TESTIMONY FOR THE RECORD

The Manufactured Housing Institute

Before the:

Joint Standing Committee on Housing and Economic Development

Regarding:

LD 1765

May 13, 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 1765, titled "An Act to Ensure Affordability and Stability in Housing for Mobile Home Park Residents."

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. LD 1765 threatens to destabilize a critical segment of Maine's affordable housing market. Rent control measures, such as those proposed in this bill, inherently discourage investment in mobile home parks. By capping rent increases, landlords are disincentivized from making necessary improvements, leading to deteriorating park conditions. Investors may choose to sell or convert parks rather than operate under restrictive rent caps, further reducing the availability of affordable housing. Additionally, landlords may be forced to cut back on essential repairs and services when they cannot adjust rents to meet rising operational costs.

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. 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 1765

LD 1765's proposed cap on lot rents and associated fee increases, capped at no more than 5% over a one-year period, will implement an arbitrary and unworkable price control that will harm land-lease residents and community owners. This artificial ceiling is not tied to any inflation index, regional economic indicator, or cost-of-living adjustment. It is an arbitrary figure without foundation in current economic data or market realities. Manufactured housing communities are not monolithic. Costs vary dramatically based on geography, infrastructure age, maintenance needs, and changes in municipal property taxes or utility rates.

The proposed cap on rent increases—no more than 5% over one year—fails to account for inflation and rising costs. This artificial suppression of rent increases can lead to higher upfront rental costs as landlords attempt to mitigate future losses. Moreover, it reduces incentives for the development of new parks, exacerbating the long-term shortage of affordable housing options. Instead of stabilizing rents, these policies could lead to housing shortages, increased black-market leasing (under-the-table agreements), and a decline in overall housing quality.

Manufactured home park owners bear significant costs in maintaining common areas and infrastructure. The proposed legislation does not adequately address these cost increases, disproportionately impacting small park owners who may lack the financial resilience to absorb such constraints. This unfair burden could lead to the closure of parks, further diminishing housing availability. The legislation assumes landlords have excess profits, but many park owners operate on thin margins and depend on rent adjustments to sustain the property.

Such a cap, applied indiscriminately, may result in situations where rent cannot keep pace with rising costs of operation, including necessary reinvestment into roads, water systems, septic infrastructure, storm drainage, or public safety compliance. LD 1765 would effectively bar owners from recovering their costs unless they successfully navigate a burdensome waiver process, which itself is discretionary, opaque, and unpredictable. This policy disincentivizes maintenance and reinvestment. Instead, the legislation actively disregards the needs of land-lease communities in favor of the limited equity resident ownership model.

Though the bill does allow for waivers from the rent cap in cases of only if the mobile home park owner or operator demonstrates that a substantial, unforeseen expense or capital improvement such as major infrastructure repairs or compliance with newly enacted regulations would result in a significant financial burden without the increase allowed by the waiver, the procedure to obtain such a waiver is burdensome and inherently flawed. Owners must seek approval from the Manufactured Housing Board or respective municipality and simultaneously notify all residents by certified mail. This is costly and time-consuming, particularly for small park operators who may not have legal counsel or administrative staff. The waiver criteria are vaguely defined, and decisions are left to the discretion of an unelected regulatory board with no clear timeline for resolution. There is no guarantee that legitimate increases will be approved. In practice, this will pressure many owners to absorb unrecoverable losses or under-maintain communities, creating the very deterioration LD 1765 claims to prevent.

III. This Legislation Can Serve as the Beginning of a Much-Needed Conversation

LD 1765, while flawed in design, highlights a broader issue that deserves serious and thoughtful attention. The legislation reflects not just concerns over rent levels in manufactured housing communities, but a deeper unease about housing affordability, long-term stability, and resident empowerment. It is time to shift the conversation toward solutions that acknowledge these concerns without undermining the fundamental economic viability of land-lease communities.

Rather than imposing restrictive rent caps or burdensome waiver procedures crafted to promote limited equity ownership models through legislative preference, the Maine Legislature should invite land-lease community owners and operators to the table as serious partners in developing meaningful, resident-focused housing policy. The time has come for policymakers and private operators to collaborate on pragmatic tools such as targeted rental assistance, preservation incentives, and infrastructure reinvestment programs. These initiatives would directly address affordability without distorting market forces or discouraging private investment.

Land-lease communities should not be viewed as adversaries of affordable housing. They represent one of its most important and unsubsidized pillars. The land-lease model gives residents the opportunity to own their homes with lower up-front costs, greater flexibility, and access to professionally managed community environments that offer lifestyle benefits unavailable in many comparable rental housing arrangements. However, this model can only remain sustainable if it is supported by policies that reflect the real and rising costs of infrastructure, insurance, maintenance, and regulatory compliance. Restricting the economic mechanisms that allow these communities to operate effectively does not produce affordability. It fosters disinvestment, deferred maintenance, and long-term instability.

The more constructive path forward is one rooted in cooperation. Rather than advancing legislation that implicitly or explicitly positions limited equity ownership as the only acceptable governance model, the Legislature should recognize the value of maintaining a diverse landscape of ownership and operation. This includes supporting privately owned communities that are professionally managed, responsibly operated, and committed to keeping housing costs accessible. Instead of asking community owners to internalize costs through inflexible price controls or to navigate inconsistent and opaque waiver processes, the state should consider offering direct rental support for vulnerable residents, infrastructure grants for aging systems, and tax incentives for owners who maintain affordability while investing in long-term quality.

This is not a request to overlook the concerns of residents. It is an appeal to address those concerns through collaborative, well-structured policy rather than adversarial mandates. LD 1765 should not be the conclusion of this discussion. It should serve as the beginning of a broader and more inclusive conversation about how Maine can preserve, improve, and expand its manufactured housing stock through fair and sustainable partnerships.

VI. Conclusion

In conclusion, LD 1765 represents an unwise departure from balanced housing policy and an excessive intrusion into private property markets. While the intent of LD 1765 is to protect tenants, the unintended consequences could be detrimental to the very communities they aim to support. We urge the legislature to consider alternative measures (i.e., targeted rental assistance programs and incentives for affordable housing development) that promote investment and sustainability in the manufactured housing sector. Manufactured housing communities are not a policy experiment; they are a proven, high-demand solution to Maine's housing affordability crisis.

On behalf of operators, investors, and the residents they serve, MHI urges this Committee to reject LD 1765. Let us pursue housing policy that expands affordability through inclusion, investment, and innovation.

Thank you for your time and thoughtful consideration.