

TESTIMONY OF CAROLYN L. CARTER  
before the  
ENVIRONMENTAL MATTERS COMMITTEE of the  
MARYLAND GENERAL ASSEMBLY  
March 12, 2008

My name is Carolyn Carter. I am an attorney with the National Consumer Law Center (NCLC). I appreciate your invitation to testify about H.B. 1382.

The National Consumer Law Center is a non-profit organization, founded in 1969, that specializes in consumer issues, particularly those affecting low-income and elderly consumers. On a daily basis, NCLC provides legal and technical consulting and assistance on consumer law issues to legal services, government, and private attorneys representing low-income and elderly consumers across the country.

I was one of the authors of the AARP model state manufactured housing community statute, published in 2004, which includes provisions much like those in H.B. 1382. NCLC is in the midst of a multi-year project to help promote resident ownership of manufactured housing communities in the United States. We have reviewed the features of all of the state laws that, like H.B. 1382, give residents of manufactured housing communities the opportunity to purchase their communities, and how those laws are working in practice.

Based on this work, I can say that a good resident purchase opportunity law has to have three key features:

- Notice to all of the owners of manufactured homes within the community and to a government agency
- Whenever a community is sold
- With a waiting period that is long enough for the residents to match the offer.

House Bill 1382 has each of these key features.

*Notice.* First, it requires notice to all the owners of manufactured homes who live in the community and to the county department of housing and community development. This simple requirement will not be burdensome to park owners, since they already have the addresses of all the homeowners and presumably are in regular communication with them about such things as rent and rule changes.

A particularly important feature of H.B. 1382 is that it does not place preconditions on this duty of notification. States that require the home owners to jump through hoops – such as sending the park owner an annual letter -- before they are

entitled to notice greatly cut down on the effectiveness of their resident purchase opportunity laws.

Another excellent feature of the notice requirement of your bill is that it requires notice to a governmental agency as well as to the home owners. Notice to a governmental agency greatly enhances the effectiveness of a homeowner purchase opportunity law. When a governmental agency gets notice, it can leap into action and help the residents put together a purchase offer, or alert community organizations that will help the residents.

*Whenever a community is sold.* A second key feature of H.B. 1382 is that it maximizes homeowner purchase opportunities by requiring notice to the home owners *whenever* a community is sold. As a result, residents will be able to be proactive. They will have the opportunity to stabilize and enhance their communities *before* a crisis such as the closure of the park arises. This bill will be preventive rather than reactive. It has appropriate exceptions for pro forma transfers such as those within a family or within a partnership, but otherwise requires notice to the residents whenever the park is sold.

*Waiting period.* Finally, H.B. 1382 includes a 60-day notice period, during which time the homeowners have the opportunity to put together a purchase offer. Experience in other states has shown that 60 days is a challenging but viable middle ground that accommodates the seller's needs. New Hampshire, with a 60-day waiting period, has converted more than 80 of its parks – 20% of all parks in the state – to resident ownership. Residents still have to move fast with a 60-day period, but it is a workable amount of time.

If H.B. 1382 is adopted, Maryland can expect to see significant progress in resident ownership of communities. Laws with these three simple requirements have made resident ownership a reality in a number of other states. I've already mentioned New Hampshire, with a 60-day period, which has 88 resident-owned communities. California has a similar law, although with a shorter time period and more gaps. It has at least 100 resident owned communities. Florida has hundreds. Vermont, with a law providing 45 days' advance notice, has converted over 40 parks to either resident or non-profit ownership. Massachusetts and Rhode Island, which have 45-day notice periods, each have about 10 resident-owned communities. Having seen what these states have done, many other states – including Delaware, North Carolina, Illinois, Ohio, Pennsylvania, Utah, New York, and Georgia -- are considering resident purchase opportunity laws.

Maryland's timing is particularly opportune. A new non-profit organization, ROC USA, is launching a nationwide program on May 6 with the support of the Ford Foundation, the Corporation for Enterprise Development, and NCB Capital Impact, to ensure that technical assistance and financing is available in states – like Maryland if H.B. 1382 becomes law – that give homeowners the opportunity to purchase their communities.

Resident ownership of manufactured housing communities brings enormous advantages, both for the residents and for the community at large. When residents as a group with the same fundamental economic and community interests own the land on which their homes sit, they – and the community at large -- know that their homes are secure. The danger of closure of the park, leaving hundreds of families without housing and creating a community crisis, is gone. With stable land tenure, the manufactured home becomes a true asset for a family rather than a potential financial disaster.

Experience elsewhere has shown that, when residents own a manufactured housing community, they invest in it. They repave the roads, fix the sewer system, repair and repaint outbuildings, and add landscaping and amenities. In New Hampshire, technical assistance providers assist residents in competition for CDBG and USDA funding such that 40% of the resident owned communities have successfully undertaken major infrastructure improvements projects. The enhanced manufactured housing community benefits the community at large. Being able to make decisions collectively about the park also increases civic engagement and reduces societal conflict. In fact, resident owned communities are good investments for the business community as well. New Hampshire has put together more than 80 resident purchases, and not one loan has gone bad. The communities provide such a stable homeownership environment, that the Fannie Mae Corporation has commenced a pilot Single Family financing program in New Hampshire to buy loans originated exclusively in Resident Owned Communities, thus helping to eliminate the predatory lending typically prevalent in these communities.

A resident purchase opportunity law like H.B. 1382 will make the Ownership Society a reality for residents of manufactured housing communities and bring many benefits to the community at large. Thank you for allowing me to testify.