



FINAL  
FISCAL NOTE

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0648

**Date:** June 30, 2016

**Prime Sponsor(s):** Sen. Kefalas

**Bill Status:** Postponed Indefinitely

Rep. Ginal; Tyler

**Fiscal Analyst:** Anna Gerstle (303-866-4375)

**BILL TOPIC:** MOBILE HOME OWNERS LEASING SPACE MOBILE HOME PARKS

| Fiscal Impact Summary          | FY 2016-2017                                          | FY 2017-2018     |
|--------------------------------|-------------------------------------------------------|------------------|
| <b>State Revenue</b>           |                                                       |                  |
| <b>State Expenditures</b>      | <u>\$181,328</u>                                      | <u>\$136,507</u> |
| General Fund                   | 169,586                                               | 123,791          |
| Centrally Appropriated Costs   | 11,742                                                | 12,716           |
| <b>FTE Position Change</b>     | 0.8 FTE                                               | 1.0 FTE          |
| <b>Appropriation Required:</b> | \$169,586 - Department of Local Affairs (FY 2016-17). |                  |
| <b>Future Year Impacts:</b>    | Ongoing state expenditures increase.                  |                  |

**NOTE:** This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

#### Summary of Legislation

The bill establishes new duties concerning mobile home owners and landlords for the Division of Housing (division) within the Department of Local Affairs, including:

- annually collecting economic and demographic data related to mobile home parks;
- providing educational opportunities for mobile home park landlords and home owners concerning their rights and responsibilities, including formation of home owner associations (HOA);
- administering programs to promote maintenance, development, and success of mobile home parks;
- collaborating with local governments;
- creating and administering a dispute resolution program for mobile home park landlords and home owners by July 1, 2017; and
- maintaining and posting on their website a list of local government and nonprofit organizations that mediate disputes within mobile home parks.

The bill also requires that mobile home owners and mobile home park management submit to an agreed upon form of mediation or alternate dispute resolution prior to filing a lawsuit. In addition, rules and regulations created by a landlord must be reasonable and are unenforceable unless they meet certain criteria.

## **Background**

The division's Housing Technology and Standards (HTS) section currently administers several programs that protect Colorado consumers living in manufactured home communities, including the Manufactured Housing Installation Program, the Manufactured Dealer Registration Program, and the Factory-Built Structure Program. These programs support, license, and regulate the residential and nonresidential factory-built industry in Colorado. The HTS section also administers the state's manufactured housing consumer complaint process; provides support for the adoption, enforcement and compliance with the 2012 International Energy Conservation Code; and provides technical assistance concerning lead-based paint, mold, and asbestos in affordable housing projects.

In addition, the Division of Real Estate within the Department of Regulatory Agencies houses the HOA Information and Resource Center, which maintains a database of registered HOAs and provides education and reference materials to assist unit owners, board members, and association managers.

## **State Expenditures**

The bill increases state General Fund expenditures in DOLA by \$181,328 and 0.8 FTE in DOLA in FY 2016-17 and by \$136,507 and 1.0 FTE beginning in FY 2017-18. Costs are detailed in Table 1 and explained below.

| <b>Table 1. Expenditures Under SB16-057</b> |                   |                   |
|---------------------------------------------|-------------------|-------------------|
| <b>Cost Components</b>                      | <b>FY 2016-17</b> | <b>FY 2017-18</b> |
| Personal Services                           | \$43,714          | \$52,457          |
| FTE                                         | 0.8               | 1.0               |
| Operating Expenses and Capital Outlay Costs | 4,539             | 5,653             |
| Computer Programming                        | 45,600            | 22,800            |
| Travel                                      | 980               | 980               |
| Contract Services                           | 70,000            | 40,000            |
| Legal Services                              | 4,753             | 1,901             |
| Centrally Appropriated Costs*               | 11,742            | 12,716            |
| <b>TOTAL</b>                                | <b>\$181,328</b>  | <b>\$136,507</b>  |

\* Centrally appropriated costs are not included in the bill's appropriation.

**Department of Local Affairs.** The FTE increase is for a General Professional I to manage the demographic survey, administer the dispute resolution program, conduct outreach and publicity efforts, provide educational resources, maintain the list of local government agencies and nonprofits that can assist with mediation, and report to the legislature and the department. Legal services are for rulemaking, and travel costs are required to collaborate with and conduct program outreach in communities around the state. The division also requires \$20,000 per year for a professional dispute resolution and mediation service, as well as \$50,000 in FY 2016-17 and \$20,000 beginning in FY 2017-18 for a consultant to conduct the demographic and economic survey.

**Office of Information Technology (OIT).** The OIT requires \$45,600 in FY 2016-17 and \$22,800 in FY 2017-18 to create an online system to manage the dispute resolution program and manage, track, and produce reports on the demographic and economic data.

**Judicial Department.** Requiring mediation or an alternate form of dispute resolution between mobile home park landlords and home owners prior to filing a lawsuit slightly reduces the workload of the trial courts. No change in appropriations is required.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

| <b>Table 2. Centrally Appropriated Costs Under SB16-057</b>          |                   |                   |
|----------------------------------------------------------------------|-------------------|-------------------|
| <b>Cost Components</b>                                               | <b>FY 2016-17</b> | <b>FY 2017-18</b> |
| Employee Insurance (Health, Life, Dental, and Short-term Disability) | \$8,001           | \$8,016           |
| Supplemental Employee Retirement Payments                            | 3,741             | 4,700             |
| <b>TOTAL</b>                                                         | <b>\$11,742</b>   | <b>\$12,716</b>   |

## **Local Government Impact**

The bill may minimally increase the workload of local government housing departments to collaborate with DOLA on programs and provide information for the list of local government and nonprofit providers of mediation services. The bill is also expected to minimally reduce the workload in the Denver County courts as a result of the dispute resolution program diverting court cases.

## **Effective Date**

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 10, 2016.

## **State Appropriations**

The bill requires a General Fund appropriation of \$169,586 and an allocation of 0.8 FTE in FY 2016-17. Of that, \$4,753 is reappropriated to the Department of Law and \$45,600 is reappropriated to the Office of Information Technology.

## **State and Local Government Contacts**

Judicial

Local Affairs

Information Technology

Regulatory Agencies