

HB 2364 A STAFF MEASURE SUMMARY**Carrier:** Rep. Fahey**House Committee On Housing**

Action Date: 04/13/21
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 5-3-0-0
Yeas: 5 - Campos, Fahey, Marsh, Neron, Zika
Nays: 3 - Meek, Morgan, Weber
Fiscal: Has minimal fiscal impact
Revenue: No revenue impact
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Meeting Dates: 3/16, 4/13

WHAT THE MEASURE DOES:

Allows tenants, upon receipt of notice of owner’s intent to sell a residential dwelling facility, 15 days to form tenants committee for the purpose of competing to purchase the facility. Requires tenants committee to provide to facility owner written notification and request for financial information related to the sale of the facility. Extends the time by which an owner must provide tenants committee with requested financial information from seven days to 14 days after tenant delivery of request, and expands provision of financial information to include total operating expenses for the facility paid by the owner or landlord in the prior calendar year. Extends to 45 days the time period in which tenants committee must form entity legally capable of purchasing real property and submit to owner written offer to purchase the facility. Clarifies the duty of the facility owner to consider and negotiate in good faith any offer from tenants or any entity formed by or associated with the tenants. Allows tenants to recover 10 percent of sale price of facility if owner does not negotiate with tenants or associated entity in good faith. Designates, upon award of damages, Department of Justice and prevailing party as judgment creditors for 50 percent, respectively, of the award, and allocates department's share of award to the Manufactured Parks Account after the deduction of collection costs. Requires prevailing party to notify department of award within seven days following award judgment.

ISSUES DISCUSSED:

- National trend in manufactured dwelling park sales to large investment firms
- Supporting affordable homeownership opportunities for manufactured dwelling park tenants with limited access to capital
- Current statute allows tenants to organize and compete to purchase a manufactured dwelling or floating home facility; existing timelines and lack of enforcement on notice requirements limit tenants' ability to compete to purchase a facility
- Clarification that bill focuses on tenant opportunity to purchase, not right of first refusal
- Scope and reach of Manufactured Home Preservation Fund
- Consider how to provide tenants with capital and provide tax benefits for owners who sell to tenants as means to improve competitive advantage of tenants
- Concern that 45-day timeline is onerous for sellers and that “good faith” negotiation language is already satisfied in existing statute
- Interest in future conversation with landlords to help identify mutual value of park sale transaction with tenants

EFFECT OF AMENDMENT:

Replaces the measure.

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BACKGROUND:

Manufactured housing is one of the largest sources of unsubsidized affordable housing in the country. In Oregon, manufactured homes account for eight percent of the state's total housing volume, and 16 percent of the state's affordable housing stock, according to American Community Survey five-year estimates (2013-2017).

In manufactured dwelling parks — referred to as a "facility" in statute — owners may rent a space to a tenant for a manufactured home. The park provides basic utilities, plus amenities such as community and shared recreational areas. When a park is sold, residents are at risk of losing their homes or are subject to rent increases that pose difficult challenges for people with low or fixed income. The burden of relocation for many residents is also high: a home can be moved to another park, but at significant expense; and if it cannot be moved, its value is greatly diminished. In 2014, the Legislative Assembly enacted House Bill 4038 to create a process to permit individual tenants to organize and compete to purchase a manufactured dwelling park facility. The Manufactured Dwelling Parks Account provides technical assistance to nonprofits, housing authorities, and park resident co-ops in the purchase and rehabilitation of manufactured dwelling parks.

House Bill 2364 A requires a residential dwelling facility owner to consider, in good faith, an offer from a tenants committee or entity associated with tenants to purchase the facility upon timely formation and response to owner's notice of intent to sell the facility. It allows tenants to recover 10 percent of the sale price of facility if the owner does not negotiate in good faith, to be divided equally between the Manufactured Parks Account and the prevailing party.