

SENATE BILL REPORT

SB 5298

As of February 18, 2025

Title: An act relating to the notice of sale or lease of manufactured/mobile home communities.

Brief Description: Concerning the notice of sale or lease of manufactured/mobile home communities.

Sponsors: Senators Frame, Bateman, Conway, Hasegawa, Nobles, Stanford, Trudeau, Valdez and Wilson, C..

Brief History:

Committee Activity: Housing: 1/29/25, 2/07/25 [DPS-WM].
Ways & Means: 2/18/25.

Brief Summary of First Substitute Bill

- Removes the requirement for an owner to provide a notice of sale for a manufactured or mobile home community (MHC).
- Modifies the requirements for a notice of opportunity to purchase when selling or leasing an MHC.
- Requires the owner provide the Department of Commerce with an update on the status of the sale every six months of delivering the notice of opportunity to purchase.

SENATE COMMITTEE ON HOUSING

Majority Report: That Substitute Senate Bill No. 5298 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Bateman, Chair; Alvarado, Vice Chair; Goehner, Ranking Member; Gildon, Orwall, Salomon and Trudeau.

Staff: Bill Fosbre (786-7531)

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.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Trevor Press (786-7446)

Background: 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 manufactured or mobile home community (MHC) where the tenant has no ownership interest in the property.

Notice of Sale. Under the MHLTA an owner must provide a written notice of sale of an MHC by certified mail or personal delivery to:

- each tenant of the MHC;
- the officers of any known qualified tenant organization;
- the office of manufactured or mobile home relocation assistance;
- the local government and housing authority within whose jurisdiction all or part of the MHC exists; and
- the Washington State Housing Finance Commission (Commission).

Each notice of sale must include a statement that the owner intends to sell or lease the MHC or the property and the contact information of the owner or owner's agent who is responsible for communicating with the qualified tenant organization, tenants, or eligible organizations regarding the sale or lease of the property.

Notice of an Opportunity to Compete to Purchase. An owner 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. A notice of opportunity to compete to purchase must be provided to all tenants, a qualified tenant organization if in existence within the MHC, the Department of Commerce (Commerce), and the Commission within 14 days after the date on which any advertisement, listing, or public notice is first made that the MHC or the underlying property is for sale or lease.

The notice must include the following:

- the date the notice was mailed or personally delivered to all recipients;
- a statement that the owner intends to sell the MHC or the underlying property;
- a statement that the tenants, through a qualified tenant organization or an eligible organization have an opportunity to compete to purchase the MHC;
- a statement that in order to compete to purchase the MHC, within 70 days after delivery of the notice, the tenants must form or identify a single qualified tenant organization for the purpose of purchasing the MHC and notify the owner in writing of: (1) the tenants' interest in competing to purchase the MHC, and (2) the name and contact information of the representative(s) of the qualified tenant organization with

- whom the owner may communicate about the purchase; and
- information about purchasing an MHC is available from Commerce.

Summary of Bill (First Substitute): Notice of Sale. The requirement for the owner to provide a separate notice of sale to the recipients is removed.

Notice of Opportunity to Purchase. In addition to providing each tenant, Commerce, and the Commission the notice, the owner is required to provide the notice to the officers of any known qualified tenant organization, the local government within whose jurisdiction all or part of the MHC exists, and any housing authority within whose jurisdiction all or part of the MHC exists.

The notice may be delivered electronically to Commerce, the local government, any housing authority, and the Commission, but must be sent within ten days of sending the notice to the tenants and the officers of the known qualified tenant organization.

The notice provided to Commerce must include:

- a complete list of all current known tenants and contact information listed on the leases within the MHC; and
- one copy of the notice sent to each tenant.

Every six months from the date of delivery of a notice until sold or no longer for sale or actively listed, the owner must provide Commerce with an update on the status of the notification and the sale. The update must include:

- the date that the notice was sent to all recipients;
- the status of the sale or the opportunity to compete to purchase of the property as active, under contract, closed, or removed from the market;
- the date of closing, if the property has sold;
- the anticipated closing date, if the property is under contract; and
- any change in listing price, if the property is active.

EFFECT OF CHANGES MADE BY HOUSING COMMITTEE (First Substitute):

- Corrects the language to allow for the notice of opportunity to compete to purchase to be sent electronically to the governmental entities, instead of the notice of sale which has been eliminated in Section 1 of the act.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Proposed Substitute (Housing): *The committee recommended a different version of the bill than what was heard.* PRO: Manufactured or mobile home owners own their home but not the land where it sits. Residents are vulnerable to changes in the ownership of the land. Concerns raised about communities may be bought up, and then the new owner significantly raises the rent on the land. Residents cannot afford these rent increases and cannot move their homes because it is too expensive. The opportunity to purchase the community gives residents more stability. In the City of Lynnwood there are 14 communities, before the notice of opportunity to purchase law, Lynnwood and the local housing authority were not notified of the sale of two communities. A corporate investor bought the two communities and raised the space rent and fees by 40 percent one year after the sale. This second round of cleaning up the language allowing the residents to compete to purchase helps answer when a community is up for sale and allows everyone to track what happens after the notice is given. The bill clarifies and makes the process to compete more efficient and will allow more seniors to stay in their homes. All the stakeholders have agreed to the changes. The notice to purchase would be more efficient if residents were given a first right of refusal to purchase the community at either the assessed or appraised value, and if they cannot then to the local housing authority or government.

Persons Testifying (Housing): PRO: Senator Noel Frame, Prime Sponsor; Victoria O'Banion, Northwest Cooperative Development Center; Ishbel Dickens, Assoc of Manufactured Home Owners; Kevin Van De Wege, Detente; Brad Tower, Commonwealth Real Estate Services; George Hurst, City of Lynnwood.

Persons Signed In To Testify But Not Testifying (Housing): No one.

Staff Summary of Public Testimony on First Substitute (Ways & Means): PRO: The fiscal note is too high for 75 emails per year. This bill is the second round of cleaning up language in the opportunity to compete statute. Over the past year, the most common question I have gotten was has that community sold. This bill will provide a clear source of information which be helpful for all owners, landlords, municipalities, and eligible organizations.

Persons Testifying (Ways & Means): PRO: Victoria O'Banion, Northwest Cooperative Development Center; Brad Tower, Commonwealth Real Estate Services.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.