

HOUSE BILL REPORT

HB 1582

As Reported by House Committee On:
Civil Rights & Judiciary

Title: An act relating to manufactured/mobile home tenant protections.

Brief Description: Addressing manufactured/mobile home tenant protections.

Sponsors: Representatives Gregerson, Kloba, Peterson, Valdez, Pollet, Wylie, Appleton, Bergquist, Doglio, Reeves, Tharinger, Kirby, Jinkins and Macri.

Brief History:

Committee Activity:

Civil Rights & Judiciary: 2/12/19, 2/22/19 [DPS].

Brief Summary of Substitute Bill

- Amends the Manufactured/Mobile Home Landlord-Tenant Act in a variety of ways, including increasing the term of the lease from one year to two years, increasing the notice for rent increases from three months to six months, increasing the notice to pay or vacate from five days to 15 days, and expressly allowing courts to limit dissemination of an unlawful detainer action.

HOUSE COMMITTEE ON CIVIL RIGHTS & JUDICIARY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Jinkins, Chair; Thai, Vice Chair; Goodman, Hansen, Kilduff, Kirby, Orwall, Valdez and Walen.

Minority Report: Do not pass. Signed by 5 members: Representatives Dufault, Assistant Ranking Minority Member; Graham, Klippert, Shea and Ybarra.

Minority Report: Without recommendation. Signed by 1 member: Representative Irwin, Ranking Minority Member.

Staff: Cece Clynch (786-7195).

Background:

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.

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 mobile home lot within a mobile home park where the tenant has no ownership interest in the property or in the association which owns the property. For purposes of the MHLTA:

- "Mobile home park," "manufactured housing community," or "manufactured/mobile home community" means any real property which is rented or held out for rent to others for the placement of two or more mobile homes, manufactured homes, or park models for the primary purpose of production of income, except where such real property is rented or held out for rent for seasonal recreational purposes only and is not intended for year-round occupancy.
- "Park model" means a recreational vehicle intended for permanent or semi-permanent installation and used as a primary residence.
- "Recreational vehicle" means a travel trailer, motor home, truck camper, or camping trailer that is primarily designed and used as temporary living quarters, is either self-propelled or mounted on or drawn by another vehicle, is transient, is not occupied as a primary residence, and is not immobilized or permanently affixed to a mobile home lot.

In the 2018 case of *Allen v. Dan and Bill's RV Park*, the issue before Division II of the Court of Appeals was whether a park which rented space to people with different types of trailers and motorhomes was a manufactured/mobile home park for purposes of the MHLTA. The court determined that:

- two trailers in the park, both of which had been there for several years and in which the tenants had lived continuously for several years, but only one of which was immobilized, qualified as park models;
- the park was therefore a manufactured/mobile home park; and
- the MHLTA applied.

In so doing the court determined that the Office of Administrative Hearings had erred by improperly importing the phrases from the definition of "recreational vehicle" into the definition of "park model" to define "semi-permanent installation" to mean "immobilized" and "permanent installation" to mean "permanently affixed."

Term, Renewal, and Termination.

Under the MHLTA the landlord must offer a term of one year and is prohibited from offering better terms, such as a lower monthly rent, for a month-to-month tenancy. A tenant may, however, waive the right to a one year tenancy by signing a written waiver. Any rental agreement, of whatever duration, automatically renews for the term of the original rental agreement unless a different length is agreed upon.

A tenant not intending to renew must notify the landlord in writing one month prior to the expiration of the rental agreement. A landlord may not terminate or fail to renew a tenancy except for certain reasons, and then only when the landlord complies with the specified notice requirements. Permissible reasons include:

- nonpayment of rent and additional charges specified in the agreement (five-day notice to pay or vacate);

- substantial violation, or repeated violations, of enforceable rules of the park, as established by the landlord at the inception of the tenancy, or as subsequently assumed with the consent of the tenant (15-day notice to comply or vacate; in the case of a violation of a "material change" in park rules with respect to pets, tenants with minor children living with them, or recreational facilities, the tenant must be given six months' written notice in which to comply or vacate);
- change of land use or conversion (12-months' notice);
- criminal activity;
- service of three 15-day notices to comply or vacate within a 12-month period; and
- failure to pay rent by the due date three or more times in a 12-month period.

Rent.

A landlord seeking to increase the rent upon expiration of the term of an agreement must provide notice at least three months prior to the effective date of any increase.

Park Rules.

Rules are enforceable against a tenant only if: their purpose is to promote the convenience, health, safety, or welfare of the residents, protect and preserve the premises from abusive use, or make a fair distribution of services and facilities available for the tenants generally; they are reasonably related to the purpose for which they are adopted; they apply to all tenants in a fair manner; they are not for the purpose of evading an obligation of the landlord; and they are not retaliatory or discriminatory in nature.

Sale/Conversion of a Manufactured/Mobile Home Community.

A rental agreement must include, among other things:

- a promise by the landlord that, except for acts or events beyond his or her control, the mobile home park will not be converted to a land use that will prevent the lease from continuing for a period of three years after the beginning of the term of the agreement; or
- a statement, in large, bold face type, that the park may be sold at any time after the required 12 months' notice with the result that the park may be closed.

Limited Dissemination.

The Residential Landlord-Tenant Act includes a provision that allows courts to order an unlawful detainer action to be of limited dissemination under certain circumstances and prohibits a tenant screening service provider from disclosing or using the existence of the unlawful detainer action if such an order has been entered. The MHLTA does not contain a similar provision.

Summary of Substitute Bill:

A variety of changes are made to the Manufactured/Mobile Home Landlord-Tenant Act (MHLTA).

Terms, Renewal, and Termination.

No landlord may offer a mobile home lot for rent without offering a written rental agreement for a term of at least two years (up from one year). Annually, at any anniversary date of the tenancy, the tenant may require that the landlord provide a written rental agreement for a term of two years.

The pay rent or vacate notice is extended to 15 days (up from five days). A tenant given a notice with respect to a substantial rule violation must be afforded 30 days (up from 15 days) to comply or vacate. Provisions governing situations in which a tenant has failed to comply with rules or failed to pay rent in a timely fashion on three or more occasions in a 12-month period are revised accordingly. A tenant evicted from a mobile home park shall be allowed 120 days within which to sell the mobile home in place, provided that the tenant remains current in the payment of rent incurred after eviction, and pays any past due rent, reasonable attorneys' fees, and court costs at the time the rental agreement is assigned.

Rent.

At least six months' (up from three months') written notice of a rent increase must be provided. Rental agreements or renewals shall include, or be deemed to include, a prohibition on periodic or monthly rent increases that exceed the lesser of 3 percent or the consumer price index increase over the periodic or monthly rental rate charged the same tenant for the same housing unit and same services for any period or month during the preceding two-year period. "Consumer price index" means the consumer price index compiled by the Bureau of Labor Statistics, United States Department of Labor for the state of Washington. If the Bureau of Labor Statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items must be used.

In addition to specifying the terms for payment of rent in the written rental agreement, accurate historical information regarding the rent charged for the past five years must be included, together with the projected rent for that lot for the next two years. With the listing of utilities, services, and facilities that will be available to the tenant and the associated fees to be charged, the landlord must also provide a statement that, in the event any utilities, services, or facilities are changed to be charged independent of the rent, discontinued, or eliminated during the term of the rental agreement, the landlord agrees to decrease the amount of rent charged proportionately.

A rental agreement shall not contain a provision which allows the landlord to alter the due date for rent or increase the rent during the term of the rental agreement if the term is less than two years (up from one year) or more frequently than biennially if the term is for two years (up from one year) or more. A rental agreement for a term exceeding two years (up from one year) may provide for biennial increases in rent in specified amounts or by a formula specified in such agreement.

Park Rules.

Any new or amended rules not contained within the rental agreement are enforceable against a tenant only if they go into effect at the end of the term of the rental agreement and: the tenant has agreed to them in writing; or the tenant was provided at least 90 days' written notice.

Sale/Conversion of a Manufactured/Mobile Home Community.

A rental agreement must include, among other things:

- a promise by the landlord that, except for acts or events beyond his or her control, the mobile home park will not be converted to a land use that will prevent the lease from continuing for a period of five years (up from three years) after the beginning of the term of the agreement; or
- a statement, in large, bold face type, that the park may be sold at any time after the required notice (which is increased from 12 months to three years) with the result that the park may be closed.

Limited Dissemination.

A provision allowing courts to limit dissemination of an unlawful detainer action that is identical to that found in the Residential Landlord-Tenant Act is added to the MHLTA.

Miscellaneous.

A landlord shall not prohibit solicitation by, or meetings with, housing and low-income assistance organizations. "Housing and low-income assistance organizations" means an organization that provides tenants living in a mobile home park with information about their rights and other pertinent information.

At least seven days in advance of a tenant's intended sale of a mobile home and transfer of a rental agreement, the landlord must: notify the selling tenant, in writing, of a refusal to permit transfer of the rental agreement; or, if the landlord approves of the transfer, provide the buyer with copies of the written rental agreement, the rules, and all other documents related to the tenancy. A landlord may not accept payment for rent or deposit from the buyer until the landlord has provided the buyer with these documents.

Notices required under the MHLTA must be in a language that the particular tenant to whom it is given can understand.

Two or more tenants may collectively initiate remedies with respect to a landlord's failure to perform his or her duties.

Substitute Bill Compared to Original Bill:

The substitute bill retained the original bill, and includes the following changes:

- removes new language that was added to the definitions of "park model" and "mobile home park" and which referred to the number of days that a park model was located in a mobile home park;
- strikes the requirement that the Office of the Attorney General approve new rules;
- requires that a rental agreement contain information regarding the projected rent for the same lot or space for the next two years (down from five years);
- provides for a 15-day (down from 21-day) notice to pay or vacate; and
- requires three years' (down from five years') notice of conversion/change of land use.

Appropriation: None.

Fiscal Note: Not requested.

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 quite complex bill is necessary. It was 26 years ago that the Legislature took a comprehensive look at the Manufactured/Mobile Home Landlord-Tenant Act (MHLTA), and it is time to update this. There are 1,600 mobile home parks in Washington. That is double the number of cities and counties in Washington. With 250,000 residents, the number of residents in these parks equals the number of people in two legislative districts. There have been a number of stakeholder meetings, and there is a commitment to continuing to work on trying to reach common ground. There is a homelessness crisis in this state. There is a need for equity and fairness. Some residents who intended to be here to testify were not able to get here due to the snowy weather. There are 75,000 families living in 1,600 mobile home communities in Washington. The one year notice of closure is not reasonable, given that residents risk losing the equity in their homes that they have purchased. Tenants sometimes find that their American dream has turned into an American nightmare. Two years' notice will allow more stability. Tenants should be provided with advance information of what they should expect to pay for rent and utilities. This is not a radical bill, contrary to what some of the landlords may say. In Seattle, moorage rental is tied to the consumer price index (CPI), and it has been on the books for decades. Despite that, the docks have not fallen apart. It is difficult, if not impossible, to move a mobile home. In addition, if the home is sold in place the homeowner has to make sure that the landlord is okay with the buyer or that the landlord will buy it. Otherwise, the homeowner loses all of his or her equity. Many seniors and low-wage workers live in these communities. Stability is very important.

(Opposed) Landlords were not involved in the stakeholder process and drafting of this bill. There needs to be a process that involves all of the stakeholders. Instead of passing this bill, it would be preferable to see a work group formed. There is no consideration given here to other tenants in the communities or to operators. This bill would increase the notice period from 15 days to 30 days for disruptive tenants or for pest infestation or with respect to nonauthorized guests when the septic system is overloaded. Many tenants live in these communities because of the nature of the community, which is sometimes resort style. Rent control is unconstitutional. No housing stock is being added with this bill. The only winners will be attorneys. Limiting rent impacts the upkeep of the community, because there are no funds available for roads, paint, or flowers. There is a need for more housing. The problem is lack of supply. This bill will not help the problem, but will instead hurt. This bill perpetuates the stereotype that all mobile home parks are only for poor people. There are small parks in which the trailers sell for \$7,000. In others, however, the park is a resort-style community with a pool, and the homes sell for \$100,000 to \$250,000. Even in 40-year-old communities, homes are selling for considerable amounts. The dream of homeownership is still attainable for many people in these communities. Rent control has been a failure wherever it has been tried in the country. The CPI is very imperfect. Many prices increase but they are not tied to the CPI. In 2012 the MHLTA was overhauled by a joint stakeholder group. This industry provides privately funded affordable living. This bill creates ambiguity

insofar as definitions are concerned. There is no need for an automatic renewal of two years, when there is already a one-year automatic renewal. A biennial rent increase is problematic, especially when utilities change. A three-month to six-month notice increase is problematic, as is a five-year closure provision. These communities are nongovernmental and are not subsidized. Increasing the notice period to 30 days from 15 days is problematic. These notices are issued for things like garbage on decks that is attracting rodents and cars obstructing traffic. Most of the other tenants in the park want these problems dealt with expeditiously. Some parks have lists of people who want to move into the parks because they are affordable, viable options when compared to apartments and other housing options. Requiring 120 days for eviction is problematic. The motto of Franklin Pierce Estates is 'Creating Community.' From the perspective of a person who has been both a tenant and a community owner, it is evident that this bill will hurt both tenants and owners. This bill tells landlords not to take any risks on renting a lot to a tenant because the landlord will never be able to get rid of the tenant. Sometimes, such as in the case of drug dealers, the landlord has to be able to get the tenant out quickly. If that drug dealer fails to pay rent, current law allows the landlord to issue a 5-day notice to pay rent or vacate and get the drug dealer out much more quickly than can be done if the eviction is based upon drug dealing. This bill will require landlords to project rent for 5 years, which is difficult to do. It will also scare tenants away, which will then result in a loss of value for existing tenants. These communities provide affordable housing. There have been no new mobile home communities created in 20 years due to a number of factors, including the Growth Management Act. Housing providers should not be treated like banks. That is not their job. That is the Legislature's job.

(Other) The residents of a mobile home park in SeaTac have been struggling for three years as they face displacement. They do not want to lose their decent, safe community in which they spent many years and in which their children grew up. The City of SeaTac is growing and making improvements, and the residents of the park want to be part of that. This bill will provide protections to these communities.

Persons Testifying: (In support) Representative Gregerson, prime sponsor; Ishbel Dickens, Association of Manufactured Home Owners; and Xochitl Maykovich, Washington Community Action Network.

(Opposed) Christy Mays, Detente Management; Beau Harer and Chester Baldwin, Manufactured Housing Communities of Washington; Tony Branson, Contempo Mobile Home Park; Debra Kraft, Franklin Pierce Estates; and Russ Millard, Park Preservations.

(Other) Misael Salinas, First Mobile Home Park.

Persons Signed In To Testify But Not Testifying: John Millard; and Jeremy Millard.