

Attorney General's Office Acts To Protect Manufactured Housing Tenants From Improper Conduct By Community Owner

Attorney General Matt Denn's office has filed suit against the owner of three Delaware manufactured housing communities for attempting to financially pressure tenants to give up their legal right to arbitrate proposed rent increases.

The Department of Justice's Consumer Protection Unit filed the lawsuit Friday against Chicago-based Hometown America Communities, Inc., the fifth-largest owner of manufactured housing communities in the United States. The lawsuit alleges that Hometown America violated Delaware law by issuing rent increase notices to tenants of its Barclay Farms, Angola Beach Estates, and Rehoboth Bay communities that attempt to factor Hometown America's anticipated litigation costs into its rent increase, by requiring homeowners to waive their right to arbitrate the proposed rent hikes in exchange for giving them a purported "discount" to a substantial rent increase. Such conduct is forbidden under Delaware's manufactured housing laws, which prohibit community owners from factoring arbitration and other litigation-related costs into the rent charged to homeowners under any circumstances, and prohibit community owners from trying to include in their rental terms provisions where homeowners waive rights provided to them by law.

"This tactic of getting community tenants to sign away their legal rights in exchange for a lower rent increase is reprehensible," Attorney General Denn said. "When predatory conduct by community owners threatens to upset the balance struck by the General Assembly when it passed the rent

justification law for manufactured home communities, my office will act aggressively to protect tenants.”

Historically, community owners had disproportionate power to set rental rates, because it is difficult for tenants to move their manufactured homes to new locations. Delaware enacted a rent justification law two years ago to remedy this imbalance and give important protections to tenants—including the right to arbitrate proposed rent increases—while still ensuring that landowners could earn a reasonable return on their investment.

The Attorney General’s lawsuit seeks, among other things, a declaration that Hometown America’s rent increase notices are invalid, an order directing Hometown America to pay affected tenants the equivalent of three month’s rent for having willfully violated Delaware’s manufactured housing laws, payment of civil penalties, and an order requiring Hometown America to cease and desist its unlawful activities.