

# Impact of the Partial Federal Government Shutdown on Manufactured Housing

Since December 22, 2018, a lapse in funding for portions of the federal government has resulted in a partial federal government shutdown. Federal agencies covered by appropriations bills that were not finalized on schedule by the end of the September 30 fiscal year are affected, including Housing and Urban Development (HUD), the Department of the Treasury (which includes the IRS), the Department of Agriculture (USDA), Homeland Security, Justice, Interior, Transportation, Commerce, and the Environmental Protection Agency.

The following is a summary of some areas affected by the shutdown that could impact manufactured housing. With continued disagreement about how to resolve the matter of immigration control on the southern border, it remains unclear how long the shutdown will last. Impacts will be greater the longer agencies remain closed.

- **Department of Housing and Urban Development (HUD):** The shutdown affects HUD, which regulates the construction of HUD Code homes and provides financing for manufactured housing through the Federal Housing Administration's (FHA) Title I and Title II programs. All "non-essential" staff at HUD (about 95 percent or 7,109 employees) are not reporting to work.

According to its "contingency plan," the FHA will continue to endorse single-family loans during the shutdown, but it is not endorsing Title I loans. The Title I program insures chattel loans made by private lending institutions to finance the purchase of a new or used manufactured home. According to HUD's 2018 Annual Management Report, FHA Title I manufactured home loan volume was 526 loans in Fiscal Year 2018, down from 848 loans in 2017. While Title II loans can still be closed, there will likely be delays in endorsements given the high number of furloughed HUD staffers.

Because the Office of Manufactured Housing Programs is not open during the shutdown, alternative construction approvals will be delayed, as will progress on HUD's comprehensive review of manufactured housing regulations. MHI is also concerned about the impact a long shutdown could have on the availability of HUD labels. MHI is working with the Administration and Congress to ensure there is not a negative impact on the ability of manufacturers to continue production.

- **Internal Revenue Service (IRS):** The IRS will process tax returns and refunds as scheduled. Many lenders require prospective borrowers to provide copies of their prior tax returns as a part of the application and approval process. Due to the shutdown there could be delays in the IRS sending out copies of old returns.
- **Department of Agriculture (USDA):** USDA will not issue new rural housing Direct Loans or Guaranteed Loans during the shutdown and all scheduled closings of Direct Loans will not occur. A scheduled closing of a Guaranteed Loan without the issuance of the USDA's guarantee will be closed at the lender's own risk.
- **Environmental Protection Agency (EPA):** Under the EPA's shutdown plan, most employees are now furloughed, which will affect various regulatory programs and compliance activities. This impacts the ENERGY STAR program. EPA has posted a notice that for the duration of the government shutdown, all ENERGY STAR tools, resources, and data services will not be available.

Since Fannie Mae and Freddie Mac (the Government Sponsored Enterprises or GSEs) are not appropriated, they will continue to operate normally, along with the Federal Housing Finance Agency, the regulator and conservator of the GSEs. Additionally, the National Flood Insurance Program (NFIP) will continue to issue new insurance policies and renew expiring policies during the partial shutdown. (To read more about MHI's ongoing efforts regarding the NFIP, please [click here](#).)

With respect to [MHI's efforts](#) to extend the Energy-Efficient New Home Tax Credit (45L), it is unlikely Congress will take up any legislation related to tax-break extensions until the government shutdown is over.

As the shutdown continues, MHI will continue to be closely engaged with the Administration and Congress to ensure the manufactured housing market is not disrupted.

If you have any questions, please contact MHI's Government Affairs Department at 703-229-6208 or [MHIgov@mfghome.org](mailto:MHIgov@mfghome.org).