

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Eightieth Session
February 27, 2019**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 8:30 a.m. on Wednesday, February 27, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chair
Assemblyman William McCurdy II, Vice Chair
Assemblyman Alex Assefa
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman Richard Carrillo
Assemblywoman Bea Duran
Assemblyman John Ellison
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Melissa Hardy
Assemblyman Glen Leavitt
Assemblywoman Susie Martinez
Assemblywoman Connie Munk

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Assemblywoman Alexis Hansen, Assembly District No. 32



STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Asher Killian, Committee Counsel
Geigy Stringer, Committee Secretary
Trinity Thom, Committee Assistant

OTHERS PRESENT:

Javier Trujillo, Director, Government and Public Affairs, City of Henderson
Gerri Schroder, Councilwoman, Ward 1, City of Henderson
Richard A. Derrick, City Manager/Chief Executive Officer, City of Henderson
Susan Lea Riggs, Senior Director of State Legislation, Western Region, Government Relations, American Society for the Prevention of Cruelty to Animals
Jeff Dixon, Nevada State Director, State Affairs, Humane Society of the United States
Jonathan Friedrich, Private Citizen, Las Vegas, Nevada
Howard McCarley, Private Citizen, Las Vegas, Nevada
Mike Kosor, Private Citizen, Las Vegas, Nevada
Brian O'Callaghan, Government Liaison, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department
Miranda Hoover, representing the Nevada Humane Society
Corey Solferino, Lieutenant, Legislative Liaison, Washoe County Sheriff's Office
Donna A. Zanetti, Co-Chair, Community Associations Institute Legislative Action Committee; Attorney, Leach Kern Gruchow Anderson Song

Chair Flores:

[Roll was taken. Committee rules and procedures were explained.] Today we have a presentation and bill hearing.

Javier Trujillo, Director, Government and Public Affairs, City of Henderson:

We want to thank you for the opportunity to provide this presentation and an overview on the City of Henderson. Joining me to my left is City Manager Richard Derrick and City Councilwoman Gerri Schroder, who will be providing the remarks.

Gerri Schroder, Councilwoman, Ward 1, City of Henderson:

It is my honor to be with you and share about the City of Henderson. Mayor March sends her regrets that she could not be here this morning. In addition to the presenters at this table, we have our legislative team here in Carson City.

[During the presentation, Councilwoman Schroder and City Manager Derrick presented slides from ([Exhibit C](#)) and read from ([Exhibit D](#)).]

Henderson is the largest full-service city in the state. We provide all essential public services, including water, wastewater, police, fire, and emergency medical services (EMS) to

our almost 315,000 residents. As a city council, we all have the vision of Henderson becoming America's premier community. We constantly provide our community with premier services, amenities, and opportunities for a great quality of life [page 2, ([Exhibit C](#))]. We invest in our students to help them become productive citizens and a skilled, educated workforce. We want a city that is safe with good roads, parks, and trails for outdoor recreation; that is the quality of life that people expect when they come to the city of Henderson. I am proud to say that once again, *Money* magazine has ranked Henderson as one of the best places to live in America and the best place to live in Nevada. We have been recognized as a LEED-certified [Leadership in Energy and Environmental Design] city, one of the best places to retire, and ranked as a top-ten digital city, thanks in large part to our great police and fire departments. This past year we were ranked, yet again, as one of the safest communities in America. As we prepared for this legislative session, we had the opportunity to meet with several of our Henderson delegation members—four of whom serve on this Committee. On behalf of the entire Henderson City Council, we look forward to working in partnership with them and all of you.

Richard A. Derrick, City Manager/Chief Executive Officer, City of Henderson:

As Henderson's new city manager and its first chief executive officer, I am excited to speak with you about my vision for not only maintaining, but enhancing the City of Henderson's position as a premier community. I have been with the city since 1999. I also happen to be one of the few people working for the city who was born and raised in Henderson. Henderson is my hometown and it has a special place in my heart. It is where I raised my family. I have been excited to see how the community has grown over the years into the mature, vibrant, and forward-looking city of today.

As necessary, you may see myself, members of the executive leadership team, city clerk Sabrina Mercadante, city attorney Nicholas Vaskov, various department heads, or subject matter heads from our outstanding staff testifying here before you on various bills. As Councilwoman Schroder mentioned, if you have any questions for me, please do not hesitate to ask. Also with me today is my executive leadership: Bristol Ellington, chief operating officer and deputy city manager; Stephanie Garcia-Vause, chief strategy officer and assistant city manager; and Robert Herr, chief infrastructure officer and assistant city manager.

One of the most significant challenges is the sustained growth that we are experiencing. We currently have a population approaching 315,000. There are about 500 to 800 new residents moving into the city each month. This, of course, places additional pressure on our infrastructure such as schools, public safety, and utilities. We must successfully respond to these problems as a city. I am proud to say that we have built a very stable financial foundation. It includes earning the highest bond rating among local governments, creating substantial financial reserves, and strengthening our ability to weather economic downturns. Meanwhile, we continue to invest resources to keep our community premier. As Councilwoman Schroder mentioned, we are a full-service city providing police, fire, EMS, parks and recreation, public works, water, and wastewater services. We are incredibly proud of our accredited departments. We have the only triple-accredited fire department in the nation with fire, ambulance, and emergency management accreditation [page 8, ([Exhibit C](#))].

In order to strategically plan for the increase of growth coming to Henderson, we updated our comprehensive plan in May 2017 and called it "Henderson Strong." For the first time we have incorporated our economic development strategic plan within our Henderson Strong comprehensive plan. We have established our industry attraction targets and focused on high-wage industry sectors. We have had a great start with the completion of the deal to become the new home to the Raiders [professional football team]. We are so excited to have this outstanding organization become an integral part of the Henderson community. They have committed to investing \$75 million for a practice facility and corporate headquarters. They will bring in more than 250 permanent jobs to help run the team's operations in Henderson. In addition, we expect that over the next three decades, this complex is projected to generate nearly \$14 million in property tax revenue. The property tax revenue will be used to fund city needs, including the enhancement of public safety, building new roads, supporting education, economic development, and other priorities of Henderson. This is a diagram [page 10, ([Exhibit C](#))] of what their headquarters facility will look like. It includes 3 outdoor fields, 1.5 indoor fields, various offices, and a performance center.

We are seeing other exciting economic opportunities blossom in the area as a result of the momentum of the Raiders coming to West Henderson [page 11]. There is a new 150,000-square-foot Costco that has opened for business. Nearly a dozen additional stores will complete the rest of the development that will be known as St. Rose Square. Smith's Food and Drug Center, Inc., has leased a West Henderson site for a new \$13.5 million dry goods distribution center that would create 270 new jobs. Turano Baking Company has opened its 125,000-square-foot facility making artisan and specialty breads from their western-most location in the United States. Developers like the Korte Company and LaPour Partners and Panattoni Development are all bringing industrial space into this corridor. This is going to be a very dynamic employment center for the city. The Inspirada master-planned community is continuing to develop. When completed, we will have 13,500 homes filled with people who will need the goods and services that local businesses will provide.

Henderson City Council recently approved a land deal to bring Haas Automation Incorporated to West Henderson [page 12]. Haas is one of the world's largest producers of machine tools. Haas will bring a highly skilled and highly paid industry to our city. They would create 2,500 jobs with an average salary of \$60,000 in the first phase of development. The Haas phase one automation project will be completed in 2020. We look forward to the economic boost and industry diversification that their project will bring to the City of Henderson.

Henderson is going to be the home of Google's new \$600 million data center [page 13]. It will support YouTube, Google Calendar, and Gmail. The project is currently under construction. At buildout, this project will consist of approximately 500,000 square feet of facilities on 64 acres. When fully operational early next year, it will employ up to 200 workers with an average annual salary of \$65,000—nearly twice the average of Nevada workers. This is a rare opportunity because there are only 13 Google datacenters globally

and just 6 of them in the United States. Obviously we are thrilled to have them in Henderson.

It is also an exciting time in East Henderson where you will find Union Village, an integrated health care village that is anchored by Henderson Hospital [page 14, ([Exhibit C](#))]. Developers are currently in escrow on a 200-key hotel; The Center for Sports, Healing and Health—which is a wellness center; and the memory village. Construction has also begun on Fresenius Dialysis Center and a Las Vegas Athletic Club. The Cadence masterplanned community is one of our greatest successes. It contributed to the revitalization of the Lake Mead Parkway/Boulder Highway area. This 2,200-acre community will eventually bring more than 13,000 homes, 450 acres of open space, trails, and recreational facilities to this formerly undeveloped parcel of land. In addition, our higher education partners are also making investments. Touro University produces the most doctors each year in Nevada. They have approximately 130 graduates annually. They will soon graduate more than 180 doctors of osteopathic medicine with their largest class of 181. They continue to expand their programs and enrollment. Nevada State College (NSC) is constructing its first student housing project, which is expected to open a year from now. It will have 278 beds, which is a game changer for this 500-acre campus. Jointly with the College of Southern Nevada (CSN), NSC is designing a new health and sciences education building that will be part of the CSN Henderson campus. College of Southern Nevada has broken ground on its new student union facility. I also want to mention that our Henderson unmanned vehicle range sits on the NSC campus. The NSC campus has a great partnership with Nevada Institute of Autonomous Systems for doing urban area drone testing—giving us an edge when it comes to courting technology companies.

We have made a decision to focus on redevelopment and investment in priority areas in the city [page 15]. These areas include downtown Henderson, Lake Mead Parkway, Boulder Highway, and Pittman. Although the Pittman area is currently underserved in various retail products, the city is working to provide the right circumstances that will attract much-needed retailers—especially grocery and food, building materials, and clothing. Downtown has seen a variety of new projects and investment: new restaurants, office tenants, and a collaborative workspace at our Henderson Business Resource Center run by the Henderson Chamber of Commerce. This rendering reflects the vision of downtown Henderson [page 16]. Our main goal is to revitalize the Water Street district, once again making it a vibrant, valley-wide destination. The major drivers that we are working on to build a successful downtown core are a gateway project, monumentation, increased density, anchor businesses, connectivity, easy access to public transportation, and a unique identity.

There are new projects like Southend on Water Street where Tate Snyder Kimsey (TSK) Architects is making an almost \$4 million investment [page 17]. This project not only brought TSK Architects with the staff of 30 to downtown, but also provided an opportunity for the redevelopment agency to grant an area \$68,000. The money is helping to bring the right mix of business and reinvigoration to this neighborhood. Public Works Coffee Bar is open on the ground floor—giving the true mixed-use flavor to downtown. The next phases here will include residential units that are adjacent. Hades Grill is now open—a great new

burger place [page 18, (Exhibit C)]. Juan's Flaming Fajitas & Cantina has opened its restaurant adjacent to Lovelady Brewing Company. Juan's Flaming Fajitas has been so popular that there is almost always a 30-minute wait. Also, we are currently in negotiations with the Vegas Golden Knights organization to bring a new hockey rink to downtown Henderson [page 19]. This is only the beginning. We believe that this will be a catalyst going forward into redeveloping the whole downtown area. We are excited about the interest and commitment of many members of the business community. Ultimately, we are excited to see this redevelopment come to fruition and fully activate our downtown area.

One of goals at the City of Henderson is to be on the cutting edge when it comes to the city government [page 20]. This approach is most clearly evident in the way the city supports local businesses. Led by an economic development team, we can connect local businesses with innovative funding sources ranging from microloans to venture capital. These funding sources will help establish and expand Henderson operations. We also have created incentives for companies willing to locate to a designated redevelopment area in Henderson. This means that if businesses make the commitment to relocate in certain designated areas, they may be eligible for programs, grants, and expedited permitting. If businesses are experiencing growing pains or a roadblock, then confidential business consulting is available to current and prospective Henderson businesses through a city-sponsored arrangement with a small business development center. We also know that time means money for businesses. The Henderson development service center provides a service guarantee which ensures that planned review inspections are completed on time. Henderson is the only entity in the Las Vegas Valley to offer this service guarantee program.

When asked during our Henderson Strong public outreach and our committee assessment survey, education always comes up as a quality-of-life priority for Henderson residents [page 21]. It is an issue that is near and dear to me because I was a product of Henderson public schools. In order for the city to achieve its economic development strategy, we have to ensure businesses interested in relocating to Henderson can offer their employees first-rate schools. One way we are doing this is enhancing our investment in education. Since last fall the city has presented the Clark County School District with more than \$2.5 million for local student and classroom needs. These funds are mainly from the City of Henderson Redevelopment Agency. These funds also include money from recreational marijuana sales. In fact, 30 percent of all fees we collect on recreational marijuana sales in Henderson goes to education. We have also established the Henderson Community Education Advisory Board to help guide our efforts. We implemented the Mayor's Honor Roll and hosted our first town hall meeting in Henderson. These are the types of initiatives that will keep the City of Henderson competitive. We need to keep them coming.

We are also continuing to make strides in becoming a "smart city" [page 22]. For the City of Henderson, this is an investment in strategic initiatives that will enhance the city's economic competitiveness by bridging the digital divide in education, improving the way we meet residents' personalized service needs, and enriching our diverse community's quality of life using digital and connected technologies. By connecting and analyzing data through sensors,

cameras, and other technologies, the city is creating systems capable of recognizing changes in conditions like traffic congestion and responding in real time. As a result, we are increasing efficiency, public safety, and cost-savings. By investing in smart city technologies today and working with the valley communities, we will reap increased dividends tomorrow. We will enhance our regional economic competitiveness as companies look for communities that are on the cutting edge when it comes to data-driven solutions to urban challenges.

There are a lot of factors that go into quality of life [page 23, ([Exhibit C](#))]. We regularly ask for feedback on how we are doing. I am happy to share that according to our latest community assessment survey, 98 percent of our residents feel very satisfied or somewhat satisfied with living in Henderson. We have gotten similar feedback about how people feel about doing business, raising a family, and retiring in Henderson. The city also rated 45 percent above the U.S. average in the value received for city taxes and fees. Our satisfaction ratings are similar to 2014 and higher than in 2010. Satisfaction with city services is much higher in Henderson than in other communities. Henderson rated above the U.S. average in all 38 areas that were prepared [page 24]. Henderson rated 44 percent above the U.S. average in the overall quality of city services. Henderson rated 34 percent above the U.S. average in the value received for parks and recreation.

Police and fire ranked near the top of city services we provide [page 25]. We want to continue to bolster them for public safety. Henderson is one of the safest communities in the country, which stems from the city budget dedicating 57 percent of general fund revenues to public safety. These funds are being used wisely. Police Chief LaTasha Watson recently came on board [page 26]. We are excited that her priority has been to institute her philosophy of community policing throughout the department. These important policing efforts are being enhanced by our recruitment of additional officers to the department. Henderson fire is accomplishing great things as well [page 27]. Last November the city opened Fire Station 91, which was the community's tenth fire station and the first new station to open in 15 years. We are also going to be expanding Fire Station 83, which includes some of the older portions of the east part of our community, including downtown. We will be adding new firefighters and emergency response equipment to that location. We have launched a new program, in partnership with Dignity Hospitals, to treat stroke victims; it is leading to great outcomes. These are the types of innovative initiatives that encourage people to move here. They demonstrate that Henderson is a community that cares about and for its residents.

We are constantly trying to reach out to Henderson residents to get feedback on how we are doing and what the residents' priorities are. To that end, the Mayor has instituted monthly community events which highlight a different theme or topic of interest to Henderson residents. We call these meetings the Mayor's "March On" event [page 28]. She has done 15 of these events since she was sworn into office in 2017. We post a video of these events to our City of Henderson website. We are also starting council conversations where each quarter our councilmembers have the opportunity to update residents and get feedback as well.

At this point I want to go into a little bit about our finances in the City of Henderson [page 29]. At the city, we have regularly maintained one of the lowest employee-to-citizen ratios. With this size of workforce, we maintained our premier services, programs, and amenities. We have worked efficiently to maintain a high quality of life for our residents. We have also maintained those premier services, programs, and amenities with the lowest tax rate among any city in the state. You can see here [page 30 ([Exhibit C](#))] that the Henderson property tax rate is only 71 cents per \$100 in assessed valuation. It has remained at this low level for the past 28 years. However, we are not without fiscal challenges. Similar to what you heard from the City of Las Vegas, the assessed valuation for all of the city's residential, commercial, and industrial property continues to rise slowly after the Great Recession [page 31]. We are projecting a 5.1 percent increase over 2019 to \$12.9 billion in assessed valuation. That remains significantly below the peak of \$16.3 billion in 2009.

Property tax revenues continue to grow slowly [page 32] since the Great Recession. We are projecting a 6.2 percent increase for 2019 to \$72.1 million in property tax revenue. That revenue increase is due in part to growth and inflation. Inflation has risen to a point where the commercial property tax cap now exceeds the residential property tax cap. Since 2006, approximately \$203 million in Henderson property taxes have been abated [page 33]. Each municipality has its own figure; so does the Clark County School District. The secondary cap calculation continues to impede recovery and remain at revenue levels below fiscal year 2006.

One of the areas that continues to improve is consolidated tax (CTX) [page 34]. Growth in the economy, increased jobs, and increased visitation to the Las Vegas Valley have all contributed to an increase in sales tax revenues. We are projecting a 5.4 percent increase to just over \$116 million. However, as Las Vegas members and others have discussed with you, if there should be a downturn in the economy in a few years, this revenue source would likely be the most sensitive to it.

This chart shows our general fund revenues which are budgeted at almost \$270 million for 2019 [page 35]. Nearly 70 percent of our general fund is tax-based—there is only a small portion that we have any control over as a city. Most of these revenues are established through formulas in statute. Intergovernmental resources consists mainly of CTX. Consolidated tax and property tax are by far the largest revenue sources. Licenses and permits is at 4.4 percent and includes our business license revenues—including those for marijuana-related industries. Public safety remains over half of the general fund budget [page 36]. If you add in parks and recreation, then 72.5 percent goes towards these three areas: police, fire, and parks. As a city government that provides city services to the community, most of the budget expense is in the form of salaries and benefits. This is a closer look at how public safety funding has increased over the past few years [page 37]. It has increased from 50 percent in 2009 to 57 percent today for police and fire.

In conclusion, I would like to reiterate that with the organizational changes that we made, the City of Henderson has a stronger team. The team is even more dedicated to meeting the city's mission and living up to the values that we have established. We are continuing to

invest in and support the city's three main priorities of education, public safety, and economic growth to ensure that our city moves forward and continues to be a place that is known for its quality of life and vibrant scene. Our achievements, quality of life, and plans for the future that we have discussed today are only possible thanks to collaboration and partnership with the Nevada State Legislature. Thank you for the strong support of our city and the overall state of Nevada.

Chair Flores:

Members, are there any questions?

Assemblyman Leavitt:

You have unprecedented growth in Henderson. Could you talk about some of the strategies that you are employing not only to handle that growth but to continue the current quality of life? Also, what strategies are you employing to continue to grow and prosper in the community of Henderson?

Richard Derrick:

You are absolutely right; it is important for the community to have smart growth. For us, the growth is really guided by our comprehensive plan, Henderson Strong. We have two of the fastest-growing housing developments in the nation: Cadence on the east side and Inspirada on the west side. Part of our strategy to maintain that quality of life is ensuring that as we continue to grow, we maintain those services and make investments into police and fire. What we have done is channel those new revenues towards our police, fire, and parks and recreation departments to continue the quality of life. As you know, it is a constant challenge for us to maintain the infrastructure. We are very appreciative of fuel revenue indexing which was passed to help us reinvest in our roadways [Assembly Bill 413 of the 77th Session]. We continue to do that. We have heard complaints about so many cones everywhere, but after the roads have been reinvested in, we are usually praised. We got very high marks for our roadways. Our mayor's council is always focused on smart growth and planning while tying it back to our Henderson Strong plan. That has been our strategy in the past.

Assemblyman Leavitt:

In accordance with your budget, CTX, and property tax, do you see a need to increase your property tax percentage in the near future?

Richard Derrick:

Our mayor's council has wrestled with that conversation in the past. For 28 years they have maintained the same tax rate. I think there is a lot of pride, from their perspective, about showing value for the tax dollar. We have not had any questions lately on raising the property tax rate. Again, I think it is because of our smart planning. You had mentioned before about economic development growth and job creation. The other piece that they have been focused on is ensuring that we have jobs for the future that are well-paying jobs; that is why they have gone after manufacturing and some of the other areas we are bringing in. Again, they channel property tax growth that is not incumbent upon the rate. I think that the

council's focus has been on living within our means but being very smart in how we deploy resources. We mentioned the employee-to-citizen ratio is one of the lowest in the valley as well. Their expectation is that we look for smart ways of doing business that are efficient in how we deliver services. We did not touch on it today, but we pay for innovation within the city. We reward our employees for great ideas. We have given away up to \$5,000 in incentives to the taxpayers. Part of our culture is to look for opportunities to keep taxes low and efficiency high.

Assemblywoman Munk:

With the tremendous amount of growth—you mentioned Cadence and Inspirada adding 13,000 homes—what is the City of Henderson doing? What is the plan for water conservation?

Richard Derrick:

We are working on a regional basis. The city has a conservation program with our utility department where we go out and police conservation. That is something very important to the City of Henderson. We are also very proactive in rebates for changing turf over. Our design standards for future construction do not allow turf in the front yards of homes. We have gone through a very progressive process with that. I think it is incumbent upon all of us within the community to ensure that we are enhancing water conservation. It is a continuous conversation. We all feel the same pressure to make sure that we can stretch our limited resources as far as we can.

Assemblywoman Duran:

Are there plans for affordable housing? I know with the market now, housing prices are going through the roof.

Richard Derrick:

That is absolutely another one of our strategies. Homelessness continues to be a regional issue. Affordable housing is also a continuous issue. We had some developers coming forward with projects that are homes strictly for rent. It would allow some folks to get into homes who could not afford a down payment. We are also identifying tracts of land for projects—especially in West Henderson. We are giving incentives for homes within other developments. It is not just affordable housing complexes, we are integrating them within our complexes so that we have a good balance. It is a continuous conversation. We have a team of folks working on that strategy. We share your concerns. Where we were 10 years ago, 80 percent of the workforce could afford homes. Today we know that number is closer to 30 or 40 percent able to own homes. It is a real concern for us.

Assemblywoman Gorelow:

I have been really impressed with your parks and recreation centers. I have enjoyed receiving the *Henderson Happenings* myself. What advice would you give to other cities that would like to duplicate your success in those areas?

Richard Derrick:

We pride ourselves in parks and recreation. We feel like it is a core to quality of life. It is something that I would certainly encourage. I know that our partners around the valley have done the same to try to enhance their parks and recreation through the Southern Nevada Public Land Management Act and some of the other programs. We appreciate the land sale money being reinvested into our areas. I certainly would continue to encourage the outreach to the youth. I think why we feel that we are one of the safest cities in the country is because we start with keeping our kids off the street and providing them recreational opportunities. Our philosophy has been to invest in those youth programs and we believe they paid dividends. We would certainly love to partner with them and do regional activities. Our partnership with the Golden Knights ensures that we can provide "ice time" to our underprivileged families. We know that sometimes ice time is something that more affluent families can afford. It is very important for us to have that available to all families. That would not just be for Henderson families, it is across the entire valley. I think it is important to establish those kinds of partnerships.

Assemblyman Ellison:

How much revenue do you feel the Raiders stadium is going to bring back into the community—specifically in your district?

Richard Derrick:

We are strategically located where the stadium is. It is nice to be on the south end of the Strip. Obviously we envision that there may be more investment that will occur on the south end closer to Henderson. The key for us is the training facility that will be placed within west Henderson. The jobs they are creating are for employees who will want to live in Henderson, raise their families in Henderson, and go to schools in Henderson. We see a huge benefit of having the practice facility in our area near the Henderson Executive Airport. We know that the airport—a county-run airport—was an asset that was appealing to the Raiders. We do believe that partnership will be good for the entire valley to have their presence in West Henderson. We know that there are only 8-10 home games that will be happening in the stadium, but they will go to work every day at their practice facility in Henderson. Again, we will have their employees be part of our community and their kids will attend our schools. We are thrilled to have them be part of our community.

Assemblyman Carrillo:

This is more of a comment than a question. Over the years of being a legislator and reaching out to constituents and having their concerns being brought to me, you guys have been really responsive—the government affairs councilmembers including Councilwoman Schroder as well as Mayor March. I would like to give you kudos. It makes my job easier reaching out to you guys knowing that you will help solve my constituents' problems—especially when it has to do with everyday things that people deal with. Continue the great work.

Gerri Schroder:

I am really thankful that you are all available to us. This is one of the greatest states in the United States.

Assemblyman Assefa:

You are showing continuous growth, which is impressive. When it comes to homelessness, how big of a problem is homelessness in the City of Henderson in comparison to other municipalities around you?

Richard Derrick:

There are existing surveys, but we wonder if they capture everyone. Sometimes we suspect that they do not capture everyone. The last one that was done showed about 62 homeless people in the City of Henderson. We have to believe that there are more than that. It is one of those strategic issues for us to continue to work on and make sure that we are providing services and looking at a regional approach. I know that the county is engaged and the City of Las Vegas is engaged. We think that our numbers seem a little low. We believe they are higher than that. We know that if anyone is homeless, it is a problem. We have a whole team working on strategies around homelessness and engaging on a regional level. We have a little bit lower number than other municipalities, but still it is an issue.

Assemblyman Assefa:

So you do have a plan in place to address homelessness that looks at underlying issues—not just removing people from the street. I just wanted to get at what the city has in place to address the prevention of homelessness.

Richard Derrick:

It is a great point. You know there are many different causes of homelessness—one of the reasons is lack of jobs. We are trying to connect folks with the right job. Mental illness and social issues are also causes of homelessness which impact our public safety. Sometimes if they are not getting the right services then they end up cycling through again and again. From our standpoint, we are trying to meet whatever needs there are. We have some local ways that we can help, but we also believe there is a regional approach for all of us to engage in. It is a balance of regional and local involvement when we work with the county—they have many social services that we do not provide. There are services that we have engaged in. Right now part of the grant money that we gave to some of our schools is to deal with some of the mental health challenges and the parents who are dealing with addiction. We have given individual grants of \$100,000 to three schools to help with homeless youth and parents with addiction issues. We are looking beyond what is happening in the classroom to social questions: How do we help the families get what they need? That is just one example of a strategy we are using. To your point, it is a bigger issue for the entire valley and we are certainly engaged in that conversation.

Chair Flores:

We are now going to close the presentation. I would now like to open up the hearing for Assembly Bill 161.

**Assembly Bill 161: Revises provisions governing common-interest communities.
(BDR 10-705)**

Assemblywoman Alexis Hansen, Assembly District No. 32:

Assembly Bill 161 would restrict a homeowners' association (HOA) from prohibiting a homeowner from keeping at least one pet within his or her residence—subject to the association's reasonable rules relating to the ownership of pets in the common interest development (CID). If an association adopts a rule restricting the number of pets kept by a unit's owner, this bill requires the rule to "grandfather" in any pet or pets that otherwise complied with the previous rules of the association. The bill does not prohibit an association from adopting rules that reasonably restrict the ownership of pets by a unit's owner regarding health, safety, noise, or to regulate the use of common areas. For the purposes of this bill, pets include domesticated birds, cats, dogs, aquatic animals kept within an aquarium, or other animals as agreed to by the association and unit owners.

Homeowners' associations have grown considerably in recent years with an estimated 3,200 CIDs in Nevada. Close to 25 percent of Nevada's residents reside in a home regulated by an HOA, while 50 percent of Nevadans own a pet. The rules and regulations established by these HOAs affect private property rights and quality of life for their residents.

The issues often raised by HOAs that lead to prohibitions on pet ownership include a fear of noise or a homeowner's failure to clean up pet waste in common areas. However, subject to applicable local, state, and federal laws, A.B. 161 does not restrict an HOA's ability to impose reasonable rules and regulations pertaining to the health, safety, and quiet enjoyment of CID residents. The bill strikes a beneficial balance between the rights of property owners and the ability of an HOA to regulate common areas. I would like to turn the time over to my guest at the table, Susan Riggs. She is the Senior Director of State Legislation for the American Society for the Prevention of Cruelty to Animals (ASPCA). To my right is Jeff Dixon with the Humane Society of the United States.

Susan Lea Riggs, Senior Director of State Legislation, Western Region, Government Relations, American Society for the Prevention of Cruelty to Animals:

One of the ASPCA's primary goals is keeping pets and people together. What this means is we are working to remove barriers that cause families to relinquish their pets to animal shelters. One significant barrier that we identified through data is that issues with housing is one of the most cited reasons why people give up their pets. Most significant among these issues is a prohibition against pets. Granted, many of these prohibitions are imposed by landlords but increasingly, we are seeing prohibitions put into place by HOAs. In fact, these restrictions are currently prevalent in the states of Florida and New York. For example, in New York City almost no condominiums allow for pets. This trend is especially troubling here in Nevada because, as was mentioned by Assemblywoman Hansen, a full quarter of the population currently lives in CIDs or housing that is controlled by HOAs. The vast majority of residential growth is projected to be in attached homes such as condos and townhomes. For example, Metrostudy found that in Los Angeles, the construction starts of attached housing grew by 103 percent from the fourth quarter of 2017 to the fourth quarter of 2018.

Those attached houses are controlled by HOAs. In other words, it is likely that the number of Nevada residents who will be living in housing that is controlled by an HOA will increase further in the future; thus, we have greater concern here in Nevada.

Meanwhile, as mentioned, over 50 percent of Nevadans are pet owners. Pets provide numerous benefits for the family. I know that I am preaching to the choir for many of you. They provide companionship, support, security, and a sense of well-being. They provide benefits throughout the lifecycle: cognitive development in children, increased physical activity throughout their lifetime, mental stimulation, and companionship in the silver years. All of this is to say that pets improve our overall quality of life. We want to be sure that HOAs do not pose an arbitrary barrier to ensuring that families can accrue all of these benefits. I will add that while these benefits are of the greatest importance from my perspective, there are other merits to the proposal that we are mentioning. Clearly there are benefits to the pets. We do not want to see pets end up in animal shelters and we do not want to see the cost of caring for them shifted to animal shelters and to the taxpayers. In addition, as the Assemblywoman mentioned, there are private property interests that are an issue here. All of these are merits of the proposal here before you. I do want to acknowledge that the Community Associations Institute has raised some concerns. In the interest of time I will not go into those right now, but I am available if you have any questions or concerns. In closing, the ASPCA strongly supports A.B. 161. Thanks to Assemblywoman Hansen for sponsoring the bill. We respectfully ask for your support to ensure that pet-owning Nevadans are not denied their right to companionship and security provided by companion animals.

[Ms. Riggs also submitted a pamphlet entitled "A.B. 161 (Hansen), Common Interest Developments—Pet Ownership" ([Exhibit E](#)).]

Jeff Dixon, Nevada State Director, State Affairs, Humane Society of the United States:

On behalf of our many thousands of members and supporters in the state of Nevada, we are in support of A.B. 161. To echo what Mrs. Riggs said, nationally, housing restrictions are the No. 1 reason for owner surrenders cited by animal shelter professionals. That is the same case here in Nevada. The Animal Foundation in Las Vegas has told me that 70 percent of owner surrenders there are due to housing—that is because of landlords and HOAs. Housing restrictions cause owner surrenders and present a barrier for animals to be placed in homes. When you move into an HOA, you expect to give up some freedoms in order to protect your property value. This is not one of those freedoms that enhances quality of life. In fact, it can diminish quality of life if you are a retiree, on a fixed income, or are an empty nester. The companionship that you enjoy from a pet means as much to you as it does to the animal whose life you may have saved. I am here to answer any questions that are Nevada-specific. Other than that, we ask you to support the bill.

[Mr. Dixon also submitted ([Exhibit F](#)), a letter dated February 27, 2019, regarding A.B. 161. Ms. Riggs also submitted ([Exhibit G](#)), a letter dated February 25, 2019 regarding A.B. 161.]

Assemblywoman Hansen:

Just a clarification: When we talked about the growth of attached housing—103 percent in fourth quarter of 2018—that was in Las Vegas.

Chair Flores:

We have a few questions.

Assemblyman Ellison:

Is this usually in HOAs that are already in place? Are these restrictions that are put in place prior to the people coming into the building? You still have property rights once you build. Is this something they are trying to change as they go along? Do you see this as a problem where you go into an HOA and there is a contract that already says if you build here you cannot have pets here? Is this something they are changing?

Susan Riggs:

I think it is all of the above. It really is dependent on the community and the characteristics of that community.

Assemblywoman Hansen:

An executive board could implement this. This is kind of preemptive, I do not think it is happening a lot yet. There could be this trajectory that we are seeing elsewhere making its way into Nevada. Just for disclosure, I do not live in an HOA. I had an interest in this bill from a personal property rights standpoint. I also love pets and have my own. The thing that we need to remember is that trying to change the rules usually requires a two-thirds majority vote. That voting structure can be very problematic because it requires two-thirds of the owners, but you rarely get two-thirds of the owners to vote on a given issue. Instead of it being two-thirds of the votes, they go with the owners. It is very difficult to change the rules once the board decides that this is what we might do. It can be a very laborious challenge.

Assemblyman Carrillo:

You are talking about states that have already put this in place. I am wondering, is there anything that has occurred in the state of Nevada to prompt this and put it on the radar?

Susan Riggs:

In those particular states that I mentioned, what we are seeing is that those restrictions are in place and the state has not intervened. Here in Nevada I think it became a concern because of the relinquishment figures we were seeing and the growth of CIDs here in the state. We were seeing a combination of market factors; there is a declining amount of affordable housing, fewer opportunities for entry points into home ownership—in particular that being the condominium market—and the overall potential for this happening. To be clear, the most complaints we have seen are really related to regulation above one animal—having to do with size, multiple animals, and those types of things. We felt like this proposal is a very reasonable proposal from the perspective of interfering with the HOA's ability to make decisions on behalf of the community. This is really a reasonable place to start in

comparison to the complaints that we are seeing, such as limiting it to one animal that is 25 pounds or less.

Assemblyman Carrillo:

Would those restrictions apply to owners of properties who are renting out their places? Would they be restricted?

Susan Riggs:

If I understand your question correctly: If an owner of a unit were to sublet to a renter, it would not affect them. It would be a private contract between a private landlord and a resident. This particular bill would not affect that relationship.

Assemblyman Assefa:

I think you answered my question as part of Assemblyman Carrillo's question. I just wanted to touch on section 2 that says "rules that reasonably restrict the ownership of pets by a unit's owner." You are giving leeway to the HOA to regulate, to some degree, the ownership of the pets. Does that include the types of pets that you can own and the number of pets you can own? If I like a certain type of animal and I decide to keep a number of them, would I have that ability within my property? Would the HOA be able to regulate that?

Susan Riggs:

The ability for an HOA to create reasonable restrictions is an acknowledgment that not all CIDs are created equal. Some of them are single-family homes with large lots. Some of them are condominiums and townhouses where you are sharing walls. The idea is that the HOA would be able to customize the restrictions based upon the type of community it is and the interaction between the community members. Clearly the restrictions on a single-family home on a two-acre lot should be much less than on a condominium with shared walls. In terms of the types and number of pets, as it stands right now, HOAs restrict the number, size, type, and all those things. They could continue to do that. The standard is settled by case law and dictates that regulations cannot be arbitrary, capricious, or malicious. In other words, there has to be some reasonable relationship between the interest of the community and the restriction that they are applying. For example, with a ban on green-eyed dogs, there is no relationship between green-eyed dogs and the interest of the community; thus, it would be arbitrary and capricious. A potentially reasonable restriction would be banning parrots in condominiums due to the close proximity of the neighbors and the loud noises the bird makes. Those types of restrictions are completely allowable. They are allowed right now and they will continue to be allowed as long as at least one pet is allowed within the community.

Beyond that, I think you asked a question about specific breeds and the number of animals allowed. State and local laws apply to that. Many municipalities already have limits on the number of animals that you can have within a residential unit. If, for example, Henderson had a limit of three pets, that restriction would still apply. The state of Nevada has already acknowledged that breed-specific regulation is not appropriate. Oftentimes a proxy for that is size. The state of Nevada has said that there is not a sufficient relationship between a

breed's personality and whether it is dangerous or aggressive. Ideally, an HOA would not go in that direction—in limiting a breed.

Assemblyman Assefa:

If someone is medically required to have a certain type of pet, will the HOA be able to override that? Would the HOA be able to regulate that by law?

Susan Riggs:

Fair housing laws do not define service and support animals as pets. The HOAs could not regulate those. If someone has a medical necessity for a service or support animal, then they are still required to allow those animals within the community regardless of the number, size, or breed.

Assemblyman Hafen:

Section 1, subsection 1 talks about the executive board not having the authority to prohibit the animals—which I agree with. The part I am struggling with is the part about the governing documents of that association must not prohibit a unit's owner from keeping at least one pet. This is my personal opinion: I believe that we are stripping property owners' rights, when they are doing the development, from placing the covenants, conditions and restrictions (CC&R) limitations. I do not think we should be doing that. I agree that the executive board should not be changing the government documents, but I believe that the original property owners should have the ability to make restrictions as they so choose.

My question is in regards to the actual problem we are seeing. Is the vast majority of the problem coming from the executive boards trying to make restrictions? Are we seeing the original governing documents being a problem?

Susan Riggs:

I am not 100 percent sure of the origin—where they are linked back to. Perhaps the CID association could address where the regulations are placed. To be clear, the restrictions are something that, with a quick Google search, you can find pretty abundantly on complaint boards for HOAs and that sort of thing. Again, most of the complaints are about the limit of one pet. Most people want two pets, a different size limitation, or those types of things. I cannot answer your question as to the origin of them—in terms of it being in the original documentation or changes made by the board.

Assemblyman Hafen:

Maybe I could be blunter. Have you personally seen an issue where the original governing documents have been an issue and have seen a complaint filed?

Susan Riggs:

I have no independent, individual knowledge of the origin of any of the regulations.

Assemblywoman Duran:

This is a concern to me because I live in a condominium with an HOA. Right now for the people who are in an HOA and have more than one pet, are you going to put new language in? My concern is for people with more than one pet now. My fear is that the HOAs are going to state that it is law now so you can only have one pet. Is there going to be language in this bill that says, moving forward, with this law going into place would the people have to make a choice which pet do you keep—a bird, dog, or the cat? That is my concern.

Susan Riggs:

In the current bill under section 1, subsection 3, there is a grandfathered-in clause. To the extent that an HOA did take action to reduce their allowance for pets, then they would have to allow folks who are living there to continue to keep their pets. From that perspective I think that is addressed. Moving forward, we could certainly put in language if your concern is for future residents as well.

Assemblywoman Duran:

It is a concern. When I bought my condominium, the number was not restricted. Now, if I am going to make a decision to live somewhere and they have restrictions, I would definitely have to make the choice between my pets and living at the place.

Assemblywoman Hansen:

To Assemblywoman Duran's question and for the body: Remember right now the way it exists is that you can have pets. It is dictated how many you can have based on municipalities. We are looking at this being the safety net. I believe in HOAs; they serve a great purpose. With anything, sometimes the encroachment power keeps creeping. This bill is to just have a final stop. You can regulate pets and have reasonable standards. An owner who owns a piece of personal real estate should be able to have, at the bare minimum, one pet. For me, that is just an overreach if an HOA prohibits pet ownership all together. Right now, do we have a huge problem with this? No. Do we see that HOAs tend to encroach on our ability to use our properties? I think the answer is yes. That is why we see a lot of HOA activity every session. Remember, it is just a stopgap that we do not let them take away our right to have one pet. Some HOAs allow you to have multiple pets. I do not see how putting in this safety net would encourage the HOA to put a strict limit of one pet. I take your concerns to heart. We are more than willing to look at that and tweak the language to make it more understandable. To Assemblyman Hafen's concern, he mentioned these concerns to me before I got here. As far as the governing documents, we did have that discussion. Of course the private property, free market part of me sees a predicament for the developer beginning a development. I think that it is something we need to discuss more. With this bill I am looking more at addressing issues with existing HOAs to limit their ability to say you cannot have any pets. I would love to continue to have that conversation.

Assemblywoman Bilbray-Axelrod:

I am wearing two hats when I ask this question. I am a pet owner. We brought our two dogs up here to Carson City with me. I love this bill. I love what pets do. We know what the benefits of having pets are: everything from preventing strokes, to lowering cholesterol, to

keeping an active lifestyle. I feel my duty, as a legislator, is to promote and encourage healthy lifestyles for our constituents. Now I am going to put on my other hat. I was a former Realtor. As far as I am aware and what I would tell my clients is, the purpose of an HOA is to keep up property values. They can institute fines and keep the neighborhood looking nice. If you leave your trash can out too long, you would get a notice to stop doing that. Are you aware of any pet ownership in Nevada affecting the property value of a community?

Assemblywoman Hansen:

I am not aware of that. I, too, am a current licensed Realtor in the state of Nevada. I have had my license active since 2007. As a Realtor, I appreciate the benefits of an HOA maintaining property values. My other hat is private property rights. When you own that real estate, you should have the ability to have a pet subject to the rules and regulations of an HOA—that are reasonable. I am not aware of any case of that.

Assemblywoman Bilbray-Axelrod:

As I am thinking about it, I would think that the main issue with a pet would be if an owner had a pet out in a common area and there was an incident—the owner would be liable. Or, if the owner was not picking up after the pet, the owner would be liable. I think about the presentation that just happened from Henderson. Anytime I see something in Summerlin, there is usually a picture with someone out jogging with their pet. This is what we expect when we live in a community. You see a mom, dad, and two dogs. I encourage the other side, when they come up here, if they can give specific examples of where a pet has affected the property value of a community—which would incentivize an HOA to make this decision.

Assemblyman Leavitt:

When I look at legislation, I look at it as either permissive or restrictive—maybe a little bit of both. This seems more like a permissive bill to allow people to enjoy their pets in a certain way. I can see both sides of it. I do not live in an HOA, but I consider Boulder City to be a giant HOA because everyone is so active in the community. I think that the reality of this bill is that there are already laws in place to prohibit certain activities of pets. Something that may bring down property value is if you have 14 cats in a condo and neighbors are complaining. There are already laws against that. There are already laws in each jurisdiction prohibiting that for the use and welfare of each individual property owner. I think that we need to keep in mind that there are already laws in place that prohibit some pet activity. I wish there was a law in Boulder City prohibiting guinea pigs because I hate them, but my daughters love them. I think my takeaway is that there are already laws in place to prohibit such activities that would decrease values of homes. I think jurisdictions actually look at that. For example, the City of Henderson would look and say that we do not want to decrease the value of any property in our jurisdiction so we will set up certain laws.

Assemblywoman Gorelow:

I have a question about gaining a new house and the CC&Rs. When I purchased my house about six years ago, I do not remember getting the CC&R until about five days out from the

purchase. How would a new owner even know that these regulations exist prior to buying the house?

Assemblywoman Hansen:

You get the resale package when you have an accepted offer. You have five days to review that package and the CC&Rs, which are quite lengthy. At that point you would know about the CC&Rs and you could leave the deal. If you want to look at it beforehand, you would get hold of the HOA. Once you are in contract, then you have to have the package outlining what the CC&Rs are.

Assemblywoman Gorelow:

I think it might be a little difficult for some buyers to go down that far in the process. I know that if I were looking at a house and they did not allow pets—I have three cats—I would be disappointed to find that out that far down in the process.

Chair Flores:

Thank you; we will close out the presentation. We will now proceed with those wishing to speak in support of the bill.

Jonathan Friedrich, Private Citizen, Las Vegas, Nevada:

I am in support of the bill. I have a couple of points. This bill protects homeowners from the vengeful and all-powerful HOA boards that can outlaw pets—especially dogs. They can change the regulations very easily by a plurality of the board itself. You have to understand that there are CC&Rs—which are very difficult to change—and then there are regulations that can very easily be changed. Currently many HOAs have a weight restriction on dogs. Now in my former association in Las Vegas, the board attempted to change the CC&Rs. They were going to put a 35-pound limit on dogs. That whole idea went down very rapidly. There is no cost to the state and there is no cost to the HOA to enact this bill. I strongly support this bill. It is needed and it should pass.

Howard McCarley, Private Citizen, Las Vegas, Nevada:

I am speaking in support of the bill because it is sorely needed. As previously stated, there are some arbitrary and capricious acts that are taken by boards of HOAs on occasion. Property rights, to me, are a sacred thing. I have worked in the real estate profession as a Realtor. I understand that you have to strike a balance between the rights of the community at large and the individual property owners. I would like to point out that there are already publically adopted regulations on the county and city level. I really do not see a need for us to be able to overlay a set of regulations for what is essentially a private organization—namely the HOA. These items are already covered in detail in most localities.

Mike Kosor, Private Citizen, Las Vegas, Nevada:

I serve on an HOA board. I, too, am in strong support of this legislative action. The number of pets one can own seems to strike at the heart of basic property rights. As was mentioned, there are ordinances and regulations enacted typically at the lowest levels of public governance that address the number of animals allowed to be owned—that type of thing.

This is not something that state legislative intervention would typically consider. It should not be required, but unfortunately it is. I think there are two main reasons for that. First, it is a lack of representational governance in HOAs. At the moment, developers are permitted by statute to exclusively write sweeping, and at times intrusive, laws that are not negotiable on any sale. They become enforceable on the legal fantasy of constructive notice—a presumption that purchasers are knowing and accepting of all provisions imposed on their homes by these 1,000-page contracts that they receive just five days before they purchase their house.

If you live in Las Vegas, as I did upon retirement, a majority of your options are HOAs. The representational process in enacting them is missing. They undergo no regulatory oversight. Buyers do not have assurance from the Real Estate Division of the Department of Business and Industry or their homeowners' association CC&Rs. Finally there is no consumer disclosure of what property rights or restrictions might exist when buying into an HOA.

In the early stages of a community's construction, authority over governance rests solely in the hands of the developer. Most will find this authority understandable. What is remarkable to me is that Nevada laws allow developers to exercise this autocratic control of HOAs with as little as a 10 percent interest in the community. Furthermore, the dirty little secret rarely recognized outside of the industry is absolute developer authority can last indefinitely. There are no time limits on how long a developer can exercise control, if they are so inclined. This is not representational government where these types of issues should reside. Even when an HOA board is elected by all owners, developers can retain extensive control. Covenants, conditions and restrictions are written to allow developers to retain voting rights sufficient to exert influence on an election. Covenants, conditions and restrictions are plagued with special developer rights that are retained indefinitely by developers holding as little as a single unit. I am not antihomeowners' association. In fact, I understand and support HOAs. I recognize that a balance is needed between the desires of the development and homeowners. I applaud Assemblywoman Hansen for seeking to establish a minimum number of pets. My point is that we have lost balance. Homeowners and HOAs are no longer assured of a representational government. Thus, this body will continue to receive these types of legislative actions until the balance is resumed. Once again, I applaud Assemblywoman Hansen's course in submitting [changes to] *Nevada Revised Statutes* Chapter 116. Many more are needed. It should serve as a wakeup call that things need to be addressed so that these types of legislative actions are not regularly required.

Brian O'Callaghan, Government Liaison, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department:

The most contentious issues you will hear about are water, animal trapping, and HOAs. For Assemblywoman Hansen to bring forward a bill talking about both animals and HOAs, that is hitting the road running. I cannot speak much about Morris the Cat or Mr. Limpet the goldfish. As law enforcement and a dog owner, I can attest that they are great security and a good deterrent of intruders.

Miranda Hoover, representing the Nevada Humane Society:

The Nevada Humane Society is in support of A.B. 161. We also support the positions taken by the ASPCA and the U.S. Humane Society. We thank the bill sponsor for bringing this bill forward. We look forward to working with her as this bill progresses.

Corey Solferino, Lieutenant, Legislative Liaison, Washoe County Sheriff's Office:

My words are not as eloquent as those of my colleague from the south. I do not have statistics to support the deterrence that fish, cats, or birds have on crime. However, I will assure you that a well-placed dog can and will provide deterrence.

Chair Flores:

Seeing no one else in support of this bill, we will continue with those wishing to speak in opposition.

Donna A. Zanetti, Co-Chair, Community Associations Institute Legislative Action Committee; Attorney, Leach Kern Gruchow Anderson Song:

I am the co-chair of the Community Associations Institute Legislative Action Committee. I am also an attorney with Leach Kern Gruchow Anderson Song. We represent, combined, more homeowners' associations in Nevada than any other law firm practicing in this area. The Community Associations Institute represents homeowners, board members, community managers, and other business partners. There are over 40,000 national members and hundreds of state members. I have worked as a community manager and in that field for more than 20 years. I have been an attorney for six years practicing HOA law. When this bill was introduced, our lobbyist Garrett Gordon—who could not be with us this morning—asked us to do some research to look at whether there was a problem with HOAs prohibiting pets. I tasked my assistant with that job. Over the period of a day, she read through about 60 CC&Rs from our clients. She started at the beginning of the alphabet and moved her way through. Not one of them prohibited pets. Community Associations Institute also sent out a survey to members. Overwhelmingly, the responses we received—admittedly anecdotal and none of this is scientific—said the associations that these community managers and board members represent did not restrict pets. They did not keep people from having pets. They might impose some rules on keeping pets but, based on the limited amount of research we were able to do, it is our opinion that this is not an issue with community association CC&Rs. By and large, only a very small handful prohibit having pets.

I want to digress for a minute to tell you that I am a volunteer for the Nevada Humane Society. I own two rescue pit bulls that I found on the streets of Las Vegas. I have had large dogs—pit bulls—most of my adult life. I donate to many animal-related causes. No one is more supportive of animals and the benefits that they bring to people than I am. I have to acknowledge that not everyone feels the same way I do. This is why Community Associations Institute is opposing this bill. I have to acknowledge, as a pet owner and lover and as an attorney who encourages my clients to make accommodations all the time, not everyone likes animals. Not everyone is comfortable with them. Some people are allergic to animals and cannot be around them. I feel that we need to respect those differences. People have a right to buy into and live in a community where they do not have to be close to pets.

Common-interest communities are not just single-family homeowners' associations where everyone has their own private house, a backyard, and adequate space for their animal. They are condominiums—whether they are high-rise or garden style—where people are asked to live in very close proximity to one another. They are cooperative corporations where, again, they tend to be more of the stacked style housing. It is not a one-size-fits-all solution which this bill appears to want to make it.

Homeowners' associations craft their governing documents. As an adult purchasing a property, it is my responsibility to make sure that the restrictions between the association and myself are going to suit my lifestyle and my needs. I can bring my dogs with me. I can have the pets I want to have. Conversely, if I am not comfortable with pets or I am allergic to them, I have a place where I know pets have been restricted in a way that will work for me personally. This bill focuses on CIDs, but I think we have heard testimony from the Humane Society that a lot of these issues are not necessarily with the HOA itself but with the landlord-tenant relationship. Landlords make the choice to have a pet-free property and will lease it on that basis. That is a private contract relationship that this Committee and the sponsors seem to respect. Covenants, conditions and restrictions are also a private contract relationship between the members of the association and the person purchasing. I believe that we need to show the same level of respect for that private contract relationship. The other issue that we have to look at is if we want to reduce the barriers to pet ownership, associations will face insurance hurdles. Certain members of our legislative action committee are insurance agents. They have informed the committee that it can be difficult for associations to get insurance or they must pay higher rates of insurance because their CC&Rs do not restrict what are considered dangerous dogs. No one can be more proud than I am that in 2013 this state passed antibreed discrimination legislation that made it difficult to impossible for municipalities to restrict pit bulls and other large breeds simply on the basis on what they looked like—not their behavior.

This bill is well-intentioned, but we would argue that it cannot be a one-size solution for community associations because of the differing needs of people who buy into these communities. There are different styles of common-interest community ownership. Sometimes people are seeking a lifestyle that is pet-free but are put in proximity with pets despite making the conscious decision to select a property where they would not have dogs, cats, or other animals living in close proximity to them. We are concerned about section 1, subsection 2 that talks about reasonable restrictions. Certainly rules have to be reasonable and cannot be arbitrary and capricious. One of our concerns is how we balance the provision that says that everyone is guaranteed the right to one pet and a pet whose behavior might be causing a concern and threat. Can we say, as an HOA, your one pet is a safety hazard and you need to remove that pet from the community? Will we wind up in litigation over this because of a concern as to what constitutes a reasonable restriction?

We would like to work with the sponsor. We certainly, as an institute, support the benefits of pet ownership. We just do not believe that this bill is necessary, given the information that we have been able to gather on whether CC&Rs actually restrict pets. Our research says they do not.

Chair Flores:

We have a few questions.

Assemblywoman Bilbray-Axelrod:

I was a little confused why you were coming out in opposition of the bill, but you kind of explained it. Approximately how many HOAs are there in the state of Nevada?

Donna Zanetti:

Going strictly from my memory, I think we have over 3,000.

Assemblywoman Bilbray-Axelrod:

So your researching 60 CC&Rs is not a significant number?

Donna Zanetti:

We had a very limited amount of time. With more time we could certainly do more thorough research into these CC&Rs. I would point out that the Humane Society also does not have any statistics that back up its assertion that homeowners' association CC&Rs are the source of the problem.

Assemblywoman Bilbray-Axelrod:

That is a fair assertion. Our colleague brought forward a problem that she believes exists. As a body we need to do our due diligence to see whether it is a problem. Many people have come up in support. I know that I personally have received a ton of emails in support of this bill. We are playing both sides where no one has the facts but no one can say otherwise. I think my colleagues and I are sort of in the position where we are trying to do the best for the state of Nevada. I would encourage you to dig down a little deeper and see if you can find some information. I know at one point in your testimony you said you looked into a handful of CC&Rs. I was just wondering where that number came from. Was that just a guess? You did say a handful at one point.

Donna Zanetti:

As I mentioned, Community Associations Institute did a quick survey of community association managers and board members. It was literally a one-day online survey, so it is far from complete. As I am looking at it, they received 76 responses. The responses, I should clarify, do not necessarily represent only 16 associations. They represent 16 individuals who responded to the survey. They might be managers who manage more than one community. That is why it is obviously not scientific. Of those who responded to the survey, 13 answered that they had a policy in place that prohibited pets. [Ms. Zanetti later clarified that she received 76 responses to her survey, not 16. Of those responses, 13 had a policy prohibiting pets.]

Assemblywoman Bilbray-Axelrod:

Did you ask in the survey if they believed it was in the purview of the HOA to put a policy like this in place?

Donna Zanetti:

No, that was not one of the questions that we asked. It is presently within the board of directors' purview to adopt rules consistent with the CC&Rs. If the CC&Rs permit people to have dogs, cats, birds, and fish, then the board could not adopt a rule prohibiting them.

Chair Flores:

I am curious to hear your perspective on how you think this could affect HOAs in general. Moving forward, do you think this sets a precedent that you do not want to go into? Is that a concern? Are you approaching it strictly focusing on the bill? Are you worried that we will be back here in two years opening this conversation and it might go in a different direction? I am trying to get an understanding of the opposition. Are you concerned that if we open a door now, we may come back later to address other related concerns?

Donna Zanetti:

We are, at this point, focused on this bill and the benefits or lack thereof that this legislation would impose on community associations. It is a fact that since the Nevada Legislature passed the Uniform Common-Interest Ownership Act of 1991 [Assembly Bill 221 of the 66th Session], the Legislature has amended NRS Chapter 116 every legislative session—with the exception of one. It is the rule rather than the exception that we keep making changes to the state law which governs CIDs. Sometimes legislation can be very helpful. It advances homeownership in CIDs which, as everyone acknowledges, are ubiquitous in this state. Sometimes we are legislating for something that we do not have the evidence that it is actually a problem. Those are the situations that we would like to avoid. This is a private contract situation in which people are expected to know that they have bought into. It was mentioned that CC&Rs are difficult to change. They are difficult to change for a reason; the underlying assumption is that people buy into it because they believe in that system and want to live in that type of community. Rules can be changed very easily. That can usually be done by a board. The CC&Rs often require a majority or super majority of the actual owners. We would ask the Legislature to think about that as we look at various bills that make changes to CIDs.

Chair Flores:

With that, I would like to invite anyone else wishing to speak in opposition. Seeing no one, is there anyone wishing to speak in the neutral position? Seeing no one, Assemblywoman Hansen, would you like to make any closing statements?

Assemblywoman Hansen:

I wanted to take a moment to let my colleagues speak.

Susan Riggs:

There is a dearth of data to support our claims. Unfortunately, we are not privy to the types of data that the folks in opposition have. What we are privy to is the shelter data. We have data on relinquishment. When the pets are relinquished to animal shelters, the shelters ask why they are being relinquished. There are extremely high numbers. This is borne out of

every high-cost market and every market where there are high relinquishments we see housing as a barrier. The reason why we proposed this bill to Assemblywoman Hansen is because we see this as an oncoming car wreck. This is going to be a burden on taxpayers, the shelters, and a burden to quality of life of the residents. More residents of Nevada are going to be living in these CIDs.

The other thing that I would like to clarify is I do not see the relationship between the landlord and the tenant being analogous to that of an HOA and a homeowner. Number one, there is a private property interest in a home when you spend \$500,000 or more to purchase your own property which is controlled by a HOA. You do not get to negotiate that contract. You do not get a choice. You are spending a lot of money for private interests—that is not a negotiating position. This is what you are buying into. You own this piece of property for potentially many years or decades and your lifestyle may change. You may not want a pet when you are 21 years old and you are going out to the bars and having fun. When you are 45 years old and you have your first child, you may want to have a puppy. Things change. I think it is unreasonable to have that prohibition. There is one other thing—I think Assemblywoman Hansen can address it more—I was a little confounded by the question of when pets have been allowed they cannot be prohibited.

Assemblywoman Hansen:

Again, just a reminder, while there might not be an imminent problem right now, we want to have a safety net. We are talking about balance. If you look at my cohorts here at the table, I am not always in agreement with the ASPCA or the Humane Society with other issues. This is something that I can find balance with. This bill is not here to demonize HOAs—not in the least. We are looking to find balance. My interest in preserving property rights, my love of pets, and the interests of the ASPCA and the Humane Society show that we are trying to strike a balance. Homeowners' associations are given the ability to regulate. We are not looking to take that away. We are saying that as you regulate and sometimes if history is a pattern, you might start to regulate a little more. We just say stop at one pet. You cannot take that option away from us; it is our personal property.

In closing I would like to mention that the pride of home ownership is the American Dream. Private property rights are the essence of that dream. Owning a pet should be a homeowners' choice and not the HOA's choice. Pets help create companionship, comfort, and a sense of well-being. A study in 2016 by University of Missouri Health showed the benefits of senior adults who had dog ownership. Owners live longer, go to the doctor less often, recover from illness quicker, and have a more positive outlook. Pets influence social, emotional, and cognitive development in children and promote an active lifestyle and teach them responsibilities. Dogs provide homeowners with a possible deterrence to crime.

In closing, this bill strikes a balance between the rights of an association to control operations in common areas versus rights of residents to maintain private property rights and quality of life within their own homes. I appreciate this opportunity and want to thank all parties that came to the table for discussion.

Chair Flores:

I think that our Committee is sympathetic to the common-interest community ideology that if you choose to live here then you choose to come into this agreement. I think we are also sympathetic to the idea that sometimes people have to move into CIDs to be close to family or they want to live on a certain side of town. An HOA is something that they are going to have to entertain. Sometimes they do not review all the paperwork as closely as they should and do not realize what they have signed. We understand that we have to strike a balance between that. We are sympathetic to both sides. I am going to close out the hearing on A.B. 161 and invite up those wishing to speak in public comment.

Jonathan Friedrich, Private Citizen, Las Vegas, Nevada:

Paid lobbyist Gordon Garrett lobbied for Southern Highlands Homeowners' Association and changed the statutes for them in their favor. We have been depriving all the homeowners in that association—there are thousands of them—when we changed the law to require a 90 percent sell-out of the properties before it could transpire. Nobody said anything. I opposed it. The gentleman to my right opposed it. He is in litigation over it. All of a sudden, Community Associations Institute is against this bill.

Chair Flores:

We are going to close out public comment. This meeting is adjourned [at 10:27 a.m.].

RESPECTFULLY SUBMITTED:

Geigy Stringer
Recording Committee Secretary

Kirsten Oleson
Transcribing Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a PowerPoint presentation titled "Presentation to the Assembly Government Affairs Committee," dated February 27, 2019, presented by Gerri Schroder, Councilwoman, Ward 1, City of Henderson; and Richard A. Derrick, City Manager/Chief Executive Officer, City of Henderson.

[Exhibit D](#) is written remarks prepared by Gerri Schroder, Councilwoman, Ward 1, City of Henderson; and Richard A. Derrick, City Manager/Chief Executive Officer, City of Henderson, dated February 27, 2019, regarding the PowerPoint presentation titled "Presentation to the Assembly Government Affairs Committee."

[Exhibit E](#) is a pamphlet titled "A.B. 161 (Hansen): Common Interest Developments-Pet Ownership," submitted by Susan Lea Riggs, Susan Lea Riggs, Senior Director of State Legislation, Western Region, Government Relations, American Society for the Prevention of Cruelty to Animals.

[Exhibit F](#) is a letter, dated February 27, 2019, submitted by Jeff Dixon, Nevada State Director, State Affairs, Humane Society of the United States, in support of Assembly Bill 161.

[Exhibit G](#) is a letter, dated February 25, 2019, submitted by Susan Lea Riggs, Senior Director of State Legislation, Western Region, Government Relations, American Society for the Prevention of Cruelty to Animals, in support of Assembly Bill 161.