

Subcommittee on Manufactured Housing
House Chambers Wednesday, October 24, 2007
Delaware Housing Coalition Testimony

Introduction

Chairman Valihura and committee members, my name is Gina Miserendino, Grassroots Policy Specialist with the Delaware Housing Coalition.

Thank you for the opportunity to comment on the pending bills, H.R. 258 and S.B.122 and for all of your hard work on these legislative efforts.

The Delaware Housing Coalition

The Delaware Housing Coalition is a non profit organization whose mission is to advocate for decent, safe, and affordable housing throughout the state. Our goal is to affect, impact, and shape the environment related to housing. We work on affordable housing issues at the grassroots, local, state and national levels.

Over the last few years we have been involved in a broad range of manufactured housing issues. We view manufactured housing as a viable option for decent, affordable housing and wish to promote it in all appropriate ways. We believe SB 122, especially, promotes community and grassroots democracy.

The bills we are addressing this evening involve two very basic philosophical issues: the right to make a living and the basic human need for, and right to, housing.

These two pieces of legislation are a result of hard work by many parties. The National Consumer Law Project and Delaware's own Community Legal Aid Society have both contributed significantly to these bills ensuring their national and state constitutionality.

Notification and Resident Security of Tenure

In the case of the right of first refusal bill, this is largely a Delaware translation of the New Hampshire ordinance. In that deeply conservative state, MH residents are given the opportunity to match or exceed any offer made for the land on which their homes sit. The NH CLF there has helped over 60 resident associations to convert from investor-owned to resident-owned. This market-driven approach has resulted in a decrease in the average ground rents in resident owned communities with an accompanying increase in the average selling price. The bill is in the best tradition of local initiative and self-reliance. Best of all for us in Delaware, there is an opportunity to make use of a proven framework and solid experience to save people's homes.

I have read the account of the Sussex hearing in the Cape Gazette and was surprised at the dire predictions made by opponents of the notification bill. It is puzzling to me that the right of first refusal can work so well in other states and be characterized -- very vaguely, I might add -- as something that will hurt the residents and the sector. In fact, at one point when the concept was being discussed at a public forum, a property owner remarked that he did not care who bought a property as long as he got his asking price. As for the desire to see a

“compromise,” the opponents of the notification bill have not made a proposal. So, there is no basis for a compromise. Honest bargaining needs to take place, not scare tactics.

DHC receives hundreds of phone calls each year from tenants throughout Delaware. Among the most distressing are those from homeowners in investor-owned communities who are in the midst of abandoning the homes they have been paying into for years because they can no longer afford the lot lease.

While the current Rental Assistance Program for manufactured housing is a step in the right direction, its eligibility criteria are limited to a homeowner or tenant who is eligible for Social Security Disability (SSD) or Supplemental Security Income (SSI) benefits or who is 62 years of age or older.

Kent County Affordable Housing Snapshot

Currently, according to the Delaware State Housing Authority, there are over 42,000 manufactured housing units in Delaware, and over half of these are in investor-owned communities.

Let me highlight for a moment the affordable housing need in Kent County alone. These data are from the May 2007 DHC publication, “Who Can Afford to Live In Delaware?”.*

	INCOME	HOMEOWNERSHIP		RENTAL	
Number of Workers	57,880	Mortgage Affordable for Wage	\$114,835	Rent Affordable for Wage	\$688
Median Hourly Wage	\$13.24	Median House Price	\$228,000	Fair Market Rent	\$709
Median Annual Wage	\$27,539	Mortgage affordable as % of Median House Price	50%	Rent Affordable as % of Fair Market Rent	97%

The 2006 median house price of \$228,000 is a 99% increase since 2000. The price affordable to *low to moderate* income household in Kent County is \$124,260.

How does this relate to manufactured housing? Manufactured housing has become the affordable housing of choice -- and necessity -- for many Delawareans. If this sector is priced out of affordability, there will be literally no place for people to go.

Recommendations

The recommendations of the Delaware Housing Coalition** are:

- Pass a strong notification/right of first refusal bill that gives investors a competitive price and allows residents to institute secure leasehold through cooperatively owned communities or homes whose ground rents are held constant through a mechanism such as the community land trust.
- Since it is a fund accumulated through rent payments, look at the Relocation Trust Fund – with increased maximum assets -- as a possible source from which residents could draw in purchasing their communities, rather than using it solely as a fund to ameliorate community dislocation.
- Design and pass a demonstration project to begin to do conversions where investors are already willing to sell.
- Convene a task force to look at the manufactured housing sector as a whole, including the issues of titling, financing, and insurance.

Conclusion

This is not an issue which can be resolved in the short term. It is a critical affordable housing issue which has significant implications. We are confident that a notification bill will be of major benefit to some communities and will not hurt the industry. It will be but the first step in a series that is needed to give our citizens who dwell in manufactured housing an even chance of saving their homes.

Thank you very much for this series of public hearings and for the opportunity to present our views.

* See attached “Who Can Afford to Live in Delaware?”

** See attached The Housing Journal Winter 2006 “Building on a Sound Notification Law, Ken Smith