ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE
March 7, 2001
3:20 p.m.

MEMBERS PRESENT

Representative Lisa Murkowski, Chair
Representative Andrew Halcro, Vice Chair
Representative Kevin Meyer
Representative Pete Kott
Representative Norman Rokeberg
Representative Joe Hayes

MEMBERS ABSENT

Representative Harry Crawford

COMMITTEE CALENDAR

HOUSE BILL NO. 150
"An Act relating to insurance premiums for rental motor vehicles."

- MOVED HB 150 OUT OF COMMITTEE

HOUSE BILL NO. 11
"An Act relating to required notice of eviction to the dwellers, tenants, and owners of mobile homes in mobile home parks before redevelopment of the park."

- MOVED CSHB 11(L&C) OUT OF COMMITTEE

PREVIOUS ACTION

BILL: HB 150
SHORT TITLE:INSURANCE PREMIUMS FOR RENTAL VEHICLES
SPONSOR(S): LABOR & COMMERCE BY REQUEST

Jrn-Date	Jrn-Page		Action
02/26/01	0437	(H)	READ THE FIRST TIME - REFERRALS
02/26/01	0437	(H)	L&C
03/07/01		(H)	L&C AT 3:15 PM CAPITOL 17

BILL: HB 11
SHORT TITLE:MOBILE HOME PARK EVICTION

SPONSOR(S): REPRESENTATIVE(S)CROFT, MURKOWSKI

Jrn-Date	Jrn-Page		Action
01/08/01	0026	(H)	PREFILE RELEASED 12/29/00
01/08/01	0026	(H)	READ THE FIRST TIME - REFERRALS
01/08/01	0026	(H)	L&C, JUD
02/28/01		(H)	L&C AT 3:15 PM CAPITOL 17
02/28/01		(H)	Bill Postponed
03/07/01		(H)	L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

AMY ERICKSON, Staff
to Representative Lisa Murkowski
Alaska State Legislature
Capitol Building, Room 408
Juneau, Alaska 99801
POSITION STATEMENT: Introduced HB 150 on behalf of the sponsor.

CHARLIE MILLER
ANC Rental Corporation and Hertz Corporation
P.O. Box 102286
Anchorage, Alaska 99517
POSITION STATEMENT: Testified in support of HB 150.

CHARLES T. RUBIN
Rubin Fiorella LLP
90 Park Avenue
New York, New York 10016
POSITION STATEMENT: Testified on HB 150.

STAN RIDGEWAY, Deputy Director
Division of Insurance
Department of Community and Economic Development (DCED)
P.O. Box 110805
Juneau, Alaska 99811-0805
POSITION STATEMENT: Testified in support of HB 150.

REPRESENTATIVE ERIC CROFT
Alaska State Legislature
Capitol Building, Room 400
Juneau, Alaska 99801
POSITION STATEMENT: Introduced HB 11 as the sponsor.

ANGELA LISTON, Director
Department of Justice and Peace

Archdiocese of Anchorage
225 Cordova Street
Anchorage, Alaska 99501-2409
POSITION STATEMENT: Testified on HB 11.

MACKENNA JOHNS
Alaska Manufactured Home Resident Advisory Council (AMHRAC)
P.O. Box 241592
Anchorage, Alaska 99524
POSITION STATEMENT: Testified on HB 11.

RANDY SIMMONS
JL Properties
1007 West 3rd, Number 101
Anchorage, Alaska 99501
POSITION STATEMENT: Testified on HB 11.

SAM MENESES
Catholic Social Services (CSS)
3710 East 20th, Number 100
Anchorage, Alaska 99504
POSITION STATEMENT: Testified on HB 11.

ACTION NARRATIVE

TAPE 01-28, SIDE A
Number 0001

CHAIR LISA MURKOWSKI called the House Labor and Commerce Standing Committee meeting to order at 3:20 p.m. Those present at the call to order included Representatives Murkowski, Halcro, Meyer, Rokeberg, and Hayes. Representative Kott joined the meeting as it was in progress.

HB 150-INSURANCE PREMIUMS FOR RENTAL VEHICLES

Number 0053

CHAIR MURKOWSKI announced that the first item of business would be to hear HOUSE BILL NO. 150, "An Act relating to insurance premiums for rental motor vehicles."

Number 0107

AMY ERICKSON, Staff to Representative Lisa Murkowski, Alaska State Legislature, introduced HB 150 on behalf of the sponsor. She said it corrects an unintended consequence of 1999's Senate

Bill 87, which required motor vehicle rental companies to hold funds for rental car insurance in separate trust accounts. That requirement was impractical and nearly impossible for rental car agencies because of the nominal money generated and the filing logistics. These agencies deal in [car] rentals, not insurance, she remarked.

MS. ERICKSON explained that SB 87 gave the director of the Division of Insurance the authority to waive certain bond requirements, but it failed to do the same for rental car agencies.

MS. ERICKSON stated that HB 150 remedies the waiver omission by eliminating the requirement that funds be placed in separate accounts. The Division of Insurance and the rental car industry have worked in tandem to create the language in the bill. She noted that Charlie Miller, the rental car agency representative, and Stan Ridgeway, with the Division of Insurance, were present at the hearing.

Number 0217

CHARLIE MILLER, ANC Rental Corporation and Hertz Corporation, via teleconference, stated that the intended provision of the bill was to waive the requirement for the fiduciary account. "It is [an] incidental insurance product to the contract for the rental. There is no need to segregate the funds, like there is for a normal independent agent." He remarked that a person doesn't want to commingle those funds.

Number 0274

MR. MILLER referred to page 2 of the bill, [referring to line 6, subsection (2)], where it says, "the carrier of the insurance has to sign a letter saying that it agrees with the waiver." He said he thinks the division will also testify that it protects the interests of the public.

Number 0290

CHAIR MURKOWSKI asked about the insurer's consent form.

Number 0316

MR. MILLER replied that he checked with the division but was not sure of the final outcome, other than the fact that "they" decided not to offer an amendment. He commented that there is a

normal procedure for "these kind of letters," and he surmised that "they" figured it would work.

Number 0343

CHARLES T. RUBIN, Rubin Fiorella LLP, counsel for some of the rental car companies, via teleconference, said similar legislation passed in 30 states. Generally speaking, the insurers provide the letter to the rental agency, and it is maintained on file under rules already in place. The insurance department would have access to [the letter] if it were requested.

Number 0400

MR. RUBEN explained that no state requires funds to be held in separate trust accounts. The amount of insurance funds received by the rental companies is small, and it would almost be impossible to keep separate accounts for each rental.

CHAIR MURKOWSKI said there is a letter in the committee's file that is signed by Bob Lohr, Director, Division of Insurance, which indicates the division's support of HB 150.

Number 0489

STAN RIDGEWAY, Deputy Director, Division of Insurance, Department of Community and Economic Development (DCED), via teleconference, said overall, the bill properly balances the public's right to protection, while keeping the cost of regulatory compliance at a reasonable level.

Number 0585

MR. RIDGEWAY relayed that the insurer has the right to waive the requirement for the account; however, the account may be large enough that an insurer might not want to do that. There is a perfect balance, and those waivers would be on record. If the Division of Insurance does a market-conduct survey or a financial examination, then [the division] would have those at its disposal to make sure that everything was working properly.

CHAIR MURKOWSKI asked if there are vehicle rental companies in Alaska that put funds in a separate account.

MR. RIDGEWAY replied that under the current statute, companies are supposed to do that; however, he couldn't say how that is

functioning at this time. He said it might be a question for Charlie Miller.

Number 0603

MR. MILLER said after the implementation of the law [SB 87], people have benignly neglected it, because everyone knows that [the requirement] was unintentional.

Number 0647

REPRESENTATIVE HALCRO declared a conflict [of interest] because he is in the car-rental business. He said this bill is needed. When SB 87 was passed and the unintended consequences were realized, for a brief period of time it looked like it was actually going to be enforced, he said. His company considered stopping the coverage because it was such a small monetary amount and the cost of abiding by the laws was not economically feasible.

Number 0762

REPRESENTATIVE MEYER made a motion to move HB 150 out of committee with individual recommendations and a zero fiscal note. There being no objection, HB 150 was moved from the House Labor and Commerce Standing Committee.

HB 11-MOBILE HOME PARK EVICTION NOTICE

Number 0810

CHAIR MURKOWSKI announced that the committee would consider HOUSE BILL NO. 11, "An Act relating to required notice of eviction to the dwellers, tenants, and owners of mobile homes in mobile home parks before redevelopment of the park."

Number 0835

REPRESENTATIVE ERIC CROFT, Alaska State Legislature, sponsor of HB 11, said it is a moderate solution to a growing problem in Anchorage, and possibly in other parts of the state. Mobile home units provide affordable lower-income housing, and were previously [located] on the "marginal edge of towns." These areas are now highly priced and are in the middle of town; land use shifts as a town grows, which is what has happened in Anchorage.

REPRESENTATIVE CROFT explained that this is causing a lot of concern among [mobile] home residents. In response to a couple of high-profile purchases of mobile home parks in Anchorage, Catholic Social Services (CSS) and the United Way have formed a taskforce. Comprehensive information was pulled together by the many groups that were invited [to participate]. The resulting recommendation was to incorporate into statute the best practice found in these purchases. For example, most of the people who agreed to purchase the land allowed up to $5,000 as a moving allowance for people to find other places to put their mobile homes.

REPRESENTATIVE CROFT explained that HB 11 replaces the current statute, which said a person had to be given a six-month notice. The new requirement is that a developer/owner pays up to $5,000 in moving expenses, or the mobile home owner is given one year to move. In addition, a person can't be evicted during the winter months. He said the Archdiocese and CSS do a tremendous amount of work to help people who are in the lower socioeconomic strata of Anchorage.

Number 1055

REPRESENTATIVE CROFT said like most things, there is a perception and a reality. There is a true reality problem of moving some of these homes and finding the money to do that. He said the $5,000 isn't a lot for a developer, but can be a lot for the individuals involved. He said he wanted to allay the fears that the trailer parks would be bought up, that tenants would have to move in the winter, and that they would have no money to relocate their mobile homes. This bill gives a real solution and a calming effect in the community.

CHAIR MURKOWSKI added that previously, she had worked in the district court, where eviction proceedings are held. She recognized that the judges were very conflicted when the appropriate notices had been given and there was no defense. The judge had to sign the judgment to evict, recognizing that the trailer owner might be forced to move during the winter months. She said on several occasions, the judge made a determination that a trailer wasn't going to be moved during the winter months, because it was not physically possible. This helped raise awareness in Alaska that moving a trailer during the winter months is more than just problematic, she said. A section of this bill attempts to address this.

Number 1209

REPRESENTATIVE MEYER said during his time on the [Anchorage] Assembly, he saw a lot of issues come up when developers wanted to develop land that would have required the displacement of mobile homes.

REPRESENTATIVE MEYER mentioned [a recent] article from the Anchorage Daily News, which talked about helping tenants buy space either by creating cooperatives or by arranging condominium-type agreements. He asked if the sponsor had considered these options.

Number 1254

REPRESENTATIVE CROFT replied that he hadn't considered it until he read the paper, but said he would be interested in pursuing it with the committee. "We" wanted an incremental response for things currently going on, and [for it to address] things likely to happen in the future.

REPRESENTATIVE CROFT responded to a request to clarify that the bill says that the developer would pay up to $5,000. He referred to page 4, lines 5-6, "pays the actual disconnection and relocation establishment costs, not exceeding the total of $5,000." He said tenants couldn't go over that amount unless the developer agreed. Furthermore, tenants couldn't automatically get $5,000; they would have to prove actual costs.

Number 1396

REPRESENTATIVE CROFT, responding to a question about the ability of a developer to go over the upper limit, agreed with Chair Murkowski that a developer could compensate for a loss of quality of life.

REPRESENTATIVE CROFT recognized the two developers [who set the standard] and said they are doing a responsible job; this is what [the bill sponsors] chose to immortalize in statute.

Number 1498

REPRESENTATIVE ROKEBERG commented that the private sector was conspicuous by its minor representation on the community taskforce. He switched gears and asked Mr. Croft how he came up with the $5,000 figure.

REPRESENTATIVE CROFT said the floor seemed to be a rough estimation of what some of the average costs would be; however, a person could go over that amount when moving an older home. He wanted to have some maximum so it wouldn't be an excuse for litigation. The taskforce had also indicated that this was an appropriate amount, he remarked.

Number 1597

REPRESENTATIVE CROFT, responding to a comment by Representative Rokeberg about the value of trailer park land, said private industry is doing it because money is being made.

REPRESENTATIVE ROKEBERG said if [a park] had fewer than a dozen spaces, "you would blow them right out of the saddle." Enacting this law will destroy the property rights of that trailer park owner.

REPRESENTATIVE CROFT remarked that he didn't do a net-present-value analysis, but said he is confident that the developers had.

Number 1644

REPRESENTATIVE ROKBERG he said there is a difference if a park owner has 44 or 400 units. There are a number of small mobile home parks in this state, particularly in the rural areas. He said there is a significant problem here without a quantifier and a formula that is fair. This is total confiscation of property and is against any privity of a state or contract, he emphasized.

REPRESENTATIVE CROFT said there doesn't seem to be a significant difference on the $5,000, whether it is 30 [trailers] or 5, because one has to pay up to a maximum of $5,000 per trailer anyway. On the other hand, the more obvious answer is to give a person a one-year notice. He said he thinks there is a good basis for using the $5,000 number, and for doing it per unit as opposed to using a sliding scale.

REPRESENTATIVE ROKEBERG returned to the question of the value of money. With smaller units, the sale and development time may be crucial. The bill doesn't take into account smaller [trailer] courts in the state. An exemption in the bill might be considered, he said, for those [parks] with less than a certain amount of spaces. He said at [a cost of] $5,000 a space, and with 12 spaces, this totals $60,000; if a person is going to

sell the property for $80,000, that doesn't quite [add up], he commented.

REPRESENTATIVE CROFT stated that "we" don't have any numbers to indicate that there is a significant problem between big and small parks. Government is involved in a lot of rental situations, he said, such as when restrictions are put on the notice that one has to give a tenant before eviction. As a matter of good policy, [the government] tries to balance the rights of the property owner and recognize that a tenant has a right to some security in where he or she lives. This bill gives people options.

Number 1851

REPRESENTATIVE HALCRO said he sees a problem in creating an exemption for a park of a certain size. He explained that an owner of a fairly large park could carve out a little corner and sell six or twelve unit spaces off that way, thus creating a loophole.

REPRESENTATIVE MEYER referred to apartment complexes, which are usually rented month-to-month. He said if an apartment complex [owner] decided to sell the building, the 30 days' notice would be adequate. In some instances, a year's notice might be a long time for some communities, and each community might have different needs. Making this a local option through an enabling bill, he said, would allow cities to decide what type of notices they want to give, and what amount of money they want to pay. He commented that land values are going to differ throughout the state too.

Number 1951

REPRESENTATIVE CROFT said "we" thought a lot along the lines of the apartment complex [scenario]. This context is different. With a mobile home, it takes more time to find another location. There is justification for having another timeframe set up.

REPRESENTATIVE CROFT remarked that there were also good reasons for this being in state law to begin with. He didn't notice anything that would preclude a municipality from doing more if it wanted to. It is appropriate for the state to set a floor to assure every resident of his or her rights, he said.

Number 2024

REPRESENTATIVE MEYER said [the situation] could vary greatly from one location to another statewide, but he thought this was fair and adequate for Anchorage.

Number 2036

ANGELA LISTON, Director, Department of Justice and Peace, Archdiocese of Anchorage, via teleconference, said she served on the Anchorage Manufactured Home Taskforce last year. She authored the portion of the taskforce report that dealt with the legislative proposal. What was found in that proposal was very similar to a statute in Oregon. To her knowledge, that statute had not been challenged. She commented that she had submitted some written testimony on this [to the committee].

MS. LISTON said the Archdiocese of Anchorage has been involved with large residential populations, and particularly longtime mobile-home residents. The Catholic Church and social service [agencies] are often the safety net for the poor; "we" want to seek out and prevent some of the root causes of (indisc.) property in our community, she said. Affordable housing in Alaska is one of those.

MS. LISTON said this legislation provides some protection and is a balance. [A substantial amount of testimony was inaudible.]

Number 2115

MS. LISTON said one might want to consider establishing a mobile-home-relocation fund, as other states have done. The park owner, the mobile home owner, and the state all would contribute to a fund so when a "mass displacement" happens, there are funds available for relocation.

Number 2130

CHAIR MURKOWSKI asked if the $5,000 amount was discussed by the taskforce.

MS. LISTON said it wasn't. She said the Oregon statute amount is $3,000, which would be inadequate when moving a mobile home in Alaska. The $5,000 amount wasn't a result of any study of relocation on the part of the taskforce, she said; talked about it in general [terms]. She speculated that the cost of disconnecting, relocating, and establishing one of these homes would exceed $5,000.

Number 2168

REPRESENTATIVE HALCRO asked if the taskforce had considered the issue of availability of mobile home space. He asked if there was a greater availability in other states.

MS. LISTON said she wasn't really familiar with that and didn't know the answer. Answering another question, she said she did a cursory study of statutes around the nation and doesn't recall ever seeing anything that adjusted [the cost of relocation compensation] according to the size of a trailer park.

Number 2234

MACKENNA JOHNS, Alaska Manufactured Home Resident Advisory Council (AMHRAC), mentioned the cooperative or condominium option for mobile home residents to be able to purchase land. One of the developers is in the process of designing a cooperative site, she said, and "we" are putting together a package to develop a second one. The Alaska Manufactured Home Resident Advisory Council is working on this because it will happen over and over again until [mobile home owners] can own the land.

MS. JOHNS remarked that the trend in the Lower 48 is toward, not away from, manufactured housing. Mobile homes are being "snatched up" by people from the Baby Boomer generation. She had information about mobile home parks in different areas of the country. She said "we" are working on having spaces for mobile homes [in Alaska], and hope to have it in place soon.

MS. JOHNS commented that several people have moved, and the cost has been a little higher than the $5,000 figure, although she didn't have a complete, bottom-line figure. "We" have to balance the needs of the homeowner against the needs of the developer, and the $5,000 is a good start. If it exceeds $5,000, the municipality or a developer might be able to add something, given certain circumstances.

MS. JOHNS clarified that during a regular eviction for cause, not for relocation or development, one ends up evicting the people, not the home. Developers can give notice so [tenants] can get out during the summer months, although a trailer can't be physically moved in 30 days. The six-month [requirement] was put on the books after 1984; before that, it was 90 days, which was not sufficient. This bill would add another six months if a

developer chose not to compensate, and [AMHRAC] thinks that is a fairly reasonable approach.

Number 2395

MS. JOHNS said in terms of availability of space, [AMHRAC] hopes to have more affordable housing soon; mobile homes represent a very big chunk of Anchorage's affordable housing.

REPRESENTATIVE HALCRO asked if the taskforce identified the number of people renting trailers.

MS. JOHNS said it is overwhelmingly owners. She clarified that all tenants rent the space on a monthly basis, some own the home sitting on the rented space, and others rent the home sitting on the rented space. She clarified that a person could own a couple of mobile homes and rent them out on a monthly or yearly basis. She said she didn't know of any park in Anchorage that rented spaces other than month-to-month. She (indisc.) roughly 10 percent are renting, or 4 out of 44 mobile homes.

TAPE 01-28, SIDE B
Number 2461

RANDY SIMMONS, JL Properties, via teleconference, noted that his company is one of the two developers currently redeveloping mobile home parks in Anchorage. He said the company is looking at building a ten-story, 200,000-square-foot office building on a portion of the Plaza 36 mobile home park. [The company's] first choice was to buy other land, he said, but after five attempts, it wasn't possible. Early on in the process, it became apparent that [JL Properties] didn't know what it was getting itself into.

MR. SIMMONS stated that [after] talking to the mobile home park owners, [JL Properties] went to the United Way. After looking at the mobile home taskforce report, the company decided to use $5,000 as the amount of compensation; CSS was going to manage the pool and provide case-management services.

Number 2374

MR. SIMMONS said [this was done] because it became apparent that there were a number of people who didn't need $5,000, and some needed more, which is where the pool concept came in. He used one of the tenants as an example: all the tenant wanted was five months of free rent, and the tenant would move the home.

The five months of free rent totaled roughly $1,500, which left $3,500 in the pool for someone who might need more.

MR. SIMMONS remarked that CSS has been working with the 42 tenants in phase one. [JL Properties] has committed to a similar compensation package for phase two; phases three and four will not be commercial redevelopment, but multi-family housing. [JL Properties] couldn't make that commitment because the company has to look at what the project will support. [Building] a 10-story office building will support much more than [building] multifamily affordable housing. The company will offer some level of compensation for the multifamily phase, but he didn't know what that level would be yet.

Number 2324

MR. SIMMONS explained that the first phase [would begin] by the end of April, and phase two, by the end of June of this year. House Bill 11 is workable for the developers in Anchorage, he remarked. The [developers] who can afford it will give a 180-day notice and also compensate people; those that can't afford that amount of money will be giving a one-year [notice]. He is concerned that if the amount [in the bill] is larger than $5,000, developers will [be more apt] to give the 365-day notice, and the tenants won't have compensation to move. He believes the bill is a fair balance for tenants and developers.

Number 2260

MR. SIMMONS said there would be 45 [mobile homes] displaced in phase one, and 50 in phase two, in a two- to three-year process. There will be roughly 100 [mobile home displacements], and the park has 222 sites, he remarked. Phases three and four will include an additional 100 spaces.

MR. SIMMONS clarified that the money [in the pool] is for the owners, but it doesn't preclude that in some cases, money may be made available for the tenants.

Number 2209

REPRESENTATIVE ROKEBERG referred to phases three and four and the building of multi-tenant projects versus higher "mid-rise" buildings in phase one and two.

MR. SIMMONS confirmed that the assembly approved rezoning half of the park into a "B3", and half into "R4." Phases three and

four are the R4. Responding to a question posed by Representative Rokeberg regarding whether the property was going to be reused for only multi-tenant purposes, Mr. Simmons couldn't afford to pay the $5,000 cash compensation, Mr. Simmons said at this point in time, it will probably not support the $5,000 [compensation]. He said he wasn't positive, but with affordable housing, one has to look at grant programs working with the federal Housing and Urban Development (HUD); it's hard to offer compensation at that level, with these types of projects, he said.

REPRESENTATIVE ROKEBERG asked Mr. Simmons when a mid- or high-rise [building] was last built in Anchorage.

MR. SIMMONS replied that it was probably 18 years ago.

REPRESENTATIVE ROKEBERG said projects don't come along every day where a developer could afford to do what is being considered now.

MR. SIMMONS agreed. He noted that Alaska Village has a project that is a higher-level development, which may be able to afford that [compensation]. There is a difference between commercial and residential [property], he emphasized. Responding to a question about the density of Plaza 36 and rental sites per acre, Mr. Simmons said [JL Properties] has six [sites] per acre right now, and with the R4, there will be 25 to 54 [sites] per acre.

Number 2095

REPRESENTATIVE ROKEBERG asked if those would be mobile home spots or new apartments.

MR. SIMMONS answered that those will be multi-family apartments. When asked whether the lots are typical in size, he responded that he is not aware of that yet because it hasn't been re-platted. [JL Properties] is not a mobile home developer, owner, or dealer, he remarked.

CHAIR MURKOWSKI said with phases three and four, she assumes that the company will give the mobile home owners a 365-day notice, if the compensation factor doesn't "pencil out."

Number 2058

MR. SIMMONS said yes, he is sure the company will give 365-days' notice as well as some level of compensation. Responding to a question about whether it is common for developers to warehouse land, responded that it depends on when the land is purchased and the price. At this point in time, one could get a fairly large tract [of land] at a reasonable price; it might be warehoused for a short period of time [around the Anchorage area]; however, most of the land tracts are held by larger corporations looking to develop them for their own uses.

Number 2010

REPRESENTATIVE ROKEBERG pointed out that typically, real-estate developers don't warehouse property, and there is a short turnaround time. [JL Properties] is building a multiphase multi-type development, and it is unique in the sense that the burden on phases two and three is carried by the first phase and the potential profits from that building.

MR. SIMMONS said he agreed.

Number 1991

SAM MENESES, Catholic Social Services, via teleconference, said he is one of two representatives that have been involved with the relocation of manufactured homes at [Plaza] 36. There was a memorandum from Stephanie Wheeler, Director, Catholic Social Services, and he commented that he was sitting in on her behalf.

MR. MENESES stated that relocating manufactured homes is challenging, and he asked the committee to consider a bill that would give residents between a 180- and 365-day [eviction notice]. Planning is a major factor in finding suitable housing in Anchorage and especially a place to put a manufactured home. Of the roughly 360 spaces that Catholic Social Services found in Anchorage, each had different challenges.

Number 1889

MR. MENESES said CSS looked at some of the costs involved in moving a manufactured home, and of the 13 homes that got estimates, the [average] cost was $3,500, which doesn't include disconnections or associated costs with the reestablishment of the unit. He said a $5,000- to-$8,000 range could be expected.

MR. MENESES commented that the [advantage of] the option of having relocation costs is that two or three of these residents

are considering some type of a land- or home-purchasing option. He encouraged the legislature to consider looking at a fund that residents could pull from, much like that in Oregon or Washington. He remarked that most of the associated costs come into play when something has to be replaced, such as a hot water heater or the lining around a home after it has been set up.

MR. MENESES stated that he is involved with the pool set up for the 42 homeowners at Plaza 36. Homeowners can draw funds from the pool, and CSS does an individual assessment for each family. "We" establish a file (indisc.) with [the family] before actually spending the money, so "we" are not halfway through the process before realizing that "Plan A," for example, is not going to work for a particular family.

Number 1674

CHAIR MURKOWSKI asked if CSS is actually finding out who can move the trailer and then paying the mover to do that.

MR. MENESES answered affirmatively. He said CSS is reimbursing tenants individually if they can provide receipts showing actual expenses paid. For example, some of the tenants had to pay for code compliance inspections out-of-pocket, and then [CSS] reimbursed them.

Number 1627

REPRESENTATIVE CROFT said the diversity of witnesses has shown that this bill is common ground. Catholic Social Services and the Archdiocese have done a great job helping people find homes, he remarked. He questioned Ms. Johns about the development plan for Alaska Village.

MS. JOHNS said she understood that it would be a large "box" store with several properties [used for] restaurants and a mixed commercial [area] with doctors offices, office suites, and a residential component, with the possibility of the west side being designated (indisc.) middle school and a recreation site.

REPRESENTATIVE CROFT commented that there is a lot of development going on at Alaska Village that can support this level of compensation; however, if it couldn't, it would just require giving [tenants] a longer notice. He pointed out that the taskforce had other recommendations, such as [one to] change zoning ordinances, which could be mandated from the state level, saying that before a person could change any zoning, one would

have to know that there was additional space elsewhere. He commented that this seemed somewhat onerous for the municipalities and difficult for the legislature to do at this level. The last recommendation was to collect a tax or fee on either the owners of the property or the owners of the mobile home. He had chosen the alternative with the least impact on development. "We" thought we would put the best industry recommendations into practice, he explained.

Number 1450

REPRESENTATIVE CROFT said the amendments are ideas that came up in the Senate hearings on the companion bill. He distributed proposed Amendment C.1, 22-LS0117\C.1, Kurtz 2/28/01 to the committee, which read:

> Page 4, lines 4 - 5:
> Delete "if the mobile home park owner or operator finds a suitable place to relocate the mobile home and pays"
> Insert "if a suitable place to relocate the mobile home is found and the mobile home park owner or operator pays"

REPRESENTATIVE CROFT stated that the "developer interests" had said that although they were fine with the concept, in actuality it was drafted to say, "the owner or operator finds a suitable place." He added that sometimes [developers find a suitable place], sometimes [developers] have someone else do it, and sometime the owner of the mobile home does it. The amendment would change the bill to, "if a suitable place is found," so the [developer] doesn't have the sole obligation for finding it for them.

REPRESENTATIVE CROFT referred to [page 4, lines 5-6] in the bill, which read, "and pays the actual disconnection, relocation, reestablishment costs, not exceeding a total of $5,000." He said the taskforce's recommendation was phrased a little differently: "the owner/developer pays the dislocation, relocation, reestablishment cost of the mobile home or $5,000, whichever is less."

Number 1400

REPRESENTATIVE CROFT said the taskforce stated it more clearly: a [developer] has to pay the lesser of the two, versus the actual [cost], and it cannot exceed [$5,000]. He said the

legislature could easily say, "pays the actual disconnection, relocation, and reestablishment costs, or $5,000, whichever is less." [A developer] could pay more; this is solely the requirement to get them out of giving the yearlong notice.

Number 1260

REPRESENTATIVE CROFT referred to proposed Amendment 22-LS0117\C.3, Kurtz, 3/7/01. He said the language allows the kind of pooling that was being talked about. Amendment C.3 reads:

> Page 4, line 6, following "$5,000":
> Insert "If the change in use of the land will require relocating 10 or more mobile homes, the mobile home park owner or operator may contribute to a pool $5,000 for each mobile home being relocated, and the pool shall pay the actual disconnection, relocation, and reestablishment costs of each mobile home; however, the pool may not be required to pay more than $5,000 in actual costs of disconnection, relocation, and reestablishment for a mobile home."

[Amendment C.3 was withdrawn later.]

CHAIR MURKOWSKI referred back to Representative Rokeberg's idea of [giving] exemptions for small developments. She referred to proposed Amendment [C.3] and said it refers to moving ten or more [mobile homes].

Number 1203

REPRESENTATIVE CROFT replied that this is an insert, so it doesn't delete the other requirements. He shifted gears and said Amendment C.2, 22-LS0117, Kurtz, 3/7/01, was a result of the feedback in the Senate; the dates in the bill hadn't corresponded to when the ground was likely to be frozen, so the Senate urged shifting the date. Amendment C.3 reads:

> Page 4, line 1:
> Delete "April 1"
> Insert "May 1"
> Delete "September 30"
> Insert "October 15"
>
> Page 4, line 17:
> Delete "**April 1**"
> Insert "**May 1**"

Page 4, line 18:
Delete "**September 30**"
Insert "**October 15**"

Number 1155

REPRESENTATIVE ROKEBERG asked about the impact a change would make, either from April 1 to May 1 or from September 30 to October 15. He asked what the difference is in the maximum amount of time a person would have [to move out] between the current bill and the suggested amendment.

REPRESENTATIVE CROFT referred to the underlined part, modified on page 4, where a quit date has to fall in the calendar. He said, "with a quit date during the calendar year following no earlier than [April 1] and no later then [September 30]," "we" wanted the quit date to be in the summer, so there may be some extension based on when the date of notice is.

Number 0953

REPRESENTATIVE CROFT explained that if notice were given on December 25, a [developer] would have six months if he or she were willing to pay [$5,000]. He commented that the proposed amendment does no harm.

CHAIR MURKOWSKI referred back to proposed Amendment C.1. She said it is reasonable, because she doesn't think there is an expectation that the mobile park home owner or operator would go out and attempt to find a suitable accommodation for the mobile home owner.

Number 0894

REPRESENTATIVE MEYER made a motion to adopt Amendment C.1, 22-LS0117\C.1, Kurtz, 2/28/01. [Text provided previously]

[There was discussion regarding committee amendment protocol.]

Number 0826

REPRESENTATIVE ROKEBERG objected for the purpose of discussion. He expressed concern about the vagueness of suitability [concerning] the mobile home owner.

REPRESENTATIVE CROFT said he thought it could be written any number of ways, but it is suitable in terms of an objectively reasonable place to put a home. In the final analysis, if a person really got to that level [of dispute], a court would say either yes, that was a suitable place, or no, it wasn't. He said he meant it to be generically suitable, not giving either side the call on whether the place was or wasn't suitable.

Number 0724

REPRESENTATIVE ROKEBERG said usually, if the developer is going to pay the $5,000, he or she is going to need an open-window timeframe, preferably around June 1, so he or she can get the [construction] machinery going. The developer might have a hold-over tenant beyond the six months who can't find a suitable place because it isn't as good as what he or she has now. Consequently, the developer loses the whole deal because of the timeframe. He asked what the courts would consider suitable. This allows discretion on the part of the tenant to [determine] suitability, he said, and could "mess up" the whole development deal; in addition, the developer is giving the person "ransom money" to relocate.

Number 0561

REPRESENTATIVE CROFT responded that it is a legitimate concern, and it is the reason why "we" didn't put in language that said, "another place acceptable to the mobile home resident, or suitable to them, or approved by them." The ultimate arbiter would be a judge, he remarked.

REPRESENTATIVE ROKEBERG asked about the length of time required to get a judgment on suitability. He said he was astounded that so many people came for the presentation at Plaza 36, and he commented that people will try to "game" it as far as possible, particularly if a person is not happy about where he or she is going.

REPRESENTATIVE CROFT replied that this would be an unlikely situation but there are quick remedies.

Number 0373

CHAIR MURKOWSKI said in this situation, a person could file an unlawful-detainer action, which is an expedited hearing, and be in court as soon as notice is provided; a determination could be made within a week. Under Title 9, the landlord tenant

[section], she would think that a person could get an unlawful-detainer action to make a determination right then, to determine whether it was a suitable place to relocate the mobile home.

REPRESENTATIVE CROFT referred to Section 1 and said the Uniform Residential Landlord and Tenant Act specifically talks about unlawfully holding back force.

REPRESENTATIVE CROFT said he had introduced the legislation because he, too, was at Plaza 36 when JL Properties arrived. Many people testified about the difficulties in finding another place for their homes; there was a combination of real problems and a lot of fear about what would happen. Letting them know that the practice followed in the Alaska Village and in the Plaza 36 [developments] by responsible developers will be followed all the time will go a long way in ensuring constituents in the Spenard Area that they have a safety net. He said he took an entirely different message away from the meeting than Representative Rokeberg had.

REPRESENTATIVE ROKEBERG commented that he didn't mean to characterize that meeting as an example of "gaming" or indecision. He said his point was that there was a good deal of emotion, and people were concerned about their homes [and the situation that occurs] when people are emotional and have the right under law to make decisions about suitability, he explained.

Number 0100

REPRESENTATIVE HALCRO said "we" have to remember that local communities have certain zoning requirements for mobile home parks. For example, the park strip is not a suitable place for mobile homes to relocate.

REPRESENTATIVE HALCRO said the developer could say if an agreement can't be reached in six months, then the year kicks in and a [mobile home owner] wouldn't have the $5,000 relocation fee; it is in someone's best interest to work with the developer.

TAPE 01-29, SIDE A
Number 0115

REPRESENTATIVE ROKEBERG said in those instances, most developers would have an option and probably wouldn't close on the property

to avoid it. If those things don't come to pass in a timely manner, the deal would fall through.

REPRESENTATIVE CROFT returned to the issue of suitability. He said both the current [bill] language and proposed Amendment C.1 use [the term] "suitable", the [amendment language being], "owner finds, [or] anyone finds [the location to be] suitable."

Number 0179

CHAIR MURKOWSKI asked for further discussion on Amendment C.1, and inquired whether there was still an objection. There being no objection, Amendment C.1 was adopted.

REPRESENTATIVE ROKEBERG said "we" had [testimony from] a representative from the private sector, the state's biggest private developer, who has a "deep pocket" and has already agreed to do what is being proposed by this bill. There were no real-estate brokers, representatives of the manufactured home associations, or mobile home park owners.

REPRESENTATIVE CROFT stated that Bob Mayor from the Alaska Manufactured Homes Association [was on the taskforce], and there was also representation from Representatives Kott and Mulder.

Number 0325

REPRESENTATIVE HAYES made a motion to adopt Amendment C.2, 22-LS0117\C.2, Kurtz, 3/7/01. [Text provided previously]

REPRESENTATIVE ROKEBERG objected, saying he thought it pushed [the eviction date] back, although he recognized that it seemed to reflect the "seasonality" of the Anchorage area. He said if a person gave notice in May, the [timeframe] could go all the way to October 15 of the next year.

REPRESENTATIVE CROFT commented that there will be an extension if a [developer] chooses a one-year deal and doesn't pay any relocation expenses; picking the wrong date for notification could extend that period over a year. For example, if notice is given on June 1 and the developer doesn't pay compensation, [the eviction date would] be June of next year.

REPRESENTATIVE HALCRO explained that if a [developer] did pay expenses, and it was June, then it would be into December, which is [an impossible time for moving] and the date would have to be pushed back to May 1.

Number 0517

REPRESENTATIVE HAYES remarked that a person couldn't do construction during the winter months anyway, because the ground is too hard. It would be advantageous for [tenants] to move when feasible, once they have the money.

REPRESENTATIVE ROKEBERG pointed out that winter construction techniques are used in Anchorage and farther south.

REPRESENTATIVE HALCRO said if the intent is so people don't have to relocate when there is snow on the ground, October 15 is fairly late everywhere except Anchorage, because the snow comes a lot earlier up north.

CHAIR MURKOWSKI used the example of Wrangell [in Southeast Alaska] and commented that there isn't a winter in other parts of the state; one could probably move a trailer anytime during the year. "We" are locking the whole state into an Anchorage winter schedule, she said.

REPRESENTATIVE CROFT stated that in some places it is impossible to [move] in the winter, and [in other areas of the state] it is just difficult. Clearly, the more extreme the example, the more the courts will enforce equity.

Number 0736

REPRESENTATIVE ROKEBERG said the committee should defer to Fairbanks as the baseline.

Number 0772

REPRESENTATIVE CROFT said the legislature is changing two sections [of statute]. He referred to Section 3, "in the case of an eviction, given a quit date, no earlier than or later than". He said mobile home owner shall be given at least 365 days' notice, or longer if [the end date fall in the winter]. He clarified that [the extension] applies to both the one-year and the six-month [eviction notices].

REPRESENTATIVE HALCRO referred to proposed Amendment C.2 and remarked that the October 15 deadline is a fair compromise. Tenants get an additional 15 days.

Number 0867

REPRESENTATIVE ROKEBERG made a motion to conceptually amend proposed Amendment C.2 [thus returning to the original bill language on page 4, lines 1 and 18] by deleting "October 15" and keeping "September 30", based on the subarctic conditions [experienced] by people in the North. This conceptually amends the part of Amendment C.2 that reads:

Page 4, line 1:
Delete "September 30"
Insert "October 15"

Page 4, line 18:
Delete "**September 30**"
Insert "**October 15**"

Number 0965

REPRESENTATIVE HAYES objected to the conceptual amendment. He said he didn't feel comfortable changing the dates without knowing the [original intent].

REPRESENTATIVE CROFT said he thought the proposal came from the tenant association; he also mentioned that Senator Leman had requested the pooling [amendment]. He remarked that the [the Senate] is considering adopting amendment C.1 as well, and added that he didn't think there was any "magic" to either date proposed.

REPRESENTATIVE HAYES said he had no problem with the conceptual amendment and [withdrew his objection].

Number 1083

CHAIR MURKOWSKI asked if there was any objection, and hearing none, announced that the conceptual amendment to Amendment C.2 was adopted.

CHAIR MURKOWSKI stated that the last amendment to consider would be Amendment C.3, 22-LS0117\C.3, Kurtz, 3/7/01, [text provided previously], which relates to the pooling arrangement. She asked the sponsor if the pooling [arrangement] was only applicable if [a developer] had ten or more mobile home [lots].

REPRESENTATIVE CROFT said an argument could be made for pooling [arrangements] in "lower situations." Responding to whether the bill, as presently drafted, would allow for pooling, and whether

it was necessary to have this [language], he said he didn't believe so. He said if a [a developer] is going to pay what he or she would like in terms of actual disconnection, relocation, or establishment cost, it could cost a lot less for one and a lot more for another, because this isn't a maximum, just a minimum.

CHAIR MURKOWSKI said she understood the pooling [language] to be discretionary because it says "the park owner or operator may contribute to a pool". She asked about the necessity of this [language].

REPRESENTATIVE CROFT responded that he wasn't [sure] either. If [pooling] was allowed before, and this [amendment] makes sure that it is allowed, there [are possible complications if a developer] has eight units; now the language says if its ten, it can be done; the courts might interpret that to mean that if it's under ten, a person couldn't.

Number 1356

CHAIR MURKOWSKI withdrew Amendment C.3.

REPRESENTATIVE CROFT referred back to page 4 [of the bill], lines 5 and 6. He suggested that instead of saying, "pays the actual disconnection, relocation, reestablishment costs, not to exceed [$5,000]," it could say, "pays the cost or $5,000, whichever is less." The legal idea is that one has the right to waive whatever one wants.

Number 1510

REPRESENTATIVE HALCRO said he thought there was some protection here because the word "actual" [was used], so it couldn't "drag out."

REPRESENTATIVE ROKEBERG cautioned the sponsor "not to take the cap off." He suggested maybe taking out the "not to exceed" language, but said anything that implies to the courts that there would be more than that due legally might [pose] a real problem, and would injure the bill.

REPRESENTATIVE ROKEBERG referred to page 3, line 31, "the mobile home dweller or tenant and the mobile home owner shall be given a quit [date]." According to the testimony, he said, approximately 10 percent or 4 of the 42 tenants at Plaza 36 were renters; therefore, there is a bifurcated situation. One could

pay $5,000 to the tenant, and $5,000 to the [mobile home] owner, when in fact [the intent of the bill refers to] the actual disconnection and relocation [costs].

CHAIR MURKOWSKI clarified that the intent is that a person has to give notice to not only the owner, but also the individual living in the mobile home.

Number 1607

REPRESENTATIVE CROFT clarified that it doesn't really matter if a mobile home is being relocating to a suitable place, or whether it is a [rental] tenant or the owner who lives there; [the developer] has to pay to have it moved, he said, pointing out that the notice provisions say owner or tenant.

REPRESENTATIVE ROKEBERG said he had an amendment [to offer] but was concerned about what the impact would be on the language. He referred to Plaza 36 and said he didn't know if it was consistent throughout the industry to have six lots in an eight-per-acre [area]. He had done some calculations on the price per acre and the $5,000. Assuming there were six lots per acre, he said, that would be $30,000 in relocation costs per acre, or equivalent to 69 cents a square foot. In terms of midtown property in Anchorage, a person is looking at a 10 percent premium being added.

REPRESENTATIVE ROKEBERG cited the example given by Representative Halcro, in where the owner uses [his or her property] as a subterfuge and splits off some. He said [Representative Halcro] might have a point, but that is entirely [his own] point. With a larger mobile home park and a nice parcel [of land] that is strategic enough to generate some additional income, perhaps it is appropriate for that to be done; however, it is extremely expensive at 69 cents a square foot. Finding any commercial property in the state that is above $5 or $6 dollar a square foot [is difficult], [except for property in] downtown Anchorage and other very high-priority parcels.

REPRESENTATIVE ROKEBERG said there should be an exemption based on the size of the park or parcel, while providing an exemption for a small operator because he is certain that in areas like Valdez and Ketchikan, there are small parks that would qualify under the definition.

REPRESENTATIVE ROKEBERG said he is concerned by the lack of feedback from the mobile home park owners about the impacts of the bill, particularly on smaller operators. Testimony was from "deep pocket developers," he said, which do not represent the state.

CHAIR MURKOWSKI pointed out that the six-months' notice is already an alienation on a landowner's right; this will be extended to 365 days if a person is unable to [pay compensation].

Number 1888

REPRESENTATIVE HALCRO agreed and said he shares some of the [same] concerns regarding the rights of private land ownership. If a large park owner has 80 units, and over the course of four or five phases wants to carve out 10 or 12 slots that he is going to replat or sell off, that person could make an "end run" around this legislation, if exempted.

REPRESENTATIVE HALCRO commented that with some of the bad press that mobile home park owners have gotten within the last year, he wondered if it wasn't simply a planned absence, because "they" didn't want to answer questions. He said in [a recent] newspaper piece, it pointed out owners that don't adequately address the health and safety needs of their tenants.

CHAIR MURKOWSKI mentioned a mobile home owner in her district and said she believes that his property will be used for redevelopment. He is not letting any new spaces, so as people move on, those spaces remain empty. He has half the trailer park [empty], and that is how he chose to treat his investment.

REPRESENTATIVE ROKEBERG said an unintended consequence of this bill would be to accelerate that type of thinking; if owners are put in a position where there is such a huge economic disincentive for them to do it, it becomes more problematic all the time. He said $30,000 an acre is a lot of money, and real estate deals don't wait a year.

Number 2115

REPRESENTATIVE ROKEBERG offered an amendment to exempt mobile home parks with 12 or fewer lots and there is a provision in the bill that says a portion [can be sold]. He referred to page 3, line 25. He said he doesn't want to exempt the notice provision, only the $5,000; therefore, under his amendment the

one-year notice would stay the same, but not the $5,000 for a smaller operation.

REPRESENTATIVE CROFT pointed out that this could already be done.

Number 2178

REPRESENTATIVE ROKEBERG said he would move to modify his amendment to keep the six-month notice in the bill for those under 12 units.

Number 2191

REPRESENTATIVE HALCRO objected to the amendment because by giving an exemption, he said, it creates a loophole.

Number 2218

REPRESENTATIVE KOTT agreed with Representative Halcro's point and noted that the committee of next referral was the House Judiciary Standing Committee; that committee could contemplate the loophole and try to close it.

Number 2245

REPRESENTATIVE ROKEBERG withdrew his amendment.

Number 2259

REPRESENTATIVE KOTT made a motion to move HB 11, as amended, out of committee with individual recommendations and the attached fiscal note. There being no objection, CSHB 11(L&C) was moved out of the House Labor and Commerce Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at approximately 5:25 p.m.