

H.F. 112 is Not Necessary, a Solution in Search of a Problem

The Manufactured & Modular Home Association of Minnesota Opposes the Bill

The State of Minnesota is recognized as one of the top state's in the nation in providing residents of manufactured home communities an equal opportunity and protections to purchase and their community when it is offered for sale or sold for redevelopment, exceeding protections in states such as Florida, Arizona, and California, all which have far more manufactured home community residents as a percentage of their overall populations.

For example, Minnesota requires a "Notice of Sale Requirement" (MS327C.096), be provided by manufactured home community owner if they are selling their community and advertising it for sale through a publication, newspaper, or a real estate broker by giving a written notice to all residents of the park. The intent of the statute is to give residents or a resident organization the opportunity to make an offer to the owner of the manufactured home community.

Minnesota's manufactured home statute has worked well in allowing the conversion of several privately owned manufactured home communities to cooperative ownership. In all of these ownership conversions thus far, the residents and their resident organization worked with the community owners to negotiate a purchase price and successfully transfer ownership. MMHA community members were some of the first to sell their properties to their residents for cooperative conversion under the existing statute. Nationally, the Census

- The bill discourages new development and expansion of existing manufactured home communities as Minnesota's largest source of non-subsidized workforce housing.
- The bill grants special purchase privileges and sets up a dilatory process for a handful of prospective non-profit buyers in Minnesota at the expense of surrendering the property rights of nearly 1,000 private owners of manufactured home communities.
- The bill will significantly increase unsolicited offer amounts from deep-pocket investor groups to avoid having to deal with "First Opportunity to Purchase" counter offers, eliminating the ability of a non-profit to secure funding based on market appraisals. The investor groups would then need to recoup the "premium" amount they paid with aggressive rent increases, to the detriment of very homeowners the bill purports to assist.
- The bill takes away a fundamental real estate property right of a manufactured home community owner to grant a "first option to purchase" to a buyer, resulting in a significant loss of income.
- The bill takes away another real estate property right of a manufactured home community owner to bundle or package more than one property they may own when selling or receiving an unsolicited offer. In some situations, a community owner may have other entities that are a part of the package such as an adjacent mini-storage business or multi-family apartment buildings.
- The bill takes away the rights of a property owner to sell their property without first giving concurrent legal notice to the State of Minnesota and every member of a household in a manufactured home community, including minor children, by Certified Mail, that includes the price, terms, and conditions of an offer they have received to sell, lease, or transfer ownership of their property.

- The bill fails to specifically address a common real estate transaction process where there are multiple offers that are constantly changing during negotiations forcing a community owner to essentially involve hundreds of others in the process by having to notify them every time an offer, they are considering changes.
- The bill takes away the property rights of a community owner to acceptance of an offer to sell, lease, or transfer of ownership of their property by 60 days of the date of the notice provided to the State of Minnesota, and every resident of their manufactured home community.
- The community owner is further incumbered by a requirement to negotiate in good faith with the representative of an organization that may emerge on behalf of residents interested in purchasing the community ahead of the original buyer and “consider **Any** offer” submitted within the 60-day prescribed waiting period. A resident organization could assert that they were not done negotiating if the community owner decides to reject the residents’ offer and proceed to accept the original offer to sell, lease, or transfer ownership of their property. A community owner’s failure to meet this subjective standard to “consider, any offer” would be a basis for failure to perform lawsuit resulting in a costly legal challenge to the sale.
- The bill further requires a community owner who rejects the offer from the representative of the resident organization, must 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 community may **Not** then proceed to accept a final unconditional offer earlier than on the 31st day following the date of the certified rejection letter to the representative, extending the initial delay from 60 days to 91 days.
- The bill counterintuitively, based on its title, advances the closure of manufactured home parks for conversion to other types of affordable housing and clearly allows a non-profit purchaser to close a manufactured home community and convert its use to multifamily dwellings.
- The bill allows non-profit purchasers to avoid having to seek prior approval from a municipality for change of use or compliance with local zoning requirements for whatever redevelopment it plan it has after closing the community and displacing residents, as long as the redevelopment is multi-family occupied as affordable housing.
- The bill appears to coincidentally focus on rewriting an unfavorable MN Court of Appeals decision in 2017 involving a non-profit’s failure to redevelop a manufactured home community that was closing in their not being able to meet the purchase price and intending to change its use without the prior approval of the municipality.