
OLR Bill Analysis

sSB 988

AN ACT CONCERNING THE PURCHASE OF A MOBILE MANUFACTURED HOME PARK BY ITS RESIDENTS.

SUMMARY

This bill expands the types of transactions for which a mobile manufactured home park owner must give the park's residents notice and an opportunity to purchase the park before completing the transaction. With certain exceptions, the bill expands this requirement to include all sales, leases, or transfers to another person. Current law's requirement applies only when the owner intends to discontinue its use as a mobile home park or sell it to a person who intends to do so. The bill excepts specified types of transactions from these requirements, including those where the other party is a family member of the owner.

The bill also expands the park owner's notice requirements for a proposed transaction to include three separate notices to the park's residents as well as notice to certain state entities. It moves up the deadline for a resident association to notify the park's owner that it is interested in purchasing the park.

The bill also allows associations to assign purchase rights to the municipality where the park is located, the area housing authority, a state agency, or a nonprofit organization to continue using the property as a mobile home park. It exempts park owners from state conveyance tax if they sell the park to its residents, as long as the (1) entity buying the park is owned by at least 25% of the park's residents or by an 501(c)(3) nonprofit organization and (2) sale terms require the guaranteed maintenance of the property as a mobile manufactured home park.

The bill specifies that its requirements apply separately to each substantially different purchase or sale offer. Lastly, it repeals obsolete

language.

EFFECTIVE DATE: October 1, 2023

NOTICE

The bill expands the types of transactions for which a park owner must give notice to generally include all sales, leases, and transfers of the land used as the park. Current law requires notice only when (1) an owner intends to discontinue its use as a mobile home park or sell it to a person who intends do the same and (2) a person applies to appear before a municipal, state, or federal agency to change a mobile home park's land use.

Current law requires applicants for a land use change and park owners to give the required notice by first-class mail or personal delivery. The bill instead requires the applicant or owner to provide notice by both methods and specifies that the first-class mail must have tracking. It also requires the applicant or owner to provide notice by certified mail, return receipt requested.

Current law requires that the notice be provided at least 120 days before discontinuing the park's use as a mobile home park. Under the bill, it must be provided at least 120 days before this occurs or 120 days before the proposed closing upon its sale, whichever is earlier. By law, unchanged by the bill, applicants for a land use change must provide notices within seven days after the filing.

Under current law, the required notice must be given to (1) affected residents, in the case of applications for a land use change, and (2) residents and any residents' association that has made a written request for notice, in the case of discontinuance of use as a park. Under the bill, notice for all covered transactions and applications must be given to affected residents and any residents' associations that request it. The bill also requires an applicant or owner to send or deliver a copy of the notice to the departments of Consumer Protection and Housing (DOH) and the Connecticut Housing Finance Authority (CHFA).

The bill also requires that the notice of any sale, lease, or transfer

include a statement of the residents' rights to purchase the park and the deadlines for doing so (see below). If the notice is based on a sale, it must include the price, terms, and conditions and a copy of the signed written contract or offer.

The bill allows park owners to accept a sale, lease, or transfer offer before providing the notice as long as it is conditioned on giving the residents the required notice and opportunity to purchase.

PURCHASE

Notice of Intent

Existing law gives residents associations 365 days to purchase the park starting when notice is given of a covered transaction. The bill moves up, from 120 days after providing the required notice to 90 days after the notice, the deadline by which an association must notify the owner that it is interested in purchasing the park.

The bill also potentially reduces the number of members needed to form an eligible association. Under current law, an association must represent at least 25% of the park's units in order to be eligible to purchase the park. Under the bill, it must represent at least 25% of the units that are owner-occupied or occupied by one or more of the unit owner's family members.

Existing law requires DOH to assist the association with developing financing. The bill also requires CHFA to do this.

Negotiation

Under existing law, the residents' association may purchase the park (1) through negotiation or (2) at a price that matches an existing offer or is set by an appraiser (see below). The bill explicitly allows the association, within the 90-day timeframe by which it must notify the owner of its intent to purchase the park, to instead make a purchase offer. It requires the owner to consider the association's offer and negotiate in good faith. Under the bill, an association that makes an offer in the 90-day timeframe has 365 days from the date of the initial notice by the owner to close on the sale.

No Price Agreement

Under current law, if the association and owner cannot agree on a price the association may purchase the property by matching the essential provisions of any existing bona fide offer. The bill allows the owner to require that the association pay 102% of the purchase price in the existing offer.

Existing law also allows the association, if there is no offer, to purchase the park at a price established by an appraiser chosen by the association and owner. The bill explicitly requires the owner to offer to sell the park at the appraiser-determined price. It also prohibits owners from unreasonably refusing to enter, or unreasonably delaying, a purchase and sale agreement with an association that makes a bona fide offer to meet the price and substantially equivalent terms of an offer for which notice must be given.

Exceptions

Under the bill, the mobile home park sales law does not apply to the following:

1. a sale, lease, or transfer (a) to a family member of the owner or a trust whose beneficiaries are the owner’s family members, (b) by a partnership to one or more of its partners, or (c) between joint tenants or tenants in common;
2. a transfer by gift, devise, or as required by operation of law;
3. conveying an interest in the park that is incidental to financing the park;
4. the lease of a lot to a person who will live in a mobile home on the lot; or
5. sale by eminent domain.

COMMITTEE ACTION

Housing Committee

Joint Favorable Substitute

Yea 10 Nay 5 (03/02/2023)