

Manufactured Housing Communities Workgroup Report



PURSUANT TO CHAPTER 342, LAWS OF 2019 (ESHB 1582)

COMMUNITY SUPPORT
PROGRAMS

December 2020

REPORT TO THE LEGISLATURE

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Executive Summary

Legislative Directive

The 2019 Washington State Legislature directed the [Department of Commerce](#) (Commerce) to convene a workgroup to assess stakeholder perspectives on several issues and make recommendations on the topics outlined in the proviso listed below, [Chapter 342, Laws of 2019 \(ESHB 1582, Section 12\)](#). This document includes two parts. Part I reports the outcomes of workgroup discussions on community rental agreements and rules, closure notices and alternatives, and community preservation. Part II discusses the development of new communities, based on research by Commerce's Research Service staff.

Table 1: Reporting Requirements in Chapter 342, Laws of 2019 (ESSB 1582)(12):

Subsection	Language	Page	Part
<i>(a) Rental Agreements</i>	<i>Evaluate the impact of various rental agreement terms and provide recommendations on the best option for the duration of rental agreement terms;</i>	13	1
<i>(b) Closure Notice</i>	<i>Evaluate the impact of various notice periods when manufactured/mobile home parks are scheduled to be closed or converted to another use and provide recommendations on the best option for a notice period for such park closures or conversions;</i>	14	1
<i>(c) Incentivize Development</i>	<i>Evaluate possible approaches to increasing the amount of manufactured housing communities in Washington, including siting and development of new manufactured housing communities;</i>	21-32	2
<i>(d) Incentivize Development</i>	<i>Evaluate methods to incentivize and build new manufactured housing community developments; and</i>	21-32	2
<i>(e) Amending Park Rules</i>	<i>Evaluate the impact of various processes for amending or adding to mobile home park rules, including appropriate notice periods, and provide recommendations on the best process for amending or adding to park rules.</i>	14, 48-50	1
<i>(f) Closure Options</i>	<i>Evaluate other policy options at the time of closure, including the opportunity to purchase and compensation for homeowners who lose their homes.</i>	17-20	1
<i>(g) Community Preservation</i>	<i>Evaluate preservation of existing communities as affordable housing options, including working with local governments, defining and identifying "high needs/high risk" communities, and options for preserving communities most at risk, and evaluating "highest/best use" for properties at risk.</i>	12-20	1

Background

Resident homeowners¹ reside in more than 1,232 manufactured housing communities (communities) across Washington.² Community owners offer spaces for homes at the land rental rate, making homeownership affordable for many families.

Seven communities have or will close in 2020, displacing 107 households.³ In the last five years, 471 households were displaced.⁴ Displaced residents must choose between moving their homes and demolishing their homes. It can cost \$15,000 to move a manufactured home.⁵ In addition to this financial hurdle, homeowners may also struggle to find communities with open lots. Many homes are too old to move legally. The disruption caused by the unexpected loss of a valuable asset and the financial burden that follows can put families at risk of homelessness.

A robust real estate market, growing population, local ordinances and the acquisition of local communities by national firms are driving local landlords out of business and displacing homeowners. A housing community model that offers safe and affordable homeownership seems to be unsustainable without state intervention. Incentives that offer public, nonprofit, cooperative and private owners incentives for new community development would help communities stay economically viable. These topics are explored in Part II.

Little agreement was found among Manufactured Housing Communities Workgroup stakeholders. However, despite this challenge, participants agreed that outreach and education are necessary. Organizations should reach out to prospective homeowners before that homeowner purchases a home in a community. This educational outreach would optimize effective landlord-tenant relationships. People who live in communities are both tenants and homeowners: they own their homes, but not the land beneath their homes. Much of the disagreement stems from this unique landlord-tenant/homeowner relationship.

Part I: Community Rental Agreements and Rules, Closure Notices and Alternatives, and Community Preservation

Part I is directly informed by the Manufactured Housing Workgroup discussions facilitated during five stakeholder meetings. It highlights overarching themes, a summary of workgroup conversations, snapshots of how stakeholder groups felt about key issues and a description of the policy proposals that received the most agreement. This covers subsections (a), (b), (e), (f), and (g) of [Chapter 342, Laws of 2019 \(ESHB 1582, Section 12\)](#).

¹ See the Manufactured Housing and Terminology section for a definition of "Resident homeowner."

² Washington Department of Revenue

³ "Household" includes the homeowner and other occupants.

⁴ Department of Commerce Manufactured/Mobile Home Relocation Assistance Program, "Manufactured/Mobile Housing Community Closures as of 4/3/2020," <https://app.box.com/s/d07sr6q93xj8ejrg5y0gmksw8oahxk0h>

⁵ The Manufactured/Mobile Home Relocation Assistance Program reimbursed homeowners an average of \$7,200 for single-section homes and \$10,000 for single-section plus and multi-section homes between 2016 and 2020. However, this often does not cover the full cost of relocation. Ancillary costs of displacement should also be taken into account.

Part I Findings

- Well-managed manufactured housing communities offer homeownership opportunities, a sense of community and may increase the stock of safe, decent and affordable housing.
- There are many opportunities for future policy agreements, but a significant amount of disagreement currently exists between landlords and homeowners.
- Manufactured housing communities are unique because the land has different ownership than the homes occupying the land. This arrangement poses challenges when defining roles, responsibilities and policies.
- Most stakeholders agree that educating both landlords and homeowners about their legal rights and responsibilities would be beneficial. State programs, such as the Attorney General's [Manufactured Housing Dispute Resolution Program \(MHDRP\)](#), can execute this outreach.⁶

Summary of Homeowner Perspectives

Homeowners conveyed the challenges they face when a community closes; often, homeowners do not know that community closure is possible until they purchase their homes. Mandated affordable rent is the only way communities can be a statewide housing solution, according to homeowners.

Homeowners also prioritized:

- Extending the closure notice period to at least five years,⁷ which would give homeowners time to make arrangements before their community is closed or converted to a different use
- Extending rental agreement terms⁸
- Increasing opportunities for aging in place by encouraging resident-owned or nonprofit-owned communities⁹
- Ensuring incentives for landlords are contingent on providing affordable rents to a certain percentage of homeowners or a commitment to maintaining the same use for a certain number of years. Landlords must also commit to keeping the land a manufactured housing community to qualify for incentives.
- Increasing landlord-homeowner communication

Summary of Landlord Perspectives

Landlords believe if they provide affordable housing, there should be government support, rather than barriers to development.

Landlords also prioritized:

- Increasing incentives for the development of new communities
- Reducing regulations on manufactured housing communities that don't apply to other forms of housing
- Ensuring policies do not violate state constitutional restrictions, such as restrictions on rent control
- Increasing landlord-homeowner communication

⁶ The Washington State Office of the Attorney General administers the [Manufactured Housing Dispute Resolution Program](#), which offers a low-cost option for landlords and homeowners to resolve disputes concerning alleged violations of the state Manufactured/Mobile Home Landlord Tenant Act, [RCW 59.20](#).

⁷ Landlords are currently required to give community residents 12 months' notice of closure per [RCW 59.20.080](#).

⁸ Most communities currently offer a one-year lease. Some offer month-to-month leases.

⁹ See Appendix D for more information on co-op and resident-owned communities.

Part I Recommendations

Workgroup meetings helped bring key landlord-tenant and housing issues to the surface and allowed for facilitated conversations on various policy proposals. These topics are complex and controversial, so very few concepts received 100% consensus from all workgroup members. However, below are the recommendations that received the highest level of support. Workgroup members labeled these ideas as impactful and implementable, given additional time and resources; the recommendations presented have the potential for gaining agreement.

Appendix A outlines policy ideas proposed in meetings that did not have consensus or, if they did have some level of agreement, were forecasted to have an impact so minor that it would not be worth pursuing. Since the group was directed to find agreed-upon recommendations, if one stakeholder group disagreed with a proposed policy idea, it was not selected to move forward.

- Conduct educational outreach for manufactured housing community homeowners and landlords.** Increase education of manufactured housing statutes, laws, expectations, and responsibilities. State agencies could distribute these. Educational materials may take the form of plain-language pamphlets. Workgroup participants suggested the content of these documents. See Appendix B for sample pamphlets. Suggested pamphlets or documents would include:

 - Cover sheet on the rental agreement that summarizes the agreement contents
 - Rights and responsibilities according to the [Manufactured/Mobile Home Landlord-Tenant Act](#)
 - Homeowner education to reduce confusion
- Offer landlords (a public, nonprofit, co-op, or private owner of a community) a property tax abatement for a voluntary extension of the closure period.¹⁰**
- Offer cost relief from impact fees for new development and replacement of existing homes.** Developers – private, public or nonprofit – can apply for relief from local government impact fees if they develop a new manufactured housing community from the ground up.
- Incentivize sales of communities to nonprofits, homeowner associations, public entities or cooperatively owned properties.** Exempt landlords from the capital gains tax or the local share of the real estate excise tax in exchange for selling their community to a nonprofit, homeowner association, public entity or the homeowner residents.¹¹
- Provide a tax incentive for a landlord who maintains their manufactured home community's current land use for a set term.** A tiered tax abatement would be tied to a guarantee that prevented redevelopment of the site to a different use (e.g., commercial, retail, office, etc.). This would give homeowners the opportunity to age in place and the certainty that they will not need to leave their community within a certain period.

¹⁰ This recommendation stems from [RCW 59.20.080\(1\)\(e\)\(iii\)](#), which provides that landlords cannot terminate a lease, unless the park is closing. In that case, the landlord must give a 12-month closure notice, unless they compensate tenants for the loss of their homes at their assessed value.

¹¹ Landlords are currently exempt from only the state share of the real estate excise tax in exchange for selling their community to a nonprofit.

Part II: Incentivizing the Development of New Communities

Commerce's Research Services team investigated ways to increase the number of manufactured housing communities in Washington. This research was independent of the workgroup's discussions but incorporated stakeholders' feedback. Research Services presented potential policies to workgroup participants. This research informed discussions and resulting recommendations on subsection (c) and (d). The report and ensuing discussions are included in Part II, along with the resulting recommendations.

Part II Findings

- Manufactured housing community development has stalled nationwide in the last 20 years.
- Policy focus has shifted from developing new communities to the expansion and preservation of existing communities nationwide.
- No other state governments have implemented incentives to increase community development.
- Nimbyism¹² plays a role in restrictive local zoning ordinances.

Part II Recommendations

- **Create Government-Nonprofit Partnerships.** State or local governments partner with nonprofits to develop a new community from the ground up.
- **Encourage Housing Authorities to Develop New Communities.** The state would encourage housing authorities to develop communities that promote community wellness, access to resources, and affordable rent.

¹² "Not in my backyard," or NIMBY, is used to describe residents who oppose a proposed development in their local area because of the perceived danger or negative effects it would have on their neighborhood. It especially describes people who would not protest the same development elsewhere.

Introduction

Overview

Commerce's Manufactured/Mobile Home Relocation Assistance Program (program) facilitated this report. The program provides financial assistance to homeowners whose communities are closing. The program has a history of working with manufactured/mobile home stakeholders in a neutral capacity. In recent years, the program has been working with the Legislature, other state agencies, nonprofits, local communities and key stakeholders to take important steps to improve the landscape of manufactured housing.

Facilitating the Manufactured Housing Communities Workgroup

The Manufactured Housing Workgroup Report recommends best practices and strategies for preserving and incentivizing the development of manufactured housing communities and improving landlord-tenant relations.

Commerce convened key stakeholders, experts, governmental and nongovernmental representatives through a facilitated workgroup process to discuss the proviso directives. This report documents the discussions, opinions, agreements and disagreements among the stakeholders.

Commerce facilitated six meetings, the first with governmental/nongovernmental entities to gauge their perspective of the issues and ability to commit to the process, and the remaining five with the added participation of homeowners and landlords. Commerce staff used various strategies to initiate discussion, facilitate ideas and mediate between stakeholders to derive policy recommendations.

Manufactured Housing and Terminology

For this report, a "manufactured housing community" (community) is defined as a cluster of land-lease units under centralized control by a private owner (corporate or individual), public housing agency, nonprofit or community ownership.

Discussions did not include modular homes, park models, tiny homes or recreational vehicles, although these housing structures are found in manufactured housing communities.

A "manufactured home" is a single-family dwelling built according to the U.S. Department of Housing and Urban Development (HUD) Manufactured Home Construction and Safety Standards Act, which is a national preemptive building code. A manufactured home also:

- Includes plumbing, heating, air conditioning and electrical systems
- Is built on a permanent chassis
- It can be transported in one or more sections, with each section at least eight feet wide and 40 feet long when transported or installed on the site is 320 square feet or greater.

A "mobile home" is a home built before 1976. The construction was not required to comply with HUD codes.

In 2019, legislation shifted from using the phrase "mobile home park" to "manufactured/mobile home communities." The new language emphasizes the sense of support and togetherness that is cultivated within manufactured housing communities.

A "landlord" is the owner of a mobile home park and a landlord's agents, including managers.

Homeowner/resident: While there are people living in communities who rent their homes, this report and its recommendations apply only to residents who own their homes. Workgroup stakeholders requested using the term "resident homeowner" to account for the unique aspect of a manufactured housing community that residents own their homes but rent the lot. The word "tenant" is used in the Mobile Home Landlord-Tenant Act and the proviso. This report abbreviates this as "homeowner."

Scope and Limitations

Data Gaps

This report is a product of the workgroup; Commerce staff did little additional research. The exception to this is Part II, which is based on research conducted by Commerce's Research Services Unit on incentivizing the development of new communities. Key points of the research are included in Part II: Incentivizing the Development of New Communities.

However, additional data would have allowed a more thorough analysis of workgroup discussions. The Department of Revenue collects data on registered manufactured housing communities, but it is unclear whether this data gives a full picture of how many communities exist statewide. Information about the age range of manufactured homes and their unmet maintenance needs across the state would be helpful. This information could inform whether to allocate resources toward preservation, replacement of old homes, or new development, but a capital needs assessment exceeded the resources allocated for this report.

Conversations about the investment value of manufactured homes were inconclusive, as homes can both appreciate or depreciate. It is unclear what the more common outcome is. Market research would help inform a more comprehensive understanding of the financial implications of purchasing a manufactured or mobile home.

Trends and Landscape

Benefits of Manufactured Housing Communities

Well-managed manufactured housing communities often provide safe, decent, and affordable housing. Workgroup stakeholders shared the value communities have for them.

Many homeowners rely on the supportive community formed between neighbors. Communities that do not close or change use for many years also provide a reliable opportunity to establish a permanent home. This stability is particularly meaningful for homeowners who value the opportunity to age in place.

Affordable homeownership in manufactured housing communities strikes a balance between multi-family apartment living and ownership of site-built homes. Communities can provide households the opportunity to own a home while renting the property on which it sits, allowing individuals in some cases to earn home equity at a reduced cost. This pathway to equity provides a rung on the housing ladder between conventional renting and traditional homeownership that would otherwise not exist.

The addition of new communities may help address the current housing crisis. A growing population, lack of inventory, and a recent increase in housing prices have left many residents searching for affordable housing options.

What Makes Communities Unique

- An aspect of many proposed policies that prevented full agreement is that homeowners want financial incentives for landlords to be contingent on affordable rent. Landlords communicated a concern in these discussions of tipping towards rent control, which they communicated is unconstitutional in Washington. This aspect is one area of discussion where this unique rental relationship in these communities proved to be a difficult hurdle to overcome.
- Landlords consistently described "discrimination against manufactured housing communities" to refer to legislation that treats communities differently from other rental housing types.¹³ From the homeowners' perspective, they need additional protections because they own their home.
- Manufactured housing is unique because homeowners have invested in an asset, have often lived in their community for many years, and are not used to moving often.
- Manufactured housing community leases are also unique because they are perpetual. Terms such as rent price and community rules may change, but as long as a homeowner does not violate the rental agreement or commit a criminal offense, the landlord cannot evict them from the community.

Homeowner Outcomes and Priorities

Throughout all workgroup meetings, homeowners expressed both challenges and opportunities related to manufactured housing communities. Although a small percentage of communities close relative to the approximately 1,200 communities in the state, closure of manufactured housing communities is possible. Homeowners expressed the emotional and financial disruption this event can cause and called for a longer notice of closure. A longer notice gives homeowners time to arrange new living arrangements or demolish their homes.

Homeowners also focused on ensuring manufactured housing community living is reliable and consistent. Homeowners suggested rent equations as a way to curb drastic annual rent increases to keep affordability constant. Homeowners suggested incentives for landlords contingent on including a rent equation or maintaining affordability by other means. Homeowners said it is important to keep the community's land use consistent, so residents have an opportunity to age in place.¹⁴ Manufactured housing communities can become naturally occurring retirement communities, where partnerships with social services can efficiently serve an aging community.¹⁵ Homeowners advocated for longer lease terms to ensure communities remain a reliable and stable place to live. They cited a Puyallup tiny home community with 30-year lease terms as a viable model.¹⁶

Another priority of homeowners is to encourage resident-owned or nonprofit-owned communities. These communities are more likely to maintain affordable rents and provide long-term security of tenure. Some homeowners advocated solely for nonprofit or cooperative ownership of parks; others were open to finding

¹³ [Chapter 256, Laws of 2004 \(SB 6593\)](#) intends to stunt local governments' authority to regulate other types of homes differently than manufactured housing communities, according to MRSC (2018), <http://mrsc.org/Home/Explore-Topics/Planning/Specific-Planning-Subjects-Plan-Elements/Local-Land-Use-Regulation-of-Manufactured-Housing.aspx>.

¹⁴ A policy option that keeps the land use consistent is the creation of manufactured housing community zones.

¹⁵ Tremoulet, Andree (2010). "Manufactured home parks: NORCs awaiting discovery." *Journal of Housing for the Elderly*. <https://www.tandfonline.com/doi/abs/10.1080/02763893.2010.522444>

¹⁶ Peterson, Josephine (2019). "Puyallup mobile home park to become tiny home community." *The News Tribune*. <https://www.thenewstribune.com/news/local/community/puyallup-herald/ph-news/article237116749.html>.

consensus with private landlords. Overall, incentives that benefit private landlords are also available to public, nonprofit, and cooperatively owned communities.¹⁷

Access to Legal Resources

This landlord-homeowner relationship is not always a balanced one. Landlords often have more resources to retain private attorneys for lease violations of RCW 59.20. Homeowners have access to the Attorney General's Office **Manufactured Home Dispute Resolution Program (MHDRP)**¹⁸ and nonprofit legal services.¹⁹ If a lease or a landlord's action violates RCW 59.20, homeowners or landlords may file a complaint with the Attorney General's Office to resolve disputes regarding alleged violations of rights.

The MHDRP conducts outreach to landlords and residents of communities. Many of the education recommendations made by the workgroup fall under the purview of this program. Workgroup participants agree there is an opportunity to capitalize on these services.

Landlord Outcomes and Priorities

Landlords prioritized increasing the ease of development of new communities. They cited growth management and other local restrictions as barriers to development. Parcel-size restrictions, for instance, prohibit flexibility when designing and developing new communities. This makes it difficult for communities to stay viable when competing with other rental options. Landlords refer to these local policies as discrimination against manufactured housing communities. Especially in fast-growing cities, landlords often convert manufactured housing communities into multi-family apartment units or other developments with greater profit potential.

Landlords suggest creating development incentives to bridge this gap in profitability. They point out that they provide an affordable option to the larger community and that this should be recognized as a public good, deserving of government support. Development incentives would serve as this support.

Landlords also suggest offering incentives that stimulate infrastructure improvements and the expansion of existing communities. For example, they recommend easing barriers to development, such as impact fees, when building a unit on land that previously contained a manufactured home.

Additionally, a prevalent theme in workgroup conversations was the constitutionality of proposed policy ideas. Rent control violates the state constitution, but the participants did not agree on what constitutes rent control. Concerns were raised about whether an opt-in policy contingent on providing some level of affordability to residents was rent control; many landlords felt it was.

Both landlords and homeowners agree that communication, increased transparency, and thorough, proactive education are opportunities to improve the manufactured housing community industry.

¹⁷ See Appendix D: Resident-Owned Communities and Cooperatives (Co-ops) for more information.

¹⁸ For more information, visit <https://www.atg.wa.gov/manufactured-housing-dispute-resolution-program> or see their [annual report](#)

¹⁹ One widely used legal nonprofit is the Northwest Justice Project. For more information, visit <https://nwjustice.org/home>.

Part I

Part I: Community Rental Agreements and Rules, Closure Notices and Alternatives and Community Preservation

Overview

Improving the conditions and policies of manufactured housing communities in Washington requires coordinated state intervention and further research. The following provides the workgroup's recommendations of ways to advance these goals.

Tables are included with each recommendation. Commerce staff asked landlord and homeowner representatives to report their level of agreement for each final recommendation on a five-level Likert scale, with 5 being a high level of support and 1 being no support. The first column of Tables 1-8 represents the overall agreement level from all participants, including homeowners, landlords, nongovernmental organizations and governmental representatives.

Survey Data Limitations

There are limitations to the survey data. Not all workgroup members responded to the survey. Some sentiments present in survey responses did not surface in workgroup meetings. For this reason, these outcomes could not be ordered by level of agreement. There was no instance in workgroup meetings when all stakeholders unanimously agreed with one idea – there were always nuanced pros and cons. This prevents isolating which one of these nine ideas is the "most agreed upon." This summary presents a suite of ideas that can be used as a starting point for additional discussions. They are organized with the structure of the legislation that created the workgroup in mind (e.g., section (a) first followed with (b), (c), etc.). However, many of the ideas were relevant to various legislative requirements, so using the structure of the legislation provides only a rough framework. See Appendix A for topics in the legislation that were proposed in meetings but did not have consensus or minimal impact.

Recommendations

Conduct educational outreach for manufactured housing community homeowners and landlords

Outreach before home purchase would help prospective homeowners understand lease agreements. Education would increase transparency about rental agreements, including information about rental agreement terms, the duration of lease agreements and the realities of community sales and changes in ownership or land use. This outreach could ease fears about community closure. Outreach would also inform landlords and homeowners about each party's rights and responsibilities.

The state would distribute materials in plain language to address this confusion. See Appendix B for suggested content.

Suggested pamphlets or documents would include:

- **Rights and Responsibilities:** a document putting RCW 59.20, the manufactured/mobile home landlord-tenant act, into plain language
- **Homeowner Education:** a document to increase transparency and ease fears
- **Cover Sheet:** a one-page document added to the front of rental agreements that summarizes the contents of a lease

Concerns:

- Landlords and homeowners disagree on the proposed content of the educational documents.
- Disagreement also exists on when and how the materials should be administered.

This recommendation relates to subsection (a). Overall, the discussion illuminated the need for transparency and education. For example, it was discovered that knowledge of the perpetual nature of manufactured housing community leases is not widespread. Homeowners would benefit from learning this. The intricacies and uniqueness of the landlord-homeowner relationship leave stakeholders confused about the contractual agreement they sign.

Table 2: Level of Support for Education Recommendation, on Scale of 1-5²⁰

Stakeholder Group	Average	Range
Homeowner	4.5	3.0 - 5.0
Landlord	3.4	2.0 - 5.0
Other Stakeholders	4.0	4.0
Total	4.0	2.0 - 5.0

Offer landlords (a public, nonprofit, co-op, or private owner of a community) a property tax abatement for a voluntary extension of the closure period²¹

Provide a tax abatement in exchange for doing one of the two following options:

1. Opt into a tiered tax benefit tied to an extension of the closure notice period beyond 12 months. The minimum closure notice period eligible for the tax break is three years. A three-year extension results in a lower tax abatement, a four-year corresponds with a slightly higher tax abatement, etc. If the landlord closes the community prematurely, they would need to, at a minimum, repay the tax savings and be subject to civil remedies per [RCW 59.20](#).

²⁰ Stakeholders were asked to rate their level of agreement for a slightly varied proposal, "encourage manager training and homeowner outreach." Subsequent discussions led to the removal of the manager-training component. This modification would likely alter survey results.

²¹ This recommendation stems from [RCW 59.20.080\(1\)\(e\)\(iii\)](#), which provides that landlords cannot terminate a lease unless the park is closing. In that case, the landlord must give a 12-month closure notice, unless they compensate tenants for the loss of their homes at their assessed value.

2. Landlords are currently required to notify residents that they are closing the community 12 months in advance. With this alternative option, they would maintain that 12-month closure notice but would be required to purchase all homes for some negotiated and agreed-upon value.

It was also discussed that local governments would decide whether their locality would opt into offering this abatement.

Concerns:

- **Option 1:** Homeowners want homes to be purchased for a fixed minimum amount or market value, whichever is greater. Landlords want homes to be purchased at the assessed value.
- **Option 2:** Homeowners want to include additional penalties for closing a community prematurely after signing onto the benefit in the second option. They propose requiring landlords to compensate homeowners for the market rate of their homes.

This recommendation relates to subsection (b). Overall, homeowners believe a closure period of one year is not enough. Homeowners need more time to arrange finances, logistics, and new housing. Landlords feel a more stringent requirement would not be financially feasible and may even be unconstitutional.

Manufactured housing communities are the only type of housing required to give warning before selling. Landlords call this discrimination. Homeowners, however, feel manufactured housing communities are unique for a reason: homeowners have invested in an asset, have often lived in their community for many years, and are not used to moving often. Therefore, community closure is a greater disruption on manufactured homeowners' lives than it would be in other types of multi-family housing.

Both parties agreed that the burden to provide affordable housing to low-income Washingtonians, as well as closing the housing shortage, is a public, rather than private, responsibility.

Table 3: Level of Support for Closure Notice Recommendation, on Scale of 1-5

Stakeholder Group	Average	Range
Homeowner	4.0	1.0 - 4.0
Landlord	4.2	3.0 - 5.0
Other Stakeholders	3.0	2.0 - 4.0
Total	3.7	1.0 - 5.0

Publish a list of best practices to showcase exemplary landlord methods of amending community rules

This recommendation relates to subsection (e). The workgroup generated suggested list content.

"Best practices" in this case refer to recommended but not mandated ways to increase communication, transparency and efficacy of landlord-tenant relationships. The list of recommended best practices in Appendix E outlines the best way to manage a community.

A government agency could publish or disperse a list of best practices to highlight exemplary landlord methods of changing community rules.

Best Practice 1: Remain equitable and respectful. Avoid accusations, discrimination, and retaliatory actions.

- Provide reasoning for new rules and modifications to existing rules.

Best Practice 2: Ensure rules are respectful and related to health, safety and welfare.

- Rules should meet the requirements of [RCW 59.20.045](#), which requires that rules promote the convenience, health, safety, or welfare of the residents, protect and preserve the premises from abusive use, or make a fair distribution of services and facilities made available for the tenants generally.
- Encourage the [Attorney General's Manufactured Housing Dispute Resolution Program \(MHDRP\)](#) to review any amended or new rule that a homeowner refers to them.²²

These bullets were proposed under Best Practice 2 but did not receive full agreement:

- Homeowners suggested the MHDRP review *all* new rules. Landlords did not agree.
- Homeowners suggested prohibiting strict rules on house upkeep, guest policies, and requirements to prove resident has the title and unexpired tabs on vehicles, and other rules. Landlords did not agree.
- Landlords did not agree with homeowners' suggestion to create a standardized set of rules promulgated by the [MHDRP](#).

Best Practice 3: Inform residents of the 30/90 day rule (Chapter 342, Laws of 2019 (2)(6)), which gives resident homeowners 30 days' notice of new/amended rules, and 90 days to comply with the new rule.

Educate parties to ensure they understand the new rules and processes.

This bullet was proposed under Best Practice 3 but did not receive full agreement:

- Homeowners proposed including the practice to give a longer period for people with disabilities to comply with changed rules. Homeowners said this should also apply to people for whom English is a second language and people who have submitted the rule to the [MHDRP](#); because this is legally required, it should not be a best practice.

Best Practice 4: Summarize rules and rule changes in plain talk/language.

- Aim for readability for the widest possible audience (use Microsoft Word's scan function to learn the grade level your document is written in; aim for a 4th/5th-grade level).
- Write the document in a clear font.

Best Practice 5: Provide detailed rules for homeowners.

- Give welcome packets to all homeowners

Best Practice 6: Facilitate communication between homeowners, landlords, Home Owners Associations and owners. Use the "warm cookie" approach (using a personal approach by bringing cookies to meetings with tenants).

- Post visible signs about the [MHDRP](#), which would include the program's scope and how to access it.
- Approach situations with compassion and use de-escalation techniques. Homeowners may feel stressed and anxious when they feel their housing is at risk. Facilitate positive and proactive communication to help prevent this misunderstanding and escalation of issues.
- Everyone should avoid verbal and nonverbal threatening language.

²² Homeowners requested amending [RCW 59.30](#) to allow homeowners to refer concerning amended or new rules to the Attorney General's Office. However, this provision is already present in statute. This reveals an opportunity to bridge gaps in expectations of the MHDRP, change this perception, and improve communication between this program and homeowners.

- Offer the opportunity to appeal via writing or face-to-face before going to the [MHDRP](#).

These bullets were proposed under Best Practice 6 but did not receive full agreement:

- Specify the best ways for landlords and homeowners to approach disputes. Recommend clear processes for homeowners to bring concerns to managers before needing dispute resolution.²³ Landlords disagreed with the suggestion to include this bullet.
- Some homeowners have set up informal complaint committees in their communities where they can bring their concerns. Committee members then approach the manager and resolve issues. Homeowners suggested landlords provide a sample complaint form to make this process more accessible. Landlords disagreed.
- Homeowners suggested landlords solicit input from residents before changing rules. For example, landlords would conduct surveys or facilitate town-hall meetings. Landlords disagreed.

Best Practice 7: Allow additional time for persons with disabilities to provide feedback and comply with new rules.

- Provide homeowners with a sample request for reasonable accommodations form and make sure they understand their right to ask for reasonable accommodations.
- Facilitate reasonable accommodation requests.

Best Practice 8: Inform homeowners of language resources.

- Contact Commerce or the local schools for help compiling resources if needed.

Best Practice 9: Provide proper delivery of the notices of change.

- Hold community meetings to ensure landlords provide homeowners with accurate and detailed information.
- Make sure the notice is in a language people can understand.

Best Practice 10: Landlords recommend that homeowners have liability insurance.

Best Practice 11: Offer sample form letters regarding rules or similar plain language documents by partnering with a local community college business class. Classes will often produce these form letters free of charge.

Best Practice 12: Meet with homeowners and share the types of letters sent out to residents for various issues that arise in the community.

²³ Landlords disagreed with this bullet because the state should not mandate their attitudes towards disputes. However, this is a list of best practices, or recommendations - not mandates. There is potential for agreement under the correct understanding.

Table 4: Level of Support for Best Practices Publication, on Scale of 1-5²⁴

Stakeholder Group	Average	Range
Homeowner	4.0	4.0
Landlord	2.5	1.0 - 4.0
Other Stakeholders	5.0	5.0
Total	3.6	1.0 - 5.0

Offer cost relief from impact fees for new development and replacement of existing homes

Developers – private, public or nonprofit – can apply for relief from local government impact fees if they develop a new manufactured housing community from the ground up.

Concerns:

- Local government representatives were not in full agreement on this idea.
- Homeowners suggested making this incentive contingent on charging affordable rent, but landlords categorized this as rent control, and therefore unconstitutional.
- Homeowners suggested making the relief contingent on a pledge to not change the land use after development, but this did not receive consensus.
- No evaluation mechanism exists that would ensure homeowners realize the tax savings in addition to landlords.

This recommendation relates to subsection (f) and (g). Overall, community preservation was among the most frequent topics of discussion during workgroup meetings. Preservation is a relatively low-cost way to address stakeholder concerns. Also, stakeholders nationally have been shifting focus from development to preservation, whether it is by designating a manufactured housing community zone²⁵ or creating the mobile home replacement pilot program in Washington.²⁶

Manufactured housing developers often face barriers to improving the infrastructure of communities. If the setback requirements have changed in between the original development and the time when a landlord wants to remove and replace a home in their community, the landlord may not be able to fit a home in the space allocated. This prevents landlords from using all their land. According to stakeholders, this process is

²⁴ Only one homeowner and one "other stakeholder" responded to the survey question for this recommendation, so this is not representative of all workgroup members.

²⁵ Portland, OR is an example of a city that passed an ordinance establishing a "manufactured dwelling park" zone. The land under 56 Portland communities was designated this land use in 2018. This prevents those communities from selling and changing the use of their land. Visit [Portland's Bureau of Planning and Sustainability site](#), the [Portland Tribute](#), or [Living Cully](#) for more information.

²⁶ The Mobile Home Replacement Program was piloted in 2008 to replace 27 older manufactured homes with Energy Star-rated homes. The goal was to address this concern of necessary infrastructure improvements. However, funding did not continue after the pilot.

inefficient. It discourages landlords from improving homes. Removing the barrier of impact fees would be a step toward bettering communities. Both landlords and homeowners benefit from a rehabilitated community.

Participants presented the potential concern that external stakeholders will not support policies that give benefits specifically to manufactured home communities. Why help one segment of the market and not all segments?

However, communities serve a vulnerable segment of Washington's population. They provide access to homeownership for families that otherwise may not have realized the benefits of investing in a home. Additionally, many communities have aging infrastructure that needs replacing, and incentivizing these improvements with impact fee relief would be beneficial.

Table 5: Level of Support for Recommendation 4, on Scale of 1-5

Stakeholder Group	Average	Range
Homeowner	3.9	3.0 - 5.0
Landlord	4.4	3.0 - 5.0
Other Stakeholders	3	3.0
Total	3.8	3.0 - 5.0

Incentivize Sales of Communities to Nonprofits, Homeowner Associations, Public Entities or Cooperatively Owned Properties

Exempt landlords from the capital gains tax or the local share of the real estate excise tax in exchange for selling their community to a nonprofit, homeowner association, public entity or the homeowner residents.²⁷

According to workgroup members, if a jurisdiction zoned a community as a manufactured home community, it would be easier for nonprofits to afford to purchase the community.

The biggest barrier nonprofits face in trying to purchase communities is the price. National private investors often offer premium prices that local organizations cannot match. Selling to large investors may result in economic evictions. Organizations could receive financial assistance for infrastructure upgrades — many developers do not realize the extent to which infrastructure needs to be upgraded until after the sale is complete. The Washington State Housing Finance Commission (HFC) would be a financing option.

Alternatively, adapt mortgage-deferral programs for first-time homebuyers to this policy: within income restrictions, nonprofits, for example, would be able to apply for a 30-year deferred mortgage.²⁸ There would be

²⁷ Landlords are currently exempt from only the state share of the real estate excise tax in exchange for selling their community to a nonprofit.

²⁸ The Washington State Housing Finance Commission (Commission) currently offers qualifying homebuyers down payment assistance. The Commission provides a loan at a low interest rate that can be deferred until the house's mortgage is paid off. <https://www.wshfc.org/buyers/downpayment.htm>

an associated reduced interest rate, allowing the nonprofit to afford the manufactured housing community and still offer affordable rent to residents. This received agreement from landlords in the room because it would allow homeowner associations or nonprofits to offer community owners the market rate for a community purchase. However, landlords point out that this must be voluntary for the seller.

Concerns:

- Homeowners suggested making this incentive contingent on charging affordable rent, but landlords categorized this as rent control, and therefore unconstitutional.
- Many sales of communities are made privately between landlords and, therefore, not eligible for the exemption.

This recommendation relates to subsection (f) and (g).

Table 6: Level of Support for Recommendation 5, on Scale of 1-5

Stakeholder Group	Average	Range
Homeowner	3.9	1.0 - 5.0
Landlord	3.7	1.0 - 5.0
Other Stakeholders	3.5	3.0 - 4.0
Total	3.7	1.0 - 5.0

Incentivize Affordable Communities

Provide a tax break for a landlord who provides some level of rent affordability in their community. This would help homeowners' affordability concerns and establish financial incentives for landlords. Local governments would define what affordability means in relation to area median income (AMI).

Once a rent formula or a maximum affordable rent is determined, landlords meeting this qualification would receive property tax relief. This idea generated a broader level of shared opinion. However, there is a concern about which entity benefits from the tax exemption. It was suggested that tax savings be shared between landlords and homeowners: recipients of the exemption would receive back a proportionate share to ensure that homeowners also see the benefits of this incentive. Otherwise, it would be possible to provide affordable rents to only a portion of residents while raising rents for remaining homeowners to compensate for the loss while also receiving the double benefit of the tax abatement.

Concerns:

- Landlords and homeowners did not agree on the definition of affordability.
- If this is administered as a rebate and counted as additional income for residents, there may be an unintended consequence of bumping residents off Social Security income benefits and other income-based benefits.

This recommendation relates to subsection (f) and (g).

Table 7: Level of Support for Recommendation 6, on Scale of 1-5

Stakeholder Group	Average	Range
Homeowner	3.2	3.0 - 5.0
Landlord	4.3	3.0 - 5.0
Other Stakeholders	2.5	2.0 - 3.0
Total	3.3	2.0 - 5.0

Provide a tax incentive for a landlord who maintains the current land use of their manufactured home community for a set term

This models the scalability aspect of the Open Space, Agricultural, Timberlands Current Use Policy, [RCW 84.34](#), in that there is a tiered approach that grants a certain level of tax abatement with a proportionate guarantee of current use. If a landlord says they want to opt in to this incentive but later changes their mind, they are required to pay back the tax savings and be subject to civil remedies under [RCW 59.20](#). Local governments may choose to opt into offering this abatement. This survey question specified a 10-year term, which did not receive consensus; removing the 10-year term might alter the averages.

Concerns:

- Landlords want the scale to start at a 3-year term for maintaining use. Homeowners want the scale to start at 10 years.
- Homeowners want to include additional penalties for closing the community or changing the land use prematurely after signing onto a certain term. If the penalty is only to repay the tax savings, any premature change in use is being remedied with the local jurisdiction, not with the community's resident homeowners. Therefore, they propose requiring landlords to compensate homeowners for the market rate of their homes.

This recommendation relates to subsection (f) and (g).

Table 8: Level of Support for Recommendation 7, on Scale of 1-5

Stakeholder Group	Average	Range
Homeowner	4.5	2.0 - 5.0
Landlord	4.0	1.0 - 5.0
Other Stakeholders	2.5	2.0 - 3.0
Total	3.7	1.0 - 5.0

Part II

Part II: Incentivizing the Development of New Communities

Overview

The Manufactured Home Relocation Assistance Program contracted with the Research Services section of Commerce to assist in its workgroup discussion around Section 12 (c) and (d) of HB 1582 (2019), which requests the Manufactured Home Relocation Assistance Program to:

- c) Evaluate possible approaches to increasing the amount of manufactured housing communities in Washington, including siting and development of new manufactured housing communities; and*
- d) Evaluate methods to incentivize and build new manufactured housing communities.*

Scope

It was agreed that this research would include a survey of state policies to incentivize manufactured housing communities and a preliminary analysis of what can be done within Washington's existing institutional framework to incentivize their creation.

Due to limited time and budget, the Manufactured Home Relocation Assistance Program and Research Services agreed that this report would not include a comprehensive analysis of the trade-offs of different policy proposals or a review of how suggested policies might work in practice. Rather, the objective was to summarize the information conveyed through interviews with subject matter experts nationwide and identify opportunities within Washington's zoning laws and practices to incentivize the development of new communities.

State policies and practices were the primary focus of this report. Local policies and practices were investigated secondarily.

Commerce's Research Services surveyed state policies that incentivize manufactured housing community development. That work provides a preliminary analysis of options within Washington's existing institutional framework to incentivize their creation or remove barriers to their development.

Research Services conducted 15 interviews and an extensive literature review to identify key national and state trends within a limited time and budget.

It is clear from Research Services' analysis and input from workgroup participants that significant supplemental analysis would further clarify the dynamics that affect the development of new manufactured housing communities and the types of interventions that would be most useful at achieving state objectives.

Manufactured Housing Community Definition

For purposes of this section, Research Services defined a manufactured housing community as land-lease units under centralized control by a private owner (corporate or individual), public housing agency, nonprofit or community-ownership.

As such, units placed on fee-simple lots would not be included even if these lots are collectively owned and rented.²⁹ Modular units, which are placed on a permanent foundation, could be included in these new communities; however, it is anticipated that most parks will be composed of manufactured units that are built on steel chassis with wheels attached.

Units in these new parks may include new homes but could include any unit that is a HUD compliant structure built after June 15, 1976. This definition does not include park models, tiny homes, or recreational vehicles. This analysis does not consider the development of cottage housing clusters or “pocket neighborhoods” even if they contain manufactured or modular units. They fundamentally differ from traditional manufactured housing communities.

Residency in these new manufactured housing communities may be age-restricted or non-restricted. In addition, occupancy may be seasonal or permanent.

Sources Consulted

Research Services reached out to many states with agencies overseeing manufactured housing and manufactured housing associations in Washington and other states. The following entities agreed to participate:

- The Manufactured Housing Center of Washington
- Northwest Cooperative Development Center
- National Manufactured Homeowners Association
- New Hampshire Manufactured Housing Association
- Nevada Housing Division, Manufactured Housing Section
- Illinois Manufactured Housing Association
- New York Manufactured Housing Association
- Arizona Manufactured Housing Association
- Alabama Manufactured Housing Association
- Manufactured Home Federation of Massachusetts
- Manufactured Housing Communities of Washington
- Wisconsin Housing Alliance
- Iowa Manufactured Housing Association
- Texas Manufactured Housing Association
- Residential Owned Communities of the United States of America (ROC USA)
- Washington Association of Counties
- Detray's LLC

²⁹ A fee simple lot is owned completely, without limitations or conditions. It is generally created when a deed gives the land with no conditions to the owner or owner's heirs

Background

Manufactured housing communities offer the promise of affordable homeownership. They provide households the opportunity to own a home while renting the property on which it sits. This allows individuals who would otherwise be renters to earn home equity at a minimal cost. Manufactured housing communities thereby provide a rung on the housing ladder between conventional renting and traditional homeownership that would otherwise not exist.

Despite these purported benefits, the siting and development of manufactured housing communities slowed markedly in Washington and across the United States in the 1990s. This study found less than six new communities established in Washington over the last 10 to 15 years.³⁰ Manufactured housing authorities in Arizona, Minnesota, and Wisconsin report only one new community in their respective states over the same period.³¹ None of the states contacted as part of this survey reported the development of more manufactured housing communities than found in Washington over the last two decades.³²

Increasing property values for site-built homes and community concerns about increased density appear to be the primary drivers behind this trend. It was during the 1990s and early-to-late 2000s that housing prices skyrocketed. These were periods of intense population growth in urban areas of the country. The 2008 financial crisis disrupted these trends. They have since reemerged in Washington and other parts of the United States.³³

During this time, cities and towns expanded, engulfing manufactured housing communities, which had been located on the outskirts of cities and towns.³⁴ Urbanization brought increased property values and a greater need for denser housing. Zoning changes followed. In many places, the result was rezoning manufactured home communities to denser and profitable uses, i.e., apartments, offices or retail. In this new environment, communities faced economic pressures to close. Many did, and many continue to do so, as property values and density concerns follow urbanization.³⁵

A Trend toward National Acquisitions of Existing Communities

Over approximately the same period, many manufactured housing communities underwent a transformation in ownership, as national chains bought many mom-and-pop communities.³⁶ Two primary models help explain this trend, both of which are predicated on increasing land-lease fees.

³⁰ The Manufactured Housing Center of Washington; Manufactured Housing Communities of Washington; Washington Association of Counties; National Manufactured Homeowners Association; Northwest Cooperative Development Center

³¹ Arizona Manufactured Housing Association; Wisconsin Housing Alliance; National Homeowners Association

³² The Manufactured Housing Center of Washington; New Hampshire Manufactured Housing Association; Nevada Housing Division; Illinois Manufactured Housing Association; New York Manufactured Housing Association; Arizona Manufactured Housing Association; Alabama Manufactured Housing Association; Manufactured Home Federation of Massachusetts; Manufactured Housing Communities of Washington; Wisconsin Housing Alliance; Iowa Manufactured Housing Association; Texas Manufactured Housing Association

³³ National Manufactured Homeowners Association; Arizona Manufactured Housing Association; Wisconsin Housing Alliance; Nevada Housing Division

³⁴ Northwest Cooperative Development Center; National Manufactured Homeowners Association; New Hampshire Manufactured Housing Association; Nevada Housing Division; Arizona Manufactured Housing Association; Wisconsin Housing Alliance; Washington Association of Counties

³⁵ National Manufactured Homeowners Association; Manufactured Home Federation of Massachusetts; Northwest Cooperative Development Center; Arizona Manufactured Housing Association; Alabama Manufactured Housing Association; Wisconsin Housing Alliance

³⁶ National Manufactured Housing Association; Manufactured Home Federation of Massachusetts; Arizona Manufactured Housing Association; Wisconsin Housing Alliance

The first is referred to as the Manufactured Housing University (MHU) model. This model is based upon the premise that investors increase fees until the tenants cannot afford to remain in their homes, at which point they sell the land at a profit.³⁷

This is possible because of the anti-competitive aspects of manufactured housing, as summarized by one California-based investment firm:

- "No competition from new supply – municipalities are not exactly in a hurry to entitle new manufactured housing communities developments for their community. If you own the only manufactured housing communities in town, you're the affordable housing equivalent of Microsoft circa 1997 (monopoly)."
- "Loyal customers – there is little incentive for tenants to leave a park for a competitive property. The majority of tenants own the home (we rent them the land), and it costs +/- \$5,000 to move a manufactured home."
- "Few institutional players to compete against – it's a highly fragmented, inefficient market with the largest players owning less than 3% of the total properties."³⁸

Stakeholders consulted for this report noted the prevalence of the MHU model in their states.³⁹ However, they more often described another business model not predicated on extraction, but rather housing provision.⁴⁰

This business model emphasizes the role of ownership, location, and internalization (OLI) factors in shaping whether, where, and why national chains invest in communities.

These national firms possess several ownership advantages that mom-and-pop and regional chains do not have. These may include:

- Easier access to financing
- Superior management and organization techniques
- Economies of scale that follow from the centralization of marketing, finance, and other management procedures

National chains may leverage these ownership advantages in several ways, most notably, to make large investments in community amenities, such as clubhouses, pools, tennis courts, golf courses, movie theaters, or the replacement of old homes with new ones. Such internal investments increase demand for their homes within their communities and increase the rents they charge their tenants.

Locational factors also influence whether, where, and why national chains purchase communities.

For instance, in Nevada, national chains purchase communities in and directly outside of Las Vegas and Reno. In Alabama, they prefer coastal communities. In Arizona, they favor communities adjacent to recreational areas for the 55-plus crowd. Each provides a competitive advantage over competitors.

³⁷ Ibid.

³⁸ <http://parkstreetpartners.com/mobile-home-park-investment-thesis>

³⁹ The Manufactured Housing Center of Washington; New Hampshire Manufactured Housing Association; Nevada Housing Division; Illinois Manufactured Housing Association; Arizona Manufactured Housing Association; Alabama Manufactured Housing Association; Manufactured Home Federation of Massachusetts; Manufactured Housing Communities of Washington; Wisconsin Housing Alliance

⁴⁰ Ibid.

Internalization refers to competitive advantages intrinsic to a firm or community. Three stand out: branding, non-conforming land-use, and city water and septic:⁴¹

- 1) Branding allows residents to associate certain services and quality of services of a chain to particular communities. This makes recruiting residents easier and potentially raises the price point of these communities for residents looking for certainty about the quality of services associated with a chain.
- 2) Non-conforming land-use refers to a manufactured housing community development that complied with zoning and development regulations when it was built but which, because of subsequent changes to zoning or development regulations, no longer fully complies with those regulations. Hence, a firm does not need to comply with local zoning and development regulations at the time of the purchase.
- 3) Communities on city water and septic, as opposed to systems such as private water or public sewer are also understood to have a higher value because the costs associated with maintaining these systems is less.

Against this backdrop, states have not incentivized manufactured housing communities.⁴²

Summary Findings

- Manufactured housing community siting and development fell substantially from previous levels in the late 1990s through the early 2000s, and community development has shifted primarily to the expansion of existing communities rather than the development of new ones. State intervention would likely be needed to stimulate future manufactured housing community development.
- Nationally, community closure, preservation, national acquisition, and resident-owned communities have affected manufactured housing community siting and development since 2000.
- This study found no instances of states incentivizing manufactured housing communities; however, there is much interest from manufactured housing associations for states to do so.⁴³
- Local zoning practices often create hurdles for the development and siting of manufactured housing communities. Attempts to preserve existing communities through the creation of a "manufactured housing park," "mobile home park," or "manufactured home park" zone may inadvertently create barriers to the development of new communities.⁴⁴
- Negative stereotypes about manufactured housing often pose hurdles to the development of communities.

⁴¹ National Manufactured Homeowners Association; Arizona Manufactured Housing Association; Wisconsin Housing Alliance

⁴² New Hampshire Manufactured Housing Association; Nevada Housing Division; Illinois Manufactured Housing Association; Arizona Manufactured Housing Association; Alabama Manufactured Housing Association; Wisconsin Housing Alliance; Iowa Manufactured Housing Association; Texas Manufactured Housing Association; National Manufactured Homeowners Association; Detray's LLC

⁴³ Workgroup members note that there have been incentives for the development of other forms of rental housing, such as the Multi-Family Tax Exemption.

⁴⁴ Portland, OR created a manufactured housing community zone to preserve the city's existing communities. It did not prevent new development because communities are still allowed to be built in other zones. Visit [Portland's Bureau of Planning and Sustainability site](#), the [Portland Tribute](#), or [Living Cully](#) for more information.

- Manufactured housing cooperatives represent an alternative community model that could curtail speculation in some communities through a limited equity framework.

These findings were presented to the workgroup to inform their discussions on subsections (c) and (d) regarding the development of new communities; the workgroup proposed the following recommendations in response.

Recommendations

Create Government-Nonprofit Partnerships

State or local governments partner with nonprofits to develop a new community from the ground up.

First, conduct a feasibility test and ensure nonprofits want to be involved. The organization Northwest Cooperative Development Center, a local affiliate of the national organization ROC, showed interest in workgroup meetings; they would be open to new development in urban growth areas. However, members said it is less expensive to preserve and replace existing homes than build a new community.

The feasibility study would also determine if the Washington State Housing Finance Commission (WSHFC) would allow the use of multi-family tax exemptions and credits for property purchase.

A case study from Springfield, Oregon, can serve as a model for this policy. Legislation passed in the Oregon 2019 session⁴⁵ directs the city of Springfield to work with nonprofit St. Vincent de Paul to build a new community. They will use block grant funds to purchase the land and a special allocation to fund the community infrastructure.⁴⁶

A "safe harbor" provision will limit legal challenges in these new communities' permitting and development processes.⁴⁷ The homes built in these new communities will be energy efficient.⁴⁸ Homeowners will have stable housing and have a say in the management of their housing.

Concerns:

- Local governments and city residents could prevent local support.
- Municipalities may be hesitant to support the development of manufactured housing communities over other types of housing.
- Governmental/nongovernmental agencies could face development barriers such as drawn-out development times and lack of land or resources to develop and maintain long-term success.
- Long-term funding and management of the new community may be a barrier to success.

⁴⁵EHB 2896, Laws of 2019. <https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2896/Enrolled>.

⁴⁶ Interview with St. Vincent de Paul. <http://cascadealliance.us/>.

⁴⁷ This would model [Chapter 348, Laws of 2019 \(E2SHB 1923\)](#). A "safe harbor" provision limits legal challenges for communities that meet certain criteria. For example, it would limit the amount of legal challenges that can be brought upon a community that has an affordable rent requirement.

⁴⁸ The Northwest Energy-Efficient Manufactured Housing Program (NEEM) certifies energy-efficient homes. Find more information about what this means at its website, <https://www.neemhomes.com/>.

Table 9: Level of Support for Recommendation 8, on Scale of 1-5

Stakeholder Group	Average	Range
Homeowner	4.3	3.0 - 5.0
Landlord	2.7	1.0 - 5.0
Other Stakeholders	4.5	4.0 - 5.0
Total	3.9	1.0 - 5.0

Encourage Housing Authorities to Develop New Communities

The state would encourage housing authorities to develop communities close to transportation, schools and other services for homeowners. These communities would offer affordable rent and long-term leases. Community partnerships with social and health services would accommodate seniors. This network would promote community wellness and access to resources.

County housing authorities already purchase existing communities. This policy would increase incentives for them to do so. This would create new affordable homeownership opportunities within the housing authority framework.

These new communities could be funded through local governments, the Housing Trust Fund or both. Members suggested changing the conversation of government investment in affordable housing to include the value of homeownership. This would encourage governments to fund these new communities in addition to the other types of multi-family housing they are currently more likely to fund.⁴⁹ This would open up the opportunity to look at the multi-family tax exemption as a funding option.

Further research on the implementation details of this idea would be needed. A cost-benefit analysis and feasibility study would be helpful. A feasibility study would identify where these communities should be developed. Communities are not viable in highly developed areas yet exceed the density restrictions of highly rural areas.

Concerns:

- There may be citizenship-status restrictions because housing authorities receive federal funding.
- Housing authorities and any public community owner may have difficulty maintaining economic viability without receiving tax incentives.
- The notion of "not in my backyard," or NIMBY-ism, prevents community support of development. Community members often voice unwarranted concerns of decreased property value or disruption to community safety at the prospect of a new manufactured housing community. Data do not back these perceived effects.

⁴⁹ Provides 100% tax credit for a certain period for multi-family housing if a minimum of 20% of units are affordable.

Table 10: Level of Support for Recommendation 9, on Scale of 1-5

Stakeholder Group	Average	Range
Homeowner	4.6	3.0 - 5.0
Landlord	3.6	1.0 - 5.0
Other Stakeholders	3.5	3.0 - 4.0
Total	3.9	1.0 - 5.0

Efforts to Remove Impediments

This survey observed no state efforts to remove impediments to manufactured home community development at the local level.

Local zoning laws can prove to be an impediment to the siting and development of manufactured housing communities across the U.S. for various reasons.⁵⁰ The principal reason relates to economic dynamics: the most revenue generating of housing-designated land is often not manufactured housing but rather high-end apartment and condominium development or commercial uses, such as offices or retail.⁵¹ Impact fees, regulatory costs, site development costs, and the time it may take to sell units within a community are impediments to the siting and development of communities.⁵²

When communities are proposed, they are often opposed by nearby homeowners. Neighboring homeowners fear a community will lower their property values. They often become vocal and organized and lobby their local boards or councils to block proposed developments. They are often successful. This chills development: developers do not want to pay planning costs up-front only to have their plans blocked at the local level.⁵³

This survey found no evidence of whether contemporary manufactured housing communities impact neighboring property values or whether such ideas are rooted in stereotypes and stigmas about manufactured housing.

What is clear is that manufactured housing is much different today from in the past. The homes are built to a much higher aesthetic and structural quality; they are often no different in aesthetic or structural quality from stick-built homes. Communities are often well maintained and aesthetically pleasing, depending on their management.

Similarly, this survey found no existing study on the impact of manufactured housing communities on schools, streets, utility services, and other municipal services. During the writing of this report, Wisconsin was

⁵⁰ Ibid.

⁵¹ National Manufactured Homeowners Association; Nevada Housing Association; Arizona Manufactured Housing Association

⁵² Ibid.

⁵³ National Manufactured Homeowners Association; New Hampshire Manufactured Housing Association; Illinois Manufactured Housing Association; Arizona Manufactured Housing Association; Nevada Housing Division; Alabama Manufactured Housing Division; Wisconsin Housing Alliance; Detray's LLC

conducting a study to evaluate the impact of communities on municipal services, but the report's findings were not available.

Resident-Owned Communities⁵⁴

In response to speculation in the manufactured housing market (due to investment explained by the MHU or OLI models), an alternative model for communities has come to the fore: resident-owned communities. Like traditional mom-and-pop communities, resident-owned communities prioritize affordability. They do this by requiring that residents own the underlying land through a limited equity framework. If the community were to sell the cooperative, the land's appraised value is donated to a local affordable housing nonprofit, rather than benefitting the residents. Residents retain the resale value of their homes in case of community or individual sale. This protects communities from national chains and keeps them affordable.

However, resident-owned communities tend not to be developed from the ground up. Rather, Resident Owned Communities USA (ROC USA) and its partners work with prospective owners to purchase existing communities.

However, if a local government wanted to partner with a private developer to build a manufactured housing community, they could require the right to first refusal to permit a nonprofit or prospective resident group to purchase the community at an appraised fair market rate upon a community's development.

Measures to Support the Development of New Manufactured Home Communities

Staff investigated several measures that could be undertaken to reduce barriers or provide incentives at the state or local level that might promote the creation of new manufactured home communities. Some of these measures involve changes to development regulations such as zoning. Others involve potential financial support through incentives, grants, loans or other forms of subsidy. This financial support could be to the community owner/developer or the unit owner/resident.

Incentives within Zoning Regulations

To reduce barriers and facilitate the creation of new parks, cities and counties may elect (or could be required by state law) to:

- Allow creation of new parks in all residential zones.
- Allow creation of new community as a primary, not conditional or discretionary, use.
- Allow rezoning of manufactured housing communities to "park-specific" zoning designations after development. Alternatively, a zoning overlay that applies specifically to manufactured housing communities could be used to implement community-specific requirements/protections.
- Eliminate minimum manufactured housing community size requirements.

Supplemental zoning provisions can impact communities' viability by limiting the type, size or age of units within their communities. Because units in communities tend to be more affordable than site-built homes, developers often must place more manufactured units per acre to receive a comparable return on investment. Additionally, at the jurisdiction's discretion, adjustments can be made to environmental review requirements

⁵⁴ ROC USA; Northwest Cooperative Development Center

for smaller projects. To maximize a manufactured park's ability to attract new units, cities and counties may elect (or could be required by a change in state law) to:

- Allow parks to accommodate a mixture of unit types, including manufactured, modular, cottage, tiny homes or park models.
- Prohibit requirements for siting that allow only new units.
- Relax or exempt building regulations for units relocated due to park closures to allow singlewide units.
- Eliminate minimum unit size requirements.
- Raise the SEPA categorical threshold to exempt new development over a threshold specified by WAC 197-11-800 (up to 20 to 30 detached units depending upon the type of community) from environmental review.
- Consider the inclusion of manufactured home parks in categorical exemptions for infill development under RCW 43.21c.229.
- Preclude density or impervious surface coverage limits on manufactured home parks that are lower than site-built development.
- Allow density bonuses to develop new manufactured home parks and/or incorporation of new manufactured home units within communities.
- Consider the transfer of development rights to manufactured housing community locations from designated "sending" sites within, or outside of, the urban growth boundary that transfers the number of units allowed to be developed from one location to another.
- Permit clustered development in conjunction with low-density accessory uses that could use the remaining portion of a park site for such as storage or community gardens.

Providing new parks with greater latitude in design and use configurations could also eliminate barriers and provide incentives to create new developments. Such flexibility could include:

- Allow lot size averaging, which mixes small lots that may be denser than those typically allowed by the zoning designated with larger lots, which collectively meet the zone's density standards.
- Allow modified street requirements.
- Allow flexible lot configurations.
- Reduce open space or amenity requirements or allow payment instead of such improvements.
- Allow the use of innovative infrastructure systems and low-impact development concepts for new parks.
- Allow reduced or flexible parking requirements, especially in development located near frequent transit routes.
- Allow a range of mixed, co-located or temporary uses.
- Minimize separation and setback requirements.
- Eliminate design standards that are stricter than those required for site-built homes.

Some additional measures that could facilitate the creation of new manufactured home parks include:

- Changes to state law that would enhance the ability of park owners to terminate an isolated lease.
- Increased predictability of infrastructure charges, such as utility hook-ups or sewer extensions, associated with new park development.

Incentives to Developers to Provide Affordable Housing

Jurisdictions can provide significant incentives to developers that provide affordable housing as a component of their development. The thresholds for these provisions vary by type of incentive and level of affordability but generally are allowed when units are created that serve households earning 80% of median income or less. Sometimes these incentives are offered for affordability tied only to the initial sales price of a unit, while other situations require occupants to be income qualified and require the unit to remain affordable for many years.

The use of these incentives in manufactured home parks can be more complicated than in other forms of development because these developments are not specific to buyers or renters but have characteristics of both classifications. Thus, it can be difficult for a new park to utilize some incentive programs.

It is possible that, with some modifications, these types of incentives could be applied to new manufactured park construction. Because manufactured home parks often provide affordable housing opportunities for lower-income households, they could be suited to qualify for these types of incentives:

- Create a tax-exemption similar to the state [multi-family tax exemption](#) for new park creation if the new units create affordable units and/or new units reserved for first-time buyers.
- Amend density bonus provisions to fit affordable housing development within manufactured home parks.
- Allow expedited permitting for the creation of new parks and/or siting of units within the parks.
- Allow impact fee waivers for the creation of new parks and/or siting of units within parks.
- Provide waivers or reductions to utility connection fees.
- Allow deferred payment of infrastructure system development costs.
- Provide a waiver of planning and permit fees for qualified projects.

Many developers, including housing authorities and non-profit agencies, could qualify for direct financial incentives from grants, loans, or other forms of assistance. Some of this funding is tied to the development of new housing projects, while other components are tied to infrastructure development that serves the housing. It is not clear that all methods listed below are suited to the development of affordable housing in new manufactured home parks. Further research is needed to determine their applicability, but they are noted here for their potential. Possible sources of financial incentives include:

- Affordable housing sales tax RCW 82.14.530
- Community Development Block Grant Program
- Credit enhancement
- Federal HOME Program
- State Housing Trust Fund
- Low Income Housing Tax Credit
- Local levy
- National Housing Trust Fund
- Real estate excise tax waiver
- Rural development funds
- Project-based Section 8 that would apply to the entire park, or multiple units in the park
- Sale and use tax for affordable housing (up to 0.1% per dollar spent)
- Sale or gift of surplus public property for affordable housing development
- Private Activity Bond tax credits
- Local Infrastructure Financing Tool program
- Local revitalization financing
- Community revitalization financing

Incentives for Unit Owners

While this analysis primarily looks at incentives and barriers to developing new manufactured housing communities, it is also important to consider the incentives and barriers to unit owners. These dynamics affect the desirability of homes for potential residents and the overall demand for manufactured homes. This, in turn, impacts the demand for the creation of new parks.

General Incentives

Over the past two decades, significant changes in some states have broadened the options and protections for manufactured home residents. These changes apply mostly to residents who own their unit, although some provisions apply more broadly to all residents, including renters:

- Allow the purchase or financing of units through traditional mortgages.
- Provide consumer protections for personal property loans consistent with real property or standard mortgage loans.
- Limit predatory lending practices in the sale of manufactured units.
- Strengthen requirements concerning park closure notification and relocation of displaced residents.

Some protections afforded manufactured home residents are focused on low-income or affordable units. As with incentives provided to parks, it is not known if all incentives listed below fit within the manufactured home context and require further investigation. Possible protections for residents include:

- Alternative mortgage instruments
- Deferred payment loans
- Down payment grants
- Energy efficiency tax credits
- Equity syndication proceeds
- Homebuyer assistance
- Interest subsidies
- Low Income Home Energy Assistance Program
- Loan guarantees
- Mortgage buy down
- Mortgage credit certification
- Mortgage insurance
- Rental assistance
- Section 8 certificates
- USDA and section 504/sect 502
- State housing vouchers

Report Conclusions

Overview

From the beginning, Commerce intended to approach this project as a neutral purveyor of the workgroup's ideas. The goal was to simplify where major differences between parties lie while highlighting the opportunities for compromise.

Questions were raised in workgroup meetings that could not be definitively answered, despite all subject-matter experts being in the room. This may show there is not one body specialized in manufactured housing communities and the role they have in the statewide affordable housing conversation. Investing in additional research, coordinating among all manufactured housing services and policymakers or centralizing these services could improve this outcome.

Oregon Housing and Community Services hosts an ongoing landlord-tenant coalition that addresses each subsection in the legislative directive, [Chapter 342, Laws of 2019](#), individually.⁵⁵ New Hampshire focuses on one particular policy solution: the creation of resident-owned communities. The Washington Manufactured Housing Communities Workgroup discussed and developed solutions for many varied policy topics in one year. This allowed many issues and conversations to surface, but additional research would be beneficial.

Vulnerable Communities

In addition to establishing the Manufactured Housing Community Workgroup, Chapter 342, Laws of 2019 also mandated Commerce publish the [closure or conversion notice](#)⁵⁶ in the top 10 languages spoken in Washington, along with legal and advocacy resources. Workgroup stakeholders also emphasized the need for bilingual services to be more accessible to all Washington residents. Future policies should continue to prioritize and address the needs of vulnerable populations.

Vulnerable populations are groups disproportionately affected by homelessness and rising housing costs. These include communities of color, Indigenous Washingtonians, women, children, seniors, single-parent heads of households, rural communities, LGBTQ, people with disabilities and immigrants and refugees. These groups face undue barriers to safe, decent and affordable housing. For this reason, representation and further analysis of how manufactured housing policies can impact communities of color, specifically immigrant communities, is important.

The residents in three out of the six communities closing this year speak Spanish as their first language. A Virginia Department of Housing and Community Development report finds migrant and seasonal workers most often live in mobile homes.⁵⁷ However, little research exists nationally on the economic implications of this correlation. Generally, Washington policies should address the large immigrant population in manufactured home communities.

⁵⁵ Visit Oregon's [Manufactured Communities Resource Center](#) for more information.

⁵⁶ <https://www.commerce.wa.gov/building-infrastructure/housing/mobile-home-relocation-assistance/>

⁵⁷ Daniels, Michael P., Koebel, C. Theodore, (1997), "Housing conditions of migrant and seasonal farmworkers," https://vtechworks.lib.vt.edu/bitstream/handle/10919/48623/housing_conditions_seasonal_farmworkers.pdf?sequence=1&isAllowed=y

Part I: Community Rental Agreements and Rules, Closure Notices and Alternatives, and Community Preservation

There was little agreement among workgroup landlords and homeowners.

A common barrier to reaching consensus on recommendations was over the addition or exclusion of a provision in the recommended policies that ties a community-owner benefit to the promise to provide affordable or long-term housing.

Community preservation and alternatives to closure are important in a time when new development is lagging. This includes the creation of resident-owned communities and co-ops. The importance of infrastructure issues repeatedly arose. Both landlords and homeowners agreed that the state should invest in community improvements, rather than the entirety of the burden to provide affordable housing falling on landlords. Both groups agreed that the industry needs increased transparency regarding the rental relationship between a homeowner and a manufactured housing community landlord.

Part II: Incentivizing the Development of New Communities

No other states offer development incentives to manufactured housing community owners. This relates to a question frequently asked by the workgroup: "Should manufactured housing communities be treated differently than other forms of housing?"

Landlords posited their unique contribution to the affordable housing stock. Homeowners discussed the unique benefit of affordable homeownership.

However, manufactured housing community developers are disproportionately impacted by NIMBYism and, according to workgroup landlords, local government development restrictions. Commerce's research found that the Growth Management Act (GMA) does not play a significant role in stunting development, as counties not under the GMA also see a lag in community development.

State outreach and industry support, according to workgroup landlords, will make manufactured housing community ownership viable for landlords, as well as to support affordable housing in Washington.

Appendix A: All Policy Ideas Generated by Workgroup

The table below shows all ideas proposed in Parts I and II and which subsection of the legislative mandate they address:

- (a) regarding rental agreements
- (b) regarding closure notice periods
- (c) and (d) regarding incentivizing the development of new communities
- (e) regarding changes to park rules
- (f) regarding options at the time of closure
- (g) regarding community preservation

The bolded ideas received a higher level of consensus and are explored in more detail in Parts I and II above. An explanation of why the remaining ideas did not receive an agreement is in the Proposals with a Lower Level of Support section below.

Table 11: All Policy Ideas

Category	Policy Idea	(a)	(b)	(c), (d)	(e)	(f)	(g)
Right of First Refusal	Provide preferential tax treatment to owners if they give the city or residents purchase rights when communities close.			x		x	x
Transfer of Development Rights	Allow landlords to complete a voluntarily transacted sale of development rights (density) for market value. The developer would maintain the original tax rate at the two locations. ⁵⁸			x			x
Partner with organizations	Increase incentives for landlords to sell to homeowner associations or nonprofits. ⁵⁹					x	x
Partner with organizations	Establish a public-private partnership to develop a new community from the ground up.			x		x	x
Partner with organizations	Encourage housing authorities to build communities.			x			
Alter the Growth Management Act (GMA)	Permit modifications and allowances to the GMA for the development of new communities.			x		x	x

⁵⁸ See Appendix C: **Error! Reference source not found.** for more information.

⁵⁹ In the 2019 legislative session, a real-estate excise tax (REET) exemption tied to selling communities to nonprofits was established through Chapter 390, Laws of 2019 (ESSB 5183).

Category	Policy Idea	(a)	(b)	(c), (d)	(e)	(f)	(g)
Alter the Growth Management Act (GMA)	Set aside land beyond urban growth boundaries that is zoned for manufactured home communities.			x			x
Alter the Growth Management Act (GMA)	Include the development of new communities along with the other alternative development scenarios. For example, allow manufactured homes in pocket residential communities.			x			
Amend Rental Terms	Allow a longer rental term, contingent on the lease, including a formula for an annual rent increase (e.g., rent will increase annually by CPI+%x).	x			x	x	x
Amend Rental Terms	Have provisions in leases that allow a way to end a perpetual lease for legitimate business reasons.	x			x		
Amend Rental Terms	Create an incentive for homeowners/landlords to opt into longer lease terms in exchange for a real-estate excise tax relief.	x	x	x			x
Education	Encourage manager training and homeowner outreach.			x			
Infrastructure	Allow landlords the option to remove units to make improvements to communities as long as they buy the units from the residents at assessed value. ⁶⁰				x		x
Infrastructure	Require landlords to be responsible for infrastructure improvements.			x	x		x
Infrastructure	Upgrade energy efficiency of homes to HUD standards.						x
Infrastructure	If a community is expanded for infrastructure improvements, do not increase the assessed value.						x
Infrastructure	If a vacant home site previously held a manufactured home, there should not be a fee to re-attach to public utilities.						x
Infrastructure	Extend benefits of utility- and home-improvement programs to communities.						x

⁶⁰ This could be modeled off RCW 59.20.080(1)(e)(iii), which currently allows a landlord at time of closure to compensate all homes at their assessed value if they want to expedite the otherwise required 12-month closure notice.

Category	Policy Idea	(a)	(b)	(c), (d)	(e)	(f)	(g)
Infrastructure	Tie utility upgrades (for x# of years) to communities that voluntarily choose to be preserved; utilities with funding for upgrades can prioritize these communities.						x
Infrastructure	Establish a state-funded program for low or no-interest loans for infrastructure upgrades.						x
Relocation	Amend RCW 35.21.684 (2) (a) to not require a manufactured home to be "new."		x				
Discrimination	Recommend that cities adopt a law that manufactured housing must not have any more burdens than other forms of housing. For example, remove parcel size requirements that prohibit the construction of communities.			x			x
Zoning	Create a local zoning category for communities.			x			x
Zoning	Offer lower utility charges from public utilities in exchange for zoning amendments.			x			
Zoning	Increase density by adjusting the underlying zoning to allow for the infill of under-utilized or open spaces within communities.			x			x
Zoning	Reduce setbacks for new manufactured homes.			x			x
Zoning	Allow grandfathered zoning by maintaining the original setbacks when a community owner expands or upgrades a community.						x
Incentivize Development	Incentivize development with grants or tax relief to those willing to build new communities.			x			
Incentivize Development	Encourage stacking lots to allow 2-3 story homes.			x			x
Closure Process	Recommend that landlords share their multi-year investment plan with residents.	x			x		
Closure Process	Require landlords to give the 12-month notice of closure at the end of residents' rental term.	x	x		x	x	

Category	Policy Idea	(a)	(b)	(c), (d)	(e)	(f)	(g)
Closure Process	Establish a property tax abatement incentive in exchange for a voluntary extension of the closure period.		x			x	
Closure Process	Establish a property tax abatement in exchange for a guarantee of 10 years of operation (or another set term).					x	x
Closure Process	Create a more robust program with Commerce's Manufactured/Mobile Home Relocation Assistance Program. ⁶¹		x			x	
Home-ownership	Allow manufactured/mobile homes to become real/deeded property instead of titled property.			x			
Home-ownership	Provide low or no-cost loans to purchase homes or perform infrastructure refurbishments.						x
Local Government	Provide cost relief from impact fees for new development/replacement of homes in affordable communities.			x			x
Other	Provide a tax break for communities that offer some level of affordability.			x			x
Other	Provide need-based rent vouchers.						x

Proposals with a Lower Level of Support

This section captures policy ideas submitted by workgroup members that were not recommended, categorized by similar concepts. This section includes, if relevant, explanations of what each idea is and/or why it was not recommended. The ideas that the group decided would have a low impact, be difficult to implement, or both, do not include an explanation.

Right of First Refusal/Opportunity to Purchase⁶²

Proposal 1: Provide preferential tax treatment to the owner if they give purchase rights to the city or residents when the community is closing.

⁶¹ This work falls within the scope of the Relocation Coordination Program created with ESSB 5183 during the 2019 legislative session.

⁶² Resident-owned communities (ROCs) is a national model for community preservation. Residents of manufactured housing communities cooperatively own shares of the land. Landlords give groups of residents the "right-of-first-refusal" by offering the sale of the community to them before any other potential buyer.

Transfer of Development Rights

Proposal 2: Allow landlords to complete a voluntarily transacted sale of development rights (density) for market value. The developer would maintain the original tax rate at the two locations.

This idea was deemed low-impact because it is currently a policy in Tumwater, but few people have taken advantage of the opportunity to sell density rights.

Easy to make this a law, but difficult to set up a market for density rights. The jurisdiction would need to connect buyers and sellers. An on-line process could be developed but would take many resources.

Develop with/Sell Communities to HOAs, Nonprofits, Government, or Tenants

Proposal 3: Increase incentives for landlords to sell to homeowner associations or nonprofits.⁶³

Proposal 4: Establish a public-private partnership to develop a new community.

Proposal 5: Encourage housing authorities to build communities.

Alter the Growth Management Act (GMA)⁶⁴

Proposal 6: Permit modifications and allowances to the GMA for the development of new communities.

Proposal 7: Set aside land beyond urban growth boundaries zoned for manufactured housing communities.

Zoning must be determined before easing urban growth boundaries. If land opened without explicit manufactured housing community zoning, it would remain more profitable to build site-built housing than manufactured homes.

Proposal 8: Include the development of new communities, along with other alternative development scenarios. For example, allow manufactured homes in pocket residential communities.

Amend Rental Terms

Proposal 9: Allow a longer rental term, contingent on the lease including a formula for an annual rent increase (e.g., rent will increase annually by Consumer Price Index (CPI)+%x, or by a certain percentage for five years until the landlord reassesses market rents and capital needs for the community and defines a new rent accordingly).

Proposal 10: Include provisions in leases that allow a way to end a perpetual lease for legitimate business reasons.

Participants were concerned that a vague definition of "a legitimate business reason" will raise questions and cause legal issues.

⁶³ In the 2019 legislative session, a real-estate excise tax (REET) exemption tied to selling communities to nonprofits was re-established through Chapter 390, Laws of 2019 (ESSB 5183).

⁶⁴ See Part II for an analysis of the GMA's impact on community development.

Proposal 11: Create an incentive for homeowners/landlords to opt into longer lease terms in exchange for real-estate excise tax relief.

Long-term lease providers could be eligible for real estate tax relief. Workgroup members report taxes are one of the most significant unknown factors when setting rents.

Provide Education

Proposal 12: Encourage manager training and homeowner outreach.

The group distinguished between legislatively and non-legislatively required training. Manufactured Housing Communities of Washington currently offers non-mandated training. The group did not agree on required training.

Rep. Ryu's (32nd Legislative District) facilitated a legislative workgroup during the summer and fall of 2019 and into the 2020 legislative session. Training options for community managers was a key discussion topic. The Manufactured Housing Communities Workgroup decided not to duplicate this work.

Make it Easier to Improve Infrastructure

Proposal 13: Allow landlords to remove units to make community improvements as long as they buy the units from the residents—model off RCW 59.20.080(1)(e)(iii).

Proposal 14: Require landlords to be responsible for infrastructure improvements, for example, improvements to energy efficiency/water meters.

Proposal 15: Upgrade energy efficiency of existing homes to the U.S. Department of Housing and Urban Development (HUD) standards.

Proposal 16: Do not increase the community's assessed value if it is expanded for infrastructure improvements. Landlords see this as a "penalty" for making improvements to their community.

Proposal 17: Communities should not be assessed a fee to "reattach" a site to public utilities if the site previously held a manufactured home.

Proposal 18: Extend benefits of utility- and home-improvement programs to communities.

Residents are often not eligible for these programs because they do not own the land; landlords are often not eligible because they may not meet the low-income requirement.

However, manufactured homes are not excluded from the Commerce-administered Weatherization program.

Proposal 19: Tie utility upgrades to communities that voluntarily choose preservation; utilities with upgrade funds may prioritize these communities.

Proposal 20: Establish a state-funded program for low or no-interest loans for infrastructure upgrades.

This did not get an agreement because tenants wanted loans to be tied to a requirement for a community to remain affordable.

Increase Ease of Relocation

Proposal 21: Amend RCW 35.21.684(2)(a), so manufactured homes are not required to be "new."

For example, rather than "new," the requirement might be an age range or a construction or energy standard requirement. This may make it easier for residents to relocate their home from a closing community to a private parcel in a city.⁶⁵

End Discrimination of Manufactured Home Communities

Proposal 22: Recommend cities adopt laws that prohibit the placement of additional burdens on manufactured housing that do not exist on other forms of housing. For example, remove parcel size requirements that prohibit community construction.

For example, some city codes include a requirement that manufactured homes be comprised of "two parallel sections" for private parcel placement. State law does not allow this requirement; it discriminates against single-section manufactured homes.

Some cities require ten or more acres for a new community yet allow a pocket residential community on two acres—this regulation creates obstacles to developing new communities.

Zoning Changes

Proposal 23: Create a local zoning category for manufactured housing communities.

Proposal 24: Offer lower utility charges from public utilities in exchange for zoning amendments.

Proposal 25: Increase density by adjusting the underlying zoning to allow for the infill of under-utilized or open spaces within communities.

This topic came up often. Although the proposal was not recommended, it received a lot of support in workgroup meetings.

Proposal 26: Reduce setbacks for new manufactured homes.

Proposal 27: Allow grandfathered zoning by maintaining original setbacks when a community owner expands/upgrades a community.

This proposal allows a landlord to improve one lot without making improvements to all community lots.

For example, a community has a non-conforming use (an older sewer system), and the codes have been updated since the community was built. If the owner wants to change one lot, the entire community must be brought up to code.

Incentivize Community Development

Proposal 28: Incentivize development with grants or tax relief to those willing to build new communities.

⁶⁵ RCW 59.21.105 requires cities and counties waive fire, safety, or construction codes if the codes will be used only because a home must relocate due to closure or conversion. This could be likened to the proposal to waiving the "new" requirement in the case of a forced relocation. However, there may be other reasons for a city or county to apply their codes.

This policy could model the Multi-Family Tax Credit (MFTC). 20-year tax relief could be provided. More housing alternatives will reduce the stress of closure.

Proposal 29: Encourage stacking lots to allow 2-3 story homes.

Improve Closure Process/Preservation

Proposal 30: Recommend landlords share their multi-year investment plan with residents.

Proposal 31: Require landlords to give the 12-month notice of closure at the end of residents' rental term.

Proposal 34: Create a more robust program with Commerce's Manufactured/Mobile Home Relocation Assistance Program.

Members discussed the benefits of a triage team to help homeowners in the case of a community closure. This work may fall under the scope of the Relocation Coordination Program. This Commerce program is being established following the implementation of Chapter 390, Laws of 2019. For this reason, it was not identified as a top recommendation.

Increase Homeownership Opportunities

Proposal 35: Allow manufactured/mobile homes to become real/deeded property instead of titled property.

Proposal 36: Provide low or no-cost loans to purchase homes or perform infrastructure renovations.

Local Government Changes

Proposal 39: Provide need-based rent vouchers that can be paid directly to the landlord.

Obstacle:

Rent vouchers may lead to higher rent.

Commerce clarification:

Commerce provided a multi-million dollar fiscal note for such a program during the 2018 legislative session (HB 2918). A similar bill was introduced in 2019 but did not make it out of committee (HB 1805).

Appendix B: Educational Materials

The workgroup suggested state and local governments publish educational materials. A model that involves residents owning their home but not owning the land under the home is unique and lends itself to confusion. Information published in pamphlets or on government websites can clarify unclear areas of statute and bridge communication gaps between landlords and homeowners.

Workgroup members decided the best way to address these knowledge and communication gaps is to suggest delivery methods and material content. The materials will address various issues defined by the group and the legislative directive. Below are ideas for the content of these educational materials and pamphlets.

Workgroup members believe a cover sheet on rental agreements will more clearly convey lease contents to homeowners before signing the agreements.

A document that outlines homeowners' and landlords' rights and responsibilities will help define roles and relationships between homeowners and landlords.

Workgroup members further believe homeowners and landlords will benefit from education about manufactured housing communities. This information will decrease confusion about moving into - and living in - manufactured housing communities. Optimally, landlords will provide this information before homeowners move into their prospective communities, so they make informed homeownership decisions.

Cover Sheet on Rental Agreements

Workgroup participants suggested cover sheet content. Facilitators prompted participants to indicate which of the brainstormed bullet points they did not agree with, and those are not included in the suggested content below:

- Landlord/manager's contact information
- Rent/where to deliver rent
- Grace period for rent and fees
- Other expected fees
- Security/damage deposit
- Parking policy
- Guest policy
- Pet policy and reasonable accommodation information
- Improvements policy
- Fixed fees

Rights and Responsibilities

This document will summarize the Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) (RCW 59.20) in plain language, allowing for easier accessibility and understanding.

Participants rated each suggested bullet below on a scale from 1 (strongly disagree) to 5 (strongly agree), and Commerce averaged the ratings. The ideas that participants did not agree on for each section are termed "Aspects of the Idea without Full Agreement."

Content to include in the educational document(s):

- A plain language/talk pamphlet about RCW 59.20 (Homeowner and Landlord Rights)

- Rule enforcement: include information about MHLTA enforcement and what the law requires
- What's required/prohibited on rental agreements
- Include RCW 59.20 with each rental agreement in plain language (model off Northwest Justice Project (NJP's) "Know your Rights" document)
- Outline who's responsible for utilities, e.g., a billing fee that gets passed to homeowners

Homeowner's Rights

- Receive a copy of the rental agreement and park rules seven days before signing the rental agreement and paying rent/deposit.
- Ability to request an Americans with Disabilities Act (ADA) accommodation
- Form a homeowner committee
- Three-month notice of rent increase

Aspects of the proposed "Homeowner Rights" content without full agreement:

- Ability to object to proposed park rules and submit complaints to the Attorney General's Office's
- Manufactured Housing Dispute Resolution Program (MHDRP)
- Ability to request an ADA accommodation
- Some homeowners requested more than a three-month notice of rent increase

Homeowner Responsibilities

- Read and understand the rental agreement
- Pay rent on time and consequence of nonpayment (eviction and rental lien foreclosure)
- Keep space clean and safe

Landlord Rights

- Increase rent
- Propose new rules
- Accept or reject potential homeowners in writing; if rejecting, be clear & specific about the rejection to ensure fair housing laws are upheld

Aspects of proposed "Landlord Rights" content without full agreement:

- Rent can only be increased based on a formula that ensures fairness or reflects the chained consumer price index⁶⁶
- The Attorney General's Office should review the proposed new rules

Landlord Responsibilities

- Keep the park clean and safe
- Provide rental agreements and park rules at least seven days before acceptance of rent and deposit⁶⁷ Keep park registration current (responsibility of the Washington State Department of Revenue (DOR)): Ensure that Washington State Department of Licensing (DOL), United States Department of Housing and Urban Development (HUD,) and other necessary parties are fully informed of the current status

⁶⁶ A way of measuring price changes based on consumer demand and buying patterns over a certain change in time. Ng, Michael, Wessel, David, "The Hutchins center explains: the chained CPI," (2017), <https://www.brookings.edu/blog/up-front/2017/12/07/the-hutchins-center-explains-the-chained-cpi/>.

Cage, Robert, Greenless, John and Jackman, Patrick, "Introducing the chained consumer price index. U.S. Bureau of Labor Statistics," (2003), <https://www.bls.gov/cpi/additional-resources/chained-cpi-introduction.pdf>

⁶⁷ Per Chapter 342, Laws of 2019 (ESHB 1582)

- Ensure homeowners are aware of the MHDRP.

Aspects of the proposed "Landlord Responsibility" content without full agreement:

- Money is routinely budgeted to repair/maintain infrastructure and common areas, so rents do not have to increase suddenly.
- Timely deposits of rent: provide more than one option for rent payment (e.g., electronic bill pay, drop box). This must include an on-site method for the payment of rent.
- A reasonable accommodation is given if the homeowner consistently receives assistance funds for rent past the date rents are due (e.g., Supplemental Security Income (SSI)).
- Provide reasonable accommodations for paying rent and for coming into compliance with alleged rule violations.
- Cite a specific reason for rejecting a potential purchaser.

Homeowner Education to Reduce Confusion

Workgroup participants suggested distributing an educational pamphlet. Below are examples of information that would help homeowners navigate the home buying and rental process. The ideas that participants did not agree on for each section are termed "Aspects of the Idea without Full Agreement."

- It's recommended that prospective homeowners apply for occupancy before buying a home to avoid being denied tenancy after the purchase
- One-year rental agreements automatically renew at the end of each year
- Tell what MHDRP does and what complaints fall under their scope
- Anyone can request reasonable accommodations: explain what the application process is for making reasonable accommodations requests
- Residents can contact MHDRP or NJP, or local organizations for help
- Education about what fees residents will and won't be responsible for- the MHDRP hears the most confusion surrounding:
 - Notice fees
 - Fees for utility billing service
 - Violation fees
 - MHDRP fee (\$5 is shared with the tenant)

Aspects of the "Homeowner Education" idea without full agreement:

Guest policy – Ensure residents know they can add someone to lease instead of having them overstay the maximum number of guests.

Appendix C: Transfer of Development Rights

When a manufactured housing community owner sells the right to develop their land, they are transferring their development rights. If a community owner can put more units on their land than they want to build, they can sell their rights to a developer who is otherwise restricted from building the number of units they would like to build.

For example, a community owner can put 75 units on their land, but they only want to build 50 units. They can transfer their development rights to an apartment owner restricted from building more than 150 units. Through this transfer, the community owner is selling the ability to develop 25 units so that the apartment owner can build 175 units.

The City of Tumwater is an example of a municipality that utilizes this policy. See information about their policy here: <https://www.thurstoncountywa.gov/planning/Pages/incentives-tdr-pdr.aspx>.

Appendix D: Resident-Owned Communities and Cooperatives

A resident-owned community (ROC) is a nationally employed community-preservation model. Residents of a manufactured housing community cooperative manage and own shares of the property. Resident-owned communities prioritize affordability. [Northwest Cooperative Development Center/ROC Northwest](#) are local organizations that assist with purchasing and establishing resident-owned communities.

If the community were to sell the cooperative, the land's appraised value is donated to a local affordable housing nonprofit rather than benefitting the residents. Residents retain the resale value of their homes in case of community or individual sale. This arrangement protects communities from national chains and keeps them affordable.

Decisions in the co-op are made democratically. Homeowners have a say in the community's management by voting for the members of a board of directors who make decisions related to repairs and improvements.⁶⁸

New Hampshire is a model for facilitating the creation of ROCs. The New Hampshire Community Loan Fund helped to fund among 132 ROCs, providing over 8,100 affordable homes. [ROC-NH](#) provides loans, training, and technical assistance to help residents buy and manage their communities.⁶⁹

However, resident-owned communities are rarely developed from the ground up. Rather, new [Resident Owned Communities USA](#) (ROC USA) and its partners work with prospective owners to purchase existing communities.⁷⁰

However, if a local government wanted to partner with a private developer to build a manufactured housing community, it could require the right to first refusal to permit a nonprofit or prospective resident group to purchase the community at an appraised rate.

⁶⁸ ROC USA; Northwest Cooperative Development Center

⁶⁹ <https://communityloanfund.org/focus/ROC-NH/>

⁷⁰ ROC USA; Northwest Cooperative Development Center.

Appendix E: Best Practices for Amending Community Rules

Subsection (e) of the legislative directive asks the workgroup to provide recommendations on the best process for amending or adding to park rules.

Workgroup participants brainstormed the best practices for changing community rules and regulations. The suggestions are not being proposed as requirements. "Best practices" are ways to increase communication, transparency, and efficacy of landlord-tenant relationships. This list of 12 best practices outlines the best way to manage a community and would not be mandated.

1. Remain equitable and respectful. Avoid accusations, discrimination, and retaliatory actions.
 - Provide reasoning for new rules and modifications to existing rules.
 2. Ensure rules are respectful and related to health, safety and welfare.
 - Rules should meet the requirements of [RCW 59.20.045](#), which requires that rules promote the convenience, health, safety, or welfare of the residents, protect and preserve the premises from abusive use, or make a fair distribution of services and facilities made available for the tenants generally.
 - Encourage the [Attorney General's Manufactured Housing Dispute Resolution Program \(MHDRP\)](#) to review any amended or new rule that a homeowner refers to them.⁷¹
- These bullets were proposed under Best Practice 2 but did not receive full agreement:**
- Homeowners suggested the MHDRP review *all* new rules. Landlords did not agree.
 - Homeowners suggested prohibiting strict rules on house upkeep, guest policies, requirements to prove resident has the title and unexpired tabs on vehicles, and other rules
 - Landlords did not agree with homeowners' suggestion to create a standardized set of rules promulgated by the [MHDRP](#).
3. Inform residents of the 30/90 day rule ([Chapter 342, Laws of 2019 \(2\)\(6\)](#)), which gives resident homeowners 30 days' notice of new/amended rules, and 90 days to comply with a new rule.

⁷¹ Homeowners requested amending [RCW 59.30](#) to allow homeowners to refer concerning amended or new rules to the AG. However, this provision is already present in statute. This reveals an opportunity to bridge gaps in expectations of the MHDRP, change this perception, and improve communication between this program and homeowners.

Educate parties to ensure they understand the new rules and processes.

This bullet was proposed under Best Practice 3 but did not receive full agreement:

- Homeowners proposed including the practice to give a longer period for people with disabilities to comply with changed rules. Homeowners said this should also apply to people for whom English is a second language and people who have submitted the rule to the [MHDRP](#); because this is legally required, it should not be a best practice.

4. Summarize rules and rule changes in plain talk/language.

- Aim for readability for the widest possible audience (use Microsoft Word's scan function to determine your document's grade level; aim for a 4th/5th-grade level).
- Write the document in a clear font.

5. Provide detailed rules to homeowners.

- Give welcome packets to all homeowners

6. Facilitate communication between homeowners, landlords, Home Owners Associations and owners. Use the "warm cookie" approach (using a human approach by bringing cookies to meetings with tenants).

- Post visible signs about the [MHDRP](#), the program's scope, and how to access services.
- Approach situations with compassion and utilize de-escalation techniques. Homeowners may feel stressed and anxious when they feel their housing is at risk. Facilitate positive and proactive communication to help prevent this misunderstanding and escalation of issues.
- Everyone should avoid verbal and nonverbal threatening language.
- Offer the opportunity to appeal via writing or face-to-face before going to the [MHDRP](#).

These bullets were proposed under Best Practice 6 but did not receive full agreement:

- Specify the best ways landlords and homeowners can approach disputes. Recommend clear processes for homeowners to bring concerns to managers before needing dispute resolution.⁷²
- Some homeowners have set up informal complaint committees in their communities where they can bring their concerns. Committee members then approach the manager and resolve issues.
- Homeowners suggested landlords provide a sample complaint form to make this process more accessible. Landlords disagreed.
- Homeowners suggested landlords solicit input from residents before changing rules. For example, landlords would conduct surveys or facilitate town-hall meetings. Landlords disagreed.

⁷² Landlords disagreed with this bullet because the state should not mandate their attitudes towards disputes. However, this is a list of best practices, or recommendations- not mandates. There is potential for agreement under the correct understanding.

7. Allow additional time for persons with disabilities to provide feedback and to comply with new rules.
 - Provide homeowners with a sample "request for reasonable accommodations" form and make sure they understand their right to ask for reasonable accommodations.
 - Facilitate reasonable accommodation requests.
8. Inform homeowners of language resources.
 - Contact Commerce or the local schools for help compiling resources if needed.
9. Provide proper delivery of the notices of change.
 - Hold community meetings to ensure accurate and detailed information is given to homeowners.
 - Make sure the notice is in a language people can understand.
10. Landlords recommend that homeowners have liability insurance.
11. Offer sample form letters regarding rules or similar plain language documents by partnering with a local Community College Business Class. Classes will often produce these form letters free of charge.
12. Meet with homeowners and share the types of letters sent out to residents for various issues that arise in the community.