



RESOLVING MOBILE HOME PARK LANDLORD - TENANT DISPUTES

OREGON HOUSING AGENCY

November, 1988

From The Golden State



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Prepared by: BUREAU OF GOVERNMENTAL RESEARCH AND SERVICE

RESOLVING MOBILE HOME PARK LANDLORD-TENANT DISPUTES

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Executive Summary

Study Objectives

The Oregon Housing Agency prepared this report in response to the legislative direction in 1987 Oregon Laws, chapter 786. The objectives of the study as reflected in the law were to

- Assess the types of landlord-tenant disputes that occur in mobile home parks;
- Assess the need for dispute resolution services; and
- Recommend possible methods, programs, and procedures to resolve mobile home park landlord-tenant disputes.

Types of Disputes

The study finds that landlords and tenants in mobile home parks experience a wide range of problems that can be resolved through means other than litigation. Most landlord-tenant problems and disputes fall into six categories: rent increases, park closures and tenant displacement, health and safety standards, landlord-tenant laws, rental agreements, and general park management. The most frequently cited problems concern rent increases.

Need for Dispute Resolution Services

Mobile home park owners, managers, and residents need alternative services and programs to help resolve their disputes. The only useful dispute resolution process that exists today for mobile home park landlords and tenants is litigation, which is difficult and expensive. Alternative dispute resolution processes such as mediation and arbitration can benefit both parties, but the mere availability of these processes will not completely resolve the existing dispute resolution problems. Mobile home owners are at a disadvantage in resolving disputes with landlords because of unique relocation problems that limit their ability to move in response to unacceptable conditions or rent increases. Therefore, the balance in negotiating power between landlords and tenants must be improved, and additional standards and requirements must be established to provide a basis for the successful use of dispute resolution services.

Alternative Dispute Resolution Approaches

The report concludes that state and local governments can improve the resolution of problems and disputes between mobile home park management and residents. There are three general approaches for improvement:

1. Provide direction and incentives for using dispute resolution methods, programs, and procedures;
2. Provide financial and technical assistance programs and take other nonregulatory actions to improve the bargaining power of mobile home park residents; and
3. Establish additional controls to further regulate this portion of the housing market by amending the mobile home park landlord-tenant laws.

Recommended Programs

The study recommends three dispute resolution programs for consideration by the legislature.

1. Support the use of **mediation and arbitration** in resolving rental agreement disputes through legislative direction, incentives, and additional services; require state and local agencies to respond quickly to complaints about health and safety standards; and leave the resolution of disputes concerning compliance with landlord-tenant laws to the courts. Costs of this program would be paid by user fees.
2. Create a state **Office of Mobile Home Programs** to provide an ombudsman service, technical assistance in converting parks to resident ownership, administration of a park relocation fund, assistance in obtaining relocation services, administration of incentive programs for construction of new and replacement parks, information on mobile home park issues and programs, and other services. Estimated annual cost to state government, excluding start-up cost, is \$188,000.
3. Establish a **state hearings official** to deal with mobile home park landlord-tenant disputes; authorize the hearings official to decide cases involving provisions of the existing landlord-tenant laws or types of disputes specified by the legislature; and establish rules and standards to guide the decisions, with provisions for appeal of the decisions. Estimated annual cost to state government, excluding start-up cost, is \$112,500.

These programs might be adopted individually, or specific elements of the programs might be combined for a broader approach to resolving mobile home park landlord-tenant disputes.

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Acknowledgments	iii
Introduction	1
Study Objective	1
Background on Mobile Home Parks	2
Mobile Home Housing	2
Household Characteristics	3
Benefits of Mobile Home	4
Housing and Mobile Home Parks	4
Recent Trends	5
Assessment of Types of Disputes	7
Introduction	7
Rent Increases	8
Park Closure and Displacement	9
Health and Safety Standards	10
Landlord-Tenant Laws	11
Rental Agreements	13
Other Disputes	15
Disputes and Park Characteristics	16
Assessment of Need for Dispute Resolution Services	19
Alternative Dispute Resolution Processes	19
Adjudication (Courts)	19
Administrative Enforcement	20
Arbitration	21
Mediation	22
Mediation-Arbitration	23
Facilitation	23
Negotiation	24
Ombudsman	25
Existing Dispute Resolution Programs	25
Need for Dispute Resolution Services	27
Dispute Resolution Program Alternatives	31
Overview	31
Alternatives by Type of Dispute	32
Rent Increases	33
Park Closure and Displacement	39
Health and Safety Standards	42
Compliance with Landlord-Tenant Laws	44
Rental Agreements	45
Other Disputes	47

ACKNOWLEDGMENTS

This study benefited from the suggestions and information provided by many individuals. In particular, the project advisory group provided guidance throughout the project, reviewed and discussed draft materials, and made suggestions concerning the content of the report. The group included

Maynard Hammer, Housing Agency
Jim Hinman, Department of Land Conservation
and Development
C. W. "Chuck" Maylender, Mobile Home Park Owners
Association
Don Miner, Oregon Manufactured Homes Association
Donald J. Nielson, Oregon State Tenants Association
Philip Peach, Oregon Mobile Home Park Association
Bob Van Houte, United Seniors

In addition, the following individuals participated in one or more of the advisory group meetings:

Bill Brown, Oregon Mobile Home Park Association
Loris C. Harrell, Mobile Home Park Owners Association
Lyle Jacobson, Mobile Home Park Owners Association
John R. Laughlin, Mobile Home Park Owners Association
Lynn Schoessler, Housing Agency
Charles Weldon, Oregon State Tenants Association
Walter A. Wulfers, Oregon Mobile Home Park
Association

Representatives of the Association of Oregon Counties and League of Oregon Cities were invited to serve as members of the advisory group, but were unable to participate.

The study team would like to thank the members of the advisory group and those who participated in the group's meetings, as well as many other individuals, including representatives of several state and local government agencies, for the information and useful suggestions they provided.

The study team consisted of Scott Bassett, Budget and Management Division, and Sandra Schaff and Peter Watt, Bureau of Governmental Research and Service, University of Oregon.

INTRODUCTION

Study Objective

The objectives of this study are to (1) assess the types of disputes involving mobile home park landlords and tenants; (2) assess the need for mobile home park dispute resolution services; and (3) recommend possible methods, programs, and procedures to be used to resolve mobile home park landlord-tenant disputes. Oregon Laws 1987, chapter 786 (HB 2520) called for this study of mobile home landlord-tenant disputes and dispute resolution processes and a report of recommendations to the 1989 Oregon Legislative Assembly (see Appendix A).

During the 1987 legislative session, seven other bills were introduced to establish various procedures for resolving these types of disputes. The legislative proposals included requirements for use of mediation or arbitration to resolve disputes; creation of a State Board of Mobile Home Parks to regulate rent increases; establishment of an office of Mobile Home Park Ombudsman; and a requirement for landlords to personally attend meetings with tenants concerning rent increases. The 1987 bills are summarized in Appendix D.

The information used to assess and categorize the types of landlord-tenant disputes was gathered by the study team from meetings with landlords and tenants, from letters and calls received by the Governor's Citizens' Representative Office and state Housing Agency (Appendix B), and from reports listed in the bibliography. In addition, the study team toured mobile home parks in the sample counties to gain a firsthand understanding of the range in

park characteristics and how the characteristics could influence the occurrence of disputes.

To evaluate the suitability of various dispute resolution processes for resolving mobile home park landlord-tenant disputes, the study team reviewed the literature on alternative dispute resolution techniques and also contacted all states known to have special landlord-tenant laws for mobile home parks or statewide dispute resolution programs. The results of this survey of state programs are summarized in Appendix C. Landlord-tenant dispute resolution processes and other special approaches to resolving mobile home park landlord-tenant problems were examined and discussed with representatives of the state administrative agencies.

Background on Mobile Home Parks

It is important to understand the significance of mobile homes and mobile home parks as part of Oregon's housing supply to evaluate the necessity of providing methods to resolve landlord-tenant disputes in the parks. This section reviews background information on the mobile home portion of the housing stock, household characteristics of mobile home residents, some of the reasons for the popularity of this type of housing, and recent trends in mobile home housing in Oregon.

Mobile Home Housing

Mobile homes constitute a significant portion of the housing supply in Oregon. Approximately 80,000 households lived in mobile homes in 1980, according to federal census data. There undoubtedly has been a significant increase

in that number over the past eight years. Building permit data collected by the Housing Agency indicate that an average of 236 new mobile homes were located in the state each month in 1987, which represented 27 percent of new single-family housing. An average of 255 new mobile homes were located in the state each month during the first eight months of 1988. The assumption of the Housing Agency is that some of the new homes are replacements for older mobile homes, but many are net additions to the housing stock.

A large part of Oregon's mobile homes are located in mobile home parks. Information collected from a sample of 405 mobile home owners by Foremost Insurance Company for the Oregon Manufactured Housing Association indicates that 40 percent of the homes are located in parks. There are over 1,400 mobile home parks in Oregon, according to a 1987 survey of county and city building departments conducted by the Housing Agency. The number of parks is increasing. The Building Codes Agency reports an average of two park permit applications each month during 1988 for the areas in which they issue permits.

Household Characteristics

Of the 80,000 occupied mobile homes in the state in 1980, approximately 67,000 occupants owned their homes and 13,000 rented their homes, according to federal census data. The median age of owners was 55, and the median age of renters was 33.

The 1980 census indicates that over half of the manufactured units in Oregon were occupied by married couples. About 38 percent were occupied by single-adult households: female head of household with no husband present,

23 percent; male head of household with no wife present, 15 percent.

The median age of mobile home owners in 1980 was 55, compared to a median age of 50 for owners of single-unit detached housing. Twenty-eight percent of mobile home household heads were 65 or older; 59 percent were 45 or older.

Mobile home parks in general may have an older average age. Census data indicate that most mobile home household heads 59 years of age and older lived in parks in 1980. The Eugene Planning Department recently commissioned a survey of mobile home parks in the Eugene-Springfield metropolitan area. The results, issued in February 1988, showed that in 63 percent of the parks surveyed, most residents were 60 years of age or older.

Based on 1980 census data, the average annual household income for mobile home owners in Oregon was \$15,663, compared to \$24,016 for owners of other single-unit detached housing. Mobile home owners 59 years of age and over had an average annual income of slightly less than \$9,000.

Benefits of Mobile Home Housing and Mobile Home Parks

The 1987 Foremost Insurance Company survey of 405 Oregon mobile home owners found that 56 percent of the respondents considered low cost as a major advantage of mobile home living. The respondents indicated that mobile homes cost less to buy and maintain.

Many of the mobile home park residents interviewed as part of this study felt that a mobile home park is a secure

place to live with privacy, independence, and a sense of community. They indicated that parks often provide recreational and other facilities which residents could not afford on their own and that space rental in a park is often less than the cost of owning an individual lot.

Recent Trends

The activity and interest in selling and purchasing mobile home park properties are strong throughout Oregon, according to a real estate professional who handled the recent sale of two parks in Tigard to a California investment group. This view of an active market is supported by an April 29, 1988, article in the Wall Street Journal. The article reports on the growing number of real estate firms that are sponsoring limited partnerships to buy mobile home parks. Apparently, mobile home parks are becoming more popular investments because occupancy rates in quality parks are high, and not many new parks are being built. Mobile home parks are seen as secure investments that are recession-resistant sources of income.

Park residents interviewed as part of this study indicated concerns about the frequent sale of parks. They report that, in some areas of the state, several parks have been sold for more than their apparent value. Mobile home park residents are often directly affected by this active real estate market, because rental rates typically increase to pay for the buyer's financing and for increases in property taxes that result from a higher purchase price.