

SENATE BILL REPORT

SB 5944

As of February 27, 1997

Title: An act relating to mobile home park rent justification.

Brief Description: Justifying mobile home park rents.

Sponsors: Senators Prentice, Wood, McAuliffe, Finkbeiner, Goings, Kline, Schow and Rasmussen.

Brief History:

Committee Activity: Financial Institutions, Insurance & Housing: 2/27/97.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Staff: Dave Cheal (786-7576)

Background: Unless otherwise agreed, mobile home park leases are for a period of one year. Notice of increases in lease rent must be given three months prior to the expiration of the current term.

Vacancy rates in mobile home parks are very low, particularly in western Washington. Some parks restrict the age, size, or style of mobile homes permitted in their park.

Moving costs of a mobile home often amount to several thousand dollars, and the risk of damage during a move is significant.

Rents in some parks have increased at a rate far exceeding the Consumer Price Index. There is no legal control on mobile home park rent levels.

Summary of Bill: The Mobile Home Park Rental Review Board is created in the Department of Community, Trade, and Economic Development.

Park owners are required to register with the board and supply a variety of information about the park, including the current rent schedule.

Following the effective date of the act, rents are limited to those in effect on January 1, 1997, unless increases are obtained under the provisions of the act. That initial rent level is called the base rent.— Base rents for parks developed after January 1, 1997 must be submitted to the board by petition.

Rents may be adjusted annually by park owners without seeking permission in an amount equal to 30 percent of the consumer price index increase since the base rent was established or subsequent adjustment. A park owner may seek larger increases by petition to the board that the otherwise permitted increase does not result in a reasonable return on property. Supporting financial information is required.

Tenants may also petition for a determination of validity of rent levels under the act.

The board is allowed to establish its own rules of procedure which are generally those of an administrative agency.

A fair return on property is measured by net operating income. Net operating income is defined as gross income minus reasonable operating expenses. A park owner may petition for a finding that net operating income for a given period did not produce a fair return on property. If the petition is successful, a rent adjustment is allowed.

Park owners are prohibited from reducing services or taking other retaliatory action following the exercise of any rights under the act by tenants.

Anyone who takes payment in violation of the act is liable for treble damages and attorneys' fees.

Wilful violation for adjusting the rent in excess of an amount allowed by the act or by order of the board is guilty of a misdemeanor.

The board, tenants, or owners may seek relief from the appropriate court to enforce the chapter or to appeal orders or decisions of the board.

Appropriation: None.

Fiscal Note: Requested on February 24, 1997.

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