

# HOUSE BILL REPORT

## HB 1100

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### As Reported by House Committee On:

Housing, Human Services & Veterans  
Appropriations

**Title:** An act relating to the sale or lease of manufactured/mobile home communities and the property on which they sit.

**Brief Description:** Concerning the sale or lease of manufactured/mobile home communities and the property on which they sit.

**Sponsors:** Representatives Duerr, Kloba, Bateman, Ramel, Ortiz-Self, Gregerson, Valdez, Macri and Chopp.

### Brief History:

#### Committee Activity:

Housing, Human Services & Veterans: 1/14/21, 1/21/21 [DPS];  
Appropriations: 1/25/22, 2/3/22 [DP2S].

#### Brief Summary of Second Substitute Bill

- Requires landlords to provide written notices of opportunity to purchase with respect to the sale or lease of a manufactured/mobile home community (MHC).
- Provides certain organizations and associations a fixed period of time within which to provide written notice of intent expressing an interest to purchase or lease and make an offer, during which time the landlord must not make a final unconditional acceptance of an offer from others.
- Requires good faith negotiations between landlords and qualified tenant organizations and eligible organizations when a landlord sells or leases an MHC or the property on which it sits.
- Imposes civil penalties for failure to comply.

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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 part of the legislation nor does it constitute a statement of legislative intent.*

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## HOUSE COMMITTEE ON HOUSING, HUMAN SERVICES & VETERANS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Peterson, Chair; Taylor, Vice Chair; Bateman, Chopp, Leavitt and Thai.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Caldier, Ranking Minority Member; Gilday, Assistant Ranking Minority Member; Barkis.

**Staff:** Lena Langer (786-7192).

### **Background:**

Under the Manufactured/Mobile Home Landlord-Tenant Act (MHLTA), within 14 days after the date on which any advertisement, multiple listing, or public notice advertises that a manufactured/mobile home community (MHC) is for sale, a landlord must provide a written notice of sale of an MHC by certified mail or personal delivery to:

- each tenant in the MHC;
- the officers of any known qualified tenant organization, defined as a formal organization of tenants within a manufactured/mobile home community, with the only requirement for membership consisting of being a tenant;
- the Office of Mobile/Manufactured Home Relocation Assistance, in the Department of Commerce;
- the local government and the local housing authority within whose jurisdiction all or part of the MHC exists; and
- the Washington State Housing Finance Commission.

The notice must include a statement that the landlord intends to sell the MHC and the contact information of the landlord or landlord's agent who is responsible for communicating with a qualified tenant organization or eligible organization regarding the sale of the property.

- An "eligible organization" includes local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state, and regional or statewide nonprofit housing assistance organizations.
- "Qualified tenant organization" means a formal organization of tenants within an MHC, with the only requirement for membership consisting of being a tenant.

A landlord intending to sell an MHC is encouraged to negotiate in good faith with qualified tenant organizations and eligible organizations, such as local governments, local housing authorities, nonprofit community organizations, tribes, and nonprofit housing assistance organizations.

## **Summary of Substitute Bill:**

### Notice of Opportunity to Purchase.

In addition to requirements related to the notice of sale, a landlord must provide a written notice of opportunity to purchase a mobile home community (MHC) to each tenant, the Department of Commerce (Commerce), and the Housing Finance Commission by certified mail or personal delivery within 14 days after the date any advertisement, listing, or public notice is first made that the MHC, or property on which it sits, is for sale or lease.

A notice of opportunity to purchase must include:

- a statement that the landlord intends to sell or lease the MHC or the property on which it sits; and
- a statement that:
  - qualified tenant organizations and eligible organizations have 45 days from the date of delivery or postmark to provide the landlord with notice of intent to consider purchasing or leasing the manufactured/mobile home park (park), during which time the landlord must not make a final acceptance of an offer to purchase or lease the park;
  - if notice of intent is provided to the landlord within that time that the landlord must not make a final unconditional acceptance of an offer to purchase or lease the park from a person or entity other than a qualified tenant organizations or eligible organization for an additional 90 days;
  - includes a signed affidavit that discloses the advertised or listed selling price; and
  - includes the contact information for the landlord or agent who is responsible for communication regarding the opportunity to make an offer.

If written notice of intent expressing intent to consider purchase or lease of the MHC from the qualified tenant organization or eligible organization is provided to the landlord within 45 days, the landlord must wait 90 days before making a final unconditional acceptance of an offer to purchase or lease the MHC from a person or entity other than the qualified tenant organization or eligible organization. If the notice of intent is not provided to the landlord within 45 days, the landlord is not subject to the 90-day waiting period.

A qualified tenant organization or eligible organization's written notice of intent to the landlord must identify two people representing the tenant organization or eligible organization and the following:

- name;
- mailing address; and
- telephone number.

The interested organization may also request on the notice certain property documents to determine an offer price.

Notice of opportunity to purchase is not required with respect to a sale or lease of an MHC or the property on which it sits if the transaction is:

- due to foreclosure, eminent domain, or a tax sale;
- incidental to MHC financing;
- between joint tenants in common;
- among partners that own the MHC; or
- to a member of the landlord's family or to a landlord's family trust.

A landlord is required, rather than encouraged, to negotiate in good faith with qualified tenant organizations and eligible organizations when selling or leasing an MHC or the property on which it sits. Likewise, qualified tenant organizations and eligible organizations that submit a notice of intent to purchase or lease an MHC or the property on which it sits must negotiate in good faith with the landlord. Eligible organizations are expanded to include community land trusts and resident nonprofit cooperatives.

Commerce must maintain a registry of all eligible organizations submitting a written request to receive notices of opportunity to purchase or lease an MHC, including the name and mailing address of the eligible organization and a statement the organization wishes to purchase or lease the MHC. Commerce must provide the eligible organizations with such notices received from landlords, as well as provide copies of the registry upon request.

A landlord who sells or leases an MHC and willfully fails to comply with the notice, waiting period, or good faith negotiation requirements is liable to the state for a civil penalty of \$10,000. The Attorney General may bring a civil action in the name of the state against the landlord.

#### **Substitute Bill Compared to Original Bill:**

The substitute bill requires the qualified tenant organization or eligible organization to provide written notice of intent to the landlord when considering purchasing or leasing the manufactured/mobile home community. There are new requirements that the written notice identify two representatives of the organization and their contact information.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** 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 bill will help residents who live in manufactured/mobile home parks. It

allows nonprofit organizations to partner with residents to purchase the property. It is catastrophic when tenants are asked to leave their community. This bill gives the opportunity to tenants to purchase the park when the landlord wants to retire or move on, and the landlord will get a fair market price. More than 20 parks closed in the early 2000s. This bill will help preserve home ownership.

From the perspective of a park resident, more homeowners would love to be able to purchase a park. This bill has incentives that are a great start. The penalty should be increased to \$100,000 if a park owner sells without providing notice as described in this bill. This bill makes it easier for homeowners to organize and join with organizations to purchase communities. The bill allows nonprofit organizations the first opportunity to make an offer to purchase a community and to organize together.

(Opposed) The 45-day and 90-day waiting requirements create problems for the transfer of the property. These requirements are burdensome to the park owner who wishes to sell the community. This bill will hurt the industry and stops the transfer of property. This bill disincentives potential park owners from purchasing properties. The language in this bill is vague for the notice of intent requirement. This bill will create a false alarm when a park is being sold but is not closing.

This bill hurts affordable housing. It unfairly discriminates against one type of housing. There is no definition of what constitutes a "bona fide offer." The waiting periods in the bill will interfere with having a good faith buyer who is ready to move forward with a purchase. The good faith negotiation requirement is problematic because that is a subjective standard and it would be open to litigation.

(Other) It is unclear if the intention was for the funding for the Department of Commerce to come from the general fund. If not, there should be an amendment.

**Persons Testifying:** (In support) Representative Duerr, prime sponsor; Stacey Valenzuela; Ishbel Dickens, Association of Manufactured Home Owners; Kimberly Toskey, Homes & Hope Community Land Trust; Duane Love and Anne Sadler, Association of Manufactured Home Owners; Anne Sadler, Association of Manufactured Home Owners; Josh Castle, Low Income Housing Institute; Linda McCoy, Halcyon Mobile Home Park Homeowners Association.

(Opposed) Russell Millard, Park Preservations LLC; Andrew Cramer, Bridgeview Asset Management; Neil Wilson, Rental Housing Association; Jim Henderson, Rental Housing Association of Washington; Cristina Dugoni, Davis Investors, LLC.

(Other) Jasmine Vasavada, Department of Commerce.

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

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 17 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Chopp, Cody, Dolan, Fitzgibbon, Frame, Hansen, Johnson, J., Lekanoff, Pollet, Senn, Stonier, Sullivan and Tharinger.

**Minority Report:** Do not pass. Signed by 11 members: Representatives Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Chandler, Dye, Hoff, Jacobsen, Rude, Schmick and Steele.

**Minority Report:** Without recommendation. Signed by 4 members: Representatives Corry, Assistant Ranking Minority Member; Harris, Ryu and Springer.

**Staff:** Jessica Van Horne (786-7288).

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Housing, Human Services & Veterans:**

The second substitute sets out the form by which the notice of opportunity to purchase must be substantially provided, and requires that the notice must include a signed, notarized affidavit affirming the accuracy of the advertised or listed selling price of the manufactured/mobile home community.

**Appropriation:** None.

**Fiscal Note:** Available.

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

### **Staff Summary of Public Testimony:**

(In support) Manufactured homes are a valuable source of affordable housing as an alternative to traditional homeownership. Under current state policy, nonprofits and housing authorities can assist in preserving manufactured home and mobile parks and preventing their closure. In doing so, tenants receive assistance in purchasing the land under their homes. The policies proposed in the bill would give organizations and tenants time to intervene before a park is sold and potentially closes. The bill would help preserve affordable housing for current and future tenants. The bill will have little impact on most landlords of manufactured and mobile home parks. The only landlords who will be impacted are those who intend to sell their parks.

(Opposed) The bill would make selling and purchasing property more difficult for current and future manufactured home park owners and would effectively take property rights from park owners without compensation. The sale of a manufactured home park does not mean the park will be closed. Most potential park purchasers have very tight timelines in which to complete a sale due to concerns regarding capital gain taxes. The length of time during which a group of tenant organizations or other organizations may prevent a sale from moving forward is excessive. There is a risk that multiple groups could file notices of intent in succession, which could then further delay the process. If sales are delayed, this will deter potential purchasers, especially those with more capital to invest in the park. Many parks have many years of deferred maintenance and will require significant capital investment to complete infrastructure updates. Park residents may lack the knowledge and capital to deal with that maintenance.

Park owners would prefer a process that relies on incentivizing working voluntarily with park residents on transferring land, rather than punishing owners. The proposed penalties for park owners are discriminatory compared to other real estate transactions. Current law already allows for residents to purchase park land, and this has taken place multiple times. The bill would create a new process that is not based on data.

(Other) The Department of Commerce (Commerce) currently facilitates the preservation of affordable housing, including providing relocation assistance to residents of manufactured and mobile homes. The new duties created in the bill would align with Commerce's current work. Commerce would require general fund resources to meet the requirements of the bill, as it would not be an allowable use of the Mobile Home Park Relocation Account.

**Persons Testifying:** (In support) Andrew Calkins, King County Housing Authority; Ishbel Dickens, Association of Manufactured Home Owners; and Victoria O'Banion.

(Opposed) Ryan Erickson and Jacob Arntson, Commonwealth; Chester Baldwin, Manufactured Housing Communities of Washington; Beau Harer, Détente Management; Russell Millard, Park Preservations; Cristina Dugoni, Davis Investors and Management, LLC; and Christa Connolly, West Prairie Village Mobile Home Park.

(Other) Dave Pringle, Department of Commerce.

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