

Why an Owner Converted Mobile Home Park is NOT a Resident Owned Park

When residents get together to buy their park they permanently lock in the “in space” values of their homes. By purchasing their lot, or more often a share in the park, they no longer have to worry about losing rent control. The homeowners association controls the park directly and everyone has an equal say in decisions involving rules, capital improvements and repairs. Lenders also like the situation as they no longer have to worry that the equity in the homes in which they make loans for will disappear if rent control is abolished. The actual and psychological benefits of a true Resident Owned Park dramatically increase the value of ALL the homes in the park.

When you buy a lot in a converted park you are NOT purchasing a lot in a Resident Owned Park. The owner still controls the park until at least 51% of the lots are sold. Instead of the stability of a resident owned park where everyone has equal stake in the outcome, a converted park is a hodgepodge of renters, owners and speculators. Instead of “all for one”, it’s “every man for himself”.

Those who can afford to buy their lots will enjoy the stability of home ownership, although control of the park itself will still be in the hands of the park owner.

Those that can not afford to buy their lots will continue to rent. Those that meet the requirements to be considered low income will be protected by state rent control laws.

Those that don’t will have their rent increased by 20% of the difference between the current rate and the appraised fair market value, per year for the first four years, at which point the owner can raise the rent to any level they want.

Those that are low income will be protected from the new rent increases but because most of their equity will be wiped out in the conversion they will have little choice but to stay there for the rest of their lives. Those renters that sell their homes will walk away with only a fraction of their investment. In some cases they may still owe tens of thousands of dollars on their mortgage with no hope of paying it off. Some of the homes will be scooped up by speculators, or even the park owner, for pennies on the dollar. Some will be abandoned by their owners who are unable to sell them or afford the ever increasing rents. The end result is a broken community with conflicting interests.

Does this sound like a Resident Owned Park? Does this sound like a community that you would want to invest in?