

**SUBJECT:** Regulating property lease agreements of manufactured homeowner tenants

**COMMITTEE:** Business and Industry — committee substitute recommended

**VOTE:** 7 ayes — Brimer, Dukes, Elkins, George, Giddings, Solomons, Woolley  
0 nays  
2 absent — Corte, J. Davis

**WITNESSES:** For — E. Robert Bossé and Charles Hopper, Recreational Vehicle/Mobile Home Owners Association of the Valley; Janee Briesemeister, Consumers Union; Fred Fuchs; Bruce Rodenborn, Austin Tenants' Council  
  
Against — Charles J. Forster; Dean Gulley, Corpus Christi Mobile Home and RV Park Association; Vivian Jackson; Sidney E. Lanier; Jan Patterson; Joanna Rihtarchik; Sam Russell, Texas Manufactured Housing Association

**BACKGROUND:** Property Code, Title 8 governs landlord-tenant relations. Chapter 92 applies generally to residential tenants leasing their dwellings. The Texas Department of Housing and Community Affairs (TDHCA) regulates the manufacture and installation of manufactured homes but not site rental.

**DIGEST:** CSHB 557 would add provisions governing landlord-tenant agreements between owner/operators of manufactured-home communities and parks and manufactured-home and recreational vehicle (RV) owners who leased their lots. The bill would incorporate many of the provisions in Chapter 92. It would cover areas including right of entry; tenant meetings; community rules; notice; lease agreements; security deposits; premises condition, maintenance, and repairs; termination, eviction, and foreclosure; sale of the community; prohibited acts; and remedies.  
  
Landlords would have to offer initial lease agreements that included a six-month term unless the landlord and tenant agreed otherwise. Written leases would be required. Tenants would have to disclose to landlords any holders of liens outstanding on their homes. Community rules would be a legally binding part of lease agreements, but could not be arbitrary or capricious.

Rules would have to be provided to tenants in writing along with leases. Rule violations could be considered grounds for terminating a lease. Rule changes could not be made sooner than 30 days from tenants' receipt of the proposed new rules or changes. A 90-day notice period would be required if proposed new rules or changes would require tenant expenditures exceeding \$25.

Homeowners would have to pay costs of home repairs. They could not deduct these costs from rent for landlords' failure to make prompt repairs. Repairs could not affect the homes' foundations or the load-bearing capacity of lots. Landlords would have to allow access to lots when performing repairs and would have to maintain and repair any utilities, infrastructure, and improvements they installed.

Landlords would have to provide at least 60 days' notice of intent not to renew leases and would have to disclose the 60-day notice period when leases were signed. Tenants could be evicted only for cause. Tenants current on rent payments could not be evicted sooner than 30 days for violating lease terms or rules. Landlords could remove the homes of tenants in violation of leases or rules more quickly if the tenants were delinquent on rent payments. Landlords wishing to remove tenants sooner than 60 days for reasons other than nonrenewal of leases could do so if they paid the tenants' moving expenses.

Landlords would have to give tenants at least 120 days' notice of any proposed changes in land use affecting the community or park, such as sale or conversion to another purpose, that would require eviction or relocation. Tenants would have to bear all moving expenses.

Landlords would have to give written approval of sales of homes that would remain rented on lots in their communities after sale. Landlords could not charge fees or commissions to tenants selling their homes without written agreements to that effect. Landlords could not require tenants to contract with them to act as agents or brokers in the sale of tenants' homes.

The bill would take effect April 1, 2002, and would apply only to lease agreements made on or after that date.

**SUPPORTERS  
SAY:**

CSHB 557 would protect tenants' rights and provide them recourse while preserving landlords' ability to conduct business and control their property. It would make much-needed allowances for the unique characteristics of living in manufactured housing. The bill would create a new chapter that largely mirrors existing landlord-tenant law, which is strictly voluntary for landlords now to the extent that it applies to manufactured housing tenants.

Texas is one of the nation's largest markets for manufactured homes. More than 256,000 homes sit on leased lots in about 1,300 parks and communities, according to Consumers Union. Texas has the third largest number of such communities and leads the nation in manufactured home purchases. One of every three new homes bought in Texas annually are manufactured. Homes built since 1976 must meet strict federal standards, so both quality and price have increased, making a manufactured home a significant yet affordable investment.

Many manufactured-home dwellers own or are buying their homes while renting the lots on which they are located. Moving these homes can cost several thousand dollars, be time-consuming, and require diligent searching for vacant space.

Existing homeowner and landlord-tenant laws do not cover this hybrid situation. They apply either to owners of both the homes and lots or to renters of both the homes and lots. Because the law does not address them directly, manufactured-home owners who rent their lots are uniquely vulnerable to rent hikes, terminations or evictions without notice or cause, and other unfair housing practices.

CSHB 557's six-month lease requirement, with termination only for cause, would be a reasonable compromise given the expense and effort required to move a manufactured home. At least 13 states require an optional one-year written lease, and laws in 20 states give tenants a year's notice of closures. These tenants need the extra time and money to relocate that monthly lease agreements do not provide. This also explains the need for longer notice periods for nonrenewal or eviction.

This bill would provide common-sense procedures that all interested parties have agreed they can live with.

OPPONENTS  
SAY:

CSHB 557 would interfere too much with landlords' ability to conduct business. For example, month-to-month leases give landlords leverage to protect their property from damage and to remove troublemakers who threaten the peace of other residents. Two months' notice for eviction would hurt landlords financially in trying to keep their parks both full and safe.

The bill would not do enough to help landlords deal with homes abandoned for nonpayment of rent, mortgage, or taxes.

OTHER  
OPPONENTS  
SAY:

CSHB 557 would not go far enough to protect tenants' rights. It should include longer lease terms and notice provisions.

NOTES:

Rep. Dukes intends to offer a floor amendment that would add guidelines for dealing with casualty losses; allow eviction for cumulative delinquent fees; include municipalities in definitions of political subdivisions; require notification of lienholders and owners other than tenants of default judgments; and make nonsubstantive technical changes.

HB 557 as filed did not include recreational vehicles in the definition of manufactured homes. It would have required notice for rules costing any amount for compliance. It would not have required separate disclosure of tenants' rights and community rules. The filed version would have required an initial lease term of 12 months, but not tenant disclosure of lienholders. It would have allowed automatic lease renewal.

The committee substitute added provisions from Chapter 92 on security deposits. It would change landlords' maintenance and repair obligations and specify provisions on tenants' remedies. It would increase recoverable damages for tenants' early lease termination, modify eviction procedures, and shorten the land-use-change notice period. The filed version would not have required landlord approval of home purchasers who would continue to rent from the landlord. The substitute would include provisions on nonretaliation and invalid complaints and would change the bill's effective date from September 1, 2002, to April 1, 2002.

A similar bill in the 76th Legislature, HB 2015 by Dukes, et al., died in the House Calendars Committee.