

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN WILLIAM BOHARSKI**, on February 16, 1995, at 3:00 P.M.

ROLL CALL

Members Present:

Rep. William E. Boharski, Chairman (R)
Rep. Jack R. Herron, Vice Chairman (Majority) (R)
Rep. David Ewer, Vice Chairman (Minority) (D)
Rep. Chris Ahner (R)
Rep. Shiell Anderson (R)
Rep. Ellen Bergman (R)
Rep. John C. Bohlinger (R)
Rep. Matt Brainard (R)
Rep. Matt Denny (R)
Rep. Rose Forbes (R)
Rep. Antoinette R. Hagener (D)
Rep. Bob Keenan (R)
Rep. Linda McCulloch (D)
Rep. Jeanette S. McKee (R)
Rep. Norm Mills (R)
Rep. Debbie Shea (D)
Rep. Joe Tropila (D)
Rep. Diana E. Wyatt (D)

Members Excused: None

Members Absent: None

Staff Present: Bart Campbell, Legislative Council
Evelyn Burris, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 261
Executive Action: HB 261 TABLED
HB 308 DO PASS AS AMENDED
HB 358 DO PASS
HB 129 RECONSIDERATION FAILED

HEARING ON HB 261

Opening Statement by Sponsor:

REP. WENNEMAR said this is an act allowing an incorporated municipality or county to adopt an ordinance for rent stabilization for rental spaces in mobile home parks. This bill

allows local communities to have control over the problem of rising rents in mobile home courts and the state currently tells local communities that they cannot decide to do this.

Proponents' Testimony:

Cindy Moree, Co-Chair Travois Village Resident Association, who also serves on the local and state boards of **Montana People's Action**, spoke in support of HB 261. **Ms. Moree** said over the past years, the state legislature has legitimized the concerns of mobile home owners by passing measures such as the "Good Cause" eviction laws which protect them from unreasonable evictions. They are asking for the consideration of this rent stabilization bill with the same objectiveness used in the past. The need for rent stabilization in mobile home courts is at an all-time high in major cities and towns across the state. Housing costs are soaring and more working-class Montanans find mobile homes to be the only affordable form of housing in the state. The demand for mobile home court space far outweighs the supply and this will not change until local governments show more tolerance for mobile homes in their zoning plans. This bill does not declare that all mobile home courts in the state must abide by some strict rent control measure, it simply allows for local governments to determine if there is a problem within their jurisdiction and gives them an avenue to correct it. **Ms. Moree** submitted **EXHIBITS 1, 2 & 3** prepared by Montana People's Action in support of HB 261.

Nancy Weinzettel, Local Chairperson, Great Falls Chapter, Montana People's Action, & Member of the State Board of Directors, Montana People's Action and a mobile home court resident, stated she is an advocate for passage of HB 261 as a means of involving local governments in the process of seeking solutions to an issue being faced by mobile home court tenants in Montana. For some mobile home owners rent space has increased two or more times in a year with up to 20% increase each year. The court **Ms. Weinzettel** lives in is at 100% occupancy with a waiting list. In the city of Great Falls there are only seven vacant mobile home spaces. Under this bill new mobile home parks and those developments less than five years old would be exempt until the occupancy rate reaches 75%.

In a recent informal survey by Montana People's Action, mobile home residents were asked what their main issues were and over 95% of the respondents listed rent stabilization in courts as their number one concern. There are over 100,000 people living in mobile home courts in Montana. **Ms. Weinzettel** urged the committee's favorable consideration on HB 261. **EXHIBIT 4**

Melissa Case, representing Montana People's Action, Hotel & Restaurant Union & Coalition of Montanans Concerned with Disabilities spoke in favor of HB 261. The people in all the organizations she represents are low and moderate income folks and one of their largest concerns they have is housing. **Ms. Case**

referred to Section 2, subsection (2) of the bill and stated local governments should have the ability to make the decision based specifically on the conditions that are prevalent in their communities. She encouraged passage of this bill.

Opponents' Testimony:

Greg VanHorssen, Montana Housing Providers, spoke in opposition and stated he represents a group of approximately 1,100 housing providers across the state providing many of the spaces that are being referenced by this bill. **Mr. VanHorssen** thanked **REP. WENNEMAR** for recognizing that there is a shortage of mobile home park housing in the state but said stabilizing rent is not the way to address that shortage. He referred to and read the purpose of the bill. He cited a number of reasons people go into business and the common reason is for making a profit. This bill takes away their ability to do so. He reviewed a few of the costs of operating a mobile home park being that of electrical rates, natural gas rates, water rates, sewer, common area maintenance costs, building maintenance costs, insurance cost, taxes and adjustable rate mortgages. The business owner has no control over the magnitude of how the costs will fluctuate which is mostly upward on an annual basis. HB 261 would allow the local government to prohibit a landlord from recovering these costs and perhaps making a profit. This bill singles out one type of business and tells them if the local government deems it necessary, they may not be able to make a profit. He said this is unfair and counter-productive to the actual purpose of the bill. As recognized, there is a shortage of housing space in Montana.

Mr. VanHorssen suggested the way to make rental housing affordable in Montana is by supply and demands and the way to make space in mobile home parks affordable and to stabilize is to make more space available. He suggested looking at lending incentives and zoning. People cannot get a mobile home park zoned because the local government doesn't want them there. This bill gives local government another tool to get mobile home parks out of existence and not allow them to have any profit. On behalf of the people he is representing he asked the committee to Table HB 261.

{Tape: 1; Side: A; Approx. Counter: 18.2.}

Dan McLean, Attorney, Helena, representing the **Oakland Holding Company, Mobile Park Owner, Bozeman**, reiterated and concurred with statements by **Mr. VanHorssen**. **Mr. McLean's** client is in the process of expanding his mobile home park from 210 spaces to an additional 110 spaces. They are having a hearing today with the local county commissioners to approve this expansion. This is the type of thing that will alleviate the problem. **Mr. McLean** has been involved in buying and selling of mobile home parks and he said five years ago this park was not making a profit. It is

difficult to go through the zoning process and there is an attitude against mobile home parks. He urged the committee to reject HB 261.

Andy Skinner, Developer and Venture Capitalist, Helena, pointed out on line 9, the acute shortage that is addressed in this bill is in direct conflict with line 11, rent stabilization. **Mr. Skinner** said he built his mobile home court twenty years ago and for fifteen years, he subsidized his court with his construction company. He had a fifty percent vacancy rate and rented below the market because the other courts were renting below the market because they had vacancies. Everyone was vying for the spaces. He has fifteen units currently approved that are not developed and if this type of legislation goes in he cannot develop them. His rentals are only \$145 month and if he develops the other 15 units and the rents are frozen at \$145, he will be in a negative cash flow because the cost of development is more than the return he would receive. Venture capitalists invest their money to achieve a reasonable return. He urged the committee to reject HB 261.

Robert Dunlop, Helena Valley resident, stated he has a mobile home park and feels it would be unfair to cap rent and not cap the expenses. His taxes have gone up 20% a year and he urged the committee to oppose this bill.

Informational Testimony: None

Questions From Committee Members and Responses:

REP. SHIELL ANDERSON referred to subsection (2), and asked **REP. WENNEMAR** if zoned and the vacancy rate drops below 10%, if it's more than 90% occupied, the city could impose rent stabilization measures. **REP. WENNEMAR** said that is correct. **REP. ANDERSON** referred to subsection (3), and asked if it was correct that if they built a new park and only need 75% occupancy before rent stabilization comes into effect. **REP. WENNEMAR** responded yes, that is correct. **REP. ANDERSON** said that would be a deterrent to start a new trailer park and creates a discrepancy between the trailer parks being in existence. He asked why does it differ. **REP. WENNEMAR** said the reasoning behind this is that if a new trailer park was built in an area that has only 10% vacancy and they put in a 100-lot unit, the odds are it wouldn't fill up completely overnight allowing some time to recoup losses and they would not be under the affect of rent stabilization when they build the new trailer park. When the costs are applied to the rent, they could charge higher than anyone else in the area for a new trailer park than for the older inhabitants. That will increase the incentive to build new ones.

REP. NORM MILLS reiterated what **REP. WENNEMAR** said regarding putting a new park in and charging anything they want and what happens when it gets more than 75% filled and then the governing entity decides to put on rent stabilization, he asked at what

level are they required to place that stabilization. **REP.**

WENNEMAR responded the rent stabilization would be at the level it is at when it's at 75% occupancy. If they were paying \$250 a month rent and at 70% occupancy they reach 75%, the stabilization level is at \$250 a month.

REP. LINDA MCCULLOCH said if the rent is capped and the taxes go up, she assumed in other areas where they do this they have some way of taking it into account. **Ms. Case** responded it is up to the local government to decide, and the mobile home park expenses incurred would be taken into account by local governments in order to ensure that as those rates rise they allow people to get some recovery.

Closing by Sponsor:

The sponsor addressed the concern over the local government singling them out. The Public Service Commission (PSC) singles out all utility companies and protects consumers from excessive rates and this would not be different. The incentive in making new mobile home parks would be that they would be exempt for five years or until they reach 75% occupancy. This allows the local community to decide when it is needed. He offered a conceptual amendment stating that a referendum would have to be held for the ordinance to take effect. This is a strong message to people for local communities that they trust them to enact their own laws and the state doesn't need to be involved.

EXECUTIVE ACTION ON HB 308

Motion: **REP. DAVID EWER** MOVED HB 308 DO PASS. **REP. EWER** MOVED HIS AMENDMENTS.

Discussion:

REP. EWER referred to page 5, first part of amendment, strike line 20 in its entirety. He moved on line 23 to insert the word "like". He introduced the typed amendments of February 2. **REP. EWER** explained the four amendments.

REP. JACK HERRON asked if it is a normal situation on a municipality where they have delinquent taxes, for the county assessor to put it in taxes. **REP. EWER** explained that under the law, municipalities have the power to put delinquent sewer charges on the tax roll. Currently, they do not have the power to put delinquent water charges on it. There is precedent for it. He then explained the rationale.

Vote: The motion to adopt the Ewer amendments carried unanimously.

Motion: **REP. EWER** MOVED HB 308 DO PASS AS AMENDED.

Discussion:

REP. SHIELL ANDERSON referred to lines 21-22 and stated his concerns regarding giving the county commissioners a lot of latitude. He said this appears to be a turf war and the way the bill stands now he could not vote for it. **REP. EWER** asked if he was proposing an amendment striking out H & I of the bill; location of district and property. **REP. ANDERSON** asked if they were to strike Section 5 in its entirety, what else would they have to strike. **REP. EWER** explained the concept in Title 7. In special improvement districts they talk about benefit but they don't define it. The attempt of this bill is to put some definition on it. **REP. EWER** said he would like to try and agree what the right parameters would be for determination of benefit.

REP. TONI HAGENER stated as a former county commissioner frequently involved with water and sewer districts and others, she finds this a very valuable bill and supported it. She said under the fiscal impact it gives the additional authority to ensure collection. Regarding the concern of county commissioners making the determination, that clause also says "or board of directors of a district." The reason there is an alternative is the water district may have been formed many years ago and they may not have an active board of directors. This gives an alternative of action. **REP. HAGENER** said she feels offended that local government officials are constantly assaulted by people thinking they don't know what they are doing. They are dealing directly with the issues, directly with the people and sit directly across the table from them, have to respond to them and justify their taxation and what they are doing.

REP. BOB KEENAN said this is a local situation for him in his district and he can see the benefit of this bill as well as a threat within this bill from an overly aggressive water and sewer board of which he has in his town. He said he wants to make sure he can protect the people along the truck line between two hubs. He also wants the developers who are along the trunk line and inside the district to pay their fair share. **REP. HAGENER** explained if he has an overly aggressive board, put some limitations. The necessity and the mandates to meet various construction and development is very important and a system is needed where the money can be successfully collected. **REP. HAGENER** said this bill is a real necessity.

REP. KEENAN referred his question to **REP. EWER** who said Section 5 could be modified. One of the most essential elements of this bill is the issue of whether or not it's appropriate to charge property that is benefited. The fear of is it fair and will there be a tyranny of this board. He said he can't speak for what local and water and sewer districts will do in every case. The benefits outweigh the potential for the tyranny. It is essential for water and sewer districts to plan accordingly. **REP. KEENAN** said he has always encouraged the people in the water and sewer districts to exercise their right to vote. More

encourages participation in school board elections and district elections. **REP. EWER** said if there is a new water and sewer district they get to vote. Also, the bill says they can only charge the assessments on debt, on facility charges that have been voted by the people. People can make their case if they feel they are not benefited.

REP. ANDERSON addressed **REP. HAGENER** comments.

REP. KEENAN referred to page 5, line 8-9 and said the most important thing is they will be charging property for the availability of services and not just the use.

REP. HERRON asked about the time frame of the bill taking effect immediately instead of October. **REP. EWER** said it would be fine to make it October.

Vote: Motion carried 16-2 with **REP. ANDERSON** and **REP. DENNY** voting no.

EXECUTIVE ACTION ON HB 261

Motion: **REP. LINDA MCCULLOCH** MOVED HB 261 DO PASS.

Discussion: **REP. JOHN BOHLINGER** spoke in opposition to the bill and said he doesn't feel that rent stabilization or control is going to make more space available and it would be a poor policy for the state of Montana. There have to be incentives to bring developers into play.

REP. MCCULLOCH spoke in favor of HB 261 saying rent stabilization is a matter of local control option and how mobile home courts filled to capacity and the owners taking advantage knowing there are shortages and they have no where else to go and they continue to raise the rent.

REP. MILLS spoke in opposition saying rent control is a disincentive for the property owner to keep up his property. He said what needs to be done is change the zoning laws and make it so people can build more spaces which they would if zoning laws were changed.

REP. ANDERSON said he doesn't like artificial loss on the market system and it is unfair to single out mobile home park owners for rent control.

Motion/Vote: **REP. ANDERSON** MOVED TO TABLE HB 261. The motion carried 14-4 with **REPS. HAGENER, MCCULLOCH, SHEA,** and **TROPILA** voting no.

EXECUTIVE ACTION ON HB 358

Motion: **REP. ANDERSON** MOVED TO RECONSIDER HB 358.

Discussion:

REP. EWER spoke in opposition stating that he does not feel it's appropriate that small numbers of people who own large amounts of land should be able to have this significant say in the destiny of growth. The protection is to give 40% of the freeholders the right to set aside zoning plans for a year is adequate protection.

REP. MATT BRAINARD spoke in favor of HB 358 saying the issue to take into account is that we are faced with problems of growing communities. Lands outside the cities and problems with population densities are directly affected by who owns how much land and what they are going to do with it. He talked about owners of large parcels of land being forced to subdivide.

REP. EWER said he wanted to know the rationale of forced subsidizing to subdivide and asked **REP. ANDERSON** if it is because the zoning would allow for a different category and classification of land and having to pay a higher property tax even though it's had use.

{Tape: 1; Side: B}

REP. ANDERSON said the people penalized under the current system are the ones who don't develop first. To restrict developing ability, they might be inclined to develop while they can before the zoning area comes into effect. In Bozeman there are open fields among the houses and because the owner did not develop right away, he was left out. He pointed out that they are taking away democracy by allowing large property owners to prevent being drawn into the zoning districts in their entirety and this bill should be passed. He stated the committee talked about property rights during the hearing and the need to consider the large property owner as well as property rights of the people that want to tell him what he's going to do with that property.

REP. EWER said the fear of development is that the current rules are that if they are in rural Montana and they want to develop and put a house up and may not have to put what the later zoning may have eg., curbs, gutters, water, so the costs may go up and the profitability may not be as high. **REP. ANDERSON** responded that would be one example, there may be zoning regulations in terms of density of housing per acre and would affect the ability to do as they see fit.

REP. EWER asked if **REP. ANDERSON** understood the concept and legality of spot zoning, which are not legal, and well thought out comprehensive plans. **REP. ANDERSON** explained what has been attempted in Park County and Flathead Valley.

Vote: Motion to reconsider HB 358 carried 12-6 with REPS. EWER, HAGENER, MCCULLOCH, SHEA, TROPILA and WYATT voting no.

Motion/Vote: REP. ANDERSON MOVED HB 358 DO PASS. Motion carried 12-6 with REPS. EWER, HAGENER, MCCULLOCH, SHEA, TROPILA and WYATT voting no.

EXECUTIVE ACTION ON HB 129

Motion: REP. BOHLINGER MOVED TO RECONSIDER HB 129.

Discussion:

REP. BOHLINGER spoke in favor of HB 129. REP. TROPILA spoke in opposition to HB 129 saying the people doing the records retention are volunteers and if they get more work, they will no longer do it.

REP. ANDERSON spoke in favor of HB 129 stating more work is not being developed by this bill.

REP. FORBES spoke in opposition to bringing HB 129 back.

REP. MILLS spoke in opposition citing the only thing that saved the passport problem for his wife is the fact that the school had records that were fifty years old and he appreciated that fact that the records were kept.

REP. TROPILA reiterated the people doing the record retention schedule are volunteers. He explained why he could not support the motion.

CHAIRMAN BOHARSKI said it is his understanding during committee discussions that all this bill does is create a schedule so records could be disposed of without having to get permission from the commission every time.

Vote: Motion failed 9-7 with REPS. BOHARSKI, EWER, ANDERSON, BOHLINGER, DENNY, KEENAN, and MILLS voting yes.

ADJOURNMENT

Adjournment: 5:20 P.M.

Wm E Boharski

REP. WILLIAM BOHARSKI, Chairman

Evj Burris

EVY BURRIS, Secretary

WB/eb

HOUSE OF REPRESENTATIVES

Local Government

ROLL CALL

DATE 2-16-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Bill Boharski, Chairman	✓		
Rep. Jack Herron, Vice Chairman, Majority	✓		
Rep. David Ewer, Vice Chairman, Minority	✓		
Rep. Chris Ahner	✓		
Rep. Shiell Anderson	✓		
Rep. Ellen Bergman	✓		
Rep. John Bohlinger	✓		
Rep. Matt Brainard	✓		
Rep. Matt Denny	✓		
Rep. Rose Forbes	✓		
Rep. Toni Hagener	✓		
Rep. Bob Keenan	✓		
Rep. Linda McCulloch	✓		
Rep. Jeanette McKee	✓		
Rep. Norm Mills	✓		
Rep. Debbie Shea	✓		
Rep. Joe Tropila	✓		
Rep. Diana Wyatt	✓		



HOUSE STANDING COMMITTEE REPORT

February 17, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Local Government report that House Bill 358 (first reading copy -- white) do pass.

Signed:

Wm E Boharski

Bill Boharski, Chair

Committee Vote:
Yes 12, No 6.

411231SC.Hbk



HOUSE STANDING COMMITTEE REPORT

February 17, 1995

Page 1 of 1

Mr. Speaker: We, the committee on Local Government report that House Bill 308 (first reading copy -- white) do pass as amended.

Wm E Boharski

Signed: _____

Bill Boharski, Chair

And, that such amendments read:

1. Page 3, line 13.

Following: "facilities."

Insert: "In establishing and imposing the facilities charge, the board may use any one or a combination of the methods of assessment applicable to rural special improvement districts as provided in 7-12-2151."

2. Page 3, line 18.

Following: "(4) (a)"

Insert: "A district may elect to have its delinquent charges for water or sewer services collected as a tax against the property by following the procedures of this subsection (4)."

Following: "services"

Strike: "incurred"

Insert: "is due and payable"

3. Page 5, line 20.

Strike: subsection (g) in its entirety

Renumber: subsequent subsections

4. Page 5, line 23.

Following: "by other"

Insert: "like"

-END-

Committee Vote:

Yes 16, No 2.

411232SC.Hbk

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

Local Government

T. Kelley

DATE _____ BILL NO. *261* NUMBER _____

MOTION: *McCulloch Res.*

Anderson table

NAME	AYE	NO
Rep. Bill Boharski, Chairman	—	
Rep. Jack Herron, Vice Chairman, Majority	—	
Rep. David Ewer, Vice Chairman, Minority	—	
Rep. Chris Ahner	—	
Rep. Shiell Anderson	—	
Rep. Ellen Bergman	—	
Rep. John Bohlinger	—	
Rep. Matt Brainard	—	
Rep. Matt Denny,	—	
Rep. Rose Forbes	—	
Rep. Toni Hagener		✓
Rep. Bob Keenan	—	
Rep. Linda McCulloch		✓
Rep. Jeanette McKee	—	
Rep. Norm Mills	—	
Rep. Debbie Shea		✓
Rep. Joe Tropila		✓
Rep. Diana Wyatt	✓	✓

per H.W.

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

Local Government

DATE 2-16- BILL NO. 129 NUMBER

facts

MOTION: Bohlinger - Amended take from table

(Dixson) / Propata - oppose

11 Anderson - Support motion (not adding more)

Forbes - oppose

Mills - (propata) oppose

Cost saving -

*open
table 2-
9-6*

NAME	YAYE	NO
Rep. Bill Boharski, Chairman	✓	
Rep. Jack Herron, Vice Chairman, Majority		✓
Rep. David Ewer, Vice Chairman, Minority	✓	
Rep. Chris Ahner		✓
Rep. Shiell Anderson	✓	
Rep. Ellen Bergman		✓
Rep. John Bohlinger	✓	
Rep. Matt Brainard		✓
Rep. Matt Denny	✓	
Rep. Rose Forbes		✓
Rep. Toni Hagener		✓
Rep. Bob Keenan	✓	
Rep. Linda McCulloch		✓
Rep. Jeanette McKee		✓
Rep. Norm Mills	✓	
Rep. Debbie Shea		
Rep. Joe Tropila		✓
Rep. Diana Wyatt		

Tropila - oppose motion 7 9

r.o

*Boharski - creates schedule to disagree who permission
Anthony - Rep Rainey - everybody likes the bill*

ROLL CALL VOTE

Local Government

Amendments

DATE 2-16-95 BILL NO. 308 NUMBER _____

MOTION: Ewer DO Pass on Bill
Ewer DO Pass Amendments
 " " " AS.

NAME	AYE	NO
Rep. Bill Boharski, Chairman		
Rep. Jack Herron, Vice Chairman, Majority		
Rep. David Ewer, Vice Chairman, Minority		
Rep. Chris Ahner		
Rep. Shiell Anderson		
Rep. Ellen Bergman		
Rep. John Bohlinger		
Rep. Matt Brainard		
Rep. Matt Denny,		
Rep. Rose Forbes		
Rep. Toni Hagener		
Rep. Bob Keenan		
Rep. Linda McCulloch		
Rep. Jeanette McKee		
Rep. Norm Mills		
Rep. Debbie Shea		
Rep. Joe Tropila		
Rep. Diana Wyatt		

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

Local Government

Do PASS

DATE 2-16-95 BILL NO. 308 NUMBER _____

MOTION: *Every No Pass As Amended*
Wyatt?

NAME	AYE	NO
Rep. Bill Boharski, Chairman	-	
Rep. Jack Herron, Vice Chairman, Majority	-	
Rep. David Ewer, Vice Chairman, Minority	-	
Rep. Chris Ahner	-	
Rep. Shiell Anderson		✓
Rep. Ellen Bergman	-	
Rep. John Bohlinger	-	
Rep. Matt Brainard	-	
Rep. Matt Denny		✓
Rep. Rose Forbes	-	
Rep. Toni Hagener	-	
Rep. Bob Keenan	-	
Rep. Linda McCulloch	-	
Rep. Jeanette McKee	-	
Rep. Norm Mills	-	
Rep. Debbie Shea	-	
Rep. Joe Tropila	-	
Rep. Diana Wyatt	-	

ROLL CALL VOTE

Local Government

Do Pass

DATE _____ BILL NO. 358 NUMBER _____

MOTION: Anderson -
Do Pass -

NAME	AYE	NO
Rep. Bill Boharski, Chairman	-	
Rep. Jack Herron, Vice Chairman, Majority	-	
Rep. David Ewer, Vice Chairman, Minority		✓
Rep. Chris Ahner	-	
Rep. Shiell Anderson	-	
Rep. Ellen Bergman	-	
Rep. John Bohlinger	-	
Rep. Matt Brainard	-	
Rep. Matt Denny	-	
Rep. Rose Forbes	-	
Rep. Toni Hagener		✓
Rep. Bob Keenan	-	
Rep. Linda McCulloch		✓
Rep. Jeanette McKee	-	
Rep. Norm Mills	-	
Rep. Debbie Shea		✓
Rep. Joe Tropila		✓
Rep. Diana Wyatt		✓

12 6

ROLL CALL VOTE

Local Government

DATE _____ BILL NO. 358 NUMBER _____

MOTION: Anderson - review HB 358
Take from table -
SB 100

NAME	AYE	NO
Rep. Bill Boharski, Chairman	-	
Rep. Jack Herron, Vice Chairman, Majority	-	
Rep. David Ewer, Vice Chairman, Minority		✓
Rep. Chris Ahner	-	
Rep. Shiell Anderson	-	
Rep. Ellen Bergman	-	
Rep. John Bohlinger	✓	
Rep. Matt Brainard	-	
Rep. Matt Denny,	✓	
Rep. Rose Forbes	✓	
Rep. Toni Hagener		✓
Rep. Bob Keenan	-	
Rep. Linda McCulloch		✓
Rep. Jeanette McKee	-	
Rep. Norm Mills	-	
Rep. Debbie Shea		✓
Rep. Joe Tropila		✓
Rep. Diana Wyatt		✓

12 6

TESTIMONY IN SUPPORT OF H.B. 261
CINDY MOREE
FEBRUARY, 16, 1995

EXHIBIT 1
DATE 2-16-95
HB 261

My name is Cindy Moree. I am the Co-chair of the Travois Village Residents' Association in Missoula. I also sit on the state and local boards of Montana People's Action. I am here today to speak in support of H.B. 261, allowing local governments to enact rent stabilization measures, based on vacancy rates in their communities.

Over the past years, the state legislature has legitimized the concerns of mobile home owners by passing measures such as the "Good Cause" eviction laws which protect us from unreasonable evictions. We ask you to consider this rent stabilization bill with the same objectiveness you used in the past.

The need for rent stabilization in mobile home courts is at an all time high in major cities and towns across the state. As housing costs soar with our states new found popularity, more and more working class Montanans find mobile homes to be the only truly affordable form of housing in the state. This translates into mobile home courts being at, or near capacity. The demand for mobile home spaces grossly out weighs the supply. Court owners, many of them from out of state, are getting rich off hard working Montanans who can afford it the least. And the sad part of this, Mr. Chairman, is they can do this at will, as there is no place to move our homes. Simply put, the demand for spaces far out weighs the supply. And this will not change until local governments show more tolerance for mobile homes in their zoning plans.

The bill we are asking you to support does not declare that all mobile home courts in the state must abide by some strict rent control measure. In fact, it does not even establish the guidelines that must be followed. It simply allows for local governments to determine if there is a problem within their jurisdiction, and gives them an avenue to correct it. If towns like Broadus or Two Dot have plenty of spaces available for mobile home owners, then they will not be able to enact any rent stabilization measures. At the same time, however, it will allow growing communities like Bozeman or Kalispell to address the problem at hand.

In closing Mr. chairman and members of the committee, we feel this is a fair,

reasonable approach to a serious problem in the state. Please support H.B. 261.
Thank you.

THE GROWTH OF MOBILE HOME OWNERSHIP IN MONTANA
AND ATTENDANT PROBLEMS

EXHIBIT 2
DATE 2-16-95
HB 261

Prepared by Montana People's Action

INTRODUCTION

A decline in the real purchasing power of Montana families, in conjunction with a significant increase in the cost of housing in the Treasure State - brought on in no small part by a new wave of immigrants looking to live in the "last best place" - has caused a dramatic increase in the number of Montanans living in mobile homes over the last decade.

In fact, according to the 1990 U.S. Census, *the increase in the number of mobile homes in Montana over the last ten years is equal to 79% of the overall increase in the total number of occupied housing units in the state.*

Table

Increase in Number of Total Occupied Housing Units,
Mobile Homes, Montana

	<u>1980</u>	<u>1990</u>	<u>Increase</u>
Occupied Housing Units	283,742	306,153	22,411
Mobile Homes, Trailers	40,787	58,556	17,769

Montana People's Action (MPA) currently estimates that there are over 160,000 Montanans living in mobile homes and that an estimated 110,000 of them live in the state's 1,200 licensed mobile home courts or trailer parks.

It is MPA's contention that Montana families living in mobile home courts are a large, at-risk population that deserves increased statutory protection, for the reasons outlined below. The vast majority of these Montanans own their own homes.

PROBLEMS

Many courts have deficient water and sewer systems. Over the last two decades, very few new mobile home courts (MHC's) have been built. Many courts operate with their own aging water and sewer systems and are not hooked up to municipal or other water and sewer systems. State law requires MHC's that operate their own systems to provide a licensed operator yet very few courts employ them, let alone have them on-site. Court water systems are supposed to be tested on a monthly basis but this requirement is not strictly enforced by local health departments and

SUMMARY

The problems outlined above are just some of the problems which face tens of thousands of Montana home owners living in mobile home courts. These Montanans are mill workers, secretaries, small business owners, retirees, teachers, laborers and professionals. The problems they face - which MPA can document thoroughly with personal testimony - are due to the distinctiveness of their homes. They own homes that are difficult to move and there are very few mobile home court spaces available in Montana communities.

As mobile home ownership has increased across the country, many states - particularly western states where mobile home ownership is high - have increasingly found reasons to regulate the mobile home court industry. Twenty-nine states (including Montana) now require "Good Cause" eviction, twenty-two states (including Montana) require that court rules be fair and reasonable, twenty-eight states (not including Montana) allow home owners to sell their homes within their courts, and twenty-three states (not including Montana) prohibit court owners from charging extra fees.

Undoubtedly, the majority of mobile home court owners are responsible individuals doing their best to provide a decent product for a fair price. But there are also undoubtedly many court owners who take advantage of the vulnerability of today's mobile home court resident in Montana.

It is MPA's contention that the good court owners have nothing to fear from increased scrutiny on the part of the state.

At a minimum, the state should pass laws which protect mobile home owners' right to sell their property without undue interference, and provide this at-risk population with educational resources so that they know the laws which affect their tenancy. There are approximately 8,000 nursing home residents in Montana and we have established the office of the Nursing Home Ombudsman to meet their informational needs. There are over 110,000 Montanans living in mobile home courts. Why shouldn't they have an ombudsman as well?

EXHIBIT 2
 DATE 2-16-95
HB 261

STATE OF MONTANA				
MOBILE HOMES AS PERCENTAGE OF HOUSING UNITS				
BY COUNTY FROM 1990 CENSUS				
	1	2	3	4
	TOTAL #	NUMBER OF	MOBILE HOMES	EST. # PERSONS
COUNTY	HOUSING UNITS	MOBILE HOMES	AS % OF UNITS	LIVING IN MH'S
Beaverhead	4,128	970	23%	2,668
Big Horn	4,304	847	20%	2,329
Blaine	2,930	398	14%	1,095
Broadwater	1,593	409	26%	1,125
Carbon	4,828	748	15%	2,057
Carter	816	215	26%	591
Cascade	33,063	3,786	11%	10,412
Chouteau	2,668	452	17%	1,243
Custer	5,405	723	13%	1,988
Daniels	1,220	132	11%	363
Dawson	4,487	600	13%	1,650
Deer Lodge	4,830	414	9%	1,139
Fallon	1,525	303	20%	833
Fergus	5,732	1,048	18%	2,882
Flathead	26,979	4,764	18%	13,101
Gallatin	21,350	3,350	16%	9,213
Garfield	924	235	25%	646
Glacier	4,797	880	18%	2,420
Golden Valley	432	88	20%	242
Granite	1,924	432	22%	1,188
Hill	7,345	1,136	15%	3,124
Jefferson	3,302	795	24%	2,186
Judith Basin	1,346	259	19%	712
Lake	10,972	2,007	18%	5,519
Lewis and Clark	21,412	3,606	17%	9,917
Liberty	1,007	205	20%	564
Lincoln	8,002	2,089	26%	5,745
Madison	3,902	770	20%	2,118
McCone	1,161	231	20%	635
Meagher	1,259	327	26%	899
Mineral	1,635	537	33%	1,477
Missoula	33,466	5,311	16%	14,605
Mussellshell	2,183	485	22%	1,334
Park	6,926	1,190	17%	3,273
Petroleum	293	80	27%	220
Phillips	2,765	616	22%	1,694
Pondera	2,618	387	15%	1,064
Powder River	1,096	353	32%	971
Powell	2,835	548	19%	1,507
Prairie	749	121	16%	333
Ravalli	11,099	2,096	19%	5,764

Taking Aim at Trailer Park Tyranny

Mobile home parks are a largely unregulated industry in many states. They may not stay that way much longer.

BY CHARLES MAHTESIAN

There are no trailer parks in Ellen Harley's suburban Philadelphia district. Nevertheless, she finds herself this spring as the chief sponsor of a bill to do something her legislature has been reluctant to do in the past—place tougher state restrictions on mobile home dealers and park owners.

Representative Harley's interest in the subject reflects in part her background as a city and regional planner. But even more, it reflects the arrival of mobile home regulation as an issue that legislatures all over the country are going to have to grapple with.

Up to now, few governments at any level have had much desire or reason to get involved with policing mobile home or trailer parks. Few localities want them, and those that have them usually prefer that they stay hidden away in some out-of-sight cul-de-sac. But it is no longer possible to keep them out of sight politically. The problems created by a little-watched industry are forcing their way to public attention as Americans turn to "manufactured housing" in their search for affordable places to live.

At the extremes, these problems can border on the Orwellian. There are trailer parks where residents are not allowed to have food delivered after a certain hour, or have a visitor of the opposite sex. There are others where the terms of the lease are altered according to the applicant's marital status, religious affiliation or sexual orientation. There are some in which, during the Christmas holidays, residents have to pay a fee for each guest who stops by to pay a call.

All rules of that sort are clear violations of federal housing law. But they are documented cases that have turned up in various parts of the country where state law regulating the parks is weak or nonexistent. "Some of the parks turn into absolute dictatorial arrangements," says John Jensen, past president of the National Foundation of Manufactured Home Owners. "The landlords think nothing of peeking in your windows."

No one is claiming that trailer-park fascism is the typical situation. But the horror stories have multiplied because the parks themselves grew so fast in the 1980s. Overall, production of mobile homes is down in the current recession, but in the 1980s, they were the fastest growing-type of dwelling. In the nation as a whole, about 1 in 16 people now live in manufactured homes. In some states, such as South Carolina and Wyoming, the number is closer to 1 in 6. In four Nevada counties, mobile homes make up more than half of the housing units. Even in Pennsylvania, not known as a warm-weather sanctuary, there are now 250,000 mobile homes.

THEY ARE A SYMBOL OF HARD economic times, hard enough to lead lower-income and middle-class families and millions of retired people to seek refuge from unmanageable housing costs. A mobile home depreciates in value every year, but at about \$20,000, a new model suitable for a couple or small family sells for a fraction of the price of conventional housing, even in the

nation's cheapest housing markets.

Actually, the term "mobile home" or "trailer" is hardly used anymore—at least within industry circles—because it tends to conjure up visions of run-down, dilapidated vehicles crowded together in a rural shantytown.

Instead, the manufactured housing industry prefers to call its traditional products "single-sections," as opposed to the larger and more aesthetically pleasing "multi-sections." The multi-sections consist of several discrete manufactured segments, delivered on a flatbed and assembled on site. The single-section mobile home, in contrast, is towed to a site without a permanent foundation. It rests on wheels and a chassis.

Nowadays, only units made before 1976—the year the U.S. Department of Housing and Urban Development established a national code for manufactured housing—are called mobile homes. Everything after that point is referred to as manufactured housing.

But the semantics are of less concern than the practices of the operators, particularly in states such as Pennsylvania, where the law gives the individual home owner very little protection. There, the state attorney general's office accidentally uncovered an undercurrent of outrage while laying the groundwork for an antitrust lawsuit against a mobile home dealer in Lancaster County. In the course of the investigation, enough complaints surfaced to justify creation of a special task force on manufactured hous-



The American not-so-mobile home: Once it sets down, it usually stays put.

ing. "It was becoming increasingly obvious that we needed to take a hard look at the laws," says Dan Clearfield, director of the public protection division.

What was happening in Pennsylvania was this: Mobile home park owners were steering purchasers to a specific dealer in exchange for a share of the dealer's profits on the sale. It amounted to coercion, because home buyers typically must secure a space in a park before purchasing, and with spaces lim-

and there is little redress available for the tenant. Moving away is usually an unrealistic option—it can cost \$6,000 to move a home that is barely worth that much on the market. Furthermore, some landlords impose sales conditions that make it nearly impossible to unload a used home, forcing the home owner to sell it back to the landlord himself at a discount price.

Dan Gilligan, vice president of the Manufactured Housing Institute, says

California, both have well-organized home owner organizations that have lobbied for written lease terms and stricter landlord maintenance obligations. New York's mobile home owners gave up lobbying the legislature and instead took their fight to individual counties. There they have won passage of laws banning arbitrary eviction.

On some important issues, there are reasons for the home owners and the park owners to work together. In many

places, zoning laws are designed to keep mobile home parks out altogether. "We're classified by Mr. NIMBY along with landfills, dumps and cement factories," says John Jensen of the Manufactured Home Owners

Seventeen states now prohibit such discriminatory zoning codes, but those laws vary widely. Virginia, for example, allows more upscale, multi-section homes in any area zoned rural or agricultural. But outside these areas,

the decision to allow manufactured housing of any sort is up to local jurisdictions. And

they, as a rule, will not listen to the manufactured housing industry's argument that the newest

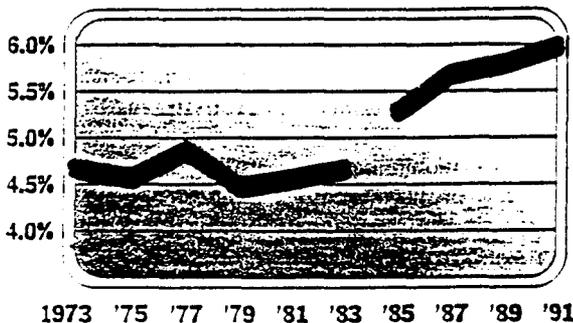
multi-section homes are architecturally and aesthetically compatible with conventional developments. The knock is that manufactured housing—no matter how attractive—drives down property values.

When the homes are of the old-fashioned single-section variety, the stigma is often impossible to overcome. "There are a tremendous amount of local governments around the country saying 'single sections, period,'" says Andy Scholz, director of site development for the Manufactured Housing Institute. "The problem that they tend to overlook is that there are a lot of people who only want single-section homes."

Home owners and park owners can thus find common ground when it comes to lobbying for permission to plant themselves in a community. Once they are planted, though, their interests collide. Harley insists it need not be that way. "The good community owners have no problems with these regulations," she says. "The baddies are the only ones who have problems with them."

THE MANUFACTURED HOME

Manufactured housing as a percentage of occupied housing units



1973 '75 '77 '79 '81 '83 '85 '87 '89 '91

Note: Mobile homes with permanent additions were added to the category in 1985.

Source: U.S. Census Bureau

ited in a given area, they are not in a position to reject the park owner's instructions on where to buy the home, even if they must pay a higher price as a result. In most states, including Pennsylvania, tie-ins between dealer and park owner are legal. In fact, dealers themselves are the park owners in many instances.

It is in these situations, with spaces at a premium, that mobile home owners are sometimes forced to swallow arbitrary lifestyle restrictions or capricious increases in the rent for their space. "The core issue with mobile home parks is that a mobile home is not really mobile," says Jon Sheldon of the National Consumer Law Center. "Once you're there, you're stuck. It's too expensive to move if your rent is increased."

Some 18 states now require written terms in the leasing of trailer park space, but even this represents little protection, since only four of those states require a lease term of a year or more. With the leases shorter than that in most places, rent can be raised at virtually any time,

many of these complaints are unjustified, or the result of isolated instances. "Every industry has its oddballs," says Gilligan. "We're not interested, as some of the more militant groups would portray us, in running prison camps. We're interested in having happy customers."

THESE DAYS, HOWEVER, STATE and local governments are finding themselves under growing pressure to force the industry to take customers' rights seriously. In the past, the unorganized and economically distressed home owners have had little pull in state capitols, especially compared with the well-financed dealers and park owners. But that is changing as a slightly higher-scale group of people with some political sophistication moves into manufactured housing. "More and more middle-class people are buying these homes," says Harley, the Pennsylvania legislator. "And when it becomes a middle-class issue, it becomes a political issue."

The two states with the highest number of mobile homes, Florida and Cali-

Mobile home park ownership profits & are excellent even with rent stabilization

By Bob Sloan, Green Tee Mobile Park, Gresham

For approximately the last 15 years Mobile Home Park Owners and their association MHCO (Manufactured Housing Communities of Oregon) have been telling the Oregon Legislature that Rent Stabilization, Rent Control or any form of legislation restricting their ability to increase rents would be a disaster to the industry.

The lobbyist for MHCO have put out false information that rent stabilization would inhibit new construction. Not true. Our bill last year SB-446 excluded new parks until they were 75% occupied.

The lobbyist for MHCO also put out false

information on Deterioration of Existing Housing. We the mobile home owners and renters of their small piece of ground maintain our own homes. And frequently we do a better job than the owners do in taking care of the common areas.

Another phony argument of theirs is that rent control causes Reduced Property Tax Revenues due to reduced market value of controlled rental property. Now who benefited from Measure 5 the most? Business properties and mobile home business properties. They got a much larger tax deduction on their property than we mobile home owners did on our homes.

All the propaganda MHCO publishes

and presents to legislators is mostly B.S. The mobile home park I lived in for 13 years in Southern California was under rent stabilization. Yet the park owner made enough profits to buy four more parks.

As proof of the profits to be made in mobile home park ownership even with rent stabilization, please read the article at right which was published in the Californian in April 1985. This statement was in a written presentation to the California Senate Select Committee on Mobile Homes. (Please clip - photo copy this entire article and mail to your local Senator and State Representative.)

Manufacturers' home parks top investment

Gerald W. Fisher, president of Mitchell Management Co., called ownership of a mobile home park an investment that has proven to be with out a doubt one of the best around, in a written presentation to a recent meeting of the Senate Select Committee on Mobile Homes.

Mr. Fisher's complete statement: "The ownership of a mobile home park as an investment has proven to be without a doubt one of the best around."

"In all areas of return to an investor, i.e., cash, depreciation, and appreciation, the mobile home park generally will out perform the more recognized form of real estate ownership, such as apartment buildings, office buildings and shopping centers."

"It is a very well established fact that the combination of these three areas of return averaged over a five to seven year holding period, should bring the investor at least a 50 percent return on his investment."

"All of these things that would normally be considered a negative in the eyes of the investment community, such as rent control, high cost of loans, and irate tenants is just not enough to deter the scramble for any park that comes into the market place."

"Almost universally a deal is struck within the first 30 days, with the owner sifting through at least seven to 10 bids and re-bids before making a decision."

Mr. Fisher's opinion is based on 25 years of real estate experience in the field of finance, development, conversion and management.

EXHIBIT 5
 DATE 2-16-95
 HB 961

EXHIBIT A
DATE 2-16-85
HB 261

Mr. Chairman and members of the committee,

I am Nancy Weinzettel from Great Falls.

I am advocating your passage of HB 261 as a means of involving local governments in the process of seeking solutions to an issue being faced by mobile home court tenants in Montana.

This particular issue is in regard to space rent and trends toward frequent increases in those amounts. For some home owners that rent a space, the rent has increased two or more times in a year with up to 20% increase each year. For example, five years ago a person could rent a space for \$140 per month, but today it's up to \$225 per month. That \$225 per month plus a mortgage payment would equal the cost of buying a small "stick" built house. If we could afford that high of a payment, we wouldn't be living in mobile homes to begin with.

I need the space in my court on which to park my mobile home, but others also need that space. The court that I live in is at 100% occupancy with a waiting list. We certainly don't want anything to impede the development of new mobile home parks, and new mobile home parks and those developments less than five years old would be exempt until the occupancy rate reaches 75%

In a recent informal survey by Montana People's Action mobile home residents were asked what their main issues were. Over 95% of the respondents listed rent stabilization in courts as their number one concern.

Mister Chairman and members of the committee, there are over 100 thousand people living in mobile home courts in Montana. They are your constituents. This, their number one concern, is addressable at a local level. HB 261 is the most reasonable rent stabilization bill that this legislature has ever heard.

Sentiment in the state is to get government to the local level. Well, here it is! A bill that allows local government to decide whether or not a problem exists.....and provides avenues with which to correct it. Without going back to the state legislature!

I urge your favorable consideration.

Thank you.

Nancy Weinzettel
3807 poker Flats Road
Great Falls MT 59405
406 452 8534

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Local Government COMMITTEE BILL NO. HB 261
 DATE Feb-16-95 SPONSOR(S) Wennemar

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Robert Dunlop	myself		✓	
Nancy Weinzettel	Mont. People's Action	261		✓
Lindy Woree	Montana Peoples Action	261		✓
RONDA CARPENTER	Mt Housing Providers WMLA, IPM's, MLA	261	X	
Ann L. Fischer	IPM & MLA	261	X	
RICKY LINAFFELTER BLACK EAGLE MT. 59414	MONTANA LAND COORD'S ASS VICE PRESIDENT	261	X	
Cecil WALBORN	IPM's President	261	X	
Greg Van Hossen	Montana Housing Provider	261	✓	
Brian Dullin	Montana Peoples Action	261		✓
Paul Shively	MPA	261		✓
Daniel N. McLean	Oakland Holding Co.	261	✓	
Melissa Case	MPA	261		✓
ANDY SKINNER	SELF	261	✓	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.