



**OHIO HOUSE OF REPRESENTATIVES
FINANCE SUBCOMMITTEE ON STATE GOVERNMENT & AGENCY REVIEW**

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

Chairman Faber, Ranking Member Patterson 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.

The Association supported the General Assembly's consolidation in recent years of all manufactured homes regulation under the Manufactured Homes Commission.

Today, I would like to update the Committee on recent developments and respond in part to past statements by the Department of Commerce (DOC).

Appropriations and Expenses

LSC's Red Book indicates the Department of Commerce (Real Estate & Industrial Compliance divisions) is asking for an Appropriation of \$1,036,673 for its first full fiscal year (2019) to operate the various MH regulatory programs. That figure also does not include the proportional "charge backs" estimated at an additional \$85,208 for IT and Internal



Services charged by DOC to all its programs. This would increase their projected expense in FY '19 to \$1,121,881.

Even more concerning, 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. Furthermore, the Commission indicated in testimony last week they can operate on \$795,000 in annual Appropriation.

The MH Commission is in Rulemaking to lower fees for homeowners and businesses by more than \$1 million which we certainly welcome. In fact those fee reductions have been already provided to the Committee.

Two weeks ago before the Agriculture, Development and Natural Resources Subcommittee, the Department of Commerce indicated they were confident to *“achieve significant operational efficiencies and savings.”* I am puzzled by that statement when Commerce is asking for 30% more in Appropriation authority than the Commission would need-- plus a “blank check” for additional Appropriation as needed.

Now, I realize in yesterday’s testimony DOC all of a sudden now predicts 40% in savings if they assume operation of the MH program while contradicting their own loftier figures provided to OBM and the LSC Redbook. I find the new found savings assertion highly suspect given the fact DOC had at least six months to determine the cost of the MH program when the budget process began last Fall.



As the Committee found out yesterday, DOC plans to cut inspections of home installations drastically. DOC indicated the MH Commission only does “periodic” installation inspections now. If they would have done their homework DOC would know 100% inspections of not just new but all used home installations have been performed by the MH Commission since the inception of the program in 2007.

Previously 500-800 annual installation complaints occurred due to “periodic” home installation inspections. Under the MH Commission there has been only one complaint in the last three years.

DOC now proposes to find cost savings they haven’t been able to document for six months. And they do so by compromising the safety of home installations. Improper home installations account for 60% of home failures.

DOC also further proposes to save money by inspecting only a “portion” of manufactured home parks during the annual license process. State law requires all 1,600 parks to have an annual license inspection. “Periodic” park license inspections proposed by DOC would also compromise resident quality of life, health and safety issues.

Clearly, one has to question the varying and somewhat haphazard cost projections by DOC which all of a sudden changed this week. With all due respect, I find DOC’s newly found cost projections out of touch with reality and unfortunately at the expense of the safety and quality of life for Ohio’s 900,000 manufactured homeowners and residents.

Our Association business members believe The Manufactured Homes Commission is a streamlined, cost effective body with no bureaucratic layers between them and the regulated community.



Finally, most disappointing has been the ongoing statements by DOC officials regarding outreach to Interested Parties. Contrary to past statements including yesterday, DOC had absolutely NO CONTACT with our Association (OMHA) which represents 500 manufactured home businesses in Ohio nor the Association of Manufactured Home Residents of Ohio, the third party inspection agencies who conduct the majority of installation inspections or the MH Commission itself.

Consequently, it is understandable the Department of Commerce's previous testimony and statements reflect a number of inaccuracies too numerous to mention regarding the Manufactured Homes Commission's program of work, expenses and fees. They don't know what they don't know!

The Association for Manufactured Home Residents of Ohio (AMHRO) represents nearly a million residents and homeowners. They asked me to bring to your attention written testimony they submitted to this Committee expressing strong support for maintaining the 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**