

May 1, 2025

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

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

My name is Joe Lakota and my wife, Loretta and I are the owners of Pleasant Acres Estates. We are members of the MHAM and thanks to them we were made aware of LD1723 and other proposed laws concerning our industry. I would appreciate it if you could please read this letter to understand some of the reasons why we are so passionately against this bill.

Pleasant Acres is a family owned and operated, senior manufactured housing community located in Palmyra. We purchased it 11 years ago. It is 60 years old with extra large, well maintained lots and well maintained homes. It is not a typical park in that it is heavily wooded with large mature trees and resembles a normal neighborhood rather than a big parking lot. We live in the park and it is a close community. We have struggled to keep our lot rent at \$400 (water, sewer & rubbish removal included) which is well below market rates in the area. Our park is beautiful and our tenants love living here. If left alone we would continue to keep our rates fair, but LD1723 will crush those of us who have tried so hard to keep our rates reasonable.

How LD1723 Would Halt Construction of New Parks & the Expansion of Current Parks

What most people forget is that these parks would not exist in the first place if it had not been for the free market concept of supply and demand. This is not just a concept. It is actually working as well as it can considering how difficult it is to build a new park. Hundreds of new housing units have been created in Maine in the last 5 or so years despite the fact that the manufactured housing industry is always under attack.

The board may not be aware that despite decades of abuse, several new manufactured housing communities have been created in Maine and many have expanded. Like it or not, if rents had not increased to some degree, investors would not have been able or willing to develop these new parks despite the enormous cost which proves that if you just leave this industry alone, it will fix itself. A recent article in the Bangor Daily News has stated that *“there is a growing movement to develop more mobile and modular housing in Maine despite the negative perception some people may have of them”*. This article features a developer, named Falcon Land Co., who is trying to build a park in the town of Warren in Knox County. (see Bangor Daily News article dated 2/21/25). Most parks do not have websites so I couldn't discover all of the new parks but below are just a few examples of the newer parks recently built in Maine, all of which have what most people would consider to be reasonable rents. I believe the state needs to focus all of its efforts on encouraging new construction instead of trying to control rates, because competition is absolutely the best way to modify prices. There is no doubt that LD1723 would have put a halt to the construction of these parks, will prevent the expansion of existing parks and will prevent the construction of all future parks.

- Warren, ME - see above
- Bucksport, ME - Silver Lake Estates - \$425/mo
- Berwick, ME - Blackberry Hill Village - \$495/mo
- Kittery - Yankee Settlement- ?/mo

More Abuse Aimed at Manufactured Housing Communities

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 from discrimination we are now expected to bear the burden of providing affordable housing with rent control and the devaluation of our property. If the state didn't make it so difficult to build these communities, we would not have such a low inventory of mobile home parks in the first place. Clearly the rule makers have learned nothing from past mistakes. Now, instead of encouraging and streamlining the process to build, they bombard our industry with one abusive proposed law after another. Even the threat of these kinds of laws is crushing the industry. It

is very shortsighted to propose legislation that will further cripple us and frighten away new investors from building parks.

Tenant Owned Parks

Everyone thinks that tenant owned parks will lower or stabilize lot rents but so far that has not always been the case. In fact some tenant owned parks have had to raise their own rents as much as a corporate buyer would have. Even parks that have received millions in grants and millions in low cost loans have had to raise their own rents just as much as corporate owned parks have. A great deal of taxpayer money was spent to help tenants at Cedar Falls in Bangor and they still had to increase their own rent by \$100. One of the corporate bidders told me they weren't planning to raise the rent any more than the tenants had. Maybe that money would have been better spent to help fund the development of a new park which could have increased the number of lots in the area.

Rate Increases in Our Park

It is not fair to assume that rent increases are driven by so-called Greedflation. The public loves to complain and gossip and newspapers love to single out those parks that have raised the rent significantly but most park owners are not cruel and greedy. Most of us only increase rates to recoup costs. We are just small private investors. We needed to reinvest literally every penny we didn't use to survive to upgrade our 60 year old park. Just like most old parks, it was seriously neglected for a very long time. It has cost us a great deal of money and a lot of hard work to get it back into shape.

Finally, we have a beautiful park with wonderful tenants who love living here and despite occasional rent increases, we have a very good relationship with them. Park owners don't make the kind of money people think. It is a full time job to properly manage a park, regardless of who buys it.

Why Have Our Rents Increased

Groceries and housing are not the only things that have gone up in cost. Everything has. Currently we charge \$400 / mo. which includes water, sewer, rubbish removal. Our expenses have increased far more than our rent has.

Our tenants don't complain about the rent. They know we are \$200 less than other parks. They also know it is painful for us to increase it. We've made massive improvements to the park over the past 11 years. It's very simple though. The rent must go up if you want to improve conditions and upgrade.

1. Deferred maintenance in mom & pop parks - Those sweet Mom and Pop parks, with nice low rent are cheap because they've been badly neglected for decades. Our park is 60 years old and we had a colossal amount of repairs and upgrades to make.
2. Interest rates - a 266% increase on our loan (3% to 8%)
3. Property taxes - a 50% increase on our property taxes
4. Plumbers & electricians - 35% on rates, 100% on parts
5. Tree removal services - a 50% increase per day from \$1800 per day before covid to \$2700 per day now.
6. Snow Plowing - the costs to maintain 3 older plow trucks is too great and just 1 new properly equipped truck is \$130,000. We have no choice now but to hire a company which charges \$16,000 for the season.
7. Inflation - After covid, everything cost 50% more than it did 2 years before.
8. Maine parks are old - our park is 60 years old and requires more frequent repairs and maintenance than new construction.
9. Repairs are not always obvious - People who are not in business don't realize what it costs to stay in business. Example: Our tenants think we are making money on the trees we have to remove which in reality is costing us tens of thousands of dollars a year.

Mobile Homes are Not Immobile

One of the arguments against park owners is that tenants are trapped because it is too expensive to move their homes but this is not true. We occasionally move mobile homes and the cost is not tens of thousands of dollars. The cost to move and set up a typical 14' x 70' trailer within a 20 mile radius costs about \$2,000. Another fable is that they are too fragile to move. This is also baloney. Trailers built after 1975 typically have 2"x 6" construction and do not fall apart when moved.

Problems with LD1723

LD1723 Base Rent Unfair

LD1723 will punish those of us who have struggled to keep their lot rents low. We have been told that our park is far nicer than others in the area. We've made sacrifices to keep our lot rent at \$400 with water, sewer and rubbish included, even though lot rents in the area are as high as \$750. In other words, if LD1723 were to pass, our base rent would be hundreds of dollars less than other parks. This is grossly unfair to those of us who have struggled to keep fees reasonable. Laws should be applied evenly. We have a beautiful park with mature, beautiful trees, paved roads and large private lots. But the trees and roads alone cost about 20% of our gross each year to maintain. Our overhead is high compared to other parks. We are not greedy people. Our tenants are our friends and neighbors and we don't take advantage of them. They never stop thanking us for giving them such a wonderful place to live. Please let us continue to operate as we see fit and don't punish us because there is a housing shortage. I feel we are already doing our part by providing a nice affordable place for seniors to live out the rest of their lives.

Composition of the Board in LD1723

I don't believe that decisions made by the board would be impartial with the board members described in the bill. The composition of the board is extremely lopsided and unfair. Only 1 member of the board is an owner or operator of a park. The 4 mobile home park residents are bound to be biased depending on their experiences in their own parks. And it's almost impossible to find a contractor that even wants to work on mobile homes, and there is not even one accountant or business person familiar with running a business on the board. I could never feel as if they were qualified or could be fair minded.

Impossible To Manage LD1723

Expect a non stop, continuous stream of park owners asking for increases and from park residents complaining about poor maintenance. Because park owners will not be able to pay for anything with a 2.5% cap on rent increases. This will add an unnecessary, very costly layer of bureaucracy for both the property owners and the state. There are 500 mobile home parks in the state and they are all different. Some have club houses and swimming pools. Some

don't even have paved roads. Market rates on the coast or in southern Maine are very different from market rates in central maine. Older parks have additional problems that newer parks do not. How can the board expect to make a determination on how much a park owner needs to raise their rents to meet expenses or heaven forbid, to make a profit. Only the business owners themselves are qualified to determine what is needed and if a rent increase is justified. The time and cost to the state & park owners to manage LD1723 fairly, for 500 parks would be ridiculous and unless every member of the board had extensive experience managing a mobile home park, they would not be qualified to make such decisions. Some banks won't even lend money to a prospective buyer of a park, unless they've had a minimum of 2 years of experience in running a park. Even tenants who want to buy their own park are probably required to hire a management company before a bank will lend them the money. It is amazing how much people don't know about what is involved and how much it costs to keep a park running smoothly. How can we be sure that we will be allowed to recoup our costs? No other business has to ask permission to repair their own property or be shamed with letters to their customers for a rate increase. And it shouldn't be the business of a group of strangers to decide if our park needs to fix a road or add a well or whether or not we deserve a new plow truck or any number of improvements and upgrades we might require.

What about requests that the board denies that may cause future harm to the park or park residents or their homes? Example: I worry about tree removal costs for example because our park is 50% trees. What if the board refuses to allow us to increase the rent for the removal of dangerous trees. Will 13 board members visit the park and look at our trees? Will they take responsibility for a tree that crushes a house in a storm, or heaven forbid kills a person while we are waiting for an answer? This is not far-fetched. Something like this could happen. Who will be considered negligent? Us or the board?

Improving LD1723

If, heaven forbid, this bill should ever pass, it should at least be fair.

1. I disagree very strongly with the composition of the board. It should contain an equal number of park owners/managers and park residents. It should have at least 1 accountant and the contractors should have extensive experience with mobile homes because not all contractors do. An economist should also be included if possible.
2. All parks should have the same base rent so that park owners, like us who have kept their rents low and charge hundreds less than other parks, should not be punished for being kind to our tenants. It only proves that no good deed goes unpunished. We simply cannot survive with a base rent of only \$400 with only 2.5% increases.
3. Allow much higher rent increases of up to 10% per year or every park in Maine will become a Ghetto. The proposed 2.5% is absolutely too low for parks to keep up with the increased costs we face. Old parks are especially difficult to maintain with such low increases.

Conclusion

My own opinion is that It is cruel to place the entire cost of affordable housing onto the backs of landlords, rather than spreading the cost across the entire populace, as it should be in a free and just society. The American economic system is based on the concept of supply and demand with no government interference. It is said that "In a country where people are free, it should not favor the landowner or the tenant, the factory owner or the worker, but rather all of society". LD1723 is severe government interference and meddling with this concept and is self defeating. It will be the perfect excuse for slumlords to do nothing to maintain or upgrade their parks. I predict that nice parks will eventually become ghettos, nasty parks will get even worse, and nobody will want to build a new park in Maine.

I would like the board to put themselves into the shoes of us park owners. Imagine how you would feel if you and your husband were in your 70's and worked like dogs your entire life. Made all kinds of sacrifices to buy a business. Never took a vacation or dined out. Drove old cars and lived frugally so that you could buy a business that allowed you to be comfortable but not rich. Then suddenly, through no fault of your own, you were being

punished because of circumstances beyond your control. Suddenly you couldn't run your own business the way you see fit to do so. You were not in control of your own business and like a child, you had to ask for permission to make important decisions. It's humiliating, unfair and unreasonable. We are sick over this LD1723. We love our senior park and were excited about the prospect of building a family park next door. But all of these proposed bills are making it impossible for us to feel good about the future of this industry. Even if LD1723 does not move forward, we are now too insecure to even expand our existing park. I'm sure every park owner and developer feels the same. I hope the board reads our letters and has a little empathy for us park owners too. Most of us are not greedy. We work hard and care about our tenants. Please feel free to contact us if you have any questions or require more information. My contact information is below. Thank you for reading this letter.

Joe & Loretta Lakota

Pleasant Acres Estates

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