

**Testimony of Chad C. Harvey before the Senate Labor & Industry Committee  
October 6, 2009**

Good morning Mr. Chairman and members of the Council. Thank you for the opportunity to be here today. My name is Chad Harvey and I am the Executive Director of the Modular Building Systems Association, a national trade group that represents the modular housing industry. I am here today, along with many others, to speak with you about Senate Bill 1001 and Pennsylvania's adoption of the 2009 International Residential Code (IRC) and 2009 International Building Code (IBC).

I would first like to express my support for Mr. Meshaw's testimony. He and PBA make many excellent points regarding the building codes and their adoption process in Pennsylvania and the MBSA is in agreement with the important points that they have raised. Pennsylvania does need to take a "time out" to carefully reexamine its code adoption process. With that said, the modular housing industry is a strong proponent of uniform building codes and has without exception always built to these codes – even in states where a uniform code does not exist. This is because a modular housing manufacturer will ship homes to 10 or 15 states and a standardized code is a very good thing. But even good things need to be scrutinized very carefully - and that is why I'm here today.

The timing of the 2009 I-Codes could not be worse for Pennsylvania. Our state and our country is in the grips of the worst recession anyone has seen since the 1930's, and the housing market has been hit especially hard. Mr. Meshaw has testified about the increased costs that will result if Pennsylvania adopts the 2009 Codes, including the costs added to each new home and the costs of training personnel and purchasing new Code books. All of these costs add up and now is not the time to add costs to anyone's bottom line, whether they be municipalities, builders or prospective home buyers. With that said, I would like to turn our focus on one of the key issues of contention in the 2009 building code - the imposition of sprinklers in new construction – and discuss with you precisely why the inclusion of sprinklers would be harmful to the modular housing industry.

First, I know that many sprinkler proponents tout the pros and the cons of "sprinkler affordability." The fact is, however, that sprinklers negatively impact the people that can least afford them. These people are primarily first time home buyers and anyone with a lower income that can only afford a smaller home. These purchasers will pay the same base cost for installing a sprinkler system as someone purchasing a larger house. I am not an expert on what that cost is but every commercial product has a base cost. This is the minimum level necessary to receive that commercial product.

With sprinkler systems, the base cost consists of the individual components that make up a system (piping, sprinkler heads, monitors, etc.) and the cost of installing that system in a house. I don't pretend to have a dollar figure available for what that cost is. What I do know, however, is that the base cost of a sprinkler systems will not change regardless of the size of the house. This means that if I build a 1500 square foot starter home, my base cost to install a sprinkler system is the exact same as someone that builds

a 6,500 square foot home. Consequently, the cost for a sprinkler system will make up a higher percentage of the overall purchase price of the 1500 square foot home than it will on a 6,500 square foot home. The modular housing industry has a long history of building affordable and entry level housing for homeowners and sprinklers will negatively impact the affordability of housing for these home buyers.

Second, modular housing is often used to meet housing needs in rural areas where skilled contractors are in short supply. Installing sprinklers in rural homes that will be on a well will supplemental items such as back-up generators, pumps, extra water tanks and other equipment. These add-ons are expensive and will have the practical effect of raising housing prices for rural Pennsylvanians. This is essentially a housing tax on farmers and rural residents that urban and suburban residents will not share. Consequently, the modular housing industry will be negatively impacted when fewer homebuyers in rural areas are able to afford new homes.

Third, modular houses are transported over the highways. This means that the best place to install a sprinkler system is in the center of the ceiling of an individual module. This allows the sprinkler system to be protected during travel to the job site and removes any chance that the system could be damaged by flying rocks or road debris if it were installed in the floor of each module. Installing the sprinkler in the ceiling, though, will further slow a modular factory's production line at a point that is already known as "the bottle neck." This is the roof and ceiling jig station. This station is typically the slowest station in the factory because of the necessity of precise measurements and the complexity of the work involved. Further slowing down this station will cost manufacturers money in lost productivity and further exacerbate the existing "bottle neck." This means that the cost of housing goes up again and still fewer people are able to afford a new home.

Fourth, I've talked with you about the direct impact that sprinklers will have on consumers of modular housing. Now let me tell you about another economic impact that sprinklers will have. Modular housing manufacturers are predominantly located in rural areas. In these areas the factories are major employers. If fewer houses are sold, then these manufacturers will need fewer workers. This translates into fewer dollars in already depressed rural areas and this is something that Pennsylvania cannot afford.

I'm sure that there will be a great deal of testimony today that talks about facts and figures and science and studies. I'm also certain that there will be a great deal of testimony that is designed to tug at your heart strings and influence your emotions. At the end of today, after all the testimony and science and emotion have played out, please try to remember two things. First, the 2009 Building Codes will make homes less affordable. The changes in these codes will tax rural Pennsylvanians and first time homebuyers the hardest and they will impact rural workforces here in the Commonwealth. Second, Pennsylvania's code adoption process is flawed and must be reformed. This process has not functioned the way it was intended and as a result we find ourselves here today discussing housing affordability and the negative impact these changed building codes will have on all Pennsylvanians.

I respectfully request that this committee and the legislature at large take immediate action to protect the interests of all Pennsylvanians. We cannot afford to adopt the 2009 Codes and we cannot afford to continue utilizing this broken system.

Thank you.

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