



Preserving the American Dream of Home
Ownership Through Regulatory Reform

MHARR

NEWS

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Contact: MHARR
(202) 783-4087

HUD ADOPTS MHARR-INITIATED FINAL RULE AUTHORIZING MULTI-DWELLING UNIT MANUFACTURED HOUSING

Washington, D.C., September 12, 2024 – The U.S. Department of Housing and Urban Development (HUD), with uncharacteristic fanfare, has announced the adoption of a final rule – spurred by decisive and persistent MHARR action – to expressly authorize, for the first time, the construction and sale of multi-dwelling unit HUD Code manufactured homes, incorporating up to four units. This action opens an entire new market segment for mainstream HUD Code manufactured housing across the United States.

A September 11, 2024 HUD News Release (copy attached) addresses the substance of a final rule – including the multi-unit provision -- scheduled for publication in the Federal Register on September 16, 2024. While other regulatory changes incorporated in this final rule will become effective 180 days after publication, HUD stated in a press briefing for local media that the multi-unit authorization, due to its importance to the industry and consumers, will be subject to a regulatory waiver making that provision effective immediately.

Readers will recall that MHARR took up the multi-unit manufactured housing issue in 2014, when then-HUD program Administrator Pamela Danner issued an edict to the industry asserting that multi-unit manufactured homes were prohibited by the HUD Code standards and particularly section 24 C.F.R. 3280.2, which defines a manufactured home as a “dwelling,” comprising “one or more habitable rooms which are designed to be occupied by one family....”

In a communication dated November 12, 2014, MHARR aggressively objected to this single-family limitation on HUD Code homes, pointing out, among other things, that there was no corresponding provision in the National Manufactured Housing Construction and Standards Act of 1974 – HUD’s authorizing statute – limiting manufactured homes to single-family use (or otherwise supporting HUD’s supposed limitation). With no supporting authority in the governing statute, MHARR maintained that the alleged regulatory prohibition on multi-family manufactured housing use was invalid, illegitimate and void. These and other points raised at that time by MHARR are set forth in written comments filed by MHARR in connection with the present rulemaking process on August 22, 2022 (copy attached, see pp. 8-11).

With no statutory support for its position, HUD was inevitably forced to yield on the multi-unit issue. This resulted in MHARR’s submission of a multi-unit manufactured housing proposal to the Manufactured Housing Consensus Committee (MHCC). Following debate and further development, a multi-unit proposed rule was approved by the MHCC and submitted to HUD for

Manufactured Housing Association for Regulatory Reform

1331 Pennsylvania Avenue, NW • Suite 512 • Washington, DC 20004 • 202-783-4087 • Fax 202-783-4075

adoption. This led to a proposed rule published by HUD on July 19, 2022. That proposal, however, sought to limit multi-unit manufactured homes to three family units.

In its August 22, 2022 written comments to HUD regarding that proposed rule, MHARR objected to the three family unit limitation, asserting again that there was no statutory basis for any such limitation. Instead, MHARR urged HUD to either establish no cap on family units, or to expand the number of family units to four, in order to allow manufacturers greater flexibility in meeting the needs of an even larger number of consumers.

Based on HUD's September 11, 2024 News Release, it appears that HUD, in its final rule, has accepted such an increase to four units, even though its purported rationale for establishing any limit at all has not yet been revealed. Needless to say, while MHARR commends HUD for increasing the number of permissible units to four, it nevertheless reserves its right to object to any limitation at all through further proceedings before the MHCC or as otherwise warranted. MHARR will fully analyze the entirety of HUD's final rule when it is officially published on September 16, 2024, and will take further action (and publish the same) as warranted.

MHARR President and CEO Mark Weiss, attending the current MHCC meeting in Elkhart, Indiana, stated: "This final rule is a tribute to the ingenuity and persistence of MHARR member manufacturers in seeking to open this new market segment. As MHARR has long maintained, mainstream HUD Code manufactured housing is the irreplaceable key to providing affordable homeownership to masses of homebuyers in the United States without the need for costly taxpayer-funded subsidies. The industry, therefore, must continue to press for the advancement of mainstream, affordable manufactured housing and insist that regulators implement existing laws to clear zoning barriers and advance the availability of consumer financing – key bottlenecks that have impaired the growth of the industry -- to make this a robust reality for potential homebuyers across the United States."

The Manufactured Housing Association for Regulatory Reform is a Washington, D.C.-based national trade association representing the views and interests of independent producers of federally-regulated manufactured housing.