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SENATE SELECT COMMITTEE ON HOUSING

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TESTIMONY

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Chairwoman Reynolds, Vice Chair Johnson, Ranking Member Craig, and Members of the Select Committee on Housing, thank you for the opportunity to provide testimony on the state of housing in Ohio.

I am Ryan Maxwell, a senior attorney with Southeastern Ohio Legal Services (“SEOLS”). SEOLS is a nonprofit law firm covering 30+ counties in rural Southeastern Ohio with six staffed offices. I have been practicing law since 2014 and have spent roughly seven of those years focusing on housing-related issues—first with Community Legal Aid in Canton, OH, and now in my current position with SEOLS. During the pandemic, I co-chaired the Ohio Housing Taskforce, and I am currently acting as the lead for our SEOLS Housing Team, as well as the chair for our mobile home subcommittee of the Ohio Housing Taskforce. I am located in our New Philadelphia, OH office, and am a Tuscarawas County native.

Today, I would like to spend my time today discussing ongoing issues, and potential resolutions, within our service area relating to mobile homes and mobile home parks. Mobile home parks are unique in that there can be an overlap of both mobile home law (R.C. 4781.01, et seq.) and landlord-tenant law (R.C. 5321.01, et seq.). “Residents” in mobile home parks include both tenants and owners. And, nearly forty years ago, in its *Schwartz v. McAtee* decision, the Ohio Supreme Court recognized the unique complexities that arise within mobile home parks.¹ Even in 1986, Ohio already ranked “among the top ten states for the total number of existing mobile homes. [And] the sale of new and used mobile homes in Ohio has grown into a multi-million dollar business.” The Ohio Supreme Court went on to elaborate that the title of “mobile home” is a misnomer and the General Assembly, at the time of passage of R.C. 3733 (now R.C. 4781), was

¹ 22 Ohio St.3d 14, 488 N.E.2d 479

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“undoubtedly aware of the immobile nature of today’s ‘mobile’ homes.” Owners in mobile home parks own the physical home itself, but do not own the land and rent that lot or “pad” from the park. Tenants in mobile home parks rent both the physical home itself and the lot from the park. In some instances, parks may have a third-party entity that owns the homes, while the park will separately own the land. This third-party entity is generally merely the park under another entity name. If an owner faces eviction from a park, to comply with the eviction and avoid a judgment in favor of the park, the owner’s obligation is to remove the trailer itself. An owner may be unable to comply with this obligation for any number of reasons: (1) cost prohibitive (it can be a few thousand dollars to remove a trailer); (2) nowhere to put the home once it is removed; (3) physical limitations; (4) valuation of the home does not justify removal; or (5) condition of the home makes it immovable. If the home remains on the lot, a park may pursue the abandonment process, obtain title to the home, and remove it/sell it/re-rent it.

Based on data provided to our office by the Department of Commerce in October 2023, within SEOLS’ service area, there are roughly 425 mobile home parks—with active and inactive park operator licenses—representing 19,770 total lots for mobile homes. Of these 425 parks, approximately 17%, or 73, are believed to be owned by out-of-state investors. These 73 parks represent 6,197 lots, or approximately 31% of all available mobile home lots in Southeastern Ohio. Stated another way, our friends and neighbors in Southeastern Ohio have nearly a 1 in 3 chance of renting from an out-of-state property investment company.

Statewide, based on this same data provided by the Department of Commerce, there are approximately 1,534 parks, representing 112,038 lots for mobile homes in Ohio. Of these 1,534 parks, approximately 27%, or 409, are believed to be owned by out-of-state investors. These 409 parks represent 45,939 lots, or approximately 41% of all available mobile home lots in Ohio. Stated another way, our friends and neighbors in Southeastern Ohio have roughly a 2 in 5 chance of renting from an out-of-state property investment company.

Outside investors in mobile home parks have been following a very simple playbook in Ohio: (1) purchase the park; (2) raise lot rents beyond what existing residents can afford; (3) residents leave or are evicted and lose their homes; (4) the older trailer is removed and replaced with a brand-new trailer with the new target-lot rent for the park. It is all too-frequently what we see within our service area, and statewide, resulting in the displacement—whether intentional or not—of low-income families, seniors, and disabled individuals from what they assumed would be safe and stable housing.

In Tuscarawas County, OH, a Florida-based investment firm purchased two mobile home parks previously owned by local individuals. The firm has stated that because lot rent had not been raised for several years, the investors plan to raise rents over the next few years, with the expectancy that the valuation of the park will double by year 5 resulting in a 16.2% investment rate of return. To do so, since being transferred ownership of the park in March 2023, the new owner has increased lot rents by nearly 33%. In addition to increasing the lot rents, the park frequently attempts to charge residents arbitrary \$50 fines without providing them with questionable reasons for doing so, and without providing copies of the park rules that would serve as the basis for these arbitrary fines.²

In Tuscarawas County, OH, a Michigan-based park has required a new resident to enter into leases with options to purchase older mobile homes. These option contracts require significant upfront payments. We have been notified that alternatives to these option contracts, such as a standard

² <https://www.theboavidagroup.com/our-properties/new-philadelphia-mhps/>

lease, have not been offered. These tenants reasonably believe they are purchasing a home, but, if they intend to do so, an additional, sizable balloon payment is required to exercise that option. If the residents miss just one payment, everything can be wiped away, and they are out all of the money they paid toward these older homes in their endeavor to become homeowners. This same park notified residents that rent would increase \$20 per month starting November 1, 2023 due to “ever increasing costs from insurance to taxes and pretty much everything in between.” And the park “understand[s] money is tight for everyone so [it] implemented the most modest increase [they] could.”

In Lancaster, OH, a California-based park owner increased rents and failed to address conditions in the park until mobile home park residents formed their own residents organization to attempt to collectively address the ongoing these issues with their park.³ One resident stated that rent increased by nearly 77% from \$350 per month to \$619 from the time he moved in. Another resident’s rent increased nearly 84% from \$315 to \$579 since he moved in 12 years ago. Another \$30 rent increase is anticipated. A resident stated: “Two more raises at \$30 a month and I can’t pay my utilities.”

In Navarre, OH, an out-of-state-based park owner sought to increase lot rents from \$370/\$425 to \$700/\$850 for new residents. This has all but eliminated any ability for owners to sell their homes as no new residents want to pay these new lot rents when neighbors are paying significantly cheaper. As a result, residents in this park have formed their own residents organization in an attempt to collectively address ongoing issues with the park including what is expected to eventually result in a 24% lot rent increase for all residents—new or existing.⁴

Colleagues within other legal aid organizations have reported seeing similar issues across Ohio, with one park in Western Ohio increasing lot rent from \$250 to \$500, and eventually to \$650 because the park was now charging every resident an extra \$150 per month for water.

In our rural areas, mobile homes can be seen as a great option for affordable housing with the expectation that it will offer greater stability since the person living there could be a homeowner; however, this is not always the case in practice. New owners seeking to maximize profit price out our low-income neighbors—especially those on fixed incomes who may not be able to afford significant rent increases.

While improving the infrastructure of these parks should be applauded, including improving the available housing stock within the parks, doing so on the assumption that those on fixed incomes could afford a \$72,000 to \$132,000 new mobile home is unrealistic. The current benefit amount for an individual receiving supplemental security income through the Social Security Administration is \$914, or \$10,968 annually. The goal of having low-income residents be able to afford new mobile homes at this price point is impractical. Out-of-state investment entities are buying manufactured home communities and replacing abandoned homes with brand new ones, **but** they are also replacing occupied, older homes with brand new ones and displacing elderly and disabled Ohioans to do so. We have yet to see any significant improvements to the infrastructure of these older parks; instead, all we have seen is heartbreak after heartbreak of families being evicted from a home they owned. We have seen it time and time again throughout our State and

3 <https://www.lancastereaglegazette.com/story/news/local/2023/05/26/mobile-home-residents-protest-rent-hikes-at-colonial-estates/70244723007/>

4 <https://www.news5cleveland.com/news/local-news/we-follow-through/neighbors-organize-amid-concerns-over-rising-rent-in-stark-county-retirement-community>

the continuing of this standard operating procedure by mobile home parks that has already proven successful is likely to continue.⁵

However, this ship can be righted to ensure our most vulnerable are not ostracized under the auspice of “progress” to benefit investors. There are multiple suggestions we would have to attempt to assist those residents of mobile home parks:

- Fixed Lot Rents
- Eliminating Loopholes Exploited by Parks
- Creating Co-Op Opportunities within Parks
 - Creating a pathway for residents to purchase the Parks
 - Increasing funding available for Residents to purchase Parks
- Implement FHFA Protections for Ohio Mobile Home Parks

Fixed Lot Rents. In Ohio, park operators are required to offer each homeowner a written rental agreement prior to installation or prior to expiration of the owner’s existing rental agreement. Parks often skirt this requirement by claiming a month-to-month tenancy exists so no written agreement is necessary, or by claiming no rental agreement existed so no new written agreement need to be offered. Requiring written agreements be in place with a set-amount of lot rent creates stability within the parks for those homeowners living there, and it can prevent unwarranted eviction actions for claimed nonpayment of rent. Moreover, capping the amount of rent that mobile home parks can charge for lot rents would further ensure that park residents—especially those on fixed incomes—have stability in homes they own. Otherwise, if a resident owns their home but is on a month-to-month tenancy for the lot, a park could seek to increase rent every month as has occurred in a park referenced above in Tuscarawas County where residents received a notice that rent would increase by \$20 each month starting in November 2023. This is untenable for residents on fixed income who will eventually need to locate new housing options in a county with already limited housing availability.

Eliminating Loopholes Exploited by Parks. Park owners often think they can terminate the tenancy of owners of mobile homes by simply providing a thirty-day termination notice akin to a landlord-tenant relationship; however, unlike a landlord-tenant relationship, which is permitted to be terminated under statute with a proper thirty-day notice to terminate, there is no similar provision within the applicable mobile home statutes. See R.C. 4781.01, et seq. And, the reason why is obvious—a homeowner should be subject to the whims of the park. Instituting clear language setting forth this limitation within existing Ohio law, requiring new owners of Parks offer written lease agreements to all residents when they acquire the property, and eliminating the ability of a park to institute either monthly rent increases or create new, arbitrary rules that subsequently serve as the basis for an eviction can help to create significant stability in these mobile home parks.

Creating Co-Op Opportunities within Parks. Studies have shown a critical link between positive health outcomes and stable, decent, and affordable housing.⁶ One way to ensure positive health outcomes for our elderly and disabled neighbors living in mobile home parks is to create mobile home community cooperatives.⁷ “[Cooperatives] have a 100% track record of success, which tells you that it’s working for the residents. Resident ownership is an absolute bulwark against the intrusion of institutional capital in the market.”⁸ “None of the more than 300 in the

⁵ <https://ohiocapitaljournal.com/2022/04/12/sitting-on-a-time-bomb-mobile-home-residents-at-risk-in-red-hot-housing-market/>

⁶ <https://nhc.org/wp-content/uploads/2017/03/The-Impacts-of-Affordable-Housing-on-Health-A-Research-Summary.pdf>

⁷ <https://www.bloomberg.com/news/articles/2018-07-18/how-mobile-home-cooperatives-fend-off-displacement>

⁸ <https://fox59.com/news/national-world/ap-us-news/mobile-home-park-residents-form-co-ops-to-save-their-homes/>

network of nonprofit ROC USA have defaulted or closed.”⁹ To accomplish this process, homeowners would form a non-profit cooperative where each household is a member of the cooperative owns the land and manages business within the community while members continue to own their own homes individually and an equal share of land beneath the entire community.¹⁰ Benefits include: (1) control of monthly lot rent, community repairs, and improvements; (2) lifetime security against unfair evictions; and (3) liability protection as members would not personally be liable for the loans.¹¹ Moreover, in a recent study, a non-cooperatively owned park saw 126% rent increases from 1995 to 2022, while a cooperatively owned park saw a 29.6% rent increase during the same time period.¹²

However, to best accomplish this, residents would need to have the legal ability to purchase the park in instances where triggering events happen such as (1) the existing owner seeks to sell the park; (2) there is a requested change in zoning for the park; and/or (3) a transfer of ownership is imminent. Similar legislation had previously been proposed in 2022 under Senator Blessing’s SB 334 to allow residents to bid on residential property that has been foreclosed upon. Further, a right to purchase by residents already exists with respect to public housing subject to disposition. Where public housing is subject to disposition, public housing authorities are required to offer to sell the property “to any eligible resident organization, eligible resident management corporation [. . .], or to a nonprofit organization acting on behalf of the residents [. . .].”¹³ The purchase of property by residents of the property is not a new idea—and it has had success in mobile home parks in several other states.¹⁴

Implement FHFA Protections for Ohio Mobile Home Parks. Mobile home parks backed by FHFA mortgages already require additional protections for residents¹⁵:

- One-year renewable lease term unless there is good cause for non-renewal.
- 30-day written notice of rent increases.
- 5-day grace period for rent payments and the right to cure defaults on rent payments.
- Right to sell the manufactured home without first having to relocate the home out of the community.
- Right to sell the manufactured home in place within a reasonable time period after eviction by the manufactured housing community owner.
- Right to sublease or assign the pad site lease for the unexpired term to the new buyer of the tenant’s manufactured home without any unreasonable restraint.
- Right to post ‘for sale’ signs.
- Right to receive at least 60 days’ notice of planned sale or closure of the manufactured home community.

Implementing these basic additional protections would be beneficial to park residents to further create stability within the parks.

Ultimately, improvements in mobile home parks—infrastructure and replacing uninhabitable homes—are certainly progress and beneficial to the communities; however, improvements made at the expense of the existing residents in the park is not progress at all.

⁹ *Id.*

¹⁰ See [<https://rocosa.org/>]. See, also, <https://www.manufacturedhomes.com/blog/residents-manufactured-home-communities-forming-co-ops/>

¹¹ *Id.*

¹² <https://shelterforce.org/2022/10/13/the-cost-of-not-going-co-op/>

¹³ 24 CFR §970.9(b)

¹⁴ https://www.nclc.org/wp-content/uploads/2022/08/cfed-purchase_guide.pdf

¹⁵ <https://mf.freddiemac.com/docs/tenant-protections-manufactured-housing-communities.pdf>