



Testimony on House Bill 2364
House Committee on Housing
March 16, 2021

Chair Fahey, Vice Chairs Campos and Morgan, and Members of the Committee

Thank you for the opportunity to testify regarding HB 2364.

My name is Rose Ojeda. I am the Project Manager for the Manufactured Housing and Cooperative Development program for CASA of Oregon.

In my job, I am the first point of contact by the Oregon's Housing and Community Services Manufactured Housing Resource Center, after they receive the Notices of Owner's Interest in selling their park. Thereafter, I assist the resident committee with the offer to purchase, begin the organizing process and obtain their financing, should the owner agree to sell to the residents. My testimony today will focus on three major observations on how the Opportunity to Purchase is working in practice.

(1) How is it working?

From June 2020 through December 2020, I received about twenty notices of Owner's interest in selling their park, and immediately helped residents respond on thirteen parks. Often the residents were anxious, overwhelmed, and confused about how to start the process. Of the thirteen parks in which I wrote offers, only two moved forward with a purchase and sale agreement. In most cases it seemed sellers were not interested in giving the residents a real chance to compete to purchase their park. It often felt that we were not being taken seriously. For the one park that ultimately ended up with a sales agreement, the seller insisted on a short timeframe for closing, about 90 days. That meant educating and organizing dozens of residents, helping them form a cooperative and getting their decisions at each step of the process at a highly accelerated and stressful pace. I'll add that most sellers are now asking for this accelerated time frame, where in the past we could often negotiate about six months to close.

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(2) Do residents have enough time to respond?

Allowing only 10 days for residents to respond is onerous. This creates needless stress and anxiety which could be eliminated by simply giving residents more time. Residents often don't know who to call for assistance upon receiving the notice and it's not always clear to them or CASA how to quickly reach the owner without some research. Even legal counsels who have assisted some park residents have been challenged with this owner contact issue. Ideally, we need the Owner's direct mailing address, email and phone number. If they are not willing to include this information in the notice to residents, at a minimum they need to share this information with OHCS who can then share it with the resident's legal counsel or CASA. In some cases, an owner's notice may be delayed getting to OHCS, meanwhile the clock is ticking. We are also aware of at least one community that failed to notice the residents, therefore, residents did not have any opportunity to consider competing to purchase their park. At this writing, we are not aware of any enforcement action taken against that park owner.

Ideally, residents should have at least 60 days to discuss and strategize their response, organize their resident committee, contact the other residents and evaluate all their options, including who can assist them with the acquisition. CASA can respond quickly, but residents need more time to thoroughly understand the process.

(3) The current demand for Manufactured Housing Communities and its adverse impact on residents.

I am hearing directly from private investment groups and real estate brokers who are telling me that Manufactured Housing Communities have become a highly attractive real estate investment option due to their low occupancy rates (homeowner's can't easily move), the current low cost of commercial borrowing, lower property maintenance and overall perceived less risk and decent return. They view Manufactured Housing Communities as less risky than retail, warehouse and office commercial buildings, which often are adversely impacted by an economic recession. Moreover, there is some speculation that the pandemic's social distancing mandate, allowing many to work from home, has been so successful, the demand for office space may diminish for the near future. This growing demand is leading to higher asking prices, at times fueled by unsolicited cash offers. And when an asking price increases due to market demand, tenants must compete by meeting the asking price or offer slightly more than asking. I have two parks in this situation right now, and in both cases residents will be adversely impacted by having to absorb a rent increase averaging over \$166. The good news is that once the park is owned by the residents, they control costs and can often stabilize the rent for at least 7 years based upon our experience with Co-ops.

I am supportive of the proposed OTP legislation that will help ease the process for residents.

Thank you for your time.

Rose Ojeda, Project Manager

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