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Assembly Commerce & Labor Committee

Testimony in support of AB 184, amending NRS 118B

Mr. Chairman and members of the Committee:

My name is Marshall Schultz, and I am the founder and president of Residents Information Center, Inc., known throughout the state by our dba, Nevada Renters Hotline.

We strongly urge the passage of AB 184. A Rent Review Board is eminently reasonable, and the need is desperate. Tens of thousands of manufactured home park tenants are paying exorbitant rents simply because they cannot move their homes, and because demand for housing space continues to rage as Nevada continues to be the fastest growing state in the union.

Most manufactured home parks have rents well above \$400.00 per month, especially in the metro areas. I personally know many such parks, and others where rents are above \$500.00, some approaching \$600. This very significant amount of money for a little piece of land usually less than 3,500 square feet, often unsafe utility services and without any amenities, not even paved roads or street lights.

When rents increase beyond affordability what is a homeowner to do? Moving a home costs thousands of dollars. Even if the homeowner can reasonably consider the cost of moving, he must first have a place to move to. But there are fewer and fewer places open to these homes. Most parks refuse to accept homes more than 10 or 15 years old. Do we, as a society, expect these people to buy a new home, with attendant loan payments and increased taxes, in order to move to another park where increased rents will all too soon occur again?

Like most homeowners, park tenants' homes are their most precious asset. Yet, unlike homes on fixed foundations, manufactured homes do not appreciate in value. Instead, they depreciate. Hence, with each passing year these homes lose value, becoming more difficult to sell. No one is asking government to fix that problem, but I ask you to remember this fact when thinking about how rents affect the tenants.

Most tenants are older citizens, many on fixed incomes, sick or disabled, unable to work to augment the meager social security stipend. Many are at or below the poverty line. Thousands are literally "captive customers." There is no place they can go, and no way to get there. They are just stuck.

Mr. Steve Ray, a tenant and a Director of the Stateline Homeowners Assn., has already told you about the problem Tahoe Shores tenants are facing. On October 3, I testified at the Douglas County Commissioners' hearing when the issue of rents at Tahoe Shores came up. As I recall, the agenda that day consisted of over 100 items, and Tahoe Shores was next to last. It was a long day, not unlike many of your days here.

The possibility of a rent control ordinance imposed on the Tahoe Township really got the attention of the park owner's representative, who promised the commission that there would soon be a meeting with the tenants to work out a way of settling the differences. In late October I attended that meeting at Stateline, at

which the park owner's attorney sidestepped the simplest questions about plans for the park. The meeting did not result in any kind of settlement. The owners know existing law allows them to raise rents any amount at any time. Why should they compromise with mere tenants, or back down from raising rents to whatever levels, whether tenants cannot afford it or not? The more tenants they force out before changing the use of the land the less they have to spend to move the tenants to another location within 50 miles.

Is this an example of exploitation of the defenseless? We think it is exactly that. But the question is, *How can we, as a sensible and sympathetic society, prevent this from happening again and again?* Whatever happened to compassionate conservatism?

We believe one way to prevent more occurrences like the one at Tahoe Shores is to establish the Rent Review Board proposed in AB 184. It is obviously better to have a statewide standard rather than the variety of rent control ordinances that local jurisdictions will create to suit their own citizen's needs. What a hodgepodge that would be!

Those opposed to any regulation of private property, especially business property, will bring up the ancient doctrine of *laissez-faire*: Let the Market Rule. For manufactured home parks this is a deceptive argument, for it presupposes that free market forces will eventually arrive at something like equilibrium, supply and demand reaching a kind of balance.

But rents in manufactured home parks can never reach equilibrium between supply and demand, because supply is limited by -- guess who? -- by government. For example, ten years ago Washoe commissioners decided that no new parks would be allowed in the county. And there have been none. In places where parks are still permitted the costs of getting through the approval process makes it financially unfeasible to build a new park. Land acquisition costs and costs of building a new park to meet current park standards are prohibitive. Take a good look at NAC 461A. New parks are very rare, especially in the metro areas where demand is the greatest and supply is most restricted.

There's your so called free market forces at work. Demand for rentable space on which to place mobile homes continues to grow in proportion to population growth, but the supply of spaces is limited. The "free market" does not exist for manufactured home parks.

The real questions before this committee and the entire legislature, and, ultimately, before society as a whole, are:

- ◆ Do we, as a nation, still believe that owning one's home is a basic part of the American Dream?
- ◆ Do we still believe a man's home is his castle?
- ◆ Do we still believe that, no matter how poor or shabby the home, everyone has a right to live in peace, safe from predators of all kinds?

Please give AB 184 a DO PASS recommendation to the Assembly. Tens of thousands of Nevada citizens will thank you.

And I thank you for your attention.

Marshall L. Schultz