

Testimony in Support of LD 1723, “An Act to Amend the Laws Governing Manufactured Housing Communities to Prevent Excessive Rent and Fees Increases” and LD 1765, “An Act to Ensure Affordability and Stability in Housing for Mobile Home Park Residents.”

James Myall, Senior Policy Analyst

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Good Morning, Senator Curry, Representative Gere, and members of the Joint Standing Committee on Housing and Economic Development. My name is James Myall and I am a Senior Policy Analyst at the Maine Center for Economic Policy. I am here to testify in support of LD 1723, “An Act to Amend the Laws Governing Manufactured Housing Communities to Prevent Excessive Rent and Fees Increases” and LD 1765, “An Act to Ensure Affordability and Stability in Housing for Mobile Home Park Residents.” Both bills would help mobile home park residents, who are often Mainers with low incomes, stay in their homes and protect them from predatory rent increases.

MECEP has historically been cautious about advocating for rent control measures. There are many examples of rent control policies which have protected existing tenants but had the unfortunate side effect of stifling the housing market and making homes less affordable for everyone else. However, we believe the unique economics of mobile home parks make the case for rent control in this environment much stronger. Both bills also contain safeguards to avoid the worst pitfalls of rent control policies, though both have some room for improvement in our opinion.

The economics of mobile home parks differ from apartments or other rental markets. Residents of mobile home parks own their home and only lease the pad on which it rests. Because they own a home that is for all intents and purposes unmovable, they are particularly vulnerable to excessive rent increases. Whereas someone living in an apartment can move to another apartment if their landlord hikes the rent above market rates, a mobile home owner has to sell their home in order to move – and they will have trouble finding buyers if the lot rent is too high. What’s more, because the resident has primary responsibility for maintaining the home, there is less justification for rent increases than in an apartment building. One traditional criticism of rent control is that it leads to landlords failing to repair or invest in their properties. But in this case, the landlord’s responsibilities are limited to the park itself, and the risk will be lower.

Both bills allow a landlord to petition for a waiver from the rent control provisions in order to make major investments or other unforeseen circumstances. This is a sensible procedure to allow for long-term investments or major repairs.

In regard to the actual rent control portion of each bill, we think there are elements of each bill that could be combined. LD 1723 averages rent increases over a period of four years, which gives a landlord some flexibility and reduces the chance that they will adopt the maximum increase each year. However, we are concerned that 10% over 4 years may not adequately capture the regular cost of living. Between 2020 and 2024, for example, the Consumer Price Index rose 21%. Under LD 1723, a landlord would be taking a significant loss just from the increase price of maintenance labor and supplies. LD 1765's control which is pegged to the CPI is a better model, though the 5% annual cap may again be too limiting. We would recommend a control that is averaged over four years that equals the increase in the Consumer Price Index for the Northeast Region.

LDs 1723 and 1765 would provide some much needed stability to the residents of mobile home parks and while there are some improvements which could be made, I would urge you to vote "ought to pass" on these bills. Thank you, and I'm happy to take any questions.