

SENATE BILL REPORT

SB 5482

**AS REPORTED BY COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC
DEVELOPMENT, MARCH 2, 1993**

Brief Description: Defining rights of tenants in mobile home parks.

SPONSORS: Senators Skratek, M. Rasmussen, Spanel, Prentice, Franklin, McAuliffe, A. Smith, Drew and von Reichbauer

SENATE COMMITTEE ON TRADE, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5482 be substituted therefor, and the substitute bill do pass.

Signed by Senators Skratek, Chairman; Sheldon, Vice Chairman; Bluechel, Deccio, Erwin, M. Rasmussen, and Williams.

Staff: Traci Ratzliff (786-7452)

Hearing Dates: February 19, 1993; March 2, 1993

BACKGROUND:

Development pressures, particularly in urban areas, have resulted in the conversion of mobile home parks to other uses at an alarming rate. As a result, a significant number of mobile home park tenants, many of whom are elderly and low income have been forced to find alternative living arrangements. This is increasingly difficult, given the low vacancy rate in many parks in this state.

It is suggested that mobile home park tenants should be given the opportunity to purchase the mobile home park in which they live should it become available for sale.

The Mobile Home Landlord Tenant Act regulates the relationship between the owner of a mobile home park and the tenants of the park. Key provisions of the act require the tenant be offered a written rental agreement for a term of at least one year, require the tenant be provided with a copy of all park rules, prohibit entrance fees or exit fees, prohibit certain actions by the landlord, and specify the duties of the landlord and the tenant. Thirty-three other states have established Mobile Home Landlord Tenant Acts.

Under current law, a landlord is authorized to terminate any tenancy without cause if at least one year's notice is provided. In addition, a tenant may be evicted for the following reasons: substantial repeated violations of park rules; nonpayment of rent; conviction of a crime which threatens the health and safety of other tenants; failure to comply with state and local laws; change in land use of the park; and engaging in drug related activity.

Concerns have been raised about what constitutes sufficient grounds for an eviction for "drug-related" activity.

Many of the duties or responsibilities of the park owner do not generate any penalties if they are violated.

SUMMARY:

Qualified tenant organizations, consisting of 60 percent of the tenants in a mobile home park, that provide a written notice to the mobile home park owner of their intention to purchase the park must be notified by the park owner if an agreement to purchase the park is reached with a prospective buyer.

The tenant organization has 90 days after the notice is received from the park owner to present a fully executed purchase and sale agreement to the owner along with 1 percent of the agreed purchase price. The agreement must be as favorable to the park owner as the original agreement. If the above conditions are met, the park owner must sell the mobile home park to the tenant organization.

The tenants must be ready to close the sale within 120 days from the date of execution of the purchase and sale agreement. This time period may be extended by mutual agreement between the park owner and tenants.

Conditions under which a park owner may sell to another buyer are outlined.

In the event the park owner violates the notice provisions of the act and proceeds with the sale of the park, the sale may be voided by a superior court.

The Department of Community Development may make loans from the mobile home park purchase fund to: resident organizations for the financing of park conversion costs if a significant portion of the residents are low-income or infirm; or low-income residents of mobile home parks converted or planning to be converted to resident ownership. Additional loan eligibility requirements are outlined.

Loans may be made for terms of up to 30 years. The department shall establish the rate of interest to be paid on the loans. The department must obtain security for the loans.

The Department of Community Development may provide technical assistance to resident organizations desiring to convert a mobile home park to resident ownership.

Modifications to the Mobile Home Landlord Tenant Act: Mobile home park rules can only be enforced against a tenant if: (1) their purpose is to promote the convenience, safety or welfare of the residents, protect and preserve the premises from abusive use, or make a fair distribution of services and facilities that are generally available to tenants; (2) they are reasonably related to the purpose for which they are

adopted; (3) they apply to all tenants in a fair manner; (4) they are not for the purpose of evading an obligation of the landlord; (5) they are not retaliatory or discriminatory in nature; and (6) they are sufficiently explicit so that the tenants know what they must do to comply with the rules. A landlord may not amend, delete, revise or change park rules after the initiation of a tenant's original tenancy.

A mobile home landlord may no longer terminate tenancy in a mobile home park without cause. The list of reasons for which a mobile home tenant may be terminated is expanded to include the making of a material misstatement at the time of application, if the park owner discovers and acts on the misstatement within one year of the time the resident began paying rent.

Evictions of park tenants because of drug-related activity is clarified. A criminal conviction is not necessary for an eviction for drug-related activity. If law enforcement officers notify the park owner that illegal drugs have been seized, then this constitutes sufficient grounds, but not the only grounds for eviction. If drug-related activity is a basis for eviction, then the park owner may proceed directly to an unlawful detainer action.

A violation of the Mobile Home Landlord Tenant Act constitutes an unfair business practice under the Consumer Protection Act.

EFFECT OF PROPOSED SUBSTITUTE:

A right of first refusal provision for mobile home park owners desiring to purchase mobile homes that are put up for sale by the owners is included.

The period of time a tenant organization has to present a fully executed purchase offer to a park owner is shortened to 30 days. The tenant organization must provide 2 percent of the agreed purchase price as a downpayment at the time the purchase offer is presented. In addition, the sale of the property must close under the same terms as contained in the original purchase agreement. These same requirements are imposed on mobile home park owners desiring to purchase a mobile home from a home owner.

The sale or transfer of mobile home parks or mobile homes to relatives are excluded from the right of first refusal provisions.

Recreational vehicles are specifically exempt from the eviction requirements of the Mobile Home Landlord Tenant Act.

Door-to-door solicitation by political candidates in mobile home parks and political forums or meetings of organizations that represent the interest of tenants may not be prohibited in mobile home parks.

A tenant that sells or transfers the title of his or her mobile home and the rental agreement for the mobile home lot

to another individual is required to notify the landlord within 15 days of the intended transfer.

Landlords are given the authority to patrol the park grounds to assure that tenants are complying with all codes, laws, rental agreements and park rules.

Additional grounds for the eviction of tenants in mobile home parks are included.

Appropriation: none

Revenue: none

Fiscal Note: requested

TESTIMONY FOR: None

TESTIMONY AGAINST: None

TESTIFIED: No one