TESTIMONY FOR THE RECORD

The Manufactured Housing Institute

Before the:

Maine Housing and Urban Development Committee

Regarding:

LD 1145

April 16, 2025

1655 Fort Myer Drive, Suite 200, Arlington, VA 22209

Thank you for the opportunity to submit testimony on behalf of the Manufactured Housing Institute ("MHI") in strong opposition to LD 1145, titled "An Act to Protect Residents Living in Mobile Home Parks." This written testimony is intended to supplement the oral testimony given by MHI CEO, Dr. Lesli Gooch, and includes information requested by Committee members during the hearing.

The Manufactured Housing Institute (MHI) is the only national trade association that represents every segment of the factory-built housing industry. Our members include builders, suppliers, retail sellers, lenders, installers, community owners, community managers, and others who serve our industry, as well as 48 affiliated state organizations. In 2024, our industry built 103,314 homes which were produced by 38 U.S. corporations in 152 homebuilding facilities located across the country. About thirty-percent of newly constructed manufactured homes are placed in land-lease communities.

MHI has been a leader in working to support quality homeownership through land-lease manufactured housing communities. Through our National Communities Council, MHI has adopted a Code of Ethics, which outlines eight principles that NCC members must subscribe to as part of their membership with MHI. These principles focus on promoting the benefits of manufactured housing and land-lease communities, as well as customer and resident relations. This includes engaging in conduct and actions that promote and enhance the public image of manufactured housing and land-lease manufactured housing communities and promoting positive customer and resident relations as an essential responsibility.

On behalf of MHI, I urge you to carefully consider the implications of this bill on the existence of manufactured housing communities in Maine, which have been a source of quality and affordable unsubsidized housing for half a century. We are concerned the legislation will be harmful for those who live in manufactured housing communities because it will drive out capital at a time when aging communities are in need of funding and stability to preserve aging infrastructure. While the goal of the bill is admirable, the solution is detrimental as it will inevitably lead to community deterioration and community closures. The bill's blunt and economically harmful mechanism actually undermines the goal advocates seek, which is to preserve one of Maine's most effective affordable housing models.

MHI urges you to carefully consider the implications of this bill. While well-intentioned, LD 1145 threatens to destabilize a critical segment of Maine's affordable housing market. The proposed requirements, though framed as additional "protections," impose sweeping and intrusive mandates on private landowners, undercutting their constitutionally protected property rights, chilling future private investment, and promote an ownership model that has proven flawed in both theory and execution. The bill's burdensome and impractical obligations, along with arbitrary timelines, would delay lawful real estate transactions, stifle the free-market dynamics that have long supported affordable housing solutions, and shift Maine toward a questionable model that feigns ownership by residents and has also repeatedly proven unworkable in practice.

I. Manufactured Housing Communities: A Critical, Unsubsidized Resource

Land-lease manufactured housing communities are a foundational part of Maine's affordable housing stock. These communities provide an effective way for residents to become homeowners without the substantial barrier to entry posed by the down payment necessary for the purchase of land. Land-lease manufactured home communities allow residents to own more home for less of an up-front investment.

MHI's research consistently indicates high satisfaction rates among residents of land-lease communities. U.S. Census data and MHI's independent research shows that manufactured housing residents report high levels of satisfaction with their housing choice and that they are likely to recommend it to others. According to MHI's research, affordability and the ability to own a home are the top reasons for selecting manufactured housing communities. Given the financial and lifestyle benefits of owning a manufactured home versus the limitations that come with renting an apartment or buying a condominium or other site-built home, millions of individuals, families, and retirees have chosen to live in land-lease manufactured housing communities.

Professional community management supports not only the overall appearance of the community, but also ensures that the infrastructure (i.e., water, sewer, roadways, and amenities) are safe and reliable. Dedicated investor owners have the resources and expertise to steadily reinvest in the communities to ensure quality of life for residents. Nationally, capital expenditures by professionally managed community operators have continued to increase annually, at faster rates than rent adjustments.

Land-lease communities offer substantial lifestyle and community benefits that go far beyond cost. Residents cite reasons such as having a yard, not sharing walls with neighbors, access to social programming, and professionally managed amenities including walking trails, clubhouses, and fitness centers. Consumer satisfaction in these communities is not anecdotal, it is empirically supported. MHI research shows that, while acknowledging that rents have increased, residents who lease in a community universally report that the increases are similar or lower than other comparable housing options and that they are getting more for their money in the land-lease community. Very few indicate that the rent is too high. This is likely because all-in housing costs in land-lease communities are consistently lower than other comparable housing options and site-rent increases for land-lease manufactured home communities are consistently below average rent increases or average housing increases.

II. The Harmful Consequences of LD 1145

LD 1145's proposed extension of the statutory right-of-first-refusal period from 60 to 90 days is troubling. There is no evidence to suggest that the current 60-day window is inadequate, nor that an additional 30-day delay will materially improve residents' chances of assembling a legitimate offer. Instead, this extension creates increased transactional uncertainty, discourages lenders and investors, and leaves park owners exposed to shifting market conditions and interest rates, often to their detriment. This measure serves as a disincentive for reinvestment in mobile home communities and creates a chilling effect on capital flows necessary to preserve and expand the affordable housing supply in Maine. Potential purchasers and financiers will begin to look elsewhere, deterring the flow of resources that could otherwise help modernize and stabilize aging infrastructure.

Furthermore, resident groups already have access to the same market as everyone else. This bill grants tenant groups an exclusive 90-day window, forcing sellers to delay legitimate sales and negotiate with residents even if stronger third-party offers exist. That undermines fairness and predictability in Maine's real estate market. Sellers should retain the right to consider all offers and choose the one that best serves their business needs.

Importantly, across the country and in Maine, proposals like this are being heavily advocated by a single entity and its affiliates to further bolster their economic interests. While the implication of the name "resident owned" is that residents enjoy equity ownership in the community, this is not the case. If and when the park is sold, any profits from the sale go to an "affordable housing nonprofit," likely the very entities that are pushing for this legislative change. In this way, the residents are essentially being misled to purchase the park for those who are advocating for this proposal. Public policy should encourage broad participation in the housing market, not give one group a legally mandated advantage. LD 1145 interferes with private transactions and prioritizes a questionable model over other qualified, capable buyers.

III. Flaws in the Limited Equity Resident Ownership Model

Before changing state law to give preference to a limited equity resident ownership model, it is critical to fully understand the inherent dangers these structures pose to residents. Limited equity ownership is often promoted as empowering, but in practice, residents face immediate rent hikes—often abruptly adjusted to "market rate"—without the gradual increases typical of traditional land-lease communities. Evidence clearly shows that residents typically incur greater financial burdens under limited equity ownership model structures compared to land-lease arrangements, without the corresponding benefit of genuine equity growth or tangible financial security. Residents in limited equity models assume responsibility not only for fixed costs but also unexpected financial liabilities, placing them at continual risk. Despite heavy investments, residents do not gain individual property ownership or build personal wealth, as their equity remains static and offers no meaningful payout upon departure. Ultimately, limited equity ownership creates significant long-term financial vulnerabilities, making these models far more harmful to residents than the more stable, predictable land-lease community structure, which the legislature should instead seek to strengthen and protect.

There are different ownership structures for manufactured home communities, including: (1) land-lease; (2) rental; (3) community land trust; (4) full equity resident ownership; (5) limited equity resident ownership.

1. Under the traditional land-lease model, the resident owns the home but rents the property on which the home sits.

2. Under the rental model, the resident rents the home and the land.

3. Under the community land trust model, the land is owned by a third party. Each of the residents in the community owns their home and rents the property on which their homes sit. Notably, under this model, the residents of the community are not asked to purchase the land and give it to the non-profit.

4. Under the full equity resident ownership model, residents form a cooperative and jointly purchase the land. This has been beneficial to residents in certain situations but there are also numerous examples of the inability of the residents to keep up with the management and maintenance of a large community with aging infrastructure. In many cases, such communities revert back to private ownership. Because residents have acquired actual ownership equity in the land, there are examples under this model where the residents have financially benefitted from the park's appreciation of value upon sale back to private ownership. While MHI believes this approach is and should continue to be available to residents, we also believe the risks to residents should be clear, transparent and seriously considered. While residents acquire actual ownership and equity of the land, financial barriers and community viability concerns are significant when aging community infrastructure must be addressed without any capital reserves.

5. Under the limited equity resident ownership model, often misleadingly called resident-owned, the residents work with a non-profit and its for-profit affiliates to purchase the community from the owner. While often promoted as a tool of empowerment, more frequently such schemes result in residents paying a hefty price to purchase something they will never own. The only things that the residents truly own in this model are substantial operational risk and financial liability. Often according to the financing terms, lot rents are required to be increased to market rate as a condition of purchasing the community. Residents become financially responsible for the community loan, all community infrastructure improvements necessary, community management, insurance, utilities, taxes, etc. These are all costs previously absorbed by professional operators. Should the residents decide to sell the community, even if the land value has increased they will not share in the proceeds of the sale. Instead, under the agreements, the land the residents purchased will go to a non-profit, likely the same one or one closely affiliated with the entity that convinced the residents to go down this "ownership" path in the first place. Essentially, the residents are being convinced to buy the land for the "non-profit." Along the way, the non-profit's for-profit affiliates benefit financially from the services and fees charged to the residents as the residents take on all community management and upkeep responsibilities. MHI consumer research has indicated that under this model, residents are more likely to pay additional service fees others, undermining

> claims of improved affordability. Governance also proves difficult. Many boards are composed of volunteers with limited experience in infrastructure planning, conflict resolution, or housing finance. Some communities become divided between member-owners and renters, with voting power and rent-setting authority disproportionately concentrated in the hands of a few. In some cases, shareholder boards have raised rents on non-member residents more aggressively than institutional landlords.

In summary, while the limited equity resident ownership model is often presented as a solution to affordability and stability, the financing structures and responsibilities over maintaining the community carry significant risks that have the likely potential of undermining both of these goals. Further, without meaningful equity, residents are left with the burdens of ownership without the benefits. Ultimately, the long-term sustainability of these communities is jeopardized.

Before embracing legislation that might actually inadvertently harm residents in manufactured housing communities, MHI urges this Committee to conduct a rigorous and transparent evaluation of the potential risks of the model to assess potential impacts on residents. While proponents of the legislation can point to examples of successful communities under the beneficial resident ownership models, there are counter examples as well. We encourage the Committee to seriously consider the long-term financial viability and equity outcomes for residents before further facilitating an ownership structure that could ultimately be harmful to them. Specifically, the working group should seek data and answers to the following critical questions for both full equity and limited equity resident ownership models:

- Are rents in resident-owned communities immediately raised to "market rate" to service community purchase loans, and how does this compare to rent increases in land-lease communities?
- Are there documented financial models or case studies that demonstrate resident-owned communities provide more favorable financial outcomes to residents than the traditional land-lease model?
- What are the full scope of liabilities, operational responsibilities, and financial risks assumed by residents in the limited equity structure—and how do these compare to the costs borne by residents in land-lease communities?
- Are these expenses fixed or subject to fluctuation, and how are unforeseen capital needs managed?
- What is the average annual increase in total costs (including assessments and fees) for residents under cooperative ownership, and how does that compare to average rent increases in land-lease settings?
- In today's environment of rising taxes, utilities, insurance, and labor costs, does the resident-owned model provide residents with any meaningful cost predictability month-to-month?
- Who are the entities that are advocating to residents to move to these ownership models and what financial benefits are they gaining in return?
- And finally, if the resident ownership model is truly sustainable, why does it consistently rely on public subsidies and grants to finance basic infrastructure improvements that professional land-lease operators have historically absorbed as part of their standard operations?

These are not abstract questions—they go to the heart of whether the model being promoted will improve or erode housing security for low- and moderate-income residents. In MHI's assessment, the land-lease community model—when fairly and professionally operated—continues to offer greater stability, lower resident costs, and more predictable long-term viability than its resident-owned counterpart. The legislature should focus its efforts on supporting affordability within this proven framework, rather than advancing models that shift significant financial risk onto the very households they are intended to protect.

IV. The Realities of Resident Owned Communities

Over time, numerous resident-owned communities have failed outright, ultimately selling their properties to professional investors who bring stability, capital, and expertise. These transitions often lead to improved conditions, well-defined lease agreements, enhanced amenities, and the elimination of deferred maintenance. There are examples of successful resident ownership, however, and MHI is supportive of residents going down this path so long as there is clarity about risks, responsibilities and land equity, and the vast majority of residents agree to take on the responsibility.

When it comes to limited equity resident ownership model, however, we strongly urge the committee to proceed cautiously before passing legislation that facilitates the growth of this model. Recent examples affirm our concerns, revealing significant shortcomings in the limited equity resident ownership model. Manufactured home communities in Cañon City, Colorado are *prima facie* evidence of the illusory panacea that the resident owned model provides.[1] In Cañon City, Colorado, limited equity resident owned communities failed after quickly finding themselves burdened by collective mortgage debt, instability, and financial uncertainty—jeopardizing the very housing security the model is meant to protect. These cases illustrate the risks inherent in this model. Inadequate financial planning and governance can have devastating outcomes when residents must shoulder the collective risk of substantial loans that they have little control over.

To make matters worse, in limited equity resident owned communities, residents do not receive individual titles or own their lots outright. Instead, they purchase a share in a cooperative that holds the land title—a share that typically does not appreciate in value even with land value appreciation. In the Colorado cases, the residents did not receive an equity payout from the sale of the land that they "purchased." This situation erodes the fundamental concept of ownership: residents take on long-term financial obligations without the financial gains of equity, resale value, or the autonomy that generally accompanies homeownership. Effectively, they pay into a system that provides no tangible return on investment.

Even more concerning is the financing terms imposed on residents under limited equity resident ownership models. Some communities have seen residents locked into ten-year balloon payments, only to find that refinancing options are unavailable when the loans come due. In Massachusetts, residents were forced to go before the Mobile Home Rent Control Board after the entity that encouraged and financed the residents to pursue a limited equity resident ownership model refused to renew the mortgage after the balloon payment was due.[2] In these cases, the residents are left with an impossible choice: either surrender their homes or sell under financial duress. Rather than stabilizing the community, this flawed financing model merely replaces one form of insecurity with another. The label "resident-owned" thus becomes misleading when the financial structure can strip away ownership without meaningful recourse.

The Genesis Community Loan Fund white paper presented to the Committee at a prior hearing advances broad assertions about the success of limited equity resident ownership model but fails to include underlying data, audited financial statements, or any independent verification of its claims. Statements such as "average rents are lower" or "communities are more stable" are presented without any longitudinal analysis, third-party evaluation, or comparative study against private ownership models. These are promotional claims only and questionable given the requirement that all rents be increased to market rate upon acquisition.

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[1] *See* Fremont County receives foreclosures notices of four mobile home parks in Cañon City.

[2] See City of North Adams, Massachusetts Mobile Home Rent Control Board Public Hearing Minutes, October 5, 2023.

Further, Genesis included a chart intended to illustrate favorable rent trends in various Maine-based limited equity resident ownership models. However, this graphic is unsupported by source data, lacks any audit trail, and provides no benchmark comparison to rents in privately owned communities. The presentation treats annual rent increases as inherently positive without disclosing what those rents cover, how heavily the communities are leveraged, or whether appropriate reserves are being maintained. The assertion that limited equity resident ownership models "do not charge fees" is particularly misleading, as the report does not define what expenses are included or excluded from rent. This raises serious concerns about the accuracy and reliability of the figures presented.

The Genesis report also includes a chart showing rent increases following the private acquisition of two Maine MHCs. While it identifies pre- and post-acquisition rent levels, it provides no context as to why the increases occurred or how the additional revenue was used. There is no information on whether the original rents were below market, whether the properties required significant capital improvements, or how reinvestment was managed. Genesis attributes the increases solely to profit motives, without providing any supporting evidence.

This one-dimensional narrative fails to acknowledge the complex financial and operational factors involved in managing MHCs. It is designed to cast private ownership in a negative light while omitting facts that are necessary to understand the full picture. Perhaps most troubling is what the Genesis report leaves out. It makes no mention of resident-owned community failures or the risks that arise when inexperienced boards are tasked with managing complex, leveraged financial arrangements.

There is a critical gap between the limited equity resident ownership model's ideals and its actual outcomes. Instead of ensuring long-term housing stability, it can saddle vulnerable populations with debt, erode any prospect of building personal wealth, and vest ultimate decision-making authority in the hands of institutions rather than the residents themselves.

V. Strengths of Professionally Managed Land-Lease and Investor-Owned Communities

Rather than discouraging investment, Maine should seek to preserve manufactured housing communities. Professionally managed, investor-owned land-lease communities have demonstrated a sustained ability to deliver affordable, stable, and high-quality living environments. These communities support the largest form of naturally occurring affordable housing in the United States. Residents benefit from predictable site rents, well-maintained infrastructure, and access to amenities such as pools, clubhouses, recreational facilities, and organized activities. According to research conducted by the Manufactured Housing Institute (MHI), more than 80 percent of manufactured homeowners report satisfaction with their living situation, with high levels of recommendation and community participation. These communities offer not only economic value but also a reliable social structure supported by trained professionals with experience in housing operations, maintenance, and compliance.

From 2015 to 2019, capital expenditures by investor-owned communities increased dramatically, rising from $1.6 billion to $2.7 billion annually. These funds are used for improvements to streets, sewer and water systems, electrical infrastructure, landscaping, and common areas. Unlike limited equity resident ownership models that often struggle to raise necessary funds, professional operators maintain dedicated CapEx budgets, possess long-term investment outlooks, and implement strategic upgrades that enhance community value and resident experience. Additionally, professional managers receive ongoing training in fair housing law, business planning, asset management, and customer service through programs like the MHI's Accredited Community Manager certification. With this structure in place, residents receive benefits that extend beyond the financial—they enjoy a degree of predictability, security, and service consistency that ad hoc resident governance models cannot replicate.

VI. Conclusion

In conclusion, LD 1145 represents an unwise departure from balanced housing policy and an excessive intrusion into private property markets. It punishes responsible ownership, undermines investment, and mandates impractical obligations that may reduce the number and quality of available housing opportunities in the state. MHI urges the Committee to pursue more thoughtful, evidence-based approaches that protect residents, respect owners, and maintain Maine's tradition of lawful, fair, and stable property regulation. Manufactured housing communities are not a policy experiment; they are a proven, high-demand solution to Maine's housing affordability crisis. Residents enjoy lower costs, high satisfaction, community amenities, and a pathway to homeownership that is within reach. LD 1145 threatens to undermine that model by discouraging investment, penalizing transfers, and promoting a singular form of ownership that has not demonstrated better results.

On behalf of operators, investors, and the residents they serve, MHI urges this Committee to reject LD 1145. Let us pursue housing policy that expands affordability through inclusion, investment, and innovation.

Thank you for your time and thoughtful consideration.