

March 31, 2025

Housing Committee

RE: LD1145 – Public Hearing

Senator Curry, Representative Gere, and honorable members of the Joint Standing Committee on Housing and Economic Development.

My name is Sandra Hinkley. I am the Owner of Maple Hill Estates, a manufactured home community in Mechanic Falls. I have owned this community for over 10 years, and my parents owned it for nearly 20 years before me. For decades, my family and I have supplied affordable housing to thousands of families. Previously, I also owned Country Lane Homes in Lewiston, a retailer of manufactured housing that was in business selling affordable housing since 1984, until we closed our doors last summer. I am also a licensed Realtor in Maine for the past 18 years.

Our community is home to a variety of family dynamics, we have first time homebuyers, young families, empty nesters, and retirees all enjoying a peaceful way of life in our community.

LD1145 is asking for a couple of changes to the new law enacted last year. Currently, when a manufactured home community owner wants to sell their community, they must notify tenants via certified mail with all the terms of the sale, and allow the tenants 60 days to form an association (of at least 51% of the tenants) to make an offer to purchase. The current owner then has to negotiate in good faith with the tenants' association if an offer is made, but the current owner is NOT required to accept their offer. The current owner has the ability to sell their community to either the tenants association (if an offer was made) or the buyer that they are under contract with (pending the 60-day waiting period for the tenant's notice). This practice of multiple offers is common, and can be handled with ease by most sellers and their realtors/agents. And it HAS been handled well this past year by the handful of communities that have sold, both privately and to tenants.

A Right of First Refusal (ROFR) for the tenants to purchase is being proposed in LD1145. A right of first refusal is generally something of value that gets recorded and is a right that is paid for. Typically, a ROFR is a contractual agreement used by an interested party who wants an option to purchase an asset if another party becomes interested in it. To

propose legislation with a ROFR, without the two parties involved having the opportunity to discuss and agree or disagree to this arrangement seems unfair to BOTH parties.

To require a right of first refusal, written into law, to sell to the tenants of this one type of real estate is unjust, and will only hurt the valuation and marketability of these properties as a community, and the tenants home values as well. The community owner is getting no value for giving this right to the tenants. This takes away the community owners inherent property rights.

The second part of this proposal is to extend the 60-day notice of sale to 90 days. It does not call for verification of funding, an earnest money deposit, or any of the standard items required in a general purchase and sale agreement. Add this 90-day waiting period to the right of first refusal and you have a major deterrent to potential buyers. Buyers would have put in the work to find a property and negotiate a purchase and sale agreement (which can take months), only to have to wait 90 days (as proposed) to know if the tenants put forth an offer, and then another 90 days to know if the tenants obtained financing. A buyer in the open market will have less incentive to offer to purchase a mobile home community in our state if this proposal passes, because they would be put in SECOND place, and have up to a 6-month waiting period before knowing if they could complete their intended transaction. The buyer likely will move on, leaving the current community owner to start all over again. Some community owners / sellers do not have that long to wait.

Given my years in this industry, and my experience in real estate, reading through this proposal, I am strongly opposed. This proposal is simply unnecessary. The real estate market in our state is a free and open market where individuals and businesses are free to buy and sell whenever, and to whomever they want, as long as the buyer and seller agree to terms. The sale of a manufactured home community should be treated no differently. Real estate changes hands when there is a willing buyer and a willing seller, and terms such as price, timing, financing, etc. are agreed to in a binding purchase and sale agreement. The Sponsor and co-sponsors of this proposal are asking for that free and open market to be eradicated when it comes to selling this one particular type of real estate. I understand there are tenants who own their own homes on this property, which makes it a unique scenario. However, the scare tactics used to persuade homeowners in mobile home communities to form an association and purchase their multi-million-dollar communities, with no experience running such a business, has to stop. The tenants rent goes up significantly when it is purchased by the tenants because they must pay for a management company to run it, put money in capital reserves, pay

CDI a consulting fee in addition to the management company, and repay debt. In addition to these added costs which increase lot rent, the tenants must have a Board of Directors, hold meetings, and vote on improvements, rules, etc. It is a business, and in the end, if a homeowner sells their home and leaves the community, they see no equity return. If the tenants decide after a time to sell the community, again, they will get zero equity. So let me ask you this – who really owns it? Given these facts, I am not sure there is enough education out there for tenants to know BOTH sides of resident ownership for them to make an informed decision, and therefore, a right of first refusal law seems premature at best.

There currently is nothing prohibiting residents and/or homeowners in manufactured home communities in our state from creating their own associations, making offers to purchase the communities in which they currently reside, if they desire to do so at any time, like any other buyer would.

The last change being proposed on this bill is regarding change of use and proposing that current community owners pay for relocation of the homes if they will be closing the community. This is a significant financial impediment and an unconstitutional taking of the owner's income from the sale of their property. A homeowner has the option to sell their home as is where is, or to relocate their home to another place of their liking. However, with the small number of mobile home parks in the state, and depending on the age of the home in question, there may not be anywhere it can be moved to, if it physically can be moved at all. The asset belongs to the homeowner, and as such is the homeowner's choice on what to do with their home should a change of use occur. In my humble opinion, I believe the State should be focusing on how we can build new communities and encourage expansion of existing communities, rather than pushing legislation of this nature. We need to expand our affordable housing inventory and options, and this proposal does not address that need.

I would appreciate your vote of Ought Not to Pass on this bill. I appreciate all the work you do on behalf of Mainers and look forward to working with you in the future. I would be happy to answer any questions and to be available for the work session.

Thank you for your time and consideration,

Sandra Hinkley

Maple Hill Estates / Country Lane Homes