Correction for LD 1723 Testimony

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

Thank you for holding the hearing today on LD-1723. While reviewing some of the testimony I noticed a significant calculation error in one individual's testimony that creates a substantial mis-representation of the finances for operating a community. I would like submit a correction for the record, and for your consideration.

Please note the following:

$550 Lot Rent x 30 Pads = $16,500 Monthly (or $198,000 annually).

$650 Lot Rent x 30 Pads = $19,500 Monthly (or $234,000 annually).

Excerpt from Testimony with inaccurate calculation of Lot Rent Revenues:

MATHEMATICS OF LOT RENT AND THE ETHICS THAT FOLLOW
Maplewood MHP in Wiscasset was purchased in 2022 for $1,000,000, by out-of-state investors, with partial or total homeowner financing. The prior owner had purchased this park in 2016 for $200,000.
A modest estimate is that this mortgage, for one million dollars was amortized over 25 years, at 7% interest. Based on this:
Monthly: $7,067.79
Annually: $84,813.48
Total interest: $1,120,337.59
Before the park was purchased, lot rent was $300.
Monthly income of a 30 household MHP, $300 monthly (lot rent BEFORE park was purchased): (30 homes * $300)= $9000
Annually: $108,000
As of 01/01/2025 our lot rent has been raised to $550, which is nearly double what is

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was only three years ago. It is due to be raised again to $650 in July.
Income of a 30 household MHP,
$550 monthly (lot rent at current rate) (30 homes * $550)= $27,500
Annually: $330,000

The management company, Maine Real Estate Management (MREM), earns 8% (plus commissions on sales and fees:
8% on the current $330,000: $26,400.
$330,000-26,400= $303,600

The July increase will be an additional $36,000 annually: 303,600+36,000= $339,600

Taxes estimate 25% (likely an overestimate) due on $339,600, and remaining income: 339,600-84,900= $254,700

From $254,700, the owners pay their mortgage, insurance, maintenance and repairs, and state fees, etc.

What do you think is a fair cost of running a park and budgeting for its needs?
Monthly estimates, AFTER taxes and management company fees:

Septic system-every 30 years: $500k?-$1388/mo ($16,656 ann.)
Water infrastructure-every 30 years: $500k?-$1388/mo
Road paving-every 30 years: $500k?-$1388/mo
Snow plowing-$500 per storm? 10 storms per winter? $416/mo
Other-$5000/ mo? Insurance, unforeseen?$5000/mo ($60k ann.)
Mortgage estimate-$7000/ mo? $7000 /mo ($84k ann.)
Total monthly costs estimate:$16580/mo
Annual estimate: $198,960

This is an easy error to make, however I am sure that you can agree by increasing the revenue by roughly $130k per year it presents an entirely inaccurate picture of the finances associated with operating a community. Our communities operate on a tight budget as we work diligently to replace aging infrastructure to ensure their viability for the long term. Thank you for your attention to this detail, this example is not at all a realistic representation of a park's finances.

Sincerely,

Nick Beers

Community Owner