

# HOUSE BILL REPORT

## E2SHB 1461

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### As Passed Legislature

**Title:** An act relating to manufactured/mobile home community registrations and dispute resolution.

**Brief Description:** Addressing manufactured/mobile home community registrations and dispute resolution.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Morrell, Miloscia, O'Brien, Ericks, Hunt, Sells, Green, Flannigan, Williams, Kenney, Appleton, Ormsby, Quall, Haigh, Hasegawa and Lantz).

**Brief History:**

**Committee Activity:**

Housing: 1/31/07, 2/8/07 [DPS];

Appropriations: 3/1/07, 3/3/07 [DP2S(w/o sub HOUS)].

**Floor Activity:**

Passed House: 3/9/07, 97-0.

Senate Amended.

Passed Senate: 3/31/07, 28-18.

House Concurred.

Passed House: 4/16/07, 94-1.

Passed Legislature.

#### Brief Summary of Engrossed Second Substitute Bill

- Authorizes the Attorney General to administer and enforce a Manufactured/Mobile Home Dispute Resolution Program which includes making determinations, negotiating with opposing parties, and issuing notices of violation or non-violation.
- Authorizes the Department of Licensing to register manufactured/mobile home communities and collects registration fees.

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### HOUSE COMMITTEE ON HOUSING

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 4 members: Representatives Miloscia, Chair; Springer, Vice Chair; Kelley and Ormsby.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Dunn, Ranking Minority Member; McCune and Schindler.

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

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Housing. Signed by 27 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Buri, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

**Minority Report:** Do not pass. Signed by 7 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Chandler, Dunn and Kretz.

**Staff:** Alex MacBain (786-7288).

### **Background:**

According to the Department of Community, Trade and Economic Development (DCTED) there are 1,829 known manufactured/mobile home communities containing about 62,000 homes.

The 2005 Legislature passed ESHB 1640 to temporarily expand the complaint investigation and dispute resolution resources of the DCTED Office of Mobile Home Affairs (OMH). The DCTED was also required to register manufactured/mobile home communities and submit data to the Legislature. The bill went into effect May 13, 2005 and expired December 31, 2005.

The DCTED presented a report to the Legislature in December 2005 in which it provided information regarding complaints, the estimated number of parks and communities in the state, and an outline of recommendations for legislative action which included continuing the OMH program as expanded under ESHB 1640 with a few changes including:

- authorizing the DCTED to issue findings as to whether or not violations occurred;
- eliminating the requirement that complainants need notify respondents; and
- revising the formula for the calculation of registration late fees.

The 2006 Legislature included a proviso in the Capital Budget (ESSB 6384, Section 108) which appropriated \$200,000 to continue the program within the financial means provided and directed OMH to estimate the number and types of complaints since the onset of the 2005

program that do present violations of the Manufactured/Mobile Home Landlord-Tenant Act. The DCTED presented a report to the Legislature in January 2007 which included the following information reflecting the opinions of the DCTED staff:

- Of the 827 issues reviewed, 55 percent presented a violation and 44 percent did not present a violation.
- Of the 55 percent determined to present violations, 100 percent were landlord violations.
- Most prevalent issues consisted of "Park Rules, Difficulties with Community Manager, Park Maintenance, and Park Amenities."

#### The Washington Office of the Attorney General

The Attorney General's Office is a constitutionally created office which advises and officially represents Washington in all legal proceedings. The Attorney General's Office also enforces laws to protect the public as directed by the Legislature, including upholding the Consumer Protection Act, enforcing laws against anti-competitive business practices, recovering refunds for consumers and imposing penalties and injunctions on offending businesses. The Attorney General's Office is directed by the Legislature to administer specific programs intended to protect the public including administering Washington's Lemon Law and educating the public on issues such as identity theft and scams that target seniors, minorities and vulnerable populations.

#### The Department of Licensing Master License Service

The Master License Service is administered by the Department of Licensing, Business and Professions Division. The program functions as a central licensing service for a variety of businesses in Washington. A master license is a single license that incorporates endorsements, certificates, approvals, and registrations, and certifies state agency approval for the various regulated activities in which a business may be engaged. The program also provides information to the business community concerning state licensing and regulatory requirements, including local and federal information regarding state-regulated activities.

Master license fees currently are set in statute and have been unchanged since 1992. The master application fee is \$15, and the renewal fee is \$9. Late fees are also established in statute under RCW 19.02.085.

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

The Office of Mobile Home Affairs is removed as a statutorily established office within the DCTED along with its respective duty to provide ombudsman services to mobile home park owners and tenants.

#### **The Manufactured/Mobile Home Dispute Resolution Program - Attorney General**

The Attorney General is authorized to administer a Manufactured/Mobile Home Dispute Resolution Program to attempt to resolve disputes regarding alleged violations of the Manufactured/Mobile Home Landlord-Tenant Act.

The Attorney General will:

- take complaints from manufactured/mobile home tenants and landlords;
- investigate complaints; and
- attempt to negotiate an agreement.

If no agreement can be reached, the Attorney General may:

- make written determinations about whether a violation has occurred; and
- deliver a citation, if necessary, to any violator. The citation will specify the violation and the corrective action required.

If no corrective action has been taken (as directed by the citation order) and no administrative hearing has been requested within the allowed 15 business day time frame, the Attorney General may issue a fine up to a maximum of \$250 a day per fine until the violation is corrected.

Determinations, citations, fines, other penalties and orders to cease and desist may be contested through an administrative hearing before an administrative judge.

### **Other Attorney General Responsibilities**

Other Attorney General responsibilities include:

- create and provide to tenants and landlords educational materials about the Manufactured/Mobile Home Dispute Resolution Program and the Manufactured/Mobile Home Landlord-Tenant Act; and
- maintain a database of complaints and report annually to the Legislature.

### **Dispute Resolution Program Funding**

The Manufactured/Mobile Home Dispute Resolution Program is funded with \$9 of every \$10 of the annual registration assessment for each manufactured/mobile home and any fines collected as a result of the Dispute Resolution Program.

### **Manufactured/Mobile Home Registration - The Department of Licensing (DOL)**

The DOL is authorized to:

- register all manufactured/mobile home communities annually and collect a registration assessment of \$10 for each home, subject to the Manufactured/Mobile Home Landlord Tenant Act; and
- maintain a database of communities.

The DOL will charge a \$15 master application fee for the initial registration of a community and a \$9 master application renewal fee. The DOL may charge \$250 for late initial registrations and may charge statutory late fees for failure of a community to renew its registration on time.

### **Registration Program Funding**

The DOL will receive the master application fee, \$1 of every \$10 of the annual home assessment, and all late registration fines.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** (Housing)

(In support) Landlords have recourse for tenants who violate the law through the unlawful detainer and eviction process. The only resource available for tenants is the legal system, which is prohibitively expensive and time consuming. The dispute resolution process proposed in this bill to be administered by the Attorney General provides a less expensive and faster way to resolve disputes between landlords and tenants. Currently, many tenants are afraid of filing complaints with the DCTED for fear of retaliation by their landlords. Tenants will feel more comfortable making complaints to the Attorney General because they know that the Attorney General has the enforcement power to resolve the situation. Mediation is a great first step, however tenants have found that landlords are not willing to negotiate in good faith so typically nothing is accomplished. Tenants have tried in vain to negotiate with their landlords for many years; now is the time for an agency to enforce the law. As time goes on, the costs of this program will be reduced as landlords recognize that they will be held accountable for violations.

(Opposed) More analysis of the past complaints needs to be done before the state can make an informed decision about whether or not a program such as the one proposed for the Office of the Attorney General should be created in statute. The staff of the DCTED Office of Manufactured Housing are not legally trained to decide whether something is or is not a violation. The landlord groups are willing to review the complaints and help to determine the validity of those complaints but have not been given an opportunity to review the documents. There are a lot of free legal services available to tenants and there are also many lawyers who will take cases for tenants on a contingency basis; on the other hand, landlords incur enormous legal costs when a dispute goes to court. This bill will create more lawsuits, not less. There is fear that if passed, this bill will create a legal precedent for other landlord-tenant enforcement initiatives.

**Staff Summary of Public Testimony:** (Appropriations)

(In support) This bill represents the culmination of seven years of negotiations between mobile home park landlords and tenants. There is agreement between the parties on this legislation. Under the bill the Attorney General is required to ensure compliance with current housing laws. This bill is a good investment of state resources to preserve home ownership for low income seniors by protecting the rights and responsibilities of both mobile home park tenants and owners. Income from fees would pay for the majority of the costs for the program, with the balance of about \$500,000 from the General Fund.

(Opposed) None.

**Persons Testifying:** (Housing)

(In support) Representative Morrell, prime sponsor; Ishbel Dickens, Columbia Legal Services; Fred Jones and Jim Dean, Mobile Home Owners of America; Wolfgang Priebe, Ken

Newton and Sarah Rivers, Manufactured Home Owners Association; Susan Doran and Shirley Turner, Manor Heights Estates residents; and Lorraine Schafner, manufactured home resident.

(Opposed) John Woodring and Ken Spencer, Manufactured Home Communities of Washington; and Jennifer Kellogg and Jim Throckmorton, Property Owners Perspective.

**Persons Testifying:** (Appropriations) Fred Jones, Mobile Home Owners of America; Nick Federici, Washington Low-Income Housing Alliance; and Ishbel Dickens, Columbia Legal Services.

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

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