



**OHIO HOUSE OF REPRESENTATIVES
FINANCE SUBCOMMITTEE ON AGRICULTURE, DEVELOPMENT AND
NATURAL RESOURCES**

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OHIO MANUFACTURED HOMES ASSOCIATION
MARCH 16, 2017**

**HB 49--MAINTAIN OHIO MANUFACTURED HOMES COMMISSION EXISTING
LAW**

Chairman Thompson, Ranking Member Kelly and members of the Committee

I am Tim Williams, Executive Director of the Ohio Manufactured Homes Association (OMHA). Since 1947 the Association has represented all business segments of the manufactured homes (MH) industry providing affordable housing for 900,000 Ohioans.

The Association supported the General Assembly's creation of the Ohio Manufactured Homes Commission to implement the federal mandate for a manufactured homes installation and dispute resolution program. The Association subsequently supported moving dealer and salespersons licensing along with Manufactured Home Park regulation to the Commission in recent years.

This created a one stop shop for all manufactured homes regulation. This has a tremendous impact in regulatory streamlining, ease of compliance, cost reductions, and responsiveness to manufactured homeowners and businesses.



Yet, as proposed in HB 49, the Manufactured Homes Commission will be abolished. All regulation will be relegated to the layers of bureaucracy within various divisions of the Department of Commerce.

On March 8, 2017 the Department of Commerce testified before this subcommittee. Unfortunately, the Department's testimony regarding appropriations, expenses and fees, the various manufactured homes regulatory programs and the involvement of interested parties was terribly lacking.

Appropriations and Expenses

LSC's Red Book indicates the Department of Commerce (Real Estate & Industrial Compliance divisions) is asking for an Appropriation of \$1,036,000 for its first full fiscal year (2019) to operate the various MH regulatory programs. Additionally, in lines 105124-105133 on page 3447 of HB 49, Commerce is requesting authority for additional Appropriation by simply certifying the amount to OBM (with OBM approval). This amounts to a "blank check" for more money while bypassing the General Assembly's appropriation authority and circumvents the Controlling Board process.

By contrast, the MH Commission's actual expenses in the last full fiscal year were \$896,000 resulting in 25% of the MH Commission's appropriation being returned to the state.

Last week in both written and verbal testimony the Department of Commerce indicated *"it's premature to predict savings"* and they were confident to *"achieve significant operational efficiencies and savings."* I am puzzled by that statement when Commerce is asking for 16% more in Appropriation authority than the Commission's expenses-- plus a "blank check" for additional Appropriation as needed.



The Manufactured Homes Commission is a stand-alone agency whereby a staff of 7 report directly to the Board of Commissioners with no bureaucratic layers in between.

Of the Nine uncompensated board of commissioners—three are appointed by the House Speaker, three by the Senate President and three by the Governor. Usurping the General Assembly’s appointing authority of Commission members also makes little sense.

Prior to the Commission, manufactured homes regulation was buried deep in various bureaucracies that were slow to react, lacked expertise and over regulated. As proposed in HB 49, breaking up the recent consolidation of all manufactured homes regulation and scattering it deep within various divisions within the Department of Commerce will once again create unnecessary bureaucratic delays and ever escalating costs.

All Commission employees are unclassified “employees at will” with specific manufactured homes expertise. Commission employees are compensated just like the private sector based on performance.

By contrast, employees with the Commerce Department receive three types of automatic pay increases annually---a general increase, (usually 2-3%), step ladder increase (3-4% and a longevity increase (of up to 10% depending on tenure) all unrelated to performance. These automatic compensation increases inevitably lead to escalating expenses resulting in higher fees to our businesses and homeowners.

Our association members believe The Commission is a streamlined, efficient and cost effective body operating in a businesslike fashion. That means lower fees for homeowners and businesses.



Finally, most disappointing was the Superintendent of the Industrial Compliance Division's response during last week's testimony to Chairman Thompson's question regarding outreach to Interested Parties. Commerce indicated they talked to interested parties referencing only local health departments. Not much of an outreach considering only 2 local health departments conduct installation inspections in the state.

However, Commerce failed to mention they had NO CONTACT with our Association(OMHA) which represents 500 manufactured home businesses in Ohio nor the Association of Manufactured Home Residents of Ohio or the third party inspection agencies who conduct the vast majority of installation inspections and of course the Manufactured Homes Commission itself.

Consequently, it is understandable the Department of Commerce's previous testimony reflected a total lack of knowledge regarding the Manufactured Homes Commission's program of work, expenses and fees.

Ohio's manufactured homeowners and businesses deserve to continue to realize the significant cost and fee reductions, immediate responsiveness and 100% protection of home installation safety already achieved under the Ohio Manufactured Homes Commission.

For these reasons, I respectfully encourage the Sub-Committee to RETAIN AND REJECT...that is Retain the Manufactured Homes Commission and Reject the Department of Commerce's costly and ill prepared takeover of MH regulation.



For reference purposes

Manufactured Housing Facts:

- **Manufactured housing provides quality, affordable housing for more than 22 million low and moderate-income Americans.**
- **The median annual income of manufactured homeowners is slightly more than \$26,000 per year, nearly 50 percent less than that of all homeowners.**
- **Manufactured housing represents 7.3 percent of all occupied housing units, and 10.3 percent of all occupied single-family detached housing.**
- **Based on U.S. Census data, the average price per square foot of a manufactured home is \$44, compared to \$94 for a site-built home.**
- **Unlike site-built homes, manufactured homes are built almost entirely in a controlled manufacturing environment in accordance with federal building codes administered by the Department of Housing and Urban Development (commonly referred to as the “HUD Code”). Homes are transported to the home-sites where they are installed in compliance with federal and state laws**