

HB 2364 -5 STAFF MEASURE SUMMARY

House Committee On Housing

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Meeting Dates: 3/16, 4/13

WHAT THE MEASURE DOES:

Requires owner, prior to the sale of a residential dwelling facility, to give tenants committee first right of refusal in purchasing facility, provided that tenants form committee for purpose of purchasing the facility within 20 days of receiving notice of owner intent to sell facility. Requires owner to deliver to tenant committee the information necessary to the facility's sale within 10 days of delivery of notice of intent to sell. Prohibits owner, upon timely receipt of tenant committee notice, from making a binding offer to a third party, unless the tenants committee rejects the offer or has not accepted the offer after 60 days. Provides private right of action for tenants to prevent or delay a sale or transfer of facility if owner does not substantially comply with notice and information provision requirements. Exempts from provisions of this Act the sale and transfer of a facility if tenant or tenant committee does not act in a timely manner; violates confidentiality; or withdraws from, terminates or breaches a sales agreement.

ISSUES DISCUSSED:

- National trend in manufactured dwelling park sales to large investment firms
- Supporting affordable homeownership opportunities for manufactured dwelling park tenants with limited access to capital
- Current statute allows tenants to organize and compete to purchase a manufactured dwelling or floating home facility; existing timelines and lack of enforcement on notice requirements limit tenants' ability to compete to purchase a facility
- Focus on tenant opportunity to purchase vs. right of first refusal
- Scope and reach of Manufactured Home Preservation Fund
- Consider how to get capital into the hands of tenants and tax benefits for sellers to enable tenants to compete with other potential purchasers
- Concern that 60-day timeline is onerous for sellers and that "good faith" negotiation language is already satisfied in existing statute

EFFECT OF AMENDMENT:

-5 Replaces the measure. Allows tenants, upon receipt of notice of owner's intent to sell a residential dwelling facility, 15 days to form tenants committee for the purpose of purchasing the facility. Requires tenants committee to provide to facility owner written notification and request for financial information related to the sale of the facility. Extends the time by which an owner must provide tenants committee with requested financial information from seven days to 14 days after tenant delivery of request, and expands provision of financial information to include total operating expenses for the facility paid by the owner or landlord in the prior calendar year. Extends to 45 days the time period in which tenants committee must form entity legally capable of purchasing real property and submit to owner written offer to purchase the facility. Clarifies the duty of the facility owner to consider and negotiate in good faith any offer from tenants or any entity formed by or associated with the tenants. Allows tenants to recover 10 percent of sale price of facility if owner does not negotiate with tenants or associated entity in good faith. Designates, upon award of damages, Department of Justice and prevailing party as judgement creditors for 50 percent, respectively, of the award, and allocates department's share of award to the Manufactured Parks Account after the deduction of collection costs. Requires prevailing

party to notify department of award within seven days following award judgement.

BACKGROUND:

Manufactured housing is one of the largest sources of unsubsidized affordable housing in the country. In Oregon, manufactured homes account for 8 percent of the state's total housing volume, and 16 percent of the state's affordable housing stock, according to American Community Survey 5-year estimates (2013-2017).

In manufactured home parks — referred to as a "facility" in statute — owners may rent space to a tenant to place a manufactured home. The park provides basic utilities, plus amenities such as community and shared recreational areas. When a park is sold, residents are at risk of losing their homes or subject to rent increases that pose difficult challenges for persons living on fixed incomes. The burden of relocation for many residents is also very high: a home can be moved to another park, but at great expense; and if it cannot be moved, its value is almost entirely diminished. In 2014, the Legislative Assembly enacted House Bill 4038 to create a process to permit individual tenants to organize and compete to purchase a manufactured dwelling park facility.

House Bill 2364 requires residential dwelling facility owners to give a tenants committee first right of refusal in purchasing the facility upon timely formation and response to owner notice of intent to sell a facility. It provides a private right of action for tenants to prevent or delay a sale or transfer of facility if an owner does not substantially comply with notice and information provision requirements.