

MOBILEHOMES/MANUFACTURED HOUSING

Mobilehome Parks

Mobilehome parks are a popular source of affordable housing, especially for seniors and low- and moderate-income families. Statewide, there are 5,750 parks, with 464,778 spaces, housing an estimated 800,000 people.

The mobilehome park industry, however faces many challenges: few new parks are being built; park owners and residents are often locked in a struggle of complaints, counter-complaints, lawsuits, and counter-lawsuits; residents are buying their parks through the conversion process and becoming park owners; a growing number of land-lease manufactured home communities are being constructed which offer affordability without the problems of the park owner/resident relationship; and additionally some mobilehome parks face safety and security issues.

The age and location of many parks create other problems. Older mobilehome parks suffer from significant infrastructure deterioration: sewers, utilities, roads, and common areas need to be upgraded and replaced. As cities expand, the areas surrounding the parks are developed for industrial or commercial use. Park owners are tempted to sell their land to developers for higher profits, thereby displacing long-time residents.

There are five major issues facing mobilehome park residents in the state:

- 1) Rent increases (largely a local issue)
- 2) Old and dilapidated facilities
- 3) Rents and fees
- 4) Pass-through fees
- 5) Maintenance and organization

In response to some of these issues, SB 700 (O'Connell) Chapter 520, Statutes of 1999 created a new state inspection program that requires at least one inspection every four years. The program focuses mainly on those parks with the most serious violations or substantial number of complaints.

Senior-Only Mobilehome Parks

Prior to 1988, many mobilehome parks were reserved for adults only (age 18 and over). The passage of the 1988 Fair Housing Amendments Act, which prohibits age discrimination in housing except for senior citizen housing, caused a shift in the demographics of mobilehome parks by forcing owners whose parks did not meet the criteria for senior housing to open their parks to families with children. In 1988, 75% of mobilehome parks were either senior- or adult-only parks; by 1994, only 25% of parks restricted occupancy to seniors.

In 1995, under pressure from senior groups, Congress enacted HR 660, which eliminated the requirement that senior housing provide significant facilities and services requirements. While this change makes it easier to develop senior housing, it is unclear whether family mobilehome parks will be able to convert to senior parks since 80% of the spaces must be rented to a person who is age 55 or older.

New Directions for Manufactured Housing

For the last several decades, the manufactured housing industry has been quietly transforming itself--with quality improvements, imaginative designs, and legislative measures on both federal and state levels--from a narrow-niche builder of "trailers" or "mobilehomes" into a broad-band builder of a wide range of housing products. Many of these new housing products compete quality-for-quality and amenity-for-amenity with conventional site-built housing.

Although still the supplier of mobilehome park housing, the industry has been busy creating new markets for its new products. The industry is producing housing for inner-city infill lots; standard single-family subdivision developments; long-term, land-lease manufactured housing communities; and rural property. More than half of all new manufactured homes are being sited outside of mobilehome parks, with approximately 32% installed on permanent foundations in urban, suburban, or rural neighborhoods. There were 8,441 new manufactured homes delivered in California in 2003.

The driving force behind the manufactured home industry is the affordability of its products. Through the efficiencies of factory, and savings generated from a shorter construction schedule, manufactured housing is the most affordable type of housing available in California today. Construction costs average \$9 less per square foot than site-built construction. In 1995, the average cost per square foot for site-built construction was \$50.00, compared to manufactured housing with an average per-foot "installed" cost of \$41.00. For an average 1500 square foot home, the savings amount to \$13,500.

Major legislation

AB 693 (Corbett) Chapter 98, Statutes of 2003:

- Provides that a mobilehome park owner who willfully violates the Mobilehome Residency Law may be liable for a statutory penalty of up to \$2,000, or punitive damages, if the conduct is malicious, fraudulent, or oppressive, but not both.

SB 1090 (Dunn) Chapter 567, Statutes of 2004:

- Requires the sale of a mobilehome in a park are subject to requirements of the park rules and regulations, the park rental agreement, Mobilehome Residency Law (MRL) and if an agent is involved, dealer or real estate licensing laws.
- Makes it illegal under MRL for mobilehome park management to require homeowners to use any specific agent in the sale of their home.
- Prohibits park management from requiring a seller to use a specific agent in the sale of a mobilehome.
- Requires the mobilehome dealer to disclose to their client the terms and effect of a net listing agreement, the exact amount of a buyer's offer and all commissions earned by the dealer.

- Requires dealers to disclose the manufactured year of a new mobilehome only when it is over three years old.

SB 1163 (Dunn) Chapter 728, Statutes of 2004:

- Requires mobilehome parks to disclose the name, address and telephone number of the billing agent or company on each resident's billing if a third-party billing agent or company prepares utility bills for the park.
- Requires the Public Utilities Commission (PUC) to accept and respond to complaints concerning master-meter customers.
- Requires that the PUC is responsible for handling complaints filed by sub-metered customers.

Other legislation

AB 162 (Cohn) Chapter 56, Statutes of 2004, an urgency statute to take effect immediately:

- Clarifies that funds received from park owners for regulation of mobilehome and special occupancy parks are to be deposited into the Mobilehome Parks and Special Occupancy Parks Revolving Fund.

AB 624 (Lieber) Failed passage in the Assembly:

- Would have prohibited a mobilehome park owner from requiring that prospective homeowners have a monthly gross income greater than three times the sum of specified monthly housing costs.

AB 682 (Corbett) Chapter 561, Statutes of 2003:

- Allows a mobilehome owner to elect to sell their mobilehome within 60 days of park management obtaining and serving an unlawful detainer judgment against the mobilehome owner.

AB 767 (Nakano) Chapter 388, Statutes of 2003:

- Allows the eviction of a mobilehome owner or resident that has been convicted of child molestation, arson, battery resulting in serious bodily injury, or assault with a firearm.

AB 805 (Diaz) Chapter 85, Statutes of 2003:

- Requires a mobilehome park owner to include within the three day notice for nonpayment of rent, a statement of how many previous three day notices have been sent in the prior 12 months.

AB 1173 (Haynes) Chapter 132, Statutes of 2003:

- Requires that a mobilehome that is being sold by the homeowner and subject to a local rent control ordinance shall remain under that ordinance only if the homeowner's principal residence is not out of state or they are advertising the mobilehome for sale in good faith to bona fide purchasers.

AB 1287 (Lieber) Chapter 767, Statutes of 2003:

- Requires park management to provide prospective homeowners a specified form disclosing specific information regarding rent, fees, and park rules or regulations.

AB 1572 (Lieber) Chapter 236, Statutes of 2004:

- Increases the amount of time a claim may be filed with the Department of Housing and Community Development for payment from the Manufactured Home Recovery Fund from one to two years.

AB 2023 (Nakano) Died in the Senate Committee on Judiciary:

- Would have provided for the termination of tenancy of a mobilehome owner or resident who committed a "substantial annoyance" including but not be limited to, the use or threat of force, willful threats, or menacing conduct that would create an apprehension of harm in a reasonable person.
- Would have required that the act be one committed on the park premises.

AB 2351 (Corbett) Chapter 302, Statutes of 2004:

- Makes a number of changes in the rights of mobilehome owners in rental or resident-owned parks, including:
 - 1) Requires the management of a mobilehome park to return an executed copy of the rental agreement to the homeowner within 15 business days after the management has received the rental agreement signed by the homeowner.
 - 2) Prohibits the park management of a resident-owned park from entering a mobilehome without the prior written consent of the resident, except in specified or emergency circumstances.

- 3) Prohibits management from removing a vehicle from the homeowner's or resident's driveway of designated parking space of 7 days in violation of a park rule unless a specified notice regarding violations of park rules is posted on the windshield of the vehicle, unless the vehicle poses a specified danger.
- 4) Prohibits park management from requiring a homeowner to purchase goods or services from any third party for remodeling or maintenance.

AB 2581 (Lieber) Chapter 680, Statutes of 2004:

- Requires a mobilehome park owner to submit a conversion impact report when their permit to operate has been suspended by the Department of Housing and Community Development or other responsible local enforcement agency.

AB 3022 (Committee on Housing and Community Development) Chapter 473, Statutes of 2004:

- Includes limited partnerships where all the partners are nonprofit mutual or public benefit corporations to apply for Mobilehome Park Resident Ownership Program loans.
- Increases the total amount of financing low-income households can apply for under MPROP from 95% to 100% plus closing costs.
- Moves the tenant relocation assistance provisions to the State Housing Law.
- Extends the provisions that define affordability housing specifically for any redevelopment agency within Santa Cruz County for an additional year beyond the term specified in current law, to January 1, 2006.

SB 37 (Dunn) As introduced:

- Would have amended the Mobilehome Residency Law to advise mobilehome owners living on rented space in mobilehome parks of their obligations to comply with existing transfer disclosure laws in the sale of their mobilehomes.

As amended May 6, 2004, an urgency statute that would have taken effect immediately (Vetoed):

- Would have extended the statute of limitations to December 31, 2006 for filing legally recognized claims for damages resulting from the illegal and wrongful forced emigration to Mexico between 1929 and 1944.

Governor Schwarzenegger's veto message: "While I am very sympathetic towards victims who were involuntarily sent to Mexico as a result of repatriation efforts within California between 1929 and 1944, these individuals were able to pursue legal action within a fixed period of time. The purpose of the statute of limitation is to provide protection to

defendants from antiquated claims. Such older claims are difficult to litigate against due to a loss of witnesses, evidence, and other factors.

Additionally, private litigation of potentially thousands of claims against the state, could burden the courts, result in increased costs to the state and local governments, and possibly require a settlement account for any successful claim. If the Legislature should decide, as a matter of public policy, to provide compensation, a reparations fund should be created to expedite the processing of these claims. This would be an efficient and less expensive method for both the taxpayers and the plaintiffs.

Once legislation creating this policy is enacted, it can be considered along with all other priorities and in the context of the State's fiscal condition at that time."

SB 54 (Dunn) Chapter 815, Statutes of 2003:

- Provides that mobilehome park and special occupancy park lot lines shall not be moved or adjusted without a permit issued by the responsible enforcement agency.

SB 116 (Dunn) Chapter 249, Statutes of 2003:

- Allows mobilehome owners and residents to display political signs relating to a candidate for public office, initiative, referendum, or recall process.

SB 306 (Ducheny) Chapter 814, Statutes of 2003:

- Makes various technical changes to facilitate the development and regulation of manufactured employee housing for farmworkers.

SB 740 (Kuehl) Failed passage in the Assembly Committee on Housing and Community Development:

- Would have provided resident organizations that have fulfilled certain requirements with a right of first refusal to purchase a mobilehome park if the owner decided to sell or received an offer from a third party to buy the park.

SB 1146 (Dunn) As introduced:

- Would have allowed the management of mobilehome parks to implement rule changes mandated by a change in law upon written notice of at least 60 days and without meeting and consulting with homeowners.

As amended August 23, 2004 (Died in the Assembly Committee on Judiciary):

- Would have established procedures for a cooperative defense agreement entered into by a builder, contractor, subcontractor, tradesman, design professional, individual product manufacturer, or material supplier to cooperate in a joint construction defect litigation.

SB 1176 (Dunn) Chapter 622, Statutes of 2004:

- Reduces the amount of time a mobilehome park owner or mobilehome homeowner has to respond to specific health and safety code violations from 90 days to 60 days.
- Allows management of a mobilehome park to implement changes in park rules and regulations mandated by law following written notice of at least 60 days and without consulting with the homeowners.
- Requires management to cite in the notice the statute, ordinance or regulation which necessitates the change in rule or regulation.
- Provides a two year moratorium on new administrative regulations relating to snow-load roof requirements for mobilehomes installed at elevations of 5,000 feet and above.

SB 1610 (Ducheny) Died in the Assembly Inactive File:

- Would have allowed limited partnerships, in which all of the general partners are nonprofit mutual or public benefit corporations, to apply for Mobilehome Park Resident Ownership Program loans.

SB 1778 (Ducheny) As introduced:

- Would have extended the time period for the State Department of Housing and Community Development to issue a citation, and associated civil penalties, for any violation by a mobilehome, manufactured home, and commercial coach dealer from six months to one year after discovery of the violation.

As amended August 23, 2004 (Died in the Assembly Committee on Appropriations):

- Would have allowed students between 19 and 21 years of age who enrolled in charter school eligible for average daily attendance apportionment on or after January 1, 2005.
- Would have been operative until July 1, 2008 and repealed January 1, 2009.