

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** S.F. 1196

**DATE:** May 17, 2007

**Version:** Third engrossment

**Authors:** Kranz

**Subject:** Manufactured home relocation trust

**Analyst:** Jeanne LeFevre

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### Overview

This bill establishes a manufactured housing relocation trust fund as a mechanism for compensating manufactured homeowners who rent lots in manufactured home parks in the event of closure or conversion of parks. The trust fund would be funded with required annual \$12 payments from park residents and one-time payments by park owners in the event of closure or conversion of their park.

#### Section

- 1** **Park closure statement.** Requires a specific notice of residents' right to compensation to be included in the closure statement required when a manufactured home park is to be closed or converted to another use.
- 2** **Hearing procedures.** Amends the current law that requires a public hearing to be held by a municipality when a manufactured home park is planned to be closed or relocated. Under current law, the municipality reviews the closure statement and is authorized to require a payment by the park owner to the displaced persons for reasonable location costs, essentially completely at the discretion of the municipality. With this change, soon to be displaced residents must be informed they may be eligible for payments from the Minnesota manufactured home relocation trust fund that is created in section 8 of the bill. Park owners or a purchaser would be exempt from the requirement of paying additional compensation as they could be under the current law. This section also requires that at the public hearing the municipality must appoint a third-party neutral be agreed upon by the home park owner and the home owners whose fee would be paid from the trust fund and who would act as a paymaster and arbitrator with decision-making authority to resolve any questions or

## Section

disputes relating to the trust payments. If the parties cannot agree on a third party the city would make the determination.

- 3 **Required payments.** This section requires manufactured home park owners to make payments to the Minnesota manufactured home relocation trust fund if any home owners are required to move do conversion or closure of a park. The payments are to be the lesser of the actual cost of moving or purchasing the manufactured home or \$3,250 for a single section or \$6,000 for a multi-section home. This section also requires \$12 annual payments to the trust fund from all owners of manufactured homes who rent lots in manufactured home parks.
- 4 **Compensation to homeowners.** Provides that owners of manufactured homes who are forced to relocate due to closure or conversion of manufactured home parks are entitled to compensation from the trust fund of actual costs of relocation up to \$4,000 for a single section and \$8,000 for a multi-section home. Specifies required contents of application for compensation. Specifies method of payment of relocation costs. Provides that if relocation is not possible, the homeowner may receive the appraised value of the home (up to \$5,000 for a single section and \$9,000 for a multi-section) in exchange for transferring title to the home to the park owner. If a local ordinance in effect as of the effective date of this section would have provided greater compensation, the trust fund must pay the greater amount.
- 5 **Limit on park owner contribution.** Provides that the total amount due to the trust fund from a park owner may not exceed 20% of the sale price of the park (or, if not sold, the assessed value). This percentage is reduced for sales of parks for \$500,000 or less.
- 6 **Preemption.** Provides that the regulatory process in this bill would supercede a city, county or township ordinance currently in law. Local governments would also be prohibited from adopting an ordinance that would require more compensation by the manufactured home park owner or its purchaser than what is provided for in this bill. The one exception would be in section 4, paragraph (f), in which a manufactured home owner who would have been entitled to compensation under one of the twenty-one existing local ordinances in effect would be entitled to that amount if higher than that provided for in this bill. The Minnesota Housing Finance Agency would be required to make the determination as to whether or not the homeowner would be compensated in a greater amount under an existing local ordinance, and if so, that amount would apply.
- 7 **Powers.** Adds expenditures from the manufactured housing relocation trust fund to the authority of the Minnesota Housing Finance Agency.
- 8 **Trust fund established.** Establishes the Minnesota Manufactured Housing Relocation Trust Fund.
- 9 **Advancing funds.** Authorizes the MHFA to advance funds from state appropriations or other resources to the trust fund with subsequent reimbursement by the trust fund for any advances made. This authority sunsets on June 30, 2009.
- 10 **Expirations.** Provides that the requirement of \$12 annual payment from homeowners expires on December 31, 2008. Provides that Minnesota Statutes section 327C.095, subdivision 16, paragraph (a), expires on June 30, 2009.
- 11 **Effective date.**