

# Manufactured Home Park Lot Rent Reform

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**Manufactured Housing Benefits** – Manufactured housing provides homes for 180,000 people throughout the state who are, according to Housing and Urban Development guidelines, 80% low- to very-low-income. Despite limited incomes, 87% of residents are also home owners.

**Manufactured Housing Challenges** – The resident home owners are, however, extremely vulnerable because, while they own their homes, they only rent the land under it. They are a captive market, since their homes often cannot be moved due to condition, moving costs, few available alternative lots, and parks barring the move in of older homes.

PROPOSED CHANGES	EXPLANATION
1. Limit rent increases to once a year	State law currently allows parks to increase rents twice during a 12-month period. Multiple rent increases each year creates too much uncertainty for those with fixed or limited incomes.
2. Provide all prospective residents with a five year rent history	Residents need a sense of their long-term costs. They become captive customers once they move in since they are also committing to own a home that is expensive to move. <i>(Note: Oregon also requires disclosure of rent history.)</i>
3. Park owners must allow payment of rent using personal checks, cashier's checks, or money orders, and must accept payments by mail or provide a drop box.	Payment of rent by check or money order has been commonly accepted for decades. Many parks are now only accepting online payments. Residents are among those most likely to not have bank accounts. Residents may have to pay money to pay their rent, if they need to use a third party service to make a payment. <i>(Note: Washington also requires parks to accept other forms of rent payment.)</i>
4. Reasonable rent increases must be one of the following: a. No greater than the average annual increase in the local Consumer Price Index (CPI) b. Directly related to operating, maintaining, or improving the park c. Comparable to another park in the local market providing similar facilities, services, amenities, and management	Since the 1980s, state law has required that rent increases be "reasonable," but without a clear definition. This change creates three ways to define a rent increase as reasonable, and it does so without specifying a fixed amount or a fixed percentage. <i>(Note: Rhode Island and Delaware both define a reasonable increase for lot rent using these three measures. Rhode Island has done so for over 30 years.)</i>
5. A rent increase greater than the average annual increase in CPI is not allowed: a. If, during the last year, serious health or safety violations were not addressed within 15 days b. If the increase includes the cost of a civil penalty, criminal fine, or rent-related litigation costs	This change does not prohibit reasonable rent increases but it does make clear that parks cannot escape the consequences of either poor management or illegal behavior.
6. Allow residents to seek a reduction in rents equal to their monthly average share of utility costs when water metering is introduced.	In 2002, the MN Supreme Court determined that unilaterally adding sub-metering is an illegal modification to leases. When the cost is already part of lot rent, it also allows the park, if there is not a reduction in rent, to charge the residents twice for the same costs.

## All Park Alliance for Change

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