

Small Business Impact Statement

The Nevada Housing Division (“Division”) has proposed changes to the Nevada Administrative Code (“NAC”) Chapters 489 and 461, regarding fees charged for certain Division services and licenses.

The Division made a concerted effort to determine whether the regulation is likely to “impose a direct and significant economic burden upon a small business” or “directly restrict the formation, operation or expansion of a small business.” NRS 233B.0608(1). The Division concluded the regulation could cause these negative impacts or effects, after consultation with the licensing community and other potentially affected parties and internal staff.

This Small Business Impact Statement is made pursuant to NRS 233B.0609:

1. A description of the manner in which comment was solicited from affected small businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Nevada Housing Division mailed 1042 questionnaires to a list of 577 licensees, 413 Park Owners and 52 other interested parties. Of those we received a total of 180 responses. Answers to questions and comments were then logged.

The public response to the mailed survey was, in summary;

- Increases in fees will result in increased rents to park tenants and less expansion of affordable housing for low-income individuals that make-up many of these parks.
- The higher fees will have a negative impact for tenants in parks resulting in making it harder to make ends meet as these expenses will be passed on to homeowners and tenants.
- Business owners will pass these fees on to homeowners and park owners forcing them to use unlicensed repair services or doing repairs themselves causing safety concerns.
- There are too many unlicensed people doing our work now at lower cost. Licensed contractors are the only one pulling permits.
- This increase will cause more people not to get permits and do their own work leading to substandard work. Some owners can't afford to have companies replace a water heaters or pipes now. Raising rates will not help them and more owners will do the job themselves without permits. Companies believe they will not get the work therefore the Division will not get the revenue. Businesses will reevaluate their need to obtain a Manufactured Housing License moving forward.
- Manufactured housing is already overregulated and this will result in more illegal work being done.
- Raising fees does not result in better service and new systems are not working.

A subsequent public informational meeting was solicited by public notice and email to allow those affected to make public comment regarding the purposed changes. There was a total of 8 in attendance between Las Vegas and Carson City for the public informational meeting with no opposition to the purposed legislation.

Public comment was solicited by mailed survey, public notice and informational meeting. The Division submitted the proposed changes to the licensing community and other potentially affected parties, and professional associations to survey their thoughts regarding the proposed revisions. The Division

received comments and consulted with the parties regarding their comments. The Division also noticed and conducted a public workshop.

Interested persons may review a copy of the summary of the public response by contacting Perry Faigin, Chief of Administration, Nevada Housing Division by email, pfaigin@housing.nv.gov, phone, 775-687-2223 or mail at 1830 E College Parkway Ste 200 Carson City, NV 89706

2. The manner in which the analysis was conducted.

The manner in which the analysis was conducted was through reviewing and discussing the comments of various stakeholders affected by the proposed changes with staff during a public workshop, Division staff, and the Division's attorney.

3. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate, including, without limitation:

(1) Both adverse and beneficial effects; and

Adverse effects: Costs will be passed on by businesses in most cases to the end user, this would be the homeowner or park owner. Many of these homeowners are on limited or fixed incomes, this could result in homeowners doing the work themselves or hiring unlicensed companies and obtaining substandard repairs. Businesses that responded estimated up to \$1000/yr. in increased expenses, but noted that these expenses would be passed on to the homeowner or tenant.

Beneficial effects: Ability for Manufactured Housing to operate in a positive financial manner as the division receives no state general fund dollars. Continue to make improvements with the additional limited resources to systems and processes. Estimated that these fees would generate \$55,000 per year in additional revenue.

(2) Both direct and indirect effects.

Direct effects: Homeowners may put off potentially vital maintenance and repairs on homes, this could result in issues where the home may not be deemed safe, sound or sanitary. Licensees may see a reduction in business, resulting in fewer permit requests.

Indirect effects: Homeowners would not get permits to have work completed but may resort to potential workarounds. For instance, attempting to do the work themselves, or hiring an unlicensed business to complete maintenance or repairs.

4. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

The Nevada Housing Division Administrator met with representatives from the industry, specifically the Manufactured Home Community Owners Association and discussed at length the need for the increase to the fee schedule and the impact this would have on small business. It should be noted that the fees being considered for increase from the Manufactured Housing have not been raised since 2003.

5. The estimated cost to the agency for enforcement of the proposed regulation.

No cost is expected due to the implementation of the licensing fees.

6. If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The Division is increasing the fees charged for services and licenses for manufactured housing, estimating these fees would generate \$55,000 per year in additional revenue, and provide for improvements to current systems and processes.

7. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

The regulation does not include any duplicate or more stringent standards.

8. The reasons for the conclusions of the agency regarding the impact of a regulation on small businesses.

The reasons for the conclusions of the agency regarding the impact of a regulation on small businesses are the result of communications with those most likely to be affected by the changes as well as others which have expertise in the matter. The Division's Administrator has communicated and researched this matter with affected stakeholders, with the Division's attorney, and with staff.

As the Administrator who is responsible for the Division, I certify that, to the best of my knowledge or belief, the information contained in the statement was prepared properly and is accurate.

Sincerely,
Nevada Housing Division

Steve Aichroth
Administrator