

**MINUTES OF THE
SENATE COMMITTEE ON COMMERCE AND LABOR**

**Seventy-fourth Session
May 2, 2007**

The Senate Committee on Commerce and Labor was called to order by Chair Randolph J. Townsend at 8:07 a.m. on Wednesday, May 2, 2007, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 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 in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Randolph J. Townsend, Chair
Senator Warren B. Hardy II, Vice Chair
Senator Joseph J. Heck
Senator Michael A. Schneider
Senator Maggie Carlton

GUEST LEGISLATORS PRESENT:

Assemblyman Marcus Conklin, Assembly District No. 37
Assemblywomen Marilyn Kirkpatrick, Assembly District No. 1
Assemblyman Mark Manendo, Assembly District No. 18

STAFF MEMBERS PRESENT:

Gloria Galliard-Powell, Committee Secretary
Kelly S. Gregory, Committee Policy Analyst
Wil Keane, Committee Counsel
Scott Young, Committee Policy Analyst
Lori Johnson, Committee Secretary

OTHERS PRESENT:

Renee Diamond, Administrator, Manufactured Housing Division, Department of
Business and Industry
Marolyn Mann, Executive Director, Manufactured Home Community Owners
Association

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Yvonne Benson
Joseph Guild III, Manufactured Home Community Owners Association
Teresa Maloney
Bob Varallo
Steven Marzullo
Brad Spires, Nevada Association of Realtors
Judy Dosse, President, Nevada Association of Manufactured Home Owners,
Incorporated
Susan Fisher, Nevada Manufactured Housing Association
Alex Boggs
Mike Cirillo

CHAIR TOWNSEND:

Today is the time and the place for Assembly Bill (A.B.) 216. This bill is a result of the work done by the Legislative Commission's Subcommittee to Study the Availability and Inventory of Affordable Housing.

ASSEMBLY BILL 216 (1st Reprint): Provides additional requirements for closing or converting manufactured home parks. (BDR 10-141)

ASSEMBLYMAN MARCUS CONKLIN (Assembly District No. 37):

I have four pages of written testimony ([Exhibit C](#)) for the record. Assembly Bill 216 deals exclusively with mobile home parks and the closure of mobile home parks. We heard ample testimony about the impact on the community and those who live in those parks versus the availability of housing or places for those residents to move their home to, once their mobile home community closes.

There is no doubt that a person with land in the Las Vegas marketplace is constantly weighing the rental income from that land versus what the property could sell for in today's market. As land prices have increased, we have seen a greater number of park closures in the last few years.

This bill requires the owner of the park to provide to the county, prior to the closure, an analysis of the availability of housing to the residents that will be affected. The biggest changes, in terms of the requirements, are on pages 1 and 2. Two things you should be aware of, the Manufactured Housing Division, Department of Business and Industry may come forward and suggest that they do not have the money to regulate this. We disagreed in our subcommittee.

There is also an amendment coming forward to strike page 2, line 2, "without limitation," because of a concern that this section could be expanded beyond those three items. We used that phrase as a matter of making certain that if new information came forward, we would not have to come back to the Legislature to adjust the statute. The commissioner of the Division could act, subject to oversight, to add as they go forward, necessary items to evaluate the closure of parks and the availability of other housing for the people affected.

SENATOR HECK:

I understand that the analysis is going to be sent to the local government. Once they have that, I do not see anything in the bill that sets forth what happens from that point. What do they do with it and what are the repercussions if there is information that shows something that is not beneficial to the home owner?

ASSEMBLYMAN CONKLIN:

There is a fine line between what you can and cannot require of someone. You cannot stop someone from selling their property. The best you can hope for is to delay it, until available housing is found. What we were attempting to do with this bill is to be sure the county considers the available housing issue for the people affected when the county allows new zoning for higher density and these parks are closed. The zoning commission may need reminding that those residents need a place to relocate. It is merely a mechanism to add more information to the mix. It will also be a political tool for the residents to use to pressure the county for help.

SENATOR HECK:

So this is an informational tool for the county to keep these things in mind when they consider rezoning?

SENATOR SCHNEIDER:

Some of those mobile homes being affected by this type of zoning change can not be moved due to their age. I have a lot of those mobile home parks in my district. Most people bought that land and created those mobile home parks as a way to keep the land productive until the right time came to sell it. Now when you convert one of those parks, it becomes high-density condominiums and apartments. A place that previously held 100 people now becomes home to 500 people. That kind of infill project is for the good of all society. What concerns me is the use of this bill to create a political tool to stop the type of change or conversion that is bound to happen.

ASSEMBLYMAN CONKLIN:

I understand where you are coming from. I am sure you have a lot more knowledge about the development of the land in that area. When I say "a political tool" what I mean is a tool for the county to understand the demographics better. There is no repository of information about the true needs of their community. Consequently, a lot of this zoning takes place in a vacuum. The main concern for the county is how to parcel the land to make the most money, which is a normal market condition. When they rezone, both counties and cities, they need to keep in mind those residents and the need for providing them a place to relocate.

There is a trust fund available for mobile home park closures, to provide affordable housing. There were five bills to come out of the subcommittee. One of those bills deals specifically with additional money to go into that fund, to help the people move or to provide a down payment on another home.

There are other remedies, but to reiterate, I firmly believe in the right of the land owner to sell his property and make money.

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

I just want to say the Division is happy to do everything it can to support this bill. I testified before the Assembly committee that we prescribe within the context of the Division by administratively processing 30 or 40 different forms. What I testified to was that we do not have a budget for the adoption of regulations related to manufactured home parks. We are more than happy to administer by regulation, if that is what the Assembly decided.

MAROLYN MANN (Executive Director, Manufactured Home Community Owners Association)

We applaud the sponsor's interest in the lack of affordable housing. As owners of these parks though, we feel it is counterproductive to mandate more costly regulations on the owners. We submitted an amendment ([Exhibit D](#)) which would delete section 1 of A.B. 216. As park owners, we do not believe that it is practical for the owners to analyze the tenant's requirements, or to arrange for a replacement property. There is already enough discord when a park is going to be closed. We feel that the annual demographic survey that is already mandated in the *Nevada Revised Statute* (NRS)118B provides all the information needed. The study is conducted by the Manufactured Housing Division and contains

sufficient information on the location and number of parks, available space and age requirements.

YVONNE BENSON:

I am the owner of the Lone Mountain Mobile Home Ranch, located in Las Vegas. I am opposed to A.B. 216. I feel that the burden of finding affordable housing is being placed with the owner of the park. This bill requires us, as owners, to perform social welfare work for the county and the city. Eventually, with all these rules and regulations, our ability to sell our property will be affected.

JOSEPH GUILD III (Manufactured Home Community Owners Association):

I have a copy of the amendment that Ms. Mann just talked about. I apologize that I did not have time to make some changes that have become necessary. There is a situation that came to my attention last night which has caused me to reconsider this amendment. There is a mobile home park in Lake Tahoe that is trying to close on the sale of their park. The Tahoe Regional Planning Agency (TRPA) became involved in this sale two years ago. The TRPA has required them to include certain conditions of sale before they are allowed to obtain the permits necessary for improvements or any new development on this mobile home park property. One of those conditions is an environmental impact statement. Coupled with the environmental impact statement is a whole list of conditions and requirements related to affordable housing that must be done before the owners can complete the sale process. Two years and several million dollars later, they are still trying to satisfy the TRPA. If these owners had to go back and redo some of things that will now be required of them should A.B. 216 pass, they would incur considerably more expense. In an effort to alleviate this type of situation, I came up with an additional statement to add to the amendment. Again, I apologize for not having this in the form of a written statement. The proposed clause would read something like this, "If a local zoning board, planning commission, or governing body requires specific conditions or requirements for the approval of a park closure or conversion of a manufactured home park which conflicts with a corresponding section in A.B. 216, they shall be the controlling authority."

SENATOR CARLTON:

I understand the TRPA. I am on the committee that does the oversight for that agency. Your proposed language seems overly broad. I can help you address this specific TRPA issue, which is due to the much higher standards that the

TRPA follows. If we add in your proposed clause, we will be right back where we started before the work Assemblyman Conklin and the subcommittee has done.

MR. GUILD:

I would be happy to find a middle ground and work out this language if the Committee is so inclined to pass this legislation.

TERESA MALONEY:

I am a partner in the Echeverria family partnership and a second-generation owner of the Lucky Lane Mobile Home Park in Reno. My dad built that park 35 years ago. I just wanted to let the Committee know that many of us, the owners of parks, are committed to Nevada and want to continue to operate our mobile home parks.

In A.B. 216, the bill would require that the owner prepare an impact statement before the closure begins. Until the closure begins we do not know the impact, which residents can move, or who cannot. I had the same question as Senator Heck, what happens after we present the impact statement, to what end, and for what purpose?

At the very least, we are starting to have meaningful discussion of the actual problem, which is the need to develop more mobile home parks. Our park is in an older part of Reno and that land is a perfect candidate for an infill project. The property has an underlying zoning of 30 units an acre, so we could put 600 apartments on that land. We also have hundreds of acres north of town in Reno. Yet, when we appear before the county to try to develop land-lease mobile home communities on that land, we are not welcomed in that discussion. It is a revenue issue for the county because in a land-lease program, the mobile homes are taxed as personal property if they are not attached to the ground, therefore there is no revenue stream available as there would be if the lots were taxed as real property. So even when we try to provide more affordable housing, the county does not want to consider that type of use.

CHAIR TOWNSEND:

I want to refresh my memory on the current law. Under the NRS 118B.177, you are required to give 180 days after the date of the notice as provided in the NRS 40.280 to close in which to move the home. Do you object to line 3 of page 1, because there is no need to add any more time to the 180 days?

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MS. MALONEY:

By requiring an impact analysis before the 180 day time frame starts you will be adding more time to the process, making an already difficult situation worse.

CHAIR TOWNSEND:

Assemblyman Conklin, are you aware of that concern?

ASSEMBLYMAN CONKLIN:

We can work on the timing with everyone concerned.

CHAIR TOWNSEND:

Mr. Guild, since you brought to our attention the legitimate concern of federal or state preemption, could you work with Mr. Keane to produce some language that the committee could look at? The particular site in Lake Tahoe is an example of the TRPA process which needs to be streamlined.

MR. GUILD:

Nevada needs to truly address the affordable housing situation, because it is here, it is significant, and it is growing. We need political leadership from the highest level that will use their clout to make the U.S. Department of the Interior (DOI) loosen up their regulations which affect every city in Nevada from North Las Vegas to Carlin. If we do not act to loosen up the Bureau of Land Management boundaries around some of these cities, we are looking at a potential crisis. Nevada can build the greatest hotel and tourist attractions in America, but no one is going to be able to afford to live or work in these areas that include casino workers and teachers for the local schools. We have a unique opportunity right now, with a Nevadan in one of the highest federal positions, in terms of influence in the federal arena. The Secretary of the Interior needs to hear from all the Legislators, as many times as possible.

CHAIR TOWNSEND:

We have communicated with the federal leadership and they are working diligently on the problem which is particularly exacerbated in southern Nevada.

SENATOR SCHNEIDER:

I have a bill in the works to remaster the zones west of the Strip this year, and it was decided that the chairman of the Senate Committee on Government Affairs would send a letter to the Clark County zoning commission to ask for a study. A lot of the mobile home parks in the area east of Decatur Street fall into

my district. That area will have to go to mixed-use, high-density infill in the next ten years in order to continue providing affordable housing in that area of southern Nevada. I am not sure how Assemblyman Conklin's bill will fit in that situation, but if that letter is taken seriously, the county would be addressing some of the same issues brought up by this bill.

ASSEMBLY BILL 304 (1st Reprint): Makes various changes to provisions relating to manufactured home parks. (BDR 10-1119)

MS. MANN:

I am the executive director of Manufactured Home Community Owners Association (MHCO), and I have an amendment ([Exhibit E](#)). We are requesting that you reinstate section 6, subsection 2 of A.B. 304. In 1997, we were asked by then-Speaker Perkins to work together to reach a consensus with the residents to avoid the large number of adversarial bills that were introduced each session. The whole point of the process was to bring something to you that both sides have agreed on.

We began by sending out letters to all interested parties asking for their input. Depending on the issue we ran it by the resident association, Nevada Association of Manufactured Home Owners (NAMH) or the owners/landlords association.

CHAIR TOWNSEND:

Could you, for the record, explain what the name NAMH stands for, please?

MS. MANN:

Those are the initials of the Nevada Association of Manufactured Home Owners. Bob Varallo is here, representing the residents in south Nevada, and Judy Dosse is there in your Committee room. The bill you have before you is the fifth consensus bill that we have done and it represents months of discussions and compromise, except that it is missing the section specifically concerned with the park owner's side, which was deleted out at the last moment on the Assembly side.

We will support this bill, if section 6 is put back into the bill. From the very beginning, the residents supported the owners in the increase of the lien cap amount. We feel that with the current deletion of that section, this bill is no longer a consensus bill.

MR. GUILD:

You should have A.B. 304 in front of you. On page 2, we deal with notices of closure and conversion, which we have talked about in the prior bill. I will point out to you those provisions that amend the NRS 118B and other sections of the NRS; section 2 has been proposed and agreed to because of a prior section in the NRS 118B that would have made it a violation for a home owner to do repairs on their own home. The new section clarifies that serious defects or problems still need to be addressed by a licensed person, but minor repairs may be done by the home owner.

The next change is section 3, subsections 6 and 7. There should only be one set of rules and regulations at any one time. The next change is section 4, subsection 4, which deals with a tenant wanting to meet with management to complain about the management of the park. The old section was ambiguous and resulted in the person conducting the meeting being the actual person the tenants wanted to complain about. This new section clarifies that it cannot be the manager, unless the manager is the one who owns and lives in the park.

Section 5, subsection 7, deals with a serious situation related to the closure of a park. It says that the landlord shall pay the appraised cost of the home plus reasonable costs for removing or disposing of that home. There was a loophole that this is seeking to close or an interpretation in the previous law, that an owner would have to pay the difference between the fair market value of the mobile home and the disposal or salvage costs, which everyone agreed was an unfair burden.

The section Ms. Mann is referring to is section 6, which in the original bill was the one thing the park owners were going to obtain for agreeing to the rest of the items the residents or tenants were asking for. That section would have increased the lien amount under chapter 108 of the NRS from \$2,000 to \$5,000. The reason for this increase is that the \$2,000 cap on the lien has been in existence since 1981. Ms. Maloney did a statistical analysis of the inflation factor since 1981, and it comes out to \$4,700 today. That increase was opposed in the Assembly, not by the tenants' group and was deleted in the Assembly. Ms. Mann was referring to that section previously in [Exhibit E](#) which they are requesting be put back into this bill. The only other significant change is in section 9, for which the Realtors are proposing an amendment that they will discuss later in this meeting.

SENATOR HECK:

In section 2, the suggested language change to "structural," thereby making it clear what repairs could not be done by the home owner, is a broad term. Was there a specific intent behind that word as to what was included or not included?

MR. GUILD:

I am not sure if I used that term when I sent it to the legal counsel, or it was inserted. I would be happy to work on a better term.

SENATOR CARLTON:

I do not see how this change helps to clarify what repair the home owner can make, since you have eliminated almost any type of repair.

MR. GUILD:

You have inadvertently identified one of the problems with the NRS 118B. We keep trying to cover every possible contingency that has arisen over the years. There is no continuity and a lot of ambiguity in this law; however, if you read the way it used to, the changes have made the statute more easily understood.

SENATOR HARDY:

Why were the words "life, health and safety" stricken? That phrase is code-related in the building industry, it is a term of art, and I do not see the ambiguity in the existing language.

MR. GUILD:

This was an issue that had a great deal of import to the tenants; perhaps Mr. Varallo could clarify.

Bob VARALLO:

I would defer to Renee Diamond; I worked with her office to come up with the terms.

MS. DIAMOND

Initially in previous language in this statute, the terms "life, health and safety" were so vague that someone wanting to change their linoleum had to get a licensed person to do a job they could have done themselves. The Division suggested the language on page 3, lines 39 through 41, based on other statutory language in NRS 489, which we also administer and is the Division's

general rules about the home itself. The NRS 118B is specific to the management of the parks and residency. The reality is that a manufactured home built after 1981, is built to a specific U.S. Department of Housing and Urban Development (HUD) code which is different from the local codes that apply to a site-built home. We feel that a licensed technician who is educated by our Division should be the only person to work on the engineered structure or home, which is where the term "structural" came in. For example, if you wanted to install an air conditioner on a site-built home, you could attach it to the backside of the house or to the roof. On a manufactured home you could not put an air-conditioning unit on the roof, unless it was engineered to hold that unit. If a site-built home needs to be reroofed, it could be done over the original roof, but a manufactured home's roof would not hold that type of weight.

MS. DIAMOND:

If you look at our chapter 489 of the NRS, it is all spelled out and we were trying to impart that information to the residents via this bill. If you want to change the vanity in your bathroom, that is considered cosmetic. We wanted residents to be able to ascertain whether the change is a life or safety issue. If you are going to work on the plumbing, you need a licensed technician. We saw too many homes ruined by unscrupulous people coming through a park and offering to reroof their house for \$250 if they acted that day. Six months later, we would get a call from the person who had their roof done saying the windows would not open. The weight made the home bulge. State Contractor's Board people are specifically excluded from working on manufactured homes by statute. We think that the technicians we educate and license are the only ones who should be working on the important systems of those mobile homes. That is for the protection of the home owner, not to make it cost more. If you want to paint your home or change the linoleum, these are changes that would not affect the structure.

SENATOR HECK:

How did changing the linoleum get considered a life, health and safety issue?

MS. DIAMOND:

We had a situation with a tenant who wanted to change the flooring from carpet to linoleum to facilitate someone who had become disabled and needed to use a wheelchair. They thought the description of "health" meant she would be in violation by changing the flooring. The Division deemed that language was

too vague. We do not want people to be worried about those types of changes. We do want them to be cognizant of the fact that they live in an engineered product that does require specialists when making major changes.

SENATOR CARLTON:

Possibly the term "repair" is being confused with "remodel."

MS. DIAMOND:

We say anything that occurs in the home after the initial building stage is a repair, some are minor and some are major. If the mobile home owner alters the windows, which are engineered for a certain size, it could have a major effect on the weight-bearing qualities of the home, unlike a site-built home. The Division thinks that any changes, except for cosmetic, are "repairs" and are serious issues that require a licensed technician trained in mobile home repair.

SENATOR CARLTON:

I still think people are confused and they are scared to do anything.

MS. DIAMOND:

That is why we are elaborating that the types of repairs, "structural, electrical, plumbing, drainage, roofing, mechanical or solid fuel burning systems," which would be a fireplace change, are serious issues. We think that the previous language led to more confusion and this language is more specific. The consensus committee was provided this language based on NRS 489, which always speaks to issues of the home itself and that is the language used in that statute.

CHAIR TOWNSEND:

Ms. Diamond, do you not have the authority to do this by regulation?

MS. DIAMOND:

We have the general authority within NRS chapter 489. This bill is a specific attempt to put the same language into NRS 118B since managers and residents do not attempt to read NRS 489 because it is more technical. The residents get a copy of NRS 118B and any changes made during the session to keep them up to date.

CHAIR TOWNSEND:

So I understand that you are saying that you have authority under NRS 489 and do not have any authority under NRS 118B. Would you like authority under NRS118B?

MS. DIAMOND:

It would be easier and more descriptive to the residents. The Division likes to have some leeway to work with the constituent groups, both the park owners and the residents. We do not want to be a bureaucracy that people do not understand. As we work with the groups, we learn more each time, in the hopes of being able to make it easier on everyone. We answer our phones and we are not hard to get in touch with.

MR. VARALLO:

I would like to give you some background. This bill, A.B. 304, was a result of last session's bill, which Assemblywoman Giunchigliani had blended into NRS 118B. When the residents read NRS 118B after that session ended, we determined that I, as a resident, could not even change a light bulb in my home. We had a meeting with Assemblywoman Giunchigliani and she said that was not her intent, so we had to come up with a revision.

MS. MANN:

I have attorney Steve Marzullo here with me to explain the lien-cap process and why we asked for that section to be reinstated in this bill.

STEVEN MARZULLO:

I am an attorney in Las Vegas whose primary practice is in mobile home park operations. I am here to talk about the lien-cap increase that the industry has requested, from the present \$2,000 to \$5,000. Anecdotally, my office has been processing liens for over 25 years at the rate of approximately 20 to 30 a month; we have literally processed thousands of liens. I can tell you that less than a handful of these liens are ever objected to, or find their way into the court system.

The lien process occurs once the mobile home is abandoned, or there has been a court decision to remove the tenants. The lien allows the park to dispose of or create a transfer of unoccupied mobile homes. Without this mechanism, the parks would have an excess inventory of homes taking up space on their land and not creating any revenue. That is why this request of the increase was

created in the consensus bill. We do not understand why it was removed. It does not affect the tenants. The tenant and the landlord have a contract through the rental agreement or lease. If the tenant does not pay the rent, then a judgment is obtained for the amount of rent due. If they do not pay that judgment, they are subject to the legal remedy of eviction. As a practical matter, the tenant who could not pay rent could not afford to move the home. Another situation could be that they are not entitled to move the home due to a mortgage or encumbrance.

In starting the process of filing a lien, you have to wait four months, which is the statutory compliance. The lien is then put up for sale at auction. Up to that point, anyone, such as a secured creditor, would have the right to pay off the lien and maintain the tenancy. If no such person comes forward, the home goes to auction after we give further notice. The park would then get title or another bidder would get the title by creating a transfer or an alienation of title. Once that is accomplished, you can go about creating new ownership and the ability for that property to start producing revenue again. What this amendment simply seeks to do is create more rights for the park owners against those creditors.

A creditor may wait for the four to five month process to almost be complete, before asserting their right to the property in question. The \$2,000 limit just is not enough to cover the rents at \$500 to \$600 a month. By the end of the lien process we are already owed at least \$3,000 to \$5,000. That is really why we have sought to increase the cap limit. It is my understanding that raising this cap will not affect the tenant-landlord relationship. It is affecting the lien rights of the park owner versus the lien rights of a secured creditor. It should be a fair value for the rent of the space for the actual time that the property is unusable.

BRAD SPIRES (Nevada Association of Realtors):

I am the chair of the legislative committee for the Nevada Association of Realtors. I have handed out an amendment with some attachments ([Exhibit F](#)). Back in 1999, I actually testified on the original bill when it was first brought forward. Sections 7, 8 and 9 of A.B. 304 were clarifications that our association asked to have put into the bill. Those clarifications were in regard to the age of homes that can be brought into a single-family residential area. Our amendment today is requesting that the language currently in the bill remain. I have spoken with Mr. Guild and he is in agreement that the language should stay in.

CHAIR TOWNSEND:

One of the proposed amendments requests that language in Section 7 be stricken but your amendment is to request that the language not be stricken.

MR. SPIRES:

Yes, specific to section 7, subsection 4, paragraph (a) and section 8, subsection 2, paragraph (a) subparagraph 2, we would like that language to remain as is. In section 9, subsection 2, we would like that new language to be stricken.

SENATOR HECK:

I am curious about the five-year period. What would the difference be between a house built five years ago and a house built today?

MR. SPIRES:

If you currently own a home in a development of site-built homes that is not governed by covenants, conditions and restrictions and one of those homes burns to the ground, you could replace it with a manufactured home, but it needs to be five years old or newer. If the current language is deleted, they could put a much older mobile home in that place. From a Realtor's and a property rights standpoint, that could, in effect, lower the value of the surrounding neighborhood homes. That was a compromise early on with this bill; we felt that five years was a good number. In fact, the federal housing administration will not loan on a home if it has been moved, so it becomes a lending issue also. The new manufactured homes are terrific and would be an enhancement to any neighborhood, but not a 20-year-old mobile home moved into a neighborhood of site-built homes.

CHAIR TOWNSEND:

I thought that the original statement was that this was a consensus bill? Were these changes done after the discussions with the two parties? Why was the lien section removed?

MR. GUILD:

The discussion you just had with Mr. Spires about the language that was stricken was language not discussed by the parties during the interim meetings. We are not opposed to leaving that language in the bill.

In regard to the lien-cap increase which was in the bill and was part of the consensus, was agreed to by all parties.

MR. VARALLO:

I second the comments that Mr. Guild made; the lien-cap increase was agreed to by the residents. We are not in any position to renege on that agreement that we made within the framework of the consensus committee. The other issues are outside of our discussion or were not an issue to the committee.

JUDY DOSSE: (President, Nevada Association of Manufactured Home Owners, Incorporated):

I am the president of NAMH. I represent the resident-home owners in over 400 mobile home communities. I have a letter that describes some of the problems we have in the parks ([Exhibit G](#)). We need your help to resolve some of the issues that are raised in my letter.

We do not know why the lien-cap section was deleted. We do believe that it is discriminatory to not allow manufactured homes into a community because of age. There are other requirements and age should be irrelevant. The Realtors were not part of the consensus group.

ASSEMBLYMAN MARK MANENDO (Assembly District No. 18):

Just briefly, page 8, lines 26 through 29, was language that was stricken as agreed to by the consensus committee. Mr. Guild said that the MHCO did not have a problem with that language, but the resident's organization does have a problem with that language and they would like that language removed.

SUSAN FISHER (Nevada Manufactured Housing Association):

We are in favor of striking the language in section 7 and the corresponding language in section 8 with regard to the age of the home. Every local government has the ability to restrict the appearance of a mobile or manufactured home. Before being allowed to move such a home into an existing neighborhood, many things will be taken into consideration. They will look at the siding, the pitch of the roof and any zoning requirements such as requiring a garage.

CHAIR TOWNSEND:

We will close the hearing on A.B. 304 and open the hearing on A.B. 477.

ASSEMBLY BILL 477: Revises certain provisions governing manufactured home parks. (BDR 10-428)

ASSEMBLYMAN MANENDO:

I am here today to ask for your support on this bill. The NAMH has asked me to sponsor this legislation on their behalf. This organization is not a stranger to me. I am in my seventeenth year as a member since it is an important part of my District. For the record, I do not live in a manufactured home community nor does any of my family. More importantly, the NAMH is familiar to most residents in mobile home communities. The NAMH was founded in 1973 by a man named Ted Holsworth, who recognized the lack of laws to protect residents living in these communities. As a result, he founded the NAMH and incorporated it in 1974. He is now 86 years old, living in Arizona, and was recently honored by the organization.

I have attended open discussions held by the residents in various park communities. Judy Dosse, president, Bob Varallo, immediate past president of the NAMH, the membership and their board of directors have given me a mandate. I specifically ask for your support for this bill. I would also like to thank Mr. Guild and Ms. Mann for working with us to create the language needed to address some of the issues we agree on.

Ms. DOSSE:

I have written testimony that addresses the NAMH's concerns about A.B. 477 ([Exhibit H](#)).

CHAIR TOWNSEND:

Could you clarify the thinking on the shed issue in section 7, subsection 5, "If the landlord is unable to move ... the shed due to the physical condition ... shall pay the tenant \$250 for the reimbursement for the shed"? If the shed cannot be moved due to its condition, there is no value so why would someone need to be reimbursed for it?

Ms. DOSSE:

The thinking of the Clark County Board of Commissioners where this comes from and the residents in the consensus group also, is that the shed is perfectly serviceable in the current location. Since the home owner did not want to move, he should be recompensed a token amount.

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CHAIR TOWNSEND:

I have heard a few references to a consensus bill. Is this a consensus bill?

Ms DOSSE:

This is not a consensus bill.

ASSEMBLYMAN MANENDO:

We may have further comments after Mr. Guild makes his statement.

MR. VARALLO:

I am immediate past president of the NAMH. We all worked together on this bill and I am in favor of this bill.

MR. GUILD:

On behalf of the MHCO, there are significant proposed amendments to A.B. 477. If these changes are not accepted, the group I represent would oppose the bill in its entirety. I would be happy to go over this ([Exhibit I](#)).

ASSEMBLYMAN MANENDO:

I do have a copy of [Exhibit I](#) which is MHCO's proposed amendments and I can already see an error. Mr. Guild and I agreed that section 5; lines 8 through 19, on page 3 would stay in the bill and not be deleted.

MR. GUILD:

I did agree with Assemblyman Manendo that section 5, paragraphs (a) through (f) should stay in A.B. 477. Unfortunately, the amendment in [Exhibit I](#) from my clients shows that it should be deleted. There has been some confusion. I may have misspoken on that particular item.

ASSEMBLYMAN MANENDO:

I am okay with section 7, subsection 3, showing the insertion listed in [Exhibit I](#). In section 7, subsections 6 and 7, I am okay with those. We are also okay with the amendment of section 8 as shown in [Exhibit I](#).

MR. GUILD:

The way the bill was originally drafted, it would have made a postmark acceptable evidence of payment for rent; while I am not accusing anyone of deception; it was a technical, evidentiary issue for the Assembly, who requested clarification on that issue.

ASSEMBLYMAN MANENDO:

We tried desperately to come to a consensus on the number of days for section 12, subsection 2, paragraph (c), subparagraph (1). Current law requires 180 days to vacate and we wanted to amend that to 270 days. Originally, we asked for a year, specifically because of a community like Tropicana Palms which has 532 spaces. They would have to start moving a home every day, as soon as the notice of closure was issued, in order to even try to comply with the statute in the current form. Possibly the Committee could come up with a feasible number of days that would be realistic. It would be impossible to close down 500 homes in Tropicana Palms in 180 days. As was mentioned earlier, the El Capitan Park voluntarily gave their residents 270 days' notice, which is where we got that figure.

MR. GUILD:

What is not agreed upon by my client, aside from what was referenced on page 3 previously, is section 7, subsections 6 and 7, which is the \$1,500 cap for expenses and fair market value or whatever is greater; the \$5,000 number is arbitrary. For example, you have two homes next to each other, one is worth \$5,500 and the other house is worth \$500, but the owner would be expected to pay \$5,000 for both. We do not know what formula was used to make this a rational way to value property. In section 10, subsection 4, we would present the same argument as far as the \$1,500 cap is concerned, and the same argument again with page 8, line 39.

We asked that lines 7 through 11 on page 9 be deleted because it references the NRS 118A and not 118B, which is not a germane issue for this bill. On page 8, line 43 is the first reference to 180 days. As Ms. Maloney stated in discussion on the previous bill, 180 days is ample notice and if you start tacking on more days it could extend out several years with court disputes, etc. We think 270 days is too much time, so among the proposed deletions in [Exhibit I](#) is any reference to that change from 180 days to 270 days.

MS. MANN:

We agree with much in [A.B. 477](#). The items we do not agree to are listed in [Exhibit I](#). We agree with page 2 in the bill concerning appurtenances; as well as section 3, concerning false advertisements; on page 3, we will honor Mr. Guild's and Assemblyman Manendo's agreement on section 5, which was discussed previously. In that spirit of cooperation, hopefully the tenants will agree to some of our issues. On page 4, we agree that any additional fees other

than the base rent should be provided, as well as on line 44, that the escrow agent should notify the Division of the new owner. This was actually asked for by the Manufactured Housing Division which was concerned that a new owner might not be aware of the NRS 118B existence, adding to that the Division is also to be notified if the park is sold. On page 5, lines 17 through 21; we oppose the landlord having to arrange for the tenants' relocation. Referenced in [Exhibit I](#) is the requested language we would like to insert. I believe I already spoke about this earlier; the discord is already elevated without having to argue about when and where a home can be moved.

We are okay with increasing the 50-mile radius to 100 miles to a park which has reported vacant space, as well as paying for the shed. We are not in agreement with the following on page 5, starting on line 38, because as landlords we have already agreed to pay for the appraisal and salvage cost, but we do not want to pay for moving expenses. Basically we believe this creates value where none exists. On page 7, you have an amendment with regard to a postmark. On pages 8 through 14, I do not need to go over them again since they have already been discussed. However, on line 43, page 8, it talks about the notice time and we agree with Mr. Guild's previous statement that 180 days is adequate notice time. On page 9, we are opposed to lines 7 thorough 10 as this refers to renters and belongs in the NRS 118A. On pages 10, 11, 12 and 14, again, this has all been previously discussed.

MS. MANN:

I would like to tell you of our members' frustration with this bill. We believe there has been an overreaction to the park-closure issue. Most of the parks that have closed were all forty years old and had outlived their usefulness. Their infrastructure was deteriorating, as were the homes left in those particular parks. They could not have passed inspection, so closing them actually eliminated substandard housing. Society needs to help low-income residents; park owners have done more than our fair share to help these residents. The park owners worked with the Legislature and agreed on changes and compromises for NRS 118B. We have contributed more than \$5 million to the lot rent-subsidy program at no cost to the taxpayer. Manufactured home community residents are already afforded many benefits. Asking the park owners to pay thousands of dollars more, for moving expenses and including the thousands of dollars we have agreed to assume in removal costs, we feel is inequitable. Closing a community is a very expensive procedure and is not a decision that is made lightly. In talking to other people who have gone through

this closing process, they have spent, using a ballpark figure, more than \$1 million to move or dispose of a 100-space mobile home park.

MS. MANN:

We feel that the cities or county have made no real effort to plan for low-cost housing and they are passing the buck and using the park owners as a Band-Aid. We hope the Legislators come to the realization that what we need is less legislation, more replacement developments, and more incentives plus lower-cost land to solve this crisis. We truly want to be part of the solution and not part of the problem. I would like to have two board members of the MHCO give a statement.

ALEX BOGGS:

My family has owned 2 manufactured home communities in Las Vegas for over 40 years. It is not our family's intention to sell or close these parks. I do tell my siblings that I grow weary of the constant regulations and ordinances enacted against the park community owners. We are constantly being asked to compromise on property rights. Our feeling is that if these communities are valuable, the counties should encourage us to continue. It should not be a surprise to anyone that these communities are shrinking and disappearing. We do not need legislation like A.B. 477.

MIKE CIRILLO:

I am the immediate past president of the MHCO and managing general partner of Pleasant Valley Mobile Home Community in Las Vegas. I would like to mention a couple of issues that have not been touched on. This bill, specifically in regard to relocation, is a moot issue. This bill is detailed about extending the radius of miles that will be considered for the payment of relocation costs, but as the number of parks dwindle, the availability is not going to be the concern because there will not be any place to relocate. The issue will then become, what is a mitigation measure, in the absence of suitable relocation space, to compensate these home owners. There is one underlying fact in every instance that is going unrecognized; these tenants are occupying a piece of dirt, subject to a month-to-month tenancy. Additionally, there is reference to fair-market valuation in NRS 118B, using a dealer to issue an appraisal, which I see as problematic. If evaluations are going to be required, they should be done by a recognized evaluation licensee or be done using a guide published by the National Automobile Dealers Association which includes a methodology of valuating manufactured homes specific to geographic and other conditions. To

make the park owners compensate a resident who is holding a month-to month tenancy for the site value would be the same as having the park owner buy his own land back. That would represent a terrible inequity.

SENATOR HECK:

Once a decision is made to close a park community, who arranges the actual moving of the homes?

MR. CIRILLO:

There could be some different possibilities, but in most cases, the park owner is covering the cost but not dealing with the place where the home is to be relocated.

SENATOR HECK:

Who is responsible for making the arrangements to make the call to pick up the manufactured home and move it from point A to point B?

MR. GUILD:

It is the home owner.

SENATOR HECK:

Okay, so to get back to the time frame in which the mobile home owner has to move his home, how many entities are there in Clark County that are capable and licensed to move the homes? If you have 500 homes, and there is a finite amount of people that can accomplish this, what are the logistics of getting that kind of move accomplished in 180 days.

MS. MALONEY:

There are not enough spaces available to move that many homes anyway, which takes us back to the original discussion. We need to develop more low-cost affordable housing.

SENATOR HECK:

Let us assume the best case scenario and there were 500 spaces available. Are there enough entities available to move those homes in 180 days?

MS. MALONEY:

No.

SENATOR HECK:

So, even if there were enough space, there are not enough movers to accomplish that in 180 days.

MR. CIRILLO:

I believe there is a misunderstanding that the 180 days represents an absolute drop-dead date, at which time every home has to have been removed. NRS 118B speaks to the fact the 180 days is the time frame for a notice that the closure is commencing. The actual move is a logistic issue that could take years. There are probably only three or four movers in the Clark County area.

SENATOR HECK:

What I read in A.B. 477 is, "giving the tenant at least 180 days 'after' the date of notice before he is required to move his manufactured home from the lot."

ASSEMBLYMAN MANENDO:

That is why we requested the increase from 180 to 270 days because of the lack of businesses qualified to make a move of 300 to 400 spaces. We wanted a year, but we settled on 270 because that was a standard set by the El Capitan closure.

CHAIR TOWNSEND:

Do we have any statistics on the number of parks that have closed in the last two years?

MS. MANN:

Our records show in the last 20 years there have been approximately 20 closures. The reason this issue has been pushed to the forefront is that there have been 13 or 14 park closures in the last three years.

MS. DIAMOND:

We think we lost 3,000 to 3,500 spaces; it is easier for us to measure it in terms of spaces. Ms. Mann is correct that the majority of parks closed in the last two years.

CHAIR TOWNSEND:

How many spaces in parks have closed in the last 24 months?

MS. DIAMOND:

Right now, I know of three parks of various sizes closing, including one here in Reno. As the land boom leveled off, it has slowed down.

CHAIR TOWNSEND:

What was the average size of those parks? Of those, how many homes were actually moved and relocated.

MS. DIAMOND:

The average size was probably 200, although there were a few small parks involved. The Division is not noticed as to the dispensation of the homes after being noticed that the park is going to close. It is the park's responsibility to negotiate with each tenant what they are going to do. I would say that up to 20 percent of the tenants choose another form of housing or to leave this State to go home to family somewhere else. Another 5 percent of tenants could not be moved because the new location requires that the home be brought up to code, which is an expensive proposition.

In response to Senator Heck, we have enough licensed movers, except for a short period three years ago when there were a lot of park closures at the same time. To compensate for that, the Division extended the process time since there were not movers available.

ASSEMBLYMAN MANENDO:

I thank the committee and the group that came together to form a consensus group. Out of the negotiations, in lieu of a moratorium, this is what we came up with in A.B. 477.

CHAIR TOWNSEND:

We will close the hearing on A.B. 477. Would Assemblywoman Kirkpatrick please come forward, I want to distribute the bill draft request (BDR) that was just received by our legal counsel. You may remember Committee, that as a result of many work sessions, Assemblywoman Kirkpatrick and I brought forward S.B. 437. Our goal was to bring some consensus on key issues regarding energy and conservation.

SENATE BILL 437 (1st Reprint): Revises provisions concerning generation and consumption of energy. (BDR 58-232)

CHAIR TOWNSEND:

Now, Assemblywoman Kirkpatrick and I are back before you because S.B. 437, while we feel it is very important for our future, has become uncertain due to the results of the economic forum forecast. The fiscal impact of S.B. 437 cannot be measured at this time, so we have asked, as an emergency measure, an exemption to be presented to the Governor for signature. The reason for the emergency is that on Monday, there is a tax hearing in which a regulation is to be adopted regarding a portion of A.B. No. 3 of the 22nd Special Session. This could be problematic to the debate occurring on the finance committees, regarding the distributive school account and the effect on education.

BILL DRAFT REQUEST S-1495: Suspends all state action relating to tax exemptions applicable to energy efficient buildings. (Later introduced as [Senate Bill 567](#).)

CHAIR TOWNSEND:

This BDR S-1495 suspends all state action relating to exemptions applicable to energy efficient buildings. If you will look at the BDR, there are a number of statements with regard to how the Legislature feels about energy, and how the Economic Forum's information in section 1, subsection 5, reinforces our commitment to conservation, green development and renewable forms of energy. The basic provisions of the act are in section 2, page 3 ([Exhibit J](#))

The mechanics of this are very simple. The three of us, Assemblywoman Kirkpatrick, Assemblywoman Smith and I, would take this, if it were to become law, to the Tax Commission hearing to prohibit them from adopting any further regulations. At that point, we would all get back together to our normal processes and try to work through the challenges with the current laws on the books that might affect revenue streams.

The proposal is to introduce this BDR in committee, then take it to the floor. Once there, we would hold a hearing and vote it out of the Senate declaring it an emergency measure and take it to the Assembly. I do not know if the Assembly has to receive it on the floor, which would make tomorrow a necessity.

ASSEMBLYWOMAN MARILYN KIRKPATRICK (Assembly District No. 1):

Senator Townsend, Assemblywoman Smith and I really have the best interests of Nevada residents at heart. It has been recognized that Nevada has spoken,

and green building is an important issue and a big part of our future. We want to continue to encourage that. At the same time, we have to balance out the possible fiscal impact and possible loss of other services

We need to make sure that the regulatory process does everything that we intended in A.B. No. 3 of the 22nd Special Session. We had not anticipated the huge response to the Leadership in Energy and Environmental Design Green Building Rating System, so we need to take a short moratorium and measure the possible impact and shortage of revenue it may create.

We are fast-tracking it in the Assembly and hopefully we can get the Governor to sign it.

SENATOR HARDY:

It is with a heavy heart that we have to do this. I know how difficult this is for you, Senator Townsend, since you have been the leader on this whole issue and because of your efforts you have made Nevada a leader on renewable energy around the world and it is actually a testament to how well you developed these products for everyone to use. I also want to comment on Assemblywoman Kirkpatrick as she is one of the finest legislators in the building.

SENATOR SCHNEIDER:

I was wondering what type of hit this is going to cost the State?

SENATOR TOWNSEND:

We do not know yet which is why we have to suspend this at least temporarily. Not only our Fiscal Division but all the school districts and assessors give input to try to make a good solid determination which we will then have to put into a bill before the Senate Committee on Finance or the Assembly Committee on Ways and Means.

SENATOR SCHNEIDER:

What about the existing building that is in process and others on the drawing board?

CHAIR TOWNSEND:

That is the reason to stop and reevaluate the different applications and possible ramifications.

ASSEMBLYWOMAN KIRKPATRICK:

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We are not interested in hampering any business who has invested resources into this new technology, but we need to also keep our State whole.

CHAIR TOWNSEND:

No one is attempting to take anyone's property rights away, which is why we did a suspension rather than a repeal of the law.

SENATOR SCHNEIDER:

We have 30 days left in the session. Will that give you time to adjust this or are we going to wait until next fall or winter; how will we reinstitute the policy?

CHAIR TOWNSEND:

That is what the next 30 days is all about. We will be asking all interested parties for input.

ASSEMBLYWOMAN KIRKPATRICK:

We have all committed to getting here early and staying late to get this accomplished.

CHAIR TOWNSEND:

Since this Committee has spent a lot of time dealing with these energy issues, so will I be sharing the numbers with all of you since that is what is going to decide the final output.

SENATOR HARDY MOVED TO INTRODUCE BDR S-1495.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR TOWNSEND:

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There being no further business before this Senate Committee on Commerce and Labor this meeting is adjourned at 10:40 a.m.

RESPECTFULLY SUBMITTED:

Lori Johnson,
Committee Secretary

APPROVED BY:

Senator Randolph J. Townsend, Chair

DATE: _____