

Minutes of the Public Workshop held on December 7, 2016

The Administrator, Jim deProse, called the workshop to order at 9:02 am on Monday, December 7, 2015 at the State of Nevada Housing Division, 1830 E. College Parkway, Suite 120, Carson City, Nevada. The workshop was video conference with the Bradley Building Conference Room in Las Vegas.

MHD Staff attending in Carson City:

Jim deProse, Administrator
Karen Fox, Licensing Officer
Diane O'Connor, Program Manager
Sandra Doughty, Education Officer
Peter Keegan, Deputy Attorney General

MHD Staff attending in Las Vegas:

Marc Gohres, Supervising Inspector
Dee Augdahl, Compliance Investigator
Randy Ehardt, Investigator
Jesse Swapp, Investigator
Gary Mathews, Deputy Attorney General

Public Attendance in Carson City

Vern Waligora, Verdi Valley Realty
Marilyn Mann, MHCO
Fred Montes de Oka, Fred's Court
Chelsey Conley, Newport Pacific
Nancy Sbragia, Dayton Inn Trailer Park
Josh Hicks, Brownsten Hyatt
Josh Sykes, MMM Inc.
David Karr, Anywhere Repair
Will Donnelly, Frontier Garden RV Park
David Kauffman, sun Communities
Isaac Zuritan, North Valley MHP
Michael Smith, Clayton Homes

Public in Attendance in Las Vegas

Gregory Hirsch, GT Homes LLC
Susan Olmsted, Sierra Mobile Park
Mikki Tacey, Desert MHP
Kathleen Smith, Pioneer MHP
Bernadine Marquez, Sand Creek MHP

Jim deProse – No Public Comments at the beginning. Mr. deProse explained there is no proposed language at this time. Will collaborate with industry first and have a second workshop at a later date.

Diane O'Connor, Program Manager – Explained AB 270, when a park obtains a home when the owner voluntary surrenders it to the park. We will use the Limited Lien Resale License process for these situations. We will create an affidavit for you to submit indicating that the home was not purchased, but actually surrendered to the park with no exchange of funds.

Fred Montes de Oka, Fred's Court - What happens when they don't leave you any documents?

Diane O'Connor, Program Manager – This statute is specifically for home owners who give you the paperwork.

Susan Olmsted, Sierra MHP – How will the title come back?

Diane O'Connor, Program Manager – At this point we don't have a way to change our computer system. It may not have anything printed on the title, but we will have all the information in our database indicating that it was voluntarily surrendered to you. It will be little more work for us, but we will have on record, all the information.

Josh Hicks, Manufactured Home Community Owners – You may want to get away from the term, "Gift Affidavit," since there are tax ramifications for that.

Diane O'Connor, Program Manager – I was using that as an example, we will not be using that term. It will probably look similar to a "Bill of Sale".

Karen Fox, Licensing Officer – We will be adding the word “lien” in 4 regulations to stay consistent with the term, “Limited Lien Resale License” as stated in the statute.

Diane O’Connor, Program Manager – Please remember that just because it says “lien” does not mean that you will not be able to use this in the voluntary surrender process.

Karen Fox, Licensing Officer – Explained the reason for requiring a copy of a Certificate of General Liability Insurance.

Gregory M. Hirsch, GT Homes LLC – I am a used MH Dealer. The price I was quoted for my business was \$3,000 to \$5,000 per year. I cannot afford this insurance. I do most of my business in Parks that already have insurance. Up to 2011, it was never required. Someone is not thinking about small businesses. If this additional cost is imposed on us, we will not be able to stay in business. We are still in the recession of 2008.

Jim deProse, Administrator – Does park general liability insurance cover sales transactions that happen in a park? We will ask for guidance from the Attorney General’s Office on this matter.

Josh Sykes, MMM Inc. – I am a set up contractor. My insurance agent said that my general liability insurance covers it I do something wrong, burnt the house down, or flooding due to plumbing issues. Wouldn’t the homeowner’s insurance cover those things? How would they prove that it was from my repairs? You can set up a home. If you reroof a house you will be charged for that on your policy. I have recently been defrauded by a customer. I think there should be protection for the small businessman.

Jim deProse, Administrator – Our objective is not to put more of a burden on the licensee. If there is a third alternative, we will certainly look at that.

Josh Sykes, MMM Inc. – If I have done something bad, sue me. The Division has the option of removing our license.

Jim deProse, Administrator – We will be updating our address in one of the regulations and correcting the term, “Association with “Alliance”. We would like to designate approved 3rd Party Agencies to perform inspections of a new unit and a new applicant’s manufacturing plant.

Vern Waligora, Verdi Village Realty – Are you doing this to reduce the cost?

Jim deProse, Administrator – Yes, it would take less time and reduce their cost.

Jim deProse, Administrator – We believe we need to address increasing our fees. I do not have numbers for you today. We are proud that our Division has maintained the same staff level although there has been a large increase of services that we have provided in all areas of our Division; permits, inspections, titling and licensing.

Chelsey Connelly, Park Manager at Wellington Estates in Reno – How do we know that in 3 years down the road that there will be increases in statutes?

Jim deProse, Administrator – Fee Increases: Some fees are set in statute and can only change in Legislature. We have 4 budget accounts. The fees collected in 3 of our budget accounts are set in statute.

1. Annual Park Registration for Lot Rent Subsidy Program, \$12 fee - ne Employee
2. Annual Park Fees for us to regulate MHPs, \$5 - Two Compliant Investigators
3. Educational and Recovery Fund, part of the new and renewal application fee goes to that fund.

The 4th budget is where we collect all other fees that are called out in regulation – Titling, Licensing, Inspections, Plan Approvals, and Permits. These will be the only fees we talk about. The last time there was a fee increase was 2003. Almost 13 years later we have reduced staff by 33% when we were in the heart of the recession in 2009. I compliment our current staff, who has gutted it out during very lean times. We pride ourselves in providing exemplary customer service. For example, we have reduced the titling process time from 8 weeks to 1 week. We have also addressed an expedient turnaround time for inspection activates. In order to maintain those levels of service, we believe there is a need to increase fees.

We have researched other state’s licensing fees. We are currently doing a comparative analysis on titling fees in other states. We want to have some comparative bench marks and still remain competitive. We have also done some preliminary work to look at other inspections fees. I do not have numbers for you today and I know most of you do not want to hear about government fees being raised. I know most successful business owners have not been operating since 2003 without any change. We are very proud that we have retained the same number of staff, when we have seen an increase in volume and demands. We have not increased headcount, permit fees, or any other fees. Our expense structure parallels our operating costs, with the exception of what we pay to other state agencies. We pay the B & I Directors office for fiscal support, IT Support, microwave towers and those sorts of things. We have to fund those services that have been increased. The fees we pay the Attorney General’s Office has increased significantly. We feel strongly that something has to be done. The next biennium fiscal projection does not look good until we consider looking at making changes to our fees.

Other than looking at our operating expenses, we are currently looking at updating our archaic database systems. We do not have a field for email addresses because the system is so old, built in the early 90’s. We have a permit system that was not designed to handle the volume we have today. The only thing we have included in the budget other than our operating expense is a new database system.

Does anyone have any comments on Las Vegas or Carson City? Is anyone growing a money-tree they want to share?

Chelsey Connelly, Park Manager at Wellington Estates in Reno – How do we know that in 3 or 4 years that the other statutory fees will not increase?

Jim deProsse, Administrator –

1. I cannot guarantee the future, however the Lot Rent Subsidy Program fee of \$12, was introduced in Assembly Bill 451 in 1991 and has never been changed.
2. The \$5 fee that supports investigators was raised from \$3 to \$5 in Assembly Bill 316 in 1995. So that fee has been in place for more than 20 years that only supports our two compliance investigators. We are dealing with fewer funds with a much higher volume and level of service.
3. The Education Recovery Fund is deposited into a savings account that is used in a fraudulent situation with a dealer where has made an error and is available to constituents. In 2009 Legislative Session, Legislature swept that fund when the fund built up to over \$500,000. I cannot imagine anyone wanting to increase any of these fees.

Nancy Sbragia, Dayton Inn Trailer Park – I was wondering if you could give us a short synopsis of the Lot Rent Subsidy Program. Is there more of a demand for that? Is there a buildup of funds in that account?

Jim deProsse, Administrator – Roughly we collect \$300,000 per year, where we pay our Program Manager, \$284,000 goes out the recipients and there are administrative fees. The constituent base has remained pretty flat. Part of our responsibility is to monitor and modify the funds going out to the recipients, depending on the funds available and the number of recipients. So that is where the \$12 fee goes.

Nancy Sbragia, Dayton Inn Trailer Park – Is the distribution recipient payments, the same in the north as it is in the south?

Diane O'Connor, Program Manager – It is almost exactly the same.

Marolyn Mann, MHCO – Are you going to do this across the board...a percent...how are you thinking about this right now?

Jim deProsse, Administrator – We may just do a hybrid. State of AZ charges \$150 for plan approval and \$119 for each additional hour. We charge \$75 and an additional \$37.50 per half hour. We are still analyzing other fees, so I am not sure if we raise all across the board.

Marolyn Mann, MHCO – Are there any fees in particular that are out of line?

Jim deProsse, Administrator – We charge \$40 for titling and the process of titling takes a lot of time, sometimes several hours. Titles that come across the counter, signed and completed correctly are rare. It takes an exorbitant amount of time to research a home that has been purchased several times without being transferred. We may take a different direction and charge extra for those that take longer to process.

Marolyn Mann, MHCO – Have you thought about a pay as you go program?

Diane O'Connor, Program Manager – Could you give us an example of what you mean by, "Pay as you go"?

Jim deProsse, Administrator – We charge a flat fee for inspections, but sometimes an inspector spends a very long time with one inspection. Now we have charged him for 1 hour, but spent 5 hours doing the inspection. We have a provision currently that allows us to charge for that additional time. Maybe we should do that for other services.

Diane O'Connor, Program Manager – We are the only state that does not charge a late fee for a title that is not transferred in 45 days. Most of the states have a 15 to 25 day time limit. Arizona charges a late fee plus \$5 per day after that. We look at late fees for titles not submitted on time.

Jim deProsse, Administrator – Nevada Administrative Code 489.370 says that if we go beyond 25 miles to do an inspection, we have to charge time and travel. A few months ago, we realized that we were not charging correctly in the past. We were not charging enough. Andre Paradis has 4 inspections today; 1 in Wellington, 2 in Sun Valley and 1 in Lovelock. If we are not charging for him being on the road, we will be coming up short. It is appropriate to charge for the time and travel we incur.

Jim deProsse, Administrator – Please feel free to send me any comments or suggestions you have regarding fee increases. In addition to the Division doing a good job, we have authorized 8 local jurisdictions to be able to do inspections on our behalf. Instead of sending one of our inspectors out of Las Vegas to drive to Ely and charging the licensee an exorbitant travel fee, the City of Ely, can now perform the inspection. It is now deferred fee to the licensee. We have also hired a Third Party Inspection Agency that can now back fill some inspections for us.

Vern Waligora, Verdi Village Realty – Why have an employee drive all that way, when an outside agency can do it cheaper?

Jim deProsse, Administrator – That was the solution. It was a win – win. We can deliver better service times.

Nancy Sbragia, Dayton Inn Trailer Park – Has Carson City Building Department out sourced also?

Jim deProse, Administrator – Yes, Carson City and also Nye County have chosen that model. Is there any other questions regarding fees? Is there any other public comment?

Mikki Tacey, Dessert MHP – You do a great job and we truly appreciate it.

Marolyn Mann, MHCO – I too compliment the staff, on behalf of the MHCO. Not only have you helped in Legislature, but communication with the Division has been great.

Meeting adjourned at 10:20am.