

Chair Marsh, esteemed members of the committee, my name is Loren Landau. I live in Sherwood, Oregon and own several manufactured housing parks throughout Oregon as well as being an owner in Commonwealth Real Estate Services who provides management services to many manufactured housing communities throughout the state. I am here in Opposition to HB 3054.

While I am opposed to HB3054, I understand and can relate to the frustrating experience of tenants enduring increased costs when there is little to no new service provided. It is like my park in Brookings experiencing a \$21 per space per month increase in insurance costs this coming year due to being zoned within a high fire area by the new State of Oregon fire map. Or my community in Hermiston which requires drain field repairs but due to its' proximity to the city sewer line is being forced to connect to city sewer. The estimated total cost required to connect to city sewer represents over \$85 per space per month or 4.8x CPI based on current rents compared to the estimated cost to effectively address this issue on-site. Or my park in Stayton, which will shortly have the loan interest rate reset increasing the monthly loan payment on my less than 25% loan to value mortgage the equivalent of \$169.80 per space per month or over 10x CPI based on current rents. This park like most investments of this nature has a loan which is not fully amortizing and needs to be refinanced every 7-10 years.

Those of us who have been in this industry long enough know the value of tenant's homes in manufactured housing communities has far outpaced the rate of rent increases. Homes which sold for \$30,000-\$40,000 just 10 years ago now sell for \$120,000-\$150,000 or more despite higher rents. HB3054 will change nothing on this side of the housing cost equation for new renters. I find it ironic the proponents of this bill will do nothing to reduce the amount the homes can appreciate when these can be what really drive lack of affordability. This legislation would simply transfer the value appreciation away from landlords to tenants when in the last 15 years appreciation has been shared between the two. At some point for landlords, if the value of the park declines to the point where it is worth more as bare land, park closure will be the only option.

The cost to build out a manufactured housing community has skyrocketed 5-6 times over the last 30 years. No new manufactured housing communities are being developed due to lack of affordable developable land, skyrocketing development fees by municipalities and increased construction costs due to more stringent regulations. In the mid 90's developers could build out a community on city services for less than \$30,000 including land. During that period, thousands of new manufactured housing units were added in Oregon. Compare the old model to now where I recently spent \$195,000 to develop three new spaces. The only reason it could be this cheap is the park is not connected to city services and I already owned the land. It makes no economic sense to build a new manufactured housing community in today's environment despite current rent levels when to simply build and fill a park would be \$120,000 or more depending on the development fees which would be before land and capital costs. It is simply not worth the economic risk.

I understand the good intentions of different legislation to improve affordability but I believe the path to less affordable housing is paved with good intentions. HB3054 represents another roadblock to developers and landlords who will be the key to providing affordable housing in the future. I recognize as legislators it is difficult to educate yourself on the thousands of bills being considered each session. My hope is you not consider one-sided legislation like HB3054 which will only exacerbate the housing crisis. Thank you for the time.