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BILL ANALYSIS

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House Bill 4868 (Substitute S-5 as reported by the Committee of the Whole)
Sponsor: Representative Ruth Ann Jamnick
House Committee: Local government and Urban Policy
Senate Committee: Local, Urban and State Affairs

Date Completed: 12-7-04

RATIONALE

With few statutory limitations on the regulations that owners and operators of Michigan's manufactured housing parks may impose upon their residents, many residents have long complained about overly burdensome park rules that prevent them from selling their homes, forming resident associations, or displaying political signs. The Michigan Mobile Home Commission has the final say as to what activities may be limited by manufactured home park owners, and it has generally granted owners broad rights to limit the actions of homeowners situated in their developments. Some people believe that Michigan should enact a law to guarantee park residents certain rights when selling their home, forming homeowners associations, and displaying campaign signs, and to limit actions by park owners that residents consider unreasonable.

CONTENT

The bill would create the "Manufactured Home Owners' Residency Act" to prohibit the owners and operators of manufactured home parks from taking certain actions, including denying a park resident the right to sell his or her home; requiring a resident to remove the home from the park solely on the basis of a sale or proposed sale, or for park remodeling; directly or indirectly prohibiting the use of a "for sale" sign within the park; and prohibiting political signs and canvassing. The bill also would require a park owner or operator to give residents a 30-day notice before implementing an increase in a fee, charge, or other type of

assessment relating to park residency. In addition, the bill would provide for civil remedies.

Specifically, a park owner would have to allow a park resident to sell the resident's manufactured home within the park at a price determined by the resident if the purchaser qualified for tenancy and the home complied with park rules and regulations. ("Park owner" would mean an owner or operator of a manufactured home park. "Park resident" would mean an owner of a manufactured home who rents a lot in a manufactured home park, including a member of the homeowner's household.)

A park owner would be prohibited from making or enforcing a rule, regulation, policy, or rental agreement provision that required a park resident to remove the manufactured home from the park solely on the basis of a sale or proposed sale of his or her manufactured home; or to remove a home for the purpose of park renovation or remodeling.

A park owner would have to allow the placement of up to two "for sale" signs measuring less than 18 by 24 inches in the windows of a manufactured home or on a manufactured home if the home had been inspected and approved for sale in the manufactured home park in accordance with applicable park rules and regulations.

A park owner could prohibit the placement of more than two political yard signs per manufactured home site and could prohibit the placement of political yard signs that exceeded 22 by 28 inches. ("Political yard

sign” would mean a campaign sign that demonstrates a position on current candidates for public elected office or current proposals for public vote.)

A park owner would be prohibited from restricting the right of a resident to hear from public officials and political candidates on the premises of a manufactured home park.

If a park owner chose to develop rules regulating the size and weight of trucks within the manufactured housing community, the rules could not prohibit commercial pickup trucks solely on the basis of the fact that the vehicle was a commercial pickup truck.

A park owner would be prohibited from threatening or initiating an eviction against a park resident in violation of Section 5775 of the Revised Judicature Act (which requires just cause for the termination of a tenancy).

A park owner could not prohibit a resident from organizing a homeowners association for any purpose. A park owner also could not deny the use of common areas of a manufactured home park to a homeowners association, if the association agreed to use common areas on the same terms and under the same conditions as the common areas were made available to other residents. Permissible terms and conditions would include payment of rental fees and damage deposits and agreement to undertake cleanup responsibilities.

A park owner could offer a discount incentive to a park resident for early payment of utility bills, if the park owner charged residents for utilities.

A park owner would have to give a park resident 30 days’ written notice before implementing an increase in a fee, charge, or other type of assessment relating to a manufactured home park residency.

A park owner who violated a provision of the proposed Act would be subject to a civil fine of up to \$500 for each violation. The total amount of civil fines assessed to a park owner could not exceed \$5,000 in a calendar year. A civil fine imposed under the Act would have to be paid to the State Treasurer for deposit into the General Fund. A civil

fine would be in addition to, but not limited by, a criminal penalty prescribed in the Act.

The Attorney General or an affected individual could bring an action to enforce the proposed Act in a court of competent jurisdiction in the county where the defendant resided or did business. A person whose rights were affected because of a violation would be entitled to recover \$500 or actual damages, whichever was greater. The court also could order equitable remedies, including injunctive relief.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

When mobile homes first became popular in Michigan, as temporary housing for factory workers during World War II, the homes usually had attached wheels. If an owner did not care for the rules in one mobile home park, he or she had the option of towing the home to another community. Over the past 60 years, mobile homes have become more substantial and less mobile, and they are an increasingly popular housing option for Michigan residents who cannot afford traditional site-built homes or prefer living in a mobile home park. The State law governing the homes, however, has not been updated to reflect the current semipermanent nature of what is now called manufactured housing. Owners who purchase a home in one community can rarely afford the expense of moving it to another manufactured housing community. As a result, rules that limit owners’ ability to sell their homes or form homeowners associations are more onerous than when the homes were easily moved. The bill would guarantee park residents certain rights when selling their home and forming homeowners associations.

The bill also would limit certain unreasonable actions by park owners. According to Senate Committee testimony, all of the actions that would be prohibited are common in manufactured housing communities within the State. Apparently, the biggest concern facing manufactured housing residents is that they are often prohibited from forming associations, to the point where residents are threatened with

eviction if they knock on other residents' doors to inform them of the association's existence. It seems that residents often seek to form an association in an attempt to force the park owner to address concerns they have with the development. Residents believe that the management then avoids addressing the issues by objecting to the formation of the association. The bill would help alleviate this problem.

Opposing Argument

The bill would place no limit on the number of associations that could be formed in any one community. As a result, the owners of manufactured housing developments could have to work with several associations in one development. The associations would not necessarily be working together and could have conflicting objectives. The bill should allow only one association per community.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

To the extent that the bill would increase the circumstances under which someone could pursue civil litigation related to manufactured housing communities, the bill potentially would increase judiciary costs.

Fiscal Analyst: Bethany Wicksall

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.