

TESTIMONY OF ANDREW PIZOR  
before the  
ENVIRONMENTAL AND TRANSPORTATION COMMITTEE of the  
MARYLAND GENERAL ASSEMBLY  
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My name is Andrew Pizor. I am a resident of Charles County, Maryland, and an attorney with the National Consumer Law Center (NCLC). I appreciate your invitation to testify about H.B. 71.

Manufactured housing is the largest source of unsubsidized affordable housing in the United States. This bill would go a long way to stabilize and improve manufactured home communities in Maryland, and the lives of the people – many of whom are low or moderate income – who live there.

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. 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.

NCLC has long had a focus on manufactured housing. Our manufactured housing [webpage](#) highlights our many reports, issue briefs, agency comments, and testimony on these issues. Of particular relevance for this bill, we have published a [Policy Guide](#) on Promoting Resident Ownership of Communities. The Policy Guide includes suggested statutory language, and is accompanied by a [compendium](#) of the full text of all state laws on the subject. One of our staff members served as an observer to the Uniform Law Commission's committee that drafted the the Uniform Manufactured Housing Act of 2012, a model law regarding titling of manufactured homes as real property. Our website includes an [issue brief](#) on this topic, too, and a [summary](#) of the model law. NCLC is 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.

### **Resident Purchase Opportunity**

We have reviewed the features of all of the state laws that, like H.B. 71, give residents of manufactured housing communities the opportunity to purchase their communities, and how those laws are working in practice. Based on this work, we can say that an effective resident purchase opportunity law needs to have five key features:

- Notice to the manufactured home owners and a government agency
- A requirement that notice be given whenever a community is sold

- A waiting period that is long enough for the residents to make a purchase offer
- A duty on the part of the community owner to consider the residents' offer and negotiate with them in good faith, and
- Provisions for enforcement.

House Bill 71 has each of these key features.

*Notice.* First, H.B. 71 requires notice to all the manufactured home owners who live in the community. This simple requirement will not be burdensome to community owners, since they already have the addresses of all the residents and presumably are in regular communication with them about such things as rent and rule changes.

A particularly important feature of H.B. 71 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 a strong, effective notice requirement is to require notice to a governmental agency as well as to the home owners. Notice to a governmental agency greatly enhances the effectiveness of a resident 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. I understand that the bill is being amended to require a copy of the notice to be sent to the Department of Housing and Community Development—a welcome addition.

*Whenever a community is sold.* A second key feature of H.B. 71 is that it maximizes resident purchase opportunities by requiring notice to the residents *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.

The importance of requiring residents to be given an opportunity to purchase the community whenever the community is being sold cannot be overstated. Several states have rendered their purchase opportunity laws almost completely ineffective by affording the purchase opportunity only when the manufactured home community is being sold with the intent of closing the community and converting it to some other use such as a strip mall, glitzy condos, or a big-box store. Once a developer is prepared to buy the community and change its use, the price is usually too high for the residents to afford. By contrast, when it is being sold for continuation as a manufactured home community, the residents can afford to buy it almost by definition, because their lot rent payments will repay the developer's investment, all the costs of maintaining the community--and the developer's profit.

*Waiting period.* The third key feature of an effective purchase opportunity law is a waiting period long enough for the residents to put together a purchase offer. H.B. 71 includes a 90-day waiting period. Residents still have to move fast with a 90-day period, but it is a workable amount of time. Colorado’s purchase opportunity law—an excellent law, enacted in 2020--similarly requires a 90-day waiting period, and has already proved effective. As do the laws in many other states, H.B. 71 also includes an additional period for the residents to finalize financing.

*Community owner’s duty.* H.B. 71 requires the community owner to consider any offer from the home owners and negotiate in good faith with them. This approach has proven very effective in other states. New Hampshire is the prime example. There, thanks to the state’s purchase opportunity law, which includes this modest yet effective requirement, 140 manufactured home communities – over 25% of those in the state are resident-owned. These communities range in size from 392 lots to 4 lots, and collectively preserve more than 8,000 homes as affordable housing, safe from the danger of closure or confiscatory rent increases.

*Enforcement.* The final criterion for an effective purchase opportunity law is that it must have some provision for enforcement. H.B. 71 has reasonable enforcement provisions that appear likely to be effective in ensuring that the law will give residents 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 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. 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.

A resident purchase opportunity law like H.B. 71 will make the Ownership Society a reality for residents of manufactured housing communities and bring many benefits to the community at large.

### **Opportunity to Convert Home From Personal to Real Property**

Maryland currently prohibits many owners of manufactured homes from having their homes classified as real property, instead leaving their homes classified as personal property like a car or television rather than real property like site-built homes. A thoughtful expansion of the eligibility to convert manufactured homes from personal to real property would allow those who live in manufactured homes to enjoy rights and protections available to those for site-built homes, open up more financing options, better integrate manufactured housing into the mainstream housing market, and protect the rights of secured creditors.

The access to competitive and affordable financing is very important. Much of the secondary mortgage market is limited to homes titled as real property. Expanding the opportunity to convert homes to real property ensures that Maryland home owners will be able to participate in the mortgages that benefit from access to the secondary market to the greatest extent possible.

Allowing classification as real property also reduces the impact of the all too common occurrence, at both and the state and federal level, of laws or regulations that are intended to apply to all home owners or home buyers being limited only to those who own or are buying homes classified as real property.

Thank you for allowing me to testify.