Submitter: Jake Bond

On Behalf Of:

Committee: House Committee On Housing and Homelessness

Measure, Appointment or Topic: HB3054

My company owns and manages 24 manufactured housing communities across both OR and WA, roughly 2000 lots. All of the communities we have purchased over the years have one thing in common; the seller or the seller's family has typically owned the property for at least 30+ years. Some of the sellers developed the communities more than 50 years ago and the property has been in their family ever since. The vast majority of these communities have significant deferred maintenance issues that the seller/current owner is unwilling to invest in; dilapidated water and sewer infrastructure that has been leaking for years, creating massive amounts of waste; roads and sidewalks that create unsafe conditions; overgrowth of vegetation and trees that present safety issues given proximity to homes/bedrooms in the more extreme weather cycle we've been experiencing; sheds and carports that exhibit extreme wood rot, rust and are no longer structurally secure; septic systems that are overflowing and/or leaking, drain field failures that are out of compliance with DOH/DEQ requirements; lack of professional management to assist tenants with everyday issues or address maintenance requests (you'd be surprised the number of communities that simply don't provide any management at all). These are just some of the issues we regularly address when we take on a new community. We're working incredibly hard to preserve these communities and provide the residents with security that the communities their homes are located will endure. We all know what happens to home values when the neighborhoods/communities deteriorate, or worse, go away all together. The unfortunate reality is that no matter whether we were to purchase the property or the residents were to form a co-op to purchase the community, the costs to remedy the above issues always require additional cash flow in the form of rent increases. Unfortunately, no one is immune to the pressure that inflation puts on the cost of materials and labor. I assume that all members of the Housing Committee have read the report that WA's Dept of Commerce recently finalized on stabilizing rents for tenants in state-funded affordable housing? The findings were not only shocking but also perfectly mirror the challenges that all housing providers face today. A summary of continued challenges highlighted in the report include:

Increased operating costs – up 80% over a three-year period
Decreased rent collections – 60-90% vs. pre-pandemic levels of 95-100%
Safety/Security needs - A direct result of a lack of investment/maintenance
Affordability issues- mismatch between what low-income residents can afford to pay for housing and the rents set based on AMI.

The irony is that OR's current bill carves out nonprofits and government housing providers, so they preserve their ability to raise their rates to whatever level they need to support the communities in the face of increasing costs. If the nonprofits and government housing providers, who are already receiving subsidies and exempt from most, if not all property taxes, our largest and fastest growing expense, can't keep up with costs, how on earth are privately funded providers supposed to do so? I acknowledge that this exemption exists because in some cases, rents for these properties are already set by state or federal guidelines, but those guidelines are often tied to AMI thresholds that by definition are representative to the cost of living in those areas, which allows for those facilities to keep pace with increasing costs. I recognize that the cost of living has increased for everyone and impacted every aspect of our lives. Further, no one likes paying more for something, so we certainly understand the appeal of rent control, but the reality is that the cost to operate and maintain these properties is not fixed and we’re all fighting the same fight on the inflation front. This bill will rob our residents of their home equity and further the crisis.