

SENATE BILL REPORT

SB 5079

As of January 14, 2021

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, Kuderer, Hasegawa, Hunt, Keiser, Lovelett, Robinson, Rolfes, Stanford and Wilson, C..

Brief History:

Committee Activity: Housing & Local Government: 1/14/21.

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 seven 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 compensate the tenants for such loss during the closure period at the market value of the home, or \$5,000, whichever is greater.
- Extends the notice to vacate period after the tenant receives compensation for their home from 90 days to 180 days.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

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.

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 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 manufactured/mobile home community (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 at least 90 days written notice 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 of 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 180 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: MHCs are a common affordable housing option and provide safety and security for many senior citizens or low-income individuals. Having to move a home within an MHC is very traumatic and tenants need time to save up and make informed decisions since they are unlikely to be able to afford another home. Although MHC owners still have the option to compensate homeowners, any compensation received by displaced tenants does not last long or is often insufficient. Three years' notice is a fair deal when the decision to close an MHC is not the tenant's choice. Twelve months is not long enough for certain tenants who have made significant investments in their home. Homes are the tenants greatest asset and relocating is expensive and time consuming. MHCs provide an alternative housing option for individuals facing rent increases in apartment living. Tenants who are senior citizens have limited options for other types of housing, with some experiencing significant time on wait lists, some lasting several years. Most mobile homes are permanently affixed or too fragile to relocate. Some pre-1974 built mobile homes cannot be moved by law and most MHCs cannot accommodate homes from other MHCs. Extending the closure notice will not prevent some MHCs from being sold and converted to big businesses, like Home Depot.

CON: This legislation is not needed as it is a solution looking for a problem. There have not been that many MHC closings, and those MHCs that are closed are not in the best shape. Commerce data shows only eight MHC closures in the last ten years. The Legislature should focus on low-cost loans or allow MHC owners to convert spaces within MHCs to other uses or to provide long-term housing options. Extending the closure notice period puts pressure on smaller MHC owners to sell to larger corporate landlords, and provides no incentives for smaller MHC owners to keep MHCs. Some MHC owners decide to close or sell MHCs because the communities are in high density zones near transit, they have become unsafe with infrastructure issues or poor utility connections, and they are impacted by increasing property taxes and land use changes. More affordable housing units can fill the void left by closed or sold MHCs. MHC closures within 12 months are not realistic since tenant-initiated court processes may delay the sale for up to five or six years additional years, with the Firs Mobile Home Park taking five years to close.

OTHER: There are agency concerns with the compensation option for MHC owners to be exempt from the closure notice requirements and whether that negatively impacts or affects qualifying tenants' ability to apply for relocation assistance under the Mobile Home Relocation Assistance (MHRA) program. There are additional concerns about who retains ownership and liability for a compensated home that is then vacated by the tenant. The MHRA program requires ownership of the home in order for tenants to be eligible for relocation assistance. For compensation purposes, it is unclear how the market value of a home is calculated and at what time before sale or change of use.

Persons Testifying: PRO: Senator Mona Das, Prime Sponsor; Stacey Valenzuela, citizen; Ishbel Dickens, Association of Manufactured Home Owners; Kimberly Toskey, Homes and Hope Community Land Trust; Gary Lunde, Association of Manufactured Home Owners; Nick Federici, Washington Low Income Housing Alliance; Anne Sadler, Association of Manufactured Home Owners; Linda McCoy, Halcyon Mobile Home Park.

CON: Mike Simonitch, Shelter Management; Cristina Dugoni, Manufactured Housing Communities of Washington; Russ Millard, Park Preservations LLC.

OTHER: Dave Pringle, Department of Commerce.

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