the remaining balance due upon delivery and installation.
- HUD has not issued guidance on this subject, but below are some general considerations:
 - If grantees choose to directly pay the manufacturer any portion of the contract amount prior to delivery and installation, they should first consult with their legal representative about what recourse may be available if delivery and installation do not occur as agreed, based on the terms of the purchase agreement.
 - Alternately, a grantee may choose to wait and reimburse the homeowner or subrecipient after installation is complete.
 - Regardless of how payment is structured, the grantee must document that a national objective was met prior to closeout of the activity.

Question 10

Can a manufactured home have a permanent chassis without being permanently affixed?

- A permanent chassis is a structural element of the manufactured home but not necessarily part of the foundation.
- However, the foundation on which the unit is placed (including the chassis) must be permanently affixed as discussed in [Notice CPD-23-10](#), Attachment 1:
 - "HUD also found that FHA has mortgage guarantee products compatible with manufactured housing units, and that units that are not permanently affixed through methods meeting permanent foundation types are considered chattel, or personal property, while units that are installed in accordance with HUD's Permanent Foundations Guide for Manufactured Housing are eligible as real property. This is important because personal property is ineligible for CDBG assistance under section 105(a) of the HCDA and 24 CFR 570.207(b)(1)(iii) of the regulations."



Question 11

If the owner of a CDBG-assisted manufactured home on a leased pad is evicted and the pad owner assumes ownership of the unit, who is responsible for the repaying the CDBG funds if the manufactured homeowner did not reside in the home for the length needed to forgive the loan?

- The pad lease should stipulate the conditions under which the pad owner may assume ownership of the unit. The subsidy agreement should then determine, based on the lease, how and by whom the outstanding subsidy should be repaid.
- Grantees may wish to require the lease and subsidy agreements to include a stipulation that if the homeowner does not occupy the unit for the required length of time, the unit must be sold and any outstanding subsidy be repaid to the grantee.
- Additionally, per [Notice CPD-23-10](#):
 - "In developing a manufactured housing rehabilitation or reconstruction program, a grantee may want to consider whether it would like to require that recorded deed restrictions be placed against a CDBG-assisted property, or a long-term lease agreement be implemented for the site. This can help to ensure the assisted household is able to remain on the site for an extended period or that the homesite will be rented to income eligible families. Grantees may also consider supporting tenant acquisition of sites of a manufactured housing community as a strategy to increase housing security, preserve affordability, and prevent eviction."

Question 12

Can CDBG funds be used to transport a manufactured home to the site where it will be permanently located?

- If the purchase agreement for the manufactured housing unit includes delivery, it may be funded by CDBG as part of the project costs.
- If delivery is a separate cost with a separate contractor, it will most likely be considered part of installation.
- Reminder: Installation is considered new construction of housing which is not CDBG-eligible unless:
 - Undertaken by a CBDO under the applicable regulations (see question 13)
 - Funded with CDBG-DR funds under a specific waiver and alternative requirement that permits new construction of housing or
 - Housing of last resort in accordance with [24 CFR 570.207\(b\)\(3\)\(i\)](#).



Image credit: Manufactured Housing Institute

Question 13

Where can I find the requirements for Community Based Development Organizations in the entitlement, state and Indian CDBG programs?

- To qualify as a Community Based Development Organization (CBDO) in the Entitlement CDBG program and be eligible to undertake new construction of housing as part of an eligible activity under [24 CFR 507.204\(a\)](#), an entity must meet the requirements of 24 CFR 570.204(c).
- In the State CDBG program, a neighborhood-based nonprofit organization, local development corporation, nonprofit organization serving the development needs of the communities in nonentitlement areas, or entity organized under section 301(d) of the Small Business Investment Act of 1958 can undertake new construction of housing as part of an activity eligible under [Section 105\(a\)\(15\) of the HCDA](#).
- Activities undertaken by CBDOs in the Indian CDBG program, including new construction of housing, must meet the provisions of [24 CFR 1003.204](#).

Question 14

How will the Build America Buy America (BABA) Act affect CDBG-assisted manufactured housing activities?

- BABA requires a domestic (U.S.) preference for iron, steel, construction materials and/or manufactured products on federally funded infrastructure projects if those projects are not exempt under a general or project-specific waiver.
- Note that the term "infrastructure" as defined in BABA covers buildings and real property, including those associated with housing construction and rehabilitation.
- However, many manufactured housing activities will fall under one or both of the following exemptions:
 - Funded entirely by CDBG-DR, MIT, and/or CV
 - Total project cost from all sources does not exceed the Simplified Acquisition Threshold (currently \$250,000)
- For more information, see [Notice CPD-23-12](#).



OWNERSHIP AND GOVERNANCE



Question 15

How is a Resident Owned Community (ROC) different from a Community Land Trust (CLT)?

- A Community Land Trust (CLT) is a nonprofit that owns the manufactured housing community and rent the pads to manufactured homeowners.
- A Resident Owned Community (ROC) is organized as a cooperative housing corporation where each resident owns both their manufactured home and a share in the cooperative housing corporation.
- CLTs are mainly dedicated to preserving long-term affordability. Under the National Affordable Housing Act (NAHA), amended by the Consolidated Appropriations Act, 2016 (Pub. L. 114-113), CLTs may hold and exercise purchase options, rights of first refusal, or other preemptive rights to preserve the affordability of HOME-assisted housing developed by the CLT.
- CLTs may incorporate resident engagement but are not inherently owned and operated by manufactured housing community residents.

Question 16

Is a Resident Owned Community comparable to a Homeowners Association?

- A Resident Owned Community (ROC) is similar to a Homeowners Association (HOA) or a Condominium Association in its basic function.
- There may be variations in organizational structure and administrative practices.
- ROCs are often more focused on resident protections than HOAs or Condominium Associations.



Question 17

Recently there has been an increase in investors purchasing manufactured housing communities from “mom and pop” owners as they started retiring. These companies have changed their policies and procedures so that they are less forgiving on rent due dates and quick to evict. They have also raised the lot rents to the point where they are no longer affordable. Wouldn't replacing these manufactured housing units for the manufactured homeowner only increase lot rent further and drive more investors to join the market, making manufactured housing units no longer the housing option for our LMI community?

- In general, improvements to a manufactured housing community may increase property values and attract outside investors, similar to any other community experiencing redevelopment.
- Community Land Trusts (CLTs) and Resident Owned Communities (ROCs) are two examples of strategies that can help preserve affordability and protect residents.

DISASTER RESILIENCE



Questions 18 and 19

Can CDBG-DR or other HUD funds be used to replace pre-1976 mobile homes or pre-1994 units with manufactured housing that meets the HUD Code and is more resilient?

Yes, replacement of a substandard unit with a standard unit is permitted under CDBG, CDBG-DR and HOME requirements (24 CFR 570.202 or Section 105(a)(4) of the HCDA). See [Notice CPD-23-10](#) for more information.

Where can I find more information on how manufactured housing units perform in a high wind disaster?

This would depend on the specifications of individual manufacturers.



Question 20

What are some examples of additional resilience features that can be added to a manufactured home that do not affect the home's HUD certification?

- Flood elevation on a berm
- Independent power connection such as a permanent generator
- Tornado shelter
- Tree clearance to reduce wildfire risk
- Community water hookups
- Noncombustible shingles



SUSTAINABILITY AND ENERGY EFFICIENCY



Question 21

What is the average lifespan of a manufactured home?

- The average lifespan of a manufactured home can vary based on factors such as the quality of construction, maintenance, and local climate conditions.
- Generally, a well-constructed and maintained manufactured home can last as long as a site-built home of comparable quality.



Question 22

Do manufactured homes constructed according to the HUD Code meet Energy Star ratings and are they assessed for energy efficiency by a qualified rater?

- HUD does not mandate that a home meet Energy Star requirements in order to be labeled as a manufactured home.
- In order for a manufactured home to meet Energy Star requirements, the home must be separately certified under the [specific requirements](#) of EPA's Energy Star program.

Question 23

When does HUD expect the energy efficiency updates to be changed and implemented?

- The Department of Energy (DOE) has already established Energy Conservation Standards for Manufactured Homes, which can be found at [10 CFR Part 460](#). However, those standards are enforced by DOE and not HUD.
- HUD is in the process of aligning the Manufactured Home Construction and Safety Standards with DOE's standards, but no timeline is available at this time.

TAXES, TITLE, FINANCING AND INSURANCE



Question 24

What factors determine if a manufactured home is financed as real property or personal property?

Whether a manufactured home is financed as real or personal property depends on several factors including:

- Whether it is permanently affixed
- Whether it is titled as real or personal property
- Local regulations and
- Lender/insurance guidelines.



Question 25

What are some options to affix a manufactured home to a permanent foundation (so that it may be financed as real property)?

- Some options to permanently affix a manufactured home include concrete piers, concrete slab, or a full basement.
- Compliance with local building codes and HUD requirements is crucial for reclassification as real property for financing.
- For more information, see [HUD's Permanent Foundations Guide for Manufactured Housing](#).



Question 26

How are taxes are typically assessed on manufactured homes?

- Whether manufactured homes are taxed as real property or personal property depends on state and local laws.
- If affixed to a permanent foundation, manufactured homes are often taxed as real property, along with the land.
- If considered personal property, annual personal property taxes may be assessed on the home's value similar to the personal property taxes paid on a vehicle.



Q & A



Q & A

Thank you for joining us for today's webinar! What other questions do you have about topics related to manufactured housing?

Please enter your questions in the Q&A box and send them to "All Panelists."



RESOURCES



Resources

- Manufactured Home Construction and Safety Standards, [24 CFR Part 3280](#) (HUD Code)
- HUD 2023 [Innovative Housing Showcase](#)
- [Notice CPD-23-10](#): Use of CDBG Funds in Support of Housing
- [HUD Handbook 1344.1](#): Federal Labor Standards Requirements in Housing and Urban Development Programs
- [Davis Bacon Final Rule page on the HUD Exchange](#)
- [Notice CPD-23-12](#): CPD Implementation Guidance for the Build America, Buy America Act's Domestic Content Procurement Preference as Part of the Infrastructure Investment and Jobs Act

Resources (continued)

- HUD's [Permanent Foundations Guide for Manufactured Housing](#)
- [Factory Built Housing for Affordability, Efficiency and Resilience](#) – HUD Office of Policy and Research “Evidence Matters,” Winter/Spring 2020
- [HUD Office of Manufactured Housing Programs homepage](#)
- Freddie Mac, “[Spotlight on Underserved Markets: Manufactured Housing Resident Owned Communities](#)”
- [ENERGY STAR Residential New Construction Program Requirements for Manufactured Homes](#)
- [U.S. Census Manufactured Housing Survey](#)

THANK YOU!

Please join us for the fifth and final webinar in this series:

Manufactured Housing and Tribal Communities

Wednesday, December 6, 2023, 3:00 – 4:00 pm ET

