

HB 2446: Extend Capital Gains Tax Exemption for Certain Sales of Manufactured Home Parks

HB 2446 would extend the current capital gains tax exemption on the sale of manufactured home parks by park owners to their residents or to nonprofits or housing authorities. The bill would extend the sunset from 2014 through 2020.

Objective: Continue to incentivize the sale of manufactured home parks to park residents and nonprofits.

Key Points:

- The tax exemption is for park sales to residents or to non-profits. It encourages park landlords, if they wish to sell their parks, to sell to entities that will preserve the park, not close it, and limit future rent increases.
- The tax exemption is supported by the Manufactured Housing Landlord Tenant Coalition, which is a group of park owners and residents who collaborate to pass consensus legislation designed to protect and improve park communities.
- The tax exemption was part of a package of bills passed in 2005 to help address the crisis caused by closure of manufactured home communities.
- The tax exemption is an important tool for preserving affordable park communities.
- Oregon is establishing a successful program of resident and nonprofit park purchase and ownership. Resident or nonprofit ownership is the best way to address the twin risks to residents of rent increases or park closures.
- This bill would not create a new tax exemption. It only maintains the current tax incentive, which was adopted in 2005 and then extended in 2007.
- The Department of Revenue has estimated that between 2006 and 2010 the total revenue impact to the state was “about \$500,000.” The Governor estimates that during the next two biennia, the cost impact will be less than \$100,000 each.
- The public benefit to facilitating resident or non-profit owned parks, with the accompanying permanent commitment to affordability and pride of ownership, is of lasting and great value to the state.
- The Governor has recommended the extension.
- The capital gains exemption for sales to residents, etc., is found in small print following ORS 316.791 and 317.401. Original source: 2005 Oregon Laws c. 826 (6) through (9) and 2007 Oregon Laws c. 906 (21) and (22).

Manufactured Home Park Communities

Background on HB 2446 and HB 2447

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An Important Source of Safe and Affordable Housing for Oregonians:

- Manufactured housing communities allow home owners to rent space on which to place a manufactured home. In addition to providing space, the community provides basic utilities such as water, sewer, electricity, or natural gas and other amenities such as garbage removal, community rooms, pools, and playgrounds.
- The original focus of this form of housing was its ability to relocate easily (hence the term “mobile” home). Now, these homes are typically permanently installed with a masonry foundation. The mobility of units has decreased considerably, and we no longer use the term “mobile home.”
- Modern manufactured homes can be identical in appearance to site-built homes. Newer homes tend to be built to much higher standards than their predecessors.
- Although most parks appeal to meeting basic housing needs, some communities specialize as retirement communities, and restrict residents to those aged 55 and older. Park communities are an especially important source of housing for our senior populations.
- The relationship between park owners and park residents is important to Oregon communities, and is the basis for the Manufactured Housing Landlord-Tenant Coalition which has worked since 1997 to develop consensus proposals regarding manufactured housing laws.

Park Residents Impacted by Park Closure or Sale:

- In the early 2000’s, with skyrocketing land prices, many park owners chose to close or sell parks, putting residents at risk of losing their homes or of becoming subject to significant rent increases by new owners.
- Many park residents live on a fixed income. The cost and struggle of moving creates significant health, safety, and financial burdens for these residents.
- Often, residents’ homes cannot be moved. If a home cannot be moved from a closed park, it becomes virtually worthless. If a home can be moved to another park, it is only at great expense.
- When a park is sold, but not closed, long-term residents often face significant rent increases they cannot afford.
- In the aftermath of a park sale or closure, many vulnerable residents are faced with potential homelessness.
- The Oregon Manufactured Housing Landlord Tenant Coalition worked to pass two tax laws in 2007 designed to help alleviate the impact of closures on residents, and to facilitate the sale of parks to residents or non-profit entities.