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**Exploring the Factors that Drive  
Displacement Risk in Unincorporated  
Clackamas County:  
With a Special Look at  
Manufactured Housing Communities**

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# Exploring the Factors that Drive Displacement Risk in Unincorporated Clackamas County:

With a Special Look at Manufactured Housing Communities

## Abstract

Clackamas County is in the Portland Metropolitan region—an area experiencing unprecedented population growth and rising real estate prices. Clackamas County is working to understand the impacts of these changes for its residents. As part of a larger study on housing needs in Clackamas County, this paper explores two specific aspects of the housing market: (1) whether evidence of risk of housing displacement for renters in Unincorporated Clackamas County exists and (2) the role manufactured housing communities play in providing “naturally occurring” affordable housing in Unincorporated Clackamas County. The authors do find evidence that risk of renter displacement is heightened in Urban Unincorporated Clackamas County. Manufactured housing communities in Urban Unincorporated Clackamas County are also at risk of housing displacement. Manufactured housing communities are a major source of unsubsidized housing affordable to low- and moderate-income households, providing more than four times as many homes as government-subsidized housing in Unincorporated Clackamas County. The study recommends policy options focused on preventing and alleviating the risk of housing displacement for renters in Urban Unincorporated Clackamas County and preserving manufactured housing communities in Clackamas County.

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ECONorthwest developed this paper in collaboration with Commonworks Consulting. Commonworks Consulting works at the intersection of affordable housing, community development, and land-use planning.

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# 1 Executive Summary

Clackamas County is concerned about rent-burdened households and wants to better understand how changing markets are affecting the unincorporated areas of Clackamas County (where the County has the greatest policy control to affect change). In the last two decades, renters in Clackamas County have felt the strain of rising housing costs. About 47% of renter households across the County are now paying more than 30% of their gross income on housing costs—up from about 37% in 2000.

Clackamas County is interested in understanding the risk of housing displacement<sup>1</sup> for renters in Unincorporated Clackamas County<sup>2</sup> as well as the role manufactured housing communities play in providing “naturally occurring” affordable housing<sup>3</sup> in unincorporated areas. At the highest level, our analysis finds that both issues are important areas of focus that deserve the attention of the Clackamas County Housing Affordability Task Force (Task Force) as they consider policy changes.

## Evidence of Risk of Displacement for Renters in Unincorporated Clackamas County

To explore evidence of displacement risk in unincorporated areas of Clackamas County, ECONorthwest developed a framework using literature to evaluate market factors that affect the demand for or the price of housing. Our analysis uses several indicators to identify and measure the variables that indicate whether potential risk requires policy attention. We also evaluate demographic characteristics to monitor the differential risk of displacement for particular subpopulations. **We found that renters in Urban Unincorporated Clackamas County are at a higher risk of housing displacement than renters in Rural Unincorporated Clackamas County and the county as a whole.**

The County should focus efforts in existing, disinvested neighborhoods of Urban Unincorporated Clackamas County and study the gap between the real value of housing in an area and potential values of housing in the area. The County should take stock of existing subsidized and low-cost, market-rate affordable housing and support the preservation of these units. If redevelopment should occur, the County should support efforts to ensure affordable housing is replaced 1:1.

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<sup>1</sup> **Housing Displacement** is a “situation in which a household is forced to move from its current residence due to conditions that affect the residence or the immediate surroundings of the residence” (Oregon Senate Bill 310, 2017; Grier and Grier 1978).

<sup>2</sup> **Urban Unincorporated** Clackamas County refers to areas not incorporated into any city and inside Metro’s urban growth boundary. **Rural Unincorporated** Clackamas County refers to areas not incorporated into any city and outside Metro’s urban growth boundary.

<sup>3</sup> **Naturally Occurring Affordable Housing** is housing that is affordable to lower-income households without government assistance, often because of its location, condition, or both.

## Contribution of Manufactured Housing Communities

Manufactured housing (MH) and manufactured housing communities (MHCs) play an important role in Clackamas County's housing supply and affordability. Manufactured homes and communities provide housing for nearly 24,000 County residents. More than half (about 57%) of the County's 10,471 MH units are located in MHCs. About 75% of the County's MH in MHCs is located in Unincorporated Clackamas County. The analysis finds that MH units in MHCs are likely one of the county's largest sources of unsubsidized affordable housing for low- to moderate-income households. Households living in MH in the Portland Metro region are more likely to have a household member with a disability, an older head of household, a lower income and higher rate of poverty, and lower educational attainment.

MHCs do not offer the "deep affordability" needed to serve the County's lowest-income residents that government-assisted housing provides. Instead, MHCs typically provide housing affordable to households earning approximately 50% to 90% of County median income. **The authors' analysis finds that MHCs present an opportunity for homeownership that would otherwise be out of reach for households with modest incomes as well as a way for working-class retirees to age in place in a community of their choosing.** However, living in a manufactured housing community carries substantial risks not inherent in other kinds of housing. Typically, residents are homeowners—they own their home—but they rent the space where it is placed. An investor owns the land, infrastructure, and community amenities. Despite the name "mobile home," manufactured housing is not mobile. The investor/owner of the MHC has substantial leverage over the resident because, unlike apartment renters, manufactured homeowners cannot easily move if their rent grows too high or if they do not like the way a community is managed.

## Implications

Housing displacement negatively impacts households, individuals, and communities. It disturbs households' financial stability and may impact their health or mental stability. Youth are especially impacted by displacement—often affecting their academic performance, influencing behavioral problems, or disturbing their ability to access health care. These issues create longer-term societal impacts and may preserve cycles of poverty. The absence of rent-restricted housing or naturally occurring affordable housing (such as manufactured housing and low-cost apartments) leave households with little to no options when existing affordable housing is replaced with more expensive housing. For households displaced at the lowest end of the income spectrum, little to no housing options may drive them to homelessness.

Given the findings of this analysis, the Affordable Housing Task Force should consider a range of policy solutions to address renter displacement and to preserve and improve MHCs as a housing choice. Policy options are described in detail later in the report, but in short, they include expanding the County's current weatherization programs, implementing a construction excise tax to preserve rent-restricted affordable housing developments and land banking areas within urban reserves, developing a program that supports renters to become homeowners, organizing staff capacity to conduct outreach to MHC residents and investors, rezoning land to preserve MHCs, and supporting the voluntary sale of MHCs to existing residents.



## 2 Purpose and Context

Clackamas County leaders have come together to seek answers to residents' housing affordability concerns. They formed the Clackamas County Housing Affordability Task Force to support their efforts. The purpose of the Task Force is to advise the County as it develops a Housing Needs Analysis and associated policies to address rising home costs.

As it explores regional housing needs, the Task Force wants to understand how changing market forces are currently affecting residents of Unincorporated Clackamas County. They understand that market forces will likely continue to place pressure on residents of these areas into the future. They also understand that manufactured housing is an important component of Clackamas County's overall housing stock. With this foundation, the Task Force intends to proactively think about solutions that accommodate growth and housing needs across the income spectrum.

To provide information to supplement ongoing evaluations of housing need and to support potential policy decisions, Clackamas County contracted ECONorthwest, together with Commonworks Consulting, to conduct research on two specific topics of interest: (1) the risk of renter housing displacement in Unincorporated Clackamas County and (2) the current and future role of manufactured housing communities in providing naturally occurring affordable housing.

ECONorthwest's and Commonworks Consulting's research approach involves the analysis of available data sources (such as the United States Census and Metro's Regional Land Information Systems), literature reviews, and interviews. Our goal was to synthesize findings to highlight the unique challenge for unincorporated areas and manufactured home communities to help the County focus its policy solutions.

To examine the County's two areas of interest (risk of displacement and manufactured housing communities as an affordable housing product), this paper answers three questions:

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### Housing Displacement Defined

Section 1 of Senate Bill 310 defines displacement as: "A situation in which a household is forced to move from its current residence due to conditions that affect the residence or the immediate surroundings of the residence."

### Additional Terminology:

Direct (Economic) Renter Displacement occurs when a landlord raises rent beyond the renter's ability to pay.

Direct (Physical) Displacement occurs when a household is forced to move from their unit due to eviction, housing conditions, or rehabilitation/redevelopment that reduces affordable housing stock.

Indirect Renter Displacement occurs when nearby development or (re)investment changes the housing market and reduces housing affordability.

In this report, we are exploring the risk that renters in Unincorporated Clackamas County will experience residential displacement (direct or indirect). Based on a review of literature and available data, we identify evidence of likely risk of displacement for this subset of the population using five key drivers: (1) unaffordable housing costs; (2) evictions, foreclosures, and closures; (3) management and maintenance issues; (4) acquisition, rehabilitation, and redevelopment; and (5) (re)investment.

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1. Do we find evidence of risk of housing displacement (direct or indirect) for renters in Unincorporated Clackamas County?
2. What specific role do manufactured housing communities (MHCs) play in the Unincorporated Clackamas County market as naturally occurring affordable housing<sup>4</sup> (or housing that is affordable but is unsubsidized and not rent regulated)?
3. What types of policy solutions could Clackamas County consider?

This paper addresses Clackamas County’s unincorporated development context specifically because these areas are most directly under the County’s control. Clackamas County has two distinct unincorporated areas: (1) Urban Unincorporated Clackamas County, which is inside Metro’s urban growth boundary, and (2) Rural Unincorporated Clackamas County, which is outside Metro’s urban growth boundary. As this paper will reveal, housing markets in unincorporated areas function differently than incorporated areas because Oregon’s planning land-use system discourages growth outside of urban areas.

The white paper supports the Task Force in understanding the magnitude of the challenge of displacement (generally and for manufactured housing communities specifically) to develop a targeted response. A set of policy responses are identified later in this paper.

## 2.1 Geographical Context

Clackamas County has two distinct types of unincorporated areas, each with its own regulatory context and likely future development patterns:

- **Rural Unincorporated Clackamas County (areas not incorporated into any city and outside Metro’s urban growth boundary).** Rural unincorporated areas are always located outside of an urban growth boundary. They are locations with limited residential, commercial, industrial, and public land uses. They are suitable for farms and forestry or individual home sites on large lots. Infrastructure is inadequate to support urban-density development.

As described by Oregon’s Department of Land Conservation and Development (DLCD), Oregon’s statewide planning program “discourages ‘sprawling’ development that takes place outside an urban growth boundary. However, rural development is permitted under certain circumstances. A county decides where rural development should be allowed by following what is called the ‘exceptions process.’”<sup>5</sup> Very little new development is likely to occur in these areas, meaning direct displacement risk from new development is limited, with the exception of naturally occurring affordable housing on large lots that might face redevelopment pressure for higher-end low-

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<sup>4</sup> **Naturally Occurring Affordable Housing** is housing that is affordable to lower-income households without government assistance, often because of its location, condition, or both.

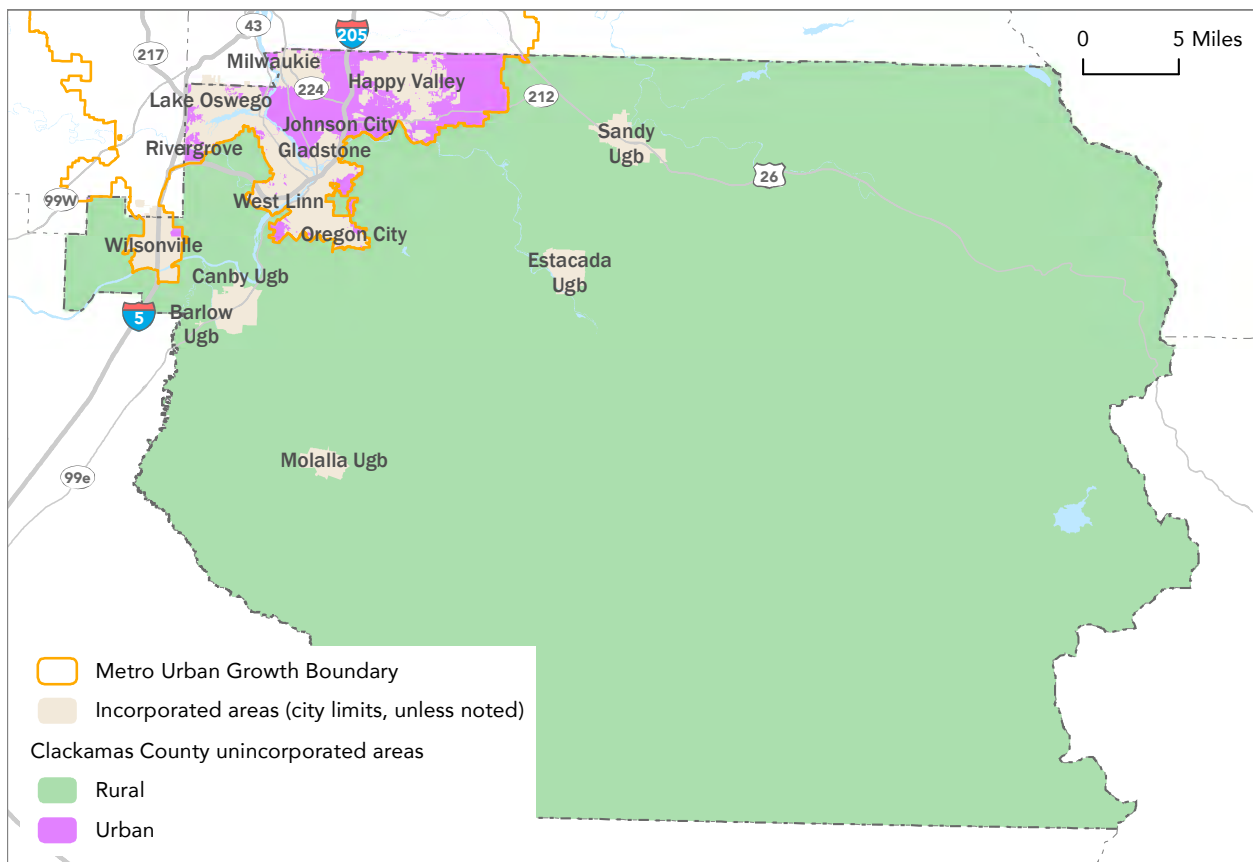
<sup>5</sup> For more information about the exceptions process: <https://www.oregon.gov/lcd/RP/Pages/index.aspx>

density housing. The larger displacement risk comes from rising home prices that can result in indirect displacement pressure in these areas.

- **Urban Unincorporated Clackamas County (areas not incorporated into any city and inside Metro’s urban growth boundary).** Despite the fact that urban unincorporated areas do not receive the same kinds of urban services as cities, Oregon does not characterize these areas as rural because they are located inside Metro’s urban growth boundary and are identified for future high-density development. This paper largely focuses on Urban Unincorporated Clackamas County because these areas face more extensive development pressures—increasing risk of residential displacement.

**Exhibit 1. Incorporated, Rural Unincorporated, and Urban Unincorporated Areas in Clackamas County, Oregon**

Source: ECONorthwest.



*Unincorporated* areas (either urban unincorporated or rural unincorporated) and *incorporated* areas (i.e., cities) are different in several ways. The most important difference is that unincorporated areas receive fewer municipal services. More extensive municipal services in incorporated areas means that cities can support more households. Compared to unincorporated areas, Oregon’s statewide planning program also encourages cities to accommodate more development at higher densities. For example, OAR 660-007 requires that

cities located in the Portland Metro region provide opportunity for development of housing at an overall average density of eight dwelling units per net acre.<sup>6</sup>

The average density standard of eight dwelling units per net acre also applies to Urban Unincorporated Clackamas County. However, at least in part because unincorporated areas have fewer municipal services with less capacity, the kinds of housing historically built in Urban Unincorporated Clackamas County were single-family homes, which may not support lower-income households.

## 2.2 Organization of This Paper

This paper explores the factors that drive renter housing displacement risk in Unincorporated Clackamas County. It also presents an analysis of manufactured housing and manufactured housing communities in Clackamas County. The remainder of the paper is organized as follows:

- **Section 3** is the exploration of the paper’s first question: Do we find evidence of risk of housing displacement for renters in Unincorporated Clackamas County? It presents market factors that drive displacement risk and analyzes unincorporated areas of Clackamas County through that lens.
- **Section 4** focuses on the paper’s second question: What specific role do manufactured housing communities (MHCs) play in the Unincorporated Clackamas County market as naturally occurring affordable housing? This section describes the MHC market in Clackamas County and discusses the displacement drivers most impactful to this affordable housing type.
- **Section 5** proposes solutions and addresses this paper’s third question: What types of policy solutions could Clackamas County consider?
- **Section 6** concludes the paper and outlines implications for continued exploration and action on the topic of renter displacement and manufactured housing communities.
- **Terms Defined** outlines all the definitions presented in this paper.
- **Works Cited** references the literature and reports used implicitly and explicitly in this paper.
- **Appendix A** offers a more detailed version of Section 4.
- **Appendix B** presents full-page renditions of maps that illustrate details of the analysis, for reference.

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<sup>6</sup> Per OAR 660-007-0035(4): “Regional housing density and mix standards as stated in OAR 660-007-0030 and sections (1), (2), and (3) of this rule do not apply to small developed cities which had less than 50 acres of buildable land in 1977 as determined by criteria used in Metro’s UGB Findings. These cities include King City, Rivergrove, Maywood Park, Johnson City and Wood Village.”

### 3 Do We Find Evidence of Risk of Displacement for Renters in Unincorporated Clackamas County?

This section addresses the drivers of displacement risk for *renter* households. Our focus is on renter displacement because Clackamas County’s Housing Needs Analysis found that cost-burden<sup>7</sup> rates for renters, compared to homeowners, are particularly high. This suggests that renters may be particularly vulnerable to rising rents, which suggests displacement risk and may require focused policy mitigation. Further, Oregon’s homeowners are largely insulated from most of the financial impacts of rising home prices.<sup>8</sup>

#### 3.1 Approach

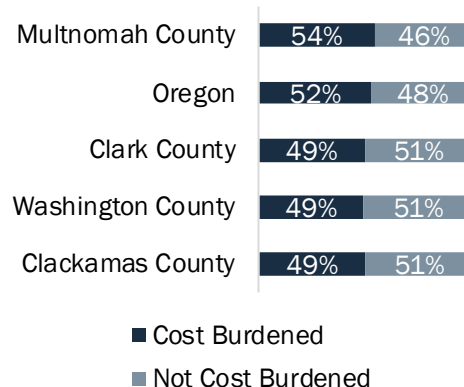
ECONorthwest studied the households and housing market in unincorporated areas of Clackamas County to learn whether there is evidence that the risk of displacement for renters in Unincorporated Clackamas County is greater than the risk in the county’s incorporated areas, thus deserving focused policy attention. ECONorthwest reviewed literature to define market drivers of housing displacement risk and to develop a framework with which to evaluate housing displacement risk. In addition, we reviewed the rules of Oregon’s statewide planning program to understand the development context in unincorporated areas (see 2.1).

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#### Rates of Cost Burdened:

In Clackamas County, 49% of renter households and 26% of homeowner households were cost burdened in the 2013–2017 period.

The following exhibit shows cost-burdened renter households in Clackamas County compared to other counties in the region (including the state), for the 2013–2017 period.



For quantitative portions of the analysis, we used the following data sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. While it has limitations, particularly for the accuracy and completeness of its measurement of communities of color, the Decennial Census is

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<sup>7</sup> A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including mortgage payments and interest, rent, utilities, and insurance. The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing are “cost burdened.”

<sup>8</sup> In Oregon’s property taxation system, rising home values do not directly result in higher property taxes. Except in limited circumstances, property taxes grow at a statutorily limited rate of 3%, regardless of changes in the larger housing market. Homeowners certainly do experience predatory purchasing practices and other financial challenges with housing cost, but once they have a mortgage in place, rising home prices in the market are not likely to directly lead to displacement.

considered the best available data for longitudinal demographic information, household characteristics, and housing occupancy characteristics.

- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States, collects detailed information about households, including: demographics, household characteristics, housing characteristics, housing costs, housing value, income, and other characteristics.
- **Clackamas County's Regional Housing Needs Analysis**, conducted by ECONorthwest for the 2019 to 2039 period, summarizes housing market trends, presents factors that affect housing needs, forecasts housing growth, and estimates residential land sufficiency needed to accommodate expected growth in the county.
- Metro's **RLIS** database provides tax lot and property data for jurisdictions within the three-county Metro area (Clackamas County, Multnomah County, and Washington County).

### 3.2 How Does Housing Displacement Impact People?

The housing market in Clackamas County is the result of individual decisions of thousands of households. While not all housing decisions are voluntary or preferred, Oregon's planning framework aims to ensure that municipalities provide the opportunity for housing that meets the needs of existing and future populations at all income levels.

Households and individuals choose to live in particular areas for a range of reasons. These may include a preference for rural or urban life; a desire for more or less land, square footage, or amenities; or access to housing with characteristics that better suit their household or financial needs. In the last decade, housing has become increasingly expensive and competitive, resulting in a decline of housing choice. Communities of color, people at the lower end of the income spectrum, and people on fixed incomes are disproportionately impacted by these market dynamics and find themselves with limited or no choices in their housing options. The result is housing instability, cultural and community disruption, mental and emotional distress, and housing displacement.

**Housing displacement** is "a situation in which a household is forced to move from its current residence due to conditions that affect the residence or the immediate surroundings of the residence" (Oregon Senate Bill 310, 2017 and Grier, 1978).<sup>9</sup> This is a broad definition, which

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**Housing displacement** is not a synonym for "gentrification," although the terms are sometimes used interchangeably. They describe different, potentially overlapping, phenomenon. Gentrification is "a form of neighborhood change that occurs when higher-income groups move into low-income areas, potentially altering the cultural and financial landscape of the original neighborhood" (U.S. Department of HUD, 2018). This is quite specific—and may become the situation which forces a household to move from its current residence (displacement). Put differently, housing displacement can become a symptom of gentrification.

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<sup>9</sup> Oregon Senate Bill 310 expounds on their definition, stating that "(a) a reasonable person would consider [the situation] to be beyond the household's ability to prevent or control; (b) [the situation would] occur despite the

could mean displacement due to a wildfire or environmental regulation. For this paper, we use a more focused definition: renter displacement that results from changing market conditions, new development, and rising rents or home prices.

Displacement risk negatively impacts households, individuals, and communities.<sup>10</sup> Studies have proven that housing displacement negatively impacts people’s physical and mental health as well as their financial stability. Children’s outcomes and behaviors are especially affected when their households are displaced frequently (Center for Housing Policy, 2011).<sup>11</sup> From Levy 2012, in the event that risk of displacement exists in Unincorporated Clackamas County, if left unaddressed, the County may experience impacts such as:

- Preservation of or an increase in economic or racial segregation throughout an area.
- Continued decline in households’ ability to pay for housing, from very-low income to middle-income households, which will reduce those households’ expendable income needed for other daily needs.
- Increased likelihood that households are unable to afford living in the community in which they work. This results in increased commute times and the heavier use of roads and public transportation systems, which reduces air quality and increases environmental concerns.

### 3.3 Displacement Drivers for Renters

For this paper, ECONorthwest evaluated evidence of displacement risk using the framework displayed in Exhibit 2. The framework is based on literature that describes market factors that make households more susceptible to housing displacement (therefore, not every driver of housing displacement risk is outlined below). We also selected market drivers that affect renter households specifically. The following context informs our framework:

- **Drivers.** Direct or indirect market factors that could cause involuntary or voluntary displacement for renter households. Market factors, defined in this paper, are external influences that affect the demand for or the price of housing.

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household’s having met all previously imposed conditions of occupancy; and (c) [the situation would] make continued occupancy of the residence by the household unaffordable, hazardous or impossible.”

<sup>10</sup> Some research also finds that changing market conditions from higher-income residents moving into new areas can also promote improved services (via tax increases), increase buying power in the community/neighborhood, and attract new investments. However, it is unclear how those changes result in improved outcomes for lower-income households or communities of color who remain in a neighborhood, and these changes do not benefit those who are displaced. Strategic policy choices can reduce the impacts of disinvested/lower-cost areas while mitigating the extent that existing households in those areas are displaced.

<sup>11</sup> From Center for Housing Policy, 2011: “Hyper-mobility can present special challenges to children’s well-being . . . through direct effects . . . and as mediated through their parents (e.g., the parents’ stress or preoccupation with details related to the move could affect their ability to be supportive of their children).” Research has found evidence to connect frequent residential mobility to behavioral problems, risk-taking behavior in adolescence, decreased academic performance, and disruptions in access to health-care services.

- **Indicators.** Specific, observable, and measurable elements used to evaluate drivers of renter displacement risk. Data to evaluate all potential indicators is not practically available or beyond the scope of this paper. For the most part, analysis of indicators is limited to secondary (available) data.

Indicators are not intended to directly measure a causal relationship; instead, they are intended to identify and measure the variables that indicate whether potential risk requires policy attention.

- **Population Monitoring.** Historical and current racism and other forms of oppression amplify the risk of displacement for Clackamas County’s people of color and other classes of people (families with children, people living with disabilities, seniors, households below the poverty line, etc.). As demographic characteristics also contribute to differential risk of displacement, we evaluate this indicator separately.



## Exhibit 2. Framework for Measuring the Drivers of the Risk of Displacement

Source: ECONorthwest. Literature informing this framework is listed in the Works Cited section of this paper.

Displacement Type	Market Driver: Risk of Housing Displacement for Renters	Indicator
Direct (Economic) Displacement	<p><b>Unaffordable Housing Costs</b></p> <p>Increasing rents (even without new development) to a level that is no longer affordable to the tenant.</p>	(1) Rising rents, (2) increasing rates of cost burden, (3) expiring gov't-subsidized housing
Direct (Physical) Displacement	<p><b>Eviction, Foreclosure, or Closure</b></p> <p>The act of expulsion or removal of a tenant (and their belongings) from a property.</p>	(1) Absence of gov't-subsidized housing or naturally occurring affordable housing, (2) sale patterns
	<p><b>Management and Maintenance Issues</b></p> <p>Housing conditions are a result of management and maintenance practices. Poor practices (including neglect) on part of a property owner could result in displacement of existing households if housing conditions make living in their existing situation unsafe or unworkable.</p>	(1) Patterns of resident complaints, (2) infrastructure failure, and (3) sale patterns
	<p><b>Acquisition, Rehabilitation, and Redevelopment</b></p> <p>When a developer rehabilitates or replaces older, less expensive (affordable) housing with newer, higher-priced units, existing residents may not be able to afford the higher rents in the new development.</p>	(1) Rising rents, (2) land increasing in value, and (3) expiring gov't-subsidized housing contracts
Indirect (Economic) Displacement	<p><b>(Re)Investment</b></p> <p>Public or private (re)investments (including capital investments, public policy, acquisition and redevelopment, subsidy, etc.) that changes the housing market by increasing land values or housing costs of the area.</p> <p>Regarding private investment specifically, new development renting at market rates may spill over to lower-cost rental units, causing rents to rise and potentially displacing existing residents. Rising rents could also be unattainable for low- or moderate-income renters.</p>	(1) Rising rents and (2) land increasing in value
<p><b><i>We know that some demographic groups, especially communities of color, experience amplified risk of displacement due to historic and current oppression. Demographic data are therefore critical inputs to understanding the risk of all types of displacement.</i></b></p>		

### 3.4 Risk of Displacement in Clackamas County

This section evaluates the indicators of displacement risk for renters in Unincorporated Clackamas County. Data was not available to measure all indicators outlined in Exhibit 2.

#### Demographic Information

To the extent that data is available at the block group geographic level, this section reviews demographic characteristics in Clackamas County to evaluate differential risk of displacement for groups of people living in Urban/Rural Unincorporated Clackamas County and the county as a whole. Research finds that households who earn below 80% of the median family household income, people twenty-five and older without a college degree, renters, people of color, families with children, seniors, and persons with disabilities or medical conditions have experienced amplified risk of displacement compared to the population in aggregate, or compared to populations that have not experienced systemic oppression, (Desmond et al. 2013, Bates 2013, Petrovic 2008).

Shifting demographics—the result of population growth, in-migration of higher-income earners, or cultural turnover—can signal risk of displacement. Some demographic groups who are pushed out of their existing neighborhoods may not have other housing or neighborhood options to move to. We summarize a few demographic factors to contextualize existing households/residents who may be more susceptible to displacement risk.

#### Exhibit 3. Selected Demographic Characteristics, Urban Unincorporated, Rural Unincorporated, Clackamas County, 2013–2017 period

Source: U.S. Census Bureau, 2000 Decennial Census and 2013–2017 ACS Table S1501, B19001, S0101, B25003, H004.

Indicator	Urban Unincorporated	Rural Unincorporated	Clackamas County
<b>Race</b>			
Population that is Caucasian (alone)	85%	95%	88%
Population that is not Caucasian (alone)	15%	5%	12%
<b>Ethnicity</b>			
Population that is Latinx	10%	6%	9%
Population that is not Latinx	90%	94%	91%
<b>Tenure</b>			
Renter Households (2000)	33%	16%	29%
Renter Households (2013-2017)	37%	15%	30%
<b>Lower-Income Households</b>			
< 80% of MFI (< \$65,000)	51%	44%	45%
< 50% of MFI (< \$50,000)	39%	34%	33%
< 30% of MFI (< \$25,000)	17%	14%	14%
<b>Educational Attainment (Adults 25 years+)</b>			
No high school diploma	6%	8%	7%
No college degree	52%	63%	55%
<b>Age</b>			
Seniors (60 years+)	5%	5%	24%
Seniors (80 years+)	1%	1%	4%

**We find that the percentage of the population that is not Caucasian and that is Latinx is greater in Urban Unincorporated Clackamas County than in incorporated areas, and that there are more renters and lower-income residents in urban unincorporated areas.** These findings suggest higher potential displacement risk in the urban unincorporated areas that will see a shifting regulatory environment and increased development pressure in the future.

### **Exploration of Displacement Risk Indicators<sup>12</sup>**

This subsection evaluates the following indicators:

- Rising rents
- Increasing rates of cost burden
- Expiring government-subsidized housing
- Absence of government-subsidized housing or naturally occurring affordable housing
- Increasing land values

#### **Rising Rents**

Rising housing costs, in the form of rent increases, are a result of changing housing market dynamics. Because low-income renters are disproportionately cost burdened compared to other residents, when neighborhood rents increase, low-income renters may be forced to relocate in search of more affordable housing elsewhere. Middle-income and higher-income renters can sometimes absorb the impacts of rising rents to a certain extent, but not always.

There are proportionately more renters in urban unincorporated areas than in rural unincorporated areas and Clackamas County as a whole (Exhibit 4). Most renters in Rural Unincorporated Clackamas County live in single-family detached housing, while most renters in Urban Unincorporated Clackamas County and the county as a whole live in multifamily housing (Exhibit 5). The proportionally higher share of renters in urban unincorporated areas (and in multifamily housing) warrants further exploration.

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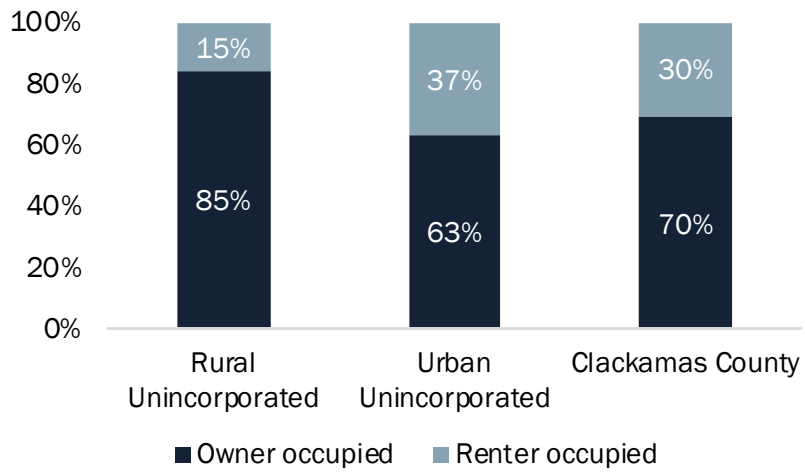
<sup>12</sup> Note, many of these findings derive from the Regional Clackamas County Housing Needs Analysis (2019).

In the 2013–2017 period, urban unincorporated areas had a larger share of renters than Clackamas County as a whole.

Rural unincorporated areas had a larger share of homeowners than Clackamas County as a whole.

**Exhibit 4. Households by Tenure, Rural Unincorporated Clackamas County, Urban Unincorporated Clackamas County, and Clackamas County, 2013–2017**

Source. U.S. Census Bureau, 2013–2017 ACS Table B25003.

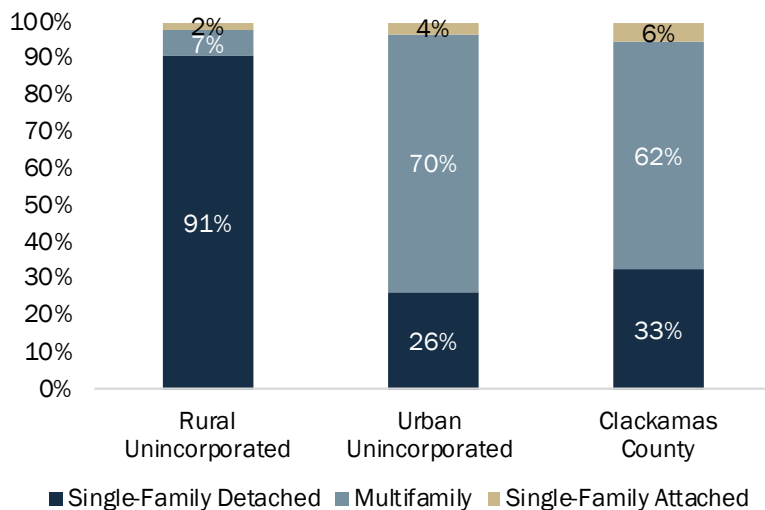


About 37% of urban unincorporated households were renters in the 2013–2017 period.

Of those renter households living in Urban Unincorporated Clackamas County, 70% live in multifamily housing. This is a larger share of renter households living in multifamily housing, as compared to Rural Unincorporated Clackamas County and the county as a whole.

**Exhibit 5. Housing Units by Type, Renter Households, Rural Unincorporated Clackamas County, Urban Unincorporated Clackamas County, and Clackamas County, 2013–2017**

Source. U.S. Census Bureau, 2013–2017 ACS Table B25032.



In the past few years, gross rental costs in Clackamas County have risen. Yet, as of the 2013–2017 period, rental costs were generally lower in urban and rural unincorporated areas than for the county as a whole. It is possible that rentals are lower due to housing conditions, proximity to amenities, or distance to employment opportunities.

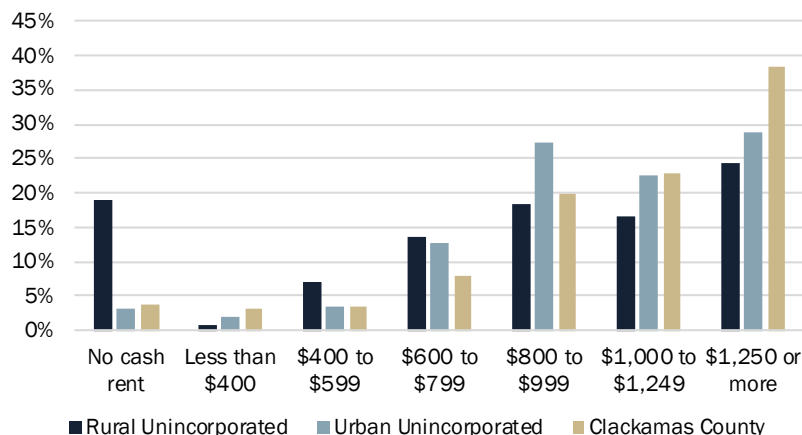
For example, according to the U.S. Department of Housing and Urban Development, the 2018 Fair Market Rent (FMR) for a two-bedroom apartment in Clackamas County was \$1,330. Exhibit 6 shows that the share of rentals that cost less than the FMR was about 82% in Urban

Unincorporated Clackamas County, 83% in Rural Unincorporated Clackamas County, and 64% in Clackamas County as a whole.

**In the 2013–2017 period, the share of rentals that cost less than \$1,000 per month was 49% in Urban Unincorporated Clackamas County, 59% in Rural Unincorporated Clackamas County, and 39% in the county as a whole.**

**Exhibit 6. Gross Rent, Rural Unincorporated Clackamas County, Urban Unincorporated Clackamas County, and Clackamas County, 2013–2017**

Source: U.S. Census Bureau, 2013–2017 ACS Table B25063.



### Increasing Rates of Cost Burden

Despite unincorporated areas having a larger share of units with lower rental costs than the County as a whole, households in Urban Unincorporated Clackamas County face the same pressures from rising housing costs as households across Clackamas County.

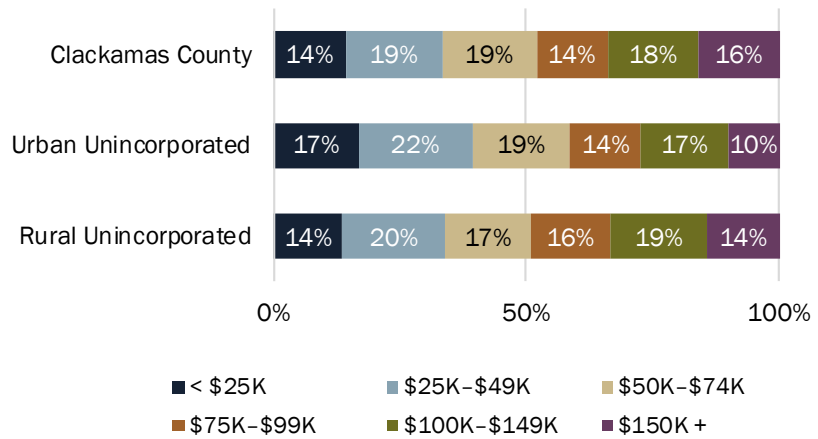
To afford a two-bedroom apartment at FMR without experiencing cost burden, a household must earn an annual salary of about \$53,200.<sup>13</sup> Exhibit 3 or Exhibit 7 shows that a larger share of urban unincorporated households earn less than \$50,000 per year compared to Rural Unincorporated Clackamas County and the county as a whole. Exhibit 8 shows that renter households in Urban Unincorporated Clackamas County are similarly cost burdened to households in the county as a whole (at about 47%). It is likely that competition for affordable units in Urban Unincorporated Clackamas County results in many of these households living in housing that they cannot afford.

<sup>13</sup> An annual salary of about \$53,200 is slightly higher than 60% of Clackamas County’s median family income in 2018.

**Urban Unincorporated Clackamas County has a larger share of lower-income households than Rural Unincorporated Clackamas County and the county as a whole.**

**Exhibit 7. Household Income, Rural Unincorporated Clackamas County, Urban Unincorporated Clackamas County, and Clackamas County, 2013–2017**

Source. U.S. Census Bureau, 2013–2017 ACS Tables B19001.

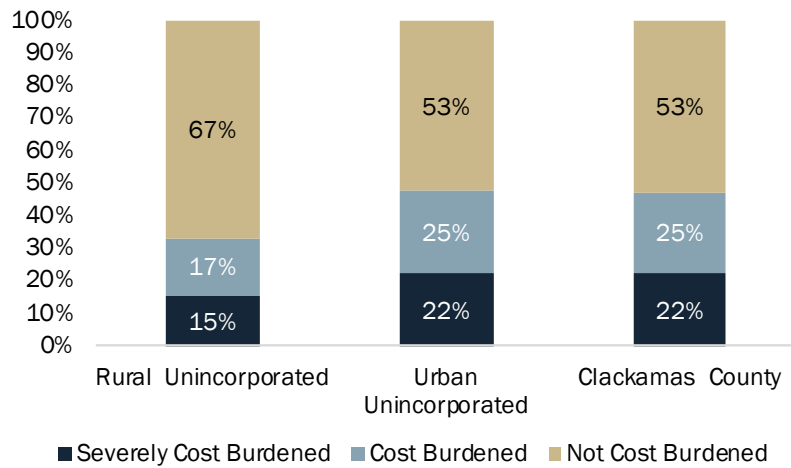


**Nearly half (47%) of urban unincorporated renter households and Clackamas County renter households were cost burdened in the 2013–2017 period.**

At the same time, 33% of rural unincorporated renter households were cost burdened.

**Exhibit 8. Cost Burdened, Renter Households, Rural Unincorporated Clackamas County, Urban Unincorporated Clackamas County, and Clackamas County, 2013–2017**

Source. U.S. Census Bureau, 2013–2017 ACS Tables B25070.



## Expiring Government-Subsidized Housing

The U.S. Department of Housing and Urban Development’s 2018 report on displacement indicated that the preservation of both government-subsidized affordable housing and low-cost market-rate (or naturally occurring) affordable housing is a key strategy for preventing displacement.<sup>14</sup> Likewise, studies conducted by the University of Texas, the University of Southern California, and Harvard University emphasize the importance of affordable housing as a safety net for vulnerable households who are on the cusp of housing displacement (Mueller et al. 2018, Bostic et al. 2017, Been 2017).

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About 39%, or 1,390 dwelling units, of Clackamas County’s total supply of government-subsidized affordable units are in unincorporated areas.

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Government-subsidized housing is an effective way to house lower-income residents.<sup>15</sup> Subsidized housing opportunities allow lower-income renters to remain in their homes—even while neighborhoods gentrify around them (Bostic et al. 2017). As government-subsidized housing projects near expiration, risk for displacement increases. While government-subsidized housing often accounts for a small share of a jurisdiction’s total housing stock, the loss of these units increases competition for an already limited supply of affordable housing.

According to Oregon Housing and Community Services (OHCS), in 2018, Clackamas County had 3,558 government-subsidized units, of which 39% were located in unincorporated areas of the county. About 146 federally subsidized units and 20 state-subsidized units are set to expire by 2027 (OHCS, 2018). These 166 government-subsidized units account for 4.7% of the total government-subsidized units in Clackamas County. Renters living in these units may be forced to move elsewhere if the rents convert to market rate.

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<sup>14</sup> Low-cost market-rate affordable housing (sometimes called “naturally occurring affordable housing”) are “housing units that are unsubsidized and affordable to households below the region’s median income” (Bostic et al. 2017).

<sup>15</sup> Households earning less than 80% of median family income (MFI) are most likely to need government-subsidized housing. The U.S. Department of Housing and Urban Development classifies these households in three categories: (1) Extremely Low Income (less than 30% of MFI); (2) Very Low Income (30% to 50% of MFI); and (3) Low Income (50% to 80% of MFI).

## Absence of Government-Subsidized Housing or Naturally Occurring Affordable Housing

The absence of subsidized housing or low-cost market-rate affordable housing may result in residents being forced out of their neighborhoods if rental costs increase beyond the households' ability to pay or if they are otherwise displaced due to eviction. For some, the absence of government-subsidized housing would result in that household becoming homeless.

Clackamas County's Housing Needs Analysis finds that:

- Urban Unincorporated Clackamas County has a deficit of affordable housing units available for households earning between **\$10,000 and \$50,000 per year** (12% and 60% of median family income).
- Rural Unincorporated Clackamas County has a deficit of affordable housing units available to households earning between **\$10,000 and \$75,000 per year** (12% and 92% of median family income).
- Clackamas County has a deficit of affordable housing units available to households earning between **\$10,000 and \$35,000 per year** (12% and 43% of median family income).

In Clackamas County, 33% of all calls for 211 info (July 2018–June 2019) were for housing needs requests, or 46% if utility assistance is included (Exhibit 9). More research is needed to determine the extent to which service calls in Clackamas County derive from unincorporated areas or incorporated areas of the county. However, these requests are likely the result of insufficient levels of government-subsidized or affordable housing products in the county to meet the needs of households and individuals at all income levels.



### Exhibit 9. Number of Requests by Need, Clackamas County, July 2018–June 2019

Source. 211 Info. Note: N = 27,053.

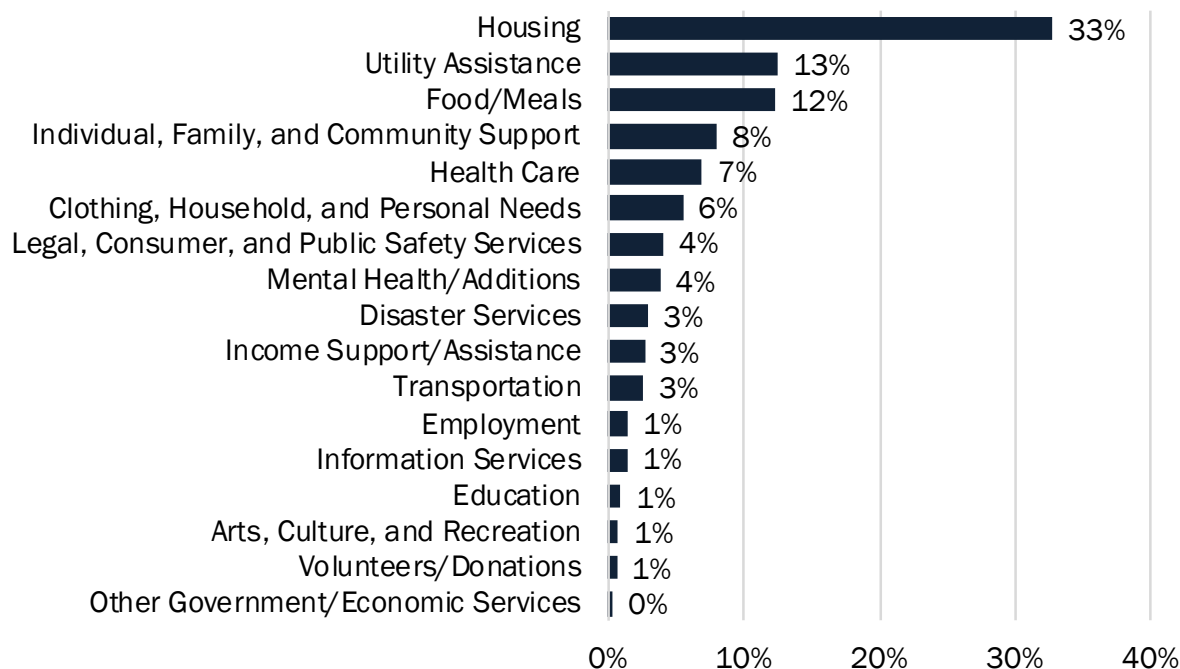
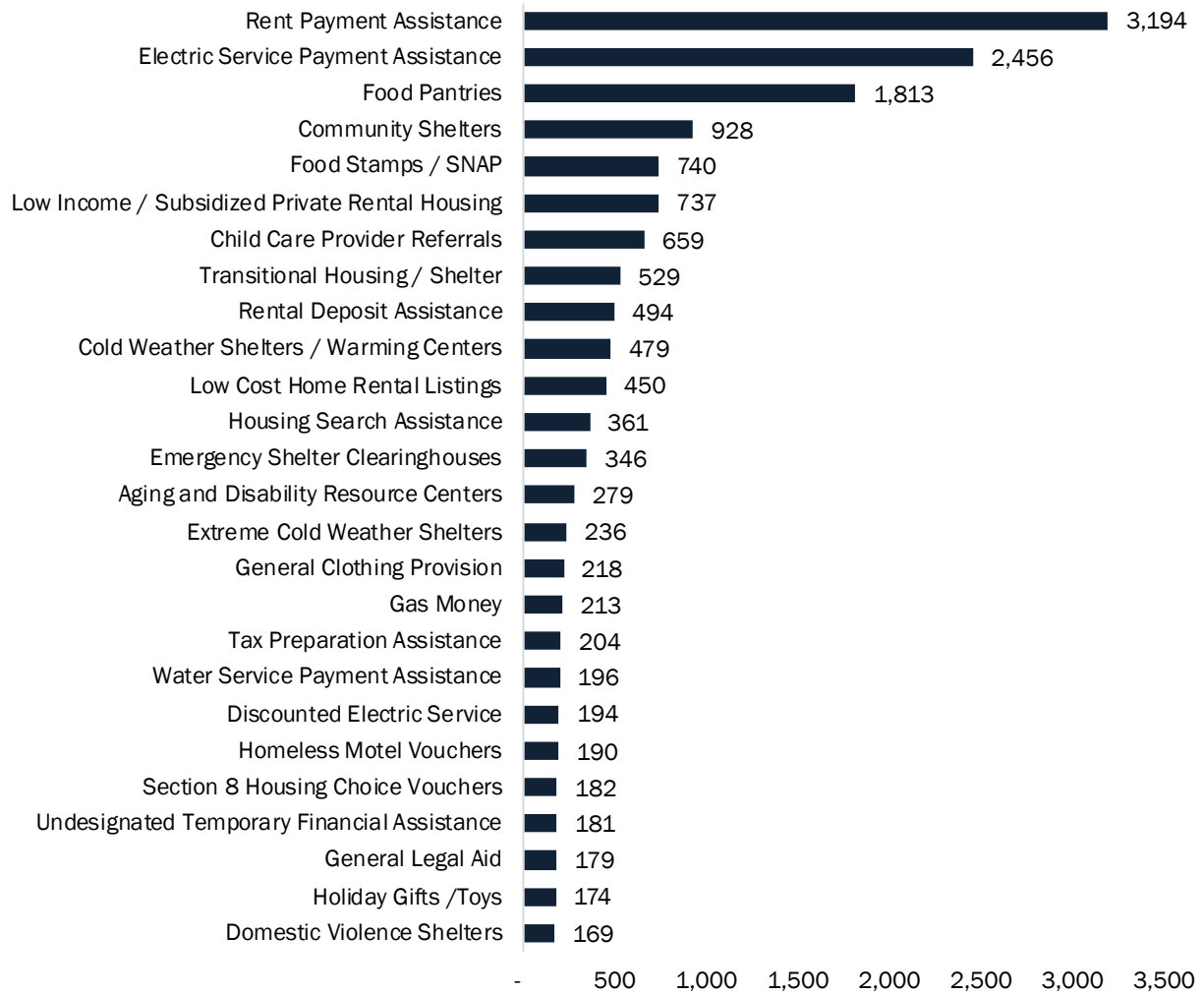


Exhibit 10 shows a snapshot of the top service needs in Clackamas County, as determined by 211 info calls. The top areas of needed assistance were assistance with rent payments, rental deposits, and affordable rental listings (4,138 calls or 26%). We also found that over 1,109 calls (7%) were requests for a housing subsidy in the form of low-income or subsidized housing, a housing choice voucher, or a homeless motel voucher. Further, 2,687 calls (17%) were requests for shelters of some form.

### Exhibit 10. Top Service Needs, Clackamas County, July 2018–June 2019

Source: 211 Info. Note: N = 15,801.



## Increasing Land Values

In part, land values increase as developers compete for and develop available lands and redevelop properties. Public investment may also drive land value increases. On average, between 2013 and 2018, land values per acre increased by 42% in Rural Unincorporated Clackamas County (\$2,796) and by 60% in Urban Unincorporated Clackamas County (\$155,542). Land value growth often signals housing price increases, which is a key driver of displacement risk.

### Exhibit 11. Land Value Change, Urban Unincorporated Clackamas County and Rural Unincorporated Clackamas County, 2013 to 2018

Source: RLIS.

	2013 Land Value per Acre	2018 Land Value per Acre	Percent Change	Monetary Change
Rural Unincorporated	\$6,615	\$9,410	42%	\$2,796
Lots Smaller than 1 Acre	\$148,899	\$211,297	42%	\$62,398
Lots between 1 and 5 Acres	\$51,810	\$74,829	44%	\$23,019
Lots Larger than 5 Acres	\$3,893	\$5,493	41%	\$1,601
Urban Unincorporated	\$260,590	\$416,132	60%	\$155,542
Lots Smaller than 1 Acre	\$373,796	\$599,665	60%	\$225,868
Lots between 1 and 5 Acres	\$193,777	\$304,227	57%	\$110,450
Lots Larger than 5 Acre	\$127,796	\$203,649	59%	\$75,853
<b>Total</b>	<b>\$9,814</b>	<b>\$14,534</b>	<b>48%</b>	<b>\$4,720</b>

Exhibit 12 provides a more granular assessment of lots between one and five acres in the last few years. Exhibit 12 shows that for both Urban and Rural Unincorporated Clackamas County, on average, lots between one and two acres were most valuable on a per acre basis from a monetary sense. It shows that land values on lots between four and five acres in Urban Unincorporated Clackamas County experienced the most growth, on a percent change basis, between 2016 and 2018 (35% change). Lots of this size may be candidates for larger scale multifamily development or smaller single-family subdivisions.

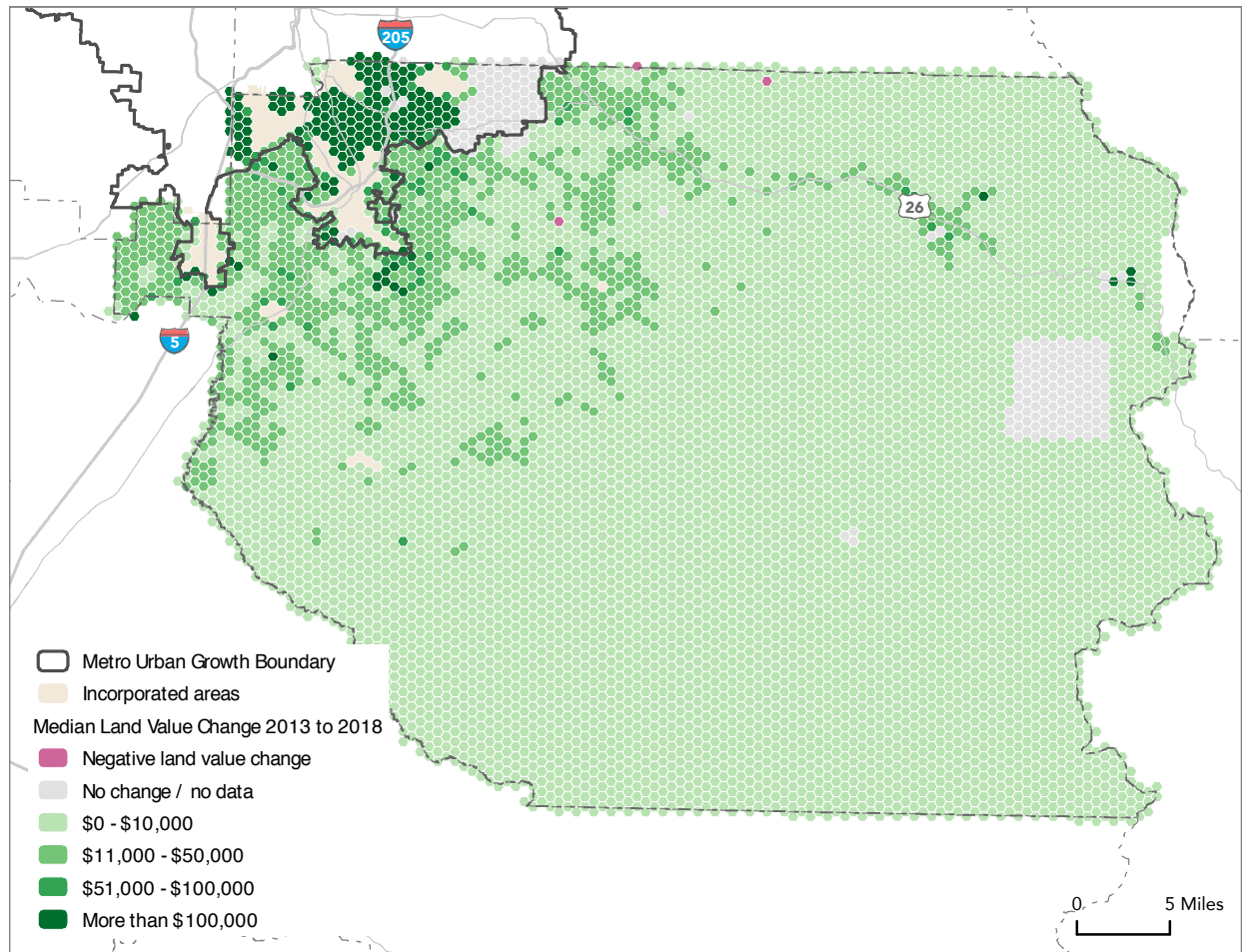
### Exhibit 12. Land Value Change on Lots between One and Five Acres, Urban Unincorporated Clackamas County and Rural Unincorporated Clackamas County, 2016–2017 and 2016–2018

Source: RLIS.

	2016 Land Value per Acre	2017 Land Value per Acre	2018 Land Value per Acre	Change (2016 to 2017)		Change (2016 to 2018)	
				Percent	Monetary	Percent	Monetary
Rural Unincorporated	\$7,587	\$8,667	\$9,410	14%	\$1,080	24%	\$1,823
Lots 1 acre to 1.9 acres	\$95,132	\$109,139	\$118,702	15%	\$14,007	25%	\$23,570
Lots 2 acres to 2.9 acres	\$63,964	\$73,437	\$79,702	15%	\$9,473	25%	\$15,739
Lots 3 acres to 3.9 acres	\$48,281	\$55,668	\$60,423	15%	\$7,388	25%	\$12,142
Lots 4 acres to 4.9 acres	\$42,768	\$49,450	\$53,499	16%	\$6,682	25%	\$10,731
Urban Unincorporated	\$310,006	\$378,038	\$416,132	22%	\$68,032	34%	\$106,126
Lots 1 acre to 1.9 acres	\$268,948	\$314,348	\$343,846	17%	\$45,400	28%	\$74,898
Lots 2 acres to 2.9 acres	\$228,898	\$258,764	\$285,432	13%	\$29,866	25%	\$56,534
Lots 3 acres to 3.9 acres	\$224,815	\$254,252	\$282,053	13%	\$29,437	25%	\$57,238
Lots 4 acres to 4.9 acres	\$193,191	\$232,884	\$259,986	21%	\$39,693	35%	\$66,794
<b>Total</b>	<b>\$11,397</b>	<b>\$13,321</b>	<b>\$14,534</b>	<b>17%</b>	<b>\$1,924</b>	<b>28%</b>	<b>\$3,137</b>

### Exhibit 13. Mapped Land Value Change, Urban Unincorporated Clackamas County and Rural Unincorporated Clackamas County, 2013 to 2018

Source: ECONorthwest. Data from RLIS. Note: This analysis was not conducted in incorporated areas of Clackamas County.



Several possible explanations exist to contextualize Exhibit 13. Land values tend to decrease as commute times to the urban/metropolitan core grow, as employment opportunities decline, as urban amenities become scarcer, and as varied land-use regulations (see Section 2.1) affect the viability of residential/commercial uses (Albouy, et al. 2013).

### 3.5 Key Takeaways

Several indicators suggest that risk for renter displacement is amplified in urban unincorporated areas compared to rural unincorporated areas or the county as a whole. The key takeaways of this analysis, summarized below, suggest that **a policy focus in urban unincorporated areas is warranted.**

- **Populations facing differential risk:** Urban unincorporated areas have a larger share of renter households and lower-income households. Lower-income households are more likely to be in precarious living and financial situations and therefore may be more sensitive to increases in housing costs. A larger share of the population in urban unincorporated areas identify as non-Caucasian and Latinx meaning these households may have the added burden of overcoming historic and current oppression such as housing discrimination.
- **Cost burden challenges:** Despite lower rental costs, households in urban unincorporated areas are nearly as cost burdened as households in the county as a whole. Nearly half of renter households in urban unincorporated areas are living in housing they cannot afford.
- **Development pressure:** Land values per acre in urban unincorporated areas have increased 60% (\$155,542) between 2013 and 2018. These results suggest development activity is growing, which could lead to future household displacement if the affordable housing stock is replaced with more expensive housing.

Across all unincorporated areas, we find a substantial share of the County's government-subsidized units (about 1,423 government-subsidized units). Contract expiration dates are unknown; however, whether or not these contracts expire in the next twenty to thirty years, the supply of government-subsidized housing (and naturally occurring affordable housing) does not meet existing needs. Consequently, affordable housing deficits exist across the County (including urban and rural unincorporated areas). In Clackamas County, approximately 7,934 service calls via 211 info were calls directly related to rental housing or the need for housing of last resort (i.e., shelters).

Section 6 delves deeper in the conclusions of this analysis.

## 4 How Does Manufactured Housing Contribute to Housing Affordability?

Manufactured housing (MH) and manufactured housing communities (MHCs) provide housing for a substantial share of County residents. This portion of the paper was developed by Commonworks Consulting, with data and GIS analytics assistance through ECONorthwest. In this section, we examine the role of MHCs, the underlying economics of MHCs, and the factors that lead to MHC resident displacement.

### 4.1 Approach to Analyzing Manufactured Housing and Manufactured Housing Communities in Clackamas County

Commonworks Consulting began the analysis by analyzing data on how many MH units and MHCs exist, who lives in them, and how affordable they are. Then, Commonworks explored the inherent vulnerabilities of living in MH and MHCs, along with identifying the potential displacement drivers. The final step was to collect and analyze data on displacement risk indicators to help identify potential policy options to mitigate housing displacement. This approach is summarized in Exhibit 14.

#### Data Sources

In addition to the literature referenced throughout this section, and the data sources previously listed in Section 4.1, this paper uses data from:

- The **American Housing Survey** (2015), which provides housing unit data.
- **The MHC Rent Survey** (April 2019), developed and conducted by Commonworks Consulting. Primary method used to establish and ground truth MHC rental data.
- **Interviews**, conducted by Commonworks Consulting to compile information about MHC space rents, aging infrastructure, and maintenance issues.

## Exhibit 14. Summary of Approach to Analyzing MH and MHCs in Clackamas County

Describe MH & MHCs in Clackamas County (Sections 4.1/4.2)	<ul style="list-style-type: none"><li>• Definitions: manufactured housing (MH) &amp; manufactured housing communities (MHCs)</li><li>• Share of housing stock</li><li>• Who lives there</li><li>• Affordability</li></ul>
Determine Inherent Vulnerabilities (Section 4.3)	<ul style="list-style-type: none"><li>• Residents own home, rent space</li><li>• MH not mobile; expensive or impossible to move</li><li>• Thus, landlords have a lot of leverage</li><li>• Different types of landlords have different investment goals.</li></ul>
Identify Displacement Drivers (Section 4.4)	<ul style="list-style-type: none"><li>• Excessive rent increases</li><li>• Poor management or maintenance</li><li>• Redevelopment pressure resulting in MHC closure</li></ul>
Analyze Displacement Risk Indicators (Section 4.5)	<ul style="list-style-type: none"><li>• MHC sale patterns and outliers</li><li>• High vacancy rates</li><li>• Sharply rising land values or new development nearby</li><li>• Patterns of complaints from residents</li><li>• Infrastructure failure</li></ul>
Identify Policy Options (Section 5)	<ul style="list-style-type: none"><li>• Save and preserve MHCs</li><li>• Improve MH and MHCs</li><li>• Assist with voluntary transfers</li><li>• Assist with involuntary transfers due to closure or other causes</li></ul>

## 4.2 What Is the Role of Manufactured Housing and Manufactured Housing Communities in Clackamas County?

As illustrated in Exhibit 15, MH and MHCs provide housing for nearly 24,000 residents in Clackamas County. Some of the MH units are located on lots, but of the 6,000 spaces (located in MHCs), 75% are located in an unincorporated area of the County. These homes are likely the County's largest source of unsubsidized affordable housing and represent a larger supply of affordable housing than the 1,390 units of government-assisted housing located in the unincorporated areas of Clackamas County. MHCs do not offer the "deep affordability" needed to serve the County's lowest-income residents that government-assisted housing provides; instead, these homes are affordable to households earning approximately 50% to 90% of Clackamas County's median family income (MFI).<sup>16</sup>

### Exhibit 15. A Snapshot of Manufactured Housing and Manufactured Housing Communities in Clackamas County, 2019

Source: U.S. Census, 2013–2017 American Community Survey 5-Year Estimate; Clackamas County Housing Needs Analysis; RLIS; and Oregon Housing and Community Services Manufactured Dwelling Park Directory (as of April 2019). Image source: Justin Pritchard and Equity Pacific Real Estate LLC.

#### Manufactured Housing (MH)



- Clackamas County has approximately 10,471 MH, representing 9% of the County's single-family detached dwelling units and 6% of the County's total dwelling units.
- An estimated 23,848 residents live in MH. About 81% of households living in an MH own their home while 19% rent their home.

#### Manufactured Housing Community (MHC)



- About 6,000 MH units (53%) in Clackamas County are located in an MHC. These homes represent 5% of the County's single-family detached dwelling units and 4% of the County's total dwelling units.
- Nearly half (48%) of the MHCs in the county are located in Urban Unincorporated Clackamas County and more than half (56%) of all MH units in MHCs are in Urban Unincorporated Clackamas County.

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<sup>16</sup> According to the U.S. Department of Housing and Urban Development, in 2018, Clackamas County's median family income was \$81,400.



## Exhibit 16. Characteristics of Manufactured Housing Communities, Clackamas County, 2019

Source: RLIS, Oregon Housing and Community Services Manufactured Dwelling Park Directory as of April 2019. \*Note1: Total acreage and land value was not available for all communities, and some communities may include additional parcels. Note2: In MHCs, each MH unit is located on its own "space." The number of MH units, plus the number of vacant spaces (if any), equals the total number of spaces in an MHC.

	Urban Unincorporated		Rural Unincorporated		Incorporated		Clackamas County Total
	#	% of Total	#	% of Total	#	% of Total	
Total MHCs	46	48%	27	28%	23	24%	96
Total Spaces in MHCs	3,355	56%	1,176	19%	1,514	25%	6,045
<b>MHCs by Number of Spaces</b>							
4 to 30 spaces	16	17%	13	14%	5	5%	34
31 to 100 spaces	21	22%	11	11%	15	16%	47
101 to 200 spaces	5	5%	3	3%	3	3%	11
201 spaces +	4	4%	0	0%	0	0%	4
<b>Type of MHC</b>							
55+	14	15%	2	2%	8	8%	24
Family	32	33%	25	26%	15	16%	72
Estimated Land Value per Acre*		\$211,896		\$88,165		\$179,354	\$155,389
MHCs with > 10 vacancies		3		1		1	5

### Who Lives in MHCs and Why?

MHCs are an important source of housing for older retirees and others living on modest incomes. It provides access to homeownership in a smaller one-level home and a sense of community while remaining relatively affordable.<sup>17</sup> Households living in MH in the Portland Metro region are more likely to have (1) a household member with a disability, (2) an older head of household, (3) lower incomes with higher rates of poverty rates, and (4) lower educational attainment.

## Exhibit 17. Selected Household Characteristics, Portland Metro Region, 2015

Source: American Housing Survey, 2015.

Household Attributes	All Occupied Units	Manufactured / Mobile Homes
<b>Disability Status</b>		
At least one member who is disabled	24%	32%
<b>Age (Head of Household)</b>		
Under 30	10%	3%
30 to 54	48%	46%
55 or Older	42%	51%
<b>Income, Annual</b>		
Less than \$40,000	30%	45%
\$40,000 to \$79,999	29%	33%
\$80,000 and more	41%	22%
<b>Poverty</b>		
Severe Poverty	4%	5%
Below the Official Definition of Poverty	10%	17%
<b>Educational Attainment</b>		
Less than 9th Grade / No Diploma	7%	17%
High School Graduate (incl. equivalent)	41%	64%
Some College to Graduate Degree	52%	19%

<sup>17</sup> Tremoulet, Andrée. (2010). "Policy Responses to the Closure of Manufactured Home Parks in Oregon." Dissertation, Portland State University.

## How Do MHCs Provide Affordable Housing?

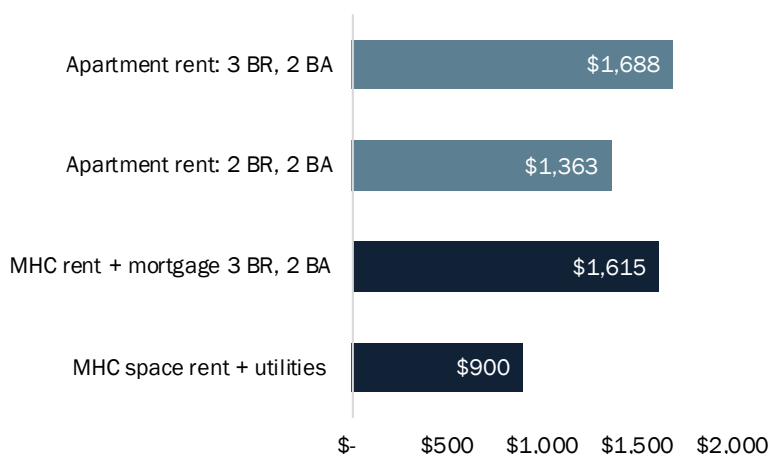
MHCs are an important source of naturally occurring (unsubsidized) affordable housing for households with low to moderate incomes. These homes provide access to affordable homeownership in a smaller one-level home and a sense of community.<sup>18</sup> As owner-occupied housing, it is affordable to households earning about 50% to 90% of median income. Households who rent their home and the space it is on may pay even less.

### Living in an MHC as a homeowner is more affordable than renting an average-cost apartment in Clackamas County.

Even with loan payments, housing costs are slightly less for MHC residents.

### Exhibit 18. Comparison of Monthly Housing Costs, Clackamas County, 2019

Source: Commonworks Consulting MHC Rent Survey April 2019, Multifamily NW Fall 2018.



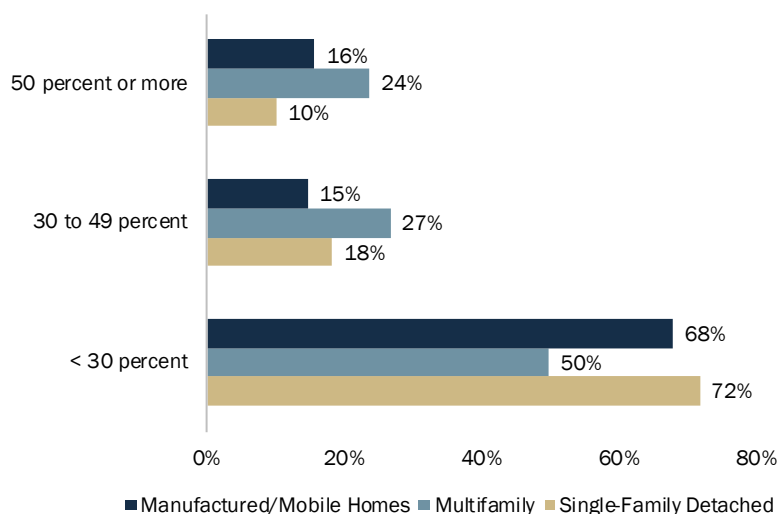
### More than two-thirds of MH residents are not housing cost burdened in the Portland Metro region.

About 68% of MH residents pay less than 30% of their income for housing costs.

Fewer MH residents are cost burdened or severely cost burdened (pay more 50% or more for housing costs) than households living in multiunit housing.

### Exhibit 19. Comparison of Housing Cost Burden, Portland Region, 2015

Source: American Housing Survey 2015.



<sup>18</sup> Tremoulet, Andrée. (2010). "Policy Responses to the Closure of Manufactured Home Parks in Oregon." Dissertation, Portland State University.

**Clackamas County has almost twice as many MHC spaces as government-assisted housing units.**

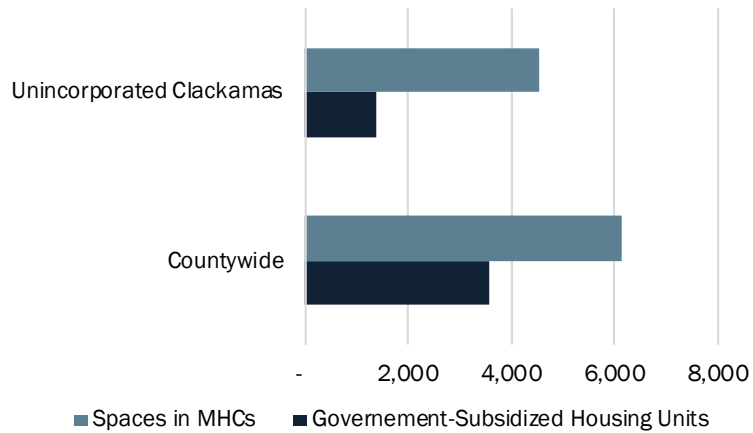
There are more than three times as many MHC spaces as government-assisted housing units in the unincorporated area of the County.

Unlike most government-assisted homes, MHC are predominantly owner occupied.

Government-assisted housing provides housing affordable to households with much lower incomes.

**Exhibit 20. Supply of Government-Assisted Housing Units & MHC spaces, Clackamas County, 2018**

Source: RLIS, Oregon Housing and Community Services Affordable Housing Inventory (as of January 2018), and Oregon Manufactured Dwelling Park Directory (as of April 2019).



**In summary, data confirms the role that MH and MHCs play in providing affordable housing in the county.** MH units present an opportunity for homeownership that would otherwise be out of reach for households with modest incomes, and it provides an opportunity for working-class retirees to age in place in a community of their choosing. However, this form of homeownership is not without inherent vulnerabilities, as discussed in the next section.

**4.3 Inherent Vulnerabilities of MHCs**

Living in an MHC as a homeowner carries substantial risks not inherent in other housing options. This situation involves a homeowner placing a home that is not easily mobile on rented land. This arrangement, sometimes called “divided asset ownership,” confers leverage to MHC landlords/investor/owners.

Some landlords manage MHCs as a long-term investment; it is in their best interest to ensure that residents can afford rent increases and that the community provides a good living environment. Other landlords, especially larger absentee owners with little connection to the community, may prioritize return on investment above other concerns.

Since 2017, some very large private equity firms, real estate investment trust (REITs), and institutional investors have entered the MHC business nationally. These firms include Yes! Communities (with the Government of Singapore as a major investor), Inspire Communities (Apollo Global Management), Treehouse Communities (Blackstone Group), and Carlyle Group. From an investor perspective, MHCs can offer a “strong and steady return of 4 percent or more—around double the average U.S. real estate investment trust return,” according to a 2019 report in the *Financial Times* (Foroohar 2019). While investment goals vary from one firm to the next, a common strategy is to invest capital from institutional investors into businesses and

make changes to increase cash flow, then sell the businesses or take them public after four to six years (Baker 2019).

The most stable communities are owned by the residents themselves or nonprofit owners. The State of Oregon has programs and policies to support voluntary purchases of MHCs by resident cooperatives and nonprofits. There are twenty-three such communities statewide with 1,290 spaces, according to Network for Oregon Affordable Housing. Clackamas County has two resident-owned communities, Clackamas River Village (with 142 spaces) and Two Rivers Homeowners Cooperative (with 76 spaces). CASA of Oregon helped organize and arrange the purchase of these two communities. CASA is an affiliate of the national network of organizations that help MHC residents organize, finance, purchase, and manage resident-owned communities, ROC USA. Two nonprofit organizations—St. Vincent de Paul of Lane County and NeighborWorks Umpqua—purchase and manage MHCs in Oregon as permanently affordable housing communities; along with CASA, they work with Oregon Housing and Community Services, Network for Oregon Affordable Housing, and other partners to preserve this affordable housing option in the state.

#### 4.4 Displacement Drivers for Manufactured Housing Communities

Among MHC residents, there are two types of displacement: (1) displacement of individual residents due to issues like rent increases and poor management practices and (2) displacement of all the residents living in a community due to MHC closures. Of the five housing displacement drivers listed earlier in this paper (see Exhibit 2), three factors in particular affect the likelihood of displacement for residents in MHCs:

- **Rent Increases:** Residents with modest, fixed incomes cannot afford big jumps in housing costs. The Portland region’s average MHC space rent was \$612/month (2018). As analyzed by Marcus Millichap, \$612/month per space was the fourth highest rental cost per space among the 21 metro areas nationally (Marcus et al. 2019). The annual average increase for Portland was 6.1%, the third highest (Marcus et al. 2019). Future rent increases are constrained by the adoption of SB 608 in 2019, which sets a ceiling of 7% plus the change in the Consumer Price Index ceiling during any 12-month period.
- **Management and Maintenance Issues:** While many MHCs are well-run, management and maintenance issues present an ongoing concern for residents of MHCs statewide. Failing septic and water systems, potholes, unsafe play equipment, dead trees, closed swimming pools, and run-down community centers are indicators of underinvestment in MHC maintenance by the owner.
- **Redevelopment Pressures:** A growing population and a robust economy in our region has the effect of pushing up land prices and spurring new, denser housing development. This can result in the sale and closure of MHCs for more remunerative uses, as it did during the real estate boom of the early 2000s, when sixty-three MHCs closed in the state, displacing approximately 2,300 households.

## 4.5 Displacement Risk Indicators

*Displacement risk indicators* are data points that can be queried to determine if potential risk of displacement exists, where it may exist, and what warrants further investigation.<sup>19</sup> The five risk indicators studied<sup>20</sup> are (1) MHC sale patterns and outliers, (2) high vacancy rates, (3) sharply rising land values or new development nearby, (4) patterns of complaints from residents, and (5) infrastructure failure. We describe each indicator in detail in the following subsections.

### MHC Sale Patterns and Outliers

Sales of MHCs are not unusual, but sales with prices outside the norms or sales to a large private equity firm or REIT could be cause for concern. Eighteen percent of the County’s MHCs (17 of 99 total MHCs) were sold in the five-year period of 2013–2018.<sup>21</sup> Most of the MHCs were midsized (31–100 spaces), and one, Highland View Mobile Park, had a substantial number of space vacancies. In addition to these sales, Country Village Estates—said to be the state’s largest MHC with more than 500 spaces—sold in early 2019 to Sun Communities, a major national investor located near Chicago, Illinois.

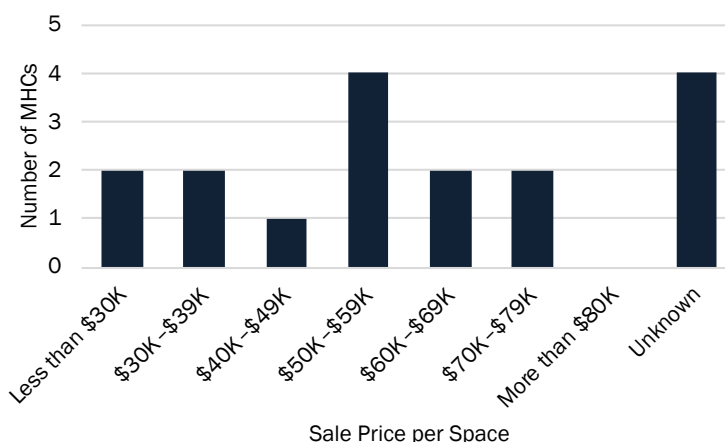
**MHC sales prices between \$30,000 and \$80,000 per space are the norm.**

Prices outside this range warrant further investigation by staff.

Of concern are high value sales. The buyer may be purchasing the MHC to acquire the land for redevelopment; this may be particularly true if it is zoned for nonresidential uses.

**Exhibit 21. Sale Price per Space of MHCs, Clackamas County, 2013–2018**

Source: Clackamas County Assessment & Taxation, Oregon Housing and Community Services, and Manufactured Community Resource Center.



<sup>19</sup> Displacement risk indicators help detect the likelihood of displacement occurring. The indicators do not imply that displacement will necessarily occur; instead, they indicate a need for follow-up to obtain firsthand information about current conditions.

<sup>20</sup> Displacement risk indicators are determined in part by the kinds of data available for and relevant to that area. Other displacement risk indicators could include data such as information on changes in lease terms; new flood zone, tsunami, or earthquake maps that show new environmental hazards; or information from housing condition surveys.

<sup>21</sup> An initial analysis identified 40 MHCs that had “transacted” in 2013–2018. Many of these transactions did not appear to represent a true arm’s-length sale. Instead, they appeared to represent a change in ownership form (from an individual to an LLC, for example) with the same people in charge, or the addition of adult children as new co-owners as the original owner aged. With the assistance of brokers familiar with the local market, 17 true arm’s-length transactions were identified.

One MHC sale, outlined below, warrants further exploration. Section 5.2 provides ideas about how Clackamas County could initiate outreach to the identified MHC owners.

- The sales price for County Village Estates, the 500+ space MHC, was \$61,770,000, which is more than \$120,000 per space.

In addition, the following MHCs have provided notice to the state that they are for sale (as required by state law) and warrant follow-up<sup>22</sup>:

- Carver Mobile Home Park, Damascus, 61 spaces. *Notice 2/16/18*
- Cherry Lane Mobile Park, Oregon City, 66 spaces. *Notice 7/12/18*
- Concord Terrace, Portland, 87 spaces. *Notice 7/16/2018*
- Big Foot MHC, Sandy, 40 spaces. *Notice 9/27/18*
- Riverbend MHC, Clackamas, 208 spaces. *Notice 12/17/18*
- Mountainview Mobile Estates, 41 spaces. *Notice 1/29/19*

### High Vacancy Rates

High vacancy rates (a high percentage of vacant spaces in an MHC) may be an indicator that the property owner does not intend to continue to operate an MHC but instead sell the land or convert it to another use. It may also be an indicator of extensive delayed maintenance, causing partial failure of utility systems or other problems that render park of the MHC uninhabitable.

The state lists five MHCs in the county with more than 10 vacant spaces.<sup>23</sup> These five communities warrant follow-up:

### Rural Unincorporated

- Highland View Mobile Park: Family MHC, 51 of 65 spaces vacant

### Urban Unincorporated

- Oak Acres: Family MHC, 82 of 270 spaces vacant
- Riverbend: Family MHC, 27 of 208 spaces vacant
- Steeves Mobile City: 55+ MHC, 14 of 70 spaces vacant

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<sup>22</sup> List of Notice of Sale provided by Oregon Housing and Community Services, Manufactured Communities Resource Center, appears to be current as of 2/15/2019. <https://www.oregon.gov/ohcs/CRD/mcrc/docs/Notice-of-Intent-to-Sell-Manufactured-Home-Park.pdf>

<sup>23</sup> Source: Oregon Housing and Community Services, Manufactured Communities Resource Center, Park Directory. <https://www.oregon.gov/ohcs/Pages/manufactured-dwelling-park-services-oregon.aspx> (Publication date not provided; it is not known when vacancy data were last updated.)

## Incorporated

- Village on the Lochs: Family MHC, Canby, 11 of 144 spaces vacant

## Sharply Rising Land Values or Nearby Development

The pattern of MHC closures in Oregon during the real estate boom of the early 2000s showed that residents in MHCs in urban unincorporated areas had a greater risk of displacement than MHC residents in rural unincorporated areas. An analysis of the 63 Oregon MHC closures found that MHCs in urban unincorporated areas of the state were about 5 times more likely to close than MHCs in rural unincorporated areas, controlling for population growth. MHCs in incorporated areas (cities) were 4.66 times more likely to close than MHCs in rural unincorporated areas, controlling for population growth. The difference between urban unincorporated and incorporated areas was not statistically significant. The study also found that likelihood of closure was related to the rate of population growth of the county (Tremoulet 2010). **Thus, research suggests that redevelopment is more likely to occur in the urban unincorporated area than in the rural unincorporated area.**

The high average value of land in Urban Unincorporated Clackamas County further suggests that MHCs in this area may be under the greatest economic pressure for redevelopment, especially if the underlying zoning allows commercial, mixed-use, or high-density residential development.

### Land in the urban incorporated area has the highest average value.

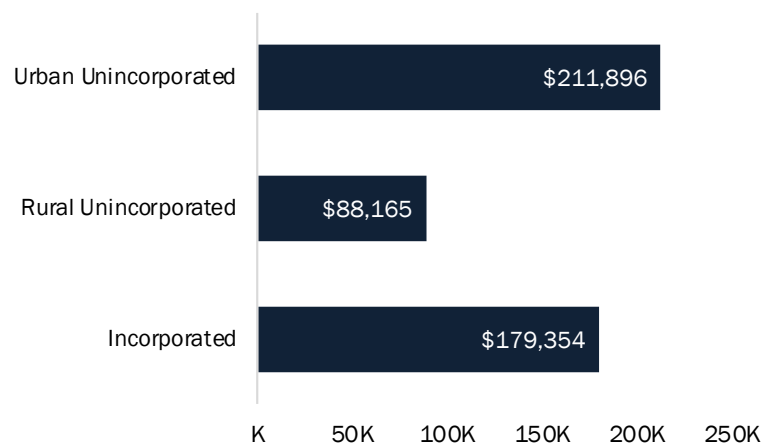
The value of land used as MHCs in the urban unincorporated area is approximately 2.4 times the value of the land in the rural unincorporated area.

Thus, MHCs in Urban Unincorporated Clackamas County are likely under the greatest economic pressure for redevelopment.

This exhibit compares the value of land currently used for MHCs in the three areas of the county.

### Exhibit 22. Assessed Value of Land Used for MHCs, Clackamas County, 2018

Source: RLIS, Oregon Housing and Community Services Manufactured Dwelling Park Directory as of April 2019. Note: Total acreage and land value not available for all communities. Some communities may include additional parcels.



## Patterns of Complaints by Residents

Clackamas County Dispute Resolution Services is the referral entity for mediation requests originating in Clackamas County. Staff report that they received five referrals for mediation in 2017 from the state and four in 2018. Issues included fire danger, rent, park safety, sewer, fencing, general management, parking access, and eviction and neighbor-to-neighbor concerns.

It is likely that these referrals represent only a small share of the concerns that exist because MHC residents may be unaware of the free mediation services or may be reluctant to take action for fear of potential retaliation by MHC management. Additional ways to find out about MHC resident concerns and problems are needed.

## Infrastructure Failure

Shared utility systems are the responsibility of the MHC owner to maintain. Underinvestment in maintenance and inadequate initial construction standards can lead to failed infrastructure systems and unlivable housing conditions for residents. In rural areas, MHCs may depend on septic systems and well water, and both are prone to issues if not managed properly.

According to Clackamas County Septic and Onsite Wastewater Program, there are no longer any major known failing septic systems in MHCs. This agency is the entry point for reporting Clackamas County septic problems. Smaller systems are handled directly by the County, and larger cases are handled by Oregon DEQ Onsite Wastewater Management Program.

## 4.6 Key Takeaways

By providing housing for about 24,000 residents, MH units are likely the county's largest source of unsubsidized affordable housing for households earning 50% to 90% of the County's median income, especially older residents and those living on a modest income. Clackamas County has almost twice as many MHC spaces as government-assisted housing units.

Living in an MHC as a homeowner is more affordable than renting a comparably sized apartment in Clackamas County. Fewer MH residents are cost burdened (paying more than 30% of their income for housing costs) or severely cost burdened (paying more than 50% of their income for housing costs) than households living in multiunit housing. However, living in an MHC as a homeowner carries substantial risks not inherent in other homeownership options because the homeowner does not own the land. This leads to a high risk of displacement. MHC residents in Clackamas County are vulnerable to two types of displacement:

- **Displacement of individual residents** due to issues like rent increases and poor management practices. The Portland region's space rent is one of the highest in the country. Some investors buy MHCs and increase space rents beyond what homeowners can pay. Any increases in space rents can be hard for residents on fixed incomes to afford. In addition, maintenance issues and lack of capital improvements can lead to some MHC residents not being able to stay in their units.



- **Displacement of all the residents** living in a community due to MHC closures. This can be the result of development interest in an area as well as the creation of new, denser housing development in place of existing MHCs.

To detect the likelihood of displacement occurring, Commonworks identified several displacement risk indicators. Based on Commonworks' analysis of these indicators:

- Several recent sales of MHCs are outside industry norms and raise questions about the new owner's intentions for the property. In addition, owners of at least six MHCs with more than 500 spaces have given notice that their communities are for sale.
- There are several MHCs with high vacancy rates that might be at risk of redevelopment.
- Redevelopment is more likely to occur in the urban unincorporated area than in the rural unincorporated area. However, Clackamas County has a local ordinance (Section 825.02 of the Clackamas County Zoning and Development Ordinance) applicable to the Unincorporated Area requiring that MHC owners planning to redevelop their property provide a resident relocation plan and payments to manufactured homeowners that exceed the state-required payments. Wilsonville and Oregon City also have local ordinances applicable to MHC closures, as do the cities of Bend and Eugene.
- The level of resident complaints is likely understated in the data, which warrants additional follow-up.

Overall, the most stable communities at the least risk of displacement are owned by the residents themselves or nonprofit owners.

## **5 Policy Solutions: What Types of Policy Solutions Could Clackamas County Consider?**

The Affordable Housing Task Force could consider a range of policy solutions to address renter displacement and to preserve and improve MHCs as a housing choice. While specific attention is warranted in Urban Unincorporated Clackamas County, the County can implement most of these policy options at a County-wide scale.

This section categories policy options as solutions to:

- (1) Alleviate the risk of renter displacement in Clackamas County
- (2) Preserve and improve MHCs

### **5.1 Prevent and Alleviate the Risk of Housing Displacement in Urban Unincorporated Clackamas County**

Following are potential policy solutions Clackamas County may implement to prevent and alleviate the risk of housing displacement in the region. Each of these policy solutions requires additional discussion with stakeholders prior to implementation. The narrative that follows includes key questions that would need to be addressed to determine a course of action.

## Preserve existing rent-restricted affordable housing in Urban Unincorporated Clackamas County

Government-subsidized/rent-restricted affordable housing units are an integral component of any housing market. Most of these units are not permanently affordable (the affordability contracts expire). Clackamas County currently has 3,558 rent-restricted affordable housing units (1,390 units within unincorporated areas). The County should work with partners to alleviate the risk that owners of government-subsidized housing developments will convert these units to market rate upon expiration of the affordability term.

The County is not likely to directly acquire property, but it could work with partners to ensure rent-restricted affordable housing is preserved.

Resume investments in community land trust (CLT)

- a) **Description:** A CLT is typically a nonprofit organization that owns deed-restricted property which they use to provide affordable homeownership opportunities to income-qualified buyers. Because the land is not included in the housing price for tenants or buyers, CLTs can achieve below-market pricing. Clackamas County helped create the Clackamas Community Land Trust in the late 1990s to early 2000s, which merged with the regional CLT, Proud Ground, in 2012. Proud Ground works with 48 CLT homes in Clackamas County. While Proud Ground has not specifically focused on acquisition of affordable units, the CLT model can be useful for acquisitions of rent-restricted units.
- b) **Rationale:** CLTs are commonly used to support affordable housing goals. CLTs are purposed for long-term stewardship of land and buildings. Land/buildings acquired may have need for remediation or redevelopment. Land/buildings can be acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosures.
- c) **Partners:** Proud Ground is Oregon’s premiere land trust model serving five counties, including Clackamas County. Proud Ground is the largest land trust in the Pacific Northwest with over 300 homes in its portfolio. Clackamas County leadership/staff should open a dialogue with Proud Ground to learn how they could address the County’s housing goals and whether they would be interested in a preservation strategy. Proud Ground’s model could be helpful for achieving a variety of anti-displacement and homeownership goals.
- d) **Implementation:** Generally, CLT land is acquired through (1) open market, (2) donation, (3) receipt of “surplus” public property, or (4) receipt from land bank. Clackamas County could donate property to Proud Ground, to be held in trust.

With Metro Affordable Housing Bond financing, Clackamas County has an opportunity to once again invest in creating permanently affordable homeownership opportunities through a CLT.

Jurisdictions that Proud Ground serves, on average, provide monetary funding equating to about three homes per year. Clackamas County is an exception. Clackamas County could stipulate a homeownership action in their Housing Action Plan so that Proud Ground can apply for funding through the County.

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Construction  
excise tax  
(CET)

- a) **Description:** CET is a local tax assessed on new construction. The tax is assessed as a percent of the value of the improvements for which a building permit is sought, unless the project is exempted from the tax. CETs may be assessed on residential development, commercial/industrial development, or both. The tax is limited to 1% of the permit value on residential construction but uncapped on commercial and industrial construction.
- b) **Rationale:** Funding is needed to support anti-displacement measures. The County can use CET revenue to develop programs or enhance existing programs aimed at preserving affordable housing. It could also use CET to construct new housing and support affordable housing program implementation.
- c) **Implementation:** Under SB 1533, a governing body of a county may impose a CET by adoption of an ordinance or resolution that conforms to the requirements of this section and ORS 320.195.

CET provides a relatively flexible source of funding for affordable housing projects and incentives, but these uses must comply with state statutes. CET pairs well with other commonly used tools, as it provides a funding source for foregone revenue from property tax abatements or SDC or fee waivers. CET has the potential to generate a stream of revenue for affordable housing over time.

Where housing demand is sufficiently high relative to supply, CET may be passed on in the form of higher housing costs. Because CET revenue is development-derived, it will fluctuate with market cycles.

- d) **Unanswered Questions:** (1) If the County imposes a CET on commercial/industrial construction, what rate will it choose? If it imposes a CET on residential construction, will it charge the full rate allowed (1% of permit value)? (2) If CET is implemented, will funds be geographically focused? (3) How will CET impact development feasibility? (4) How will the funds be used?
- e) **Examples:** Tillamook County implemented a CET on residential and commercial improvements to provide funding for workforce housing. The tax is 1% of the value of the residential/commercial improvement. Tillamook County does not impose the tax on residential housing units guaranteed to be affordable (to households earning 80% of median household income) for at least 30 years following certificate of occupancy.
-

## Preserve existing multifamily market-rate affordable housing within Unincorporated Clackamas County

In addition to preserving government-subsidized units, Clackamas County should also preserve market-rate affordable housing within its unincorporated areas. The affordability of market-rate affordable housing is vulnerable to market pressures that suggest displacement is likely, especially when the housing units are rehabilitated or improved.

Develop inventory of properties

- a) **Description:** Local governments may develop an inventory, or database, of affordable market-rate multifamily properties that require rehabilitation and preservation. This may be done by conducting drive-by inspections or gathering information from housing providers (like the local housing authority). The inventory could describe properties with objective appearance problems or obvious structural issues. It could include rent and property value trends as well as historical acquisition and redevelopment data. Clackamas County may use the database to conduct outreach with and share resources with property owners.
- b) **Rationale:** Older homes can present health and safety hazards for residents (e.g., mold can spread illness, weak floors can create tripping hazards). Clackamas County could use the database as a resource to contact property owners to communicate rehabilitation incentives or other resources.
- c) **Implementation:** The County, using GIS, should develop a database of properties in urban unincorporated areas that maintains housing attributes of interest (see description) at the parcel level. The database could combine existing resources such as RLIS and the County's building/planning permit database.

The County could connect property owners to its NCRA Housing Rehabilitation Program, or its home repair loans and home accessibility grants.

The County should use this database to inform a predictive model to help identify areas at risk of housing displacement at a more granular level.
- d) **Partner.** Homes that cannot pass a basic inspection may not house recipients of Housing Choice Vouchers and may not qualify for a Project Based Voucher. It is possible that the Clackamas County Housing Authority would help develop the database as a shared resource.
- e) **Unanswered Questions:** (1) What attributes would be recorded in the database? (2) How often would the database be updated (e.g., a rolling basis, annually, every five years)? (3) Could the County implement an internship program to assist with data collection and organization?

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Improve or expand the County's weatherization programs

- a) **Description:** Home weatherization includes improving insulation, upgrading furnaces, updating appliances, and reducing safety risks (e.g., electrical problems, extensive moisture or mold issues, etc.). Clackamas County currently has a weatherization program with a 12–18 month waiting list.
- b) **Rationale:** Weatherization upgrades are often deferred in older housing stock, making these units less resilient to extreme weather impacts, especially in winter months. Deferred weatherization can lead to high energy costs, which present a financial burden, especially on households with limited or lower incomes. Deferring maintenance can sometimes lead to more extensive damage and increased costs down the road as well.  
  
Weatherizing older housing stock is critical to ensure efficient energy use and energy savings. Such savings allow financially burdened households (or the owners of subsidized housing projects) to reduce avoidable spending. Weatherization programs also generate economic activity, promoting jobs in weatherization. A study by Oregon Housing and Community Services found that for each job associated with a weatherization program, 1.66 jobs are produced across Oregon.<sup>24</sup>
- c) **Implementation:** The County could partner with private companies to improve and expand their existing weatherization programs with a goal of reducing wait times. The County could consider options to expedite the auditing process when providing weatherization services.
- d) **Unanswered Questions:** (1) How often are existing weatherization programs evaluated for effectiveness? (2) How often should they be evaluated? (3) What barriers exist, that if alleviated, could improve weatherization program outcomes?

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Evaluate enforcement procedures

- a) **Description:** Code enforcement is the “prevention, detection, investigation and enforcement of violations of statutes or ordinances regulating public health, safety, and welfare, public works, business activities and consumer protection, building standards, land-use, or municipal affairs.”<sup>25</sup> Municipalities may rely on one or more code enforcer to investigate claims of noncompliance.
- b) **Rationale:** Having property owners/landlords that abide by a housing maintenance code ensures that inhabitants are in a space that is safe from environmental health hazards. Proper maintenance of dwelling units also preserves housing stock for years to come. Lower-income residents who may not have the same opportunity to move out of neglected, affordable units may benefit from more strict enforcement procedures from the County.
- c) **Implementation:** Clackamas County may rely on one or more code enforcers to investigate claims of noncompliance. Clackamas County may evaluate how existing code complaints are received to determine the extent that the existing approach is sufficient.  
  
Clackamas County does not currently have a housing maintenance code that requires landlords to maintain living conditions for tenants, citing the issue as a landlord-tenant issue and a civil matter.<sup>26</sup> The County could consider development of such a code, modeled after the City of Eugene's Rental Housing Code.<sup>27</sup>

Reduce permit fees in exchange for maintaining lower rent. Consider direct grants to support rehabilitation in exchange for lowering rent.

- a) **Description:** Clackamas County can help preserve affordable market-rate multifamily units by relaxing or waiving building permit fees for rehabilitation projects in exchange for guaranteeing housing affordability.
  - b) **Rationale:** Permitting fees present a barrier to preserving housing. Reducing or waiving fees specific to renovation projects (e.g., roofs or foundations), can motivate property owners to improve housing conditions at lower costs. Newly rehabilitated homes heighten housing displacement risk if property owners increase rents to pay for the improvements. In many cases, reducing permitting fees may be insufficient as an incentive to maintain affordability. Direct grants or very low-interest rehab loans could be necessary to offset affordability requirements.
  - c) **Implementation:** Clackamas County may choose to waive permitting fees or provide other rehab investments in exchange for guaranteeing housing affordability for a defined period of time. Clackamas County may develop criteria to evaluate projects that may receive these incentives. The County could host focus groups or conduct a survey to understand how this program could be most useful to property owners/managers.
  - d) **Unanswered Questions:** (1) How would this program be administered and enforced? (2) How long would housing affordability be guaranteed? (3) Would the County consider a sliding scale that ranges by permit cost, and that includes cash investments to support rehabilitation projects? (4) What criteria would the County use to determine if a property owner/manager qualifies for the waiver?
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<sup>24</sup> Torgerson, Melissa. N.d. "The Economic Impacts of Oregon's Low-Income Weatherization Program: An Input-Output Analysis: Executive Summary." Retrieved from [https://www.oregon.gov/ohcs/CRD/SOS/docs/Wx\\_Economic\\_Impact\\_Analysis.pdf](https://www.oregon.gov/ohcs/CRD/SOS/docs/Wx_Economic_Impact_Analysis.pdf)

<sup>25</sup> California Association of Code Enforcement Officers. "What is Code Enforcement?" <https://www.caceo.us/page/10>

<sup>26</sup> <https://www.clackamas.us/codeenforcement/faq.html>

<sup>27</sup> <https://www.eugene-or.gov/DocumentCenter/View/2120/Rental-Housing-Code-EC-84?bidId=>

## Prepare to build new dwelling units in urban reserves or in the urban growth boundary

Clackamas County's urban reserves present a unique opportunity for future development of affordable housing. Urban reserves are lands located in unincorporated areas within Metro's UGB. Urban reserves suitable for accommodating urban development over 50 years after their designation.

Land bank areas within urban reserves

- a) **Description:** Land banks are typically public or quasi-public entities that retain short-term ownership of acquired vacant, blighted, or environmentally contaminated lands for future development in a specific use (in this case, for affordable housing).
- b) **Rationale:** A land bank may be established to manage financial and administrative resources, including strategic property acquisition and disposal, for the explicit purpose of supporting long-term affordable housing development. Land banks allow for the acquisition of land when prices are low, and land development or disposition at the market-optimal time. This strategy is particularly appropriate for urban reserves, and if implemented in the near-term, could create opportunities for housing production as urbanization occurs in the future.
- c) **Implementation:** If Clackamas County is interested in this strategy, they may partner with nonprofits or manage their own land bank. Clackamas County may also donate, sell, or lease publicly owned land for the development of affordable housing, even if they are not a formal land bank authority or organization.

A formal land bank authority may or may not be needed to achieve the objectives of preparing to provide affordable housing in urban reserves in the future. Some land banks are separate non-profit or quasi-government entities managed by a board of political appointees, although some seats may be filled by community representatives (residents or stakeholders). The board may be appointed by the county commission. The county may be able to acquire and hold property in urban reserve areas without establishing a formal land bank entity.

The cost of land banking includes those associated with land acquisition, those associated with maintaining the land in a suitable condition until the land bank disposes of it, and those associated with transferring the property to a new owner or partnering with a developer to develop the property.

- d) **Unanswered Questions:** (1) Can the County use Metro Housing Bond funds to accomplish land banking objectives in urban reserves, or will it need to consider another funding source? (2) Should the County acquire land directly on its own, or partner with a CLT or other non-profit entity to acquire and hold the land for future development? (3) Where should the County acquire land? (4) How much land should it acquire? (5) Which partners should the County work with to ensure successful development of the land in the future?



- Strategically use County-owned property
- a) **Description:** Vacant publicly owned land, particularly in areas with many available amenities, present opportunities for residential development. In areas with residential housing shortages, County-owned properties are viable for development, particularly affordable housing.
  - b) **Rationale:** High land costs and limited development opportunities, especially for affordable housing, require strategic use of publicly owned land.
  - c) **Implementation:** To strategically use County-owned land for affordable housing, the County might first identify appropriate parcels, whether through an existing or new inventory of available land. The County may then make these parcels available through a public process. The County may also wish to consider creating mixed-use properties with public facilities on the ground floor and affordable housing adjacent or above.
  - d) **Unanswered Questions:** (1) Will nonprofits or all developers be eligible for public lands? (2) Would lands be offered at fair market value, at a discount, or at no cost? (3) Would the County require developers to provide a proven record of past successful housing projects? (4) Would the County require development to occur and be completed within a certain time frame? (5) Would the County set parameters, such as the housing project must be multifamily, deed-restricted affordable, or affordable to households with incomes below the area median income?

### Build capacity of existing renters

Empower households who rent to make choices that transform their existing situations.

- Develop program aimed at supporting renters to become homeowners
- a) **Description:** Clackamas County may provide support to renters in their pursuit of becoming homeowners. The County may also provide support to residents in manufactured housing parks (who own their home but not the lot) to form a cooperative (a group of people organized for the purpose of owning and operating a housing park for the benefit of its members on a not-for-profit basis).
  - b) **Rationale:** Responsible homeownership is one of the most effective (and primary ways) for households and individuals to build wealth. In Oregon, renter households are more likely to be at risk of displacement than homeowners.
  - c) **Implementation:** Specific actions the County may evaluate are (1) targeted homebuyer counseling and assistance, (2) matched savings accounts, (3) financial literacy education programs, and (4) housing cooperative education.
  - d) **Partners:** For those renting apartments or houses, Clackamas County may consider a partnership with the Portland Housing Center, which provides guidance, financial services, and homebuyer education to Portland-area residents. Additional information about creating resident-owned manufactured housing communities can be found in Section 5.2 below.

## Create educational programs and organize focused outreach activities

Clackamas County may develop a program to encourage responsible rental relationships.

Landlord  
education  
or training  
program

- a) **Description:** Clackamas County could offer classes, workshops, or literature geared toward landlords to discuss a range of topics that aid in alleviating landlord-tenant concerns.
- b) **Rationale:** To communicate and educate on a range of topics, including the Housing Choice Voucher program (to address the extent to which landlords discriminate against voucher recipients) or tenant/landlord laws and rights (to communicate responsible rental relationships).
- c) **Implementation:** Work with existing agencies or nonprofits to develop a curriculum for landlords. Clackamas County may need to find suitable funds (e.g., through CET) to finance the program and bring in speakers or instructors.

Tenants  
education  
and rights

- a) **Description:** Clackamas County could offer classes, workshops, or literature geared toward tenants to discuss a range of topics that aid in alleviating landlord-tenant concerns.
- b) **Rationale:** To educate tenants so they may be empowered to advocate for safe and affordable rental homes.
- c) **Implementation:** Work with existing agencies or nonprofits to develop a curriculum for tenants. Clackamas County may need to find suitable funds (e.g., through CET) to finance the program and bring in speakers or instructors. Clackamas County may consider partnering with the Community Alliance of Tenants and Fair Housing Council of Oregon.

## 5.2 Preserve Manufactured Housing Communities

### Listen and learn

Before initiating policy actions, invest time in understanding the challenges and issues of MHCs from the perspective of residents, managers, and owners.

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|---|--|
| Organize staff capacity and conduct initial outreach to MHC residents | <ul style="list-style-type: none"><li>a) <b>Description:</b> Convene County staff who work with residents of MHCs to pool knowledge, to identify issues and gaps in understanding, and to identify potential actions. Conduct initial outreach with a sample of MHCs to create lines of communication and collect initial information about opportunities and challenges.</li><li>b) <b>Rationale:</b> A number of County agencies currently have contact with residents who live in MHCs, either as individual clients or as a group. However, current knowledge is fragmented.</li><li>c) <b>Implementation:</b> Clackamas County may want to pool existing knowledge and contacts, then convene staff to identify knowledge gaps, resident needs, key contacts, and ideas about how to better align outreach. Prioritize outreach to MHCs with one or more displacement risk indicators as identified in this report; then (1) add a sample of MHCs with differing sizes, locations, types of owners (small, local v. corporate, out-of-state) and resident populations (family v. 55+), (2) identify resident contacts, (3) develop a list of open-ended questions to ask, and (4) conduct outreach. Reconvene and discuss.</li><li>d) <b>Partners:</b> Primary: community mediation, social services, aging and disability services, housing rehabilitation, weatherization, planning, housing and community development, and housing authority. Secondary: water, sewer, health, law enforcement, and fire services.</li><li>e) <b>Note:</b> See the materials in the Local Agency Toolkit (Resources listed at end)</li></ul> |
| Conduct outreach to owners (landlords and investors) of MHCs          | <ul style="list-style-type: none"><li>a) <b>Description:</b> Starting with MHCs with indicators of vulnerability, initiate outreach to managers and owners to identify issues, needs, and concerns, as well as how the County might help, if possible. Facilitate follow-up with appropriate County agencies.</li><li>b) <b>Rationale:</b> Initiating outreach demonstrates interest in MHCs and enables staff to understand issues and, as applicable, provide assistance. This option may also provide insight into the investment goals of owners and their plans for the MHCs.</li><li>c) <b>Implementation:</b> Prioritize outreach to MHCs with indicators of vulnerability, and then conduct outreach with larger MHCs. Oregon Housing and Community Services' MCRC list includes contact information for managers of communities.</li><li>d) <b>Partners:</b> See the materials in the Local Agency Toolkit.</li></ul>   |

## Save and preserve MHCs

MHCs provide essential lower-cost affordable housing to thousands of county residents. It is less costly to preserve existing affordable housing than build new housing. MHC homeowners contribute their own assets, income, and energy toward addressing their housing needs, as do MHC owners—largely without government subsidy. It is cost-effective to enact policies that support and preserve this housing form.

- Rezoning
- a) **Description:** Consider amending the comprehensive plan policies, the map, and the zoning code to preserve MHCs.
  - b) **Rationale:** The County has an interest in supporting and preserving lower-cost affordable housing and can do so through policies, regulations, incentives, partnerships, and strategic investments. A rezoning approach need not deny the possibility of redevelopment; instead, it could ensure that the County has a role in determining the future use of these sites and has time to consider options and ways to support the well-being of existing residents. Rezoning could provide stability and a greater voice for MHC residents in their future, as well as potentially offer added value (perhaps through increased density) to MHC owners.
  - c) **Implementation:** There are three different land markets/regulatory areas for MHCs: cities, unincorporated areas inside the UGB (urban), and unincorporated areas outside the UGB (rural). Focus initially on zoning strategies to preserve MHCs inside the UGB, as these likely face the greatest redevelopment pressure. Potentially invite cities to coordinate and participate. Second priority should be preservation of MHCs inside the UGB expansion areas. Third priority should be developing a strategy for MHCs in the rural area.
  - d) **Partners:** Planning, cities, MHC residents, and housing advocates.
  - e) **Examples:** The City of Portland approved a new single-use base zone for MHCs in 2018. The new zone resolved nonconforming uses and consolidated all MHCs under one zoning designation. The City of Tumwater, Washington, also has an MHC zone.

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Support the voluntary sale of MHCs to resident groups as ROCs (resident-owned communities) and to nonprofits or a housing authority as permanently affordable housing

- a) **Description:** ROCs or nonprofit ownership provide stability, predictability, and affordability for residents. The MHCs are acquired at market value from willing sellers with financing and incentives from Oregon Housing and Community Services, private lenders, and various grant sources. For ROCs, an expert nonprofit that is an affiliate of ROC USA (CASA of Oregon) works with residents to conduct a feasibility analysis, provide extensive information and training, and facilitate the acquisition. Residents vote on the purchase and manage their own community through a democratic board structure. Nonprofits, like St. Vincent de Paul of Eugene, also purchase and manage MHCs as affordable housing. Housing authorities in the State of Washington have purchased and currently manage MHCs as permanently affordable housing; the same could occur in Oregon.
  - b) **Rationale:** Investments by the County or cities could help fill important financing gaps and help make new purchases feasible. Preserving MHCs is more cost-effective than building new subsidized rental housing, and it provides affordable homeownership opportunities for the long term.
  - c) **Implementation:** Initiate dialogue with CASA of Oregon and NOAH to determine the kinds of assistance local government could provide to help create more ROCs and nonprofit-owned MHCs. Identify funding sources, if relevant. Write letters of support to funders. Facilitate conversations with MHC owners, as appropriate. Pass along information about potential sellers, if known.
  - d) **Partners:** Clackamas County Health, Housing and Community Services Department (especially the Housing Authority of Clackamas County), Network for Affordable Housing (NOAH), CASA of Oregon, St. Vincent de Paul of Eugene, NeighborWorks Umpqua, and possibly cities if there are willing MHC sellers in cities. Oregon Housing and Community Services provides financing for the purchase of MHCs as permanently affordable housing; local funds could help fill the gap needed to make a purchase possible. Metro Housing Bond funds may also be a potential source of financing.
  - e) **Examples:** Clackamas County currently has two ROCs, both organized by CASA of Oregon: Clackamas River Village (142 spaces) and Two Rivers Homeowners Cooperative (76 spaces). According to NOAH, Oregon currently has 23 MHCs that are ROCs or nonprofit owned, with 1,290 permanently affordable homes.
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In preserved communities, support efforts to replace older manufactured homes

- a) **Description:** Some older manufactured homes, particularly ones built before the adoption of a national building code for such structures in June 1976, may be showing their age. A program is needed to help homeowners replace old homes in resident-owned communities (ROCs) and other preserved MHCs to promote the health and safety of current homeowners and provide high-quality, energy-efficient housing for future residents.
  - b) **Rationale:** Older homes can present health and safety hazards for homeowners (e.g., mold, weak floors, leaky windows and roofs, cold bedrooms with insufficient insulation, trip hazards, unsafe electrical systems, temperamental plumbing systems, and heating systems that do not draft properly). Providing a means for homeowners to affordably replace manufactured homes beyond repair with new energy-efficient ones can reduce utility bills and greatly improve their quality of life—as well as ensuring that they have a safe and sound home to sell to a new low-income homebuyer when it comes time for them to move. A program like this could be focused initially on ROCs and nonprofit-owned communities that provide permanent affordability.
  - c) **Implementation:** Contact CASA of Oregon regarding the two existing ROCs to inquire about their needs and how the County might help. If zoning protections are provided to MHCs in Clackamas County, meet with Network for Oregon Affordable Housing and partners listed below to explore ways of expanding programs to assist homeowners in zoning protected MHCs.
  - d) **Partners:** CASA (supports two ROCs in Clackamas County and has staff working on developing a home replacement program for the ROCs it assists statewide); Energy Trust (has an MH replacement program with energy efficiency incentives); Craft2 (offers a new equitable home chattel financing product for MH replacements); NEDCO (has an office in Clackamas County and is developing a homebuyer education curriculum for manufactured homebuyers); USDA Rural Development (recently created a pilot program in Oregon to help with loans in ROCs and MHCs that are permanently affordable). Existing ECHO (Energy Conservation Helping Oregonians) weatherization funds managed by Clackamas County Social Services Division could be used to help PGE and Pacific Power customers who use electricity for heating/cooling replace their aging manufactured homes meeting certain requirements. Maximum assistance is \$20,000 per home, and Oregon Housing and Community Services has prioritized pre-1980 homes. Funding for a new program to assist with replacement manufactured housing was approved by the Oregon state legislature in the 2019 session. Contact Network for Affordable Housing (NOAH) for additional information.
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## Improve quality of life in MHCs

Establish ongoing communications with MHC residents, set up a system for referrals, and identify unmet needs

- a) **Description:** Invite MHC residents to become engaged with the opportunities and resources available in the county and with the statewide association of manufactured homeowners (MH/OSTA). Assess unmet needs that could improve the quality of life for residents. Assist older residents who want to age in place in their community.
- b) **Rationale:** More than 4,000 people live in MHCs within Clackamas County. Currently, the County does not have a point of contact (ombudsperson) or organized collective knowledge about these communities, yet they provide an important source of affordable housing. Over time, increasing development pressures may further erode the quality and viability of this housing choice. Residents might benefit from increased knowledge of and access to County services and the statewide residents' association.
- c) **Implementation:** Building on the initial outreach of County staff to MHCs outlined in a prior policy recommendation, the County could assist with referrals to appropriate County service departments. The County may develop a process to identify needs, such as an informal advisory committee of MHC residents, a series of workshops, or a questionnaire. Identify ways that existing programs could be modified to address evolving needs and identify potential funding sources for priority concerns. Work with MH/OSTA (Oregon's association of manufactured homeowners) to engage local MHCs with their efforts, network, and resources.
- d) **Partners:** County departments, MH/OSTA, and OHCS Manufactured Communities Resource Center (MCRC).
- e) **Examples:** In the past, mediation services initiated outreach to MHC residents, owners, and managers. Funding to support this work came from OHCS Manufactured Communities Resource Center (MCRC). However, MCRC has changed its funding model to only cover case-by-case mediation, thus a new resource to cover staff time should be identified.

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Align existing programs and identify new ones, as well as potential resources to pay for them.

- a) **Description:** Clackamas County has many programs that may be useful to manufactured housing homeowners, such as housing programs (e.g., weatherization, housing rehabilitation, critical home repair, and accessibility programs) and programs to enhance the well-being of older adults (e.g., nutrition program, transportation assistance, caregiver support program, and the Retired Senior Volunteer Program). Some programs could be customized and adapted for delivery at MHCs while others must be publicized.
- b) **Rationale:** MHCs offer a rare opportunity to provide outreach and resources to an entire community in a coordinated and cost-efficient way, whether the services are related to aging and wellness (e.g., a senior exercise or diabetes assistance program) or housing conditions (e.g., weatherization). Many MHCs have “club houses” that could host resource fairs and other programs. Many MHCs have existing internal communication networks often organized by the residents themselves.
- c) **Implementation:** Use the information from communications with MHC residents to identify needs. Identify existing programs that could help meet those needs and identify gaps. Discuss ways that Clackamas County’s existing programs could be adapted to the MHC environment. Develop some pilot programs and begin outreach. Potential programs:
- *Housing:* Weatherization, critical home repairs, and efficiency/accessibility upgrades.
  - *Aging and disability services:* Wellness programs, nutrition programs, partnerships with health care to deliver screening and wellness services, nutrition services, possible licensed adult foster home in an MHC so that residents can age in community, and adult foster care/caregiver respite days in club houses.
  - *Library and recreation:* Book mobile, exercise programs, and enrichment programs.
  - *Rights and responsibilities of MHC homeowners:* Clackamas County mediation services, MH/OSTA, and OHCS Manufactured Housing Resource Center have expertise in this area
- d) **Partners:** County departments, MH/OSTA, and OHCS Manufactured Housing Resource Center
- e) **Examples:** Other MHCs in Oregon have organized resource fairs to support aging in place. Contact MH/OSTA for details. The City of Gresham developed a critical home repair program (small grants) that addressed the critical needs, such as leaky roofs or failing plumbing. Contact Unlimited Choices for further information.
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## Assist with involuntary transitions

Provide relocation counseling

- a) **Description:** Oversee, review, and approve the landlord’s relocation and payment plan for displaced homeowners and ensure that it is implemented.
- b) **Rationale:** The announcement of the closure of an MHC sends waves of panic among residents. Clackamas County requires that owners planning to redevelop a MHC in the Unincorporated Area pay resident homeowners approximately \$11,000 for a single-wide, \$16,000 for a double-wide and \$20,500<sup>28</sup> for a triple-wide(ZDO-825.02), less a refundable tax credit of up to \$5,000 for which homeowners may to the state. The landlord must also submit a relocation plan and schedule of payments. These benefits, while substantial, do not fully compensate residents for their loss of community, home, and lifestyle, and many may struggle to find new housing options. .
- c) **Implementation:** The County has significant leverage because the County Administrator or his/her designee is charged with reviewing and approving the relocation and payment plan and can require the landlord to deposit the anticipated payments into escrow as a condition of approval. The state’s Manufactured Communities Resource Center (MCRC) has information on how to mobilize in the event of an MHC closure. MCRC has experience with resident needs and organizing resource fairs.. Their 80-page Local Agency Toolkit has several chapters on what to do in the event of a closure.
- d) **Partners:** County departments, Housing Authority of Clackamas County, MCRC, local nonprofit social service agencies and housing providers, and MH/OSTA.
- e) **Examples:** MCRC helped local jurisdictions work with residents during the wave of closures that occurred from 2000–2007. MCRC has experience in this area.

### Resources:

- **CASA of Oregon Manufactured Housing Cooperative Development Center**  
As a member of the ROC USA Network, CASA of Oregon delivers pre- and post-purchase technical assistance and helps manufactured homeowners secure the financing needed to buy their communities and shape their economic futures through resident ownership. CASA’s loan fund has provided resident cooperatives with over \$3.8 million in park purchase financing and over \$250,000 in predevelopment financing. Since 2008, CASA has converted nine parks, representing 580 spaces across Oregon, to resident ownership.  
<http://www.casaoforegon.org/mhpp>
- **Local Agency Toolkit**  
The Toolkit is intended to serve as a model for use by other communities facing similar challenges (with vulnerable manufactured housing communities), helping the community organize and assess their manufactured housing areas in advance of a crisis while organizing resources ahead of a closure to aid in a more efficient rapid response.  
<https://www.oregon.gov/ohcs/CRD/mcrc/docs/Manufacture-Home-Park-Solutions-Collaborative-Local-Agency-Toolkit.pdf>

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<sup>28</sup> The stated payment amounts are for 2007 and are to be adjusted for inflation, per ZDO-825.02.C.

- **MCRC of Oregon Housing and Community Services**

The Manufactured Communities Resource Center (MCRC) program staff provide services and information to residents and landlords of manufactured dwelling parks to promote cooperative community relationships. Services include information and assistance with landlord tenant laws, rights and responsibilities, park rules and regulations, dispute resolution options, park closures, park registration, and other MHC-related concerns. They can help facilitate meetings, make presentations, and advise and assist local jurisdictions.

<https://www.oregon.gov/ohcs/Pages/manufactured-dwelling-park-services-oregon.aspx>
- **MH/OSTA**

The Manufactured Housing State Tenants Association is the statewide association of MHC homeowners. It works to protect and enhance the security, affordability, and quality of life in MHCs for residents through legislative action, advocacy, and member education and support. Its services include a peer-to-peer advice hotline for assistance with MHC issues, a quarterly newsletter, an annual conference, and advocacy for laws that strengthen the rights of MHC homeowners. MHC residents can join individually as well as forming a chapter within their MHC.

<http://mh-ostablog.blogspot.com/>
- **NOAH**

The Manufactured Housing Program of the Network for Oregon Affordable Housing assists with the acquisition, preservation, and improvement of manufactured home parks to enhance livability and housing stability for Oregonians with modest incomes. It supports a statewide steering committee, a peer learning collaborative for nonprofits and agencies engaged with supporting MHCs as affordable housing. It also provides access to acquisition capital for mission-focused purchasers of MHCs, such as resident-owned cooperatives, nonprofit housing organizations, and public housing authorities. NOAH is an excellent source of information about what is occurring statewide in this field.

<https://noah-housing.org/programs/manu/>

## 6 Conclusion

This paper studied two specific questions: (1) Do we find evidence of risk of housing displacement for renters in Unincorporated Clackamas County? and (2) What specific role do manufactured housing communities (MHCs) play in the Unincorporated Clackamas County market as naturally occurring affordable housing? This section presents final thoughts on both topic areas.

### 6.1 Do We Find Evidence of Risk of Housing Displacement for Renters in Unincorporated Clackamas County?

Yes, the authors do find evidence of risk of housing displacement for renters in Unincorporated Clackamas County, particularly Urban Unincorporated Clackamas County. To first recap, we define market drivers of the risk of displacement as (1) unaffordable housing costs; (2) evictions, foreclosures, and closures; (3) management and maintenance issues; (4) acquisition, rehabilitation, and redevelopment; and (5) (re)investment.

Risk of displacement for renters in Urban Unincorporated Clackamas County is driven by unaffordable housing costs and the likelihood of continued acquisition, rehabilitation, and redevelopment pressures and (re)investment. The concentrations of socioeconomically disadvantaged populations paired with rising land values provide the rationale for this concern. The County should focus efforts in existing, disinvested neighborhoods of Urban Unincorporated Clackamas County to study the gap between the real value of housing in an area and potential values of housing in the area. This gap can create a situation where housing costs rise rapidly when public or private investment returns to or occurs in those areas.

Investment could take many forms, but usually it results in new amenities or physical changes to a neighborhood that makes the neighborhood a more desirable place to live—increasing competition for housing in the area. Increased demand affects housing costs, which decreases the supply of affordable units. This results in low-income households getting outbid by new, more affluent residents (Bates 2013).

The extent to which eviction is driving risk of housing displacement warrants further exploration. While data on rates of eviction in Clackamas County are not available, the authors draw from recent law enacted by the state to describe existing concerns and action. As of February 2019, SB 608 limited no-cause evictions in Oregon in an attempt to reduce the risk of displacement from causeless tenancy terminations.<sup>29</sup> SB 608 included the following policy parameters:

- Prohibits landlord from terminating month-to-month tenancy without cause after 12 months of occupancy. Provides exception for certain tenancies on building or lot used by landlord as residence. Allows landlord to terminate tenancy with 90 days' written notice

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<sup>29</sup> SB 608 also implemented rent control in Oregon.

and payment of one month's rent under certain conditions. Exempts landlord managing four or fewer units from payment of one month's rent.

- Provides that fixed term tenancy becomes month-to-month tenancy upon ending date if not renewed or terminated. Allows landlord to not renew fixed term tenancy if tenant receives three lease violation warnings within 12 months during term and landlord gives 90 days' notice.

It is unclear whether SB 608 will be a success in preventing displacement risk caused by evictions. What is clear is that the County should continue to explore eviction as a displacement risk driver.

Public (re)investment should be treated cautiously, particularly in areas where land values are already signaling displacement risk. Areas with more low-cost market-rate housing stock tend to be contenders for upzoning and other investments (new infrastructure or parks and associated programs). The County should invest in these areas while implementing displacement mitigation strategies.

Additionally, if there is additional residential capacity on buildable lands in areas ripe for reinvestment, speculative developers may purchase swaths of existing housing to demolish the homes and rebuild. This activity may generate benefits or costs. This activity could generate benefits in that the developer is creating more housing, thereby increasing the supply of housing. This activity could generate costs in that the developer may be taking affordable housing off the market to developer newer, more expensive housing stock, resulting in forced displacement. It is prudent that the County evaluate any proposed solutions to reduce the likelihood that proposed solutions lead to increased displacement risk.

## **6.2 What Specific Role Do Manufactured Housing Communities (MHCs) Play in the Unincorporated Clackamas County Market as Naturally Occurring Affordable Housing?**

MHCs play a significant role in providing naturally occurring affordable housing in the unincorporated area. There are approximately 4,500 manufactured homes in MHCs in Unincorporated Clackamas County that provide low and moderately priced detached single-family living, more than three times the number of subsidized apartments in that area (1,390 subsidized housing units). While most housing in MHCs may not be as deeply affordable as subsidized housing, it provides an affordable ownership opportunity. In addition to the homes in MHCs, Clackamas County overall has approximately 4,000 other manufactured housing units, some of which are in the unincorporated area.

Because they are a form of naturally occurring housing, the ongoing existence and affordability of MHCs depends upon the market and decisions made by community owners. This kind of affordable housing can disappear when community owners raise space rents above what residents can afford, allow the property to fall into disrepair, have poor management, or redevelop the property. The risk of redevelopment pressure is acute in the metro areas of the Pacific Northwest, as housing costs continue to rise. For example, the *New York Times* recently

reported that one of the last two MHCs in Seattle is on the market for redevelopment (Buch 2019). In Oregon, areas most susceptible to MHC closures include those inside UGBs with rapidly increasing populations, an apt description for Unincorporated Urban Clackamas County (Tremoulet 2010).

Equally important to the prospect of losing entire communities is the possibility of individual homeowners being priced out of their home. For example, the *Salem Register Guard* reported that when a company in Irvine, California, purchased Wildwood Villa in 2018/19, the park owner began promoting long-term lease agreements with 15-, 20-, or 25-year terms, a base rent of \$825 per month, and built-in rent increases of at least 4% per year (Howald 2019). This means that a homeowner with a 15-year lease would pay at least \$148,000 during the lease term for access to a small piece of land that they didn't and would likely never own, plus any services included in the rent.

Because of the importance of this housing form to Clackamas County, and because of its precariousness in a vibrant economy, this report has proposed a range of strategies that position the County to take a proactive role in supporting its continued viability. Clackamas County's existing closure ordinance provides an added measure of protection in the event of an MHC closure for redevelopment, but residents are still vulnerable to rising rents and other practices that can lead to economic displacement of individual homeowners. However, through relationship building, focused service provision, targeted investments, and regulation, the County can impact that environment and work with responsible owners and residents to preserve this strategically important housing option.

## Terms Defined

- **Displacement.** Section 1 of Senate Bill 310<sup>30</sup> defines displacement as:
  - a situation in which a household is forced to move from its current residence due to conditions that affect the residence or the immediate surroundings of the residence and that:
    - (a) a reasonable person would consider to be beyond the household’s ability to prevent or control;
    - (b) occur despite the household’s having met all previously imposed conditions of occupancy; and
    - (c) make continued occupancy of the residence by the household unaffordable, hazardous, or impossible.

- **Gentrification.** The U.S. Department of Housing and Urban Development defines gentrification as “a form of neighborhood change that occurs when higher-income groups move into low-income areas, potentially altering the cultural and financial landscape of the original neighborhood” (2018).

Another similar characterization concludes that “as a result of changes beyond the control of existing residents, lower-income households and/or households of color migrate out of a neighborhood, either forcibly or by choice, and new in-migrants change the socioeconomic makeup of the neighborhood” (Bates 2013).

- **Manufactured Dwelling.** Oregon law (ORS 446.003) defines a manufactured dwelling as factory-built housing with sleeping, cooking, and plumbing facilities that is neither a recreational structure (e.g., yurt, tent, etc.) nor a recreational vehicle (RV, trailer, etc.) intended for seasonal use.
- **Manufactured Housing Community.** A place where an investor owns the land and infrastructure and leases space to homeowners or sometimes leases both a space and a home to a renter. Technically, Oregon state law (ORS 446.003) distinguishes between a *manufactured dwelling park*, which is a site that accommodates four or more manufactured dwellings, and *mobile home parks*, which may include recreational vehicles, yurts and cabins, and manufactured dwellings. This report uses the term *manufactured housing communities* (MHCs) to apply to both, as long as they provide four or more year-round spaces and primarily include manufactured dwellings.
- **Low-Cost Market-Rate Housing.** Sometimes referred to as naturally occurring affordable housing (NOAH), which is “housing units that are unsubsidized and affordable to households below the region’s median income” (Bostic et al. 2017).

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<sup>30</sup> As used in ORS 307.841 to 307.867.

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## 7 Appendix A. Manufactured Housing Communities in Clackamas County

Appendix A is an expanded version of the topics included in Section 4 of this white paper. It includes additional context, background, and facts.

### 7.1 Executive Summary

Manufactured housing and manufactured housing communities play a significant role in Clackamas County's housing supply. They provide housing for nearly 24,000 County residents. The 6,000 spaces in manufactured housing communities, 75% of which are in the unincorporated area, are likely one of the County's largest sources of unsubsidized (naturally occurring) affordable housing for low- to moderate-income households. It represents a larger supply of affordable housing than the 1,390 units of government-assisted housing located in the unincorporated area.

Manufactured housing communities do not offer the "deep affordability" needed to serve the County's lowest income residents that government-assisted housing provides; instead, it is affordable to households earning approximately 50% to 90% of County median income. Manufactured housing presents an opportunity for homeownership that would otherwise be out of reach for households with modest incomes and a way for working-class retirees to age in place in a community of their choosing.

However, living in a manufactured housing community carries substantial risks not inherent in other kinds of housing. Typically, residents are homeowners—they own their home—but they rent the space where it is placed. An investor owns the land, infrastructure, and community amenities. Despite the name "mobile home," manufactured housing is not mobile; thus, the investor has significant leverage because, unlike apartment renters, manufactured homeowners cannot easily move if rent is too high or they don't like the way a community is managed.

Three principal sources of displacement risk are rent increases beyond what residents can afford, bad management/poor maintenance/underinvestment, and redevelopment pressure. The first two can impact some homeowners more than others in a community, while the third affects everyone living in a manufactured housing community.

For older adults living on modest incomes, displacement can be catastrophic. They involuntarily lose their home, their primary financial asset, their close community, and the sense of independence that comes from owning their own place. They are not likely to find an apartment to rent that is as affordable nor be able to replicate the community that enabled them to age in place.

Nationally, the industry is changing. Formerly the provenance of smaller-scale investors and local mom-and-pop owners with a few major industry players, manufactured housing communities have seen an influx of corporate investors and REITs moving into the market. As a result, residents accustomed to modest space rent increases are being priced out of a place to put their home.

This report identifies five “displacement risk indicators” and applies them through an analysis of Clackamas County’s manufactured housing communities. Risk indicators include:

- Sales patterns and outliers
- High vacancy rates
- Sharply rising land values or new development nearby
- Patterns of complaints from residents
- Infrastructure failure, especially related to water and wastewater management

Recommendations to preserve manufactured housing communities are provided in Section 5.2 of this report.

## 7.2 What Are Manufactured Homes and Manufactured Housing Communities?

Manufactured housing is a type of factory-built housing. It has three primary features that distinguishes it from other types of factory-built homes, such as modular housing:

- **An internal chassis:** Manufactured housing has an internal chassis that allows it to be transported from the factory to the home site by attaching wheels. Other forms of factory-built housing lack internal chassis and are transported on flatbed trucks.
- **Conformance with HUD Code:** Manufactured homes are constructed to a national building code, the Manufactured Home Construction and Safety Act, or “HUD Code.” This code applies only to manufactured housing.
- **Factory Quality Control and Inspections:** Quality inspections for manufactured housing occurs at the factory. While local building inspectors do not inspect the homes, they may inspect foundations, house connections, and utility hookups.

Larger manufactured homes are transported in sections, thus giving rise to the terms “double-wide” and “triple-wide.” Once on site, a manufactured home is not easily mobile.

Oregon Revised Statutes (ORS 446.003) define a manufactured dwelling as a type of factory-produced structure with sleeping, cooking, and plumbing facilities that is neither a recreational structure (e.g., yurts, cabins, and tents) nor a recreational vehicle intended for seasonal use. This memo uses the terms manufactured housing or manufactured homes (MH) to mean manufactured dwellings.

There are three principal tenure arrangements for MH, each of which provides differing levels of housing responsibilities, costs, and security for residents:

- **The resident owns the home and the land on which it is located,** just like a site-built owner-occupied home. This is the most stable arrangement. Monthly housing costs include mortgage payments (if any) and utilities. The homeowner controls and is responsible for home maintenance and repair costs. As much as 49% of Clackamas

County's manufactured homes are located on their own land; however, some of these may be leased and thus fall into the third category below.

- **The resident owns the home and leases the land on which it is located**, either a space in a manufactured housing community or on a parcel owned by a third party. This arrangement is sometimes called divided asset ownership and carries risks because the homeowner cannot easily move if space rent becomes unaffordable or the owner fails to maintain the community. Monthly housing costs include space rent, loan payments (if the homeowner does not own the home outright), and utilities. The homeowner controls and is responsible for home maintenance and repair costs. Fifty-one percent of Clackamas County's manufactured homes are in manufactured housing communities; some of these may be leased and fall into the third category below.
- **The resident leases the home and the land on which it is located.** Depending on lease terms, this is typically the least stable and most flexible arrangement. Housing costs include rent and utilities. Nineteen percent of manufactured homes in Clackamas County are leased.

Several terms are used to refer to a place where a landowner leases space to homeowners to place manufactured homes, including mobile home park, mobile estate, trailer park, manufactured housing community, and land lease community. Technically, Oregon state law (ORS 446.003) distinguishes between a manufactured dwelling park, which is a site that accommodates four or more manufactured dwellings, and mobile home parks, which may include recreational vehicles, yurts and cabins, and/or manufactured dwellings. This memo uses the term manufactured housing communities (MHCs) to apply to both, as long as they provide four or more year-round spaces and primarily include manufactured dwellings.

### 7.3 Manufactured Housing Can Provide a Good Living Environment and Decent Housing.

**Most MH built after June 1976 is of substantially better quality than housing built earlier.** In the 1970s, the uneven quality of mobile homes led the U.S. Department of Housing and Urban Development to develop the Manufactured Home Construction and Safety Act (42 U.S.C. Sections 5401–5426) to regulate design and construction, strength and durability, transportability, fire resistance, and energy efficiency. MH built after the HUD Code effective date of June 15, 1976, must be constructed to the standards of the latest version of this code. Like traditional stick-built homes, the current condition is greatly affected by maintenance and the initial quality of the construction.

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MH originated in the travel trailers of the 1930s. Housing needs during World War II prompted an evolution of short-term travel trailers into trailers built for year-round use. The federal government bought approximately 35,000 trailers for war industry workers and, after the war was over, gave some them to colleges for married student housing. In the mid-1950s, Wisconsin entrepreneur Elmer Frey developed a commercial MH unit that was intended to be year-round permanent housing, and he coined the term *mobile home*.<sup>31</sup>

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<sup>31</sup> Hart, J.F., Rhodes, M.J. & Morgan, J.T. (2002). *The Unknown World of the Mobile Home*. Baltimore: The John Hopkins University Press.

**Despite its name, MH is not mobile.** Once installed on-site, MH can be difficult and expensive to move, easily costing \$30,000 in transportation and basic setup costs. Older MH may not withstand a move, and new sites are scarce. MH and MHCs also pose other potential risk for residents, and these are discussed in a later section of this memo. Nevertheless, MHCs provide an attractive housing option for people wanting the independence of ownership, especially retired older adults living on limited or fixed incomes.

## 7.4 Manufactured Homes Represent a Significant Share of the County’s Housing Stock.

MH units account for 6% of Clackamas County’s estimated 163,650 housing units and 9% of the estimated 122,740 single-family detached dwellings. An estimated 6% of Clackamas County’s residents, or 23,848 people, live in MH. Eighty-one percent of Clackamas County households living in MH own their homes; 19% rent. (2013–2017 American Community Survey 5-Year Estimate). This tenure split has remained relatively constant during the last decade.

Slightly more than half (53%) of the County’s 10,471 MH units are located in MHCs. Manufactured homes in MHCs represent 4% of all housing units and 5% of the County’s single-family detached dwellings. State law identifies MHCs, MH on individual lots planned and zoned for single-family residential use, and MH on lots within designated manufactured dwelling subdivisions as forms of “needed housing” (ORS 197.303).

As Exhibit 23 indicates, nearly half the County’s MHCs (48%) and a majority of spaces (56%) are located in the urban incorporated area of the County, a pattern that is not atypical for urbanized counties in Oregon. The rural unincorporated and the urban incorporated areas each have a similar share of the remaining MHCs and spaces.

### Exhibit 23. Geographic Distribution of Manufactured Housing Communities and Spaces, Clackamas County, 2018

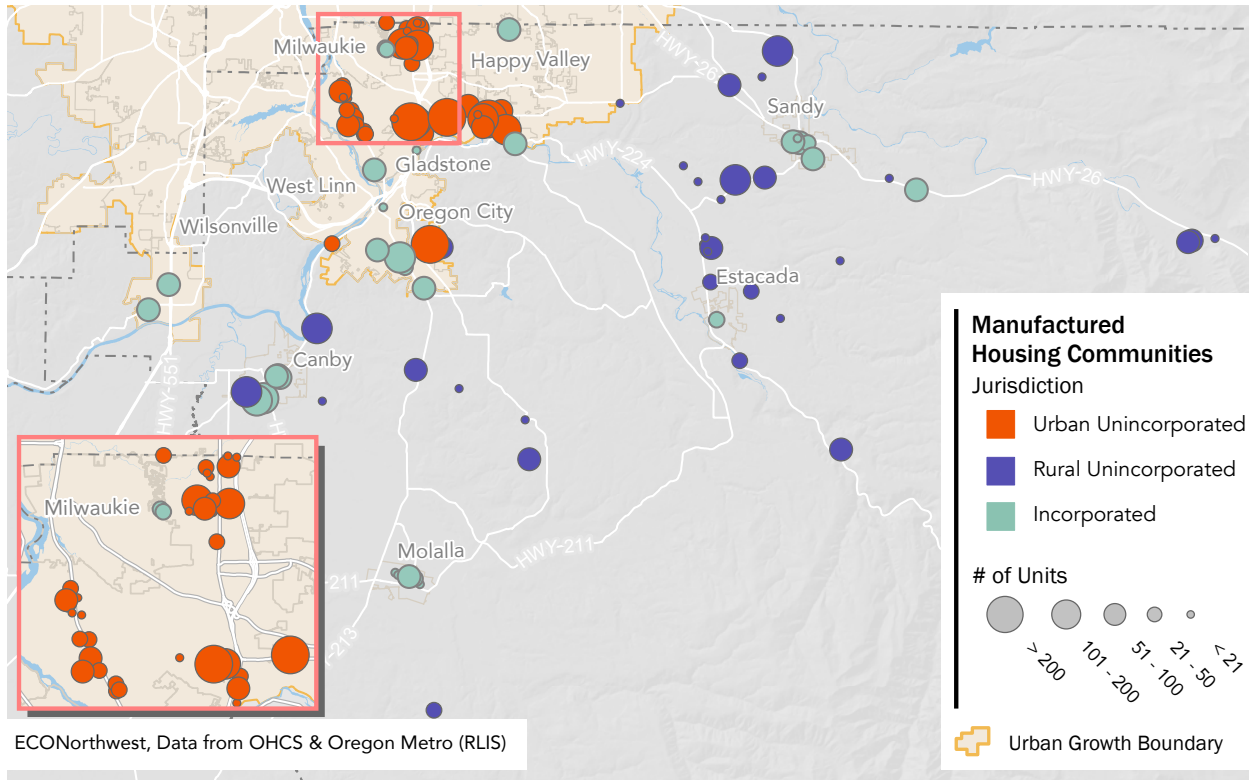
Source: RLIS, Oregon Housing and Community Services Manufactured Dwelling Park Directory, as of April 2019.

	Urban Unincorporated		Rural Unincorporated		Incorporate		Clackamas County Total
	#	% of Total	#	% of Total	#	% of Total	
Total MHC	46	48%	27	28%	23	24%	96
Total Spaces	3,355	56%	1,176	19%	1,514	25%	6,045

Exhibit 24 shows that the County’s largest MHCs are located in the urban unincorporated area. The state’s largest MHC (500 spaces), Country Village Estates, is located there. Almost half the MHCs in the rural area are small, with 30 or fewer spaces.

**Exhibit 24. Manufactured Housing Communities, 2018**

Source: RLIS, Oregon Housing and Community Services Manufactured Dwelling Park Directory. Note: Appendix B presents a larger map image.



As Exhibit 25 below shows, estimated land value of urban MHCs (based on assessed value) is more than twice that of rural MHCs. The estimated land value of MHCs in incorporated cities is about 85% of that of urban MHCs.

MHCs are an important source of housing for older adults with modest incomes. Nearly one in four MHCs in the county have been designated by the owners for residents age 55 and older. A higher share of rural MHCs are designated for all ages (“family”). In practice, many of the family MHCs are also likely to have a high share of older households as residents.

**Exhibit 25. Characteristics of Manufactured Housing Communities, Clackamas County, 2018**

Source: RLIS, Oregon Housing and Community Services Manufactured Dwelling Park Directory.

	Urban Unincorporated		Rural Unincorporated		Incorporated		Clackamas County Total
	#	% of Total	#	% of Total	#	% of Total	
Total MHCs	46	48%	27	28%	23	24%	96
Total Spaces in MHCs	3,355	56%	1,176	19%	1,514	25%	6,045
<b>MHCs by Number of Spaces</b>							
4 to 30 spaces	16	17%	13	14%	5	5%	34
31 to 100 spaces	21	22%	11	11%	15	16%	47
101 to 200 spaces	5	5%	3	3%	3	3%	11
201 spaces +	4	4%	0	0%	0	0%	4
<b>Type of MHC</b>							
55+	14	15%	2	2%	8	8%	24
Family	32	33%	25	26%	15	16%	72
Estimated Land Value per Acre*		\$211,896		\$88,165		\$179,354	\$155,389
MHCs with > 10 vacancies		3		1		1	5

MH units are more plentiful but generally less deeply affordable than government-assisted housing.

**Clackamas County has almost twice as many MHC spaces as government-assisted housing units.**

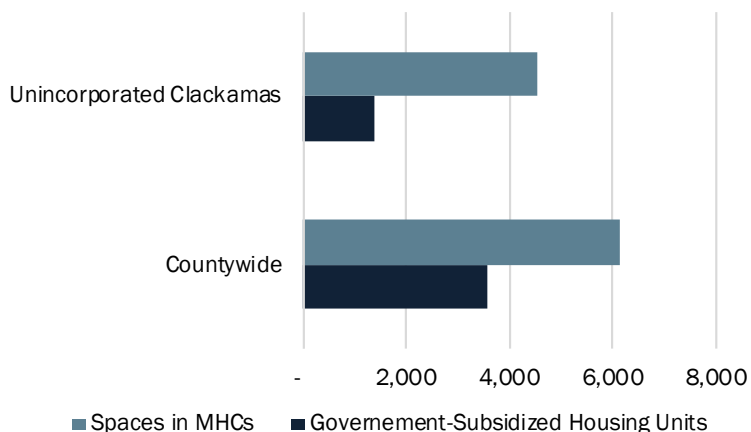
There are more than three times as many MHC spaces as government-assisted housing units in the unincorporated area of the County.

Unlike most government-assisted homes, MHC are predominantly owner occupied.

Government-assisted housing provides housing affordable to households with much lower incomes.

**Exhibit 26. Supply of Government-Assisted Housing Units & MHC spaces, Clackamas County, 2018**

Source: RLIS, Oregon Housing and Community Services Affordable Housing Inventory, as of January 2018, and Oregon Manufactured Dwelling Park Directory as of April 2019



## 7.5 Who Lives in Manufactured Housing and Why?

Households living in MH in the Portland Metro region are older and more likely to have a household member with a disability than households overall. MH households also have lower incomes, higher poverty rates, and lower educational attainment levels. Almost half (48%) of MH households have incomes between \$20,000 and \$60,000.

**Exhibit 27. Selected Household Characteristics, Portland Metro Region, 2015**

Source: American Housing Survey, 2015.

Household Attributes	All Occupied Units	Manufactured / Mobile Homes
<b>Disability Status</b>		
At least one member who is disabled	24%	32%
<b>Age (Head of Household)</b>		
Under 30	10%	3%
30 to 54	48%	46%
55 or Older	42%	51%
<b>Income, Annual</b>		
Less than \$40,000	30%	45%
\$40,000 to \$79,999	29%	33%
\$80,000 and more	41%	22%
<b>Poverty</b>		
Severe Poverty	4%	5%
Below the Official Definition of Poverty	10%	17%
<b>Educational Attainment</b>		
Less than 9th Grade/No Diploma	7%	17%
High School Graduate (incl. equivalent)	41%	64%
Some College to Graduate Degree	52%	19%

A 2010 study provides insights about who lives in MHCs in Oregon and why they chose this housing type.<sup>32</sup> The study used a combination of quantitative data, focus groups, and interviews with MHC residents to identify three broad clusters of household types:

- Working class retirees:** single individuals and couples who have low to moderate incomes and own their home. They may have owned a single-family home while they were working and chose to downsize when retirement, a change in health status, or the death of a partner precipitated a need for a move. They discovered that an MH unit in an MHC offered a sense of safety and community, strong ties among neighbors, opportunities to stay active, and a single-story home and yard that was easy to maintain. They also maintained the independence and status of homeownership while living on a limited or fixed income. They hope to live in their home for the rest of their lives.

<sup>32</sup> Tremoulet, Andrée. (2010). "Policy Responses to the Closure of Manufactured Home Parks in Oregon." Dissertation, Portland State University.



- **Younger working-class families and individuals:** households with low to moderate incomes who may be purchasing their home. They may have children. They prefer this option to renting an apartment and may use this housing type as first step to conventional homeownership.
- **Very low-income families and individuals:** households with very low incomes, with and without children. Most rent their home as well as the space. This may be housing of last resort for some of these residents.

The preceding 2015 demographic profile of MH residents in the Portland region line up with these three clusters. However, while these informal clusters provide useful generalizations about who lives in MHCs, it is not likely that they capture the complexity of individual circumstances, nor do they describe the full range of MHC residents living in the county.

## 7.6 Manufactured Housing Is Likely the Largest Source of Low-Cost, Unsubsidized Affordable Housing in the county.

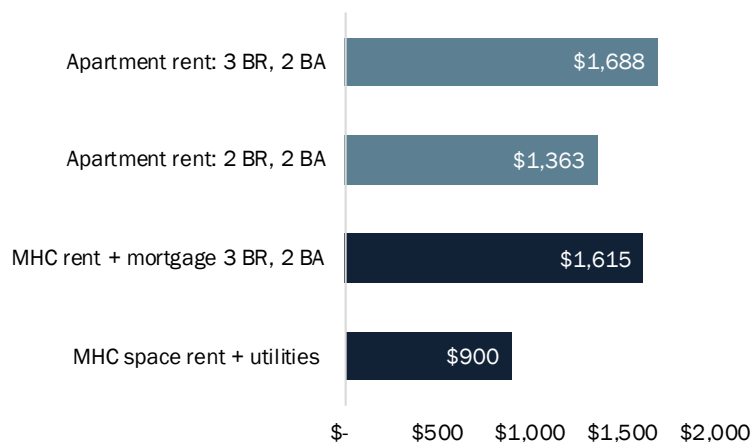
MHCs likely provide the largest sources of naturally occurring (unsubsidized) affordable housing for households with low to moderate incomes. As owner-occupied housing, it is affordable to households earning between 50% and 90% of median income. Households who rent their home and the space it is on may pay even less.

**Living in an MHC as a homeowner is more affordable than renting an average apartment in Clackamas County.**

Even with loan payments, housing costs are slightly less for MHC residents.

### Exhibit 28. Comparison of Monthly Housing Costs, Clackamas County, 2019

Source: Commonworks Consulting MHC Rent Survey April 2019, Multifamily NW Fall 2018.



### MHC space rent is affordable to households earning about 50% median household income.

A random survey of the space rents of 11 MHCs in Rural and Urban Clackamas County was conducted in April 2019. Rents ranged from a low of \$420 (including water, sewer, and garbage collection) for a 55+ community to \$873 (including water for a premium location on a lake in a family community). While the rents appeared to depend on the amenities and condition of the community, small MHCs with fewer than 20 spaces had rents less than \$600 per month.

The average rent was \$622 per month. Housing costs of \$900 per month (average rent plus \$275+ for utilities, insurance, and taxes) would be affordable to a household with an annual income of \$36,000. The median household income for Clackamas County is \$72,408 (ACS 2012–2017); thus, rent plus essential utilities is affordable to a household earning 50% median household income for Clackamas County.

**MHC space rent plus a loan payment is affordable to a household earning 90% of median household income.** A review of manufactured homes for sale in Clackamas County conducted in April 2019 found 14 homes of varying prices and vintages listed on the website MHVillage.com. The prices ranged from \$13,900 for a 1973 (pre-HUD code) single-wide to \$154,990 for a new 2019 triple-wide with 2,565 sf of living space. Most of the remaining homes fell into two general clusters: late 1980s to early 1990s double-wides with prices from \$85,000 to \$89,000, and late 1990s to early 2000s double-wides with prices from \$107,000 to \$130,000.

A monthly payment on a home loan for a midrange \$90,000 double-wide home manufactured in 1991 could cost \$715 per month, assuming a 5% down payment, a 20-year loan, and a credit score of approximately 700 with an interest rate of 7.5%. Homes in manufactured housing communities are consumer loans and carry higher interest rates and shorter terms than mortgages.

Thus, assuming that the household has sufficient savings to pay a 5% down payment and closing costs, a midrange home in a community would cost approximately \$1,615 per month for the loan, space rent, essential utilities, taxes, and insurance. This would be affordable to a household with an income of \$64,000 per year, or 89% of median.

Some MH homeowners may choose to pay more than 30% of their income for housing costs. Older MH homeowners may not have a mortgage if they downsized from a stick-built home to a smaller MH. However, more than two-thirds of MH homeowners are not housing cost burdened. They have chosen a housing type that they can afford independently, without government housing support.

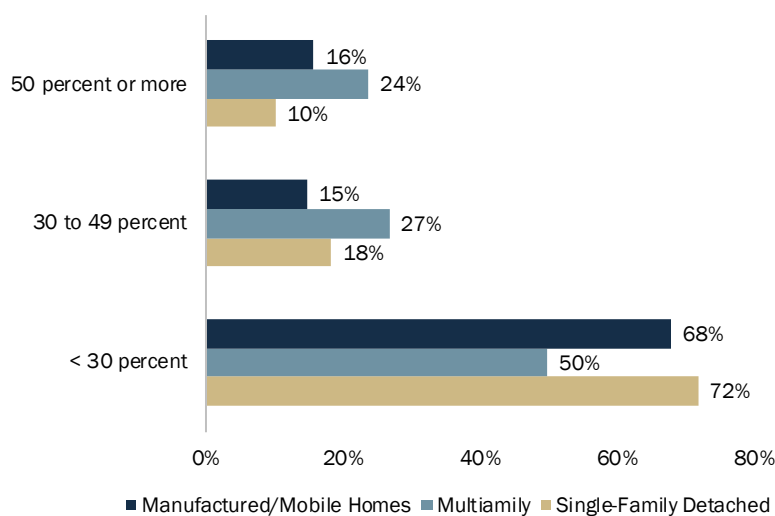
### More than two-thirds of MH residents are not housing cost burdened.

68% of MH residents pay less than 30% of their income for housing costs.

Fewer MH residents are cost burdened or severely cost burdened (pay 50% or more for housing costs) than households living in multiunit housing.

### Exhibit 29. Comparison of Housing Cost Burden, Portland Region, 2015

Source: American Housing Survey 2015.



### In summary, data confirms the significant role that MH and MHCs play in providing affordable housing in the county.

They provide housing for nearly 24,000 County residents. The 6,000 spaces in MHCs, 75% of which are in the unincorporated area, are likely the County's largest source of unsubsidized affordable housing. It represents a larger supply of affordable housing than the 1,390 units of government-assisted housing located in the unincorporated area. MHCs typically do not offer the "deep affordability" needed to serve the County's lowest-income residents that government-assisted housing provides; instead, as owner-occupied housing, it is affordable to households earning approximately 50% to 90% of County median, with rented homes possibly costing less. MH presents an opportunity for homeownership that would otherwise be out of reach for households with modest incomes and a way for working-class retirees to age in place in a community of their choosing. However, this form of homeownership is not without risks, discussed in the next section.

## 7.7 Living in an MHC Comes with Inherent Vulnerabilities.

While it has many benefits, living in an MHC as a homeowner carries with it substantial risks not inherent in other kinds of housing due to two primary factors:

- **Divided asset ownership:** The resident owns the home and an investor/landlord owns the land on which it is located. This arrangement works as long as the homeowner and investor share similar or complementary objectives, the quality of the living environment is maintained, and space rent increases are predictable and within the means of homeowners to absorb.
- **MH are not easily mobile:** Unlike apartment renters, MH homeowners are not able to easily leave if rents become unaffordable or living conditions in the community deteriorate. Their main choice is to sell their home. If their home is new and sturdy

enough, they can also attempt to move it if they can find a new site. The cost of moving a home is estimated to be around \$30,000 plus setup costs. If they can do neither, then the only remaining option is to abandon the home.

Divided asset ownership combined with homes that are not mobile confers leverage to MHC investors/landlords/owners. Primary risk drivers that homeowners face is rent/fee increases beyond what they can afford on limited or fixed incomes, poor management, and redevelopment pressure. Some risks may result in displacement of individual residents; others may result in community closure. Each of the risk drivers is discussed below.

### Rent Increases

Nationally, two related factors have resulted in higher rents and lower vacancies in MHCs. First, rising housing costs have bolstered the demand for lower cost housing options, including MHCs. Second, new investors have entered the MHC market from other sectors, pushing up competition for purchasing MHCs with upside income potential, which is achieved by increasing rents.<sup>33</sup>

Marcus Millichap investment advisors reported that the Portland region's average rent of \$612/month for 2018 was the fourth highest among the 21 listed metro areas. The annual average increase for Portland was 6.1%, the third highest, behind San Antonio (7.5%) and Salt Lake City (6.8%).<sup>34</sup> Local industry representatives indicated that some owners may have raised rents in anticipation of the Oregon legislature adopting a measure to cap future rent increases.

Discussions with representatives of the statewide MHC residents' association MH/OSTA and other stakeholders confirmed considerable concern about rising space rents in MHCs in Oregon. Because many residents are older adults living on fixed, limited incomes, they are not able to sustain significant increases in housing costs. Increases in space rent drive down the resale value of MH in the same manner that increases in fees affect the resale value of a condominium.

Rents and other conditions of tenancy are specified in leases. Per ORS Chapter 90.600, rent increases for homeowners in MHCs are allowed as follows:

- **Fixed-term lease:** lease specifies rent and/or the formula for rent increases and the effective date for the term of the lease. Ninety-day written notice required prior to rent changes.

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"An average of 97.6% of [MH] communities in the [Northwest] area announced or implemented rent increases from \$5 to \$100 with the upper end resulting from unbundled utility services. With the lowest average 3-bed, 2-bath apartment rent for the Portland area at \$1,279, there is ample room for rent appreciation among manufactured housing site rents."

Source: Colliers International Multifamily Housing Team, *Northwest Manufactured Housing Study*, 2018.

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<sup>33</sup> Marcus & Millichap. (2019). *National Report: Manufactured Housing Communities*. [www.MarcusMilchap.com](http://www.MarcusMilchap.com)

<sup>34</sup> Marcus & Millichap. (2019). *National Report: Manufactured Housing Communities*. [www.MarcusMilchap.com](http://www.MarcusMilchap.com)

- **Fixed-term lease with conversion to month-to-month after fixed term:** Lease specifies rent during fixed term. Ninety-day written notice required prior to rent changes after fixed term ends.
- **Month-to-month rental agreement:** Ninety-day written notice required prior to rent changes.

Regardless of the frequency of increases, during any 12-month period the rent may not increase beyond a ceiling of 7% plus the change in the Consumer Price Index, per SB 608, which was adopted during the 2019 Oregon Legislative Session. In theory, a fixed-term lease could include a formula for rent increases that exceed this limit, but it is unlikely that a tenant would agree to such provisions. The prohibition of local (county or municipal) rent-control measures remains in place.

### Management and Maintenance

While many MHCs are well-run, management and maintenance issues present an ongoing concern for residents of MHCs statewide, according to resident advocates. Failing septic and water systems, potholes, unsafe play equipment, dead trees, closed swimming pools, and run-down community centers are indicators of underinvestment in MHC maintenance by the owner.

Management and maintenance issues, as well as other matters related to MHCs, are addressed by Oregon Revised Statutes 90.505 through ORS 90.875. Working through the informal Manufactured Housing Landlord Tenant Coalition, stakeholders typically propose changes and refinements to the state legislature every two years. Homeowners are represented in the Coalition by MH/OSTA, the statewide MH owners' association, and Legal Aid. To ensure that property managers are familiar with the law, at least one manager per MHC must complete four hours of continuing education every two years.

Oregon currently lacks a mandatory enforcement system for violations of the manufactured housing landlord-tenant law. However, during 2019, the state legislature approved, and the

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#### Like a Waffle House Where Everyone Is Chained to the Booth

Frank Rolfe, creator of Mobile Home University, described the leverage of investors/landlords/owners via his video training program this way:

*"Homeowners are stuck there. They don't have any option. They can't afford to move their trailer . . . So the only way they can . . . object to your rent raise is to talk off and leave the trailer, in which case it becomes abandoned property and you recycle it—put another person in it. So, you really hold all the cards. So, the question is, what do you want to do? How high do you want to go?"<sup>35</sup> He likened an MHC to a "Waffle House where everyone is chained to the booth."*

*[Northwest] area announced or implemented rent increases from \$5 to \$100 with the upper end resulting from unbundled utility services. With the lowest average 3-bed, 2-bath apartment rent for the Portland area at \$1,279, there is ample room for rent appreciation among manufactured housing site rents."*

Source: Colliers International Multifamily Housing Team, *Northwest Manufactured Housing Study*, 2018.

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#### MH/OSTA: A Resource for Oregon MH Homeowners

MH/OSTA is the statewide organization by and for MH homeowners. It has a free call-in line for peer advice on MHC issues, a quarterly newsletter for members, on-demand training and speakers, online guides, a small matching grant home repair program, and an annual conference. Residents may join as individual members, and MHCs may form local chapters.

Further information: <http://mh-ostablog.blogspot.com/>

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<sup>35</sup> Rolfe, Frank, quoted in "Mobile Homes: Last Week Tonight with John Oliver" (HBO). (April 8, 2019). YouTube Video.

<https://www.bing.com/videos/search?q=john+oliver+mobile+homes&view=detail&mid=C81D94AE9742D75DD52EC81D94AE9742D75DD52E&FORM=VIRE>

governor signed into law House Bill 2896, which requires that participants in a landlord/tenant dispute attend at least one mandatory mediation session (session must be requested in good faith and held within 30 days). Residents may also seek redress through Legal Aid if they qualify for services or, if they have sufficient funds, they may seek the help of private counsel, although few attorneys are familiar with this area of the law. HB 2896 also provided four years of funding for legal services—advice, negotiation, litigation—for MHC residents on matters arising under Oregon residential landlord/tenant law.

### Redevelopment Pressures Resulting in MHC Closures

At some point, the owner of an MHC may decide that they can derive a higher return on their investment if the land under the MHC were used for a different purpose, such as denser, high-income housing or mixed-use buildings. During the real estate boom of the early 2000s, the country experienced a wave of MHC closures. In Oregon, 63 MHCs closed, resulting in the loss of approximately 2,300 spaces from 2001–2007. The closures mostly occurred in the Portland Metro region (including Clackamas County), the western Gorge, the coast, southern Oregon and the Bend area. This represented the loss of about 4% of the state’s inventory of spaces and MHCs. This was at least the second wave of closures the state had experienced; the first occurred in the 1980s and primarily was associated with the loss of MHCs on industrially zoned land and in flood-prone areas.<sup>36</sup>

**Closures are most likely to occur in rapidly urbanizing areas of Oregon.** An analysis of closures in Oregon from 2001 through 2007 found that MHCs in urban unincorporated areas were 5.02 times more likely to close than MHCs in rural unincorporated areas, controlling for population growth. MHCs in incorporated areas were 4.66 times more likely to close than MHCs in rural unincorporated areas, controlling for population growth. The difference between urban unincorporated and incorporated areas was not statistically significant. The study also found that likelihood of closure was related to the rate of population growth of the county.<sup>37</sup> Some experts are concerned that additional closures may be on the horizon. No new MHCs are known to have opened in the state during the last 20 years.

MHC owners are required by state law to notify residents and the state before the owner markets the park for sale or when the owner receives an offer to purchase that the owner intends to consider, whichever occurs first.

Clackamas County, along with Oregon City, Wilsonville, Eugene and Bend, has a local law that regulates MHC closures that were grandfathered in when state legislation was adopted in 2007. Clackamas County Zoning and Development Ordinance Section 825.02 requires MHC landlords, prior to MHC closure and redevelopment, to submit a resident relocation and payment plan to the County Administrator or his/her designee for review and approval.

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<sup>36</sup> Tremoulet, Andrée. (2010). “Policy Responses to the Closure of Mobile Home Parks in Oregon.” Dissertation; Portland State University and Oregon Housing and Community Services, Park Closures.

<sup>37</sup> Tremoulet, Andrée. (2010). “Policy Responses to the Closure of Mobile Home Parks in Oregon.” Dissertation; Portland State University and Oregon Housing and Community Services, Park Closures.

Landlords must pay homeowners approximately \$11,000 for a single-wide, \$16,000 for a double-wide, and \$20,500 for a triple-wide, less the refundable state tax credit of up to \$5,000 for which some homeowners may be eligible. This ordinance applies to MHCS in the Unincorporated Area. The County's payment standards exceeds the ones by the state, Statewide, landlords are required to provide MHC homeowners with a 365-day notice and pay them \$6,000, \$8,000 or \$10,000, depending on the size of their homes.<sup>38</sup>

### Impacts of MHC Closures on Residents

MHC closures can be catastrophic for homeowners, especially if they are older adults who moved to the community with the expectation of living out the remainder of their lives there. A case study of the closure of Thunderbird Mobile Club illustrates the kinds of financial and nonfinancial impacts that can occur. This is what happened with Thunderbird residents:

- Three-fifths of the homeowners abandoned their homes, typically because they were too old to move safely, moving them cost too much, or because there was no place to put them.
- For many, it represented a loss of their largest financial asset; some still had a loan on a house that no longer existed. Four percent declared bankruptcy.
- Most lost access to affordable housing.
- Only 8% were able to move their homes to a new location, at a 2007 cost of \$20,000 to \$30,000 per home.
- For some, involuntary displacement appeared to trigger the onset of relocation stress syndrome, characterized by anxiety, apprehension, confusion, depression, and loneliness. Some experienced root shock—the loss of community and life-affirming connections to people and place.
- Six percent of the homeowners died, a rate higher than the expected mortality rate published by the Center for Disease Control for white persons age 55 and older.<sup>39</sup>

## 7.8 Understanding the principal Types of MHC Owners and Their Investment Goals Provides Insights About Displacement Risks.

Broadly speaking, Oregon has four general types of owners:

- **Local mom-and-pop owners.** Some MHCs were created by local people seeking a reasonable return on investment. Sometimes they or their family live in the communities. They may know the residents and manage the community themselves or hire a local manager or professional firm. Some mom-and-pop communities are owned by the second generation of the family. The primary risk occurs when the family wants to get out of the business, perhaps because the next generation is not interested in the

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<sup>38</sup> Amounts are approximate; future payments are inflation adjusted and may vary from these figures.

<sup>39</sup> Tremoulet, Andr e. (2010). "Policy Responses to the Closure of Mobile Home Parks in Oregon." Dissertation; Portland State University and Oregon Housing and Community Services, Park Closures.

MHC. This also represents an opportunity to facilitate preservation through a voluntary sale to homeowners as a resident-owned community (ROC) or to a nonprofit or housing authority that will retain it as permanently affordable housing. Risks can also result from the mom-and-pop owner keeping rents so affordable that delayed maintenance and infrastructure issues compound. A third kind of risk comes from an outside developer who sees an opportunity to redevelop the property and makes an unexpected purchase offer much higher than normal because they want the land; this occurred frequently in the Portland region during the closures of 2003–2007.

- **Regional multi-MHC investors.** For Oregon, these investors include both local interests and investors from California, who started looking to Oregon for opportunities when California jurisdictions began adopting rent control. These investors typically own MHCs for the long term and are interested in long-term return on investment. Some are excellent landlords; others do not share the same reputation, and individual displacement through rent increases may become a risk. Some absentee owners may be relatively small in scale but manage their portfolio primarily to derive income and avoid reinvesting in the property, leading to deteriorating infrastructure and living conditions. Some California investors are quite large and behave more like large national investors than like a regional company. Regional investors typically hire internal property managers or a third-party management firm.
- **Large national/international private equity investors.** Since 2017, very large private equity firms, REITs and institutional investors have entered the MHC business nationally. These firms include Yes! Communities (with the Government of Singapore as a major investor), Inspire Communities (Apollo Global Management), Treehouse Communities (Blackstone Group) and Carlyle Group. From an investor perspective, MHCs can offer a “strong and steady return of 4 percent or more—around double the average U.S. real estate investment trust return,” according to a 2019 report in the *Financial Times*.<sup>40</sup> The high return results from two primary factors: the investor doesn’t have to pay for the housing because residents provide it themselves (lowering the investment required), and rent elasticity is high because the homeowners cannot easily move. While investment goals vary from one firm to the next, a common strategy is to invest capital from institutional investors into businesses, make changes to increase cash flow, then sell the businesses or take them public after four to six years.<sup>41</sup>
- **Resident-owned communities and nonprofit owners.** Nonprofit and resident-owned communities (ROCs) provide long-term, stable homeownership opportunities for residents. The State of Oregon has programs and policies to support voluntary purchases of MHCs by resident cooperatives and nonprofits. Nonprofit ownership and ROCs provide ultimate stability; however, they require up-front public subsidy, a willing seller, time, and expertise to complete. CASA of Oregon is the principal organizer and facilitator of ROCs in the state; they are affiliates of the national network

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<sup>40</sup> Foroohar, Rana. (May 19, 2019). “U.S. Private Equity Moves into Trailer Parks,” *Financial Times*.

<sup>41</sup> Baker, J., Voight, L. Jun, L. (2019). *Private Equity Giants Converge on Manufactured Homes*. <http://pestakeholder.org/report/private-equity-giants-converge-on-manufactured-homes/>, accessed 4/28/2019.



ROC USA. St. Vincent de Paul of Lane County and NeighborWorks Umpqua also own and manage MHCs, providing long-term, stable affordability. Currently, Oregon has 23 ROCs and nonprofit-owned communities with 1,290 spaces, according to Network for Affordable Housing. In Washington, two housing authorities also own MHCs: King County Housing Authority and Housing Authority of Snohomish County.

Clackamas County has two ROCs (Clackamas River Village [142 spaces] and Two Rivers Homeowners Cooperative [76 spaces]). These two communities are affordable and preserved for the long term. The County has one MHC owned by a large national investor (Country Village Estates [500+ spaces] owned by Sun Communities, Inc.). Sun Communities appears to straddle the line between a large private equity investor and a regional investor; while it is an REIT based in Michigan, it is not new to this industry, and its website suggests that it holds onto and manages the communities that it owns. The remainder of the MHCs are owned by regional investors or mom-and-pop owners.

## 7.9 Displacement Risk Indicators Help Determine Next Steps.

With rising land values and a changing, urbanizing landscape, displacement of some of the 6,000 MH in MHCs in Clackamas County is a concern. **Displacement risk indicators are data points that can be queried to determine if potential risk exists, where they may exist, and what warrants further investigation.**

There are two types of displacement: displacement of individual residents due to issues like rent increases and poor management practices, and displacement of all the residents living in a community due to MHC closure. The displacement risk indicators help detect the likelihood of either occurring. None of the indicators imply that displacement will necessarily occur; instead, they can be used to help staff prioritize where it is most important to follow-up by contacting owners, managers, or residents to get firsthand information about what is taking place.

The five displacement risk indicators utilized in this report are as follows:

- MHC sale patterns and outliers
- High vacancy rates
- Sharply rising land values or new development nearby
- Patterns of complaints from residents
- Infrastructure failure

### MHC Sale Patterns and Outliers

Sales of MHCs are not unusual, but sales with prices outside the norms or sales to a large private equity firm or REIT could be cause for concern. As Exhibit 30 shows, 18% of the County's MHCs were sold in the five-year period of 2013–2018 (17 of 99 total MHCs).<sup>42</sup> Most of

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<sup>42</sup> An initial analysis identified 40 MHCs that had transacted in 2013–2018. However, many of these transactions did not represent a true arm's-length sale. Instead, they might represent a change in ownership form (e.g., from an

the MHCs were midsized (31–100 spaces), and one, Highland View Mobile Park, had a substantial number of space vacancies.

### Exhibit 30. MHC Sales, Clackamas County, 2013 through 2018

Source: RLIS, Oregon Housing and Community Services. Notes: Under Buyer Location, CA indicates buyer has a mailing address in California, Metro indicates buyer address in Portland-Vancouver region, and MA indicates buyer address in Massachusetts. List of Notice of Sale provided by Oregon Housing and Community Services and Manufactured Communities Resource Center appears to be current as of 2/15/2019. <https://www.oregon.gov/ohcs/CRD/mcrc/docs/Notice-of-Intent-to-Sell-Manufactured-Home-Park.pdf> Note: In addition to sales listed, there was one additional sale in unknown location (2017 sale); buyer was from Portland Metro.

MHC Sale	Site Address	Total Spaces	Vacant Spaces	Type	Buyer Location	Year Sold
<b>Incorporated</b>	<i>22% of MHCs in Incorporated Areas sold</i>					
Hood Chalet Mobile Estates	47000 SE HWY 26, Sandy 97055	82	0	Family	Metro	2013
Mount Pleasant Mobile Home Park	18780 Central Point Rd, Oregon City, 97045	68	1	Family	CA	2016
Redwood Estates	620 SE 2nd Ave, Canby 97013	72	0	55+	CA	2017
Unknown	16300 SE HWY 224m Damascus 97089	-	-	-	CA	2015
Wunder Mobile Park	19000 SE Bornstedt Rd, Sandy 97055	33	0	Family	CA	2016
<b>Rural Unincorporated</b>	<i>22% of MHCs in Rural Unincorporated Areas sold</i>					
Eagle Crest Estates	30838 SE Riverside Way, Eagle Creek, 97022	85	0	Family	Metro	2016
Highland View Mobile Park	18552 S Nora LN, Mulino 97042	65	51	Family	Metro	2018
Orient Drive Mobile Estates, LLC	13025 SE Orient Dr, Boring 97009	51	0	55+	CA	2013
Totem Village Mobile Park	36451 S Sawtell Rd, Molalla 97038	34	0	Family	Metro	2016
Unknown	Boring 97009	-	-	-	CA	2013
Unknown	67770 E HWY 26, Welches 97067	-	-	-	Metro	2015
<b>Urban Unincorporated</b>	<i>11% of MHCs in Urban Unincorporated Areas Sold</i>					
Forest Park Mobile Village	18830 S HWY 99E, Oregon City, 97045	41	0	Family	Metro	2013
Frontier Urban Village	16551 SE 82nd Dr, Clackamas, 97015	42	3	55+	MA	2018
Holly Court	3016 SE Holly Ave, Milwaukie, 97222	10	0	Family	CA	2017
Holly Tree Mobile Home Park	8951 SE Fuller Rd, Happy Valley, 97086	57	0	Family	Metro	2017
Pillars Mobile RV Park	16417 SE McLoughlin Blvd, Portland, 97267	41	0	Family	Metro	2016

**In addition to these sales, Country Village Estates, said to be the state’s largest MHC, sold in early 2019 to a major national investor, Sun Communities, located near Chicago, Illinois.**

State law (ORS 90.842) requires that MHC owners notify Oregon Housing and Community Services and the residents when a community is for sale. OHCS lists the MHCs for which it has received an Intent to Sell Notice on its Manufactured Communities Resource Center (MCRC) web page. Notices were received from the following Clackamas County communities for 2018 through January 2019:

- Carver Mobile Home Park, Damascus, 61 spaces. Notice 2/16/18
- Cherry Lane Mobile Park, Oregon City, 66 spaces. Notice 7/12/18
- Concord Terrace, Portland, 87 spaces. Notice 7/16/2018
- Big Foot MHC, Sandy, 40 spaces. Notice 9/27/18
- Country Village Estates, 530 spaces. Notice 10/10/2018, sold late 2018 to Sun Communities.
- Riverbend MHC, Clackamas, 208 spaces. Notice 12/17/18
- Mountainview Mobile Estates, 41 spaces. Notice 1/29/19

individual to an LLC), with the same people in charge, or the addition of adult children as new co-owners as the original owner aged. Seventeen true arm’s-length transactions were identified.

This list indicates that 7 MHCs (7% of all MHCs in the county) with a total of 503 spaces (8% of all spaces) were for sale.

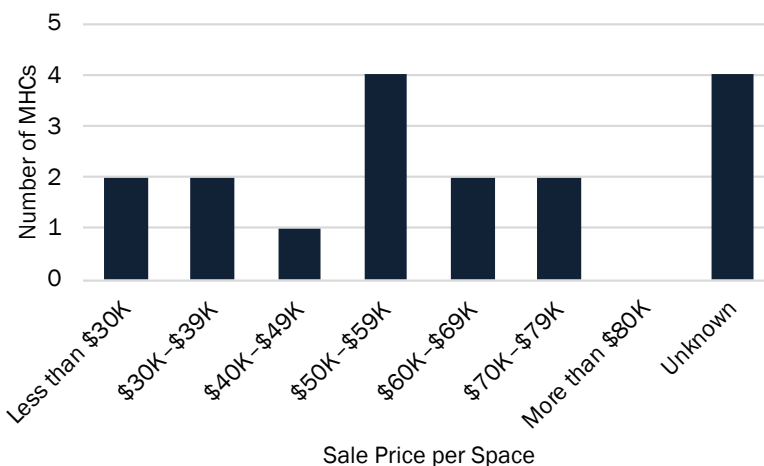
**MHC sales prices between \$30,000 and \$80,000 are the norm.**

Prices outside this range warrant further investigation by staff.

Of concern are high value sales. The buyer may be purchasing the MHC to acquire the land for redevelopment; this may be particularly true if it is zoned for nonresidential uses.

**Exhibit 31. Sale Price per Space of MHCs, Clackamas County, 2013–2018**

Source: Clackamas County Assessment & Taxation, Oregon Housing and Community Services, and Manufactured Community Resource Center.



One MHC sale in particular warrants follow-up:

- The sales price for County Village Estates (the 500+ space MHC) was a surprising \$61,770,000, which is more than \$120,000 per space. This raises a concern about potential rent increases to finance the purchase. However, Sun Communities only raised the space rent by a modest \$25 per month immediately after the purchase, an increase of 2.5% over prior rent.<sup>43</sup>

The Sun Communities, Inc. website states that “the company owns and operates or has an interest in 379 manufactured housing and recreational vehicle communities located in 31 states throughout the United States and Ontario, Canada, as of March 31, 2019. Sun Communities’ portfolio consists of over 132,000 developed sites. Established in 1975, Sun Communities became a publicly owned corporation in December 1993. The company is a fully integrated real estate investment trust (REIT) listed on the New York Stock Exchange under the symbol: SUI.”<sup>44</sup> Sun Communities, Inc. currently owns four MHCs in Oregon: Country Village Estates in Oregon City, Forest Meadows in Philomath, Oceanside RV Resort in Coos Bay, and Woodland Park Estates in Eugene.

<sup>43</sup> Source: Commonworks Consulting phone call to Country Village Estates management office, April 2019.

<sup>44</sup> Source: <http://www.suncommunities.com/investor-relations/>, accessed 4/28/2019.

The County should continue to monitor MHC intent to sell notices and proactively reach out to owners of MHCs that are for sale to determine their needs and vision for their property. In particular, the County should be alert to potential sales of large communities (scale of impact); sales of MHCs with any of the other risk factors (high vacancy rates, infrastructure issues, patterns of resident complaints, or strong redevelopment pressure); significant increases in sales activity (might signify changes in the market for MHCs that are not advantageous to current residents); and acquisitions by REITs, nonlocal investors, and equity investment firms (entities that can distance themselves from impacts on residents).

### High Vacancy Rates

High vacancy rates could be an indicator of issues within the MHC, such as poor maintenance or management. It could also indicate that the owner eventually intends to use the property for a different purpose, or that some kind of change is occurring in the community.

MCRC lists five MHCs in the county with more than 10 vacant spaces:<sup>45</sup>

#### Rural Unincorporated

- Highland View Mobile Park: Family MHC, 51 of 65 spaces vacant

#### Urban Unincorporated

- Oak Acres: Family MHC, 82 of 270 spaces vacant
- Riverbend: Family MHC, 27 of 2008 spaces vacant
- Steeves Mobile City: 55+ MHC, 14 of 70 spaces vacant

#### Incorporated

- Village on the Lochs: Family MHC, Canby, 11 of 144 spaces vacant

These five communities warrant follow-up by staff.

### Sharply Rising Land Values or Nearby Development

During the MHC closures of 2001–2007, being located near a major employer or a quickly growing commercial/mixed-use center was a strong indicator of potential closure of an MHC

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#### Manufactured Communities Resource Center, Oregon Housing and Community Services

MCRC provides information and services to MH landlords and residents in Oregon. Their website has a wealth of information, including a directory of MHCs, list of MHCs sale notices, vacancy data, landlord training resources, and links to applicable laws and forms. Services include free dispute resolution through referral to local mediation agencies, skills training, and assistance to residents and jurisdictions when an MHC closes.

More information:  
<https://www.oregon.gov/ohcs/Pages/manufactured-dwelling-park-services-oregon.aspx>

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<sup>45</sup> Source: Oregon Housing and Community Services, Manufactured Communities Resource Center, Park Directory. <https://www.oregon.gov/ohcs/Pages/manufactured-dwelling-park-services-oregon.aspx> (Publication date not provided; it is not known when vacancy data were last updated.)

for redevelopment. In these cases, developers found that they were able to earn a higher return on investment from redevelopment of the land to a different, higher-end residential or mixed use than from continuing to operate an MHC. In some cases, local MHC owners whose communities were not on the market received unsolicited purchase offers from out-of-state investors who saw the development potential and no tie to the residents living in the MHC.

Research and Oregon law indicate that redevelopment is more likely to occur in the urban unincorporated area than in the rural unincorporated area. Exhibit 32 compares the value of land currently used for MHCs in the three areas of the County. The high average value of land in Urban Unincorporated Clackamas County further suggests that MHCs in this area may be under the greatest economic pressure for redevelopment, especially if the underlying zoning allows commercial, mixed-use, or high-density residential development. A zoning and development permit analysis by staff could result in the identification of specific MHCs currently under the greatest economic pressure for redevelopment.

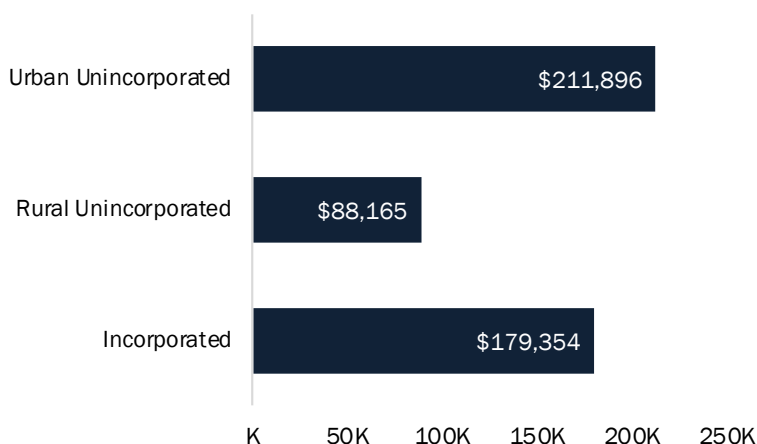
**Land in the urban incorporated area has the highest average value.**

The value of land used as MHCs in the urban unincorporated area is approximately 2.4 times the value of the land in the rural unincorporated area.

Thus, MHCs in Urban Unincorporated Clackamas County are likely under the greatest economic pressure for redevelopment.

**Exhibit 32. Assessed Value of Land Used for MHCs, Clackamas County, 2018**

Source: RLIS, Oregon Housing and Community Services Manufactured Dwelling Park Directory as of April 2019. Note: Total acreage and land value not available for all communities. Some communities may include additional parcels.



**Patterns of Complaints by Residents**

Clackamas County Dispute Resolution Services is the referral entity for mediation requests originating in Clackamas County. Staff report that they received five referrals for mediation in 2017 from the state and four in 2018. Issues included fire danger, rent, park safety, sewer, fencing, general management, parking access and eviction, and neighbor-to-neighbor concerns.

It is likely that these referrals represent only a small share of the concerns that exist. Advocates report that many MHC residents across the state are unaware of the mediation services available through MCRC; some believed to be reluctant to take action because of their concerns about potential retaliation by MHC management. Additional ways to find out about MHC resident concerns and problems are needed.

## Infrastructure Failure

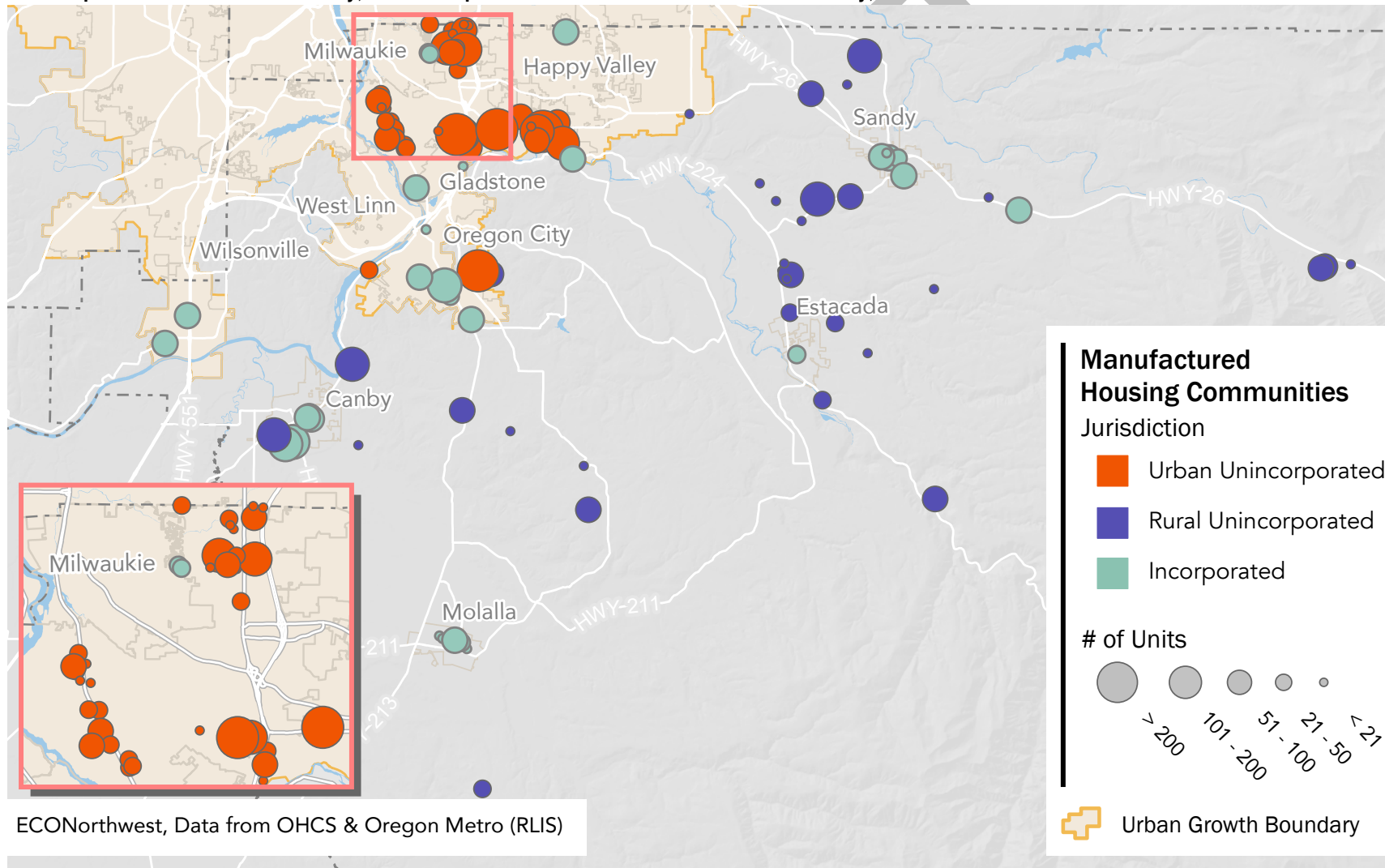
Shared utility systems are the responsibility of the MHC owner to maintain. Underinvestment in maintenance and inadequate initial construction standards can lead to failed infrastructure systems and unlivable housing conditions for residents. In rural areas, MHCs may depend on septic systems and well water, and both are prone to issues if not managed properly.

Sometimes the MHC with problems is run by a mom-and-pop local owner who only owns that particular community, which they built 30 to 40 years ago. Knowing their residents, the owner may have kept rents low and thus lacks the resources to invest in the needed improvements. Instead, they may try some stopgap repairs. Regulating officials faced with an MHC like this have two primary options: allow the MHC to continue to function with somewhat improved but still inadequate systems (thus risking potential health concerns) until a more permanent fix can be achieved, or close down the MHC, resulting in displacement of extremely vulnerable residents.

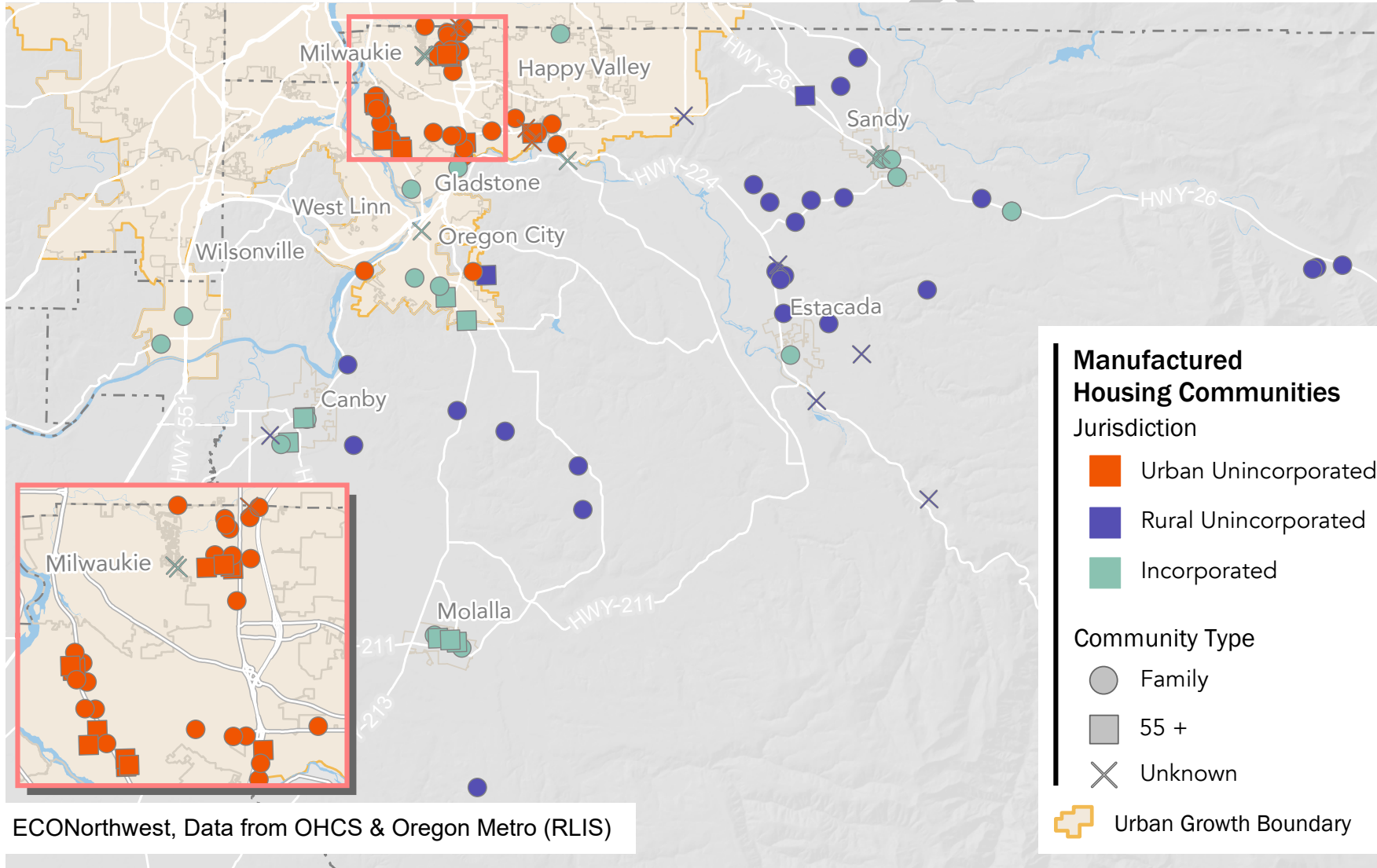
According to Clackamas County Septic and Onsite Wastewater Program, there are no major known failing septic systems in MHCs (now that a 60+ space community in Damascus – Carver Mobile Ranch, was recently connected to sanitary sewer). This agency is the entry point for reporting Clackamas County septic problems. Smaller systems are handled directly by the County, and larger cases are handled by Oregon DEQ Onsite Wastewater Management Program.

## 8 Appendix B. Geographic Locations of Manufactured Housing Communities

Exhibit 33. Manufactured Housing Communities by Number of Units (spaces), Urban Unincorporated Clackamas County, Rural Unincorporated Clackamas County, and Incorporated Cities within Clackamas County, 2018



**Exhibit 34. Manufactured Housing Communities by Community Type, Urban Unincorporated Clackamas County, Rural Unincorporated Clackamas County, and Incorporated Cities within Clackamas County, 2018**





**Exhibit 35. Manufactured Housing Communities by Year Built, Urban Unincorporated Clackamas County, Rural Unincorporated Clackamas County, and Incorporated Cities within Clackamas County, 2018**

