

# HOUSE BILL REPORT

## ESHB 1582

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### As Amended by the Senate

**Title:** An act relating to manufactured/mobile home tenant protections.

**Brief Description:** Addressing manufactured/mobile home tenant protections.

**Sponsors:** House Committee on Civil Rights & Judiciary (originally sponsored by Representatives Gregerson, Kloba, Peterson, Valdez, Pollet, Wylie, Appleton, Bergquist, Doglio, Reeves, Tharinger, Kirby, Jinkins and Macri).

**Brief History:**

**Committee Activity:**

Civil Rights & Judiciary: 2/12/19, 2/22/19 [DPS].

**Floor Activity:**

Passed House: 3/12/19, 53-42.

Senate Amended.

Passed Senate: 4/17/19, 36-12.

**Brief Summary of Engrossed Substitute Bill**

- Amends the Manufactured/Mobile Home Landlord-Tenant Act in a variety of ways, including increasing the term of the lease from one year to two years, increasing the notice to pay or vacate from five days to 15 days, and expressly allowing courts to limit dissemination of an unlawful detainer action.

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### HOUSE COMMITTEE ON CIVIL RIGHTS & JUDICIARY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Jinkins, Chair; Thai, Vice Chair; Goodman, Hansen, Kilduff, Kirby, Orwall, Valdez and Walen.

**Minority Report:** Do not pass. Signed by 5 members: Representatives Dufault, Assistant Ranking Minority Member; Graham, Klippert, Shea and Ybarra.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Irwin, Ranking Minority Member.

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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.*

**Staff:** Cece Clynch (786-7195).

**Background:**

The Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) governs the legal rights, remedies, and obligations arising from any rental agreement between a landlord and a tenant regarding a mobile home lot within a mobile home park where the tenant has no ownership interest in the property or in the association which owns the property.

Term, Renewal, and Termination.

Under the MHLTA the landlord must offer a term of one year and is prohibited from offering better terms, such as a lower monthly rent, for a month-to-month tenancy. A tenant may, however, waive the right to a one year tenancy by signing a written waiver. Any rental agreement, of whatever duration, automatically renews for the term of the original rental agreement unless a different length is agreed upon.

A tenant not intending to renew must notify the landlord in writing one month prior to the expiration of the rental agreement. A landlord may not terminate or fail to renew a tenancy except for certain reasons, and then only when the landlord complies with the specified notice requirements. Permissible reasons include:

- nonpayment of rent and additional charges specified in the agreement (five-day notice to pay or vacate);
- substantial violation, or repeated violations, of enforceable rules of the park, as established by the landlord at the inception of the tenancy, or as subsequently assumed with the consent of the tenant (15-day notice to comply or vacate; in the case of a violation of a "material change" in park rules with respect to pets, tenants with minor children living with them, or recreational facilities, the tenant must be given six months' written notice in which to comply or vacate);
- change of land use or conversion (12-months' notice);
- criminal activity;
- service of three 15-day notices to comply or vacate within a 12-month period; and
- failure to pay rent by the due date three or more times in a 12-month period.

Park Rules.

Rules are enforceable against a tenant only if: their purpose is to promote the convenience, health, safety, or welfare of the residents, protect and preserve the premises from abusive use, or make a fair distribution of services and facilities available for the tenants generally; they are reasonably related to the purpose for which they are adopted; they apply to all tenants in a fair manner; they are not for the purpose of evading an obligation of the landlord; and they are not retaliatory or discriminatory in nature.

Sale/Conversion of a Manufactured/Mobile Home Community.

A rental agreement must include, among other things:

- a promise by the landlord that, except for acts or events beyond his or her control, the mobile home park will not be converted to a land use that will prevent the lease from continuing for a period of three years after the beginning of the term of the agreement; or

- a statement, in large, bold face type, that the park may be sold at any time after the required 12 months' notice with the result that the park may be closed.

#### Limited Dissemination.

The Residential Landlord-Tenant Act includes a provision that allows courts to order an unlawful detainer action to be of limited dissemination under certain circumstances and prohibits a tenant screening service provider from disclosing or using the existence of the unlawful detainer action if such an order has been entered. The MHLTA does not contain a similar provision.

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

A variety of changes are made to the Manufactured/Mobile Home Landlord-Tenant Act (MHLTA).

#### Terms, Renewal, and Termination.

No landlord may offer a mobile home lot for rent without offering a written rental agreement for a term of at least two years (up from one year). Annually, at any anniversary date of the tenancy, the tenant may require that the landlord provide a written rental agreement for a term of two years.

The pay rent or vacate notice is extended to 15 days (up from five days). A tenant given a notice with respect to a substantial rule violation must be afforded 30 days (up from 15 days) to comply or vacate. Provisions governing situations in which a tenant has failed to comply with rules or failed to pay rent in a timely fashion on three or more occasions in a 12-month period are revised accordingly.

Generally, a tenant evicted from a mobile home park shall be allowed 120 days within which to sell the mobile home in place, provided that the tenant remains current in the payment of rent incurred after eviction, and pays any past due rent, reasonable attorneys' fees, and court costs at the time the rental agreement is assigned. This provision does not apply to a tenant evicted for commission of crimes that threaten the health, safety, or welfare of other tenants, or to a tenant evicted for engaging in criminal activity.

In addition to specifying the terms for payment of rent in the written rental agreement, a statement providing accurate historical information regarding the rent charged for the past five years must be included. With the listing of utilities, services, and facilities that will be available to the tenant and the associated fees to be charged, the landlord must also provide a statement that, in the event any utilities, services, or facilities are changed to be charged independent of the rent, discontinued, or eliminated during the term of the rental agreement, the landlord agrees to decrease the amount of rent charged proportionately.

A rental agreement shall not contain a provision which allows the landlord to alter the due date for rent or increase the rent during the term of the rental agreement if the term is less than two years (up from one year) or more frequently than biennially if the term is for two years (up from one year) or more. A rental agreement for a term exceeding two years (up from one year) may provide for biennial increases in rent in specified amounts or by a formula specified in such agreement.

### Park Rules.

Any new or amended rules not contained within the rental agreement are enforceable against a tenant only if they go into effect at the end of the term of the rental agreement and: the tenant has agreed to them in writing; or the tenant was provided at least 90 days' written notice.

### Sale/Conversion of a Manufactured/Mobile Home Community.

A rental agreement must include, among other things:

- a promise by the landlord that, except for acts or events beyond his or her control, the mobile home park will not be converted to a land use that will prevent the lease from continuing for a period of five years (up from three years) after the beginning of the term of the agreement; or
- a statement, in large, bold face type, that the park may be sold at any time after the required notice (which is increased from 12 months to three years) with the result that the park may be closed.

Exceptions are provided with respect to the three years' notice requirement if:

- the mobile home park has been acquired for or is under imminent threat of condemnation;
- the mobile home park is sold to an organization of park tenants, a nonprofit organization, a local government, or a housing authority for the purpose of preserving the park; or
- the landlord compensates the tenants for the loss of their homes at their assessed value at any point during the notice period and prior to a change of use or sale of the property.

The form for the three years' notice is specified. The Department of Commerce (Department) must produce and maintain on its website translated versions of the notice in the top 10 languages spoken in the state, as well as other languages at the discretion of the Department. The notice must be made available upon request in printed form. The Department must also provide on its website information on where tenants can access legal or advocacy resources, including information on any immigrant and cultural organizations where tenants can receive assistance in their primary language.

### Limited Dissemination.

A provision allowing courts to limit dissemination of an unlawful detainer action that is identical to that found in the Residential Landlord-Tenant Act is added to the MHLTA.

### Miscellaneous.

A landlord shall not prohibit solicitation by, or meetings with, housing and low-income assistance organizations. "Housing and low-income assistance organizations" means an organization that provides tenants living in a mobile home park with information about their rights and other pertinent information.

In the event a landlord fails to carry out any of the landlord's duties, and the tenant submits bids to perform repairs pursuant to the process set forth in statute, upon receipt of the bids the landlord shall provide the tenant with a copy of the notice regarding the Manufactured/

Mobile Home Dispute Resolution Program that is housed in the Office of the Attorney General.

At least seven days in advance of a tenant's intended sale of a mobile home and transfer of a rental agreement, the landlord must: notify the selling tenant, in writing, of a refusal to permit transfer of the rental agreement; or, if the landlord approves of the transfer, provide the buyer with copies of the written rental agreement, the rules, and all other documents related to the tenancy. A landlord may not accept payment for rent or deposit from the buyer until the landlord has provided the buyer with these documents.

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

The Senate amendment retains Engrossed Substitute House Bill (ESHB)1582 as passed by the House with the following changes:

- strikes provisions in the ESHB which required the offer of a 2-year term and provided for automatic renewal for 2-years on the anniversary date of a tenancy, instead retaining current law requiring an offer of a 1-year term and automatic renewal for 1-year on the anniversary date;
- requires that the rental agreement include a statement that, in the event any utilities are to be charged independent of the rent during the term of the agreement, the landlord agrees to decrease the amount of rent charged proportionately. (The ESHB applied this to services and facilities as well as utilities, and made it applicable to situations in which these were changed to be charged independent of the rent, or discontinued or eliminated during the term of the rental agreement.);
- provides for a 20-day notice to comply with rules or vacate, compared with 30-days under the ESHB (and 15-days under current law);
- strikes provisions requiring that a rental agreement include a promise not to close for 5 years or a statement that the park could be closed after 3 years, instead retaining current law requiring a promise not to close for 3 years or a statement that the park could be closed after 12 months;
- amends the provision regarding rent increases to provide that:
  - the landlord may not alter the due date for rent or increase the rent during the term of the rental agreement if the term is less than 2 years (same as ESHB) or more frequently than annually (ESHB specified biennially) if the *initial* term is for 2 years or more (ESHB referred only to "term", and not "initial term"). Current law prohibits alteration/increase during the term of the agreement if the term is less than 1 year, or more frequently than annually if the term is for one year or more); and
  - any rent increase that occurs within a closure notice period may not be more than 1 percentage point above the Consumer Price Index;
- amends the limited dissemination provision to expressly state that any order of limited dissemination that is granted for good cause be issued in accord with the court's general rule regarding sealing and redaction of court records;
- adds a provision requiring the Department of Commerce to convene a work group to make recommendations about a variety of issues under the Manufactured/Mobile Home Landlord Tenant Act and requires that the study begin by August 1, 2019 and that the final report, including the result of any facilitated agreed upon recommendations, be issued by June 30, 2020.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) This quite complex bill is necessary. It was 26 years ago that the Legislature took a comprehensive look at the Manufactured/Mobile Home Landlord-Tenant Act (MHLTA), and it is time to update this. There are 1,600 mobile home parks in Washington. That is double the number of cities and counties in Washington. With 250,000 residents, the number of residents in these parks equals the number of people in two legislative districts. There have been a number of stakeholder meetings, and there is a commitment to continuing to work on trying to reach common ground. There is a homelessness crisis in this state. There is a need for equity and fairness. Some residents who intended to be here to testify were not able to get here due to the snowy weather. There are 75,000 families living in 1,600 mobile home communities in Washington. The one year notice of closure is not reasonable, given that residents risk losing the equity in their homes that they have purchased. Tenants sometimes find that their American dream has turned into an American nightmare. Two years' notice will allow more stability. Tenants should be provided with advance information of what they should expect to pay for rent and utilities. This is not a radical bill, contrary to what some of the landlords may say. In Seattle, moorage rental is tied to the consumer price index (CPI), and it has been on the books for decades. Despite that, the docks have not fallen apart. It is difficult, if not impossible, to move a mobile home. In addition, if the home is sold in place the homeowner has to make sure that the landlord is okay with the buyer or that the landlord will buy it. Otherwise, the homeowner loses all of his or her equity. Many seniors and low-wage workers live in these communities. Stability is very important.

(Opposed) Landlords were not involved in the stakeholder process and drafting of this bill. There needs to be a process that involves all of the stakeholders. Instead of passing this bill, it would be preferable to see a work group formed. There is no consideration given here to other tenants in the communities or to operators. This bill would increase the notice period from 15 days to 30 days for disruptive tenants or for pest infestation or with respect to nonauthorized guests when the septic system is overloaded. Many tenants live in these communities because of the nature of the community, which is sometimes resort style. Rent control is unconstitutional. No housing stock is being added with this bill. The only winners will be attorneys. Limiting rent impacts the upkeep of the community, because there are no funds available for roads, paint, or flowers. There is a need for more housing. The problem is lack of supply. This bill will not help the problem, but will instead hurt. This bill perpetuates the stereotype that all mobile home parks are only for poor people. There are small parks in which the trailers sell for \$7,000. In others, however, the park is a resort-style community with a pool, and the homes sell for \$100,000 to \$250,000. Even in 40-year-old communities, homes are selling for considerable amounts. The dream of homeownership is still attainable for many people in these communities. Rent control has been a failure wherever it has been tried in the country. The CPI is very imperfect. Many prices increase

but they are not tied to the CPI. In 2012 the MHLTA was overhauled by a joint stakeholder group. This industry provides privately funded affordable living. This bill creates ambiguity insofar as definitions are concerned. There is no need for an automatic renewal of two years, when there is already a one-year automatic renewal. A biennial rent increase is problematic, especially when utilities change. A three-month to six-month notice increase is problematic, as is a five-year closure provision. These communities are nongovernmental and are not subsidized. Increasing the notice period to 30 days from 15 days is problematic. These notices are issued for things like garbage on decks that is attracting rodents and cars obstructing traffic. Most of the other tenants in the park want these problems dealt with expeditiously. Some parks have lists of people who want to move into the parks because they are affordable, viable options when compared to apartments and other housing options. Requiring 120 days for eviction is problematic. The motto of Franklin Pierce Estates is 'Creating Community.' From the perspective of a person who has been both a tenant and a community owner, it is evident that this bill will hurt both tenants and owners. This bill tells landlords not to take any risks on renting a lot to a tenant because the landlord will never be able to get rid of the tenant. Sometimes, such as in the case of drug dealers, the landlord has to be able to get the tenant out quickly. If that drug dealer fails to pay rent, current law allows the landlord to issue a 5-day notice to pay rent or vacate and get the drug dealer out much more quickly than can be done if the eviction is based upon drug dealing. This bill will require landlords to project rent for 5 years, which is difficult to do. It will also scare tenants away, which will then result in a loss of value for existing tenants. These communities provide affordable housing. There have been no new mobile home communities created in 20 years due to a number of factors, including the Growth Management Act. Housing providers should not be treated like banks. That is not their job. That is the Legislature's job.

(Other) The residents of a mobile home park in SeaTac have been struggling for three years as they face displacement. They do not want to lose their decent, safe community in which they spent many years and in which their children grew up. The City of SeaTac is growing and making improvements, and the residents of the park want to be part of that. This bill will provide protections to these communities.

**Persons Testifying:** (In support) Representative Gregerson, prime sponsor; Ishbel Dickens, Association of Manufactured Home Owners; and Xochitl Maykovich, Washington Community Action Network.

(Opposed) Christy Mays, Detente Management; Beau Harer and Chester Baldwin, Manufactured Housing Communities of Washington; Tony Branson, Contempo Mobile Home Park; Debra Kraft, Franklin Pierce Estates; and Russ Millard, Park Preservations.

(Other) Misael Salinas, First Mobile Home Park.

**Persons Signed In To Testify But Not Testifying:** John Millard; and Jeremy Millard.