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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO MOTOR AND OTHER VEHICLES - MOBILE AND MANUFACTURED
HOME LOT RENTAL INCREASES

Introduced By: Representatives Edwards, Carson, and Price

Date Introduced: May 17, 2017

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 31-44.1-2 of the General Laws in Chapter 31-44.1 entitled "Mobile
2 and Manufactured Home Lot Rental Increases" is hereby amended to read as follows:

3 **31-44.1-2. Rent increases for mobile and manufactured home lots.**

4 (a) Any person who owns, operates, or maintains a mobile and manufactured home park
5 pursuant to the provisions of chapter 44 of this title shall give the mobile home owners of the park
6 sixty (60) days written notice prior to any lot rent increase going into effect. The written notice
7 shall set forth the current rent, the proposed rent, and the date upon which the increase shall take
8 effect.

9 (1) No rental increase pursuant to this section shall be in an amount greater than the
10 average annual increase of the Consumer Price Index For All Urban Consumers in the Rhode
11 Island area ("CPI-U") for the most recently available preceding thirty-six (36) month period
12 provided the owner or operator can demonstrate the increase is justified for the following
13 conditions:

14 (i) The owner or operator, during the preceding twelve (12) month period, has not been
15 found in violation of any provision of the general laws that threatens the health and safety of the
16 mobile home owners, visitors or guests, and that has persisted for more than fifteen (15) days,
17 beginning from the day the owner or operator received notice of such violation; and

18 (ii) The proposed rent increase is directly related to operating, maintaining or improving

1 the mobile and manufactured home park, and justified by one or more factors set forth in
2 subsection (a)(2) of this section.

3 (2) One or more of the following factors may justify the increase of rent in an amount
4 greater than the CPI-U:

5 (i) The completion and cost of any capital improvements or rehabilitation work in the
6 mobile and manufactured home park, as distinguished from ordinary repair, replacement and
7 maintenance;

8 (ii) Changes in property taxes or other taxes within the mobile and manufactured home
9 park;

10 (iii) Changes in utility charges within the mobile and manufactured home park;

11 (iv) Changes in insurance costs and financing associated with the mobile and
12 manufactured home park,

13 (v) Changes in reasonable operating and maintenance expenses relating to the mobile and
14 manufactured home park including, but not limited to, costs for water service, sewer service,
15 septic service, water disposal, trash collection and employees;

16 (vi) The need for repairs caused by circumstances other than ordinary wear and tear in the
17 mobile and manufactured home park.

18 (b) If a majority of the mobile home owners of the park believe that the rent increase is "
19 excessive" as defined in this section, they may request in writing from the American Arbitration
20 Association that binding arbitration take place between the park owner or operator and the mobile
21 home owners. The association will authenticate on a confidential basis the request and the
22 signatures of a majority of the park mobile home owners, who shall be made aware of the costs
23 involved in seeking binding arbitration under this section. For purposes of determining a majority
24 under this section, there shall be one vote per mobile home unit. The names of the mobile ~~home~~
25 home owners requesting the binding arbitration shall not be disclosed by the American
26 Arbitration Association to the park owner or operator. Upon authentication that a majority of the
27 owners are requesting mediation, the commission shall appoint an impartial and qualified
28 arbitrator, to arbitrate the dispute. The park owner or operator and the mobile home owners will
29 cooperate with the arbitrator in an effort to resolve their differences. The costs and expenses of
30 the arbitrator shall be borne equally by the park owner or operator and the mobile home owners.

31 (c) An "excessive" rent increase for purposes of this section is an increase which is is not
32 justified pursuant to the provisions of subsections (a)(1) and (a)(2) of this section. An owner or
33 operator shall not incorporate the cost of debt service employed for purposes other than that
34 which is directly related to the acquisition or capital management of the mobile and manufactured

1 home park, civil penalties, criminal fines, or litigation-related costs for rent-related proceedings
2 into rent charged under any circumstance. An owner or operator also shall not utilize as
3 justification for any future rental increase the cost of capital improvements or rehabilitation work,
4 once that cost has been fully recovered by rental increases that were incorporated into a prior
5 rental increase in excess of the CPI-U, where the prior rental increase was properly implemented
6 hereunder. unreasonable based on the park owner's or operator's total expenses, including debt
7 service and a reasonable return on the park owner's investment or equity in the park, provided,
8 that the debt service is directly related to acquisition of the mobile home park. Debt service used
9 to or otherwise employed for purposes other than that which is directly related to the acquisition
10 or capital management of the mobile home park shall be excluded. Further, the arbitrator shall
11 perform an analysis as to the mobile home park owner's need for rent increase and services
12 provided to the park. This analysis shall be performed for a period of not less than three (3) years
13 prior to the application for rental increase. Specifically excluded in any such analysis shall be any
14 debt service incurred using the mobile home park as collateral or other security for investment,
15 enterprises, businesses or similar ventures separate and apart from the mobile home park.

16 (d) The arbitrator will promptly hear the dispute and render a decision based on the "
17 excessive" rent increase standard as defined in this section. For purposes of determining a
18 reasonable return on the park owner's investment or equity, the arbitrator shall perform a risk
19 analysis and consider alternative and comparative investments. The costs of the arbitration shall
20 be borne by the losing party in the arbitration.

21 (e) No lot rent increase shall go into effect until the earlier of:
22 ~~(i)~~ (1) Completion of the binding arbitration process, or
23 ~~(ii)~~ (2) One hundred twenty (120) days after the written notice given under subsection (a)
24 of this section.

25 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO MOTOR AND OTHER VEHICLES - MOBILE AND MANUFACTURED
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1 This act would provide that an owner or operator of a mobile home park would not
2 increase rent in an amount greater than the average annual increase of the Consumer Price Index
3 for the preceding thirty-six (36) month period, unless the owner or operator can demonstrate that
4 such increase is justified under certain enumerated circumstances.

5 This act would take effect upon passage.

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