
Housing Committee

HB 1768

Brief Description: Preserving manufactured housing communities by limiting purchases by certain entities.

Sponsors: Representatives Lekanoff, Bernbaum, Scott, Parshley, Eslick, Pollet and Reed.

Brief Summary of Bill

- Prohibits an investment entity, or a business entity that has an interest in more than five manufactured housing communities or 200 manufactured housing lots, from purchasing, acquiring, or otherwise obtaining an interest in another manufactured housing community or lot, with certain exceptions.
- Creates a civil penalty that may be enforced by the Attorney General's Office under the Consumer Protection Act.

Hearing Date: 2/10/25

Staff: Serena Dolly (786-7150).

Background:

Business entities in Washington include associations, companies, firms, partnerships, corporations, limited liability companies, and limited liability partnerships. These entities are regulated by various state laws, which govern such things as registration, licensing, and tax requirements.

Investment entities, such as real estate investment trusts (REITs), are companies that own or finance income-producing real estate that may include residential or commercial real estate properties, or both. Most REITs trade on major stock exchanges and are regulated by federal

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securities laws and, under certain circumstances, the Securities Act of Washington. REITs are also subject to regulations that cover other business entities.

The Consumer Protection Act (CPA) prohibits unfair or deceptive acts or practices in: trade or commerce; the formation of contracts, combinations, and conspiracies in restraint of trade or commerce; and monopolies. A person injured by a violation of the CPA may bring a civil action to enjoin further violations and recover actual damages, costs, and attorneys' fees.

The Attorney General (AG) may also bring an action to enjoin violations of the CPA and obtain restitution. The AG may seek civil penalties up to the statutorily authorized maximums against any person who violates the CPA. Civil penalties are paid to the state.

Summary of Bill:

A business entity that has an interest in more than five manufactured housing communities or 200 manufactured housing lots may not purchase, acquire, or otherwise obtain an interest in another manufactured housing community or lot.

An investment entity may not purchase, acquire, or otherwise obtain an interest in a manufactured housing community or lot.

A business entity or investment entity is not subject to this prohibition if the entity is:

- a community land trust, resident nonprofit cooperative, local government, housing authority, nonprofit community or neighborhood-based organization, federally recognized Indian tribe, or a regional or statewide nonprofit housing assistance organization, whose mission aligns with the long-term preservation of manufactured housing communities; or
- acquiring an ownership interest in a manufactured housing community or lot through the development of a new manufactured housing community or lot.

A violation of an ownership prohibition is a violation under the Consumer Protection Act, subject to a civil penalty of not more than \$100,000. In addition, an entity must sell any property found to be in violation to an independent third party within one year of a judgment.

Appropriation: None.

Fiscal Note: Requested on February 6, 2025.

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