

EXPANDING CHOICE AND INCREASING SUPPLY: HOUSING INNOVATION IN AMERICA

HEARING

BEFORE THE
SUBCOMMITTEE ON HOUSING AND INSURANCE
OF THE

COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

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EXPANDING CHOICE AND INCREASING SUPPLY: HOUSING INNOVATION IN AMERICA

Wednesday, May 14, 2025

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND INSURANCE,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:01 a.m., in room 2128, Rayburn House Office Building, Hon. Mike Flood [chairman of the subcommittee] presiding.

Present: Representatives Flood, Hill, Rose, Timmons, Garbarino, Fitzgerald, Lawler, De La Cruz, Salazar, Downing, Cleaver, Waters, Velázquez, Tlaib, Pressley, Torres, Garcia, Williams of Georgia, and Bynum.

Also present: Representative Liccardo.

Chairman FLOOD. Well, good morning, everybody. I am pleased to call to order the Housing and Insurance Subcommittee.

Without objection, the chair is authorized to call a recess of the subcommittee at any time.

The title of today's hearing is, "Expanding Choice and Increasing Supply: Housing Innovation in America."

Without objection, all members will have 5 legislative days to submit extraneous materials to the chair for inclusion in the record.

I will now recognize myself for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. MIKE FLOOD, CHAIRMAN OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM NEBRASKA

First and foremost, I would like to thank all of our witnesses for being with us today, and I very much look forward to hearing your testimony on the topic of innovation in housing. In our March hearing, we examined the broader issue of housing supply and its shortage. That problem takes many forms, but one aspect that I have observed in my district is an absence of what is referred to as "workforce housing."

According to data from the National Association of Home Builders, the median cost of constructing a new single-family home in 2024 was \$428,215. For many Americans, a home built at that cost is simply not affordable. We have government programs that focus on housing subsidies for low-and very low-income people. We have market rate developments that are able to meet some of the demand for higher income people. What we need is housing that can

meet the needs of all the people that fall somewhere in between those two worlds.

Maybe it is someone who has been working in a factory for years, saving up so that they can make the transition from renting to owning a home. Maybe it is a young person that is new to the workforce and dreams of financial stability and freedom that comes from having a place to call your own. Whatever their situation, I am sure all of us have seen the dire need for housing supply that meets the needs of this population in all of our districts. I know some of you may look at this problem and clamor for greater subsidies or more market intervention by the Federal Government, but the reality is we do not need more subsidies. We just need more homes at prices people can afford. In this hearing, we will examine how different building technology and home types can contribute to a solution that meets the demand from this population. Whether it is manufactured homes, modular homes, or homes constructed using 3D printing, we need to explore all the options out there that can get housing built that is affordable to more Americans.

In addition to better understanding how these technologies work and the potential savings they may provide, I hope this hearing will give us an opportunity to explore what barriers can become a hindrance to manufactured housing and modular housing development across the country. Manufactured housing is, by definition, built to a Housing and Urban Development (HUD) code, and, as a result, manufactured housing issues go directly through this committee's jurisdiction. Two bills noticed for this hearing specifically address current barriers to greater adoption of manufactured housing across the country. Number one, Congressman John Rose's expansion of attainable homeownership through the Manufactured Housing Act would remove the requirement that manufactured homes be built on a permanent chassis. Number two, I have a draft bill notice to the hearing that would give HUD the authority to reject or approve manufacturing standards proposed by other regulators affecting manufactured homes.

These proposals could go a long way toward removing some of the Federal barriers that prevent greater utilization of manufactured homes. However, additional barriers exist that are worth exploring further. Zoning and land use policies at the State and local level, challenges with financing mortgages, and a general lack of understanding of these housing types can all contribute to challenges in their utilization in areas across the country. I am excited to dig deeper into each of these issues today, and I look forward to our witnesses' testimony.

The chair now recognizes the ranking member of the subcommittee, Mr. Cleaver, for 4 minutes for an opening statement.

OPENING STATEMENT OF HON. EMANUEL CLEAVER, RANKING MEMBER OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM MISSOURI

Mr. CLEAVER. Thank you, Mr. Chairman, and thank you for calling this hearing.

The United States faces a severe housing shortage. In fact, it may well be our number one domestic issue. Since the year 2000, growth in housing demand has far exceeded growth in housing sup-

ply. Housing costs have increased faster than household income, and access to affordable housing and homeownership options for American families has decreased. Underproduction of housing impacts every corner of the Nation. This also includes rural areas and smaller cities who need affordable housing to attract businesses and ensure that residents can live affordably. The combination of a national supply shortage and the escalating cost of home construction is raising awareness of new construction processes, materials, and technologies that can deliver housing in an affordable way. I support housing that is safe, I support housing that is decent, and I support housing that is affordable. Safe, decent and affordable housing, by nature, includes basic resident protections to ensure that housing does not become unsafe, indecent, and radically unaffordable.

One example of housing innovation under consideration today is manufactured housing. I have spoken with the Manufactured Housing Institute, and I am very, very interested in how we can work together to expand safe, decent, and affordable housing options that protect residents. More than 20 million Americans live in manufactured housing. Manufactured housing is typically used by low-income families, seniors on limited incomes, people with disabilities, and those living in rural areas and small towns. The next generation of manufactured housing is more affordable. It is faster to construct, and it can be built to be energy efficient with little waste due to factory precision.

There is value in reducing barriers to the adoption of many forms of affordable housing innovation in a responsible way. That includes in urban areas, like Kansas City, Missouri, which I represent, and like Little Rock, represented by the chair of this committee. Let me be clear, President Trump has put forward a skinny budget that would defund Federal housing programs and threaten millions of Americans with housing instability in the middle of a housing crisis. No amount of innovation will offset the impact of the President's skinny budget if implemented or harmful executive actions. It is not a skinny budget. It is a starvation budget.

The irony is that Congress is incoherently discussing how to increase the affordable housing supply while discussing the elimination of key housing programs. This includes a 44 percent cut—44 percent cut—to HUD, including programs that directly support the adoption of housing innovation and supply. Additionally, tariffs, I agree with the Wall Street Journal, make building all types of housing more expensive. Democrats will continue to defend Federal programs and put forward solutions to the housing crisis. Senator Warren, Senator Warnock, and I have introduced the American Housing and Economic Mobility Act, which would build nearly 3 million new housing units.

I believe it is also in the best interest of the country to find bipartisan agreement where possible, and I have appreciated the engagement of the chair of this legislation on a bipartisan interest. I look forward to today's hearing. Thank you very much, Mr. Chairman.

Chairman FLOOD. The chair recognizes the chairman of the full committee, Mr. Hill, for 1 minute.

STATEMENT OF HON. FRENCH HILL, CHAIRMAN OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM ARKANSAS

Chairman HILL. Thank you, Chairman Flood. It is no secret that parts of America are facing severe housing supply challenges. Recent estimates place this shortfall ranging from 2.3 to nearly 7 million housing units, which has contributed to a sharp increase in home prices. Specifically, in my home town of Little Rock, the median home price is up 11 percent just over the last year. This rapid price increase, combined with inflation's impact on financing costs, is putting homeownership out of reach for many hardworking American families, and that is what makes Chairman Flood's hearing today so important. We have got an opportunity to explore solutions to these housing challenges and provide consumers more choice. By embracing innovative housing solutions and removing barriers to outdated regulations, land use restrictions, and other financial barriers, we can make a difference. I thank Chairman Flood, Ranking Member Cleaver for their leadership on this issue. I look forward to our panel today, and I yield back the balance of my time.

Chairman FLOOD. The chair now recognizes the ranking member of the full committee, Ms. Waters, for 1 minute.

STATEMENT OF HON. MAXINE WATERS, RANKING MEMBER OF THE COMMITTEE ON FINANCIAL SERVICES, A U.S. REPRESENTATIVE FROM CALIFORNIA

Ms. WATERS. Thank you very much, Mr. Chairman. Families across America are reeling from our growing housing and homelessness crisis, so it is very important we discuss expanding affordable housing through manufactured housing, and I want to thank Mr. Cleaver for his leadership and the work that he has been doing on this issue, but as usual, Republicans are talking out of both sides of their mouths. They say they want affordable housing but support Trump's proposed budget that would cut \$26 billion in rental assistance programs and defund key Federal housing programs that keep families in affordable housing. Meanwhile, new homes are projected to be \$11,000 more expensive with Trump's dumb tariffs.

If Republicans are serious, Democrats are ready to work on building affordable manufactured housing that is climate resilient and shielded from predatory private investors. We are also ready to advance real solutions like my bill, the Housing Crisis Response Act, which would invest 150 billion to end the housing crisis for good. Thank you, Mr. Chairman. Thank you, Mr. Cleaver.

Chairman FLOOD. The gentlelady—

Ms. WATERS. I yield back.

Chairman FLOOD. The gentlelady yields back. Good morning to everyone. Today, we welcome the testimony of Mr. Bill Boor, President and CEO of Cavco Industries, and Chairman of the Manufactured Housing Institute. Mr. Eric Schaefer is with us today, Chief Business Development Officer of Fading West; Doctor Andrew P. McCoy, the Director of the Virginia Center for Housing Research, Professor in the Department of Building Construction, and Associate Director of the Myers Lawson School of Construction at Vir-

ginia Tech. We also welcome today Mr. Colten Lewis Fleu, Senior Attorney at Mountain State Justice, Incorporated.

We thank each of you for taking the time to be here. Each of you will be recognized for 5 minutes to give an oral presentation of your testimony. Without objection, your written statements will be made part of the record.

Mr. Boor, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF BILL BOOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CAVCO INDUSTRIES, TESTIFYING ON BEHALF OF THE MANUFACTURED HOUSING INSTITUTE AS CHAIRMAN OF THE BOARD

Mr. BOOR. Thank you, Chairman Flood, Ranking Member Cleaver, and members of the subcommittee. I am Bill Boor, CEO of Cavco Industries. We are the third largest U.S. producer of factory-built homes. Last year, we built nearly 20,000 homes in 31 factories. We have 79 retail stores, a mortgage lending company, and an insurance company, all focused on manufactured housing. I also serve as Chairman of the Board of the Manufactured Housing Institute, the national trade association representing all segments of our industry.

Manufactured housing is the most affordable path to homeownership for millions of Americans. Our homes are built to a Federal building code that ensures quality, safety, and weather resiliency. This year, our industry expects to build over 100,000 homes, accounting for 10 percent of all new single-family home starts. These homes are built by 36 American companies and delivered nationwide. This committee can help us keep costs low, encourage innovation, and expand financing options. My testimony today focuses on actionable steps Congress can take to increase the supply of affordable housing, and that is without taxpayer subsidies.

First, clarify HUD's authority as sole regulator of manufactured housing. For over 50 years, HUD has been the sole Federal regulator of manufactured home design, construction, and installation, ensuring consistent, performance-based national standards that prioritize quality, safety, durability, and affordability. As the primary example of confusion created by a lack of regulatory clarity, the Department of Energy, under a 2007 law, attempted to impose energy standards on manufactured housing without recognizing how our homes are built in a factory and transported to site. The result, if implemented, would be a conflicting set of energy standards that undermine both HUD's role and housing affordability. Our industry has a proven track record of improving energy efficiency and is committed to continued progress, but that progress must come through HUD's established regulatory framework. Congress should pass legislation to reaffirm HUD's sole authority over all Federal construction standards for manufactured homes.

Relatedly, HUD and Congress should work to overcome local zoning and regulatory barriers to manufactured homes. Congress has attempted to overcome local and State zoning issues that purposely exclude manufactured homes. In 2000, Congress expanded HUD's preemption authority over local requirements, saying it should be "broadly and liberally construed". Manufactured Housing Institute

(MHI) believes it is past time for HUD to update its 1997 policy statement, and Congress should direct them to do so. We are not asking for advantages relative to other forms of housing, just a level playing field, so we can expand the supply of affordable homes.

Next, modernize the chassis requirement for manufactured homes. Federal law requires manufactured homes to be built on a permanent chassis. This is an outdated standard rooted in the era of mobile homes. Today's manufactured homes are rarely moved once installed. Eliminating the chassis requirement would allow our industry to design homes with a lower profile that would improve curb appeal, and it would enable development of multi-story designs and other innovations.

Next, expand how financing options for manufactured homes. Affordable financing is critical to making homeownership accessible. Congress should direct Federal Housing Administration (FHA), Fannie Mae, and Freddie Mac to support buyers of manufactured homes through targeted actions. First, expand cross-model lending programs. These programs should include single-section homes that meet all the other criteria of cross-mod homes. The only thing that limits the single-section home from being included is its size. It is basically an oversight. Next, ensure fair access to commercial loans for community operators. Commercial financing should be available to all community operators, not just nonprofits. Privately operated communities have a long track record of success with high resident satisfaction. Create effective home-only loan programs. Despite years of discussion, Fannie Mae, Freddie Mac, and Ginnie Mae have failed to create a secondary market for home-only loans. Congress should require meaningful action to make these loans accessible and affordable. Access to affordable financing is not just a policy goal, it is a practical necessity for millions of American families.

The manufactured housing industry is not asking for subsidies or preferential treatment. We are asking for sensible, clear regulations, fair access to locations that need affordable housing, and inclusion in Federal homebuyer financing programs so we can do what we do best, build affordable, high-quality homes for American families. Thank you for the opportunity to testify.

[Prepared statement of Mr. Boor follows:]



Statement of William C. Boor

President and Chief Executive Officer
CAVCO Industries
and
Chairman of the Board
Manufactured Housing Institute

On behalf of the

Manufactured Housing Institute (MHI)

Before the:

Subcommittee on Housing and Insurance
U.S. House Financial Services Committee

Hearing Entitled:

Expanding Choice and Increasing Supply: Housing Innovation in America

May 14, 2025

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Manufactured Housing Institute
 May 14, 2025
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Thank you, Chairman Flood, Ranking Member Cleaver, and Members of the Subcommittee, for the opportunity to testify today about our industry's commitment to revolutionizing housing innovation and expanding attainable homeownership. As Chairman of the Manufactured Housing Institute (MHI), I am excited to share how manufactured housing is uniquely positioned to address our nation's housing supply challenges with high-quality, affordable homes that are within reach for many Americans who are struggling to achieve the dream of homeownership.

In my testimony, I highlight opportunities that exist to boost the production of affordable housing and explain how our industry is poised and ready to have a critical role in achieving that shared objective. There are simple, bi-partisan, steps policymakers can take to unleash our workers and factories to help meet America's housing supply shortage, which can be achieved without subsidies. Specifically, MHI supports: clarifying HUD's regulatory authority over all federal construction standards for manufactured housing; removing an outdated "chassis requirement" that is inhibiting more innovative and attractive designs Americans want; federal engagement with state and local authorities to allow more Americans to take advantage of the cost advantages manufactured housing offers; and tweaking federal financing programs to further expand access to this most affordable and high quality home ownership option, which is built to a federal standard.

My name is Bill Boor and I am the Chief Executive Officer of Cavco Industries, a public company engaged in the production of factory-built homes. Our company was founded in 1965 in Phoenix and today we operate 31 manufactured housing factories across the country, 79 company-owned retail stores, a manufactured housing lending business, and an insurance company. Our workforce is approximately 6,500 people strong across the United States. In 2024, we produced 18,976 factory-built homes, doing our part to help alleviate our country's critical housing shortage and combat rising housing costs.

At Cavco, we are focused on delivering the high-quality, safe, reliable, and affordable housing our customers desire in a way that benefits all our stakeholders - from our valued employees and suppliers to our investors and ultimately the communities in which we operate and deliver our homes. We have embraced robust compliance and quality assurance regulations that are in many instances more stringent than those for traditional site-built homes. Our customers and our values inform our mission and define our success.

Manufactured Housing Institute (MHI)

I appear before you today on behalf of the Manufactured Housing Institute (MHI) where I serve as the Chairman of the Board of Directors. MHI is the only national trade association that represents every segment of the factory-built housing industry. Our members include builders, suppliers, retail sellers, lenders, installers, community owners, community managers, and others who serve our industry, as well as 48 affiliated state organizations. MHI members represent over 90 percent of all manufactured homes constructed today. I am thus pleased to offer this testimony on behalf of the entire manufactured housing industry.

Many people may not realize that our industry is on track to build more than 100,000 homes this year, accounting for about 10 percent of new single-family home starts. These homes are produced by 38 American companies with 152 manufacturing facilities across the country.

Manufactured housing stands out as the most affordable homeownership option for American families. Last year, the average price of a manufactured home was \$124,300, significantly lower than the \$409,000 average price of a site-built home (excluding land). This is due to greater supply-chain flexibility, regulatory consistency, and lower on-site labor costs. Additionally, the average income for a manufactured home buyer was about \$61,000, compared to over \$136,000 for a site-built home buyer. Our home builders offer stylish manufactured homes at affordable price points, providing affordable options without compromising on quality or features.

However, our industry is poised to do more. We are pleased that there exists a growing consensus among stakeholders and policymakers that a concerted focus is needed to boost the production of affordable housing options for both ownership and rental. My testimony will highlight the critical role that manufactured housing – the nation’s most affordable homeownership option – can have in achieving those objectives. Importantly, we are not here today asking for subsidies. Rather, we believe there are simple steps governments can take – at the federal, state, and local levels – that can unleash our workers and factories to ramp up production and help meet America’s affordable housing challenge.

Manufactured Housing Elevates Housing Innovation and Expands Attainable Homeownership

Manufactured housing offers affordability and quality to consumers by leveraging technological advancements and efficiencies associated with the factory-built process. This approach helps contain costs, improve energy efficiency, enhance safety, and deliver quality homes at affordable prices that our customers consistently report they love. Manufactured housing is unique in that it is the only type of housing constructed to a federal residential building code, regulated by HUD.

Congress passed the Manufactured Housing Construction Safety Standards Act of 1974, designating HUD as the sole governing body over the development and enforcement of manufactured home construction standards (the HUD Code). This act vested HUD with preemptive authority to regulate the construction of manufactured housing, taking into consideration the design and factory construction techniques of manufactured homes. In 2000, Congress further enhanced this process by establishing the Manufactured Housing Consensus Committee (MHCC). This committee, composed of producers, users, and general interest and public officials, provides recommendations to the Secretary on revisions to the HUD Code, as well as related procedural and enforcement regulations.

This national, single-regulatory framework, centered at HUD, addresses both construction and installation, as well as testing, compliance, and enforcement, producing a high and uniform national standard that balance the goals of health, safety, efficiency, durability and cost to the millions of American households seeking access to manufactured homes as a critical affordable housing option.

According to a 2020 HUD report, factory-built housing has undergone significant physical changes, making it increasingly similar to, and often indistinguishable from, conventional site-built housing. In terms of style and design, factory-built homes are growing in square footage, with larger double- or multi-section units now more common than smaller single-section homes. Technological innovations and the ease of transporting modules and construction materials have enabled the construction of two-story homes in climate-controlled facilities, which are then transferred to the site for installation. Quality improvements in construction and installation practices have increased durability, making the life expectancy of factory-built housing comparable to that of site-built or onsite housing.

Manufactured housing benefits from a unique regulatory framework under the HUD Code, which establishes a single, national construction standard that preempts local building codes. This uniformity streamlines compliance, reduces permitting delays, and eliminates the costly inefficiencies that come with navigating thousands of local regulations. When combined with the cost-saving advantages of factory-based construction—such as bulk purchasing, controlled environments, and consistent labor—this regulatory efficiency significantly lowers the overall cost of delivering high-quality, affordable homes to American families.

Residents of manufactured homes pay significantly lower costs overall than those in site-built homes. A recent Fannie Mae study found, “[t]he median all-in monthly housing cost of \$925 per month for manufactured homeowners was \$675 per month less than that paid by owners of site-built homes.”¹ That is a savings of 43 percent. According to a study about zoning barriers to manufactured housing, “when structure, transport, installation, land, and site development costs are included, one study found the total purchase price of a manufactured home might be as much as 75% less than the cost of a traditional [site-built] home of comparable size and quality.”²

Actions Needed to Increase the Production of Manufactured Homes

Below, are several key actions that Congress, federal agencies, and state and local governments can take to boost the supply of manufactured homes.

1. Support Chairman Flood's Proposal to Restore the Primacy of the HUD Code

For decades, the U.S. Department of Housing and Urban Development (HUD) has served as the sole federal regulator for the construction and safety standards of manufactured homes through the HUD Code. This system has ensured a consistent, performance-based national standard that balances safety, durability, and affordability. However, this regulatory clarity is now under threat due to conflicting standards issued by the Department of Energy (DOE) and due to state and local requirements that impede placement of HUD Code homes.

Conflicting Department of Energy Construction Standards

In May 2022, DOE finalized energy efficiency standards for manufactured homes that conflict with existing HUD regulations. These standards were developed without meaningful consultation with HUD or the Manufactured Housing Consensus Committee (MHCC)—the federal advisory body established by Congress to provide the HUD Secretary with expert input into changes to the Code for manufactured housing.

The problem traces back to the 2007 Energy Independence and Security Act (EISA), which included an amendment requiring DOE to establish standards for energy efficiency in manufactured housing based on the most recent version of the International Energy Conservation Code (IECC). This amendment bypassed regular order and this committee’s input and thereby created a separate requirement at DOE in contravention of the process established by the Congress in the 1974 and 2000 Acts. However well-intentioned, this provision disrupted the long-established role of HUD in a way that has been counterproductive to the interests of energy efficiency and housing affordability.

After more than a decade of delays owing to various regulatory and legal hurdles, the DOE was eventually forced to put forth a rule by litigation in 2017. DOE subsequently issued a proposed rule in August 2021, and finalized that rule in May 2022 largely as proposed, initially setting a compliance date of 2023. In finalizing the rule, however, DOE ignored key statutory requirements, including the need to:

- Consider factory-built construction techniques;
- Provide for alternative compliance paths;
- Ensure cost-effectiveness and affordability;

¹ Multifamily Market Commentary, Manufactured Housing Landscape 2020, May 21, Fannie Mae, et al. “Manufactured Housing Landscape 2020.” Manufactured Housing Landscape 2020 | Fannie Mae Multifamily, 21 May 2020, multifamily.fanniemae.com/news-insights/multifamily-market-commentary/manufactured-housing-landscape-2020.

² The Urban Lawyer: *Zoning Barriers to Manufactured Housing*, Daniel R. Mandelker, Spring 2016, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2828268

In 2022, the MHCC reviewed DOE's final rule and rejected it on multiple grounds. The Committee concluded that DOE:

- Circumvented the standards development process prescribed by EISA;
- Failed to consult with HUD;
- Applied standards designed for site-built homes to factory-built housing;
- Ignored the economic impact on low-income and minority homebuyers.

The MHCC warned that, if implemented, the DOE rule would significantly increase the cost of manufactured homes, reduce affordability and access to financing, and generally undermine the affordability of this vital housing option.

DOE's own analysis acknowledged that its rule would increase upfront costs by \$700 for a single-section home and \$4,100–\$4,500 for a multi-section home. However, these estimates were based on overly optimistic assumptions. Independent analysis by the Manufactured Housing Institute (MHI) and the Analysis Group found that the rule would result in a net loss of up to \$5,500 for a single-section home and up to 95% of manufactured home shipments would have a negative 10-year life cycle cost under the DOE rule. These cost increases would disqualify many potential buyers from obtaining financing due to higher debt-to-income ratios, further exacerbating the nation's affordable housing crisis.

While MHI acknowledges and appreciates the recent action taken by DOE to postpone the compliance date to allow for further stakeholder input, this merely buys time. It will not address the inherent statutory conflict and confusion that gave rise to this problematic regulation.

Barriers to the Placement of Manufactured Homes at the Local Level

Manufactured homes serve many housing needs in a wide range of communities, from rural areas where housing alternatives are few and construction labor is scarce or prohibitively expensive, to higher-cost metropolitan areas as in-fill applications. However, zoning and land planning ordinances have a profound impact on housing patterns. For example, restrictive local ordinances, which can include limitations or outright prohibitions against manufactured homes, are discriminatory barriers against affordable housing.

In its report, *In the Zone: How Manufactured Housing Can Help Close the Supply Gap*, Freddie Mac underscores that restrictive zoning laws are a major impediment to expanding access to affordable homeownership through manufactured housing. These outdated regulations—often rooted in stigma and misconceptions—prevent manufactured homes from being placed in many communities, despite their modern quality standards and affordability. As a result, millions of Americans, particularly low- and moderate-income families, are denied the opportunity to achieve stable, long-term housing simply because of where they live. Freddie Mac notes that manufactured housing is the largest source of unsubsidized affordable homes in the country and could play a pivotal role in addressing the nation's 3.8 million-unit housing shortfall. However, without federal leadership to encourage zoning reform, this potential will remain unrealized. Congress has a critical role to play in supporting policies that remove these barriers and expand access to manufactured housing as a viable, dignified path to homeownership.³

Across the country, there are countless examples of state and local zoning, planning, and development restrictions that either severely limit or outright prohibit the placement of a manufactured home. These discriminatory practices include:

³ Freddie Mac. (2021). *In the Zone: How Manufactured Housing Can Help Close the Supply Gap*. Retrieved from <https://sf.freddiemac.com/docs/pdf/fact-sheet/statement-of-support-in-the-zone.pdf>

1. **Outright Bans** – Adoption of ordinances that eliminate or ban the placement of manufactured homes in cities, localities, or municipalities.
2. **Zoning Barriers** – Subsequent changes to zoning laws after developers have purchased the land to prevent the development of manufactured home communities.
3. **Segregated Zoning** – Banning manufactured homes as a “permitted use” in residential zones and segregating them into one special overlay zone in one area of the community. These segregated areas are usually removed from essential community services (e.g., grocery stores, schools, churches, and civic centers) or manufactured homes are used as a buffer between other “more premium” residential zones and commercial or industrial zones.
4. **Lot Size Restrictions** – Requiring a lot or tract to include a minimum number of acres for placement of a manufactured home on private land.
5. **Valuation Requirements** – Setting an arbitrary and capricious retail or appraised value requirement that a manufactured home must meet before it can be sited in the city, locality, or municipality.
6. **Home Age Restrictions** – Prohibiting placement or movement of a manufactured home based exclusively on the home’s age, notwithstanding any other factor.
7. **Contradictory Construction Requirements** – Imposing site-built construction standards to HUD Code homes.

These examples reflect a growing trend whereby local jurisdictions adopt land planning ordinances and utilize code enforcement that excludes manufactured housing.

HUD has long recognized that local and state zoning issues purposely exclude manufactured homes. In 1997, under authority from the National Manufactured Housing Construction and Safety Standards Act, HUD issued its “Statement of Policy 1997-1 State and Local Zoning Determinations Involving HUD Code.”⁴ This policy statement summarizes HUD’s position concerning federal preemption and certain zoning and/or planning decisions made by state or local governments. In its statement, HUD clarifies, “if a locality is attempting to regulate and even exclude certain manufactured homes through zoning enforcement that is based solely on a construction and safety code different than that prescribed by the [National Manufactured Housing Construction and Safety Standards] Act, the locality is without authority to do so.”⁵ Following passage of the Manufactured Housing Improvement Act of 2000 (“the 2000 Act”), HUD’s preemption authority was significantly strengthened. Given that the Improvement Act expanded HUD’s authority, MHI believes it is past time for HUD to update its 1997 Policy Statement. Further, updating the statement would galvanize HUD’s pledge to facilitate the availability of affordable manufactured homes and to increase homeownership for all Americans.

MHI believes HUD must exercise its preemption authority when local construction regulations or zoning, planning, or development policies adversely affect the placement of manufactured housing. While HUD has pursued individual cases where local jurisdictions have introduced construction and safety standards that are not consistent with the HUD Code or have imposed zoning and planning requirements that exclude HUD-compliant manufactured homes, HUD must play a much greater role in this effort, and it has a congressional mandate to do so.^[1] Furthermore, HUD has jurisdictional authority to move beyond case-by-case enforcement, and it should renew its policy position opposing state and local regulatory schemes that are inconsistent with Congressional intent. If HUD is unable to do this itself, Congress should require them to do so.

⁴ 62 Fed. Reg. 24337 (May 5, 1997).

⁵ Id. at 24337.

A 2016 Law Review analysis of the zoning barriers to manufactured housing suggested how Congress can address these zoning challenges. “Congress should revise the statute to preempt restrictive zoning that applies to manufactured housing certified under the HUD Code. An obvious change is a requirement that preempts zoning regulations that provide unequal treatment for manufactured and traditional housing, such as the exclusion of manufactured, but not traditional, housing from residential zones. Congress should also require procedural protections in decision making under zoning ordinances and prohibit or restrict substantive zoning regulations that can have an exclusionary effect, such as the exclusion of manufactured housing from residential zones.”⁶ MHI believes that the statute’s language is already sufficient to cover these actions, thanks to the 2000 Act updates. However, HUD needs to align its actions and statements with the current law.

Despite the 2000 Act, unequal treatment of HUD Code manufactured homes persists in localities across the country where zoning restrictions that are applied to manufactured housing are not similarly applied to site-built homes. In the 2016 legal study, the author found that HUD Code manufactured homes:

“...face insurmountable zoning barriers in many states. These barriers, such as the unequal treatment of manufactured housing, exclusions from residential zones, the exclusionary use of aesthetic standards, and the denial of conditional use approval, are not justified. Arguments that the negative impacts of manufactured housing justify discriminatory zoning treatment are no longer true or are illegitimate. Manufactured housing requires the same treatment that zoning ordinances give to traditional housing.”⁷

This exclusion through zoning prevents many lower income and minority families from obtaining an affordable home. In a 2021 Op-Ed published in the National Mortgage News, MHI argued that “HUD must stop localities from excluding manufactured homes from their communities, which many have done through actions which range from exclusionary zoning restrictions to outright prohibitions against manufactured homes. The Manufactured Housing Improvement Act of 2000 specifically states that when HUD construction and safety standards are in effect, a locality does not have the authority to establish different standards. The statute explicitly states that this preemption should be “broadly and liberally construed” to avoid disparate local requirements. HUD has the authority and duty to pursue more vigorous enforcement of this provision, which clearly establishes federal supremacy for manufactured housing construction.”

Another way the committee can take action to encourage the breaking down of zoning and other placement barriers to manufactured housing is through adoption of the “Housing Supply Frameworks Act,” a bill introduced last month by Representatives Mike Flood (R-NE) and Brittany Petterson (D-CO). This legislation directs the U.S. Department of Housing and Urban Development (HUD) to develop frameworks for best practices on zoning and land-use policies and provides local and state governments with the necessary resources to tackle barriers to housing development and construction. The frameworks would offer guidance to states and localities about how to reform local laws, ordinances, and regulations in order to bolster housing supply growth.

Importantly, in the discussion of zoning barriers, the industry is not seeking advantages, just a level playing field so that our high quality, more affordable homes that are built to a federal construction code can compete directly with other forms of housing.

⁶ The Urban Lawyer: *Zoning Barriers to Manufactured Housing*, Daniel R. Mandelker, Spring 2016, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2828268

⁷ See *supra* note 5.

Conclusion: HUD Must Restore the Primacy of the HUD Code by Passing Chairman Flood's Discussion Draft

MHI urges Congress to support and pass legislation along the lines of the discussion draft attached to this hearing. Clarifying HUD's primacy and ultimate discretion with respect to regulations impacting manufactured housing is among the best ways Congress can boost the supply of affordable homes and lower housing costs for American households, while also supporting American manufacturing jobs, and ensuring the timely adoption of improved energy efficiency standards that can help keep homeowners' energy bills in check.

2. Support Passage of Rep. Rose's Proposed "Expansion of Attainable Homeownership through Manufactured Housing Act" to Remove the Requirement that HUD Code Manufactured Homes are Built on a Permanent Chassis

The current requirement that a manufactured home be built on a "permanent chassis" is many decades old and reflects the origins of manufactured housing in the United States. Today's modern manufactured homes offer the potential for housing innovation that can increase the supply of homes to the market that are attainable for Americans to purchase and to own. But because the "permanent chassis" is part of the definition of a "manufactured home" in statute, the MHCC and HUD cannot authorize innovative designs that enable manufactured homes to meet more of America's housing needs until the law is changed.

If the permanent chassis requirement were removed, creating the option for manufactured homes to be constructed with or without a permanent chassis, homes could be designed with a more desirable low-profile installation aesthetic, facilitate more multi-story HUD Code home designs, improve energy efficiency, and reduce waste (most notably the heavy steel chassis that could be recycled once the house has been delivered and permanently installed on a foundation).

Allowing manufacturers to construct homes that are designed to be removed from a permanent chassis would help remove the decades-old "stigma" from manufactured housing and help overcome zoning prohibitions that limit access to modern manufactured homes. Removing this permanent chassis requirement is another example of how Congress could act to facilitate innovation, lower costs, and allow for more desirable affordable options for aspiring homeowners.

MHI urges Congress to pass the legislative proposal attached to this hearing to strike the requirement that a "manufactured home" under the National Manufactured Housing Safety Standards Act of 1974 be built on a permanent chassis.

3. Ensure Federal Financing Programs Support Homeownership through Manufactured Housing

GSE Support for Manufactured Housing (Allow for Single-Section CrossMod Homes; Increase Volume of Land-Home Loans; Stand Up Securitization Program for Home-Only Loans)

There is more that Congress and our federal home lending programs can do to support affordable manufactured homes – through both land-home and home-only financing. Fannie Mae and Freddie Mac (the GSEs) have an important role in manufactured housing loans. In 2008 Congress created the Duty to Serve for the GSEs, making manufactured housing one of the three areas of focus in which the GSEs are required to develop flexible new loan products and serve the sector.

Regarding this duty, Fannie Mae and Freddie Mac created a loan purchase program for CrossMod homes, which are HUD Code manufactured homes that look, perform, finance and appraise the same as traditional site-built homes. CrossMod homes blend site-built features - such as higher roof pitch, front porch, garage or carport, and permanent foundation - with the efficiency, quality and construction speed that comes with modern manufactured homes. CrossMod homes are indistinguishable from site-built homes, but at a more attainable price point due to the efficiencies of factory-built construction. This is making a real difference in affordability.

Currently Fannie Mae and Freddie Mac only purchase loans for multi-section CrossMod homes. Fannie and Freddie can complete the process of facilitating affordable CrossMod homes by extending eligibility to include single-section CrossMod homes. There is simply no reason to exclude single-section homes from eligibility. This change holds particular promise in high density in-fill areas (which do not accommodate the size of a multi-section CrossMod home). This would create exciting new opportunities to increase housing supply through modern manufactured homes in more urban areas.

The adoption of Single-Section CrossMod into the GSE's existing CrossMod financing programs would bring new single-family housing to the market with the same features and amenities of the multi-section CrossMod homes that are currently eligible for the GSE's programs, but at about half the price. It is estimated that Single Section CrossMod will bring new homes to market in the \$190k-\$225k price range (with land) in nearly all markets.

The Duty to Serve statute specifically refers to home-only loans, where the homeowner finances the home but not the land. Although both Fannie Mae and Freddie Mac initially included the goal of significant increases in home-only loans in their Duty to Serve Plans, these goals have yet to come to fruition. MHI believes it is important for Fannie Mae and Freddie Mac to refocus their efforts on the ultimate goal of developing a flow program for purchase and securitization of personal property manufactured home loans, which make up two thirds of all loans to owner-occupants of manufactured homes. This will greatly improve access to affordable homeownership by those wishing to purchase an affordable manufactured home.

MHI believes that Fannie Mae and Freddie Mac should increase their volume of land-home loans. In addition, for non-duty to serve loans the GSEs both charge a 50-basis point LLPA for real property manufactured home loans. We appreciate that Enterprise capital standards effectively require them to charge higher premiums on riskier loans. However, we do not have the data to analyze whether this fee add-on is justified. Therefore, MHI believes the Enterprises should conduct a detailed examination of recent performance data for such loans. If the 50-basis point LLPA is not justified by such data – or is too high relative to risk – Fannie, Freddie should revise this fee as appropriate.

Improve Federal Housing Administration (FHA) Homeownership Financing Programs

The Federal Housing Administration (FHA) also has a critical role in insuring mortgages for first-time, minority, and other underserved borrowers. However, following are MHI recommendations for steps that FHA can take to modernize and improve its Title 2 program with respect to manufactured homes. All of these are common sense changes that would streamline FHA rules for financing real property manufactured homes.

Align FHA Inspection Requirements with HUD Inspection Requirements.

Manufactured homes are required to be inspected by an inspector approved by HUD's Office of Manufactured Housing Programs (OMHP) or a HUD-certified State Administrative Agency (SAA). There is no reason these required HUD inspections should not also satisfy the requirements for FHA manufactured homes. Since HUD eliminated its Inspector Roster, many lenders have struggled to find an FHA-eligible inspector. The HUD Code inspection requirements should suffice for FHA loans.

Align FHA Foundation Requirements with HUD's Installation Standards.

FHA should stop using HUD's outdated "Permanent Foundation Guide for Manufactured Housing" and instead incorporate the HUD Code's model minimum installation standards. The Permanent Foundation Guide has not been updated since September 1996 and is no longer consistent with the installation standards in the HUD Code.

Revise Requirements for Manufactured Homes in Flood Zones.

FHA should revise requirements for homes that are in special flood hazard areas and insured under the Title II program. HUD had previously approved waivers for over a decade and there is no evidence manufactured homes insured under these waivers have failed to meet minimum standards because the ground level was not elevated to the 100-year flood plain elevation. Not only should HUD expedite these revisions, but it should also resume the issuance of one-year waivers until a final rule is promulgated.

Lift Prohibition of Financing for Relocated Homes.

Manufactured homes that have been relocated from their original site placement should still be eligible for FHA insurance. The limitation on "twice-moved" homes artificially, and unnecessarily, impairs the resale value of manufactured homes.

FHA Title I Home-Only Loan Program

MHI appreciates steps HUD has taken in the last few years to rejuvenate the FHA Title I program for personal property loans – including increasing Title I loan limits and reducing Ginnie Mae issuer financial programs for Title I loans. However, despite these efforts, FHA has insured almost no Title I loans over the last five years. MHI pledges to continue to work with FHA to identify further program changes to revive this program. There is little or no risk justification for Title 1 loan underwriting requirements being less flexible than for Title 2 loans. Therefore, FHA should harmonize these two programs.

Conform Title 1 underwriting rules and requirements to Title 2 rules and requirements:

- * Ability to finance closing costs and loan fees in the loan amount.
- * Seller ability to contribute up to 6% in Interested Party Contributions (seller concessions).
- * Flexibility for gifted funds.
- * DTI ratios [Title 2 has higher DTI caps and is tiered by credit score].
- * Limits on collections.
- * Bankruptcy provisions.

Amend the lender 2% loan origination fee cap to establish a permissible floor of \$2,000.

Since FHA Title 2 loans have no origination fee cap, it is not clear why Title 1 loans should have a fee cap. However, if there is such a cap, basing it on a percentage of the loan makes it economically infeasible to originate small balance loans like Title 1 manufactured homes, particularly in light of increased regulatory compliance costs created by Dodd-Frank. An alternative minimum dollar amount permissible floor of \$2,000 is appropriate and reasonable.

Use the HUD CODE definitions of "new" and "existing" manufactured homes for Title 1 loans.

There is no reason for FHA to use a different definition than the HUD Code.

Permit FHA certified appraisers to contract with qualified inspectors.

There are only a handful of certified Title 1 personal property appraisers nationwide. Use of qualified inspectors would not compromise the program's financial integrity.

Reduce the upfront premium, from 1.75% to 1% - or reduce annual premiums.

The FY 2025 Budget projects a negative credit subsidy for the Title 1 manufactured home program of 6.7%. This would seem to leave room for an upfront reduction. Alternatively, some reduction in the annual Title 1 premium would be helpful.

Increase the 130% of invoice loan cap to 140%.

An unduly low cap (1) eliminates eligibility of many homes for Title 1 loans, (2) is redundant, because loan limits already address concerns about loan size, and (3) is not required by statute and does not exist in any other FHA programs.

Ensure that servicers have the expertise to service defaulted loans and do loss mitigation.

Title 1 loan servicing is more complicated than Title 2. HUD should have the capability, as needed, to convey repossessed homes to HUD and contract with a master servicer.

4. Support Development and Preservation of Land-Lease Communities

There are more than 43,000 land-lease manufactured housing communities in the country with almost 4.3 million home sites. About one-third of the new manufactured homes built today are placed in these land-lease communities. Homeownership in land-lease communities is often less expensive than renting an apartment, providing an affordable form of homeownership to many Americans and their families. In addition, while all forms of housing are seeing significant price increases, average manufactured housing community rent increases are substantially below the increases experienced in other forms of housing.

Demand for living in land-lease communities continues to rise because of the financial and lifestyle benefits of owning a home. Consumers are attracted to well-maintained outdoor spaces and neighborhood amenities. Professional management of land-lease communities ensures that critically needed infrastructure like water, sewers, roadways are continuously updated to protect the homeowner's investment. Capital expenditures by professionally managed community operators continue to increase annually and at faster rates than rents.

U.S. Census and MHI data consistently show that residents of land-lease communities are highly satisfied and are likely to recommend living in manufactured housing communities to others. In fact, 90 percent of people living in manufactured housing communities are satisfied with their homes—95 percent in senior-only communities and 87 percent in all-age communities report satisfaction with their homes. These satisfaction rates show that, overwhelmingly, land-lease community owners are meeting their residents' expectations.

The federal government has much more that it can do to support these important and vibrant communities. Federal affordable housing policies should encourage capital investment into land-lease communities to build, update, and preserve land-lease communities.

For example, last year, HUD expanded the 227(f) loan program to insure loans to manufactured home communities. However, HUD also indicated that, at least preliminarily, for-profit community owners would not be eligible for such loans. This makes no sense, given that the overwhelming majority of manufactured home communities nationwide are owned by for-profit entities. Therefore, HUD should immediately clarify that for-profit entities are eligible for 227(f) loans.

In addition, more broadly, federal policies should never give this type of preference or exclusive access to so-called resident-owned or other non-profit communities – in the process excluding eligibility by for-profit community owners. MHI recently wrote to congressional appropriators to rescind the \$225 million in PRICE grants, because the grant allocation process created an unfair bias against for-profit community owners, in which not a single for-profit entity received a grant.

Manufactured housing communities are not a policy experiment; they are a proven, high-demand solution to the housing affordability crisis. For decades these were considered “naturally occurring affordable housing.” But these communities did not just happen naturally. They were developed and managed by the private sector. “Naturally” truly means that the private sector kept communities affordable and maintained them without government subsidy. The term “Naturally Occurring Affordable Housing” is by definition rental housing that is affordable to low- and moderate-income households without direct public subsidies. These properties are privately owned and charge below-market rents but not because of government affordability mandates.

The term emerged around 2007 and gained traction in housing policy circles by 2014, as researchers and policymakers began distinguishing between subsidized affordable housing and market-rate units that happen to be affordable. While the term suggests a “natural” affordability, critics argue that affordability is shaped by complex economic, policy, and social forces—not by nature.

The economic reality today is that housing costs are up across the nation. Aging infrastructure is in need of maintenance. No matter the owner, there are costs to maintain aging infrastructure. The PRICE fund bolsters the flawed limited equity ownership model that is financially risky for residents, who often take on collective debt, fixed costs, and infrastructure liability without building real equity in the land. The PRICE program perpetuates the very thing the residents in communities are concerned about - by supporting a flawed model the PRICE fund will inadvertently lead to community deterioration and closure. MHI is committed to working with Congress to pursue housing policy that expands affordability in manufactured housing communities through inclusion, investment, and innovation.

Also, Congress should explore other ways to encourage more private investment in the construction and preservation of manufactured home communities. Though not in this committee’s jurisdiction, one proposal that MHI supports is to waive the 180-day reinvestment rule for capital gains treatment in Opportunity Zones, when the funds are invested in affordable manufactured home communities. Affordable workforce housing is critical to make Opportunity Zones work, and this change could have a significant positive impact.

Finally, though not a federal issue, MHI wants to call attention to the troubling trend of a few states and localities adopting rent control for land leased by homeowners in manufactured home communities. MHI has done substantial research showing that the overall levels of rent increases in manufactured home communities are not excessive, and in fact statistically lag recent rent increases in rental housing. Rent control can significantly harm tenants, particularly in older communities, where existing owners lack the financial capability to update aging infrastructure. In such cases, it is the residents that will suffer - as their home values languish due to deteriorating infrastructure.

Conclusion

In conclusion, the Manufactured Housing Institute (MHI) is committed to addressing the nation’s affordable housing supply challenge through innovative solutions and strategic policy changes. Manufactured housing stands as a pivotal component in expanding attainable homeownership and providing high-quality, affordable housing options for American families. By leveraging technological advancements and efficiencies in the factory-built process, manufactured housing offers a unique blend of affordability, quality, and sustainability.

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To fully realize the potential of manufactured housing, it is imperative that Congress, federal agencies, and state and local governments take decisive actions. Restoring the primacy of the HUD Code, removing outdated requirements such as the permanent chassis to facilitate innovation, supporting the development and preservation of land-lease communities, overcoming local zoning barriers, and expanding financing options for the range of home types available, such as CrossMod homes and duplexes, are critical steps that can significantly boost the production and accessibility of manufactured homes.

MHI urges Congress to pass the legislative proposals outlined in this testimony, which will not only enhance the supply of affordable homes but also support American manufacturing jobs and ensure the timely adoption of improved energy efficiency standards. By fostering a regulatory environment that encourages innovation and reduces barriers, we can make significant strides in addressing the affordable housing supply shortage.

MHI appreciates the opportunity to share these views and stands ready to work with the Committee and HUD to implement the legislation and initiatives identified in this testimony. Together, we can create a more inclusive and affordable housing market that meets the needs of all Americans.

Thank you for your attention and support.

Chairman FLOOD. Thank you, Mr. Boor. Mr. Schaefer, you are now recognized for 5 minutes for your oral remarks.

**STATEMENT OF ERIC SCHAEFER, CHIEF BUSINESS
DEVELOPMENT OFFICER, FADING WEST**

Mr. SCHAEFER. Thank you, Chairman Flood and Ranking Member Cleaver of the Subcommittee on Housing and Insurance, for the opportunity to testify today on your hearing of housing innovation in America. I speak today as an advocate for innovative solutions to our Nation's persistent affordable housing crisis by using offsite modular construction. The hearing is timely given the lack of affordable housing across the country caused by workforce shortages, supply chain disruptions, coupled with inflation, entitlement burdens, and design approval challenges.

I am Eric Schaefer, Chief Business Development Officer of Fading West, located in Buena Vista, Colorado. Fading West began in 2016 with what we thought was going to be a one-time workforce housing project called The Farm, located in Buena Vista, before we ended up building our own factory almost 4 years ago. We found that modular manufacturing carries significant advantages over stick-built construction. I am here today because Fading West and the modular manufacturing industry firmly believes the U.S. Congress can have a role in helping the Nation's homebuilding industry to continue to innovate and, thereby, be a partner in resolving the housing shortages across the country.

Off-site modular construction offers a compelling alternative. This method involves manufacturing individual housing modules in a controlled factory setting. These modules, complete with electrical wiring, plumbing, interior finishes, are then transported and assembled onsite; so, 90 percent of the home ends up being built in the factory. Fading West has integrated the entire construction value stream by combining real estate development, modular manufacturing, and the general contracting to reduce waste and improve quality and speed. We can build homes 10 to 20 percent less expensive by reducing waste from 30 percent to less than 5 percent, and by standardizing processes and products similar to a car manufacturer. We increase volume, which brings down cost. We can complete homes 50 to 70 percent quicker than traditional construction. A typical Fading West home is built in less than 8 working days in our factory and then completed at the site in less than 30 days. From start to finish, a new home can be completed in less than 40 days, compared to the greater than 9 months for traditional construction.

Last September and October, Fading West built 80 homes, actually over 80 homes, in our Colorado factory, put them on trucks and trucked them to Seattle, and then barged them to Maui, where homes were completed for families affected by the Lahaina fires; so, by January of this year, all families had moved in. From the start of production to completion, the whole process took less than 4 months. Fading West recently partnered with Vail Valley Habitat for Humanity to build 16 homes for teachers. Built the usual way, Habitat would have only been able to complete either two or three homes instead of 16. It took Fading West 1 month to build the

homes in the factory, allowing the teachers to move in for the beginning of this school year.

These are just a couple of successful proof-of-concept projects that have been completed using modular. To fully leverage the potential of offsite modular construction, we need your support. This includes, first, as a long-term solution, mandate the harmonization of regional building codes to streamline the housing construction regulatory process. An example of this, last week, Governor Polis of Colorado signed a regional codes bill to reduce the number of building codes around our State, dropping it from 300 down to under 10. Number two, invest in research and development to support modular design, materials, and new construction techniques. Third, to provide grants and low-interest loans to the supply side, using Federal funds to help build modular manufacturing facilities to increase housing supply instead of just subsidizing the demand side projects.

Off-site modular construction is not just a trend. It is a viable and innovative solution that can significantly impact the affordable housing crisis. By embracing this approach, we can build more homes faster and at a lower cost and with a higher quality. Let us work together to unlock the potential of modular construction and provide safe, decent, and affordable housing for all Americans. Thank you for the opportunity to testify before the subcommittee, and I look forward to answering your questions.

[Prepared statement of Mr. Schaefer follows:]



Testimony of
Mr. Eric Schaefer
Chief Business Development Officer
Fading West Development
Buena Vista, Colorado

Before the
House Subcommittee on Housing and Insurance
Hearing entitled, "Expanding Choice and Increasing Supply: Housing Innovation in America"
May 14, 2025

Members of:



Mr. Eric Schaefer
Chief Business Development Officer, Fading West
Buena Vista, Colorado
Before the
House Subcommittee on Banking Subcommittee on Housing and Insurance
Hearing entitled, "Expanding Choice and Increasing Supply: Housing Innovation in America"
May 14, 2025

Thank you, Chairman Flood and, Ranking Member Cleaver of the Subcommittee for the opportunity to testify today for your hearing on "Expanding Choice and Increasing Supply: Housing Innovation in America" The hearing is timely, given the lack of affordable housing across the country which has been exacerbated by workforce shortages, supply chain disruptions coupled with inflation, entitlement regulatory burdens, and design approval challenges.

I am Eric Schaefer, Chief Business Development Officer for Fading West in Buena Vista, Colorado¹. Fading West began in 2016 with what we thought would be a one-off development project called The Farm at Buena Vista. Notably, we incorporated modular manufacturing into the design process of The Farm, with a goal of ensuring that the prospect of attainable homeownership does not fade away for people living and working in the mountain towns of Colorado. We have found that modular manufacturing carries significant advantages over stick-built construction, particularly since costs are reduced by as much as 20 percent and the entire timeline to build can be reduced by more than 50 percent². Fading West has continued to evolve, and is now a fully integrated design, development, modular manufacturing, construction, and property management company rooted in LEAN processes with a culture of continuous innovation and improvement.

I am here today because Fading West and the modular manufacturing industry firmly believe the U.S. Congress can have a role in helping the nation's homebuilding industry to continue to innovate and thereby be a partner in resolving the housing shortages across several states and localities.

Affordable Housing Challenges Across the Country

As of 2025, the United States is estimated to be 3.8 million housing units short, and that number is increasing each year with no clear plan on how to address the root/systemic causes. The increase in the average home price has far outpaced the average Americans earnings over the last 50 years, making home ownership out of reach for most families. Making the problem worse, the productivity of the construction industry, as tracked by the U.S. Department of Labor's Bureau of Labor Statistics, shows no increase in productivity since the 1940's.

The last time the United States confronted a housing crisis of this scale, Congress tasked the Department of Housing and Urban Development (HUD) with identifying the primary barriers hindering innovation in housing delivery. From 1968 to 1973, HUD collaborated with state and local governments, industry stakeholders, and non-governmental organizations to execute pilot projects across eight states to fulfill this mandate. Their findings revealed that a fragmented and overly prescriptive regulatory environment

¹ Fading West, available at: <https://www.fadingwestdevelopment.com/ourstory>.

² McKinsey & Company, "Modular construction: From projects to products," June 2019, available: <https://www.mckinsey.com/~/media/mckinsey/industries/capital%20projects%20and%20infrastructure/our%20insights/modular%20construction%20from%20projects%20to%20products%20new/modular-construction-from-projects-to-products-full-report-new.pdf>.

was the foremost external barrier to innovation, affordability, and quality in housing. This, in turn, exacerbated a significant internal barrier within the industry: the lack of integration and innovation. Addressing this issue would necessitate a greater harmonization of building regulations and a transition from a prescriptive to a performance-based approach to building specifications. In 1974, Congress directed HUD to apply these insights to reform the existing mobile home industry into the higher-quality and safer manufactured housing industry we recognize today. However, they did not extend these principles to broader housing delivery. Since then, Japan and much of the European Union have adopted these policy innovations, reforming their regulatory environments in line with HUD's recommendations and other U.S. agencies, thereby promoting increased innovation and ensuring higher quality and supply at a reduced cost. It is time for the United States to consider implementing these very same policy innovations to effectively address our current housing crisis.

Since the last Trump Administration, the Department of Housing and Urban Development (HUD) has aimed to assist state and local governments, as well as industry stakeholders, by identifying the current barriers to innovation. Reflecting on its role in supporting innovation over half a century ago, HUD has also sought to learn from peer agencies in other countries that have successfully implemented similar principles, achieving greater results. Additionally, the department is focused on determining how it can better support states in enacting comparable reforms. This effort has been undertaken by the Office of Policy Development and Research (PD&R) in collaboration with the National Institute of Building Science (NIBS), MOD X Advisory, and numerous experts who have generously shared their time and expertise. To effectively address the current crisis and prevent future ones of this scale, it is essential that this work continues and expands.

Root Causes of the Nation's Affordable Housing Crisis

From our perspective, we see four systemic causes to the affordable housing challenges across the country:

1. **Declining skilled trades workforce** – The National Center for Construction Education and Research (NCCER) estimates that 41 percent of the current construction workforce will retire by 2031. This includes many people in management roles. The COVID-19 pandemic may have accelerated some of these retirements. Consequently, we see:
 - a. Growing demand chasing declining supply drives up costs;
 - b. Long delays and slower construction; and therefore a
 - c. Reduced number of homes.
2. **Supply chain disruptions and escalating building costs** – The price of building materials has increased by 33 percent since the start of the global COVID-19 pandemic. The price of goods used in residential construction has increased by 40.4 percent since January 2020. Consequences of these inflationary costs includes:
 - a. Massive increase in home prices; and
 - b. In most areas, building affordable housing is impossible without significant local, state, or federal government subsidies.

3. **Long, complex, and costly entitlement process** – According to a study by the National Association of Home Builders (NAHB), regulations at all levels of government account for \$93,870, or 23.8 percent of the current average sales price of a new home³, which results in:
 - a. Fewer projects and fewer homes; and
 - b. Increased risks for developers, banks, and investors which translates into higher capital costs.
4. **Biggest Challenge | Every home has its own design and approval process** – In the United States, there are 43,096 authorities having jurisdictions (“AHJ”), including municipal, county, state, and federal agencies. At the state level, each AHJ can modify and amend the building code for their area, which means there is no ability to standardize products or processes. Therefore, homebuilders face:
 - a. Multiple plan submittals and inspections;
 - b. Massive redundancy and waste – notably, 30 percent of material is wasted at a traditional, stick-built construction site;
 - c. Low investment in research and development, which results in little innovation and productivity improvement;
 - d. Slower construction, which results in longer build times on projects and more capital; and
 - e. Lower quality builds, which is due to higher error rates and subsequent lawsuits.

Fading West's Solution to These Challenges

Fading West has integrated the entire construction value stream by combining real estate development, modular manufacturing, and general contracting to reduce waste while improving quality and speed. By bringing the concepts of efficiency and process control from the modular manufacturing industry, Fading West is able to create high quality, architecturally interesting housing. We also are able to:

- Build homes 10-20 percent less expensive by reducing waste from 30 percent to less than six percent, standardizing processes and products, and creating a productive, climate-controlled factory workspace; and we
- Complete homes 50-80 percent quicker than traditional construction. A typical Fading West home is built in less than 8 working days in our factory and then completed at the site in less than 30 days (setting on foundation, connecting utilities, completing interior and exterior connections). From start to finish, a new home can be completed in less than 40 days, compared to greater than nine months for traditional, stick-built construction home in many areas.

Fading West believes in the “manufacturization” of housing, which has a proven track record of reducing waste and costs through the entire construction process. Modular manufacturing also opportunities for training new workers with high-value skills and in a controlled workplace with high safety records. The erection and hook-up of the modular components at the final site of the housing unit also ensures jobs for skilled construction workers, such as electricians, plumbers, and carpenters.

Affordable Housing Initiatives Worth Examining

Some U.S. states and federal agencies have moved forward with initiatives that successfully address affordable housing issues in their jurisdiction. We also would be remiss in not pointing out a partnership between the North American modular industry and Canada, which has resulted in rapid scale up of affordable housing.

³ NAHB, “Government Regulation in the Price of a New Home: 2021,” available at: <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-government-regulation-in-the-price-of-a-new-home-may-2021.pdf>.

Virginia utilizes an Innovation Grant and Low-Income Housing Tax Credit program to encourage and support innovative building techniques, such as modular construction. They have successfully built entire communities in areas of great need for housing that most developers were not interested in building affordable housing.

Colorado and Oregon have passed legislation that created a \$40 million (Colorado) and \$20 million (Oregon) budget allocation to encourage and support modular construction to build affordable housing. Additional funding to support the use and growth of the modular industry by the Federal Government would be a critical element for increasing affordable housing manufacturing capacity to produce housing units it faster.

At the federal level, some U.S. agencies, such as GSA, DOD, DOE, and HUD, have encouraged the use of modular manufacturing in its construction needs, recognizing the cost savings and efficiencies. But modular manufacturing is still not fully integrated as a cost saving complement for federally funded construction projects, such as affordable housing.

Meanwhile, soon after COVID-19 started, the Canadian Mortgage Housing Corporation, Canada's equivalent of Fannie Mae, in collaboration with the modular industry allocated \$1.7 billion to build affordable housing using only modular construction via their Rapid Housing Initiative. They set specific guidelines that only modular construction would be utilized, and the projects had to be completed within 24 months. Consequently, 10,000 housing units were completed within the 24-month timeline. That program continues today with annual \$1.5 billion in grants.

We encourage Congressional lawmakers to examine these above referenced initiatives as it looks to craft solutions to addressing the housing shortages across the United States.

Colorado Case Study | Public, Private Partnerships (P3)

We can speak more specifically to affordable housing in our home state of Colorado, where Governor Jared Polis has embraced the inclusion of modular manufacturing in the construction of affordable housing across the state. As in other U.S. localities, Colorado's housing supply has not kept pace with its population growth. The state has current unmet housing needs of tens of thousands of units and will continue to grow – it is estimated the state will add 1.72 million people by 2050. Nearly one-third of Colorado households spend more than 30 percent of their income on housing, and people are forced to live further away from where they work, leading to increased traffic and decreased access to job opportunities.

May 9th 2025, Governor Polis signed Senate Bill 25-002 which will allow for regional building codes and reduce regulatory barriers for modular housing across the state.

Governor Polis signed an [executive order](#) in August 2023 that aligns the state's programs and policies with increasing housing supply close to existing, new or expanded public transit, safe biking, and walking corridors, places of employment, and other everyday needs of Coloradans. Also this year, the Governor signed HB23-1255 into law, preventing local governments from limiting either the growth of the population in their jurisdiction or the number of development or building permit applications.

In 2022, Colorado established the P3 office to plan, design, manage, develop, operate, implement and govern public private partnership projects. This office works to identify unused state land that could be used for housing development and work with local governments and private entities to make them happen.

In 2022, Colorado created the Innovative Housing and Incentive Program (IHIP) at the Colorado Office of Economic Development and International Trade (OEDIT), which provides working capital grants and factory development loans to the manufacturers of innovative housing – modular and kit home construction.

In August 2023, OEDIT and the Colorado Housing and Financing Authority (CHFA) launched the loan program within IHIP, creating a \$20 million-dollar revolving loan program for housing manufacturers to develop affordable housing in Colorado.

In 2021, Governor Polis signed House Bill 21-1271, which created the Innovative Housing Planning Grant Program (IHOP) and the Innovative Affordable Housing Development Incentives Grant Program (IHOI) within the Department of Local Affairs. IHOP grants to local governments to analyze housing needs and to make lasting changes to remove barriers to affordable housing development. IHOI funding goes to local governments to develop affordable housing in their communities that are livable, vibrant, and driven by community benefits. Colorado's Department of Local Affairs (DOLA) has awarded \$38,791,331 to 35 grantee communities, and projects are underway through 2024.

In 2021, Colorado also legalized inclusionary zoning through the passage of HB21-1117, which clarifies that local governments may regulate the development and use of land within their jurisdictions in order to promote the new development or redevelopment of affordable housing units.

The Transformational Affordable Housing (Homeownership and Workforce) Housing Grant Program also provides funds and resources to assist eligible applicants in developing, creating or preserving affordable housing opportunities in their communities. After four rounds of awards, DOLA has granted more than \$118M to 34 applicants across 30 counties, providing or preserving an estimated 2867 affordable housing units across Colorado.

Amid the prioritization of affordable housing in Colorado, Fading West partnered with Vail Valley Habitat for Humanity this year to build 16 homes for teachers in Eagle County. Notably, Habitat could only build three homes in 2023 had they used their usual stick-built construction model. Habitat used state funds (public) along with philanthropic donations (private) to cover the construction costs for 16 homes. The homes were built in Fading West's modular factory, located about 70 miles away, where it took one month to build the modular components for the 16 homes in the factory. The modular components were then shipped and assembled on concrete foundations, where some "sweat equity" – or traditional, stick-built construction – was then needed to also build garages, paint, finish porches, etc. Sixteen families are slated to move in these homes later this year. Eagle County facilitated the entitlement process to get these homes built Q2 2023. The homes constructed are green, architecturally interesting, all electric, value engineered, high quality and 20 percent cheaper to build than regular stick-built homes.

Rural Homes, a non-profit developer based in Telluride has completed three modular affordable housing projects in mountain towns using a vertically integrated approach by building entire homes, including porches, completed interiors/exterior and roofs in the Fading West factory. Their valued engineered design can now be used throughout the state, thereby reducing costs an additional 20 percent.

In September and October of 2024, Fading West built 82 homes in two months. These homes were trucked to Seattle and shipped to Maui, to house families who lost their homes in the Lahaina fire. By January, 2025 all families had moved in to their new houses after living in hotels for 15 months. Production took less than five months from the start of construction to completion.

Back in 2016, however, Fading West began with the question of how to build a high quality, architecturally interesting home that was affordable for a family making 80 percent of the area median income. This was our first housing project and a test of our business model of combining off-site modular construction with streamlined site construction. The town of Buena Vista, Colorado, was experiencing all the negative effects of the affordable housing crisis which was hurting families throughout the community. Fading West worked with the Buena Vista Board of Trustees to develop The Farm at Buena Vista, a 200 home, economically diverse community with 60 percent of the units built for families making 80 percent of the area median income. The

first home was set in February 2016 and to-date Fading West has built over 500 homes. Our “Antero” townhome is the least expensive new homes for sale in the Rocky Mountain region.

Recommendations for Addressing the U.S. Housing Crisis

From our perspective, we offer the following recommendations to federal lawmakers that we believe could start to address fundamental root causes of the affordable housing crisis in the United States:

1. **Provide grants and zero percent interest loans to modular manufacturing facilities to increase housing supply vs subsidizing “demand side” projects.** Similar to the U.S. Government’s recent investments in semiconductor companies to re-shore this industry, federal grant funding or zero percent interest loans could be put forward to helping fund modular manufacturing factories and other off-site construction facilities to increase capacity to build more affordable homes in the country. We believe this approach is better than throwing taxpayer money at a patchwork of specific projects in an attempt to reduce the cost of each home.
 - a. A typical single line modular manufacturing factory costs roughly \$30M to set up. One facility can produce 400 homes or 800 apartments per year, over ten years 4,000 homes or 8,000 apartments.
 - b. If the Federal Government gave grants for the entire amount, over ten years the subsidy would be \$8,750 per home or \$4,375 per apartment. This is much less than the typical project specific subsidy, which can oftentimes be in the tens, if not hundreds of thousands of dollars per home.
2. **Tie federally funded projects to a standard construction code and entitlement process.** If you cannot mandate AHJs to streamline their codes, you can incentive them to adopt a standardized code for federally funded projects by directing via legislation that federally funded affordable housing projects use a streamlined code and entitlement process. This does not require localities change their codes or entitlement processes for non-federally funded affordable housing projects.
3. **Long-term solution – mandate the harmonization of regional building codes to streamline the housing construction regulatory process.** The U.S. Congress could consider directing via legislation the creation of 10-20 climate zone, similar to what the state of Colorado has done, that meet federal building code standards.
 - a. If a car that is much more complex than a home, is driven at 70 mph six feet away from another car driving at 70mph in the opposite direction, and it can be driven in Alaska and New Mexico, then we can surely design a limited amount of standard building codes by regions facing similar climate challenges (e.g., earthquakes, hurricanes, tornadoes, coastal flooding, etc.).
 - b. We believe this would invite massive R&Ds investments and further promote innovation in modular manufacturing factories across the United States, which would continue to help solve the housing shortage and affordability crisis.

Conclusion

We suspect this will be one of several hearings or discussions on housing an innovation, and we appreciate the Subcommittee’s focus and attention on this timely topic. There are certainly additional steps that federal policymakers can take to help the modular industry and state and local governments further promote and accelerate innovative technology in the homebuilding and modular manufacturing sectors so we can collectively address the U.S. affordable housing crisis. As I previously noted, the modular industry is constantly evolving

– adopting new, sustainable materials as well as digital technologies that enhance design capabilities and variability, improve precision and productivity in manufacturing. The taxpayer cost savings for homes built with modular manufacturing is also evident – modular manufacturers can speed construction by 50 percent and cut costs by 20 percent. We at Fading West strongly believe that homebuilders that utilize innovative technology and modular manufacturing are best positioned to help address the affordable housing crisis.

Thank you again for the opportunity to testify before the Subcommittee, and I look forward to answering your questions.

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Chairman FLOOD. Thank you. Dr. McCoy, you are now recognized for 5 minutes for your oral remarks.

STATEMENT OF DR. ANDREW P. MCCOY, PH.D., DIRECTOR OF THE VIRGINIA CENTER FOR HOUSING RESEARCH (VCHR), PROFESSOR IN THE DEPARTMENT OF BUILDING CONSTRUCTION, AND ASSOCIATE DIRECTOR OF THE MYERS LAWSON SCHOOL OF CONSTRUCTION (MLSOC), VIRGINIA TECH UNIVERSITY

Dr. MCCOY. I want to first thank Chairman Flood and Ranking Member Cleaver and the subcommittee for inviting me here today. It is an honor to be here and discuss the role of housing innovation and driving the past and future of our industry.

The space race was one of the biggest boons of the 20th century to housing technology. It advanced materials like insulation that we now take for granted. In the 21st century, industrialized construction methods will build faster with greater precision and less waste. Artificial intelligence will automate and accelerate processes while reducing delays, errors, and costs. Smart materials will transform the parts of housing. Emerging innovations, like digital twins, real-time construction monitoring, and data processing, will offer predictive control and assurance for quality costs, operations, and maintenance. Importantly, these technologies will not remove the need for people. They will expand opportunities for skilled work, increase accessibility, and empower a new generation of construction professionals with tools, support, and control.

In many ways, home-building technologies are a public event. The processes of U.S. home building are visible to the public every day. Innovation creates benefits for consumers, and the knowledge created by one firm creates value for other firms and their customers. Our policy dilemma is that the Nation is not reaping economic and social returns from innovation when the industry is not innovating as much as possible. We tend to think of housing as an economic indicator while we need to see housing innovation as an economic driver.

Over time, several milestones have influenced the role of technology in the housing industry. The U.S. Government actively began supporting housing advances in technology through the housing policy in 1949s American Housing Act. In 1970, the Housing and Urban Development Act provided additional authority to improve the physical quality of housing through technological change, effectively mandating housing technology as public policy. Examples of public programs that concentrated on housing innovation nationally include the 1962 Civilian Industrial Technology Program, the late 1960s Operation Breakthrough Program, and the 1990s Partnership for Advancing Technology in Housing, or PATH. Lessons learned include the need for public-private partnerships, the impacts of local regulation and fragmentation, and the need for more funding options specific to this industry.

More recently, the 2008 financial downturn led to a dispersion of trades away from construction and resulted in a decade of under-producing new homes. The percentage of new construction, which provides the majority of housing's economic impacts—jobs, materials, services—only recently recovered.

Over the last decade, labor shortages, a lack of available land, cost inflation, supply disruptions, and rising financial costs have resulted in few options for the median home buyer. As we heard earlier, the National Association of Home Builders estimates that 103.5 million households, or 77 percent of U.S. households, are not able to afford the \$428,000 cost of a median-priced home. Attention now has shifted to innovation. By example of the Commonwealth of Virginia, local agencies and governments are implementing zoning reforms, funding options, and regulatory reform that reduce barriers to innovation. The Virginia Housing Development Authority (VHDA) has particularly leaned in. For example, their qualified allocation plan scoring incorporates points for developers who use innovation in their low-income housing tax credit developments, making them more competitive. VHDA has also created community innovation grants up to \$500,000 that de-risk the adoption process for builders willing to try new technologies.

Our 3D concrete printing program has recently benefited. Producing four workforce homes and starting on an additional 10, Virginia's Department of Housing and Community Development also recently modified parts of the building code to facilitate the use of modular housing, getting out of the way and making these technologies more accessible to the market. The city of Danville and Southside Virginia recently changed the zoning to allow for manufactured and modular housing units to reduce costs and provide options. Also, Governor Youngkin's permitting dashboard at the Department of Environmental Quality is an example of streamlining and speeding up process. Nevertheless, the cumulative result is persistent underproduction. The path forward will require coordinated partnerships and investment, regulatory modernization, workforce development, innovative financing, and cross-sector collaboration.

Construction technology is especially compelling right now because it does not replace human workers, it amplifies them. Let me say that again. Construction technology is especially compelling right now because it does not replace human workers, it amplifies them, innovations like augmented reality for training robotic assistance of repetitive tasks and digital project coordination. For example, a framer using layout tools with augmented reality can complete work faster and with fewer errors. The goal is not to automate people out of housing, but to build better industry around them. It is time to harness these tools for progress in the housing industry. In doing so, home-building technologies could expand from a public event—

Chairman FLOOD. The gentlemen's time has expired.

Dr. MCCOY [continuing]. to a public opportunity. Thank you.

[Prepared statement of Dr. McCoy follows:]

Congressional Testimony

“Expanding Choice and increasing Supply: Housing Innovation in America.”

Dr. Andrew P. McCoy

Housing and Insurance Subcommittee

Wednesday, May 14th, 2025, 10am - 1pm

Introduction

I want to first thank Chairman Hill and Ranking Member Waters and the Housing and Insurance Subcommittee for inviting me here today. *It is an honor to be here and discuss the role of housing innovation in driving the past and future of our industry.* My goal is to provide a brief history of challenges and successes, set the stage for current market conditions, discuss emerging technologies and propose ways we could increase the probability of innovation success.

The housing industry faces *both opportunities and challenges* for innovation. Drivers include increasing risk, demand, environmental pressures, and the presence of emerging technologies. However, barriers like skilled labor shortages, fragmented industry practices, restrictive zoning and regulations, and limited investment in R&D continue to hinder progress. Despite these challenges, housing innovation is a vital tool for economic development that serves industry, government, our education system and main street America.

How did we get here, including federal innovation housing program successes and challenges?

In many ways, homebuilding technologies are a public event: the processes of U.S. homebuilding are visible to the general public every day. Innovation creates benefits for consumers (or market spillovers), and the knowledge created by one firm creates value for other firms and their customers (or knowledge spillovers). The combination of this knowledge transfer results in economic and social returns from innovation. Our policy dilemma is that the nation is not reaping the economic and social returns when the industry is not innovating as much as possible. We tend to *think of housing* as an economic indicator while we *need to see housing innovation* as an economic driver.

Over time, several key policy milestones and market events have influenced the role of technology in the housing industry. Following World War II, the GI Bill and available financing fueled a massive suburban housing boom, making homeownership newly accessible to millions. The U.S. government actively began supporting housing advances, including housing technology, through housing policy in the 1949 American Housing Act. It codified the “goal of a decent home and suitable living environment for every American family.” In 1970, the Housing and Urban Development Act created the US Department of Housing and Urban Development (HUD) and provided additional authority to improve the physical quality of housing through technological change, effectively mandating housing

technology as public policy. By the 1980s and 1990s, housing affordability emerged as a public concern, prompting the introduction of the Low-Income Housing Tax Credit (LIHTC) program.

Examples of public programs that concentrate solely on housing innovation at the national level include: the 1962 Civilian Industrial Technology Program (or CITP), the late 1960s Operation Breakthrough program, and late 1990s Partnership for Advancing Technology in Housing program (or PATH).

CITP was created during the Kennedy Administration by the U.S. Department of Commerce. The program studied technological needs for adjacent industries, creating an industry-university service for information diffusion and technical aid, similar to land-grant universities and Cooperative Extension systems. Ultimately, perceived competition between researchers and private industry became a challenge for this program.

Operation Breakthrough was developed during the Nixon Administration by the Department of Housing and Urban Development (or HUD). The program focused on mass-production of technology and housing at-scale and faced challenges from the vertically integrated process that could not overcome the locally regulated and market-specific nature of the industry.

PATH was developed during the Clinton Administration as a collaboration between the Department of Energy (DOE), the Environmental Protection Agency (EPA) and HUD. PATH was a cooperative effort by the federal government and the building industry to improve housing affordability and value using innovative technologies developed through DOE's Building America program, EPA's ENERGY STAR for homes program, and HUD's PATH program umbrella. PATH integrated research, development and implementation with the tradition-bound practices of construction while charting new ways to increase innovation adoption. In 2010, funding was discontinued.

What are current housing industry *challenges and opportunities*?

More recently, the 2008 financial crisis significantly affected the housing industry, and it has still not recovered. The financial crisis immediately led to a dispersion of trades away from construction, a loss of production, and resulted in a decade of underproducing new homes. While existing housing sales recovered by 2017, the percentage of new home construction, which provides the majority of housing's economic impact (jobs, materials, and services), was still half of its pre-2008 level. In terms of technology, the energy crisis of 2008 also raised concerns about housing infrastructure, propelling growth in high-performance building technologies and driving updates in building energy code.

Over the last decade, the combination of labor shortages, a lack of available land, cost inflation (both labor and materials), supply chain disruptions, and rising costs of financing have resulted in few options the median homebuyer can afford. The National Association

of Homebuilders estimates that 103.5 million households, or 76.9% of all U.S. households, are not able to afford a median priced new home. Further, every \$1,000 increase in the median price of a new home removes an additional 106,031 households from the market¹.

As a result, attention has shifted toward the promise of innovation. Recent housing innovation has focused on better building performance, optimized design and construction practices, widely adopted digital simulation, and advanced construction workforce training. While some developers and startups have piloted innovations, few have been able to scale.

On the opportunity side, these same pressures have opened the door for innovative reform. The increased visibility of the housing crisis has prompted renewed interest from policymakers, industry, localities and philanthropic organizations who are exploring partnerships that promote innovation. Many are proposing solutions that augment labor, increase productivity, reduce costs and timing of construction, maintain quality and safely deliver more housing that is attainable to more Americans. Technologically, emergent solutions include advanced manufacturing, 3D printing, digital twins, sensors and robotics.

By example of the Commonwealth of Virginia, local agencies and governments are implementing zoning reforms, funding options, and regulatory reform that reduce barriers to innovation. Virginia localities are using “design templates” that expedite the permitting process, allowing zoning variances for different types of housing (i.e. Accessory Dwelling Units or ADUs), increasing density options for builders and sharing infrastructure to incentivize homebuilding at specific income levels. The Virginia Housing Development Authority (termed “Virginia Housing”) has particularly leaned in to housing innovation. For example, their Qualified Allocation Plan (QAP) scoring incorporates points for developers who integrate innovation into their Low-Income Housing Tax Credit (LIHTC) developments. Doing so makes them more competitive to receive funding. Virginia Housing has also created Community Innovation Grants (CIG), up to \$500,000, that de-risk the adoption process for builders willing to try emergent technologies. Our 3D concrete printing program has recently benefitted from CIG funding, producing four (4) workforce housing units with industry partners and beginning an additional ten (10). Virginia’s Department of Housing and Community Development (DHCD) also recently modified parts of the building code to facilitate the use of modular and manufactured housing, getting out of the way and making these technologies more accessible to the market. For example, the City of Danville, in southside Virginia, recently changed its zoning to allow for manufactured and modular housing units to reduce costs and provide options. Also, Governor Youngkin’s “permitting dashboard” at the Department of Environmental Quality is an example of streamlining and speeding up process.

¹ Zhao, N. (March 2024). “Nearly 77% of U.S. Households Cannot Afford a Median-Priced New Home.” Special Study for Housing Economics, Economics and Housing Policy, National Association of Home Builders. [Link here](#)

Promoting innovation in the labor market is an example of another opportunity. Recent funding from the Appalachian Regional Commission's (ARC) Appalachian Regional Initiative for Stronger Economies (ARISE) is comprehensively developing industrialized construction workforce training. It aims to reduce costs and waste, while expanding US manufacturing capabilities. Another goal is to change the perception of construction and excite the next generation of workers. The work is a combined effort and combines funds across all levels of education, cross-sector industry partners, trades programs, local government and regional policymakers. Without these partnerships and innovative funding models, the housing industry could continue to stagnate.

Housing industry innovation is also successful in the non-profit sector. For example, Habitat for Humanity is partnering with universities, localities, and volunteers every day to incorporate innovative building technologies. Across America, non-profit organizations like Habitat for Humanity are utilizing wall preassembly, prefabrication, 3D printing, and innovative funding models to build financial stability for low-income households. This is often a difficult market to serve financially, making these successes even more effective.

Nevertheless, the cumulative result of our housing choices is a persistent underproduction, currently estimated between 3.4 and 6.4 million units nationally. Underproduction has increasingly reduced access to homes at almost all levels of income. Without access, it becomes difficult for the public to maintain resilience, achieve stability, and ultimately build a financial basis for the future. The path forward will require coordinated investment in industrialized building systems, regulatory modernization, workforce development, innovative funding and cross-sector collaboration to overcome the systemic barriers that have limited housing production. In doing so, homebuilding technologies could expand from a public event to a public opportunity.

Why is technology such a great option *right now*?

As previously mentioned, the housing sector is under intense pressure from rising costs, labor shortages, and an overwhelming supply-demand imbalance. Technology offers tools to meet this moment: automation, digital modeling, prefabrication, and data-driven planning can streamline design, reduce costs, waste, and compress construction timelines. These efficiencies make it possible to scale housing production without compromising quality.

Construction technology is especially compelling right now because it doesn't replace human workers, it amplifies them. Innovations like augmented reality for training, robotic assistance in repetitive tasks, and digital project coordination platforms allow skilled tradespeople to be more productive, safe, and precise. For example, a framer using layout tools tied to digital plans with augmented reality can complete work faster with fewer errors. Mechanical, electrical and plumbing trades can see into walls and equipment, making their work more precise and safer. A factory-built wall panel utilizing computer-

controlled (CNC) machines still depends on a crew for assembly, finishing, and adaptation to site conditions.

Keeping humans at the center means using technology to elevate craftsmanship, reduce back-breaking work, and expand access to meaningful careers, especially for young people. It also means involving community voices in planning through tools like digital twin simulations and participatory design software. Ultimately, the goal isn't to automate people out of housing, but to build a better industry around them. Technology isn't just a solution to supply constraints, it transforms housing into a modern, human-centered economy that can meet today's urgent needs at home while building capacity to become exporters to the world.

What technologies are *making a difference*?

A range of technologies have begun reshaping our industry. Offsite construction and prefabrication allow homes and components to be built in controlled environments, cutting build times and reducing waste. Building Information Modeling (BIM) and digital twin technology improve coordination across trades, reducing costly errors and rework. 3D printing has emerged as a promising method for quickly producing parts of a home and reducing labor and materials involved, particularly in areas with severe shortages. Robotics and on-site automation tools now assist with repetitive tasks like drywall finishing, painting and building layout, improving productivity while reducing strain on workers. Robots can also work after hours.

Artificial intelligence is streamlining estimating, permitting, and scheduling processes, making projects faster to launch and easier to manage. Field management apps, wearable safety tech, and cloud-based software platforms are improving job site communication and oversight. Finally, performance-based design and building systems, including energy-efficient materials, are helping deliver homes that are more affordable to operate. Efficient building operation reduces strain on our infrastructure.

How will housing technologies *shape the future*?

The space race was one of the biggest boons to housing technology: it advanced materials, like insulation, that we now take for granted. In the future, transformative technologies will reshape housing by making it better performing, more attainable, and responsive to human needs. Industrialized construction methods, such as fully integrated modular systems and robotics-assisted sites and factories, allow homes to be built faster, with greater precision and less waste. Artificial intelligence and machine learning will play an increasing role in automating design, optimizing land use, predicting maintenance needs, and accelerating permitting processes, helping reduce delays and lower costs. Smart materials, including advanced concrete formulas, phase-change insulation, self-cleaning paints, and nanoparticles, will lower the risks and costs of housing. Emerging innovations like digital twins, real-time construction monitoring, and data processing will offer predictive control

and assurance for quality, costs, operations and maintenance. On the occupant side, homes will increasingly integrate adaptable spaces, embedded sensors, and responsive systems that personalize comfort, enhance health, and balance or reduce resource consumption. Importantly, these technologies will not remove the need for people—they will expand opportunities for skilled work, increase accessibility, and empower a new generation of construction professionals with digital tools, automation support, and creative control. The future of housing technology will be human-centered, scalable, and capable of meeting economic and social demands.

Summary

In summary, and to unlock the full impact of housing innovation, several opportunities exist for policymakers:

1. Develop sources of supportive funding that focus specifically on innovation in the residential construction sector, as opposed to waiting for the industry to catch up;
2. Incentivize state and local zoning and regulatory reform through matching grants or funding tied to comprehensive updates of codes, zoning and permitting processes. In the process, emphasize existing housing types while working with industry stakeholders to incentivize new housing products and options;
3. Reduce fragmentation and strengthen collaboration through public-private partnerships that reduce risks for key phases of innovation commercialization, like early-stage manufacturing and digital-tool investments;
4. Support industrialized workforce development through programs that address current gaps and excite the next generation; and
5. Support those who embrace the exciting nature of this industry and its future at all levels, including our younger generations;
6. Establish clear metrics and accountability for programs with requirements that successful models must transition to commercially financed, private-sector-led deployments within defined timelines.

Such actions would turn scattered successes into a cohesive national strategy, ensuring that federal innovation programs not only seed breakthroughs but also shepherd them to market scale, making homeownership more attainable and homeowners more resilient through financial stability in the American dream.

Chairman FLOOD. Thank you very much. Mr. Fleu, you are now recognized for 5 minutes for your oral remarks.

**STATEMENT OF MR. COLTEN LEWIS FLEU, SENIOR ATTORNEY,
MOUNTAIN STATE JUSTICE, INC.**

Mr. FLEU. Chairman Flood, Ranking Member Cleaver, members of the subcommittee, on behalf of Mountain State Justice, thank you for inviting me to testify today regarding manufactured housing. I am a Senior Attorney at Mountain State Justice (MSJ), a nonprofit legal services provider in West Virginia. We exclusively represent low-income people at no cost to them. Since 1996, we have served thousands of homeowners of manufactured housing in danger of losing their homes or losing their homes and their land from predatory lending practices. We also represent these homeowners living in unsafe and unhealthy environments due to conditions of their home or damages from natural disasters. This testimony is also on behalf of the National Consumer Law Center and its low-income clients.

In West Virginia, we are proud to have the highest rate of homeownership in the Nation. We maintain that level of homeownership while possessing the 49th lowest average household income. It is no coincidence that West Virginians occupy manufactured housing at more than twice the national average. These homeowners are overwhelmingly folks on fixed incomes—the elderly, veterans, and the disabled. Those not on fixed incomes are working families struggling to make ends meet, yet these homeowners face widespread abuses in loan financing and systemic problems with community conditions. I want to share a couple of these folks' stories with you and some recommendations gleaned from my experience, but please remember this; manufactured homes are fundamentally different than stick-built homes. Manufactured homes, also called mobile homes, are not so mobile. They have a finite lifespan and moving them can be cost-prohibitive if they can be moved at all. Manufactured homes depreciate like cars. Manufactured homes are a vital source of housing, but they are not a wealth-building tool. It is a fact we urge you to keep in mind as you look to expand access to this important housing.

The first case I want to share involves a leased land community, a mobile home park, specifically five mobile home parks totaling more than 640 home sites in Mercer County, West Virginia. It was bought by a hedge fund for investment. For a quick background, Mercer County is in the coalfields of Southern West Virginia. The median household income is under \$48,000 a year, yet 70 percent of the housing units in the county are still owner occupied. One of these owner-occupied houses belonged to Mr. and Mrs. P. Six years ago, they cashed out their meager savings, bought a home for \$30,000, and moved into one of these 640 lots. The entire time they were there, they paid \$300 a month for rent and got by with their Social Security income. Other residents of these communities include Ms. R and her husband, who ran a small business, averaged about \$42,000 a year in take-home pay, paid \$225 a month in lot rent. Ms. V, who had been living in one of these lots for 14 years was providing around-the-clock care for her adult disabled son and

was paid through the Medicaid Waiver program. She also paid \$225 a month for lot rent.

But when the hedge fund consolidated its new investments, it issued notices of rent increases, just 60 days' warning and time to hit just before Christmas. The rent increases were steep: 75 percent for Mr. and Mrs. P, \$300 a month to \$525; 120 percent for Ms. R—she went from \$225 a month to \$495; 133 percent for Ms. V and her disabled son, an increase from \$225 a month to \$525. Each one of these families were told to pay the new amount or there would be an eviction filed, and at the same time, the landlord neglected the community upkeep, leading to conditions such as a septic tank overflow onto community land. There is no happy ending to this story had the hedge fund provider provided proper notice to the residents. Most States have no specific protections for lot rent increases or neglect in community conditions. Like Mr. and Mrs. P, the residents invest tens of thousands of dollars in these homes that sit on rented land without any assurance of security.

In my written remarks, I also share the story of Mr. and Mrs. A, who fell victim to a bait-and-switch financing scheme, trapping them in a loan that they could not afford and jeopardizing the loss of both their home and their land. Without meaningful competition among lenders for manufactured home purchases, the potential for exploitation of buyers, again, overwhelmingly the elderly, the disabled, and veteran communities. Expanding manufactured housing market needs greater government-sponsored enterprise (GSE) backing of loans to ensure sustainable financing, including for those living in older homes and in manufactured communities. These programs also must include tenant protections to protect both residents and lenders.

Thank you for the opportunity again to speak with you today, and I welcome any questions.

[Prepared statement of Mr. Fleu follows:]

Testimony before the United States House of Representatives

Committee on Financial Services

Housing and Insurance Subcommittee

Hearing on

“Expanding Choice and Increasing Supply: Housing Innovation in America”

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Chairman Flood, Ranking Member Cleaver, and Members of the Subcommittee, on behalf of Mountain State Justice, thank you for inviting me to testify today regarding manufactured housing. I am a Senior Attorney at Mountain State Justice, a non-profit legal services provider in West Virginia that exclusively represents low-income people at no cost to them. Since 1996, we have served thousands of homeowners of manufactured housing in danger of losing their homes or losing their homes and their land from predatory lending practices. We also represent these homeowners living in unsafe and unhealthy environments due to conditions in their homes or damage from natural disasters. This testimony is also on behalf of the National Consumer Law Center¹ and its low-income clients.

I am here today to thank Congress for prioritizing affordable housing and celebrate your interest in alternatives to stick-built homes. In West Virginia, we are proud to have the highest rate of homeownership in the nation.² We maintain this level of homeownership while, unfortunately, also possessing the 49th lowest average household income in the nation.³ It is no coincidence that West Virginians occupy manufactured homes at more than twice the national average.⁴ While I wish to discuss the special situation homeowners of manufactured housing occupy, and the particular risks they face, let me be very clear: manufactured housing is an essential segment of the affordable housing market, particularly for financially vulnerable, low-income homeowners, many of whom are located in rural areas.

Manufactured homes are fundamentally different from stick-built homes. Although commonly referred to as mobile homes, these homes are in fact not so mobile.⁵ Once set on piers, moving these homes can be cost-prohibitive, if they can even be moved at all. Age and condition will often result in the destruction of a home if it is attempted to be moved. And of course, a homeowner must have some place to move the home. Manufactured homes are titled like a vehicle and depreciate like a vehicle despite often being sold with all the promises of homeownership. Manufactured homes have finite lifespans, and each time a home is moved, that lifespan is shortened by 3 to 5 years.⁶ So, if a consumer takes a 25- or 30-year loan to purchase their home, the asset is likely to have *de minimus* value by the time the loan is paid off. Let me sum up that

¹ Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the United States. NCLC's expertise includes policy analysis and advocacy; consumer law and energy publications; litigation; expert witness services, and training and advice for advocates. NCLC works with nonprofit and legal services organizations, private attorneys, policymakers, and federal and state government and courts across the nation to stop exploitative practices, help financially stressed families build and retain wealth, and advance economic fairness.

² [Map Shows US States With Highest, Lowest Homeownership - Newsweek](#)

³ [Household Income in States and Metropolitan Areas: 2023](#)

⁴ Approximately 13% of West Virginians live in manufactured housing. Nationwide, approximately 6% of the population live in manufactured housing.

⁵ The average price of a new doublewide increased 40% from 2020 to 2023; the average price singlewide homes increased 48% in the same time. [Annual AvgPrice.xlsx](#)

⁶ [How Long Will A Mobile Home Last? Around 30 to 55 Years](#)

point this way—manufactured homes are a vital source of housing, but they are not a wealth building tool.

This reality of the homeowner of manufactured housing is true whether the home sits on rented land or the homeowner owns the land on which it sits. These homeowners are overwhelmingly folks on a fixed income: the elderly, veterans, and the disabled. Those not on fixed incomes are working families struggling to make ends meet.⁷ While this industry presents huge potential in fighting housing insecurity, where there is hope, there is opportunity for exploitation. Below, I discuss two groups of clients we have represented that help illustrate how the industry is ripe for exploitation. This discussion is followed by several recommendations that are necessary to protect homeowners as you look to expand manufactured housing as an affordable housing alternative.

Manufactured Housing on Leased Land: Harms from Corporate Purchases of Communities

In the leased land context, the homeowners own their homes, often at great expense, but rent the land upon which the homes sit. As discussed above, this situation creates an incredible imbalance of power between the homeowner and the landlord. These harms are exacerbated when corporate entities buy up manufactured home communities and exploit areas where there are no existing protections (and ignore rules that do apply).

Mercer County, West Virginia is a beautiful area in southern West Virginia where the mountains widen and the New River cuts its course into West Virginia just to the east. It is also in the Appalachian coal fields. The median household income is under \$48,000, 5.5% of the county are veterans, 15% of the county population under 65 years old is disabled, and more than 19% of county residents live in poverty according to national guidelines. Nonetheless, in Mercer County 70% of the housing units are owner occupied.⁸ Most recently, however, as I'll discuss, hedge funds and other investors have found a way to profit off of these working families and veterans living on fixed incomes, making what is always a challenging path to maintaining homeownership even harder.

There are a number of manufactured housing communities in Mercer County (what some people would call “mobile home parks”). Most were for years mom and pop operations. There was, to an extent, an implied trade off with the landlords: there would be minimal money invested back into the community, but common areas would be maintained and lot rents would stay affordable and predictable (although there were certainly still issues about park conditions and lot

⁷ Average median household income of owner occupied manufactured housing is \$34,000 per year. [6 Remarkable Mobile Home Statistics You Need to Know – Movity](#). Of the more than 3.2 million people age 60 and above living in manufactured housing, 65% have no more than a high school education and more than 70% of those households have total annual income of less than \$50,000.

⁸ <https://www.census.gov/quickfacts/fact/table/mercercountywestvirginia/PST045224>

rents). Then, beginning around early 2022, an out-of-state hedge fund started buying out the local owners of the communities in the county.⁹ This firm bought five communities in Mercer County totaling over 640 individual lots.¹⁰ After taking ownership, and without respect to existing leases, this hedge fund provided notice in late October to all 640 family homes that in 60 days, and just weeks before Christmas, the rents would be steeply increased. The impact is clear in looking at the stories of some of the community residents, for whom rent increases of several hundred dollars create an unmanageable situation.

Mr. and Mrs. P have lived in their community for six years. They cashed out their retirement savings to purchase their home for \$30,000. Social Security is now their only source of income, but even with \$1,700 in monthly out-of-pocket medical expenses, they lived comfortably. Their lot rent had been \$300 per month since they moved in and had not increased. Now they were notified they would pay \$525 per month or face eviction.

Ms. R has lived in her community for 20 years and had only had infrequent small rent increases. She lived in her own home with her daughter and husband. She and her husband operated a body shop together and averaged about \$42,000 in annual income. When her community was purchased, she was paying \$225 a month, a payment she could afford in even their business' slowest months. She was notified she would have to immediately pay \$495 each month or be evicted.

Ms. V has lived in her community for 14 years. She is paid through the Medicaid Waiver Program to provide required care for her disabled adult son. She was notified that her rent would increase from its long-term payment of \$225 each month to \$525 or she and her son would face eviction.

To keep their homes where they had been located for years, these folks were being told to swallow 75%, 120%, and 133% monthly rent increases respectively.¹¹ In contrast, the Social Security cost-of-living-adjustment increase for this year was 2.5%.¹² An increase in lot rent necessarily means cuts in other budget items. Moreover, the rent increase would result in decreased value of the actual manufactured home at resale. This is because a leased lot and the manufactured home operate as complementary goods—that is, considering the total monthly cost of housing as one expense, when lot rent increases, the amount someone will pay a homeowner to buy a home that is sited on that lot decreases. Accordingly, the lot rent increases meant that the residents'

⁹ The venture capital firm began buying manufactured housing communities in 2021 and now is estimated to own at least 144 communities in multiple states. [Home Sick: Uncovering the health harms in Homes of America's manufactured housing communities - Human Impact Partners](#)

¹⁰ 640 lots represents 2.6% of owner occupied homes in Mercer County. <https://www.census.gov/quickfacts/fact/table/mercercountywestvirginia/PST045224>

¹¹ Manufactured Housing Institute reports an average annual sit rent increase of 6.2%. [2023-Industry-Overview.pdf](#)

¹² <https://www.ssa.gov/cola/>

homes were immediately worth less—a purchaser would either pay less to buy the home because of the cost of the lot rent or a purchaser would pay less to buy the home because of the expense of having it moved to a more affordable community.

While these investors did not follow state laws about recognizing existing leases and providing proper advanced notice about rent increases, if they had, nothing stops them from raising rents to the extent they did (or more). As a result, the homeowners have no opportunity to save their homes and the investments they made in them (which can not be recouped as they can to some extent with foreclosures of stick-built homes). Moreover, purchases by these same investors, and others like them, have resulted in a drastic decrease in physical conditions in the communities further increasing the risk of displacement. These homeowners faced unsafe and unsanitary conditions as the new owner allowed the communities to deteriorate. The homeowners faced sewer infrastructure failures and failure to maintain common areas.

For example, in Ms. V's community, the outdated sanitary sewer infrastructure completely failed after her community was purchased by the hedge fund. Rather than investing in updated sewer infrastructure, the landlord brought in industrial pump machines and began pumping and hauling waste out of the community. When the pumps—which were meant to be only temporary—failed, the community faced unsanitary waste on the surface of common areas and noxious odors permeated the community. Although the company was stopped from using these pumps for a period of time by the state environmental protection department, the absentee corporate landlord is again using the pump machines rather than making a proper investment in its sanitary sewer infrastructure. When a hedge fund buys a manufactured housing community, it of course hopes to make a profit. But, no matter how much it increases rents, there is little incentive to invest in the infrastructure of the community when its tenants cannot move their homes and feel trapped.

Manufactured Housing on Owned Land: Financing Abuses

Purchasers of manufactured homes for placement on owned land face steep challenges when it comes to finding sustainable financing. In my practice, we have worked with thousands of homeowners of manufactured housing who have purchased their homes with loans they could not afford because the loans included hidden terms, or the loan terms were changed after the purchase was agreed to. These loans are designed to benefit the lender but not the homeowner. Unlike in the conventional mortgage market, manufactured home loans are not set up for purchase on the second market at this time and the sales and loan terms operate in a substantially different system. In West Virginia, purchasers of manufactured housing generally obtain their loan at the point of sale with funding from one of two available lenders. In these transactions, the role of salesperson and loan originator are often blurred.

For example, Mr. and Mrs. A were able to obtain the dream of home ownership after years of hard work. Mrs. A graduated high school, but never worked outside the home. Mr. A dropped out in the 11th grade, then got his GED and steadily worked manual labor. He worked maintenance

at the local hospital and as a grounds person for the state parks. When I met Mr. A, he worked in an industrial supply warehouse. Mr. A. is a rare creature in this day and age: he never had a credit card and never financed a car. The only financing transaction Mr. A had engaged in was purchasing his land through a land contract, which is itself a product fraught with problems. The land had an old, dilapidated home on it where Mr. and Mrs. A actually lived for three years while they paid down the land contract.

When Mr. and Mrs. A felt comfortable enough to think about investing some money in the home to rehab it, they ran across a mobile home sales lot advertising 2.9% financing for new homes. Almost on a lark, they gave the salesman their social security numbers to run credit checks for the promotional rate. Later, Mr. A. testified, "I didn't even think we was going to get a loan because, I mean, I never had established any credit." Then a few days later, the salesman called Mr. and Mrs. A. "Congratulations you are approved!" Mr. and Mrs. A wondered if they needed to take this opportunity seriously. Was this their chance to get their dream home on a payment they could afford? They decided to return to the lot to look at the homes again and try to get their heads around the ins and out of taking this leap. And here is one fact worth noting: Mr. and Mrs. A went straight to the lower priced single wide units when they came back to the sales lot. Of course, the sales professionals quickly steered them into more expensive units, asking Mr. and Mrs. A "how it felt to be in their new home" and assuring them they would get a "deal." Mr. A. testified about his joy, that he just couldn't believe they were going to get the home they wanted.

The final terms of the deal reflect the deceptive representations made by the salesman. The deal also reflected the fact that there are far fewer financing options for manufactured homes than there are for vehicle loans, and only a small percentage of mortgage lenders will finance a manufactured home purchase. Due to the hard sell, Mr. and Mrs. A were convinced that 30-year loans were only being offered for a limited time—if they didn't act, they could only get the home if they could pay it off with a 10-year loan term. They were also told that because of the 2.9% financing promotion, their monthly payments would be between \$800 and \$900 a month. Further, they were told that this \$96,000 home would be worth between \$150,000 and \$155,00 once it is placed on their land. Of course, none of these were true.

Mr. A wrote the check for the down payment, and it was a happy day. It was to be a high-water mark for Mr. and Mrs. A. The terms of their deal would worsen week by week. Mr. and Mrs. A were inexplicably told that facing the new home in a similar orientation to their existing one would require an additional \$5000 to move electrical service wires and that the 2.9% interest would only be offered if they oriented the home differently to face a different street (which presumably would have required even more electrical work). They were also told without any proof that their interest rate would increase another two points because of the location of the septic tank. These excuses for increasing the credit terms were not grounded in any reality or loan requirement. Now, Mr. and Mrs. A were looking at financing the same amount but at an interest rate that ballooned to 9.49%. The monthly payment was now well over \$1000.

The District Court did not take Mr. and Mrs. A's word for it. The court found this was all corroborated by the computer records of the seller. The seller and the lending institution are both subsidiaries of the same company. The seller and the lender, while two different companies, shared access to software and the salesperson could run different iterations of loan terms for Mr. and Mrs. A ultimately offering them worse and worse terms for more and more suspect reasons. But the worsening terms for Mr. and Mrs. A resulted in greater return for the salesman, the seller, and the related finance company.¹³ By the time Mr. and Mrs. A signed financing documents, the monthly payment was over 35% of Mr. and Mrs. A's gross household income—before taxes or other monthly monetary obligations were factored in.¹⁴

The structure and practices of the specialty market of manufactured housing loans creates another barrier to consumers receiving fair terms. The salesperson told Mr. and Mrs. A that after making payments for a year they could go to any bank and refinance their loan. But as Mr. A testified, he went to three local banks and each one told him they do not finance manufactured homes. He could not find an alternative to the financing he felt trapped in. Of the five lenders that make the most manufactured housing loans, 78% of those manufactured home loans are made by two related entities: 21st Mortgage Corporation and Vanderbilt Mortgage and Finance.¹⁵ Mortgage lenders do not yet have incentives to enter the manufactured housing space. Without competition, manufactured home purchasers cannot meaningfully shop around for a loan.

Additionally, in these financing transactions, we are also observing an alarming trend of sellers misusing the E-Sign Act, 15 U.S.C. Sec. 7001, et seq., in two important ways. First, they are failing to determine whether the consumer has the ability to receive and review documents electronically. Many computer illiterate consumers or consumers without computers, some without email addresses, are being forced into electronically reviewing and signing loan documents on a tablet or computer belonging to the lender or notary without a means of reviewing those documents once they leave. Second, they are requiring the use of electronic signatures with in-person signings, with the salesperson controlling the computer. This prevents the consumer from being able to fully review documents and makes it easier for an unscrupulous salesperson to insert additional charges or provisions into the contract that disadvantage the consumer, such as arbitration provisions or changed terms.

¹³ Mr. and Mrs. A borrowed \$130,993.47 at a cost of \$246,498.93 in finance charges.

¹⁴ Financing contained a notice that the lender "has come to the good faith belief that you have the capability of repaying this financing." This claim is suspect. See, the now withdrawn suit of CFPB v. Vanderbilt Mortgage and Finance, Inc. alleging a pattern of intentionally depressed monthly expenses making loans appear more affordable than reality. <https://www.consumerfinance.gov/enforcement/actions/vanderbilt-mortgage-finance-inc/>

¹⁵ <https://www.urban.org/urban-wire/four-ways-financing-differs-manufactured-homes>

Additional Challenges for Homeowners of Manufactured Housing

Finally, a point on the vulnerability of homeowners of manufactured housing to the effects of natural disasters. These homes are secured to the ground primarily through the use of metal strapping affixed to large screw-type anchors, commonly called hurricane straps. The homes remain incredibly vulnerable to high winds that occur in hurricanes and tornadoes. These homes also are not manufactured with the same materials as stick-built homes and exposure to flood waters can render the home uninhabitable without any practical method to remediate the damage and prevent the growth of mold and other environmental toxins. Further, manufactured housing is typically completely reliant on electricity for heating and cooling, and it tends to be poorly insulated, increasing the energy use required to maintain the home in increasing cold winters or hot summers. Efforts to mitigate these risks are welcome.

Recommendations

GSE personal property (chattel) lending. An essential recommendation to protect consumers amid an expansion of manufactured housing is promoting Fannie Mae and Freddie Mac's role to expand access to manufactured home lending. These efforts should focus on steps that would create more parity between purchasers of manufactured housing, particularly in manufactured home communities, and purchasers of site-built homes. As an example, a purchaser of a \$100,000 manufactured home using a personal property loan at 12.9% for a 30-year term, typical for current private-label manufactured home loans, would pay approximately \$1100 per month. That same purchaser with a 6.5% mainstream mortgage loan, would have the power to purchase a \$174,000 home.

Ideally, all manufactured homes, whether located on land owned by the homeowner or on leased land, would be eligible for mainstream mortgage financing, but this would depend on actions by the individual states to allow homes on leased land to be titled as real estate. The more effective route under current conditions is to improve personal property lending. The GSEs should help create a strong secondary market for personal property loans, by establishing a federally-backed personal property loan program. This work would build on initial pilot projects conducted through the Duty to Serve program, and would lead to more affordable options for manufactured home purchasers. In addition, any GSE release from conservatorship must include preservation of Duty to Serve and the focus on manufactured home lending. Manufactured housing is a key source of affordable housing in many areas of the country, especially in rural areas and particularly for veterans and the elderly.

Leased land protections. Any federal manufactured home lending program should include protections for residents of manufactured home communities, whether the loan is made to enable a family to purchase a home or to enable an investor to purchase the community. A number of protections for homeowners on leased land have been proven effective at the local and state level. These protections include giving residents the opportunity to purchase their communities

when they go up for sale. A federal tax incentive for community owners who sell the community to the homeowners would also be helpful. Protections from exorbitant rent increases, such as pegging rent increases to inflation, have proven effective without resulting in less investment in communities. Homeowners in manufactured home communities should also be protected against termination or non-renewal of their leases except for good cause. This protection gives homeowners a modicum of security against arbitrary expulsion from the land and also protects the lender's security interest in the home. Protections in the sales and financing process, such as sound appraisal practices, evaluation of ability to pay, and requirements that deter bait-and-switch and other deceptive tactics, also benefit both purchasers and lenders.

Conclusion

Thank you for the opportunity to testify today. Expanding access to manufactured housing is a vital step in addressing the national need for low-cost unsubsidized housing. However, this expansion must recognize the realities of manufactured housing—that it is only a housing solution, not a wealth builder. Without proper protections, expanding manufactured housing will also expand opportunities for corporate investors and others to take advantage of these homeowners, who are disproportionately elderly, on a fixed income, and living in rural areas, in the name of the American dream of homeownership. I am happy to answer any questions.

Chairman FLOOD. Thank you Mr. Fleu. I now recognize myself for 5 minutes for questions, but before I start my questions to our witnesses, I want to recall a quick story that helps frame my interest in manufactured housing in particular.

Last year, I heard about a new development of manufactured homes in Hagerstown, Maryland. The developer was working in partnership with Freddie Mac. Each one of these homes was built on fee-simple-owned individual lots. From what I had heard, these homes did not fit the mold of what I imagined a manufactured home community would look like. It was not the manufactured homes of the 1970s. These were the kind of homes that a small family could be proud of, and yet, they were going on the market for fairly low cost relative to stick-built homes. There were curbs. There were gutters. There were trees. There were driveways.

Interested, I organized a group of Nebraskans and all the housing groups I could think of to go see the development. We chartered a bus. We went up to Maryland with the Nebraska Investment Finance Authority, local builders, and local nonprofits to check out the development. Sure enough, the homes looked as advertised. They were not big or glamorous, but they were nice, solid homes that you would not have known they were manufactured homes if you were not told. In fact, I was so sure that I was not looking at a manufactured home, I got underneath one of the homes, and I saw the chassis. I could imagine a young couple moving into one of those homes to start a family, and I could imagine them beaming with pride. Kids running around in the neighborhood next to a playground the first day they get the keys to their new house. Well, they will not fix everything. I do think there is potential here for some of these development types to be part of a broader housing supply solution in this country.

Mr. Boor, manufactured housing is built to a national standard under the HUD code. How can Congress and HUD better leverage this existing code to expand the use of manufactured homes in federally funded affordable housing projects?

Mr. BOOR. Thank you, Chairman Flood, and I appreciate the story. We are proud of the homes we are building, so thanks for that.

A lot of it is what I tried to outline. I mean, I think expanding affordable housing is really a game of expanding the playing field under the HUD code. Doing things like removing the chassis allows us to innovate, and that innovation will lead to us developing products, for example, that can go into urban infill, which is an area our industry traditionally has not penetrated. Those kinds of things, the financing that we talked about, if we can get home-only financing through the GSEs, that reduces the monthly cost for a buyer and makes more homes affordable. That is a huge opportunity. At the other extreme, some of the cross-mod homes we are doing are probably similar to what you saw. Currently, for no reason I can understand multi-section homes that meet that criteria fit, but single-section homes that are just smaller still meeting the criteria do not qualify under cross-mod, and so that seems like an oversight to me. I would like to see that changed. All of these things grow the playing field, grow the opportunity for us to innovate, and will allow us to provide more homes for families.

Chairman FLOOD. Thank you very much. Mr. Schaefer, can you describe how modular manufacturing can reduce home costs, and roughly how much savings could a home buyer expect to see with a modular home relative to a stick-built home?

Mr. SCHAEFER. Yes. Thank you, Chairman Flood. What we are seeing again, it is speed to market. We have 18 workstations in our factory, so again, imagine a Toyota car factory. The box is moved from station to station to station. About 90 percent of the home is built in the factory, so these are very high-quality, built to the international building code. These are put on permanent foundations, so high quality, energy efficient, to your point earlier, architecturally interesting. We want to build homes that people who are moving into them are proud to live in them. Then the on-site work is dramatically reduced. It is set on a permanent foundation, as I said, and then about 30 days until the final Certificate of Occupancy (CO), so the savings come kind of in two or three ways. First, it is the speed, so the——

Chairman FLOOD. Before you go there, I have one more question for Mr. Boor before my time runs out. I do not mean to cut you off, but——

Mr. SCHAEFER. Yes.

Chairman FLOOD. Mr. Boor, what are the risks to affordability of access if other Federal agencies, like Department of Energy, impose conflicting standards without HUD's coordination or oversight?

Mr. BOOR. Yes. At a high level, I think the issue is those agencies do not always understand our process, so they are myopically going after a given improvement that they are viewing. Yet, HUD has a more robust, holistic process that considers those energy advancements in this case, but relative to affordability, the Department of Energy (DOE) rules would drive the costs up considerably for our homebuyers.

Chairman FLOOD. Thank you very much, and Mr. Schaefer, I apologize again for having cut you off. I would ask that you respond to the rest of my question for the record so that I can make it part of the record for this hearing.

Mr. SCHAEFER. Absolutely. Again, how we——

Chairman FLOOD. Unfortunately, I have to cut myself off again because I only have 5 minutes, but I appreciate you very much. Thank you. The gentleman from Missouri, Mr. Cleaver, is now recognized for 5 minutes.

Mr. CLEAVER. Thank you, Mr. Chairman. I kind of want to follow up in that same direction. Mr. Fleu, if you would, you are familiar with the Community Development Block Grant (CDBG) and the Home program, I believe. These are critically important programs, and they are the two largest Federal sources of flexible funding used by States and Federal and local governments to preserve, rehabilitate, and, in some cases, actually develop manufacturing housing. These programs support infrastructure upgrades, housing rehabilitation, land acquisition, and a number of other critical improvements in manufactured housing communities.

Now, these programs have been targeted, unfortunately and for me, painfully, despite their role in addressing affordability and improving conditions in underserved areas. Do you see, as I do, the

negative impact of these programs being cut would have on what I think most of us in this room are interested in trying to develop?

Mr. FLEU. Thank you, Ranking Member Cleaver. I do see that. I do agree with the ranking member. I would actually urge that these programs should be expanded and funds should be available to more communities to improve the conditions.

Mr. CLEAVER. Thank you. The ability, I think, of us to get something done will depend on our ability to work jointly, and I think there is, as I hope you can see, some bipartisan support for the new, innovative ways in which we can reduce costs to build decent housing for our constituents. When renters are evicted, they typically leave the unit behind. In contrast, manufactured homeowners face a far more complex situation, probably legal maneuvering would be involved, but they must either sell their home or relocate to another site, and during coronavirus disease 2019 (COVID-19), the market for manufactured homes declined sharply. In the case where the manufactured homeowners cannot find buyers, they have little resources and may just leave the home in some kind of a residential area or in a park. In many States, these manufactured homes are considered abandoned property after 30 days, to which landlords can take over the titles and lease them to new tenants. To any of you, what kind of protection should we develop to protect those homeowners?

Mr. FLEU. If I may, Ranking Member Cleaver, unfortunately, I think that problem that you have identified is a State law issue. Besides just the abandoned property, we see storage fees assessed when the resident has to leave their home, and the eviction process in West Virginia is no different for an owner of a manufactured home in a rented land community than from an apartment. They leave behind and they end up forfeiting the largest asset that they own oftentimes. Unfortunately, as I say, these eviction laws, landlord-tenant laws, are usually State law issues, and so it will take really a 50-State strategy, I believe.

Mr. CLEAVER. In other words, Congress has to come together and agree to what Chairman Flood and I say. They must do what we said—

Mr. FLEU. That is right.

Mr. CLEAVER [continuing]. to fix this. Everybody?

[Nonverbal response.]

Mr. CLEAVER. Thank you. I yield back, Mr. Chairman.

Chairman FLOOD. The gentleman yields back. The chairman of the full committee, the gentleman from Arkansas, Mr. Hill, is now recognized for 5 minutes.

Chairman HILL. Thank you, Mr. Chairman. Again, thanks to the panel. Very good testimony.

Mr. Boor, really appreciate your testimony, and I was particularly interested in the cost you outlined, the flexibility of the regulatory agenda you outlined. I hope that we can do something to propose that. I was a staffer on the Housing Subcommittee in 1983, and we had the exact same testimony. Technology has advanced and innovation has advanced, but apparently, HUD and the regulatory system is stuck in the 1970s on this matter. Would you agree with that?

Mr. BOOR. I think there are some very specific actions that could be taken, and they do not seem that complex to me, but that is outside of this city, I guess.

Chairman HILL. Yes. I would like your views on the idea of this removal. To have a chassis required to be in a manufactured home is a 50-year-old idea. It seems ridiculous to me——

Mr. BOOR. Right.

Chairman HILL [continuing]. particularly considering Mr. Schaefer's good testimony on modular construction, generally. Tell me a couple of success stories in urban areas in multi-story, at least let us just start, Bill, with you and comment on it and then turn to Mr. Schaefer.

Mr. BOOR. Success stories of manufactured housing in urban areas?

Chairman HILL. Yes, exactly.

Mr. BOOR. Yes. It is really an untapped market opportunity. Our homes have traditionally gone into rural areas because of the zoning challenges we talked about earlier. What we have seen is where affordability is the absolute worst, that is where municipalities are starting to lower the barriers. We have seen that in some small towns. Martinsville, Virginia, we had a project that was aimed at homeownership for people with average incomes of \$17 an hour. A variety of agencies got involved in that, but then you take it to the other extreme. L.A. County has done a tremendous amount of work to open up the opportunity for factory-built solutions. In that case, affordable dwelling units (ADUs) were one of the solutions that they have really grabbed on to. We have shown that our products can penetrate those and increase affordable housing in traditionally or nontraditional markets. It usually takes——

Chairman HILL. Thank you. Mr. Schaefer, could you comment on that, too, please?

Mr. SCHAEFER. Yes. A great example is in the town of Breckenridge, who acted as the developer for this project. There was nowhere for the workforce to live, so we built 60 apartment units just a block from Main Street. If you have been skiing there, you know exactly where that is, and land was donated, which allowed some affordability of those 60 units. One thousand and one hundred people applied for the lottery to get those units. So, you can just see the incredible need for workforce housing, especially in ski and mountain towns.

Chairman HILL. I was taken by your testimony as well where you talked about \$93,000 in regulatory costs per unit, meaning about 24 percent of the median home price in the country. That is mind blowing to, I think, this committee. I hope it is. I mean, I hope that is flabbergasting to people in this committee.

Mr. SCHAEFER. Yes. One of my lines that I use quite often is the word, "affordable" and "housing," should never be used in the same sentence. There is no such thing.

Chairman HILL. Yes, and you also referenced, and Bill did in his testimony as well, which is, so much of this and we have heard this testimony for years, is a State-and local-driven set of barriers. Those costs are mostly State and local, the barriers to creative uses and density rates, obviously in urban areas and that comes from, you say in your testimony, 43,096 jurisdictions that all have dif-

ferent building codes, different zoning requirements, different not in my backyard. Is there a model city or county that you think is outstanding on this issue that we could share? Yes, Mr. Boor, go ahead and start.

Mr. BOOR. I would answer it in a different way. I think that is the beauty of the HUD code. The HUD code provides a Federal code that, in concept, if we meet that Federal code, we can place those homes anywhere, and HUD has preemptive authority. One of the actions I outlined was Congress should point to HUD and say update your policy statement, exert your preemptive authority so that there is a stronger statement from the Federal Government about not disallowing HUD code homes.

Chairman HILL. Yes. Anybody else want to talk about that? Mr. Schaefer.

Mr. SCHAEFER. Yes, I can just comment. There were over 300 building codes in our State. Again, to use the car analogy, that would mean a Camry would be built 300 different ways. It would cost \$200,000 if cars were governed the same way that houses were. What we have done in our State, and this was just signed last Thursday, was to reduce those codes to regional codes; so, the coldest areas will have a different building code, obviously, than the plains——

Chairman HILL. Thank you very much. Very useful testimony. I yield back, Mr. Chairman.

Chairman FLOOD. The gentleman yields back. The gentlewoman from California, Ms. Waters, who is also the ranking member of the full Financial Services Committee, is now recognized for 5 minutes.

Ms. WATERS. Thank you very much. Mr. Fleu. In your testimony, you noted that private investors acquiring manufactured housing communities often fail to comply with State laws that require that they honor existing leases and provide advance notice before increasing rents. This violation leaves residents vulnerable to sudden cost increases and housing instability. Can you speak more about how common these violations are and what tools, whether regulatory or legislative, are needed to ensure that these protections and notice requirements are enforced in manufactured housing communities? Are you talking about preempting State laws and doing something from the Federal level? What are you thinking about?

Mr. FLEU. Thank you for the question. The way I would see Federal law preempting State law, if you will, if the GSE-backed funding would expand and allow owners of homes that are not converted to real property, so they remain personal property loans. If the GSEs would provide funding for those loans and provide within that funding requirement, certain rules and regulations which would have to be complied with by communities, that would go some distance, I think, to setting a baseline standard.

Ms. WATERS. That makes good sense. Even as communities across the country struggle with severe housing shortages, local governments continue to use discriminatory zoning and land use regulations to block the development of placement of manufactured homes. These restrictions are often rooted in outdated and stigmatizing beliefs about manufactured housing and the people who live

in it, making it nearly impossible to expand this affordable housing option in many areas. How have exclusionary zoning practices limit access to the use of manufactured housing, and how, again, can Federal Government help push communities to adopt zoning reforms?

Mr. FLEU. Congresswoman, I really am not qualified to speak to your question. In West Virginia, we have very few zoning laws, and so I am not the proper witness, I think, to answer your question.

Ms. WATERS. You are absolutely correct. This is something that our city councils and mayors have to deal with in zoning, and it is a big political problem. Let me go on.

Manufactured housing communities are often on the front lines of increasingly frequent climate disasters, such as hurricanes, floods, and wildfires, yet they face some of the biggest barriers to recovery. Many live in homes that are decades old and not built to resiliency standards. Others struggle to access Federal Emergency Management Agency (FEMA) assistance due to land tenure issues or documentation barriers. Too often, these residents are left behind when Federal recovery funds are distributed. What changes are needed within FEMA and HUD to ensure manufactured housing residents receive equitable disaster assistance and that Federal investments prioritize resilience and preservation of their homes in these communities? I guess you would say that is what we should be thinking about. We should have some answers to that, but maybe you can help us out with that.

Mr. FLEU. I think you hit the nail on the head there. The discrimination between personal property homes and real property homes, I think everyone on this panel would probably agree is really a distinction that no longer is accurate, and I think that Congress and the Agency should work toward an even playing field for all homeowners, whether they own the land the home sits on or not.

Ms. WATERS. Thank you very much. I would just like to say to you, and perhaps to the other witnesses here today, this is an issue that could get bipartisan support. In doing that, we must recognize the experiences we have had and clean it up and make sure that it is available and that the money is there. If we do that, I think we can move this issue, and it is needed desperately in this country. We have to get rid of homelessness, and the unhoused people, expect us to come up with answers but let us not be shy about it. Let us get together and say we want the money, we want the assistance, we want the care that should be given to manufactured housing, just as it is expected for everybody in this country. I am looking forward to us being able to do that, and I yield back the balance of my time.

Chairman FLOOD. The gentlelady yields back. The gentleman from Tennessee, Mr. Rose, who is arguably our subject matter expert on the majority side and passionate about manufactured housing, is now recognized for 5 minutes.

Mr. ROSE. Thank you, Chairman Flood, and thank you, Ranking Member Cleaver, for holding this important hearing, and thank you to all of our witnesses for taking time out of your schedules to be with us today.

It is no secret that we are facing a serious housing shortage in this country. I hear from my constituents back in the 6th District of Tennessee all the time about their difficulties locating affordable housing. I daresay my colleagues hear the same story. In many areas of our Nation, starter homes simply do not exist at an affordable price. So I applaud Chairman Flood's leadership and focus on increasing the housing supply, and I appreciate that a discussion draft of my bill, the Expansion of Attainable Homeownership Through Manufactured Housing Act of 2025, has been attached to this hearing. My bill would remove the statutory requirement that all manufactured homes be built on a permanent chassis.

Mr. Boor, I appreciate that the Manufactured Housing Institute supports passage of the Expansion of Attainable Homeownership Through Manufactured Housing Act of 2025. Can you discuss why it is so important to remove the statutory requirement that manufactured homes be built on a permanent chassis?

Mr. BOOR. Absolutely. Thank you for the question. I think this bill represents a true expansion of the scope of housing that can be covered under the HUD code, and we have talked about the advantages of the HUD code generally across the country. Once this bill is passed, we will still have homes built on chassis because there is obviously a place for that, but now we have the opportunity to innovate in ways where the home can be brought down. The curb appeal can be approved. We can go multistory. We can do a lot of innovation that, particularly, will allow us to overcome some of the hesitance about placing our homes in urban and suburban environments.

Mr. ROSE. I completely agree, and I think Ranking Member Waters was correct when she said that removing the stigma attached to manufactured housing is a big part of the task in front of us; so, I think this gives us a chance to move forward and realize the potential of what manufactured housing can do to increasing homeownership affordability.

Mr. Boor, my office has worked extensively with the Manufactured Housing Institute on the bill that is attached to today's hearing to remove the permanent chassis requirement. One of the issues that we have focused on is ensuring that this bill does not impact the financing of manufactured homes. Do you believe that the bill attached to this hearing strikes the right balance of ensuring removal of the permanent chassis requirement while also making sure that the financing of manufactured homes is not adversely affected?

Mr. BOOR. Yes, there is a lot of work to be done. I think the first step is your bill, and we have already started this process within the industry. We are going to have to sync up State law to that bill so that the financing concerns can be alleviated. There is a lot of work to be done afterwards, but you will start the ball rolling.

Mr. ROSE. Do you believe that State work can happen quickly enough to usher along this transformation?

Mr. BOOR. I believe it will be a snowball. I think there will be some really quick, easy wins there, and once some States are doing it, other States are going to quickly conform.

Mr. ROSE. Mr. Boor, I am intrigued by the cross-mod concept and product. Could you elaborate on what a cross-mod home is and

what the new single section cross-mod product entails? Additionally, how can this housing innovation make homeownership more attainable for Americans?

Mr. BOOR. Yes. "Cross-mod" is a term we use, really, to sync up with the Fannie and Freddie programs that say, if a home meets certain criteria, it can be appraised against site-built comps, and that is a big deal, right? That recognizes that the provider of money says that our homes, from a quality perspective, are equal to site-built homes, which they are. The issue that I raised, which I think is a pretty straightforward fix, is that right now, those programs only insure homes that are multi-section. These homes have certain characteristics from the factory, and they also have certain characteristics at the site to qualify for this financing, and I believe it is an oversight not to allow smaller homes that qualify under this criterion to also qualify. So, I think it is a pretty straightforward change that will expand the concept of cross-mod home availability.

Mr. ROSE. Dr. McCoy, do you feel that single-section cross-mod has the potential to make homeownership attainable for more Americans?

Dr. MCCOY. I am not sure I can answer that from my perspective and my expertise, but I can also say that one of the things that we talk about with innovation is that the residential construction industry is not necessarily very innovative, but when we look closely, we see that these are all innovations. Everything we are talking about is an improvement, and it is something that can help with getting more housing to more people that need it.

Mr. ROSE. Thank you. My time has expired. I yield back, Mr. Chairman.

Chairman FLOOD. The gentleman yields back. The gentlewoman from Massachusetts, Ms. Pressley, is now recognized for 5 minutes.

Ms. PRESSLEY. Thank you, Mr. Chair. Housing is a fundamental human right. Housing and affordability are the number one issue I hear about from my constituents. Adding insult to injury, Trump is proposing a cut to rental aid assistance by 40 percent, essentially ending Section 8, and has already canceled contracts that support affordable housing. Trump is putting profits over people, worsening our housing crisis, and we need Congress to tackle zoning reform.

Exclusionary zoning is a national problem and has a deep history in my district, the Massachusetts 7th, and, in fact, in the early 20th century, Boston adopted zoning codes that explicitly restricted where Black and immigrant families could live. Redlining, disinvestment, and segregation concentrated poverty in some neighborhoods while hoarding wealth in others, and today, that legacy lives on. Zoning regulations in Boston are so contradictory and complex, in fact, that what would take a day and less than \$100 to be approved in another city takes \$10,000 and more than 6 months in the city of Boston. There is abundant research showing exclusionary zoning perpetuates housing scarcity, economic segregation, unequal school systems, and disparate health outcomes.

Dr. McCoy, I would like to begin with you. For folks watching this hearing who may not be steeped in housing policy, can you explain the difference between single-family zoning and multi-family

zoning, and how does that difference affect the overall supply and affordability of housing?

Dr. MCCOY. Thank you for the question. I came prepared to talk about technology, but I can do my best to try to expand a little bit on what you are asking. Single-family zoning would typically be restricted to a certain size of a footprint of the building on a lot and would restrict certain uses of that building and would ensure that anyone who purchased that building was restricted to that over time. Multifamily typically is something that we are going to use in a denser situation where we need to have multiple units on top of each other or organized on the site, and, of course, it has its own different uses that it is restricted to.

Ms. PRESSLEY. Thank you. In Boston, more than 80 percent of residential land is still zoned exclusively for single-family homes or low-density housing, and we know that zoning has never been neutral. Mr. Fleu, in your legal advocacy work, can you elaborate on how zoning has been used historically as a mechanism of segregation and displacement, and what role you see Congress playing in reversing that legacy while still respecting local governance?

Mr. FLEU. Thank you, Congresswoman. Again, I am not the best witness to answer questions regarding zoning because in my State, we have so few zoning laws. I certainly recognize the conditions that the Congresswoman has identified, and I see those perpetuated in my own State, not by zoning laws, but by convention, but I cannot address the question specifically.

Ms. PRESSLEY. All right then. Let me pose a question to all of our witnesses today. Please raise your hand if you believe Congress should consider tying certain Federal housing infrastructure funds to local zoning reform.

[Hands raised.]

Ms. PRESSLEY. All right. Let the record reflect that all four of our witnesses raised their hand, and I agree. Congress cannot wait any longer. We need to lift bans on multifamily housing, reduce minimum lot sizes, and modernize outdated code that limits supply, because if we are going to invest Federal dollars into housing and infrastructure, we need to ensure those dollars are not being undermined by local rules that drive prices up. I yield back.

Chairman FLOOD. The gentlelady yields back. The gentleman from New York, Mr. Lawler, is now recognized for 5 minutes.

Mr. LAWLER. Thank you, Mr. Chairman. One of the most common concerns I hear from my constituents is affordability of housing. With mortgage rates near their highest since the turn of the millennium, a limited housing supply in many communities, and broader affordability concerns across the last several years, it is perhaps the most difficult time to purchase a home in our region's history. At the heart of this crisis is supply. We are millions of units underbuilt in this country and simply not building enough, and certainly not fast enough. Last year, I introduced the Revitalizing America's Housing Act, which calls for a wide-ranging series of bipartisan reforms and policies that would, amongst other goals, reframe how we are treating prefabricated homes in order to incentivize construction and reduce unaffordability. Dr. McCoy, what role do prefabricated homes play in addressing housing shortfalls in our developed nations around the globe?

Dr. MCCOY. In developed nations around the globe?

Mr. LAWLER. Yes.

Dr. MCCOY. Thank you for the question. I guess what I would answer is, I advocate for a deep bench on this. We need many different options. We have a lot of capacity in this country, and we have lost some capacity, especially in terms of manufactured housing that we can bring back, right? In terms of prefabricated options, it is growing, and we have seen a lot of growth in this. Mr. Schaefer can attest to that, and it is a very viable option for how we can get housing on the ground quickly.

Mr. LAWLER. In comparison to countries like Sweden and Japan, in particular, when you look at America's housing market, what limitations do you see to the industry reaching max capacity and scale on the regulatory and economic levels?

Dr. MCCOY. I am not certain of the type of regulations, for example, that you have in Japan versus Sweden. I think in some ways, what we have seen is a perception problem, and that is something that we really need to work on and make a national priority is how do we work against the perception that somehow the buildings that are built is modular or are not built onsite, for example, that they have less quality in some way, which is not true from my experience and from our studies.

Mr. LAWLER. Mr. Schaefer, what role does building code complexity add to our current housing supply gap, and how could the greater use and acceptance of prefabricated homes help reduce that gap?

Mr. SCHAEFER. Thank you, Congressman, for your question. Yes, I would say, first of all, again, as we have mentioned, it is almost \$100,000 just in entitlement fees to get to the point where you can build a home; so, we are already starting from behind. So streamlining those, let building codes per State go to regional codes, what that would allow us, then, is to build faster, and if you build faster, then the cost comes down.

Mr. LAWLER. What other government barriers might exist at the local, State, or Federal level that prevent modular housing from reaching their full potential?

Mr. SCHAEFER. I would say, again, the higher density. Some of the things that we have already heard that would change things if the lot sizes were smaller, then you can get more homes. Let us say, for instance, in the farm development that we did, we were able to get 10 homes per acre, which then dropped the price of the homes because we did five-plexes and single-family homes down to the \$80 to \$120 area median income. So, shrinking density or increasing density would be a tremendous help.

Mr. LAWLER. Thanks. I yield back.

Chairman FLOOD. The gentleman yields back. The gentleman from New York, Mr. Torres, is now recognized for 5 minutes.

Mr. TORRES. Thank you, Mr. Chair. Mr. Boor, you began your testimony with the following statement, "We are not here today asking for subsidies," and then toward the end of your opening statement, you proceeded to ask for an expansion of the 223(f) HUD loan program, which kind of sounds like a subsidy to me because it means the government would have to take on the risk. We are bearing the risk, and we are subsidizing that risk, so it feels

like subsidies for me, but not for thee. Are you testifying that public policy and regulation can be a barrier to cost effective, affordable housing construction? I share that view. Do you believe the Trump tariffs fall into that category?

Mr. BOOR. Could you explain the role into that category? I am sorry.

Mr. TORRES. Do you believe the Trump tariffs raised the cost of housing construction materials, which, in turn, raised the cost of housing construction, which, in turn, raises the cost of housing itself?

Mr. BOOR. To the extent our costs are increased, I will say that we import materials that go into our homes and electrical components. We ship homes with appliances that come from overseas. To the extent tariffs increase and inflate those products, that drives up costs for sure, and I would not deny. I would completely agree that——

Mr. TORRES. It was absent——

Mr. BOOR [continuing]. monthly costs——

Mr. TORRES [continuing]. from your testimony but if we are going to speak about barriers to cost-effective, affordable housing construction, the elephant in the room is the Trump tariff regime, which is not manufacturing housing. It is manufacturing housing shortages.

Mr. BOOR. We should work on all these problems.

Mr. TORRES. I am an evangelist for the housing abundance movement and a proponent for housing innovation, land use reform, and modular construction. The more innovation, the more reasonable regulatory reform, the merrier, but housing and housing innovation is a supplement to, not a substitute for, housing investment. If you are advocating for housing disinvestment, you are not part of the solution, you are part of the problem. Mr. Fleu, is it fair to say that housing is a priority for most Americans?

Mr. FLEU. Absolutely.

Mr. TORRES. Housing is a priority for the American people, but it is not a priority for Congress. The HUD budget is over \$70 billion. The overall Federal budget is \$7 trillion. Housing is a mere 1 percent of the overall Federal budget, and Donald Trump wants to take that meager 1 percent and cut it in half at a time when America is facing the deepest affordability crisis since the Great Depression. Donald Trump is not only seeking to cut housing assistance in half, but he is also seeking to impose a 2-year limit on the housing assistance he is cutting in half.

As you know, most heads of households in public housing and Section 8 are working people. These are not undeserving poor people who are gaming the system. These are working people, like my mother, who cannot afford market rate rent. The median rent in New York City is upward of \$3,000. Can you raise your hand if you know many working people who can afford \$3,000 a month?

[No response.]

Mr. TORRES. Median rent in Brooklyn is around \$4,000. Median rent in Manhattan is \$4,000 to \$5,000. If you impose a 2-year limit on rental assistance, what do you think will happen to the working people who live in HUD-assisted housing? Mr. Fleu, do you want to take a guess as to what will happen?

Mr. FLEU. A lot of people would lose their homes.

Mr. TORRES. Right. Instead of the working poor, we would have the working homeless and so, the policy choice before us is not a choice between the cost of housing and no cost at all. It is the choice between the cost of housing and the cost of homelessness. Mr. Fleu, which is more expensive both economically and socially, housing or homelessness?

Mr. FLEU. Congressman, I firmly believe that homelessness is more expensive.

Mr. TORRES. By orders of magnitude, right? In Donald Trump's America, if you are a working-class person, you might lose your public housing or Section 8, causing you to pay more for housing. You might lose your Supplemental Nutrition Assistance Program (SNAP), causing you to pay more for food. You might lose your Medicaid, causing you to pay more out of pocket for healthcare. You are not only paying more for food and housing and healthcare, but you are also paying more for everyday goods and services because of the Trump tariffs, which, by the way, is raising the cost of housing. Again, I am all for housing innovation, but housing investment is indispensable to addressing the affordability crisis in America. Does anyone disagree with anything I just said?

[No response.]

Mr. TORRES. There is a consensus. There is bipartisanship in America. Modular construction, to what extent can modular construction cut the cost of construction? Do we have estimates on time savings, cost savings?

Mr. SCHAEFER. Just from experience, for us, it is between 10 and 20 percent.

Mr. TORRES. Okay, and is that national or is that in particular places?

Mr. SCHAEFER. I can only speak for what we are experiencing in Colorado.

Mr. TORRES. Got it. Look, I feel like it is not either/or. We need more innovation and more investment, and I hope we can build a bipartisan consensus for both. I yield back.

Chairman FLOOD. The gentleman yields back. The gentleman from South Carolina, Mr. Timmons, is now recognized for 5 minutes.

Mr. TIMMONS. Thank you, Mr. Chairman. I want to thank the witnesses for being here today.

The U.S. housing market has long faced a significant supply gap, particularly for low-and moderate-income families, while traditional site-built homes have largely dominated. Innovative solutions like manufactured, modular, and 3D-printed homes present a promising path to expanding affordable housing options. I am always fascinated by how technology can be harnessed to solve some of our country's most pressing challenges. To address the growing housing shortage, it is crucial that Congress explore out-of-the-box solutions, including emerging technologies, to ensure that all Americans have access to safe, affordable housing.

Dr. McCoy, 3D-printed homes represent a significant technological innovation in the housing industry. How do you believe this technology can revolutionize the way we approach home construction, especially in terms of affordability and efficiency?

Dr. MCCOY. Thank you for the question. Do you mind just repeating the very end of that, "because when the door opened?" I missed it.

Mr. TIMMONS. How do you believe this technology can revolutionize the way we approach—

Dr. MCCOY. 3D printing.

Mr. TIMMONS [continuing]. home construction, especially in terms of affordability and efficiency?

Dr. MCCOY. Excellent. Thank you so much. We have been doing a lot of 3D printing. It speeds up the process. It is very customizable. It also can augment current processes that we see. We have different parts of the home that it can augment that, but also, what we are really looking at is how do we modernize the construction workforce, so they understand how to work with machines as well. I think that is something that we have seen in modular and manufacturing that they have already started to attempt to understand. We need to understand how we can modernize our workforce in the process. I am not sure I am exactly answering your question, but there are a lot of different options that we can—

Mr. TIMMONS. Let me ask you a different way. Permitting and regulation are a huge challenge, timing and getting all your subs in order and getting the inspectors out, and all that stuff. When a computer is doing it, when it is predetermined, I would imagine that time, and the lack thereof, necessarily, inspections and permitting, there are not a lot of variables in subcontractors. You do not need to say is the framing right if a computer is doing it. Would that be a huge benefit to the construction process?

Dr. MCCOY. Yes it would, if we can get there, right? Right now, we have different authorities holding jurisdiction that we need to educate, and so we need to have processes that can streamline those processes, make sure that we agree to their safety and quality, and then I think we can move forward.

Mr. TIMMONS. Sure. Thank you. Mr. Schaefer, understanding that only a few hundred 3D-printed homes were built last year, how long do you believe it will take before this technology can realistically scale up and begin making a meaningful impact on our Nation's housing crisis?

Mr. SCHAEFER. Thank you for the question. Again, this is not my area of expertise. The one thing I will say about 3D printing, I think it is in the early stages, right? We have 18 stations in our factory. A 3D printer would only help with stations one and two; so, this is an emerging possibility, and the hope is that it will be one piece of the puzzle in the future.

Mr. TIMMONS. Sure. Thank you. Dr. McCoy, across the world, are other countries further advanced than we are in adopting 3D printing?

Dr. MCCOY. That is a very good question. Thank you for the question. They are moving forward quickly, and so we are doing what we can to keep up. Mostly, the work has been done in 3D concrete printing when it comes to buildings. We do have some polymer-based printing, but typically, that is not for the entire building, right, for the walls and the structure. A lot of the work we have been doing has been in trying to understand new materials

for this process, understand how the code processes would work, how we can integrate with existing processes as well.

Mr. TIMMONS. Sure. Thank you for that. I want to shift attention to another innovative solution in housing that Chairman Flood discussed earlier: single section cross-mod homes. These homes combine the efficiency and speed of modern manufactured housing with the look and features of traditional site-built homes, such as higher roof pitches, front porches, and permanent foundations. Cross-mod homes finance and appraise like site-built homes, and according to Federal Housing Finance Agency (FHFA) House Price Index, they have appreciated at rates similar to traditional homes since 2020. This innovation presents a real opportunity to increase attainable single-family housing without sacrificing quality or long-term value. Mr. Boor, can you discuss how this innovation can help expand homeownership opportunities for a broader range of Americans, particularly in terms of affordability, financing, and long-term value retention?

Mr. BOOR. Yes. I mean, we have talked about anything that you would call priced in a starter home category. I think cross-mod homes are really the thing that can fill in that void because it is so much less expensive, and yet the quality and aesthetics are comparable with what people would expect from a site-built starter home. It is really filling a gap that home builders are vacating by not being able to hit those price points.

Mr. TIMMONS. Sure. Thank you for that. Mr. Chairman, I am out of time. I yield back.

Chairman FLOOD. The gentleman yields back. The gentlewoman from Texas, Ms. Garcia, is now recognized for 5 minutes.

Ms. GARCIA. Thank you, Mr. Chairman, and thank you so much for bringing attention to the housing crisis. I think we can all agree that there is a housing crisis, not just in some States, but throughout America. I know, Mr. Chairman, we had another subcommittee hearing where we had the head of the homebuilders here, and he responded to some questions I had specifically that I have today for Mr. Boor and Mr. Schaefer, who are the for-profit builders here. What impact will the tariffs have on your construction? I know, Mr. Boor, you were asked that question by Mr. Torres, but you kind of hedged there a little bit, so specifically, and all I need is a percent. I do not need a whole explanation for it. What percent do you anticipate the increased cost in your building due to the tariffs?

Mr. BOOR. I think I was volunteered to go first on this one.

Ms. GARCIA. I asked you first, so yes.

Mr. BOOR. Okay.

Ms. GARCIA. I just need a number. I do not need an explanation.

Mr. BOOR. The difficulty is that the tariffs keep moving on us, as you know, so it is part of uncertainty on this——

Ms. GARCIA. That is part of the problem with the——

Mr. BOOR. Right, on our cost structure——

Ms. GARCIA [continuing]. with the tariffs is it is unpredictable, and it is one thing today and another thing tomorrow, but today, what is the impact?

Mr. BOOR. In our cost structure, I would tell you it would be in the low-single digits on the cost side.

Ms. GARCIA. What number, sir?

Mr. BOOR. I do not have a specific number. Below 5 percent.

Ms. GARCIA. I am sorry?

Mr. BOOR. Below 5 percent, based on the tariffs——

Ms. GARCIA. Below 5 percent?

Mr. BOOR [continuing]. Based on the tariffs that exist today.

Ms. GARCIA. All right. You do use some steel products, do you not?

Mr. BOOR. Yes.

Ms. GARCIA. Because those comes from Canada, and I know that was a big concern for the home builders, the lumber and the steel products from Canada.

Mr. BOOR. Yes, and I believe those have been reversed back to the preexisting tariffs.

Ms. GARCIA. They are on pause because of the North American Free Trade Agreement (NAFTA), but they will come back.

Mr. BOOR. Correct.

Ms. GARCIA. Trust me.

Mr. BOOR. Correct.

Ms. GARCIA. What about the modular homes, Mr. Schaefer?

Mr. SCHAEFER. Yes. Our homes—thank you for the question—are built with lumber, so that would be the one that we would be watching. So——

Ms. GARCIA. What percent would that be, sir? I just need a number.

Mr. SCHAEFER. Five percent.

Ms. GARCIA. Five percent. Would it surprise both of you that the home builder said about 25 to 40 percent, just tariffs? Now, you also use a lot of labor, and there will be a shortage of labor with the increased deportations and immigration enforcement. What percent would that impact, and, Mr. Schaefer, you will go first this time.

Mr. SCHAEFER. Thank you for the question. Yes, we have not had a shortage of labor. We have about 110 folks in our factories.

Ms. GARCIA. I just need a number, sir.

Mr. SCHAEFER. Zero.

Ms. GARCIA. Zero? You will have no impact?

Mr. SCHAEFER. No impact.

Ms. GARCIA. You have all the workers in the world.

Mr. SCHAEFER. Correct.

Ms. GARCIA. That is very nice. You are probably the only sector I have ever talked to that has responded in that way, and Mr. Boor?

Mr. BOOR. I would appreciate 1 minute to just talk, that the one thing about the difference you are hearing for now——

Ms. GARCIA. Sir, I just need a number because I have only got 2 more minutes left.

Mr. BOOR. I would agree with the zero percent on labor because we are hiring unskilled labor, and we are training them.

Ms. GARCIA. So the tariffs do not impact you much? Immigration? None at all?

Mr. BOOR. We have not seen an impact on labor of any——

Ms. GARCIA. Would it surprise you to know that the home-builders had 30 percent based on immigration deportations, and that was——

Mr. BOOR. What I wanted to point out is that our processes—

Ms. GARCIA. Sir, I did not ask you a question. Let me move on. Sir, I want to go to Mr. Fleu, and, Mr. Fleu, thank you for your work. I was a legal aid lawyer myself, and my favorite tee shirt was one that said, "Housing for People, Not for Profits." I was in the housing section. I used to have it until I had this horrible accident in Mexico, and my van blew up and everything in it; so, I lost the tee shirt. I wanted to ask you a question about extreme heat, hurricane events, weather events, and the risk to manufactured homes. Can you talk just a little bit about that? I am from Houston. We have a lot of hurricanes, and we do not have that many manufactured homes in Houston, but there are pockets around Houston that are semi-rural that do.

Mr. FLEU. Thank you for the question. I can speak to the issue briefly. As everyone knows, these homes that we are talking about that are on non-permanent foundations on piers are secured primarily through the hurricane straps, metal strapping, ultimately secured to the ground by a large screw. What we see, not just in high-wind events, but in high-water events, we see a lot of flash flooding events in West Virginia. There has been a lot of news about the storms that hit North Carolina and the issues that they have had with the homes. The other thing that I would like to mention, and maybe I am dealing with mainly older homes, but when these homes become waterlogged when they suffer from a natural disaster event, it is not like you call in Servpro, and they vacuum out your basement. These homes suffer for the rest of their existence through mold issues from other deterioration, and I think it is a very important issue that you have identified.

Ms. GARCIA. Right. It would be a mistake to dismantle or do away with FEMA.

Mr. FLEU. It would be a mistake.

Ms. GARCIA. Thank you. I yield back.

Chairman FLOOD. The gentlewoman yields back. The gentlewoman from Texas, Ms. De La Cruz, is now recognized for 5 minutes.

Ms. DE LA CRUZ. Thank you, chairman, and thank you to the witnesses for being here today.

I am from deep South Texas, the tip of Texas. It is a largely Hispanic community and a community that has a humble average income for families; so, low cost in housing is something very, very important to me. Affordability is important to me, and I am excited that the work that we are doing here in this committee is to find meaningful solutions to end the housing crisis. I am especially interested in ending homelessness for veterans as well, and this is why I am proud to have a bill that helps address this for disabled veterans, which is H.R. 225, the Disabled Veterans Housing Support Act. As I said, it passed successfully out of the of the House and will, God willing, pass out of the Senate, as well.

That being said, when we worked on this bill, what we found was that there are simple legislation changes that can be made that can be bipartisan and make tremendous impact on a community, in this case, veterans. While I was listening to her discussion today, I realized how important manufactured homes are to solving affordability and housing in our Nation, especially given all the ad-

vancements in construction. 3D printing, 3D building is very interesting, quality, making sure that it is quality. Texas is home to the most total shipments of manufactured homes, and while manufactured homes are less expensive, they have seen a percentage cost increase, much like our standard brick homes.

Mr. Boor, what do you think are key Federal changes that we can make to reduce the price of manufactured housing for Texans and for all Americans?

Mr. BOOR. Yes. The price that matters to the people you are talking about is their monthly cost, and there are some very clear actions to be taken on the financing side, encouraging directing the GSEs, in particular, and FHA to develop programs they have talked about for a long time for home-only financing. I would imagine in your area—I know, because we are in those markets—that there are a lot of people there that are buying home only, and they need that kind of loan. The GSEs really do not support that at all, and if they did, the cost of those loans would come down, and the monthly cost, which matters to those people, would be reduced. A lot of people are right on the outside of affordability, and that makes a big difference.

Ms. DE LA CRUZ. So GSEs, you said they do not support the manufactured home buyer?

Mr. BOOR. No. Under their duty-to-serve programs, they have talked about pilot programs and other efforts to get into this segment, and yet, we have really seen very little activity, so it would be a huge impact on people being able to get in. There are so many people just outside of affordability. If you get that efficiency, that secondary market for home-only loans, their monthly cost comes down, and they can afford it.

Ms. DE LA CRUZ. You said they were developing programs. Is it a funding issue for them? Why do you think the GSEs have not supported manufactured housing?

Mr. BOOR. Yes. I am hesitant to speculate on the reasons. I think it is a small market for them. What they would tell you is they do not have data about the risk reward, but in the public market with investors, they are pretty attracted to the risk reward. I think a secondary market would bring that interest rate down and again, have a huge impact on the number of families that could afford a home.

Ms. DE LA CRUZ. That has been very helpful. Thank you. I appreciate that. I know I do not have very much time left, but we talked about financing. I am very curious about the 3D building. I will just ask Dr. McCoy or Mr. Schaefer about the 3D building, and modernizing workforce. You said, it is very important to make sure that we have the workforce to be able to produce this. Can you speak briefly to this?

Dr. MCCOY. Thank you for the question. Yes, this is a critical aspect of getting more workers into this industry. Right now, we have a labor shortage, considerable. I have heard today that maybe that might not be in the factories, and so we are seeing that definitely in construction sites and across the industry in many different ways. Getting more people excited, changing the perception of this industry, I think it will go a long way and then talking to younger generations about how exciting all of the different opportunities

are, the different technologies that we are working with, it will go a long way to making this a great economy-building industry.

Ms. DE LA CRUZ. Thank you. Thank you. I yield back.

Chairman FLOOD. The gentlewoman yields back. The gentlewoman from Georgia, Ms. Williams, is now recognized for 5 minutes.

Ms. WILLIAMS of Georgia. Thank you, Chairman Flood and Ranking Member Cleaver, and to all of our witnesses for having this discussion today because you all, I understand that manufactured housing can be an important tool in our tool kit to help ensure that everyone, no matter their zip code, has a roof over their head. In fact, I have benefited from this. See, I grew up in rural Alabama, and I grew up in a home that had no indoor plumbing and no running water. I remember when my Aunt Pat purchased a manufactured home, and it was the first home that I lived in that had indoor plumbing and running water. I now live in downtown Atlanta, you all, and so I represent a district that this just is not possible.

I listened to my colleagues on the other side of the aisle, and I can tell that this hearing, while it would benefit many of my relatives, many people that I grew up with in rural Alabama, it would not do anything for most of the constituents that I represent in the heart of the city of Atlanta because there is simply no place that the people of Atlanta can have a manufactured home. You all, they need housing, too, because we have all agreed that affordable housing is a crisis in this country. My constituents have been quite vocal about this one-size-fits-all solution that is being forced on them, and I am their voice in Congress. So I have an obligation to speak up on their behalf. They are begging my colleagues to not gut HUD. They are begging my colleagues to not get rid of affordable housing programs and they are asking for us to do something that will benefit so many Americans that are struggling, to meet them where they are and deal with Trump and his administration's skyrocketing housing costs, because here is the truth of the matter, you all.

While this convo today would help a small segment of the country; my constituents would be left behind and still struggling. Why else would my Republican colleagues focus this week on kicking people off of healthcare, raising costs with reckless tariffs, or gutting SNAP benefits for the most vulnerable families? You all, this, too, is personal for me because I benefited from SNAP growing up. It was called food stamps at the time when I grew up in the 1980s and 1990s when I was raised by my grandparents, but I would not be here in Congress today, serving the people that I represent, if the Trump Administration and my colleagues had their way with a lot of the policies that we are forcing on the American people today. What I know is that we have a job to do, and if my colleagues really care about affordable housing for all Americans, they will work with us to ensure that housing is affordable for the lowest-income families.

Mr. Boor, this is a very simple question. Do not need all the details in background. My Republican colleagues say they want to make manufactured homes and homes in general cheaper, which is a noble idea, but President Trump is putting tariff taxes on steel and aluminum coming from some of our biggest trade partners, like

Canada and Mexico. That is the stuff that we build homes with, you all. Mr. Boor, simple question, will Trump's tariff taxes make prices for new homes increase or decrease? Increase or decrease, Mr. Boor?

Mr. BOOR. We talked earlier. It is probably the same single digit—

Ms. WILLIAMS of Georgia. Just increase or decrease, Mr. Boor.

Mr. BOOR. Price increase.

Ms. WILLIAMS of Georgia. Increase. That is right. Mr. Boor, recent data from Home Builders shows that Trump's tariff taxes are adding almost \$11,000 to the cost of an average home, but the good news is, you all, is that I actually have solutions to bring costs down. In fact, a few weeks back in a committee markup, I offered an amendment that will increase funding for the Community Block Grant and Home Investment Partnerships programs. These programs are lifelines used to help States and local communities to preserve and rehabilitate homes and low-income communities. Unfortunately, my Republican colleagues all voted against it, and President Trump has proposed eliminating these programs entirely. As if an \$11,000 tax increase was not enough for struggling families, my Republican colleagues, you all, they just want to keep it going.

Mr. Fleu, if Republicans got their way and eliminated these programs, what would happen to the average price of affordable housing across the Country?

Mr. FLEU. Thank you, Congresswoman. First of all, I am here in a nonpartisan capacity, but to answer your question, they would soar.

Ms. WILLIAMS of Georgia. The facts are the facts, Mr. Fleu, and you are right, they would soar, but now, it is not going to solve everything, you all. If Republicans are serious about making manufactured homes part of the solution, which they absolutely should be, we need to make sure that these homes are built to last and insured. Just last year, my district was hit with two hurricanes, and I live in Atlanta, you all. We are not even coastal. There is nothing costlier than a damaged home that cannot be repaired. Mr. Fleu, my time is up, but I have more questions for all of our witnesses that I will submit for the record, Mr. Chairman, and I yield back.

Chairman FLOOD. The gentlewoman yields back. The gentlewoman from Florida, Ms. Salazar, is now recognized for 5 minutes.

Ms. SALAZAR. Thank you, Mr. Chairman Flood, for putting together this very important and interesting hearing, and my first question is for any of you would like to answer. My name is Maria Salazar. I represent the city of Miami. Miami is now in fashion. Everyone wants to move to Miami. There are tall, pretty, nice, expensive buildings being bought by the New Yorkers, but the problem is that one of the biggest issues facing the constituents, the regular Miami resident, is housing costs. I have never really understood why this is. When I have spoken with the developers, they say that the land is too expensive and they cannot buy the land, then they make their money because they are in the private sector, not like us that we are in the public one serving the public.

So the modular homes, do you think that maybe that could help this problem? I am talking about the land costs, but then you have to put on top of that the construction expense. Any of you that would like to tell me, give me some hope about Miami and the overall housing costs coming down. Who is familiar with Florida?

Mr. BOOR. I will take a swing. Yes, I think the land cost issue is somewhat of a given, and so what you have to look for is density. I mean, this whole problem is a supply side problem. This is not about throwing money at higher-cost homes. It is about supply, and so if we can get more housing units on that expensive land, then we win, right? More supply. So, I think the pessimism about what manufactured housing can do in urban environments is unwarranted. We have innovated with duplexes and other solutions that get more units on the same piece of land, so I think it is a supply problem, and that is the solution.

Ms. SALAZAR. All right. Any other comments? Any suggestions? If you were to be talking right now to one of the developers that do want to provide what you just explained, what would you say to them?

Mr. BOOR. First, I would talk about density, but I would also point out that order of magnitude, the cost of placing our units is about 30 percent less than the cost of a site built, and so if they want to lower their cost to try to hit affordable price points, density and manufactured solutions.

Ms. SALAZAR. So that would entail to changing the zoning laws, as well—

Mr. BOOR. Correct.

Ms. SALAZAR [continuing]. with the dense—

Mr. BOOR. Change the zoning and allow us to innovate with products that fit in those environments.

Ms. SALAZAR. What about this other idea that I was hearing about, the accessory dwelling units, which are similar to little efficiencies? Could you explain a little bit more because we have so many—

Mr. BOOR. Yes, that is like creating land. This is not something an economy—

Ms. SALAZAR. Creating what again?

Mr. BOOR. Excuse me?

Ms. SALAZAR. Creating?

Mr. BOOR. Creating land is what I would say, and that is not a—

Ms. SALAZAR. Oh, creating land.

Mr. BOOR. That is not a concept that an economist would agree with me on, but people have backyards that are available, and if they can put a rental or a mother-in-law-type unit in the backyard, you have placed another unit in a dense area which grows the supply and lowers the cost of housing.

Ms. SALAZAR. Sure, and then why is that not happening more often in Florida? Do you have any idea?

Mr. BOOR. I think they are slow to take it up. I think if you looked at L.A., as an example, L.A. has really grabbed onto this idea and removed the barriers.

Ms. SALAZAR. Could you just give me a picture of what the accessory dwelling unit looks like?

Mr. BOOR. Yes. They are typically much smaller. What we see a lot in L.A. County that I have used an example is people leveling their detached garage, on that footprint, putting a 400 to 500 self-contained living unit, and that could be rented—

Ms. SALAZAR. All right. With a kitchen and a bathroom, everything that a little home entails?

Mr. BOOR [continuing]. Everything, and that unit can be rented to the schoolteachers and the nurses and the fire people that cannot afford to live in those areas that they serve, and now, again, you have lowered the incremental cost of rent and increased housing.

Ms. SALAZAR. How much does a 500-square-foot unit accessory dwelling unit may cost?

Mr. BOOR. One might be—and I am winging it here—but basic one might be \$50,000 to \$60,000, and it can be as nice as you want to make them.

Ms. SALAZAR. Wow. Great. How do we access that? Give me two.

Mr. BOOR. Oh, how do you get it—

Ms. SALAZAR. Meaning, I think it is a very innovative idea. I had not heard about it, but I definitely would like to know more so we can share this new concept with the rest of the developers that are desperate.

Mr. BOOR. We are developing the case studies in some municipalities. It is a great solution.

Ms. SALAZAR. Thank you. I yield back. Thanks.

Chairman FLOOD. The gentlewoman yields back. The gentlewoman from Michigan, Ms. Tlaib, is now recognized for 5 minutes.

Ms. TLAIB. Thank you, Mr. Chair. We know that when private equity firms purchase manufacturing housing communities, residents can face new regulations, as we know, higher rents, and even displacement or eviction. In Michigan, 1 in 10 manufacturing housing communities are owned by private equity firms. Private equity firms have purchased manufactured housing communities in my own district called Crestwood Estates, and Dearborn Heights is one of them, and one of the residents in Crestwood Estates had reached out. She is a seasoned resident. In March, she called us, reached out, and after her community was purchased by a private equity firm, her rent went up 65 percent. That is before the water, sewage, trash, and other fees were added on. She told me that some of her neighbors have lived there for 20 or 30 years, but now most of us cannot even afford to live here anymore, and they have no place to go.

Mr. Fleu, in your testimony, you noted that residents of manufactured housing communities are overwhelmingly people on fixed income, like my resident that I mentioned. Can you touch base on many of our seasoned residents? Ironically, for some reason, a lot of my veteran neighbors really like living in manufactured home communities, as you probably know, and we have a lot of residents living with disabilities on fixed income that also, in particular, face financial disruptions and so forth. Can you talk a little bit about what those impacts look like post private equity firms buying out these manufactured communities?

Mr. FLEU. Thank you for the question, Congresswoman. What those impacts look like are, frankly, pitiful. You see people that

have lived in communities for decades, as you have mentioned, that find themselves homeless. You find people that have lived in communities for decades that start having all kinds of health issues because of the stress that this increased rent has put on them. You find people that have enjoyed a community for years and interacted with their neighbors that no longer feel that sense of community because people have left, the conditions have deteriorated, et cetera. If I may, I would suggest that one of the issues with private equity would be providing incentives for sellers to sell to residents and incentives for residents to purchase their own communities and convert—

Ms. TLAIB. I love that. We actually been talking about it. For people listening to this committee, I know we are not the most popular committee today, but one of the things we have been talking about on our team is the resident-owned communities of having kind of an approach of resident-owned, having the homeowner have a share in the governing of it, the oversight and so forth, and having some way to even vote on some of the conditions of the facility, and I am glad you mentioned it. If you can talk about the benefits—and again, this is new to many people in the public—called resident-owned communities a little bit. I know in the past, you have heard and I know the ranking member has heard, cooperatives structured as cooperatives and things like that. If my mom or your mom was in this room, how would you explain that and the benefits of it?

Mr. FLEU. Sure. It is the difference between an apartment building and a condo.

Ms. TLAIB. That is right.

Mr. FLEU. By allowing residents to actually purchase the communities they live in, the homes are better upkept, the conditions in the communities themselves are generally more improved, the upkeep is improved, but like you say, it gives an ownership. It gives, basically, a real piece of land that goes with the home, and it allows people to have that pride of ownership and to have that asset that they do not have when they only own the home, but they are basically powerless with regards to the decisions made about the—

Ms. TLAIB. In your testimony, you actually mentioned the abusive financial practices faced by purchasers of manufactured homes and I know in the past, Consumer Financial Protection Bureau (CFPB) had exposed those practices and pursued bad actors. However, I know the current administration is not interested in doing that. In my opinion, I do not see that being something of a commitment. Does the weakening of consumer protections mean that borrowers, like my constituent seeking to purchase, are exposed to some of these fraudulent schemes?

Mr. FLEU. Absolutely, and the weakening of consumer protections is a snowball effect.

Ms. TLAIB. Uh-huh.

Mr. FLEU. One bad actor breeds another bad actor, breeds another.

Ms. TLAIB. Yes, Mr. Fleu, you should have seen—I do not know, chairman, I should have brought the article. One of our manufacturing homes owned by a private equity firm, they just had no

water access because he did not pay it. I mean, it is private equity firm, but they had that one person. He did not pay it. They did not have water. I do not know, I just feel like these are some of our most vulnerable, and we should do more. Thank you.

Chairman FLOOD. The gentlewoman yields back. The gentleman from Wisconsin, Mr. Fitzgerald, is now recognized for 5 minutes.

Mr. FITZGERALD. Thank you, Chairman. Mr. Boor, did I hear you right when I first walked in, you said one of the answers to the housing shortage is to move your mother-in-law out in the backyard? Build her a separate place, or how would that work? Who is going to deliver that message?

The Next Generation Housing Initiative in Washington County, Wisconsin, is a locally driven effort to expand affordable homeownership for middle-income families by developing a thousand new owner-occupied homes by 2032. It is backed by \$10 million in county investment. The program provides infrastructure subsidies to developers and down payment assistance to buyers up to \$20,000 per home. It sets clear affordability targets, requiring 40 percent of homes to be sold under \$340,000, and all under \$420,000. Obviously, what we are focused on is reducing the development costs, expanding housing options and the initiative also promotes zoning reforms that allow for smaller lots and diverse housing types, like duplexes and townhouses. It is an example of a public private advisory group that cannot only implement this but oversee this.

Mr. Schaefer, I think you are familiar with the concept. I am going to ask you, from your vantage point and working closely with developers and local governments and nonprofits, I know you have seen a lot of changes and maneuvering on some of those challenges to building affordability. Have you seen programs similar to this throughout the Nation starting to develop, or do you think something similar could be kind of scaled down maybe, and used at the Federal level? I was wondering what your thoughts are on that.

Mr. SCHAEFER. Thank you for your question, and what you just described is, basically, what we have been doing throughout the State of Colorado. It is municipalities and the State tackling this missing middle, so 80 to 120 percent of the area median income (AMI), which you described on this particular project. Yes, higher-density townhomes are a part of it. It could be duplexes, up to four or five or six plexes, and then the public-private partnership piece, or you could add philanthropic, as well, into that piece, which it sounds like you are doing. These are going on throughout all the mountain towns and really throughout the State of Colorado, very similar to what you did, so you hit on all the main points.

The only one that I might add is, again, you are focusing on the demand side. The one piece we are challenging folks to is to look at the supply side. Building one factory in the State of Wisconsin could provide 500 affordable homes per year. With everything that you just mentioned in this initiative, we would just want to add that to it.

Mr. FITZGERALD. Very good. Thank you so much. Mr. Boor, government-mandated caps and regulations on single-family rentals reduces supply of housing. It has kind of been discussed, I know, this morning, but studies have shown minimum lot size requirements restrictions on multifamily housing developments and the

lengthy permitting process, which, if you are a Member of Congress, you hear every time you are in the district and you talk to somebody that is a builder themselves. Do you believe that there is an increase in the number of single-family rental homes that are available, and how could this improve overall housing affordability? I guess, what is the effect on the pricing?

Mr. BOOR. Yes. There is a huge need for rental solutions, as well. I think the challenge, and this relates to your earlier question. The challenge is not only on the financing and funding side but it is also getting entitlement to do these expansions. Communities, whether they are rental or land lease, provide homes for a lot of people in this country, and they are very satisfied with their living situation. To further your point, I think some of the lot size requirements is one form of zoning restriction that keeps manufactured housing out of urban developments. We have not even cracked the opportunity of infill with factory-built housing, and it is because of those kinds of restrictions that you are mentioning.

Mr. FITZGERALD. Thank you. Chairman, I yield back.

Chairman FLOOD. The gentleman yields back. The gentlewoman from Oregon, Ms. Bynum, is now recognized for 5 minutes.

Ms. BYNUM. Thank you, Mr. Chair. Mr. Fleu, in my home State of Oregon, I have noticed how private equity firms have significantly increased investments in manufactured housing communities. From your work, have you seen any impact on the cost to renters when entire manufactured housing communities are purchased on a systematic scale? One point to note, we in the State have suffered from extraordinary wildfire events, and so many families rely on the accessibility of being able to move into a manufactured housing community pretty quickly. So that is why this is really important to us.

Mr. FLEU. Thank you for the question. As explained a little further in my written testimony that was submitted, I have never seen private equity or a hedge fund buy a manufactured housing community and not increase rents as the first thing they do. Unfortunately, that is often coupled with a decrease in investment in the community, allowing infrastructure to deteriorate and living conditions to worsen.

Ms. BYNUM. My second question for you. Manufactured housing is the largest source of unsubsidized affordable housing stock, and it represents an essential source of affordable housing, particularly for seniors. I remember going door-to-door one time, and seniors were pretty upset because a row of the homes had been condemned because they were noted by the county as being very close to falling into the river, and that was, of course, a challenge for them, and I asked them if there was a replacement, and they said no. So that was particularly stressing for them.

From your perspective, what specific risks come from the aggressive purchasing of manufactured housing communities, particularly to vulnerable populations like seniors, veterans, low-income families, and what actions, from a policy standpoint, do you think Congress should take to mitigate these risks? One more quick point on this, when I asked the question earlier in a committee about capital, the response was that we should be agnostic to the type of capital that comes in to do a particular job. Okay. That is fair. That

was in respect to young people being able to buy their first home. I think the challenge now is that we have a legislative opportunity here. We have a policy decision to make, irrespective of the money, but what should we be doing? What should we be thinking about to making that policy decision?

Mr. FLEU. Thank you. I will answer that last question, but to sort of go back to the first question, when you have people on fixed incomes, when you have vulnerable communities, low-income communities, the median household income (MHI), they released a study that says the average increase year over year in manufactured housing communities, land leased communities, 6.5 percent, I believe. The average increase for this year is 2.5 percent, so there is just no way that someone that is on fixed benefits can keep up and keep a roof over their head. Answering your last question, I think that the government can incentivize. I think, again, we are all talking about the need for further expansion of GSE-backed loans, but I think part and parcel of that expansion must come with rules from those GSE that require certain treatment, certain benefits to the residents of these communities.

Ms. BYNUM. Thank you. I guess in closing—Mr. Fleu, thank you for your testimony—I am really concerned about threats to affordable housing that could create these conditions where seniors are pushed out of their communities and veterans on fixed incomes, as you have just mentioned, are hit with rent hikes that they cannot afford, and I think that this is happening without transparency. Congress needs to provide some level of guardrails so that we shore up the market, make sure that it continues to be there, and especially as we try to replace housing in areas where wildfires have really hit home. I am committed to working with my colleagues on both sides of the aisle to ensure that we get a safe, affordable, and steady housing stock. I do not think our homes should be necessarily an opportunity for just the outright profit. It is a source of intergenerational wealth for many families, just keeping a roof over their head, but I think this is more about dignity and opportunity for families. Thank you, Mr. Chair. I yield back.

Chairman FLOOD. The gentlewoman yields back. The gentleman from California, Mr. Liccardo, is now recognized for 5 minutes.

Mr. LICCARDI. Thank you, Mr. Chair, and thank you for allowing me to waive on. I would like to think I am becoming an honorary member of the subcommittee. Thank you, and I appreciate your willingness to hold this important meeting because innovation in the housing industry is critical. I have certainly seen that in my time as a mayor. In the city of San Jose, we actually have more mobile home residents than any other city in the country, and we relied heavily on prefabricated modular housing for many solutions, and, frankly, we need much more.

I do share Mr. Torres' view, though, that the public is being presented with a false choice between innovation and sensible housing safety net programs, and we desperately need both. We do need innovation construction development. We also know that the actions that either have been taken or being contemplated to decimate Section 8, for example, requiring 2-year limitations, for example, cutting already thousands of families off the program. Section 8 already fails to serve about three-quarters of American families that

qualify for it by income; so, the devastation we are going to see from the cuts there, in that and other similar programs, the tariffs on Canadian lumber and Chinese steel, none of these are making our efforts to combat the housing crisis any easier.

My concern is that as millions of Americans will suffer from both these cuts and poor economic strategies, we are going to see more people pushed out in the street, and communities are going to take a generation to recover because we know that arsonists can move much faster than home builders can. I would urge Congress to move carefully, very carefully, in dismantling these critical safety net programs.

I want to get to the heart here of what we are discussing here today, and I certainly saw the benefits of prefabricated modular housing, particularly with regard to ADUs, backyard homes. We created programs, partnering with manufactured home builders, identifying a couple dozen preapproved floor plans so that our planning department could enable homeowners to get a permit in a single day by going online and choosing one of the preapproved plans. We saw the permits for ADUs backyard homes skyrocketed from about 15 a year back in 2015 to more than 800 by 2019. Huge opportunities. The problem was homeowners got the permits, but what we were told over and over is that many of them were not getting shovels in the ground because they could not get the financing. For modest income homeowners, there is just no simple tools to enable them if they do not have enough equity in their homes to be able to expand housing in their own neighborhoods where we know there is great opportunity for many cities, like San Jose, that want to provide that opportunity.

We are working on a bill now, and I certainly welcome my colleagues who may be interested in this, to provide that opportunity, essentially, through a mandate to FHA. I would welcome any of our witnesses as to any opinions that you might have about what opportunities there are for innovation in financing, particularly with Fannie-or Freddie-backed lending, that could actually unlock this great opportunity we have with land in lots of cities throughout this country. We have ample land and not enough housing.

Mr. BOOR. I will jump in. I think you are right on point. I mean, what we have seen, whether it is ADUs or duplexes, any of these solutions that can help particularly in more urban environments, is that the physical product innovation happens first, and it sometimes takes a long time for the financing to catch up with it. I do think there is some direction that could be given to the government entities—FHA, Freddie, and Fannie—to accelerate development of those programs. In some cases, I will tell you like duplexes, as an example, I get in discussions, and they talk about the problems and what they do not know and then I say, well, do you fund site-built duplexes, and right away they say, oh yes, we do that. What is the difference? These homes are not going to move. They are built to the same quality, but there seems to be a difficulty of just jumping over the mindset that somehow manufactured housing should be treated differently in financing, and I think you guys can encourage those entities to think differently and move.

Mr. LICCARDO. Thank you. I agree, and we are going to push. I would point out, and, Mr. Boor, I appreciate your comments, and

I agree very much with your suggestion about the need for preemptive approaches around antiquated restrictions, around chassis requirements, and so forth, and I would support some preemption, but I am very concerned about preemption and safety requirements. I know your own company faced those very challenges, as I understand, as recently as last year with a \$270,000 fine that was considered from the Department of Labor regarding safety. We do need minimum requirements around safety, on construction, and on occupation. I hope you agree.

Mr. BOOR. You are talking about factory safety.

Mr. LICCARDO. That is right.

Mr. BOOR. Yes, very proud of our record there. We are well below the industry average, but it is very important. I would not disagree with you at all.

Mr. LICCARDO. All right. I am concerned because I know Cavco certainly had its challenges—

Chairman FLOOD. The gentleman's time has expired.

Mr. LICCARDO [continuing]. and we certainly do not want to replicate that. Thank you very much.

Chairman FLOOD. The gentleman yields back. The gentleman from Montana, Mr. Downing, is now recognized for 5 minutes.

Mr. DOWNING. Thank you, Chairman Flood. Montana, between 2018 and 2013, has seen just staggering increase in the median home values. It went almost 90 percent, 89.6 percent, and during that same time, median household income increased by about 28 percent. On one hand, you have almost a 90 percent increase in cost or value, and you have less than a 30 percent in income. Obviously, those numbers are not tracking. The median home price in Livingston, Montana, is \$640,000, or in Helena, \$600,000, and something I think about often is the American dream. Homeownership, to me, is foundational. It is a cornerstone to the American Dream.

So, how do we solve this problem? Obviously we need to figure out ways of getting people into homes, finding it cheaper, and I have said these statistics on this committee before. I think this was from the homebuilders who estimate that every \$1,000 extra that it costs to build a home, you are eliminating about 106,000 possible people that can buy that home, so we need to find solutions here. I am going to first turn to innovation. I was a tech entrepreneur, and I am a firm believer that the United States needs to embrace and lead in innovation, innovative solutions, increased efficiencies, make products more affordable to everyone, so I am excited about the idea of 3D printed homes. I am excited about this. I am going to start with Dr. McCoy.

You already spoke earlier today about the potential benefits of 3D printing technologies. Are there any other possible innovative solutions to increase the supply of affordable housing that might not even be on our radar right now?

Dr. MCCOY. Thank you for the question. Yes, I think if you look at artificial intelligence right now, we have a lot of opportunities to take antiquated records, permitting processes, planning processes, we can look at a lot of the different systems we are currently using, and we can work toward more efficient processes in that.

That could speed up our construction and scheduling, of course, and hopefully, allow us to produce more units faster.

Mr. DOWNING. Thank you.

Dr. MCCOY. That is one area.

Mr. DOWNING. I am going to move on to energy. I am all for energy efficiency. I live in Montana. Energy efficiency is important. This can be for Mr. Boor. What impact does the imposition of Federal energy codes by the Department of Energy have on the cost and availability of manufactured housing in America?

Mr. BOOR. Yes, that attempted rulemaking, because it was somewhat ill-advised and out of sequence with how we manufacture and transport homes, it was poorly targeted, and we have estimated that there is a lot of variation in assessment, with \$5,000 to \$6,000 of added cost for the consumer. Our industry has come forward and said we can get similar efficiency improvements in ways that work for us and it would not drive that cost, and that is the importance of the HUD process.

Mr. DOWNING. Thank you. I am going to move on to Mr. Schaefer. Some places completely prohibit manufactured homes. Do you notice any difference in housing affordability in areas that allow manufactured homes versus those that do not?

Mr. SCHAEFER. Thank you for the question, and, again, we deal with or we build modular homes, not manufactured homes, so I am not sure I am the right person to answer this. Again, for us, if the communities or the State allow for regional codes that allow us to build faster, quicker, more efficiently, very similar in Colorado as it is in Montana.

Mr. DOWNING. Thank you. Mr. Boor, do you agree or do you have anything to add there?

Mr. BOOR. It is all about supply. I mean, your starting point about the relative increase of housing and incomes in Montana proves the point that what we need is supply. So turn us loose, give us a level playing field, and we will increase the supply.

Mr. DOWNING. I appreciate that. Kind of building on that, can you talk about how prefabricated homes can increase the supply of affordable housing in rural areas where there is not much development? We can go back to Mr. Boor.

Mr. BOOR. Yes, we traditionally have covered rural areas pretty effectively. I think the next frontier, and it is a big one, is to get into suburban and urban areas, and that is where a combination of product innovation and zoning improvements would allow us to do a big job.

Mr. DOWNING. My last couple of seconds, to anybody on the panel, any other barriers that have not been discussed today that prevent prefabricated homes from being utilized? It looks like I ran out of time, so I am sorry to get that late. Mr. Chair, I yield.

Chairman FLOOD. The gentleman yields back. The chair now recognizes the good gentleman from New York, saving the best for last. Mr. Garbarino is now recognized for 5 minutes.

Mr. GARBARINO. I do not think I have ever been called the best before, but thank you, Chairman. Thank you to the witnesses for being here.

Recent data from the National Association of Realtors highlights a critical shortage of housing, particularly for first-time home-

buyers and in the moderate income price range. First-time buyers decreased to 24 percent of the market share from last year, marking the lowest share since 1981. Dr. McCoy, how could innovative housing types, like manufactured, modular, or 3D-printed homes, help address both the housing supply shortage and affordability challenges facing first-time homebuyers?

Dr. MCCOY. Thank you for the question. I think I said this before, but, really, I would advocate for a deep bench. We would have a lot of different tools that we can look at different segments of the market and be able to satisfy different parts of the market in different ways or different local market conditions that we need to satisfy, and I think that is part of what needs to happen to understand that we have a lot of options. If we can bring some innovation that needs to be brought back online, but also push innovation as much as possible, then, hopefully, we can have many different tools for many different options.

One of the things that was mentioned before, a couple of times, that we have not really talked about is, if we can satisfy a certain segment of the market, we do not have what is called a crowding-out effect where we might have people who are, basically, paying below what they can afford, and so you can actually open up areas for people to have more housing as a result in markets where you do not find that people can afford.

Mr. GARBARINO. My colleague, just before, he was talking about how some municipalities and localities have put in prohibitions on these types of homes. What specific zoning reforms or incentives, Dr. McCoy, should localities consider to ensure these innovative housing solutions are fairly incorporated into local land use plans?

Dr. MCCOY. In many ways, I am here to talk about technology, but I can reiterate some of what we have talked about and what we have seen in Virginia. We have seen a lot of really good programs that work on speeding up the processes around permitting. We have seen plan books where people can pick from a book of plans, and that really speeds up the process from a code standpoint. We also have seen a lot of State-level grants that try to incentivize innovation through our housing finance agency.

Mr. GARBARINO. Any other witnesses want to take a stab at that? Any other ideas?

Mr. BOOR. I talked to in my testimony about strengthening HUD's policy statement on this. Congress has been clear about the preemption authority of HUD, and they need to strengthen their policy statements so they can work with local communities to overcome, really, the outdated view of factory-built housing. I think if we can push a little bit harder on the municipalities, we will get more acceptance, and there will be success stories.

Mr. GARBARINO. Actually, my next question was about updating HUD policies, so that was great. Mr. Boor, Cavco was the first builder to unveil a duplex model after HUD code was updated to allow for zero lot line and 2-to 4-unit manufactured homes. Can you speak to how this innovation expands the range of homes built to the Federal construction code and where you see duplexes fitting into the market, and what barriers, if any, your company is encountering as you bring this product to scale?

Mr. BOOR. Yes. I mean, it is a fantastic change, and HUD supported us by changing their code to allow it. The early adopters really are community operators that intend to rent long term because they can get commercial funding for the units. The hurdle seems to be to get consumer funding or owner funding, but I think the frontier that we want to get to is where these can be solutions for urban infill. It is a great solution there, and the big hurdle, again, is financing and developing programs where owners can get consumer financing for these units.

Mr. GARBARINO. Wonderful. Thank you. Since you already answered my last question, I yield back. Thank you very much.

Chairman FLOOD. The gentleman yields back. I would like to thank all of our witnesses for your testimony today.

Without objection, all members will have 5 legislative days to submit additional written questions for the witness to the chair. The questions will be forwarded to the witnesses for their responses. Witnesses, please respond no later than June 20, 2025.

[The information referred to can be found in the appendix.]

Chairman FLOOD. This hearing is adjourned.

[Whereupon, at 12:05 p.m., the subcommittee was adjourned.]

APPENDIX

MATERIALS SUBMITTED FOR THE RECORD



Statement for the Record from Laurel Harkness

Coalition Director
Rural Voices for Conservation Coalition

Submitted to the House Committee on Financial Services
Subcommittee on Housing and Insurance
Hearing on Expanding Choice and Increasing Supply: Housing Innovation in America

On behalf of the Rural Voices for Conservation Coalition (RVCC), I'd like to thank you for holding this hearing to shed light on innovative solutions to increase choice and supply of housing across the United States. RVCC is a collaboration of rural community advocates, regional and national conservation organizations, business owners, federal and state land managers, researchers, county and state governments, and foundations. Our mission is to elevate the voices of rural leaders on issues such as collaborative all-lands stewardship, rural housing, local workforce development, forest health, wood utilization, and more.

We strongly support the goals of the committee in their pursuit of innovative solutions to housing supply, and we consider manufactured housing one of many viable solutions. In rural communities throughout the West, manufactured home parks are ubiquitous. Most manufactured homes are sited within specially zoned "mobile home parks" or "manufactured home parks". Unfortunately, in many cases, the turnover in ownership of these mobile parks can create conditions that compromise safety, stability, and affordability of manufactured homes. We would also encourage the committee and the manufactured home industry to evaluate and support policy solutions that would lead to outcomes that benefit the residents of these parks and prioritize safety, stability, and affordability. One possible solution is the creation of pathways that lead to resident-owned parks.

Another innovative alternative to increasing supply of housing in the rural West is the advancement and scaling of off-site advanced panelized manufacturing solutions. This form of housing is especially needed in regions recovering from wildfire and other natural disasters. We would also like to see these advanced panelized manufactured homes fabricated from domestic

timber. The processing and utilization of engineered wood products from domestic lumber is critical, and programs like the **Timber Production Expansion Program**, a loan guarantee program, can help us to scale these solutions more rapidly.

Thank you for holding a hearing on this important issue. We look forward to working with you and your staff on solutions to increase the housing supply for rural communities.

Thank you,

Laurel Harkness
Coalition Director
Rural Voices for Conservation Coalition

**PRIVATE EQUITY
STAKEHOLDER
PROJECT**

Statement for the Record

Hearing Entitled "Expanding Choice and Increasing Supply: Housing Innovation in America"

Housing and Insurance Subcommittee
House Financial Services Committee

May 19, 2025

Dear Chairman Flood, Vice Chairwoman De La Cruz, Ranking Member Cleaver, and Members of the Subcommittee,

The Private Equity Stakeholder Project (PESP) is a non-profit financial watchdog organization that seeks to bring transparency and accountability to the private equity industry for the benefit of impacted communities and investors.

We appreciate the opportunity to submit this statement for the record to highlight the risks that private equity investment poses to manufactured home communities, one of the forms of housing discussed in this subcommittee's recent hearing entitled "Expanding Choice and Increasing Supply: Housing Innovation in America."ⁱ

Private Equity and Manufactured Housing

Over the past 20 years, manufactured home communities have increasingly gone from "mom and pop" enterprises to ownership by private equity firms, hedge funds, and large, multi-state corporations that seek to capitalize on manufactured-home owners' unique living situation:

- In 2017, private equity firm Apollo Global Management bought Inspire Communities,ⁱ a manufactured home park operator that currently has over 100 parks with almost 24,000 home sites.ⁱⁱ
- The Blackstone Group, the largest private equity firm in the world, spent almost \$1 billion between 2018 and 2020 to acquire over 50 parks, with over 10,000 home sites, and operates them through its Treehouse Communities platform.^{iv}
- In 2020, the Carlyle Group expanded its presence in manufactured home communities with a \$230 million purchase of four manufactured home parks, with a total of 1,583 homes, in Arizona.^v
- In 2021, Horizon Land Management, which is backed by Federal Capital Partners, acquired a portfolio of 93 manufactured home parks with a total of 11,129 lots.^{vi}
- Since 2020, the hedge fund Alden Global Capital has acquired at least 138 manufactured housing parks with over 10,000 homes.^{vi}

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In 2020 and 2021, institutional investors accounted for 23% of all manufactured home purchases, up from 13% between 2017-2019.^{viii}

Corporate investors realized that manufactured housing could be a source of large profits. “The number of investors looking for mobile home parks to purchase is unprecedented,” said Paul Bradley, president of ROC USA, a nonprofit that helps residents form cooperatives to buy their parks. From 2010 to 2020, he noted, manufactured housing parks were “the highest returning of all real estate asset classes—offices, commercial, industrial, storage units, parking garages, you name it—with a 22 percent annual compounded return.”^{ix}

The private equity business model is simple. They buy a park, increase the rent in order to increase cash flow at the property and thus increase the park’s value, and then often sell it within a few years for a profit.

One example of this is in Sunnyvale, California where the Carlyle Group bought the Plaza Del Rey mobile home park, which has 800 homes, in 2015. Carlyle raised rents 8% a year, while the previous park owner had 3% annual increases.^x Carlyle paid \$150 million for it in 2015, increased the rents, and then in 2019, just four years later, sold the park for \$237 million – making a profit of almost \$90 million in just four years.^{xi}

Due to manufactured-home owners’ limited mobility, investors can increase site rent prices and fees with little effect on demand. As a result, residents are trapped and can be squeezed for every dollar. In addition, evicting residents who are unable to keep up with rising site rents can be lucrative, as residents who are forced to leave may abandon their homes or sell to the investor at a steep discount. With such devastating consequences for evictions, manufactured-home residents are often reluctant to raise concerns or challenge wealthy investors.^{xii}

Private equity firms have been aided in their acquisitions of manufactured home parks by the U.S. Government sponsored lenders Fannie Mae and Freddie Mac. More than half (52%) of the private equity-owned parks we identified were financed by Fannie Mae or Freddie Mac.^{xiii} In contrast, Fannie Mae or Freddie Mac financed just 9% of all the manufactured home parks in the U.S.^{xiv}

Please see our [Manufactured Housing Tracker](#) for more information about private equity-owned mobile home parks.^{xv}

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Manufactured housing is a vital source of unsubsidized affordable housing^{xvi}

U.S. manufactured homes are sometimes casually referred to as “mobile homes” or “trailers,” but, in fact, they are a specific type of factory-built housing and must be constructed in accordance with the U.S. Department of Housing and Urban Development’s (HUD) Manufactured Home Construction and Safety Standards Code.^{xvii} Modern manufactured homes resemble single-family residences, often with multiple bedrooms, backyard patios or decks, and most are secured to a concrete foundation. They may be placed on the homeowners’ private land, or the homes may be placed on rented or leased land, often inside a manufactured home community.^{xviii}

While most manufactured homes are owned, with 5 million homes owned by the household (71%), there are also 2 million units (29%) occupied by renter households.^{xix}

Manufactured homes comprise 6% of the country’s total housing stock.^{xx} In rural areas, manufactured homes account for 14% of housing stock.^{xxi}

At an average price of \$127,250 as of 2022, manufactured homes are a vital source of affordable housing for rural and low-income families.^{xxii} More than one fifth of manufactured-home owners earned less than \$20,000 a year as of 2021, and over half earned less than \$50,000 a year. For manufactured-home renters, more than a quarter earned less than \$20,000 a year, and almost 70% earned less than \$50,000 a year.^{xxiii}

Manufactured homes are a particularly important housing option for families who live on fixed incomes, like retirees and individuals unable to work due to disability. As of 2022, almost one-third (31%) of adult manufactured home residents were over 60.^{xxiv}

These data show that manufactured housing is a foundation in the structure of American housing. It supports some of the most precarious members of our society. Therefore, it is critical that our housing policy is structured to look after these residents wherever possible. And it’s for these reasons that the emergence of private equity firms and corporate real estate investors at a massive scale in the industry is cause for concern.

Mobile homes’ lack of mobility means big profits for park owners

While manufactured homes are sometimes thought of as mobile, manufactured homes are almost never moved once placed. Homes are often attached to a foundation and cannot stand a move. Furthermore, moving costs average \$5,000 to \$10,000, roughly five to seven years’ worth of the homes’ equity.^{xxv} Finding a new lot to place the home is also difficult, as park owners may prefer to place newly constructed homes.^{xxvi}

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It can also be difficult for homeowners to sell their homes because of home sale restrictions imposed by the park owner, such as exclusive agent arrangements.^{xxxvii} In addition, site rent increases hurt homeowners looking to sell – as of 2017, realtors estimated that for every \$100 increase in space rent, a manufactured home lost \$10,000 in value.^{xxxviii}

The financial consequences of eviction can also be more devastating for manufactured-home owners than residents in traditional rentals. When manufactured home owners facing eviction cannot move or sell their home, the homeowners' only option is to abandon their home or try to sell it to the community owner – usually for a fraction of what it's worth – eroding any equity the home might have accrued. In some cases, homeowners must sell their homes for less than their mortgage, meaning they walk away from evictions saddled with even more debt. After evicting residents, park owners often rent out or re-sell these homes.^{xxxix}

With limited mobility and few alternative housing options, manufactured-home residents are vulnerable to exploitation by landlords looking to maximize profits. When site rent and fees are increased or communal maintenance issues ignored, homeowners often have no choice but to endure it.

This economic trap is not a side effect but a building block of the business model. Because of residents' inability to move and a high demand for affordable housing, cash flows from the investments tend to be highly stable, even during economic downturns.

In 2017, analyst Green Street Advisors reported that the manufactured home sector was the only major real estate asset class that had not experienced a year-over-year decline in net operating income in any year since 2000. Green Street viewed manufactured home communities as offering the most favorable return profile among all property sectors (including apartments, office buildings, retail, hotels, industrial, and self-storage).^{xxx}

Mobile Home University (MHU) runs a boot camp where it teaches prospective manufactured home community investors about how to best extract profits. Frank Rolfe from MHP Funds is a co-owner of MHU. MHU co-owner Frank Rolfe said that "One of the big drivers to making money is the ability to increase the rent. If we didn't have them hostage, if they weren't stuck in those homes in the mobile home lots, it would be a whole different picture."^{xxxi}

For instance, after the Carlyle Group bought the Sierra Royal Mobile Park in Nevada, one resident reported that the private equity firm raised her lot rent from \$685/mo to \$1,010/mo.^{xxxii}

Rolfe likened a manufactured home park to "a Waffle House where everyone is chained to the booths,"^{xxxiii} emphasizing how residents have few options but to pay rent increases. Rolfe noted

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that tenants are more likely to put in a few more hours at their low-paying jobs than find the \$3,000-\$5,000 it takes to move a mobile home.^{xxxiv}

We tracked over 1,500 manufactured home parks in the U.S. with over 324,000 lots, owned by fifteen private equity firms and hedge funds.^{xxxv}

RHP Properties

Private Equity Backing: RHP Properties is a private company that raises equity from institutional investors.

Park Ownership: As of June 2024, RHP Properties owned 240 parks in 28 states with a total of 49,903 lots

- 12% of the lots are in Wisconsin
- 11% of the lots are in Florida

Yes! Communities

Private Equity Backing: Stockbridge Capital Partners, a private-equity real estate investment company, founded Yes! Communities in 2008.^{xxxvi}

In 2016, Stockbridge sold 71% of the company to a joint venture led by GIC, the sovereign wealth fund of Singapore, that also includes the Pennsylvania Public Schools Employees Retirement System (PSERS).^{xxxvii} Stockbridge continued to own 29% of Yes! Communities.^{xxxviii}

Park Ownership: As of June 2024, Yes! Communities owned 266 parks in 24 states with over 74,000 lots.

- More than one quarter (28%) of the lots are in Michigan.
- 16% of the lots are in Texas.

Brookfield Asset Management

Private Equity Backing: In 2017, Brookfield Asset Management acquired 135 manufactured home parks from RHP Properties. RHP maintained a 5% ownership interest as of 2021, and an RHP affiliate continued to manage the day-to-day operations of the parks.^{xxxix}

Park Ownership: As of June 2024, Brookfield owned 131 parks in 13 states with 30,616 lots.

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- 20% of the lots are in Florida.
- 19% of the lots are in Colorado
- 13% are in Kansas

Other: In 2021, Brookfield collected a \$760 million debt-funded dividend secured by the parks.^{xi} In 2024, Brookfield sold 19 manufactured home parks, totaling 3,166 home sites in 15 states. The sale resulted in an internal rate of return (IRR) of 24%.^{xii}

Hometown America

Private Equity Backing: The private equity real estate firm Calzada Capital Partners has a 98% ownership interest in Hometown America Holdings, which owns Hometown America.^{xiii}

Park Ownership: As of June 2024, Hometown America owned 76 parks in 12 states with over 26,000 lots.

- More than one-third (35%) of the lots are in Florida
- More than one-quarter (26%) of the lots are in California.

Other: As of 2020, the Washington State Investment Board had a 98% interest in Calzada^{xiii} and had made \$5.6 billion in commitments to Calzada as of 2022.^{xiv}

Horizon Land Company

Private Equity Backing: In 2012, Federal Capital Partners formed a joint venture with Horizon Land Company.^{xv}

Park Ownership: Together, the joint venture has acquired 169 parks in 21 states with over 24,000 sites.

- 12% of the sites are in Texas
- 11% are in New York

Inspire Communities

Private Equity Backing: In 2017, Apollo Global Management bought manufactured home company Inspire Communities.^{xvi}

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Park Ownership: At the time of Apollo's acquisition, Inspire Communities owned 36 parks with over 13,000 sites.^{xvii} As of June 2024, Inspire Communities had at least 115 parks in 27 states with almost 24,000 sites.

- 18% of the lots are in Texas
- 15% of the lots are in Florida

Havenpark

Private Equity Backing: The private investment firm Havenpark Capital Partners changed its name to Havenpark Communities.^{xviii}

Park Ownership: As of June 2024, Havenpark owned 64 parks in 17 states with a total of 19,121 lots.

- 28% of the lots are in Michigan
- 15% of the lots are in Iowa

Treehouse Communities

Private Equity Backing: Blackstone spent almost \$1 billion to acquire manufactured home parks between 2018 and 2020 and operates them through its Treehouse Communities platform.^{xix}

Park Ownership: As of June 2024, Blackstone owned at least 70 mobile home and RV parks with over 13,000 lots.

- More than 80% of the lots are in Arizona and Florida.

Other: Blackstone has already sold some of the parks. In 2018, Blackstone purchased the Sundowner Mobile Home and RV Park in Apache Junction, AZ for \$6.8 million.¹ Blackstone sold the park in 2023 for \$10.3 million.⁸

Riverstone Communities

Private Equity Backing: Riverstone Communities is owned by James Bellinson who is the Managing Member of the private equity firm Riverstone Growth Partners.ⁱⁱⁱ

Park Ownership: As of June 2024, Riverstone owned and operates 53 communities in 11 states with over 10,000 lots.

PRIVATE EQUITY STAKEHOLDER PROJECT

- 40% of the lots are in Florida
- 14% of the lots are in Arizona

Homes of America

Private Equity Backing: Homes of America is an affiliate of the hedge fund Alden Global Capital.ⁱⁱⁱ

Park Ownership: Since 2021, Homes of America has purchased 138 manufactured home parks with over 10,000 lots.

- 44% of the lots are in Florida
- 12% of the lots are in Michigan

Carlyle

Private Equity Backing: The private equity firm the Carlyle Group first acquired mobile home parks in 2013 when it bought two parks in Florida.^{liv}

Park Ownership: As of June 2024, Carlyle owned at least 22 mobile home parks in 3 states with 7,530 lots.

- 55% of the lots are in Florida
- 44% of the lots are in Arizona

Other: Carlyle has already sold some of its properties for a hefty profit.

- Carlyle bought the Plaza Del Rey mobile home park in Sunnyvale, California for \$150 million in 2015. Carlyle raised rents for new owners 16% the first year, 22% the next year, and 20% the following year – doubling in five years. In 2019, Carlyle sold the park for \$237 million – making a profit of almost \$90 million in just four years.^{lv}
- Carlyle bought the Sun Valley Estates in Florida in 2013 for \$18.2 million^{lvi} and sold it in 2017 for \$27.2 million.^{lvii}

Windward Communities

Private Equity Backing: HomeFirst was acquired by the private equity real estate firm Green Courte Partners in 2019.^{lviii} HomeFirst changed its name to Windward Communities.^{lix}

Park Ownership: As of June 2024, Windward owned 20 parks in 7 states with over 7,000 lots.

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- 38% of lots are in Michigan
- 22% are in NY
- 16% are in Ohio

Impact Communities

Private Equity Backing: Impact Communities, which was formerly known as RV Horizons, belongs to Colorado-based MHP Funds.^{ix}

Park Ownership: As of June 2024, Impact Communities owned 117 parks in 19 states with over 9,000 lots.

- 19% of lots are in Texas
- 15% are in Iowa

Crow Holdings

Private Equity Backing: Crow Holdings Capital Partners is a private equity and real estate investment firm based in Texas.^{ix}

Park Ownership: As of June 2024, Crow Holdings owned 46 parks in 11 states with over 9,400 lots. One-third of the lots are in Texas.

Cove Communities

Private Equity Backing: The private equity firm Montgomery Street Partners formed a partnership with Cove Communities in 2017 to acquire, own and operate manufactured home and RV resort communities.^{ix}

Park Ownership: As of June 2024, Cove Communities owned 16 parks with over 9,000 lots, almost all of which are in Florida.

Mapping Manufactured Housing Ownership^{ixii}

The three states with the most private equity-owned manufactured home parks are:

- Florida – 235 parks (55,977 lots)
- Texas – 143 parks (30,236 lots)
- Michigan – 131 parks (36,749 lots)

PRIVATE EQUITY STAKEHOLDER PROJECT

While Florida and Texas are also two of the three states with the largest totals of manufactured home parks, Michigan has the 13th largest total.^{lv}

Fannie Mae and Freddie Mac play central role in financing private equity acquisitions

Private equity firms have been aided in their acquisitions of manufactured home parks by the U.S. Government sponsored lenders Fannie Mae and Freddie Mac. More than half (52%) of the private equity-owned parks identified for this tracker were financed by Fannie Mae or Freddie Mac.^{lv} In contrast, Fannie Mae and Freddie Mac financed just 9% of all the manufactured home parks in the U.S.^{lvii}

Fannie Mae and Freddie Mac do not originate loans directly, but purchase loans from lenders that meet certain criteria and pool them as collateral for mortgage backed securities that they sell to investors on the secondary market.^{lviii}

According to Fannie Mae, it invests in manufactured housing loans “to serve its mission of expanding affordable housing.”^{lix} “Fannie Mae has been a leading source of liquidity for Manufactured Housing Communities since the early 2000s, and we remain committed to preserving and advancing this vital sector of the housing market,” a Fannie Mae official said.^{lxi}

Freddie Mac states that manufactured housing “just might be the critical source of affordable housing the industry needs.”^{lxii}

However, rather than preserving affordable housing, Fannie Mae and Freddie Mac have fueled mobile home park acquisitions by private equity firms that have raised rents and fees. For instance, in 2016, Fannie Mae financed a \$1 billion loan to Yes! Communities that was backed by 120 manufactured home parks with over 29,000 lots in 13 states.^{lxiii}

As part of their mandate to preserve affordable housing, Fannie Mae and Freddie Mac have begun taking steps to protect manufactured home park residents, although the protections are minimal and don’t have any limit for rent increases. In 2019, the two agencies began offering a lower interest rate to park buyers and owners who agreed to certain tenant protections for their residents. Since 2022, they have required all manufactured home park buyers and owners who receive Fannie or Freddie-backed financing to implement those protections.^{lxiv} Those protections include:^{lxv}

- One year renewable leases, unless there is good cause for non-renewal;
- Providing 30 days’ notice of rent increases;
- A 5 day grace period for rent payments
- 60 days’ notice before selling the park

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- Some measures that make it easier for residents to sell their home, such as the right to put a for-sale sign on the property.

Problems at private equity-owned manufactured home parks

The ABC affiliate in Central Florida reported about tenants at a **Yes! Communities** park in Gainesville who were “in an uproar over living conditions.” According to the report, residents “said they informed management about mold, roaches, and security deposits not being returned in a timely manner.” One renter recounted the problems that she faced after she complained to management about a crack in her bathtub. They removed the bathtub and found mold and mildew in the walls.

According to the tenant, Yes! Communities said “they were going to gut the entire bathroom and redo it along with the walls,” but instead they just painted over the mold. Another tenant said that he had been waiting a year for an exterminator.^{boiv}

- A 2021 Capitol News Service article detailed what happened following **Havenpark’s** acquisition of a number of parks.^{bovv}
 - Havenpark hiked the rent and charged new fees, increasing the cost to residents by 40%, at the Swartz Creek park in Michigan.
 - Havenpark immediately announced rent increases up to 60% after buying the Golfview Mobile Home Court in Iowa. One resident’s costs increased from \$283/month to \$500 due to higher rent and utility charges.
 - After Havenpark bought Midwest Country Estates in Iowa, Havenpark refused to renew the lot rental agreement of a woman on disability without giving her a reason for the eviction. She had no choice but to move out and had to quickly find a buyer for her mobile home and had to sell it for less than half its value.

Residents of **Riverstone Communities’** Oak Grove Mobile Home Park in Boulder, CO went without water for a week after a main break. State law requires manufactured home park owners to provide adequate water within 12 hours of service interruptions. Riverstone provided residents 8 oz water bottles, about which a representative of the county’s department of health said, “That would not meet my definition of adequate.” Several days later, Riverstone finally provided a water tanker to service the 275 homes in the park. However, city council members criticized Riverstone for failing to provide “a method and means of transporting water to individual homes.” Instead, residents had to use their own containers and struggled to tote heavy buckets across the park. This was the fourth main break at the park since Riverstone had acquired it.^{bovi}

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In 2024, **Riverstone Communities** agreed to a \$1 million settlement with residents of its Indian Creek Mobile Home Park in Garner, NC who brought a class action lawsuit about the company's "rent-to-own" scheme. The lawsuit alleged that Riverstone treated the residents as owners when it came to Riverstone's obligation to make repairs but as tenants when it came to evicting tenants "without providing proper notice or other protections afforded by law."^{lxvii}

Hometown America agreed to a \$500,000 settlement in 2021 of a class action lawsuit brought by residents of the Oakhill Mobile Park in Attleboro, MA for allegedly failing to provide adequate storm drainage and failing to maintain driveways and walkways.^{lxviii} Hometown America admitted no wrongdoing in the settlement.

The *Washington Post* reported in 2021 that **Horizon Land Management** allegedly charged residents a higher rate for water and sewage than what they would have been charged directly by the county. Residents also alleged that Horizon did not fix leaky underground pipes, which resulted in higher charges to them. Residents said that when they complained, they were threatened with eviction. Residents said that before Horizon bought the park, the cost of water and sewage was included in the monthly rent. However, under Horizon's ownership, one resident reported being charged amounts for water and sewer as high as \$790 one month.^{lxix}

After **Homes of America** purchased the Six-O-Five park in Virginia, it raised the lot rent 40% from \$445 to \$625 and added fees for water and sewer service. The *Richmond Times-Dispatch* reported about the difficulty that this caused for the low-income residents relying on social security or disability. One resident said that after paying the higher rent and fees, "that leaves me \$13 a month to live on." "We are people (and) we want to be treated as such," the tenant said.^{lxx}

The *Osceola News-Gazette* reported on problems at **Homes of America's** Lake Runnymede Mobile Home Park in Florida, noting that "sharp spikes in monthly rents have gone together with unusable amenities, unprotected areas, withheld lot titles, and poor water conditions that still persisted despite the rent increases." One tenant said he didn't have running water for days. A state representative who visited the park said, "There were glasses of water that looked like iced tea. You can't increase lot rents and keep putting people at risk at the same time. This neighborhood breaks my heart."^{lxxi}

Protecting residents of manufactured home communities

Even in the face of multi-billion-dollar, multinational investors, residents are joining together and fighting to protect their communities. Across the country, manufactured home residents are organizing, researching the real estate and private equity investors that have bought their communities, engaging their public officials and allies, and building coalitions.

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They are demanding their homes, economic security, and health be protected from the impacts of short-term speculative investment and that private equity firms and institutional investors take steps to minimize the negative impacts of their investments on manufactured home residents.

They also believe that local, state, and federal governments play a critical role in protecting manufactured home residents from exploitative community owners and stemming predatory investments. They call for the following intervention:

Preserve affordability

The critical mechanism for protecting residents from exploitation and preserving affordability is stabilizing rent and fees, including lot fees, rents paid by tenants, and utility costs. Corporate owners determine rent and fee levels and should work directly with residents to ensure that rents are reasonable.

Local and state governments should establish rent regulations to stabilize rents and protect against unconscionable rent hikes. Such regulations allow for reasonable and gradual rent increases. Government regulations should protect against other abusive rent and fee practices, including demanding transparent, itemized billing, limits on passing on communal utility costs, and ensuring moratoriums on rent collections when homes are destroyed in disasters.

Preserving affordability also requires local governments to use local zoning and regulatory powers to allow for the development of manufactured home communities and protect existing communities from closure and conversion.

Prohibit unjust evictions

In addition to rent hikes, a key strategy of corporate community owners is aggressive eviction. If evicted, manufactured-home owners can often only resell their home for a fraction of what they paid for it or cannot resell at all and hand it over to the corporate owner. The residents leave the community with no equity – and, in many cases, no other home.

Renters of manufactured homes face a similar fate, some after investing in their home through a rent to own contract. Further, without protections against unjust eviction, residents may hesitate to register complaints about maintenance problems or to negotiate rent hikes out of fear of losing their homes.

States must enact good cause eviction laws to prohibit such manufactured home eviction mills. Good cause eviction laws enumerate allowable reasons for evicting a resident, such as

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nonpayment of rent or criminal activity, and mandate a notice period, an opportunity for the resident to cure the cause for eviction, and due process for eviction proceedings. And, critically, when there is no good cause for eviction, the community owner is required to offer the resident a renewal lease when the existing lease expires.

Homeowners should receive fair market value for their home if they are priced out or evicted and the park owner takes title to their home.

Ensure safe and healthy community maintenance

As the owner of the land and all common spaces, the corporate park owner is responsible for keeping the community habitable, safe, and healthy. Another mechanism for extracting short term profits out of these communities is limited or even decreased maintenance. This leads to health and safety risks for residents, from sewer system failures to unplowed roads. Park owners, especially those with deep pockets, must invest in community infrastructure and safety and on-site managers.

Local, state, and federal governments must ensure that community owners are held to a strong code of maintenance, implement transparent systems for residents to have input on maintenance, and have on-site managers. Basic standards include safe walkways and roads, well-maintained water and sewer systems, tree clearing, elimination of standing water, and accommodations for people with disabilities.

Ensure fair and equal treatment of residents

To feed their business model, corporate community owners also use their power to push vulnerable residents into exploitative arrangements and discriminate and retaliate against residents. Through consumer protection and civil rights laws and meaningful private and public enforcement of those laws, local, state, and federal governments must ensure residents are protected from:

- **Retaliation** for organizing their neighbors, speaking up, complaining about community conditions, or otherwise attempting to enforce their rights or protect their community;
- **Discrimination** at the hands of corporate investors on the basis of race, national origin, familial status, gender, sexual orientation, gender identity, disability, religion, age, or other protected classes, including exploiting residents based on their language proficiency or immigration status;
- **Fraudulent** or exploitative lease terms, such as rent to own contracts that deny residents basic tenant protections and force them to lose the investments they made in the home;

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- Corporate community owners serving as exclusive real estate agents and controlling homeowners' right to sell their home, which often leaves residents with no choice but to abandon their homes, while corporate community owners benefit at their expense.

Stem predatory investments

We believe that the federal government and the government-sponsored enterprises (GSEs) play a key role in developing and sustaining affordable housing and healthy communities. We must ensure that the government is using its powers to protect low-income people from predatory investments and is not pressured by investors to support wealth extraction from low-income communities.

Manufactured housing is one of the three underserved markets that Fannie Mae and Freddie Mac are required to serve as part of their obligations under the Duty to Serve Program. Fannie Mae and Freddie Mac must increase financing opportunities for residents, government entities, and nonprofit organizations to purchase manufactured home communities. By reducing the housing quality and increasing the expenses for manufactured housing residents, private equity investors are decreasing access to manufactured housing for those who rely on it.

Fannie Mae and Freddie Mac should also take steps to prevent their other investments from undermining their duty to serve the manufactured housing market by requiring all purchasers to commit to the following as a condition for their financing, in addition to the current pad lease protections.

- **Preserve affordability** with gradual rent increases and **prohibit unfair lease terms** like rent to own contracts and excessive fees
- Maintain safety and habitability with **regular property maintenance** and responsiveness to resident
- Make it easier both for individual households to **purchase a manufactured home** and for residents to **buy their park**.

Conclusion

Thank you again for the opportunity to submit this statement for the subcommittee's consideration. Manufactured housing is a vital source of unsubsidized affordable housing. For it to remain that way, policymakers must implement and bolster guardrails that protect residents of these communities from the risks associated with private equity ownership. If you have any questions related to our statement, please contact PESP's Policy Director, Chris Noble, at chris.noble@pestakeholder.org.

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Sincerely,

A handwritten signature in black ink, appearing to read 'C. Noble'.

Chris Noble, Esq.
Policy Director
Private Equity Stakeholder Project

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¹⁰⁰⁰ Martz, Michael. With Rents Rising, Mobile Home Residents Have "Nowhere to Go," Richmond Times-Dispatch, 26 May 2023, richmond.com/news/state-regional/government-politics/with-rents-rising-mobile-home-residents-have-nowhere-to-go/article_477178b6-f9a7-11ed-841a-4b456a416c9d.html.

¹⁰⁰⁰ Henry, Ming. Stark's Bill May Help Mobile Home Residents Get Answers, Osceola News Gazette, 18 Jan. 2024, www.aroundosceola.com/news/starks-bill-may-help-mobile-home-residents-get-answers.

PRIVATE EQUITY STAKEHOLDER PROJECT

Appendix A

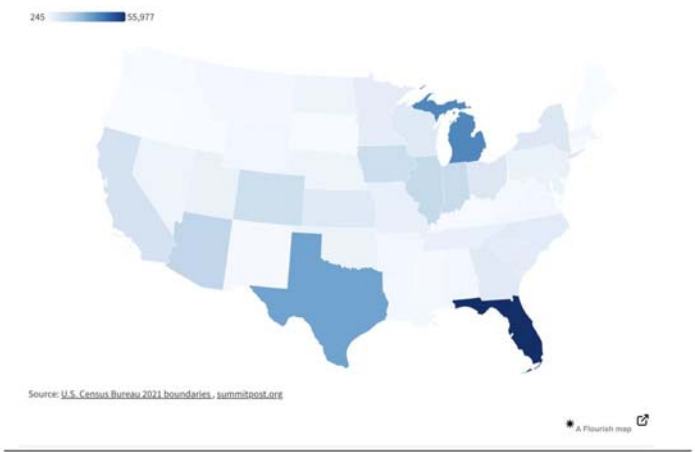
Findings

We tracked over 1,500 manufactured home parks in the U.S. with over 324,000 lots, owned by fifteen private equity firms and hedge funds.

Private Equity Firm/ Hedge Fund	Manufactured Home Company	# Parks	# Lots	Geographic Concentrations
Stockbridge Capital Partners	YES! Communities	266	74,761	More than 25% of lots are in Michigan, and 16% are in Texas.
RHP Properties	RHP Properties	240	49,303	12% of the lots are in Wisconsin and 11% are in Florida.
Brookfield Asset Management	RHP Properties/ Brookfield	131	30,616	21% of the lots are in Florida, and 18% are in Colorado.
Calzada Capital	Hometown America	76	26,217	More than 33% of the lots are in Florida, and more than 25% are in California.
Federal Capital Partners	Horizon Land Mgmt	169	24,344	12% of the lots are in Texas, and 11% are in New York.
Apollo Global Management	Inspire Communities	115	23,590	18% of the lots are in Texas, and 15% are in Florida.
Havenpark Capital Partners	Havenpark Communities	64	19,121	28% of the lots are in Michigan, and 15% are in Iowa.
Blackstone Group	Treehouse Communities	71	13,123	More than 80% of the lots are in Arizona and Florida.
Alden Global Capital	Homes of America	138	10,611	44% of the lots are in Florida, and 12% are in Michigan.
Riverstone Capital Partners	Riverstone Communities	54	10,038	40% of the lots are in Florida, and 14% are in Arizona.
Crow Holdings Capital	Crow Holdings	46	9,426	33% of the lots are in Texas.
MHP Funds	Impact Communities	117	9,166	19% of the lots are in Texas.
Montgomery Street Partners	Cove Communities	16	9,015	Almost all of the parks are in Florida.
Carlyle Group		22	7,530	Almost all are in Arizona and Florida.
Green Courte Partners	Windward Communities	20	7,004	38% of lots are in Michigan, 22% are in New York, and 16% are in Ohio.

PRIVATE EQUITY
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Appendix B





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The Honorable Maxine Waters
U.S. House Financial Services Committee
U.S. House of Representatives
May 21, 2025

Ranking Member Waters –

Thank you for inviting me, on behalf of Next Step Network, to submit a written statement for the record about the opportunities for manufactured housing to address the pervasive lack of affordable homeownership opportunities in communities across the country. I also thank Chairman Flood, Ranking Member Cleaver, and the Members of the Housing and Insurance Subcommittee for convening the hearing entitled Expanding Choice and Increasing Supply: Housing Innovation in America on Wednesday, May 14, 2025.

I have spent my career focused on improving the housing and financial outcomes of hardworking individuals and families. Beginning my work in Appalachian Kentucky, I am acutely aware of the housing and financial challenges faced by those living in disinvested and underserved communities. Leveraging both my lived experience and decades of work in the public, private, and nonprofit sectors, I founded Next Step Network with a mission to put sustainable homeownership within reach of everyone, while transforming the manufactured housing industry through consumer education, affordability and energy-efficiency.

Next Step Network is a national, nonprofit housing intermediary that works to promote expanded usage of factory-built housing as a viable solution to address housing supply and attainability. Our organization works with partners across the country to provide a pathway to sustainable homeownership for low- and moderate-income families through housing counseling services, financial and homebuyer education, and leveraging new ENERGY STAR® and Zero Energy Ready manufactured homes.

Research from Freddie Mac points to two key challenges in the U.S. housing market. First, there is an existing supply gap of 3.8 million housing units. Second, traditional home builders have largely abandoned the construction of entry-level, or “starter homes” that have historically allowed more first-time homebuyers to enter the market and begin to build equity. In fact, since the early 1980s, the share of entry-level homes declined from 40% to 7% in 2019.¹ Traditional home builders cite the rising cost of materials and labor for this shift. However, moving home production to a factory environment makes developing entry-level housing a viable option.

¹ Freddie Mac. *Housing Supply: A Growing Deficit*. 2021. <https://www.freddiemac.com/research/insight/20210507-housing-supply>.





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Modern manufactured homes are uniquely positioned to bridge the affordability gap for entry-level and middle-tier housing. In 2023, the Joint Centers for Housing Studies (JCHS) at Harvard University released new findings demonstrating the estimated cost savings of manufactured homes compared to site-built homes. Researchers at JCHS compared the relative costs of three distinct types of manufactured homes (a single-section home, a double-section home, and a CrossMod® home) against the cost of comparable site-built homes. Even accounting for the cost of the finished lot, the savings provided by manufactured homes were 54%, 70%, and 80%, respectively.²

The available financing for today's manufactured homes offers prospective homebuyers with a choice of fair mortgage loans that present wealth building opportunities for hardworking American families. In the wake of the 2008-2009 financial crisis, Congress mandated that the Government-Sponsored Enterprises Fannie Mae and Freddie Mac (GSEs) take measures to better serve historically underserved markets, including manufactured housing. This led to the development of new financing tools for manufactured homes from Fannie Mae and Freddie Mac. The MH Advantage³ and CHOICEHome⁴ loan programs, respectively, are affordable mortgage initiatives that offer financing on par with site-built homes for HUD Code manufactured homes that meet specified build quality standards. Additionally, new national data available from the Federal Housing Finance Agency (FHFA) shows that new manufactured homes can be a wealth-building opportunity for individuals and families, with appreciation rates like those of site-built homes.⁵

All of these factors point to a ready-made channel to produce more affordable homes for both place-based developers and homebuyers nationwide. Congress and federal agencies can take legislative and regulatory actions that will increase access to affordable housing supply and ensure that more people are opening the door to wealth-building opportunities through high quality, energy-efficient, and climate resilient homeownership.

1. **Address state and local barriers to the placement of manufactured homes.** The history of zoning in the U.S. is steeped in efforts to restrict housing options that provide a greater degree of affordability (i.e., multi-family units like apartments and townhomes) in favor of

² Joint Center for Housing Studies at Harvard University. *Comparison of the Costs of Manufactured and Site-Built Housing*. July 2023.

https://www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_pew_report_1_updated_0.pdf

³ Fannie Mae. MH Advantage™. <https://singlefamily.fanniemae.com/media/7621/display>.

⁴ Freddie Mac. CHOICEHome® Mortgage. <https://sf.freddie.com/working-with-us/origination-underwriting/mortgage-products/choicehome-mortgages>.

⁵ Federal Housing Finance Agency (FHFA). *FHFA Expands Housing Market Data Resources with New Manufactured House Price Index*. October 2024. <https://www.fhfa.gov/news/news-release/fhfa-expands-housing-market-data-resources-with-new-manufactured-house-price-index>.





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single-family, detached homes. Today, 75% of land zoned for housing in major U.S. cities is zoned for traditional, site-built single-family housing.⁶ Federal incentives, such as those outlined in the bipartisan Housing Supply Frameworks Act introduced by Rep. Mike Flood and Rep. Brittany Pettersen, are a valuable to states and localities that are interested in reforming their zoning and land-use policies. The removal of barriers to manufactured housing is a strategy to increase workforce and missing middle housing supply and has been recently enacted at a state level in Maryland and Kentucky, and in municipalities like Jackson, Mississippi. Federal support and incentives can greatly support the replication of these efforts.

2. **Preserve, expand, and make permanent the 45L Tax Credit.** The 45L Tax Credit is a critical market-driven incentive that has promoted and improved energy efficiency efforts and reduced the cost of homeownership for hardworking Americans. Created in 2005 under President George W. Bush, 45L has been extended with bipartisan support for 20 years. The most recent update to 45L came from the Inflation Reduction Act (IRA) of 2022, which extended the 45L through 2032, and significantly increased the credit amount for homes meeting higher energy efficiency standards. Notably, builders can now receive up to \$5,000 for manufactured homes the Zero Energy Ready home standard.⁷ The incentives offered by 45L increase affordable housing supply, lower monthly utility bills for working class families, and support U.S. manufacturing jobs. Elimination of 45L would reduce U.S. builders' capacity to keep building high-quality manufactured homes and would drive up monthly energy and utility costs for new homebuyers.
3. **Remove the requirement that manufactured homes be built on a permanent chassis.** By statute, the Manufactured Housing Construction and Safety Standards require that HUD Code manufactured homes are built on a permanent chassis. As the HUD Code is now 50 years old, there is need to amend the statute reflective of today's homes to allow for the removal of the permanent chassis once a home is placed on a permanent foundation. Not only will this reduce costs for both homebuilders and consumers, but it will allow for greater design innovations for HUD Code homes, opening possibilities for multi-story housing better suited for denser infill opportunities. Recycling the permanent chassis also greatly reduces waste, allowing homebuilders to reuse the steel chassis for the construction of new homes. Rep. John Rose has introduced bipartisan legislation attached to this Hearing, the Expansion of Attainable Homeownership Through Manufactured Housing Act, to amend the statute.

⁶ Planetizen. *What is Single-Family Zoning?* <https://www.planetizen.com/definition/single-family-zoning>.

⁷ U.S. Dept. of Energy. *Section 45L Tax Credits for Zero Energy Ready Homes*.
<https://www.energy.gov/eere/buildings/section-45l-tax-credits-zero-energy-ready-homes>.





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The flexibility afforded by this change would give homebuilders and municipalities across the country enhanced options to address housing supply challenges.

4. **Preserve and modernize the HOME Investment Partnership Program (HOME) and Community Development Block Grant Program (CDBG).** HOME and CDBG funding are a critical tool for state and localities to address pervasive housing challenges, including affordable housing supply. In particular, place-based nonprofit community developers rely on these funds to address housing in disinvested communities and neighborhoods. Leadership and staff at the U.S. Dept. of Housing and Urban Development (HUD) have worked to be inclusionary of manufactured housing in the CDBG and HOME programs, and to better align definitions and activities around manufactured housing with other HUD offices (e.g., FHA). Next Step also greatly appreciates the efforts of Housing and Insurance Subcommittee Chairman Flood and Ranking Member Cleaver to solicit community feedback as to how these programs can be modernized to better meet municipal needs. Reducing funding to the HOME and CDBG programs would only further exacerbate preexisting housing supply and affordability challenges facing hardworking American families.
5. **Increase access to affordable homeownership for more Americans with single-section CrossMod[®] homes.** The GSEs currently offer financing programs with favorable rates, terms and appraisal comps, comparable to a site-built mortgage, for multi-section HUD Code homes that meet their collateral requirements, otherwise known as CrossMod homes. Including single-section homes that meet these collateral requirements would make energy-efficient, new home construction with site-built features accessible to more people, increase attainable housing supply, and reach an underserved segment of the market that has largely been abandoned by traditional homebuilders. According to estimates from leading homebuilders in this market segment, single-section CrossMod homes will be available in nearly all markets at a price range of \$190 - \$225K (including the cost of land). The single-section CrossMod home will also strengthen the GSEs' Duty to Serve efforts, meeting the 100 percent area median income (AMI) threshold for Duty to Serve in nearly every market. Furthermore, the established MH Advantage and CHOICEHome eligibility, underwriting, and appraisal guidelines are readily compatible with single-section CrossMod homes. We were pleased to see key manufactured housing innovations highlighted during the Hearing, including the single-section CrossMod home, and hope that Congress will encourage the GSEs to include this critical innovation in their loan programs as soon as possible.
6. **Additional funding for the Preservation and Reinvestment Initiative for Community Enhancement (PRICE) program.** In 2022, Congress created a new program, PRICE, to

[®] CrossMod is a trademark of the Manufactured Housing Institute.





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preserve and revitalize manufactured homes and manufactured housing communities. In 2024, the HUD announced \$225 million in grants to 17 grantees benefiting communities in 26 states. HUD received applications from 175 communities across 44 states with requests for more than \$3 billion. More than 22 million Americans live in nearly seven million manufactured homes. Manufactured housing is a vital and growing part of our nation's affordable housing stock for many working families, seniors, and Americans living in rural communities. Manufactured homes are also a key housing source for Native Americans. PRICE funds can support investments in resident health, safety and accessibility including home safety improvements, weatherization upgrades, reduction of utility costs and improved accessibility for residents with disabilities. PRICE can also support creating new manufactured home communities and acquisitions, including resident purchases and downpayment assistance. It can also be used to remove abandoned and blighted homes, improve foundations and replace pre-1976 homes to save energy and improve resiliency for homes in land-lease communities and owned by families.

Thank you again for the opportunity to submit a written statement. By embracing manufactured homes as a vital part of the affordable housing solution, communities can solve their own housing challenges and serve as a laboratory for potential changes to the broader housing market that can scale and address the need nationwide. With leadership, focused investment, and sound policy, we can build a national housing production strategy that exponentially increases housing supply and encourages more diverse and healthier communities.

Respectfully submitted,

Stacey Epperson, President and Founder
Next Step Network



William C. Boor
President and Chief Operating Officer
Cavco Industries, Inc.
3636 N. Central Ave., Ste 1200
Phoenix, AZ 85012
(602) 283-9050



May 16, 2025

The Honorable Samuel Liccardo
U.S. House of Representatives
1117 Longworth House Office Building
Washington, DC 20515

Dear Congressman Liccardo,

Thank you for the opportunity to testify before the House Subcommittee on Housing and Insurance during the recent hearing, *"Expanding Choice and Increasing Supply: Housing Innovation in America."* It was an honor to participate in such an important discussion about the future of housing innovation in our country. I agree with your comments that everyone there shares a commitment to increasing affordable housing supply in America.

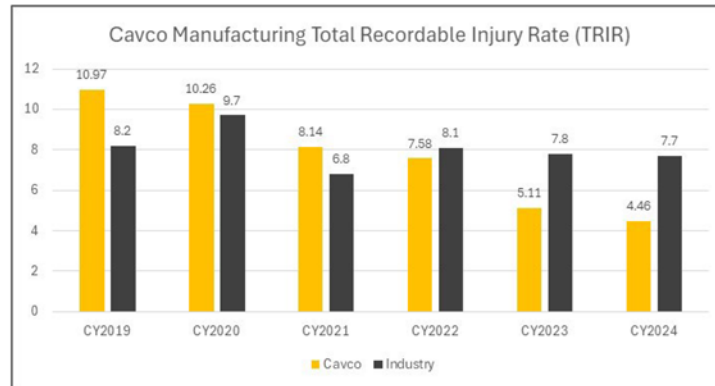
I am writing to address a statement you made during the hearing concerning our company's safety record. The comment, referencing a fine issued to one of our facilities, was made without an opportunity for me to respond and, respectfully, was a mischaracterization of our commitment to safety and the results we have achieved across our operations. On behalf of the thousands of employees who work every day to uphold and advance our safety culture, I feel compelled to set the record straight.

At Cavco, safety is a core value that guides every aspect of our operations. We take any safety incident seriously and we view the input of OSHA and other experts as important learning opportunities, whether fines are issued or not. Of course we act swiftly to address opportunities as well. So, I will not diminish the plant fine, but I will tell you that there are two sides to every situation and the DOL grandstanding was unnecessary. Again, we learn from these experiences and move forward, but I'd ask you and your staff to exercise some restraint in assuming that a press release like the one DOL issued tells an accurate story or reflects a company's safety culture in general. The comment was hurtful to thousands of employees who are very proud of what they've accomplished in the area of safety.



DRIVEN TO MAKE A DIFFERENCE

Across our system of 31 plants, we have made dramatic improvements in recent years, and today, our Total Recordable Injury Rate (TRIR) is well below the industry average. The chart below illustrates the progress we've made over the past six years, culminating in performance that demonstrates the effectiveness of our sustained efforts and investments in workplace safety.



I am especially proud that one of our facilities recently celebrated 464 consecutive days without a single recordable injury. While hard to verify, I am confident that no plant in our industry has ever achieved a streak of that length. That plant's results are extraordinary but also reflective of the entire company's safety commitment and culture which is explicitly rooted in caring about each other.

We remain committed to continuous safety improvement and ensuring that every member of our team returns home safely each day. I respect your dedication to expanding access to affordable housing and your comments clearly reflect a true interest in promoting safe workplaces. I would welcome the opportunity to discuss our safety approach and ongoing commitment in more detail at your convenience.

Thank you again for your balanced approach to the affordable housing crisis. The factory-built housing industry can accomplish a lot with your support.

Sincerely,

William C. Boor
President and CEO
Cavco Industries, Inc.

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Statement to the United States House of Representatives

Committee on Financial Services

Housing and Insurance Subcommittee

Hearing on

“Expanding Choice and Increasing Supply: Housing Innovation in America”

May 14, 2025

Arica Young

Director, Housing Accessibility and Affordability

The Lincoln Institute for Land Policy

113 Brattle St.

Cambridge, MA 02138

Thank you for inviting me to share a statement with the committee regarding manufactured housing on behalf of Lincoln Institute of Land Policy. The Lincoln Institute of Land Policy recognizes manufactured housing as a critical and underutilized solution to the United States' affordable housing crisis. Through its stewardship of the Innovations in Manufactured Homes (I'm HOME) Network, the Institute advocates for manufactured homes as a cost-effective, energy-efficient, and wealth-building pathway to homeownership, particularly for low- and moderate-income families. I'm HOME seeks to address the housing supply gap with through manufactured homes. Despite outdated perceptions of poor quality, these homes cost up to 30% less than site-built housing and can be of equal quality¹. Yet, while 22 million Americans live in manufactured housing, and it forms the largest source of unsubsidized affordable housing, options for mortgages and other financing instruments are poor.

The Role of Small-Dollar Mortgages in Expanding Manufactured Housing Access

Access to small-dollar mortgages—typically defined as loans under \$150,000—is crucial for enabling low- and moderate-income families to achieve homeownership, particularly through the purchase of manufactured homes. However, these loans are increasingly scarce. According to Pew Charitable Trusts², from 2004 to 2021, the number of small mortgage originations fell by nearly 70%, from 2.7 million to 830,000 annually, while larger mortgage originations grew by 52% during the same period. This decline disproportionately affects buyers of manufactured homes, which often fall below the \$150,000 price point. Pew's analysis³ further reveals that only 26% of homes priced under \$150,000 are financed with a mortgage, compared to 71% of higher-priced homes. The limited availability of small-dollar mortgages forces many potential homeowners to resort to alternative, often riskier, financing methods or to forgo homeownership altogether. Expanding access to small-dollar mortgages is essential for promoting equitable homeownership opportunities and leveraging the affordability of manufactured housing.

The Promise and Challenges of MH Advantage and CHOICEHome Programs

Fannie Mae's MH Advantage⁴ and Freddie Mac's CHOICEHome⁵ programs represent significant efforts to bridge the financing gap for manufactured homes by offering mortgage products with terms like those for site-built homes. These programs are designed for factory-built homes that meet specific criteria, including features like permanent foundations and energy-efficient designs, making them eligible for conventional financing. Despite their potential, adoption has been limited. Barriers include stringent eligibility requirements, limited consumer and lender awareness, and the complexities of titling manufactured homes as real property, a prerequisite for these programs. According to

¹ [The State of the Nation's Housing 2024](#), Harvard Joint Centers for Housing Studies

² [Small Mortgages Are Too Hard to Get](#); A shortage of loans for homes priced below \$150,000 bars many American families from homeownership.

³ Ibid

Pew⁶, about 76% of manufactured home borrowers own both their home and the land it sits on, yet only about half of these homes are titled as real estate, rendering many ineligible for traditional mortgages. Addressing these challenges through policy reforms and educational initiatives could enhance the reach and effectiveness of MH Advantage and CHOICEHome, thereby expanding affordable financing options for manufactured homebuyers. https://www.pewtrusts.org/-/media/assets/2022/02/is-manufactured-home-financing-hard-to-get-unc-center-for-community-capital.pdf?utm_source=chatgpt.com

Challenges and Risks of Personal Property (Chattel) Loans

A significant portion of manufactured home financing is conducted through personal property, or "chattel," loans, which are secured by the home itself rather than the land. These loans often come with higher interest rates, shorter terms, and fewer consumer protections compared to traditional mortgages. Research indicates that 35% of manufactured home borrowers use home-only loans, and an additional 20%—approximately 560,000 individuals—utilize contract financing arrangements such as lease-purchase agreements or seller-financed contracts. These alternative financing methods often lack standard consumer safeguards, including clear title transfer processes and protections against sudden eviction. Furthermore, the prevalence of personal property titling—used in every state except New Hampshire⁷—limits borrowers' ability to access more secure and affordable mortgage options. Implementing policies that facilitate the titling of manufactured homes as real property and expanding access to traditional mortgage financing are critical steps toward protecting consumers and promoting financial stability among manufactured homebuyers.

Thank you for considering my views.

Sincerely,
Arica Young
Director, Housing Accessibility and Affordability
The Lincoln Institute for Land Policy

⁶ [How to Improve and Expand Ownership of Manufactured Homes](#); Pew event highlights challenges and opportunities for lenders and borrowers

⁷ [Risky loans pervade manufactured home industry](#); Buyers of manufactured homes face a scarcity of safe and affordable financing



June 20, 2025

The Honorable French Hill
 Chairman
 Committee on Financial Services
 U.S. House of Representatives
 2129 Rayburn House Office Building
 Washington, DC 20515

Dear Chairman Hill,

Thank you for providing the Manufactured Housing Institute (MHI) the opportunity to testify before the Subcommittee on Housing and Insurance on May 14, 2025, at the hearing titled "Expanding Choice and Increasing Supply: Housing Innovation in America." We appreciate the Committee's invitation to participate in this important hearing, recognizing that a robust manufactured housing market is critical to addressing the nation's housing supply needs with quality homes at attainable price points. Pursuant to your May 27, 2025 letter, we are pleased to offer responses to the follow-up questions posed by Committee Ranking Member Waters and Subcommittee Ranking Member Cleaver.

MHI is the only national trade association that represents every segment of the factory-built housing industry. Our members include builders, suppliers, retail sellers, lenders, installers, community owners, community managers, and others who serve our industry, as well as 48 affiliated state organizations. MHI members represent over 90 percent of all manufactured homes constructed today. Our industry is on track to build more than 100,000 homes this year, accounting for about 10 percent of new single-family home starts. These homes are produced by 38 American companies with 152 manufacturing facilities across the country.

Members of MHI's National Communities Council (NCC) are guided by a Code of Ethics that underscores their commitment to the well-being of residents and the integrity of the manufactured housing industry. Community owners and operators prioritize respectful, professional, and considerate treatment of residents, customers, vendors, and the public. They are dedicated to fostering positive resident relations, enhancing the public image of manufactured housing communities, and conducting business in a manner that reflects high ethical standards. Members also commit to complying with all applicable state and federal laws and to supporting MHI's efforts to advance the industry and the lifestyle it offers. Adherence to this Code of Ethics and the MHI Bylaws is a condition of membership, reflecting a shared responsibility to uphold trust and accountability within the communities they serve.

As MHI Chairman Bill Boor testified, it is imperative that Congress restore the primacy of the HUD Code, remove outdated construction requirements for manufactured housing such as the permanent chassis to facilitate innovation, support the development and preservation of land-lease communities, overcome local zoning barriers, and expand financing options for the range of manufactured home types available, such as CrossMod® homes and duplexes. These are all critical steps that can significantly boost the production and accessibility of manufactured homes.

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Manufactured housing stands out as the most affordable homeownership option for American families. Last year, the average price of a manufactured home was \$124,300, significantly lower than the \$409,000 average price of a site-built home (excluding land). This is due to greater supply-chain flexibility, regulatory consistency, and lower on-site labor costs. The average income for a manufactured home buyer was about \$61,000, compared to over \$136,000 for a site-built home buyer. This means that the average buyer of a manufactured home spends about twice their annual income on a home, while the average buyer of a site-built home spends about three times their annual income on their home purchase.

(1) QUESTION FROM SUBCOMMITTEE RANKING MEMBER CLEAVER

During the hearing some testimony included concerns about exploitative practices in land lease manufactured home communities and in the financing of manufactured homes—particularly regarding steep rent increases, deteriorating community conditions, and misleading loan terms. As the representative of the Manufactured Housing Institute, do you have any thoughts or reactions to these concerns?

MHI disagrees with the characterization made by a single witness during the hearing regarding how land-lease community owners and operators treat their residents. The testimony presented was anecdotal and does not reflect the broader reality supported by MHI's data, common practices by community operators, or the experience of typical community residents. MHI appreciates the opportunity to provide the Committee with a more accurate, fact-based perspective. Land-lease communities are a vital source of attainable homeownership, and resident satisfaction remains consistently high among those who choose this housing option. We urge the Committee to focus on policies that preserve and strengthen this essential housing model.

Approximately one-third of all newly constructed manufactured homes are located in land-lease communities. These communities offer a valuable path to homeownership, with total housing costs that are often lower than renting an apartment. By removing the significant upfront cost of purchasing land, they allow residents to own a home with a more accessible initial investment. While housing costs are rising across all sectors, rent increases in manufactured housing communities remain well below those seen in other housing types. A clear indicator of the demand for this model is the consistently high occupancy rates—typically in the mid-90 percent range—with many communities fully occupied.

Examples cherry picked by the Mountain State justice witness present a very misleading and inaccurate picture of the land-lease community sector. The overwhelming majority of community owners and operators implement reasonable rent adjustments that keep housing costs competitive within their local markets. The reality is that, even during a period of broader inflation, data shows that average land-lease rents for manufactured homeowners have increased at a lower rate than average rents for traditional rental housing over the past five years. Rising land values nationwide have contributed to a shortage of affordable housing, yet land-lease communities continue to offer a desirable and cost-effective path to homeownership - often more affordable than both other ownership options and rental housing. Community operators are strongly incentivized to maintain stable and reasonable rents to support long-term occupancy, which remains consistently high.

The vast majority of institutional investors in land-lease communities are experienced owners and operators who view these communities as long-term investments. Even the written testimony submitted by the Mountain State Justice witness acknowledges in Footnote 11 that average annual rent increases in 2023 were 6.2 percent—significantly lower than the 12 percent increase for new apartment tenants. This is not coincidental. The land-lease community model incentivizes operators to maintain high-quality properties and foster long-term residency. Reasonable rent adjustments are essential to ensuring that capital is available for ongoing investment in community infrastructure and amenities.

It is also common for professional operators to acquire older communities where previous owners—often small, independent operators—have deferred maintenance, resulting in below-market rents. When new owners invest in critical upgrades such as roads, water, and sewer systems, rent increases are necessary to fund those improvements. Professionally managed communities not only enhance the physical appearance of the neighborhood but also ensure that essential infrastructure (i.e. water, sewer, roadways, and amenities) remains safe, reliable, and sustainable. In fact, capital expenditures by these operators have continued to rise annually—often outpacing rent increases—demonstrating a strong commitment to preserving and improving communities for the long term. Due to the ongoing investment and stewardship of these operators, land-lease communities are being preserved and enhanced as a reliable, high-quality, and affordable housing option for families across the country.

MHI's research consistently shows high satisfaction among residents of land-lease communities. Both U.S. Census data and MHI's independent research confirm that manufactured housing residents are highly satisfied with their housing choice and are likely to recommend it to others. Affordability and the opportunity to own a home are the primary reasons residents choose manufactured housing communities. Compared to the limitations of renting an apartment or the higher costs of purchasing a condominium or site-built home, land-lease community living offers a compelling and attainable alternative. As a result, millions of individuals, families, and retirees have chosen to live in these communities, benefiting from both financial stability and a desirable lifestyle.

Beyond affordability, land-lease communities offer substantial lifestyle and community benefits. Residents frequently cite advantages such as having a private yard, not sharing walls with neighbors, and access to social programming and professionally managed amenities like walking trails, clubhouses, pools, and fitness centers. These benefits are reflected in consistently high consumer satisfaction. MHI research shows that while residents acknowledge rent increases, they overwhelmingly report that those increases are comparable to or lower than other housing options—and that they receive greater value in return. Very few residents indicate that rent is too high, likely because all-in housing costs in land-lease communities remain consistently lower than other alternatives, and rent increases have remained below average compared to broader housing trends.

Manufactured housing communities are not a policy experiment—they are a proven, high-demand solution to the housing affordability crisis. Thanks to their lower costs, high resident satisfaction, strong community features, and a clear pathway to homeownership, land-lease communities continue to meet the needs of millions of Americans.

With respect to the financing of manufactured homes, we wholeheartedly disagree with the assertions and characterizations made by the Mountain State Justice witness. His examples are not supported by data, appear significantly outdated — i.e. pre-Dodd Frank Act- and are ripe with questionable omissions. We appreciate the opportunity to set the record straight about manufactured housing lending, which is a responsible and vital part of the American housing finance system.

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 Comments by the Manufactured Housing Institute
 June 20, 2025

Manufactured housing lenders operate under strict federal and state oversight, adhering to rigorous lending standards that meet or exceed the legal requirements for assessing a borrower's ability to repay loans. The scenarios presented at the hearing misrepresent the industry, misstate today's regulations and oversight, and do not reflect the rigorous practices and ethical standards that guide the lending institutions that support homeownership through manufactured housing.

Manufactured housing lenders have had a crucial role in expanding access to homeownership, especially for underserved communities. By providing credit to a broad range of buyers—many of whom are overlooked by traditional financial institutions and federal housing programs—they have helped to address the urgent housing needs of hardworking American families. There is more that Congress and our federal home lending programs can do to support homeownership through manufactured housing—through both land-home and home-only financing—which is outlined in our written testimony.

(2) QUESTION FROM COMMITTEE RANKING MEMBER WATERS

1. Which of the following options best describes Bill Boor's self-identified race? (You may choose more than one.)

- a. White or Caucasian
- b. Black or African American
- c. Hispanic/Latinx
- d. Asian
- e. Middle Eastern/North African
- f. Choose not to answer
- g. Prefer to self-describe (please specify)

2. Which of the following options best describes Bill Boor's gender identity?

- a. Woman
- b. Man
- c. Non-binary
- d. Transgender Man
- e. Transgender Woman
- f. Choose not to answer
- g. Prefer to self-describe (please specify)

Response:

- 1. a
- 2. b

Thank you once again for the opportunity to share MHI's perspective on the mischaracterizations of manufactured housing raised by one witness during the hearing. Manufactured housing has a vital role in expanding access to attainable homeownership and delivering high-quality, affordable housing options for American families. Through innovations in technology and the efficiencies of the factory-built process, manufactured homes uniquely combine affordability, quality, and sustainability.

Page 5
Comments by the Manufactured Housing Institute
June 20, 2025

We respectfully urge the Committee to advance the legislative proposals under consideration that would:

- Reinforce the primacy of the HUD Code,
- Eliminate the outdated permanent chassis requirement,
- Support the development and preservation of land-lease communities,
- Address exclusionary local zoning practices, and
- Broaden financing options for the diverse range of modern manufactured home types now available.

We look forward to working with the Committee to ensure these critical reforms are enacted, helping more Americans achieve the dream of homeownership through innovative and affordable housing solutions.

Sincerely,

A handwritten signature in black ink that reads "Lesli Gooch". The signature is written in a cursive, flowing style.

Lesli Gooch, Ph.D.
Chief Executive Officer

Supplemental Testimony for the Record

Committee on Financial Services

Housing and Insurance Subcommittee

Hearing on

“Expanding Choice and Increasing Supply: Housing Innovation in America”

May 14, 2025

Colten L. Fleu

Senior Attorney

Mountain State Justice, Inc.

217 Quarrier Street

Charleston, WV 25301

(304) 344-3144

<https://mf.freddiemac.com/docs/tenant-protections-manufactured-housing-communities.pdf>

1. Representative Cleaver asks:

Mr. Fleu, when manufactured renters are evicted, they typically leave the unit behind. In contrast, manufactured homeowners face a far more complex situation. They must either sell their home or relocate to another site. However, during the COVID-19 pandemic, the market for manufactured homes declined sharply. In the case where manufactured homeowners cannot find buyers, they have little recourse and may just leave the home in the community. In many states, these manufactured housing are considered abandoned property after 30 days to which the landlord can take over the titles and lease them to new tenants. What protection do these manufactured homeowners have in these instances, especially in an unreceptive market? What protections are necessary to ensure manufactured homeowners are given the opportunity to sell their homes?

Answer:

Eviction generally works a manifest injustice to manufactured homeowners. In the situation where a homeowner who rents the land upon which their home is situated faces eviction, the homeowner will have to choose the least bad of three options: abandon their property, often one of their largest assets; try to sell for pennies on the dollar; or try to move their home to another location. The specifics of the eviction process, and the rights afforded to manufactured homeowners in said process, are a matter of state law and vary greatly across the country. Many states afford no specific protection to manufactured homeowners that differ from the typical renter. That is, most states' statutes do not recognize their peculiar circumstances of the homeowner who leases the land upon which her home sits.

In West Virginia, the only protection afforded a homeowner in this scenario is illusory, at best. West Virginia prohibits a landlord from preventing the sale of the home in place to another tenant who meets the community standards for tenancy only if the eviction is with "no good cause." That is, a tenant evicted for failure to make full payment of rent or a violation of community rules is afforded no protection vis a vis the asset of their home. Further, the home is considered abandoned thirty days from the tenant's eviction from the premises.

Further, my office recently had occasion to conduct a survey of local costs to move a manufactured home that was sited on leased land. We found that in Southern West Virginia the cost to move a home from one site to another within the same county averaged between \$6000 and \$10,000 depending on the size and condition of the home and the topography of the land it would be transported over.

Summing up the situation in West Virginia, if a homeowner is evicted for cause, the sale of their home to another to remain in the community can be refused, and the homeowner has only thirty days to 1) find another location upon which to situate the home, and 2) come up with thousands of dollars to have the home moved.

To address these problems, lawmakers should start with steps that prevent unnecessary evictions. Given the gravity of the interests at stake, homeowners should be given an opportunity to cure any violation that might lead to eviction, unless the violation threatens the health or safety

of others. If the ground for eviction is non-payment of rent, the homeowner should be allowed to cure the violation by paying the overdue rent up until the time of eviction.

Eviction or non-renewal of the homeowner's ground lease should be allowed only for cause. A community owner should not be able to arbitrarily visit financial disaster and loss of the home upon a homeowner who has done nothing wrong. There should be strong prohibitions against retaliatory eviction, the threat of which can prevent residents from protesting when the community owner allows the community to become blighted. Residents should have the right to meet, form resident associations, canvas their neighbors, and bring problems to the attention of public officials without fear of eviction.

Lawmakers should also focus on the homeowner's right to sell the home within the community, *i.e.* without requiring the buyer to move it to a new location. In all circumstances – not just when the homeowner is evicted without cause – the community owner should be required to apply the same standards to the new buyer's application for a ground lease as would be applied to any other applicant.

Another step that Congress should take is to foster resident ownership of manufactured home communities. A [number of states](#) now give manufactured home community residents the opportunity to purchase their community whenever it is being sold. States with strong purchase opportunity laws have seen as many as 30% of their manufactured home communities convert to resident ownership. Once residents own the land on which their homes sit, they are likely to ensure that community rules are fair and non-confiscatory.

The need for reform in this area is great. A 2015 [study](#) found that only 19 states affirmatively protected residents' right to form resident associations. Some of the states that did not provide affirmative protections at least prohibited retaliation, but three states had only a very narrow prohibition and nine states had no prohibition at all. Only 35 states specified grounds for eviction of a homeowner from a manufactured home community, but the grounds varied widely and not all states addressed non-renewal of the homeowner's lease as a way to evade a requirement that there be good cause for eviction. A more recent survey from [Freddie Mac](#) found only 29 states prohibited manufactured home community owners from arbitrarily denying a homeowner the right to sell their home on-site while 33 states permitted community owners to prohibit residents from placing "for sale" signs on or near their homes. That survey found that only 24 states required good cause to terminate a lease or evict a resident while 9 states permitted eviction after a rent default was cured. These studies and surveys of state law demonstrate the need for more federal intervention.

A Federal Housing Finance Agency regulation conditions "Duty to Serve" credit for loan products that finance the purchase of manufactured home communities upon the buyer's adoption of certain "pad (lot) lease protections" for the residents. These include a requirement that the

ground lease be renewable unless good cause is shown; a five-day right to cure a default in rent; some minimal protections when a homeowner seeks to sell the home; and a 60-day advance notice of a planned sale or closure of a community. 12 C.F.R. § 1282.33. However, because of the structure of the duty to serve program, these requirements do not apply to the whole manufactured home community market. For example, in 2023 Fannie Mae reported that it had financed the purchase of 331 manufactured home communities to which the pad lease protections will apply – a commendable achievement, but a drop in the bucket given the 43,000 to 45,000 manufactured home communities in the United States. In addition, several of the lot lease protections are too weak in any event.

2. Ranking Member Waters asks:

Which of the following options best describes your self-identified race? (You may choose more than one.)

- a. White or Caucasian
- b. Black or African American
- c. Hispanic/Latinx
- d. Asian
- e. Middle Eastern/North African
- f. Choose not to answer
- g. Prefer to self-describe (please specify)

Answer:

Ranking Member Waters, White or Caucasian best describes my self-identified race.

3. Ranking Member Waters asks:

Which of the following options best describes your gender identity?

- a. Woman
- b. Man
- c. Non-binary
- d. Transgender Man
- e. Transgender Woman
- f. Choose not to answer
- g. Prefer to self-describe (please specify)

Answer:

Ranking Member Waters, my gender identity is a Man.

FRENCH HILL, AR
CHAIRMANMAXINE WATERS, CA
RANKING MEMBER

United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Questions for the Record
Subcommittee on Housing and Insurance of the Committee on Financial Services
Hearing, entitled: “Expanding Choice and Increasing Supply: Housing Innovation in America.”
May 14, 2025

Ranking Member Waters:

Dr. Andrew P. McCoy,

1. Which of the following options best describes your self-identified race? (You may choose more than one.)
 - a. White or Caucasian
 - b. Black or African American
 - c. Hispanic/Latinx
 - d. Asian
 - e. Middle Eastern/North African
 - f. Choose not to answer
 - g. Prefer to self-describe (please specify)
2. Which of the following options best describes your gender identity?
 - a. Woman
 - b. Man
 - c. Non-binary
 - d. Transgender Man
 - e. Transgender Woman
 - f. Choose not to answer
 - g. Prefer to self-describe (please specify)

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.....
 (Original Signature of Member)

119TH CONGRESS
 1ST SESSION

H. R. _____

To require approval from the Secretary of Housing and Urban Development for any Federal manufactured home and safety standards, and for other purposes.

 IN THE HOUSE OF REPRESENTATIVES

Mr. FLOOD introduced the following bill; which was referred to the Committee on _____

A BILL

To require approval from the Secretary of Housing and Urban Development for any Federal manufactured home and safety standards, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PRIMARY AUTHORITY TO ESTABLISH MANU-**
 4 **FACTURED HOME CONSTRUCTION AND SAFE-**
 5 **TY STANDARDS.**

6 The Housing and Community Development Act of
 7 1974 (42 U.S.C. 5401 et seq.) is amended—

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1 (1) in section 603(7), by inserting “energy effi-
2 ciency,” after “design,”; and

3 (2) in section 604, by adding at the end the fol-
4 lowing new subsection:

5 “(i) PRIMARY AUTHORITY TO ESTABLISH STAND-
6 ARDS.—

7 “(1) IN GENERAL.—The Secretary shall have
8 the primary authority to establish Federal manufac-
9 tured home construction and safety standards.

10 “(2) APPROVAL FROM SECRETARY.—

11 “(A) IN GENERAL.—The head of any Fed-
12 eral agency that seeks to establish a Federal
13 manufactured home construction and safety
14 standard on or after the date of the enactment
15 of this subsection—

16 “(i) shall submit to the Secretary a
17 proposal describing such standard; and

18 “(ii) may not establish such standard
19 without approval from the Secretary.

20 “(B) REJECTION OF STANDARDS.—The
21 Secretary shall reject the standards described in
22 subparagraph (A)—

23 “(i) if the standards would signifi-
24 cantly increase the cost of producing man-

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1 ufactured homes, as determined by the
2 Secretary;

3 “(ii) if the standards conflict with ex-
4 isting manufactured home construction
5 and safety standards established by the
6 Secretary; or

7 “(iii) for any other reason as deter-
8 mined appropriate by the Secretary.

9 “(C) RULE OF CONSTRUCTION.—Nothing
10 in this subsection shall be construed to require
11 the Secretary to establish new or revised Fed-
12 eral manufactured home construction and safe-
13 ty standards.”.

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[DISCUSSION DRAFT]119TH CONGRESS
1ST SESSION**H. R. _____**

To amend the definition of “manufactured home” in the National Manufactured Housing Construction and Safety Standards Act of 1974, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. ROSE introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the definition of “manufactured home” in the National Manufactured Housing Construction and Safety Standards Act of 1974, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Expansion of Attain-
5 able Homeownership Through Manufactured Housing Act
6 of 2025”.

1 **SEC. 2. UPDATING THE DEFINITION OF MANUFACTURED**
2 **HOME.**

3 (a) IN GENERAL.—Section 603(6) of the National
4 Manufactured Housing Construction and Safety Stand-
5 ards Act of 1974 (42 U.S.C. 5402(6)) is amended by
6 striking “on a permanent chassis” and inserting “with or
7 without a permanent chassis”.

8 (b) MANUFACTURED HOME CERTIFICATIONS.—Sec-
9 tion 604 of the National Manufactured Housing Construc-
10 tion and Safety Standards Act of 1974 (42 U.S.C. 5403)
11 is amended by adding at the end the following:

12 “(i) MANUFACTURED HOME CERTIFICATIONS.—

13 “(1) IN GENERAL.—

14 “(A) INITIAL CERTIFICATION.—Subject to
15 subparagraph (B), not later than 1 year after
16 the date of enactment of the Expansion of At-
17 tainable Homeownership Through Manufac-
18 tured Housing Act of 2025, a State shall sub-
19 mit to the Secretary an initial certification that
20 the laws and regulations of the State—

21 “(i) treat a manufactured home, in-
22 cluding a manufactured home without a
23 permanent chassis, in parity with a manu-
24 factured home (as defined and regulated
25 by the State); and

1 “(ii) subject a manufactured home
2 without a permanent chassis to the same
3 laws and regulations of the State as a
4 manufactured home built on a permanent
5 chassis with respect to financing, title, in-
6 surance, manufacture, sale, taxes, trans-
7 portation, installation, and other areas the
8 Secretary determines, after consultation
9 with and approval by the consensus com-
10 mittee, are necessary to give effect to the
11 purpose provided within this section.

12 “(B) EXTENDED DEADLINE.—With re-
13 spect to a State with a legislature that meets
14 biennially, the deadline for the submission of
15 the initial certification required under subpara-
16 graph (A) shall be 2 years after the date of en-
17 actment of the Expansion of Attainable Home-
18 ownership Through Manufactured Housing Act
19 of 2025.

20 “(2) FORM OF CERTIFICATION.—The initial
21 certification required under paragraph (1)(A) shall
22 contain, in a form prescribed by the Secretary, an
23 attestation by an official that the State has taken
24 the steps necessary to ensure the veracity of the cer-

1 tification required under paragraph (1)(A), includ-
2 ing, as necessary, by—

3 “(A) amending the definition of ‘manufac-
4 tured home’ in the laws and regulation of the
5 State; and

6 “(B) directing State agencies to amend the
7 definition of ‘manufactured home’ in regula-
8 tions.

9 “(3) ANNUAL RECERTIFICATION.—Not later
10 than a date to be determined by the Secretary each
11 year, the State shall submit to the Secretary an ad-
12 ditional certification that—

13 “(A) confirms the accuracy of initial cer-
14 tification submitted under paragraph (1)(A);
15 and

16 “(B) certifies that any new laws or regula-
17 tions enacted or adopted by the State since the
18 date of the previous certification does not
19 change the veracity of the initial certification
20 submitted under paragraph (1)(A).

21 “(4) LIST.—The Secretary shall publish and
22 maintain in the Federal Register and on the website
23 of the Department of Housing and Urban Develop-
24 ment a list of States that are up-to-date with the

1 submission of initial and subsequent certifications
2 required under this subsection.

3 “(5) PROHIBITION.—

4 “(A) DEFINITION.—In this paragraph the
5 term ‘covered manufactured home’ means a
6 home that is—

7 “(i) not considered a manufactured
8 home under the laws and regulations of a
9 State because the home is constructed
10 without a permanent chassis;

11 “(ii) considered a manufactured home
12 under the definition of the term in section
13 603; and

14 “(iii) constructed after the date of en-
15 actment of the Expansion of Attainable
16 Homeownership Through Manufactured
17 Housing Act of 2025.

18 “(B) BUILDING, INSTALLATION, AND
19 SALE.—

20 “(i) IN GENERAL.—If a State does
21 not submit a certification under paragraph
22 (1)(A) or (3) by the date on which those
23 certifications are required to be sub-
24 mitted—

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1 “(I) with respect to a State in
2 which the State administers the in-
3 stallation of manufactured homes, the
4 State shall prohibit the manufacture,
5 installation, or sale of a covered man-
6 ufactured home within the State; and

7 “(II) with respect to a State in
8 which the Secretary administers the
9 installation of manufactured homes,
10 the State and the Secretary shall pro-
11 hibit the manufacture, installation, or
12 sale of a covered manufactured home
13 within the State.”.

14 (c) OTHER FEDERAL LAWS REGULATING MANUFAC-
15 TURED HOMES.—The Secretary of Housing and Urban
16 Development shall coordinate with the heads of other Fed-
17 eral agencies to ensure that Federal agencies treat a man-
18 ufactured home (as defined in Federal laws and regula-
19 tions other than section 603 of the National Manufactured
20 Housing Construction and Safety Standards Act of 1974
21 (42 U.S.C. 5402)) in the same manner as a manufactured
22 home (as defined in section National Manufactured Hous-
23 ing Construction and Safety Standards Act of 1974 (42
24 U.S.C. 5402), as amended by this Act).

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1 (d) ASSISTANCE TO STATES.—Section 609 of the Na-
2 tional Manufactured Housing Construction and Safety
3 Standards Act of 1974 (42 U.S.C. 5408) is amended—
4 (1) in paragraph (1), by striking “and” at the
5 end;
6 (2) in paragraph (2), by striking the period at
7 the end and inserting “; and”; and
8 (3) by adding at the end the following:
9 “(3) model guidance to support the submission
10 of the certification required under section 604(i).”.

