



All Parks Alliance for Change ■ APAC

An Organization of Manufactured Home Park Residents

Manufactured Home Relocation Trust Fund 2014 Legislative Proposal

Talking Points

Background

- The Manufactured Home Relocation Trust Fund was established in 2007.
- It replaced 22 local ordinances adopted over a 20 year period.
- It provided uniformity and universal coverage and de-politicized park closings.
- It was passed with the support of residents, park owners, and the League of MN Cities.
- It is funded by a \$12 annual fee paid each year by home owners and a fee of up to \$3,250 (single section) and \$6,000 (multi-section) per home paid by the park owner at closing.
- Benefits are provided for either moving costs or a home buyout.
- There are two-tiers of benefits: 22 cities with previous ordinances cover actual costs, and 380 other cities cover costs up to a capped maximum benefit.

The Situation

- A \$1 million cap was placed on the Relocation Trust Fund balance in 2011.
- The cap was added during the special session without a public hearing or any resident input.
- It prevented collections from occurring in 2012 and 2013, which likely cost the fund as least \$700,000 based on the amounts collected in 2010 and 2011.

The Issues

1) Cap on Relocation Trust Fund Balance

- **Now:** \$1 million
- **Problems:**
 - a) This is insufficient to cover the closing costs of just one large park in a city with fixed benefit levels or, in a city that allows actual costs, it might not cover even one medium-sized park with a large number of newer or larger homes.
 - b) If funds are exhausted, there is no provision for forwarding funds from another source, or conducting an emergency collection from residents. In addition, both local government and residents are barred from seeking benefits elsewhere.
 - c) If the balance is not allowed to rise, it will not be possible to increase the maximum benefits, which are well below average costs.
- **Proposal:** Increase the cap to \$5 million
- **Rationale:** This amount is a sufficient balance to cover two large parks both in cities that allow actual costs to close at the same time.

2) Moving Costs

- **Now:** maximum of \$4,000 (single section) and \$8,000 (multi-section)
- **Problem:** The current maximum benefit levels are below average moving costs, which make the benefits meaningless for low-income residents who can't cover the difference.
- **Proposal:** Increase the maximum to \$6,000 (single section) and \$12,000 (multi-section)
- **Rationale:** This is self-financed by the residents. The park owners are not being asked to contribute more. It only covers actual costs and is paid directly to the movers.

3) Home Buyout

○ Issue #1: Maximum Benefit Amounts

- **Now:** maximum of \$5,000 (single section) and \$9,000 (multi-section)
- **Problem:** The current maximum benefit levels may fall far below appraised values. Even at full value, it is often impossible for residents to find comparable replacement housing since manufactured homes are a depreciating asset.
- **Proposal:** Increase to \$7,000 (single section) and \$14,000 (multi-section)
- **Rationale:** This is self-financed by the residents. The park owners are not being asked to contribute more. It only covers the actual home value.

○ Issue #2: Establishing Home Value

- **Now:** A home buyout is based on the appraised market value.
- **Problem:** It can sometimes be hard to get a meaningful appraised market value on an unmovable home in a closing park.
- **Proposal:** If the market value cannot be determined, allow use of the appraised tax value averaged over a five-year period to be used as an alternative.
- **Rationale:** Of the 22 local ordinances adopted before creation of the Relocation Trust Fund, 14 allowed the use of the appraised tax value recognizing municipal government as a credible, neutral party.

○ Issue #3: Providing Home Title

- **Now:** A home buyout requires endorsement of the current certified home title.
- **Problem:** Manufactured home sales often take place in a less structured way than most sales of site built homes using a traditional mortgage lender. As a result, titles often do not get transferred and are sometimes even lost, making proof of ownership and receipt of benefits highly difficult.
- **Proposal:** In the event the home owner is unable to locate the title, allow a signed affidavit attesting to the sale of the home and releasing the park owner from liability for the home's disposal.
- **Rationale:** Absence of a title is a common problem with manufactured housing. A signed affidavit can protect the park owner (although not a resident who commits fraud) and can allow timely payment of benefits.