



Manufactured Housing, Who Does What? www.kmhi.org 2013

Regulators, Inspectors and Decision Makers

FEDERAL

Manufactured Housing Improvement Act - December 27, 2000

The Act will benefit industry and homeowners by:

- A private sector consensus committee provides a more effective method of updating manufactured housing building standards.
- The law also clarifies the scope of federal preemption and provides HUD with additional staff and resources.
- Each state must institute an installation program and a dispute resolution program within five years of the law's enactment.

“Manufactured housing plays a vital role in meeting the housing needs of the nation and manufactured homes provide a significant resource for affordable homeownership and rental housing accessible to all Americans.”

U.S. Department of Housing and Urban Development (HUD)

www.hud.gov/offices/hsg/sfh/mhs/mhshome.cfm

COMMONWEALTH OF KENTUCKY

The Kentucky Department of Housing, Buildings and Construction, Codes Enforcement Division, Manufactured Housing Section

www.dhbc.ky.gov – Click on Division of Building Codes Enforcement

Contact: Dan Chapman, Chief, Manufactured Housing Section (502) 573.1795, Dan.Chapman@ky.gov

- Administration and Enforcement of Manufactured Housing Construction Standards (815 KAR 25:050)
- Licensing of Manufactured Home Retailers (815 KAR 25:060)
- Certification of Manufacturers of Manufactured Homes (815 KAR 25:070)
- Requirements for Certifying Manufactured Home Installers (815 KAR 25:080)
- Site Preparation and Installation Minimum Requirements (815 KAR 25:090)

The Kentucky Cabinet for Health and Family Services

www.chfs.ky.gov/dph/info/phps/mobilehomes.htm

Regulates land lease communities utilizing the local Health Department Environmentalist.

Contact: Vonja Grabeel, Facilities Section Supervisor of the Environmental Management Branch
(502) 564.4856 (for regulation, inspection, development & plan development)

- Kentucky Manufactured Home and Recreational Vehicle Community Act, Amended April, 2003 (KRS 219.370)

- Kentucky Manufactured Home Community Regulations, Amended 2003 (902 KAR 15:010)

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**The State Transportation Cabinet
Division of Motor Carriers and Permits Section**

Regulates transportation of manufactured homes.

Contact: (502) 564.4540 or 564.7450

Contacts: Rick Taylor, Division Manager
Mary Morris, Branch Manager
Vergie Long, Permits

- KRS 189.270
- 603 KAR 5:110

LOCAL GOVERNMENT

Planning Department

Permit/Building Department

Local Health Department Environmentalist

County Solid Waste Coordinator (for disposal of uninhabitable units)

HOME BUYER

- Chooses retailer
- Selects home
- Secures financing
- Purchases or leases lot for home
- Applies for building permit, where applicable
- Decides to retain title to home as personal property or to surrender the title in favor of a deed or deed of trust, as real property

Recent Kentucky Legislation Pertaining to Factory Built Homes

Senate Bill 197 - 2002

For local governments that are engaged in planning and zoning under KRS 100, a new section relating to planning and zoning for manufactured housing, was adopted by the 2002 General Assembly.

Senate Bill 109 - 2004

Clarifies current law that all new or “previously owned” manufactured and mobile homes must be installed by a certified installer under the required standards. (Safety issue that is very important to the homeowner).

Clarifies the definition and types of seals used to certify that manufactured and mobile homes and recreational vehicles are built to required standards and the requirements for re-inspection and that modern standards for “previously owned” units are properly certified.

The most important element of the bill provides a method for the regulatory agency to prevent previously-owned, old and unfit factory-built structures from being brought into Kentucky from surrounding states that already have regulation prohibiting such structures in their states. Kentucky has been a dumping ground for these unfit structures to light. The proposed change provides that previously-owned factory-built structures must be re-inspected and brought up to standards for human habitation and that when used as residential dwelling the home must bear a B-1 seal certifying that it is fit under the standards. Otherwise, the structures will not be allowed to be located in Kentucky. This language does not affect existing factory-built homes already sited in the Commonwealth and it does allow homeowners to move their homes into Kentucky for use as a residence provided local land use regulations are met.

HB 345 An Act Relating to Nuisance Abatement - 2005

Allows local governments a process to enforce proper disposal of old abandoned and uninhabited structures. This new law may work hand-in-hand with KMHI's efforts to help local jurisdictions and its members to "clean-up" these structures.

This law clarifies that these nuisance abatement standards apply to "One (1) or more mobile or manufactured homes as defined in KRS 227.550 that are junked, wrecked, or non-operative and which are not inhabited;"

"Any city, county, consolidated local government, or urban-county may establish by ordinance reasonable standards and procedures for the enforcement of this section." "Proper notice shall be given to property owners before any action is taken pursuant to this section; and, prior to the demolition of any unfit or unsafe structure, the right to a hearing shall be afforded the property owner."

Senate Bill 76 - 2008

The following are some key elements of the legislation that are effective January 1, 2009:

A certified installer shall apply for a certified installer seal prior to installing a manufactured home or a mobile home. The board shall promulgate administrative regulations in accordance with KRS Chapter 13A. The administrative regulations shall provide for the fees, purchase and application of the seal, report procedures, and attachment of the certified installer seal.

No electrical inspector shall certify or inspect an electrical installation in a manufactured home or mobile home where the certified installer seal is not present pursuant to Section 1 of this Act. No electrical inspector shall certify or inspect an electrical installation in a previously owned manufactured home or a previously owned mobile home when a Class B1 seal is not present as required by KRS 227.605.

Notwithstanding the provisions of subsection (2) of this section, no utility shall energize power to an electrical service in a manufactured home or mobile home where the certified installer's seal is not present pursuant to Section 1 of this Act. Notwithstanding the provisions of subsection (2) of this section, no utility shall energize power to an electrical service in a previously owned manufactured home or previously owned mobile home where the Class B1 seal is not present pursuant to KRS 227.600.

House Bill 98 - 2010

Provides the authority for the inspection of manufactured homes installations. This bill amended KRS 227.570 to apply the existing general inspection fee schedule not to exceed \$150 for the inspection of **all new** manufactured home installations; allows the Manufactured Home Certification and Licensure Board to adjust the fee through administrative regulation; allows the board to increase the fee by **no more** than ten percent (10%) a year, with the limit still set at a **maximum** of \$150 total after any increases.

This law improves safety and better structural integrity of the installation to the foundation system. Additionally, this bill is needed to meet the federal HUD mandate for each state to achieve 100% inspections on the installations of **new** HUD Code homes in order to allow the state to continue to enforce the code program.

The installation inspection of **all new** manufactured homes in the Commonwealth will strengthen home buyer confidence in the stability of their home. It will also put the installation and foundation inspections on the same level as locally inspected site-built homes that are inspected to comply with the KY Residential Building Code and local foundation regulations. This law provides improved consumer protection at a very reasonable cost.

Manufactured Housing Industry

Manufacturer's Quality Assurance Programs (details available from individual manufacturers)

Kentucky Manufactured Housing Institute (KMHI)

www.kmhi.org Contact: 502.223.0490

Manufactured Housing Institute (MHI) (national)

www.mfghome.org Contact: 703.558.0645

Manufacturing Plant Certification

To operate a plant in Kentucky, the facility must be certified by the Kentucky Codes Enforcement Division, Manufactured Housing Section. When a new plant is opened by the manufacturer, the first home built according to approved plans is inspected 100% - every step in the building process undergoes close scrutiny by the HUD inspection agency. This agency has the responsibility to make sure the production facility programs and procedures are in accordance with the HUD approved quality assurance manual. Manufacturers are required to submit monthly production and shipment records to the HUD contracted monitoring organization.

Along with this, contract inspection teams conduct representative inspections as a check on the performance of the third party inspection agents and the manufacturer.

Each Home Design

The HUD Code is administered by the U.S. Department of Housing and Urban Development. The HUD Code regulates the home's design and construction, strength and durability, transportability, fire resistance, energy efficiency, and quality control. It also sets performance standards for the heating, plumbing, air conditioning, thermal, and electrical systems. The HUD Code is unique since it is specifically designed for compatibility with the factory production process.

After the certification of the plant itself, the plans for the home come under scrutiny. Prior to beginning construction a very detailed set of plans for the home must be reviewed and approved. HUD's Design Approval Primary Inspection Agency (DAPIA) (a third party inspection agency) must: approve the engineering design of the home; approve the manufacturer's quality assurance manual for its plant; and coordinate with the other HUD third-party inspection agency, known as the IPIA.

Construction and Safety Standards for Homes

Manufactured homes are constructed with the same materials used in site-built homes. However, due to the construction being indoors, there is less loss of materials and time due to weather. Because scrap materials can be reused without being packed up and taken to another site, there is far less waste and less construction debris in landfills.

Manufactured homes use engineered design applications and the most cost-efficient assembly line techniques to produce a quality home at a low cost/per square foot. To ensure quality, the design and construction of the home is monitored by both HUD and its monitoring contractor, the National Conference of States on Building Codes and Standards (NCSBCS).

Inspections of Home and HUD Seal

It can generally be acknowledged that a building code is only as good as the enforcement system that accompanies it. The manufactured home enforcement program required by the U.S. Department of Housing and Urban Development (HUD) is a thorough and efficient system designed specifically for the factory production environment. The HUD enforcement system relies on a cooperative federal/state program to ensure compliance with the Federal Manufactured Home Construction and Safety Standards (the HUD Code).

The Department of Housing and Urban Development enforces the HUD Code through its monitoring contractor, the National Conference of States on Building Codes and Standards (NCSBCS). Uniformity and consistency can be maintained better in the HUD enforcement system because of two key factors. First, the inspections take place in the factory, during each phase of construction, and follow behind the manufacturer's own in-plant inspection and quality assurance teams. Second, consistency is maintained because fewer people inspect more homes. The enforcement procedure is much less susceptible to

individual interpretations, as would be the case with on-site inspections in every jurisdiction across the country.

The familiar red seal (the HUD Code certification label) attached to the exterior of a manufactured home indicates that it has undergone a thorough inspection process and has passed. No manufactured home may be shipped from the factory unless it complies with the HUD Code and receives a certification label from an independent third party inspector. Only when all inspection parties are satisfied that the home complies with the code will the certification label be affixed to the home.

Sales of Homes

The retailers who market homes must be licensed by the Kentucky Codes Enforcement Division, Manufactured Housing Section.

Transportation of Home

The State Transportation Cabinet requires transporters to have a Commercial Drivers License and enforces regulations for transporting homes; specifies size of roadways, dates, weather conditions, and other safety considerations. The engineering performance standards in the HUD Code include specifications that ensure transportability of the new home.

Local Land Use Regulation

In April 2002, the Kentucky General Assembly passed legislation (SB 197) which was codified into KRS 100.348 addressing land use regulation of manufactured homes within cities and counties across Kentucky. The intent of the legislation was to ensure that manufactured homes were included within jurisdictions as an acceptable form of economically priced housing. SB 197 amends KRS 100 so that new qualified manufactured homes installed on a permanent foundation constructed on or after July 15, 2002, are allowed as a single family residence effective July 1, 2003.

Cities and counties can control the placement of qualified manufactured homes by adopting reasonable compatibility standards but may not exclude qualified manufactured housing from all single family residential zones solely because they are factory built. Local control is maintained through the use of compatibility standards and the requirement that the qualified manufactured home is also compatible in terms of assessed value.

This new law does not affect subdivision deed restrictions and historic districts and properties, nor does it require a local jurisdiction to enact planning, zoning or other land use regulations.

Kentucky has law and regulations for the development and maintenance of land lease communities. Both were updated during 2003. The appropriate role for local government in relation to these regulations is to turn their attention to where and with what process manufactured housing land lease communities should be permitted in their jurisdictions.

Building Permit

A building permit will be obtained if required for other types of homes in the jurisdiction. A manufactured homeowner is required to meet the local zoning ordinances or regulations for siting a home just like any other new home. Although a building permit for a manufactured home does not include the internal construction, it does ensure that all of the regulations pertaining to where a home is set on a parcel are met. The jurisdiction's requirements for any home, proper location on a lot, and adequate access to utilities are addressed.

This is the proper opportunity for the local jurisdiction to ensure that any home being brought into their boundaries has the appropriate HUD Code or State of Kentucky Seal. Senate Bill 109 – 2004, clarifies the definition and types of seals used to certify that manufactured and mobile homes and recreational vehicles are built to required standards and the requirements for re-inspection and that modern standards for "previously owned" units are properly certified. Questions about the status of occupied homes should be directed to the Kentucky Codes Enforcement Division, Manufactured Housing Section.

Site Preparation and Foundation

Regulated and inspected by the Kentucky Codes Enforcement Division, Manufactured Housing Section, in accordance with installation instructions from the manufacturer of the home, or in accordance with the State Code and regulations.

Installation

The Kentucky Codes Enforcement Division, Manufactured Housing Section, is responsible for regulating and inspecting the various types of installation of manufactured homes. The certified Inspectors determine compliance with the installation requirements, assure that the home was not damaged in route and that it is correctly installed by an installer certified by the Kentucky State Division of Fire Prevention. Senate Bill 109 – 2004 clarifies current law that all new or “previously owned” manufactured and mobile homes must be installed by a certified installer under the required standards (a safety issue that is very important to the homeowner).

New legislation passed in 2008, Senate Bill 76, creates a system to better insure compliance with installation by a certified installer and re-inspection of a previously owned manufactured home. A certified installer will have to apply for a certified installer seal prior to installing a manufactured home or a mobile home. They must attach the seal to the home.

Utilities Connections

Local government inspectors are responsible for the inspection of utility connections from the perimeter of the house to the source. Electrical inspectors will be required to check for the certified installer seal (effective January 2009) in a manufactured home or mobile home. In addition, no electrical inspector shall certify or inspect an electrical installation in a previously owned manufactured home or a previously owned mobile home when a Class B1 seal is not present as required.

No utility shall energize power to an electrical service in a manufactured home or mobile home where the certified installer's seal is not present. No utility shall energize power to an electrical service in a previously owned manufactured home or previously owned mobile home where the Class B1 seal is not present.

Home Sweet Home

Is the Home Real Estate or Personal Property?

When a manufactured home is permanently installed on a foundation or basement on land that belongs to the homeowner (or has a long term, 15-30 year lease) it may become real property. In this instance, a surrender of title can be done in favor of a deed or deed of trust. The owner is then obligated to pay real property tax on the home and land. In July of 2000 a bill was signed into law in Kentucky, House Bill 348, which facilitates the conversion process from personal property to real estate.

A manufactured home may be placed on a foundation on leased land and retain a personal property title. Where manufactured homes are classified as personal property, the homeowner pays taxes for the home and the landowner pays real property taxes on the land on which the home is sited.

Manufactured homeowners have additional opportunities for financing their homes, through mortgages on real estate transactions or through consumer loans when homes are classified as personal property. The conversion of the home to real property can be accomplished simultaneously at the closing by surrendering the certificate of origin or title in lieu of a deed or deed of trust.

Sources for this document: The Kentucky Manufactured Housing Institute, The Manufactured Housing Institute, Federal and State regulations.