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DATE: April 11, 2001

**HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE
COUNCIL FOR SMARTER GOVERNMENT
ANALYSIS**

BILL #: CS/CS/HB 411
RELATING TO: Florida Mobile Home Act
SPONSOR(S): Council on Smarter Government, Committee on Judicial Oversight, Representative Kyle and others
TIED BILL(S): HB 1397

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) JUDICIAL OVERSIGHT YEAS 9 NAYS 0
 - (2) AGRICULTURE & CONSUMER AFFAIRS YEAS 8 NAYS 0
 - (3) COUNCIL FOR SMARTER GOVERNMENT YEAS 12 NAYS 0
 - (4)
 - (5)
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I. SUMMARY:

This bill amends various provisions of Chapter 723, F.S., regarding Mobile Home Park Lot Tenancies, as follows:

- Defines the term “proportionate share” used in the formula for calculating an allowable pass-through charge.
- Deletes the provisions requiring a mobile home park owner to pay moving expenses or to purchase the mobile homes of tenants who are being displaced due to a change in land use (a closing of the mobile home park).
- Provides for the creation of the Florida Mobile Home Relocation Corporation, which corporation will reimburse a mobile home owner up to \$10,000 for moving expenses incurred as a result of closing the mobile home park in which the mobile home owner resides.
- Requires the Department of Business and Professional Regulation to maintain copies of all mobile home park prospectuses, and amendments thereto, and to provide a copy upon request within ten days.
- Provides additional meeting and disclosure requirements related to proposed lot rental increases.

The fiscal impact on state government is unknown. This bill does not appear to have a fiscal impact on local government.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Florida Mobile Home Park Regulation – In General

The landlord-tenant relationship between a mobile home park owner and a mobile home owner in the mobile home park is a unique relationship. Because of the high cost of moving a mobile home, traditional landlord-tenant concepts are thought inapplicable. Chapter 723, F.S, governs the relationship between mobile home park owners and mobile home owners. Section 723.004(1), F.S, provides:

The Legislature finds that there are factors unique to the relationship between a mobile home owner and a mobile home park owner. Once occupancy has commenced, unique factors can affect the bargaining position of the parties and can affect the operation of market forces. Because of those unique factors, there exist inherently real and substantial differences in the relationship which distinguish it from other landlord-tenant relationships. The Legislature recognizes that mobile home owners have basic property and other rights which must be protected. The Legislature further recognizes that the mobile home park owner has a legitimate business interest in the operation of the mobile home park as part of the housing market and has basic property and other rights which must be protected. This chapter is created for the purpose of regulating the factors unique to the relationship between mobile home owners and mobile home park owners in the circumstances described herein. It recognizes that when such inequalities exist between mobile home owners and mobile home park owners as a result of such unique factors, regulation to protect those parties to the extent that they are affected by the inequalities, while preserving and protecting the rights of both parties, is required.

The Florida Supreme Court, in addressing mobile home park issues, states that

a hybrid type of property relationship exists between the mobile home owner and the park owner and that the relationship is not simply one of landowner and tenant. Each has basic property rights which must reciprocally accommodate and harmonize. Separate and distinct mobile home laws are necessary to define the relationships and protect the interests of the persons involved.

Stewart v. Green, 300 So.2d 889, 892 (Fla. 1974).

A mobile home park of 9 or fewer lots is not regulated by Chapter 723, F.S. In fiscal year 1998-1999, there were 315,991 mobile home lots in regulated mobile home parks in Florida.¹

C. EFFECT OF PROPOSED CHANGES:

See "Section-by-Section Analysis".

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 723.003, F.S., regarding definitions applicable to Chapter 723, F.S.

Present Situation: A rental agreement must fully disclose to a mobile home owner all costs and fees to be charged to the mobile home owner in order for those costs and fees to be allowed. However, the amount of pass-through charges need not be disclosed,² although the manner in which pass-through charges will be assessed, if charged, must be disclosed.³ When notifying tenants of a rent increase, the amount of any pass-through charge must be separately shown in the notice.⁴

Section 723.003(10), F.S., defines a "pass-through charge" as "the mobile home owner's proportionate share of the necessary and actual direct costs and impact or hookup fees for a governmentally mandated capital improvement, which may include the necessary and actual direct costs and impact or hookup fees incurred for capital improvements required for public or private regulated utilities."

A governmentally mandated capital improvement is often for water or sewer hookups. If the costs for capital improvements for a water or sewer system are charged to or passed through to mobile home owners, or if such expenses are required of mobile home owners in a mobile home park owned all or in part by the residents, any such charge exceeding \$200 per mobile home owner may, at the option of the mobile home owner, be paid in full within 60 days from the notification of the assessment, or amortized with interest over the same duration and at the same rate as allowed for a single-family home under the local government ordinance. If no amortization is provided for a single house, then the period of amortization by the municipality, county, or special district cannot be not less than 8 years. The amortization requirement is binding upon any municipality, county, or special district serving the mobile home park.⁵

Effect of Proposed Changes: This bill adds a definition of "proportionate share" applicable to the formula for pass-through charges. The term "proportionate share" means an amount calculated by dividing equally among the affected developed lots in the park the total costs for the necessary and actual direct costs and impact or hookup fees incurred for governmentally mandated capital improvements serving the recreational and common areas and all affected developed lots in the park.

Section 2. Amends s. 723.011, F.S., regarding disclosure prior to rental of a mobile home lot.

¹ Information provided by the Department of Business and Professional Regulation, February 29, 2000.

² Section 723.031(6), F.S.

³ Section 723.031(5)(b), F.S.

⁴ Section 723.037, F.S. The Bureau of Mobile Homes has promulgated a specific form for notice to tenants of a rent increase due to a pass-through charge. DBPR Form MH 6000-11.

⁵ Section 723.046, F.S.

Present Situation: Section 723.011, F.S., provides that a mobile home park owner owning 26 or more lots in a mobile home park must provide a prospectus to prospective tenants. The terms of a prospectus must be approved by DBPR before dissemination of the prospectus. Section 723.012, F.S., provides for the required contents of a prospectus.

In August 1999, the Mobile Home Interagency Panel was formed by Cynthia Henderson, then-Secretary of the Department of Business and Professional Regulation (DBPR) in response to petitions sent to Governor Jeb Bush. The Panel met three times and submitted a report containing recommendations to the Legislature, including:

- Requiring park owners to honor the right of mobile home purchasers to rely on the prospectus delivered to the initial recipient, as the park owners are not complying with the same requirement as currently set forth in s. 723.059(3), F.S.
- Requiring that a disclosure be made in the prospectus to indicate how lot rent will increase.
- Requiring park owners and DBPR to keep a copy of each prospectus.

Effect of Proposed Changes: A prospectus is not “approved”, it is “found adequate”. The Department of Business and Professional Regulation must maintain copies of each prospectus and all amendments to each prospectus which have been found adequate; and must provide copies of documents requested in writing within ten days after the written request is received. Also, grammar and style changes are made.

Section 3. Amends s. 723.012, F.S., regarding the required contents of a prospectus.

Present Situation: Section 723.012, F.S., provides for the required contents of a prospectus. The prospectus must contain certain information, including a description of the mobile home park and its owner, a description of the recreational and other common facilities to be used by the mobile home owners, the arrangements for management of the park and maintenance and operation of the park property, a description of all improvements which are required to be installed by the mobile home owner, a description of the manner in which utility and other services will be provided to the home owners, an explanation of the manner in which rents and other charges will be raised, the manner in which tenants will be assessed pass-through charges, user fees that may be charged, and a description of the zoning of the park property. The first paragraph on the front page of the prospectus must contain, in conspicuous type, the following statement: THIS PROSPECTUS (OFFERING CIRCULAR) CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN LEASING A MOBILE HOME LOT.

Effect of Proposed Changes: Replaces the first required disclosure that must be on the front page of a prospectus, in conspicuous type, to read:

THIS PROSPECTUS CONTAINS VERY IMPORTANT INFORMATION
REGARDING YOUR LEGAL RIGHTS AND YOUR FINANCIAL
OBLIGATIONS IN LEASING A MOBILE HOME LOT. MAKE SURE THAT
YOU READ THE ENTIRE DOCUMENT AND SEEK LEGAL ADVICE IF YOU
HAVE ANY QUESTIONS REGARDING THE INFORMATION SET FORTH IN
THIS DOCUMENT.

Section 4. Amends s. 723.037, F.S., regarding lot rental increases.

Present Situation: Section 723.037, F.S., provides for procedures and standards applicable to lot rental increases proposed by a mobile home park owner. Section 723.037(4), F.S., provides that, upon notice of a proposed rental increase, a committee, not to exceed five in number, designated by a majority of the affected mobile home owners or by the board of directors of the homeowners' association, if applicable, and the park owner must meet, at a mutually convenient time and place within 30 days after receipt by the homeowners of the notice of change, to discuss the reasons for the increase in lot rental amount, reduction in services or utilities, or change in rules and regulations.

At the meeting, the park owner or subdivision developer must in good faith disclose and explain all material factors resulting in the decision to increase the lot rental amount, reduce services or utilities, or change rules and regulations, including how those factors justify the specific change proposed. The park owner or subdivision developer may not limit the discussion of the reasons for the change to generalities only, such as, but not limited to, increases in operational costs, changes in economic conditions, or rents charged by comparable mobile home parks. For example, if the reason for an increase in lot rental amount is an increase in operational costs, the park owner must disclose the item or items which have increased, the amount of the increase, any similar item or items which have decreased, and the amount of the decrease. If an increase is based upon the lot rental amount charged by comparable mobile home parks, the park owner must disclose the name, address, lot rental amount, and any other relevant factors concerning the mobile home parks relied upon by the park owner. The park owner must prepare a written summary of the material factors and retain a copy for three years. The park owner must provide the committee a copy of the summary at the meeting.

Effect of Proposed Changes: Amends s. 723.037(4), F.S., regarding lot rental meetings. If a rent increase is based upon the lot rental amount charged by comparable mobile home parks, the park owner must disclose *in writing at or prior to the meeting* the name, address, lot rental amount, and any other relevant factors concerning the comparable mobile home parks relied upon by the park owner.

Additionally, if the committee disagrees with a park owner's lot rental amount increase based upon comparable mobile home parks, the committee must in turn disclose to the park owner the name, address, lot rental amount, and any other relevant factors relied upon by the committee such as, facilities, services, and amenities concerning the comparable mobile home parks. The committee must provide to the park owner the disclosure, in writing, within 15 days after the meeting with the park owner, together with a request for a second meeting. The committee and the park owner may mutually agree, in writing, to extend or continue any required meeting. Either party may prepare and use additional information to support their position during or subsequent to a meeting.

Section 5. Amends s. 723.061, F.S., regarding eviction of a mobile home park tenant.

Present Situation: Section 723.061(1)(d), F.S., provides that a mobile home park owner may evict a tenant upon a change in use of the land compromising the mobile home park, or a change in the portion upon which the tenant resides. The tenant must be given a minimum of one year's notice. Section 723.061(2), F.S., provides that, in certain circumstances, a mobile home park owner seeking eviction on grounds of a change in land use may be compelled to pay moving costs or to purchase a tenant-owned mobile home, the purchase price being determined by a formula.

One district court of appeal has found the requirement that a mobile home park owner purchase tenant mobile homes on a change in land use, as required by s. 723.061(2), F.S., to be "an unconstitutional taking of property without compensation." *Aspen-Tarpon Springs Ltd. Partnership v. Stuart*, 635 So.2d 61, 67 (Fla. 1st DCA 1994).

Effect of Proposed Changes: Shortens the notice time on an eviction for change in land use from one year to six months; prohibits a park owner from giving a notice of increase in lot rental amount 90 days before giving notice of a change in land use; and deletes at s. 723.061(2), F.S., the requirement that a mobile home park owner pay a tenant displaced by a change in land use either moving expenses or the value of the mobile home.

Section 6. Creates s. 723.0611, regarding the Florida Mobile Home Relocation Corporation.

Effect of Proposed Changes: This bill creates s. 723.0611, regarding the Florida Mobile Home Relocation Corporation. The corporation is administered by a board of directors made up of six members, three members appointed by the Secretary of Business and Professional Regulation from a list of nominees submitted by the largest nonprofit association representing mobile home owners in this state, and three members appointed by the Secretary of Business and Professional Regulation from a list of nominees submitted by the largest nonprofit association representing the manufactured housing industry in this state. All board members, including the chair, are appointed to serve for staggered 3-year terms.

The board of directors may employ or retain such persons as are necessary to perform the administrative and financial transactions and responsibilities of the corporation and to perform other necessary and proper functions not prohibited by law. Board members may be reimbursed from moneys of the corporation for actual and necessary expenses incurred by them as members, but may not otherwise be compensated for their services. There shall be no liability on the part of, and no cause of action of any nature shall arise against, agents or employees of the corporation, members of the board of directors of the corporation, or the representatives of the Division of Florida Land Sales, Condominiums, and Mobile Homes, for any act or omission taken by board of directors in the performance of their powers and duties, unless such act or omission by such person is in intentional disregard of the rights of a claimant. Meetings of the board are subject to s. 286.011. The board of directors must adopt a plan of operation and articles, bylaws, and operating rules; and establish procedures under which applicants for payments from the corporation may have grievances reviewed by an impartial body and reported to the board. The corporation may sue or be sued; borrow from private finance sources in order to meet the demands of the relocation program established in s. 723.0612 (created by this bill).

Section 7. Creates s. 723.0612, regarding change in land use, relocation expenses, and payments by a park owner.

Effect of Proposed Changes: This bill creates s. 723.0612 regarding change in land use, relocation expenses, and payments by a park owner. This new section provides that, if a mobile home owner is required to move due to a change in land use, and the mobile home owner meets certain conditions, the mobile home owner is entitled to payment from the Florida Mobile Home Relocation Corporation, the amount of actual moving expenses of relocating the mobile home to a new location within a 50-mile radius of the vacated park, or the amount of \$5,000 for a single-section mobile home, or \$10,000 for a multisection home, whichever is less. Moving expenses are defined to include the cost of taking down, moving, and setting up the mobile home in a new location.

A homeowner is not entitled to compensation if the park owner moves the homeowner to another space in the mobile home park or to another mobile home park at the park owner's expense; the homeowner gave notice of vacating the premises before the change in use notice was given; or a homeowner abandons the mobile home.

In order to obtain payment from the corporation, the homeowner must submit to the Florida Mobile Home Relocation Corporation, and to the mobile home park owner, an application for payment which includes a copy of the notice of eviction due to change in land use and a contract with a moving or towing contractor for the moving expenses for the mobile home. The corporation must approve payment from the fund within 15 days after receipt of the information or payment is deemed approved. A copy of the approval must be forwarded to the mobile home park owner with an invoice for payment (companion HB 1397, the trust fund bill, provides for payment by a park owner to the corporation for every payment to a homeowner). Upon approval, the corporation issues a voucher in the amount of the contract price for relocating the mobile home, which the moving company may redeem upon completion of the move.

Actions by the corporation are not subject to the provisions of chapter 120, but are reviewable only by writ of certiorari in the circuit court in the county in which the claimant resides in the manner within the time provided by the Florida Rules of Appellate Procedure. These provisions do not apply to any proceeding in eminent domain under chapter 73 or chapter 74.

In lieu of collecting a moving expense payment from the corporation, a homeowner may elect to abandon the mobile home in the mobile home park and collect an amount equal to one-fourth of the maximum allowable moving expenses from the corporation. Upon election, the homeowner must deliver to the park owner the current title to the mobile home duly endorsed by the owner of record together with valid releases of all liens shown on the title. If the homeowner chooses this option, the park owner must make payment to the corporation in an amount equal to one-fourth of the maximum allowable moving expenses.

The corporation is not liable to any person for recovery if the corporation does not have the money necessary to pay the amounts claimed. If the corporation does not have sufficient assets to pay the claimant, it must keep a record of the time and date of its determination for payment to a claimant. If money becomes available, the corporation must pay the claimant whose unpaid claim is the earliest by time and date of approval.

It is unlawful for any person or his or her agent to file any notice, statement, or other document required under these provisions which is false or contains any material misstatement of fact. Any person who violates this requirement commits a misdemeanor of the second degree, punishable as provided in s. 775.082, F.S., or s. 775.083, F.S.

Section 8. This section provides that the provisions of this bill regarding the Mobile Home Relocation Corporation will not impair the contract providing for the method of purchase of the mobile homes where the contracts for purchase were entered into between the mobile home park owner and the mobile home owners prior to the effective date of this act and the notices of eviction are appropriately provided as required by chapter 723.

Section 9. Provides an effective date of July 1, 2001.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

This bill perhaps increases necessary expenditures of the Department of Business and Professional Regulation related to regulation of mobile home parks, but the department has not provided fiscal information on whether this bill has a fiscal impact, or how much that fiscal impact might be.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill creates a fund that will assist mobile home owners with their moving expenses when they are forced to move due to the closure of the mobile home park from which they are renting a mobile home lot.

D. FISCAL COMMENTS:

CS/HB 1397, a companion trust fund bill, will add a \$2 per year surcharge to the annual tag fee paid by a mobile home owner, which surcharge will be deposited into the Florida Mobile Home Relocation Trust Fund. CS/HB 1397 also adds a \$1 per year surcharge to the annual per-lot fee paid by a regulated mobile home owner. Additionally, mobile home park owners will be required to pay up to \$2,500 for each mobile home that they evict because of a change in land use. Combined, these charges will generate over \$1 million a year from which to pay relocation assistance to mobile home owners displaced by closing mobile home parks.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

This bill is a compromise work product agreed to by the interested groups.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 15, 2001, the Committee on Judicial Oversight adopted a proposed committee substitute for the bill. The committee substitute is substantially different from the bill as filed. The committee substitute adds to the bill the creation of the Florida Mobile Home Relocation Trust Fund provisions, and adds to the bill the deletion from ch. 723, F.S., of provisions that require a park owner to purchase tenant mobile homes when a park is closed. The committee substitute also changes the disclosure form for prospectuses. The committee substitute eliminates from the bill the "Mobile Home Owners' Bill of Rights", removes the required additional duties of the division, eliminates additional required disclosures, eliminates the additional allowed penalty, eliminates the provisions requiring specific maintenance by a park owner, eliminates specific injunction procedures, eliminates the creation of a first right of refusal in mobile home owners, eliminates the change in quorum requirements for mobile home owners' associations, and eliminates the provision that would allow a person licensed under ch. 475, F.S., to act as a mobile home broker.

On March 28, 2001, the Committee on Agriculture and Consumer Affairs adopted a "remove everything after the enacting clause" amendment conforming the bill to the Senate companion bill (CS/CS/SB 442). The amendment deletes requirements for a surcharge to the annual per lot fee paid by park owners to the Division of Florida Land Sales, Condominiums, and Mobile Homes, and also deletes language regarding the Florida Mobile Home Relocation Trust Fund (which language is simply moved to the companion trust fund bill HB 1397).

On April 4, 2001, the Council on Smarter Government adopted one amendment to the traveling amendment to provide that only sections 6 and 7 of the bill are not applicable to pending contracts to purchase mobile homes. The bill was then reported favorably as a council substitute.

VII. SIGNATURES:

COMMITTEE ON AGRICULTURE & CONSUMER AFFAIRS:

Prepared by:

Staff Director:

Nathan L. Bond, J.D.

Lynne Overton, J.D.

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AS REVISED BY THE COMMITTEE ON AGRICULTURE & CONSUMER AFFAIRS:

Prepared by:

Staff Director:

Susan D. Reese

Susan D. Reese

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