

1 Title: To amend the Internal Revenue Code of 1986 to allow a business credit for gain from the
2 sale of real property for use as a manufactured home community, and for other purposes.
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5 Be it enacted by the Senate and House of Representatives of the United States of America in
6 Congress assembled,

7 SECTION 1. SHORT TITLE.

8 This Act may be cited as the “Manufactured Housing Community Sustainability Act of 2024”.

9 SEC. 2. FINDINGS.

10 Congress finds that—

11 (1) more than 22,000,000 people live in HUD-code manufactured homes;

12 (2) there are approximately 6,700,000 occupied manufactured homes in the United States,
13 representing about 6 percent of the Nation’s housing stock, 9 percent of the single-family
14 housing stock, and more than 12 percent of all new single-family homes sold in 2021;

15 (3) owners of manufactured homes are disproportionately low-income households, and in
16 2020, the median annual household income for living in manufactured housing was
17 \$35,000;

18 (4) over one-quarter of manufactured homeowners earn less than \$20,000 annually, and
19 two-thirds earn less than \$50,000 annually;

20 (5) more than half of all manufactured homes are located in rural areas around the
21 country, and manufactured homes make up 13 percent of all occupied homes in rural and
22 small-town communities;

23 (6) the average sales price of a new manufactured home (excluding land) in 2019 was
24 \$81,700, and as of December 2023, that average sales price had increased to \$121,300, an
25 increase of 48.5 percent over the preceding 5 years;

26 (7) despite this sharp increase, the average manufactured home costs roughly half the
27 price per square foot of the average site-built home;

28 (8) manufactured home communities provide critical affordable housing, but receive very
29 little Federal, State, or local funds to subsidize the cost of manufactured homes;

30 (9) an estimated 43,000 manufactured home communities, also referred to as “mobile
31 home parks”, exist throughout the United States;

32 (10) owners of manufactured homes in such communities may own the home, but they do
33 not own the land under the home, which leaves the homeowners vulnerable to rent
34 increases, dis-investment, changes in land use, and community closure;

35 (11) an eviction or closure of a manufactured home community is very disruptive and can
36 be financially devastating to a homeowner who may be unable to pay the thousands of
37 dollars it takes to move the manufactured home or find a new location for the manufactured
38 home;

(12) manufactured housing where the consumer does not own the land generally does not promote wealth-building via homeownership;

(13) for more than a decade, in an effort to preserve a crucial source of affordable housing and aid low-income homeowners, a national network of housing providers has helped residents purchase and own the land under the manufactured home community, and manage the manufactured home community as limited equity cooperatives;

(14) nationwide, there are more than 1,000 cooperative manufactured home communities, of which more than 300, located in more than 20 States, are permanently preserved as affordable communities through limited equity cooperative or nonprofit ownership;

(15) members of manufactured home community cooperatives continue to own such homes individually, own an equal share of the land beneath the entire manufactured home community, participate in the governing of the community, and elect a board of directors who make major decisions within the manufactured home community by a democratic vote;

(16) site fee increases in limited equity resident-owned communities average just 0.9 percent per year, compared to 5.9 percent per year in commercially-owned communities;

(17) in New Hampshire, more than 40 percent of manufactured home communities are owned by residents;

(18) resident-owned cooperatives and nonprofit owned communities have also flourished in Colorado, Vermont, Massachusetts, Montana, Rhode Island, Washington, Oregon, and Minnesota;

(19) nationwide, only 2.4 percent of all manufactured home communities are resident or nonprofit-owned;

(20) 19 States have adopted some protection when a community is sold, and 8 States have strong notification and resident purchase opportunities, which provide homeowners in those States an opportunity to purchase the manufactured home community when it is put up for sale; and

(21) in order to preserve manufactured home communities and help low-income homeowners live securely, safely, and build wealth through homeownership in the future, a Federal tax benefit should be established to induce manufactured home community owners to sell such properties to the residents when those residents or a nonprofit commits to preserving the community long-term.

SEC. 3. TAX CREDIT FOR MANUFACTURED HOME COMMUNITY SALE TO RESIDENTS OR NONPROFIT ENTITY.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by adding at the end the following new section:

“SEC. 45BB. MANUFACTURED HOME COMMUNITY SALE TO RESIDENTS OR NONPROFIT ENTITY.

1 “(a) Allowance of Credit.—For purposes of section 38, the manufactured home community
2 sale credit determined under this section for any taxable year is an amount equal to 75 percent of
3 the qualified gain received by the taxpayer during the taxable year.

4 “(b) Definitions.—For purposes of this section—

5 “(1) QUALIFIED GAIN.—The term ‘qualified gain’ means gain from the sale or exchange
6 of real property to a qualified manufactured home community cooperative or corporation
7 if—

8 “(A) the real property is acquired for use as a manufactured home community,

9 “(B) the seller (or any related person) owned the property for the entire 2-year
10 period ending on the day before the sale or exchange, and

11 “(C) the property is transferred subject to a binding covenant that the property will
12 be used as a manufactured home community for not less than 50 years (or, in the case
13 of a manufactured home community located in a State the laws of which restrict such
14 covenant to a lesser term, the maximum permissible term allowed under such State
15 laws).

16 “(2) MANUFACTURED HOME COMMUNITY.—The term ‘manufactured home community’
17 means a community comprised primarily of manufactured homes used solely for residential
18 purposes and owned by a manufactured home community cooperative or corporation.

19 “(3) QUALIFIED MANUFACTURED HOME COMMUNITY COOPERATIVE OR CORPORATION.—

20 “(A) IN GENERAL.—The term ‘qualified manufactured home community cooperative
21 or corporation’ means a cooperative or a nonprofit corporation established pursuant to
22 the laws of the State in which the property used as a manufactured home community is
23 located, and which—

24 “(i) in the case of a community owned by a nonprofit corporation whose
25 membership interests are sold on a nonappreciating basis, has only 1 class of
26 membership and such class consists solely of residents, and

27 “(ii) in the case of a community owned by a cooperative, has not more than 2
28 classes of membership, and such classes consist solely of residents and a tax-
29 exempt organization.

30 “(B) GOVERNANCE.—An entity shall not be treated as a qualified manufactured
31 home community cooperative or corporation unless governance of the entity is carried
32 out by members elected to a board of directors with voting structured equitably among
33 all members.

34 “(C) MEMBER.—The term ‘member’ means—

35 “(i) an individual who—

36 “(I) has attained the age of 18,

37 “(II) is entitled to be a member by reason of—

38 “(aa) the membership interest of the individual to execute an
39 occupancy agreement with the manufactured home community
40 cooperative nonprofit with respect to a site in the manufactured home

community in order to establish a manufactured home which is owned
by the individual, or

“(bb) permission from the manufactured community cooperative or
corporation, the member’s trust, or other entity, and

“(III) is a resident of the manufactured home community, and

“(ii) a tax exempt organization.

“(4) MEMBERSHIP INTEREST.—The term ‘membership interest’ means—

“(A) an ownership interest in a manufactured home community cooperative or
corporation, or

“(B) a membership interest in a manufactured home community nonprofit
corporation.

“(5) MANUFACTURED HOME.—The term ‘manufactured home’ means a structure which is
transportable in one or more sections, which—

“(A) in traveling mode, is 8 body feet or more in width and 40 body feet or more in
length, or, when erected on site, is 320 square feet or more,

“(B) is built on a permanent chassis and designed to be used as a dwelling (with or
without a permanent foundation when connected to required utilities) and includes
plumbing, heating, and electrical heating systems, and

“(C) in the case of a structure manufactured after June 15, 1976, is certified as
meeting the Manufactured Home Construction and Safety Standards issued under the
National Manufactured Housing Construction and Safety Standards Act of 1974 (42
U.S.C. 5401 et seq.) by the Department of Housing and Urban Development and
displays a label of such certification on the exterior of each transportable section.

“(c) Special Rules.—

“(1) RELATED PERSON.—For purposes of subsection (b)(1)(B), a person is related to the
seller if—

“(A) such person bears a relationship to the seller as specified in section 267(b) or
707(b)(1), or

“(B) such person and the seller are engaged in trades or businesses under common
control within the meanings of subsections (a) and (b) of section 52.

“(2) ELECTION BY BOTH SELLER AND BUYER.—The credit is allowable under this section
only if—

“(A) both the seller and the purchaser of the real property execute an affidavit
representing that the sale meets the requirements of subsection (b)(1), and the
purchaser acknowledges liability for the recapture of the credit under subsection (d) in
case of any violation described in such subsection,

“(B) the purchaser of the real property records the affidavit, and

“(C) the affidavit is referenced in the deed to the real property.

1 “(3) REQUIREMENT.—The seller shall include a copy of the affidavit representing the sale
2 with the return of tax.

3 “(d) Tax Upon Violation of Covenant.—There is imposed a tax on the buyer for a violation of
4 the covenant specified in subsection (b)(1)(C). The amount of such tax shall be 20 percent of the
5 net proceeds after settlement for the sale or exchange of the real property referred to in
6 subsection (b)(1). For purposes of section 501(a), the tax imposed by this subsection shall not be
7 treated as a tax imposed by this subtitle.

8 “(e) Regulations.—The Secretary shall issue such regulations or other guidance as may be
9 necessary to carry out this section, including the recapture under subsection (d).”.

10 (b) Credit Allowed as Part of General Business Credit.—

11 Section 38(b) of the Internal Revenue Code of 1986 is amended—

12 (1) by striking “plus” at the end of paragraph (40);

13 (2) by striking the period at the end of paragraph (41) and inserting “, plus”; and

14 (3) by adding at the end the following new paragraph:

15 “(42) the manufactured home community sale credit determined under section 45BB(a).”.

16 (c) Conforming Amendments.—

17 (1) Subsection (c) of section 196 of the Internal Revenue Code of 1986 is amended—

18 (A) by striking “and” at the end of paragraph (13);

19 (B) by striking the period at the end of paragraph (14) and inserting “, and”; and

20 (C) by adding at the end the following new paragraph:

21 “(15) the manufactured home community sale credit determined under section 45BB(a).”.

22 (2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such the
23 Internal Revenue Code of 1986 is amended by adding at the end the following new item:

24 “Sec.45BB.Manufactured home community sale to residents or nonprofit entity.”.

25 (d) Effective Date.—The amendments made by this section shall apply to taxable years
26 beginning after December 31, 2023.