



January 14, 2023

Dear members of House Finance Subcommittee One

I am writing in favor of HB1578/SB922, which provides an incentive for mobile home park owners to sell to non-profit housing providers or resident cooperatives rather than profit-making organizations by allowing them to deduct any gain from such a sale from their taxable income. The nonprofit maintain the land as a mobile home park for at least 30 years.

The South County Task Force is a local organization that advocates for issues related to poverty and equity in South Fairfax County. We work with residents of four mobile home parks that are home to about 1,000 families. Mobile homes provide an important source of affordable housing and residents tell us they love living in their communities.

Across the state, a number of parks have been stabilized and improved under the ownership of nonprofit organizations like Habitat for Humanity and Catholics for Housing, who run parks for the benefit of the residents. Yet more parks are being bought up by private equity firms that tend to raise rents and reduce maintenance. Others are being lost to development.

Over the past year, two of our mobile home parks [Harmony Place Mobile Home Park and Engelside & Rays Mobile Home Park] were bought by private equity companies. In both cases a nonprofit was willing to purchase the park and the residents had formed an organization to represent themselves (as required in current state legislation) in order to partner with a nonprofit to make an offer.

Yet the process assumed in the recent Manufactured Housing Lot Rental Act amendment has a fatal flaw that prevented the nonprofit from succeeding. The amendment assumes that a park will be put up for sale and bidders can make offers. In fact, there is usually no announcement that the park is up for sale because mobile home park owners are barraged by calls from equity firms. In both cases, tenants were notified only after a contract was signed between the park seller and the private buyer and the contracts included substantial penalties, as well as the threat of a lawsuit for breach of contract, if the seller backed out. In one case [Harmony Place], even when the nonprofit offered more than the contracted buyer, the seller would have lost money if he had accepted the offer and paid the penalties specified in the contract.

Thus, offering the incentive of a tax break to park owners who sell to nonprofits gives nonprofits an advantage, especially if they make the first offer. Providing incentives to sell to nonprofits or resident cooperatives is the only way to level the playing field and preserve these valuable sources of market-rate affordable housing. The alternative of building more rental affordable housing is considerably more costly to state and local governments than allowing nonprofits to preserve and improve mobile home parks.

Please vote yes to move HB1578 forward.

Sincerely,

Mary Paden

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Chair, South County Task Force