

CHAPTER 304
FORMERLY
HOUSE SUBSTITUTE NO. 1 FOR
HOUSE BILL NO. 234
AS AMENDED BY
HOUSE AMENDMENT NOS. 1, 3 & 6

AN ACT TO AMEND TITLE 25 OF THE DELAWARE CODE AND CHAPTER 63, VOLUME 79 OF THE LAWS OF DELAWARE RELATING TO MANUFACTURED HOMES AND MANUFACTURED HOME COMMUNITIES.

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

Section 1. Amend §7042(7), Title 25 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

(7) Market rent. -- For purposes of this section, "market rent" means that rent which would result from market forces absent an unequal bargaining position between the community owner and the home owners. In determining market rent, ~~relevant considerations include rents charged to recent new homeowners entering the subject manufactured home community and/or by comparable manufactured home communities in the applicant's competitive area.~~ relevant considerations include rents charged to recent new homeowners entering the subject manufactured home community and/or by comparable manufactured home communities in the applicant's competitive area. To be comparable, a manufactured home community must be within the competitive area and must offer similar facilities, services, amenities and management.

Section 2. Amend §7043(a), Title 25 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strike through as follows:

(a) A community owner shall give written notice to each affected homeowner 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, ~~or~~ home owners association and the Authority, upon request.

Section 3. Amend §7043(b), Title 25 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strike through as follows:

(b) If the proposed rent increase exceeds the CPI-U, the Authority shall schedule a 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. The community owner proposing the rent increase shall recommend to the Authority a date, time and place of the meeting and the Authority shall affirm that recommendation with the community owner, if it finds the date, time and place to be reasonable. At the 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 arms 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 to extend or continue any meetings required by this section.

Section 4. Amend §7043(c), Title 25 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strike through as follows:

(c) ~~If the meeting fails to resolve any dispute, either party~~ After the informal meeting, any affected homeowner who has not already accepted the proposed increase, or the Homeowners Association on the behalf of one or more affected homeowners 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. 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 of Delaware, 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 homeowners 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.

Section 5. Amend § 7044, Title 25 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strike through as follows:

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 ~~without a trial De Novo~~ 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 under the Code for the community owner's proposed rental increase in excess of CPI-U.

Section 6. Amend § 7042, Title 25 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strike through as follows:

A community owner shall not incorporate the cost of a civil penalty, criminal fine, or litigation-related costs for rent-related proceedings into rent charged under any circumstance. A community owner also shall not utilize as justification for any future rental increase the cost of capital improvements or rehabilitation work, once that cost has been fully recovered by rental increases that were incorporated into a prior rental increase in excess of CPI-U, where the prior rental increase was properly implemented under this subchapter.

Section 7. Amend §6, Chapter 63, Volume 79 of the Laws of Delaware by making insertions as shown by underlining and deletions as shown by strike through as follows:

This Act shall be effective ~~for all leases~~ for all single-year and for all multiple-year leases entered into or renewed upon expiration of a prior lease after November 30, 2013~~expiring on or after November 30, 2013.~~

Approved July 15, 2014