



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 25, 2011

### **H.R. 1751** **CJ's Home Protection Act of 2011**

*As ordered reported by the House Committee on Financial Services on July 20, 2011*

H.R. 1751 would require the Department of Housing and Urban Development (HUD) to issue a new standard requiring that each manufactured home delivered for sale be supplied with a weather radio that meets certain performance specifications, including the capacity to receive broadcasts of emergency information related to local weather conditions. Under current law, a committee representing both producers and users of manufactured housing makes recommendations to HUD on regulations concerning such homes. H.R. 1751 would require the committee to develop a proposed construction and safety standard; HUD would be required to finalize the standard within 90 days of receiving the proposal from the committee. The bill also would require HUD to prepare a report to the Congress that examines whether the requirement to equip new manufactured homes with weather radios should be limited to homes located in specific geographic areas.

Under current law, HUD monitors and enforces safety standards for manufactured homes through a joint federal and state program funded partially by inspection fees paid by builders of manufactured homes; the fees are recorded in the budget as discretionary offsetting collections and may be spent subject to provisions in appropriation acts. The program's administrative costs as well as the balance of costs for monitoring and enforcement are funded through annual appropriation acts. Based on information from HUD, CBO estimates that implementing H.R. 1751 would increase spending subject to appropriation, though the effect would not be significant. Enacting H.R. 1751 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

The bill's requirement that each manufactured home delivered for sale be equipped with a weather radio would extend an existing preemption of state and local authority that prohibits state and local governments from establishing or continuing laws regarding the safety of manufactured homes if those standards are not identical to the federal standards. CBO has identified safety standards for manufactured homes in at least one state that are similar but not identical to the requirements in H.R. 1751. Preempting such state laws is an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA). Although the preemption would prohibit the application of state laws, CBO estimates

that the cost of the mandate on state, local, or tribal governments would be insignificant and well below the threshold established by UMRA (\$71 million in 2011, adjusted annually for inflation).

H.R. 1751 also would impose a private-sector mandate, as defined in UMRA, on builders of manufactured housing. The bill would require all manufactured homes delivered for sale to be supplied with weather radios that have a tone alarm and specific alert message encoding, and that comply with the Consumer Electronics Association's performance standards for public alert receivers. Based on information from HUD and industry sources, the cost for each radio could be about \$75, including overhead costs such as storage, shipment fees, and taxes. According to information from HUD, approximately 50,000 manufactured homes were sold in both 2009 and 2010. Consequently, CBO expects that the direct cost of the mandate would fall below the annual threshold established in UMRA for private-sector mandates (\$142 million in 2011, adjusted annually for inflation).

The CBO staff contacts for this estimate are Susan Willie (for federal costs), Lisa Ramirez-Branum (for the state and local impact), and Paige Piper/Bach (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.