

PN HB 71 2022.pdf

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Position: FAV



**Testimony to the House Environment & Transportation Committee
HB71: Manufactured Housing Modernization Act
Position: Favorable**

January 25, 2022

The Honorable Kumar P. Barve, Chair
Environment and Transportation Committee
Room 251, HOB
Annapolis, MD 21401

cc: Members, Environment and Transportation Committee

Honorable Chair Barve and Members of the Committee:

Prosperity Now is pleased to submit comments to the Environment and Transportation Committee as it considers statutory changes to Maryland law that would preserve affordable housing, enhance homeowner security, and put Maryland at the leading edge of codifying housing stability. We strongly support HB71 and request a favorable report on the bill.

Prosperity Now is a national, nonpartisan nonprofit organization based in Washington, D.C. that works to expand economic opportunity for all Americans by promoting and advocating asset-building policies and programs. Since 2005, Prosperity Now has convened the I'M HOME Network, a nationwide coalition of service providers, lenders, intermediaries, and advocates working together to improve access to high-quality and energy-efficient manufactured homes, access to mortgage financing for manufactured homes, ensure fair chattel financing, promote resident ownership of manufactured home communities, and provide a voice for manufactured homeowners on policy issues.

The State of Maryland has over 36,000 manufactured homes, approximately half of which are sited in more than 200 manufactured home communities across the state. The majority of community residents own their homes and rent the land on which they are installed. This hybrid relationship makes family housing stability fleeting. The legislature has an opportunity to at once improve protections and options for future and existing manufactured homeowners and underscore that manufactured housing communities are a secure and affordable option for low- and moderate-income families.

Across the nation, manufactured homeowners are increasingly at risk of displacement. While affordable housing is often targeted for reuse and redevelopment, the nature of manufactured housing community

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occupancy makes these risks much more problematic to impacted residents. Quite simply, it is extraordinarily difficult and expensive to relocate manufactured homes, leading many residents to walk away from their most valuable assets with little or no compensation. Considering Maryland's worsening housing crisis, the state needs to advance all tools to preserve affordable housing in the state. HB71 is one such tool the legislature should adopt.

Importantly, [research from the University of New Hampshire](#) underscores the value of resident-owned communities. The authors found that residents in ROCs have better returns on their purchases, lower financing costs, and more stable housing costs in comparison to resident in communities owned by private entities. Although this report is about 15 years old, the relatively recent entry of private equity firms, sovereign wealth funds, and other high yield seeking investors suggest that resident ownership is key to retaining resident wealth and stability in this sector. Residents residing in communities owned or funded by these new market actors face much higher rent and fee increases than peer communities.

The fundamental reason that homeowners in manufactured home communities are so vulnerable is that they do not own the land under their homes. More than 20 states – but not Maryland – have policies that require or encourage community owners to give residents the opportunity to purchase the land on which their homes sit. While Maryland law requires that community owners provide residents with a one-year notice prior to closure of the park, state law does not provide a reasonable option for the residents to purchase the park if it is to be sold or closed by the owner. The state legislature should adopt HB71, a strong purchase opportunity law, that will better align state policy with those of its peers.

HB71 addresses key challenges by increasing the notice requirements when an owner puts the community up for sale. The seller must in good faith consider all competitive offers, therefore ensuring the owner does not lose money in the transaction. HB71 also includes an enforcement clause, which is particularly important in the current market environment.

There are examples of successful community-owned manufactured housing cooperatives in Vermont, New Hampshire, New York, Massachusetts, Oregon, and Washington. These successes would not be possible without state law recognizing the homeowners' rights to organize and to self-determination. HB71 would fill a gap in Maryland law.

Thank you for the opportunity to address the above issues that directly impact manufactured housing residents in Maryland. As a career housing advocate, and as a Maryland resident, I look forward to seeing the legislature make significant progress in this important area. Feel free to contact me at dryan@prosperitynow.org or at 202-207-0155.

Sincerely,

Doug Ryan
 Vice President, Policy & Applied Research
 Prosperity Now

CASA_FAV_HB71.pdf

Uploaded by: Jonathan Reidel

Position: FAV



Testimony to the House Environment & Transportation Committee

HB71: Manufactured Housing Modernization Act

Position: Favorable

January 25, 2022

The Honorable Kumar P. Barve, Chair
Environment and Transportation Committee
Room 251, HOB
Annapolis, MD 21401
cc: Members, Environment and Transportation Committee

Honorable Chair Barve and Members of the Committee:

We are writing to express our strong support for HB71. CASA is the largest membership-based immigrant rights organization in the mid-Atlantic region, with more than 90,000 members in Maryland. Our mission is to create a more just society by building power and improving the quality of life in working class and immigrant communities. We envision a future where our members stand in their own power, our families live free from discrimination and fear, and our diverse communities thrive as we work with our partners to achieve full human rights for all.

For nearly forty years, CASA has employed grassroots community organizing to bring our communities closer together and fight for justice, while simultaneously providing much needed services to these communities, helping to ensure that low-income immigrants are able to live rich and full lives. As the COVID-19 pandemic continues to ravage our communities, we see dramatic negative impacts on our members. Despite the short-term security offered by federal aid, low-income tenants find themselves in especially precarious positions, unsure of their future.

This is especially true in mobile home communities, which are an important component of affordable housing. Mobile home residents own the home but not the ground that it sits upon. These households pay a monthly rent to the owner of a manufactured housing community. Should the owner of the community decide to develop the land and eject the residents, the residents have little recourse. Despite the term "mobile", it is actually extremely costly and difficult to move manufactured homes, often costing thousands of dollars to move them, and this money is far beyond what most residents of manufactured housing can afford. Many are forced to abandon their homes. Those who can move their homes to another Park do so at great expense, far away from their communities and

schools, where they are susceptible to the possibility of the exact same problem they just escaped.

CASA members living in mobile home communities have found themselves subject to an array of abuses at the hands of the landowners, including deficient upkeep of communal spaces, skyrocketing rents, overcharges for water and other basic utilities, and arbitrary or discriminatory enforcement of rules and standards that the owners themselves set. Most tenants have little or no recourse if the owner decides to force them to leave. Increasingly, private equity firms have been purchasing manufactured housing communities as investment opportunities for the past decade. When that happens, communities have seen their rents and fees increase monthly costs by 40%-60%. This makes the last bastion of affordable housing unaffordable for low-income families.

HB71 addresses these challenges by increasing the notice requirements if an owner decides to sell their manufactured housing community to allow residents time to make plans to remain, to leave in a dignified manner, or to collectively make an offer to purchase the community. The seller must in good faith consider all competitive offers. If the seller accepts the community's offer, the community could organize as a co-op or other venture. There are examples of successful community-owned manufactured housing co-ops in Vermont, New Hampshire, New York, Missouri, Oregon, and Washington states.

HB 71 expands notice for residents of mobile home communities and provides an opportunity for purchase. It provides an important update to Maryland's laws for manufactured homes, expands transparency, and creates a more informed community.

For all of these reasons, we support HB71 and request a favorable report.

Best,

Jonathan Riedel
Supervising Attorney
CASA

HB 71_Consumer Protection Division_fav_2022.pdf

Uploaded by: Kira Wilpone-Welborn

Position: FAV

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Attorney General

ELIZABETH F. HARRIS
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WILLIAM D. GRUHN
Chief
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STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

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January 21, 2022

To: The Honorable Kumar Barve
Chair, Environment and Transportation Committee

From: Kira Wilpone-Welborn, Assistant Attorney General
Consumer Protection Division

Re: House Bill 71 – Manufactured Homes – Conversion to Real Property and Sale of
Manufactured Housing Communities (Manufactured Housing Modernization Act)
(SUPPORT)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) supports House Bill 71 sponsored by Delegate Vaughn Stewart, which would create additional protections for owners of manufactured homes that comprise a vital component of the affordable housing market. Specifically, House Bill 71 would allow owners of manufactured homes to convert the home to real property even when the land on which the manufactured home sits is not owned by the homeowner. Additionally, House Bill 71 would require that an owner of a manufactured housing community containing two or more manufactured homes notify the homeowners of a pending sale of the community and its terms; offer homeowners the opportunity to purchase the manufactured housing community; and negotiate, in good faith, with homeowners seeking to purchase the manufactured housing community.

Consumers who purchase manufactured homes are often excluded from traditional financing options that are available to the purchasers and owners of other residential real property. As a result, consumers who purchase manufactured homes are forced to seek financing at higher interest rates and with shorter payment terms, making the purchase of a manufactured home more expensive for consumers in the affordable housing market. Allowing consumers to convert their manufactured home into real property expands the financing options available to such consumers and should reduce the overall cost of purchasing and owning a manufactured home.

Moreover, moving a manufactured home from a manufactured home community to another location is prohibitively costly for many consumers who own manufactured homes and subjects

The Honorable Kumar Barve
House Bill 71
January 21, 2022
Page Two

such consumers to the whims and fees of new lot owners.¹ Requiring manufactured housing community owners to provide homeowners a fair opportunity to purchase the manufactured housing community before it can be sold to a third party provides will also help provide stability in this affordable housing market.

The Division supports House Bill 71 because it should reduce financing costs when consumers purchase manufactured homes and, after the purchase of a manufactured home and help provide consumers housing stability. For these reasons, the Division requests that the Environment and Transportation Committee give House Bill 71 a favorable report.

cc: The Honorable Vaughn Stewart
Members, Environment and Transportation Committee

¹ See https://www.washingtonpost.com/business/economy/a-billion-dollar-empire-made-of-mobile-homes/2019/02/14/ac687342-2b0b-11e9-b2fc-721718903bfc_story.html

Manufactured Housing Rights 2022 Factsheet (1).

Uploaded by: Marceline White

Position: FAV



Support Affordable, Sustainable Housing-Vote YES on HB71

The Issue

Manufactured or mobile homes are an important component of affordable housing solutions as well and have a smaller environmental footprint than traditional homes. In 2017, there were 36,318 mobile homes in Maryland with the highest percentage in Cecil County (7.4%) followed by Wicomico (4.4%) and Allegheny (4.3%).

Nationally, the median household income for families living in manufactured housing communities is \$35,688 compared with \$50,056 for conventional renters and \$91,342 for conventional homeowners¹ according to a study by Noah J. Durst at Michigan State University and Esther Sullivan at University of Colorado-Boulder. The same study found that families in manufactured housing had an average rental cost of \$661 per month, compared to \$993 for renters, and \$1309 for homeowners. Nationally, mobile home parks comprise one of the largest sources of non-subsidized low-income housing in the country.²

DHCD found that there is a shortage of affordable housing serving low-income families and homes that can be modified to accommodate individuals with disabilities -manufactured housing addresses those gaps for some families.

The Problem

Residents of manufactured housing communities are low-income households and their housing is particularly vulnerable. Because residents own their homes but not the land under their homes, these communities are vulnerable to a landlord selling the land and forcing them to move. Despite the term “mobile” it is actually costly and difficult to move manufactured homes-often costing thousands of dollars to move them-money that is far beyond what most residents of manufactured housing-31% of whom are low-income can afford.

Another problem residents face is that they rent the land from the owner of the park. Should the owner sell the park, there are few protections for residents if the new owner chooses to raise rents or increase the charges for water or other services to unaffordable rates. Unfortunately, that is the situation that has been happening for

1

<https://homeless.cnsmaryland.org/2021/01/17/wall-street-investors-pricing-americans-out-of-last-bastion-of-affordable-housing/>

2

<https://www.newyorker.com/magazine/2021/03/15/what-happens-when-investment-firms-acquire-trailer-parks>



the past few years as private equity firms have been investing in manufactured housing communities. As private equity investors purchase manufactured housing communities, they often drive up rents, increase and institute new fees, and make these homes unaffordable for many low-income residents. Some examples include:

- Swartz Creek Estates, MI-after purchase by Havenpark Capital Partners, rent & new fees increased monthly costs for residents by 40%
- Table Mount Park, IA-after purchase by RV Horizons rent increased 15% and new fees were charged for water and trash removal which had previously been included in rent.
- Midwest Estates, IA -after being acquired by Havenpark, rents increased 69%.

This practice makes the last bastion of affordable housing beyond the reach of low-income families. Many are displaced and taxpayers must cover the costs of shelter, food, and services for families that were recently self-sufficient.

The Solution:

Providing adequate notice to residents of mobile home communities will inform residents that the community is being sold. In addition, community members can work together to submit an offer to the seller to consider to increase competition for the community and provide the possibility of community ownership.

There are community-owned mobile home parks that are run as co-ops or as land trusts in Oregon, Washington, Missouri, New York, New Hampshire, and Vermont.

What HB 71 Will Do

- Provide adequate notice to residents of the sale of their manufactured housing community
- Ensure that the seller consider all offers to purchase the community
- Notice to government agencies regarding the sale
- Save the state money by helping low-income families remain in their homes

What HB 71 Won't Do

- Require a seller to accept a non-competitive offer

HB 71 supports low-income residents in their ability to remain in their homes in manufactured housing communities or receive adequate notice about the sale of the community that they are able to leave in a sustainable and dignified manner. It increases transparency for residents, informs government officials, and provides the opportunity for the residents to work together to develop a competitive offer that the seller must consider in good faith.

Vote YES on HB71



Maryland Consumer Rights Coalition

For more information, contact Marceline White at marceline@marylandconsumers.org

MCRC HB71-Manufactured Housing Modernization Act.d

Uploaded by: Marceline White

Position: FAV



Maryland Consumer Rights Coalition

**Testimony to the House Environment & Transportation Committee
HB71: Manufactured Housing Modernization Act
Position: Favorable**

January 25, 2022

The Honorable Kumar P. Barve, Chair
Environment and Transportation Committee
Room 251, HOB
Annapolis, MD 21401
cc: Members, Environment and Transportation Committee

Honorable Chair Barve and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances economic rights and financial inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of HB71.

Manufactured housing is an important component of affordable housing. In a 2020 DHCD report, the agency reported a shortage of available affordable housing for low-income families. The national median income for households living in manufactured housing is \$35,688 compared to \$50,056 for traditional renters, and \$91,342 for traditional homeowners. The monthly costs of manufactured homes averages \$661 per month, compared to \$993 for renters, and \$1309 for homeowners. These homes are also easily customizable which makes them well-suited for individuals with disabilities who may need accommodations to live comfortably in their home. In Maryland, there are 36,318 residents of manufactured housing throughout the state.

Yet, the unique nature of these homes makes residents vulnerable to external forces. Mobile home residents own the home but not the ground that it sits upon. These households pay a monthly rent to the owner of a manufactured housing community. Should the owner of the community decide to develop the land, it costs thousands of dollars for residents to move-and many can't afford to do so and abandon their homes.

Increasingly, another scenario is more likely to occur. Private equity firms have been purchasing manufactured housing communities as investment opportunities for the past decade. When that happens, communities have seen their rents and fees for water, electricity, or snow removal increase monthly costs by 40%-60%. This makes the last bastion of affordable housing unaffordable for low-income families.



Maryland Consumer Rights Coalition

Few laws protect residents in manufactured housing from these kinds of rent increases. As a result, the state must shoulder the costs of providing shelter, food, and critical services to displaced residents who were self-sufficient prior to predatory rent increases.

HB71 increases the notice requirements if an owner decides to sell their manufactured housing community. This allows residents time to make plans to remain, to leave in a sustainable and dignified manner, or to collectively make an offer to purchase the community. The seller must in good faith consider all competitive offers. If the community's offer is accepted, the community could organize as a co-op, land trust, partnership or other venture. There are examples of successful community-owned manufactured housing parks in Vermont, New Hampshire, New York, Missouri, Oregon, and Washington states.

HB 71 expands notice for residents of mobile home communities and provides an opportunity for purchase. It provides an important update to Maryland's laws for manufactured homes, expands transparency, and creates a more informed community.

For all of these reasons, we support HB71 and request a favorable report.

Best,

Marceline White
Executive Director

HB 71 Final.pdf

Uploaded by: Maryland Legal Aid

Position: FAV



MARYLAND
LEGAL AID

Advancing
Human Rights and
Justice for All

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January 21, 2022

The Honorable Kumar P. Barve, Chair
Environment and Transportation Committee
House Office Building
Room 251
Annapolis, MD 21401

**RE: Testimony of Maryland Legal Aid in Support of House Bill 71 –
Manufactured Homes-Conversion to Real Property and Sale of Manufactured
Housing Communities (Manufactured Housing Modernization Act)**

Dear Chair Barve and Members of the Committee:

Thank you for the opportunity to testify in support of this important legislation. Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents, including abused and neglected children, nursing home residents, and veterans. With 12 offices serving residents in each of Maryland's 24 jurisdictions, MLA handles civil legal cases involving a wide range of issues, including family law, housing, public benefits, consumer law, and criminal record expungements to remove barriers to obtaining child custody, housing, driver's licenses, and employment. This letter serves as notice that Gregory Countess, Esq, will testify in support of HB 71 on behalf of MLA at the request of Delegate Vaughan Stewart. MLA supports this Bill and asks that the committee give it a favorable report.

HB 71 promotes housing stability for Maryland families. The mobile home attains the status of real property if the mobile homeowner does not own the land the mobile home is located. Further, HB 71 provides essential notice requirements to community members before the owner of a mobile home community may accept an offer for sale or transfer and a reasonable period for community members to seek and obtain financing to purchase the community.

Members of a manufactured home community tend to be low income and are often seniors on a fixed income who make a significant investment in their housing when they purchase a mobile home. These structures are not considered real property in Maryland, even though they are not "mobile." The structure is often the most valuable asset and only shelter the owner may possess. Owners of these structures make a significant investment because they want to have a permanent home and want to own that home. At present, members of manufactured home communities have few protections if the community owner wants to transfer or sell. HB71 creates fundamental transparency and fairness for community members to maintain their housing and promotes reasonable notice requirements.

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01.2022



Maryland Legal Aid's responsibility is to serve indigent Marylanders' legal needs, but MLA's mission is the advancement of Human Rights and Justice for all. This includes the right to safe and habitable housing. However, it also includes the right to equality before courts and tribunals and equal protection of the law as enshrined in Articles 14 and 26 of the International Covenant on Civil and Political Rights. This bill addresses many critical issues for the residents of mobile home communities and the owners of manufactured homes who reside in those communities.

For these reasons, Maryland Legal Aid asks this committee for a favorable report on HB 71.

Sincerely,

/s/Gregory Countess, Esq.

Gregory Countess, Esq.

Director of Advocacy for Housing and Community Economic Development

GCountess@mdlabor.org

HB 71 Manufactured Homes – Conversion to Real Prop

Uploaded by: Tonaeya Moore

Position: FAV



**HB 71- Manufactured Homes – Conversion to Real Property and Sale of Manufactured Housing Communities
(Manufactured Housing Modernization Act)**

House Environment and Transportation Committee

January 25, 2022

SUPPORT

Chairman Barve, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 71. This bill will give residents a fair notice that their manufactured community is up for sale. This will give the community the chance to place an offer on the property.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Manufactured homes, more commonly known as mobile homes, are a vital component of affordable housing solutions. Also, they have a smaller environmental footprint than traditional homes. Nationally and statewide, there is a huge shortage of affordable housing for low-income families. According to the National Low Income Housing Coalition (NLIHC), Maryland has a deficit of over 130,000 affordable housing units. 39% of low-income and 86% of extremely low-income households are cost burdened to due housing expenses.¹ Cost burden is when a household is spending more than 30% of their income on housing expenses.

Residents own their homes but not the land under their homes. **This means residents in manufactured communities are vulnerable to housing insecurity.** Households that experience housing insecurity have trouble finding safe and affordable housing, access to food and other essentials, and will experience a distribution in school and work. Property owners can sell the land and force residents to move, or they face paying higher rents. Unfortunately, these residents have few protections that will allow them to stay in their community and avoid an economic crisis.

HB 71 provides low-income residents who live in manufactured communities the opportunity to remain in their homes or receive adequate notice about the sale of the community. This will allow residents to leave in a sustainable and dignified manner. This bill increases transparency for residents, informs government officials, and provides the opportunity for the residents to work together to develop a competitive offer that the seller must consider in good faith.

For these reasons, we encourage you to return a favorable report for HB 71.

¹ [NLIHC, Maryland 2019](#)

HB 71 FAV Delegate Stewart.pdf

Uploaded by: Vaughn Stewart

Position: FAV



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB71
Manufactured Home Modernization Act of 2022

Testimony by Delegate Vaughn Stewart

January 25th, 2022 • Environment and Transportation Committee

What the Bill Does

HB71 will offer new and important protections to manufactured and mobile homeowners. Primarily, the bill requires that manufactured home community owners notify residents of a proposed sale or transfer 60 days before acceptance, and fines those owners that willfully refuse to comply. Further, the bill allows a majority of residents to submit their own purchase offer within the specified notification window.

Why the Bill Is Important

While manufactured and mobile homeowners have the luxury of owning their own house, their level of housing stability is far less than that of traditional owners. This is for one simple reason: manufactured and mobile home owners often don't own the land their property sits on. **Even if they may feel comfortable under one landowner, the threat of property sale could have devastating consequences on their ability to stay in their current setting.** A sale to a hedge fund or developer could result in exorbitant rent hikes or even eviction.

By requiring 60-days notice ahead of a contemplated sale, this bill has two primary benefits. First, it allows for the possibility of a resident-owned community, in which the manufactured and mobile homeowners can control the conditions of these parks — an ownership model that has proven successful across the country. However, there are significant and legitimate hurdles to the purchasing of a manufactured home community. Beyond the logistical hurdles of coordinating a large number of stakeholders, the median household income of a mobile homeowner is around \$35,000 — half of the income of site-built homeowners — making it difficult to fund a competitive offer.

Therefore, beyond purchasing power, this bill's second effect is to ensure that manufactured and mobile homeowners have adequate notice of this potentially traumatic change in their life. The current law only requires notice of a sale within 30 days of its actualization; compare this to evictions, which in Montgomery County often take at least seven months. **If a new property sale would result**

VAUGHN STEWART
Legislative District 19
Montgomery County

Environment and Transportation
Committee
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

in an unlivable space for a homeowner, they need the time to look for a new place to live. Otherwise, they could be forced into homelessness.

Why the Committee Should Vote Favorably

Manufactured and mobile homeowners are some of the most vulnerable Marylanders in the state, as they have little to no protection from the whims of their community owners. **Maryland is significantly behind their neighboring states on this issue; it is the only state between Virginia and Maine without any protections for residents in a manufactured home community when that community is sold.** This bill provides the bare minimum of residential protection — a simple notification of sale and window to make their own offer. These vulnerable residents must be given the rights they deserve.

Working-class Marylanders deserve more than a month's heads-up before their lives are derailed. I urge a favorable report.

Testimony - Andrew Pizor - HB71 (Jan 21 2022).pdf

Uploaded by: Andrew Pizor

Position: FWA

TESTIMONY OF ANDREW PIZOR
before the
ENVIRONMENTAL AND TRANSPORTATION COMMITTEE of the
MARYLAND GENERAL ASSEMBLY
January 21, 2022

My name is Andrew Pizor. I am a resident of Charles County, Maryland, and an attorney with the National Consumer Law Center (NCLC). I appreciate your invitation to testify about H.B. 71.

Manufactured housing is the largest source of unsubsidized affordable housing in the United States. This bill 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. On a daily basis, NCLC provides legal and technical consulting 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 includes suggested statutory language, and is accompanied by a [compendium](#) of the full text of all state laws on the subject. One of our staff members served as an observer to the Uniform Law Commission's committee that drafted the the Uniform Manufactured Housing Act of 2012, a model law regarding titling of manufactured homes as real property. Our website includes an [issue brief](#) on this topic, too, and a [summary](#) of the model law. NCLC is 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.

Resident Purchase Opportunity

We have reviewed the features of all of the state laws that, like H.B. 71, give residents of manufactured housing communities the opportunity to purchase their communities, and how those laws are working in practice. Based on this work, we can say that an effective resident purchase opportunity law needs to have five key features:

- Notice to the manufactured home owners and a government agency
- A requirement that notice be given whenever a community is sold

- A waiting period that is long enough for the residents to make a purchase offer
- A duty on the part of the community owner to consider the residents' offer and negotiate with them in good faith, and
- Provisions for enforcement.

House Bill 71 has each of these key features.

Notice. First, H.B. 71 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. 71 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.

Another excellent feature of a strong, effective notice requirement is to require notice to a governmental agency as well as to the home owners. Notice to a governmental agency greatly enhances the effectiveness of a resident purchase opportunity law. When a governmental agency gets notice, it can leap into action and help the residents put together a purchase offer, or alert community organizations that will help the residents. I understand that the bill is being amended to require a copy of the notice to be sent to the Department of Housing and Community Development—a welcome addition.

Whenever a community is sold. A second key feature of H.B. 71 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 usually 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, all the costs of maintaining the community--and the developer's profit.

Waiting period. The third key feature of an effective purchase opportunity law is a waiting period long enough for the residents to put together a purchase offer. H.B. 71 includes a 90-day waiting period. Residents still have to move fast with a 90-day period, but it is a workable amount of time. Colorado's purchase opportunity law—an excellent law, enacted in 2020--similarly requires a 90-day waiting period, and has already proved effective. As do the laws in many other states, H.B. 71 also includes an additional period for the residents to finalize financing.

Community owner's duty. H.B. 71 requires the community owner to consider any offer from the home owners and negotiate in good faith with them. This approach has proven very effective in other states. New Hampshire is the prime example. There, thanks to the state's purchase opportunity law, which includes this modest yet effective requirement, 140 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.

Enforcement. The final criterion for an effective purchase opportunity law is that it must have some provision for enforcement. H.B. 71 has reasonable enforcement provisions that appear likely to be effective in ensuring that the law will give residents the opportunity to purchase their communities.

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.

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. In fact, resident owned communities are good investments for the business community as well. New Hampshire has put together more than 80 resident purchases, and not one loan has gone bad.

A resident purchase opportunity law like H.B. 71 will make the Ownership Society a reality for residents of manufactured housing communities and bring many benefits to the community at large.

Opportunity to Convert Home From Personal to Real Property

Maryland currently prohibits many owners of manufactured homes from having their homes classified as real property, instead leaving their homes classified as personal property like a car or television rather than real property like site-built homes. A thoughtful expansion of the eligibility to convert manufactured homes from personal to real property would allow those who live in manufactured homes to enjoy rights and protections available to those for site-built homes, open up more financing options, better integrate manufactured housing into the mainstream housing market, and protect the rights of secured creditors.

The access to competitive and affordable financing is very important. Much of the secondary mortgage market is limited to homes titled as real property. Expanding the opportunity to convert homes to real property ensures that Maryland home owners will be able to participate in the mortgages that benefit from access to the secondary market to the greatest extent possible.

Allowing classification as real property also reduces the impact of the all too common occurrence, at both and the state and federal level, of laws or regulations that are intended to apply to all home owners or home buyers being limited only to those who own or are buying homes classified as real property.

Thank you for allowing me to testify.

Horizon SB 71 - Opposition.pdf

Uploaded by: Camille Fesche

Position: UNF

DATE: January 25, 2022
TO: Chair Kumar Barve and members of the Ways and Means Committee
FROM: Camille Fesche, RWL Law
RE: **Opposition to House Bill 71** – Manufactured Homes – Conversion to Real Property and Sale of Manufactured Housing Communities (Manufactured Housing Modernization Act)

Horizon Land Co. (“Horizon”) opposes HB71 and respectfully requests that the Committee issue an unfavorable report. This legislation makes it harder and more onerous to provide quality affordable homes for Marylanders and jeopardizes the viability of Manufactured Housing Communities (“MHCs”).

Horizon, whose sole business is owning and operating MHCs, owns and operates twelve MHCs throughout Maryland. Horizon excels at creating and maintaining affordable, clean, and desirable land-lease neighborhoods located in generally desirable/high cost of living locations. Horizon’s mission is to provide residents with a quality affordable housing opportunity and preserve MHCs.

The notice requirement in this legislation is excessive. Providing registered or certified mail within 90 days after the date on which the homeowner’s organization or agent receives the sales notice from the community owner is a duration not seen in other jurisdictions. Coupled with the 150 days the homeowners organization or agent have to obtain financing and close the sale of the community is unworkable. This adds approximately three quarters of a year to the sale and purchase of a MHC, effectively chilling the ability of a property owner to sell their property to a willing buyer.

The homeowners organization, as defined in the legislation offers no protections to the community members. There are no requirements that that the homeowners organization actually represent the views of the community or include a majority of community members. A single resident could initiate this entire process – potentially against the will of the community.

Further, in this legislation, a significant amount of information about the sale would have to be disclosed to the homeowners organization with no protections for confidential information or restrictions on how the homeowners organization could use this information. Confidential information could include information on a neighbor’s delinquencies or other personal information.

Finally, the failure for compliance with this legislation – that the community owner shall be liable for \$50,000 or 50% of the profit (whichever is greater) that would be achieved by the community through the sale – would again have an absolute chilling effect and would preclude any manufactured housing parks in Maryland from being sold. This severely harms the viability of Maryland’s MHCs and will result in MHC conversion to other uses.

Together, these provisions would prevent any prospective buyer from being able to effectively close a deal on any manufactured housing community in Maryland. It will limit options for consumers, have a chilling effect on investment in these communities, and endanger the viability of these communities.

For these reasons we respectfully request an unfavorable report on House Bill 71.

For more information contact Camille Fesche, 410-269-5066.

MMHA - HB71 - Unfavorable - Final.pdf

Uploaded by: Grason Wiggins

Position: UNF



House Bill 71

Committee: Environment and Transportation

Date: January 25, 2022

Position: **Unfavorable**

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996. Our members house more than 538,000 residents of the State of Maryland. **MMHA has strong concerns regarding the overly broad regulatory burdens and extreme penalty provisions within House Bill 71 (HB 71).**

As currently drafted, HB 71 prohibits the owner of a manufactured housing community from accepting an offer for the sale or transfer of a community without first providing notice of the *terms* of the offer to each homeowner in the community, including a copy of the sales agreement. The community owner must also provide a copy to the clerk of the court for the county in which the property is located. Further, the community owner must hold the sale open for at least 150 days so that a homeowners organization comprised of any number of homeowners in the community can attempt to find financing and purchase the property. Additionally, the 150 day deadline must be extended one day for each day that any litigation involving the sale of a manufactured housing community or litigation affecting the marketability of the title of the manufactured housing community is pending. Finally, the requirements established in the bill apply separately to each substantially different offer to sell or to purchase a manufactured housing community.

On page 10, line 3, HB 71 requires a community owner to effectively pause a sale for 150 days so that a homeowners organization can attempt to gain financing and submit an offer. On page 7, line 14, HB 71 defines homeowners association so broadly that multiple groups could activate multiple 150-day pauses and effectively delay any purchase beyond a reasonable time. Further, the definition of a homeowners association does not require a minimum number of homeowners to be members. As such, the homeowners association may not represent the position of a majority of homeowners in the community.

On page 12, line 1, HB 71 establishes that failure to comply with the requirements of the statute will result in liability of \$50,000 or 50% of the gain realized by the community owner as a result of the sale, whichever is greater. In addition to that financial penalty, a failure to comply with the statute is considered an unfair and deceptive trade practice subject to the provisions of Title 13 of the Commercial Law Article, except § 13-411. **In its current posture, HB 71 could expose community owners to more than \$50,000 in penalties if they miss a mailing address during the notice process.** As such, MMHA has significant concerns regarding the excessive penalty provisions included within the bill.

MMHA is unsure of what issue HB 71 is attempting to solve. Homeowners currently have the ability to join together, obtain financing, and submit an offer to purchase a manufactured housing community. Unfortunately, as currently drafted, HB 71 is so broad that the bill would expose community owners to excessive penalties, delays, and unclear requirements when selling a manufactured housing community. For these reasons, MMHA respectfully requests an unfavorable report on HB 71.