

HOUSE BILL REPORT

SSB 6059

As Reported by House Committee On:
Housing

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: Senate Committee on Housing (originally sponsored by Senators Frame, McCune, Keiser, Kuderer, Randall, Saldaña, Valdez, Van De Wege, Wellman and Wilson, C.).

Brief History:

Committee Activity:

Housing: 2/14/24, 2/20/24 [DPA].

Brief Summary of Substitute Bill
(As Amended by Committee)

- Revises requirements for notices of opportunity to compete to purchase a mobile home park or manufactured housing community (MHC).
- Modifies notice of closure requirements for MHCs.
- Allows tenants who receive relocation assistance from an outside source to receive the maximum amounts of assistance under the Mobile Home Relocation Assistance Program.

HOUSE COMMITTEE ON HOUSING

Majority Report: Do pass as amended. Signed by 13 members: Representatives Peterson, Chair; Alvarado, Vice Chair; Leavitt, Vice Chair; Klicker, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Barkis, Bateman, Chopp, Entenman, Hutchins, Low, Reed and Taylor.

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: Serena Dolly (786-7150).

Background:

The 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 mobile home park or manufactured housing community (MHC) where the tenant has no ownership interest in the property.

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. The notice must be provided to each tenant, any qualified tenant organization (QTO), the Department of Commerce (Commerce), and the Washington State Housing Finance Commission. A notice of opportunity to compete to purchase must include statements that:

- the landlord is considering selling the MHC or property;
- the tenants, through a QTO or an eligible organization, have an opportunity to compete to purchase the MHC;
- to compete to purchase the MHC, the tenants have 70 days to form or identify a single QTO, 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, the tenants must notify the landlord in writing within 70 days of the tenants' interest in competing to purchase the MHC, their formation of a QTO, and the name and contact information of the QTO's representative.

Within 15 days of the tenants notifying the landlord of their interest in purchasing the MHC, the QTO and the landlord may make written requests for information. The QTO 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 QTO for proof of intent to fund a sale. Written requests must be fulfilled within 21 days, and all provided information must be kept confidential.

Within 21 days of receiving any requested information, the tenants must form a resident nonprofit cooperative legally capable of purchasing the MHC, or partner with an entity that is legally capable of purchasing the MHC, and submit a purchase and sale agreement to the landlord.

The landlord has 10 days from receipt of a purchase and sale agreement to accept the offer, reject the offer, or counteroffer. If the parties reach agreement on the purchase, the

purchase and sale agreement must specify the price, due diligence duties, schedules, timelines, conditions, and any extensions. If the offer is rejected, the landlord must provide a written explanation of why the offer is being rejected and what terms and conditions, if any, might be included in a subsequent offer for the landlord to potentially accept it. The price, terms, and conditions of an acceptable offer stated in the response must be universal and applicable to all potential buyers and must not be specific to and prohibitive of a QTO or eligible organization making a successful offer to purchase the MHC.

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. The overall duty of good faith requires the landlord to allow the tenants to develop an offer, give the tenants' 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. If a landlord provides relocation assistance to tenants, the two-year closure notice requirement may be reduced to 12 or 18 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 Mobile Home Relocation Assistance Program (Program).

Mobile Home Relocation Assistance Program.

The Program provides monetary assistance on a first-come, first-served basis to low-income persons owning mobile homes located in MHCs that are scheduled for closure or conversion to another use. Eligibility is limited to low-income households. Eligible tenants may receive financial assistance up to \$17,000 for a multisection home and \$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 MHC and terminate the tenancy before written notice of closure was given;
- the tenant purchased a mobile home already situated in the MHC or moved into the MHC 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 Amended Bill:

Opportunity to Compete to Purchase.

A notice of opportunity to compete 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 QTO and the landlord may make written requests for information.

Landlords must inform any QTO, eligible organizations, and competing potential buyers participating in negotiations upon receipt if a preferred offer is submitted. An eligible organization is clarified to be an organization whose mission aligns with the long-term preservation of the MHC.

Notice of Closure.

The closure notice must indicate that the closure is effective two years after the notice is given. If a landlord provides relocation assistance, a written notice indicating that the tenant has 12 or 18 months to vacate must include contact information for Commerce and identify financial and technical assistance programs available to support eligible tenant relocation activities.

Mobile Home Relocation Assistance Program.

A tenant may receive relocation assistance even if the tenant receives assistance from an outside source that exceeds the maximum amounts of assistance under the Program.

Amended Bill Compared to Substitute Bill:

The substitute bill required a landlord to inform tenants if a higher offer is submitted and to work fairly with all competing buyers in providing information about the highest bid to allow all potential buyers to make further competitive offers. The amended bill instead requires landlords to inform any QTO, eligible organizations, and competing potential buyers participating in negotiations upon receipt if a preferred offer is submitted.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended 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 is a technical follow-up bill. It corrects timelines, clarifies duties of the parties, and specifies where notices to Commerce must go. Manufactured housing community tenants are some of the most vulnerable because they own the home but not the land. These tenants include many seniors and low-income people who just need to be able to buy the land where their homes are located. Deals are happening under the new law. Most deals have happened with good faith by both parties, but the language in the striking amendment provides needed clarification around what constitutes good faith. All buyers need to be on an even playing field. The committee should not change the language that was passed by the Senate, even if it differs from what was passed in Senate committee.

(Opposed) None.

Persons Testifying: Senator Noel Frame, prime sponsor; Ishbel Dickens, Association of Manufactured Home Owners; Mike Hoover, Detente Management; Victoria O'Banion, Northwest Cooperative Development Center; and Brad Tower, Commonwealth Real Estate Services.

Persons Signed In To Testify But Not Testifying: None.