

RIHRC BRIEFING PAPER

Office of Community Development & Technical Assistance

June. 2001

Mobile Homes Parks in Rhode Island

Introduction

Mobile homes (also known as Manufactured housing) represent an alternative affordable housing product to site-built homes. Mobile homes offer affordability to a range of families, young couples with limited savings, single-parent families, low-income families and retired persons looking for another homeownership option.

What is a mobile home park?

A mobile home park is a parcel of land, which contains, or is laid out or adapted to accommodate more than two mobile homes. In Rhode Island the size of mobile home parks range from a low of 8 to 382 units.

Where can I find the mobile home law?

The mobile home park law is found in Rhode Island General Law **31-44-16**. The Department of Business Regulation (DBR) has responsibility over leases, licensing, lot rent increases etc. Rent increases that are contested are not heard by DBR but referred to binding arbitration.

The Department of Environmental Management (DEM) has jurisdiction over permitting for septic systems in all existing parks. DEM also inspects mobile home parks for dumping of solid waste within the park.

Currently, there are no open complaints in Rhode Island for septic or solid waste violations.

The Department of Health has responsibility to survey mobile home parks' water systems every three years [**RIGL 31-44-1.8**]. The Office of Drinking Water Quality has responsibility over the public water systems in mobile home parks and surveys are done more frequently than every three years.

The Office of Drinking Water Quality has no outstanding complaints for mobile home parks in the state.

What Do We Have in Rhode Island

There are 46 licensed mobile home parks. These parks are found in 21 cities and towns. Rural and urban communities have mobile parks. Cities such as Cranston, Pawtucket and Warwick have mobile home parks as well as Burriville, Exeter, Richmond and West Greenwich. In many of these communities, mobile homes represent the majority of affordable housing units.

There are six mobile home parks that are resident-owned in the state. Each of these resident-owned parks were developed through the tenants association right of first refusal law when an owner intends to sell the mobile home park (RIGL 31-44-3.1).

What is the average lot rent charged?

Based on the lot rent data collected by the Rhode Island Department of Business regulation as of 2001, the average lot rent is \$256. The rent ranged from a low of \$150 to a high of \$340 per month.

According to the second annual Allen National Rent Review of Mobile Home parks, Rhode Island is ranked 13th out of the 41 states profiled in the survey. The site land lease rent average for the state is \$260. The survey was released in 1998.

What are the challenges?

In Rhode Island, our mobile home parks face a myriad of challenges including financing, zoning, land rents, education and the development of resident association.

The financing challenge is that in Rhode Island, mobile homes are financed as personal property. Therefore, mobile homeowners pay installment loans as opposed to a conventional mortgage loan. A mobile home resident interest rate for a loan ranges from 7% to 23%. The high cost of financing is not just a Rhode Island problem. Donald Bradley, a Freddie Mac economist noted, "except for lower incomes, the profile of manufactured home buyers seeking financing does not appear to differ greatly from site-built loan borrowers". Thus the challenge is not the characteristics of the borrower but in their choice of housing that provides an unequal financing option.

The financing problem is compounded by the lack of disclosure. The federal Real Estate Settlement Procedure Act (RESPA) does not govern personal property financing. While RESPA provides for full disclosures of fees and commissions in mortgage lending, this requirement is not part of mobile home sale, which makes tracking difficult and prohibits analysis of possible abusive lending practices.

Rhode Island has a zoning challenge for mobile homes. Currently, 23 communities do not permit mobile homes. Most of these communities have the largest inventory of mobile homes. Eight more communities have designated mobile homes as a "special use" and thus allow them only in certain districts in these communities. The other eight communities do not reference mobile homes in their housing/affordable housing zoning provisions.

Land rents in mobile home parks in the state are also problematic. Proposed increases in land rents, which are being contested by one resident association, are subject to rent arbitration. The problem identified by the Federation of Rhode Island Mobile Home Owners (FMHO) is that state law makes it difficult to challenge an increase. The law refers to "indefensible rent increase" as opposed to "unreasonable rent increase". FMHO has introduced legislation offering technical changes to the state law. In 2000, the State of Rhode Island received its first decision from the American Arbitration Association. The proposed rent increase of \$75 per month sought by the park owner was reduced to \$25.

Maintenance of mobile homes is also a challenge. Pending an analysis of the 2000 Census on the condition and age of mobile homes, it is estimated that 55% of mobile homes are more than 20 years old. This creates two serious issues. The first is replacement of existing, older mobile homes. How do we finance them and remove them? The second challenge is rehabilitation. While there are some communities using CDBG funds for home repair for mobile homes there is a need for more education and outreach. Also, given the incomes of some mobile homeowners, home repair grants are preferable to even low-interest loans.

Resident associations face challenges in capacity and technical assistance. While the Federation of Rhode Island Mobile Home Owners is a strong, statewide advocacy group, there are many parks that are not organized. The lack of having a resident association is critical given state law under the Right of First Refusal; the law allows only an incorporated resident group to exercise the option of purchasing their park. Consideration should be given to both public and private funding for capacity building and organizational development of resident groups in Rhode Island. For example, the Housing Resources Commission may want to fund a Guide to Your Rights as a Mobile Home Park Resident. The Vermont Department of Housing and Community Development funds their resident handbook.

There is a serious education challenge facing mobile homes. Rhode Island has not held any seminar or workshop on mobile home financing either for park owners, mobile home owners or in response to a resident acquisition of an exiting park. The last major educational event was held on September 14, 1995. The Federal Home Loan Bank of Boston sponsored the "Mobile Home and Mobile Home Park" workshop. Nine people from Rhode Island attended the event. Five of the nine were from one park that was considering a resident buyout. Since 1995, Rhode Island has gone from zero to six resident-owned parks and with a number of park owners expressing interest and intent to sell, there is a need to find solutions through more collaborative partnerships. Education

of all of major stakeholders will be critical to the preservation and possible expansion of mobile homes in the state.

What Activities Could Be Addressed By the RIHRC?

A general priority of the Housing Resources Commission could be to work with all interested stakeholders, such local planning officials, mobile home park owners, mobile home owners, lenders, and other housing partners, to preserve and improve existing mobile home parks; provide assistance to mobile home owners facing park sales, closures, or significant habitability issues; and promote the development of new mobile home, manufactured home and other housing opportunities to mobile home park residents.

Housing Resources Commission activities will include but not be limited to:

- Coordinate the reporting of activities by the various state divisions involved in mobile homes, such as DEM providing an annual report on violations and actions in mobile home parks, DBR providing an annual land rent survey and actions taken on rent increases and regulatory actions, Statewide Planning reporting on zoning and planning issues. Recommend that DBR issue an annual report based on all activities.
- Encourage more flexible regulatory approaches to the expansion of existing parks.
- Encourage the development of greater financial resources for mobile home parks such as;
 1. Developing financial resources for infrastructure repair, available to private and non-profit park owners;
 2. Developing more affordable mobile home financing options; and
 3. Provide resources to residents groups and non-profit organizations for mobile home park acquisition and rehabilitation.
- Explore resources for relocation of residents in parks that are closed or at risk where there is a coordinated state enforcement effort.
- Develop a model mobile home design ordinance.
- Maintain local, regional and statewide capacity for development and technical assistance to residents.
- Develop an action plan for the disposition of older units as it relates to replacement costs and removal.

Where can I get more information?

Thomas Broderick, Chief Public Protection Inspector, Department of Business Regulation at 401- 222-2585.

The website is www.dbr.state.ri/mobile_park.html

Dot Sliney of the Federation of RI Mobile Home Owners (FHMO), a statewide organizations working to assist mobile home residents and resident associations in the Rhode Island at 401-568-0965. FHMO PO Box 386, Harrisville, RI 02830.

Appendices

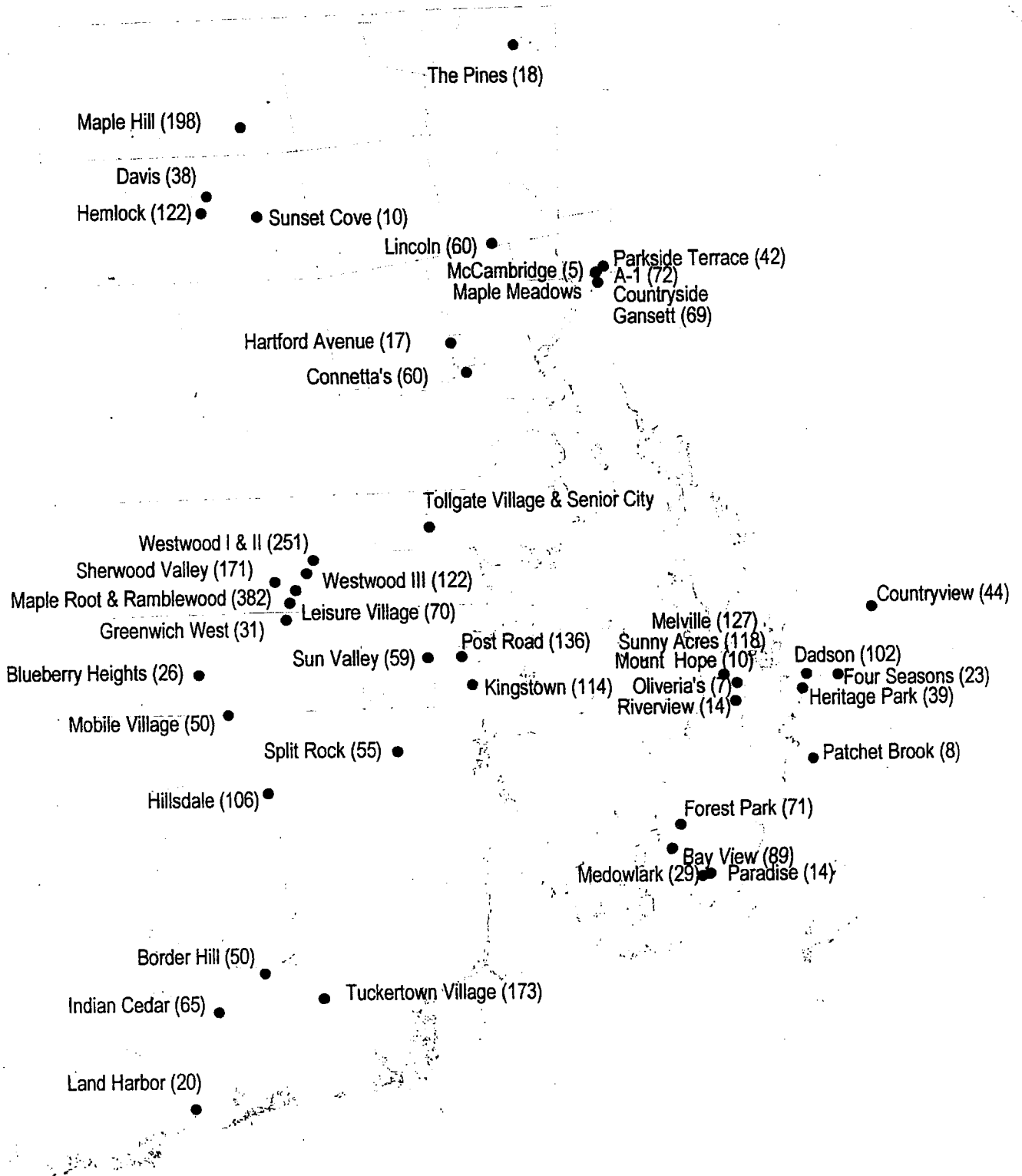
Chart 1: Mobile Home Parks in Rhode Island By Municipality & Designation¹

Municipality	Adult	Family	#'s ²
Burrillville	0	1	198
Charlestown	1	2	180
Cranston	0	1	60
Coventry	4	1	996
Cumberland	1	0	18
East Greenwich	1	0	59
East Providence	0	1	69
Exeter	1	1	105
Glocester	0	2	132
Johnston	1	0	17
Lincoln	1	0	60
Middletown	2	2	209
North Kingstown	0	2	250
Pawtucket	1	2	193
Portsmouth	0	5	276
Richmond	1	0	106
South Kingstown	1	0	94
Tiverton	2	3	216
Wakefield	1	0	173
Warwick	1	0	59
West Greenwich	2	0	57
Total # of Parks by Type/Units	21	25	3527
Total # of Mobile Home Parks in State	46		

¹ The "Adult" designation is subject to federal regulations set by the U.S. Department of Housing & Urban Development (HUD).

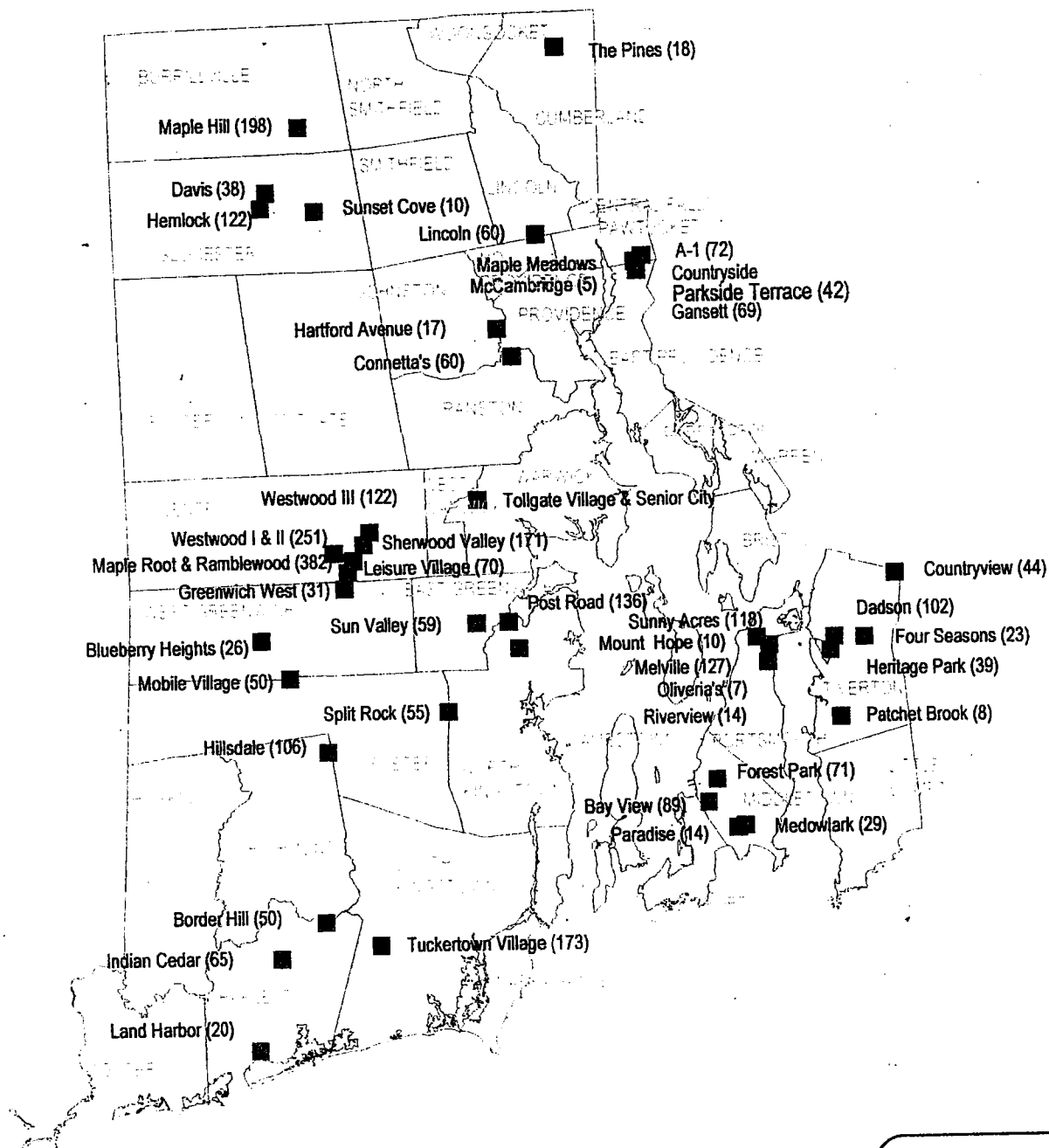
² The number of mobile homes is based from the licensing listing of sites by the Department of Business Regulation, Division of Commercial Licensing and Regulation (2001)

Rhode Island Mobile Home Parks



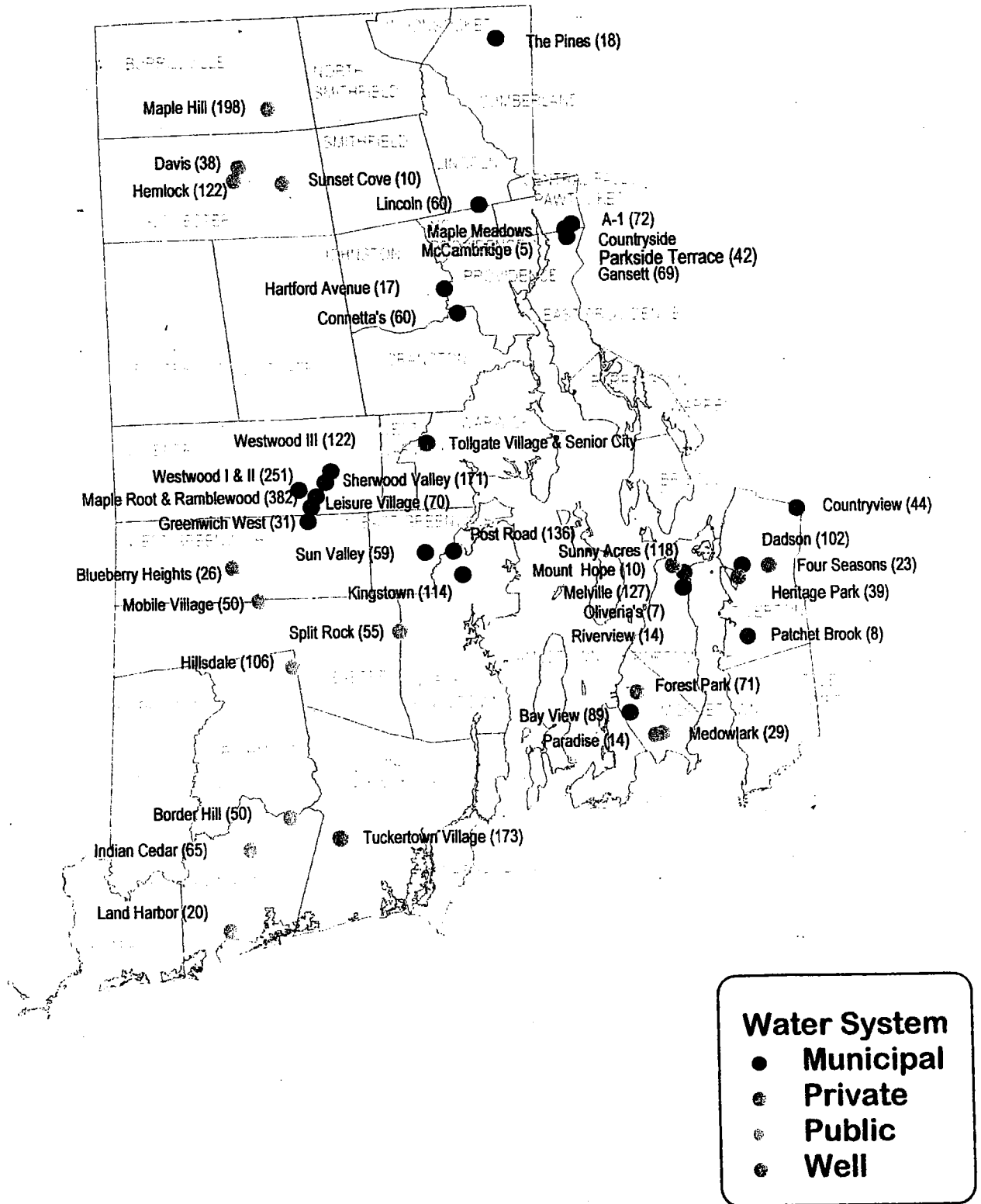
Number of Sites in ()

Mobile Home Parks: Elderly vs. Family

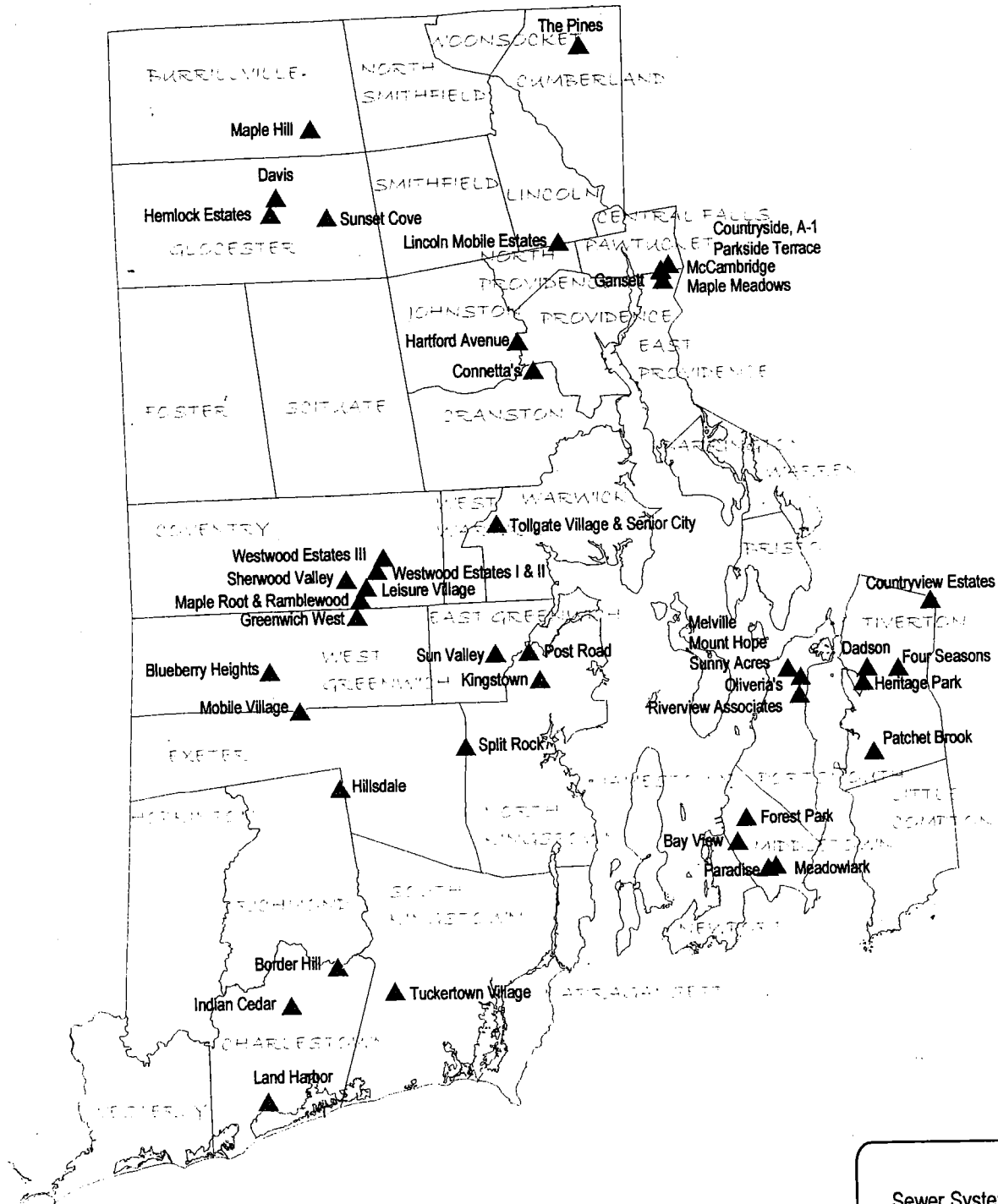


Park Type
 ■ Elderly
 ■ Family

Mobile Home Parks: Water Systems



Mobile Home Parks: Sewer Systems



Sewer System

▲ ISDS

▲ Municipal