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Post Production Segment Hold The Key

As the troubles of the HUD Code industry in Washington, D. C. continue and deepen, it's becoming increasingly apparent that the industry's post-production sector holds the key to altering the status quo and arming the industry with a strong, aggressive, focused and effective national representation based on a common front comprised of independent post-production and production national associations.

At the outset, to avoid any confusion or misunderstanding, the industry's "post-production" sector, as used here, refers to manufactured housing retailers, community owners, operators and developers, installers, finance companies, insurers and other businesses providing goods and/or services related to manufactured homes once they have left the factory. By contrast, the "production sector" refers to manufactured home builders and their component suppliers.

As the steep decline of the industry since 1998 has continued, it has become more and more apparent that while MHARR has been aggressively advancing, protecting and defending the interests of the production sector, the national-level representation of the post-production sector has lagged behind, in large part because that representation, under the current structure, can be – and historically has been – controlled, at any given time, by one or two of the industry's largest companies which, sometimes, have been vertically-integrated, with their own wholly-controlled post-production businesses. In fact, many of the most damaging problems confronting the industry and its consumers today are matters directly relating to the post-production sector that have not been effectively foreseen, blocked, addressed or resolved.

The litany of negative actions from Washington, D. C. , targeted at the post-production sector but ultimately impacting the entire industry – which the post-production sector has yet to fully come to grips with -- is remarkable in its scope. Just consider the post-production issues currently undermining the performance of the entire industry that would have been nipped in the bud, blocked, prevented, corrected, or minimized before becoming a major problem, if an independent national post-production representation had already been in place. For example, an independent national post-production association:

- Would have foreseen and taken timely, effective action to address the sharp decline in public (i.e., Federal Housing Administration) consumer financing;
- Would have foreseen and taken timely, effective action to address the sharp decline in private consumer financing due to discriminatory policies of the Government Sponsored Enterprises (GSEs);
- Would have foreseen and taken timely, effective action to address the sharp decline in the availability of retailer floor-plan financing because of insufficient federal support;
- Would have foreseen and taken timely, effective action to prevent the inclusion of manufactured housing retailers in the SAFE Act, subjecting them to unreasonable marketing restrictions and licensing requirements;
- Would have foreseen and taken timely, effective action to prevent the inclusion of manufactured housing in the Dodd-Frank law;
- Would have stood with the production sector in opposing a non-preemptive federal installation standard, based on an indefensible HUD "interpretation of the Manufactured Housing Improvement Act of 2000, which local regulators are now beginning to exploit to impose new and additional mandates on retailers and installers;
- Would have stood with the production sector in opposing HUD's re-codification of installation and dispute resolution, based on an indefensible interpretation of the 2000 law, leaving both non-preemptive and outside the jurisdiction of the Manufactured Housing Consensus Committee (MHCC);
- Would have stood with the production sector in aggressively addressing HUD's failure to fully and properly implement the enhanced preemption of the 2000 law, leaving in place discriminatory zoning and placement restrictions;
- Would have stood with the production sector to ensure that the "conditional" fire sprinkler standard just approved by the MHCC, which undermines full federal preemption and exposes community owners to substantially expanded costs and li-

ability risks, would never have occurred; and

- Would have worked to ensure that its own staffers were appointed as voting MHCC members in order to fully and effectively represent the specific interests of the post-production sector, and would be working with the production sector to ensure that the MHCC does not become a rubber stamp for regulators contrary to the purposes and intent of the 2000 law.

These are just a few examples, and while hindsight is 20-20, there is no doubt that a dedicated, independent, sharply-focused national post-production industry association – one that is not tied to watered-down, lowest common denominator positions resulting from a structural mish-mash of differing interests – would have taken strong stands on all of these issues and would have been more effective (working in full cooperation with the national production association) in either preventing such problems in the first place, or at least limiting their negative impact.

Given the fact that the manufactured housing industry, structurally, lies between the site-built housing and recreational vehicle (RV) industries, sharing some characteristics of each, and given the fact that manufactured housing, as a federally-regulated industry must have effective national representation for its two fundamental sectors, it is a mystery why the HUD Code industry has not adopted the same type of national representation structure as those two industries. That structure, as everyone knows, is comprised of independent national production and post-production associations for both the site builders – i.e., the National Association of Home Builders and the National Association of Realtors – and the RV industry – i.e., the Recreational Vehicle Industry Association (production) and the Recreational Vehicle Dealers Association. The same type of functional structure, with two independent national associations, would work far better for the HUD Code industry than the current dysfunctional arrangement. Under such a structure, the two national associations would work cooperatively on national issues of joint interest through a coordinating council of three or four members selected by each association.

As for state associations, those organizations should – and, indeed, must -- continue to represent all segments of the industry because, with the closing of the two remaining regulatory loose ends (i.e., installation and dispute resolution) by the 2000 law, once a home leaves the factory, virtually all aspects related to the home within the state of sale and placement are post-production in nature, with manufacturers cooperating and coordinating with retailers and communities to assure the satisfaction and protection of the home buyer. In a reformed structure, the state associations, because of the primacy of post-production issues at the state level, would remain members of the independent national post-production association, but would also be affiliate members of the national production association -- at a very nominal cost to cover mailing and related printing expenses for materials disseminated to them in order to keep them fully informed and involved.

As for the broader issue of financing an independent national post-production association, that should not be an impediment either. While all industry association revenues are currently derived from dues based on production, which is subject to significant up and down-swings, the main revenues of an independent national post-production association would be derived from more stable sources, such as a very nominal dollar-per-site amount in communities.

Is this vision perfect or complete? No. But it is a basic blueprint for a first step that would strengthen, focus and vastly improve the representation of the industry in Washington, D. C. for the benefit of the entire industry and its consumers. As the saying goes, a journey of a thousand miles begins with one step. The question is whether the post-production sector can overcome its attachment to a familiar but unacceptable status quo and take that difficult but essential first step in a new, better and much-needed direction.

In MHARR's view, the future of the industry depends upon a fundamental transformation of its national representation to bring focus, clarity and strength to the positions, interests and concerns of both its major sectors. This can only be accomplished if and when the post-production sector decides to take the bull by the horns and lead that change.



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