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MANUFACTURED HOMES

State-Based Replacement Programs May Provide Benefits, but Energy Savings Do Not Fully Offset Costs

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Highlights

Highlights of GAO-13-373, a report to congressional requesters

Why GAO Did This Study

Approximately 2 million of the nation's 130 million housing units are manufactured homes (i.e., mobile homes) that were built before 1976. These older manufactured homes are generally considered to have some of the poorest energy efficiency of all housing units. Many of the occupants of these homes qualify for federal assistance to help pay their energy bills through the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program. A portion of this program's funds can be used to improve the energy efficiency of these homes; however, program funding may not be used for new construction, or replacing existing homes. Some states have conducted pilot programs to replace older manufactured homes with newer, more energy efficient models.

GAO was asked to identify and review state programs and the extent to which they may be cost-effective based on reduced energy costs. For this report, GAO's objectives were to (1) identify states that have funded replacement programs and describe these programs; (2) identify challenges, if any, these states reported facing in implementing these programs; and (3) determine the extent to which these programs resulted in energy savings sufficient to offset replacement costs. To address these objectives, GAO surveyed all 50 states and the District of Columbia, examined data from pilot programs spanning about 2 years, and interviewed officials from three state-based programs.

HHS provided technical and clarifying comments, which GAO incorporated as appropriate.

View GAO-13-373. For more information, contact Frank Rusco at (202) 512-3841 or ruscof@gao.gov.

What GAO Found

GAO identified three states—Maine, Montana, and Washington—that have developed pilot programs focused on replacing older manufactured homes using a combination of state and federal funds. The three programs were relatively small, accounting for about $4.5 million in spending and responsible for replacing 81 homes, over about 2 years. The programs differed in requirements, including whether the land that the replacement home would occupy had to be owned or could be leased; the types of financing used, with some replacements requiring recipients to take on a partial mortgage; and the types of replacement homes.

Program officials and representatives of organizations that aided them from the three state replacement pilot programs identified three key types of challenges in implementing these programs. First, they told GAO that many potential beneficiaries were not eligible to participate because (1) they had liens on their existing properties, (2) they did not own or have a long-term lease for the land the homes would be placed on, or (3) their credit histories made them ineligible for any type of loan. Second, these officials told GAO that some potential beneficiaries were unwilling to participate because they were: (1) mistrustful that such a program would be legitimate; (2) unwilling to take on any debt, regardless of the poor condition of their home; (3) unwilling to move from their current location; or (4) unwilling to take on increases in property taxes resulting from increased home value. Third, they identified challenges that were primarily logistical in nature, such as the need to construct wheelchair ramps or update utilities, which could raise the cost of replacement.

In the three pilot replacement programs GAO examined, the energy savings did not fully offset the costs of replacing older manufactured homes over a typical loan period. The two programs that maintained information on energy use and estimated savings spent an average of about $56,119 per unit to replace each older manufactured home and estimated about $489 in annual energy savings per home. The average cost of replacement homes varied across the three programs GAO examined. The least costly program GAO examined was Montana's, which replaced some older manufactured homes with used, but newer and more energy efficient models, with an average cost of about $42,339 per home. However, state officials told GAO that these replacement programs were not specifically focused on energy savings and that energy efficiency gains were secondary to the health and welfare benefits of getting occupants into safer, more weather-tight manufactured homes.

An Example of an Older Manufactured Home and a Replacement Model

Older home

Replacement model

Source: Washington State Department of Commerce.