

April 24, 2025

Testimony in opposition to bill LD1723 An Act to Amend the Laws Governing Manufactured Housing Communities to Prevent Excessive Rent and Fees Increases

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

Note: This testimony is similar to what I've submitted for LD1765, as both pertain to the same aspects of the Affordable Housing Crisis.

My name is Douglas Lakota. I am the manager of Pleasant Acres Estates, a manufactured housing community for residents aged 55 and older located in Palmyra, Maine with 76 lots. We operate a unique community providing affordable housing in a well-maintained, private and scenic location. People come to Pleasant Acres to retire in a safe, serene, and beautiful community with large private lots and an abundance of nature while retaining their independence. We believe Pleasant Acres is a unique community that offers a quality of life that few mobile parks are able to provide.

Lot Rent

As of May 1st, 2025 our lot rent is \$400 per month. My family has owned and operated Pleasant Acres for 11 years. Although we haven't raised the rent every year, on average our lot rent has increased 4.1% annually to account for the increase in the cost of living and doing business. We've never received a complaint about our rent increases. Our residents are well aware of what they have received in return and have been able and willing to continue living in our community.

We pride ourselves on charging only what we must in order to provide the quality of life that our tenants expect. This commitment to quality must always come with some compromises, and as a result, we certainly do not operate on margins that afford us a life of luxury. We are on call 24 hours a day, 7 days a week. This truly is a family run business. Nearly every dollar we've made above the cost of operating the business and our own cost of living has been reinvested into the park's infrastructure. Because of this, our tenants get to live in one of the nicest communities in the state while still paying a fraction of what many renters in Maine pay.

LD 1723 has the potential to ruin our ability to provide the level of quality that we have been able to provide by removing our right to operate our community as we see fit.

Complexity and Unpredictability

Perhaps the most important lesson I've learned over the years that I've been managing this community is that it is a very large machine with many moving parts. We have miles of privately paved roads, a privately maintained water system with multiple wells and pump systems, privately maintained septic systems, tractors, loaders, chippers, plow trucks, excavators,

maintenance buildings, street lights, drainage systems, security systems etc. Along with that comes a large number of relationships with various licensed contractors who are also facing rising costs and as a result, raise their rates substantially year over year.

Every year we spend tens of thousands of dollars on tree work alone so that our tenants can enjoy the natural environment that Maine affords us, while maintaining their safety and privacy. On average, we spend even more on paving than on tree work. All of this varies year to year according to the weather, the economy, environmental trends, and other factors that are nearly impossible to predict. By essentially capping rent increases to approximately 2.5% per year (10% over base per 4 years), we are being forced to greatly reduce the amount of money we are able to invest in the community. We certainly won't be able to make any sort of improvements without incurring significant hardship. We already perform a great deal of labor ourselves to offset the increasing costs of every single industry we rely on as community owners: lumber, building supplies, paving, electricity, fuel, vehicles, etc. We have done this to prevent passing the entirety of the burden of inflation onto our tenants. Unfortunately that doesn't leave much wiggle room and we do have to raise rates as we see fit to avoid potential problems in the future for our tenants and the business as a whole.

Rent Increases

We are a family business that purchased this park from another Maine family. Upon taking over the operation, we quickly discovered that the infrastructure of the community had been neglected to a great degree. Paving, septic maintenance, water system repairs, electrical service maintenance, tree work, brush clean-up, etc. had all been deferred for years. To date, we've spent the majority of our net profits on resolving these issues, resulting in a complete transformation of this community. Our long-standing tenants can attest to this.

Year after year, we have tied ourselves into knots trying to keep our rents low while improving and maintaining a community that we can be proud of. There have been years where we haven't raised the rent and there have been years that we have had to raise the rent as we see fit to continually maintain and update infrastructure. On average, our lot rent has increased 4.1 % per year. This has been the bare minimum to operate, maintain, and improve our community while also covering our own cost of living. The quality of Pleasant Acres Estates would be a far cry from how good it is had we been capped to a rate increase limit of 10% over 4 years.

Despite the challenges we've faced, we've maintained some of the lowest lot rent in the state. We did this as a family business. I wholeheartedly believe this was possible because we were allowed to run our business as we see fit. Had we been held to a stringent blanket regulation like the one being proposed, we may not have had the maneuverability to tackle major infrastructure problems and avert potential disasters in the short and long term. We would have needed high-interest loans to cover repairs and maintenance, further diminishing our ability to provide the quality our residents deserve.

One Size Does Not Fit All

Pleasant Acres is not a parking lot for mobile homes. It is a one-of-a-kind community with unique challenges and requirements. We have been successful so far in addressing these challenges while maintaining very low rents by taking advantage of the freedoms that our economy affords us as business owners. This business has supported our family and provided the highest quality affordable housing you can find in the entire area. The proposed intervention of LD 1723 would put a stop to this. Our margins are too thin as it is. Inflation is pressing hard. We can't help but feel as though we are being punished for something completely out of our control. We can't possibly survive if we are stopped dead in our tracks by such strict price control.

If LD 1723 were to pass, there would inevitably be a race to the bare minimum for mom & pop owners to maintain their businesses. Every bit of maintenance cost will be weighed against the larger potential infrastructure problems that inevitably rear their head in the future. Repairs and maintenance will be deferred not out of neglect, but sheer inability to burden the cost. On top of that, owners will be forced to negotiate with the state and bear the administrative burden of including renters in these negotiations. With the uncertainty of the economy and the world in general, how can a business possibly plan for the future with a glass ceiling bearing down against the ever changing landscape community owners find themselves in? Am I to ask permission of the state to finance my own purchasing of every piece of equipment and every service I need? How can we possibly predict when the infrastructure will fail? How are we supposed to account for the ever-evolving problems we face while dealing with price controls that most certainly won't keep up with inflation?

I can guarantee you that with legislation like this, the board will be inundated with requests of all kinds from landlords to raise their rents. They will also be inundated with complaints that communities are being neglected because of park owners' inability to finance all of the deferred maintenance that is already too common.

Inflation

The bottom line is that as the rest of the world marches on and increases their prices, we will be left behind, and as a result, so will the tenants. Worse yet, those of us who have kept our rates low, will never have the chance to catch up to the rest of the economy.

What are we to do when tree services, plumbers, engineers, utility companies, paving companies and others drastically raise their rates in the face of the same challenges we all face? As community owners we are already facing these crises and this is sure to compound our problems. Are we to be the ones to absorb these costs while other businesses are free to adapt? If so, this industry is sure to collapse.

Out of State Interests

I believe this legislation would not only hurt Maine business owners and their tenants, but pave the way for out-of-state interests to further expand their interests in manufactured housing communities in Maine.

Large corporations who can afford to accept lower returns will buy up the remaining mom & pop communities who were unable to run their businesses successfully under the proposed legislation. New middle-class investors from the state of Maine will avoid the industry entirely, knowing that there is no equity to be made for their families. Affordable housing will continue to struggle and the industry will fall into the hands of massive out-of-state corporations who will accept the limited returns in exchange for a monopoly. In particular, senior communities will be the most at-risk. They have no desire to collectively purchase and run their communities. They come to our communities to retire in peace and privacy. Attempts by previous owners of our community to organize elderly tenants into buying the community were met with vehement opposition from the majority of tenants. Retirees are not looking to shoulder more responsibility than they already have.