

Dear Senate Housing Committee Members:

My company, GSC Investments, owns 24 MH communities in Oregon and Washington, comprising approximately 2,000 lots. We wish to continue to own and manage communities in Oregon, however, HB 3054 would force my company and many other well-meaning, honest MH community owners out of Oregon because we will no longer be able to support our communities over time as unsubsidized housing providers.

Parks are unique because they are like mini villages - they have streets, water and sewer systems, trees/landscaping, and home lots spread across many, many acres (2-50+ acres). In addition to having normal operating expenses (e.g., property taxes, insurance, utilities, payroll), Parks also require constant re-investment into the property's vast infrastructure to provide quality affordable housing for the residents. If the residents owned and were required to maintain their communities, the communities would require rent increases that far exceed the published rate of inflation to adequately maintain the properties over time to cover the rising operating expenses and capital expenditure requirements. The costs required to operate parks the last several years are much higher than the inflation figures published by the government. For example, uncontrollable expenses such as property insurance and utility expenses have increased ~80% over the last 3 years at our communities.

Attempts to maintain affordability have been transformed into laws that are based on the theory that any increase in net operating income at these communities is reserved solely for the benefit of the residents. The spirit of this bill is noble but it is not realistic for unsubsidized housing providers. For example, if a park owner needs to make community improvements/upgrades (e.g., repave roads, substantial plumbing/electric upgrades, water and sewer system upgrades), but these costs are not able to be recouped, then the improvements will certainly not be made – Park owners will not be able to raise funds to complete necessary improvements and repairs and if park owners only use the cash flows that exist after covering all operating expenses and debt service, then there will be little profit or even negative cash flow after paying for park repairs. Even annual maintenance will be shunned. As deferred maintenance builds-up and necessary repairs are left alone, the MH communities in Oregon will fall into disrepair and, over time, these communities will become undesirable and eventually uninhabitable.

As communities deteriorate, this will have a direct impact on existing and future residents. Many people in support of HB 3054 may not understand that an unintended outcome of the bill will be a significant decline in resident home values. Manufactured homes that are now valuable, will eventually have insignificant worth and many will become abandoned over a long enough period of time (the value/desirability of a home is directly linked to the quality of the community and the property's infrastructure; i.e., lower manufactured home values means the community is falling into disrepair!).

Oregonians seeking affordability deserve to live in a nice, adequately managed/maintained and safe community, not a deteriorating community. HB 3054 sacrifices the high quality-of living at today's communities for perceived affordability for existing residents (Over a 10-20 year period of time, the decline in MH home equity values will far exceed the rent savings resulting from rent control). It's imperative to understand that future residents at MH communities in Oregon will also be worse off as the availability of high-quality and safe affordable communities declines.

- o There are hundreds of MH communities in California that are effectively obsolete as a result of rent control and vacancy control. These communities have become so undesirable that thousands of homes in these communities are left abandoned or the homes are pulled out of the community resulting in tons of lots sitting empty that should otherwise be providing affordable housing. It is infeasible for park owners to improve these communities because the laws imposed on these properties make it impossible to recoup their investments as unsubsidized park owners.

My company, GSC Investments, purchased a 122 lot park in Black Diamond, WA in 2018. We proactively fixed the operating and physical issues existing at the Community. Approximately \$4,000,000 was spent in capital improvements, including: a full repave of the roads, full replumb of the leaking water system (conserving over 2,000,000 of water per year), repaved parking pads, installation of ~50 new solar light posts, and replaced 20 **abandoned** homes with new multi-section homes. These improvements have transformed the curb appeal and **improved the quality-of-living for residents**. It is now a thriving and beautiful community and is the largest source of unsubsidized housing for families in Black Diamond - **Please believe me, these families would be FAR worse off with HB 3054**. If this community, prior to our ownership, was subjected to the laws included in HB 3054, the community would still be filled with dozens of abandoned homes and vacant lots.

We understand that there are some bad owners in the MH industry who do not improve and maintain their communities. However, if HB 3054 gets passed, the vast majority of park owners who decide to continue operations in Oregon will also become “bad owners”, incapable of adequately maintaining their properties for the residents.

Housing affordability is a systemic issue resulting from an unprecedented increase in America’s money supply, the urban growth boundaries in Oregon limiting the supply of new housing, and the inability to build more housing at a reasonable cost. Unfortunately, rent control will reduce the supply of desirable affordable housing at parks, ultimately worsening the affordability problem. I hope that you can understand our perspective as a park owner and that the majority of us are all fighting the same battle against affordability. I urge you to please consider my perspective in your decision on HB 3054.

Sincerely,

Jonathan Bond
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