

This was sent by Fred Neil to MHPProNews/MHLivingNews. Neil said he submitted this to his local newspaper under the title of Hypocrisy. It was provided to the Delaware State eNews as shown below.

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## **COMMENTARY**

### **Ending block of leased-land bill could bring millions back to state**

**By Fred Neil**

A strong healthy economy keeps taxes low.

The shortage of affordable housing has an adverse effect on the economy by driving the cost of housing and putting pressure on the minimum wage. When state legislators refuse to take action to remove inequities in a law that is designed to protect those who own homes on leased land, many millions of dollars in exorbitant rent increases leave the Delaware economy each year. That money goes to investors who don't pay Delaware taxes.

The reasons given by the chairman of the Senate Housing Committee, Bryan Townsend, D-Newark, behind his refusal to permit amended Senate Bill 132 to reach the floor for a vote are prime examples of what I believe is pure hypocrisy. The argument for or against should have been discussed transparently in a public hearing during the 2021 legislative session. It was well-known that the bill was forthcoming before it was introduced May 10, before being combined with SB 110 on May 15. SB 110 was introduced April 14. Action on that bill was blocked by the chairman in the 2021 session.

The combined SB 132 amendment addresses a number of issues raised by the courts when legal action was undertaken to prevent those excessive lot-rent increases in leased-land communities.

These rents affect around 50,000 people, many seniors, retired military and low-income families.

Under current law, if a landlord wishes to install a swimming pool, a capital expense, without homeowners asking for one, these tenants will have to pay the entire cost of the pool every year they remain in their home! If the repairs to the pool are listed as rehab, homeowners will pay that expense every single year, too. That is an inequity.

The Delaware Supreme Court ruled that capital expense cannot go on forever. The court has also pondered what is meant by other language in the current law. SB 132 would make clear the language and do away with the nefarious "market rent," which has nothing to do with the sale price of houses, ground or other conditions between communities, only the envisioned ground-rent increases. A reason given for not advancing SB 132 was lack of clarity. However, the bill was created by some of the most experienced senior legislators, with the aid of the attorneys who regularly represent tenant homeowners in arbitration proceedings in court and hear the questions raised by the judges. SB 132 brings clarity and eliminates the law's ambiguity. These are the attorneys who face the legal arguments of the lawyers representing the community owners who use rent money to pay for their legal representation.

Lack of collaboration and conversation was another excuse. There is no incentive for the community owner to agree to stop taking as much money as they can from the homeowner and the Delaware economy.

Then, there is the "blackmail" excuse. In a letter to all the legislators, an attorney for the community owners used the blackmail tactic by saying many clients will immediately close their parks or change land use if the amendments to remove inequities are passed. I defy anyone to come up with such a use that does not have more risk and/or is more profitable.

Instead of the uncertainty in facing a free- enterprise venture that can fail in this economy, the local landlords will grab the huge buyouts from out- of- state corporations because Delaware law inequities favor the landlords. These out- of- state corporations have taken advantage of our porous laws and invaded Delaware to buy leased-land communities. RHP Properties has bought five communities since 2017 and raised rents to a shocking level because it has no stake in the Delaware economy, except as a source of cash.

It's now September, and Sen. Townsend has made no effort to bring mugges and muggers together for a talk. Rather than complain about it, let me make a suggestion that guarantees the community owners a fair profit and still keeps affordable housing in Delaware.

Delaware should create a Public Service Commission (PSC) for Housing. Any apartment or leased-land housing community that receives funding from Fannie Mae, Freddy Mac or the Department of Housing and Urban Development to build affordable housing should set profit limits. If the apartment building or leased-land community is put up for sale, the tenants get first crack, with professional help, to arrange for financing of a condo association structure.

If the tenants are not capable of managing the community, the sale should go to a government- recognized not-for-profit organization, such as a trust, dedicated to affordable housing. I believe putting together the jigsaw puzzle of best practices should

be in the hands of a state PSC to set the rate of profit and oversee the actual costs of the operation.

The funding would come from an annual fee of \$50 or \$100 per unit, to pay for the PSC structure, which is passed on in rent to the tenants. The tenants would recoup the cost from lower rent increases. Yes, it is designed rent control, and it is needed when there is a shortage of affordable housing. Frankly, it would keep it out of government hands to operate.

The recent article on Donovan Smith Manufactured Home Community's long-existing life-threatening conditions is a perfect reason to have statewide licensing fees ("DNREC OKs conditional plan to connect mobile home park's sewers to Lewes system," Sept. 15). The PCS would have the ability to rescind the license for the failure to properly maintain a community.

The city of Dover can do that, why not the state? End the hypocrisy by passing SB 132, and then, let's talk.

*Fred Neil is serving his third term as a member of Dover City Council.*