

HB 71_crossover_Consumer Protection Division_fav_2

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Position: FAV

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March 24, 2022

To: The Honorable William C. Smith, Jr.
Chair, Judicial Proceedings Committee

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

Re: House Bill 71 – Manufactured Homes – 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 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 the homeowners’ organization the opportunity to purchase the manufactured housing community; and negotiate, in good faith, with the homeowners’ organization seeking to purchase the manufactured housing community.

Moving a manufactured home from a manufactured home community to another location is prohibitively costly for many consumers who own manufactured homes and subjects such consumers to the whims and fees of new lot owners.¹ Requiring manufactured housing community owners to provide the homeowners’ organization a fair opportunity to purchase the manufactured housing community before it can be sold to a third party provides stability in this affordable housing market.

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, Judicial Proceedings 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 (2).

Uploaded by: Marceline White

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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 HB 71 to JPR.pdf

Uploaded by: Marceline White

Position: FAV

**Testimony to the Senate Judicial Proceedings Committee
HB71: Manufactured Housing Modernization Act
Position: Favorable**

March 24, 2022

The Honorable Will Smith, Chair
Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, MD 21401
cc: Members, Judicial Proceedings Committee

Honorable Chair Smith 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.

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