

**MINUTES OF THE
SENATE COMMITTEE ON COMMERCE AND LABOR
Seventy-third Session
April 29, 2005**

The Senate Committee on Commerce and Labor was called to order by Chair Randolph J. Townsend at 8:00 a.m. on Friday, April 29, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4406, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Randolph J. Townsend, Chair
Senator Warren B. Hardy II, Vice Chair
Senator Sandra J. Tiffany
Senator Joe Heck
Senator Michael Schneider
Senator Maggie Carlton
Senator John Lee

GUEST LEGISLATORS PRESENT:

Assemblywoman Chris Giunchigliani, Assembly District No. 9

STAFF MEMBERS PRESENT:

Shirley Parks, Committee Secretary
Kevin Powers, Committee Counsel
Scott Young, Committee Policy Analyst
Donna Winter, Committee Secretary

OTHERS PRESENT:

Joseph Guild, Manufactured Home Community Owners
Renee Diamond, Administrator, Manufactured Housing Division, Department of
Business and Industry
Jim Avance, Nevada Manufactured Housing Association

CHAIR TOWNSEND:

I will open the hearing on Assembly Bill (A.B.) 343.

ASSEMBLY BILL 343 (1st Reprint): Revises provisions relating to manufactured housing. (BDR 10-769)

ASSEMBLYWOMAN CHRIS GIUNCHIGLIANI (Assembly District No. 9):

I have a mock-up proposed amendment to A.B. 343 ([Exhibit C](#)). The intent of this bill arose from a situation that occurred in Clark County. A former constituent of mine who was residing at Sky Vue mobile-home park contacted me. She had been filing complaints and talked to representatives of the city of Las Vegas. There was a bureaucracy there and a lack of coordination. I went to tour the park in the evening and the situation was absolutely reprehensible. I have traveled third-world countries and have not seen some of the types of conditions that were at Sky Vue. There were senior citizens living in mobile homes that had holes in the roof, toilets running, open sewage and children running around. I have some pictures of the types of situations that I encountered on my visit ([Exhibit D](#), original is on file at the Research Library).

I held a summit ([Exhibit E](#)) and tried to get all the groups together. We had good attendance and we came up with recommendations that resulted in A.B. 343. We do not want mobile-home parks condemned where everybody is displaced. The point was to get these mobile-home parks to a point where they would be remodeled or renovated rather than have people lose what minimal housing they had. We found there was a lack of coordination. When people came to inspect, they only inspected the portion that they had to look for and nothing else. At the summit, I explained there were property-tax stickers on mobile homes that had been condemned when I visited Sky Vue. That is why there is language in the bill that these stickers cannot just be sent out; someone has to verify that they are going on housing that is actually habitable.

Originally, the bill should have had the two-thirds vote requirement taken off, because I had a dollar fee included, to create a relocation fund. Looking at the bill and talking with Ms. Diamond, we already have the capability. I simply added the local governments as a group that can recoup costs from the fund if that is the case, if they get to that part. That is how we shifted. We took out the old language which should have removed the two-thirds vote requirement for the bill.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Section 1 of the mock-up should not specify chapter 118B of the *Nevada Revised Statutes* (NRS); it should read chapter 461A of the NRS. On page 4 of the mock-up, the new language is in green. Ms. Diamond pointed out that her group or city officials would go to a park and indicate a particular situation was illegal, for example, sewage running out, and tell the park's landlords they had to get it fixed. The landlords would then go to the park tenants and offer to take \$50 off their rent if they would fix the problem. However, the tenants were not licensed, and they were not qualified to do the work. I did not want to prevent a park owner or a tenant from repairing their own mobile home for their own purposes, but if the repair potentially affected life, health or safety, they would have to have someone qualified do the repair. We rewrote that language in section 9.3 of the bill to reflect this.

On page 8 and 9 of the mock-up amendment, the language "state health officer or the ..." has been stricken. I was trying to help the rural areas, because they do not have as active a state health board. The city or local government can handle that part as well. Also adding the "local board of health" or "county commission" in section 13, subsection 4 may assess that they are doing inspections. That would remove any part of fiscal note as far as that is concerned.

Regarding section 13.3 of the bill, Mr. Guild and I spoke last night, and we have agreed to delete subsection 2, which begins with "A chronic level of crime"

JOSEPH GUILD (Manufactured Home Community Owners):

With regard to page 2, section 6 of the bill, we had some concerns about creating a "revocable privilege." Assemblywoman Giunchigliani agreed to take out subsection 1 of section 6. Subsection 2 of section 6 does create the higher standard that she wanted. I do not think this situation has risen to a problem with "revocable privileges." The example I will use is from the late 1950s. We created a gaming license which became a "revocable privilege" and for all of the public-policy reasons, that was necessary then. There was a huge body of legislative findings which supplied the rationale for creating that kind of a privilege license. We do not have that in this bill. This is a good bill and I support it.

SENATOR LEE:

In section 4 of the bill, "water bill" is posted in a conspicuous place and I can understand what is probably happening. Was the "sewer bill" ever an issue, or is it another one of those captured bills for which no one knows the amount of the fee?

ASSEMBLYWOMAN GIUNCHIGLIANI:

No, it was never an issue.

SENATOR LEE:

Section 5, "applying for the initial business license," has the fire department coming out to inspect natural gas. The county building department and plumbers are much wiser about natural-gas and methane-gas problems than the fire department. Is there any grandfathering because the bill states "upon applying for the initial business license for the park?" Will everyone have to comply or will compliance be required henceforth?

ASSEMBLYWOMAN GIUNCHIGLIANI:

The fire department is only dealing with the fire codes in section 5 of the bill. We are just making it clear that when applying for a business license in order to open a park, the applicant has to have a fire-code inspection.

SENATOR LEE:

I am concerned about the older parks and also with the running sewage. Would it be too broad?

RENEE DIAMOND (Administrator, Manufactured Housing Division, Department of Business and Industry):

Part of the dilemma for an owner, as well as for people who are trying to help the citizens in parks, is there are clear but definite separations of authority for certain parts of the park infrastructure. The Manufactured Housing Division only handles the box to the utilities, the home itself, the underpinning and the utilities. The fire department and health district have their scopes of interest. We now have neighborhood-response teams. The dilemma was that different authorities would all go into a particular park individually and sometimes give cease and desist orders to the operators; then, the operators would do nothing about it and problems like Sky Vue would occur. This bill will help, because it puts the park owner on notice about what has to happen before they get their business license. The whole situation in this bill has created a new area of

discussion among the enforcement groups. This is a beginning. We might have to fine tune it later, but I think this is a big help.

SENATOR CARLTON:

I am concerned with eliminating the one section as far as the "revocable privilege" goes. As Senator Tiffany said so well yesterday, the way to get people to behave is to hold that license in front of them and say if you are not good, it is going to go away. If we eliminate "revocable privilege," how can we take that license away from the bad actor?

ASSEMBLYWOMAN GIUNCHIGLIANI:

Out of the summit a recommendation emerged to consider a privileged license. Mr. Guild and I talked about the possibility of a different standard; so in cases of multiple nuisance complaints, safety violations and code violations, when the operator attempts to renew, they have to get the higher level of license. Therefore, a different standard for privilege versus business is being created. Looking at section 6, subsection 2, I think the cities and counties can revoke a business license for anything under chapter 461A of the NRS. The problem is the training of park managers in that area. They know chapters 118A and B of the NRS well, but the statutes dealing with the actual substandard, chronic nuisances are not as well known.

MR. GUILD:

The example I gave earlier from the late 1950s, about creating a "privileged license" in the gaming context and the findings by the Legislature then to provide the rationale avoided a constitutional infirmity here. Whenever different classes are created, there is a risk of running into an equal-protection problem, unless a very substantial rationale for the public-policy change has been laid out. That rationale has not been laid out substantially enough here. Therefore, the specter of an equal-protection challenge would be raised and possibly a Fifth Amendment rights-violation challenge. We achieve what the Legislature wants by creating the higher standard in deleting subsection 1 and keeping subsection 2 of section 6 of the bill. If we find out the higher standard has not provided the hammer necessary in a couple of years, I think we could go back and create such a hammer with a little more input. This is the reason we discussed it in that context.

SENATOR CARLTON:

I will call you when I am walking my district and let you know if they are moving forward or backward. It is hard to leave those families there knowing in what they are living.

SENATOR HARDY:

My family acquired a mobile-home park and property. We began to make the repairs and realized it was so bad we had to shut it down. There was nothing we could do. This bill is an appropriate step. Some of these mobile-home-park owners have become the new slumlords.

I had a question regarding the notification checklist language, "the division shall provide each park owner"; then, in the text body it switches to "landlord" with regard to the annual. I just want to make sure we are not contemplating the landlord is the park owner. This needs to be consistent. I do not want us to somehow provide an initial notification to the park owner and then let them off the hook thereafter. I do not know what the intent is there. If there is a specific intent, it should be the "park owner" and "landlord" if there is a problem. If you are going to hold the owner's feet to the fire, I would hope they provide that notification to their hired landlord.

MS. DIAMOND:

We provide a checklist for prospective tenants of manufactured-home communities so they know in a synthesized form what they are getting into. We would also provide it to the landlord with a caveat that they disseminate it to their managers. As we get notices that parks are sold, we will get the checklist out to them. I wrote in my testimony ([Exhibit F](#)) that I think the checklist may be redundant. I mentioned to Mr. Guild today that we have mandatory education for managers of mobile-home communities, but not mandatory education of owners. When we educate managers on many areas of chapter 118B of the NRS dealing with landlord/tenant relationships, my codes and compliance officer, Gary Childers, could speak about park infrastructure and park repairs as he did last session. The owners do not attend those education sessions unless they manage the park themselves.

SENATOR HARDY:

That is part of my point. The Division shall provide a checklist to each owner, and then the annual provision is to the landlord. First, it might be difficult for the

Division to know each landlord, but the person that needs to be held responsible is the park owner.

Ms. DIAMOND:

We call the owner the landlord. The person on-site would be the manager.

SENATOR HARDY:

It should be consistent. We should either define "landlord" or change the reference throughout to "park owner."

Ms. DIAMOND:

I think the definition is already in chapter 118B of the NRS. Since this will go into chapter 461A of the NRS, you are correct that it may have to be added to those definitions.

SENATOR HARDY:

It leads the reader to the assumption that there are two different people or two different entities.

ASSEMBLYWOMAN GIUNCHIGLIANI:

That was a suggestion that Ms. Diamond had made.

Ms. DIAMOND:

Landlord is already defined in chapter 118B of the NRS, but it would not be defined in chapter 461A of the NRS, which is where this checklist will end up. We would need to add the definition of landlord to this chapter.

KEVIN POWERS (Committee Counsel):

Thank you, Mr. Hardy, and that is correct, Senator. We are going to have to rework this in accordance with placing it in chapter 461A [of the NRS]. ... Just for the record, I want to make clear the information on this checklist is to provide information concerning the provisions of chapter 461A [of the NRS] to the owners of the mobile-home parks. ... Are we going to have a separate duty on those owners to provide a copy of the checklist to each of their managers?

MS. DIAMOND:

I think that would be a fine addition. The owners should be required to pass it on to their managers. The managers are the real people in the field except in those solely owned parks. It would make it incumbent on the owner to pass it on to their manager.

CHAIR TOWNSEND:

Assemblywoman Giunchigliani, you gave us copies of the media reports on the problem in southern Nevada in [Exhibit E](#). Have all of those issues been addressed in the bill? We do not want to leave out anything.

ASSEMBLYWOMAN GIUNCHIGLIANI:

From the summit, I am pretty sure this bill reflects just about everything. The master-metering issue and the coordination are addressed. The state health officer is the focal point and the reminder of using only licensed individuals for repairs is covered. I went through the checklist resulting from the summit, and the bill anticipates that. The only difference was that we were going to do a relocation fund, but we backed that issue out, because we already had a relocation fund.

We have a lot of older parks. I would prefer that they were brought up to code with their infrastructure rather than being in horrendous condition. There are more Sky Vue mobile parks out there. Perhaps in the future, we can find a mechanism, a fund or something, to assist those owners. If owners will continue to provide the affordable housing here, we will help them do repairs if needed.

This bill gives Ms. Diamond some authority because they were never able to impose administrative fines before. So, there are some things that may assist with the local governments.

There are some well-run parks, and their owners or managers were very good about coming to the meetings and sharing their ideas. This is a good step, although it is not going to fix everything.

Ms. Diamond pointed out an error that I made in the amendment. In section 9.3, subsection 1 should stay in the bill and only subsection 2 should be deleted. The new subsection 2 is in green.

SENATOR LEE:

Can you explain to me on page 3, line 32, the language "a description of how the owner acquired the manufactured home; and"? There must be something more than just those words.

ASSEMBLYWOMAN GIUNCHIGLIANI:

The intent there is to help Ms. Diamond. They can search titles in some cases. However, in many of these parks we do not know how some of the mobile homes appeared. There was never a permit for them to come in to the park. The plot was laid out, but there is no record of how the plot got poured. If someone offers to buy a mobile home, the sellers must tell where that mobile home came from. It may help the buyer track something further if they later find the mobile home should not have been sold or the person who sold it did not have clear title to it.

SENATOR HARDY:

Has the Division considered the potential number of mobile-home parks that are going to shut down, because the cost of repairs will be too much?

MS. DIAMOND:

The Division is a self-funded entity. A portion of our budget comes from the number of spaces in the State. The dilemma in southern Nevada is that parks are closing every year. Mobile-home parks in commercial areas have become more valuable for the ground than for the business that they once were. The Division lost about 3,000 spaces between last year and this year. This means parks close. The dilemma is larger than this entire bill, all of our Division and anything we can do here. The affordable-housing dilemma in southern Nevada is something that needs a global answer. Parks are not the only answer for affordable housing; in fact, some parks are luxurious housing. We are losing spaces which will ultimately have a financial impact on the Division. This will ultimately have an impact on the people left living in parks.

SENATOR HARDY:

It is a problem without a solution. We cannot legislatively require someone to stay in business. We have an obligation to make sure the conditions there are appropriate. This Legislature needs to start aggressively thinking about how we can encourage vertical growth. Building in southern Nevada now is luxury high-rises. This is great. This is wonderful. There is essentially no consumption

of water. It is all nonconsumptive use in these high-rises. We need to encourage the same for affordable housing options as well.

MS. DIAMOND:

Manufactured-home communities provide a different kind of living than a high-rise. Nationally, we see in the East and Midwest high-rise affordable apartments being imploded every day. The politically correct language for a park is a community. It is an accurate reflection of the really good things that happen in those parks. Even in Sky Vue, neighbors were taking care of each other. Sky Vue was an aberration. Other parks that are not in good shape can be rehabilitated. It is incumbent on government to tell them what needs to be done, give them time to do it and help them find sources to do it in a reasonable fashion.

SENATOR HARDY:

We have an opportunity to do it right. The price of land is forcing our hand in that regard. I understand high-rises have become a mess in the East and in the Midwest.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Nonprofit entities had an idea about how to formulate a pool of dollars under some of the home loans. This may be something we would want to explore. It was through the Housing Division, but we could not get it off the ground in time for them to rehabilitate and take over the park rather than having it condemned and bulldozed.

A great many of the condominiums are going into my district, because I am downtown. They are not affordable. The point needs to be reached where average citizens can move in to some of these places, and that niche does not seem to exist. Arizona has done a good job, but it is controversial. As you build "x" you have to also put in so many "y." Many developers have stepped up to the plate and are now starting to have that dialogue in Las Vegas.

SENATOR HARDY:

It is an economic reality that people are not going to build things if they cannot make a profit.

SENATOR SCHNEIDER:

Are there any new parks being built in Las Vegas?

MS. DIAMOND:

The reality in Clark County is that the connection fees and the fees attached with building anything new, particularly a manufactured-home community, are very high. This makes those costly-to-build parks high-end rent parks. Nothing affordable is being built. I cannot remember the last new park that was developed. The cost of putting these in Clark County and other areas is too expensive. The Jaycee Park, which is a beautiful park run by the Housing Authority, was created by the nonprofit junior chamber of commerce.

SENATOR SCHNEIDER:

The land is so expensive and you cannot get the density for a mobile-home park. The apartment complexes in my district are all being converted to condominiums; so, we are losing a tremendous number of rental units.

Mobile-home parks were a holding pattern for land. Someone could put in a park inexpensively and generate some revenue from their land; that was the holding pattern. These parks were to be converted to something else 20 years later. We are seeing that now, because that land is so valuable. That level will go for a million dollars an acre. The investors in those parks know what their land is worth, and if they want the return on their money, they have an option. They can charge a little more rent to get their return on the money, or they can sell it to a home builder, get their money, put it in the bank and get their return. We do not have the available land.

MS. DIAMOND:

The dilemma for the citizen who puts their life savings into that home is that those homes are not mobile in any sense. They can be moved. They can be upgraded but you are looking at \$10,000 for the simplest ones. Then, there are parks that will not take older homes. The dilemma in the zoning bill that was passed is that it stipulates a manufactured home can be put on land anyplace that does not have conditions, covenants and restrictions (CC&Rs), but that home cannot be older than five years. In a larger sense, we are condemning the older homes to destruction, and we have to worry about the people in them.

CHAIR TOWNSEND:

There might be an opportunity in the next few weeks as you go through the university budget to ask those from the colleges of business in Reno and Las Vegas about some of their graduate students and what they are working on. It would be valuable information if someone compiled the number of

apartments there are in Las Vegas and how many are being converted in terms of units. Ms. Diamond talked about losing 3,000 spaces in the last 2 years. We need to start looking at this right now; we need some discussion and some balance. Between the federal government, the state government and our friends at the university, we should be working hand in hand to help.

ASSEMBLYWOMAN GIUNCHIGLIANI:

That is an excellent idea. This would be a perfect opportunity for them to start doing some analysis. We have one interim study on housing, which investigates what is available, what is transitional, what is low-income and what is obtainable. The research piece is absolutely critical, and it is a perfect partnership. If that moves forward in the interim, we could have people from business, marketing and architecture try to bring in more people in from the community.

CHAIR TOWNSEND:

The reason I am sensitive to this is that a number of investors shared with me a thought. Mayor Goodman has pushed pretty hard on developing the medical center and a number of individuals who were looking for investment opportunities talked about acquiring the land between Flamingo Road and the Las Vegas Country Club which is on the north side of the University of Nevada, Las Vegas. This land acquisition would be for the purpose of finding a research institute comparable to the Cleveland Clinic, Mayo Clinic or Scripps Research Institute and allowing the university to grow in that direction. Many of the people who rent in that area work on the Strip. Where would they go? Many of them walk or take the bus. So then, there would be an urban-planning problem. We have multiple needs and ideas. What happens with these folks? They cannot spend an hour and a half commuting to work.

ASSEMBLYWOMAN GIUNCHIGLIANI:

National Public Radio (NPR) did a wonderful series in California. They concluded that 76 percent of the individuals are now deciding they cannot afford the homes as well as the drive time. They are going into rentals instead of purchasing a home. Their quality of life is impacted when they have to drive one to two hours a day just to get to work. We have some opportunities to set some policy. It is still local government control, but we set the framework.

I heard that representatives of the University of Nevada, Reno went before the city council or county commission here, because they are planning 50 years into

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the future about how many acres of land they will need. We need to plan for our urban villages and transit lines. It is such a dynamic opportunity at this time if there are people who are willing to develop responsibly.

CHAIR TOWNSEND:

Let me see if I understand where we are. The mock-up, with a couple of changes, is the basis for the purpose of an amendment to A.B. 343. On page 2 of the mock-up, section 6, subsection 1 would be removed in its entirety. On page 4, the red section starting on line 31 would not be deleted and the section in green would be a subsection. On page 8, lines 38 and 43, the "State Health Officer or the" in green brackets would be removed. On page 9, section 13, subsection 4, remove "State Health Officer or" and put in "or county commission." On page 9, section 13.3, subsection 2 would be removed. Are these the changes?

ASSEMBLYWOMAN GIUNCHIGLIANI:

Yes, perfect. I would think Senator Hardy's addition of a definition of "landlord" in chapter 461A of the NRS should be implemented and make sure the park managers receive the document.

CHAIR TOWNSEND:

That is the proposal.

SENATOR SCHNEIDER MOVED TO AMEND AND DO PASS A.B. 343 WITH THE MOCK-UP AMENDMENTS.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR TOWNSEND:

I will open the hearing on A.B. 427.

ASSEMBLY BILL 427 (1st Reprint): Makes various changes relating to manufactured homes, mobile homes and commercial coaches.
(BDR 43-191)

JIM AVANCE (Nevada Manufactured Housing Association):

This bill is a result of 18 months of effort between the Department of Business and Industry and the Division of Manufactured Housing to update current licensing laws. The present laws date back to the 1970s, and this is a cleanup situation. This bill would consolidate the licensing categories of installer, serviceman and rebuilder into a single category called general serviceman. It imposes no additional changes or requirements for this type of work. It also creates a specialty-serviceman licensing to replace the current limited license. It provides for sanctions to be imposed by the Division. The bill also provides that no one can advertise to provide this kind of work unless they are currently licensed.

MS. DIAMOND:

There are a few small technical corrections ([Exhibit G](#)). Part of what we are doing here is modernizing language so it will be more descriptive to the consumer. Commercial coaches fall under the same law as manufactured homes.

SENATOR LEE:

On page 17, I noticed the "general serviceman" or "specialty serviceman" pays \$150 to the Division. Are the people we put in section 1 licensed by the State Contractors' Board or are they exclusionary and direct to you? How does that work?

MS. DIAMOND:

Manufactured homes are created in a unique code so we have a class of service people who are licensed only with our Division. When I say "only," they may have State Contractors' Board licenses as well, but the majority of those who work on manufactured homes have a requirement to be certified with the Division per chapter 489 of the NRS. They need to take education every two years on the product. They are a unique category of service people related only to manufactured homes. Page 17, that you allude to, is the education and recovery fund. The recovery fund is invoked when one of our licensed service people or dealers make a mistake and create a situation due to fraud or misrepresentation. People can go to court and then recover from that recovery fund. Each licensee has to pay in to it, because potentially they are the cause of the payout from it.

SENATOR LEE:

Would a company that does electrical repair on a coach be held responsible to have a specialty-serviceman license even if they are already licensed with the State Contractors' Board? Does their State Contractors' Board license release them from having to obtain a specialty-serviceman license?

MS. DIAMOND:

It does not release them from that if they intend to work on manufactured homes.

SENATOR LEE:

I have replaced water heaters in mobile homes while working for other people. It was never implied that the service repairman of a plumbing company had to get that license.

MS. DIAMOND:

Whoever told you that you could work in a manufactured home and replace a water heater was incorrect. Water heaters in manufactured and mobile homes are rated separately. You cannot go to a general plumber or even Sears to get a water heater that is rated for a manufactured home, particularly the homes built after 1981, the Department of Housing and Urban Development (HUD) code-produced homes. It is not just the strapping or the ventilation; it is the water heater itself.

CHAIR TOWNSEND:

Is it fair to say [Exhibit G](#) is the only amendment we are talking about?

MR. AVANCE:

Yes, we are in support of anything she wants to do.

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SENATOR LEE MOVED TO AMEND AND DO PASS A.B. 427.

SENATOR HARDY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR TOWNSEND:

The meeting of the Senate Committee on Commerce and Labor is officially adjourned at 9:06 a.m.

RESPECTFULLY SUBMITTED:

Donna Winter,
Committee Secretary

APPROVED BY:

Senator Randolph J. Townsend, Chair

DATE: _____