

THE RESOURCE

California Manufactured Housing Institute



Appraiser's **Special Edition**

Puzzled About Manufactured Housing...?

Overview For Appraisers

By Jess Maxcy*

A High Value Housing Option Comes of Age in California

Even though California manufacturers and regulatory agencies have led the way in the development of factory constructed housing many are still puzzled by the term "manufactured housing." Just what is a manufactured home and how does it differ from other forms of housing built in a factory?

From yesterday's mobile home to today's manufactured home, we have witnessed the evolution of a product designed for temporary shelter to one engineered to provide permanent housing. Serving as a catalyst for this evolution was a joint commitment on the part of industry and California regulators to ensure a high quality, high value product.

In 1958, California adopted the nation's first statewide health and safety standards for mobile homes. In response to design and engineering advances in the product, California in 1969, adopted the nation's first factory-built housing law combining the benefits of factory production and transportability with construction compatible with conventional housing standards. In 1971, these regulations were expanded to cover structural designs and fire safety.

Using the California code as a model, the federal government developed the nation's first preemptive building code. Adoption of the National Manufactured Home Construction and Safety Standards (the HUD Code) in 1976 accelerated a trend that has brought the modern manufactured home into the main-stream of the California housing industry.

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Permanent Housing Choice

The HUD Code, combined with growing consumer acceptance and industry improvements, has transformed the mobile home of yesteryear into a permanent housing choice for over 750,000 Californians, living in nearly 303,000 HUD Code manufactured homes.

Additionally, approximately 705,000 Californians live in nearly 282,000 pre-HUD mobile homes.

Preemptive Code Benefits

First, a national preemptive code allows manufacturers to build to one code, rather than a patchwork of local codes. The HUD Code allows production processes to be standardized, materials to be ordered in advance and in great volume, and manufacturers to be freed from unnecessary, parochial building standards that increase costs without corresponding improvements to the health, safety and durability of the home.

Second, a national preemptive code facilitates interstate shipping. The HUD Code ensures consumers and local governments that a manufactured home, even if constructed in a plant hundreds of miles away or in a different state, meets uniform standards.

Third, a national preemptive code fosters innovation in construction processes. In many instances, the HUD Code has been a testing ground for innovation in local and state building codes. For example, a decade ago many building code officials scorned the idea of using PVC plumbing in residential construction. Today, this material is recognized and used in all forms of residential construction.

Fosters Competition

Today's manufactured home sets the standard for value at an affordable price. Manufactured homes compete in appearance and performance with many typical site-built, homes in many architectural designs. This competition provides more opportunities for home ownership among moderate-income Californians.

The California manufactured housing industry believes that whatever technology exists for getting more homes to more people should be encouraged, so long as those technologies meet



afford.

publicly adopted standards relating to health, safety and durability. Further, we believe that today's manufactured homes blend the best in style and amenities at a price that the average wage earner can

Definitions of Factory Constructed Housing

The federal government began regulating manufactured housing in 1976 in response to the enactment of the National Mobile Housing Construction and Safety Standards Act. In 1980, in recognition of the more durable and less mobile nature of these modern factory-constructed homes, Congress changed all reference in federal law and regulations from the term "mobile" to the term "manufactured." This was not just a simple name change rather, the new designation was a result of increased construction and safety standards.

A key to understanding the modern manufactured home is distinguishing it from other homes that are constructed in a factory.

The California Manufactured Housing Institute (CMHI) believes that the basis for distinguishing among homes constructed in a factory should be the code to which they are built. CMHI offers the following guidelines:

Manufactured Home

A dwelling unit fabricated in an off-site manufacturing facility for installation or assembly at the building site, bearing a label certifying it is constructed in compliance with the federal Manufactured Home Construction and Safety Standards (see Code of Federal Regulations 3280 for legal definition).

Factory-Built Home

A dwelling unit fabricated in an off-site manufacturing facility for installation or assembly at the building site, bearing a label certifying it is constructed in compliance with the California Administrative Code applicable to industrialized housing (see California Administrative Code, Title 25, Chapter 3, Subchapter 1, for legal definition). Factory-built housing is sometimes referred to as modular housing.

Mobile Home

A transportable, factory-constructed home, designed to be used as a year-round residential dwelling and built prior to enactment of the federal Manufactured Housing Construction and Safety Standards Act of 1974, which became effective June 15, 1976. In many cases, mobile homes were constructed in compliance with the American National Standards Institute (ANSI) - A119.1 Standards for Mobile Homes.

The HUD Code

Since June 15, 1976, all manufactured homes in the United States have been built to the National Manufactured Home Construction and Safety Standards (the HUD Code). Since adoption of the Code, which under federal law preempts all local building codes for these single-family dwellings, their quality has risen dramatically. The HUD label certifies that the home has been factory constructed, tested and inspected to comply with stringent, uniform federal standards.

The HUD Code, administered by the Department of Housing and Urban Development, is the counterpart to national model codes for site-built housing.

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Manufactured Homes are available with many optional amenities

Designed For Factory Building

The HUD Code is designed for compatibility with the factory production process. The code sets performance standards for heating, plumbing, air conditioning, thermal and electrical systems. Additionally, it sets performance requirements for structural design, construction, fire resistance, energy efficiency and transportation to the home site. Constructed with virtually identical materials to those used in site construction but, unlike traditional site-building techniques manufactured homes have the advantage of using engineered design and cost-effective assembly line techniques that result in quality construction..

To ensure quality, design and construction are monitored by both HUD and The Institute For Building Technology and Safety (IBTS).

The Inspection System

Generally, a building code is only as good as its enforcement system. The manufactured home enforcement program required by HUD is a thorough and efficient inspection system designed for the factory production environment.

Unlike many site-built codes which lack uniform and consistent enforcement, the HUD system relies on a cooperative federal/state program for ensuring compliance with the National Manufactured Home Construction and Safety Standards.

HUD enforces the Code through IBTS. In California, IBTS and the California Department of Housing and Community Development (HCD) monitor the performance of third-party HUD-certified agencies, which inspect the design of a manufactured home for its compliance with engineering standards and checks the in-plant construction process as the home moves through the factory. HUD also administers a consumer warranty program for HUD-Code homes.

In California additional consumer warranty protection for purchases of new manufactured homes are provided in the California Civil Code (Divisions 3, Part A, Title 1.7, Chapter 3, Sections 1797-1797-.7).

Quality Assurance and Design Approval

Each manufacturer must prepare a quality assurance manual, which includes test and inspections required at each assembly station in a factory. This manual commits the manufacturer to adequate inspections and tests of every part of each manufactured home produced. This manual must be approved by a HUD-certified agency.

Additionally, all manufactured home designs must be reviewed by an independent design agent who must certify that the engineering plan meets performance requirements of the HUD Code.

In Plant Inspections

The frequency of inspections is timed so that every manufactured home is inspected, by HUD certified inspectors in at least one stage of production. The inspector makes a complete inspection of each phase of production and of all visible parts of every manufactured home.

If a manufacturer shows evidence of performance deficiencies, the frequency of inspections may be increased.

The quality assurance manual is the basis for performing comprehensive inspections as the home is being constructed.

HUD-certified agents conduct inspections to assure that the manufacturer is performing its operations in a manner consistent with its approved quality assurance manual and internal inspection system.

Additionally, IBTS inspection teams conduct independent inspections as a check on the performance of the inspection agents and the manufacturer. .

Home Certification

Only when homes are certified by the manufacturer to have been inspected in accordance with the HUD enforcement procedures and to have been conducted in accordance with the HUD Code, is a HUD certification label affixed to the home.



Land Use, Zoning and Financing

By expanding siting opportunities for manufactured housing, consumers have increased ownership opportunity for high value housing with architectural versatility for placement in traditional land-lease communities as well as planned unit developments, subdivisions and scattered lot settings.

Single-Site Occupancy

Many manufactured homes are indistinguishable from their site-built counterparts in construction and appearance. In California, many new manufactured homes sold each year are sited on lots in urban, suburban or rural neighborhoods. Facilitating this opportunity are state laws (Government Code Sections 65852.3 and 65852.4) which allow manufactured homes to be sited on any residential lot. Section 18551 of the California Health and Safety Code governs the installation and conversion of manufactured homes to real property.

Also, covenant, conditions, and restrictions adopted on or after January 1, 1988, cannot forbid the siting of a manufactured home on a residential lot, if the home can meet the same architectural standards as site-built homes in the neighborhood. (California Civil Code Section 714.5)

Manufactured Housing Communities

About 80 percent of new manufactured homes sold each year in California are sited in planned developments where the consumer typically owns the home as personal property and leases a home site. These communities typically offer residents security, club-houses, pools, spas, and maintenance of common areas. There are more that 4,500 manufactured housing communities in California offering a wide variety of lifestyles. These communities contain more than 365,000 home sites.

A growing number of manufactured homes in California are being sold in conventional subdivisions, planned unit developments and condominiums where the land and home are owned and financed as real estate.

Parity in Taxes

Essential to laying the foundation for land use reform is ensuring equivalency in taxation.

In recognition of the transition of manufactured homes from temporary shelter to permanent housing, the State of California on July 1, 1980, enacted legislation permitting local taxation of manufactured housing.

Manufactured homes are now taxed as real property by local governments rather than as personal property by the State Department of Motor Vehicle's This reform has eliminated the argument used by local government officials that manufactured home owners "don't pay their fair share." Additionally, taxing manufactured homes as real property means that taxation policies no longer assume an automatic depreciation in value.

Appraisals

While there may be some differences in property inspection, secondary market requirements

The Resource is published by the California Manufactured Housing Institute (CMHI), a non-profit trade association representing builders of factory-constructed homes, retailers, supplier companies, financial institutions, community owners and land developers. CMHI was founded on the belief that by combining the efforts and common interest of all sectors of the manufactured housing industry, the best interest of consumers, local communities and the industry will be served.

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