

HOUSE BILL NO. 375
AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on General Laws
on _____)
(Patron Prior to Substitute—Delegate Krizek)

A BILL to amend and reenact §§ 55.1-1300 and 55.1-1308 of the Code of Virginia; to amend the Code of Virginia by adding sections numbered 55.1-1308.3, 55.1-1308.4, and 55.1-1308.5; and to repeal § 55.1-1308.2 of the Code of Virginia, relating to Manufactured Home Lot Rental Act; right of first refusal; resident entities and localities.

Be it enacted by the General Assembly of Virginia:

1. That §§ 55.1-1300 and 55.1-1308 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 55.1-1308.3, 55.1-1308.4, and 55.1-1308.5 as follows:

§ 55.1-1300. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Abandoned manufactured home" means a manufactured home occupying a manufactured home lot pursuant to a written agreement under which (i) the tenant has defaulted in rent or (ii) the landlord has the right to terminate the written rental agreement pursuant to § 55.1-1249.

"Guest or invitee" means a person, other than the tenant, who has the permission of the tenant to visit but not to occupy the premises.

"Landlord" means the manufactured home park owner or the lessor or sublessor of a manufactured home park. "Landlord" also means a manufactured home park operator who fails to disclose the name of such owner, lessor, or sublessor as provided in § 55.1-1216.

"Locality" means the same as that term is defined in § 15.2-102.

"Manufactured home" means a structure, transportable in one or more sections, that in the traveling mode is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and that is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained in the structure.

"Manufactured home lot" means a parcel of land within the boundaries of a manufactured home park provided for the placement of a single manufactured home and the exclusive use of its occupants.

"Manufactured home owner" means the owner of a manufactured home.

"Manufactured home park" means a parcel of land under single or common ownership upon which five or more manufactured homes are located on a continual, nonrecreational basis together with any structure, equipment, road, or facility intended for use incidental to the occupancy of the manufactured homes. "Manufactured home park" does not include a premises used solely for storage or display of uninhabited manufactured homes or a premises occupied solely by a landowner and members of his family.

"Manufactured home park operator" means a person employed or contracted by a manufactured home park owner or landlord to manage a manufactured home park.

"Manufactured home park owner" means a person who owns land that accommodates a manufactured home park.

"Owner" means one or more persons, jointly or severally, in whom is vested (i) all or part of the legal title to the property or (ii) all or part of the beneficial ownership and right to present use and enjoyment of the premises. "Owner" includes a mortgagee in possession.

"Reasonable charges in addition to rent" means any routine maintenance and utility charges for which the tenant is liable under the rental agreement.

"Rent" means payments made by the tenant to the landlord for use of a manufactured home lot and other facilities or services provided by the landlord.

"Rental agreement" means any agreement, written or oral, and valid rules and regulations adopted in conformance with § 55.1-1228 embodying the terms and conditions concerning the use and occupancy of a manufactured home lot and premises and other facilities or services provided by the landlord.

"Resident entity" means a formal or informal entity that provides documentation that it represents at least 25 percent of the tenants with a valid lot rental agreement in the manufactured home park at the time an offer to purchase the manufactured home park is made.

"Secured party" means the same as that term is defined in § 8.9A-102.

"Security interest" means the same as that term is defined in § 8.1A-201.

"Tenant" means a person entitled as under a rental agreement to occupy a manufactured home lot to the exclusion of others.

§ 55.1-1308. Termination of tenancy.

A. Notwithstanding the provisions of this section, where a landlord and seller of a manufactured home

61 have in common (i) one or more owners, (ii) immediate family members, or (iii) officers or directors, the
62 rental agreement shall be renewed except for reasons that would justify a termination of the rental agreement
63 or eviction by the landlord as authorized by this chapter.

64 B. A landlord may terminate a rental agreement of any length due to a change in the use of all or any part
65 of a manufactured home park, ~~including conversion to hotel, motel, or other commercial use, planned unit~~
66 ~~development, rehabilitation, or demolition as allowed by local zoning ordinances~~, by delivering to each
67 tenant, by certified mail, a 180-day written notice stating the date upon which the rental agreement will
68 terminate and the reason for the termination. *Such termination notice shall inform tenants of a resident*
69 *entity's opportunity to purchase and the manufactured home park owner's duties under § 55.1-1308.4. Such*
70 *notice shall also be sent by certified mail to the locality in which the manufactured home park is located.*
71 Such termination notice requirement shall not be waived; however, at the request of the tenant, a period of
72 less than 180 days may be agreed upon by both the landlord and tenant in a written agreement separate from
73 the rental agreement executed after such notice is given. The notice required by this section may be sent
74 concurrently with the notice of intent to sell required by § ~~55.1-1308.2~~ 55.1-1308.3.

75 **§ 55.1-1308.3. Right of first refusal for resident entities and localities.**

76 A. A manufactured home park owner shall not enter into an agreement to sell a manufactured home park
77 to a third party other than a resident entity unless such agreement is contingent upon providing the notice
78 and opportunity to purchase required by this section. *Within five business days of entering into a sales*
79 *contract to sell a manufactured home park, the manufactured home park owner shall provide to each*
80 *manufactured home park tenant and to the locality in which the manufactured home park is located (i) notice*
81 *of such sales contract and (ii) information regarding a resident entity's and locality's right to purchase the*
82 *manufactured home park. Such notice shall describe the terms of the sales contract, including the price and*
83 *material terms and conditions of the contract, and state that the resident entity and the locality have a right*
84 *of first refusal. If the purchase contract for the manufactured home park in question is bundled with purchase*
85 *contracts for other manufactured home parks owned by the seller, the notice shall include the required*
86 *information only for the manufactured home park in question. Such notice shall be delivered to (a) the*
87 *locality's attorney, the presiding officer of the governing body of the locality, or the locality's attorney for the*
88 *Commonwealth; (b) each tenant with a valid lot rental agreement by certified mail; and (c) each*
89 *manufactured home in the manufactured home park by personal delivery. The manufactured home park*
90 *owner shall also deliver the notice required by this section to the Department of Housing and Community*
91 *Development, which shall post the information on its website within three business days of receipt.*

92 *B. If, no later than 90 days following receipt of the notice required by this section, the resident entity or*
93 *the locality in which the manufactured home park is located delivers to the manufactured home park owner a*
94 *proposed purchase agreement containing the same price and substantially equivalent terms and conditions as*
95 *the purchase agreement of which the manufactured home park owner provided notice pursuant to subsection*
96 *A, the resident entity or the locality shall have the right to purchase the manufactured home park at the price,*
97 *terms, and conditions stated in its proposed purchase agreement, provided that the purchase agreement*
98 *contains a commitment from the resident entity or the locality to preserve the property as a manufactured*
99 *home park for at least 15 years following the sale unless a majority of the tenants with a valid rental*
100 *agreement in the manufactured home park assert in writing that they consent to the conversion of the*
101 *manufactured home park to an alternative form of affordable housing. Such commitment shall also be*
102 *required of any assignee to which a resident entity or locality assigns its rights under subsection J. Unless the*
103 *parties agree to an alternative period of time, the resident entity or locality shall have 90 days after the date*
104 *of the agreement to obtain financing and a reasonable time to close on the purchase. If the manufactured*
105 *home park owner asserts that the terms of the purchase agreement proposed by a resident entity are not*
106 *substantially equivalent to the terms of the purchase agreement of which the resident entity was given notice*
107 *under subsection A, the manufactured home park owner shall treat the resident entity's proposed purchase*
108 *agreement as an offer to purchase pursuant to § 55.1-1308.4 and comply with all the requirements of that*
109 *section.*

110 *C. If the sales contract contains any provision penalizing the manufactured home park owner for*
111 *accepting an alternative offer from the resident entity or locality, such penalty provision shall be void and*
112 *unenforceable.*

113 *D. The right of first refusal created pursuant to this section shall be created and conferred with the*
114 *resident entity having first priority and the locality having second priority.*

115 *E. The provisions of this section are secondary to the terms of the right of first refusal established by a*
116 *locality through the contribution of local funds to the acquisition, development, or revitalization of a*
117 *manufactured home park or within the agreements for assistance from locally managed funds or programs,*
118 *provided that such terms contain a commitment to preserve the property as a manufactured home park for at*
119 *least 15 years following the sale unless a majority of the tenants with a valid rental agreement in the*
120 *manufactured home park assert in writing that they consent to the conversion of the park to an alternative*
121 *form of affordable housing.*

122 *F. If an opportunity to purchase required by this section does not result in a purchase agreement between*

the manufactured home park owner and a resident entity or locality, and the manufactured home park owner then offers the manufactured home park community for sale at a different price or with different terms and conditions, or receives an offer at a different price or with different terms and conditions that the manufactured home park owner intends to accept, the requirements of this section shall apply separately to that subsequent offer.

G. If a manufactured home park owner fails to comply with any requirement set forth in this section, a locality may bring an action in the circuit court for the locality in which the manufactured home park is located to enforce the manufactured home park owner's obligations under this section, provided that the manufactured home park is located within the jurisdictional boundaries of the locality and the locality has notified the manufactured home park owner of its intent to enforce the manufactured home park owner's obligations under this section. Such enforcement action may include seeking an injunction, damages, or both.

H. If a resident entity or locality that purchased a manufactured home park pursuant to subsection B gives notice of its intent to change the use of all or any part of the manufactured home park in violation of the commitment made in the purchase agreement provided to the seller, any person with a valid rental agreement for a lot in the manufactured home park may file an action in the circuit court for the locality in which the manufactured home park is located seeking injunctive relief, damages, or both. The prevailing party shall also be entitled to an award of attorney fees.

I. If a manufactured home park owner fails to comply with the provisions of this section, any person with a valid rental agreement for a lot in the manufactured home park may file an action in the circuit court for the locality in which the manufactured home park is located seeking injunctive relief, damages, or both. Such damages shall include actual damages and statutory damages equal to 12 times the amount of the monthly lot rent paid by the tenant or a reasonable amount as determined by the court plus reasonable attorney fees.

J. A locality may assign its rights and responsibilities under this section to an organization exempt from taxation under § 501(c)(3) of the Internal Revenue Code that provides housing or related services to low-income residents of the Commonwealth. A resident entity may assign its rights and responsibilities under this section to a locality or to an organization exempt from taxation under § 501(c)(3) of the Internal Revenue Code that provides housing or related services to low-income residents of the Commonwealth.

K. The provisions of this section shall not apply to the sale of a manufactured home park to the manufactured home park owner's family by blood or marriage or to a person or entity that owns a portion of the manufactured home park at the time of the offer or listing of such manufactured home park for sale.

§ 55.1-1308.4. Opportunity to purchase for resident entities.

154 A. Notwithstanding any other provision of law, if at any time a resident entity makes an offer to purchase
155 a manufactured home park, the manufactured home park owner shall consider such offer and negotiate with
156 such resident entity in good faith. If the manufactured home park owner declines to accept such offer, the
157 manufactured home park owner shall do so in writing and shall state the good faith reasons for such
158 rejection. The written denial shall be provided to one or more officers of the resident entity.

159 B. A manufactured home park owner that issues a notice of termination under subsection B of § 55.1-1308
160 but does not intend to sell the manufactured home park shall give a resident entity an opportunity to purchase
161 the manufactured home park as described in this subsection, provided that the resident entity delivers a
162 proposed purchase agreement no later than 180 days following receipt of the notice required by subsection B
163 of § 55.1-1308. If a resident entity and the manufactured home park owner cannot agree upon a purchase
164 price, the resident entity shall have the right to purchase the manufactured home park at a price and terms
165 that constitute a bona fide offer of sale, provided that the purchase agreement contains a commitment from
166 the resident entity or any assignee under subsection J of § 55.1-1308.3 to preserve the property as a
167 manufactured home park for at least 15 years following the sale unless a majority of the tenants with a valid
168 rental agreement in the manufactured home park assert in writing that they consent to the conversion of the
169 manufactured home park to an alternative form of affordable housing. To constitute a bona fide offer of sale,
170 the sale price in the proposed purchase agreement shall be the appraised value of the manufactured home
171 park as determined by an appraiser chosen by the resident entity and the manufactured home park owner. If
172 the two parties cannot agree upon one appraiser, either party may notify the other, in writing, of such
173 disagreement, and the resident entity shall choose an appraiser, the manufactured home park owner shall
174 choose an appraiser, and the two appraisers shall choose a third appraiser, which three appraisers shall
175 establish a value of the manufactured home park. If the manufactured home park owner refuses to select an
176 appraiser within 15 days of such notice, the Department of Housing and Community Development shall
177 choose an appraiser for the manufactured home park owner. The costs of all appraisers shall be paid equally
178 by the resident entity and the manufactured home park owner. A manufactured home park owner may contest
179 whether a purchase price offered by a resident entity constitutes a bona fide offer of sale. A resident entity
180 may assign its rights under this subsection as described in subsection J of § 55.1-1308.3.

181 C. If a manufactured home park owner fails to comply with the provisions of this section, any person with
182 a valid rental agreement for a lot in the manufactured home park may file an action in the circuit court for
183 the locality in which the manufactured home park is located seeking injunctive relief, damages, or both. Such
184 damages shall include actual damages and statutory damages equal to 12 times the amount of the monthly lot

185 rent paid by the tenant or a reasonable amount as determined by the court. The prevailing party shall also be
186 entitled to an award of attorney fees.

187 D. All manufactured home park owners shall provide written notice of the rights provided by this section
188 by mail to each manufactured home park tenant and by personal delivery to each manufactured home in the
189 manufactured home park at least once annually and shall post written notice of the rights provided by this
190 section in prominent places throughout the manufactured home park.

191 **§ 55.1-1308.5. Affidavit of compliance with notice requirements.**

192 A seller of a manufactured home park shall record with the circuit court of the locality in which the
193 manufactured home park is located an affidavit in which the seller has certified that he has complied with the
194 requirements of §§ 55.1-1308.3 and 55.1-1308.4. Such affidavit shall include a copy of the notices sent
195 pursuant to §§ 55.1-1308.3 and 55.1-1308.4. The recordation of such affidavit shall be presumptive evidence
196 of compliance for purposes of good title in the hands of a bona fide purchaser, and failure to record such
197 affidavit shall be presumptive evidence of noncompliance with §§ 55.1-1308.3 and 55.1-1308.4.

198 **2. That § 55.1-1308.2 of the Code of Virginia is repealed.**