

**ADMINISTRATIVE RULES
FISCAL ESTIMATE
AND ECONOMIC IMPACT ANALYSIS**

Type of Estimate and Analysis

Original Updated Corrected

Administrative Rule Chapter, Title and Number

Ch. ATCP 125, Mobile Home Parks

Subject

Manufactured Home Communities – Fair Trade Practices

Fund Sources Affected

GPR FED PRO PRS SEG SEG-S

Chapter 20 , Stats. Appropriations Affected

20.115(1)(a)

Fiscal Effect of Implementing the Rule

No Fiscal Effect
 Indeterminate

Increase Existing Revenues
 Decrease Existing Revenues

Increase Costs
 Could Absorb Within Agency's Budget
 Decrease Costs

The Rule Will Impact the Following (Check All That Apply)

State's Economy

Local Government Units

Specific Businesses/Sectors

Public Utility Rate Payers

Would Implementation and Compliance Costs Be Greater Than \$20 million?

Yes No

Policy Problem Addressed by the Rule

Modernizes the existing rule by incorporating the defined terms “manufactured home” and “manufactured home community”. These terms replace the current rule’s “mobile home” and “mobile home park”.

The current rule regulates how mobile home park operators can charge tenants for utility services, including “television service”. This rule repeals the term “television service” and replaces it with the more modern and more expansive term “electronic communications service”. It does not, however, change the mechanisms that operators are allowed to use or are prohibited from using when billing tenants for these services.

In current rules, the definition of “utility service” includes water and sewer services. This rule amends the definition of “utility service” to exclude water and sewer services. Since the promulgation of the current rule, s. 100.20 (2) (b) of the statutes has been created. This subsection prohibits DATCP from regulating water and sewer services provided by manufactured home community operators.

This rule follows convention in statute and other rules by replacing the phrase “mobile home parking fee assessed by local units of government” with the term from Ch. 66 of the statutes, “municipal permit fee”.

Under the current rule, rent and other charges may not be increased during the term of the rental agreement. However, this provision does not apply to “mobile home parking fees” and charges for utility services not included in rent. This rule expands the exceptions to include waste hauling or recycling fees that are assessed by local units of government.

This rule repeals outdated and obsolete provisions in the current rule.

Under current rule, rental agreements are required to express the amount of rent due in each rent paying period in dollars. Under the proposed rule, if the tenant requests a rental agreement that is greater than three years, the amount of rent due in each rent paying period may be expressed in either a dollar amount or a defined formula based on the consumer price index.

Under the current rule, a rental agreement may not include a security deposit greater than either \$350 or three months' rent, whichever is less. This rule changes the maximum security deposit to \$750 or two months' rent, whichever is less.

Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

This rule makes minor updates and revisions to the existing rule and does not represent any significant shift in policy. Therefore, the economic and fiscal impacts are expected to be minimal.

This rule does make some minor changes to park operators' duties and responsibilities, but these changes are not expected to have an economic impact.

Under the current rule, the maximum amount of security deposit that a park operator can collect is three month's rent or \$350, whichever is less. Under this rule, the maximum security deposit is two month's rent or \$750, whichever is less. This means that, in many cases but not all, park operators will be able to ask prospective tenants for higher security deposits.

Under current rules, rental agreements are required to express the amount of rent due in each rent paying period in dollars. Under the proposed rule, if the tenant requests a rental agreement that is greater than three years, the amount of rent due in each rent paying period may be expressed in either a dollar amount or a defined formula based on the consumer price index. This provision should benefit some tenants by removing an impediment to obtaining home mortgage loans. Generally, banks are unwilling to finance the purchase of a manufactured home if that home is sitting on a rented lot and the term of the rental agreement will expire before the term of the mortgage. However, because current rules require park operators to state rent payments in dollar amounts, park operators are generally unwilling to agree to long-term rental agreements. This rule removes this disincentive and therefore may benefit residents.

Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Benefits

This rule will benefit mobile home owners and park operators. Generally, it continues policies that have been in place for a number of years.

Alternatives

The alternative to updating this rule is to do nothing. However, certain portions of the rule are now obsolete (such as the regulation of water and sewer services) and other portions are somewhat dated (such as the use of the term "mobile home" as opposed to "manufactured home").

Long Range Implications of Implementing the Rule

There are no long term implications of implementing this rule.

Compare With Approaches Being Used by Federal Government

The federal government does not generally regulate manufactured home sales or rental practices.

However, Congress did pass the National Manufactured Housing Construction and Safety Standards Act of 1974, which direct the Department of Housing and Urban Development (HUD) to develop regulations; which are now known as the Federal Manufactured Housing Construction and Safety Standards.

Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Illinois statutes contain the Mobile Home Landlord and Tenant Rights Act. Among other things, this act restricts park owners from prohibiting television antennas, requires written leases, allows for temporary occupancy in certain situations, requires park owners to disclose information about rent charged during the last five years and projections for the next three, and restricts park owners' ability to control the sale of mobile homes within the park.

Minnesota administrative code regulates mobile home parks in a variety of ways. For example, rental agreements must be in writing and must specify certain terms and conditions, such as: the location of the lot, amount of rent, services or facilities that the park owner agrees to provide, and the name of any person holding a security interest in the resident's home. Minnesota law prohibits park owners from requiring residents use the services of a particular dealer or broker when selling their home, or buy goods or services from a particular vendor. Minnesota law also regulates methods park owners can use to bill residents for utility costs incurred by the community.

In 2011, the Iowa legislature considered, but did not pass, a bill that would have granted mobile home residents rights similar to other tenants. The bill would have required park owners to provide "good cause" when they evict tenants, and give tenants time to remedy the problems that are causing them to be evicted. The bill would have also granted tenants 30 days to repay overdue rent. Under current law, they only have three days. Finally, the bill would have placed restrictions on park operators operating as real estate agents.

Michigan law requires mobile home park owners to offer tenants a written lease for one year or more, give the park tenant a copy of rules that govern maintenance, pets, fees, and charges, and keep certain written records for each tenant. Park owners are prohibited from charging entrance and exit fees, charge more than 1.5 times the monthly rent as a security deposit, or require a person to buy a mobile home from another person as a condition of renting a space in the park. Park owners are also prohibited from requiring residents to purchase goods or services as a condition of renting space in the park, and are prohibited from refusing to rent a space unless a tenant buys a specific model of home from a specific manufacturer or dealer.

Comments Received in Response to Web Posting and DATCP Response

No comments were received in response either to the posting on the DATCP external website or the statewide administrative rules website.