

The Manufactured Housing Tenant's Bill of Rights

Supported by: MH Action, National Consumer Law Center (on behalf of its low-income clients), National Housing Law Project, National Low Income Housing Coalition, National Manufactured Home Owners Association, Prosperity Now

Currently, more than 3 million Americans live in MHCs, which often represent one of the few naturally occurring sources of affordable housing. However, because residents typically own the home itself, but not the land it sits on, they may struggle with unexpected cost increases and be at increased risk of evictions. Outside investors have often purchased MHCs and pushed residents out or raised rents as much as 70%. Because of the unusual ownership structure, manufactured housing residents can fall into cracks, where residents may lack the protections of either homeowners or other renters.

The Federal Housing Finance Agency (FHFA) laid out a set of tenant site lease protections (TSLPs) in a 2016 final rule enacting Duty To Serve obligations for Fannie Mae and Freddie Mac. In 2019, Fannie Mae and Freddie Mac began offering an incentive for MHC purchasers who were willing to offer those TSLPs, giving a discount on the interest rate for those borrowers. These TSLPs are quite basic, giving tenants the right to things like a one-year lease, notice of rent increases, and the right to get at least 60 days' notice of sale or closure of the MHC, but no state actually offered all of these standards. Both GSEs saw significantly more demand for these incentives than they predicted, illustrating that compliance with these basic standards was relatively simple. In late 2021, both GSEs made offering those TSLPs mandatory for MHC purchases they finance.

Legislation:

The *Manufactured Housing Tenant's Bill of Rights* would establish a set of minimum standards for tenants in MHCs that receive federal financing through Fannie Mae, Freddie Mac, or the Federal Housing Administration, modeled off of the Fannie Mae and Freddie Mac TSLPs. The protections included in the House bill last Congress include:

- The right to a one-year renewable lease absent good cause for nonrenewal.
- A 5-day grace period for late rent payments.
- A minimum 60-day written notice of rent increases or new added charges like water or sewer of up to 5% of the prior rent, with longer notice for larger rent increases (an additional 30 days required for each 2.5% rent increase above 5%).
- Rights for the tenant to:
 - Sell the manufactured home without having to relocate it.
 - Sublet the home or assign the lease to a buyer of the home provided the buyer meets the MHC's rules and regulations.
 - Post "for sale" signs on the home.
 - Sell the manufactured home in place within 45 days after eviction, to prevent the homeowner from losing their equity.
 - Receive at least 60 days advanced notice of the MHC's planned sale or closure

Some of these protections already exist in the GSEs existing TSLPs, but this bill would codify them so they could not be weakened in the future, and adds additional key protections. The bill increases the minimum notice of rent increases to 60 days, includes new charges like water, trash or sewer bills (these

were often included in rent in the past and now are being charged to residents in addition to rent) and critically adds increasing advanced notice of rent increases for larger rent increases (for example, a 20% increase would require 240 days of notice).

In addition, to ensure that tenants actually know about and receive these protections, the bill would require that the list of properties where these protections are in place is posted publicly, and would lay out penalties for any property owners who do not comply with these protections, including compensation for the residents who were harmed. This would also help with oversight of tenant protections. Finally, to encourage MHC purchasers to go beyond these basic standards, the bill creates a commission which would craft a new set of stronger tenant protections that could be paired with an incentive for park owners.

Updates:

Two new provisions are included in the legislation: (1) that any notice of the planned sale of the MHC allow residents the chance to purchase the park, mirroring the successful New Hampshire law; and (2) directing the FHFA to develop a standard lease agreement which would allow Fannie Mae and Freddie Mac to finally begin purchasing manufactured home leases through their single-family mortgage programs. The second update has been a key goal of manufactured housing advocates as it would both lower rates on manufactured home mortgages and provide more certainty on site leases for residents.