

Statement of
Brian Johnson, Johnson Mobile Estates
February 17, 2014
Senate Committee on General Government, Consumer & Small Business Protection

Chairman Shields and Members of the Committee:

My name is Brian Johnson. I am a resident and native of Clackamas County.

The Johnson family has been in the mobilehome park business since we first started Johnson Mobile Estates in the 1960s. Four generations of our family have built, nurtured, and worked in our mobilehome park.

Over those fifty years, we have expanded Johnson Mobile Estates to 279 spaces. Our residents are mostly families with children who work in Clackamas businesses and whose children attend local schools. Many residents have been with us for a long time, so seniors also live there.

While we would like to think that succeeding generations will want to continue to own and operate Johnson Mobile Estates, the reality for most family-held businesses is that as ownership gets further and further away from the original founders -- and there are more cousins with different goals -- the time will come when the majority will choose to sell the property.

So I have reviewed HB 4038 in the context of what I or my heirs will face if and when the time comes that Johnson Mobile Estates is offered for sale.

Current law requires us to give tenants an opportunity to purchase if they have created a tenant purchase entity. No one has identified a single instance where tenants have been unable to purchase a mobilehome park under the present law.

We're told that requiring tenants to form an organization and notify us of its existence and their future interest in purchasing our park is too much trouble.

Instead, we are to send out a notice to every person in our mobilehome park that we are "considering" sale and then wait to see what will happen. I can tell you that the result will be great confusion in a 279-space mobilehome park.

There are some 600 people living in our mobilehome park. You each have had experience with large groups of people and you know well that the people living on 279 spaces will more likely have 300 to 600 different ideas of what to do.

I can tell you from personal experience that not every resident of our 279-spaces is a rational, logical thinker. I am certain that at least two people who have no idea of the complexity of purchasing and financing a large real estate investment will pop up and say they want to purchase a mobilehome park.

But with 279 spaces, we won't see just two tenants pop up. There will be several individuals and groups who will suddenly claim to represent all the residents of the mobilehome park. But in reality, since they have not made any prior effort to organize, no one will be to speak for the residents with authority or credibility.

It is unrealistic to think that the tenants in a 279 space mobilehome park like ours – or 800-space Hayden Island mobilehome park – could within 10 days schedule and hold a park-wide meeting, discuss and agree that they want to “compete” to purchase the mobilehome park, and then vote to choose a “designated representative.”

HB 4038 says I would have to provide financial information – which the proponents agree is confidential – to “the tenants.” Supposedly, I can require the information be kept confidential. But the reality is that once that information gets in the hands of a few tenants it will be known to all tenants. How would I know who leaked the information and what real remedies would I have once my financials have been spread around?

If a sale to the tenants fails to materialize for one reason or another, the tenants will know the confidential details of my business. Tenants will misinterpret and misrepresent the financial information as fodder for the next time they are in the State Capitol pressuring for rent control.

HB 4038 assumes that if the tenants and I fail to “reach agreement on a purchase,” there is another ready buyer standing by.

But the bill says I have to notify the tenants if we are even “considering” sale.

Even if we had a prospective purchaser, another buyer for one reason or another may decide against the purchase – because the park has been thrown into turmoil as a result of the factions arguing over tenant purchase, or an inability to secure financing, or for some other reason.

What happens if three months later, a new prospective private party purchaser makes an offer on the mobilehome park?

- Section 1(1) of HB 4038 says I must give written notice to the tenants “when the owner receives an offer to purchase” the park.
- Do I have to start the process all over again with the tenants if I decide to review the offer and again “consider” sale?
- What if I receive an unsolicited offer six months after the tenants have failed in their efforts to purchase the mobilehome park? Or a year?

How many times must I send this notice out, even if the tenants have previously demonstrated no interest in purchasing the park or no financial ability to do so?

HB 4038 is a solution in search of a problem: no one can show the current law has failed to work.

HB 4038 creates more problems than it solves.

I urge your “No” vote on HB 4038.