

OREGON HB #3054

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Four items about HB 3054 are problematic:

- 1- The fact that manufactured home communities and floating home marinas are singled out.
- 2- All rent increase is limited to CPI.
- 3- The inability of owners to increase their rent to market levels, even with the turnover of residency.
- 4- The inability of community owners to require homeowners to maintain their houses at turnover.

Let's address each one of these problems with the proposed legislation:

- 1- **Discriminatory Housing Policy:** HB 3054 is unfair and places a hardship on two very popular forms of housing in OR. I will address manufactured home communities, because that is what Murex Properties is involved with. Murex Properties owns San George Estates, a 176-site manufactured home community in Medford. Development on the community started in 2000. As of October 2024, we installed and sold our last home.

This proposed legislation places manufactured home communities at a disadvantage from other forms of housing. HB 3054 is discriminatory against manufactured housing. Our business offers many people the best opportunity they will ever have to be homeowners. Our business is fully funded by free market capital and is not subsidized with tax dollars, neither federal or state

The popularity of manufactured home community living is underscored by the 60,000 plus families that live in the 1,100 communities scattered throughout Oregon.

Our homeowners have experienced appreciation in home values which helps residents build their net worth. The average price of a home sold in San George in 2024 was \$138,254. The average home sold in 2020 was \$117,773. This represents an average increase in home values of \$20,481 over this 4-year period, or an increase of 17.4%. Any escalation in rents is not affecting home values. Additionally, residents are happy with the living conditions and rarely move. Our inventory of preowned homes for sale is only 2.3% of all homes in San George, which is way below the national average for listings in any community.

Our review of comparable housing cost in the Medford market indicates that the cost is 30% less to enjoy our lifestyle than own a typical single-family home. Additionally, the costs to live in a manufactured home community is equivalent to apartment rents with similar amenities. This does not include the resident's ability to building equity nor the sense of security of that homeownership brings.

2- All Rent Increases are Limited to CPI:

Per the Bureau of Labor Statistics, the CPI for the United States in Dec 2024 was just 2.9%.

CPI for the Western Region in December 2024 was just 3.6% for all items in the market basket. Removing food and energy from the market basket of goods, CPI increased to 3.7%

CPI does not accurately measure all the costs that impact the operation of manufactured home communities. The items that have seen large increases over the past several years are insurance, labor cost (especially employee benefits like health insurance), and utilities.

- a. Property Insurance: According to data from S&P Global Market Intelligence, property insurance costs in the United States have risen by approximately 33.8% over the past five years, or 6.76% annually. This does not include insurance rate increases that result from natural disasters like wildfires.
- b. Labor Cost: Since 2019 our average hourly cost for labor has increase 10.1% annually. According to Mercer, a division of Marsh McLennan, the response of surveying over 1,800 employers is that health benefit costs are expected to raise at least 5.8% in 2025. However, our experience at Murex Properties is that health benefit costs have risen 13.2% over 2024.
- c. Electricity Rates: The Oregon Capital Chronical reported on 12/20/24, "The state's Public Utilities Commission approved Thursday a nearly 10% increase in electricity rates for customers of Pacific Power and, on Friday, a 5.5% increase for customers of Portland General Electric. Both rate increases will take effect Jan. 1, 2025, and bring overall rates for residential customers of both utilities up about 50% since 2020, more than twice the rate of inflation during that same period."

It is obvious that increasing our revenue by just CPI does not allow community operators to recover the increase in their operating cost.

3- No Ability to Increase Rents to Market Levels:

The Alameda Fire that occurred in September of 2020 was devastating to southwest Oregon. To Phoenix, Talent and Medford in particular. San George was extremely fortunate in that the fires stopped just south of us. However, we heard the wakeup call. As a result, since that experience San George has spent over \$300,000 making

the community Firewise. We are working with both the Medford and Phoenix Fire Departments to establish a Firewise standard for the community as well as each individual home site. Without the ability to raise rents to market, we would never be able to afford this expenditure. And, we have more work to do!

4- The Inability to Require Homeowners to Maintain Their Homes at Turnover.

As community managers, we do not have any say concerning the interior of our resident's homes. However, we are responsible for enforcing the maintenance of the exterior of resident's homes per our community rules. The curb appeal of the overall community is important. That includes the exterior of each house and their surrounding home site. As discussed above our residents enjoy growing appreciation and equity in their homes. Often times, the value of an individual's home is dependent upon the overall appearance of the neighborhood in which the home is located, i.e. the community.

The best way to maintain attractive curb appeal is to require homeowners to abide by the community rules and make needed exterior and site repairs. If in the case of a sale, the seller doesn't want to make improvements, then the buyer must make the repairs as part of their occupancy approval. Without the ability to maintain homes and home sites, the community manager cannot enforce home painting, siding, roof repairs, plus step, deck and skirting.

Since the Alameda Fire, it is imperative that homeowners make their homes and home sites Firewise (as determined by Medford Fire Department). Without some enforcement tool, our residents are potentially facing the same catastrophic consequences we have already witnessed. Overall, this leads to the loss of affordable housing.

As a residential real estate investment firm, Murex works to provide affordable housing. The result of legislation like HB 3054 is that investors will no longer invest in Oregon's housing market. This legislation makes it impossible for an investor to make a reasonable return on their investment.

The result of the proposed measures in HB 3054 will negatively impact affordable housing. House Bill 3054 will:

- 1- Reduce the affordable housing stock for all Oregon residents.
- 2- Reduce the quality of affordable housing for Oregon residents.
- 3- Deter investment in creating additional affordable housing supply.
- 4- Increase housing prices.