

The Sleeping Giant is Starting to Stir

By George Porter

Things are changing at HUD! After 22 years with the same contractor doing all the monitoring of the manufactured housing industry, HUD decided, to the great surprise of everyone, (especially the contractor) that the job needs to be broken down into five parts. You might wonder how the need for a contractor to do the governments work got started in the first place. If you know anything about politics then you know it has something to do with politicians getting elected. Contractors are how we reduce the cost of government! When someone gets a job within the government then it increases the government payroll, but when you hire consultants and outside companies, “the cost of government payroll” goes down. When the HUD program started there were dozens of people on staff that ran all sorts of services. Now there are about five people due to the downsizing of government. The work that needs to be done is greater than ever and that is where the contractor comes in. As government shrinks the contractors grow. This is the consequence of electing the people who are for “reducing” the cost of government. You didn’t notice your taxes going down over the years did you?

Needless to say the HUD program could not begin to function without contractors and they have retained the same one since the inception of the HUD Code in 1976. This breakup of the current contract is a very large departure from business as usual and it makes one wonder what prompted such a decision.

At any rate the original contract is to be broken into five parts according to information obtained from MHI. These parts are the following:

1. IPIA monitoring and performance of SAA functions in the non-SAA states
2. DAPIA monitoring
3. Administration of monitoring fee collections and distribution of funds and certification labels
4. Electronic data management (EDM)
5. Technical training and administrative support

The first item is twofold and has the most impact on the important topic of proper home installation. IPIA stands for In plant Primary Inspection Agency and refers to those people who inspect homes in the factories. The performance of SAA functions in states that do not have a State Administrative Agency has far reaching implications. SAA’s are the people within an individual state that are empowered to enforce the HUD Code. There are presently 14 states that do not have an SAA. Whoever is awarded this first contract will presumably be administering those functions in fourteen states. Theoretically HUD oversaw these states before, but they were never really active. It now it seems that these states may receive much more attention.

In the past all the functions listed in the five contracts have been done by some entity so everything should run more or less the same way it ever did. This decision may serve to improve the program

or unfortunately, might also totally dismantle it.

The down side is that over the years there is only one entity that really has maintained a grasp of how this program functions. Since the HUD staff has continually changed every few years the old contractor is really the only entity to have hands on knowledge of how to make the program operate. The new people at HUD usually come from a completely different field and have a rather steep learning curve becoming comfortable with how the program works. They must become familiar with the HUD Code to be sure, but the hardest part of any new higher level job is the politics. Who or who not to listen to, and whose advice to follow. How do most of the players feel about certain policies of the past? What is reality as opposed to theory? By the time the new people have this all figured out and are starting to act on their own intuition and instinct they usually move on, and so the process starts all over again. In a way the possibility of eliminating the contractor is a bit disconcerting. Who will have the big picture of the program and know how to make it work?

Historically the HUD staff has had little to do with the every day running of the program and was mainly concerned with policy decisions. With this dividing of contracts they will be in the position of coordinating the efforts of all five contracts. They have never done that before. Added to this is the fact that the top two executives in the department at HUD are brand new making the task seem all the more difficult.

On the other hand, these changes could prove to be a great thing. To have five different areas of focus on the program means the possibility of five new groups of contractors with fresh views and ideas on how to get the job done. If the old contractor did all five functions listed above, then there is the possibility that they performed some of their functions better than others. This was acceptable because their overall performance was adequate. To judge them on the merits of each individual function, as may be the case if five new contractors evolve from this change, then it will be a different story. If the performance of one is not really up to standard at the end of the contract they can be replaced by someone who proposes to do a better job. This dividing of the contract could be a good thing, it will demand accountability in all five areas.

The purpose of all this explanation and what it possibly has to do with installation can be summed up with this question, “what installation regulation and licensing program in any state in the country is not run by the SAA”? The answer is none. If you have been following the HUD policy of total denial with any involvement with installation, then this presents a new problem. If HUD gives authority to one contractor for the SAA functions in all fourteen states that do not currently have an SAA, does this mean that those states will never have installation regulations? Does this also mean that if a person in the state has an installation problem that they will not be able to go to the SAA contractor because that office is forbidden to discuss it? Will the SAA contractor have an office in all the fourteen different states? When COSAA (Congress of State Administrative Agencies) meets it votes on various motions so does this mean that this new HUD contractor has 14 votes?

It would be hard to imagine HUD telling any state they can not have installation regulations, but at the same time, it is equally difficult to imagine a state installation regulation and licensing program

without the involvement of the SAA. Something is going to have to change here. If I were a betting man I would put money on HUD weakening its position on becoming involved with installation. They might say that the new contractor is doing the regulating, not HUD, or put forth some other arms length scenario. When they award this contract this issue must be addressed. It will be very interesting to see what happens when this sleeping giant called HUD has to wake up and start administering their own programs at the state level. If I were one of the 14 states without an SAA, I think I would get real busy and find myself somebody in my own state to be my SAA, right now. You are about to become federally regulated by a contractor you haven't met yet.