

## Senate Committee on Economic Development, Housing, and General Affairs

RE: H.757 An act relating to Manufactured Homes and Limited Equity Cooperatives

Dear Chair Clarkson and Committee Members:

Thank you and your committee members for your collective hard work on H.757  
Below is an overview to clarify certain sections of the Bill.

When you register a nonprofit in Vermont, you're creating a legal organization at the **state level** (with the Vermont Secretary of State).

But that **does NOT automatically make your organization tax-exempt** at the federal level.

To be tax-exempt under sections like **Internal Revenue Code Section 501(c)**, you must apply separately to the Internal Revenue Service (IRS).

This is not the intended purpose of Section 7.

## For Co-op Organizations

### Section 7

I'd like to add perspective to the discussion of H.757 on Thursday April, 30, 2026 (page 8, lines 15–18), which proposes treating mobile home LECs as nonprofit corporations for State funding and grant purposes.

First, as noted on page 9 (lines 1–2), **this change does not affect tax treatment**. It does not alter the relationship between an LEC and any taxing authority.(IRS)

The purpose of this provision is to align Vermont statute with how grant-making organizations operate. Most funders cannot award grants to for-profit entities and require nonprofit status (such as 501(c)(3) or a **state designation**) as verification.

Currently, Vermont mobile home LECs are often labeled “for-profit” or “business,” which can trigger **automatic rejection**. To work around this, applicants must explain the law (11 VSA 1598) to show they serve a public purpose and do not generate profit or individual equity.

This extra step creates unnecessary work and can discourage funding.

The goal of H.757 (page 8, lines 15–18) is simply to give LECs a **widely recognized designation** so they can compete fairly for grants and State funding.

# For Mobile/Manufactured Home Owners

## Section 1

- The home can now be treated more like **real estate** (not just personal property) if financed that way.
- When sold **or** refinanced, a **standard property deed** (like a stick-built house).
- Treated like real estate increases the ability for financing and refinancing
- Homes are set up permanently (utility connections, no wheels, etc.), and clearly considered **fixed housing**.

**Proposed Outcome:** Easier financing, clearer ownership rights, and financing protection equal to traditional homeownership.

## For Buyers

- Buying a manufactured home is more like **buying any house**:
- Formal deed transfer

**Proposed Outcome:**

More security and transparency in the purchase process

## For Landowners (Mobile Home Parks / Landlords)

- **Cannot unreasonably block** the sale of a home on their land.
- Can still require consent, but not arbitrarily deny it.

**Proposed outcome:** Limits landlord control over home sales.

## For Residents in Manufactured Home Parks Organized as Limited Equity Cooperatives

### Section 3

- These co-ops are meant to keep housing **affordable for the long term**.
- **New rules:**
- Subleasing is not permitted
- Exception: hardship (with approval from the Board of Directors)
- If subleasing is allowed: Must rent to **low/moderate-income tenants**.  
Cannot charge more than the **actual** carrying costs (no profit)

**Proposed Outcome: Maintains affordable housing covenant for low to moderate-income earners.**  
Prevents affordable units from being turned into profit rentals.

## For Towns & Zoning

### Section 4

- Towns **cannot ban manufactured homes** from residential areas.
- Must treat them the same as all residential houses.
- Can regulate safety/spacing, but cannot stop replacing old homes in existing parks

**Proposed outcome:** Protects and expands housing options in the same manner as other residential homes

## For Anyone Buying a New Manufactured Home

### Section 5 & 6

**Tax break:** When financing as personal property rather than real property, 90% sales tax-exempt of the purchase price

**Proposed outcome:** \* Eliminates burdensome sales tax when purchased as personal property, which lowers the upfront cost.

\* Some energy-efficient homes may be **fully tax-exempt**

### ***Big Picture Impact***

Uniformity in the MH LEC classification on the SOS list facilitates easier, less cumbersome access to state/federal grants and funding. It does not change the tax structure of these LECs.

Makes manufactured housing upfront costs more affordable

Traditional homeownership in any location where other residential homes are permitted

Strengthens **resident control** in co-ops to maintain the affordable housing covenant, which prevents loss of affordable housing stock

Mobile homes in Vermont are rarely moved once placed. They are manufactured homes built off-site and transported to a parcel for permanent affixation. Only 1% of MH were moved in 2025. Major triggers include extreme weather destroying existing sites, high renovation costs, or upgrading to a newer model. Emphasizes that these types of homes, once installed, are stationary and affixed to the property.

Manufactured homes are built off-site, transported, and installed as permanent housing. Yet the term “mobile home” wrongly suggests they’re easily movable, which can hinder fair financing and reinforce NIMBY attitudes.

The purpose of H.757 is to address existing issues within this type of housing stock and help prevent similar problems in future development.

The purpose of H.757 is to address existing issues within this housing stock and ensure those problems are not carried into the much-needed development of new homes of this type.

Thank you - Representative Gayle Pezzo, House General and Housing Committee