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**Testimony on Proposed Changes to Vermont's Mobile Home Park Rent Increase Mediation Threshold**

**Submitted to the Senate Committee on Economic Development, Housing, and General Affairs**

Thank you for the opportunity to provide testimony. My name is Elise Shanbacker, and I am the Executive Director of Addison Housing Works (AHW), a nonprofit affordable housing provider based in Addison County. AHW owns and operates nine manufactured housing communities across the region, comprising 340 lots for owner-occupied mobile homes. Our organization has decades of experience stewarding permanently affordable housing in Vermont, including the recent completion of a $5 million, seven-year project to replace failing septic systems with a new code-compliant community wastewater facility at Lindale MHC. We are deeply committed to preserving both the affordability (all nine of our MHCs are subject to permanent affordability covenants) and sustainability of our housing.

We all share the goal of keeping housing affordable for Vermont families. At the same time, it's critical to balance affordability with the long-term sustainability of our MHCs—especially those owned and operated by nonprofits and resident cooperatives. These mission-driven stewards often operate with narrow margins and reinvest any revenue directly into park infrastructure and community support.

Lowering the threshold to CPI alone could have unintended consequences. Key cost drivers—such as property taxes, insurance premiums, utilities, and routine maintenance—are regularly rising faster than CPI. Because the Consumer Price Index is based on a national average of goods and services, it doesn't reflect the true cost of managing housing in Vermont, nor does it track housing-specific inflation.

Removing the 1% buffer risks pushing responsible park owners—especially nonprofits—into structural deficits or forcing them to defer critical repairs. While the law does allow landlords to exceed the cap for documented capital improvements, in practice this process is complicated and burdensome. Major infrastructure projects like septic replacements or road reconstructions often take years to plan, permit, and complete. The true cost, especially debt service, is frequently unknown until the end of the project. If lot rents are artificially constrained during that time, owners may be forced to implement large, sudden rent increases after the fact—placing even more strain on residents than a series of gradual, predictable adjustments would have.

Moreover, many essential and substantial predevelopment expenses—such as engineering studies, environmental reviews, and funding applications—are difficult to account for in capital infrastructure budgets. These costs are often absorbed by the nonprofit's operating budget, and documenting them for exemption purposes adds significant administrative burden, particularly when the costs are tied to staff time rather than itemized third-party invoices.

If the legislature is looking to strengthen affordability protections without undermining long-term stewardship, we would urge consideration of a more targeted approach. This could include limited exemptions for nonprofit and cooperative park owners, or a tiered system that ties rent increase thresholds to lot rents as a percentage of median income—ensuring that affordability is protected where it's most needed, while still allowing flexibility for reinvestment where appropriate.

Thank you for your thoughtful consideration of these concerns.

Respectfully submitted,

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