

Duty to Service Public Listening Session – Manufactured Housing and Tenant Protections
Dave Anderson, Executive Director
All Parks Alliance for Change
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I offer these comments on behalf of All Parks Alliance for Change, the state association for Minnesota's manufactured home owners, as well as the National Manufactured Home Owners Association. NMHOA exists to promote the rights and interests of the 22 million people living in 7 million manufactured homes around the country, including nearly 3 million families who live on rented land in manufactured home communities.

The current rule creates a good basic framework with protections addressing renewable lease terms, notice of rent increases and payments, home sales and subleasing rights, and advance notice of community sales. However, some changes, both large and small, are urgently needed. One change we recommend is simply extending this framework to additional households. One extension is to residents who rent community-owned homes. They are currently given some protections (notices of rent increases, rent payments, and advance notice of sales), but, given the increased scarcity of affordable housing, these residents should also be extended renewable leases. The other extension is broader. The Enterprises should be required to support blanket loans for the purchase of smaller communities. Roughly half of manufactured homes are located in communities with fewer than 150 home sites.

We also suggest some changes to the existing framework of protections. For example, it is important ensure the one-year renewable leases are, in fact, being renewed except when there truly is "good cause" for them not to be. The community owner must have the ability to evict a home owner who doesn't pay rent or who persistently violates community rules. However, there can be an incentive to displace low-income home owners, in order to free up space to sell new, higher value homes to new residents. Worst of all, if residents aren't able to cover the significant cost of moving a home, they may even be forced to sell their home for a fraction of its value.

We believe the existing 60 days' advance notice of a community sale may be sufficient, but it is too short for a community closure. A closure presents a constellation of questions and challenges for home owners. Can their home be moved without costly repairs, or can it be moved at all? Are there other communities in the area with available vacancies and rents they can afford? Will other communities accept their home based on its age and condition? Can they afford to cover the numerous costs associated with moving and re-siting a manufactured home? For any of us, can we imagine answering these questions while competing with 100 or 200 other families for a limited number of vacancies and few moving companies, and doing so with only 60 days? We recommend a minimum of 180 days' advance notice of closure. In addition, notices should address important information, such as the availability, location, and potential costs of replacement housing in the area and the probable costs of relocating a manufactured home.

Given the devastating impacts of a community closure, we also recommend that, along with the 60 days' advance notice of sale, the community owner be required to provide home owners with a copy of a bona fide purchase offer, and an opportunity to submit their own offer to purchase the community, although the owner would be under no obligation to accept it.

It's important to recognize the devastating impacts of displacement can also result from evictions. Over 75 percent of evictions result from non-payment of rent. The median household incomes for manufactured households are under \$30,000 per year, making residents extremely vulnerable to rent increases. As reported in the Washington Post ('We're all afraid': Massive rent increases hit mobile homes, June 6, 2022), park rents are rising rapidly fueled in part by private-equity firms purchasing communities with loans sponsored by Fannie Mae and Freddie Mac. The article documents the wide-spread practice of significant, immediate rent increases, which sometimes double or even triple rents.

This type of mercenary practice is actually endorsed in many real estate seminars, such as those provided by Mobile Home University. The vulnerability of home owners is actually cited as a principle reason for buying a manufactured home park. As they state on their web site, under “Why Invest in Mobile Home Parks”:

“Another interesting barrier is the difficulty tenants have in moving their home out of a mobile home park. It costs around \$5,000 to move a mobile home, so virtually no tenants can ever afford to move. As a result, the revenues of mobile home parks are unbelievably stable. But what happens when a tenant cannot afford to continue to pay their rent? Then they normally abandon the home, and the park owner ends up with title under abandoned property laws.”

The relationship between the land owners and the home owners can be symbiotic, with both parties benefiting, but too often it's parasitic. The value of the land is set by its income earning potential. When community owners raise the rent, they increase not only their income, but also their property values. Neither of these increases appears spontaneously out of thin air. Both are taken from the residents, who are left with less income to live on, and a lower resale value for their homes.

We propose that, during the time of the loan, rent increases be limited to the local Consumer Price Index (CPI) unless it can be justified by an increase in the costs to operate, maintain, or improve the community. In addition, we recommend that communities be required to provide prospective tenants with a five-year rent history, to allow residents to judge the potential stability of their future housing costs. In addition, with the increased shift to online payments, we also recommend community owners be required to provide residents with multiple options for paying their rent including check and cash; given that 63 million Americans are unbanked or underbanked, and this disproportionately includes manufactured home owners.

Finally, there should be a system established for home owners in these communities to report violations of these tenant protections without fear of retaliation from the community owner or others, including protections for home owners to speak and associate in order to further their rights. Without these kinds of affirmative protections, the residents may be afraid to speak up and the whole framework of tenant protections may become meaningless.

Thank you very much for your time and attention.