POSTINDEPENDENT

Organizing mobile-home owners as investors gobble up parks

Case study gathers resident sentiments about rents, rules, legislative remedies

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Residents of the 3-Mile Mobile Home Park near Glenwood Springs chipped in for a community cleanup day on June 25, 2023. John Stroud/Aspen Journalism

Editor's note: This story from Aspen Journalism is being published in two parts, beginning today. The second part will run on Oct. 2 and you can read the story in its entirety at aspenjournalism.org.

Like a lot of his neighbors, John Sullivan looks down his Apple Tree Park street and across the Colorado River toward the small Western Slope town of New Castle and wonders about the future.

The 290-space mobile home park where he has lived for 25 years has one of the more picturesque settings among the 50 or so such parks, large and small, that dot the region from Aspen to Parachute.

The streets and yards are lined with mature trees to provide ample shade in the summer, and there's a good-sized community park where children can play and families gather for picnics. Many of the spaces even overlook the river — albeit with Interstate 70 and the Union Pacific Railroad tracks just to the other side.



A dog wanders lower Second Street at Apple Tree Park near New Castle, which overlooks the Colorado River. John Stroud/Aspen Journalism

It's not quite paradise, but in a hot real estate market like the one that emerged from the COVID-19 pandemic, the 63 acres of riverfront property could be a developer's dream.

"That thought is certainly in the back of your mind. You never know, it could possibly happen at some point. I mean, it's happened elsewhere," said Sullivan, who recently retired from his longtime maintenance job at Valley View Hospital in Glenwood Springs.

Two of his adult children also live at Apple Tree with their families, which means the grandchildren are nearby. It's a great place to live, especially for people of modest means, he said.

"It would be hard to go anywhere else, unless you have a lot of money to try to go buy something," Sullivan said. "That's really not an option for most of us here."

What Sullivan and his neighbors worry about — corporate ownership takeover, creeping unaffordability, the potential for the park to be displaced by redevelopment — is happening at an accelerating rate, both in the Roaring Fork Valley and across Colorado, prompting stronger policy prescriptions from elected officials and community leaders.

In 2020, according to Garfield County property transaction records, Apple Tree Park sold for \$22.7 million to the Park City, Utahbased Investment Property Group (IPG), when the Talbott family, which had owned the park since its inception, decided to sell.

That same year, IPG also purchased the 68-space Mountain Valley Mobile Home Park, on Highway 133 at the entrance to Carbondale, for \$9.5 million — almost \$4.3 million more than what the property sold for just two years earlier, records show.

IPG first entered the area real estate market in January 2019 when it purchased the 79-space Aspen-Basalt Mobile Home Park, on Willits Lane in Basalt, for \$11.2 million, according to Eagle County property transaction records.

The company's portfolio now includes more than 150 properties across 13 states, including 114 mobile home parks offering more than 19,000 spaces, according to the Mobile Home Park Home Owners Allegiance's <u>online database</u>.

IPG bills itself on its website as a residential property management company with an emphasis on renovation and maintaining its properties for the long term. Company officials declined comment for this story.

It's part of an ownership trend away from family-owned trailer parks (as they used to be called) — often built by farming and ranching families as a way to bring in additional income through rents and to help house workers for large public works projects in the mid- to late 20th century — and toward out-of-state real estate investment interests.

"It's definitely a national trend," said Jon Fox-Rubin, who works with the Carbondale-based Manaus philanthropy fund as its <u>Housing Innovation Project</u> lead. "And, ironically, some of the federal funds that were designated for affordable housing have been accessible for many of these investor groups to come in and buy up mobile home parks to get incredibly low interest rates on their financing."

There are decent players in it for the long haul, and IPG and some of the other recent new players may prove to be among them, he acknowledged. Yet, there are rarely any covenants forcing the owners to keep rents affordable or preventing them from eventually selling the land off for potential redevelopment, he said.

Rules and raising rents

The move away from local ownership has brought new rules for many park tenants, such as limiting the number of sheds and other exterior structures they are allowed to have, ensuring fences are stained and in good repair, and getting rid of junk cars and recreational vehicles or finding another place to store them.

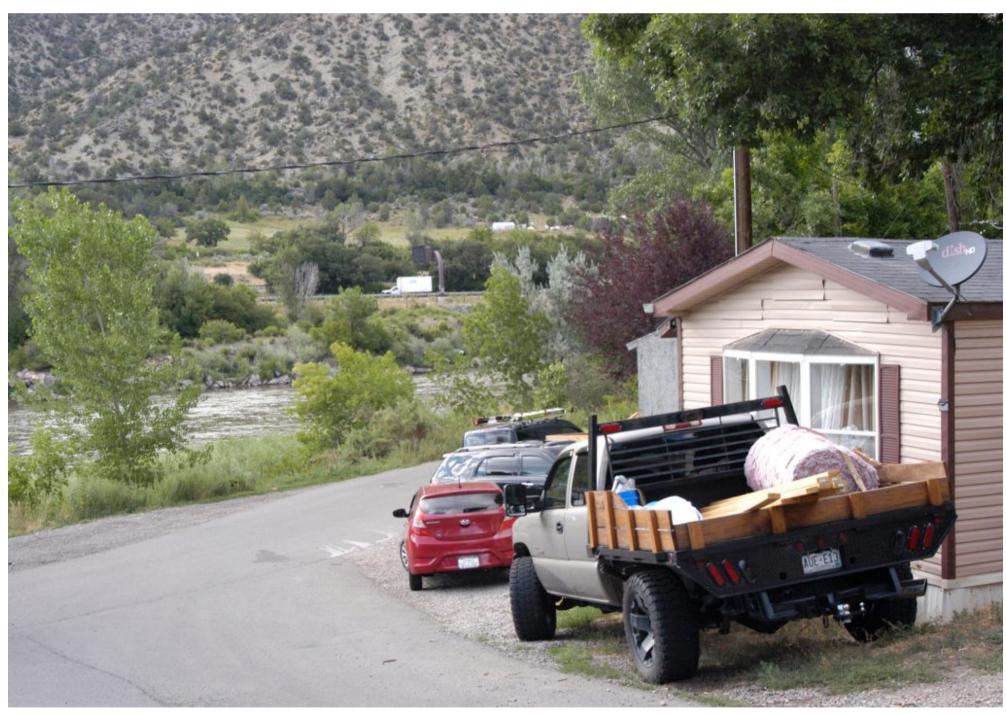
The rules are meant to clean things up in terms of the parks' appearance. But they can be onerous, not to mention expensive for people who are just scraping by.

"I try to comply and do as much as I can," said Sullivan, who had to remove two of his three lean-to sheds, where he stores his firewood for the winter. He now has to store some of it off-site at an extra cost.

"That's how I heat my house for the winter, is wood," he said.

And, of course, the new rules are accompanied by increases in space rents.

Sullivan said he saw an \$80-per-month rent increase the first year under the new ownership at Apple Tree, and a smaller one last year. He now pays \$588 per month for the right to keep his home — which he owns outright — parked there. (As with most mobile home parks, the residents own their houses but pay rent for the space.)



Vehicles parked outside some of the riverfront mobile home sites at Apple Tree Park near New Castle. John Stroud/Aspen Journalism

Through its community organizing efforts, local advocacy group Voces Unidas de las Montañas learned that new tenants who purchased an existing mobile home or moved in a new one under IPG have been charged space rents 50% to 60% higher than what long-standing tenants, who are grandfathered in, are paying.

"That's the difficult part that a lot of these residents talk to me about," said Voces Unidas' Alan Muñoz, who has been helping Apple Tree residents mobilize on things such as compliance issues, rents and ongoing concerns about the water quality in the park.

Having grown up and continuing to reside at the Cottonwood Springs Mobile Home Park, near Rifle, Muñoz said he's used to rent increases, but usually no more than \$10 or \$15 a year.

"So, you go from paying maybe \$410 to \$425 in a year, where some of these corporate-owned parks are jumping from \$400 to \$500 or \$600 in a single year," he said. "And we don't have any sort of legislation to prohibit that."

With pressures mounting on mobile home park residents across Colorado, multiple efforts are underway, both at the grassroots level and in the state legislature, to try to preserve mobile home parks as one of the last bastions of affordable, low-income housing.

A case study

In 2021, the Mountain Voices Project, a community advocacy organization launched by Manaus, teamed up with the Partners in Evaluation and Research (PiER) Center at Kaiser Permanente Colorado's Institute for Health Research to conduct both a statewide assessment of mobile home park ownership and a local case study.

According to the <u>final report</u> published by PiER this past summer, more than 100,000 people live in roughly 900 manufactured or mobile home park communities in Colorado.

"Despite many residents owning their mobile homes, the opportunity to maintain stable, safe and affordable housing is challenged by several factors, including lack of renter protections, overbilling, park maintenance and wrongful evictions," an executive summary of the report states.

With housing insecurity as its focus, the study looked at some of the solutions, including what impact, if any, legislation that was signed into law in 2019 and 2020 had on park residents.

Those bills included:

- The Mobile Home Park Act Oversight (House Bill 19-1309) and a 2020 update to that act (HB 20-1196)
- The Mobile Home Park Residents Opportunity to Purchase (<u>HB 20-1201</u>) and a 2022 amendment to that measure.

The measures tasked the Colorado Department of Local Affairs' Division of Housing with implementing and enforcing new mobile home park regulations, created the Mobile Home Park Act Dispute Resolution and Enforcement Program, and granted cities the authority to enact ordinances supporting the safe and equitable operation of mobile home parks.



The view down one of the streets at Apple Tree Park near New Castle. John Stroud/Aspen Journalism

The opportunity to purchase law requires landlords to give 12 months' notice before any change of use can occur on the property. Residents then have 120 days — the law's original provision of 90 days was amended in 2022 — to make an offer to buy the property.

Among the key findings in the study, though, is that policy implementation takes time and that the language is often confusing and has loopholes.

It also notes that mobile home park residents live in fear of retaliation if they complain about rent, rules or conditions, which makes it hard to organize so that they can advocate for themselves.

Although the legislation signaled progress for mobile home park advocates in terms of ensuring racial equity and better housing security, there is still work to do, the report states.

"In general, we observed a lag in policy rollout and implementation during the two years following [the laws'] enactment," the study concludes. "Despite new protections offered by the policies, fear of retaliation among mobile home park residents was a substantial barrier that limited the effectiveness of the policies."

Locally, with real estate values and interest rates soaring, there are few tools for residents to advocate for themselves regarding rent increases, or to try to take ownership of their parks, Fox-Rubin and others point out.

There are approximately 3,000 mobile homes in Garfield County alone, housing an estimated 15,000 to 20,000 people, according to the local case study that was included as part of the statewide assessment. Inventories taken by both Manaus and Voces Unidas suggest that about half of the park residents in Garfield County are Latino.

The <u>local study</u> looked at three mobile home parks in Garfield County: Apple Tree, Cottonwood Springs (290 spaces) and Cavern Springs (97 spaces) located between Glenwood Springs and Carbondale near the intersection of Highway 82 and Garfield County Road 154.

Cottonwood Springs, which has been under local ownership since its inception in 1969, is now registered with the Colorado Secretary of State's Office as Cottonwood Springs Holdings LLC. It has a 2023 property valuation of \$14.2 million, according to Garfield County Assessor's Office records. The registered agent listed for that entity, retired Glenwood Springs attorney John Schenk, could not be reached for comment for this story.

Cavern Springs, formerly known as the H Lazy F Mobile Home Park, is now owned by Maryland-based Horizon Land Management, with a current valuation of just under \$10 million, according to Garfield County Assessor's Office records.

In early 2021, Colorado-based Thistle ROC (Resident Owned Communities) got involved to try to help residents buy Cavern Springs. Thistle ROC is a nonprofit organization that assists in financing low-income resident corporations so they can buy and improve their parks and build equity.

Cavern Springs was part of a multiproperty portfolio owned by the now-defunct Strive Communities, said Andy Kadlec, who worked for Thistle ROC at that time and later chaired the Roaring Fork Community Development Corporation (RFCDC) when it was resurrected by Manaus. He is now executive director for the Gunnison Valley Regional Housing Authority.

Thistle was successful in peeling off two of those portfolio properties to sell to residents.

"But the price on Cavern Springs was astronomical — approximately double the cost per lot of most of the other parks in the portfolio," Kadlec said.

Fox-Rubin and Kadlec said that a good rule of thumb regarding market value for mobile home parks is about \$100,000 per unit. In the case of Cavern Springs, that would put the market value at about what the assessed property value is: roughly \$9.7 million. But the asking price was about double that per-unit value when the inquiry was made, they said.

"I met with the residents a few times, but the debt needed to purchase was unobtainable and would have resulted in rents close to tripling," Kadlec said.

Garfield County property records show the nearly 14-acre property transferred ownership from MHCO H Lazy F to Horizon subsidiary Cavern Springs MHC LLC in late March 2021. However, no document fee was <u>recorded</u>, which would indicate a sale price. The company representative who made the filing claimed a statutory exemption from recording the fee, said Bev Eberle, a recorder with the county Clerk and Recorder's Office.

According to Colorado Secretary of State's Office business filings, Cavern Springs MHC's registered agent is Maryland attorney Rikki Drykerman, who, according to her LinkedIn page, serves as general counsel for Horizon. The <u>company website</u> lists an ownership portfolio of dozens of properties across multiple states, including five on the Western Slope: Grand Junction, Montrose, Craig, Hayden and Glenwood Springs.

Horizon representatives declined a request for comment for this story, and Drykerman could not be reached for comment.

"We excel at creating and maintaining affordable, clean and desirable land-leased neighborhoods; generally located in high cost of living areas," the Horizon company website states. "Our land-leased neighborhoods are Manufactured Home Communities (MHCs). MHCs are similar to traditional single-family residential neighborhoods, except the landlord, rather than the homeowner, owns the land upon which the resident's home sits."

Residents offer thoughts

The case study involving Cavern Springs, Apple Tree and Cottonwood included a resident survey to gauge their perceptions about park conditions, management practices and safety, and their willingness to consider organizing to protect their interests.

Most of those surveyed said they live in their mobile home park because it's the only home they can afford in the area, and because the parks are typically quiet and close to the places they need to go.

But there's also a fear factor, given the power dynamics of mobile home park living. Also captured in the survey:

- Just 34% of residents felt safe from retaliation by park management.
- Only 24% felt safe from being evicted.
- 43% and 44%, respectively, were "unsure" if they were safe from retaliation or from being evicted.

"This large percentage of 'unsure' responses highlights a theme heard from resident leaders that people were afraid to answer authentically for fear of the owner finding out and the possibility of that affecting their living situation," the study said.

Asked if they would be interested in cooperatively owning the park with their neighbors, 68% of respondents said yes. In addition, 71% said a resident association would be helpful in dealing with concerns and beginning the process of resident ownership.

"These percentages were the highest in recently sold parks Apple Tree and Cavern Springs (89% and above)," the study concluded. "This could be due to negative experiences the residents have had with the new park owners and residents having a better understanding of how mobile home park ownership could help them avoid some of their current challenges."



Colorado's Home Owner and Resident Rights are posted at the mail kiosk at Apple Tree Park near New Castle. John Stroud/Aspen Journalism

Water woes

Water quality has been a big issue at Apple Tree Park, where the Colorado Department of Public Health and Environment <u>intervened</u> <u>this year</u>, hosting a community meeting with residents and representatives of IPG to try to come up with some solutions.

Although water-quality testing through CDPHE has found that the water does not violate health standards, it is discolored due to high iron content from the underground source. Residents say that they don't drink it and can't wash clothes in it or use it for cooking, and that iron deposits also reduce the lifespan of water fixtures and appliances, prompting costly replacements.

Cavern Springs residents expressed similar concerns about water quality in the survey. Thirty-nine percent of respondents said they were dissatisfied with access to clean drinking water and 42% ranked water and sewer-system issues, equitable utility billing and rents as their top park needs.

Another <u>piece of legislation</u>, the Mobile Home Park Water Quality Act (<u>HB 23-1257</u>), was passed this year and was sponsored by Democratic state Rep. Elizabeth Velasco, who represents Garfield County and the Roaring Fork Valley. It creates a water-testing program for mobile home parks and makes grants available for remediation.

It includes provisions for a park to be deemed a public nuisance if it doesn't comply with testing requirements or if it fails to create a water quality remediation plan when problems are identified in the test results. In extreme cases of noncompliance, parks could even be turned over to local government ownership.

The mobile home park owner lobby in Colorado and elsewhere in the country has pushed back against many of the provisions aimed at protecting park tenants, including health standards and attempts at rent controls. Whether the measures, if challenged, would hold up in court remains to be seen.

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