

My name is Robbie Pratt and I am the CEO of Havenpark Communities, an owner and operator of mobile home parks nationwide. We own three mobile home parks totaling about 900 home sites, all located in Bismarck. SB 2385 is a well-intentioned bill, but it creates some unintended consequences and infringes on the rights of property owners in North Dakota that will discourage investment into mobile home parks across the state. Over the past 5 years, my company has invested over \$2M back into the three properties we currently own in the state. These three parks, like so many mobile home parks in North Dakota, were built in the 1960s and 1970s and were in need of investment upon purchase. Without that investment, these parks were at risk of being redeveloped, which would have resulted in the tragic displacement of hundreds of North Dakota families and seniors. So, I am particularly concerned when I hear laws, however well-intentioned, that might discourage that future investment.

Under current law, a district court may suspend or even revoke the license of a mobile home park for violations of existing mobile home park law in North Dakota. The civil penalty in that scenario is severe to the owner or operator of a mobile home park: They are fined half the revenue they charge residents, pro-rata, every day they operate without a valid license. No operator can withstand that fine structure for very long as operating and financing costs almost always exceed more than half the revenue of a given property, leaving a property owner operating at a loss until that operating license is reinstated. This is enough to deter the behavior of operating without a license. But for added motivation, this bill allows the Department to assess a \$100/ day civil fine up to \$10,000 for operating without a valid license on top of the above financial penalty.

But the proposed bill goes even further to punish mobile home park operators: It introduces criminal penalties on top of the financial penalties by stating that any operator of a mobile home park who operates without a valid license or under a suspended license is guilty of a Class B Misdemeanor. Unless carefully controlled, this alarming policy will dramatically increase the risk of owning and operating a mobile home park in North Dakota and will drive much needed capital investment from the state resulting in worse living conditions for the residents of mobile home parks in the state. It is not unreasonable for the state to pursue criminality as a last resort if an operator of a mobile home park is completely unresponsive to any serious violations that might endanger the residents, however, there should be an escalation process, a period to remedy, and above all, criminality should never be imposed when the operator is working in good faith with the department toward remedying violations. It is unclear that this is the intent with the bill as currently written. Under the present text of the bill, criminality could be assigned to an operator simply for a lapse in communication due to employee turnover or a paperwork oversight or error. What if someone at the department has a personal grudge against a given operator and simply denies the operating license? There is not presently due process outlined

to challenge that decision. These are all scenarios that could play out under the proposed present language of this bill.

Additionally, the language describing the Right of First Refusal of the residents to purchase a mobile home park themselves is confusing. I was recently told by bill supporters that the intent was simply to give the residents time to obtain financing if the offer was accepted by the owner. If that is the case, that should be no problem to anyone. However, the way it currently reads suggests that whether tenants obtain a signed contract from an owner or not, they have a 90-day right to try and get financing and persuade the owner of a sale before any other for-profit group is allowed to purchase the property. If the current 90-day lockout ROFO language stands, it would simply be dragging out the transaction time for mobile home parks in North Dakota and would reduce liquidity and property rights for the owners.

Finally, there is a hole in the existing law. Chapter 23-10 Sec 3.4 states: “The department may not issue a license under this section if the proposed mobile home park...would prevent, interfere, or restrict proposed private development that is actively being pursued.” That is highly problematic unless two things are true. First, eminent domain fair market pricing must come into play for the property owner in this situation. An operating license should not be denied until a fair-market price per eminent domain laws, has been issued and the deal has been transacted. Second, we need to think about those residents. Where are they going to go if a park is redeveloped? Most cities in North Dakota have little, if any, vacant sites in their existing mobile home parks. This means that the developer paying the eminent domain price, not only should pay the property owner their fair market price, but they also need to pay to have those homes relocated to somewhere else in the area – whether another mobile home park, private land, or give a lump sum for those residents to live in some other type of housing. We should avoid scenarios that would simply displace potentially hundreds of North Dakota families and seniors from their housing simply because of new proposed private development.

Thank you,

Robbie Pratt