



TESTIMONY OF CAROLYN CARTER REGARDING HB 8013
before the
COMMITTEE ON MUNICIPAL GOVERNMENT & HOUSING
RHODE ISLAND HOUSE OF REPRESENTATIVES

March 31, 2023

My name is Carolyn Carter. I am a Senior Attorney at the National Consumer Law Center (NCLC). Thank you for the opportunity to testify about HB 8013, which would make significant improvements in Rhode Island laws that residents to be given an opportunity to purchase their community whenever it is being sold. We support this bill and urge its passage.

About the National Consumer Law Center

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

NCLC has long had a focus on manufactured housing, with a particular emphasis on state policies that give residents of manufactured home communities the opportunity to purchase their community. In 2023 we published a model purchase opportunity law, the [Model Manufactured Home Community Stability and Preservation Act](#). Our manufactured housing [pages](#) highlight this model law, a policy guide on the same topic, a full-text compendium of all state laws on the subject, and reports, issue briefs, agency comments, and testimony on many other manufactured housing issues. NCLC is also the author of the widely-cited AARP publication *Manufactured Housing Community Tenants: Shifting the Balance of Power* (2004), which analyzed state manufactured home community statutes in the fifty states.

The Benefits of Resident Ownership

Resident ownership of manufactured housing communities brings enormous advantages, both for the residents and for the community at large. When residents 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. Stable land tenure and the protection from unreasonable rent increases that come with resident ownership also provide the groundwork for residents to secure

mainstream mortgage financing for the purchase, replacement, or improvement of their homes.

Experience in Rhode Island and elsewhere has shown that, when residents own their manufactured housing community, they invest in it. They repave the roads, fix the sewer system, repair and repaint outbuildings, and add landscaping and amenities. 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.

Manufactured Home Communities Are Under Growing Threats

Manufactured homes are the largest form of unsubsidized affordable housing in the United States. Yet manufactured home communities are under increasing threat today. Large national hedge funds have developed a business model of buying up manufactured home communities, and increasing their profitability for investors by neglecting maintenance and drastically raising rents. Their ultimate goals are to resell the community at a profit, or close the community in favor of some other development such as a strip mall or warehouse.

HB 8013 Would Make Important Improvements in Rhode Island's Purchase Opportunity Laws

Rhode Island has had a purchase opportunity law on the books since 1987. Twelve of its 46 manufactured home communities are now resident-owned, showing that the law has been at least moderately effective in enabling residents to purchase their communities.

But Rhode Island's law has several weaknesses. First, the residents are entitled to advance notice and an opportunity to purchase their community only if they have already formed a homeowners association, and incorporated it with specified articles of incorporation. This requirement is wholly unnecessary. Having a pre-existing corporate structure does not make resident purchase easier or more likely. Indeed, it may act as a hindrance, because when a purchase opportunity finally arises the existing corporate structure may be moribund, requiring more difficult work to revitalize it than to simply start from scratch. Residents in the other New England states have shown that they can take advantage of a purchase opportunity without having a pre-existing corporate structure.

Rhode Island's requirement means that parks will be sold to third-party investors that the residents could have purchased if only they had been given advance notice and a purchase opportunity. It also creates a mismatch, in that it requires that at least 51% of the residents be members of the pre-existing resident association, but not that 51% support the particular purchase offer—the real question on which the law should focus.

HB 8013 would eliminate this obstacle by deleting the requirement of advance incorporation. Instead, it would require reasonable evidence that 51% of the residents support the proposed purchase.

A second weakness of Rhode Island's law is that it does not explicitly address hedge funds' growing use of portfolio sales: sales in which the third party buys more than one manufactured home community as part of a single transaction. Obviously, if a hedge fund is buying six parks, one of which is in Rhode Island, the Rhode Island residents need to know the price, terms, and conditions for their park, not for all six parks, and need to have the opportunity to match the price, terms, and conditions for their park. Maine recently amended its purchase opportunity law, Me. Rev. Stat. tit. 10, § 9094-A(B), to address this same problem. HB 8013 would follow Maine's approach—a second significant improvement.

For all these reasons, we urge you to support HB 8013.

Thank you for considering this testimony.

Carolyn Carter
Senior Attorney
National Consumer Law Center
7 Winthrop Sq.
Boston, MA 02110
ccarter@nclc.org
617 542-8010