
Appropriations Committee

ESSB 5183

Brief Description: Concerning manufactured/mobile homes.

Sponsors: Senate Committee on Housing Stability & Affordability (originally sponsored by Senators Kuderer, Pedersen, Wellman, Saldaña, Lias and Wilson, C.).

Brief Summary of Engrossed Substitute Bill

- Allows qualifying manufactured/mobile home park tenants to use Relocation Assistance Program (Program) funds to secure housing that is not a manufactured/mobile home.
- Requires the Department of Commerce (Department) to distribute financial assistance from the Manufactured/Mobile Home Park Relocation Fund (Fund) to an eligible tenant so that up to 40 percent of the total assistance is disbursed in the form of cash assistance to help the tenant secure new housing and the remainder is disbursed as reimbursement for the tenant's relocation costs.
- Allows manufactured/mobile home park tenants seeking relocation assistance from the Program to receive other funding for relocation purposes, without reducing their eligibility for Program funds.
- Modifies or increases certain manufactured home fees for deposit into the Fund.
- Creates the Relocation Coordination Program in the Department for the purpose of assisting tenants of a mobile home park scheduled for closure or conversion to another use.
- Reinstates the real estate excise tax exemption for certain sellers transferring a manufactured/mobile home community.
- Adds mobile home park and manufactured housing cooperatives to the property tax exemption for nonprofits providing rental housing for very low-income households.
- Provides that a city or town, code city, or county may not prohibit the siting of a manufactured/mobile home on an existing lot based solely on lack of compliance with existing separation and setback requirements that regulate the distance between homes.

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.

Hearing Date: 4/25/19

Staff: Meghan Morris (786-7119).

Background:

Office of Mobile and Manufactured Home Relocation Assistance.

The Office of Mobile and Manufactured Home Relocation Assistance (Office), in the Department of Commerce (Department), provides general assistance to mobile and manufactured home resident organizations, tenant organizations, and mobile and manufactured home community owners. Among its duties, the Office provides technical assistance to tenants who are participating in the conversion of a mobile home park to resident ownership, and provides financial assistance to homeowners under the Mobile Home Relocation Assistance Program (Relocation Assistance Program) when mobile home parks close. The monetary assistance provided to such persons is drawn from the Mobile Home Park Relocation Fund (Fund) which is established in the custody of the State Treasurer.

Mobile Home Relocation Assistance Program.

The Relocation Assistance Program, administered by the Office, provides monetary assistance on a first-come, first-served basis to low-income persons owning mobile homes located in mobile home parks that are scheduled for closure or conversion to another use. Tenants residing in parks that are closed because of park-owner fraud or health and safety concerns are given priority to available funds. Payments are made by the Office upon verification of eligibility and subject to the availability of funds. To be eligible for relocation assistance:

- a tenant's household income must be no greater than 80 percent of the median family income for the county where the mobile or manufactured home is located; and
- the homeowner must maintain ownership and either relocate the home or dispose of it if it cannot be relocated.

Eligible mobile home owners may receive reimbursement of relocation expenses up to \$12,000 for a double-wide home and \$7,500 for a single-wide home.

If a mobile home owner receives assistance for relocation from a source other than the Relocation Assistance Program, the assistance provided under the Relocation Assistance Program must be reduced to ensure that no person receives from all sources combined more than:

- the actual costs of relocation; or
- \$7,000 for a double-wide mobile home or \$3,000 for a single-wide mobile home.

The assistance received from the Relocation Assistance Program funds is the difference between maximum amount to which a person is entitled under the Relocation Assistance Program and the amount received from the outside source. If the amount from the outside source exceeds the maximum amount of assistance to which a person is entitled under the Relocation Assistance Program, then that person will not receive any assistance from the Relocation Assistance Program funds.

Fees and Assessments Related to Manufactured Homes.

Manufactured Home Transaction Fee. The Department of Licensing must require an applicant for a certificate of title for a manufactured home transaction to pay a \$100 fee in addition to any other fees and taxes required by law if the manufactured home:

- is located in a mobile home park;
- is 1 year old or older;
- is new or ownership changes, excluding changes that involve addition or deleting spouse of domestic partner co-registered owners or legal owners; and
- sales price is \$5,000 or more.

The \$100 fee must be forwarded to the State Treasurer, who must deposit the fee into the Fund.

Annual Registration Assessment. Each manufactured/mobile home community landlord must pay to the Department of Revenue an Annual Registration Assessment (assessment) of \$10 for each manufactured/mobile home that is subject to Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) within a manufactured/mobile home community. Landlords may charge a maximum of \$5 of the assessment to tenants. Money from the assessment must be deposited accordingly:

- \$9 of the assessment must be deposited into the Manufactured/Mobile Home Dispute Resolution Program Account to fund the costs associated with the Manufactured/Mobile Home Dispute Resolution Program. This program provides manufactured/mobile home community landlords and tenants with a process to resolve disputes regarding alleged violations of the MHLTA.
- \$1 must be deposited into the Business License Account. This account funds the Business Licensing Service Program, which administers a computerized one-stop business licensing system.

Tax Preferences.

All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy objectives of the tax preference and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee (JLARC) to evaluate the efficacy of the tax preference. In addition, an automatic 10-year expiration date is applied to new tax preferences if an alternate expiration date is not provided in the new tax preference legislation.

Real Estate Excise Tax Exemption for Qualified Sales of Manufactured Home Communities.

Real estate excise tax (REET) is assessed on the sale of real estate. The REET is assessed on the selling price, including the amount of any liens, mortgages, or other debts. The REET is typically paid by the seller of the property, although the buyer is liable if the REET is not paid. The REET also applies to transfers of controlling interest in entities that own property in the state. The state REET rate is 0.0128. City and county rates vary by location, ranging from 0.0025 to 0.015.

Certain types of real estate transactions are statutorily exempt from REET. For example, from June 12, 2008, to December 31, 2018, a qualified sale of a manufactured/mobile home community was exempt from the REET. A qualified sale was the sale of a manufactured/mobile home community that was transferred in a single purchase to a qualified tenant organization or to an eligible organization (local governments, housing authorities, nonprofit organizations, or

federally recognized Indian tribes in Washington) for the purpose of preserving the property as a manufactured/mobile home community.

Property Tax Exemption for Nonprofits Providing Housing for Very Low-Income Households.

All property in Washington state is subject to property tax each year based on the highest and best use of the property, unless a specific exemption is provided by law. Property tax exemptions are currently made available to qualifying organizations, including schools, churches, nonprofit hospitals, nursing homes, museums, public meeting halls, and others.

Property that is owned or used by a nonprofit to provide rental housing for very low-income households or to provide space for the placement of a mobile home in a mobile home park is exempt from property taxation if:

1. the benefit of the property tax exemption inures to the nonprofit;
2. at least 75 percent of the occupied dwelling units are occupied by a very low-income household; and
3. the rental housing was insured, financed, or assisted in whole or in part by a federal or state housing program, an affordable housing levy, or state-authorized affordable housing surcharges.

If less than 75 percent of dwelling units are occupied by very low-income households, the property is eligible for a partial tax exemption. The amount of the exemption is equal to the assessed value of the property reasonably necessary to provide the housing for the percentage of units occupied by a very low-income household.

A very low-income household is defined as a single person, family, or unrelated persons living together whose income is at or below 50 percent of the median county income, adjusted for family size, as determined by the Federal Department of Housing and Urban Development.

Mobile Home Park and Manufactured Housing Cooperatives.

A mobile home park or a manufactured housing cooperative consists of property with common areas and two or more lots held out for placement of mobile homes, manufactured homes, or park models. Both the individual lots and the common areas are owned by an association of shareholders which leases or otherwise extends the right to occupy individual lots to its own members.

Manufactured Home Siting.

A city or town, code city, or county may not adopt an ordinance that has the effect, directly or indirectly, of discriminating against consumers' choices in the place or use of a home in such a manner that is equally applicable to all homes. Manufactured homes built to federal standards must be regulated for the purposes of siting in the same manner as site-built homes, factory-built homes, or homes built to any other state construction or local design standard. However, a city or town, code city, or county, may require that:

- a manufactured home be a new manufactured home;
- the manufactured home be set upon a permanent foundation, as specified by the manufacturer, and that the space from the bottom of the home to the ground be enclosed by concrete or an approved concrete product which can be either load bearing or decorative;

- the manufactured home comply with all local design standards applicable to all other homes within the neighborhood in which the manufactured home is to be located;
- the home is thermally equivalent to the state energy code; and
- the manufactured home otherwise meets all other requirements for a designated manufactured home.

A city or town, code city, or county may not adopt an ordinance that has the effect, directly or indirectly, of restricting the location of manufactured/mobile homes in manufactured/mobile home communities that were legally in existence before June 12, 2008, based exclusively on the age or dimensions of the manufactured/mobile home. However, a city or town, code city, or county may restrict the location of a manufactured/mobile home in manufactured/mobile home communities for any other reason including, but not limited to, failure to comply with fire, safety, or other local ordinances or state laws related to manufactured/mobile homes.

Summary of Bill:

Relocation Assistance.

The Relocation Assistance Program is expanded to allow tenants to use Relocation Assistance Program funds to secure housing that is not a manufactured/mobile home if their manufactured/mobile home has been demolished and disposed of.

The Department must distribute financial assistance for each eligible tenant as follows:

- up to 40 percent of the total assistance may be dispersed in the form of cash assistance to help the tenant secure new housing; and
- the remainder of the total assistance must be dispersed as reimbursement for costs associated with relocation.

In order to receive cash assistance a tenant, or his or her assignee, must provide documentation to the Department that the tenant has:

- relocated;
- established a process to secure the relocation of the home by having assigned the right to reimbursement of the relocation costs and liability for such removal or demolition and disposal to another entity; or
- contracted to incur expenses associated with relocation of the home.

If the tenant has entered into an assignment or a contract for relocation of the home, the following documentation must be provided:

- proof of the assignment; and
- evidence that the assignee is capable of fulfilling the obligation itself or a contract or invoice for relocation of the home executed with a vendor by the tenant or assignee.

The Legislature intends that the cash assistance is considered to be a one-time direct grant payment that is excluded from household income calculations for purposes of determining the eligibility of the recipient for benefits or assistance under any state program financed in whole or in part with state funds.

The following Relocation Assistance Program requirements related to outside assistance are eliminated:

- reductions in relocation assistance from the Relocation Assistance Program upon receipt of outside funding; and
- disqualification from the Relocation Assistance Program if the amount of the outside funds received exceeds the maximum amount for which a person is eligible under the Relocation Assistance Program.

Relocation Assistance Program application criteria are modified as follows:

- separate application procedures for different types of tenants are eliminated;
- a requirement to provide a copy of the contract for relocating the home is eliminated; and
- a requirement to provide proof of ownership of the home at the time of the notice of park closure is added.

Fees and Assessments Related to Manufactured Homes.

The Manufactured Home Transaction Fee is modified so that the fee is 0.25 percent of the sale price of the manufactured home. In no case may the fee be less than \$100, or greater than \$500. The assessment is increased from \$10 to \$15. The additional \$5 of the assessment must be deposited into the Fund.

Relocation Coordination Program.

The Relocation Coordination Program (Program) is created within the Department for the purpose of assisting tenants of a mobile home park scheduled for closure or conversion to another use with the process of relocation. The Program may include, but is not limited to:

- performing casework on behalf of individual tenants, maintaining and distributing informational resources for tenants regarding the process for relocating and disposal of manufactured/mobile homes;
- researching and distributing current information regarding available locations for manufactured/mobile homes and other forms of available housing; and
- researching and distributing information regarding other sources of financial assistance that may be available to secure new housing.

Real Estate Excise Tax Exemption for Qualified Sales of Manufactured Home Communities.

The REET exemption for certain sellers transferring a manufactured/mobile home community in a qualified sale is reinstated. The REET exemption expires after 10 years and is subject to tax preference review by the JLARC.

Property Tax Exemption for Nonprofits Providing Housing for Very Low-Income Households.

The property tax exemption for nonprofits providing rental housing to very low-income households is expanded such that mobile home park cooperatives and manufactured housing cooperatives may qualify. Qualifying rental housing includes rental housing or lots that were insured, financed, or assisted by the Housing Finance Commission. The property tax exemption is exempt from tax preference performance requirements, a JLARC review, and the 10-year expiration for tax preferences. The property tax exemption is null and void if funding is not provided in the operating budget.

Manufactured Home Siting.

A city or town, code city, or county may not prohibit the siting of a manufactured/mobile home on an existing lot based solely on lack of compliance with existing separation and setback requirements that regulate the distance between homes.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on April 23, 2019.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, section 11, relating to the property tax exemption, is null and void unless funded in the budget.