

MEMORANDUM

TO: Interested Parties

FROM: Senator Zach Wahls

DATE: November 12, 2019

SUBJECT: Overview on 2020 Manufactured Homes Legislation

Overview

Over the past twenty years, the laws governing Iowa’s manufactured homes (i.e. “mobile homes,” “trailers,” etc.) have slowly been tilted against residents of those homes. Iowa law used to treat traditional renters and those who pay lot rent in manufactured housing communities (i.e. “mobile home parks,” or “trailer courts”) equally. Today that is no longer true. The gaps between these laws re-entered the public eye earlier this year amid the purchase of several Iowa manufactured housing communities by out-of-state investment groups. Restoring equal treatment under the law to protect the Iowans who depend on this important form of affordable housing should be a bipartisan issue in the 2020 session.

Introduction

In Spring 2019, several Iowa manufactured housing communities were purchased by an out-of-state investment group named Havenpark Capital, which increased the lot rent paid in those communities by double-digits, ranging from 12% to 68% for residents—with only sixty-days’ notice. This sparked widespread coverage by the media and protest from residents who had few – if any – options. During the past seven months, these purchases by out-of-state investment groups have accelerated across the state, ranging from Dyersville to Huxley. These companies are not only hiking the rent by enormous amounts, they are using highly unusual lease agreements that are dozens of pages long, many were over fifty pages. Several of them contained provisions that had not been adapted to Iowa law and were illegal.

Prior action

In response to these developments, very late in the 2019 session, the Iowa Senate unanimously (48-0) amended and passed [House File 638](#), which in addition to its original intentions would have also created a “good cause” protection for manufactured homeowners facing eviction and would have increased the written notice requirement for rent increases from 60 days to 180 days. HF 638 did not come before the House as amended. During this process, I was able to have productive conversations with both Republicans and Democrats, Senators and Representatives. Everyone agreed that action should be taken, but we were so late in the legislative session it was impossible to get a bill over the finish line.

Ensure fair treatment and effective property rights for mobile home owners

With the 2020 legislative session impending, the legislature — and residents of manufactured homes — would be well-served by a more comprehensive review of the discrepancies between the code chapters governing traditional renting relationships (562A) and manufactured housing (562B) via the traditional committee process. The law should not be more biased against manufactured housing than traditional renters. The Attorney General’s office and Iowa Legal Aid have identified dozens of small but meaningful differences that have been changed to tilt the playing field against manufactured homeowners and that can serve as a bipartisan starting point for restoring equal treatment under the law.

National trend: Large investment groups are turning up pressure on mobile home owners

The acquisition of manufactured housing communities and double-digit rent increases in Iowa is part of a new national trend. A February 2019 report titled “Private Equity Giants Converge on Manufactured Housing” discusses this emerging trend in detail, and it specifically cites Iowa as an example where several large, out-of-state companies (e.g. YES! Communities and RV Horizons/MHP Funds-TPG Capital) are moving in. Without legislative action, this trend will likely continue to accelerate, potentially bringing to Iowa the significant affordable housing problems other states are experiencing.