Testimony of Bill Miner, Attorney for Manufactured Home Communities of Oregon in Opposition to HB 3054A

Chair Pham, Vice-Chair Anderson, and Senators Broadman, Nash and Patterson:

My name is Bill Miner, and I am an attorney in Portland representing the Manufactured Home Communities of Oregon ("MHCO") in opposition to HB 3054A.

MHCO represents 750 manufactured and floating home communities covering approximately 42,000 spaces and slips in Oregon. In 2024, MHCO educated over 850 managers and owners regarding their obligations under Oregon law.

I have been working in this industry for over 20 years and am familiar with the management and operations of these parks and marinas. I also represent many of these community owners with the management of their parks and marinas, including the selling (and sometimes purchasing) of parks and marinas.

The original version of HB 3054 contained two bad policy proposals: 1) capping the amount of rent a facility owner could charge at tenancy turnover (i.e., "vacancy control"); and 2) capping annual rent increases at CPI.

While MHCO appreciates that Chair Marsh removed the vacancy control portion of the bill and for increasing the amount of rent caps over CPI, a straight 6% cap still remains a poor policy proposal.

It seems that the 6% rent cap proposal (with no CPI component), may be partly based on the survey results I shared during my testimony in the House. Unfortunately, it's been misconstrued.

At the end of 2024, MHCO conducted a survey of its members about rent increase practices before and after rent caps were enacted in 2019. Our data demonstrated that prior to 2019, when community owners could raise rent once every 90 days, we saw increases *of only 3%* per year on average.

After 2019, the first-year rent caps were enacted, we saw an immediate jump to approximately 5.5% per year on average (some owners increased rents by the maximum allowed, and some did not). Our survey results demonstrate that community owners are not raising rents to respond to the market, they are raising rents in fear of further Legislative involvement. It also demonstrates that not all owners are the same.

If the Legislature continues to ratchet down rent caps, community owners will be forced to respond in kind, which will have the opposite effect- more communities raising to the maximum amount every year. Community owners are not raising rents to increase profits as rent control advocates claim, community owners raise rents to cover costs *and* because they know that the Legislature keeps ratcheting down the caps session after session. Remember the history:

In 2019, it was 7% plus CPI with no cap.

In 2023, it was 7% plus CPI with a 10% cap.

HB 3054A limits it to a straight 6% cap and HB 3054 showed where the advocates want to go – only CPI.

There seems to be no end in sight to further rent control which is influencing the market.

FOCUS ON SUPPLY

HB 3054A pulls the wrong lever. It does nothing to address supply.

Governor Kotek has said that Oregon needs 36,000 new housing units per year. Our State's Economist – just recently, has said we need 29,522 homes each year. This is a far cry from the 13,000 building permits that were drawn in 2024, down from 18,000 permits in 2023.

MHCO understands that increasing incentives for developers to build more parks is a goal for this committee. Manufactured home parks can be, and are, an avenue for building quick and affordable housing units to meet Oregon's housing goals, especially in rural areas. While Mr. Vanlandingham is correct that new parks have not been built over the past few decades, the reason for that is that rents have not been at a level that makes building a park pencil out. However, the rents that are currently being demanded (and paid by tenants willing to pay the market rate), could change the economics and manufactured home parks can be built.

HB 3054A will ensure that no park will be built in Oregon (or expanded) unless it is funded through public assistance. I say expanded, because, after my live testimony, I became aware of at least one client who has shelved a 49 space expansion of an existing park because of HB 3054A. Specifically, this client fears that the Legislature will continue to ratchet down rent caps (and the threat of vacancy control remains). This is not a risk he is willing to take considering the continued attacks on this housing sector, and as a result, Oregon now has 49 fewer units.

HB 3054A is Unfair

MHCO understands the intent of HB 3054A: it is trying to protect Oregon's most vulnerable populations, those on fixed incomes who are having a difficult time affording the rents that the market is otherwise supporting. However, HB 3054A is simply unfair because it uses a blunt instrument to accomplish the task.

HB 3054A does not differentiate between a tenant who is on a fixed income living in $35,000 singlewide, or a tenant making six figures living in $300,000 triple-wide. There are plenty of the latter who have the means to pay and will enjoy immense benefits from HB 3054A (on the backs of the community owners).

HB 3054A punishes those community owners who have not raised their rents at the maximum allowed under the law year over year. Those owners (who sometimes keep their rents the same for years), will be so far below market under HB 3054 A (only able to raise by 6% per year) that they may be forced to sell. While HB 3054A attempts to address this by instituting a 30 space "exception", the number is arbitrary. A community with 75 spaces will be facing rising expenses that rent caps can't keep up with, just as a community with 30 spaces will.

Finally, HB 3054A demands one set of citizens (Oregonians who have worked their lives developing and running these manufactured home parks) to **subsidize** another set of citizens (their tenants). It is the government's job to create a social safety net. It is not fair to hoist this responsibility on community owners.

Aesthetic Requirements

I want to touch briefly on two other components. The first is the restriction on aesthetic improvements.

Aesthetic requirements in rules (which are agreed to by a tenant when they move in or are accepted by a majority of tenants per ORS 90.610) are there to preserve the value of the community. These requirements increase the value of the property and the value of the homes. Every tenant (or homeowner) can think of that neighbor that brings their property values down. These requirements are like those in homeowners' associations. If a community owner cannot enforce aesthetic requirements, the overall value of the community (and the homes) will go down.

Additionally, HB 3054A may unintentionally go too far because it takes out the term "improvements" from ORS 90.680 (the statute that governs the sale of homes from one tenant to another where the buying tenant intends to leave the home in the park or marina). This deletion – which Chair Marsh only intended to remove "aesthetic improvements" - could be interpreted to mean the "lists" of improvements found in a "rental agreement" in ORS 90.680(9)(D) ("A list of any failures to maintain the space or to comply with any other provisions of the *rental agreement*, including aesthetic or cosmetic improvements"). This has two potential negative effects: 1) it could mean that any lists of improvements in existing rental agreements (which includes improvements to spaces per ORS 90.510(5)(g)) could be excluded from what a landlord can require of an incoming tenant; and 2) a landlord could arguably not include "improvements" that are not "aesthetic improvements" even though they are in notices pursuant to ORS 90.632 (i.e. requiring the replacement of floats on a floating home). The bill treats "improvements" only as "aesthetic improvements." Not all improvements are "aesthetic improvements."

Inspections

The last portion of HB 3054A restricts inspections when a home is sold from one tenant to another. These inspections rarely happen, but when they do, they are typically for older homes. The concern there is to ensure that the electrical systems (especially in parks with minimal setbacks that are situated very close together) are not going to catch fire because of poor electrical systems. Another issue is to ensure that the home is free from significant mold or rodent problems. There is an aging supply of manufactured homes that likely needs to be demolished. These are not healthy living situations, and these inspections are often the opportunity to get those types of homes out of supply so that the next tenant is not living in a terrible environment. These inspections are there to benefit incoming tenants and their neighbors.

For these reasons, MHCO strongly urges you to oppose HB 3054 A.