

HB3054=POLICY-TRUST-CREDIBILITY

KEY TAKEAWAY

HB3054 reflects poorly conceived public policy, initiated without new facts or evidence, ignoring significant negative impacts and failing to demonstrate how it will advance housing affordability and accessibility. It also breaks trust with housing providers on a rent stabilization bill agreement just one full calendar year old, betraying that trust and commitment and eroding confidence that the Legislature is an honest broker on critical state issues.

POLICY: Since Oregon became the first state to pass statewide rent control in 2019, the legislature continues to erode the principles of the original law, which was promoted by advocates as “reasonable and balanced”, but now providing increased uncertainty and hesitancy to housing developers and existing providers when Oregon should be doing everything it can to encourage housing production and sustainability.

1.) HB3054 reduces the maximum rent increase of manufactured homes in a park community from the current 10% to 6%, dangerously limiting the ability of landlords to generate revenue for major repairs, replacements or improvements to maintain the livability of the community and owners home values, while leading to a potential deterioration of park livability. Even the State of Oregon, which maintains ownership or operational control of hundreds of properties in its own subsidized portfolio, raised rents on 45 of its multifamily projects at OHCS by an average of 8.6% in 2023 alone, demonstrating that even the State understands that a hard cap of 6% is not enough to meet obligations, expenses and repayment of state bonds on its own properties from time to time. Private housing providers, who **have not been subsidized by the government**, should not be denied the same flexibility as the State of Oregon does in managing their fiscal stability.

2.) The bill allows a landlord to increase rents by 12% once every five years but-ONLY IF 51% OF THE RENTERS VOTE TO DOUBLE THEIR RENT INCREASE. This is the most disingenuous part of the bill. No one can look you in the eye and say a renter is going to vote to double their rent-much less over half the residents in a manufactured park. It is embarrassing and deceitful to characterize this as a legitimate provision. Furthermore, it says explicitly the owner can only make the request for a SIGNIFICANT REPAIR, REPLACEMENT or UPGRADE. It is mind boggling that an owner, facing a significant infrastructure Failure or even hazard, has to have the majority of the renters approve

before being able to collect additional revenue to pay for it and do the repair or replacement.

3) The premise for this bill is centered on one sad recurring reality, and one alone. Many people in Oregon are struggling to afford basic needs such as rent, food, medical care, transportation, etc. Some of them, of course, can be found in mobile home parks. The flaw with HB3054 is that every session, advocates come back and ask to lower housing providers revenue even more than before based on, sadly, a never-changing scenario, that no number of rent reductions will alter the poverty before us. The meaningful solution is to identify that cohort of people in seriously difficult financial situations and provide them with direct assistance, just as we do for food insecurity, utility costs, and medical care, not damaging the quality of life for all others in a park community by constraining the owners ability to maintain the standard they all come to expect and deserve. Even worse, lead park owners to close the park and sell them for redevelopment as the costs of maintaining the park become outweighed by the increased financial return of selling their valuable land to new single- family housing developers. In that case all residents would be displaced and the value of their home collapses without a place to site it. This happened in the mid 2000's when almost 50 parks closed, displacing residents as land prices surged and outweighed the financial value of maintaining the park. We are at that juncture again as ready to build lots in cities and their urban areas can easily top \$240,000.

4. Park investment is critical to maintain and increase the home values of park residents. If owners do not have additional revenue above their regular annual costs, to do major repairs or upgrades, the value of residents homes will erode rather than generate wealth. In parks where major upgrades have taken place ,including a park in Salem and one in Eugene, where over 4 million dollars each was invested in building community centers, swimming pools, fitness centers, repaving roads and outdoor entertainment centers in just the last four years, improving home values. Under HB3054 these kind of investments will not be made and parks, and home values will likely deteriorate until the decision is made to sell for redevelopment.

5. On the floor of the House the carrier of the bill noted that the average rent increase in mobile home parks was said to be about 5.39%. The carrier stated that demonstrated that lowering the Cap to 6% was not harmful when, in reality, the opposite is true. Not only does that statistic validate housing providers statements that they still work hard to keep rents low, it means that those who have raised rents at or near the Cap in a given year or two have

used the flexibility in the law as intended, to cover unexpected costs, provide upgrades, or even just to adjust to market rates out of fear the legislature keeps demonstrating they want to continue to squeeze housing providers. It also demonstrates those examples are a very small percentage of the 1000 parks in Oregon as proven by the average statewide increase of 5.39%. It also demonstrates that some owners have increased rents only 3 or 4% in recent years because they didn't have major repairs or unexpected cost, and were **comfortable trusting the Legislature** that if and when that unexpected cost occurred they had the agreed upon flexibility in SB 611 to raise rents sufficient to meet the need and maintain the livability of the park for the residents. If HB 3054 passes, it means no park owner will have the ability to raise rents at any time to meet any higher costs which they confront. Almost all parks are 40-60 years old and in constant need of repair and maintenance. HB3054 damages the ability of owners to maintain the park to the standard their residents expect and tips the scales to exiting the business and cashing out for redevelopment. Oregon cannot afford to lose the affordable housing it now has when we are struggling with a housing crisis as it is.

The Legislature should stand by its agreement in SB 611 and give the existing law time to play out and then evaluate in a few years to see what, if any, changes may be needed in the future.