

Testimony of Pam Zagorski

On behalf of the Cooperative Development Institute

Before the Joint Standing Committee on Appropriations and Financial Affairs

In Support of Part BBBB of the Change Package to LD 2214, *An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government, General Fund and Other Funds and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2024, and June 30, 2025*

April 1, 2024

Senator Rotundo, Representative Sachs, and distinguished members of the Joint Standing Committee on Appropriations and Financial Affairs, my name is Pam Zagorski. I serve as Executive Director of the Cooperative Development Institute (CDI). I am here to speak in support of Part BBBB of the Change Package to the Governor's Supplemental Budget proposal.

The Cooperative Development Institute helps people organize, purchase, own and operate the mobile home parks in which they live as affordable, resident-owned cooperatives. Since 2010, we have supported ten communities in Maine convert to resident ownership, totaling almost 500 homes. Last year, CDI, resident leaders across these ten communities, and our legislative champions advocated for the passage of an Opportunity to Purchase statute. This statute—modeled on a similar law that has been in effect in New Hampshire for over four decades—requires residents to receive notice when their community is up for sale and affords them the opportunity to come to the table as a potential buyer. Such an opportunity is crucial given the influx of large, deep-pocketed, out-of-state corporations into the manufactured housing sector, replacing a generation of local community owners.

Since the Opportunity to Purchase law went into effect in October 2023, residents in several of the largest manufactured housing communities in the state have received notice that their parks are for sale. Each of the communities have sale prices over \$20 million—one is over \$40 million. These properties represent over 1,000 units of affordable, locally owned housing that stand to transition into out-of-state hands. The residents in each of these communities are organized, are concerned about what new ownership might bring, and are interested in exercising their Opportunity to Purchase.

However, given the enormous sale prices at play, submitting a competitive offer as a group of residents will result in large rent increases. Over the last several years, the manufactured housing asset class has seen a dramatic increase in valuation, accelerated by COVID's impact on other areas of commercial real estate, and many more private equity buyers entering the market. Today, residents face an inflated fair market value and rising interest rates. Working with partners like CDI and the Genesis Community Loan Fund, resident groups are able to access market rate capital that can fund their acquisitions. But with the interest rate for that funding currently over 6%, the average lot rent increase these residents face is burdensome—either through resident ownership, or under an out-of-state corporation, which demands a return on investment. I strongly urge the legislature to include a \$5 million allocation of funds to MaineHousing to help residents purchase their mobile home parks and protect their affordable housing. Thank you.