

**Michigan Manufactured Housing Association**

**House Bills 4298 – 4304**

**Testimony**

**March 23, 2021**

Thank you, Mr. Chairman and members of the Committee, for taking testimony today on House Bills 4298 – 4304 important and overdue reform to the regulatory structure for the manufactured housing industry in Michigan. My name is Jason Hanselman, a partner with the Dykema Lawfirm and general counsel to the Michigan Manufactured Housing Association. With me today is longtime Association member Veronica D’Hondt who will introduce herself.

Manufactured housing represents an affordable housing option for more than 250,000 Michigan residents; 22 million nationwide. The average price per square foot for a site-built home is \$114, while manufactured homes average \$55 per square feet. The industry is also a significant economic driver with 129 home manufacturing plants nationwide, producing nearly 95,000 home in 2019 for example.

As you’ve heard already, this seven-bill package represents the product of around two years of collaborative work with the sponsors and other stakeholders to propose a balanced approach to reinvigorating the regulatory structure for licensed communities in Michigan. Frankly, and although I would never speak for any other organization, the fact that this package is supported by both community owners and community residents is evidence of the quality and necessity of the proposals.

Mr. Chairman and Committee members, my name is Veronica D’Hondt and I am currently the Vice President of Processes for Yes Communities. Yes Communities is based in Denver, Colorado and with their recent purchase of Meritus Communities they now have a satellite corporate office in Farmington Hills, Michigan and currently own 60 communities in the State of Michigan.

Since the late 1970s, Michigan’s regulatory structure for manufactured housing communities, licensing, inspection, enforcement, etc., was the envy of much of the country and operated very well. The original Act and associated administrative rules were put in place to correct two perceived abuses affecting the industry. First, is *Local Government Over-Reach such as exclusionary zoning and uneconomical or non-uniform construction standards*. Secondly was *park owner/operator consumer practices such as entrance and exit fees and tying arrangements (home sale tied to site rental)*.

The Act remedied these perceived abuses by providing for statewide uniform construction standards, prohibiting exclusionary local ordinances, defining and prohibiting “unfair and deceptive trade practices,” and providing a single agency for consumer complaint processing and enforcement.

The Act also created the “Mobile Home Commission” within the (then) Department of Commerce (now LARA) due to its unique regulatory structure and importance of this industry to commerce and housing in the state of Michigan. The Commission was given broad powers to promulgate rules and to establish a uniform policy relating to all phases of the “mobile home business.”

The Commission, however, was not provided with any direct enforcement authority, but was provided with authority to impose license sanctions and fines to industry participants which were found by the Department to be in violation of the Act or promulgated rules.

During the 1990’s, through a series of Executive Orders, much of the Commission’s authority, including the ability to promulgate rules, was transferred to the Director of the (now) Department of Licensing and Regulatory Affairs. The once-dedicated staff of the Mobile Home Division of the Department was absorbed into the Bureau of Construction Code with shared staff for all building and construction related industries. The erosion of appropriate State regulatory oversight and focus continued until now.

Jason and I don’t need to provide a description of each aspect of this package, as that has already been done. We’d like to; however, highlight a couple of provisions in order to illustrate the importance through real-life example.

The majority of community owners in Michigan pride themselves on being a leaders within the industry, including operating communities under the rules and regulations set forth by the state. During a recent tour of Michigan communities owned by a member, I took a detour to drive through a community that is not a member of the Association. As I drove into this community it became immediately apparent it was in what I would describe as poor condition and had roads in such poor condition that simply driving through the community became a bone rattling experience. The general upkeep fell far short of my understanding of the requirements of the Administrative Rules, including from piles of debris and homes abandoned long ago. This community lacked any signage at the community entrance and I honestly do not know if it is a licensed manufactured home community or not.

What I do know is that Michigan Manufactured Housing Association member communities, all of which are licensed, have previously received notice of violation from an annual inspection for things such as a single pot hole, a missing cap covering a utility line on a site, and a home missing a section of skirting due to it being a home that was still under construction. While most community owners operate in a manner in which all of those items are prevented whenever possible and rectified in a timely manner, not all manufactured home community owners do so.

These bills all work together to resolve such situations through strengthening licensing requirements of community owners, creating a database to easily verify that manufactured home communities are operating with a license, reinstating the Administrative Rules (which are already in place), and ensuring LARA is staffed to properly enforce the Act.

While all of these bills are very important to the industry, I'd like to highlight the importance of the provisions in House Bill 4304, the abandoned home title process. This process was abruptly stopped by the Secretary of State in February of 2020 with no plan in place to replace it. I have been in the manufactured housing industry for 30 years with a large portion of my career spent responsible for title transfers and applying for abandoned home titles within the state of Michigan. I have also been responsible for title processes in 17 other states.

I would like to share my first-hand experience in dealing with abandoned homes. In a community that I managed in Madison Heights, I had to deal with close to 60 abandoned homes over the span of 5 years. Throughout my years in this industry, I have experienced numerous abandoned homes that have been infested with fleas, roaches, or rats. All of these situations and more can cause serious health and safety hazards not only in the abandoned home, but also to the neighboring homes. For example, one of the abandoned homes in my community mysteriously caught on fire one night. This fire not only caused damage to the abandoned home, but it also put the homes and lives of the neighboring residents in jeopardy. I have also had another abandoned home put the lives of neighboring residents in jeopardy. This time it was during the winter when a home was abandoned and the water pipes burst. The water came pouring out of the pipes for hours and caused damage to the home, flooding in the yard and created a serious ice hazard to residents driving to work in the morning and children walking to the bus stop. The most dangerous experience I have had with an abandoned home was when I was showing a home to a young couple. As I unlocked the front door, someone went running out the back door. After calling the police and entering the home, we discovered that someone had been squatting in the home. Upon further investigation, we found stolen items in the home which matched the description of items a resident reported as missing after someone had recently broken into his home.

Abandoned homes in a manufactured housing community are a health and safety issue to other residents. In order to protect residents and the community in which they live from fire, hazardous conditions, theft and wild animals, community owners must have an efficient way of applying for home titles on abandoned homes within their communities.

It is important to take a couple of minutes to ensure everyone is aware of just what we are talking about when we say "abandoned home" in a community. In nearly 99-percent of the instances, the situation arises when a resident owns a home with a value of \$1,000 or less and for one reason or another, gets behind on rent such that the amount owed is larger than the home's value.

While these homes are not in the best of shape, they are often still structurally sound and usually require work on both the outside and inside of the home. These homes make an affordable home for people to live in that are handy and can do most of the work themselves at a price they can afford. Their lot rent for the home is less expensive than any apartment and most types of housing. By providing affordable housing, people can come and fix up a home to

make it a nice place for them and their family, as well as make it nicer and safer for the community and the family's that live around them.

House Bill 4304 proposes to implement a new process, in statute, which provides significant due process and protections for homeowners while allowing for the efficient title acquisition by community owners when appropriate.

This is an instance of an industry advocating for the existence of strong, effective, and consistent regulation on themselves. The Michigan Manufactured Housing Association has been involved in multiple attempts to collaboratively address these issues through legislative and administrative means, and strongly believe the proposals before you today represent the best policy developed yet.

Between the two of us, we will gladly answer any questions you may have. Thank you again for your time.