



**Mobilehome Rent Review  
Commission Agenda**

**September 22, 2020 - 10:00 AM**

**City Council Chambers - Yucaipa City Hall  
34272 Yucaipa Blvd., Yucaipa, California**

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**THE CITY OF YUCAIPA COMPLIES WITH THE AMERICANS WITH DISABILITIES ACT OF 1990. IF YOU REQUIRE SPECIAL ASSISTANCE TO ATTEND OR PARTICIPATE IN THIS MEETING, PLEASE CALL THE CITY CLERK'S DEPARTMENT AT (909) 797-2489 AT LEAST 48-HOURS PRIOR TO THE MEETING.**

**ANY PUBLIC WRITINGS DISTRIBUTED BY THE CITY TO AT LEAST A MAJORITY OF THE COMMISSION REGARDING ANY ITEM ON THIS REGULAR MEETING AGENDA WILL BE MADE AVAILABLE AT THE PUBLIC RECEPTION COUNTER AT CITY HALL, LOCATED AT 34272 YUCAIPA BOULEVARD, DURING NORMAL BUSINESS HOURS.**

**IF YOU WISH TO ADDRESS THE COMMISSION DURING THE MEETING, PLEASE COMPLETE A SPEAKERS FORM AND RETURN IT TO THE CITY CLERK PRIOR TO THE BEGINNING OF THE MEETING. THERE IS A THREE-MINUTE TIME LIMIT FOR SPEAKING.**

**PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDERS N-25-20 AND N-29-20, AND IN THE INTEREST OF PUBLIC HEALTH AND SAFETY, THE CITY OF YUCAIPA IS TEMPORARILY TAKING ACTIONS TO PREVENT AND MITIGATE THE EFFECTS OF THE COVID-19 PANDEMIC BY HOLDING CITY COUNCIL AND OTHER PUBLIC MEETINGS, AT LEAST IN PART, ELECTRONICALLY. ALL VOTES DURING THE MEETINGS WILL BE CONDUCTED BY ROLL CALL.**

**DUE TO THE ESSENTIAL NATURE OF MOBILEHOME RENT REVIEW COMMISSION MEETINGS IN CONDUCTING OFFICIAL CITY BUSINESS, THE MOBILEHOME RENT REVIEW COMMISSION MEETING WILL TAKE PLACE AS SCHEDULED, WITH THE FOLLOWING ALTERNATE OPPORTUNITIES FOR PUBLIC PARTICIPATION:**

**REMOTE VIEWING AREA** – A remote viewing area is available in the City Hall Community Meeting Room (adjacent to the Council Chambers). Due to the ongoing emergency concerning the COVID-19 pandemic, seating in the remote viewing area is limited to accommodate social distancing requirements. The remote viewing area will accommodate members of the public who wish to speak during public comment. Please observe appropriate physical distancing and use face covering withing the remote viewing area.

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**PUBLIC COMMENT VIA MAIL OR EMAIL. Received by 6:00PM the day prior to the meeting (September 21, 2020).** Can be submitted via U.S. Mail to City Clerk at 34272 Yucaipa Blvd., Yucaipa, CA 92399 or via email to [publiccomment@yucaipa.org](mailto:publiccomment@yucaipa.org). All mail and email correspondence will be archived, distributed to Commissioners and various parties attending the Hearing, however, submissions will **not** be read out loud during the meeting. The subject line should specify “Public Comment – Valley View Hearing” and include the date of the meeting.

**LIVE AUDIO AND VIDEO STREAM/RECORDING OF CITY COMMISSION MEETINGS.** Members of the public may listen to the Public Hearing live at: <http://yucaipa.org/live>

**CALL TO ORDE**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**PUBLIC COMMENT**

**CONSENT AGENDA**

The following Consent Agenda items are expected to be routine and non-controversial. The Commission will act upon them, at one time, without discussion. Any Commission Member or Staff Member may request removal of an item from the Consent Agenda for discussion.

P. 4    **1.    SUBJECT: APPROVE COMMISSION MINUTES OF AUGUST 25, 2020.**

**RECOMMENDATION:** That the Mobilehome Rent Review Commission approve Mobilehome Rent Review Commission Minutes of August 25, 2020.

**COMMISSION REPORT**

P. 18    **2.    SUBJECT: VALLEY VIEW MOBILEHOME PARK MNOI/FAIR RETURN APPLICATION FEES**

**RECOMMENDATION:** That the Mobilehome Rent Review Commission (MRRC):

1.    Admit Dr. Baar’s Third Addendum Report of August 28, 2020, into the record; and
2.    Reopen the hearing for the limited purpose of receiving additional evidence in the form of documents showing the fees applicant has paid in addition to those fees set forth with the Application and permitting oral argument (of no more than 10 minutes for each party) as to the amount of fees and costs to be paid to the Applicant; and
3.    Admit Applicant’s additional material supporting its fees and costs claim set forth in Mr. Alpert’s letter of September 11, 2020, into the record; and

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4. Review and consider the enclosed Supplemental Staff Report and adopt the cost amount set forth in Dr. Baar's analysis of \$15.66/space/month for a period of five (5) years with the Residents having the option of paying the temporary rent increase in a lump sum of \$790.75.

- P. 62 3. **SUBJECT:** VALLEY VIEW VALLEY VIEW MOBILEHOME PARK MNOI/FAIR RETURN RENT ADJUSTMENT APPLICATION -- RESOLUTION NO. 2020-54

**RECOMMENDATION:** That the Mobilehome Rent Review Commission (or "Commission") approve draft Resolution No. 2020-54, subject to the appropriate modifications as determined by the Commission during the continued hearing on September 22, 2020.

**ANNOUNCEMENTS**

**ADJOURNMENT**

City of Yucaipa  
 Mobilehome Rent Review Commission Minutes  
 Regular Meeting of August 25, 2020

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A Regular meeting of the Mobilehome Rent Review Commission of the City of Yucaipa, California was called to order in the Council Chambers, 34272 Yucaipa Boulevard, Yucaipa, California, on August 25, 2020 at 10:00 AM.

**PRESENT:** Jim Holbrook, Chairperson  
 Brandy Gomez, Vice-Chairperson  
 Ceacilia Johns, Commissioner  
 Bill Mecham, Commissioner  
 Amy Greyson, Commission Attorney  
 Jennifer Crawford, Assistant City Manager/Rent Administrator  
 Don Lincoln, City Staff Attorney

**ABSENT:** None

**CONVENE MOBILEHOME RENT REVIEW COMMISSION**

The meeting was opened with the Pledge of Allegiance led by Chairperson Holbrook.

**PUBLIC COMMENT**

None

**CONSENT AGENDA**

1. **SUBJECT:** APPROVE COMMISSION MINUTES OF FEBRUARY 3, 2020.

**RECOMMENDATION:** That the Commission approve Mobilehome Rent Review Commission Minutes of February 3, 2020.

**ACTION:** MOTION BY COMMISSIONER MECHAM, SECOND BY VICE-CHAIRPERSON GOMEZ, CARRIED 4-0 TO APPROVE COMMISSION MINUTES OF FEBRUARY 3, 2020.

**PUBLIC HEARING**

Chairperson Holbrook opened the Public Hearing.

**ADMINISTRATION OF OATH**

Rent Administrator Crawford administered the oath. City staff, City staff experts, Applicant, Applicant experts, Opposition, and members of the audience that were presenting testimony stood and agreed to the oath administered.

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**1.5**    **SUBJECT:**    VALLEY VIEW MOBILEHOME PARK MNOI/FAIR RETURN APPLICATION

**RECOMMENDATION:** That the Mobilehome Rent Review Commission (MRRC):

1.    Consider Applicant's July 13, 2020 Submissions offered in Rebuttal to the Staff Report, and determine if that "late filing" (late by only a few hours) should be accepted as part of the hearing record; and
2.    Consider Applicant's Prehearing Submission, dated July 24, 2020, and determine if that "late filing" should be accepted as part of the hearing record; and
3.    Consider Urban Futures Addendum in response to the Applicants "late filing" and determine if the Addendum should be accepted as part of the hearing record; and
4.    Consider Dr. Kenneth Baar's Addendum in response to the Applicants "late filing" and determine if the Addendum should be accepted as part of the hearing record.

**INTRODUCTION**

City Staff Attorney Lincoln Esq. presented an overview of the Application and additional materials attached to Agenda Item No. 1.5, the Indenture of Trust dated August 1, 2012, and additional materials submitted on August 21, 2020.

Applicant Attorney Alpert requested 45 minutes versus the standard 30 minutes for presentation and testimony and the Commission's consideration of additional materials.

Resident Attorney Stanton stated that he had no objection to the additional time requested and supported the Commission's consideration of additional materials.

**ACTION:**    MOTION BY COMMISSIONER MECHAM, SECOND BY COMMISSIONER GOMEZ, CARRIED 4-0 TO CONSIDER MATERIALS INCLUDED WITH AGENDA ITEM NO. 1.5 AND ADDITIONAL MATERIALS HANDED OUT AT THE MEETING OF AUGUST 25, 2020.

**ACTION:**    MOTION BY COMMISSIONER MECHAM, SECOND BY COMMISSIONER GOMEZ, CARRIED 4-0 TO ALLOW 45 MINUTES FOR ALL PARTIES TO PRESENT AND PROVIDE TESTIMONY.

**2.**    **SUBJECT:**    VALLEY VIEW MOBILEHOME PARK MNOI/FAIR RETURN APPLICATION

**RECOMMENDATION:** That the Mobilehome Rent Review Commission (MRRC) should conduct a Public Hearing and:

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1. Adopt a Motion finding that Valley View Mobilehome Park (“Applicant”) did not meet its burden of proof to support its claim that its 1987 space rents should be adjusted to \$190 per month, finding that the analysis of the Staff’s appraisal expert, James Brabant, MAI (“Brabant”), is more credible than the claims made by Applicant’s Appraiser, John Neet, MAI (“Neet”) and further finding that the Applicant’s 1987 average monthly space rents of \$144, while disproportionately low when compared to rents being charged in comparable parks in Yucaipa, should instead be adjusted to \$173 per month; and
2. Adopt a Motion finding that the Applicant did not meet its burden of proof to support its claim that it is entitled to a \$234.53 monthly space rent increase using the YMC §15.20 Maintenance of Net Operating Income (“MNOI”) approach, and finding that the analysis of the Staff’s expert, Kenneth K. Baar, PhD. (“Dr. Baar”) is more credible than the Applicant’s expert, Michael McCarthy, CPA (“McCarthy”), and further finding that Dr. Baar’s calculation of the required monthly space rent increase of \$37.88 using Mr. Brabant’s 1987 space rent adjustment and Dr. Baar’s adjustments to the income and expense items under the MNOI formula is consistent with Yucaipa Municipal Code (“YMC”) §15.20 and provides the Applicant with a fair return while not requiring the Residents to pay excessive rent; and
3. Adopt a Motion finding that the Applicant did not meet its burden of proof to support its claim, that to be comparable, the Valley View space rents should be \$450 or \$500 per month per space, finding that Brabant’s analysis is more credible than the analysis made by Neet, and finding that to be comparable to the “rents being charged for spaces subject to the YMC in comparable mobilehome parks” the Valley View monthly space rents should be \$365, and therefore Valley View’s space rents are \$48.52 per month per space below those of comparable spaces, and further finding that while Brabant’s comparable rent analysis could justify a slightly higher space rent increase as compared to Dr. Baar’s MNOI analysis (\$48.52 vs. \$37.88), the difference between the two is relatively small (\$10.64), and since they are within the same “range of rents,” the comparable rent approach does not justify a higher rent increase than the \$37.88 per month per space rent increase shown by the MNOI approach; and
4. Adopt a Motion finding that the Applicant did not meet its burden of proof to support its claim that its proposed permanent monthly space rent increase of \$150 is below the amount properly established by the use of the MNOI methodology and/or properly established comparable rents. As pointed out above, the \$150 rent increase exceeds both the monthly space rent increase of \$37.88 using Dr. Baar’s Analysis under the MNOI formula and the \$48.52 monthly space rent increase using Brabant’s comparable rent analysis; and
5. Adopt a Motion finding that the Applicant did not meet its burden of proof to support its claim that its proposed \$58.53 temporary space rent increase to pay off alleged prior unpaid management fees because there is no recovery of this type of

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claim unless there is a showing (not present nor alleged here) that this deficiency was due to a prior “miscalculation” in setting the Valley View space rent levels by the MRRC; and

6. Adopt a motion finding that Applicant did not meet its burden of proof to support its claim that it should recover past “Borrower Administrative Fees” because it had been operating at a negative cash flow for 2013-2018 and instead finding that Anderson’s analysis showed that even after paying not only debt service but also “Borrowers Administrative Fees”, Applicant had Net Revenues for four of the six years, and the annual net revenue for all the six years totaled \$61,388 in Net Revenues. Applicant’s claim that it is entitled to recover \$266,773 for Borrower’s Administrative Fees not paid for that period has no basis in fact. Nothing in *Kavanau v. Santa Monica Rent Control Bd.*, 16 Cal 4<sup>th</sup> 761 (1997) authorizes Applicant to recover an alleged past unpaid Borrower Administrative Fees. Finally, Applicant’s claim that these “unpaid past Borrower’s Administrative Fees” are a current obligation of the Park has no basis; and
7. Adopt a Motion to grant an additional temporary rent increase in the amount of \$15.66 per month per space for a period of five years and at an interest rate of 7% per year, based on the amortized cost to Valley View for preparing the application and participating in the hearing process in accord with Dr. Baar’s analysis and report; and
8. Adopt a Motion granting the Residents of Valley View the option of paying the temporary rent increase representing the costs associated with the application and participating in the hearing process (\$790.75) in a lump sum without any payment of interest, rather than amortized over five years; and
9. Adopt a Motion finding that the temporary rent increases determined above, shall not be included in the Base Rent for the purposes of calculating any future rent adjustments and the amortized amount shall be identified as a separate line itemized on the monthly rent invoice; and
10. Adopt a Motion finding that both the July 1, 2012 Valley View Regulatory Agreement between the Independent Cities Finance Authority and Augusta Communities LLC and the October 1, 2000 Valley View Regulatory Agreement contained provisions requiring a certain percentage of Valley View spaces be occupied by Low and Very Low Income Residents and that any space rent increases for Very Low and Low Income Residents be limited to the lesser of the amount specified in the Regulatory Agreements and the amount permitted by this Rent Decision; and
11. Adopt a Motion finding that while Applicant did make some expenditures for capital improvements from 2012 through 2015, some of those capital improvements which involved maintenance of the electrical systems would be disallowed because of PUC preemption, some other expenses would be disallowed because they were used to improve Park owned mobilehomes and spaces, and any remaining claim for

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a Capital Improvement rent increase is rejected because Applicant did not follow the required procedures for obtaining such a rent increase; and

12. Adopt a Motion authorizing the MRRC's Legal Counsel to prepare a written Resolution memorializing its findings and decisions.

Chairperson Holbrook stated that the order of business for the Public Hearing will be conducted in accordance with the City's rules and procedures for the conduct of mobilehome rent hearings (Hearing Rules and Procedures), which was received by all parties on July 16<sup>th</sup> and also included as part of the packet, and asked if any of the parties felt that they could not present their case in the time allotted in the Hearing Rules and Procedures. No parties responded.

Chairperson Holbrook requested that the Commissioners disclose whether they have visited Valley View Mobilehome Park and/or the parks represented in two (2) appraisal reports and reviewed the pertinent materials prior to the hearing.

Commissioner Johns stated that she did visit Valley View Mobilehome Park and has reviewed the materials presented.

Commissioner Mecham stated that he did visit the mobilehome parks and has reviewed the materials presented.

Vice-Chairperson Gomez stated that she did not visit the mobilehome parks and has reviewed the materials presented.

Chairperson Holbrook stated that he did not visit the Mobilehome parks and has reviewed the materials presented.

Chairperson Holbrook announced the commencement of the Public Hearing and presented introductory remarks pertaining to presenting public testimony and comments to the Commission.

### **TESTIMONY SECTION**

#### **Applicant Testimony**

Mark Alpert, Gregory Beam & Associates, Inc., 23113 Plaza Pointe Drive, Laguna Hills, CA 92653, Attorney representing the Applicant, presented testimony on behalf of the Applicant.

Lee McDougal, President of Augusta Communities, presented testimony on behalf of the Applicant.

Suzanne Taylor, Founder and Executive Director of Augusta Communities, presented testimony on behalf of the Applicant.

Michael McCarthy, CFE CPA, presented testimony on behalf of the Applicant.

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John Neet, Real Estate Appraiser, presented testimony on behalf of the Applicant. Mark Alpert, Applicant Attorney, requested additional time to provide 5 minutes of closing testimony prior to rebuttal.

**ACTION: MOTION BY COMMISSIONER MECHAM, SECOND BY CHAIRPERSON HOLBROOK, CARRIED 4-0 TO APPROVE 5 MINUTES FOR ALL PARTIES PRIOR TO REBUTTAL.**

John Neet was cross-examined and questioned by Valley View Residents' Attorney Bruce E. Stanton.

Michael McCarthy was cross-examined and questioned by Valley View Residents' Attorney Bruce E. Stanton.

Suzanne Taylor was cross-examined and questioned by Valley View Residents' Attorney Bruce E. Stanton.

The Mobilehome Rent Review Commission Meeting recessed for 5 minutes.

Michael McCarthy was cross-examined and questioned by Staff Attorney Don Lincoln.

John Neet was cross-examined and questioned by Staff Attorney Don Lincoln.

Suzanne Taylor, John Neet, and Mark Alpert were cross-examined by members of the Mobilehome Rent Review Commission and Commission Attorney Amy Greyson.

**Resident Opposition Testimony**

Bruce E. Stanton, Law Offices of Bruce E. Stanton, 6940 Santa Teresa Blvd., Suite 3, San Jose, CA 95119, Attorney for Valley View Residents, presented argument on behalf of the residents of Valley View Mobilehome Park.

Deane Sargent, specialist in resident mobilehome park acquisitions and finance, presented testimony on behalf of the residents of Valley View Mobilehome Park.

Shelley Wallace, resident of Valley View Mobilehome Park, presented testimony on behalf of the residents of Valley View Mobilehome Park.

Deane Sargent was cross-examined and questioned by Applicant Attorney Mark Alpert.

Shelley Wallace was cross-examined and questioned by Applicant Attorney Mark Alpert.

Dean Sargent was cross-examined and questioned by Staff Attorney Don Lincoln.

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Bruce Stanton, Deane Sargent, and Suzanne Taylor were cross-examined by members of the Mobilehome Rent Review Commission and Commission Attorney Amy Greyson.

The Mobilehome Rent Review Commission Meeting recessed for 5 minutes.

**Public Comment**

Penny Yusten, Valley View Mobilehome Park resident, stated her opposition to the Park's Application for a substantial rent increase. Ms. Yusten stated that the documentation provided to residents at park meetings did not reflect that the park was operating at a loss.

John Davis, President of Haven Management Services, Inc., stated that he attended all park meeting between the year 2000 and 2014 and prepared the statements at those meetings and commented on expenses that were capitalized.

**Staff Testimony**

James Brabant, MAI, presented testimony on behalf of the City.

Doug Anderson, Director of Urban Futures, presented testimony on behalf of the City.

Kenneth Baar, Ph. D, presented testimony on behalf of the City.

James Brabant was cross-examined and questioned by Applicant Attorney Mark Alpert.

Doug Anderson was cross-examined and questioned by Applicant Attorney Mark Alpert.

Kenneth Baar, Ph. D, was cross-examined and questioned by Applicant Attorney Mark Alpert.

Doug Anderson and Kenneth Baar were cross-examined and questioned by Commission Attorney Amy Greyson.

**Rebuttal**

John Neet presented rebuttal on behalf of the Applicant

Suzanne Taylor presented rebuttal on behalf of the Applicant.

**Closing Arguments**

City Staff Attorney Don Lincoln presented staff closing argument.

Valley View Residents' Attorney Bruce Stanton presented Opposition closing argument.

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Applicant Attorney Mark Alpert presented Applicant's closing argument.

**Public Hearing Closed**

Chairperson Holbrook closed the Public Hearing. Chairperson Holbrook opened Commission discussion and deliberation.

**COMMISSION MOTION AND VOTE**

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 12, MOTION BY CHAIRPERSON HOLBROOK, SECOND BY VICE-CHAIRPERSON GOMEZ, CARRIED 4-0, TO AUTHORIZE THE MRRC'S LEGAL COUNSEL TO PREPARE A WRITTEN RESOLUTION MEMORIALIZING ITS FINDINGS AND DECISIONS.**

After Commission discussion, the following Motions were made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 1, MOTION BY COMMISSIONER MECHAM, FAILED DUE TO A LACK OF A SECOND, FINDING THAT VALLEY VIEW MOBILEHOME PARK ("APPLICANT") DID MEET ITS BURDEN OF PROOF TO SUPPORT ITS CLAIM THAT ITS 1987 SPACE RENTS SHOULD BE ADJUSTED TO \$190 PER MONTH BASED ON THE ARGUMENTS MADE BY APPLICANT'S APPRAISER, JOHN NEET, MAI ("NEET").**

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 1, MOTION BY COMMISSIONER JOHNS, FAILED DUE TO A LACK OF A SECOND, FINDING THAT VALLEY VIEW MOBILEHOME PARK ("APPLICANT") DID NOT MEET ITS BURDEN OF PROOF TO SUPPORT ITS CLAIM THAT ITS 1987 SPACE RENTS SHOULD BE ADJUSTED TO \$190 PER MONTH, FINDING THAT THE ANALYSIS OF THE STAFF'S APPRAISAL EXPERT, JAMES BRABANT, MAI ("BRABANT"), IS MORE CREDIBLE THAN THE CLAIMS MADE BY APPLICANT'S APPRAISER, JOHN NEET, MAI ("NEET") AND FURTHER FINDING THAT THE APPLICANT'S 1987 AVERAGE MONTHLY SPACE RENTS OF \$144 WHILE DISPROPORTIONATELY LOW WHEN COMPARED TO RENTS BEING CHARGED IN COMPARABLE PARKS IN YUCAIPA SHOULD INSTEAD BE ADJUSTED TO \$173 PER MONTH.**

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 1, MOTION BY COMMISSIONER MECHAM, SECOND BY VICE-CHAIRPERSON GOMEZ, CARRIED 3-1 (CHAIRPERSON HOLBROOK VOTED NO), FINDING THAT VALLEY VIEW MOBILEHOME PARK ("APPLICANT") DID NOT MEET ITS BURDEN OF PROOF TO SUPPORT ITS CLAIM THAT ITS 1987 SPACE RENTS SHOULD BE ADJUSTED TO \$190 PER MONTH AND FURTHER FINDING THAT THE APPLICANT'S 1987 AVERAGE MONTHLY SPACE RENTS OF \$144 WHILE DISPROPORTIONATELY LOW WHEN COMPARED TO RENTS BEING CHARGED**

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**IN COMPARABLE PARKS IN YUCAIPA SHOULD INSTEAD BE ADJUSTED TO \$182.50 PER MONTH AS DETERMINED BY THE COMMISSION.**

After Commission discussion, the following Motions were made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 2, MOTION BY COMMISSIONER MECHAM, FAILED DUE TO A LACK OF A SECOND, FINDING THAT THE APPLICANT DID NOT MEET ITS BURDEN OF PROOF TO SUPPORT ITS CLAIM THAT IT IS ENTITLED TO A \$234.53 MONTHLY SPACE RENT INCREASE USING THE YMC §15.20 MAINTENANCE OF NET OPERATING INCOME (“MNOI”) APPROACH, AND FINDING THAT THE ANALYSIS OF THE STAFF’S EXPERT, KENNETH K. BAAR, PHD. (“DR. BAAR”) IS MORE CREDIBLE THAN THE APPLICANT’S EXPERT, MICHAEL MCCARTHY, CPA (“MCCARTHY”), AND FURTHER FINDING THAT DR. BAAR’S CALCULATION OF THE REQUIRED MONTHLY SPACE RENT INCREASE USING THE COMMISSIONS 1987 SPACE RENT ADJUSTMENT OF \$182.50 AND DR. BAAR’S ADJUSTMENTS TO THE INCOME AND EXPENSE ITEMS UNDER THE MNOI FORMULA IS CONSISTENT WITH YUCAIPA MUNICIPAL CODE (“YMC”) §15.20 AND PROVIDES THE APPLICANT WITH A FAIR RETURN WHILE NOT REQUIRING THE RESIDENTS TO PAY EXCESSIVE RENT.**

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 2, MOTION BY COMMISSIONER MECHAM, SECOND BY VICE-CHAIRPERSON GOMEZ, CARRIED 4-0, FINDING THAT THE APPLICANT DID NOT MEET ITS BURDEN OF PROOF TO SUPPORT ITS CLAIM THAT IT IS ENTITLED TO A \$234.53 MONTHLY SPACE RENT INCREASE USING THE YMC §15.20 MAINTENANCE OF NET OPERATING INCOME (“MNOI”) APPROACH.**

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 2, MOTION BY COMMISSIONER MECHAM, SECOND BY VICE-CHAIRPERSON GOMEZ, CARRIED 3-1 (CHAIRPERSON HOLBROOK VOTED NO) FINDING THAT THE ANALYSIS OF THE STAFF’S EXPERT, KENNETH K. BAAR, PHD. (“DR. BAAR”) IS MORE CREDIBLE THAN THE APPLICAN’TS EXPERT, MICHAEL MCCARTHY, CPA (“MCCARTHY”), AND FURTHER FINDING THAT DR. BAAR’S CALCULATION OF THE RQUIRED MONTHLY SPACE RENT INCREASE USING THE 1987 SPACE RENT ADJUSTMENT OF \$182.50 DETERMINED BY THE COMMISSION AND DR. BAAR’S ADJUSTMENTS TO THE INCOME AND EXPENSE ITEMS UNDER THE MNOI FORMULA IS CONSISTENT WITH YUCAIPA MUNICIPAL CODE (“YMC”) §15.20 AND PROVIDES THE APPLICANT WITH A FAIR RETURN WHILE NOT REQUIREING THE RESIDENTS TO PAY EXCESSIVE RENT.**

After Commission discussion, the following Motion was made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 3, MOTION BY COMMISSIONER MECHAM, SECOND BY COMMISSIONER JOHNS, CARRIED 3-1 (CHAIRPERSON HOLBROOK VOTED NO), FINDING THAT THE APPLICANT DID**

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**NOT MEET ITS BURDEN OF PROOF TO SUPPORT ITS CLAIM, THAT TO BE COMPARABLE, THE VALLEY VIEW SPACE RENTS SHOULD BE \$450 OR \$500 PER MONTH PER SPACE, FINDING THAT THE COMPARABLE RENT APPROACH DOES NOT JUSTIFY A HIGHER RENT INCREASE THAN THE MODIFIED MNOI APPROACH.**

After further Commission discussion, the following Motion was made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 4, MOTION BY COMMISSIONER MECHAM, SECOND BY CHAIRPERSON HOLBROOK, CARRIED 4-0, FINDING THAT THE APPLICANT DID NOT MEET ITS BURDEN OF PROOF TO SUPPORT ITS CLAIM THAT ITS PROPOSED PERMANENT MONTHLY SPACE RENT INCREASE OF \$150 IS BELOW THE AMOUNT PROPERLY ESTABLISHED BY THE USE OF THE MODIFIED MNOI METHODOLOGY AND/OR PROPERLY ESTABLISHED COMPARABLE RENTS.**

After Commission discussion, the following Motion was made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 5, MOTION BY COMMISSIONER MECHAM, SECOND BY VICE-CHAIRPERSON GOMEZ, CARRIED 4-0, FINDING THAT THE APPLICANT DID NOT MEET ITS BURDEN OF PROOF TO SUPPORT ITS CLAIM THAT ITS PROPOSED \$58.53 TEMPORARY SPACE RENT INCREASE TO PAY OFF ALLEGED PRIOR UNPAID MANAGEMENT FEES BECAUSE THERE IS NO RECOVERY OF THIS TYPE OF CLAIM UNLESS THERE IS A SHOWING (NOT PRESENT NOR ALLEGED HERE) THAT THIS DEFICIENCY WAS DUE TO A PRIOR “MISCALCULATION” IN SETTING THE VALLEY VIEW SPACE RENT LEVELS BY THE MRRC.**

After Commission discussion, the following Motion was made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATIONS ITEM NO. 6, MOTION BY COMMISSIONER MECHAM, SECOND BY CHAIRPERSON HOLBROOK, CARRIED 4-0, FINDING THAT APPLICANT DID NOT MEET ITS BURDEN OF PROOF TO SUPPORT ITS CLAIM THAT IT SHOULD RECOVER PAST “BORROWER ADMINISTRATIVE FEES” BECAUSE IT HAD BEEN OPERATING AT NEGATIVE CASH FLOW FOR 2013-2018 AND INSTEAD FINDING THAT ANDERSON’S ANALYSIS SHOWED THAT EVEN AFTER PAYING NOT ONLY DEBT SERVICE BUT ALSO “BORROWERS ADMINISTRATIVE FEES” APPLICANT HAD NET REVENUES FOR FOUR OF THE SIX YEARS, AND THE ANNUAL NET REVENUE FOR ALL THE SIX YEARS TOTALED \$61,388 IN NET REVENUES. APPLICANT’S CLAIM THAT IT IS ENTITLED TO RECOVER \$266,773 FOR BORROWER’S ADMINISTRATIVE FEES NOT PAID FOR THAT PERIOD HAS NO BASIS IN FACT. NOTHING IN *KAVANAU V. SANTA MONICA RENT CONTROL BD.*, 16 CAL 4<sup>TH</sup> 761 (1997) AUTHORIZES APPLICANT TO RECOVER AN ALLEGED PAST UNPAID BORROWER**

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**ADMINISTRATIVE FEES. FINALLY, APPLICANT'S CLAIM THAT THESE "UNPAID PAST BORROWER'S ADMINISTRATIVE FEES" ARE A CURRENT OBLIGATION OF THE PARK HAS NO BASIS.**

After Commission discussion, the following Motion was made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 1, MOTION BY COMMISSIONER MECHAM, SECOND BY CHAIRPERSON HOLBROOK, CARRIED 4-0, TO DIRECT DR. BAAR TO RECALCULATE THE MNOI METHODOLOGY USING THE ADJUSTED 1987 AVERAGE MONTHLY SPACE RENTS OF \$182.50 PER MONTH (BASED ON THE COMMISSION'S PRIOR ACTION) AND WITH VICE-CHAIRPERSON GOMEZ RECUSING HERSELF FROM THE EXPENSE ITEM CONCERNING ATTORNEYS' FEES ASSOCIATED WITH AN EVICTION THAT TOOK PLACE (TERRY DOWDALL'S EXPENSE).**

After Commission discussion, the following Motion was made:

**ACTION: MOTION BY VICE-CHAIRPERSON GOMEZ, FAILED DUE TO A LACK OF A SECOND, THAT THE APPLICANT DID NOT MEET THEIR BURDON OF PROOF TO INCLUDE THE CURRENT YEAR "BORROWER ADMINISTRATIVE FEES", AUDIT FEES OR BOND INTEREST FEES AS AN ALLOWABLE COST.**

After Commission discussion, the following Motion was made:

**ACTION: MOTION BY COMMISSIONER MECHAM, SECOND BY VICE-CHAIRPERSON GOMEZ, CARRIED 4-0, TO SUPPORT DR. BAAR'S RECOMMENDATION THAT THE CURRENT YEAR "BORROWER ADMINISTRATIVE FEES" (\$45,762) SHOULD BE EXCLUDED AS AN OPERATING EXPENSE IN THE MNOI ANALYSIS.**

After Commission discussion, the following Motion was made:

**ACTION: MOTION BY COMMISSIONER MECHAM, SECOND BY VICE-CHAIRPERSON GOMEZ, CARRIED 4-0, TO INCLUDE THE CURRENT AUDIT FEES (\$3,406) AS AN OPERATING EXPENSE IN THE MNOI ANALYSIS TO BE CALCULATED BY DR. BAAR.**

After Commission discussion, the following Motion was made:

**ACTION: MOTION BY COMMISSIONER MECHAM, SECOND BY COMMISSIONER JOHNS, CARRIED 4-0, TO SUPPORT DR. BAAR'S RECOMMENDATION THAT THE BOND INTEREST FEES (\$41,965) SHOULD BE EXCLUDED AS AN OPERATING EXPENSE IN THE MNOI ANALYSIS PURSUANT TO THE ADMINISTRATIVE RULES AND THE ORDINANCE.**

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After Commission discussion, the following Motion was made:

**ACTION: MOTION BY COMMISSIONER MECHAM, FAILED DUE TO A LACK OF A SECOND, TO REOPEN THE PUBLIC HEARING FOR THE PURPOSE OF ALLOWING ADDITIONAL QUESTIONS PERTAINING TO RECOMMENDATION NO. 7.**

Commission Attorney Greyson suggested that the Commission re-open the Public Hearing to allow the Applicant Attorney to explain the costs and allow the other parties to comment. After Commission discussion, the following Motion was made:

**ACTION: MOTION BY COMMISSIONER MECHAM, SECOND BY VICE-CHAIRPERSON GOMEZ, CARRIED 3-1 (CHAIRPERSON HOLBROOK VOTED NO), TO REOPEN THE PUBLIC HEARING FOR THE PURPOSE OF ALLOWING ADDITIONAL QUESTIONS PERTAINING TO RECOMMENDATION NO. 7.**

Applicant Attorney Alpert provided clarification on Item No. 7 and the fees associated with the Meet and Confer process in conjunction with completing the Application.

Resident Attorney Stanton stated that the *Galland* case requires that the Applicant be credited for the cost of the Application that are reasonable and necessary and argued that the residents should not be burdened to pay for the failed portions of the Application.

Staff Attorney Lincoln stated the approach of the Applicant and of Dr. Baar and read Administrative Rules Section 6.0004 (B)(10) into record.

Chairperson Holbrook closed the Public Hearing.

After Commission discussion, the following Motion was made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATIONS ITEM NO. 7, MOTION BY COMMISSIONER MECHAM, FAILED DUE TO A LACK OF A SECOND, TO GRANT AN ADDITIONAL TEMPORARY RENT INCREASE IN THE AMOUNT OF \$20 PER MONTH PER SPACE FOR A PERIOD OF FIVE YEARS AND AT AN INTEREST RATE OF 7% PER YEAR BASED ON THE AMORTIZED COST TO VALLEY VIEW FOR PREPARING THE APPLICATION AND PARTICIPATING IN THE HEARING PROCESS CONTINGENT ON THE COMMISSION GRANTING AN MNOI RENT ADJUSTMENT.**

After Commission discussion, the following Motion was made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATIONS ITEM NO. 7, MOTION BY COMMISSIONER MECHAM, FAILED DUE TO A LACK OF A SECOND, THAT THE ITEM BE DEFERRED TO ANOTHER MEETING AND THAT THE APPLICANT**

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**SHALL SUBMIT A FIRM BREAKDOWN OF ALL EXPENSES RELATED TO THE APPLICATION.**

Commission Attorney Greyson stated that the Public Hearing is closed and clarified that the agenda packet and additional materials submitted included the documentation for the Applicants expenses.

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 7, 8, AND 9, MOTION BY VICE-CHAIRPERSON GOMEZ, SECOND BY COMMISSIONER MECHAM, CARRIED 4-0, TO CONTINUE DISCUSSION ON ITEMS NO. 7, 8, AND 9 OF STAFF RECOMMENDATION TO THE NEXT MEETING.**

After Commission discussion, the following Motion was made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 10, MOTION BY COMMISSIONER MECHAM, SECOND BY CHAIRPERSON HOLBROOK, CARRIED 3-1 (COMMISSIONER JOHNS VOTED NO), FINDING THAT BOTH THE JULY 1, 2012 VALLEY VIEW REGULATORY AGREEMENT BETWEEN THE INDEPENDENT CITIES FINANCE AUTHORITY AND AUGUSTA COMMUNITIES LLC AND THE OCTOBER 1, 2000 VALLEY VIEW REGULATORY AGREEMENT CONTAINED PROVISIONS REQUIRING A CERTAIN PERCENTAGE OF VALLEY VIEW SPACES BE OCCUPIED BY LOW AND VERY LOW INCOME RESIDENTS AND THAT ANY SPACE RENT INCREASES FOR VERY LOW AND LOW INCOME RESIDENTS BE LIMITED TO THE LESSER OF THE AMOUNT SPECIFIED IN THE REGULATORY AGREEMENTS AND THE AMOUNT PERMITTED BY THIS RENT DECISION.**

After Commission discussion, the following Motion was made:

**ACTION: WITH REGARD TO STAFF RECOMMENDATION ITEM NO. 11, MOTION BY CHAIRPERSON HOLBROOK, SECOND BY COMMISSIONER MECHAM, CARRIED 4-0, FINDING THAT WHILE APPLICANT DID MAKE SOME EXPENDITURES FOR CAPITAL IMPROVEMENTS FROM 2012 THROUGH 2015 SOME OF THOSE CAPITAL IMPROVEMENTS WHICH INVOLVED MAINTENANCE OF THE ELECTRICAL SYSTEMS WOULD BE DISALLOWED BECAUSE OF PUC PREEMPTION, SOME OTHER EXPENSES WOULD BE DISALLOWED BECAUSE THEY WERE USED TO IMPROVE PARK OWNED MOBILEHOMES AND SPACES, AND ANY REMAINING CLAIM FOR A CAPITAL IMPROVEMENT RENT INCREASE IS REJECTED BECAUSE APPLICANT DID NOT FOLLOW THE REQUIRED PROCEDURES FOR OBTAINING SUCH A RENT INCREASE.**

**ADJOURNMENT**

The meeting adjourned.

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**ATTEST:**

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Jim Holbrook  
Chairperson

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Jennifer Crawford  
Rent Administrator

APPROVED AT THE MEETING OF:

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**CITY OF YUCAIPA  
AGENDA REPORT**

**TO:** Mobilehome Rent Review Commissioners  
**FROM:** Jennifer Crawford, Rent Administrator  
Don Lincoln, City Staff Attorney  
**FOR:** Mobilehome Rent Review Meeting of September 22, 2020  
**SUBJECT:** Valley View Mobilehome Park MNOI/Fair Return Application Fees

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**RECOMMENDATION:**

That the Mobilehome Rent Review Commission:

1. Admit Dr. Baar's Third Addendum Report of August 28, 2020, into the record; and
2. Reopen the hearing for the limited purpose of receiving additional evidence in the form of documents showing the fees applicant has paid in addition to those fees set forth with the Application and permitting oral argument (of no more than 10 minutes for each party) as to the amount of fees and costs to be paid to the Applicant; and
3. Admit Applicant's additional material supporting its fees and costs claim set forth in Mr. Alpert's letter of September 11, 2020, into the record; and
4. Review and consider the enclosed Supplemental Staff Report and adopt the cost amount set forth in Dr. Baar's analysis of \$15.66/space/month for a period of five (5) years with the Residents having the option of paying the temporary rent increase in a lump sum of \$790.75.

**DISCUSSION:**

**A. Adoption of Permanent Rent Adjustment Pursuant to MNOI Standard**

At the August 25, 2020 Hearing, the Commission reached a tentative decision on the permanent rent increase to be awarded to the Applicant. Assuming the Commission confirms the calculations, as set forth in Dr. Baar's Third Addendum Report of August 28, 2020, the Commission will award the Applicant a permanent rent increase of \$60.21/space/month.

**B. Commission's Review of Applicant's Claim for Rent Increase Application Costs and Request by the Parties to Briefly Reopen the Hearing**

While the Commission reached a tentative decision regarding the permanent rent increase, it did not reach a decision as to the award of any additional rent increase based on the Applicant's costs and fees.

Staff has been informed that both the Applicant and the Residents will ask the Commission at its September 22, 2020, meeting to reopen the hearing for the limited purpose of receiving additional

evidence (in the form of documents showing the fees the Applicant has paid after the filing of its Application) and permitting oral argument (limited to no more than 10 minutes for each party) as to the amount of fees and costs to be awarded to the Applicant.

In the event that the Commission does decide to reopen the hearing in accordance with those requests, staff has prepared a Supplemental Staff Report. The following reviews the Applicant's fees and costs and sets forth an alternate staff recommendation for such an increase in light of both additional evidence submitted by Applicant and the Commission's August 25, 2020, decision on the permanent rent increase to be awarded the Applicant.

### **C. Supplemental Staff Report Regarding Applicant's Claim for Rent Increase Application Costs**

#### **1. Original Staff Report Recommendation**

In its original report, staff recommended that the Commission grant a temporary rent increase for preparing the application and participating in the hearing process in the amount of \$15.66 per month per space for a period of five years.

Also, staff recommended that the Commission grant the Residents of Valley View the option of paying the temporary rent increase in a lump sum of \$790.75.

#### **2. Applicant's Letter of July 24, 2020**

At the August 25, 2020, Hearing, the Commission permitted the inclusion in the record of the July 24, 2020, letter from Mr. Alpert. (Applicant's pp. 1057-1058)

In his July 24, 2020, letter, Mr. Alpert stated that the prior estimated cost for the Application and Fees in the amount of \$67,043 must be updated to include the increased costs that the Applicant incurred to address and respond to numerous City staff questions relating to the unique finances of its non-profit status. Mr. Alpert also indicated that unlike the Carriage Trade Manor MNOI proceedings (which Dr. Baar had mentioned in his Report), the Applicant had to respond to the Residents' nonprofit expert and City staff's non-profit expert in rebuttal reports.

Mr. Alpert stated that as of July 24, 2020, Applicant had paid a total of \$80,949.34 in fees. The July 24, 2020, total did not include Mr. Alpert's legal fees from June 3, 2020 - July 23, 2020 of \$7,987.50. Nor did it include Mr. Alpert's estimate of the following additional fees relating to preparation for and attending the hearing: Attorney's fees, \$3,750; McCarthy, CPA fees, \$1,995; John Neet, MAI fees, \$3,950, for a total of \$ 9,695.

In summary, Mr. Alpert estimated that the grand total of fees and costs paid would be \$98,631.84 as follows: Augusta had paid \$80,949.34 as of July 24, 2020, plus \$7,987.50 for Mr. Alpert's unpaid legal fees from June 3, 2020 - July 23, 2020, plus \$9,695.00 for additional fees for preparation for and attending the hearing.

Mr. Alpert calculated that \$98,631.84 amortized over 5 years at 7% interest, divided by the 62 rent regulated spaces would result in a temporary monthly rent increase of \$31.50.

#### **3. Applicant's August 11, 2020, Letter, Increasing the Application Cost Claim to \$124,118.53 and**

### Attaching Additional Proposed Evidence.

On August 11, 2020, Mr. Alpert submitted a letter seeking a grand total of \$124,118.53 in fees and costs. (BP pp. 1082-1111). Attached were nine (9) invoices from Mr. Alpert (BP pp. 1085-1106) and four (4) invoices from Mr. McCarthy (BP pp. 1107-1111). The letter further indicated that it did not have Mr. Neet's updated billing and therefore was utilizing Neet's prior fee estimate, which assumed seven (7) hours for the hearing, noting that Mr. Neet was present at the hearing for more than 7 hours. (BP p. 1082). Also, attached was a spreadsheet (BP 1084) showing the division of the \$124,188.53 in fees and costs as follows: Legal Fees (Mr. Alpert), \$75,572.45, Accounting (Mr. McCarthy), \$45,671.08, Appraiser (Mr. Neet), \$8,175, and the Application fee, \$1,700 [sic \$1,750 per City Ordinance].

Mr. Alpert calculated that \$124,118.53 amortized over 5 years at 7% interest, divided by the 62 rent regulated spaces would result in a temporary monthly rent increase of \$39.65. Based on 75 spaces, the requested increase was \$32.77.

#### 4. Staff Analysis of Applicant's Claim for Application Costs of \$124,118.53

Applicant has argued that it is entitled to more than the \$15.66 temporary rent increase that staff recommended in its July Staff Report because the large professional fees that the Applicant incurred were undertaken in a reasonable effort to obtain a substantial rent increase in the unique context of a park operated by a non-profit entity, which it claimed justified higher application costs than the costs that would be incurred by a for-profit mobilehome park.

#### **Standards for Determining Allowable Application Costs**

The Administrative Rules under the Ordinance provide that allowable application costs are limited to "reasonable" costs and that the Commission shall take into account the relationship between the costs incurred and methodologies used in the Application and the amount of the increase granted.

The applicable provisions [with emphasis added] of the Yucaipa Administrative Rules state:

- A) hearing costs are "limited to the **reasonable cost of professional services actually incurred** in presenting the owner's application to the Commission . . ." (§6.0002(A))
- B) the Park Owner "shall bear the burden of proof to demonstrate, by substantial evidence . . . **that the claimed costs bear a reasonable relationship to the special rent adjustment awarded by the Commission . . . and the amount of the proposed temporary rent adjustment.**" (§6.0002(B))
- C) In **determining the Reasonableness of Fees, Costs and Other Expenses**, the Commission shall consider all relevant factors, including but not limited to, the following:
  - ...
  - 5. The complexity of the matter.**
  - ...
  - 10. The relationship of the result obtained to the expenses, fees, and other costs incurred.** . . including but not limited to the **amount of the Applicant's requested special rent adjustment** and supporting methodologies contained in the Applicant's special rent adjustment application, **the amount of the special rent adjustment granted by the Commission**, the

methodology used by the Commission in determining the approved special rental adjustment, **and the percentage difference between the Commission-approved special rent adjustment and the amount of the Applicant's claims under YMC 15.20.100.** In approving any temporary rent adjustment, the Commission may make adjustments to the Applicant's claimed expenses based upon its findings with respect to the factors set forth in this Subsection (B) and all other provisions of this Chapter." (§6.0004(B))

### **The Relationship Between the Applicant's Costs and Methodologies and the Amount of the Rent Increase Granted**

In this case, the Applicant originally claimed a right to a permanent rent increase of \$234.53 pursuant to a maintenance of net operating income (MNOI) analysis and a right to a temporary rent increase of \$58.53 to cover six past years of Borrower Administrative Fees.

Based on the Commission's tentative determinations: 1) the Applicant is entitled to a rent adjustment of \$60.21/per space/per month pursuant to the MNOI standard, and 2) the Applicant is **not** entitled a temporary rent increase to cover prior years' Borrower Administrative Fees.

The primary basis for the Applicant's justifications for a rent increase may be apportioned as follows:

1. Base Year Rent Adjustment - \$71.99
2. Current Year Borrower's Administrative Fees - \$50.85
3. One third of Annual Debt Service Interest - \$47.88
4. Past Years' Borrower's Administrative Fees – Amortized over Six Years - \$58.53.

See Tab H (Dr. Baar's Executive Summary), pp. v & vii and Dr. Baar's Third Addendum Report, p. 3

Of these claims, only the Base Year Rent Adjustment claim was deemed to be meritorious.

Three years ago (2017) the same Applicant's Attorney submitted an application for another park owner (Carriage Trade Manor) with a base year rent adjustment claim, but without the three other types of claims set forth in this case (the claims related to Borrower's Administrative Fees and Debt Service.) In that case, the Applicant was awarded a rent increase of \$95.94 pursuant to the MNOI standard and was awarded the full amount of its Application cost claim of \$49,424.50. (In inflation adjusted dollars that amount would be slightly higher.)

Two issues are highlighted in regard to the Applicant's current claim for \$124,118.53 in Application costs:

- 1) **Whether the Costs of Raising Claims That Were Not Deemed Meritorious by the Commission Should be Deemed a Reasonable Cost that the Residents Should be Obligated to Incur.**

A basic question is whether Residents should be required to cover the portions of Application costs which were not associated with obtaining the rent increase adequate to provide a fair return.

In regard to the fact that a part of the Applicant's claims were not deemed meritorious, the Applicant's

Attorney notes that it has a “professional duty” to raise all issues in support of a rent increase “knowing that the park owner may not prevail on all of these issues. Any fees incurred to that end are reasonable costs...” (BP p. 1083)

The issue under Administrative Rules is not what duties the Park Owner’s Attorney may have, but rather the relationship between the various claims of the Applicant, the costs of those claims, the total amount claimed, the extent to which the Commission relied on the methodologies advocated by the Applicant, and the actual outcome of the case. These are explicit criteria under the Administrative Rules which the Commission is required to take into account. (see the sections of the Administrative rules cited above.)

Without these criteria for reasonability, there would be no disincentive to flooding an Application with as many theories as possible. If the approach of allowing all of the costs of any Applicant is followed, as long as one type of claim is meritorious, the Applicant’s cost of raising all other theories would be borne by the Residents. Under such a scenario, the Residents would be obliged to cover both their costs in contesting a claim and the Applicant’s cost for raising a claim, regardless of whether the Applicant prevailed on the claim.

In this case, a substantial portion of the Applicant’s rent increase claim – that a portion of debt service should be treated as an “operating” expense - was directly contrary to the exclusion in the Administrative Rules of that expense from the definition of “operating” expenses, without any possible exceptions, and repeated guiding judicial precedent holding that differences in allowable rents based on financing arrangements have “no rational basis.” (see Tab H, Dr. Baar’s Report pp. 28-31) The Applicant claimed that excluding debt service from allowable expenses would be “irrational” under its particular circumstances. (BP p. 1035) While the Applicant is free to raise such a claim, in an attempt to “change the law,” nothing requires the Residents to cover the cost of this type of claim.

In regard to the largest operating expense claims of the Applicant, the “Borrower’s Administrative Fees,” the following is noted:

The Applicant’s Attorney relied heavily on the nature of non-profit status which included “unique administrative and reporting obligations” to justify the amount of the allowable increase in the application and the exceptional cost of the application, stating:

... differences between the operation of non-profit and for-profit properties ... impact this application.

... Wolf’s declaration summarizes ... the unique administrative and reporting obligations that non-profits must undertake. ... it offers background as to why [non-profits have] ..., additional administrative costs than a typical small “for profit” operation. (BP p. 996)

The claims of the Applicant that would not (and could not) have been made by a for-profit Applicant included:

1. The claim for an annual operating expense of \$45,762 (the equivalent of 50.85/space/month) in Borrower’s Administrative Fees in its request for a permanent increase pursuant to the MNOI standard. (see BP p. 1002, line 29); and

2. The claim for \$266,773 in unpaid Borrower's Administrative Fees of past years that it claimed as the basis for a claim for a temporary – six-year increase of \$58.53/per space/per month; and
3. The claim for an annual operating expense of \$43,093 (the equivalent of \$47.88/per space/per month) to cover one-third of its debt service in its request for a permanent increase pursuant to the MNOI standard. (see BP p. 1002, line 29)

While claiming the Borrower Administrative Fee as an “operating” expense, the Applicant did **not** disclose the following about its “administrative and reporting **obligations**” in regard to this fee.

1. Its tax-exempt bond loan agreement explicitly excluded Borrower's Administrative Fees and debt service from the definition of “operating and maintenance” expenses, (see Tab H, Dr. Baar's Report, Appendix D, pp. D-2 – D-3, excerpts from original loan agreement, and BP 940, definition section in current loan agreement).
2. In an accounting document submitted by the Applicant to the loan oversight agency (Intercity Finance Authority), the Borrower's Administrative Fees and debt service were explicitly labeled as a “non-operating expense” (see Tab H, Dr. Baar's Report, Appendix E, p. E-27). In other financial documents showing the Borrowers Administrative Fees this cost was not included among operating expenses; instead, it was listed as an expense covered out of “Net Operating Income.” (see Tab H, Dr. Baar's Report, Appendix E)

On the one hand, the Applicant claimed that the extra costs associated with non-profit ownership justified its “operating” expense claims. On the other hand, the Applicant failed to disclose that critical documents related to its non-profit status specifically excluded those costs (“debt service” and “Borrower's Administrative Fees”) from the definition of “operating” costs.

After the applicable sections of these documents (the bond loan agreement and portions of an Agenda Packet from the year 2000 and recent submissions to the bond oversight agency) were retrieved and noted by the City, the Applicant took the position that the bond terms were “irrelevant” (BP p. 1029). Also, the Applicant contended that the representations in the Agenda Packet of 2000 associated with its request to the City for approval of the financing of its non-profit conversion have no weight in this case (BP pp. 1026-1027). If it were not for the City's search for documents that were not included the Applicant's original submissions, the Applicant would have been the final adjudicator of whether or not the terms and representations set forth in these documents were relevant because the Commission would not have known about them.

- 2) **Whether the Applicant's Claims for Accounting and Attorney's costs and their Claimed Hourly Rates should be allowed in full in light of repeated “gross” errors in the Application. Staff discovery of these errors necessitated repeated revisions to the Application.**

City staff is hesitant to dwell on the errors of the Applicant, however, in this Application several “gross” errors were made, undercutting a claim as to the reasonability of claiming professional rates in this case. The City cannot point to prior precedent in regard to how such issues should be evaluated because it cannot recall a similar occurrence in prior cases.

The following is a list of just some of the Applicant's errors which required additional work of City staff and additional submissions by the Applicant in order to resolve.

<b>“Gross” Errors in MNOI Calculations</b>	
	<b>Impact of Error</b>
<p><b>Erroneous inclusion of Vacancy and Concessions Costs related to park owned homes in MNOI fair return analysis which was intended to exclude revenue and expenses from park owned mobilehomes.</b>            (see error on BP p. 441, line 14, “normalized” column with deduction from annual income of \$10,193 and correction on BP 1001, line 14 “normalized”, See also BP pp. 994, 1003, 1023, McCarthy Response)</p>	<b>\$10.76/space/month</b>
<p><b>Recovery of Past Year Borrower’s’ Administrative Fees – Counted Twice</b></p> <p><b>1) Once as a part of a permanent increase pursuant to the MNOI fair return analysis (BP p.1002, line 29);</b>  <b>and</b>  <b>(2) Once as the basis for a “temporary” increase of \$58.53/month/year for six years (BP p. 1002, note 20).”</b>            (In response to the City’s notation of this error, the Applicant’s Accountant noted that these costs “have been deducted by the park from the MNOI increase sought” (see BP p. 1046), however, the Applicant never changed its MNOI spreadsheet analysis to reflect this change.</p>	<b>\$58.53/space/month</b>
<p><b>Overstatement of Valley View’s Share of Annual Bond Debt</b></p> <p>Applicant claimed that Valley View’s share of Bond Interest is 15% (\$125,894 annual interest). (see Applicant’s Attorney letter, BP p. 706, Applicant’s Accountant McCarthy Declaration, BP p. 933). Valley View’s actual share of the bond debt is 7%. (see Declaration by Executive Director, Suzanne Taylor (“Valley View pays 7% of total debt service,” BP p. 1017)</p> <p>Applicant claimed 1/3 of bond interest &amp; subordinate bond interest as an operating cost - total <b>\$43,093</b> (equal to 1/3 of \$125,894+3,384 in interest (see BP p. 932)) and incorporated this amount in MNOI claim (<i>See BP p. 1002, line 28</i>). Actually 1/3 amount of actual interest paid was undoubtedly <b>less than \$30,000</b> (which is 1/3 of total actual annual interest and principal of about \$90,000) (see BP 1061, “2012 Bond Interest and principal payments” for 2018, \$91,006) (staff claim of this error neither confirmed as correct, denied, nor commented on by Applicant)</p>	<b>\$14.44/space/month</b>

<b>Errors in Calculations of Overall Income 2013 – 2018</b>	
	<b>Cumulative totals</b>
<p><b>Overstatement of Annual “Total Gross Income” – Double Counting a Portion of Rental Income (2013-2018)</b></p> <p><i>Amounts of Applicant’s Overstatements in Reported Annual “Total Gross Income”</i></p> <p>2013 \$3,475;  2014 - \$10,560;  2015 - \$21,314;  2016 - \$21,438;  2017 - \$39,993;  2018 - \$40,602</p> <p>(see BP p. 1061, correction “removes double counted space rent”)</p>	<p><b>\$137,382</b>  <b>\$1,831/space</b></p>
<p><b>Overstatement of Expenses - Double Counting of Common Area Utility Expenses (2013-2018)</b></p> <p><i>Applicant’s Overstatements of Expenses Due to erroneous additions of “Common Area Utilities” to total Utility Amounts</i></p> <p>2013- \$8,129;  2014 - \$9,030;  2015 - \$9,059;  2016 - \$8,779;  2017 - \$9,375;  2019 - \$9,233</p> <p>(see BP p.1064, correction “Less Common Area Utility”)</p>	<p><b>\$53,605</b>  <b>\$714/space</b></p>

In addition, throughout the proceeding various income and expense projections had to be revised several times due to the Applicant’s errors and the emergence of a new expense claim four days prior to the hearing.

1. After staff’s Bond Finance expert (Mr. Anderson) prepared a “cash flow” analysis using the Gross Income amounts reported by the Applicant, the Applicant revised these amounts substantially to correct for its double counting of the space rental income of exempt spaces.
2. Subsequently, staff discovered that the Applicant had double counted common area utility expenses, requiring a new correction by the Applicant of its operating expense calculations.

3. In its final submission of overall income and expenses, four days before the Hearing, the Applicant inserted a new expense claim for the amortized costs of purchasing and renovating park owned mobilehomes, which had never appeared in any of its calculations of overall income and expenses.

### Applicants Modifications of its Net Revenue Calculations

Net Revenue/Cash Calculations	2013	2014	2015	2016	2017	2018
Net Revenue Calculation of City's Analyst (Tab I, Mr. Anderson's UFI Report, p.4 using "Total Gross Income" amount set forth in the Application (BP p. 1001)	-21,579	-13,039	15,236	34,339	15,744	30,687
<b>First Projection of Applicant</b> Applicant corrected erroneous double counting in its "Total Gross Income" calculation of a portion of Rents from Exempt Spaces (BP p. 1047) (submitted July 13, 2020) Applicant labeled its erroneous "Total Gross Income" amount on BP 1003, which was relied on by City's analyst as analyst's gross income amount ("UFI Total Gross Income,")	-25,054	23,599	-6,078	12,901	-24,249	-9,915
<b>Second Projection of Applicant</b> Applicant "Negative Cash Flow" [Net Revenue] Calculation [BP p. 1061], submitted July 24, 2020	-25,054	23,599	-6,078	-12,901	-20,614	-6,224
<b>Third Projection of Applicant</b> Applicant's Net Revenue Calculation Corrected for double-counting of Common Area utility expenses and amortized costs of mobilehome purchases added a new cost, This cost claim which <b>never appeared in previous submissions ranged from \$13,980 in 2015 to \$22,424 in 2017 and 2018.</b> [BP p. 1064] (submitted August 21, 2020)	-16,925	-14,569	-10,999	1,687	-31,232	-19,415

### Staff Recommendation

In light of the above background, staff recommends that the Commission adopt the cost amount set forth in Dr. Baar's analysis of \$15.66/space/month for a period of five (5) years with the Residents having the option of paying the temporary rent increase in a lump sum of \$790.75.

## Alternate Calculations

If the Commission feels that it should award Applicant additional fees because of the additional fees claimed and the fact that the Commission did not adopt staff recommended rent increase of \$37.88/space/month, but instead Commission tentatively awarded a permanent monthly space rent increase \$60.21 (see Dr. Baar's Third Addendum calculations), staff sets forth the following approach for the Commission's consideration.

An alternative to the \$15.66 temporary rent increase recommended by Dr Baar would be to use the Applicant's MNOI claim of a \$234.53 space rent monthly increase as the denominator in order to calculate the Applicant's success percentage.

To find the percent that Applicant was successful on its MNOI claim; divide the Commission's rent decision of \$60.21 by the Applicant's MNOI claim of \$234.53 = 25.7%

Then use the following approach:

1. As to the first \$67,043.86 of fees and costs (those claimed with the Application) - use Dr. Baar's approach and reduce Applicant's cost claim from \$67,043.86 to \$59,306 (see TAB H, Dr. Baar's Report, p. 50). [The \$59,306 figure was intended to include (not exclude) credit for the time Applicant spent in connection with its Voluntary Meet and Confer meetings with the Residents.]
2. As to the additional amount claimed after the July 25, 2020, Staff Report (\$124,118.53 - \$67,043.86 = \$64,812.53) apply the percentage difference between the Commission-approved special rent adjustment and the amount of the Applicant's claims. Therefore, the additional amount of fees of \$64,812.53 is multiplied by the percent that the Applicant's MNOI claim was successful, 25.7% (\$64,812.53 times 25.7% = \$16,656.82).
3. Add \$16,656.82 to the \$59,306 used by Dr. Baar to reach a grand total of \$75,962.82.
4. \$75,962.82 amortized over 5 years at 7% is equal to \$1,504.15 per month/75 spaces= \$20.05 monthly space rent increase for the next 60 months (5 years).
5. Alternatively, \$75,962.82 divided by 75 spaces equals \$1,012.84 (one-time payment)

The comparison with Dr. Baar's figures used in the July 25, 2020 Staff Report follows:

1. Temporary monthly space rent increase (Dr. Baar, \$15.66), alternate approach, \$20.05.
2. One-time payment (Dr. Baar, \$790.75), alternate approach, \$1,012.84.

Attachments: Dr. Baar – Third Addendum  
Applicant – 9/11/2020 Supplemental Submission re: Fees and Costs

## **Third Addendum**

### **Analysis of the Valley View Mobile Home Park Fair Return Rent Increase Application**

### **Calculations of Allowable Rent Increase Based on Rent Commission Findings**

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**Yucaipa, California**

**Kenneth K. Baar, PhD**

Aug. 28, 2020

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This report was prepared on behalf of the City of Yucaipa. The opinions expressed herein are those of the author and do not necessarily represent the views of the City or of the Mobilehome Rent Review Commission.

**Commission Request for Calculation of Allowable Increase under Maintenance of Net Operating Income Standard**

On August 25, the Mobilehome Rent Commission directed the staff to provide an allowable rent increase calculation based on its determinations that the fair base year rent for the park was \$182.50/space/month and that an allowance of \$3,406 for the Park Owner's audit costs should be added to the allowable expense projections provided by staff.

**With these directions incorporated into the MNOI analysis, the allowable rent increase is \$60.21/space/month.**

The following pages show the adjustment to the operating expense calculation, the base year rent calculation, and the maintenance of net operating income fair return calculation.

## CURRENT YEAR OPERATING EXPENSES

(shaded cells contain subtotals)

Operating Expenses	Applicant Projections - "Normalized"	Baar Report Projections/ Staff Recommendation	Adjusted Amount pursuant to Commission Resolution (rows with adjustments in bold outline)	
Property Taxes	7145	7145	7145	
Common area electricity	7460	7460	7460	
Common area gas	1773	1773	1773	
Landscaping	14033	14033	14033	
Insurance	9029	9029	9029	
Legal	3876	3876	3876	
<b>Accounting</b>	<b>3406</b>	<b>0</b>	<b>3406</b>	<b>commission adjustment</b>
Billing service	1488	1488	1488	
Meetings & Conferences	832	832	832	
Dues & subscriptions	1006	0	0	
Licenses & fees	6021	6021	6021	
<b>Licenses &amp; Fees</b>	<b>9347</b>	<b>8341</b>	<b>8341</b>	
Payroll	28348	28348	28348	
Management Fee	14051	14051	14051	
<b>Management Expenses</b>	<b>42399</b>	<b>42399</b>	<b>42399</b>	
Owner Performed Labor	0	0	0	
Payroll Taxes	5784	5784	5784	
Miscellaneous Supplies	0	0	0	
Key Service	212	212	212	
Pest Control	551	551	551	
Signage	202	202	202	
Street lighting	589	589	589	
Vehicle Maintenance	10	10	10	
HVAC repairs	301	301	301	
Repairs	78	78	78	
Small tools	2208	2208	2208	
Cleaning/janitorial	1251	1251	1251	
Repairs & maintenance	3247	3247	3247	
Labor	30761	30761	30761	
Housing	9903	9903	9903	
<b>Repairs &amp; Maintenance</b>	<b>49313</b>	<b>49313</b>	<b>49313</b>	
Postage	682	682	682	
Bank Charges	1451	1451	1451	
Credit Reports	174	174	174	
S&P fees	745	745	745	
Office Supplies and expense	1440	1440	1440	
<b>Office Supplies and expense</b>	<b>4492</b>	<b>4492</b>	<b>4492</b>	
Telephone	4539	4539	4539	
Auto Expense - Travel	136	136	136	
Pool Maintenance	1057	1057	1057	
Security	347	347	347	
Street Maintenance	237	237	237	
Street Sweeping	0	0	0	
Trash	6734	6734	6734	
Water	3342	3342	3342	
Sewer	37	37	37	
Sesspool (service & closeout)	0	0	0	
Cable TV	884	884	884	
Amortization	153	153	153	
Operating supplies	3158	3158	3158	
Benefits	5075	5075	5075	
<b>Workers compensation/ADP fees</b>	<b>7005</b>	<b>7005</b>	<b>7005</b>	
Advertising	0	0	0	
Recovery - Unpaid Non-Profit Admin Fees	52680	0	0	
Non-Profit Administrative Fees	45762	0	0	
Bond Interest	41965	0	0	
Subordinate bond interest	1128	0	0	
Resident relations (entertaining)	1707	1707	1707	
Outside services	200	200	200	
Other	143442	1907	1907	
<b>"TOTAL OPERATING EXPENSES-APPLICATION"</b>	<b>334203</b>	<b>189262</b>	<b>192668</b>	<b>adjustment based on commission resolution</b>

<b>CALCULATION OF RENT INCREASE REQUIRED TO PROVIDE NOI ENTITLEMENT UNDER MAINTENANCE OF NET OPERATING INCOME (MNOI) STANDARD</b>				
	Using Estimated Base Year Space Rent	Using Comparable Base Year Rent Projected by City Appraiser	Using Market Base Year Space Rent Projected by Applicant's Appraiser	Using Fair Base Year Rent & Operating Expenses Determined by Commission
<b>Using Staff Operating Expense Projections</b>				
<b>Base Year (1987) Rent and Net Operating Income</b>				
Space Rent	144	173	190	<b>182.50</b>
Gross Rental Income	129,833	155,933	171,233	<b>164,250</b>
Operating Expenses	88,110	88,110	88,110	<b>88,110</b>
Net Operating Income	41,724	67,824	83,124	<b>76,141</b>
<b>Current Year (2018) Net Operating Income Entitlement</b>				
Current (2018) Net Operating Income Entitlement (Base Year NOI x 2.006)	83,697	136,054	166,746	<b>152,738</b>
<b>Current Year (2018) Rent and Net Operating Income</b>				
Space Rent		316.48		<b>316.48</b>
Gross Rental Income		291,220		<b>291,220</b>
Operating Expenses		189,262		<b>192,668</b>
Net Operating Income		101,958		<b>98,552</b>
<b>Rent Adjustment under MNOI Standard</b>				
Rent Increase Required to Provide Net Operating Income Entitlement (NOI entitlement minus current NOI)	none	34,096	64,788	<b>54,186</b>
Rent Increase/Space/Month to Provide Net Operating Income Entitlement	none	\$37.88	\$71.99	<b>\$60.21</b>



*Law Offices of*  
**Gregory Beam & Associates, Inc.**  
23113 Plaza Pointe Drive  
Suite 100  
Laguna Hills, California 92653  
(949) 598-5800  
Facsimile: (949) 598-5815

September 11, 2020

Via Email Only

Jennifer Crawford  
Rent Administrator  
City of Yucaipa

Re: Valley View Rent Increase – Supplemental Submission re: Fees and Costs

Dear Ms. Crawford:

By my count, this is the eleventh submission of Augusta in conjunction with its rent increase application. The purpose of this submission is to provide documentation of the legal, accounting, appraisal and other costs incurred by Augusta in support of this unique rent increase application.

There are three submissions with this letter. First, Augusta has prepared a spread sheet which summarizes all of the costs incurred to date, providing a description of the general purpose of the cost incurred. Second, we are submitting legal billing statements for services provided from August 2019 through July, 2020. The most recent billing statements are not available, but Augusta has been provided my time records so that the amount stated is as complete as possible. Third, we are providing updated billing from CPA Michael McCarthy. We do not have John Neet's updated billing, but we are utilizing his prior estimate in which he assumed 7 hours at the hearing. He was there more than seven hours.

We have excluded from this calculation time incurred by Michael McCarthy for preparing a 2019 based MNOI analysis and his time in attending the hearing that was cancelled. (I did not bill any time on the day of the hearing and adjusted my time for preparation the day before the hearing so no further adjustments were needed).

Based on this information, we have calculated an updated rent increase request. In our view, the increase should be based on only the 62 regulated spaces as the cost will not be recovered if the calculation includes spaces that are not subject to rent control. Utilizing a grand total of \$124,118.53 and applying a seven percent interest rate to 62 spaces, the required temporary rent increase is \$39.65. Based on 75 spaces, the requested rent increase is \$32.77.

GREGORY BEAM & ASSOCIATES, INC.

Jennifer Crawford  
September 11, 2020  
Page 2

Finally, we want to point out that under Administrative Rule 6.0004 there are 10 non-exclusive factors to consider in approving the rent increase. Only one of those ten factors refers to the question of whether "professional assistance was reasonably related to the result achieved" as part of that factor.

The professional fees incurred in this case were all undertaken in a reasonable effort to obtain a substantial rent increase in the unique context of a park operated by a non-profit. It is the professional duty of legal counsel to advocate for the park owner in support of a rent increase, knowing that the park owner may not prevail on all of the issues. Any fees incurred to that end are reasonable costs of operating the park under rent control. The Administrative Regulations should not and cannot be applied to convert the recovery of legitimate costs to the equivalent of a contingency fee, penalizing the park owner for advocating in its own interest.

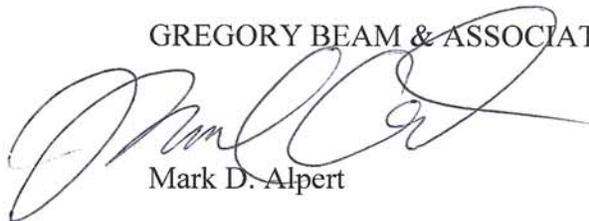
It is important to keep in mind that the California Supreme Court in *Galland v. City of Clovis* (2001) 24 Cal.4th 1003 held that regulating agencies must consider application expenses in determining a fair return. (*Id* at 1028) In that sense, these costs are no different than any other expenses of the park. The question is whether they are reasonable, ordinary expenses incurred by the park. The supporting documentation submitted demonstrates that (1) the professionals representing the park are all extremely qualified (2) the rates they charged are at or below customary standards for similarly qualified professionals, and (3) the services they performed were all directly related to seeking a rent increase under the City's rent control ordinance and administrative rules.

Finally, I think it is worthwhile to address the costs associated with efforts to reach an agreement with the residents. These costs were not substantial, but they were undertaken as specifically contemplated by the Ordinance and Administrative Rules. The effort, which was almost successful, could have avoided the majority of expenses incurred in this process by the park owner, residents and the City. Thus, these are not only legitimate park owner expenses, it would be irrational to punish and discourage the park owner from undertaking a good faith effort to reach an agreement with the residents, a goal this Commission and the City should embrace.

Thank you for your attention to this matter.

Sincerely,

GREGORY BEAM & ASSOCIATES, INC.



Mark D. Alpert

MDA

Date	Invoice	Legal	Accounting	Appraisal	Application Fee	Exclude	Related to:
5/30/2018	65526	\$ 1,500.00					Planning Review
9/12/2018	30044		\$ 2,805.00				Planning and Set-up, Initial requests
6/30/2018	65644	\$ 75.00					MMC Contract
7/1/2019	19-013			\$ 4,000.00			Appraisal John Neet
9/30/2018	65754	\$ 937.50					Review MMC Initial #5
10/10/2018	30428		\$ 9,212.50				Application Financial Model
10/31/2018	30887		\$ 3,437.50				Application Financial Model
10/30/2018	65819	\$ 1,312.50					Review MMC Initial #5
12/10/2018	31280		\$ 2,337.50				Application Financial Model
1/30/2019	66038	\$ 37.50					Appraisal Contract
2/3/2020	38712		\$ 1,680.00				Application Financial Model
2/28/2019	66156	\$ 2,100.00					Settlement & Long Term Lease
5/29/2019	34249		\$ 4,207.50		\$ 4,207.50		Re-do with 2019 numbers (excluded)
5/30/2019	66273	\$ 4,856.25					MNOI Analysis
6/4/2019	34665		\$ 412.50				Application Financial Model
6/30/2019	66329	\$ 1,312.50					Prepare Rent Increase Analysis
7/30/2019	66381	\$ 4,162.50					Application and resident meeting
7/31/2019	35079		\$ 1,650.00				strategies to avoid rent adjustment
8/5/2019	35780		\$ 687.50				Accounting application
8/30/2019	66431	\$ 1,650.00					Application and resident meeting
9/1/2019					\$ 1,700.00		Application Fee
9/1/2019	Submitted MNOI Application						
9/4/2020	36213	\$ 825.00					Accounting application
10/1/2019	36593	\$ 275.00					Accounting application
10/30/2020	66549	\$ 9,049.41					Application and resident meeting
12/9/2020	Submitted Response to City's Supplemental Question #1 dated 12/09/2020						City Request #1 12/9/2019
12/30/2020	66658	\$ 1,462.50					
1/31/2020	Submitted Response to City's Supplemental Question #2 dated 01/22/2020						City's Supplemental Question #1 dated 12/09/2020
2/27/2020	Submitted Response to City's Supplemental Question #3 dated 02/18/20	\$ 1,292.50					City Request #2 01/22/2020 & City Request # 3 1/31/2020
1/2/2020	38253						City Request #3
2/25/2020	Submitted Response to City's Supplemental Question #4 dated 02/25/20 re bond opinion						Supplemental Question #3 dated 02/18/20
2/28/2020	66765	\$ 1,950.00					City Request #4
3/8/2020	39114	\$ 280.00					Resident Rebuttal
3/30/2020	66824	\$ 908.18					City Request #4
4/7/2020	Submitted Response to City's Supplemental Question #5 dated 04/03/20						Resident Rebuttal
4/30/2020	43034	\$ 1,680.00					City Supplemental Question #5
4/30/2020	66887	\$ 4,837.50					multiple of issues, 31 pages (2 part)
5/11/2020	Submitted Response to City's Supplemental Question #6 dated 05/05/20 and resident rebuttals						1 question, copy of appraisal
5/13/2020	Submitted Response to City's request #C for colored copy of BP 360 - provided copy of appraisal						multiple of issues 32 pages
5/13/2020	Submitted Response to Bar Report #7						
5/31/2020	43895	\$ 3,360.00					Residents Brief Response
5/30/2020	66995	\$ 5,062.50					City's Supplemental Question #6 & Request #C for Color page
6/30/2020	44984	\$ 560.00					City Expert Reports
6/30/2020	67050	\$ 10,312.50					City Expert Reports
7/2/2020	Submitted Fee Update #8						
7/24/2020	Clarification & Rebuttal # 9						
7/25/2020	First Rent Commission Public Hearing-Postponed						
7/31/2020	45997	\$ 3,574.29				774.29	Bar Report & Hearing Prep plus Postponed Hearing (excluded)
7/30/2020	67053	\$ 10,283.61					City Experts Rebuttal
8/21/2020	#10 Submitted Response to City's Bar-Anderson dated 8/12 & 08/21						
8/25/2020	Rent Review Commission Public Hearing						
8/31/2020	46654	\$ 5,394.29					Second Rebuttal & Final Hearing Prep and Attendance
8/30/2020		\$ 8,325.00					8/25 Hearing Prep and Attendance
8/30/2020				\$ 4,175.00			WIP for 9/22 Hearing Prep
9/30/2020		\$ 262.50					
Totals:		\$ 75,572.45	\$ 43,671.08	\$ 8,475.00	\$ 1,700.00	\$ 4,981.79	1083 pages
Grand Total:		\$ 129,118.53					
Excluded Costs:		\$ 4,981.79					
Grand Total:		\$ 124,136.74					

\$ 39.65 62 Regulated Spaces  
 \$ 32.77 75 spaces (includes unregulated)

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Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
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 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

September 27, 2019

Invoice # 66431

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
<u>Valley View MHP Rent Increase Application</u>		
8/3/2019 Draft correspondence to client re: rent increase application.	0.30 375.00/hr	112.50
8/9/2019 Review materials from W. Wolf regarding his duties and non-profit duties in support of MNOI analysis. Revise declaration re: same. Draft letter to W. Wolf with draft of declaration.	1.20 375.00/hr	450.00
8/13/2019 Review letter from client. Draft correspondence to client re: same. Phone conference with client re: <del>_____</del>	0.80 375.00/hr	300.00
8/15/2019 Revise Wolfe declaration. Correspondence with Wolfe re: same.	0.20 375.00/hr	75.00
8/26/2019 Phone conference with Suzanne Taylor. Draft correspondence to client re: <del>_____</del> . Draft correspondence to McCarthy re: same.	0.30 375.00/hr	112.50
8/28/2019 Review materials re: revision to MNOI. Prepare for and participate in phone conference with McCarthy re: same.	0.30 375.00/hr	112.50
8/29/2019 Phone conference with S. Taylor re: questions. Prepare application.	1.30 375.00/hr	487.50

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Augusta Communities, LLC (6004)

Page 2

	<u>Hrs/Rate</u>	<u>Amount</u>
<b>SUBTOTAL:</b>	[ 4.40	1,650.00
For professional services rendered	4.40	\$1,650.00
Previous balance		\$5,475.00
Accounts receivable transactions		
9/13/2019 Payment - thank you. Check No. 0000010640		(\$1,312.50
9/27/2019 Payment - thank you. Check No. 0000010658		(\$4,162.50
Total payments and adjustments		<u>(\$5,475.00</u>
Balance due		<u><u>\$1,650.00</u></u>

This invoice includes charges for fees and costs incurred through September 2, 2019.

1086

Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
 Suite 100  
 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

November 25, 2019

Invoice # 66649

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
<u>Valley View MHP Rent Increase Application</u>		
10/7/2019 Phone conference with client.	0.20 375.00/hr	75.00
10/8/2019 Review and revise Resident Survey form. Draft correspondence re: same.	0.30 375.00/hr	112.50
10/9/2019 Phone conference with S. Taylor re: ██████████.	0.10 375.00/hr	37.50
10/21/2019 Review letter from City re: resident vote results. Draft correspondence to client re: ██████ Phone call with client re: ██████████	0.20 375.00/hr	75.00
10/22/2019 Drafting brief in support of application. Draft correspondence to client with questions re: ██████████	0.50 375.00/hr	187.50
10/23/2019 Drafting multiple correspondence with client.	0.30 375.00/hr	112.50
10/24/2019 Draft correspondence to client re: application. Revise brief based on client comments. Draft follow up correspondence to client with additional materials needed. Finalize and organize application.	0.60 375.00/hr	225.00

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Augusta Communities, LLC (6004)

Page 2

	<u>Hrs/Rate</u>	<u>Amount</u>
10/28/2019 Finalize MNOI application materials. Draft multiple correspondence to client re: same. Prepare instructions for handing application.	2.80 375.00/hr	1,050.00
10/29/2019 Complete application and coordinate re: submission. Draft correspondence to client re: <del>XXXXXX</del>	0.80 375.00/hr	300.00
11/1/2019 Phone conference with client re: post vote strategy.	0.10 375.00/hr	37.50
 SUBTOTAL:	 [ 5.90	 2,212.50
For professional services rendered	5.90	\$2,212.50
Additional Charges :		
<u>Valley View MHP Rent Increase Application</u>		
10/28/2019 Copy charge.		37.58
10/29/2019 Copy charge.		263.80
Federal express to S. Taylor.		74.75
USB drive.		10.78
 SUBTOTAL:		 [ 386.91
Total additional charges		\$386.91
Total amount of this bill		\$2,599.41
Previous balance		\$8,100.00
Accounts receivable transactions		
11/21/2019 Payment - thank you. Check No. 0000010672		(\$1,650.00)
Total payments and adjustments		(\$1,650.00)
Balance due		\$9,049.41

1048

Augusta Communities, LLC (6004)

Page 3

This invoice includes charges for fees and costs incurred through November 1, 2019.

1089

Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
 Suite 100  
 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

January 31, 2020

Invoice # 66658

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
<u>Valley View MHP Rent Increase Application</u>		
12/9/2019 Review of extensive letter from city requesting information regarding application. Draft correspondence to client re: <del>same and city's separate inquiry regarding</del> <del>exp.</del>	0.40 375.00/hr	150.00
12/10/2019 Review city comment letter and outline response. Draft correspondence to McCarthy and client re: preparing responses and providing city information.	1.30 375.00/hr	487.50
12/11/2019 Multiple correspondence with McCarthy and client re: City request, including separate City inquiry.	0.30 375.00/hr	112.50
12/13/2019 Review email from client and city on question regarding capital items. Draft correspondence to client re: <del>_____</del> . Phone conference with client re: <del>_____</del>	0.90 375.00/hr	337.50
12/18/2019 Draft correspondence re: preparing response to city.	0.20 375.00/hr	75.00
1/2/2020 Review letter from client.	0.10 375.00/hr	37.50
SUBTOTAL:	3.20	1,200.00

1090

Augusta Communities, LLC (6004)

Page 2

	<u>Hours</u>	<u>Amount</u>
For professional services rendered	3.20	\$1,200.00
Previous balance		\$9,311.91
Accounts receivable transactions		
1/8/2020 Payment - thank you. Check No. 0000010692		<u>(\$9,049.41)</u>
Total payments and adjustments		<u>(\$9,049.41)</u>
Balance due		<u><u>\$1,462.50</u></u>

This invoice includes charges for fees and costs incurred through January 2, 2020.

1091

Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
 Suite 100  
 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

February 14, 2020

Invoice # 66710

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
<u>Valley View MHP Rent Increase Application</u>		
1/3/2020 Draft correspondence. Review documents. Draft correspondence re: preparing supplemental response to the City.	1.00 375.00/hr	375.00
1/6/2020 Review materials from client and McCarthy re: response. Phone conference with client and McCarthy re: preparing response. Draft correspondence to City requesting clarification.	1.90 375.00/hr	712.50
1/7/2020 Prepare response to City request including multiple drafts. Draft correspondence to client and McCarthy re: same. Review and revise draft response.	2.50 375.00/hr	937.50
1/8/2020 Prepare response to City. Review and revise draft response from client to request 29. Draft correspondence re: same.	1.30 375.00/hr	487.50
1/10/2020 Finalize supplemental submission. Draft correspondence to client re: same and coordination of service. Draft correspondence to client re: providing copy of supplemental submission. Phone conference with client.	0.50 375.00/hr	187.50
1/13/2020 Draft correspondence to client re: completing service of supplemental submission. Phone conference with client re: same.	0.30 375.00/hr	112.50
1/22/2020 Review letter from City requesting additional information. Draft correspondence to City re: same. Phone conference with City re: same.	1.20 375.00/hr	450.00

1092

Augusta Communities, LLC (6004)

Page 2

	<u>Hrs/Rate</u>	<u>Amount</u>
1/30/2020 Draft correspondence to client re: supplemental response.	0.20 375.00/hr	75.00
1/31/2020 Prepare third supplemental response to City. Draft correspondence to client re: same.	1.00 375.00/hr	375.00
<b>SUBTOTAL:</b>	<u>9.90</u>	<u>3,712.50</u>
For professional services rendered	<u>9.90</u>	<u>\$3,712.50</u>
Previous balance		\$1,462.50
Balance due		<u><u>\$5,175.00</u></u>

This invoice includes charges for fees and costs incurred through February 3, 2020.

1093

Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
 Suite 100  
 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

March 17, 2020

Invoice # 66765

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
<u>Valley View MHP Rent Increase Application</u>		
2/10/2020 Phone conference with City re: scheduling hearing. Draft correspondence re: same.	0.20 375.00/hr	75.00
2/11/2020 Draft correspondence to client. Analyze multiple emails re: scheduling of the hearing. Draft correspondence to city re: possible hearing dates.	0.40 375.00/hr	150.00
2/13/2020 Review letter from city with questions for Wolf. Phone conference with W. Wolf re: same.	0.20 375.00/hr	75.00
2/18/2020 Phone conference with client. Review additional incomplete letter from city. Draft correspondence to client re: same. Phone conference with client re: same.	0.30 375.00/hr	112.50
2/25/2020 Prepare additional response. Analyze records re: same. Draft correspondence re: same. Review new letter from city requesting legal opinions. Draft correspondence to client re: same. Phone conference with client re: same. Additional phone conference with client re: [REDACTED] Draft correspondence to city objecting to demand. Research letter re: same.	1.80 375.00/hr	675.00
2/26/2020 Prepare fourth submission to the city. Draft correspondence to city re: same and review of documents re: same.	0.50 375.00/hr	187.50

1094

Augusta Communities, LLC (6004)

	<u>Hrs/Rate</u>	<u>Amount</u>
2/27/2020 Finalize fourth submission to the city. Review and analyze letter from city addressing concerns over low income regulations. Analyze data regarding income concerns. Draft correspondence to client re: same. Phone conference with client re: same.	1.40 375.00/hr	525.00
3/2/2020 Review letter from city re: scheduling. Draft correspondence to client and witnesses re: same. Phone conference with client re: <del>regulatory fees associated by</del>	0.40 375.00/hr	150.00
<b>SUBTOTAL:</b>	<u>5.20</u>	<u>1,950.00</u>
For professional services rendered	5.20	\$1,950.00
Additional Charges :		
<u>Valley View MHP Rent Increase Application</u>		
2/4/2020 Copy charge.		8.18
<b>SUBTOTAL:</b>		<u>8.18</u>
Total additional charges		\$8.18
Total amount of this bill		\$1,958.18
Previous balance		\$5,175.00
Accounts receivable transactions		
3/3/2020 Payment - thank you. Check No. 0000010705		(\$1,462.50)
Total payments and adjustments		(\$1,462.50)
Balance due		<u>\$5,670.68</u>

This invoice includes charges for fees and costs incurred through March 4, 2020.

1095.

Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
 Suite 100  
 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

April 14, 2020

Invoice # 66824

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
<u>Valley View MHP Rent Increase Application</u>		
3/5/2020 Review multiple correspondence and calendar re: hearing dates. Draft correspondence to City re: same.	0.30 375.00/hr	112.50
3/9/2020 Review letter from City re: hearing. Forward same to client with brief letter discussing same. Draft correspondence to client re: same.	0.20 375.00/hr	75.00
3/18/2020 Phone call with client.	0.10 375.00/hr	37.50
3/25/2020 Draft correspondence to tenants' counsel re: tenants' requested extension. Draft correspondence to client re: same. Draft correspondence to City re: same. Review City decision granting same.	0.30 375.00/hr	112.50
4/3/2020 Review letter from City requesting additional information. Draft correspondence to client re: same.	0.20 375.00/hr	75.00
<b>SUBTOTAL:</b>	[ 1.10	412.50
For professional services rendered	1.10	\$412.50
Previous balance		\$5,670.68

1096

Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
 Suite 100  
 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

May 13, 2020

Invoice # 66887

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
<u>Valley View MHP Rent Increase Application</u>		
4/6/2020 Conference call with client re: further information request from City. Draft emails to client re: same.	0.20 375.00/hr	75.00
4/8/2020 Review additional information from client re: supplemental responses. Prepare draft letter response to City inquiry. Review correspondence from McCarthy and client re: same. Draft correspondence to client re: <del>regarding affordable housing issues</del>	1.30 375.00/hr	487.50
4/9/2020 Review materials from C. Summerville re: <del>and housing response</del> . Phone call with Summerville re: same.	0.20 375.00/hr	75.00
4/13/2020 Briefly review and analyze resident opposition to rent increase. Forward opposition to client and draft correspondence to client re: same.	0.30 375.00/hr	112.50
4/15/2020 Confer with client and consultants re: <del>the same as above</del> . Prepare request for an extension.	0.60 375.00/hr	225.00
4/16/2020 Review and analyze residents' responses re: needed rebuttal. Draft correspondence to client and consultants re: same. Draft correspondence to McCarthy re: specific issues to examine in opposition reports.	1.00 375.00/hr	375.00
4/17/2020 Continue preparation of supplemental submission five with client. Draft multiple correspondence to client re: same. Finalize response.	0.90 375.00/hr	337.50

1098

Augusta Communities, LLC (6004)

	<u>Hrs/Rate</u>	<u>Amount</u>
4/17/2020 Draft multiple correspondence re: new proposed hearing date in June.	0.20 375.00/hr	75.00
4/20/2020 Prepare for and participate in phone conference with Mike McCarthy.	0.70 375.00/hr	262.50
4/22/2020 Telephone call with Suzanne re: rent increase application.	0.60 375.00/hr	225.00
4/23/2020 Telephone call with City staff regarding hearing date and witness availability.	0.20 375.00/hr	75.00
4/24/2020 Telephone call with D. Lincoln regarding availability of Wolfe. Draft email to W. Wolfe re: same and follow up email April 25.	0.40 375.00/hr	150.00
4/27/2020 Confer with client re: [REDACTED]. Draft correspondence to client re: [REDACTED].	0.30 375.00/hr	112.50
4/28/2020 Review letter from City proposing August hearing date. Draft multiple correspondence re: same. Draft correspondence to City approving new hearing date.	0.30 375.00/hr	112.50
5/1/2020 Continue review and analysis of resident response. Review letter from C. Summerville addressing questions from consultant McCarthy. Draft correspondence requesting clarification of responses.	1.20 375.00/hr	450.00
5/4/2020 Review and analysis of residents legal and expert reports. Drafting and research re: response to same. Confer with McCarthy re: factual questions re: preparing rebuttal.	4.50 375.00/hr	1,687.50
<b>SUBTOTAL:</b>	<u>12.90</u>	<u>4,837.50</u>
For professional services rendered	12.90	\$4,837.50
Previous balance		\$908.18
Accounts receivable transactions		
4/27/2020 Payment - thank you. Check No. 0000010729		<u>(\$495.68)</u>
Total payments and adjustments		(\$495.68)
Balance due		<u><u>\$5,250.00</u></u>

This invoice includes charges for fees and costs incurred through May 4, 2020.

1099

Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
 Suite 100  
 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

June 23, 2020

Invoice # 66995

Professional Services

	<u>Hrs/Rate</u>	<u>Amount</u>
<u>Valley View MHP Rent Increase Application</u>		
5/5/2020 Prepare reply brief responding to tenants. Analyze tenant brief and tenant report re: same. Draft correspondence to client re: same and questions. Draft correspondence to McCarthy regarding owner investment in homes. Review letter from City requesting spreadsheet. Draft correspondence to McCarthy and client re: same.	5.50 375.00/hr	2,062.50
5/6/2020 Prepare reply brief. Review correspondence from client re: factual questions raised. Review and analyze McCarthy draft rebuttal report. Draft correspondence to McCarthy and client re: comments and questions regarding draft rebuttal report.	3.30 375.00/hr	1,237.50
5/7/2020 Draft declaration of Suzanne Taylor. Prepare comments on McCarthy analysis. Draft correspondence to McCarthy and client re: same. Prepare undated brief in support of application at request of the City. Prepare revisions to submissions.	2.40 375.00/hr	900.00
5/8/2020 Phone conference with client and McCarthy re: finalizing rebuttal report, declarations and other materials to be submitted. Prepare revisions. Draft correspondence to client re: revisions. Prepare revisions.	1.50 375.00/hr	562.50
5/11/2020 Finalize supplemental submission. Draft correspondence to client re: same. Organize and send submission.	0.50 375.00/hr	187.50

1100

Augusta Communities, LLC (6004)

Page 2

	<u>Hrs/Rate</u>	<u>Amount</u>
5/13/2020 Draft correspondence to City re: pagination question. Phone conference with City re: same. Review correspondence re: base year management. Draft correspondence to client and McCarthy re: question from City.	0.20 375.00/hr	75.00
5/27/2020 Review letter from City to tenants. Forward letter to clients with brief discussion of same.	0.10 375.00/hr	37.50
<b>SUBTOTAL:</b>	<u>13.50</u>	<u>5,062.50</u>
For professional services rendered	<u>13.50</u>	<u>\$5,062.50</u>
Previous balance		\$5,250.00
<b>Balance due</b>		<u><u>\$10,312.50</u></u>

This invoice includes charges for fees and costs incurred through June 3, 2020.

1101

Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
 Suite 100  
 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

July 15, 2020

Invoice # 67050

Professional Services

	<u>Hrs/Rate</u>	<u>Amour</u>
<u>Valley View MHP Rent Increase Application</u>		
6/11/2020 Phone conference with client re: update information.	0.10 375.00/hr	37.5
6/12/2020 Review lengthy email from client with attachments re: [REDACTED] [REDACTED] Draft correspondence to client re: same. Phone conference with client re: same.	0.70 375.00/hr	262.5
6/19/2020 Review email from City re: COVID procedures. Forward to client and discussion re: same.	0.10 375.00/hr	37.5
6/29/2020 Initial review of staff report. Forward to client with email and discussion re: same. Phone conference with client re: same.	0.40 375.00/hr	150.0
7/1/2020 Telephone call with client re: [REDACTED]	0.10 375.00/hr	37.5
7/2/2020 Draft correspondence to City re: COVID cases. Draft follow up correspondence re: same. Begin detailed review of expert reports from City. Draft correspondence to Neet re: prior appraisals of Brabant. Draft correspondence to client and consultants re: preparing response.	1.20 375.00/hr	450.0

1102

Augusta Communities, LLC (6004)

Page :

	<u>Hrs/Rate</u>	<u>Amount</u>
7/3/2020 Continue preparation of rebuttal report. Draft correspondence to consultants re: same.	1.50 375.00/hr	562.50
<b>SUBTOTAL:</b>	<u>4.10</u>	<u>1,537.50</u>
For professional services rendered	<u>4.10</u>	<u>\$1,537.50</u>
Previous balance		\$10,312.50
Accounts receivable transactions		
7/15/2020 Payment - thank you. Check No. 0000010748		<u>(\$5,250.00)</u>
Total payments and adjustments		<u>(\$5,250.00)</u>
Balance due		<u><u>\$6,600.00</u></u>

This invoice includes charges for fees and costs incurred through July 3, 2020.

1103

Gregory Beam & Associates, Inc.  
 23113 Plaza Pointe Dr.  
 Suite 100  
 Laguna Hills, CA 92653

Augusta Communities, LLC (6004)  
 400 N. Mountain Ave., Suite 205  
 Upland, CA 91786

August 24, 2020

Invoice # 67053

Professional Services

	<u>Hrs/Rate</u>	<u>Amou</u>
<u>Valley View MHP Rent Increase Application</u>		
7/6/2020 Review and analyze Baar Report. Draft correspondence to client re: same. Review Neet Rebuttal Report. Draft correspondence re: same.	0.70 375.00/hr	262.5
7/7/2020 Continue analysis of City Consultant Reports. Draft multiple correspondence and coordinate preparing responses. Drafting portions of Rebuttal.	3.50 375.00/hr	1,312.5
7/8/2020 Continue drafting Rebuttal. Prepare Expert Reports. Phone conferences and draft numerous correspondence with clients and consultants re: same.	3.00 375.00/hr	1,125.0
7/9/2020 Prepare Rebuttal to multiple City Staff consultant reports. Draft multiple follow up correspondence re: same. Drafting declaration re: same. Review extensive new documents from the City regarding conversion. Revise Rebuttal Brief to incorporate new documents. Phone conference with client re: ██████████ Review McCarthy rebuttal materials. Draft follow up correspondence and coordination re: changes to same.	6.50 375.00/hr	2,437.5
7/10/2020 Revise Rebuttal Brief and related documents. Draft correspondence and coordinate re; same. Prepare submission for City.	2.50 375.00/hr	937.5
7/13/2020 Draft correspondence and phone calls with client re: COVID related issues. Draft correspondence with City re: same. Finalize Rebuttal materials.	0.50 375.00/hr	187.5

1104

Augusta Communities, LLC (6004)

Page

	<u>Hrs/Rate</u>	<u>Amount</u>
7/15/2020 Draft multiple correspondence with City and client re: hearing.	0.20 375.00/hr	75.0
7/17/2020 Review Staff Report. Phone calls with client re: ██████████ Draft e-mail to witnesses re: hearing.	0.30 375.00/hr	112.5
7/23/2020 Prepare correspondence re: cash flow issue. Prepare supplemental cost information. Phone calls and correspondence re: same. Prepare for hearing.	3.00 375.00/hr	1,125.0
7/25/2020 Prepare for hearing. Review and revise supplemental submission on cash flow. Draft correspondence and phone calls re: court reporter and hearing. Prepare for and participate in lengthy client conference.	3.00 375.00/hr	1,125.0
7/27/2020 Prepare for rent commission hearing.	2.00 375.00/hr	NO CHARG
Multiple correspondence and telephone conferences with client and witnesses re: same. Review and provide comments on McCarthy testimony. Prepare cross-examination.	3.50 375.00/hr	1,312.5
7/28/2020 Prepare for rent commission hearing. Travel re: same. Multiple phone calls and coordination re: continuing hearing.	2.50 375.00/hr	NO CHARG
7/29/2020 Phone call with D. Lincoln re: potential settlement.	0.20 375.00/hr	75.0
7/30/2020 Phone call with client.	0.20 375.00/hr	75.0
 SUBTOTAL:	 [ 31.60	 10,162.5
For professional services rendered	31.60	\$10,162.5
Additional Charges :		
<u>Valley View MHP Rent Increase Application</u>		
7/21/2020 Federal express to Mark Alpert from Kim Everts.		121.1
 SUBTOTAL:		 [ 121.1
Total additional charges		\$121.1
Total amount of this bill		\$10,283.6

1105

Augusta Communities, LLC (6004)

Page

	<u>Amou</u>
Previous balance	\$6,600.0
Accounts receivable transactions	
7/28/2020 Payment - thank you. Check No. 0000010756	(\$10,325.5
Total payments and adjustments	(\$10,325.5
Balance due	<u><u>\$6,558.1</u></u>

This invoice includes charges for fees and costs incurred through August 3, 2020.

1106

**Grobstein Teeple LLP**

23832 Rockfield Blvd.  
 Suite 245  
 Lake Forest, CA 92630  
 949-298-6620  
 info@gtllp.com

**Augusta Communities**

400 Mountain, Suite 205  
 Upland, CA 91786

**Invoice**

Invoice Date: Feb 03, 2020

Invoice Num: 38712

Billing Through: Jan 31, 2020

IN RE: Valley View Mobile Home Park

<u>Date</u>	<u>Summary</u>	<u>Amount</u>
01/06/2020 - 01/31/2020	Consulting regarding rent control application and conference calls. - McCarthy 6.0 Hours	\$ 1,680.00

Total Fees: \$ 1,680.00

Amount Due This Invoice: \$ 1,680.00

OUR REMITTANCE ADDRESS HAS CHANGED

Please mail payments to:  
 Grobstein Teeple, LLP  
 23832 Rockfield Blvd., Suite 245  
 Lake Forest, CA 92630

1107

**Grobstein Teeple, LLP**  
 23832 Rockfield Boulevard, Suite 245  
 Lake Forest, California 92630  
 949-298-6620



**Augusta Communities**  
 000790  
 400 Mountain, Suite 205  
 Upland, California 91786

## Invoice

Invoice Date: 04/30/2020  
 Invoice Number: 043034  
 Billing Through: 04/30/2020

IN RE: Valley View Mobile Home Park

### Professional Services:

Date	Employee	Description	Rate	Hours	Amount
<b>012 - Litigation Consulting</b>					
04/06/2020	Michael E McCarthy	Conference call regarding the City's most recent questions, follow up email response.	\$280.00	1.00	\$280.00
04/14/2020	Michael E McCarthy	Read and comment on resident's response and resident expert's report	\$280.00	1.50	\$420.00
04/20/2020	Michael E McCarthy	Review and analyze tenant and expert report, conference call with Counsel	\$280.00	2.50	\$700.00
04/23/2020	Michael E McCarthy	Compose responses to expert report	\$280.00	1.00	\$280.00
<b>012 - Litigation Consulting Total:</b>				<b>6.00</b>	<b>\$1,680.00</b>
<b>Total Professional Fees:</b>				<b>6.00</b>	<b>\$1,680.00</b>

**Total Professional Fees:** **\$1,680.00**

**Total Expenses:** **\$0.00**

**Total Amount Due This Invoice:** **\$1,680.00**

### Account Summary

Previous Balance	Current Invoice Amount	Unpaid Balance
\$2,092.50	\$1,680.00	\$3,772.50

Please mail payments to:  
 Grobstein Teeple, LLP  
 23832 Rockfield Boulevard, Suite 245  
 Lake Forest, California 92630

1108

**Grobstein Teeple LLP**

23832 Rockfield Blvd.  
 Suite 245  
 Lake Forest, CA 92630  
 949-298-6620  
 info@gtllp.com

**Augusta Communities**

400 Mountain, Suite 205  
 Upland, CA 91786

**Invoice**

Invoice Date: Jun 04, 2019

Invoice Num: 34665

Billing Through: May 31, 2019

**IN RE: Valley View Mobile Home Park**

<u>Date</u>	<u>Summary</u>	<u>Amount</u>
05/02/2019 - 05/31/2019	Consulting and calculating, conference call. - McCarthy 1.5 Hours	\$ 412.50

Total Fees: \$ 412.50

Amount Due This Invoice: \$ 412.50

OUR REMITTANCE ADDRESS HAS CHANGED

Please mail payments to:  
 Grobstein Teeple, LLP  
 23832 Rockfield Blvd., Suite 245  
 Lake Forest, CA 92630

1109

**Grobstein Teeple, LLP**  
 23832 Rockfield Boulevard, Suite 245  
 Lake Forest, California 92630  
 949-298-6620



**Augusta Communities**  
 400 Mountain, Suite 205  
 Upland, California 91786

## Invoice

**Invoice Date:** 08/31/2020  
**Invoice Number:** 046654  
**Billing Through:**

**IN RE: Valley View Mobile Home Park**

<b>Total Professional Fees:</b>	<b>\$5,320.00</b>
<b>Total Expenses:</b>	<b>\$74.29</b>
<b>Total Amount Due This Invoice:</b>	<b>\$5,394.29</b>

### Account Summary

Previous Balance	Current Invoice Amount	Unpaid Balance
\$11,266.79	\$0.00	\$11,266.79

Please mail payments to:  
 Grobstein Teeple, LLP  
 23832 Rockfield Boulevard, Suite 245  
 Lake Forest, California 92630

1110

**Grobstein Teeple, LLP**  
 23832 Rockfield Boulevard, Suite 245  
 Lake Forest, California 92630  
 949-298-6620



**Augusta Communities**  
 400 Mountain, Suite 205  
 Upland, California 91786

## Invoice

Invoice Date: 08/31/2020  
 Invoice Number: 046654  
 Billing Through:

IN RE: Valley View Mobile Home Park

### Professional Services:

Date	Employee	Description	Rate	Hours	Amount
<b>012 - Litigation Consulting</b>					
08/20/2020	Michael E McCarthy	Review revised staff agenda, discussion with client, revise meeting presentation speech.	\$280.00	4.00	\$1,120.00
08/21/2020	Michael E McCarthy	Review second addenda from staff experts, prepare response, discussions with counsel and client, revise oral presentation.	\$280.00	4.00	\$1,120.00
08/24/2020	Michael E McCarthy	Revise and practice presentation, review materials presented by counsel.	\$280.00	3.00	\$840.00
08/25/2020	Michael E McCarthy	Attend hearing, testimony	\$280.00	8.00	\$2,240.00
<b>012 - Litigation Consulting Total:</b>				<b>19.00</b>	<b>\$5,320.00</b>
<b>Total Professional Fees:</b>				<b>19.00</b>	<b>\$5,320.00</b>

### Expenses:

Date	Employee	Description	Quantity	Rate	Amount
<b>400 - Client Mileage</b>					
08/25/2020	Michael E McCarthy	R/T LF - Yucaipa	129.2	\$0.58	\$74.29
<b>400 - Client Mileage Total:</b>					<b>\$74.29</b>
<b>Total Expenses:</b>					<b>\$74.29</b>

Please mail payments to:  
 Grobstein Teeple, LLP  
 23832 Rockfield Boulevard, Suite 245  
 Lake Forest, California 92630

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**CITY OF YUCAIPA  
AGENDA REPORT**

**TO:** Mobilehome Rent Review Commissioners

**FROM:** Amy Greyson, Commission Attorney

**FOR:** Mobilehome Rent Review Commission Meeting of September 22, 2020

**SUBJECT:** Valley View Valley View Mobilehome Park MNOI/Fair Return Rent Adjustment Application -- Resolution No. 2020-54

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**RECOMMENDATION:**

That the Mobilehome Rent Review Commission (or “Commission”) approve draft Resolution No. 2020-54, subject to the appropriate modifications as determined by the Commission during the continued hearing on September 22, 2020.

**BACKGROUND:**

**A. August 25, 2020 Commission Hearing**

On August 25, 2020, the Mobilehome Rent Review Commission held a Public Hearing on the Valley View Mobilehome Park Net Operating Income/Fair Return Adjustment Application submitted to the City by park owner Augusta Communities LLC (“Park Owner” or “Applicant”). The hearing was conducted pursuant to Yucaipa Municipal Code (“YMC”) Chapter 15.20 (the “Ordinance”) and the Administrative Rules for the Implementation of the Yucaipa Mobilehome Rent Stabilization Ordinance (the “Rules”). The record presented to the Commission for its consideration included a Staff Report dated August 25, 2020 with exhibits presented by the parties since the originally scheduled July 28, 2020 hearing date; and a Staff Report dated July 28, 2020 with exhibits that included Tabs A through M, including the Application and all supporting expert reports, information and other documentation, Opposition from the Park residents (“Residents”), and analysis and documentation from City staff and their experts.

The Commission opened the public hearing. The Commission first approved two motions, including a motion to allow the introduction of additional written materials from the parties, included as part of Agenda Item No. 1.5 and additional materials handed out at the beginning of the meeting; and a motion to allow 45 minutes for each party to present and provide testimony.

The Commission then allowed presentation of oral testimony from all parties and individual Park residents, cross-examination of each witness by the parties and the Commission, and argument by the attorneys representing the parties. The Chair then closed the public hearing, and the Commission entered into deliberations. The August 25, 2020 Staff Report contained 12 Staff recommendations, which addressed the six claims made by the Park Owner in their Application with respect to their proposed MNOI/Rent Adjustments under YMC §§ 15.20.100 (A), (B) or

(C), and a Temporary Rent Increase for application and hearing costs incurred under YMC § 15.20.116. Following extensive discussion, and based on all of the oral and written evidence presented to the Commission both in writing and by oral testimony, and the arguments of the parties, the Commission approved the following thirteen actions relating to the Applicant's proposed MNOI/Fair Return Rent Adjustment, and tentatively approved an MNOI Rent Adjustment of \$60.21 based on a readjusted Base Year NOI under YMC § 15.20.100 (A) and (B) and denied all other MNOI/Fair Return Rent Adjustments requested by the Park Owner. The substance of those thirteen motions are set forth in the Minutes of the August 25, 2020 meeting, included with this Agenda, and also in proposed Resolution No. 2020-54, enclosed with this Staff Report. Pursuant to one of those motions, the Commission directed Commission Attorney Amy Greyson to prepare a proposed resolution for their consideration at their next meeting.

Following these actions, the Commission, by motion, reopened the public hearing for the limited purpose of allowing additional argument from the parties' attorneys and questions from the Commissioners relating to the Temporary Rent Increase proposed by the Park Owner. Following additional argument from Mr. Alpert, Mr. Stanton and Mr. Lincoln, the Chair closed the public hearing. The Commission then adopted a motion continuing the discussion of remaining three staff recommendations on the proposed Temporary Rent Increase, to the next Commission meeting. The proposed Temporary Rent Increase, as updated by the Park Owner to the present time, and the responses of Staff and the Park Owner and Residents, through their attorneys, are discussed in the staff report from the Rent Administrator and the Staff Attorney which accompanies this Staff Report.

## **B. Recalculation of MNOI Rent Adjustment and Temporary Rent Increase**

Proposed Resolution No. 2020-54 includes findings of facts and legal conclusions based on the Ordinance in accordance with the thirteen motions approved at the August 25, 2020 meeting. As set forth in the Staff Report from the Rent Administrator and Attorney Lincoln, following the August 25, 2020 hearing, Dr. Baar prepared revised calculations using the motions adopted by the Commission, and issued a Third Addendum dated August 28, 2020, to his previous Report, which has been provided to the Commission for this meeting. Dr. Baar revised his prior calculations based on the Commission's motions approved on August 25, 2020, to provide an allowable rent increase calculation based on the Commission's determination that the fair base year rent for the Park was \$182.50 per space per month, and that an allowance of \$3,406 for the Park Owner's Current Year audit costs should be added to the allowable expense projections provided by staff. Dr. Baar determined, based on those revised calculations incorporated into the MNOI analysis, that the allowable rent increase is **\$60.21** per space per month, in accordance with YMC §§ 15.20.100 (A) and (B). The revised calculations made by Dr. Baar in his Third Addendum, based on the Commission's actions at the August 25, 2020 hearing, have been incorporated into the draft Resolution.

With respect to the Temporary Rent Increase requested by the Park Owner, and as outlined in the Staff Report, Attorney Alpert, on behalf of the Park Owner, has submitted supplemental information for consideration by the Commission in determining the amount of the Temporary Rent Increase under YMC if the Commission grants an MNOI/Fair Return Rent Adjustment. Draft Resolution No. 2020-54 has been prepared with blanks left open for the issues and findings related to the proposed Temporary Rent Increase. Those blanks are marked as "***[TO BE***

*DETERMINED]*” or “[*TBD]*” to allow the Commission’s attorney to make appropriate revisions based on motions made and direction given by the Commission during the continued hearing on September 22, 2020.

**C. Commission Final Decision**

Upon approval by the Commission, Resolution No. 2020-54 shall constitute the final decision of the Commission on the Application, including the proposed MNOI/Fair Return Rent Adjustment under YMC §§ 15.20.100 (A), (B) and (C) of the Ordinance, and the proposed Temporary Rent Increase to cover the reasonable application and hearing costs incurred by the Park Owner, pursuant to YMC § 15.20.116 of the Ordinance.

Pursuant to YMC § 15.20.115, the Commission’s final decision may be appealed to the City Council within ten (10) days of the date of the Commission’s written decision has been deposited in the mail, addressed to the Applicant and the affected party(ies).

**Attachment:** Draft Resolution No. 2020-54

**DRAFT**

## MRRC RESOLUTION NO. 2020-54

A RESOLUTION OF THE CITY OF YUCAIPA MOBILEHOME RENT REVIEW COMMISSION GRANTING A MAINTENANCE OF NET OPERATING INCOME (“MNOI”) RENT ADJUSTMENT BASED ON A READJUSTED BASE YEAR NOI FOR VALLEY VIEW MOBILEHOME PARK PURSUANT TO SECTIONS 15.20.100 (A) AND (B) OF THE CITY OF YUCAIPA RENT STABILIZATION ORDINANCE (“ORDINANCE”), DENYING A FAIR RETURN RENT ADJUSTMENT UNDER SECTION 15.20.100 (C) OF THE ORDINANCE, AND APPROVING A TEMPORARY RENT INCREASE TO REIMBURSE THE PARK OWNER FOR REASONABLE APPLICATION AND HEARING COSTS PURSUANT TO SECTION 15.20.116 OF THE ORDINANCE

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WHEREAS, Valley View Mobilehome Park (the “Park” or “Valley View”), is a mobilehome park located in the City of Yucaipa (“City”); and <sup>1</sup>

WHEREAS, the Park is owned by Augusta Communities, LLC, a California Limited Liability Company (“Applicant”); and

WHEREAS, the City has adopted a mobilehome rent stabilization ordinance (“Ordinance”) that is codified in Chapter 15.20, Sections 15.20.010 through 15.20.140 of the Yucaipa Municipal Code (“YMC”) (**TAB K**), Administrative Rules for the Implementation of the Yucaipa Mobilehome Rent Stabilization Ordinance (“Admin. R.” or “Rules”) (**TAB L**), and Rules and Procedures for Conduct of Mobilehome Rent Public Hearings (**TAB M**); and

WHEREAS, on October 31, 2020, Mark Alpert, Esq., of the law firm of Beam and Associates, and Suzanne Taylor, as an authorized representative for Augusta Communities, filed a rent increase application (“Application”) with the City of Yucaipa (“City”) for consideration by the Yucaipa Rent Review Commission (the “Commission”) for a Maintenance of Net Operating Income/Fair Return Rent Adjustment and a Temporary Rent Increase in Valley View Mobilehome Park (the “Park” or “Valley View”) (**Exhibits: TAB C, BP pp. 1-403**); and

WHEREAS, the Application was submitted under YMC §§ 15.20.100 (A), (B) and (C) and 15.20.116 (**Exhibits: TAB K**), and Chapter 4, Sections 4.0003, 4.0004 and 4.0005 and Chapter 6, Sections 6.0001 through 6.0004 of the Administrative Rules (**Exhibits: TAB L**); and

WHEREAS, the Ordinance was originally enacted in 1991; and

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<sup>1</sup> This Resolution makes reference to the application, correspondence, reports, declarations and other written information and documentation submitted to the Commission by the Park Owner, the Park’s residents, and City staff and their representatives prior to and during the hearing. Exhibits included with the 7/28/20 and 8/25/20 staff reports, are identified by their Tab number, and page number (e.g., **TAB \_\_ p. \_\_**” or “**TAB \_\_, BP p. \_\_\_\_.**” The term “BP” means “bates page” and refers to the bates page number (whether printed or handwritten) on the Park Owners’ submissions that are part of their exhibits. Supplemental submissions by the parties during the 8/25/20 or 9/22/20 hearing dates shall be identified by the proponent of the document title, date and page number (as appropriate).

WHEREAS, the Application included a completed Application Form prepared by Michael McCarthy, CFE CPA, Taylor and Alpert using the template provided by the City; a Declaration of Wesley Wolf, of Wolf & Company (“Wolf Declaration”); a Real Estate Appraisal Report prepared by John P. Neet, MAI appraiser (“Neet Report”); a letter brief from Mark Alpert, (“Alpert Legal Brief”); and other documentation in support of the Application (**TAB C, BP pp. 1-403**); and

WHEREAS, in the Application, Applicant contends that the Base Year is 1987, and the Current Year is 2018, and provides certain documentation regarding the Park’s Base Year and Current Year Gross Income, Operating Expenses and Net Operating Income (“NOI”), and alleged Base Year and Current Year market rents (**TAB C**); and

WHEREAS, the City Staff retained independent consultants, Kenneth K. Baar, Ph.D., appraiser James Brabant, MAI, and Douglas Anderson of Urban Futures, Inc., to evaluate the Application pursuant to the Ordinance; and

WHEREAS, following submittal of the Application, Staff forwarded correspondence to Applicant requesting additional explanations and documentation Applicant’s claims and documentation due to ongoing questions, and Alpert submitted additional written explanation, declarations, reports, invoices and calculations to the City in response (**TAB C, BP pp. 404-987; TAB D**); **9/22/20 Staff Report**); and

WHEREAS, on March 9, 2020, City Staff notified Applicant by emailed letter that the Application sufficiently complete to move forward with a hearing before the Commission, and set the Commission hearing date for May 27, 2020, at 9:00 a.m., in the City Council Chambers, City of Yucaipa, California (**TAB D**), and concurrently notified Park Resident Representative Dale Davenport and attorney, Bruce Stanton, Esq., legal counsel to the Park’s residents (“Residents”) (**TAB F**); and

WHEREAS, Stanton subsequently requested and was granted an extension of time to submit the Residents’ Opposition to the Application to the City until April 13, 2020; and at Alpert’s request, the City also extended Applicant’s deadline to file its Reply to April 27, 2020 subject to the Applicant’s right to request a further 14-day extension to May 11, 2020; and

WHEREAS, on April 13, 2020, Stanton submitted the Residents’ Opposition to City, the Residents’ Pre-Hearing Brief, and an expert report by Deane Sargent, of PMC Financial Services with Attachments 1 through 11 (“Sargent Report”) (**TAB E**); and

WHEREAS, between Staff and Alpert exchanged further correspondence relating to remaining questions by City staff, and Alpert submitted additional correspondence and documentation in response, including a rebuttal declaration from McCarthy (“McCarthy Rebuttal Declaration”), an updated Legal Brief (“Alpert Updated Legal Brief), a revised explanation of the MNOI/Fair Return Rent Adjustment; and additional documents (**TAB C, BP pp. 988-1026; TAB D**); and

WHEREAS, appraiser James Brabant submitted an Appraisal Review and Appraisal Report (“Brabant Report”), dated February 13, 2020 (“Brabant Report”) to the City which contained his opinions of rental value relating to a Net Operating Income/Fair Return Standard application for Valley View, including his review of the Neet Report and Brabant’s own analysis of the rental value of spaces at Valley View as of the Base Year 1987 and 2019 (**TAB G**); and

WHEREAS, Baar submitted an Analysis of the Valley View Mobilehome Park Fair Return Rent Increase Application, dated June 29, 2020, with Appendices A through L, inclusive (“Baar Report”), containing his analysis of the Application and the requested rent adjustments under the MNOI provisions of the Ordinance and Rules (**TAB H**); and

WHEREAS, Douglas Anderson of Urban Futures, Inc., submitted a Report dated June 26, 2020, entitled “City of Yucaipa Valley View Mobile Home Park Review of Historical Operating Revenues With regards to the Special Adjustment Application for Rent Increase submitted by Augusta Homes (“Urban Futures Report”) (**TAB I**); and

WHEREAS, on June 29, 2020, City staff emailed notices of the Commission hearing to Alpert and Stanton, along with copies of the Rules and Procedures for the Conduct of Mobilehome Rent Review Hearings (**TABS J and M**); and

WHEREAS, beginning in March 2020, the State of California, federal government, and County of San Bernardino imposed limitations on public attendance at public meetings due to the COVID-19 pandemic, including a restriction on the number of persons who may be present during meetings conducted before the City Council and other administrative bodies of the City, including the Yucaipa Mobilehome Rent Review Commission (“Commission”) (**TAB J**); and

WHEREAS, as a result of COVID-19 restrictions, City staff notified all parties, through their attorneys, that the parties and their witnesses could attend the hearing in person or remotely; that all persons in attendance would be required to wear face masks except while testifying in order to ensure compliance with COVID-19 restrictions; and that the hearing would be broadcast by video/audio streaming on YouTube for those residents who did not want to attend the public hearing (**TAB J**); and

WHEREAS, Stanton informed the other parties that he and Sargent would attend the hearing in person; and Alpert informed the other parties that he and his witnesses would appear in person at the hearing, including himself, Neet, McCarthy, and representative(s) from Park Owner Augusta Communities (**TAB J**); and

WHEREAS, on July 13, 2020, Alpert was late in submitting certain additional exhibits to the City, and as a result, staff informed Alpert that the Commission must approve their admission into evidence (**TAB C, BP pp. 1023-1055**); and

WHEREAS, the Application and all supporting briefs, reports, statements and other documentation; the Residents’ Opposition including all briefs, reports, statements and other documentation; and the Staff Report and all exhibits thereto including reports, statements and other documentation, were made available to Applicant, the Residents and the public prior to the public hearing on the Application in accordance with the Ordinance and Rules, and submitted to the Commission for their consideration at the public hearing; and

WHEREAS, the Commission hearing date was re-scheduled for July 28, 2020, at 10:00 a.m.; and

WHEREAS, on the morning of July 28, 2020, after all other parties had arrived at City Hall, Alpert telephoned Rent Administrator Jennifer Crawford to inform her that he had driven to the City but he was not feeling well and was concerned he may have been exposed to COVID-19 during a

recent airline trip; and the parties agreed to reschedule the hearing **(8/25/20 Staff Report [Item No. 1.5, pp. 8, 10])**; and

WHEREAS, pursuant to mutual agreement between the City, Park Owner and Residents, the hearing was rescheduled for August 25, 2020 at 10:00 a.m.; and

WHEREAS, prior to the commencement of the August 25, 2020 hearing, the parties exchanged additional documents including: (i) a letter dated July 24, 2020 from Alpert along with a supplemental declaration from Alpert (mis-labeled as being from McCarthy) setting forth the Applicant's adjusted fee and cost request along with a memo regarding the Applicant's cash flow analysis **(8/25/20 Staff Report [Item No. 1.5, BP pp. 1056-1061])**; (ii) an Addendum to the Urban Futures Report, dated August 12, 2020 **(8/25/20 Staff Report [Item No. 1.5, pp. 19-21])**, and (iii) Dr. Baar's Addendum dated August 12, 2020 **(hereinafter "Baar's Third Addendum") (8/25/20 Staff Report [Item No. 1.5, pp. 22-27])**; and the parties agreed to request that the Commission allow these additional documents, along with Alpert's additional materials previously submitted late on July 13, 2020, to be received in evidence; and

WHEREAS, on August 25, 2020, commencing at 10:00 a.m., the Commission held the public hearing on the Application at the City Council Chambers, and heard and considered all offered evidence and testimony by all interested persons concerning the Application; and witnesses who were not able to physically present attended by Zoom to testify and be cross-examined; and the hearing was also broadcast live on Facebook and recorded by audio and court reporter; and

WHEREAS, at the beginning of the hearing, the Commission considered preliminary matters including (i) Staff clarified that the 2012 Indenture of Trust had previously been provided to all parties and Commissioners and was part of the record before the Commission, but had been erroneously omitted from the exhibits included with the staff reports; and (ii) the Commission approved a motion to receive the later-submitted additional materials into evidence, including Alpert's late submittal from July 13, 2020 and the additional materials submitted by all parties between July 28, 2020 and the date of the hearing; and (iii) approved a motion to allow all parties 45 minutes to present testimony; and

WHEREAS, at the hearing, Applicant was represented by Alpert; the Residents were represented by Stanton; City staff was represented by Lincoln, and the Commission was advised by Amy Greyson, Esq., of Richards, Watson & Gershon; and

WHEREAS, at the August 25, 2020 public hearing the following witnesses spoke in favor of Applicant's Application: Lee McDougal, president of Augusta Communities; Suzanne Taylor, founder and Executive Director of Augusta Communities; Michael McCarthy, CFE CPA; real estate appraiser John Neet; and Alpert. The following witnesses spoke as representatives of the Residents in opposition to the Application: Deane Sargent, specialist in resident mobilehome park acquisitions and finance); Shelly Wallace, Park resident; and Stanton. Other members of the public presented oral testimony relating to the Application, including Penny Yusten, a Park resident; and John Davis, president of Haven Management Services, Inc. City Staff called three witnesses: James Brabant, MAI; Doug Anderson, Director of Urban Futures; and Kenneth K. Baar, PhD. All testimony was presented under oath; and

WHEREAS, attorneys Lincoln, Stanton and Alpert presented closing arguments to the Commission on behalf of their respective clients, and thereafter, on August 25, 2020, the Commission closed the public hearing and conducted deliberations on the Application; and

WHEREAS, in the Application, Applicant seeks alternative rent adjustments under YMC §§ 15.20.100 (A), (B) and (C), as implemented by Administrative Rules §§ 4.0003, 4.0004 and 4.0005, and a Temporary Rent Increase for application and hearing costs in accordance with YMC § 15.20.116 and Chapter 6 of the Rules, as follows:

A. Claim #1: Applicant contends an adjustment should be made to the Park's 1987 space rents under YMC § 15.20.100 (B) and Admin. R. § 4.0004, **by adding \$190 per space per month to the base year space rents (TAB C, BP pp. 5 [Alpert Legal Brief], BP p. 28 [Application]**, on two grounds:

(i) The rent during 1987 was disproportionately low when compared to parks being charged in comparable parks in 1987 in the City, and the market rental value of the Park's spaces in 1987 was \$190 per month (TAB C, BP p. 42 [Application]; TAB C pp. 342-362 [Neet Report]); and

(ii) The rent in 1987 was not sufficient to provide a just and reasonable return by providing evidence that the return actually earned by the Park in 1987 and the return earned by comparable parks in the City in 1987 (TAB C: BP p. 32 [Application]). The Applicant did not provide any evidence in support of this ground; and

B. Claim #2: Applicant contends that it is entitled to a **\$234.53 space rent increase** as an MNOI rent adjustment, based on the readjusted Base Year NOI as determined under Claim #1, by increasing the Base Year rents to \$190 per month, pursuant to YMC § 15.20.100 (B) and Admin. R., § 4.0004 (TAB C, BP p. 994 [Alpert Updated Legal Brief]); and

C. Claim #3: Applicant contends that using a comparable rent approach, Valley View space rents should be an average of **\$450 or \$500 per month per space**. To achieve a current rent of \$450 per month, Applicant contends that a **rent increase of \$138.55 per space** would be required for all spaces in the Park. (TAB C, BP pp. 3, 5-7[Alpert Legal Brief]; TAB C pp. 358-361 [Neet Report]); and

D. Claim #4: Applicant contends that although using the MNOI methodology, Applicant is entitled to a monthly space rent increase of \$234.53, a \$150 rent increase would put rents roughly in the \$450-month range of comparable "controlled rents," and therefore **Applicant would conditionally waive any permanent monthly rent increase which exceeds \$150**. This conditional waiver would be withdrawn if (1) the Park received a permanent space rent increase of less than \$150, or (2) the Residents appeal or institute a legal challenge of any granted space rent increase, or (3) the Park is unable to implement any part of the approved space rent increase (TAB C, BP p. 2 [Alpert Legal Brief]; TAB C ,p. 994 [Alpert Updated Legal Brief]); and

E. Claim #5 :Applicant contends that it is entitled to a **temporary monthly space rent increase of \$58.33 for six years** in order to repay the last five years of unpaid Corporate Overhead Fees totaling \$266,773 (Borrower Administration Fees) (TAB C BP p. 008 [Legal Brief]; BP p. 1000 [Updated Legal Brief]) Applicant claims that due to the Park's failure to pay Borrower Administration Fees for six years, Applicant had been operating at a negative cash flow for five years

and has been unable to pay all contracted management expenses during those years. Applicant contends that this temporary increase is required by California court decisions which hold that if ordinances result in confiscatory rents, a city must allow a mechanism to adjust future rents to compensate for prior rent ceilings that were too low. (TAB C BP p. 008 [Legal Brief]; BP p. 1000 [Updated Legal Brief]); and

F. Claim #6: Applicant contends that it expended a total of \$124,118.53 in professional expenses, including fees and costs for its attorneys (\$75,572.45), accountant (\$45,671.08), appraiser (\$8,175), and application fee (\$1,700), which entitles Applicant to a Temporary Rent Increase of ***\$32.77 per space per month for six years, which includes seven percent interest (if based on 75 spaces), or \$39.65 if based on 62 spaces.*** Applicant's original Temporary Rent Increase request was for recovery of \$67,043.86 in fees, or \$21.13 per space per month, or \$21.12 if an appeal is necessary. (TAB C, pp. 46, 54, 50, 988, 996 and BP p. 44 [Application]). Applicant increased this original request as additional hearing dates were required; and

WHEREAS, the Park residents, through Attorney Stanton, oppose each of the claims presented by Applicant, and City staff also recommends that the Commission find that Applicant's Claims are not justified by the Ordinance or the information and documentation contained in the Application; and each party submitted evidence and argument in support of their respective positions; and

WHEREAS, since the enactment of the Ordinance, park owners of regulated parks have been permitted to receive and charge an annual rent adjustment ("Annual Adjustment") based on the lesser of either four percent (4%) of current space rent or 80% of the annual increase in the CPI over the preceding twelve (12) months, in accordance with YMC § 15.20.080 and Chapter 3 of the Rules; and

WHEREAS, under the Ordinance and Rules, park owners may also seek a rent increase based on the cost of a completed capital improvement (a "Capital Improvement Rent Adjustment"), which upon approval constitutes a temporary rent increase that must be separately listed on the monthly rent statement, may only be charged during the useful life of the capital improvement as provided in the City's approval, and must cease upon conclusion of the useful life, in accordance with YMC § 15.20.085 and Chapter 5 of the Rules; and

WHEREAS, under the Ordinance and Rules, a park owner may seek a rent increase in addition to an Annual Adjustment or Capital Improvement Rent Adjustment, by applying for: (i) a Maintenance of Net Operating Income ("MNOI") rent adjustment under YMC § 15.20.100 (A) and Admin. R. § 4.0003; (ii) an MNOI adjustment based on a readjusted Base Year NOI pursuant to YMC § 15.20.100 (B) and Admin. R. § 4.0004 of the Rules; and (iii) a rent adjustment pursuant to YMC § 15.20.100 (C) and Admin. R. § 4.0005 of the Rules; and

WHEREAS, Section 15.20.100 (A) of the Ordinance provides that a park owner may seek an MNOI rent adjustment by increasing the park's Base Year NOI by 66-2/13% of the increase in the Consumer Price Index ("CPI") between December 31, 1987 and October 28, 1996, and 80% of the increase in CPI between October 29, 1996 and the date of the complete application; and

WHEREAS, YMC § 15.20.100 (B) of the Ordinance and Admin. R., § 4.0004 provide that a park owner may rebut the presumption that the Park's 1987 NOI provided a just and reasonable return by providing evidence that the Park's 1987 NOI was insufficient to provide a fair return based on factors set out the Administrative Rules including:

- A. The park's operating expenses in 1987 were unusually high despite prudent business practices; and
- B. Gross income was disproportionately low in 1987 despite prudent business practices; and
- C. The rent during 1987 was disproportionately low when compared to rents being charged in comparable parks in 1987 in the City; and
- D. Capital improvements were made during 1987, but were not reflected in rent increases collected in 1987; and
- E. The rent in 1987 was not sufficient to provide a just and reasonable return by providing evidence of the return actually earned by the park in 1987 and of the return earned by comparable parks in the city in 1987; and

WHEREAS, pursuant to YMC § 15.20.100 (B) and Admin. R., § 4.0004 (B), in order to qualify for an adjustment to the base year (1987) NOI under YMC § 15.20.100 (B), the owner shall have the burden of proving the existence of one of the circumstances enumerated above in Section 4.0004 (B) of the Rules, and of providing reliable, credible evidence of the rents, operating expenses, gross income, NOI and return on investment at the park and comparable parks or of the capital improvement costs which are necessary to make the appropriate adjustment to the 1987 NOI under the Ordinance and Rules; and

WHEREAS, under YMC § 15.20.100 (C) and Admin. R., § 4.0005, a park owner may apply for a rent increase that exceeds the MNOI rent adjustment authorized under Sections 15.20.100 (A) and/or (B), if the park owner meets its burden of establishing that the rate of return earned by the park is not just and reasonable return, as determined by the Commission based on its consideration of a variety of factors, including but not limited to:

- A. The rents being charged for spaces subject to the Ordinance in comparable mobilehome parks subject to the Ordinance in the City of Yucaipa; and
- B. The capitalization rate being earned by the mobilehome park in the application year, each of the preceding five years, and in the first year after the park was purchased. For purposes of this section capitalization rate means the ratio of a park's NOI to its purchase price; and
- C. The capitalization rate associated with the purchase of comparable mobilehome parks in the application year and the preceding five years; and
- D. The mobilehome park's pattern of income and expenses over each of the past five (5) years; and
- E. The quality of the services, amenities and maintenance provided at the mobilehome park and any decrease or increase in services, maintenance and amenities; and
- F. Any evidence of delay on the part of the park owner in seeking a rent increase pursuant to this section. If the Commission finds that the park owner unreasonably delayed in submitting a rent increase application pursuant to this section, the Commission may, at its discretion,

grant a rent increase to be implemented in increments over a period not greater than the period of delay; and

WHEREAS, pursuant to YMC § 15.20.100 (B) and Admin. R., §§ 4.0004 (B) and 4.0005 (C), in reviewing the evidence and comparing rents, gross income, operating expenses, NOI and return on investment at the park with those at comparable parks, the term "comparable park" shall mean a park in the City subject to the YMC, which has similar quality, number and type of amenities, construction and services, is located in a similar neighborhood and provides similar access and proximity to schools, medical and educational facilities, recreation, entertainment, parks, shopping and other services and amenities and is similarly maintained as the applicant's park; and

WHEREAS, under California case law, evaluation of comparability of rents in comparable parks in 1987 or currently must be based on expert testimony and cannot be based on personal experience and knowledge of real estate; and

WHEREAS, under YMC § 15.20.100 (A) , and Admin. R., § 1.0029 (E) , the Park Owner bears the burden of proof, based on substantial evidence, that the park owner is entitled to a rent adjustment under the Ordinance; and

WHEREAS, Admin. R. § 1.0029 (E) of the Rules provides that evidence is substantial "when it is relevant, credible and reliable and provides enough information, together with the reasonable inferences from that information, to support a conclusion even though other conclusions might be reached"; and

WHEREAS, in seeking an MNOI rent adjustment under YMC § 15.20.100 , the Park Owner bears the burden of proving the categories and amount of gross income and operating expenses for the Base Year and the Current Year (the year preceding the date of application), as well as for its income and expenses for the last five years or since its prior special adjustment; and

WHEREAS, pursuant to Admin. R. § 4.0003 (E) of the , the Park Owner has the burden of proving that all operating expenses are reasonable, and if the operating expenses exceed the normal industry or other comparable standard, the Park Owner has the burden of providing the reasonableness of the expense; and if the Commission finds that an expense is unreasonable, the Commission shall adjust an expense to reflect the normal or other comparable standard; and

WHEREAS, Admin. R. § 4.0003 (D) (5) provides that in calculating expenses for any year, when (i) an expense item for a particular year is not representative; or (ii) in the case of base year expenses, when the expense is not a reasonable projection of average past expenditures for that time; or (iii) in the case of current year expenses, when the expense is not a reasonable projection of future expenditures of that item, said expense shall be averaged with other expense levels for other years or amortized or adjusted by the CPI or may otherwise be adjusted, in order to establish an expense amount for that item which most reasonably serves the objectives of obtaining a reasonable comparison of base year and current year expenses; and

WHEREAS, pursuant to Admin. R. § 4.0003 (F), where scheduling of rental increases, or other calculations, require projections of income and expenses because actual data is not available, it shall be presumed that operating expenses and management expenses, exclusive of property taxes, increase at the rate of the increase in the CPI for the applicable year; and that property taxes increase at two percent (2%) per year; and

WHEREAS, in ruling on an application for a rent adjustment, Admin. R. § 1.0029 (D) provides that no decision may be supported solely by hearsay evidence; and

WHEREAS, there were conflicting evidentiary reports and testimony, and the Commission is entitled to evaluate the conflicting expert testimony based on the requirements of the Ordinance and Rules and applicable law; and

WHEREAS, based on Staff's review and analysis of Applicant's claims, Staff made thirteen recommendations to the Commission to assist them in deliberating on and reaching a decision on the Application (**Agenda Item 1.5 [8/25/20 Staff Report, pp. 3-5]**); and

WHEREAS, at the conclusion of the public testimony portion of the public hearing on August 25, 2020, the Commission closed the public hearing, entered into deliberations, and thereafter approved thirteen motions with respect to Applicant's Claims, the Residents' Opposition and Staff Recommendation Nos. 1 through 6, and 10 through 12, as follows:

A. A motion directing the Commission's legal counsel to prepare a written resolution with proposed findings and decision based on the actions taken by the Commission for Commission review and action at its next meeting; and

B. A Motion finding that the Applicant did not meet its burden of proof to support its claim that its 1987 space rents should be adjusted to \$190 per month, and further finding that the Applicant's 1987 average monthly space rents of \$144 while disproportionately low when compared to rents being charged in comparable parks in Yucaipa, should instead be adjusted to **\$182.50** per month; and

C. A Motion finding that the Applicant did not meet its burden of proof to support its claim that it is entitled to a \$234.53 monthly space rent increase using the YMC § 15.20 MNOI approach; and

D. A Motion finding that the analysis of the Staff's expert, Kenneth K. Baar, PhD. is more credible than the Applicant's expert, Michael McCarthy, CPA, and further finding that Dr. Baar's calculation of the required monthly space rent increase using the 1987 space rent adjustment of \$182.50 determined by the Commission and Dr. Baar's adjustments to the income and expense items under the MNOI formula is consistent with Yucaipa Municipal Code ("YMC") § 15.20 and provides the Applicant with a fair return while not requiring the Residents to pay excessive rent; and

E. A Motion finding that the Applicant did not meet its burden of proof to support its claim that to be comparable, the Valley View space rents should be \$450 or \$500 per month per space, finding that comparable rent approach does not justify a higher rent increase than the modified MNOI approach; and

F. A Motion finding that the Applicant did not meet its burden of proof to support its claim that its proposed permanent monthly space rent increase of \$150 is below the amount properly established by the use of the MNOI methodology and/or properly established comparable rents; and

G. A Motion finding that the Applicant did not meet its burden of proof to support its claim that its proposed \$58.53 temporary space rent increase to pay off alleged prior unpaid management fees because there is no recovery of this type of claim unless there is a showing (not present nor alleged here) that this deficiency was due to a prior “miscalculation” in setting the Valley View space rent levels by the Commission; and

H. A Motion finding that Applicant did not meet its burden of proof to support its claim that it should recover past “Borrower Administrative Fees” because it had been operating at negative cash flow for 2013-2018 and instead finding that Anderson’s analysis showed that even after paying not only debt service but also “Borrowers Administrative Fees,” Applicant had Net Revenues for four of the six years, and the annual net revenue for all the six years totaled \$61,388 in Net Revenues. Applicant’s claim that it is entitled to recover \$266,773 for Borrower’s Administrative Fees not paid for that period has no basis in fact. Nothing in *Kavanau v. Santa Monica Rent Control Bd.*, 16 Cal 4th 761 (1997) authorizes Applicant to recover an alleged past unpaid Borrower Administrative Fees. Finally, Applicant’s claim that these “unpaid past Borrower’s Administrative Fees” are a current obligation of the Park has no basis; and

I. A Motion directing Dr. Baar to recalculate the MNOI methodology using the adjustment 1987 average monthly space rents of \$182.50 (based on the Commission’s prior action), and with Vice-Chairperson Gomez recusing herself from the expense item concerning attorney’s fees associated with an eviction that took place (Terry Dowdall’s expense); and

J. A Motion supporting Dr. Baar’s recommendation that the Current Year “Borrower Administrative Fees” (\$45,762) should be excluded as an operating expense in the MNOI analysis; and

K. A Motion to include the current audit fees (\$3,406) as an operating expense in the MNOI analysis to be calculated by Dr. Baar; and

L. A Motion supporting Dr. Baar’s recommendation that the bond interest fees (\$41,965) should be excluded as an operating expense in the MNOI analysis pursuant to the Administrative Rules and the Ordinance; and

M. A Motion finding that both the August 1, 2012 Valley View Regulatory Agreement between the Independent Cities Finance Authority and Augusta Communities LLC and the October 1, 2000 Valley View Regulatory Agreement contained provisions requiring a certain percentage of Valley View spaces be occupied by Low and Very Low Income Residents and that any space rent increases for Very Low and Low Income Residents be limited to the lesser of the amount specified in the Regulatory Agreements and the amount permitted by this Rent Decision; and

N. A Motion finding that while Applicant did make some expenditures for capital improvements from 2012 through 2015 some of those capital improvements which involved maintenance of the electrical systems would be disallowed because of PUC preemption, some other expenses would be disallowed because they were used to improve Park-owned mobilehomes and spaces, and any remaining claim for a Capital Improvement rent increase is rejected because Applicant did not follow the required procedures for obtaining such a rent increase; and

WHEREAS, the Commission continued its consideration of the Applicant’s request for a Temporary Rent Increase for reimbursement of its costs incurred in preparing and presenting the

Application to the Commission (Applicant Claim #6, Staff Recommendations Nos. 7, 8 and 9), to the next Commission meeting:

WHEREAS, by mutual agreement of the parties, the continued hearing was duly noticed and held on September 22, 2020, at 10:00 a.m., for further deliberation and action by the Commission, including consideration of supplemental written evidence submitted by the Applicant with regard to its Temporary Rent Increase and additional oral argument by each party on the Applicant's supplemental submittal; and

WHEREAS, the continued hearing took place on September 22, 2020 at 10:00 a.m., at which time the Commission conducted further deliberations on the Application, considered all oral and written evidence submitted and reviewed the draft resolution prepared by the Commission's legal counsel;

WHEREAS, under the Ordinance, three affirmative votes are required in order for the Commission to approve or deny a special rent adjustment application, including an application for an MNOI/Fair Return Rent Adjustment and Temporary Rent Increase;

WHEREAS, prior to issuing this decision, the Commission reviewed and considered the entire record before the Commission, including but not limited to, (i) the Application, including the Neet Report and Rebuttal, Wolf Declaration, McCarthy Rebuttals and Reports, and Letter Briefs submitted by Alpert, and all related supporting written correspondence, information and documents; the Opposition filed by the Residents, including the Residents' Pre-Hearing Brief, Sargent Report, and all other supporting legal briefs, photographs and expert reports and declarations; the Staff Report and exhibits including Reports and Addenda filed by Dr. Baar, Brabant and Anderson of Urban Futures; and all other and all reports, declarations, and documentation, and legal analyses and arguments submitted in support of each party's respective positions; and all oral testimony and arguments submitted at the hearing on August 25, 2020; and based on substantial evidence in the entire record before the Commission, issues the following findings and decision.

NOW, THEREFORE, THE CITY OF YUCAIPA MOBILEHOME RENT REVIEW COMMISSION HEREBY FINDS, DETERMINES AND RESOLVES AS FOLLOWS:

1. All facts set forth in the above Recitals are true and correct, and are incorporated herein by this reference.
2. Valley View Mobilehome Park (the "Park" or "Valley View") is located at 12874 California Street, Yucaipa, California.
3. The Park was built in two phases, one phase in 1952 and on phase in 1969.
4. The Park has been subject to rent control since adoption of the Ordinance.
5. The park is owned by Augusta Communities, LLC ("Applicant").
6. Applicant is organized as a qualified tax exempt 501(c)(3) nonprofit limited liability company. Its sole member is Augusta Homes, Inc., a non-profit public benefit corporation.
7. Valley View is within the jurisdiction of the City of Yucaipa Mobilehome Rent Review Commission ("Commission").

8. Valley View consists of a total of 75 spaces. 62 spaces are month-to-month tenancies and not owned by Applicant, and are therefore subject to the rent control provisions of the Ordinance. There are also two detached residences in the Park.

9. Valley View is a senior park (55 years and above), located in a residential neighborhood. Valley View's amenities include a clubhouse with a multi-purpose room, kitchen, lounge, billiard room (one table), and restrooms; one swimming pool; two unmaintained shuffleboard court; and laundry room.

10. No utilities were included in the base rents in 2019 or in 1987. **(Tab G p. 14)** Applicant bills water, sewer and trash to the Residents. Since 2018, gas and electricity services have been directly billed to the Residents by the utility companies. **(TAB H p. 10)**

11. In 1987, the space rent at Valley View averaged \$144 per month. **(TAB G p. 14)**

12. The Park's 2019 registration reflects that space rents at Valley View range from \$274 to \$358 per month, with an average rent of \$316 per month. **(TAB G, p. 14; TAB H p. 1 [Baar Report and Appendix A])**

13. Prior to 2000, ownership of the Park was held in private ownership by a trust. **(TAB H [Baar Report, Appendix C, p. C-12])**

14. Applicant was formed to provide affordable housing by owning and operating mobilehome parks. According to Applicant's mission statement, it is "to be the non-profit housing organization of choice for resident citizens, principals, investors and partnering agencies by committing to provide stable, affordable, community-integrated housing through acquisition, preservation, affordable, community-integrated housing through acquisition, preservation and rehabilitation." **(TAB E, p. 16 [Sargent Report, p. 016; TAB H [Baar Report, Appendix I, p. I-1])**

15. Applicant's non-profit status is required in order Valley View to be eligible for low-cost, tax-exempt financing. **(TAB C, p. 17 [Sargent Report])**

16. In 2000, Augusta Homes Villa Montclair, and then Augusta Homes, Inc. purchased the Park using \$1,100,000 in tax-exempt bonds sponsored by the Yucaipa Redevelopment Agency and a \$55,000 grant from the City of Yucaipa and converted the Park to non-profit ownership. The acquisition was fully funded by the bonds, and Augusta Homes, Inc. had no cash equity in the purchase. **(TAB E, p. 18 [Sargent Report]; TAB H [Baar Report, Appendix C, p. C-1 and Appendix I, p. I-1]; TAB I [Urban Futures Report])**

17. As a condition of the bond financing, Augusta Homes was required to maintain a minimum number of affordable housing units during the life of the bond issue. The 2000 bond financing for the purchase, and the terms and conditions of the affordability requirements, are set forth in the 2000 Indenture of Trust, Loan Agreement and Regulatory Agreement. **(TAB H p. 9 [Baar Report] and Appendix D)**

18. When the Park was converted to non-profit ownership in 2000, a conversion impact analysis was prepared by Westridge Group, and it was represented to the City/Agency and Residents that the projected space rents would not exceed what the rents would have been absent a non-profit

organization. **(TAB H pp. 33-34 [Baar Report] and Appendix C, p. C-9; Appendix I, p. I-1)** Representations were also made that conversion of the Park to non-profit ownership would eliminate the possibility of large increases in monthly rental rates **(Tab H [Baar Report, Appendix C, p. C-2])**

19. In 2012, the bond loan was refinanced with a new \$20 million tax exempt bond loan secured by revenues from Valley View and three other mobilehome parks in the City of Montclair, Hacienda, Monterey Manor and Villa Montclair. Ownership of all four parks was consolidated by Augusta Communities, LLC (Applicant). The refunding bonds were issued by the Independent Cities Finance Authority (“ICFA”). Through the bond refinancing, Applicant paid off the 2000 bonds and obtained additional funds for the Park. **(TAB E, p. 19 [Sargent Report]; TAB H [Baar Report, Appendix I, p. I-1])**

20. Applicant’s stated reason for the 2012 issuance of refunding bonds was to take advantage of reduced interest rates and pool resources **(TAB H [Baar Report, Appendix I, p. I-2])**, and secure additional loan funds including funds to cover the costs of capital improvements; and a portion of the 2012 bond loan was designated for capital improvements in Valley View. **(TAB E, p. 19 [Sargent Report]; TAB H [Baar Report p. 60 and Appendix I, p. I-1])**

21. As a condition of the 2012 bond refinancing, the new loan was again subject to compliance with affordability and oversight requirements. The terms and conditions of the 2012 bond refinancing, and the terms and conditions of the 2012 affordability requirements, are set forth in the 2012 Indenture of Trust, Loan Agreement, and Regulatory Agreement. **(2012 Indenture of Trust; TAB H [Baar Report, p. 9 and Appendix D]; TAB I)**

22. The 2012 Indenture of Trust requires establishment of certain funds into which revenues from all four parks are deposited through a managed process, in an order of priority set out in the Indenture of Trust. The trustee then approves disbursements from those funds in accordance with the fund priorities and other provisions of the Indenture of Trust. **(2012 Indenture of Trust, Article V, Sections 5.7 - 5.17, pp. 34-46)**

23. One of the funds established in the 2012 Indenture of Trust is the Borrower Administration Fee Fund, into which a portion of revenues from all four parks may be allocated and commingled. Funds are not deposited into the Borrower Administration Fee Fund unless there are sufficient revenues to be deposited into funds higher in the priority under the Indenture of Trust. The 2012 Indenture of Trust also establishes a Borrower Administration Fee for each park,. The initial fee was \$3,465 per month and increases by 100% of the CPI increase. **(2012 Indenture of Trust, p. 6; TAB C BP p. 656 and Attachment 15, p. 6)** Applicant contends that this fee is Applicant’s compensation for providing management and administration of the Park to ensure its compliance with the bond financing and state and federal law. Allocation of revenues to the Borrower Administration Fee fund is low on the order of priorities established by the Indenture of Trust, and the Indenture of Trust does not mandate payment of that fee. **(2012 Indenture of Trust, Section 5.12 and 5.17, pp. 41-42, 46)**

24. Applicant has implemented all Annual Adjustments allowed under the Ordinance. **(TAB A, p. 30 [7/28/20 Staff Report])**

25. Applicant has not previously applied for an MNOI Rent Adjustment, MNOI Rent Adjustment based on Readjusted Base Year NOI, or Fair Return Rent Adjustment under the Ordinance pursuant to Section 15.20.100 (A), (B) or (C).

26. The Park incurred costs of \$74,852.53 for investments in “Infrastructure Health and Safety” that were undertaken from 2012 through 2015. Some of the \$74,852.53 in expenses involved maintenance of the electrical systems. (Other expenses were used to improve Park owned mobilehomes and spaces. Applicant did not apply for a Capital Improvement Rent Adjustment for any portion of the \$74,852.53 in expenses. **(TAB C BP 987; TAB H pp. 60-61)**.)

27. Prior to 2018, Applicant provided submetered gas and electricity to the Residents, and was responsible for maintaining the utility systems in the Park. In 2018, provision of gas and electricity services was changed from submetered by Applicant to direct service by the gas and electricity companies, and the utility companies took over responsibility for the provision of utility infrastructure and replaced the utility delivery systems within the park at no cost to the park. **(TAB C, BP pp. 987, 1024; TAB G, p. 61)**

28. Applicant also has not previously applied for any other Capital Improvement Rent Adjustment under the Ordinance pursuant to Section 15.20.085. **(TAB H p. 61)**

29. In the summer of 2019, Applicant initiated the process under the Ordinance to obtain a Rent Adjustment based on Voluntary Meet and Confer pursuant to YMC § 15.20.100(E). Applicant proposed an \$85 per month per space rent increase, to be phased in over three years through the use of rent credits that offset the increase in thirds. **(TAB C BP p. 058)** Under the Ordinance, the rent increase must be approved by at least 51% of the occupied spaces and, if successful, would be final without Commission approval. **(TAB M)** The Applicant failed to obtain the necessary 51% consent from the residents. 45% of the Residents voted in favor of the proposed rent increase, while 55% of the Residents voted “not in favor.” **(TAB A p. 31 [7/28/20 Staff Report])**

30. The Application was initially submitted to the City on October 31, 2019. **(TAB C, BP p. 1)** Upon receipt of the Application, the Rent Administrator determined that the Application was not complete because significant information and documentation material to the determination of the requested MNOI/Fair Return Rent Adjustments had not been submitted. **(TAB C, BP pp. 404-987; TAB D, pp. 1-14)**, and the Application was not deemed sufficiently complete to set the matter for a public hearing until March 9, 2020. **(TAB D, p. 15)** The Commission finds that the information and documentation requested by the Rent Administrator was reasonable, relevant and necessary for a determination on the Application.

31. Findings with Regard to Claim #1 (Park Owner’s claim that a Base Year rent adjustment should be made to Valley View’s 1987 space rents by \$190 per space per month). Commission finds that Applicant did not meet its burden of proof to establish its claim that it is entitled to adjust its 1987 space rents to \$190 per month, and further finds that Applicant’s 1987 average monthly space rent, while disproportionately low when compared to rents being charged in comparable parks in Yucaipa, should instead be **adjusted to \$182.50 per month per space**, pursuant to YMC § 15.20.100 (B) and Admin. R. § 4.0004 (B) (3).

A. Applicant contends that the rent during 1987 was disproportionately low when compared to rents being charged in comparable parks in 1987 in the City under YMC

§ 15.20.100 (B) and Admin. R. § 4.0004 (B) (3). The Park Owner met its burden of proof to establish it is entitled to an adjustment of base year rents, or base year NOI, on this ground, in accordance with the following findings.

(i) Applicant retained appraiser John Neet to analyze rental values in the Park in 1987 and 2019, and the City retained appraiser James Brabant to review Neet's analysis and prepare his own analysis. Both appraisers agree that Valley View's rents in 1987 were disproportionately low compared to the rents being charged at comparable parks in Yucaipa, but disagree as to which parks were comparable, and what any adjustment to the base year rents should be.

(ii) Applicant's claim is based on the Neet Report. Neet described the overall quality of the Park as average. **(TAB C, p. 415 [Neet Report])** Neet concluded that based on the definition of comparability in Admin. R. § 4.003 (B), the "market rental value (retrospective)" of the individual mobilehome spaces in the Park, as of calendar year 1987, was \$190 per space per month. **(TAB C p. 402 [Neet Report])** Neet relied upon an analysis comparing 1987 rents at Valley View and four other parks in Yucaipa (Grandview East, Crafton Hills, Grandview West ME, and Yucaipa Valley MHP) **(TAB C p. 420)**. Those four parks that had space rents that ranged from \$165 to \$200 per month. In determining "controlled market rent", Neet stated that he gives more credence to the upper end of the rent survey range in Yucaipa as a possible indicator of **(TAB C, p. 418)** For this reason, the upper end of the rent survey range in the Yucaipa parks is given more credence as a possible indicator of market rent as the rents at the upper end of the range suggest rent levels that tenants would willingly accept if offered in an unregulated market. **(TAB C, p. 418)**, and that "Using appraisal methodology, even though the conclusions will be based on non-market transactions, requires reliance on the upper end rates reported." **(TAB C, p. 420)**

B. City staff retained appraiser James Brabant to evaluate the Neet Report, and to provide his own analysis of rental value for the Park's spaces in 2019. **(TAB G, pp. 15-16, 21-24)** Brabant described the condition of the Park as average, and average space rent in Valley View in 1987 was \$144. Brabant selected seven parks located in Yucaipa as comparable to Valley View, including Avalon Mobile Estates, Bel-Aire Mobile Estates, Bonanza Mobile Estates, Grandview East, Patrician park, Crafton Hills and Crestview I MHP. Brabant rejected use of Neet's "controlled market rent: because there is no such thing as "controlled market rent" in appraisal terminology, because "as market rent cannot be controlled and must be a rent that is openly negotiated", and stated that the concept is an invention of Neet. **(TAB G, p. 16)** Brabant also notes that Neet admits he gives more credence to the upper end of the rent surveys, which is inconsistent with the Ordinance. **(TAB G, p 16)**. Brabant rejected Yucaipa Valley as comparable to Valley View. Yucaipa Valley is a 104-space park, with 85 of the 104 spaces on long term leases which are not subject to rent control and have much higher rents (average \$545) than the 19 spaces (average \$355) which are subject to rent control, and therefore has an overall average monthly rent of \$507.05. According to Brabant, Neet's inclusion of long-term lease rents also distorted Neet's conclusions on the high side. **(TAB C, pp. 401-407; TAB G: pp. 15-16)** Brabant concluded that the average rental value of spaces in Valley View, in 1987, was \$173 per month, including no utilities, which is \$29 above the actual average rent at that time. **(TAB G, p. 20)**

C. The Residents also contended that two of Neet's parks were not comparable because they were not in Yucaipa, were much larger parks, and had the highest rental values. **(TAB E, p. 6)**; that two of the four Yucaipa parks were much larger all-age parks, while a 2016 City Rent

Survey showed a number of parks in Yucaipa reported average monthly rents under \$300 and a number of other parks in the low- to mid-\$300 range. (TAB E, pp. 6-7).

D. The Commission finds Brabant's report and testimony are more credible and entitled to greater weight than Neet's analysis, and finds that Neet's opinions of rental values in the Base Year are overstated. Section 4.0004 (B) of the Rules defines a comparable park to mean "a park in the City subject to the YMC, which has similar quality, number and type of amenities, construction and services, is located in a similar neighborhood and provides similar access and proximity to schools, medical and educational facilities, recreation, entertainment, parks, shopping and other services and amenities and is similarly maintained as the applicant's park." The Commission concurs that Neet's inclusion of Yucaipa Valley, with mostly long-term lease rents, distorted Neet's conclusions on the high side. (TAB C pp. 401-407; TAB G pp. 15-16) Utilization of Yucaipa Valley MHP is also inconsistent with Admin. R. § 4.0004 (B), which defines a "comparable park" as being in the City of Yucaipa and *subject to the YMC*. On this basis, Yucaipa Valley should be excluded from the analysis. After evaluating the other comparables provided in the Brabant and Neet Reports, the Commission finds that the average rental value of Valley View in 1987 was \$182.50 per space per month, or \$38.50 above the actual average rents at the time.

E. Applicant also contends that the rent in 1987 was not sufficient to provide a just and reasonable return by providing evidence of the return actually earned by the park in 1987 and of the return earned by comparable parks in the City in 1987 under YMC Section 15.20.100 (B) and Section 4.0004 (B) (5) of the Rules. Applicant provided no evidence in support for this ground and therefore failed to meet its burden of proof.

F. Section 4.0004 (A) of the Administrative Rules provides additional grounds for a park owner to seek a readjustment of Base Year NOI, including the following:

(i) A claim that the park's operating expenses in 1987 were unusually high despite prudent business practices under YMC § 15.20.100 (B) and Section 4.0004 (B) (1) of the Rules.

(ii) The claim that gross Income was disproportionately low in 1987 despite prudent business practices under YMC § 15.20.100 (B) and Section 4.0004 (B) (2) of the Rules.

(iii) The claim that capital improvements were made during 1987, but were not reflected in rent increases collected in 1987 under YMC § 15.20.100 (B) and Section 4.0004 (B) (4) of the Rules.

Applicant did not provide any evidence supporting any of these grounds, and therefore did not meet its burden of proof and waived any claims it may have had under each of these provisions.

32. Findings with Regard to Claim #2 (Park Owner's Request for a \$243.53 MNOI Rent Adjustment based on a Readjusted Base Year NOI). Based on substantial evidence in the entire record before the Commission, including the Application, Staff Reports and exhibits, all other written evidence and oral testimony submitted to the Commission, Applicant did not meet its burden of proof to support its claim that it is entitled to a \$243.53 monthly space rent increase using adjusted 1987 base year rents under YMC § 15.20.100 (B) and Section 4.0004 (B) of the Rules. Under the MNOI

methodology, Applicant is entitled to an MNOI rent adjustment of **\$60.21 per month per space**. The Commission makes the following findings in support of this determination:

A. For purpose of determining whether the Park Owner is entitled to an MNOI adjustment under YMC § 15.20.100 (A), the base year is 1987 and the Current Year is 2018. Under the Ordinance and Rules, the Park Owner bears the burden of presenting substantial evidence of the Park's Gross Income and Operating Expenses for the Base Year and Current Year.

B. Applicant did not own the Park in the Base Year (1987). The only document provided in the Application which purports to show base year gross income and operating expenses is a one-page handwritten document on Haven Management letterhead. **(TAB C, BP p. 154)** Both Applicant's expert and the City's expert, Dr. Baar, used projections of base year gross income and operating expenses.

C. Park Base Year Gross Income. The Commission finds that the Park's Gross Income in 1987 was **\$164,250, (TAB H p. 38, as modified by Baar Third Addendum dated 8/28/20, p. 3)**

D. Park Base Year Operating Expenses. The Commission finds that the Park's Base Year Operating Expenses were **\$88,110**. Applicant contends that the projected Base Year Operating Expenses were \$84,345. **(TAB H p. 23, as modified by Baar Third Addendum dated 8/28/20, p. 3)** The Commission finds Baar's analysis should be given more weight and credibility than McCarthy's and that the following exclusions and modifications to the claimed Operating Expenses must be made, based on recommendations from the Baar Report:

(i) Property Taxes: Applicant projected property taxes of \$2,113 rather than actual property taxes of \$5,930.50 for the Base Year, on the grounds that a non-profit would have paid the lower amount. The Commission accepts Dr. Baar's analysis that the actual property taxes of \$4,930.50 provides a fair operating expense incurred for a for-profit entity in the Base Year in order to project a fair Base Year NOI. **(TAB H, p. 18)** The Commission therefore includes \$4,930.50 as the Base Year property tax expense.

(ii) Dues: Applicant's projected Base Year Operating Expenses include \$992 for dues subscriptions, which is designated for dues paid to the Western Mobilehome Owners Association ("WMA"), an organization of mobilehome park owners that provides information and other services for park owners and political lobbying. **(TAB H, p. 21)** Admin. R. § 4.0003 (D) (4) (c) also excludes payments made to any organization for purposes of litigating or challenging rent control. The Commission therefore excludes the \$992 dues expense.

(iii) Housing: The Application does not include a projected cost for Base Year management-provided housing but included a Current Year management housing cost of \$9,903. **(TAB C, BP 1002; TAB H: pp. 21, 34 and Appendix A, p. A-2)** Dr. Baar recommended that a Base Year housing cost be included because an on-site manager was required by California law after 1988. The 1991 registration form for the park indicates that one mobilehome space was provided for the manager and the owner's address on the 1991 registration was a unit in the park; and there was no documentary proof that the park owner lived on-site. **(TAB H, pp. 20-21)** The Commission accepts Dr. Baar's projection of a Base Year management-provided housing expense, of \$4,343, calculated using a downward inflation adjustment **(TAB H, p. 21)**, and includes \$4,343 as the Base Year housing cost.

(iv) Travel: The Application includes projected Base Year travel expense of \$3,414, which is attributed to conventions and seminars/WMA. **(TAB C: BP pp. 154, 442 [Application Form]; TAB H: p. 21)**. The Commission excludes these travel expenses for the same reasons as outlined in subparagraph (i) regarding dues.

J. Base Year Net Operating Income (NOI). The Commission finds that the Base Year Net Operating Income (unadjusted) is **\$76,141**. **(Baar Third Addendum dated 8/28/20, p. 3)** This sum was calculated by subtracting Base Year Operating Expenses from Base Year Gross Income.

$$\begin{array}{r r r r r} \text{Base Year Gross Income} & - & \text{Base Year Operating Expenses} & = & \text{Base Year NOI} \\ \$164,250 & & \$88,110 & & = \mathbf{\$76,141} \end{array}$$

K. Current Year NOI Entitlement. The Park's Current Year NOI Entitlement is **\$152,738**. **(Baar Third Addendum dated 8/28/20, p. 3)**

L. Current Year Gross Income The Park's Current Year Gross Income is **\$291,220**. **(Baar Third Addendum, dated 8/28/20, p. 3)**

M. Current Year Operating Expenses. The Park's Current Year Operating Expenses are **\$192,668**. **(Baar Third Addendum dated 8/28/20, p. 2)** Applicant claims that the Park's Current Year Operating Expenses of are \$334,203. **(TAB C, BP pp. 23 [Application Form]; TAB H p. 40)** However, the Commission finds that Applicant's claimed Operating Expenses of \$334,203 must be reduced to **\$192,668** based on the following adjustments made by Dr. Baar in his Report **(Baar Third Addendum dated 8/28/20)**:

(i) Recovery of Unpaid Non-Profit Administration Fees. Applicant contends that unpaid Borrower Administration Fees from the years 2013-2018, totaling \$52,680, must be paid by the Residents. **(TAB H pp. viii, 4, 40)** The Commission rejects this contention and excludes those fees from the Current Year operating expenses for the following reasons:

(aa) Applicant did not provide any testimony or documentation explaining the basis for the amount of the Borrower Administration Fee in the 2012 Indenture of Trust, other than testimony from Ms. Taylor that it may have come from the 2000 Indenture of Trust. Ms. Taylor also testified that the Park provides a financial statement for Augusta Homes LLC annually to the city and also financial statements to the oversight agent, Wolf. Those financial audits and statements are not part of the record provided by Applicant to the Commission.

(bb) Nothing in the 2012 Indenture of Trust creates a legal obligation by Valley View to repay the three other parks of Augusta Communities if Valley View does not pay revenues to the trustee for the Borrower Administration Fee. The four parks are all owned by Augusta Communities LLC. Taylor admitted that allocation of Borrower Administration Fees to each park is an internal calculation only.

(cc) The 2012 Loan Agreement for the bond refinancing explicitly excluded Borrower Administration Fees and debt service from the definition of "operating and maintenance" expenses. **(TAB H, [Baar Report and Appendix D, pp. D-2 – D-3, excerpts from original loan agreement, and BP 940, definition section in current loan agreement])**

(dd) In an accounting document submitted by Applicant to the loan oversight agency (Intercity Finance Authority), the Borrower Administration Fees and debt service were explicitly labeled as a “non-operating expense” (TAB H, Dr. Baar’s Report, Appendix E, p. E-27). In other financial documents showing the Borrower Administration Fees this cost was not included among operating expenses; instead, it was listed as an expense covered out of “Net Operating Income.” (TAB H [Baar Report, Appendix E])

(ee) Applicant contends that Valley View is required to pay the Borrower Administration Fee due to the complex state and federal law requirements for non-profit entities and that Valley View did not pay these funds in those years. Baar also disallowed Applicant’s claim for the \$52,680 representing “Recovery-Unpaid Overhead Fees” because this item claimed separately as an addition to its inclusion in the MNOI claim, but also because California cases have established that there is no recovery for this type of claim unless there is a showing (not present nor alleged here) that this deficiency was due to an “agency miscalculation” (TAB H p. 35). Applicant’s contention is also inconsistent with the representations made to the Residents prior to the original 2000 conversion to non-profit status at which time that the Residents were told that projected space rents for all spaces will not exceed what they would have been absent the non-profit acquisition, and the inclusion of such fees as an Operating Expense would result in justifying rents which would exceed those of a for-profit organization, and also because when the Park was purchased in 2000 and refinanced in 2012 the loan agreement and indenture agreement excluded such expenses from the definition of “operating expenses” (TAB H pp. 33-34).

(ii) Current Year Borrower Administration Fees. Applicant contends that Current Year Borrower Administration Fees of \$45,762 must be included in the Current Year operating expenses. (TAB H pp. viii, 4, 40) Baar also disallowed this expenditure as an Operating Expenses. For the same reasons as outlined in Finding No. 32(M)(i), above. the Commission excludes these costs as an Operating Expense in the Current Year.

(iii) Current Year Bond Interest and Subordinate Bond Interest. Applicant contends that the costs for Current Year bond interest on the bonds related to the 2012 refinancing, totaling \$41,965, and the costs of Subordinate Bond Interest (totaling \$1,128) must be included in the Current Year operating expenses. (TAB C, BP p. 328) Bond interest and subordinate bond interest expenses are a form of debt service, and debt service is excluded from Operating Expenses in determining an MNOI Rent Adjustment, pursuant to Admin. R. § 4.003 (D) (4) (A). As Baar noted, repeated judicial precedent also sets forth the doctrine that differences in allowable rents based on differences in financing arrangements have no rational basis. The exclusion of debt service from the definition of operating expenses in Yucaipa’s MNOI standard is a customary exclusion among the MNOI fair return standards in mobilehome park space rent stabilization ordinances in this state, which has been repeatedly approved by the courts. (TAB H pp. vii, 26-31 [Baar Report])) As stated by the Residents in their Opposition, the ability to use of the tax-exempt bond financing and purchase with 100% financing was advantageous to the Applicant, this type of financing provided for a lower interest rate than the financing that would have been available to a for-profit purchaser, and whether to exclude debt service as an operating expense is a policy argument that could have a place in a legislative forum, not in a rent control proceeding. (TAB E, p. 17 [Sargent Report]) The Commission therefore excludes these expenditures as an Operating Expense in the Current Year.

(iv) Current Year Dues and Subscriptions. The Application includes dues and subscriptions, totaling \$1,006, as a Current Year Operating Expense. The Commission accepts Dr. Baar’s recommendation to exclude this cost as an Operating Expense for the same reasons as

outlined in Finding No. 32(D)(ii), above, because this sum represents expenditures paid to MHET and WMA, who are lobbying organizations.. (TAB H [Baar Report, pp. 39-40], as amended by Baar Third Addendum, dated 8/28/20, pp. 2])

(v) Current Year audit fee. Applicant also contends that Current Year audit fee for accounting costs to prepare a State-mandated audit, totaling \$3,406, and therefore must be included in the Current Year Operating Expenses. (TAB C: BP p. 328; TAB H p. 40) The Commission agrees with that contention. This fee is a normal operating expense of mobilehome parks, and is an allowable operating expense under the MNOI Rent Adjustment methodology, will be included in the MNOI Rent Adjustment calculation.

(vi) These adjustments in the Park's operating expenses total \$141,535, or a reduction from Applicant's claimed \$334,203 to the sum of **\$192,668**. (Baar Third Addendum, p. 2)

N. Current Year NOI. The Commission finds that the Park's Current Year NOI is **\$98,663**. (Baar Third Addendum, dated 8/28/20, p. 3]), This sum was determined by subtracting the Park's Current Year Expenses from the Park's Current Year Gross Income, as follows:

$$\begin{array}{r r r r r} \text{Current Year Gross Income} & - & \text{Current Year Operating Expenses} & = & \text{Current Year NOI} \\ \$291,220 & - & \$192,668 & = & \mathbf{\$98,552} \end{array}$$

O. Park MNOI Adjustment. The Park's MNOI Adjustment, for the entire Park, is **\$54,186**. This amount was determined by subtracting the Park's Current Year NOI of \$98,552 (from Finding No. 32 (N)) from the Park's Current Year NOI Entitlement of \$152,798 (from Finding No. 32 (K), as follows:(Baar Third Addendum, dated 8/28/20, p. 3),

$$\begin{array}{r r r r r} \text{Current Year NOI Entitlement} & - & \text{Current Year NOI} & = & \text{Current Year Park MNOI Adjustment} \\ \$152,738 & - & \$98,552 & = & \mathbf{\$54,186} \end{array}$$

P. Park Monthly MNOI Rent Adjustment. The Park's required MNOI rent adjustment is **\$60.21** per space per month. (Baar Third Addendum, dated 8/28/20, p. 3) This amount was determined by dividing the Park's MNOI Adjustment of the entire Park by 62 spaces by 12 months, as follows:

$$\begin{array}{r r r r r} \text{Current Year Park MNOI Adjustment} \div \text{Total Space} \div 12 & = & \text{MNOI Space Rent Adjustment} \\ \$54,186 & \div 62 & \div 12 = & & \mathbf{\$60.21} \end{array}$$

33. Findings with regard to Claim #3 (Park Owner Application for Rent Adjustment of \$450 or \$500 per month per space based on comparability analysis). Based on substantial evidence in the entire record before the Commission, including the Application, Staff Reports and exhibits, all other written evidence and oral testimony submitted to the Commission, Applicant did not meet its burden of proof to establish that Valley View's space rents should be \$450 or \$500 per month, for the following reasons:

A. Applicant's claim is based on appraiser John Neet's Report. Neet described the overall quality of the Park as average. (TAB C, p. 415) Neet concluded that the "market rental value" of the spaces at the Park, as of January 1, 2019 was \$500 per month, and that the "controlled

market rent,” as of the same date, was \$450 per month. Neet relied upon an analysis comparing 2019 rents at four parks in Yucaipa (Grandview East, Crafton Hills, Grandview West ME, and Yucaipa Valley MHP), and two parks in Banning (**TAB C pp. 358-361**). In determining “controlled market rent”, Neet stated that he gives more credence to the upper end of the rent survey range in Yucaipa as a possible indicator of (**TAB C, p. 418**) For this reason, the upper end of the rent survey range in the Yucaipa parks is given more credence as a possible indicator of market rent as the rents at the upper end of the range suggest rent levels that tenants would willingly accept if offered in an unregulated market. (**TAB C, p. 418**), and that “Using appraisal methodology, even though the conclusions will be based on non-market transactions, requires reliance on the upper end rates reported.” (**TAB C, p. 420**)

B. City staff retained appraiser James Brabant to evaluate the Neet Report, and to provide his own analysis of rental value for the Park’s spaces in 2019. (**TAB G, pp. 15-16, 21-24**) Brabant described the condition of the Park as average, and concluded that the average rental value of spaces at Valley View should be \$365 per month, or an average increase of \$49 per month above the action space rent levels of \$316 at the Park. Brabant’s conclusion was based on his analysis of seven parks located in Yucaipa, Avalon Mobile Estates, Bel-Aire Mobile Estates, Bonanza Mobile Estates, Grandview East, Patrician park, Crafton Hills and Crestview I MHP. Brabant also rejected use of Neet’s “controlled market rent: because there is no such thing as “controlled market rent” in appraisal terminology, because “as market rent cannot be controlled and must be a rent that is openly negotiated”, and that the concept is an invention of Neet (**TAB G, p. 16**). Brabant also notes that Neet admits he gives more credence to the upper end of the rent surveys, which is inconsistent with the Ordinance. (**TAB G, p 16**).

C. The Residents also contended that two of Neet’s parks were not comparable because they were not in Yucaipa, were much larger parks, and had the highest rental values. (**TAB E, p. 6**); that two of the four Yucaipa parks were much larger all-age parks, while a 2016 City Rent Survey showed a number of parks in Yucaipa reported average monthly rents under #300 and a number of other parks in the low- to mid-\$300 range. (**TAB E, pp. 6-7**).

D. The Commission finds that Brabant’s analysis and testimony are more credible and deserve more weight than Neet’s analysis, for the same reasons as outlined in Finding No. 32 (M)(i) and (ii), above. The two parks located in Banning have average rents of \$595 and \$506. Parks located outside Yucaipa do not fall within the definition of a “comparable park” under the Ordinance and must be excluded from the analysis. Another park relied on by Neet, Yucaipa Valley Mobile Home Park, although located in Yucaipa, is a 104-space park, with 85 of the 104 spaces on long term leases which are not subject to rent control and have much higher rents (average \$545) than the 19 spaces (average \$355), and therefor has an overall average monthly rent of \$507.05. Yucaipa Valley MHP also does not qualify as a “comparable park” because Rules, § 4.0004(B) defines a “comparable park” as being “in the City of Yucaipa and *subject to the YMC.*” The three other Yucaipa parks included by Neet (Grandview East, Crafton Hills and Grandview West) have average monthly rents of \$383, \$357 and \$368, but Neet primarily focuses not on the average rent at those parks but rather on the “high rents” in each of those parks which were \$494, \$408, and \$405. Brabant’s average rental value is also more consistent with the 2016 City Rent Survey. Finally, there is no such thing as “controlled market rent” in appraisal terminology (**Exhibits: TAB G, p. 16**). The Ordinance does not guarantee market rent to park owners, use of market rent is inconsistent with the Ordinance and the purposes of rent control. YMC § 15.20.010 (A)

D. For all of these reasons, the Commission finds that Applicant did not meet its burden of proof to establish that the space rents must be raised to \$450 “controlled market rent” or \$500 “market rent.”

34. Findings with regard to Claim #4 (Park Owner Application for an MNOI Rent Adjustment of \$150 per month per space as a conditional offer). Based on substantial evidence in the entire record before the Commission, including the Application, Staff Reports and exhibits, all other written evidence and oral testimony submitted to the Commission, Applicant did not meet its burden of establishing that a \$150 rent increase would be justified \$150 is below the amount properly established by the use of the MNOI methodology and/or properly established comparable rents. As reflected by the calculations in Finding No. 2, the \$150 rent increase exceeds both the monthly space rent increase of \$60.21 using Dr. Baar’s analysis under the MNOI formula (**Baar Third Addendum, p. 3**), and the \$49 monthly space rent increase using Dr. Brabant’s comparable rent analysis (**TAB G p. 23 [Brabant Report]**). Applicant did not meet its burden of proof to support this contention.

35. Findings with regard to Claim #5 (Park Owner’s request for a \$58.53 temporary space rent increase to pay off alleged prior unpaid management fees): Based on substantial evidence in the entire record before the Commission, including the Application, Staff Reports and exhibits, all other written evidence and oral testimony submitted to the Commission, Applicant did not meet its burden of establishing that it is entitled to a \$58.53 temporary rent increase to pay back unpaid management fees – Borrower Administration Fees – for the years 2013 through 2018. (**TAB C, BP p. 328**) There is no recovery of this type of claim unless there is a showing (not present nor alleged here) that this deficiency was due to a prior “miscalculation” by the Commission in setting the Valley View space rent levels. Further, as set forth above in Finding No. 32 (M)(i) and (ii), above, and Finding No. 36, below, the Commission determined that Borrower Administration Fees must be excluded from operating expenses under the MNOI methodology of the Ordinance. Applicant did not meet its burden of proof to support this contention.

36. Findings with regard to Claim #6 (Park Owner’s request to include past “Borrower Administration Fees for years 2013 – 2018): Based on substantial evidence in the entire record before the Commission, including the Application, Staff Reports and exhibits, all other written evidence and oral testimony submitted to the Commission, The Applicant did not satisfy its burden of establishing that it must be allowed to recover past “Borrower Administrative Fees” because it had been operating at negative cash flow for 2013-2018. (**TAB C, BP pp. 3, 894; TAB H pp. vii-viii, 6-7**) The Commission rejects that contention. The Anderson analysis showed that even after paying not only debt service but also “Borrowers Administrative Fees”, Applicant had Net Revenues for four of the six years, and the annual net revenue for all the six years totaled \$61,388 in Net Revenues. The Applicant’s claim that it is entitled to recover \$266,773 for Borrower’s Administrative Fees not paid for that period has no basis in fact. (**TAB C, BP pp. 3, 894; TAB H pp. vii-viii, 6-7**); **TAB I [Urban Futures Report]**) Nothing in *Kavanau v. Santa Monica Rent Control Bd.*, 16 Cal 4th 761 (1997) authorizes Applicant to recover an alleged past unpaid Borrower Administrative Fees. The Applicant’s claim that these “unpaid past Borrower’s Administrative Fees” are a current obligation of the Park has no basis. The Applicant did not meet its burden of proof to support this contention.

37. Findings with regard to Claims for Capital Improvements: The Application contains some expenditures that might constitute capital improvements as defined in the Ordinance. Based on substantial evidence in the entire record before the Commission, including the Application, Staff Reports and exhibits, all other written evidence and oral testimony submitted to the Commission, the

Commission finds that while the Applicant made some expenditures for capital improvements from 2012 through 2015 some of those capital improvements which involved maintenance of the electrical systems would have to be disallowed from consideration under the Ordinance because regulation of electricity costs are preempted under California law and regulations and decision of the Public Utilities, some other expenses would be disallowed because they were used to improve Park-owned mobilehomes and spaces; and any remaining claim for a Capital Improvement Rent Adjustment is rejected because the Applicant did not follow the required procedures for obtaining such a rent increase. **(TAB H p. 60)** A request for a rent increase based on a capital improvement must be sought in accordance with the procedures set out in YMC § 15.20.065 including obtaining at least 51% consent for the capital improvement before it was completed, unless the improvement was necessitated by public health and safety needs, or qualified as an emergency capital improvement. Applicant failed to seek resident approval for any alleged capital improvements, and never applied for any capital improvement rent adjustment in accordance with the Ordinance. The Applicant did not meet its burden of proof to support this contention.

38. Findings with regard to Fair Return under YMC § 15.20.100 (C) and Admin. R. § 4.0005 (B). Section 15.20.100 (C) of the Ordinance and Section 4.0005 of the Rules provide that a park owner may seek an increase in addition to the MNOI adjustment authorized under YMC §§ 15.20.100 (A) and (B) if park owner meets its burden of proof that the Park will not earn a fair return even with the MNOI adjustment. Relevant factors to be considered are set out in Section 15.20.100 (C) of the Ordinance and Section 4.0005 (B) of the Rules. In this hearing, Applicant did not submit evidence regarding all of the relevant factors as outlined under Section 4.0005 (B) of the Rules and as such, did not meet its burden of proof that it is entitled to a fair return rent adjustment under YMC 15.20.100 (C) or Admin. R. § 4.0005 (B). The Commission finds as follows:

A. Applicant did not submit evidence of the return earned by the Park in the Current Year or any prior year.

B. Applicant did not submit evidence of the capitalization rate earned by the Park in the application year, each of the five preceding years, in 2000 or in 2012.

C. Applicant did not submit evidence of the capitalization rate associated with the purchase of comparable mobilehome parks in the application year and preceding five years.

D. The evidence submitted by Applicant with regard to the Park's income and expenses over each of the past five (5) years, does not support the conclusion that Applicant will not earn a fair return, since none of the other evidence required by Section 4.0005 of the Rules was provided by Applicant.

E. The Park Owner failed to submit any other evidence to contradict the determination that the MNOI rent adjustment of \$60.21 determined above provides a fair return to Applicant.

39. The Commission hereby grants an MNOI Rent Adjustment based on a Readjusted Base Year NOI in the amount of **\$60.21** per space per month, based on Finding No. 32 set forth above.

40. The Commission finds that the rents, as adjusted by the MNOI adjustment of \$60.21 per space per month, will provide Applicant with a fair return.

41. The Park's space rents currently in effect for month-to-month spaces, based on the City's official records, including any Annual Adjustments approved by the City, are set forth in **Exhibit A**, attached hereto and incorporated herein by this reference as though set forth in full. The new space rents for each month-to-month space, based on the \$60.21 MNOI Rent Adjustment are also set out in Column "[TBD]" on **Exhibit A**, attached hereto.

42. The July 1, 2012 Valley View Regulatory Agreement between the Independent Cities Finance Authority and Augusta Communities LLC and the October 1, 2000 Valley View Regulatory Agreement contain provisions requiring a certain percentage of Valley View spaces be occupied by Low and Very Low Income Residents and any space rent adjustments for Very Low and Low Income Residents under the Ordinance shall be limited to the lesser of the amount specified in the Regulatory Agreements and the amount permitted by this Resolution.

43. Documents in Evidence: The Commission hereby incorporates and re-affirms all motions approved at its August 25, 2020 hearing, with respect to the admission of evidence by the parties, as set forth in the Recitals and reflected in the minutes of the Commission.

44. Findings with respect to Applicant Claim #6 (Temporary Rent Increase for Application and Hearing Costs under YMC § 15.20.116 and Chapter 6 of the Rules). Based on substantial evidence in the entire record before the Commission, including the Application, Staff Reports and exhibits, all other written evidence and oral testimony submitted to the Commission, the Commission finds as follows:

A. Applicant successfully obtained approval, in part, of its Application for an MNOI/Fair Return Rent Adjustment and is the prevailing party, in part, on the Application, as defined in Admin. R. § 6.0003(C), and is thus entitled to a Temporary Rent Increase based on its reasonable costs incurred in preparing the presenting the Application to the Commission. pursuant to YMC §15.20.116(A), and Chapter 6 of the Administrative Rules, and *Galland v. City of Clovis*, 24 Cal. 3d 1003 (2001).

B. As set forth in Finding No. 32. above. the Commission has determined that the Applicant is entitled to an MNOI Rent Adjustment of \$60.21 per space per month under YMC § 15.20.100 (A) and (B). However, the Commission has rejected the following contentions presented by the Applicant:

- (i) An MNOI Rent Adjustment of \$234.53 (Claim #2);
- (ii) A space rent of \$450 to \$500 per month using a comparable rent approach (Claim #3);
- (iii) An MNOI Rent Adjustment of \$150 based on a conditional offer to waive any rent increase which exceeds \$150 (Claim #4);
- (iv) A temporary monthly space rent increase of \$53.33 for six years based on Applicant's contention that the residents must repay the last five years of unpaid Corporate Overhead Fees (Borrower Administration Fees) totaling \$266,733 (Claim #5);

(v) A claim that Borrower Administration Fees of \$45,762 must be included as a Current Year Operating Expense in the MNOI rent adjustment calculation under the Ordinance;

(vi) A claim that Bond Interest on the 2012 bond refinancing, totaling \$41,965, and Subordinate Bond Interest (totaling \$1,128) must be included as Current Year Operating Expenses in performing the MNOI rent adjustment calculation under the Ordinance; and

(vii) A claim that “Recovery-Unpaid Overhead Fees”, of \$52,680, must be included as a Current Year Operating Expense in performing the MNOI rent adjustment calculation under the Ordinance.

B. Applicant contends that it incurred costs of the Application and public hearing, totaling \$124,118.53, for its attorney’s and experts’ costs in preparing the Application, responding to inquiries from Staff, and appearing at the Commission on July 28, 2020, August 25, 2020 and September 22, 2020. This total sum includes Alpert’s legal fees (\$75,572.45), McCarthy’s accounting fees (\$5,671.08), Neet’s appraisal fees (\$8,185); and the application fee (\$1,700).

C. Pursuant to Admin. R. § 6.0004 (B), the Commission considered all relevant factors to determine the reasonableness of the fees, costs and other expenses. claimed by Applicant in order to determine the amount of the Temporary Rent Increase to be awarded to the Applicant, and finds as follows:

(i) **[TO BE DETERMINED].**

(ii) **[TO BE DETERMINED]**

(iii) **[TO BE DETERMINED]**

D. Based on the entire record before the Commission, and the provisions and requirements of YMC § 15.20.116 and Admin. R. §§ 6.0001 - 6.0004, Applicant is entitled to reimbursement for the fees and costs incurred to prepare and present the Application to the Commission, in the total amount of **[\$Amount #A: TO BE DETERMINED]**. Each resident’s proportionate share of this sum is **[\$Amount #E TBD]**. However, if the proportionate amount of this total sum of **[\$Amount #A TBD]** were imposed in one lump sum on each space, the residents may suffer significant financial hardship particularly given that they are also going to have to pay an additional \$60.21 per space per month for the MNOI adjustment. If the sum of **[\$Amount #A TBD]** is amortized over a five-year period at an interest rate of seven percent (7%), the monthly cost would be **[\$Amount #F TBD]** per space per month for five years.

E. The Commission finds that Applicants are entitled to a Temporary Rent Increase of **[\$Amount #F TBD ] per space per month, over a five-year period** (which includes seven percent interest), to recover the costs of the Application and public hearing. The Temporary Rent Increase shall cease after five years, and shall be separately itemized on the rent invoice and not included in the base rents for purposes of future rent adjustments.

F. Each Park resident shall have the option of paying off the temporary adjustments set forth in Finding No. 39(E) in **one lump sum, totaling \$[Amount #G TBD ]**, without accrual of any interest, at the option of each resident. Payment of the lump sum amount shall be

made at the time of initial payment of any rent increase by such resident, as authorized under this Resolution, and in any event no later than the date that the first rent adjustment is paid following service of appropriate 90-day notice under State law.

G. Upon payment by any Park resident of the Temporary Rent Increase in one lump sum, as authorized by Finding No. 39(F), Applicant shall provide written confirmation to the Park resident, sent or personally delivered at the resident's last known mailing address. Applicant shall also provide written certification to the City of any resident's payment, sent or personally delivered to: City of Yucaipa, 34272 Yucaipa Boulevard, Yucaipa, CA 92399, Attn: Rent Administrator. The confirmation and certifications shall be served upon the Park resident and City within ten (10) calendar days of that resident's payment of the lump sum to Applicant.

H. The approved Temporary Rent Increase, as set forth in Finding Nos. 39(E) and (F) for month-to-month spaces, based on the City's official records, including any Annual Adjustments approved by the City, are set forth in Column "[TBD]" of Exhibit A, attached hereto .

45. No rents, charges or other costs shall be imposed by Applicant on any month-to-month spaces above the current rents as approved under this Resolution. The new space rents for each of the 62 spaces subject to the Ordinance, and the approved Temporary Rent Increases, are set forth in Exhibit A, attached hereto and incorporated herein by this reference as though set forth in full.

46. Applicant shall not apply for an Annual Adjustment pursuant to Section 15.20.080 (A) of the Ordinance and Chapter 3 of the Administrative Rules, until the expiration of at least twelve (12) months following the approval of the MNOI adjustment under this Resolution. Applicant may apply for a capital improvement rent adjustment pursuant to Section 15.20.085 (B) of the Ordinance and Chapter 5 of the Administrative Rules, at any time following approval of the MNOI adjustment.

47. This Resolution and any decision herein shall be binding upon the Applicant and any of their successors in interest, assignees or transferees, and shall be binding upon the residents/tenants of the month-to-month spaces in the Park.

48. Nothing herein shall authorize any increase or change in any rent or other charge imposed on the residents not in compliance with the Ordinance and/or State law, including but not limited to, any 90-day notice required by State law.

49. The procedures and determinations herein have been carried out in compliance with the Yucaipa Rent Stabilization Ordinance.

50. This decision may be appealed to the City Council within 10 (ten) days of the date of the Commission's written decision, pursuant to Section 15.20.115 (A) of the Ordinance. If the Applicant or a Park resident does not appeal this written decision within the ten-day deadline, the decision of this Commission shall become final on the eleventh day following the date of this Resolution. Any legal challenge to a final decision of the City with regard to the Application must be filed within ninety (90) days of the date that the City's decision becomes final.

PASSED, APPROVED AND ADOPTED by the City of Yucaipa Mobilehome Rent Review Commission this 22nd day of September 2020.

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Jim Holbrook  
Chairperson

ATTEST:

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Tammy Vaughan  
Deputy City Clerk/Asst. Rent Administrator

Attachments: Exhibit A: Valley View List of Approved Rents for Spaces Subject to MNOI Rent Adjustment and Temporary Rent Increase for a 5-Year Period or a lump sum payoff

**MRRC RESOLUTION NO. 2020-54 EXHIBIT "A"****CARRIAGE TRADE MANOR MOBILEHOME PARK****LIST OF RENTS FOR SPACES 1-74****MNOI ADJUSTMENT AND TEMPORARY RENT INCREASE FOR A 5-YEAR PERIOD**

<b>(Column A)</b>	<b>(Column B)</b>	<b>(Column C)</b>	<b>(Column D)</b>	<b>(Column E)</b> (Rent Increase Application and Public Hearing Costs)
<b>Space Number</b>	<b>Current Monthly Base Rent</b>	<b>MNOI Monthly Adjustment</b> (Requires 90-Day Notice per MRL)	<b>Adjusted Base Rent</b>	<b>*Temporary Rent Increase</b> (Amortization Period Expires 5-Years from Implementation) (Requires 90-Day Notice per MRL)
1	\$299.68	\$60.21	\$359.89	TBD
2	Park Owned	N/A	N/A	N/A
3	Park Owned	N/A	N/A	N/A
4	Park Owned	N/A	N/A	N/A
5	\$354.24	\$60.21	\$414.45	TBD
6	\$352.21	\$60.21	\$412.42	TBD
7	\$349.00	\$60.21	\$409.21	TBD
8	\$287.72	\$60.21	\$347.93	TBD
9	\$303.42	\$60.21	\$363.63	TBD
10	\$302.79	\$60.21	\$363.00	TBD
11	\$339.11	\$60.21	\$399.32	TBD
12	Park Owned	N/A	N/A	N/A
14	\$344.25	\$60.21	\$404.46	TBD
15	\$338.23	\$60.21	\$398.44	TBD
16	Park Owned	N/A	N/A	N/A
17	Park Owned	N/A	N/A	N/A
18	\$349.39	\$60.21	\$409.60	TBD
19	\$304.14	\$60.21	\$364.35	TBD
20	\$281.33	\$60.21	\$341.54	TBD
21	Park Owned	N/A	N/A	N/A
22	\$341.19	\$60.21	\$401.40	TBD
23	Park Owned	N/A	N/A	N/A
24	\$366.98	\$60.21	\$427.19	TBD
25	\$281.33	\$60.21	\$341.54	TBD
26	Park Owned	N/A	N/A	N/A
27	\$330.52	\$60.21	\$390.73	TBD
28	\$295.96	\$60.21	\$356.17	TBD
29	Park Owned	N/A	N/A	N/A

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<b>(Column A)</b>	<b>(Column B)</b>	<b>(Column C)</b>	<b>(Column D)</b>	<b>(Column E)</b> (Rent Increase Application and Public Hearing Costs)
<b>Space Number</b>	<b>Current Monthly Base Rent</b>	<b>MNOI Monthly Adjustment</b> (Requires 90-Day Notice per MRL)	<b>Adjusted Base Rent</b>	<b>*Temporary Rent Increase</b> (Amortization Period Expires 5-Years from Implementation) (Requires 90-Day Notice per MRL)
30	\$335.18	\$60.21	\$395.39	TBD
30 A	\$309.03	\$60.21	\$369.24	TBD
31	\$304.53	\$60.21	\$364.74	TBD
31	\$299.68	\$60.21	\$359.89	TBD
32	\$352.85	\$60.21	\$413.06	TBD
33	\$293.93	\$60.21	\$354.14	TBD
34	\$362.00	\$60.21	\$422.21	TBD
35	\$322.52	\$60.21	\$382.73	TBD
36	\$327.41	\$60.21	\$387.62	TBD
37	\$283.65	\$60.21	\$343.86	TBD
38	\$321.98	\$60.21	\$382.19	TBD
39	\$325.33	\$60.21	\$385.54	TBD
40	\$308.19	\$60.21	\$368.40	TBD
41	\$362.88	\$60.21	\$423.09	TBD
42	\$348.52	\$60.21	\$408.73	TBD
43	\$337.10	\$60.21	\$397.31	TBD
44	\$318.67	\$60.21	\$378.88	TBD
45	\$363.72	\$60.21	\$423.93	TBD
46	\$293.93	\$60.21	\$354.14	TBD
47	\$320.55	\$60.21	\$380.76	TBD
48	\$340.82	\$60.21	\$401.03	TBD
49	\$348.02	\$60.21	\$408.23	TBD
50	\$293.93	\$60.21	\$354.14	TBD
51	\$285.75	\$60.21	\$345.96	TBD
52	Park Owned	N/A	N/A	N/A
53	Park Owned	N/A	N/A	N/A
54	\$334.76	\$60.21	\$394.97	TBD
55	\$335.92	\$60.21	\$396.13	TBD

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<b>(Column A)</b>	<b>(Column B)</b>	<b>(Column C)</b>	<b>(Column D)</b>	<b>(Column E)</b> (Rent Increase Application and Public Hearing Costs)
<b>Space Number</b>	<b>Current Monthly Base Rent</b>	<b>MNOI Monthly Adjustment</b> (Requires 90-Day Notice per MRL)	<b>Adjusted Base Rent</b>	<b>*Temporary Rent Increase</b> (Amortization Period Expires 5-Years from Implementation) (Requires 90-Day Notice per MRL)
56	\$305.25	\$60.21	\$365.46	TBD
57	\$293.93	\$60.21	\$354.14	TBD
58	\$293.93	\$60.21	\$354.14	TBD
59	\$349.39	\$60.21	\$409.60	TBD
60	\$349.30	\$60.21	\$409.51	TBD
61	\$349.20	\$60.21	\$409.41	TBD
62	\$293.93	\$60.21	\$354.14	TBD
63	\$326.86	\$60.21	\$387.07	TBD
64	\$344.25	\$60.21	\$404.46	TBD
65	\$332.97	\$60.21	\$393.18	TBD
66	\$313.99	\$60.21	\$374.20	TBD
67	Park Owned	N/A	N/A	N/A
68	\$322.52	\$60.21	\$382.73	TBD
69	\$330.35	\$60.21	\$390.56	TBD
70	\$354.10	\$60.21	\$414.31	TBD
71	\$353.96	\$60.21	\$414.17	TBD
72	\$324.28	\$60.21	\$384.49	TBD
73	\$316.27	\$60.21	\$376.48	TBD
74	\$316.27	\$60.21	\$376.48	TBD

**\*Pursuant to MRRC Resolution No. 2020-54 "Each Park resident shall have the option of paying off the temporary adjustments set forth in Finding No. 44(F) in one lump sum, totaling \$-----, without accrual of any interest, at the option of each resident. Payment of the lump sum amount shall be made at the time of initial payment of any rent increase by such resident, as authorized under this Resolution, and in any event no later than the date that the first rent adjustment is paid following service of appropriate 90-day notice under State law."**