

Oregon has more than 1,100 manufactured home parks, located in 57 of our 60 districts, providing more than 63,000 residential spaces for affordable housing.<sup>i</sup> Residents of a manufactured home park are in an awkward position: they may own their home, but they are renting the space. These parks are not just locations. These are neighborhoods. People help each other. Seniors and families on limited incomes, often with frail health or disabilities, come to rely on the community of neighbors as a social structure. This housing, where residents rent the space, is not like renting an apartment, where you can pack up your belongings and move. When a park is announced for closure, where do people go? And with their home? Even if there were a place to move the home to, many of the homes cannot be moved. <sup>ii</sup>Moreover, when a park closes, that social structure is lost, and some of the residents wind up in a situation they don't prefer, with a loss of independence, and relying on state-supported services. <sup>iii</sup>

I am pleased to bring you a bill that illustrates **bi-partisan work to listen to concerns and opposing views**. This bill will clarify existing law about when and how a park owner should notify residents that the park will be for sale, and allow a short time for residents to put together an offer to buy the park. Not every park is or should be destined to remain a park forever, and not every group of residents will want to, or be able to, make a proposal. This will just make it more clear what's necessary for it to be possible for residents to find out a park is going to be for sale, and to make an offer if they're in a position to.

Working closely together, the representative from rural Deschutes County and I convened a work group. The work group was comprised of two state reps, three persons representing tenants or park residents, and seven persons representing landlords, or owners. We had three meetings over the summer and fall, and the Rural Deschutes County representative and I together toured a resident-owned park in Redmond.

This bill is much different than previous proposals. It's much simpler. The obligations and responsibilities are less onerous. And the approach is no longer based on modifying landlord-tenant law; instead, it's written along the lines of a **real world, standard commercial real estate sale**. That makes it more straightforward to understand, clearly based on common practice, easier and more comfortable for park owners.

There's already law in place to require notice to park residents, but it doesn't work very well for either the park owners or the residents. For the residents, it's hard to use, leading to a lack of notice, and loss of opportunities to preserve parks where possible. And there's no clear defense for park owners who are in compliance, there's a 14 day right of first refusal, and no exception for minor errors. This bill **fixes problems and provides clarity**.

This bill has been characterized by both sides as truly a **compromise approach**. The residents, home owners or tenants, have given up a lot. One very large example: the time period in question had covered a maximum of 100 days, it's now 25.

There are **escape valves** for park owners to stop the process and just proceed, and an important exemption allowing a quick sale to a buyer in a hurry because there's a 1031

capital gains exchange deadline coming up. And added protections for owners/landlords from nuisance, inappropriate use of confidential information, and inappropriate delays<sup>1</sup>.

In creating this **much simplified approach**, not every procedural action or possibility is addressed, but the group felt generally comfortable that both sides must be acting in a straightforward manner, in a commercially reasonable manner, and that the residents must show they have “skin in the game.”

### ***Closing***

Preserving affordable housing is far less expensive than developing new affordable housing. This bill gives the residents the opportunity to work together to keep their homes and preserve their neighborhoods. The cost of some of those displaced residents becomes a new burden for the state, finding or creating new low-income housing, or supported uprooted residents who then enter assisted living facilities.

This bill will clarify current law. It will work well for our Oregon park owners, who we worked with to understand and meet their business practices. This bill can be used to help people keep the homes they already own, and keep them in the neighborhoods in which they live. It bill will help preserve neighborhoods, and save money. Many thanks to the Representative from Rural Deschutes County who worked so hard along with me to .... I ask for your support. Thank you.

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<sup>1</sup> for park owners, their remedy is simple: they can just kill the sale.

## **Additional info**

### **Is there a problem? Yes**

1. Current law doesn't work well for either side.
2. Parks have been sold without notice being given.
3. Since 1997, there have been at least 68 park closures in Oregon -- a loss of 2,713 spaces. But we've also seen mobile home parks preserved: since 2006, 8 parks have been purchased by a homeowner co-op or a non-profit organization (St. Vincent de Paul), preserving more than 300 homes.
4. Cost of closure and displacement: Under current law, a developer can make an offer on a park and the landlord can agree and the park can be closed and cleared one year after giving notice. What happens to the residents? It's hard to say, but we can reasonably say that many of the most vulnerable residents, who depended on neighbors for helping with daily living, will be unable to relocate their home to another park, and unable to find suitable housing with that social network, and will end up moving into nursing homes or assisted living facilities – at a great cost to their happiness, a cost to their health, and additional cost to the state as well. Just one example: 297 tenants were displaced in 2008 when the Thunderbird home park closed in Wilsonville. Based on conversations with just one case worker, three of those residents went from receiving in-home care at an average yearly cost to the state of \$5000 per person, to assisted living facilities, at more than double the cost (\$11,000). These figures add up quickly.

### **Work group**

The work group came to an **agreement on Nov. 19**, agreeing on the form and content of a bill

MHCO: Manufactured Housing Communities of Oregon. ~500 regular and associate members

OPOA: Oregon Park Owners Association (or Alliance): park owners from Oregon and California. 30-60 parks.

### **History of legislation**

In 2007 we passed legislation allowing residents of manufactured home parks to form associations or co-op's to purchase their park – so they could remain in their home and keep their neighborhood intact. In 2009 we added meaning to that action, giving them a crack at buying the park. In short, an owner must notify the residents of intent to sell, and give time to the residents to come up with an offer to buy the park. If they can match the offer, their offer must be considered first. The owner is able to sell in either case, but this added a tool to help keep existing neighborhoods intact, and prevent the loss of some of Oregon's most affordable housing. We know that the existing statute is imperfect, and both residents and park owners will benefit from clarifying the process and putting some sideboards on it.

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<sup>i</sup> Nearly 900 spaces in my North Eugene district

<sup>ii</sup> Moving is often not a viable option- either financially, or logistically. When Oregon first started legislating to help mobile home park tenants – and remember, they are tenants of the property, but they own their home- most mobile homes were just that, they were mobile. In the intervening decades, the mobile homes aged, and the structures weakened. Building codes changed, and the manufactured home industry grew. These affordable homes are now built in a factory and moved to a site. Many of the older *and* newer mobile or manufactured homes are really not, or no longer, movable. Even if the home were moveable, there may be no place to move it to. And if there were places to move to, then all of the investments in street lighting, landscaping, and years of friendships and mutual neighborhood support are lost.

<sup>iii</sup> For families: parents are faced with moving their children to new schools. For seniors: most expect this to be their final home and plan accordingly. Some of the residents are the working poor, others are often vulnerable – medically, or financially. The residents often share a strong sense of community. The social network is strong, and supportive, helping people who may struggle without that network: low-income families, disabled and elderly persons.