

HOUSE BILL REPORT

HB 1768

As Reported by House Committee On:
Housing

Title: An act relating to preserving manufactured housing communities by limiting purchases by certain entities.

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

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

Brief History:

Committee Activity:

Housing: 2/10/25, 2/20/25 [DPS].

Brief Summary of Substitute 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.

HOUSE COMMITTEE ON HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Peterson, Chair; Hill, Vice Chair; Entenman, Gregerson, Lekanoff, Reed, Thomas, Timmons and Zahn.

Minority Report: Do not pass. Signed by 7 members: Representatives Low, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Manjarrez, Assistant

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.

Ranking Minority Member; Barkis, Connors, Dufault and Engell.

Minority Report: Without recommendation. Signed by 1 member: Representative Richards, Vice Chair.

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 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 Substitute 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. An entity that fails to sell a property within one year of a judgment is subject to an additional civil penalty of not more than \$125,000 for violating the terms of an injunction.

Substitute Bill Compared to Original Bill:

The substitute bill specifies that a failure to comply with a court order to sell a property is subject to an additional civil penalty of not more than \$125,000 for violating the terms of an injunction.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute 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) Manufactured housing communities are one of the largest remaining affordable homeownership options in the state. They were originally owned by small mom-and-pops. Now is a critical time as large corporations are buying these family-owned communities. When an investor purchases a community, the first thing they do is raise the rent. The people who live in these communities are asking for help. These residents who own their homes, but not the land beneath them, are vulnerable to rent hikes, displacement, and uncertainty. This bill ensures communities remain places where families, seniors, and low-income residents can put down roots and thrive rather than become profit-driven investment assets for big corporations. The Legislature has helped provide residents with opportunities to buy their communities, and this bill helps protect that opportunity by preventing large corporate investors from outbidding residential groups. This bill will help ensure that communities cannot be sold as a package deal. When communities in different jurisdictions are sold as a package deal, that means a housing authority or other entity cannot purchase them. The bill does not prohibit the development of new communities. The bill does not punish the current owners or force sales, it simply limits future corporate acquisitions.

(Opposed) This bill has significant constitutional issues. It will take the only buyers for large communities out of the market. Instead, they will be purchased for higher density or commercial purposes. The big losers in this bill are the tenants, because they will lose their equity when parks close.

Persons Testifying: (In support) Representative Debra Lekanoff, prime sponsor; Caroline Hardy, Leisure Manor Tenants Association Secretary; Deborah Wilson; and Ishbel Dickens, Assoc of Manufactured Home Owners.

(Opposed) Brad Tower, Commonwealth Real Estate Services; Russell Millard, MHCW; and Jake Bond, GSC Investments.

Persons Signed In To Testify But Not Testifying:

Deborah Wilson; Morgan Irwin, Association of Washington Business; and Beau Harer, Manufactured Housing Communities of WA (MHCW).