

HOUSE BILL REPORT

E2SHB 1083

As Passed House:

February 25, 2021

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

Brief Description: Concerning relocation assistance for tenants of closed or converted manufactured/mobile home parks.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Gregerson, Peterson, Wylie, Bateman, Tharinger, Ramel, Ortiz-Self, Valdez, Kloba, Morgan, Chopp, Ormsby, Santos, Macri, Orwall, Bergquist, Pollet and Harris-Talley).

Brief History:

Committee Activity:

Housing, Human Services & Veterans: 1/14/21, 1/26/21 [DPS];

Appropriations: 2/8/21, 2/11/21 [DP2S(w/o sub HHSV)].

Floor Activity:

Passed House: 2/25/21, 98-0.

Brief Summary of Engrossed Second Substitute Bill

- Increases the maximum amount eligible tenants may receive in relocation assistance from the Manufactured/Mobile Home Park Relocation Assistance Fund (fund).
- Requires tenants who receive initial cash assistance from the fund in the amount of \$12,000 for a multisection home and \$8,000 for a single-section home to transfer title of the home to the park-owner, relocate, or demolish and dispose of the home within 90 days to receive the remainder of the assistance.
- Provides that park-owners may seek reimbursement for costs incurred for demolition and disposal of the homes when tenants do not relocate or demolish and dispose of their homes within 90 days.

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.

HOUSE COMMITTEE ON HOUSING, HUMAN SERVICES & VETERANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Peterson, Chair; Taylor, Vice Chair; Caldier, Ranking Minority Member; Barkis, Bateman, Leavitt and Thai.

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

Staff: Lena Brodsky (786-7192).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Housing, Human Services & Veterans. Signed by 19 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Chopp, Cody, Dolan, Fitzgibbon, Frame, Hansen, Johnson, J., Lekanoff, Pollet, Ryu, Senn, Springer, Stonier, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 8 members: Representatives Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Chandler, Dye, Hoff, Rude, Schmick and Steele.

Minority Report: Without recommendation. Signed by 6 members: Representatives Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Harris and Jacobsen.

Staff: Jessica Van Horne (786-7288).

Background:

Office of Mobile and Manufactured Home Relocation Assistance.

The Office of Mobile and Manufactured Home Relocation Assistance (Office), in the Department of Commerce (Department), provides general assistance to mobile and manufactured home resident organizations, tenant organizations, and mobile and manufactured home community owners. Among its duties, the Office provides technical assistance to tenants who are participating in the conversion of a mobile home park to resident ownership, and provides financial assistance to homeowners under the Mobile Home Relocation Assistance Program (Relocation Assistance Program) when mobile home parks close.

Mobile Home Relocation Assistance Program.

The Relocation Assistance Program, administered by the Office, provides monetary

assistance on a first-come, first-served basis to low-income persons owning mobile homes located 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 available funds. Payments are made by the Office upon verification of eligibility and subject to the availability of funds. To be eligible for relocation assistance:

- the tenant must reside in the mobile home park at the time a closure notice is issued; and
- the tenant's household income must be no greater than 80 percent of the median family income for the county where the mobile or manufactured home is located.

For relocation assistance, the tenant, or an organization acting on the tenant's account, must submit an application that includes:

- a copy of the notice from the park-owner, or other adequate proof, that the tenancy is terminated due to park closure or conversion to another use;
- a copy of the rental agreement, or other proof that the applicant was a tenant at the time of the closure notice;
- a statement of relocation expenses expected to be incurred;
- proof of ownership of the home at the time of closure notice; and
- a statement of any other available assistance received.

Eligible mobile home owners may receive reimbursement of relocation expenses up to \$12,000 for a multisection home and \$7,500 for a single-section home. Relocation assistance may be a combination of cash assistance and reimbursement for relocation-related costs up to the relocation assistance limits. An eligible tenant may receive up to 40 percent of their assistance limit in cash to find other housing, and may receive the remainder of assistance as reimbursement for costs associated with relocation.

To receive the cash assistance, the tenant must demonstrate that the tenant has: (1) relocated the home; (2) established a process to relocate the home by the assigning the removal or demolition and disposal to another entity; or (3) contracted to incur expenses associated with relocating the home. To receive assistance after demonstrating that there is an assignment or contract to remove or dispose of the home, the tenant must demonstrate proof of the assignment and evidence that the assignee is capable of removal or demolition and disposal, or a contract for relocation of the home.

If a mobile home owner receives assistance for relocation from a source other than the Relocation Assistance Program, the assistance provided under the Relocation Assistance Program must be reduced to ensure that no person receives from all sources combined more than the actual costs of relocation.

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.

"Tenant" means a person that owns a manufactured/mobile home located on a rented lot in a manufactured/mobile home park.

Summary of Engrossed Second Substitute Bill:

The maximum amount eligible tenants are able to receive in relocation assistance for a multisection home is modified from \$12,000 to \$17,000 and for a single-section home from \$7,500 to \$11,000.

The Relocation Assistance Program is modified so that the 40-percent limit on cash assistance for securing alternative housing is removed. Tenants who qualify for assistance will receive \$12,000 for a multisection home and \$8,000 for a single-section home as cash assistance to relocate the home or secure alternative housing.

To receive the remainder of eligible assistance, tenants are required, within 90 days of receiving the initial assistance, to:

- transfer title of the manufactured/mobile home to the park-owner;
- relocate the home; or
- demolish and dispose of the home.

If the tenant does not relocate or demolish and dispose of the home with 90 days of receiving assistance, the park-owner may seek reimbursement from the Relocation Assistance Fund (fund) for costs incurred for demolition and disposal of the home in the amount of:

- \$4,000 for a multisection home; and
- \$2,500 for a single-section home.

To receive the reimbursement, the park-owner must provide documentation to the Department demonstrating costs incurred. If costs incurred for demolition and disposal exceed the amounts specified, the park-owner may seek reimbursement from the portion of the fund to which park-owners contribute under the registration process for additional costs incurred as follows:

- \$4,500 for a multisection home; and
- \$3,000 for a single-section home.

The application requirements for relocation assistance are amended so that tenants are no longer required to provide a statement of relocation expenses expected to be incurred. Tenants must now provide a statement of whether they will transfer title of the home to the park-owner or relocate the home within 90 days of receiving relocation assistance, and other information required by the Department.

The section reducing assistance provided under the Relocation Assistance Program to a

mobile home owner who receives assistance from another source is repealed.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony (Housing, Human Services & Veterans):

(In support) The current statute does not give tenants the money that they are entitled to receive. There are approximately 75,000 households living in mobile homes and 11,000 households are currently facing displacement. They need support.

This bill allows more flexibility for families forced to give up their homes when the land is sold. Homeowners themselves pay into the fund and should receive these funds upfront when they need assistance. From the mobile home owner perspective, if homeowners are told that they have to move their home, they need compensation for that. This bill helps address the disparity between who has rights between park-owners and homeowners.

(Opposed) There are civil liabilities associated with leaving the tenant's home behind. The current statute exists for tenants to take care of their property. This bill makes dangerous changes because, if passed, the assistance funds will not be used to handle the potential liabilities that could arise if the homes are left behind by the tenants. The 2019 bill was a joint effort and that is why there is currently a 40/60 split for the relocation assistance. The problem with this bill is that if the tenants retain title to the homes, they retain liability.

As a park-owner, the changes in this bill create an issue of abandoned homes. The bill transforms a longstanding program and saddles homeowners with increasing debt for litigation related to their homes. The bill forces homeowners to devalue their asset due to costs of relocation.

(Other) Homeowners currently pay into the fund with fees. The 2019 bill added the 40 percent upfront assistance to the homeowner. Right now, tenants are not receiving upfront assistance because the tenants have to show that they're relocating. There is a concern that removing the requirement of demonstrating relocation will negatively affect negotiations. Overall, it is a good idea to provide cash assistance upfront, but some assistance should be retained for relocation.

Staff Summary of Public Testimony (Appropriations):

(In support) The Relocation Assistance Program prevents tenants from being left high and dry if a mobile home park closes, and helps tenants move to a new place. If a mobile home

is an older structure, it is often less mobile and cannot be moved to a new park, requiring disposal or demolition of the old structure. Mobile home park residents are generally low-income and face communication barriers such as speaking a primary language other than English. Park residents pay the rent and taxes that they owe. Mobile homeowners pay into the fund that would provide relocation assistance. Increasing assistance would not impact state funds. The fees mobile homeowners pay would also benefit park owners. Park owners already can make a profit when they decide to sell or develop the park land. If fewer parks are closing per year, the hope is that this tool can be used less frequently.

(Opposed) The proposed changes to the Relocation Assistance Program would create an undue burden for landlords. Tenants would be able to accept relocation assistance without being required to transfer title of their home, relocate, or arrange for demolition or disposal. There is no mechanism for accountability for tenants or recourse for park owners if a resident leaves and abandons their home without transferring title, or if the tenant owes back property taxes and cannot transfer title. The proposed changes do not address nontenant residents of manufactured homes, who would not be able to transfer title. The Relocation Assistance Program focuses on mobile home park closures, but very few parks close each year.

(Other) The Department administers the Relocation Assistance Program. The Department has communicated recommended changes to improve implementation of the proposed policy to the bill sponsor and staff.

Persons Testifying (Housing, Human Services & Veterans): (In support) Representative Gregerson, prime sponsor; Ishbel Dickens; Anne Sadler, Association of Manufactured Home Owners; and Linda McCoy, Halcyon Mobile Home Park Home Owners Association.

(Opposed) Andrew Cramer, Bridgeview Asset Management; Russell Millard, Park Preservations LLC; and Neil Wilson and Jim Henderson, Rental Housing Association of Washington.

(Other) Jasmine Vasavada, Department of Commerce.

Persons Testifying (Appropriations): (In support) Ishbel Dickens and Gary Lunde, Association of Manufactured Home Owners; and Nick Federici, Washington Low Income Housing Alliance.

(Opposed) Cristina Dugoni, Davis Investors and Management LLC; Christa Connolly, West Prairie Village Mobile Home Park; and Mike Simonitch, Shelter Management, LLC.

(Other) Nathan Peppin, Department of Commerce.

Persons Signed In To Testify But Not Testifying (Housing, Human Services & Veterans): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.