



## MANUFACTURED & MODULAR HOME ASSOCIATION OF MINNESOTA

*Opening doors to better living.*

April 6, 2021

### **RE: HF 1077 Omnibus Housing Bill**

Dear Chair Hausman and Members of the House Housing Finance and Policy Committee:

Thank you for the opportunity to offer written comments to HF 1077 on behalf of the 300 members of the Manufactured & Modular Home Association of Minnesota.

The MMHA was formed in 1951 and is the statewide umbrella organization representing manufactured home and modular home builders, manufactured home installers, model home sales centers, nearly 1,000 privately owned manufactured home communities, lenders, developers, and suppliers to the industry. The Association works to promote quality housing that is affordable, encourages a level playing field in the public policy arena and educates its members on new home building technologies and best industry practices.

Manufactured homes are Minnesota's largest source of non-subsidized workforce housing with four plants building approximately 1,500 new manufactured homes annually and employing about 1,000 workers.

We appreciate the committee's work in drafting a bill to address Minnesota's dearth of workforce housing. We appreciate the bill's continued expansion of the Manufactured Home Park Infrastructure Grant Program, inclusion of manufactured homes in qualifying for replacement under the rehabilitation loan programs and increasing the maximum loan amount to \$35,000.

However, we do have serious concerns and are opposed to Section 4 of the bill, the Opportunity to Purchase provision from HF112. As expressed in our testimony before this Committee and before the House Commerce Committee, this is a solution in search of a problem, as it eliminates fundamental property rights of nearly 1,000 of Minnesota's largest providers of non-subsidized affordable workforce housing.

Minnesota is currently recognized as one of the nation's top states in providing residents of manufactured home communities with an opportunity to purchase when their manufactured home community is offered for sale or if it were to be closed for redevelopment, exceeding protections in states such as Florida, Arizona, and California, all which have far more community residents as a percentage of their overall populations. For example, Minnesota requires a "Notice of Sale" (MS327C.096), be provided by community owners if they are selling their community and advertising it for sale or listing with a real estate broker by giving a written notice to all residents. The intent of the statute is to give residents or a resident organization the opportunity to make an offer to the owner of the community.

Minnesota's current statute has worked well in allowing the conversion of several privately owned communities to cooperative ownership. In all of these ownership conversions thus far, the residents and their resident organization worked with the community owner to negotiate a purchase price and successfully transfer of ownership. MMHA community members were some of the first to sell their properties to their residents for cooperative conversion under the existing statute. There is not an adversarial relationship in play. A willing seller and willing buyer is how the market works.

#### HF1077 Section 4, Opportunity to Purchase;

- Takes away a fundamental real estate property right to grant a "first option to purchase" to a buyer, resulting in a significant loss of income to the owner of a manufactured home community.
- Takes away the property right of a community owner to bundle or package more than one property they may own when selling or receiving an unsolicited offer. They may have other entities that are a part of the package such as an adjacent mini-storage business, a manufactured home sales center, or multi-family apartment building.
- Takes away the right of a manufactured home community owner to sell their property without first giving a 60-day, concurrent legal notice to the State of Minnesota's Housing Finance Agency and every member of a household in a community, including minor children, delivered to each by Certified Mail, including the price, terms, and conditions of an offer they have received to sell, lease, or transfer ownership of their property. We are not aware of any other property class that has this requirement imposed on them.
- Fails to address the common real estate sales process where there are multiple offers received that are constantly changing during negotiations, forcing a community owner to notify hundreds of residents in the process every time an offer changes or a new buyer emerges.
- Takes away the right of a manufactured home community owner to accept an offer to sell their property by 60 days of the date of the notice provided to the State of Minnesota, and every resident of their community.
- Requires that when a community owner rejects an offer from a resident organization, they must then provide a written explanation of the reasons for the rejection delivered by Certified Mail, within five days of the receipt of the offer from the representative. The owner is then further prohibited from proceeding to accept a final unconditional offer for an additional 31 days, extending the initial delay from 60 days to 91 days.

- Contains no legal protections or immunity for a community owner who negotiates in good faith and rejects the non-profit's offer, that they will not face legal challenges alleging non-compliance with any of several provisions in the bill, delaying the sale even further if not losing the sale.
- Eliminates one of the hard-fought rights and protections of residents set forth in MS§327C.095 Subd. 6 (c), currently, when a non-profit representative purchases a community that is closing, "the representative must certify to the commissioner of commerce that the property will be preserved as a manufactured home park for ten years from the date of the sale." This was language adopted in 2019 and is eliminated in the bill under Subd. 7. The bill instead substitutes that it no longer needs to remain a manufactured home community, only one of multiple other uses as affordable housing, such as one-family, two-family, or multifamily dwellings for low-income households. This is a significant step backward for protecting resident manufactured homeowners from closure and displacement.

In conclusion, along with taking away fundamental property rights, Section 4 of the bill creates uncertainty for owners of Minnesota's largest source of non-subsidized affordable housing, at a time when we need them to do more to expand or develop new communities, not invest in affordable housing developments in surround states. We believe that the bill would better serve its global intent of expanding affordable workforce housing if Section 4 was omitted.

Thank you for the opportunity to comment on the bill.

Sincerely,



Mark Brunner  
President