
HOUSE BILL 2096

State of Washington 60th Legislature 2007 Regular Session

By Representatives B. Sullivan, P. Sullivan, Morrell, McCoy, Simpson and Ormsby

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1 AN ACT Relating to providing incentives for the preservation of
2 manufactured/mobile home communities; amending RCW 43.185A.050; adding
3 a new section to chapter 43.185A RCW; adding a new section to chapter
4 43.180 RCW; adding a new chapter to Title 82 RCW; and creating a new
5 section.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) Manufactured/mobile home communities provide a significant
9 source of homeownership opportunities for Washington residents.
10 However, the increasing closure and conversion of manufactured/mobile
11 home communities to other uses, combined with increasing
12 manufactured/mobile home lot rents, low vacancy rates in existing
13 manufactured/mobile home communities, and the extremely high cost of
14 moving homes when manufactured/mobile home communities close,
15 increasingly make manufactured/mobile home community living insecure
16 for manufactured/mobile home tenants.

17 (b) Many tenants who reside in manufactured/mobile home communities
18 are low-income households and senior citizens and are, therefore, those
19 residents most in need of reasonable security in the siting of their

1 manufactured/mobile homes because of the adverse impacts on the health,
2 safety, and welfare of tenants forced to move due to closure, change of
3 use, or discontinuance of manufactured/mobile home communities.

4 (c) Manufactured/mobile home communities are a crucial component of
5 low-income housing as they represent one of the few opportunities for
6 low-income households to own a home, typically without the assistance
7 of public subsidies. Furthermore, the preservation of
8 manufactured/mobile home communities:

9 (i) Is a more economical alternative than providing new replacement
10 housing units for tenants who are displaced from closing
11 manufactured/mobile home communities;

12 (ii) Is a strategy by which all local governments can meet the
13 affordable housing needs of their residents; and

14 (iii) Is a strategy by which local governments planning under RCW
15 36.70A.040 may meet the housing element of their comprehensive plans as
16 it relates to the provision of housing affordable to all economic
17 sectors.

18 (d) Providing financial assistance in the form of grants and loans,
19 and also creating incentives to encourage private financial
20 institutions to provide financial assistance to organizations seeking
21 to purchase manufactured/mobile home communities for the purpose of the
22 preservation of affordable housing for low-income and elderly
23 households confers a valuable benefit on the public that constitutes
24 consideration for such assistance and incentives subject to
25 restrictions that provide continued protection of the public interest.

26 (2) It is the intent of the legislature to encourage and facilitate
27 the preservation of existing manufactured/mobile home communities and,
28 to the extent necessary and possible, to assist manufactured/mobile
29 home community resident organizations or eligible organizations
30 representing residents in the preservation of manufactured/mobile home
31 communities.

32 **Sec. 2.** RCW 43.185A.050 and 1991 c 356 s 14 are each amended to
33 read as follows:

34 (1) Except as provided in section 3 of this act, during each
35 calendar year in which funds are available for use by the department
36 for the affordable housing program, the department shall announce to
37 all known interested parties, and through major media throughout the

1 state, a grant and loan application period of at least ninety days'
2 duration. This announcement shall be made as often as the director
3 deems appropriate for proper utilization of resources. The department
4 shall then promptly grant as many applications as will utilize
5 available funds less appropriate administrative costs of the
6 department, not to exceed five percent of moneys appropriated to the
7 affordable housing program.

8 (2) The department shall develop, with advice and input from the
9 (~~low income [housing] assistance advisory committee established in RCW~~
10 ~~43.185.110~~)) affordable housing advisory board, criteria to evaluate
11 applications for assistance under this chapter.

12 (3) The department shall give a high priority to applications for
13 projects and activities, which utilize existing privately owned housing
14 stock or privately owned land on which privately owned housing stock
15 exists, including privately owned land or housing stock purchased by
16 nonprofit public development authorities, public housing authorities as
17 created in chapter 35.82 RCW, manufactured/mobile home resident
18 organizations as defined by RCW 59.22.020, which also qualify for
19 assistance as eligible organizations under RCW 43.185.060, and other
20 eligible organizations.

21 NEW SECTION. Sec. 3. A new section is added to chapter 43.185A
22 RCW to read as follows:

23 (1)(a) During each calendar year in which funds are available for
24 use by the department for the affordable housing program, the
25 department shall accept applications for financial assistance in the
26 form of loans and grants for the preservation of affordable housing
27 manufactured/mobile home communities which are at risk of closure and
28 conversion to another use.

29 (b) For the purpose of this section, "affordable housing
30 manufactured/mobile home communities" means any real property which is
31 rented or held out for rent to others for the placement of two or more
32 mobile homes, manufactured homes, or park models for the primary
33 purpose of production of income where greater than fifty percent of the
34 tenants are low-income households or are over sixty years of age,
35 except where such real property is rented or held out for rent for
36 seasonal recreational purposes only and is not intended for year-round
37 occupancy.

1 (2) Applications shall be accepted on an on-going basis throughout
2 the year and the review process for such applications may be expedited
3 as necessary to take into consideration the time sensitivity of each
4 individual situation.

5 (3) The department may develop specific criteria which
6 manufactured/mobile home community preservation projects must meet in
7 order to be eligible for financial assistance. Criteria must include,
8 at a minimum, that:

9 (a) A specific percentage, that must be greater than fifty percent,
10 of existing community tenants must be low income or over sixty years of
11 age; and

12 (b) The applicant organization is able to sufficiently demonstrate
13 its intent and organizational capacity to preserve the property as a
14 manufactured/mobile home community which will house, for a minimum of
15 twenty-five years, a majority percentage of low-income tenants or
16 tenants who are over sixty years of age.

17 (4) The department may give preference to manufactured/mobile home
18 preservation loan and grant applications submitted by or on behalf of
19 resident organizations defined under RCW 59.22.020, which are also
20 eligible organizations under this chapter, or any other eligible
21 organization, which commits to preserving the property for the greatest
22 period of time. Preference must be given to projects serving the
23 greatest numbers or percentages of low-income tenants or tenants who
24 are over sixty years of age.

25 (5) Assistance shall be in the form of low or no-interest loans,
26 which also may be deferred loans, or grants. Loan repayments must be
27 deposited into the Washington housing trust fund and used for the same
28 purpose as described in this section.

29 (6) In the event a manufactured/mobile home community, which has
30 received a loan or grant from the affordable housing program changes
31 use or is otherwise not in compliance with tenant income or other
32 requirements, the recipient organization is required to repay an amount
33 consisting of the full amount of the principal of the original loan, or
34 the grant, plus compounded interest calculated at the current market
35 rate which shall be determined by the department at the time of the
36 original loan or grant and noted in the original loan or grant
37 documents.

1 (7) No more than ten percent of available affordable housing
2 program moneys during each biennium may be used for the purpose of this
3 section.

4 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.180 RCW
5 to read as follows:

6 (1) The Washington state housing finance commission may issue bonds
7 to be used for the sole purpose of providing loans to eligible
8 organizations or manufactured/mobile home resident organizations for
9 the purpose of purchasing and preserving affordable housing
10 manufactured/mobile home communities. Bonds issued under this section
11 shall state that they are a general obligation of the state of
12 Washington, shall pledge the full faith and credit of the state to the
13 payment of the principal thereof and the interest thereon, and shall
14 contain an unconditional promise to pay the principal and interest as
15 the same shall become due.

16 (2) For the purpose of this section:

17 (a) "Affordable housing manufactured/mobile home communities" means
18 the same as in section 3 of this act.

19 (b) "Low-income household" means the same as in RCW 43.185A.010(5).

20 (c) "Manufactured/mobile home community resident organization"
21 means the same as "resident organization" in RCW 59.22.020.

22 (d) "Eligible organizations" means the same as in RCW 43.185A.040.

23 (3) The Washington state housing finance commission shall
24 coordinate with the state treasurer regarding the issuance of bonds
25 under this section and will establish with the treasurer a method of
26 recording and tracking the obligations of the state for this purpose.

27 NEW SECTION. **Sec. 5.** (1) It is the previously declared public
28 policy of the state to assist in making affordable housing available
29 throughout the state. The legislature recognizes that
30 manufactured/mobile home communities represent affordable housing
31 opportunities for many low-income households and elderly persons.
32 However, the increasing closure and conversion of manufactured/mobile
33 home communities to other uses and the extremely high cost of moving
34 homes when manufactured/mobile home communities close, increasingly
35 make manufactured/mobile home community living insecure for
36 manufactured/mobile home tenants.

1 (2) It is the intent of the legislature to encourage and facilitate
2 the preservation of existing affordable housing manufactured/mobile
3 home communities and, to the extent necessary and possible, to involve
4 affordable housing manufactured/mobile home community resident
5 organizations or an eligible organization representing tenants, such as
6 a nonprofit organization, housing authority, or local government, in
7 the preservation of affordable housing manufactured/mobile home
8 communities. The legislature hereby establishes tax credits for
9 financial institutions who provide financial assistance to eligible
10 organizations by making below market rate loans or by purchasing bonds
11 issued by the Washington state housing finance commission in order that
12 the eligible organization may purchase and preserve an affordable
13 housing manufactured/mobile home community.

14 NEW SECTION. **Sec. 6.** The definitions in this section apply
15 throughout this chapter unless the context clearly requires otherwise.

16 (1) "Applicant" means a financial institution applying for a tax
17 credit under this chapter.

18 (2) "Financial institution" means a bank, trust company, mutual
19 savings bank, savings and loan association, or credit union authorized
20 by federal or state law to accept deposits in this state.

21 (3) "Department" means the department of revenue.

22 (4) "Financial assistance" means a below market rate loan or the
23 purchase of bonds issued by the Washington state housing finance
24 commission for the purpose of assisting an eligible organization to
25 purchase and preserve an affordable housing manufactured/mobile home
26 community.

27 (5) "Market rate" and "below market rate" shall be defined by the
28 department in consultation with the department of community, trade, and
29 economic development and the Washington state housing finance
30 commission and the definition shall be provided to any financial
31 institution wishing to make application under this chapter.

32 (6) "Affordable housing manufactured/mobile home community" means
33 the same as in section 3 of this act.

34 (7) "Low-income household" means the same as in RCW 43.185A.010(5).

35 (8) "Eligible organization" means the same as in RCW 43.185A.040.

36 (9) "Manufactured/mobile home community resident organization"
37 means the same as "resident organization" in RCW 59.22.020.

1 (10) "Tenant" or "resident" means a person who rents a
2 manufactured/mobile home lot for a term of one month or longer and who
3 owns the manufactured/mobile home on the lot.

4 NEW SECTION. **Sec. 7.** (1) An application for a tax credit under
5 section 8 of this act must be made to the department before providing
6 financial assistance to an organization interested in purchasing an
7 affordable housing manufactured/mobile home community. The application
8 must be made in a form and manner prescribed by the department. The
9 application shall be developed by the department in consultation with
10 the department of community, trade, and economic development and the
11 Washington state housing finance commission. The application must
12 contain information regarding the proposed amount and any applicable
13 terms of the loan or bonds purchased. The department may require
14 additional information in order to determine eligibility under this
15 act.

16 (2) The department shall provide a preliminary approval, contingent
17 on certification of the financial assistance, to those applications
18 which meet the requirements of the tax credit program so long as the
19 total amount of preapproved tax credits statewide does not exceed ten
20 million dollars in any calendar year. Applications must receive
21 preapproval status on a first-come basis.

22 (3) The financial institution must provide the financial assistance
23 described in the approved application by the end of the calendar year
24 in which the application is preapproved to claim a credit allowed under
25 section 8 of this act.

26 (4) The department may not accept any applications before September
27 1, 2007.

28 NEW SECTION. **Sec. 8.** (1) Subject to the limitations in this
29 chapter, a credit is allowed against the tax imposed by chapter 82.04
30 RCW for approved financial assistance, certified as described in
31 subsection (2) of this section, that is made by a financial institution
32 to an eligible organization for the purpose of affordable housing
33 manufactured/mobile home community purchase and preservation.

34 (2) To receive the tax credit, after providing the financial
35 assistance as described in the preapproved application, the financial
36 institution must file copies of the loan documents or the bond

1 purchasing contract with the department and either the department of
2 community, trade, and economic development or the Washington state
3 housing finance commission. The department of community, trade, and
4 economic development or the Washington state housing finance commission
5 shall verify the amount and terms of the financial assistance and shall
6 verify that the financial assistance was provided to an affordable
7 housing manufactured/mobile home community. Upon verification that the
8 financial assistance qualifies for the tax credit, the department of
9 community, trade, and economic development or the Washington state
10 housing finance commission will issue a certification to the financial
11 institution which it must provide to the department when claiming the
12 tax credit. The department shall approve certified applications on a
13 first-come basis.

14 (3) The tax credit allowed under this section is limited to an
15 amount equal to ten percent of the total financial assistance.

16 (4) The department shall maintain a total of all tax credits
17 approved under this chapter for each calendar year. The department
18 must not preapprove or ultimately issue any tax credits under this
19 section that would cause the total amount of approved tax credits
20 statewide to exceed ten million dollars in any calendar year.

21 (5) The tax credit may be claimed against the tax due under chapter
22 82.04 RCW only in the calendar year immediately following the calendar
23 year in which the financial assistance was made to the eligible
24 organization and the tax credit was approved by the department.
25 Approved tax credits may not exceed the tax liability of the financial
26 institution for any tax reporting period, but may be carried over for
27 up to three subsequent years. No refunds may be granted for credits
28 under this chapter.

29 (6) To claim a credit under this chapter, a financial institution
30 must electronically file with the department all returns, forms, and
31 other information that the department requires in an electronic format
32 as provided or approved by the department. Any return, form, or
33 information required to be filed in an electronic format under this
34 section is not filed until received by the department in an electronic
35 format. As used in this section, "returns" has the same meaning as
36 "return" in RCW 82.32.050.

1 NEW SECTION. **Sec. 9.** Chapter 82.32 RCW applies to the
2 administration of this chapter.

3 NEW SECTION. **Sec. 10.** Sections 5 through 9 of this act constitute
4 a new chapter in Title 82 RCW.

5 NEW SECTION. **Sec. 11.** If any provision of this act or its
6 application to any person or circumstance is held invalid, the
7 remainder of the act or the application of the provision to other
8 persons or circumstances is not affected.

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