



# All Parks Alliance for Change ■ APAC

*An Organization of Manufactured Home Park Residents*

## **2018 Legislative Agenda**

### **What is All Parks Alliance for Change?**

All Parks Alliance for Change is the statewide organization representing Minnesota's 180,000 manufactured (mobile) home park residents. APAC works with residents to improve the quality of life in park neighborhoods, protect the rights of residents, advance public policy change, and preserve this vital source of affordable housing.

### **Who lives in Manufactured Housing?**

The Minnesota Department of Health licenses over 900 parks in nearly all 87 counties. We make up one out of every 20 households. We are long-time, self-sufficient home owners with nearly 90 percent of us owning our homes and renting the ground underneath the home. Over 40 percent of us live in the same home for more than 10 years. Although 80 percent of us are considered low- to very-low income (according to Housing and Urban Development guidelines), our housing is completely unsubsidized and, in fact, there are more units of affordable housing in park communities than in all project-based HUD subsidized units and rural development units combined.

## **Eliminate Barriers to Manufactured Home Owners Buying Their Own Park Communities**

- **Background** – Park communities are a critical source of affordable housing. They offer very low housing costs (mean monthly rent statewide is \$367) and the opportunity for low-income home ownership (87% are owner-occupied). However, when residents own their homes but not the land, they face a number of risks, including needed infrastructure improvements not being made, large and unjustifiable rent increases, and displacement due to redevelopment. The state's Manufactured Home Relocation Trust Fund can only be part of the response to these risks given the low vacancy rates in parks and the lack of new park development. Guaranteeing long-term, stable land tenure for manufactured home owners is the ultimate solution. In recent years, a few park communities have done so through a purchase by the residents or a nonprofit organization. However, barriers in state law have prevented many other parks from going down the same path.
- **Current Law** – Minnesota is one of 18 state that require or encourage park owner to sell park communities to the home owners. Minnesota law provides residents with a right to purchase their park communities under certain specific circumstances. If a park is being sold for redevelopment, residents or a nonprofit authorized by the residents are given 45 days to meet the same terms and conditions as the developer. However, in the last two years, two high profile attempts by residents to purchase their communities (Lowry Grove in St. Anthony and Tri-County Mobile Home Park in Waite Park) have demonstrated flaws in the law and barriers to its use including those that make it possible for the seller to essentially ignore a matching offer from the residents.
- **Proposed Changes** – Under the "right of first refusal" provisions, residents must be allowed to challenge whether the seller has fully complied with the law and be able to prevent sale of the park to another buyer if they have put in a matching bid within the 45 days allowed. Residents must be guaranteed they will receive the required terms and conditions in a timely manner and the city will hold its required public hearing promptly. In addition, the seller should be required to provide early notice of any intended sale, consider any offers from interested residents, and negotiate with the residents or an authorized nonprofit in good faith.

## **Strengthen the Manufactured Home Relocation Trust Fund**

- **Background** – In 2007, the Minnesota Legislature established the Manufactured Home Relocation Trust Fund to provide manufactured homeowners with relocation compensation in the event that all or part of their park closes due to private redevelopment. Home owners are guaranteed reasonable compensation either to move their homes or to receive a buy-out if their home cannot be moved. The money in this fund comes from a \$15 fee assessed on every homeowner-occupied lot and, when a park is being closed, the park owner also pays into the fund \$3,250 per “single wide” and \$6,000 per “double wide.”
- **Current Law** – Originally, the fee was collected every year. In 2011, the Minnesota Legislature changed the collection to only take place when the balance in the fund on June 30 is less than \$1 million. When this change went into effect, the balance in the fund was nearly \$1.3 million. Two expensive closure processes (Lowry Grove in St. Anthony and Southgate in Bloomington) resulted in nearly \$1 million in relocation benefits being paid to home owners out of the fund in a one-year period. The balance in the fund was left at less than \$100,000.
- **Proposal** – During the last fee collection in 2011, the fund added nearly \$350,000 to its balance. If the Legislature had not put a cap on the fund, the balance would be \$1.75 million higher. It will take three years for the Relocation Trust Fund to raise the same amount paid out in the last 12 months. Given that nearly \$1 million was paid out in a single year, APAC is proposing that the balance cap either be eliminated, or raised to at least \$5 million. There also needs to be a process put in place for conducting an additional emergency collection of the \$15 fee; particularly over the next three years as the balance is being rebuilt.

## **Establish Manufactured Housing Infrastructure Fund**

- **Background** – Most of the communities now in operation were developed at least 50 years ago. In many cases, they were developed for light seasonal use by travel trailers and later adapted for year-round residential use for manufactured homes. The land owners often made only minor changes to the underlying support infrastructure and limited repairs and replacements due to the cost. As a result, we are seeing critical systems fail at an accelerating rate. In the last year alone, six communities closed or announced their intention to close due at least in part to failing infrastructure. This has displaced nearly 900 people and resulted in the loss of 250 units of highly affordable housing. In the next few years, there are another 1,800 homes that are identified as also being at risk.
- **Proposal** – Preserving these communities can ensure their long-term affordability at minimum public expense. For a one-time investment of \$5,000 to \$10,000 per unit, these communities can be sustained in perpetuity. Infrastructure fund investments, when targeted toward nonprofit or resident ownership models can sustain these communities in perpetuity. We support creation of a dedicated \$5 million infrastructure fund for improvements to communities committed to providing long-term access to affordable housing, such as resident- and nonprofit-owned communities.

## **Provide Fair Tax Treatment for Manufactured Home Owners**

- **Background** – Currently, over 500 households in Minnesota manufactured home park cooperatives are prohibited from using property taxes they pay on the leased land when computing property tax refunds. Traditional home owners, apartment-style cooperative owners, and manufactured home owners in traditional investor-owned parks are all eligible to receive refunds on the taxes paid for both their home and the land. In the case of investor-owned parks, the refund for taxes paid on the land takes the form of Renter’s Credit, but not for those who live in resident-owned parks. This not only penalizes hundreds of low- and moderate-income residents, but creates disincentive for residents to become resident-owned, one of the few options available for permanent preservation of existing manufactured housing communities.
- **Proposal** – Restore the eligibility of manufactured home owners living in resident-owned park communities to apply for the Renter’s Credit. This proposal has been reviewed by Minnesota Department of Revenue and the agency has found the fiscal impact to be minimal.