

Tuesday, May 9, 2023

## How to Make Housing Less Affordable

**T**he Biden Administration's regulatory onslaught continues, with almost no media coverage about the costs or consequences. A case in point is a new Department of Energy rule due to hit on May 31 that will make manufactured homes less affordable.

Some 22 million Americans live in manufactured homes, often called mobile homes, and their median household income is \$35,000 a year. The average cost of a manufactured home ranges from \$72,000 to \$132,000, compared to \$365,000 for a traditional house. Manufactured homes were about 9% of new single-family home starts in 2021, providing more than 100,000 affordable homes.

Yet they are also the only single-residence housing entirely regulated by the federal government, in part because they are transported around the country after factory production. The Department of Housing and Urban Development for decades oversaw construction, safety and efficiency standards for the units, but in 2007 House Democrats gave the Energy Department power to impose energy-efficiency mandates.

Enter Jennifer Granholm's Energy Department, which last year unveiled a rule that condensed a decade of incremental efficiency rules into one turbocharged mandate. The low-cost manufactured home industry will be subject to standards that far surpass those applied to homes built on lots.

The regulation will require industry to redesign everything from ducts to insulation in thousands of models. And it gave manufacturers only a year to fully comply, never mind that DOE typically affords appliance makers up to five years to meet new energy standards.

DOE claimed that its rule would save owners from \$177 to \$475 a year in energy costs.

But a lawsuit to enjoin the rule filed in February by the Manufactured Housing Institute, a trade association, notes that DOE ignored requirements laid out in Congress's 2007 legislation, including a command to consult with HUD and to fully

account for costs.

DOE ignored the costs of testing and compliance, which will be hefty. By one estimate, the cost of duct-leakage testing alone could be \$1,500 per home. The Energy rule used 2014 cost estimates for construction materials, ignoring the inflation-driven cost increases of recent years.

Even DOE's modeling acknowledges its rule may add up to \$4,500 to the price of a multi-section manufactured home, which will reduce affordability. But given its failure to fully account for changes required under the rule, the real costs could be multiples of that.

Manufactured homes already have a relatively small carbon footprint. They are manufactured with minimal waste in factories, are smaller than most site-built homes, and comply with existing HUD efficiency standards. Yet as South Carolina Sen. Tim Scott noted in a recent letter to Ms. Granholm, the low-income purchasers of these homes are being "unfairly asked to bear the costs imposed by climate alarmists."

DOE is now considering a delay in the rule, but it deserves to be killed. The rule will have no effect on the climate but it will make housing less affordable for millions. If you want to know why working class voters are abandoning the Democrats, this rule is one reason.

### An Energy rule for manufactured homes will hit low earners.