

“THREE POLICY ITEMS” RELATED
TO
HUD MANUFACTURED HOUSING PROGRAM BUDGET

- 1 - HUD proposed preliminary budget should be reviewed by the National Manufactured Housing Consensus Committee (MHCC) for input prior to the Department's submittal to Congress.

EXPLANATION/BACKGROUND

MHCC, established by the 2000 Act, has the authority and jurisdiction to make recommendations with respect to the appropriate scope of “monitoring.” Insofar as all monitoring under the program, as it is currently constituted, is performed by paid contractors, the Consensus Committee has the authority to review not only the extent and nature of the work performed by such contractors, but also the amounts that such contractors are paid, the amounts for such payments that are allocated in proposed budgets, and proportions of overall program funding that are allocated to contracting as compared with amounts expended for HUD staff functions and payments to the states. In order to comply with this mandate of the 2000 Act, HUD should submit its proposed preliminary budget (and any fee changes thereby necessitated) to the Consensus Committee for its review and input. This type of review and input is not an “interference” with HUD. To the contrary, it is contemplated by the 2000 Act.

- 2 - The percentages (%) of expenditures on HUD's Budget between contractors and HUD staff and the states combined should be reversed.

EXPLANATION/BACKGROUND

Any such review as outlined in #1 above should focus on HUD's continuing excessive dependence on contractors. For example, the Department's FY03 budget lavished some 60-65 percent of its spending on contractors, while splitting the remaining 35-40 percent between HUD staff and the states. HUD has thus placed contractors at the forefront of the program, while actually reducing the relative role of the states. To make matters worse, contractors' spending has multiplied more than three times in the past decade, while payment to states has stayed the same. HUD program staff has shrunk substantially during the same period. As the states have often pointed out, though, the Federal program was designed and intended to be a partnership between the Federal government and the states, with the Federal government providing the uniform standards and enforcement architecture, while the states address specific consumer issues. If the

program is to be true to the original intent and purposes of Federal manufactured housing law as well as the improvements sought in the 2000 Act, these proportions must be reversed and accountable governmental agencies must constitute the major component of the program.

- 3 - Any and all future label fee increases and related expenditures should be specifically approved by Congress

EXPLANATION/BACKGROUND

The Federal Manufactured Housing Program is totally funded by the money that HUD collects from the industry. As such, it should be treated as a tax by United States Congress. Therefore, unlike 2002, both HUD's specific spending budget and the label fee amount for FY04 should be submitted to Congress for review and consideration. In order to preserve the affordability of manufactured housing, program spending cannot be considered in a vacuum. Congress should be given specific information by HUD as to the label fee consequences of its proposed spending and should specifically appropriate a proper fee amount that is consistent with the purposes of the law, as the 2000 Act expressly requires.