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TESTIMONY OF CAROLYN CARTER
before the
ENVIRONMENTAL AND TRANSPORTATION COMMITTEE of the
MARYLAND GENERAL ASSEMBLY
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My name is Carolyn Carter. I am the Deputy Director of the National Consumer Law Center (NCLC). Thank you for the opportunity to testify about H.B. 23.

Manufactured housing is the largest source of unsubsidized affordable housing in the United States. H.B. 23 would go a long way to stabilize and improve manufactured home communities in Maryland, and the lives of the people – many of whom are low or moderate income – who live there.

The National Consumer Law Center (NCLC) is a non-profit organization, founded in 1969, that specializes in consumer issues, particularly those affecting low-income and elderly consumers. NCLC provides legal and technical analysis and assistance on consumer law issues to legal services, government, and private attorneys representing low-income and elderly consumers across the country.

NCLC has long had a focus on manufactured housing. Our manufactured housing [webpage](#) highlights our many reports, issue briefs, agency comments, and testimony on these issues. Of particular relevance for this bill, we have published a [Policy Guide](#) on Promoting Resident Ownership of Communities. The Policy Guide is accompanied by a [compendium](#) of the full text of all state laws on the subject. NCLC is also the author of the widely-cited AARP [publication](#) *Manufactured Housing Community Tenants: Shifting the Balance of Power* (2004), which analyzed state manufactured home community statutes in the fifty states.

H.B. 23's Resident Purchase Opportunity Provisions

House Bill 23 has a number of key features that promise to make it an effective law that gives residents of manufactured home communities a realistic, practical opportunity to buy the land on which their homes sit.

Notice. First, H.B. 23 requires notice to all the manufactured home owners who live in the community. This simple requirement will not be burdensome to community owners, since

they already have the addresses of all the residents and presumably are in regular communication with them about such things as rent and rule changes.

A particularly important feature of H.B. 23 is that it does not place preconditions on this duty of notification. States that require the home owners to jump through hoops – such as sending the park owner an annual letter -- before they are entitled to notice greatly cut down on the effectiveness of their resident purchase opportunity laws.

Whenever a community is sold. A second key feature of H.B. 23 is that it maximizes resident purchase opportunities by requiring notice to the residents *whenever* a community is sold. As a result, residents will be able to be proactive. They will have the opportunity to stabilize and enhance their communities *before* a crisis such as the closure of the park arises.

The importance of requiring residents to be given an opportunity to purchase the community whenever the community is being sold cannot be overstated. Several states have rendered their purchase opportunity laws almost completely ineffective by affording the purchase opportunity only when the manufactured home community is being sold with the intent of closing the community and converting it to some other use such as a strip mall, glitzy condos, or a big-box store. Once a developer is prepared to buy the community and change its use, the price is likely to be too high for the residents to afford. By contrast, when it is being sold for continuation as a manufactured home community, the residents can afford to buy it almost by definition, because their lot rent payments will repay the developer's investment, cover all the costs of maintaining the community--and provide a profit for the new park owner.

Notice period. The third key feature of an effective purchase opportunity law is a notice period long enough for the residents to put together a purchase offer. H.B. 23 includes a 60-day notice period. Residents still have to move very fast with a 60-day period, but New Hampshire's purchase opportunity law requires a 60-day notice period and has been extremely effective. As do the laws in many other states, H.B. 23 also includes an additional period for the residents to finalize financing and close on the purchase.

Community owner's duty. If the residents make an offer, H.B. 23 requires the community owner to consider their offer in good faith. Despite its modesty, an approach like this has proven very effective in other states. New Hampshire is the prime example. There, thanks to the state's purchase opportunity law, which includes a similar requirement, 145 manufactured home communities – over 25% of those in the state -- are resident-owned. These communities range in size from 392 lots to 4 lots, and collectively preserve more than 8,000 homes as affordable housing, safe from the danger of closure or confiscatory rent increases.

The Benefits of Resident Ownership

Resident ownership of manufactured housing communities brings enormous advantages, both for the residents and for the community at large. When residents own the land on which their homes sit, they – and the community at large -- know that their homes are secure. The danger of closure of the park, leaving hundreds of families without housing and creating a community crisis, is gone. With stable land tenure, the manufactured home becomes a true asset

for a family rather than a potential financial disaster. Stable land tenure and the protection from unreasonable rent increases that comes with resident ownership also provide the groundwork for residents to secure mainstream mortgage financing for the purchase, replacement, or improvement of their homes.

Experience elsewhere has shown that, when residents own a manufactured housing community, they invest in it. They repave the roads, fix the sewer system, repair and repaint outbuildings, and add landscaping and amenities. The enhanced manufactured housing community benefits the community at large. Being able to make decisions collectively about the park also increases civic engagement and reduces societal conflict.

A resident purchase opportunity law like H.B. 23 will make the Ownership Society a reality for residents of manufactured housing communities and bring many benefits to the community at large. Enactment of H.B. 23 will be a benefit for residents of manufactured home communities and for Maryland.