

VOTE NO on Oregon HB 3054 A-Engrossed

April 7, 2025: Testimony before: Oregon Senate Committee on Housing and Development
Presented By: Grady Hunt

Regional VP
Murex Properties
303-589-6459
ghunt@murexproperties.com

Three items about HB 3054 A-Engrossed are problematic:

- 1- The fact that manufactured home communities and floating home marinas are singled out.
- 2- All rent increase is limited to 6%.
- 3- The inability of community owners to require homeowners to maintain their houses at turnover.

Let's address each one of these problems with the proposed legislation:

- 1- **Discriminatory Housing Policy:** HB 3054 A-Engrossed is unfair and places a hardship on two very popular forms of housing in OR. I will address manufactured home communities, because that is what Murex Properties is involved with. Murex Properties owns San George Estates, a 176-site manufactured home community in Medford. Development on the community started in 2000. As of October 2024, we installed and sold our last home.

This proposed legislation places manufactured home communities at a disadvantage from other forms of housing. HB 3054 A-Engrossed is discriminatory against manufactured housing. Our business offers many people the best opportunity they will ever have to be homeowners. Our business is fully funded by free market capital and is not subsidized with tax dollars, neither federal nor state

The popularity of manufactured home community living is underscored by the 60,000 plus families that live in the 1,100 communities scattered throughout Oregon.

Our homeowners have experienced appreciation in home values which helps residents build their net worth. The average price of a home sold in San George in 2024 was \$138,254. The average home sold in 2020 was \$117,773. This represents an average increase in home values of \$20,481 over this 4-year period, or an increase of 17.4%. Any escalation in rents is not affecting home values. They continue to grow in value. And to be clear, the value grows not because they are manufactured homes, but because of where the homes are located. Additionally, residents are happy with the living conditions and rarely move. Our inventory of

preowned homes for sale is only 2.8% of all homes in San George, which is way below the national average for listings in any community.

Our review of comparable housing cost in the Medford market indicates that the cost is 30% less to enjoy our lifestyle than own a typical single-family home factoring in all housing cost. Additionally, the costs to live in a manufactured home community is equivalent to apartment rents with similar amenities. This does not include the resident's ability to building equity nor the sense of security that homeownership brings along with detached single-family living

2- All Rent Increases are Limited to 6%:

Many facts are evaluated when a rent increase is under consideration. The cost of maintenance and office supplies are the first items to come to mind, because they are visible expenditures. However, a lot of big-ticket items are never seen, such as insurance, taxes, payroll, and utilities, Over the past few years all of us have seen these large expenditures escalated at rates higher than 6%.

If income is limited to a 6% increase and expense exceed 6% the community owner has no reserves for capital expenditures, or upgrades to the community. Without the ability to make capital upgrades, the community loses value causing the individual homeowners to lose value in their homes as well. In this instance both the community owner as well as the individual homeowners lose.

- a. Property Insurance: According to data from S&P Global Market Intelligence, property insurance costs in the United States have risen by approximately 33.8% over the past five years, or 6.76% annually. This does not include insurance rate increases that result from natural disasters like wildfires.
- b. Labor Cost: Since 2019 our average hourly cost for labor has increased 10.1% annually. Our experience at Murex Properties is that health benefit cost alone have risen 13.2% over 2024.
- c. Electricity Rates: The Oregon Capital Chronical reported on 12/20/24, "The state's Public Utilities Commission approved Thursday a nearly 10% increase in electricity rates for customers of Pacific Power. This rate increase took effect Jan. 1, 2025, and brings overall rates for residential customers up about 50% since 2020, more than twice the rate of inflation during that same period."

It is obvious that increasing our revenue by just 6% does not allow community operators to recover the increase in their operating cost, much less complete capital upgrades.

3- The Inability to Require Homeowners to Maintain Their Homes at Turnover.

Some language in HB 3054 A-Engrossed changes long standing law that a landlord cannot require a homeowner to make any improvement at time of sale. ORS 90.510 and ORS 90.514 identify what is the landlords and homeowners' responsibilities

relating to ownership and maintenance. As written, HB 3054 A-Engrossed will create a conflict with these statutes. ORS 90.680 has worked well for years, why change something that is proven to work.

As community managers, we do not have any say concerning the interior of our resident's homes. However, we are responsible for enforcing the maintenance of the exterior of resident's homes per our community rules and lease agreement, whether it be on a daily basis or at time of sale. The curb appeal of the overall community is important. That includes the exterior of each house and their surrounding home site. As discussed above our residents enjoy growing appreciation and equity in their homes. Often times, the value of an individual's home is dependent upon the overall appearance of the neighborhood in which the home is located, i.e. the community.

The best way to maintain attractive curb appeal is to require homeowners to abide by the community rules and make needed exterior and site repairs. If in the case of a sale, the seller doesn't want to make improvements, then the buyer must make the repairs as part of their occupancy approval. Without the ability to maintain homes and home sites, the community manager cannot enforce basic home painting, siding, roof repairs, plus life/safety concerns. All of these are allowed by ORS 90.510, and ORS 90.514, yet HB 3054 A-Engrossed only changes ORS 90.680, which really confuses the situation.

Since the Alameda Fire, it is imperative that homeowners make their homes and home sites Firewise (as determined by Medford Fire Department). Without some enforcement tool, our residents are potentially facing the same catastrophic consequences we have already witnessed, just a couple of blocks from our community. Overall, this loss of the ability to enforce community rules and lease agreements leads to the loss of affordable housing.

As a residential real estate investment firm, Murex works to provide affordable housing. The result of legislation like HB 3054 A-Engrossed is that investors will no longer invest in Oregon's affordable housing market. This legislation makes it impossible for an investor to make a reasonable return on their investment and could slowly erode the quality of our communities.

The result of the proposed measures in HB 3054 A-Engrossed will negatively impact affordable housing. House Bill 3054 A-Engrossed will:

- 1- Reduce the affordable housing stock for all Oregon residents.
- 2- Reduce the quality of affordable housing for Oregon residents.
- 3- Deter future investment in creating additional affordable housing supply.
- 4- Increase housing prices by reducing the availability of affordable housing.