Manufactured Home Parks

Housing Alliance
Update on Manufactured Home Park Closure Issue

February 13, 2007

<u>1. Manufactured Housing Landlord/Tenant Coalition proposal regarding park closures and displaced tenants</u>: The Coalition, composed of interests on all sides of the issue, has been meeting for over a year and a half to develop a joint legislative proposal. The Coalition's proposal was finalized on January 24 and given to LC late that night, via both Sen. Avakian for introduction in the Senate and Rep. Schaufler in the House. (No LC number yet.)

Here are the key elements of the Coalition proposal, among several others:

a. Require Landlords to pay up-front money to Tenants displaced by a park closure: $5k for a singlewide, $7k for a double, and $9k for a triple or larger; prohibit Landlords from charging Tenants to dispose of abandoned Manufactured Homes, which we estimate to cost as much as $4k each for disposal.

b. Renew and extend the 2005 Krummel $10,000 tax credit (HB 2389); make it available to all Tenants displaced by a park closure regardless of income and regardless of whether they can move their homes. It is and will continue to be a refundable tax credit, so it can be cash, not just a tax offset. (Krummel is also submitting this, as a stand-alone; HB 2600.)

c. Renew the 2005 Krummel bill's capital gains break for park Landlords who sell their parks to one of 3 preferred entities which will maintain the park as affordable housing: resident co-ops, community development corporations, and public housing authorities. (This, too, will also be in Krummel's HB 2600.)

d. Require Landlords to negotiate in good faith for 60 days with one of the preferred 3 entities before selling a park, to allow them to compete to purchase and preserve the park. (Modification of existing law.)

<u>2. Manufactured Dwelling Park Nonprofit Cooperative</u>: OHCS' HB 2096 creates the new manufactured dwelling park nonprofit cooperative, one of the three preferred entities for purchase of a park. This is necessary to allow us to implement the New Hampshire Community Loan Fund model, which over the past 25 years has resulted in over 80 parks in New Hampshire being purchased by residents.

<u>3. Oregon Affordable Housing Tax Credit:</u> Expand the OAHTC for use with MH park purchases. The OAHTC was created in 1989 and allows Oregon banks to take a credit on their Oregon taxes equal to the difference in their usual loan interest

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rates and a special lower loan rate for affordable housing projects, up to four percentage points. The result, for example, is a loan at 4 points, not the market rate of 8 points. We seek (no LC number yet) to amend the law to allow this tool to be used for park purchases. This tool will allow the three preferred entities to borrow about 80 percent of the cost of a park purchase from private lenders in the form of a mortgage.

The OAHTC is a highly leveraged and efficient funding source for these purchases. Use of the OAHTC will preserve other much needed development funds for other development and preservation activities.

4. Funding for Affordable Housing: The Housing Alliance's document recording fee increase bill (SB 38) will produce an estimated $60 million per biennium for affordable housing in Oregon. Some of this money will be available to fill the 20 percent gap in the purchase price for parks, to leverage the private money described in #3.

5. UGB expansions for affordable housing: LCDC and DLCD have submitted a bill (SB 187) which will allow -- not require -- cities to expand their urban growth boundaries on a simplified and expedited basis for the purpose of adding land for new affordable housing, including new MH parks. This "voluntary inclusionary zoning" will be designed to produce cheap land for affordable housing. This bill is not part of the Housing Alliance agenda.

6.Technical Assistance: One other important part of this puzzle, although it does not require new legislation, is the effort of CASA and the Community Development Law Center to provide technical assistance to advise park Tenants threatened by a closure and to help the preferred purchasers purchase parks. CASA and CDLC have been temporarily funded for this purpose by OHCS and a national nonprofit, CFED.

Summary:

If we succeed, here's what could happen in the future.

A park Landlord will decide to sell his or her park, either to a developer for closure and redevelopment or to another landlord.

The Landlord will be required to negotiate with a resident co-op, CDC, or PHA which might want to compete to buy the park, using technical assistance from CASA and CDLC, grant money from our document recording fee increase, and mortgage money with the OAHTC.

If we are not able to purchase the park and it closes, the Landlord will have to pay the displaced Tenants some money, up front, before they have to move, and the state will also provide financial assistance (albeit retroactively, when the Tenants file their income tax returns). Tenants can use this money to move to a new Manufactured Home park created by a CDC or PHA on land added to the UGB.