

MANUFACTURED HOME COMMUNITIES IN

MONTANA

STATE, LOCAL AND MUNICIPAL MANUFACTURED HOUSING POLICY

Manufactured homes are an important source of affordable housing, especially for families and senior citizens. A manufactured home community can be a vibrant neighborhood and an asset to the community at large. However, because the residents in a manufactured home community typically own their homes but not the land under their homes, they are uniquely vulnerable—to confiscatory rent increases; arbitrary rule enforcement; failure to maintain the roads, utilities and common areas; and even closure of the community. If the community closes, the neighborhood disappears and many residents have to abandon their homes.

Most states, including Montana, have special laws protecting residents of manufactured home communities. Montana’s laws provide some important protections, but also have a number of weaknesses.

LAWS PROTECTING HOMEOWNERS IN MANUFACTURED HOME COMMUNITIES

KEY	STRONG PROTECTION	WEAK PROTECTION	NO PROTECTION
Affirmative protections for fundamental freedoms			
Protection against retaliation			
Notice before closure			
Purchase opportunity			
Protection against arbitrary eviction			
Right to sell home in place			
Relocation expenses			
Administrative complain procedure			
Requirement of lease of at least one year			
Requires community owner to maintain the community			
Resident ability to enforce the laws			



This policy snapshot reviews state and local policies that affect homeowners, home buyers, nonprofit dealers, developers and others with a stake in manufactured housing as a source of affordable housing. These policies include:

- Laws protecting homeowners living in manufactured home communities
- The right to treat manufactured homes as real property
- State programs and policies
- Local and municipal policy environment

Affirmative protections for fundamental freedoms. Almost half the states affirmatively guarantee fundamental freedoms—such as the right to canvas their neighbors, hold meetings and distribute flyers—to residents of manufactured home communities. Montana protects the right of residents or resident associations to hold meetings. It also prohibits the landlord and the landlord’s employees from being members of a residents’ association and from attending meetings unless specifically invited by the residents’ association.

Protection against retaliation. Most states, even if they do not provide affirmative protections for fundamental freedoms, at least prohibit community owners from retaliating against residents for exercising these rights. Montana prohibits retaliation against a resident because of organizing or joining a resident association, complaining to a government agency about violations affecting health and safety, or complaining to the community owner in writing about a failure to maintain the premises.

Notice before community closure. About half the states require a substantial notice period before a manufactured home community closes. Montana requires a community owner to give the residents six months’ notice of a change of use. It also requires 15 days’ notice if the community owner is seeking permits from a unit of local government for a change of use.

- Purchase opportunity.** The fundamental reason that homeowners in manufactured home communities are so vulnerable is that they do not own the land under their homes. Nineteen states, including Montana, have policies that encourage community owners to sell the land to residents. Montana does so by giving the community owner a tax incentive to sell the community to a residents' association, a nonprofit organization or a local housing authority. Unlike some other states, however, Montana does not give residents a right of first refusal if the community is up for sale.
- Protection against arbitrary eviction.** Some states protect homeowners in manufactured home communities from eviction or nonrenewal of their leases unless they have done something wrong, such as failed to pay lot rent or violated a rule. Montana's law provides some protections, but allows termination of the lease for "any legitimate business reason" and does not clearly protect residents from arbitrary nonrenewal of their leases.
- Right to sell home in place.** Manufactured home community owners can effectively prevent homeowners from selling their homes by reserving the right to reject any potential buyer as a resident. Montana requires community owners to act in good faith, but does not specifically prohibit arbitrary rejection of a buyer's application for residency.
- Relocation expenses.** About 15 states have programs, usually funded at least in part by community owners, for paying the costs of moving the homes if a manufactured home community closes. Montana does not have such a law.
- Administrative complaint procedure.** Some states—but not Montana—offer a simple administrative procedure for resolving complaints about a manufactured home community.
- Requirement of lease of at least one year.** Many states—including Montana—require the community owner to maintain the common areas, utility service and other services so that they are clean, safe and in good working order. modicum of security of tenure.
- Requires community owner to maintain the community.** About twenty states require the owner of a manufactured home community to offer homeowners leases of at least a year. This requirement provides a modicum of security of tenure. Montana has no such requirement.
- Resident ability to enforce the laws.** A right without a remedy is unlikely to be effective. Recognizing this, many states—including Montana—specifically provide that residents have the right to enforce the manufactured home community protections.



TITLING | RIGHT TO TREAT HOME AS REAL PROPERTY

The way in which a state governs the titling of manufactured homes, especially when homes may be converted from personal property to real property, has major implications for owners and purchasers. Although a modern manufactured home may be indistinguishable from a site-built home to many observers, it is typically considered personal property, like a car or a television set, rather than as real property, absent some sort of conversion to real property. This classification as personal property, along with other issues common to manufactured housing, often keeps homeowners from enjoying the same security and potential for wealth creation enjoyed by owners of site-built homes.

In Montana, a homeowner can have a manufactured home re-classified as real property, but only if the home is on a permanent foundation. This will often not be possible in land-lease communities, so those homeowners are generally relegated to high-cost chattel financing. The home must be placed on land that is owned by the homeowner or, if on land owned by someone else, with the permission of the landowner.

STATE POLICIES AND PROGRAMS THAT AFFECT **NONPROFIT MANUFACTURED HOUSING** DEVELOPMENT AND PRESERVATION

LICENSING ISSUES FOR NONPROFIT MANUFACTURED HOUSING DEVELOPERS

Nonprofit housing developers who wish to provide manufactured homes do not face any unusual barriers in Montana. Manufactured Home Retailers will need to obtain a Dealer License from the MT Department of Justice Motor Vehicle Division.

STATE WEATHERIZATION PROGRAMS & OTHER MANUFACTURED HOUSING REPAIR OR REPLACEMENT PROGRAMS

Manufactured Homes are weatherized under the same programs and rules as other kinds of residential households. The Montana Department of Public Health and Human Services' Weatherization Assistance Program has a Weatherization Manual which contains specific sections devoted to Mobile Homes, including Mobile Homes and Lead (4100); Earthquake Straps on Water Heaters (8650); Mobile Home Domestic Water Heaters (8900); Electric Water Heaters in Mobile Homes (8910); Outside Access Water Heater Closets in Mobile Homes (8920); and Mobile Home Skirting (9310).

DISPOSAL OF ABANDONED MOBILE AND MANUFACTURED HOMES

Enacted in 2019, abandoned vehicle fees can now be used to dispose of abandoned mobile and manufactured homes. Local jurisdictions will have discretion in how the program is implemented.

REVISED TAX EXEMPTION LAWS FOR CERTAIN MOBILE AND MANUFACTURED HOMES

Also enacted in 2019, a new statute eliminates personal property taxes for mobile and manufactured homes that are 28 years or older and \$10,000 or less in value.

PUBLIC FINANCING

Enacted in 2019, legislation invests coal trust funds the state housing finance agency to allow low-interest first-mortgage loans up to 95% LTV for multifamily rental projects. While manufactured housing communities are not specifically identified as an eligible use, they are not excluded. However, projects receiving this funding must pay property taxes, so some affordable project sponsors will have to choose between this financing and property tax exemptions.

The online version of the Montana Department of Commerce's Housing Resource Directory includes specific mention of manufactured homes in several programs:

- ***NeighborWorks Montana (NWMT)***
Among other things, NWMT works with local partners to create new homes using manufactured housing and to preserve manufactured housing parks in Montana.
- ***City of Billings HOME and CDBG Programs***
These program funds are used to achieve common goals and objectives of the city's Consolidated Plan. Among its core programs, Minor Home Repairs are included. A Minor Home Repair is for emergency repairs of site-built homes as well as repairs for mobile homes 30 years old or newer.

A HOUSING RESOURCE QUICK REFERENCE GUIDE FROM MONTANA'S DEPARTMENT OF COMMERCE (revised in May 2019) mentions several other manufactured housing-inclusive programs:

MONTANA BOARD OF HOUSING (MBOH) PROGRAMS

Program Name	Eligible Activities
Regular Bond Program	Post-1976; detitled; on a permanent foundation; appearance & functionality of a stick built house
Score Advantage Down Payment Assistance Program	Post-1976; detitled; on a permanent foundation; appearance & functionality of a stick built house
Mortgage Credit Certificate (MCC)	Post-1976; detitled; on a permanent foundation; appearance & functionality of a stick built house
80% Combined Program	Post-1976; detitled; on a permanent foundation; appearance & functionality of a stick built house
MBOH Plus 0% Down Payment Assistance	Post-1976; detitled; on a permanent foundation; appearance & functionality of a stick built house

Montana's Department of Commerce website also features the following which can include manufactured homes:

- Montana Veteran's Home Loan Program**
 Property Eligibility: Post-1976 detitled manufactured homes on permanent foundations are eligible if insured by FHA, VA or HUD 184.

Additionally, the Montana Department of Environmental Quality is assisting with the promotion of NEEM/Energy Star energy-efficient manufactured homes. NEEM/Energy Star homes are eligible for a State of Montana tax credit of up to \$500 (\$1000 per couple). All NEEM/Energy Star homes come with an energy feature-guaranteed program. If energy-related problems are found in the home, a representative from the Montana Department of Environmental Quality will make an onsite investigation of the energy-related problem at no cost.



Innovations in Manufactured Homes (I'M HOME) is a national initiative managed by Prosperity Now which seeks to ensure that owners of manufactured homes have the opportunity to build wealth through homeownership by improving the quality of new and replacement development, enhancing homeowners' ability to enjoy long-term land security, expanding access to safe home financing and encouraging a supportive policy environment.