

First Steps Toward a Resident Purchase Opportunity

RESIDENT OWNERSHIP OF MANUFACTURED HOME COMMUNITIES IS A PROVEN STRATEGY WITH PROFOUND BENEFITS

There are 50,000-60,000 manufactured home communities, or “mobile home parks,” with approximately 2.9 million manufactured homes, in the United States. These manufactured home communities are an important source of affordable housing and are almost entirely unsubsidized. Yet, because the vast majority of community residents own their homes but not the land under their homes, they are vulnerable to rent increases, arbitrary rule enforcement and even closure of the community if the community owner decides to convert the land to some other use.

Resident ownership of the land on which manufactured homes sit is a market-driven approach that can preserve this crucial source of affordable and largely unsubsidized housing. By removing the community from the speculative real estate market, resident ownership eliminates the risk of closure due to a change of land use. Homeowners who own their community are able to preserve and protect what is often their largest asset—their homes—and ensure greater financial security.

When owners of manufactured homes own their communities, they set the monthly lot fee and the community rules. Because their homes are more secure, because they have more control in community decision-making and because there is no longer a need to raise rents to a level that provides a profit to a community owner, the homeowners have more freedom and incentive to invest in their homes and in the community. They have control over decisions about enhancing and maintaining the community’s roads, grounds, landscaping, and water and sewer systems. The manufactured home community becomes a better place for the homeowners to live and an asset to the community at large. Neighbors outside the manufactured home community can see the changes that come when temporary, unstable communities are converted to stable, permanent ownership.

Typically, when owners of manufactured homes buy their community, they form a cooperative to own and run it, just as residents of high-rise apartment buildings do. Nonprofit cooperatives, limited-equity cooperatives and similar organizational structures are readily adaptable for this purpose. They are structured to be open to all residents and to preserve the affordability of the housing.

Resident-owned manufactured home communities of various forms—close to 1,000 of them—are flourishing in many states. In New Hampshire, more than 20% of manufactured home communities are owned by residents. Vermont, Massachusetts and Rhode Island have also converted a substantial percentage of their manufactured home communities to resident or nonprofit ownership.

Despite the advantages, many states do not have any policies encouraging resident ownership. The business practices of real estate investors and community owners in many states exclude residents from bidding on the community when it is for sale, even though many such transactions have been successfully completed and homeowners are the potential buyers who have the most at stake in purchasing their communities.

A state policy that ensures that manufactured home community residents have an opportunity to bid when their communities are for sale gives them equal rights with other potential buyers. Such a policy balances the property rights of the two sets of owners: the homeowners and the community owners. A well-crafted purchase opportunity policy applies only when the community owner has already decided to sell the community, so it does not force the community owner to sell. It ensures that the community owner will receive market price for the community—in fact, it brings an additional prospective buyer to the table, which enhances the community owner’s ability to sell the community for a fair price.

STATE POLICY OPTIONS TO FOSTER RESIDENT OWNERSHIP

A comprehensive model Resident Purchase Opportunity law is set forth in *Promoting Resident Ownership in Manufactured Home Communities: A Legislative Guide*, published by CFED and the National Consumer Law Center. A full-fledged resident purchase opportunity law is also part of AARP's *Manufactured Housing Community Tenants: Shifting the Balance of Power*.

Sometimes, however, advocates are unable to secure a full-fledged purchase opportunity policy. This policy guide presents “first steps”—steps that do not amount to a comprehensive purchase opportunity policy but that may help move the state toward such a policy.

Whether to push for a less-than-comprehensive purchase opportunity policy presents a dilemma for advocates. If state policymakers adopt one of the suggested “first steps,” they may feel that they have solved the problem and may be unwilling to revisit the issue. Similarly, advocates may choose not to mount a policy campaign for a “first step” policy since it does not guarantee residents the full opportunity to purchase their communities. But a multistep approach can be effective if advocates have a multiyear strategy and if they make it clear to policymakers that the “first step” policies they are proposing are only that—first steps.

It may be easier to achieve several small steps toward a resident purchase opportunity policy than to win a comprehensive policy in a single step. In addition, advocates may be able to persuade policymakers to incorporate one of these measures into another policy that is being adopted. These “first step” policies can also be useful as fallback options if a more comprehensive policy cannot be achieved.

13 POTENTIAL “FIRST STEP” POLICIES TOWARD RESIDENT PURCHASE OPPORTUNITY

1. Attach a Notice and Purchase Opportunity Rider to a Bill Under Consideration

Sometimes advocates have an opportunity to insert a few sentences in a state policy that is likely to be adopted. While a full-fledged purchase opportunity policy is preferable, the following is a stripped-down version that still provides the essentials.

*This policy encapsulates the duty of good faith and fair dealing that is already incorporated by law into every contract. The duty of good faith and fair dealing is an explicit part of the Uniform Commercial Code, which every state has adopted in whole (or, in the case of Louisiana, in part) and which governs virtually all commercial transactions in the United States. Good faith is a well-settled concept that is incorporated into many other state laws. Searching the text of your state's statutes for the term “good faith” will probably produce 400-1,000 hits. If, however, opponents characterize the term “good faith” as too vague, it can be replaced with a requirement to “give the residents’ offer the same fair consideration and negotiate with them to the same extent as if the offer were made by a third party.” The provision could also be narrowed by writing in exceptions for certain sales, such as intra-family sales and takings by eminent domain. (See subsection (i) of the full model law in *Promoting Resident Ownership in Manufactured Home Communities: A Legislative Guide*.)*

Manufactured Home Owners’ Purchase Equality (MHOPE) Law

No later than 90 days prior to entering into any agreement for sale or lease of a manufactured home community, the community owner shall send written notice by certified mail to each resident of the community, to the homeowners’ association or residents’ association if one exists, to the [name of state housing finance agency], to any state manufactured home owners association known to the community owner, to the local housing authority and to the municipality where the manufactured home community is located; provided, however, that the community owner may provide the required notice after entering into an agreement for sale or lease of the community if the agreement is conditioned on affording the homeowners the 90-day purchase opportunity required by this section. The notice shall state the price, terms and conditions of the proposed sale and that the homeowners have the opportunity to make a competing offer within 90 days. If the homeowners or an organization acting on their behalf make an offer during the 90-day period, the community owner shall consider it and negotiate with them in good faith.

2. Require Disclosure to Residents

Homeowners moving into manufactured home communities are often unaware of the vulnerability that their lack of land tenure security creates.

A statute that requires truthful disclosure as to whether the community owner will give residents advance notice when the community is for sale will reduce this vulnerability and may create some modest amount of market pressure on community owners to offer this purchase opportunity. This suggestion could be narrowed in the same ways as the preceding suggestion if necessary. Advocates could also consider adding a subsection requiring the lease terms to be recorded in the local land records, so that potential buyers of the community would be put on notice of the lease terms.

Truth in Manufactured Home Community Leasing Act

1. It is the intent of this Act to: a) encourage free market opportunities for homeowners in manufactured home communities to buy their communities; and b) to ensure that homeowners who are considering leasing a lot in a manufactured home community have full and accurate information about whether the community owner will provide them this opportunity.
2. The legislature finds that it is common for manufactured home community owners to keep the residents unaware that the community is being sold, thereby excluding them from the free market opportunity to purchase the community.
3. Every lease of space in a manufactured home community in this state must contain either: a) a clause agreeing to provide 90 days' notice prior to entering into any final unconditional agreement for the sale or lease of the community, including notice of the price, terms and conditions of the proposed sale and an agreement to consider any offer to purchase the community made by the residents and to negotiate with them in good faith; or b) a conspicuous statement that the lease does not provide any opportunity for advance notice to the residents of the potential sale of the community or any opportunity to compete to purchase it. The [state housing finance agency/ manufactured home commission/attorney general's office] shall adopt a rule providing model language that complies with this requirement.
4. Failure to comply with subsection (3) is a violation of [the state deceptive practices act].

3. Define Concealment of Sale of Manufactured Home Community and Exclusion of Residents from Bidding as an Unfair Trade Practice

This and the next two “first step” policies identify certain practices as violations of the state unfair and deceptive acts and practices (UDAP) statute. The typical UDAP statute includes a broad prohibition of unfairness (or unconscionability) and deception, plus prohibitions against specific unfair and deceptive practices such as bait-and-switch tactics or failure to honor warranties.

Many states allow the Attorney General to adopt substantive rules under the state UDAP statute: Alaska, Connecticut, the District of Columbia, Florida, Georgia, Hawaii, Idaho, Iowa, Illinois, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia and Wisconsin. In these states, this provision could be adopted as a UDAP rule without amendment of the statute. A state Attorney General who has heard about problems in manufactured home communities across the state may be willing to adopt a substantive UDAP rule protecting residents—often a much simpler process than state legislation.

A few state UDAP statutes exclude real property transactions, but even in those states the statute may cover the operation of a manufactured home community, which goes far beyond a pure real estate transaction and involves ongoing provision of many goods and services.

Some states' UDAP statutes prohibit only deceptive acts, not unfair acts. In these states, references to unfairness should be deleted from the model language suggested below.

A particular strength of state UDAP statutes is that they have strong remedies. They can be enforced by public officials, such as the state Attorney General, and by consumers themselves. In most states, a consumer who wins a UDAP case can also recover the cost of having hired an attorney to bring the case.

The first suggested UDAP policy focuses on the common practice among community owners and commercial buyers of concealing the potential sale of a manufactured home community from the residents. Concealment of the potential sale is deceptive, and it unfairly denies residents the opportunity to make an offer to purchase the land on which their homes sit.

Unfair and Deceptive Concealment of Sale of Manufactured Home Community and Exclusion of Residents from Bidding

It is an unfair and deceptive act or practice for the owner of a manufactured home community to conceal from the residents that the community is for sale; to require or enter into an agreement with a real estate agent, real estate broker or potential buyer of the community not to disclose to the residents of the community that the community is for sale; to exclude the residents from the opportunity to make an offer to purchase the community when the owner of the community is considering selling it; or to deny residents the same information and access that the community owner provides to other potential buyers.

Alternate, somewhat broader version:

It is an unfair and deceptive act or practice for the owner of a manufactured home community to fail to disclose to the residents of the community that the community is for sale or to deny them a reasonable opportunity to make an offer to purchase the community.

4. Define Concealment of Rezoning or Closure of Manufactured Home Community as an Unfair Trade Practice

The following suggestion, like the preceding one, takes the approach of identifying certain practices as violations of the state UDAP statute. This suggested language addresses concealment of the potential rezoning or closure of a community. (See also #6 below, which addresses a similar issue through amendment of the state's zoning laws.)

Often, rezoning precedes the sale of a community that is going to result in its closure, so advance notice gives the residents a chance to become involved in the process that will determine whether they lose their homes. However, if the land is already zoned for commercial use, a zoning change will not be necessary. As a result, this policy, while an essential element of fundamental fairness, will not give the residents advance notice of all instances when closure is in the wind.

Unfair Concealment of Status of Manufactured Home Community

It is an unfair and deceptive act or practice for the owner of a manufactured home community to ask any state or local governmental body for a change in the use of the land on which the community is located, for site plan approval for a change in use, or for a change in the zoning or the comprehensive plan that applies to the manufactured home community, without giving written notice of the request to all residents of the community on the same day as the request is made. If the community owner has made such a request or if such a request has been granted or a decision has been made to close the community, it is an unfair and deceptive act or practice to rent a space or a home in the community without first giving the new resident written notice of the request, the granting of the request or the closure decision.

5. Define Interference with Manufactured Home Community Residents' Fundamental Freedoms as an Unfair Trade Practice

The following suggestion, like the preceding two suggestions, takes the approach of identifying certain practices as violations of the state UDAP statute. This suggested language addresses interference with residents' fundamental freedoms, such as the right to meet and distribute flyers. These rights are essential for any organized effort by manufactured home community residents to purchase their communities or advocate on their behalf.

Massachusetts has regulations under its UDAP statute that protect residents' fundamental freedoms, 940 Code Mass. Regs. 10.04(9), which can be used as a precedent in other states. The suggested language that follows is adapted from the Massachusetts UDAP regulation. A full discussion of policies protecting residents' fundamental freedoms is contained in [Protecting Fundamental Freedoms in Communities](#), published by CFED and the National Consumer Law Center.

Unfair Interference with Manufactured Home Community Residents' Fundamental Freedoms

It is an unfair and deceptive act or practice for a manufactured home community owner to:

- (a) Prohibit or unreasonably restrict free movement, speech, assembly and association within a manufactured home community.
- (b) Restrict or prohibit residents from meeting peacefully for any lawful purpose; restrict or prohibit the presence within the manufactured home community of any public official, candidate for public office or representative of a manufactured homeowners' organization; or deny residents the right to meet in a common area or facility not otherwise in use on the same terms, hours and conditions as allowed for other uses.
- (c) Prohibit, or require fees or deposits for, any meetings held in a common area or facility by residents to discuss the community's affairs, so long as the meetings are held when the facility is not otherwise in use.
- (d) Prohibit the distribution of notices of resident meetings.
- (e) Restrict peaceful canvassing and petitioning of residents, including without limitation the distribution or circulation of oral or printed information, for any noncommercial, political or public purpose.
- (f) Prohibit any resident from soliciting membership in any resident association, including but not limited to oral or written requests for membership or the payment of dues.
- (g) Terminate a resident's occupancy or tenancy, evict a resident, increase a resident's rent, decrease services, alter or refuse to renew a rental agreement, change or selectively enforce community rules, bring or threaten to bring an action for eviction or other civil action, or take any other action in retaliation for the resident's exercise of rights guaranteed by this section or by other law.

6. Offer a Tax Incentive for the Sale of Manufactured Home Communities to Residents

A number of states, including Montana, North Carolina, Oregon, Rhode Island, Vermont and Washington, provide tax incentives when a manufactured home community owner sells the community to the residents or to a nonprofit buyer. By itself, such a policy will probably not produce the great movement toward resident-owned communities that states with more direct purchase opportunity policies have seen. But a tax incentive makes resident purchase considerably more realistic. A tax incentive can foster the creation of the first resident-owned communities in a state, demonstrating that resident ownership is a viable option that deserves other state policy efforts.

A tax incentive can also encourage nonprofit affordable housing developers and housing authorities to purchase and preserve manufactured home communities. Ownership by a nonprofit or housing authority can be, like resident ownership, a way of keeping rents affordable and protecting communities from closure. Ownership by a nonprofit can also sometimes be an interim step before a community is transferred to the residents themselves.

The language suggested below is appropriate if the state has a capital gains tax applicable to such a sale. For states in which the sale would not result in an income tax liability, this language could be modified to provide an exclusion for a tax imposed at the time of sale, such as a property transfer tax.

Tax incentives can also be adopted by local municipalities. Local municipalities often impose land transfer taxes, annual property taxes, local income taxes or business licensing fees. Reducing or forgiving these taxes and fees when a community is sold to residents or a nonprofit owner that will preserve the community can provide a boost to resident purchase. Another possible incentive would be a state law provision allowing local authorities to waive or forgive fines and liens on manufactured home communities when they are sold to residents or to nonprofit organizations that will preserve them.

Tax incentive policies and this suggested language are discussed in more detail in two resource guides published by CFED and the National Consumer Law Center: [Promoting Resident Ownership in Manufactured Home Communities](#) and [Advocating at the Local Level](#).

Incentive for Resident Ownership

Proceeds from the sale of a manufactured home community by a community owner to a homeowners' association, a homeowner cooperative, a homeowner membership organization, any group composed entirely of homeowners, or a nonprofit organization or nonprofit affordable housing developer that is approved and endorsed by over 51% of the homeowners in the community shall be excluded from gross income of the community owner as defined in [state statute defining "gross income" for tax purposes].

7. Require Community Owners to Notify Residents of Any Application for a Zoning Change

Closure of a manufactured home community and conversion of the land to some other use often requires a zoning change. A number of states, such as Florida, Idaho, South Carolina, Utah and Washington, have specific laws requiring community owners to notify residents of any application for a zoning change. These laws give residents an opportunity to participate in the local government's decision-making process that will determine whether they lose their homes—a matter of fundamental fairness. Preserving the existing zoning may also make it easier for the residents to purchase the community.

Zoning issues and this model language are discussed in more detail in two guides published by CFED and the National Consumer Law Center: [Promoting Resident Ownership in Manufactured Home Communities](#) and [Advocating at the Local Level](#).

Fair Zoning Notice for Manufactured Home Community Residents

The owner of a manufactured home community shall notify in writing each manufactured home owner and, if a homeowner association or resident association has been established, the directors of the association, of any application for a change in zoning of the manufactured home community within five days after the filing for such zoning change with the zoning authority. Owners of manufactured homes sited in a manufactured home community are entitled to all rights under state and local zoning laws and regulations that are extended to owners of land that abuts the real estate parcel that makes up the community.

8. Require the Inclusion of Manufactured Home Communities in Local Jurisdictions' Comprehensive Plans

Most states require local municipalities to create comprehensive plans or master plans and to update them periodically. The plan spells out the municipality's long-term goals for land use, growth and development. Requiring the comprehensive plan to address manufactured home communities may help preserve them so that in the long run the residents may be able to purchase them. A number of states, such as Idaho (Idaho Code § 67-6508(l)), have such a requirement. The language suggested below is based on Idaho's law.

Many state comprehensive plan laws spell out “elements” that the comprehensive plan must include, usually including a “housing element.” In these states, the suggested language could be worked into the description of the required components of the housing element.

Addressing the importance of manufactured housing in a local governmental unit’s comprehensive plan does not in itself protect manufactured home communities. But since local zoning decisions are to be guided by the comprehensive plan, it gives local advocates some support when they are arguing for local zoning decisions—such as creating manufactured home community zones—that preserve manufactured home communities. Comprehensive planning and zoning are discussed in more detail in [Advocating at the Local Level](#), published by CFED and the National Consumer Law Center.

Local Comprehensive Planning for Manufactured Home Communities

The comprehensive plan must include plans for the provision of safe, sanitary and adequate housing, including the siting of manufactured housing and mobile homes in subdivisions and parks and on individual lots that are sufficient to maintain a competitive market for each of those housing types and to address the needs of the community.

In addition, since the preservation of manufactured housing communities contributes greatly to the supply of affordable housing, comprehensive plans must identify the need to maintain a diversity of housing options for all economic segments of the population and the need to preserve existing neighborhoods, including existing manufactured housing communities.

9. Require Ample Foreclosure Notice to Manufactured Home Community Residents

When a manufactured home community is in foreclosure, in most states the creditor must give notice to all parties having an interest in the property except the homeowners, even though the creditor knows that they live there and may lose their homes as a result of the foreclosure. Yet the residents are likely to have more interest in purchasing the community than any other potential buyer, because they will be concerned with the community’s preservation.

Requiring notice to the residents is a simple step that will enable the residents to make a bid for the community if they are able. Giving notice to the residents is also likely to benefit the foreclosing creditor because it makes a reasonable bid for the property more likely. It may also shorten and minimize the expenses of the foreclosure process, as the creditor may be able to work out a direct sale to the residents instead of pursuing the full foreclosure process to its conclusion.

Providing notice to residents is not burdensome. If the foreclosing creditor cannot obtain the residents’ names, it can address a notice to the “Resident” of or the “Current Owner of Home” on each lot. Some states, such as New York and New Hampshire, require tenants (whether in apartment buildings or manufactured home communities) to be named as parties in a foreclosure action and served with the full complaint.¹ The policy suggested below is similar, but complying with the policy as worded below is easier for creditors. It also requires the notice to be sent to any statewide manufactured homeowners association known to the creditor, the state housing finance agency, any state department that deals with manufactured housing issues and the local housing authority, as these entities will be concerned about the foreclosure and may help the residents bid for the community.

Foreclosure affects only a small percentage of manufactured home communities, so a policy along these lines would not enable the number of resident-owned communities to grow rapidly. However, the policy is particularly useful as it may enable resident purchases in situations where the land value has not increased so much that purchase by residents is not economically feasible, and it targets homeowners most likely to suffer from a looming sale of their community. If this policy resulted in the creation of even a few resident-owned communities, they could demonstrate the viability of resident ownership and the need for further state policies.

The first of the following two suggestions is for a non-judicial foreclosure state and the second is for a judicial foreclosure state. The terms used in state foreclosure laws vary from state to state, so this language would have to be adapted to conform to the particular state’s foreclosure laws.

In a state that allows non-judicial foreclosure on commercial properties:

Right to Know for Manufactured Home Community Residents in Foreclosure

If any part of the property being foreclosed upon is a manufactured home community as defined at [cite any state statute that defines this term], the trustee, beneficiary or mortgagee shall send a copy of the [insert the term for the pre-foreclosure notice that state law requires the foreclosing creditor to serve, record or file to commence a foreclosure] and the notice of sale [or other term used in state foreclosure law], along with a statement giving the last known name and address of each manufactured home community located on the property, to the [state housing finance agency], the [state agency that deals with manufactured housing], the housing authority that serves the jurisdiction where the

¹ N.Y. Real Prop. Actions & Proc. Law § 1311; Vt. Stat. Ann. tit. 12 § 4523(c).

manufactured home community is located, and any statewide manufactured home owners association known to the creditor. These notices shall be sent by certified mail, return receipt requested, within five days after the notice is sent to the grantor, mortgagor or person who holds title of record. The [state housing finance agency], the [state agency that deals with manufactured housing] and the local housing authority shall make such notices available to any person who requests them. Simultaneously with sending the notices to these entities, the trustee, beneficiary or mortgagee shall send, post or otherwise convey the same notices to each occupied lot in the manufactured home community, addressed to “Resident.”

In a state that requires judicial foreclosure on commercial properties:

Right to Know For Manufactured Home Community Residents in Foreclosure

If any part of the property being foreclosed upon is a manufactured home community as defined at [cite any state statute that defines this term], the mortgagee shall send a copy of the foreclosure complaint, along with a statement giving the last known name and address of each manufactured home community located on the property, to the housing authority that serves the jurisdiction where the manufactured home community is located, the [state housing finance agency], the [state agency that deals with manufactured housing] and any statewide manufactured home owners association known to the creditor. These copies shall be sent by certified mail, return receipt requested, within five days of filing the complaint in court or serving the borrower with the complaint, whichever is earlier. The local housing authority, the [state housing finance agency] and the [state agency that deals with manufactured housing] shall make such complaints available to any person who requests them. At the same time as the mortgagee sends copies of the complaint to these entities, the mortgagee shall send, post or otherwise convey a copy to each occupied lot in the manufactured home community, addressed to “Resident.”

10. Extend Post-Foreclosure Parity to Manufactured Home Community Residents

In many states, the owner of a foreclosed property has a period of time after a foreclosure order or sale to buy back the property. This is called the redemption period. At least one state, New York, extends this right to tenants as well as property owners. This policy fosters neighborhood stability and preservation of residential properties and promotes resident ownership.

Whether or not a state extends the right to redeem to tenants generally, it makes sense to extend this right to owners of manufactured homes who rent the land on which their homes sit. Owners of manufactured homes in land-lease communities have even more at stake than apartment tenants because the homeowners will have to move their personal possessions as well as their homes if the buyer of the park decides to convert it to some other use. The foreclosing lender will already know that the mortgaged land is being used as a manufactured home community, so it will know to inform the homeowners of the right to redeem.

The following suggested language would extend the right of redemption to the owners of homes in a manufactured home community. This language is most appropriate for states that already provide a post-foreclosure redemption period for the owner of the real property, but in other states it could be adapted to create a redemption period just for manufactured home community residents. As with the previous suggestion, this language would have to be adapted to conform to the general language of the state’s foreclosure law. If there are concerns about the community owner and the homeowners both trying to exercise the right to redeem, the homeowners’ right could run for a period of time after the community owner’s right to redeem expires.

A narrower version of this language would apply only when the foreclosing creditor is the purchaser at the foreclosure sale. The foreclosing creditor probably has no other particular plans for the property other than to resell it, so it might perceive the expansion of the redemption right as a blessing.

Post-Foreclosure Parity for Manufactured Home Community Residents

The right of redemption provided by [citation to state foreclosure law] shall extend to the owners of manufactured homes who rent lots in a manufactured home community that has been sold at a foreclosure sale, if not exercised by the community owner. The notice required by [citation to provision of state foreclosure law that requires notice regarding redemption rights] shall be sent, posted or otherwise conveyed to each resident of the manufactured home community, addressed to “Resident.” [Alternate language if state law does not require notice of the right to redeem: Upon filing or serving the [document necessary to commence foreclosure proceedings under state law], the foreclosing mortgagee/trustee/beneficiary shall send, post or otherwise convey to each resident of the manufactured home community a notice, addressed to “Resident,” that describes the residents’ redemption right and the time frame for exercising it.] The redemption rights of the homeowners are subject to the rights of the community owner and may not be waived by the homeowners nor compromised by any agreement of the community owner and the lender. The owners of the manufactured homes may exercise the right to redeem through a cooperative or similar organization that is open to all

homeowners in the manufactured home community or through a nonprofit organization that is endorsed by 51% of the homeowners in the community and is acting on their behalf.

I 1. Require a State Agency to Provide Technical Assistance for Resident Purchase of Manufactured Home Communities

Homeowners in a manufactured home community usually need technical assistance, such as help with forming a cooperative, determining a fair price and securing financing, in order to make a viable offer to purchase their community. Mandating that a state agency provide such assistance is a helpful step, whether adopted in conjunction with other purchase opportunity policies or as a stand-alone policy. Typically, the state agency would contract with a specialized nonprofit organization to provide this assistance.

In many states, the state housing finance agency is the most appropriate state agency to perform these functions, but in other states a different state agency is more active on manufactured home community issues. Whatever the agency, it may not need a specific legislative mandate to perform this function. The following language is a suggestion in cases where a specific legislative mandate is necessary. Washington State has a statute along these lines, Wash. Rev. Stat. § 59.22.050, that may serve as a precedent for other states. State housing finance agencies can also promote resident-owned communities by designing loan or grant programs to help residents pay for pre-purchase costs and finance the purchase of their communities.

Technical Assistance for Resident Purchase of Manufactured Home Communities

In order to assist residents of manufactured home communities to purchase their communities, the [state housing finance agency or other agency] shall provide, either directly or through contracted services, technical assistance to residents who are seeking to form an association and to resident associations that are seeking to purchase their communities.

I 2. Request a Study Commission on Manufactured Home Community Preservation

Asking a commission to study a problem is sometimes a way of stalling so that little or no action actually occurs to resolve the problem. Some states may, however, have a tradition of treating study commission reports seriously and using them as a basis for policy change. In states with such a tradition, a study commission may be a reasonable part of a long-term strategy to obtain a resident purchase opportunity policy. The following is suggested language for a study commission:

Study Commission: Manufactured Home Community Preservation

By [date], after providing public notice and an opportunity for public comment, including holding at least one public workshop, and following consultation with manufactured home community residents, organizations of manufactured home community residents, affordable housing advocates, manufactured home community owners and interested governmental entities, the [special commission or existing state governmental agency] shall study and provide a report to the Legislature that analyzes and makes recommendations about methods, strategies and options for preserving manufactured home communities in the state, including potential state or local policies that would foster resident purchase of manufactured home communities.

I 3. Express a General Policy in Favor of Preservation and Rehabilitation of Manufactured Home Communities through Limited-Equity Resident Ownership

A general expression of policy in favor of resident ownership of manufactured home communities is toothless in and of itself. However, in some circumstances it might be a first step in a long-term strategy to make resident ownership a reality in a state. The following is suggested language:

State Policy to Promote Resident Ownership

It is the policy of this state to preserve affordable housing, enhance the quality and stability of manufactured home communities, and foster the commitment to society that comes through homeownership and self-governance, by encouraging resident ownership of manufactured home communities through limited equity cooperatives or similar structures.

In states that do not have policies encouraging resident ownership, advocates have many options to move state leaders in the direction of supporting an important approach to preserving affordable manufactured housing. These “first steps” are not a replacement for a full-fledged resident ownership policy, but they do offer a way to engage lawmakers in the process of developing a more comprehensive policy that extends more protections to manufactured home community residents.