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Department of Housing and Community Development
Testimony before the House Ways and Means Committee
Registration Fee for Mobile Home Park Owners - 10 VSA § 6254(c)
January 15, 2014

DHCD proposes an increase in the annual registration fee charged to mobile home park owners. The fee was established in 1995 and set at \$9 per occupied leased lot. It has not increased since that time and we are proposing that it be raised to \$12 per lot. The change would take effect on September 1, the next annual registration deadline.

The fee is intended to cover the Department's cost of administering the state's mobile home park laws which serve to protect residents from undue rent increases and the potential loss of their homes as a result of a park sale or closure.

Revenues from the fee go into a special fund. In recent years, however, the fund has been insufficient to cover the costs of the program. It is typically depleted by March, so the cost of administering the mobile home park program for the remainder of the year must be paid with General Fund dollars. The largest portion of the costs charged against this fund are for the salary of the staff person that administers the program. Costs charged against this special fund also include fees for the mediation of lot rent increase disputes, as mandated by 10 VSA § 6252 and legal representation of mobile home park leaseholders who pursue a civil action to abate a lot rent increase pursuant to 10 VSA § 6253. The total cost of the program has increased over time while the fee has remained the same.

Inflation since 1995 would support a change in the fee to \$13.81. We are requesting an increase to only \$12 after weighing the need to cover the cost of running the program against the desire to minimize the impact on park residents, who may ultimately end up paying the increase. Another factor was an attempt to make the increase easy for park owners to administer. Since rent is paid monthly, a \$12 fee translates to \$1 per lot per month.

The current gap between fee revenue and the cost of the program is approximately \$25,000. As I mentioned, the gap is being filled with General Funds. If the fee is not increased, the pressure on General Funds from this statutorily-required program will continue to grow. Program activities include completing an annual registry of parks,

monitoring rent increases, facilitating lot rent mediation, overseeing park sale and closure notifications and providing technical assistance to park residents and owners.

Park owners and residents will be impacted by the fee. Park owners may charge the fee to residents. If they choose to do so, the result will be a \$0.25/month increase per leaseholder, for a total fee of \$1 per month. Given the length of time since an increase has been implemented, the Department believes the proposed increase to \$12 is reasonable. With 6500 registered lots in Vermont, the increase would result in an additional \$19,500 in annual lot fees to the Department bringing the total to approximately \$78,000 instead of \$58,500 at the current \$9.

DHCD maintains a database of the park information we collect through the registration process which is a tremendously helpful resource to policy makers, funding agencies and in the recovery efforts post Tropical Storm Irene. As required by **10 VSA § 6254**, we have just submitted a tri-annual report to the Legislature comprising the statistics of the last three years and describing the program's activities. We've sent it to Gabrielle and will give you a more complete sense of the program than I'm able to provide in the brief time we have this morning.

With that, I'm happy to take any questions or suggestions from the committee.