



## **Commentary: Leased land legislation would benefit homeowners**

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**By Fred Neil**

The expected income for the current fiscal year has dropped severely as we face the Dover City budget for the next fiscal year starting July 1, 2020. I do not think that any elected official on any level of government expects a magically fast bounceback in our economy.

It is my hope that when the Delaware State Legislature returns this session, this august body will pass a proposed bill requested by a member of the House and a State Senator but not yet introduced. The bill is a pandemic financial healing salve for those of us who own homes in leased land communities. The proposed bill removes many of the inequities that exist in Code 25, Chapter 70 of State Law.

Leased Land Communities are parking lots for homes. The dirt landlords' cost of operation are tiny compared to apartment building owners. The profits are not only recession proof, but enormous. In February of this year, a headline in the Wall Street Journal screamed "This Stock Has Returned 4,100% since the Housing Crash."

It goes on to say: "Owners of mobile-home parks have trounced the broader market thanks to soaring house prices, NIMBYism,\* and tenants that can't move out. ... From the March 2009 stock-market bottom, shares of big mobile-home park owners Sun Communities Inc. and Equity LifeStyle Properties Inc. have returned a tech-like 4,141% and 1,205%, respectively, counting price changes and dividend payments. The S&P 500's return has been 520%."

Both corporations cited operate in Delaware along with two other giants of the industry, Hometown America and RHP, a Michigan-based corporation that is part of a larger conglomerate. RHP paid a bundle for two communities – including mine – in 2017, and two more in 2018. Rents soared in all four because of the inequities built into Delaware law.

Since 2018, RHP has raised rents, pending arbitration results of 2019 and 2020, a total of \$100 per month. The amount is slightly less if you signed a 10-year 4%-increase compounded yearly lease. While I have nearly \$200,000 invested in my home, the Dover City assessment has dropped from \$125,000 in 2010 to \$72,500 in 2020. Similar Kent County communities homes resell for much higher figures while appraisers show lower lot rents.

Quoting from the Wall Street Journal article, " Park Owners don't worry much about home owners leaving as they would have to take their home with them. Despite the name, moving a mobile home is expensive and difficult." In Delaware moving a home to another community is like moving from a boiling pot to a frying pan on a hot stove. (My home is on a permanent foundation and I pay taxes to both the City and Kent County.)

A healing salve is needed because the rent from 40,000 to 50,000 seniors and low-income tenant homeowners and their families can't spend the excessive rent increases in the local economy. That money goes into the hands-on investors who don't pay Delaware taxes. Under Delaware law, tax increases can be passed on to the homeowners. Since there is no "elevator clause" in the law, rents don't go down if taxes go down.

In addition, I have sent the Wall Street article to every member of the Delaware legislature this year. In 2019, I sent the proof of the rent gouging in two document, the 19 page "Private Equity Giants Converge on

Manufactured Homes” annotated article, and a Feb. 14, 2018, Washington Post article by Peter Whoriskey entitled “A billion dollar empire made of mobile homes.”

You would think that leased land housing, which does not require taxpayer subsidy, would be worthy of better protection by our state legislators since we do not have enough affordable housing. Doesn't the high cost of housing put pressure on the minimum wage?

Since more reasonable rent increases would be better for Delaware taxpayers and the economy, you might want to ask your legislators why they won't remove the inequities in the law. Political theory or something else?

\*NIMBYism = not in my back yard.

***Fred Neil represents the 3rd District in Dover City Council***