



Written Testimony of
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Submitted to the Energy and Natural Resources Committee United State Senate

Hearing to
“review legislative proposals designed to create jobs related to energy efficiency, including a
Majority Staff Draft on energy efficient building retrofits”

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366 Dirksen Senate Office Building

INTRODUCTION

Thank you Chairman Bingaman, Ranking Member Murkowski and members of the Committee for the opportunity to provide testimony supporting efforts to replace old, substandard mobile homes with new ENERGY STAR manufactured homes.

The organization I represent, Frontier Housing, is part of a network of non-profit housing organizations helping low-income families find quality, affordable homes that offer an opportunity to build equity while reducing homeownership costs. Today I also speak for a larger group of non-profits, including NeighborWorks Montana and Anchorage, the Environmental and Energy Study Institute and the Corporation for Enterprise Development. We have come together with representatives of the manufactured housing industry to support a mobile home replacement program. Our coalition includes the Manufactured Housing Institute (MHI) the national trade association representing all segments of the manufactured housing industry and the Systems Building Research Alliance. The Alliance is the research arm of the manufactured housing industry and US EPA's National Quality Assurance provider for ENERGY STAR qualified manufactured homes.

THE PROBLEM

Nationwide, more than two million families live in old, and often dilapidated, mobile homes. These homes are among the nation's most energy inefficient. Most are found in economically depressed, rural areas and commonly are home to families that are near or below the poverty line. These households often fall through the cracks of federal government assistance programs yet they may be trapped in a cycle of very high energy bills with little or no resources to make efficiency improvements in their own homes.

Additional taxpayer supported investments for energy improvements and weatherization is not a long-term solution: these homes can never be made energy efficient. Built prior to the federal code that regulates the construction of manufactured housing, they have degraded to the point where it is more

prudent and less costly to simply replace the home than make the sizable investment in the insulation, windows, new equipment, and envelope repair that would be needed.

Rarely are there opportunities for so dramatically reducing home energy use and home operating costs and, in the process, improving the quality of life for American families that have few other options.

LOCAL PERSPECTIVES

This is not a fringe issue nor is it limited to one state or one region of the nation. For example:

- In the state of Montana, one out of every 12 homes (8%) is a pre-code mobile home.
- Over half of the factory-built homes in Alaska, New Jersey, Montana, Wyoming, Idaho, North Dakota, Colorado, Utah, New Hampshire and ten other states were built prior to the enactment of the HUD code.
- Nearly every state has thousands of mobile homes built prior to the enactment of energy standards. A few states, like North Carolina and Arizona, have more than 100,000 homes that fit this criterion.
- Households who live in pre-1980 manufactured housing generally have incomes well below the state median. In New Hampshire and Utah, for example, nearly 90 percent of families living in old mobile homes are below the state median income.
- In the states of Tennessee, Kentucky, Arkansas, West Virginia, and Missouri more than 90 percent of mobile homeowners have incomes below the national median.

THE SOLUTION

The solution is a targeted program to help income-qualified homeowners that help them purchase a new and affordable ENERGY STAR manufactured home. We believe the program should provide the following assistance:

1. To help the buyers qualify for financing and afford the monthly payments, a direct incentive of \$7,500 to be applied against the purchase price of a new ENERGY STAR manufactured home.

Funds for home financing should be available at the time of home purchase (that is, subject to advanced availability).

2. To cover the additional cost of removing and recycling the old home, a grant of up to \$2,500 to be provided upon proof of decommissioning.
3. To further close the gap between the cost of the new home and the homeowner's income limitations, we urge that the replacement of substandard mobile homes be included as an eligible use of ARRA weatherization funds.

With limited funding, several non-profit housing agencies have already taken steps to implement programs modeled on this concept. For example,

- In 2007, *NeighborWorks Montana* received \$350,000 to fund a pilot program for the decommissioning and replacement of older manufactured homes. The study identified nearly 30,000 pre-1976 manufactured homes in Montana, for which the cost of weatherization improvements often exceeded the value of the home.
- Maine's state housing authority operates a mobile home replacement program that incorporates an ENERGY STAR mortgage product. Maine's program will track energy savings created by replacement efforts.
- Affordable Housing Alliance, New Jersey is replacing pre-1976 units in a community in Eatontown with ENERGY STAR units as part of the state's affordable housing initiative.
- New York recently created a program that commits \$5 million to replace pre-HUD Code homes with ENERGY STAR rated manufactured homes.

These efforts provide valuable lessons for the proposed program.

The benefits of a national program are compelling. It will provide: substantial and sustainable energy savings and reduction in greenhouse gases, a powerful engine of job creation in the United States, and, improved affordability and financial stability for families most in need.

Specifically, we anticipate the following outcomes from the program:

THE BENEFITS

Energy and Environment

- Households participating in the program will save an average of \$1,800 per year in energy costs, savings that could be better applied to offsetting the new home monthly mortgage costs and therefore building equity.
- Nationwide savings of more than \$240 million a year in reduced energy costs. Within six years of roll out, the program will have paid for itself and continue to pay dividends.
- Reduction in greenhouse emissions of about 1.4 million tons.

Jobs

Adding demand for new manufactured homes at a time when construction is deeply depressed is a very effective mechanism for getting Americans back to work. Half of the new jobs created would be in factories as plants staff up to meet demand, and about half would be in construction support services. Each new affordable, manufactured home constructed adds more than one new job. At a program annual budget of \$500 million per year, over the next three years more than 51,000 new jobs will be created in home manufacturing and related construction in the US. One of the advantages of factory construction is the short time within which demand turns into production accelerating the pace of new domestic job creation.

Home Affordability and Quality of Life

- Replacement of old mobile homes with new ENERGY STAR units substantially reduces energy use and improves home affordability, easing the financial burden on families struggling to meet monthly homeownership costs.
- The program will provide an opportunity for families to build equity in their homes and increase their families' wealth. The financial assistance will help families achieve security of tenure, build wealth and achieve financial stability

- Replacement will eliminate problems that chronically plague old mobile homes that are detrimental to family health, such as poor indoor air quality, leaking roofs, collapsing floors and unvented appliances.

CONGRESSIONAL ACTION

We thank Senator Tester and his staff for their commitment. We also appreciate the involvement of the staff of the Committee for working closely with us as the elements of this program were crafted. This program is part of an innovative recovery plan that will help revive the economy and put Americans to work in our new clean energy economy. Senator Tester's bill, the Energy Efficient Manufactured Housing Act of 2009 (S. 1320) has received bipartisan support and we strongly request its inclusion in the Jobs bill.

A replacement program was also included in §203 of the American Clean Energy and Security Act of 2009 (HR 2454) and passed by the House of Representatives.

CONCLUSION

We recommend that Congress appropriate \$1.5 billion over three years to the Department of Energy to provide assistance to eligible homeowners to replace substandard mobile homes with ENERGY STAR manufactured homes.

We appreciate the Committee's commitment to finding solutions that address our nation's energy and economic challenges and urge you to incorporate this initiative into the Jobs bill to create jobs, save energy, reduce greenhouse gas emissions and enable low-income families to afford decent housing and achieve financial security. You may contact any of the coalition members at the contact information below. Thank you.

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