THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 92   Session of 2017

INTRODUCED BY GREENLEAF, MENSCH, TARTAGLIONE, RAFFERTY AND
    BREWSTER, JANUARY 31, 2017

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,
    JANUARY 31, 2017

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

the lessees who shall be notified of the cost involved in

seeking binding arbitration under this subsection.

(iii) After the certification the governing body of the

resident association shall pass a resolution specifically

requesting arbitration and agreeing to bear the appropriate

costs.

(iv) The arbitrator shall conduct binding arbitration

between the community owner or operator and the lessees.

(2) (i) If a community has no resident association, the

lessees shall gather, on a confidential basis, the signatures of

a majority of the lessees within the community who shall be

notified of the cost involved in seeking binding arbitration

under this section and agree to bear the appropriate costs.

(ii) After gathering the signatures of a majority of the

lessees, a written petition shall be submitted to the Bureau of

Consumer Protection in the Office of Attorney General that

includes the name of the person who will act as the

representative of the lessees and a statement that they dispute

the proposed lot rent increase.

(iii) The Bureau of Consumer Protection shall, upon receipt

of the written petition, contact the manufactured home community

owner informing him of the petition and requesting that the

community owner supply a complete list of all lessees within the

manufactured home community to verify that the petition

represents a majority of the lessees.

(iv) If the community owner fails to comply with the request

within 14 days of the receipt of the notice, the petition shall

be deemed valid and the community owner and representative of

the lessees shall be notified.

(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) (1) 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 (2) The arbitrator may perform an analysis as to the

26 manufactured home community owner's need for a rent increase and

27 services provided to the park. The analysis shall be performed

28 for a period of not less than three years prior to the

29 application for rental increase. Any debt service incurred using

30 the manufactured community as collateral or other security for

1 investment, enterprises, businesses or similar ventures separate

2 and apart from the manufactured home community may not be

3 included in the analysis.

4   (i) The costs and expenses of the arbitrator shall be borne

5 equally by the manufactured home community owner and the

6 lessees.

7   (j) The rental increase shall not take effect until the

8 conclusion of the arbitration, pending its outcome.

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

10 of one of the following:

11   (1) Completion of the binding arbitration process.

12   (2) One hundred twenty days after provision of the written

13 notice required under this section.

14   (l) For the purposes of this section, the term "excessive

15 rent increase" shall mean an increase which is unreasonable

16 based on the manufactured home community owner's or operator's

17 total expenses, including debt service, taxes and a reasonable

18 return on the owner's investment or equity in the park, if the

19 debt service is directly related to acquisition of the

20 manufactured community, but excluding debt service used to or

21 otherwise employed for a purpose other than that which is

22 directly related to the acquisition or capital management of the

23 manufactured home community.

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