

HB

829

COMMITTEE REPORT

HOUSE

2/17/76

Mr. Speaker:

Date

3/2/76

The Committee on COMMERCE has had KB 829

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

[Signature] _____

[Signature] _____

[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends: no rec

[Signature] recommends: NO REC

[Signature] recommends: [unclear]

_____ recommends:

_____ recommends:

[Signature] Chairman

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION
315 FIFTH STREET, SUITE 8
JUNEAU, ALASKA 99801
TELEPHONE 586-6425

MEMORANDUM

TO: Rep. Bradley, Rep. Parker, and Rep. Miller
FROM: Donald E. Clocksin
RE: CSHB 829--Mobile Homes, Floor Debate
DATE: March 10, 1976

Introduction

1. This bill recognizes the special situation mobile home dwellers are in and makes some adjustments in the Landlord-Tenant Act of 1974 to take care of some of their problems. There are thousands of people in Alaska who buy mobile homes because they prefer them or can't afford to own their own house. Most of them live in mobile home parks. Because it costs so much to move a mobile home (testimony indicated between \$1,500 and \$2,250) many mobile home dwellers live in constant fear of eviction and unreasonable rules and requirements.

This bill was amended in committee to make sure it was consistent with HB 684 and to assure that park owners would still be able to evict bad tenants and to force the removal of uninhabitable mobile homes. We think the concerns of mobile home dealers and mobile home park owners have been met, at the same time solving the severe problems presented to the House Commerce Committee by mobile home owners.

I have attached an article with notations as to what sections of the bill solve what problems.

2. Section-by-Section Analysis

SECTION 1. Prohibits rental agreements which do not comply with Section 2 below.

SECTION 2. Prohibits mobile home park rental agreements which:

- (a) forbid the tenant from selling the mobile home "in place"; (if Rules amendment is adopted, this subsection will allow a park owner to ban a sale if the mobile

home is uninhabitable and he/she doesn't want it in the park any more, or if the new tenant/buyer refuses to agree with the park's rental agreement or can't pay the space rent); (example: testimony revealed that in Juneau a park owner refused to allow a sale because the buyer was a legislator).

- (b) require the tenant to improve the park owner's property (Ben Marsh from the Alaska Mobile Home Dealers Association supported this); (example: park owner required tenant to roll, seed, and maintain a lawn in the park);
- (c) require the tenant to pay a "transfer fee" if he/she sells or buys a mobile home "in place" (unless actual services were agreed to and provided);
- (d) require a prospective tenant to pay an "entry or exit fee" (unless actual services were agreed to and provided); (Marsh agreed to (c) and (d)).

SECTION 3. Requires the park operator to disclose in advance the improvements the tenant must make. (Marsh agreed to this, too.)

SECTION 4. Allows the park operator to decide what type of improvements are required, but he/she cannot require that the tenant buy materials from him/her. (Marsh agreed to this, also.)

SECTION 5. Allows the park operator to evict the tenant:

- (a) if the tenant doesn't pay rent owed;
- (b) if the tenant has violated a law which relates to the safety of the other tenants and the violation continues (example: tenant who violates a local ordinance banning dumping garbage in public can be evicted);
- (c) if the tenant substantially violates a park rule (example: tenant lets his dogs run loose and bother people in violation of a park rule);
- (d) if the park is being closed.

SECTION 6. Amends the law on sales of mobile homes to forbid a mobile home seller from requiring that a buyer put the mobile home in a certain mobile home

park (Marsh agreed with this).

3. Problems That May Come Up

- (a) Bill creates a perpetual lease and takes away the landlord's control of his/her property (Section 5).
Answer: If a tenant is doing something wrong, he/she can be evicted. But if they're not doing something wrong, it's economically stupid to evict them; so, what's the complaint? Besides, since it costs \$1,500-\$2,500 to move a mobile home, the park owner should be required to have a good reason before evicting a tenant and forcing them to suffer those costs. (Example: Testimony was that several mobile home tenants were told they would be evicted if they testified on this bill.) Besides, if we reduce needless evictions, we create a more stable mobile home dweller and maybe banks will allow longer term financing of mobile homes (now seven years).
- (b) The bill will discourage development of more mobile home parks (Section 5, page 2, line 28).
Answer: That was true before the Commerce Committee substitute, but not now. All the language which discouraged mobile home dealers from building mobile home parks was deleted.
- (c) Bill allows park owner to evict a tenant who violates a law. Answer: The intent is to allow an eviction if the tenant is disrupting the park. It is not intended to be general discrimination against people convicted of crimes.
- (d) The bill does not allow a park operator to ban a sale and thereby keep the quality of the park high (Section 2, page 1, line 18 and Section 5). Yes it does. With the Rules Committee amendment the park operator can force the removal of seriously substandard mobile homes and be sure they don't violate local, state or federal standards. Besides, allowing sales "on site" or "in place" makes re-financing the mobile home easier, according to a lobbyist for one of the dealer companies in Anchorage.
- (e) This isn't a problem in Anchorage. Answer: Most of the mobile homes and mobile home parks are in Anchorage. Testimony indicated that mobile home evictions are a real problem in Anchorage as well as transfer fees, entry and exit fees. Besides, we can't solve a Juneau problem without also covering Anchorage. It's good preventive legislation.

MEMORANDUM

TO: JAY KERTTULA

FROM: JAMIE LOVE 

RE: MOBILE HOME LEGISLATION (HB 684 & HB 829)

DATE: APRIL 3, 1976

The above-mentioned bills are designed to correct serious abuses in the mobile home industry. My interest in mobile home problems dates back to last Spring. At that time, I received a call from a woman who was living in a mobile home court that had been sold. The new owner was converting the court into another land use, and each of the 20 tenants in the court was given a 30-day eviction notice. This woman owned the trailer she lived in. Neither she nor any of the other tenants were able to locate space in another court. When I talked to the woman, she was extremely distraught. She had to move her trailer within a few weeks and could not find a space to move to.

During this period of time, she and the other tenants in the park were approached by an individual who represented a mobile home sales outlet. The sales company was able to use the trailers even though there were no mobile home spaces available for rent in the marketplace. The reason for this was that in the Winter of 1975 the overall vacancy rate for mobile home spaces dipped as the Anchorage area was experiencing a housing shortage. At that time, several of the larger mobile home dealers began quietly buying up the remainder of the vacant spaces including those in independent courts. As an added incentive to the mobile home court operators, the dealers offered a commission, or fee, of approximately \$400 to \$500 for each mobile home which was placed in their court.

In this particular case, almost every tenant of that court sold their mobile homes, at a fraction of their value, to the single mobile home sales dealership. The dealer then resold the mobile homes at their market value, placing them in spaces they had previously tied up.

I discussed the situation with a reporter from the Anchorage Daily News, Pam Milsap. Milsap interviewed this lady and others who were having problems at the time. Her account of the mobile home situation is attached to this memo.

Shortly after the Daily News story, the Alaska Public Interest Research Group asked the State Attorney General's Office for an investigation into the apparent abuses. After being pressed by the local Consumer Protection Office for more facts, a staff person from AkPIRG approached 26 of the largest mobile home courts in Anchorage posing as an individual interested in finding a rental space for a used trailer. The results of that investigation are detailed in a letter, attached to this memo, which was sent to Attorney General Avrum Gross on July 8, 1975.

Attorney General Gross initiated an investigation to determine if the alleged practices were in violation of the State Anti-Trust Act. The investigation into the matter has been slow, hampered apparently by the shortage of staff for the State's Consumer Protection Office. Only in the last two months have industry officials been subpoenaed, and, as of my most recent discussion with the attorneys involved, many important issues have not yet been analyzed.

Since July, other methods of dealing with the problem have been explored. The result is the bill before your committee, HB 684, which makes the tie-in arrangement between mobile home courts and mobile home dealers a violation of the State's Unfair Trade Practices Act. Support for a legislative solution resulted from a sympathy for the situation of the offending mobile home dealers. Even though the tie-in practice is, in my opinion, an unfair and harmful business practice, many of the mobile home dealers were forced into participating when they found out that other mobile home dealers were involved. Being left out of the picture in the rush for tying up spaces meant risking going out of business. Some of us reasoned that since they obviously couldn't trust each other, the State would perform a service by stepping in and forcing everyone to end the practice. Anti-trust litigation is extremely complex, time-consuming, and expensive. The enactment of legislation would relieve the dealers from the burden of paying for legal counsel in an anti-trust action.

It is my understanding that the practice of tying space rentals to sales takes place in Anchorage, Fairbanks, Valdez, Juneau, and Ketchikan, as well as other communities across the state. I am most familiar with the situation in Anchorage. As of last Summer, there were four or five large dealers who had cornered the market of available spaces. I assume the situation has not changed dramatically, although I have heard that the larger dealers are letting the smaller outfits make a few sales from time to time. This is due to a growing concern by the larger dealers over the pending legislation and the Attorney General's investigation.

The smaller dealers have a good deal at stake in a rapid resolution to the problem, but the obvious matter which your committee should address itself to is the effect which this practice has on mobile home consumers. In Anchorage, for example, instead of having dozens of sales outlets competing against each other for sales, there are a few large dealerships which have all the spaces. The price that mobile homes are sold for, now, probably has more to do with the competitive price of conventional home ownership or rentals, than competition among dealers.

This is of particular concern, since the state is experiencing such a crisis in all other areas of housing. The costs of home ownership have skyrocketed beyond the reach of many Alaskans. Rents have also risen dramatically as a result of the housing shortages which plague many areas of the state.

Mobile homes should be an important factor in moderating the effects of the current housing market. Instead, through limited competition, mobile homes have become increasingly more expensive. To illustrate just how expensive mobile homes have become, I am attaching a summary, prepared by AkPIRG, of Anchorage mobile home sales in the month of October 1975 as listed in the trade publication, Alaska Motor Report. The average selling price was \$35,000, with many sales over \$45,000. (Sales are for the trailer without land).

When space rentals are tied in with the purchase of new sales, consumers cannot shop for used homes from private sellers, purchase the homes from Seattle and pay the shipping, or negotiate a selling price from the wide range of dealers. All the best features of the free enterprise system have been compromised and the protection of a free marketplace has been eliminated. There is no doubt that if tie-ins were made illegal, the result would be substantial price savings to consumers on mobile home purchases.

Not surprisingly, the large mobile home dealers and court operators which have been prospering under the present system are mounting an attack against the proposed legislation. The industry lobbyist, Mr. Ben Marsh, has presented their position before the House Commerce Committee. Anticipating a less than sympathetic response to allegations of anti-competitive practices, Mr. Marsh has tried to present their case in its best light.

This was in the form of an argument that restrictions on mobile home tie-ins would eliminate the development of new mobile home courts. The heart of this argument is the questionable assertion that it is uneconomical to develop new mobile home courts, and that courts are developed by dealers at an economic loss to provide a market for their sales. According to Marsh, dealers are the only ones developing new courts and if they are not allowed to tie in sales to their space rental, they will abandon the court development business.

When this argument was first raised by the industry, my instinct was to accept it at face value, and to think of ways we could compromise on the tie-in question. The more analysis I gave the matter, however, the more illogical it seemed. Demand for mobile home spaces was at the root of the problem. The tie-in situation was a reponse to low vacancy rates and high consumer demand for mobile home sales. People are going crazy in Anchorage and other communities, trying to find spaces for their mobile homes. It is, in fact, almost impossible to rent a mobile home space without purchasing a new mobile home. Why then, couldn't a new mobile home court operator simply charge a higher rent to pay for the increased development costs? As long as it was cheaper to pay the court rental and the mobile home mortgage than to buy a conventional house or rent an apartment, people would continue to buy mobile homes and rent the spaces.

A good illustration is the summary of October 1975 mobile home sales obtained from the Alaska Motor Report. Sales which were made in Anchorage included 59 transactions. Of those 59, the average selling price for a mobile home was \$35,000. The largest dealer in that report, Anchorage Trailer Sales, was listed as the vendor for 28 of the 59 sales. Of those 28 sales, 18 were for more than \$40,000. In comparison, Globe Western, one of the smaller vendors, made three sales at an average selling price of \$15,805.

The tie-in between spaces and sales has given the large vendors the opportunity to totally control the market. Not only are prices grossly inflated, but the dealers have been able to control the type of mobile home which is sold. Consumers may prefer the cheaper lower-priced trailers, which have fewer amenities; but the sales companies, which control the availability of court spaces, can make bigger profits on the sale of double wides, and luxury trailers, loaded with the extras that bring the biggest mark ups. This domination of the market by the highest priced units is among the most abusive features of the tie-in practice, and perhaps the biggest incentive to the vendors to retain it.

As a final note, the Committee should take into consideration other factors which have an effect on the supply of spaces. Planning restrictions and community pressures often discourage the development of mobile home courts. It is no secret that a mobile home park is not the most welcome addition to a residential neighborhood. In Anchorage, mobile home courts may only be built by special zoning exemption. Bias against mobile home courts, regardless of their merits, have an important effect on the supply side of the marketplace.

Administration officials from the Department of Commerce and the Department of Law should be able to provide further information on these points. I strongly urge passage of HB 624 and any other measure designed to deal with the tie-in situation.

Many other problems associated with mobile home court rentals are addressed in HB 829. Probably the most important and most controversial feature of the proposed legislation is the section which limits the court owner's right to evict residents of the court. Sec. 34.03.225 sets out four standards for evictions from courts. Currently, it is the practice of almost every mobile home court in Alaska to rent on a month-to-month basis. Mobile homes are treated like other tenants in the State's Landlord-Tenant law. A resident in a court may be evicted, without cause, on 30 days' notice.

It is not untypical for a mobile home owner to have 20 to 30 thousand dollars tied up in the home they are living in. The cost of moving a mobile home, if you can find a place to move to, runs from \$1,000 to \$2,000 on the average; or, approximately one to two years' rent in the average court. There is, obviously, very little security for the mobile home owner under the current situation. If I was living in a court, I would think

ALASKA PUBLIC INTEREST RESEARCH GROUP

P. O. BOX 1093
ANCHORAGE, ALASKA 99510

PHONE 274-6765

July 8, 1975

Mr. Avrum Gross
Attorney General
Office of the Governor
Pouch A
Juneau, Alaska 99811

Dear Av:

As discussed earlier, I am forwarding an outline of abuses in the marketing of mobile homes which we believe are in violation of the recently enacted State Anti-trust Act.

Earlier this month, one of our staff persons contacted 26 out of the 29 mobile home courts listed in the Anchorage Telephone yellow pages. She explained to the court owners or managers that she was considering the purchase of a used mobile home from a private party, and wanted to reserve a space in their courts. She was turned down in each of the 26 courts.

Approximately half of the courts surveyed refused to place her on a waiting list. When she entered into discussions with court managers, she was told she would have better luck if she purchased a new mobile home from one of the larger dealers. On several occasions, the court manager gave her the name of court dealers that had reserved spaces in their courts.

Confidential conversations with three court owners/managers indicate that the dealers have entered into agreements with the courts to rent all empty spaces (including new or newly vacated spaces) at the going rental rate with the understanding that when the dealer sells a home and places it in the court, the court owner receives a cash kickback on the sale. One court owner receives \$400 per trailer, and we have reason to believe that some court owners are getting more. It is our understanding that the cost of both the month rent on empty spaces and the kickback on the sale are passed on to the consumer as additional costs in each transaction.

Only a handful of mobile home dealers have tied up large amounts of space, and some dealers are completely frozen out of the market. Private individuals trying to sell a mobile home, due to evictions, leaving the state, purchasing new homes, or other reasons, are forced to sell to mobile home dealers who have spaces tied

July 8, 1975

up, usually for a fraction of the home's value. Consumers are forced to purchase homes from a few large dealers, with practically no competition from private parties or independent or small dealers.

We have become aware of trailer courts evicting mobile home owners for frivolous reasons; changes in ownership, changes in court rules, or enforcement of rules that had been ignored for years. We suspect that some of these evictions are motivated by the desire to make profits from the placement of new trailers in empty spaces. Mobile home owners we have contacted panic when they attempt to relocate mobile homes, or market them to private individuals. One trailer court owner received one hundred calls in one day for a single space he had advertised in the evening paper.

In conclusion, we believe that the problem has adverse effects on mobile home consumers, eliminates independent and small dealers from the mobile home market, and creates severe hardships on mobile home owners, faced with evictions or attempting to sell their trailers. We have reason to believe that this problem exists for other parts of the State, particularly in Fairbanks. We feel that mobile home dealers or court owners should not tie the purchase of mobile homes to the rental of a lot. We recommend an anti-trust action that would bar dealers and court owners from engaging in the current practices. As a final note, we urge your office to act immediately on this matter. It is clear that "immediate and irreparable harm" is indeed taking place. If your office decides on pursuing the anti-trust litigation, we strongly urge an immediate, intensive investigation by your staff, so that a preliminary injunction against the dealers and court owners can be granted this summer.

Thank you.

Sincerely,

James Love

OCTOBER 1975

ANCHORAGE AREA MOBILE HOME SALES

ANCHORAGE TRAILER SALES, 3745 Mountain View Dr.

	<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DEL PRICE</u>	<u>BALANCE</u>	<u>SER. NUMBER</u>
1	Richard Swartz 9004 Hartson Dr. Anchorage 99507	Schult	ASB	48,478.80	43,078.80	136447
2	Ralph Eslinger 1200 W. Dimond Blvd Anchorage 99502	Kit	ASB	82,383.36	63,876.36	sl792
3	Terry Hamilton 1504 E. Bluff Anchorage 99504	Kit	ASB	43,488.48	39,510.48	xl735
4	Johnnie Hamner 365 Dowling Rd #11 Anchorage 99503	Vandyke	ASB	36,082.53	32,582.52	12549
5	Timothy Brown 1200 W. Dimond Blvd #539 Anchorage 99502	Schult	ASB	38,674.80	35,774.80	136483
6	Bonnie Schwenke 4108 Reka Anchorage 99504	Hacienda	ASB	37,250.00	34,350.00	12589
7	Sylvester Dimonde SRA Rt 116-p Anchorage 99562	Kentwood	ASB	33,993.48	30,618.48	kw3406
8	David Heye 7800 DeBarr #75 Anchorage 99504	Schult	ASB	54,022.00	48,450.00	136457
9	John Hutler 1105 W 33rd Ave Anchorage 99503	Schult	ASB	43,907.60	38,967.60	136581
10	Gordon White 7220 E. 32nd Anchorage 99504	Schult	ASB	42,896.00	39,916.00	136509
11	David Schnell 7623 Arctic Blvd Anchorage 99503	Vandyke	ANSAFCU	29,924.96	27,924.96	12731
12	Percy Plummer 3835 Randolph St Anchorage 99504	Vandyke	ASB	36,896.60	33,234.60	12979
13	Fred Blumer, Jr. Box 1856 Anchorage 99510	Schult	ASB	43,373.00	38,094.00	136326

This list obtained from Alaska Motor Report, Motor Statistical Div. for Oct. 1975

OCTOBER 1975 ANCHORAGE AREA
MOBILE HOME SALES (CONTINUED)

ANCHORAGE TRAILER SALES continued

	<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DEL PRICE</u>	<u>BALANCE</u>	<u>SER. NO.</u>
14	John Damazio 2403 Eureka #10 Anchorage 99504	Kit	ASB	46,041.80	40,477.80	SL748
15	Earl Cuzzort 3701 Eureka Sp. 80A Anchorage 99503	Schult	ASB	43,464.02	41,990.30	136455
16	Greg/Jayne LaFramboise 1545 S. Hoyt #58 Anchorage, AK 99504	Kit	ASB	37,294.00	33,294.00	SL741
17	Allan Patterson 7800 DeBarr #126 Anchorage 99504	Schult	ASB	43,710.61	37,218.20	136610
18	Douglas Daniels 533A Dyea Ft. Richardson 99505	Schult	ASE	44,081.40	39,911.10	136608
19	Dick's Trucking Inc. 429 Industrial Way Anchorage 99501	Kit	ASB	31,114.00	24,480.00	SL596
20	Eugene Weldon 3007 Arctic #4 Anchorage 99503	Schult	ASB	43,373.00	38,073.00	136490
21	Donald MacDonald 3706 Wilson Ct Anchorage 99509	Kentwood	ASB	35,289.04	31,911.84	KW3408
22	Nancy Kelley 7800 DeBarr #330 Anchorage 99504	Kit	ASB	41,357.00	31,258.30	SL742
23	Youel Smith 5180 Taku Dr #6 Anchorage 99504	Schult	ASB	44,720.00	41,420.00	136576
24	Kent Ramsay 5901 E 6th Sp 170 Anchorage 99504	Kit	ASB	42,583.40	37,403.40	SL738
25	Stephen Wilcox 731 B St. #401 Anchorage 99501	Kentwood	ASB	34,731.00	28,731.00	KW3520
26	Harvey Weldon 1400 Muldoon Rd #265 Anchorage 99504	Schult	ASB	45,010.01	40,932.01	136605

ANCHORAGE AREA
OCTOBER 1975 MOBILE HOME SALES (CONTINUED)

ANCHORAGE TRAILER SALES continued

	<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DEP. PRICE</u>	<u>BALANCE</u>	<u>SER. NO.</u>
27	Lance Whaley Rm. 33 Bldg. 10-520 EAFB 99506	Kit	ASB	44,914.20	39,624.20	S4756
28	Scott Stringfellow Box 4-2506 Anchorage 99510	Schult	ASB	42,053.07	37,361.20	136338

OCTOBER 1975

ANCHORAGE AREA MOBILE HOME SALES

KATHY O ESTATES, 3602 Arctic Blvd.

<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DEL. PRICE</u>	<u>BALANCE</u>	<u>SER. NO.</u>
Charles Meddings 909 Chugach #30 Anchorage 99503	Vantage	None	13,700.00	-	6457
Norman Seewald Box 8355 Anchorage 99504	LaGrande	AUSAFPU	23,450.00	23,450.00	5652
James Summers Box 1844 Anchorage 99510	Ridge	AUSAFPU	20,500.00	20,500.00	LoS1154

MOBRIDE TRAVEL HOMES

Walter Compton 4502 Lake Otis Pky Anchorage 99507	Coactman	IBEW	25,354.56	18,977.23	1131094028
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-1 MOBILE HOMES, INC. , 2525 Spenard Rd.

OCTOBER 1975

ANCHORAGE AREA MOBILE HOME SALES

MELODY SALES, INC., 3115 Mountain View Dr.

	<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DEL. PRICE</u>	<u>BALANCE</u>	<u>SER. NO.</u>
1	Charles Quier 1114 Tonga Anchorage 99507	Frontier	P&T	38,915.40	33,320.40	6228
2	Bobby Rasar 1200 W. Dimond Blvd #1448 Anchorage 99502	Portroyal	P&T	38,249.50	32,049.60	6222A
3	LeAnn Kucera. SRA Box 332 S Anchorage 99507	Safeway	ASEFCU.	28,941.00	14,826.00	6109
4	Floyd Brooks 5607 Fiji Anchorage 99507	Portroyal	P&T	38,418.00	32,218.00	6191
5	Delores Thrope 1150 Tonga Anchorage 99507	Sheloy	UCAFGU	30,220.80	32,710.80	6264

OCTOBER 1975

ANCHORAGE AREA MOBILE HOME SALES

BUCKHORN HOMES, INC., 4217 Mountain View Dr.

	<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DEB. PRICE</u>	<u>BALANCE</u>	<u>SER. NO.</u>
1	Michael Simile 21-44 A Citrus EAFB 99506	Flamingo	AUSAFPU	28,937.43	16,900.00	s 7126
2	Edwin Alexander 1307 Hollywood Bldg 44 #2213 Anchorage 99501	Ponderosa	AUSAFPU	29,053.84	25,053.84	S6549
3	Kenneth Lowe - 106 E. 11th, Apt. 4 Anchorage 99501	Flamingo	AUSAFPU	28,672.70	23,972.70	s7114
4	Robt Hawk 705 Muldoon Rd Sp 122 Anchorage 99504	Flamingo	NBA	25,552.50	20,902.50	S 7213
5	Larry Bass PSC #2 Box 4518 EAFB 99506	Brookdale	AUSAFPU	33,887.12	24,600.12	S6525
6	Dennis Taylor 1737 Morena St Anchorage 99504	Ponderosa	AUSAFPU	33,207.83	26,507.83	S6451
7	Doyle Stogner Box 758 Eagle River 99577	4 Seasons	NBA	20,598.48	16,598.48	4982

OCTOBER 1975

ANCHORAGE AREA MOBILE HOME SALES

BUDDY'S MOBILE HOME CORRAL, 2423 E. 5th Ave.

	<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DEL. PRICE</u>	<u>BALANCE</u>	<u>SER. NO.</u>
1	Calvin Blackmon Gen Del Eagle River 99577	4 seasons	USARAL	31,975.80	27,976.80	4840

GLOBE WESTERN, 322 Concrete

	<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DEL. PRICE</u>	<u>BALANCE</u>	<u>SER. NO.</u>
1.	Larry Foster Box 611 Chatanika Loop Eagle River 99577	Jamboree	AUSAFCU	15,405.20	16,405.20	C2114
2	Leslie Horn 2110 Stanford Dr. Anchorage 99501	Jamboree	AUSAFCU	16,156.80	13,117.80	A2154
3	Fred Ash 1151 Laland Pl Anchorage 99504	Jamboree	AUSAFCU	14,854.00	10,374.00	G2112

OCTOBER 1975

ANCHORAGE AREA MOBILE HOME SALES

REY HOMES, INC. 3317 Mountain View Dr.

<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DETL. PRICE</u>	<u>BALANCE</u>	<u>SER. NO.</u>
1 Robt Ramey Box 484-I Eagle River 99577	Marlette	FNB	23,636.00	23,636.00	50218
2 Michael Pierson 2221 Muldoon Rd #502 Anchorage 99504	Kit	FNB	24,718.00	24,718.00	54591
3 Lamar Steen Box 264B Anchorage 99507	Fleetwood	P&T	23,400.00	23,400.00	51864
4 Ronald Yoppe 2221 Muldoon Rd #561 Anchorage 99504	New Moon	AUSAFCU	27,265.00	27,265.00	57050

OCTOBER 1975

ANCHORAGE AREA MOBILE HOME SALES

WENNE MOBILE HOMES, 801 Airport Heights Dr.

<u>PURCHASER</u>	<u>MAKE</u>	<u>FINANCER</u>	<u>DEL. PRICE</u>	<u>BALANCE</u>	<u>SER. NO.</u>
Alan Williamson 501 Airport Heights Sp 281 Anchorage 99504	Lanplight	AUSAFCU	30,237.56	25,732.56	15810
Lionel Hartzog 801 Airport Heights Anchorage 99504	Lanplight	ARRFCU	35,691.60	32,373.60	15325
Edna Brown Box 293 Anchorage 99510	Brookwood	AJSAFCU	51,917.04	43,013.04	24iges1496
Ed Naumann 801 Airport Hgts Dr Sp 318 Anchorage 99504	Gibraltar	ASEFCU	34,834.96	31,048.30	9-1635
Tilman Grigsby Lazy Mt Trl Sp 42 Eagle River 99577	Gibraltar	NBA	33,029.60	26,325.60	9-1876
John Bingham 801 Airport Hgts Sp 313 Anchorage 99504	Lanplight	NBA	37,730.43	33,009.43	15843
Michael Gordon 1545 S Hoyt Anchorage	Lanplight	ACFCU	30,972.00	25,116.00	15895

11-10-75

AKPIRG

630 W. 4th Ave
Anchorage, Alaska

Gentlemen:

There is a situation in the Anchorage Area that should be called to the attention of the powers that be for remedial action.

If an unsuspecting purchaser buys a mobile home he soon finds there is not place he can park or space he can rent.

There are numerous vacancies in many of the mobile home parks but much to the chagrin of the buyer he finds that the retail sales companies of the mobile homes have rented all these spaces for the benefit of their customers. If these companies want increased spaces let them build their own parks, (one has) and not monopolize the market. This not only is unfair to the purchasing public but to the seller as well. He can't sell if the purchaser is unable to find parking space. Investigation has found for example, one park with four vacancies for over three months and yet a private purchaser from a private seller is unable to utilize even one of these spaces.

Isn't there some sort of consumer protection in this respect? With the housing shortage so acute and honest citizens being denied space rent it seems to me there

could be some anti-trust or monopoly law invoked to put a damper on this unfair practice.

Sincerely,

J. Harold Michal

cc. - Anchorage Times

Mr. Chairman, members of the Commerce Committee, I am Bernard L. Marsh, Executive Secretary of the Alaska Mobile Home Association and also the Alaska Trailer Court Association. HB 829 has not been available long enough for our membership to know about it, but I have shown it to the officers of the two associations, and have been asked to comment on the bill to this Committee.

HB 829 seems to have been written by consumer or tenants action groups with the intent of protecting consumers or tenants from abuses and from unfair expenses. In fact, the effect will likely be just the opposite. The cost to the consumer will be greater. A more serious consequence of this bill will be the creation of a new property right for tenants, which is probably unconstitutional, and which in any case will reduce the value of property and further damage the tight economic situation in the mobile home field. Let me explain:

1. Economics prohibit the production of mobile home spaces in any urban area of Alaska by independent court operators; that is, where the space rental is to provide a rate of return that will justify the investment. There have been no such spaces built in Anchorage in the last five years, and there will be none in the future under present conditions. Spaces have been, and are built by mobile home vendors, simply because you can't sell a mobile home unless there is some place to locate it. Spaces are provided by vendors simply to create sales. The spaces themselves are an economic loss to the vendor. The principle is exactly the same as that of J. C. Penney department store building a parking garage that loses money on parking, just to stimulate store sales. The reason for this situation is two fold; The increasing cost of land, and the progressively more restrictive government regulation.

In Anchorage, mobile home courts are allowed only in R-2, R-3, R-4, R-5, and "U" zones. The least costly usable land is unsubdivided R-2 land at about \$24,000 per acre. The raw land is usually marginal, and may cost another \$20,000 per acre to fill or grade. Reduced to cost per space and including utility cost, space development runs from \$7,500 to \$10,000 per space to develop. Current regulations limit spaces to 6 to 6 1/2 per gross acre (Glen Carin Court got 6.5 spaces per acre, and Montegue got 6.2). Using \$8,000 per space as development cost, \$24,000 per acre land cost, and 6.2 spaces per acre, we arrive at \$11,800 per space as the final cost. To support any investment you must have a minimum of 15% return per year, or in this case \$1,770 per space, or \$147.50 per month. The current average space rent in Anchorage is \$105 per month.

The effect of this legislation will be to prohibit the development of mobile home spaces by mobile home vendors, which will either bring space development and therefore new sales to a stop, or in the alternative drive all space rental to \$150 per month. By the time the shortage becomes acute enough to drive up the price and tempt developers to build new spaces, the price will be much higher than that. It takes two years from initial planning to completion, to produce a trailer space.

2. The second bad thing this bill would do is create a possessory interest in the owner's property on the part of the tenant. In Sec 2 (C) (1) and in Sec 5, the owner of land is prohibiting tenancy, except for certain specific acts by the tenant. This literally converts a simple month-to-month tenancy into a perpetual lease, and actually creates a leasehold interest for one person in another person's property without due process and without compensation. Under all principles of property ownership in this country,

forever, even through a change of ownership. It is incredible to me that this legislature would even consider such a proposal.

There are several sections of the bill to which we have no objection, and agree with. We agree with Sec 2 (C) (2), which would prohibit an owner from requiring a tenant to provide permanent improvements to his property. We also agree with (4) of the same section, prohibiting vendor or transfer fees as a condition of tenancy. We have no objection to all of Sec. 3. We also agree with Sec. 45.30.070 (a), beginning on line 16, page 3 of the bill. But we disagree with subsect. (b) of this section, which prohibits a perfectly legal and prudent practice on the part of a mobile home vendor. Any vendor who shipped mobile homes to Alaska at \$4700 each, and had no spaces to locate them on, would be pretty foolish. Also, it would seem that creating a class of persons (mobile home vendors) who are prohibited from leasing spaces is highly discriminatory and in violation of the state Human Rights Act.

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION
315 FIFTH STREET, SUITE 8
JUNEAU, ALASKA 99801
TELEPHONE 586-6163 X6425

MEMORANDUM

TO: Representative Bradley
House Commerce Committee

FROM: Donald E. Clocksin

DATE: February 24, 1976

RE: House Bill 829 - Mobile Home Parks

This bill adds several sections and subsections to the Residential Landlord and Tenant Act of 1974 (Ch. 10, SLA 1974) and adds a new section to the mobile home standards statute (AS 45.30). This bill would supplement CSHB 684 which made tying arrangements between mobile home sellers and mobile home park operators a deceptive trade practice and which passed out of this committee on February 18.

1. Section-by-Section Analysis.

Section 1. This section prohibits mobile home rental agreements which do not comply with Section 2 below.

Section 2. This section prohibits mobile home rental agreements which:

- a. forbid the tenant from selling the mobile home "in place;"
- b. require the mobile home tenant to improve the landlord's property;
- c. require the tenant to buy a mobile home from a certain mobile home seller; and
- d. require the payment of a "transfer fee" when a mobile home in the park is sold unless actual services are agreed to and provided.

Section 3. This section requires the mobile home park operator to disclose in advance all the improvements the tenant must make (e.g. skirting, tie-downs, etc.).

Section 4. This section allows the mobile home park operator to determine the type of improvements the tenant must make, but prohibits him/her from requiring the tenant to purchase the necessary equipment from the park operator.

Section 5. This section limits the mobile home park operator's right to evict a mobile home or mobile home tenant to the following situations:

- a. the rent is due and unpaid;
- b. the tenant has violated a law or ordinance and the violation continues to injure other tenants;
- c. the tenant has substantially violated a park regulation; or
- d. the use of the property on which the mobile homes sit is being changed (at ^{least} 90 days notice required).

Section 6. This section amends the mobile home standards statute to prohibit the seller of a mobile home from requiring that it be placed in a certain park and ~~from paying a park operator to hold spaces open.~~

Mobile Home Bills

Fred
Spanning

In 1974 the Legislature passed a major new law recognizing the rights of landlords and tenants and clarifying the obligations they both had to each other. However, since it went into effect, we have ~~learned~~ ^{discovered} that it did not take into account the special situation of tenants who live in mobile homes. Three bills have been filed this session to adjust the landlord-tenant act to make special provision for mobile home dwellers.

The special ~~pro~~ circumstances of mobile home tenants are:

1. the cost of moving them - (testimony indicated \$1500 to \$2200 to move one)
2. the refusal of some landlords to allow tenants to sell the mobile home "in place"
3. the power, thru threat of eviction, to impose unreasonable rules, ~~and~~ regulations, & fees.
4. the fact mobile home dealers and mobile home park operators are making ~~re~~ agreements which force people wanting mobile homes to buy them from certain dealers. ~~But~~ The agreements also result in mobile home spaces sitting empty while tenants are begging for places to put their homes -
5. ~~the~~ People who choose to live in mobile homes ~~however~~ are treated as second class citizens, completely at the mercy of their park operator.

1. HB 827. This bill adds new remedies to the landlord-tenant act. The last section grants the Consumer Protection division of the A-G's office jurisdiction over landlord-tenant disputes. This solves a ~~the~~ problem presented to my committee ^{members of} by mobile home tenants associations. Many of them are not rich, but not poor either. ~~I~~ IF their ~~park~~ park operator violates the Landlord-Tenant Act, they need an attorney, but they can't afford a private attorney but are not always eligible for ~~an~~ legal aid. With this amendment, the Attorney-General could get into the dispute on the tenant's behalf.

2. HB 684. This bill would make it illegal ^{(for a park operator,} to require a tenant to buy a mobile home from a certain dealer in order to put it in that park. These tying arrangements force tenants to buy only from the bigger mobile home dealers and may force the smaller dealers, who don't have places to put their homes, out of business. The bill helps ^{a)} tenants who have mobile homes but no place to put them, b) tenants being evicted w/ no place to go, and c) smaller mobile home dealers.

3. HB 829 - This bill

RONALD G. NELSON
Professional Civil Engineer
1500 AIRPORT WAY
FAIRBANKS, ALASKA 99701

(907) 456-4854

March 19, 1976

The Honorable Bob Bradley
Alaska State House Of Representatives
Pouch V, State Capitol Building
Juneau, Alaska 99811

Dear Representative Bradley:

REF: House Bills 684 & 829

I would like to express very strong opposition to the referenced bills which I believe are unnecessary, unwise and in certain respects unconstitutional.

I'm presently developing and operating a 180 unit mobile home park near Fairbanks and in so doing have acquired a reasonable degree of knowledge concerning the subject addressed by the referenced bills. Had these bills been law when I started development I would not have been able as a private individual, unsubsidized by government, to employ the persons I have, purchase the required goods and create a needed commodity which has added considerably to the Fairbanks North Star Borough tax base.

HB 829 Sec. 2 AS34.03.040 Paragraph C Part 1

I require each tenant in my court to enter into a written lease. This lease is with a particular tenant NOT a mobile home. If a tenant sold his mobile home to a third party who refused to enter into a rental agreement with me this bill would prevent me from requiring that the mobile home be moved resulting in a conveying of my ownership rights in the lot to whoever happens to hold title to the mobile home. Surely this is unconstitutional.

HB 829 Sec. 2 AS 34.03.040 Paragraph C Part 2

I require as a condition of tenancy that each tenant make certain improvements to the lot he leases all of which are associated with landscaping and include such items as planting a lawn, trees and shrubbery, and installation of fences and walks. Since these improvements are fixed to the land and not to the mobile home, I could not as a court owner require that they be done. The result would be in too many cases no effort by the tenant towards maintenance of their lots.

HB 829 Sec. 2 AS34.03.040 Paragraph C Part 4

I currently charge an entry fee for initial placement of each mobile home within my park. This is strictly a result of a superior product, and the law of supply and demand. Legislation which removes the possibility of this form of income for the developer also removes an incentive for further development which is needed if a balance is to be obtained between available housing and a communities need for such housing.

HB 829 Sec. 34.03.225

Wording of this section implies that a mobile home is something other than personal property of an individual and that indeed it can be evicted. Lease or rental agreements are between landlord and tenant NOT landlord and a mobile home.

A fifth part should be added which clearly allows any lease or rental term agreed upon in writing between landlord and tenant. The overall effect of of this section prohibits a normal month to month rental agreement and therefore prohibits a park owner from exercising control over his property. It literally prohibits any owner from terminating a tenancy and thus confers ownership rights to the tenant which is definitely unconstitutional.

Sec. 45.30.070 Part b

This disallows a mobile home dealer from paying a park developer to reserve spaces and would again have the effect of removing an incentive for development of needed mobile home parks and subdivisions. Financial institutions literally REQUIRE before committing funds that a substantial portion of the proposed project have rental commitments. The only practical source of such commitments are the various mobile home dealerships. A condition for financing of my park was such a commitment for reservation and rental of spaces. As an owner I do not believe I should be denied the opportunity of reserving and renting spaces in my park to what is potentially the greatest market.

HB 684 Section 1 AS45.50.471 (b) Part (23)

Again this would prevent a park or subdivision owner from entering into an agreement with a mobile home dealer to reserve spaces or lots on which the dealer could set up homes to sell to the public. As a park owner I've made such an agreement. By so doing I was able to obtain the necessary commitment for rental of spaces, a prerequisite to my being able to obtain financing. I believe it is unconstitutional to deny an owner the right to reserve or rent lots to anyone he so choses.

Additionally this bill would prevent a dealer from constructing his own park or subdivision and placing therein only homes his dealership sells. Perhaps you should pass a law to prevent a developer of conventional housing lots from also being the only builder in any particular development.

I would hope that you consider these comments, keeping in mind that the free enterprise system is the greatest system ever, as long as government controls and regulations do not over control or over regulate.

Thank you for your much valued time.

Sincerely,

Ronald G. Nelson

Ronald G. Nelson