

CHAPTER 229
FORMERLY
HOUSE BILL NO. 188
AS AMENDED BY
HOUSE AMENDMENT NO. 1

AN ACT TO AMEND TITLE 25 OF THE DELAWARE CODE RELATING TO RENT INCREASES FOR MANUFACTURED HOUSING.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend § 7043, Title 25 of the Delaware Code by making deletions as shown by strike through and insertions shown by underline as follows:

§ 7043 Rent increase dispute resolution [For application of this section, see 79 Del. Laws, c. 304, § 7]

(a) A community owner shall give written notice to each affected home owner and to the home owners' association, if one exists, and to the Delaware Manufactured Home Relocation Authority (the Authority), at least 90 days prior to any increase in rent. The notice shall identify all affected home owners by lot number, name, group or phase. If the affected home owners are not identified by name, the community owner shall make the names and addresses available to any affected home owner, home owners' association and the Authority, upon request.

(b) If the proposed rent increase exceeds the CPI-U, the Authority shall schedule a final meeting between the parties at a mutually-convenient time and place to be held within 30 days from the mailing of the notice of the rent increase, to discuss the reasons for the increase. At the community owner's election, the Authority shall also schedule one or more optional informal meetings prior to the final meeting. The community owner proposing the rent increase shall recommend to the Authority a date, time and place of the final meeting and of any preceding informal meetings, and the Authority shall affirm that recommendation with the community owner, if it finds the date, time and place to be reasonable. At the or before the final meeting the community owner shall, in good faith, disclose in writing all of the material factors resulting in the decision to increase the rent. When market rent is a factor used by the community owner, the community owner shall provide a range of rental rates from low to high, and when relevant the mean and median; this disclosure shall include:

(1) Whether comparable rents were determined at arm's length, each case in which the community owner or related party has an ownership interest in the comparable lot/community; and

(2) The time relevance of the data.

For purposes of this subsection, "related party" means any of a person's parents, spouse, children (natural or adopted) and siblings of the whole and half-blood. The community owner shall disclose financial and other pertinent documents and information supporting the reasons for the rent increase.

The parties may agree in a writing signed by the community owner and at least one affected homeowner or the home owners' association to extend or continue any meetings required by this section to a date specified in the writing and approved by the Authority as reasonable. Within 2 business days of signing the agreement to continue or extend, the community owner shall notify the Authority of the agreement by forwarding the signed agreement to the Authority.

(c) After the ~~informal~~ final meeting, any affected home owner who has not already accepted the proposed increase, or the home owners' association on the behalf of 1 or more affected home owners who have not already accepted the proposed increase may, within 30 days from the conclusion of the final meeting, petition the Authority to appoint a qualified arbitrator to conduct nonbinding arbitration proceedings. If the 30th day is a Saturday, Sunday, legal holiday, or other day on which the office of the Authority is closed, the 30-day period shall run until the end of the next day on which the office of the Authority is open. Only if a petition is timely filed, the Authority shall select an arbitrator who is a member of the Delaware Bar with appropriate training in alternative dispute resolution. The Authority may select an arbitrator from the list of arbitrators maintained by the Superior Court of the State, or by soliciting applicants for a list maintained by the Authority, or through another method which the Authority, in its discretion, has determined will be sufficient to result in the selection of an appropriate arbitrator. The tenants and the landlord must each pay \$250 to the Delaware Manufactured Home Relocation Trust Fund to be applied to the arbitrator's fee. The Authority shall pay all direct arbitration costs in excess of the \$500 collected from the home

owners and community owner. All other costs shall be the responsibility of the respective parties. The arbitration must be held within 60 days from the date of the petition.

(d) The Delaware Uniform Rules of Evidence shall be used as a guide by the arbitrator for admissibility of evidence submitted at the arbitration hearing.

(e) Unless waived by all parties, testimony will be under oath or affirmation, administered by the arbitrator.

(f) Testimony shall be transcribed and shall be considered a written record.

(g) The arbitrator will render a decision employing the standards set forth in § 7042 of this title.

(h) The arbitrator will render a written decision within 15 days of the conclusion of the arbitration hearing.

(i) The home owners will be subject to the rent increase as notified; however, if the rent increase is not approved through the process provided in this section, the community owners shall rebate the increase.

Section 2. Amend § 7044, Title 25 of the Delaware Code by making deletions as shown by strike through and insertions shown by underline as follows:

§ 7044 Appeal [For application of this section, see 79 Del. Laws, c. 304, § 7]

The community owner, the home owners' association, or any affected home owner may appeal the decision of the arbitrator within 30 days of the date of issuance of the arbitrator's decision. The appeal shall be to the Superior Court in the county of the affected community. The appeal shall be on the record and the Court shall address written and/or oral arguments of the parties as to whether the record created in the arbitration is sufficient justification for the arbitrator's decisions under the Code for the community owner's proposed rental increase in excess of CPI-U and whether those decisions are free from legal error.

Section 3. This Act shall be effective for any rent increase proposed after the date of the Act's enactment into law.

Approved May 11, 2016