
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 852 Session of 2015

INTRODUCED BY GREENLEAF, MENSCH AND RAFFERTY, JUNE 4, 2015

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,
JUNE 4, 2015

AN ACT

1 Amending the act of November 24, 1976 (P.L.1176, No.261),
2 entitled, as amended, "An act providing for the rights and
3 duties of manufactured home owners or operators and
4 manufactured home lessees," further providing for disclosure
5 of fees.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Section 6 of the act of November 24, 1976
9 (P.L.1176, No.261), known as the Manufactured Home Community
10 Rights Act, is amended by adding subsections to read:

11 Section 6. Disclosure of Fees.--* * *

12 (f) (1) (i) If a majority of the lessees of the community
13 believe the rent increase is excessive, they may, prior to the
14 implementation of the rent increase, request the resident
15 association's governing board to submit a written request to the
16 American Arbitration Association for the appointment of an
17 arbitrator.

18 (ii) The resident association shall certify on a
19 confidential basis the request and signatures of a majority of

1 the lessees who shall be notified of the cost involved in
2 seeking binding arbitration under this subsection.

3 (iii) After the certification the governing body of the
4 resident association shall pass a resolution specifically
5 requesting arbitration and agreeing to bear the appropriate
6 costs.

7 (iv) The arbitrator shall conduct binding arbitration
8 between the community owner or operator and the lessees.

9 (2) (i) If a community has no resident association, the
10 lessees shall gather, on a confidential basis, the signatures of
11 a majority of the lessees within the community who shall be
12 notified of the cost involved in seeking binding arbitration
13 under this section and agree to bear the appropriate costs.

14 (ii) After gathering the signatures of a majority of the
15 lessees, a written petition shall be submitted to the Bureau of
16 Consumer Protection in the Office of Attorney General that
17 includes the name of the person who will act as the
18 representative of the lessees and a statement that they dispute
19 the proposed lot rent increase.

20 (iii) The Bureau of Consumer Protection shall, upon receipt
21 of the written petition, contact the manufactured home community
22 owner informing him of the petition and requesting that the
23 community owner supply a complete list of all lessees within the
24 manufactured home community to verify that the petition
25 represents a majority of the lessees.

26 (iv) If the community owner fails to comply with the request
27 within 14 days of the receipt of the notice, the petition shall
28 be deemed valid and the community owner and representative of
29 the lessees shall be notified.

30 (v) The Bureau of Consumer Protection shall, after review,

1 notify both the manufactured home community owner and the
2 representative of the lessees whether a majority of lessees has
3 been certified.

4 (vi) Upon receiving written notice from the Bureau of
5 Consumer Protection that the petition contains the names of a
6 majority of lessees, the lessees may submit a written request
7 for binding arbitration to the American Arbitration Association.

8 (vii) The arbitrator shall conduct binding arbitration
9 between the community owner or operator and the lessees.

10 (3) For purposes of determining the majority under this
11 subsection, there shall be one vote per manufactured home.

12 (g) The manufactured home community owner or the
13 manufactured home community owner's designee shall submit to the
14 binding arbitration and shall cooperate with the arbitrator in
15 providing information for the sole purpose of deciding the issue
16 of whether the increase in rent is excessive. Information
17 regarding the right to binding arbitration shall be provided to
18 each lessee upon signing a ground lease.

19 (h) The arbitrator shall promptly hear the dispute and
20 render a decision based on the excessive rent increase standard.
21 For purposes of determining a reasonable return on the
22 manufactured home community owner's investment or equity, the
23 arbitrator shall perform a risk analysis and consider
24 alternative and comparative investments.

25 (i) The costs and expenses of the arbitrator shall be borne
26 equally by the manufactured home community owner and the
27 lessees.

28 (j) The rental increase shall not take effect until the
29 conclusion of the arbitration, pending its outcome.

30 (k) A rent increase may not go into effect until the earlier

1 of one of the following:

2 (1) Completion of the binding arbitration process.

3 (2) One hundred twenty days after provision of the written
4 notice required under this section.

5 (1) For the purposes of this section, the term "excessive
6 rent increase" shall mean an increase which is unreasonable and
7 based on the manufactured home community owner's or operator's
8 total expenses, including debt service, taxes and a reasonable
9 return on the owner's investment or equity in the park, if the
10 debt service is directly related to acquisition of the
11 manufactured community. Debt service used to or otherwise
12 employed for a purpose other than that which is directly related
13 to the acquisition or capital management of the manufactured
14 home community shall be excluded. The arbitrator may perform an
15 analysis as to the manufactured home community owner's need for
16 a rent increase and services provided to the park. The analysis
17 shall be performed for a period of not less than three years
18 prior to the application for rental increase. Any debt service
19 incurred using the manufactured community as collateral or other
20 security for investment, enterprises, businesses or similar
21 ventures separate and apart from the manufactured home community
22 shall not be included in the analysis.

23 Section 2. This act shall take effect in 60 days.