

I believe that the sponsors of house bill 3054 are attempting to address some reasonable concerns. I do not however believe that their solution in the form of this bill is the best that can be achieved.

I believe that in situations such as this the owners of manufactured home communities and the homeowners in these communities need to work together as a team. They both benefit when the other party is doing well. I believe that this situation should be approached with the attitude that a win win solution can be created and not with the attitude that this is a zero-sum game and we should just divide the pie differently.

I believe that manufactured community owners imposing multiple successive annual increases in space rent on the order of 10% per year is wrong, unethical and should not be allowed. I agree that owners of manufactured homes located in parks are in a different rental situation than people who are renting a home or an apartment. The owners of manufactured homes have no ability to move should they feel the rent increases are unfair or unjustified.

I own a manufactured housing community in Eugene and my experience with this community is that in 2017 the homes in the community were selling for between \$70,000 and \$90,000 each. Today homes in the same community are selling between \$115,000 and \$175,000 each. I have been able to raise rents in a fashion that is acceptable to both the homeowners in the community and to me. Homeowners have experienced a large appreciation and the value of their homes, and I am able to continue running the community. There continues to be a very high demand for homes in this manufactured home community. I believe that the current situation is working very well for the majority of both the community owners and manufactured homeowners in Oregon.

My understanding of issues that the homeowner's organization would like to have addressed are

A knowledge of what their space rent will be in the foreseeable future.

A concern that people on fixed incomes may not be able to afford their current housing situation in the future.

My understanding of the issues that the park owner's organization would like to have addressed are.

There are many costs associated with running a manufactured home community that increase with time far greater than the rate of inflation

Not allowing a community owner to fully increase their rents to current market rates at the time that a homeowner sells their home is not acceptable to the owners.

If the state decides that it wants to become involved in the current situation, my suggestion is that the solution should be influenced by lessons learned from the commercial real estate industry where again the tenants are long term lease holders and moving their business often is not an option.

The State could mandate a minimum lease term ranging somewhere between 5 and 10 years.

The homeowner would have the right to renew the lease, at the homeowner's sole discretion, at the time of the lease expiration.

The community owner would have the right to renegotiate a lease rate at the end of the lease that reflects the market value of the property being leased and the community owner would be allowed to require that if maintenance to the exterior of the home and the leased lot have been deferred that these issues are addressed.

The lease payment would be broken into two parts.

The first part would be the basic rent. This would be increased annually during the term of the lease. The amount of this increase would be around 3% a year.

The second part is referred to as CAM charges in the commercial industry. This charge is related to the costs that are borne by the owner of the property and benefit the community as a whole. The owner has no control over the increase in these prices. The community owner would be required to report the CAM charges incurred during the prior year and the community owner would then be allowed to increase the CAM charges annually to reflect their increases during the past year.

Manufactured homeowners often live in a manufactured home community for decades. There is no way to determine what a fair space rental rate is going to be decades in the future. If the leases are allowed to be increased to the market rate as described above, then there would be no need to cap the lease rate that the park owner would be allowed to charge a new homeowner decades in the future. If the state still wants to be involved in this process the increase in the lease rate should be related and proportionate to how long the homeowner has lived in the community.

People who are required to live on a fixed income obviously have problems with dealing with inflation related increases in the cost of living. Should the state wish to become involved with providing a solution to this problem I would suggest one of two solutions.

Develop a program for owners of manufactured homes located on leased land similar to the Section 8 program for other rental properties.

Create an insurance program where current homeowners could purchase insurance that would protect them in the future.

Mandating that the owners of manufactured home communities are the only entities addressing this problem is going to have multiple unforeseen consequences that very likely will be worse than the current situation for the majority of manufactured homeowners leasing lots in manufactured home communities.

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