



COOPERATIVE DEVELOPMENT INSTITUTE

The Northeast Center for Cooperative Business

Distinguished members of the Taxation Committee: My name is Nora Gosselin, and I am the Director of Resident Acquisitions at the Cooperative Development Institute (CDI), testifying in support of LD 554, *"An Act to Encourage Resident-owned Communities and Cooperatives and Preserve Affordable Housing Through Tax Credits."*

LD 554 is a targeted, effective way to incentivize local ownership and affordable housing through the cooperative model.

CDI helps people organize, purchase, own and operate the mobile home parks where they live as affordable, resident-owned cooperatives (ROCs). Over the past 15 years, we have converted 12 communities to resident ownership in Maine, totaling over 850 homes and \$44M in financing.

10 of these Maine ROCs pre-date the Opportunity to Purchase law, which was enacted in 2023; in those instances, the park owner directly approached their residents, believing them to be the most motivated buyer. This arrangement is most effective in a local market when the interested purchasers are other mom-and-pop community owners.

Unfortunately, that is not the market we see today. The mobile home sector has been flooded with large, deep-pocketed, out-of-state corporations, who seek to capitalize on a "captive" renter market, comprised of low- and moderate-income homeowners. These large corporations have driven up community prices; when these corporations pay more for properties, they must recoup that somewhere – and they most commonly do so through residents' rents.

This changing market is why resident leaders, CDI, partners like Genesis, and our legislative champions advocated for – and secured – the passage of an Opportunity



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to Purchase statute in 2023, which requires residents receive notice when their community is up for sale and affords them the opportunity to come to the table as a buyer.

Since the law's passage, nine different communities (totaling over 12 hundred homes) have received sale notice, gotten organized, and submitted a purchase offer to the seller. Each of these purchase offers were for more money than what the park seller had on the table from another company. Of these nine, three purchase offers were accepted, one is in negotiation, and five were outright rejected. Again, these are competitive purchase offers from resident groups, offering more money than the other interested buyers and they're still not successful.

I attribute this to a number of causes, including potential skepticism about the feasibility of a resident purchase, when there is what's perceived as "easy" or "quick" money from a private company in the wings. What's needed is some incentive for a park owner to choose their motivated, organized residents versus that private company – a tiebreaker that LD 554 would establish. In my role at CDI, I often speak with park owners and sellers and can attest that such a tax incentive would make a meaningful difference in encouraging resident ownership. For this reason, I strongly urge the committee to support LD 554. Thank you.