

MOBILE HOME PARKS

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5513 (proposed Substitute H-2)

Sponsor: Rep. Andy Schor

Committee: Regulatory Reform

Complete to 9-29-14

A SUMMARY OF HOUSE BILL 5513 (PROPOSED COMMITTEE SUBSTITUTE H-2)

House Bill 5513 would amend multiple sections of the Mobile Home Commission Act (Public Act 96 of 1987) to modify and add provisions regarding health and safety requirements for mobile home parks and the ability of local units of government to regulate mobile home parks.

New definitions

References to "department" when used in respect to powers and duties concerning water supply systems and sewage collection and disposal systems for mobile home parks and seasonal mobile home parks would mean the Department of Environmental Quality.

A new term, "technical bulletin," would be defined as a document issued by the Department of Licensing and Regulatory Affairs (LARA) to promote uniform interpretation and enforcement of this act and the rules promulgated under the act. A rule promulgated or order issued under this act is not a technical bulletin.

Manufactured Housing Commission

Currently, one of the commission's responsibilities is overseeing ordinances passed by local governments that govern mobile homes. Language presently in the act regarding this responsibility would be removed by the bill.

The bill would add the following to a list of duties for the director of the commission, or the director's authorized representative:

- Promptly notify each local government in which a park is located of the details of any complaints received concerning that park.
- Prepare a detailed written explanation of the powers and duties of local governments with respect to mobile home parks, seasonal mobile home parks, and mobile homes and post and maintain the document on the department's website.
- Post and maintain on the department's website all current technical bulletins.
- Promptly notify a local government of the issuance, amendment, or rescission of a technical bulletin if the department has knowledge that a mobile home park or seasonal mobile home park is located in, or an application has been filed for the licensure of a park proposed to be located in, the local government. The notice shall be sent by first-class mail or electronic mail to each of the following:
 - The clerk of the local government.

- The chief executive officer of the local government.
- The enforcing agency for the local government if the local government has assumed responsibility for the administration and enforcement within its jurisdiction of that act and the State Construction Code or a part of the code of limited application.

Park inspections

Currently, local governments are allowed to adopt ordinances for the inspection of mobile homes, both inside and outside mobile home parks or seasonal mobile home parks. The inspection is limited to the following areas (changes made by the bill are underlined):

- Furnace
- Water heater
- Electrical wiring
- Sanitation and plumbing
- Ventilation
- Heating equipment
- Structural integrity
- Smoke alarms

While the act states that the Department of Environmental Quality (DEQ) or its authorized representative is responsible for conducting the physical inspection of mobile home parks and seasonal mobile home parks, Executive Order 16 of 2006 shifted all inspection duties to the Department of Labor and Economic Growth, the predecessor to LARA, with the exception of water supply systems and sewage collection and disposal systems. House Bill 5513 would update the wording of the act to reflect this.

Under the bill, after LARA or its authorized representative performs an annual inspection, it would be required to submit a copy of the inspection report to each local government in which the park is located. If the department or its authorized representative fails to perform an annual inspection of a mobile home park or seasonal mobile home park as required by the act, a local government may charge the operator of either type of park a fee to cover the reasonable cost of performing an inspection or recover the cost from the department, if another local government has not already performed an inspection.

Currently, a local government is not allowed to take part in an inspection unless it is for the purposes of issuing or re-issuing a license or if it has reason to believe that the act, or rules promulgated under the act, have been violated. Also, an annual inspection is not presently required under the act. The bill would add this annual inspection requirement.

[A proposed amendment to substitute H-2 would allow LARA to enter into a contract with a county health department that chooses to perform the inspections of mobile home parks or seasonal mobile home parks. LARA would then be required to pay any reasonable costs to the local health department.]

Licensing of mobile home and seasonal mobile home parks

The criteria for issuing a license would be modified by the bill. Currently, the Department of Licensing and Regulatory Affairs is required to issue or renew a license following the completion, review, and approval of certifications. Under the bill, the department would issue a license only if all of the following requirements were met:

- The applicant submits a complete license application.
- Certifications and recommendations of appropriate agencies and local governments are submitted to and approved by the department.
- The applicant provides financial assurance, as described below.
- The applicant pays a required fee.
- The mobile home park or seasonal mobile home park was approved after its most recent annual inspection by either the state or local government.

A license to operate a mobile home park or seasonal mobile home park is valid for three years. The license fees are \$225 plus \$3 per home site in excess of 25 for a mobile home park, and \$120 plus a \$1.50 per site in excess of 25 for a seasonal park. The length of a license and fee amounts would be unchanged by the bill.

Distressed parks/Financial assurance

If the park is determined to be a distressed park, under the bill, the park operator would be required to provide a financial assurance to the LARA that would cover the estimated cost of maintenance and repairs to the park during the next three years. A distressed park is a mobile home park or seasonal mobile home park that is not in "substantial compliance" with rules promulgated under the act concerning health and safety and construction standards for mobile homes and the parks.

The bill would require the Mobile Home Commission to provide an opportunity for an evidentiary hearing concerning a potential distressed park. During the hearing, the commission would have to consider all of the following:

- The length of time the park has not been in substantial compliance with the promulgated rules.
- Whether the owner or operator was notified and had sufficient opportunity to bring the park into substantial compliance.
- Any imminent threat to the health or safety of the residents of the park.
- Whether the park has been, or is likely to be, abandoned by its owner or operator.

Forms of financial assurance

The assurance would be in the form of a certificate of deposit, cash, certified check, irrevocable bank letter of credit, or surety bond acceptable to the department. An individual posting a cash bond would receive the interest accrued on such a bond.

If the department determines that the operator of a mobile home park or seasonal mobile home park has violated the act or rules promulgated under this act by failing to maintain or repair any infrastructure or facilities of the mobile home park or seasonal mobile home park, the department would be required to give notice of the determination by personal service or first-class mail to the local governments where the mobile home park is

located, the owner, the operator, and, if the financial assurance is in the form of a bond, the surety executing the bond.

If the owner, operator, and surety fail to perform the specified maintenance and repair within 60 days after service of the notice, the department may enter the park and perform the specified maintenance and repair. The owner, operator, and any surety would be jointly and severally liable for all expenses incurred. The department would then certify the claim to the owner, operator, and any surety, listing in the claim the items of expense in performing the maintenance or repair, and draw on the financial assurance for the payment of the claim. The department would then notify the local government where the mobile home park is located when the specified maintenance and repairs have been completed.

The commission would be required to promulgate rules to determine whether a park is distressed and a financial assurance is required. The commission also would be required to submit a report to the standing committees of the Senate and House with primary responsibility for legislation affecting mobile home parks on the progress of the rule promulgation 180 days following the effective date of this legislation.

Violation notices issued by local government

If a local government issues an ordinance violation notice to the operator of a park and the operator fails to comply with the order contained within the violation notice, the local government may then bring an action to enforce the ordinance and abate or enjoin the violation.

If the violation goes uncorrected and endangers the health and safety of the occupants of the park, or, if the park is empty, endangers the health and safety of the public, the local government would be required to file a motion for a preliminary injunction or other temporary relief appropriate to remove the danger during the pendency of the action.

The local government would serve a copy of the complaint and a summons on each owner and lienholder of record that can be identified with the exercise of reasonable diligence. The local government would also be required to file a notice of the pendency of the action with the register of deeds for the county where the park is located.

The court would then make orders and determinations consistent with the objectives of the ordinance. The court may enjoin the maintenance of an unsafe, unhealthy, or unsanitary condition, or a violation of the ordinance, and may order the defendant to perform maintenance and repairs or make other corrections, including removal of a building or structure necessary to abate the condition. The court may authorize the local government to perform maintenance or repairs or to remove a building or structure owned or operated by the owner or operator of the park. However, the court shall not authorize removal of a building or structure unless the cost of repair of the building or structure will be greater than the state equalized value of the building or structure.

If the expense of maintenance, repair, or removal is not otherwise provided for, the court may enter an order approving the expense and placing a lien on the real property for the payment of the expense. The order may establish the lien as a senior lien, except as to tax and assessment liens, and except as to a recorded mortgage of first priority, recorded

prior to all other liens of record. The order may also specify the time and manner for foreclosure of the lien if the lien is not satisfied. To perfect the lien, a copy of the order shall be filed with the register of deeds for the county where the mobile home park or seasonal mobile home park is located within 10 days after entry of the order.

Appointment of a receiver

The local health department may file an emergency petition with the circuit court to place a park under the control of a receiver. The court may grant the petition if the court finds that the health or safety of the residents of the park would be seriously threatened if a condition existing at the time the petition was filed is permitted to continue.

If the court appoints a receiver, the receiver shall be the director of the local health department or a designee, the director of the Department of Environmental Quality, the director of LARA, or another state agency or person designated by the director of LARA. The receiver would use the income and assets of the park to maintain and operate the park and to attempt to correct the conditions that constitute a threat to the health or safety of residents.

If requested by the receiver, LARA or the DEQ would provide available personnel to consult with the receiver on the fulfillment of the receiver's duties.

The receivership would be terminated when the receiver and the court certify that the conditions that prompted the appointment have been corrected or, if the mobile home park or seasonal mobile home park ceases operation, when the residents are safely placed in other housing, whichever occurs first. Upon termination of the receivership, the receiver shall render a complete accounting to the court.

Imminent danger

If the condition of a park is an imminent danger to the health or lives of individuals, the local health department may issue an order requiring the park to cease operation or prohibiting the presence of individuals at all or part of the park because of the condition of the park.

Penalties and Fines

A proposed amendment would increase the maximum civil fine which could be assessed to a person who violates the act from the current \$10,000 to not more than \$50,000. The act specifies that a fine collected would be deposited into the mobile home commission fund, which the bill would rename the mobile home code fund.

FISCAL IMPACT:

House Bill 5513, as introduced, would have a fiscal impact on the Department of Licensing and Regulatory Affairs (LARA) to the extent that costs would be engendered by the drafting and posting of written explanations and technical bulletins on LARA's website, by the requirement that LARA annually inspect each (seasonal) mobile home park and prepare and submit reports documenting its findings, and by the obligation to give notice of the failure to maintain or repair infrastructure or facilities and, if not

remedied, by administering and certifying claims of the expenses incurred by LARA to perform such maintenance or repairs.

HB 5513 does not adjust the fees collected by LARA nor otherwise modify the revenue generated by the regulation of mobile home parks. While the extent of the fiscal impact of HB 5513 on LARA is not currently known, the table below exhibits the revenues, expenditures, and balances of the Mobile Home Code Fund, and illustrates that the Fund experienced a net loss at the close of FY 2012-13 and year-to-date FY 2013-14, resulting in a current balance of approximately \$1.1 million.

Mobile Home Code Fund				
Fiscal Year	Revenue	Expenditures	Net Income (Loss)	Cum. Bal.
2005-06				\$926,724
2006-07	\$2,405,959	\$1,703,000	\$702,959	\$1,629,683
2007-08	\$2,118,606	\$1,963,253	\$155,353	\$1,785,036
2008-09	\$2,722,386	\$2,090,339	\$632,047	\$2,417,083
2009-10	\$2,084,193	\$2,015,163	\$69,029	\$2,486,113
2010-11	\$1,885,196	\$2,167,342	(\$282,146)	\$2,203,967
2011-12	\$2,642,013	\$2,402,747	\$239,266	\$2,443,233
2012-13	\$2,147,610	\$2,841,339	(\$693,729)	\$1,749,504
2013-14 YTD	\$1,795,245	\$2,424,765	(\$629,519)	\$1,119,985

SOURCE: House Fiscal Agency analysis of MAIN database.

Local units of government could perform inspections if LARA does not do so; however, local units would recover the actual costs of such inspections either from the (seasonal) mobile home park or from LARA. Local units also could encounter indeterminate administrative costs in bringing action to enforce an ordinance, filing motions for injunction or other relief, serving notice of complaints and summonses to owners and lienholders, filing notice with Registers of Deeds, and recovering expenses related to performing maintenance and repairs. Additionally, costs may be incurred by local health departments under the provisions for emergency petition to the court and appointment of a receiver under Section 48, and under the proposed amendment to Section 17(2) which also provides for payment of reasonable costs by the state to the local health department.

House Bill 5513 would have an indeterminate fiscal impact on the Department of Environmental Quality (DEQ). While the bill's provisions regarding mobile home park complaints may increase the administrative workload for the DEQ by requiring that the "department" – in some cases the DEQ, depending upon the type of complaint - notify each local government in which a park is located of the details of each complaint, any increased departmental costs are anticipated to be minimal.

Legislative Analyst: Josh Roesner
Fiscal Analyst: Paul Holland
Susan Frey
Viola Bay Wild

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.