

TESTIMONY OF
PENNSYLVANIA MANUFACTURED HOUSING ASSOCIATION
BEFORE THE URBAN AFFAIRS COMMITTEE
OF THE
PENNSYLVANIA HOUSE OF REPRESENTATIVES
ON
AMENDMENTS TO ACT 261 TO PROVIDE FOR WRITTEN
DISCLOSURES PRIOR TO SALE OR RENTAL OF MOBILE HOME
LOTS

DECEMBER 3, 2009

PRESENTED BY

MARY GAISKI
EXECUTIVE VICE PRESIDENT
PENNSYLVANIA MANUFACTURED HOUSING ASSOCIATION

and

GREGORY SHORTEN
VICE-PRESIDENT OF OPERATIONS
THE MCKEE GROUP

and

GREG HOOD
LITTLE FARM ESTATES

The Pennsylvania Manufactured Housing Association (PMHA) is a non-profit trade association representing the factory built housing industry. Our membership consists of the manufacturers who build manufactured and modular homes, retailers who sell the homes, installers, suppliers, lenders as well as developers, owners and managers of land leased manufactured housing communities.

Factory built housing is big business in Pennsylvania. Not only does it provide a viable affordable housing option to the citizens of the Commonwealth, it also provides jobs to over 10,000 residents and contributes billions of dollars to the local and state economy.

First of all we think it is important that the committee understands that the homes talked about here today are built to a code that in some cases exceed local building codes and due to a long history of discrimination (that is still practiced today by many local governments) the concept of developing property to lease for the siting of manufactured housing was created. Siting homes in land leased communities allows for the opportunity of homeownership without the additional costs of land improvements.

Secondly, the development of manufactured housing communities is a business and should be afforded the same rights as any other business in the Commonwealth. As with any business, the basic cost of operating that business needs to be taken into consideration when determining the cost of the good or service a business is providing. In this case the good or service is the leasing of land to place a manufactured home. Act 261 requires the land to be habitable and places that responsibility along with the safety and general welfare of those using the land on the landowner. This responsibility does not come without a price tag.

Many of the mandates House Bill 1201 is looking to place upon owners of manufactured housing communities is already required by Act 261 and practiced by land lease communities across the Commonwealth. On behalf of the manufactured housing industry I would like to thank you for the opportunity to share with this committee, general

practices found in manufactured housing communities. I have also brought with me several community owners that can answer any specific questions or concerns you may have regarding compliance to Act 261 and their general practices.

Today, owners of land lease manufactured housing communities are required by law to provide up-front written disclosures to potential residents. Under Section 6 of Act 261 – the Mobile Home Park Rights Act, owners are required – prior to acceptance of any initial deposit, fee or rent – to disclose all rent, fees, service charges and assessments in writing to the resident. They also must provide a written copy of the current rules and regulations. Again, prior to acceptance of any initial deposit, fee or rent. In addition, rules and regulations are required to be posted in a conspicuous and readily accessible place in the community and cannot be changed without a 30-day notification to the residents.

Though leases are not mandatory the majority of communities require signed leases. Between leases and the required rules and regulations many of the mandates proposed in House Bill 1201 are already provided to potential and existing residents of manufactured housing communities.

Typically the leases and rules and regulations include: the community name and address; resident information including names of all occupants; complete description of the home; monthly fees to include service charges and assessments and when they will be increased and by how much; description of recreational facilities available for residents use to include hours of use and any restrictions; information on the use of the private roads in the community; use of storage areas; maintenance responsibilities of the rental site to include upkeep of lawns and landscaping restrictions; utility responsibilities; local government requirements that impact improvements to the home or rental site; requirements that affect the installation, sale and/or replacement of homes; responsibilities, if pets are allowed; further restrictions that protect the general health and safety of residents as a whole as well as restrictions that are tied to additional state and local laws that extend to land lease communities.

In addition to these mandated disclosures many land leased communities provide up-front information also called welcome packages by the industry, that inform potential residents about the features of the community – i.e. clubhouses, swimming pools, playgrounds – and benefits of living in the community – i.e. what is included in the monthly fee, along with pertinent information about the surrounding community – i.e. taxes, utilities, schools, shopping, public transit. Information that most consumers find helpful when considering housing options.

They do not do this because of government mandates; they do it because it makes good business sense. It also makes good business sense to charge a fair market price for a product so customers continue to find value in purchasing the product. In our case the product is the leasing of the rental site. The majority of our members are very sensitive to their residents needs and takes great pride in keeping the monthly fee reasonable. It is the goals of our members to keep their residents not chase them away.

They are also sensitive to their residents when applying rent increases. We agree that providing historical information on rent increases is important which is why many communities address it in current documents presented to prospective residents, during conversations with prospective residents and outlined in leases. To require a community to disclose in advance factors that may impact rental increases can be problematic. For the most part they know their costs; however, many times they are subjected to unexpected increases created by government laws and need the flexibility to respond to these unforeseen factors.

Remember this is a business. It is in our best interest to take care of our current residents and to provide a good value to attract future residents. Mandating communities to provide prospective residents with more in-depth information such as a subdivision plan of the community to include individual lot sizes, set backs, etc of the community in general, floor area of rooms in a clubhouse or deck sizes around swimming pools creates

no added value for the resident, is costly to the owner and in the long run costly to the residents.

We should be looking at ways to reduce the costs for our communities and their residents, not increase costs. Again, we thank the committee for this opportunity to express our concerns and will be willing to answer any questions you may have.