

**Department of Legislative Services**  
 Maryland General Assembly  
 2017 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 1005 (Senator Jennings)  
 Judicial Proceedings and Finance

**Real Property - Mobile Home Parks - Rent Increases**

This bill requires an owner of a mobile home park to provide specified written notice of any increase in the annual rent for a site to specified parties, including the Consumer Protection Division (CPD) within the Office of the Attorney General (OAG), at least 90 days before the increase goes into effect. The bill generally limits any increase in the annual rent to the increase in the consumer price index for all urban consumers (CPI-U), and it prohibits the price increase from incorporating specified costs. The rent increase may exceed the CPI-U increase only under specified circumstances; if so, the owner must meet additional notice requirements. The bill requires CPD to maintain information on any CPI-U increase on its website, and it authorizes CPD to require a park owner who increased a resident’s annual rent by an amount that exceeds the CPI-U increase without prior approval to immediately (1) reduce the rent to the rent amount in effect before the unauthorized increase and (2) refund to the affected resident any unauthorized collected rent with interest. The bill also specifies that the requirements and prohibitions do not apply to a resident-owned park.

**Fiscal Summary**

**State Effect:** Special fund expenditures increase by \$62,700 in FY 2018 for OAG to hire one full-time administrator to meet the bill’s requirements. Revenues are not affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	62,700	78,900	82,400	86,200	90,200
Net Effect	(\$62,700)	(\$78,900)	(\$82,400)	(\$86,200)	(\$90,200)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill is not anticipated to affect local government operations or finances.

**Small Business Effect:** Potential meaningful.

---

## **Analysis**

**Bill Summary:** “CPI-U increase” means the average annual increase in the consumer price index for all urban consumers, or any successor index, for the preceding 36-month period for the geographic region in which the mobile home park is located.

### *Notice Requirements*

An owner of a mobile home park must provide written notice of any increase in the annual rent for a site at least 90 days before the increase goes into effect. Written notice must be provided to (1) each resident affected by the increase; (2) any homeowners association (HOA) that has a member affected by the rent increase; and (3) CPD.

The notice must identify all affected residents by lot number, name, or group. If the notice does not identify affected residents by name, the park owner must make the names and addresses of the affected residents available on request to an affected resident, an HOA that has an affected resident as a member, or CPD.

### *Limitations on Rent Increases*

The increase in the annual rent for a site may exceed the increase in CPI-U only if (1) within the preceding 12-month period, the park owner has not been found to have violated any provision of the Maryland Mobile Home Parks Act of 1980 (Title 8A of the Real Property Article) in a manner that threatened the health or safety of any resident, visitor, or guest and that continued for 14 or more days after the day the park owner received notice of the violation and (2) the rent increase directly relates to the cost of operating, maintaining, or improving the park and is based on at least one of several factors specified in the bill.

An increase in annual rent may not (1) incorporate any costs associated with a civil penalty, criminal fine, or rent-related litigation or (2) be based on any cost of capital improvements or rehabilitation work that has been fully recovered through a previous rent increase.

### *Other Requirements for Rent Increases in Excess of CPI-U Increase*

If a proposed increase exceeds the CPI-U increase, the park owner must schedule at least one meeting with the affected residents and any HOA that has an affected resident on the reasons for the increase. The meeting must take place (1) on a day and at a time and place determined by the park owner, convenient to all parties, and approved by CPD and (2) within 30 days after the mailing of the required written notice.

At or before the meeting, the park owner must:

- provide a written description of all material factors used to determine the increase in the rent;
- if market rent is a material factor, provide the range, mean, and median of rental rates used and specify whether comparable rents were determined at arm's length, and the time relevance of the data; and
- make available financial and other relevant documents and information supporting the decision to increase the rent amount.

The park owner and an affected resident or applicable HOA may agree in writing to continue a meeting on a specified future date if approved by CPD. Within two business days after signing a written agreement to continue a meeting, the park owner must provide a copy of the signed agreement to CPD.

**Current Law:** State law does not specifically require mobile home park owners to provide 90-days' notice of a rent increase, nor are rent increases limited by a consumer price index. However, a park owner may only increase a fee, charge, or assessment charged for the use of the park or for services rendered if the park owner provides each resident a written notice of the increase at least 30 days before the effective date of the increased fee. If a park owner fails to notify a resident affected by the increase, the park owner may not collect the increased fee from the resident.

**Background:** In 2013, Delaware passed legislation limiting rent increases in mobile home parks and requiring specified notices be sent to affected individuals, similar to the bill's limitations and requirements. The Delaware legislation also included dispute resolution procedures authorizing the Delaware Manufactured Home Relocation Authority to appoint an arbitrator to conduct nonbinding arbitration proceedings.

CPD advises that it has received a total of 19 complaints involving mobile home parks in the last three years.

**State Expenditures:** Special fund expenditures for OAG increase by \$62,673 in fiscal 2018, which accounts for the bill's October 1, 2017 effective date. This estimate reflects the cost of hiring one administrator in CPD to receive, review, and track notices of rent increases, schedule meetings between park owners and residents, make referrals to enforcement where appropriate, and maintain the required web page. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. OAG advises that special funds from the Consumer Protection Recoveries Fund would be used to support the expenditures required by the bill.

Position	1
Regular Salary and Fringe Benefits	\$57,564
One-time Start-up Costs	4,640
Operating Expenses	469
<b>Total FY 2018 Special Fund Expenditures</b>	<b>\$62,673</b>

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

**Small Business Effect:** The bill's restrictions limit the circumstances under which a park owner may increase annual rent for a site and may require an owner to provide additional notices and arrange for meetings with affected individuals in line with the bill's requirements.

---

### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division);  
Department of Legislative Services

**Fiscal Note History:** First Reader - March 10, 2017  
mm/kdm

---

Analysis by: Nathan W. McCurdy

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510