

SENATE BILL REPORT

ESSB 5183

As Passed Senate, April 22, 2019

Title: An act relating to relocation assistance for tenants of closed or converted mobile home parks.

Brief Description: Concerning manufactured/mobile homes.

Sponsors: Senate Committee on Housing Stability & Affordability (originally sponsored by Senators Kuderer, Pedersen, Wellman, Saldaña, Lias and Wilson, C.).

Brief History:

Committee Activity: Housing Stability & Affordability: 1/23/19, 2/20/19 [DPS-WM].
Ways & Means: 2/25/19 [w/oRec, DNP].

Floor Activity:

Passed Senate: 4/22/19, 36-13.

Brief Summary of Engrossed First Substitute Bill

- Authorizes manufactured/mobile home park tenants seeking relocation assistance from the Mobile and Manufactured Home Relocation Assistance Program (Relocation Assistance Program) to receive other funding for relocation purposes without reducing their eligibility for relocation assistance funds.
- Authorizes qualifying manufactured/mobile home park tenants to use Relocation Assistance Program funds to secure housing that is not a manufactured home.
- Requires the Department of Commerce (Commerce) to distribute, for each eligible tenant, up to 40 percent of the total financial assistance as cash assistance to help the tenant secure new housing and the remainder as reimbursement for costs associated with relocation.
- Modifies certain manufactured home fees for deposit into the Manufactured/Mobile Home Park Relocation Fund.
- Creates the Relocation Coordination Program in Commerce to assist tenants of a mobile home park scheduled for closure or conversion to another use.

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.

- Reinstates the real estate excise tax exemption for certain sellers transferring a manufactured/mobile home community.
- Adds mobile home park and manufactured housing cooperatives to the property tax exemption for nonprofits providing rental housing for very low-income households.
- Restricts local jurisdictions from prohibiting siting a manufactured/mobile home on an existing lot based solely on lack of compliance with existing separation and setback requirements that regulate the distance between homes.

SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

Majority Report: That Substitute Senate Bill No. 5183 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Zeiger, Ranking Member; Darneille, Fortunato, Saldaña and Warnick.

Staff: Brandon Popovac (786-7465)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That it be referred without recommendation.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wilson, L..

Minority Report: Do not pass.

Signed by Senator Schoesler.

Staff: Claire Goodwin (786-7736)

Background: Relocation Assistance. The Office of Mobile/Manufactured Home Relocation Assistance (Office), in the Department of Commerce (Commerce), provides general assistance to mobile and manufactured home resident organizations, tenant organizations, and mobile and manufactured home community owners.

The Office provides financial assistance for displaced manufactured/mobile homeowners under the Relocation Assistance Program when mobile home parks close. The financial assistance is provided on a first-come, first-served basis to low-income persons owning mobile homes in mobile home parks that are scheduled for closure or conversion to another use. Tenants residing in parks that are closed because of park-owner fraud or health and safety concerns are given priority.

To be eligible for relocation assistance:

- the tenant must reside in the mobile home park at the time a closure notice is issued;
- the tenant's household income must be no more than 80 percent of the median family income for the county where the mobile or manufactured home is located; and
- the tenant must maintain ownership and either relocate the home or demolish or dispose of it if it cannot be relocated.

Eligible mobile homeowners or tenants may receive reimbursement of relocation expenses up to \$12,000 for a multi-section home and \$7,500 for a single-section home. The Relocation Assistance Program is funded by a \$100 fee on the issuance of a certificate of title for manufactured/mobile homes, which is deposited into the Mobile Home Park Relocation Fund. Each manufactured/mobile home community landlord must pay the Department of Revenue a \$10 annual registration assessment for each manufactured/mobile home within a manufactured/mobile home community. Landlords may charge a maximum of \$5 of the assessment to tenants.

If a person receives any payments for relocation, outside of funds provided by the Relocation Assistance Program, the funds from the Relocation Assistance Program are reduced by the amount of outside funding received. If the amount of assistance received from an outside source exceeds the maximum amount of assistance a person is eligible for under the Relocation Assistance Program, the person is not eligible for Relocation Assistance Program funds.

Real Estate Excise Tax and Property Tax Exemptions. Property that is owned or used by a nonprofit to provide rental housing for very low-income households or to provide space for the placement of a mobile home in a mobile home park is exempt from property taxation if:

- the benefit of the property tax exemption inures to the nonprofit;
- at least 75 percent of the occupied dwelling units are occupied by a very low-income household; and
- the rental housing was insured, financed, or assisted in whole or in part by a federal or state housing program, an affordable housing levy, or state-authorized affordable housing surcharges.

If less than 75 percent of dwelling units are occupied by very low-income households, the property is eligible for a partial tax exemption. A very low-income household is defined as a single person, family, or unrelated persons living together whose income is at or below 50 percent of the median county income, adjusted for family size, as determined by the Federal Department of Housing and Urban Development.

A mobile home park or a manufactured housing cooperative consists of property with common areas and two or more lots held out for placement of mobile homes, manufactured homes, or park models. Both the individual lots and the common areas are owned by an association of shareholders that leases or otherwise extends the right to occupy individual lots to its own members.

The real estate excise tax (REET) is assessed on the sale (selling price) of real estate, including the amount of any liens, mortgages, or other debts. REET is typically paid by the seller of the property, although the buyer is liable if REET is not paid. REET also applies to transfers of controlling interest in entities that own property in the state.

Certain types of real estate transactions are statutorily exempt from REET. For example, from June 12, 2008 to December 31, 2018, a qualified sale of a manufactured/mobile home community was exempt from REET. A qualified sale was the sale of a manufactured/mobile home community that was transferred in a single purchase to a qualified tenant organization or to an eligible organization, local government, housing authority, nonprofit organization, or federally recognized Indian tribe in Washington for the purpose of preserving the property as a manufactured/mobile home community.

Legislation that establishes or expands a tax preference must include a tax preference performance statement that identifies the public policy objective of the preference, as well as specific metrics and data that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

Manufactured Housing Siting. A city or town, code city, or county may not adopt an ordinance that has the effect, directly or indirectly, of discriminating against consumers' choices in the place or use of a home in such a manner that is equally applicable to all homes. Manufactured homes built to federal standards must be regulated for the purposes of siting in the same manner as site built homes, factory built homes, or homes built to any other state construction or local design standard. However, a city or town, code city, or county, may require that:

- a manufactured home be a new manufactured home;
- the manufactured home be set upon a permanent foundation, as specified by the manufacturer, and that the space from the bottom of the home to the ground be enclosed by concrete or an approved concrete product which can be either load bearing or decorative;
- the manufactured home comply with all local design standards applicable to all other homes within the neighborhood in which the manufactured home is to be located;
- the home is thermally equivalent to the state energy code; and
- the manufactured home otherwise meets all other requirements for a designated manufactured home.

A city or town, code city, or county may not adopt an ordinance that has the effect, directly or indirectly, of restricting the location of manufactured/mobile homes in manufactured/mobile home communities that were legally in existence before June 12, 2008, based exclusively on the age or dimensions of the manufactured/mobile home. However, a city or town, code city, or county may restrict the location of a manufactured/mobile home in manufactured/mobile home communities for any other reason including, but not limited to, failure to comply with fire, safety, or other local ordinances or state laws related to manufactured/mobile homes.

Summary of Engrossed First Substitute Bill: Relocation Assistance. The definition of relocate is expanded to provide tenants the ability to use Relocation Assistance Program funds to secure other housing when their manufactured/mobile home has been demolished and disposed of. The definition of relocation assistance is expanded to include both reimbursement for the costs of relocation and cash assistance to allow the tenant to secure new housing.

Commerce must distribute financial assistance for each eligible tenant as follows:

- up to 40 percent of the total assistance in the form of cash assistance to help the tenant secure new housing; and
- the remainder of the total assistance as reimbursement for costs associated with relocation.

A tenant or the tenant's assignee, in order to receive cash assistance, must provide documentation to Commerce that the tenant has:

- relocated;
- established a process to secure the relocation of the home by having assigned the right to reimbursement of the relocation costs and liability for such removal or demolition and disposal to another entity; or
- has contracted to incur expenses associated with relocation of the home.

Assignee is defined as an individual or entity who has agreed to advance allowable relocation assistance expenses in exchange for the assignment and transfer of a right to reimbursement from the Manufactured/Mobile Home Park Relocation Fund.

The following documentation must be provided if the tenant has entered into an assignment or a contract for relocation of the home:

- proof of the assignment; and
- evidence that the assignee is capable of fulfilling the obligation itself or a contract or invoice for relocation of the home executed with a vendor by the tenant or assignee.

Relocation assistance is no longer reduced by the amount of outside funding received, and recipients are not disqualified if they receive outside funding that exceeds the amount of relocation assistance for which they are eligible. However, a tenant's combined relocation assistance funds may not exceed the tenant's actual relocation expenses. Any cash assistance provided under the Relocation Assistance Program is considered a one-time direct grant payment and must be excluded from household income calculations to determine eligibility of the recipient to receive benefits from any other state-funded assistance programs.

The Mobile Home Park Relocation Fund is renamed the Manufactured/Mobile Home Park Relocation Fund.

Relocation assistance application requirements are modified, including eliminating different application processes for different types of applicants. For example, tenants must provide a statement of relocation expenses expected to be incurred at the time of application as opposed to providing proof of actual expenses incurred.

The \$100 manufactured home transaction fee that is deposited into the Manufactured/Mobile Home Park Relocation Fund is modified to 0.25 percent of the sale price of the manufactured home, but must be between \$100 and \$500. The \$10 manufactured/mobile home registration fee is increased to \$15, with \$5 of the fee to be deposited into the Manufactured/Mobile Home Park Relocation Fund for the purposes of the Relocation Coordination Program only.

The Relocation Coordination Program is created within Commerce for the purpose of assisting tenants of a mobile home park scheduled for closure or conversion to another use with the process of relocation. The program may include, but is not limited to:

- performing casework on behalf of individual tenants, and maintaining and distributing informational resources for tenants about the process for relocating and disposal of manufactured/mobile homes;
- researching and distributing current information regarding available locations for manufactured/mobile homes and other forms of available housing; and
- researching and distributing information regarding other sources of financial assistance that may be available to secure new housing.

Real Estate Excise Tax and Property Tax Exemptions. The REET exemption for certain sellers transferring a manufactured/mobile home community in a qualified sale is reinstated. The REET exemption expires after ten years and is subject to tax preference review by JLARC.

The property tax exemption for non-profits providing rental housing to very low-income households is expanded to include mobile home park cooperatives and manufactured housing cooperatives. Qualifying rental housing for such cooperatives is expanded to include rental housing insured, financed, or assisted by the Housing Finance Commission. The property tax exemption is exempt from tax preference performance requirements, a JLARC review, and the ten-year expiration of tax preferences. The property tax exemption is null and void if funding is not provided in the operating budget.

Manufactured Housing Siting. A city or town, code city, or county may not prohibit the siting of a manufactured/mobile home on an existing lot based solely on lack of compliance with existing separation and setback requirements that regulate the distance between homes.

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 (Housing Stability & Affordability): *The committee recommended a different version of the bill than what was heard.* PRO: The bill recognizes the unique challenges that owners of mobile and manufactured homes sometimes face. The bill provides more relocation options to tenants facing park closures, thereby easing the burden to those tenants. Relocation assistance can now be used as a down payment or rent on an apartment, providing more flexibility and options when tenants are looking for another place to live when a mobile home park closes. Tenants no longer have to buy a new manufactured/mobile home or move the existing home. We know that low-income housing is scarce enough and with housing prices continuing to rise around the state, this seems like a simple solution.

Persons Testifying (Housing Stability & Affordability): PRO: Senator Patty Kuderer, Prime Sponsor; Craig Hillis, Manufactured Housing Communities of Washington; Christy Mays, Detente Management.

Persons Signed In To Testify But Not Testifying (Housing Stability & Affordability): No one.