

# HOUSE BILL REPORT

## ESHB 1640

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### As Amended by the Senate

**Title:** An act relating to resolving manufactured/mobile home landlord and tenant disputes.

**Brief Description:** Providing a dispute mechanism for manufactured/mobile home landlord and tenant disputes.

**Sponsors:** By House Committee on Housing (originally sponsored by Representatives Morrell, Chase, Dunn, McCoy, O'Brien, Appleton and Lantz).

#### **Brief History:**

##### **Committee Activity:**

Housing: 2/15/05, 3/1/05 [DPS];

Appropriations: 3/5/05 [DPS(HOUS)].

##### **Floor Activity:**

Passed House: 3/15/05, 96-0.

Senate Amended.

Passed Senate: 4/6/05, 44-0.

#### **Brief Summary of Engrossed Substitute Bill**

- Temporarily expands the existing ombudsman service provided to mobile home park owners and mobile home park tenants and managed by the Department of Community, Trade and Economic Development (DCTED) to resolve disputes between landlords and tenants.
- Requires manufactured/mobile home communities to register with the DCTED.
- Imposes a registration fee on manufactured/mobile home communities to fund the expanded ombudsman program.
- The expanded ombudsman program, the registration program, and all reporting requirements expire December 31, 2005.

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#### **HOUSE COMMITTEE ON HOUSING**

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Miloscia, Chair; Springer, Vice Chair; Ormsby, Pettigrew and Sells.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Holmquist, Ranking Minority Member; Dunn, Assistant Ranking Minority Member; McCune and Schindler.

**Staff:** Robyn Dupuis (786-7166).

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill by Committee on Housing be substituted therefor and the substitute bill do pass. Signed by 20 members: Representatives Sommers, Chair; Fromhold, Vice Chair; McDonald, Assistant Ranking Minority Member; Bailey, Cody, Conway, Darneille, Dunshee, Grant, Hinkle, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, Miloscia, Priest, Schual-Berke and Walsh.

**Minority Report:** Do not pass. Signed by 8 members: Representatives Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Armstrong, Buri, Clements, Haigh, Pearson and Talcott.

**Staff:** Nona Snell (786-7153).

### **Background:**

The Manufactured/Mobile Home Landlord-Tenant Act (Act) governs the legal rights, remedies and obligations arising from any rental agreement between a landlord and a tenant regarding a mobile home lot or pad where the tenant has no ownership interest in the real property or in the association which owns the real property. The Act sets forth grounds for termination of the tenancy, duties of the landlord, duties of the tenant, rules with respect to transfer of the rental agreement, and the effect of failure to carry out duties. The Act includes provisions with respect to bringing suit as well as arbitration and mediation proceedings.

The Office of Mobile Home Affairs (OMHA) was created in the Department of Community, Trade and Economic Development (DCTED) to serve as the coordinating office within state government for matters relating to manufactured/mobile homes. The OMHA provides ombudsman service to manufactured/mobile home park owners and tenants with respect to disputes and problems. It also provides technical assistance to resident organizations or persons in the process of forming a resident organization; handles the consumer complaints and related functions necessary to comply with the regulations established by the federal Department of Housing and Urban Development for manufactured/mobile homes; and administers the Mobile Home Relocation Assistance Program.

### **Summary of Engrossed Substitute Bill:**

The substitute bill establishes, within the DCTED, an expanded ombudsman service funded by a mobile home park registration fee and providing for additional numbers of investigative fact-finding staff and contractors to investigate complaints, provide additional outreach and service to tenants through the implementation of a toll free information and complaint hot line, compile and track data regarding complaints and produce a registry by December 31, 2005 of all mobile home parks, including the number of tenants/units within each park. The DCTED

must report on the number and types of complaints as well as the success rate of complaint resolution to the appropriate committees of the House of Representatives and Senate by December 31, 2005.

#### Investigations

Complainants must provide written notice to the respondent prior to notifying the DCTED of an alleged violation. Whether to investigate a complaint is left to the discretion of the DCTED. Investigations will be conducted by the DCTED ombudsman staff or consultants. Representatives of the ombudsman program will negotiate an agreement between the two parties. The current remedies available under the Mobile Home Landlord Tenant Act are not affected by this act.

#### Outreach to Tenants and Landlords Regarding Ombudsman Program

The DCTED will ensure that notice of this program is widely distributed. Landlords will be required to post a notice about the program prominently in common areas. A toll-free number will be set up that park owners and tenants can use to seek additional information and communicate complaints.

#### Data Collection and Reporting

By December 31, 2005, the DCTED will submit a summary report of its activities during the period after the effective date of this act, and December 31, 2005, to the House of Representatives Housing Committee and the Senate Committee of Financial Institutions, Housing and Consumer Protection. This report will include:

- number of complaints received;
- nature and extent of complaints received;
- actions taken by the DCTED on each complaint;
- recommendations on future changes in law;
- recommendations on resources necessary to retain or improve the ombudsman program; and
- recommendations on whether and how an administrative hearing process should be adopted.

#### Registration of Mobile Home Parks & Manufactured Housing Communities

All mobile home parks and manufactured housing communities must register with the DCTED. The DCTED must compile the most accurate list possible of all mobile home parks and manufactured housing communities in the state, the number of lots subject to the Act in each park or community, and the names and addresses of these parks. The DCTED must submit this registry to the House of Representatives Housing Committee and the Senate Committee of Financial Institutions, Housing and Consumer Protection by December 31, 2005.

An annual park registration fee, which is used by the DCTED to administer this chapter, is assessed. The annual park registration fee is \$5 per lot. No more than \$2.50 of the fee may be passed on to the tenants by the park or community owner.

Notification regarding the fee must go out to all known mobile home/manufactured housing community owners. If the owner fails to pay the fee, a penalty shall be assessed at the prevailing interest rate for Superior Court civil judgments.

#### Investigation Account

A manufactured/mobile home investigations account is created in the custody of the State Treasurer. All receipts from park registration fees and late fees must be deposited in the account. Expenditures may only be used for costs associated with this chapter. An appropriation is not required for expenditures, but the account is subject to the allotment procedures. In January 2006, any remaining funds in the account will be transferred to the mobile home affairs account for the DCTED ombudsman program.

This act expires December 31, 2005.

#### **EFFECT OF SENATE AMENDMENT(S):**

Adds a subsection which requires complainants and respondents to cooperate with DCTED investigations by allowing DCTED access to inspect facilities relevant to alleged violations.  
Adds a section that enables DCTED to continue collecting any outstanding fees assessed through this program, which includes manufactured/mobile home park registration fees and associated late fees, after the programs expiration date of December 21, 2005.

**Appropriation:** None.

**Fiscal Note:** Available on substitute bill.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** (Housing) Most tenants are low income senior citizens who have no real recourse because litigation is too expensive and the ombudsman program has no teeth. Mobile and manufactured homes are difficult to pick up and move if a tenant is dissatisfied with conditions in a park. This makes them unique from apartments or other rental units. It is expensive and time consuming to sue under the Act. This program would weed out frivolous complaints, provide people with somewhere to go with complaints, and get people to work to resolve disputes. It provides a level playing field for landlords and tenants. Currently, landlords ignore problems and neglect or refuse to maintain the park and the tenants are fearful and intimidated because moving their home is beyond their means. It can cost a lot to move a home and it can be difficult to find a new spot to move to. Tenants are willing to support this program by paying a fee.

(Neutral) The DCTED ombudsman program has 500-700 requests for help each year. About 41 percent of these complaints would fall under this bill. The DCTED does about eight on-site investigations per month. The DCTED estimates that there are about 2,200 parks in the state with an average of 50 lots per park. The DCTED tracks complaints by park and they come from all over the state and are not limited to just a few parks.

**Testimony For:** (Appropriations) Mobile home tenants are happy to pay the fee included in the bill because the fees will pay for more data collection and more staff to mediate landlord/tenant disputes.

**Testimony Against:** (Housing) This process will be time consuming, cumbersome, and expensive. Tenants do have rights under the Act and these rights are enforced. Tenants with real problems are able to find attorneys and work the legal process provided under the Act. This program would discourage new mobile and manufactured home communities and make it less affordable to operate those already in existence. A workable alternative would be to establish formal problem solving groups, track the number of complaints and the number of these which are resolved, and report back to the DCTED.

**Testimony Against:** (Appropriations) None.

**Persons Testifying:** (Housing) (In support) Representative Morrell, prime sponsor; Nick Federici, Washington Low-Income Housing Alliance; Ishbel Dickens, Columbia Legal Services; Ken Newton, Manufactured Home Owners of America; Wolfgang Priebe, Sea Shore Villa Mobile Home Park; James Dean, Crystal Pointe Mobile Home Park; and Kathleen Stanley, Charles Kuney and Judith White, Mobile Home Owners Association of America.

(Neutral) Marie Sullivan and Teri Ramsauer, Department of Community, Trade and Economic Development.

(Opposed) John Woodring and Ken Spencer, Manufactured Housing Communities of Washington; Walt Olsen, Olsen Law Firm; and Darlene Pennock, Washington Apartment Association.

**Persons Testifying:** (Appropriations) Nick Federici, Washington Low-income Housing Alliance.

**Persons Signed In To Testify But Not Testifying:** (Housing) None.

**Persons Signed In To Testify But Not Testifying:** (Appropriations) None.