

Rent control eludes manufactured housing residents

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A phrase on the tips of affordable housing advocates' tongues when talking of ways to preserve manufactured housing parks is a government regulation and reform that is anathema to landlords and the real estate industry: Rent control.

"Rent control has been the Holy Grail for park residents (for years)," says John VanLandingham, a Legal Aid attorney who advocates for manufactured housing residents.

Rent control allows local government, through an ordinance or law, to regulate and control the rent of rental housing. Governments can thus create a rent ceiling, prohibiting landlords to charge rent that is higher. Local government can vote to raise the rent, usually in accordance with inflation as defined by the Consumer Price Index.

Advocates say that by controlling rents, people on fixed or low incomes are able to stay in their homes, rather than be forced to move when the rent becomes too high for them to pay.

The state legislature passed a law in 1985, amending the state constitution to prohibit rent control. The majority of states have similar laws, while five, including California, have laws allowing local governments to control rent.

In Oregon, there is no limitation on how often rents can be increased, or by how much. The only requirement is that

landlords must give residents 90 days notice of a rent increase.

"They can just raise them at a whim," says Herman Kachold, a resident of the Hayden Island Mobile Park, located in North Portland. "They don't have to give any reason."

Rent increases at manufactured housing parks vary from park to park. Pam Ferguson has lived at Hayden Island Mobile Park for eight years, and says her park has "seemed to get a rent increase every year." Typically, the increase is \$10 a month; \$120 for the year. One year, however, her rent increased another \$35 a month, and the rent of residents living along the Columbia River increased by \$55 a month. "That was huge," Ferguson says.

In contrast, Ferguson rented a house in Gresham for two and a half years. The rent at that house never increased.

"There are too many people in our community who are being squeezed," Ferguson says. "That extra \$10 going to their prescriptions, toward the electricity, toward the water."

Rita Loberger says the rent of her home in Tigard's El Dorado Mobile Villa has increased nearly 33 percent during the 14 years she has lived there. Originally, she paid around \$400 in rent. Now, she pays \$650 a month.

El Dorado has been owned for the last 10 years by a California-based company that Loberger thinks is solely interested in profit-making through collecting rent. "It's pure greed, but they can do it," she says.

"And we can do nothing, because we don't have rent control."

Peter Ferris, who is a manufactured housing resident and recently resigned as the executive director and lobbyist of the advocacy group Oregon Manufactured Homeowners United, agrees with Loberger.

"Their strategy is to purchase these parks ... hold on to them, do as little as possible (in maintenance) and raise the rent," he says.

Residents that cannot afford to pay increased rent often move, but at a high cost. Manufactured home owners could move their home, but the homes are often so old that moving them would damage them permanently. It costs between \$20,000 to \$35,000 to move the home to another site, money many residents don't have.

"They're probably going to lose their home," VanLandingham says, or "sell for a song."

Legislation allowing local rent control has been introduced in almost every legislative session, but failed to gain traction because of opposition from the real estate industry and landlords.

"(Rent control) sends a chilling message," says Chuck Carpenter, the executive director of Manufactured Housing Communities of Oregon, which represents park owners. "It is a signal to the owners that government is better able to determine how an investment should be managed."

Last year's legislative session saw two bills related to rent control. Ferris worked

with Rep. Peter Buckley (D-Ashland) on a bill that would have required landlords to raise the rent once a year, according to inflation as defined by the Consumer Price Index. Additionally, it would have created a program facilitating a dispute resolution process between landlords and tenants in regard to rent increases.

The bill died a quick death. "The Republicans just wouldn't even give us a hearing," Ferris says.

And Rep. Tina Kotek (D-Portland) sponsored a bill allowing local governments to enact rent control laws for manufactured home parks. The bill received one hearing, and died in committee.

Kachold thinks landlords should at least be required to justify their reason for rent increases. "I don't see the corresponding increase in their costs," Kachold says, whose rent has increased by \$100 since moving to the Hayden Island park in September 2007. "Did their taxes go up? Did they have to hire more personnel? Did they have to increase the costs to maintain the park?"

But Loberger can see how rent control could have negative consequences for manufactured home park residents, particularly when it comes to the owners paying for maintenance and upkeep. "There's going to be a number of those owners who say 'sorry, I can't fix that water pipe because I don't have the money,'" Loberger says.

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of baptism by fire.

To date, CASA has helped convert three parks in Gold Beach, Redmond, and McMinnville. The process of purchasing Vida Lea is expected to be complete sometime in mid-February.

Converting manufactured home parks to resident-owned cooperatives is a multi-step process that takes months of work to secure the park's purchase and enable residents to be prepared to own the park's land.

CASA has a three-person team working together on park conversion: Chelsea Catto, the program's director who works mainly to secure financing for park purchases; Mary Rose Ojeda, a real estate broker who communicates with sellers and real estate brokers, and finds parks that are for sale and could potentially be converted to cooperatives and Julie Massa, the program's resident organizer who communicates and assists residents throughout the process.

Among the factors to be considered are whether the park is on city water and sewer, or a septic system; the level of deferred

maintenance and repairs needed, and whether there is a high vacancy rate.

If CASA thinks the park can be converted, CASA submits an offer to purchase the park to the owner. At the same time, Massa and Ojeda meet with residents for the first time to introduce themselves and explain what it means to convert the park into a cooperative and ascertain whether residents are interested.

It's resident interest that ultimately drives the park conversion process. "If at any point they decide they don't want to purchase the park, the deal's off," Ojeda says.

CASA first contacted the Vida Lea residents in July. As with CASA's previous park conversions, they were initially met with skepticism. "There were a lot of questions," Blythe says. "They were skeptical of having to go out and borrow money and make these payments. It was hard to convince them until we actually got the figures down in black and white."

"The more we learned about it and how it worked, the majority of us, I think, became a lot more interested in doing it," Fountain says. "We could see the advantages to it. One of the advantages is having control over what happens to the park, and being able to



control our rents."

"The point we try to make to them is that the park is going to be sold to someone," Catto says. "They're more than likely to raise your rent."

To be a resident-owned cooperative means that residents jointly purchase the park and own "shares" of the park.

CASA wants to have at least half of the park's households agree to be co-op members as the park conversion moves along. Typically, Catto says, a little over half immediately become members. "Usually, there are holdouts who don't think it's going to happen," she says, and once the sale gets the closer, the number of members nears 100 percent.

Park residents form an interim board of directors (a permanent board is elected after the purchase). Meeting at least twice a month, the board's main responsibilities are

writing and approving bylaws that set out how the park will be operate as a co-operative. It also gives the board the authority to purchase the park. They also act as liaisons between CASA and the rest of the park's residents.

Residents who don't join the co-op are unable to vote, be on the board or committees and don't have any say in the operation or maintenance of the park. They are also charged a slightly higher rent — \$25 per month more, for instance — that creates an incentive to get people to join. Once the park becomes a co-op, any new person moving into it is required to become a member. "You're moving in because you bought into the whole idea," Catto says.

CASA updates residents on the progress of the purchase. "It really takes a lot of time," Catto says. "Residents like face-to-face time. It takes so long to learn, and it's such a unique process. You're not just doing development work. You're doing counseling, mediation, conflict resolution, and you're dealing with specific personalities."

"There's lots of questions about the process," Ojeda says. "We just meet with them as often as needed."

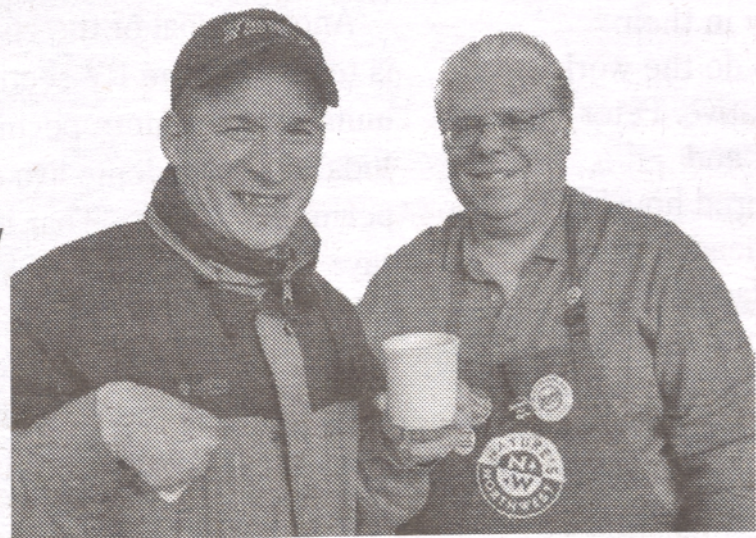
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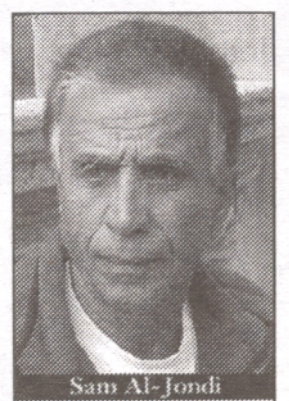
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