



## Oregon REALTORS® Testimony on HB 3054

Chair Marsh, Vice Chairs Breese-Iverson and Anderson, and Members of the House Committee on Housing and Homelessness:

The Oregon REALTORS® is an industry association comprised of roughly 18,000 real estate brokers, principal brokers, property managers and affiliated real estate industry partners.

We recognize the importance of the concerns raised by this bill including the impact of rent increases on fixed income residents of manufactured home parks and marinas, and the impact of rent resetting practices and point of sale requirement on the marketability of manufactured homes for sale in parks. However, we do not believe that capping rent is an appropriate or effective way to address these concerns.

### **Limiting Rent Increases to CPI**

Limiting rent increase to the Consumer Price Index when both predictable (insurance, utilities etc.) and unpredictable (e.g. sewer or septic repairs) costs could far exceed CPI is a recipe for the disinvestment in parks and the decline in the quality of living and services provided at them.

If the costs of maintaining the park in its current condition exceed CPI, then the park will not be able to be maintained in its current condition if its revenue source—rent—is capped at CPI. Also, *improvements*, which are investments over and above maintenance of operations, will not be possible.

Rent caps will lead to a lowest common denominator of quality at manufactured home parks and also result in a lack of choices for tenants who would like to live at a park that charges higher rents in exchange for quality maintenance and desirable improvements and amenities.

### **Limiting Rent-Resetting for New Tenants to 10%**

We agree that large park rent increases for new tenants in manufactured home parks can impact the marketability of manufactured homes for sale. However, preventing property owners from resetting rents to market rate is not an effective solution. Some park owners forgo rent increases or charge minimal rent increases to current tenants in order to maintain affordability for current tenants, knowing that they will reset rents to market rate for new tenants. On the other hand, many park owners raise rents far less than 10% for new tenants, but by putting a number in statute it sends a signal to the market to gravitate toward that number. We believe it's best to allow rents to be set based on the particular circumstances of the park.

We do believe that the *timing* of the information is critical, both for rent resetting and other park point of sale requirements. For example, a buyer may submit an offer based on available information which includes the current park rent, but then learns before closing that the rent will be increasing. This can cause buyers to back out of the transaction because the property no longer aligns with their expectations. Real estate transactions for manufactured homes in parks function best when all the information about rent increases for new tenants and any maintenance or improvements required by the parks is available at the time the home is listed for sale and advertised to potential buyers.