

DEC 02 2010

MEMO



Senate of Pennsylvania

December 1, 2010

TO: ALL SENATORS

FROM: Stewart J. Greenleaf *Stewart*

SUBJECT: Cosponsorship -- **Limiting rent increases in manufactured housing communities**

I am reintroducing **Senate Bill 46**, amending the Mobile Home Park Rights Act to provide all residents of a manufactured housing community the ability to seek binding arbitration if they contend the lot rent increase is excessive.

Even though many of the residents of a manufactured home community own their manufactured home, they must pay rent to the owner or operator of the manufactured home community for the space on which their home is located. Individuals, especially seniors, who live in and own manufactured homes and reside in a manufactured home community, are often faced with rent payments that increase faster than any cost-of-living adjustments they may receive. Many seniors are on fixed incomes comprised principally of small pensions and social security income. In addition, seniors who have lived in manufactured homes for many years are less able than younger residents to adapt to a new location and afford the increasing costs of moving a manufactured home.

Under my bill, a majority of manufactured home residents would have to agree that a rent increase is excessive before requesting binding arbitration via the American Arbitration Association (AAA). The resident (tenant) association must certify on a confidential basis the request and signatures of a majority of the residents and pass a resolution requesting arbitration and agreeing to bear appropriate costs. The costs and expenses of the arbitrator shall be equally borne by the park owner and residents.

If there is no resident association, the residents shall gather the signatures of a majority of residents and submit a written petition to the Attorney General's Bureau of Consumer Protection. The bureau will then contact the manufactured home operator informing him of the petition and requesting a list of all residents. If the bureau determines that a majority of residents have signed the petition, the residents may submit a request for binding arbitration with the AAA. "Excessive rent increase" is defined as "An increase which is unreasonable based on the manufactured home community operator's total expenses, including debt service, taxes and a reasonable return on the owner's investment or equity in the park." The arbitrator may perform an analysis of the need for a rent increase and of the services provided in the community up to three years prior to the proposed rent increase.

This measure, which is based on a Rhode Island law, will help to protect the health and well-being of residents within a manufactured home community and ensure that all individuals, especially seniors, can afford the rent to avoid displacement due to rents that increase faster than their income.

During the 2009-2010 legislative session, legislation (HB 2212) providing for greater disclosure of information about rent increases and other fees for potential lessees and residents living in manufactured housing communities passed. While this represents a step in the right direction, I believe this measure is still necessary to help guard against excessive rent increases.

*If you are interested in cosponsoring this legislation, please contact Pat Snively of my office by e-mailing her at [psnively@pasen.gov](mailto:psnively@pasen.gov).*