



## MANUFACTURED HOUSING CONSENSUS COMMITTEE

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# MINUTES MHCC REGULATORY SUBCOMMITTEE MEETING

October 27, 2015

Via Teleconference

# MINUTES

## MANUFACTURED HOUSING CONSENSUS COMMITTEE (MHCC) REGULATORY SUBCOMMITTEE MEETING

October 27, 2015

Via Teleconference

### Call to Order

MHCC Regulatory Subcommittee Chairman, Debra Blake, called the meeting to order at 1:10 p.m. (Eastern). Kevin Kauffman, Program Manager of the Administering Organization (AO) Home Innovation Research Labs, called the roll and announced that a quorum was present. See Appendix A for a list of meeting attendees.

Pamela Beck Danner, Administrator of the Office of Manufactured Housing Programs and the Designated Federal Officer (DFO) for the Manufactured Housing Consensus Committee (MHCC), welcomed the Regulatory Subcommittee members and guests, and announced that this is a meeting of the MHCC Regulatory Subcommittee and that the meeting notice and tentative agenda was published in the Wednesday, October 14, 2015 *Federal Register* (Vol. 80, No. 198).

### Approval of the Minutes

There was one change to the minutes to add Mark Weiss (MHARR) as a meeting attendee.

**Motion to approve the minutes of the August 19, 2015 MHCC Regulatory Subcommittee meeting as modified.**

Maker: Joseph Anderson      Second: Jeffrey Legault

Meeting Vote: Unanimously Approved

### New Business

#### Action Item 6:

#### Shower, Bathtub and Tub-shower Combination Valve Adjustment During Installation

Chairman Blake provided some background on this action item (see Appendix B). During the August 2015 meeting, the MHCC disapproved Log Item 127 [3280.607(b)(3)(v) Shower compartment] that suggested manufacturer labeling of anti-scaled valves installed in manufactured homes as a reminder to the installer to set them properly.

DFO Danner noted that this issue surfaced because it was discovered that the anti-scald valves were not being set by the valve manufacturers.

Chairman Blake informed the Subcommittee that her research showed that since the anti-scald valves are adjustable to a maximum 120°F and hot water heaters can have a maximum setting of 150°F, how do we comply with the valve manufacturer's requirement AND protect consumers? Chairman Blake opened the issue up for discussion and asked that the Subcommittee provide any additional information they may have on the topic.

Joseph Anderson began the discussion by noting that in Texas, the SAA's added checking the anti-scald valve to the list of items to check during water pressure and electrical inspection.

Manuel Santana stated that we are talking about new construction. These anti-scald valves can be anywhere in the bathroom, and they have to be set by the installer. The anti-scald valves cannot be set by the manufacturer because the proper setting needs to be based on the specific water heater setting. Specific adjustment instructions from the valve manufacturer should be included in any informational packet.

Chairman Blake asked if there should be some sort of information on this topic in the homeowner packet. Maybe a single-page notice that anti-scald valves are in the home and need to be adjusted by the installer. The homeowner will receive the packet, if the retailer is doing their part, and sign-off that they understand it. This would indicate that the information has been provided to the purchaser of the home.

There was a suggestion to include the anti-scald valve setting requirement in 24 CFR Part 3285 - *Model Manufactured Home Installation Standards*.

The Subcommittee was in agreement that the adjustment of these valves needs to be set to 120°F max in the field by the installer during the setup. It was noted that the previously sent HUD guidance letter required homeowner notification of the existence of the anti-scald valves in their new homes.

Dave Tompos informed the Subcommittee that the HUD guidance letter also required manufacturers to put something in their DAPIA manuals requiring the adjustments to be made by the installer. However, maybe for an added measure, this item could be added to Form 309 where the installer certifies that the valve has been set; however, this would only work for default states.

Manuel Santana agreed that a notice to installers was sent in April and that installer education is the issue and once the installers are used to setting the valve, labels would be unnecessary.

Chairman Blake posed the question that if we can assume that all the installation manuals for all the manufacturers have been updated to notify the consumer of the existence of these anti-scald valves and that they need to be adjusted by the installer, is there anything else that needs to be done to protect the consumer?

Ultimately, the Subcommittee agreed that everything has been done that needs to be done to protect the consumer.

### [Review of HUD's SAA Funding Option Proposals](#)

Chairman Blake provided background on HUD's SAA funding options provided to the MHCC at the August 2015 meeting in Washington, DC. There were two options to consider (see Appendix C), Option A and Option B. These proposals do incorporate payments to SAAs that were not fully approved as of fiscal year 2000.

Initially, Option A was distributed to all of the states and many states provided feedback. Ms. Blake noted that Option A would have dealt a potentially fatal blow to Arizona's SAA program. After reviewing feedback from the states, HUD put forward Option B.

Notably, Option B still increases the rates paid for each unit, provides for states that were not fully approved as of fiscal year 2000, and provides funding levels no less than those received in fiscal year 2014.

After reviewing the information, the Subcommittee took the following action:

**Motion to recommend that the MHCC recommend Option B to HUD.**

Maker: Joseph Anderson      Second: James Demitrus

Meeting Vote: 6-0-0

## Open Discussion

### HUD Regulations of Testing of Water Piping Systems

It was recently discovered that there is a disconnection between §3285.603 water supply (testing procedures) and the referenced testing procedure. Section 3285.603 (e) states, “the water system must be inspected and tested for leaks after completion at the site”, and refers the reader to testing requirements in §3280.612. The testing requirements in §3280.612 (tests and inspection) are for the water piping distribution systems installed in the home at the factory, which is a 100 psi test. The yard line water piping distribution system (pvc) is a different piping material. In many situations, water is not available yet and the requirements would default to an air pressure test. Many manufacturers of pvc piping warn that air testing poses a risk of personal injury due to flying shards of plastic should the pipe fail.

It was suggested that there should be a log item to correct 3285.603 to fix the testing of the water supply during the installation phase that removes the reference to 3280.612, because the field test needs to be different than the factory testing. It should state that tests be performed in accordance with the piping manufacturer’s installation instructions. Either lower air pressure or a different water pressure.

Following a discussion the Subcommittee took the following action:

**Motion to assign Manual Santana the task of creating a log item to modify §3285.603 (water supply) for the testing procedures for the water supply to remove the second sentence which contains the reference to §3280.612 (testing) and add language that requires the installer to follow the installation instruction manual provided by the pipe manufacturer during the installation in the field.**

Maker: Debra Blake     Second: Joseph Anderson

Meeting Vote: 6-0-0

### Other Discussion

General discussion of hot water heater tanks for use in manufactured homes.

### Public Comment

Lois Starky (MHI) addressed the Subcommittee and noted that the disapproval of Log Item 90 at the August 2015 MHCC meeting was disappointing as 3285.2(c), regarding DAPIA approval of alternative foundation systems. This continues to be an issue of concern with the project managers and the DAPIAs, and how it would be enforced with different certified engineers deciding on what is appropriate. MHI’s Technical Advisory Committee (TAC) will be working to create a new Log item and would like this Subcommittee’s feedback on whether or not the Subcommittee would be supportive of further action.

During the discussion, many Subcommittee members, including Jeffrey Legault and Debra Blake, agreed that the requirement of multiple certifying entities adds cost and slows down the approval process and stated that they would be in support of a new log item on the subject of how to handle alternative foundation systems.

The meeting was adjourned at 2:32 p.m.

**APPENDIX A:  
Subcommittee Attendees**

	<b>Name</b>	<b>Attendance</b>
Users	Ishbel Dickens	
	Timothy Sheahan	
	James Demitrus	X
Producers	Manuel Santana	X
	Jeffrey T. Legault	X
	Joseph Anderson	X
General Interest / Public Official	William Freeborne	X
	Debra Blake	X
	Robin Roy	
	Richard Weinert	

**MHCC Members:**

Dominic Frisinia  
Rick Hanger  
David Tompos

**HUD Staff:**

Pamela Danner  
Patricia McDuffie  
Jason McJury  
Richard Mendlen  
Teresa Payne

**Administering Organization (AO)**

Tanya Akers  
Kevin Kauffman

**Others**

Lois Starkey, Manufactured Housing Institute (MHI)  
Mark Weiss, Manufactured Housing Association for Regulatory Reform (MHARR)

APPENDIX B:  
ACTION ITEM 6:  
SHOWER, BATHTUB AND TUB-SHOWER  
COMBINATION VALVE ADJUSTMENT DURING  
INSTALLATION

By Debra Blake



## **Action Item 6: Shower, Bathtub and Tub-shower Combination Valve Adjustment During Installation**

<b>Current Status:</b>	Received by Secretariat
<b>Action Item History:</b>	

Here's a brief summary of the issue and discussion points:

- Issue: 3280.607(b)(3)(v) Shower compartment
- Show, bathtub and show/tub combination valves are adjustable with a maximum setting of 120 degree F.
- Hot water heaters can have a maximum setting of 150 degree F; therefore, the water could be delivered hotter than the maximum setting allowed by the valve manufacturer.
- How do we comply with the valve manufacturer's requirement AND protect consumers from scald issues?
  - Installers to adjust water heater in field?
  - Installer to adjust/test valves during field installation?
  - Manufacturers to inform consumers?
    - By consumer discloser document signed as part of homeowner packet
    - By label on valves inside home?



APPENDIX C:  
STATE ADMINISTRATIVE AGENCY (SAA)  
PAYMENTS PRESENTATION AND SUMMARY

By Richard Mendlen



# State Administrative Agency (SAA) Payments

Office of Manufactured Housing Programs  
August 20, 2015

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## Agenda

- Brief Overview
- SAA Payments from Fees – Current State
- SAA Payments from Fees – Potential Revision
- Questions



## SAA Payments from Fees – *Current Status*

- Under the current HUD formula, SAAs are allocated \$2.50 per transportable section produced in a state, and \$9.00 per transportable section located in a state.
- **Fully Approved SAAs VS. Not Fully Approved SAAs**
  - States that were fully approved as of December 27, 2000 receive supplemental funding to match what that state received in the 12 months prior to December 27, 2000.
  - States that were not fully approved as of December 27, 2000 receive no supplemental payments to match what they received in the 12 months prior to December 27, 2000.



## SAA Payments from Fees – *'Option A'*

- HUD is considering several methods to reorganize state payments.
- Under the "10-20-30" method, states would be allocated:
  - \$10.00 per transportable section located in that state.
  - \$20.00 per transportable section produced in a state and then exported from that state.
  - \$30.00 per transportable section both produced and located in that same state.
- States would no longer be guaranteed funding levels equivalent to the 12 months prior to December 27, 2000.



## SAA Payments from Fees – ‘Option B’

- Under an additional method being considered, HUD would guarantee all states (regardless of approval status before December 27, 2000) funding levels equivalent to those received in fiscal year 2014.
- Additional payments above those thresholds would be based upon per section rates, which would be \$9.00 per section located in a state, \$14.00 per section manufactured and exported from a state, and \$23.00 per section manufactured and located in the same state, respectively.
- At this time, HUD has not formally proposed any SAA payment modification to the MHCC.



Questions?



**STATE PAYMENT SUMMARY<sup>1</sup>**

		OPTION A - 10/20/30 PAYMENTS BASED ON DISTRIBUTION OF \$10.00 FOR EACH FLOOR IMPORTED, \$20.00 FOR EACH FLOOR EXPORTED, AND \$30.00 FOR EACH FLOOR STAYING IN PRODUCING STATE			OPTION B - 9/14/24 PAYMENTS BASED ON DISTRIBUTION OF: \$14.00 FOR EACH FLOOR PRODUCED IN A STATE, \$9.00 FOR EACH FLOOR LOCATED IN A STATE, AND SUPPLEMENTAL PAYMENT TO ENSURE NO LESS THAN FY14		
STATE	FY14 BASELINE INCLUDING SUPPLEMENTAL PAYMENT	FY16 OPTION A ESTIMATED ANNUAL PAYMENT	FY17 OPTION A ESTIMATED ANNUAL PAYMENT	FY18 OPTION A ESTIMATED ANNUAL PAYMENT	FY16 OPTION B ESTIMATED ANNUAL PAYMENT	FY17 OPTION B ESTIMATED ANNUAL PAYMENT	FY18 OPTION B ESTIMATED ANNUAL PAYMENT
Alabama	\$272,914.00	\$323,750.00	\$339,950.00	\$356,960.00	\$272,914.00	\$272,914.00	\$272,914.00
Arizona	\$160,599.00	\$90,000.00	\$94,510.00	\$99,260.00	\$160,599.00	\$160,599.00	\$160,599.00
Arkansas	\$92,251.00	\$24,230.00	\$25,450.00	\$26,730.00	\$92,251.00	\$92,251.00	\$92,251.00
California	\$174,248.00	\$146,830.00	\$154,180.00	\$161,910.00	\$174,248.00	\$174,248.00	\$174,248.00
Colorado	\$10,188.00	\$12,490.00	\$13,120.00	\$13,780.00	\$11,241.00	\$11,808.00	\$12,402.00
Florida	\$67,835.00	\$169,760.00	\$178,260.00	\$187,190.00	\$132,660.00	\$139,302.00	\$146,279.00
Georgia	\$363,081.00	\$149,350.00	\$156,830.00	\$164,680.00	\$363,081.00	\$363,081.00	\$363,081.00
Idaho	\$41,194.00	\$37,680.00	\$39,570.00	\$41,560.00	\$41,194.00	\$41,194.00	\$41,194.00
Illinois	\$11,745.00	\$14,400.00	\$15,120.00	\$15,880.00	\$12,960.00	\$13,608.00	\$14,292.00
Iowa	\$4,095.00	\$5,020.00	\$5,280.00	\$5,550.00	\$4,518.00	\$4,752.00	\$4,995.00
Kentucky	\$31,212.00	\$38,250.00	\$40,170.00	\$42,180.00	\$34,425.00	\$36,153.00	\$37,962.00
Louisiana	\$53,865.00	\$66,000.00	\$69,300.00	\$72,770.00	\$59,400.00	\$62,370.00	\$65,493.00
Maine	\$32,890.00	\$6,380.00	\$6,700.00	\$7,040.00	\$32,890.00	\$32,890.00	\$32,890.00
Maryland	\$13,977.00	\$2,200.00	\$2,310.00	\$2,430.00	\$13,977.00	\$13,977.00	\$13,977.00
Michigan	\$25,326.00	\$31,030.00	\$32,590.00	\$34,220.00	\$27,927.00	\$29,331.00	\$30,798.00
Minnesota	\$64,195.00	\$38,410.00	\$40,350.00	\$42,390.00	\$64,195.00	\$64,195.00	\$64,195.00
Mississippi	\$118,845.00	\$79,710.00	\$83,710.00	\$87,900.00	\$118,845.00	\$118,845.00	\$118,845.00
Missouri	\$122,849.00	\$14,690.00	\$15,430.00	\$16,210.00	\$122,849.00	\$122,849.00	\$122,849.00
Nebraska	\$2,551.50	\$10,850.00	\$11,410.00	\$11,990.00	\$7,973.00	\$8,385.00	\$8,811.00
Nevada	\$21,078.00	\$4,610.00	\$4,860.00	\$5,120.00	\$21,078.00	\$21,078.00	\$21,078.00
New Jersey	\$10,962.00	\$4,120.00	\$4,330.00	\$4,550.00	\$10,962.00	\$10,962.00	\$10,962.00
New Mexico	\$18,204.50	\$45,570.00	\$47,860.00	\$50,260.00	\$35,613.00	\$37,402.00	\$39,278.00
New York	\$20,874.00	\$35,740.00	\$37,540.00	\$39,420.00	\$29,806.00	\$31,306.00	\$32,874.00
North Carolina	\$44,530.50	\$131,870.00	\$138,480.00	\$145,410.00	\$100,727.00	\$105,776.00	\$111,069.00
North Dakota	\$10,665.00	\$13,080.00	\$13,740.00	\$14,430.00	\$11,772.00	\$12,366.00	\$12,987.00
Oregon	\$106,397.00	\$83,600.00	\$87,800.00	\$92,200.00	\$106,397.00	\$106,397.00	\$106,397.00
Pennsylvania	\$149,042.00	\$163,500.00	\$171,690.00	\$180,300.00	\$149,042.00	\$149,042.00	\$149,042.00
Rhode Island	\$126.00	\$160.00	\$170.00	\$180.00	\$144.00	\$153.00	\$162.00
South Carolina	\$172,783.00	\$37,920.00	\$39,820.00	\$41,820.00	\$172,783.00	\$172,783.00	\$172,783.00
South Dakota	\$5,553.00	\$6,810.00	\$7,160.00	\$7,520.00	\$6,129.00	\$6,444.00	\$6,768.00
Tennessee	\$271,304.00	\$357,030.00	\$374,890.00	\$393,660.00	\$271,304.00	\$271,304.00	\$283,042.00
Texas	\$591,708.00	\$738,860.00	\$775,820.00	\$814,620.00	\$591,708.00	\$591,708.00	\$617,662.00
Utah	\$3,321.00	\$4,080.00	\$4,290.00	\$4,510.00	\$3,672.00	\$3,861.00	\$4,059.00
Virginia	\$16,399.00	\$31,130.00	\$32,690.00	\$34,340.00	\$25,457.00	\$26,733.00	\$28,082.00
Washington	\$82,831.00	\$19,180.00	\$20,160.00	\$21,180.00	\$82,831.00	\$82,831.00	\$82,831.00
West Virginia	\$55,980.00	\$20,500.00	\$21,530.00	\$22,610.00	\$55,980.00	\$55,980.00	\$55,980.00
Wisconsin	\$66,456.00	\$10,270.00	\$10,800.00	\$11,360.00	\$66,456.00	\$66,456.00	\$66,456.00
HUD-Alaska <sup>2</sup>	\$333.00	\$410.00	\$440.00	\$470.00	\$369.00	\$396.00	\$423.00
HUD-Connecticut <sup>2</sup>	\$1,206.00	\$1,490.00	\$1,570.00	\$1,650.00	\$1,341.00	\$1,413.00	\$1,485.00
HUD-Delaware <sup>2</sup>	\$4,455.00	\$5,460.00	\$5,740.00	\$6,030.00	\$4,914.00	\$5,166.00	\$5,427.00
HUD-DC <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
HUD-Hawaii <sup>2</sup>	\$81.00	\$110.00	\$120.00	\$130.00	\$99.00	\$108.00	\$117.00
HUD-Indiana <sup>2</sup>	\$25,513.50	\$150,960.00	\$158,520.00	\$166,450.00	\$108,064.00	\$113,476.00	\$119,153.00
HUD-Kansas <sup>2</sup>	\$6,287.00	\$17,340.00	\$18,210.00	\$19,140.00	\$13,370.00	\$14,041.00	\$14,758.00
HUD-Massachusetts <sup>2</sup>	\$2,223.00	\$2,730.00	\$2,870.00	\$3,020.00	\$2,457.00	\$2,583.00	\$2,718.00
HUD-Montana <sup>2</sup>	\$5,094.00	\$6,250.00	\$6,570.00	\$6,900.00	\$5,625.00	\$5,913.00	\$6,210.00
HUD-New Hampshire <sup>2</sup>	\$4,095.00	\$5,020.00	\$5,280.00	\$5,550.00	\$4,518.00	\$4,752.00	\$4,995.00
HUD-Ohio <sup>2</sup>	\$17,534.50	\$50,240.00	\$52,770.00	\$55,420.00	\$38,540.00	\$40,481.00	\$42,514.00
HUD-Oklahoma <sup>2</sup>	\$22,212.00	\$27,220.00	\$28,590.00	\$30,020.00	\$24,498.00	\$25,731.00	\$27,018.00
HUD-Vermont <sup>2</sup>	\$1,989.00	\$2,450.00	\$2,580.00	\$2,710.00	\$2,205.00	\$2,322.00	\$2,439.00
HUD-Wyoming <sup>2</sup>	\$2,502.00	\$3,070.00	\$3,230.00	\$3,400.00	\$2,763.00	\$2,907.00	\$3,060.00
HUD-Canada <sup>2</sup>	\$14.00	\$110.00	\$140.00	\$170.00	\$83.00	\$106.00	\$129.00

Footnotes:

<sup>1</sup> - Amounts based on an assumed production increase of 5% per year from actual FY14 production and location floor counts.

<sup>2</sup> - HUD did not retain any fees for responsibilities in HUD SAA states in FY14 but is being shown for comparison purposes only.

	FY14	FY16 OPTION A	FY17 OPTION A	FY18 OPTION A	FY16 OPTION B	FY17 OPTION B	FY18 OPTION B
<b>Total Distributions:</b>							
<b>Payments to SAA States:</b>	\$3,312,074.50	\$2,969,060.00	\$3,117,870.00	\$3,274,120.00	\$3,490,008.00	\$3,515,334.00	\$3,579,587.00
<b>Retained for HUD States:</b>	\$93,539.00	\$272,860.00	\$286,630.00	\$301,060.00	\$208,846.00	\$219,395.00	\$230,446.00