

# DRAFT

## ARIZONA BOARD OF MANUFACTURED HOUSING

### ABBREVIATED MINUTES

April 20, 2016 BOARD MEETING

#### CALL TO ORDER

Chairman Baird called the meeting to order at 1:01 pm.

#### ROLL CALL

Board Members present: Chairman Sam Baird, Jan Doughty, Terry Gleeson, Everette Hoyle, Gregory Johnloz, Cody Pearce, Joseph Stegmayer and Wayne Syrek.

Board Members absent: Lloyd Strode.

Department of Fire, Building and Life Safety (“Department”) Staff: Interim Director, Debra Blake; Assistant Attorney General, Frankie Shinn-Eckberg and Board Secretary, Ayde Sanchez.

#### INTRODUCTION OF NEW BOARD MEMBER

Chairman Baird introduced new Board member, Cody Pearce (“Pearce”). Pearce is the President and co-founder of Cascade Financial Services and has been in the manufacturing housing industry for many years.

#### INTRODUCTION OF MICHAEL TRAILOR

Blake introduced Michael Traylor (“Traylor”), the Director of Arizona Department of Housing. Blake and Traylor have been working together on the consolidation of Office of Manufactured Housing with ADOH. Traylor is excited to have OMH become part of his organization and is looking forward to helping the manufactured housing industry prosper in Arizona.

#### APPROVAL OF JANUARY 27, 2016 BOARD MINUTES

Chairman Baird entertained a motion to accept the prior Board Meeting Minutes; Board member Stegmayer made motion to accept; motion seconded by Board member Johnloz; and the Board voted unanimously to accept.

////

## **DEPARTMENTAL UPDATES**

Blake informed the Board that the executive budget submitted to the Governor's office on January 15<sup>th</sup> had not yet been voted on by the House nor the Senate but may be heard very soon. The executive budget includes the consolidation of the Department. Assuming the executive budget is approved the only immediate staffing change is to hire an additional installation inspector to ensure service levels remain consistent allowing consumers to occupy their homes timely.

### **Arizona Public Service Electric Company ("APS") policy change:**

The Department had a great success challenging an APS policy that defined manufactured homes as temporary installations. APS has a program that offers any of their customers up to \$10,000 towards the cost of bringing electrical service to the home site; however, only for homes that are considered a permanent foundation. Blake was able to provide information and explain the federal law that even though the home sits above ground, it is a permanent foundation system. APS committee reviewed and approved a policy change that now includes manufactured homes as permanent foundations.

### **Mohave County ordinance update:**

As presented at a previous Board meeting, Mohave County was in the process of reviewing an ordinance that would strictly limit the age of a manufactured home to seven years from its date of construction to be installed within their jurisdiction. Blake prepared a letter for the Board of Supervisors citing the legal opinion received from the Arizona Office of the Attorney General that supported age limits on HUD-labeled homes as a violation of HUD preemption. Ken Anderson, President of Manufactured Housing Industry of Arizona, attended the meetings readdressing this issue. The Board of Supervisors voted five to one in favor of not restricting the year.

### **2016 Installation Training**

The installation training sessions are scheduled to begin this month and will wrap up at the end of October. Last year the Department had a great success in getting all licensees to attend the training; no licenses were revoked.

## **REQUEST FOR EDUCATIONAL GRANT**

Susan Brenton ("Brenton"), the Executive Director of Manufactured Housing Communities of Arizona petitioned the Board for \$5,775.00 from the Consumer Recovery Fund educational monies to help cover the cost for supplies needed for the upcoming conference.

Chairman Baird entertained a motion to accept donating \$5,775.00 from educational grant monies; Board member Gleeson made motion to accept; motion seconded by Board member Stegmayer; and the Board voted unanimously to accept.

////

## **LEGISLATIVE UPDATE**

Blake provided a copy of the bills that have been submitted this legislative year that affect the Department and address mobile home parks. Blake was hoping House Bill 2200 would have gotten more support and movement as it addressed increasing the dollar amounts for relocation assistance provided to homeowners. The Department is maintaining copies of relocation contracts that exceed the statutory dollar amount for assistance to share with stakeholders for their consideration of the bill in an upcoming legislative session.

## **FINANCIAL REPORT**

Blake presented the January and February 2016 financial reports.

## **RECOVERY FUND**

Blake provided an update on the Recovery Fund balance of \$430,000 as of March 30<sup>th</sup>. At this time there are no claims pending hearing and no claims waiting to be scheduled to go to hearing.

Per request made at the previous Board meeting, Blake provided the statutory basis and explanation of the Recovery Funds from both the Registrar of Contractors and the Department. The statutes require differences in how claims against the bonds are handled. The Department is required to subrogate to the claim of the consumer recovery fund against the bond; Registrar of Contractors allows the consumer to go directly to the licensee's bond.

Blake provided the licensing bond amounts for Department licensees as found in Rule R4-34-502. The Board directed the Department to: 1) include D8B broker licensees in the bond requirements; and 2) align installer bond amounts with the minimum bond required by HUD for installation-default states it oversees.

**DFBLS Action Item:** Statutory change recommended to Arizona Revised Statutes 41-2179 (A) to remove the bond exemption for a broker of manufactured homes, mobile homes, or residential factory-built buildings. The exemption will remain for salesperson licensees.

**DFBLS Action Item:** Initiate a request for exemption to the Rule moratorium, or in the alternative include as part of an upcoming Rule packet the bond amount changes listed below to ensure consumer protections.

- All Installer class licenses = \$10,000
- Add a bond for D8B licenses = \$25,000

**DFBLS Action Item:** Add construction loans topic to next Board Agenda.

## **FEE STRUCTURE**

The Department reported that it would not make any recommendations to adjust fees for the upcoming 2017 fiscal year due to the changes in the operating costs related to the consolidation.

Chairman Baird entertained a motion that public and charter schools pay 50 percent of the published rate for installation permits and that the discount be noted on the Fee Schedule; Board member Hoyle made motion to accept; motion seconded by Board member Johnloz; and the Board voted unanimously to accept.

**DFBLS Action Item:** Update FY17 Fee Schedule to reflect installation permit discount for public and private school.

## **CALL TO PUBLIC**

No requests to address the Board were submitted or heard.

## **NEXT BOARD MEETING DATE**

Wednesday July 20, 2016

## **ADJOURNMENT**

The meeting was adjourned at 2:41 p.m.