

Tropicana Village West Company

dba West Valley Mobile Home Park

6300 W. Tropicana Avenue

Las Vegas, Nevada 89103

Phone: (702) 876-4778 or (702) 876-4779

3/1/1981

Nevada State Assembly
Capitol Complex
Carson City, Nevada 89701

Re: Assembly Bill #30 Pursuant To Nevada's Mobile Home Park Industry

Dear Assemblyman or Assemblywoman:

It has been implied in the task force committee's report that enabling legislation for rent control might be the cure (vis a vie rent control) to the economic problems senior citizens on fixed incomes face when their rents periodically are increased. This assertion the Nevada Park Watch Association, Inc. (as does our Company) believes to be utterly false for the following reasons:

1. Justifiable rent increases based on increased operating costs and capital expenditures for additional improvements to a mobile home park always will occur whether or not rent control ever is adopted. Thus, financially needy people (whether they be senior citizens or otherwise) will not obtain any real relief under these circumstances.
2. It is a known fact that property owners of rental property often "bleed" their properties by not properly maintaining same to receive a fair return on their investment when rent controls are imposed upon their operations. When this occurs, rental properties soon become slums as evidenced in New York and now even in parts of California where such destructive controls exist. Thus, in addition to not alleviating the financial problems of financially needy people, A.B. #30 if passed could lead to the deterioration of living facilities of such tenants in addition to all other tenants.

To help resolve the real problems of needy financially tenants (including those senior citizens on fixed incomes who are financially needy), we wish to suggest the following steps be taken by the Assembly:

1. To mandate that the City and County Housing Authorities allocate the Certificates of Eligibility they receive under Section 8 of the H.U.D. rent subsidy program proportionately between apartment rental units and mobile home park space rental units so that Nevada's mobile home park tenants no longer will be "short changed" in this respect. The said Housing Authorities should also be required to use the annual statistics of the local planning commission in their jurisdiction for determining allocations of said certificates between apartment house renters and mobile home park renters of spaces. To hold the Housing Authorities accountable, the Attorney General of Nevada we believe should be given the power to see that this proposed mandate is complied with.
2. Since tenants do not know where parks exist that have moderate to low space rents, we suggest that the various Housing Authorities be required to maintain a current published list (kept on an annual basis) of all mobile home parks in their jurisdiction which rent spaces for under \$150.00 a month. This will enable any tenant desiring to move into inexpensive vacant rental spaces or to acquire a vacated mobile home coach occupying such rental space to do so.

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3. We suggest that a task force of three Assemblymen and Assemblywomen be appointed to work with Senator Laxalt to: (a.) amend the Section 8 H.U.D. rent subsidy law so that rent subsidies of the government are capped at an agreed upon formula; to the extent excesses of those living in pent house apartments or other high rental units can be curbed, such savings could then, in turn, be allocated for additional Certificates of Eligibility which are in such short supply; (b.) to amend the F.H.A. loan laws governing mobile home parks so that F.H.A. financing can be provided for mobile home parks developed for senior citizens in addition to families which said financing currently is limited to; and (c.) if H.U.D. has any unused funds held in reserve for construction loan guarantees that are not used in its F.H.A. financing programs, we suggest that H.U.D. be empowered to transfer any of such funds in areas that may not need new developments to Certificates of Eligibility for those tenants which are financially needy, and (d.) other M.H.P. restrictions be modified.
4. To the extent the above three recommendations may not solve all the rental problems faced by the financially needy, we then feel that the City and County Housing Authorities should be provided with ~~State~~ tax funds to acquire certain property where they can develop and operate public rental housing for the needy only where a clear cut need can be ascertained.

By adopting the above proposed plan, government will be working as a partner with the private sector of Nevada's mobile home park industry, rather than trying to be its unwanted master under A.B. #30, which only will cause far more problems than it will solve if it is passed. This we hope will not happen.

Sincerely yours

Paul F. King, Jr.
Paul F. King, Jr.
Managing General Partner

Approved by:

Morris Hoss
Morris Hoss
Vice President
Nevada Park Watch Association
Inc.

P.S. Inflation and economic indigence are problems of a society wide nature. Thus, Nevada's fine mobile home park industry must not be made a "scapegoat" for such problems, which support of A.B. #30 is tantamount to, and which we vigorously oppose. Where financially needy senior citizens or others who are unable to afford justifiable rents of higher echelon and/or more strategically located parks, and where same are not able to obtain certificates of eligibility for rent subsidies and do not have reserve funds to move to lower rental parks, we urge tenant groups to hold charitable fund raising functions, e.g. bake sales, bingo contests, clothing bazaars, etc. to raise funds to assist such needy people to move from such mobile home parks. Park owners on the whole would be more than willing to donate their clubhouses for such functions, and some would even be willing to make a financial donation if such a worthy function were held at their clubhouses.

Billion-Dollar Nightmare at HUD

Consider the rent-subsidy program known as Section 8—and weep. In six short years it has enabled developers and their clients to tap the federal till for an astonishing *130 billion* dollars

By DONALD ROBINSON

WHEN CONGRESS enacted the Housing and Community Development Act of 1974, the lawmakers generally ignored an obscure rent-subsidy program authorized under Section 8. And why not? Section 8's appropriation that first year was, by Washington standards, minuscule: just \$42 million.

Six years later, though, Section 8 is raging out of control. The \$3 billion reserved for Section 8 in President Carter's latest budget is only the tip of the iceberg. If the President has his way, the Department of Housing and Urban Development (HUD) will sign contracts in fiscal 1981 obligating taxpayers to shell out \$20 billion

in rent subsidies in coming years. And that's just this year's commitment. From 1974 to 1979, HUD committed itself to Section 8 subsidies totaling *\$130 billion!*

The beneficiaries of this government largess are legion, although all too few of them are the truly poor who desperately need it. In Los Angeles, welfare families are authorized to live in two-bedroom apartments for as little as \$126 a month; HUD picks up the rest of the \$503-a-month rent. In San Francisco, welfare recipients live in \$472-a-month apartments, courtesy of HUD.

Developers who are awarded contracts to put up new Section 8 apartment complexes do even bet-

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ter. Once the contract is in hand, the idea is to sell interests in the project to wealthy private investors. In so doing, the developer reaps a large and immediate gain, while his new partners—most in the 60-to-70-percent tax bracket—save money they would otherwise lose in taxes. And *both* can expect to earn large profits over the long term.

Deeply concerned over Section 8's potential for profit finagling is U.S. Sen. William L. Armstrong (R., Colo.), a member of the Senate Banking, Housing and Urban Affairs Committee. "Section 8 is a potential bonanza for grasping politicians, influence peddlers and other rip-off artists," he says. "Before it is through, this one provision of one act may cost taxpayers upward of \$600 billion. It is sheer madness."

Tapping the Till. None of this was planned, of course, when Congress approved Section 8 six years ago. The goals of the program—to encourage developers to construct modestly priced rental housing, and to assist the poor in paying their rents—were worthy then, and are even more so today in view of our national housing crisis. But can these goals be realistically achieved under the present provisions of the law?

A developer who wishes to participate in the Section 8 program submits his construction plans for a new or rehabilitated apartment house to HUD's local representative. The agency then determines the

"fair-market rent" the developer can charge for each apartment. In practice, this simple phrase becomes a nightmare for the taxpayer—for the more luxurious the apartment, the higher HUD will set the rent. Furthermore, HUD will guarantee to pay almost all of the rent for the next 20 to 40 years for any apartment that's occupied by people HUD deems to be poor enough. Qualified families pay only 15 to 25 percent of their gross income for rent and utilities. HUD antes up the rest.

The most amazing thing about the program is the official definition of a low-income family. By Congressional fiat, any family qualifies that earns less than 80 percent of the median income in its area. Thus, in Washington, D.C., a family of four with an income of \$16,083 a year is considered *poor* by HUD and is entitled to a huge rent subsidy from the taxpayer. A family of four in New York City with an income of \$17,269 a year can tap Uncle Sam's till for over \$6000 a year in Section 8 subsidies. In Chicago, a four-member family can make as much as \$15,034 a year, and still get Section 8 assistance.

"It doesn't make sense," says Senator Armstrong. "You take from a working guy the money he has earned with his hands and you use it to pay for somebody else's housing—housing often far superior to that of the man who is paying the bill."

Big Spenders. The need for housing help to the poor—the genuinely

poor—is real. Rent controls, declining construction by private industry, conversions of existing apartments to condominiums, building abandonments—all have combined in recent years to create a severe housing shortage for the 26 million American families who rent apartments or homes. Indeed, the national rental-vacancy rate is five percent, one of the lowest recorded since the Census Bureau started collecting such data in 1956. But is Section 8 any way to solve the problem?

A months-long investigation by *The Reader's Digest* did disclose some Section 8 projects—in Newark, Jersey City, Chicago and other places—where low-income, elderly and handicapped people are housed comfortably and economically. But these are overshadowed by evidence of extravagance and waste.

A classic example of this is New York City's luxurious Taino Towers. Located in East Harlem, Taino's 35-story, concrete-and-glass towers contain 656 air-conditioned apartments, ranging from studios to duplexes and featuring double-size windows and screened-in balconies. There are also greenhouses, an Olympic-size swimming pool, an auditorium and a gymnasium. Apartments in this classy complex do not come cheap. A two-bedroom unit, for example, rents for \$598. But *none* of the tenants will pay the fair-market price. In fact, each apartment in Taino Towers will be subsidized by the government to the tune of \$9608 a year (Section 8 covers \$5869 of this;

the rest comes under an older HUD program). The total cost to the taxpayer for this one apartment complex: \$6,302,848 each year.

This incredible generosity is compounded by administrative practices that are shockingly lax. Investigators for Congress's watchdog, the General Accounting Office (GAO), discovered, for instance, that only one of 17 HUD field offices checked had a system to prevent duplication of subsidy payments. Thus the agency was often paying developers and tenants far more than the law required. Worse, formulas for verifying tenant income are so complicated that GAO studies have found them to be "incomprehensible." Last year, concerned over this problem, Congress unanimously approved an amendment requiring HUD to tighten control over verification procedures. Buried deep within the Housing and Community Development Amendments of 1979—and adopted despite heavy pressure from developer groups—this major corrective measure is today largely ignored by the HUD hierarchy.

Not surprisingly, HUD administrators often have no idea how much they spend—or on what. Asked how many Section 8 projects were located in his jurisdiction—a statistic that should have been on the tip of his tongue—a top HUD official in the Washington field office confessed that he had no idea. In New York, another administrator could not even guess how much his office had dispensed in Section 8 subsidies. It

took him nearly a month to determine the answer: \$133 million.

Guaranteed Profit. With so much easy money at stake, it is small wonder that Section 8 has attracted fast-buck artists. Here's how they cash in:

Any developer who gets HUD's okay on a Section 8 project can quickly obtain a mortgage from a bank for 90 percent of the project's cost, since HUD guarantees repayment. What's more, he generally pays only half the prevailing interest rate, with HUD paying the other half. And since HUD guarantees him a profit of ten percent of the cost of the project, he can even borrow most of the money for the down payment on the mortgage.

Given these conditions, it comes as no surprise that charges ranging from political favoritism in Rhode Island to outright corruption in New Jersey have plagued HUD operations. A team of reporters from the Providence, R.I., *Journal-Bulletin* accused officials in Gov. J. Joseph Garrahy's office of handing out projects to those whose political "support" was generous. The *Bulletin's* allegations—denied by officials—have nonetheless prompted a full-scale investigation of Section 8 housing in Rhode Island. And in New Jersey, a string of convictions and federal-state indictments have been handed down following a three-year housing-fraud scandal. According to the most recent indictments, building contractors James M. Canino and Alvin Raphael allegedly diverted

\$1.5 million from HUD's Parkview Towers project and used it to improve their own properties with such pluses as swimming pools, cabanas, tennis courts, etc.

Needed: Drastic Reform. Year after year, the cost of Section 8 escalates. What can be done to stem its waste and extravagance? Senator Armstrong has proposed a seven-point program:

1. HUD should restructure Section 8 to ensure more competitive bidding and to encourage reduction of costs by sharing savings with developers.

2. HUD must eliminate the mountains of red tape that are driving up Section 8's costs.

3. HUD must pay more attention to preserving existing rental housing. Let's stop the epidemic of abandonment.

4. The federal government should subsidize interest rates only for those builders who agree to charge moderate rentals and to maintain their buildings according to clearly defined "decent living" standards.

5. Rental subsidies should go solely to people who need them: families who earn no more than 50 percent of the national median income. (That income was \$20,428 in 1978; so the cut-off point for that year should have been \$10,214.)

6. HUD must develop an effective system for verifying tenant income.

7. The Justice Department and HUD must promptly take steps to clean out corruption from Section 8

before it infects the entire program. "Section 8 is a perfect example of a government program that was adopted with little thought and administered with little care," sums up Senator Armstrong. "Drastic re-

forms are necessary if the interests of the long-suffering taxpayer are to be protected."

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Music to My Ears

I WAS JOGGING one day, hearing only my rhythmic breathing, when the sound of a hand-pushed lawn mower caught my attention. "That's a beautiful sound!" I called to the man pushing it. Inspired by a sudden thought, I blurted, "It's an *acoustic* lawn mower!" He considered, caught on and laughed.

"Acoustic" is the term our rock/jazz musician son uses for non-electronic musical instruments. When he applies it to our dignified traditional piano, it seems belittling. But now the word seemed a badge of integrity, a term with panache for vanishing sounds and keen senses. My new perspective was reinforced when I picked up another appealing sound coming from our front porch, that of an acoustic churn. My daughter was hand-cranking a freezer of peach ice cream. Half the anticipatory enjoyment of our homemade ice cream is roused by the sound of churning ice against metal and wood that no electric churn can provide.

Consider some of the work pleasures we have lost to technology:

Acoustic drying. In spite of the time it took, the weather hazards and the back strain, I *do* miss taking that squeaky wicker basket of damp clothes to the backyard, snapping out a diaper and clamping it with wooden pins against a cobalt sky.

Acoustic raking. There is something sensual about the prongs of a flexible metal rake fingering smooth acorns or gently combing the tender rye under dry leaves. The process is destroyed by that noise-pollution abomination of a gasoline-powered leaf blower.

Acoustic shaving. My husband long ago gave up starting the day with the high-pitched whine of an electric shaver. He uses an acoustic razor, and seems calmed by the priestly ablutions of warm water, the sacramental sloshing of soft bristles around the soapy tang.

Acoustic food chopping. I don't own a food processor, but if I did, I would have sacrificed a major kitchen delight, chopping fresh vegetables on a wooden board. I would miss the treat of those tiny percussive sounds, from the fibrous crunch of celery to the satiny slicing of mushrooms—not to mention the distinctive aromas of garlic and bell peppers.

Sometimes when we visit the children's grandparents (in a town where you can hear acoustic church bells), I take special notice of the syncopated ticking of two acoustic clocks in adjoining rooms. Somehow the sound heals the sense of loss, of dislocation that comes from all my encounters with humming digital clocks. Everyone knows God meant time to tick.

—Emily W. Cumming in *Newswatch*