Ranch Mobile Home Park

Administrative Record

Rent Adjustment Application RA-2010-02

Part C

Ranch Mobile Home Park
Administrative Record
Rent Adjustment Application
RA-2010-02

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Ranch Mobile Home Park
Administrative Record
Rent Adjustment Application
RA-2010-02

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Ranch Mobile Home Park
Administrative Record
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Notices of Public Hearing

City of Thousand Oaks

COMMUNITY DEVELOPMENT DEPARTMENT
JOHN C. PRESCOTT, DIRECTOR

BUILDING DIVISION (805) 449-2500
PLANNING DIVISION (805) 449-2323
HOUSING/REDEVELOPMENT DIV. (805) 449-2393

December 1, 2010

Valerie Hopkins, Chairperson
Ranch Mobile Home Park
250 Dinsmore Avenue
Thousand Oaks, CA 91362

Re: RAA 2010-02 – Rent Adjustment Commission Meeting Monday, December 6, 2010

Dear Applicant:

As stated in the enclosed legal notice on Monday, December 6, 2010, a public hearing for your case is being scheduled for the Rent Adjustment Commission's meeting on the date above noted.

Please be advised that the Staff Report for your case, will be available for you to obtain from the Community Development Department counter after 8:00 a.m. on Thursday, December 2, 2010.

You or your representative should arrange to come to the Community Development Department on this date and pick up your copy of the Staff Report between the hours of 8:00 a.m. and 5:00 p.m. so that you will be adequately prepared for the public hearing which will occur on the following Monday. There is no charge for the applicant's copy of the Staff Report. The Community Development Department is located on the first floor of City Hall at 2100 Thousand Oaks Boulevard, Thousand Oaks. Please ask the counter staff for the applicant's copy of the report to the Rent Adjustment Commission and be ready to give your case number.

If you are unable to personally review or otherwise arrange to have your Staff Report picked up, you can contact me at (805) 449-2312 to request that your report be mailed to you. The report will then be sent to the address you advise, via Certified Mail.

If you have any questions concerning your Staff Report, please telephone Russ Watson at (805) 449-2322 after you have picked up your report copy.

CITY OF THOUSAND OAKS
DEPARTMENT OF COMMUNITY DEVELOPMENT

/s/
Lilia Vaudreuil
Sr. Recording Secretary

H/common/Housing & Redevelopment/Rent Control/RAC/stfrptltr

City of Thousand Oaks

SCOTT MITNICK
CITY MANAGER

October 8, 2010

RE: NOTICE OF HEARING BY THE CITY OF THOUSAND OAKS RENT ADJUSTMENT COMMISSION REGARDING A REQUEST FOR RENT INCREASE AT RANCH MOBILE HOME PARK

This notice is being provided to all tenants in the Ranch Mobile Home Park pursuant to Section 5-25.06(c)(2) of the Thousand Oaks Municipal Code.

The City of Thousand Oaks has received an application for an administrative adjustment (increase) to the mobile home space rents for each of the 74 spaces in the Ranch Mobile Home Park. The applicant is A.V.M.G.H. Five, Ltd. c/o of Andrew Hohn.

This rent adjustment request is separate from and above the annual adjustment allowed by the City's Mobile Home Rent Stabilization Ordinance (Chapter 25 of Title 5 of the Thousand Oaks Municipal Code). The landlord is now requesting an adjustment to rent to achieve a "just and reasonable return" pursuant to Section 5-25.06(b) of the Municipal Code. The rent adjustment application was accepted as complete by the City on September 30, 2010.

This application is subject to a public hearing and determination rendered by the City's Rent Adjustment Commission. The Rent Adjustment Commission is comprised of five members – one (1) member being a tenant of a mobile home rental space, one (1) member being a park owner or owner's agent, and the other three (3) members being neither landlords nor tenants of mobile home parks. The Rent Adjustment Commission's decision may be appealed to City Council.

Once an application has been filed and accepted as complete, the Ordinance requires the City Manager to schedule the Rent Adjustment Commission hearing and notify by mail all tenants who are affected by the requested adjustment. The notice shall include: 1) the amount of the requested increase, 2) landlord's justification for the request, and 3) the place, date and time of the Rent Adjustment Commission hearing on the rent adjustment application.

1) Amount of Increase: the applicant is requesting to increase the monthly rent by $587.45 for each of the 74 spaces in the Park.

2) Landlord's Justification: increase is necessary for the Park owner to achieve a "just and reasonable return" pursuant to Sec. 5-25.06(b) of the Municipal Code. The landlord asserts that the increase is necessary to maintain the net operating income of the Park at the same level that existed in 1980, adjusted for inflation.

3) Hearing Place, Date and Time:

   a. Place: **CITY COUNCIL CHAMBERS (Scherr Forum located on the 2nd floor), Civic Arts Plaza, City Hall, 2100 Thousand Oaks Boulevard.**

   b. Date and Time: **MONDAY, DECEMBER 6, 2010 at 6:00 PM**

During the hearing, the Rent Adjustment Commission will take testimony and may or may not render a decision immediately following the hearing. Prior to December 14, 2010 the Rent Adjustment Commission will issue a written determination (decision) with findings, as required by the Ordinance. Copies of the determination and findings will be mailed to you. The determination will state whether the requested rent increase is granted in the amount requested, granted in a lesser amount, or denied.

It is important to note that City staff and the Commission are not advocates for either the tenants or applicant. It is the Commission's role to apply the Mobile Home Rent Stabilization Ordinance to the application in a manner required by law and consistent with the evidence presented. As an affected tenant, you are able to offer to the Commission documents, testimony, written declarations or evidence as may be pertinent to the proposed rent increase. If an alternative methodology of determining just and reasonable return is suggested, it must be fully explained in writing and reasons supporting use of the alternative methodology provided. Tenants are encouraged to seek legal representation of their interests at the hearing.

A copy of the Mobile Home Rent Stabilization ordinance, rent adjustment application submitted by the applicant, and two prior Rent Adjustment Commission (RAC) resolutions (RAC 2 & RAC 5) referenced in the rent adjustment application may be viewed and downloaded from the City's web page at http://www.toaks.org/government/committees/rent_adjustment_commission.asp. Copies of these documents are also available for review or pick up at the Community Development Department public counter located on the first floor of City Hall.

Russ Watson, Housing Manager, has been designated as staff liaison to provide staff assistance to the Rent Adjustment Commission and is available to answer questions you may have concerning the rent adjustment application. Mr. Watson can be reached at (805) 449-2322 or via e-mail at: rwatson@toaks.org.

Sincerely,

Scott Mitnick
City Manager

c: City Council
City Attorney

In compliance with Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Building Div. 805-449-2500. Notification 48 hours prior to the meeting will enable City to make reasonable arrangements to ensure accessibility to this meeting.

CMO:430-40\smitnick\dmg\hearing notice- Ranch
H:Common/HOUSING/ H:\COMMON\Housing & Redevelopment\RENT CONTROL\RENT ADJ APPLICATIONS\2010 Ranch MHP\Hearing Notices\HEARING NOTICE-Ranch(Final 10-5-10).docx

Rent Adjustment Commission Meeting December 6, 2010

Agenda
Meeting December 6, 2010

AGENDA

RENT ADJUSTMENT COMMISSION
CITY OF THOUSAND OAKS, CALIFORNIA

Council Chambers
2100 Thousand Oaks Boulevard, Thousand Oaks, California 91362
(805) 449-2323
http://www.toaks.org

SPECIAL MEETING

December 6, 2010	6:00 P.M.

COMMISSIONERS:

Lloyd Wertheimer, Chair
Maxwell Sheldon, Vice-Chair
Brenda Mohr Feldman
Beatrice Ferruzza
Mike Silacci

ALTERNATE COMMISSIONERS:

Alyce Klussman
Cathy Schutz

John C. Prescott, AICP, Community Development Director
Patrick Hehir, Assistant City Attorney
Russ Watson, Housing and Redevelopment Manager

RENT ADJUSTMENT COMMISSION MEETINGS ARE SCHEDULED AS NEEDED TO CONSIDER A SPECIFIC MATTER RELATED TO RENT ADJUSTMENT APPLICATION PURSUANT TO TOMC (TITLE 5, CHAPTER 25 MOBILE HOME RENT STABILIZATION)

Americans with Disabilities Act (ADA): In compliance with the ADA, if you need special assistance to participate in this meeting or other services in conjunction with this meeting, please contact the Building Division, (805) 449-2500. Assisted listening devices are available at this meeting. Ask the Recording Secretary if you desire to use this device. Upon request, the agenda and documents in this agenda packet can be made available in appropriate alternative formats to persons with a disability. Notification at least 48 hours prior to the meeting or time when services are needed will assist City staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Agenda Availability: The Rent Adjustment Commission Agenda is posted at the entry to the Civic Arts Plaza/City Hall, 2100 E. Thousand Oaks Boulevard, Thousand Oaks [main posting location pursuant to the Brown Act, G.C. 54954.2(a)]. Rent Adjustment Commission Agenda Packets are available for review at the City Clerk Department (2nd level), and Community Development Department, public counter (1st level), 2100 E. Thousand Oaks Boulevard, Thousand Oaks and available on the City's website at: www.toaks.org.

Supplemental Information: Any agenda related information received and distributed to the Rent Adjustment Commission after the Agenda Packet is printed is included in Supplemental Packets. Supplemental Packets are produced as needed, and typically would be distributed on the Friday preceding the Rent Adjustment Commission meeting and/or on Monday at the meeting. The Friday Supplemental Packet is available for public review in the City Clerk Department, and Community Development Department, 2100 E. Thousand Oaks Boulevard, during normal business hours (main posting location pursuant to the Brown Act, G.C. 54957.5(2). Both the Friday and Monday Supplemental Packets (if required) are available for public review at the City Rent Adjustment Commission Meeting and will be posted on the City's website at: www.toaks.org.

Public Input: Any person who wishes to speak regarding an item on the regular agenda or on a subject within the Rent Adjustment Commission's jurisdiction during "Public Comments" is requested to file a "Public Speaker" card with RAC staff secretary before that portion of the Agenda is called. Any person who wishes to speak on a specific agenda item is requested to file a "Public Speaker" card before the specific item is called. Any person who wishes to speak on a Public Hearing is requested to file a "Public Speaker" card before the Hearing is called. Persons addressing the Rent Adjustment Commission are requested to state their name and city of residence for the record. Any supporting materials should be submitted to the Recording Secretary before addressing the Commission. The time each person will be allowed to speak on a public hearing item will depend on the number of speaker cards received. The time allotted to each person will be announced by the Chairperson before comments are received by the Commission.

Judicial Review: Any legal action by an applicant seeking to obtain a judicial review of the Rent Adjustment Commission decision on a Hearing or issue listed on this Agenda may be subject to the 90-day filing period, of and governed by, Code of Civil Procedure Section 1094.6. Also refer to TOMC Section 1-4.05.

CITY OF THOUSAND OAKS
RENT ADJUSTMENT COMMISSION AGENDA
DECEMBER 6, 2010

1. **CALL TO ORDER:** 6:00 P.M.

2. **PLEDGE OF ALLEGIANCE:**

3. **ROLL CALL:** Commissioners **Feldman**, **Ferruzza**, **Silacci**, Vice-Chair **Sheldon**, and Chair **Wertheimer**

4. **APPROVAL OF MINUTES:** September 29, 2010 Special Meeting

5. **RENT ADJUSTMENT COMMISSION PUBLIC HEARING:**
(Public will be called to speak on this item during the Public Hearing)

A. CASE:	Ranch Mobile Home Park Rent Adjustment Application (RAA-2010-02)
LOCATION:	2193 Los Feliz Drive
APPLICANT:	A.V.M.G.H. Five, Limited
REQUEST:	Rent Increase in amount of $587.45 per month, per space, to achieve a Just and Reasonable Return. Total cumulative amount of the requested increase is $507,557.
RECOMMENDATION:	That the Commission grant a general rent increase for Ranch Mobile Home Park in an amount not to exceed $191.95 per space per month, and that the increase be phased over a five-year period in an amount not to exceed $38.39 per month, per space, each year, with the date of the initial increase to be 60 days from the date formal notice of such increase is provided to the tenants, and the date of each subsequent increase shall be not sooner than 365 days from the date of the prior increase. Total cumulative amount of the increase is $171,451.60.

6. **PUBLIC COMMENTS:**

7. **COMMISSION COMMENTS:**

9. **ADJOURNMENT:**

Staff Report
Meeting December 6, 2010

M E M O R A N D U M

City of Thousand Oaks • Thousand Oaks, California

Community Development Department

TO: Rent Adjustment Commission

FROM: Community Development Department

DATE: December 6, 2010

SUBJECT: **RA 2010-02 - Rent Adjustment Application for Ranch Mobile Home Park submitted by A.V.M.G.H. Five, Limited**

RECOMMENDATION:

That the Commission grant a general rent increase for Ranch Mobile Home Park in an amount not to exceed $191.95 per space per month, and that the increase be phased over a five-year period in an amount not to exceed $38.39 per month, per space, each year, with the date of the initial increase to be 60 days from the date formal notice of such increase is provided to the tenants, and the date of each subsequent increase shall be not sooner than 365 days from the date of the prior increase. Total cumulative amount of the increase is $171,451.60.

BACKGROUND:

Mobile Home Parks in the City

There are nine mobile home parks in City, totaling 1,058 spaces. Five mobile home parks are restricted to seniors; four operate as family parks. Eight of the nine mobile home parks have been regulated by the Mobile Home Rent Stabilization Ordinance. Ranch Mobile Home Park, located on the north side of Los Feliz Drive, 500 feet west of Conejo School Road (see Attachment #1 – Location Map), was approved as a park for low-income seniors, and has not previously been regulated under the Rent Stabilization Ordinance (this is discussed in further detail in the background discussion of the mobile home park.) It should be noted that one of the nine parks, Conejo, is in the process of closing; and another, Vallecito, is being subdivided for condominium ownership.

No.	Project Name	Family/Senior	No. of Spaces	Rent Control
1.	Conejo	Family	49	Yes
2.	Crestview	Family	29	Yes
3.	Elms	Family	34	Yes
4.	Ranch	Senior	74	Yes*

No.	Project Name	Family/Senior	No. of Spaces	Rent Control
5.	Thunderbird Oaks	Senior	161	Yes
6.	Twin Palms	Family	81	Yes
7.	Vallecito	Senior	303	Yes
8.	Ventu Park Villa	Senior	171	Yes
9.	Ventu Estates	Senior	156	Yes
Total			1,058	

*Although not previously regulated under the Rent Stabilization Ordinance, the current "Just and Reasonable" return application is being evaluated under the Ordinance.

Thousand Oaks Rent Stabilization Program

A chronology and copies of the Ordinance Amendments related to the Mobile Home Rent Stabilization Program have previously been provided to the Rent Adjustment Commission. A copy of the current Municipal Code provisions relating to this Program is also attached to this report (Attachment #2). The following is a chronological synopsis of the most pertinent provisions of each of the Ordinance Amendments.

April 1980: The City of Thousand Oaks Rent Stabilization Program ("Program") was first enacted by Interim Ordinance 747-NS and applied to both apartments and mobile home parks. The Program was enacted in response to rapidly increasing rents and extremely low vacancy rates that existed in the City of Thousand Oaks in the late 1970's. Rent increases were not allowed during the period of the initial Interim Ordinance, which expired on July 31, 1980. The Program has been amended several times since its original adoption, the following being the most significant of those amendments.

August 1980: Ordinance 755-NS extended rent control on an interim basis for a period of three (3) years. One of the stated purposes of 755-NS was to "...safeguard tenants from excessive rent increases but at the same time provide landlords with a just and reasonable [return] from their rental units." Ordinance 755-NS established the Rent Adjustment Commission ("RAC") and granted the RAC authority to promulgate guidelines to assist in implementing the Program. The Ordinance established provisions for automatic rent adjustments (not requiring RAC approval), which provided that rents could be raised every 12 months by an amount not to exceed 8% compounded. By allowing compounding the cumulative amount of rent increases over the three year term of the ordinance would be 26% of the base year rent, rather than 24%. It is worth noting for context that at the time of enactment the annual inflation rate was nearly 17%.

The Ordinance also authorized the RAC to grant rent adjustments above and beyond the annual adjustment under two provisions, "Capital Improvements and Rehabilitation" and "Just and Reasonable Return."

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"Capital Improvements and Rehabilitation", allows the owner to request an increase in rent to reflect the cost of these activities, which are over and above normal operating expenses. If the RAC concurs with such a request, the owner is entitled to a rent increase equivalent to the cost of such improvement amortized over the useful life of the improvement.

"Just and Reasonable Return", allows the owner to request an increase in rent if the owner believes the return being achieved based on the allowable maximum adjusted rent is not "just and reasonable". After evaluating such request, the RAC may grant such a request if it finds that such increase is in keeping with the intent of the Program, and that the maximum adjusted rent [currently] provided for under the program does not constitute a just and reasonable return. The legal basis for providing this opportunity is discussed later in this report.

May 1981: The RAC adopted Resolution No. RAC 2 ("RAC-2"), which established guidelines for the RAC to use to determine a "Just and Reasonable Return". The Resolution also states that "...the automatic increases allowed by the ordinance coupled with tax savings resulting from Proposition 13, in most cases would allow an owner to maintain the net operating income at an equivalent level as experienced in 1979." The RAC indicated that net operating income received through April 1980 was assumed to have constituted a reasonable rate of return. However, in RAC-2 it was acknowledged that there may be some cases where owners have incurred reasonable operating expenses which exceed the rent increases allowed by the ordinance. In those instances an owner should be able to maintain the same level of net operating income as they experienced in 1979 by requesting a "just and reasonable return" rent adjustment pursuance to the guidelines contained in RAC-2.

August 1983: Ordinance 838-NS extended the effective date of the Program through October 31, 1986. A significant change that arose out of this amendment was a modification of the amount of the automatic rent adjustment downward from 8% to 7% on a fixed base rent, as of July 1, 1983. The adjustments were no longer allowed to be compounded one upon the other. A registration process was also established which required park owners to register controlled units with the City and provide rent information on an annual basis.

September 1986: Ordinance 933-NS established a separate Rent Stabilization Program for mobile home parks, and instituted a change in the automatic rent adjustment from 7%, to an index based on 75% of the Consumer Price Index (CPI) and established a floor of 3% and a ceiling of 7%. It also established a new base year of July 1, 1986 for calculating the annual adjustment, and established that when a unit is decontrolled upon vacancy, the date of re-occupancy becomes the new base year.

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July 1994: Ordinance 1216-NS was adopted, extending the term of the Mobile Home Rent Stabilization Program through October 31, 1999.

January 1996: Ordinance 1254-NS readopted and codified the Rent Stabilization Program as Chapter 25 (Mobile Home Rent Stabilization Ordinance) of Title 5 of the Thousand Oaks Municipal Code.

Previous "Just and Reasonable Return" Rent Adjustment Requests

There have only been a handful of "Just and Reasonable Return" applications in the history of the City's rent stabilization program, and none in the past 20 years:

March 1982: The RAC approved a Rent Adjustment Application (RA-81-4) by Vallecito Mobile Estates Ltd. for a "Just and Reasonable Return" adjustment. The Rent Adjustment Commission approved a 5% rent increase.

December 1982: The RAC denied a Rent Adjustment Application (RA-82-2) submitted by Vallecito Mobile Estates Ltd. for a "Just and Reasonable Return" rent adjustment, because it found no justification based on the application submitted or rent levels at the park. The decision was subsequently appealed to the City Council, which denied the appeal and upheld the decision of the RAC.

February 1988: A City Administrative Hearing Officer approved a rent adjustment submitted by Conejo Mobile Home Park for a "Just and Reasonable Return" Rent Adjustment Application in the amount of $10.00 per space, per month.

Ranch Mobile Home Park

Ranch Mobile Home Park is a 74-space senior park located at 2193 Los Feliz Drive (A location map is included as Attachment #1 to this report). The park contains 57 single-wide spaces, 16 double-wide spaces, and one space is currently vacant. The park is owned by AVMGH Five, Limited. The following is a chronology of actions related to the approval, development and operation of the park:

July 1974: The applicant, Chet Wyckoff, applied for a Change of Zone. The Planning Commission recommended approval of a Change of Zone request for the project site from RPD-15U (Residential Planned Development, 15 units to the acre) to TPD (Trailer Park Development) to the City Council. The proposed Change of Zone did not comply with certain standards related to the Trailer Park Development Zone, including minimum site size of 10 acres, and a reduction in the minimum lot size. In recommending approval, the Planning Department stated that while the request did not comply with some of the TPD standards, such deviations might be warranted because the park is proposed to provide housing for lower-income seniors, provided certain guarantees were obtained from the owner to ensure that the property was developed for its stated purpose.

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August 1974: The City Council approved the Change of Zone request reclassifying the site from RPD-15U to TPD.

November 1974: The Planning Commission approved a TPD permit for the property allowing construction of a 74-unit mobile home park with community room and storage area.

January 1975: The applicant appealed certain conditions of the Planning Commission approval to the City Council. The City Council upheld the Planning Commission decision but deleted a condition requiring redesign of certain lots, and allowed the use of chain-link instead of masonry block on the northerly and easterly sides of the project.

July 19, 1976: The Planning Commission heard a request from a prospective purchaser of the park, Andrew Hohn, to establish or conceptually approve the rental rates or the methodology for setting rental rates in the park in order to assess the financial feasibility of developing the mobile home park. The applicant submitted draft Conditions, Covenants & Restrictions (CC&R's) including age and income restrictions, and a formula for calculating rents based on an 11.5% return on investment. This resulted in proposed rents that were $131.00 per space. The Planning Department's position was that the rents were higher than those represented during the original approval, cited as $72.00 to $112.00, and the proposed rental rate structure did not factor in certain fee waivers granted during the development of the park. The Planning Commission referred the matter to the City Council.

July 27, 1976: The City Council heard the request to establish a methodology for determining rental rates. The City Council approved a document titled, "Addendum", the draft Conditions, Covenants & Restrictions (CC&R's) including age and income restrictions, and a formula for calculating rents based on an 11.5% return on investment. The CC&R's contained definitions for "net profit percentage", "revenues", "expenses", and "gross investment". It should be noted that the CC&R's apparently were never recorded.

September 1977: The City Council approved an "interim" rate structure for Ranch; double-wide - $125.00 per month, large lots - $120.00, and regular lots - $115.00. The basis for calculating these initial rental rates was contained in a letter dated August 9, 1977, from Wilson & Hughes, Certified Public Accountants for Mr. Hohn. The rates were termed "interim" because the "gross investment", represented to be $500,000, had not been certified by the developer. These "interim" rental rates appear to have become permanent and remained in effect until a rent adjustment was requested by the applicant in 1983.

September 1983: After consultation with City staff, the park owner sent residents a notice of a 7% increase in rental rates, which was consistent with the requirements of the Rent Stabilization Ordinance at that time. The rental increase was to take effect November 1, 1983.

November 1983: Sometime subsequent to September 1983, City staff became aware of the formula for calculating rents approved by the City Council in 1976. A report was presented to City Council that indicated that based on the formula the park owner appeared to be achieving the 11.5% ($57,500) net profit figure. However, City staff also expressed concern that the formula might not be appropriate for determining the "net profit target" because it did not take into account the effect of inflation. City staff represented that they believed some type of inflation adjustment to "net profit target" was appropriate. City Council referred the matter to RAC for review and recommendation.

December 1983: RAC hears the request for Adjustment of Fair Return Standards. City staff presents two alternatives for adjustment of net profit figures. RAC recommends second alternative: 1) increasing $57,500 (net profit target) by 5.9% (1982 increase in CPI), 2) future CPI increase could be applied in future years but not compounded, 3) first year adjustment would be 7%, 4) future adjustment would be based on CPI minus the difference between 7% and the percentage change in CPI, and 5) all and any future adjustments are subject to City Council approval.

January 1984: The City Council adopted Resolution 84-037 implementing the "Net Profit Target Formula" recommended by RAC but set a cap of 4% on future increases after the first year, and new income qualifications for tenancy. This is discussed in further detail in the following section entitled the "Resolution 84-037".

February 2001: The Park owners request a 4% rent increase. After evaluation by City's financial consultant and City staff the 4% rent increase is granted, effective April 1, 2001, based on the formula provided in Resolution 84-037.

Benchmark Rents

To preface a discussion on various methods and results for calculation of what constitutes a "Just and Reasonable" return, it is worth providing two benchmark examples of rent.

Resolution 84-037

As previously discussed, the Ranch Mobile Home Park was approved with development conditions the required that the park be developed at rent affordable to lower-income seniors. Initial rent was established based on an amount necessary to yield an income equal to 11.5% of the development cost of the park of $500,000 (including the land costs and the cost of the improvements) net of operating expenses and a depreciation allowance.

Starting in 1984, Resolution 84-037 was approved, which provided for allowable annual rent increases in an amount necessary to adjust the "net" income by the percentage increase in the CPI, subject to a ceiling on the annual allowable rent increase of 4%. Under the Resolution providing for consideration of inflation, 1982 has been considered

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as the base year for the purposes of the inflation adjustment. The cumulative (compounded) increase in the CPI from 1982 to 2009 was 130.8%.[1] Between 1982 and 1992, the CPI exceeded 4% in every year. However, since 1992, the CPI has increased by more than 4% in only one year. (See CPI table in Appendix B of Consultants Report, Attachment #5).

If the Park Owner had implemented the rent increases authorized by the conditions of approval of the park, the Park Owner would be entitled to a net income of $132,720; a 130.8% (increase in CPI) adjustment of the "base net profit" target of $57,500 (11.5% of the $500,000 development cost)[2].

This net income of $132,720 exceeds the current (2009) net income of the park, which was only $1,583. (This amount is calculated by subtracting $18,750 in depreciation from the current net operating income of the park of $20,468.) Therefore, a rent adjustment of approximately $131,137 or $147.67/space/month would be required to provide the rent level that would have been authorized if the permitted increases had been annually implemented.

Rent Stabilization Ordinance

It has been established that Ranch has not previously been subject to the City's Rent Stabilization Ordinance. However, as a hypothetical it is instructive to consider what rents at Ranch would have been if it had comparable fair market rent, and had been subject to the Rent Stabilization Ordinance, and if the Park Owner had implemented all of the allowable rent increases pursuant to the Ordinance.

Under the prior and current annual increase standards automatic rent increases of 108% have been permitted since the base year. The total is below 75% of the overall percentage increase in the CPI of 209% during this period, which would be 157%, because the allowable increases are based on a percentage adjustment of the base rent rather than the current rent. [3]

If the City's appraiser's projection of comparable base rent of $150 for 1979 is used, and the Park Owner had implemented all of the allowable annual rent increases above the comparable rent level, the current rent would be $281.00, $162 above the 1979 rent or $119. If the projection of the Park Owner's appraiser of a comparable base rent of $240.00 for 1980 is used, the current rent would be $499.00; $366.00 above current rents.

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[1] CPI All-items, January 1982 – 96.7; 2009 annual average – 223.2.

[2] The actual amount of the rent adjustments that would have been permitted pursuant to the formula may be a little lower because the total of the "net profit" adjustment and the cost increases may have been under the CPI increases in some years or not all of the increase pursuant to the formula may have been permitted due to the 4% ceiling. However, it cannot be determined when this occurred and to what extent, because the increases were never requested and, therefore, operating cost information was not required.

[3] However, this total may be subject to certain exceptions from the rent increase restrictions pursuant to the Ordinance and state law as described in Section III of Attachment 5.

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Basis for Hearing Rent Adjustment Application under the Rent Stabilization Ordinance

This is the first time that a rent increase of any kind for this park has been processed under the City's Rent Stabilization Ordinance. The City Attorney's office has determined that a "just and reasonable return" rent adjustment must be processed under the Ordinance, and not Resolution 84-037. The current Ordinance does not exempt the Ranch mobile home park from its purview, and would therefore trump any conflicting resolution. Furthermore, the 4% cap in the formula provided in Resolution 84-037 does not provide a mechanism for adjustments above this cap, which would likely violate the clearly established constitutional principles discussed in the Legal Background section above.

However, the unique history of rent adjustments for this park can and should be considered within the parameters of the Ordinance. Other methodologies for determining the requested rent adjustment will need to be examined because of the potential limitations of applying the preferred MNOI standard to the processing of this particular park's rent adjustment request under the Ordinance for the first time.

Finally, in its application, the park owner's attorneys provide various legal arguments concerning the validity of age and income restrictions, under which the park was entitled and has been operating. The Rent Adjustment Commission does not have jurisdiction to consider those issues. Review of this application is limited to addressing the rent adjustment request under the Ordinance.

Legal Background

Most, if not all, municipal mobile home rent adjustment ordinances provide for rent increases based on "Just and Reasonable Return." This stems from a series of Supreme Court cases that have interpreted the 5th and 14th Amendments of the U.S. Constitution as giving business owners and landlords some protection from governmental regulations that interfere with investment-backed expectations. Regulations that go too far may be deemed a "taking" of private property, and violate due process. While courts have upheld a local government's power to regulate rents, the regulations cannot be "confiscatory" and must permit a "fair return." In order to address this requirement local rent ordinances have included standards and procedures for considering just and reasonable return petitions.

While the courts have held that a fair return must be permitted, they have held that no particular method of calculating fair return is constitutionally required. However, the courts have specifically sanctioned the use of the Maintenance of Net Operating Income ("MNOI") standard. (A detailed description of MNOI standard is contained later in this report). The MNOI standard is the preferred method of calculation delineated in RAC-2[4].

[4[But Resolution RAC-2 does allow the owner and tenants to offer other methods of calculating fair return which the Rent Adjustment Commission may adopt.

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DISCUSSION/ANALYSIS

The owner of the Ranch mobile home park submitted a Rent Adjustment Application (Attachment #3) on June 16, 2010, requesting a rent adjustment in order to obtain a "Just and Reasonable Return" in the amount of $587.45 per space per month (gross annual rent increase of $507,557). Supplemental Application Material is not included and will be available at the meeting.

Applicant's Justification for Proposed Rent Adjustment

The applicant has submitted an application for a Just and Reasonable Return rent adjustment on the premise that the Ranch Mobile Home Park must be evaluated under the City's Rent Stabilization Ordinance. To justify the proposed $587.45 per space per month rent increase, the applicant has provided a Maintenance of Net Operating Income ("MNOI") approach prescribed by RAC-2. To arrive at the proposed $587.45 per space per month rent adjustment, the applicant's rent adjustment application employs an MNOI analysis that uses 1979 as the base year and a Vega (fair value) adjustment to base period and current year net operating income. An evaluation of the applicant's MNOI analysis is discussed in following section of this report.

On July 16, 2010, the City deemed the application incomplete for processing, and requested additional information from the applicant. The requested information was received by the City on September 7, 2010, and the application was accepted as substantially complete on September 30, 2010. Pursuant to the City's Ordinance, the date on which an application is accepted as complete sets a schedule that determines the dates when notice must be given, hearings held, and a decision rendered.

Notifications, Correspondence and Public Comment

On October 8, 2010, the Housing and Redevelopment Division mailed notice to each mobile home owner or current resident, announcing that an application had been filed with the City, and the hearing date of December 6, 2010. The notice also included the amount of the requested rent adjustment, the date, time, and place of the public hearing, and where information regarding the application and Mobile Home Rent Stabilization Ordinance could be obtained.

At the end of the business day, on November 30, 2010, the City had received several letters from the public (primarily park residents) regarding the proposed rent adjustment request. Copies of these letters as well a sample of City staff's response has been provided to the Commission as Attachment #4. In addition, City staff also received formal correspondence from the tenant's representative, which is included as Attachment #7. Correspondence or information received from the public after November 30, 2010 is provided to the RAC in a supplemental packet.

Evaluation of Rent Adjustment Request

To help analyze the applicant's rent adjustment application, the City retained the services of Dr. Ken Baar, Ph.D, an expert in preparing fair return analyses of rent increase applications. The purpose of Dr. Baar's report is to analyze the data submitted by the applicant and tenants, present various methods that the RAC can consider in order to determine a "Just and Reasonable Return", and recommend the amount of rent adjustment that would provide such a return, based on the mobile home rent adjustment ordinance, applicable RAC resolutions, and relevant federal and state case law. The following discussion summarizes the most salient portions of Dr. Baar's report, which is included in full as Attachment #5 to this report.

Given the circumstances associated with Ranch Mobile Home Park's rent structure, applying the City's Rent Stabilization Ordinance to this case is somewhat unique. The rents in Ranch were set to accommodate lower income seniors as a trade off for waiver of approximately $100,000 in development fees and relaxation of certain development standards. While annual increases in rent were permitted, in the ensuing 33 years, rents in the park were raised only twice in 1984 and 2001 but outside of the City's Rent Stabilization Ordinance. This unique rental history of this park creates certain practical challenges, which are discussed in detail in the following Methodology section.

Methodologies for Evaluating Ranch Rent Adjustment Request

There are three methodologies discussed for purposes of assessing an appropriate rent adjustment in the consultant's report:

1. The Maintenance of Net Operating Income Standard;

2. Comparable Controlled Rents;

3. Return on Investment.

The Maintenance of Net Operating Income Standard is considered a reasonable standard for purposes of calculating a fair return for this particular park. The Comparable Controlled Rents and Return on Investment standards are presented as tools for comparative purposes only for reasons detailed in the consultant's report. These methodologies are generally described in the following sections. For a detailed discussion and specific calculations related to these methodologies please refer to the consultant's report, Attachment #5 to this report.

1. <u>Maintenance of Net Operating Income Standard</u>

RAC-2 prescribes the use of an MNOI standard to evaluate a "just and reasonable return" rent adjustment request. Section 1.04 states, "Alternate approaches may be employed by the Commission". However, MNOI is a widely recognized standard for determining "Just and Reasonable Return". While there is no legal requirement to use a

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particular standard to evaluate a rent increase request, the MNOI approach has been widely accepted by California courts.

The MNOI standard presumes that a park owner was earning a fair return (or profit) in the year rent regulations went into effect (the "Base Year"). The MNOI approach is based on the premise that the Base Year NOI represented a just and reasonable return, and that, notwithstanding the annual rent increase permissible under a rent control ordinance, the park owner should be able to achieve sufficient revenue to "maintain" that Base Year NOI in future years, which would then be deemed to represent a "fair return" on the investment. In the case of Ranch, this aspect of the calculation is of particular import given that the park has operated under rent restrictions since it opened in 1977. The return in a given year is defined as Net Operating Income ("NOI"), and is determined by subtracting park operating expenses from park operating income.

Because inflation degrades the purchasing power of a given amount of money, the Base Year NOI is indexed to take inflation into account. The indexed Base Year NOI is then compared to the NOI of the park in the comparison year (in this case 2009) to see how the current year NOI compares to the Base Year NOI in constant dollars.

To the extent that the current year (2009) NOI is less than the indexed Base Year NOI, rents can be increased to compensate.

Four factors play a significant role in determining a fair return under an MNOI analysis:

A. The determination of a Base Year;

B. Adjustment of Base Year rent (*if needed*);

C. The determination and adjustment of base year operating expenses; and,

D. Adjustment of Net Operating Income for Inflation.

A. <u>Determination of Appropriate Base Year</u>

The City's regulations stipulate the use of 1979 as the Base Year for calculations related to MNOI.

Section 3 of RAC-2 sets forth the formula for determining 1979 Net Operating Income. However, these requirements are prefaced by Section 3.01, which states "The base year shall be 1979 when the financial information for that year is available." Section 4 of Resolution RAC-2 provides that "In the event 1979 financial information is not available and where the loss of such records can be substantiated by clear and convincing evidence, the landlord of record may substitute as a base year the first year following 1979 for which records are available".

i. 1979 as a Base Year

The application material submitted by the applicant indicates that 1979 financial information is not available. However, the applicant contends that 1979 should be used as the base year because they have imputed income from 2000 rent data and imputed expenses from 1982 expense data. However, the City's Rent Stabilization Regulations do not provide for imputing of base year income and expense figures in the absence of actual data. Therefore, due to the lack of operating expenses data, staff believes that it is not appropriate to use 1979 as the base year.

ii. 1982 as a Base Year

The applicant provided an aggregate expense amount for 1982. This material had previously been presented to the City as part of a rent increase application submitted to the City in 1983. However, a detailed breakdown of expenses by category was not provided by the applicant, and this data was not able to be found in City files either. A breakdown of operating expenses by category is typically considered an essential component of performing an accurate MNOI analysis. This is due to the fact that an adjustment to certain expense categories is usually needed to obtain an accurate comparison between the two years. The most typical adjustment is for management and operating expenses. In fact, the City's regulations require that management and administrative expenses be calculated for both the base year and the current year, and are not to exceed 8% of income. However in the instance of Ranch, it would not be reasonable to project management and administrative expenses as the same percentage of income in the base year and the current year because the rents did not increase during this period, while an increase in administrative and management costs would almost certainly have been inevitable. In the alternative, it would be reasonable to project that administrative and management expenses increased by the CPI.

In this case, there is no information on the types of cost increases that occurred between 1982 and 1999 or 2009. However, it is known is that the overall increases in operating expenses were moderate relative to the increases in the CPI. Operating costs increased by 53.6% between 1982 and 1999 compared to the 70.7% increase in the CPI during this period and they increased by 82.8% between 1982 and 2009 compared to the 129.4% increase in the CPI during this period.

Categorization and comparison of expense data is only important if there is a large anomaly in the rate of increase in the amount of expenses, and would typically only be applicable to management and administrative expenses. While specific expense data by category is not available, in large part expenses have increased at the rate of inflation. However, bookkeeping and certain capital functions were performed by the Park Owner until 2006, when these functions were transferred to a third party. Since activities carried out by an owner are not recorded as an expense, an adjustment to base year expenses to account for these activities may be appropriate. This is discussed further in Section C, Determination and Adjustment of Base Year Operating

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Expenses. Given the forgoing, City staff believes it is appropriate to consider using 1982 as the base year.

iii. 1999 as a Base Year

1999 is the first year that the Park Owner has operating expense data segregated by category. While1999 is the first year that expense data can be properly analyzed; it would involve the adoption of Vega adjustment based on comparability 19 years after the adoption of rent regulations. The "Vega" doctrine has been based on establishing rents that reflect market conditions at the outset of regulations, rather than comparable rents after years of regulation. Therefore, consideration of 1999 as a base year may not be ideal.

B. Adjustment of Base Year Rent

The Base Year rent levels, along with other income components and operating expenses, are used to calculate the Base Year net operating income, which in turn become a base for calculating a "just and reasonable" net operating income in subsequent years up to the present by applying an inflation factor.

As previously described, one of the unique aspects of the Ranch rent adjustment request is that the rent levels were initially set for lower income occupants. One of the issues associated with the use of the MNOI standard is that in cases where the base year rent was low, without some type of adjustment the MNOI calculation would yield operating income for the current year that was correspondingly low. Therefore, some type of Base Year Rent Adjustment is necessary to yield a fair value.

i. Description of Fair Value (Vega) Adjustment

In a seminal court case Vega v. City of West Hollywood, the State Court of Appeals ruled that owners have a constitutional right to a base rent adjustment to compensate for exceptionally low base period rents in calculating a fair return. In rendering its decision, the Court of Appeals relied on a previous State Supreme Court opinion Birkenfeld v. City of Berkeley. The Court held that "a property owner must be permitted to start rent calculations with a base rent similar to other comparable properties." Therefore in certain instances where base year rents are exceptionally low and were not set by market mechanisms, this type of "Vega" adjustment may be warranted. As previously detailed in this report, base year rents for Ranch Mobile Home Park were exceptionally low given the restrictions placed on rents through conditions applied to the Park's approval. Therefore, some type of "Vega" adjustment to base year rents may be warranted.

ii. Park Owners Conclusion of Fair Value (Vega) Adjustment for 1980

Central to adjusting the base year rent is the establishment of what would constitute general market conditions for the base year. To support the position that a Vega

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adjustment was warranted, and the amount of such an adjustment, an appraisal prepared by an appraiser hired by the applicant was submitted as part of the owners Rent Adjustment application. The appraisal is a retrospective appraisal because it offers an opinion on what constituted fair value rent for 1980. The park owners' appraisal concluded with a fair value rent of $240.00 per space per month a difference of $121.00 compared to the stated average rent of $123 per space per month in 1980.

iii. City Appraiser's Conclusion of Fair Value Adjustment to Base Year

To corroborate the conclusion of fair value rents in 1980 presented by the Owners, the City commissioned an appraisal to establish a fair value rent for the park in 1979, and 1999. The year 1999 was selected because it was the first year that complete operating income and expense data is available, 2009 is most recent year for which complete rent data is available (the 2009 evaluation will be discussed in a later section of this report).

To arrive at a determination of fair value the City's appraiser reviewed the Rent Adjustment application, including the appraisal, submitted by the Park Owner, the City's Rent Stabilization Ordinance and relevant Guidelines, physically inspected the subject park and other mobile home parks in the City, and reviewed rent data for Ranch and the other parks obtained from City records. For a detailed analysis, please refer to Summary Appraisal Report, Attachment #6.

a. 1979 Base Year

For a variety of reasons outlined on page 14 of the appraisal, the City's appraiser believes that the data in the appraisal prepared by the Park Owner is not reliable. The City's appraiser concludes that fair value rent for Ranch in 1979 would have been $150.00 per space per month, a difference of $31.00 compared to the actual average space rent of $123 per month, and a difference of $90.00 when compared to the Park Owners appraisal value of $240.00. The $90 difference between these two appraisals translates into a much greater difference in fair rents under the MNOI standard, because the differences are inflation adjusted (indexed) under this standard.

b. 1999 Base Year

The appraiser concluded that average comparable space rent for Ranch in 1999, was $300.00, a difference of $173.00 compared to the actual average space rent of $127.00 per month.

C. Determination and Adjustment of Base Year Operating Expenses

When performing an MNOI calculation a determination and possible adjustment to Base Year operating expenses may be necessary. The reason an adjustment may be required is due to the fact that to the extent that expense levels are exceptionally low or high in the base year, the amount of a rent increase yielded using the MNOI standard

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could either increase or decrease, and the net NOI would either increase or decrease accordingly, which would lead to an artificially low or high projection of what net

Due to the lack of a breakdown of 1982 operating expenses, it is impossible to quantify the bases for the differences in the rates of increase in operating expenses and the CPI from 1982 to 1999. However, it appears that a portion of this difference is attributable to a transfer of tasks from the Park Owner to a third party.

When discussing changes in the provision of management tasks the Park Owner responded: "Off-site management was employed in 2006 to carry out many of the bookkeeping and capital improvement functions that had been previously carried out by me since 1979, but which I am no longer able to carry out because of ill health and increasing governmental requirements."[5] Since the performance of tasks by a Park Owner are not recorded as an operating expenses, for the purposes of an MNOI analysis there is an "understatement" of base year expenses if they are compared with a current year in which the same tasks are performed by a third party for compensation which would be recorded as an operating expense.

Based on the foregoing discussion, an alternate calculation is included which increases the 1982 operating expense level to account for tasks performed by the owner and to an amount which limits the rate of operating cost increases from 1982 to 2009 to the rate of increase in the CPI. Under this approach, the base year operating expenses are projected to be $42,555 instead of the $34,424 amount reported in 1982. In turn, the base period net operating income is decreased by $8,125 ($42,555 - $34,424) and the monthly rent increase projected pursuant to an MNOI standard is reduced by $17 to $23 (depending on the rate of indexing net operating income).operating income in the current year.

The following table sets forth the overall operating expense totals for 1979, 1982, 1999, and 2009. While, the percentage expense increase from 1982 to 2009 exceeded the percentage increase in the CPI, the overall expense/rental income for 1999 is moderate by mobilehome park industry standards, although nearly equaling the current exceptionally low rent levels. If the 2009 operating expenses are compared with the lowest of the projected rent increases under the MNOI standard, they would be equal to about 34% of the allowable rent.[6] In this analysis no adjustment is made to the 2009 operating expenses claimed by the applicant.

[5] RAA, Declaration of Andrew Hohn, para. 5 (submitted with Sept. 2, 2010 letter from Hart, King, & Coldren (Boyd Hill, attorneys for the Park Owner).

[6] See p. 33 (MNOI projections using 1982 as a base year). If the rents were increased by $191.95, the overall space rental income would be $288,555 (($133 + $191.95)) x 12 months x 74 spaces.) compared to the operating expenses of $97,452.

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Overall Operating Expenses for 1979, 1982, 1999, and 2009

Year	1979	1982	1999	2009
CPI	72.3	97.3	166.1	223.2
Operating expenses (Application)	27,511	34,424	67,656	97,452
Adjusted operating expenses (1982 only).		42,554		

D. Adjustment of Net Operating Income for Inflation

The Thousand Oaks Rent Stabilization Ordinance and Resolution RAC-2 provide for the use of the MNOI standard in determining a fair return, but do not provide any specification as to the rate at which NOI shall be indexed to account for inflation from the Base Year to the current year.

The courts have held that net operating income cannot be frozen, which implies that in determining a fair return some adjustment for inflation is required. Some California courts have upheld local regulations that provide for an inflation adjustment of net operating income as low as 40% of the actual increase in the Consumer Price Index (CPI) since the base year. Several California mobile home rent control ordinances that use MNOI formulas have indexed NOI at varying percentages, ranging from 40% to 100% of CPI (for a detailed discussion of this important aspect of determining fair return under the MNOI approach, please refer to Section III.A, of the consultant's report, Attachment #5).

Determination of Appropriate Inflation Adjustment for MNOI

The CPI increased by approximately 100% from 1986 to the current year. The applicant's request uses all (100%) of this increase to calculate the net operating income necessary in the current year to achieve a fair and reasonable return – in other words double the net operating income in 1986. Staff believes that this is excessive and not necessary to achieve a just and reasonable return on the Park owner's investment. The following discussion details why it may be appropriate to use a lesser indexing factor to account for the effects of inflation.

In the case of leveraged ownership of real estate (acquisition funded by down payment plus a loan), an investment may prove to be very profitable although net operating income doesn't increase as fast as the CPI. Due to leveraging, "income" attributable to growth in equity may far exceed the rate of increase in NOI, and thus total return is

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greater than net operating income. Therefore, it may be appropriate to index rent adjustments at a rate less than 100% of CPI.

E. MNOI Calculations

Fair net operating income is projected using 1979, 1982, and 1999 as the base year. Each base year calculation contains projections based on indexing of base period net operating by 50%, 75%, and 100% of the percentage increase in the CPI. Each calculation also contains a base period rent ("Vega") adjustment. When net operating income is indexed at less than 100% of the percentage increase in the CPI, the rent adjustments are substantially larger if 1999 is used as a base year, relative to adjustments with less than 100% indexing using 1979 or 1982 as the base years. These differences may be attributed to the fact that the rent increases in the comparable parks pursuant to the automatic annual increases from 1980 to 1999 were adequate to provide growth in net operating income at 100% of the rate of increase in the CPI. The use of 1999 comparable rents in order to set a base period rent would incorporate these increases into the base period rent.

The following table summarizes the results of the various MNOI calculations. Detailed calculations can be found on pages 32-34 of Attachment #5.

MNOI Calculations of Monthly Space Rent			
Base Year	**Percent of CPI Increase**		
	50%	***75%***	***100%***
1979	$206.30	$262.48	$318.66
1982	$207.10	$252.80	$297.47
w/expense adjustment	$191.95	$234.16	$276.37
1999	$283.94	$304.76	$325.58

2. Comparable Current Controlled Rents for 2009

As previously established, the MNOI analysis for the Ranch rent adjustment request has circumstances that are unique in that there was an arrangement between the owner and the City to establish rent levels affordable to low income seniors, and both the Park Owner and the City hired appraisers to perform a retrospective appraisal establishing a fair market rent for the park in 1979.

In a similar vein, an appraisal of current comparable rents can be used to establish present value, which can be used as a measure for determining an appropriate rent adjustment. The year 2009 is used because it is the last year for which complete rent data is available for all mobile home parks in Thousand Oaks. The City commissioned an appraisal establishes an opinion on present comparable controlled rent. The City's appraiser arrived at comparable rent amount of $400 per space per month for Ranch. This methodology is presented for comparative purposes only.

The following table shows the current range of rents in the various mobile home parks in the City, for comparison purposes.

Mobile Home Rents as of October 1, 2009				
Park	**Spaces**	**Avg Rent**	**Low Rent**	**High Rent**
Ranch MHP	**74**	**$132.63**	**$127.92**	**$139.36**
Conejo MHP	43	$419.51	$312.87	$922.50
Elms Plaza MHP	34	$429.78	$313.00	$900.00
Lakestone MHP	28	$232.19	$203.48	$547.00
Thunderbird MHP	161	$394.03	$321.40	$525.40
Twin Palms MHP	80	$311.95	$255.94	$544.50
Vallecito MHP	303	$537.89	$478.00	$745.00
Ventu Estates MHP	155	$437.50	$365.54	$476.61
Ventu Park Villas MHP	170	$403.44	$355.07	$727.35

3. Adjustment Using Rate of Return on Investment

This methodology seeks to establish rent levels based on an owners return on investment. Two figures need to be established; an adjusted investment amount based on present value, and the measure of an appropriate rate of return on investment ("ROI").

A. Adjusted Investment Amount

In order to adjust the investment amount, the original or "historical" investment is adjusted based on the cumulative increase in the Consumer Price Index (CPI). The Park Owners original investment amount was $500,000 when the park was originally constructed in 1977. Since 1977 the CPI has increased by 267% making the owners imputed investment amount $1,835,000.

B. Determining the Rate of Return on Investment

As a general rule, the ROI of an investment is proportional to its perceived risk, or stated another way, the riskier the investment, the higher the rate of return necessary to induce an investment. Generally, in the realm of real estate investing, once constructed and occupied, contemporary mobile home park investments, are considered to be a stable low risk investment primarily due to limited supply and strong demand for this type of housing. This is largely due to the fact that mobile homes are difficult to move within urban areas, and instead are typically sold in place, and as a result of contemporary land use policies and zoning, which limits the supply of mobile home park spaces. To illustrate this point, City records indicate that in 2009, of the 1058 mobile home spaces in the City, there were only 15 vacant mobile home spaces, 12 of which were in one Park – Lakestone (formerly Crestview).

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This supply-demand condition makes mobile home parks a particularly stable investment, especially when compared to the negative performance of other real estate classes due to economic factors present during the past four years. Thus the rate of return demanded for this type of real estate asset may not be as high as other types of real estate investments. The agreement that established the initial rental rates for Ranch in 1977 used an 11.5% ROI (it should be noted that in 1977 the CPI was 6.5%, as compared to -0.4% in 2009, and 1.7% year to date[7]), until the current economic downturn, which began in 2007, a 9% ROI. However, according to research by the City's consultant, the prevailing rate of return on recent Mobile Home Park purchases has been in range of 6-9%. The table below illustrates rent at these various rates of return:

Rate of Return on Investment	6%	9%	11.50%
Rent Adjustment/Space/Month	$100.97	$162.98	$214.66

CONCLUSION

There are a number of factors to be considered in reaching a determination on the appropriate methodology to use to calculate an appropriate Just and Reasonable rent adjustment. The Courts have repeatedly upheld rent commission decisions using the MNOI standard in order to determine fair (just and reasonable) rents. Furthermore, the Regulations provide for the use of this type of standard in setting a just and reasonable return. In this case, there no single version of the MNOI standard which is directed by the ordinance and regulations or the particular facts of this case, nor is there a stipulation as to the rate of "indexing".

While calculations have been provided for three base years, the use of the pre-rent controlled base year (1979) would be contrary to the regulations requiring the use of a base year for which "financial information" is available. Furthermore, the base rent ("Vega") adjustments for those years are dependent on projections based on rent information from 1983, rather than actual rent information for 1979.

Overall expense information is available for 1982 and actual rent information is available for 1983. While the comparable report of the City's appraiser provides a conclusion about comparable rents in 1979, the methodology depends on actual data on 1983 rents for Ranch and five other parks in the City. The methodology is clearly set out and can be used to extrapolate a conclusion in regards to the comparable rent level for Ranch in 1982.

Rental income and detailed expense information is available for 1999. In addition, the City's appraiser has prepared a comparable rent analysis for that year. The use of 1999 in order to compute a fair base rent ("Vega") adjustment would incorporate nineteen

[7] U.S. Dept. of Labor, Bureau of Labor Statistics

years of rent regulation of the other mobile home parks in the City into the fair base rent determination.

The use of a current comparable rents standard based on the Summary Appraisal Report prepared for the City probably provides a reasonable gauge of fair returns as it reflects the outcomes of approximately 30 years of regulation designed to place reasonable restrictions on rent increases. However, this methodology is typically not used to calculate a just and reasonable return, except in cases where a jurisdictions rent adjustment regulations specifically authorize such a standard.

Therefore the use of the MNOI standard is recommended. It is also recommended that 1982 be used as the base year, applying a base rent ("Vega") adjustment, with expenses adjusted and indexed at 50%. Using this standard yields a result comparable to an 11.5% Return on Investment Standard, and fairly consistent with the outcome of the Current Comparable Rent method. In addition, this calculation would be most consistent with purpose and directions in the Ordinance and Regulations, and has been upheld in the courts as an appropriate method for determining a Fair Return.

The table on the following page illustrates all of the methodologies and benchmark rents discussed in this report and the consultant's report, including those methods presented for comparative purposes only. The preferred methodology, (MNOI using 1982 as the base year, expenses adjusted and indexed at 50%), with the recommended rent amount, of $191.95 per space, per month, is highlighted in bold font. This equates to an aggregate annual increase in income of $170,451.60. Figures in the table are the amount of increase over and above existing average monthly space rents.

ALTERNATIVE MONTHLY SPACE RENT CALCULATIONS OVER AND ABOVE EXISTING SPACE RENTS			
CALCULATIONS FOR PURPOSE OF DETERMINING JUST AND REASONABLE INCREASE			
MNOI Calculations			
Base Year Using City Appraiser's Values			
Base Year	**Percent of CPI Increase**		
	50%	***75%***	***100%***
1979	$206.30	$262.48	$318.66
1982	*$207.10*	$252.80	$297.47
w/expense adjustment	**$191.95**	$234.16	$276.37
1999	$283.94	$304.76	$325.58
Base Year Using Park Owner Appraiser's Value			
1980	$386.71	$487.08	$587.45

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CALCULATIONS PRESENTED FOR COMPARATIVE PURPOSES ONLY			
Comparable Current Controlled Rent – 2009			
	$267.00		
Total of Allowable Annual Increases Over Current Rents			
Rent Stabilization	$162.00		
Resolution 84-037	$147.67		
Rate of Return on Investment			
	6%	9%	11.5%
	$100.97	$162.98	$214.66

Submitted by:

John C. Prescott
Community Development Director

Prepared by:

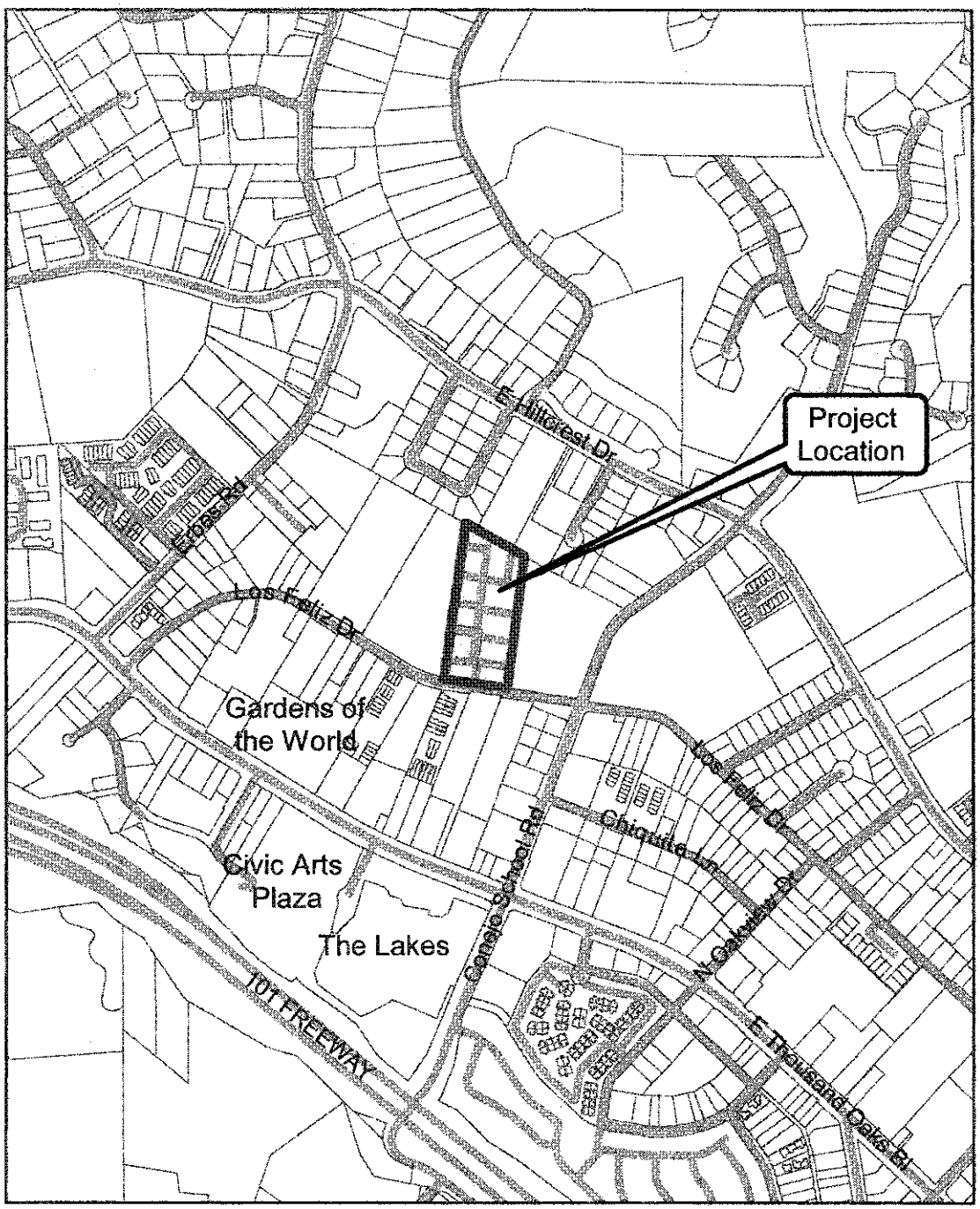
Bill Hatcher
Senior Planner

Attachments:

#1 Location Map
#2 City's Mobile Home Rent Stabilization Ordinance
#3 Rent Adjustment Application (Separate Cover)
#4 Public Correspondance Received
#5 Consultant Analysis dated November 30, 2010
#6 Summary Appraisal and Review, dated November 19, 2010
#7 November 30, 2010 correspondence from Chandra Gehri Spencer

Attachment 1:
Location Map

Ranch Mobile Home Park
Location Map



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City of Thousand Oaks
Community Development Department

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Attachment 2:
City's Mobile Home Rent Stabilization Ordinance

CHAPTER 25. MOBILE HOME RENT STABILIZATION

Sec. 5-25.01. Findings and purpose.

There is a shortage of vacant and available mobile home spaces in the City of Thousand Oaks resulting in a critically low vacancy factor. Many mobile home tenants are on fixed incomes and, if displaced as a result of their inability to pay increased rents, must relocate at a substantial loss or expense, and, in addition, as a result of such housing shortage they may be unable to find decent, safe and sanitary new housing at affordable rent levels. Aware of the difficulty in finding alternative decent housing, some tenants attempt to pay requested and uncontrolled rent increases, but as a consequence, must expend less on other necessities of life. This situation has had a detrimental effect on substantial numbers of renters in the City, especially creating hardships on senior citizens on fixed incomes, and low- and moderate- income households.

The City causes data to be collected through the annual registration statements submitted by mobile home landlords, which confirms a mobile home space and housing shortage continues to exist in the City, the vacancy rate in mobile home parks remains critically low and the deregulation of rents at this time could lead to exorbitant rent increases and aggravation of the crisis, problems and hardships which existed prior to the adoption of the program. This housing shortage necessitates the continuation of the mobile home rent stabilization program. Therefore, it is necessary and reasonable to continue to regulate rents so as to safeguard tenants from excessive rent increases and at the same time provide landlords with a just and reasonable return on their rental spaces.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.02. Definitions.

The following words and phrases, whenever used in this chapter shall be construed as defined in this section.

"Average per space capital improvement cost" means an amount determined by dividing the cost of the capital improvement by the total number of mobile home unit rental spaces in the mobile home park with respect to which the cost was incurred.

"Average per space rehabilitation cost" means an amount determined by dividing the cost of the rehabilitation, less any offsetting insurance proceeds, by the total number of mobile home unit rental spaces in the mobile home park with respect to which the cost was incurred.

"Capital improvement" means the addition or replacement of improvements to a rental space, spaces or the common areas of the mobile home park, provided such new improvement has a useful life of five years or more, including but not limited to, roofing, carpeting, draperies, stuccoing the outside of a building, air conditioning, security gates, swimming pool, sauna or hot tub, fencing, garbage disposal, washing machine or clothes dryer, dishwasher, recreational equipment permanently installed on the premises, and other similar improvements as determined by the Commission.

"Commission" means the Rent Adjustment Commission of the City of Thousand Oaks.

"Decontrolled space" means any space formerly subject to the Rent Stabilization Ordinance, as amended, which was vacant on or after June 26, 1981, and such vacancy occurred on or after May 1, 1981 by reason of the tenants' voluntary vacation of that space or the tenants' eviction for nonpayment of rent.

"Housing services" means services connected with the use or occupancy of a mobile home rental space including, but not limited to, utilities (including cable T.V., light, heat, water and telephone), ordinary repairs or replacement and maintenance, including painting. This term shall also include the provision of elevator service, laundry facilities and privileges, common recreational facilities, janitor service, resident manager, refuse removal, furnishings, parking, and any other benefits, privileges or facilities.

"Index" means the figure employed when determining allowable rent increases under Section 5-25.05, and shall be calculated by taking seventy-five (75%) percent of the Los Angeles-Long Beach-Anaheim, Consumer Price Index for all urban consumers for the year ending April 1, rounded to the nearest tenth. No index in excess of seven (7%) percent shall be employed.

"Landlord" means an owner, lessor or sublessor (including any person, firm, corporation, partnership, or other entity) of a mobile home park, who receives or is entitled to receive rent for the use of any mobile home rental space, or the agent, representative or successor of any of the foregoing.

"Maximum adjusted rent" means the maximum rent plus any rent increase subsequently effected pursuant to Sections 5-25.05 and 5-25.06, less any rent reductions required by regulations promulgated by the Commission. Said amount shall be rounded to the nearest dollar and shall not include any increase for capital improvement work or rehabilitation work approved by the City.

"Maximum base rent" means, for a rental space that was occupied by one or more of the same tenants from July 1, 1986 to February 22, 1996, the highest legal monthly rent which was in effect for the rental space or spaces on July 1, 1986. For rental spaces vacated, as

defined in Section 5-25.05 (b), between July 1, 1986 and February 22, 1996 and for all spaces vacated after that date and eligible for decontrol/recontrol pursuant to this Chapter, the maximum base rent shall be the highest legal rent in effect on the re-renting of the space. Any increase subsequently effected pursuant to Section 5-25.05 shall be computed against the maximum base rent.

"Maximum rent" the highest legal monthly rate of rent which was in effect for the rental space during any portion of the month of June 1980. If a rental space is not rented during said month, then it shall be the highest legal monthly rate of the rent in effect between June 1, 1979 and May 31, 1980. If a rental space was not rented during either of the above periods, then it shall be the rent charged for an equivalent space that was rented during the month of June 1980, or if not so rented then, during the period between June 1, 1979 and May 31, 1980.

"Mobile home" means a single dwelling unit structure designated or designed for human habitation, transported over the highways to a permanent occupancy site, and installed on the site either with or without a permanent foundation.

"Mobile home park" means a parcel of land where five or more mobile home spaces are rented or leased out for mobile homes used as residences. "Mobile home park" does not include developments which sell lots for mobile homes or manufactured housing, or which provide condominium ownership of such lots, even if one or more homes in the development are rented or leased out.

"Mobile home tenant or resident" means any person entitled to occupy a mobile home which is located within a mobile home park.

"Rehabilitation work" means any rehabilitation or repair work done on or in a rental space or common areas of the housing complex containing the rental space and which work was done in order to comply with an order issued by the Community Development Department, the Health Department, or the Fire Department, or to repair damage resulting from fire, earthquake or other natural disaster.

"Rent" means the consideration, including any bonus, benefits or gratuity, demanded or received by a landlord for or in connection with the use or occupancy of a rental space, or the assignment of a lease for such a space including, but not limited to, any monies demanded or paid for parking, furnishings, housing services of any kind, subletting or security deposits.

"Rental space," except as provided below, includes underlying land and mobile homes thereon, whether rent is paid for the mobile home and the land upon which the mobile home is located, or rent is paid for the land alone. The term shall not include:

(1) Four or fewer mobile homes located on the same lot or parcel.

(2) Mobile homes located in nonprofit cooperative parks owned and controlled by a majority of the residents.

(3) Mobile homes which a governmental unit, agency or authority owns, operates or manages which are specifically exempt from municipal rent regulations by state or federal law or administrative regulations. Accommodations to which rental assistance is paid pursuant to 24 CFR 882 ("HUD Section 8 Federal Rent Subsidy Program") may be exempted wholly or partially from the terms of this chapter on an individual basis by written application to the City Manager and after notice to the tenant and landlord

involved.

(4) Mobile homes located in a mobile home park for which a certificate of occupancy was first issued after June 30, 1980.

(5) Nonprofit mobile home parks. Mobile home parks operated by an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code provided that the gross income derived therefrom does not constitute unrelated business income as defined in Section 512 of the Internal Revenue Code.

"Tenant" means a tenant, subtenant, lessee, sublessee, or any other person entitled to use or occupancy of a mobile home rental space.

"Vacancy" means when a tenant voluntarily vacates a mobile home rental space or when a tenant is evicted for nonpayment of rent. A vacancy shall not exist when the tenant sublets or assigns his interest in the rental space, including the subletting or sale of a mobile home coach which remains on the same space within a mobile home park. If a mobile home is removed from the space, the space is decontrolled until re-rented to a new tenant and thereafter is subject to all the provisions of this chapter.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.03. Rent Adjustment Commission.

(a) Creation and organization of the Rent Adjustment Commission. The "Rent Adjustment Commission of the City of Thousand Oaks" is hereby created. The Commission shall consist of five seated members comprised of one landlord, one tenant and three individuals who are neither landlords nor tenants of a residential rental property. Three alternate commissioners may be appointed by the City Council to the Commission, comprised of one landlord, one tenant, and one individual who is neither a

landlord nor a tenant of a residential rental property. The seated members and alternates shall be appointed and removed by the Council, all serving at the Council's pleasure. If at any time during the term of a seated member or alternate member, the member becomes a landlord or tenant of residential rental property, or ceases to be same in conflict with his/her Commission designation, the office or position of that member shall immediately become vacant and a new appointment made thereto.

The term of office or assignment for each member of the Commission shall be for the period of time from their appointment to the time that this section is no longer in effect. The Commission shall designate one of its members as a chairperson and one of its members as vice- chair, which officers shall hold office for one year and until their successors are elected.

(b) Commission action and procedure. Each of the five seated Commissioners shall be entitled to one vote. Three members shall constitute a quorum for purposes of conducting a meeting. The decisions of the Commission shall be determined by a majority vote of the seated members present. An alternate Commissioner may only become a seated Commissioner for purposes of Commission action or decision in the absence of the Commissioner appointed as a seated member of the Commission or if the seated member asks to be excused. In the event of such absence, an alternate Commissioner shall be seated only in accordance with his/her designation as a landlord, tenant, or nonlandlord/nontenant. In no event shall more than five votes be cast for any action or decision of the Commission.

(c) Powers and responsibilities. The Commission shall have the power and be responsible for carrying out the provisions of this chapter and the provisions of any ordinance regulating rents in apartment complexes. It shall have the authority to issue orders and promulgate policies, rules and regulations to effectuate the purposes of this chapter. It may make such studies and investigations, conduct such hearings, and obtain such information as it deems necessary to promulgate, administer and enforce any regulation, rule or order adopted pursuant to this chapter. The City Manager shall designate employees to furnish staff support to the Commission.

Every year the Commission may render to the City Council a written report of its activities pursuant to the provisions of this Chapter along with such comments and recommendations as it may choose to make. The Commission shall meet as often as necessary to perform its duties.

(d) Compliance with Brown Act. The meetings of the Commission shall be held within the city and open to the public. Such meetings shall be conducted in accordance with the items contained in a posted agenda and conducted in compliance with the state Brown Act.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.04. Restrictions on rents.

No landlord shall demand, accept or retain more than the maximum rent or the maximum adjusted rent for a mobile home rental space permitted pursuant to this chapter or to regulations or orders adopted pursuant to this chapter, nor shall any landlord effect a prohibited rent increase through the reduction of housing services.

All landlords shall maintain records setting forth the maximum adjusted rent, the maximum base rent and the current rent being charged for each rental space. This information shall be disclosed to the City upon the City's request. Each landlord who demands or accepts a rent higher than the maximum adjusted rent or demands or accepts a fee or surcharge shall inform the tenant or any prospective tenant of the rental space, in writing, of the factual justification for the fee, surcharge or difference between said maximum adjusted rent and the rent which the landlord is currently charging or proposes to charge.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.05. Automatic adjustments to rent and vacancy decontrol.

The maximum adjusted rent for any rental space may be increased without permission of the Rent Adjustment Commission as follows:

(a) Occupied rental spaces. For a rental space which at any time after August 1, 1980 has not had a rent increase for a period of twelve (12) consecutive months or more, the maximum adjusted rent may be increased in an amount determined by multiplying the Maximum Base Rent by the Index.

Notice of index. After review of pertinent information from the U.S. Bureau of Labor Statistics, the City Manager shall determine the Index from each year and notify each landlord by mail of his finding. Automatic adjustments effected September 1 through August 31 shall employ the Index immediately prior to that period.

(b) Vacancy decontrol/recontrol. If a rental space is vacated voluntarily or as a result of eviction for nonpayment of rent, the maximum adjusted rent may be increased to any amount upon the re-rental of the rental space. Thereafter, as long as the rental space continues to be rented to one or more of the same persons, no other rent increase shall be imposed except as provided in this chapter.

(c) Notice of increases. Notice of any increase in rent pursuant to this section shall be given in accordance with the Civil Code of the State of California. If an increase has been noticed but not effected prior to the effective date of the ordinance codified in this chapter, said notice shall be construed as a valid notice to increase rents in an amount not to exceed the increase permitted by this section.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.06. Administrative adjustments to rent.

(a) Capital improvements and rehabilitation. The City Manager or his designee, in accordance with such guidelines as the Commission may establish, shall have the authority to grant rent adjustments subject to the procedures set forth below for a rental space or spaces located in the same park upon receipt of an application for adjustment filed by the landlord of the rental space or spaces if he finds that one or more of the following grounds exist:

(1) That on or after January 1, 1982, the landlord has completed a capital improvement with respect to a rental space and has not increased the rent to reflect any of the cost of such improvement. If such a finding is made, the landlord shall be entitled to a monthly rent increase equivalent to the cost of the improvement divided by the number of months of the improvement's useful life, except that no increase shall be allowed when the improvement was discrete to the interior of a tenant's rental space and said improvement was not necessary to safeguard the landlord's property from deterioration or loss in value without the express written consent of the tenant to such an increase. The Commission shall provide, by resolution, for the categorization of the capital improvement into five (5), ten (10) and fifteen (15) year useful lives and shall, when necessary, decide which useful life category shall be applied to capital improvements which are not identified within the above-mentioned resolution. The City Manager or his designee shall be responsible, in the absence of the tenant's written consent, for determining whether or not an

improvement was necessary to safeguard the landlord's property from deterioration or loss in value. Nothing in this section shall be interpreted to preclude a landlord from making or performing a capital improvement.

(2) That on or after January 1, 1982, the landlord has completed rehabilitation work with respect to a rental space and has not increased the rent to reflect any of the cost of such work. If such a finding is made, the landlord shall be entitled to a monthly rent increase equivalent to the cost of the improvement divided by the number of months that the City Manager or his designee determines to be the appropriate amortization period for that rehabilitative work.

(b) Just and reasonable return.

(1) Commission adjustments. The Commission shall have the authority, in accordance with such guidelines as the Commission may establish, to grant increases in the rent for a rental space or spaces located in the same mobile home park, upon receipt of an application for adjustment filed by the landlord and after notice and hearing, if the Commission finds that such increase is in keeping with the purposes of this chapter and that the maximum rent or maximum adjusted rent otherwise permitted pursuant to this chapter does not constitute a just and reasonable rent on the rental space or spaces. The following are factors, among other relevant factors as the Commission may determine, which may be considered in determining whether a rental space yields a just and reasonable return:

(i) Property taxes;

(ii) Reasonable operating and maintenance expenses;

(iii) The extent of capital improvements made to the common area or spaces as distinguished from ordinary repair, replacement and maintenance;

(iv) Living space, and the level of housing services;

(v) Substantial deterioration of the rental spaces other than as a result of ordinary wear and tear; and

(vi) Failure to perform ordinary repair, replacement and maintenance; and

(vii) Financing costs on the property if such financing was obtained prior to April 1, 1980 and if it contains either a balloon payment or variable rate provision.

(2) Anti-speculation provision. If the only justification offered for the requested rent increase on the landlord's application is an assertion that the maximum rents or maximum adjusted rents permitted pursuant to this chapter do not allow the landlord a return sufficient to pay both the operating expenses and debt service on the rental space or spaces or on the mobile home park containing the rental space or spaces, a rent adjustment will not be permitted pursuant to this subsection to a landlord who acquired an interest in the rental space or spaces after January 1, 1980.

(c) Procedures.

(1) All applications for rent adjustment shall be submitted to the City Manager and shall include, among other things, the mailing addresses and space numbers of the space or spaces for which an adjustment is requested. Each application shall be accompanied by a filing fee of Twenty and no/100ths ($20.00) Dollars plus Five and no/100ths ($5.00) Dollars per space affected by the proposed increase. The City Manager shall determine whether an application is complete within thirty (30) days of submittal. The applicant shall produce at the request of the City Manager or Commission such records, receipts and reports as may be necessary to make a determination on the adjustment request. Failure to produce such requested items shall be sufficient basis for the termination of the rent adjustment proceedings. All applications for rent adjustment, together with all oral and written evidence presented in support thereof, shall be under oath or penalty of perjury.

(2) Within ten (10) days of the determination by the City Manager that the application is complete, the City Manager shall set a date for a hearing and determination. The City Manager shall notify the tenant or tenants of the subject space or spaces by mail of the receipt of such application, the amount of the requested increase, the landlord's justification for the request, and the place, date and time of the hearing on the adjustment request. The hearing shall be set no less than ten (10) days and no more than forty-five (45) days after the date of mailing such notice.

(3) The hearing shall be conducted in accordance with rules of procedure which the Commission may choose to adopt. In the event that the Commission does not adopt such rules of procedure, the hearing shall be conducted in general accordance with the City Council Manual of Procedure, Ordinance 488-NS. At the time of the hearing, the landlord and/or any affected tenants may offer such documents, testimony, written declarations or evidence as may be pertinent to the proceedings.

(4) A determination with written findings in support thereof shall be made within seventy-five (75) days from the determination that the application for rent adjustment was complete. The rent adjustment may be granted for less than, but not for more than, the amount requested.

(5) Copies of the findings and determination of the Commission shall be mailed by the City Manager to the applicant and all affected tenants.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.07. Evictions.

(a) A landlord may bring an action to recover possession of a rental space only upon one of the following grounds:

(1) The tenant has failed to pay the rent to which the landlord is entitled.

(2) The tenant has violated an obligation or covenant of the tenancy, other than the obligation to surrender possession upon proper notice, and has failed to cure such violation after having received written notice thereof from the landlord.

(3) The tenant is committing or permitting to exist a nuisance in or is causing damage to, the rental space or to the appurtenances thereof, or to the common areas of the park containing the rental space, or is creating an unreasonable interference with the comfort, safety, or enjoyment of any of the other residents of other mobile homes in the park, and has failed to cure such violation after having received written notice thereof from the landlord.

(4) The tenant is using or permitting a rental space to be used for any illegal purpose.

(5) The tenant, who had a written lease or rental agreement which terminated on or after the effective date of this ordinance, has refused, after written request or demand by the landlord, to execute a written extension or renewal thereof for a further term of like duration with similar provisions and in such terms as are not inconsistent with or violative of any provisions of this chapter.

(6) The tenant has refused the landlord reasonable access to the space for the purpose of making repairs or improvements, or for the purpose of inspection as permitted or required by the lease or by law, or for the purpose of showing the rental space to any prospective purchaser or mortgagee.

(7) The person in possession of the rental space at the end of a lease term is a subtenant not approved by the landlord.

(8) The landlord seeks in good faith to recover possession so as to demolish or perform other work necessitating the removal of the rental space from rental housing use, except that if the landlord seeks to recover possession for the purpose of converting the space into a stock cooperative, the landlord must have complied with the notice requirements of Government Code section 66427.1 and applicable City ordinances.

(9) The landlord seeks in good faith to recover possession in order to permanently remove the rental space from rental housing use.

(b) If the dominant intent of the landlord in seeking to recover possession of a rental space is retaliation against the tenant for exercising his/her rights under this chapter, and if the tenant is not in default as to the payment of rent, the landlord may not recover possession of a rental space in any action or proceeding or cause the tenant to quit involuntarily.

(c) Before a landlord can use tenant violation of a covenant or obligation of tenancy as grounds for eviction, the landlord must have provided the tenant with a written statement of the respective covenants and obligations of both the landlord and tenant prior to such alleged violation, and such statement must have set forth the particular covenant or obligation subsequently alleged to have been violated.

(d) In any action by a landlord to recover possession of a rental space, the tenant may raise, as an affirmative defense, any of the grounds set forth in Subsections (a), (b), and (c) of this section.

(e) In the event it should be determined that any provision of this section is in conflict with California law relative to landlord/tenant relationships, including eviction of tenants, then, and in that event, any rental space which becomes vacant following eviction for any reason other than nonpayment of rent, shall not be re-rented at a rent in excess of the maximum adjusted rent as defined herein.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.08. Remedies.

Any person who demands, accepts or retains any payment of rent in excess of the maximum rent or maximum adjusted rent in violation of the provisions of this chapter, or any regulations or orders promulgated hereunder shall be liable in a civil action to the person from whom such payment is demanded, accepted or retained for damages of three times the amount by which the payment or payments demanded, accepted or retained exceed the maximum rent or maximum adjusted rent which could be lawfully demanded, accepted or retained together with reasonable attorney's fees and costs as determined by the court, together with a civil penalty not to exceed the sum of Five Hundred and no/100ths ($500.00) Dollars.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.09. Refusal of a tenant to pay.

A tenant may refuse to pay any rent in excess of the maximum rent or maximum adjusted rent permitted pursuant to this chapter or regulations or orders adopted hereunder. The fact that such rent is in excess of maximum rent or maximum adjusted rent shall be a defense in any action brought to recover possession of a rental space or to collect the illegal rent.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.10. Prior Ordinances.

(a) This chapter is derived from Ordinances 747-NS and 755-NS as amended by Ordinances 782-NS, 787-NS, 805-NS, 831-NS, 838-NS, 846-NS, 933-NS, 1040-NS, and 1216-NS. This chapter shall control to the extent a conflict exists between it and any former law to the contrary, however, the former ordinances shall provide a supporting basis for the findings and interpretations of this ordinance and shall be employed when necessary in determining the maximum rent, maximum adjusted rent and maximum base rent for a space.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.11. Appeals.

Any dispute, contention, or disagreement relative to interpretation, application or enforcement of this chapter or any provisions thereof, shall be submitted to the City Council for determination in accordance with the provisions of section 1-4.01 through section 1-4.05 of the Thousand Oaks Municipal Code, provided that all decisions of the City Manager shall first be appealable to and ruled on by the Commission.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.12. Registration.

(a) Purpose. The purpose of the registration requirement is to enable the City to monitor rents under this chapter and to provide for the assessment of fees to assist in the financing of the reasonable and necessary expenses of the implementation and administration of the mobile home rent stabilization program within the City of Thousand Oaks.

(b) Registration. On or before January 1 of each year, a landlord shall furnish to the City Manager, upon a form approved by the City Manager, information indicating the maximum base rent and maximum adjusted rent for each rental space in the

complex as of October 1 of that year. Such spaces shall be individually designated by their space number and mailing address. Additionally, the landlord shall indicate when the rent for each individual space was last increased pursuant to section 5-25.05.

(c) Registration fee. By January 1 of each year, the landlord shall submit to the City Manager, a registration fee in the amount of Ten and no/100ths ($10.00) Dollars for each controlled rental space in the City of Thousand Oaks. A landlord who does not pay the registration fee by January 1 of any given year shall be assessed a late charge of Two and no/100ths ($2.00) Dollars per month per space for which the registration fee is not paid. The City Council may from time to time adjust this fee by resolution. This section shall not apply to any space which will not receive an increase in rent pursuant to section 5-25.05(a) in any year for which the fee is due, provided that the landlord identify each space which will not receive such an increase by indicating "no increase" in the "Comments" section of the Registration Form (Section 5-25.12(b)), above.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

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Attachment 3: Rent Adjustment Application (See Book A & B)

6.3

3: Rent Adjustment Application (See Book A & B)

Attachment 4: Public correspondence received

6.4

October 11, 2010

ATTACHMENT #4

Regarding the Ranch Mobile Home Park Request for Rent Increase

The original permit given to Mr. Hohn by the city council for the Ranch Mobile home Park development had conditions. Those conditions were to ensure that the park would remain a low income senior park.

In response to a request for rent readjustment by the owners, the city council in 1984 passed Resolution No. 84-037 giving a formula for rent increases. It seemed fair then and it seems fair now. Attached is a copy of Resolution No. 84-037.

1. Any rent increase would be based on whether expenses would exceed income.
2. The owner would be allowed to make an 11.5% yearly profit on his investment. He would also be allowed to deduct depreciation along with the expenses of running the park.

An 11.5% profit on an investment seems fair and reasonable, especially since the owner has minimal upkeep. The coach owners keep up their own homes, as well as the landscaping to beautify the park. The park owner basically faces no risk as the residents pay their own insurance against any disasters. Therefore, we feel an 11.5% profit on any investment would appear to be a just and reasonable return.

We, as residents of the park, recognize property rights. An owner should be allowed to do with their property as desired.

However, there are special circumstances with the Ranch Mobile Home Park that the owner knew when he developed the park. Most importantly, it was developed to accommodate single-wide trailers and to afford low cost rents to senior citizens and would continue to operate as an affordable park.

The homes cannot be moved easily or cheaply, if at all. Secondly, the tenant when purchasing the home also has an investment in the mobile home park. If the homeowner can no longer pay the rent, he has lost all of his investment. No mobile homes bought, no mobile home park.

The owner of the park can never lose his investment. The park resident assures the owners of a constant profit – a steady 11.5%,

All the park residents moved here because it was a low income, low space rent park. We had a reasonable expectation that the park would remain a low income park.

If given the requested $587 increase, the space rent, plus sewer cost and utilities would be close to $1,000 per month. This is not low income rent.

All of the residents of this park are 62 or over and most can never work again; they can never increase their income.

We feel the owner should not be able to increase his profit over five times the amount of the 1984 agreement, especially after initially agreeing to develop a senior, low income park. Why can he now decide to make it a high-income park?

In addition, according to the memorandum from the park owner's attorney, sent to the Thousand Oaks Rent Adjustment Commission dated August 2010, Section V 2, the reason Mr. Hohn kept the space rent below market value was because he obtained a waiver of fees and operation as a low income property.

We think our park should not proceed under the Rent Stabilization ordinance, as it was designed as a no-amenity, bare-bones low income park. Resolution 84-037 gives Mr. Hohn a guaranteed profit of 11.5%, no matter how much expenses rise or how high the inflation rate. We think 11.5% is a just and fair return on any investment.

Respectfully submitted,
Marci Akian
Ranch Mobile Home Park
Space #23

CTO 01209

Dear Mr. Watson,

if I may further take your time, I want to say that with an income of $956, per mo. I am now independant. If the raise in rent goes to $720. + utilities, I will have to ask for foodstamps, medical card and any other welfare available. I can no longer support a car and will ask for Dial a ride.

I and 50 other residents will increase the welfare burden on the state, the taxpayer is giving the Hohn family a better return on their investment. If the raise is granted

I know the property is too valuable now for us single-wide old mobile homes to sit there, but let the owner be fair and honest. Let him give us what we paid for our homes individually + a fair relocation amount and we'll be out of there.

Don't let him starve us out, one by one waiting for us all to dye, so he doesht have to pay anthing.

thanks so much
Mari Akin

CTO 01210

Questions to ask regarding Mr. Hohn's claims

Need to question every expense listed in Mr. Hohn's claims.

Need to expand on the idea of why after years of part-time management he now needs a full-time higher paid manager, when nothing has changed in the park.

Why after 30 years does he need a high priced management company.

Why that management company has to be from out-of-town, which results in travel expenses (aren't there competent, qualified management companies in Thousand Oaks or surrounding areas).

Why does the management company from out- of-town need to visit once a month if there is a competent full-time manager on the premises.

What improvements were made besides painting the mailboxes to claim "improvements".

A further issue is that the management of Ranch Mobile Homes makes it very difficult to qualify for residency so that anyone thinking of buying any of the vacant coaches is clearly discouraged or outright refused admission to the park. Two recent residents can attest to that. What's that all about?

What is the advantage to the owner if more and more homes become vacant?

Are those vacant homes eligible for decontrol/recontrol, as mentioned in Mobile Home Rent Stabilization Chapter 25, Section 5-25.05.

Of course, inflating the cost of operation is to get the requested rent increase; but why now when the country is in a deep recession and the children of the seniors can no longer help them because of their own financial problems.

Dear Mr. Watson,
these are some of our questions and concerns. Thank you for continued fair treatment of us.

Respectfully
Marie Allen
RMHP Space 23

Dear Mr. Watson,

if I may further take your time, I want to say that with an income of $956. per mo. I am now independant. If the raise in rent goes to $720. + utilities, I will have to ask for food stamps, medical card and any other welfare available. I can no longer support a car and will ask for Dial a ride.

I and 50 other residents will increase the welfare burden on the state, the taxpayer is giving the Hohn family a better return on their investment. If the raise is granted

I know the property is too valuable now for us single-wide old mobile homes to sit there, but let the owner be fair and honest. Let him give us what we paid for our homes individually + a fair relocation amount and we'll be out of there.

Don't let him starve us out, one by one waiting for us all to dye, so he doesn't have to pay anthing.

thanks so much

Marie Allen

BARBARA BARGINEAR

2075 Seco CT # 43
Thousand Oaks, CA 91362

October 19, 2010

Russ Watson
2100 Thousand Oaks Blvd
Thousand Oaks, CA 91362

Dear Mr. Russ Watson ,

I live in Ranch Mobile Home Park. I received a letter stating an increase in my rent space of $ 587.45, I'm 73 years old and disable. I'm on social security and living on a fixed income ! This rent increase would be detrimental to me. If there is an increase in my rent space I will be homeless! I'm asking You please stop this travesty.

Sincerely,

Barbara Barginear

Barbara Barginear

Dear Mr Watson,

I am writing in regards to my mobile home in Thousand Oaks. I live at the Ranch Mobile Community Home Park. I have lived here around 19 years. Now the owner wants to give us a 500 % raise. Most of us could not survive. I am 78 yrs. old. I have no extra income, except my Social Security, which is $865 a month. When I moved in I was told that this would remain a low income Park where I could live in peace. I am in fairly good health, so far. With this raise, I could not survive.

Thank you very much.

Mary Jane Carlson

Oct 23-10

I moved to this park in 2007 because my health was declining and I sold my mobile in the Kern County area.

I needed to be closer to my daughter in Oxnard.
Since then I have had 2 knee surgerys and two eye surgerys.

Due to the change in the govt I have numerous medical bills and also a car payment.

My daughter had to put brakes on my car as I didnt have 800.00! My daughter works 3 jobs!

My income 1,283.00 per month, Soc Security.
If the rent increases I will be unable to live here.
This park was the only place I could afford.
Vta County is no longer accepting applicants for low ~~[illegible]~~ income housing!

It is very important for elderly people to maintain their independence and dignity!

Sincerely

Annette Collins
2160 Paso Ct Sp 17
1,000 Oaks Ca 91362

Dear Mr. Watson,

Please excuse the writing of this letter, I hope you can read it — I had a stroke almost 3 years ago, & I'm doing fine, except for my handwriting & a right side that doesn't work right, & my speach..... All in all — I am blessed —

I had a "nice" birthday suprise, the letter with the increase in rent came on the 9th of October, and my B.D. is 10-10-27 — I'm 83 years old, it was a special day as it read 10-10-10 — but it wasn't.... I'm still in disbelieve — I couldn't believe it, thought is was a misprint. Why couldn't the rent have gone up a little bit each month, instead of the sudden increase??

I give Mr. Hohn my best wishes, and Thanks for, for the 6 years that I have been blessed with very low rent — I wish him and his wife, Gods richest blessings!

As I reported on another sheet, my income is very low, $788.00 SS + 76.00 SSI ~ $864.00 in all. I can manage very well with it — as long as the rent is low, but — if it goes up a lot, I'm stuck — can't pay the rent, can't sell — can't rent, what can I do? — I have invested all of my $ that I had in this Mobile Home — What will happen to me? I dare not think about it too much — but at night — that's when its the hardest, many a tears have fallen.

My life had a hard beginning, at age 16 I lost my whole family, in the second world war.. I'm German, a naturalized citizen of the U.S.A., I always thought something like this could never happen here!!! I have no savings of any kind!! Won't you please reconder?? Please!!! I don't know where I'd go under these circumstances!!

Prayerfully I am yours, Hedda Hughes

CTO 01217

Oct. 20 2010

Dear Mr Watson:

It is my hope you can help all the seniors living in Ranch Mobile Home, low income, Park. (62 plus)

I can not understand how the park owner can expect those living in this low income park to pay $587.45 more space rent. This will be in addition to $127 I pay now.

My $1059 a month social security check just will not cover everything and I live very frugally.

If I have to pay $714.45 plus ~~approxmt~~ approximately $100 for gas & electricity and

$181 for my other monthly bills, there will be very little left for food.

We will be paying as much, if not more, than the tenants over at Thunder Bird Park and what a difference in our park and theirs.

Sincerely,
Evelyn Martin

Mr. Russ Watson,
Housing manager
Thousand Oaks

Dear Sir,

We spoke on the phone last week concerning the rent increase of Ranch Mobilhome Park. I want to thank-you for listening to me. I do realize that sympathy for our circumstances is not what decides the out come, but facts.

To the best of my knowlege these are the facts:

(1.) the owners are increasing all operating cost here at the park to justify raising our rents.

A: New management at outlandish cost

B: Renting a mobilhome (which is against our rules, we can't rent our mobilhomes and neither can heirs of the decease).

C: Hiring an on site manager, when for the last 18 yrs homeowners have been the managers. No way ~~compestation~~ compensation to which this new manager is. Its not a 9-5 job or even a 5 day work week. All the manager has to do is collect the rents, read the meters. (utility) and hear complaints, if any.

D Flowers in front of clut instead of the shrubs we had (which were low low maintence - Now gardeners have to replace

D. every few weeks
E. took out our pool table for couches.
F. the manager of the management company doesn't come here once a month I've seen her twice.
G. High price lawyers
(2). We are all senior citizens mostly 70-80 some 90's and 1-100 yrs. most of us seniors are disabled in one way or another. some are house bound. Easily depressed and stressed. few under 70 yr.
(3.) We maintain our own mobilhomes and property. We hire our own gardeners or do it ourselfs. (the owners don't) the owners should be grateful that we take good care of the park.
(4.) We homeowners pay the sewer bill its a flat rate of 25.00 plus the electric and gas (owner own the meters) that is added to our rent.
(5.) The 1984 resolution # 84-037 said 11.5% was a fair investment return and that a 4% rent increase if they did not reach the net profit. Evidently the owners reached their net profit or the rents would of gone up over the years. I think they are on prop 13 which means their taxes are fixed.
(6.) Upon moving into my home I had to prove low income and over sixty-two I was then and still is, low income. way below poverty levels.

All of seniors are low income.

(7.) New owners of the last few months were not disclosed of the impending rent increase by the management Co. they all had to submit their assets + social Security amounts like the rest of us. All low income and over 62 yrs.

(8.) Calif is broke, were in a depression, 11% unemployment, and the owners want to raise our rents 587.45 more a month. some seniors don't even get 587.00

Our familys can't take care of us; they can't hardly take care of their own familys much less us.

Right now we are independant. We take care of our selfs and our homes.

Even 50.00 a month raise is too much to pay for most of us.

(9.) There is a critical low income housing for us seniors, especially in and around T.O.

I live solely on my social security as do 90% of us.

for the owners to ask for an increase of 587.45 more in rent, at one time, is on some level wrong or illegal, just so they can receive larger profits.

We did not ask them to go too all this extra expenses for any of us. We were satisfied which was provided. there are no aminities here at the park - pool, rec room. etc

the owners took on extra expenses on their own. So they are responible for them, not us.

We live very contented, quite, lives here at the park. Come by Mr. Watson, take a look for yourself how well we seniors take care of this park.

(10) last, but not least. We seniors have insurance, meds, taxes, (DMV) car maintenance and small animals to take of.
not to mention food, gas and small luxeries we can afford. (like hair cuts)

Thank-you Mr. Watson for your time in reading of this short letter I was going to write.

Yours truely
Georgia Nordblum
2096 Paso ct
Thou Oaks CA 91362
(805-496-2637

P.S. I understand Mr. Hohn has 5 mobilparks that he owns, and this is the only park that is 62 yrs low income in all of southern California

Dear Mr. Watson

I have an unusual name for a girl because it is a combination of my parents names, Roy and Jane. I moved here 28 months ago today from Blythe, Calif. where I lived for 39 years. I was 75 on May 6, this year. I have had hearing problems all of my life and have trouble understanding things, the problem was from repeated ear infections as a infant. I also have vision problems on my right eye on March 17, 1999 I had nine hours of Brain surgery at Kaisers in Woodhills also I had plastic surgery on my right side by my ear for Cancer on July 14 of this year at Kaisers, It is a good hospital. the other two Cancers are on my nose and forehead. I only have a 15 percent of it coming back on my nose but a 35 percent chance of it coming back on my fore head. I worry about this 24 hours a day and what if it comes back on my left side? the Brain surgery in 1999 was on the right side. I am suppose to put Facis fluid in my eyes at night and refresh plus 3 times during the day. I was born during the Great depression and my mother nursed me, but the problem was she was dry so when I was 8 months old the doctor told my parents I had Malnutrition and Rickets. It was when we arrived here from Ranger texas, on Oct 6, 1936 on the day I was 17 months old, all of us started

eating Bitter, my dads first job was picking tomatos by the leg. my only income is my social security check of $456.00 a month, I have to pay my phone and TV every month plus rent and groceys so a rent increase would be very hard on me because groceys are so much. I do not have a car so I depend on others to take me places. I couldnt drive even if I had a car. I didnt pass the test in Driver education at school. I also am given clothes from friends and my sister + on my 75 Birth day she gave me a Beautiful Blue Blouse - yes I might be homeless some day, all of my other relatives and friends have died off - just this last week the man next door died I understand, his name is Richard But I cant remember what his last name was. He was so kind to tell me I could have peaches off of his tree. I really do appreciate everything any one does for me, my handwriting is bad because of the arithritis in my right hand. I take a spoon full of honey and vinegar in warm water and it helps. I never had any problems with arithritis before I had the Brain surgery on March 17, 1999. It seems strange to me

Roger Jean Morris

Mrs. Kathleen Scott
2099 James Court
Thousand Oaks, CA 91362

Mr. Russ Watson
City of Thousand Oaks Housing Division
2100 E. Thousand Oaks Blvd.
Thousand Oaks, CA 91362

October 22, 2010

Dear Mr. Watson,

I am writing to ask for your help. I am a long-time resident of Ranch Mobilehome Park in Thousand Oaks. I and the other residents of the park are all senior citizens living on very low fixed incomes. The owners of our park have recently proposed a 400% rent increase. I and the other residents simply cannot afford such a drastic increase to our rent.

This situation is causing us a great deal of stress. As we look at our options, we do not know what we can do. We cannot afford to move our mobile homes to another park. Because of the proposed increase and the difficult state of the economy, our mobile homes are now impossible to sell. We cannot afford to pay the rent of a comparable apartment in our area. And we will not be able to afford the proposed rent if we stay where we are.

Will you please help us? We would sincerely appreciate anything you can do to help us keep our homes.

Sincerely,

Kathleen Scott

Kathleen Scott
Ranch Mobilehome Park Resident

10-24-10

Dear Mr. Watson,

this is a bit of Info about me & my life at Ranch Mobil Home Park.

Ranch Mobil home Park has been my home for (17) Seventeen # years.

I was working part time When I first came here. Unfortunately as years went by I became more unable to work & now at 86 yrs. I need help my self to maintain. I have had 3 cancer surgeries, 3 months Chemo. & I have diabetes, high blood Pressure & ect. I do belong to Medi. Medi. which is a help but they'll get my home when I go.

My sole Income is S.S. 955.50 per month.

It is so good to have my little home to take care of my needs & it was my understanding this would remain a low Income Park for the aged, where I could live out my life in dignity.

With this rent increase I could not stay here. It would take all I make just to pay rent. I just dont know what I will do because I wont be able to stay here & all the Senior Concerns have closed because of lack of funds.

Sincerely
Virginia Short Wendel

October 25, 2010

Mr. Russ Watson, Manager, Housing and Redevelopment
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Dear Mr. Watson:

My name is Jane Garden and I have been a resident of the Ranch Mobile Home Community since April of 2007. I'm sure that you are aware of the fact that in order to be a homeowner in this park the requirement was that one must be over the age of 62 and have a limited income. I will be 75 next month and my income is limited to Social Security plus a small Annuity. After all of my regular expenses (including Medicare supplement, home owners and auto insurance, rent, utilities, mobile home and auto licensing, etc.) I am left with barely enough to cover food and medicine. Each year usually in September or October I fall into the "Medigap" and have to pay full price for my prescription medications.

In 2006 I was diagnosed with a serious lung disease (Pulmonary Fibrosis) with complications of Lupus. While I am holding my own at present, conventional wisdom and statistics show a life expectancy of five years. I am currently being treated by a Primary Care Physician, Pulmonolagist, Rheumatologist, Uro/Gynacologist, and Cardiologist and have been referred to UCLA for additional evaluation.

I think you could conclude that my "earning" years have long since passed so I am no longer a candidate for employment. The notification that the owners of the park have applied for a rent increase of $587 per month if approved, would place an insurmountable obstacle for many (if not all) of the residents here. Needless to say the stress level this change would bring about would be devastating! This additional financial burden would be beyond my reach. Sadly, this would also render our home owner investments virtually without value. Thank you for considering my situation.

Sincerely,

Jane Garden

Jane Garden
2100 James Court, Space 65
Thousand Oaks, CA 91362

Donald L. Henricks
2104 Skinner Court, Space 73
Thousand Oaks, CA 91362

October 26, 2010

Russ Watson
2100 Thousand Oaks Blvd.
Thousand Oaks. CA 91362

Re: Ranch Mobile Home Park rental increase

Dear Mr. Watson:

I am very concerned about the proposed rental increases for the mobile home park I live in.

I have lived in this mobile home park since 2003. I purchased it as I was able to afford the monthly rents and live on my limited Social Security income. The only income I have outside of Social Security is approximately $700 per year in IRA receipts. Any cash I had available prior to the mobile home purchase went to purchase my residence.

When I purchased the home I was told the reasonable rent was due to the fact that this was a mobile home park that was for low income people like myself. It was my understanding that the rents would remain affordable to the residents.

This place was perfect for me. My only living close relatives, a sister and a brother, live within minutes of me.

To give the rates requested would be an extreme hardship on me and possibly make me move in with my sister. Her husband would not be trilled.

In addition, it appears the total rent requested is comparable to those requested for the Thunderbird Mobile Home Park. The amenities of the two parks are not equal. My park is basically set up for single-wide homes where Thunderbird is for double-wides. Thunderbird has a great recreation room and a pool.

They are asking for our rents to be comparable to that of the Thunderbird Park. Any rent over one-half of those charged by Thunderbird would be excessive.

Sincerely,

Donald L. Henricks

Donald L. Henricks

TO: MR. RUSS WATSON

CITY OF THOUSAND OAKS

2100 THOUSAND OAKS BLVD 91362

REGARDING: RANCH MOBIL HOME PARK

TENANTS SPACE #70

RICHARD HILGENBERG AND WANDA HAGENBERG

MOVED INTO PARK JUNE 10, 2001 RENT 134.00 PER MONTH

LIVE ON SOCIAL SECURITY OF $1690.00 PER MONTH

AGE: RICHARD 84 WANDA 80

HEALTH IS GOOD JUST MINOR MEDICAL PROBLEMS

MEDICAL EXPENSES APPROX. $100.00 MONTHLY FOR PRESCRIPTIONS

THE PROPOSED INCREASE WOULD CAUSE MAJOR STRESS

AND WE DONT KNOW WHAT TO DO.

OUR UNDERSTANDING WAS, WHEN WE MOVED HERE THE RENT WOULD REMAIN THE SAME.

THANK YOU FOR YOUR ASSISTANCE!

Richard Hilgenberg

Mr Russ Watson Manager, Housing and Redevelopment
City of Thousand Oaks
2100 Thousand Oaks Bl. Thousand Oaks Ca 91362

I am unable to think or plan or live. I can't sleep or concentrate. I cry all the time. The fear I feel all the time is so upsetting. I have to take a xanax to help me feel a little calmer.

I will have no place to live. I am so scared and sad. I don't know what to do. When I came here I felt safe and secure. I felt I would live here until I died. I can't afford anything. I can't plan for fixing up my home. I am numb - I still am in shock.

I have degenerative disc disease, exposed nerves in spine and arthritis - need left knee replacement. High anxiety - & BS - I just turned 74 years old, I use a walker that I can sit down. The discs are rubbing together and slowing going away - I am in severe agonizing pain in the lower back w/ nerve damage causing pain down the backs of both legs - Always always always in terrible pain

- over -

CTO 01232

Please help -

Barbara Lee
2093 Rodeo Ct Sp 50
Thousand Oaks Ca
91362

Mr. Russ Watson, Mgr.
Re: Proposed 587.45
Per month Increase

Dear Russ,
I have lived at the Ranch Mobile Home Park for 19 years, I am 82 years old.
The understanding when I moved in that this was, and would remain, a low-low income park and would remain for the aged where I could live out my remaining years in dignity.
I am on medication for Heart & Cholestrol.
I have had recent eye surgery - Both Eyes

I are living on Social Security, and have no family in California. I have medical Expenses, This increase would be a Burden and great source of Stress, I have not been able to sleep nights since I received this notice of Proposal.

I beg you to Reconsider and drop this action

Thank you in advance.

Helen O'Hara
2172 Pond St
Oxnard, Ca 93362
805-494-4550

10/27/10

Mr. Russ Watson
Housing + Redevelopment
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Dear Mr. Watson,

I moved into the Ranch Mobilehome Park on Dec. 21, 2009. My husband had a stroke in December of 1993, a slowly debilitating and slowly deteriorating illness that lingered until January, 2001. I took care of him myself until 2000 when I could no longer do it.
He was in a nursing facility until he died in 2001 and by then both my savings and my strength were depleted. Some friends recommended the Ranch. I bought the cheapest place for sale and the seller was kind enough to carry a loan for 7 years.
My Rent is $433 a month (including the loan). My social security is $1503 a month, and that is my

only income.

I don't have children I can live with. One daughter is a widow with two daughters, and the other is a cocaine addict living somewhere in the San Fernando valley.

I'll be eighty years old on January third. Please Help!

Lenore Rostow

LENORE ROSTOW
2110 RODEO CT. #24
(805) 494-3617

Dear Mr. Watson,

I have lived in Ranch Mobile Home Park for 2 years, after being forced to sell my home & move here from Thunderbird Oaks MHP. After 16 yrs. of increased in rent & no substantial increases in Social Security & Retirement benefits, I was able to move here to Ranch. Since I had to qualify that my income was low enough to move in here, & rents would remain low enough for super low income seniors, I thought I would be able to live out my yrs. here & not have to keep going to the food bank. I also was able to get my oxygen back. The company took it away when I could no longer

City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

October 28, 2010

Attn: Mr. Scott Mitnick, City Manager

Ref: Rent Adjustment Application for the Ranch Mobile Home Park

Dear Mr. Mitnick,

We have reviewed the request cited above along with its supporting documentation. We respectfully suggest that the submitted financials along with supporting data and details are incomplete, contain inaccuracies, do not comply with generally accepted accounting principles and, therefore, renders the entire application suspect.

We agree that the Hohn Group and its many and various entities are entitled to a reasonable rate of return on a *bona fide* net investment. However, there is nothing within subject application which supports any amount of increase whatsoever. We cannot, nor can the City or anyone else, evaluate and confidently analyze this application until it is presented in the form of readily reviewable financial statements that have been independently verified. More specifically, we would request the "consolidated financials", keyed to the audited reports, covering at least the six A.V.M.G.H. ____ entities. These are the Limited Partnerships which we are aware of so far.

As to inaccuracies, we would point out there is nothing contained in the latest version of Government Code 65915, or more specifically, subsection (C) (I), that invalidates an agreement after 30 years. In fact, the section appears to be a clarification that it will protect bondholders for *at least* such a period. There is no time cap.

Further, from our point of view, a statement that full time staff is required for the Ranch because of "changes in the law" is specious at best, without reference to specific law, or heightened duty.

Without a more compelling argument, we believe that Mr. Bruce Hohn, as a practicing attorney himself, is very much bound by the agreement made by his predecessors.

We will briefly address the issue of a reasonable rate of return and resultant return on investment.

> *In finance, the rate of return (ROR), or return on investment (ROI) is the ratio of monies gained or lost (whether realized or unrealized) on an investment relative to the amount of money invested. The amount of money gained or lost may be referred to as interest, profit/loss, or net income/loss. The money invested may be referred to as the asset, capital, principle, or the cost basis of the investment. ROI is usually expressed as a percentage rather than a fraction.*

The base point for the calculation of ROI is the PRIME RATE; the typical rate for the best banking customers. Actual ROI is then dependent upon a quantitative calculation to add on a factor for risk. We know that the prime rate in the U.S. is 3.25%.

Everyone within the Ranch is collecting Social Security, monies backed by the Federal Government. We reside in homes which we own, maintain, and landscape. Most of the homes are old and virtually impossible to move. In fact, the cost of relocating is financially impossible for the residents. Therefore, the source of income to the park is safe and the risk associated with the rental of the underlying ground is negligible. Accordingly, we would suggest that the rate is near, if not lower than the *prime rate*.

Finally, we need to consider the NROI (net return on investment). The initial step in this calculation is to identify costs. We are not going to be able to calculate that figure until we see the audited financials. Additionally, we are going to have to look for independent justification of the added costs which Mr. Hohn has added beyond the normal operating costs of past years. There is zero validation for these figures.

Most importantly, we need to see what actually remains in NET INVESTMENT. In Attachment "3" Appendix "A", C.P.A. Fred Wilson reports that the Gross Investment in 1977 was $500,000.00. In the thirty plus years (30 years being the typical depreciation schedule for land) that have passed, one has to believe that the bulk of that investment, other than remnant value, has been recaptured through tax advantages. An audited set of financials should show what the remaining cost balance is, if any. From there, any correct rate of return which may be due can be calculated.

It appears you are under attack and your authority to manage the City as you see fit is under attack. Thorough information is critical to us both in order to arrive at a fair and equitable conclusion.

For all these reasons, we respectfully ask that the Application still be determined to be incomplete, and a hearing date be deferred until the requested information is received, preferable directly from the accountants to the City, and then copies to us for our review. At a Homeowner's meeting held on October 25th, the residents voted unanimously for such a deferral.

Thank you in advance for your valued time and consideration.

For the Association of Ranch Tenants,

Valerie Hopkins

Valerie Hopkins, Chairperson

805/418-7344
234 Dinsmore Avenue
Thousand Oaks, CA 91362

Cc: Mr. Russ Watson, Housing Manager
~~City Council~~
City Attorney
MAYOR

October 26, 2010

Mr. Russ Watson, City of Thousand Oaks Manager of Housing and Redevelopment

2100 Thousand Oaks Bld.

Thousand Oaks, CA 91362

RE: City of Thousand Oaks letter to Ranch Mobile Home residents dated October 8, 2010

Dear Russ,

Thank you for the time and attention you gave me during our meeting regarding the proposed rent hike to Ranch residents. I thought it might be helpful to paint a picture of my park neighbors, so that you and other members of the City of Thousand Oaks management and Council can better understand our plight and concern about the proposed increase.

We are retired long term Conejo Valley residents. Ages range from 65 to 99 years of age, the average being close to 80 years. No one in the park has an income that even approaches the 2010 Ventura County Low Income guide of $30,350. The average resident falls well below the 2010 guide of $15,175 designated as "Poverty Level." Many of us have children and grandchildren who enjoy our company, but are not in the position to aid us financially. Indeed , many of our children are now unemployed themselves. Many of us hold advance degrees and whether able or disabled, utilize our education and experience to actively volunteer at local churches, schools, and community organizations. We care for each other, and make sure those who cannot leave home or can no longer drive get attention and support. We own our homes, maintain them, and landscape them. We take pride in ourselves and surroundings.

Where do the Ranch residents go from here? The value of our homes is now zero. Who would buy a home in a modest no frills park whose lot rents are higher than those of luxury parks? Is the City of Thousand Oaks willing to take responsibility for housing this community? Residents cannot afford legal expenses to oppose this proposed $587.45 monthly increase. After all our years of tax paying and service, are we so expendable? The entire community is worried to the point of physical and emotional illness.

Russ, we all need your help and support. Please understand that the City of Thousand Oaks must value and care about all residents.

Sincerely,

Valerie Hopkins

Valerie Hopkins

250 Dinsmore Ave.

Thousand Oaks, CA 91362

Mr. Russ Watson, City of Thousand Oaks Manager of Housing and Redevelopment

2100 Thousand Oaks Blvd., Thousand Oaks, CA 91362

October 15, 2010

Dear Mr. Watson:

The Conejo Valley has been my safe harbor since 1968, when my late husband and infant daughter and I moved from Texas to California. No matter where or how far I commuted to work, my family has resided here. Our schools, churches, hospitals, parks, activities, organizations, and friends are center to that security.

When it came time to retire, I sold my home in Westlake Village and after much investigation, purchased an existing home in Ranch Mobile Home Park. I donated that home, paid to have it removed, the lot cleared, and a new retaining wall installed. A new manufactured home was built and then installed on the newly cleared lot. With my house and auto paid in full, I retired feeling secure in the knowledge that despite massive loses in the stock market, I could live on my retirement income. An added bonus was that I continued to manage Type II Diabetes without medication.

Unfortunately, stress aggravates blood sugars. The more severe the stress, the higher the blood sugar . High blood sugars cause permanent damage to internal organs, and complications are the leading cause of strokes, blindness and amputations in the United States. I have managed family, career, graduate school. Securities and insurance licenses, and my son's recent heart failure and disability without medication, but the additional financial worry has stressed me past the limit of blood sugar control without the real prospect of medication.

If I have to pay an additional $587.45 in lot rent where do I make cuts? Because of park age restrictions, my disabled son cannot live with me. Do I stop contributing to his support? His disability payments fail to completely cover his specialized diet and many health needs. My three year old manufactured home is now worth zero. I cannot relocate my home or pay the rent increase. Existing mobile home parks do not take used homes. I could not afford the relocation cost if they did. The whole point in moving to a senior low income rent controlled park was to live out my life without financial burden to my family and to continue serving my community with dignity.

There are no funds for legal aid. Please lend your support to these concerns.

Sincerely,

Valerie Hopkins

Valerie Hopkins,

250 Dinsmore Ave., Thousand Oaks, CA 91362

pay for it. Now I can get most of my medicines & see a doctor again.

Now though I'm so distraught & depressed, I don't see how I will be able to survive.

If the owners of Ranch MHP are allowed to increase the rent as much as they're asking, I will be evicted & have to live in my car on the streets. Thank god I have a car.

My monthly income is the total of $695.34 from Social Security & ~~my~~ union Retirement benefits.

I am a handicapped woman of 75 yrs.

The most heartbreaking thing for me is having to walk away from my lifes investment, (my Mobile Home,) & having to give up my

beloved little companions,
my 2 rescued dogs, who I will
no longer be able to take care
of them or myself.
Life just won't be worth
living any more.
I sincerely hope you can
help all us Seniors living here
at Ranch MHP

Judy Hirai
2149 Roded Ct, #34
Thousand Oaks, 91362

October 30, 2010

Russ Watson
Manager
Housing and Redevelopment
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Dear Mr. Watson,

I am a resident of Ranch Mobile Home Park, and have I have lived the Park for over two and half years. I moved to Thousand Oaks to have an affordable, safe, as well as a senior friendly community in which I could comfortably live for the rest of my life.
As a professional woman, forced into early retirement due to a medical mishap, and being financially devastated by medical bills, I felt fortunate to find Ranch Mobile Home Park, a place where I could move, and that I could afford on my extremely limited budget. I was told by a realtor, I could be assured the rent would not be increased, as the Park was a rent controlled property.
I am a senior, over 65, with a physical disability, which limits my mobility; my medical bills have been extremely high, and with my income, which is limited to Social Security, there are no funds available for a rent increase. I have no other assets other than my mobile home, which has very little equity, and with no safety net, or family to subsidize me, I cannot afford to pay a rent increase, and with no where to move, if rent increase is granted, that would cause an addition hardship to me, and I would have no other option than to become homeless.
The threat of an unfounded rent increase has caused enormous stress and anxiety to me and the fear of becoming homeless is frightening, and is negatively affecting my health.
I respectfully request that the Commission and the City Council honor, respect, and show compassion to seniors, as all other developed countries in the world show to their seniors...please deny the requested rent increase, and allow the Ranch Mobile Home residents live their lives with the peace of mind that they will have a roof over their heads.

Very sincerely,

Marcia Newman
Ranch Mobile Home Park
Space 25

From: Marcia <marcian3@yahoo.com>
To: Russ Watson <RWatson@toaks.org>
Date: 5:46 PM Sunday, October 31, 2010
Subject: Re: Personal statement letter... RMHP
Attachments: RMHP men letter.doc

Russ,
Attached you will find my personal statement letter.
If there is additional information that is needed or helpful, please do not hesitate to contact me.
Many thanks,
Marcia Newman
Space 25

--- On Thu, 10/14/10, Russ Watson <RWatson@toaks.org> wrote:

From: Russ Watson <RWatson@toaks.org>
Subject: Re: test
To: "Marcia" <marcian3@yahoo.com>
Date: Thursday, October 14, 2010, 8:35 AM

Thanks Marcia, received your return note. Russ

>>> Marcia <marcian3@yahoo.com> 6:45 PM Wednesday, October 13, 2010 >>>

Russ,
Please feel free to contact me with any questions, comments or concerns.
Thank you.
Marcia Newman
Space 25

--- On Mon, 10/11/10, Russ Watson <RWatson@toaks.org> wrote:

From: Russ Watson <RWatson@toaks.org>
Subject: test
To: marcian3@yahoo.com
Date: Monday, October 11, 2010, 5:05 PM

Russ Watson
Housing & Redevelopment Manager
Community Development Department
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

(805) 449-2322 direct
(805) 449-2390 Fax
rwatson@toaks.org

Mr. Russ Watson, Manager
Housing and Redevelopment
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Dear Mr. Watson,

My name is Alex Csotya and I live in the Ranch Mobilehome Park in Thousand Oaks at 230 Dinsmore.

Recently as you know the owners of the property have asked for a significant rent increase from all the tenants of the Park.

I am writing to the City and you as their representative in this matter to explain my particular situation in regards to this matter.

I am 80 years old and have lived in the Ranch Park for about 9 years, having moved here from living in an apartment. I am a widower.

I have a number of medical conditions such as high blood pressure, gout, heart trouble, prostrate trouble and recently had cataract surgery with another cataract surgery in the future.

My income consists of about $840.00 a month from Social Security Administration. I currently work as a tailor and earn about $660.00 a month from my work.

My yearly expenses are about $2000.00 for medical co-payments and insurance and about $500.00 for medications. Of course I also have rent and utilities, car expenses like gas and insurance, food, and other customary expenses.

I do not know how long at my age I will be able to continue working especially because my job requires a lot of close detail and my eyes are often strained.

My understanding when I became a resident tenant in the Ranch Mobilehome Park was that the requirements were a limited income for seniors 62 years of age and older.

Since I met these requirements, I purchased my new mobile home with my savings and also with the understanding that the Owners of the Park were offering "low income housing for the tenants on a permanent basis".

Now, however, all the tenants have been notified that the Owners are asking the City of Thousand Oaks to grant them a rent increase of a significant and unaffordable amount of money.

If the rent were to increase by this $587.45 a month it would almost completely use up my job earnings. As I previously mentioned, I do no know how long I will be able to continue to work.

This matter has caused me a great deal of anxiety, which is not good for my blood pressure, I am sure.

Please help the seniors who live in the Ranch Mobile home Park and do not approve this exorbitant rent increase.

No one wants to be homeless, or have to go live with children, or become a burden on the community.

I know all my neighbors are very afraid, as I am.

Please, do the right and just consideration for all of us at Ranch Mobilehome Park.

Thank you to the City and its representatives for making the Rent Control that protects the tenants who live in the Mobilehome Parks.

Alex

Alex Csotya
October 25, 2010

October 31, 2010

Mr. Russ Watson, Manager, Housing and Development
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Dear Mr. Watson:

This letter is regarding the proposed rent increase to the mobile home space rents in the Ranch Mobile Home Park.

I recently (July 2010) purchased a mobile home in the Ranch MHP. At that time I was told it is a low income park and I had to financially qualify for acceptance in the park. According to my income, I qualified as low-income. It was not disclosed to me at the time of purchase that the space rent would increase $587 per month. I would not have purchased, as over $700 or more a month rent plus utilities is not low income.

I am a retired 75 year old female living on a fixed income. I cannot afford an increase in rent as requested by the park owners. I don't know what I would do. I have no where else to go.

Doris Chaison
2127 Pavo Ct. #22
Thousand Oaks 91362

Frank + Alfreda Sgrow
2150 Rodeo Ct.
Thousand Oaks, Ca. 91362
(805) 373-8830

October 26, 2010

Mr. Russ Watson, Manager
Housing and Redevelopment
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, Ca. 91362

Re: Ranch Mobile Home Park – Notice of Request for Rent increase.

Dear Mr. Watson:

This letter is in responce to the October 8, 2010 City of Thousand Oaks Notice of Hearing regarding a request for rent increase of $587.95/month at Ranch Mobile Home Park. We are very concerned regarding this proposed significant rent increase, which will bring severe hardship on us.

We are 92 and 96 years of age and have resided at Ranch Mobile Home Park for over 19 years. We purchased our Mobile Home with the Understanding that Ranch was a low-income park for seniors and would remain so.

Frank worked his entire life manufacturing truck tires, during the war 12-hour shifts, and Alfreda

worked as a church secretary and insurance administrative assistant. We grew up during the Depression and throughout adulthood continued to live very frugally, forgoing vacations, dining out, and entertainment, and sharing one car. Despite relatively low-wage employment, our frugal life-style has allowed us to save for our basic needs during our retirement.

However, this proposed significant rent increase is more than we can possibly afford, no matter how much we scrimp. Our only source of income is social security and my modest pension from the tire factory. Our health is poor and we struggle with numerous medical conditions, which require expensive medication co-pays. Our medical insurance alone runs over $700.00+/month.

The proposed rent increase will cause us severe hardship. We would like to live out our few remaining years with dignity, with the ability to afford the basic necessities of lodging, food, and adequate medical care. But this rent increase would make that impossible for us. We are unable to sleep with worry about what will happen to us if this proposed rent increase occurs.

Please consider allowing us our basic needs in the sunset of our lives and deny the proposed rent increase for our senior citizens Mobile Home Park. Feel free to call us with any questions.

Thank you very much for your consideration.

Sincerely,

Frank Sgrow

Kerri Young-Conaway
15300 Ventura Boulevard, Suite 504
Sherman Oaks, CA 91403

November 2, 2010

Russ Watson
Housing Manager
City of Thousand Oaks
2100 Thousand Oaks Boulevard
Thousand Oaks, CA 91362
rwatson@toaks.org.

RE: **REQUEST FOR RENT INCREASE AT THE RANCH MOBILE HOME PARK**

My name is Kerri Young-Conaway, and I write this letter with great dismay.

I am the daughter of Barbara J. Lee, a 74 year old mobile homeowner, who resides at The Ranch Mobile Park in Thousand Oaks, California. I am outraged and very frightened. I write this letter, respectfully, in support of **DENYING** Andrew Hohn's request for a rent increase of up to 500 % at the Ranch Mobile Park.

In 2007, after suffering extreme financial, physical and emotional hardships, my mother was in great despair… When she found The Ranch Mobile Home Park, we felt it was truly a blessing in disguise! She qualified for residency at The Ranch, based on its financial criteria. Mom then took the rest of her life's savings, and purchased a modest single wide mobilehome. Of course, the move, the change in lifestyle, and many other contributing factors took quite a toll on her (both mentally and physically). A domestic change of any kind is not easy for anyone, **especially seniors living on a low income with psychological and/or physical disabilities.** The transition was VERY hard for her and resulted in her being withdrawn and resistant to much social interaction. It has just been in this past year or so that my Mom has been able to participate in activities / events, and interact with her neighbors. She is HAPPY and finally feels comfortable. She has also made many friends. They all care for one another here. The Ranch has a real sense of family, which is very important since many seniors who live there have no "family" of their own.

My mother's only source of income is through Social Security. She suffers from many issues, which include, but are not limited to, serious physical disabilities and

psychological conditions. She receives caregiving assistance from the State of California for her personal / household maintenance, as she cannot manage herself.

I have felt happy and content knowing that she lives at The Ranch. But, if this increase is approved, she will not be able to afford to live here and I fear for her future. Since receiving notice of this "request" her health conditions have been exacerbated! She is in a state of shock and petrified, as I am for her as well. It has now become a necessity for her to take anti-anxiety medications daily, and she is in a constant state of hyper vigilance!

This proposed rent increase would mean one thing for her and for many, if not all of her neighbors who are in the "evening hours" of their lives. They will end up horrified, hopeless and homeless!

We, as daughters, sons, relatives or friends of low income, disabled seniors **CANNOT** let this happen to them.

PLEASE DENY THIS REQUEST!

Thank you for taking the time to read my letter.

Sincerely yours,

Kerri Young-Conaway

Kerri Young-Conaway

Cc: Barbara (Bobbi) Lee
Scott Mitnick, City Manager
City Counsel
City Attorney

To: Mr. Russ Watson,
Housing Mgr.

Dear Mr. Watson,

I am writing because of the threat of a rent increase that will make me homeless. I am 77 years old and I am being treated for prostate cancer. I have only Social Security income of $835 each month. From that, I must pay my house payment and insurance including for my 33 year old mobile home and my 1980 Ford Fairlane, rent for my space, my utilities and maintenance. With what very little that is left over, I must choose between food and medicine. There is almost never anything left for clothing or extras of any kind.

I have lived here for just over 10 years. I was told this park is for aged and low income people and that it would stay that way. I am not complaining. I do not ~~not~~ the State or the taxpayers thousands of dollars in welfare to support me. I do the best I can to support myself. But even if a small increase is made, I will be homeless. I have no place to go.

(over)

CTO 01254

So do I find a box and a bridge to live under? Will the City take care of me? Who is protecting my rights? The worry about this is too much for me to take.

Sincerely,

Leo Rampersad
Ranch Mobile Home Park
236 Dinsmore Ave.

2148 Pavo Court
Thousand Oaks, Ca.
Nov 2, 2010

Mr. Watson,

My name is Ruth Elaine Cameron and I live at 2148 Pavo Court in the Ranch Mobilehome Park.

I have lived here almost 9 years and in Thousand Oaks for 51 years.

I am writing in regard to the requested rent increase of almost 500%.

I worked until I was almost 68 years old and due to the stress of the job was forced to retire. I was having serious health problems.

I could no longer afford to live in my apartment on retirement so I began to look for an affordable Mobilehome. When I found this one at the Ranch, I thought it was a Godsent and I could afford to spend the rest of my years here and on my own.

With the help of my son and what savings I had I bought this mobilehome. I was lead to believe it was a low rent senior park for 62 years and over. Also, a single person could only have a yearly income in the low $20,000 thousands.

Now we are being asked to pay over

$700.00 a month. I fail to understand why now we are expected to afford such a huge rent on a low income. Is this park still considered low income and for 62 and over? If not we should be told.

My income was $15,460.00 in 2009 and believe me it's never going to get any larger. I receive $1192.00 per month from social security and that is my only income. My expenses per month are $900.00 plus any extra's such as car trouble, dental problems, taxes and insurance on the mobilehome, etc. So maybe I can save a couple hundred dollars a few months a year to buy my grandsons and great grand daughter a gift at Christmas.

Each year that passes the medical bills get larger. At this time I take 9 different medications for high blood pressure, irregular heart beats, diabetes and 4th stage kidney disease. I must now use a cane due to bad knees and legs.

I cannot express the stress and anxiety that this rent increase has caused me. At 73 years of age it is almost too much to think that I may be on the street, because I seriously don't know what I will do. I was hoping that

I could live out the few years that I have left, with dignity. If this rent request is granted I will certainly have to choose between food and medicine or to pay the rent.

It would leave all of us (mostly women) in a terrible bind, not able to pay the rent and not able to sell. No one is going to buy and pay that amount of rent in this park.

I am not against a rent increase, but one within reason not this insane request of almost 500%!

I thank you for taking the time to read my letter and for any help you can give us here at the Ranch.

Ruth Elaine Cameron
3148 Pavo Court
Thousand Oaks Ca. 91362

Mr Russ Watson

My wife and I moved into Ranch
Mobile Park in 1992 - 18 years ago
My wife is 86 yrs old I am 83 yrs old
We are others live on social security
My wife has Alzheimers I am her care
taker 24/7. If the space rent
is increased I dont know what we
we will do as far as a place to live
so far we are able to keep our medications
paid for & we keep for on the table! but
if this increase goes through we are
done.

Henry J Heeber
Mardell R Heeber
4142 Rodeo Ct, Thousand Oaks 91362
~~Apt~~ # 3748256

Russ Watson
Housing Manager
City of Thousand Oaks
2100 Thousand Oaks Bl.
Thousand Oaks, CA 91362

RE: Ranch Mobile Home Park Proposed rent increase.

Dear Sir:

I have carefully reviewed all the documents submitted to you by Hart, King and Coldren on behalf of Andrew V Hohn and his Son, Bruce. It is my conclusion that since we have only had two rent increases in the past thirty years and each one of those was for five dollars ($5.00) that the amount of the proposed increase of five hundred eighty-seven dollars and forty-five cents ($587.45) would create an extreme hardship on all the residents.

All residents were required to prove they had low income in order to live at the Ranch. I would like to point out that we do not have any amenities in our park whatsoever except for a "bare bones"club house. Comparing rents of parks that have nice amenities to our park is not a fair comparison.

Personally, I would prefer the Ranch park to be included under the City Rent Stabilization Program provided the age and low income restrictions are also terminated. That would make it possible for those of us with low income to sell and move to a more affordable place instead of having to go bankrupt.

Thank you for your time and consideration of this matter.

Donna Kay Foster, Spc. 44

To. MR. Russ Watson JOAN OSBORNE

I am a tenant at the Ranch M.H.P. for 11 years we are all low income tenants I have made a copy of my yearly Social Sec. and a monthly copy of my rent receipt

my Social Sec is $857.00 a month
so take nov. $1195.16 rent
Take off the ~~[illegible]~~ 661.84
$587.45 increase
I have left $74.39 what

Do I do for food Phone, cable I'll be on the streets, and so will everybody else.

We all own our Homes and keep up with our own yard or pay the gardner.

When we had a meeting in the Club House it upset one tenants so much He went home and had a stroke, and Passed away! We are all old, some have been here 20 years. I understand the Rent has to be increased some but please be fair! thank you for Reading this letter

CTO 01261

15

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT

2009 • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME.
• SEE THE REVERSE FOR MORE INFORMATION.

Box [redacted]	Box 2. Beneficiary's Social Security Number [redacted]

Box 3. Benefits Paid in 2009	Box 4. Benefits Repaid to SSA in 2009	Box 5. Net Benefits for 2009 *(Box 3 minus Box 4)*
$10,284.00	NONE	$10,284.00

DESCRIPTION OF AMOUNT IN BOX 3

Paid by check or direct deposit	$10,284.00
Benefits for 2009	$10,284.00

DESCRIPTION OF AMOUNT IN BOX 4

NONE

Box 6. Voluntary Federal Income Tax Withheld

NONE

Box 7. Address

JOAN C OSBORNE
SPACE 26
2126 RODEO CT
THOUSAND OAKS CA 91362-3057

Box 8. Claim Number *(Use this number if you need to contact SSA.)*

[redacted]

CU0120337-11A20120377

CU0120337-11A20120377

Form **SSA-1099-SM** (1-2010)

DO NOT RETURN THIS FORM TO SSA OR IRS

DATE	TRANSACTION DESCRIPTION	AMOUNT
	Previous Balance	0.00
11/01/10	Sewer	25.60
11/01/10	Rent Charge	133.12
11/01/10	Electric Charge *Readings Current: 10/15/10 - 13078 Previous: 09/15/10 - 12812 Usage: 266*	24.47
11/01/10	Gas Charge *Readings Current: 10/15/10 - 1339 Previous: 09/15/10 - 1326 Usage: 13*	11.97
	BALANCE DUE	**195.16**

SCE Electric Sched. D- CARE

30 Days in Cycle 376.2 kWh Baseline	
T1 Del 266 @ 0.0073	$1.94
T2 Del 0 @ 0.02865	$0.00
T3 Del 0 @ 0.10319	$0.00
T4 Del 0 @ 0.10319	$0.00
T5 Del 0 @ 0.10319	$0.00
T1 DWR 63 @ 0.03763 23.796%	$2.37
T2 DWR 0 @ 0.03763	$0.00
T3 DWR 0 @ 0.03763	$0.00
T4 DWR 0 @ 0.03763	$0.00
T5 DWR 0 @ 0.03763	$0.00
T1 SCE 203 @ 0.09564	$19.41
T2 SCE 0 @ 0.09564	$0.00
T3 SCE 0 @ 0.09564	$0.00
T4 SCE 0 @ 0.09564	$0.00
T5 SCE 0 @ 0.09564	$0.00
Customer Charge 30 @ 0.023	$0.69
State Tax Reim 266 @ 0.00022	$0.06
Utility User Tax	$0.00
Total	$24.47

Gas - CARE

Consumption 1326 - 1339 = 13 Therms	
Usage	
Tier 1: 13.325 @ 0.54838	$7.31
Tier 2: 0 @ 0.74038	$0.00
Cust Charge 30 days @ 0.037	$3.95
Subtotal	$11.26
Public Purpose Surcharge	$0.49
PUC Fee	$0.01
Inspection Fee	$0.21
Total	$11.97

COMMENTS

All bills due by 5:00pm on the sixth. Qualifying low-income residents may be eligible for discounts on monthly gas and electric bills through the CARE or FERA program. To obtain information or applications, please contact: Southern California Gas Company at 1-800-427-2200 and Southern California Edison at 1-800-447-6620. ***Billing company: Suburban Park Management, 621A Quinan Street, Pinole, CA 94564, (510) 741-9500.***

Mr. Russ Watson, Manager, Housing and Development
City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Dear Mr. Watson,

I am writing to you to share my deep concern about the proposed rent increase at the Rancho Mobile Home Park. I have lived here since the fall of 2008. At the time I had been a resident at another mobile home park for over 30 years when my home burned to the ground. I had not been able to afford insurance on my home and was left with nothing and no where to go.

We looked and looked for options for a place for me to live and were running out of options when we ran across an ad for the mobile home I now own and knew this was the place for me to live…a senior park specifically for low income patrons.

Since I've moved into my home I have had a stroke leaving me unable to read and write. I find some difficulty finding the write words which is why my daughter in law is typing this letter for me. I'm now 70 and plan to live here for the rest of my life.

I have several hospital bills that continue to come my way since the stroke. I just pay monthly installments to try to pay my obligations.

My total monthly income is $1402 from social security.

This rent increase would surely cause me to loose my home. When I lived at the previous mobile home, I worked as a security guard to bring in enough to pay the rent. I am no longer able to do that kind of work ever since my stroke. The thought of loosing my home again after all I've been through is extremely stressful.

It was my understanding and my families understanding that when I moved here, I would not have to move again and that this park would stay a low income park for the elderly where I could live out my years in peace.

Thank you for your consideration.

Sincerely,

Tom Packman

Tom Packman

November 15, 2010
Dear Mr. Watson
Housing Commisssion
Council Members, City of Thousand Oaks

Dear Mr. Watson,

My name is Audrey Fayloga and I am just about 68 ½ years old. When I moved to the Ranch Mobile Home Park for seniors we had to be 62 years or older, low income. They checked us. It was a great feeling to live in a safe, caring environment and to be independent. I have been diagnosed with M.S., Osteoarthritis and more. I have a positive attitude and push myself lots of times above and beyond. I say my illnesses could rule me or I could rule them. I prefer to rule them. My Social Security is very limited . Everything is costing more. If they raise my space rent as much as they want, I can't afford and will have to make a choice as to a roof over my head or food or meds which is a pretty rotten choice to make. I have a lot of money tied into my home. If I have an increase they will turn me out and take my home. I will have nothing and be out in the street. Is this the proper and just way to treat a senior citizen? It's a shame that some people that have a lot of money will do anything they can to increase their financial well being. They also have no respect for us. They just don't care and we will be out on the street homeless. From the bottom of my tippy toes to the top of my head ask the commission don't make us homeless. I look forward to telling my story to the commission and to the council.

Sincerely,

Audrey Fayloga

Audrey Fayloga

5954 Bridgeview Drive
Ventura, CA 93003
November 19, 2010

Mr. Russ Watson
Housing Manager, City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Dear Mr. Watson:

The plight of the senior residents at the Ranch Mobile Home Park came to our attention as we worked on a volunteer project with one of the residents. She will not be able to afford more than a very moderate rent increase and is in fear of losing the investment she made in purchasing her mobile home. She does not even own a car in which she could live and might well end up on the street.

Apparently this is the only low cost senior housing facility in Ventura County.

As you know, studies have shown that it is less expensive for cities to build or provide housing for the homeless than to provide medical and other emergency services. And here you have housing already in existence that the residents used their savings to buy, and this housing may be taken away... leaving them totally dependent on taxpayer assistance. It doesn't make economic sense and is a tragedy in human terms.

Is it possible to have a much smaller increase in rent with the County subsidizing those who cannot pay the full amount. Perhaps the county could be paid back from the equity in the home after the resident's death or their moving from the home. Perhaps the owner could be given a tax credit for losses he may have.

Thank you for trying to come up with a compassionate, creative solution that allows the seniors to remain in their homes.

Sincerely,

Jerry Schwartz
Ruth Schwartz

Carol D. Claassen
2094 Rodeo Court
Thousand Oaks, Ca 91362
805-402-0207
ccnto@mac.com

Russ Watson
City of Thousand Oaks
rwatson@toaks.org
805-449-2322
Scott Mitnick
City Manager
City Council
City Attorney

I live in the Ranch Mobile Home Park in Thousand Oaks, California and want to take this opportunity to respond to the rent control hearing coming up December 6, 2010 at the City of Thousand Oaks.

As a senior on a fixed income, I also have a full-time job working for my church for $11. hour. The only way I can remain in California is to live at this affordable mobile home park.

In Mr. Hohn's statement delivered by his attorney, he is requesting, a "just a reasonable return". We all would like to have a "just and reasonable return".

What is Mr. Hohn's real agenda?

What are the specific needs of Mr. Hohn? The park is

- clean and neat
- quiet
- all codes and recent regulations have been met at the expense and shock of people who reside there, including myself who had to have my washer disconnected at a cost of $200. Apparently Mr. Hohn decided after twenty years (approx) to have State Inspectors check all grounds for Violators. Yes, I spoke to local plumbers who have worked for us in the Ranch park for over 20

years and they have never been called to this before. How amazing is the timing of this.

So is Mr. Hohn intending on selling the property?

Are we all being forced out so he can wipe the park clean and build condos or apartments for monetary gains?

Please address these questions. In chapter 25 Mobile Home Rent Stabilization sec. 5-25.01 Findings and purpose it is stated: "There is a shortage of vacant and available mobile home spaces"..... really? there are a dozen properties for sale or empty and AVAILABLE right now in Ranch Mobile Park ... that is close to 20% Available housing in our now unusual low-income mobile home park.

Is that a shortage?

I am almost 64 years old. I had rotator cuff surgery on my right shoulder and was told by my physician I could not work for a year. As an entrepreneur and a single woman, I was able to provide a living for me and my 2 children for over 20 years by working as an artist in our affluent community. My surgery coincided with the economic downturn which cost me my business. I found a job making $11/hour which I am thankful for. The only way I could stay in California was to move into the low-cost mobile home I live in.

I receive under $400 a month in social security and receive a small salary working at my church. I am grateful for my job and my small home so I can stay in this area near my 3 grandsons. If this rent ordinance is approved and our land rent is raised anywhere near the $600 (almost). Mr Hohn is requesting, I will no longer be able to stay in the state. I don't know of one single friend in the park who will be able to afford this.

So, bottomline, all of a sudden after over 20 years, we are being subjected to a sudden huge increase of 500% forcing residents out. This is one of the few low-income mobile home parks in an area. The senior population is increasing because it is the beginning of the 73 million baby boomers who are now beginning to retire and will be living on a fixed income!

The stress and toll on my body alone is sending me to doctors. I can't sleep thinking about how to sell my mobile home for enough to purchase something else, but it won't be in California with my family

because of the rent increase. I also don't see people lined up trying to buy the dozen homes in our park which are empty or for sale. There is no shortage of mobile homes at Ranch Mobile Home Park, although this is one of the reasons stated in Mr Hohn's petition for raising our rents to exhorbitant levels. The tension and stress caused by this action has sent many to the doctor or hospital.

Please seriously consider the health and well-being of your very valuable seniors at Ranch Mobile Home park.

Thank you.

Sincerely and anxiously,

Carol Claassen

City of Thousand Oaks

City Standard Response Letter

Date, 2010

XXXX
Ranch Mobile Home Park
Address1
Thousand Oaks CA 91362

SUBJECT: Ranch MHP Rent Adjustment Application 2010

Dear Name:

The Community Development Department has received your letter regarding the rent adjustment application submitted by the owner of Ranch Mobile Home Park. Thank you for making your concerns known to City staff.

It might be helpful to understand the rent adjustment application review process. The following outlines the steps involved in that process. City staff has reviewed the application, and verified there is sufficient documentation appropriately evaluate the application, and determined it be complete. The City has retained the services of an expert in the field of mobile home rent adjustments to analyze the information provided in the application, and prepare a written report. After evaluating and analyzing the data, and receiving the consultant's report, City staff will prepare a written staff report for the Rent Adjustment Commission hearing. The staff report will include a specific recommendation regarding an appropriate rent adjustment amount. This matter is scheduled to be considered at a public hearing by the Commission on December 6, 2010. If you are a resident of Ranch Mobile Home Park you should have already received a notice of this hearing. At the hearing, City staff will present its staff report and supporting analysis, as well as a recommendation to the Commission. The park owner will have an opportunity to present evidence in support of his application. Residents and other members of the public will also have an opportunity to speak and present evidence at the hearing. Once public testimony is completed, the Commission will deliberate and reach a decision on the application. The decision may be appealed to the City Council.

It should be noted that the only part of the application under the jurisdiction of Commission is the request for a rent adjustment based on fair return. Other concerns raised in the application related to the applicability of income restrictions on the Ranch Mobile Home Park are not within the purview of the Commission.

You are encouraged to attend the hearing and state your concerns and provide evidence, either on your own or in concert with other residents of the park.

2100 Thousand Oaks Boulevard ▪ Thousand Oaks, California 91362-2903
Building Fax (805) 449-2575 ▪ Planning Fax (805) 449-2350 ▪ Housing/Redevelopment Fax (805) 449-2390
Printed on recycled paper

I also want to take the time to explain City staff's role in this process. City staff is not an advocate for either the residents or the park owner during this process. City staff's function is to ensure that the application is processed and analyzed in accordance with the City's ordinances and other appropriate regulations, as well as applicable state and federal case law. The law in this area is complicated and involves rights afforded to the park owner, under the United States Constitution and Supreme Court precedents.

The City Attorney's Office is working closely with Community Development staff in the review of this application, and preparation of the staff report to be submitted to the Commission. City staff must consider all of these factors in rendering a recommendation to the Commission.

Again, thank you for your correspondence. Your letter will be provided to the Rent Adjustment Commission as part of material provided to them in its packet. All material provided to the Commission for the December 6, 2010 hearing, should be available to the public not later than Thursday, December 2, 2010. The hearing will be held in the Scherr Forum (City Council Chambers) located on the 2nd level of the Civic Arts Plaza (2100 E. Thousand Oaks Blvd) and will begin at 6:00 PM.

City staff is aware that park residents have formed an advisory committee to address the rent application and coordinate a response and presentation to the Rent Advisory Commission. If you have not previously communicated with this committee, I suggest you contact committee Chairperson, Valerie Hopkins at 418-7344 (250 Dinsmore Ave – Space 41).

Sincerely,

Russ Watson
Housing Manager

cc: John C. Prescott, Community Development Director
Christopher G. Norman, Assistant City Attorney

Attachment 5: Consultant Analysis dated November 30, 2010

6.5

Analysis of the RANCH MHP Rent Increase Application

Dr. Kenneth K. Baar

November 30, 2010

This report was prepared at the request of the City of Thousand Oaks. The opinions expressed herein are those of the author and do not necessarily represent the views of the City Council or the City staff.

SUMMARY

The Ranch Mobile Home Park contains 74 mobilehome spaces. Currently, the average monthly space rent in the Park is $133. The Park Owners have requested a rent increase of $587.45 per space per month.

From the perspective of applying the rent stabilization ordinance standards, this case involves very exceptional circumstances. The development of the Park in 1977 was conditioned on restricting rentals to low-income seniors and compliance with affordable rent restrictions. The initial rents that were authorized by the restrictions were below market levels. In 1980, the City adopted a Rent Stabilization Ordinance applicable to mobilehome parks in the City.

In the following thirty years, rather than increasing the rents in accordance with either the allowable inflation adjustment authorized by the affordable rent restriction or the annual rent adjustments authorized by the Rent Stabilization Ordinance, the Park Owner barely increased the rents. From 1979 to 2009, the average rent in the Park increased by only about 10% compared with an increase of 192% in the CPI during this period.

The current rent increase application is being processed by the City pursuant to the Rent Stabilization Ordinance, which provides for the right to a "just and reasonable" (fair) return. Under judicial fair return doctrine park owners under rent regulations have a right to a base year rent reflecting market conditions and growth in net operating income. Under the ordinance a fair return is defined a base period net operating income adjusted to reflect inflation since the base year (a type of "maintenance of net operating income" standard.)

Neither the ordinance nor judicial doctrine mandate the use of one particular formula to determine what rent would provide a fair return. This report provides analyses pursuant to fair return methodologies.

In this case, because there have been virtually no increases in thirty years, very substantial rent increases are required to 1. provide a fair base rent for the purposes of a fair return calculation, 2. cover operating cost increases, and 3. provide for growth in net operating income reflecting inflation since the base year.

Depending on what base year is used for a fair return analysis and what rate of growth in net operating income is provided, there are rationale for rent increases ranging from $191 to $325, in addition to the rationale presented by the Park Owner for a rent increase of $587.45.

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The Author

The author's resume is attached as **Appendix C.** The author has a PhD in urban planning and is an attorney. He has researched and published extensively on housing policy issues.

Over the past 20 years, he has been employed as a consultant by numerous California jurisdictions for the purpose of preparing fair return analyses of rent increases applications and/or drafting regulations of mobile home park space rents. His articles on rent control have been extensively cited by appellate courts, especially in regards to fair return issues. Also, appellate courts have concluded that his opinions have provided a substantial basis for the findings of rent boards in fair return cases.

Appellate Court Opinions on Fair Return Issues Citing Articles by Kenneth Baar

Helmsley v. Borough of Fort Lee, 78 N.J. 200; 394 A.2d. 65 (1978) New Jersey Supreme Court

Fisher v. City of Berkeley, 37 Cal.3d. 644; 209 Cal.Rptr. 682 (1984) California Supreme Court; affirmed, 475 U.S. 260, 106 S.Ct. 1045, 89 L.Ed.2d. 206 (1986)

Oceanside Mobile Home Park Owners Association v. City of Oceanside, 157 Cal.App.3d. 887; 204 Cal.Rptr. 239 (1984) California Court of Appeals

Mayes v. Jackson Township, 103 N.J. 362; 511 A.2d. 589 (1986) New Jersey Supreme Court; cert. denied, 479 U.S. 1090, 107 S.Ct. 1300, 94 L.Ed. 2d. 155 (1987).

Yee v. Mobilehome Park Rental Review Board, 17 Cal. App. 4th 1097, 23 Cal.Rptr.2nd. 1 (1993) California Court of Appeals

Palomar Mobilehome Park v. City of San Marcos, 16 Cal.App.4th 481, 20 Cal.Rptr.2d. 371 (1993) California Court of Appeals

Kavanau v. Santa Monica Rent Control Board, 16 Cal.4th. 761; 66 Cal.Rptr. 2d. 672 (1997) California Supreme Court); cert. denied, _ U.S. _, 118 S.Ct. 856, 139 L.Ed. 2d. 755 (1998)

Rainbow Disposal Co., Inc. v. Mobilehome Park Rental Review Board, 64 Cal.App.4th 746, 75 Cal.Rptr. 2d. 1159 (1998) California Court of Appeals

Quinn v. Rent Control Board of Peabody, 45 Mass. App.Ct. 357, 698 N.E.2d.911 (1998) Massachusetts Court of Appeal

Berger Foundation v. City of Escondido, 127 Cal.App.4th 1 (2005) California Court of Appeal

TG Oceanside, L.P. v. City of Oceanside, 156 Cal. App.4th 1355 (2007) California Court of Appeal

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Appellate Court Opinions Relying on Testimony of Kenneth Baar in Fair Return Cases

Rainbow Disposal Co., Inc. v. Mobilehome Park Rental Review Board, 64 Cal.App.4th 1159; 75 Cal.Rptr. 2d. 746 (1998) California Court of Appeal

MHC Operating Limited Partnership v. City of San Jose, 106 Cal. App.4th 204; 130 Cal.Rptr. 2d 564 (2003) California Court of Appeal

Hillsboro Properties v. Public Utilities Commission, 108 Cal.App.4th 246; 133 Cal.Rptr. 2d. 343 (2003) California Court of Appeal

Los Altos El Granada Investors v. City of Capitola, 139 Cal. App. 4th 629 (2006) California Court of Appeal

I. Introduction

The purpose of this report is to evaluate the rent increase application by the Owner of the Ranch Mobile Home Park pursuant to the Mobilehome Rent Stabilization Ordinance (RSO) of Thousand Oaks.

Approximately one hundred jurisdictions in California regulate the rents of mobilehome park spaces. Generally, the function of rent stabilization ordinances has been to stabilize rents by controlling increases in rents over pre-regulation rent levels. A standard situation and underyling concept has been that the pre-rent control rents reflected market conditions and that allowable rent increases above pre-rent control rents should be limited to amounts which are based on increases in the CPI and operating costs.

A. Special Circumstances

From the perspective of applying the rent stabilization ordinance standards, this case involves very exceptional circumstances.

The original permit to construct the Park, which was approved in 1974, was conditioned on restricting rentals to low-income seniors.[1] In 1976, this condition was "refined" to provide for the right to set rents at a level which provided a "net" income equal to 11.5% of the cost of the development (land and improvements) of the Park.[2] In return for this condition the City waived $100,000 in development fees and relaxed certain development conditions In 1984, the City amended the affordable rent formula to provide for inflation adjustments to a base fair "net" income subject to a ceiling of 4% on rent increases within a year.[3]

Since 1980, the City has regulated mobilehome park space rentals pursuant to ordinances which have provided for annual across-the-board rent increases and individual park rent adjustments based on petitions for a "just and reasonable" return. However, Ranch up to the current time Ranch has been considered to be subject to the affordable rent restrictions associated with the approval of its development, rather than the RSO.

In the following thirty years, rather than increasing the rents in accordance with either the allowable inflation adjustment authorized by the affordable rent formula or the annual rent adjustments authorized by the Rent Stabilization Ordinance, the Park Owner barely increased the rents. From 1979 to 2009, the average rent in the Park increased by only about 10% compared with an increase of 192% in the CPI during this period.[4] Since opening the park in 1977, the park owner has only sought two rent increases: 7% in 1984, and 4% in 2001. Both requests

[1] Planning Commission Resolution No. 267-74 PC, Exhibit A, Condition No. 27 (Nov. 18, 1974)

[2] Addendum to TPD 74-6, Exhibit A (July 27, 1976).

[3] Resolution No. 84-037 (Feb. 7, 1984). The inflation adjustments would not be applicable to the years preceding 1982.

[4] In 1979, the average rent was $119. In 2009, the average rent was $133.

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were approved by City Council based on the formula in the affordable rent resolution of 1984 which was applicable to Ranch, rather than the Ordinance.

The City's attorney's office has determined that the current rent increase application must be processed under the Ordinance. This report considers the factors set forth in the Ordinance[5], the Rent Adjustment Commission regulations,[6] constitutional guidelines for a fair return, and the theories set forth by the parties in this case. These factors are considered within the framework of the special circumstances in this case in which the base rents were not set to reflect market conditions and subsequently rents were nearly frozen for thirty years.

Consideration of an allowable rent for Ranch pursuant to the Rent Stabilization Ordinance marks a drastic shift from consideration pursuant to the affordable rent restrictions. Both standards authorize rent adjustments based on inflation-based adjustments to income (net of operating expenses). However, the affordable rent restrictions were based on the concept of keeping the rents affordable for low income seniors. The affordable rent standards provided for the establishment of initial rents at a below market level and did not authorize the "banking" of rent increases which were authorized but were not taken in the years that they were authorized.

In contrast, the Rent Stabilization Ordinance is based on the concept of preventing "excessive" rent increases based on the exploitation of a "captive:" market. Rent increases are authorized pursuant to a "just and reasonable return" standard which incorporates constitutional fair return rights, which include the right to adjust base rents that do not reflect market conditions. Also, the regulationsauthorize the "recapture" of rent increases that were foregone in prior years.

B. The Magnitude of "Foregone" Rent Increases

1. The Affordable Rent Restrictions

As indicated, under the development conditions imposed by the City at the time the park was developed the standard for an initial rent was the amount necessary to yield a "net" income equal to 11.5% of the development cost of the park. Pursuant to this standard, a fair net income level of $57,500 net of operating expenses and an annual depreciation allowance of $18,750 was established as a fair net income. ($11.5% x $500,000 development cost = $57,500.)

Starting in 1984, the affordable rent restrictions also provided for allowable annual rent increases equal to the amounts necessary to adjust the "net" income by the percentage increase in the CPI, subject to a ceiling on the annual allowable rent increase of 4%. Under the restrictions, "net" income refers to the gross income net of operating expenses and the depreciation allowance. Since 1992, the CPI has increased by more than 4% in only one year. In six of the years between 1982 and 1992, the annual increase was between 4% and 5% and in one year it was 6.6% (See CPI table in Appendix B)

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[5] Thousand Oaks Municipal Code, Chapter 25, Sec. 5-25.01-25.12, (Ordinance No. 933-NS, Sept. 1986, Readopted Ordinance No. 1254-NS, Jan. 23, 1996)

[6] Resolution No RAC-2 (May 7, 1981)

Under the Resolution providing for consideration of inflation, 1982 has been considered as the base year for the purposes of the inflation adjustment. The cumulative (compounded) increase in the CPI from 1982 to 2009 was 130.8%.[7]

In 2000, consultants on behalf of the City (Keyser-Marston) prepared an analysis based on the formula in the City Council resolution of 1984.[8] The following projection of how the affordable rent formula would have worked if it were in effect today takes into account the methodology used by Keyser Marston.

If the park owner had implemented the rent increases authorized by the affordable rent restrictions, now the Park Owner would be entitled to a net income in the range of $132,720; a 130.8% adjustment of the "base net profit" target of $57,500.[9]

This net income of $132,720 exceeds the current (2009) net income of the park, which was only $1,583. (This amount is calculated by subtracting $18,750 in depreciation from the current net operating income of the park of $20,468.) A rent adjustment of approximately $131,137 or $147.67/space/month would be required to provide this net income. This increase would have been authorized if the permitted increases had been annually implemented.

The actual amount of the rent adjustments that would have been permitted pursuant to the formula may be a little lower because the total of the "net profit" adjustment and the cost increases may have been under the CPI increases in some years or not all of the increase pursuant to the formula may have been permitted due to the 4% ceiling. However, it cannot be determined when this occurred and to what extent, because the increases were never requested and, therefore, operating cost information was not required.

2. Allowable Rent Increases if the Rent Stabilization Ordinance had Been Applicable

If the park had been governed by the RSO, the Park Owner would have had the right to implement annual rent increases pursuant to provisions in the ordinance. And to petition for rent adjustments pursuant to the "Price Level Adjustment" provisions.

---

[7] CPI All-items, January 1982 – 96.7; 2009 annnual average – 223.2.

[8] Keyser-Marston memorandum re: Ranch Mobile Home Park Rent Increase (Aug. 21, 2000). See Agenda Packet _____. In that analysis Keyser-Marston concluded that the Park Owner would have been entitled to a rent increase of 46.7% if there had been no ceiling on annual allowable rent increases. (Id., Table 1)

[9] $57,500 = 11.5% of the $500,000 investment)

a. A "Price Level Adjustment" under the RSO

The regulations have provided for a "Price Level Adjustment" of the 1979 net operating income in calculating fair return, in the event that a park owner has not implemented the allowable annual rent increases.

The applicable provisions define "below market rentals" and "price level adjustment."

> Adjusted Income for Below Market Rentals is an amount representing the difference between the actual rent collected and what the landlord could have collected if the units had been rented at their full market value. Examples of below market rents may be units occupied by the landlord or the landlords family the unit of a resident manager or any unit where the increases permitted by the Rent Stabilization Ordinance or the Regulations and Guidelines of the Rent Adjustment Commission could have been made but have not been made because of the landlord rental polices and purposes.[10]

The clear intent of these provisions is to provide owners with the right to implement rent increases which were permitted in prior years, but were not implemented at the time they were permitted.

b. Allowable Annual Rent Increases under the RSO

Under the original rent ordinance, in effect from 1980 through 1983, owners were permitted annual increases of 8% over the current rent. In 1983 the ordinance was amended to limit annual rent increases to 7% of the base rent, rather than 7% of the current rent. In 1986, a new ordinance was adopted which limited annual rent increases to an amount equal to 75% of the annual percentage in the CPI times the base rent, with a floor on the allowable increases of 3% and a ceiling of 7%.[11] In 1996, the floor (but not the ceiling) on annual increasers was repealed.[12] The restrictions on rent increases have been subject to the exception in the ordinance that a new rent may be set by the Park Owner when the entry into the Park by a new tenant is accompanied by the purchase of a new mobilehome by the new tenant.[13] They are also subject to the state mandated exemption from local rent regulations of leases of one year or more that meet specified conditions.[14]

Under the prior and current annual increase standards automatic rent increases of 108% have been permitted since the base year. The total is below 75% of the overall percentage increase in the CPI of 209% during this period, which would be 157%, because the allowable increases are based on a percentage adjustment of the base rent rather than the current rent. However, this total is

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[10] Resolution No. RAC-2, Sec.2.05.

[11] Ord. No. 933-NS, Sec. III.G. (Sept. 1986)

[12] Ord, No. 1254, N.S., Sec. 2 (Jan. 23, 1996)

[13] "If a mobile home is removed from the space, the space is decontrolled until re-rented to a new tenant and thereafter is subject to all the provisions of this chapter." RSO, 5ec. 5-25-02 (definition of "vacancy")

[14] Cal. Civil Code 5ec. 798.17

subject to the above described exception from the rent increase restrictions pursuant to the ordinance and state law.

If the City's appraiser's projection of comparable base rent of $150 is used to establish the 1979 rent and the Park Owner had implemented all of the allowable annual rent increases above the comparable rent level, the current rent would be $162 above the 1979 rent. ($150 x 108%) and $148 above the current rent...

However, when the 1979 average rent projections of the City's appraiser for five mobilehome parks are compared with the average rents in 2009, they indicate that rents in three of the five parks increased by much more than the 108% amount authorized by the automatic annual increase provisions, with a range of increases in average park rents from 106% to 244%. (See Table Below)

Mobilehome Parks

Average Rents and Pct. Rent Increases under Thousand Oaks RSO

	Year(s)	1979	1983	1986	2009	1979-2010	1983-2010	1986-2010
		CPI				CPI Pct. Increase		
		72.3	99.1	111.9	223.2	209%	125%	99%
Mobilehome Park	Spaces	Avg. Rent				Average Rent Pct. Increase		
Conejo	51	$ 122.00	$ 156.60	$ 193.18	$ 419.51	244%	168%	117%
Elms	34	$ 145.00	$ 187.23	$ 227.24	$ 429.78	196%	130%	89%
Lakestone	28			$ 139.23	$ 232.19			67%
Thunderbird	161	$ 191.00	$ 246.43	$ 273.10	$ 394.03	106%	60%	44%
Twin Palms	81			$ 178.40	$ 311.95			75%
Vallecitos	303			$ 341.26	$ 537.89			58%
Ventu Estates	156	$ 188.00	$ 241.63	$ 292.27	$ 437.50	133%	81%	50%
Ventu Park Village	171	$ 159.00	$ 203.86	$ 247.15	$ 403.44	154%	98%	63%

If the projection of the Park Owner's appraiser of a comparable base rent of $240 for 1980 was adjusted by the allowable annual rent increases, the current rent would be $499, or $259 above its projection of fair rent in 1979 of $240. This rent level would be $366 above the current average rent of $133.

C. Park Characteristics

The Park contains 74 rental spaces and a clubhouse. About three-quarters of the spaces are occupied by single-wide mobilehomes and the density of the park (15.4 spaces per acre) is high compared to the average for mobilehome parks. The City's appraiser concluded that the Park is in "overall good condition."[15] The average monthly space rent in the park is $133[16] The park owner covers the costs of water and rubbish collection. The tenants pay for gas and electricity and sewer fees in addition to space rents. The average monthly total per mobilehome space for these costs cover by the Residents is $69.25.[17]

D. Rent Increase Requested

Now the Park Owner has come under the scope of the City's rent stabilization ordinance and is requesting a rent adjustment of $587.45 based on the "just and reasonable" return standard in the Ordinance. The Park Owner contends that he is entitled to this rent adjustment under the Ordinance and Regulations in order to receive the net operating income that the Park would now yield if market rents had been charged in the base year (1979) and then net operating income had increased by 100% of the percentage increase in the CPI since 1979.

While the current rents are far below the rent levels for comparable spaces in the City, now the Park Owner is applying for a rent increase which would raise rents far above the rents that have been permitted for spaces in comparable parks in the City under the Rent Stabilization Ordinance.

E. Outline of Report

The following section of this report (Section II) discusses the applicable provisions of the Rent Stabilization Ordinance and the Regulations pursuant to the ordinance. Section IIIdiscusses the rent increases that would be authorized under the Rent Stabilization Ordinance pursuant to alternate rent adjustment standards. Section IV sets forth recommendations for a rent adjustment in this case.

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[15] Brabant & Anderson, "Summary Appraisal Report and Appraisal Review, Ranch Mobile Home Park, p.13 (Nov. 19, 2010). (hereinafter referred to as "Brabant Appraisal".

[16] [**hereinafter referred to as "RAA"**], pp. 3a-3h)

[17] Park revenues for utilities in 2009 totaled $61,496. $61,496 / (74 spaces x 12 months) = $69.25.

Totals for each utility were: Electricity-$21,982; Gas-$17,524; Sewer-$21,990. See RAA,.Attachment 8, CPA Michael McCarthy MNOI Working Paper, AVMGH, p. 1 of 3.

II. The Thousand Oaks Mobilehome Space Rent Ordinance and Regulations - Standards for Rent Adjustments

A. The Ordinance

1. Purpose

The purpose of the ordinance is to "safeguard tenants from excessive rent increases and at the same time provide landlords with a just and reasonable return on their rental spaces." (Sec. 5-25.01) The accompanying finding in the ordinance states that:

> ***...some tenants attempt to pay requested and uncontrolled rent increases, but as a consequence, must expend less on other necessities of life. This situation has had a detrimental effect on substantial numbers of renters in the City, especially creating hardships on senior citizens on fixed incomes, and low- and moderate- income households.***

2. Automatic Annual Rent Increases

Under the Ordinance, park owners have been permitted annual rent increases equal to 75% of the percentage increase in the Consumer Price Index (CPI), with a a ceiling of 7%.[18] From 1986 through 1996, the annual increase standard included a floor on the allowable rent increase of 3%.[19] Under the prior ordinances, from 1980 through mid-September 1983 annual rent increases of 8% were permitted[20] and from mid-September 1983 through-1986 annual increases of 7% were permitted.[21]

3. Individual Park Rent Adjustments in Order to Obtain a "Just and Reasonable Return"

In addition to obtaining the automatic increases, park owners may petition for a rent adjustment based on a "Just and Reasonable Return" Standard. (Section 5-25.06.b (1)) The purpose of this section is to insure that Park Owners may obtain a "Just and Reasonable Return"

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[18] Sec. 5-25.05 (a). The Section states that the "Maximum Base Rent" may be adjusted by the "Index", The "Index" is defined as 75% of the percentage increase in the CPI. (Sec. 5.25.02)

This type of annual increase standard is common among mobilehome park rent stabilization ordinances. Typically, ordinances authorize annual rent increases ranging from 50% to 100% of the percentage increase in the CPI. A majority of the ordinances limit automatic allowable annual increases to less than 100% of the percentage increase in the CPI.

[19] Ordinance No. 933-NS, Sec. II.G (Sept.1986)

[20] Ordinance No. 755-NS, Sec. VI (July 1, 1980)

[21] Ordinance No. 838-NS, Sec. VI.A (August 23, 1983)

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"in the event that the maximum rent or maximum adjusted rent otherwise permitted pursuant to this chapter does not constitute a just and reasonable. rent."

The "just and reasonable return section" provides for consideration of enumerated factors and "other relevant factors," but does not set forth a specific formula Instead the Commission has the authority to grant increases which are "in keeping with the purposes of the Chapter."

The section (which is common in substance to the fair return or "just and reasonable return" standards contained in numerous other mobilehome park space rent control ordinances) states:

Section 5-25.06

(b) Just and reasonable return.

(1) Commission adjustments. The Commission shall have the authority, in accordance with such guidelines as the Commission may establish, to grant increases in the rent for a rental space or spaces ... if the Commission finds that such increase is in keeping with the purposes of this chapter and that the maximum rent or maximum adjusted rent otherwise permitted pursuant to this chapter does not constitute a just and reasonable rent on the rental space or spaces. The following are factors, among other relevant factors as the Commission may determine, which may be considered ...[22]

4. Capital Improvement Adjustments

Also, Park Owners may apply for rent adjustments to cover the amortized cost of capital improvements.[23]

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[22] The list of specific factors that the Board may consider do not appear to have much significance in this case. "The following are factors, among other relevant factors as the Commission may determine, which may be considered in determining whether a rental space yields a just and reasonable return: (i) Property taxes; (ii) Reasonable operating and maintenance expenses; (iii) The extent of capital improvements made to the common area or spaces as distinguished from ordinary repair, replacement and maintenance; (iv) Living space, and the level of housing services; (v) Substantial deterioration of the rental spaces other than as a result of ordinary wear and tear; and (vi) Failure to perform ordinary repair, replacement and maintenance; and (vii) Financing costs on the property if such financing was obtained prior to April 1, 1980 and if it contains either a balloon payment or variable rate provision."

[23] Sec. 5-25.06 (a).

B. Rent Adjustment Commission Regulations (RAC2-1981)

The Ordinance is supplemented by Regulations. These regulations were adopted by the Rent Adjustment Commission in 1981 pursuant to a preceding rent control ordinance, which was adopted in 1980..[24]

The regulations contain specific guidelines for "*reviewing requests by landlords for rent adjustments in order to achieve a just and reasonable return*"[25] but also direct that "*The methods authorized herein are not exclusive. Alternate approaches may be employed by the Commission.*"[26] (underlining added)

The regulations state that the Commission "*presumes that the net operating income received up to April 1980 provided landlords with a Just and Reasonable Return ....unless there is clear and convincing evidence to the contrary*" and set forth the principle that landlords "*should be able to maintain the same level of net operating income as they experienced in 1979.*"[27]. The "same level" is not defined.

The maintenance of net operating income principle is supplemented by guidelines for adjustments for "below market rentals" "*Adjusted Income for Below Market Rentals is an amount representing the difference between the actual rent collected and what the landlord could have collected if the units had been rented at their full market value.*" Examples include cases in which "*the rent increases permitted by the Rent Stabilization Ordinance or the Regulations ... could have been made, but have not been made because of the landlords's rental policies and purposes.*"[28]

In such cases, a park owner may add a "Price Level Adjustment" to the 1979 net operating income which consists of the annual rent adjustments that could have been implemented pursuant to the ordinance that was in effect at the time the regulation was adopted.[29]

The regulations also contain detailed guidelines for calculating net operating income and expenses which are discussed in subsequent sections of this report.

In addition, the regulations provide that in the event that a park owner does not have base year (1978) income and expense information, the base year shall be the first year for which the park owner has income and expense regulation. This portion of the regulations is discussed in more

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[24] Resolution No RAC-2, May 7, 1981.

[25] Resolution No. RAC-2, p.1

[26] Resolution No. RAC-2, Sec. 1.04 (underlining added)

[27] Resolution No. RAC-2, Sec. 1.03.

[28] Resolution No. RAC-2, Sec. 2.05

[29] Resolution No. RAC-2, Sec. 3.04.

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detail in a subsequent section of this report which discusses what year should be used as the base year in this case.

III. Establishment of Allowable Rent for Ranch Mobilehome Park

A. Conceptual Issues and the Rationale for the MNOI Standard

As indicated, while the regulations provide for the use of a particular type of fair return standard, "maintenance of net operating income,"[30] they also state that "*The methods authorized herein are not exclusive. Alternate approaches may be employed by the Commission.*"[31] (underlining added). This section sets forth rationale for the use of an MNOI approach, apart from the fact that it is authorized by the regulations.

Determining what rent increases are required to provide a fair return ("Just and Reasonable Return") is a complex task. In 1993, in a mobilehome park rent stabilization case, a California Court of Appeal noted the particular complexity of fair return issues, including the complexity of the issue of what standard should be used. It commented:

> **The principal question is whether the San Marcos City Council acting as the City's Mobile Home Rent Review Commission, denied this mobilehome park owner its constitutionally guaranteed fair rate of return on its investment by refusing to grant a proposed rent increase. What appears at first blush to be a simple question of substantial evidence turns out to be something considerably more complex when one realizes that the formula for determining a "fair return" is hotly debated in economic circles and has been the subject of sparse, scattered, and sometimes conflicting comment by appellate courts. In particular, only the broad outlines have been discussed in California decisions.**[32]

The courts have not formulated a specific rule about what constitutes a "fair return" or "just and reasonable return"[33] and judicial precedent in regards to fair return is conflicting. Instead, one constant judicial doctrine has been that , "[r]ent control agencies are not obliged by either the state or federal Constitution to fix rents by application of any particular method or formula. ... The method of regulating prices is immaterial so long as the result achieved is constitutionally acceptable."[34]

> **As this court has repeatedly noted, "there is no constitutionally required formula which must be utilized when government seeks to regulate the price charged for a good or service. [Citation.] . . . [A] governmental entity may choose to regulate pursuant to any fairly constructed formula even though other formulas might allow for higher prices." (Palomar Mobilehome Park Assn. v. Mobile Home Rent Review Com. (1993) 16 Cal.App.4th 481, 487, italics added; Yee v. Mobilehome Park Rental Review Bd., supra, 17 Cal.App.4th 1097 at p. 1104; San Marcos Mobilehome Park Owners' Assn. v. City of San Marcos (1987) 192 Cal.App.3d 1492, 1498.) The United**

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[30] This terminology had not come into use when the standard was adopted.

[31] Resolution No. RAC-2, Sec. 1.04 (underlining added)

[32] Palomar v. City of San Marcos, 16 Cal. App. 4th 481, 484 (1993)

[33] In the course of consideration of the issues the terms "fair" and "just and reasonable" have been used interchangeably. They are used interchangeably in this analysis.

[34] Carson Mobilehome Park Owners Ass'n v. City of Carson, 35 Cal.3d. 184, 191 (1983).

States Supreme Court held: "It is not the theory but the impact of the rate order which counts. If the total effect of the rate order cannot be said to be unjust and unreasonable, judicial inquiry . . is at an end." (Federal Power Com'n v. Hope Natural Gas Co. (1944) 320 U.S. 591, 602.)[35]

In Galland v. Clovis, the California Supreme Court provided context on the fair return issue in the framework of mobilehome space rent controls. The Court noted that in a legal context, the concept of "fair rate of return" refers to a "constitutional minimum", although the terminology is borrowed from finance and economics.

> Although the term "fair rate of return" borrows from the terminology of economics and finance, it is as used in this context a legal, constitutional term. It refers to a constitutional minimum within a broad zone of reasonableness. As explained above, within this broad zone, the rate regulator is balancing the interests of investors, i.e. landlords, with the interests of consumers, i.e. mobilehome owners, in order to achieve a rent level that will on the one hand maintain the affordability of the mobilehome park and on the other hand allow the landlord to continue to operate successfully. [cite omitted].[36]

In fair return cases, typically there are "conceptual" disputes about how fair return should be measured as well disputes in regard to the reasonability of particular expense claims. Often the disputes over how fair return should be calculated are the primary determinant of the differences among the outcomes propounded by the parties.

Under the MNOI standard fair return is defined as base period net operating income adjusted by an inflation factor. Under this type of standard, rent increases must be adequate to cover operating cost increases and permit growth in income. **Rather than designating a particular rate of return as fair, this approach preserves the base period yield.**

The Park Owner's application relies on an MNOI standard and states that "The City Code requires the Commission to follow a fixed maintenance of net operating income standard ("MNOI") formula established by City Regulations in making its determination."[37]

This author has extensively written in law review articles and law texts[38] and in fair return analyses for other jurisdictions about why an MNOI standard is the most appropriate standard for a fair return analysis under rent regulations.

In this analysis, a maintenance of net operating income (MNOI) standard is used as the measure of "fair return".

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[35] Rainbow Disposal Company v. City of Escondido, 64 Cal. App.4th. 1159, 1172 (1998), citing (Federal Power Com'n v. Hope Natural Gas Co (1944) 320 U.S. 591, 602.)

[36] 24 Cal.4th. 1003, 1026 (2001)

[37] RAA, Hart, King, & Coldren Memorandum, p. 1 (May 25, 2010) (INSERT LOCATION IN AGENDA PACKET)

[38] See Baar, "Guidelines for Drafting Rent Control Laws: Lessons of a Decade", 35 Rutgers Law Review, 723, 781-817 (1983); Baar, "Fair Return under Mobilehome Park Space Rent Controls: Conceptual and Practical Approaches:, 29 Real Property Law Reporter 333 (Sept. 2006)

Rationale for the MNOI Standard

The MNOI formula provides for reasonable growth in net operating income, which is the portion of rental income that provides cash flow and covers debt service. Rather than considering each owner's particular purchase price or financing circumstances, it provides all owners with growth in net operating income tied to the rate of inflation (the CPI) which can cover additional debt service and/or provide additional cash flow. It becomes the investor's task to determine what investment and financing arrangements make sense in light of the growth in net operating income permitted under the fair return standard. MNOI standards provide for appreciation as well as growth in net operating income, because value is a function (multiple) of net operating income, growth in NOI leads to appreciation in the value of a property, which may be converted into a capital gain. This approach meets the twin objectives of "protecting" the mobilehome owners from "excessive increases" and providing park owners with a "fair return on investment."

This type of standard is used by a significant number of the California jurisdictions that have mobilehome space rent ordinances and has been positively commented on by California appellate courts. (See discussion below.) It is the most rationale and workable formula in the context of a rent regulation.

Judicial Approval of the Maintenance of Net Operating Income (MNOI) Standard

The Courts have approved and commended the use of this type of the MNOI standard,[39] and, on numerous occasions, the Courts have held that this standard provides for constitutionally adequate rent increases. In Oceanside Mobilehome Park Owners' Ass'n v. City Oceanside (1983)[40] and Baker v. City of Santa Monica (1986)[41] California appellate courts upheld maintenance of net operating income fair return standards. In Oceanside the Court found that the standard was reasonable because it allowed an owner to maintain prior levels of profit.[42]

In 1993, a California Court of Appeal commented: "The maintenance-NOI approach has been praised by commentators for both its fairness and ease of administration."[43]

In Rainbow Disposal v. Mobilehome Park Rental Review Board, a California Court of Appeal concluded that **the MNOI formula is a "fairly constructed formula" which provides a "" just and reasonable" return on ... investment,"** even if another formula may provide a higher return.

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[39] See Baar, "Fair Return under Mobilehome Park Space Rent Controls: Conceptual and Practical Approaches", 29 Real Property Law Reporter 333 (Sept. 2006)

[40] 157 Cal.App.3d.887 (1983).

[41] 181 Cal.App.3d. 972 (1986).

[42] 157 Cal.App.3d.887, 902-905 (1984)

[43] Palomar v. City of San Marcos, 16 Cal.App.4th 481, 486 (1993)

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Furthermore, while the Courts have held that no specific formula is required, they have held that owners must be permitted rent increases which are adequate to permit growth in net operating income.[44] The MNOI standard is sole standard that addresses this requirement by providing for a comparison between past and current levels of net operating income.

B. Analysis Pursuant to a Maintenance of Net Operating Income Standard

The park owner's rent adjustment petition uses an MNOI analysis with a substantial base rent adjustment incorporated into the base net operating income calculation. The Park Owner claims that a fair base year rent would have provided a net operating income of $185,609 as opposed to estimated base year net operating income of $75,329. In turn, he claims that a fair net operating income in the current year would be equal to the fair base year net operating income of $185,609 adjusted by 100% of the 192% increase in the CPI since 1979. The fair net operating income for the current year would be $542,120, compared the actual net operating income of $20,468. In turn, a rent adjustment of $521,652 ($587.45/space/month) would be required to provide this return.

[44] ("Net operating income" is equal to gross income minus operating expenses. Mortgage interest payments are not considered as an operating expense.)

1. The Park Owner's Fair Return Projections

The table below contains the data that provide the basis for the Park Owner's MNOI claim.

Summary of Park Owner's MNOI Fair Return Calculation

(prepared by Baar, using amounts set forth by Park Owner in Rent Adjustment Application)[45]

		Base Year (1979)	Current Year (2009)
(a)	Gross Total Income	$102,840	$117,920
(b)	Operating Expenses	$27,511	$97,452
(c)	Net Operating Income	$75,329	$20,468
(d)	Fair Base Year Gross Rental Income	$213,120	
(e)	Operating Expenses	$27,511	
(f)	Fair Net Operating Income Base Year	$185,609	
(g)	Fair Net Operating Income Current Year (192% Increase over Base Year NOI)		$542,120
(h)	Rent Increase Required (Fair NOI – Current Year NOI)		$521,652
(i)	Rent Increase Required/Space/Month (Rent Increase/(161 spaces x 12 months)		$587.45

[45] See RAA, Attachment 8.

2. The Base Year for an MNOI Analysis

In order to apply the MNOI standard, a base year must be designated and the net operating income of that base year must be "indexed" by an inflation factor in order to calculate a fair net operating income for the current year.

a. The Regulation Regarding the Base Year

The regulations state that "The base year shall be 1979 when the financial information for that year is available."[46] (underlining added) In addition, the regulations state that in instances in which 1979 information is not available the first year for which a park owner has financial records may be used as a base year.

> In the event 1979 financial information is not available and where the loss of such records can be substantiated by clear and convincing evidence, the landlord of record may substitute as a base year the first year following 1979 for which records are available. (Resolution No. RAC-2, Section 4, underlining added)[47]

b. 1979 as a Base Year

In this case, the Park Owner, who developed the park in 1977, does not have actual expense information for the base year (1979).

Since the adoption of Resolution RAC 2 in 1981, the regulations have clearly provided that consideration of increases in expenses and income since a 1979 base year would provide the basis under the ordinance for determining what net operating income and rent levels would be fair in the future.[48] However, until this case the Ranch mobilehome park was not considered to be subject to the ordinance.

The Park Owner has provided an overall operating expense amount for 1982 which was set forth in a rent increase request by the Park Owner and was considered by the City in the course of adopting a resolution in 1984, authorizing a rent increase for the park.[49] Instead of using actual operating expense data for 1979 in order to calculate 1979 net operating income, the Park Owner adjusted 1982 the overall operating expense amount downward by the percentage change in the CPI between 1979 and 1982.

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[46] See Resolution No. RAC-2, Sec. 4.

[47] In contrast, the rent regulations of the City of Yucaipa state: *"Where scheduling of rental increases, or other calculations, require projections of income and expenses because actual data is not available, it shall be presumed that operating expenses and management expenses, exclusive of property taxes, increase ot the rate of the increase in the CPI far the applicable year; and that property taxes increase at two percent (2%) per year."* Administrative Rules, Sec. 4.0003.F.

[48] See Resolution No. RAC-2, Sec. 1.p3

[49] See RAA, Attachment 8, page 1.

Although the Park Owner does not have actual 1979 operating expense information he contends that he has 1979 operating expense information because he has 1982 operating expense information which can be adjusted by inflation. The Park Owner states

> **Here Ranch can establish that 1979 financial information is available and cannot establish by clear and convincing evidence that 1979 records are lost. As evidenced by the City's own memoranda and records and the declaration of Bruce Hohn, gross total income financial information is available. (See Application, Attachments 2 & 3)**
>
> **Also, as demonstrated by the calculations of CPA Michael McCarthy, operating expenses for 1979 can reasonably be determined by CPI adjustment of 1982 expenses. (See Attachments 3 and 4)**
>
> ***(Boyd Hill, Hart, King, & Coldren, Memorandum re Ranch Discretionary Rent Increase, Revised August 18, 2010, page 3),:***

The outcome of the adoption of the Park owner's reasoning would be that an applicant would virtually always be considered as having 1979 expense information when actual information was not available, because the information from another year could just be adjusted to account for inflation. Under the park owner's concept of the existence of base year data, the existence or absence of actual 1979 information is of virtually no practical consequence in determining whether or not 1979 shall be used as the base year.

In this case, it is clear that the 1979 operating expense information that would be necessary for an MNOI analysis is not available and therefore, that year should not be used as the base year.

c. 1982 as a Base Year

As indicated, the Park Owner has supplied an overall amount operating expense amount for 1982. This total was reviewed by the City staff and was used in order to determine what rent level would provide a fair rate of return on the park owner's investment. However, neither the Park Owner nor the City has the income and expense statement attached to the Resolution which contained a breakdown of expenses by category.[50]

Without a breakdown of operating expenses by category it is not possible to undertake a thorough comparison between base year and current year operating expense levels and to determine whether the same types of expenses are being compared. Commonly, in undertaking an MNOI analysis adjustments should be made in order to obtain comparability between the base year and the current year.

A common basis for an adjustment occurs in cases in which management was performed by an owner in the base year and was not recorded as an expense while the current year management was performed by an on-site employee and/or a professional management company. As a result, the

[50] See RAA, Attachment 11, Declaration of Andrew Hahn, p. 3, para. 7 (Aug. 20, 2010). Also, City staff indicated that the City has not retained these records.

reported increase in management expenses exceeds "real" increase taking into account the value of the park owner's personal services. Furthermore, when no management costs are recorded for the base year, the base year net operating income is inflated above a level based on "real" costs.

Under the regulations, management and administrative expenses "must be calculated for both the base year and the current year at the same percentage of actual income."[51] . The regulations also provide that management and administrative expenses cannot exceed 8% of income. Under the special circumstances in this case, it would not be reasonable to project management and administrative expenses as the same percentage of income in the base year and the current year because the rents barely increased during this period, while an increase in administrative and management costs would almost certainly inevitable. In the alternative, it would be reasonable to project that administrative and management expenses increased by the CPI.

The Calculation of 1982 Operating Expenses and Net Operating Income

In this case, due to the lack of a breakdown of 1982 by category, there is no information on the types of operating cost increases that occurred between 1982 and 1999 or 2009. However, it is known that the percentage increase in overall operating expenses from 1982 to 2009 was 50% higher than the percentage increase in the CPI during this period. Operating expenses increased by 183% between 1982 and 2009 compared to the 129.4% increase in the CPI.[52]

Due to the lack of a breakdown of 1982 operating expenses, it is impossible to quantify the bases for the differences in the rates of increase in operating expenses and the CPI from 1982 to 1999. However, it appears that a portion of this difference is attributable to a transfer of tasks from the Park Owner to a third party. In response to an inquiry about changes in the provision of management tasks the Park Owner responded that: "Off-site management was employed in 2006 to carry out many of the bookkeeping and capital improvement functions that had been previously carried out by me since 1979, but which I am no longer able to carry out because of ill health and increasing governmental requirements."[53] The performance of tasks by the Park Owner in the base year would not ordinarily be recorded as operating expenses. Therefore, for the purposes of an MNOI analysis there is an "understatement" of base year expenses if they are compared with a current year in which tasks formerly performed by the Park Owner are now performed by a third party for compensation, a cost that would be recorded as an operating expense.

Subject to the gap in the available information, an alternate calculation is included which increases the 1982 operating expense level to an amount which limits the rate of operating cost increases from 1982 to 2009 to the rate of increase in the CPI. Under this approach, the base year operating expenses are projected to be $42,555 instead of the $34,424 amount reported in 1982. In

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[51] Resolution No. RAC 2, Sec. 2.11

[52] Operating Expenses increased from $34,441 to $97,452. (See RAA, Attachment 8. The CPI increased from 97.3 to 223.2.

[53] RAA, Declaration of Andrew Hohn, para. 5 (submitted with Sept. 2, 2010 letter from Hart, King, & Coldren (Boyd Hill, attorneys for the Park Owner).

turn, the base period net operating income is decreased by $8,125 ($42,555 - $34,424) and the monthly rent increase projected pursuant to an MNOI standard is reduced by $17 to $23 (depending on the rate of indexing net operating income).[54]

Also, in this case, this author and the park owner reach different conclusions about how the total operating expenses for 1982 should be calculated. However, by chance the outcomes are virtually the same.[55] A discussion of these differences in contained in Appendix B. While the difference in the results is very small, the discussion is considered necessary in order to provide an explanation of how operating expenses were calculated.

d. 1999 as a Base Year

1999 is the first year for which the Park Owner has operating expense data which includes a breakdown by expense category. This information was provided to the City in 2000 in conjunction with a request for a rent increase and was analyzed by an independent consultant on behalf of the City.[56] In addition, the City's appraiser has prepared a comparable rent analysis for that year. From 1999 to 2009 the percentage increase in operating expenses exceeded the percentage increase in the CPI. However, the difference between the two rates of increase was smaller and the impacts of such differences are smaller, because they impact the outcome of an indexing formula during a much shorter period. From 1999 to 2009 the percentage increase in operating expenses was 44% compared to 34.4% percent increase in the CPI.

However, the use of 1999 in order to compute a fair base rent ("Vega") adjustment would incorporate nineteen years of rent regulation of the other mobilehome parks in the City and any rent increases that were exempt from regulation into the fair base rent determination.

In that year, the net operating income of the Park was $65,886, according to the analysis prepared by Keyser Marston on behalf of the City.[57]

3. An Adjustment of Base Period Rents for the Purposes of an MNOI Analysis Based on a "Vega" Claim

In this case it is clear that a base rent adjustment is required if an MNOI standard is used, no matter what year is used as the base year. Such adjustments are provided where the base period rents reflect special circumstances rather than a market transaction.

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[54] See Table on p. 33 of this Report.

[55] The amounts differ by only $10.

[56] The income and expense report is included in current RAA, Attachment 8

[57] The Keyser-Marston report does not include this calculation. Instead, it reports that "net income" after operating expenses and depreciation was $46,981. The foregoing calculation in this report removes the depreciation amount from the calculation.

a. Description of a "Vega" Adjustment and its Conceptual Basis.

After MNOI standards became common under apartment rent control standards in the early 1980's, issues emerged about the treatment of cases in which the base year net operating income was exceptionally low. The criticism of the MNOI standard was that in cases where the base year net operating income was exceptionally low, without a base year adjustment the MNOI of standard would only justify an exceptionally low fair net operating income for the current year.

Constitutional standards for fair return, as set forth in judicial doctrine, do not require that the base year must precede the adoption of rent control.[58] However, whether the base year precedes or comes after the introduction of rent regulations, it must provide a fair starting point rather than one involving unusually low rents due to special circumstances.

The question of whether owners have a constitutional right to a base rent adjustments to compensate for exceptionally low base period rents was first addressed in Vega v. City of West Hollywood.[59] This case constituted a glaring example of how the MNOI standard could work in the absence of some adjustment for base year rents to accommodate for special circumstances. The facts in that case were exceptional. An elderly owner of an apartment building had basically turned over the maintenance of her property to her tenants with the offsetting accommodation of not raising their rents..

In 1983, the rents for the plaintiff's apartments ranged from $70 to $180 per month. The rents of several units had not been raised in 15 to 20 years and the tenants had taken over responsibility for maintaining the property. The 84 year owner and her deceased husband had constructed the units 40 years earlier.[60]

In Vega, relying on the State Supreme Court's opinion in Birkenfeld v. Berkeley (1976), which addressed the issue of low base rents on a city-wide basis. The Court of Appeal declared that:

> Rent ceilings of an indefinite duration would be confiscatory and thus unconstitutional if no adjustment mechanism existed ... for "situations in which the base rent cannot reasonably be deemed to reflect general market conditions." [citing Birkenfeld v. City of Berkeley].[61]

The Court held that "a property owner must be permitted, pursuant to the principles discussed in Birkenfeld v. City of Berkeley [cites omitted], to start rent calculations with a base rent similar to other comparable properties."[62]

Since Vega, park owners with lower than average rents have filed legal challenges claiming that they have a right to bring their rents up to market levels, noting the reference in Birkenfeld v. City of Berkeley to "general market conditions."

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[58] Los Altos Granada Investors v. City of Capitola, 139 Cal. App. 4th 629 (2006)

[59] 223 Cal.App.3d.1342; 273 Cal.R.243 (1990).

[60] Id., 223 Cal.App.3d. at 1344.

[61] Id, 223 Cal.App.3d. at 1349.

[62] Id, 273 Cal. App.3d. at 1352.

Subsequently, in Apartment Association of Greater Los Angeles v. Santa Monica Rent Control Board [AGLA], the Court of Appeal[63] rejected the view that owners had a general entitlement to adjust below market rents. It ruled that:

> Respondents' position that "Birkenfeld and Vega establish a constitutional standard of general application to all historically low rent properties without exception" is not supported by the opinions in those cases, and we hold that there is no general entitlement to an increase in base date rents predicated on market conditions.[64]

In AGLA, the Court distinguished Birkenfeld and Vega on the basis that "in both cases the entitlement to an increase in the base rent depended on the existence of circumstances that prevented the base rent from reflecting market conditions."[65]

Subsequently, a Court of Appeal held that a Park Owner was entitled to a base rent adjustment in a less extreme case. (Concord Communities v. City of Concord.[66]) The case involved a mobilehome park owner who had purchased just prior to the adoption of a rent ordinance from an owner who had not implemented significant rent increases for years. As a consequence the Park Owner was locked into the base reflecting the pattern of unusually low rent increases and at the same time incurred increased property taxes triggered by the purchase of the property.

b. Projections of a Base Year ("Vega") Adjustment

1979

In 1979, the average rent in the Park was $119.

As noted, the Park Owner's appraiser (John Neet) concluded that the rent of comparable spaces in the City in 1980 was, $240 approximately double the rent in the Park at that time. Neet concluded that the rent levels were the same in 1979 as in 1980. In contrast to Neet's conclusion about comparable rent, the City's appraiser (James Brabant) concluded that the comparable rent in 1979 was $150.

The $90 difference between these two appraisals translates into a much greater difference in current fair rents under the MNOI standard, because the differences are inflation adjusted (indexed) under this standard.

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[63] The panel that authored the opinion contained one of the three judges who had authored the Vega opinion.

[64] 24 Cal.App.4th 1730,1737.

[65] Id., 24 Cal.App.4th at 1737.

[66] 91 Cal.App.4th 1407 (2001)

1982

While the appraisals did not include projections of appropriate base rent adjustments for 1982, the methodology of the City's appraiser may be used to determine what the projections for 1982 would have been if that year had been included in his analysis.

The City's appraiser projected that rents in the comparable parks increased by 6% per year from 1979 to 1982. On this basis, the comparable base rent for Ranch would have increased by 6% per year over the projected level of $150 in 1979. In 1982, the projected comparable rent would be $178.65.[67]

1999

The City's appraiser projected that the comparable rent in 1999 was $300, compared to the average of $127 for Ranch.

4. Increases in Operating Expenses

Issues related to the calculation of base year operating expenses are discussed in Section ___ (p._) of this report. The following table sets forth the overall operating expense totals for 1979, 1982, 1999, and 2009. While, the percentage expense increase from 1982 to 2009 exceeded the percentage increase in the CPI, the overall expense/rental income for 1999 is moderate by mobilehome park industry standards, although nearly equaling the current exceptionally low rent levels. If the 2009 operating expenses are compared with the lowest of the projected rent increases under the MNOI standard, they would be equal to about 34% of the allowable rent.[68] In this analysis no adjustment is made to the 2009 operating expenses claimed by the applicant.

Overall Operating Expenses 1979, 1982, 1999, and 2009

Year	1979	1982	1999	2009
CPI	72.3	97.3	166.1	223.2
Operating expenses (Application)	$27,511	$34,424	$67,656	$97,452
1982 Adjusted operating expenses.		$42,554		

[67] $150 x 1.06 x 1.06 x 1.06.

[68] See p. 33 (MNOI projections using 1982 as a base year). If the rents were increased by $191.95, the overall space rental income would be $288,555 (($133 + $191.95)) x 12 months x 74 spaces.) compared to the operating expenses of $97,452.

5. Inflation "Indexing" of Net Operating Income

In this case, the rate at which net operating income is indexed has a substantial impact on the outcome of a maintenance of net operating income (MNOI) analysis. The large impact is due to the fact that net operating income constitutes more than half of base period gross rental income and the substantial length of time and consequently the very large increase in the CPI between two of three alternative base years (1979 and 1982) and the current year (An increase of 192% from 1979 to 2009, and an increase of 129.3% from 1982 to 2009)

Commonly, when MNOI standards have been applied, the analysis has been pursuant to a mobilehome space rent stabilization ordinance which sets forth the percentage of the CPI increase by which net operating income will be indexed. However, MNOI standards have also been commonly applied pursuant to ordinances which do not specify what type of fair return standard will be used and consequently do not set forth any indexing ratio to be used under an MNOI standard or set forth the principle of preserving net operating income, but do set forth the details of the standard.

The regulations adopted pursuant to the prior Thousand Oaks ordinance in 1982, which are still in effect, provide for the maintenance of net operating income, but do not provide any specification as to the rate at which net operating income shall be indexed.

Although, the argument that 100% indexing is constitutionally required been raised over and over in fair return cases over the past twenty years, this view has not been adopted by the Courts. While the courts have held that net operating income cannot be frozen, they also have held that growth in net operating income at 100% of the rate of increase in the CPI is not required. Instead, the courts have upheld standards which have provided for the adjustment of net operating income by 40% of the rate of increase in the CPI since the base year.

CTO 01299

INDEXING RATIOS

UNDER MAINTENANCE OF NET OPERATING INCOME STANDARDS IN MOBILEHOME PARK SPACE RENT CONTROL ORDINANCES

City	Indexing Ratio (% of CPI)
Mobilehome Space Rent Control Laws	
Calimesa	80%
Concord	60%
Healdsburg	100%
Indio	50%
Lompoc	100%
Milpitas	50%
Morgan Hill	40%
Oceanside	40%
Oxnard	75%
Pacifica	100%
Palm Desert	50%
Palm Springs	50%
Pleasanton	100%
Riverside County	100%
Rohnert Park	60%
Salinas	75%
San Jose	85%
Santa Paula	75%
Scotts Valley	75%
Ventura	50%
Yucaipa	66% to 80%

The indexing issue has been the subject of discussion in the California appellate court opinions for over 20 years. In 1984, Fisher v. City of Berkeley, the California Supreme Court ruled that a rent regulation may not "indefinitely freeze" net operating income.[69]

> **... although defendants' ordinance may properly restrict landlords' profits on their rental investments, it may not indefinitely freeze the dollar amount of those profits without causing confiscatory results.**[70]

[69] Fisher v. City of Berkeley, 37 Cal.3d. 644, 683 (1984)

[70] Id. at 37 Cal.3d. at 68_.

While the Court did not consider the issue of what rate of growth in net operating income must be permitted, it did indicate that rent controls may "reduce" the value of property, without violating constitutional safeguards.

> **Any price-setting regulation, like most other police power regulations of property rights, has the inevitable effect of reducing the value of regulated properties. But it has long been held that such reduction in property value does not by itself render a regulation unconstitutional.**[71]

Furthermore, although the Court expressed disapproval of "indefinitely" freezing net operating income, it did not express any disapproval of formulas which permitted less than 100% indexing.

In Oceanside Mobilehome Park Owner's Ass'n v. City of Oceanside,[72] which was decided before Fisher, and in Baker v. City of Santa Monica,[73] which was decided two years after Fisher, California appellate courts upheld fair return standards providing for growth in NOI at 40% of the rate of increase in the CPI.

In Berger v. City of Escondido (2005) the Court of Appeal upheld a Board decision which provided for indexing net operating income by 40% of the percentage increase in the CPI and rejected a claim that indexing by 100% of the percentage increase in the CPI was constitutionally required in order to provide a fair return.

The Court ruled:

> **Indexing for Inflation To Protect NOI**
>
> **It is not our province to specify what standard the Board should use on remand. For its instruction, however, we address Berger's contention that as a matter of law in an MNOI analysis, to account for inflation the base year NOI must be indexed by no less than 100 percent of the increase in the CPI to avoid unconstitutional confiscation over time. We are unpersuaded by Berger's position.**
>
> **Berger relies on City of Berkeley, ..., 27 Cal.App.4th 951, in which the issue was whether the rent stabilization board abused its discretion by adopting certain regulations, including a regulation allowing full indexing of rents for inflation to protect base year NOI, without excluding debt service. (Id. at p. 964.) The court found the regulation was within the board's discretion to set rents that provide a fair return on investment to the landlord. (Id. at p. 968.) The board there presumably relied on advice from its consultants "that fully indexing for inflation, including the debt service component, is necessary because the failure to do so will inevitably lead to the slow erosion of net operating income." (Id. at p. 975.)**
>
> **City of Berkeley, however, does not indicate that indexing at the 100 percent level is a constitutional mandate; that question was not before the court. The court noted, "we are not called upon to actually decide whether the Board could have**

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[71] Id., 37 Cal.3d. at 686.

[72] 157 Cal. App. 3d. 887, 204 Cal.Rptr. 239 (1983)

[73] 181 Cal.App.3d. 972 (1986)

legally decided to exclude debt service; we need only observe that it acted legally when it decided to include it." (City of Berkeley, ..., 27 Cal.App.4th at p. 977.) ....

In Yee v. Mobilehome Park Rental Review Bd., ..., 17 Cal.App.4th at page 1105, this court rejected the park owners' argument they were denied substantive due process because the Ordinance under review here does not require annual increases in rents equal to changes in the CPI. (See also Carson Mobilehome Park Owners' Assn. v. City of Carson, ..., 35 Cal.3d at p. 195 [CPI increase "might not be warranted for a particular mobilehome park if there has been a decrease in maintenance expenditures or a reduction in services provided to the tenant"].)

Here, the City's consultant, Dr. Baar, advised that 100 percent indexing is not required for the Park to achieve a fair return. A mobilehome park's operating expenses do not necessarily increase from year to year at the rate of inflation, and indeed, during the relevant time here the CPI increased 14.55 percent, but Berger's operating expenses increased only 9.4 percent. On appeal, Berger concedes that a "general increase at 100% of CPI . . . would be too much if expenses have increased at a lower rate." Moreover, as Dr. Baar explained in his report, the use of indexing ratios may satisfy the fair return criterion because park owners typically derive a return on their investment not only from income the park produces, but also from an increase in the property's value or equity over time. In other words, investors are motivated to acquire, retain and maintain mobilehome parks both for the yearly income and for appreciation in real estate.10

The Board will reconsider the issue at the new hearing, in light of the fair return standard. It is not, however, required as a matter of law to use 100 percent indexing of NOI in an MNOI approach.[74]

Subsequently, another Court of Appeal handed down a similar ruling, upholding a standard which provided for indexing by 50% of the percentage increase in the CPI. In Stardust v. Ventura, the court stated:

Stardust argues that the trial court erred in upholding the Rent Board's decision to use the preferred MNOI method. We disagree.

The Guidelines presume that the NOI (gross income minus operating expenses) received in the 1980 base year provided the park owner with a just and reasonable return above the required minimum on his property, unless there is clear and convincing evidence to the contrary. (Guidelines, §§ 1.03, 3.01.) The Guidelines are structured to permit continuation of a just and reasonable return on the owner's property above the required minimum by evaluating a discretionary rent increase request by the "preferred" MNOI method formula. The MNOI method permits an application for a discretionary rent increase to adjust the base year NOI by 50 percent of the increase in the CPI from the base year to the comparison year, the latest calendar year or the latest fiscal year used by the applicant for accounting purposes. Under the MNOI method, an applicant is entitled to a rent increase in the amount by which the sum of the applicant's base year NOI and the price level adjustment exceeds the applicant's comparison year NOI. A park owner may request a method other than the preferred method. However, unless clear and convincing evidence is presented by the park owner that another method is more appropriate, the Rent Board will use the preferred method. (Guidelines, § 1.05.)

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[74] H.N. & Francis Berger Foundation v. City of Escondido, 127 Cal. App.4th. 1, 15 (Jan. 2005).

The standards established by this method are similar to those approved in several cases. For example, in Oceanside Mobilehome Park Owners' Assn. v. City of Oceanside (1984) 157 Cal.App.3d 887, 903, and Rainbow Disposal Co. v. Escondido Mobilehome Rent Review Bd. (1998) 64 Cal.App.4th 1159, 1172, the courts approved 40 percent indexing. More recently, in H.N. & Frances C. Berger Foundation v. City of Escondido (2005) 127 Cal.App.4th 1, 15 (Berger), the court held that an MNOI approach does not require 100 percent indexing. Stardust correctly notes that in Fisher v. City of Berkeley (1984) 37 Cal.3d 644, 683, the court stated that the rental board was required to increase rents to account for inflation. Fisher did not, however, disapprove an index for inflation at less than 100 percent of the CPI percentage increase.

Stardust also argues that the Rent Board improperly relied upon Baar's leveraging argument to support adjusting its MNOI at less than 100 percent of the CPI because Stardust owns the Park "free and clear." We disagree. The Berger court rejected an equivalent argument recently, stating, "For purposes of determining a fair return, however, a rent control board may impute an investment to a landlord who acquires a park by gift or inheritance, for instance by using the transferor's investment with any necessary adjustments. [Citation.] [Park owner] has given no convincing rationale for treating leveraged owners differently from owners privileged to acquire property without incurring any debt." (Berger, supra, 127 Cal.App.4th at p. 15, fn. 10.)

There is no general constitutional entitlement to an increase in base date rents predicated on market conditions. (Apartment Assn. of Greater L.A. v. Santa Monica Rent Control Bd. (1994) 24 Cal.App.4th 1730, 1737.) "'Setting rent ceilings is essentially a legislative task, and agencies, not courts, choose which administrative formula to apply.'" (Galland, supra, 24 Cal.4th at p. 1022, italics added, citing Kavanau v. Santa Monica Rent Review Bd. (1997) 16 Cal.4th 761, 784 (Kavanau).) Substantial evidence supports the Rent Board's decision to use 50 percent of the CPI increase in adjusting the rent and its conclusion that Stardust failed to present clear and convincing evidence why its modified MNOI (100 percent CPI) method was more appropriate than the preferred method.[75]

Apart from judicial precedent clearly holding that 100% indexing is not constitutionally required, it should be noted 100% indexing would clearly "override" the annual rent increase limitation in the Thousand Oak's ordinance of 75% of the percentage increase in the CPI. Assuming that operating expenses increase at the same rate as the CPI, it would be likely that park owners would repeatedly need to file "just and reasonable" return applications in order maintain growth in net operating income at 100% of the percentage increase in the CPI..

[75] 147 Ca.App.4th 1170, 1181-1182 (2007)

Rationale for "indexing at less than 100% of the rate of increase in the CPI".

This section discusses the rationale for indexing NOI at less than 100% of the rate of increase in the CPI.

In the typical situation of leveraged ownership of real estate an investment may be very profitable although net operating income increases by less than the full rate of increase in the CPI. Due to leveraging, growth in equity may far exceed the rate of increase in NOI.

In order to simply explain the foregoing phenomenon the case of a simple house purchase may be used. If a person purchases a house for $100,000 financed with an $80,000 loan and $20,000 cash (original equity), and if the house value increases by 20%, up to $120,000, the homeowner's equity will double from $20,000 to $40,000 (the difference between the new value and the purchase loan).

The following hypothetical is designed to illustrate the impact of indexing at 75% of the rate of increase in the CPI on a park owner's equity in a case in which the owner has financed 70% of the purchase cost. The NOI and, therefore, the value of the park increases at 75% of the rate of increase in the CPI. However, because 70% of the purchase is financed with a mortgage, the investor's equity increases by a much greater rate than the CPI. (An 83% increase in equity compared to a 50% increase in the CPI.)

Impact of 50% Indexing on Growth in Investor's Equity

Loan to Purchase Price Ratio 70%

	Base Year	Current Year	Pct.Increase
CPI	100	150	50%
NOI	420,000	525,000	25%
Property Value	6,000,000	7,500,000*	25%
	(purchase price)	(current value)	
Mortgage	4,200,000	4,200,000	0%
Equity	1,800,000	3,300,000	83%
(property value-mortgage)			

* Value is computed by dividing the net operating income by a capitalization rate of 7%. Use of a different capitalization rate would not significantly impact the rate of increase in equity.

In the hypothetical it is assumed that the relationship between net operating income and value (the capitalization rate) stays constant. In fact, multiple factors other than the income yielded by the property affect property values, including changes in capitalization rates and mortgage interest rates.

In this particular case, the long-term Park Owner may (or may not) have very little or no mortgage debt. If the park is owned free and clear, the growth in the return on the cash investment as well as the rate of growth in cash flow would be below the rate of growth in the CPI if less than 100% indexing is used.

However, the individual financing arrangements of a park owner should not impact the outcome of the issue of the appropriate rate of indexing of net operating income. Indexing is based on a theory about what is appropriate for all park owners and that the rate of growth in net operating income should be equal for all park owners and should not be dependent on the financing arrangements of the individual park owner. If the rate of indexing was tied to the cash and financed portions of investments in parks, the rate could be manipulated. Furthermore, the Courts have held that differences in allowable rents based on differences in financing arrangements have no rational basis.[76]

While this discussion sets forth rationale for indexing at less than 100% of the rate of increase in the CPI, it also should be noted that there are rationale for 100% indexing principally based on the view that profits should be permitted to grow at the same rate as the CPI increases and that such growth in net operating income would not result in excessive rent increases.

The "Risk Free" Nature of Investments in Mobilehome Parks in Metropolitan Areas

A note about the unusual nature of mobilehome park investments provides some perspective on mobilehome park space rent restrictions and fair return standards. It is critical to understand that after a mobilehome park in an urban area has been constructed and occupied with mobilehomes, there is virtually no rental risk. As a practical matter, mobilehomes cannot be moved within urban areas. Instead, they are sold in place. Furthermore, as a result of zoning regulations and changes in the economics of housing over the past two decades, the supply of mobilehome park spaces is virtually frozen.

In 2001, the California Supreme Court explained:

> **BACKGROUND: THE MOBILEHOME OWNER / MOBILEHOME PARK OWNER RELATIONSHIP**
>
> **This case concerns the application of a mobilehome rent control ordinance, and some background on the unique situation of the mobilehome owner in his or her relationship to the mobilehome park owner may be useful. "The term 'mobile home' is somewhat misleading. Mobile homes are largely immobile as a practical matter, because the cost of moving one is often a significant fraction of the value of the mobile home itself. They are generally placed permanently in parks; once in place, only about 1 in every 100 mobile homes is ever moved. [Citation.] A mobile home owner typically rents a plot of land, called a 'pad,' from the owner of a mobile homepark. The park owner provides private roads within the park, common facilities such as washing machines or a swimming pool, and often utilities. The mobile home owner often invests in site-specific improvements such as a driveway, steps, walkways, porches, or landscaping. When the mobile home owner wishes to move, the mobile home is usually sold in place, and the purchaser continues to rent the pad on which the mobile home is located." (Yee v. Escondido (1992) 503 U.S. 519, 523, 112 S.Ct. 1522, 118 L.Ed.2d 153.) Thus, unlike the usual**

[76] See Palomar Mobilehome Park Ass'n Mobile Home Rent Review Comm'n, 16 Cal.App.4th. 481, 488 (1993) and Westwinds Mobilehome Park v. Mobilehome Park Rental Review Bd. [Escondido], 30 Cal.App.4th 84,94 (1994)

tenant, the mobilehome owner generally makes a substantial investment in the home and its appurtenances--typically a greater investment in his or her space than the mobilehome park owner. [cite omitted] The immobility of the mobilehome, the investment of the mobilehome owner, and restriction on mobilehome spaces, has sometimes led to what has been perceived as an economic imbalance of power in favor of mobilehome park owners. [77]

It has been repeatedly noted in court opinions and academic reviews that the captive nature of mobilehome park tenancies, reduces the rental risk factor. For example, in one case the Florida Supreme Court commented:

Where a rent increase by a park owner is a unilateral act, imposed across the board on all tenants and imposed after the initial rental agreement has been entered into, park residents have little choice but to accept the increase. They must accept it or, in many cases, sell their homes or undertake the considerable expense and burden of uprooting and moving. The "absence of meaningful choice" for these residents, who find the rent increased after their mobile homes have become affixed to the land, serves to meet the class action requirement of procedural unconscionability.[78]

In 1988, a nationally prominent real estate newsletter explained that:

With today's parks having virtually no vacancies and tenants with limited options you get a base cash flow that is as predictable as the first of the month.[79]

In 1994, a federal district in California stated:

Mobile homes, despite their name, are not really mobile. Once placed in a park, few are moved. This is principally due to the cost of moving a coach which is often equal to or greater than the value of the coach itself. Also, many mobile home parks will not accept older coaches so that after a time, the coach may be rendered effectively immobile... the park owner, absent regulation, theoretically has the power to exact a premium from the tenant who, as a practical matter, cannot move the coach.[80]

In regard to the supply of mobilehome park spaces and the curbs on competition, one of the largest mobilehome park ownership entities in the U.S.explained:

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[77] Galland v. Clovis, 24 Cal.4th. 1003, 1009-1010 (2001)

[78] Lanca Homeowners, Inc. v. Lantana Cascade of Palm Beach, Ltd., 541 So. 2d 1121, 1124 (Fla.), cert. denied, 493 U.S. 964 (1989)

[79] "Mobile Home Parks: A Profitable Niche for Partnerships", 11 Real Estate Outlook (No. 3) (1988, Warren, Gorham, and Lamont).

[80] Adamson Companies v. City of Malibu, 854 F.Supp. 1476,1481 (1994, U.S.D.C. Central Dist. Cal.). Also see Baar, "The Right to Sell the 'Im'mobile Manufactured Home in Its Rent Controlled Space in the 'Im'mobile Home Park: Valid Regulation or Unconstitutional Taking?", Urban Lawyer Vol. 24, 107-171 (Winter 1992, American Bar Ass'n)

These are one-of-a-kind properties, much sought after by residents and investors. Only a finite number of quality, investment grade site-set housing communities exist across the country. Significant barriers to entry and strict zoning laws make it extremely difficult to develop new communities, making Equity Lifestyle's Properties even more valuable.[81]

Mobilehome parks are a particularly safe investment, especially in light of the economic trends of the past few years which have been marked by drastic declines in real estate values, failures of mortgage companies, and the need to bail out banks,. While demand is weakening in other parts of the economy, continued demand for mobilehome park spaces is secured by the value of immovable of mobilehomes, which insure continued payment of the space rents and of the ability of park owners to continue to increase rents.

6. Calculation of Rent Adjustment under MNOI Standard

In this subsection, fair net operating income is projected using 1979, 1982, and 1999 as base periods. Table 1 uses 1979 as the base year. Table 2 uses 1982 as the base year. Table 3 uses 1999 as a base year. Each table contains projections based on indexing of base period net operating by 50%, 75%, and 100% of the percentage increase in the CPI.

The projections for 1979 and 1982 include alternate calculations based on the comparable base rent projections of the Park Owner's appraiser and of the City's appraiser. The 1982 projections also include alternate calculations based on operating expense report of the Park Owner and the alternate projection provided by this author. The differences in expense projections result in differences of $17 to $23 in the projections of the required rent increase under the MNOI standard.

In all cases, the rent adjustment is substantial, over $200, due to the substantial base period rent ("Vega") adjustments and the absence of rent increases since any possible base period.

When net operating income is indexed at less than 100% of the percentage increase in the CPI , the rent adjustments are substantially larger if 1999 is used as a base year., relative to adjustments with less than 100% indexing using 1979 or 1982 as the base years. These differences may be attributed to the fact that the rent increases in the comparable parks pursuant to the automatic annual increases from 1980 to 1999 and other allowable increases were most likely adequate to provide growth in net operating income exceeding 50% or 75% of the rate of increase in the CPI. The use of 1999 comparable rents in order to set a base period rent would incorporate these increases into the base period rent.

[81] www.mhchomes.com/DBMHC/MHCMain.nsf/vwPages/AboutMHCCompetitiveAd... (9/27/2007)

Projections of Rent Required For Fair Return Under Mnoi Standard

1979 Base Year

Source of Base Rent Determination		comparable base period rent projected by Park Owner's appraiser	comparable base period rent projected by City's appraiser
Avg. Monthly Space Rent		115.81	
Avg. Monthly Space Rent with Base Rent "Vega" Adjustment	(a)	240	150
BASE PERIOD RENTAL INCOME WITH "VEGA" ADJUSTMENT	(b)	213120	133200
Base Period Operating Expenses	(c)	27511	27511
Fair Base Period NOI	(d) = (b-c)	185609	105689
Current Rental Income	(e)	117920	117920
Current Operating Expenses	(f)	97452	97452
Current NOI	(g) = (e - f)	20468	20468
100% Indexing- Pct Inc. over base yr	(h)	192.1%	192.1%
FAIR NOI (100% indexing)	(i) = d x (1+h)	542120	308692
Rent Adjust (100% indexing)	(j) = (i-g)	521652	288224
Rent Adjust/Space/Month	(k) =(j/(74*12)	587.45	324.58
75% Indexing - Pct Inc. over base yr	(k)	144.1%	144.1%
FAIR NOI (75% indexing)	(l) = d x (1+k)	452991	257941
Rent Adjust (75% indexing)	(m) = (l - g)	432523	237473
Rent Adjust/Space/Month	(n)=(m/(74*12)	487.08	267.42
50% Indexing - Pct Inc. over base yr	(p)	96.0%	96.0%
FAIR NOI (50% indexing)	(q) = d x (1+p)	363864	207190
Rent Adjust (50% indexing)	(r) = (q - g)	343396	186722
Rent Adjust/Space/Month	(s) =(r/(74*12)	386.71	210.27

Projections of Rent Required for Fair Return Under MNOI Standard
1982 Base Year

		Park Owner Appraisal of 1980+ 14%	City Appraisal of 1979+ 19%		Park Owner Appraisal of 1980+ 14%	City Appraisal of 1979+ 19%
					Expenses Adjusted	
Avg. Monthly Space Rent		115.81			115.81	
Avg. Monthly Space Rent with Base Rent "Vega"Adjust	(a)	273.60	178.5		273.60	178.5
Base Period Rental Income With "Vega" Adjustment	(b)	242957	158508		242957	158508
Base Period Oper. Expenses	(c)	34431	34431		42555	42555
Fair Base Period NOI	(d)=(b-c)	208526	124077		200402	115953
Current Rental Income	(e)	117920	117920		117920	117920
Current Operating Expenses	(f)	97452	97452		97452	97452
Current NOI	(g) = (e - f)	20468	20468		20468	20468
100% Indexing	(h)	129.3%	129.3%		129.3%	129.3%
FAIR NOI (100% indexing)	(i) = d x (1+h)	478150	284509		459521	265880
Rent Adjust (100% indexing)	(j) = (i-g)	457682	264041		439053	245412
Rent Adjust/Space/Month	(k)= (j/(74*12)	515.41	297.34		494.43	276.37
75% Indexing	(k)	97.0%	97.0%		97.0%	97.0%
FAIR NOI (75% indexing)	(l) = d x (1+k)	410744	244401		394741	228398
Rent Adjust (75% indexing)	(m) = (l - g)	390276	223933		374273	207930
Rent Adjust/Space/Month	(n)= (m/(74*12)	439.50	252.18		421.48	234.16
50% Indexing	(p)	64.7%	64.7%		64.7%	64.7%
FAIR NOI (50% indexing)	(q) = d x (1+p)	343338	204293		329962	190917
Rent Adjust (50% indexing)	(r) = (q - g)	322870	183825		309494	170449
Rent Adjust/Space/Month	(s) = (r/(74*12)	363.59	207.01		348.53	191.95

Projections of Rent Required For Fair Return Under Mnoi Standard

1999 Base Year

		Base Rent Projected by City Appraiser
Avg. Monthly Space Rent with Base Rent "Vega" Adjustment	(a)	300
BASE PERIOD RENTAL INCOME WITH "VEGA" ADJUSTMENT	(b)	262800
Base Period Operating Expenses	(c)	47645
Fair Base Period NOI	(d) = (b-c)	215155
Current Rental Income	(e)	117920
Current Operating Expenses	(f)	97452
Current NOI	(g) = (e - f)	20468
100% Indexing- Pct Inc. over base yr	(h)	34.4%
FAIR NOI (100% indexing)	(i) = d x (1+h)	289119
Rent Adjust (100% indexing)	(j) = (i-g)	268651
Rent Adjust/Space/Month	(k) =(j/(74*12)	325.58
75% Indexing - Pct Inc. over base yr	(k)	25.8%
FAIR NOI (75% indexing)	(l) = d x (1+k)	270628
Rent Adjust (75% indexing)	(m) = (l - g)	270628
Rent Adjust/Space/Month	(n)=(m/(74*12)	304.76
50% Indexing - Pct Inc. over base yr	(p)	17.2%
FAIR NOI (50% indexing)	(q) = d x (1+p)	252137
Rent Adjust (50% indexing)	(r) = (q - g)	252137
Rent Adjust/Space/Month	(s) =(r/(74*12)	283.94

C. Rents Based on a Rate of Return on Investment Standard

1. Conceptual Issues

Under a rate of a return on investment approach, rate of return is calculated by dividing net operating income by the investment. Neither the ordinance nor the regulations include any specific reference to the use of this type of standard. However, this type of formula was used in order to establish a fair base "net income" for this park in accordance with the City's affordability objectives associated with the development of this park.

This author has roundly criticized the use of rate if return on investment formulas for the purposes of setting rents pursuant to fair return standards under rent regulations on the basis that they are "circular:." By setting the investment, the investor can determine what rents will be permitted. As a result the rent is determined by the investor. (See Baar, "Fair Return under Mobilehome Park Space Rent Controls: Conceptual and Practical Approaches", 29 Real Property Law Reporter 333 (Sept. 2006, California C.E.B.) . As a practical matter, when return on investment approaches are used long-term owners, who typically have low investments by current standards, are disfavored and recent purchasers are favored.

However, in this particular case, the investment consists of the initial investment in the park which was determined by the land costs and the construction costs. This type of investment may be contrasted with a subsequent investment in a finished park, which essentially consists of an investment in the right to collect the rents. Therefore, the problem of circularity is obviated.

Nevertheless, the rate of return on investment standard still suffers from the shortcoming that there is no standard rate of return that is considered reasonable and rates of return in the market place vary based on a variety of circumstances (e.g. expectations about future values, mortgage interest rates, prevailing rates of return in alternate types of investments). Therefore,

Here, the outcomes under this type of standard are presented in order to provide a perspective of how the Park Owner would fare under this type of approach, rather than to provide a guide as to what rents should be permitted. Also, this approach has been advocated by Park Owners in a number of cases in other jurisdictions.

2. Estimate of Rate of Return on Investment

a. Measure of the Investment

In cases where rate of return investment analyses have been prepared by experts on behalf of park owners, the original "historical" investment has been adjusted by the increase in the CPI since the time of the investment in order to provide a current "real" dollar measure of the investment. Also, this author has used this approach, subject to caveats regarding the appropriateness of this type of formula.

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In this case, the original investment in purchasing the land and constructed the park in 1977 was approximately $500,000. If this amount is adjusted by the CPI increase of 267% since that year,[82] the current imputed investment would be $1,835, 526.

b. The Rate of Return

Setting a fair rate of return on this investment raises another set of issues. The City's original affordability restrictions provided for an 11.5% rate of return on original investment net of both operating expenses and a depreciation allowance. Subsequently, the City provided for an inflation adjustment of the original net income level.

In recent years, experts testifying on behalf of park owners in rent stabilization cases have claimed that a 9% rate of return on inflation adjusted investment (net of operating expenses, but not depreciation) provides a fair return.[83] However, the prevailing rate of return on mobilehome park purchases in recent years, net of operating expenses but not depreciation (*the capitalization rate*) has generally been about 6%-7%. In other words, new purchasers of mobilehome park expect a net operating income equal to 6%-7% of their purchase price.

There is no publication with extensive data on average capitalization rates for mobilehome parks. However, one private service publishes a significant number of comparable sales reports for mobilehome park sales in California, thereby providing sufficient data to develop reasonable estimates of prevailing capitalization rates. Data on capitalization rates for mobilehome parks from that source indicates that the average rate from 2004 to 2008 was 6.2%.[84] Since 2004, as a result of declines in mortgage interest rates and other factors, there has been a significant decline in capitalization rates for investment in income producing real estate. Data on capitalization rates for mobilehome park sales throughout the state during the past decade indicates that capitalization rates have been in the range of 4% to 10%, with average cap rates since 2004 in the range of 6% to 7%.[85]

These rates are attractive due to likely increases in income and value associated with such investments (especially when compared with investments in bonds or bank deposits with fixed

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[82] CPI 1977 – 60.7, 2009 – 223.2.

[83] The Park Owner's appraiser, John Neet, has submitted fair rate of return analyses in fair return cases under the mobilehome rent control ordinance of the City of Carson. In those reports he has concluded that a rate of return of approximately 9% would be fair. (E.g. Fair Return Analysis for Fiscal Year April 1,2007-March 31,2008, Colony Cove Mobile Home Park, Carson, CA, Sept. 28, 2008) One economist (Dr. Richard Fabrikant) who has testified on behalf of Park Owners in numerous jurisdictions has testified that the rate of return on investment approach is more reasonable than the MNOI methodology and in recent years has contended that a rate of return of approximately 9% is fair.

[84] CoStar Comps. Trend Report. The average rate of 6.2% is based on 165 sales of mobilehome parks with 50 or more spaces. Annual averages ranged from 5.8% to 7.1%. In 2007 the average rate was 6.9%. In 2008 the average rate was 7.1%.

[85] An appraisal report prepared by the Park Owner's appraiser, John Neet, in 2005, reported that the mean capitalization rate for mobilehome park sales had declined to 6.75% by late 2004. His analysis was based on his review of 214 mobile home park sales in the west and southwest over a three year period. (John Neet, Appraisal report of Lakeview Mobilehome Park, prepared for the City of Citrus Heights on Sept. 15, 2005, pp. 17 and 18)

returns). Furthermore, investments in mobilehome parks can be leveraged (financed) and offer tax shelter benefits that are not provided by investments in stocks and bonds.

The rent increases required to provide rates of return ranging from 6% to 11%, range from $100 to $214.

These amounts are substantially below the amounts justified by a maintenance of net operating income (MNOI) standard or a comparable standard. The rate of return on investment analysis illustrates that the outcomes under the other standards (MNOI and comparable rents) certainly would not lead to an unreasonable outcome from the perspective of an investment return. In fact, the returns that the MNOI standard provides in this case are highly favorable from this perspective.

Rent Increases under

Rate of Return on Inflation Adjusted Investment Standard

Rate of Return	6%	9%	11.50%
CPI 1977	60.8	60.8	60.8
CPI 2009	223.2	223.2	223.2
Pct Increase in CPI	267%	267%	267%
Original Investment	$500,000	$500,000	$500,000
Inflation Adjusted Investment	$1,835,526	$1,835,526	$1,835,526
Fair NOI (rate of return x inf. adj. invest.)	$110,132	$165,197	$211,086
Current NOI	$20,468	$20,468	$20,468
Rent Adjustment (Fair NOI – Current NOI)	$89,664	$144,729	$190,618
Rent Adj./Space/Month	$100.97	$162.98	$214.66

If the rent increase that the Park Owner contends is fair is granted, it would provide a net operating income of $542,120. As a result, the rate of return on the original "historic" investment of $500,000 would be over 100% and the rate of return on the imputed inflation adjusted

investment of $1,835,226 would be 29.5% ($542,120 net operating income / $1,835,226 inflation adjusted investment).

If the Park is granted a rent increase of $252 (an amount authorized pursuant to the MNOI standard with a "median"(75%) indexing ratio, the rate of return on the inflation adjusted investment would be 13.3% and the rate of return on the historic investment would be 48.8%.[86]

D. Current Comparable Rents

This factor has usually not been considered pursuant to a just and reasonable return standard, except when specifically authorized or required in an ordinance. The MNOI fair return concept has been premised on base year rents that reflect market conditions and the maintenance of base period net operating income levels provided by base year rents, rather than current comparability of regulated rents. However, in light of the special circumstances in this case, the need to adjust base year rents and the fact that rent levels were practically frozen for thirty years, it is appropriate to review whether the application of the MNOI standard leads to a result that fits within the range of reasonable relative to current comparable rent levels in the other mobilehome parks in the City

Comparable rent analyses were prepared by an appraiser on behalf of the Park Owner and by an appraiser on behalf of the City. The Park Owner's appraiser provided an opinion on comparable rents in 1980. The City's appraiser provided opinions on comparable rents in 1979, 1999, and 2009.

In 1979, the average space rent in the Park was $119. The City's appraiser concluded that the comparable rent level in 1979 was $150 or $39 above the current rent at that time.[87] The Park Owner's appraiser concluded that the average rents in the Park was $123 compared with a rent level of $240 for comparable park spaces in Thousand Oaks..[88]

In 1999 and 2009, following years of nearly frozen rents in the Ranch Mobile Home Park, the gap between actual rents in Ranch and comparable rents was much greater. In 1999, the average rent in Ranch was $127, compared to a comparable average of $300. In 2009, the average rent in Ranch was $133, compared to a comparable average of $400.

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[86] Current NOI + $252/space/mo. Rent increase = $20,468 + $223,776 = $244,244. Rate of return on inflation adjusted investment = $244,244 / $1,835,526 = 13.3%. Rate of return on historic investment = $244,244 / $500,000 = 48.8%.

[87] Brabant Appraisal, p. 20

[88] Neet Appraisal , pp. 10-11.

Comparable Rent Projections

By Park Owner's Appraiser and City Appraiser

Year	Ranch MHP Average Rent	Appraisal Comparable MHP Rent Thousand Oaks
Park Owner's Appraiser		
1980	$123	$240
City's Appraiser		
1979	$119	$150
1999	$127	$300
2009	$133	$400

IV. Opinion – The Range of Appropriate Rent Increases

The Courts have repeatedly reiterated the principle that there is a "range" of rents that may be considered reasonable. The California Court of Appeal has commented:

> **There is a range of rents which can be charged, all of which could be characterized as allowing a "just and reasonable" return. (See Hutton Park Gardens v. Town Council (1975) 68 N.J. 543 [350 A.2d 1, 15] [the terms "just and reasonable" and "confiscatory" are not precise formulations]; Power Comm'n v. Pipeline Co. (1942) 315 U.S. 575, 585 [86 L.Ed. 1037, 1049, 62 S.Ct. 736, 743] [there is a zone of reasonableness which is higher than a confiscatory rate].) Thus, many decisions by rent control boards will focus on the issue of where the requested increases fall within the range of possible rents -- all of which rents would allow the owner a return sufficiently "just and reasonable" as to not be constitutionally confiscatory.**[89]

As indicated, the Courts have repeatedly upheld rent commission decisions using the MNOI standard in order to determine fair (just and reasonable) rents. Furthermore, the Regulations provide for the use of this type of standard in setting a just and reasonable return.

[89] San Marcos Mobilehome Park Owners' Assn. v. City of San Marcos, 192 Cal.App.3d 1492, 1502. (1987) as cited in Rainbow Disposal Co. v. Escondido Mobilehome Rent Review Bd. (1998) 64 Cal.App.4th 1159, 1172

In this case, there no single version of the MNOI standard which is directed by the ordinance and regulations or the particular facts of this case. No rate of "indexing" is set forth.

The advantage of the use of 1979 as a base year is that it would be consistent with the "Vega" concept of establishing a pre-regulation base period for a fair base rent. However, in this case the use of the pre-rent controlled base year (1979) would be contrary to the regulations requiring the use of a base year for which "financial information" is available. Furthermore, the base rent ("Vega") adjustments for 1979 and 1980 (1979 projected by the City's appraiser and 1980 projected by the Park Owner's appraiser) are dependent on projections based on rent information for the other Thousand Oaks mobilehome parks from 1983, rather than actual rent information for 1979.

Overall expense information is available for 1982 and actual rent information for the other mobile home parks is available for 1983. Since their methodologies depend on actual data on 1983 rents for five other parks in the City,.their methodologies can be used to extrapolate a conclusion in regards to the comparable rent level in the other parks in the City in 1982.

The use of 1999 as a base year would provide the advantage of including detailed base year expense levels; however, it would involve the adoption of Vega adjustment based on comparability 19 years after the adoption of rent regulations, as opposed to the use of 1982 (three years after the adoption of the regulations) as base period. The use of the "Vega" doctrine in order to adjust base period rent has been based on establishing rents that reflect market conditions at the outset of regulations, rather than establishing comparable rents long after the adoption of the regulation.

Rationale may be found for or against the use of any particular standard. Here the use of the MNOI standard with a 1982 base period is recommended. If another park owner applied for a rent adjustment pursuant to the "just and reasonable" standard in the ordinance, the MNOI standard would be used with an indexing standard using 1979 as a starting point if 1979 income and expense data was available. In this case, with a base rent ("Vega") adjustment, the MNOI analysis is consistent with the purpose and directions in the Ordinance and Regulations.

The Park Owner contends that 1979 should be used as the base year. As a practical matter, in this case the differences between the outcomes with the use of 1979 and 1982 base years are not substantial.

The rate of "indexing" net operating income is a matter of policy within the ranges that have been upheld by the Courts (40% to 100%).

This report includes analysis pursuant to a number of differing standards. The analyses pursuant to varying types of standards demonstrates that the outcome under the MNOI standard with a 1982 base year well are above the outcome under a return on investment standard and are not far below the outcome based on a comparison of current comparable rent; therefore, the use of a 1982 base year yields a result which is reasonable by other yardsticks..

Rent Increases Authorized Pursuant to MNOI Standards

	Inflation Indexing Adjustment Pct. of CPI Increase		
	50%	*75%*	*100%*
	Using Base Year Rent Adjustment Projected by City's Appraiser		
Base Year	**Rent Increase**		
1979	**$ 206.30**	**$ 262.48**	**$ 318.66**
1982	**$ 207.10**	**$ 252.80**	**$ 297.47**
with expense adjustment	**$ 191.95**	**$ 234.16**	**$ 276.37**
1999	**$ 283.94**	**$ 304.76**	**$ 325.58**
	Using Base Year Rent Adjustment Projected by Park Owner's Appraiser		
	Rent Adjustment		
1980	**$ 386.71***	**$ 487.08***	**$ 587.45**

***Calculations by Baar, based on data provided by Park Owner.**

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Appendix A

Consumer Price Index - All Urban Consumers
Original Data Value

Series Id: CUUSA421SA0,CUURA421SA0

Not Seasonally Adjusted
Area: Los Angeles-Riverside-Orange County, CA
Item: All items
Base Period: 1982-84=100
Years: 1975 to 2010

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
1975	51.0	51.5	52.2	52.7	53.1	53.0	53.5	53.7	54.3	54.7	55.0	55.4	**53.3**
1976	55.7	55.4	55.5	55.5	56.3	56.5	57.1	57.4	57.8	58.0	58.3	58.5	**56.9**
1977	59.2	59.7	59.8	60.2	60.4	60.8	61.1	61.1	61.5	61.5	61.9	62.4	**60.8**
1978	62.8	63.1	63.4	64.2	64.8	65.5	65.8	66.0	66.8	66.9	67.1	66.7	**65.3**
1979	67.6	68.3	69.0	70.3	71.4	72.1	72.7	73.6	74.7	75.1	75.9	77.2	**72.3**
1980	78.7	80.4	81.7	82.8	84.3	84.7	84.2	83.7	84.5	85.5	86.5	87.6	**83.7**
1981	87.8	88.5	89.1	89.9	90.5	90.7	92.1	93.0	94.5	95.2	95.3	95.5	**91.9**
1982	96.7	96.6	96.9	97.0	97.2	98.2	97.9	97.9	97.5	98.0	97.6	96.6	**97.3**
1983	96.7	97.1	97.2	98.0	98.8	99.4	99.7	99.9	100.3	100.5	100.4	100.8	**99.1**
1984	101.2	101.6	101.8	102.5	103.4	103.4	103.5	104.5	105.0	105.5	105.5	105.3	**103.6**
1985	105.9	106.3	106.5	106.9	108.0	108.1	108.8	109.6	109.6	110.4	110.0	110.4	**108.4**
1986	110.6	110.5	111.1	110.6	111.5	112.1	112.0	112.0	113.3	113.8	113.0	112.7	**111.9**
1987	113.4	114.7	115.5	116.0	116.8	116.5	116.5	117.3	118.0	118.6	118.2	118.5	**116.7**
1988	118.9	119.7	120.6	121.1	122.0	122.0	122.1	122.6	123.4	124.0	124.1	124.2	**122.1**
1989	124.6	125.5	126.2	127.2	128.3	128.7	129.0	128.9	130.1	130.0	130.0	130.6	**128.3**
1990	132.1	133.6	134.5	134.2	134.6	135.0	135.6	136.3	137.7	138.7	138.9	139.2	**135.9**
1991	140.0	139.9	139.7	140.7	140.8	140.8	141.5	141.7	142.6	142.9	143.5	143.1	**141.4**
1992	144.3	144.9	145.5	145.8	146.0	146.2	146.7	146.9	147.4	148.4	148.2	148.2	**146.5**
1993	149.2	150.0	149.8	149.9	150.1	149.7	149.8	149.9	150.2	150.9	151.6	151.9	**150.3**
1994	152.2	152.2	152.5	152.0	151.4	151.3	151.7	152.0	152.7	153.4	152.9	153.4	**152.3**
1995	154.3	154.5	154.6	154.7	155.1	154.8	154.5	154.4	154.6	155.2	154.4	154.6	**154.6**
1996	155.7	156.2	157.3	157.7	157.5	156.7	157.6	157.3	158.2	158.8	158.4	158.3	**157.5**
1997	159.1	159.2	159.8	159.9	159.5	159.4	159.5	159.7	160.5	161.1	160.7	161.2	**160.0**
1998	161.0	161.1	161.4	161.8	162.3	162.2	162.1	162.6	162.6	163.2	163.4	163.5	**162.3**
1999	164.2	164.6	165.0	166.6	166.2	165.4	165.8	166.3	167.2	167.2	167.1	167.3	**166.1**
2000	167.9	169.3	170.7	170.6	171.1	171.0	171.7	172.2	173.3	173.8	173.5	173.5	**171.6**
2001	174.2	175.4	176.2	176.6	177.5	178.9	178.3	178.4	178.8	178.3	178.1	177.1	**177.3**
2002	178.9	180.1	181.1	182.2	182.6	181.9	182.2	183.0	183.4	183.7	184.0	183.7	**182.2**
2003	185.2	186.5	188.2	187.6	186.4	186.3	186.3	186.9	188.2	187.8	187.1	187.0	**187.0**
2004	188.5	190.1	191.5	191.9	193.3	193.7	193.4	193.1	194.5	196.3	196.9	195.2	**193.2**
2005	195.4	197.4	199.2	201.1	201.5	200.7	201.4	203.1	205.8	206.9	205.6	203.9	**201.8**
2006	206.0	207.5	208.5	210.5	212.4	211.1	211.4	211.9	212.9	211.4	211.1	210.6	**210.4**
2007	212.584	214.760	216.500	217.845	218.596	217.273	217.454	217.330	217.697	218.696	219.943	219.373	**217.338**
2008	220.918	221.431	223.606	224.625	226.651	229.033	229.886	228.484	227.449	226.159	222.229	219.620	**225.008**
2009	220.719	221.439	221.376	221.693	222.522	223.906	224.010	224.507	225.226	225.264	224.317	223.643	**223.219**
2010	224.610	224.620	225.483	225.916	226.438	225.877							

Appendix B

Calculation of 1982 Operating Expenses

In 1983, the Park Owner submitted income and expense data for 1982, including a breakdown of expenses by category. On the basis of that information the Rent Adjustment Board adopted a resolution setting forth the allowable rent increase. The Rent Adjustment Board resolution is included in the record in this case. However, neither the City nor the Park Owner still have the underlying documents with a breakdown of expenses.

The staff report, which provided the background includes the following income and expense data; gross income $102,480, operating expenses $53,299, depreciation $18,875, and "net income" $30,669. But the staff report did not include a table with the calculations.

However, if one subtracts the operating expenses and the depreciation from gross income, the remaining income is exactly equal to the net income amount set forth in the City staff report.

Basis for Income and Expense Calculations for 1982

In 1983 City Staff Memo

Gross Income	$102,480
Operating Expenses	-$53,299
Depreciation	-$18,875
Net Income	$30,669

In contrast, the Park Owner's operating expense calculation includes depreciation within the operating cost category, rather than as a separate cost. In turn, because this difference reduces the operating expense amount by $18,875, it justifies an addition of this amount to the base period net operating income.

In order to obtain the Park Owner's view or explanation of this difference, this author submitted the following letter which was forwarded to the Park Owner.

Re: Calculation of 1982 Operating Expenses

For your convenience the MNOI table and martello memo which are the subject of this inquiry are enclosed as attached as files, so that it will be easy to follow the following inquiry.

In your MNOI Calculation table (labeled AVMGH Five, p. 1 of 3) - "1982 expenses per 12/8/83 Martello memo" equal $53,299 less depreciation of $18,875 equal $34,424.

However, our understanding upon reading the source memo by Martello (page 2) is that the 1982 operating expenses of $53,299 did not incorporate depreciation In other words those operating expenses were $53,299 plus depreciation. The memo states that when depreciation is "subtracted per the Formula, then the NOI will be reduced to $30,669.49. Reading the memo the calculation appears to be as follows: [see the chart above]

If this is the case, we believe that the 1982 "Expenses for MNOI comparison" in your analysis should be $53,299 (instead of $34,424) and there would be a corresponding adjustment in your calculation of the 1979 "base year" operating expenses and a corresponding downward adjustment in your projection of the base year net operating income.

In response to this inquiry the Park Owner's attorney wrote:

> We reviewed the Martello memo and the City resolution and it is clear from the context of both that the total expense number included depreciation expenses. That is why the City subtracted out the depreciation expense number from the NOI, and that is why we did so. It does not make sense otherwise. Mr. Barr is trying to read something into the memo that is not there when he concludes, contrary to the context, that depreciation expense is a separate expense from the total expense.

Since Martello's final calculation of $30,669 only could have been reached by subtracting from the gross income both the operating expenses of $53,299 and the depreciation of $18,875 (see above) and such a calculations results in an amount that is exactly equal Martello's final figure, the claim that the operating expense total of $53,299 includes the depreciation amount does not make sense.

However, Martello's report also indicates that the operating expense total includes $18,868 in utility expenses which were offset by utility fees which exceeded the expenses for those utilities by about $3,000. Therefore, the expense total should be reduced by this amount, resulting in "net" operating expenses of $34,431,[1] which is virtually the same as the total of operating expenses projected by the Park Owner.

[1] $53,299 - $18,868.

Appendix C

CURRICULUM VITAE

Kenneth Kalvin Baar
Urban Planner & Attorney
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Education:

B.A., 1969, Wesleyan University, Middletown, Conn. Major: Government

J.D., 1973, Hastings College of Law, Univ. of California, San Francisco, Ca.

M.A., 1982, Urban Planning, University of California at Los Angeles

Ph.D., 1989, Urban Planning, University of California at Los Angeles
(Dissertation topic: "Explaining Crises in Rental Housing Construction: Myth and Schizophrenia in Policy Analysis")

Foreign Languages: French and Italian

Teaching:

Visiting Professor (Fulbright Scholar), Technical University, Tirana, Albania
(Introduction to urban planning) (2002-2003)

Visiting Assistant Professor, Urban Planning Department, School of Architecture, Planning, and Preservation, Columbia University, New York (1994 - 1995) (courses: planning law, introduction to housing, comparative housing)

Visiting Professor (Fulbright Scholar), Budapest University of Economic Sciences (Sept. 1991- June 1993)

Instructor, San Francisco State University, Urban Studies Program (1983-1984)

Short Courses, Series of Lectures

Polis University, Tirana, Albania, urban planning studios (two week courses, 2009 & 2010)

Netherlands Ministry of Housing (1997)

Kiev University Law School, real estate law (1992, one week course)

Technical University of Budapest, Planning Department Series of lectures Professional Extension Courses and Undergraduate Courses (1991-1992)

Projects: 1980-2010

Study of Development Impact Fees for the City of Los Angeles (in association with Economic Roundtable, Los Angeles)(2009-2010)

Study of Performance of Rental Housing Investments for the City of Los Angeles (in association with Economic Roundtable, Los Angeles)(2007-2009)

Consultant to California cities and counties on mobilehome park rent control policies, drafting of ordinances, fair return issues, and/or mobilehome ownership characteristics and market studies (1985-2010) (American Canyon, Azusa, Capitola, Carpinteria, Carson, Ceres, Chula Vista, Citrus Heights, Clovis, Cotati, Escondido, Fremont, Fresno, Healdsburg, Milpitas, Marina, Modesto, Montclair, Oceanside, Palmdale, Palm Desert, Perris, Riverbank, Rohnert Park, Salinas, San Marcos, Santa Cruz County, Santa Rosa, Santee, Simi Valley, Sonoma, Vallejo, Ventura, Visalia, Watsonville, Yucaipa)

Consultant to California cities drafting of apartment rent control ordinances and/or regulations. Oakland, Santa Monica, Cotati, East Palo Alto, (fair return regulations).

Consultant to Takoma Park, Maryland, Drafting Rent Stabilization ordinance and Rent Petition Analyst (2006-2007, 2009-2010)

Institute of Transportation and Development Policy (New York City), Study on European policies governing location of shopping malls (2001-2002)

Open Society Budapest (Soros Foundation), Study on contracting out of public services and freedom of information in Hungary, Czech Republic, Romania, and Slovakia (2000-2001)

Consultant to World Bank (Budapest office), Studies on municipal contracting out of public services, policies for the provision for the provision of district heating, and land use policies in Hungary (1998-1999)

Urban Institute, U.S. Aid for International Development (A.I.D.) funded technical assistance, Hungarian Subnational Development Project (1998 & 1999)

Consultant, Institute for Transportation and Development Policy, to East European Organizations on Transportation Policies (1997-98)

Studies for the Golden State Mobilehome Owners League on Issues Related to Mobilehome Ownership and Statewide Referendum on Mobilehome Owners Rights (1995-96)

U.S.A.I.D. funded technical assistance to Albanian Ministry of Construction (Sept. 1993- March 1994)

Consultant, East European Real Property Foundation, (U.S. A.I.D. funded), development of education and training in Hungary (July 1993)

Study of Hungarian Land Use Regulations (1992, publication and technical assistance sponsored by Urban Institute, Wash. D.C.)

Report for Hungarian Ministry of Justice, Comparison of Landlord-Tenant Law in France, United States, and Hungary (1992, funded by Urban Institute, Wash. D.C.)

Consultant, City of Santa Monica, Cal., Incentive Housing Program

Expert witness on behalf of cities in judicial and administrative proceedings on real estate fair return issues (San Francisco, Oceanside, Rancho Mirage, Cathedral City, Berkeley, and Santa Monica, California; Fort Lee, New Jersey)

Consultant, State of New Jersey Attorney General and Public Advocate, on fair return standards under state statute regulating evictions of senior citizens from condominiums

Studies of Impacts of Local Regulations on Housing Supply, Cities of Santa Monica and Fremont, Cal.

Preparation of a Guide for New Jersey Rent Control Boards on Fair Return Standards and Landlord Hardship Applications (National Housing Law Project, 1981)

Research and Writing Articles on Inequalities in Property Tax Assessments (Legal Services Corporation, Washington, D.C., 1982-83)

Consultant, Peter L. Bass & Associates, Development of Contracts with Developers under the California Coastal Conservancy Lot Consolidation Program

Expert Witness, City of San Francisco, on the impacts of city policies on apartment construction in litigation involving applicability of antitrust regulations

Project Director, survey of merchants and commercial property owners for City of Berkeley, Cal., Planning Dept.

Preparation of apartment operating cost studies for the cities of Berkeley, Santa Monica, and Cotati, California)

Consultant, Real Property Division, First Nationwide Bank on disposition of assets in operations inventory

Assistant (on contract) to Deputy City Attorney of San Jose, California on drafting of environmental and subdivision regulations

Publications

Articles

Baar, "Fair Return under Mobilehome Park Space Rent Controls: Conceptual and Practical Approaches:, 29 Real Property Law Reporter 333 (Sept. 2006)

"Legislative Tools for Preserving Town Centres and Halting the Spread of Hypermarkets and Malls Outside of Cities" published in Etudes Foncieres (Land Studies) No. 102, pp. 28-34 (March-April 2003, Paris, translated into French); also published in Falu, Varos, es Regio (Village,Town, and Region), issue no. 2, pp. 11-22 (2003), (Budapest, translated into Hungarian)

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"Contracting Out Municipal Services: Transparency, Procurement, and Price Setting Issues", Hungarian Public Administration, Vol. 49, No. 3, May 1999 (translated into Hungarian)

"Laws Protecting Mobilehome Park Residents", Land Use and Zoning Digest Vol. 49, 3-7 (Nov. 1997, American Planning Association)

"The Anti-Apartment Movement in the U.S. and the Role of Land Use Regulations in Creating Housing Segregation", Netherlands Journal of Housing and the Built Environment, Vol. 11, no.4, 359-380 (1996)

"La resistance au logement collectif", Etudes Foncieres, Vol. 67, 44-48, (June 1995, Paris, Association des Etudes Foncieres)

and

"Il Movimento Contro Gli Edifici Multifamiliari Negli Stati Uniti, Storia Urbana, Vol 66, 189-212 (1994, Milan, Italy)

(translated versions of "The National Movement to Halt the Spread of Multi-family Housing (1890-1926)", Journal of the American Planning Association, Vol. 58, no. 1, 39-48, Dec. 1991)

"Impacto del precio del suelo y de las normas sobre su uso en el precio y la distribucion de las viviendas en USA", La Vivienda, no. 23, 43-51 (1993, National Mortgage Bank of Spain) ["The Impact of Land Costs and Land Regulations on the Cost and Distribution of Housing in the United States"]

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"The Right to Sell the 'Im'mobile Manufactured Home in Its Rent Controlled Space in the 'Im'mobile Home Park: Valid Regulation or Unconstitutional Taking?", Urban Lawyer Vol. 24, 107-171 (Winter 1992, American Bar Ass'n)

"The National Movement to Halt the Spread of Multi-family Housing (1890-1926)", Journal of the American Planning Association Vol. 58, no. 1, 39-48 (Dec. 1991)

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"Would the Abolition of Rent Controls Restore a Free Market?", Brooklyn Law Review, Vol. 54, 1231-8 (1989)

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(Coauthors Pearlman and Baar) "Beyond the Uniform Relocation Act: Displacement by State and Local Government, Clearinghouse Review, Vol. 10, 329-345 (1976)

(Coauthors Baar and Keating) "The Last Stand of Economic Substantive Due Process: The Housing Emergency Requirement for Rent Control", Urban Lawyer, Vol. 7, 446-509 (1975)

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Baar, "Contracting Out Municipal Services: Transparency, Procurement, and Price-Setting Issues," (ch. 15), "Land Use Regulation" (ch.21), and "Financing and Regulating District Heating (ch 26) Intergovernmental Finance in Hungary (2005, World Bank)

"Open Competition, Transparency, and Impartiality in Local Government Contracting Out of Services" (Chapter 2), Navigation to the Market Regulation and Competition in Local Utilities in Central and Eastern Europe, ed. Peteri and Horvath (2001, Local Government and Public Service Reform Intitiative, Open Society Institute, Budapest)

"New Jersey's Rent Control Movement" (Chapter 10) and "Controlling "Im"Mobile Home Space Rents", (Chapter 13), ed. Keating, Tietz, & Skaburskis, Rent Control: Regulation and the Rental Housing Market (1998, Center for Urban Policy Research, Rutgers University.

Hungarian Land Use Policy in the Transition to a Market Economy with Democratic Controls", Land Tenure and Property Development in Eastern Europe (1993, Association des Etudes Foncieres, Paris)

"Peacetime Municipal Rent Control Laws in the United States: Local Design Issues and Ideological Policy Debates", ed. van Vliet, Choldin, Michelson, and Popenoe, Housing and Neighborhoods, ch.15 (1987, Greenwood Press)

"Rent Control", California Residential Landlord-Tenant Practice, Chapter 9 (1986, California, Continuing Education of the Bar)

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Editors Baar and Pojani, Urban Planning in a Market Economy, (Tirana, Albania 2004); author of chapters: "Decentralization in Service Provision and Urban Planning - An International Perspective, Private", "Property Rights, Public Expropriations, and Public Rights to Undertake Urban Planning", "Contracting Out Public Services in Hungary - Regulatory, Contracting and Transparency Issues". Coauthor of chapters: "Urban Planning in a Democracy with a Market Economy", "Local Service Provision in Albania".

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Expert Witness (on behalf of cities):

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Segundo v. City of Rancho Mirage and Kapp v. City of Cathedral City (1985, U.S. Federal District Court, Los Angeles)

Kirkpatrick v. City of Oceanside, (1993, Superior Court, San Diego County)

440 Company v. Borough of Fort Lee, New Jersey (1996, U.S. Federal District Court, New Jersey)

Cashman v. City of Cotati, (2002, U.S. Federal District Court, Northern District California)

Kenneth Baar Qualifications – Fair Return Issues

Court Opinions Citing Discussions of Fair Return in Law Review Articles

Helmsley v. Borough of Fort Lee, 78 N.J. 200; 394 A.2d. 65 (1978) New Jersey Supreme Court

Fisher v. City of Berkeley, 37 Cal.3d. 644; 209 Cal.Rptr. 682 (1984) California Supreme Court; affirmed, 475 U.S. 260 (1986)

Oceanside Mobile Home Park Owners Association v. City of Oceanside, 157 Cal.App.3d. 887 (1984) California Court of Appeals

Mayes v. Jackson Township, 103 N.J. 362; 511 A.2d. 589 (1986) New Jersey Supreme Court; cert. denied, 479 U.S.1090 (1987).

Yee v. Mobilehome Park Rental Review Board, 17 Cal. App. 4th 1097 (1993) California Court of Appeals

Palomar Mobilehome Park v. City of San Marcos, 16 Cal.App.4th 481 (1993) California Court of Appeals

Kavanau v. Santa Monica Rent Control Board, 16 Cal.4th. 761 (1997) California Supreme Court); cert. denied, 522 U.S. 1077, 118 S.Ct. 856, 139 L.Ed. 2d. 755 (1998)

Quinn v. Rent Control Board of Peabody, 45 Mass. App.Ct. 357, 698 N.E.2d.911 (1998, Massachusetts Court of Appeal)

MHC Operating Limited Partnership v. City of San Jose, 106 Cal. App.4th (2003) California Court of Appeal

Berger Foundation v. Escondido, 127 Cal.App.4th 1 (2005) California Court of Appeal

TG Oceanside, L.P. v. City of Oceanside, 156 Cal. App.4th 1355 (2007) California Court of Appeal

Court Opinions Relying on Testimony of Kenneth Baar

Rainbow Disposal Co., Inc. v. Mobilehome Park Rental Review Board, 64 Cal.App.4th 1159 (1998) California Court of Appeal

Cashman v. City of Cotati, U.S. District Court, N.D. Cal., No. C99-03641 (Findings of Fact and Conclusions of Law, Sept. 13, 2002)(unpublished)

MHC Operating Limited Partnership v. City of San Jose, 106 Cal. App.4th 204 (2003) California Court of Appeal

Hillsboro Properties v. Public Utilities Commission, 108 Cal.App.4th 246 (2003) California Court of Appeal

Los Altos El Granada Investors v. City of Capitola, 139 Cal. App. 4th 629 (2006) California Court of Appeal

Expert Reports on Fair Return Rent Increase Applications – Prepared on Behalf of California Cities

Azusa,
Arrow Pines (2001)

Calimesa,
Ponderosa (2008)

Capitola
Castle MHP (2000)

Carpinteria,
Vista de Santa Barbara (2002)

Carson,
Carson Gardens (2003)
Park Villa (2004)
Park Granada (2004)
Vista del Loma (2006)
Laco (2007)
Carson Gardens (2007)
Colony Cove (2008)
Colony Cove (2009)

Chula Vista,
Bayscene MHP (2006)

Escondido,
Carefree Ranch (1995)
Town and Country (1995)
Westwinds (1995)
Lake Bernardo (1996)
Valley Parkway (1997)
Mobilepark West (1997)
Eastwood Meadows (1997)
Ponderosa (1997)
Casa de Amigos (1997)
Town and Country (1999)
Greencrest (1999)
Casa de Amigos (2001)
Town and Country (2002)
Town and Country (2005)
Mobilehome Park West (2006)

Palmdale,
Grecian Island (2007)
Mountain View (2007)

Salinas,
Alisal Country Estates (1997)

San Luis Obispo County,
Oak Terrace (2008)

San Marcos,
Villa Vista (2008)
Villa Vista (2010)
Rancho San Marcos (2010)

Santa Rosa,
Coddingtown (2003)

Vallejo,
Vallejo Mobile Estates (2002)
Tall Trees Mobilehome Park (2002)

Ventura,
Stardust (2003)

Watsonville,
Colonial Manor (1998)
Portola Heights (2001)
Meadows Manor (2008)

Yucaipa,
Wishing Well (2004)
Valley Breeze (2008)
Grandview West (2009)

Attachment 6: Summary Appraisal and Review dated November 19, 2010

SUMMARY APPRAISAL REPORT AND APPRAISAL REVIEW

RANCH MOBILE HOME PARK
2193 LOS FELIZ DRIVE
THOUSAND OAKS, CALIFORNIA

APPRAISED FOR

Christopher Norman, Esq.
Assistant City Attorney
City of Thousand Oaks
2100 Thousand Oaks Boulevard
Thousand Oaks, California 91362

DATE OF REPORT

November 19, 2010

DATE OF VALUE

Calendar Years 1979, 1999 and 2009

APPRAISED BY

Anderson & Brabant, Inc.
353 West Ninth Avenue
Escondido, California 92025

File No. 10-099

ANDERSON & BRABANT, INC.
REAL ESTATE APPRAISERS AND CONSULTANTS
353 W. NINTH AVENUE
ESCONDIDO, CALIFORNIA 92025-5032
TELEPHONE (760) 741-4146
FAX (760) 741-1049

November 19, 2010

Christopher Norman, Esq.
Assistant City Attorney
City of Thousand Oaks
2100 Thousand Oaks Boulevard
Thousand Oaks, California 91362

Dear Mr. Norman:

As requested, I have completed rental analyses of Ranch Mobile Home Park, a 74 space mobile home park located 2193 Los Feliz Drive, Thousand Oaks, California. The objective of the analyses was to form opinions of value relating to an application for a space rent increase at the subject park and to review the appraisal of John Neet, MAI, that was submitted with the application for a rent increase. I have provided my own opinions of the rental value of spaces at Ranch Mobile Home Park as of the years 1979, 1999 and 2009.

It is my understanding that the appraisal report will be utilized in a hearing of the Rent Adjustment Commission of the City of Thousand Oaks. Discussions of my analyses as well as my final conclusions are included in the attached report.

This appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. In addition, the written report has been prepared as a *Summary* report in accordance with Standards Rule 2-2(b), and an *Appraisal Review* in accordance with Standards Rule 3, adopted by the Appraisal Standards Board.

The appraisal is subject to certain assumptions and limiting conditions as set forth in the attached report.

Respectfully submitted,

ANDERSON & BRABANT, INC.

James Brabant, MAI
Certified General Real Estate Appraiser
OREA Appraiser No. AG002100

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ATTACHMENTS

Map of Comparable Mobile Home Parks
Qualifications of the Appraiser; Partial List of Mobile Home Park Appraisals

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following special assumptions and limiting conditions:

1. This is a *Appraisal Review and Summary Appraisal Report* which is intended to comply with the reporting requirements set forth under Standards Rules 2-2(b) and 3 of the Uniform Standards of Professional Appraisal Practice. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' files. The information contained in this report is specific to the needs of the client and any other intended users for the intended use as stated in this report. Anderson & Brabant, Inc. is not responsible for unauthorized use of this report.

2. Information regarding the physical characteristics of the subject property was obtained from a physical inspection conducted on November 3, 2010. Information pertaining to the rents at the subject park and comparable parks was obtained from records provided by the City of Thousand Oaks.

3. This report includes opinions of rental value as of three dates of value: 1) The year 1979; 2) The year 1999; 3) The year 2009. These are all retrospective opinions that require assumptions about the condition of the subject park and comparable parks. Ranch Mobile Home Park and all of the comparable parks were inspected on November 3, 2010 with an additional drive-by inspection on November 4, 2010. An assumption of this report is that the condition of all of the parks, except for Conejo Mobile Home Park, was similar on the dates of value as it was on my recent inspection. Conejo Mobile Home Park is reportedly closing and several homes are being torn down and the park is not being maintained. A further assumption of this report is that the utility systems in each park were adequate as of the various dates of value.

4. As of the writing of this report certain information about the rental arrangements at Ranch Mobile Home Park and the comparable parks was unknown. For example, the Rent Registration records utilized for the comparative analysis do not indicate what utilities/services, i.e. water, sewer, gas, electric, and trash pickup, are included in the rent, if any. Consequently, no adjustments have been made for these factors and we have assumed that the inclusion of any utilities/services are similar at the various parks, as of the 1979 and 1999 dates of value. We have obtained utilities/services information for all of the parks for the year 2009.

This appraisal is subject to the following general assumptions and limiting conditions:

1. It is assumed that information furnished to us by our client, including maps, leases, and legal descriptions is substantially correct.

2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title. It is understood that the park owner has a fee interest in the property and leases the spaces to the residents.

3. It is assumed that the property is readily marketable, free of all liens and encumbrances except any specifically discussed herein, and under responsible ownership and management.

CTO 01334

5. Photographs, plat and maps furnished in this appraisal are to assist the reader in visualizing the property. No survey of the property has been made, and no responsibility has been assumed in this matter.

6. Soils engineering studies have not been provided to Anderson & Brabant, Inc. It is therefore assumed that there are no hidden or unapparent conditions of the property such as hazardous or toxic wastes and/or other subsoil conditions which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which might be required to discover such factors.

7. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the properties. The appraisers' opinions of value are predicated on the assumption that there is no such material on or in the properties that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.

8. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the part to whom it is addressed without the written consent of Anderson & Brabant, Inc., and in any event, only with proper written qualification and only in its entirety.

9. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of Anderson & Brabant, Inc.

10. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraiser customary compensation relating to any subsequent required depositions, conferences, additional preparation or testimony.

11. The opinions of value are of surface rights only and the mineral rights, if any, have been disregarded.

12. No warranty is made as to the seismic stability of the subject property.

13. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.

14. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the opinions of value contained in this report are based.

CTO 01335

15. It is assumed that the utilization of the land or improvements is within the boundaries or property lines of the properties described and that there is no encroachment or trespass unless otherwise stated in this report.

16. The Americans with Disability Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in our analysis.

CTO 01336

APPRAISER'S CERTIFICATE

I do hereby certify that, to the best of my knowledge and belief, ...

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

3. I have no present or prospective future interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

5. The appraiser signing this appraisal report has not provided any service, as an appraiser or in any other capacity, relating to the subject property within the three years immediately preceding acceptance of this assignment.

6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

10. I have made a personal inspection of the property that is the subject of this report.

11. Patricia Haskins provided significant professional assistance to the person signing this report.

12. I have not provided any service, as an appraiser or in any other capacity, relating to the subject property within the three years immediately preceding acceptance of this assignment.

13. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

James Brabant, MAI
State Certification No. AG002100

November 19, 2010
Date

INTRODUCTION

IDENTIFICATION OF THE PROPERTY

The subject property is Ranch Mobile Home Park, a 74 space mobile home park located at 2193 Los Feliz Drive, Thousand Oaks, California 91362. This is a rental park that is subject to the City of Thousand Oaks Rent Stabilization Ordinance.

Ownership

According to Rent Adjustment Application, the Applicant (park owner) is *A.V.M.G.H., Ltd.* (c/o Andrew V. Hohn).

PURPOSE OF ASSIGNMENT

The objective of this appraisal assignment is to provide opinions of value relating to an application for a space rent increase at Ranch Mobile Home Park. Specifically, I have reviewed a report prepared by John Neet, MAI, dated May 29, 2010, and also have provided my own opinions of the rental value of spaces at Ranch Mobile Home Park, compared with rents at other comparable parks in Thousand Oaks, as of the years 1979, 1999 and 2009. For the year 1979, the opinion is of market rental value and the definition of *Market Rent* may be found in the next paragraph. For the other two years (1999 and 2009), the opinions are of rental value and the specific definition of *Rental Value* utilized for this appraisal may be found in the following paragraph.

Market rent is defined in the *Dictionary of Real Estate Appraisal (4th ed., 2002)* as "The most probable rent that a property should bring in a competitive and open market..." Prior to 1980, there was no rent control ordinance in Thousand Oaks and those "uncontrolled rents" have been utilized for the opinion of market rent. However, the other two dates are subsequent to the enactment of the Rent Stabilization Ordinance and the "controlled rents" have been utilized for those opinions of rental value. The term "rental value" is undefined in the *Dictionary of Real Estate Appraisal.* For this analysis I have defined rental value as the rent indicated by comparable mobile home parks located within the City of Thousand Oaks.

INTENDED USE AND INTENDED USERS

This appraisal report has been prepared for the staff and members of the Thousand Oaks Rent Adjustment Commission of the City of Thousand Oaks to be utilized at a hearing of the Commission in connection with a proposed rent increase at Ranch Mobile Home Park. No responsibility is assumed for the unintended use of this report.

EXTRAORDINARY ASSUMPTIONS

See Special Assumption No. 3 on page 1 regarding the condition of the subject park and comparables as of the various dates of value.

HYPOTHETICAL CONDITIONS

None.

SCOPE OF WORK

As previously stated, the objective of this appraisal is to provide a review of the report prepared by John Neet, MAI, dated May 29, 2010, as well as to provide opinions of the market

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rent of the spaces in Ranch Mobile Home Park as of 1979, and the rental value of spaces as of the years 1999 and 2009. In preparing this appraisal, the following steps were taken.

- I reviewed the appraisal report of John Neet, MAI, signed on May 29, 2010.
- Inspections of the subject park, neighborhood, and comparable parks, were conducted on November 3 and 4, 2010.
- The Rent Stabilization Ordinance and Guidelines For a Just and Reasonable Return were reviewed.
- The application for rent increase by the park owner was reviewed along with a rent roll for Ranch Mobile Home Park. Rent registration records and other documents provided by the City of Thousand Oaks were reviewed.
- Rent studies were completed comparing the space rent in the subject park to comparable parks in the city of Thousand Oaks as of three different dates of value. A physical inspection of each of the comparable parks was completed.
- The final step is the preparation of the Appraisal Review and Summary Appraisal Report.

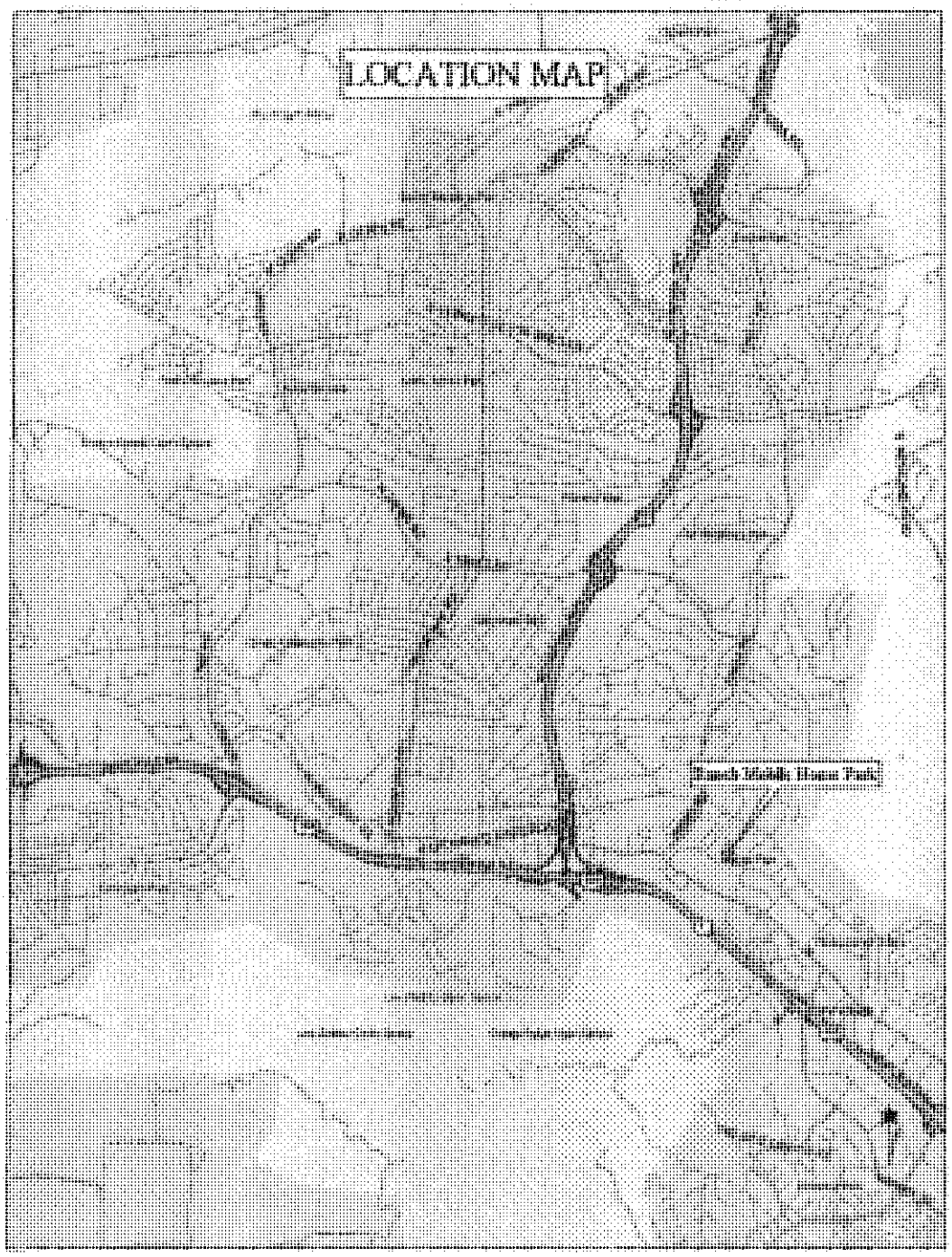
This is an *Appraisal Review and Summary Appraisal Report* as defined by USPAP. As such it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses may be found in the appraiser's files.

DATE OF VALUE

The dates of value are the years 1979, 1999 and 2009.

DATE OF REPORT

The report date is November 19, 2010.


LOCATION MAP
Ranch Mobile Home Park

CITY AND NEIGHBORHOOD DESCRIPTION

The City of Thousand Oaks is located in Ventura County, 12 miles inland from the Pacific Ocean. It is nestled against the Santa Monica Mountains and surrounded by more than 14,800 acres of natural publicly owned open space. This open space contains 75 miles of trails for walking, hiking, and biking. Situated in the Conejo Valley, near the southeastern edge of Ventura County and adjoining the western edge of Los Angeles County, Thousand Oaks consists of an approximately 56-square-mile area with an average elevation of 900 feet above sea level.

The city is served by U.S. Highway 101, (Ventura Freeway), as well as State Route 23. Highway 101 runs through the city generally from east to west and connects it with Los Angeles and Ventura. State Route 23 connects to the 101 near Downtown Thousand Oaks, runs north toward Moorpark and Simi Valley, and essentially divides the city in two. Thousand Oaks is also served by Thousand Oaks Transit (TOT), which provides public transportation in the form of shuttles and buses. TOT buses provide service to Thousand Oaks as well as some neighboring communities.

The City of Thousand Oaks was incorporated in 1964 and is a General Law City with a Council/Manager form of Government. Under this type of government, the City Council is the policy-making body, appointing the City Manager who is responsible for carrying out Council policy. The California Department of Finance, Demographic Research Unit, reports a January 1, 2010 population for the City of Thousand Oaks of 130,209 which is an increase of approximately 1.4 percent over the reported 2009 population.

The city's economy is based on a range of businesses, with biotechnology, electronics, automotive, aerospace, telecommunications, healthcare, and financing occupying most of Thousand Oaks' employment sector. Major corporations include Amgen, Baxter International, General Dynamics Corporation, and Verizon.

More specifically, Ranch Mobile Home Park is located in the eastern portion of the city of Thousand Oaks. It is on the north side of Los Feliz Drive, west of Conejo School Road. The subject is located in a primarily residential neighborhood and is bounded on the west and east by apartments. One block south of the subject is Thousand Oaks Boulevard, a primary commercial arterial which provides a variety of goods and services. Freeway accessibility is good with a full set of on and off-ramps at Hampshire Road, less than one mile southeast of the subject. In addition, access to northbound State Route 23 is available via Hillcrest Drive, less than one mile west of the subject.

MOBILE HOME MARKET

The California State Department of Finance reports that there were approximately 1,072 mobile homes in the City of Thousand Oaks, as of January 1, 2010. This equates to approximately 2.3 percent of the total housing units within the city which is lower than the 4.4 percent figure for the County as a whole.

According to the California State Department of Finance, the number of mobile homes in the city of Thousand Oaks has remained unchanged since 2000. This, of course, points to the fact there has been no new construction of mobile home parks for many years. Most existing parks in the area were built in the 1950's, 1960's and 1970's.

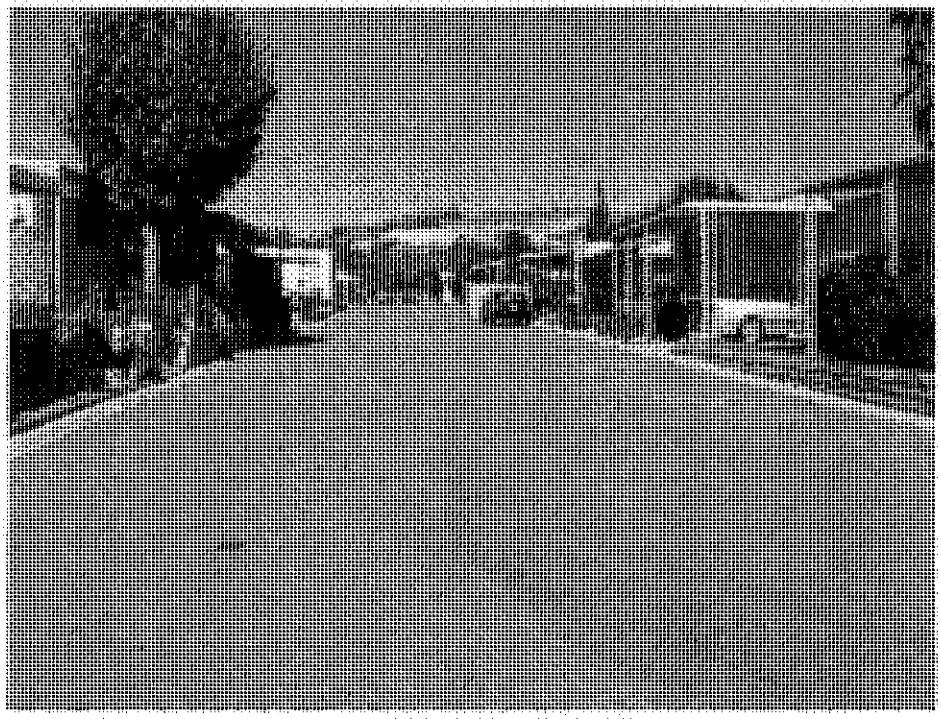
RENT STABILIZATION ORDINANCE

In April of 1980, the City of Thousand Oaks enacted the initial RENT STABILIZATION ORDINANCE OF THE CITY OF THOUSAND OAKS. This ordinance temporarily prohibited rent increases, but expired July 31, 1980. A new ordinance was enacted in July 1980, and became effective on August 1, 1980, that allowed an 8 percent annual rent increase. The ordinance was amended in May 1981 to allow automatic annual increases up to 8 percent. In August 1983, the automatic annual increase was reduced to 7 percent. In September 1986, the automatic increases were changed to 75 percent of the CPI.

CTO 01342

SUBJECT PROPERTY PHOTOGRAPHS

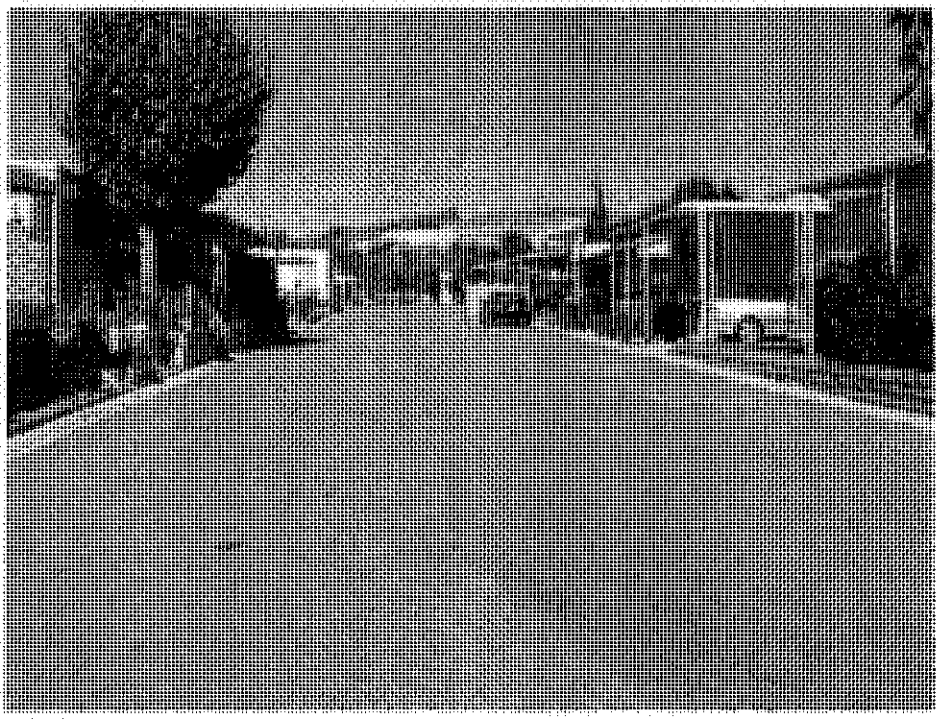
Patio Area



Interior Street

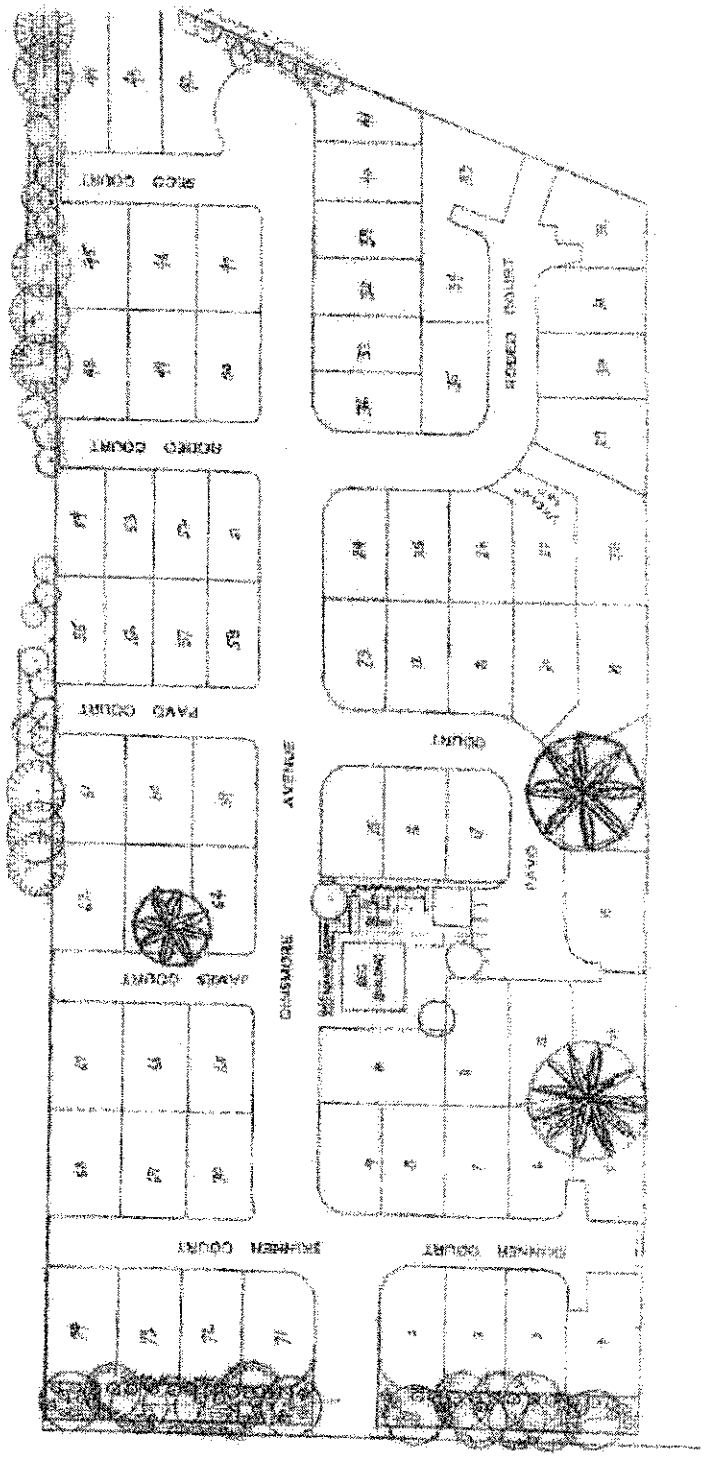
SUBJECT PROPERTY PHOTOGRAPHS

Patio Area



Interior Street

MOBILE HOME PARK SITE MAP



The Ranch Mobile Home Community

SUBJECT PROPERTY DESCRIPTION

Park Name:	Ranch Mobile Home Park
Address:	2193 Los Feliz Drive, Thousand Oaks, California
Assessor's Parcel Number:	670-0-270-030
Owner:	A.V.M.G.H., Ltd.
No. of Spaces:	74
Park Type:	Age Restricted.
Size/Density:	4.79 acres / 15.45 dwelling units per acre
Topography:	Fairly level
Year Built:	1977
Home Type:	Mostly single wide homes with a few double wide homes.
Views:	None
Amenities:	Clubhouse, laundry and patio area.
Occupancy:	99% (one vacant space)
Rental Rates:	The current space rents for the park range from $127.92 to $139.36 per month, with an overall average of $132.57 per month. The requested rent increase is $587.45 per space which would result in a rent range from $715.37 to $726.81 per month, with an overall average of $720.02 per month.
Utilities Included:	Water and Trash (as of 2009)
Comments:	This is an average quality park that is currently in overall good condition.

CTO 01346

REVIEW OF JOHN NEET'S REPORT

On the first page of John Neet's report he writes that he was requested to provide an opinion of the market rental value of the spaces at Ranch Mobile Home Park, as of February 29, 1980. His opinion is that the market rent of the individual spaces, as of that date, was $240 per month. There is no indication of what utilities were included in that rental amount. Then, on the last page (page 11) of his report, Neet opines about the market rent in 1979 (base year). He states that he found no indication from City documents that rents in 1979 were substantially different from 1980. However, he provides no evidence that the rents in 1979 were NOT lower than 1980 levels. In this regard, it is interesting to note the CPI data included as Attachment 4 to the Rent Adjustment Application for Ranch Mobile Home Park. The annual CPI for All Urban Consumers in 1979 was 72.3, while in 1980 it was 83.7, an increase of 15.8 percent. It would not seem unusual for owners of mobile home parks to increase rents during periods of inflation like this. Thus, there would appear to be no basis for Neet to conclude that the market rent was the same in 1980 and 1979.

Neet uses a survey methodology wherein he compares the space rents at Ranch Mobile Home Park with the space rents at comparable mobile home parks in Thousand Oaks in order to form a conclusion about the market rent for Ranch in 1980. This is the proper methodology for an estimate of market rent. Neet obtained space rental data for seven parks that he utilized for comparative analysis, plus rental data from Ranch Mobile Home Park, for the years 1983 and 1986. (No rental data was available for either 1980 or 1979.) Rental data was apparently available for all seven of the comparable parks for 1986, but only five of the parks for 1983.

However, Neet fails to include the comparable rental data he relies on in his report. He does not include the 1986 and 1983 rental data for the comparable parks in his report. Instead, he only shows his adjusted rental amounts for the comparable parks, after he has adjusted them downward to the base year of 1980 (see page 10). He also does not state whether or not the rental amounts he uses for each park are the average, median, or some other number.

Utilizing average rent figures from the rent registrations provided by the City, I have been unable to duplicate most of Neet's rental conclusions, as of February 29, 1980. There are inconsistencies between his conclusions of market rent and the actual rents at the comparable parks. These inconsistencies, which are central to his analysis, include the following:

- Neet's adjusted rents for 1980 for Conejo and Elms are identical to the average rent at those parks in 1983.
- His 1980 rent for Lakestone/Crestview ($162.04) is higher than the average rent at that park ($139.23) in 1986.
- His adjusted 1980 rents for Thunderbird, Ventu Estates and Ventu Park Villa range from about $280 to $283 and are all well above the actual average 1983 rent at each of those parks that ranges from $204 to $246 per month.

Thus, Neet's adjusted rents for the comparable parks, as of 1980, do not appear consistent with the actual rents at those parks. Because Neet fails to include the comparable rental data he relies on in his report, and because his conclusions of adjusted comparable rents are inconsistent with the actual comparable rents, it is my opinion that his conclusion of the market rent for Ranch Mobile Home Park is not reliable.

CTO 01347

As previously mentioned, Neet states on page 10 that he adjusted the rental data at the maximum increase allowed by the ordinance, which he states is 8 percent in 1983 and 1986, and assumes no increase in other years. However, this is contrary to provisions of the ordinance that allowed 8 percent annual increases from August 1, 1980 until August of 1983; when the annual increases were reduced to 7 percent. Then, in September 1986, the annual increases were changed to 75 percent of the CPI.

The actual rent trends in the market in the 1980's are documented by the comparative average rents at the five parks for which both 1983 and 1986 data are available.

- The average rent at Conejo increased from $157 to $197 which is an overall increase of 25 percent or an average annual (compounded) increase of 7.9 percent for the three years.
- Elms Plaza increased from $187 to $227 which is an overall increase of 21 percent or an average annual increase of 6.7 percent.
- Thunderbird increased from $246 to $277 which is an overall increase of 13 percent or an average annual increase of 4.0 percent.
- Ventu Estates increased from $242 to $292 which is an overall increase of 21 percent or an average annual increase of 6.5 percent.
- Ventu Park Villa increased from $204 to $247 which is an overall increase of 21 percent or an average annual increase of 6.6 percent.

The lowest annual increase of the five parks was from Thunderbird at 4.0 percent. The other four parks are more tightly grouped from 6.5 percent to 7.9 percent, with three parks clustered between 6.5 and 6.7 percent. This would easily support an average increase between 6 and 7 percent for the three years between 1983 and 1986. The assumption of Neet that rents did not increase in 1984 and 1985 ("other years") appears to be unwarranted and is further evidence that his conclusion of market rent in 1980/1979 for Ranch Mobile Home Park is not supported by market evidence.

ANALYSES AND CONCLUSIONS

METHODOLOGY

As previously stated, the objective of this appraisal assignment is to provide opinions of the market rent of spaces at Ranch Mobile Home Park as of 1979 (base year); rental value as of 1999 and rental value as of 2009. The methodology involved a rent study and comparative analysis of comparable rental parks in the City of Thousand Oaks.

COMPARABLE MOBILE HOME PARKS

Following is a summary of nine mobile home parks (including the subject park) in the City of Thousand Oaks. They are listed in the order of my opinion of the overall desirability of each park, from low to high. Following the summary are brief comments about each park. A market data map identifying the location of the subject park in relation to the comparable parks has been included as an Attachment.

CTO 01348

SUMMARY OF COMPARABLE RENTAL PARKS

Park Name/ Address	No. Spaces	Year Built	Lot Size (Acs)	Density (DU/AC)	Park Type	Amenities/Comments
Lakestone (Formerly Crestview) 53 North Conejo School Road Thousand Oaks	28	1940's (Approx.)	0.87	32.18	All Age	Laundry
Conejo MHP 1200 Newbury Road Thousand Oaks	49	1956 (Approx.)	4.28	11.45	All Age	Laundry. Pool has been closed. The park owner is in the process of closing the park.
Elms Plaza MHP 1262 Newbury Road Thousand Oaks	34	1959/1974 (Approx.)	3.82	8.9	All Age	Laundry
Twin Palms 198 Skyline Drive Thousand Oaks	80	1957/1963 (Approx.)	5.26	15.21	All Age	Small Rec Building, pool, laundry
Ranch MHP (Subject Property) 2193 Los Feliz Drive Thousand Oaks	**74**	**1977**	**4.79**	**15.45**	**Age Restricted**	**Clubhouse, laundry**
Ventu Park Villa 50 Ventu Park Road Thousand Oaks	171	1958/1965 (Approx.)	18.16	9.42	Age Restricted	Clubhouse, pool, laundry. RV storage is shared with adjacent sister park.
Ventu Estates 26 Ventu Park Road Thousand Oaks	156	1969/1972 (Approx.)	13.88	11.24	Age Restricted	Two clubhouses; pool, spa; laundry. RV storage is shared with adjacent sister park.
Thunderbird Oaks MH Club 200 S. Conejo School Road Thousand Oaks	161	1975	22.23	7.24	Age Restricted	Clubhouse, pool, laundry, RV storage
Vallecito Mobile Estates 1251 Old Conejo Road Thousand Oaks	303	1970	80.18	3.78	Age Restricted	Gated Park. Clubhouse, pool, spa, indoor shuffleboard, RV storage

Lakestone (formerly known as Crestview) is a 28 space all-age park located on N. Conejo School Road. County records show that the park was built prior to 1948. Park amenities consist of only onsite laundry. This is a high density park with RV's, trailers and older coaches. As of the date of this report, the park had numerous vacant spaces. As of 2009, the space rent included water, sewer and trash with park residents responsible for the payment of all other utilities.

Conejo Mobile Home Park was constructed in approximately 1956. It is a 49 space all-age park located on Newbury Road, just south of Highway 101. This medium density park consists of all single-wide homes. Park amenities consist of onsite laundry. There is also a pool that has been closed due to the park owner's intent to close the mobile home park. The park is not being maintained and there were several homes being torn down on the date of my inspection. This park also has a number of vacant spaces. As of 2009, the space rent included water, sewer and trash with park residents responsible for the payment of all other utilities.

Elms Plaza Mobile Home Park is a 34 space all-age park located next to Conejo Mobile Home Park on Newbury Road, just south of Highway 101. The park was originally developed in approximately 1959 with 24 spaces with another 10 spaces added about 1974. This medium density all-age park has a mixture of single-wide and double-wide homes. Park amenities consist of only onsite laundry. As of 2009, the space rent included water with the park residents responsible all other utilities.

Twin Palms Mobile Home Park is an 80 space all-age park located on N. Skyline Drive. The park was originally developed in approximately 1957 with additional spaces added around 1963. This is a high density park with mostly double-wide homes and approximately 15 single-wide homes. Park amenities consist of a small recreation building, a pool and two laundry facilities. As of 2009, the space rent included water, sewer and trash with park residents responsible for the payment of all other utilities.

Ranch Mobile Home Park is a 74 space age-restricted park that was originally constructed in 1977. The park is located in a primarily residential neighborhood on Los Feliz Drive. This high density park features mostly single wide homes with a few double wide homes and has a small clubhouse with a patio area. Onsite laundry is available. As of 2009, the space rent included water and trash with park residents responsible for the payment of all other utilities.

Ventu Park Villa is a 171 space age-restricted park located on S. Ventu Park Road. The park is abutted to the north by its sister park, Ventu Estates. Both parks have common ownership and management. The park was reportedly developed in 1958 with additional spaces added about 1965. The park features a mixture of double-wide and triple wide homes with some single-wides. Park amenities include a clubhouse, pool and onsite laundry. Recreational vehicle storage is shared with Ventu Estates. As of 2009, the space rent included water and basic cable (channels 2 – 13) with park residents responsible for the payment of all other utilities.

Ventu Estates is a 156 space age-restricted park located on S. Ventu Park Road, just north of its sister park, Ventu Park Villa. The majority of the park was reportedly developed in 1969 with additional spaces added about 1972. The park features all double-wide homes. Park amenities include two clubhouses, a pool, spa and onsite laundry. Recreational vehicle storage is shared with Ventu Park Villa. As of 2009, the space rent included water and basic cable (channels 2 – 13) with park residents responsible for the payment of all other utilities.

CTO 01350

Thunderbird Oaks Mobile Home Club is a 161 space age-restricted park that was constructed in approximately 1975. The park is located off S. Conejo School Road, immediately north of Highway 101. This medium density park features mostly double-wide homes with only a few single-wide and triple-wide homes. Park amenities include a clubhouse, pool, onsite laundry and RV storage area. As of 2009, the space rent included water with park residents responsible for the payment of all other utilities.

Vallecito Mobile Estates consists of 303 spaces and was constructed about 1970. This age-restricted park is located along Old Conejo Road just south of Highway 101 in a more rural setting than the other parks. This gated park features a large clubhouse, pool, spa, indoor shuffleboard, laundry and RV storage area. This medium density park features mostly double-wide homes with a few single-wide and triple-wide homes. As of 2009, park residents were responsible for the payment of all utilities.

MARKET RENT AS OF 1979 (BASE YEAR)

Space rental data for parks in Thousand Oaks was not available for the base year of 1979. However, some data was available for the years 1983 and 1986 which is summarized below.

SUMMARY OF COMPARABLE RENTAL DATA FOR 1983 & 1986

Park Name/ Address	No. Spaces	Year Built	1983 Rents: Range Monthly Space Rent	1983 Rents: Overall Avg. Monthly Space Rent	1986 Rents: Range Monthly Space Rent	1986 Rents: Overall Avg. Monthly Space Rent
Lakestone (Formerly Crestview) 53 North Conejo School Road Thousand Oaks	28	1940's (Approx.)	---	---	$80 - $171	$139
Conejo MHP 1200 Newbury Road Thousand Oaks	49	1956 (Approx.)	$157 (All)	$157	$192 - $210	$197
Elms Plaza MHP 1262 Newbury Road Thousand Oaks	34	1959/1974 (Approx.)	$180 - $208	$187	$218 - $252	$227
Twin Palms 198 Skyline Drive Thousand Oaks	80	1957/1963 (Approx.)	---	---	$173 - $230	$198
Ranch MHP (Subject Property) 2193 Los Feliz Drive Thousand Oaks	**74**	**1977**	**$115 - $125***	**$119***	**$123 - $134***	**$127***
Ventu Park Villa 50 Ventu Park Road Thousand Oaks	171	1969 (Approx.)	$192 - $234	$204	$232 - $285	$247
Ventu Estates 26 Ventu Park Road Thousand Oaks	156	1969/1972 (Approx.)	$185 - $263	$242	$223 - $318	$292
Thunderbird Oaks MH Club 200 S. Conejo School Road Thousand Oaks	161	1975	$207 - $301	$246	$232 - $338	$277
Vallecito Mobile Estates 1251 Old Conejo Road Thousand Oaks	303	1970	---	---	$307 - $393	$344

*From park owner's application.

In order to conduct a comparative analysis for the base year of 1979 it is necessary to adjust the rental data we do have for the closest two years of 1983 and 1986. When the rent stabilization ordinance was enacted in April of 1980, space rents in mobile home parks were temporarily frozen, but only for about four months until August 1, 1980. Prior to the original enactment, there was no rent control ordinance, and subsequent to August 1, 1980, rents were allowed to be increased a maximum of 8 percent, then 7 percent, until September 1986, when automatic increases were changed to 75 percent of the CPI. Consequently, for almost all of the period from 1979 to 1983, space rents were allowed to be increased. Although there is no rental data to show exactly how much rents were being increased during this four year period, there is rental data for the years 1983 and 1986 and we can measure those increases.

The following table shows the available rental data for 1986 and 1983. We have data for both dates from five of the parks. After analyzing that data I have made estimates of the adjusted 1979 rent for each of the five parks. From that data I have been able to provide an opinion of the market rent of Ranch Mobile Home Park in the base year of 1979.

SUMMARY OF COMPARABLE RENTAL DATA FOR 1979 (Adjusted from 1986 and 1983)

Park Name/ Address	No. Spaces	Year Built	1986 Rents Overall Avg. Monthly Space Rent	1983 Rents Overall Avg. Monthly Space Rent	1979 Adjusted Rents Overall Avg. Monthly Space Rent
Lakestone (Formerly Crestview) 53 North Conejo School Road Thousand Oaks	28	1940's (Approx.)	$139	---	---
Conejo MHP 1200 Newbury Road Thousand Oaks	49	1956 (Approx.)	$197	$157	$122
Elms Plaza MHP 1262 Newbury Road Thousand Oaks	34	1959/1974 (Approx.)	$227	$187	$145
Twin Palms 198 Skyline Drive Thousand Oaks	80	1957/1963 (Approx.)	$198	---	---
Ranch MHP (Subject Property) 2193 Los Feliz Drive Thousand Oaks	**74**	**1977**	**$127***	**$119***	**$119***
Ventu Park Villa 50 Ventu Park Road Thousand Oaks	171	1969 (Approx.)	$247	$204	$159
Ventu Estates 26 Ventu Park Road Thousand Oaks	156	1969/1972 (Approx.)	$292	$242	$188
Thunderbird Oaks MH Club 200 S. Conejo School Road Thousand Oaks	161	1975	$277	$246	$191
Vallecito Mobile Estates 1251 Old Conejo Road Thousand Oaks	303	1970	$344	---	---

*From park owner's application.

CTO 01352

For the three year period from 1983 to 1986, the average rent at Conejo increased from $157 to $197 which is an overall increase of 25 percent or an average annual (compounded) increase of 7.9 percent for the three years. Elms Plaza increased from $187 to $227 which is an overall increase of 21 percent or an average annual increase of 6.7 percent. Thunderbird increased from $246 to $277 which is an overall increase of 13 percent or an average annual increase of 4.0 percent. Ventu Estates increased from $242 to $292 which is an overall increase of 21 percent or an average annual increase of 6.5 percent. Ventu Park Villa increased from $204 to $247 which is an overall increase of 21 percent or an average annual increase of 6.6 percent. The lowest annual increase of the five parks was from Thunderbird at 4.0 percent. The other four parks are more tightly grouped from 6.5 percent to 7.9 percent, with three parks clustered between 6.5 and 6.7 percent. This would easily support an average annual increase of about 6.5 to 7.0 percent for the three years between 1983 and 1986. This same level of increase has then been utilized to adjust the rents at these five parks back to the base year of 1979.

The adjusted 1979 rents at the five parks range from $122 per month to $191 per month. Based on the analysis of the adjusted rents, and the relative desirability of the various parks, the indicated rent at Ranch Mobile Home Park would be above $145 per month, but below $159 per month. Therefore, it is my opinion that the market rent of spaces in Ranch Mobile Home Park, in the base year of 1979, was an average of $150 per month.

Based on the park owner's application, the average space rent at Ranch Mobile Home Park in 1979 was $119 per month. This amount was calculated from a rent roll in the year 2000 that had rents ranging from $123 to $134 per month, with an average of $127 per month, and deducting a 7 percent increase that occurred in 1984. My conclusion of market rent would result in an increase of $31 per month in the 1979 base rent.

CTO 01353

RENTAL VALUE AS OF 1999

Rental data was available for Ranch Mobile Home park, and all eight of the other parks for the year 1999. Actually, the data was obtained from rent registrations as of October 1, 1999.

SUMMARY OF COMPARABLE RENTAL DATA FOR 1999

Park Name/ Address	No. Spaces	Year Built	Range of Monthly Space Rent	Overall Avg. Monthly Space Rent
Lakestone (Formerly Crestview) 53 North Conejo School Road Thousand Oaks	28	1940's (Approx.)	$80 - $300	$265
Conejo MHP 1200 Newbury Road Thousand Oaks	49	1956 (Approx.)	$270 - $288	$277
Elms Plaza MHP 1262 Newbury Road Thousand Oaks	34	1959/1974 (Approx.)	$259 - $383	$295
Twin Palms 198 Skyline Drive Thousand Oaks	80	1957/1963 (Approx.)	$219 - $332	$269
Ranch MHP (Subject Property) 2193 Los Feliz Drive Thousand Oaks	**74**	**1977**	**$123 - $134**	**$127**
Ventu Park Villa 50 Ventu Park Road Thousand Oaks	171	1969 (Approx.)	$283 - $435	$308
Ventu Estates 26 Ventu Park Road Thousand Oaks	156	1969/1972 (Approx.)	$271 - $397	$363
Thunderbird Oaks MH Club 200 S. Conejo School Road Thousand Oaks	161	1975	$286 - $425	$343
Vallecito Mobile Estates 1251 Old Conejo Road Thousand Oaks	303	1970	$389 - $746	$451

The average monthly rent in 1999 for the eight parks utilized in this analysis ranged from $265 to $451 per month. In terms of desirability, I have ranked Ranch MHP between Twin Palms and Ventu Park Villa. However, it is apparent from the data that rents at Twin Palms have not increased as much as most of the other parks, as the rent of $269 per month is lower than Conejo and Elms Plaza, two comparatively inferior parks. Consequently, it is my opinion that the indicated rental value should be higher than $295 per month, but lower than $308 per month. Therefore, it is my opinion that the rental value of spaces at Ranch MHP, as of the year 1999, was $300 per month, which reflects an increase of $173 over the actual 1999 average rent.

CTO 01354

RENTAL VALUE AS OF 2009

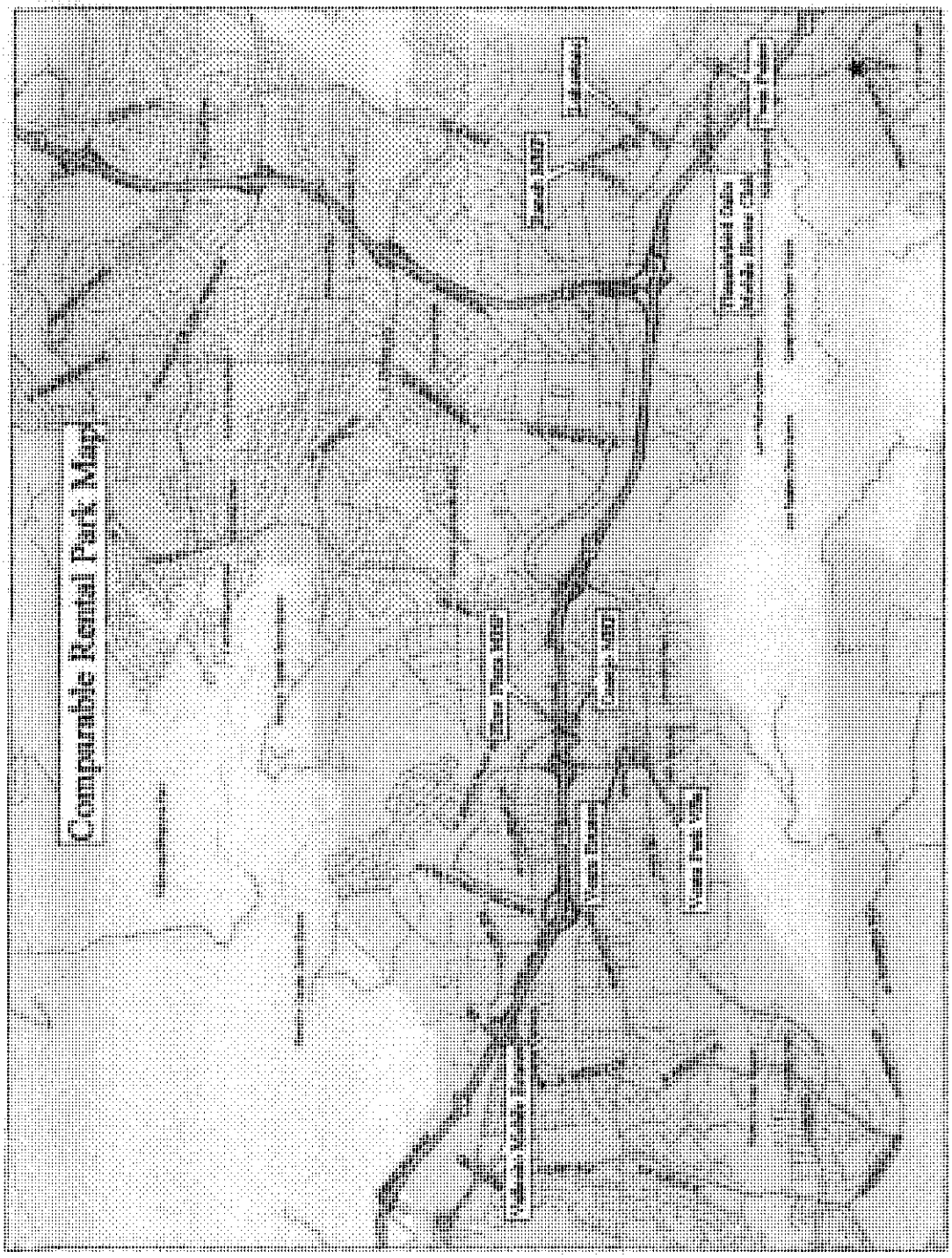
Rental data was available for Ranch Mobile Home park, and all eight of the other parks for the year 2009. Actually, the data was obtained from rent registrations as of October 1, 2009. We have also been able to obtain information for this more current data on who pays for utilities/services at the various parks.

SUMMARY OF COMPARABLE RENTAL DATA FOR 2009

Park Name/ Address	No. Spaces	Year Built	Range of Monthly Space Rent	Overall Avg. Monthly Space Rent	Utilities Included	Adjustment For Utilities	Avg,. Monthly Rent Adj. for Utilities
Lakestone (Formerly Crestview) 53 North Conejo School Road Thousand Oaks	28	1940's (Approx.)	$203 - $547	$406	Water, Sewer Trash	-$25	$381
Conejo MHP 1200 Newbury Road Thousand Oaks	49	1956 (Approx.)	$313 - $923	$420	Water, Sewer Trash	-$25	$395
Elms Plaza MHP 1262 Newbury Road Thousand Oaks	34	1959/1974 (Approx.)	$313 - $900	$430	Water	$13	$443
Twin Palms 198 Skyline Drive Thousand Oaks	80	1957/1963 (Approx.)	$256 - $545	$320	Water, Sewer Trash	-$25	$295
Ranch MHP (Subject Property) 2193 Los Feliz Drive Thousand Oaks	**74**	**1977**	**$128 - $139**	**$133**	**Water, Trash**	**$0**	**$133**
Ventu Park Villa 50 Ventu Park Road Thousand Oaks	171	1969 (Approx.)	$340 - $739	$406	Water, Basic Cable	$13	$419
Ventu Estates 26 Ventu Park Road Thousand Oaks	156	1969/1972 (Approx.)	$327 - $800	$440	Water, Basic Cable	$13	$453
Thunderbird Oaks MH Club 200 S. Conejo School Road Thousand Oaks	161	1975	$321 - $525	$396	Water	$13	$409
Vallecito Mobile Estates 1251 Old Conejo Road Thousand Oaks	303	1970	$460 - $827	$538	None	$33	$571

The average monthly rent in 2009 for the eight parks utilized in this analysis ranged from $295 to $571 per month. In terms of desirability, I have again ranked Ranch MHP between Twin Palms and Ventu Park Villa. However, it is apparent from the data that there is a greater inconsistency in the rents at various parks. For example, the rent at Elms Plaza is $443 per month while the rent at Ventu Park Villa, a superior park, is only at $419 per month. This inconsistency appears to be due to several high rents ($900 or higher) at two small parks (Conejo and Elms Plaza) that has dramatically increased their average rent. These high rents are likely due to vacancy de-control when a space becomes vacant. Two of the superior parks, Ventu Park Villa and Ventu Estates have rents of $419 and $453 respectively, and suggest a lower rent for the subject property. Therefore, it is my opinion that the rental value of spaces at Ranch MHP, as of the year 2009, was $400 per month, which reflects an increase of $267 over the actual 2009 average rent. The applicants requested increase of $587.45 per space would increase the current average rent to $720.02 per month which is far above the average rent at any park in Thousand Oaks.

Attachments


Comparable Rental Park Map

QUALIFICATIONS OF THE APPRAISER

James Brabant, MAI
Anderson & Brabant, Inc.
353 W. Ninth Avenue
Escondido, CA 92025
(760) 741-4146 Ext. 312

I. Resident of San Diego County since 1977

II. **Educational Background:**

A. University of Southern California, B.S. degree in Real Estate — 1960

B. School of Theology at Claremont, Master of Theology — 1966

C. Professional Education Completed:

1. Appraisal Institute
   - a. "Basic Appraisal Principles, Methods and Techniques" — Course I-A
   - b. "Capitalization Theory and Techniques" — Course I-B
   - c. "Urban Properties" — Course II
   - d. "Investment Analysis" — Course IV
   - e. "Standards of Professional Practice"
   - f. "Litigation Valuation"
   - g. Special Applications of Appraisal Analysis Course 301
2. Lincoln Graduate Center
   - a. Manufactured Housing Appraisal Course 669
3. Continuing Education (Partial List):

San Diego Economic Forecasts, 2/05, 2/07, 2/08, 2/09
USPAP Course, 9/04, 5/06, 4/08, 3/10
Eminent Domain Case Update, 10/95, 3/97, 10/07, 4/10
Business Practice and Ethics, 6/07
San Diego Apartment & Housing Seminar, 10/98, 5/07
Appraiser as Expert Witness, 12/06
Deal and Development Analysis – Downtown S.D., 9/05
Litigation Seminar, 11/04, 11/07
Appraising Manufactured Housing, 1/04
Economic and Real Estate Forum, 09/02
Gramm-Leach-Bliley Act, 10/01
Condemnation on Trial (Participant), 5/00
Attorneys, Appraisers & Real Estate; 9/98
Damages, Diminution & Mitigation; 8/98
Appraisal of Partial Interests; 6/98
Mitigation Land Update & Valuation Issues, 4/97
Federal & State Laws & Regulations Workshop, 9/95
Fair Lending, 12/94
Partial Acquisition, 9/94

III. **Professional Affiliations:**

A. Member, Appraisal Institute, MAI (1985 President, San Diego Chapter)
B. Realtor Member, North County Association of Realtors
C. Member, International Right of Way Association
D. Real Estate Brokers License, State of California
E. Teaching Credential, State of California, Community College Level
F. Certified General Real Estate Appraiser (AG002100)
Office of Real Estate Appraisers, State of California

IV. **Appraisal Experience:**

Co-Owner — Anderson & Brabant, Inc., Since 1979
Co-Owner — Robert M. Dodd & Associates, Inc., 1977 - 1979
Appraisal Manager — California First Bank, Huntington Beach, California, 1974 - 1977
Staff Appraiser — California First Bank, San Diego, California, 1972 - 1974
Staff Appraiser — O. W. Cotton Co., San Diego, California, 1970 - 1972
Staff Appraiser — Davis Brabant, MAI, Huntington Park, California, 1960 - 1962

V. **Teaching Experience:**

Southwestern College, Chula Vista, California, "Real Estate Appraisal"

VI. **Expert Witness:**

Superior Court, San Diego, Los Angeles, Riverside, and San Bernardino Counties
Rent Control Hearings: Oceanside, Escondido, Ventura, Concord, Yucaipa, Carpenteria, Palmdale, San Marcos, Carson
Various Arbitration Hearings
Assessment Appeals Board, Riverside County, San Diego County and Orange County
Federal Bankruptcy Court, San Diego County & Santa Barbara County
United States District Court – Northern District of California

VII. **Types of Appraisals:**

Residential Property:	Single-family residence, condominiums, apartments, subdivisions, existing and proposed
Commercial Property:	Office buildings, shopping centers, office condominiums, etc., existing and proposed
Industrial Property:	Single/multi-tenant, business parks, etc., existing and proposed
Vacant Land:	Industrial, commercial, residential, and rural
Agricultural:	Ranches, avocado and citrus groves, etc.
Special Purpose Appraisals:	Leasehold estates, possessory interest, historical appraisals, etc.
Mobile Home Parks:	For a variety of purposes including rent hearings, park closure, park conversions, failure to maintain litigation, etc.

VIII. **Partial List of Appraisal Clients:**

Banks
Bank of America
Bank of New York
City National Bank
Downey Savings
Fidelity Federal Bank
First Interstate Bank
First Pacific National Bank
Flagship Federal Savings
Great Western Bank
Industrial Bank of Japan
Palomar Savings & Loan
Redlands Federal Bank
Torrey Pines Bank
Union Bank of California
Wells Fargo Bank

Government Agencies and Municipalities
California Department of
Transportation/Caltrans
Carlsbad Municipal Water District
City of Carlsbad
City of Chula Vista
City of Colton
City of Concord
City of Escondido
City of Laguna Beach
City of La Mesa
City of Salinas
City of San Bernardino
City of San Diego
City of San Marcos
City of Vista
City of Yucaipa
County of San Diego
Fallbrook Public Utility District
Metropolitan Water District
Oceanside Unified School District
Pacific Telephone
Poway Municipal Water District
Ramona Unified School District
SANDAG (San Diego Assoc. of Govts.)
San Diego County Water Authority
San Diego Unified Port District
San Marcos Unified School District
U.S. Depart. of the Interior
Bureau of Indian Affairs
U.S. Department of Justice

Law Firms
Asaro, Keagy, Freeland. & McKinley
Best, Best & Krieger
Daley & Heft
Endeman, Lincoln, Turek & Heater
Foley, Lardner, Weissburg & Aronson
Fulbright & Jaworski
Gray, Cary, Ware & Freidenrich
Higgs, Fletcher & Mack
Latham & Watkins
Lounsbery, Ferguson, Altona & Peak
Luce, Forward, Hamilton & Scripps
McDonald & Allen
McInnis, Fitzgerald, Rees, Sharkey & McIntyre
O'Melveny & Meyers
Post, Kirby, Noonan & Sweat
Procopio, Cory, Hargreaves & Savitch
Rutan & Tucker
Singer, Richard
Sullivan Wertz McDade & Wallace
Tatro & Zamoyski
Thorsnes Bartolotta & McGuire
Worden Williams, APC

Title Companies
Chicago Title
Fidelity National Title Insurance
First American Title
St. Paul Title
Title Insurance & Trust

Others
Avco Community Developers
Coldwell Banker
Dixieline Lumber
Golden Eagle Insurance
National Steel & Shipbuilding Co.
Northern San Diego County Hospital District
Prudential Insurance Corp.
Rosenow, Spevacek, Group
San Diego Gas & Electric Co.
San Luis Rey Downs (Vessels)
Steefel, Levitt & Weiss
Tellwright-Campbell, Inc.
Transamerica Relocation Service
Vedder Park Management

PARTIAL LIST OF MOBILE HOME AND MOBILE HOME PARK APPRAISALS

Rent Studies

Calimesa, California	Ponderosa Mobile Home Park
Carlsbad, California	Rancho Carlsbad
Carson, California	Colony Cove
Chula Vista, California	Brentwood Mobile Home Park
Concord, California	Brookview Park
	Concord Mobile Home Park
	Vista Del Monte Trailer & Mobile Home Park
	Town & Country Mobile Village
	The Trees
El Cajon, California	Rancho Laguna Mobile Home Park
Escondido, California	Escondido Mobile Park West
	Town & Country Mobile Home Park
	Valley Parkway Mobile Home Park
Hollister, California	Mission Oak Mobile Home Park
La Mesa, California	La Mesa Terrace
Malibu, California	Paradise Cove
Modesto, California	Modesto Mobile Home Park
Oceanside, California	Laguna Vista Mobile Home Park
Pacific Palisades, California	Palisades Bowl
Rocklin, California	Sierra Lakes Adult Mobile Home Community
Salinas, California	Alisal Country Estates
San Marcos, California	El Dorado Mobile Home Park
	San Marcos Mobile Estates
Thousand Oaks, California	Ranch Mobile Home Park
	Thunderbird Oaks

Mobile Home Park Conversions

Capitola, California	Surf and Sand Mobile Home Park
Carlsbad, California	Rancho Carlsbad
Carson, California	Carson Harbor Village
Colton, California	Rancho Mediterrania
Escondido, California	Champagne Village
	(formerly Lawrence Welk Village)
Fallbrook, California	Rancho Monserate
Lakeside, California	Lake Jennings Mobile Home Park
Palm Desert	Indian Springs Mobile Home Park
Palm Springs, California	El Dorado Mobile Home Park
Paso Robles, California	Rancho Paso Mobile Home Park
Vista, California	Vista Cascade
Woodland Hills, California	Mountain View Estates

Mobile Home Park Subdivisions

Thousand Palms, California	Ivey Ranch
Vista, California	Vista Del Mar
	Shadowridge Crossing

For Possible Acquisition

Colton, California	Lake Cadena Mobile Home Park
	Reche Canyon Mobile Home Park
El Cajon, California	Glenview Mobile Home Park
Montclair, California	Villa Montclair
	Hacienda
San Bernardino, California	Glen Aire
	Friendly Village
	Pacific Palms
	Ninth Street
	Royal Coach
	Rancho Meridian
	Meridian Terrace
	Sequoia Plaza
	Orangewood
San Marcos, California	Palomar Estates East Mobile Home Park
	Palomar Estates West Mobile Home Park
	Rancheros Mobile Home Park
	San Marcos View Estates
	Twin Oaks Valley
	Villa Vista
Vista, California	Sycamore Creek

Estate Purposes

Camarillo, California	Camarillo Mobile Home Park
Cathedral City, California	Royal Palms Mobile Home Park
Chino, California	Pembroke Downs Mobile Home Park
La Habra, California	Friendly Village La Habra
Lakeside, California	Lakefront Mobile Home Park
Modesto, California	Friendly Village-Modesto
Newbury Park, California	Vallecito Mobile Home Park
Rancho Cucamonga, CA	Alta Laguna Mobile Estates
Riverside, California	Rancho Caballero Mobile Home Park
San Juan Capistrano, CA	Rancho Alipaz Mobile Home Park
San Pedro, California	Palos Verdes Shores Mobile Home Park
Scotts Valley, California	Whispering Pines Mobile Home Park
Simi, California	Friendly Village Simi Mobile Home Park
Temecula, California	Heritage Mobile Home
Ventura, California	Colony Mobile Home Park
	Lemonwood Mobile Home Park

Estate Purposes (*Continued*)

Victorville, California	Victor Villa Mobile Home Park
West Covina, California	Friendly Village West Covina
Tempe, Arizona	Tempe Cascade Mobile Estates

Litigation Purposes

Agua Dolce, California	Hacienda Vasquez
Anaheim, California	Western Skies Mobile Home Park
Apple Valley, California	Rancho de Las Brisas
Barstow, California	Chateau Barstow
Bloomington, California	Cedar Village Mobile Home Park
Brea, California	Hollydale Mobile Home Park
Canoga Park, California	Mountain View Estates
Carlsbad, California	Rancho Carlsbad
Carson, California	Avalon Carson Mobile Estates
	Bel Abby Mobile Home Park
Castaic, California	Paradise Ranch Mobile Home Park
Ceres, California	Colony Park Estates
Colton, California	Lake Cadena Mobile Home Park
Cotati, California	Countryside Mobile Park Estates
	Ramble Creek Mobile Park
	Sierra Mobile Home Park
Cypress, California	Lincoln Center Mobile Home Park
Dana Point, California	Beachwood Mobile Home Park
Desert Hot Springs, California	Healing Waters Mobile Home Park
East Palo Alto, California	Palo Mobile Estates
Grand Terrace, California	Terrace Pines Mobile Home Park
Grass Valley, California	Mountain Air Mobile Home Park
Hollister, California	Mission Oaks Mobile Home Park
Huntington Beach, California	Huntington Mobile Estates
	Huntington Shorecliffs
Laguna Beach, California	Laguna Terrace Mobile Home Park
Lodi, California	Villa Cerezos Mobile Home Park
Long Beach, California	Belmont Shores Mobile Home Park
	Friendly Village Mobile Home Park
	Villa Park
Malibu, California	Paradise Cove
Manteca, California	Islander Mobilehome Park
Modesto, California	Pinewood Meadows
Napa, California	Wine Country MHP
Oceanside, California	El Camino 76 Mobile Estates
Palm Springs, California	Western Village Mobile Home Park
Pedley, California	Santiago Mobile Home Park
Pomona, California	Mission Boulevard
Poway, California	Poway Royal Mobile Home Estates
Sacramento, California	Regency Mobile Home Park
San Rafael, California	Contempo Marin
Santa Barbara, California	Nomad Mobile Home Park

Litigation Purposes (*Continued*)

Santa Cruz, California	De Anza Santa Cruz
San Juan Capistrano, California	Capistrano Terrace Mobile Home Park
Santa Monica, California	Village Trailer Park
Santee, California	Highlands Mobile Home Park
	Meadowbrook Mobile Home Park
Stanton, California	Katella Mobile Home Park
Van Nuys, California	Park Royale
Windsor, California	Royal Manor Mobile Home Park
	Windsorland Mobile Home Park

Park Closure

Laguna Beach, California	Treasure Island Mobile Home Park
San Diego, California	DeAnza Bayside

Rent Control Hearings

Carpinteria, California	Ventura, California
Escondido, California	Oceanside, California
San Juan Capistrano, California	San Marcos, California
Yucaipa, California	Concord, California
Calimesa, California	Palmdale, California

Other Purposes

Banning, California	Linda Vista Mobile Home Park
Capitola, California	Castle Mobile Home Park
Chula Vista, California	Brentwood Mobile Home Park
El Cajon, California	Heart O' The Hills Mobile Home Park
Escondido, California	Moonglow Mobile Home Park
	Greencrest Mobile Home Park
	Ponderosa
	Canyon Crest Mobile Home Park
Palm Desert, California	Palm Desert Mobile Estates
Riverside, California	Rancho Riverside Mobile Home Park
San Clemente, California	Palm Beach Park
	Capistrano Shores Mobile Home Park
Santee, California	Meadowbrook Mobile Estates (Partial Acquisition)
Spring Valley, California	Bonita Hills
Warner Springs, California	Warner Springs Mobile Home Park (formerly Agape Village)

Attachment 7: November 30, 2010 correspondence from Chandra Gehri Spencer

6.7

Chandra Gehrt Spencer
A Professional Law Corporation
[illegible]
Los Angeles, CA [illegible]
Phone: [illegible] Fax: [illegible]
Email: [illegible]

November 30, 2010

Rent Adjustment Commission
City of Thousand Oaks
2100 Thousand Oaks Boulevard
Thousand Oaks, CA 91362

Re: **Ranch Mobile Home Park**

Dear Commissioners:

This office, along with California Rural Legal Assistance, represents the Association of Ranch Tenants ("the Association"), a group comprised of more than a majority of the tenant residents of the Ranch Mobile Home Park ("the Park"). The Association was formed following receipt of notice of the Rent Increase Application ("Application") by the owner, to represent the interests of the tenant residents in the proceedings which are currently pending before the Rent Adjustment Commission ("the Commission").

The purpose of this letter is to provide the Commission with an overview of the Association's objections to the Application. More specific detail will be provided at the upcoming hearing on December 6, 2010, and any future hearings that may be scheduled on the Application.

BACKGROUND INFORMATION

On November 18, 1974, the City Planning Commission approved TPD 74-6 for the construction of what was to become the Ranch Mobile Home Park. The 74 unit park, with mostly single pads designed to accommodate 10 foot wide coaches and a few pads 20 feet wide, was approved on the basis of it being a low income park for the aged poor. The approval specifically applied to 62 years or older and very low income of $10,000.00 annually.

The owner next applied for an increase resulting in an adjustment to the method of calculating the return on investment (ROI). The City granted the owner a 7% increase in January 1984 and annual increases up to 4% per annum in years when the owner did not achieve the adjusted target ROI, and when the owner applied for and received approval from the city. In November of 2000, the owner applied for a 4% increase and was granted same by the City in 2001.

The owner did not request another increase until June of 2010, the current application being considered by the Commission. This time the application is totally absent of reason and unjustified by any quantitative analysis no matter how convoluted. The application requests an increase of $587.45 which amounts to 452% of the existing rents.

The requested increase would put the space rent at approximately $717.00 per month where the average income of the residents is less than $1,000 per month. This egregious request has caused extreme angst and stress among the aged poor in the Park. The stress caused by this outrageous request is exceedingly damaging to the fragile health of many elderly residents.

REQUEST FOR CONTINUANCE

As a procedural matter, the Association requests a continuance of the December 6, 2010, hearing. This request is made on the following grounds:

(1) Some of the tenant residents are Jewish, and Monday, December 6, 2010, is one of the evenings of Chanukah. These residents will be required to forego their religious observances in order to attend the hearing, or will be unable to attend the hearing as a result of their religious observances. Each tenant resident has an interest in the outcome of this matter, and thus a right to be heard. As such, we request that the religious practices of these residents be accommodated and that the hearing be continued to a date where the Jewish residents are able to attend without interfering with their religious holiday.

(2) All of the residents are elderly, and many are disabled. Some of these disabled residents are either homebound, or otherwise unable to attend a hearing at City Hall as a result of their physical disabilities. Moreover, some are unable to attend an evening hearing or will be unable to attend a lengthy hearing. As such, we request a reasonable accommodation for those with disabilities as follows:
   A. For those residents who are homebound, arrangements be made (for a future date and time) where they can meaningfully participate in the proceedings, whether by videotape or otherwise.
   B. For those residents who are unable to travel to City Hall, arrangements be made (for a future date and time), where they can meaningfully participate in the proceedings, by holding a continued hearing at the Park.
   C. For those residents who are unable to attend an evening hearing, that a further hearing be held during regular daytime hours.
   D. For those residents who are unable to attend a lengthy meeting, that the length of Monday's meeting be limited to a reasonable length of time (we suggest two hours), and that further proceedings be held on a future date.

(3) All of the residents are low-income, and thus unable to afford legal representation. I was retained in this matter (on a pro bono basis) last night. California Rural Legal Assistance has also agreed to provide pro bono legal services for the Association. Both my office and California Rural Legal Assistance need additional time to review the information provided by the owner (over 1200 pages of documentation), consult with financial experts, gather additional information and provide a meaningful response to the owner's request for such a substantial rent increase. Our initial review of the information provided shows that there is a substantial amount of information missing from the application, which is necessary for us to provide a meaningful response. In order for the Association, and the tenant residents, to adequately protect their property and other interests in this matter, we need additional time to prepare for the hearing, and thus request a continuance so that the Association and the tenant residents will be afforded adequate representation.

OBJECTIONS TO APPLICATION

Based on our initial review of the Application and the pertinent City ordinances, regulations and resolutions, the Association has a number of objections to the Application. The following is not meant to be an exhaustive list, but merely provides an overview of the objections we have identified to date:

(1) **MAXIMUM RENTS ARE ESTABLISHED BY THE DEVELOPMENT APPROVALS FOR THE PARK, NOT THE RENT STABILIZATION ORDINANCE:** The rents for the Park are limited by the development approvals for the Park, as set forth in Resolution No. 267-74 PC, for Trailer Park Development Application TPD-74-6, and any addenda thereto. In accordance with those approvals, Resolution No. 84-037 provides that the maximum annual rent increase in any given year shall be 4%. Thus, the owner is not entitled to request a rent increase of more than 4% in 2010, and must meet the criteria established in that Resolution in order to obtain this increase.

(2) **EVEN ASSUMING THE RENT STABILIZATION ORDINANCE NOW APPLIES, THE BASE YEAR SHOULD BE SET AT 2007:** The owner claims that the rent limitations set forth in the development approvals for the Park expired as a matter of law in 2007 and that the Rent Stabilization Ordinance first applied to the Park as of 2008. The Association disagrees with this contention. Nevertheless, if this contention is correct, then the base year for the Park should be 2007, the year prior to application of the Rent Stabilization Ordinance to the Park.

(3) **THE RENT STABILIZATION ORDINANCE DOES NOT ALLOW FOR THE RENT INCREASE REQUESTED BECAUSE SUCH AN INCREASE IS**

INCONSISTENT WITH THE PURPOSES OF THE ORDINANCE: In order to obtain a rent increase based on the "just and reasonable return" rationale set forth in the Rent Stabilization Ordinance, the owner must prove that the increase is consistent with the purposes of the Ordinance. The rent increase requested here is wholly inconsistent with the purposes of the ordinance in that the increase will: exacerbate the "shortage of vacant and available mobile home spaces in the City of Thousand Oaks;" will cause tenants on fixed incomes to be "displaced as a result of their inability to pay increased rents" and "relocate at a substantial loss or expense;" will cause those with fixed incomes to be "unable to find decent, safe and sanitary new housing at affordable rent levels;" will cause tenants to "attempt to pay requested and uncontrolled rent increases" which will require them to "expend less on other necessities of life;" will have a "detrimental effect" and cause "hardships on senior citizens" with fixed and low incomes.

(4) **THE RENT STABILIZATION ORDINANCE AND PRINCIPLES OF EQUITY DO NOT ALLOW AN OWNER TO MAKE-UP FOR ITS FAILURE TO TAKE ANNUAL RENT INCREASES BY SEEKING TO OBTAIN OVER THIRTY YEARS OF RENT INCREASES IN A SINGLE YEAR**: The "just and reasonable" return provision allows for an owner, in any given year, to apply for a higher rent than the maximum rent allowed under the ordinance if the maximum rent for that particular year does not provide for a just a reasonable return. It does not allow an owner to "catch-up" after more than thirty years of failing to obtain lawful rent increases.

(5) **THE OWNER HAS UNDERSTATED GROSS TOTAL INCOME**: Rent Adjustment Commission Resolution No. RAC-2 provides a specific formula for determining a just and reasonable return. One component of that formula requires that the gross total income for the current year be determined in accordance with those guidelines. Under those guidelines, the owner was required to add "adjusted income for below market rentals" to the "rental unit income" and other income categories. The owner failed to do so for the current year, and those has **grossly understated** the current year gross total income.

(6) **THE OWNER HAS OVERSTATED GROSS TOTAL INCOME FOR THE BASE YEAR:** In addition to understating the gross total income for the current year, the owner has also overstated gross total income for the base year by adding in development fee waivers to the "adjusted income for below market rentals" Nothing in the regulations permit the owner to do so.

(7) **THE OWNER HAS OVERSTATED ALLOWABLE OPERATING EXPENSES FOR THE CURRENT YEAR:** RAC-2 provides specific guidelines for allowable

operating expenses, including a requirement that management and administrative expenses be capped at 8%, or that such expenses must be at the same percentage they were in the base year, whichever is less. The base year has no expenses for this category, and thus they should not be permitted in the current year. Or, if allowed, they should be limited to 8%.

(8) **THE OWNER HAS FAILED TO PROVIDE ACCURATE DATA FOR OPERATING EXPENSES FOR THE BASE YEAR:** The data provided for the base year operating expenses is based on extrapolations and statistical assumptions, not on actual, verifiable financial data. The Rent Stabilization Ordinance does not allow the owner to estimate expenses in that manner.

(9) **THE OWNER'S FINANCIAL AND ACCOUNTING DOCUMENTS ARE INCOMPLETE AND DO NOT COMPLY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:** In the financial data provided by the owner, the owner does not comply with generally accepted accounting principles and fails to provide complete, accurate and verifiable information. The owner seems to confuse statistical analysis with accounting, in attempting to justify the unjustifiable. Absent application of generally accepted accounting principles, and based on the fact that there is no Balance Sheet, complete P&L Statement, nor audited financials with notes we find it is impossible to quantitatively analyze the owner's submission with any confidence. Complete, accurate and reliable data must be provided.

For the foregoing reasons, and as will be further explained and supported at the hearing in this matter, the Association respectfully requests that the hearing be continued and that the rent increase application be denied.

Thank you for your consideration.

Very truly yours,

Chandra Gehri Spencer

City Staff's PowerPoint Meeting December 6, 2010

6.8

RECEIVED AT RENT ADJUSTMENT MTG
MEETING OF Dec. 6, 2010
FROM: Staff PowerPoint
ITEM #: 5A

Rent Adjustment Commission
December 6, 2010

Ranch Mobile Home Park
Rent Adjustment Application

Case No. RAA 2010-02
Public Hearing

Presented by: Chris Norman, Assistant City Attorney
Ken Baar, Ph.D.
James Brabant, MAI

Presentation – Overview
Background

- Mobile Home Park Overview
- Rent Stabilization Program (RSP)
- Ranch Mobile Home Park History
- Benchmark Rents
- Basis for Hearing under RSP
- Legal Background

2

Presentation – Overview Analysis

- Applicant's Request
- Evaluation of Rent Adjustment Request
- Methodologies for consideration of a Rent Adjustment
- Summary of Methodologies
  - Appropriate for Determining Rent Adjustment
  - Presented for Comparative Purposes Only
- Recommendation

3

Background Mobile Home Park Overview

- Nine Mobile Home Parks
  - five senior
  - four family
- 1,058 total spaces (865 senior; 193 family)
  - One MHP closing
  - One MHP converting to 'for sale' lots
- Ranch previously not subject to City Ordinance

4

Background
Rent Stabilization Program

- 1980 Initially adopted as interim Ordinance (747-NS)
- 1980 – 1996 - 16 ordinances from
  - Extended or amended provisions
- 1996 - Permanently Codified (1254-NS)

5

Background
Rent Stabilization Program (cont.)

Rent Stabilization Program Purpose:

> *" … safeguard tenants from excessive rent increases but at the same time provide landlords with a just and reasonable [return] from their rental units."*

6

Background
Rent Stabilization Program (cont.)

- Types of Authorized Rent Increases:
  - Automatic Annual Rent Increase rate (75% CPI)
  - Just and Reasonable Return
  - Capital Improvement and Rehabilitation

7

Background
Rent Stabilization Program (cont.)

- Guidelines
  - RAC adopted two Resolutions (RAC-2 & RAC-5) to assist in implementing RSP "Just & Reasonable Return"
    - Maintenance of Net Operating Income (MNOI) is the prescribed Method
    - Other methods can be considered

8

Background
Ranch History

- 1974 Entitlements (Wyckoff) – proposes lower-income senior MHP development
- 1976 City approves 11.5% return on investment to set rental rates
- 1977 MHP developed and City approves initial rental rates
  - $125 d-w lot; $120 large lot, $115 s-w lot

9

Background
Ranch History (cont.)

- 1984 City Council approves Res 84-037
  - Granted Initial Increase of 7%
  - Limited future increases to max. 4%
- 2001 City approves 4% increase
  - $139 d-w lot; $133 large lot, $128 s-w lot (Current Rental Rates)

10

Background
Basis for RAC Hearing

- Res 84-037 does not provide method for calculating "Just and Reasonable Return"
- Ordinance does not exempt Ranch
- Ordinance "takes precedence" over Resolution
- Owner Entitled to Just and Reasonable Request under Ordinance

11

Background
Legal Basis

- 5th Amendment of US Constitution provides Park Owner protection from Regulations that would constitute a "taking".
- "Rent Control" regulations must provide for "Just and Reasonable Return" requests
- No constitutionally prescribed method for determining fair return

12

Applicant's Justification for Just & Reasonable Return Request

- Res 84-037 does not provide "Just and Reasonable Return"
- RAC – 2 prescribes the use of MNOI
- Base Year rent adjustment required (Vega)
- $587.45 increase ($720.45 total) necessary to achieve "Just and Reasonable" Return

13

Evaluation of Rent Adjustment Application

- City Hired Experts:
  - Dr. Kenneth Baar: Field of Mobile Home Rent Stabilization Fair Return Analyses
  - James Brabant, MAI: MHP Appraiser
- Prepared Report that analyzes Application material, provides basis and methodology for determining what constitutes a "Just & Reasonable" Return

14

Consultant's Report

- Two Types of Methodologies presented:
  - Appropriate Measure to Determine Fair Return
    - Maintenance of Net Operation Income Standard (MNOI)
  - To provide Comparative Numbers
    - Comparable Current Controlled Rents
    - Return on Investment

15

Key Terms

Net Operating Income (NOI) = Gross Operating Income – Operating Expenses (excludes debt service) for a single year

Maintenance of Net Operating Income = NOI Adjusted by an Inflation Factor to compensate for erosion of income over time due to inflation

16

Key Terms

Base Year = 1st year used to compare NOI to current year NOI. Presumes NOI received during base year provides just and reasonable return

Vega Adjustment = Adjustment to base year rent to compensate for below market base year rent

Consumer Price Index or CPI = measure of inflation defined by the cost to purchase a "basket" of goods

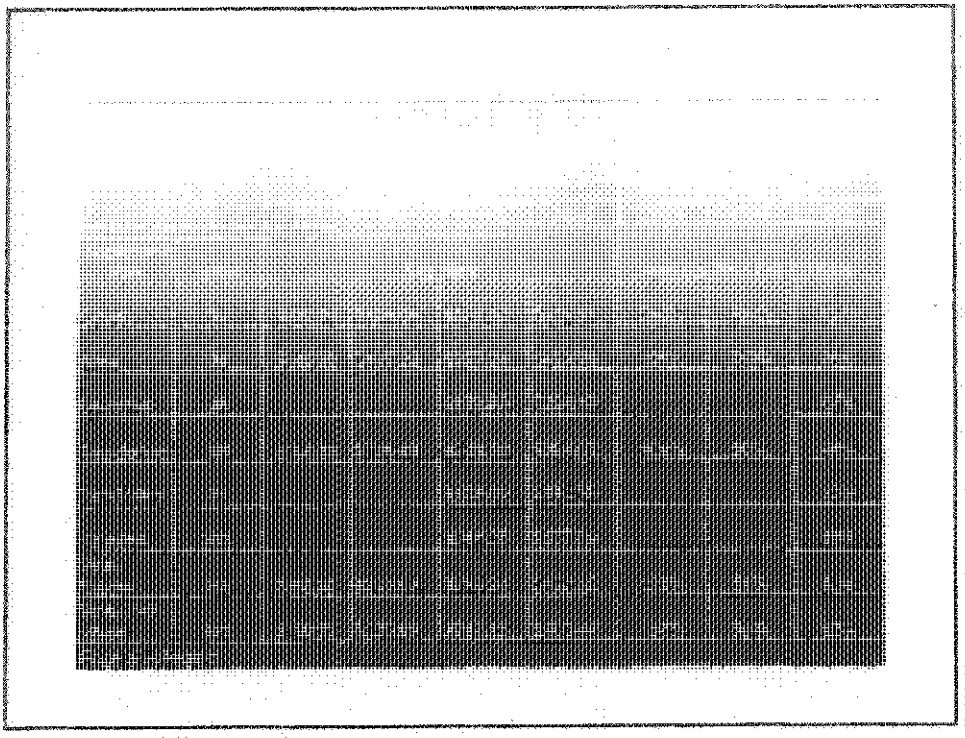
Fair Market Rents = Non-Restricted Rents

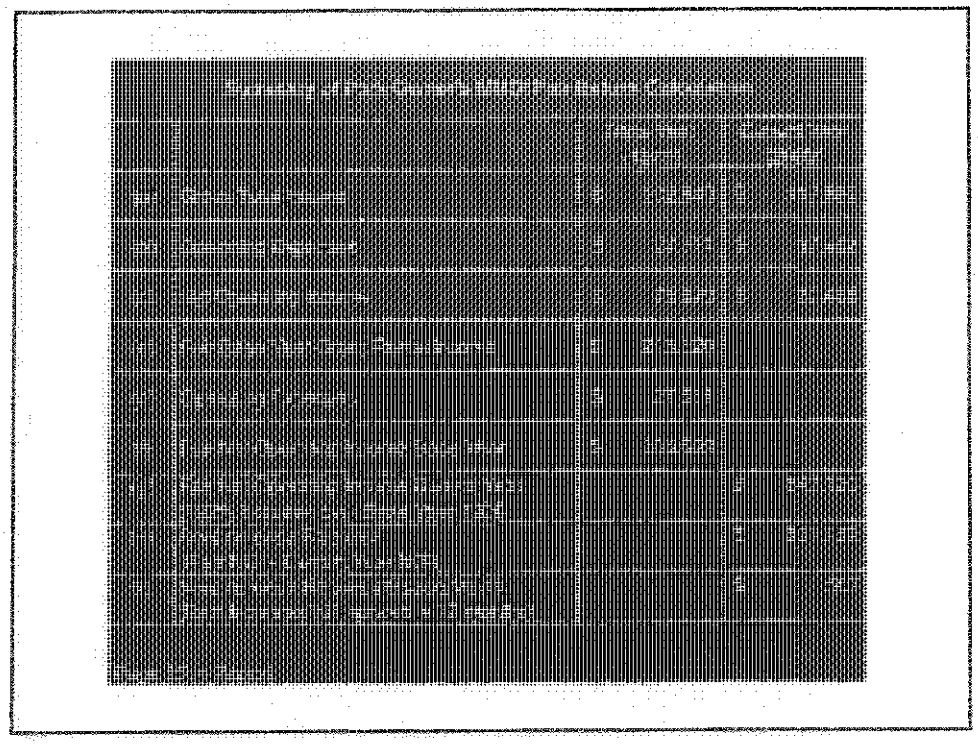
17

Significant Factors in Determining MNOI

- Determination of Base Year
- Adjustment of Base Year rent (Vega)
- Adjustment of Operating Expenses (if necessary)
- Indexing Net Operating Income for Inflation

18

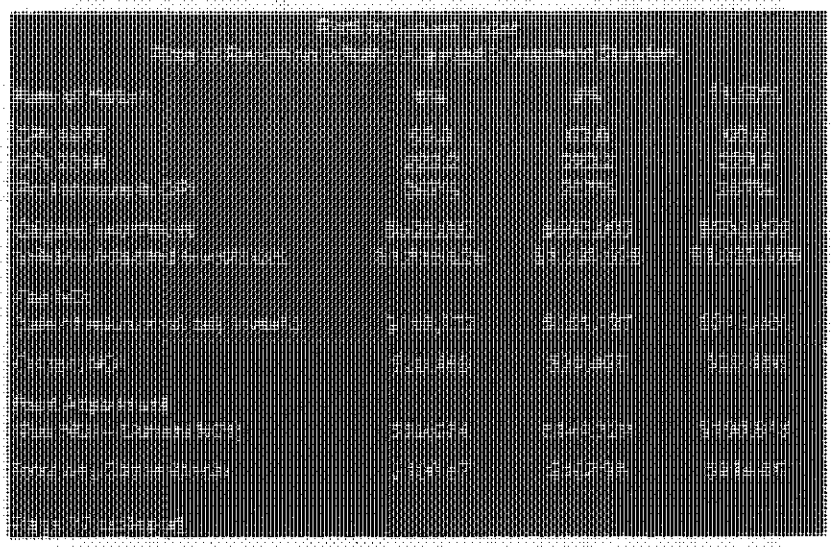


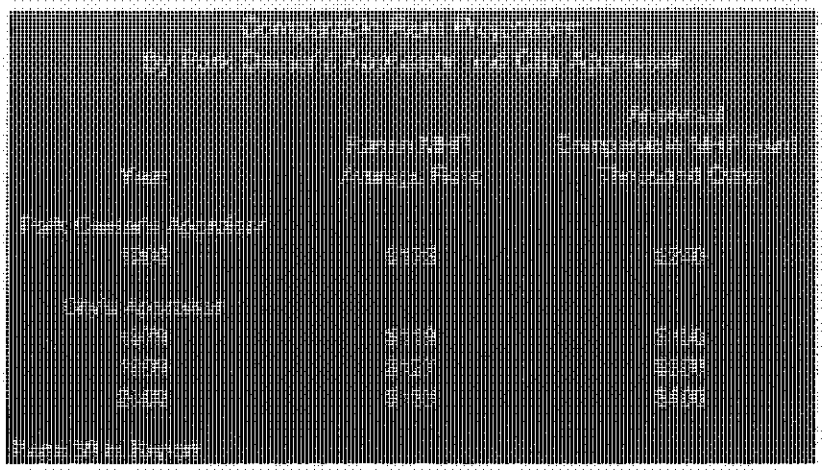


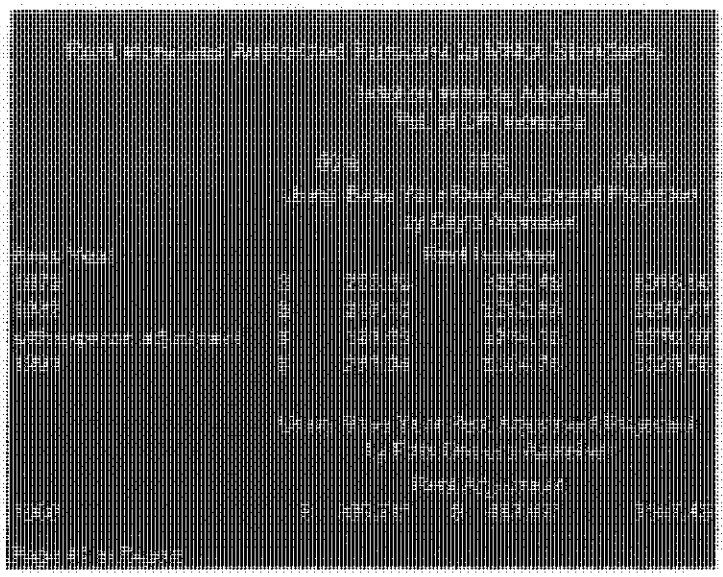
MNOI Calculations

- 1979 (refer to overhead)
- 1982 (refer to overhead)
- 1999 (refer to overhead)

21







Appraisal

City's Base Year Analysis

- Commissioned Appraisal (Mr. Brabant)
- Established Base Year Rents for 1979 & 1999
- Concluded much different value than Park Owners Appraisal
- Concluded 1979 Fair Market Rent = $150
- $30 higher than Ranch rent of $133 (avg.)
- $90 lower than Owner ($240 - $150 = $90)

25

Factors to Consider in Rendering a Decision

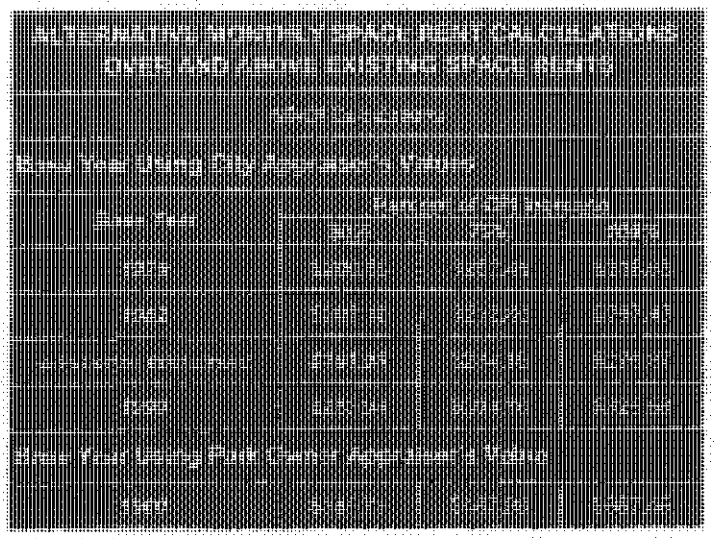
- Court precedent for use of MNOI standard
- Appropriateness of considering other methodologies
- Appropriate Base Year
- Base Year Adjustments to Income and Expenses
- Rate of Indexing

26

Conclusion

- Given prior court precedent and City's Rent Stabilization Guidelines MNOI is appropriate
- 1982 is appropriate base year
  - "Vega" Adjustment to Base Rent
  - Adjustment to Operating Expenses
- Range of Indexing Presented (50% - 100%)
  - Indexing at 50% of CPI provides Fair Return

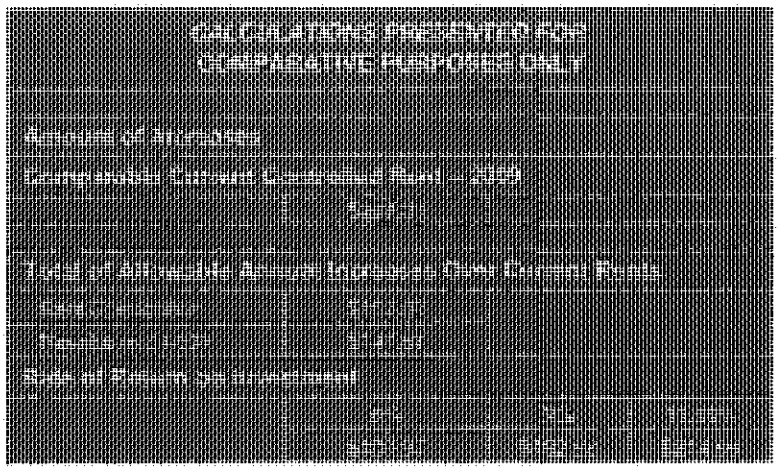
27



Benchmark Rents (Hypothetical)

- Resolution 84-037
  - Park requested annual increases = $147.67 per space/per month *increase*
    - ($267.00 *total* per space/ per month)
- Rent Stabilization Ordinance
  - "If" Park subject to RSO and annual increase taken = $162 per space/ per month *increase*
    - ($281.00 *total* per space/per month)

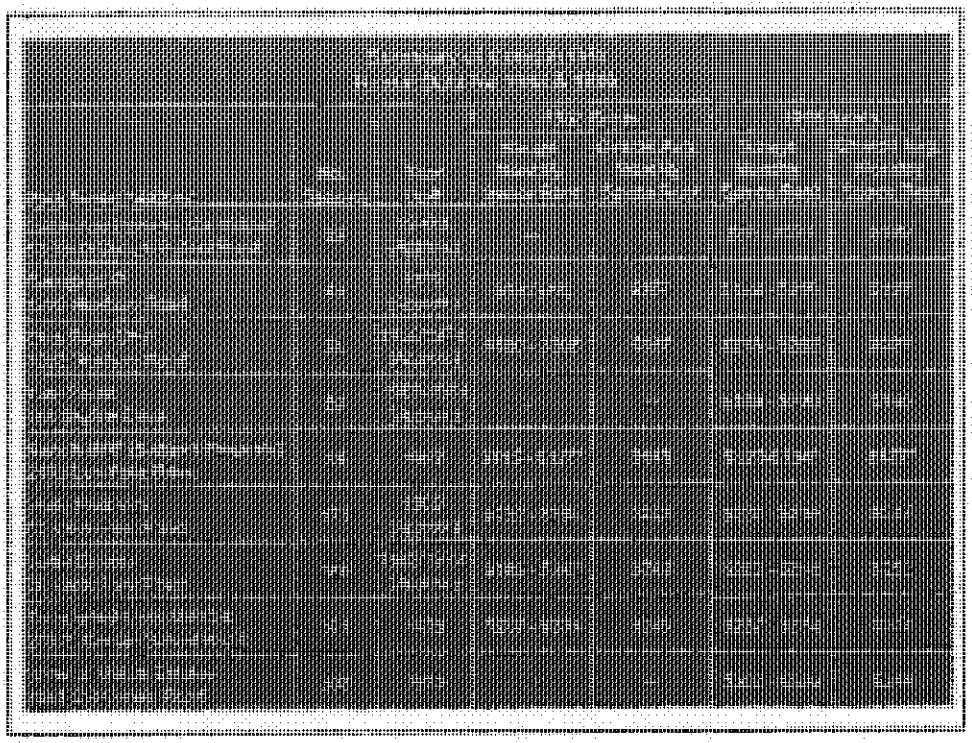
29

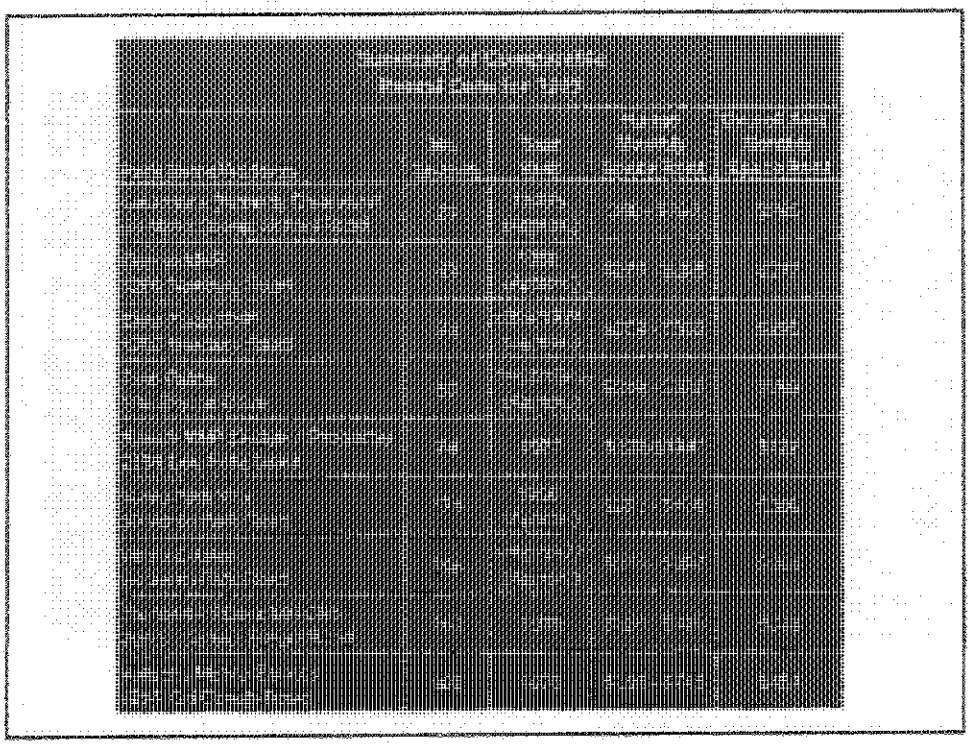


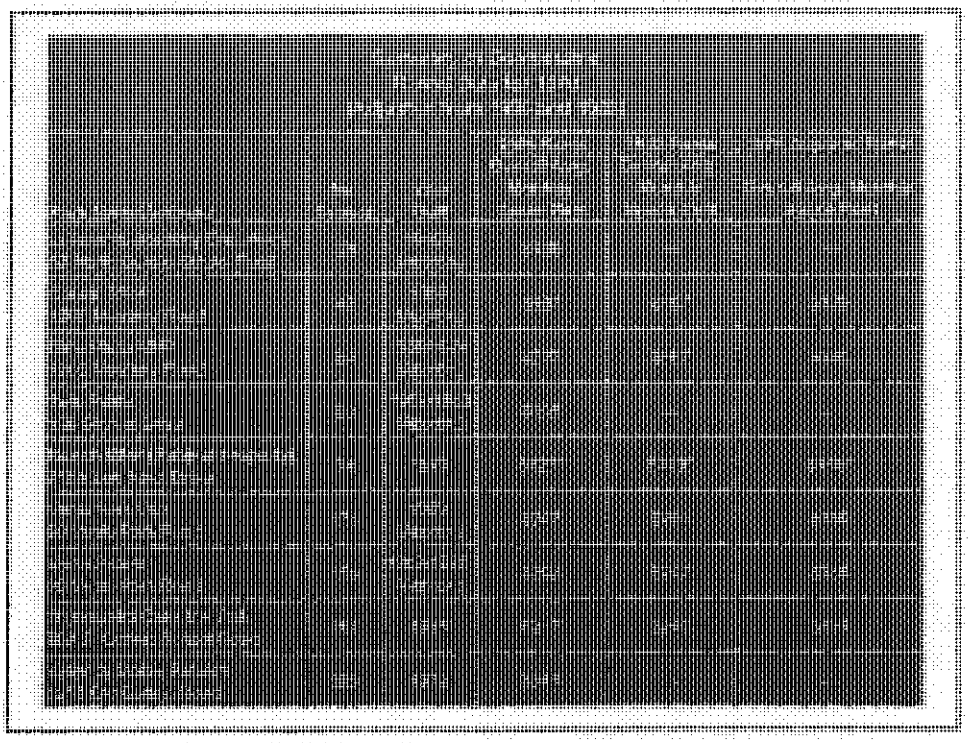
Recommendation

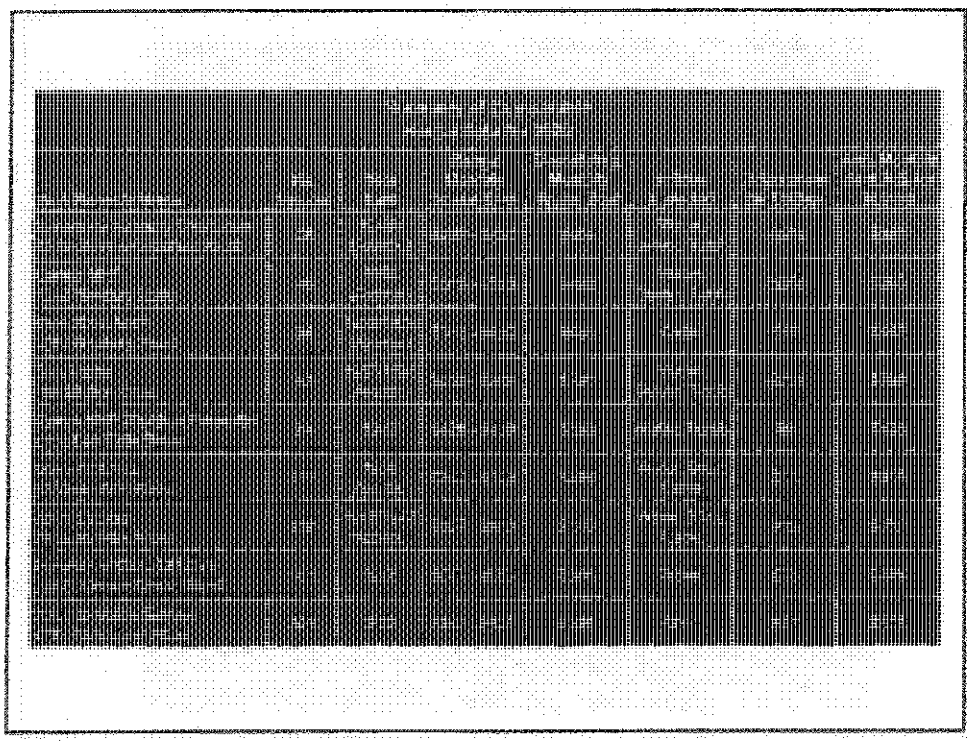
- Approve a Rent Adjustment of $191.95 per space, per month above existing rents
  - Rent Increase to be phased in over a 5-year period
  - Not to exceed $38.89 per space per month
- Initial Increase to be 60 days from date formal notice served (after final approval).
- Each subsequent increase minimum of 1 year from date of prior increase

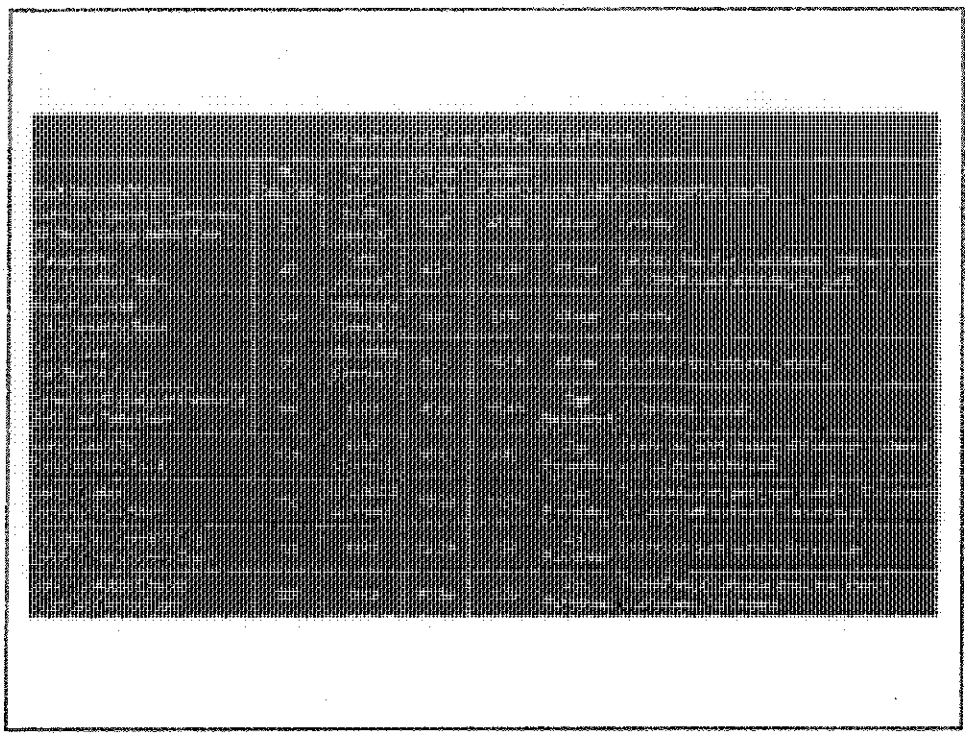
31











Supplemental Packet Transmittal, Additional Correspondence & Information Meeting December 6, 2010

Rent Adjustment Commission

SUPPLEMENTAL PACKET

Meeting of

December 6, 2010

M E M O R A N D U M

City of Thousand Oaks • Thousand Oaks, California

Community Development Department

TO: Rent Adjustment Commission

FROM: Community Development Department

DATE: December 6, 2010

SUBJECT: **SUPPLEMENTAL PACKET - RA 2010-02 - Rent Adjustment Application for Ranch Mobile Home Park submitted by A.V.M.G.H. Five, Limited**

Provided by this transmittal are documents and/or information provided to the Rent Adjustment Commission and are to be considered as part of the record for tonight's hearing on the above referenced matter. Items attached are listed as Exhibits as noted herein.

1) Staff Report - Page 15 (page 16 of agenda packet, top of page) add following words (highlighted in ***bold italic***) to end of sentence: ...projection of what net ***operating income is in the current year.***

2) Attachment #4 (Correspondence) items to be Included:
   a. First page of letter (not dated) previously received from Judy Hirai, 2169 Rodeo Ct. #34. First page was inadvertently omitted at time of printing and should be inserted as Agenda Packet page number 66.a.
   b. Additional correspondence received after November 30th.

3) Attachment #5 (Baar Report - page 3; Agenda Packet page 103) Footnote #8 references Keyser-Marston Memo dated August 21, 2000 and further noted See Agenda Packet _____. Reference to this Footnote should have been deleted as this information was discussed in the report.

4) Attachment #5 (Baar Report - page 12; Agenda Packet page 112) Footnote #37 references Hart, King, & Coldren letter dated May 25, 2010 and further references location to (Insert Location in Agenda Packet). Letter reference date should be June 14, 2010 (submitted on June 18, 2010 as Attachment 9 to the Application.) Refer to Attachment # 3 of the Agenda Packet.

5) Attachment #5 (Baar Report - page 15; Agenda Packet page 115) TABLE: Summary of Park Owner's MNOI Fair Return Calculation. Column (j) Rent Increases Required/Space/Month. Delete reference to 161 spaces and replace with 74 spaces. Calculation is based on 74 spaces.

6) RAC member were previously provided a web link to RAC Resolutions RAC-2 and RAC-5. Included herewith is a copy RAC-2 and RAC-5.

Submitted by:

John C. Prescott
Community Development Director

Prepared by:

Russ Watson
Housing/Redevelopment Manager

Enclosures:

Hirai letter (1st page)
Additional Correspondance
RAC-2
RAC-5

H:/Common/Housing & Redevelopment/Rent Control/RAC/RAC 2010 Meetings/RAC 12 06 10/File #430-45

Dear Mr. Watson,

I have lived in Ranch Mobile Home Park for 2 years, after being forced to sell my home & move here from Thunderbird Oaks MHP. After 16 yrs. of increases in rent & no substantial increases in Social Security & Retirement benefits, I was able to move here to Ranch. Since I had to qualify that my income was low enough to move in here, & rents would remain low enough for super low income seniors, I thought I would be able to live out my yrs. here & not have to keep going to the food bank. I also was able to get my oxygen back. The company took it away when I could no longer

Y OF THOUSAND OAKS
2010 NOV 33 AM 10:47
Dec 3

November 29, 2010

Russ Watson
Manager, Housing and Redevelopment City of Thousand Oaks
2100 Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Dear Mr. Watson,

As a concerned member of the community, I feel a responsibility to express my concern regarding the pending outrageous rent increases that has been requested by the owner of the senior parks; Ranch Mobile Park and Thunderbird Mobile Park.

Our Community has been senior friendly, which has enriched the quality of life in Thousand Oaks, and their presence is an important addition to our lives. The requested rent increase would create and cause undo stress and hardship on the valuable and important citizens of our community.

I respectfully request that the lives of our seniors be honored, and their limited income be considered, as well as their circumstances by denying the request for rent increase.

Sincerely,

Donna O'Connor

Donna O'Connor

DONNA KAY FOSTER
SPC 44
KATY IS MY
REALTOR -

CITY OF THOUSAND OAKS
10 DEC -6 AM 10:12

Hi Kay,

I cannot believe that Ranch Mobile Home Park wants to increase the pad rent from $133.50 to over $700. This is outrageous! All the current occupants are seniors and had to qualify as low income to live in the park so how does the park expect them to come up with this crazy amount each month? My heart goes out to the occupants and I hope the city realizes that they should not impose such a steep raise on elderly low income people. The worry of how they are going to find the money to pay this increase must be adversely effecting the health of the parks occupants. In my opinion this is very unfair, immoral and unethical treatment of our seniors and should legally not be allowed to happen.

Vallecito Mobile Home Park in Newbury Park is a senior park and is not low income. They have larger pads than Ranch Mobil Home Park so can easily accomodate double wides as well as having a resort like club house, play park, pool and spa. Their pad rent average in the low $500's.

Ventu Estate Mobile Home Park in Newbury Park is a senior park and is not low income. They have larger pads than Ranch Mobil Home Park so can easily accomodate double wides as well as having a pool and spa. Their pad rent average in the low $400's.

I believe that only 2 mobile homes in Ranch Mobile Home Park sold this year when the pad rent is about $135. Hence, I am sorry to inform you that with this proposed change in the pad rent I do uot believe any senior would be tempted to purchase in the Ranch Mobile Home Park when the pad rents at the other local parks with larger pads, more facilities and much cheaper pad rents are available.

Yours sincerely,

Katy Parsons
DRE# 01301107
Aviara Real Estate, Partner
Cell (818)968-4968
Fax (818)992-1416
www.katyloveshomes.com

November 22, 2010

CITY OF THOUSAND OAKS
RECEIVED DEC -5 AM 11:14

Russ Watson
Housing Commission
Council Members, City of Thousand Oaks

Dear Mr. Watson,

I am writing on behalf of my neighbors and friends at the Ranch Mobile Home Park to make awareness of the people here being I the low income and some in the poverty level or below. If we get that big rent increase they more than likely will be out of the street with no roof over their head or something to sustain us. We moved here so we could be independent on our own and this increase will prevent this from happening. It will hinder our lives and our health.

Sincerely,

Audry Fayloga
Neighbor and Friend

concerning Ranch Mobile Home Park

CITY MANAGER'S OFFICE
CITY OF THOUSAND OAKS
10 DEC -6 PM 12:43

O. J. Prescott ✓
c: Albano
Lawrence

City Council member
Andrew P. Foy
2100 T.O. Blvd
T.O. Ca. 91320

Dear Mr Foy,

I am sending you a copy of a letter I sent to mr Watson because I think it may have been lost in the shuffle.

I want to say that I am not in accord with the focus on the sympathy factor. We are far better off than half the world's people.

My concern is that mr Hohn had an agreement with the city to develope a low income park. whether or not there is a document stating the time frame really shouldn't matter because by taking the waiver of fees from the city, he agreed to the low rent senio park. If he now wants to reverse that agreement, he should return the 100 thou. plus 30 yrs interest to the city.

If the committee determines that the park go under the Rent Stabilization Ordinance. I request that we be given a contract regarding future rent increases. Also I request that the rules change to 55+ from the current 62+ to give us a fairer market for our properties.

I'm currently at my sons house

COUNCIL MAIL
DATE 12-6-10

Respectfully,
Marie Olsen

CTO 01396

October 11, 2010

Regarding the Ranch Mobile Home Park Request for Rent Increase

The original permit given to Mr., Hohn by the city council for the Ranch Mobile home Park development had conditions. Those conditions were to ensure that the park would remain a low income senior park.

In response to a request for rent readjustment by the owners, the city council in 1984 passed resolution No. 84-0371 giving a formula for rent increases. It seemed fair then and it seems fair now. Attached is a copy of Resolution No. 84-037. Part of the resolution stated that

1. Any rent increase would be based on whether expenses would exceed income.
2. The owner would be allowed to make an 11.5% yearly profit on his investment. He would also be allowed to deduct depreciation along with the expenses of running the park.

An 11.5% profit on an investment seems fair and reasonable, especially since the owner has minimal upkeep. The coach owners keep up their own homes, as well as the landscaping to beautify the park. The park owner basically faces no risk as the residents also the pay their own insurance against any disasters. Therefore, we feel an 11.5% profit on any investment would appear to be a just and reasonable return.

We, as residents of the park, recognize property rights. An owner should be allowed to do with their property as desired.

However, there are special circumstances with the Ranch Mobile Home Park that the owner knew when he developed the park. Most importantly, it was developed to accommodate single-wide trailers and to afford low cost rents to senior citizens and would continue to operate as an affordable park.

First The homes cannot be moved easily or cheaply, if at all. ~~Secondly~~ Also, the tenant when purchasing the home also has an investment in the mobile home park. ~~If the homeowner can no longer pay the rent, he has lost all of his investment~~. ~~No mobile homes bought, no mobile home park~~.

If the homowner can no longer pay the rent he has lost all of his investment

whereas The owner of the park can never lose his investment. The park resident assures the owners of a constant profit – a steady 11.5%, if the formula of Res. 84-037 is continued

All of us park residents moved here because it was a low income, low space rent park. We had a reasonable expectation that the park would remain a low income park.

If given the requested $587 increase, the space rent, plus sewer cost and utilities would be close to $1,000 per month. This is not low income rent.

All of the residents of this park are 62 or over and most can never work again; they can never increase their income.

We feel the owner should not be able to increase his profit over five times the amount of the 1984 agreement, especially after initially agreeing to develop a senior, low income park. Why can he now decide to make it a high-income park ?

Respectfully submitted
Marci Akian
Ranch Mobile Home Park
Space #23

RESOLUTION NO. RAC-2

A RESOLUTION OF THE THOUSAND OAKS RENT ADJUSTMENT COMMISSION ESTABLISHING GUIDELINES IN ORDER TO DETERMINE A "JUST AND REASONABLE RETURN"

WHEREAS, the City Council of the City of Thousand Oaks has adopted Ordinance No. 755-NS regulating rents for residential housing in the City of Thousand Oaks; and

WHEREAS, that Ordinance established a RENT ADJUSTMENT COMMISSION to administer specified portion of said Ordinance; and

WHEREAS, the Commission is empowered by Section VI B to establish such Guidelines as the Commission may desire in order to grant increases in rent in order to insure that landlords achieve a Just and Reasonable Return on rental of their rental units.

NOW, THEREFORE, THE RENT ADJUSTMENT COMMISSION OF THE CITY OF THOUSAND OAKS DOES RESOLVE AS FOLLOWS:

1. The following Guidelines are established in order to enable the Commission to review requests by landlords for rent adjustments in order to achieve a Just and Reasonable Return on their rental units:

THE JUST AND REASONABLE RETURN GUIDELINES
RENT ADJUSTMENT COMMISSION
CITY OF THOUSAND OAKS

Sec. 1. GUIDELINES TO BE USED BY RENT ADJUSTMENT COMMISSION FOR DETERMINING A JUST AND REASONABLE RETURN (ORDINANCE NO. 755-NS, SECTION VI)

Sec. 1.01. The Rent Stabilization Ordinance, as amended, and Regulations and Guidelines promulgated by the Rent Adjustment Commission contain a number of provisions which normally assure a Just and Reasonable Return on rental units subject to the Ordinance. These provisions include:

a. Automatic rent increases.

b. Exemption of luxury apartment units and smaller units.

c. Pass through of capital improvement costs.

d. Pass through of rehabilitation work costs.

Sec. 1.02. The Rent Stabilization Ordinance authorizes the Rent Adjustment Commission to grant rent increases when the maximum rent or the maximum adjusted rent does not constitute a Just and Reasonable Return in accordance with such Guidelines as the Rent Adjustment Commission may establish.

Sec. 1.03. The Commission presumes that the net operating income received up to April, 1980 provided landlords with a Just and Reasonable Return on their rental units, unless there is clear and convincing evidence to the contrary. In most cases, the automatic increases allowed by the Ordinance and the property tax savings resulting from Proposition 13 provide sufficient additional operating income to landlords to maintain the same net operating income they experienced in 1979. However, in some cases landlords may have incurred reasonable operating expenses which exceed the rent increases allowed by the Ordinance and the tax savings resulting from Proposition 13. Therefore, landlords who have had such reasonable increased operating expenses should be able to maintain the same level of net operating income as they experienced in 1979 by requesting a rent adjustment pursuant to these Guidelines.

Sec. 1.04. The methods authorized herein are not exclusive. Alternate approaches may be employed by the Commission. Applicants or tenants may propose the use of such approaches, but must fully explain, in writing, the methodology and the reasons supporting use of the methodology, and must provide information and documentation adequate to use the suggested approach. The methodology and documentation shall be provided with the application, or sufficiently before the date

CTO 01400

set for hearing, so that the matter may be reviewed by the Commission staff. Failure to so provide that information shall be grounds for rejection of its use, or continuation of the hearing, at the Commission's discretion. The use of such approach as suggested by applicants or tenants shall be at the discretion of the Commission.

Sec. 2. DETERMINATION OF THE NET OPERATING INCOME

Net Operating Income is determined by subtracting the annual Operating Expenses from the Gross Total Income.

Sec. 2.01. Gross Total Income is determined by adding the following:

a. Rental Unit Income

b. Garage and Parking Income

c. Stores and Offices Incomes

d. Adjusted Income for Below Market Rentals

e. Miscellaneous Income

Sec. 2.02. Actual Rental Unit Income is the total annual income received from all the dwelling units in the rental complex.

Sec. 2.03. Garage and Parking Income is additional income received for parking services in the garage or parking spaces on the grounds of the rental complex

Sec. 2.04. Stores and Offices Income is the total annual income received from any stores or offices located within the rental complex.

Sec. 2.05. Adjusted Income for Below Market Rentals is an amount representing the difference between the actual rent collected and what the landlord could have collected if the units had been rented at their full market value. Examples of below market rents may be units occupied by the landlord or the landlord's family, the unit of a resident manager, or any unit where the rent increases permitted by the Rent Stabilization Ordinance or the Regulations and Guidelines of the Rent Adjustment Commission could have been made, but have not been made because of the landlord's rental polices and purposes.

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Sec. 2.06. Miscellaneous Income is determined by adding all actual revenues received from such sources as maid service, gas and electricity sold to tenants, commissions from telephones, laundry and vending machines, signs on the building or property of the rental complex, air conditioning charges, special charges for the use of amenities, income from oil, gas, or other minerals on the rental complex property, location use payments by motion picture or television production companies, special rentals for occasional use of recreation rooms or other common areas, any interest derived from tenant money held as security deposits, and any other income derived from the operations of the rental complex.

Sec. 2.07. Vacancies in both the base year, as that term is defined in Sec. 3 below, and the year for which the application is made are not calculated. However, in cases where the Commission finds unusual vacancy patterns, the Commission will have the discretion to adjust the Gross Total Income as for example where vacancies have been the result of a landlord withholding rental units from the market.

Sec. 2.08. Operating Expenses are determined by adding the following:

a. Management and Administrative Expenses

b. Adjustment for landlord performed services

c. Operating Expenses for:

1. Supplies
2. Heating Expenses
3. Electricity
4. Water and Sewer
5. Gas
6. Building Services
7. Other Operating Expenses

CTO 01402

d. Maintenance Expenses including:

1. Security

2. Grounds Maintenance

3. Maintenance and Repairs

4. Painting and Decorating

e. Taxes and Insurance Expenses including:

1. Real Estate Taxes

2. Other Taxes, Fees and Permits

3. Insurance

f. Service Expenses

g. Other Payroll Expenses

Sec. 2.09. In determining operating expenses, all debt service expense, depreciation, and expenses for which a landlord has been reimbursed must be excluded.

Sec. 2.10. Management and Administrative Expenses include wages of administrative personnel, including agency fees for administrative services and the use value of any rental unit offered in compensation for such services calculated according to Sec. 2.05 above, advertising of rental units but excluding any advertising for the sale of condominiums or for the sale of the rental property as a whole, legal and auditing fees for the operation of the rental complex but excluding such services for the purchase or sale of the rental complex, fees and dues in professional property management organizations except that if the landlord owns more than one rental complex, such expenses must be apportioned among the rental complexes owned, telephone and building office expenses used for rental operations and office supplies.

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Sec. 2.11. An Adjustment for Management and Administrative Expenses shall be allowed where the landlord performs management or administrative functions or self-labor in operating and/or maintaining the property. In addition to the actual Management and Administrative Expenses listed in Sec. 2.10 above, where the landlord performs such services, the landlord may calculate an expense figure representing the value of such unpaid management and administrative services. However, the total cost of Management and Administrative Expenses including the foregoing adjusted expense cannot exceed 8% of the Actual Rental Income as described in Sec. 2.02 above, and where the landlord has performed substantially similar services in both the base year and the current year, the foregoing adjusted expenses must be calculated for both the base year and the current year at the same percentage of actual rental income. When the landlord performs different services in the base year and the current year, an adjustment will be allowed for such differences to the extent the landlord shall document the amount of such differences.

Sec. 2.12. Operating Expenses include:

a. Supplies, including janitorial services, light bulbs, uniforms for employees, etc.

b. Heating Expenses include coal or oil used for heating the building.

c. Electricity Expense include all landlord-paid electricity for both rental units and common areas.

d. Water and Sewer Expenses include all landlord paid expenses for the rental complex.

e. Gas includes all gas charges paid by the landlord for both rental units and common areas.

CTO 01404

f. Building Services include expenses for window washing, lobby directory, exterminating, rubbish removal, TV antenna service.

g. Other Operating Expenses include any other expenses which do not fit some other category. Expenses listed under this category must be explained.

Sec. 2.13. Maintenance Expenses include:

a. Security Expense such as wages of any security personnel, contracted security expenses, door guards, and the operating cost of security equipment.

b. Grounds Maintenance Expenses include wages of grounds-keepers, gardeners, external building lighting, sidewalk and parking lot maintenance costs.

c. Maintenance and Repairs include all general maintenance and repair both inside and outside the building, painting of the exterior, elevator maintenance, plumbing and electrical services, fire protection and smoke detector servicing, plastering and masonry repair, carpentry, heating repair, roofing and buck pointing. However, Capital Improvements are not eligible expenses. Landlords who did work which constitutes Capital Improvements must capitalize such expenses on the basis of a five-year (60 month) amortization and charge only one-fifth of the total expenses in the year such an expense occurred and for the next successive four years until fully amortized.

d. Painting and Decorating include all costs including wages materials, and contracted labor painting and decorating the

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interior of the building, including the cost of paint, wall-paper, brushes, wall washing, and minor replacement costs related to floor coverings, draperies and light fixtures. Capital Improvement replacements of floor covering or draperies must be amortized as in subsection c above.

Sec. 2.14. Taxes and Insurance include:

a. Real Estate Taxes including all local or state taxes as well as noncapitalizaed assessments.

b. Other Taxes, Fees and Permits such as personal property taxes applicable to the building, franchise and business taxes, sign permit fees, etc.

c. Insurance including all one-year charges for fire, liability, theft, boiler explosion, rent fidelity bonds, and all insurance premiums except those paid to FHA for mortgage insurance or employee benefit plans. Whenever a premium is multi-year, it must be pro-rated to all applicable years.

Sec. 2.15. Service Expenses include the amount of the cost of maintaining recreational amenities such as saunas, gymnasiums, billard rooms, pools, jacuzzis and tennis courts. Such costs include payroll, contractural services, materials and supplies and minor noncapitalized equipment relacement. Improvements qualifying as Capital Improvements must be amortized as described in Sec. 2.13(c) above.

Sec. 2.16. Other Payroll Expenses include any payroll expenses not included in any of the categories previously listed, such as janitors, maids, elevator operators, telephone switchboard operators, and rental agents.

Sec. 2.17. Operating expenses must be reasonable. Whenever a particular expense exceeds normal industry standards in the base year or in the current year for which the application for a rent increase is made, the Rent Adjustment Commission shall determine whether the expense is

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reasonable. In cases where the Rent Adjustment Commission determines that a particular expense is unreasonable, the Rent Adjustment Commission shall adjust the expense to reflect the normal industry range for that year. The Rent Adjustment Commission shall indicate the reason for such an adjustment in the determination.

Sec. 3. DETERMINATION OF ELIGIBILITY FOR RENT INCREASES PURSUANT TO THE 1979 BASE YEAR FORMULA

Sec. 3.01. The base year shall be 1979 when the financial information for that year is available.

Sec. 3.02. Determine the 1979 Net Operating Income.

Sec. 3.03. Determine the current year Net Operating Income in accordance with the provisions of Sec. 2-2.17 (i.e. the latest calendar year or the latest fiscal year used by the landlord for accounting purposes).

Sec. 3.04. Add to the Net Operating Income for 1979, all automatic adjustments of 8%, as permitted by Section VI of the Rent Stabilization Ordinance which the landlord could have implemented, which shall be known as the Price Level Adjustment.

Sec. 3.05. The Net Operating Income for the current year is compared to the 1979 Net Operating Income plus the Price Level Adjustment:

a. If the current year Net Operating Income is larger than the 1979 Net Operating Income plus the Price Level Adjustment, the landlord is ineligible for a Just and Reasonable rent increase based on this formula.

b. If the current year Net Operating Income is less than the 1979 Net Operating Income plus the Price Level Adjustment, the landlord is eligible for a rent increase that will allow the current year Net Operating Income to equal the 1979 Net Operating Income plus the Price Level Adjustment.

Sec. 3.06. Landlords who did not own the rental property in 1979 shall use the 1979 Net Operating Income of the landlord of record in 1979 if the financial information is available.

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Sec. 4. DETERMINATION OF ELIGIBILITY FOR RENT INCREASES WHEN 1979 NET OPERATING INCOME AND EXPENSE INFORMATION IS NOT AVAILABLE

In the event that the 1979 financial information is not available, and where the loss of such records can be substantiated by clear and convincing evidence, the landlord of record in 1979 may substitute as a base year the first year following 1979 for which records are available.

Sec. 4.01. In the case of a new landlord who did not own the rental property in 1979 and where 1979 records are not available from the previous landlord, the present landlord may, when the unavailability of the 1979 records can be substantiated by clear and convincing evidence, substitute as a base year the first year following 1979 for which the previous landlord's records are available.

Sec. 4.02. In the event that no financial records are available from a previous landlord, the current landlord is eligible for a Just and Reasonable rent increase only when the landlord has two complete years of operating income and expenses. The first year Net Operating Income for such landlords will be the base year.

Sec. 4.03. Whenever permitted by the Price Level Adjustment factor, a Price Level Adjustment may be made to the base year Net Operating Income.

Sec. 4.04. The current year Net Operating Income is subtracted from the base year Net Operating Income plus the Price Level Adjustment.

Sec. 4.05. If the current year Net Operating Income is larger than the base year Net Operating Income plus the Price Level Adjustment, the landlord is ineligible for a Just and Reasonable rent increase based on this formula.

Sec. 4.06. If the current year Net Operating Income is less than the base year Net Operating Income plus the Price Level Adjustment, the landlord

CTO 01408

is eligible for a rent increase that will allow the current year Net Operating Income to equal the 1979 Net Operating Income plus the Price Level Adjustment.

Sec. 5. EXCEPTION FOR CIRCUMSTANCES WHERE A LANDLORD IS SUFFERING A NET OPERATING LOSS

To ensure that no landlord suffers a net operating loss because of the provisions of the Rent Stabilization Ordinance, the Rent Adjustment Commission shall grant a rent increase sufficient for a landlord to reach a break even point in the current year for which the application is made. All the criteria contained in Sections 2-2.17 shall be followed.

Sec. 6. DETERMINATION OF THE RENT INCREASE FOR EACH INDIVIDUAL RENTAL UNIT

The rental increase permitted by using one of the following listed formula is determined:

a. The 1979 Base Year (Sections 3-3.05).

b. When the 1979 Base Year Data is not available (Sections 4-4.04).

c. The Net Operating Loss Circumstance (Sec. 5).

Sec. 6.01. The dollar amount that the total rent can be raised according to one of the above 3 formulas is divided by the Gross Total Income for the current year for which the application is made. The result of this calculation is the percentage individual rents can be raised.

Sec. 6.02. The percentage obtained by the calculation in Sec. 6.01 above is multiplied by the legal rent in effect in each rental unit for which a Just and Reasonable rent increase has been requested. The result of these calculations is the dollar amount the rent can be raised in each rental unit. The legal rent used in these calculations is the current rent at the time of the application, provided this rent does not exceed the amount permitted by the Rent Stabilization Ordinance and any

CTO 01409

Regulation or Guidelines issued by the Rent Adjustment Commission.

Sec. 6.03. SPECIAL NOTICE - No rent increase granted pursuant to the above shall be construed to permit landlords to raise their rents in violation of any terms or provisions of a written lease.

Sec. 7. PROCEDURES FOR LANDLORDS APPLYING FOR A JUST AND REASONABLE RENT INCREASE

Landlords should examine carefully the Guidelines to be used by the Rent Adjustment Commission for determining a Just and Reasonable Return. The conditions covering eligibility for a Just and Reasonable Return are listed in these sections which describe the various alternative methods available to the property owner.

Sec. 7.01. Before a landlord may increase rents on the basis of the Just and Reasonable Guidelines, the landlord must first obtain the written approval of the Commission.

Sec. 7.02 The landlord may request written permission by completing an application and mailing it to the City of Thousand Oaks at the add ·ess listed on the application. The application form is titled "Application Form, 'JUST AND REASONABLE' RENT INCREASE."

Sec. 7.03. The landlord may not collect any rent increase based on a Just and Reasonable application until such time as the Commission approves the request. Such increase may go into effect until after compliance with statutory notice requirements.

Sec. 7.04. In no case will the Commission authorize a rent increase beyond the amount requested by the landlord in the application.

Sec. 7.05. In the event that an application lacks the required documents or that there are major errors in the mathematical computations showing the individual rent increases, the application will be returned to the landlord with an explanation as to why the application cannot be accepted.

CTO 01410

Sec. 7.06. If an application is returned by the Commission because of an error or missing documents, the landlord may resubmit the application without an additional filing fee after correcting the error or obtaining the necessary documents.

Sec. 7.07. Photo copies of all relevant documents must be attached to the completed application.

Sec. 7.08. Whenever a Just and Reasonable rent increase application lacks complete documentation and/or required information, the case may be suspended prior to the hearing for a 30-day period commencing upon the date of mailing the notification to the landlord of the documentation and/or information needed. If at the end of this 30-day period the requested information has not been supplied, the time periods stated in the Rent Stabilization Ordinance will continue to run and a hearing will be scheduled.

Sec. 7.09. Landlords are therefore encouraged to submit photo copies of all documentary information required. Materials attached to the application will not be returned to the landlord. However, the landlord must, upon request by the Commission, show to the Commission the original document from which the photo copy was made.

* * * * *

PASSED AND ADOPTED this 7th day of May, 1981.

Frank Millar

Frank Millar, Chairman
RENT ADJUSTMENT COMMISSION

CTO 01411

ATTEST:

Suzanne Ota, Clerk of the Commission

APPROVED AS TO FORM:

James Longtin, Attorney for the Commission

RICHARD P. STALEY
ASSISTANT CITY ATTORNEY

APPROVED AS TO ADMINISTRATION:

Grant R. Brimhall, Secretary of the Commission

RESOLUTION NO. RAC- 5

AN AMENDMENT TO RESOLUTION NO. RAC-2 OF THE THOUSAND OAKS RENT ADJUSTMENT COMMISSION ESTABLISHING GUIDELINES IN ORDER TO DETERMINE A "JUST AND REASONABLE RETURN"

THE RENT ADJUSTMENT COMMISSION OF THE CITY OF THOUSAND OAKS DOES HEREBY RESOLVE AS FOLLOWS:

Section 1.01 is hereby amended to add subsection (e).

Sec. 1.01.

e. Vacancy Decontrol.

Section 1.04 is hereby amended to read as follows:

Sec. 1.04. The method authorized herein is the approached preferred by the Commission, however, it is not exclusive. Applicants or tenants may propose the use of alternative approaches, but must fully explain, in writing, the methodology and the reasons supporting the use of the methodology and why the alternate approach is more appropriate than the method authorized herein. The proponent of an alternate approach must also provide information and documentation adequate to employ the suggested alternate approach. The methodology and documentation shall be provided with the application, sufficiently before the date set for hearing, so that the matter may be reviewed by the Commission staff. Failure to so provide that information shall be grounds for rejection of its use, or continuation of the hearing, at the Commission's discretion. The use of such approach as suggested by the applicant or tenant shall be at the discretion of the Commission.

Section 1.04 A is hereby added to read as follows:

Sec. 1.04 A. The Commission promulgates these guidelines to assist them in determining whether the maximum adjusted rents under the Rent Stabilization Ordinance is permitting landlords to achieve a just and reasonable return on their rental units and is not intended to keep rents at the

CTO 01413

constitutional minimum. This approach has, and any proposed alternate approach should have, the ability to accurately and reliably make a determination as to when a rent adjustment is needed in as prompt and efficient a manner as possible with the least cost to the applicant and the least likelihood of delay, manipulation, or error.

Section 2.10 is hereby amended to read as follows:

Sec. 2.10. Management and Administrative Expenses shall include and be determined as follows:

a. Wages, salaries and benefits for management, administrative and other personnel, including agency fees for administrative services.

b. Advertising rental units but excluding any advertising for the sale of condominiums or for the sale of the rental complex as a whole.

c. Auditing and accounting expenses.

d. Office expenses; telephone expenses.

e. Legal expenses - These expenses must be reasonable and in line with industry standards as per Sec. 2.17. This term shall not include fees incurred in selling or attempting to sell or convert the rental complex to another use or subdividing the rental complex. It shall also not include fees incurred in litigation involving rent control where such an inclusion would have the effect of "awarding" legal fees to the applicant or otherwise be inappropriate.

f. Application expenses - Expenses for making an application for rent adjustment may be included as an expense in the year paid. This term may include reasonable legal and accounting expenses for making application but shall not include filing fees.

g. Professional property management fees, dues and licenses, except that if the landlord owns more than one rental complex, such expenses must be apportioned among the rental complexes owned.

Section 2.13 (c) is hereby amended to read as follows:

CTO 01414

Sec. 2.13.

c. Maintenance and Repairs include all general maintenance or repair both inside and outside the building, painting of the exterior, elevator maintenance, plumbing and electrical services, fire protection and smoke detector services, plastering and masonry repair, carpentry, heating repair, roofing and buck pointing. However, Capital Improvements are not eligible expenses. Landlords who did work which constitutes Capital Improvements in the base year must capitalize such expenses on the basis of a five year (60 month) amortization and charge only one/fifth of the total expenses in the year such an expense incurred and for the next successive four years until fully amortized. Capital Improvements performed or paid for in the current year must be amortized pursuant to Sec. VII (A) of the Rent Stabilization Ordinance.

The installation of separate utility meters is not an eligible expense within these guidelines.

Section 3.07 is hereby added to read as follows:

Sec. 3.07. A determination of eligibility for a rent adjustment under this Resolution shall be conducted on the basis of the comparison of two (2) full years of data. The use of a base year other than calendar year 1979 shall only occur upon the showing of good cause as shall be determined within the discretion of the Rent Adjustment Commission. Good cause shall include, but shall not be limited to a showing that calendar year 1979 was not representative of net operating income produced by the complex; that income and/or expenses, where usually high or low during that period, in that 1979 was otherwise aberrational.

The PREAMBLE to Section 7 is hereby amended to read as follows:

Sec. 7. Landlords should carefully examine these Guidelines and the Rent Stabilization Ordinance (specifically, Section VII (C) of the Ordinance). The procedures and conditions covering eligibility are described therein.

CTO 01415

Section 7.03 is hereby amended to read as follows:

Sec. 7.03. The landlord may not notice nor collect any rent increase based on a just and reasonable return application until such time as the Commission approves the request. Such increase may not go into effect until after compliance with statutory notice requirements.

Section 7.04 is hereby amended to read as follows:

Sec. 7.04. In no case will the Commission authorize a rent increase beyond the amount requested by the landlord in the application unless the Commission finds that such an increase is warranted due to adjustments which must be made to the landlord's figures or calculations pursuant to the Ordinance, these guidelines, or pursuant to Commission policy.

Section 7.06 is hereby amended to read as follows:

Sec. 7.06. If an application is returned by the Commission or by Commission staff because of an error or missing documents, the landlord may resubmit the application without an additional filing fee after correcting the error or obtaining the necessary documents.

Section 7.07 is hereby amended to read as follows:

Sec. 7.07. The Commission staff shall determine when an application is complete. This determination shall be made within five (5) working days of the filing of the application unless the application indicates on its face that it is not yet complete. Notice that an application is complete will be given in writing to the applicant and the hearing date will be set within forty-five (45) days of the date that the application is determined to be complete. The applicant can appeal staff's determination as to whether an application is complete to the Commission by filing a letter of appeal with the City Manager. A determination with written findings in support thereof will be made by the Commission within seventy (70) days of the date the application is determined to be complete.

Section 7.09 is hereby amended to read as follows:

CTO 01416

Sec. 7.09. Photocopies of all relevant documents must be attached to the application to consider it complete and must be legible and of a size and quality suitable for reproduction. Materials attached to the application will not be returned to the landlord. However, the landlord must, upon request by the Commission, show the Commission the original document from which the photocopy was made.

* * * * *

PASSED AND ADOPTED this

Frank Millar, Chairperson
Rent Adjustment Commission
City of Thousand Oaks

ATTEST:

Nancy A. Dillon, City Clerk

APPROVED AS TO FORM:

Richard P. Staley, City Attorney

APPROVED AS TO ADMINISTRATION:

Grant R. Brimhall, City Manager

14/1

CTO 01417

Russ Watson - Ranch Mobile Home Park Hearing

From: Michael Newhard <michaelnewhard@sbcglobal.net>
To: <rwatson@toaks.org>
Date: Dec 05, 10 10:59 PM
Subject: Ranch Mobile Home Park Hearing

Sir,

I read where you are designated as staff liaison in the Ranch Mobile home Park issue before the City of Thousand Oaks.

I am an independent Mobile Homeowner advocate who monitors park issues in Califomia and am a member of two statewide advocacy groups looking out for and defending mobile and manufactured homeowners everywhere in California. I live in a manufactured home in a rental park in the Bay Area, so I have an indirect financial interest these proceedings, and my personal interest has no bounds. Issues like this one are occurring in many parks in California, and, thus, we are all involved.

The meeting in a few hours approaches rapidly.....In my view, the proposed rent increase of $587.45 is a financial crime against the homeowners at Ranch Mobilehome Park. This proposed increase is egregious and punitive to the residents. These homeowners are being punished for what I believe has been a very flawed rent rate structure by this park owner over the past numerous years. I wonder if anyone there in the park has died just by reading the proposal?

This proposed increase comes before the City of Thousand Oaks 30 years since 1980 and almost 10 years since the last rent increase. Why? Why now? Why has the park owner waited 9 years since the last increase, and why has he set the base year as 1980? Why has there not been regular annual rent increases all this time to gradually maintain his Net Operating Income? Why have the rents not kept normal pace with the annual CPI over the years, especially the past nine years? I would not allow the park owner to claim a base year of 1980, but rather state 2001 as the base year, and 'negotiate' from there, since 2001 appears to be the year of the last rent increase. Homeowners should not be held to account for the lack of regular annual increases and/or bad management.

The City of Thousand Oaks needs to ask some very hard questions of this park owner. What is the current financial status of the park? Is the park operating in the black? What is a 'just and reasonable return' in this case? How much has the park owner invested in the property? What was his initial investment? Has he refinanced the park?--- What is the cost per space per month to operate the park?--- What is his profit margin? What is his plan for the eventual relocation of and compensation to these homeowners, if the city 'buys off' on his proposal. What has this park owner NOT told the city in his written package I have just finished reading?

I submit to you, Sir, that any action by a park owner that causes the economic and physical displacement of a homeowner from their home a rental park is a crime of Elder Abuse, as this IS stated to be a 'senior' park.

What exactly is this park owner's "Prime Motivation" in this matter?

Regards,

Mike Newhard
Homeowner Advocate at Large

Supplemental Material submitted at meeting December 6, 2010

Applicant's PowerPoint presentation
Meeting December 6, 2010

8.1

RECEIVED AT RENT ADJUSTMENT MTG
MEETING OF 12-6-10
FROM: [illegible]
ITEM #: 5A

RANCH MOBILEHOME PARK RENT ADJUSTMENT APPLICATION

For a Constitutional Just and Reasonable Return

CONSTITUTIONAL REQUIREMENT OF JUST AND REASONABLE RETURN

- Limits City's police power to impose price controls on rent
- Rate of return on property must be high enough to encourage good management, adequate maintenance, reward efficiency, discourage flight of capital from rental mobilehome parks, and enable operators to maintain and support their credit (See *Concord Communities v. City of Concord*)
- City must reimburse for taking of private property if there is no just and reasonable return

MAINTENANCE OF NET OPERATING INCOME FORMULA

- MNOI is the formula adopted by the City to determine whether a property under rent control is receiving a just and reasonable return. (City Code, Section 5-25.06 (b).)
- The MNOI formula presumes that the owner's net operating income at the time rent control began provided a just and reasonable return.
- The MNOI formula allows the owner to recoup increases in ongoing operating expenses, including those caused by inflation. (See *Kavanau v. Santa Monica Rent Control Board.*)

MNOI IS THE PRESUMED STANDARD

- The Commission must presume that the MNOI formula provides owners with a just and reasonable return.
- The MNOI formula must be used unless there is clear and convincing evidence that it does not provide owners with a just and reasonable return. (City Resolution RAC-2, Section I.03.)

MNOI STEP ONE—DETERMINE BASE YEAR

- The Commission must presume that 1979 is the Base Year unless the owner can substantiate by clear and convincing evidence that 1979 financial information is not available and that records for 1979 are lost.
- Where financial information for 1979 is available, 1979 must be used as the Base Year. (See RAC-2, Section 3.0; *Los Altos El Granada Investors v. City of Capitola*)
- Financial information for 1979 can be easily determined from City records.

MNOI STEP TWO—ADJUST BELOW MARKET BASE YEAR RENTS

- Base Year rents must be adjusted to market rent. (See *Birkenfeld v. City of Berkeley*; *Concord Communities, L.P. v. City of Concord*; RAC-2, Section 2.05)
- Ranch Base Year rents were set below market to obtain a waiver of fees.

MNOI STEP THREE—DETERMINE BASE YEAR MNOI

- Base Year Gross Total Income determined by Appraisal rental value times number of spaces. (Attachments 1, 2, 3, 5)
- Operating Expenses determined by inflation adjusting 1982 Base Year Operating Expenses accepted by City back to 1979. (Attachments 1, 3)
- Subtract Base Year Operating Expenses from Base Year Gross Total Income. (RAC-2, Sections 2 & 3.02)

BASE YEAR NET OPERATING INCOME

$176,232
-$27,511
$148,721

STEP FOUR—DETERMINE PRESENT VALUE OF BASE YEAR NOI

- Base Year NOI must be adjusted to present value to account for inflation. (RAC-2, Section 3.04; *Kavanau v. Santa Monica Rent Control Board*)
- The City requires a Consumer Price Index inflation adjustment (City Application Form, Page 5, Line 31)
- 192.1 % change in Consumer Price Index from 1979 to 2010 (Attachment 4)

PRESENT VALUE OF BASE YEAR NOI

$148,721
x 2.921
$434,380

STEP FIVE--DETERMINE CURRENT YEAR NOI

$117,920
-$97,452
$20,468

STEP SIX—DETERMINE ANY SHORTFALL IN CURRENT NOI

- If Base Year NOI is more than current NOI, then in order to maintain Base Year NOI, current rent must be increased by the difference (RAC-2, Section 3.05)

$434,380
-$20,468
$521,652

STEP 7—DETERMINE AMOUNT OF RENT INCREASE

- Apply annual NOI shortfall in equal amount to each unit. (City Application Form, Calculation 4)
- Divide the amount of the annual shortfall by the number of rental spaces: $413,912 divided by 74 equals $5,593.40
- Divide the annual per space rent increase by twelve months to get the monthly rent increase per space: $5,593.40 divided by 12 equals $466.12

EXTREME SHORTFALL IN RENT INCOME

- Inflation (cost to operate) has increased 392% since 1979.
- Rent (income) has only increased 11% since 1979.
- A rent increase of $466.12 per space is required by the U.S. and California Constitutions.
- Ranch residents have benefited from below market rents for more than thirty years.

LOSS OF PROPERTY MARKET VALUE WITH NO RENT INCREASE

- Current appraised market value for the Ranch real property is less than the cost of a new coach given the current significantly below market rents.

THE CITY'S 1977 CONDITION LIMITING RANCH RENT INCREASES EXPIRED IN 2007

- The City's 1977 condition limiting Ranch rent increases expired by operation of law in the year 2007. (Govt. Code, Section 65915; see *Broadmoor San Clemente Homeowner's Assn. v. Nelson*)
- The City's 1984 Resolution, which effectively rezoned the Ranch, cannot govern future Ranch rent increases. (Govt. Code, Section 65850; see *City of Sausalito v. County of Marin*)

NO CURRENT RANCH RESIDENT WILL BE FORCED OUT BY THE RENT INCREASE

- The Ranch owner and its residents have a long standing relationship
- The Ranch owner is simply acting to protect his constitutional property rights and to maintain his property value
- The Ranch owner and City will work with individual residents to determine solutions for those who cannot afford increased rent (i.e., City redevelopment subsidies, phased increases under long term leases)

IF JUST AND REASONABLE RETURN IS NOT GIVEN

- The City may be required to pay the Ranch owner an amount exceeding $5 million dollars for its lost property value if the rent increase is not enacted.
- The Ranch owner may have to close the park. (a recent court opinion limits the amount that the City may impose on the owner for tenant relocation costs)

THE RANCH OWNER IS NOT THE GUARANTOR FOR THE RESIDENTS

- Basic constitutional property rights (Fifth Amendment Due Process) protect against confiscation of individual property.
- No single property owner should be required to shoulder the burden for the City's low income housing needs.
- The solution for the residents lies with the City and its low income housing funds.

RECEIVED AT RENT ADJUSTMENT MTG
MEETING OF 12-6-10
FROM: Board Office
ITEM #: 5A

12/6/2010

RANCH MOBILEHOME PARK RENT ADJUSTMENT APPLICATION

Kenneth Baar Cross-Examination

BAAR OPINION THAT SUBSTANTIAL INCREASE JUSTIFIED

- "[B]ecause there have been virtually no increase in thirty years, very substantial rent increases are required." (Baar Report, p. ii)
- "From 1979 to 2009, the average rent in the Park increased by only about 10% compared with an increase of 192% in the CPI during this period." (Baar Report, p. ii)
- "to 1. provide a fair base rent for the purposes of a fair return calculation, 2. cover operating cost increases, and 3. provide for growth in net operating income reflecting inflation since the base year." (Baar Report, p. ii)

MAINTENANCE OF NET OPERATING INCOME STANDARD IS PRESUMED STANDARD

- "In this analysis, a maintenance of net operating income standard is used as the measure of 'fair return.'" (Baar Report, p. 12)
- "The Commission presumes that the net operating income received up to April, 1980 provided landlords with a Just and Reasonable Return on their rental units, unless there is clear and convincing evidence to the contrary." (RAC-3, § 1.03)

REQUIREMENTS NOT MET FOR OTHER STANDARDS

- "The methods authorized herein are not exclusive. Alternative approaches may be employed by the Commission. Applicants or tenants may propose the use of such approaches, but must fully explain, in writing, the methodology and the reasons supporting use of the methodology, and must provide information and documentation adequate to use the suggested approach. The methodology and documentation shall be provided with the application, or sufficiently before the date set for the hearing, so that the matter may be reviewed by the Commission staff. Failure to so provide that information shall be grounds for rejection of its use, or continuance of the hearing, at the Commission's discretion. The use of such approach as suggested by applicants or tenants shall be at the discretion of the Commission." (RAC-2, § 1.04)

RATE OF RETURN ON INVESTMENT STANDARD NOT AUTHORIZED

- "Neither the ordinance nor the regulations include any specific reference to the use of this type of standard." (Baar Report, p. 35)
- "However, this type of formula was used in order to establish a fair "net income" for this park in accordance with the City's affordability objectives associated with the development of this park." (Baar Report, p. 35)

RATE OF RETURN ON INVESTMENT NOT APPROPRIATE

- "As a practical matter, when return on investment approaches are used, long term owners, who typically have low investments by current standards, are disfavored ...." (Baar Report, p. 35)
- "If the Park is granted a rent increase of $252 (an amount authorized pursuant to the MNOI standard with a "median" (75%) indexing ratio, the rate of return on the inflation adjusted investment would be 13.3% and the rate of return on the historic investment would be 48.8%" (Baar Report, page 38)

COMPARABLE RENTS STANDARD NOT AUTHORIZED

- "This factor has usually not been considered pursuant to a just and reasonable return standard, except when specifically authorized or required in an ordinance." (Baar Report, p. 38)

COMPARABLE RENTS STANDARD NOT APPROPRIATE

- "The MNOI fair return concept has been premised on base year rents that reflect market conditions and the maintenance of base period net operating income levels provided by base year rents, rather than current comparability of regulated rents." (Baar Report, page 38)
- "it is appropriate to review whether the application of the MNOI standard leads to a result that fits within the range of reasonable relative to current comparable rent levels in the other mobilehome parks in the City." (Baar Report, page 38)

FOCUS ON ONLY PART OF CITY ORDINANCE OBJECTIVES

- "Therefore, it is necessary and reasonable to continue to regulate rents so as to safeguard tenants from excessive rent increases and at the same time provide landlords with a just and reasonable return on their rental spaces." (City Code, § 5.25.01)

CITY'S CONCERNS FOR PARK OWNER MATTER

- "The City Council recognizes that permanent rent control localized in the City of Thousand Oaks would be inconsistent with the system of free enterprise and initiative, would tend to aggravate and prolong the shortage of rental units available on the market, would tend to discourage investment in rental unit development, and would tend to reduce incentives to improve or sustain a desirable environment within rental unit facilities." (City Ordinance No. 755-NS, Section II)

BASE YEAR PRESUMED TO BE PRIOR TO RENT CONTROL

- "In general, the maintenance of net operating income formula is based on pre-rent control, fair-market assumptions." (*MHC Operating Limited Partnership v. City of San Jose* (2003) 106 Cal.App.4th 204, 223)
- "The commission presumes that the net operating income received up to April, 1980 provided landlords with a Just and Reasonable Return on their rental units, unless there is clear and convincing evidence to the contrary." (RAC-2, § 1.03)

THE BASE YEAR SHOULD BE 1979

- "The base year shall be 1979 when the financial information for that year is available." (RAC-2, § 3.01)

ESTIMATION OF BASE YEAR OPERATING EXPENSES IS OKAY

- "With respect to expenses, Dr. Baar testified that 1986 real estate tax data is available from the tax collector's office, he also opined that prior ground lease expenses could be extrapolated by using current data and adjusting for inflation. Given the available information concerning expenses, Dr. Baar concluded that about "eighty percent of it you can estimate pretty precisely." (*MHC Operating Limited Partnership v. City of San Jose* (2003) 106 Cal.App.4th 204, 225)

FLIP-FLOP ON ESTIMATION OF EXPENSES

- "Instead of using actual operating expense data for 1979 in order to calculate 1979 net operating income, the Park Owner adjusted 1982 the overall operating expense amount downward by the percentage change in the CPI between 1979 and 1982." (Baar Report, p. 16)
- "In this case, it is clear that the 1979 operating expense information that would be necessary for an MNOI analysis is not available and therefore, that year should not be used in the base year." (Baar Report, p. 17)

CHANGE IN BASE YEAR SUBJECT TO PARK OWNER REQUEST

- "In the event that the 1979 financial information is not available, and where the loss of such records can be substantiated by clear and convincing evidence, the landlord of record in 1979 may substitute as a base year the first year following 1979 for which records are available." (RAC-2, § 4)

1979 BASE YEAR REQUIRED BY CITY ORDINANCE

- "It is within the City's authority to decide what base year to employ in its rent control ordinance." (*MHC Operating Limited Partnership v. City of San Jose* (2003) 106 Cal.App.4th 204, 223, fn. 4)
- "maximum rent is that rent in effect between June 1979 and May 1980." (City Code, §§ 5-25.06 (b) (1) & 5-25.02 (k))

NO PARK OWNER PURCHASE AFTER 1979

- "Baar selected 1987 because that was the year Parkowner purchased Castle and presumably adjusted its purchase price to provide it with a fair return based on rent levels in effect at the time. (*Los Altos El Granado Investors v. City of Capitola* (2008) 139 Cal.App.4th 629, 655-656)

NO EXPERT OPINION FOR 1982 MARKET RENT

- "While the appraisals did not include projections of appropriate base rent adjustments for 1982, the methodology of the City's appraiser may be used to determine what the projections for 1982 would have been if that year had been included in his analysis."
- "The City's appraiser project that rents in the comparable parks increased by 6% per year from 1979 to 1982. On this basis, the comparable base rent for Ranch would have increased by 6% per year over the projected level of $150 in 1979. In 1982, the projected comparable rent would be $178.65." (Baar Report, p. 22)

INAPPROPRIATE EXPERT OPINION FOR 1982 MARKET RENT

- "(b) the matters listed in subdivision (a) are not admissible as evidence, and may not be taken into account as a basis for an opinion as to the value of property: (a)(4) An opinion as to the value of any property or property interest other than that being valued." (Evidence Code, § 822 (a)(4) & (b))

1982 OPERATING EXPENSES BASED ON CITY FINDING

- "By glancing at that sheet, the Commission will note that the park generated gross rents of $102,840 for the year 1982 and total expenses of $53,298.51, yielding a net operating income of $49,541.49. When $18,875 (depreciation) is subtracted per the formula, the NOI will be reduced to $30,666.49, thus indicating a shortfall net operating income (from the $57,500 figure) of $26,833.51. (December 8, 1983 Martello Memo, p. 2)

1982 CITY OPERATING EXPENSE FINDING PRESUMED CORRECT

- "It is presumed that official duty has been regularly performed." (Evidence Code, § 664)

CITY REGULATION DOES NOT REQUIRE ADJUSTMENT TO BASE YEAR NOI

- "Determine the 1979 Net Operating Income." RAC-2, § 3.02)
- "Determine the current year Net Operating Income in accordance with the provisions of Sec. 2-2.17 ...." (RAC-2, § 3.03)

NO REQUIREMENT TO ADJUST FOR UNPAID ADMINISTRATIVE AND MANAGEMENT EXPENSES

- "An adjustment for management and administrative expenses shall be allowed where the landlord performs management or administrative functions or self-labor in operating and/or maintaining the property."
- "In addition to the actual Management and Administrative Expenses listed in Sec. 2.10 above, where the landlord performs such services, the landlord may calculate an expense figure representing the value of such unpaid management and administrative services.")
- "However, the total cost of Management and Administrative Expenses including the foregoing adjusted expense cannot exceed 8% of the Actual Rental Income as described in Sec. 2.02 above, and where the landlord has performed substantially similar services in both the base year and the current year, the foregoing adjusted expenses must be calculated for both the base year and the current year at the same percentage of actual rental income."
- "When the landlord performs different services in the base year and the current year, an adjustment will be allowed for such differences to the extent the landlord shall document the amount of such differences." (RAC-2, § 2.11)

INVENTED FORMULA FOR DETERMINATION OF BASE YEAR OPERATING EXPENSES

- "Subject to the gap in the available information, an alternate calculation is included which increases the 1982 operating expense level to an amount which limits the rate of operating cost increases from 1982 to 2009 to the rate of increase in the CPI." (Baar Report, p. 18)

NO CITY AUTHORITY FOR LESS THAN 100% CPI ADJUSTMENT

- "The regulations adopted pursuant to the prior Thousand Oaks ordinance in 1982, which are still in effect, provide for the maintenance of net operating income, but do not provide any specification as to the rate at which net operating income shall be indexed." (Baar Report, p. 23)

PURPOSE OF JUST AND REASONABLE RETURN TO PROVIDE MORE THAN AUTOMATICE 75% OF CPI

- "In most cases, the automatic increases allowed by the Ordinance and the property tax savings resulting form Proposition 13 provide sufficient additional operating income to landlords to maintain the same net operating income they experienced in 1979. However, in some cases landlords may have incurred reasonable operating expenses which exceed the rent increases allowed by the Ordinance and the tax savings resulting from Proposition 13. Therefore, landlords who have had such reasonable increased operating expenses should be able to maintain the same level of net operating income as they experienced in 1979 by requesting a rent adjustment pursuant to these Guidelines." (RAC-2, § 1.03)

ORDINANCE 75% "INDEX" ADJUSTMENT DOES NOT APPLY TO JUST AND REASONABLE RETURN

- "'Index' means the figure employed when determining allowable rent increases under section 5-25.05 [automatic adjustments], and shall be calculated by taking 75% of the Los Angeles-Long Beach-Anaheim, Consumer Price Index for all urban consumers for the year ending April 1, rounded to the nearest tenth. No index in excess of 75 shall be employed." (City Code, § 5-25.02 (g))

CITY REQUIRES 100% CPI

- "Net operating income adjusted by Index for each year subsequent to base year up to current year." (City Rent Adjustment Application Form, Page 5, Line 31)

Tenants Attorney's PowerPoint presentation Meeting December 6, 2010

8.2

Chandra Gehri Spencer
A Professional Law Corporation
445 South Figueroa Street, Suite 2700
Los Angeles, CA 90071
Phone: (213) 489-6826 Direct: (213) 453-4442 Fax: (818) 597-3288
Email: info@caslaw.com

RECEIVED AT RENT ADJUSTMENT MTG
MEETING OF 12-6-10
FROM: C. G. Spencer
ITEM #: 5A
tenants atty.

December 6, 2010

Rent Adjustment Commission
City of Thousand Oaks
2100 Thousand Oaks Boulevard
Thousand Oaks, CA 91362

Re: **Ranch Mobile Home Park**

Dear Commissioners:

Attached please find additional materials related to the opposition by the Ranch Tenants' Association to the rent adjustment application submitted by the owner of the Ranch Mobile Home Park, set for hearing on December 6, 2010.

Thank you for your consideration.

Very truly yours,

Chandra Gehri Spencer

Chandra Gehri Spencer

CTO 01444

RANCH MOBILE HOME PARK

Rent Increase Application

December 6, 2010

City of Thousand Oaks

Rent Adjustment Commission

BACKGROUND INFORMATION

CTO 01446

ABOUT RANCH MOBILE HOME PARK

- 72 of 74 spaces rented
- Each space occupied by 1 to 2 very low-income, senior citizens
- 74-unit park, with mostly single pads designed to accommodate 10' wide coaches and a few 20' wide
- Zoning changed and Park development approved on the basis of:
  - 62 years or older
  - Very low income
- Average age of Residents is estimated at 80 years old
- Average income of Residents is estimated at less than $1,000 per month

1974: CITY PLANNING COMMISSION APPROVED TPD 74-6

development by the Planning Commission or City Council.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Planning Commission of the City of Thousand Oaks at a regular meeting held on the 18th day of November, 1974, by the following vote:

AYES: COMMISSIONERS: Cameron, Davis, Harbison, Prince and Thompson

NOES: COMMISSIONERS: None

ABSENT: COMMISSIONERS: None.

Martin A. Harbison, Chairman
Planning Commission

Philip R. Gatzell, Secretary
Planning Commission

PLANNING COMMISSION

CITY OF THOUSAND OAKS
PLANNING COMMISSION

RESOLUTION NO. 267-74 PC

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF THOUSAND OAKS APPROVING A TRAILER PARK DEVELOPMENT

Trailer Park Development Application No. TPD-74-6

Applicant: Chet Wycoff

Location: North side of Los Feliz Drive, approximately 500 feet westerly of Conejo Grand Road

The Planning Commission of the City of Thousand Oaks, California,

DOES RESOLVE AS FOLLOWS:

WHEREAS, the applicant has filed with this Commission a petition requesting a trailer park development under the provisions of the City of Thousand Oaks Municipal Code to permit a 16-unit mobile home leasing tract on that certain property described as follows: Lot 1, Block 25, Thousand Oaks Tract within the City of Thousand Oaks, County of Ventura; and

WHEREAS, the Planning Commission, upon giving the required notice, did, on the 18th day of November, 1974, conduct a hearing as prescribed by law to consider said application and the project's Environmental Impact Report; and

WHEREAS, studies and investigations were made, staff reports and recommendations were submitted and a hearing was held by this Commission;

NOW, THEREFORE, BE IT RESOLVED that said application for a trailer park development be approved subject to conformance with the conditions set forth in Exhibit A attached hereto and made a part hereof and this Commission hereby certifies that the Environmental Impact Report has been completed in compliance with the California Environmental Quality Act. Except as otherwise expressly indicated, said conditions shall be fully performed and completed or shall be secured by bank or cash deposit or other security satisfactory to the City Attorney before the use or occupancy of the property is commenced and before a Certificate of Occupancy is issued. The violation of any of the conditions shall be grounds for revocation of said trailer park

- 1 -

Res. No. 267-74 PC

EXHIBIT "A"

TPD-74-6 (Chet Wycoff)

16. That the recreation area shall be limited to the use of tenants and their guests only.

17. That the six-foot high decorative wall shall be constructed along the northerly and easterly property lines. A decorative wall of none design shall also be constructed within 20 feet of the property line along Los Feliz Drive. The design of said wall shall be subject to approval of the Planning Department.

18. That all regulations of the State of California Department of Building and Housing standards shall be met.

19. That the conditions that apply to operation of this mobile home park shall be posted within the recreation building.

20. That all on-site utilities and those adjacent to subject site shall be placed underground.

21. That the applicant shall be required to submit a fee in the amount of 100 percent of the rate designated in Section 9-1.607 of the Municipal Code (Quimby Act) for park purposes. The calculations of the amount required shall be derived from the fee formula computations and shall be deposited and accepted by the City Council prior to the inauguration of the mobile home park.

22. That prior to inauguration of use, C.C. & R.'s for the park shall be submitted for approval of City Attorney and Planning Director. Said C.C. & R.'s shall contain provisions of condition approving this permit application.

23. That the C.C. & R.'s shall require that all pads be improved with a minimum of one mature tree, minimum 15-gallon size, to be installed immediately after occupancy.

24. That all air conditioning units on top of mobile coaches shall be appropriately screened.

25. That the mobile home pads on the westerly side of a street shall be redesigned to incorporate a more imaginative pad orientation to the site. Prior to issuance of a zone clearance for the TPD, the applicant shall submit revised drawings for the approval of the Planning Department.

26. That prior to issuance of a zone clearance, the applicant shall submit to the City's Finance Director the Bedroom Tax Fee for this project in the amount of $100.00 per unit as required, in accordance with Ordinance 343-PS section of Section 9-1.603 of the Thousand Oaks Municipal Code.

27. That prior to issuance of a zone clearance for this project, the developer shall enter into an agreement with the City of Thousand Oaks used restricting the development for low-income mobile home park rental. Said agreement shall establish the City or its duly authorized representative as a housing authority and shall establish conditions of occupancy and rental rates. Said agreement shall be subject to review and approval of the City Attorney and the Planning Director and final review and approval by the Planning Commission.

28. That the building elevations shall be further enhanced by additional wood fascia treatment and creative landscaping subject to the approval of the Planning Director.

- 2 -

Res. No. 267-74 PC

Condition 27 requires Park to be for low-income residents

1976: TPD ADDENDUM TO ESTABLISH RENT & AGE RESTRICTIONS

ADDENDUM

TPD-74-6

COVENANTS, CONDITIONS AND RESTRICTIONS

RENT:

The original rent schedule and any increases thereafter shall be in accordance with and as set forth in that certain Exhibit A, attached hereto and incorporated herein as though set forth in full.

TENANCY QUALIFICATION:

Tenancy, including all residents in the park, shall be restricted to those persons who would qualify under Subsection K of Section 10-1.503 of the Thousand Oaks Municipal Code as senior citizens. Each tenant, by signature on the space hereinafter provided, does declare that he qualifies under said Section.

I hereby declare that I meet criteria for qualifying senior citizens under Subsection K of Section 10-1.503 of the Thousand Oaks Municipal Code by reason of the following:

1. I am a resident of the City;
2. I am 65 years of age or older or meet the criterion of disability as established by the Social Security Administration Supplemental Income Program for the aged, blind, and disabled. (Title XVI of the Social Security Act, as amended);
3. My annual income, as defined in Subsection K of Section 10-1.503 of the Thousand Oaks Municipal Code does not exceed Ten Thousand Dollars ($10,000.00) per calendar year.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on this _____ day of _____, at Thousand Oaks, California

_____

TPD-74-6

CONDITIONS COVENANTS & RESTRICTIONS EXHIBIT A

Operator agrees that rentals charged to tenants shall be such that will result in a ratio of "net profit percentage" as a return on the investment (as hereinafter defined) of no more than 11.5 percent pursuant to interpretation of condition number 27 of TPD 74-6 as contained in the minutes of the City Council meeting of July 27, 1976.

The "net profit percentage" shall be determined by dividing the "annual net profit" by the "gross investment". The "annual net profit" shall be the amount by which "revenues" exceeds "expenses". "Revenues" shall include all types of revenues from the project excepting interest income and shall include revenues from billings for utilities, coin operated machines, etc. as well as from space rentals. "Expenses" shall include all expenses of operating the project excepting capital improvements and payments of principal and interest on loans. "Expenses" shall include, but not be limited to, labor, materials, services, taxes, utilities, insurance, repairs, maintenance, advertising, telephone, permits, depreciation and administration. For the purpose of this calculation only the amount of depreciation included in "expenses" for the year shall be calculated under the straight-line method of depreciation using a 20 year life for real property improvements and reasonable lives for personal property irrespective of methods and lives used for income tax returns.

"Gross investment" shall be the aggregate of all capital costs incurred for the project including, but not limited to, the land, real property improvements, tangible personal property and expenses incurred prior to the beginning of operations such as interest, property taxes, fees, permits, supervision, etc. Each year the gross investment shall be increased by the cost of any additions, improvements or replacements and shall be reduced by the cost of any assets replaced. No reductions or offsets shall be made for debt financing or for accumulated depreciation.

The computations above shall all be certified by the operator as being accurate and correct to the best of his belief and knowledge and retained in his file for examination by the City at reasonable hours.

WILSON & HUGHES
CERTIFIED PUBLIC ACCOUNTANTS

1977: RENTAL RATES ESTABLISHED

WILSON & HUGHES

FRED P. WILSON, C.P.A.
WILLIAMS, HUGHES, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
CALIFORNIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

August 9, 1977

Mr. George Elias
City Planning Department
City of Thousand Oaks
401 W. Gillcrest Drive
Thousand Oaks, Ca. 91360

Dear Mr. Elias:

The mobile home park known as the "The Ranch" on Los Feliz Drive is almost completed and it is necessary to establish the approved rental rates so that the lessees can be executed.

I refer you to exhibit A on TFE-74-6 indicating that the rate of return shall be no more than 11.5%. I also refer you to "schedule 3" which was attached to the applicant's presentation which shows the economic model for the park. Using these documents, following is the applicant's calculation of the initial rents to be charged:

"Gross Investment"		$500,000.00
Rate of return authorized by City Council	x	11.5%
Net profit target per year	=	$ 57,500.00
Add projected expenses annualized -		
Depreciation - 5% of non-land investment	+	18,875.00
Other as originally estimated per "Schedule B"	+	44,398.00
Targeted gross rent, including utilities	=	$122,773.00
Less estimated utilities	-	20,854.00
Target, rent, excluding manager's space - annual	=	$102,719.00
- monthly		$ 8,560.00

continued .....

Mr. George Elias -2- August 9, 1977

Allocation to Spaces

12	double wides @ $125.00 per month	$1,500.00
2	large lots @ $120.00	240.00
59	regular lots @ $115.00	6,785.00
		$8,525.00
	Possible change of lifters for double wides, depending on size and shape of unit.	20.00

The developer is not yet prepared to certify that the cost of the land and improvements is $500,000; it may be several months before the final cost figures are known that would permit him to do that. In the meanwhile, it becomes necessary to set the rates. We are suggesting that the rates be established as above and be subject to review and adjustment at some future date after the final actual costs are known and after some history has developed in the operating expenses of the park.

Your prompt acceptance of these rates would be greatly appreciated so that the park can proceed with rentals.

Very truly yours,
Wilson & Hughes

By [signature]
Fred P. Wilson, C.P.A.

FPW/ac
cc Gene Pearce
Andrew Bohn

WILSON & HUGHES
CERTIFIED PUBLIC ACCOUNTANTS

1984: RESOLUTION 84-037 ADOPTED TO MODIFY RENT & INCOME RESTRICTIONS

RESOLUTION NO. 84-037

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF THOUSAND OAKS ADJUSTING THE RENT FORMULA AND INCOME QUALIFICATION CRITERIA FOR THE RANCH MOBILE HOME PARK, TWO 74-6

WHEREAS, the Ranch Mobilehome Park was developed to accommodate single-wide trailers and to afford low cost rents to senior citizens; and

WHEREAS, to insure that the park would continue to operate as an affordable park, conditions were imposed on the original Trailer Park Development Permit to determine when rent adjustments were necessary; and

WHEREAS, the management of the park felt that the formulas did compare not with current economic trends and therefore requested that the formulas be re-evaluated; and

WHEREAS, the City Council referred the matter to the Rent Adjustment Commission for report and thereafter, on January 24, 1984, a hearing was scheduled before the Council to review the recommendations contained in the report.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF THOUSAND OAKS, CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:

A. NET PROFIT TARGET FORMULA

The net profit target of 11.5% of the gross park investment ($500,000) is now to be considered the Base Target Figure ($57,500). The percentage change in CPI for 1982, for all urban consumers in the Los Angeles-Long Beach, Anaheim district of 5.9% may be employed to augment that Base Target Figure for purposes of comparison with actual net operating income("Net Profit"). This increase is to be added in January 1984. It is this base figure of $57,500 which is to be multiplied by the yearly change in the CPI index, thus not compounding a prior increase by subsequent increases. The "Adjusted" Base Target Figure shall be known as "Adjusted Net Profit Target."

For purposes of determining when an increase in rent is appropriate, gross expenses, as defined below, and depreciation ($18,875) are deducted from gross total rents to reveal the which extent to which the Net Profit has not been achieved when compared to the Adjusted Net Profit Target figure. That difference is then divided by the total number of spaces within the park and again divided by twelve months to yield the percentage increase per space.

The percentage change for year 1983 can be applied to the Base Target Figure in January 1985, and the comparison again can be made with the Net Profit, as defined, which the park is achieving.

1. Determining Net Profit shall be the amount by which "revenues" exceeds "expenses". "Revenues" shall include all types of revenues from the project excepting interest income and shall include revenues from buildings, utilities, coin operated machines, etc., as well as from space rentals. "Expenses" shall include all expenses of operating the project excepting capital improvements and payments of principle and interest on loans. "Expenses" shall include, but not be limited to, labor, materials, services, taxes, utilities, insurance, repairs, maintenance, advertising, telephone, permits, and administration. For the purpose of this calculation, only, the amount of depreciation included in "expenses" for the year shall be calculated under the straight line method of depreciation using a twenty year life for real property improvements and reasonable lives for personal property irrespective of methods and lives used for income tax returns, or $18,875.

GA:gw -1- Resl. No. 84-037

cc: City Attorney

2. Determining Percentage Change in CPI. For purposes of determing the percentage change, the following formula will be used:

(EXAMPLE OF 1982 CHANGE/IMPLEMENTED JAN. '84)

Index Point Change	
CPI (Most Recent)	287.6
Less previous index	271.4
Equals index point change:	16.2
Percent Change	
Index point difference	16.2
Divided by the previous index	271.4
Equals:	.0596
Results multiplied by one hundred	x 100
Equals percent change:	5.9%

The Council also resolves that the first year adjustment pursuant to this formula can be implemented at 7% on the existing rents within the park, but that any future increases are limited to 4% a year if the park is not achieving the Net Profit Target Figure, as adjusted. Additionally, any subsequent increase after the initial 7% increase must be reduced to reflect the difference between what the 5.9% first year CPI adjustment would have permitted rents to be increased when compared with the annual net profit and the 7% increase implemented in 1984. [For example: if the 5.9% adjustment to the Base Target Figure would have allowed a 5.5% increase in rents when annual Net Profit was compared to Adjusted Net Profit Target, then the initial subsequent increase must be reduced by 1.5% (7% - 5.5%)].

B. INCOME QUALIFICATIONS FOR TENANCY

Tenancy within the park shall continue to be restricted to those persons who meet the following qualifications:

(1) Sixty-two (62) years of age or older at the time of residence in the mobilehome park, or a person who will be sixty-two (62) years of age within six months of the date of residence within the mobilehome park.

(2) The resident's annual gross household income shall not exceed the following amounts or where it can show to the satisfaction of the Director of Finance that said income will not exceed the following amounts within six months of residence in the mobilehome park:

One Person Household	$11,000
Two Person Household	$12,500
Three Person Household	$14,000

These figures are to be adjusted in accordance with any future adjustments made to the County median income criteria for "very low income" households, and as approved by the Director of Planning and Community Development.

PASSED AND ADOPTED this 7th day of February, 1984.

Lee Laxdal, Mayor
City of Thousand Oaks, California

ATTEST:

Nancy A. Dillon, City Clerk

GA:gw -2- Resl. No. 84-037

2001: OWNER OPTS FOR 4% INCREASE PER RESOLUTION 84-037, INSTEAD OF RSO

The City will hold your request until we hear further from Ranch Mobile Home Park's decision of which option they would like the City to proceed with. Please contact Tim Giles at 805-449-2181 or myself at 805-449-2391 with your decision.

Sincerely,

Lynn Oshita
Housing and Redevelopment Division

C: Tim Giles

City of Thousand Oaks

COMMUNITY DEVELOPMENT DEPARTMENT
PHILIP S. CATCH, DIRECTOR

BUILDING DIVISION (805) 449-2500
PLANNING DIVISION (805) 449-2323

August 30, 2000

Richard D. Faulkner
Community Manager
Ranch Manufactured Housing Community &
Thunderbird Oaks Manufactured Housing Community
2501 Thunderbird Dr.
Thousand Oaks, CA 91362

Re: Ranch Mobile Home Park

Dear Mr. Faulkner:

The City of Thousand Oaks has reviewed your request for a 4% Rent Increase for Ranch Mobile Home Park based on Resolution No. 87-037.

On our meeting of August 30, 2000, with Tim Giles and myself, we discussed our determination that under the current status, Resolution No. 87-037 would govern substantive questions about increases but that the Rent Stabilization Ordinance would supply the procedure for obtaining an increase. The City of Thousand Oaks discussed two possible options available to Ranch Mobile Home Park:

1. Proceed with the request and submit the Rent Application, waving the Advisory Committee, and going ahead with the Hearing process requesting a 4% maximum increase base upon Resolution No. 87-037; or

2. Request the City to repeal Resolution No. 87-037 with an understanding that Ranch Mobile Home Park will be included in the City Rent Stabilization Program and will have available an annual increase according to City Ordinance 1254-NS, (TOMC 5-26), which would control both the procedural and substantive issues regarding increase requests.

2100 Thousand Oaks Boulevard • Thousand Oaks, California 91362-3003 • Building FAX (805) 449-2375 • Planning FAX (805) 449-2330

Printed on recycled paper

2010 RENT INCREASE APPLICATION

- The current space rents are between $126.37 and $139.36 per month.

- The requested increase would put space rents at $716.37 and 726.81 per month.

THIS IS A 421% TO 466% INCREASE IN ONE YEAR

- Staff recommendation would increase space rent by $191.95 per month for all spaces, which would put space rent at between $318.32 and $331.31 per month.

THIS IS A 137% TO 151% INCREASE (27% TO 30% EACH YEAR)

- The average income of the residents is less than $1,000 per month

- Most Residents are on fixed incomes, primarily Social Security

- Residents do not have sufficient income to pay these space rent increases

- Residents will lose their own investment-backed expectations in their coaches, and the improvements thereto, if cannot pay the space rent.

MAXIMUM RENTS ARE ESTABLISHED BY THE DEVELOPMENT APPROVALS FOR THE PARK, NOT THE RSO

- The rents for the Park are limited by the development approvals for the Park, as set forth in Resolution No. 267-74 PC, for Trailer Park Development Application TPD-74-6, and any addenda thereto.

- In accordance with those approvals, Resolution No. 84-037 provides that the maximum annual rent increase in any given year shall be 4%.

- Thus, the owner is not entitled to request a rent increase of more than 4% in 2010, and must meet the criteria established in that Resolution in order to obtain this increase.

- Moreover, pursuant to the Thousand Oaks Municipal Code, the Commission does not have jurisdiction over this issue, which must be decided by the City Council and a court of law.

1984: RESOLUTION 84-037 ADOPTED TO MODIFY RENT & INCOME RESTRICTIONS

RESOLUTION NO. 84-037

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF THOUSAND OAKS ADJUSTING THE RENT FORMULA AND INCOME QUALIFICATION CRITERIA FOR THE RANCH MOBILE HOME PARK, IND 74-6

WHEREAS, the Ranch Mobilehome Park was developed to accommodate single-wide trailers and to afford low cost rents to senior citizens; and

WHEREAS, to insure that the park would continue to operate as an affordable park, conditions were imposed on the original Trailer Park Development Permit to determine when rent adjustments were necessary; and

WHEREAS, the management of the park felt that the formulas did compare not with current economic trends and therefore requested that the formulas be re-evaluated; and

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NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF THOUSAND OAKS, CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:

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CA:gw -1- Resl. No. 84-037

cc: City Attorney

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These figures are to be adjusted in accordance with any future adjustments made to the County median income criteria for "very low income" households, and as approved by the Director of Planning and Community Development.

PASSED AND ADOPTED this 7th day of February, 1984.

Lee Lazdol, Mayor
City of Thousand Oaks, California

ATTEST:

Nancy A. Dillon, City Clerk

CA:gw -2- Resl. No. 84-037

ENUMERATED POWERS OF RENT ADJUSTMENT COMMISSION IN RSO

Sec. 5-25.03. Rent Adjustment Commission.

(a) Creation and organization of the Rent Adjustment Commission. The "Rent Adjustment Commission of the City of Thousand Oaks" is hereby created. The Commission shall consist of five seated members comprised of one landlord, one tenant and three individuals who are neither landlords nor tenants of a residential rental property. Three alternate commissioners may be appointed by the City Council to the Commission, comprised of one landlord, one tenant, and one individual who is neither a landlord nor a tenant of a residential rental property. The seated members and alternates shall be appointed and removed by the Council, all serving at the Council's pleasure. If at any time during the term of a seated member or alternate member, the member becomes a landlord or tenant of residential rental property, or ceases to be same in conflict with his/her Commission designation, the office or position of that member shall immediately become vacant and a new appointment made thereto.

The term of office or assignment for each member of the Commission shall be for the period of time from their appointment to the time that this section is no longer in effect. The Commission shall designate one of its members as a chairperson and one of its members as vice- chair, which officers shall hold office for one year and until their successors are elected.

(b) Commission action and procedure. Each of the five seated Commissioners shall be entitled to one vote. Three members shall constitute a quorum for purposes of conducting a meeting. The decisions of the Commission shall be determined by a majority vote of the seated members present. An alternate Commissioner may only become a seated Commissioner for purposes of Commission action or decision in the absence of the Commissioner appointed as a seated member of the Commission or if the seated member asks to be excused. In the event of such absence, an alternate Commissioner shall be seated only in accordance with his/her designation as a landlord, tenant, or nonlandlord/nontenant. In no event shall more than five votes be cast for any action or decision of the Commission.

(c) Powers and responsibilities. The Commission shall have the power and be responsible for carrying out the provisions of this chapter and the provisions of any ordinance regulating rents in apartment complexes. It shall have the authority to issue orders and promulgate policies, rules and regulations to effectuate the purposes of this chapter. It may make such studies and investigations, conduct such hearings, and obtain such information as it deems necessary to promulgate, administer and enforce any regulation, rule or order adopted pursuant to this chapter. The City Manager shall designate employees to furnish staff support to the Commission.

Every year the Commission may render to the City Council a written report of its activities pursuant to the provisions of this Chapter along with such comments and recommendations as it may choose to make. The Commission shall meet as often as necessary to perform its duties.

(d) Compliance with Brown Act. The meetings of the Commission shall be held within the city and open to the public. Such meetings shall be conducted in accordance with the items contained in a posted agenda and conducted in compliance with the state Brown Act.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.04. Restrictions on rents.

No landlord shall demand, accept or retain more than the maximum rent or the maximum adjusted rent for a mobile home rental space permitted pursuant to this chapter or to regulations or orders adopted

ASSUMING THE RSO NOW APPLIES TO THE PARK, THE BASE YEAR SHOULD BE CHANGED WITH NO VEGA ADJUSTMENT

- The RSO has never been applied to the Park, thus the base year should be set at the first year prior to its application, 2009.

- Alternatively, if, as the owner claims, the RSO first applied to the Park as of 2008, the base year should be set at 2007.

- Or, alternatively, because the first year that financial data was available for the Park is 1999, the base year should be set at 1999.

- No Vega adjustment to the rents should be permitted, because they were established by properly adopted use permit conditions and zoning change approvals. The owner has accepted the benefits of the use permit and zoning change approvals, and is required to accept the burden of them as well.

NOTES FROM 2000 MEETING WITH CITY ATTORNEY , STAFF & PARK OWNER REGARDING ESTABLISHING BASE YEAR

Notes for 8-30-00 meeting with Ranch MHP

Meeting with Ranch Mobile Home Park scheduled for August 30, 2000 Conference Room B at 10:00am. Tim Giles and Lynn Oshita are representing the City of Thousand Oaks on Ranch MHP request for rent increase.

History:

Resolution 87-037 was created specifically for the 74 units at Ranch MHP regulating space to be for very low-income seniors, giving a formula to calculate rent increase and criteria for new tenants.

Ranch MHP has never been registered under the Rent Stabilization Program. Last rent increase was for 7% in April 1984 per City Council meeting held on January 24,1984.

Ranch MHP submitted request for 4% increase base on Resolution 87-037. They submitted information and documentation for increase on 7-21-00 to the City.

Keyser Marston, City's Consultant, reviewed Ranch MHP request and analysis shows Ranch MHP does qualify under resolution 87-037 to have a 4% increase, analysis report date 8-21-00.

After researching the history of Ranch MHP and reviewing request, Tim Giles propose two options for Ranch MHP:

1. Go through with a hearing requesting 4% max increase base upon resolution 87-037, waving the Advisor Committee and going through with a Hearing Officer; or

2. Repeal Resolution 87-037 with an agreement to be included in the City Rent Stabilization Program and automatically give the annual increase City Ordinance 1254-NS, (TOMC 5-25). Base year would be current year.

If option 2 is chosen, there is a question as to whether or not the ordinance needs to be amended to include Ranch MHP at base year date of current year. Or can option 2 be taken care of through resolution only. Base year date of current year is preferred over the base 7-1-86 being that we don't have history of rents for the past years and 2000 is the year that Ranch MHP is being brought into the Rent Stabilization Program.

RAC-2 AND RAC-5 PROVISIONS REGARDING ESTABLISHING BASE YEAR

RAC-2

reasonable. In cases where the Rent Adjustment Commission determines that a particular expense is unreasonable, the Rent Adjustment Commission shall adjust the expense to reflect the normal industry range for that year. The Rent Adjustment Commission shall indicate the reason for such an adjustment in the determination.

Sec. 3. DETERMINATION OF ELIGIBILITY FOR RENT INCREASES PURSUANT TO THE 1979 BASE YEAR FORMULA

Sec. 3.01. The base year shall be 1979 where the financial information for that year is available.

Sec. 3.02. Determine the 1979 Net Operating Income.

Sec. 3.03. Determine the current year Net Operating Income in accordance with the provisions of Sec. 2-2.17 (i.e. the latest calendar year or the latest fiscal year used by the landlord for accounting purposes).

Sec. 3.04. Add to the Net Operating Income for 1979, all automatic adjustments of 8%, as permitted by Section VI of the Rent Stabilization Ordinance which the landlord could have implemented, which shall be known as the Price Level Adjustment.

Sec. 3.05. The Net Operating Income for the current year is compared to the 1979 Net Operating Income plus the Price Level Adjustment:

a. If the current year Net Operating Income is larger than the 1979 Net Operating Income plus the Price Level Adjustment, the landlord is ineligible for a Just and Reasonable rent increase based on this formula.

b. If the current year Net Operating Income is less than the 1979 Net Operating Income plus the Price Level Adjustment, the landlord is eligible for a rent increase that will allow the current year Net Operating Income to equal the 1979 Net Operating Income plus the Price Level Adjustment.

Sec. 3.06. Landlords who did not own the rental property in 1979 shall use the 1979 Net Operating Income of the landlord of record in 1978 if the financial information is available.

9.

Sec. 4. DETERMINATION OF ELIGIBILITY FOR RENT INCREASES WHEN 1979 NET OPERATING INCOME AND EXPENSE INFORMATION IS NOT AVAILABLE

In the event that the 1979 financial information is not available, and where the loss of such records can be substantiated by clear and convincing evidence, the landlord of record in 1979 may substitute as a base year the first year following 1979 for which records are available.

Sec. 4.01. In the case of a new landlord who did not own the rental property in 1979 and where 1979 records are not available from the previous landlord, the present landlord may, when the unavailability of the 1979 records can be substantiated by clear and convincing evidence, substitute as a base year the first year following 1979 for which the previous landlord's records are available.

Sec. 4.02. In the event that no financial records are available from a previous landlord, the current landlord is eligible for a Just and Reasonable rent increase only when the landlord has two complete years of operating income and expenses. The first year Net Operating Income for such landlords will be the base year.

Sec. 4.03. Whenever permitted by the Price Level Adjustment factor, a Price Level Adjustment may be made to the base year Net Operating Income.

Sec. 4.04. The current year Net Operating Income is subtracted from the base year Net Operating Income plus the Price Level Adjustment.

Sec. 4.05. If the current year Net Operating Income is larger than the base year Net Operating Income plus the Price Level Adjustment, the landlord is ineligible for a Just and Reasonable rent increase based on this formula.

Sec. 4.06. If the current year Net Operating Income is less than the base year Net Operating Income plus the Price Level Adjustment, the landlord

10.

RAC-5

Sec. 3.03.

c. Maintenance and Repairs include all general maintenance or repair both inside and outside the building, painting of the exterior, elevator maintenance, plumbing and electrical services, fire protection and smoke detector services, plastering and masonry repair, carpentry, heating repair, roofing and buck pointing. However, Capital Improvements are not eligible expenses. Landlords who did work which constitutes Capital Improvements in the base year must capitalize such expenses on the basis of a five year (60 month) amortization and charge only one/fifth of the total expenses in the year such an expense incurred and for the next successive four years until fully amortized. Capital Improvements performed or paid for in the current year must be amortized pursuant to Sec. VII (A) of the Rent Stabilization Ordinance.

The installation of separate utility meters is not an eligible expense within these guidelines.

Section 3.07 is hereby added to read as follows:

Sec. 3.07. A determination of eligibility for a rent adjustment under this Resolution shall be conducted on the basis of the comparison of two (2) full years of data. The use of a base year other than calendar year 1979 shall only occur upon the showing of good cause as shall be determined within the discretion of the Rent Adjustment Commission. Good cause shall include, but shall not be limited to a showing that calendar year 1979 was not representative of net operating income produced by the complex; that income and/or expenses, where usually high or low during that period, in that 1979 was otherwise aberrational.

The PREAMBLE to Section 7 is hereby amended to read as follows:

Sec. 7. Landlords should carefully examine these Guidelines and the Rent Stabilization Ordinance (specifically, Section VII (C) of the Ordinance). The procedures and conditions covering eligibility are described therein.

CA:jt -3-

THE RSO DOES NOT ALLOW FOR THE RENT INCREASE REQUESTED BECAUSE SUCH AN INCREASE IS INCONSISTENT WITH THE LAW AND THE ORDINANCE

The rent increase requested here is wholly inconsistent with law and the RSO purpose and plain language in that the increase:

- Will exacerbate the "shortage of vacant and available mobile home spaces in the City of Thousand Oaks;"
- Will cause tenants on fixed incomes to be "displaced as a result of their inability to pay increased rents" and "relocate at a substantial loss or expense;"
- Will cause those with fixed incomes to be "unable to find decent, safe and sanitary new housing at affordable rent levels;"
- Will cause tenants to "attempt to pay requested and uncontrolled rent increases" which will require them to "expend less on other necessities of life;"
- Will have a "detrimental effect" and cause "hardships on senior citizens" with fixed and low incomes;
- Will substantially impair the investment-backed expectations of the Residents
- Will cause rents to be increased by a substantial percentage in a single year, contrary to the RSO purpose and plain language; and
- Will allow for recapture of rent increase for 31 of past 33 years where owner deliberately agreed not to increase rents, and decided would forego any increase.

CTO 01460

PURPOSE OF RSO

CHAPTER 25. MOBILE HOME RENT STABILIZATION

Sec. 5-25.01. Findings and purpose.

There is a shortage of vacant and available mobile home spaces in the City of Thousand Oaks resulting in a critically low vacancy factor. Many mobile home tenants are on fixed incomes and, if displaced as a result of their inability to pay increased rents, must relocate at a substantial loss or expense, and, in addition, as a result of such housing shortage they may be unable to find decent, safe and sanitary new housing at affordable rent levels. Aware of the difficulty in finding alternative decent housing, some tenants attempt to pay requested and uncontrolled rent increases, but as a consequence, must expend less on other necessities of life. This situation has had a detrimental effect on substantial numbers of renters in the City, especially creating hardships on senior citizens on fixed incomes, and low- and moderate- income households.

The City causes data to be collected through the annual registration statements submitted by mobile home landlords, which confirms a mobile home space and housing shortage continues to exist in the City, the vacancy rate in mobile home parks remains critically low and the deregulation of rents at this time could lead to exorbitant rent increases and aggravation of the crisis, problems and hardships which existed prior to the adoption of the program. This housing shortage necessitates the continuation of the mobile home rent stabilization program. Therefore, it is necessary and reasonable to continue to regulate rents so as to safeguard tenants from excessive rent increases and at the same time provide landlords with a just and reasonable return on their rental spaces.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.02. Definitions.

The following words and phrases, whenever used in this chapter shall be construed as defined in this section.

"Average per space capital improvement cost" means an amount determined by dividing the cost of the capital improvement by the total number of mobile home unit rental spaces in the mobile home park with respect to which the cost was incurred.

"Average per space rehabilitation cost" means an amount determined by dividing the cost of the rehabilitation, less any offsetting insurance proceeds, by the total number of mobile home unit rental spaces in the mobile home park with respect to which the cost was incurred.

"Capital improvement" means the addition or replacement of improvements to a rental space, spaces or the common areas of the mobile home park, provided such new improvement has a useful life of five years or more, including but not limited to, roofing, carpeting, draperies, stuccoing the outside of a building, air conditioning, security gates, swimming pool, sauna or hot tub, fencing, garbage disposal, washing machine or clothes dryer, dishwasher, recreational equipment permanently installed on the premises, and other similar improvements as determined by the Commission.

PURPOSE OF RSO

pursuant to this chapter, nor shall any landlord effect a prohibited rent increase through the reduction of housing services.

All landlords shall maintain records setting forth the maximum adjusted rent, the maximum base rent and the current rent being charged for each rental space. This information shall be disclosed to the City upon the City's request. Each landlord who demands or accepts a rent higher than the maximum adjusted rent or demands or accepts a fee or surcharge shall inform the tenant or any prospective tenant of the rental space, in writing, of the factual justification for the fee, surcharge or difference between said maximum adjusted rent and the rent which the landlord is currently charging or proposes to charge.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.05. Automatic adjustments to rent and vacancy decontrol.

The maximum adjusted rent for any rental space may be increased without permission of the Rent Adjustment Commission as follows:

(a) Occupied rental spaces. For a rental space which at any time after August 1, 1980 has not had a rent increase for a period of twelve (12) consecutive months or more, the maximum adjusted rent may be increased in an amount determined by multiplying the Maximum Base Rent by the Index.

Notice of index. After review of pertinent information from the U.S. Bureau of Labor Statistics, the City Manager shall determine the Index from each year and notify each landlord by mail of his finding. Automatic adjustments effected September 1 through August 31 shall employ the Index immediately prior to that period.

(b) Vacancy decontrol/recontrol. If a rental space is vacated voluntarily or as a result of eviction for nonpayment of rent, the maximum adjusted rent may be increased to any amount upon the re-rental of the rental space. Thereafter, as long as the rental space continues to be rented to one or more of the same persons, no other rent increase shall be imposed except as provided in this chapter.

(c) Notice of increases. Notice of any increase in rent pursuant to this section shall be given in accordance with the Civil Code of the State of California. If an increase has been noticed but not effected prior to the effective date of the ordinance codified in this chapter, said notice shall be construed as a valid notice to increase rents in an amount not to exceed the increase permitted by this section.

(§ 2, Ord. 1254-NS, eff. January 23, 1996)

Sec. 5-25.06. Administrative adjustments to rent.

(a) Capital improvements and rehabilitation. The City Manager or his designee, in accordance with such guidelines as the Commission may establish, shall have the authority to grant rent adjustments subject to the procedures set forth below for a rental space or spaces located in the same park upon receipt of an application for adjustment filed by the landlord of the rental space or spaces if he finds that one or more of the following grounds exist:

(1) That on or after January 1, 1982, the landlord has completed a capital improvement with respect to a rental space and has not increased the rent to reflect any of the cost of such improvement. If such a finding is made, the landlord shall be entitled to a monthly rent increase equivalent to the cost of

"Commission" means the Rent Adjustment Commission of the City of Thousand Oaks.

"Decontrolled space" means any space formerly subject to the Rent Stabilization Ordinance, as amended, which was vacant on or after June 26, 1981, and such vacancy occurred on or after May 1, 1981 by reason of the tenants' voluntary vacation of that space or the tenants' eviction for nonpayment of rent.

"Housing services" means services connected with the use or occupancy of a mobile home rental space including, but not limited to, utilities (including cable T.V., light, heat, water and telephone), ordinary repairs or replacement and maintenance, including painting. This term shall also include the provision of elevator service, laundry facilities and privileges, common recreational facilities, janitor service, resident manager, refuse removal, furnishings, parking, and any other benefits, privileges or facilities.

"Index" means the figure employed when determining allowable rent increases under Section 5-25.05, and shall be calculated by taking seventy-five (75%) percent of the Los Angeles-Long Beach-Anaheim, Consumer Price Index for all urban consumers for the year ending April 1, rounded to the nearest tenth. No index in excess of seven (7%) percent shall be employed.

"Landlord" means an owner, lessor or sublessor (including any person, firm, corporation, partnership, or other entity) of a mobile home park, who receives or is entitled to receive rent for the use of any mobile home rental space, or the agent, representative or successor of any of the foregoing.

"Maximum adjusted rent" means the maximum rent plus any rent increase subsequently effected pursuant to Sections 5-25.05 and 5-25.06, less any rent reductions required by regulations promulgated by the Commission. Said amount shall be rounded to the nearest dollar and shall not include any increase for capital improvement work or rehabilitation work approved by the City.

"Maximum base rent" means, for a rental space that was occupied by one or more of the same tenants from July 1, 1986 to February 22, 1996, the highest legal monthly rent which was in effect for the rental space or spaces on July 1, 1986. For rental spaces vacated, as defined in Section 5-25.05 (b), between July 1, 1986 and February 22, 1996 and for all spaces vacated after that date and eligible for decontrol/recontrol pursuant to this Chapter, the maximum base rent shall be the highest legal rent in effect on the re-renting of the space. Any increase subsequently effected pursuant to Section 5-25.05 shall be computed against the maximum base rent.

"Maximum rent" the highest legal monthly rate of rent which was in effect for the rental space during any portion of the month of June 1980. If a rental space is not rented during said month, then it shall be the highest legal monthly rate of the rent in effect between June 1, 1979 and May 31, 1980. If a rental space was not rented during either of the above periods, then it shall be the rent charged for an equivalent space that was rented during the month of June 1980, or if not so rented then, during the period between June 1, 1979 and May 31, 1980.

"Mobile home" means a single dwelling unit structure designated or designed for human habitation, transported over the highways to a permanent occupancy site, and installed on the site either with or without a permanent foundation.

"Mobile home park" means a parcel of land where five or more mobile home spaces are rented or leased out for mobile homes used as residences. "Mobile home park" does not include developments which sell lots for mobile homes or manufactured housing, or which provide condominium ownership or

CTO 01462

RETURN REQUESTED MUST BE CONSISTENT WITH PURPOSES OF RSO

the improvement divided by the number of months of the improvement's useful life, except that no increase shall be allowed when the improvement was discrete to the interior of a tenant's rental space and said improvement was not necessary to safeguard the landlord's property from deterioration or loss in value without the express written consent of the tenant to such an increase. The Commission shall provide, by resolution, for the categorization of the capital improvement into five (5), ten (10) and fifteen (15) year useful lives and shall, when necessary, decide which useful life category shall be applied to capital improvements which are not identified within the above-mentioned resolution. The City Manager or his designee shall be responsible, in the absence of the tenant's written consent, for determining whether or not an improvement was necessary to safeguard the landlord's property from deterioration or loss in value. Nothing in this section shall be interpreted to preclude a landlord from making or performing a capital improvement.

(2) That on or after January 1, 1982, the landlord has completed rehabilitation work with respect to a rental space and has not increased the rent to reflect any of the cost of such work. If such a finding is made, the landlord shall be entitled to a monthly rent increase equivalent to the cost of the improvement divided by the number of months that the City Manager or his designee determines to be the appropriate amortization period for that rehabilitative work.

(b) Just and reasonable return.

(1) Commission adjustments. The Commission shall have the authority, in accordance with such guidelines as the Commission may establish, to grant increases in the rent for a rental space or spaces located in the same mobile home park, upon receipt of an application for adjustment filed by the landlord and after notice and hearing, if the Commission finds that such increase is in keeping with the purposes of this chapter and that the maximum rent or maximum adjusted rent otherwise permitted pursuant to this chapter does not constitute a just and reasonable rent on the rental space or spaces. The following are factors, among other relevant factors as the Commission may determine, which may be considered in determining whether a rental space yields a just and reasonable return:

(i) Property taxes;

(ii) Reasonable operating and maintenance expenses;

(iii) The extent of capital improvements made to the common area or spaces as distinguished from ordinary repair, replacement and maintenance;

(iv) Living space, and the level of housing services;

(v) Substantial deterioration of the rental spaces other than as a result of ordinary wear and tear; and

(vi) Failure to perform ordinary repair, replacement and maintenance; and

(vii) Financing costs on the property if such financing was obtained prior to April 1, 1980 and if it contains either a balloon payment or variable rate provision.

(2) Anti-speculation provision. If the only justification offered for the requested rent increase on the landlord's application is an assertion that the maximum rents or maximum adjusted rents permitted pursuant to this chapter do not allow the landlord a return sufficient to pay both the operating expenses and debt service on the rental space or spaces or on the mobile home park containing the rental space or

THE RSO AND PRINCIPLES OF CONTRACT AND EQUITY DO NOT ALLOW AN OWNER TO MAKE-UP FOR ITS FAILURE TO TAKE ANNUAL RENT INCREASES BY SEEKING TO OBTAIN OVER THIRTY YEARS OF RENT INCREASES IN A SINGLE YEAR

- The "just and reasonable" return provision allows for an owner, in any given year, to apply for a higher rent than the maximum rent allowed under the ordinance if the maximum rent for that particular year does not provide for a just a reasonable return based on unusually high expenses. It does not allow an owner to "catch-up" after more than thirty years of deliberately choosing to forego rent increases.

- The development approvals for the Park do not allow the owner to "catch-up" after more than thirty years of deliberately choosing to forego rent increases.

- The contracts with the Residents do not allow the owner to "catch-up" after more than thirty years of deliberately choosing to forego rent increases.

JUST & REASONABLE RETURN PURPOSE

c. Pass through of capital improvement costs.

d. Pass through of rehabilitation work costs.

Sec. 1.02. The Rent Stabilization Ordinance authorizes the Rent Adjustment Commission to grant rent increases when the maximum rent or the maximum adjusted rent does not constitute a Just and Reasonable Return in accordance with such Guidelines as the Rent Adjustment Commission may establish.

Sec. 1.03. The Commission presumes that the net operating income received up to April, 1980 provided landlords with a Just and Reasonable Return on their rental units, unless there is clear and convincing evidence to the contrary. In most cases, the automatic increases allowed by the Ordinance and the property tax savings resulting from Proposition 13 provide sufficient additional operating income to landlords to maintain the same net operating income they experienced in 1979. However, in some cases landlords may have incurred reasonable operating expenses which exceed the rent increases allowed by the Ordinance and the tax savings resulting from Proposition 13. Therefore, landlords who have had such reasonable increased operating expenses should be able to maintain the same level of net operating income as they experienced in 1979 by requesting a rent adjustment pursuant to these Guidelines.

Sec. 1.04. The methods authorized herein are not exclusive. Alternate approaches may be employed by the Commission. Applicants or tenants may propose the use of such approaches, but must fully explain, in writing, the methodology and the reasons supporting use of the methodology, and must provide information and documentation adequate to use the suggested approach. The methodology and documentation shall be provided with the application, or sufficiently before the date

Regulation or Guidelines issued by the Rent Adjustment Commission.

Sec. 6.03. SPECIAL NOTICE - No rent increase granted pursuant to the above shall be construed to permit landlords to raise their rents in violation of any terms or provisions of a written lease.

Sec. 7. PROCEDURES FOR LANDLORDS APPLYING FOR A JUST AND REASONABLE RENT INCREASE

Landlords should examine carefully the Guidelines to be used by the Rent Adjustment Commission for determining a Just and Reasonable Return. The conditions covering eligibility for a Just and Reasonable Return are listed in these sections which describe the various alternative methods available to the property owner.

Sec. 7.01. Before a landlord may increase rents on the basis of the Just and Reasonable Guidelines, the landlord must first obtain the written approval of the Commission.

Sec. 7.02 The landlord may request written permission by completing an application and mailing it to the City of Thousand Oaks at the add ess listed on the application. The application form is titled "Application Form, 'JUST AND REASONABLE' RENT INCREASE."

Sec. 7.03. The landlord may not collect any rent increase based on a Just and Reasonable application until such time as the Commission approves the request. Such increase may go into effect until after compliance with statutory notice requirements.

Sec. 7.04. In no case will the Commission authorize a rent increase beyond the amount requested by the landlord in the application.

Sec. 7.05. In the event that an application lacks the required documents or that there are major errors in the mathematical computations showing the individual rent increases, the application will be returned to the landlord with an explanation as to why the application cannot be accepted.

DEVELOPMENT APPROVAL
(RESOLUTION 84-037)

2. Determining Percentage Change in CPI. For purposes of determing the percentage change, the following formula will be used:

EXAMPLE OF 1982 CHANGE/IMPLEMENTED JAN. '84

Index Point Change	
CPI (Most Recent)	287.6
Less previous index	271.4
Equals index point change:	16.2
Percent Change	
Index point difference	16.2
Divided by the previous index	271.4
Equals:	.0596
Results multiplied by one hundred	x 100
Equals percent change:	5.9%

The Council also resolves that the first year adjustment pursuant to this formula can be implemented at 7% on the existing rents within the park, but that any future increases are limited to 4% a year if the park is not achieving the Net Profit Target Figure, as adjusted. Additionally, any subsequent increase after the initial 7% increase must be reduced to reflect the difference between what the 5.9% first year CPI adjustment would have permitted rents to be increased when compared with the annual net profit and the 7% increase implemented in 1984. [For example: if the 5.9% adjustment to the Base Target Figure would have allowed a 5.5% increase in rents when annual Net Profit was compared to Adjusted Net Profit Target, then the initial subsequent increase must be reduced by 1.5% (7% - 5.5%)].

8. INCOME QUALIFICATIONS FOR TENANCY

Tenancy within the park shall continue to be restricted to those persons who meet the following qualifications:

(1) Sixty-two (62) years of age or older at the time of residence in the mobilehome park, or a person who will be sixty-two (62) years of age within six months of the date of residence within the mobilehome park.

(2) The resident's annual gross household income shall not exceed the following amounts or where it can shown to the satisfaction of the Director of Finance that said income will not exceed the following amounts within six months of residence in the mobilehome park:

One Person Household	$11,000
Two Person Household	$12,500
Three Person Household	$14,000

These figures are to be adjusted in accordance with any future adjustments made to the County median income criteria for "very low income" households, and as approved by the Director of Planning and Community Development.

PASSED AND ADOPTED this 7th day of February, 1984.

Lee Laxdal, Mayor
City of Thousand Oaks, California

ATTEST:

Nancy A. Dillon, City Clerk

CA:gw -2- Resl. No. 84-037

CONTRACT BETWEEN OWNER & RESIDENT

Ranch Mobilehome Park

2193 Los Feliz Dr, Thousand Oaks, Ca 91362

MOBILEHOME SPACE RENTAL AGREEMENT FOR TWELVE MONTHS OR LESS INCLUDING MONTH TO MONTH

SPACE NO: 30

RESIDENT: Gavin Hanson Date: April 3, 2019

RESIDENT: _____

This rental agreement is made effective on the date set forth below and between ARNOW Five, The Ranch Limited Partnership, hereinafter referred to as "OWNER," and the above named resident, hereinafter referred to as "HOMEOWNER." Reference to "OWNER" herein, also includes OWNER'S authorized representatives. The Mobile Home Park is a "Senior Community" pursuant to [illegible] and is intended for occupancy of persons [illegible] years of age. [illegible] HOMEOWNER [illegible] OWNER [illegible] HOMEOWNER [illegible]

1. **DESCRIPTION OF THE PROPERTY:** OWNER owns a HOMEOWNER and HOMEOWNER wishes to rent the space indicated above within Ranch Mobilehome Park, 2193 Los Feliz Dr, Thousand Oaks, Ca 91362 (hereinafter "COMMUNITY") to place and maintain a mobile home, [illegible] and to use other [illegible] with the prior written consent of OWNER.

2. **TERM:** The initial term of this agreement shall be for 12 months and 0 days commencing on April 3, 2019 and ending expired on April 3, 2021. As used herein, the expression "TERM HEREOF" refers to the date or any renewal thereof as hereinafter provided.

3. **RENT:** HOMEOWNER shall pay to the OWNER $[illegible] per month as rent plus an additional sum for utilities and services to be as HOMEOWNER'S share as shown set forth below. The first payment shall be due on May 1, 2019. Except for contract utilities, the rent shall cover charges for utilities and services to be for the sole use of HOMEOWNER on the site (Space Rent). Rental utilities are not included. All rent and other charges shall be paid at the Community office or other place designated by OWNER in writing whenever any other or additional [illegible] HOMEOWNER shall be liable for damages incurred by OWNER in [illegible] including but not limited to late charges, returned check charges, and utility and service charges. After such date that amounts have been paid, the schedule of any rental increase as shown by OWNER from HOMEOWNER shall be applied to pay property and services, due to the current monthly utilities and services with any [illegible] applied to rental rate. The next scheduled increase for this space will be on N/A. If the unit is less than ninety (90) days from the commencement date of this lease, the new rental amount is N/A. At least ninety (90) days written notice will be given for future rent increases.

4. **SECURITY DEPOSIT:** The amount of security deposit received is N/A. If this is a new agreement for an existing Rental, Park currently holds N/A as a security deposit. The security deposit is for rent and other [illegible] expenses, damages or breaks, or at such other time as provided by law. Be returned after deducting for damages, cleaning or any other unpaid charges at Departure.

5. **UTILITIES AND SERVICES COSTS AT COMMENCEMENT OF THIS RENTAL AGREEMENT:**

	Present Cost	Homeowner Pays Utility Co	Management Pays Homeowner	Included in Rent	Remarks
Water Gas	Included		✓		
Electric	Included		✓		
Water				✓	
Trash				✓	
Sewer			✓	✓	
Gas Refrigerator/Stove					
Cable TV					
Court Fees	$10.00		✓		Pay Month Per Guest
Hook Up Fee					
RV Storage					
Pool Tax 1					
Pool Tax 2					
Late Fee (see below)	$10.00		✓		Applies after the 5th of the month
Insufficient Funds Fee	$25.00		✓		
Other					
Other					

CTO 01466

THE OWNER & THE CITY HAVE UNDERSTATED GROSS TOTAL INCOME FOR THE CURRENT YEAR

- RAC-2 provides a specific formula for determining a just and reasonable return.

- One component of that formula requires that the Gross Total Income for the Current Year be determined in accordance with those guidelines.

- Under those guidelines, the owner was required to add "Adjusted Income for Below Market Rentals" to the "Rental Unit Income" and other income categories.

- The owner & City's consultant failed to adjust income for below market rentals for the Current Year to include the rent increases that the owner failed to take for the past 31 of 33 years, and thus have grossly understated the Current Year Gross Total Income.

- Accountants for the Residents need additional time to evaluate the Gross Total Income for the Current Year.

CTO 01468

GROSS TOTAL INCOME FORMULA (RAC-2)

set for hearing, so that the matter may be reviewed by the Commission staff. Failure to so provide that information shall be grounds for rejection of its use, or continuation of the hearing, at the Commission's discretion. The use of such approach as suggested by applicants or tenants shall be at the discretion of the Commission.

Sec. 2. DETERMINATION OF THE NET OPERATING INCOME

Net Operating Income is determined by subtracting the annual Operating Expenses from the Gross Total Income.

Sec. 2.01. Gross Total Income is determined by adding the following:

a. Rental Unit Income

b. Garage and Parking Income

c. Stores and Offices Incomes

d. Adjusted Income for Below Market Rentals

e. Miscellaneous Income

Sec. 2.02. Actual Rental Unit Income is the total annual income received from all the dwelling units in the rental complex.

Sec. 2.03. Garage and Parking Income is additional income received for parking services in the garage or parking spaces on the grounds of the rental complex

Sec. 2.04. Stores and Offices Income is the total annual income received from any stores or offices located within the rental complex.

Sec. 2.05. Adjusted Income for Below Market Rentals is an amount representing the difference between the actual rent collected and what the landlord could have collected if the units had been rented at their full market value. Examples of below market rents may be units occupied by the landlord or the landlord's family, the unit of a resident manager, or any unit where the rent increases permitted by the Rent Stabilization Ordinance or the Regulations and Guidelines of the Rent Adjustment Commission could have been made, but have not been made because of the landlord's rental polices and purposes.

reasonable. In cases where the Rent Adjustment Commission determines that a particular expense is unreasonable, the Rent Adjustment Commission shall adjust the expense to reflect the normal industry range for that year. The Rent Adjustment Commission shall indicate the reason for such an adjustment in the determination.

Sec. 3. DETERMINATION OF ELIGIBILITY FOR RENT INCREASES PURSUANT TO THE 1979 BASE YEAR FORMULA

Sec. 3.01. The base year shall be 1979 when the financial information for that year is available.

Sec. 3.02. Determine the 1979 Net Operating Income.

Sec. 3.03. Determine the current year Net Operating Income in accordance with the provisions of Sec. 2-2.17 (i.e. the latest calendar year or the latest fiscal year used by the landlord for accounting purposes).

Sec. 3.04. Add to the Net Operating Income for 1979, all automatic adjustments of 8%, as permitted by Section VI of the Rent Stabilization Ordinance which the landlord could have implemented, which shall be known as the Price Level Adjustment.

Sec. 3.05. The Net Operating Income for the current year is compared to the 1979 Net Operating Income plus the Price Level Adjustment:

a. If the current year Net Operating Income is larger than the 1979 Net Operating Income plus the Price Level Adjustment, the landlord is ineligible for a Just and Reasonable rent increase based on this formula.

b. If the current year Net Operating Income is less than the 1979 Net Operating Income plus the Price Level Adjustment, the landlord is eligible for a rent increase that will allow the current year Net Operating Income to equal the 1979 Net Operating Income plus the Price Level Adjustment.

Sec. 3.06. Landlords who did not own the rental property in 1979 shall use the 1979 Net Operating Income of the landlord of record in 1979 if the financial information is available.

GROSS TOTAL INCOME FOR BASE YEAR CLAIMED BY OWNER

Rent Adjustment Application
Page 4

Application No._____

Just and Reasonable Return
Net Operating Income Worksheet
(Use Only for Just & Reasonable Return Application

The following are defined terms found in the Rent Adjustment Commission Resolutions No. RAC-2 and RAC-5 SEE ATTACHMENTS 1-10

		Base Year	Current Year	Base Year	Current Year
A.	GROSS TOTAL INCOME				
1.	Rental Unit Income	102,840	113,662		
2.	Garage and Parking Income				
3.	Stores and Office Income				
4.	Adjusted Income from Below Market Rentals	110,280			
5.	Miscellaneous Income		4,258		
6.	Sub-total Gross Total Income	213,120	117,920	213,120	117,920
B.	OPERATING EXPENSES				
7.	Management and Administration		53,736		
8.	Landlord Services Adjustment		00.00		
9.	Operating Expenses (add lines 10 through 16)		19,046		
10.	Supplies		00.00		
11.	Heating		00.00		
12.	Electric (Common Area Only)		3,028		
13.	Water/Sewer		15,030		
14.	Gas (Common Area Only)		491		
15.	Bldg. Services		00.00		
16.	Other (Itemize) Rubbish/Cable		5,488		
17.	MAINTENANCE EXPENSES (add lines 18-21)		2,990		
18.	Security		00.00		
19.	Ground Maintenance	included in	Item 20		
20.	Maintenance & Repairs		2,990		
21.	Paint/Décor	included in	Item 20		
22.	TAXES AND INSURANCE		See below		
23.	(Itemize: Attach additional sheets if necessary (Bus.)		2,016		
24.	Taxes (Property)		14,792		
25.	Insurance		2,775		
26.	Miscellaneous (Payroll Taxes)		1,648		
27.	SERVICE EXPENSE (Equipment Rental)		449		
28.	OTHER PAYROLL EXPENSES		00.00		
29.	SUB-TOTAL OPERATING EXPENSE	27,511	97,452	27,511	97,452

CTO 01469

THE OWNER HAS OVERSTATED GROSS TOTAL INCOME FOR THE BASE YEAR

- In addition to understating the Gross Total Income for the Current Year, the owner has also overstated Gross Total Income for the Base Year by adding in development fee waivers to the "Adjusted Income for Below Market Rentals."

- Nothing in the regulations permit the owner to do so.

- Further, the Vega rationale does not apply to this situation, where the owner had a "two-sided" bargain which led the owner to adopt these as the market rents for this low-income Park.

- Accountants for the Residents need additional time to evaluate the Gross Total Income for the Base Year.

GROSS TOTAL INCOME FORMULA (RAC-2)

set for hearing, so that the matter may be reviewed by the Commission staff. Failure to so provide that information shall be grounds for rejection of its use, or continuation of the hearing, at the Commission's discretion. The use of such approach as suggested by applicants or tenants shall be at the discretion of the Commission.

Sec. 2. DETERMINATION OF THE NET OPERATING INCOME

Net Operating Income is determined by subtracting the annual Operating Expenses from the Gross Total Income.

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a. Rental Unit Income

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c. Stores and Offices Incomes

d. Adjusted Income for Below Market Rentals

e. Miscellaneous Income

Sec. 2.02. Actual Rental Unit Income is the total annual income received from all the dwelling units in the rental complex.

Sec. 2.03. Garage and Parking Income is additional income received for parking services in the garage or parking spaces on the grounds of the rental complex

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reasonable. In cases where the Rent Adjustment Commission determines that a particular expense is unreasonable, the Rent Adjustment Commission shall adjust the expense to reflect the normal industry range for that year. The Rent Adjustment Commission shall indicate the reason for such an adjustment in the determination.

Sec. 3. DETERMINATION OF ELIGIBILITY FOR RENT INCREASES PURSUANT TO THE 1979 BASE YEAR FORMULA

Sec. 3.01. The base year shall be 1979 when the financial information for that year is available.

Sec. 3.02. Determine the 1979 Net Operating Income.

Sec. 3.03. Determine the current year Net Operating Income in accordance with the provisions of Sec. 2-2.17 (i.e. the latest calendar year or the latest fiscal year used by the landlord for accounting purposes).

Sec. 3.04. Add to the Net Operating Income for 1979, all automatic adjustments of 8%, as permitted by Section VI of the Rent Stabilization Ordinance which the landlord could have implemented, which shall be known as the Price Level Adjustment.

Sec. 3.05. The Net Operating Income for the current year is compared to the 1979 Net Operating Income plus the Price Level Adjustment:

a. If the current year Net Operating Income is larger than the 1979 Net Operating Income plus the Price Level Adjustment, the landlord is ineligible for a Just and Reasonable rent increase based on this formula.

b. If the current year Net Operating Income is less than the 1979 Net Operating Income plus the Price Level Adjustment, the landlord is eligible for a rent increase that will allow the current year Net Operating Income to equal the 1979 Net Operating Income plus the Price Level Adjustment.

Sec. 3.06. Landlords who did not own the rental property in 1979 shall use the 1979 Net Operating Income of the landlord of record in 1979 if the financial information is available.

CTO 01472

THE OWNER HAS OVERSTATED ALLOWABLE OPERATING EXPENSES FOR THE CURRENT YEAR

- RAC-2 provides specific guidelines for allowable Operating Expenses, including a requirement that Management and Administrative Expenses be capped at 8%, or that such expenses must be at the same percentage they were in the base year, whichever is less.

- The Base Year has no expenses for this category, and thus they should not be permitted in the Current Year.

- Or, if allowed, they should be limited to 8%.

- Or, if allowed, they should be limited to that which is reasonable based on industry standards.

- In addition, the owner seeks to include expenses, such as travel, which are not permitted by the ordinance.

- Accountants for the Residents need additional time to evaluate the Operating Expenses for the Current Year.

OPERATING EXPENSES (RAC-2)

d. Maintenance Expenses including:

1. Security
2. Grounds Maintenance
3. Maintenance and Repairs
4. Painting and Decorating

e. Taxes and Insurance Expenses including:

1. Real Estate Taxes
2. Other Taxes, Fees and Permits
3. Insurance

f. Service Expenses

g. Other Payroll Expenses

Sec. 2.09. In determining operating expenses, all debt service expense, depreciation, and expenses for which a landlord has been reimbursed must be excluded.

Sec. 2.10. Management and Administrative Expenses include wages of administrative personnel, including agency fees for administrative services and the use value of any rental unit offered in compensation for such services calculated according to Sec. 2.05 above, advertising of rental units but excluding any advertising for the sale of condominiums or for the sale of the rental property as a whole, legal and auditing fees for the operation of the rental complex but excluding such services for the purchase or sale of the rental complex, fees and dues in professional property management organizations except that if the landlord owns more than one rental complex, such expenses must be apportioned among the rental complexes owned, telephone and building office expenses used for rental operations and office supplies.

Sec. 2.11. An Adjustment for Management and Administrative Expenses shall be allowed where the landlord performs management or administrative functions or self-labor in operating and/or maintaining the property. In addition to the actual Management and Administrative Expenses listed in Sec. 2.10 above, where the landlord performs such services, the landlord may calculate an expense figure representing the value of such unpaid management and administrative services. However, the total cost of Management and Administrative Expenses including the foregoing adjusted expense cannot exceed 6% of the Actual Rental Income as described in Sec. 2.02 above, and where the landlord has performed substantially similar services in both the base year and the current year, the foregoing adjusted expenses must be calculated for both the base year and the current year at the same percentage of actual rental income. When the landlord performs different services in the base year and the current year, an adjustment will be allowed for such differences to the extent the landlord shall document the amount of such differences.

Sec. 2.12. Operating Expenses include:

a. Supplies, including janitorial services, light bulbs, uniforms for employees, etc.

b. Heating Expenses include coal or oil used for heating the building.

c. Electricity Expense include all landlord-paid electricity for both rental units and common areas.

d. Water and Sewer Expenses include all landlord paid expenses for the rental complex.

e. Gas includes all gas charges paid by the landlord for both rental units and common areas.

interior of the building, including the cost of paint, wall-paper, brushes, wall washing, and minor replacement costs related to floor coverings, draperies and light fixtures. Capital improvement replacements of floor covering or draperies must be amortized as in subsection c above.

Sec. 2.14. Taxes and Insurance include:

a. Real Estate Taxes including all local or state taxes as well as noncapitalized assessments.

b. Other Taxes, Fees and Permits such as personal property taxes applicable to the building, franchise and business taxes, sign permit fees, etc.

c. Insurance including all one-year charges for fire, liability, theft, boiler explosion, rent fidelity bonds, and all insurance premiums except those paid to FHA for mortgage insurance or employee benefit plans. Whenever a premium is multi-year, it must be pro-rated to all applicable years.

Sec. 2.15. Service Expenses include the amount of the cost of maintaining recreational amenities such as saunas, gymnasiums, billiard rooms, pools, jacuzzis and tennis courts. Such costs include payroll, contractural services, materials and supplies and minor nonspitalized equipment replacement. Improvements qualifying as Capital Improvements must be amortized as described in Sec. 2.12(c) above.

Sec. 2.16. Other Payroll Expenses include any payroll expenses not included in any of the categories previously listed, such as janitors, maids, elevator operators, telephone switchboard operators, and rental agents.

Sec. 2.17. Operating expenses must be reasonable. Whenever a particular expense exceeds normal industry standards in the base year or in the current year for which the application for a rent increase is made, the Rent Adjustment Commission shall determine whether the expense is

reasonable. In cases where the Rent Adjustment Commission determines that a particular expense is unreasonable, the Rent Adjustment Commission shall adjust the expense to reflect the normal industry range for that year. The Rent Adjustment Commission shall indicate the reason for such an adjustment in the determination.

Sec. 3. DETERMINATION OF ELIGIBILITY FOR RENT INCREASES PURSUANT TO THE 1979 BASE YEAR FORMULA

Sec. 3.01. The base year shall be 1979 when the financial information for that year is available.

Sec. 3.02. Determine the 1979 Net Operating Income.

Sec. 3.03. Determine the current year Net Operating Income in accordance with the provisions of Sec. 2-2.17 (i.e. the latest calendar year or the latest
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...urrent year Net Operating Income is less than the 1979
...erating Income plus the Price Level Adjustment, the
...d is eligible for a rent increase that will allow the
...t year Net Operating Income to equal the 1979 Net
...ing Income plus the Price Level Adjustment.
...rds who did not own the rental property in 1979 shall
...erating Income of the landlord of record in 1979 if the
...n is available.

CTO 01474

OPERATING EXPENSES (RAC-5)

constitutional minimum. This approach has, and any proposed alternate approach should have, the ability to accurately and reliably make a determination as to when a rent adjustment is needed in as prompt and efficient a manner as possible with the least cost to the applicant and the least likelihood of delay, manipulation, or error.

Section 2.10 is hereby amended to read as follows:

Sec. 2.10. Management and Administrative Expenses shall include and be determined as follows:

a. Wages, salaries and benefits for management, administrative and other personnel, including agency fees for administrative services.

b. Advertising rental units but excluding any advertising for the sale of condominiums or for the sale of the rental complex as a whole.

c. Auditing and accounting expenses.

d. Office expenses; telephone expenses.

e. Legal expenses - These expenses must be reasonable and in line with industry standards as per Sec. 2.17. This term shall not include fees incurred in selling or attempting to sell or convert the rental complex to another use or subdividing the rental complex. It shall also not include fees incurred in litigation involving rent control where such an inclusion would have the effect of "awarding" legal fees to the applicant or otherwise be inappropriate.

f. Application expenses - Expenses for making an application for rent adjustment may be included as an expense in the year paid. This term may include reasonable legal and accounting expenses for making application but shall not include filing fees.

g. Professional property management fees, dues and licenses, except that if the landlord owns more than one rental complex, such expenses must be apportioned among the rental complexes owned.

Section 2.13 (c) is hereby amended to read as follows:

THERE ARE NO ITEMIZED EXPENSES FOR THE BASE YEAR TO ALLOW FOR COMPARISON

Application No._____

Just and Reasonable Return
Net Operating Income Worksheet
(Use Only for Just & Reasonable Return Application

The following are defined terms found in the Rent Adjustment Commission Resolutions No. RAC-2 and RAC-5 SEE ATTACHMENTS 1-10

		Base Year	Current Year	Base Year	Current Year
A.	GROSS TOTAL INCOME				
1.	Rental Unit Income	102,840	113,662		
2.	Garage and Parking Income				
3.	Stores and Office Income				
4.	Adjusted Income from Below Market Rentals	110,280			
5.	Miscellaneous Income		4,258		
6.	Sub-total Gross Total Income	213,120	117,920	213,120	117,920
B.	OPERATING EXPENSES				
7.	Management and Administration		53,736		
8.	Landlord Services Adjustment		00.00		
9.	Operating Expenses (add lines 10 through 16)		19,046		
10.	Supplies		00.00		
11.	Heating		00.00		
12.	Electric (Common Area Only)		3,028		
13.	Water/Sewer		10,039		
14.	Gas (Common Area Only)		491		
15.	Bldg. Services		00.00		
16.	Other (Itemize) Rubbish/Cable		5,488		
17.	MAINTENANCE EXPENSES (add lines 18-21)		2,990		
18.	Security		00.00		
19.	Ground Maintenance	Included in	Item 20		
20.	Maintenance & Repairs		2,990		
21.	Paint/Décor	included in	Item 20		
22.	TAXES AND INSURANCE		See below		
23.	(Itemize: Attach additional sheets if necessary (Bus.)		2,016		
24.	Taxes (Property)		14,792		
25.	Insurance		2,775		
26.	Miscellaneous (Payroll Taxes)		1,648		
27.	SERVICE EXPENSE (Equipment Rental)		449		
28.	OTHER PAYROLL EXPENSES		00.00		
29.	SUB-TOTAL OPERATING EXPENSE	27,511	97,452	27,511	97,452

MANAGEMENT & ADMINISTRATIVE EXPENSES EXCEED 8% OF ACTUAL GROSS INCOME FOR 2009 & LIKELY EXCEED INDUSTRY STANDARDS

Rent Adjustment Application
Page 4

Application No._____

Just and Reasonable Return
Net Operating Income Worksheet
(Use Only for Just & Reasonable Return Application

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4.	Adjusted Income from Below Market Rentals	110,280			
5.	Miscellaneous Income		4,258		
6.	Sub-total Gross Total Income	213,120	117,920	213,120	117,920
B.	OPERATING EXPENSES				
7.	Management and Administration		53,736		
8.	Landlord Services Adjustment		00.00		
9.	Operating Expenses (add lines 10 through 16)		19,946		
10.	Supplies		00.00		
11.	Heating		00.00		
12.	Electric (Common Area Only)		3,028		
13.	Water/Sewer		10,039		
14.	Gas (Common Area Only)		491		
15.	Bldg. Services		00.00		
16.	Other (Itemize) Rubbish/Cable		5,488		
17.	MAINTENANCE EXPENSES (add lines 18-21)		2,990		
18.	Security		00.00		
19.	Ground Maintenance	included in	Item 20		
20.	Maintenance & Repairs		2,990		
21.	Paint/Décor	included in	Item 20		
22.	TAXES AND INSURANCE		See below		
23.	(Itemize: Attach additional sheets if necessary (Bus.)		2,016		
24.	Taxes (Property)		14,792		
25.	Insurance		2,775		
26.	Miscellaneous (Payroll Taxes)		1,648		
27.	SERVICE EXPENSE (Equipment Rental)		449		
28.	OTHER PAYROLL EXPENSES		00.00		
29.	SUB-TOTAL OPERATING EXPENSE	27,511	97,452	27,511	97,452

MANAGEMENT & ADMINISTRATIVE EXPENSES ARE NOT REASONABLE AND INCLUDE ITEMS NOT ALLOWED BY THE RSO

COURTYARD Marriott

Courtyard by Marriott
Thousand Oaks Ventura County

1710 Newbury Rd
Thousand Oaks Ca 91320
T 805.499.3900

03Aug09	Room Charge	151.00	
03Aug09	Room Tax	15.10	
04Aug09	Room Charge	151.00	
04Aug09	Room Tax	15.10	
05Aug09	Restaurant Room Charge	12.27	
05Aug09	American Express		344.47

Card #: AXXXXXXXXXXXX4015XXXX
Amount: 344.47 Auth: 503130 Signature on File
This card was electronically swiped on 03Aug09

Balance: 0.00

Trip to TBO & Ranch

/2 = 172.24

Marriott Rewards Account # XXXXX0210. Your Marriott Rewards points/miles earned on your room rate will be credited to your account. For account activity: 801-468-4000 or MarriottRewards.com.

ck 12 Ranch

Latest News From Marriott Rewards
Your PointSavers Rewards Are Waiting For You! Save up to 33% in points by using PointSavers. Get There Quicker. Stay There Longer. Start Your Search: MarriottRewards.com/PointSavers

As requested, a final copy of your bill will be emailed to you at: GKCREALTOR@CALIFORNIA.COM. See "Internet Privacy Statement" on Marriott.com.

New Activity for GRETCHEN K CARTER
Card XXXX-XXXXX-74015

07/08/09	RUTHS CHRIS STEAK HSWALNUT CREEK		341.20
	RESTAURANT		
	FOOD/BEVERAGE	311.20	
	TIP	30.00	
07/14/09	SOUTHWEST AIRLINES DALLAS TX		171.20

SOUTHWEST AIRLINES

From:	To:	Carrier:	Class:
OAKLAND CA	BURBANK CA	WN	R
	OAKLAND CA	WN	S

Ticket Number: 52621422997083
Passenger Name: CARTER/GRETCHEN
Document Type: PASSENGER TICKET
Date of Departure: 08/03

ck 1229 — TB Oaks
ck 1167 Ranch
50/50

85.60

Cardmember Agreement as currently in effect.

Continued on next page

THE OWNER HAS FAILED TO PROVIDE ACCURATE DATA FOR OPERATING EXPENSES FOR THE BASE YEAR

- The data provided for the base year operating expenses is based on extrapolations and statistical assumptions, not on actual, verifiable financial data.

- The RSO does not allow the owner to estimate expenses in that manner.

- Accountants for the Residents need additional time to evaluate the Operating Expenses for the Base Year, including the statistical models requested to be applied by the owner and the City.

THE OWNER'S FINANCIAL AND ACCOUNTING DOCUMENTS ARE INCOMPLETE AND DO NOT APPEAR TO COMPLY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

- In the financial data provided by the owner, the owner does not appear to comply with generally accepted accounting principles and fails to provide complete, accurate and verifiable information.

- The owner seems to confuse statistical analysis with accounting, in attempting to justify the unjustifiable.

- It is difficult to quantitatively analyze the owner's submission with any confidence.

- Complete, accurate and reliable data must be provided.

- Accountants for the Residents need additional time to evaluate all of the data and financial information provided.

CTO 01480

THE ASSOCIATION OF RANCH TENANTS THEREFORE REQUESTS AS FOLLOWS:

- That the owner be required to provide accurate, reliable financial information for all years that the Park has been in operation.

- That the Application be returned to the owner until such time as accurate financial information is provided.

- That the owner be required to provide all documents and information to explain the owner's decision to forego rent increases for 31 of the 33 years that the Park has been in operation

- That the hearing be continued to allow the attorneys and accountants for the Residents sufficient time to prepare an adequate response to the Application, to review the information already provided and to review the additional information requested.

- That accommodations be made for the Residents who are disabled and who are celebrating Hanukah.

Public Speaker Cards and Written Statement Cards Meeting December 6, 2010

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 5A

Date: 12/4/10

Name: Chandra Spencer City of Residence: Oak Park, CA

Address: 445 S. Figueroa St #2700 Los Angeles CA 90071
(Optional) Street City State Zip

E-Mail Address (Optional) cgs@cgslaw.com Telephone (Optional) _____

In Favor of: _____ Opposed to: X Other: _____

Comments: Attorney for Association of Ranch Tenants

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: _____

Date: 12/6

Name: Bruce Hahn City of Residence: Corona

Address: _____
(Optional) Street City State Zip

E-Mail Address (Optional) [illegible] Telephone (Optional) _____

In Favor of: X Opposed to: _____ Other: _____

Comments: My Father is the owner of the Ranch Mobile Home Park

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 5A

Date: 12/6/10

Name: Boyd Hill City of Residence: Irvine

Address: _____ _____ _____ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: Ranch MHP Opposed to: _____ Other: _____

Comments: Applicant's Attorney

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: ____

Date: 12/6

Name: JOHN NEET City of Residence: Fallbrook, CA

Address: 26845-A Jefferson St Murrieta CA 92562
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: Expert Witness for Ranch MHP.

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 2A
Date: 12/6/10

Name: Rob Coldren City of Residence: Santa Ana

Address: _____ _____ _____ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 5A
Date: 12/6/10

Name: James Wolf City of Residence: Thousand Oaks

Address: _____ _____ _____ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 5A
Date: 12/6/10

Name: FRANCIS MORTON CFRAUR
City of Residence: T.O.

Address: 2092 SKINNER CRT T.O. CA 93362
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: Rent Inc Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 5A
Date: 12/6/10

Name: MICHAEL E. MCCARTHY
City of Residence: MISSION VIEJO

Address: _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: RENTER Opposed to: _____ Other: _____

Comments: OWNER'S EXPERT - ACCOUNTANT

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 5A
Date: 12/6/10

Name: DONNA KAY FOSTER City of Residence: THOUSAND OAKS

Address: 2063 SECO CT - SPC 44 T.O. - CA 91362
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: I'M IN FAVOR OF RANCH PARK GOING UNDER CITY RENT STABILIZATION PROGRAM. I ALSO FAVOR OF LOWERING AGE RESTRICTION & ELIMINATING INCOME RESTRICTION

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

VIC ABRUNZO

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 5A
Date: 12/6/10

Name: Vic Abrunzo City of Residence: T.O.

Address: _____ _____ _____ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: ✓ Opposed to: _____ Other: _____

Comments: → $10.00 INCREASE

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A

Date: 7/6/10

Name: [illegible] City of Residence: Thousand Oaks

Address: [illegible] [illegible] [illegible] [illegible] [illegible]

(Optional) Street City State Zip

E-Mail Address (Optional): [illegible] Telephone (Optional): [illegible]

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: [illegible]

Pursuant to E.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A

Date: 7/6/10

Name: Katy Parsons City of Residence: Woodland Hills

Address: _____ _____ _____ _____

(Optional) Street City State Zip

E-Mail Address (Optional): katyloveshoes@[illegible] Telephone (Optional): _____

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: _____

Pursuant to E.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

CTO 01486

City of Thousand Oaks

Agenda Item No. 5A

Lawrence Elkington Rent Adjustment Commission

Date: 10/6/10

Public Speaker Card

Name: Lawrence Elkington City of Residence: Thousand Oaks

Address: _____

(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks

Agenda Item No. 5A

Rent Adjustment Commission

Date: 10/6/10

Public Speaker Card

Name: Gayle Hevinger City of Residence: TO

Address: 2158 Rodeo Ct TO 91362

(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: Against Rent Increase

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

CTO 01487

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A

Date: 12/6/[illegible]

Name: [illegible] City of Residence: T.O.

Address: [illegible] T.O. [illegible]

(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: [illegible] Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/08

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A

Date: 12/6/[illegible]

Name: Jane Garden City of Residence: T.O.

Address: [illegible] T.O. [illegible]

(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/08

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A

Date: [illegible]

Name: Ruth Faustino City of Residence: T.O.

Address: _____ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/08

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A

Date: [illegible]

Name: Lynn Kearney City of Residence: 1000 Oaks

Address: 2058 James Ct. T.O. CA 91362
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: Raise in rent at Ranch MHP is too high

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/08

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A
Date: 12/16/10

Name: [illegible] City of Residence: _____

Address: [illegible] [illegible] [illegible]
(Optional) Street City State Zip

E-Mail Address (Optional): [illegible] Telephone (Optional): _____

In Favor of: ✓ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 10/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A
Date: 12/16/10

Name: Shirley Thorne City of Residence: Thousand Oaks

Address: 1496 Reynolds Ct TO 91 [illegible]
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 10/09

CTO-01490

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A
Date: 12/6/10

Name: Margaret Hehn City of Residence: _____

Address: _____ Carlsbad _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A
Date: 12/6/10

Name: Donna Kay Fa[illegible] City of Residence: T.O.

Address: [illegible] Thousand Oaks [illegible]
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: [illegible] Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. [illegible]

Date: [illegible]

Name: [illegible] City of Residence: [illegible]

Address: _____
(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § [illegible], use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. [illegible]

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A

Date: 12/6/[illegible]

Name: [illegible] City of Residence: [illegible]

Address: _____
(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § [illegible], use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. [illegible]

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 3A
Date: 12/6/10

Name: Margaret Riggs City of Residence: T.O.

Address: 2127 Ave E T.O. Ca 91360
(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: _____

Pursuant to S.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 3A
Date: 12/6/10

Name: Barbara Brown City of Residence: T.O.

Address: _____
(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to S.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 5A
Date: 12/6/10

Name: [illegible] City of Residence: [illegible]

Address: [illegible] TO [illegible]
(Optional) Street City State Zip

E-Mail Address (Optional) Telephone (Optional)

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 5A
Date: 12/6/10

Name: Judy Hirai City of Residence: T.O.

Address: 2169 Rodeo Ct #34 TO CA 91362
(Optional) Street City State Zip

E-Mail Address (Optional) Telephone (Optional)

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

CTO 01494

[illegible]

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A

Date: 12/6/10

Name: [illegible] City of Residence: Thousand Oaks

Address: _____ _____ _____ _____
(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

_____

_____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

Audrey Fay Iola

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A

Date: 12/6/10

Name: Audrey Fay Iola City of Residence: TO

Address: _____ _____ _____ _____
(Optional) Street City State Zip

E-Mail Address (Optional) _____ Telephone (Optional) _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

_____

_____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A
Date: 12/6/10

Name: [illegible] City of Residence: [illegible]

Address: _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): [illegible]

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 5A
Date: 12/6/10

Name: [illegible] City of Residence: TO

Address: 2056 Pavo Ct 1000 Oaks CA 91362
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): [illegible]

In Favor of: _____ Opposed to: _____ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

CTO 01496

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A

Date: 12-6-2010

Name: Natalie Taylor City of Residence: Lake Sherwood

Address: 1691 Bushgrove Ct. Thousand Oaks CA 91361
(Optional) Street City State Zip

E-Mail Address (Optional): nstaylor@gmail.com Telephone (Optional): 805-373-9888

In Favor of: _____ Opposed to: X Other: _____

Comments: The recommendation is still too high. It is important that our community provide affordable housing for our low-income residents, especially senior →

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

citizens. "Affordable" must be within their means. No increase should be recommended without understanding what those parameters are.

Thank you.

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A

Date: 12-6-10

Name: Susan Greiner City of Residence: Thousand Oaks

Address: 1088 Calle Contento T.O. CA 91360

(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: Relocated my mom to this area after her husband passed. She was diagnosed w/ Pulmonary Fibrosis. After searching for housing we found this park. She →

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

Was told to prove in she had to prove she didn't earn more than 20k/year or she wouldn't qualify ~~unless she made less than 20k/year~~. She provided documentation to show that. At this point there is no way to afford this increase & should not be instituted until she moves on

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A

Date: 12-6-10

Name: Toni Giuricich

City of Residence: Ventura

Address: 1140 Dover Ln (Optional) Street

Ventura City

CA State

93001 Zip

E-Mail Address (Optional):

Telephone (Optional):

In Favor of: ____ Opposed to: X Other: ____

Comments: Not sure how this works – When mobile home was purchased you/they needed to be low income/fixed income. I feel those who live there should be allowed to stay under these guidelines. as they sell and move on their space rent should go to fair market value.

Toni 805-279-2774

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12/06/2010

Name: Janet M. Wall City of Residence: Thousand Oaks

Address: 1901 Tamarack St. Thousand Oaks, CA 91361
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: Extremely

Comments: Ranch Mobil Home Park was specially designated for low income residents over 62 years old with a special gift of $100,000 to the owner. It requires special consideration by our City Council and should not be decided by the Rent Adjustment Commission. The City Council will need to study + assess how it can assist the great number of Ranch Mobile Home Park residents who will be rendered homeless within the 5-year period where rents are raised 160%.

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: Nancy Doolan City of Residence: WLV

Address: _____ _____ ___ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: Jim Doolan City of Residence: WESTLAKE VILLAGE

Address: 31618 FOXFIELD Dr. WLV CA 91361
(Optional) Street City State Zip

E-Mail Address (Optional): jim@doolancreative.com Telephone (Optional): 818 917-5736

In Favor of: _____ Opposed to: X Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: _____ City of Residence: _____

Address: _____ _____ ____ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: _____

Comments: We the people? What a joke
Rich get richer Right —
LET See if U are 4 SENIORS

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: Ruth E Cameron City of Residence: T.O.

Address: 248 Paso Ct Thousand Oaks Ca 91362
(Optional) Street City State Zip

E-Mail Address (Optional): ECameron7@roadrunner.com Telephone (Optional): 495-8312

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12/6/10

Name: LARRY TREDWAY City of Residence: THOUSAND OAKS
Address: 723 NORTH VALLEY DRIVE THOUSAND OAKS CA 91362
(Optional) Street City State Zip
E-Mail Address (Optional): TREDWAYSA@GMAIL.COM Telephone (Optional): 496-1565

In Favor of: _____ Opposed to: X Other: _____

Comments: OBSCENE INCREASE. NOT PART OF THE DEAL THEY AGREED TO. THEY HAVE BEEN COMPENSATED FOR MANY LOW RENTS (UNRELATED)

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: Jan Tredway City of Residence: T.O/WLV
Address: 723 N Valley Dr. WLV CA 91362
(Optional) Street City State Zip
E-Mail Address (Optional): tredwaysa@gmail.com Telephone (Optional): _____

In Favor of: _____ Opposed to: _____ Other: _____

Comments: It is egregious for the city to allow senior citizens to be "evicted". They will age out in the next 10 years or so - please continue subsidy program for them

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12/6/10

Name: Miriam Vargas City of Residence: T.O.

Address: 2683 Mohawk Ave
(Optional) Street City State Zip

E-Mail Address (Optional): Telephone (Optional):

In Favor of: _____ Opposed to: X Other: _____

Comments: The cost of life is so difical now and I can't stay at this Mobil Home park if the rent going up.

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12/6/10

Name: Jenifer Needham City of Residence: Thousand Oaks

Address:
(Optional) Street City State Zip

E-Mail Address (Optional): Telephone (Optional):

In Favor of: _____ Opposed to: XXX Other: _____

Comments: It saddens me that Thousand Oaks rich in culture and community spirit would disrespect those who built this city ~~that~~ to where it is today.

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City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12/6/10

Name: Debbie Baize City of Residence: TO

Address: _____ _____ ____ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5/A
Date: 12/6/10

Name: Rocco Fasulo City of Residence: 59 Taxco ct

Address: 59 Taxco ct Simi Valley CA 93065
(Optional) Street City State Zip

E-Mail Address (Optional): rnrfasulo@yahoo.com Telephone (Optional): (805) 428-6300

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: Let them live there at same price until they pass away - do it for them being one's that made it what it is today ✓

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12/6/10

Name: ELSIE BURKETT City of Residence: T.O.

Address: 4187 MINNECOTA DR T.O.
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: X OF RECOMMENDATION Opposed to: ~~X~~ Other: _____

Comments: THE RENT INCREASE IS DISGUSTING — OUR ELDERLY (ESPECIALLY ON LIMITED INCOME) NEED TO BE PROTECTED!

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: PAT JONES City of Residence: _____

Address: _____ _____ _____ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: ✓ Opposed to: _____ Other: _____

Comments: _____

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City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: Alfredo Sgrosso City of Residence: TO

Address: 2150 Rodeo Ct. TO CA 91362
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: _____

Comments: Please consider allowing us our basic needs. in the interest of our lives and deny the proposed pet ordinance for our Senior Citizen Home Park

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: Barbara Bazinear City of Residence: Thousand Oaks, Ca.

Address: _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: _____

Comments: I am disable. Increase in rent will be a great hardship.

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5-A
Date: 12-6-10

Name: Marty Healy
City of Residence: TO
Address: 214 E Rodeo
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: X Opposed to: — the rent increase Other: _____

Comments: whatever helps to keep us in our happy homes

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12/6/10

Name: Nancy Tamarin
City of Residence: T.O.
Address: 2355 Arapaho Way #137 T-O CA 91362
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: _____

Comments: This proposed rent increase on the residents of Rancho MHP is preposterous and abusive! Further it is just part of a grander ~~plan~~ plan manipulation led by Hart, Kings Coldren and their associates to overturn rent control in CALIFORNIA

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12/6/10

Name: Lenore Rastour City of Residence: Thousand Oaks

Address: _____ _____ ___ _____
(Optional) Street City State Zip

E-Mail Address (Optional): 2110 Telephone (Optional): _____

In Favor of: _____ Opposed to: Rent ~~Increase~~ Other: _____

Comments: I put everything I had into the purchase of the Mah'lehome and also the seller gave me a loan for part of it. This increase is devastating

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: FRANCIS MORTON City of Residence: T.O.

Address: 2092 SKINNERT CRT T.O. CA 91362
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: I believe That This increase of $587.47. is incredible and unconsiourable. Yes, They are intitled To some increase but NOT To the Stratisphere.

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A

Date: 12/6/10

Name: DORIS CHAISON City of Residence: THOUSAND OAKS

Address: 2127 PAVO CT. #22 T.O. CA 91362

(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: _____

Comments: I WAS TOLD THIS WAS A LOW INCOME PARK, WHEN I BOUGHT THIS JUNE 2010. IT WAS NOT DISCLOSED THAT THEY INTENDED TO RAISE THE MONTHLY RENT 400+%. ALSO, I USED MY RETIREMENT MONEY TO PURCHASE.

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A

Date: 12-6-10

Name: Margaret Riggs City of Residence: TO

Address: 2184 Pavo Ct T.O. CA

(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): 805 495-534

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: I would not have bought my mobile home if the city was not going to protect me - 45% increase?

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12/6/2010

Name: N. Malik
City of Residence:
Address: 1301 Lakewood ct (Optional) Street
TO City
CA State
Zip

E-Mail Address (Optional):
Telephone (Optional):

In Favor of: X
Opposed to:
Other:

Comments: Shoud consider the age of existing residents.

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: Chandra Spencer
City of Residence: Oak Park, CA
Address: 445 S. Figueroa St #2700 (Optional) Street
Los Angeles City
CA State
90071 Zip

E-Mail Address (Optional): cgs@cgslaw.com
Telephone (Optional): 213-489-6826

In Favor of:
Opposed to: X
Other:

Comments: Attorney for Association of Rental Tenants

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

Chandra Gehri Spencer

From: Kerri Conaway [thinkpink@snet.net]
Sent: Monday, December 06, 2010 3:47 PM
To: cgs@cgslaw.com
Cc: Mary Samida; Kimberlee Anne Young; Richard Farkas; Kerri
Subject: The Ranch Mobilehome Park - Barbara (Bobbi) Lee

Dear Chandra,

I know the City Council meeting regarding the proposed rent increase of The Ranch Mobile Home Park is this evening.

As you may recall, my mother who is a resident there, suffered a stroke on November 18, 2010, **due to all of the stress** of the proposed Application. She remains in a nursing home, because she cannot afford the full-time assistance that her doctor is recommending to return to her own home. I have been with her every day since her stroke, missing a lot of work from my full-time job. I am self-supportive and live in a one bedroom guesthouse.

Since receiving notice in early October of the potential rent increase, my mom has been a complete and nervous wreck, to say the least...and I AM SURE that this is what caused her stroke!

Please be her voice! She participated in the protest early in November and, I know for a fact, she was going to attend the meeting tonight. Mom is 73 and lives on Social Security. Her mobilehome is all she has! As she lays in a strange bed, in a strange place, with partial paralysis in her left side, and speech impairment, she still worries, asking me daily, if I know any thing more about her home...

She has been, and continues to go through, an absolutely horrific experience due to this proposed increase! Her health has been taken...please don't let them take her home!

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A
Date: 12-6-10

Name: KERRI CONAWAY City of Residence: _____

Address: _____ _____ ____ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: _____

Comments: _____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

CTO 01512

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 5A

Date: 12/6/00

Name: MARCI AKIN City of Residence: 1000 Oaks

Address: _____ _____ ___ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: X Other: _____

Comments: _____

_____

_____

Pursuant to G.C. § 54953.3, use of this card is voluntary and not a requirement for attendance or participation in this meeting. Please note this card is considered a public record. For further assistance, please see Community Development Staff. Rev. 11/09

MARCI LETTER TO RENT COMMISSION:

THE ORIGNIAL PERMIT GIVEN TO MR. HOHN BY THE THOUSAND OAKS CITY COUNCIL FOR THE RANCH MOBILE HOME PARK CARRIED THE CONDITION THAT IT BE A LOW INCOME SENIOR PARK.

IN RESPONSE TO A RENT READJUSTMENT REQUEST BY THE PARK OWNERS , THE CITY COUNCIL IN 1984, PASSED RESOLUTION # 84-037 GIVING A FORMULA FOR RENT INCREASES. IT SEEMED FAIR THEN AND IT SEEMS FAIR NOW. THE RESOLUTION INCLUDED:

1. ANY RENT INCREASE WOULD BE BASED ON WHETHER EXPENSES WOULD EXCEED INCOME.
2. THE OWNER WOULD BE ALLOWED TO MAKE A 11.5% YEARLY PROFIT ON HIS INVESTMENT. THE OWNER WOULD ALSO BE ALLOWED TO DEDUCT DEPRECIATION ALONG WITH THE EXPENSES OF RUNNING THE PARK.

AN 11.5% NET YEARLY PROFIT ON AN INVESTMENT SEEMS FAIR AND REASONABLE, ESPECIALLY SINCE THE OWNER HAS MINIMAL UPKEEP. THE RESIDENT HOME OWNERS MAINTAIN THEIR HOMES, LANDSCAPE THEIR LOTS, AND CARRY HOMEOWNERS INSURANCE.

IT IS IMPORTANT TO STRESS THAT THE HOMEOWNERS ARE LIVE-IN RESIDENTS. NO RENTALS ARE ALLOWED IN THE PARK.

ONCE INSTALLED ON THE LOTS, THE HOMES BECOME FIXED TO THE PROPERTY, AND ARE NO LONGER MOBILE. THE PARK OWNER IS THEREFORE GUARENTEED A FIXED AND CONTINUOUS STREAM OF INCOME DUE TO RESIDENT HOME OWNERSHIP AND THE FACT THAT MOVING A HOME ONCE IT IS INSTALLED WOULD BE PROHIBITIVELY EXPENSIVE FOR THE HOMEOWNERS. IF THE HOMEOWNER CAN NO LONGER PAY THE RENT, AND WALKS AWAY, HE HAS LOST HIS ENTIRE INVESTMENT .

THERE WERE SPECIAL CIRCUMSTANCES ATTANCHED THAT THE OWNER KNEW AND ACCEPTED WHEN HE DEVELOPED THE PARK. MOST IMPORTANTLY:

1. IT WAS DEVELOPED TO ACCOMMODATE SINGLE-WIDE AND A FEW DOUBLE-WIDE MOBILE HOMES
2. THE PARK WAS RESTRICTED TO SENIOR CITIZENS AGED 62 PLUS ON LOW INCOMES.
3. THE PARK WOULD CONTINUE TO OPERATE AS AN AFFORDABLE PARK.

IF GIVEN THE REQUESTED $ 587.45 INCREASE, THE SPACE RENT, PLUS SEWER COST AND UTILITIES WOULD BE APPROXIMATELY $1000.00 PER MONTH. THIS IS NOT LOW INCOME RENT.

ALL OF THE RESIDENTS ARE OVER 62 YEARS OF AGE AND FULLY ½ (ONE HALF) OF THESE RESIDENTS ARE DISABLED. SOCIAL SECURITY AND MODEST PENSIONS ARE THEIR SOLE SOURCE OF INCOME.

WHEN MR HOHN ORIGINALLY ACCEPTED THE RESIDENT AGE AND INCOME REQUIREMENTS, HE RECEIVED A $100,000 WAIVER IN FEES AND VARIOUS BUILDING AND LOT SIZE REQUIRMENTS FROM THE CITY OF THOUSAND OAKS.

I FEEL THE OWNER ***SHOULD NOT*** BE ABLE TO INCREASE HIS PROFIT OVER FIVE TIMES THE AMOUNT OF THE 1984 AGREEMENT . I THINK THE PARK SHOULD NOT PROCEED UNDER THE RENT STABILIZATION ORDINANCE, AS IT WAS DESIGNED AS A NO-AMENITY, BARE BONES LOW INCOME PARK. RESOLUTION 84-037 GIVES MR. HOHN A GUARANTEED YEARLY PROFIT OF 11.5% , I THINK 11.5% IS A JUST AND FAIR RETURN ON ANY INVESTMENT.

RESPECTFULLY SUBMITTED

MARCI AKIAN

RANCH MOBILE HOME PARK, SPACE #23

Minutes (adopted)
Meeting December 6, 2010

MINUTES OF THE
RENT ADJUSTMENT COMMISSION
CITY OF THOUSAND OAKS

MEETING OF DECEMBER 6, 2010

Call to Order:

The meeting of the Rent Adjustment Commission was called to order by Chair Wertheimer at 6:13 p.m. in the Council Chambers, 2100 Thousand Oaks Boulevard, Thousand Oaks, California.

Roll Call: Chairman Wertheimer; Vice Chair Sheldon; Commissioner Feldman; Commissioner Ferruzza, and Commissioner Silacci present. Also present was Alternate Commissioner Klussman.

Staff Members Present:

Community Development Director Prescott
Assistant City Attorney Hehir
Housing Manager Watson
Senior Planner Hatcher
Assistant Analyst Oshita
Deputy Finance Director Wilson
Assistant City Attorney Norman
Senior Accountant Ju
Sr. Recording Secretary Vaudreuil
Administrative Clerk II Diegel

Minutes: September 29, 2010 Special Meeting

Motion by Commissioner Silacci passed (5-0) to approve Minutes of September 29, 2010 Special Meeting.

Public Hearing:

Chairman Wertheimer made remarks concerning hearing procedures.

Sr. Recording Secretary Vaudreuil announced Case and Opened Public Hearing

Case: Ranch Mobile Home Park Rent Adjustment Application (RAA-2010-02)

Location: 2193 Los Feliz Drive

Applicant: A.V.M.G.H. Five, Limited

Request: Rent Increase in amount of $587.45 per month, per space, to achieve a Just and Reasonable Return. Total cumulative amount of the requested increase is $507,557.

Speakers:

Chandra Gehri Spencer, (CGS Law, Los Angeles), attorney representing Ranch Mobile Home Park residents. Ms. Spencer requested a continuance on the basis that 1) many of the residents are of the Jewish religion and are unable to attend the hearing, 2) to make accommodation for the elderly and disabled, and 3) that only recently had pro bono assistance from another attorney and two accountants been received. Resident's attorney Spencer acknowledged that California Rural Legal Assistance has joined in providing pro bono legal services and introduced Ron Perry and John Taylor.

Resident's attorney Spencer also stated that based on her review of the application and unique circumstances related to this rent adjustment application that the Rent Adjustment Commission lacks jurisdiction over this matter.

Assistant City Attorney Hehir acknowledged receipt of a letter from resident's attorney Spencer, and addressed her concerns, and recommended the Commission proceed with the hearing.

Assistant City Attorney Christopher Norman presented the staff report including a PowerPoint presentation.

Dr. Kenneth J. Baar, consultant retained by the City of Thousand Oaks, presented his Report and Analysis of the Ranch Mobile Home Park Rent Increase Application.

Mr. Jim Brabant, appraiser retained by the City of Thousand Oaks, presented his Summary Appraisal Report and Appraisal Review.

Mr. Boyd Hill (Hart, King & Coldren, Santa Ana) attorney representing applicant, was allowed time for cross-examination and questions of Dr. Baar and Mr. Brabant. Mr. Hill presented a power-point to aid in questioning Dr. Baar and Mr. Brabant.

Resident's attorney Spencer was allowed time for cross-examination and questions of Mr. Norman, Dr. Baar and Mr. Brabant.

Chairman Wertheimer and Commissioners asked questions of Mr. Norman, Dr. Baar and Mr. Brabant at end of their presentations and during cross-examination and question period.

At the end of cross-examination period Commission voted to continue hearing.

Motion by Commissioner Mohr Feldman passed (4-1, Ferruzza opposed) to continue the hearing to December 13, 2010.

Public Comments: None

Commission Comments: None

Chairman Wertheimer addressed the Commission seeking reconsideration of the Commissions' previous motion to continue the hearing to December 13, 2010 due to unavailability of Applicants expert witness on December 13th.

Mr. Robert Coldren (Hart, King & Coldren, Santa Ana) attorney representing applicant, addressed Commission noting that they preferred hearing to continue this evening, objected to delay of proceeding overall, but without waiving their objection, preferred the date of January 24, 2011 as the date to continue the hearing.

Resident's attorney Spencer confirmed the January 24th is an available date.

Motion by Commissioner Silacci to reconsider the continued hearing date and set January 24, 2011 as the continued hearing date passed (5-0). During discussion of the motion, Commissioner Feldman noted that she had a potential conflict on January 24th, and would probably not be available to attend on that date. Prior to the vote it was confirmed that alternate Commissioner Klussman was available to attend hearing on January 24th.

Adjournment: at 10:50 p.m. to 6:00 p.m. on Monday, January 24, 2011.

Lloyd Wertheimer, Chair
Rent Adjustment Commission

10 JANUARY 2011
Date Approved

cdd:430-40/rw/l/cdd/rac/2010/12-06-10MN