

3/2/1981

Nevada State Assembly
Capitol Complex
Carson City, Nevada 89701

Re: Assembly Bill #30--Enabling Legislation For Rent Control

Dear Assemblyman or Assemblywoman:

On behalf of the Nevada Park Watch Association, Inc. (comprised of mobile home park owners, dealers, et. al. in southern Nevada), I wish to further advise you of the bargains tenants living in mobile home parks are receiving in addition to those pointed out in our Association's bound case against enabling legislation for rent control.

At Desert Inn Estates on Nellis Boulevard in Las Vegas an average double wide space costs an occupant \$19,000. To move one's mobile home coach on said space and live on it the monthly space costs (based on the acquisition cost being fully financed at 15 3/4% per year) compute out on a monthly basis as follows:

1. Monthly interest on above referenced loan-----	\$249.30
2. Sewer & water fees billed to occupant-----	8.50
3. Association fee-----	16.50
4. Property tax advance-----	10.00
Total Monthly Living Expenses*:	
	\$284.30

*These monthly living expenses are understated to the extent occupants periodically have to pay for street light power and maintenance costs and a proportionate share of maintenance costs for interior streets billed to each occupant.

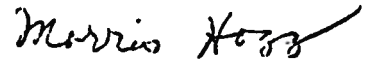
Since the median mobile home park rental in Nevada is about \$165.00 a month, you can readily see that to live in a typical estate mobile home park costs \$119.00+ more a month than to live in a rental mobile home park. Furthermore, some mobile home park owners have found tenants who have left their rental parks to live in an estate park moving back into their rental parks. The reason for this, in addition to higher monthly living costs than anticipated, is that some estate parks are turned over to the occupants to manage once the developer of same has sold out his spaces, and it is found that occupants of spaces do not manage the parks as well as park owners who have a much greater vested interest to do so, coupled with the additional political pressure they are under, since landlords unfortunately are presumed guilty too often and too often have to prove their innocence. Generally, park owners are not unscrupulous.

It is very disturbing to our Association to read about tenant complaints in the papers which take industry matters out of context and present information to the press as well as politicians as being representative of Nevada's fine mobile home park industry. No case can be made for rent gouging as some radical tenants continually attempt to improperly make in hope of making park owners their "inflation scapegoat" through destructive rent controls or enabling legislation for same. Although an occasional park owner has not maintained their park as well as all would desire, many, e.g. West Valley Mobile Home Park, Tropicana Village East Mobile Home Park, have turned such troubled dumpy parks into well maintained parks which rival any park owned by a Nevada park owner. Thus, those tenants who are too often trying to "kick" the out of state park owners unduly (who are not readily available to defend themselves) are attempting to further misrepresent the true story to unduly make 'mountains' out of isolated incidences in hopes Nevada's mobile home park industry will be overregulated.

Our Association urges all politicians to challenge all representations made to them by all tenants, our Association and anyone else. After evaluating same, we know you will vote for the "truth" and will oppose A.B. 30, 31 and 20.

Sincerely yours,

Morris Hozz, Vice President



Why Rent Controls Don't Work

Across the nation, rent-control ordinances are gaining acceptance. But—as one Democratic legislator has learned—they play a cruel hoax on the very people they're designed to help

BY SEN. THOMAS F. EAGLETON (D., MISSOURI)

RETIRED teacher Alicia Byrd (not her real name) lived for 38 years in the same impeccably maintained Washington, D.C., apartment development. When the city government adopted strict rent controls, Miss Byrd and her 174 fellow tenants liked the idea. After all, who wants to pay higher rents? Now, four years later, she says, "I see how ill-advised rent controls can be."

Earlier last year, in what came as a traumatic shock to many of the residents—especially the elderly—the apartments' owners announced that the buildings had been sold and soon would be razed for construction of an office building. "We had no

choice," say the owners. "With rents controlled and operating costs skyrocketing, the buildings were simply no longer profitable."

Alicia Byrd learned the hard way that rent controls provide a cure worse than the disease. Yet government control of rents has gained widespread acceptance in this country. In the last four years, some 200 cities and counties have adopted controls, and hundreds more are considering them.

Not long ago, rent controls were regarded as a wartime phenomenon, imposed along with wage and price controls to block profiteering in times of national emergency. But following expiration of the Nixon

THE READER'S DIGEST

Administration price controls, which covered housing, there were immediate pressures on localities to impose long-term ceilings on rents. Many quickly acceded. From a political standpoint, it was not surprising. There are far more renters than landlords. And when prices soar, immense pressure is exerted on government officials to stop the spiral. While restriction of commerce is usually beyond the legal reach of local officials, they can enact statutes limiting rents.

Had I been serving on a city council, I, too, could well have voted to impose controls. However, as chairman of the Senate District of Columbia Committee (which reviews the actions of Washington's elected city government), I conducted a wide-ranging investigation into rent control in the nation's capital. The facts that emerged have had a profound impact on my attitudes toward rent control. For the sad truth is that rent controls—enacted for the best of motives to protect middle- and low-income tenants—actually work against the very people they were designed to aid.

Washington's rent-control program has driven apartment owners, large and small, out of business. For example, more than 60 renters lost their apartments when their building was converted into a more profitable home for the aged. Recently, a modern 170-unit apartment structure—built less than ten years ago—went on the market with advertising publicly warning that as a residential

rental property it was not a good investment.

Studies estimate that Washington will need more than 1200 new rental units each year to keep up with demand. Since the implementation of rent controls, however, the city has experienced a net loss in available units. Worse still, the construction of private apartments has virtually ceased. Washington's leading mortgage lender has publicly stated that no loans will be considered for apartment development until there is an adequate return to the investor. Even city officials who once championed rent control now concede that the program should be phased out.

In a free-market economy, price and supply are regulated by demand. If prospective tenants outnumber available apartments, rents will increase, but so, too, will investments, prompting more apartment construction. Ideally, as the number of available apartments increases, prices will stabilize. Controls, however, interfere with the law of supply and demand. As George Sternlieb, a respected housing authority and head of Rutgers University's Center for Urban Policy Research, testified before my committee: "By cutting off the creation of new housing, you will have further housing squeezes, justifying the continuance of rent control, because clearly the housing shortage will get worse, not better."

The effect of rent control on apartment-building maintenance is

THE READER'S DIGEST

also insidious. Today, instead of replacing leaky roofs, owners frequently patch them. Painting has been postponed indefinitely in many projects. In one 35-year-old building, the pipes are sorely in need of replacement. Once, says the owner, he would have replaced them all. Now he is making only emergency repairs because he insists that he can't get the rent increases needed to make new plumbing worthwhile. Moreover, with no end to controls in sight, he questions whether he should invest any substantial sum to upgrade his property.

Unfortunately, it is the poor and lower-income residents of apartment buildings—the very people rent controls are supposed to help most—who are the primary victims of a system which provides an incentive for decay. (Affluent apartment dwellers typically live in newer structures valued more by owners and less dependent on timely maintenance.) The owners of one development in Washington appealed to the rent commission for increases to finance essential roof repairs. Shortly after the appeal had been turned down, building inspectors demanded that a roof be repaired and threatened to lift the owners' apartment license if it was not. Result: a 17-unit building was closed; its windows were boarded up and its tenants left to find housing elsewhere. Declares Flaxie Pinkett, head of a property-management firm and one of the city's most progressive citizens: "No one in his right mind would consider

substantial rehabilitation of a property in the city as long as this law is on the books."

Along with contributing to urban blight, the city's rent-control procedures also create demoralizing and costly red tape—"an administrative nightmare," says the *Washington Post*. It took one apartment-building owner six months—and a good lawyer—to win a hardship rent increase despite the fact that not a single tenant opposed his application. Another modest apartment investor waited more than two years before winning an emergency increase on a building that clearly was losing money throughout the period. "I spend more time coping with rent control than I do running a good apartment building," he says.

Often "hardship increases" do not approach the actual rise in owners' costs. In court actions, apartment owners have argued that they should be allowed to pass-through unavoidable increases in operating costs. But the city contends: "Unlimited pass-throughs would mean no control of rents at all."

Even the act of registering with the rent-control office is a major hassle. A government worker who owns four rental units told our committee how he went to the rent commission on his lunch hour, intending to register his modest properties quickly. Instead, he was given 15 pages of forms which were so complex he had to seek legal help to complete them.

Those who want to see where rent

WHY RENT CONTROLS DON'T WORK

controls ultimately lead need only examine the experience of New York City, where 30 years of rent controls have had a devastating effect on private-apartment housing. In recent years, apartments have been abandoned at a rate of more than 25,000 a year. Some areas where handsome apartment buildings once stood resemble bombed-out European cities in the aftermath of the war.

True, many economic and sociological factors have contributed to the shocking state of affairs in the city. But numerous studies make clear that rent-control laws have had a major role in the decay of the city's housing supply. Declares Roger Starr, former head of New York City's Housing and Development Administration: "Rent control dis-

courages investment in older housing, hastens the deterioration of existing buildings and keeps the supply permanently inadequate."

Rent controls also have contributed significantly to New York's fiscal crisis. The city has lost tens of millions of dollars in property taxes because of abandonments and reduced assessments on decaying rent-control properties. Yet administering controls costs taxpayers more than \$13 million annually.

Throughout my political career I have worked to promote decent housing for poor and elderly Americans. Opposition to rent controls is consistent with this record. The *Washington Star* put it best by comparing such controls to hard drugs: "Starting is euphoric. Trying to stop is painful. Continuing is disaster."