

Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session
STAFF MEASURE SUMMARY

MEASURE: HB 3016 A
CARRIER: Sen. Kruse

Senate Committee On Human Services and Early Childhood

Fiscal: Fiscal impact issued
Revenue: Has minimal revenue impact

Action Date: 05/07/15

Action: Do Pass The A-Eng Bill.

Meeting Dates: 05/07

Vote:

Yeas: 5 - Dembrow, Gelser, Kruse, Monnes Anderson, Olsen

Prepared By: Cheyenne Ross, Committee Administrator

WHAT THE MEASURE DOES:

Restores capital gains tax exemption for manufactured housing park sale to entities that include tenants, nonprofits and housing authorities. Modifies time limit for tenants to organize to submit purchase offer. Increases assessment fee and reimburses county for processing. Increases large mobile home park registration fee. Cancels unpaid taxes and fees on abandoned manufactured homes. Prohibits mandatory consignment sales and regulates voluntary consignment sales. Expands habitability obligation. Applies to tax years beginning January 1, 2015, and before January 1, 2020. Takes effect on 91st day after *sine die*.

ISSUES DISCUSSED:

- Importance of Manufactured Housing Landlord Tenant Coalition
- Difficulty and complexity of compromises negotiated between landlord and tenant groups
- Manufactured housing as a critical source of affordable housing

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

The Manufactured Housing Landlord Tenant Coalition (the Coalition) is comprised primarily of manufactured home community owners and residents. The Coalition meets regularly to attempt to resolve issues that affect its membership, and has proposed legislation every session going back 18 years. House Bill 3016-A is the Coalition's negotiated bill for 2015. It makes a handful of corrections and improvements to House Bill 4038 from 2014; addresses collection of special assessments and fees to fund the Manufactured Communities Resource Center; provides a compromise to cancel unpaid back taxes on abandoned manufactured homes that prevent the homes from being reoccupied; addresses the potential for park owners to exert unfair influence when residents attempt to sell their homes; and expands a landlord's existing habitability obligation with regard to energy being delivered to a space, and maintaining the ground support around a home.

In 2014, the Coalition negotiated House Bill 4038, which created a process for residents to compete for the purchase of their community if it was for sale, but the legislation failed to incorporate an existing capital gains tax exemption that was available to property owners who sold mobile home parks to residents or nonprofits. House Bill 3016-A restores the exemption, and makes number of other adjustments to the transaction process, including modifying the time limit for tenants to organize to submit an offer.

The Manufactured Communities Resource Center (MCRC) is an Oregon Housing and Community Services program that provides education, counseling, and mediation. It is funded by a special assessment of \$6.00, collected

by counties, paid by residents who own and occupy manufactured homes on rented land (regardless of location), and by an annual registration fee of \$25 paid by park landlords. In a number of counties, the cost to collect the assessments exceeds the amount collected. House Bill 3016-A relieves a county of collecting the assessment against tax-exempt, low-value manufactured homes; raises the assessment amount to \$10; allocates \$1.50 to the county for each account it collects; allocates \$2.50 to funding the MCRC; and increases the park landlords' annual fee to \$50 for parks with more than 20 spaces.

Unpaid back taxes on an abandoned manufactured home can make it unmarketable. Every incentive exists for landlords to destroy such homes, especially when the unpaid taxes exceed the home's value: this can result in the loss of an available and affordable home, no recovery of back taxes, and no rent to the landlord for the space. To preserve these units of affordable housing, The measure allows for cancellation of back taxes, if a landlord sells such a home at arms' length to an owner-occupier. The landlord may recuperate back rent and costs of acquisition and improvements, then proceeds are used to pay the back taxes, and any remainder is profit for the landlord.

Park owners are in a position to exploit situations where a resident is attempting to sell (or rent) their home in competition with a home owned by the landlord in the same community (a competitive sale), or when a landlord sells a home on behalf of a resident (a consignment sale). As to competitive sales: House Bill 3016-A directs that tenants may advertise their homes in a manner and place similar to their landlord; prohibits a landlord from knowingly making false statements about a tenant's home to a prospective buyer; requires applications for occupancy, rental agreements, occupancy/park rules, and related documents, be provided upon request; requires the same credit and/or conduct screening to be applied to a resident's potential buyer as to a landlord's potential buyer (which is also applied to a resident's sublessees); requires title to be provided to a buyer within 25 days of completion of sale; and increases the minimum penalty for three repeated landlord violations within a two-year period, from \$200 to \$500 (or actual damages, whichever is greater). As to consignment sales: House Bill 3016-A prohibits landlords from requiring tenants to allow the landlord to sell the home, but permits the arrangement at the tenant's choosing, with certain conditions: the landlord must be licensed by the Department Business and Consumer Services and there must be a written consignment agreement governing the arrangement or the landlord cannot charge a fee.

Finally, the measure adds two items to landlords' existing habitability obligations: provision and maintenance of the natural gas or propane connection to a space, and the duty to maintain the surface or ground supporting a manufactured home when the landlord knows or should know of an unsafe condition (with some limitations).

House Bill 3016-A addresses several issues negotiated by the Manufactured Housing Landlord Tenant Coalition: it makes corrections to House Bill 4038 from 2014, including restoring the capital gains tax exemption for park owners who sell to tenants; it increases and provides for collection of a special assessment and registration fee to fund the MCRC; it permits unpaid back taxes on abandoned manufactured homes to be cancelled; it prohibits mandatory consignment sales; and it expands a landlord's existing obligations with regard to habitability.