

Representatives Lalley, Sweeney and Senators Chittenden, Lyons and Ram Hinsdale:

I am including my Senators in this email, in hopes that the bill makes it to the Senate.

I am writing to ask you to please support H.757. I know you are very busy, but I hope you will take the time to read the rest of this email. If nothing else, perhaps you could read just the highlighted text below.

I have lived in Shelburnewood, a “mobile home limited equity cooperative” in Shelburne, since 2015. In 2019, the Town of Shelburne mailed to each unit owner an official change of appraisal notice, increasing each homeowner's appraised value by a pro-rated amount of the park. Each cooperative member's appraised value increased by \$33,300 and the cooperative's appraised value (land under our homes plus common land) was reduced to \$0.

I understand and appreciate the reasons for this change, beyond the assessor's explanation that it was done to be in compliance with 11 V.S.A. § 1610. Those reasons, which benefit each homeowner, include:

- The property owned collectively can now be taxed at the residential rate.
- The portion of tax paid by each homeowner on the unit value of the cooperative's property can now be included in the homeowner's property tax credit application.

I also believe there were unintended consequences.

- When we refinanced our cooperative-owned property, we learned that individual homeowners who were delinquent on their property taxes created a title exception on the land, an impediment to closing. (The cooperative paid those homeowners' taxes in order to close – and struggled to collect from one homeowner. Now, the Board periodically checks with the Town to keep abreast of any homeowner's delinquent taxes.)
- This one is more difficult to prove because of market demand, but I believe that right after the Town made this change, sales prices increased proportionally. My concern is that buyers and sellers don't look beyond the fair market value (the town appraised value, adjusted by the CLA, if you will), to see that the land is financed. They may not understand that members are paying the land loan via lot rent. So, if the purchase price includes the unit value of the land, then the homeowner is doubly paying for the land – via lot rent and purchase price. (If there wasn't a loan on the land, then I would think that the buyer should pay fair market value of the home and the unit value of the lot, approximated by the appraised value adjusted by the CLA. So, as the loan is paid down, perhaps each unit owner should include more of the park unit value in the sale price of their home.)

I understand that one of the original intentions of H.757 was to exempt LECs from property taxes. However, the current version calls for a study instead. I think this is an excellent idea. The Tax Department is to produce a report that includes a description of the different appraisal methods of LECs used across the state (Income Approach, Market

Data Approach or Cost Approach), justifications for differences and recommendations for consistency and appropriateness. If it is not implied, I think the bill ought to be amended to include a report about *who* (homeowner or cooperative) the cities and towns are assessing. Are they assessing the homeowner a unit value of the park. Or are they assessing the cooperative the total value of the park? And what should they be doing? (Reference 11 V.S.A. § 1610). Anecdotally, I understand some cities/towns may not want to assess homeowners a unit value of the park because they may have a more difficult time collecting.

I also think that the H.757's proposed change to 11 V.S.A. § 1598 (7) is necessary, given § 1610. It changes the amount I could charge if I had to sublease my home due to a hardship, from 110% of lot rent to fair market rent established by HUD. In the current statute, that extra 10% is not even close to covering the property taxes I pay on my unit, which includes a unit value of the cooperative's land.

I apologize for the length of this email, but I think it is so important.

Note that I am speaking for myself and not for Shelburnewood Cooperative, Inc., not because they disagree but simply because we haven't yet discussed.

Sincerely,
Renee Couture, Treasurer
Shelburnewood Cooperative, Inc.