



April 19, 2021

Federal Housing Finance Agency
Office of the Director
400 7th Street SW, 10th Floor
Washington, D.C. 20219

Re: Request for Input – Climate and Natural Disaster Risk Management at the Regulated Entities

Dear Director Calabria,

The Manufactured Housing Institute (MHI) is pleased to provide comments in response to the Federal Housing Finance Agency's (FHFA) request for information on the current and future climate and natural disaster risk to the housing finance system and to the regulated entities Fannie Mae and Freddie Mac (the Enterprises).

MHI is the only national trade association that represents every segment of the factory-built housing industry. Our members include home builders, suppliers, retail sellers, lenders, installers, community owners, community operators, and others who serve the industry, as well as 48 affiliated state organizations. In 2020, our industry produced nearly 95,000 homes, accounting for approximately nine percent of new single-family home starts. These homes are produced by 33 U.S. corporations in 136 plants located across the country. MHI's members are responsible for close to 85 percent of the manufactured homes produced each year.

Manufactured housing is the largest form of unsubsidized affordable housing in the U.S. and the only type of housing built to a federal construction and safety standard (i.e., the HUD Code). The HUD Code's single regulatory framework for home design and construction includes standards for health, safety, energy efficiency, and durability. It is also the only type of housing that Congress recognizes as having a vital role in meeting America's housing needs as a significant source for affordable homeownership accessible to all Americans. Today, 22 million people live in manufactured housing and the industry employs tens of thousands of Americans nationwide.

Manufactured housing can help address the shortage of affordable housing in the country and ensure that the dream of homeownership remains an affordable and attainable reality for millions. The affordability of manufactured homes enables individuals to attain homeownership which is often less expensive than renting. Manufacturers deliver high-quality HUD Code homes with designs and features consumers want at lower price points than site-built homes.

MHI commends the FHFA for recognizing the need to consider impacts of climate change and natural disasters on our nation's housing finance system and the need for the Enterprises to address these risks. We believe that today's manufactured homes can be a part of this consideration from both the efficiency and resilience perspectives.

As the FHFA works with the Enterprises to address the impacts of climate change, we urge you to support further involvement by the Enterprises in supporting manufactured housing, which as a result of the federal building code offers resilient homeownership opportunities and an efficient homebuilding process. MHI believes that FHFA should continue to hold the Enterprises responsible for meeting their statutory obligations

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to serve manufactured housing for both chattel home loans and homes titled as real estate, which can help to address their climate change goals as well.

Efficiencies in the Manufactured Housing Construction Process

The controlled environment of the factory-built process not only offers consumers unmatched quality and affordability due to technological advancements and other advantages, but the industry is a pioneer in the development of processes that value efficiency and reduce waste. Our in-factory home builder members are constantly developing new initiatives and technologies, such as comprehensive recycling programs, to reduce waste.

The factory-built process utilizes exact dimensions and measurements for most building materials. Today's modern manufacturing plants are so efficient that in two weeks they can build a home that is ready for delivery and installation with no more scrap waste than can fill a 55-gallon garbage barrel. Everything else is reused or recycled such as cardboard, plastic, carpet padding, vinyl siding, scrap wood and much more. In comparison, the National Association of Homebuilders (NAHB) estimates that construction of an average 2,000 square foot site-built home generates 1,500 to 3,700 pounds of solid waste and 1,000 to 1,800 pounds of engineered wood waste.

The Resilience of Today's Manufactured Homes

Extreme weather events are increasing, and manufactured housing is a leader in durability and sustainability. Manufactured homes are built to federal building standards, regulating all aspects of performance, including wind standards. Because today's manufactured homes are built to a federal construction and safety standard, these homes are required to meet minimum federal requirements for safety and durability. These federal standards include requiring all new manufactured homes to meet minimum requirements for installation and anchoring in accordance with structural design and windstorm standards. States have the authority to establish additional installation standards above the minimum federal standards, which are done depending on soil conditions and other factors in the state or region.

Over the past decade, results of testing and research conducted by professional building engineers and third-parties outside the industry, including Texas Tech University, consistently show that manufactured homes withstand high wind events on par or better than site-built homes. Because factory-built homes need to be transported to the site, they need to sustain highway speeds and winds even before they are installed. In May 2001, Texas Tech's Wind Science & Engineering Center in Lubbock, Texas, conducted studies on the effects of strong winds on manufactured housing. A single-section manufactured home, built to Wind Zone I standards (for regions not likely to experience hurricane-force winds), was exposed to the prop wash of a C-130 transport aircraft which created winds over 90 miles per hour. After prolonged exposure to such winds, the manufactured home experienced only limited damage, primarily loss of roofing shingles and some minor structural damage. A 2014 Insurance Institute for Business & Home Safety (IBHS) test found that manufactured homes performed better at high winds than traditional-built homes.

In addition to testing, recent weather events have affirmed the resilience of HUD Code manufactured homes. HUD's Winter/Spring 2020 publication of their "Evidence Matters" reported that, "Attention to the materials and design of manufactured housing can improve not only energy efficiency but also disaster resilience. In the past, manufactured housing was highly susceptible to damage in natural disasters. The HUD Code has mandated changes that make modern manufactured homes significantly more resilient to fire and natural disasters than pre-HUD Code housing."

In 1994, HUD revised and increased its wind safety standards after Hurricane Andrew in 1992. The result was that during the hurricanes that struck Florida in 2004, not one manufactured home built and installed

after 1994 was destroyed by hurricane force winds. In areas prone to hurricane-force winds (Wind Zones II and III of the HUD Basic Wind Zone Map), the standards for manufactured homes are comparable to the current regional and national building codes for site-built homes. As with site-built homes, damage to property or physical harm to occupants is primarily caused by flooding and flying debris, rather than high winds. Unlike hurricanes, a direct hit from a tornado will bring about severe damage or destruction of any structure in its path. A tornado's deadly force does not selectively discriminate between the site-built and manufactured home or "mobile homes" (those built before the HUD Code's implementation in 1976).

Manufactured homes also offer many energy efficient options for homebuyers. Just like site-built homes manufactured homes are constructed and fitted with energy efficient features that are tailored to the climate demands of the region in which each home will be sited. Further, about 1 in 4 new manufactured homes have qualified for the ENERGY STAR label. Manufactured homes reduce energy costs for homeowners and improve the resiliency of homes. HUD's Winter/Spring 2020 publication of their "Evidence Matters" also found that, "The factory-built housing industry is constantly evolving to meet the changing needs of its customers. From disaster resilience technology that makes manufactured homes safer in the event of natural disasters to energy-efficient innovations that help reduce energy costs and environmental impacts to labor innovations that lower housing costs to make homeownership accessible to more people, the factory-built housing industry adapts rapidly to benefit individuals, families, and communities."

Enterprises' Duty to Serve Manufactured Housing Can Support FHFA's Efforts on Climate Change

In 2008, the Housing and Economic Recovery Act of 2008 established a statutory Duty to Serve requirement for the Enterprises. Under Duty to Serve, Fannie Mae and Freddie Mac are required to "provide leadership to the market in developing loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages for very low-, low-, and moderate-income families" for manufactured housing, as one of the three Duty to Serve categories. MHI has long argued that FHFA should ensure that Fannie Mae and Freddie Mac are adequately facilitating the important homeownership option of manufactured housing and that more support from FHFA and the Enterprises in the manufactured housing market is needed. In addition to strengthening homeownership opportunities for millions of Americans and providing more options to consumers hurt by unaffordable rents and the shortage of adequate housing options, adherence to the Duty to Serve manufactured housing will also help the Enterprises in their climate change efforts.

Manufactured homes offer affordable housing options that are resilient and efficient, and we urge for increased participation by Fannie Mae and Freddie Mac in supporting manufactured housing. MHI stands ready to work with the FHFA and the Enterprises to mitigate and manage climate and natural disaster risk through manufactured housing.

Sincerely,



Lesli Gooch, Ph.D.
Chief Executive Officer