

To the Honorable Chairperson, Carolyn Tomei and the Representatives serving on the Human Services and Housing Committee during the 2013 Oregon Legislative Session

My name is Larry Henson and I live in Oregon State District 10 Represented by the Honorable David Gomberg

(Disclosure; Manager of a Manufactured Home Facility (Longview Hills MHC LLC), Currently Inactive member Oregon Manufactured Housing Landlord/Tenant Coalition, Active Coalition member from 1997 to 2011, Commissioner for the Housing Authority of Lincoln County, Independent Voter No Party Affiliation)

Note! This testimony does not in any way or intent represent the Board of Commissioners of the Housing Authority of Lincoln County and is not to be interpreted as such. This testimony is the personal opinion of Larry Henson.

Please enter into the public record on March 20, 2013 the following testimony concerning HB 3007

Current Oregon Revised Statues state in part:

- I.) The owner of a Manufactured Home Facility must give Tenants first right of refusal for any offer or agreement by the facility owner to sell the facility. (90.820)
- II.) A manufactured home facility owner must give tenants either a 180 or 365 day notice if they intend to convert or close a facility and pay tenants up to \$9,000.00 each. (90.645)

Concerns

- 1.) HB3007 targets a specific class of landowners limiting their ability to sale.
- 2.) HB 3007 limits only the sale of certain Facilities with tenancies. If HB3007 is good for all Oregonians why not include limitations to the sale of all property holding tenancies?
- 3.) HB 3007 will be of questionable benefit to Oregon residents with tenancy in Manufactured Home Facilities because there is no critical need for tenants to purchase facilities offered for sale.
- 4.) HB 3007 will provide for unnecessary litigation based solely on a sale of legally titled property.
- 5.) HB 3007 will increase the sale price of a facility. This will be due to the penalty within the fine structure, 10% of the sale price or \$100,000.00 maximum.
- 6.) HB 3007 will cause havoc among tenants. If enacted, tenants will need legal counsel and personnel from Oregon Housing & Community Services to settle disputes. The language of the bill tends to imply only a group of tenants may fulfill the qualifications of eligibility. If only one tenant living in the facility wants to purchase the facility is the single tenant to be excluded? Or if a group of 2 tenants decide they are more qualified to purchase than another group of 5 which

is the correct party for the land owner to negotiate with in order to meet the criteria set forth within this bill?

7.) HB 3007 is unnecessary because there are no records of proof or studies determining a significant number of tenants prefer to purchase facilities where they live or that tenants need additional legislation to protect and favor them over other purchasers.

8.) HB 3007 limits the ability of a property owner to sell their property in a timely manner.

9.) HB 3007 limits the ability of a property owner to sell property at a fair market price to a buyer by imposing additional costs, restrictions and expenditures to the purchaser and seller.

10.) HB 3007 penalizes a property owner of a Manufactured Home Facility for the sole reason they own a manufactured home facility.

11.) HB 3007 as described by the fine section gives a specific named individual or group of an unprotected class the ability to profit from the sale of a property in which they have no ownership of title.

12.) HB 3007 appears to require additional revenue expenditures from The State of Oregon Department of Housing and Community Services to educate, enforce, monitor, fine and litigate. There is no defined plan on how the fine structure is to be distributed. (Example) A facility having 200 spaces will require OHCS to distribute from up to \$100,000.00, the appropriate monies to each tenant. How is OHCS to do this? What will be the cost to OHCS and what will be the cost to the tenant for OHCS to provide this service?

Summary

If a Facility Owner desires to sell property why should a tenant benefit from the sale? What has changed for the tenant solely on the basis of a sale? Tenants will still have their lease, park rules, amenities etc.

Does HB 3007 assume a facility sale to be a bad thing? If selling a facility property is a bad thing then why should a tenant be guaranteed special favors from the State to purchase a facility? How is this bill going to improve a tenant's residency within a facility?

All HB 3007 appears to accomplish is to either stop the sale of a property, bring the sales process to a snails pace or drag the sale process out over several months with no guarantee to a property owner the tenants will be able to qualify for purchase. Perhaps if the Committee does decide to move further on HB 3007 there should be a reciprocal clause added to Section 6 stating, if a tenants group is unable to complete the purchase of a facility, the facility owner is to be reimbursed by 10% of the original for sale price or \$100,000.00.

The Committee should also consider one possible outcome HB 3007 has the potential to create is that a landowner intending to sell a facility could determine to pay the 10% or \$100,000.00 fine and be done with the matter. Thereby raising

the overall cost to purchase facilities by the amount of the fine this would be much simpler than trying to jump through all the hoops, time schedules and other steps necessary to complete the sale.

Further HB 3007 does not guarantee to a landowner that even after compliance with the steps outlined they will not still be held liable to pay recovery amounts to tenants.

It appears about the only sure thing HB3007 will accomplish rather than increasing the coffers of attorneys will be to increase the value of MH Facilities by upwards to \$100,000.00.

I have managed a MH facility since 1996. The facility was offered for sale in the spring of 1996 and the sale closed in the fall of 1996.

The owner of the Facility offered the facility for sale to the tenants first. The residents met to decide if they actually did want to purchase and manage the Facility themselves. The meeting turned out to be about 60% against and 40% for the purchase.

The 40% group decided to go on with the purchase but negotiations broke down when the group could not agree on how to charge for lot size disparities. The group then grew smaller still and a decision was made by those who remained not to purchase the Facility, much to the relief of the majority of tenants.

Another buyer then agreed to purchase and the facility sold, nothing changed for the tenants other than some of the streets that were not paved were finished by the new owner much to the delight of the tenants.

It is my belief a group of tenants living in a facility who want to purchase the facility will undergo the steps currently outlined in 90.820 and be prepared should the facility be offered for sale. However not all tenants in a facility desire to purchase the facility, does this bill protect those tenants?

Thank you for your consideration of this testimony.

Submitted for the Hearing on HB3007
March 20, 2013
Human Services and Housing Committee.

Dated March 18, 2013

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