



Testimony on House Bill 2364A
Senate Committee on Housing and Development
May 4, 2021

Chair Jama, Vice Chair Linthicum, and Members of the Committee

Thank you for the opportunity to testify regarding HB 2364A.

My name is Garrick Harmel. I am the Director of the Manufactured Housing and Cooperative Development program for CASA of Oregon.

CASA is one of a few organizations that is contacted 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, CASA assists the resident committee with the offer to purchase, beginning the organizing process and obtaining 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, CASA 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 CASA 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.

(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. Reaching the owner in a timely fashion is not something that this bill addresses and 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.

CASA is hearing directly from private investment groups and real estate brokers that Manufactured Housing Communities have become a highly attractive real estate investment option due to their low vacancy 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. There are 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.

Garrick Harmel, CASA of Oregon

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