



National Association of State Energy Officials

NASEO Input on DOE’s Request for Information – Docket EERE-2009-BT-BC-0021

Conservation Standards for Manufactured Housing September 17, 2018

On behalf of the National Association of State Energy Officials (NASEO), which represents the 56 governor-designated state and territory energy directors across the nation, we appreciate the opportunity to provide input on the U.S. Department of Energy’s (DOE) pending energy conservation standards for manufactured housing. NASEO’s mission is to support the states’ efforts to promote energy-related economic development, deliver affordable energy from all energy sources including cost-effective energy efficiency, and ensure energy system security.

For manufactured housing, site-built homes, and multi-family dwellings, we are particularly concerned about the disproportionate impact that energy costs have on lower-income homeowners and renters, both in terms of their physical health and wellbeing (e.g., the elderly, disabled, and children staying warm in winter and cool in summer) and their financial condition. We are also concerned about the costs to taxpayers and utility ratepayers of helping lower-income residents to maintain necessary heating and cooling. In fact, federal, state, and utility ratepayer programs provide billions of dollars annually to pay for a portion of these families’ utility bills, even as manufactured homes are being built to a 24-year old minimum energy standard. Ensuring that builders and manufacturers are creating structures that meet modern, cost-effective minimum energy codes or standards is prudent.

In the case of site-built homes and multi-family homes, states and localities adopt and implement building energy codes that deliver cost-effective energy cost savings. These codes are updated every few years to recognize available improvements in technologies and construction practices that further reduce energy costs and improve affordability. These actions help both the families living in these homes, and rightly mitigate the impact of energy costs on other taxpayers and ratepayers of subsidizing the energy bills of millions of lower-income Americans who need our help.

As noted, multi-family and site-built home builders have stepped up to contribute to solutions in crafting new building energy and resilience-oriented codes, with triennial updates of the International Energy Conservation Code (IECC) model codes on which most state energy codes are based. However, we have not seen similar actions by the manufactured housing industry, DOE, or

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U.S. Department of Housing and Urban Development since 1994. That's 24 years — over which there have been at least six updates of the IECC – without a manufactured homes standards updates, or, for context, about the same amount time that has elapsed since email became commercially available to businesses and the public. This is why President Bush signed a bipartisan bill, the *Energy Independence and Security Act of 2007*, which in Section 413 requires DOE to set a new manufactured housing energy efficiency standard within four years of enactment (2011) based on the then most recent IECC and directs revision of the standard within one year of each revision of the IECC. It is time to not only streamline the potential regulations around meeting a standard which is reasonable, but to also set a meaningful standard.

NASEO believes that a balance must be struck to address the generally high sensitivity to first-time ownership costs in the manufactured housing sector and advancing a standard that meets the best interests of consumers and those taxpayers and ratepayers that are helping to pay the heating and cooling bills of many of their fellow citizens. A significant portion of families residing in manufactured homes are consumers with modest incomes needing utility bill payment assistance. With that in mind, consider these data points:

1. According to a *Foremost Insurance Group* 2012 study – the nation's leading manufactured home insurance company – 55% of manufactured home owners reported an annual household income less than \$30,000, and 28% of manufactured home residents surveyed were unable to work, disabled, or retired. These are more vulnerable populations and their long-term interests must be more fully considered.
2. According to the Manufactured Housing Institute – the industry's trade association – manufactured home production in 2017 was most concentrated in three states Texas, Tennessee, and Alabama. Production in these states accounted for 51% of all manufactured homes delivered in 2017. Each of these states requires site-built homes – not manufactured homes which are the purview of the Federal Government – to meet at least the equivalent of the 2009 IECC. Instead, manufactured homes meet the “HUD Code” which has not been meaningfully changed since 1994.
3. According to the System Building Research Alliance, an industry-led manufactured homes technology non-profit, there are 30 ENERGY STAR certified manufactured home plants in the three aforementioned states capable of, but not required to, produce energy efficient manufactured homes. If these plants can build ENERGY STAR rated homes, it seems reasonable that they could meet a modern energy standard; standards analogous to the updated building energy codes implemented by site-built homebuilders in 40 of the 50 states. The System Building Research Alliance also notes, as an example, that a non-ENERGY STAR, electric, single section manufactured home in Lubbock, Texas will use, on average, \$1,732 of energy; an ENERGY STAR version will use \$1,003 or a savings of \$729 annually. With most manufactured home owners earning far less than \$30,000 annually there is no room for waste in their budgets, and these savings matter.
4. Despite not updating standards in 24 years, multiple Federal Government, taxpayer-funded programs subsidize or support manufactured home ownership for some Americans. Such programs include, HUD's Community Development Block Grants, USDA's Rural Development program, and DOE's own Weatherization Assistance Program. These are great programs; their billions in funds could be stretched to better

meet the needs of their intended recipients if manufactured homes were built to a more modern minimum energy standard.

We offer the following specific comments on the standard and a set of recommendations on addressing key standard-related issues:

- **Residents of manufactured homes (and in some cases taxpayers and ratepayers) are paying for DOE's failure to implement the law.** The owners of manufactured homes are paying a heavy price for the failure to keep up with minimum site-built energy codes of 40 of the 50 states. Over 700,000 manufactured homes have been shipped since Congress and President Bush directed in 2007 that DOE issue a revised energy standard for manufactured homes, but neither DOE nor HUD has issued an updated standard, and most homes are still manufactured to the outdated code. Average energy costs per square foot in manufactured homes are 60% higher than in other homes. Most of the families paying those bills are low-income, and half are rural.
- **DOE's exploratory *Notice of Data Availability and Request for Information* does not address the legal requirement for a standard based on the IECC.** Building homes in a factory allows for better quality control, tighter construction, and economies of scale. A number of programs have shown that manufactured homes can be more efficient, from over 200,000 homes built to specifications of the Northwest Energy Efficient Manufactured Housing Program to zero net energy modular homes in Vermont and Delaware. Thus, in 2007, Congress and President Bush directed that federal energy standards for manufactured homes should be strengthened, based on the IECC, with a final rule due in 2011. The draft standard issued in 2016, and the consensus agreement among manufacturers and other stakeholders under DOE's Appliance Standards and Rulemaking Federal Advisory Committee upon which the draft was based, were long overdue. To start this process again disregards the legal requirement that the final standard be issued years ago. Moreover, the work required by the law to adjust the IECC to apply it to manufactured housing has already been done.
- **An energy standard will improve the affordability of manufactured homes.** The affordability of manufactured homes, especially for the many low-income buyers and renters, is a critical issue. The legislation specifically requires DOE to consider both the initial purchase price and the total life-cycle cost of the home because the energy costs over the lifetime of the home are as important to the affordability as the initial cost. Historically, defaults on manufactured housing have been a problem, as owners could not afford the mortgage, energy bills, and other bills. The notice's focus on up-front cost neglects both the law and the reality of trying to pay operational costs, including energy bills. Simple payback also is not a good marker for enabling people to own or rent a home.
- **DOE should work with HUD and manufacturers to achieve effective compliance.** Ensuring compliance is essential to creating a level playing field for manufacturers and to protecting homebuyers. The most obvious way to enforce the energy standard is to collaborate with HUD's enforcement of the HUD Code. However, it would be important for DOE and HUD to strengthen the compliance regime. In order to ease compliance, it is also important to provide training and tools for manufacturers. DOE's REScheck program, for example, could be adapted for manufactured homes.

- **DOE should ensure better consumer information on efficiency.** Energy bills are the greatest cost of ownership or occupancy for some manufactured homes, but buyers have no way of predicting how high the bills will be. While labeling is not a substitute for a modern energy standard, DOE should require an improved energy label for all new manufactured homes so that buyers can make informed choices. Any labeling action should be closely coordinated with ENERGY STAR to reinforce existing consumer brand awareness of ENERGY STAR products.

We conclude by emphasizing that higher energy efficiency standards for manufactured housing will help improve the lives of Americans with low and moderate incomes, including the elderly, disabled and veterans, while at the same time benefiting taxpayers and ratepayers that are subsidizing some homeowner's energy bills. We appreciate the opportunity to comment on this important topic, and we would like to collaborate with DOE and the manufactured housing industry to modernize, streamline, and improve these standards.