

O R E G O N L A W C E N T E R

921 SW Washington, Suite 516

Portland, Or. 97205

TESTIMONY IN SUPPORT OF HB 4038A

Before the Senate General Government, Consumer and Small Business Protection Committee

February 17th, 2014

Submitted by: Sybil Hebb

Chair Shields, Vice-Chair George, and members of the committee:

On behalf of the Oregon Law Center, I submit this written testimony in support of HB 4038A. This bill is the product of a negotiated compromise between representatives of Oregon park owners and Oregon park residents to allow residents of manufactured home parks the opportunity to make an offer to purchase their park, should the park owner decide to sell. The bill makes changes to current law to provide a fair and reasonable opportunity to preserve one of Oregon's largest sources of affordable housing, benefitting landlords, residents, and communities. We appreciate the work of the negotiating parties and the sponsors, and thank the committee for your attention to this important matter.

Manufactured home parks are valuable communities: In the technical sense, a manufactured home park is a place where a home owner may rent space on which to place a manufactured home. The park provides basic utilities such as water, sewer, electricity, or natural gas and other amenities such as garbage removal, community rooms, pools, and playgrounds. In a more meaningful sense, parks are a place where residents take care of one another, and look out for one another. Park communities are an especially important source of housing for our senior populations, people with disabilities, and young families just getting their start.

Park communities can be destroyed by the sale of a park: When a park is sold, residents are at risk of losing their homes or of becoming subject to significant rent increases by new owners. Many park residents live on a fixed income and cannot afford rent increases. The cost and struggle of moving creates significant health, safety, and financial burdens for these residents. Often, residents' homes cannot be moved. If a home cannot be moved from a closed park, it becomes virtually worthless. If a home can be moved to another park, it is only at great expense.

Resident ownership preserves park communities: Resident ownership (or nonprofit ownership) is a positive way to limit future rent increases which make parks unaffordable for many, especially seniors living on fixed incomes. Resident ownership helps avoid the risk of closure, bad park management, or failure to make repairs.

HB 4038A makes improvements to current law for park residents: The current law provides tenants with a 14 day right of first refusal, but that law is vague and does not provide clear and specific notice to tenants. Under HB 4038A, prior to marketing the property, the owner would give a specific ten-day notice to the residents. Residents who organize and respond within the specific timelines outlined in the bill would have the chance to make an offer to compete to purchase the park.

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HB 4038A makes improvements to current law for park owners:

Current law requires landlords to honor a letter of interest from tenants without time limits, and provides tenants with a 14-day right of first refusal. This leaves park owners with broad and vague liability. HB 4038A clarifies the process, makes it more commercially reasonable, and provides clear exemptions and defenses:

- Allows residents and non-profit associations to compete to buy their parks from willing landlord/owner sellers, but with a process comparable to the practices of the private market.
- Sets out clear and reasonable timelines for each party to negotiate a possible purchase.
- If the short time frames are not met, the owner clearly has no further obligation.
- Park owners may solicit other offers throughout the process, and accept whatever one they determine to be best.
- Creates a defense for all minor errors.
- Provides exemptions for 1031 exchange sales and charitable transfers.

HB 4038A is a negotiated compromise between representatives of Oregon park owners and park residents that contains significant and meaningful concessions by park owners and park residents. The bill will improve current law by increasing stability for Oregon residents, preserving affordable housing for communities, and ensuring fairness to Oregon park owners.

For these reasons, we urge your support of HB 4038A.

Thank you for your attention to this important bill, and for the opportunity to submit testimony.

Sincerely,

Sybil Hebb