

Manufactured Home Residents Bill of Rights Overview: [HF2381](#) & [SF 2691](#)

Manufactured home residents across the nation are facing unprecedented levels of threat as a result of increased out-of-state private equity and corporate ownership. Residents have been identified as a captive audience with limited options for relocation, and as a result, are being squeezed for everything they have. There are stories all across our state of residents who are one lot rent increase away from homelessness. Amidst our current housing crisis, we must act now to preserve the largest source of unsubsidized affordable housing in Minnesota.

There are ~180,000 Minnesotans living in the state's ~800 manufactured (mobile) home communities (MHCs). Many residents are living on fixed incomes and live in or around the poverty line, but many MHC residents represent the diversity of Minnesota across class, race, generation, culture, and geography. Ninety percent (90%) of Minnesotans who live in an MHC own their home and rent the land their home sits on. The "halfway homeownership" structure of MHCs makes ownership of a manufactured home unnecessarily risky and unstable for low-income homeowners in the state who face:

- Constant risk of escalating lot rents;
- Health and safety risks due to failing water/sewer systems and crumbling neighborhood infrastructure;
- Increasing risk of displacement

Over the last decade, MHCs have become prime real estate for private equity investors whose primary business model is to buy a park and seek to increase its value by raising the rent, adding fees, and cutting back on maintenance. Then they often sell it within a few years for a profit for themselves and their investors. 90% of park sales in Minnesota in 2024 were to these out of state investment groups.

The Policy

The contents of this bill reflects conversations with residents across the state, policy experts, and decisionmakers to put the safety, security, and stability of Minnesota's manufactured home residents first.

1. Rent Increases

Right now, Minnesota statute declares MHC owners may raise lot rent twice in 12 months and the increase must be "reasonable," yet "reasonable" remains definitionless. In many places under private ownership, lot rent has increased at excessive rates of 10% or more, leaving people who live on fixed or low incomes financially stretched with little to no other options for housing. This bill explicitly defines "reasonable" as no more than 3% one time annually, putting lot rent increases consistent with standard cost-of-living adjustments (COLA). It also tackles excessive late fees by stating that in no case may the late fee exceed 8% of late rent payments.

2. Resident Opportunity to Purchase (OTP)

The Opportunity to Purchase provision ensures that homeowners are provided an opportunity to purchase the land beneath their homes when their communities are for sale. OTP balances the property rights of two sets of owners: the homeowners and the community owners. The opportunity to purchase:

- Only applies when the community owner has already decided to sell the community
- Does not force community owners to sell or force homeowners to purchase the community
- Ensures that community owners receive market price for the community
- Brings an additional prospective buyer to the table, which enhances the owner's ability to sell the community, while providing an opportunity to preserve the community as an affordable housing resource long-term

3. Increased Enforcement and Transparency for Residents

MHC residents are afforded rights under Sec 327C. However, with weak enforcement mechanisms, some residents face retaliation by management and/or owners for filing complaints about their living conditions, have received unjust eviction notices with few opportunities for recourse, or are forced to pay for services they are not getting. To ensure these rights are being properly afforded to residents in a transparent manor, we must:

- Necessitate community owners who violate sections 327C.015 and 327C.14 be liable for 1) actual damages sustained by the resident as a result of the violation 2) injunctive relief 3) equitable relief as determined by the court and 4) in the case of a successful action, the cost of action and reasonable attorney fees as determined by the court,
- Require community owners provide an itemized bill to residents that separately and clearly labels each service or item charged to the resident,
- Instruct community owners offer alternative methods of rent and utility payment in addition to digital payment platforms,
- Clarify community owners are responsible for tree care and removal and that residents are ensured swift action in the event of safety concerns;
- And ensure community owners are responsible for the cost of repairs by utility providers and ensure the right of residents to provide access to the park to a utility provider to repair faulty or defective utility equipment.

Common Myths About Living in Manufactured Home Communities

*This document was developed and approved by residents
of manufactured home communities.*

“Manufactured home residents are renters.”

About 90% of manufactured home community residents own their home but rent the land underneath meaning the majority of manufactured home residents are homeowners.

“Lot rent is the same as standard rent.”

Lot rent is completely different from standard apartment, condo, or single family home rent. Standard rent often covers maintenance costs for the unit, snow and lawn care, some form of utilities, and access to a management company or landlord. Manufactured home residents have to handle and pay for all repairs and maintenance on their homes, often do not get adequate snow removal or lawn care unless they choose or are forced to pay a separate fee, while historically utilities were covered under lot rent, more and more often utilities, like water, are being charged separately while lot rent continues to increase, and residents are lucky to hear back from management or community owners as staffing continues to get cut, hours of the office reduced, and phone lines are outsourced to out-of-state entities.

“Capping lot rent at 3% is the same as the rent control law that passed in St. Paul.”

Apartment rent stabilization and manufactured home lot rent stabilization are an apples to oranges comparison. There are several reasons it's not the same:

- 1) New manufactured home communities haven't been built in Minnesota for 40 years. This doesn't have the same impact on slowing/halting development many claim standard rent control does.
- 2) Part of the appeal to investors to own manufactured home communities is that there is little reinvestment back into the park:
 - a) In 2024, the average cost to operate a single occupied site was \$3,295 per year (~\$275/month) including utilities (water/sewer, electrical). The largest expense drivers are typically insurance, property taxes, and capital improvements. It's becoming a standard to see lot rent in the 800-1,000 range for investor owned parks and utilities separated from base lot rent. (data from [Co-North](#))
 - b) Manufactured home communities are valued based on Net Operating Income. The primary way investors increase the asset's value is by raising rents. Unlike single-family housing, improvements alone do not materially increase value, only rent prices do.
 - c) While operators cite rising expenses to increase rents, the scale and frequency of recent rent increases reflect an investment strategy, not operating costs.

- d) Many residents cite not seeing any repairs, improvements, or even basic maintenance to their communities despite drastically rising lot rents.

“Aren’t most parks owned by small park owners?”

Especially over the last decade, out of state real estate investors have been buying up manufactured home communities. Most communities in the state are being bought out by private equity firms. In 2024, at least 90% of parks sold in Minnesota were sold to out-of-state real estate investment trusts or private equity firms.

“Minnesota law already states that lot rent has to be ‘reasonable,’ so residents are protected.”

Without definition, “reasonable” is left to be determined by community owners who don’t live in a manufactured home and don’t see the economic realities of people who do. A \$50-60 increase per month – often what residents have seen in the last couple of years, especially in communities bought by out-of-state investment groups – is far more than a lot of people can afford. Residents are then forced to choose between their home, food, medicine, or other necessities they need to survive. State law also allows rent to be increased twice a year. Two \$50 increases in one year could be the difference between homeownership and homelessness for a lot of residents, whose average income is \$35,000 per year.

“Lot rent is going up to keep up with the cost of everything else going up.”

Manufactured home community operating costs are often in the 25-35% range, meaning community owners are making a hefty profit off of lot rent. Yet, it’s common for community owners to increase lot rent 10% or more per year, especially in the last few years. Particularly for out of state investment groups, those increases have also been accompanied by staff cuts and cuts to amenities to increase their profit margins further.

“Manufactured home community owners pay all the property taxes.”

While community owners pay taxes on the land, the manufactured home residents pay property taxes on their homes. Rising costs for owners also means rising costs for residents.

“Residents can just move their home to another manufactured home community if costs get too expensive at the one they are in now”

Despite often being referred to as “mobile” homes, manufactured homes often cost \$15,000+ to move. Not to mention, moving the home long distances on roads and highways can damage the integrity of the house. Older homes settle into the ground and aren’t even able to be moved, and many communities won’t take homes older than 10-20 years. Even if a resident has \$20,000 and a newer home that they are willing to risk damaging, finding a new community with affordable lot rent and space to accommodate is few and far between.

“At least residents can sell their homes and make a profit if they can’t afford to live in the community anymore.”

With increasing lot rents, it is getting harder for residents to sell their homes. This means residents who cannot sell their homes and can’t afford to pay lot rent often face eviction, and in many cases, the home that they paid for is then gifted to the community owner to sell or demolish.

“There are already a lot of rights for manufactured home residents in state law.”

While more rights have been fought for and afforded to manufactured home residents in the last decade in Minnesota, there are very few enforcement mechanisms that exist. The jurisdiction over manufactured home communities lives within multiple agencies who may contract with other local agencies and no one institution is responsible for the oversight and regulation of these communities, which makes it extremely difficult for residents to see swift action or even know where to go for said action in the event of a violation.

“Opportunity to Purchase legislation forces community owners to sell to residents”

Opportunity to purchase legislation does not force community owners to sell to residents, it merely requires community owners to treat residents as a competitive buyer at the table in the event of a sale. Community owners could still decide to sell to another buyer, but this legislation ensures residents have the proper notice and information to make a competitive offer.

“A law was already passed in 2023 that allows residents to form Resident Owned Cooperatives (ROCs)”

Residents have been allowed to form ROCs for decades, but have not always received proper notice that the owner intends to sell or any information about the terms of the sale to even have a fighting chance at making an offer to purchase the manufactured home community themselves. The legislature attempted to fix that with the “right of first refusal” law that went into effect in July 2023. But since then, Minnesota Housing has received 8 notices and yet 31 sales have closed between July and the end of 2024. In most cases, notices to residents arrive too late after the property is already under contract or they receive notice and it is nearly impossible to find someone to actually connect with regarding the sale. We’ve tried it, and now we know we need a stronger law in place, like “Opportunity to Purchase.”

“Why does it matter who owns a park?”

Not all types of park owners provide the same care for their residents. Private Equity Firms do not take into consideration the needs of the manufactured home owner communities such as those who are on fixed income, proper park maintenance such as utilities and tree maintenance, and providing transparency with how rent is used to upkeep the park. Co-operatives allow the parks to be owned by the residents themselves who have a direct say in how the park is run, how the rent money is utilized and if the rent is going to be increased each year.