HOUSE BILL 2421

State of Washington 68th Legislature 2024 Regular Session

By Representatives Gregerson and Klicker

AN ACT Relating to the sale or lease of manufactured/mobile home communities and the property on which they sit; and amending RCW 59.20.030, 59.20.325, 59.20.330, 59.20.335, 59.21.030, and 59.21.040.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 Sec. 1. RCW 59.20.030 and 2023 c 40 s 2 are each amended to read 6 as follows:

7 For purposes of this chapter:

8 (1) "Abandoned" as it relates to a mobile home, manufactured 9 home, or park model owned by a tenant in a mobile home park, mobile 10 home park cooperative, or mobile home park subdivision or tenancy in 11 a mobile home lot means the tenant has defaulted in rent and by 12 absence and by words or actions reasonably indicates the intention 13 not to continue tenancy;

(2) "Active duty" means service authorized by the president of
 the United States, the secretary of defense, or the governor for a
 period of more than ((thirty)) <u>30</u> consecutive days;

(3) "Community land trust" means a private, nonprofit, communitygoverned, and/or membership corporation whose mission is to acquire, hold, develop, lease, and steward land for making homes, farmland, gardens, businesses, and other community assets permanently affordable for current and future generations. A community land 1 trust's bylaws prescribe that the governing board is comprised of 2 individuals who reside in the community land trust's service area, 3 one-third of whom are currently, or could be, community land trust 4 leaseholders;

5 (4) "Eligible organization" includes community land trusts, 6 resident nonprofit cooperatives, local governments, local housing 7 authorities, nonprofit community or neighborhood-based organizations, 8 federally recognized Indian tribes in the state of Washington, and 9 regional or statewide nonprofit housing assistance organizations, 10 whose mission aligns with the long-term preservation of the 11 manufactured/mobile home community;

12 (5) "Housing and low-income assistance organization" means an 13 organization that provides tenants living in mobile home parks, 14 manufactured housing communities, and manufactured/mobile home 15 communities with information about their rights and other pertinent 16 information;

17 (6) "Housing authority" or "authority" means any of the public18 body corporate and politic created in RCW 35.82.030;

19 (7) "Landlord" or "owner" means the owner of a mobile home park 20 and includes the agents of the owner;

(8) "Local government" means a town government, city government, code city government, or county government in the state of Washington;

(9) "Manufactured home" means a single-family dwelling built 24 25 according to the United States department of housing and urban development manufactured home construction and safety standards act, 26 which is a national preemptive building code. A manufactured home 27 28 also: (a) Includes plumbing, heating, air conditioning, and electrical systems; (b) is built on a permanent chassis; and (c) can 29 be transported in one or more sections with each section at least 30 31 eight feet wide and 40 feet long when transported, or when installed 32 on the site is three hundred twenty square feet or greater;

33 (10) "Manufactured/mobile home" means either a manufactured home 34 or a mobile home;

(11) "Mobile home" means a factory-built dwelling built prior to June 15, 1976, to standards other than the United States department of housing and urban development code, and acceptable under applicable state codes in effect at the time of construction or introduction of the home into the state. Mobile homes have not been built since the introduction of the United States department of

1 housing and urban development manufactured home construction and 2 safety act;

3 (12) "Mobile home lot" means a portion of a mobile home park or 4 manufactured housing community designated as the location of one 5 mobile home, manufactured home, or park model and its accessory 6 buildings, and intended for the exclusive use as a primary residence 7 by the occupants of that mobile home, manufactured home, or park 8 model;

9 (13) "Mobile home park cooperative" or "manufactured housing 10 cooperative" means real property consisting of common areas and two 11 or more lots held out for placement of mobile homes, manufactured 12 homes, or park models in which both the individual lots and the 13 common areas are owned by an association of shareholders which leases 14 or otherwise extends the right to occupy individual lots to its own 15 members;

16 (14) "Mobile home park subdivision" or "manufactured housing 17 subdivision" means real property, whether it is called a subdivision, 18 condominium, or planned unit development, consisting of common areas 19 and two or more lots held for placement of mobile homes, manufactured 20 homes, or park models in which there is private ownership of the 21 individual lots and common, undivided ownership of the common areas 22 by owners of the individual lots;

(15) "Mobile home park," "manufactured housing community," or manufactured/mobile home community" means any real property which is rented or held out for rent to others for the placement of two or more mobile homes, manufactured homes, or park models for the primary purpose of production of income, except where such real property is rented or held out for rent for seasonal recreational purpose only and is not intended for year-round occupancy;

30 (16) "Notice of opportunity to compete to purchase" means a 31 notice required under RCW 59.20.325;

32 (17) "Notice of sale" means a notice required under RCW 59.20.300 to be delivered to all tenants of a manufactured/mobile home 33 community and other specified parties within 14 days after the date 34 on which any advertisement, listing, or public or private notice is 35 36 first made advertising that a manufactured/mobile home community or the property on which it sits is for sale or lease. A delivered 37 notice of opportunity to compete to purchase acts as a notice of 38 39 sale;

1 (18) "Occupant" means any person, including a live-in care 2 provider, other than a tenant, who occupies a mobile home, 3 manufactured home, or park model and mobile home lot;

4 (19) "Orders" means written official military orders, or any
5 written notification, certification, or verification from the service
6 member's commanding officer, with respect to the service member's
7 current or future military status;

8 (20) "Park model" means a recreational vehicle intended for 9 permanent or semi-permanent installation and is used as a primary 10 residence;

(21) "Permanent change of station" means: (a) Transfer to a unit located at another port or duty station; (b) change of a unit's home port or permanent duty station; (c) call to active duty for a period not less than 90 days; (d) separation; or (e) retirement;

15 (22) "Qualified sale of manufactured/mobile home community" means 16 the sale, as defined in RCW 82.45.010, of land and improvements 17 comprising a manufactured/mobile home community that is transferred 18 in a single purchase to a qualified tenant organization or to an 19 eligible organization for the purpose of preserving the property as a 20 manufactured/mobile home community;

21 (23) "Qualified tenant organization" means a formal organization 22 of tenants within a manufactured/mobile home community, with the only 23 requirement for membership consisting of being a tenant. If a majority of the tenants, based on home sites within the manufactured/ 24 25 mobile home community, agree that they want to preserve the 26 manufactured/mobile home community then they will appoint a spokesperson to represent the wishes of the qualified tenant 27 28 organization to the landlord and the landlord's representative;

(24) "Recreational vehicle" means a travel trailer, motor home, truck camper, or camping trailer that is primarily designed and used as temporary living quarters, is either self-propelled or mounted on or drawn by another vehicle, is transient, is not occupied as a primary residence, and is not immobilized or permanently affixed to a mobile home lot;

35 (25) "Resident nonprofit cooperative" means a nonprofit 36 cooperative corporation formed by a group of manufactured/mobile home 37 community residents for the purpose of acquiring the manufactured/ 38 mobile home community in which they reside and converting the 39 manufactured/mobile home community to a mobile home park cooperative 40 or manufactured housing cooperative;

1 (26) "Service member" means an active member of the United States 2 armed forces, a member of a military reserve component, or a member 3 of the national guard who is either stationed in or a resident of 4 Washington state;

5 (27) "Tenant" means any person, except a transient, who rents a 6 mobile home lot;

7 (28) "Transient" means a person who rents a mobile home lot for a 8 period of less than one month for purposes other than as a primary 9 residence.

10 Sec. 2. RCW 59.20.325 and 2023 c 40 s 8 are each amended to read 11 as follows:

12 (1) An owner shall give written notice of an opportunity to 13 compete to purchase indicating the owner's interest in selling the manufactured/mobile home community before the owner markets the 14 15 manufactured/mobile home community for sale or includes the sale of the manufactured/mobile home community in a multiple listing, and 16 17 when the owner receives an offer to purchase that the owner intends to consider unless that offer is received during the process under 18 <u>RCW 59.20.330</u>. 19

(2) The owner shall give the notice in subsection (1) of thissection by certified mail or personal delivery to:

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(a) All tenants of the manufactured/mobile home community;

(b) A qualified tenant organization, if there is an existing qualified tenant organization within the manufactured/mobile home community;

26 27 (c) The department of commerce; and

(d) The Washington state housing finance commission.

28 (3) The notice required in subsection (1) of this section must 29 include:

30 (a) <u>The date that the notice was mailed by certified mail or</u> 31 <u>personally delivered to all recipients set forth in subsection (2) of</u> 32 <u>this section;</u>

33 (b) A statement that the owner is considering selling the 34 manufactured/mobile home community or the property on which it sits;

35 (((b))) <u>(c)</u> A statement that the tenants, through a qualified 36 tenant organization representing a majority of the tenants in the 37 community, based on home sites, or an eligible organization, have an 38 opportunity to compete to purchase the manufactured/mobile home 39 community;

1 (((c))) (d) A statement that in order to compete to purchase the manufactured/mobile home community, within 70 days after ((delivery)) 2 the certified mailing or personal delivery date stated in accordance 3 with (a) of this subsection of the notice of the owner's interest in 4 selling the manufactured/mobile home community, the tenants must form 5 6 or identify a single qualified tenant organization for the purpose of 7 purchasing the manufactured/mobile home community and notify the owner in writing of: 8

9 (i) The tenants' interest in competing to purchase the 10 manufactured/mobile home community; and

(ii) The name and contact information of the representative or representatives of the qualified tenant organization with whom the owner may communicate about the purchase; and

14 (((d))) <u>(e)</u> A statement that information about purchasing a 15 manufactured/mobile home community is available from the department 16 of commerce.

17 (4) The representative or representatives of the tenants 18 committee will be able to request park operating expenses described 19 in RCW 59.20.330 from the owner within a ((15-day)) <u>20-day</u> 20 information period following delivery of the qualified tenant 21 organization's notice to the owner indicating interest in competing 22 to purchase the manufactured/mobile home community.

(5) An eligible organization may also compete to purchase and is subject to the same time constraints and applicable conditions as a qualified tenant organization.

26 Sec. 3. RCW 59.20.330 and 2023 c 40 s 9 are each amended to read 27 as follows:

(1) Within 70 days after ((delivery of)) the certified mailing or personal delivery date stated in the notice of the opportunity to compete to purchase the manufactured/mobile home community described in RCW 59.20.325, if the tenants choose to compete to purchase the manufactured/mobile home community in which the tenants reside, the tenants must notify the owner in writing of:

34 (a) The tenants' interest in competing to purchase the 35 manufactured/mobile home community;

36 (b) Their formation or identification of a single qualified 37 tenant organization made up of a majority of the tenants in the 38 community, based on home sites, formed for the purpose of purchasing 39 the manufactured/mobile home community; and 1 (c) The name and contact information of the representative or 2 representatives of the qualified tenant organization with whom the 3 owner may communicate about the purchase.

4 (2) The tenants may only have one qualified tenant organization 5 for the purpose of purchasing the manufactured/mobile home community, 6 but they may partner with a nonprofit or a housing authority to act 7 with or for them subject to the same timelines, duties, and 8 obligations that would apply to tenants and qualified tenant 9 organizations under chapter 40, Laws of 2023.

10 (3) Within ((15)) <u>20</u> days following delivery of the notice in 11 subsection (1) of this section from the tenants to the owner:

12 (a) The designated representative or representatives of the 13 qualified tenant organization may make a written request to the owner 14 for:

15 (i) The asking price for the manufactured/mobile home community, 16 if any; ((and)) or

(ii) Financial information relating to the operating expenses of the manufactured/mobile home community in order to assist them in making an offer to purchase the park;

20 (b) The owner may make a written request to the designated 21 representative or representatives of the qualified tenant 22 organization for proof of intent to fund a sale;

(c) All written requests made pursuant to this subsection must be fulfilled within 21 days from receipt unless otherwise agreed by the qualified tenant organization and the owner;

(d) Unless waived by the provider, information provided pursuant 26 to this subsection shall be kept confidential, and a list must be 27 created of persons with whom the tenants may share information who 28 will also keep provided information confidential, including any of 29 the following persons that are either seeking to purchase the 30 31 manufactured/mobile home community on behalf of the tenants or 32 assisting the qualified tenant organization in evaluating or 33 purchasing the manufactured/mobile home community:

34

(i) A nonprofit organization or a housing authority;

(ii) An attorney or other licensed professional or adviser; and(iii) A financial institution.

37 (4) Within 21 days after delivery of the information described in 38 subsection (3)(a) of this section, if the tenants choose to continue 39 competing to purchase the manufactured/mobile home community, the 40 tenants must: 1 (a) Form a resident nonprofit cooperative that is legally capable 2 of purchasing real property or associate with a nonprofit corporation 3 or housing authority that is legally capable of purchasing the 4 manufactured/mobile home community in which the tenants reside; and

5 (b) Submit to the owner a written offer to purchase the 6 manufactured/mobile home community, in the form of a proposed 7 purchase and sale agreement, and either a copy of the articles of 8 incorporation of the corporate entity or other evidence of the legal 9 capacity of the formed or associated corporate entity, nonprofit 10 corporation, or housing authority to purchase real property and the 11 manufactured/mobile home community.

12 (5) (a) Within 10 days of receiving the tenants' purchase and sale 13 agreement, the owner may accept the offer, reject the offer, or 14 submit a counteroffer.

(b) If the parties reach agreement on the purchase, the purchase and sale agreement must specify the price, due diligence duties, schedules, timelines, conditions, and any extensions.

18 (c) If the offer is rejected, then the owner must provide a 19 written explanation of why the offer is being rejected and what terms and conditions might be included in a subsequent offer for the 20 21 landlord to potentially accept it, if any. The price, terms, and conditions of an acceptable offer stated in the response must be 22 23 universal and applicable to all potential buyers and must not be specific to and prohibitive of a qualified tenant organization or 24 25 eligible organization making a successful offer to purchase the park.

(d) If the tenants do not: (i) Act as required within the time periods described in chapter 40, Laws of 2023; (ii) violate the confidentiality agreement described in this section; or (iii) reach agreement on a purchase with the owner, the owner is not obligated to take additional action under chapter 40, Laws of 2023 and may record an affidavit pursuant to RCW 59.20.345.

32 (6) An eligible organization acting on its own behalf is also subject to the same requirements and applicable conditions as those 33 set out in this section. If an eligible organization does not intend 34 to make an offer on its own or on behalf of tenants, the eligible 35 organization shall notify the owner, any qualified tenant 36 organization from the park, and the department of commerce. This 37 notification does not prevent other eligible organizations from 38 39 competing for purchase.

1 Sec. 4. RCW 59.20.335 and 2023 c 40 s 10 are each amended to 2 read as follows:

(1) During the process described in RCW 59.20.325 and 59.20.330, 3 the parties shall act in good faith and in a commercially reasonable 4 manner, which includes a duty for the tenants to notify the owner 5 6 promptly if there is no intent to purchase the manufactured/mobile home community or the property on which it sits. The parties have an 7 overall duty to act in good faith. With respect to negotiation, this 8 9 overall duty of good faith requirement means that the owner must allow the tenants to develop an offer, must give their offer 10 11 reasonable consideration, ((and)) must inform the tenants if a higher 12 offer is submitted, and must share with all eligible organizations and competing potential buyers participating in negotiations any 13 offer, terms, or revised offer or terms shared with other competing 14 potential buyers. Furthermore, the owner may not deny residents the 15 16 same access to the community and to information, such as operating 17 expenses and rent rolls, that the landowner would give to a commercial buyer. With respect to financial information, all parties 18 19 shall agree to keep this information confidential.

20 (2) Except as provided in RCW 59.20.340(1), before selling a 21 manufactured/mobile home community to an entity that is not formed by 22 or associated with the tenants, or to an eligible organization, the 23 owner of the manufactured/mobile home community must give the notice 24 required by RCW 59.20.325 and comply with the requirements of RCW 25 59.20.330.

(3) A minor error in providing the notice required by RCW 59.20.325 or in providing operating expenses information required by RCW 59.20.330 does not prevent the owner from selling the manufactured/mobile home community to an entity that is not formed by or associated with the tenants and does not cause the owner to be liable to the tenants for damages or a penalty.

(4) During the process described in RCW 59.20.325 and 59.20.330, the owner may seek, negotiate with, or enter into a contract subject to the rights of the tenants in chapter 40, Laws of 2023 with potential purchasers other than the tenants or an entity formed by or associated with the tenants or another eligible organization.

(5) If the owner does not comply with the requirements of chapter 40, Laws of 2023 in a substantial way that prevents the tenants or an eligible organization from competing to purchase the manufactured/ mobile home community, the tenants or eligible organization may:

(a) Obtain injunctive relief to prevent a sale or transfer to an
 entity that is not formed by or associated with the tenants; and

3 (b) Recover actual damages not to exceed twice the monthly rent4 from the owner for each tenant.

5 (6) If a party misuses or discloses, in a substantial way, 6 confidential information in violation of RCW 59.20.330, that party 7 may recover actual damages from the other party.

8 (7) The department of commerce shall prepare and make available 9 information for tenants about purchasing a manufactured dwelling or 10 manufactured/mobile home community.

11 Sec. 5. RCW 59.21.030 and 2019 c 342 s 10 are each amended to 12 read as follows:

(1) The closure notice required by RCW 59.20.080 before park closure or conversion of the park shall be given to the director <u>or</u> <u>the director's designee</u> and all tenants in writing, and conspicuously posted at all park entrances.

17 (2) The closure notice required under RCW 59.20.080 must be in18 substantially the following form:

19

"CLOSURE NOTICE TO TENANTS

NOTICE IS HEREBY GIVEN on the . . . day of , of 20 21 a conversion of this mobile home park or manufactured housing community to a use other than for mobile homes, manufactured homes, 22 23 or park models, or of a conversion of the mobile home park or 24 manufactured housing community to a mobile home park cooperative or a mobile home park subdivision. This change of use becomes effective on 25 26 the . . . day of , . . . , which is the date twelve months 27 after the date this closure notice is given.

28 PARK OR COMMUNITY MANAGEMENT OR OWNERSHIP INFORMATION:

For information during the period preceding the effective change of use of this mobile home park or manufactured housing community on the . . . day of . . . , . . . , contact:

- 32 Name:
- 33 Address:
- 34 Telephone:

35 PURCHASER INFORMATION, if applicable:

Contact information for the purchaser of the mobile home park or manufactured housing community property consists of the following:

- 38 Name:
- 39 Address:

1 Telephone:

2 PARK PURCHASE BY TENANT ORGANIZATIONS, if applicable:

3 The owner of this mobile home park or manufactured housing community may be willing to entertain an offer of purchase by an 4 organization or group consisting of park or community tenants or a 5 6 not-for-profit agency designated by the tenants. Tenants should 7 contact the park owner or park management with such an offer. Any such offer must be made and accepted prior to closure, and the 8 timeline for closure remains unaffected by an offer. Acceptance of 9 any offer is at the discretion of the owner and is not a first right 10 11 of refusal.

12 RELOCATION ASSISTANCE RESOURCES:

For information about the availability of relocation assistance, contact the Office of Mobile/Manufactured Home Relocation Assistance within the Department of Commerce."

16 (3) The closure notice required by RCW 59.20.080 must also meet 17 the following requirements:

(a) A copy of the closure notice must be provided with all rental
 agreements signed after the original park closure notice date as
 required under RCW 59.20.060;

(b) Notice to the director must include: (i) A good faith estimate of the timetable for removal of the mobile homes; (ii) the reason for closure; and (iii) a list of the names and mailing addresses of the current registered park tenants. Notice required under this subsection must be sent to the director within ((ten)) <u>10</u> business days of the date notice was given to all tenants as required by RCW 59.20.080; and

(c) Notice must be recorded in the office of the county auditorfor the county where the mobile home park is located.

30 (4) The department must mail every tenant an application and 31 information on relocation assistance within ((ten)) <u>10</u> business days 32 of receipt of the notice required in subsection (1) of this section.

33 Sec. 6. RCW 59.21.040 and 2023 c 259 s 3 are each amended to 34 read as follows:

A tenant is not entitled to relocation assistance under this chapter if: (1) The tenant has given notice to the landlord of his or her intent to vacate the park and terminate the tenancy before any written notice of closure pursuant to RCW 59.20.080(1)(e) has been given; or (2) the tenant purchased a mobile home already situated in

the park or moved a mobile home into the park after a written notice 1 of closure pursuant to RCW 59.20.090 has been given and the person 2 received actual prior notice of the change or closure((; or (3) the 3 tenant receives assistance from an outside source that exceeds the 4 maximum amounts of assistance to which a person is entitled under RCW 5 6 59.21.021(3), except that a tenant receiving relocation assistance from a landlord pursuant to RCW 59.20.080 remains eligible for the 7 maximum amounts of assistance under this chapter)). However, no 8 tenant may be denied relocation assistance under subsection (1) of 9 this section if the tenant has remained on the premises and continued 10 11 paying rent for a period of at least six months after giving notice 12 of intent to vacate and before receiving formal notice of a closure 13 or change of use.

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