

HOUSE COMMITTEE ON
COMMERCE

Hearing Room
Tapes - 21

MEMBERS PRESENT:

Rep. Eldon Johnson, Chair
Rep. Cynthia Wooten, Vice-Chair
Rep. Chuck Carpenter
Rep. Michael Fahey
Rep. Tony Federici
Rep. Lynn Lundquist
Rep. Gail Shibley
Rep. Lynn Snodgrass
Rep. Larry Wells

MEMBER EXCUSED:

STAFF PRESENT:

Daniel Jarman, Committee Administrator
Jodie Hall, Committee Assistant

MEASURES HEARD: HB 2394 - Public Hearing

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE , A

000 CHAIR JOHNSON OPENS MEETING AT 5: 10 PM.
004 -Explains his expectations of the hearing.

039 REP. ROSS, District 35: Pleased that the Commerce Committee is holding the hearing on HB 2394. Expresses concerns for senior citizens on fixed incomes who are facing rent increases in mobile home parks and are unable to afford these increases. Supports assisting these individuals.

060 PATRICIA SCHWOCH, Legislative Chairman, Manufactured Home Owners of Oregon (OSTA): Submits testimony in SUPPORT of HB 2394. Exhibit A.
 -Explains the need for processes to review rent increases to protect tenants from abnormal rent increases.

146 FRANK BURLESON, Coalition of Mobile Home and Floating Home Tenants of

Oregon: Submits testimony in SUPPORT of HB 2394. Exhibit B.
-Explains difficulty in moving mobile homes to other mobile home parks or private lots.
-Refers to specific example of five rent increases by a new owner of a mobile home park.

247 MIKE MIKSCHE, Shady Cove: Submits testimony in SUPPORT of HB 2394. Exhibit C.
-Explains fees of a renter other than rent, for example: user fees, additional vehicles owned, pets, additional family members, etc.

347 REP. KEN STROBECK, District 6: Submits testimony in SUPPORT of HB 2394. Exhibit D.
-Heritage Village, largest mobile home park in the State of Oregon in District 6.
-Way for "both sides" to rationally discuss rent increases.

TAPE 19, SIDE A

010 ALICE B. PHALAN, Executive Director, of Oregon Dispute Resolution Commission: Commission is not in support or opposition. Exhibits E and F.
-Commission supports parties involved working together to solve problems.

026 -In response to Rep. Wooten: Explains different outcomes in cases utilizing mediation versus dispute resolution or arbitration. With mediation individuals are working along side one another to solve problem, mediator does not make final decision. Within arbitration, arbitrator can make final decisions.

066 JOHN BRENNEMAN, Manufactured Housing Association: Submits testimony in OPPOSITION of HB 2394.
-Former Senator from Newport.
-Explains that in his opinion, this is rent control.

114 SAMPLE LINDHOLM, Executive Director of Manufactured Housing Communities of Oregon (MHCO): Submits testimony in OPPOSITION of HB 2394. Exhibits G and H.
-Explains Exhibit H.

138 CHAIR JOHNSON: Explains that everyone has a right to be heard and asks the audience to please respect the testimony of others.

148 LINDHOLM: Continues with testimony in opposition of HB 2394.
-Explains her concerns with dispute resolution.
-Comments on Florida statutes, within her testimony.
-Refers to a survey done on approximately 105 of her parks. Highest rent \$430 on Hayden Island on the Columbia River.
-Federal mandates required on dwellings occupied by those 55 and older; for

example, rec centers. MHCO is in the process of fighting many of the mandates.

-In Wheeler County 88% of homes are manufactured homes.
-Believes it is important to look at several things when facing a rent increase: federal mandates, utilities included, percentages of increase.

307 CHUCK CORRIGAN, Attorney in Portland: Testifies in OPPOSITION to HB 2394. Refers to ORS 91.225 which passed 10 years ago states that rent control hurts housing stock, hurts maintenance of housing, reduces available housing stock, etc. Current statute.
-Emphasizes that no other processes in the state require arbitration.

-Believes that mandating arbitration is unconstitutional. Individuals cannot be mandated to go through arbitration without having the option of going to the courts.

-Explains further opposition to arbitration; expensive, etc.

-Comments on Section 7 of the bill has nothing to do with rent control. Explains that unconscionable is strong language, replaces unreasonable. Recommends attorney's look at this part of the bill.

419 REP. WOOTEN: Comments that testifies have stated that rent control is an impediment to housing stock. Requests more information of the process in Florida.

TAPE 18, SIDE B

014 LINDHOLM: Responds to Rep. Wooten: Tenants are required to file for a case, courts mandate arbitration, but if parties are not satisfied, may appeal to the courts.

019 -In response to further inquiries of Rep. Wooten: Renter has never won. Courts in Florida won't consider case unless over a 15 percent increase in rent.

030 -In response to additional questions of Rep. Wooten: Approximately half of Oregon's mobile home parks are managed by management companies. Does not believe it is necessary to offer optional mediation process, currently available.

048 -In response to Rep. Carpenter: Does not know how often voluntary arbitration has been used? Could find out.

056 CORRIGAN: In response to additional inquiries of Rep. Carpenter. Explains that up to about five years ago, average length of contract were month to month. Newer parks have longer leases. There must be a 90 day notice on rent increases for a month to month rental agreement.

078 LINDHOLM: Responds to inquiries of Rep. Fahey: Responds that when one chooses a place for a mobile home (not referred to as a trailer,) it is not moved. Mobil home parks are set up permanently.

093 REP. FAHEY: Explains that in his district has many older mobile homes, which are considered trailers with wheels on them.

102 BRENNEMAN: Members of the mobile home park can buy the park upon forming a mobile home association.

107 CORRIGAN: Clarifies Mr. Brenneman for Rep. Fahey.

114 LUNDHOLM: Respond to Rep. Carpenter: Explains that often seniors do not have the finances to move their mobile home.

141 CORRIGAN: Responds further to Rep. Carpenter.

148 CARPENTER: Would like to get a sense that rate increases are justified.

154 CORRIGAN: Offers to obtain this information for Rep. Carpenter.

161 -Responds further to Rep. Fahey.

173 BARBARA MAY, Legislative Co-Chair, Oregon Floating Homes Association: Submits testimony in SUPPORT of HB 2394. Exhibit I.

-Owner of a floating home

214 BUD NORTE, Chairman, Manufactured Home Owners Association (MHOA):
Submits testimony in SUPPORT of HB 2394. Exhibit J.
-Explains that many counties and cities in California which had formally
adopted this type of measure are now in the process of repealing them.
-Believes we do have rent control in the state.
-Refers to Diagrams within the testimony.

373 FRED VANNATTA, Oregon Home Builders Association: Testifies in
OPPOSITION to HB 2394.
-Wonders whether this will really hold down rent increases.
-Believes rent control has a negative impact in the end.
-Feels that if proponents of this measure are not satisfied with the bill,
they will be back next session.

TAPE 19, SIDE B

023 GENOA INGRAM, Oregon Association of Realtors: Testifies in OPPOSITION
to HB 2394. Exhibit Ja.
-Believe rental prices should be set by the market.
-Suggests that regulations be decreased to decrease rents.

036 DON MINER, Executive Director, Oregon Manufactured Home Association
(OMHA): Submits testimony in OPPOSITION to HB 2394. Exhibits K and L.
-Refers to Exhibit L, a letter from C. Joseph VanHaverbeke, Partner, Elph
Enterprises Exhibit L
-Offers possibility to move to another dwelling as a solution.

092 -In response to Rep. Fahey: Is not aware of how many homes will be
placed in a lot of 25 acres. Does not know how many are on private land
versus in parks, possibly 60 percent or more.

104 -Responds to Rep. Fahey's concerns that an individual cannot avoid high
rents by moving into a new development because rents are just as high or
higher in the new development.

123 -In response to Rep. Wooten: Does not know what investors or
developers believe is a fair rate of return.

125 CHAIR JOHNSON: Explains that he has received a list of names of
individuals who are unable to testify but voiced their support of
opposition. Exhibit La.

128 SHARON FLEMING-BARRETT, Affiliated Rental Housing Association: Submits
testimony in OPPOSITION to HB 2394. Exhibit M

163 EMILY CEDARLEAF, Executive Director, Multifamily Housing Council:
Testifies in OPPOSITION to HB 2394.
-Explains that such a mandate negatively affects the market, makes
investors nervous.

194 ROGER LAKEY, Tomahawk Island House Boat Park, Portland: Testifies in
SUPPORT of HB 2394.
-Explains costs incurred for a floating home owner.
-Cost to buy a space in moorage in the North East Harbor is \$85,000.
-Most floating homes are owner occupied.
-HB 2394 is a process of arbitration which will exert some control for
renters.

237 BILL MCKINNEY, Director, Oregon Floating Home Association: Testifies in
SUPPORT of HB 2394.
-Owner of a floating home.

-Explains OFHA wants the opportunity for arbitration, does not want to create a rent control situation.

257 BOB PARKER, Tenant at Tomahawk Island House Boat Moorage: Testifies in OPPOSITION to HB 2394. Exhibit Ma.

310 -In responds to Rep. Federici: The lands under Tomahawk are privately owned. Lands under Jantzen Beach are leased from the state.

343 MYRON CORCORAN, Owner of Table Rock Mobil Village, Medford, Builder and Developer: Testifies in OPPOSITION to HB 2394.

-From a builders perspective, price controls take away incentives to build.

419 VIRGINIA LEE RICE, Roseburg: Testifies in OPPOSITION to HB 2394.

-Representing herself and over 100 Rental Park Owners in Douglas County.

-Expresses concerns over time delays, time owner is tied up in cases.

-Control of private investors is a loss to our communities.

TAPE 20, SIDE A

024 DON WEBSTER, Gold Hill Mobile Home Park: Testifies in OPPOSITION to HB 2394.

-Gold Hill Mobile Home Park has 26 spaces. Property taxes before Measure 5 were \$350 a month after land was re-assessed increased to \$700 a month.

-Costs of binding arbitration is much more expensive than my personal rent increases alone.

053 THELMA WEBSTER: Testifies in OPPOSITION to HB 2394.

-Submits a list of small parks in Jackson and Josephine Counties. Exhibit N.

065 D. WEBSTER: Notice to residents for increases.

073 CORCORAN: Responds to Rep. Fahey describing how he computes his rent increases.

091 JERRY MILLER of Medford, Representing Manufactured Home Communities, Inc.: Testifies in OPPOSITION to HB 2394. Submits and refers to Exhibits

O and P.

143 -Re-emphasizes the previous legislators' rejection of rent control.

151 KEVIN HAMWAY, Speaks on behalf of Steve Rose, MMHA: Testifies in OPPOSITION to HB 2394.

167 GRANT JOHNSON, Manager, Sauvie Island Moorage: Testifies in OPPOSITION to HB 2394.

-Comments on housing values; specifically at his moorage.

-Responds to question from Rep. Fahey: Most individuals buy homes for personal residence.

-Responds to Rep. Federici. Owners lease the submerged lands from the State of Oregon.

217 SALLY HARRINGTON, Vice President, Commonwealth Property Management: Testifies in OPPOSITION to HB 2394.. Exhibit Q.

-No homes she referenced sold due to rent increases.

240 MIKE HOLEMAN, Part-owner and Developer: Testifies in OPPOSITION to HB 2394. Exhibit R.

267 -Discusses a survey conducted on 200+ parks in regard to rent increases,

and the percentages.

-Consumer Price Index does not reflect the actual costs of maintaining these parks. No systematic pattern of owners of mobile home parks.

-Rent is higher in new parks.

327 -Young families are not here today and they are moving into new parks.

332 BRAD FUDGE: Testifies in OPPOSITION to HB 2394.

-Comments on the differences of rent increases as compared to utility rate increases.

-This bill fails to recognize the pre-existing agreements for rental units.

380 -Proponent regulations will effect thousand of jobs associated with the development of parks, therefore causing the depletion of capital.

-Responds to a question from Rep. Federici: individual water meters exist only in newer parks, older parks have a master meter.

412 -Responds to question of Rep. Federici regarding the statistical information surrounding utility rates vs. the rent increases. Everyday garbage company increases rates, landlord must wait 90 days before rents can be increased.

TAPE 21, SIDE A

017 HOLEMAN: Responds further to Rep. Federici's inquiry.

020 FUDGE: In response to Chair Johnson: 6 1/2 homes can be placed on an acre.

033 CLARENCE AHLSTROM, Vice President, Manufactured Home Owners of Oregon (OSTA): Testifies in SUPPORT of HB 2394. Exhibit S, T, U and V.

080 FRED H. SCHWOCH, Cornelius: Submits testimony in SUPPORT of HB 2394. Exhibit W.

-Net profit for the owner per year has been \$83,000.

116 RUTH FALCONBURY, Floating Home Owner: Submits testimony in OPPOSITION to HB 2394. Exhibit X.

162 TROY BROST, Vice President, Royal Property Corporation, Songbrook Mobile

Home Park for Seniors 55 and older in Eugene: Submits testimony in OPPOSITION to HB 2394. Exhibit Y.

-Offers comparisons to renting a mobile home versus buying a home on your own property.

247 -In response to Rep. Wells: Explains \$30,000 subdivision in Eugene is the common cost you will see.

-Explains that Songbrook requires a garage for each dwelling.

277 -Responds to Rep. Wells concerning the costs to buy a bare lot per month.

317 -Responds to Rep. Fahey's earlier question that no more than 10 homes are allowed per acre.

326 CHARLIE SWAN: Testifies in OPPOSITION to HB 2394. Exhibit Ya.

-Explains that took over 1000 days to get all the permits.

-Raises his rents approximately 3-4% per year.

383 BILL LEWIS: Testifies in OPPOSITION to HB 2394.

-His experience is with mobile homes in the country.

416 REP. LUNDQUIST: Requests that Mr. Brost look at a 30 year picture in order to get the full perspective.

435 CHAIR JOHNSON: FOR THE RECORD: Submits testimony from REP. MARGARET CARTER in SUPPORT of HB 2394. ExHB iit Z.

TAPE 20, SIDE B

025 DON COMSTOCK, Owner of Mobile Home Park, Hillsboro: Testifies in OPPOSITION to HB 2394.

-Took a 20% increase due to the clean-up of the Tualatin River. Rent was \$190. Increased \$125 due to this.

-Offers costs of lots. Explains must pay over \$6000 in fees.

067 JOHN MAC DIARMID: Testifies in OPPOSITION of HB 2394.

-Explains a situation he is familiar with.

094 MIKE FINGERHUT, Mobile Home Park Owner: Testifies in OPPOSITION to HB 2394.

142 REP. WELLS: Comments on Mr. Brost's testimony.

153 BROST: Comments on Rep. Well's comments.

174 BEATRICE C. PARKER, Tigard: Submits testimony in SUPPORT of HB 2394. Exhibit AA.

-Widow, 79 years old.

230 SUSAN C. DRAGO: Testifies in SUPPORT of HB 2394 on behalf of Richard Luty.

-Lives in the Second largest mobile home park in Oregon

-Rents have increase over 106%

-Highest rent is over \$500.

-Comments on testimony of others before her.

322 IRIS HENZEL: Testifies in SUPPORT of HB 2394.

-Previously a landlord. Took into consideration taxes and such. Had one tenant for 13 years.

-Park she resides in is owned by outside owners. Park Management company is not available for questions.

378 BARBARA OSKAMP: Testifies in SUPPORT of HB 2394. Exhibit BB.

-Explains the situation her mother faced.

TAPE 21, SIDE B

030 MIKE MCARTHY, Portland, Owner of a floating home: Submits testimony on HB 2394. Exhibit CC.

-Explains personal experiences with rent increases.

-Explains experiences of others in moorage near him.

074 BUD NORTE on behalf of HARDY CAVE: Reads testimony comparing Lakeside Village and Paradise Island. Testifies in SUPPORT of HB 2394.

-Not a cost to Oregon.

134 RALPH PRACTILY, Salem: Testifies in SUPPORT of HB 2394.

189 ALAN CONLEY, Owner of a mobile home park: Testifies in OPPOSITION to HB 2394.

-Comments on the increase in taxes of his property.

-HB 2394 does not include any checks and balances.

238 LYNN, Mobile Home Park Ombudsman: Not in support or opposition.

-Ombudsman does not perform dispute resolution.
-Refers the Committee to Section 3 making arbitration binding.

275 REP. WOOTEN: Will be offering an amendment clarifying binding arbitration.

278 CLOSES PUBLIC HEARING ON HB 2394.

280 ADJOURNS MEETING AT 9:00 PM.