Western
Manufactured Housing Communities
Association

STANDARD RENTAL AGREEMENT FOR A TERM OF LESS THAN TWELVE MONTHS

Ranch
(Park Name)
2193 Las Feliz
(Park Address)
Thousand Oaks, CA 91362

Date this Agreement is Signed: 11-18-08

Date the Term of this Agreement Begins: 12-1-08

1. Homesite Address/Space No.: 21 2152 Skinner Rd. T.O., CA 91362
2. Resident(s) Patrick Vaughan

The persons who are listed above, referred to in the balance of this document as "Resident," agree to lease the homesite/space listed above in the above-referenced mobilehome park, referred to in the balance of this document as "Park," for the period and according to the term set forth in this Agreement.

3. Beginning Monthly Rent: $ 139.00
4. Facilities to be Provided by Park for Residents During the Term of this Agreement, Unless Changed: _____
5. Services to be Provided by Park for Residents During the Term of this Agreement, Unless Changed:

Service	Charge
	$
	$
	$
	$

Utilities	Included in Rent	Paid by Resident Directly To Utility Co.	Park Will Bill Resident Monthly	Unavailable
Natural Gas			✓	
Electricity			✓	
Water	✓			
Cable TV		✓		
Trash	✓			
Sewer			✓ 25.62	

6. **Security Deposit:** $ 0 (Not to exceed an amount equal to two months rent)

7. TERM: The term of this Agreement shall be for a period of _____, but shall be for a period of less than twelve months, and is to begin on the date set forth on Page One of this Agreement and continue until _____. If Resident, without the Park's consent, remains in possession of the premises after expiration of the term of this Rental Agreement, or any extension thereto, and has not executed a new Rental Agreement with respect to the premises, said possession of the premises by the Resident shall be deemed a month-to-month tenancy on the same terms and conditions as contained herein, which may be terminated in accordance with the provisions of the Mobilehome Residency Law or any other applicable law.

8. RENT AND OTHER CHARGES: Resident shall pay rent in the amount of $ 139.00 per month on the first day of each month, commencing at the start of the term of this Rental Agreement. In addition, Resident shall pay the utility and other charges billed by the Park to the Resident on the first day of each month following the receipt of the bill from the Park. Payment for either rent or other charges must be paid without deduction or offset whatsoever and shall be considered late following the fifth day of each month. Payment will be made at the Park office or at such other location as the Park may designate from time to time. Rent adjustments may be made upon proper notice in accordance with the provisions of the Mobilehome Residency Law.

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9. **ADMINISTRATIVE CHARGE:** As additional rent, a charge may be assessed by the Park in the amount of $ 15.00 whenever rent and other charges are paid more than five (5) days after they are due. This charge is to cover the added administrative costs associated with processing a late payment. The five-day period does not include the date the payment is due.

10. **CHECK RETURN CHARGE:** As additional rent, a check return charge may be assessed by the Park in the amount of $ 15.00 whenever a check for rent or any other charges is returned unpaid from a bank or financial institution.

11. **SECURITY DEPOSIT:** On execution of this Agreement, but only upon initial occupancy, Resident shall deposit with the Park the total sum of the security deposit specified on Page One of this Agreement, as security for the performance by the Resident of the provisions of this Agreement. For new residents of the Park who begin tenancy on or after January 1, 1989, if the Resident has promptly paid to management within five (5) days of the date the amount is due all of the rent, utilities and reasonable service charges for any twelve (12) consecutive month period subsequent to the collection of the security deposit, or upon resale of the mobilehome, whichever occurs first, management shall refund to the Resident the amount of the security deposit, upon receipt of a written request from the Resident, within thirty (30) days following the end of the twelve (12) consecutive month period of the prompt payment or the date of the resale of the mobilehome.

    If the Resident is in default, the Park may, but is not obligated to, use the security deposit, or any portion of it, to cure the default or to compensate the Park for any damage sustained by the Park resulting from the Resident's default. If the Resident is not in default when the Resident terminates his/her tenancy in the Park, the Park shall return the security deposit to the Resident. The Park can maintain the security deposit separate and apart from the Park's general funds or can co-mingle the security deposit with the Park's general and other funds. The Park shall not be required to pay Resident interest on the security deposit. In the event of the termination of the Park's interest in this Agreement, the Park shall deliver the security deposit to the Park's successor in interest and such delivery shall constitute a discharge of the Park from any further liability hereunder. However, the successor in interest shall have the same obligations of the Park.

    As to any utility included in the rent, park reserves the right to separately charge for these as allowed by Civil Code Section 798.41.

12. **PARK RULES:** The Park Rules are a part of this Rental Agreement and are attached hereto and incorporated herein by reference as though fully set forth at this point. Resident agrees to comply with all Park Rules that now exist and such additional Rules as may be promulgated by the Park from time to time in accordance with the Mobilehome Residency Law or any other law now in effect or as amended.

13. **MOBILEHOME RESIDENCY LAW:** Resident hereby acknowledges receipt of the Mobilehome Residency Law, a part of the Civil Code of the State of California, a copy of which is attached hereto. Terms and provisions of the Mobilehome Residency Law are specifically made a part of this Rental Agreement, and are incorporated herein by reference as though fully set forth at this point.

14. **COMMON FACILITIES:** It is the responsibility of the Park to provide and maintain the physical improvements in the common facilities of the Park in good working order and condition. The common facilities of the Park are specified on Page One of this Agreement. With respect to a sudden or unforeseeable breakdown or deterioration of the physical improvements in the common facilities, the management shall have a reasonable period of time to repair the sudden or unforeseeable breakdown or deterioration and bring the improvements into good working order and condition after management knows or should have known of the breakdown or deterioration. A reasonable period of time to repair a sudden or unforeseeable breakdown or deterioration shall be as soon as possible in situations affecting the health or safety condition and shall not exceed 30 days in any other case except where exigent circumstances justify a delay.

15. **SITE MAINTENANCE:** The Park may, but is not obligated to, charge a reasonable fee for services relating to the maintenance of the land and premises upon which the mobilehome is situated in the event Resident fails to maintain such land or premises in accordance with the Rules and Regulations of the Park after written notification to the Resident and the failure of the Resident to comply within fourteen (14) days. The written notice shall state the specific condition to be corrected and an estimate of the charges to be imposed by the Park if the services are performed by the Park or its agent.

16. **TERMINATION OF RENTAL AGREEMENT BY PARK:** This Rental Agreement, at the option of the Park, may be declared forfeited and/or the tenancy may be terminated and/or Resident's right to possession terminated in accordance with the Mobilehome Residency Law and any other applicable law. Any such rights granted the Park due to any amendments, deletions, or modifications of the Mobilehome Residency Law and other applicable law may be enforced by the Park.

17. **TERMINATION OF RENTAL AGREEMENT BY RESIDENT:** Resident understands that this Rental Agreement will remain in effect and Resident will be liable to pay rent as set forth in this Agreement whether or not the Resident occupies the homesite/space or maintains a mobilehome at the homesite/space for the term of this Rental Agreement, unless the Resident terminates this agreement as required by law.

18. REMOVAL ON SALE: The Park may, at its option, in order to upgrade the quality of the Park, require the removal of the mobilehome from the Park upon its sale to a third party, in accordance with the provisions of the Mobilehome Residency Law and any other applicable law. Any rights granted the Park due to amendments, deletions, or modifications of the Mobilehome Residency Law and any other applicable law may be enforced by the Park.

19. APPROVAL OF PURCHASER AND SUBSEQUENT RESIDENTS: Resident may sell his or her mobilehome at any time pursuant to the rights and obligations of Resident and Park under the Mobilehome Residency Law or any other applicable law. Resident must, however, immediately notify the Park in writing of Resident's intent to sell his or her mobilehome if the prospective purchaser intends for the mobilehome to remain in the Park. If the Park does not exercise its rights pursuant to the Mobilehome Residency Law to require the removal of the mobilehome from the Park, and in order for the prospective purchaser to reside in the Park, he and/or she must: (1) complete an application for tenancy; (2) be accepted by the Park; (3) execute a new Rental Agreement; and (4) execute and deliver to the Park a copy of the Park's then effective Rules and Regulations.

20. RENTING OR SUBLETTING: Other than as specifically authorized by California Civil Code Section 798.23.5, resident shall not sublease or otherwise rent all or any portion of Resident's mobilehome or the premises. Resident shall not assign or encumber his or her interest in this Rental Agreement or the premises. No consent to any assignment, encumbrance, sublease or other renting shall constitute a further waiver of the provisions of this paragraph. If Resident consists of more than one person, a purported assignment, voluntary, involuntary, or by operation of law, from one person to the other shall be deemed an assignment within the meaning of this paragraph.

21. USE PROHIBITED: The mobilehome and premises shall be used only for private residential purposes and no business or commercial activity of any nature shall be conducted thereon.

22. IMPROVEMENTS: All plants, shrubs, and trees planted on the premises as well as all structures, including fences permanently embedded in the ground, if allowed in the Park pursuant to the Rules and Regulations, blacktop or concrete or any structures permanently attached to the ground, shall become the property of the Park as soon as they are installed and may not be removed by the Resident without the prior written consent of the Park. Other than in cases of park's responsibility for certain hazardous trees and certain park installed driveways pursuant to Civil Code Section 798.37.5, resident shall maintain, repair, and, when necessary at Park's sole discretion, remove and/or replace all of the above at Resident's sole expense and responsibility and shall be completely responsible for each of them although they are the property of the Park, which may remove them at its option.

23. NOTICE: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either an address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

24. WAIVER: The waiver by the Park of, or the failure of the Park to take action in any respect because of any breach of a term, covenant or condition contained herein or the violation of a Park Rule or Regulation shall not be a waiver of that term or rule. The subsequent acceptance of rent or other charges by the Park shall not be a waiver of any preceding breach of this Rental Agreement by the Resident or any violation of Park Rules or failure of Resident to pay any particular rent, regardless of the Park's knowledge of the preceding breach or violation of Park Rules or Regulations or failure to pay rent.

25. ATTORNEYS' FEES AND COSTS: In any action arising out of Resident's tenancy, this Agreement, or the provisions of the Mobilehome Residency Law, the prevailing party shall be entitled to reasonable attorneys' fees and costs. A party shall be deemed a prevailing party if the judgment is rendered in his or her favor or where the litigation is dismissed in his or her favor prior to or during the trial, unless the parties otherwise agree in the settlement or compromise.

26. TIME OF THE ESSENCE: Time is of the essence with this Agreement.

27. INTERPRETATION: Each provision of this Rental Agreement is separate, distinct, and individually enforceable. In the event any provision is declared to be unlawful or unenforceable, the validity of all other provisions shall not be affected.

28. INSPECTION OF THE PREMISES: By signing this Rental Agreement, Resident acknowledges that Resident has carefully inspected the space to be rented and all the Park's facilities and has found them to be in every respect as represented by Park to the Resident, either orally or in writing, and to the extent that they are not exactly as represented, either orally or in writing, accepts them as they are.

29. EFFECT OF THIS AGREEMENT: Resident agrees that this Rental Agreement contains the entire Agreement between the parties regarding the rental of the homesite/space within the Park. All prior negotiations or stipulations concerning this matter which preceded or accompanied the execution of this Agreement are conclusively deemed to have been superseded by this written Agreement. This Agreement completely supersedes any prior Agreement of the parties, whether in writing or oral.

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30. **ALTERATION OF THIS AGREEMENT:** This Agreement may be altered only by written Agreement signed by both of the parties, by operation of law, or in any manner provided for by the Mobilehome Residency Law or other applicable law.

31. **ACKNOWLEDGMENT:** Resident acknowledges that he and/or she has received a copy of this Rental Agreement, together with a copy of the Park Rules and Regulations, and a copy of the Mobilehome Residency Law, and further, that he and/or she has read and understands each of these documents. Resident understands that by executing this Rental Agreement, he and/or she will be bound by the terms and conditions thereof.

Resident acknowledges that he and/or she has been offered a Rental Agreement for a period of twelve months and has declined to enter into such Agreement. Instead, Resident has elected to enter into an Agreement for a term of less than twelve months, as specified in this Agreement.

SIGNATURES: Patricia T. Geoghegan (Resident) — 11/18/08 Dated

_____ (Resident) — _____ Dated

_____ (Resident) — _____ Dated

Pat Hostmyer (Park Management) — 11-18-08 Dated

INFORMATION CONCERNING THE MOBILEHOME WHICH PRESENTLY OCCUPIES, OR WILL OCCUPY, THE HOMESITE/SPACE WHICH IS THE SUBJECT OF THIS RENTAL AGREEMENT IS AS FOLLOWS:

Make of Mobilehome: _____

Model of Mobilehome: _____

Year of Manufacture: _____ Vehicle ID #: _____

License or Decal #: _____ State of Registration: _____

Federal Label or Calif. Insignia #: _____

Legal Owner's Name: _____

Address: _____

_____ Telephone #: _____

Registered Owner's Name: _____

Address: _____

_____ Telephone #: _____

Junior Lienholder(s) Name and Address: _____

_____

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: 22

RESIDENT: Doris Chaison Date: July 20, 2010

RESIDENT: _____

This rental agreement is made effective on the date set forth below by and between AVMGH Five - The Ranch Limited Partnership, hereinafter referred to as "OWNER," and the above named residents, hereinafter referred to as "HOMEOWNER." Reference to "OWNER," hereafter, also includes OWNER'S authorized representatives. The Mobile Home Park is a "Senior Community" (age 62 years or older) pursuant to the requirements of state and federal law. All occupants must be age 62 years or older. New occupants are required to prove compliance with the Park's age restrictions with a driver's license, birth certificate, or other such generally accepted proof of age.

1. **DESCRIPTION OF THE PREMISES:** OWNER rents to HOMEOWNER and HOMEOWNER rents from OWNER the space indicated above within Ranch Mobilehome Park, 2193 Los Feliz Dr, Thousand Oaks, Ca 91362, hereinafter "COMMUNITY," to be used for the personal and actual residence by HOMEOWNER and for no other purpose without the prior written consent of OWNER.

2. **TERM:** The initial term of this agreement shall be for 12 months and 0 days commencing on July 20, 2010, and ending midnight on July 19, 2011. As used herein, the expression "TERM HEREOF" refers to this term or any renewal thereof as hereinafter provided.

3. **RENT: HOMEOWNER** shall pay to the OWNER $133.12 per month as rent plus an additional sum for utilities and services to or for HOMEOWNER'S space as herein set forth below. The first payment shall be due on August 1, 2010. Except for metered utilities, the rent and other charges for utilities and services to or for the space will be due in advance on the first day of each month. Metered utilities are due when billed. All rent and other charges shall be paid at the Community office or other place designated by OWNER in writing without any offset or deduction whatsoever. All payments by HOMEOWNER shall first be applied to discharge any past due amounts, including, but not limited to, late charges, returned check charges, and utility and service charges. After such past due amounts have been paid, the remainder of any monies received by OWNER from HOMEOWNER shall be applied to past monthly rent amounts, then to the current month's utilities and services with any remainder applied to current rent. The next scheduled increase for this space will be on N/A. If this date is less than ninety (90) days from the commencement date of this lease, the new rental amount will be N/A. At least ninety (90) days written notice will be given for all later rent increases.

4. **SECURITY DEPOSIT:** The amount of security deposit received is N/A, or if this is a new agreement for an existing Resident, Park currently holds N/A as a security deposit. The security deposit is not rent, and shall within thirty (30) days following termination of tenancy or at such other time as provided by law, be returned after deducting for damages, cleaning, or any other unpaid obligations of Resident.

5. **UTILITIES AND SERVICES COSTS AT COMMENCEMENT OF THIS RENTAL AGREEMENT:**

	Present Cost	Homeowner Pays Utility Co.	Management Bills Homeowner	Included In Rent	Remarks
Natural Gas	Metered		✓		
Electricity	Metered		✓		
Water				✓	
Trash				✓	
Sewer			✓		
Tax Reimbursement					
Cable TV					
Guest Fees*	$75.00		✓		Per Month Per Guest
Rent Control Fee					
RV Storage					
Pass-Thru 1					
Pass-Thru 2					
Late Fee (see below)	$15.00		✓		Applies after the 6th of the month
Return Check Fees	$15.00		✓		
Other					
Other					

	Present Cost	Homeowner Pays Utility Co.	Management Bills Homeowner	Included In Rent	Remarks
*In residence over 20 consecutive days or 30 days in a calendar year. See section on "Guest Fees", below.					

Any increase in the cost of separately billed utilities or services shall be immediately passed through on the next billing. Late fees, Returned Check Fees, Guest fees, Pet Facilities fees, and RV Storage fees may be increased on 30 days written notice.

OWNER may, upon giving 30 days written notice during the term of this Agreement or any extension or renewal thereof, separate and subtract from the rent, then charge HOMEOWNER monthly for the cost of any service now or later included in the rent. The amount of this reduction shall be equal to the average cost to OWNER for the utility or service to or for that space during the 12 months immediately preceding notice of the commencement of the separate billing for the utility or service. Following commencement of the separate billing, OWNER may calculate and separately state on the monthly billing the periodic charge for the utility or service utilizing any method permitted by law.

With OWNER's prior written approval, HOMEOWNERS may contract directly with outside vendors or service providers for any service or utility not listed above or offered by OWNER. However, the service or utility service obtained by HOMEOWNER shall not conflict in any way with the normal operation or best interest of OWNER.

If HOMEOWNER makes a written request for the testing of any OWNER provided utility meter serving their space, OWNER shall order and pay for the test. However, HOMEOWNER shall reimburse the costs to OWNER if the test results indicated no adjustment, repair, or replacement was necessary.

6. **GUEST FEES:** Residents will pay an additional fee of $75.00 per month for each month or partial month a guest stays on the Resident's space immediately following a stay of more than 20 consecutive days or a total of 30 non-consecutive days in a calendar year. Guest fees will be due commencing on the first day following the expiration of 20 consecutive days or a total of 30 non-consecutive days in a calendar year, which ever occurs first. Guest fees shall be paid in advance and shall be paid prospectively on the first day of each month, thereafter. Guest fees will be owed whether or not the guest has been registered with OWNER. No guest fee will be charged for persons described in Civil Code Section 798.34(b),(c) or (d), or the "immediate family" of the Resident, defined as the Resident, his or her spouse, their parents, their children, and their grandchildren under 18 years of age.

7. **LATE FEES AND HANDLING CHARGES:** If the rent and other charges are not paid by the 6th of the month, a late fee of $15.00 will be due to cover OWNER'S administrative costs for, among other things, preparing and serving a notice and collecting, banking and accounting expenses associated with collecting late rent and other charges. HOMEOWNER and OWNER's representative acknowledge they have discussed the late fee and agree that it is and will be impracticable and extremely difficult to fix the actual damages suffered by OWNER either now or at the time of receipt of a late payment and that the above amount represents a reasonable average estimate of OWNER'S administrative costs related to collecting and accounting for late payments. See Late Fee Addendum attached hereto and incorporated as though set forth in full. Inclusion of the late charge provision shall not be construed as a waiver of OWNER's right to demand timely payment of rent and other charges when due, to require payment in legal tender, or to enforce any provision hereof after any default on the part of the HOMEOWNER. A handling charge of $15.00 is required for all checks dishonored by HOMEOWNER's bank regardless of the reason. HOMEOWNER acknowledges that it is and will be impracticable and extremely difficult to fix the actual damages suffered by OWNER in the event the HOMEOWNER's check is returned, and that the above charge represents a reasonable approximation of the damages the OWNER is likely to suffer from HOMEOWNER'S returned check. The application of late fees and return check charges shall be cumulative. The subsequent acceptance of payments shall not constitute a waiver of any breach of any rule, regulation or covenant of the Lease Agreement, nor shall it reinstate, continue or extend the term of the Lease Agreement or affect any notice, demand or suit hereunder unless expressly waived by OWNER in writing. Interest at the rate of 10% per annum will accrue on rent and other charges one month or more past due.

8. **FACILITIES AND SERVICES PROVIDED BY OWNER:** The facilities and services to be provided by OWNER during the term of this Agreement, unless changed as provided by law are as follows:

A. **FACILITIES:** Laundry room, clubhouse, restrooms, recreational facilities.

B. **SERVICES:** Services are provided as stated in Section 4, above. Utilities and services which are now included in the rent without additional charge, may later be broken out of the rent and metered or charged separately from the rent in accordance with applicable law and regulations. The fees charged for utilities and services will be at the prevailing rates or as prescribed by the serving utility or by government regulation. OWNER will maintain the common areas of the COMMUNITY to reasonable standards.

C. **RESPONSIBILITY OF OWNER:** It is the responsibility of the OWNER to provide and maintain the physical improvements in the common facilities of the Community in good working order and condition. However, with respect to a sudden or unforeseeable breakdown or deterioration of these improvements, the OWNER shall have a reasonable period of time to repair the sudden or unforeseeable breakdown or deterioration and bring the improvements into good working order and condition after OWNER knows or should have known of the breakdown or deterioration. For purposes of this subdivision, a reasonable period of time to repair a sudden or unforeseeable breakdown or deterioration shall be as soon as possible in situations affecting a health or safety condition, and shall not exceed 30 days in any other case except where exigent circumstances justify a delay. Any prevention, delay or stoppage due

to strikes, labor disputes, acts of God, inability to obtain materials, governmental restrictions, regulations or control, judicial orders, fire, flood, earthquake or other natural disaster will excuse OWNER's performance of these obligations for a time equal to the delay. Such delays shall be deemed to be beyond the reasonable control of OWNER. HOMEOWNER shall continue to pay rent, without abatement or reduction, and any and all other itemized charges in accordance with the terms of this Agreement. OWNER will not be liable for any loss or injury to property occurring with, or incidental to the failure to furnish any services, facilities, or utilities to HOMEOWNER, if the inability to so furnish relates to matters set forth above in this section.

D. **RESPONSIBILITY OF HOMEOWNER:** HOMEOWNER shall promptly report to Management any observed defect with respect to the Common Facilities, Common Areas or utility services of the Park, including, but not limited to, the following: water leaks; gas leaks; potholes or cracks in the pavement or roads; dirty trash areas; dust, dirt or debris on roads; discolored or bad smelling or inadequate water supply or pressure; problems with the Park's common electrical system; leaks or backups or lack of capacity of the Park's sewer system; unclean or inoperable laundry facilities; insufficient trash bin capacity; problems with the heating or cooling at the common buildings; holes or worn spots in floors of the Park's facilities; or any other defect in the Park's equipment, buildings, common areas, or maintenance, including landscaping. HOMEOWNER shall give such notice in writing to the OWNER's resident manager, in person or by prepaid first class mail addressed to the OWNER at the Community within thirty (30) days of HOMEOWNER's discovery of any of the conditions set forth above in order that such conditions may be corrected within a reasonable period of time by the OWNER.

9. **USE AND OCCUPANCY:** Except as expressly provided by California Civil Code sections 798.34(b) & (c) or 798.23.5 of the Mobilehome Residency Law, the Community Rules and Regulations or as otherwise preempted by law, only the registered owner, who is a signatory to this rental agreement, and his immediate family as defined in Civil Code section 798.35 are permitted to reside on the rented mobilehome space. Resident shall not use or permit the premises or any part thereof to be used for any purpose other than as a lot for the placement and maintenance of their mobilehome which may only be used as a residence for the persons listed herein. No other person may reside at the premises without the prior written permission of OWNER. The Community and its address may not be used for the purpose of conducting any enterprise, business, or advertising the sale of automobiles, recreational vehicles, or any other merchandise. No mobilehome or occupancy rights to a space may be transferred in the Community without the prior written consent of OWNER. Occupancy of the mobilehome is limited to two persons per bedroom plus one person. Resident shall not assign any rights or privileges of the Agreement or sublet the rented premises or any part except as specifically permitted per Community Rules and Regulations. Any such purported assignment or sublet is void. Resident shall neither do nor permit to be done in or about the premises, nor bring or keep therein, anything in conflict with any law or ordinance now or hereafter in effect, or contrary to the Rules and Regulations of the Community, or which may injure or annoy other tenants of the Community.

10. **SUBLETTING**: There shall be no subletting except as required by law subject to OWNER's written approval.

11. **ASSUMPTION:** There shall be no assignment of this agreement by HOMEOWNER. Any purported assignment is void.

12. **LIENS AND CLAIMS:** HOMEOWNER shall not suffer or permit to be enforced against OWNER's title to the Community or any part thereof, any lien, claim or demand arising from any work of construction, repair, restoration or maintenance of the Homesite or mobilehome.

A. Should any lien, demand or claim be filed, HOMEOWNER shall cause it to be immediately removed. In the event HOMEOWNER , in good faith, desires to contest such lien, demand or claim, he may do so, but in such case HOMEOWNER agrees to and shall indemnify and save OWNER harmless from any and all liability for damages, including reasonable attorneys' fees and costs, resulting therefrom and agrees to and shall, in the event of a judgment of foreclosure on said lien, cause the same to be satisfied, discharged and removed prior to execution of the judgment.

B. Should HOMEOWNER fail to discharge any such lien or furnish bond against the foreclosure thereof, OWNER may, but shall not be obligated to, discharge the same or take such other action as it deems necessary to prevent a judgment of foreclosure on said lien from being executed against the property, and all costs and expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred by OWNER in connection therewith, shall be repaid by HOMEOWNER to OWNER on written demand.

13. **WASTE AND NUISANCE PROHIBITED:** During the term of this Agreement, HOMEOWNER shall not commit any waste or nuisance on their space or in the Community, shall comply with all Community Rules and Regulations which may be changed from time-to-time pursuant to the terms of the Mobilehome Residency Law, and shall comply with all laws and regulations applicable to their residency in the Community as the same may be modified from time-to-time.

14. **ABANDONMENT PROHIBITED:** HOMEOWNER shall not vacate or abandon the premises at any time during the term hereof. If HOMEOWNER shall abandon, vacate or surrender the premises, all of HOMEOWNER'S personal property left behind shall be deemed to be abandoned, at the option of OWNER.

15. **OWNER'S RIGHT OF ENTRY:** HOMEOWNER shall permit OWNER and the agents and employees of OWNER to enter into and upon the premises at all reasonable times for the purpose of inspecting the same, carrying out OWNER's operation and maintenance responsibilities, for the purpose of posting notices of non responsibility for alterations, additions or repairs, and

to exercise other rights under the law, all of which shall be without rebate of rent and without any liability to HOMEOWNER for loss of quiet enjoyment. OWNER shall not enter HOMEOWNER'S Mobilehome except in cases of emergency or with the prior written consent of HOMEOWNER.

16. **OCCUPANCY QUESTIONNAIRE:** HOMEOWNER shall complete, sign and provide to OWNER, on three (3) days prior written notice, an Occupancy Questionnaire. Such executed Questionnaire shall contain the following:

A. The names of all occupants of the Homesite;
B. Nature of occupancy for each individual occupying the space;
C. The legal owner and registered owner of the mobilehome;
D. Names and addresses of all lienholders of the mobilehome;
E. A copy of the certificate of title and/or registration card issued by the California Department of Housing and Community Development or by the California Department of Motor Vehicles for the mobilehome occupying the Homesite; and
F. Proof of HOMEOWNER's insurance policy (or policies) on HOMEOWNER's mobilehome.

17. **RESALE OR TRANSFER OF OWNERSHIP OF MOBILEHOME:**

Pursuant to Civil Code § 798.74, OWNER reserves its right of prior approval of a purchaser of a mobilehome that will remain in the COMMUNITY. For the purposes of this agreement, purchaser includes any transferee whether or not the transfer was for value. Subject to OWNER's right to require removal of the Mobilehome on sale in accordance with Civil Code § 798.73 and other laws, HOMEOWNER may sell or transfer ownership of his or her Mobilehome at any time. HOMEOWNER must, however, immediately notify the OWNER in writing of HOMEOWNER's intent to sell or transfer ownership of his or her Mobilehome when HOMEOWNER intends for the Mobilehome to remain in the COMMUNITY after the sale or transfer of ownership. When it is intended that the mobilehome remain in the COMMUNITY after the sale or transfer, all of the following will be required before HOMEOWNER will be released from this agreement. HOMEOWNER must assure Purchaser/transferee has:

A. Provided a completely filled out application for tenancy including a copy of the agreement to sell or transfer.
B. Participated in a face to face interview with OWNER's representative.
C. Executed acknowledgment of receipt of a copy of the Community's State-required Mobilehome Park Rental Agreement Disclosure at least three working days prior to the signing of the assumption or lease/rental agreement.
D. Executed a new lease/rental agreement approved by OWNER.
E. Executed a copy of the current Community Rules & Regulations.
F. Paid their first month's rent, security deposit if required, and other charges for the space, as well as any current delinquency.

18. **CANCELLATION OF AGREEMENT UPON REMOVAL:** In the event HOMEOWNER decides to remove the Mobilehome from the COMMUNITY and surrender the space to OWNER, HOMEOWNER may cancel this Agreement upon giving OWNER sixty (60) days written notice of such removal and cancellation. HOMEOWNER's obligation for rent and other charges shall not cease until removal of the mobilehome and all accessories has been completed, the space has been surrendered to OWNER, and the notice period has expired.

19. **TERMINATION BY OWNER:** OWNER may only terminate this agreement for any one or more of the reasons stated in Civil Code section 798.56 including amendments that occur after signing this agreement.

20. **WAIVER:** The waiver by OWNER of, or the failure of OWNER to take action with respect to, any breach of any term, covenant or condition herein contained, shall not be deemed to be a waiver of such term, covenant or condition or subsequent breach of the same, or any term, covenant or condition herein contained. The subsequent acceptance of rent by OWNER shall not be deemed to be a waiver of any preceding breach by HOMEOWNER, of any term, covenant or condition of this Agreement other than the failure of HOMEOWNER to pay the particular rent so accepted, regardless of OWNER'S knowledge of such preceding breach at the time of accepting such rent.

21. **EFFECT OF HOMEOWNER'S HOLDING OVER:** Any holding over after the expiration of the term of this Agreement, with the consent of OWNER shall be construed to be a tenancy from month-to-month at the same monthly rental as charged to the HOMEOWNER for the period immediately prior to the expiration of the term hereof plus any prior noticed increase, and shall otherwise be on the terms and conditions herein specified so far as applicable. The amount of rent and other charges due for the term of such period of holding over may be increased in accordance with Mobilehome Residency Law. Any holdover without the consent of the OWNER shall accrue daily damages to OWNER at the fair market rent for the space, as reasonably determined by OWNER, and shall include all fixed charges for utilities or services that are a cost to OWNER for that space.

22. **TRANSFER OF OWNER'S INTEREST:** In the event OWNER transfers its interest in the COMMUNITY or any portion thereof, OWNER shall be automatically relieved of any obligations hereunder accruing after the date of such transfer and HOMEOWNER shall look to the transferee for enforcement of such obligations.

23. **EMINENT DOMAIN:** If the entire Community, or a portion thereof, is taken under the power of eminent domain, or is sold to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, and such occurrence causes OWNER in its sole opinion to believe the balance of the remaining property is not suitable or viable to continue as a mobilehome community, then this Agreement shall automatically terminate as of the date

the condemning authority takes possession. Any award for any taking of all, or any part of the Community under the power of eminent domain shall be the property of OWNER, whether such award represents compensation for diminution in value of the leasehold, if any, or a taking of the fee (rights of ownership).

No award for any partial or entire taking shall be apportioned, and HOMEOWNER hereby renounces any interest in, and assigns to OWNER, any award made in any condemnation proceeding for any such taking. Nothing contained herein, however, shall be deemed to preclude HOMEOWNER from obtaining an award for damages concerning their removable personal property, or to give OWNER any interest in an award of damages to HOMEOWNER for loss of or damage to HOMEOWNER's removable personal property.

24. **DISPUTE RESOLUTION AND ARBITRATION OF DISPUTES:** OWNER may offer a voluntary Arbitration Agreement for mutual consideration outside this Agreement. If such an agreement is executed by OWNER and HOMEOWNER, it shall be independent of the rental agreement.

25. **ATTORNEY'S FEES:** In any legal action hereunder, or to enforce any other agreement between OWNER and HOMEOWNER arising under the tenancy, the non prevailing party shall pay the reasonable attorney's fees and costs of the prevailing party in an amount to be determined by the court or other forum having jurisdiction of the matter, in addition to any other award or damages ordered whether or not the matter proceeds to decision by the entity having jurisdiction. A party shall be deemed the prevailing party if judgment is rendered in his favor or where the litigation is dismissed in his favor prior to or during trial, unless the parties otherwise agree in the settlement or compromise.

26. **ESTOPPEL CERTIFICATE:** Within ten (10) days after written notice, HOMEOWNER agrees to execute and deliver an Estoppel Certificate in the form submitted by OWNER, acknowledging that this Agreement is in full force and effect as modified by written agreement, specifying any modifications to the Agreement and dates to which the rent and other charges have been paid, and acknowledging whether or not OWNER is in compliance with its obligations thereunder or the law. Failure of HOMEOWNER to execute and return said Estoppel Certificate within ten (10) days after presentation of same to HOMEOWNER shall be conclusively deemed HOMEOWNER's acknowledgment and warranty that the Certificate as submitted by OWNER is true and correct, that OWNER is not in breach, default, or violation of the agreement or legal obligation to the HOMEOWNER, and may be relied upon by any lender, purchaser, or other interested party.

27. **SUBORDINATION:** This Agreement, and any leasehold interest which may be created by it, shall be subordinate to any encumbrance, restriction or declaration of record before or after the date of this Agreement affecting the Park, the common areas, recreational facilities or other facilities of the Park, or the Homesite rented to Homeowner. Such subordination is effective without any further act of Homeowner; however, Homeowner agrees, upon request by Owner, to promptly execute and deliver any documents or instruments which may be required by any lender to effectuate any subordination, including reasonable modifications to this Agreement, provided they do not increase the obligations of Homeowner or materially adversely affect the interests of Homeowner herein. If Homeowner fails to execute and deliver any such documents or instruments, Homeowner hereby irrevocably constitutes and appoints Owner as Homeowner's special attorney-in-fact to execute and deliver any such documents or instruments.

28. **INDEMNIFICATION:** OWNER and Community shall not be liable for any loss, damage or injury of any kind whatsoever to the person or property of any HOMEOWNER or to any of the employees, guests, invitees, permittees or licensees of any HOMEOWNER, or to any other person whomsoever, caused by any use of the Community premises or Homesite (including any defect in improvements erected thereon) or the failure of any service or amenity, or arising from any other cause whatsoever, unless resulting from circumstances described below. As a material part of the consideration of this Agreement, HOMEOWNER hereby waives all claims and demands against OWNER and the Community, and hereby agrees to indemnify and hold OWNER and Community free and harmless from liability for all claims and demands for any such loss, damage or injury, including attorneys' fees, together with all costs and expenses arising therefrom or in connection therewith, unless resulting from the circumstances described below.

PLEASE NOTE: Nothing contained in the above paragraph or elsewhere in this Agreement, the Rules and Regulations or other residency documents of the Community, shall have the effect of an agreement by HOMEOWNER to release, indemnify and hold harmless OWNER, Community or any other person for the gross negligence or willful acts or omissions of OWNER, the Community or any other person or from a breach by OWNER or any other person of this Agreement or the breach of any other duty owed by OWNER, the Community, or any other person to HOMEOWNER or to any other person. Furthermore, the terms and conditions of this paragraph do not include any fine, forfeiture, penalty, or fee (including any attorneys' fees or costs) assessed by a court of law against the OWNER of the Park for a violation of the Mobilehome Residency Law.

HOMEOWNER shall, at HOMEOWNER's own expense, defend all actions brought against OWNER or the Community for which HOMEOWNER is responsible for indemnification hereunder. If HOMEOWNER fails to do so, OWNER or the Community (at OWNER's option, but without being obligated to do so) may, at the expense of HOMEOWNER, defend such actions, and HOMEOWNER shall pay and discharge any and all amounts that arise therefrom.

29. **RECORDING:** This Agreement or any memorandum of this Agreement may not be recorded without the prior written consent of OWNER, which may be withheld.

30. **GOVERNING LAW:** This Agreement shall be governed by and construed pursuant to the laws of the State of California

31. **AMENDMENTS:** This Agreement, any addendums and the written documents referred to herein contain the entire agreement between OWNER and HOMEOWNER and except as otherwise contained in this agreement, may be amended only by written assent of OWNER and HOMEOWNER.

32. **MAINTENANCE OF RENTED SPACE:** Except as otherwise required by California Civil Code section 798.37.5, HOMEOWNER agrees to maintain the space and all improvements thereon including but not limited to: the trees, shrubbery, and other vegetation or landscaping, fences, retaining walls, asphalt, concrete, storage buildings, other structures permitted by OWNER, vehicles used for transportation and the mobilehome in a condition of good repair and attractive appearance. OWNER may charge a reasonable fee for services relating to the maintenance of the land and premises upon which HOMEOWNER's mobilehome is situated in the event HOMEOWNER fails to maintain such land or premises in accordance with the rules and regulations of the Community after written notification to HOMEOWNER and the failure of HOMEOWNER to comply within 14 days thereafter. In the event of such failure on the part of HOMEOWNER to comply within 14 days, OWNER may enter the premises to carry out, at HOMEOWNER's expense, such gardening, maintenance and/or repairs to the land and premises as are reasonably necessary to correct the conditions which violate the Community Rules or detract from the appearance of the space or Community. OWNER'S charge for such services shall be paid upon demand and, at OWNER's sole option shall be deemed additional rent. OWNER'S election of this remedy shall not be deemed a waiver of any default by HOMEOWNER. OWNER'S remedies shall be cumulative and OWNER reserves the right to proceed using any or all remedies available in law or equity. HOMEOWNER's invitees or guests who cause property damage by their actions or negligence are deemed agents of their host HOMEOWNER for liability purposes and OWNER may seek recovery directly from the HOMEOWNER.

33. **TIME IS OF THE ESSENCE:** Time is of the essence of this Agreement and for each and every covenant thereof.

34. **INCORPORATION OF RULES AND LAW:** HOMEOWNER hereby acknowledges concurrent or previous receipt of the current Mobilehome Residency Law and Community Rules and Regulations and that these documents are incorporated by reference as attachments to this Agreement and are made a part of it as though set forth in full.

35. **INSURANCE:** The Community does not carry public liability or property damage insurance to compensate you, your guest, or any other person from any loss, damage, or injury except where the Community would be legally liable for such loss, damage, or injury due to its own acts or negligence. Therefore, for your own protection, you should obtain at your own cost, fire, flood, storm, earthquake, acts of God, theft or vandalism, and other casualty insurance coverage for your mobilehome, improvements, and contents, and personal liability and any other insurance that may be necessary or beneficial to protect you, your guest, or others from unforeseen loss or liability.

36. **ZONING INFORMATION:** The nature of the zoning under which the mobilehome park operates is: **Mobile Home Exclusive**

37. **NOTICE:** Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

38. **RELEASE OF CLAIMS:** As a material part of the consideration for this Agreement, HOMEOWNER hereby waives, releases and discharges on behalf of him or herself, their family and guests, OWNER and each and all of OWNER's present and former partners, officers, directors, agents, representative, employees and attorneys and each and all of OWNER's respective heirs, successors, executors, administrators and assignees of each from any and all claims, agreements, contracts, covenants, representations, obligations, losses, liabilities, demands and causes of action which HOMEOWNER and HOMEOWNER'S family and guests may now or hereafter have or claim to have against OWNER, by reason of any matter or thing, whether of a personal or business nature, whatsoever, to and including the date hereof. HOMEOWNER hereby waives any and all rights which HOMEOWNER may have under the provisions of Section 1542 of the Civil Code of the State of California, which section reads as follows:

> "A General Release does not extend to claims which the Creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him, must have materially affected his settlement with the Debtor."

It is understood by HOMEOWNER that, if the facts or law with respect to which the foregoing release as given turn out hereafter to be other than or different from the facts or law in that connection now known to be or believed by HOMEOWNER to be true, then HOMEOWNER expressly assumes the risk of the facts or law turning out to be so different, and agrees that the foregoing release shall be in all respects effective and not subject to termination or rescission for any such difference in facts or law. By initialing here, HOMEOWNER agrees to this provision. _____

39. **SERVICE OF NOTICES:** Unless otherwise provided, all notices shall be either delivered personally to the HOMEOWNER or deposited in the United States mail, postage prepaid, addressed to the resident at his or her space within the Community. If more than one person is named a HOMEOWNER in the rental agreement, each shall be deemed the agent of the other for the purpose of service of notices and service on one shall be deemed service on all HOMEOWNERS at the same space.

40. **SEVERABILITY:** If any provision of this Agreement or application thereof to any person or circumstance is held invalid, this invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application; and to this end, the provisions of the Agreement are declared to be severable. This Agreement shall be liberally construed to achieve its purposes and to preserve its validity.

41. **COUNTERPARTS AND FACSIMILE SIGNATURES:** This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of such counterparts together shall constitute one and the same instrument. Facsimile signatures may be used by the parties, in which event the document, signed by such party shall be binding upon the party who signed it.

42. **ACKNOWLEDGMENTS:** Approval should be given only after careful consideration and review of each one.

A. By initialing this subsection, HOMEOWNER agrees (1) that he or she has carefully inspected the rental space and the COMMUNITY facilities; and (2) that the space and facilities are in every respect as represented by OWNER to HOMEOWNER, either orally or in writing. To the extent that the space and facilities are not exactly as represented, either orally or in writing, HOMEOWNER accepts them as they are. dc

B. If HOMEOWNER currently has a tenancy for this space in the Community, HOMEOWNER acknowledges HOMEOWNER was offered a lease for 12 months or less as the HOMEOWNER may choose. _____

C. By initialing this subsection, HOMEOWNER acknowledges that OWNER has not required HOMEOWNER to purchase, rent, or lease goods or services for landscaping, remodeling, or maintenance from any person, company, or corporation. dc

D. By initialing this subsection, HOMEOWNER agrees that this Agreement, including addendums, contains the entire agreement between the parties relating to the rental of space within the COMMUNITY. dc

E. By initialing this subsection, HOMEOWNER agrees that he or she has read, understood, and received copies of this agreement, the Community Rules and Regulations, and the Mobilehome Residency Law. HOMEOWNER understands that by executing this agreement he or she will be bound by its terms and conditions. dc

All prior negotiations or stipulations concerning this matter which preceded or accompanied the execution herein, are conclusively deemed to have been superseded hereby. In interpreting this Agreement and the provisions thereof, it shall be deemed that this Agreement and its exhibits were written by both parties if any changes were made. This Agreement may be subsequently altered by written agreement of the parties or by OWNER following expiration of the initial term of this agreement in accordance with Civil Code section 827 or other applicable law.

This agreement shall be binding upon and inure to the benefit of Owner's heirs, successors, and assigns.

This agreement is signed in Thousand Oaks, California.

HOMEOWNER(S):

Doris Chaison 7/20/10
Doris Chaison Date

_____
Date

OWNER/AGENT:

AVMGH Five - The Ranch Limited Partnership

By: Barry Blecha 7/20/10
Resident Manager Date

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: Gayle Heninger Date: April 3, 2010

RESIDENT: _____

This rental agreement is made effective on the date set forth below by and between AVMGH Five - The Ranch Limited Partnership, hereinafter referred to as "OWNER," and the above named residents, hereinafter referred to as "HOMEOWNER." Reference to "OWNER," hereafter, also includes OWNER'S authorized representatives. The Mobile Home Park is a "Senior Community" (age 62 years or older) pursuant to the requirements of state and federal law. All occupants must be age 62 years or older. New occupants are required to prove compliance with the Park's age restrictions with a driver's license, birth certificate, or other such generally accepted proof of age.

1. **DESCRIPTION OF THE PREMISES:** OWNER rents to HOMEOWNER and HOMEOWNER rents from OWNER the space indicated above within Ranch Mobilehome Park, 2193 Los Feliz Dr, Thousand Oaks, Ca 91362, hereinafter "COMMUNITY," to be used for the personal and actual residence by HOMEOWNER and for no other purpose without 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, 2010, and ending midnight on April 3, 2011. As used herein, the expression "TERM HEREOF" refers to this term or any renewal thereof as hereinafter provided.

3. **RENT: HOMEOWNER** shall pay to the OWNER $133.12 per month as rent plus an edditional sum for utilities and services to or for HOMEOWNER'S space as herein set forth below. The first payment shall be due on May 1, 2010. Except for metered utilities, the rent and other charges for utilities and services to or for the space will be due in advance on the first day of each month. Metered utilities are due when billed. All rent and other charges shall be paid at the Community office or other place designated by OWNER in writing without any offset or deduction whatsoever. All payments by HOMEOWNER shall first be applied to discharge any past due amounts, including, but not limited to, late charges, returned check charges, and utility and service charges. After such past due amounts have been paid, the remainder of any monies received by OWNER from HOMEOWNER shall be applied to past monthly rent amounts, then to the current month's utilities and services with any remainder applied to current rent. The next scheduled increase for this space will be on N/A. If this date is less than ninety (90) days from the commencement date of this lease, the new rental amount will be N/A. At least ninety (90) days written notice will be given for all later rent increases.

4. **SECURITY DEPOSIT:** The amount of security deposit received is N/A, or if this is a new agreement for an existing Resident, Park currently holds N/A as a security deposit. The security deposit is not rent, and shall within thirty (30) days following termination of tenancy or at such other time as provided by law, be returned after deducting for damages, cleaning, or any other unpaid obligations of Resident.

5. **UTILITIES AND SERVICES COSTS AT COMMENCEMENT OF THIS RENTAL AGREEMENT:**

	Present Cost	Homeowner Pays Utility Co.	Management Bills Homeowner	Included In Rent	Remarks
Natural Gas	Metered		✓		
Electricity	Metered		✓		
Water				✓	
Trash				✓	
Sewer			✓	25.60	
Tax Reimbursement					
Cable TV					
Guest Fees*	$75.00		✓		Per Month Per Guest
Rent Control Fee					
RV Storage					
Pass-Thru 1					
Pass-Thru 2					
Late Fee (see below)	$15.00		✓		Applies after the 6th of the month
Return Check Fees	$15.00		✓		
Other					
Other					

	Present Cost	Homeowner Pays Utility Co.	Management Bills Homeowner	Included In Rent	Remarks
*In residence over 20 consecutive days or 30 days in a calendar year. See section on "Guest Fees", below.					

Any increase in the cost of separately billed utilities or services shall be immediately passed through on the next billing. Late fees, Returned Check Fees, Guest fees, Pet Facilities fees, and RV Storage fees may be increased on 30 days written notice.

OWNER may, upon giving 30 days written notice during the term of this Agreement or any extension or renewal thereof, separate and subtract from the rent, then charge HOMEOWNER monthly for the cost of any service now or later included in the rent. The amount of this reduction shall be equal to the average cost to OWNER for the utility or service to or for that space during the 12 months immediately preceding notice of the commencement of the separate billing for the utility or service. Following commencement of the separate billing, OWNER may calculate and separately state on the monthly billing the periodic charge for the utility or service utilizing any method permitted by law.

With OWNER's prior written approval, HOMEOWNERS may contract directly with outside vendors or service providers for any service or utility not listed above or offered by OWNER. However, the service or utility service obtained by HOMEOWNER shall not conflict in any way with the normal operation or best interest of OWNER.

If HOMEOWNER makes a written request for the testing of any OWNER provided utility meter serving their space, OWNER shall order and pay for the test. However, HOMEOWNER shall reimburse the costs to OWNER if the test results indicated no adjustment, repair, or replacement was necessary.

6. **GUEST FEES:** Residents will pay an additional fee of $75.00 per month for each month or partial month a guest stays on the Resident's space immediately following a stay of more than 20 consecutive days or a total of 30 non-consecutive days in a calendar year. Guest fees will be due commencing on the first day following the expiration of 20 consecutive days or a total of 30 non-consecutive days in a calendar year, which ever occurs first. Guest fees shall be paid in advance and shall be paid prospectively on the first day of each month, thereafter. Guest fees will be owed whether or not the guest has been registered with OWNER. No guest fee will be charged for persons described in Civil Code Section 798.34(b),(c) or (d), or the "immediate family" of the Resident, defined as the Resident, his or her spouse, their parents, their children, and their grandchildren under 18 years of age.

7. **LATE FEES AND HANDLING CHARGES:** If the rent and other charges are not paid by the 6th of the month, a late fee of $15.00 will be due to cover OWNER'S administrative costs for, among other things, preparing and serving a notice and collecting, banking and accounting expenses associated with collecting late rent and other charges. HOMEOWNER and OWNER's representative acknowledge they have discussed the late fee and agree that it is and will be impracticable and extremely difficult to fix the actual damages suffered by OWNER either now or at the time of receipt of a late payment and that the above amount represents a reasonable average estimate of OWNER'S administrative costs related to collecting and accounting for late payments. See Late Fee Addendum attached hereto and incorporated as though set forth in full. Inclusion of the late charge provision shall not be construed as a waiver of OWNER's right to demand timely payment of rent and other charges when due, to require payment in legal tender, or to enforce any provision hereof after any default on the part of the HOMEOWNER. A handling charge of $15.00 is required for all checks dishonored by HOMEOWNER's bank regardless of the reason. HOMEOWNER acknowledges that it is and will be impracticable and extremely difficult to fix the actual damages suffered by OWNER in the event the HOMEOWNER's check is returned, and that the above charge represents a reasonable approximation of the damages the OWNER is likely to suffer from HOMEOWNER'S returned check. The application of late fees and return check charges shall be cumulative. The subsequent acceptance of payments shall not constitute a waiver of any breach of any rule, regulation or covenant of the Lease Agreement, nor shall it reinstate, continue or extend the term of the Lease Agreement or affect any notice, demand or suit hereunder unless expressly waived by OWNER in writing. Interest at the rate of 10% per annum will accrue on rent and other charges one month or more past due.

8. **FACILITIES AND SERVICES PROVIDED BY OWNER:** The facilities and services to be provided by OWNER during the term of this Agreement, unless changed as provided by law are as follows:

A. **FACILITIES:** Laundry room, clubhouse, restrooms, recreational facilities.

B. **SERVICES:** Services are provided as stated in Section 4, above. Utilities and services which are now included in the rent without additional charge, may later be broken out of the rent and metered or charged separately from the rent in accordance with applicable law and regulations. The fees charged for utilities and services will be at the prevailing rates or as prescribed by the serving utility or by government regulation. OWNER will maintain the common areas of the COMMUNITY to reasonable standards.

C. **RESPONSIBILITY OF OWNER:** It is the responsibility of the OWNER to provide and maintain the physical improvements in the common facilities of the Community in good working order and condition. However, with respect to a sudden or unforeseeable breakdown or deterioration of these improvements, the OWNER shall have a reasonable period of time to repair the sudden or unforeseeable breakdown or deterioration and bring the improvements into good working order and condition after OWNER knows or should have known of the breakdown or deterioration. For purposes of this subdivision, a reasonable period of time to repair a sudden or unforeseeable breakdown or deterioration shall be as soon as possible in situations affecting a health or safety condition, and shall not exceed 30 days in any other case except where exigent circumstances justify a delay. Any prevention, delay or stoppage due

to strikes, labor disputes, acts of God, inability to obtain materials, governmental restrictions, regulations or controls, judicial orders, fire, flood, earthquake or other natural disaster will excuse OWNER's performance of these obligations for a time equal to the delay. Such delays shall be deemed to be beyond the reasonable control of OWNER. HOMEOWNER shall continue to pay rent, without abatement or reduction, and any and all other itemized charges in accordance with the terms of this Agreement. OWNER will not be liable for any loss or injury to property occurring with, or incidental to the failure to furnish any services, facilities, or utilities to HOMEOWNER, if the inability to so furnish relates to matters set forth above in this section.

D. **RESPONSIBILITY OF HOMEOWNER:** HOMEOWNER shall promptly report to Management any observed defect with respect to the Common Facilities, Common Areas or utility services of the Park, including, but not limited to, the following: water leaks; gas leaks; potholes or cracks in the pavement or roads; dirty trash areas; dust, dirt or debris on roads; discolored or bad smelling or inadequate water supply or pressure; problems with the Park's common electrical system; leaks or backups or lack of capacity of the Park's sewer system; unclean or inoperable laundry facilities; insufficient trash bin capacity; problems with the heating or cooling at the common buildings; holes or worn spots in floors of the Park's facilities; or any other defect in the Park's equipment, buildings, common areas, or maintenance, including landscaping. HOMEOWNER shall give such notice in writing to the OWNER's resident manager, in person or by prepaid first class mail addressed to the OWNER at the Community within thirty (30) days of HOMEOWNER's discovery of any of the conditions set forth above in order that such conditions may be corrected within a reasonable period of time by the OWNER.

9. **USE AND OCCUPANCY:** Except as expressly provided by California Civil Code sections 798.34(b) & (c) or 798.23.5 of the Mobilehome Residency Law, the Community Rules and Regulations or as otherwise preempted by law, only the registered owner, who is a signatory to this rental agreement, and his immediate family as defined in Civil Code section 798.35 are permitted to reside on the rented mobilehome space. Resident shall not use or permit the premises or any part thereof to be used for any purpose other than as a lot for the placement and maintenance of their mobilehome which may only be used as a residence for the persons listed herein. No other person may reside at the premises without the prior written permission of OWNER. The Community and its address may not be used for the purpose of conducting any enterprise, business, or advertising the sale of automobiles, recreational vehicles, or any other merchandise. No mobilehome or occupancy rights to a space may be transferred in the Community without the prior written consent of OWNER. Occupancy of the mobilehome is limited to two persons per bedroom plus one person. Resident shall not assign any rights or privileges of the Agreement or sublet the rented premises or any part except as specifically permitted per Community Rules and Regulations. Any such purported assignment or sublet is void. Resident shall neither do nor permit to be done in or about the premises, nor bring or keep therein, anything in conflict with any law or ordinance now or hereafter in effect, or contrary to the Rules and Regulations of the Community, or which may injure or annoy other tenants of the Community.

10. **SUBLETTING:** There shall be no subletting except as required by law subject to OWNER's written approval.

11. **ASSUMPTION:** There shall be no assignment of this agreement by HOMEOWNER. Any purported assignment is void.

12. **LIENS AND CLAIMS:** HOMEOWNER shall not suffer or permit to be enforced against OWNER's title to the Community or any part thereof, any lien, claim or demand arising from any work of construction, repair, restoration or maintenance of the Homesite or mobilehome.

A. Should any lien, demand or claim be filed, HOMEOWNER shall cause it to be immediately removed. In the event HOMEOWNER , in good faith, desires to contest such lien, demand or claim, he may do so, but in such case HOMEOWNER agrees to and shall indemnify and save OWNER harmless from any and all liability for damages, including reasonable attorneys' fees and costs, resulting therefrom and agrees to and shall, in the event of a judgment of foreclosure on said lien, cause the same to be satisfied, discharged and removed prior to execution of the judgment.

B. Should HOMEOWNER fail to discharge any such lien or furnish bond against the foreclosure thereof, OWNER may, but shall not be obligated to, discharge the same or take such other action as it deems necessary to prevent a judgment of foreclosure on said lien from being executed against the property, and all costs and expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred by OWNER in connection therewith, shall be repaid by HOMEOWNER to OWNER on written demand.

13. **WASTE AND NUISANCE PROHIBITED:** During the term of this Agreement, HOMEOWNER shall not commit any waste or nuisance on their space or in the Community, shall comply with all Community Rules and Regulations which may be changed from time-to-time pursuant to the terms of the Mobilehome Residency Law, and shall comply with all laws and regulations applicable to their residency in the Community as the same may be modified from time-to-time.

14. **ABANDONMENT PROHIBITED:** HOMEOWNER shall not vacate or abandon the premises at any time during the term hereof. If HOMEOWNER shall abandon, vacate or surrender the premises, all of HOMEOWNER'S personal property left behind shall be deemed to be abandoned, at the option of OWNER.

15. **OWNER'S RIGHT OF ENTRY:** HOMEOWNER shall permit OWNER and the agents and employees of OWNER to enter into and upon the premises at all reasonable times for the purpose of inspecting the same, carrying out OWNER's operation and maintenance responsibilities, for the purpose of posting notices of non responsibility for alterations, additions or repairs, and

to exercise other rights under the law, all of which shall be without rebate of rent and without any liability to HOMEOWNER for loss of quiet enjoyment. OWNER shall not enter HOMEOWNER'S Mobilehome except in cases of emergency or with the prior written consent of HOMEOWNER.

16. **OCCUPANCY QUESTIONNAIRE:** HOMEOWNER shall complete, sign and provide to OWNER, on three (3) days prior written notice, an Occupancy Questionnaire. Such executed Questionnaire shall contain the following:

A. The names of all occupants of the Homesite;
B. Nature of occupancy for each individual occupying the space;
C. The legal owner and registered owner of the mobilehome;
D. Names and addresses of all lienholders of the mobilehome;
E. A copy of the certificate of title and/or registration card issued by the California Department of Housing and Community Development or by the California Department of Motor Vehicles for the mobilehome occupying the Homesite; and
F. Proof of HOMEOWNER's insurance policy (or policies) on HOMEOWNER's mobilehome.

17. **RESALE OR TRANSFER OF OWNERSHIP OF MOBILEHOME:**

Pursuant to Civil Code § 798.74, OWNER reserves its right of prior approval of a purchaser of a mobilehome that will remain in the COMMUNITY. For the purposes of this agreement, purchaser includes any transferee whether or not the transfer was for value. Subject to OWNER's right to require removal of the Mobilehome on sale in accordance with Civil Code § 798.73 and other laws, HOMEOWNER may sell or transfer ownership of his or her Mobilehome at any time. HOMEOWNER must, however, immediately notify the OWNER in writing of HOMEOWNER's intent to sell or transfer ownership of his or her Mobilehome when HOMEOWNER intends for the Mobilehome to remain in the COMMUNITY after the sale or transfer of ownership. When it is intended that the mobilehome remain in the COMMUNITY after the sale or transfer, all of the following will be required before HOMEOWNER will be released from this agreement. HOMEOWNER must assure Purchaser/transferee has:

A. Provided a completely filled out application for tenancy including a copy of the agreement to sell or transfer.
B. Participated in a face to face interview with OWNER's representative.
C. Executed acknowledgment of receipt of a copy of the Community's State-required Mobilehome Park Rental Agreement Disclosure at least three working days prior to the signing of the assumption or lease/rental agreement.
D. Executed a new lease/rental agreement approved by OWNER.
E. Executed a copy of the current Community Rules & Regulations.
F. Paid their first month's rent, security deposit if required, and other charges for the space, as well as any current delinquency.

18. **CANCELLATION OF AGREEMENT UPON REMOVAL:** In the event HOMEOWNER decides to remove the Mobilehome from the COMMUNITY and surrender the space to OWNER, HOMEOWNER may cancel this Agreement upon giving OWNER sixty (60) days written notice of such removal and cancellation. HOMEOWNER's obligation for rent and other charges shall not cease until removal of the mobilehome and all accessories has been completed, the space has been surrendered to OWNER, and the notice period has expired.

19. **TERMINATION BY OWNER:** OWNER may only terminate this agreement for any one or more of the reasons stated in Civil Code section 798.56 including amendments that occur after signing this agreement.

20. **WAIVER:** The waiver by OWNER of, or the failure of OWNER to take action with respect to, any breach of any term, covenant or condition herein contained, shall not be deemed to be a waiver of such term, covenant or condition or subsequent breach of the same, or any term, covenant or condition herein contained. The subsequent acceptance of rent by OWNER shall not be deemed to be a waiver of any preceding breach by HOMEOWNER, of any term, covenant or condition of this Agreement other than the failure of HOMEOWNER to pay the particular rent so accepted, regardless of OWNER'S knowledge of such preceding breach at the time of accepting such rent.

21. **EFFECT OF HOMEOWNER'S HOLDING OVER:** Any holding over after the expiration of the term of this Agreement, with the consent of OWNER shall be construed to be a tenancy from month-to-month at the same monthly rental as charged to the HOMEOWNER for the period immediately prior to the expiration of the term hereof plus any prior noticed increase, and shall otherwise be on the terms and conditions herein specified so far as applicable. The amount of rent and other charges due for the term of such period of holding over may be increased in accordance with Mobilehome Residency Law. Any holdover without the consent of the OWNER shall accrue daily damages to OWNER at the fair market rent for the space, as reasonably determined by OWNER, and shall include all fixed charges for utilities or services that are a cost to OWNER for that space.

22. **TRANSFER OF OWNER'S INTEREST:** In the event OWNER transfers its interest in the COMMUNITY or any portion thereof, OWNER shall be automatically relieved of any obligations hereunder accruing after the date of such transfer and HOMEOWNER shall look to the transferee for enforcement of such obligations.

23. **EMINENT DOMAIN:** If the entire Community, or a portion thereof, is taken under the power of eminent domain, or is sold to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, and such occurrence causes OWNER in its sole opinion to believe the balance of the remaining property is not suitable or viable to continue as a mobilehome community, then this Agreement shall automatically terminate as of the date

the condemning authority takes possession. Any award for any taking of all, or any part of the Community under the power of eminent domain shall be the property of OWNER, whether such award represents compensation for diminution in value of the leasehold, if any, or a taking of the fee (rights of ownership).

No award for any partial or entire taking shall be apportioned, and HOMEOWNER hereby renounces any interest in, and assigns to OWNER, any award made in any condemnation proceeding for any such taking. Nothing contained herein, however, shall be deemed to preclude HOMEOWNER from obtaining an award for damages concerning their removable personal property, or to give OWNER any interest in an award of damages to HOMEOWNER for loss of or damage to HOMEOWNER's removable personal property.

24. **DISPUTE RESOLUTION AND ARBITRATION OF DISPUTES:** OWNER may offer a voluntary Arbitration Agreement for mutual consideration outside this Agreement. If such an agreement is executed by OWNER and HOMEOWNER, it shall be independent of the rental agreement.

25. **ATTORNEY'S FEES:** In any legal action hereunder, or to enforce any other agreement between OWNER and HOMEOWNER arising under the tenancy, the non prevailing party shall pay the reasonable attorney's fees and costs of the prevailing party in an amount to be determined by the court or other forum having jurisdiction of the matter, in addition to any other award or damages ordered whether or not the matter proceeds to decision by the entity having jurisdiction. A party shall be deemed the prevailing party if judgment is rendered in his favor or where the litigation is dismissed in his favor prior to or during trial, unless the parties otherwise agree in the settlement or compromise.

26. **ESTOPPEL CERTIFICATE:** Within ten (10) days after written notice, HOMEOWNER agrees to execute and deliver an Estoppel Certificate in the form submitted by OWNER, acknowledging that this Agreement is in full force and effect as modified by written agreement, specifying any modifications to the Agreement and dates to which the rent and other charges have been paid, and acknowledging whether or not OWNER is in compliance with its obligations thereunder or the law. Failure of HOMEOWNER to execute and return said Estoppel Certificate within ten (10) days after presentation of same to HOMEOWNER shall be conclusively deemed HOMEOWNER's acknowledgment and warranty that the Certificate as submitted by OWNER is true and correct, that OWNER is not in breach, default, or violation of the agreement or legal obligation to the HOMEOWNER, and may be relied upon by any lender, purchaser, or other interested party.

27. **SUBORDINATION:** This Agreement, and any leasehold interest which may be created by it, shall be subordinate to any encumbrance, restriction or declaration of record before or after the date of this Agreement affecting the Park, the common areas, recreational facilities or other facilities of the Park, or the Homesite rented to Homeowner. Such subordination is effective without any further act of Homeowner; however, Homeowner agrees, upon request by Owner, to promptly execute and deliver any documents or instruments which may be required by any lender to effectuate any subordination, including reasonable modifications to this Agreement, provided they do not increase the obligations of Homeowner or materially adversely affect the interests of Homeowner herein. If Homeowner fails to execute and deliver any such documents or instruments, Homeowner hereby irrevocably constitutes and appoints Owner as Homeowner's special attorney-in-fact to execute and deliver any such documents or instruments.

28. **INDEMNIFICATION:** OWNER and Community shall not be liable for any loss, damage or injury of any kind whatsoever to the person or property of any HOMEOWNER or to any of the employees, guests, invitees, permittees or licensees of any HOMEOWNER, or to any other person whomsoever, caused by any use of the Community premises or Homesite (including any defect in improvements erected thereon) or the failure of any service or amenity, or arising from any other cause whatsoever, unless resulting from circumstances described below. As a material part of the consideration of this Agreement, HOMEOWNER hereby waives all claims and demands against OWNER and the Community, and hereby agrees to indemnify and hold OWNER and Community free and harmless from liability for all claims and demands for any such loss, damage or injury, including attorneys' fees, together with all costs and expenses arising therefrom or in connection therewith, unless resulting from the circumstances described below.

PLEASE NOTE: Nothing contained in the above paragraph or elsewhere in this Agreement, the Rules and Regulations or other residency documents of the Community, shall have the effect of an agreement by HOMEOWNER to release, indemnify and hold harmless OWNER, Community or any other person for the gross negligence or willful acts or omissions of OWNER, the Community or any other person or from a breach by OWNER or any other person of this Agreement or the breach of any other duty owed by OWNER, the Community, or any other person to HOMEOWNER or to any other person. Furthermore, the terms and conditions of this paragraph do not include any fine, forfeiture, penalty, or fee (including any attorneys' fees or costs) assessed by a court of law against the OWNER of the Park for a violation of the Mobilehome Residency Law.

HOMEOWNER shall, at HOMEOWNER's own expense, defend all actions brought against OWNER or the Community for which HOMEOWNER is responsible for indemnification hereunder. If HOMEOWNER fails to do so, OWNER or the Community (at OWNER's option, but without being obligated to do so) may, at the expense of HOMEOWNER, defend such actions, and HOMEOWNER shall pay and discharge any and all amounts that arise therefrom.

29. **RECORDING:** This Agreement or any memorandum of this Agreement may not be recorded without the prior written consent of OWNER, which may be withheld.

30. **GOVERNING LAW:** This Agreement shall be governed by and construed pursuant to the laws of the State of California.

31. **AMENDMENTS:** This Agreement, any addendums and the written documents referred to herein contain the entire agreement between OWNER and HOMEOWNER and except as otherwise contained in this agreement, may be amended only by written assent of OWNER and HOMEOWNER.

32. **MAINTENANCE OF RENTED SPACE:** Except as otherwise required by California Civil Code section 798.37.5, HOMEOWNER agrees to maintain the space and all improvements thereon including but not limited to: the trees, shrubbery, and other vegetation or landscaping, fences, retaining walls, asphalt, concrete, storage buildings, other structures permitted by OWNER, vehicles used for transportation and the mobilehome in a condition of good repair and attractive appearance. OWNER may charge a reasonable fee for services relating to the maintenance of the land and premises upon which HOMEOWNER's mobilehome is situated in the event HOMEOWNER fails to maintain such land or premises in accordance with the rules and regulations of the Community after written notification to HOMEOWNER and the failure of HOMEOWNER to comply within 14 days thereafter. In the event of such failure on the part of HOMEOWNER to comply within 14 days, OWNER may enter the premises to carry out, at HOMEOWNER's expense, such gardening, maintenance and/or repairs to the land and premises as are reasonably necessary to correct the conditions which violate the Community Rules or detract from the appearance of the space or Community. OWNER'S charge for such services shall be paid upon demand and, at OWNER's sole option shall be deemed additional rent. OWNER'S election of this remedy shall not be deemed a waiver of any default by HOMEOWNER. OWNER'S remedies shall be cumulative and OWNER reserves the right to proceed using any or all remedies available in law or equity. HOMEOWNER's invitees or guests who cause property damage by their actions or negligence are deemed agents of their host HOMEOWNER for liability purposes and OWNER may seek recovery directly from the HOMEOWNER.

33. **TIME IS OF THE ESSENCE:** Time is of the essence of this Agreement and for each and every covenant thereof.

34. **INCORPORATION OF RULES AND LAW:** HOMEOWNER hereby acknowledges concurrent or previous receipt of the current Mobilehome Residency Law and Community Rules and Regulations and that these documents are incorporated by reference as attachments to this Agreement and are made a part of it as though set forth in full.

35. **INSURANCE:** The Community does not carry public liability or property damage insurance to compensate you, your guest, or any other person from any loss, damage, or injury except where the Community would be legally liable for such loss, damage, or injury due to its own acts or negligence. Therefore, for your own protection, you should obtain at your own cost, fire, flood, storm, earthquake, acts of God, theft or vandalism, and other casualty insurance coverage for your mobilehome, improvements, and contents, and personal liability and any other insurance that may be necessary or beneficial to protect you, your guest, or others from unforeseen loss or liability.

36. **ZONING INFORMATION:** The nature of the zoning under which the mobilehome park operates is: **Mobile Home Exclusive**

37. **NOTICE:** Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

38. **RELEASE OF CLAIMS:** As a material part of the consideration for this Agreement, HOMEOWNER hereby waives, releases and discharges on behalf of him or herself, their family and guests, OWNER and each and all of OWNER's present and former partners, officers, directors, agents, representetive, employees and attorneys and each and all of OWNER's respective heirs, successors, executors, administrators and assignees of each from any and all claims, agreements, contracts, covenants representations, obligations, losses, liabilities, demands and causes of action which HOMEOWNER and HOMEOWNER'S family and guests may now or hereafter have or claim to have against OWNER, by reason of any matter or thing, whether of a personal or business nature, whatsoever, to and including the date hereof. HOMEOWNER hereby waives any and all rights which HOMEOWNER may have under the provisions of Section 1542 of the Civil Code of the State of California, which section reads as follows:

> "A General Release does not extend to claims which the Creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him, must have materially affected his settlement with the Debtor."

It is understood by HOMEOWNER that, if the facts or law with respect to which the foregoing release as given turn out hereafter to be other than or different from the facts or law in that connection now known to be or believed by HOMEOWNER to be true, then HOMEOWNER expressly assumes the risk of the facts or law turning out to be so different, and agrees that the foregoing release shall be in all respects effective and not subject to termination or rescission for any such difference in facts or law. By initialing here, HOMEOWNER agrees to this provision. Gayle Heninger

39. **SERVICE OF NOTICES:** Unless otherwise provided, all notices shall be either delivered personally to the HOMEOWNER or deposited in the United States mail, postage prepaid, addressed to the resident at his or her space within the Community. If more than one person is named a HOMEOWNER in the rental agreement, each shall be deemed the agent of the other for the purpose of service of notices and service on one shall be deemed service on all HOMEOWNERS at the same space.

invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application, and to this end, the provisions of the Agreement are declared to be severable. This Agreement shall be liberally construed to achieve its purposes and to preserve its validity.

41. **COUNTERPARTS AND FACSIMILE SIGNATURES:** This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of such counterparts together shall constitute one and the same instrument. Facsimile signatures may be used by the parties, in which event the document, signed by such party shall be binding upon the party who signed it.

42. **ACKNOWLEDGMENTS:** Approval should be given only after careful consideration and review of each one.

A. By initialing this subsection, HOMEOWNER agrees (1) that he or she has carefully inspected the rental space and the COMMUNITY facilities; and (2) that the space and facilities are in every respect as represented by OWNER to HOMEOWNER, either orally or in writing. To the extent that the space and facilities are not exactly as represented, either orally or in writing, HOMEOWNER accepts them as they are. GH

B. If HOMEOWNER currently has a tenancy for this space in the Community, HOMEOWNER acknowledges HOMEOWNER was offered a lease for 12 months or less as the HOMEOWNER may choose. GH

C. By initialing this subsection, HOMEOWNER acknowledges that OWNER has not required HOMEOWNER to purchase, rent, or lease goods or services for landscaping, remodeling, or maintenance from any person, company, or corporation. GH

D. By initialing this subsection, HOMEOWNER agrees that this Agreement, including addendums, contains the entire agreement between the parties relating to the rental of space within the COMMUNITY. GH

E. By initialing this subsection, HOMEOWNER agrees that he or she has read, understood, and received copies of this agreement, the Community Rules and Regulations, and the Mobilehome Residency Law. HOMEOWNER understands that by executing this agreement he or she will be bound by its terms and conditions. GH

All prior negotiations or stipulations concerning this matter which preceded or accompanied the execution herein, are conclusively deemed to have been superseded hereby. In interpreting this Agreement and the provisions thereof, it shall be deemed that this Agreement and its exhibits were written by both parties if any changes were made. This Agreement may be subsequently altered by written agreement of the parties or by OWNER following expiration of the initial term of this agreement in accordance with Civil Code section 827 or other applicable law.

This agreement shall be binding upon and inure to the benefit of Owner's heirs, successors, and assigns.

This agreement is signed in Thousand Oaks, California.

HOMEOWNER(S):

Gayle Heninger 4/3/10
Gayle Heninger Date

Date

OWNER/AGENT:

AVMGH Five - The Ranch Limited Partnership

By: Barry Blechman 4-3-10
Resident Manager Date

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: 24

RESIDENT: LENORE ROSTOW Date: 12/1/09

RESIDENT: _____

This rental agreement is made effective on the date set forth below by and between AVMGH Five - The Ranch Limited Partnership, hereinafter referred to as "OWNER," and the above named residents, hereinafter referred to as "HOMEOWNER." Reference to "OWNER," hereafter, also includes OWNER'S authorized representatives. The Mobile Home Park is a "Senior Community" (age 62 years or older) pursuant to the requirements of state and federal law. All occupants must be age 62 years or older. New occupants are required to prove compliance with the Park's age restrictions with a driver's license, birth certificate, or other such generally accepted proof of age.

1. **DESCRIPTION OF THE PREMISES:** OWNER rents to HOMEOWNER and HOMEOWNER rents from OWNER the space indicated above within Ranch Mobilehome Park, 2193 Los Feliz Dr, Thousand Oaks, Ca 91362, hereinafter "COMMUNITY," to be used for the personal and actual residence by HOMEOWNER and for no other purpose without the prior written consent of OWNER.

2. **TERM:** The initial term of this agreement shall be for 12 months and 0 days commencing on 12-1-09, and ending midnight on 12-1-2010. As used herein, the expression "TERM HEREOF" refers to this term or any renewal thereof as hereinafter provided.

3. **RENT: HOMEOWNER** shall pay to the OWNER $133.12 per month as rent plus an additional sum for utilities and services to or for HOMEOWNER'S space as herein set forth below. The first payment shall be due on 12-1-2009. Except for metered utilities, the rent and other charges for utilities and services to or for the space will be due in advance on the first day of each month. Metered utilities are due when billed. All rent and other charges shall be paid at the Community office or other place designated by OWNER in writing without any offset or deduction whatsoever. All payments by HOMEOWNER shall first be applied to discharge any past due amounts, including, but not limited to, late charges, returned check charges, and utility and service charges. After such past due amounts have been paid, the remainder of any monies received by OWNER from HOMEOWNER shall be applied to past monthly rent amounts, then to the current month's utilities and services with any remainder applied to current rent. The next scheduled increase for this space will be on N/A. If this date is less than ninety (90) days from the commencement date of this lease, the new rental amount will be N/A. At least ninety (90) days written notice will be given for all later rent increases.

4. **SECURITY DEPOSIT:** The amount of security deposit received is N/A, or if this is a new agreement for an existing Resident, Park currently holds N/A as a security deposit. The security deposit is not rent, and shall within thirty (30) days following termination of tenancy or at such other time as provided by law, be returned after deducting for damages, cleaning, or any other unpaid obligations of Resident.

5. **UTILITIES AND SERVICES COSTS AT COMMENCEMENT OF THIS RENTAL AGREEMENT:**

	Present Cost	Homeowner Pays Utility Co.	Management Bills Homeowner	Included In Rent	Remarks
Natural Gas	Metered		✓		
Electricity	Metered		✓		
Water				✓	
Trash				✓	
Sewer			✓		
Tax Reimbursement					
Cable TV					
Guest Fees*	$75.00		✓		Per Month Per Guest
Rent Control Fee					
RV Storage					
Pass-Thru 1					
Pass-Thru 2					
Late Fee (see below)	$15.00		✓		Applies after the 6th of the month
Return Check Fees	$15.00		✓		
Other					
Other					

	Present Cost	Homeowner Pays Utility Co.	Management Bills Homeowner	Included In Rent	Remarks
*In residence over 20 consecutive days or 30 days in a calendar year. See section on "Guest Fees", below.					

Any increase in the cost of separately billed utilities or services shall be immediately passed through on the next billing. Late fees, Returned Check Fees, Guest fees, Pet Facilities fees, and RV Storage fees may be increased on 30 days written notice.

OWNER may, upon giving 30 days written notice during the term of this Agreement or any extension or renewal thereof, separate and subtract from the rent, then charge HOMEOWNER monthly for the cost of any service now or later included in the rent. The amount of this reduction shall be equal to the average cost to OWNER for the utility or service to or for that space during the 12 months immediately preceding notice of the commencement of the separate billing for the utility or service. Following commencement of the separate billing, OWNER may calculate and separately state on the monthly billing the periodic charge for the utility or service utilizing any method permitted by law.

With OWNER's prior written approval, HOMEOWNERS may contract directly with outside vendors or service providers for any service or utility not listed above or offered by OWNER. However, the service or utility service obtained by HOMEOWNER shall not conflict in any way with the normal operation or best interest of OWNER.

If HOMEOWNER makes a written request for the testing of any OWNER provided utility meter serving their space, OWNER shall order and pay for the test. However, HOMEOWNER shall reimburse the costs to OWNER if the test results indicated no adjustment, repair, or replacement was necessary.

6. **GUEST FEES:** Residents will pay an additional fee of $75.00 per month for each month or partial month a guest stays on the Resident's space immediately following a stay of more than 20 consecutive days or a total of 30 non-consecutive days in a calendar year. Guest fees will be due commencing on the first day following the expiration of 20 consecutive days or a total of 30 non-consecutive days in a calendar year, which ever occurs first. Guest fees shall be paid in advance and shall be paid prospectively on the first day of each month, thereafter. Guest fees will be owed whether or not the guest has been registered with OWNER. No guest fee will be charged for persons described in Civil Code Section 798.34(b),(c) or (d), or the "immediate family" of the Resident, defined as the Resident, his or her spouse, their parents, their children, and their grandchildren under 18 years of age.

7. **LATE FEES AND HANDLING CHARGES:** If the rent and other charges are not paid by the 6th of the month, a late fee of $15.00 will be due to cover OWNER'S administrative costs for, among other things, preparing and serving a notice and collecting, banking and accounting expenses associated with collecting late rent and other charges. HOMEOWNER and OWNER's representative acknowledge they have discussed the late fee and agree that it is and will be impracticable and extremely difficult to fix the actual damages suffered by OWNER either now or at the time of receipt of a late payment and that the above amount represents a reasonable average estimate of OWNER'S administrative costs related to collecting and accounting for late payments. See Late Fee Addendum attached hereto and incorporated as though set forth in full. Inclusion of the late charge provision shall not be construed as a waiver of OWNER's right to demand timely payment of rent and other charges when due, to require payment in legal tender, or to enforce any provision hereof after any default on the part of the HOMEOWNER. A handling charge of $15.00 is required for all checks dishonored by HOMEOWNER's bank regardless of the reason. HOMEOWNER acknowledges that it is and will be impracticable and extremely difficult to fix the actual damages suffered by OWNER in the event the HOMEOWNER's check is returned, and that the above charge represents a reasonable approximation of the damages the OWNER is likely to suffer from HOMEOWNER'S returned check. The application of late fees and return check charges shall be cumulative. The subsequent acceptance of payments shall not constitute a waiver of any breach of any rule, regulation or covenant of the Lease Agreement, nor shall it reinstate, continue or extend the term of the Lease Agreement or affect any notice, demand or suit hereunder unless expressly waived by OWNER in writing. Interest at the rate of 10% per annum will accrue on rent and other charges one month or more past due.

8. **FACILITIES AND SERVICES PROVIDED BY OWNER:** The facilities and services to be provided by OWNER during the term of this Agreement, unless changed as provided by law are as follows:

A. **FACILITIES:** Laundry room, clubhouse, restrooms, recreational facilities.

B. **SERVICES:** Services are provided as stated in Section 4, above. Utilities and services which are now included in the rent without additional charge, may later be broken out of the rent and metered or charged separately from the rent in accordance with applicable law and regulations. The fees charged for utilities and services will be at the prevailing rates or as prescribed by the serving utility or by government regulation. OWNER will maintain the common areas of the COMMUNITY to reasonable standards.

C. **RESPONSIBILITY OF OWNER:** It is the responsibility of the OWNER to provide and maintain the physical improvements in the common facilities of the Community in good working order and condition. However, with respect to a sudden or unforeseeable breakdown or deterioration of these improvements, the OWNER shall have a reasonable period of time to repair the sudden or unforeseeable breakdown or deterioration and bring the improvements into good working order and condition after OWNER knows or should have known of the breakdown or deterioration. For purposes of this subdivision, a reasonable period of time to repair a sudden or unforeseeable breakdown or deterioration shall be as soon as possible in situations affecting a health or safety condition, and shall not exceed 30 days in any other case except where exigent circumstances justify a delay. Any prevention, delay or stoppage due

to strikes, labor disputes, acts of God, inability to obtain materials, governmental restrictions, regulations or controls, judicial orders, fire, flood, earthquake or other natural disaster will excuse OWNER's performance of these obligations for a time equal to the delay. Such delays shall be deemed to be beyond the reasonable control of OWNER. HOMEOWNER shall continue to pay rent, without abatement or reduction, and any and all other itemized charges in accordance with the terms of this Agreement. OWNER will not be liable for any loss or injury to property occurring with, or incidental to the failure to furnish any services, facilities, or utilities to HOMEOWNER, if the inability to so furnish relates to matters set forth above in this section.

D. **RESPONSIBILITY OF HOMEOWNER:** HOMEOWNER shall promptly report to Management any observed defect with respect to the Common Facilities, Common Areas or utility services of the Park, including, but not limited to, the following: water leaks; gas leaks; potholes or cracks in the pavement or roads; dirty trash areas; dust, dirt or debris on roads; discolored or bad smelling or inadequate water supply or pressure; problems with the Park's common electrical system; leaks or backups or lack of capacity of the Park's sewer system; unclean or inoperable laundry facilities; insufficient trash bin capacity; problems with the heating or cooling at the common buildings; holes or worn spots in floors of the Park's facilities; or any other defect in the Park's equipment, buildings, common areas, or maintenance, including landscaping. HOMEOWNER shall give such notice in writing to the OWNER's resident manager, in person or by prepaid first class mail addressed to the OWNER at the Community within thirty (30) days of HOMEOWNER's discovery of any of the conditions set forth above in order that such conditions may be corrected within a reasonable period of time by the OWNER.

9. **USE AND OCCUPANCY:** Except as expressly provided by California Civil Code sections 798.34(b) & (c) or 798.23.5 of the Mobilehome Residency Law, the Community Rules and Regulations or as otherwise preempted by law, only the registered owner, who is a signatory to this rental agreement, and his immediate family as defined in Civil Code section 798.35 are permitted to reside on the rented mobilehome space. Resident shall not use or permit the premises or any part thereof to be used for any purpose other than as a lot for the placement and maintenance of their mobilehome which may only be used as a residence for the persons listed herein. No other person may reside at the premises without the prior written permission of OWNER. The Community and its address may not be used for the purpose of conducting any enterprise, business, or advertising the sale of automobiles, recreational vehicles, or any other merchandise. No mobilehome or occupancy rights to a space may be transferred in the Community without the prior written consent of OWNER. Occupancy of the mobilehome is limited to two persons per bedroom plus one person. Resident shall not assign any rights or privileges of the Agreement or sublet the rented premises or any part except as specifically permitted per Community Rules and Regulations. Any such purported assignment or sublet is void. Resident shall neither do nor permit to be done in or about the premises, nor bring or keep therein, anything in conflict with any law or ordinance now or hereafter in effect, or contrary to the Rules and Regulations of the Community, or which may injure or annoy other tenants of the Community.

10. **SUBLETTING:** There shall be no subletting except as required by law subject to OWNER's written approval.

11. **ASSUMPTION:** There shall be no assignment of this agreement by HOMEOWNER. Any purported assignment is void.

12. **LIENS AND CLAIMS:** HOMEOWNER shall not suffer or permit to be enforced against OWNER's title to the Community or any part thereof, any lien, claim or demand arising from any work of construction, repair, restoration or maintenance of the Homesite or mobilehome.

A. Should any lien, demand or claim be filed, HOMEOWNER shall cause it to be immediately removed. In the event HOMEOWNER , in good faith, desires to contest such lien, demand or claim, he may do so, but in such case HOMEOWNER agrees to and shall indemnify and save OWNER harmless from any and all liability for damages, including reasonable attorneys' fees and costs, resulting therefrom and agrees to and shall, in the event of a judgment of foreclosure on said lien, cause the same to be satisfied, discharged and removed prior to execution of the judgment.

B. Should HOMEOWNER fail to discharge any such lien or furnish bond against the foreclosure thereof, OWNER may, but shall not be obligated to, discharge the same or take such other action as it deems necessary to prevent a judgment of foreclosure on said lien from being executed against the property, and all costs and expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred by OWNER in connection therewith, shall be repaid by HOMEOWNER to OWNER on written demand.

13. **WASTE AND NUISANCE PROHIBITED:** During the term of this Agreement, HOMEOWNER shall not commit any waste or nuisance on their space or in the Community, shall comply with all Community Rules and Regulations which may be changed from time-to-time pursuant to the terms of the Mobilehome Residency Law, and shall comply with all laws and regulations applicable to their residency in the Community as the same may be modified from time-to-time.

14. **ABANDONMENT PROHIBITED:** HOMEOWNER shall not vacate or abandon the premises at any time during the term hereof. If HOMEOWNER shall abandon, vacate or surrender the premises, all of HOMEOWNER'S personal property left behind shall be deemed to be abandoned, at the option of OWNER.

15. **OWNER'S RIGHT OF ENTRY:** HOMEOWNER shall permit OWNER and the agents and employees of OWNER to enter into and upon the premises at all reasonable times for the purpose of inspecting the same, carrying out OWNER's operation and maintenance responsibilities, for the purpose of posting notices of non responsibility for alterations, additions or repairs, and

to exercise other rights under the law, all of which shall be without rebate of rent and without any liability to HOMEOWNER for loss of quiet enjoyment. OWNER shall not enter HOMEOWNER'S Mobilehome except in cases of emergency or with the prior written consent of HOMEOWNER.

16. **OCCUPANCY QUESTIONNAIRE:** HOMEOWNER shall complete, sign and provide to OWNER, on three (3) days prior written notice, an Occupancy Questionnaire. Such executed Questionnaire shall contain the following:

A. The names of all occupants of the Homesite;
B. Nature of occupancy for each individual occupying the space;
C. The legal owner and registered owner of the mobilehome;
D. Names and addresses of all lienholders of the mobilehome;
E. A copy of the certificate of title and/or registration card issued by the California Department of Housing and Community Development or by the California Department of Motor Vehicles for the mobilehome occupying the Homesite; and
F. Proof of HOMEOWNER's insurance policy (or policies) on HOMEOWNER's mobilehome.

17. **RESALE OR TRANSFER OF OWNERSHIP OF MOBILEHOME:**

Pursuant to Civil Code § 798.74, OWNER reserves its right of prior approval of a purchaser of a mobilehome that will remain in the COMMUNITY. For the purposes of this agreement, purchaser includes any transferee whether or not the transfer was for value. Subject to OWNER's right to require removal of the Mobilehome on sale in accordance with Civil Code § 798.73 and other laws, HOMEOWNER may sell or transfer ownership of his or her Mobilehome at any time. HOMEOWNER must, however, immediately notify the OWNER in writing of HOMEOWNER's intent to sell or transfer ownership of his or her Mobilehome when HOMEOWNER intends for the Mobilehome to remain in the COMMUNITY after the sale or transfer of ownership. When it is intended that the mobilehome remain in the COMMUNITY after the sale or transfer, all of the following will be required before HOMEOWNER will be released from this agreement. HOMEOWNER must assure Purchaser/transferee has:

A. Provided a completely filled out application for tenancy including a copy of the agreement to sell or transfer.
B. Participated in a face to face interview with OWNER's representative.
C. Executed acknowledgment of receipt of a copy of the Community's State-required Mobilehome Park Rental Agreement Disclosure at least three working days prior to the signing of the assumption or lease/rental agreement.
D. Executed a new lease/rental agreement approved by OWNER.
E. Executed a copy of the current Community Rules & Regulations.
F. Paid their first month's rent, security deposit if required, and other charges for the space, as well as any current delinquency.

18. **CANCELLATION OF AGREEMENT UPON REMOVAL:** In the event HOMEOWNER decides to remove the Mobilehome from the COMMUNITY and surrender the space to OWNER, HOMEOWNER may cancel this Agreement upon giving OWNER sixty (60) days written notice of such removal and cancellation. HOMEOWNER's obligation for rent and other charges shall not cease until removal of the mobilehome and all accessories has been completed, the space has been surrendered to OWNER, and the notice period has expired.

19. **TERMINATION BY OWNER:** OWNER may only terminate this agreement for any one or more of the reasons stated in Civil Code section 798.56 including amendments that occur after signing this agreement.

20. **WAIVER:** The waiver by OWNER of, or the failure of OWNER to take action with respect to, any breach of any term, covenant or condition herein contained, shall not be deemed to be a waiver of such term, covenant or condition or subsequent breach of the same, or any term, covenant or condition herein contained. The subsequent acceptance of rent by OWNER shall not be deemed to be a waiver of any preceding breach by HOMEOWNER, of any term, covenant or condition of this Agreement, other than the failure of HOMEOWNER to pay the particular rent so accepted, regardless of OWNER'S knowledge of such preceding breach at the time of accepting such rent.

21. **EFFECT OF HOMEOWNER'S HOLDING OVER:** Any holding over after the expiration of the term of this Agreement, with the consent of OWNER shall be construed to be a tenancy from month-to-month at the same monthly rental as charged to the HOMEOWNER for the period immediately prior to the expiration of the term hereof plus any prior noticed increase, and shall otherwise be on the terms and conditions herein specified so far as applicable. The amount of rent and other charges due for the term of such period of holding over may be increased in accordance with Mobilehome Residency Law. Any holdover without the consent of the OWNER shall accrue daily damages to OWNER at the fair market rent for the space, as reasonably determined by OWNER, and shall include all fixed charges for utilities or services that are a cost to OWNER for that space.

22. **TRANSFER OF OWNER'S INTEREST:** In the event OWNER transfers its interest in the COMMUNITY or any portion thereof, OWNER shall be automatically relieved of any obligations hereunder accruing after the date of such transfer and HOMEOWNER shall look to the transferee for enforcement of such obligations.

23. **EMINENT DOMAIN:** If the entire Community, or a portion thereof, is taken under the power of eminent domain, or is sold to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, and such occurrence causes OWNER in its sole opinion to believe the balance of the remaining property is not suitable or viable to continue as a mobilehome community, then this Agreement shall automatically terminate as of the date

the condemning authority takes possession. Any award for any taking of all, or any part of the Community under the power of eminent domain shall be the property of OWNER, whether such award represents compensation for diminution in value of the leasehold, if any, or a taking of the fee (rights of ownership).

No award for any partial or entire taking shall be apportioned, and HOMEOWNER hereby renounces any interest in, and assigns to OWNER, any award made in any condemnation proceeding for any such taking. Nothing contained herein, however, shall be deemed to preclude HOMEOWNER from obtaining an award for damages concerning their removable personal property, or to give OWNER any interest in an award of damages to HOMEOWNER for loss of or damage to HOMEOWNER's removable personal property.

24. **DISPUTE RESOLUTION AND ARBITRATION OF DISPUTES:** OWNER may offer a voluntary Arbitration Agreement for mutual consideration outside this Agreement. If such an agreement is executed by OWNER and HOMEOWNER, it shall be independent of the rental agreement.

25. **ATTORNEY'S FEES:** In any legal action hereunder, or to enforce any other agreement between OWNER and HOMEOWNER arising under the tenancy, the non prevailing party shall pay the reasonable attorney's fees and costs of the prevailing party in an amount to be determined by the court or other forum having jurisdiction of the matter, in addition to any other award or damages ordered whether or not the matter proceeds to decision by the entity having jurisdiction. A party shall be deemed the prevailing party if judgment is rendered in his favor or where the litigation is dismissed in his favor prior to or during trial, unless the parties otherwise agree in the settlement or compromise.

26. **ESTOPPEL CERTIFICATE:** Within ten (10) days after written notice, HOMEOWNER agrees to execute and deliver an Estoppel Certificate in the form submitted by OWNER, acknowledging that this Agreement is in full force and effect as modified by written agreement, specifying any modifications to the Agreement and dates to which the rent and other charges have been paid, and acknowledging whether or not OWNER is in compliance with its obligations thereunder or the law. Failure of HOMEOWNER to execute and return said Estoppel Certificate within ten (10) days after presentation of same to HOMEOWNER shall be conclusively deemed HOMEOWNER's acknowledgment and warranty that the Certificate as submitted by OWNER is true and correct, that OWNER is not in breach, default, or violation of the agreement or legal obligation to the HOMEOWNER, and may be relied upon by any lender, purchaser, or other interested party.

27. **SUBORDINATION:** This Agreement, and any leasehold interest which may be created by it, shall be subordinate to any encumbrance, restriction or declaration of record before or after the date of this Agreement affecting the Park, the common areas, recreational facilities or other facilities of the Park, or the Homesite rented to Homeowner. Such subordination is effective without any further act of Homeowner; however, Homeowner agrees, upon request by Owner, to promptly execute and deliver any documents or instruments which may be required by any lender to effectuate any subordination, including reasonable modifications to this Agreement, provided they do not increase the obligations of Homeowner or materially adversely affect the interests of Homeowner herein. If Homeowner fails to execute and deliver any such documents or instruments, Homeowner hereby irrevocably constitutes and appoints Owner as Homeowner's special attorney-in-fact to execute and deliver any such documents or instruments.

28. **INDEMNIFICATION:** OWNER and Community shall not be liable for any loss, damage or injury of any kind whatsoever to the person or property of any HOMEOWNER or to any of the employees, guests, invitees, permittees or licensees of any HOMEOWNER, or to any other person whomsoever, caused by any use of the Community premises or Homesite (including any defect in improvements erected thereon) or the failure of any service or amenity, or arising from any other cause whatsoever, unless resulting from circumstances described below. As a material part of the consideration of this Agreement, HOMEOWNER hereby waives all claims and demands against OWNER and the Community, and hereby agrees to indemnify and hold OWNER and Community free and harmless from liability for all claims and demands for any such loss, damage or injury, including attorneys' fees, together with all costs and expenses arising therefrom or in connection therewith, unless resulting from the circumstances described below.

PLEASE NOTE: Nothing contained in the above paragraph or elsewhere in this Agreement, the Rules and Regulations or other residency documents of the Community, shall have the effect of an agreement by HOMEOWNER to release, indemnify and hold harmless OWNER, Community or any other person for the gross negligence or willful acts or omissions of OWNER, the Community or any other person or from a breach by OWNER or any other person of this Agreement or the breach of any other duty owed by OWNER, the Community, or any other person to HOMEOWNER or to any other person. Furthermore, the terms and conditions of this paragraph do not include any fine, forfeiture, penalty, or fee (including any attorneys' fees or costs) assessed by a court of law against the OWNER of the Park for a violation of the Mobilehome Residency Law.

HOMEOWNER shall, at HOMEOWNER's own expense, defend all actions brought against OWNER or the Community for which HOMEOWNER is responsible for indemnification hereunder. If HOMEOWNER fails to do so, OWNER or the Community (at OWNER's option, but without being obligated to do so) may, at the expense of HOMEOWNER, defend such actions, and HOMEOWNER shall pay and discharge any and all amounts that arise therefrom.

29. **RECORDING:** This Agreement or any memorandum of this Agreement may not be recorded without the prior written consent of OWNER, which may be withheld.

30. **GOVERNING LAW:** This Agreement shall be governed by and construed pursuant to the laws of the State of California.

31. **AMENDMENTS:** This Agreement, any addendums and the written documents referred to herein contain the entire agreement between OWNER and HOMEOWNER and except as otherwise contained in this agreement, may be amended only by written assent of OWNER and HOMEOWNER.

32. **MAINTENANCE OF RENTED SPACE:** Except as otherwise required by California Civil Code section 798.37.5, HOMEOWNER agrees to maintain the space and all improvements thereon including but not limited to: the trees, shrubbery, and other vegetation or landscaping, fences, retaining walls, asphalt, concrete, storage buildings, other structures permitted by OWNER, vehicles used for transportation and the mobilehome in a condition of good repair and attractive appearance. OWNER may charge a reasonable fee for services relating to the maintenance of the land and premises upon which HOMEOWNER's mobilehome is situated in the event HOMEOWNER fails to maintain such land or premises in accordance with the rules and regulations of the Community after written notification to HOMEOWNER and the failure of HOMEOWNER to comply within 14 days thereafter. In the event of such failure on the part of HOMEOWNER to comply within 14 days, OWNER may enter the premises to carry out, at HOMEOWNER's expense, such gardening, maintenance and/or repairs to the land and premises as are reasonably necessary to correct the conditions which violate the Community Rules or detract from the appearance of the space or Community. OWNER'S charge for such services shall be paid upon demand and, at OWNER's sole option shall be deemed additional rent. OWNER'S election of this remedy shall not be deemed a waiver of any default by HOMEOWNER. OWNER'S remedies shall be cumulative and OWNER reserves the right to proceed using any or all remedies available in law or equity. HOMEOWNER's invitees or guests who cause property damage by their actions or negligence are deemed agents of their host HOMEOWNER for liability purposes and OWNER may seek recovery directly from the HOMEOWNER.

33. **TIME IS OF THE ESSENCE:** Time is of the essence of this Agreement and for each and every covenant thereof.

34. **INCORPORATION OF RULES AND LAW:** HOMEOWNER hereby acknowledges concurrent or previous receipt of the current Mobilehome Residency Law and Community Rules and Regulations and that these documents are incorporated by reference as attachments to this Agreement and are made a part of it as though set forth in full.

35. **INSURANCE:** The Community does not carry public liability or property damage insurance to compensate you, your guest, or any other person from any loss, damage, or injury except where the Community would be legally liable for such loss, damage, or injury due to its own acts or negligence. Therefore, for your own protection, you should obtain at your own cost, fire, flood, storm, earthquake, acts of God, theft or vandalism, and other casualty insurance coverage for your mobilehome, improvements, and contents, and personal liability and any other insurance that may be necessary or beneficial to protect you, your guest, or others from unforeseen loss or liability.

36. **ZONING INFORMATION:** The nature of the zoning under which the mobilehome park operates is: **Mobile Home Exclusive**

37. **NOTICE:** Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

38. **RELEASE OF CLAIMS:** As a material part of the consideration for this Agreement, HOMEOWNER hereby waives, releases and discharges on behalf of him or herself, their family and guests, OWNER and each and all of OWNER's present and former partners, officers, directors, agents, representative, employees and attorneys and each and all of OWNER's respective heirs, successors, executors, administrators and assignees of each from any and all claims, agreements, contracts, covenants representations, obligations, losses, liabilities, demands and causes of action which HOMEOWNER and HOMEOWNER'S family and guests may now or hereafter have or claim to have against OWNER, by reason of any matter or thing, whether of a personal or business nature, whatsoever, to and including the date hereof. HOMEOWNER hereby waives any and all rights which HOMEOWNER may have under the provisions of Section 1542 of the Civil Code of the State of California, which section reads as follows:

> "A General Release does not extend to claims which the Creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him, must have materially affected his settlement with the Debtor."

It is understood by HOMEOWNER that, if the facts or law with respect to which the foregoing release as given turn out hereafter to be other than or different from the facts or law in that connection now known to be or believed by HOMEOWNER to be true, then HOMEOWNER expressly assumes the risk of the facts or law turning out to be so different, and agrees that the foregoing release shall be in all respects effective and not subject to termination or rescission for any such difference in facts or law. By initialing here, HOMEOWNER agrees to this provision. Lauren Rantow

39. **SERVICE OF NOTICES:** Unless otherwise provided, all notices shall be either delivered personally to the HOMEOWNER or deposited in the United States mail, postage prepaid, addressed to the resident at his or her space within the Community. If more than one person is named a HOMEOWNER in the rental agreement, each shall be deemed the agent of the other for the purpose of service of notices and service on one shall be deemed service on all HOMEOWNERS at the same space.

40. **SEVERABILITY:** If any provision of this Agreement or application thereof to any person or circumstance is held invalid, this invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application; and to this end, the provisions of the Agreement are declared to be severable. This Agreement shall be liberally construed to achieve its purposes and to preserve its validity.

41. **COUNTERPARTS AND FACSIMILE SIGNATURES:** This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of such counterparts together shall constitute one and the same instrument. Facsimile signatures may be used by the parties, in which event the document, signed by such party shall be binding upon the party who signed it.

42. **ACKNOWLEDGMENTS:** Approval should be given only after careful consideration and review of each one.

A. By initialing this subsection, HOMEOWNER agrees (1) that he or she has carefully inspected the rental space and the COMMUNITY facilities; and (2) that the space and facilities are in every respect as represented by OWNER to HOMEOWNER, either orally or in writing. To the extent that the space and facilities are not exactly as represented, either orally or in writing, HOMEOWNER accepts them as they are. LR

B. If HOMEOWNER currently has a tenancy for this space in the Community, HOMEOWNER acknowledges HOMEOWNER was offered a lease for 12 months or less as the HOMEOWNER may choose. LR

C. By initialing this subsection, HOMEOWNER acknowledges that OWNER has not required HOMEOWNER to purchase, rent, or lease goods or services for landscaping, remodeling, or maintenance from any person, company, or corporation. LR

D. By initialing this subsection, HOMEOWNER agrees that this Agreement, including addendums, contains the entire agreement between the parties relating to the rental of space within the COMMUNITY. LR

E. By initialing this subsection, HOMEOWNER agrees that he or she has read, understood, and received copies of this agreement, the Community Rules and Regulations, and the Mobilehome Residency Law. HOMEOWNER understands that by executing this agreement he or she will be bound by its terms and conditions. LR

All prior negotiations or stipulations concerning this matter which preceded or accompanied the execution herein, are conclusively deemed to have been superseded hereby. In interpreting this Agreement and the provisions thereof, it shall be deemed that this Agreement and its exhibits were written by both parties if any changes were made. This Agreement may be subsequently altered by written agreement of the parties or by OWNER following expiration of the initial term of this agreement in accordance with Civil Code section 827 or other applicable law.

This agreement shall be binding upon and inure to the benefit of Owner's heirs, successors, and assigns.

This agreement is signed in Thousand Oaks, California.

HOMEOWNER(S):

Lenae Lotter 12/02/09
Date

Date

OWNER/AGENT:

AVMGH Five - The Ranch Limited Partnership

By:

Barry Blackmon 12-1-09
Resident Manager Date

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: 10

RESIDENT: MAURICE GOUVEIA Date: 12/31/09

RESIDENT: _____

This rental agreement is made effective on the date set forth below by and between AVMGH Five - The Ranch Limited Partnership, hereinafter referred to as "OWNER," and the above named residents, hereinafter referred to as "HOMEOWNER." Reference to "OWNER," hereafter, also includes OWNER'S authorized representatives. The Mobile Home Park is a "Senior Community" (age 62 years or older) pursuant to the requirements of state and federal law. All occupants must be age 62 years or older. New occupants are required to prove compliance with the Park's age restrictions with a driver's license, birth certificate, or other such generally accepted proof of age.

1. **DESCRIPTION OF THE PREMISES:** OWNER rents to HOMEOWNER and HOMEOWNER rents from OWNER the space indicated above within Ranch Mobilehome Park, 2193 Los Feliz Dr, Thousand Oaks, Ca 91362, hereinafter "COMMUNITY," to be used for the personal and actual residence by HOMEOWNER and for no other purpose without the prior written consent of OWNER.

2. **TERM:** The initial term of this agreement shall be for 12 months and 0 days commencing on 12-31-2009 and ending midnight on 12-31-2010. As used herein, the expression "TERM HEREOF" refers to this term or any renewal thereof as hereinafter provided. 11-30-2010 MH

3. **RENT: HOMEOWNER** shall pay to the OWNER 139.36 per month as rent plus an additional sum for utilities and services to or for HOMEOWNER'S space as herein set forth below. The first payment shall be due on 2/1/2010. Except for metered utilities, the rent and other charges for utilities and services to or for the space will be due in advance on the first day of each month. Metered utilities are due when billed. All rent and other charges shall be paid at the Community office or other place designated by OWNER in writing without any offset or deduction whatsoever. All payments by HOMEOWNER shall first be applied to discharge any past due amounts, including, but not limited to, late charges, returned check charges, and utility and service charges. After such past due amounts have been paid, the remainder of any monies received by OWNER from HOMEOWNER shall be applied to past monthly rent amounts, then to the current month's utilities and services with any remainder applied to current rent. The next scheduled increase for this space will be on N/A. If this date is less than ninety (90) days from the commencement date of this lease, the new rental amount will be N/A. At least ninety (90) days written notice will be given for all later rent increases.

4. **SECURITY DEPOSIT:** The amount of security deposit received is N/A, or if this is a new agreement for an existing Resident, Park currently holds N/A as a security deposit. The security deposit is not rent, and shall within thirty (30) days following termination of tenancy or at such other time as provided by law, be returned after deducting for damages, cleaning, or any other unpaid obligations of Resident.

5. **UTILITIES AND SERVICES COSTS AT COMMENCEMENT OF THIS RENTAL AGREEMENT:**

	Present Cost	Homeowner Pays Utility Co.	Management Bills Homeowner	Included In Rent	Remarks
Natural Gas	Metered		✓		
Electricity	Metered		✓		
Water				✓	
Trash				✓	
Sewer			✓		
Tax Reimbursement					
Cable TV					
Guest Fees*	$75.00		✓		Per Month Per Guest
Rent Control Fee					
RV Storage					
Pass-Thru 1					
Pass-Thru 2					
Late Fee (see below)	$15.00		✓		Applies after the 6th of the month
Return Check Fees	$15.00		✓		
Other					
Other					

	Present Cost	Homeowner Pays Utility Co.	Management Bills Homeowner	Included In Rent	Remarks
*In residence over 20 consecutive days or 30 days in a calendar year. See section on "Guest Fees", below.					

Any increase in the cost of separately billed utilities or services shall be immediately passed through on the next billing. Late fees, Returned Check Fees, Guest fees, Pet Facilities fees, and RV Storage fees may be increased on 30 days written notice.

OWNER may, upon giving 30 days written notice during the term of this Agreement or any extension or renewal thereof, separate and subtract from the rent, then charge HOMEOWNER monthly for the cost of any service now or later included in the rent. The amount of this reduction shall be equal to the average cost to OWNER for the utility or service to or for that space during the 12 months immediately preceding notice of the commencement of the separate billing for the utility or service. Following commencement of the separate billing, OWNER may calculate and separately state on the monthly billing the periodic charge for the utility or service utilizing any method permitted by law.

With OWNER's prior written approval, HOMEOWNERS may contract directly with outside vendors or service providers for any service or utility not listed above or offered by OWNER. However, the service or utility service obtained by HOMEOWNER shall not conflict in any way with the normal operation or best interest of OWNER.

If HOMEOWNER makes a written request for the testing of any OWNER provided utility meter serving their space, OWNER shall order and pay for the test. However, HOMEOWNER shall reimburse the costs to OWNER if the test results indicated no adjustment, repair, or replacement was necessary.

6. **GUEST FEES:** Residents will pay an additional fee of $75.00 per month for each month or partial month a guest stays on the Resident's space immediately following a stay of more than 20 consecutive days or a total of 30 non-consecutive days in a calendar year. Guest fees will be due commencing on the first day following the expiration of 20 consecutive days or a total of 30 non-consecutive days in a calendar year, which ever occurs first. Guest fees shall be paid in advance and shall be paid prospectively on the first day of each month, thereafter. Guest fees will be owed whether or not the guest has been registered with OWNER. No guest fee will be charged for persons described in Civil Code Section 798.34(b),(c) or (d), or the "immediate family" of the Resident, defined as the Resident, his or her spouse, their parents, their children, and their grandchildren under 18 years of age.

7. **LATE FEES AND HANDLING CHARGES:** If the rent and other charges are not paid by the 6th of the month, a late fee of $15.00 will be due to cover OWNER'S administrative costs for, among other things, preparing and serving a notice and collecting, banking and accounting expenses associated with collecting late rent and other charges. HOMEOWNER and OWNER's representative acknowledge they have discussed the late fee and agree that it is and will be impracticable and extremely difficult to fix the actual damages suffered by OWNER either now or at the time of receipt of a late payment and that the above amount represents a reasonable average estimate of OWNER'S administrative costs related to collecting and accounting for late payments. See Late Fee Addendum attached hereto and incorporated as though set forth in full. Inclusion of the late charge provision shall not be construed as a waiver of OWNER's right to demand timely payment of rent and other charges when due, to require payment in legal tender, or to enforce any provision hereof after any default on the part of the HOMEOWNER. A handling charge of $15.00 is required for all checks dishonored by HOMEOWNER's bank regardless of the reason. HOMEOWNER acknowledges that it is and will be impracticable and extremely difficult to fix the actual damages suffered by OWNER in the event the HOMEOWNER's check is returned, and that the above charge represents a reasonable approximation of the damages the OWNER is likely to suffer from HOMEOWNER'S returned check. The application of late fees and return check charges shall be cumulative. The subsequent acceptance of payments shall not constitute a waiver of any breach of any rule, regulation or covenant of the Lease Agreement, nor shall it reinstate, continue or extend the term of the Lease Agreement or affect any notice, demand or suit hereunder unless expressly waived by OWNER in writing. Interest at the rate of 10% per annum will accrue on rent and other charges one month or more past due.

8. **FACILITIES AND SERVICES PROVIDED BY OWNER:** The facilities and services to be provided by OWNER during the term of this Agreement, unless changed as provided by law are as follows:

A. **FACILITIES:** Laundry room, clubhouse, restrooms, recreational facilities.

B. **SERVICES:** Services are provided as stated in Section 4, above. Utilities and services which are now included in the rent without additional charge, may later be broken out of the rent and metered or charged separately from the rent in accordance with applicable law and regulations. The fees charged for utilities and services will be at the prevailing rates or as prescribed by the serving utility or by government regulation. OWNER will maintain the common areas of the COMMUNITY to reasonable standards.

C. **RESPONSIBILITY OF OWNER:** It is the responsibility of the OWNER to provide and maintain the physical improvements in the common facilities of the Community in good working order and condition. However, with respect to a sudden or unforeseeable breakdown or deterioration of these improvements, the OWNER shall have a reasonable period of time to repair the sudden or unforeseeable breakdown or deterioration and bring the improvements into good working order and condition after OWNER knows or should have known of the breakdown or deterioration. For purposes of this subdivision, a reasonable period of time to repair a sudden or unforeseeable breakdown or deterioration shall be as soon as possible in situations affecting a health or safety condition, and shall not exceed 30 days in any other case except where exigent circumstances justify a delay. Any prevention, delay or stoppage due

to strikes, labor disputes, acts of God, inability to obtain materials, governmental restrictions, regulations or controls, judicial orders, fire, flood, earthquake or other natural disaster will excuse OWNER's performance of these obligations for a time equal to the delay. Such delays shall be deemed to be beyond the reasonable control of OWNER. HOMEOWNER shall continue to pay rent, without abatement or reduction, and any and all other itemized charges in accordance with the terms of this Agreement. OWNER will not be liable for any loss or injury to property occurring with, or incidental to the failure to furnish any services, facilities, or utilities to HOMEOWNER, if the inability to so furnish relates to matters set forth above in this section.

D. **RESPONSIBILITY OF HOMEOWNER:** HOMEOWNER shall promptly report to Management any observed defect with respect to the Common Facilities, Common Areas or utility services of the Park, including, but not limited to, the following: water leaks; gas leaks; potholes or cracks in the pavement or roads; dirty trash areas; dust, dirt or debris on roads; discolored or bad smelling or inadequate water supply or pressure; problems with the Park's common electrical system; leaks or backups or lack of capacity of the Park's sewer system; unclean or inoperable laundry facilities; insufficient trash bin capacity; problems with the heating or cooling at the common buildings; holes or worn spots in floors of the Park's facilities; or any other defect in the Park's equipment, buildings, common areas, or maintenance, including landscaping. HOMEOWNER shall give such notice in writing to the OWNER's resident manager, in person or by prepaid first class mail addressed to the OWNER at the Community within thirty (30) days of HOMEOWNER's discovery of any of the conditions set forth above in order that such conditions may be corrected within a reasonable period of time by the OWNER.

9. **USE AND OCCUPANCY:** Except as expressly provided by California Civil Code sections 798.34(b) & (c) or 798.23.5 of the Mobilehome Residency Law, the Community Rules and Regulations or as otherwise preempted by law, only the registered owner, who is a signatory to this rental agreement, and his immediate family as defined in Civil Code section 798.35 are permitted to reside on the rented mobilehome space. Resident shall not use or permit the premises or any part thereof to be used for any purpose other than as a lot for the placement and maintenance of their mobilehome which may only be used as a residence for the persons listed herein. No other person may reside at the premises without the prior written permission of OWNER. The Community and its address may not be used for the purpose of conducting any enterprise, business, or advertising the sale of automobiles, recreational vehicles, or any other merchandise. No mobilehome or occupancy rights to a space may be transferred in the Community without the prior written consent of OWNER. Occupancy of the mobilehome is limited to two persons per bedroom plus one person. Resident shall not assign any rights or privileges of the Agreement or sublet the rented premises or any part except as specifically permitted per Community Rules and Regulations. Any such purported assignment or sublet is void. Resident shall neither do nor permit to be done in or about the premises, nor bring or keep therein, anything in conflict with any law or ordinance now or hereafter in effect, or contrary to the Rules and Regulations of the Community, or which may injure or annoy other tenants of the Community.

10. **SUBLETTING:** There shall be no subletting except as required by law subject to OWNER's written approval.

11. **ASSUMPTION:** There shall be no assignment of this agreement by HOMEOWNER. Any purported assignment is void.

12. **LIENS AND CLAIMS:** HOMEOWNER shall not suffer or permit to be enforced against OWNER's title to the Community or any part thereof, any lien, claim or demand arising from any work of construction, repair, restoration or maintenance of the Homesite or mobilehome.

A. Should any lien, demand or claim be filed, HOMEOWNER shall cause it to be immediately removed. In the event HOMEOWNER , in good faith, desires to contest such lien, demand or claim, he may do so, but in such case HOMEOWNER agrees to and shall indemnify and save OWNER harmless from any and all liability for damages, including reasonable attorneys' fees and costs, resulting therefrom and agrees to and shall, in the event of a judgment of foreclosure on said lien, cause the same to be satisfied, discharged and removed prior to execution of the judgment.

B. Should HOMEOWNER fail to discharge any such lien or furnish bond against the foreclosure thereof, OWNER may, but shall not be obligated to, discharge the same or take such other action as it deems necessary to prevent a judgment of foreclosure on said lien from being executed against the property, and all costs and expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred by OWNER in connection therewith, shall be repaid by HOMEOWNER to OWNER on written demand.

13. **WASTE AND NUISANCE PROHIBITED:** During the term of this Agreement, HOMEOWNER shall not commit any waste or nuisance on their space or in the Community, shall comply with all Community Rules and Regulations which may be changed from time-to-time pursuant to the terms of the Mobilehome Residency Law, and shall comply with all laws and regulations applicable to their residency in the Community as the same may be modified from time-to-time.

14. **ABANDONMENT PROHIBITED:** HOMEOWNER shall not vacate or abandon the premises at any time during the term hereof. If HOMEOWNER shall abandon, vacate or surrender the premises, all of HOMEOWNER'S personal property left behind shall be deemed to be abandoned, at the option of OWNER.

15. **OWNER'S RIGHT OF ENTRY:** HOMEOWNER shall permit OWNER and the agents and employees of OWNER to enter into and upon the premises at all reasonable times for the purpose of inspecting the same, carrying out OWNER's operation and maintenance responsibilities, for the purpose of posting notices of non responsibility for alterations, additions or repairs, and

to exercise other rights under the law, all of which shall be without rebate of rent and without any liability to HOMEOWNER for loss of quiet enjoyment. OWNER shall not enter HOMEOWNER'S Mobilehome except in cases of emergency or with the prior written consent of HOMEOWNER.

16. **OCCUPANCY QUESTIONNAIRE:** HOMEOWNER shall complete, sign and provide to OWNER, on three (3) days prior written notice, an Occupancy Questionnaire. Such executed Questionnaire shall contain the following:

A. The names of all occupants of the Homesite;
B. Nature of occupancy for each individual occupying the space;
C. The legal owner and registered owner of the mobilehome;
D. Names and addresses of all lienholders of the mobilehome;
E. A copy of the certificate of title and/or registration card issued by the California Department of Housing and Community Development or by the California Department of Motor Vehicles for the mobilehome occupying the Homesite; and
F. Proof of HOMEOWNER's insurance policy (or policies) on HOMEOWNER's mobilehome.

17. **RESALE OR TRANSFER OF OWNERSHIP OF MOBILEHOME:**

Pursuant to Civil Code § 798.74, OWNER reserves its right of prior approval of a purchaser of a mobilehome that will remain in the COMMUNITY. For the purposes of this agreement, purchaser includes any transferee whether or not the transfer was for value. Subject to OWNER's right to require removal of the Mobilehome on sale in accordance with Civil Code § 798.73 and other laws, HOMEOWNER may sell or transfer ownership of his or her Mobilehome at any time. HOMEOWNER must, however, immediately notify the OWNER in writing of HOMEOWNER's intent to sell or transfer ownership of his or her Mobilehome when HOMEOWNER intends for the Mobilehome to remain in the COMMUNITY after the sale or transfer of ownership. When it is intended that the mobilehome remain in the COMMUNITY after the sale or transfer, all of the following will be required before HOMEOWNER will be released from this agreement. HOMEOWNER must assure Purchaser/transferee has:

A. Provided a completely filled out application for tenancy including a copy of the agreement to sell or transfer.
B. Participated in a face to face interview with OWNER's representative.
C. Executed acknowledgment of receipt of a copy of the Community's State-required Mobilehome Park Rental Agreement Disclosure at least three working days prior to the signing of the assumption or lease/rental agreement.
D. Executed a new lease/rental agreement approved by OWNER.
E. Executed a copy of the current Community Rules & Regulations.
F. Paid their first month's rent, security deposit if required, and other charges for the space, as well as any current delinquency.

18. **CANCELLATION OF AGREEMENT UPON REMOVAL:** In the event HOMEOWNER decides to remove the Mobilehome from the COMMUNITY and surrender the space to OWNER, HOMEOWNER may cancel this Agreement upon giving OWNER sixty (60) days written notice of such removal and cancellation. HOMEOWNER's obligation for rent and other charges shall not cease until removal of the mobilehome and all accessories has been completed, the space has been surrendered to OWNER, and the notice period has expired.

19. **TERMINATION BY OWNER:** OWNER may only terminate this agreement for any one or more of the reasons stated in Civil Code section 798.56 including amendments that occur after signing this agreement.

20. **WAIVER:** The waiver by OWNER of, or the failure of OWNER to take action with respect to, any breach of any term, covenant or condition herein contained, shall not be deemed to be a waiver of such term, covenant or condition or subsequent breach of the same, or any term, covenant or condition herein contained. The subsequent acceptance of rent by OWNER shall not be deemed to be a waiver of any preceding breach by HOMEOWNER, of any term, covenant or condition of this Agreement other than the failure of HOMEOWNER to pay the particular rent so accepted, regardless of OWNER'S knowledge of such preceding breach at the time of accepting such rent.

21. **EFFECT OF HOMEOWNER'S HOLDING OVER:** Any holding over after the expiration of the term of this Agreement, with the consent of OWNER shall be construed to be a tenancy from month-to-month at the same monthly rental as charged to the HOMEOWNER for the period immediately prior to the expiration of the term hereof plus any prior noticed increase, and shall otherwise be on the terms and conditions herein specified so far as applicable. The amount of rent and other charges due for the term of such period of holding over may be increased in accordance with Mobilehome Residency Law. Any holdover without the consent of the OWNER shall accrue daily damages to OWNER at the fair market rent for the space, as reasonably determined by OWNER, and shall include all fixed charges for utilities or services that are a cost to OWNER for that space.

22. **TRANSFER OF OWNER'S INTEREST:** In the event OWNER transfers its interest in the COMMUNITY or any portion thereof, OWNER shall be automatically relieved of any obligations hereunder accruing after the date of such transfer and HOMEOWNER shall look to the transferee for enforcement of such obligations.

23. **EMINENT DOMAIN:** If the entire Community, or a portion thereof, is taken under the power of eminent domain, or is sold to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, and such occurrence causes OWNER in its sole opinion to believe the balance of the remaining property is not suitable or viable to continue as a mobilehome community, then this Agreement shall automatically terminate as of the date

the condemning authority takes possession. Any award for any taking of all, or any part of the Community under the power of eminent domain shall be the property of OWNER, whether such award represents compensation for diminution in value of the leasehold, if any, or a taking of the fee (rights of ownership).

No award for any partial or entire taking shall be apportioned, and HOMEOWNER hereby renounces any interest in, and assigns to OWNER, any award made in any condemnation proceeding for any such taking. Nothing contained herein, however, shall be deemed to preclude HOMEOWNER from obtaining an award for damages concerning their removable personal property, or to give OWNER any interest in an award of damages to HOMEOWNER for loss of or damage to HOMEOWNER's removable personal property.

24. **DISPUTE RESOLUTION AND ARBITRATION OF DISPUTES:** OWNER may offer a voluntary Arbitration Agreement for mutual consideration outside this Agreement. If such an agreement is executed by OWNER and HOMEOWNER, it shall be independent of the rental agreement.

25. **ATTORNEY'S FEES:** In any legal action hereunder, or to enforce any other agreement between OWNER and HOMEOWNER arising under the tenancy, the non prevailing party shall pay the reasonable attorney's fees and costs of the prevailing party in an amount to be determined by the court or other forum having jurisdiction of the matter, in addition to any other award or damages ordered whether or not the matter proceeds to decision by the entity having jurisdiction. A party shall be deemed the prevailing party if judgment is rendered in his favor or where the litigation is dismissed in his favor prior to or during trial, unless the parties otherwise agree in the settlement or compromise.

26. **ESTOPPEL CERTIFICATE:** Within ten (10) days after written notice, HOMEOWNER agrees to execute and deliver an Estoppel Certificate in the form submitted by OWNER, acknowledging that this Agreement is in full force and effect as modified by written agreement, specifying any modifications to the Agreement and dates to which the rent and other charges have been paid, and acknowledging whether or not OWNER is in compliance with its obligations thereunder or the law. Failure of HOMEOWNER to execute and return said Estoppel Certificate within ten (10) days after presentation of same to HOMEOWNER shall be conclusively deemed HOMEOWNER's acknowledgment and warranty that the Certificate as submitted by OWNER is true and correct, that OWNER is not in breach, default, or violation of the agreement or legal obligation to the HOMEOWNER, and may be relied upon by any lender, purchaser, or other interested party.

27. **SUBORDINATION:** This Agreement, and any leasehold interest which may be created by it, shall be subordinate to any encumbrance, restriction or declaration of record before or after the date of this Agreement affecting the Park, the common areas, recreational facilities or other facilities of the Park, or the Homesite rented to Homeowner. Such subordination is effective without any further act of Homeowner; however, Homeowner agrees, upon request by Owner, to promptly execute and deliver any documents or instruments which may be required by any lender to effectuate any subordination, including reasonable modifications to this Agreement, provided they do not increase the obligations of Homeowner or materially adversely affect the interests of Homeowner herein. If Homeowner fails to execute and deliver any such documents or instruments, Homeowner hereby irrevocably constitutes and appoints Owner as Homeowner's special attorney-in-fact to execute and deliver any such documents or instruments.

28. **INDEMNIFICATION:** OWNER and Community shall not be liable for any loss, damage or injury of any kind whatsoever to the person or property of any HOMEOWNER or to any of the employees, guests, invitees, permittees or licensees of any HOMEOWNER, or to any other person whomsoever, caused by any use of the Community premises or Homesite (including any defect in improvements erected thereon) or the failure of any service or amenity, or arising from any other cause whatsoever, unless resulting from circumstances described below. As a material part of the consideration of this Agreement, HOMEOWNER hereby waives all claims and demands against OWNER and the Community, and hereby agrees to indemnify and hold OWNER and Community free and harmless from liability for all claims and demands for any such loss, damage or injury, including attorneys' fees, together with all costs and expenses arising therefrom or in connection therewith, unless resulting from the circumstances described below.

PLEASE NOTE: Nothing contained in the above paragraph or elsewhere in this Agreement, the Rules and Regulations or other residency documents of the Community, shall have the effect of an agreement by HOMEOWNER to release, indemnify and hold harmless OWNER, Community or any other person for the gross negligence or willful acts or omissions of OWNER, the Community or any other person or from a breach by OWNER or any other person of this Agreement or the breach of any other duty owed by OWNER, the Community, or any other person to HOMEOWNER or to any other person. Furthermore, the terms and conditions of this paragraph do not include any fine, forfeiture, penalty, or fee (including any attorneys' fees or costs) assessed by a court of law against the OWNER of the Park for a violation of the Mobilehome Residency Law.

HOMEOWNER shall, at HOMEOWNER's own expense, defend all actions brought against OWNER or the Community for which HOMEOWNER is responsible for indemnification hereunder. If HOMEOWNER fails to do so, OWNER or the Community (at OWNER's option, but without being obligated to do so) may, at the expense of HOMEOWNER, defend such actions, and HOMEOWNER shall pay and discharge any and all amounts that arise therefrom.

29. **RECORDING:** This Agreement or any memorandum of this Agreement may not be recorded without the prior written consent of OWNER, which may be withheld.

30. **GOVERNING LAW:** This Agreement shall be governed by and construed pursuant to the laws of the State of California.

31. **AMENDMENTS:** This Agreement, any addendums and the written documents referred to herein contain the entire agreement between OWNER and HOMEOWNER and except as otherwise contained in this agreement, may be amended only by written assent of OWNER and HOMEOWNER.

32. **MAINTENANCE OF RENTED SPACE:** Except as otherwise required by California Civil Code section 798.37.5, HOMEOWNER agrees to maintain the space and all improvements thereon including but not limited to: the trees, shrubbery, and other vegetation or landscaping, fences, retaining walls, asphalt, concrete, storage buildings, other structures permitted by OWNER, vehicles used for transportation and the mobilehome in a condition of good repair and attractive appearance. OWNER may charge a reasonable fee for services relating to the maintenance of the land and premises upon which HOMEOWNER's mobilehome is situated in the event HOMEOWNER fails to maintain such land or premises in accordance with the rules and regulations of the Community after written notification to HOMEOWNER and the failure of HOMEOWNER to comply within 14 days thereafter. In the event of such failure on the part of HOMEOWNER to comply within 14 days, OWNER may enter the premises to carry out, at HOMEOWNER's expense, such gardening, maintenance and/or repairs to the land and premises as are reasonably necessary to correct the conditions which violate the Community Rules or detract from the appearance of the space or Community. OWNER'S charge for such services shall be paid upon demand and, at OWNER's sole option shall be deemed additional rent. OWNER'S election of this remedy shall not be deemed a waiver of any default by HOMEOWNER. OWNER'S remedies shall be cumulative and OWNER reserves the right to proceed using any or all remedies available in law or equity. HOMEOWNER's invitees or guests who cause property damage by their actions or negligence are deemed agents of their host HOMEOWNER for liability purposes and OWNER may seek recovery directly from the HOMEOWNER.

33. **TIME IS OF THE ESSENCE:** Time is of the essence of this Agreement and for each and every covenant thereof.

34. **INCORPORATION OF RULES AND LAW:** HOMEOWNER hereby acknowledges concurrent or previous receipt of the current Mobilehome Residency Law and Community Rules and Regulations and that these documents are incorporated by reference as attachments to this Agreement and are made a part of it as though set forth in full.

35. **INSURANCE:** The Community does not carry public liability or property damage insurance to compensate you, your guest, or any other person from any loss, damage, or injury except where the Community would be legally liable for such loss, damage, or injury due to its own acts or negligence. Therefore, for your own protection, you should obtain at your own cost, fire, flood, storm, earthquake, acts of God, theft or vandalism, and other casualty insurance coverage for your mobilehome, improvements, and contents, and personal liability and any other insurance that may be necessary or beneficial to protect you, your guest, or others from unforeseen loss or liability.

36. **ZONING INFORMATION:** The nature of the zoning under which the mobilehome park operates is: **Mobile Home Exclusive**

37. **NOTICE:** Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet Web site maintained by the Department of Justice at www.meganslaw.ca.gov. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.

38. **RELEASE OF CLAIMS:** As a material part of the consideration for this Agreement, HOMEOWNER hereby waives, releases and discharges on behalf of him or herself, their family and guests, OWNER and each and all of OWNER's present and former partners, officers, directors, agents, representative, employees and attorneys and each and all of OWNER's respective heirs, successors, executors, administrators and assignees of each from any and all claims, agreements, contracts, covenants representations, obligations, losses, liabilities, demands and causes of action which HOMEOWNER and HOMEOWNER'S family and guests may now or hereafter have or claim to have against OWNER, by reason of any matter or thing, whether of a personal or business nature, whatsoever, to and including the date hereof. HOMEOWNER hereby waives any and all rights which HOMEOWNER may have under the provisions of Section 1542 of the Civil Code of the State of California, which section reads as follows:

> "A General Release does not extend to claims which the Creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him, must have materially affected his settlement with the Debtor."

It is understood by HOMEOWNER that, if the facts or law with respect to which the foregoing release as given turn out hereafter to be other than or different from the facts or law in that connection now known to be or believed by HOMEOWNER to be true, then HOMEOWNER expressly assumes the risk of the facts or law turning out to be so different, and agrees that the foregoing release shall be in all respects effective and not subject to termination or rescission for any such difference in facts or law. By initialing here, HOMEOWNER agrees to this provision. _____

39. **SERVICE OF NOTICES:** Unless otherwise provided, all notices shall be either delivered personally to the HOMEOWNER or deposited in the United States mail, postage prepaid, addressed to the resident at his or her space within the Community. If more than one person is named a HOMEOWNER in the rental agreement, each shall be deemed the agent of the other for the purpose of service of notices and service on one shall be deemed service on all HOMEOWNERS at the same space.

40. **SEVERABILITY:** If any provision of this Agreement or application thereof to any person or circumstance is held invalid, this invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application; and to this end, the provisions of the Agreement are declared to be severable. This Agreement shall be liberally construed to achieve its purposes and to preserve its validity.

41. **COUNTERPARTS AND FACSIMILE SIGNATURES:** This Agreement may be executed in several counterparts, each of which; shall be deemed an original and all of such counterparts together shall constitute one and the same instrument. Facsimile signatures may be used by the parties, in which event the document, signed by such party shall be binding upon the party who signed it.

42. **ACKNOWLEDGMENTS:** Approval should be given only after careful consideration and review of each one.

A. By initialing this subsection, HOMEOWNER agrees (1) that he or she has carefully inspected the rental space and the COMMUNITY facilities; and (2) that the space and facilities are in every respect as represented by OWNER to HOMEOWNER, either orally or in writing. To the extent that the space and facilities are not exactly as represented, either orally or in writing, HOMEOWNER accepts them as they are. _____.

B. If HOMEOWNER currently has a tenancy for this space in the Community, HOMEOWNER acknowledges HOMEOWNER was offered a lease for 12 months or less as the HOMEOWNER may choose. _____.

C. By initialing this subsection, HOMEOWNER acknowledges that OWNER has not required HOMEOWNER to purchase, rent, or lease goods or services for landscaping, remodeling, or maintenance from any person, company, or corporation. _____.

D. By initialing this subsection, HOMEOWNER agrees that this Agreement, including addendums, contains the entire agreement between the parties relating to the rental of space within the COMMUNITY. _____.

E. By initialing this subsection, HOMEOWNER agrees that he or she has read, understood, and received copies of this agreement, the Community Rules and Regulations, and the Mobilehome Residency Law. HOMEOWNER understands that by executing this agreement he or she will be bound by its terms and conditions. _____.

All prior negotiations or stipulations concerning this matter which preceded or accompanied the execution herein, are conclusively deemed to have been superseded hereby. In interpreting this Agreement and the provisions thereof, it shall be deemed that this Agreement and its exhibits were written by both parties if any changes were made. This Agreement may be subsequently altered by written agreement of the parties or by OWNER following expiration of the initial term of this agreement in accordance with Civil Code section 827 or other applicable law.

This agreement shall be binding upon and inure to the benefit of Owner's heirs, successors, and assigns.

This agreement is signed in Thousand Oaks, California.

HOMEOWNER(S):

Maureen Donnelly 12/31/09
Date

_____
Date

OWNER/AGENT:

AVMGH Five - The Ranch Limited Partnership

By:

Barry Blechman 12/31/09
Resident Manager Date

Tenants Attorney's PowerPoint presentation Meeting January 24, 2011

RANCH MOBILE HOME PARK

Rent Increase Application

January 24, 2011

City of Thousand Oaks

Rent Adjustment Commission

ABOUT RANCH MOBILE HOME PARK

- 72 of 74 spaces rented
- 58 of 74 spaces occupied
- 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 80 years old
- Average income of Residents is less than $1,000 per month
- Nearly half of the Residents are disabled

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.

LEGAL PRINCIPLES

1. JURISDICTIONAL ISSUES

2. TAKINGS AND DUE PROCESS

3. ESTOPPEL/CONTRACTUAL ISSUES

4. STATUTORY INTERPRETATION

THE COMMISSION HAS NO JURISDICTION TO CONSIDER A RENT INCREASE AT RANCH BECAUSE THE PARK IS GOVERNED BY RESOLUTION 84-037, NOT THE RSO

- The Rent Adjustment Commission has limited jurisdiction. It has the power to carry out the provisions of the Mobile Home Rent Stabilization Ordinance or of any ordinance regulating rents in apartment complexes. (Thousand Oaks Mun. Code, § 5-25.03, subd. (c).)

- Ranch is not governed by the Rent Stabilization Ordinance.

- Ranch is governed by TPD 74-6, as amended in 1977 and again in 1984 through Resolution No. 84-037.

- Because Resolution 84-037 governs rent increases at Ranch, the Commission has no jurisdiction to consider the current rent increase application.

- Rather, only the City Council can determine the propriety of the proposed rent increase under the Resolution, which has never been revoked and has been continuously applied to Ranch Mobile Home Park since the City Council passed it in 1984.

THE COMMISSION HAS NO JURISDICTION TO CONSIDER A RENT INCREASE AT RANCH BECAUSE THE PARK IS GOVERNED BY RESOLUTION 84-037, NOT THE RSO

- Staff concedes that the Commission "does not have jurisdiction to consider" "the validity of age and income restrictions, under which the park was entitled and has been operating." (12/6/10 Memorandum from Community Development Department to Rent Adjustment Commission (Staff memo)

- Although noting the Commission's lack of jurisdiction, Staff's memorandum nonetheless states that the Commission does have the power to contravene the four-percent rent increase limit in one of the Resolutions.

- It gives two reasons for this conclusion:

  (1) the Rent Stabilization Ordinance was intended to supersede or "trump" Resolution 84-037: and,

  (2) continuing application of the rent-increase limitation in Resolution 84-037 would violate due process as a "taking" of private property. (Staff memo, 8.)

- Neither reason is correct.

THE HISTORY OF RANCH SHOWS THAT THE RSO DOES NOT "TRUMP" THE RESOLUTION-IMPOSED RENT-INCREASE LIMITATION APPLICABLE TO THE PARK

- **Ranch has never been registered under the RSO**

- **Staff Report:**

  -"It has been established that Ranch has not previously been subject to the City's Rent Stabilization Ordinance." (Staff memo, 7.)

  -1983: When the Park owner sent a notice of increased rent "consistent with the requirements of the Rent Stabilization Ordinance at that time," Staff responded that the proposed rent increase was inconsistent with the formula previously approved by the City for calculating rents. (Staff memo, 5.)

  -Staff's conclusion that the Rent Stabilization Ordinance did not apply to Ranch led to the enactment of Resolution 84-037, setting an annual cap of four percent on future increases, and new income qualifications for tenancy. (Staff memo, 6.)

  -February 2001: The Park's owners requested a four percent increase under Resolution 84-037, reflecting the continuing understanding of both the parties and the City that Ranch is governed by Resolution 84-037 rather than by the RSO

  "After evaluation by City's financial consultant and City staff the 4% rent increase [was] granted, effective April 1, 2001, based on the formula provided in Resolution 84-037." (Staff memo, 6.)

- **Other Documents**

TIMELINE/SUMMARY OF DOCUMENTS SUBMITTED

May 24, 1974: Former Property Owner applies for Zone Change from RPD-15 to TPD with justification that is for "development of a much needed low income mobile home park site"

June 24, 1974: City Staff issues report on Zone Change application, stating: The subject property only complies with some of the City criteria for trailer park location; however, since the proposed zoning and the corresponding permit are submitted to provide for lower income housing for Senior Citizens, these deviations might be appropriate based upon the specific set of circumstances and providing the property owner guarantees, in an appropriate manner, to the City that this park will be used for this stated purpose"

September 3, 1974: City approves Zone Change.

November 18, 1974: Planning Commission approves development permit (TPD 74-6) for the mobile home park, with Condition No. 27 requiring the park to be "low-income mobile home park rental." Former Property Owner appeals some conditions, but does not appeal this condition.

TIMELINE/SUMMARY OF DOCUMENTS SUBMITTED

January 21, 1975: City Council approves appeal and modification of Conditions No. 17 and 25, to eliminate block wall requirement and instead only require chain link fence and requirement that pads be "more imaginative" on the westerly side of the park.

1976: City waives $110280, in development fees in addition to other concessions made through land use approvals to allow for development of low-income senior park.

July 27, 1976: City Council interprets Condition No. 27.
1977: Amendment to TPD 74-6, which set rents based on 11.5% net profit percentage as return on investment formula, and setting tenancy qualification of 62 years old and income of no more than $10,000 per year.

August 9, 1977: At Owner's request, Ranch rents set at $125.00 per month for double-wides, $120.00 per month for two large lot single-wides and $115.00 per month for regular lot single-wides.
September 11, 1977: Andrew Hohn executes acceptance of TPD 74-6 conditions.

TIMELINE/SUMMARY OF DOCUMENTS SUBMITTED

1980: City adopts Rent Stabilization Ordinance, but not applied to Ranch Park.

1983: Owner of Ranch Park makes rent increase application to City Council, separate from the Rent Stabilization Ordinance. City Council refers the issue to the Rent Adjustment Commission for evaluation.

August 9, 1983: Rent Committee issues memo to City Council recommending extension of Rent Stabilization Ordinance. Rent Committee points out that increase in rents and total vacancy decontrol has a detrimental impact on marketability of coaches.

December 8, 1983: Staff issues memo to Rent Adjustment Commission regarding Ranch proposed rent increase. Staff states that rents in the Ranch Park are limited by TPD 74-6, not the RSO.

January 24, 1984: Staff issues memo to the City Council regarding Rent Adjustment Commission recommendations for the Ranch Park proposed rent increase and modification of TPD 74-6. These recommendations form the basis for Resolution 84-037.

TIMELINE/SUMMARY OF DOCUMENTS SUBMITTED

February 7, 1984: Resolution 84-037 adopted, allowing rent increases for Ranch Park to be based on set formula. Increase for 1984 allowed at 7%. All subsequent years allowed at up to 4% based on 100% of percentage change of CPI on a yearly basis. No recapture permitted.

September 9, 1986: Rent Committee issues memo to City Council regarding proposed changes to the RSO and adoption of permanent RSO for mobile home parks. Notes that the new RSO "would apply to all parks within the City, with the exception of the Ranch Mobilehome Park which is under a separate affordable housing agreement."

2000: Owner of Ranch Park makes rent increase application to the City, based on the formula set forth in Resolution 84-037.

TIMELINE/SUMMARY OF DOCUMENTS SUBMITTED

August 30, 2000: Staff meets with Owner of Ranch Park and sends letter following meeting regarding proposed rent increase application. Staff notes and letter indicate that Resolution No. 84-037 would have to be repealed and other action taken in order to bring the Ranch Park under the jurisdiction of the RSO. Owner is given option of going forward with public hearing to try to do so, or take rent increase of 4% allowed by Resolution 84-037. Owner selects the latter.

June 2008: City issues document (still posted on website) indicating that Resolution 84-037 provides the formula for establishing rents in the Ranch Park.

July 15, 2008: City Council adopts ordinance following initiative submitted by voters recognizing that "mobile home parks provide affordable and necessary housing for senior citizens" and "minimizing the impact of displacement of seniors and others from their homes is essential to maintaining the economic and social well-being of communities."

RESOLUTION 84-037 CANNOT BE DEEMED A "TAKING" OF PRIVATE PROPERTY BECAUSE THE OWNER ACCEPTED ITS BENEFITS AND IS BOUND BY ITS BURDENS

- **The Owner accepted the benefits of the original land use approvals, under which the zoning for the Park was changed, the Owner received over $100,000 in development fee waivers, and the City permitted the park to be built with fewer planning restrictions than would otherwise have been required—all in exchange for agreeing to provide housing for low-income seniors, and with restrictions on rent increases.**

- *See County of Imperial v. McDougal* (1977) 19 Cal.3d 505, 510-511, "a landowner or his successor in title is barred from challenging a condition imposed upon the granting of a special permit if he has acquiesced therein by either specifically agreeing to the condition or failing to challenge its validity, and accepted the benefits afforded by the permit."

- *See also Edmonds v. Los Angeles County* (1953) 40 Cal.2d 642, 650 [plaintiffs barred from challenging restriction on property use where "[t]hey accepted all benefits bestowed on them, securing their state and local permits on the basis of the [restriction]" and therefore "should not now be allowed to challenge the effectiveness of the [restriction] under which they have obtained definite benefits to which they were not otherwise entitled"]

- *See also* 66A Cal.Jur.3d (2010) Zoning And Other Land Controls, § 437 ["The use authorized by a conditional-use permit is subject to the conditions under which it is granted and when the permittee accepts the benefits and privileges authorized by the permit, the permittee cannot avoid the application and enforcement of those conditions"].)

RESOLUTION 84-037 CANNOT BE DEEMED A "TAKING" OF PRIVATE PROPERTY IN LIGHT OF A RECENT COURT DECISION

- Since the staff memorandum was written, the Ninth Circuit issued its en banc decision in *Guggenheim v. City of Goleta* (9th Cir. Dec. 22, 2010, No. 06-56306) __ F.3d __ [2010 WL 5174984]. *Guggenheim* makes clear that Resolution 84-037 would not be subject to a constitutional challenge on the ground that it interferes with investment-backed expectations.

- *Guggenheim* involved a challenge to a 1979 rent control ordinance for mobile homes that was adopted for the purpose of "relieving 'exorbitant rents exploiting' a shortage of housing and the high cost of moving mobile homes."

- The court found that the primary factor in determining whether there was a taking of the Owner's property was "the economic impact of the regulation on the claimant and, particularly, the extent to which the regulation has interfered with distinct investment-backed expectations." This factor was "fatal" to plaintiffs' claim because the "[t]he Guggenheims bought a trailer park burdened by rent control, and had no concrete reason to believe they would get something much more valuable, because of hoped-for legal changes, than what they had."

- The court also observed, [t]he people who really do have investment-backed expectations that might be upset by changes in the rent control system are tenants who bought their mobile homes after rent control went into effect. . . . The tenants who purchased during the rent control regime have invested an average of over $100,000 each in reliance on the stability of government policy. Leaving the ordinance in place impairs no investment-backed expectations of the Guggenheims, but nullifying it would destroy the value these tenants thought they were buying."

RESOLUTION 84-037 CANNOT BE DEEMED A "TAKING" OF PRIVATE PROPERTY IN LIGHT OF A RECENT COURT DECISION

- Similarly here, the "investment-based expectations" factor is fatal to any claim by the owners of Ranch that Resolution 84-037 effects a taking of private property.

- The zoning and development were approved on the basis that it would provide housing for low-income residents aged 62 years and older. The rents for the park are limited by the developmental approvals, as set forth in Resolution No. 267-74 PC (for Trailer Park Application TPD-74-6) and any addenda thereto. In 1984, in accordance with those approvals, Resolution 84-037 provided for an annual allowable rent increase of 4%.

- Thus, there can be no argument that Resolution 84-037 has interfered with any reasonable investment-based expectations of the owners of Ranch Mobile Home Park.

- From its inception, the park has been continuously burdened by restrictions on rent increases, restrictions imposed first by the original development approvals for the park, and then subsequently by Resolution 84-037.

- Just as in *Guggenheim*, then, Ranch has been subject to limitations on rent increases from the time it was purchased, and therefore they could not have had any "concrete reason to believe they would get something much more valuable, because of hoped-for legal changes, than what they had."

- Likewise as in *Guggenheim*, the only people whose reasonable investment-based expectations would be affected by not continuing to apply Resolution 84-037 would be the tenants of the park, who invested in their mobile homes in reliance on the limitations it imposed on rent increases, and who would see the value of what they purchased destroyed by such increases.

EVEN IF RESOLUTION 84-037 MIGHT BE SUBJECT TO A CONSTITUTIONAL ATTACK, THE COMMISSION CANNOT CREATE ITS OWN JURISDICTION IN THIS MATTER BY ASSUMING THE RESOLUTION'S UNCONSTITUTIONALITY.

- The California Supreme Court determined in *Lockyer v. City and County of San Francisco* (2004) 33 Cal.4th 1055 (Lockyer), that city officials could not ignore a state statute prohibiting the granting of marriage licenses to same-sex couples, even though the officials believed the statute to be unconstitutional.

- The court explained that "a local public official, charged with the ministerial duty of enforcing a statute, generally does not have the authority, in the absence of a judicial determination of unconstitutionality, to refuse to enforce the statute on the basis of the official's view that it is unconstitutional."

- Directly on point here, the court observed, "the same legal issue would be presented if the statute were one of the environmental measures that impose restrictions upon a property owner's ability to obtain a building permit for a development that interferes with the public's access to the California coastline, and a local official, charged with the ministerial duty of issuing building permits, refused to apply the statutory limitations because of his or her belief that they effect an uncompensated 'taking' of property in violation of the just compensation clause of the state or federal Constitution."

- Thus, unless and until Resolution 84-037 has been judicially declared to effect an unconstitutional taking, the Commission may not "refuse to enforce the [Resolution] on the basis of the [Commission's] view that it is unconstitutional."

PRINCIPLES OF CONTRACT AND ESTOPPEL REQUIRE THAT THE OWNER OF THE RANCH PARK BE BOUND BY THE DEALS MADE WITH THE CITY AND THE RESIDENTS

- One who accepts the benefits of a contract cannot deny the contract's validity

  Civil Code, § 1589: "A voluntary acceptance of the benefit of a transaction is equivalent to a consent to all the obligations arising from it, so far as the facts are known, or ought to be known, to the person accepting."

  Civil Code, § 3521: "He who takes the benefit must bear the burden."

THESE CONTRACT AND ESTOPPEL PRINCIPLES APPLY WITH EQUAL FORCE IN THE REAL ESTATE AND LAND USE CONTEXT

"[A] landowner or his successor in title is barred from challenging a condition imposed upon the granting of a special permit if he has acquiesced therein by either specifically agreeing to the condition or failing to challenge its validity, and accepted the benefits afforded by the permit." (*County of Imperial v. McDougal* (1977) 19 Cal.3d 505, 511.)

Landowners are barred from challenging a restriction on their property use where "[t]hey accepted all benefits bestowed on them, securing their state and local permits on the basis of the [restriction]" and therefore "should not now be allowed to challenge the effectiveness of the [restriction] under which they have obtained definite benefits to which they were not otherwise entitled." (*Edmonds v. Los Angeles County* (1953) 40 Cal.2d 642, 650.)

"Conditions of a permit run with the land, once the benefits of the permit have been accepted. [Citation.] Subsequent owners of the land have no greater rights than those of the owner at the time the conditional use permit was issued." (*Sounhein v. City of San Dimas* (1996) 47 Cal.App.4th 1181, 1188.)

"[C]ontracts affecting the use of land in zoning classifications, where the permitted use could be incompatible in some respects to other land uses within the zone classification, may impose use limitations when the condition is acquiesced in by the landowner by specifically agreeing to the condition or failing to challenge its validity." (*J-Marion Co. v. County of Sacramento* (1977) 76 Cal.App.3d 517, 522-23.)

"In the present instance the landowner, by and through its agent, requested the restriction as a condition of the zoning change. Under such circumstances, the owner has acquiesced in the conditional zoning and accepted the benefits offered by the zoning classification. The present use limitation resulted from a consensual agreement relating to the land's use and may not be challenged as a violation of the proscription of section 65852 against nonuniform application of use regulations. (*J-Marion Co. v. County of Sacramento* (1977) 76 Cal.App.3d 517, 523.)

PRINCIPLES OF CONTRACT AND ESTOPPEL REQUIRE THAT THE OWNER OF THE RANCH PARK BE BOUND BY THE DEALS MADE WITH THE CITY AND THE RESIDENTS

Benefits accepted by the owners of Ranch Mobile Home Park:

- Zoning change to allow the property to be developed as a mobile home park.
- Waiver of $100,000 in development fees.
- Various other concessions as set forth in TPD 74-6.
- Payment of rent by Residents

Burdens expressly accepted in exchange for these benefits:

- Tenant restrictions based on age and income
- Limits on annual rental increases per Resolution 84-037 to ensure rent stability for seniors living on fixed incomes.
- Rent increases waived by contracts with and representations made to the Residents

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.

- RAC-2 recognizes this in Section 2.05.

- 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.

STATUTORY LANGUAGE MUST BE APPLIED ACCORDING TO ITS PLAIN MEANING

• When seeking to discern the meaning of a statute, one "'must look first to the words of the statute, "because they generally provide the most reliable indicator of legislative intent." [Citation.] If the statutory language is clear and unambiguous our inquiry ends. "If there is no ambiguity in the language, we presume the Legislature meant what it said and the plain meaning of the statute governs."'" (*Meyer v. Sprint Spectrum L.P.* (2009) 45 Cal.4th 634, 639-640.)

• "[T]he statutory language is generally the most reliable indicator of legislative intent." (Hassan v. Mercy American River Hospital (2003) 31 Cal.4th 709, 715.) "The words of the statute should be given their ordinary and usual meaning and should be construed in their statutory context." (Id.)

• The plain language of RAC-2 (sections 2.01, 2.05 and 3.03) requires that the landlord's "gross total income" for the current year must include the difference between the current rent for each unit and the rent that could be charged if the landlord had imposed "the rent increases permitted by the Rent Stabilization Ordinance" from the base year through the current year.

STATUTORY LANGUAGE SHOULD BE APPLIED SO AS NOT TO RENDER ANY LANGUAGE IN THE STATUTE MEANINGLESS OR MERE SURPLASAGE

- "Well-established canons of statutory construction preclude a construction which renders a part of a statute meaningless or inoperative." (*Manufacturers Life Ins. Co. v. Superior Court* (1995) 10 Cal.4th 257, 274.)

- "Interpretations that . . . render words surplusage are to be avoided" and "every provision of a statute is assumed to have meaning and to perform a useful function." (*Woods v. Young* (1991) 53 Cal. 3d 315, 323-324.)

- "[S]tatutes . . . [are to be interpreted] so as to give force and effect to every provision and not in a way which would render words or clauses nugatory, inoperative or meaningless." (*Committee for Responsible School Expansion v. Hermosa Beach City School Dist.* (2006) 142 Cal.App.4th 1178, 1189.)

STATUTORY LANGUAGE SHOULD NOT BE READ IN ISOLATION, BUT MUST APPLIED CONSISTENT WITH SIMILAR PROVISIONS IN THE STATUTE

- "'[T]he language of a particular code section must be construed in light of and with reference to the language of other sections accompanying it and related to it with a view to harmonizing the several provisions and giving effect to all of them.'" (*Walker v. Superior Court* (1988) 47 Cal.3d 112, 131.)

- "[A] cardinal rule of statutory construction" is "that 'every statute should be construed with reference to the whole system of law of which it is a part so that all may be harmonized and have effect.'" (*Landrum v. Superior Court* (1981) 30 Cal.3d 1, 14.)

STATUTORY LANGUAGE SHOULD APPLIED CONSISTENT WITH THE PURPOSES OF THE STATUTORY SCHEME AND SO AS TO AVOID AN ABSURD RESULT

- "The fundamental task of statutory construction is to 'ascertain the intent of the lawmakers so as to effectuate the purpose of the law.'" (*People v. Cruz* (1996) 13 Cal.4th 764, 774-775.)

- A "construction of statutory language will not prevail if contrary to the legislative intent apparent in the statutory scheme." (*Gomes v. County of Mendocino* (1995) 37 Cal.App.4th 977, 986.)

- Words in a statute "should be interpreted to make them workable and reasonable, practical, in accord with common sense and justice, and to avoid an absurd result." (*Cummings v. Stanley* (2009) 177 Cal.App.4th 493, 508, internal quotation marks omitted.)

THE LEGISLATIVE PURPOSES OF THE MOBILE HOME RENT STABILIZATION ORDINANCE (Thousand Oaks Mun. Code, § 5.25.01 et seq.)

- Provide affordable housing for low-income residents living on fixed incomes

- Provide long-term rent stability for mobile home tenants to avoid displacing them due to inability to pay increased rents

THE RSO REQUIRES THAT THE COMMISSION FIND THAT THE PROPOSED INCREASE BE IN KEEPING WITH THE PURPOSES OF THE ORDINANCE

Sec. 5-25.06. Administrative adjustments to rent.

Subd. b(1): "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 RSO DOES NOT ALLOW FOR THE RENT INCREASE REQUESTED BECAUSE SUCH AN INCREASE IS INCONSISTENT WITH THE PURPOSE AND LANGUAGE OF 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.

RENT INCREASE SHOULD BE BASED ON RESOLUTION 84-037

- 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%, and shall be set at 100% of CPI change FOR THAT YEAR.

- The Commission is entitled to use alternate approaches and this approach has already been evaluated by the City, adopted by the City and agreed to and used by the Owner.

- This approach is also consistent with all parties' reasonable investment expectations.

- Thus, the owner is only entitled to request a rent increase of 1.85% in 2010, and must meet the criteria established in that Resolution in order to obtain this increase.

THE BASIC STEPS FOR THE MNOI FORMULA PER RAC-2

STEP 1: Sec. 3.02. "Determine the 1979 Net Operating Income."

STEP 2: Sec. 3.03. "Determine the current year Net Operating Income in accordance with the provisions of Sec. 2 – 2.17 . . . ."

STEP 3: Sec. 3.04. Make a Price Level Adjustment to the 1979 Net Operating Income.

STEP 4: Section 3.05. Compare the current year Net Operating Income to the 1979 Net Operating Income.

STEP 5: The landlord is eligible for a rent increase only if the current year Net Operating Income is less than the adjusted 1979 Net Operating Income.

ASSUMING USE MNOI FORMULA, THE BASE YEAR SHOULD BE CHANGED AND THERE SHOULD BE 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.

- 2009 is also the first year that we have complete financial data

- Or, alternatively, the base year might be set at 1999 if additional financial information is provided and we are given an opportunity to analyze that data in accordance with RAC-2 and RAC-5.

- Or, alternatively, because if additional information provided for 1982, base year might be set at 1982 if additional financial information is provided and we are given an opportunity to analyze that data in accordance with RAC-2 and RAC-5

- No *Vega* adjustment to the rents should be permitted:
    - Established by use permit conditions
    - Separate "market" for affordable housing project
    - Owner has accepted the benefits of the use permit and zoning change approvals, and is required to accept the burden of them as well.

ASSUMING USING MNOI FORMULA, THE OWNER HAS OVERSTATED GROSS TOTAL INCOME FOR THE PROPOSED BASE YEAR 1979

- We do not have complete data for 1979, so cannot properly analyze the figures submitted.

- But, if use 1979, the Owner has overstated Gross Total Income for the Base Year by adding in development fee waivers to the "Adjusted Income for Below Market Rentals." These fees were not waived in 1979. Moreover, nothing in the regulations permit the owner to do so.

- Further, as indicated, 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.

CRITICAL QUESTIONS FOR DETERMINING CURRENT YEAR NET OPERATING INCOME PER RAC-2

CRITICAL QUESTION NO. 1: What do "the provisions of Sec. 2 – 2.17" require when calculating "current year Net Operating Income" under RAC-2 (section 3.03)?

Sec. 2. "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

CRITICAL QUESTION NO. 2: How does RAC-2 define "Adjusted Income for Below Market Rentals"?

"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 policies and purposes.***" (Emphasis added.)

ASSUMING USING MNOI FORMULA, THE OWNER & THE CITY HAVE UNDERSTATED GROSS TOTAL INCOME FOR THE CURRENT YEAR

- 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.

- Limiting the "Adjusted Income for Below Market Rentals" provision only to "units occupied by the landlord or the landlord's family" or "the unit of a resident manager" would render meaningless a third section of the statutory language—"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."

- Ignoring the upward adjustment for rental increases the landlord has failed to seek would be inconsistent with the sections of RAC-2 that require an identical adjustment in determining the base year net operating income:

•It would be inconsistent with the statutory scheme to adjust the base year net operating income by rent increases that could have been made but were not, and not to make the exact same adjustment to the current year net operating income. To achieve an "apples to apples" comparison, the same adjustment must be made at both ends of the calculation.

•If the adjustment to current year net operating income for below market rentals is not made, as required by sections 2.01, 2.05, and 3.03, that would thwart the primary purposes of the statutory scheme. Allowing landlords to recoup in a single year rent increases that have been foregone in multiple past years would undermine the following express legislative purposes the "Mobile Home Rent Stabilization" ordinance was intended to prevent-**RENT STABILIZATION!!!!!**

ASSUMING USING MNOI FORMULA, THE OWNER HAS FAILED TO PROVIDE ACCURATE DATA FOR OPERATING EXPENSES FOR THE BASE YEAR OF 1979

- 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.

- This method is not in conformance with reasonable accounting practices to "estimate" expenses using backwards adjustment of CPI.

- RAC-2 and RAC-5 require two years of actual data

THE OWNER HAS OVERSTATED ALLOWABLE OPERATING EXPENSES FOR THE CURRENT YEAR

- RAC-2 and RAC-5 provide specific guidelines for allowable Operating Expenses, which must be supported and reasonable.

- Expenses for 2009 overstated because:

  - Not permitted by RAC-2

  - Not supported by the General Ledger and receipts

  - In excess of industry standards

  - Management and Administrative Expenses must be capped at 8%

THE ASSOCIATION OF RANCH TENANTS THEREFORE REQUESTS AS FOLLOWS:

- That the Rent Adjustment Commission decline to hear this matter because it lacks jurisdiction to do so.

- That any rent increase application be decided in accordance with TPD 74-6 and Resolution 84-037.

- That, if the MNOI approach is used, the base year be set at 2009.

- That, if the MNOI approach is used, the rent increase be denied using any other base year, based on the applicable standards and accurate calculations and data submitted by the Association.

- Alternatively, that the Application be returned to the owner until such time as accurate financial information is provided.

Documents submitted by Tenants' Association in support of objections to rent increase application

15.9

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ASSOCIATION OF RANCH TENANTS

CITY OF THOUSAND OAKS

RENT ADJUSTMENT COMMISSION

IN RE: RANCH MOBILE HOME PARK,

DOCUMENTS SUBMITTED BY TENANTS' ASSOCIATION IN SUPPORT OF OBJECTIONS TO RENT INCREASE APPLICATION

Date: January 24, 2011
Time: 4:00 p.m.

RENT STABILIZATION ORDINANCE

&

RENT ADJUSTMENT COMMISSION REGULATIONS

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)

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

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.

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

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 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.

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

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

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.

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

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

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 address 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.

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

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

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:

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.

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:

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

CA:jt

CITY DOCUMENTS

PLANNING COMMISSION

CITY OF THOUSAND OAKS

1429 Thousand Oaks Blvd.
Thousand Oaks, California

APPLICATION FOR ZONE CHANGE

NO. 339

Name of Applicant MR. CHET WYCKOFF
(Person, Firm or Corporation)

Address of Applicant 1782 Los Feliz Drive, Thousand Oaks, CA 91360
(Street, City, Zone, State)

Telephone No of Applicant 495-3194

Zone Change requested from RPD - 15 Units to TPD

Legal description of property Lot 1, Block 26 of Thousand Oaks Tract 8 RM 73
(Lot and Tract No.)

Assessor's Parcel No 670-27-04
(Book, Page, and Parcel No.(s))

Located at North Side of Los Feliz Drive
(Address, if any)

between Conejo School Road (Street) and Thousand Oaks Blvd. (Street)

which is shown on Zoning Map

1. State reasons for requested change:

The requested change in zone is for development of a much needed low income mobile home park site. This request is in conformance with the General Plan because it will fall within the range of high density development. We anticipate a density of approximately 17 units per acre.

(Over)

RTA 34

CTO 01907

2. The names and addresses of the owners of the property included in this application and the names and addresses of the corporation officers, or the partners, if applicable, are:

Signature	Address	Lot	Blk.	Tract	Date of Purchase

3. A change of zone application may be filed only by the owner of said property, or by a person with a Power of Attorney from the owner authorizing the application, or by the Attorney-at-Law for the owner.

Indicate your authority below:

✓ I am the owner of said property.

____ I have a Power of Attorney from the owner authorizing this application.

____ I am the Attorney-at-Law authorized to act for the owner in this application.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Oxnard, California this 24th day of May, 19 74.

William C. Wyckoff
(Signature)

NOTE: If applicant is a Corporation, Company or Partnership, the name, address and title of all officers of the Corporation, Company or of all Partners shall accompany this application, unless said information is on file in the office of the Planning Commission.

Obtain instruction as to the preparation of maps, plans, sketches or other data or information pertinent to this particular request from the office of the Planning Department before filing.

DO NOT WRITE IN THIS SPACE

Fee $_____ Receipt No._____

Received by: _____
(Signature)
City of Thousand Oaks

Application checked by: _____
City of Thousand Oaks

_____
(Date Filed)

CTO 01908

RTA 35

No Zone Change

MEMO

TO: City Council

FROM: Planning Department

SUBJECT: Z-74-339 (Chet Wyckoff)

DATE: August 23, 1974

The attached Staff Report was presented to the Planning Commission on this subject zone change application to reclassify approximately 15 acres of land located on the north side of Los Feliz Drive approximately 330 feet west of Conejo School Road from RPD-15U to T-P-D.

Based on this Staff Report and on the statements received at the Public Hearing of July 22, 1974, the Planning Commission (by a 4 to 0 vote) recommended that the subject property be reclassified from the RPD-15U zone to the T-P-D zone.

Philip E. Gatch
Planning Director

PEG:pb

Attachments

PLANNING DEPARTMENT
STAFF REPORT

Meeting of July 22, 1974

TO: Planning Commission

FROM: Planning Department

REPORT: Z-74-339

APPLICANT: Chet Wyckoff

FILED: June 24, 1974

REQUEST: A request for a change of zone from RPD-15U to TPD (Trailer Park Development) has been filed for a 5-acre site located on Los Feliz Drive, approximately 325 feet west of Conejo School Road.

USE: The subject property is mostly vacant, except for approximately two single-family homes and an area used for equipment storage.

PARCEL SPECIFICATIONS: The subject property consists of 5 acres and is generally rectangular in shape, measuring 305 feet by 675 feet.

STREET SPECIFICATIONS: Los Feliz Drive has a 40-foot right-of-way, with approximately 26 feet of paving adjacent to the subject property.

ADJACENT ZONING: Adjacent zoning is R-3 to the east, RPD-15U to the south and west, and R-1-10 and R-E to the north.

ADJACENT LAND USES: Adjacent land uses include vacant land and single-family homes to the east, south and north and apartments to the west.

PREVIOUS CASES: Relevant previous cases include Z-72-220, which approved a change of zone on the subject property from R-E-1Ac to RPD-15U, RPD-72-100 and Tract 2293, which authorized construction of approximately 73 condominiums and apartments on the subject property. This RPD and tract have since expired.

GENERAL PLAN RECOMMENDATION: The Land Use Element of the General Plan designates this area as "high density residential."

EVALUATION: A request for a change of zone from RPD-15U to TPD has been filed to facilitate development of a mobile home park on a 5-acre site located immediately easterly of the Casa de Los Feliz apartments, on the north side of Los Feliz Drive about 350 feet west of Conejo School Road. The subject property is nearly level and has numerous mature trees, including three oak trees.

Trailer Park Development Policies

The Thousand Oaks General Plan states that "mobile home parks should be located in the appropriate topographic setting." This policy has been generally construed in the past to mean that the parks should be located in visually isolated areas, particularly with respect to freeways and detached home subdivisions. The subject property has only some of these attributes. It is partially visible to the Ventura Freeway

and abuts a single-family subdivision on a 75-foot stretch of its northerly boundary and a single home near its easterly boundary. Therefore, it is questionable whether or not this site can be determined to comply with this General Plan policy.

Land Use Element of the General Plan

The proposed zoning would be of a consistent (or even lower) density with the Land Use Element, which recommends "high density residential." While mobile home parks usually develop at about 7-10 units per acre, the applicant plans to submit an application for a TPD permit to facilitate a lower-income park at about 17 units per acre. This would require deviation from the requirements of the TPD zone, which would have to be considered in conjunction with the TPD permit application. In general, though, any mobile home density would be consistent with the Land Use Element of the General Plan.

Site Size

The TPD zone specifies that "a trailer park shall have a minimum gross site area of ten (10) acres" (Section 9-4.2004 of the Municipal Code). In that the subject property contains only 5 acres, there is a conflict with this code provision. Under Section 9-4.2004, however, the Planning Commission is authorized to waive that requirement in granting a TPD. If the Planning Commission, in its evaluation of this case, does not feel a waiver of the site size would be worth considering, then Z-74-339 should be denied.

The Planning Department would recommend, however, that if mobile home parks can be considered for this portion of town, that sites smaller than ten acres be utilized to provide a better integration with other developments and because of the general lack of suitably zoned sites over ten acres in size.

Need for TPD Zoning

The General Plan recommends that 3-4% of the Valley's anticipated 1985 housing stock of 33,000 units would be an appropriate proportion of mobile homes. This would be about 1,000-1,200 units. Presently, there are approximately 830 existing or approved mobile home spaces within the Planning Area.

Most existing mobile home parks in the Valley are full or nearly full, with the exception of Vallecito, on Old Conejo Road, which presently has only 50% of its 302 spaces occupied. This park has been in existence for about 2 years.

While no specific development permit application is before the Planning Commission at this time, the applicant has indicated that he wishes to construct a trailer park which would provide housing for lower-income groups, particularly senior citizens. Presently, this kind of housing is not available in any significant quantity; in fact, a recent commercial development required a loss of 20 spaces in a smaller inexpensive park.

Environmental Impact

The Planning Department has made a Negative Declaration for Z-74-339 on the basis that the change of zone from RPD-15U to TPD would not result in any increased demands on service systems, including circulation. Furthermore, the existing topography of the site is generally without significant aesthetic character, and existing major trees could be preserved in a trailer park development.

Although the zone change, if approved, would reduce the traffic generation potential of the subject property as outlined in Table 1, below, future traffic volumes on Los Feliz Drive have been a matter of concern for many years. The method generally agreed upon to reduce future traffic problems, particularly at the intersection of Los Feliz Drive and Erbes Road, is to construct a new access road from Los Feliz Drive to either Thousand Oaks Boulevard or Erbes Road. To this end, a condition was placed on the previous tract on the subject property that it would become a part of an assessment district to provide an additional access route.

Table 1
Comparative Traffic Generation

Category	Acres	Units/Acre	Units	Daily Trips/Unit	Daily Trips
RPD-15U	5	15	75	6-9[1]	450-625
TPD	5	9-10	45-50	5.4[2]	240-270

[1]Sources: California Department of Transportation and Weber Associates.

[2]Source: California Department of Transportation.

Since the applicant has indicated that he will apply for a reduction in the requirements for lot area per mobile home to facilitate approximately 17 trailers per acre (or 85 total), we have evaluated potential traffic impact at that density as well. 85 mobile homes would produce approximately 460 daily trips at 5.4 trips per unit. However, if such a density occurred, the park would probably be inhabited mainly by older people and people with lower incomes, both of which groups have lower levels of vehicular traffic. Thus, traffic generation potential would probably be considerably lower than 460 daily trips, probably more in line with the 240-270 projected in Table 1 for a more typical TPD density.

Conclusion:

The subject property only complies with some of the City's criteria for trailer park location; however, since the proposed zoning and the corresponding permit are submitted to provide for lower-income housing for Senior Citizens, these deviations might be appropriate based upon the specific set of circumstances and providing the property owner guarantees, in an appropriate manner, to the City that this park will be used for this stated purpose.

In addition, since the TPO Ordinance requires a six-foot high block wall around the project, the Planning Department is further of the opinion that a trailer park at this location could be made compatible with the surrounding neighborhood, particularly if existing major trees on the site are preserved and new trees are planted within and around the park.

A waiver of the site size requirement of ten acres also is appropriate at this location, not only because a 5-acre site would have fewer total units then a 10-acre site, but because the scale of other developments in the area (such as nearby apartments and trailer parks) is more on the order of 5-acre sites than 10-acre sites. Parcel sizes in this part of town usually are substantially less than 10 acres.

It should be pointed out that at the zone change stage, there is no authority to grant waivers or variances of Municipal Code conditions. This can only be done within the Planning Commission's review authority of a TPD permit application, which will follow if the zone change is approved.

RECOMMENDATION: The Planning Department recommends that Z-74-339 be recommended to the City Council for a change of zone from RPD-15U to TPD.

Prepared by:

John C. Prescott
Associate Planner

Submitted by:

Philip E. Gatch
Planning Director

PEG:JCP:gem

attachment

ORDINANCE NO. 493-NS

AN AMENDMENT TO THE CITY OF THOUSAND OAKS MUNICIPAL CODE RELATING TO ZONING MAPS AND CHANGES IN ZONING CLASSIFICATION OF PROPERTY Z-74-339

The City Council of the City of Thousand Oaks, California, DOES ORDAIN AS FOLLOWS:

SECTION I

Section 9-4.304 of the City of Thousand Oaks Municipal Code is amended to read as follows:

Section 9-4.304. Thousand Oaks Zoning Map Section I-9.

The land and other property shown upon the maps designated as Section I-9 attached hereto and incorporated by reference, are zoned according to the zone classification symbols indicated on said map: being a change of zone from the RPD-15U zone to the TPD zone, for land located on the north side of Los Feliz Drive approximately 330 feet west of Conejo School Road within the City of Thousand Oaks.

SECTION II

This Ordinance shall take effect thirty (30) days from the date of adoption.

* * * * * *

PASSED AND ADOPTED this 3rd day of September, 1974.

David S. Irwin, Mayor
City of Thousand Oaks, California

ATTEST:

Velma S. Quinn, City Clerk
City of Thousand Oaks, California

APPROVED AS TO FORM:

James Longtin, City Attorney

APPROVED AS TO ADMINISTRATION:

Glenn Kendall, City Manager

I, VELMA S. QUINN, DO HEREBY CERTIFY that the above and foregoing Ordinance No. 493-NS was duly passed and adopted by the City Council of the City of Thousand Oaks at the regular meeting held on the 3rd day of September, 1974 by the following vote, to wit:

AYES: Fiore, Horner, Grattan, Irwin

NOES: Bowen

ABSENT: None

Velma S. Quinn, City Clerk
City of Thousand Oaks, California

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 School 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 74-unit mobile home development on that certain property described as follows: Lot 1, Block 26, 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

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, Hartman, Prince and Thompson
NOES:	COMMISSIONERS:	None.
ABSENT:	COMMISSIONERS:	None.

Martin A. Hartman, Chairman
Planning Commission

Philip E. Gatch, Secretary
Planning Commission

EXHIBIT "A"

TPD-74-6 (Chet Wycoff)

1. That the TPD permit is granted for the land described in the application and any attachments thereto as shown on plot plan submitted labeled Exhibit "A-1".

2. That the permit is granted for the building, walls, roadways, park areas, landscaping and other features which shall be located substantially as shown on plot plan labeled Exhibit "A" and in elevation and floor plans labeled Exhibits "B" and "C", except or unless indicated otherwise herein.

3. That the permit shall expire when the use for which it was granted is discontinued.

4. That prior to transfer of ownership, lessee or operator of the use permitted shall file with the Planning Director the name and address of the transferee and the date such transfer shall be effective together with a letter from the new operator of owner certifying agreement to comply with all the conditions of this permit.

5. That a minimum 20-foot setback in accordance with Section 9-4.2004(c) shall be provided along Los Feliz Drive. Said setback area shall be appropriately landscaped subject to the approval of a landscape and sprinkler plan prior to commencement of the permit.

6. That the air conditioning equipment of the recreation building shall be completely screened from view.

7. That all areas depicted as planting on the plot plan, together with all slopes, shall be appropriately landscaped and provided with a permanent irrigation system subject to the approval of the Planning Department.

8. That all oak trees on the subject property shall be preserved and protected. Prior to issuance of a zone clearance, the landscape and sprinkler plan reflecting method of preservation shall be submitted for approval of the Planning Department.

9. That the minimum rental period within this park shall be no less than 30 days.

10. That all interior street lights within the park shall consist of ornamental light standards of a height not exceeding 10 feet, the design of the lights shall be subject to the approval of the Planning Department.

11. That all interior streets within the park shall be named in accordance with the Street Naming Criteria Resolution.

12. That the storage areas shown on Exhibit "A" shall be enclosed by a six foot high wall and shall be appropriately screened from view of the mobile home park and adjacent properties.

13. That all coaches within the mobile home park shall be self-contained units.

14. That on-street parking shall be permitted on those interior roads that are a minimum of 33 feet wide. Parking shall be restricted on one side of such roads. Appropriate signing shall be installed during construction of the mobile home park. Enforcement provisions to regulate parking restrictions shall be included within the C.C. & R.'s.

15. That adequate guest parking shall be provided along various sections of the mobile home park, as shown on Exhibit "A".

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 same 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 9-3.607 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 use 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-NS section of Section 3-1.603 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 deed 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.

29. ENGINEERING DEPARTMENT CONDITIONS:

A. The conditions of approval of this development shall supersede all conflicting notation, specification, dimension and typical sections which may be shown on said map. The conditions stated herein shall not be considered a comprehensive listing of all Municipal Code requirements and City Policies but are stated for the developer's convenience in determining the City's interpretation of proper development of the subject project.

B. Prior to issuance of a grading permit sufficient property (5 feet) across the full frontage on Los Feliz Drive shall be dedicated to the City of Thousand Oaks to allow for the ultimate street right of way width (50 feet). A six foot wide public service easement shall also be dedicated to the City of Thousand Oaks. (M.C. 7-1.104)

C. The Owner/Developer shall install public improvements across the full frontage on Los Feliz Drive adjacent to this project in accordance with Title 7, Chapter 1, Article 1 of the City of Thousand Oaks Municipal Code and shall conform to the California State Health and Safety Code, Section 19956.5. Said improvements shall consist of, but not be limited to:

Remove existing cut-off wall and A.C. berm, sawcut and join existing street paving and install concrete curb and gutter, 5 foot wide concrete monolithic sidewalk, concrete commercial driveway, storm drain, if required, underground utilities, street trees, street lights, catch basin, traffic control signs, cut-off wall, paved transition swale, fire hydrant and relocation of existing fire hydrant and other facilities, if required. (M.C. 7-1.103)

D. Prior to issuance of a grading permit, the Owner/Developer shall provide the City of Thousand Oaks with performance and labor and materials bonds or cash deposit to secure the installation of the above mentioned improvements. (M.C. 7-2.401 and M.C. 7-2.402)

E. Prior to the issuance of a grading permit, the Owner/Developer shall enter into an agreement with the City of Thousand Oaks, to provide the above mentioned street improvements.

F. The Owner/Developer shall obtain an encroachment permit from the Public Works Department prior to installing the required public improvements within the City right of way.

G. Prior to the issuance of a grading permit, the Owner/Developer shall have submitted soils and hydrology reports and received approval of all grading, public street improvement and storm drain plans by the Director of Public Works. (M.C. 7-1.103 and 9-3.401)

H. Street lights on marbelite electroliers with underground service shall be provided at standard spacing on Los Feliz Drive. The size of lamps and location of standards to be used shall be determined by the Director of Public Works. Prior to issuance of any building permit a "First Submittal Legal Description and Map for Annexation to the City-Wide Lighting Maintenance District Tax Assessment

Zone No. 1" shall be submitted to the Public Works Department; and prior to occupancy of any building the entire area of this development shall have been annexed to said tax assessment zone. The Developer must make arrangements and submit required deposits to the Southern California Edison Company for street lights well in advance of the construction of street improvements. (C.C. Res. 65-14 and 67-29)

I. All existing buildings, driveway openings, storm drain structures, natural drainage channels, wells and utility facilities shall be shown on the grading plan with their approved disposition noted. All existing and proposed utility, storm drain, access and slope easements shall also be indicated on said plan. (M.C. 7-3.08)

J. Any existing public street improvements damaged or broken during construction shall be repaired or replaced to the satisfaction of the Director of Public Works. (M.C. 7-2.607)

K. Overland and on-site storm water shall be intercepted within the project boundaries in approved pick up structures and conveyed to the nearest public street or existing storm drain, or approved point of discharge, via underground conduit to the satisfaction of the Director of Public Works. A copy of any required off-site construction letters or permits shall be submitted to the City Engineer. (M.C. 7-3.21 and 7-3.09)

L. The location, base elevation, drip line, canopy elevation and trunk diameter of all existing oak trees shall be shown on improvement plans with their approved disposition noted and adequate means of preservation shall be provided for those trees to be saved. Any required tree removal permits shall be obtained prior to initiating grading operations or storm drain construction. (M.C. 9-3.401, 7-3.08 and 5-14.03)

M. The Developer shall plant all cut and fill slopes and install permanent sprinkler systems which will effectively aid in erosion control on all slopes three feet or more in vertical height and that all cut slopes shall be 1-1/2: 1 maximum and fill slopes 2: 1 maximum in accordance with the City of Thousand Oaks Municipal Code. (M.C. 7-3.24)

N. There shall be no vehicular ingress or egress to the subject property except as shown on the plot plan as approved by this permit.

Approved ingress or egress shall be a commercial driveway with a width of not less than 25 feet, exclusive of side slope areas, or greater than 36 feet for a two-way driveway, and any such driveway opening shall be surfaced and improved as to include necessary paveout to join existing pavement as required by and in accordance with the specifications of the City of Thousand Oaks. (M.C. 9-4.2404)

O. Prior to issuance of a grading permit, a parcel map for reversion to acreage shall be recorded with the County Recorder's Office, including all of the property within the area of the subject commercial development. (M.C. 9-3.109)

P. A plot plan shall be submitted and street address assigned by the City Engineering Department.

Q. All overhead utility lines (except any 66-KV lines) within the subject development or on any adjacent street shall be placed underground or prior to issuance of any building permit, the Owner/Developer shall enter into an agreement and provide the City of Thousand Oaks with a bond or cash deposit in sufficient amount for future undergrounding of the existing power poles and overhead lines. (M.C. 7-5.201 and 7-5.102)

R. Any existing survey monument shall not be disturbed or removed without permission from the City Engineer. The replacement of a monument shall be done by a registered civil engineer or licensed surveyor at the expense of the permittee. (M.C. 7-2.612)

S. Prior to recordation of a Parcel Map the developer shall guarantee his and all future heirs, successors and assigns' participation in any future assessment district that may be formed to construct an additional public access road into the area of this development as recommended within the City of Thousand Oaks Planning Commission Minutes of March 15, 1971. Said guarantee shall be reviewed and approved by the City Attorney and Director of Public Works and accepted by the City Council.

That proportional share of said participation may be based on the approved number of units within this project vs the estimated total potential dwelling units within the lots currently having frontage on Los Feliz Drive and having multiple zoning or could be expected to be developed or redeveloped as multiple property.

30. FIRE DEPARTMENT CONDITIONS:

A. That provisions for fire suppression shall be in accordance with the Ventura County Fire Protection District Ordinance #9 and approved by the Ventura County Fire Chief.

B. That a minimum fire flow of 1,000 gallons per minute is required at this location.

C. That prior to construction, the permittee shall submit plans to the Ventura County Fire Department for approval of the location and spacing of fire hydrants.

D. That fire hydrants shall be installed and serviceable prior to construction.

E. That fire hydrants shall conform to the minimum standards of the Ventura County Water Works Manual.

F. That fire extinguishers shall be installed in accordance with National Fire Protection Association Standard #10.

G. That the C.C. & R.'s shall reflect restrictions to parking as follows:

(1) Resident parking shall be on individual trailer pads only, not on lanes or through drives.

(2) Guest parking shall be in marked spaces provided on the main access drive and on the looped drive, as shown on Exhibit "A-1".

H. That two on-site hydrants shall be provided.

31. UTILITIES DEPARTMENT CONDITIONS:

A. That all sewage and waste disposal shall be in accordance with applicable portions of the City of Thousand Oaks Municipal Code and Design and Construction Standards dated October 12, 1971.

B. That all water distribution systems shall be in accordance with applicable portions of the City of Thousand Oaks Municipal Code and Design and Construction Standards dated March 28, 1972.

C. That a method or methods for sewering and supplying water to the development shall be approved prior to or at the same time the tentative tract map is filed.

D. That the fire flow requirements and fire hydrant locations shall be approved by the Utilities Department and the Ventura County Fire Department.

E. That a plan showing all plumbing fixtures and the square footage of buildings shall be submitted to the Utilities Department.

F. That all fees due the Utilities Department shall be paid prior to the issuance of a building permit or the acceptance of the utility improvements by City Council.

G. That both the water system and the sewerage system shall be complete and accepted by City Council prior to obtaining occupancy permits.

H. That protection of the water supply shall be accomplished in accordance with the City's Cross Connection Control and Backflow Prevention Program, Title 17 of the State Health Code and Section 10-2.1108 of the Municipal Code.

I. That no regenerative type water softener shall be installed.

J. That an approved backwater valve shall be required for the sewer system.

K. That the sewer main shall be extended across the rear of the property at the developer's expense.

RESOLUTION NO. 75-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF THOUSAND OAKS APPROVING, IN PART, AN APPEAL OF WILLIAM C. WYCKOFF ON CONDITIONS NOS. 5, 17, 21, 25, 26 AND 31F FOR TPD 74-6

WHEREAS, on November 18, 1974, the Planning Commission of the City of Thousand Oaks approved the subject application, No. TPD 74-6, to allow construction of a 74-unit mobile home park facility on property located on the north side of Los Feliz Drive, approximately 500 feet westerly of Conejo School Road within the City of Thousand Oaks; and

WHEREAS, on December 3, 1974, William C. Wyckoff appealed Conditions Nos. 5, 17, 21, 25, 26 and 31F as set forth in Planning Commission Resolution No. 267-74PC which approved the subject application; and

WHEREAS, upon notice duly given, a hearing was held at the regular meeting of the City Council of the City of Thousand Oaks on January 7, 1975, at which time evidence, both oral and written, including a Staff Report, was presented and received and arguments were heard from all interested parties appearing in the matter; and

WHEREAS, William C. Wyckoff withdrew the appeal on Conditions Nos. 21, 26, and 31F at this public hearing; and

WHEREAS, a resolution is required to formalize Council action pursuant to Section 9-4.2807 of the Municipal Code, this resolution is adopted, therefore, for that purpose and reflects the action of a majority of the members of the City Council (5 For; 0 Against for Conditions Nos. 5 and 25 and 4 For; 1 Against for Condition No. 17) in rendering a decision on this matter following the hearing at the regular meeting of January 7, 1975.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF THOUSAND OAKS that the appeal of William C. Wyckoff is approved, in part, as set forth in the following revised Condition No. 17 and the deletion of Condition No. 25 and the decision of the Planning Commission is upheld, in part, in regard to Condition No. 5.

Conditions:

17. (Revised) A six-foot high chain link fence, with adjacent landscaping and a sprinkler system, may be substituted for a required six foot high decorative block wall along the northerly and easterly property lines. A decorative block wall shall be constructed within 20 feet of the property line along Los Feliz Drive. The design of said wall and the type of said landscaping and sprinkler system shall be subject to the approval of the Planning Department.

25. (Deleted)

* * * * * *

PASSED AND ADOPTED this 21st day of January, 1975.

David S. Irwin, Mayor
City of Thousand Oaks, California

ATTEST:

Velma S. Quinn, City Clerk
City of Thousand Oaks, California

APPROVED AS TO FORM:

James Longtin, City Attorney

APPROVED AS TO ADMINISTRATION:

Glenn Kendall, City Manager

I, VELMA S. QUINN, DO HEREBY CERTIFY that the above and foregoing Resolution No. 75-21 was unanimously adopted by the City Council of the City of Thousand Oaks on the 21st day of January, 1975 and confirmed the action of the City Council on the 7th day of January, 1975 by the following vote, to wit:

Conditions Nos. 5 & 25:

AYES: Fiore, Bowen, Horner, Grattan, Irwin

NOES: None

ABSENT: None

Condition No. 17:

AYES: Fiore, Horner, Grattan, Irwin

NOES: Bowen

ABSENT: None

Velma S. Quinn, City Clerk
City of Thousand Oaks, California

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 62 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

_____

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.

FRED P. WILSON, C.P.A.
WILLIAM R. HUGHES, C.P.A.

WILSON & HUGHES
CERTIFIED PUBLIC ACCOUNTANTS
100 THOUSAND OAKS BOULEVARD, 240
THOUSAND OAKS, CALIFORNIA 91360
(805) 496-7455 (213) 991-0702

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. Hillcrest 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 leases can be executed.

I refer you to exhibit A on TPD-74-6 indicating that the rate of return shall be no more than 11.5%. I also refer you to "schedule B" which was attached to the applicant's presentation which shows the economic model for the park. Using those 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"	+	46,398.00
Targeted gross rent, including utilities	=	$122,773.00
Less estimated utilities	-	20,054.00
Target, rent, excluding manager's space - annual	=	$102,719.00
- monthly		$ 8,560.00

continued .....

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 11 lots to 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
Fred P. Wilson, C.P.A.

FPW/mc
cc Gene Pearce
Andrew Bohn

Please sign this form and return to: City of Thousand Oaks Planning Department, 401 West Hillcrest Drive , Thousand Oaks, California 91360

ACCEPTANCE FORM

STATE OF CALIFORNIA)
COUNTY OF VENTURA) SS

CASE NO. TPD 74-6

I, the undersigned, state:

I am / We are the owner or the duly authorized representative of the owner of the real property described in the above numbered case.

I am / We are aware of, and accept, all of the stated conditions in said Case No. TPD 74-6

Executed this 11 day of Sept, 19 77.

I / We certify (or declare) under the penalty of perjury that the foregoing is true and correct.

X Andrew V. Hahn
(Signature)

(Signature)

(Signature)

RTA 58

CTO 01931

MEMORANDUM

TO: MEMBERS OF THE CITY COUNCIL

FROM: RENT COMMITTEE

DATE: August 9, 1983

SUBJECT: Extension of the Rent Stabilization Ordinance

After the Rent Committee's last report to the City Council on May 24, 1983, the Committee conducted a joint meeting of landlords/owners and tenant representatives in the City Council Chambers on Thursday, June 23, 1983. The Committee also conducted study sessions with staff to analyze the recent experiences of other cities in enacting or extending their rent control measures and thereafter formulated a position with respect to the changes which are incorporated in the attached, proposed ordinance amendment.

As Council is aware, the thrust of the dialogue which occurred among the landlord and tenant groups and between those groups at the joint meeting, primarily involved whether or not the automatic annual adjustment (currently 8%) should be retained or altered. Written input from both groups is attached to this memorandum for Council's review, but in summary the landlords feel that at least an 8% annual adjustment is required to maintain their cash flow, maintenance program and investment return. The tenants respond primarily to an increasing inability to pay escalating rents at 8% per annum, compounded.

Implicit in the discussion regarding the setting of the annual adjustment was an understanding expressed by both landlords and tenants that there is need to extend rent stabilization in order to provide for an orderly deregulation process. This was not unanimously supported by the landlords, however, the majority did express support for continuation of controls. The most vocal dissent on that issue was expressed by landlords who had purchased their complexes after the imposition of controls in 1980. Nonetheless, on the basis of the Committee's studies and consultations, it is prepared to recommend, to the Council, the extension of rent controls on an interim two-year basis with terms and provisions as further outlined in this memorandum and in the attached draft ordinance. This memorandum will address all proposed changes which are included in the draft ordinance and will more fully discuss those areas which will represent a significant change from the existing ordinance.

Survey Results

Attached to this memorandum is a memorandum from the Committee to the Council dated May 16, 1983 which analyzes the results of 31 out of 42 of the rent survey questionnaires completed by landlords in the City who were subject to controls. As of this date, all questionnaires have been received by staff and the results, after analyzing all surveys, do not significantly differ from the results outlined in the May 16 memorandum.

In summary, the rental housing stock of the City heretofore subject to the ordinance consists of approximately 3,571 apartment units and 1,061 mobile home spaces. Of these, approximately 1,846 apartment units and 1,037 mobile home spaces are still subject to rent controls (as of April 1983). If the decontrolled rate is adjusted forward through August 1983, it can be estimated that approximately 1,500 apartment units and 1,032 (2,500-2,800 aggregate as of August 31) mobile home spaces will be subject to controls as of that date.

This indicates that approximately 49.5% of the apartment spaces or 2.3% of the mobile home spaces are now decontrolled (59% as adjusted).

There is less than a 2% vacancy experience in apartment complexes and virtually a zero vacancy experience in mobile home parks. The disparity in rents between controlled and decontrolled apartment units range from a 3% disparity to a 30% disparity with the median appearing to be in the low teens. We have received several indications from landlords that they have not been able to increase rents for decontrolled units annually or have not imposed any significant increases (recently) because the market will not bear them. This, hopefully, is an indication that the disparities between rents of controlled or decontrolled units may begin to diminish as a result of this type of market force.

Economics/Environmental Evaluation

The City's involvement with rent regulation over the past three and one-half years can best be understood as an economic regulation which has attempted to balance the power within the landlord/tenant relationship to protect the tenant against exorbitant rent increases while still enabling the landlord to maintain a just return on his investment and indeed encourage the landlord to maintain and improve his ownership complex. The regulation and orderly deregulation of the 2,500-2,800 units which remain subject to controls is one element of the overall residential rental housing equation in the City.

In addition to these controlled or decontrolled units, the City's rental housing inventory includes several hundred apartment units which were never governed by controls, a number of subsidized units (HUD, senior housing) and a very significant number of houses and condominiums which are available for rent. This existing rental stock may be further benefitted by the future addition of another HUD project and the advent of several affordable ownership projects which may create vacancies in rental units by enabling some low and moderate income purchasers to enter the home ownership market.

It is the finding of the Committee that the temporary extension of the Rent Stabilization Ordinance on an additional interim basis will continue the deregulation of controlled units, begun under the present ordinance, and that deregulation is essential to insulate both landlords and tenants from the effects which a rapid or immediate decontrol could have. The Committee notes that the decontrol provisions of the present and proposed ordinance enable landlords to receive additional revenues when the unit is re-rented while not impacting existing tenants. This revenue provides landlords with additional resources to maintain and improve their complexes. For these reasons, the decontrol or deregulation process is not providing the additional revenues to the landlords at the risk of displacing existing tenants or causing them to reallocate their disposable income from other necessities of life.

The Committee further finds that this interim extension coupled with the development of new rental and affordable ownership units within the City will directly and indirectly benefit the state of the rental housing market in the City. The Committee views this extension as a necessary element of a multifaceted, cohesive effort to meet the housing needs of Thousand Oaks and finds that it can be seen with certainty that this extension will not have a significant effect on the environment or on the economic relationships involved.

Annual Adjustment

The present ordinance provides for an allowable increase to 8% per annum. This permitted the increase to be compounded to yield an increase up to 25% over the course of the three year ordinance. It was the setting of this annual adjustment upon which much of the discussion at the Committee's landlord/tenant meetings and indeed much staff time was focused. In conducting its own analysis on how this annual adjustment should be calculated, the Committee set the parameters of its study as follows: (1) directed staff to report on the rent control environment in

surrounding communities, i.e., how other communities set the annual adjustment and the exact figures which were used; (2) requested that the City Attorney's office report on the legal parameters for setting the annual increase; (3) considered the tenants' request for the use of a CPI driver and their expressed inabilities to pay escalating rents; and (4) considered the landlords need to maintain their buildings and make improvements thereon as well as the need to maintain an adequate return on their investment.

1. Rent Control: Neighboring Communities.

In their report to the Committee, staff indicated that there were three public entities in the "neighborhood" which regulated the rents in both apartments and mobile home parks. Of those, Los Angeles County has recently (June 1983) approved a 30-month extension of their rent law which permits a 9.1% annual rent increase. The City of Los Angeles ordinance, which the Thousand Oaks ordinance is patterned after, has also recently been extended and permits an annual increase of 7% plus 1% for each utility paid by the landlord (gas/electric). The City of Santa Monica, renowned as the nation's toughest rent law, sets what the city refers to as the "general adjustment", annually, based upon a very sophisticated and expensive series of calculations closely related to the increase in each individual cost incurred by a landlord.

The cities of Ventura and Oxnard (who only regulate mobile home rents) have adopted an allowable increase formula which breaks down the rents which tenants pay into two components - housing services and cash flow. The housing services component reflects all costs associated with the operation of the ownership complex, excluding debt service and depreciation. Increases in cost to the landlord represented within this component are passed through, in their entirety, to the tenant. The remaining component, cash flow, is allowed to be increased at 7% per annum. This formula will often yield an increase less than 8% per annum, however, theoretically, substantial increases in housing costs could drive the annual increase dramatically upward in any one year.

Thus, the local environment for rent control indicates that cities have adopted a variety of "automatic" adjustment features. From a low, of 5.5%-7% (Santa Monica) over the past four years (compounded), to the 9% of Los Angeles City or 9.1% of Los Angeles County. The comparison to the action taken by the neighboring communities is offered for perspective only and the compatability of these approaches with the residential housing market and residential housing stock in Thousand Oaks will be more fully discussed under Section 2, Legal Parameters, below.

2. Legal Parameters for Automatic Adjustments.

In California, a rent control law can meet constitutional muster if it is reasonably calculated to avoid excessive rents while still permitting a landlord to earn a just and reasonable return on his property. The term "just and reasonable return" has never been quantified by the courts. In meeting this constitutional standard, most ordinances employ a two pronged approach. The first prong is the automatic or general adjustment which attempts to furnish a landlord with a just and reasonable return. To the extent that this automatic adjustment is insufficient in that regard, an administrative adjustment may be constitutionally required to fill the void.

If a shortfall between just and reasonable return and the automatic adjustment is identified, the administrative adjustment mechanism is to be judged on its ability to correct the shortfall with a minimum incidence and length of delay. Thus, the automatic adjustment and the administrative adjustment work hand-in-hand in the sense that they are

perhaps on a continuum and as the automatic adjustment is adjusted downwards, the administrative adjustment mechanism must not only become more sophisticated, but must become more prompt and efficient and necessarily avoid delay. The lower the automatic adjustment goes, the swifter and more efficient the administrative adjustment mechanism must go until the continuum has come full circle to requiring an additional automatic or general adjustment.

Staff has recommended to the Committee that the parameters in which the Committee should operate in recommending a automatic annual percentage to the Council would lie between the City of Santa Monica's 5.5%-7% compounded and the 9.1% adopted recently by the County of Los Angeles. Staff noted, however, that it is not a matter of picking a number out of the air, but rather recognizing that although Santa Monica has been successful in adjusting the automatic or general adjustment downward more than other cities, they have also supported that downward adjustment with a very expensive and sophisticated rent control structure with a budget of several million dollars per year (i.e., 48 full time staff persons, including attorneys). On the other hand, the City of Los Angeles, with more rental units than Santa Monica and a 1982 budget of $2.4 million for its rent stabilization program, opted for a more self executing, less administratively burdensome rent mechanism which closely parallels the ordinance presently in place in Thousand Oaks.

Staff's conclusion indicates that with only 2,500 to 2,800 units remaining subject to rent control as of August 31, 1983, there is perhaps an insufficient number of units to economically support the sophisticated type of rent stabilization program which would have to be adopted by the City in order to implement a general adjustment of the type employed in Santa Monica. The staff noted that such a mechanism would require the City to hire additional employees to administer the ordinance, retain experts to participate in the public hearings on the setting of the adjustment and absorb the cost associated with the implementation of such an ordinance. Santa Monica has a larger number of rental units subject to controls which contribute to the support of the program, and the ordinance does not contain vacancy decontrol provisions which would effectively reduce the financial support to the program. The Santa Monica Board also has the ability to raise revenues to fund its operations.

Staff also identified two indirect impacts associated with the downward adjustment of the automatic annual percentage. The first problem is that a downward adjustment of this mechanism may tend to exacerbate the disparity between rents demanded by controlled and decontrolled units. This would not be a significant problem if the rents demanded by the decontrolled units were set by market forces in a residential housing market in equilibrium, however, there still exists a rental housing crisis in Thousand Oaks and the rents demanded by decontrolled units are set more in terms of the demand for available units outstripping the supply than by the operation of healthy market forces (equilibrium). The import of this is that as the proposed ordinance is set to expire, the City could well be faced with a significant enough vacancy rate which would not justify the further extension of controls as well as a wide disparity between controlled and decontrolled units, the equalization of which would seriously threaten the security of those tenants theretofore protected by controls.

The second impact which could occur if the automatic increase is adjusted downward would be an increase in requests for administrative rent adjustments and a concomitant increase in the cost to the City in terms of staff and Commission time and resources. The Committee is aware that many landlords who may have qualified for administrative adjustments above the 8% for the installation of capital improvements within their complexes or to provide them with a just and reasonable

return, did not make such requests and thus did not increase the cost to the City or effect an increase in rental price to the tenants. However, as the automatic adjustment is adjusted downwards, the City must anticipate at least some increase in the number of administrative adjustment requests which will be received.

3. Input - Tenants.

A summary of comments and suggestions offered by the tenants are summarized in the May 16, 1983 report from the Rent Committee to the City Council (attached) and will not be reiterated here. Individual written comments offered by tenants are attached for Council's review. The input, as it pertains to the setting of the automatic annual adjustment, is largely a reflection of the tenants' view that the automatic adjustment should be tied to the CPI and perhaps limited to 4% maximum per year. As Council is aware, approximately 30% of the Consumer Price Index for Los Angeles based consumers reflects housing costs. Most cities who employ a CPI driver as part of their automatic or administrative adjustment mechanism employ 50-65% of the CPI to avoid being accused of attempting to keep rents at the "constitutional minimum". More often than not, however, when this type of driver is employed in an administrative mechanism after the landlord has received a flat percentage increase as part of the automatic annual adjustment.

In addition to requesting a driver based on the CPI, the tenants expressed an increased inability to pay escalating rents. Often tenants are on a fixed income and, in the case of mobile home park residents, have invested a significant portion of the life savings in anticipation of fixing some of their housing cost in the future and only committing a portion of their fixed income to rent. As the housing crisis of the 1970's unfolded, the rent demanded for space in mobile home parks and apartments has become an increasingly large portion of their disposable incomes and have created a stressful situation economically and emotionally for many of these people.

4. Input - Landlords.

The landlord input is also summarized in the May 16 memorandum and written correspondence from several landlords is attached to this memorandum for Council's review. For the most part, landlords are concerned about four major factors:

(a) The need to receive adequate revenues to maintain and improve their complexes;

(b) The need for an adequate annual adjustment to counterbalance the growing disparity between the rents demanded in controlled and decontrolled units;

(c) The status of the unit as rent control should only be attainable on an "as needed" basis (i.e., confer rent control status on a particular unit based on the need of the individuals who rent the unit rather than on their longevity as tenants)'; and

(d) Basic inequity in charging tenants vastly different amounts for same or similar units.

The Staff Recommendation. The Committee staff recommended that the annual adjustment figure of the present ordinance be retained in the proposed ordinance. The facts identified by the staff in support of this position where: (1) the need for continuity between the existing and the proposed ordinance which would foster a better understanding of the ordinance due to its familiarity and which would represent a statement by the City that it is not intending to discourage the

future development of apartments or rental mobile home parks by continually fine tuning the rent ordinance, and (2) effectuating the purposes of rent control in Thousand Oaks by avoiding the "horror stories" of displacement of tenants or reallocation of their incomes rather than in adjusting the rent mechanism to maintain a landlord's investment returns at the constitutional minimums; and (3) maintaining a constitutionally adequate ordinance in light of recent court decisions and in light of the parameters for automatic annual adjustments set by neighboring cities.

The Committee Recommendation. In reviewing staff's recommendation, the Committee has determined that the concerns of the tenants and the landlords, as well as the concern of the City as expressed by staff can be accommodated while deviating somewhat from the 8% annual adjustment (compounded) which is presently in effect. It is the judgment of the Committee that the automatic annual percentage can be adjusted downward to 7% and be applied on a fixed base rent rather than compounding that increase as in the present ordinance. Although this downward adjustment may generate more administrative requests for rent adjustment under §VII(B) of the ordinance, the Committee notes that the Rent Adjustment Commission has never, in the past three years, had agenda demands which has required it to meet even once a month and that this availability of the Commission combined with the tenant registration fee (discussed below) to fund increased demands on the Commission and will afforded landlords a prompt and efficient administrative mechanism for rent adjustment should they feel that the 7% automatic adjustment does not enable them to achieve a just and reasonable return on their property.

Length of Proposed Ordinance

The Committee recommends to Council that the Rent Stabilization Ordinance be extended for an interim period of two years. This additional period is deemed necessary to continue the orderly deregulation process which was begun by the present ordinance. The continuation of this process will expose additional units to market forces and enable the City to ascertain the extent to which those forces are able to regulate the residential housing market in the absence of controls. With the current decontrol factor between 45% and 58% it can be estimated that this additional two year period will permit the gradual decontrol of vacant units up to approximately 75-80% of the units formerly subject to control with the residual 20-25% representing long term residents who will most likely remain in the units for an additional significant period of time.

Vacancy Decontrol

Under the existing ordinance, when a tenant voluntarily vacates his unit or is evicted for nonpayment of rent, and such vacancy occurred on or after June 26, 1981, the landlord can charge whatever rent the market will bear for that unit, provided that a vacancy does not occur when a tenant sublets or signs his interest in the rental unit or sublets or sells a mobile home coach which remains within the park. Staff has proposed two revisions to the vacancy decontrol sections of the ordinance and the Committee respectfully refers these recommendations to the Council.

The first recommendation is that a landlord be allowed to increase rent when a mobile home coach is sold and the coach remains within the park in an amount not to exceed 10%. The second recommendation is that the wording of the vacancy definition section be revised to indicate that a vacancy shall not occur if a tenant removes his existing mobile home coach from the park and replaces it with a new coach.

The recommendation to permit mobile home park landlords to increase the rent for a space where the mobile home park is sold but remains in the park is admittedly a controversial one, but one which should have the support of both landlords and tenants. This recommendation attempts to

provide landlords with additional revenues while not impacting existing tenants nor diminishing the marketability or market value of the mobile home coach. A short discussion of the impacts that this recommendation would have and the interrelationship with the rent adjustment mechanisms is in order.

Our experience has shown us that the vacancy decontrol in apartment units has provided landlords with additional revenues to maintain and improve their units which otherwise may not be available to them should all units remain subject to controls. This understanding is gained by recognizing the interrelationship of the automatic adjustment which provides an up to 8% increase in gross rents and the administrative adjustment mechanism which compares their net operating income in 1979 to their current net operating income (NOI). The additional revenues provided by the decontrolled units within an apartment complex adequately supplement the NOI being generated from controlled units to such an extent that the current year NOI invariably exceeds the base year NOI and thus, there is no shortfall in operating income to a landlord and less probability that the landlord would qualify for an additional rent increase, above and beyond the 8%.

In the mobile home park context, our experience indicates that with a less than 3% decontrol factor, this additional revenue is simply not being generated and although most landlords have not found it necessary to apply for an administrative rent adjustment, the landlord's net operating income (NOI) is not increasing to the extent that an apartment landlord's NOI is. This lack of additional revenue increases the likelihood that a mobile home park landlord can qualify for an administrative adjustment above and beyond the 8% (or 7% annual adjustment) and the fact that mobile home spaces can remain controlled over a long period of time, as indicated by the 2.3% decontrol factor, there are very few units being exposed to market forces.

The one important element in this equation that this discussion has not yet addressed is the effect that this proposed amendment will have on the marketability or market value of the owner's mobile home coach. In the course of previous testimony before the Council, the Council became aware that should a rental space in a mobile home park be decontrolled upon the sale of a mobile home which is to remain in the park, the mobile home could well become unmarketable or decrease in value up to 50% or 60%. Thus, the cost of complete decontrol could well be $20,000 to a mobile home coach owner who is forced to sell his home and the gain to the mobile home park landlord is relatively little. Put very simply, the $20,000 in equity which was available to the owner if space rent would not be decontrolled to the new purchaser would simply evaporate with neither the landlord nor the tenant gaining any particular advantage. Therefore, the Council determined that in balancing the equities in this situation, and in the interest of sound rent stabilization, a vacancy should not occur when a mobile home is sold and remains in the park.

In the context of the present recommendation, it was staff's opinion that upon the sale of a coach that is to remain in the park, the landlord could indicate to the prospective purchaser that the space rent would increase 10% above the existing space rent and thereafter be subject to the yearly annual automatic adjustments (12 months after the most recent increase) and would have a minimal, if any, effect on the marketability or the sales price of the mobile home coach and with the benefit of (1) providing additional revenue to the landlord which in turn supplements the landlord's current year NOI for purposes of offsetting the likelihood of administrative rent adjustments; and (2) exposing additional mobile home park spaces to market forces to some extent.

In summary, this recommendation will be seen in more emotional terms than in the perspective that it truly benefits the tenants and the landlords equally. Consider that the large majority of mobile home park tenants wish to stay within the units and not sell. This device provides additional revenue to landlords decreasing the likelihood that the landlord

would be entitled to an administrative adjustment above and beyond the 8% while not negatively affecting the marketability or market value of the mobile home coach and if indeed the majority of mobile home park residents intend to stay in the park for a very long period of time, it is in the best interest of the tenants and landlords to support this amendment.

In respect to the second proposal for amending the vacancy decontrol provision, the staff recommends, for clarity purposes, the ordinance reflect that a vacancy shall not occur when an existing mobile home park tenant removes his coach and replaces it with a new coach. This replacement would, of course, be subject to park rules and regulations governing such a change, however, the ordinance would be clarified to indicate that a vacancy would not be deemed to occur upon such a change. Staff has indicated to the Committee that this change is merely declaratory of existing law and does not substantively change the ordinance.

Registration Statements/Fee

The purpose of the registration statement/fee is to enable the City to monitor rents under the Rent Stabilization Ordinance 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 rent stabilization program within the City. To date, our existing rent stabilization program has been financed out of the general fund, however, as rent programs have developed throughout the state, most cities have found it necessary to impose such a fee to offset the reasonable and necessary expenses incurred in the implemention of the program.

The proposed registration statement would require landlords to furnish certain information to the City, on a yearly basis, indicating the rent demanded for the unit and other incidental data. The proposed registration fee, in an amount of $10.00, is calculated to offset the approximate cost of administration of the program which, by best estimates, would be approximately $40,000. The registration fee, as of this year, would generate approximately $25,000 to operate the program and could be expected to decrease the following year as a result of further decontrol of vacant units. The proposed draft ordinance provides for the landlord to submit the fee to the City Manager by January 1 of each year in which rent stabilization is in effect as of that date, and that after giving notices required by the Civil Code, the landlord may increase the rent on a one time basis to pass the cost of that fee onto the tenant. The landlord's contribution to the support of the rent stabilization program is through the application fee provided for in §VII(C).

Effect on Rent Increases During 3-Month Extension

The Council previously expressed concern over how the successor ordinance would address rent increases effected during the extension period should the automatic annual percentage be adjusted downward. Although it has been recommended for downward adjustment, the establishment of a "maximum base rent" date of July 1, 1983 has significantly mitigated the effects of any 8% increase which may have been effected during the extension period (2 months). The import of the July 1 date is that the next annual adjustment will be calculated not upon the rent currently in effect for a unit (if the unit received an increase in August, September or October) but on the prior rent in effect on July 1, 1983.

Attachments

In addition to the proposed draft ordinance, please also find attached to this memorandum the following:

- May 16, 1983 memo from Rent Committee to City Council
- April 25, 1983 memo from M. Martella to Rent Committee
- Survey Questionnaire; sent to all landlords
- Assorted newspaper clippings of interest

* Written input from landlords/owners
* Written input from tenants

Proposed Draft Ordinance

The proposed ordinance contains numerous changes to the existing Rent Stabilization Ordinance, however, most of those changes reflect an implementation of existing policy or clarification of terms to implement the substantive ordinance changes in a cohesive and consistent manner. The main thrust of the changes to the ordinance involve the recommendation that the automatic annual adjustment currently at 8% per annum, will now be increased at a maximum of 7% per year on a fixed based rent. The base rent is the rent which was in effect July 1, 1983. Thereafter, the annual rent increases will not be compounded to arrive at the maximum adjusted rent for each unit. In comparison to the present ordinance, two years at 7% on a fixed base will yield a 14% increase rather than the 16.64% increase produced by compounding two annual 8% increases. Other changes in the ordinance are not seen by the Committee to be significant. All of the proposed changes will be summarized below. Each change will be analyzed and referred to by the section number of the amending ordinance.

Section I

This change represents an updating of the findings and declarations of purpose of the existing rent stabilization ordinance with the Council finding that, although the interim three year ordinance was successful in reducing the rate of rent increases in the City while still preserving to the landlords sufficient income to maintain their units and their investment, that a housing shortage still exists in the City and total deregulation of rents at this time would result in the reoccurrence of the housing crisis which precipitated rent stabilization. Therefore, the Council is stating that the purpose of this additional two year interim ordinance is to provide for the orderly deregulation of rental units pursuant to the vacancy decontrol provisions of the ordinance and to safeguard tenants from excessive rent increases.

Sections II through IV

These three changes represent the addition of definitions for Decontrolled Unit and Maximum Base Rent and changes to the definition of "Maximum Adjusted Rent". The purpose of these changes is for clarity and to identify the manner in which rents may be increased pursuant to the automatic adjustment provisions without the compounding of the increases.

Section V

The exemption for housing accommodations which a government unit owns or operates, etc., is being amended to permit the Council to exempt certain Section 8 units from the rent ordinance or from specific terms of the rent ordinance. This will permit HUD to negotiate the Section 8 rental contracts free of those restraints. The amendment allows for the Council to exempt these units on an individual basis upon HUD's written request.

Section VI

This amendment exempts nonprofit housing accommodations from the terms of the rent stabilization ordinance as long as the organization is exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and provided that the gross income derived from these units does not constitute unrelated business income as defined in §512 of the Internal Revenue Code.

Section VII

This change adds a NEW definition of "vacancy" to the ordinance. This language was previously contained in Section VII(B)(3) which has now been

repealed. In addition to incorporating the language of former Section VI(8)(3), the new section indicates that a vacancy shall not occur when a mobile home park tenant removes his/her mobile home coach from the park and replaces it with a new (or previously owned) unit. This benefits both the tenant and the landlord by allowing the tenant's residence and the park to be upgraded should the older coach become unserviceable or unsightly.

Section VIII

At the present time, the Rent Adjustment Commission is appointed to serve for the duration of the ordinance and the chairperson and vice chair are designated to serve during that period. Inasmuch as the ordinance is now being extended for two years, this amendment will provide for the chairperson and vice chair to be elected and hold office for one year until their successors are elected.

Section IX

This amendment merely clarifies the requirement that all landlords maintain records setting forth the rents being charged for controlled and decontrolled units and further provides that said information shall be disclosed to the City upon the City's written request therefore.

Section X

The changes made to Section VI (A) provide for the change from the 8% automatic adjustment to a 7% figure and that increase will be calculated upon a base rent. The changes made to Section VI (B)(1) clarifies when a unit is decontrolled under the ordinance. The prior ordinance contained a somewhat misleading heading and referred to vacancies occurring on or after May 1, 1981 and remaining vacant after the "effective date" of the ordinance. This removes from the ordinance any references to effective dates (which is 30 days after the second reading of the ordinance) and replaces those references with actual dates.

Section XI

This section adds a new adjustment feature to the ordinance which permits mobile home park landlords to increase the space rent up to 10% when a mobile home coach is sold and remains in the park. The additional rent does not become part of the base rent for purposes of the 7% annual adjustment. Under the existing ordinance, the spaces in parks are only decontrolled when the coach is removed and while this new adjustment feature does not decontrol the space upon sale, it does attempt to expose the space to some market forces. It is unlikely that this "differential" will make the home unmarketable or reduce its market value and the new purchaser will most likely be aware of this feature prior to purchase.

Section XII

The addition of this section is primarily to address how notices of rent increase, which were sent out prior to the first reading or effective date of this ordinance, are to be treated. For example, if a landlord gave notice of a rent increase on August 1 or September 1 to take effect on October 1, this amending ordinance provides that the notice will be effective as notice of a rent increase but only to the extent that it does not exceed the automatic adjustment provision of the amending ordinance (i.e. 7%).

Section XIII

This amendment adds subsection (g) to the list of items which the Rent Adjustment Commission may consider in determining whether or not a rental unit yields a just and reasonable return to a landlord. As Council is aware, the Commission has already adopted the HACKA guidelines which

delineates the circumstances under which a landlord can qualify for a rent adjustment under this provision of the ordinance, however, this additional factor will indicate to the Commission that they may consider the additional costs incurred in refinancing a property when such financing was procured prior to the original Rent Stabilization Ordinance. As used in other cities, the cost differential between the original financing and the replacement financing (i.e., when the balloon payment comes due) may be treated as an expense by the Commission for purposes of computing a landlord's net operating income.

Section XIV

This change more particularly sets forth the procedures under which an application for rent adjustment is processed. It implements the policy of having the City Manager determine when an application is complete and provides that within 10 days of the determination that such an application is complete, that the City Manager will set a date for a hearing.

Section XV

The existing ordinance provides that a tenant may be evicted for causing or allowing a nuisance to exist. This change provides that before a tenant may be evicted on this ground that they be given written notice of the purported nuisance and an opportunity to cure it.

Section XVI

This change extends the operative date of the Rent Stabilization Ordinance, as amended, for a two year period. The new expiration date will be October 31, 1985.

Section XVII

This amendment would add a new Section XIV to the Rent Stabilization Ordinance and provide for the registration of units that are subject to rent control and the payment of a registration fee for each unit covered by the ordinance as well as the pass-through of the cost of that fee to the tenants.

This is new to the ordinance in the sense that we have not required landlords to furnish a registration statement on an annual basis although we have, under Section V of the ordinance, required that the landlord maintain records of all rents charged within the rental complex. This new section further provides that on or before January 1 of each year the landlord shall submit to the City Manager a registration fee in the amount of $10.00 for each controlled rental unit within the City. A late charge of $2.00 per month for each unit for which the registration is not paid by the due date is also provided. The purpose of this registration fee is to offset the cost of implementing and administering rent stabilization which cost has heretofore been borne by the City. The $10.00 per annum figure is based upon an estimate of the cost of implementing the ordinance in the past and upon the projected cost of doing so in the future. The City's general fund will continue to contribute to the operation of the rent stabilization program should any shortfall be experienced. The cost to the landlord of applying for a rent adjustment above the annual automatic adjustment has been retained within the ordinance but has not been increased to reflect increased costs associated by those adjustment requests.

Finally, the new Section XIV of the ordinance provides that the landlord may pass-the cost of this registration fee (but not the late charge) on to the tenants after giving written notice as required by the Civil Code of this state. The cost pass-through to the tenant would have to occur concurrently with or subsequent to the landlord's submitting the fee to the City Manager.

Conclusion

The substantive changes which have been addressed by the amending ordinance and discussed within this memorandum were arrived at after much input was received from the tenants, the landlords, the City staff and after much reflection based upon our experiences with rent stabilization during the past three years. The purposes for which rent stabilization was originally enacted within the City of Thousand Oaks seemed to have been served by the existing rent ordinance, that is, to safeguard the tenants from loss of housing accommodations or disallocation of their personal incomes from other necessities in life while still maintaining an acceptable level of revenue to the landlords to allow them to maintain their buildings and their investments.

The proposed ordinance will continue this theme and does not represent a drastic departure from the existing rent ordinance subject only to the qualification that the downward adjustment of the automatic increase provision may result in greater disparity between rents demanded by controlled and decontrolled units and a concomitant increase in the number of administrative rent adjustment applications which will have to be processed by City staff and the Commission.

Recommendation

It is the recommendation of the Rent Committee that the Council review the proposed ordinance amendment and adopt the ordinance to facilitate the extension of rent stabilization in Thousand Oaks on an additional three year interim basis.

Alex T. Fiore
Larry E. Horner

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MEMORANDUM

TO: MEMBERS OF THE RENT ADJUSTMENT COMMISSION

FROM: MICHAEL D. MARTELLO, Deputy City Attorney

DATE: December 8, 1983

SUBJECT: Referral from City Council:
Adjustment of Fair Return Standards for Ranch Mobile Home Park.

BACKGROUND:

The Ranch Mobile Home Park is a 74-unit park (on Los Feliz Drive) which was designed to accommodate single-wide trailers and to afford low cost rents. The park was developed by Chet Wycoff and Andrew Hohn and was completed in the fall of 1977. Affordability was to be insured by regulating the persons who qualified for tenancy at the park and the rents within the park.

In order to qualify for tenancy, all prospective residents had to be at least 62-years of age or older and have an annual income not to exceed $10,000 per calendar year. Rents within the park were limited by a formula which established a "net profit target" per year of 11.5% of the gross park investment ($500,000) or $57,500. In determining whether rent increases are appropriate in subsequent years, gross expenses ($_____) and depreciation ($18,875) are deducted from gross total rents to reveal the extent to which the landlord is not achieving the $57,500 net profit figure. The difference between these two figures would be used to calculate the allowable rent increase within the park.

THE REQUEST:

Management of the subject park sought to increase rents throughout the park at 7% per annum. This increase would have represented the first such increase since the park began operation in 1977. After consulting with our office, the management gave a 60-day notice to all residents of the 7% increase to take effect November 1, 1983, being unaware, as we were, of any restrictions on rents other than those in the Rent Stabilization Ordinance.

When we became aware that the above-described formula was to be applied in determining whether an increase was appropriate, we began analyzing whether the park was indeed achieving its net profit target figure for the year, using 1982 data submitted by the management. Based on this analysis, we determined that the park was achieving its net profit target figure and reported same to the City Council on November 1, 1983. (See attached memo dated October 25, 1983). However, at that time, we indicated to Council that the net profit target figure of $57,500 per year may not be as appropriate a figure to determine sufficient cash flow to operate the park as it was in 1977, given the probable effects that inflation would have had on the purchasing power of those dollars. Specifically, it was staff's feeling that the net profit target figure should some how be adjusted "forward" to shelter those net operating income dollars from the effects of inflation to allow the landlord/management to continue to maintain the park, and plan for capital improvements.

COUNCIL DIRECTION:

Based on the attached report and oral presentation made by staff, the City Council referred the matter to the Rent Adjustment Commission for review and report. It was the Council's intent that the Commission consider the following:

1. Whether and in what manner the $57,500 net profit target figure should be adjusted.

2. Whether or not the $10,000 yearly income requirement for prospective tenants should be adjusted.

3. Whether and in what manner any rent increases should be "phased" to implement them over a longer period of time than is normally permissible pursuant to the Rent Stabilization Ordinance.

PRESENT PARK OPERATING CONDITION:

A copy of the Net Operating Income Worksheet which the park management filled out for your review is attached to this memorandum. Only the entries in the "current year" column (1982) are pertinent to this discussion. 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. This could have resulted in a rent increase of 26%, subject to the 7% limitation of the Rent Stabilization Ordinance. However, upon further examination of the figures and of the file for the park development permit, staff became aware that because the utility expenses of $26,868.21 (Items 12, 13 and 14 of the NOI Worksheet) were "re-metered" to the tenants, the park is completely reimbursed for those expenses and actually realizes a "profit" of $3,000+. Therefore, when the utility expenses were deleted from the NOI Worksheet and the "profit" of $3,000+ was added to the income, the calculations indicated that the park was slightly exceeding its net profit target of $57,500 per year.

Notwithstanding that finding, the park management would like to increase rents to provide for maintenance reserves and to enable them to plan and undertake various capital improvement programs within the park. This seems both reasonable and in line with the common wisdom associated with providing landlords the means by which they can adequately maintain their complexes.

ADJUSTING THE NET PROFIT TARGET FIGURE:

ALTERNATIVE 1:

Since the net profit target figure is a cash dollar figure which is not necessarily committed to the payment of expenses, the most logical way to adjust it or shelter it from the effects of inflation would be by the use of a CPI driver. The staff, the Commission and the Council have not supported the use of a CPI mechanism for calculating automatic adjustments which seek more to set rents than they do to shelter the effects of inflation, however, in this context the driver would be used solely to shelter the operating income or net profit target figure from the effects of inflation and would not be used to approximate the increase in maintenance expenses directly.

Applied to these circumstances, a CPI driver applied to the $57,500 figure for the years 1979 (10.8%), 1980 (11%), 1981 (9.7%), and 1982 (5.9%), would yield an overall increase to the net profit target figure of 24% if those increase were compounded or 20.9% if no compounding occurred. If this alternative is adopted, staff would not support compounding the increases. Further, if this approach was adopted, the first yearly increase would be limited to 7%, and in subsequent years the increases could be phased to allow, i.e., no more than 4% increase per year in order to bring the net profit target figure to parity with the effects that inflation has had on the $57,500 figure. In this regard, staff would recommend 7% the first year and no more than 4% per year over the next four years.

ALTERNATIVE 2:

This alternative would employ the CPI driver's prospectively only. Rents within the park could be increased based upon the increase in the 1982 CPI Index (as the figures for 1983 have not yet been published). By way of example, if the 1982 change in CPI of 5.9% was applied to the $57,500 figure, it would result in an increase in rents within the Ranch Mobile Home Park of 3.3%. If this alternative was selected by the Commission for recommendation to the Council, staff would alternatively recommend that the park be authorized to increase rents 7% in the first year based upon their not increasing rents for the past six years and that any subsequent increases would be governed by the net change in the CPI being applied to the net profit target figure. The increase in the net profit target figure (not compounded) would be employed to compute any rent increase in that year. The attractiveness of this approach is that it recognizes that the park is still achieving a net profit target figure which was originally forecast when the park was developed and that by looking only prospectively, the tenants are not put in the position of trying to "catch up" on belated rent increases and face the likelihood that an escalating CPI in the future can compound that problem by enabling the park to demand further increases above and beyond those which have not been previously passed on to tenants (thus, avoiding the dilemma where tenants are forced to "catch up" and "plow forward" simultaneously).

It is useful to note that this approach, while using the full CPI as an adjustment "driver", does insulate the tenants from the full effects of the CPI in that the CPI is applied to the net profit target figure which will roughly remain one-half of the gross rents within the park and will not translate directly from the percentage CPI to a rent adjustment. For example, if the CPI for a given year was 10% and was applied to the net profit target figure ($57,500), it would yield an increase in the net profit target figure of $5,750. However, that increase would only translate into an increase of 5.6% to the tenants' rents ($5,750 ÷ 102,840 = 5.59%). This is to be compared with using a full CPI driver of 10% onto the tenants' gross rents which would directly result in a 10% increase to each tenant.

SUMMARY OF RECOMMENDATIONS AS TO NET PROFIT FIGURE:

Alternative 1 would provide the following:

(a) Full CPI adjustment to net profit figure for 1979-1982.

(b) No compounding.

(c) 7% rent adjustment for first year.

(d) 4% maximum adjustment to the net profit figure for each of the next four years.

(e) Further CPI adjustments to net profit target figure for 1983 and subsequent years.

(f) All and any rent increases must be reviewed and approved the City Council and subject to the finding that they are needed by the park and not contrary to the intents associated with the development of the park.

Alternative 2 provides as follows:

(a) Net profit target figure of $57,500 would be increased by the 1982 increase in CPI (5.9%).

(b) Further CPI adjustments would be applied but not compounded in future years.

(c) First year adjustment will be 7%.

(d) Future annual adjustments will be based on a full increase of the CPI applied to the net profit target figure minus the difference between the 7% first year adjustment and the 5.9% first year CPI adjustment (1.1%).

(e) All and any future increases will be approved by the City Council and subject to the finding that they are needed by the park and not contrary to the intents associated with the development of the park.

ADJUSTING THE INCOME QUALIFICATIONS FOR TENANTS:

When the park was established, all prospective residents had to be at least 62 years of age or older and have an annual income not to exceed $10,000 per calendar year. Park management informed us that they have been using the figure of $12,500 for the income qualification and neither the park nor the City can ascertain when that increased figure was implemented or approved. Based upon that discrepancy, the Council requested the Commission to address this issue and determine what figure the threshold income level should be set and whether or not it should be adjusted in the future. At the time this memorandum was being prepared, staff was still collecting data in this regard. This material will be presented to the Commission by memorandum at the meeting in a very short and straight forward fashion for their review.

Michael D. Martello
MICHAEL D. MARTELLO

MDM:15/1

MEMORANDUM

TO: MEMBERS OF THE CITY COUNCIL

FROM: MICHAEL D. MARTELLO, Deputy City Attorney

DATE: January 24, 1984

SUBJECT: Ranch Mobile Home Park - Review of Rent Formula

On November 1, 1983, the City Council received a report from our office on a pending application for rent increase at the Ranch Mobile Home Park. The report included an analysis of the current rent formula and residency requirements which were imposed in conjunction with the approval of TPD 74-6 in an effort to ensure that the park was operated as an affordable park.

As Council will recall, in order to qualify for tenancy, all prospective residents had to be at least 62 years of age or older and their annual income could not exceed $10,000 per calendar year. Rents within the park were limited by a formula which established a "net profit target" per year of 11.5% of the gross park investment ($500,000) or $57,500. A specific formula was articulated within the TPD conditions to determine whether or not the net profit target was being realized.

Neither the $10,000 annual income figure nor the formula used to determine net profit possessed the ability to be adjusted for inflation and although the park was able to maintain that net profit target figure as recently as 1982, they felt that some future adjustment would be needed to enable them to meet increasing maintenance needs as the park began to mature and to have the ability to plan for capital improvements. The management of the park requested that we review the viability of these formulas in light of current economic conditions and the purchasing power of those dollars in 1983-84. Staff brought the matter to the City Council and Council referred the matter to the Thousand Oaks Rent Adjustment Commission for report. Specifically, the Commission was asked the following:

(1) Whether and in what manner the $57,500 net profit target figure should be adjusted.

(2) Whether or not the $10,000 yearly income requirement for prospective tenants should be adjusted.

(3) Whether and in what manner any rent increases should be "phased" to implement them over a longer period of time than is normally permissible pursuant to the Rent Stabilization Ordinance.

RECOMMENDATION OF THE COMMISSION:

After review of several staff alternative proposals (see attached memorandums), the Commission recommended the following:

A. Net Profit Target Formula

The Commission recommended that the net profit target figure of $57,500 would be increased by the 1982 increase in CPI (5.9%) and that future CPI adjustments would increase the "base" net profit target figure, but would not be compounded. Furthermore, the first year adjustment at the park would be 7% in recognition of the park's having not increased rents for the past seven years.

Future annual adjustments will be based on a comparison of the park's operating income to the adjusted net profit target figure, as increased by a full increase in the CPI adjustment to the net profit target figure, subject to a 4% per year ceiling. To the extent that the 1983 CPI increase is less than 5.1%, the next adjustment (1985) in the net profit target figure would be reduced to reflect the difference between the 7% first year adjustment and the 5.9% first year CPI adjustment.

Any and all future rent increases must gain prior approval of the City Council and be subject to the finding that they are needed by the park and not contrary to the operation of the park as an affordable park.

B. Adjusting Income Qualifications for Tenancy

As mentioned, prospective tenants must be at least 62 years of age or older and have an annual income not to exceed $10,000 per calendar year. The park management had informed us that they had been using the figure $12,500 and neither the park nor the City could ascertain when that increased figure was implemented or approved. After careful examination, the Commission recommended that in place of either the $10,000 or $12,500 figure that the following qualification incomes be employed:

One person household	$11,000
Two person household	$12,500
Three person household	$14,000

The above-referenced income levels relate to the "very low income" households used in conjunction with the county median income criteria. The Commission further recommended that these figures be adjusted pursuant to any future adjustments made to that county median income criteria and as approved by the Director of Planning and Community Development.

MICHAEL D. MARTELLO

jt:15/10

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, TPD 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 compart 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.

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%)].

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

Resl. No. 84-037

430-40 Rent Control Ord. Renewal Commd. Staff Reports

Presented 9/9/86

Action Taken Committee Recommendation Alternative #4 approved — alternatives #1, 2 & 3 not adopted

File Ordinance mobilehome parks & apartments first reading approved 5-0

Office of Record ... 3rd ord. not adopted.

CITY OF THOUSAND OAKS
MEMORANDUM

TO: CITY COUNCIL

FROM: RENT COMMITTEE

DATE: September 9, 1986

SUBJECT: Rent Committee's Recommendation on the Future of the City's Rent Stabilization Program

On July 1, 1986, the City Council conducted a public hearing and received testimony concerning the future of the City's rent stabilization program. After several hours of testimony and Council deliberation, Council directed the Rent Committee to return a recommendation to the full Council on the future of the City's rent program. This memorandum outlines the background of the program, discusses alternative approaches to the future of the rent stabilization program in the City and finally, provides the Council with the Committee's recommendation.

ATTACHMENTS TO REPORT

Attached to this report are three proposed ordinances. Proposed Ordinance No. 1 is a new ordinance that regulates rents within the mobilehome parks and Proposed Ordinance No. 2 is also new and regulates rents within apartments. Proposal No. 3 would extend the existing ordinance, as is, for a period of one calendar year. Also attached to this report is the Rent Committee's June 23, 1986 report to the City Council on the results of its meetings with landlords and tenants and the Committee's August 9, 1983 extensive report and discussion of amendments when the ordinance was set to expire that year.

BACKGROUND OF THE PROGRAM

On April 22, 1980, approximately two weeks after the voters of Thousand Oaks enacted Measure A, the City Council adopted an urgency rent freeze and rollback ordinance which rolled rents in the City's apartment complexes and mobilehome parks back two and one-half (2½) months. The purpose of the ordinance was to allow the City to study, what was alleged to be, exorbitant rent increases within the City's apartment and mobilehome park complexes.

As a result of Council's study, an ordinance was adopted and became effective August 1, 1980, that provided for a once-per-year automatic rent adjustment of up to eight percent (8%). The ordinance also included an administrative mechanism to review requests for capital improvement increases and increases required to enable a landlord to achieve a just and reasonable return on his property. The ordinance was enacted for a period of three (3) years and was to sunset on July 31, 1983. At the time of enactment, the inflation rate was 16.7%.

In 1983, the Council enacted a three month extension to the ordinance to allow further studies on the expiration/extension of the ordinance to be conducted, and ultimately did extend the ordinance for a period of three years with some substantive changes. The most significant change was to adjust the automatic increase downward to seven percent (7%) on a fixed base, the base being set as of July 1, 1983. The significance of this change was that the yearly increases were no longer eight percent (8%) and they no longer were compounded one upon the other.

The Council also adopted registration procedures to provide the City with annual information on the effect of the rent stabilization program and to enable staff to monitor the decontrolling of units. A registration fee of $10.00 per controlled unit was also imposed. The landlords paid this fee with no pass-through to the tenants.

The rent stabilization program in Thousand Oaks worked remarkably well in achieving its aim, namely, providing for the orderly regulation of rents while still enabling landlords to achieve a proper return on their investments. It also worked well considering that many cities have had to expend a substantial amount of time, energy and money in implementing rent stabilization programs, including hiring additional staff to provide for that implementation. Although the original ordinance has been amended nine times since its adoption in 1980, most of those amendments represent fine tunings and updatings or extensions of the ordinance. For further background, those amendments were as follows:

August 1980	- First three year ordinance
June 1981	- Provided for vacancy decontrol and appeal of Rent Adjustment Commission decisions to the City Council
August 1981	- Defined vacancies in mobilehome parks
March 1982	- Provided that capital improvement increases do not become part of the maximum adjusted rent for purposes of calculating yearly rent increases
April 1982	- Provided that capital improvement increases should be amortized over their useful life (5 years, 10 years, 15 years) rather than amortizing them over 60 months
March 1983	- Provided that three alternate rent commissioners could be appointed by the City Council
April 1983 -	- $2.00 smoke detector surcharge adopted
July 1983 -	- Three month extension of the ordinance for Council to study the program
September 1983	- Three year extension of the ordinance, including 17 changes to the program
December 1983	- Exempted from the registration fee those units that were not going to be increased in that calendar year

RENTAL MARKET STATISTICS

As noted above, the owners of apartments and mobilehome parks are required to file registration information on each of their units. This information is provided as of October 1 of each year and staff recently conducted a vacancy and decontrol survey as of June 1, 1986.

A. Apartments.

As of October 1, 1985, 990 or 27.2% of apartments were controlled and 2,651 or 72.8% were decontrolled. The June survey revealed that the number of controlled apartments decreased to 25% and the vacancy rate in apartments as of June was approximately 1.4% (2 out of 27 complexes reporting were excessively high and were excluded from the average; one of the complexes experienced the vacancies for maintenance reasons). The variance in rent for controlled versus decontrolled like units averages approximately 30%-31%, ranging from a low of 14% to a high of 53%. In all complexes, controlled units rent for less than decontrolled units.

B. Mobilehome Parks.

Unlike apartments, mobilehome spaces are seldom vacated and therefore approximately 97% of the 678 total spaces remain subject to rent control (Vallecito has long term leases and therefore is not counted).

DISCUSSION

The first threshold issue is whether the law should be allowed to sunset. If the law sunsets, the effect on mobilehome parks may not present any peculiar problems insofar as rents within individual parks are very uniform. Although several owners have indicated that should controls be lifted, they would not increase rents above the current amounts allowed under our present program, that result cannot be guaranteed. Mobilehome park residents have expressed fear that aggressive rent increase practices will occur if controls are lifted and given the extent of the individual residents' investment and the zero vacancy rates in the parks, extension of controls is probably warranted.

The apartment situation is quite different. In the past two years, four or five complexes have been sold and the new owners were faced with increased debt service and taxes, plus the cost of doing some refurbishing. The owners of the Villas de Los Robles (new), Charter Oaks (new), Wilbur Oaks (new) and St. Charles Apartments have been very aggressive in rent increases of decontrolled units which has greatly widened the disparities in rents between their controlled and decontrolled units. If controls were lifted in the apartments and some landlords sought to "equalize" rents between formerly controlled and decontrolled units, the City would probably need to consider recontrol of all apartments within the City as any radical upswing in the price of formerly controlled units would likely create the same health, safety and welfare impacts that gave rise to rent control in the first place. In the past, several apartment owners have indicated they would equalize rents if controls were lifted.

The simplest approach to the issue may be to merely extend the present rent program for a given period. The phase out of apartment units would likely continue although would probably not dip below 15% in the near future, as long term residents would remain in those units. Upon examination of what the tenants have asked for in terms of an automatic adjustment, and the effect of merely extending the ordinance, it is obvious that they are very close to one another. The apartment tenants requested a CPI adjustment or 4% with a 7% ceiling. Our current automatic adjustment calls for a 7% increase on a fixed base, and since we are now three years into that ordinance, the increases over a period of six years actually effect increases as follows: 7%; 6.5%; 6.1%; 5.8%; 5.5%; and 5.2%.

If the upside of extending the present ordinance was the continued protection of mobilehome park residents and the continued phase out of the apartment rent stabilization program, the downside is that we are still in the throes of a housing crisis with a critically low vacancy rate and have experienced incidences of exorbitant rent increases among decontrolled apartment units. We cannot predict that the vacancy rate will increase dramatically in the near future although the advent of lower home mortgage rates may provide an opportunity for some apartment residents to become homeowners. If the vacancy rate does not increase to an acceptable level in the near future, and given that disparities between controlled and decontrolled units cannot be addressed under our present ordinance and are likely to increase, a suitable alternative may be to place all units back under controls and provide a new ordinance with a decontrol-recontrol feature. This feature would provide that a landlord could increase rents on a vacated unit to whatever the market would bear and once re-rented, the unit would thereafter be subject to controls until the next vacancy, when again it would be decontrolled and recontrolled.

ALTERNATIVES

After consulting with staff and reviewing and analyzing the registration data submitted earlier this year, the committee conducted a series of meetings with landlords and tenants from both mobilehome parks and apartment buildings. The July 1, 1986 hearing before the City Council provided further data and information that enabled the committee to formulate its recommendation to the City Council by breaking down the possibilities into a series of alternatives. Those alternatives are as follows:

1. Allow the present ordinance that regulates both mobilehome parks and apartments to expire on October 31, 1986.

2. Extend the present ordinance as is for one or more years.

3. Extend the present ordinance, in its present form, for one or more years, but replace the 7% annual automatic adjustment with an automatic adjustment based on a CPI driver, namely 75% of the CPI with a floor increase of 3% and a ceiling of 7%; or replace it with a flat 4% increase.

4. Provide for separate ordinances for mobilehome parks and apartments using a CPI driver formula (as described above) in place of the 7% automatic adjustment with or without a vacancy decontrol feature.

Also considered were two proposals advanced by a local landlord, both aimed at directing the benefits of controls to low income tenants. The first proposal would exempt complexes from rent control if the landlord committed ten percent (10%) of his rental units to HUD Section 8 contracts. The second proposal would exempt from controls all complexes where the landlord agreed to pay five percent (5%) of their gross rental income into a City trust fund to be used to subsidize certain qualifying tenants. Both proposals recognize the need for an underlying rent control ordinance.

Each of these proposals may have some merit and would be voluntary on the part of the landlord. The second approach may be unworkable and certainly would require a great deal more administrative cost than the first. Since both proposals assume the adoption of an underlying ordinance, further attention and consideration can be given these approaches, should the Council so direct, and a follow-up committee report and possible ordinance amendment could be brought back to the Council.

ALTERNATIVE SELECTED BY THE COMMITTEE

The committee selected alternative four which requires the adoption of two separate ordinances, one regulating mobilehome parks and one regulating apartments. The recommendation includes the incorporation into those ordinances of an annual automatic adjustment determined by a percentage formula of the CPI with a floor increase of 3% and a ceiling of 7%. The floor is not a required minimum increase (i.e., a landlord could decide not to increase rents in a particular year), but rather enables the landlord to increase at least 3% per year should 75% of the CPI not yield a 3% figure. The 7% ceiling, however, is an express limitation and increases determined by the CPI formula could not exceed 7%. Note: The current "index", as defined by the ordinance, would be three percent (3%) as the CPI for the year ending April 1986 was 3.5%.

The committee selection also recommends a decontrol-recontrol feature be employed in the ordinance that would again place under the rent stabilization program, all units which were previously decontrolled but would not control any units that were never subject to the Rent Stabilization Ordinance, namely those units which received certificates of occupancy after June 30, 1980 and, of course, would not regulate new construction or future construction. The main features of the proposed ordinances can be outlined as follows:

A. Mobilehome Parks

The proposed mobilehome park rent ordinance would apply to all parks within the City with the exception of Ranch Mobilehome Park which is under a separate affordable housing agreement. The ordinance would include the Vallecito Park when the Vallecito leases expire. The main components of this approach would be:

1. New Base Year - A new base year of July 1, 1986 for calculating the annual adjustment is proposed. When a unit decontrols upon vacancy, the rent in effect upon the initial reletting then becomes the base year.

2. Automatic Adjustment Formula - Seventy-five percent (75%) of the CPI Index as defined in the ordinance with a floor of 3% and a ceiling of 7%.

3. Decontrol/Recontrol - Rents could not be raised on coaches that are sold and remain in the park but could be raised on coach spaces when a coach is removed from a park but when the new tenant moves in, the space is again controlled.

4. Term - A five year expiration is set on this ordinance.

5. Registration Fee - An annual fee of $10 to be paid by the park owner.

With minor variations, the proposed mobilehome rent ordinance is very similar to our existing program. The suggested five year expiration date is aimed at providing both tenants and management with an ability to plan the future free from the uncertainty created when a rent ordinance is set to expire after only three years. The CPI adjustment is reflective of current economic conditions and the past 7% increase, in retrospect, appears generous when compared to the economic climate over the past three years. The new base year seeks to provide a more realistic base upon which to calculate rents, particularly with the potential for lower rents under the new automatic adjustment formula. The change in the vacancy decontrol program to decontrol-recontrol is insignificant insofar as less than 3% of the mobilehome spaces currently under rent regulation are decontrolled.

B. Apartments

The proposed apartment rent ordinance is also very similar to the existing Rent Stabilization Ordinance with the following changes:

1. New Base Year - July 1, 1986 is recommended as a new base year for computing the automatic adjustments. When a unit decontrols upon vacancy, the rent in effect upon the initial reletting becomes the base year.

2. Automatic Adjustment Formula - Calculated by multiplying 75% of the CPI as defined in the ordinance with a floor of 3% and a ceiling of 7%.

3. Decontrol/Recontrol - All units previously subject to the ordinance would be recontrolled and upon each vacancy created voluntarily or by eviction for nonpayment of rent, the rent can be raised to whatever level the market will bear and upon the releting of the premises, the unit is again subject to rent control. Recontrol does not apply to new construction (June 30, 1980) or future construction.

4. Term - No sunset date, however, yearly review by the City Council's Rent Committee with a report to the City Council.

5. Registration Fee - An annual fee of $10.00 to be paid by the owner.

C. Changes to Both Proposed Ordinances

The only notable change that represents a departure from the existing system is the delegation of the approval authority for capital improvement and rehabilitative rent increase requests to the City Manager. These requests were formerly reviewed by the Rent Adjustment Commission but because these requests are very quantifiable and almost ministerial in nature, the committee recommends that the City Manager be given the authority to approve such requests. The landlord or tenants would have the right to appeal the City Manager's decision to the Rent Adjustment Commission and ultimately the City Council.

One final point. The Committee recognizes that a possibility exists that landlords could effect increases in rents in decontrolled units prior to the effective date of this ordinance that might be considered excessive. Adopting the proposed ordinances on an urgency basis or incorporating retroactive provisions would negate that possibility, however, this would be based somewhat on speculation. The City Attorney's Office has advised the Committee that should excessive rent increases be effected prior to the effective date of an adopted ordinance, the Council could act to "roll-back" some rents and thereby negate those increases.

RECOMMENDATION

The Rent Committee recommends that the City Council adopt two separate ordinances to regulate rent within mobilehome parks and apartments. The ordinances recommended for adoption are numbered No.1 and No. 2 in your packet.

ALEX FIORE, Chair
LAWRENCE E. HORNER, Member

26/3

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.

City of Thousand Oaks

COMMUNITY DEVELOPMENT DEPARTMENT
PHILIP E. GATCH, 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 5-25), which would control both the procedural and substantive issues regarding increase requests.

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

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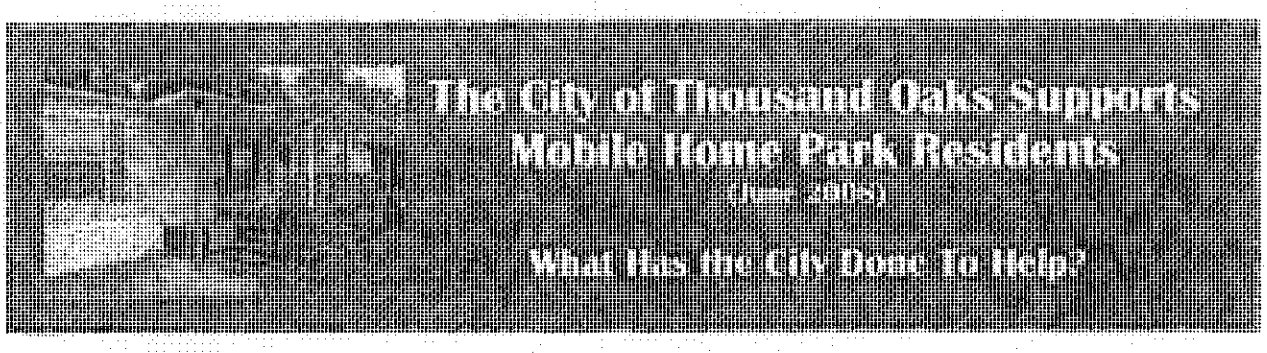


Security of every family's residence is a top priority for the City of Thousand Oaks. City Council is fully aware of the vital importance residents place on knowing their homes, apartments, condos, or mobile home units are safe and secure. In 2006, a mobile home park owner submitted a proposal to the City to close an established mobile home park and change its existing residential land use to a commercial land use. This proposal, and its impacts on the City's overall mobile home park community, has come under discussion by City Council. This has also resulted in residents asking questions about the future and long-term security of mobile home parks. This fact sheet has been prepared in response to such questions.

HOW IS THE CITY ASSISTING MOBILE HOME PARK RESIDENTS?

- **FACT: By supporting affordable senior and workforce mobile home housing.**

The social well-being of the community is of prime concern to the City. Over the past few decades, City Council has demonstrated considerable compassion and support for tenants in all nine mobile home parks through the enactment of a variety of measures and actions, including a very restrictive and pro-tenant Mobile Home Rent Stabilization (Rent Control) Ordinance. City Council is committed to supporting this ordinance as a means to improving the quality of mobile home park tenant lives, and making every effort to retain this type of housing for the community.

- **FACT: By implementing several measures to protect mobile home park residents.**

  - ✓ In 1975, City Council approved the Ranch Mobile Home Park (located at 2193 Los Feliz) as an income and age restricted park. Resolution No. 84-037 established specific criteria for adjusting rent and income limits for this mobile home park.

  - ✓ In 1980, City Council adopted the Mobile Home Rent Stabilization Ordinance (Municipal Code 5-25) to restrict and limit annual rent increases on mobile home park tenants who reside inside the City's other eight mobile home parks. This ordinance is one of the most restrictive of all ten Ventura County cities...if not one of the most restrictive in all of California.

  - ✓ Since 1987, City/Redevelopment Agency has provided loans or grants through its Housing Rehabilitation Program to income eligible households for rehabilitation of mobile home residences. Since 1999, the City/Redevelopment Agency has funded over $1,460,000 assisting 250 mobile home owners.

HOW IS THE CITY ASSISTING MOBILE HOME PARK RESIDENTS? (continued)

- ✓ Over the years, the City has provided infrastructure assistance to at least one mobile home park. With the multiple failings of their mobile home park's internal ground water, the City provided temporary connections to the City's water system.

- ✓ In January 2006, responding to a new mobile home park owner's proposal to close Conejo Mobile Home Park (1200 Newbury Road), City Council adopted a Citywide temporary moratorium on mobile home park conversions and closures. As required by State law, this moratorium expired after two years.

- ✓ In March 2006, City Council made changes to the City's regulations for mobile home park closure/conversions and mobile home park sub-divisions to further protect impacted mobile home park tenants. This tough Mobile Home Park Closure and Conversion Ordinance provided significant protection and relocation assistance enhancements to mobile home park tenants. This ordinance provided the City with the ability to require far more compensation to displaced mobile home park tenants. Prior to enacting this ordinance, displaced mobile home park tenants would have received only $1,500, plus utility connections fees of $100. The new ordinance also requires a 24 month (two year) notice of termination by a mobile home park owner, considerably more helpful than the State's six month minimum notice requirement.

- **FACT: By ensuring mobile home park land is appropriately designated and zoned.**

  A high priority for City Council is to ensure housing stays on mobile home park sites that might close or have closed. Successfully changing the General Plan designation at the Conejo Mobile Home Park and Elms Plaza Mobile Home Park (1262 Newbury Road) in January 2008 from "Commercial" to "High Density Residential" offered the best insurance for retaining housing at these locations for the long run, even if the mobile home park owner is legally able to close the park. This action provided the existing Conejo Mobile Home Park tenants with the greatest chance to remain on site and have access to brand new, high quality, affordable housing units with the protection of restrictive rent covenants. **PLEASE BE ASSURED THAT THE CITY IS UNAWARE OF ANY PLANS BY THE CURRENT ELMS PLAZA MOBILE HOME PARK OWNER TO CLOSE THIS PARK.**

- **FACT: By being supportive of housing alternatives for low-income residents displaced by a proposed mobile home park closure.**

  There are a number of housing developments, programs, and opportunities available within the community to assist low-income households, including high quality new affordable housing projects that are in the planning stages. For more information, please contact:

City of Thousand Oaks Housing/Redevelopment Division (805) 449-2393	Many Mansions (805) 497-0344	Area Housing Authority (805) 480-9991

HOW IS THE CITY ASSISTING MOBILE HOME PARK RESIDENTS? (continued)

- **FACT: By being aware of mobile home park sales and investigating rumors of closures.**

  A sale does not mean that the new mobile home park owner intends to close the park or make any other changes. A mobile home park owner may sell the park to any willing buyer, including another mobile home park operator, developer, or the mobile home park tenants themselves.

- **FACT: By being aware and involved in any mobile home park closure.**

  Under California law, the City cannot force a mobile home park owner to keep a park open. Any mobile home park owner who plans to close/convert a mobile home park must file an Impact Report with the City. The City does have to review and approve the "Impact Report" concerning the proposed mobile home park closure or conversion to another use. The Impact Report must include a Relocation Assistance and Mitigation Plan containing a proposal for payment of relocation assistance to mobile home owners.

  The City's Planning Commission must conduct a public hearing to review the Impact Report. At least 30 days prior to the Planning Commission public hearing on an Impact Report, the mobile home park owner must provide copies of the Impact Report to all applicable mobile home park tenants and notify them of the date of the Planning Commission public hearing. The City will also mail public hearing notices to all applicable residents, tenants, and non-resident mobile home owners at least 14 days before the public hearing.

- **FACT: By ensuring payments to residents displaced by a mobile home park closure.**

  City Council fully understands the distressing affect displacement has on mobile home park residents. Under California law, the City can require mobile home park owners to compensate residents for some of the relocation impacts. However, the steps required to be taken to mitigate the impacts shall not exceed reasonable costs of relocation, according to State law. The term "reasonable" has not yet been defined either by the State Legislature or the Courts.

  The City decides the type and degree of assistance to be given residents when it approves the Impact Report, based on the facts in each particular case. Assistance may include, but is not limited to, payment of any combination of the following:

  - ✓ Cost of moving the impacted mobile home unit to another mobile home park.
  - ✓ In-place market value of each mobile home unit that cannot be relocated.
  - ✓ Cost of moving residents to alternative housing.
  - ✓ First and last month's rent and security deposit in alternative rental housing.
  - ✓ The difference between rental rates in the mobile home park and alternative rental housing for the first 12 months (one year) of tenancy.

  As noted above, State law prohibits the total of the various payments from exceeding the reasonable costs of relocation.

HOW IS THE CITY ASSISTING MOBILE HOME PARK RESIDENTS? (continued)

- **FACT: By providing impacted mobile home park tenants ample time to relocate after a mobile home park closure Impact Report is approved.**

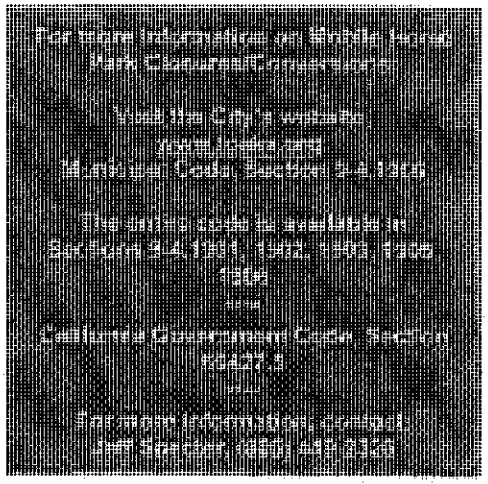
  The City's Mobile Home Park Closure and Conversion Ordinance requires the mobile home park owner to provide residents 24 months (two years) notice of termination of tenancy, after an Impact Report is reviewed and approved by the City.

- **FACT: By regulating the sub-division of mobile home parks.**

  City Council diligently works to protect mobile home park residents. California law (Government Code, Section 66427.5) requires a sub-divider of a mobile home park to submit to the City a tentative map showing how they plan to sub-divide the mobile home park property.

  The City is required to review the proposed sub-division plan, including having the Planning Commission conduct a public hearing to consider approval. The City is able to require the sub-divider to:

  - Offer each existing mobile home park tenant the option to buy or rent his/her lot.
  - File a report on the impact of the conversion on residents and making that report available to residents of the mobile home park.
  - Survey mobile home park residents about their support for the conversion.
  - Limit the amount of rent increases of non-purchasing low-income residents according to State law.
  - Limit rent increases of non-purchasing residents who are not low-income to market-rate levels through equal annual increases over a four-year period.



  The resident survey of support for the conversion from a rental park to a mobile home park sub-division helps the City fulfill its obligation and to determine if the proposed mobile home park conversion is bona fide (done in good faith) and not just an attempt to avoid compliance with the City's local rent control ordinance.

- **FACT: By becoming one of the first legislative bodies in California to adopt a resolution opposing Proposition 98 on April 8, 2008.**

  Proposition 98 would have negatively impacted mobile home parks. The Thousand Oaks City Council also demonstrated their collective support of mobile home park residents by adopting a resolution in support of Prop 99, the "Homeowner Protection Act."

Prepared on June 24, 2008

ORDINANCE NO. 1503-NS

(2008 Citizen Initiative Adopted by
City Council without Alteration)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF THOUSAND OAKS "CREATING A NEW GENERAL PLAN LAND USE DESIGNATION AND ZONING FOR ALL MOBILE HOME PARKS IN THE CITY OF THOUSAND OAKS AND AMENDING CURRENT CITY CODE TO REQUIRE SPECIFIC ENUMERATED PAYMENTS TO TENANTS OF A PARK UPON CLOSURE, AND IF SPECIFIED PAYMENTS ARE NOT MADE TO TENANTS, WILL REQUIRE A POPULAR VOTE TO CHANGE THAT MOBILE HOME PARK'S LAND USE DESIGNATION OR ZONING"

WHEREAS, on June 10, 2008, the City Council was presented with certification that the signed initiative petition "Initiative Creating a New General Plan Land Use Designation and Zoning for all Mobile Home Parks in the City of Thousand Oaks and Amending Current City Code to Require Specific Enumerated Payments to Tenants of a Park Upon Closure, and if Specified Payments are not Made to Tenants, Will Require a Popular Vote to Change That Mobile Home Park's Land Use Designation or Zoning" contained valid signatures constituting more than ten (10) percent of the City's registered voters; and

WHEREAS, on June 10, 2008, City Council also reconfirmed the May 27, 2008 direction to prepare an impact analysis report pursuant to Elections Code Section 9212 and directed that the report be presented at the City Council meeting on July 8, 2008; and

WHEREAS, on July 8, 2008, City Council received, reviewed, and considered the impact analysis report and pursuant to Elections Code Section 9215 considered the option to adopt the ordinance, without alteration, or submit the ordinance, without alteration, to the voters at a regular municipal election; and

WHEREAS, the City Council has opted to adopt the ordinance, without alteration; therefore:

The people of the City of Thousand Oaks do hereby ordain as follows:

Part 1

Section 1. Title.

This initiative shall be known as the THOUSAND OAKS CITIZENS FOR PROTECTING SENIOR and WORKFORCE HOUSING AGAINST INCREASED DENSITY, aka Erickson's Law.

Section 2. Findings and Objectives.

A. The City Council has undertaken an announced public policy designed to displace Affordable Senior and Workforce mobile home housing with ***high density residential projects***, contrary to the economic and social well-being of our community.

B. In particular, mobile home parks in the City of Thousand Oaks provide affordable and necessary housing for seniors and other citizens who provide critical and important work in the City.

C. Minimizing the adverse impact of displacement of seniors and others from their homes is essential to maintaining the economic and social well-being of communities.

D. Affordable Senior and Workforce housing are critical to the diversity and health of the Community of Thousand Oaks.

E. Accordingly, it is the objective of this measure to ensure that 1) Land currently providing space for mobile home parks is appropriately designated and zoned; 2) In the event of a mobile home park closure, just compensation is paid to the individual mobile home owners for their relocation; and 3) Any mobile home park subdivision shall comply with the Subdivision Map Act as applicable to other subdivisions, according to State Law, as further expanded herein. All of the foregoing are designed to the end that the beneficial attributes of those individuals living in mobile homes are not lost to the community.

Section 3. Implementation to Achieve Objectives.

A. This initiative hereby *Amends* the General Plan Land Use and Circulation Elements Map adopted on or about 1970, and as amended thereafter, to 1) Create a "Mobile Home Exclusive" Land Use Designation; and 2) Designate all properties in the City of Thousand Oaks presently in use as a mobile home park as Mobile Home Exclusive; and 3) Require any future amendment to the General Plan Land Use and Circulation Elements Map involving a development, proposed development, or land use designation, which would have the effect of making inconsistent or otherwise diminishing the viability of the use of land

amendments, rezonings, specific plans, tentative or final subdivision maps, parcel maps, conditional use permits, building permits or other ministerial or discretionary entitlements for use not yet approved or issued shall not be approved or issued unless consistent with the policies and provisions of this initiative.

Section 6. Severability.

If any portion of this initiative is declared invalid by a court, the remaining portions are to be considered valid.

Section 7. Amendment or Repeal.

This initiative may be amended or repealed only by the voters at an election duly certified under the California Elections Code.

Part 2
(Uncodified)
Effective Date

This Ordinance shall take effect on the thirty-first (31st) day following its final passage and adoption.

PASSED AND ADOPTED this 15th day of July, 2008.

Jacqui V. Irwin, Mayor
City of Thousand Oaks, California

ATTEST:

Linda D. Lawrence, City Clerk

APPROVED AS TO FORM
Office of the City Attorney

Amy Albano, City Attorney

APPROVED AS TO ADMINISTRATION:

Scott Mitnick, City Manager

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF VENTURA) SS.
CITY OF THOUSAND OAKS)

I, LINDA D. LAWRENCE, City Clerk of the City of Thousand Oaks, DO HEREBY CERTIFY that the foregoing is a full, true, and correct copy of Ordinance No. 1503-NS, that was introduced by said City Council at a regular meeting held July 8, 2008 and adopted by said City Council at a regular meeting held July 15, 2008 by the following vote:

AYES: Councilmembers Fox, Gillette, Glancy and Mayor Irwin

NOES: None

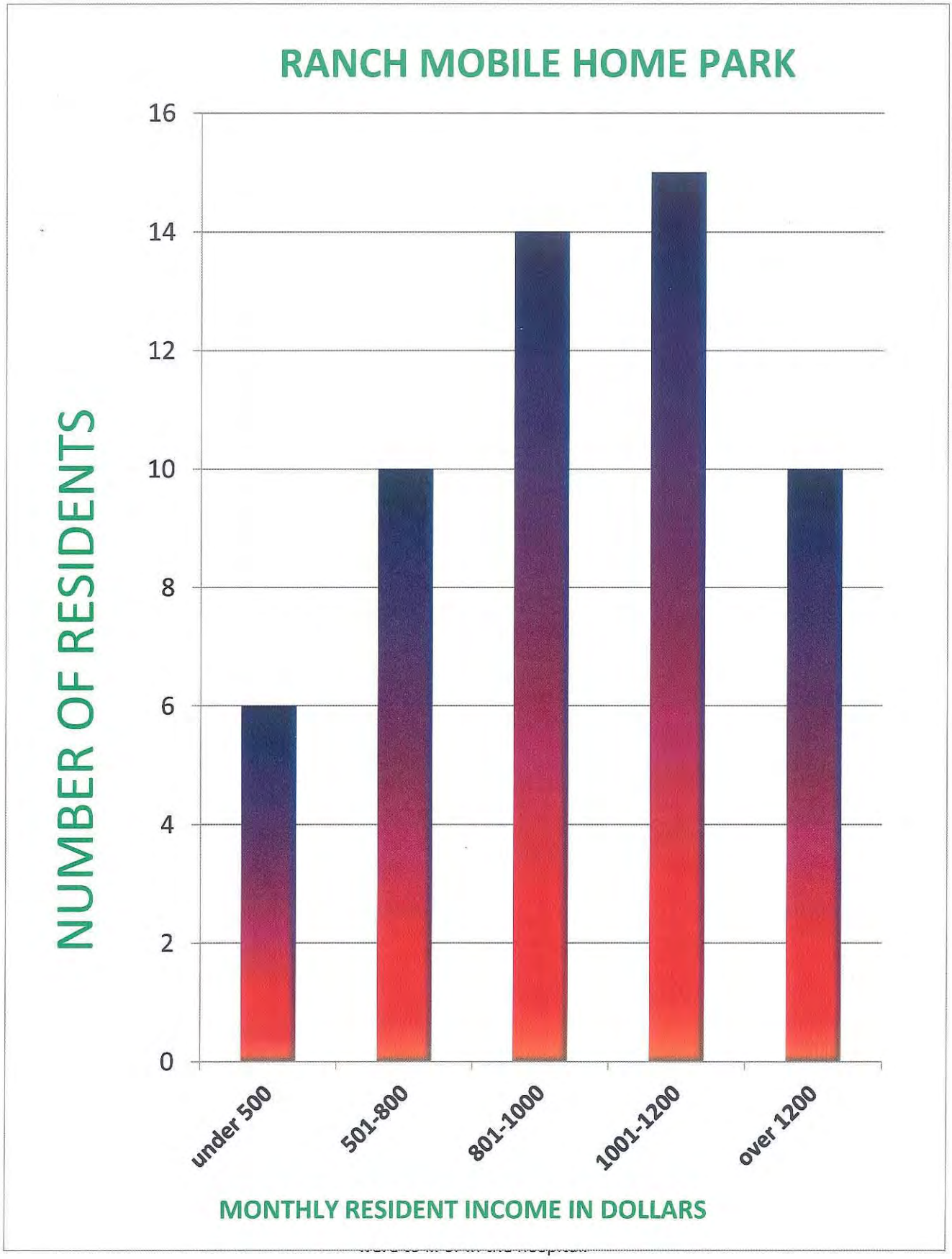
ABSENT: Councilmember Bill-de la Peña

I further certify that said Ordinance No. 1503-NS was published as required by law in the THOUSAND OAKS STAR, a newspaper of general circulation printed and published in said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Thousand Oaks, California.

Linda D. Lawrence, City Clerk
City of Thousand Oaks, California

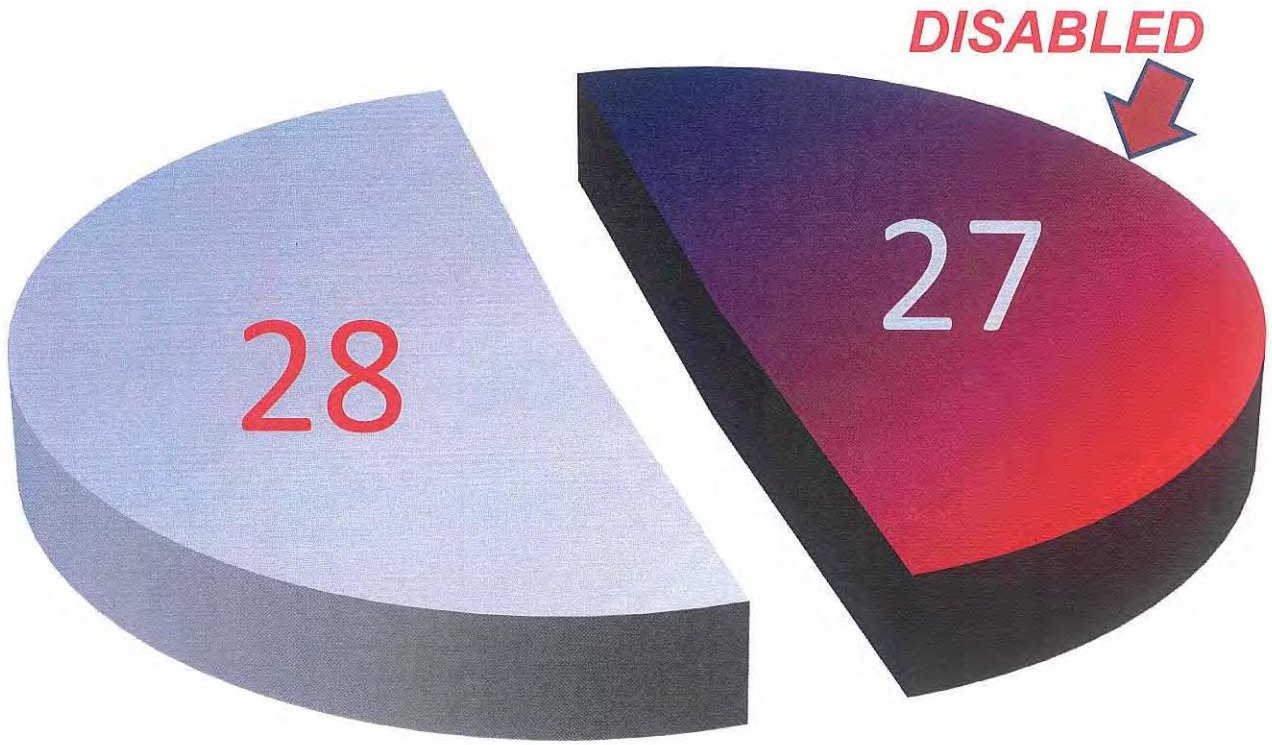
RANCH RESIDENT INFORMATION



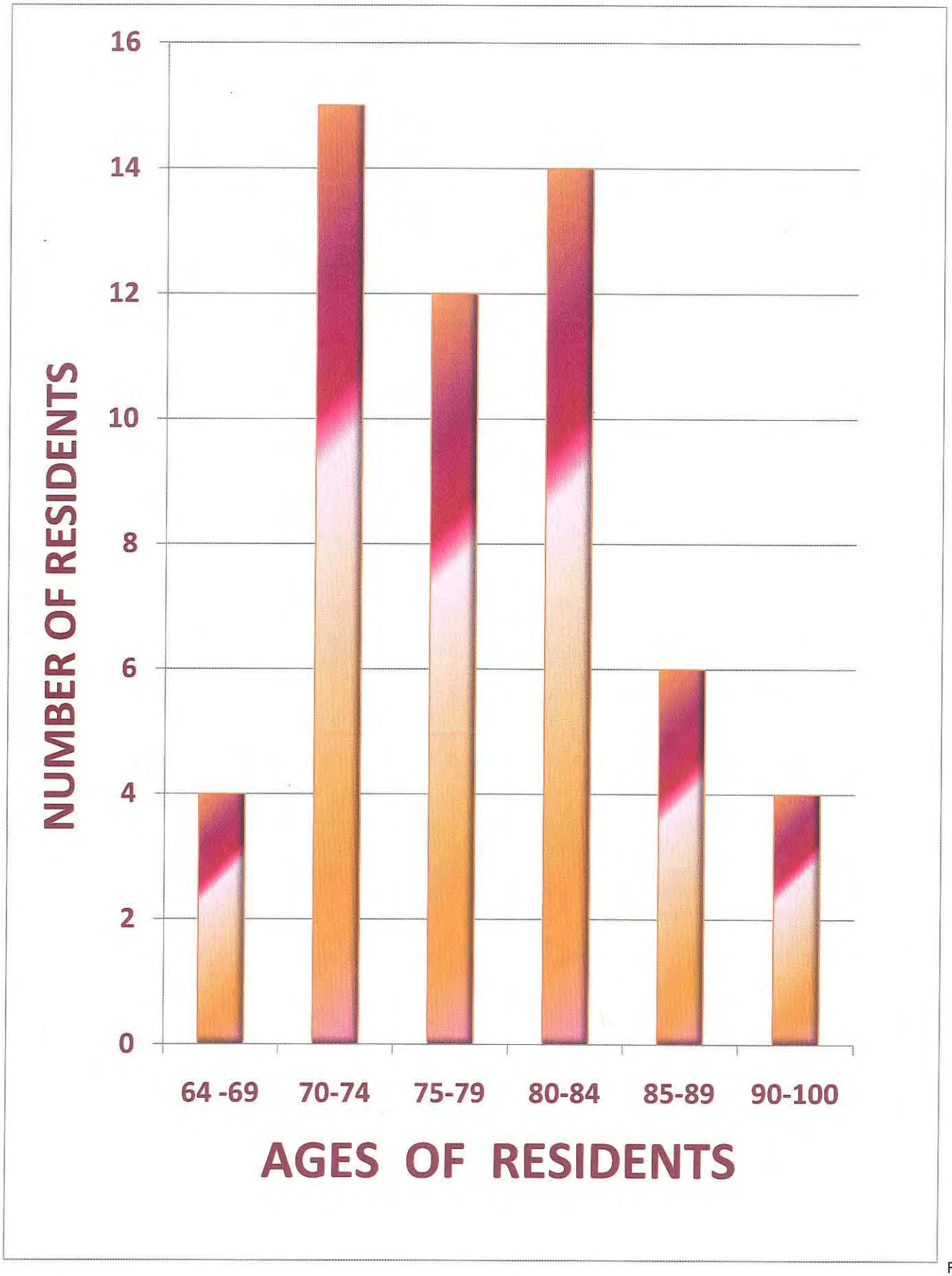
RTA 97

CTO 01970

RANCH MOBILE HOME PARK



RATIO OF DISABLED RESIDENTS



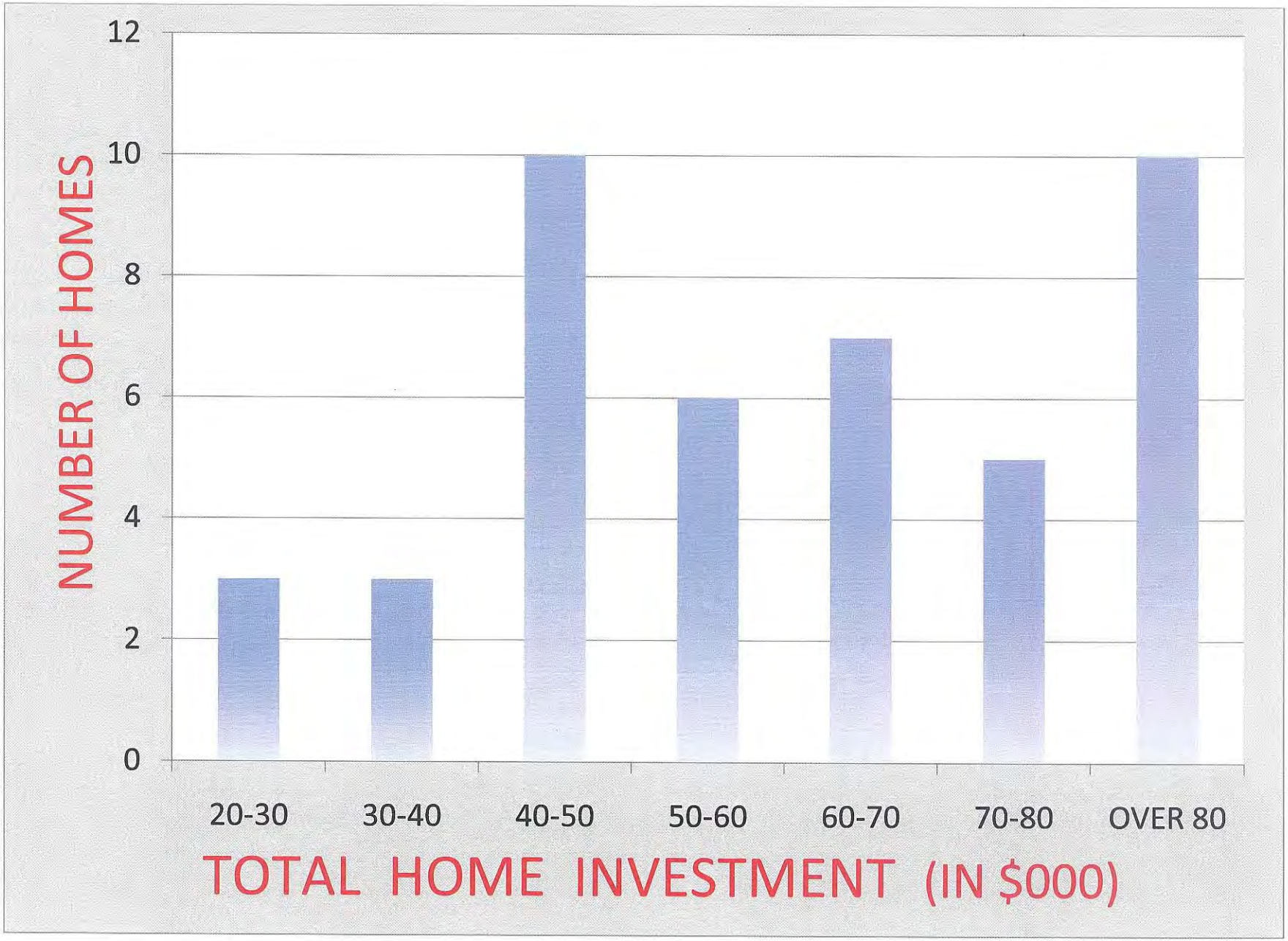
RTA 99

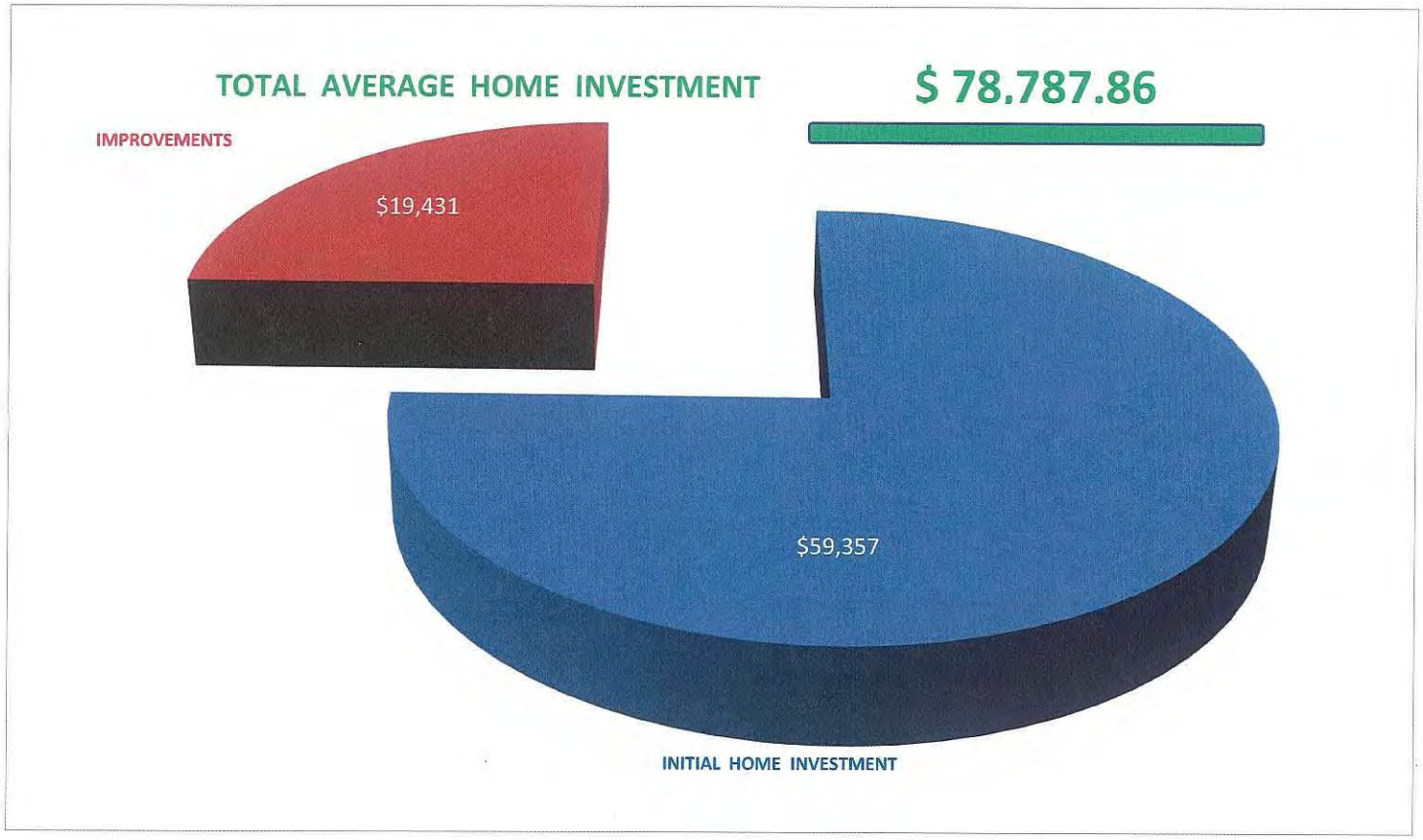
CTO 01972

	Purchase Price	Improvements	TOTAL INVESTMENT
AVERAGE	$ 59,357	$ 19,431	$ 78,787.86
TIMES 54 SPACES			54
TOTAL HOMEOWNER'S INVESTMENT			**$ 4,254,544.29**

TOTAL UNIVERSE	54 occupied spaces
Total Respondents	44
Not home or other reason	10
Percantage responding	81%

CTO 01974


NUMBER OF HOMES
12
10
8
6
4
2
0
20-30
30-40
40-50
50-60
60-70
70-80
OVER 80
TOTAL HOME INVESTMENT (IN $000)


TOTAL AVERAGE HOME INVESTMENT
$ 78.787.86
IMPROVEMENTS
$19,431
$59,357
INITIAL HOME INVESTMENT

FINANCIAL WORKSHEETS

ALLOWABLE RENT INCREASE PER RESOLUTION 84-037

CPI for 2009		225.5
Less previous index (2008)		221.4
Equals Index point change:		4.1
	Percent Change	
Index point difference		4.1
Divided by previous Index		221.4
Equals:		0.018519
Results multiplied by 100	x	100
Equals percentage change		1.85
ALLOWABLE RENT INCREASE		1.85%

MEMORANDUM

TO: MEMBERS OF THE RENT ADJUSTMENT COMMISSION

FROM: MICHAEL D. MARTELLO, Deputy City Attorney

DATE: December 8, 1983

SUBJECT: Referral from City Council:
Adjustment of Fair Return Standards for Ranch Mobile Home Park.

BACKGROUND:

The Ranch Mobile Home Park is a 74-unit park (on Los Feliz Drive) which was designed to accommodate single-wide trailers and to afford low cost rents. The park was developed by Chet Wycoff and Andrew Hohn and was completed in the fall of 1977. Affordability was to be insured by regulating the persons who qualified for tenancy at the park and the rents within the park.

In order to qualify for tenancy, all prospective residents had to be at least 62-years of age or older and have an annual income not to exceed $10,000 per calendar year. Rents within the park were limited by a formula which established a "net profit target" per year of 11.5% of the gross park investment ($500,000) or $57,500. In determining whether rent increases are appropriate in subsequent years, gross expenses ($_____) and depreciation ($18,875) are deducted from gross total rents to reveal the extent to which the landlord is not achieving the $57,500 net profit figure. The difference between these two figures would be used to calculate the allowable rent increase within the park.

THE REQUEST:

Management of the subject park sought to increase rents throughout the park at 7% per annum. This increase would have represented the first such increase since the park began operation in 1977. After consulting with our office, the management gave a 60-day notice to all residents of the 7% increase to take effect November 1, 1983, being unaware, as we were, of any restrictions on rents other than those in the Rent Stabilization Ordinance.

When we became aware that the above-described formula was to be applied in determining whether an increase was appropriate, we began analyzing whether the park was indeed achieving its net profit target figure for the year, using 1982 data submitted by the management. Based on this analysis, we determined that the park was achieving its net profit target figure and reported same to the City Council on November 1, 1983. (See attached memo dated October 25, 1983). However, at that time, we indicated to Council that the net profit target figure of $57,500 per year may not be as appropriate a figure to determine sufficient cash flow to operate the park as it was in 1977, given the probable effects that inflation would have had on the purchasing power of those dollars. Specifically, it was staff's feeling that the net profit target figure should some how be adjusted "forward" to shelter those net operating income dollars from the effects of inflation to allow the landlord/management to continue to maintain the park, and plan for capital improvements.

COUNCIL DIRECTION:

Based on the attached report and oral presentation made by staff, the City Council referred the matter to the Rent Adjustment Commission for review and report. It was the Council's intent that the Commission consider the following:

1. Whether and in what manner the $57,500 net profit target figure should be adjusted.

2. Whether or not the $10,000 yearly income requirement for prospective tenants should be adjusted.

3. Whether and in what manner any rent increases should be "phased" to implement them over a longer period of time than is normally permissible pursuant to the Rent Stabilization Ordinance.

PRESENT PARK OPERATING CONDITION:

A copy of the Net Operating Income Worksheet which the park management filled out for your review is attached to this memorandum. Only the entries in the "current year" column (1982) are pertinent to this discussion. 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. This could have resulted in a rent increase of 26%, subject to the 7% limitation of the Rent Stabilization Ordinance. However, upon further examination of the figures and of the file for the park development permit, staff became aware that because the utility expenses of $26,868.21 (Items 12, 13 and 14 of the NOI Worksheet) were "re-metered" to the tenants, the park is completely reimbursed for those expenses and actually realizes a "profit" of $3,000+. Therefore, when the utility expenses were deleted from the NOI Worksheet and the "profit" of $3,000+ was added to the income, the calculations indicated that the park was slightly exceeding its net profit target of $57,500 per year.

Notwithstanding that finding, the park management would like to increase rents to provide for maintenance reserves and to enable them to plan and undertake various capital improvement programs within the park. This seems both reasonable and in line with the common wisdom associated with providing landlords the means by which they can adequately maintain their complexes.

ADJUSTING THE NET PROFIT TARGET FIGURE:

ALTERNATIVE 1:

Since the net profit target figure is a cash dollar figure which is not necessarily committed to the payment of expenses, the most logical way to adjust it or shelter it from the effects of inflation would be by the use of a CPI driver. The staff, the Commission and the Council have not supported the use of a CPI mechanism for calculating automatic adjustments which seek more to set rents than they do to shelter the effects of inflation, however, in this context the driver would be used solely to shelter the operating income or net profit target figure from the effects of inflation and would not be used to approximate the increase in maintenance expenses directly.

Applied to these circumstances, a CPI driver applied to the $57,500 figure for the years 1979 (10.8%), 1980 (11%), 1981 (9.7%), and 1982 (5.9%), would yield an overall increase to the net profit target figure of 24% if those increase were compounded or 20.9% if no compounding occurred. If this alternative is adopted, staff would not support compounding the increases. Further, if this approach was adopted, the first yearly increase would be limited to 7%, and in subsequent years the increases could be phased to allow, i.e., no more than 4% increase per year in order to bring the net profit target figure to parity with the effects that inflation has had on the $57,500 figure. In this regard, staff would recommend 7% the first year and no more than 4% per year over the next four years.

ALTERNATIVE 2:

This alternative would employ the CPI driver's prospectively only. Rents within the park could be increased based upon the increase in the 1982 CPI Index (as the figures for 1983 have not yet been published). By way of example, if the 1982 change in CPI of 5.9% was applied to the $57,500 figure, it would result in an increase in rents within the Ranch Mobile Home Park of 3.3%. If this alternative was selected by the Commission for recommendation to the Council, staff would alternatively recommend that the park be authorized to increase rents 7% in the first year based upon their not increasing rents for the past six years and that any subsequent increases would be governed by the net change in the CPI being applied to the net profit target figure. The increase in the net profit target figure (not compounded) would be employed to compute any rent increase in that year. The attractiveness of this approach is that it recognizes that the park is still achieving a net profit target figure which was originally forecast when the park was developed and that by looking only prospectively, the tenants are not put in the position of trying to "catch up" on belated rent increases and face the likelihood that an escalating CPI in the future can compound that problem by enabling the park to demand further increases above and beyond those which have not been previously passed on to tenants (thus, avoiding the dilemma where tenants are forced to "catch up" and "plow forward" simultaneously).

It is useful to note that this approach, while using the full CPI as an adjustment "driver", does insulate the tenants from the full effects of the CPI in that the CPI is applied to the net profit target figure which will roughly remain one-half of the gross rents within the park and will not translate directly from the percentage CPI to a rent adjustment. For example, if the CPI for a given year was 10% and was applied to the net profit target figure ($57,500), it would yield an increase in the net profit target figure of $5,750. However, that increase would only translate into an increase of 5.6% to the tenants' rents ($5,750 ÷ 102,840 = 5.59%). This is to be compared with using a full CPI driver of 10% onto the tenants' gross rents which would directly result in a 10% increase to each tenant.

SUMMARY OF RECOMMENDATIONS AS TO NET PROFIT FIGURE:

Alternative 1 would provide the following:

(a) Full CPI adjustment to net profit figure for 1979-1982.

(b) No compounding.

(c) 7% rent adjustment for first year.

(d) 4% maximum adjustment to the net profit figure for each of the next four years.

(e) Further CPI adjustments to net profit target figure for 1983 and subsequent years.

(f) All and any rent increases must be reviewed and approved the City Council and subject to the finding that they are needed by the park and not contrary to the intents associated with the development of the park.

Alternative 2 provides as follows:

(a) Net profit target figure of $57,500 would be increased by the 1982 increase in CPI (5.9%).

(b) Further CPI adjustments would be applied but not compounded in future years.

(c) First year adjustment will be 7%.

(d) Future annual adjustments will be based on a full increase of the CPI applied to the net profit target figure minus the difference between the 7% first year adjustment and the 5.9% first year CPI adjustment (1.1%).

(e) All and any future increases will be approved by the City Council and subject to the finding that they are needed by the park and not contrary to the intents associated with the development of the park.

ADJUSTING THE INCOME QUALIFICATIONS FOR TENANTS:

When the park was established, all prospective residents had to be at least 62 years of age or older and have an annual income not to exceed $10,000 per calendar year. Park management informed us that they have been using the figure of $12,500 for the income qualification and neither the park nor the City can ascertain when that increased figure was implemented or approved. Based upon that discrepancy, the Council requested the Commission to address this issue and determine what figure the threshold income level should be set and whether or not it should be adjusted in the future. At the time this memorandum was being prepared, staff was still collecting data in this regard. This material will be presented to the Commission by memorandum at the meeting in a very short and straight forward fashion for their review.

Michael D. Martello
MICHAEL D. MARTELLO

MDM:15/1

Application No._____

RESOLUTION No. 84-037

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

			Base Year	1999 Current Year	Base Year	1999 Current Year
A.	GROSS TOTAL INCOME					
	1.	Rental Unit Income		109760.00		
	2.	Garage and Parking Income				
	3.	Stores and Office Income				
Exhibit -1	4.	Adjusted Income from Below Market Rentals				
	5.	Miscellaneous Income		19487.00		
	6.	Sub-total Gross Total Income				$129247.00
B.	OPERATING EXPENSES					
IT-2	7.	Management and Administration		26392.00		$26392.00
	8.	Landlord Services Adjustment				
	9.	Operating Expenses (add lines 10 through 16)				$36461.00
	10.	Supplies		143.00		
	11.	Heating				
Exhibit -3	12.	Electric COMMON AREA		4335.00		
	13.	Water/Sewer		23973.00		
	14.	Gas COMMON AREA		2160.00		
	15.	Bldg. Services		4854.00		
	16.	Other (itemize)		996.00		
	17.	MAINTENANCE EXPENSES (add lines 18-21)				
	18.	Security				
	19.	Ground Maintenance				
	20.	Maintenance & Repairs				
	21.	Paint/Décor				
	22.	TAXES AND INSURANCE				
	23.	(Itemize: Attach additional sheets if necessary				
Exhibit -4	24.	Taxes		12195.00		
	25.	Insurance		3082.00		
	26.	Miscellaneous		1640.00		
	27.	SERVICE EXPENSE		2086.00		$19004.00
Exhibit-5	28.	OTHER PAYROLL EXPENSES				
	29.	SUB-TOTAL OPERATING EXPENSE				$81857.00
C.	NET OPERATING INCOME					
	30.	Subtract line 29 from line 6				$47390.00

RTA 106

Application No._____

31. PRICE LEVEL ADJUSTMENT TO BASE YEAR NET OPERATING INCOME (Net operating income adjusted by Index for each year subsequent to base year up to current year) $ 129375.00

CALCULATIONS

1. Compare Base Year Net Operating Income to Current Year Net Operating Income.
2. If adjusted Base Year Net Operating Income is less than Current Year Net Operating Income, then no increase is appropriate.
3. If Adjusted Base Year Net Operating Income is more than Current Year Net Operating Income, then subtract former from the latter. Result is amount that all rents in the complex can be raised in total.
4. To find increase per unit, divide result in Calculation No. 3 above by number of units in complex.

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

Application No._____

C. NET OPERATING INCOME

30. Subtract line 29 from line 6 — 185,609 | $ 20,468

31. PRICE LEVEL ADJUSTMENT TO BASE YEAR NET OPERATING INCOME (Net operating income adjusted by Index for each year subsequent to base year up to current year) — 542,120

CALCULATIONS

1. Compare Base Year Net Operating Income to Current Year Net Operating Income.
2. If adjusted Base Year Net Operating Income is less than Current Year Net Operating Income, then no increase is appropriate.
3. If Adjusted Base Year Net Operating Income is more than Current Year Net Operating Income, then subtract former from the latter. Result is amount that all rents in the complex can be raised in total.
4. To find increase per unit, divide result in Calculation No. 3 above by number of units in complex.

1. & 3. Adjusted Base Year NOI more the Current Year NOI
$542,120 - $ 20,468 = $521,652
Rents can be raised in total amount of of $521,652

4. Increase per unit calculated by dividing $521,652 rent increase by 74 units equals $7,049.35 per space per year. Thus each space is entitled to a monthly rent increase of $587.45.

CTO 01986

RANCH MOBILE HOME PARK

Analysis of Income Expenses for 2009

by Randi Sorensen, C.P.A., Certified Fraud Examiner

		Rent Adjustment Application		Adjusting out unallowed expenses per RAC-2 & RAC-5		Adjusting as before & correcting 3 year averages per GL		Adjusting as before and adjusting to Industry Standards		Adjusted as before and limiting Management & Administrative to 8% per RAC-2	
Gross Total Income											
Rental Unit Income	x	113,662		113,662		113,662		113,662		113,662	
Misc. Income - Laundry	x	4,258		4,258		4,258		4,258		4,258	
Sub-total Gross Total Income		**117,920**	100%	**117,920**	100%	**117,920**	100%	**117,920**	100%	**117,920**	100%
Operating Expenses											
Management & Administrative											
Wages & Salaries		14,784		14,784		14,784		9,600			
Housing Allowance	x	4,747		4,747		4,747		4,747			
Advertising	*	17		17		17		17			
Auto Expense	* +	307		0		0		0			
Bank Charges	x	-30		-30		-30		-30			
Billing Service	* x -	2,150.00		2,150.00		361.27		361.27			
Office Expenses	* x -	1,507.00		1,507.00		940.00		940.00			
Meetings & Seminars	* +	679.00		0.00		0.00		0.00			
Rent	* x -	4,200.00		4,200.00		955.91		0.00			
Telephone	* x	1,269.00		1,269.00		1,269.00		1,269.00			
Travel	* +	868.00		0.00		0.00		0.00			
Legal Expenses	* x -	5671		5671		0		0			
Prop Mgmt fees	x	16,987.00		16,987.00		16,987.00		7,075.00	6%		
Dues & Subscriptions	* x	580		580		580		580			
Total Operating Expenses		**53,736**	46%	**51,882**	44%	**40,611**	34%	**24,559**	21%	**9,434**	8%

RANCH MOL . HOME PARK

Analysis of Income Expenses for 2009

by Randi Sorensen, C.P.A., Certified Fraud Examiner

		Rent Adjustment Application		Adjusting out unallowed expenses per RAC-2 & RAC-5		Adjusting as before & correcting 3 year averages per GL		Adjusting as before and adjusting to Industry Standards		Adjusted as before and limiting Management & Administrative to 8% per RAC-2	
Electricity (Common Area)	x	3028.00		3028.00		3028.00		3028.00		3028.00	
Water/Sewer	x ?	10039.00		0.00		0.00		0.00		0.00	
Gas (Common Area)	x ?	491.00		0.00		0.00		0.00		0.00	
Trash	x	5383.00		5383.00		5383.00		5383.00		5383.00	
Cable	x	105.00		105.00		105.00		105.00		105.00	
Water Equipment Rental	x	449.00		449.00		449.00		449.00		449.00	
Total		**19,495.00**	17%	**8,965.00**	8%	**8,965.00**	8%	**8,965.00**	8%	**8,965.00**	8%
Maintenance Expenses											
General Maintenance/repair inside and outside the building		1,688.00		1,688.00		1,688.00		1,688.00		1,688.00	
Security											
Equipment Repair	x	1,302.00		1,302.00		1,302.00		1,302.00		1,302.00	
Paint/Décor											
Total		**2,990.00**	3%	**2,990.00**	3%	**2,990.00**	3%	**2,990.00**	3%	**2,990.00**	3%
Insurance & Taxes											
Property Tax	x	14,792.00		14,792.00		14,792.00		14,792.00		14,792.00	
Other Taxes, fees & permits											
Insurance - Liability	*	1,814		1,814		1,814		1,814		1,814	
Insurance - Worker's Comp.		961		961		961		961		961	
Payroll Taxes	x	1,648.00		1,648.00		1,648.00		1,100.00		1,100.00	

CTO 01987

CTO 01988

RANCH MOBILE HOME PARK

Analysis of Income Expenses for 2009

by Randi Sorensen, C.P.A., Certified Fraud Examiner

	Rent Adjustment Application		Adjusting out unallowed expenses per RAC-2 & RAC-5		Adjusting as before & correcting 3 year averages per GL		Adjusting as before and adjusting to Industry Standards		Adjusted as before and limiting Management & Administrative to 8% per RAC-2	
Business Taxes (CA State tax)& License * x	2,016.00		1,216.00		1,216.00		1,216.00		1,216.00	
Total	**21,231.00**	18%	**20,431.00**	17%	**20,431.00**	17%	**19,883.00**	17%	**19,883.00**	17%
Total Expenses	**97,452.01**	83%	**84,268.01**	71%	**72,997.19**	62%	**56,397.28**	48%	**41,272.00**	35%
Net profit	**20,468**	17%	**33,652**	29%	**44,923**	38%	**61,523**	52%	**76,648**	65%

LEGEND
* = 3 year averages
x = audited gl accounts
+ = unallowed expenses per rac-5
- = revised 3 year average per GL
? = Expenses not substantiated in GL

USING 1979 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT STABILIZATION ORDINANCE

		BASE YEAR 1979	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR
			With expenses claimed by Owner	With corrections to expenses	With Industry Standard Adjustments to expenses)	(With maximum 8% for M & A Expenses)
A. GROSS TOTAL INCOME		*(RAC-2 § 3.01)*	*(RAC-2 § 2.17)*	*(RAC-2 § 2.17)*	*(RAC-2 §§ 2.17 & 3.03)*	*(RAC-2 §§ 2.11 & 3.03)*
1. Rental Unit Income	*(RAC-2 § 2.02)*	102,840.00	113,662.00	113,662.00	113,662.00	113,662.00
4. Adjusted Income for Below Market Rentals	*(RAC-2 § 2.05)*					
(a) Add rent increases that Owner could have made but did not make because of Owner's rental policies & purposes	*(RAC-2 § 2.05)*		118,053.93	118,053.93	118,053.93	118,053.93
(b) Add rent for Manager's Unit	*(RAC-2 § 2.05)*		4,069.00	4,069.00	4,069.00	4,069.00
5. Miscellaneous Income	*(RAC-2 § 2.06)*		189.00	189.00	189.00	189.00
6. Sub-Total Gross Income	*(RAC-2 § 2.01)*	102,840.00	235,973.93	235,973.93	235,973.93	235,973.93
B. OPERATING EXPENSE						
29. Subtotal Operating Expense	*(RAC-2 § 2.08)*	27,511.00	97,452.01	72,997.19	56,397.28	41,272.00
C. NET OPERATING INCOME						
30. Subtract Operating Expense from Gross Total Income	*(RAC-2 § 2)*	75,329.00	138,521.92	162,976.74	179,576.65	194,701.93
31. Make Price Level Adjustment to Base Year Operating Income	*(RAC-2 § 3.04)*	178,015.18				

CTO 01989

RTA 113

CTO 01990

USING 1979 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT STABILIZATION ORDINANCE

		BASE YEAR 1979	CURRENT YEAR With expenses claimed by Owner	CURRENT YEAR With corrections to expenses	CURRENT YEAR With Industry Standard Adjustments to expenses)	CURRENT YEAR (With maximum 8% for M & A Expenses)
CALCULATIONS						
1. Compare Price-Level Adjusted Base Year Income to Current Year Net Operating Income	*(RAC-2 § 4.04)*		(39,493.26)	(15,038.44)	1,561.47	16,686.75
2. If Price-Level Adjusted Base Year Income is less than Current Year Net Operating Income, then no increase is appropriate	*(RAC-2 § 4.05)*				NO INCREASE PERMITTED	NO INCREASE PERMITTED
3. If Price-Level Adjusted Base Year Income is more than Current Year Net Operating Income, then increase is permitted			INCREASE PERMITTED	INCREASE PERMITTED		
4. Yearly Increase Per Unit	*(74 Units)*		533.69	203.22	-	-
Monthly Increase Per Unit			44.47	16.94	-	-

USING 1979 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT INCREASES ALLOWED BY DEVELOPMENT PERMIT

		BASE YEAR 1979	CURRENT YEAR With expenses claimed by Owner	CURRENT YEAR With corrections to expenses	CURRENT YEAR With Industry Standard Adjustments to expenses)	CURRENT YEAR (With maximum 8% for M & A Expenses)
A. GROSS TOTAL INCOME		*(RAC-2 § 3.01)*	*(RAC-2 § 2.17)*	*(RAC-2 § 2.17)*	*(RAC-2 §§ 2.17 & 3.03)*	*(RAC-2 §§ 2.11 & 3.03)*
1. Rental Unit Income	*(RAC-2 § 2.02)*	102,840.00	113,662.00	113,662.00	113,662.00	113,662.00
4. Adjusted Income for Below Market Rentals	*(RAC-2 § 2.05)*					
(a) Add rent increases that Owner could have made but did not make because of Owner's rental policies & purposes	*(RAC-2 § 2.05)*		135,631.05	135,631.05	135,631.05	135,631.05
(b) Add rent for Manager's Unit	*(RAC-2 § 2.05)*		4,069.00	4,069.00	4,069.00	4,069.00
5. Miscellaneous Income	*(RAC-2 § 2.06)*		189.00	189.00	189.00	189.00
6. Sub-Total Gross Income	*(RAC-2 § 2.01)*	102,840.00	253,551.05	253,551.05	253,551.05	253,551.05
B. OPERATING EXPENSE						
29. Subtotal Operating Expense	*(RAC-2 § 2.08)*	27,511.00	97,452.01	72,997.19	56,397.28	41,272.00
C. NET OPERATING INCOME						
30. Subtract Operating Expense from Gross Total Income	*(RAC-2 § 2)*	75,329.00	156,099.04	180,553.86	197,153.77	212,279.05
31. Make Price Level Adjustment to Base Year Operating Income	*(RAC-2 § 3.04)*	178,015.18				

CTO 01991

CTO 01992

USING 1979 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT INCREASES ALLOWED BY DEVELOPMENT PERMIT

		BASE YEAR 1979	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR
			With expenses claimed by Owner	With corrections to expenses	With Industry Standard Adjustments to expenses)	(With maximum 8% for M & A Expenses)
CALCULATIONS						
1. Compare Price-Level Adjusted Base Year Income to Current Year Net Operating Income	*(RAC-2 § 4.04)*		(21,916.14)	2,538.68	19,138.59	34,263.87
2. If Price-Level Adjusted Base Year Income is less than Current Year Net Operating Income, then no increase is appropriate	*(RAC-2 § 4.05)*			NO INCREASE PERMITTED	NO INCREASE PERMITTED	NO INCREASE PERMITTED
3. If Price-Level Adjusted Base Year Income is more than Current Year Net Operating Income, then increase is permitted			INCREASE PERMITTED			
4. Yearly Increase Per Unit	*(74 Units)*		296.16	-	-	-
Monthly Increase Per Unit			24.68	-	-	-

CALCULATING PRICE LEVEL ADJUSTMENT FOR 1979 NET OPERATING INCOME

	INDEX		*Price Level Adjustment to 1979 NOI Per RAC-2 Sections 3-04 & 2.05*
1979			75,329.00
1980	8%	*(increase applied to 1979)*	81,355.32
1981	8%	*(increase applied to 1980)*	87,863.75
1982	8%	*(increase applied to 1981)*	94,892.85
1983	8%	*(increase applied to 1982)*	102,484.27
1984	7%	*(increase applied to 1983)*	109,658.17
1985	7%	*(increase applied to 1983)*	116,832.07
1986	3%	*(increase applied to 1983)*	119,906.60
1987	3.30%	*(increase applied to 1983)*	123,288.58
1988	3.50%	*(increase applied to 1983)*	126,875.53
1989	5.00%	*(increase applied to 1983)*	131,999.74
1990	3.00%	*(increase applied to 1983)*	135,074.27
1991	3.20%	*(increase applied to 1983)*	138,353.77
1992	3.00%	*(increase applied to 1983)*	141,428.30
1993	3.00%	*(increase applied to 1983)*	144,502.82
1994	3.00%	*(increase applied to 1983)*	147,577.35
1995	1.30%	*(increase applied to 1983)*	148,909.65
1996	1.20%	*(increase applied to 1983)*	150,139.46
1997	0.80%	*(increase applied to 1983)*	150,959.33
1998	1.70%	*(increase applied to 1983)*	152,701.57
1999	2.60%	*(increase applied to 1983)*	155,366.16
2000	2.40%	*(increase applied to 1983)*	157,825.78
2001	2.10%	*(increase applied to 1983)*	159,977.95
2002	2.90%	*(increase applied to 1983)*	162,949.99
2003	1.40%	*(increase applied to 1983)*	164,384.77
2004	3.00%	*(increase applied to 1983)*	167,459.30
2005	3.50%	*(increase applied to 1983)*	171,046.25
2006	2.90%	*(increase applied to 1983)*	174,018.29
2007	2.50%	*(increase applied to 1983)*	176,580.40
2008	0.00%	*(increase applied to 1983)*	176,580.40
2009	1.40%	*(increase applied to 1983)*	178,015.18

CALCULATING ADJUSTED INCOME FOR BELOW MARKET RENTALS FOR RENT INCREASES NOT TAKEN SINCE 1979 PER RENT STABILIZATION ORDINANCE

	Rent increases allowed per RSO Index	*Adjusted Income for Below Market Rentals for rent increases not taken since 1979 Per RAC-2 Section 2.05 & 3.03*	
1979		102,840.00	
1980	8%	111,067.20	*(increase applied to 1979 rent)*
1981	8%	119,952.58	*(increase applied to 1980 rent)*
1982	8%	129,548.78	*(increase applied to 1981 rent)*
1983	8%	139,912.68	*(increase applied to 1982 rent)*
1984	7%	149,706.57	*(increase applied to 1983 rent)*
	-7%	(7,198.80)	*(increase actually taken by Owner per Resolution 84-037)*
1985	7%	152,301.66	*(increase applied to 1983 rent)*
1986	3%	156,499.04	*(increase applied to 1983 rent)*
1987	3.30%	161,116.16	*(increase applied to 1983 rent)*
1988	3.50%	166,013.10	*(increase applied to 1983 rent)*
1989	5.00%	173,008.74	*(increase applied to 1983 rent)*
1990	3.00%	177,206.12	*(increase applied to 1983 rent)*
1991	3.20%	181,683.32	*(increase applied to 1983 rent)*
1992	3.00%	185,880.70	*(increase applied to 1983 rent)*
1993	3.00%	190,078.09	*(increase applied to 1983 rent)*
1994	3.00%	194,275.47	*(increase applied to 1983 rent)*
1995	1.30%	196,094.33	*(increase applied to 1983 rent)*
1996	1.20%	197,773.28	*(increase applied to 1983 rent)*
1997	0.80%	198,892.58	*(increase applied to 1983 rent)*
1998	1.70%	201,271.10	*(increase applied to 1983 rent)*
1999	2.60%	204,908.83	*(increase applied to 1983 rent)*
2000	2.40%	208,266.73	*(increase applied to 1983 rent)*
2001	2.10%	211,204.90	*(increase applied to 1983 rent)*
	-4.00%	(4,113.60)	*(increase actually taken by Owner per Resolutian 84-037)*
2002	2.90%	211,148.77	*(increase applied to 1983 rent)*
2003	1.40%	213,107.55	*(increase applied to 1983 rent)*
2004	3.00%	217,304.93	*(increase applied to 1983 rent)*
2005	3.50%	222,201.87	*(increase applied to 1983 rent)*
2006	2.90%	226,259.34	*(increase applied to 1983 rent)*
2007	2.50%	229,757.16	*(increase applied to 1983 rent)*
2008	0.00%	229,757.16	*(increase applied to 1983 rent)*
2009	1.40%	231,715.93	*(increase applied to 1983 rent)*

CALCULATING ADJUSTED INCOME FOR BELOW MARKET RENTALS FOR RENT INCREASES NOT TAKEN SINCE 1979 PER DEVELOPMENT PERMIT

	Rent increases allowed under TPD 74-6 & Resolution 84-037	*Adjusted Income for Below Market Rentals for rent increases not taken since 1979 Per RAC-2 Section 2.05 & 3.03*	
1978	0	102,840.00	
1979	0	102,840.00	
1980	0	102,840.00	
1981	0	102,840.00	
1982	0	102,840.00	
1983	0	102,840.00	
1984	7%	110,038.80	*(increase applied to 1979 base rent)*
1985	4%	114,152.40	*(increase applied to 1979 base rent)*
1986	4%	118,266.00	*(increase applied to 1979 base rent)*
1987	4%	122,379.60	*(increase applied to 1979 base rent)*
1988	4%	126,493.20	*(increase applied to 1979 base rent)*
1989	4%	130,606.80	*(increase applied to 1979 base rent)*
1990	4%	134,720.40	*(increase applied to 1979 base rent)*
1991	4%	139,121.95	*(increase applied to 1979 base rent)*
1992	4%	143,688.05	*(increase applied to 1979 base rent)*
1993	4%	148,418.69	*(increase applied to 1979 base rent)*
1994	4%	153,313.87	*(increase applied ta 1979 base rent)*
1995	4%	158,373.60	*(increase applied to 1979 base rent)*
1996	4%	163,597.87	*(increase applied to 1979 base rent)*
1997	4%	168,986.69	*(increase applied to 1979 base rent)*
1998	4%	174,551.57	*(increase applied to 1979 base rent)*
1999	4%	180,299.09	*(increase applied to 1979 base rent)*
2000	4%	186,235.84	*(increase applied to 1979 base rent)*
2001	4%	192,368.39	*(increase applied to 1979 base rent)*
2002	4%	198,703.33	*(increase applied to 1979 base rent)*
2003	4%	205,247.25	*(increase applied to 1979 base rent)*
2004	4%	212,006.72	*(increase applied to 1979 base rent)*
2005	4%	218,988.78	*(increase applied to 1979 base rent)*
2006	4%	226,200.74	*(increase applied to 1979 base rent)*
2007	4%	233,650.18	*(increase applied to 1979 base rent)*
2008	4%	241,344.91	*(increase applied to 1979 base rent)*
2009	4%	249,293.05	*(increase applied to 1979 base rent)*

CTO 01996

USING 1982 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT STABILIZATION ORDINANCE

		BASE YEAR 1982	CURRENT YEAR With expenses claimed by Owner	CURRENT YEAR With corrections to expenses	CURRENT YEAR With Industry Standard Adjustments to expenses)	CURRENT YEAR (With maximum 8% for M & A Expenses)
A. GROSS TOTAL INCOME		*(RAC-2 § 3.01)*	*(RAC-2 § 2.17)*	*(RAC-2 § 2.17)*	*(RAC-2 §§ 2.17 & 3.03)*	*(RAC-2 §§ 2.11 & 3.03)*
1. Rental Unit Income	*(RAC-2 § 2.02)*	102,840.00	113,662.00	113,662.00	113,662.00	113,662.00
4. Adjusted Income for Below Market Rentals	*(RAC-2 § 2.05)*					
(a) Add rent increases that Owner could have made but did not make because of Owner's rental policies & purposes	*(RAC-2 § 2.05)*		67,373.42	67,373.42	67,373.42	67,373.42
(b) Add rent for Manager's Unit	*(RAC-2 § 2.05)*		4,069.00	4,069.00	4,069.00	4,069.00
5. Miscellaneous Income	*(RAC-2 § 2.06)*		189.00	189.00	189.00	189.00
6. Sub-Total Gross Income	*(RAC-2 § 2.01)*	102,840.00	185,293.42	185,293.42	185,293.42	185,293.42
B. OPERATING EXPENSE						
29. Subtotal Operating Expense	*(RAC-2 § 2.08)*	53,298.51	97,452.01	72,997.19	56,397.28	41,272.00
C. NET OPERATING INCOME						
30. Subtract Operating Expense from Gross Total Income	*(RAC-2 § 2)*	49,541.49	87,841.41	112,296.23	128,896.14	144,021.42
31. Make Price Level Adjustment to Base Year Operating Income	*(RAC-2 § 3.04)*	92,938.60				

USING 1982 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT STABILIZATION ORDINANCE

		BASE YEAR 1982	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR
			With expenses claimed by Owner	With corrections to expenses	With Industry Standard Adjustments to expenses)	(With maximum 8% for M & A Expenses)
CALCULATIONS						
1. Compare Price-Level Adjusted Base Year Income to Current Year Net Operating Income	*(RAC-2 § 4.04)*		(5,097.19)	19,357.63	35,957.54	51,082.82
2. If Price-Level Adjusted Base Year Income is less than Current Year Net Operating Income, then no increase is appropriate	*(RAC-2 § 4.05)*			NO INCREASE PERMITTED	NO INCREASE PERMITTED	NO INCREASE PERMITTED
3. If Price-Level Adjusted Base Year Income is more than Current Year Net Operating Income, then increase is permitted			INCREASE PERMITTED			
4. Yearly Increase Per Unit	*(74 Units)*		68.88	-	-	-
Monthly Increase Per Unit			5.74	-	-	-

CTO 01997

CTO 01998

USING 1982 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT INCREASES ALLOWED BY DEVELOPMENT PERMIT

		BASE YEAR 1982	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR
			With expenses claimed by Owner	With corrections to expenses	With Industry Standard Adjustments to expenses)	(With maximum 8% for M & A Expenses)
A. GROSS TOTAL INCOME		*(RAC-2 § 3.01)*	*(RAC-2 § 2.17)*	*(RAC-2 § 2.17)*	*(RAC-2 §§ 2.17 & 3.03)*	*(RAC-2 §§ 2.11 & 3.03)*
1. Rental Unit Income	*(RAC-2 § 2.02)*	102,840.00	113,662.00	113,662.00	113,662.00	113,662.00
4. Adjusted Income for Below Market Rentals	*(RAC-2 § 2.05)*					
(a) Add rent increases that Owner could have made but did not make because of Owner's rental policies & purposes	*(RAC-2 § 2.05)*		99,216.80	99,216.80	99,216.80	99,216.80
(b) Add rent for Manager's Unit	*(RAC-2 § 2.05)*		4,069.00	4,069.00	4,069.00	4,069.00
5. Miscellaneous Income	*(RAC-2 § 2.06)*		189.00	189.00	189.00	189.00
6. Sub-Total Gross Income	*(RAC-2 § 2.01)*	102,840.00	217,136.80	217,136.80	217,136.80	217,136.80
B. OPERATING EXPENSE						
29. Subtotal Operating Expense	*(RAC-2 § 2.08)*	53,298.51	97,452.01	72,997.19	56,397.28	41,272.00
C. NET OPERATING INCOME						
30. Subtract Operating Expense from Gross Total Income	*(RAC-2 § 2)*	49,541.49	119,684.79	144,139.61	160,739.52	175,864.80
31. Make Price Level Adjustment to Base Year Operating Income	*(RAC-2 § 3.04)*	92,938.60				

USING 1982 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT INCREASES ALLOWED BY DEVELOPMENT PERMIT

		BASE YEAR 1982	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR
			With expenses claimed by Owner	With corrections to expenses	With Industry Standard Adjustments to expenses)	(With maximum 8% for M & A Expenses)
CALCULATIONS						
1. Compare Price-Level Adjusted Base Year Income to Current Year Net Operating Income	*(RAC-2 § 4.04)*		26,746.19	51,201.01	67,800.92	82,926.20
2. If Price-Level Adjusted Base Year Income is less than Current Year Net Operating Income, then no increase is appropriate	*(RAC-2 § 4.05)*		NO INCREASE PERMITTED	NO INCREASE PERMITTED	NO INCREASE PERMITTED	NO INCREASE PERMITTED
3. If Price-Level Adjusted Base Year Income is more than Current Year Net Operating Income, then increase is permitted						
4. Yearly Increase Per Unit	*(74 Units)*		-	-	-	-
Monthly Increase Per Unit			-	-	-	-

CTO 01999

CALCULATING PRICE LEVEL ADJUSTMENT FOR 1982 NET OPERATING INCOME

	INDEX		*Price Level Adjustment to 1982 NOI Per RAC-2 Sections 3-04 & 2.05*
1982			49,541.89
1983	8%	*(increase applied to 1982)*	53,505.24
1984	7%	*(increose applied to 1983)*	57,250.61
1985	7%	*(increase applied to 1983)*	60,995.97
1986	3%	*(increase applied to 1983)*	62,601.13
1987	3.30%	*(increase applied to 1983)*	64,366.81
1988	3.50%	*(increase applied to 1983)*	66,239.49
1989	5.00%	*(increase applied to 1983)*	68,914.75
1990	3.00%	*(increase applied to 1983)*	70,519.91
1991	3.20%	*(increase applied to 1983)*	72,232.08
1992	3.00%	*(increase applied to 1983)*	73,837.23
1993	3.00%	*(increase applied to 1983)*	75,442.39
1994	3.00%	*(increase applied to 1983)*	77,047.55
1995	1.30%	*(increase applied to 1983)*	77,743.12
1996	1.20%	*(increase applied to 1983)*	78,385.18
1997	0.80%	*(increase applied to 1983)*	78,813.22
1998	1.70%	*(increase applied to 1983)*	79,722.81
1999	2.60%	*(increase applied to 1983)*	81,113.95
2000	2.40%	*(increase applied to 1983)*	82,398.07
2001	2.10%	*(increase applied to 1983)*	83,521.68
2002	2.90%	*(increase applied to 1983)*	85,073.33
2003	1.40%	*(increase applied to 1983)*	85,822.41
2004	3.00%	*(increase applied to 1983)*	87,427.56
2005	3.50%	*(increase applied to 1983)*	89,300.25
2006	2.90%	*(increase applied to 1983)*	90,851.90
2007	2.50%	*(increase applied to 1983)*	92,189.53
2008	0.00%	*(increase applied to 1983)*	92,189.53
2009	1.40%	*(increase applied to 1983)*	92,938.60

CALCULATING ADJUSTED INCOME FOR BELOW MARKET RENTALS FOR RENT INCREASES NOT TAKEN SINCE 1982 PER RENT STABILIZATION ORDINANCE

	INDEX	Adjusted Income for Below Market Rentals for Rent Increases not taken since 1982 Per RAC-2 Section 2.05 & 3.03	
1982	0	102,840.00	
1983	8%	111,067.20	*(increase applied to 1982 rent)*
1984	7%	118,266.00	*(increase applied to 1983 rent)*
	-7%	(7,198.80)	*(increase actually taken by Owner per Resolution 84-037)*
1985	7%	118,841.90	*(increase applied to 1983 rent)*
1986	3%	122,173.92	*(increase applied to 1983 rent)*
1987	3.30%	125,839.14	*(increase applied to 1983 rent)*
1988	3.50%	129,726.49	*(increase applied to 1983 rent)*
1989	5.00%	135,279.85	*(increase applied to 1983 rent)*
1990	3.00%	138,611.87	*(increase applied to 1983 rent)*
1991	3.20%	142,166.02	*(increase applied to 1983 rent)*
1992	3.00%	145,498.03	*(increase applied to 1983 rent)*
1993	3.00%	148,830.05	*(increase applied to 1983 rent)*
1994	3.00%	152,162.06	*(increase applied to 1983 rent)*
1995	1.30%	153,605.94	*(increase applied to 1983 rent)*
1996	1.20%	154,938.74	*(increase applied to 1983 rent)*
1997	0.80%	155,827.28	*(increase applied to 1983 rent)*
1998	1.70%	157,715.42	*(increase applied to 1983 rent)*
1999	2.60%	160,603.17	*(increase applied to 1983 rent)*
2000	2.40%	163,268.78	*(increase applied to 1983 rent)*
2001	2.10%	165,601.20	*(increase applied to 1983 rent)*
	-4.00%	(4,113.60)	*(increase actually taken by Owner per Resolution 84-037)*
2002	2.90%	164,708.54	*(increase applied to 1983 rent)*
2003	1.40%	166,263.48	*(increase applied to 1983 rent)*
2004	3.00%	169,595.50	*(increase applied to 1983 rent)*
2005	3.50%	173,482.85	*(increase applied to 1983 rent)*
2006	2.90%	176,703.80	*(increase applied to 1983 rent)*
2007	2.50%	179,480.48	*(increase applied to 1983 rent)*
2008	0.00%	179,480.48	*(increase applied to 1983 rent)*
2009	1.40%	181,035.42	*(increase applied to 1983 rent)*

CALCULATING ADJUSTED INCOME FOR BELOW MARKET RENTALS FOR RENT INCREASES NOT TAKEN SINCE 1982 PER DEVELOPMENT PERMIT

	Rent increases allowed under TPD 74-6 & Resolution 84-037	*Adjusted Income for Below Market Rentals for rent increases not taken since 1982 Per RAC-2 Section 2.05 & 3.03*	
1982	0	102,840.00	
1983	0	102,840.00	
1984	7%	110,038.80	*(increase applied to 1979 bose rent)*
1985	4%	114,152.40	*(increase applied to 1979 base rent)*
1986	4%	118,266.00	*(increase applied to 1979 bose rent)*
1987	4%	122,379.60	*(increase applied to 1979 bose rent)*
1988	4%	126,493.20	*(increase applied to 1979 base rent)*
1989	4%	130,606.80	*(increase applied to 1979 base rent)*
1990	4%	134,720.40	*(increase applied ta 1979 base rent)*
1991	4%	138,834.00	*(increase applied to 1979 base rent)*
1992	4%	142,947.60	*(increase applied ta 1979 base rent)*
1993	4%	147,061.20	*(increase applied ta 1979 bose rent)*
1994	4%	151,174.80	*(increase applied to 1979 base rent)*
1995	4%	155,288.40	*(increase applied to 1979 base rent)*
1996	4%	159,402.00	*(increase applied to 1979 base rent)*
1997	4%	163,515.60	*(increase applied to 1979 base rent)*
1998	4%	167,629.20	*(increase applied to 1979 base rent)*
1999	4%	171,742.80	*(increose applied to 1979 bose rent)*
2000	4%	175,856.40	*(increose applied to 1979 base rent)*
2001	4%	179,970.00	*(increase applied to 1979 base rent)*
2002	4%	184,083.60	*(increase applied ta 1979 base rent)*
2003	4%	188,197.20	*(increase applied ta 1979 bose rent)*
2004	4%	192,310.80	*(increase applied to 1979 base rent)*
2005	4%	196,424.40	*(increase applied ta 1979 base rent)*
2006	4%	200,538.00	*(increase applied to 1979 base rent)*
2007	4%	204,651.60	*(increose applied to 1979 bose rent)*
2008	4%	208,765.20	*(increase applied to 1979 base rent)*
2009	4%	212,878.80	*(increase applied ta 1979 base rent)*

USING 1999 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT STABILIZATION ORDINANCE

		BASE YEAR 1999	CURRENT YEAR With expenses claimed by Owner	CURRENT YEAR With corrections to expenses	CURRENT YEAR With Industry Standard Adjustments to expenses)	CURRENT YEAR (With maximum 8% for M & A Expenses)
A. GROSS TOTAL INCOME		*(RAC-2 § 3.01)*	*(RAC-2 § 2.17)*	*(RAC-2 § 2.17)*	*(RAC-2 §§ 2.17 & 3.03)*	*(RAC-2 §§ 2.11 & 3.03)*
1. Rental Unit Income	*(RAC-2 § 2.02)*	109,760.00	113,662.00	113,662.00	113,662.00	113,662.00
4. Adjusted Income for Below Market Rentals	*(RAC-2 § 2.05)*					
(a) Add rent increases that Owner could have made but did not make because of Owner's rental policies & purposes	*(RAC-2 § 2.05)*		16,241.36	16,241.36	16,241.36	16,241.36
(b) Add rent for Manager's Unit	*(RAC-2 § 2.05)*		4,069.00	4,069.00	4,069.00	4,069.00
5. Miscellaneous Income	*(RAC-2 § 2.06)*	19,487.00	189.00	189.00	189.00	189.00
6. Sub-Total Gross Income	*(RAC-2 § 2.01)*	129,247.00	134,161.36	134,161.36	134,161.36	134,161.36
B. OPERATING EXPENSE						
29. Subtotal Operating Expense	*(RAC-2 § 2.08)*	81,857.00	97,452.01	72,997.19	56,397.28	41,272.00
C. NET OPERATING INCOME						
30. Subtract Operating Expense from Gross Total Income	*(RAC-2 § 2)*	47,390.00	36,709.35	61,164.17	77,764.08	92,889.36
31. Make Price Level Adjustment to Base Year Operating Income	*(RAC-2 § 3.04)*	57,863.19				

CTO 02003

CTO 02004

USING 1999 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING RENT STABILIZATION ORDINANCE

		BASE YEAR 1999	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR
			With expenses claimed by Owner	With corrections to expenses	With Industry Standard Adjustments to expenses)	(With maximum 8% for M & A Expenses)
CALCULATIONS						
1. Compare Price-Level Adjusted Base Year Income to Current Year Net Operating Income	*(RAC-2 § 4.04)*		(21,153.84)	3,300.98	19,900.89	35,026.17
2. If Price-Level Adjusted Base Year Income is less than Current Year Net Operating Income, then no increase is appropriate	*(RAC-2 § 4.05)*			NO INCREASE PERMITTED	NO INCREASE PERMITTED	NO INCREASE PERMITTED
3. If Price-Level Adjusted Base Year Income is more than Current Year Net Operating Income, then increase is permitted			INCREASE PERMITTED			
4. Yearly Increase Per Unit	*(74 Units)*		285.86	-	-	-
Monthly Increase Per Unit			23.82	-	-	-

USING 1999 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING DEVELOPMENT APPROVALS

		BASE YEAR 1999	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR
			With expenses claimed by Owner	With corrections to expenses	With Industry Standard Adjustments to expenses)	(With maximum 8% for M & A Expenses)
A. GROSS TOTAL INCOME		*(RAC-2 § 3.01)*	*(RAC-2 § 2.17)*	*(RAC-2 § 2.17)*	*(RAC-2 §§ 2.17 & 3.03)*	*(RAC-2 §§ 2.11 & 3.03)*
1. Rental Unit Income	*(RAC-2 § 2.02)*	109,760.00	113,662.00	113,662.00	113,662.00	113,662.00
4. Adjusted Income for Below Market Rentals	*(RAC-2 § 2.05)*					
(a) Add rent increases that Owner could have made but did not make because of Owner's rental policies & purposes	*(RAC-2 § 2.05)*		33,120.40	33,120.40	33,120.40	33,120.40
(b) Add rent for Manager's Unit	*(RAC-2 § 2.05)*		4,069.00	4,069.00	4,069.00	4,069.00
5. Miscellaneous Income	*(RAC-2 § 2.06)*	19,487.00	189.00	189.00	189.00	189.00
6. Sub-Total Gross Income	*(RAC-2 § 2.01)*	129,247.00	151,040.40	151,040.40	151,040.40	151,040.40
B. OPERATING EXPENSE						
29. Subtotal Operating Expense	*(RAC-2 § 2.08)*	81,857.00	97,452.01	72,997.19	56,397.28	41,272.00
C. NET OPERATING INCOME						
30. Subtract Operating Expense from Gross Total Income	*(RAC-2 § 2)*	47,390.00	53,588.39	78,043.21	94,643.12	109,768.40
31. Make Price Level Adjustment to Base Year Operating Income	*(RAC-2 § 3.04)*	57,863.19				

CTO 02005

CTO 02006

USING 1999 AS BASE YEAR AND ADJUSTING INCOME FOR BELOW MARKET RENTALS USING DEVELOPMENT APPROVALS

		BASE YEAR 1999	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR	CURRENT YEAR
			With expenses claimed by Owner	With corrections to expenses	With Industry Standard Adjustments to expenses)	(With maximum 8% for M & A Expenses)
CALCULATIONS						
1. Compare Price-Level Adjusted Base Year Income to Current Year Net Operating Income	*(RAC-2 § 4.04)*		(4,274.80)	20,180.02	36,779.93	51,905.21
2. If Price-Level Adjusted Base Year Income is less than Current Year Net Operating Income, then no increase is appropriate	*(RAC-2 § 4.05)*			NO INCREASE PERMITTED	NO INCREASE PERMITTED	NO INCREASE PERMITTED
3. If Price-Level Adjusted Base Year Income is more than Current Year Net Operating Income, then increase is permitted			INCREASE PERMITTED			
4. Yearly Increase Per Unit	*(74 Units)*		57.77	-	-	-
Monthly Increase Per Unit			4.81	-	-	-

CALCULATING PRICE LEVEL ADJUSTMENT FOR 1999 NET OPERATING INCOME

	INDEX		*Price Level Adjustment to 1999 NOI Per RAC-2 SectionS 3-04 & 2.05*
1999			47,390.00
2000	2.40%	*(increase applied to 1999)*	48,527.36
2001	2.10%	*(increase applied to 1999)*	49,522.55
2002	2.90%	*(increase applied to 1999)*	50,896.86
2003	1.40%	*(increase applied to 1999)*	51,560.32
2004	3.00%	*(increase applied to 1999)*	52,982.02
2005	3.50%	*(increase applied to 1999)*	54,640.67
2006	2.90%	*(increase applied to 1999)*	56,014.98
2007	2.50%	*(increase applied to 1999)*	57,199.73
2008	0.00%	*(increase applied to 1999)*	57,199.73
2009	1.40%	*(increase applied to 1999)*	57,863.19

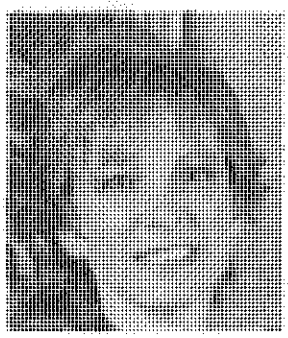
CALCULATING ADJUSTED INCOME FOR BELOW MARKET RENTALS FOR RENT INCREASES NOT TAKEN SINCE 1999 PER RENT STABILIZATION ORDINANCE

	INDEX	*Adjusted Income for Below Market Rentals for Rent Increases not taken since 1999 Per RAC-2 Section 2.05 & 3.03*	
1999		109,760.00	*(increase applied to 1999 rent)*
2000	2.40%	112,394.24	*(increase applied to 1999 rent)*
2001	2.10%	114,699.20	*(increase applied to 1999 rent)*
	-4.00%	(4,113.60)	*(increase actually taken by Owner per Resolution 84-037)*
2002	2.90%	113,768.64	*(increase applied to 1999 rent)*
2003	1.40%	115,305.28	*(increase applied to 1999 rent)*
2004	3.00%	118,598.08	*(increase applied to 1999 rent)*
2005	3.50%	122,439.68	*(increase applied to 1999 rent)*
2006	2.90%	125,622.72	*(increase applied to 1999 rent)*
2007	2.50%	128,366.72	*(increase applied to 1999 rent)*
2008	0.00%	128,366.72	*(increase applied to 1999 rent)*
2009	1.40%	129,903.36	*(increase applied to 1999 rent)*

CALCULATING ADJUSTED INCOME FOR BELOW MARKET RENTALS FOR RENT INCREASES NOT TAKEN SINCE 1999 PER DEVELOPMENT PERMIT

	Rent increases allowed under TPD 74-6 & Resolution 84-037	*Adjusted Income for Below Market Rentals for rent increases not taken since 1999 Per RAC-2 Section 2.05 & 3.03*	
1999	4%	109,760.00	
2000	4%	113,873.60	*(increase applied to 1979 base rent)*
2002	4%	117,987.20	*(increase applied to 1979 base rent)*
2003	4%	122,100.80	*(increase applied to 1979 base rent)*
2004	4%	126,214.40	*(increase applied to 1979 base rent)*
2005	4%	130,328.00	*(increase applied to 1979 base rent)*
2006	4%	134,441.60	*(increase applied to 1979 base rent)*
2007	4%	138,555.20	*(increase applied to 1979 base rent)*
2008	4%	142,668.80	*(increase applied to 1979 base rent)*
2009	4%	146,782.40	*(increase applied to 1979 base rent)*

CURRICULUM VITAE



RANDI SORENSON
Randi@sorensoncpa.com
805-750-3180

CURRICULUM VITAE

PROFESSIONAL SERVICE

2007 – Current
President
Sorenson Business Consulting, Inc.
Certified Public Accountant

- Tax Return Preparation

Certified Fraud Examiner

- Setup of Internal Controls to Prevent Fraud
- Fraud Detection and Discovery

Advanced Certified QuickBooks Pro Advisor

- Advanced certification designation from QuickBooks in QuickBooks financial products
- Setup and Maintenance of Accounting Systems
- Training in QuickBooks utilization
- General Ledger Review

QuickBooks Point of Sale, Retail Service Provider and Pro Advisor

- Setup Point of Sale systems
- Training
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2005 – Current
Member
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- Web based seminars for accounting professionals
- Personal speaking engagements for accounting professionals and small business owners
- Classroom instruction for accounting students and small business owners

2009 - Current
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- Instruct Senior Seminar in Accounting
- Instruct Practicum in Accounting

1995 – 2007
Consultant/Accountant/Owner
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- Set up detailed accounting systems, procedures and processes.
- Train bookkeepers/users in accounting systems
- Difficult bank reconciliations
- Cost accounting for small businesses
- Prepare clients for internal and external audits
- Prepare client records for outsourced tax return preparation
- Set up payroll systems
- Verify preparation of corporate records
- Fraud investigation of bookkeeping and accounting records
- Consult on Compatible software systems to QuickBooks Financial

1993 – 1998
Staff Accountant
Wayne Tzall, CPA

- Set up of new accounting systems for clients
- Corporate and personal tax return preparation
- Consolidated financial statements
- Tax court filings

EDUCATION

Bachelor of Science
California Lutheran University
Accounting
Summa Cum Laude

- Received Departmental Distinction in Accounting – 2 years
- Received Outstanding Student Award in Business Law and Corporate Tax

Masters in Taxation Candidate
Golden Gate University

Jake Lang, CPA

Education

Graduated 1988	Brigham Young University - B.S. majoring in accounting.
Graduated 1989	Pepperdine University - M.B.A with an emphasis in Finance.
Graduated 1995	University of Southern California - M.B.T. (Masters of Business Taxation)

Employment

1989-1993	Price Waterhouse (now PricewaterhouseCoopers) Tax Senior with Media and Entertainment Department
1993-1996	MCA Inc. (now NBC Universal) Tax Senior Manager
1996-2001	Ernst & Young Tax Senior Manager in Technology and Entertainment Group
2002-Present	Yuda, Lang and Associates LLP Partner in Westlake Village accounting and tax practice.

10300 FOURTH ST, SUITE 100 • RANCHO CUCAMONGA • CA 91730
PHONE 909 945 4585 • FAX 909 989 8987 • E-MAIL JANT@DELMAR1.COM

JAN TAYLOR

Born 1953, Killeen Texas

Education: BA, MA, MFA University of California at Irvine

Work Experience

2009-Present — Delmar Property Management — Receivership Liaison

Duties include working with various Law firms to determine scopes of work, budgets, planning and code considerations, construction, job management and sales and marketing of Receivership properties. Has worked with Court appointed Receivers in Ontario California, Visalia California, San Bernardino California and Riverside California. In addition, he functions as the field manager for many of the Fees and Profits Receiverships from Adrian Young, managing the assets, overseeing the monthly reports and dealing with several lending institutions and special servicers. In addition, I serve as the President of Inland Heritage Group, a 501 c3 non-profit specializing in the rehabilitation of distressed properties. IHG is also in partnership with Pitzer College developing and managing students from the Sustainable design school.

2003-2009 — The Nunez Team, R.E. Inc — Investment Manager

Duties included the acquisition, renovation, marketing and sales of SFR in the Inland Empire and Los Angeles, responsible for 30+ projects annually with an advertising budget in excess of $1,000,000 and producing an annual income of $9,500,000.00. Duties included overseeing of all rental properties in the Nunez portfolio in Southern California and San Antonio Texas. Responsible for the drafting of the NSP program with the City of San Bernardino and Rialto.

1999-2003 — Capital Investment Network — Multi Family Mgr

Responsible for takeovers in and out of State for several 200+unit manufactured Home communities. In addition takeovers on Retail and Retail/Office complexes Multi-family acquisition and management.

1991-1999 — Capital Investment Network — Owner Multi Family

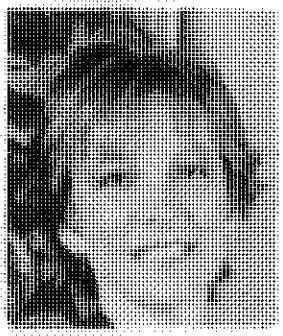
In partnership acquiring, renovating, leasing, managing 250 multi-family units in Southern California, most specifically in the Inland Empire. Duties included Identification, analysis, negotiation, acquisition of multi family units from eight to 62 units. The rehabilitation of these units to add value as well as operate them Professionally and make them ready for either long-term hold or sale. Additional Duties included micro-managing and managing several property management firms and analysis of budgets, operating expenses, maintenance procedures, leasing and Capital improvements.

1982-1991 Visiting Lecturer UCI Visiting Lecturers

Classroom and in-studio instruction of undergraduate as well as graduate students.

References

Mr. WA (Andy) Wingert, Senior Code Supervisor, City of Ontario CA.	909 395 2334
Ms. Karen De Vrieze, Code enforcement director, City of Ontario CA	909 395 2007
Mr. Kevin Randolph, Esq., Shareholder Gresham, Savage APC	909 723 1703
Mr. Michael Myers, Esq., Owner Myers and Siegel	909 641 3392
Mr. Eric Beatty, Esq.	909 937 9891
Mr. Nicholas Firetag, Esq., Gresham Savage APC	951 684 2171
Mr. Marvin Maltzman, Esq.	626 516 1598
Mr. Robert Houts, Supervising Code Officer, City of San Bernardino CA	909 387 9891
Ms. Shannon Johnson, Housing Agency, City of San Bernardino CA	909 723 5129
Mr. Carey Jenkins, Housing Director, City of San Bernardino CA	909 723 5129
Mr. Donald Gee, Asst. Director of Economic development, San Bernardino CA	909 663 1044
Mr. Brent Schultz, Director of Housing, City of Ontario CA	909 395 2006
Mr. Greg Lantz, Asst. Director of Redevelopment, City of Rialto CA	909 879 1140
Mr. Alan Jones, Dean of Faculty, Pitzer College	909 621 8217
Ms. Susan Phillips, Assoc. Professor, Pitzer College (Ontario-Pitzer program)	909 621 8217
Mr. Norberto Nardi, AIA, Owner Nardi and Associates	626 599 1776
Ms. Beverly Reichik, City National Bank	213 673 8922
Mr. Mike Rizkowsky, City National Bank	213 673 8922
Mr. Charles (Chuck) Dunn, Multi Family VP, Charles Dunn Company	213 481 1800
Mr. Mike Nunez, Owner: The Nunez Team., RE Inc.	909 989 8931
Ms. Kimberly Ward, Citizens Business Bank	909 888 6363
Mr. Bruce Rajaee, VP Investments, Marcus and Millichap	909 605 1800



RANDI SORENSON
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- Software Integration

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- Web based seminars for accounting professionals
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Summa Cum Laude

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Masters in Taxation Candidate
Golden Gate University

Public Speaker Cards and Written Statement Cards Meeting January 24, 2011

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 7A

Date: 01-24-11

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.: 7A

Date: 1-24-11

Name: ALEX CSOTTI 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. 11/09

CTO 02018

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 7A

Date: 01-24-11

Name: Pat Hackenbach 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. 11/09

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: 7A

Date: 01-24-11

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 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 02019

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No.: ___

Date: 1/24/11

Name: Gretchen Carter City of Residence: Hercules

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.: 7A

Date: 01-24-11

Name: Victor Abruzzo City of Residence: T. O.

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 02010

City of Thousand Oaks
Rent Adjustment Commission
Public Speaker Card

Agenda Item No. 7A

Date 1-24-11

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: [illegible]

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. 7A

Date 1-24-11

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: [illegible]

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.: _____

Date: 1/24/2011

Name: Jay Fayloga City of Residence: Thousand Oaks

Address: 791 SAN DOVAL Pl. T.O. CA 91360

(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): _____

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: Given any level of rental increase on the residents of Ranch Mobile Home Park, the council should give consideration to the

— See back of card →

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

reality of displacement. A marginal increase in rent may cause some residents undue hardship, resulting in loss of housing.

There is no backup. All public housing agencies in the County of Ventura have closed their waiting list for senior housing or assistance due to their list being full. All private agencies, such as Many Mansions, have multi-year waiting lists.

Therefore, it is a possibility that an increase will result in homelessness of some residents. The council must not finalize their decision until a contingency plan is put in place for residents who may be exposed to this situation.

City of Thousand Oaks
Rent Adjustment Commission
Written Comment Card

Agenda Item No.: 7A

Date: Jan 24 2011

Name: PATRICK BECKHEGAN City of Residence: THOUSAND OAKS

Address: 2152 SKINNER CT. T O CA 91362
(Optional) Street City State Zip

E-Mail Address (Optional): pg41610@gmail.com Telephone (Optional): 497-2562

In Favor of: _____ Opposed to: ✓ Other: _____

Comments: The managers of Thunder Bird + Conejo Parks in Nov. of 2002 told me the CT was rent controlled - so did a spokesman for the city.

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.: 7A

Date: 01-24-11

Name: Albert Feldman City of Residence: Newbury Park

Address: _____ _____ ___ _____
(Optional) Street City State Zip

E-Mail Address (Optional): _____ Telephone (Optional): RAC2010-02

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 02023

Minutes (adopted)
Meeting January 24, 2011

MINUTES OF THE
RENT ADJUSTMENT COMMISSION
CITY OF THOUSAND OAKS

MEETING OF JANUARY 24, 2011

Call to Order:

The meeting of the Rent Adjustment Commission was called to order by Chair Wertheimer at 4:15 p.m. in the Council Chambers, 2100 Thousand Oaks Boulevard, Thousand Oaks, California.

Roll Call:

Commissioners Present: Chairman Wertheimer; Vice Chair Sheldon; Commissioner Feldman; Commissioner Ferruzza, and Commissioner Silacci present. Alternate Commissioners Schutz and Klussman were not present.

Also present were the following staff members and City Consultants:

Community Development Director Prescott
Assistant City Attorney Hehir
Assistant City Attorney Norman
Assistant Finance Director Wilson
Housing Manager Watson
Mr. James Brabant, Appraiser
Senior Planner Hatcher
Assistant Analyst Oshita
Administrative Clerk II Diegel
Sr. Recording Secretary Vaudreuil
Dr. Ken Baar, Consultant

Written Comments / Announcements / Continuances:

Supplemental Packet material – Received.

Assistant City Attorney Norman summarized the documents provided in the Supplemental Packet which included information on 1) Ventura County rental limits for extremely low income, very low income, lower income, and moderate income, 2) Declarations of tenants, 3) a Brief of the Tenants' Association, and 4) correspondence from Patrick Geoghegan. Mr. Norman also noted he prepared a draft resolution for consideration by Commission should Commission conclude its deliberation on this matter this evening.

Minutes:

Motion by Commissioner Silacci passed (5-0) to approve Minutes of January 18, 2011 Special Meeting.

Department Reports: None

Public Hearing: (Continued from December 6, 2010)

Chairman Wertheimer made remarks concerning hearing procedures.

Senior Recording Secretary Vaudreuil announced the Public Hearing for:

Case: Ranch Mobile Home Park Rent Adjustment Application (RAA-2010-02)

Speakers:

Boyd Hill, Irvine, applicant's attorney, gave a PowerPoint presentation and submitted a revised Attachment 1 to the rent adjustment application for Ranch Mobile Home Park amending the requested rent increase to $466.12 per month per space.

John Neet, Fallbrook, applicant's Appraiser (expert witness), gave overview of appraisal and submitted a correction to the appraisal (Attachment No. 5 replaced) for Ranch Mobile Home Park.

Michael McCarthy, Mission Viejo, applicant's Account (expert witness), gave overview of financial analysis of application and provided a correction to Attachment No. 8.

Gretchen Carter, Hercules, applicant's park manager company representative (expert witness).

Bruce Hohn, Corona, applicant, park owner representative (expert witness).

Chandra Spencer, Oak Park, Attorney for Association of Ranch Tenants. Cross examined Applicant Attorney and Applicant's expert witnesses. Ms. Spencer then provided testimony on behalf of the Park tenants, including a PowerPoint Presentation.

James Wolf, Thousand Oaks, resident of Ranch Mobile Home park.

Valerie Hopkins, Thousand Oaks, resident of Ranch Mobile Home Park.

Georgia Nordblam, Thousand Oaks, resident of Ranch Mobile Home Park.

Jake Lang, Thousand Oaks, accountant for Park tenants (expert witness).

Randi Sorenson, Thousand Oaks, accountant for Park tenants (expert witness).

Public Testimony:

Don Henricks, Thousand Oaks
Audrey Fayloga, Thousand Oaks
Henry J. Heeber, Thousand Oaks
Judy Hirai, Thousand Oaks

Alex Scotta, Thousand Oaks
Francis "Frank" Morton, Thousand Oaks
Vic Abrunzo, Thousand Oaks
Margaret Riggs, Thousand Oaks

Motion by Commissioner Feldman passed (5-0) to continue public hearing to February 7, 2011.

Commissioner Feldman commented to audience expressing request for those remaining in audience to assure Ranch residents that had to leave early that Commissioners have received all correspondence submitted by residents.

Public Comments on items other than the public hearing: None

Commission Comments: None

Adjournment: at 11:22 p.m. to February 7, 2011 at 6 p.m.

Lloyd Wertheimer, Chair
Rent Adjustment Commission

7 FEBRUARY 2011
Date Approved

Notice of Continuance of Public Hearing to February 7, 2011

City of Thousand Oaks

Community Development Department

Rent Adjustment Commission

NOTICE OF CONTINUANCE:

Rent Adjustment Application for Ranch Mobile Home Park (RAA 2010-02); Location: 2193 Los Feliz Drive; Applicant: A.V.M.G.H. Five Limited.

Notice is hereby given that the Rent Adjustment Commission of the City of Thousand Oaks, at their Special Meeting of January 24, 2011, continued said Public Hearing to **February 7, 2011**. Said continuance was passed by the following vote:

Ayes:	Chairman Wertheimer, Commissioners Ferruzza, Mohr Feldman, Sheldon, and Silacci
Noes:	None
Absent:	None

Lilia Vaudreuil

Lilia Vaudreuil, Recording Secretary

January 25, 2011

I, Lilia Vaudreuil, declare as follows:

That I am the Recording Secretary for the Rent Adjustment Commission of the City of Thousand Oaks. The public hearing scheduled at the Special Meeting of the Rent Adjustment Commission of the City of Thousand Oaks was held, but not completed on January 24, 2011. Since said public hearing was not completed, it was continued to February 7, 2011. I further declare that on January 25, 2011 at the hour of 11:30 a.m. a copy of said notice was posted at a conspicuous place near the door at which said meeting was held.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on January 25, 2011, at Thousand Oaks, California.

Lilia Vaudreuil

Lilia Vaudreuil, Recording Secretary

Post: Council Chambers Door, CAP Entry
File: Packet File

CDD:430-45/rw/h:/Common/Housing & Redevelopment/Rent Control/RAC/RAC 2011 Meetings/Continued RAC PH Ranch MHP 1-24-11

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

January 24, 2011 | **4:00 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 City Web Page.

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 Web Page.

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.

Special Meeting Public Input: Only issues listed on a special meeting agenda may be addressed pursuant to the Brown Act.

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
JANUARY 24, 2011

1. **CALL TO ORDER**: 4:00 P.M.

2. **PLEDGE OF ALLEGIANCE**:

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

4. **WRITTEN COMMENTS / ANNOUNCEMENTS / CONTINUANCES**:

5. **APPROVAL OF MINUTES**: January 18, 2011 – Special Meeting - Thunderbird Oaks Mobile Home Park Rent Adjustment Application Hearing (RAA-2010-01)

6. **DEPARTMENT REPORTS**: NONE

7. **PUBLIC HEARING (Continued from December 6, 2010)**:

   A. **(Continued 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.
RECOMMENDATIONS:	That the Commission adopt a resolution granting 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 90 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.

8. **PUBLIC COMMENTS**:

9. **COMMISSION COMMENTS**:

10. **ADJOURNMENT**:

Rent Adjustment Commission Meeting February 7, 2011

Agenda
Meeting February 7, 2011

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

February 7, 2011	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.

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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 Web Page.

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.

Special Meeting Public Input: Only issues listed on a special meeting agenda may be addressed pursuant to the Brown Act.

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.

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.** Alternate Commissioners **Klussman**, **Schutz.**

4. **WRITTEN COMMENTS / ANNOUNCEMENTS / CONTINUANCES:**

5. **APPROVAL OF MINUTES:** January 24, 2011 – Special Meeting - Ranch Mobile Home Park Rent Adjustment Application Hearing (RAA-2010-02)

6. **DEPARTMENT REPORTS:** NONE

7. **PUBLIC HEARING (Continued from January 24, 2011):**

   A. **(Continued 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 the amended amount of **$466.12** per month, per space, to achieve a Just and Reasonable Return.
RECOMMENDATION:	That the Commission adopt a resolution granting 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.

8. **PUBLIC COMMENTS:**

9. **COMMISSION COMMENTS:**

10. **ADJOURNMENT:**

Supplemental Packet #1
Meeting February 7, 2011

Rent Adjustment Commission

SUPPLEMENTAL PACKET

Meeting of

February 7, 2011

Supplemental Comments by Dr. Baar dated February 2, 2011 & Tenant letter dated January 25, 2011

21.1

Supplemental Comments on RANCH MHP Rent Increase Application

Dr. Kenneth K. Baar

Feb 2, 2011

This author's report and this supplement comment were 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.

I. Authority for Indexing Net Operating Income at Less than 100% of the Percentage Increase in the CPI

In response to this author's citations to cases upholding indexing of net operating income (NOI) at less than 100% of the percentage increase in the CPI, the Park Owner contends that these cases can be distinguished. The claimed basis for this distinction is that the cited cases involved situations in which the ordinance prescribed an indexing ratio while Thousand Oaks does not prescribe a particular indexing ratio.

This author believes that this characterization is factually incorrect and, furthermore, it would not be significant from a fair return perspective even if it were correct.

In response to this author's conclusion that Berger v. City of Escondido[1] was in a case in which 50% indexing was upheld even though not a ratio under 100% was not prescribed by the ordinance, the Park Owner's attorney contended that this ordinance did prescribe an indexing ratio under 100% He referred to the applicability of 60% and 70% ceilings under the ordinance. However, those were ceilings on automatic increases rather than on increases and/or indexing ratios pursuant to an MNOI standard. The Appellate Court opinion recounts how the Board was presented with the options of using 40%, 75%, and 100% indexing in applying the MNOI standard.[2] These options could not have been presented if the ordinance limited the indexing ratio to a level below 100%.

In any case, this author does not believe that such a distinction would be significant from a fair return perspective. From a fair return perspective, it would not matter if 50% indexing was mandated by an ordinance or the outcome of a decision applying an MNOI standard which did not specify an indexing ratio. The economic impact on the regulated park owner would be precisely the same.

II. The Contention that Net Operating Income will Decline to Zero if Less than 100% Indexing is Permitted

The Park Owner's fair return expert has submitted a chart which concludes that net operating income (NOI) will eventually be reduced to zero if less than 100% indexing is permitted under an MNOI standard.

In fact, the chart illustrates what would happen if overall rent increases were always inadequate to cover increases in operating expenses. This result could occur if the annual rent increases are not adequate.

---

[1] 127 Cal.App.4th 1 (2005)

[2]. The opinion noted: "Dr. Baar's report includes alternate MNOI standards that adjust 1998 NOI of $373,993 by various percentages of the inflation rate, or increase of 14.66 percent in the CPI between the end of 1998 (the date of Berger's last application for a rent increase) and the end of 2001. Dr. Baar calculated that indexing of 40 percent, 70 percent and 100 percent would require additional rent increases of $11.94, $20.90, $29.86, respectively." Id. 127 Cal. App. 4th at 10.

However, the MNOI standard by definition could not result in a situation in which the NOI would be reduced to zero. Instead, the MNOI standard provides for a right to maintain base period NOI levels and, therefore, guarantees that permitted rent increases must be adequate to cover operating expenses. Furthermore, the standard provides for a right to growth in net operating income, although that growth may not be at the same rate as 100% of the percentage increase in the CPI.

III. Response to the Residents Contention that the Park Owner's Foregone Rent Increases Should be Imputed in an MNOI Analysis.

The Park Residents contend that the increases which the Park Owner was permitted but has not implemented should be added to the actual rental income for the purposes of calculating current income in an MNOI fair return analysis. The basis for their claim are the regulations which state that:

> ***Gross total income is determined by adding ... Adjusted Income for Below Market Rentals. (Sec. 2.01),***
>
> ***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. (Section 2.05)***

However, these sections are a part of provisions designed to permit park owners to obtain adjustments of unusually low base rents that do not reflect market conditions. See Stardust Mobile Estates, LLC v. City of San Buenaventura, interpreting identical provisions in the Ventura mobilehome rent ordinance. [3]

The Residents' proposed interpretation would turn this provision on its head by adding to the current rental income of the Park Owner amounts that could not be charged, rather than allowing the Park Owner to obtain an adjustment to base rents that did not reflect market conditions.

Also, the regulations provide for the treatment of foregone rent increases in a different manner. The regulations provide for a "Price Level Adjustment" to the Base Rents in cases where rent increases were authorized subsequent to the adoption of the ordinance but were not implemented. (See RAC. No. 2, Sec. 3.04 & 3.05) The concept is to provide a park owner with a second chance to implement foregone rent increases. In contrast, imputing the foregone rent increases into current income for the purposes of a fair return analysis, would turn the Price Level Adjustment mechanism on its head if the Park Owner is not actually permitted to implement the foregone increases. Such an approach would result in a fair return determination based on the inclusion of a rent level which had no connection with the rental income that a park owner could actually realize.

---

3 147 Cal.App.4th 1170, 1183 (2007)

IV. The 8% Ceiling on Allowable Management Expenses

The regulations provide for an 8% ceiling on allowable management and administration expenses. (Resolution No. RAC 2, Sec. 2.11). However, they also provide that *"The methods authorized herein are not exclusive. Alternate approaches may be employed by the Commission."* (Resolution No. RAC 2, Sec. 1.04).

In this exceptional case, in which the rents remained virtually frozen for 30 years, the application of this 8% ceiling would not be reasonable since it would result in a situation in which the management and administration expenses allowable under the MNOI fair return analysis would also remain virtually frozen between two periods thirty years apart. However, it could not be expected that the Park Owner would not incur a substantial increase in management and administration expenses due to inflation over a 30 year period. Also, an 8% cost ceiling would not be reasonable in a case in which the rents are far below the rents that reflect market conditions.

V. Qualification of Fair Return Analysis - No opinion about applicability of rent stabilization ordinance in this case

The fact that I have prepared an analysis of fair return pursuant to the Rent Stabilization Ordinance does not represent a conclusion on my part as to whether or not the ordinance is applicable to the Ranch Mobile Home Park. Instead, the analysis was undertaken with the assumption that the Ordinance is applicable to Ranch.

+o. 1-25-11

+o. Rent Stabilization Committee

Regarding: Ranch Mobile Home Park

Dear Patient Listeners,

One last letter.

I haven't heard a point mentioned that I wish to raise. Yes we paid too much for our coaches, as Bruce Hohn pointed out to us at a private meeting. But what he doesn't understand is that a mobile home is only as valuable as where it sits. The same coach in a park outside Las Vegas has a totally different value if it sits in malibu, where old coaches can go for 1 mil.

Ranch was valuable only because of the low-space rent. It was commonly believed that the low rent was protected by the city.

When I bought in 2005 only one coach was for sale. Pay the $80,000. or not be there.

I believe the park was only valuable

the owner for 30 years also because of the low rent.

People begged the managers (including me) to notify them if a coach came on the market.

If the space rent had been market value, it would not have stayed full with hand picked tenants by management.

There were and are many beautiful Parks to choose from at market rents, with swimming pools, Rec. rooms, grassy areas, trees and other amenities, which ranch does not have.

I wanted to stay in the area because my Kids were here. Sound familiar? Now I would like to follow them, but cannot sell the home for half the price I paid. Probably cannot give it away.

If the owners are using the "Slum Lord" tactics of pricing us out, to be able to redevelope, they should be fair and give us a decent relocation package.

Thank you for all your time and honest concern to do the right thing. You must be exhausted.

Respectfully
Marie Allen

CTO 02040

Supplemental Packet #2
Meeting February 7, 2011

Rent Adjustment Commission

SUPPLEMENTAL PACKET #2

Meeting of

February 7, 2011

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: February 7, 2011

SUBJECT: **Supplemental Packet # 2 / Rent Adjustment Application for Ranch Mobile Home Park.**

Supplemental Packet #2 includes two documents received today for your consideration regarding the Rent Adjustment Application for Ranch Mobile Home Park. These documents are identified as:

1) SUPPLEMENTAL BRIEF OF TENANT'S ASSOCIATION IN SUPPORT OF JURISDICTIONAL OBJECTIONS TO DETERMINATION OF RENT INCREASE APPLICATION BY RENT ADJUSTMENT COMMISSION and cover letter dated February 7, 2011 received from Mr. John A. Taylor Jr. (Horvitz & Levy LLP); and,

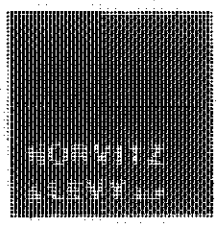
2) DECLARATION OF MICHAEL E. MCCARTHY IN REBUTTAL OF TENANTS EXTERT PRESENTATION dated February 7, 2011 received from Mr. Boyd L. Hill (Hart, King & Coldren).

Supplemental Brief of Tenant's Association

To Russ Watson
2/7/11
ff

2011 FEB -7 AM 9:41

CITY CLERK DEPARTMENT
CITY OF THOUSAND OAKS



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February 7, 2011

VIA MESSENGER

City Clerk's Office
City of Thousand Oaks
2100 Thousand Oaks Boulevard
Thousand Oaks, CA 91362

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

Dear City Clerk:

In connection with the continued hearing scheduled at 6 p.m. today in this matter, enclosed are an original and 10 copies of a "Supplemental Brief Of Tenants' Association In Support Of Jurisdictional Objections To Determination Of Rent Increase Application By Rent Adjustment Commission." As noted on the proof of service, the brief has already been served by e-mail on the City Attorney's office and counsel for A.V.M.G.H. Five, Ltd.

Finally, Christopher Norman, the Assistant City Attorney, has requested that the briefs be forwarded by your office to Russ Watson.

Very truly yours,

John A. Taylor, Jr.

JAT:mmg
Enclosures

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CALIFORNIA RURAL LEGAL ASSISTANCE, INC.
EILEEN MCCARTHY (Bar No. 99937)
338 South A Street
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(805) 483-8083 • FAX: (805) 483-0535

ILENE J. JACOBS (Bar No. 126812)
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Marysville, California 95901-5525
(530) 742-7235 • FAX: (530) 741-0854

Attorneys for
ASSOCIATION OF RANCH TENANTS

CITY OF THOUSAND OAKS

RENT ADJUSTMENT COMMISSION

IN RE: RANCH MOBILE HOME PARK,

SUPPLEMENTAL BRIEF OF TENANTS' ASSOCIATION IN SUPPORT OF JURISDICTIONAL OBJECTIONS TO DETERMINATION OF RENT INCREASE APPLICATION BY RENT ADJUSTMENT COMMISSION

Date: February 7, 2011
Time: 6:00 p.m.

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INTRODUCTION

In its brief previously filed in connection with the January 24, 2011 hearing in this matter, the Association of Ranch Tenants (the Tenants) explained that the Rent Adjustment Commission's jurisdiction is limited to carrying out the provisions of the Mobile Home Rent Stabilization Ordinance or of any ordinance regulating rents in apartment complexes. (Thousand Oaks Mun. Code, § 5-25.03, subd. (c).) The Tenants further explained that the Board's jurisdiction does not extend to Ranch Mobile Home Park, because rent increases at the park are not governed by the Ordinance, but rather by a resolution the City Council enacted specially for Ranch Mobile Home Park (Resolution 84-037) that limits the maximum annual rent increase for tenants to four percent.

At the January 24 hearing, counsel for Ranch Mobile Home Park A.V.M.G.H., Ltd. (Ranch) responded to the Tenants' jurisdictional objections by arguing that Government Code section 65915 (section 65915) contains a 30-year "sunset" provision applicable to the low income residence conditions and rent restrictions that Ranch agreed to in 1977, when it received zoning changes and developmental fee waivers from the City that permitted Ranch (or its predecessor) to build the park. As explained below, section 65915 does not contain any such "sunset" provision, nor would the statute have any application to Ranch Mobile Home Park even if it did.

Ranch has also argued (in a legal memorandum attached to its original rent adjustment application) that Resolution 84-037 is unenforceable because it qualifies as a zoning change, and because zoning provisions regulating the use of land must be adopted by ordinance rather than resolution. That argument rests on a false premise—that Resolution 84-037 changed the zoning for the property. As explained below, Ranch agreed to the rent increase restrictions in connection with obtaining a conditional use permit to develop the park, and *City of Sausalito v. County of Marin* (1970) 12 Cal.App.3d 550, 564 (*City of Sausalito*), the only case cited by Ranch, explains that a conditional use permit is administrative in character and does *not* require legislative action.

LEGAL ARGUMENT

I. THE GOVERNMENT CODE DOES NOT IMPOSE ANY 30-YEAR LIMITATION ON RESOLUTION 84-037.

During the January 24, 2011 hearing, and in response to the Tenants' jurisdictional objections to the Rent Adjustment Commission proceedings in this matter, Ranch's counsel reiterated an argument previously asserted in a memorandum attached to its application for a rent increase—that "Government Code Section 65915 expressly limits continued affordability conditions for properties receiving density bonuses (i.e., the fee and improvement waivers) to a 30 year term," and "[t]herefore the City's low income residence and rent restriction conditions expired by operation of law in 2007, 30 years after they were adopted in 1977." (Ranch RAC Application, attachment 10, p. 5.) Ranch's argument has no merit for three independent reasons.

First, the statutory 30-year period for "continued affordability" applies only when the city has awarded a "density bonus" in return for constructing low-income housing[1] and that did not happen with Ranch Mobile Home Park. " '[D]ensity bonus' means a density *increase* over the otherwise maximum allowable residential density as of the date of application by the applicant to the city, county, or city and county." (Gov. Code, § 65915, subd. (f), emphasis added; accord, 9 Miller & Starr, Cal. Real Estate (3d ed. 2007) § 25:37, p. 25-158.) Here, the City's development permit did not grant any density bonus, but did exactly the opposite—it *decreased* the applicable density requirements to allow the construction of a trailer park that was *less* dense than the zoning classification for the property. (6/24/74 Planning Dept. Staff Report, pp. 2 ["The proposed zoning would be of a consistent (*or even lower*) density with the Land Use Element, which recommends 'high density residential' " (emphasis added)], 3 ["the zone change, if approved, would reduce the traffic

---

[1] The sole reference to any 30-year period in section 65915 is found in subdivision (c)(1), which provides in pertinent part:

> An applicant shall agree to, and the city, county, or city and county shall ensure, continued affordability of all low- and very low income units that qualified the applicant for the award of the density bonus for 30 years or a longer period of time if required by the construction or mortgage financing assistance program, mortgage insurance program, or rental subsidy program.

generation potential of the subject property"] (see attachment A hereto).) Therefore, even if section 65915 did impose a 30-year time limit on rent increase restrictions where a "density bonus" has been granted, it would have no application here.

Second, Resolution 84-037 was adopted in 1984. Even if section 65915 did contain an applicable 30-year "sunset" provision (it does not), the resolution would remain valid through 2014.

Third, section 65915 actually does *not* contain any 30-year cut-off on all "affordability conditions," as Ranch contends. The statutory language (see *ante*, fn. 1) merely sets a floor, not a ceiling, on the duration of certain affordability conditions. It ensures a *minimum* 30-year period for such conditions where the statute applies, but does not mandate any expiration of such conditions after 30 years as Ranch contends. Had the Legislature intended what Ranch wishes, the Legislature would have said so, such as by providing that "after the expiration of 30 years, an applicant shall no longer be required to ensure the affordability of all low- and very low income units that qualified for the award of the density bonus." Indeed, Ranch does not cite a single authority interpreting section 65915, subdivision (c)(1), as providing a sword for landlords to wield against tenants of low income housing. If the Legislature *had* provided landlords with such a powerful weapon, allowing them to recapture low-income units after 30 years in order to begin charging market rents, one would reasonably expect to see extensive use of that provision, and extensive discussion by commentators and in reported decisions regarding its intended reach. But as far as we can determine, no case or treatise has ever interpreted section 65915, subdivision (c)(1), in the manner proposed by Ranch.

II. RESOLUTION 84-037 IS NOT INVALID FOR FAILURE TO PROCEED BY WAY OF ORDINANCE.

In its memorandum analysis, Ranch also argues that Resolution 84-037 cannot be enforced because state law requires "legislative zoning provisions regulating the use of land be adopted by ordinance rather than resolution," and that, "[b]ecause the practical effect of Resolution 84-037 was to rezone the Ranch, it was invalid for failure to proceed by way of ordinance as required by State law." (Ranch RAC application, attachment 10, p. 5, citing *City of Sausalito, supra*, 12 Cal.App.3d at p. 566.)

But as noted in *City of Sausalito*—the very case Ranch cites as support for this argument—"a

conditional use permit . . . ordinarily does *not* require legislative action amending an underlying zoning ordinance because the act of granting such permit is administrative in character and does not involve a change in the ordinance." (*City of Sausalito, supra*, 12 Cal.app.3d at p. 564, emphasis added; see also *Hawkins v. County of Marin* (1976) 54 Cal.App.3d 586, 591 ["it is a widely accepted rule that the issuance of a conditional use permit does not amount to a zoning change, and hence need not be effected in compliance with rezoning procedures"]; *Essick v. City of Los Angeles* (1950) 34 Cal.2d 614, 622-623 [rejecting contention that issuance of a conditional use permit authorizing the location of a cemetery in an R-1 zone constituted a zoning change]; *Case v. City of Los Angeles* (1963) 218 Cal.App.2d 36, 40 [validating permit that allowed the construction of an apartment complex in an R-1 zone].) That is precisely the situation here. The original rent increase restrictions at the park were implemented in 1974 when the City approved a TPD permit for the property (TPD 74-6) and thereby allowed construction of the mobile home park.[2] (See Ranch RAC Application, attachment 3, appen. E, exh. A [condition 27]; 12/6/10 Staff Report, p. 5.) Resolution 84-037, subsequently adopted by the City Council in 1984, did not change the zoning for the property, but merely implemented a new formula that was more favorable to the owners than the original use permit.

Nor does the *City of Sausalito* decision provide any support for Ranch's contention that "the practical effect of Resolution 84-037 was to rezone the Ranch," requiring an ordinance rather than a resolution. In that case, the County board of supervisors adopted by resolution a master plan that "amounted to a full-scale rezoning" of a piece of land exceeding 2,000 acres in size. (*City of Sausalito, supra*, 12 Cal.App.3d at p. 562.) The master plan "excluded agricultural uses from the tract where the interim classification had permitted them"; "provided for 800 acres of apartments . . . where

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[2] Ranch rightly does not challenge the validity of the TPD permit that made development of Ranch Mobile Home Park possible in the first instance. (See *Scrutton v. County of Sacramento* (1969) 275 Cal.App.2d 412, 419 [approval of landowner's application to rezone property from agricultural to multiple family residential "represented 'spot zoning' of an individual parcel" that "is valid when long-term changes in the neighborhood have created conditions compatible with the proposed new use"].)

the interim classification had permitted single-family residential structures only"; "supplanted the limited commercial uses permitted by the interim classification with intensive and varied commercial uses of 529.8 acres"; and "permitted industrial use of 175 acres . . . where the interim classification had not permitted industrial use at all." (*Id.* at p. 563.) The court concluded an ordinance rather than a resolution was required because "[t]he board's adoption of these proposals in the master plan brought the situation within the rule . . . that such 'change or alteration in the actual physical characteristics of the district and its configuration amount to a rezoning of the district and may only be accomplished pursuant to the provisions of the state statutes and the local ordinances consistent therewith providing for zoning and rezoning.' " (*Ibid.*)

Here, by contrast, Resolution 84-037 merely implemented a rent increase formula more favorable to Ranch than the formula it had originally agreed upon, and did not change the underlying zoning for the property, or alter its physical characteristics or its configuration. No legislative action was therefore required.

Finally, even if Ranch *were* correct that Resolution 84-037 is invalid because it was not enacted as an ordinance, that would merely mean that any rent increase would be limited to the 11 percent "return on investment" formula in condition 27 of TPD 74-6 which, as noted, is far less favorable to the landlord than the annual four percent maximum increase subsequently permitted by Resolution 84-037. If Ranch's owners wish to stipulate that condition 27 governs rent increases at the park rather than the more favorable (to Ranch) resolution, the Tenants obviously would not object to that approach. However, even such a stipulation would not give the Rent Adjustment Commission any jurisdiction in this matter, since TPD 74-6, and not the Rent Stabilization Ordinance, would govern rent increases at the park.

CONCLUSION

For all the foregoing reasons, Ranch's arguments regarding why Resolution 84-037 no longer governs Ranch Mobile Home Park are without merit. Because the park is governed by that resolution, and not by the Rent Stabilization Ordinance, the Rent Adjustment Commission has no jurisdiction in this matter, and should either reject the pending rent adjustment application altogether, or refer it to the City Council for consideration.

February 7, 2011

HORVITZ & LEVY LLP
DAVID S. ETTINGER
JOHN A. TAYLOR, JR.

CHANDRA GEHRI SPENCER

CALIFORNIA RURAL LEGAL ASSISTANCE, INC.
EILEEN MCCARTHY
ILENE J. JACOBS

By: _____
John A. Taylor, Jr.

Attorneys for **ASSOCIATION OF RANCH TENANTS**

A

MEMO

TO: City Council

FROM: Planning Department

SUBJECT: Z-74-339 (Chet Wyckoff)

DATE: August 23, 1974

The attached Staff Report was presented to the Planning Commission on this subject zone change application to reclassify approximately 15 acres of land located on the north side of Los Feliz Drive approximately 330 feet west of Conejo School Road from RPD-15U to T-P-D.

Based on this Staff Report and on the statements received at the Public Hearing of July 22, 1974, the Planning Commission (by a 4 to 0 vote) recommended that the subject property be reclassified from the RPD-15U zone to the T-P-D zone.

Philip E. Gatch
Planning Director

PEG:pb

Attachments

PLANNING DEPARTMENT
STAFF REPORT

Meeting of July 22, 1974

TO: Planning Commission

FROM: Planning Department

REPORT: Z-74-339

APPLICANT: Chet Wyckoff

FILED: June 24, 1974

REQUEST: A request for a change of zone from RPD-15U to TPD (Trailer Park Development) has been filed for a 5-acre site located on Los Feliz Drive, approximately 325 feet west of Conejo School Road.

USE: The subject property is mostly vacant, except for approximately two single-family homes and an area used for equipment storage.

PARCEL SPECIFICATIONS: The subject property consists of 5 acres and is generally rectangular in shape, measuring 305 feet by 675 feet.

STREET SPECIFICATIONS: Los Feliz Drive has a 40-foot right-of-way, with approximately 26 feet of paving adjacent to the subject property.

ADJACENT ZONING: Adjacent zoning is R-3 to the east, RPD-15U to the south and west, and R-1-10 and R-E to the north.

ADJACENT LAND USES: Adjacent land uses include vacant land and single-family homes to the east, south and north and apartments to the west.

PREVIOUS CASES: Relevant previous cases include Z-72-220, which approved a change of zone on the subject property from R-E-1Ac to RPD-15U, RPD-72-100 and Tract 2293, which authorized construction of approximately 73 condominiums and apartments on the subject property. This RPD and tract have since expired.

GENERAL PLAN RECOMMENDATION: The Land Use Element of the General Plan designates this area as "high density residential."

EVALUATION: A request for a change of zone from RPD-15U to TPD has been filed to facilitate development of a mobile home park on a 5-acre site located immediately easterly of the Casa de Los Feliz apartments, on the north side of Los Feliz Drive about 350 feet west of Conejo School Road. The subject property is nearly level and has numerous mature trees, including three oak trees.

Trailer Park Development Policies

The Thousand Oaks General Plan states that "mobile home parks should be located in the appropriate topographic setting." This policy has been generally construed in the past to mean that the parks should be located in visually isolated areas, particularly with respect to freeways and detached home subdivisions. The subject property has only some of these attributes. It is partially visible to the Ventura Freeway

and abuts a single-family subdivision on a 75-foot stretch of its northerly boundary and a single home near its easterly boundary. Therefore, it is questionable whether or not this site can be determined to comply with this General Plan policy.

Land Use Element of the General Plan

The proposed zoning would be of a consistent (or even lower) density with the Land Use Element, which recommends "high density residential." While mobile home parks usually develop at about 7-10 units per acre, the applicant plans to submit an application for a TPD permit to facilitate a lower-income park at about 17 units per acre. This would require deviation from the requirements of the TPO zone, which would have to be considered in conjunction with the TPD permit application. In general, though, any mobile home density would be consistent with the Land Use Element of the General Plan.

Site Size

The TPD zone specifies that "a trailer park shall have a minimum gross site area of ten (10) acres" (Section 9-4.2004 of the Municipal Code). In that the subject property contains only 5 acres, there is a conflict with this code provision. Under Section 9-4.2004, however, the Planning Commission is authorized to waive that requirement in granting a TPD. If the Planning Commission, in its evaluation of this case, does not feel a waiver of the site size would be worth considering, then Z-74-339 should be denied.

The Planning Department would recommend, however, that if mobile home parks can be considered for this portion of town, that sites smaller than ten acres be utilized to provide a better integration with other developments and because of the general lack of suitably zoned sites over ten acres in size.

Need for TPD Zoning

The General Plan recommends that 3-4% of the Valley's anticipated 1985 housing stock of 33,000 units would be an appropriate proportion of mobile homes. This would be about 1,000-1,200 units. Presently, there are approximately 830 existing or approved mobile home spaces within the Planning Area.

Most existing mobile home parks in the Valley are full or nearly full, with the exception of Vallecito, on Old Conejo Road, which presently has only 50% of its 302 spaces occupied. This park has been in existence for about 2 years.

While no specific development permit application is before the Planning Commission at this time, the applicant has indicated that he wishes to construct a trailer park which would provide housing for lower-income groups, particularly senior citizens. Presently, this kind of housing is not available in any significant quantity; in fact, a recent commercial development required a loss of 20 spaces in a smaller inexpensive park.

Environmental Impact

The Planning Department has made a Negative Declaration for Z-74-339 on the basis that the change of zone from RPD-15U to TPD would not result in any increased demands on service systems, including circulation. Furthermore, the existing topography of the site is generally without significant aesthetic character, and existing major trees could be preserved in a trailer park development.

Although the zone change, if approved, would reduce the traffic generation potential of the subject property as outlined in Table 1, below, future traffic volumes on Los Feliz Drive have been a matter of concern for many years. The method generally agreed upon to reduce future traffic problems, particularly at the intersection of Los Feliz Drive and Erbes Road, is to construct a new access road from Los Feliz Drive to either Thousand Oaks Boulevard or Erbes Road. To this end, a condition was placed on the previous tract on the subject property that it would become a part of an assessment district to provide an additional access route.

Table 1
Comparative Traffic Generation

Category	Acres	Units/Acre	Units	Daily Trips/Unit	Daily Trips
RPD-15U	5	15	75	6-9[1]	450-625
TPD	5	9-10	45-50	5.4[2]	240-270

[1]Sources: California Department of Transportation and Weber Associates.

[2]Source: California Department of Transportation.

Since the applicant has indicated that he will apply for a reduction in the requirements for lot area per mobile home to facilitate approximately 17 trailers per acre (or 85 total), we have evaluated potential traffic impact at that density as well. 85 mobile homes would produce approximately 460 daily trips at 5.4 trips per unit. However, if such a density occurred, the park would probably be inhabited mainly by older people and people with lower incomes, both of which groups have lower levels of vehicular traffic. Thus, traffic generation potential would probably be considerably lower than 460 daily trips, probably more in line with the 240-270 projected in Table 1 for a more typical TPD density.

Conclusion:

The subject property only complies with some of the City's criteria for trailer park location; however, since the proposed zoning and the corresponding permit are submitted to provide for lower-income housing for Senior Citizens, these deviations might be appropriate based upon the specific set of circumstances and providing the property owner guarantees, in an appropriate manner, to the City that this park will be used for this stated purpose.

In addition, since the TPD Ordinance requires a six-foot high block wall around the project, the Planning Department is further of the opinion that a trailer park at this location could be made compatible with the surrounding neighborhood, particularly if existing major trees on the site are preserved and new trees are planted within and around the park.

A waiver of the site size requirement of ten acres also is appropriate at this location, not only because a 5-acre site would have fewer total units then a 10-acre site, but because the scale of other developments in the area (such as nearby apartments and trailer parks) is more on the order of 5-acre sites than 10-acre sites. Parcel sizes in this part of town usually are substantially less than 10 acres.

It should be pointed out that at the zone change stage, there is no authority to grant waivers or variances of Municipal Code conditions. This can only be done within the Planning Commission's review authority of a TPD permit application, which will follow if the zone change is approved.

RECOMMENDATION: The Planning Department recommends that Z-74-339 be recommended to the City Council for a change of zone from RPD-15U to TPD.

Prepared by:

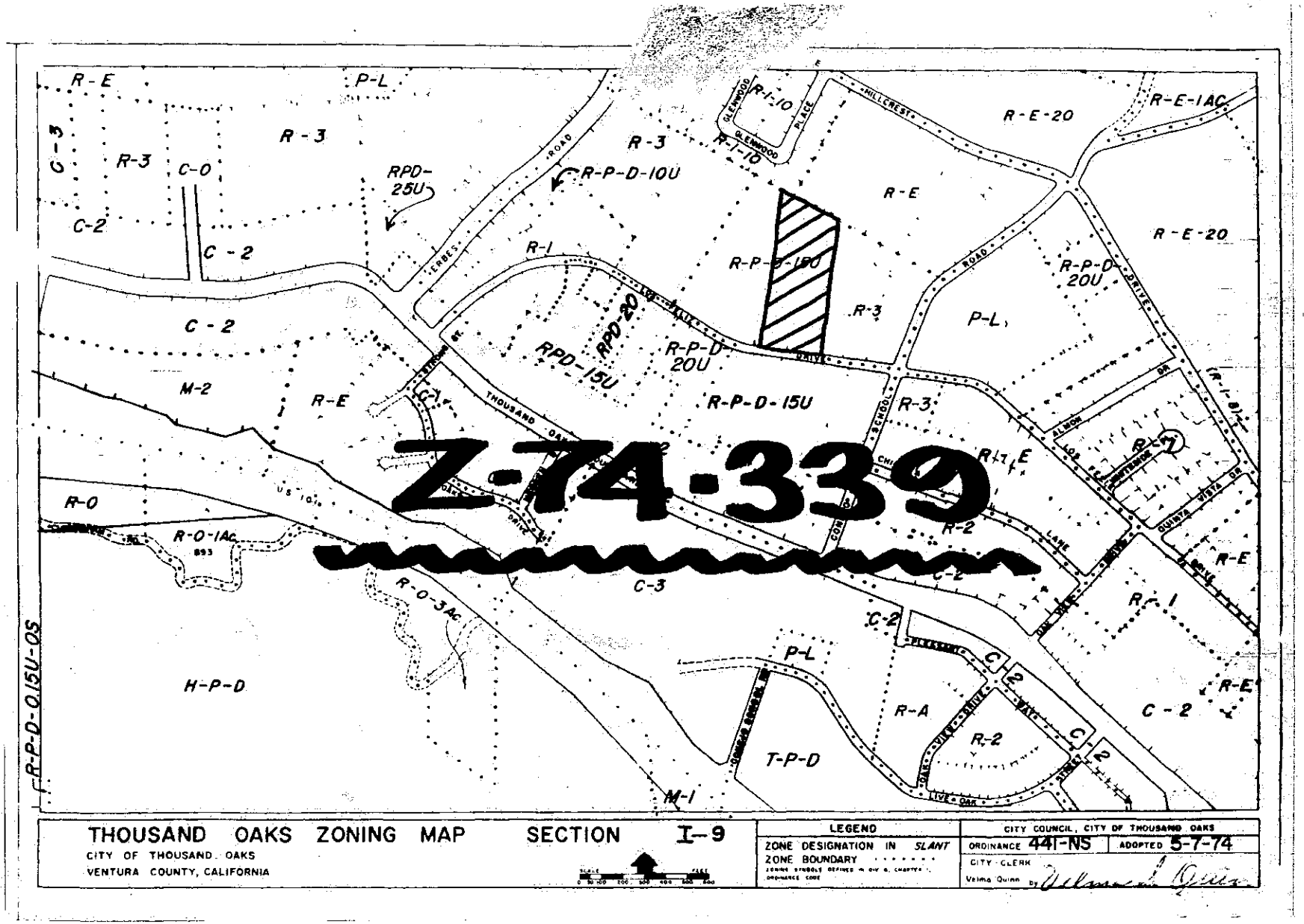
John C. Prescott
Associate Planner

Submitted by:

Philip E. Gatch
Planning Director

PEG:JCP:gem

attachment


Z-74-339
R-E
P-L
R-3
C-3
C-0
C-2
RPD-25U
R-P-D-10U
R-1-10
GLENWOOD PLACE
HILLCREST
R-E-20
R-E-1AC
R-1
R-P-D-10U
R-P-D 20U
RPD-20
RPD-15U
R-P-D-15U
M-2
R-0
R-0-1AC
R-0-3AC
C-3
H-P-D
R-P-D-0.15U-OS
T-P-D
R-A
R-2
C-2
R-1
THOUSAND OAKS ZONING MAP SECTION I-9
CITY OF THOUSAND OAKS
VENTURA COUNTY, CALIFORNIA
LEGEND
ZONE DESIGNATION IN SLANT
ZONE BOUNDARY
CITY COUNCIL, CITY OF THOUSAND OAKS
ORDINANCE 441-NS
ADOPTED 5-7-74
CITY CLERK
Velma Quinn

CTO 02059

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and not a party to this action. I am employed in the County of Los Angeles, State of California. My business address is 15760 Ventura Boulevard, 18th Floor, Encino, California 91436-3000.

On February 7, 2011, I served true copies of the following document(s) described as **SUPPLEMENTAL BRIEF ON TENANTS' ASSOCIATION IN SUPPORT OF JURISDICTIONAL OBJECTIONS TO DETERMINATION OF RENT INCREASE APPLICATION BY RENT ADJUSTMENT COMMISSION** on the interested parties in this action as follows:

SEE ATTACHED SERVICE LIST

BY E-MAIL OR ELECTRONIC TRANSMISSION: I caused a copy of the document(s) to be sent from e-mail address mgandola@horvitzlevy.com to the persons at the e-mail addresses listed in the Service List. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with Horvitz & Levy LLP's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on February 7, 2011, at Encino, California.

Millie Gandola

SERVICE LIST

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Attorneys for Ranch Mobile Home Park A.V.M.G.H., Ltd, and Andrew Hohn

Declaration of Michael E. McCarthy

22.2

DECLARATION OF MICHAEL E. MCCARTHY IN REBUTTAL OF TENANT EXPERT PRESENTATION

I, Michael E. McCarthy, declare as follows:

1. I am a partner of Anderson & Knuf, LLP (hereafter "Anderson & Knuf" and/or the "Firm"), and am a Certified Public Accountant licensed by the State of California. The factual matters set forth herein are personally known to me to be true, except those matters set forth on information and belief; and as to those matters, I am informed and believe them to be true. If called upon to do so, I could and would competently testify as to the truth of the factual matters set forth herein. The opinions set forth herein are based on my professional experience as an accountant and in reviewing and analyzing mobilehome park income and expense information to establish maintenance of net operating income rent increases in rent controlled jurisdictions. I have performed fair return analysis for approximately two dozen parks and testified at approximately eighteen rent control hearings over the last twelve years as a forensic accounting expert on the interpretation and application of rent control ordinances based on mobilehome park income and expense data.

2. The Rent Adjustment Commission (RAC) for the City of Thousand Oaks held a continued hearing for the Ranch Mobile Home Park January 24, 2011 in the City Council Chambers. At that hearing, the residents presented their case opposing the both the staff recommendation and the owner's application for a discretionary rent increase. As part of the residents' presentation, testimony and *Analysis of Income Expenses for 2009*, (the "Analysis") among other exhibits were provided by the Certified Public Accountant employed by the residents, Randi Sorensen, (the "expert") in support of the residents' position.

3. The Analysis as presented by the expert is flawed in many general and specific aspects which are enumerated below.

4. The structure of the Analysis is to list revenue and expenses as submitted

by the owner, and then "filter" many of the expenses through four general adjustments: 1) Removal of expenses purportedly not "allowed" under the guidelines, 2) Adjustment #1 less corrections to the three year averages used by the owner, 3) Adjustments #1 and #2 less corrections for "Industry Standards" and 4) Adjustments #1, #2 and #3 less limitations for administrative expenses at 8%. These adjustments are inappropriate for the following reasons:

a. "Unallowed" expenses under the guidelines: The expert attempts to use expenses enumerated in RAC-2 and RAC-5 as exclusive, and seeks to disallow any expenses not specifically listed. I believe this approach is inconsistent with the guidelines, which do not exclude any of the expenses the owner is claiming. I cite RAC-2 §2.08(c)(7) which allows "Other Operating Expenses" and RAC-2 §2.08(g) allows "Other Payroll Expenses" as examples of the tone of the guidelines. In general, the guidelines allow reasonable and ordinary expenses, and only specifically exclude those enumerated expenses which are inconsistent with the Maintenance of Net Operating Income method, such as debt service interest, depreciation, and reimbursed expenses.

b. Corrections of three year averages: In general, these adjustments do not take into account factual evidence regarding the nature and history of these expenses which will be summarized below.

c. Adjusting for industry standards: The expert provided her recollection of mobile home park industry standards provided by Jan Taylor and Taylor's resume. Jan Taylor did not attend the hearing and therefore could not testify. The expert did not provide a written statement by Taylor, a citation to published standards, a table of standards, or any other evidence to back up her assertion of industry standards. Such evidence cannot be presented because such standards do not exist.

Over approximately the last twelve years, encompassing analysis and/or testimony in nearly two dozen rent adjustment applications, I have not found in my research, in staff reports, in appraisal reports, or in reports of other fair return experts, of

revenue and expense standards of any kind regarding the operation of mobile home parks. I submit that such standards would be impossible to determine and apply (even with a perfectly accurate database) because of the diverse nature of the thousands of parks operated across the United States, governed by statutes and case law unique to each of the fifty states, and the housing and rent control ordinances of thousands of subdivisions of the states such as counties and municipalities.

d. Limitation of management and administrative expenses to 8% of revenue: First, this standard is applied too broadly by the expert, basically seeking to exclude all but $9,434 of $53,736 in M&A expenses. RAC-2 §2.11 specifies the 8% limitation in cases where the "landlord performs management or administrative functions or self-labor". This not the case here, where a professional management company and its employees, oversee daily operations. Second, considering there has only been two rent increases in approximately 30 years, the 8% standard, as applied by the expert, yields an unreasonable result. Rents on which the calculation is based are artificially low and result in an unreasonably low and unrealistic expense.

e. Specific expenses: Citing RAC-2 and RAC-5, the expert disallows auto expense ($307), meetings and seminars ($679), travel ($868) and water and sewer ($10,039) and Gas ($491). The auto, meetings, and travel expenses are reasonable and therefore allowable under the guidelines, which also do not specifically exclude these expenses. The water and sewer expense is the net of the water and sewer revenue, $21,990, and the actual bills paid by the owner, $32,029. 2009 was the first year water and sewer were sub-metered to the residents. The gross water and sewer expense is consistent with the two previous years. The net expense represents water and sewer costs incurred by the owner for the common area, and is therefore allowable. The gas expense is the net of cubic feet used by the park less cubic feet charged to the residents under sub-metering. Therefore the excess, times the cubic foot cost, is the common area expense – used mainly in the laundry for gas. On a monthly basis, gas expense is reasonable – less

than $41 per month.

Citing corrections to the three year averages, which are used by the owner to normalize operating expenses for normal annual fluctuations of expenses, the expert reduces billing, office, rent and legal and accounting expenses to a fraction of those submitted by the owner. In the cases of the billing service and office expenses, the owner used three-year averages that are based on actual expenses paid to third parties for goods and services.

The legal and rent expenses claimed by the owner are not purely three-year averages. Legal expenses are also based on actual expenses, with an allocation of $4,617 per month for accounting expenses performed by a CPA firm. On a monthly basis this allocation is reasonable - less than $385 per month for accounting services, including tax preparation.

The owner rents a unit for the on-site manager from a third party for $350 per month ($4,200 per year as claimed) – hardly an excessive rent expense amount for housing the manager.

Citing industry standards, the expert reduces salaries and wages and property management fees, and eliminates rent expense. As discussed above, industry standards have no application here because they do not exist. The expert reduces salaries to $800 per month – hardly a reasonable wage – and bases property management on a fixed percentage that is less that the residents claim is the guideline of 8%. As explained above, the rent expense is a hard dollar cost paid to a third party and is minimal.

In my opinion, the expenses claimed be the owner on the rent control application are consistent with the guidelines, and consistent with the correct calculation of the Maintenance of Net Operating methodology for computed adjustments to the rent. Those expenses should not be adjusted because they are reasonable and provide a true analysis of expenses the park incurs.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge. Executed this 7th day of February, 2011, at Santa Ana, California.

2/7/11

Michael E. McCarthy

Supplemental Material submitted at meeting City Staff's PowerPoint February 7, 2011

Rent Adjustment Commission
February 07, 2011

Ranch Mobile Home Park
Rent Adjustment Application

Case No. RAA 2010-02
Public Hearing

Presented by: Chris Norman, Assistant City Attorney

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."

2

Conclusion

- Use of MNOI formula is appropriate
  - Prior court precedent
  - Requirement of City's Rent Stabilization Guidelines
- 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

3

ALTERNATIVE MNOI SPACE RENT CALCULATIONS
OVER AND ABOVE EXISTING SPACE RENTS

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

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
  - Initial Increase to be 90 days from date formal notice served (after final approval).
  - Each subsequent increase minimum of 365 days from date of prior increase

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Recommendation (cont.) Phased Rent Amounts

Year	Interest on Deferred Rent	Total Rent Increase
Initial increase	$10.75 - ($153.56x7%)	**$49.14**
Second increase	$8.06 - ($115.17x7%)	**$46.45**
Third increase	$5.37 - ($76.78x7%)	**$43.76**
Fourth increase	$2.69 - ($38.39x7%)	**$41.08**
Fifth increase	$0.00	**$38.39**

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

7

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CALCULATIONS PRESENTED FOR
COMPARATIVE PURPOSES ONLY

Amount of *Increases*

Comparable Current Controlled Rent – 2009

$267.00

Total of Allowable Annual Increases Over Current Rents

Rent Stabilization	$162.00
Resolution 84-037	$147.67

Minutes (Unadopted)
Meeting February 7, 2011

MINUTES OF THE
RENT ADJUSTMENT COMMISSION
CITY OF THOUSAND OAKS

MEETING OF FEBRUARY 7, 2011

Call to Order:

The meeting of the Rent Adjustment Commission was called to order by Chair Wertheimer at 6:00 p.m. in the Board Room, 2100 Thousand Oaks Boulevard, Thousand Oaks, California.

Roll Call:

Commissioners Present: Chair Wertheimer; Vice Chair Sheldon; Commissioner Feldman; Commissioner Ferruzza, and Commissioner Silacci present. Alternate Commissioners Schutz and Klussman were not present.

Also present were the following staff members and City Consultants:

Community Development Director Prescott
Assistant City Attorney Hehir
Assistant City Attorney Norman
Assistant Finance Director Wilson
Senior Planner Hatcher
Assistant Analyst Oshita
Housing Manager Watson
Sr. Recording Secretary Vaudreuil

Written Comments / Announcements / Continuances:

Supplemental #1 and #2 packet material – Received.

Minutes:

Motion by Commissioner Feldman passed (5-0) to approve Minutes of January 24, 2011 Special Meeting.

Department Reports: None

Public Hearing: (Continued from January 24, 2011)

Case: Ranch Mobile Home Park Rent Adjustment Application (RAA-2010-02)

Public Testimony:

Barbara Brown, Thousand Oaks, resident of Ranch Mobile Home Park.
Tom Packman, Thousand Oaks, resident of Ranch Mobile Home Park.
Beryl Baldwin, Thousand Oaks, resident of Ranch Mobile Home Park.
Katy Parsons, Woodland Hills, realtor.

Speakers:

Boyd Hill, Irvine, applicant's attorney, cross examined Randi Sorenson, accountant for the Ranch Mobile Home Park tenants; and, 2) John Taylor, expert witness for Tenants.

Chandra Spencer, Oak Park, attorney for Association of Ranch Tenants asked and received authorization by Commissioners to allow direct testimony be provided by Mr. Taylor.

John Taylor, (Encino) expert witness provided direct testimony concerning industry standard for managing mobile home parks.

Boyd Hill, cross examination of Mr. Taylor testimony. Noted Declaration by Mr. McCarthy provided in Supplemental Packet.

Chandra Spencer, attempted to introduce additional documents. Commission disallowed submission of additional documents.

Chandra Spencer, provided re-direct questions to Mr. Taylor.

Patrick Hehir, summarized materials provided in Supplemental Packet

Boyd Hill, provided comment on documents provided in Supplemental Packet and offered summary of application position regarding purpose of applicants in submitting rent adjustment application.

Chandra Spencer, addressed documents submitted in Supplemental Packet concerning Dr. Baar's Supplemental Comments provides legal opinion or application of Guidelines and Mr. McCarthy's Declaration as provides additional testimony concerning current value of homes in park.

Chris Norman, Assistant City Attorney, provided comments concerning Dr. Baar's Supplemental Comments, responded to testimony provided since staff's presentation, and provided overview of staff recommendation and proposed resolution. Mr. Norman's presentation included brief power point presentation of recommendation, including

proposed 7% rate of return on unpaid rent increase during 5-year phase-in period. He also responded to Commissioners' questions.

Boyd Hill, provided rebuttal and closing remarks. Mr. Hill responded to Commissioners' questions.

Chair Wertheimer Closed Public Hearing

Patrick Hehir, Assistant City Attorney, provided procedural direction to Commissioners, summarizing jurisdictional authority and recommended Commission proceed in discussion of the application, consider all testimony and if appropriate, render a decision on application.

Commissioner Deliberations, Questions, Comments and Consensus of applying Maintenance of Net Operating Income formula for rent adjustment application.

Patrick Hehir, Assistant City Attorney, provided overview of proposed resolution approving staff recommendation.

Motion by Commissioner Silacci passed (3-2, Feldman and Silacci opposed) to adopt a resolution granting a general rent increase for Ranch Mobile Home Park in an amount not to exceed $191.95 per space per month with a 4% annual return over a 7-year phase-in period.

John Prescott, Community Development Director, provided information to Commission regarding next steps and appeal procedure.

Public Comments on items other than the public hearing: None

Commission Comments: None

Adjournment: at 10:44 p.m. *Next meeting to be noticed by Staff at such time a matter is to be brought forward for Commission consideration.*

_____

Lloyd Wertheimer, Chair
Rent Adjustment Commission

_____

Date Approved

Adopted
RAC Resolution 09-2011

RESOLUTION NO. RAC 09-2011

A RESOLUTION OF THE RENT ADJUSTMENT COMMISSION OF THE CITY OF THOUSAND OAKS APPROVING A JUST AND REASONABLE RETURN RENT INCREASE FOR THE RANCH MOBILE HOME PARK.

WHEREAS, on June 16, 2010, an application was filed on behalf of the Ranch Mobile Home Park ("Park") by the owner AVMGH Five, Limited ("Park Owner") under §5-25.06(b) of the Mobile Home Rent Stabilization Ordinance ("Ordinance") requesting a rent increase of $587.45 per space, per month; and

WHEREAS, on September 30, 2010, City staff deemed the application complete; and

WHEREAS, on October 8, 2010, City staff mailed notice to each mobile home owner or current resident of the Park that (1) a Just and Reasonable application had been filed, (2) the amount of the requested rent adjustment, (3) the date (December 6, 2010), time and place of the public hearing, and (4) where information regarding the application could be obtained; and

WHEREAS, on December 6, 2010, a public hearing was held before the Thousand Oaks Rent Adjustment Commission to consider the application. Evidence and testimony was submitted by City staff. The hearing was continued to January 24, 2011, where the applicant, legal representatives of the tenants of the Park, and the public provided additional evidence and testimony. The hearing was again continued to February 7, 2011 where additional public testimony, evidence and testimony was received. The public hearing was closed on February 7, 2011.

NOW, THEREFORE, BE IT RESOLVED by the Thousand Oaks Rent Adjustment Commission ("Commission") as follows:

SECTION 1. Findings.

Based upon substantial evidence taken from testimony received at the hearing, both oral and written, the Commission makes the following findings:

A. Background regarding Ranch Mobile Home Park

1. The current average monthly space rent in the Park is approximately $133. In addition to paying space rents, the tenants pay for gas, electricity, and sewer, but not water and trash expenses. The average total utility cost for the residents of the Park is $69.25 per month per space.

2. In 1974, the Park was entitled to allow the construction of a 74-unit mobile home park. Conditions of that approval required that the tenants be lower-income seniors and that rental rates be established by the City.

3. In 1976, the Council approved a formula for calculating rents based on an 11.5% rate of return on investment. In 1977 the current Park Owner purchased the Park. Average initial rental rates were set at $119 per space per month based on an initial investment of $500,000 with a rate of return of 11.5%. At the time initial rental rates were set, the City did not have a Rent Stabilization Ordinance.

4. In 1984, Council passed Resolution 84-037 authorizing a general rent increase of 7% for the Park, but capping future increases to 4% based on a revised formula. In 2001, Council approved a 4% increase under the formula established in Resolution 84-037. These rent increases were not processed under the Ordinance or the Ordinance as it existed in 1984. Prior to this application, the Park Owner has not sought any other rent increases.

5. Based on the unique history of the Park, and as confirmed by the appraisal of James Brabant dated November 19, 2010, (Staff Report, Attachment #6), the Commission finds that the rental rates at the Park have never been established at market rate at any time prior or during the Park's history, including prior to the initial adoption of the Ordinance in 1980.

B. Expert Analysis of Ranch Mobile Home Park Rent Increase Application.

The City retained an expert on fair return issues, Dr. Kenneth Baar, to prepare a fair return analysis (Staff Report, Attachment #5 at pages 96-154). Based on Dr. Baar's resume (Staff Report, pages 146-154), the Commission finds that Dr. Baar has the requisite expertise to render opinions regarding what rents in this case provide a fair return to the Park Owner.

C. Provisions in the Ordinance and Regulations Governing Rent Increases

1. The Commission only has jurisdiction to consider "Just and Reasonable Return" rent adjustment requests under the Ordinance and not under Resolution 84-037, or any condition of entitlement of the Park.

2. The Commission has the legal authority to consider the Park Owner's application for a rent adjustment based on the "Just and Reasonable Return" standard under the Ordinance. The principal purpose of this provision is

to provide rent adjustments which meet constitutional fair return standards when automatic rental increases fail to provide a fair return.

3. The Commission has promulgated and adopted detailed guidelines ("Guidelines") pursuant to the Ordinance implementing the "Just and Reasonable Return" standard. These Guidelines are contained in resolutions RAC-2 and RAC-5.

4. The Guidelines recommend the use of a maintenance of net operating income standard ("MNOI standard") to evaluate applications seeking "just and reasonable return." However, the Guidelines allow the Commission to consider other approaches and methodologies.

5. The Park Owner has requested a rent adjustment based on the MNOI standard.

6. Despite the fact that prior rent increases for the Park have been based on a Rate of Return standard outside of the parameters of the Ordinance, the Commission finds that the use of that standard under the Ordinance and Guidelines in this case would be precedent setting. The Commission further finds that the Rate of Return standard is circular in that park owners could set the amount of investment, and therefore determine the rent levels. This method would also unjustly favor recent purchasers of mobile home parks, while long-term owners, who typically have a substantially lower initial investment by current standards, would have lower returns. For these reasons, and those listed in Dr. Baar's report dated November 30, 2010 (Staff Report, Attachment #5 at pages135-138), the Commission rejects the use of the Rate of Return standard for this application.

7. The Commission finds that the MNOI standard is the most appropriate methodology for considering the Park Owner's application because it meets the constitutional fair return standard and is the preferred method in the Guidelines.

D. Analysis under the MNOI standard.

In order to perform a MNOI analysis a number of determinations must be made, including:

- The applicable base year
- The amount of the base year rent
- The amount of the base year operating expenses
- The inflation adjustment factor applied to the base year net operating income in order to determine what net operating income is a fair net operating income in the current year

1. Designation of the Base Year.

a. The Guidelines state that the base year shall be 1979 when the financial information for that year is available, and when 1979 information is not available the first year for which a park owner has financial records may be used as a base year. (RAC-2, Secs. 3 and 4.)

b. The Guidelines also vest in the Commission the discretion to consider a base year other than 1979 for good cause. (RAC-5, Sec. 3.07)

c. The Park Owner was unable to provide data on actual operating expenses and net operating income for the base year (1979). The owner did provide aggregate expense data from 1982 (from a prior application in 1984) and complete segregated expense data from 1999 (from a prior application in 2000).

d. The Commission is persuaded that as a policy the Guidelines should be adhered to the extent such adherence provides results that are in keeping with the intent of the Ordinance and Guidelines. Therefore, because of the lack of expense data, 1979 should not be the base year.

e. Although 1999 is the first year with complete segregated expense data, because of the necessity of a "Vega" adjustment, it would be difficult to determine what market rent, as opposed to comparable rent, would be in 1999.

f. The Commission concludes that there is good cause to use 1982 as the base year since the Guidelines stipulate that base year should have actual income and expense data for purposes of comparison. Despite the lack of segregated expense data for this year, large expense items, excluding management and administrative expenses which were not recorded expenses in 1982, appear to have increased at the rate of inflation as compared to 2009 (Staff Report, Attachment #5 at pages 118). Therefore, the Commission finds that aggregate expense data from 1982 is sufficient for comparison with the current year (2009).

2. Base Year Rental Income

a. The Commission recognizes the case of Vega v. City of West Hollywood 223 Cal.App.3d 1342 (1990) which stipulates that adjustments to base year rents are constitutionally required for special circumstances in which the base rent cannot reasonably be deemed to reflect general market conditions.

b. The Commission finds that the actual average rent in the Park in 1982 was $119. The Commission further finds that the initial rents established for the Park in 1977 ($119) were not set by general market conditions, but by conditions of approval which limited rents based on a rate of

return of the initial investment of 11.5%. The initial average rent remained unchanged until 1984. Based on the appraisal prepared by James Brabant, dated November 19, 2010, the average market rent for the Park in 1979 was $150, and in 1982 projected comparable rent, as calculated by Dr. Baar, would have been $178.50 (Staff Report, Attachment #5 at page 122)

c. The Commission concludes that the 1982 base rent should be adjusted upward under the theory in "Vega" from the actual average rent of $119 per space per month to $178.50 per space per month.

3. Base Year Operating Expenses

a. The Guidelines provide that management and administrative expenses "must be calculated for both the base year and the current year at the same percentage of actual income" and may not exceed 8% of the actual rental income. (RAC-2, Sec. 2.11)

b. Because the rents in this Park barely increased between 1982 and 2009, and an increase of management and administrative expenses during this period would have been inevitable, it is not reasonable to project management and administrative expenses as the same percentage of income in the base year (1982) and current year (2009). It would be reasonable to project that administrative and management expenses increased by the CPI.

b. In this case, the Park Owner reported that 1982 total expenses were $34,424, and in 2009 total expenses were $97,452. Therefore, operating expenses increased by 183% between 1982 and 2009 compared to the 129.4% increase in the CPI. (Staff Report, Attachment #5 at page 118.).

c. The Park Owner admits that management tasks were performed by the Park Owner until 2006, when off-site management was employed. (Staff Report, Attachment #5 at pg 118, fn. 53.)

d. Consequently, the transfer from owner management to management compensated by the owner is a change in how the cost is covered from an accounting perspective, and not a cost increase equal to the current cost.

e. Management and administrative expenses should be imputed to the base year in order to avoid exceptionally low expenses in the base year, which would result in an unjustified overstatement of the NOI for the base year.

f. Because of the gap in available information, 1982 operating expenses should be increased to a level which limits the rate of operating expense increases from 1982 to 2009 at the rate of increase of the CPI. Under

this approach, the Commission finds that operating expenses should be adjusted from $34,424 to $42,555 in 1982. The basis for this computation is set forth in Dr. Baar's report (Staff Report, Attachment #5 at pg. 118), which is adopted and incorporated into this resolution by reference.

4. An Inflation Adjustment of Base Period Net Operating Income

a. Under the Section 5-25.06(b)(1) of the Ordinance, the Commission has the authority to grant individual park rent adjustments if the rent "otherwise permitted" does not provide for a just and reasonable rent.

b. California courts have upheld maintenance of net operating income standards which provide for indexing net operating income at 40% and 50% of the percentage increase in the CPI since the base year.

c. The Guidelines do not provide a rate of indexing for the MNOI standard.

d: The Commission adopts the findings in Dr. Baar's report (Staff Report, Attachment #5 at pages 123-131) that the returns from a park investment may be attractive when net operating income increases at less than the full rate of increase in the CPI. Growth in net operating income provides the Park Owner with appreciation in valuation as well growth in income in an investment that typically is low-risk with a steady and consistent income stream.

e. The Commission concludes that indexing the net operating income by 50% of the percentage increase in the CPI provides a "just and reasonable return" to the Park Owner.

SECTION 2. Authorized Rent Increase.

A. The Park Owner is entitled to a rent increase of $191.95 per space per month in order to obtain a just and reasonable return based on the findings in SECTION 1 above. The basis for this calculation is set forth in 1982 Base Year Table of Dr. Baar's report (Staff Report, Attachment #5 at page 133) and in the table below.

MNOI Fair Return Calculation

	Base Year (1982)	Current Year (2009)
Rental Income (excluding reimbursed utilities) With Base Year Rent Adjustment pursuant to MNOI analysis	$158,508	$117,920
Operating Expenses adjusted pursuant to MNOI analysis	$42,555	$97,452
Net Operating Income	$115,953	$20,468
Fair Net Operating Income (50% CPI Index) *(64.7% Increase over Base Year NOI)*		$190,917
Rent Increase Required *(Fair NOI – Actual Current Year NOI)*		$170,449
Rent Increase Required Per Space Per Month *(Park wide Rent Increase/(74 spaces x 12 months)*		$191.95

B. The Commission finds that the authorized increase of $191.95 per space per month is equivalent to a 144% increase over the current rents of $133 per space per month. Because of the magnitude of this rent increase, it would place an unreasonable burden on the tenants of the Park if it were implemented at one time. Therefore, this increase in rents shall be phased over a 7-year period ($27.42 per year per month). This phase-in requirement shall only apply to spaces that are occupied at the time the initial rent increase becomes effective under subparagraph D.

C. In addition, to compensate the Park Owner for the delay in implementing the full rent increase over a seven-year period, the Park Owner shall also be entitled to a 4% annual return on the delayed rent increases which shall be amortized over the 7-year phase-in period, and in addition to the $27.42 per space per month annual increase. The Commission finds that a 4% annual return represents an appropriate rate of return comparable to other investments of similar term and risk in the current interest rate environment. In addition to the amount in Section B above, Park Owner is entitled to add the following Interest on Deferred Rent to the rent per space per month:

Year	Interest on Deferred Rent	Total Rent Increase
Initial increase	$6.58 - ($164.53x4%)	$34.00
Second increase	$5.48 - ($137.11x4%)	$32.90
Third increase	$4.39- ($109.69x4%)	$31.81
Fourth increase	$3.29- ($82.27x4%)	$30.71
Fifth increase	$2.19 - ($54.85x4%)	$29.61

Sixth increase	$1.10- ($27.43x4%)	$28.52
Seventh increase	$0.00	$27.42

D. The date of initial increase shall be 90 days from the date of formal notice of such increase is provided to the tenants, and the date of each subsequent increase shall not be sooner than 365 days from the date of prior increase.

* * * * * *

PASSED AND ADOPTED this 7th day of February, 2011.

THOUSAND OAKS RENT ADJUSTMENT COMMISSION

Lloyd Wertheimer
Chair

ATTEST:

Recording Secretary

APPROVED AS TO FORM:

Patrick J. Hehir, Assistant City Attorney

City Notification of Decision dated February 9, 2011 (without enclosures)

Tenant Notification

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

February 9, 2011

Tenant
Ranch Mobile Home Park

Dear Ranch Mobile Home Park Tenant:

Pursuant to Sec. 5-25.06(c)(5) of the Thousand Oaks Municipal Code, I am providing a copy of the decision of the Thousand Oaks Rent Adjustment Commission (RAC) approving a rent increase as set forth in the attached resolution for the Ranch Mobile Home Park.

As set forth in Section 2 of the Resolution, commencing on page 6, the RAC has determined that the Park Owner is entitled to a rent increase of $191.95 per month per space in order to receive a just and reasonable return. The Commission further specified that the increase be phased over 7 years, with the first increase no sooner than 90 days after the Owner provides a formal notice of the increase to the tenants. The second and subsequent increases shall be no sooner than 365 days after the date of each prior increase. The chart in Section 2C shows the specific amount of each allowable annual increase.

The RAC decision may be appealed to City Council within 19 days from the date of this transmittal letter. This includes the 14-day appeal period and a five-day period from date of mailing, so the appeal period will end at close of business, 5:00 p.m., on Monday February 28, 2011. A copy of the Appeal form has been provided to Ms. Spencer, the attorney who represented the tenants in the RAC hearing. Appeal forms are also available at the Community Development Department public counter.

Sincerely,

John C. Prescott
Community Development Director

CDD:430-45/jp/h:/common/housing & redevelopment/rent control/rent adjustment applications/ 2010 Ranch MHP/correspondence/applicant correspondence/letter to tenants.doc

Applicant Notification

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

February 9, 2011

A.V.M.G.H. Five Ltd.
c/o Andrew V. Hohn
2501 Thunderbird Drive
Thousand Oaks CA 91362

Dear Mr. Hohn:

Pursuant to Sec. 5-25.06(c)(5) of the Thousand Oaks Municipal Code, I am providing a copy of the decision of the Thousand Oaks Rent Adjustment Commission (RAC) approving a rent increase as set forth in the attached resolution for the Ranch Mobile Home Park.

The RAC decision may be appealed to City Council within 19 days from the date of this transmittal letter. This includes the 14-day appeal period and a five-day period from date of mailing, so the appeal period will end at close of business, 5:00 p.m., on Monday February 28, 2011.

This resolution and information about the appeal period has been provided separately to your attorney who represented you at the RAC hearing.

Sincerely,

John C. Prescott
Community Development Director

CDD:430-45/jp/h:/common/housing & redevelopment/rent control/rent adjustment applications/ 2010 Ranch MHP/correspondence/applicant correspondence/letter to Hohn.doc

Mr. Boyd Hill Notification

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

February 9, 2011

Mr. Boyd Hill
Hart, King and Coldren
200 Sandpointe, 4th floor
Santa Ana CA 92707

Dear Mr. Hill:

I am attaching the Resolution of the Thousand Oaks Rent Adjustment Commission approving a rent increase as set forth in the resolution for your client, A.V.M.G.H Five, Ltd., relating to the Ranch Mobile Home Park.

I am also enclosing the City's appeal form, in the event you wish to appeal this just and reasonable decision to City Council. Please note the applicable fee, the fact that no new information or documents should be filed, and that the appeal filing period ends 19 days from the date of this transmittal letter. This includes the 14-day appeal period and a five-day period from date of mailing, so the appeal period will end at close of business, 5:00 p.m., on Monday February 28, 2011.

Sincerely,

John C. Prescott
Community Development Director

CDD:430-45/jp/h:/common/housing & redevelopment/rent control/rent adjustment applications/ 2010 Ranch MHP/correspondence/applicant correspondence/letter to Hill.doc

Ms Chandra Gehri Spencer
Notification

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

February 9, 2011

Ms. Chandra Gehri Spencer
A Professional Law Corporation
445 S. Figueroa Street Suite 2700
Los Angeles CA 90071

Dear Ms. Spencer:

I am attaching the Resolution of the Thousand Oaks Rent Adjustment Commission approving a rent increase as set forth in the resolution for the Ranch Mobile Home Park.

I am also enclosing the City's appeal form, in the event your clients wish to appeal this decision to City Council. Please note the applicable fee (we have discussed and you are aware of the procedure for requesting waiver of the fee), the fact that no new information or documents should be filed, and that the appeal filing period ends 19 days from the date of this transmittal letter. This includes the 14-day appeal period and a five-day period from date of mailing, so the appeal period will end at close of business, 5:00 p.m., on Monday February 28, 2011.

Sincerely,

John C. Prescott
Community Development Director

CDD:430-45/jp/h:/common/housing & redevelopment/rent control/rent adjustment applications/ 2010 Ranch MHP/correspondence/applicant correspondence/letter to Spencer.doc