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COMMITTEE REPORT

SENATE

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Waived
rec. to Sen
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FURTHER:

Date _____

Mr. President

The Committee on _____ considered _____

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

TO: Senator Bill Ray

FROM: Paula d. Scavera

DATE: March 28, 1984

RE: CSSB 464 (L&C)-An Act relating to horizontal property regimes and permitting the establishment of condominiums for mobile homes

The purpose of this bill is to amend existing law to permit the establishment of the condominium regime in mobile home parks.

Throughout Title 34 (Property) of the Alaska Statutes "apartment" has been changed to "unit" to permit this result. Also amendments were made to "clean up" existing language within Title 34.

Attached is a memo from Dick Bradley, Legal Services giving an brief explanation of this bill.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 15, 1984

SUBJECT: Condominia (CSSB 464(L&C))

TO: Senator Dick Eliason
Chairman, Senate Labor
and Commerce Committee

FROM: Richard A. Bradley 
Legislative Counsel

I have been asked to provide the Committee with a brief explanation of what CSSB 464 (L&C) accomplishes.

The goal of Senator Halford was an amendment to existing law to permit the establishment of the condominium regime in mobile home parks.

It was felt that the existing provisions of AS 34.07 were inadequate to permit this result primarily because of the use of the term "apartment" throughout AS 34.07 to describe the aspect of property owned in the condominium. The more recent versions of the condominium law as enacted in other states as well as the recommended "uniform law" used the more abstract term "unit" to describe what is owned. With this change, it is thought possible to establish a condominium regime for, for example, mobile homes, automobile parking garages, as well as the more typical residential units. I gather that the development of condominium office buildings has not been hampered by the existing law, notwithstanding the limitations in the word "apartment."

While these substantive goals were achieved by the use of the term "unit" and by a substantial change in the definitions section (AS 34.07.450 in bill sec. 46)-- see particularly the definition of "real estate", I also sought to revise the law minimally. That is, I have not sought to bring the law up to what may be recommended by the Uniform Law but when the law had what seemed to be inadequate internal consistency, I sought to deal with that problem without changing the substantive law.

Senator Richard Eliason
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March 15, 1984

Aspects of this revision appear in Sec. 21, Sec. 28, Sec. 29, Sec. 40, and Sec. 43 (in sec. 420(a)).

And, as suggested, the definitions section is almost completely new, though in its case, the changes are more substantive.

If I may be of further assistance, please advise.

RAB:ojb
J4/088

From Journal
Halford

COMMENTS ON CS SB 464:

JOE STIMSON, Anchorage Municipality zoning officer (264-4215):

- The only way he can foresee new mobile home parks in state is with condos. There hasn't been a new mobile home park in Anchorage since 1975. There might be some impetus to build if you could develop a park and sell the lots. It's getting too expensive to buy multi-family land and develop it into mobil home parks.
- Anchorage has same re-location problem as Juneau. Most parks won't accept mobile homes more than two years old. Will be a problem soon in Anchorage: two parks being re-zoned to higher residential. These people will have to move mobile homes to Mat Valley or Kenai, which doesn't help Anchorage's problem. (Park up for re-zoning is just north of Fireweed Lane between Arctic Blvd and C St. Second one is off Spenard Rd and McRae.)

JIM MCGOWAN, Real Estate Commission (272-5508):

- Thinks it is a good idea. Permits moile home owners to own the park. In Anchorage, where sewage runs through lots and landlords won't act, it removes the non-resident aspect and makes everyone responsible. People own the park and anything anyone does is to advantage of all.
- From regulatory standpoint, mobile home condos make more sense than many other types of condos. Plan works better for banks: ties mobile home to real property so banks have double clout (under condo concept AHFC would probably finance the land as well as the mobile home; therefore could require notification before mobile home is moved.)
- Can help avoid hidden liens. Mobile homes can be listed both as personal property (in UCC filings) and as real property. As result, the real estate agent sometimes can't find records in the title search and the buyer is left holding the bag. In a case last year, people paid \$30,000 only to discover they owned a tiny lot -- and still owed \$20,000 on the trailer (which had been listed as personal property). This plan discourages that: AHFC could insist that once the trailer is on condo land it becomes real property. Could require owner of property to submit documents to recorder's office showing that it has been converted to real property and cross referencing UCC listings.

WILLIS KIRKPATRICK, Division of Banking (465-2521):

- Said he sees "nothing wrong with the bill". Said it is a "pretty good idea."

CONNIE SIPE, Consumer Protection Agency (276-3550)

- Concept is innovative, creative and can work. But has questions about definitions.
- Bill deletes old definitions and replaces them with new ones taken from the Uniform Acts. Wonders if using Uniform Acts in this section but not in rest of state law will "leave holes".
- Concerned about how definitions affect current condo law. Current law defines "common areas" and "apartment" (34.07.450). These current definitions say the interior -- or skin -- of the wall belongs to the condo owner, but the wall itself is common property (so that if wanter gets into the WALL it is a common problem). The new bill, however, replaces "apartment" with "unit" and she wonders if that will create "chaos". Also concerned about definition of "real estate". Bill takes that definition from Uniform Act, which differs from our present statute. Says it could affect peoples' rights and remedies under the Consumer Protection Act

DAVE ROSE, Alaska Permanent Fund Corp. (465-2047):

- Philosophically it is a beautiful way to solve the dislocation problem. Someone could buy an existing trailer court and re-sell it in condo lots to the residents and let the people stay where they are instead of forcing them to relocate.

JERRY KURTZ, Alaska Code Revision Commission (276-6100):

- Seat of the pants observation is that the bill looks good. Said the approach is "dead right". Had read the bill but not studied it.

MICHAEL LYNCH, Alaska Housing Finance Corp. (276-5599):

- Concerned about financing. Thinks a Planned Unit Development (PUD), or a PUD de minimus, or a straight subdivision plan might work better. (PUD de minimus means only necessary things, like water, roads and sewer, would be in common. Common property under this plan does not significantly add to the value of the individual lot.)
- Said sees a problem with pre-sale requirement that 50% of condos in a project must be sold (with earnest money) before the project gets final approval. The bill doesn't appear to take that into account.

FRED FERRARA, Alaska Valuation Service Inc. (561-1031) of Anchorage:

- Likes the idea very much.
- Mobile home condos vs. mobile home subdivisions: Believes there would be a large public outcry against a mobile home subdivision, but that a mobile home condo association in correctly zoned property would cause no problem.
- Financing: Is the 50% sold rule a problem in mobile home condos? Doesn't see why it should be. The two are different -- condo is a building and more complicated than a mobile home lot. The improvements bankers would be worried about would have already been done (like roads and sewers). The AHFC could set its own pre-sale requirements distinguishing mobile home condos from condos within buildings.
- Types of financing: Said the AHFC now gives special long-term financing (Type A) to mobile homes and lots which are not in a mobile home park. But mobile home condos would probably qualify only for limited financing. (Fanny May and Freddy Mac finance only residential improvements. Banks do not long-term finance land, he said.)
- Advantages of condo mobile homes: Gives people equity without high rent. Payments on mobile home condo lot would be about the same as rent on a trailer space. Thinks a project like this would move fast in Anchorage.