



TESTIMONY FOR THE RECORD

**The Manufactured Housing Institute**

Before the:

State of Connecticut  
General Law Committee

Hearing Entitled:

Public Hearing

February 25, 2026

The Manufactured Housing Institute (MHI) is pleased to submit this statement regarding H.B. 5226. MHI is the national trade association representing all segments of the factory-built housing industry, including home builders, suppliers, lenders, and community owners and operators. We work closely with affiliated state associations, including the Connecticut Manufactured Housing Association (CMHA).

Manufactured housing is a well-established and essential component of the nation's housing supply, providing quality, federally regulated homes to millions of Americans. Manufactured homes are built to the federal HUD Code, which governs design, construction, durability, fire safety, and energy efficiency, and in 2023 they accounted for approximately 5 percent of U.S. households, housing an estimated 16.6 million Americans nationwide.

Approximately one quarter of all new manufactured homes constructed today are sited in land-lease manufactured housing communities. In these communities, residents typically own their homes while the community owner/operator that they lease the lot from maintains essential infrastructure—roads, water and sewer systems, stormwater controls, utilities, and common areas. Manufactured housing communities remain one of the most attainable paths to homeownership for many households.

In Connecticut, manufactured housing is more highly concentrated in land-lease manufactured housing communities than the national average. MHI supports sound policy that protects residents and preserves the long-term viability of the communities that make this homeownership option possible.

MHI appreciates concerns raised about affordability, predictability, and long-term stability. Many residents are seniors, working families, and individuals on fixed incomes for whom even modest changes in monthly housing costs can be significant. We share the Committee's interest in ensuring these communities remain safe, stable, and affordable. Community owners are aligned with that objective: resident stability is foundational to successful communities, and responsible owners and operators emphasize resident relations, transparency, and long-term reinvestment.

### **Fair Rent Commissions**

With respect to the bill's expansion of Fair Rent Commissions (FRCs) to municipalities with manufactured housing communities, we recognize that such commissions may offer a forum to address perceived excessive charges and provide residents with a formal process for review. Addressing resident concerns about affordability and predictability is important, and community owners share the goal of maintaining stable, well-run communities where residents can remain in their homes over the long term.

If Fair Rent Commissions are expanded to cover manufactured housing communities, it is essential that they be balanced and informed by operational expertise. Without that balance, commission decisions risk being incomplete or inaccurate in ways that unintentionally undermine community viability and, ultimately, harm residents.

In order to make sound decisions, commissioners must understand what goes into "rent" in manufactured housing communities, which operate under a fundamentally different cost structure than apartments. Manufactured housing communities are infrastructure-intensive properties and function much more like small municipalities than apartments. The community owner or operator is responsible for maintaining essential systems and services that must operate safely and reliably, including roads, water and sewer systems, stormwater management, utilities, and common areas.

As a result, rent and related rental charges reflect real and rising cost drivers, including:

- Municipal property taxes, assessments, and other overhead costs;
- Insurance premiums, which are often volatile and increasing;
- Water, sewer, and utility rates, including municipal rate changes;
- Road maintenance, drainage, and stormwater systems;
- Replacement and repair of aging infrastructure (water and sewer lines, electrical systems, and roads);
- Regulatory compliance and administrative costs; and
- Labor and contracted services such as maintenance, snow removal, landscaping, and safety services.

These costs do not pause during periods of restricted revenue or procedural delay. Any constraint on or delay in a community owner or operator's ability to recover legitimate expenses increases the risk of deferred maintenance, infrastructure deterioration, and long-term instability. Those outcomes disproportionately harm residents. Manufactured housing communities require ongoing capital investment to address aging infrastructure and policies that discourage reinvestment increase the risk of deterioration and, ultimately, community closure.

Decisions about rental charges require a clear understanding of the financial and operational realities of manufactured housing community ownership. That requires more than good intentions; it requires balanced representation and genuine operational expertise. Accordingly, MHI recommends that owner or operator representation must be required. This ensures that commission decisions reflect a complete and accurate understanding of community operations, infrastructure responsibilities, compliance obligations, and cost drivers. In addition, all commissioners should receive training that includes instruction by individuals with direct operational experience in manufactured housing communities, including infrastructure planning and cost-recovery realities.

Balanced commissions are not only fair to community owners, but they also protect residents. Decisions made without adequate operational understanding risk reducing reinvestment, undermining infrastructure upkeep, and destabilizing communities over time, producing precisely the outcomes residents are most concerned about.

### **90-Day Notice of Rent Increases**

MHI understands the intent behind a longer notice period: giving residents additional time to plan and budget. However, the proposed 90-day notice requirement is a significant expansion beyond Connecticut's baseline notice norms and would create operational challenges that can produce unintended consequences for residents.

Connecticut's Office of Legislative Research has summarized that Connecticut law now requires landlords to provide residential tenants at least 45 days' written notice of proposed rent increases (or, for leases of one month or less, notice equal to the length of a full lease term). H.B. 5226 would require manufactured home community owners to provide written notice of a proposed rent increase at least ninety days before the start of a new rental agreement.

The challenge with this proposal is the reality that many major expense drivers that influence rent adjustments are not finalized three months in advance. Municipal tax changes, water/sewer rates, insurance renewals, and vendor pricing can be confirmed only shortly before they take effect. Requiring 90 days forces owners to forecast costs far in advance and then absorb the risk if actual expenses are materially different. When businesses must set prices far in advance amid cost uncertainty, they commonly build in buffers to protect against the unknown. That dynamic can lead to the opposite outcome of what policymakers intend—less precision and potentially higher increases than would otherwise be necessary.

### **Right of First Refusal**

MHI recognizes the desire to create opportunities for residents to participate when a community is offered for sale. However, the proposed changes to the state’s current right-of-first-refusal framework in H.B. 5226 raise serious concerns.

H.B. 5226 would require that when a sale involves multiple parks, the notice must include “the reasonably allocated and separately stated price for each park” and a statement of residents’ rights to purchase their park upon the same allocated price, terms, and conditions.

Portfolio acquisitions are commonly structured, priced, and financed as integrated transactions, with lenders and investors underwriting the portfolio as a whole rather than as a collection of stand-alone assets. In the manufactured housing sector, portfolios frequently include communities with varying ages, sizes, occupancy levels, and capital needs, and the diversification of those characteristics is central to the portfolio’s valuation and financing. Requiring the artificial separation of an individual community from a multi-property transaction—based on a post-hoc determination of a “reasonably allocated” price—introduces valuation uncertainty, complicates underwriting, and can materially delay or disrupt transactions, making financing more difficult or unavailable and limiting the pool of buyers able to complete preservation-oriented acquisitions. Many communities have the same or common ownership structure so breaking them up creates a myriad of issues with the personal guarantees, cross collateralization and lending Debt Service Coverage Ratios most borrowers are subject to.

These financing and transaction constraints have particular implications in Connecticut, where manufactured housing is highly concentrated in communities and where many communities contain an aging housing stock, including a significant number of pre-1976 mobile homes (homes built before the federal HUD Code established modern construction and safety standards). Older communities often require sustained capital investment for infrastructure upgrades, home replacement, and long-term maintenance, and that reinvestment is frequently supported through portfolio-level financing rather than stand-alone transactions. Policies that increase uncertainty or impede portfolio transactions risk discouraging this type of long-term, reinvestment-focused ownership, ultimately making it more difficult to modernize older communities and preserve them as stable, affordable housing options for current residents.

MHI cautions the Committee about policy structures that encourage communities toward the limited-equity ownership models that are being touted as “resident owned” communities. Such models are often presented as protective but, in practice, introduce significant long-term risks for residents, particularly in older manufactured housing communities. In Connecticut, many communities contain an aging housing stock and infrastructure, including a substantial number of pre-1976 mobile homes built before the federal HUD Code established modern construction and safety standards. Preserving these communities over time requires ongoing access to capital, professional asset management, and technical expertise to address infrastructure systems—such as water, sewer, roads, drainage, and utilities—that are privately owned, privately maintained, and entirely unsubsidized.

While the limited-equity ownership arrangements refer to themselves as “resident owned” communities, residents do not hold fee-simple ownership of the land, but instead acquire shares or membership interests in an entity that bears full responsibility for operating and maintaining complex real-estate assets. These structures frequently rely on collective debt financing, limited cash reserves, and volunteer or minimally compensated governance, which can make it difficult to prioritize and fund major capital repairs or long-term infrastructure replacement. As communities age, these constraints can result in deferred maintenance, rising assessments or rents to service debt, and requests for public funding to address basic infrastructure needs—outcomes that undermine stability and shift financial risk onto residents. By contrast, the long-standing, unsubsidized ownership model that has preserved manufactured housing communities for decades aligns ownership responsibility with the capital capacity and professional experience necessary to maintain private infrastructure and ensure long-term community viability, without transferring those risks to homeowners who did not sign up to operate a real-estate utility system.

MHI is particularly concerned that these models are routinely marketed to residents and policymakers as a form of ownership and empowerment, when in reality they do not confer land ownership or the traditional rights, protections, or liquidity that ownership implies. Residents are often told they “own the community,” yet they do not hold title to the land, cannot freely sell or transfer their interest at market value, and remain subject to collective debt obligations and governance decisions beyond their individual control. This mischaracterization obscures the fact that residents are assuming substantial financial and operational risks associated with owning and operating a private real-estate utility system—risks that most homeowners neither sought nor are equipped to manage.

Over time, these structures can place residents in a more precarious position, exposing them to increasing assessments, reduced resale value of their homes, and the very displacement pressures these models claim to prevent. When infrastructure inevitably requires major reinvestment, residents are left with limited options: incur new debt, raise site fees, seek public subsidies, or defer repairs - all of which undermine housing stability and affordability. Policy should not incentivize arrangements that shift private infrastructure obligations onto individual homeowners under the guise of ownership, particularly in older communities where capital needs are significant and predictable. MHI urges the Committee to approach these models with caution and to avoid policies that unintentionally place residents at greater long-term risk while weakening the proven, unsubsidized community ownership structures that have sustained manufactured housing communities for decades. Connecticut should prioritize transparency, informed consent, and resident protection—without destabilizing transactions or steering residents into complex debt arrangements that can compromise long-term housing security.

## **Conclusion**

MHI appreciates the Committee’s focus on residents living in manufactured housing communities. We question whether H.B. 5226, as drafted, contains the most effective policy solutions to address the root drivers of cost pressures and stability concerns in manufactured housing communities.

MHI’s experience across states is that the most significant pressures arise from rising operating costs and the growing need for infrastructure reinvestment in aging communities. Manufactured housing communities require ongoing capital to maintain roads, water and sewer lines, stormwater systems, electrical infrastructure, and other critical systems. Policies that chill investment or undermine predictable, workable operations can accelerate deferred maintenance, deterioration, instability, and—ultimately—displacement.

If the Committee's objective is to protect residents and preserve affordability, MHI urges consideration of solutions that address affordability pressures without undermining the economic viability of communities. MHI believes a collaborative approach with owners and operators - centered on pragmatic tools such as targeted rental assistance for residents facing genuine cost burdens, infrastructure reinvestment programs (grants or low-cost financing) to address aging systems, and preservation incentives that keep communities open and affordable without distorting market forces or steering residents into risky ownership schemes - is the right way to protect residents living in manufactured housing communities.

Accordingly, MHI respectfully urges the Committee to:

- Ensure Fair Rent Commissions are balanced and include operational expertise and meaningful training;
- Reconsider the 90-day notice requirement and adopt a more workable timeframe (e.g., 60 days), consistent with operational realities and Connecticut's current baseline notice norms;
- Avoid changes to ROFR that destabilize lawful transactions and place a thumb on the scale toward conversion structures that can be harmful to residents;
- Advance preservation-oriented resident supports that address rising costs and infrastructure needs directly.

Thank you for the opportunity to submit testimony. MHI stands ready to support the Committee's efforts to advance solutions that protect residents and preserve this critical source of affordable homeownership in Connecticut.