

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

March 15, 1993 Hearing Room 343 3:00 p.m. Tapes 31 - 32

MEMBERS PRESENT: Sen. Bill Dwyer, Chair Sen. Bill Kennemer, Vice-Chair
Sen. Brady Adams Sen. Ron Cease

MEMBER EXCUSED: Sen. Karsten Rasmussen

VISITING MEMBER:

STAFF PRESENT: Cherie Copeland, Committee Administrator Richard
Day-Reynolds, Committee Assistant

MEASURES CONSIDERED: Public Hearing and Possible Work Session:
SB 333 - Changes definition of "manufactured
dwelling park" and "mobile home park". SB 446 - Allows
for rent stabilization in manufactured dwelling parks under
certain circumstances.

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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. [--- Unable To Translate Graphic ---]

TAPE 31, SIDE A

014 CHAIR DWYER: calls the meeting to order at 3:11 p.m.

(Tape 31, Side A) SB 333 - CHANGES DEFINITION OF "MANUFACTURED DWELLING PARK" AND "MOBILE HOME PARK" - PUBLIC HEARING Witnesses: David Nebel, Oregon Legal Services Dan Dressler, Developer

024 CHERIE COPELAND, COMMITTEE ADMINISTRATOR: The bill would allow a greater density of sited mobile homes. Proposed amendments are

basically replacement language. Original language would have removed a large number of mobile home parks from Landlord-Tenant regulation.

038 DAVID NEBEL, OREGON LEGAL SERVICES: Has no problem supporting the bill as amended.

043 DAN DESSLER, DEVELOPER: Supports the bill. Municipalities in Oregon allow up to 10 units per acre in single-family residential setting, 20

or more per acre in multi-family designation. There is a need for 54,000 units of affordable housing, mostly in rural areas. The solutions include: site-constructed homes in multi-plex configurations, Habitat for Humanity is doing some work in making low-cost housing available, and manufactured housing. Manufactured housing represents all of the new housing under \$50,000. Zoning allows no more than one manufactured home per lot.

(Tape 31, Side A) SB 333 - CHANGES DEFINITION OF "MANUFACTURED DWELLING PARK" AND "MOBILE HOME PARK" - WORK SESSION

106 MOTION: SEN. KENNEMER moves the -1 amendments.

110 SEN. CEASE: Asks for clarification of the -1 amendments.

118 CHAIR DWYER: Gives summary of the amendments. Hearing no objection to the amendment, SO ORDERED.

129 MOTION: SEN. KENNEMER moves SB 333 as amended to the floor with a Do Pass recommendation.

134 CHAIR DWYER: Declares a potential conflict of interest as an owner of property that could meet this definition.

VOTE: The measure passes 4-0, SEN. KENNEMER to carry.

(Tape 31, Side A) SB 446 - ALLOWS FOR RENT STABILIZATION IN MANUFACTURED DWELLING PARKS UNDER CERTAIN CIRCUMSTANCES - PUBLIC HEARING
Witnesses: Clarence Alstrom, Oregon State Tenants Association (OSTA)
Ardyth Badger, OSTA Robert Sloan, OSTA Bud Norte, Manufactured and Mobile Home Owners Association

Northwest Genoa Ingram, Oregon Association of Realtors (OAR) Kelly Ross, (OAR) Sharon Fleming, Affiliated Rental Housing Association of Oregon Fred Vannatta, Oregon State Home Builders Association John Brenneman, Manufactured Housing Communities of Oregon

(MHCO) Sally Harrington, (MHCO) Scott West, (MHCO)

148 CLARENCE ALSTROM, OREGON STATE TENANTS ASSOCIATION: Introduces (EXHIBIT B). Supports the bill. Refers to spreadsheet showing rent increases

included in exhibit. 170 CHAIR DWYER: What were the property taxes on these parks prior to Measure 5?

174 ALSTROM: Refers to exhibit. Uses charts to show the history of rent increases since 1988.

212 CHAIR DWYER: Have the parks with large increases been turned over?

218 ALSTROM: Often a new owner will raise rents to recoup his down payment.

236 SEN. ADAMS: Is the logic of your argument that there should be price controls on any increase beyond the CPIU.

243 ALSTROM: [QUOTE] "Rent increases should be controlled and follow the CPIU." Some of these rent increases are 12 times the CPIU.

249 SEN. ADAMS: Is that the logic we apply to other products and services? Any time there are products and services that are beyond the CPIU, do we regulate them?

257 ALSTROM: Not generally. This area is one that should have controls.

274 SEN. ADAMS: Where does one draw the line? Why apply your logic to mobile home parks but not, say, pharmaceutical products?

281 CHAIR DWYER: Let Cherie explain what the bill does. I think it will make it easier to understand.

284 CHERIE COPELAND, COMMITTEE ADMINISTRATOR: The bill allows cities and counties enact rent controls when the vacancy rate falls below 10%.

Parks developed less than 5 years before the law are not automatically subject to the law until they reach 75% occupancy.

291 SEN. CEASE: So cities and counties would have the option to pass these ordinances, they would not be required to do so.

299 ALSTROM: Price control on competitive projects is not the American way. Price control on monopolies is the American way.

316 ROBERT SLOAN, MEMBER OF OSTA AND BILL AUTHOR: Mobile homes are not mobile. There is a monopoly market that traps owners if their rent goes up too far. The law forbidding rent controls was meant to encourage the building of more mobile home parks (reads from Oregon Revised Statutes; does not cite number of passage). It has not done so. There is an

acute shortage of rental spaces. Once parks become full, the mobile home owners are at the mercy of the park owners. Speculators and owners raise rents when the parks become full. Local jurisdictions are going to be more aware of the housing market than the Legislature, particularly a part-time legislature. Most of the home owners are on social security and their COLAS are based on the consumer price index. If the rent goes up faster than the rate of inflation, it seriously damages the home owners.

TAPE 32, SIDE A

063 ARDYTH BADGER, OREGON STATE TENANTS ASSOCIATION: Supports SB 446 . Presents (EXHIBIT C). There are many parks where the tenants are

being

treated fairly and there would be no reason to regulate the rents there. Parks owned by a family owner/operator are getting scarce. Explains the various charts contained in the exhibit. The average age of mobile home owners and park residents is 72. Many of park residents are on fixed

income, and 90% feel that rent increases are the worst problem they have to face. Explains the model ordinance from California. The U.S.

Supreme Court has ruled it is constitutional and can be enforced.

Thirty-two of the fifty states have some form of rent control on mobile home parks.

163 CHAIR DWYER: How is it working in California?

167 BADGER: So far as I know, it's working very well there.

182 SEN. KENNEMER: How did you select the parks you used in your examples of rent increases?

187 ALSTROM: Surveys of park residents. I think the percentage change is more important than the dollar change.

198 CHAIR DWYER: You're from Gresham? How successful would you be in getting Gresham to pass such an ordinance?

200 SLOAN: I don't know. In Chino, California I worked for three years to get rent ordinances. I don't know of any case when rent control in

parks spread to apartments. In Chino, we filed an initiative petition after four attempts to get an ordinance through the city council.

238 COPELAND: Enters letters from Frank Burleson and Fred and Pat Schwoch into the record (EXHIBITS D & E).

248 BUD NORTE, MANUFACTURED AND MOBILE HOME OWNERS ASSOCIATION NORTHWEST, INC. (MHOA): We are here to support the concept of rent stabilization, but we are against this bill. This is basically the California method

of rent control. There is another bill coming that accomplishes the goal better.

277 CHAIR DWYER: In fairness to the committee, stick to the bill at hand.

285 NORTE: I believe the local option is flawed. We have a vehicle set up, through the Ombudsman, to settle any dispute except rent issues. 69% of the parks list rent as the principle dispute. Refers to a document not

entered into the record (Resolving Mobile Home Park Landlord-Tenant Disputes, Oregon Housing Authority, 1988). We would like to put the

rent question in the ombudsman's area.

344 SEN. CEASE: I don't like the idea of mandatory, state-wide rent control, either. Why not local option?

353 NORTE: There is too much variation in the state. We have a mechanism already. These are not rent control bills, they are rent stabilization

bills. We own our own homes. All we're doing is renting the earth they sit on. I don't think the cities and counties want this issue back in

their laps. 413 GENOA INGRAM, OREGON ASSOCIATION OF REALTORS: Presents written testimony (EXHIBIT F). The realtors are opposed to rent controls in any form. If there is a shortage of spaces, the park owners and developers

trying to provide additional spaces should not be penalized. We should look at the causes of the space shortages.

TAPE 31, SIDE B

043 CHAIR DWYER: What law specifically inhibits the siting of mobile home parks?

045 KELLY ROSS, OREGON ASSOCIATION OF REALTORS: Theoretically the laws allow the siting of parks. Obstacles to parks are viewed as NIMBY's.

Appeals processes delay development until developers abandon the projects.

063 CHAIR DWYER: Isn't it true that concerted opposition can delay indefinitely almost any project?

065 ROSS: Yes, but mobile home park projects seem to bring it out more often.

067 SEN. KENNEMER: Isn't mobile home park development within urban growth boundaries at a disadvantage because of high tax rates?

070 ROSS: I've heard that mentioned by developers as an obstacle.

072 CHAIR DWYER: Only one thing sells faster or more frequently than a mobile home park, and that's a television cable franchise. They are

cash cows. The real problem are old, single-wide mobile homes. The park closes and there is no where to go. There are no parks under construction for older mobile homes. These people have a serious problem. They're captives. This problem isn't as simple as we think it is. [QUOTE] "I'm going to tell you folks, I told the cable television

people they don't need me as their enemy. All's you got to do is keep operating the way you do, keep screwing the people and keep raising the rents and keep turning these things over, and wanting to recapture your investment and down payment with rent increases and all the other wonderful scenarios, you're going to have something a lot more serious than this bill in front of you."

109 INGRAM: I do not represent the park owners. We are very interested in getting people into homes, not in jacking up the rents to screw people

out of their money. The Realtors are very pro-affordable homes.

Cutting into the profits will only close more parks and put more people out on the streets.

120 SEN. CEASE: I want more information. I would like you to provide me with examples of parks that have closed in other states that have rent

stabilization.

126 INGRAM: I can get you reports with that information.

131 SHARON FLEMING, AFFILIATED RENTAL HOUSING ASSOCIATION OF OREGON:

Opposed to the bill. If income is restricted, there will be more closures. Rent control in any form would restrict development of mobile home parks. Rent control cuts maintenance.

149 CHAIR DWYER: I want that evidence.

157 FRED VANNATTA, OREGON STATE HOMEBUILDERS ASSOCIATION: I drafted the current legislation and I am reluctant to see it breached. Introduced

(EXHIBIT H). We believe rent control effects on housing supply is a barrier. Rent control is an effort to redistribute money back to the poor. It is an inefficient method of doing so. Our housing supply in Oregon is as good as it is because we don't have rent control. We need to focus on building more supply, not controlling rents.

211 CHAIR DWYER: Why don't we focus on a fair rate of return? There are people taking advantage of the situation. If they don't control

themselves, the legislature will.

222 VANNATA: Unreasonable rent increases in apartments or in mobile home parks is always a problem. Government can't solve that. Competition is

the only way to control that. We have to unshackle competition.

236 CHAIR DWYER: The dwellings we're talking about here belong to the people, not the investor.

238 VANNATTA: I understand that.

250 JOHN BRENNEMAN, MANUFACTURED HOUSING COMMUNITIES OF OREGON (MHCO):

Introduces SALLY HARRINGTON, MANUFACTURED HOUSING COMMUNITIES OF OREGON, and SCOTT WEST, MANUFACTURED HOUSING COMMUNITIES OF OREGON.

259 WEST: We represent 60% of the park spaces in the state. We oppose the bill. The social costs of rent control are very high. Rent controls

tighten the market. The market decreased in spaces available in California since rent controls went into effect there.

293 CHAIR DWYER: How many of the investors that divested themselves of property in California invested here in Oregon?

297 WEST: 85% of the parks in Oregon are Oregon owned and operated.

CHAIR DWYER: That's not the question that I asked you.

WEST: I have no idea. Decline in quantity and quality of parks and maintenance. There is also a conversion problem with rent controls as well. There are high administration and litigation costs. There are large bureaucracies created from rent control. They ask for litigation. Local communities will not be able to afford the lawsuits if they institute rent controls. Entry costs are high in rent controlled areas. Social costs of rent controls are very high.

434 CHAIR DWYER: Everything you're describing is already happening. The discrimination against the poor is happening in all areas, not just

mobile home parks.

442 WEST: Rent control would exacerbate that situation.

CHAIR DWYER: How do you exacerbate a situation that's already a disgrace? TAPE 32, SIDE B

024 WEST: Rent control does not help the poor. Historically it does not work. The only constitutionally sound response is to provide the

transfer of funds to the poor is through general taxation. We believe rent control is full of political, social, financial costs that far

outweigh the benefits.

043 BRENNEMAN: We'll turn in a bibliography of the sources Mr. West spoke to.

058 CHAIR DWYER: Adjourned the meeting at 4:37 p.m.

Submitted by:

Reviewed by:

Willie Tiffany
Administrator

Richard Day-Reynolds Assistant

EXHIBIT LOG:

A - Testimony on SB 333 - David Nebel - 1 page B - Testimony on SB 446 - Clarence Ahlstrom - 7 pages C - Testimony on SB 446 - Ardyth Badger - 27 pages D - Testimony on SB 446 - Bud Norte - 2 pages E - Testimony on SB 446 - Genoa Ingram - 1 page F - Testimony on SB 446 - Fred Schwoch - 1 page G - Testimony on SB 446 - Frank Burleson - 1 page H - Testimony on SB 446 - Fred Vannatta - 2 pages I - Testimony on SB 446 - Scott West - 6 pages J - Witness Registration - Staff - 2 pages