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HOUSE OF REPRESENTATIVES
151st GENERAL ASSEMBLY

HOUSE BILL NO. 5

AN ACT TO AMEND TITLE 25 OF THE DELAWARE CODE RELATING TO RENT INCREASE DISPUTE
RESOLUTION.

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

1 Section 1. Amend § 7053, Title 25 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows and redesignating accordingly:

3 § 7053 Rent increase dispute resolution [For application of this section, see 79 Del. Laws, c. 304, § 7, and 80 Del.
4 Laws, c. 229, § 3].

5 (a) (1) A community owner shall give written notice to each affected homeowner and to the homeowners'
6 association, if one exists, and to the Delaware Manufactured Home Relocation Authority ("Authority"), at least 90 days
7 prior to any increase in rent. The notice shall identify all affected homeowners by lot number, name, group, or phase. If the
8 affected homeowners are not identified by name, the community owner shall make the names and addresses available to
9 any affected homeowner, homeowners' association, and the Authority, upon request.

10 (2) The Authority must maintain a form final meeting notice that includes all of the following:

11 a. The deadline to request arbitration under subsection (f) of this section.

12 b. A statement that an informal meeting under subsection (e) of this section does not affect, in any way,
13 the date by which arbitration must be requested under subsection (f) of this section.

14 (3) The written notice under this subsection (a) must contain all of the following:

15 a. The approved date, time, and place for the final meeting required under subsection (b) of this section.

16 b. The form language maintained by the Authority under paragraph (a)(2) of this section.

17 (b) If the proposed rent increase exceeds the CPI-U, the Authority shall approve a final meeting between the
18 community owner and the affected homeowners, and the homeowners' association, if one exists, to discuss the reasons for
19 the proposed increase. The final meeting must be held within 30 days from the mailing of the notice of the rent increase.

20 (1) The community owner proposing the rent increase shall recommend to the Authority, in writing, a date,
21 time, and place of the final meeting and provide a copy of this recommendation to the homeowner's association, if one
22 exists.

23 (2) The Authority shall approve the community owner's recommendation if it determines that the date, time,
24 and place are reasonable.

25 (3) The community owner shall include the approved date, time, and place for the final meeting in the notice
26 required under subsection (a) of this section.

27 (c) At or before the final meeting the community owner shall, in good faith, disclose in writing all of the material
28 factors resulting in the decision to increase the rent. When market rent is a factor used by the community owner, the
29 community owner shall provide a range of rental rates from low to high, and when relevant the mean and median; this
30 disclosure must include all of the following:

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

33 (2) The time relevance of the data.

34 (3) The community owner shall disclose financial and other pertinent documents and information supporting
35 the reasons for the rent increase.

36 (d) The community owner and at least 1 affected homeowner or the homeowners' association may agree to extend
37 or continue the final meeting required under this section by doing all of the following:

38 (1) The community owner and the homeowner or homeowner's association must sign a written document
39 containing a specific date for the rescheduled final meeting.

40 (2) Within 2 business days of signing the agreement to continue or extend, the community owner shall notify
41 the Authority of the agreement by forwarding the signed agreement to the Authority.

42 (e) At the community owner's election, the community owner may schedule 1 or more informal meetings, before
43 or after the final meeting, to discuss the proposed rent increase.

44 (f) After the final meeting, any affected homeowner who has not already accepted the proposed increase, or the
45 homeowners' association on the behalf of 1 or more affected homeowners who have not already accepted the proposed
46 increase may, within 30 days from the conclusion of the final meeting, petition the Authority to appoint a qualified
47 arbitrator to conduct nonbinding arbitration proceedings. If the thirtieth day is a Saturday, Sunday, legal holiday, or other
48 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
49 office of the Authority is open. Only if a petition is timely filed, the Authority shall select an arbitrator who is a member of

50 the Delaware Bar with appropriate training in alternative dispute resolution. The Authority may select an arbitrator from the
51 list of arbitrators maintained by the Superior Court of the State, or by soliciting applicants for a list maintained by the
52 Authority, or through another method which the Authority, in its discretion, has determined will be sufficient to result in the
53 selection of an appropriate arbitrator. The tenants and the landlord must each pay \$250 to the Delaware Manufactured
54 Home Relocation Trust Fund to be applied to the arbitrator's fee. The Authority shall pay all direct arbitration costs in
55 excess of the \$500 collected from the homeowners and community owner. All other costs shall be the responsibility of the
56 respective parties. The arbitration must be held within 60 days from the date of the petition.

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

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

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

61 (j) The arbitrator will render a decision employing the standards under § 7052 of this title.

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

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

65 (m) Notwithstanding any other law or regulation to the contrary, all of the following may attend a final meeting as
66 described in § 7053(b):

67 1. The homeowner's designee.

68 2. The homeowner's attorney.

69 3. The homeowners' association's attorney.

70 4. A representative from The Delaware Manufactured Home Owners Association (DMHOA) or its
71 successor.

72 5. Elected Delaware officials, including officials holding a federal office.

SYNOPSIS

If a community owner proposes a rent increase that exceeds the Consumer Price Index For All Urban Consumers in the Philadelphia-Wilmington-Atlantic City area (CPI-U), then the Delaware Manufactured Home relocation Authority is mandated to hold a final meeting between the community owner and the affected homeowners, and the homeowners' association to discuss the reasons for the proposed increase. This Act allows the following to attend the final meeting: (1) the homeowners' designee; (2) the homeowner's attorney; (3) The attorney for the homeowners' association; (4) A representative from the Delaware Manufactured Home Owners Association; and (5) Elected Delaware officials.