

HOUSE BILL REPORT

HB 2430

As Reported by House Committee On:
Trade & Economic Development

Title: An act relating to purchasing manufactured homes.

Brief Description: Purchasing manufactured homes.

Sponsors: Representatives O'Brien, Mielke, Kagi, Benson, Lantz, Sump, Chase, Pearson, Cody, Kirby, McCoy, Dickerson, Cairnes, Clibborn, Kenney, Holmquist and Rockefeller.

Brief History:

Committee Activity:

Trade & Economic Development: 1/23/04, 1/30/04 [DPS].

Brief Summary of Substitute Bill

- Creates a study to determine the requirements of a manufactured home purchase assistance program.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Veloria, Chair; Skinner, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Blake, Chase, McCoy, Ormsby, Pettigrew, Priest and Rodne.

Minority Report: Do not pass. Signed by 2 members: Representatives Condotta and Kristiansen.

Staff: Tracey Taylor (786-7196).

Background:

Approximately 11 percent of all new single family homes sold in Washington are manufactured homes. Ninety-seven percent of all manufactured homes in Washington are multi-sectional and cost an average of \$65,490. Ninety percent of the homes are placed on privately owned lots. In Washington there are 1,800 rental communities with an average of 65 home sites per community. Once sited, less than 5 percent of manufactured homes are moved.

Summary of Substitute Bill:

Within existing resources, the Department of Community, Trade and Economic Development (DCTED) is required to conduct a study and make recommendations regarding programmatic assistance for Washington's low income residents trying to purchase manufactured homes and manufactured home sites. The program study should require borrowers to make a down payment of 5 percent of the purchase price and demonstrate they have adequate income to make the loan payments and meet their other expenses. The program should assist borrowers who have an income level that is at or below 50 percent of the median family income for the county or the standard metropolitan statistical area. The borrower may not have declared bankruptcy in the past 10 years and must be required to have a suitable site for the manufactured home. The program would insure lenders providing financing to eligible borrowers against default.

The study should also identify the current market barriers to securing manufactured home loans, the numbers of loans that might qualify for the guarantee program, the number of persons who might be eligible, and the funding requirements needed for such a program. The DCTED must make recommendations regarding sources of funding, amount of reserve funds required and program eligibility requirements.

The report must be delivered to the appropriate committees of the Legislature by December 1, 2004.

Substitute Bill Compared to Original Bill:

The substitute creates a study of a manufactured home purchase assistance program requirements.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This bill addresses the housing crisis, especially for low income and elderly citizens. It covers HUD approved manufactured quality homes, not mobile homes. The Housing Trust Fund (HTF) was created to address the needs of these people. This helps create stability by moving these citizens out of rentals and into home ownership.

Testimony Against: It is not an efficient use of HTF money to tie up \$20 million in reserves for \$2 million in expenses. The HTF does address the needs of these people and this bill could stress the fund.

Testified: (In support) Representative O'Brien, prime sponsor; Ken Spencer, Manufactured Housing Communities of Washington; Fred Jones, Manufactured Homeowners Association; Nell Carlson, mobile home resident; Ray Munson, Manufactured Homeowners Association;

Nick Federici, Washington Low-Income Housing Alliance; and Bob Mitchell, Washington Association of Realtors.

(With concerns) Tom McBride, Department of Community, Trade and Economic Development.

Persons Signed In To Testify But Not Testifying: None.