

Bill LD1016 Testimony

Our names are Dr & Mrs. R.J. Lakota. We are not only the owners of the community, but we live in a house at the entrance of the park which allows us to watch over the park and gives the residents a sense of security. We are not just the owners but neighbors too and we love living here.

Park

- Name - Pleasant Acres Estates
(www.pleasantacresstates.com)
- Address - 311 Oxbow Road, Palmyra, Maine
- Park size - 70 acres
- Type of park - Senior, Over 55 community
- Lots - 76 larger than average size lots
- Park homes - Homes in the park are clean and well maintained. When driving through the park it would be impossible to tell which homes are brand new and which homes are 25 years old or older. Most driveways are paved, all homes have sheds and 35 homes have garages.
- Private Homes - 56 privately owned homes
- Rental Homes - 20 park owned homes rented that are as clean and well maintained as the privately owned homes. All are in as-new condition and have back- up generators or built in transfer switches for tenants to safely plug in their own back up generators. We also have 5 large generators for home renters to borrow at no charge in case of emergencies
- Lot rent - \$370 / mo, includes water, sewer, rubbish removal & additional services to help maintain their lots
- Lot size - lot sizes are 1/4 acre to over 1/2 acre
- Lot description - All lots have large yards, big enough for vegetable and flower gardens, garages and sheds.
- Water System - We have our own small water system and we provide plentiful, clean, and delicious water which is included in the lot rent. Our water is untreated and tested regularly by our own licensed small water system operator. We recently added an emergency standby generator to provide water in case of power outages

- Residents - We have about 100 residents. All but a handful are in their mid 70's to mid to late 80's. The residents here range from low income to some very well off seniors. There is very little difference in the social or economic status between the residents that rent homes and the ones that own their own homes. Fifty units are occupied by residents who moved here to downsize, having previously owned their own stick built homes. We have exceptionally good tenants who take pride in their homes.

Benefits to the Municipality

- Affordable housing for the Elderly - We think the most important benefit to the municipality is that we provide the only beautiful, affordable, safe, close knit place for seniors to live in this entire area.
- Not a burden to town schools - There are no school age children living here to overwhelm the taxpayers in our town
- Not a burden to highway department - We have our own roads which we maintain without any costs at all to the town
- Not a burden to the law enforcement - crime is not an issue in this park.
- Events:
 - Community yard sale - Our yearly community yard sale is a well known event and is eagerly anticipated by everyone in the area.
 - Fall Pot Luck - we host a potluck cookout every Fall which is catered by the Detroit Fire Department. This is attended by residents, their friends and family and various business owners in the community.
 - Breakfast Club - Residents have organized a Wednesday morning breakfast club that includes seniors in the area

If our community closed

Senior parks are very different from family parks. If we were to close there would be no comparable place for seniors to go and our residents would be absolutely devastated. Seniors would not be happy in a family park after living here. They are looking for peace and quiet, security and a sense of community and belonging. For

people who live here, their home is everything. Tenants never leave their homes unless they desperately need assisted living or a nursing home.

Investment in the park

Literally everything we own is invested in this park. We are 73 and 82 years old and have poured every penny we have ever earned into making this park an exceptional place to live. After paying millions for the park, and working as hard as we could ourselves everyday with the help of our family, for 11 years, without vacations, we have probably invested well over a million dollars in improvements.

- 2 new entrance signs with led lighting
- paved over a mile of park roads
- several hundred thousand dollars to remove dangerous and fallen trees
- poured several slabs under existing homes
- added much fill and topsoil throughout the park
- added additional street lights
- replaced rotting utility poles
- corrected surface water issues by clearing out drainage ditches and installing new culverts
- fixed and enlarged leach fields
- new leach field for pump house
- made repairs to septic tanks and added filters
- installed water meters & water sampling stations
- extensive landscaping
- installed emergency standby generator & 500 gallon fuel tank for the pump house
- installed 5 propane tanks for rentals
- completely restored 20 homes
- added a new cul-de-sac
- built an addition to maintenance building
- purchased skid-steers, excavator, dump trucks, gators, mowers, wood chippers, street sweeper, snow plows, brush cutter, stump grinder, and various implements to maintain the park

Impact this bill would have to the property value

The \$3.8 million dollar fee would make our park absolutely worthless to a small to medium sized investor by making it impossible to buy at a cost effective price.

Clearly 70 and 80 year old tenants would have no interest in buying our park, nor should they be forced to do so to save their homes. The previous owner of this park encouraged the residents to form a cooperative and purchase the community. Being senior citizens who specifically moved to Pleasant Acres to relieve themselves from the burden of managing their own property, they were vehemently opposed to this. The prospect of taking up the extensive work of maintaining a community or at the very least, paying and actively supervising a property management company terrified them.

The burden of the affordable housing problem should be the responsibility of the entire population of Maine. It should not be placed on the backs of the few hundred manufactured housing community owners and their tenants. According to Google, the value of a typical lot in a Maine mobile home park today is only worth about \$50,000, depending on its location, of course. Expecting a buyer to pay a \$50,000 fee essentially wipes out the total value of a park in any practical sense. This would be a disaster for Maine on multiple fronts.

A park for sale with a senior population who has no interest in owning the land under their home leaves little competition for buyers. The out-of-state interests that are scooping up communities across the state are monolithic portfolios jointly owned by enormous corporations such as Vanguard, Blackrock, State Street, JP Morgan Chase, etc. Just one of these companies has more than enough money to purchase these communities and absorb millions of dollars in penalties so long as they secure their monopoly in the end. Their forces combined minimizes their risk and losses even further. This leaves smaller investors with a net worth of \$10,000,000 or even \$20,000,000, completely unable to bid on most parks or to have the money to improve the parks they do buy. The \$50,000 per lot fee essentially clears the way for billionaires to easily outbid park

residents and small-to-medium sized investors while readily absorbing the losses incurred. This also exposes residents to a higher risk of future rent hikes to help offset their losses. It can not be overstated that these companies have the ability to play the long game, especially when smaller investors are cleared from the table and their residents are captive.

A person's morality is not inversely proportional to their net worth. It is unfair to assume that an investor with less than a net worth of \$10,000,000 will be a kinder and more responsible landlord than an investor with a net worth of more than \$10,000,000. Furthermore, the smaller investor may not be able to afford to be kind, responsible, and able to invest in the well-being of their tenants.

Fee's impact on future investments

If this bill or any similar bill were to pass, we would be foolish to make any more improvements to this park or make any further investment in this industry. We now feel penalized for having spent so much money to improve the park. Property owners have the right to the equity they have developed by directly improving the lives of the residents in their communities and the assets that support that. Penalizing small landlords by devaluing their communities disincentivizes any further improvements they may gladly make otherwise.

Fee's Impact on Future Parks

- New parks will not be developed
- Parks currently being developed will halt all future construction
- Park owners will refuse to maintain or upgrade their parks beyond minimum housing standards
- Parks will fall into disrepair
- Senior parks will convert to family parks leaving seniors with nowhere to go
- Park owners will find other uses for their property

Impact on Lot Rents & Residents

If this bill were to pass we would have to find another way to compensate for the enormous reduction in the value of our property as a mobile home park.

- Only monolithic capital investment firms will buy - Out of state investors purchase communities through investment portfolios. These are jointly owned and can easily outbid residents and absorb large purchase penalties and will offset these prices with substantial rent hikes and additional fees as we have seen already across the country. An investor with a \$10,000,000 net worth or even \$20,000,000 net worth exists on scales of magnitude smaller than these companies who invest jointly in private equity portfolios.
- Substantial lot rent increases - We would hate to do so but we would have to raise the lot rent very significantly to offset the devaluation of our community.
- Adding substantial fees - We could add substantial fees for many of the services we perform currently for free, such as supplying water, pumping septic systems, picking up brush and bags of grass clippings, providing mulch & loam for flower beds, stone dust and gravel for repairs, rubbish removal, and other incidentals.
- Replace seniors with families - The most devastating impact of all would be having to replace senior tenants with families who can afford much more rent and might be willing and able to buy the park since seniors will not.
- Dismantle the park & sell to another industry - We could dismantle the park and sell our property at an even greater profit to a large box type store like Home depot or a truck stop which has been looking for a location in the area for years.
- Convert park to a campground - Our park is heavily wooded and beautiful, with all of the infrastructure required for a campground, so converting this park to an RV park would be another option. This could easily bring in significantly more

income than a mobile home park with the advantages of being a seasonal business with no winter maintenance and less maintenance.

- Impact to the all tenants - Unfortunately this bill is sure to enhance the shortage of affordable housing for all folks including first time home-buyers and the elderly, not just in this area but throughout the state. The state of Maine would not only lose many of the parks in existence, but there will be no more parks built in the future.

Impact to our family

Financial Loss - A fee like this wipes out all of the equity my husband and I have accumulated over our 50 years of marriage. We started our married life with nothing and we will end our life with nothing worthwhile to pass on to our children. Our children will have to make major changes to this park in order to squeeze out anything of value which will not just hurt them but the tenants as well.

Stress - Even introducing a bill like this makes our family fear the future of this industry. We are reluctant now to pass this property over to our children, knowing that they will be faced with these kinds of battles because even if this bill were to fail we have concerns that this is just the beginning and that more harmful proposals will follow that will disincentivize any future investments.

Community Difficulties over the years

For decades, the state and local officials have done everything in their power to prevent mobile home parks from being developed in their communities. After decades of being stigmatized and suffering discrimination we are now expected to bear the burden of providing affordable housing through the devaluation of our communities . If the state had not made it so difficult to develop these communities in the first place, we might not have such a low inventory of affordable homes today.

Other Solutions

There are other more sensible solutions to this problem that wouldn't cost the state so much money. Developers could borrow money to

build low cost housing for seniors and disabled people and in exchange keep the majority of the units affordable for approximately 30 years or so. This would incentivize developers to increase the inventory of stable and affordable housing. This seems more fair to us and less of a risk for the population. Affordable housing initiatives need to incentivize QUALITY landlords who care about the well-being of their residents, NOT out-of-state interests who will gladly and easily absorb losses by passing them on to the tenants.

If a net worth of an investor is the litmus test, \$10,000,000 is far too low of a number. The margins that a high quality community with fair rent prices operates on are much thinner than most realize.