
OLR Bill Analysis

sSB 988 (File 194, as amended by Senate "A")*

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's requirements apply to all sales, leases, or transfers, other than those already covered by existing law. (Existing law, unchanged by the bill, applies when the owner intends to discontinue using the property as a mobile home park or sell it to a person who intends to do so, see BACKGROUND.) The bill excepts specified types of transactions from its requirements, including those where the other party is an immediate family member (i.e., a spouse, parent, grandparent, child, grandchild, or sibling) of the owner.

Generally, the bill's requirements are similar to those in existing law for changes of use, including granting the park's residents the right to purchase the park by matching the terms of an existing offer. However, the bill generally requires owners to provide more advance notice of a proposed transaction while giving residents less time to exercise their rights (generally, 180 days from receiving notice, rather than existing law's 365).

The bill also allows resident associations to assign purchase rights to the municipality where the park is located or to a housing authority in that municipality, a state agency, or a nonprofit organization to continue using the property as a mobile home park. It exempts park owners from state or municipal conveyance tax if they sell, lease, or transfer the park to its residents, as long as the (1) entity buying the park is owned by at least 50% of the park's residents or has been assigned purchase rights and (2) sale terms require the guaranteed maintenance of the property

as a mobile manufactured home park.

The bill specifies that its requirements (1) apply separately to each substantially different purchase or sale offer and (2) do not (other than the tax exemptions) apply to transactions governed by existing law (CGS § 21-70(f)).

*Senate Amendment "A" replaces the original bill (File 194) with substantially similar provisions. Among other things, the amendment (1) removes provisions in the original bill that (a) amended the existing law on mobile home park land use changes and (b) allowed resident associations to purchase the park at an appraiser-determined price if they could not reach an agreement with the park owner and (2) adds the provisions on multi-park and noncash transactions.

EFFECTIVE DATE: October 1, 2023

NOTICE

For any sale, lease, or transfer other than one governed by existing law's requirements (see above) the bill requires the owner to give each unit owner three forms of notice: first-class mail with tracking, certified mail with return receipt requested, and personal delivery. The notice must include statements advising the recipient about the intended transaction and the residents' rights to purchase the park and the deadlines for doing so (see below). For offers the owner has conditionally accepted or plans to accept, the notice must also include the offer's price, terms, and conditions. For contracts or offers the owner has executed, the notice must include a written copy.

The bill requires that the notice be provided at least (1) 60 days before a sale or lease occurring before October 1, 2025, and (2) 45 days before a sale or lease on or after that date.

The bill also requires the owner to simultaneously send a copy of the notice by first-class mail to the departments of Consumer Protection and Housing (DOH), the Connecticut Housing Finance Authority (CHFA), and any residents association that requests it. Additionally, if a unit owner has notified the park owner that he or she resides somewhere

besides the unit, then the park owner must send notice by first-class mail to the address provided.

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 Interest

The bill allows an association (including one formed after the park owner provides the above notice) representing more than 50% of the units that are owner-occupied, or occupied by one or more of the unit owner's immediate family members, to notify the park owner that the association is interested in purchasing the park. The association may do so within the later of (1) 60 days after the notice from the owner has been mailed or personally delivered (before October 1, 2025) or (2) 45 days after the mailing or delivery (on and after October 1, 2025). A copy of the association's notice of interest may be filed on the municipal land records.

Offers by Resident Associations

Under the bill, the association has 180 days from when the park owner mails or personally delivers (whichever is later) the notice of the proposed transaction to make the purchase and close the sale. For the first 90 days of this period, the bill allows the association, if it cannot agree with the owner on a purchase price, to purchase the property under the same price, terms, and conditions as an existing bona fide offer that the owner has accepted or intends to accept.

The bill 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 match the price, terms, and conditions of an offer for which notice must be given. Under the bill, if no executed sales agreement is filed on the municipal land records within the 90-day period, the right to purchase by matching an offer becomes void, and any notice of interest filed on the land records (see above) becomes void.

Under the bill, if the offer received by the owner involves selling more than one mobile home park or involves purchasing a controlling interest in the park by a stock transfer or other noncash instrument, and the association cannot match the offer, then it may submit a proposed purchase and sales agreement for the park in which the association is located. The association may do this within the 180-day timeframe established by the bill. The owner must consider the offer but is not required to sell to the association or delay completing a sale to another entity.

The bill requires DOH and CHFA to assist the association, upon its request, with developing financing. Under the bill, the park owner and residents have at all times a duty to act and bargain in good faith with each other.

Exceptions

The bill's requirements do not apply to the following:

1. a sale, lease, or transfer (a) to the park owner's immediate family member or a trust whose beneficiaries are the owner's immediate family members, (b) by a partnership or limited liability company to one or more of its partners or members, 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;
5. a transfer by a business entity to a subsidiary or affiliate;
6. sale by eminent domain; or
7. a park with fewer than 15 units.

The bill specifies that these exclusions do not carry over to a

subsequent resale, lease, or transfer unless the subsequent transaction independently meets one of the above criteria.

Conveyance Tax Exemption

The bill exempts park owners from state or municipal conveyance tax if they sell, lease, or transfer the park to its residents under the bill or existing law. The exemption applies if the (1) entity buying the park is owned by more than 50% of the park's residents or has been assigned purchase rights and (2) sale terms require the guaranteed maintenance of the property as a mobile manufactured home park.

Under the bill, the buyer is liable for the municipal portion of the conveyance tax and 50% of the state portion unless the buyer is otherwise exempt from the conveyance tax.

BACKGROUND

Existing Law on Mobile Home Park Land Use Changes

Existing law, unchanged by the bill, requires any person applying to appear before a municipal, state, or federal agency to change a mobile home park's land use to give the affected residents written notice within seven days after the filing. It also requires park owners to give written notice to the residents, and any residents' association that has made a written request for notice, if the owner intends to discontinue the land's use as a mobile home park or sell the land to a person who intends to discontinue the use. In each case, the notice must be by first-class mail or personal delivery.

The law also gives resident associations representing at least 25% of the park's units 365 days to purchase the park starting when notice is given of a covered transaction. The association may do so (1) through negotiation or (2) at a price that matches an existing offer or is set by an appraiser (CGS § 21-70(f)).

COMMITTEE ACTION

Housing Committee

Joint Favorable Substitute

Yea 10 Nay 5 (03/02/2023)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 47 Nay 4 (05/02/2023)