

SENATE BILL REPORT

SB 6059

As Reported by Senate Committee On:
Housing, January 24, 2024

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: Senators Frame, McCune, Keiser, Kuderer, Randall, Saldaña, Valdez, Van De Wege, Wellman and Wilson, C..

Brief History:

Committee Activity: Housing: 1/19/24, 1/24/24 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Updates notification requirements for notices of opportunity to compete to purchase.
- Removes restrictions for tenants who receive assistance from an outside source that exceeds the maximum amounts of assistance to which a person is entitled under the Relocation Coordination Program.

SENATE COMMITTEE ON HOUSING

Majority Report: That Substitute Senate Bill No. 6059 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kuderer, Chair; Frame, Vice Chair; Cleveland, Rivers, Saldaña, Shewmake and Trudeau.

Minority Report: That it be referred without recommendation.

Signed by Senators Fortunato, Ranking Member; Braun, Gildon and Wilson, J..

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: Samantha Doyle (786-7335)

Background: Manufactured/Mobile Home Landlord-Tenant Act. 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 lot within a manufactured/mobile home community (MHC) where the tenant has no ownership interest in the property.

Notice of Opportunity to Compete to Purchase. A landlord must provide a written notice of opportunity to compete to purchase indicating the owner's interest in selling the MHC before the owner markets the MHC for sale or includes the sale of the MHC in a multiple listing and when the owner receives an offer to purchase that the owner intends to consider.

A notice of opportunity to compete to purchase must be provided to each tenant from a qualified tenant organization if in existence within the MHC, the Department of Commerce (Commerce), and the Housing Finance Commission. A notice of opportunity to purchase must include statements that:

- the landlord is considering selling the MHC or property;
- the tenants, through a qualified tenant organization representing a majority of tenants or an eligible organization, have an opportunity to compete to purchase the MHC;
- in order to compete to purchase the MHC, the tenants have 70 days to form or identify a single qualified tenant organization, notify the landlord in writing of their interest in purchasing the MHC, and provide a point of contact; and
- information about purchasing an MHC is available from Commerce.

If the tenants choose to compete to purchase the MHC, within 70 days after delivery of the notice of opportunity to compete to purchase, the tenants must notify the landlord in writing of:

- the tenants' interest in competing to purchase the MHC;
- their formation or identification of a single qualified tenant organization formed for the purpose of purchasing the MHC; and
- the name and contact information of the representative or representatives of the qualified tenant organization.

Within 15 days of the tenants notifying the landlord of their interest in purchasing the MHC, the qualified tenant organization and the landlord may make written requests for information. The qualified tenant organization may ask the landlord to provide information about the asking price, if any, and financial information related to the operating expenses of the MHC. The landlord may ask the qualified tenant organization representative for proof of intent to fund a sale. Written requests must be fulfilled within 21 days, unless otherwise agreed upon, and all provided information must be kept confidential, unless waived by the provider.

An eligible organization is subject to the same requirements and application conditions. An

eligible organization includes community land trusts, resident nonprofit cooperatives, local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide nonprofit housing assistance organizations.

The parties have an overall duty to act in good faith. This overall duty of good faith requires the landlord to allow the tenants to develop an offer, give their offer reasonable consideration, and inform the tenants if a higher offer is submitted. The landlord may not deny residents the same access to the MHC and to information that the landlord would give to a commercial buyer.

Notice of Closure. In the case of closure or conversion of an MHC, the landlord must provide tenants with two years notice. The two-year closure notice requirement is reduced to 18 or 12 months depending on the amount of relocation assistance provided.

Homeowners who receive payments or financial assistance from landlords remain eligible to receive other state assistance such as relocation assistance funds under the Relocation Coordination Program (Program).

Relocation Coordination Program. The Program, administered by Commerce, provides assistance to tenants of a mobile home park scheduled for closure or conversion to another use with the process of relocation. Relocation assistance is available on a first-come, first-serve basis to eligible tenants. Eligibility is limited to low-income households. Eligible tenants are entitled to financial assistance from the fund, up to a maximum of \$17,000 for a multi-section home and up to a maximum of \$11,000 for a single-section home. A tenant is not entitled to relocation assistance if:

- the tenant has given notice of their intent to vacate the park and terminate the tenancy before written notice of closure was given;
- the tenant purchased a mobile home already situated in the park or moved into the park after written notice of closure was given and the person received prior notice of the change or closure; or
- the tenant receives assistance from an outside source that exceeds the maximum amount of assistance to which they are entitled under the program, except that tenants receiving relocation assistance from the landlord for a notice of closure or conversion of an MHC remains eligible for the maximum amounts.

Summary of Bill (First Substitute): Notice of Opportunity to Compete to Purchase. A notice of opportunity to purchase must include the date the notice was mailed by certified mail or personally delivered to all recipients. If the tenants choose to compete to purchase the MHC, they must notify the landlord in writing within 70 days after the certified mailing or personal delivery date. Within 20 days of the tenants notifying the landlord of their interest in purchasing the MHC, the qualified tenant organization and the landlord may make written requests for information. The closure notice for tenants requirements includes two years notice.

Landlords must share with all eligible organizations and competing potential buyers participating in negotiations any offer, terms, or revised offer or terms shared with other competing potential buyers. An eligible organization is clarified to be an organization whose mission aligns with the long-term preservation of the MHC.

Relocation Coordination Program. Allows the director at Commerce to assign a designee to receive notice of park closures or conversions. The restriction for tenants who receive assistance from an outside source that exceeds the maximum amounts of assistance to which a person is entitled under the Program is removed. When tenants are compensated for relocation under the program and given notice to vacate, the notice must include: Commerce contact information and financial and technical assistance programs available to support eligible tenant relocation activities.

EFFECT OF CHANGES MADE BY HOUSING COMMITTEE (First Substitute):

- Removes language requiring eligible organizations to notify if they do not intend to make an offer.
- Changes the draft notice language from 12 months to two years.
- Makes technical corrections.
- Adds to the notice of closure requirements for tenants to receive Commerce Relocation Assistance and Coordination Program materials.

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 on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill is a technical clean up trailer bill, that is the result of a collaborative effort. It clarifies timelines and includes follow-ups related to the Department of Commerce's notification requirements. We appreciate that it clarifies some of the issues that came to light over this year. This bill provides solutions and clarity regarding notifications and good faith negotiations. This is a product of true collaboration. These clean ups ensure that all families receive the funds they are eligible for. We also look forward to the additional changes that we have worked with the vice-chair to provide in an amendment.

Persons Testifying: PRO: Senator Noel Frame, Prime Sponsor; Victoria OBanion, Northwest Cooperative Development Center; Mike Hoover, Detente Management; Ishbel Dickens, Assoc of Manufactured Home Owners.

OTHER: Brigid Henderson, Washington State Department of Commerce.

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