

SENATE BILL REPORT

SB 6271

As of January 20, 2020

Title: An act relating to extending the closure notice period for manufactured/mobile home communities.

Brief Description: Extending the closure notice period for manufactured/mobile home communities.

Sponsors: Senators Das, Nguyen, Kuderer, Lovelett, Saldaña, Hasegawa, Keiser, Wilson, C., Stanford, Van De Wege, Darneille and Hunt.

Brief History:

Committee Activity: Housing Stability & Affordability: 1/17/20.

Brief Summary of Bill

- Requires manufactured/mobile home community (MHC) landlords to provide tenants with three years' notice before closure or conversion of the MHC.
- Requires tenants who sell a home within the MHC to provide the buyer with a copy of any closure notice in effect at least 15 days before the intended sale, with a copy to be provided by the landlord at least 7 days before the intended sale.
- Exempts landlords from the three-year closure notice requirement if they establish a process for compensating the tenants for the loss of their homes and compensates the tenants for such loss during the closure period at the market value of the home or \$5,000, whichever is greater.
- Extends the 90-day notice to vacate after the tenant receives compensation for their home to 120 days.

SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

Staff: Brandon Popovac (786-7465)

Background: The Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) governs the legal rights, remedies, and obligations arising from any rental agreement between a landlord

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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 that owns the property.

Manufactured/Mobile Home Community Conversion or Closure Notice. Under the MHLTA, any rental agreement between and signed by a MHC landlord and tenant must include either a covenant by the landlord that the MHC will not be converted or sold for three years or a statement that the MHC may be sold, transferred, or closed at any time after the required closure notice is provided to the tenants.

Any rental agreement is assignable by the tenant to any person in which they sell or transfer title to the home, and a tenant who sells their home within an MHC must notify the landlord in writing of the date of intended sale at least 15 days before such intended transfer and notify the buyer of applicable notice, safety, and approval requirements based on such sale. If the landlord approves the transfer, they must provide the buyer with copies of the written rental agreement and all other rules, regulations, and documents of the tenancy at least seven days before such intended transfer.

A landlord may not terminate or fail to renew a tenancy except if they change the land use of the MHC or close or convert the MHC to another use, but must provide to each affected tenant 12 months' notice in advance of such change. The 12-month closure notice requirement does not apply if the landlord compensates the tenants for the loss of their homes at the homes' assessed value as determined by the county assessor at the time of issuance of the closure notice. If compensation is paid, the landlord must provide written notice of at least 90 days in which the tenant must vacate.

Summary of Bill: MHC landlords must provide tenants with three years' notice before closure or conversion of the MHC. The option for landlords to include a covenant not to convert land use of the MHC for a three-year period in the initial lease with the tenant is eliminated.

Any tenant who sells their home within an MHC must provide the buyer with a copy of any closure notice in effect at least 15 days before the intended sale, with another copy of the notice to be provided by the landlord, if the landlord approves of the transfer, at least 7 days before the intended sale.

The three-year closure notice requirement exemption applies for landlords if they establish a process for compensating the tenants for the loss of their homes and actually compensate the tenants for such loss during the closure period at the market value of the home prior to change or use or sale of the property or \$5,000, whichever is greater. The 90-day notice for a tenant to vacate upon receiving compensation is extended to 120 days. Such compensation provisions do not prevent tenants from pursuing their option to relocate under the Department of Commerce's mobile home relocation program. If a home remains in the MHC after the tenant vacates, the landlord is responsible for its demolition or disposal.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Given the increase in the loss of affordable housing in Washington there is a need to preserve what we have. Many tenants who reside in MHCs are senior citizens or low-income households and this bill helps reduce the rate of displacement for such vulnerable communities. The three-year notice requirement would not be required for landlords who compensate at fair market value.

This bill is a homelessness prevention strategy or at least slows down the process of homelessness by giving MHC homeowners more time to cope with the devastation and the trauma that comes when one is told to relocate through no fault of their own and to lose their largest asset. MHC owners claim that such bills are unconstitutional is wearing thin in light of a recent unanimous Washington Supreme Court decision in *Yim v. City of Seattle* in which the court stated that past MHC decisions regarding the regulator takings argument could be decided differently.

Even though the bill requires that MHC homeowners be afforded a three-year period of time in which to vacate their home, landlords still have every right to sell their land. Every stick-built community purchased by a developer provides a timeframe that could be negotiated for the residents to vacate the property, so why should the sale of MHCs be any different. MHC homeowners need every moment of the three-year notice of closure, especially if they are seniors or have kids, in order to relocate.

MHC homeowners deserve the three-year notice or an evaluated compensation for their homes when their communities are being demolished. MHC homeowners deserve adequate reaction time to plan life transitions and organize their community to seek preservation solutions with the support of outside organizations and resources. These are traumatic and life altering circumstances that adversely affect individual health, education, and housing stability. Just because 200 or 300 additional homes could be built on MHC properties that are sold does not mean that the original 65 residents in the MHC need to be put out in the street.

CON: Our state is in need of housing more than ever and all of our efforts should be focused on how to create supply to alleviate the overwhelming demand, and this bill the opposite since it slows down the process of allowing housing providers to provide more housing stock in Washington. Some MHCs communities are closed because they are past their point of useful life. The Legislature should encourage the redevelopment of aging, low-density housing into opportunities for more higher-density housing.

The three-year closure notice will actually convert to a five or six-year closure process. An MHC under closure creates a tremendous burden upon the landlord that still has to pay taxes, insurance, and a mortgage. Without income, there is a massive burden on an MHC owner to have the MHC in limbo for five to six years. Opportunities where 64 units can make way for 200 or 300 units, especially in a safe secure location close to transit should be pursued. The legislative changes from last session need to be observed for one or two years before the process is changed again.

Current law already provides for a three-year covenant, with the exception of the one-year notice if it is included in the rental agreement and is properly served. Some judges have negated that service requirement when it was not done properly. The bill could potentially eliminate potential buyers due to the length of time it would take to be able to transfer the MHC that could still be considered a regulatory taking.

Persons Testifying: PRO: Senator Mona Das, Prime Sponsor; Ishbel Dickens, Association of Manufactured Home Owners; Duane Love, Canyon Mobile Park HOA; Joanna Crocker, Association of Manufactured Home Owners; Miles Nowlin, Resident Owned Communities NW; Phyllis Booth, citizen; Isaac Organista, Washington Community Action Network; Debbie White, citizen.

CON: Christy Mays, Detente Management; Todd Fischer, citizen; Beau Harer, Manufactured Housing Communities of Washington; Christina Dugoni, Davis Investors; Bob Schroeter, Manufactured Housing Communities of Washington; Michael McGlaughlin, Affordable Communities Coalition.

Persons Signed In To Testify But Not Testifying: No one.