

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

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**MARCH 16, 2017**

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

Chairman Thompson, Ranking Member Kelly and members of the Committee.

I am Evan Atkinson, owner of Williamsburg Square Clayton Homes. We are located in Frazeesburg, Ohio. Our family started in the Manufactured homes business in 1947 and 3 generations later continue in the business having provided affordable homeownership to over 20,000 Ohioans.

I also have the privilege of having been appointed by the Speaker of the House to serve on the Manufactured Homes Board of Commissioners since its inception.

Today, I speak from the perspective of a business owner and as well as Vice Chair of the Manufactured Homes Commission.

When the Commission implemented the General Assembly's consolidation of all manufactured homes regulation under the Commission, our goals were to ensure homeowner safety, reduce regulatory barriers to affordable home ownership, quickly resolve homeowner and business complaints and reduce fees paid by homeowners and businesses.

### **Fee Reductions and Appropriation**

**The MH Commission's actual expenses in the last full fiscal year were \$896,000 resulting in 25% of the Commission's appropriation being returned to the state. The Commission is 100% self-funded by fees and receives no GRF monies.**

The MH Commission conducted a revenue vs expense study last year. It was determined that fees could be further reduced due to operational efficiencies.

As a result, the MH Commission is currently in the Rule making process to reduce those fees. The Commission's fee reductions

will save homeowners \$546,400 in inspection fees and \$503,800 in business fees for the biennium- more than a 22% reduction in fees on average, which is on top of a previous 10% reduction in park license fees.

As a result, the Manufactured Homes Commission only needs \$795,000 in annual appropriation. In HB 49, the Department of Commerce is requesting an annual Appropriation of \$1,036,000 in FY 19, which is 30% more to run the same program as the Commission—plus additional Appropriation authority “as needed”.

### **Customer Service, Inspections, Complaints**

Our family’s retail business prides itself for having received numerous awards for excellent customer service. That commitment to customer service is equally important to me in my role as Vice Chair of the Manufactured Homes Commission.

The Department of Commerce indicated in previous testimony they would utilize 30 of their commercial building inspectors to conduct 1,600 annual inspections which they seemed to

indicate were for home installations. However, Commerce is apparently misinformed regarding the number of annual home installation inspections. Actually the MH Commission averages 9,000 home installation and occupancy inspections annually. These inspections are undertaken by certified residential inspectors who have been trained on the federally mandated requirements for manufactured home installations.

The Department of Commerce also appears to be misinformed regarding home installation inspection requirements. During last week's testimony Commerce indicated installation inspections primarily involve plumbing and electrical components. In reality the vast majority of home inspections involve the complex and unique foundation and anchoring systems utilized for manufactured homes.

The MH Commission conducts 100% inspections of new and used home installations. The LSC Red Book indicates Commerce will conduct "periodic" inspections of home installations.

In the past, “periodic” home installation inspections resulted in 500-800 complaints annually. Conversely, the Commission has received only one faulty installation complaint in the past three years as a result of 100% home installation inspections.

Separate from home installation inspections, the Department of Commerce failed in their testimony to address the regulation of the 1,600 Manufactured home parks.

According to the diagram the Department of Commerce provided in their testimony last week, they did not identify any responsibility for licensing, inspection and regulation of the 1,600 manufactured home parks nor the required re-inspections to ensure compliance with any violations.

Commerce also apparently is not aware of more than 1,350 park resident “living”, health and safety cases resolved each year as well as approximately 5,000 inquiries on various regulatory issues from legislators, local officials, judges, attorneys, homeowners, the public and businesses. The MH

Commission also conducts nearly 300 illegal installation investigations and over 100 field audits annually

Our industry already has experience with the Commerce's Division of Industrial Compliance's *Modular Home* plan approvals program. More than half of modular homes are also built by our industry. (*Modular homes are built according to a state building code, whereas manufactured homes are built to a pre-emptive national building code*).

Unfortunately our industry has experienced significant delays by the Division of Industrial Compliance in modular home plan approvals. Too often this has resulted in homeowners paying for temporary housing and additional interest on construction loans due to the plan approval delays.

For example, , a manufacturer that builds a number of modular homes in Ohio indicates once a modular home plan is submitted for approval, it routinely takes about 15 days until they receive the first response from Industrial Compliance. At that time, a letter is sent by Industrial Compliance back to the manufacturer with any listed deviations or comments. Some of

these “*deviations*” have been as minor as a misspelled word. The manufacturer generally turns these around the same day and routinely it is another 15 days before receiving final approvals. Usually, it takes about a month or more to obtain modular plan approvals from the Division of Industrial Compliance.

In the other states around Ohio, this process generally is accomplished in a day or two (a week tops) from start to finish. These delays by the Industrial Compliance Division have resulted in lost sales to retailers. Often, the final result is a home buyer purchasing a less affordable home or renting.

The same Division of Industrial Compliance, under HB 49, would operate nearly the entire manufactured homes regulatory program.

Our homeowners and businesses do not want subjected to the same delays we experience with modular home plan approvals if the Division of Industrial Compliance also assumes regulation of manufactured homes.

It was clear during the Department of Commerce's testimony and response to committee questions last week, the Department is clearly unaware of the extensive program of work for manufactured homes regulation. **Yet they are asking for more money to do far less than the Manufactured Homes Commission does today.**

I urge the Committee to maintain current Ohio law by keeping the Ohio Manufactured Homes Commission.

Thank you Chairman Thompson. I am happy to answer any questions.