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**Testimony on behalf of Maine Equal Justice in *Support of LD 1931, An Act to Foster Stable and Affordable Home Ownership in Mobile Home Parks by Amending the Laws Relating to the Sale of Mobile Home Parks*
May 23, 2023**

Good afternoon, Senator Pierce, Representative Gere, distinguished members of the Special Committee on Housing. This testimony is submitted by Frank D'Alessandro (He/Him/His) the Director of Legal Services at Maine Equal Justice. We are a civil legal services organization, and we work with and for people with low incomes seeking solutions to poverty through policy, education, and legal representation to increase economic security, opportunity, and equity for people in Maine. Thank you for the opportunity to offer testimony in support of LD 1931. Maine Equal Justice supports this bill because it will help preserve Maine's limited supply of affordable housing.

What This Bill Does

This bill requires the owner of a mobile home park to give notice of the intent to sell the mobile home park to each mobile homeowner of the mobile home park and requires a 60-day window in which the owner is required to negotiate in good faith with a group of mobile homeowners or a mobile homeowners' association that makes an offer to purchase the mobile home park.

Why Maine Equal Justice Supports LD 1931

Maine is in Dire Need of Affordable Housing

Even before the pandemic, Maine's rental housing market was among the least affordable in the nation, and our state has not done enough to protect people who are being priced out of their homes. Nearly 60% of extremely low-income households pay more than 50% of their monthly income towards rent, a threshold which HUD deems *severely* rent burdened. The end of federal rental assistance has left many Mainers without help or affordable options. These families continuously face the threat of eviction for non-payment. Finding affordable housing has become so difficult, many Mainers become homeless because they simply cannot find an apartment that meets their budget.

The pandemic has pushed Maine's housing affordability problems to a crisis point.

While Maine's low-income tenants have been suffering in the recession and the pandemic, business has been booming in Maine's real estate market. Property values have increased during the pandemic in every county across the State. The Maine Association of Realtors reported a 22% increase in median sales price between Fall 2019 and Fall 2020, with a 27% increase in the number of units sold.¹ Gains are expected to continue, fueled in part by out-of-state buyers moving to Maine.²

While so many people are buying new Maine homes, many Mainers are struggling to stay in theirs. Increasing property values are linked to gentrification. Gentrification is a process which displaces low-income community members, usually renters, when more affluent people move in. Gentrification is spurred by speculation in the real estate market which incentivizes landlords to raise rents and/or evict tenants to pursue higher-end development. This is occurring not only in Maine's cities, but also in rural parts of the State.³

Maine has a shortage of 22,498 affordable homes for extremely low income Mainers.⁴ Maine needs more housing, and we must ensure that new housing made available is affordable to people with limited means. Currently, extremely low income tenants have insufficient income to pay the rent charged by affordable housing units. The Low-Income Tax Credit Program and Rural Tax Credit Program are the major sources of financing to create affordable housing in Maine. These programs define "affordable housing" as a unit that is affordable to households at 80% annual median income (AMI). 80% of the AMI for a household of 4 in Maine was \$62,880 in 2021. New rental units created by these programs will not be affordable to households whose income is below this amount without some rent relief to help bridge the gap.

Challenges to the Creation of Affordable Housing

The Governor's change package contains a proposal to dedicate 80 million dollars dedicated to help fund the creation of new affordable housing through Maine Rural Affordable Housing Rental Program and Low-Income Housing Tax Credit Program. Maine Equal Justice supports this proposal. However, even if this amount is approved in its entirety, it will meet only a small fraction of the documented need for affordable housing. The creation of new affordable housing has become even more challenging post-pandemic.

As Maine State Housing Authority has noted the pandemic has created additional challenges to the creation of affordable housing that have resulted in significant delays:

¹ See Glenn Jordan, *Maine Home Sales Continue to Break Records Despite Pandemic*, Portland Press Herald (Dec. 22, 2020), <https://www.pressherald.com/2020/12/22/maine-home-sales-continue-to-break-records-despite-pandemic/>; Maine Association of Realtors, *State of Maine Single Family Home Sales*, <https://www.mainerealtors.com/wp-content/uploads/2021/02/StateofMaine20Data.pdf> (last updated Dec. 31, 2020).

² *Id.*

³ See University of Maine School of Marine Sciences, *Fishing Communities Need to Prepare For Gentrification Challenges* (Aug. 23, 2016), <https://umaine.edu/marine/2016/08/23/fishing-communities-need-prepare-gentrification-challenges-say-umaine-researchers-2/>; Megan Mayhew Bergman, 'We Have No Market But Lots of Lobsters': A Maine Lobsterwoman Fights For Her Livelihood, *The Guardian* (July 23, 2020), <https://www.theguardian.com/environment/2020/jul/23/maine-lobsterwoman-coronavirus-climate-change>.

⁴ National Low Income Housing Coalition, *2023 Maine Housing Profile*, (Apr. 2023), https://nlihc.org/sites/default/files/SHP_ME.pdf

Pre-pandemic the average project duration was much shorter, taking between 18 months and 24 months from start (planning and application) to completion (residents move in) with project construction lasting 10 to 12 months. Projects now take much longer both in underwriting and in construction, with construction durations being dramatically affected by labor shortages for construction managers and subcontractors, and subcontractor availability. Construction phases have now been stretched, lasting 18 to 24 months on average. Labor availability and ongoing material delivery delays will continue to be a major factor contributing to increasing project duration in 2023. While it is expected that some material costs could decrease in 2023, the remaining workforce, financing, and supply chain issues are expected to persist for the foreseeable future.⁵

Manufactured Housing Provides Critical Affordable Housing to Maine Residents

There are more than 600 manufactured housing communities in Maine. This is more than any other New England State. The median manufactured homeowner spends only 16% of their income on housing and less than 25% are cost burdened making this a stable housing option.⁶ Mobile homes make up a higher share of the housing stock in Maine than in any other state in the northeastern U.S. In 2020, 62,000 of the state's 747,000 housing units were mobile homes, about 8 percent.⁷

Mobile Home Park closures represent a threat to mobile homeowners. Because they own their homes but not the land under their homes, they are vulnerable to closure of the community—the landowner can decide to put the land to some other use and can force all the homeowners and their homes off the land. Closure of manufactured home communities is always a threat but is particularly pronounced when there is a boom in commercial development, as developers eye these communities as prime targets for strip malls or office buildings.⁸

This Bill Provides an Affordable Proposal to Preserve Affordable Housing

An important way to combat this threat is to provide residents of mobile home parks the opportunity to purchase the community when it is put up for sale. As of 2020, 20 states had adopted some form of resident purchase opportunity legislation.⁹ In particular, other New England states including New Hampshire, Vermont, Massachusetts, and Rhode Island provide important protections to mobile home tenants that include a requirement that notice be provided to mobile home park tenants of intent to sell and the right of tenants to negotiate in good faith to

⁵ <https://mainehousing.org/docs/default-source/policy-research/research-reports/outlook-reports/2023-mainehousing-outlook-report.pdf>

⁶ https://www.mainehousing.org/docs/default-source/policy-research/presentations/2019-maine-affordable-housing-conference/destigmatizing-manufactured-housing-presentation.pdf?sfvrsn=4190b115_2

⁷ <https://www.centralmaine.com/2022/09/02/maine-voices-trailer-parks-wrongly-overlooked-in-affordable-housing-debate/#:~:text=Mobile%20homes%20make%20up%20a,mobile%20homes%2C%20about%208%20percent.>

⁸ https://www.nclc.org/wp-content/uploads/2022/08/cfed-purchase_guide.pdf

⁹ https://www.nclc.org/wp-content/uploads/2022/08/cfed-purchase_guide.pdf

purchase property.¹⁰

Unlike many of the other bills that have come before this Committee the protections provided by this bill to ensure the preservation of affordable housing come at no cost to the State of Maine. In addition, the protections provided by this bill do not harm the mobile home park owner seeking to sell the park. This bill does not require the seller to sell at a discount, or indeed, to even sell to the tenants of the mobile home park at all. It only requires that the mobile home park owner engage in good faith negotiations with the tenants of the mobile home park.

Conclusion

Everyone in Maine deserves a safe and affordable place to call home and the opportunities to fulfill their potential that come with it. This is critical both to the well-being of families but also to attract and keep the workforce necessary to ensure our State's economic development. Investing in housing stability for Maine people is the foundation to help Mainers rebuild better. Keeping Mainers in their homes is critical to support their economic security and personal wellbeing. Of all the things we can do to support families and individuals trying to rebuild their economic security post-pandemic, housing is at the top of the list.

The simple, common sense proposals set forth in this bill will provide an avenue for mobile home park tenants to keep their homes, thereby preserving critical affordable housing, at no cost to the State of Maine or mobile home park owners.

We strongly urge this committee to vote ought to pass on LD 1931 and are happy to answer any questions.

¹⁰ Massachusetts and Rhode Island statutes provide tenants for the right of first refusal in the purchase of a mobile home park. https://www.nclc.org/wp-content/uploads/2022/08/cfed-purchase_guide.pdf