

# STAFF REPORT



MANUFACTURED HOME FAIR PRACTICES COMMISSION

# CITY OF OCEANSIDE

DATE: March 16, 2023

TO: Chairperson and Members of the Manufactured Home Fair Practices Commission

FROM: Housing and Neighborhood Services Department

SUBJECT: Laguna Vista Mobile Home Community; Application for Net Operating Income Rent Adjustment

## **SYNOPSIS**

Staff recommends that the Manufactured Home Fair Practices Commission (MHFPC) hold a hearing to consider a Net Operating Income Adjustment Application for the 2021 expense year ("Application") for Laguna Vista Mobile Home Community ("Park" or "Laguna Vista MHC"), a senior-restricted mobilehome park with 272 spaces located at 276 N. El Camino Real, Oceanside, CA 92058 and adopt a Resolution taking the following actions:

1. Grant a NOI Rent Adjustment of 4.2% for 2022 for all 272 spaces in the Park, based upon findings that: (i) the Applicant did not meet its burden of proof to support its claim that it is entitled to a 26.67% monthly space rent adjustment for all 272 spaces using the [Oceanside City Code \("OCC"\) Section 16B.9\(c\)\(2\)](#) Net Operating Income ("NOI") approach; and (ii) the calculation of a monthly space rent adjustment of 8.1% adjusted to 4.2% based upon the previous annual rent adjustment of 3.9%, as prepared by the City and its Consultant, is consistent with Section 5 of the [Administrative Guidelines and Forms for the Administration and Enforcement of the Manufactured Home Fair Practices Act](#) (Administrative Guidelines);
2. Adopt a finding that the Regulatory Agreement and Declaration of Restrictive Covenants recorded as Doc #2013-0261253 between the City of Oceanside and Jugoro Ishii, Incorporated contains provisions requiring a certain percentage of Laguna Vista MHC spaces be occupied by Very Low- and Low-Income Residents and that any space rent increase for a certain number of those Very Low- and Low-Income Residents be limited to the lesser of the amount specified in the Regulatory Agreement or the amount permitted by the Resolution;
3. Grant an additional temporary rent increase in the amount of \$3.63 per space per month for a period of nine (9) years or 108 months based on the amortized cost for Necessary Capital Improvement Expenditures, which temporary rent increase shall not be included in the Base Rent for the purposes of calculating any future rent adjustments and which shall be identified as a separate line item on the monthly rent invoices.

4. Grant a One-Time Pass-through Payment representing the costs associated with the application and participating in the hearing process (“Hearing Fees”) of \$7.35 per space in accordance with [OCC Section 16B.15\(f\)\(3\)](#).

## **BACKGROUND**

OCC [Chapter 16B](#) sets forth a process to “achieve mutually satisfactory agreements regarding space rental rates in manufactured home parks” which both “protects the owners and residents of manufactured homes from unreasonable space rental increases while simultaneously recognizing and providing for the need of park owners to receive a just and reasonable return on their property”. OCC [Chapter 16B](#) applies to 17 manufactured home parks in Oceanside and to all tenancies in such parks.

In accordance with [OCC Chapter 16B](#), specifically [Section 16B.9\(c\)\(1\)](#), manufactured home parks are entitled to an annual permissive adjustment of gross space rental income equal to the lesser of:

- (1) an eight percent (8%) increase; or
- (2) an increase equal to 75% of the percentage increase in the Consumer Price Index (“CPI”) for the calendar year in which the application is filed as reported by the U.S. Bureau of Labor Statistics (“BLS”).

Pursuant to [Section 16B.9\(c\)\(2\)](#), in the event that a park owner believes that they would not receive a just and reasonable return on investment after receiving the maximum Permissive Adjustment, a park owner may file an application with the Commission for an NOI Adjustment to increase the Park’s net operating income by the change in CPI since the established base year multiplied by the lesser of (1) 40% or (2) the percentage of the current CPI attributed to housing.

On March 1, 2022, the City of Oceanside (“City”) received a Net Operating Income Adjustment Application and the related filing fee in the amount of \$2,000 for the 2021 expense year (“Application”) for Laguna Vista MHC, a senior-restricted mobilehome park with 272 spaces located at 276 N. El Camino Real, Oceanside, CA 92058. In the Application and supplemental materials submitted by the Park Owner (“Applicant”), the Applicant requested a rent increase of 26.67% for all 272 spaces in the Park. Staff retained the expert services of RSG, Inc. to provide an analysis of the Application. The Laguna Vista MHC NOI Adjustment Analysis – 2021 Expense Year (“NOI Analysis”) and the recommendations of such rent adjustment is provided as Attachment 2.

## **ANALYSIS**

The Laguna Vista NOI Application and supplemental documentation in support of the Park Owners’ application is included as Exhibit A of Attachment 2. The documentation provides the basis for the application. The Application includes the Laguna Vista MHC NOI Rent adjustment application, as set forth in the [Administrative Guidelines](#) as adopted by the City Council, documentation of base year and current year income and expenses, U.S. Bureau of Labor and Statistics data, and affidavit of mailing.

Attachment 2 provides an analysis of the Laguna Vista MHC's Application by the City's expert, RSG. On March 2, 2023, City Staff provided both Laguna Vista MHC park ownership and their legal representative, Cozen O'Connor law firm, and the Laguna Vista Homeowner's Association representative and their legal representative, Bruce Stanton, Esq., with copies of such analysis.

#### NOI Application and Analysis

The Application is being considered and a recommendation provided consistent with Section V of the [Administrative Guidelines](#) which sets forth the following:

|                       |  |
|-----------------------|--|
| Section 5.01          | General application process and requirements |
| Section 5.02 and 5.03 | Definitions of gross income and expense      |
| Section 5.04          | Determining the NOI                          |
| Section 5.06          | Processing the NOI Application               |

The Laguna Vista MHC NOI Adjustment Analysis has been prepared in accordance with the [Administrative Guidelines](#).

#### *Section 5.01 – Application Process and Requirements*

The Application and the related filing fee in the amount of \$2,000 was received by the City on March 1, 2022 but deemed incomplete. Based upon City's review of its process, Applicant was allowed to resubmit its Application by May 1, 2022 and the Application was subsequently resubmitted on April 29, 2022. A copy of the Application was provided to all residents on April 29, 2022 by U.S. Postal Service first class mail.

The Park met registration requirements for 2022 and passed the 2022 health and safety inspection on February 22, 2022. Subsequently, on April 7, 2022, the Commission approved a resolution allowing for the 2022 Permissive Adjustment of 3.90% for the Park.

As stated in Section 5.01 (h), the "effective date of any NOI adjustment shall be the latter of (1) July 1st of the year the application was submitted or (2) the day after the Park receives notice from the Commission that the Park passed the health and safety inspection. Under [California Civil Code Section 798.30](#), the park owner representative must also provide a 90-day written notice of rent increase. Based upon these requirements, the earliest possible effective date of the NOI Adjustment is July 28, 2022, which was 90 days from when the residents were first provided notice of the Application on April 29, 2022.

#### *Section 5.02 and 5.03 - Definitions of gross income and expense*

The [Administrative Guidelines](#) provide for definitions of gross income and expenses. City staff, on behalf of the Commission, determines if the gross income and operating expenses documentation is accurate and consistent with [Chapter 16B](#). Exhibit B of the NOI Analysis provides such definitions. The gross income and expense discrepancies are detailed in the NOI Analysis, specifically the Calculation of NOI Adjustment section, Table 3 - Calculations of NOI Adjustment for 2021 Expense Year, and further detailed in Exhibit D – Corrections to Expense Total.

#### *Section 5.04 – Determining the NOI*

The NOI Analysis provides a step-by-step analysis to determine the NOI and the calculation by RSG. Table 3 - Calculations of NOI Adjustment for 2021 Expense Year provides this analysis in comparison with the Application received and demonstrates the differences in the calculations based upon the supporting documentation.

Staff has determined that an 8.1% NOI Adjustment is warranted. Given the approval and implementation of the 2022 Permissive Rent Increase of 3.9% for the Park, the net NOI Adjustment is 4.2% (\$22.71 to \$33.60 per space per month). A listing of the space rents for the Park and with the proposed NOI Adjustment is included within the NOI Analysis, Exhibit E.

#### *Regulatory Agreement*

A Regulatory Agreement is recorded against the Park property and currently in effect for the period of April 26, 2013 to August 31, 2052 which requires that 55% of the spaces in the Park, or 150 spaces, are subject to affordable rent covenants, conditions, and restrictions. Of the 150 Affordable Spaces, 54 are designated for occupancy by very low-income households and 96 are designated for occupancy by low-income households. Additionally, the monthly rent charged for at least 27 of the spaces designated for very low-income residents and 48 of the spaces for low-income residents cannot exceed the maximum monthly amounts as shown in Table 1.

Table 1: Laguna Vista MHC Restrictive Covenants

| Description            | Required No. | Actual No. | Max Monthly Rent 2022 |
|------------------------|--------------|------------|-----------------------|
| <b>VERY LOW INCOME</b> |              |            |                       |
| Rent Restricted        | 27           | 98         | \$ 1,301              |
| Occupancy              | 54           | 60         |                       |
| <b>LOW INCOME</b>      |              |            |                       |
| Rent Restricted        | 48           | 48         | \$1,561               |
| Occupancy              | 96           | 96         |                       |
| <b>TOTAL</b>           | 150          | 156        |                       |

The proposed space rents with the NOI adjustment do not exceed the maximum monthly rent as specified within the Regulatory Agreement.

#### *Section 5.06 – Processing the NOI Application and Findings*

In considering the Application, the MHFPC and its staff must consider relevant evidence as to the “correctness of the amount of the adjustments, including the correctness of the gross income and the operating expense figures as stated in the application and the correctness of the proposed distribution of the adjustment.” To date, the City has not received any relevant evidence apart from the analysis conducted by the City’s consultant. Absent additional relevant evidence that may be received or presented at this hearing for consideration of the Application, staff recommends that the MHFPC make the following findings in regard to the NOI Adjustment:



1. The Applicant did not meet its burden of proof to support its claim that it is entitled to a 26.67% monthly space rent adjustment for all 272 spaces using [OCC Section 16B.9\(c\)\(2\)](#) Net Operating Income (“NOI”) approach. The Laguna Vista MHC NOI Adjustment Analysis – 2021 Expense Year prepared by RSG, Inc. provides accurate information of gross income and operating expenses and is correct in its calculation of the NOI formula consistent with [OCC Chapter 16B](#) and its [Administrative Guidelines](#).
2. The Laguna Vista Regulatory Agreement and Declaration of Restrictive Covenants recorded as Doc #2013-0261253 contains provisions requiring a certain percentage of Laguna Vista MHC spaces be occupied by Very Low- and Low-Income Residents, and the space rent increases for a certain number of those Very Low- and Low-Income Residents must be limited to the lesser of the amount specified in the Regulatory Agreement or the amount permitted by this Rent Decision.

The earliest effective date of the NOI Adjustment may be set at July 28, 2022. However, significant time has passed since the submittal of the Application based upon delays caused by the City’s process in retaining contract services for a financial expert for the review of the Application and time to receive all necessary information to deem the Application complete. A discussion of the time delays associated with determining the effective date of the NOI Adjustment is provided in the NOI Analysis Section – Calculation of the One-Time Payment for Delay of Hearing. The Commission is offered four differing options to establish the effective date of the NOI Adjustment that will impact the calculation of rent adjustments to be paid by Park residents to Applicant. Additionally, staff recommends that given the significant lapse in time, Park residents be given an opportunity to make the payment of any retroactive NOI Adjustment in multiple monthly installments and identified as a separate line item on the monthly rent invoice to make such rent increase less burdensome.

#### Temporary Rent Increase for Capital Improvement Expenditures

Pursuant to [Section 16B.14.\(a\)\(10\)b](#), mobilehome park owners may include in an application for an NOI Adjustment necessary capital improvement expenditures exceeding replacement reserves as an operating expense. RSG deemed the following two 2021 expenses totaling \$89,754.58 as necessary capital improvement expenditures:

1. \$87,160.00 of expenses incurred for asphalt removal and replacement and re-striping; and,
2. \$2,594.58 of expenses incurred for a new pump for a lake in the Park.

Based upon the assumptions as outlined within the NOI Analysis, the total amount, as amortized over the useful life of the capital improvements at 3.89% interest, is a total of \$106,524.95. This equates to \$3.63 per space per month for nine (9) years. Park residents may be provided an opportunity to pay for these costs as one lump sum payment of \$329.98 per space.

Staff recommends that the MHFPC make the following findings in regard to the granting of a temporary rent increase for capital improvement expenditures:

1. Expenses incurred for asphalt removal and replacement and re-striping and for a new pump for a lake in the Park are determined to be “necessary capital improvements”, defined as an improvement required to maintain the common facilities and areas of the park in a decent, safe, and sanitary condition or to maintain the existing level of park amenities and services.
2. Necessary capital improvement expenditures exceeding replacement reserves as an operating expense may be included in an application for a NOI Adjustment, pursuant to [Section 16B.14.\(a\)\(10\)b](#).
3. In amortizing the capital improvement expenditures, the following assumptions have been determined: a) The reasonable useful life is determined to be nine years based upon asphalt expenses comprising 96% of the capital improvement expenditures; and b) The published interest rate for a 30-year fixed rate home mortgage by the Federal Home Loan Mortgage Corporation is 3.89% as of March 1, 2022, the date of the Application submission.

#### Calculation of One-Time Pass-Through Payment for Hearing Fees

[Section 16B.5 \(f\)\(3\)](#) requires a park owner applying for an NOI Adjustment to submit with the application a hearing fee. Pursuant to [Section 16B.15 \(f\)\(3\)](#), if the park owner is granted the NOI Adjustment, they are entitled to pass through the hearing fee to the residents of the park if such decision is made by the MHFPC. The one-time pass-through payment for the \$2,000 hearing fee equates to \$7.35 per space (\$2,000.00 divided by all 272 spaces in the park).

#### Conclusion

Pursuant to the Net Operating Income (NOI) Standard as outlined within [Chapter 16B](#) and its [Administrative Guidelines](#) and the City’s analysis of the NOI Adjustment, the Applicant is entitled to space rent increases and the MHFPC is asked to adopt a Resolution memorializing its findings and decisions.

## **RECOMMENDATION**

Staff recommends that the Manufactured Home Fair Practices Commission (MHFPC) hold a hearing to consider a Net Operating Income Adjustment Application for the 2021 expense year ("Application") for Laguna Vista Mobile Home Community ("Park" or "Laguna Vista MHC"), a senior-restricted mobilehome park with 272 spaces located at 276 N. El Camino Real, Oceanside, CA 92058 and adopt a Resolution taking the following actions:

1. Grant a NOI Rent Adjustment of 4.2% for 2022 for all 272 spaces in the Park, based upon findings that: (i) the Applicant did not meet its burden of proof to support its claim that it is entitled to a 26.67% monthly space rent adjustment for all 272 spaces using the [Oceanside City Code \("OCC"\) Section 16B.9\(c\)\(2\)](#) Net Operating Income ("NOI") approach; and (ii) the calculation of a monthly space rent adjustment of 8.1% adjusted to 4.2% based upon the previous annual rent adjustment of 3.9%, as prepared by the City and its Consultant, is consistent with Section 5 of the [Administrative Guidelines and Forms for the Administration and Enforcement of the Manufactured Home Fair Practices Act](#) (Administrative Guidelines);
2. Adopt a finding that the Regulatory Agreement and Declaration of Restrictive Covenants recorded as Doc #2013-0261253 between the City of Oceanside and Jugoro Ishii, Incorporated contains provisions requiring a certain percentage of Laguna Vista MHC spaces be occupied by Very Low- and Low-Income Residents and that any space rent increase for a certain number of those Very Low- and Low-Income Residents be limited to the lesser of the amount specified in the Regulatory Agreement or the amount permitted by the Resolution;
3. Grant an additional temporary rent increase in the amount of \$3.63 per space per month for a period of nine (9) years or 108 months based on the amortized cost for Necessary Capital Improvement Expenditures, which temporary rent increase shall not be included in the Base Rent for the purposes of calculating any future rent adjustments and which shall be identified as a separate line item on the monthly rent invoice.
4. Grant a One-Time Pass-through Payment representing the costs associated with the application and participating in the hearing process ("Hearing Fees") of \$7.35 per space in accordance with [OCC Section 16B.15\(f\)\(3\)](#).

## **ATTACHMENTS**

1. Resolution
2. Laguna Vista MHC NOI Adjustment Analysis – 2021 Expense Year

SUBMITTED

BY:



---

Leilani Hines

Housing and Neighborhood Services Director

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE OCEANSIDE MANUFACTURED  
HOME FAIR PRACTICES COMMISSION APPROVING A NET  
OPERATING INCOME RENT ADJUSTMENT FOR LAGUNA  
VISTA MOBILEHOME COMMUNITY

WHEREAS, in accordance with Chapter 16B of the Oceanside City Code (“OCC”), specifically [Section 16B.9.\(c\)\(2\)](#), a manufactured home park owner subject to this Chapter who believes that they would not receive a just and reasonable return on investment after receiving the maximum Permissive Adjustment may file an application with the Commission for an Net Operating Income (“NOI”) Adjustment to increase the Park’s net operating income by the change in CPI since the established base year multiplied by the lesser of (1) 40% or (2) the percentage of the current CPI attributed to housing;

WHEREAS, on March 1, 2022, the City of Oceanside (“City”) received a Net Operating Income Adjustment Application and the related filing fee in the amount of \$2,000 for the 2021 expense year (“Application”) for Laguna Vista MHC, a senior-restricted mobilehome park with 272 spaces located at 276 N. El Camino Real, Oceanside, CA 92058. In the Application and supplemental materials submitted by the Park Owner (“Applicant”), the Applicant requested a NOI rent increase of 26.67% for all 272 spaces in the Park;

WHEREAS, the Park met registration requirements for 2022 and passed the 2022 health and safety inspection on February 22, 2022;

WHEREAS, on April 7, 2022, the Oceanside Manufactured Home Fair Practices Commission (the “Commission”) approved a resolution allowing for the 2022 Permissive Adjustment of 3.90% for the Park;

WHEREAS, a copy of the Application was provided to all Park residents on April 29, 2022 by U.S. Postal Service first class mail;

WHEREAS, the City retained the expert services of RSG, Inc. in July 2022 to provide an analysis of the Application and published as the Laguna Vista MHC NOI Adjustment Analysis – 2021 Expense Year (“NOI Analysis”);

1 WHEREAS, the Application was deemed incomplete three times on August 12, 2022,  
2 September 22, 2022, and November 4, 2022, respectively, and subsequently determined to be  
3 complete on December 22, 2022;

4 WHEREAS, a notice of a hearing scheduled before the Commission for March 16, 2023  
5 at 6:30 p.m. was provided to all Park residents and their representatives on March 2, 2023 by  
6 U.S. Postal Service first class mail;

7 WHEREAS, on March 16, 2022, the Commission held a hearing on such application for  
8 a NOI rent adjustment, and reviewed and considered written and oral reports of staff, public  
9 testimony and other information on the matter and such evidence, testimony and reports reveal  
10 the following facts:

11 FINDINGS:

12 NOI Adjustment

- 13 1. The Applicant did not meet its burden of proof to support its claim that it is entitled to  
14 a 26.67% monthly space rent adjustment for all 272 spaces using [OCC Section](#)  
15 [16B.9\(c\)\(2\)](#) Net Operating Income (“NOI”) approach.
- 16 2. The Laguna Vista MHC NOI Adjustment Analysis – 2021 Expense Year prepared by  
17 RSG, Inc. provides accurate information of gross income and operating expenses and  
18 is correct in its calculation of the NOI formula consistent with [OCC Chapter 16B](#) and  
19 its [Administrative Guidelines](#).
- 20 3. The Laguna Vista Regulatory Agreement and Declaration of Restrictive Covenants  
21 recorded as Doc #2013-0261253 contains provisions requiring a certain percentage of  
22 Laguna Vista MHC spaces be occupied by Very Low- and Low-Income Residents and  
23 that the space rent increases for a certain number of those Very Low- and Low-Income  
24 Residents be limited to the lesser of the amount specified in the Regulatory Agreement  
25 or the amount permitted by this Rent Decision.

26 Temporary Rent Increase for Capital Improvement Expenditures

- 27 1. \$87,160.00 in expenses incurred for asphalt removal and replacement and re-striping  
28 and \$2,594.58 in expenses for a new pump for a lake in the Park, totaling \$89,754.58,  
are determined to be “necessary capital improvements” defined as an improvement

- 1 required to maintain the common facilities and areas of the park in a decent, safe, and  
2 sanitary condition or to maintain the existing level of park amenities and services.
- 3 2. Necessary capital improvement expenditures exceeding replacement reserves may be  
4 included in an application for a NOI Adjustment as an operating expense, pursuant to  
5 [Section 16B.14.\(a\)\(10\)b.](#)
- 6 3. In amortizing the capital improvement expenditures, the following assumptions have  
7 been determined: a) A reasonable useful life is determined to be nine years based upon  
8 asphalt expenses comprising 96% of the capital improvement expenditures; and the  
9 published interest rate for a 30-year fixed rate home mortgage by the Federal Home  
10 Loan Mortgage Corporation is 3.89% as of March 1, 2022, the date of the Application  
11 submission. Based upon these assumptions, the total amount, as amortized over the  
12 useful life of the capital improvements at 3.89% interest, is \$106,524.95. This equates  
13 to \$3.63 per space per month for nine (9) years or 108 months.

14 Payment for Hearing Fees

- 15 1. [Section 16B.5 \(f\)\(3\)](#) requires a park owner applying for an NOI Adjustment to submit  
16 with the application a hearing fee. Pursuant to [Section 16B.15 \(f\)\(3\)](#), if the park owner  
17 is granted the NOI Adjustment, they are entitled to pass through the hearing fee to the  
18 residents of the park if such decision is made by the Commission. The one-time pass-  
19 through payment for the \$2,000 hearing fee equates to \$7.35 per space (\$2,000.00  
20 divided by all 272 spaces in the Park).

21 NOW, THEREFORE, based upon the foregoing facts, the Oceanside Manufactured Home  
22 Fair Practices Commission hereby resolves as follows:

- 23 1. The 2022 Net Operating Income Rent Adjustment rate for all spaces of Laguna Vista  
24 Mobile Home Community subject to Oceanside City Code Chapter 16B (“regulated  
25 spaces”) is 8.1%, adjusted to 4.2% based upon the 2022 annual rent adjustment of  
26 3.9% which was implemented on July 1, 2022.
- 27 2. Any space rent increase for at least 27 of the spaces designated for very low-income  
28 residents and 48 of those spaces for low-income residents is limited to the lesser of the  
amount specified in the Regulatory Agreement and Declaration of Restrictive



Covenants recorded as Doc #2013-0261253 and the amount permitted by this Resolution;

3. The effective date of the NOI Rent Adjustment shall be \_\_\_\_\_. A one-time payment of the retroactive portion of the 2022 NOI Rent Adjustment may be paid in monthly installments for no more than 12 months and identified as a separate line item on the monthly rent invoice;
4. An additional temporary rent increase in the amount of \$3.63 per space per month for a period of nine (9) years or 108 months based on the amortized cost for Necessary Capital Improvement Expenditures is hereby approved; such temporary rent increase 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 item on the monthly rent invoices.
5. A One-Time Pass-through Payment representing the costs associated with the application and participating in the hearing process (“Hearing Fees”) of \$7.35 per space is hereby approved in accordance with [OCC Section 16B.15\(f\)\(3\)](#).
6. The approved NOI Rent Adjustment schedule is attached hereto and incorporated herein by this reference as Exhibit 1 to this Resolution.
7. No rents or other charges shall be imposed upon the regulated spaces, other than charges approved by this Commission.
8. Nothing herein shall authorize any change in any rent or other charge imposed on the residents not in compliance with State Law.
9. Notice is hereby given that to challenge the NOI Rent Adjustment and/or the temporary rent increase judicial review must be sought on this decision.

APPROVED AND ADOPTED by the Manufactured Home Fair Practices Commission of  
the City of Oceanside, California this \_\_\_\_ day of \_\_\_\_\_, 2023, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Chairman

ATTEST:

Secretary

APPROVED AS TO FORM:

## General Counsel



17872 GILLETTE AVE.  
SUITE 350  
IRVINE, CA 92614

714 541 4585  
INFO@WEBRSG.COM  
WEBRSG.COM

**Via Electronic Mail**

To: Leilani Hines, Director  
Housing & Neighborhood Services  
CITY OF OCEANSIDE

From: Tara Matthews, Principal  
Dominique Clark, Director  
Jessica Henderson, Associate  
RSG, INC.

Date: March 2, 2023

**SUBJECT: LAGUNA VISTA MHC NOI ADJUSTMENT ANALYSIS – 2021 EXPENSE YEAR**

On March 1, 2022, City of Oceanside ("City") staff ("Staff") received a Net Operating Income Adjustment Application for the 2021 expense year ("Application") for Laguna Vista Mobile Home Community ("Park" or "Laguna Vista MHC"), a senior-restricted mobilehome park with 272 spaces located at 276 N. El Camino Real, Oceanside, CA 92058. In the Application and supplemental materials submitted by the Park owner (and/or representatives of the Park owner) ("Applicant"), the Applicant requested a rent increase of 26.67% for all 272 spaces in the Park.

Based on a review of the City's Manufactured Home Fair Practices Ordinance, (Chapter 16B of the City of Oceanside Municipal Code) ("Ordinance") and the Administrative Procedural Guidelines and Forms for the Administration and Enforcement of the Manufactured Home Fair Practices Act ("Guidelines"), as well as the materials submitted by the Applicant, RSG calculates that the Applicant is entitled to the following rent increases:

- Net Operating Income (NOI) Adjustment: 4.20% (\$22.71 to \$33.60) per space per month. Note that this percentage accounts for the 3.90% 2022 Permissive Adjustment approved by the City for the Park on April 7, 2022.
- Temporary Rent Increase for Necessary Capital Improvement Expenditures: \$3.63 per space per month for a period of nine (9) years, or 108 months.
- One-Time Pass-through Payment for Hearing Fees: \$7.35 per space. Note that, per the Ordinance, the Applicant is entitled to pass through the hearing fee to the Park residents along with the NOI Adjustment granted, only to the extent (if any) that such pass-through is included in the decision of the Commission.

Additionally, the City's Manufactured Home Fair Practices Commission ("Commission") may consider approving a one-time payment from the Park residents to the owner to account for a delay of hearing for the NOI Adjustment. RSG recommends that the Board consider one of the following four options:

1. \$174.87 to \$258.72 per space to account for a delay of hearing since July 28, 2022;
2. \$143.07 to \$211.68 per space to account for a delay of hearing since September 8, 2022;
3. \$40.88 to \$60.48 per space to account for a delay of hearing since January 21, 2023; or
4. No rent increase to account for a delay of hearing.

If the Commission approves Option 1, 2, or 3, RSG recommends that the Commission consider providing Park residents the option to make the one-time payment in multiple monthly installments to make the cost less burdensome. Details about the four above options and the calculations related to each are provided later in this memo in the "Calculation of One-Time Payment for Delay of Hearing" section.

Pursuant to the Regulatory Agreement and Declaration of Restrictive Covenants ("Regulatory Agreement") entered into on April 11, 2013 by the City and the owner of the Park at that time, 150 spaces in the Park are subject to affordable rent covenants ("Affordable Spaces"). Of the 150 Affordable Spaces, 54 are designated for very low-income households and 96 are designated for low-income households. It is important to note that the Regulatory Agreement requires that the monthly space rent charged for half of the Affordable Spaces cannot exceed specified limits, even in implementing this NOI Adjustment, the temporary rent increase to account for necessary capital improvement expenditures, and the one-time payments. More details about the Regulatory Agreement and the rent limits for the Affordable Spaces are provided later in this memo in the "Regulatory Agreement" section.

This memo details the following:

1. Overview of Permissive Adjustments and NOI Adjustments;
2. Background information about the Park;
3. The timeline of processing the Application;
4. The methodology for calculating NOI Adjustments;
5. RSG's calculations of:
  - a. The NOI Adjustment to which the Applicant is entitled;
  - b. The temporary rent increase to which the Applicant is entitled as reimbursement for necessary capital improvement expenditures;
  - c. The one-time pass-through payment to which the Applicant is entitled as reimbursement for hearing fees if such pass-through is included in the decision of the Commission; and
  - d. The one-time payment from the Park residents to the Applicant which the Commission may consider as compensation for a delay of hearing.

## OVERVIEW OF PERMISSIVE ADJUSTMENTS & NOI ADJUSTMENTS

Pursuant to Section 16B.9.(c)(1) of the Ordinance, owners of mobilehome parks in Oceanside are entitled to an annual Permissive Adjustment of gross space rental income equal to the lesser of (1) an eight percent (8%) increase or (2) an increase equal to 75% of the percentage increase in the Consumer Price Index ("CPI") for the calendar year in which the application is filed as reported by the U.S Bureau of Labor Statistics ("BLS"). Pursuant to Section 16B.9.(c)(2) of the Ordinance, in the event that a park owner believes that they would not receive a just and reasonable return on investment after receiving the maximum Permissive Adjustment, a park owner may file an application with the Commission for an NOI Adjustment to increase the Park's net operating income by the change in CPI since the established base year multiplied by the lesser of (1) 40% or (2) the percentage of the current CPI attributed to housing.

## BACKGROUND ON LAGUNA VISTA MHC

Laguna Vista MHC is located at 276 N. El Camino Real, Oceanside, CA 92058. The Park has 272 spaces, all of which are regulated by the Ordinance. The Park's amenities include a clubhouse, pool, jacuzzi, tennis courts, laundry facilities, clay room, car wash facility, shuffleboard, poker room, library, and ballroom.

According to the Applicant, residents are separately metered for gas and electric and pay directly to those respective utility companies. For sewer and water, residents are separately metered and are billed by the Park based on usage. The residents are also billed by the Park for trash.

### *Regulatory Agreement*

On April 11, 2013, the City and the owner of the Park at that time entered into a Regulatory Agreement. Pursuant to the Regulatory Agreement, all 272 spaces are subject to the Ordinance and 55% of the spaces in the Park, or 150 spaces, are subject to affordable rent covenants, conditions, and restrictions. Of the 150 Affordable Spaces, 54 are designated for very low-income households and 96 are designated for low-income households.

The Regulatory Agreement establishes rent limits applicable to half of the Affordable Spaces for the period of April 26, 2013, to August 31, 2052. The monthly rent charged for **at least 27 of the 54 spaces designated for very low-income residents** cannot exceed the amounts shown in Table 1. Additionally, the monthly rent charged for **at least 48 of the 96 spaces designated for low-income residents** cannot exceed the amounts shown in Table 2.

**Table 1: Rent Limits for 27 of 54 Spaces Designated for Very Low-Income Residents**

| Applicable Group  | Rent Limit   |
|---|--|
| <b>For households who OWN the mobilehome and ARE NOT making mortgage payments</b> | One-twelfth of 30% of 50% of the AMI <sup>1</sup>  |
| <b>For households who OWN the mobilehome and ARE making mortgage payments</b>     | One-twelfth of 15% of 50% of the AMI   |
| <b>For households who RENT both the mobilehome and the space</b>                  | One-twelfth of 30% of 50% of the AMI<br>(limit applies to the total rent paid for both the home and the space) |

**Table 2: Rent Limits for 48 of 96 Spaces Designated for Low-Income Households**

|   |  |
|---|--|
| <b>For households who OWN the mobilehome and ARE NOT making mortgage payments</b> | One-twelfth of 30% of 60% of the AMI <sup>1</sup>  |
| <b>For households who OWN the mobilehome and ARE making mortgage payments</b>     | One-twelfth of 15% of 60% of the AMI   |
| <b>For households who RENT both the mobilehome and the space</b>                  | One-twelfth of 30% of 60% of the AMI<br>(the limit applies to the total rent paid for both the home and the space) |

#### *Last Rent Increase for Park*

The Application is the first NOI Adjustment Application filed for the Park. The last rent increase for the Park was the 2022 Permissive Adjustment of 3.90% approved by the City on April 7, 2022.

#### **TIMELINE OF APPLICATION**

Staff received the Application on March 1, 2022. In a letter dated March 2, 2022 to the Applicant, Staff formally rejected the Application due to lack of completeness (see the letter in Exhibit F, pages F-1 to F-2). However, the letter also stated that Staff needed time to review and update the NOI Adjustment Application Form and thus would allow the Applicant to re-submit the corrected Application by May 1, 2022. The Applicant submitted the updated Application on April 29, 2022. In July 2022, the City retained consulting firm RSG to assist in review of the Application. Based

---

<sup>1</sup> "AMI" refers to the Area Median Income as most recently determined by the U.S. Department of Housing and Urban Development ("HUD"), which is adjusted for household size. The Regulatory Agreement specifies that it shall be assumed that one person will occupy a single-wide mobilehome and two persons will occupy a multi-sectional mobilehome. Alternatively, the occupancy standards set forth in California Health and Safety Code Section 52102(a)(1)(B)(i) may be utilized.



on a review of the Application materials, RSG and Staff deemed the Application incomplete three times by letters dated August 12, 2022, September 22, 2022, and November 4, 2022, respectively. Upon receipt of the additional documentation and RSG's review of the documentation, RSG and Staff deemed the Application complete by a letter dated December 22, 2022. The Application is provided in Exhibit A to this memo.

Pursuant to Sections 16B.15.(c) and (e) of the Ordinance, upon receipt of a complete application, the Commission must conduct a public hearing to grant a space rent ceiling adjustment as it determines is appropriate based upon its findings. The public hearing for this Application is scheduled on March 16, 2023.

## METHODOLOGY FOR CALCULATING NOI ADJUSTMENTS

Section 16B.9. of the Ordinance and Sections 5.04 and 5.05 of the Guidelines detail the methodology for calculating NOI Adjustments, which entails the following steps:

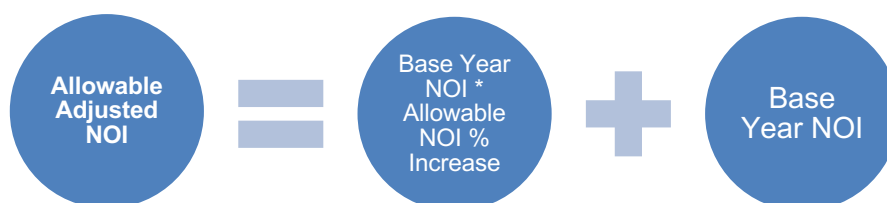
- **STEP 1: Determine the appropriate base year.** If a prior NOI Adjustment has been approved for the park, the appropriate base year is the year of the last NOI Adjustment. If no prior NOI Adjustment has been approved for the park, the appropriate base year is the year in which a Permissive Adjustment was first approved for the park.
- **STEP 2: Determine the NOI in the base year ("Base Year NOI").** Chapter 16B.12. defines NOI as gross income less operating expenses. Chapter 16B.13. of the Ordinance and Section 5.02 of the Guidelines detail the various components of gross income. Chapter 16B.14. of the Ordinance and Section 5.03 of the Guidelines detail the various categories of allowable operating expenses. See Exhibit B for a summary of the components of gross income and allowable operating expenses pursuant to the Ordinance and Guidelines.



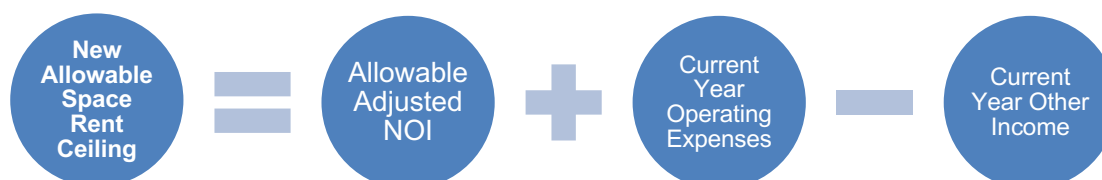
- **STEP 3: Calculate the Allowable NOI Percentage Increase.** This step entails first calculating the change in CPI between the base year and the date of the application. This percentage must then be multiplied by the lesser of 40% or the percentage of the current CPI attributed to housing.



- **STEP 4: Calculate the Allowable Adjusted NOI for the Current Year.** Multiply the Base Year NOI from Step 2 by the Allowable NOI Percentage Increase from Step 3. Then add this amount to the Base Year NOI from Step 2.



- **STEP 5: Calculate the New Allowable Space Rent Ceiling.** Add the Allowable Adjusted NOI from Step 4 and the current year park operating expenses. Then subtract from this amount the total current year Other Income (any income that is not rent income from spaces subject to the Ordinance).



- **STEP 6: Calculate the NOI Adjustment Warranted.** Subtract the total rents currently collected from spaces subject to the Ordinance from the New Allowable Space Rent Ceiling from Step 5. Divide this result by the total rents currently collected from spaces subject to the Ordinance to yield the percentage of the rent increase warranted.



## CALCULATION OF NOI ADJUSTMENT

Based on the methodology outlined above, in the Application, the Applicant calculated that a 26.67% NOI Adjustment is warranted. However, RSG calculates that a 4.20% NOI Adjustment is warranted. It is important to note that the Applicant amended several figures in their calculation after submitting the Application, which would decrease their calculation of the NOI Adjustment to approximately 5.42% (by RSG's calculation). The discrepancies between RSG's calculation of 4.20% and the Applicant's amended calculation of approximately 5.42% are primarily due to calculating a different total for the 2021 expenses; the differences in calculating this total are detailed in Exhibit D.

Section 5.06(i) of the Guidelines specifies that the staff report to the Commission shall state Staff's belief with respect to the accuracy of the application as submitted to the Commission, including the accuracy of the NOI Adjustment requested in the application. Furthermore, the staff report should be specific in identifying any discrepancies or inconsistencies in the application and note specifically any reported facts or figures that Staff believes are not adequately supported by the park owner. The staff report must also state any continuing disagreements between Staff and the park owner with respect to the application. Accordingly, the following sections detail RSG's calculation of the NOI Adjustment and specify the discrepancies between RSG's calculation and the Applicant's calculation provided in the Application.

### *Step 1: Determine the Appropriate Base Year*

No NOI Adjustment has been previously approved for the Park. Thus, the appropriate base year for the Application is the year in which the first Permissive Adjustment ("Initial Permissive Adjustment") was approved for the Park. Pursuant to Commission Resolution No. 85 M-32 (see Exhibit A, pages A-28 to A-47), the Commission approved the Initial Permissive Adjustment for

the Park on June 24, 1985. Accordingly, RSG considers **1985** to be the appropriate base year for this NOI Adjustment. The Applicant also considered the base year to be 1985.

*Step 2: Determine the Base Year NOI*

Pursuant to Sections O through R of Resolution No. 85 M-32, 1985 gross income for the Park totaled \$1,011,821 and the operating expenses totaled \$390,721, resulting in an NOI of \$621,100. Accordingly, RSG considers the Base Year NOI to be **\$621,100**.

In the Application, the Applicant calculated a Base Year NOI of \$742,917, which is \$121,817 higher than RSG's calculation. This discrepancy is largely due to the Applicant accounting for an additional \$119,732 of rental income generated by the Initial Permissive Adjustment. Section 5.04(b) of the Guidelines states that the Base Year NOI is the park's actual NOI for the entire year in which the Park received an initial or annual permissive adjustment. Accordingly, RSG agrees with the Applicant that the rental income generated by the Initial Permissive Adjustment should be included in the Base Year NOI. However, Section M1 of Resolution No. 85 M-32 states that the Commission granted a Temporary Permissive Adjustment of \$89.50 on January 15, 1985. This Temporary Permissive Adjustment exceeded the Initial Permissive Adjustment of \$89.02 ultimately approved by Resolution No. 85 M-32, which took effect on July 1, 1985. Resolution No. 85 M-32 specifies that \$1,007,269 of the \$1,011,821 of 1985 gross income was rental income but does not specify whether the \$1,007,269 of rental income includes the income generated by the Temporary Permissive Adjustment. Nonetheless, RSG assumes that income from the Temporary Permissive Adjustment is included, because the rents prior to the Temporary Permissive Adjustment were not high enough to generate \$1,007,269 of rental income. As a result, RSG believes it would be double counting to add any amount to the \$1,011,821 of gross income referenced in Resolution No. 85 M-32.

Additionally, the Applicant understated the total 1985 operating expenses by \$2,085 due to incorrectly calculating the sum of the 10 expense categories as \$388,636 instead of \$390,721. RSG discussed this miscalculation with the Applicant, and the Applicant agreed with using RSG's calculation.

*Step 3: Calculate the Allowable NOI Percentage Increase*

Pursuant to Section E1. of Resolution No. 85 M-32, the CPI as of the submission of the application for the Initial Permissive Adjustment was 363.700. This was the CPI for November 1984 for the San Diego-Carlsbad Metropolitan Area (on a 1967 base), as provided by the BLS. The CPI as of the submission of the Application on March 1, 2022, was 1149.144. This is the CPI for March 2022 (see Exhibit C, page C-1). Thus, the percentage change in the CPI is calculated as follows:

|                           |          |                |
|---------------------------|----------|----------------|
| CPI (Mar. 2022)           | =        | 1149.144       |
| CPI (Nov. 1984)           | =        | <u>363.700</u> |
| <b>CPI (Point Change)</b> | <b>=</b> | <b>785.444</b> |

Therefore:

$$\frac{785.444 \text{ (CPI point change)}}{363.700 \text{ (CPI, Nov. 1984)}} \times 100 = \underline{215.96\%} \text{ (percent change in the CPI)}$$

Furthermore, according to the most recent information published by the BLS regarding the components of the CPI in the San Diego-Carlsbad Metropolitan Area, housing accounts for 46.260% of the CPI for All Urban Consumers (see Exhibit C, page C-2). Because this percentage is higher than the 40% limit specified in the Ordinance, the applicable percentage for the NOI Adjustment is 40%.

RSG multiplied the 215.96% change in NOI by 40% to yield an Allowable NOI Percentage Increase of **86.38%**. In the Application, the Applicant also calculated an Allowable NOI Percentage Increase of 86.38%. However, the Applicant now believes that the calculation of the percentage change in CPI should account for the CPI as of May 1, 2022 (1161.486) instead of March 1, 2022, since the City extended the deadline for the corrected Application to May 1, 2022 (see Exhibit F, pages F-1 to F-2). Note that the Applicant submitted the corrected Application on April 29, 2022; the most current CPI as of that date was the March 2022 CPI of 1149.144.

*Step 4: Calculate the Allowable Adjusted NOI for the Current Year*

RSG multiplied the Base Year NOI of \$621,100 (see Step 2 above) by the Allowable NOI Percentage Increase of 86.38% (see Step 3 above) to yield an Allowable NOI Adjustment of \$536,506. RSG added this amount to the Base Year NOI of \$621,100 (see Step 2 above) to yield an Allowable NOI Adjustment of **\$1,157,606**.

In the Application, the Applicant calculated an Allowable NOI Adjustment of \$1,384,649 due to calculating a different Base Year NOI, as mentioned above under Step 2.

*Step 5: Calculate the New Allowable Space Rent Ceiling*

RSG calculates that the 2021 operating expenses total \$1,520,416. RSG added the Allowable Adjusted NOI of \$1,157,606 (see Step 4 above) and the 2021 operating expenses of \$1,520,416 to yield an Allowable Adjusted Gross Income of \$2,678,022. RSG then subtracted from this amount the \$377,338 of 2021 income that was not rental income from spaces subject to the Ordinance to yield a New Allowable Space Rent Ceiling of **\$2,300,685**.

In the Application, the Applicant calculated a New Allowable Space Rent Ceiling of \$2,701,471 due to calculating a different Base Year NOI (as mentioned above under Step 2) and calculating

a different 2021 operating expenses total of \$1,694,924. However, after submitting the Application, the Applicant amended this total to \$1,537,986 (see Exhibit A, page A-49). Exhibit D to this report details the outstanding discrepancies between RSG's calculation of \$1,520,416 of 2021 operating expenses and the Applicant's amended calculation of \$1,537,986 (a \$17,570 difference).

*Step 6: Calculate the NOI Adjustment Warranted*

RSG calculates that the Applicant collected \$2,128,321 of 2021 rental income from spaces subject to the Ordinance. RSG subtracted this amount from the New Allowable Space Rent Ceiling of \$2,300,685 (see Step 5 above) to yield a warranted NOI Adjustment of \$172,364, which is 8.10% of the current rental income collected from spaces subject to the Ordinance (\$2,128,321). In the other words, an 8.10% increase in rents is needed to implement the NOI Adjustment.

In the Application, the Applicant calculated a warranted NOI Adjustment of \$568,819, which is 26.67% of the current rental income collected from spaces subject to the Ordinance. The discrepancy is due to calculating a different Base Year NOI (as mentioned above under Step 2), a different 2021 operating expenses total (as mentioned above under Step 5), and a different amount of 2021 rental income from spaces subject to the Ordinance. The Applicant reported \$2,132,652 of 2021 rental income from spaces subject to the Ordinance, however RSG deducted \$4,331.49 from this amount. The applicant categorized \$5,095.87 of returned checks as a 2021 operating expense; RSG disallowed this amount as an operating expense and re-categorized it as a deduction of income. RSG assumed that 85% of the \$5,095.87 amount, or \$4,331.49, was rental income and the remaining 15%, or \$764.38, was reimbursements from the residents for usage of utilities (based on the breakdown of 2021 gross income reported by the Applicant). Accordingly, RSG deducted \$4,331.49 of returned checks from the Applicant's reported 2021 rental income of \$2,132,652.00. Note that, in Step 5 above, RSG deducted the remaining \$764.38 of returned checks from the Applicant's reported 2021 income that was not rental income from spaces subject to the Ordinance.

*Adjustment to Account for 2022 Permissive Rent Increase*

Pursuant to Section 16B.9.(c)(2) of the Ordinance, a mobilehome park owner may apply for an NOI Adjustment if they believe that they would not receive a just and reasonable return on investment after receiving the maximum Permissive Adjustment. Thus, the NOI Adjustment granted for a given year should be net of any Permissive Adjustment already granted for that year. As mentioned previously, the City approved the 2022 Permissive Rent Increase of 3.90% for the Park on April 7, 2022. Accordingly, RSG deducted 3.90% from the NOI Adjustment warranted, resulting in a 4.20% net NOI Adjustment (\$22.71 to \$33.60 per space per month). Table 3 below summarizes RSG's NOI Adjustment calculations as compared to the Applicant's calculation in the Application.



**Table 3: Calculations of NOI Adjustment for 2021 Expense Year<sup>2</sup>**

|  | Calculation per<br>Application | Calculation per<br>RSG |
|--|--------------------------------|------------------------|
| <b>Base Year NOI</b>                                     |                                |                        |
| (A) Base Year Gross Income                               | \$ 1,131,553                   | \$ 1,011,821           |
| (B) Base Year Op. Expenses                               | \$ 388,636                     | \$ 390,721             |
| <b>(C) Base Year NOI (A - B)</b>                         | <b>\$ 742,917</b>              | <b>\$ 621,100</b>      |
| <b>Allowable NOI Percentage Increase</b>                 |                                |                        |
| (D) Base Year CPI  | 363.700                        | 363.700                |
| (E) Current Year CPI                                     | 1149.144                       | 1149.144               |
| (F) % Change between Base Year & Current Year CPI        | 215.96%                        | 215.96%                |
| (G) Housing Component of Current Year CPI                | 46.26%                         | 46.26%                 |
| (H) Cap of Housing Component of Current Year CPI         | 40.00%                         | 40.00%                 |
| (I) Lesser of G & H                                      | 40.00%                         | 40.00%                 |
| <b>(J) Allowable NOI Percentage Increase (F * I)</b>     | <b>86.38%</b>                  | <b>86.38%</b>          |
| <b>Allowable Adjusted NOI</b>                            |                                |                        |
| (K) Allowable NOI Adjustment (C * J)                     | \$ 641,732                     | \$ 536,506             |
| <b>(L) Allowable Adjusted NOI (C + K)</b>                | <b>\$ 1,384,649</b>            | <b>\$ 1,157,606</b>    |
| <b>New Allowable Space Rent Ceiling</b>                  |                                |                        |
| (M) Current Year Operating Expenses                      | \$ 1,694,924                   | \$ 1,520,416           |
| (N) Allowable Adjusted Gross Income (L + M)              | \$ 3,079,573                   | \$ 2,678,022           |
| (O) Current Year Other Income                            | \$ 378,102                     | \$ 377,338             |
| <b>(P) New Allowable Rent Ceiling (N - O)</b>            | <b>\$ 2,701,471</b>            | <b>\$ 2,300,685</b>    |
| <b>NOI Adjustment Warranted</b>                          |                                |                        |
| (Q) Current Rent Income from Spaces Subject to Ordinance | \$ 2,132,652                   | \$ 2,128,321           |
| (R) Difference Between P & Q (P - Q)                     | \$ 568,819                     | \$ 172,364             |
| <b>(S) NOI Adjustment (R / Q)</b>                        | <b>26.67%</b>                  | <b>8.10%</b>           |
| (T) 2022 Space Rent Ceiling Adjustment                   | 3.90%                          | 3.90%                  |
| <b>(U) NET 2021 NOI ADJUSTMENT (S - T)</b>               | <b>22.77%</b>                  | <b>4.20%</b>           |

<sup>2</sup> Both the Applicant and RSG rounded (J) Allowable NOI Percentage Increase to two decimal points.

## **CALCULATION OF TEMPORARY RENT INCREASE FOR CAPITAL IMPROVEMENT EXPENDITURES**

Pursuant to Section 16B.14.(a)(10)b., mobilehome park owners may include in an application for an NOI Adjustment necessary capital improvement expenditures exceeding replacement reserves as an operating expense. A “necessary capital improvement” is defined as an improvement required to maintain the common facilities and areas of the park in a decent, safe, and sanitary condition or to maintain the existing level of park amenities and services. In the Application, the Applicant did not report any capital improvement expenditures in 2021. However, RSG deemed the following two 2021 expenses totaling \$89,754.58 that the Applicant categorized as normal repair and maintenance expenses as necessary capital improvement expenditures: (1) \$87,160.00 of expenses incurred for asphalt removal and replacement and re-striping (2) \$2,594.58 of expenses incurred for a new pump for a lake in the Park.

RSG discussed these expenses with the Applicant, and the Applicant ultimately agreed with RSG that these expenses qualify as necessary capital improvement expenditures. Section 5.03(g) of the Guidelines requires park owners wanting to include capital improvement expenditures as an operating expense to provide completed Form 16B-F70 as an addendum to the NOI Application. On Form 16B-F70, the park owner is required to provide information regarding the amount and nature of the capital improvement expenditures. Upon RSG’s request, the Applicant provided the completed Form 16B-F70 on November 28, 2022 (the completed Form 16B-F70 is included in Exhibit A, pages A-50 to A-52). Note that the Applicant’s form excludes the \$750.00 of asphalt re-striping expenses, which RSG deemed a capital improvement months after submission of the form.

Pursuant to Section 16B.14.(a)(10)b. of the Ordinance, any capital improvement expenditure must be amortized over the reasonable life of the improvement or such other period as may be deemed reasonable by the Commission under the circumstances. Almost all of the necessary capital improvement expenditures are related to asphalt replacement (96%). Based on an estimation of the useful life of the asphalt replacement work, RSG assumed a nine-year amortization period in our calculations of the rent increase necessary to compensate the park owner for the necessary capital improvement expenses. Additionally, RSG assumed an interest rate equal to the 30-year fixed rate on home mortgages last published by the Federal Home Loan Mortgage Corporation (“Freddie Mac”) in its Primary Mortgage Market Survey as of the date of the submission of the Application on March 1, 2022, which was 3.89% in this case (see Exhibit C, pages C-3 to C-4). Note that the Applicant believes that the appropriate interest rate is the rate as of May 1, 2022 (5.10%) to reflect the Application deadline extension granted by the City (see Exhibit F, pages F-1 to F-2).

The total amount of principal and interest owed on \$89,754.58 at 3.89% percent over nine (9) years is a total of \$106,524.95, which is equal to **\$3.63 per space per month for nine (9) years.** If any household would rather pay off the capital improvement rent increase in a lump sum

payment to avoid paying interest over the proposed nine-year term of the amortization period, a **one-time, principal-only payment would be \$329.98 per space** (\$89,754.58 divided by all 272 spaces in the park).

#### **CALCULATION OF ONE-TIME PASS-THROUGH PAYMENT FOR HEARING FEES**

Section 16B.15.(f)(3) of the Ordinance requires a park owner applying for an NOI Adjustment to submit with the application a hearing fee as determined by resolution of the City Council. If the park owner is granted the NOI Adjustment, they are entitled to pass through the hearing fee to the residents of the park along with the NOI Adjustment granted, only to the extent, if any, that such pass-through is included in the decision of the Commission. The Applicant paid a hearing fee of \$2,000.00, which equates to a **one-time payment of \$7.35 per space** (\$2,000.00 divided by all 272 spaces in the park), provided that the Commission approves the park owner passing through these fees to the residents.

#### **CALCULATION OF ONE-TIME PAYMENT FOR DELAY OF HEARING**

Section 5.01(h) of the Guidelines states that the effective date of any NOI Adjustment shall be the latter of (1) July 1<sup>st</sup> of the year the application was submitted or (2) the day after the Park receives notice from the Commission that the Park passed the health and safety inspection. The Park passed the 2022 health and safety inspection on February 22, 2022, so July 1, 2022 is the latter date in the case of the Application. However, the Guidelines also specify that the effective date of any rent increase is subject to noticing requirements, which is currently a minimum of 90 days prior to the increase pursuant to California Mobilehome Residency Law. The Park residents were first provided notice about the Application on April 29, 2022, when the Park owner provided each household a copy of the Application. Accordingly, the earliest possible effective date of the NOI Adjustment was July 28, 2022, which was 90 days from when the residents were first provided notice about the Application on April 29, 2022.

The Ordinance, however, provides more nuance about the timeline. Section 16B.15.(g) of the Ordinance references the following dates for applications for Permissive Adjustments and NOI Adjustments that are received by March 1<sup>st</sup> and deemed complete on or before March 15<sup>th</sup>:

- Hearing heard by the Commission by April 30<sup>th</sup> in the year the application was submitted;
- Decision of the Commission by April 30<sup>th</sup> of that year; and
- Any allowable increase takes effect by July 1<sup>st</sup> at the earliest.

If an application is not complete by March 15<sup>th</sup>, the Ordinance specifies that the hearing may be delayed until 30 days after the application is deemed complete (this 30-day deadline was January 21, 2023 in the case of the Application).

The length of time from the Application submission on March 1, 2022 to a hearing on March 16, 2023 is 380 days. The graphic on the following page shows the breakdown of the 380 days.

**March 1 to April 29, 2022 (59 days):**

Deadline Extension Granted by City to Account for Application Updates & Incomplete Application

**April 29 to July 14, 2022 (76 days):**

City Staff Retaining a Consultant to Review Application

**July 14 to December 22, 2022 (161 days):**

Length of Time to Deem Application Complete (Application deemed incomplete three times)

**December 22, 2022 to March 2, 2023 (70 days):**

RSG's Preparation of Calculation & Report and Meetings with Applicant per Ordinance

**March 2 to March 16, 2023 (14 days):**

Preparation & Dissemination of Hearing Documents and Noticing & Length of Time to Hearing

To determine whether the Park owner should be compensated for a delay of hearing, the Commission must first determine the appropriate effective date of the NOI Adjustment had there not been a delay. RSG recommends that the Commission approve one of the following four options for an appropriate effective date had there not been a delay:

- Option 1 (longest delay; 231 days to March 16, 2023): July 28, 2022, which is 90 days after the Park residents were notified of the lodging of the Application, in accordance with the NOI Adjustment effective date specified in the Guidelines;

- This option results in a one-time payment of \$174.87 to \$258.72 (calculated as \$22.71 to \$33.60 ÷ 30 x 231).
- Option 2 (shortest delay; 54 days to March 16, 2023): **January 21, 2023**, which is 30 days after the Application was deemed complete on December 22, 2022, in accordance with the hearing deadline specified in the Ordinance for NOI Adjustment Applications not deemed complete by March 15<sup>th</sup>;
  - This option results in a one-time payment of \$40.88 to \$60.48 (calculated as \$22.71 to \$33.60 ÷ 30 x 54).
- Option 3 (intermediate option; 189 days to March 16, 2023): **September 8, 2022**, which is Option 2 less 135 days to account for the length of time during which the City (a) extended the standard Application submission deadline to allow Staff time to update the NOI Adjustment Application form and allow the Applicant to submit a complete application (March 1, 2022 to April 29, 2022 – 59 days) and (b) retained a consultant to review the application (April 29, 2022 to July 14, 2022 – 76 days).
  - This option results in a one-time payment of \$143.07 to \$211.68 (calculated as \$22.71 to \$33.60 ÷ 30 x 189).
- Option 4 (no delay): The Commission could determine that the Park owner will not be compensated for a delay of hearing.

If the Commission approves Option 1, 2, or 3, RSG recommends that the Commission consider providing Park residents the option to make the one-time payment in multiple monthly installments to make the cost less burdensome.

## **EXHIBITS**

- A. 2021 Expense Year NOI Adjustment Application (Pages A-1 to A-55).
- B. Definitions of Gross Income and Operating Expenses for NOI Adjustment Applications (Pages B-1 to B-2).
- C. CPI & Freddie Mac Data Relevant to the NOI Adjustment Application (Pages C-1 to C-4).
- D. Report of 2021 Expense amounts Removed or Amended by RSG (Pages D-1 to D-2).
- E. Current & Proposed Space Rents (Pages E-1 to E-7).
- F. City Letters Regarding Application (Pages F-1 to F-3)



Housing & Neighborhood Services Department  
**Chapter 16B: Manufactured Home Fair Practices Act | NOI Application**

**APPLICANT'S AFFIDAVIT OF MAILING**

Under penalty of perjury the following declarations are made:

- a) The undersigned is the owner or authorized agent of the owner of the Manufactured Home/Mobilehome Park.
- b) A copy of the Net Operating Income (NOI) Application has been either personally served on each manufactured home resident, or mailed first class postage prepaid to each adult resident in the below named park.

**Manufactured Home/Mobilehome Park**

LAGUNA VISTA MHC

Name of Manufactured Home/Mobilehome Park

276 N. El Camino Real

Street Address

Oceanside CA 92058

City/State/Zip Code

**Park Owner/Authorized Representative**

Signature of Authorized Agent/Applicant(s)

Edgar Rosales

Print Name of Authorized Agent/Applicant(s)

Production Specialist

Title

04/29/2022

Date

1517 Beverly Blvd

Street Address

Los Angeles, CA 90026

City/State/Zip Code

213-580-9257

Phone

fdsorders@firstlegal.com

E-mail

**RECEIVED**

**APR 29 2022**

**OCEANSIDE CITY CLERK**

A-1



RECEIVED

APR 29 2022

OCEANSIDE CITY CLERK,

# **LAGUNA VISTA MHC**

CITY OF OCEANSIDE

## **NOI APPLICATION**

## INDEX

1. NOI Application;
2. Laguna Vista MHC Rent Roll;
3. 2021 Income and Expense Spreadsheets;
4. Oceanside Resolution No. 85 M-32;
5. US Bureau of Labor & Statistics database table;
6. 2021 Expense documentation;
7. Affidavit of Mailing (*sent via email*).

## NOI APPLICATION

PARK NAME: Laguna Vista

OWNER/AUTHORIZED REPRESENTATION: Thomas Casparian or Susy Forbath, Cozen O'Connor

MAILING ADDRESS: 401 Wilshire Blvd., Suite 850, Santa Monica, CA 90401

PHONE (310) 309-4500

~~FAX~~ EMAIL tcasparian@cozen.com and sforbath@cozen.com

### PART A

#### THE NOI ADJUSTMENT FORMULA

##### Section 1: Overview of the NOI Adjustment

(a) In general, the NOI (Net Operating Income) Adjustment provides for an adjustment to the park's space rent ceiling, and applicable space rents, based upon the percentage increase in the Consumer Price Index ("CPI") from a base date to the application date. The current NOI, as determined from the prior year gross income and operating expenses, is adjusted upward by the lesser of (1) the percentage increase in the CPI that represents the housing component of CPI, or (2) 40% of the percentage increase in the CPI. Once the current NOI is adjusted, current operating expenses are added to the adjusted NOI to determine adjusted gross income. Finally, all "other income" is deducted, including all income not constituting space rent from spaces subject to the Ordinance. The result is the park's new space rent ceiling including the NOI adjustment.

##### Section 2: Determining the Base Date NOI

(a) If you had any prior NOI adjustment, initial or annual, the adjusted NOI from the most recent NOI adjustment will be the starting point in determining the NOI adjustment for the current year. Assuming you had no prior NOI adjustment, the starting point in calculating the NOI adjustment for the current year will be your actual NOI for the year you first received an initial or annual permissive adjustment. For purposes of calculating the NOI adjustment, the effective date of the initial or last NOI adjustment, or the effective date of the initial or first permissive adjustment, whichever is applicable, shall hereafter be referred to as "the base date" and the NOI for that date as "the base date NOI."

(b) Assuming you had a prior NOI adjustment, the starting point is the adjusted NOI as determined from that adjustment. If you had such a prior NOI adjustment, it is not necessary to determine the base date NOI since the adjusted NOI after the initial

or last NOI adjustment is the base date NOI for purposes of determining the NOI adjustment.

(c) If you did not have a prior NOI adjustment, you must determine your actual NOI for the year in which you first received a permissive adjustment. In most cases this will be the NOI for the 12-month period or calendar year after the park first became subject to the Ordinance. Actual NOI is determined by deducting allowable operating expenses from gross income as these terms are defined below.

### Section 3: Gross Income

(a) Gross income is defined by the Ordinance to include all income generated by the park. Though the most obvious source of income is space rents, gross income also includes other additional income generated from the operation of the park. It is imperative that all income generated by the park is included as gross income on the NOI application worksheet.

(b) Gross space rents includes all rental income generated by the park based upon 100 percent occupancy. Thus, initially include in gross income the rents of all spaces in the park, even rent for unoccupied spaces, and uncollectible rents from occupied spaces. Deduction from gross income is then provided for unrealized space rents due to vacancy and bad debts to the extent the same are beyond the park owner's control. Uncollected space rents in excess of three percent are presumed unreasonable and must be included in the park's gross income.

(c) Note that gross space rents includes space rent income generated from spaces at the park that are exempt from rent control under Civil Code section 798.17. Thus, gross space rents does not equate with the park's gross space rent ceiling which is limited to space rent charged for nonexempt spaces only.

(d) Gross income also includes any charges, separate from rent, made by the park for any services provided by the park to either residents or non-residents. Thus, charges for laundry, recreational, or other facilities and amenities are to be included in gross income. In addition, charges to individual residents for cleaning a space, repair, or fines of any kind, are included as gross income.

(e) Gross income also includes any income to the park resulting from the sale of natural gas, electricity, water, cable TV, and/or other services separately billed to the residents of the park. The amount of income from such sale is any difference between what the park owner charged the residents for utilities and what the park owner charged the utility company for the same services.

#### Section 4: Operating Expenses

(a) Operating expenses includes (1) Property taxes and assessments, (2) Utility costs, (3) "Management expenses," (4) Normal repair and maintenance expenses, (5) Limited owner performed labor, (6) Operating supplies, (7) Insurance premiums prorated over the life of the policy, (8) Taxes, fees and permits related to the operation of the park, (9) Reserve for capital improvements, (10) Limited capital improvements, (11) Certain expenses resulting from involuntary refinancing of mortgage debt, and (12) Increases in lease payments for rental of land.

(b) Utility costs can be included in operating expenses only if such costs are included in the space rent of the residents of the park.

(c) Management expenses includes compensation for administrative personnel, including the value of space rent provided as partial or total compensation to a resident manager or maintenance person. Advertising expenses are allowed only to promote occupancy of the park. Reasonable accounting services may be included as well as legal fees and costs that are unrelated to legal proceedings against the Commission or the City of Oceanside pursuant to any provision of Chapter 16B or 16C. Management expenses are presumed to be less than 5% of gross income.

(d) A park owner may also include as an operating expense the value of labor performed by the owner in operating and maintaining the park. The maximum allowance for such expense is 5% of gross income, unless such limitation would be "substantially unfair." In addition, the owner must devote at least 40 hours per week in order to warrant the maximum 5% allowance and must fully document the nature of the services performed and the hours expended.

(e) The park owner may include as an operating expense any money set aside as a reserve for necessary future capital improvements, up to 5% of gross income. The park owner is entitled to include as an operating expense any amounts necessary to replenish the reserve fund during any given year up to the 5% maximum. The reserve fund must be kept separate and apart from the park's other financial resources, and cannot be commingled with funds included in other accounts maintained by the park. Any operating expense claimed as a deposit to this account should indicate the balance of the account before the deposit, the balance of the account after the deposit, and the nature of the expenditure in the prior year, if any, that reduced the reserve from its prior balance.

(f) In addition to the reserve fund, park owners may include as an operating expenses expenditures for capital improvements with certain limitations. First, the owner is required to consult with the park residents prior to initiating the construction of such

improvements and secure the written consent of at least one adult resident in a majority of the park's rental spaces to include such expenditure as an operating expense. Any capital improvement must be amortized over the reasonable life of the improvement, or as approved by the Commission. The operating expense for a capital improvement cannot include any amounts reimbursed to the park owner by an insurance company.

(g) In order to include as an operating expense any expenditure for a capital improvement, the park owner must complete an Addendum A to the NOI application which requests information as to the amount and nature of the expenditure. (Form 16B-F70) In addition, the consent referred to in subsection (g) must be secured on a form provided by the Commission (Form 16B-F89).

(h) Chapter 16B, section 16B.14(b) expressly excludes as operating expenses the following: (1) All debt service expenses and rental payments made on leases of land, except as noted above; (2) Depreciation; (3) Any expense for which the park owner is reimbursed; (4) Attorney's fees and costs incurred in proceedings before the Commission, against the Commission, or incurred in challenging Chapter 16B; (5) Any late charges incurred for failure to pay the registration fee required by Chapter 16B.

(i) As indicated above, some of the operating expenses allowed under Chapter 16B require information and documentation beyond that requested in the NOI application. Appendices A-F to the NOI application requests information to supplement the NOI application, depending on the nature of the operating expense claimed. Forms for these appendices are provided by the Commission staff.

#### Section 5: Determining the NOI Adjustment

(a) The NOI adjustment provided by Chapter 16B allows you to increase the park's space rent ceiling to the extent necessary to allow the current NOI to reflect the increase in the CPI from the most recently reported CPI prior to the base date until the date of the most recently reported CPI prior to the application date. Thus, it is necessary to determine the percentage increase in the CPI from the base date to the application date.

(b) To determine the total percentage increase in the CPI from the base date to the application date, subtract the most recently reported CPI prior to the base date from the most recently reported CPI prior to the date of the application, then divide this number by the reported CPI for the base date. The Commission staff will provide the appropriate CPI figures upon request, including the appropriate percentage increase.

(c) Now, as indicated, the NOI adjustment allows you to increase the park's space rent ceiling to allow the NOI to increase

by the lesser of (a) the total percentage increase in the CPI multiplied by that percentage of the total that represents the housing component of CPI, or (2) 40 percent of the percentage increase in the CPI. Thus, if the percentage of the current CPI that represents the housing component of the CPI is less than 40 percent, multiply the total percentage increase by that percentage. On the other hand, if the percentage of the total CPI that represents the housing component of CPI is over 40 percent, multiply the total percentage increase by 40 percent. The result is the allowable NOI adjustment.

(d) Now add the result reached in (c) above to the operating expenses incurred by the park for the preceding 12-month period or prior calendar year to determine the allowable gross income for the current year.

(e) Finally, to determine the allowable space rent ceiling for the current year, subtract from the gross income all "other" reported income, including all gross income that does not represent space rent of spaces subject to Chapter 16B. The result is the allowable gross space rent ceiling including the NOI adjustment for the current year.

#### Section 6: Example of NOI Adjustment

(a) Assume the following: (1) You received an initial NOI adjustment effective February 1, 1985 (and no subsequent NOI adjustments); (2) The initial adjustment was based upon an adjusted NOI of \$250,000; (3) The most recently reported CPI was 100 (Note: the current CPI index has a base year of 1984); (4) The current CPI is 134 with the housing component of CPI representing 41 percent of the total; (5) Your gross income for the year immediately preceding the application date was \$575,000, all but \$25,000 of which was space rent from spaces subject to the Ordinance; and (6) Your total operating expense for the preceding calendar year was \$325,000.

(b) The percentage increase in the CPI from the base date to the date of the most recently reported CPI (100 to 134) is 34 percent. ( $134 - 100 = 34$ ;  $34 \text{ divided by } 100 = .34$ ) Forty percent of this percentage increase is 13.6 percent ( $.34 \times .40 = .136$ ) Since the percentage increase in the CPI multiplied by the housing component of the CPI is greater than the percentage increase multiplied by 40 percent, this lesser figure is used to determine the allowable NOI adjustment.

(c) Multiplying the NOI on the base date (\$250,000) by 13.6 percent results in an allowable NOI adjustment for the current year of \$34,000 ( $\$250,000 \times .136 = \$34,000$ ). Thus, the allowable adjusted NOI for the current year is \$284,000 ( $\$250,000 + \$34,000 = \$284,000$ ). Adding the park's current operating expenses (\$325,000) to the adjusted NOI results in an allowable gross income of \$609,000. Now, subtracting "other income" (\$25,000) from the

gross income, the total adjusted space rent ceiling for the current year is \$584,000.

PART B

NOI ADJUSTMENT WORKSHEET

SECTION ONE: Determining The Base NOI From Prior NOI Adjustment

1. Have you received a prior initial or annual NOI adjustment? No

(If no to No. 1, go to Section Two.)

2. If yes to No. 1, indicate the date (month, day, year) the last initial or annual NOI adjustment became effective.   
(This is your base date)

3. What was the adjusted NOI after the last initial or annual NOI adjustment?   
(This is your base date NOI)

SECTION TWO: Determining Base NOI If No Prior NOI Adjustment

(Answer Only If No Prior NOI Adjustment)

4. Have you received a prior initial or annual permissive adjustment? Yes

5. If yes, what was the date (month, day, year) your first permissive adjustment became effective? (This is your base date) July 1, 1985  
[NOTE: If no, (you have received no prior NOI or permissive adjustment) your base date, for purposes of calculating the NOI adjustment shall be the date the park first becomes subject to the Ordinance.]



6. To determine base date NOI, complete the following information based upon facts as they existed for the initial 12-month period or calendar year after the base date:

A. Park Spaces

|  |     |
|--|-----|
| (1) Total Spaces In Park   | 272 |
| (2) Spaces Occupied By Employees   | 2   |
| (3) Month To Month Spaces  | 69  |
| (4) Long Term Leased Spaces Qualifying For Civil Code Section 798.17 Exemption | 171 |
| (5) Long Term Leased Spaces Not Exempt Under 798.17.                           | 30  |
| (6) Number Of Vacant Spaces  |     |

B. Annualized Rents

|   |             |
|---|-------------|
| (1) Total Rents Collected From Leases <u>Not Exempt</u> Under Civil Code Section 798.17.  | \$1,007,269 |
| (2) Total Rents Collected From Leases <u>Exempt</u> Under Civil Code Section 798.17.  | \$119,732   |
| (3) Total Projected Rents From Vacant Spaces In Park Assuming 100% Occupancy.   |             |
| (4) Total Uncollectible Rents.  |             |
| (5) TOTAL ANNUAL RENTS FOR 12-MONTH PERIOD SUBSEQUENT TO THE BASE DATE, INCLUDING RENTS FOR VACANCIES AND UNCOLLECTED RENTS (Sum of 16B(1) through 16B(4)). | \$1,127,001 |

C. Other Gross Income

|  |             |
|--|-------------|
| (1) Total Annualized Income From <u>Electrical</u> Service Separately Collected From Rent                      |             |
| (2) Total Annualized Income From <u>Water</u> Service Separately Collected From Rent                           |             |
| (3) Total Annualized Income From <u>Sewage</u> Service Separately Collected From Rent                          |             |
| (4) Other Utilities Income   |             |
| (5) Other Park Income (Specify)<br>RV storage rental (\$4,000) and Laundry (\$552)                             | \$4,552     |
| (6) TOTAL OTHER INCOME (Sum of 6C(1) through 6C(5))  | \$4,552     |
| (7) TOTAL ANNUALIZED GROSS INCOME FOR 12-MONTH PERIOD OR CALENDAR YEAR FOLLOWING THE BASE DATE (6B(5) + 6C(6)) | \$1,131,553 |

D. Deductions From Gross Income

|     |   |             |
|-----|---|-------------|
| (1) | Rents For Vacant Spaces and Bad Debts Beyond Control Of Park Owners |             |
| (2) | Uncollected Space Rents Up To 3% Of Total Space Rents               |             |
| (3) | TOTAL DEDUCTIONS TO GROSS INCOME (6D(1) + 6D(2))                    |             |
| (4) | GROSS INCOME MINUS ALLOWABLE DEDUCTIONS (6C(7) - 6D(3))             | \$1,131,553 |

E. Annualized Operating Expenses  
(Calculated from 12-month period or calendar year following the base date)

|      |   |           |
|------|---|-----------|
| (1)  | Property Taxes And Assessments                          | \$30,541  |
| (2)  | Gross Utility Costs                                     | \$62,589  |
| (3)  | Management Expenses                                     | \$56,863  |
| (4)  | Repair And Maintenance Expenses                         | \$83,366  |
| (5)  | Allowable Owner Performed Labor                         | \$28,837  |
| (6)  | Operating Supplies                                      | \$31,582  |
| (7)  | Allowable Insurance Premiums                            | \$16,336  |
| (8)  | Taxes, Fees, And Permits Related To Operation Of Park   | \$2,316   |
| (9)  | Allowable Reserve For Capital Improvements              | \$50,591  |
| (10) | Allowable Capital Improvements                          | \$27,700  |
| (11) | Expenses Related To Involuntary Refinancing Of Mortgage |           |
| (12) | Increases For Lease Payments For Rental Of Land         |           |
| (13) | Other Qualifying Expense (Specify)                      |           |
| (14) | TOTAL ALLOWABLE EXPENSES                                | \$388,636 |

F. Calculating After Base Date NOI

|     |   |             |
|-----|---|-------------|
| (1) | Gross Income (From (6D(4))) above)              | \$1,131,553 |
| (2) | Minus Operating Expenses (From (6E(14))) above) | \$388,636   |
| (3) | Base Date NOI                                   | \$742,917   |

SECTION THREE: Determining The Adjusted NOI

7. Indicate the most recently reported CPI prior to the base date.  
(Provided by Commission staff) 363.700
  8. Indicate the most recently reported CPI prior to the current NOI application date. (Provided by Commission staff) (March 2022) 1149.144
  9. Subtract the reported CPI prior to the base date from the most recently reported CPI to determine the CPI increase. 785.444
  10. Divide the number in 9 above by the number in 7 to determine the percentage increase in the CPI. 215.96%
  11. Multiply the percentage increase in the CPI by the lesser of (a) that percentage of the CPI that represents the housing component of the CPI, (provided by Commission staff) or (b) 40% of the percentage increase in the CPI to determine the percentage NOI adjustment. 86.38%
- [NOTE: The percentage increase in the CPI that represents the housing component of the CPI is not the same as the housing index which represents an index separate from the CPI index.]
12. Multiply the base date NOI (6F(3)) by the percentage increase in the CPI, as determined in 11, to determine the percentage NOI adjustment. \$641,732
  13. Add the NOI adjustment (12) to the base date NOI (6F(3)) to determine the total adjusted NOI. \$1,384,649

SECTION FOUR: Determining NOI Space Rent Ceiling Adjustment

14. Determine the park's gross income for the 12-month period or the calendar year immediately preceding the date of the current application as follows:

A. Gross Income

- |   |                             |
|---|-----------------------------|
| (1) Total Rents Collected From Leases<br><u>Not Exempt</u> Under Civil Code<br>Section 798.17.  | <u>\$2,132,652</u>          |
| (2) Total Rents Collected From Leases<br><u>Exempt</u> Under Civil Code Section 798.17.   | <u>                    </u> |
| (3) Total Projected Rent From Vacant Spaces<br>In The Park Assuming 100% Occupancy.   | <u>                    </u> |
| (4) Total Uncollectible Rents.  | <u>                    </u> |
| (5) Income From <u>Electrical</u> Service<br>Separately Collected From Rent   | <u>                    </u> |
| (6) Income From <u>Water</u> Service<br>Separately Collected From Rent  | <u>\$119,765</u>            |
| (7) Income From <u>Sewage</u> Service<br>Separately Collected From Rent   | <u>\$84,296</u>             |
| (8) Other Utilities Income  | <u>\$96,699</u>             |
| (9) Other Park Income (Specify)<br>RV storage, SDCWA fees, rent control fees, security, laundry, NSF fees, credit report fees, HCD fee, misc. | <u>\$77,342</u>             |
| (10) TOTAL PARK GROSS INCOME FOR PRIOR YEAR<br>(14A(1) through 14A(9))  | <u>\$2,510,754</u>          |
| (11) TOTAL OTHER INCOME<br>(The Sum of 14A(2) through 14A(9))   | <u>\$378,102</u>            |

B. Deductions From Gross Income

- |  |                             |
|--|-----------------------------|
| (1) Rents For Vacant Spaces And Bad Debts<br>Beyond Control Of Park Owners | <u>                    </u> |
| (2) Uncollected Space Rents Up To 3%<br>Of Total Space Rents               | <u>                    </u> |
| (3) TOTAL DEDUCTIONS TO GROSS INCOME<br>(14B(1) + 14B(2))                  | <u>                    </u> |
| (4) GROSS INCOME MINUS ALLOWABLE DEDUCTIONS<br>(14A(10) - 14B(3))          | <u>\$2,510,754</u>          |

15. Indicate the park's operating expenses for the prior 12-month period or calendar year immediately preceding the date of the current application as follows:

A. Current Operating Expenses

- |                                     |                             |
|-------------------------------------|-----------------------------|
| (1) Property Taxes And Assessments  | <u>\$530,070</u>            |
| (2) Gross Utility Costs             | <u>\$399,527</u>            |
| (3) Management Expenses             | <u>\$346,227</u>            |
| (4) Repair And Maintenance Expenses | <u>\$177,902</u>            |
| (5) Allowable Owner Performed Labor | <u>                    </u> |
| (6) Operating Supplies              | <u>\$24,464</u>             |
| (7) Allowable Insurance Premiums    | <u>\$124,937</u>            |

|      |   |                   |
|------|---|-------------------|
| (8)  | Taxes, Fees, And Permits Related To Operation Of Park   | <u>\$62,838</u>   |
| (9)  | Allowable Reserve For Capital Improvements  | <u>\$13,608</u>   |
| (10) | Allowable Capital Improvements  | <u>          </u> |
| (11) | Expenses Related To Involuntary Refinancing Of Mortgage   | <u>          </u> |
| (12) | Increases For Lease Payments For Rental Of Land   | <u>          </u> |
| (13) | Other Qualifying Expenses (Specify)   | <u>\$15,352</u>   |
|      | Bank fees/returned checks, Vehicle, TV Service Clubhouse, Security Service, Resident/HOA activities | <u>          </u> |

|      |                |                    |
|------|----------------|--------------------|
| (14) | TOTAL EXPENSES | <u>\$1,694,924</u> |
|------|----------------|--------------------|

|     |   |                  |
|-----|---|------------------|
| 16. | Deduct the total operating expenses (15(14)) from gross income (14B(4)) to determine current year NOI | <u>\$815,830</u> |
|-----|---|------------------|

[NOTE: Compare current NOI (16) with the adjusted NOI (13). If current NOI is greater than adjusted NOI the park owner will not be entitled to a rent adjustment under the NOI adjustment formula.]

|     |   |                    |
|-----|---|--------------------|
| 17. | Add the adjusted NOI from No. 13 above and the Total Expenses in No. 15A(14) to determine the adjusted gross income for the current year. | <u>\$3,079,573</u> |
|-----|---|--------------------|

|     |   |                    |
|-----|---|--------------------|
| 18. | Deduct from the result reached in 17 all other income as indicated in No. 14A(11) to determine the new space rent ceiling including the NOI adjustment. | <u>\$2,701,471</u> |
|-----|---|--------------------|

SECTION FIVE: Distribution of the Adjustment

|     |  |                  |
|-----|--|------------------|
| 19. | Subtract the park's space rent ceiling indicated in 14A(1) from the new space rent ceiling as indicated in 18. | <u>\$568,819</u> |
|-----|--|------------------|

|     |  |               |
|-----|--|---------------|
| 20. | Divide the number in 19 (which indicates the increase in space rent ceiling) by the number in 14A(1) (the old space rent ceiling) to obtain the percentage increase in the space rent ceiling. | <u>26.67%</u> |
|-----|--|---------------|

|    |   |                   |
|----|---|-------------------|
| 21 | Multiply the allowable percentage increase by the current rent for each space in the park subject to the Ordinance. | <u>          </u> |
|----|---|-------------------|

## PART C

### DOCUMENTS SUBMITTED IN SUPPORT OF APPLICATION

In order for a park owner's NOI adjustment application to be approved, park owners must submit documentation in support of all gross income, gross income deductions, and operating expenses claimed on the NOI worksheet.

As support for the claimed gross income, park owners should submit an income statement covering the time period relevant to the application. All income generated by the park, as defined in the NOI adjustment application, must be specifically itemized. As support for claimed operating expenses, the park owner must submit documentary evidence for each item claimed, or part of item claimed. Supporting documentation should be in the form of a standard business record, e.g. receipt, copy of cancelled check, etc. that indicates that the amount claimed was paid by the park for the purpose stated on the worksheet.

The Commission is authorized to request additional documentation in the event it determines that the evidence submitted is inadequate.

DOCUMENTS SUBMITTED IN SUPPORT OF GROSS INCOME

1. I have submitted an income statement in support of my gross income for the the 12-month period (or calendar year period) subsequent to the base date.  
(Applicable only if no prior NOI adjustment) X  

---
2. I have submitted an income statement in support of my claim of gross income for the 12-month period (or calendar year period) preceding the application date. X  

---
3. I have submitted the following additional or other documents in support of my claim of gross income for 12-month period (or calendar year period) subsequent to the base date:  
(Applicable only if no prior NOI adjustment)
  - (a) Oceanside Resolution No. 85 M-32
  - (b) \_\_\_\_\_
  - (c) \_\_\_\_\_
  - (d) \_\_\_\_\_
  - (e) \_\_\_\_\_
4. I have submitted the following additional or other documents in support of my claim of gross income for the 12-month period (or calendar year period) preceding the application date:
  - (a) 2021 Monthly Profit and loss statement.
  - (b) \_\_\_\_\_
  - (c) \_\_\_\_\_
  - (d) \_\_\_\_\_
  - (e) \_\_\_\_\_

DOCUMENTS SUBMITTED IN SUPPORT OF OPERATING EXPENSES

5. I have submitted the following documents in support of claimed operating expenses for the 12-month period (or calendar year period) subsequent to the base date:  
(Applicable only if no prior NOI adjustment)

Oceanside Resolution No. 85 M-32

A-16

| <u>Worksheet Line No.</u> | <u>Document</u> |
|---------------------------|-----------------|
| (1)                       |                 |
| (2)                       |                 |
| (3)                       |                 |
| (4)                       |                 |
| (5)                       |                 |
| (6)                       |                 |
| (7)                       |                 |
| (8)                       |                 |
| (9)                       |                 |
| (10)                      |                 |
| (11)                      |                 |
| (12)                      |                 |
| (13)                      |                 |
| (14)                      |                 |
| (15)                      |                 |
| (16)                      |                 |
| (17)                      |                 |
| (18)                      |                 |
| (19)                      |                 |
| (20)                      |                 |

6. I have submitted the following documents in support of claimed operating expenses for the 12-month period (or calendar year period) preceding the application date.

| <u>Worksheet Line No.</u> | <u>Document</u>                              |
|---------------------------|--|
| (1)                       | 2021 monthly expense spreadsheets, invoices, |
| (2)                       | receipts, other backup documentation.        |



(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

(11)

(12)

(13)

(14)

(15)

(16)

(17)

(18)

(19)

(20)

| <b>Spc</b> | <b>Current Rent</b> | <b>% increase</b> |
|------------|---------------------|-------------------|
| 1          | \$654.30            | \$174.50          |
| 2          | \$592.80            | \$158.10          |
| 3          | \$569.52            | \$151.89          |
| 4          | \$569.52            | \$151.89          |
| 5          | \$540.62            | \$144.18          |
| 6          | \$572.50            | \$152.69          |
| 7          | \$569.52            | \$151.89          |
| 8          | \$607.43            | \$162.00          |
| 9          | \$541.21            | \$144.34          |
| 10         | \$679.38            | \$181.19          |
| 11         | \$635.01            | \$169.36          |
| 12         | \$580.00            | \$154.69          |
| 13         | \$580.00            | \$154.69          |
| 14         | \$580.00            | \$154.69          |
| 15         | \$568.09            | \$151.51          |
| 16         | \$580.00            | \$154.69          |
| 17         | \$580.00            | \$154.69          |
| 18         | \$580.00            | \$154.69          |
| 19         | \$569.52            | \$151.89          |
| 20         | \$580.00            | \$154.69          |
| 21         | vacant              |                   |
| 22         | \$580.00            | \$154.69          |
| 23         | \$580.00            | \$154.69          |
| 24         | \$580.00            | \$154.69          |
| 25         | \$580.00            | \$154.69          |
| 26         | \$580.00            | \$154.69          |
| 27         | \$545.39            | \$145.46          |
| 28         | \$591.22            | \$157.68          |
| 29         | \$553.96            | \$147.74          |
| 30         | \$543.96            | \$145.07          |
| 31         | \$569.52            | \$151.89          |
| 32         | \$550.27            | \$146.76          |
| 33         | \$561.70            | \$149.81          |
| 34         | \$561.70            | \$149.81          |
| 35         | \$555.78            | \$148.23          |
| 36         | \$543.99            | \$145.08          |
| 37         | \$625.84            | \$166.91          |
| 38         | \$560.10            | \$149.38          |
| 39         | \$580.00            | \$154.69          |
| 40         | \$569.52            | \$151.89          |
| 41         | \$580.00            | \$154.69          |
| 42         | \$569.52            | \$151.89          |
| 43         | \$552.74            | \$147.42          |
| 44         | \$569.52            | \$151.89          |
| 45         | \$569.52            | \$151.89          |
| 46         | \$545.39            | \$145.46          |

|    |          |          |
|----|----------|----------|
| 47 | \$569.52 | \$151.89 |
| 48 | \$580.23 | \$154.75 |
| 49 | \$592.80 | \$158.10 |
| 50 | \$592.80 | \$158.10 |
| 51 | \$592.80 | \$158.10 |
| 52 | \$592.80 | \$158.10 |
| 53 | \$592.80 | \$158.10 |
| 54 | \$592.80 | \$158.10 |
| 55 | \$597.07 | \$159.24 |
| 56 | \$561.70 | \$149.81 |
| 57 | \$592.80 | \$158.10 |
| 58 | \$580.00 | \$154.69 |
| 59 | \$561.70 | \$149.81 |
| 60 | \$569.52 | \$151.89 |
| 61 | \$569.52 | \$151.89 |
| 62 | \$565.13 | \$150.72 |
| 63 | \$569.52 | \$151.89 |
| 64 | \$541.78 | \$144.49 |
| 65 | \$545.39 | \$145.46 |
| 66 | \$592.80 | \$158.10 |
| 67 | \$569.52 | \$151.89 |
| 68 | \$569.52 | \$151.89 |
| 69 | \$569.52 | \$151.89 |
| 70 | \$561.70 | \$149.81 |
| 71 | \$561.70 | \$149.81 |
| 72 | \$561.70 | \$149.81 |
| 73 | \$580.00 | \$154.69 |
| 74 | \$543.93 | \$145.07 |
| 75 | \$545.39 | \$145.46 |
| 76 | \$543.99 | \$145.08 |
| 77 | \$592.80 | \$158.10 |
| 78 | \$795.75 | \$212.23 |
| 79 | \$592.80 | \$158.10 |
| 80 | \$582.27 | \$155.29 |
| 81 | \$795.75 | \$212.23 |
| 82 | \$569.52 | \$151.89 |
| 83 | \$592.80 | \$158.10 |
| 84 | \$580.00 | \$154.69 |
| 85 | \$543.99 | \$145.08 |
| 86 | \$592.80 | \$158.10 |
| 87 | \$561.70 | \$149.81 |
| 88 | \$569.52 | \$151.89 |
| 89 | \$580.00 | \$154.69 |
| 90 | \$579.11 | \$154.45 |
| 91 | \$592.80 | \$158.10 |
| 92 | \$580.00 | \$154.69 |
| 93 | \$592.80 | \$158.10 |

|           |          |          |
|-----------|----------|----------|
| 94        | \$569.52 | \$151.89 |
| 95        | \$569.52 | \$151.89 |
| 96        | \$569.52 | \$151.89 |
| 97        | \$569.52 | \$151.89 |
| 98        | \$654.29 | \$174.50 |
| 99        | \$752.52 | \$200.70 |
| 100       | \$752.52 | \$200.70 |
| 101       | \$752.52 | \$200.70 |
| 102       | \$662.52 | \$176.69 |
| 103       | \$763.00 | \$203.49 |
| 104       | \$719.20 | \$191.81 |
| 105       | \$752.52 | \$200.70 |
| 106       | \$763.05 | \$203.51 |
| 107       | \$674.72 | \$179.95 |
| 108       | \$674.72 | \$179.95 |
| 109       | \$678.41 | \$180.93 |
| 110       | \$714.70 | \$190.61 |
| 111       | \$662.52 | \$176.69 |
| 112       | \$795.75 | \$212.23 |
| 113       | \$674.72 | \$179.95 |
| 114       | \$674.72 | \$179.95 |
| 115       | \$674.72 | \$179.95 |
| 116       | \$674.72 | \$179.95 |
| 117       | \$674.72 | \$179.95 |
| 118       | \$674.72 | \$179.95 |
| 119       | \$674.72 | \$179.95 |
| 120       | \$714.13 | \$190.46 |
| 121       | \$678.41 | \$180.93 |
| Mgr. Unit |          |          |
| 122       | \$763.27 | \$203.56 |
| 123       | \$674.72 | \$179.95 |
| 124       | \$674.72 | \$179.95 |
| 125       | \$674.72 | \$179.95 |
| 126       | \$674.72 | \$179.95 |
| 127       | \$697.15 | \$185.93 |
| 128       | \$690.04 | \$184.03 |
| 129       | \$714.70 | \$190.61 |
| 130       | \$695.98 | \$185.62 |
| 131       | \$752.52 | \$200.70 |
| 132       | \$690.04 | \$184.03 |
| 133       | \$621.22 | \$165.68 |
| 134       | \$662.52 | \$176.69 |
| 135       | \$674.72 | \$179.95 |
| 136       | \$748.71 | \$199.68 |
| 137       | \$752.52 | \$200.70 |
| 138       | \$763.05 | \$203.51 |
| 139       | \$752.52 | \$200.70 |

|     |          |          |
|-----|----------|----------|
| 140 | \$800.06 | \$213.38 |
| 141 | \$674.72 | \$179.95 |
| 142 | \$620.72 | \$165.55 |
| 143 | \$674.72 | \$179.95 |
| 144 | \$674.72 | \$179.95 |
| 145 | \$674.72 | \$179.95 |
| 146 | \$659.45 | \$175.88 |
| 147 | \$662.52 | \$176.69 |
| 148 | \$662.52 | \$176.69 |
| 149 | \$674.72 | \$179.95 |
| 150 | \$741.81 | \$197.84 |
| 151 | \$718.28 | \$191.57 |
| 152 | \$720.84 | \$192.25 |
| 153 | \$763.05 | \$203.51 |
| 154 | \$752.52 | \$200.70 |
| 155 | \$714.70 | \$190.61 |
| 156 | \$678.41 | \$180.93 |
| 157 | \$662.52 | \$176.69 |
| 158 | \$755.46 | \$201.48 |
| 159 | \$752.52 | \$200.70 |
| 160 | \$719.08 | \$191.78 |
| 161 | \$674.72 | \$179.95 |
| 162 | \$667.00 | \$177.89 |
| 163 | \$690.04 | \$184.03 |
| 164 | \$752.52 | \$200.70 |
| 165 | \$690.04 | \$184.03 |
| 166 | \$697.15 | \$185.93 |
| 167 | \$662.52 | \$176.69 |
| 168 | \$674.72 | \$179.95 |
| 169 | \$662.52 | \$176.69 |
| 170 | \$644.74 | \$171.95 |
| 171 | \$674.72 | \$179.95 |
| 172 | \$714.70 | \$190.61 |
| 173 | \$674.72 | \$179.95 |
| 174 | \$635.01 | \$169.36 |
| 175 | \$662.52 | \$176.69 |
| 176 | \$753.67 | \$201.00 |
| 177 | \$662.52 | \$176.69 |
| 178 | \$720.84 | \$192.25 |
| 179 | \$674.72 | \$179.95 |
| 180 | \$719.08 | \$191.78 |
| 181 | \$662.52 | \$176.69 |
| 182 | \$662.52 | \$176.69 |
| 183 | \$752.56 | \$200.71 |
| 184 | \$662.52 | \$176.69 |
| 185 | \$690.04 | \$184.03 |
| 186 | \$752.52 | \$200.70 |

|     |          |          |
|-----|----------|----------|
| 187 | \$752.52 | \$200.70 |
| 188 | \$759.19 | \$202.48 |
| 189 | \$752.52 | \$200.70 |
| 190 | \$674.72 | \$179.95 |
| 191 | \$690.04 | \$184.03 |
| 192 | \$720.84 | \$192.25 |
| 193 | \$674.72 | \$179.95 |
| 194 | \$674.72 | \$179.95 |
| 195 | \$674.72 | \$179.95 |
| 196 | \$619.65 | \$165.26 |
| 197 | \$698.21 | \$186.21 |
| 198 | \$633.76 | \$169.02 |
| 199 | \$662.52 | \$176.69 |
| 200 | \$752.52 | \$200.70 |
| 201 | \$662.52 | \$176.69 |
| 202 | \$653.38 | \$174.26 |
| 203 | \$662.52 | \$176.69 |
| 204 | \$748.71 | \$199.68 |
| 205 | \$752.52 | \$200.70 |
| 206 | \$748.71 | \$199.68 |
| 207 | \$748.71 | \$199.68 |
| 208 | \$678.41 | \$180.93 |
| 209 | \$690.04 | \$184.03 |
| 210 | \$662.52 | \$176.69 |
| 211 | \$662.49 | \$176.69 |
| 212 | \$620.71 | \$165.54 |
| 213 | \$672.71 | \$179.41 |
| 214 | \$674.72 | \$179.95 |
| 215 | \$662.52 | \$176.69 |
| 216 | \$662.52 | \$176.69 |
| 217 | \$752.52 | \$200.70 |
| 218 | \$672.71 | \$179.41 |
| 219 | \$667.80 | \$178.10 |
| 220 | \$714.13 | \$190.46 |
| 221 | \$662.52 | \$176.69 |
| 222 | \$662.52 | \$176.69 |
| 223 | \$662.52 | \$176.69 |
| 224 | \$690.04 | \$184.03 |
| 225 | \$674.72 | \$179.95 |
| 226 | \$662.52 | \$176.69 |
| 227 | \$635.01 | \$169.36 |
| 228 | \$662.52 | \$176.69 |
| 229 | \$763.05 | \$203.51 |
| 230 | \$662.52 | \$176.69 |
| 231 | \$635.01 | \$169.36 |
| 232 | \$662.52 | \$176.69 |
| 233 | \$672.71 | \$179.41 |

|     |          |          |
|-----|----------|----------|
| 234 | \$759.67 | \$202.60 |
| 235 | \$662.52 | \$176.69 |
| 236 | \$741.81 | \$197.84 |
| 237 | \$662.52 | \$176.69 |
| 238 | \$672.71 | \$179.41 |
| 239 | \$618.81 | \$165.04 |
| 240 | \$690.04 | \$184.03 |
| 241 | \$672.71 | \$179.41 |
| 242 | \$719.08 | \$191.78 |
| 243 | \$752.52 | \$200.70 |
| 244 | \$795.75 | \$212.23 |
| 245 | \$690.04 | \$184.03 |
| 246 | \$680.17 | \$181.40 |
| 247 | \$662.52 | \$176.69 |
| 248 | \$752.52 | \$200.70 |
| 249 | \$662.52 | \$176.69 |
| 250 | \$761.38 | \$203.06 |
| 251 | \$720.84 | \$192.25 |
| 252 | \$729.64 | \$194.59 |
| 253 | \$672.71 | \$179.41 |
| 254 | \$662.52 | \$176.69 |
| 255 | \$674.72 | \$179.95 |
| 256 | \$662.52 | \$176.69 |
| 257 | \$600.53 | \$160.16 |
| 258 | \$690.04 | \$184.03 |
| 259 | \$635.01 | \$169.36 |
| 260 | \$662.52 | \$176.69 |
| 261 | \$752.52 | \$200.70 |
| 262 | \$672.71 | \$179.41 |
| 263 | \$662.52 | \$176.69 |
| 264 | \$709.60 | \$189.25 |
| 265 | \$752.52 | \$200.70 |
| 266 | \$674.72 | \$179.95 |
| 267 | \$662.52 | \$176.69 |
| 268 | \$635.01 | \$169.36 |
| 269 | vacant   |          |
| 270 | \$662.52 | \$176.69 |
| 271 | \$674.72 | \$179.95 |
| 272 | \$672.71 | \$179.41 |

| Calculations for No. 6. B.(1 and 2)                 |                            |             |
|---|----------------------------|-------------|
| Rental Income<br>subsequent to base<br>year (1986)* | # of<br>affected<br>spaces | # of months |
| \$1,007,269.00                                      |                            |             |
| \$105,755.76  | 99                         | 12          |
| \$801.72  | 1                          | 9           |
| \$3,115.70  | 5                          | 7           |
| \$3,738.84  | 7                          | 6           |
| \$4,005.90  | 9                          | 5           |
| \$1,780.40  | 5                          | 4           |
| \$267.06  | 1                          | 3           |
| \$178.04  | 1                          | 2           |
| \$89.02   | 1                          | 1           |
| \$1,127,001.44                                      | 129                        |             |

\*As documented in Resolution No. 85 M-32



| C                              | D            | E            | F            | G            | H            | I            | J            | K            | L            | M            | N              |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| LAGUNA VISTA MHC - 2021 INCOME |              |              |              |              |              |              |              |              |              |              |                |
| FEB                            | MAR          | APR          | MAY          | JUN          | JULY         | AUG          | SEP          | OCT          | NOV          | DEC          | TOTAL          |
| \$176,562.32                   | \$172,148.64 | \$176,358.19 | \$178,060.33 | \$174,278.29 | \$181,076.12 | \$180,306.87 | \$175,706.31 | \$177,402.85 | \$181,418.68 | \$181,640.27 | \$2,132,652.34 |
|                                |              |              |              |              |              |              |              |              |              |              |                |
| \$47.00                        |              | \$141.00     | \$282.00     |              |              |              | \$94.00      | \$188.00     |              | \$47.00      | \$846.00       |
| \$271.00                       | \$269.00     | \$375.00     | \$268.00     | \$337.00     | \$338.00     | \$409.00     | \$374.00     | \$407.00     | \$306.00     | \$306.00     | \$3,930.00     |
| \$218.00                       | \$35.00      | \$105.00     |              | \$140.00     | \$35.00      | \$35.00      | \$105.00     | \$175.00     | \$140.00     | \$210.00     | \$1,306.12     |
| \$25.00                        | \$25.00      |              |              | \$50.00      |              |              |              | \$25.00      |              |              | \$125.00       |
|                                |              |              |              |              |              |              |              | \$59.54      |              |              | \$279.04       |
|                                |              |              |              |              |              |              |              |              |              |              | \$35.00        |
|                                |              |              |              | \$10.00      |              | \$35.00      | \$15.00      |              | \$15.00      |              | \$75.00        |
| \$1,788.60                     | \$1,775.00   | \$1,782.00   | \$1,768.80   | \$1,762.20   | \$1,768.80   | \$1,775.00   | \$1,775.00   | \$1,762.20   | \$1,788.60   | \$1,788.60   | \$21,316.80    |
| \$1,210.00                     | \$1,650.00   | \$1,650.00   | \$1,650.00   | \$1,575.00   | \$1,575.00   | \$1,575.00   | \$1,575.00   | \$1,425.00   | \$1,725.00   | \$1,650.00   | \$18,470.00    |
| \$2,340.00                     | \$2,465.84   | \$2,035.00   | \$2,415.40   | \$2,100.80   | \$2,711.80   | \$2,290.60   | \$2,789.00   | \$2,311.40   | \$2,857.40   | \$1,487.20   | \$28,249.44    |
| \$7,064.97                     | \$7,102.83   | \$7,038.90   | \$6,986.76   | \$6,960.69   | \$6,986.76   | \$7,012.83   | \$7,012.83   | \$6,960.69   | \$7,064.97   | \$7,064.97   | \$84,296.10    |
| \$8,105.61                     | \$8,045.79   | \$8,075.70   | \$8,015.88   | \$7,985.97   | \$8,105.88   | \$8,045.79   | \$8,045.79   | \$7,985.97   | \$8,105.61   | \$8,105.61   | \$96,699.30    |
| \$9,997.80                     | \$9,804.63   | \$9,774.66   | \$10,195.75  | \$9,680.92   | \$10,491.00  | \$10,179.05  | \$10,244.41  | \$9,693.18   | \$10,723.93  | \$9,147.81   | \$119,764.90   |
|                                |              | \$2,710.00   |              |              |              |              |              |              |              |              | \$2,710.00     |
| \$31,067.98                    | \$31,173.09  | \$33,687.26  | \$31,582.59  | \$30,602.58  | \$32,012.24  | \$31,357.27  | \$32,030.03  | \$30,992.98  | \$32,726.51  | \$29,807.19  | \$378,102.70   |
| \$207,630.30                   | \$203,321.73 | \$210,045.45 | \$209,642.92 | \$204,880.87 | \$213,088.36 | \$211,664.14 | \$207,736.34 | \$208,395.83 | \$214,145.19 | \$211,447.46 | \$2,510,755.04 |

# LAGUNA VISTA MHC - 2021 EXPENSES

| JAN         | FEB         | MAR         | APR         | MAY         | JUNE         | JULY        | AUG         | SEPT        | OCT         | NOV          | DEC          | TOTAL          | City<br>Expense<br>Category<br>No. | Category<br>Subtotals |
|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|----------------|------------------------------------|-----------------------|
| \$11,545.44 | \$11,545.44 | \$11,545.44 | \$11,545.44 | \$11,545.44 | \$11,545.44  | \$11,545.44 | \$11,545.44 | \$11,545.44 | \$11,545.44 | \$11,545.44  | \$11,548.75  | \$138,548.59   | 1                                  |                       |
|             |             |             |             |             | \$255,653.36 |             |             |             |             | \$135,867.60 |              | \$391,520.96   | 1                                  | \$530,069.55          |
| \$293.17    | \$248.81    | \$338.81    | \$274.61    | \$249.72    | \$289.65     | \$288.81    | \$288.06    | \$825.81    | \$859.33    | \$430.30     | \$92.84      | \$4,479.92     | 2                                  |                       |
| \$23,453.51 | \$24,008.36 | \$23,408.75 | \$22,907.35 | \$23,694.82 | \$23,369.90  | \$29,112.27 | \$33,263.45 | \$24,081.61 | \$23,743.66 | \$22,980.66  | \$23,324.01  | \$297,348.35   | 2                                  |                       |
| \$7,234.60  | \$8,126.83  | \$9,057.06  | \$8,922.44  | \$7,431.59  | \$7,737.73   | \$7,229.26  | \$7,842.73  | \$7,931.82  | \$98.56     | \$16,516.65  | \$9,569.64   | \$97,698.91    | 2                                  | \$399,527.18          |
| \$10,279.03 | \$10,437.82 | \$10,381.52 | \$10,125.21 | \$10,502.25 | \$10,482.15  | \$10,287.34 | \$10,654.28 | \$10,579.70 | \$10,886.90 | \$10,419.79  | \$10,800.05  | \$125,836.04   | 3                                  |                       |
|             |             |             |             |             |              |             |             |             |             |              | \$187,757.57 | \$187,757.57   | 3                                  |                       |
| \$930.23    | \$930.23    | \$930.23    | \$930.23    | \$930.23    | \$930.23     | \$930.23    | \$930.23    |             |             |              |              | \$7,441.84     | 3                                  |                       |
|             | \$488.35    | \$484.60    | \$484.60    | \$486.10    | \$485.35     | \$484.60    | \$486.10    | \$493.42    | \$502.30    | \$503.05     | \$501.49     | \$5,399.96     | 3                                  |                       |
|             | \$175.00    |             | \$70.00     |             | \$280.00     |             |             |             | \$300.00    |              | \$9,632.00   | \$10,457.00    | 3                                  |                       |
| \$175.00    |             |             |             |             |              |             |             |             |             |              |              | \$175.00       | 3                                  |                       |
| \$763.27    | \$763.27    | \$763.27    | \$763.27    | \$763.27    | \$763.27     | \$763.27    | \$763.27    | \$763.27    | \$763.27    | \$763.27     | \$763.27     | \$9,159.24     | 3                                  | \$346,226.65          |
|             | \$238.00    |             | \$238.00    | \$300.00    | \$238.00     |             | \$238.00    | \$238.00    |             | \$238.00     | \$238.00     | \$1,966.00     | 4                                  |                       |
| \$263.00    | \$263.00    | \$263.00    | \$263.00    | \$263.00    | \$263.00     | \$263.00    | \$263.00    | \$263.00    | \$263.00    | \$263.00     | \$263.00     | \$3,156.00     | 4                                  |                       |
| \$811.88    |             | \$673.00    | \$673.00    | \$920.89    | \$578.00     | \$2,839.00  | \$814.03    | \$261.91    | \$1,750.78  | \$703.00     | \$608.00     | \$10,633.49    | 4                                  |                       |
| \$500.00    | \$500.00    |             |             |             |              |             |             |             |             |              |              | \$1,000.00     | 4                                  |                       |
|             |             |             |             |             |              | \$2,594.58  |             |             |             | \$1,300.00   |              | \$3,894.58     | 4                                  |                       |
| \$125.00    | \$375.00    | \$125.00    | \$125.00    |             | \$125.00     | \$400.00    | \$850.00    | \$153.75    | \$400.00    |              | \$125.00     | \$2,803.75     | 4                                  |                       |
|             |             |             |             |             |              |             |             |             |             |              | \$96,810.00  | \$96,810.00    | 4                                  |                       |
|             | \$1,410.00  |             | \$6,010.00  |             |              | \$4,611.40  |             |             |             |              |              | \$4,611.40     | 4                                  |                       |
|             |             |             |             | \$74.89     |              | \$171.19    |             |             |             |              |              | \$7,591.19     | 4                                  |                       |
|             |             |             |             | \$3,989.88  | \$3,403.91   | \$128.66    |             |             | \$23,095.00 | \$6,695.00   | \$6,695.00   | \$36,688.55    | 4                                  |                       |
| \$617.52    |             | \$2,835.13  | \$1,718.11  | \$657.89    | \$2,820.04   | \$949.77    | \$1,877.52  | \$568.63    | \$490.56    | \$419.55     | \$74.16      | \$8,747.38     | 4                                  | \$177,902.34          |
|             | \$1,014.24  | \$983.10    | \$334.03    |             | \$1,422.30   | \$1,422.30  | \$1,422.30  | \$1,422.30  | \$627.85    | \$334.03     |              | \$13,028.88    | 6                                  |                       |
|             | \$25.74     | \$11.98     | \$19.91     |             |              |             |             |             |             |              |              | \$8,982.45     | 6                                  |                       |
|             | \$181.78    | \$261.95    | \$229.27    | \$180.80    | \$180.80     | \$354.91    | \$180.80    | \$187.32    | \$357.42    | \$140.00     | \$140.00     | \$57.63        | 6                                  |                       |
| \$6,978.60  | \$6,978.60  | \$6,978.60  | \$6,978.60  | \$6,978.60  | \$6,978.60   | \$6,978.60  | \$6,978.60  | \$50,449.59 | \$6,978.60  | \$5,839.84   | \$5,839.84   | \$2,395.05     | 6                                  | \$24,464.01           |
| \$6,800.00  | \$671.20    |             |             |             |              |             | \$1,707.00  | \$4,505.39  | \$432.00    | \$42,070.64  | \$6,652.00   | \$124,936.67   | 7                                  | \$124,936.67          |
| \$1,134.00  | \$1,134.00  | \$1,134.00  | \$1,134.00  | \$1,134.00  | \$1,134.00   | \$1,134.00  | \$1,134.00  | \$1,134.00  | \$1,134.00  | \$1,134.00   | \$1,134.00   | \$62,838.23    | 8                                  | \$62,838.23           |
| \$706.78    | \$811.74    | \$802.04    | \$15.00     | \$15.00     | \$1,375.59   | \$877.12    | \$15.00     | \$15.00     | \$696.60    | \$15.00      | \$15.00      | \$13,608.00    | 9                                  | \$13,608.00           |
|             |             |             |             |             |              | \$1,804.76  |             | \$1,737.88  | \$156.00    |              | \$20.00      | \$5,359.87     | 13                                 |                       |
|             |             |             |             | \$1,250.00  |              |             |             |             |             | \$2,250.00   |              | \$3,718.64     | 13                                 |                       |
|             |             | \$284.85    |             | \$284.85    |              |             | \$284.85    |             | \$284.85    |              | \$284.85     | \$3,500.00     | 13                                 |                       |
| \$105.86    | \$114.93    | \$114.92    | \$114.92    | \$114.92    | \$114.92     | \$114.92    | \$114.92    | \$114.92    | \$114.92    | \$-57.30     | \$266.48     | \$1,424.25     | 13                                 |                       |
| 16,236.90   | \$10,817.30 | \$13,006.80 | \$10,428.92 | \$12,956.17 | \$17,315.24  | \$13,521.46 | \$14,668.81 | \$60,020.11 | \$10,873.03 | \$49,953.06  | \$13,875.00  | \$1,349.33     | 13                                 | \$15,352.09           |
|             |             |             |             |             |              |             |             |             |             |              |              | \$1,694,924.72 |                                    | \$1,694,924.72        |

RESOLUTION NO. 85 M-32

A RESOLUTION OF THE OCEANSIDE MANUFACTURED HOME  
FAIR PRACTICES COMMISSION GRANTING AN INITIAL  
PERMISSIVE ADJUSTMENT IN ACCORDANCE WITH SECTION  
16B.9 OF THE OCEANSIDE MANUFACTURED HOME FAIR PRACTICES  
ORDINANCE FOR LAGUNA VISTA MOBILE ESTATES

---

PARK: LAGUNA VISTA MOBILE ESTATES  
APPLICANT: Merrill L. Kirkpatrick and Rosanne F. Kirkpatrick  
LOCATION: 276 North El Camino Real  
Oceanside, California

---

WHEREAS, an application for an Initial NOI Adjustment was submitted by Merrill L. Kirkpatrick and Rosanne F. Kirkpatrick on December 18, 1984, December 21, 1984, December 28, 1984, February 12, 1985, March 7, 1985, April 5, 1985, April 15, 1985, and April 23, 1985, to the City of Oceanside pursuant to Section 16B.9 of the Oceanside Manufactured Home Fair Practices Ordinance to adjust space rents in the park under said Ordinance; and

WHEREAS, Section 16B.9 of the Oceanside Manufactured Home Fair Practices Ordinance requires that beginning on February 1, 1985 all manufactured home parks in the City must roll back their space rents for each space to the rent level of that space on December 31, 1979 (the base year space rent ceiling), and Section 16B.9 of the Ordinance further provides that the park owner shall not increase rents above this space rent ceiling except upon approval of Initial, Pass Thru and Annual Adjustments by the Oceanside Manufactured Home Fair Practices Commission (the "Commission"); and

WHEREAS, the application for the Initial NOI Adjustment was

1 determined to be complete under Section 6.2.C.7 of the  
2 Administrative Procedural Guidelines on March 7, 1985, for  
3 purposes of setting the public hearing date on the application  
4 before the Commission; and

5 WHEREAS, on January 15, 1985, a Temporary Permissive  
6 Adjustment was processed for the park in accordance with Section  
7 6.2.N of the Administrative Procedural Guidelines and the hearing  
8 continued to February 5, 1985, for the public hearing on the  
9 Initial NOI Adjustment application; and

10 WHEREAS, the Commission continued the public hearing several  
11 times due to lack of completeness, and finally set the public  
12 hearing for April 16, 1985; and

13 WHEREAS, on April 16, 1985, the Commission did continue a  
14 duly noticed public hearing at the request of the Applicant to May  
15 2, 1985; and

16 WHEREAS, the Commission did hold a continued public hearing  
17 on May 2, 1985, and heard and considered all offered evidence and  
18 testimony by all interested parties concerning the Application,  
19 and continued the hearing at the request of the tenants to June  
20 10, 1985; and

21 WHEREAS, the Commission did hold a continued public hearing  
22 on June 10, 1985 and heard and considered all offered evidence and  
23 testimony by all interested parties concerning the Application;  
24 and

25 WHEREAS, based upon such evidence and testimony, and staff  
26 reports, this Commission finds as follows:

- 27 A. The subject park is located at 276 North El Camino Real,  
28 Oceanside, CA.

- 1 B. The subject park was opened in July 1978.
- 2 C. Applicants Merrill L. Kirkpatrick and Rosanne F.
- 3 Kirkpatrick are the owners of the subject park, and the
- 4 lessees of the property on which the park is located.
- 5 D. The subject park was properly registered on
- 6 November 15, 1984, and there are no deficiencies in
- 7 registration fees.
- 8 E. The total current number of manufactured home spaces
- 9 claimed on the Initial NOI Adjustment application is
- 10 two hundred seventy-two (272), with two (2) spaces
- 11 being gratis/manager spaces. Of the remaining 270
- 12 spaces, 69 spaces are on month-to-month tenancies, 30
- 13 spaces are on leases expiring at some time during the
- 14 adjustment year, and the remaining 171 spaces are on
- 15 valid leases which run at least for the duration of the
- 16 adjustment years.
- 17 F. The space rents for each space in the park on December
- 18 31, 1979, claimed by the applicant are set forth in
- 19 Exhibit A, attached hereto and incorporated herein.
- 20 G. The types of utilities for common areas in the park
- 21 included in the spaces rents on December 31, 1979,
- 22 which are also included in space rent as of the date of
- 23 application, are as follows:
- 24 a. Water
- 25 b. Sewer
- 26 c. Trash
- 27 d. Gas
- 28 e. Electric
- H. The following types of utilities for tenants'
- personal use were not included in the space rents for
- the spaces in the park in 1979, but are included now:
- a. City Waste Disposal Administration
- b. Curbside recycling
- c. Street sweeping
- d. Methane recovery
- I. The following types of utilities for tenants' personal
- use have never been included in the space rent for the
- spaces in the park:
- a. Water
- b. Sewer
- c. Trash
- d. Gas
- e. Electric

1  
2 K. The 1978-81 Gross Income for the park was \$592,996.

3 L. The following line items are included in 1978-81 Gross  
4 Income:

5 a. Space rent \$588,844  
6 b. RV rental 3,452  
7 c. Laundry and miscellaneous 700

8 M. The 1978-81 Operating Expenses for the park were  
9 \$319,032.

10 N. The following line items have been included as 1978-81  
11 Operating Expenses:

12 a. Real estate taxes \$ 28,690  
13 b. Utilities 40,160  
14 c. Maintenance  
15 1. Wages 46,612  
16 2. Payroll taxes 4,548  
17 3. Truck expenses 8,716  
18 4. Lake treatment 3,107  
19 5. General repairs & maintenance 30,957  
20 d. Owner-performed labor 29,650  
21 e. Operating supplies 15,816  
22 f. Insurance 12,327  
23 g. Other taxes and licenses 2,477  
24 h. Reserve for replacement 29,650  
25 i. Excess Capital Improvements 4,982  
26 j. 5% management expense  
27 1. Telephone 3,737  
28 2. Auto expenses 4,168  
3. Accounting 6,707  
4. Legal 19,032  
5. Advertising 6,749  
6. Dues and subscriptions 5,765  
7. Coaches, improvements-Manager,  
Assistant Manager 4,117  
Management Salaries/Payroll  
taxes. 11,047.

22 O. The Current Gross Income for the park which was claimed  
23 by the applicant was \$1,011,821.

24 P. The following line items are included in Current Gross  
25 Income:

26 a. Space rent \$1,007,269  
27 b. RV rental 4,000  
28 c. Laundry 552

Q. The Current Operating Expenses for the park were  
\$390,721.

R. The following line items have been included as Current Operating Expenses:

|    |   |          |
|----|---|----------|
| a. | Real estate taxes                                 | \$30,541 |
| b. | Utilities   | 62,589   |
| c. | Maintenance                                       |          |
| 1. | Wages   | 40,799   |
| 2. | Payroll taxes                                     | 8,652    |
| 3. | Truck expenses                                    | 7,248    |
| 4. | Lake treatment                                    | 6,206    |
| 5. | Pool service                                      | 1,504    |
| 6. | General repairs & maintenance                     | 18,957   |
| d. | Owner-performed labor                             | 28,837   |
| e. | Operating supplies                                | 31,582   |
| f. | Insurance   | 16,336   |
| g. | Other taxes and licenses                          | 2,316    |
| h. | Reserve for replacement                           | 50,591   |
| i. | Excess Capital Improvements                       | 27,700   |
| j. | 5% management expense                             |          |
| 1. | Telephone   | 5,349    |
| 2. | Auto expenses                                     | 1,500    |
| 3. | Accounting  | 6,700    |
| 4. | Legal   | 5,000    |
| 5. | Dues and subscriptions                            | 16,064   |
| 6. | Coach, Improvements, Manager<br>Assistant Manager | 5,488    |
| 7. | Management Salaries/Payroll<br>taxes.             | 16,762   |

S. The 1978-81 Gross Income (\$592,996) minus the 1978-81 Operating Expenses (\$319,014) equals the 1978-81 Net Operating Income of \$273,982.

T. One half of the 1978-81 Gross Income equals \$296,498. The 1978-81 NOI equals \$273,982. Since the 1978-81 NOI is less than one half of the 1978-81 Gross Income, the following doubling calculation is used. The 1978-81 Gross Income is \$638,028 (2 x \$319,014) minus 1978-81 Operating Expenses of \$319,014 equals a 1978-81 Net Operating Income of \$319,014.

U. The CPI/CPI Housing percentage used in the Net Operating Income Adjustment calculation is 19.03 percent.

V. The 40%/CPI Increase percentage used in the NOI Adjustment calculation is 18.71 percent.

W. The new Gross Income for 270 spaces is \$769,423. This figure represents the 1978-81 NOI (\$319,014) x 18.71 percent + 1979 NOI (\$319,014) + Current Operating Expenses (\$390,721) = \$769,423.

- 1 W. The new Gross Income for 270 spaces is \$769,423. This  
2 figure represents the 1978-81 NOI (\$319,014) x 18.71  
3 percent + 1979 NOI (\$319,014) + Current Operating  
4 Expenses (\$390,721) = \$769,423.
- 5 X. The amount to be spread is \$176,027. This figure  
6 represents the New Gross Income (\$769,423) minus the  
7 Other Current Gross Income (\$4,552) minus 1978-81 Space  
8 Rent (\$588,844) = \$176,027.
- 9 Y. A total of 99 spaces (69 month-to-month spaces and 30  
10 leased spaces) will receive a rental adjustment during  
11 the adjustment year for 985 rental months.
- 12 Z. The 1978-81 Gross Income for the 99 affected spaces  
13 (\$233,784) represents 39.42% of the 1978-81 Gross  
14 Income for 270 spaces (\$592,996).
- 15 A1. The adjustment for the 99 affected spaces is \$70.45.  
16 This adjustment was calculated by taking the adjustment  
17 amount to be spread, \$176,027 x 39.42% divided by 985  
18 rental months = \$70.45 per space per month.
- 19 B1. The park owner is entitled to take the better  
20 adjustment amount of either the Initial Permissive  
21 Adjustment or the Initial NOI Adjustment.
- 22 C1. For an Initial Permissive Adjustment, the Base Year  
23 Space Rent Ceiling for all 99 affected spaces in the  
24 subject park is \$18,879.70.
- 25 D1. The Consumer Price Index (CPI) for San Diego County,  
26 all urban dwellers, in November 1979, was 247.8.
- 27 E1. The CPI for San Diego County, all urban dwellers, as of  
28 the date of the application was 363.7.
- F1. The percentage increase in the CPI (the "CPI Increase")  
from November 1979 to the date of application is 46.77%.  
This figure was computed by subtracting the November  
1979 CPI from the CPI as of the application date, and  
then dividing the remainder by the November 1979 CPI.
- G1. An 8% (eight percent) increase, compounded from  
December 31, 1979, to date of application is 58.69%  
(the "8% Increase").
- H1. The lesser of the CPI Increase and the 8% Increase is  
the CPI Increase, or 46.77%.
- I1. The "Total Adjustment Amount" for all 99 affected  
spaces is \$8,830. This figure represents the Base Year  
Space Rent Ceiling for these 99 affected spaces  
(\$18,879.70) multiplied by the CPI Increase of 46.77%.

A-33



- 1
- 2 J1. The subject park's new Space Rent Ceiling for all 99
- 3 affected spaces is \$27,709.70. This figure represents
- 4 the total gross space rental income for December
- 5 31, 1979, space rents (\$18,879.70) plus the total
- 6 Adjustment Amount (\$8,830).
- 7
- 8 K1. The monthly adjustment for each of the 99 affected
- 9 spaces is \$89.19. This figure represents the Total
- 10 Adjustment Amount from finding #11 above (\$8,830)
- 11 divided by the total number of affected spaces (99).
- 12
- 13 L1. The Initial Permissive Adjustment of \$89.19 provides a
- 14 higher adjustment than the Initial NOI Adjustment of
- 15 \$70.45, and the Commission awarded the Initial
- 16 Permissive Adjustment of \$89.19 as the higher of the
- 17 two adjustments for the 99 affected spaces.
- 18
- 19 M1. On January 15, 1985, the Commission granted a Temporary
- 20 Permissive Adjustment in the amount of \$89.50 per month
- 21 for 69 month-to-month spaces in the subject park
- 22 (Resolution No. 85 M-06) which was in effect for
- 23 February, March, April, May and June 1985. A Temporary
- 24 Permissive Adjustment was also calculated for Space No.
- 25 263 whose lease expires on April 30, 1985, in the
- 26 amount of \$93.54 which was in effect for May and June
- 27 1985.
- 28
- N1. In order to account for inequities between the
- temporary adjustment and the final adjustment, the
- Initial Permissive Adjustment will be \$89.02 per
- month per space for the 99 affected spaces.
- O1. The following spaces are the 69 month-to-month spaces
- and will receive the rental adjustment for 12 months
- beginning February 1, 1985, through January 31, 1986:
- 12, 13, 14, 20, 25, 26, 38, 46, 49, 59, 66, 71, 72, 73,
- 74, 81, 90, 92, 98, 102, 107, 113, 115, 117, 119, 123,
- 128, 141, 143, 144, 147, 160, 162, 163, 168, 174, 189,
- 190, 191, 193, 195, 196, 199, 202, 203, 209, 210, 211,
- 213, 214, 217, 218, 223, 228, 230, 233, 235, 237, 239,
- 241, 246, 248, 249, 262, 266, 267, 270, 271, 272.
- P1. Space No. 263 is on a valid lease which expires on
- April 30, 1985. This space will receive the rental
- adjustment for 9 months beginning May 1, 1985, through
- January 31, 1986.
- Q1. Space Nos. 30, 34, 58, 154, and 157 are on valid leases
- which expire on June 30, 1985. These spaces will
- receive the rental adjustment for 7 months beginning
- July 1, 1985 through January 31, 1986.

- 1 R1. Space Nos. 16, 84, 132, 225, 253, 254, and 255 are on  
2 valid leases which expire on July 31, 1985. These  
3 spaces will receive the rental adjustment for 6 months  
4 beginning August 1, 1985 through January 31, 1986.
- 5 S1. Space Nos. 83, 86, 108, 116, 118, 125, 133, 145, and  
6 172 are on valid leases which expire on August 31,  
7 1985. These spaces will receive the rental adjustment  
8 for 5 months beginning September 1, 1985 through  
9 January 31, 1986.
- 10 T1. Space Nos. 23, 109, 114, 121, and 240 are on valid  
11 leases which expire on September 30, 1985. These spaces  
12 will receive the rental adjustment for 4 months  
13 beginning October 1, 1985 through January 31, 1986.
- 14 U1. Space No. 55 is on a valid lease which expires on  
15 October 31, 1985. This space will receive the rental  
16 adjustment for 3 months beginning November 1, 1985  
through January 31, 1986.
- 17 V1. Space No. 245 is on a valid lease which expires on  
18 November 30, 1985. This space will receive the rental  
19 adjustment for 2 months beginning December 1, 1985  
20 through January 31, 1986.
- 21 W1. Space No. 87 is on a valid lease which expires on  
22 December 31, 1985. This space will receive the rental  
23 adjustment for 1 month beginning January 1, 1986  
24 through January 31, 1986.

25 NOW, THEREFORE, based upon the foregoing facts, the Oceanside  
26 Manufactured Home Fair Practices Commission hereby resolves as  
27 follows:

- 28
1. The subject park is within the jurisdiction of this Commission.
  2. The Initial Permissive Adjustment of \$89.02 awards a higher adjustment amount than the Initial NOI Adjustment of \$70.45 and therefore shall be awarded by the Commission.
  3. The new monthly space rent under the Initial Permissive Adjustment calculation for each of the 99 affected spaces is as listed on Exhibit A, attached. This new space rent represents the sum of the spaces' December 31, 1979, rent plus the adjustment amount of \$89.02.
  4. The new rent for each of the 69 affected spaces shall take effect on July 1, 1985, provided that nothing herein shall authorize any increase or change in any rent not in compliance with State law. The rent for

1 the 30 leased spaces shall go into effect during the  
2 first month and subsequent months after each lease  
3 expires until February 1, 1986.

4 5. In accordance with Section 16B.9 of the Oceanside  
5 Manufactured Home Fair Practices Ordinance and Section  
6 6.2.h of the Administrative Procedural Guidelines the  
7 applicants are entitled to apply for an initial

8 /////

9 /////

10 /////

11 /////

12 /////

13 /////

14 /////

15 /////

16 /////

17 /////

18 /////

19 /////

20 /////

21 /////

22 /////

23 /////

24 /////

25 /////

26 /////

27 /////

28 /////

A-36

1 adjustment of the park's base year space rent ceiling,  
2 and the applicants have applied for an Initial NOI  
3 Adjustment. The Initial Permissive Adjustment gave the  
4 higher adjustment amount and was awarded. The Initial  
5 Permissive Adjustment determined herein, and any Pass  
6 Thru Adjstutment which may be subsequently approved by  
7 the Commission shall be the only adjustment to the  
8 park's base year space rent ceiling until February 1,  
9 1986.

6. No rents, charges, or other costs shall be imposed by  
7 the Applicants on any resident above the new space  
8 rents set out in Exhibit A except as set out in  
9 Paragraph 3 above, of this resolution.

7. This Resolution and the decision herein shall be  
8 binding upon Applicants and any of their successors in  
9 interest, assigns, or transferees, and shall be binding  
10 upon every resident/tenant of any space in said park.

8. Nothing herein shall authorize any increase or change  
9 in any rent or other charge imposed on the residents  
10 not in compliance with State law.

9. The procedures and determination herein have been  
10 carried out in compliance with the Oceanside  
11 Manufactured Home Fair Practices Ordinance.

12 APPROVED AND ADOPTED by the Manufactured Home Fair Practices  
13 Commission of the City of Oceanside, California, this 24th  
14 day of June, 1985, by the following vote:

15 AYES: KLEIN, COSTA, LUEBBE (ALTERNATE) AND  
16 BALDERAMA (ALTERNATE);

17 NAYS: NONE;

18 ABSENT: KRUGLAK AND MOORE;

19 ABSTAIN: NONE.

20  
21 *Michael L. Klein*  
22 Presiding Officer, Manufactured  
23 Home Fair Practices Commission

24 ATTEST:

25 APPROVED AS TO FORM:

26 *Barbara X. Bishop*  
27 City Clerk

28 *Amy Guyron*  
City Attorney

A-37

| Space<br>No. | 12/31/79<br>Space Rent | Initial<br>Perm. Adj. | Total  |
|--------------|------------------------|-----------------------|--------|
| 1            | 155.00                 | 89.02                 | 244.02 |
| 13           | 155.00                 | 89.02                 | 244.02 |
| 14           | 155.00                 | 89.02                 | 244.02 |
| 20           | 155.00                 | 89.02                 | 244.02 |
| 25           | 155.00                 | 89.02                 | 244.02 |
| 26           | 155.00                 | 89.02                 | 244.02 |
| 38           | 155.00                 | 89.02                 | 244.02 |
| 46           | 164.70                 | 89.02                 | 253.72 |
| 49           | 161.95                 | 89.02                 | 250.97 |
| 59           | 161.95                 | 89.02                 | 250.97 |
| 66           | 161.95                 | 89.02                 | 250.97 |
| 71           | 145.00                 | 89.02                 | 234.02 |
| 72           | 145.00                 | 89.02                 | 234.02 |
| 73           | 155.00                 | 89.02                 | 244.02 |
| 74           | 161.95                 | 89.02                 | 250.97 |
| 81           | 161.95                 | 89.02                 | 250.97 |
| 90           | 163.55                 | 89.02                 | 252.57 |
| 92           | 155.00                 | 89.02                 | 244.02 |
| 98           | 195.50                 | 89.02                 | 284.52 |
| 102          | 200.00                 | 89.02                 | 289.02 |
| 107          | 206.65                 | 89.02                 | 295.67 |
| 113          | 206.65                 | 89.02                 | 295.67 |
| 115          | 206.65                 | 89.02                 | 295.67 |
| 117          | 206.65                 | 89.02                 | 295.67 |
| 119          | 206.65                 | 89.02                 | 295.67 |
| 123          | 206.65                 | 89.02                 | 295.67 |
| 128          | 215.00                 | 89.02                 | 304.02 |
| 141          | 206.65                 | 89.02                 | 295.67 |

| SPACE NO. | 12/31/79<br>Space Rent | Initial<br>Perm. Adj | Total  |
|-----------|------------------------|----------------------|--------|
| 143       | 206.65                 | 89.02                | 295.67 |
| 144       | 206.65                 | 89.02                | 295.67 |
| 147       | 200.00                 | 89.02                | 289.02 |
| 160       | 206.65                 | 89.02                | 295.67 |
| 162       | 200.00                 | 89.02                | 289.02 |
| 163       | 215.00                 | 89.02                | 304.02 |
| 168       | 206.65                 | 89.02                | 295.67 |
| 174       | 200.00                 | 89.02                | 289.02 |
| 189       | 200.00                 | 89.02                | 289.02 |
| 190       | 206.65                 | 89.02                | 295.67 |
| 191       | 215.00                 | 89.02                | 304.02 |
| 193       | 206.65                 | 89.02                | 295.67 |
| 195       | 206.65                 | 89.02                | 295.67 |
| 196       | 200.00                 | 89.02                | 289.02 |
| 199       | 200.00                 | 89.02                | 289.02 |
| 202       | 195.50                 | 89.02                | 284.52 |
| 203       | 200.00                 | 89.02                | 289.02 |
| 209       | 215.00                 | 89.02                | 304.02 |
| 210       | 200.00                 | 89.02                | 289.02 |
| 211       | 200.00                 | 89.02                | 289.02 |
| 213       | 205.55                 | 89.02                | 294.57 |
| 214       | 206.65                 | 89.02                | 295.67 |
| 217       | 205.55                 | 89.02                | 294.57 |
| 218       | 205.55                 | 89.02                | 294.57 |
| 223       | 200.00                 | 89.02                | 289.02 |
| 228       | 200.00                 | 89.02                | 289.02 |
| 230       | 200.00                 | 89.02                | 289.02 |
| 233       | 205.55                 | 89.02                | 294.57 |
| 235       | 200.00                 | 89.02                | 289.02 |

289.02  
A-39  
289.02

| Space<br>No. | 12/31/79<br>Space Rent | Initial<br>Perm. Adj. |        |
|--------------|------------------------|-----------------------|--------|
| 237          | 200.00                 | 89.02                 | 289.02 |
| 239          | 200.00                 | 89.02                 | 289.02 |
| 241          | 205.55                 | 89.02                 | 294.57 |
| 246          | 209.60                 | 89.02                 | 298.62 |
| 248          | 200.00                 | 89.02                 | 289.02 |
| 249          | 200.00                 | 89.02                 | 289.02 |
| 262          | 205.55                 | 89.02                 | 294.57 |
| 266          | 206.65                 | 89.02                 | 295.67 |
| 267          | 200.00                 | 89.02                 | 289.02 |
| 270          | 200.00                 | 89.02                 | 289.02 |
| 271          | 206.65                 | 89.02                 | 295.67 |
| 272          | 205.55                 | 89.02                 | 294.57 |

Valid lease = valid lease duration of  
adjustment year.

| Space No. | Lease Exp.<br>Date | 12/31/79<br>Space Rent | Initial<br>Perm Adj.<br>Eff. 1st<br>Mon. aft.<br>lease exp. | Total  |
|-----------|--------------------|------------------------|---|--------|
| 1         | 8/31/89            | valid lease            |   |        |
| 2         | 8/31/89            | valid lease            |   |        |
| 3         | 8/31/89            | valid lease            |   |        |
| 4         | 8/31/89            | valid lease            |   |        |
| 5         | 6/30/89            | valid lease            |   |        |
| 6         | 5/31/89            | valid lease            |   |        |
| 7         | 8/31/89            | valid lease            |   |        |
| 8         | 10/31/89           | valid lease            |   |        |
| 9         | 9/30/ 89           | valid lease            |   |        |
| 10        | 7/31/89            | valid lease            |   |        |
| 11        | 3/31/89            | valid lease            |   |        |
| 15        | 12/30/89           | valid lease            |   |        |
| 16        | 7/31/85            | 155.00                 | 89.02   | 244.02 |
| 17        | 9/30/89            | valid lease            |   |        |
| 18        | 9/30/89            | valid lease            |   |        |
| 19        | 5/31/89            | valid lease            |   |        |
| 21        | 6/30/89            | valid lease            |   |        |
| 22        | 5/31/89            | valid lease            |   |        |
| 23        | 9/30/85            | \$155.00               | 89.02   | 244.02 |
| 24        | 7/31/87            | valid lease            |   |        |
| 27        | 7/31/89            | valid lease            |   |        |
| 28        | 6/30/85            | valid lease            |   |        |
| 29        | 7/31/89            | valid lease            |   |        |
| 30        | 6/30/85            | 161.10                 | 89.02   | 250.12 |
| 31        | 8/31/89            | valid lease            |   |        |
| 32        | 7/31/87            | valid lease            |   |        |
| 33        | 12/31/89           | valid lease            |   |        |
| 34        | 6/30/85            | 155.00                 | 89.02   | 244.02 |

A-41



Initial  
Perm Adj  
Eff. 1st  
Mon. aft.  
lease exp.

| Space No. | Lease Exp.<br>Date | 12/31/79<br>Space Rent |       | Total  |
|-----------|--------------------|------------------------|-------|--------|
| 35        | 9/30/89            | valid lease            |       |        |
| 36        | 8/31/89            | valid lease            |       |        |
| 37        | 8/31/89            | valid lease            |       |        |
| 39        | 10/31/89           | valid lease            |       |        |
| 40        | 6/30/89            | valid lease            |       |        |
| 41        | 11/30/89           | valid lease            |       |        |
| 42        | 5/31/89            | valid lease            |       |        |
| 43        | 7/31/89            | valid lease            |       |        |
| 44        | 8/31/89            | valid lease            |       |        |
| 45        | 7/31/89            | valid lease            |       |        |
| 47        | 7/31/89            | valid lease            |       |        |
| 48        | 7/31/89            | valid lease            |       |        |
| 50        | 8/31/89            | valid lease            |       |        |
| 51        | 8/31/89            | valid lease            |       |        |
| 52        | 8/31/87            | valid lease            |       |        |
| 53        | 8/31/87            | valid lease            |       |        |
| 54        | 8/31/89            | valid lease            |       |        |
| 55        | 10/31/85           | 164.30                 | 89.02 | 253.32 |
| 56        | 2/28/86            | valid lease            |       |        |
| 57        | 8/31/89            | valid lease            |       |        |
| 58        | 6/30/85            | 155.00                 | 89.02 | 244.02 |
| 60        | 4/30/89            | valid lease            |       |        |
| 61        | 8/31/89            | valid lease            |       |        |
| 62        | 8/31/89            | valid lease            |       |        |
| 63        | 8/31/89            | valid lease            |       |        |
| 64        | 7/31/89            | valid lease            |       |        |
| 65        | 8/31/89            | valid lease            |       |        |
| 67        | 8/31/89            | valid lease            |       |        |
| 68        | 8/31/89            | valid lease            |       |        |
| 69        | 8/31/89            | valid lease            |       |        |

A-42

Initial  
Perm Adj  
Eff. 1st  
Month Aft.  
lease exp.

| Space No. | Lease Exp.<br>Date | 12/31/85<br>Space Rent |       | Total  |
|-----------|--------------------|------------------------|-------|--------|
| 70        | 12/31/89           | valid lease            |       |        |
| 75        | 8/31/89            | valid lease            |       |        |
| 76        | 11/30/89           | valid lease            |       |        |
| 77        | 8/31/89            | valid lease            |       |        |
| 78        | 8/31/89            | valid lease            |       |        |
| 79        | 8/31/87            | valid lease            |       |        |
| 80        | 11/30/89           | valid lease            |       |        |
| 82        | 7/31/89            | valid lease            |       |        |
| 83        | 8/31/85            | 161.95                 | 89.02 | 250.97 |
| 84        | 7/31/85            | 155.00                 | 89.02 | 244.02 |
| 85        | 8/31/89            | valid lease            |       |        |
| 86        | 8/31/85            | 161.95                 | 89.02 | 250.97 |
| 87        | 12/30/85           | 145.00                 | 89.02 | 234.02 |
| 88        | 8/31/89            | valid lease            |       |        |
| 89        | 2/28/86            | valid lease            |       |        |
| 91        | 8/31/89            | valid lease            |       |        |
| 93        | 8/31/89            | valid lease            |       |        |
| 94        | 8/31/89            | valid lease            |       |        |
| 95        | 8/31/89            | valid lease            |       |        |
| 96        | 8/31/89            | valid lease            |       |        |
| 97        | 3/31/89            | valid lease            |       |        |
| 99        | 8/31/89            | valid lease            |       |        |
| 100       | 8/31/89            | valid lease            |       |        |
| 101       | 9/30/89            | valid lease            |       |        |
| 103       | 3/31/89            | valid lease            |       |        |
| 104       | 6/30/89            | valid lease            |       |        |
| 105       | 8/31/89            | valid lease            |       |        |
| 106       | 8/31/89            | valid lease            |       |        |
| 107       | 12/30/85           | valid lease            |       |        |

A-43

| Space No. | Lease Exp.<br>Date | 12/31/79<br>Space Rent | Perm. Adj<br>Eff. 1st<br>Mon. Aft<br>Lease exp. | Total  |
|-----------|--------------------|------------------------|---|--------|
| 108       | 8/31/85            | 206.65                 | 89.02   | 295.67 |
| 109       | 9/30/85            | 206.85                 | 89.02   | 295.87 |
| 110       | 12/30/87           | valid lease            |   |        |
| 111       | 9/30/85            | valid lease            |   |        |
| 112       | Assistant Manager  |                        |   |        |
| 114       | 8/31/89            | 206.65                 | 89.02   | 295.67 |
| 116       | 8/31/85            | 206.65                 | 89.02   | 295.67 |
| 118       | 8/31/85            | 206.65                 | 89.02   | 295.67 |
| 120       | 8/31/89            | 206.65                 | 89.02   | 295.67 |
| 121       | 9/20/85            | 208.65                 | 89.02   | 297.65 |
| 122       | Manager            |                        |   |        |
| 124       | 8/31/87            | valid lease            |   |        |
| 125       | 8/31/85            | 206.65                 | 89.02   | 295.67 |
| 126       | 12/30/89           | valid lease            |   |        |
| 127       | 6/30/89            | valid lease            |   |        |
| 129       | 6/30/89            | valid lease            |   |        |
| 130       | 12/30/89           | valid lease            |   |        |
| 131       | 8/31/89            | valid lease            |   |        |
| 132       | 7/31/85            | 215.00                 | 89.02   | 304.02 |
| 133       | 8/31/85            | 195.50                 | 89.02   | 284.52 |
| 134       | 6/30/86            | valid lease            |   |        |
| 135       | 8/31/87            | valid lease            |   |        |
| 136       | 8/31/89            | valid lease            |   |        |
| 137       | 5/31/89            | valid lease            |   |        |
| 138       | 8/31/89            | valid lease            |   |        |
| 139       | 8/31/89            | valid lease            |   |        |
| 140       | 8/31/89            | valid lease            |   |        |
| 142       | 2/28/89            | valid lease            |   |        |
| 145       | 8/31/85            | valid lease            |   |        |
| 145       | 8/31/85            | 206.65                 |   |        |

| Space No. | Lease Exp.<br>Date | 12/31/79<br>Space Rent | Perm Adj<br>Eff. 1st<br>Mon. aft.<br>lease exp. | total  |
|-----------|--------------------|------------------------|---|--------|
| 146       | 8/31/89            | valid lease            |   |        |
| 148       | 2/28/89            | valid lease            |   |        |
| 149       | 8/31/89            | valid lease            |   |        |
| 150       | 6/30/89            | valid lease            |   |        |
| 151       | 10/31/84           | valid lease            |   |        |
| 152       | 10/31/89           | valid lease            |   |        |
| 153       | 3/31/89            | valid lease            |   |        |
| 154       | 6/30/85            | 200.00                 | 89.02   | 289.02 |
| 155       | 8/31/89            | valid lease            |   |        |
| 156       | 2/28/89            | valid lease            |   |        |
| 157       | 6/30/85            | 200.00                 | 89.02   | 289.02 |
| 158       | 8/31/89            | valid lease            |   |        |
| 159       | 8/31/89            | valid lease            |   |        |
| 161       | 10/31/89           | valid lease            |   |        |
| 164       | 6/30/89            | valid lease            |   |        |
| 165       | 11/30/89           | valid lease            |   |        |
| 166       | 6/30/89            | valid lease            |   |        |
| 167       | 4/30/89            | valid lease            |   |        |
| 169       | 6/30/89            | valid lease            |   |        |
| 170       | 9/30/89            | valid lease            |   |        |
| 171       | 8/31/89            | valid lease            |   |        |
| 172       | 8/31/85            | 215.00                 | 89.02   | 304.02 |
| 173       | 8/31/89            | valid lease            |   |        |
| 175       | 4/30/89            | valid lease            |   |        |
| 176       | 12/31/89           | valid lease            |   |        |
| 177       | 4/30/89            | valid lease            |   |        |
| 178       | 12/31/89           | valid lease            |   |        |
| 179       | 8/31/89            | valid lease            |   |        |
| 180       | 8/31/89            | valid lease            |   |        |
| 181       | 2/28/89            | valid lease            |   |        |

| Space No. | Lease Exp.<br>Date | 12/31/79<br>Space Rent | Perm. Adj<br>Eff 1st<br>Mon. aft<br>lease exp | total  |
|-----------|--------------------|------------------------|---|--------|
| 182       | 6/30/89            | valid lease            |   |        |
| 183       | 9/30/89            | valid lease            |   |        |
| 184       | 6/30/89            | valid lease            |   |        |
| 185       | 11/30/89           | valid lease            |   |        |
| 186       | 5/31/89            | valid lease            |   |        |
| 187       | 8/31/89            | valid lease            |   |        |
| 188       | 2/28/89            | valid lease            |   |        |
| 192       | 9/30/89            | valid lease            |   |        |
| 194       | 8/31/87            | valid lease            |   |        |
| 197       | 4/30/89            | valid lease            |   |        |
| 198       | 8/31/89            | valid lease            |   |        |
| 200       | 8/31/89            | valid lease            |   |        |
| 201       | 12/31/89           | valid lease            |   |        |
| 204       | 5/31/89            | valid lease            |   |        |
| 205       | 6/30/89            | valid lease            |   |        |
| 206       | 12/31/89           | valid lease            |   |        |
| 207       | 5/31/89            | valid lease            |   |        |
| 208       | 9/30/89            | valid lease            |   |        |
| 212       | 8/31/89            | valid lease            |   |        |
| 215       | 12/31/88           | valid lease            |   |        |
| 216       | 11/31/89           | valid lease            |   |        |
| 219       | 7/31/89            | valid lease            |   |        |
| 220       | 8/31/89            | valid lease            |   |        |
| 221       | 8/31/89            | valid lease            |   |        |
| 222       | 6/30/89            | valid lease            |   |        |
| 224       | 8/31/89            | valid lease            |   |        |
| 225       | 7/31/85            | 206.65                 | 89.02   | 295.67 |
| 226       | 7/31/89            | valid lease            |   |        |
| 227       | 12/31/89           | valid lease            |   |        |
| 228       | 1/31/89            | valid lease            |   |        |

A-46

| Space No. | Lease Exp.<br>Date | 12/31/79<br>Space Rent | Perm Adj<br>Eff 1st<br>mon aft<br>lease exp | Total  |
|-----------|--------------------|------------------------|---|--------|
| 231       | 12/31/89           | valid lease            |   |        |
| 232       | 4/30/89            | valid lease            |   |        |
| 234       | 7/31/89            | valid lease            |   |        |
| 236       | 1/31/89            | valid lease            |   |        |
| 238       | 7/31/87            | valid lease            |   |        |
| 240       | 9/30/85            | 215.00                 | 89.02                                       | 304.02 |
| 242       | 8/31/86            | valid lease            |   |        |
| 243       | 9/30/89            | valid lease            |   |        |
| 244       | 8/31/89            | valid lease            |   |        |
| 245       | 11/30/85           | 215.00                 | 89.02                                       | 304.02 |
| 247       | 3/31/87            | valid lease            |   |        |
| 250       | 9/30/87            | valid lease            |   |        |
| 251       | 11/30/89           | valid lease            |   |        |
|           | 5/31/89            | valid lease            |   |        |
| 253       | 7/31/85            | 205.55                 | 89.02                                       | 294.57 |
| 254       | 7/31/85            | 200.00                 | 89.02                                       | 289.02 |
| 255       | 7/31/85            | 206.65                 | 89.02                                       | 295.67 |
| 256       | 6/30/86            | valid lease            |   |        |
| 257       | 2/28/86            | valid lease            |   |        |
| 258       | 8/31/87            | valid lease            |   |        |
| 259       | 8/31/89            | valid lease            |   |        |
| 260       | 12/31/89           | valid lease            |   |        |
| 261       | 6/30/89            | valid lease            |   |        |
| 263       | 4/31/85            | 200.00                 | 89.02                                       | 289.02 |
| 264       | 7/31/89            | valid lease            |   |        |
| 265       | 6/30/89            | valid lease            |   |        |
| 268       | 12/31/89           | valid lease            |   |        |
| 269       | 8/31/89            | valid lease            |   |        |



## Databases, Tables & Calculators by Subject

Change Output Options: From: 2012 ▼ To: 2022 ▼

☐ include graphs ☐ include annual averages

[More Formatting Options](#) ➡

Data extracted on: April 28, 2022 (6:31:58 PM)

### CPI for All Urban Consumers (CPI-U)

Series Id: CUURS49EAA0, CUUSS49EAA0

Not Seasonally Adjusted

Series Title: All items - old base in San Diego-Carlsbad, CA, all urban consumers, not seasonally adjusted

Area: San Diego-Carlsbad, CA

Item: All items - old base

Base Period: 1967=100

Download: [xlsx](#)

| Year | Jan      | Feb | Mar      | Apr | May      | Jun | Jul      | Aug | Sep      | Oct | Nov      | Dec | Annual   | HALF1    | HALF2    |
|------|----------|-----|----------|-----|----------|-----|----------|-----|----------|-----|----------|-----|----------|----------|----------|
| 2012 |          |     |          |     |          |     |          |     |          |     |          |     | 868.864  | 867.769  | 869.959  |
| 2013 |          |     |          |     |          |     |          |     |          |     |          |     | 880.211  | 875.607  | 884.815  |
| 2014 |          |     |          |     |          |     |          |     |          |     |          |     | 896.536  | 896.895  | 896.178  |
| 2015 |          |     |          |     |          |     |          |     |          |     |          |     | 911.045  | 903.977  | 918.113  |
| 2016 |          |     |          |     |          |     |          |     |          |     |          |     | 928.954  | 921.839  | 936.069  |
| 2017 |          |     |          |     |          |     |          |     |          |     | 966.920  |     | 956.951  | 952.043  | 961.858  |
| 2018 | 974.935  |     | 983.316  |     | 978.018  |     | 998.109  |     | 1000.469 |     | 993.623  |     | 989.190  | 980.834  | 997.546  |
| 2019 | 1000.058 |     | 1005.012 |     | 1015.415 |     | 1012.135 |     | 1017.886 |     | 1019.532 |     | 1012.473 | 1008.125 | 1016.821 |
| 2020 | 1023.062 |     | 1023.146 |     | 1018.846 |     | 1033.363 |     | 1029.416 |     | 1035.810 |     | 1027.685 | 1021.288 | 1034.082 |
| 2021 | 1040.388 |     | 1065.230 |     | 1072.350 |     | 1095.225 |     | 1096.011 |     | 1103.731 |     | 1081.211 | 1062.684 | 1099.738 |
| 2022 | 1125.942 |     | 1149.144 |     |          |     |          |     |          |     |          |     |          |          |          |

U.S. BUREAU OF LABOR STATISTICS Postal Square Building 2 Massachusetts Avenue NE Washington, DC 20212-0001

Telephone: 1-202-691-5200 Telecommunications Relay Service: 7-1-1 [www.bls.gov](http://www.bls.gov) [Contact Us](#)

LAGUNA VISTA MHC - 2021 EXPENSES (revised 02.10.23)

|                               | JAN         | FEB         | MAR         | APR         | MAY         | JUNE        | JULY         | AUG         | SEPT         | OCT         | NOV          | DEC         | TOTAL          | City<br>Expense<br>Category<br>No. |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|----------------|------------------------------------|
| 2021 Expenses                 |             |             |             |             |             |             |              |             |              |             |              |             |                |                                    |
| Property Tax                  |             |             | \$67,933.80 |             |             |             | \$127,826.68 |             | \$127,826.68 |             | \$211,313.36 |             | \$534,900.52   | 1                                  |
| Telephone & DSL               | \$293.17    | \$248.81    | \$338.81    | \$274.61    | \$249.72    | \$289.65    | \$288.81     | \$288.06    | \$285.00     | \$70.00     | \$370.00     | \$320.79    | \$3,317.43     | 2                                  |
| Water/Sewer/Trash             | \$23,453.51 | \$24,008.36 | \$23,408.75 | \$22,907.35 | \$23,694.82 | \$23,369.90 | \$29,112.27  | \$33,263.45 | \$24,081.61  | \$23,743.66 | \$22,980.66  | \$23,324.01 | \$297,348.35   | 2                                  |
| Gas/Electric                  | \$7,234.60  | \$8,126.83  | \$9,057.06  | \$8,922.44  | \$7,431.59  | \$7,737.73  | \$7,229.26   | \$7,842.73  | \$7,931.82   | \$98.56     | \$16,516.65  | \$9,569.64  | \$97,698.91    | 2                                  |
| Management Fee offsite        | \$10,279.03 | \$10,437.82 | \$10,381.52 | \$10,125.21 | \$10,502.25 | \$10,482.15 | \$10,287.34  | \$10,654.28 | \$10,579.70  | \$10,886.90 | \$10,419.79  | \$10,800.05 | \$125,836.04   | 3                                  |
| Management Payroll onsite     | \$26,680.90 | \$4,662.01  | \$37,278.17 | \$32,832.27 | \$31,298.01 | \$31,298.01 | \$11,821.50  | \$9,478.00  | \$1,200.00   |             |              |             | \$186,548.87   | 3                                  |
| Employee Medical              | \$930.23    | \$930.23    | \$930.23    | \$930.23    | \$930.23    | \$930.23    | \$930.23     | \$930.23    |              |             |              |             | \$7,441.84     | 3                                  |
| Park Billing                  |             | \$488.35    | \$484.60    | \$484.60    | \$486.10    | \$485.35    | \$484.60     | \$486.10    | \$493.42     | \$502.30    | \$503.05     | \$501.49    | \$5,399.96     | 3                                  |
| Legal Fees                    |             | \$175.00    |             | \$70.00     |             | \$280.00    |              |             |              | \$300.00    |              | \$9,632.00  | \$10,457.00    | 3                                  |
| Accounting Fees               | \$175.00    |             |             |             |             |             |              |             |              |             |              |             | \$175.00       | 3                                  |
| Manager Unit Space Rent       | \$763.27    | \$763.27    | \$763.27    | \$763.27    | \$763.27    | \$763.27    | \$763.27     | \$763.27    | \$763.27     | \$763.27    | \$763.27     | \$763.27    | \$9,159.24     | 3                                  |
| Pest Control                  |             | \$238.00    |             | \$238.00    | \$300.00    | \$238.00    |              | \$238.00    | \$238.00     |             | \$238.00     | \$238.00    | \$1,966.00     | 4                                  |
| Street Sweeping               | \$263.00    | \$263.00    | \$263.00    | \$263.00    | \$263.00    | \$263.00    | \$263.00     | \$263.00    | \$263.00     | \$263.00    | \$263.00     | \$263.00    | \$3,156.00     | 4                                  |
| Pool Service and Supply       | \$811.88    |             | \$673.00    | \$673.00    | \$920.89    | \$578.00    | \$2,839.00   | \$814.03    | \$261.91     | \$1,750.78  | \$703.00     | \$608.00    | \$10,633.49    | 4                                  |
| Janitorial / sanitize         | \$500.00    | \$400.00    |             |             |             |             |              |             |              |             |              |             | \$900.00       | 4                                  |
| Repairs Well                  |             |             |             |             |             |             |              |             |              |             | \$1,300.00   |             | \$1,300.00     | 4                                  |
| Repairs Gate                  | \$125.00    | \$375.00    | \$125.00    | \$125.00    |             | \$125.00    | \$400.00     | \$850.00    | \$153.75     | \$400.00    |              | \$125.00    | \$2,803.75     | 4                                  |
| Repairs Streets               |             |             |             |             |             |             |              |             |              |             |              | \$10,400.00 | \$10,400.00    | 4                                  |
| Repairs Electric              |             |             |             |             |             |             | \$4,611.40   |             |              |             |              |             | \$4,611.40     | 4                                  |
| Repairs Manager's unit        |             | \$1,410.00  |             | \$6,010.00  |             |             | \$171.19     |             |              |             |              |             | \$7,591.19     | 4                                  |
| Landscaping                   |             |             |             |             | \$74.89     |             | \$128.66     |             |              | \$20,095.00 | \$6,695.00   | \$6,695.00  | \$33,688.55    | 4                                  |
| Equipment                     |             |             |             |             | \$3,989.88  | \$3,403.91  |              | \$1,353.59  |              |             |              |             | \$8,747.38     | 4                                  |
| Supplies Maintenance / Office | \$617.52    |             | \$2,835.13  | \$1,718.11  | \$657.89    | \$2,820.04  | \$949.77     | \$1,877.52  | \$568.63     | \$490.56    | \$419.55     | \$74.16     | \$13,028.88    | 6                                  |
| Supplies Lake                 |             | \$1,014.24  | \$983.10    | \$334.03    |             | \$1,422.30  | \$1,422.30   | \$1,422.30  | \$1,422.30   | \$627.85    | \$334.03     |             | \$8,982.45     | 6                                  |
| Water                         |             | \$25.74     | \$11.98     | \$19.91     |             |             |              |             |              |             |              |             | \$57.63        | 6                                  |
| Uniforms                      |             | \$181.78    | \$261.95    | \$229.27    | \$180.80    | \$180.80    | \$354.91     | \$180.80    | \$187.32     | \$357.42    | \$140.00     | \$140.00    | \$2,395.05     | 6                                  |
| Insurance                     |             |             |             |             |             |             | \$64,375.99  |             |              |             |              |             | \$64,375.99    | 7                                  |
| Licenses                      | \$6,800.00  | \$671.20    |             |             |             |             |              | \$1,707.00  | \$4,505.39   |             | \$42,070.64  | \$6,652.00  | \$62,406.23    | 8                                  |
| Reserve                       | \$1,134.00  | \$1,134.00  | \$1,134.00  | \$1,134.00  | \$1,134.00  | \$1,134.00  | \$99.00      | \$1,134.00  | \$1,134.00   | \$1,134.00  | \$1,134.00   | \$1,134.00  | \$12,573.00    | 9                                  |
| Bank Fees / Returned cks      | \$27.00     | \$27.00     | \$27.00     | \$15.00     | \$15.00     | \$39.00     | \$27.00      | \$15.00     | \$15.00      | \$27.00     | \$15.00      | \$15.00     | \$264.00       | 13                                 |
| Vehicle Expense               |             |             |             |             |             |             | \$1,804.76   |             | \$1,737.88   | \$156.00    |              | \$20.00     | \$3,718.64     | 13                                 |
| Resident Activities / HOA     |             |             |             |             | \$1,250.00  |             |              |             |              |             | \$2,250.00   |             | \$3,500.00     | 13                                 |
| Security Service              |             |             | \$284.85    |             | \$284.85    |             |              | \$284.85    |              | \$284.85    |              |             | \$1,139.40     | 13                                 |
| TV Sevice Clubhouse           | \$105.86    | \$114.93    | \$114.92    | \$114.92    | \$114.92    | \$114.92    | \$114.92     | \$114.92    | \$114.92     | \$114.92    | \$57.62      | \$266.48    | \$1,464.25     | 13                                 |
| Total Expenses                | \$8,578.52  | \$3,053.96  | \$5,253.16  | \$3,450.32  | \$5,977.57  | \$9,000.05  | \$69,033.73  | \$7,690.21  | \$9,570.52   | \$2,792.83  | \$44,113.22  | \$8,035.16  | \$1,537,986.44 |                                    |



**NET OPERATING INCOME (NOI) ADJUSTMENT APPLICATION****Form 16B F70 Capital Improvements****Property Information**Park Name: Laguna Vista MHCProject Address: 276 N. El Camino Real, Oceanside, CA 92058

“Capital Improvement” means the installation of new improvements and facilities and/or the replacement or reconstruction of existing improvements and facilities which consist of more than ordinary maintenance or repairs, which have been consented to by the majority (fifty-one percent) of the rental spaces in the manufactured home park and required to maintain the common facilities and areas of the park in a decent, safe and sanitary condition or to maintain the existing level of park amenities and services. Applications for capital improvements are governed by Chapter 16B.14.a.10 and the Administrative Procedural Guidelines, Section 5.03(f) and (g).

1. Provide a detailed written description of the capital improvement and itemized summary of the calculation of the capital improvement and applicable financing to be included as part of the operating expenditures. Attach additional sheets as necessary and provide all supporting documentation such as: loan agreements, financing arrangements, contractor invoices and payments, equipment rental fees, etc. and label as “NOI Capital Improvements Section 1” (sequentially numbered with bates numbers or other similar numbering system).

[Click or tap here to enter text.](#)

| ITEM  | EXPENSE     |
|---|-------------|
| Installation of new Hitachi 10hp deluxe control box with new pump saver and current transformer. (plus shipping for parts)<br>This is a replacement pump for the lake which assists with irrigation for the common area. The invoice from American Drilling and Pump Service was included with the Application expense documentation (page 185). This item was paid for directly by the Park. | \$2,494.58  |
| Asphalt removal and replacement. This was a necessary capital improvement to sections of the common area streets required by the Park's lender. The invoice from International Paving Services, Inc. was included with the Application expense documentation (page 199). This item was paid for directly by the Park.   | \$86,410.00 |
|   | \$          |
|   | \$          |

A-50

**NET OPERATING INCOME (NOI) ADJUSTMENT APPLICATION****Form 16B F70 Capital Improvements**

| ITEM   | EXPENSE     |
|--|-------------|
|  | \$          |
| Estimated cost of financing:                   | \$ N/A      |
| Total overall cost of the capital improvement: | \$88,904.58 |

Finance term (if applicable):

[Click or tap here to enter text.](#) Year(s), [Click or tap here to enter text.](#) Month(s)

Attach additional sheets as necessary and provide all supporting documentation such as: loan agreements, financing arrangements, contractor invoices and payments, equipment rental fees, etc. and label as "NOI Capital Improvements Section 1" (sequentially numbered with bates numbers or other similar numbering system).

## 2. Amortization Period [CHECK APPLICABLE BOX]:

☒ Amortization Period:

5 Years

☐ Other Amortization Period:[Click or tap here to enter text.](#) Years

(If you use this alternative, you must attach all expert documentation supporting the alternative amortization period, and label as "NOI Capital Improvements Section 2" (sequentially numbered with bates numbers or other similar numbering system).

## 3. Did the Park Owner perform any maintenance which consists of more than ordinary maintenance or repairs to minimize or avoid the need for replacement or reconstruction of this Capital Improvement?

☐ Yes ☐ No ☒ N/A This work was completed within the first year of the Park Owner's acquisition of the park property. It is unknown what work the prior owner performed. Also, it is unclear what is meant by "more than ordinary maintenance".

If "Yes", provide a detailed explanation of maintenance or repairs (year, description). Attach additional sheets as necessary and provide all supporting documentation labeled as "NOI Capital Improvements Section 2" (sequentially numbered with bates numbers or other similar numbering system).

[Click or tap here to enter text.](#)

A-52

## 4. If the Park Owner used his/her own funds to pay for the capital improvement please explain how the financing cost was determined, including but not limited to the interest rate used, term and any other factors. Attach all supporting documentation, and label as "NOI Capital Improvements Section 3" (sequentially numbered with bates numbers or other similar numbering system).

If any capital improvement is amortized the expense should include interest. A standard interest rate used by other cities for capital expenses is the current Freddie Mac thirty year fixed rate plus one percent (1%).



**NET OPERATING INCOME (NOI) ADJUSTMENT APPLICATION**

**Form 16B F70 Capital Improvements**

5. Did the Park Owner use any proceeds/reimbursement funds from an insurance company for the Capital Improvements included in the application? If yes, these expenses are not eligible for inclusion in the NOI application.

☐ Yes ☒ No

6. Did the Park Owner receive written consent from one adult in at least 50% of the park's rental spaces? Please attach all written consent forms received from park residents supporting more than 50% of the rental spaces, and label as "NOI Capital Improvements Section 6" (sequentially numbered with bates numbers or other similar numbering system).

☐ Yes ☐ No ☒ N/A Pursuant to Oceanside Municipal Code 16B.14(10) the Park Owner is not required to consult with and obtain approval from the residents for "*necessary capital improvements*" which are "*an improvement required to maintain the common facilities in a decent safe and sanitary condition or to maintain the existing level of park amenities and services*".

A-52

All American Drilling and Pump Service  
23857 Old Wagon Road  
Escondido, CA 92027 US  
760-470-1655  
jamesmcginnis17@gmail.com

(LO)

# Invoice

BILL TO  
Laguna Vista MHC LLC  
276 El Camino Real  
Oceanside, CA 92003

| INVOICE # | DATE       | TOTAL DUE  | DUE DATE   | TERMS          | ENCLOSED |
|-----------|------------|------------|------------|----------------|----------|
| 1182      | 07/10/2021 | \$2,594.58 | 08/01/2021 | Due on receipt |          |

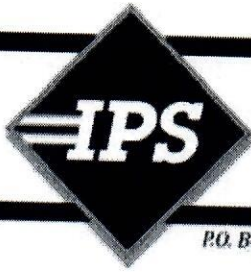
| SERVICE                   | DESCRIPTION   | QTY | RATE     | AMOUNT   |
|---------------------------|---|-----|----------|----------|
| Pump Installation/Repairs | Installation of new Hitachi 10hp deluxe control box with new pump saver and current transformer | 1   | 2,454.58 | 2,454.58 |
| Pump Installation/Repairs | Overnight Shipping for parts  | 1   | 140.00   | 140.00   |

BALANCE DUE

**\$2,594.5**

PW # 1184  
7-12-21

A-53



# INTERNATIONAL PAVING SERVICES, INC.

PAVING GRADING CONCRETE  
SEAL COATING STRIPING ADA COMPLIANCE

P.O. Box 10458, San Bernardino, CA 92423-0458 - (909) 794-2101 - 1 (800) 826-4163 - Fax (909) 794-7098

## PROPOSAL SUBMITTED TO:

MHC Management Inc.  
4115 Blackhawk Plaza Circe  
Suite 100  
Danville, CA 94506

ATTENTION Mike Ali

PHONE 925 549 0400 FAX

E-MAIL mali@mhcmnc.com

## JOB INFORMATION:

Laguna Vista Estates  
276 N. El Camino Real  
Oceanside, CA 92058

DESCRIPTION Concrete/Asphalt/crackfill/seal/stripe

PHONE 925 549 0400

EST# IPS41258 Date 11/1/2021

We hereby submit specifications and estimates and propose to furnish the labor, materials and equipment necessary to complete the following items of work as listed below.

| ITEM # | EST. QTY. | UNIT | DESCRIPTION  | UNIT PRICE | TOTAL      |
|--------|-----------|------|--|------------|------------|
| 1      | 615       | SF   | <b>Concrete Repairs</b><br>Sawcut, demo, and haul off deteriorating existing concrete spandrels. Form and pour 6" thick 3250 psi concrete with #4 rebar, 18" on center in both directions dowelled into adjacent concrete. In five(5) locations.   |            | \$9,650.00 |
| 2      | 38520     | SF   | <b>Asphalt Grind &amp; Overlay</b><br>Grind existing cracked and deteriorating asphalt to a depth of 1.5" and haul away all debris to an approved dump site. Pave back with 1.5" of a 1/2" PG 64-10 Hot Asphaltic Concrete Mix with Forta-Fi added. Machine roll for maximum compaction and strength.<br><br>Main drive way and one other location 26 x 70.<br><br>Note - Will not grind where gate loops are located just overlay over the top unless option is accepted to replace gate. |            |            |

- Existing oil deposits will be treated prior to sealing but adhesion can not be guaranteed.
- Not responsible for human and animal tracking either of sealed or adjacent surfaces.
- Not responsible for reflective cracking, when paving over existing cracked or broken asphalt.
- Crack filling does not imply total crack elimination.
- Not responsible for existing grades or previous engineering related to drainage.
- Not responsible for back-fill or compaction accomplished by others.
- Engineering, testing, inspection and permit fees not included.

## TERMS: 100% DUE UPON PRESENTATION OF INVOICE

In the event repairs are necessary, 10% retention may be held until completion of repairs or a maximum of 30 days.

ACCEPTANCE OF PROPOSAL: I/We accept this proposal and agree to pay the said amount in accordance with the terms set forth. All of the terms and conditions on the reverse side are incorporated herein and made a part hereof.

SIGNATURE Mike Ali DATE OF ACCEPTANCE 11/2/2021

PRINT NAME MIKE ALI

Please check appropriate box: ☒ OWNER ☐ OWNERS AGENT WITH OWNERS KNOWLEDGE

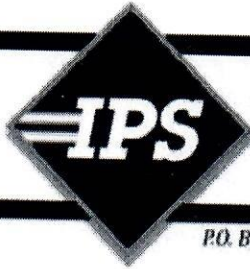
Submitted for International Paving Services

BY Jim Wheeler

SIGNATURE \_\_\_\_\_

A-54





# INTERNATIONAL PAVING SERVICES, INC.

PAVING GRADING CONCRETE  
SEAL COATING STRIPING ADA COMPLIANCE

P.O. Box 10458, San Bernardino, CA 92423-0458 - (909) 794-2101 - 1 (800) 826-4163 - Fax (909) 794-7098

## PROPOSAL SUBMITTED TO:

MHC Management Inc.  
4115 Blackhawk Plaza Circe  
Suite 100  
Danville, CA 94506

ATTENTION Mike Ali

PHONE 925 549 0400 FAX

E-MAIL mali@mhcminc.com

## JOB INFORMATION:

Laguna Vista Estates  
276 N. El Camino Real  
Oceanside, CA 92058

DESCRIPTION Concrete/Asphalt/crackfill/seal/stripe

PHONE 925 549 0400

EST# IPS41258 Date 11/1/2021

We hereby submit specifications and estimates and propose to furnish the labor, materials and equipment necessary to complete the following items of work as listed below.

| ITEM #                             | EST. QTY. | UNIT | DESCRIPTION   | UNIT PRICE | TOTAL       |
|------------------------------------|-----------|------|---|------------|-------------|
| 3                                  | 200       | SF   | <b>Asphalt Remove &amp; Replace</b><br>Saw cut and excavate and haul off existing 3" of broken and deteriorated asphalt to an approved dumpsite. Prepare subgrade, apply tack coat to vertical edges and pave with 3" of a 1/2" Hot Asphaltic Concrete mix. These are 2' wide sections in three(3) locations.<br><br>Also includes patch back to concrete work. |            |             |
| 4                                  | 1         | LS   |   |            |             |
| 5                                  |           |      | <b>Striping</b><br>Restripe to original layout including onsite directional markings: handicap stall & crosshatched pedestrian ways. One coat of state approved water-based paint.<br>Note: For areas of repair only.   |            |             |
| <b>Total for lines 2 &amp; 3 -</b> |           |      |   |            | \$86,410.00 |
|                                    |           |      |   |            | \$750.00    |

- Existing oil deposits will be treated prior to sealing but adhesion can not be guaranteed.
- Not responsible for human and animal tracking either of sealed or adjacent surfaces.
- Not responsible for reflective cracking, when paving over existing cracked or broken asphalt.
- Crack filling does not imply total crack elimination.
- Not responsible for existing grades or previous engineering related to drainage.
- Not responsible for back-fill or compaction accomplished by others.
- Engineering, testing, inspection and permit fees not included.

ACCEPTANCE OF PROPOSAL: I/We accept this proposal and agree to pay the said amount in accordance with the terms set forth. All of the terms and conditions on the reverse side are incorporated herein and made a part hereof.

SIGNATURE Mike Ali

DATE OF ACCEPTANCE 11/2/2021

PRINT NAME MIKE ALI

Please check appropriate box: ☒ OWNER ☐ OWNERS AGENT WITH OWNERS KNOWLEDGE

## TERMS: 100% DUE UPON PRESENTATION OF INVOICE

In the event repairs are necessary, 10% retention may be held until completion of repairs or a maximum of 30 days.

Submitted for International Paving Services

BY Jim Wheeler

SIGNATURE \_\_\_\_\_

A-55

**Exhibit B:**  
**Definitions of Gross Income & Operating Expenses**

- Chapter 16B.13. of the Ordinance and Section 5.02 of the Guidelines specify that **gross income** must include the following:
  - Gross space rental income based on 100% occupancy less uncollected space rents due to vacancy and bad debts beyond the owner's control;
    - Note that uncollected space rents in excess of 3% of gross space rents generally shall be presumed to be unreasonable and shall not be deducted from gross space rental income.
    - Note that gross space rental income includes space rent income generated from spaced in the park that are exempt from rent control pursuant to Civil Code Section 798.17.
  - All other income generated from park operation (e.g., laundry, recreational vehicle storage, and charges for facilities, amenities, cleaning, repair, and fines); and
  - For parks in which the owner bills residents individually for utilities, the revenue received by the owner from the sale of these utilities to residents after deducting the amount the owner paid to the respective utility companies.
- Chapter 16B.14. of the Ordinance and Sections 5.03 of the Guidelines specify that **operating expenses** must include the following:
  - Real property taxes and assessments;
  - Utility costs included in space rent;
  - Management expenses, including but not limited to compensation of administrative personnel, reasonable and necessary advertising to ensure park occupancy only, accounting services, and legal expenses unrelated to legal proceedings against the Commission or the City;
  - Normal repair and maintenance expenses for the grounds and common facilities, including but not limited to landscaping, cleaning, and repair of equipment of facilities;
  - Limited owner-performed labor in operating and/or maintaining the park;
  - Operating supplies, including but not limited to janitorial supplies, gardening supplies, and stationery;
  - Insurance premiums prorated over the life of the policy;
  - Other taxes, fees, and permits related to operation of the park;
  - Deposits to a reserve for replacement of necessary capital improvements up to 5% of gross income;
  - Necessary capital improvement costs exceeding replacement reserves;
    - A "necessary capital improvement" is defined as an improvement required to maintain the common facilities and areas of the park in a decent, safe, and sanitary condition or to maintain the existing level of park amenities and services.
    - Any capital improvement must be amortized over the reasonable life of the improvement, or as approved by the Commission.

- Certain expenses related to involuntary refinancing of mortgage or debt principal; and
- Increases in rental payments made on leases of land entered into on or before the space rent ceiling.



**CPI for All Urban Consumers (CPI-U)**  
**Original Data Value**

**Series Id:** CUURS49EAA0  
**Not Seasonally Adjusted**  
**Series Title:** All items - old base in San Diego-Carlsbad, CA, all  
**Area:** San Diego-Carlsbad, CA  
**Item:** All items - old base  
**Base Period:** 1967=100  
**Years:** 1984 to 2022

| Year | Jan      | Feb | Mar      | Apr | May      | Jun | Jul      | Aug | Sep      | Oct | Nov      | Dec | Annual   | HALF1    | HALF2    |
|------|----------|-----|----------|-----|----------|-----|----------|-----|----------|-----|----------|-----|----------|----------|----------|
| 1984 | 346.2    |     | 349.3    |     | 353.0    |     | 351.3    |     | 357.1    |     | 363.7    |     | 354.2    | 349.9    | 358.4    |
| 1985 | 364.1    |     | 369.2    |     | 372.1    |     | 372.8    |     | 377.3    |     | 379.0    |     | 373.2    | 369.2    | 377.1    |
| 1986 | 381.9    |     | 379.2    |     | 382.8    |     | 383.1    |     | 385.9    |     | 387.5    |     | 383.7    | 381.4    | 386.1    |
| 1987 |          |     |          |     |          |     |          |     |          |     |          |     | 397.2    | 394.2    | 400.2    |
| 1988 |          |     |          |     |          |     |          |     |          |     |          |     | 417.3    | 412.2    | 422.5    |
| 1989 |          |     |          |     |          |     |          |     |          |     |          |     | 441.5    | 435.8    | 447.3    |
| 1990 |          |     |          |     |          |     |          |     |          |     |          |     | 467.9    | 461.6    | 474.3    |
| 1991 |          |     |          |     |          |     |          |     |          |     |          |     | 484.9    | 480.8    | 489.1    |
| 1992 |          |     |          |     |          |     |          |     |          |     |          |     | 498.4    | 497.1    | 499.6    |
| 1993 |          |     |          |     |          |     |          |     |          |     |          |     | 509.4    | 508.7    | 510.0    |
| 1994 |          |     |          |     |          |     |          |     |          |     |          |     | 522.3    | 521.6    | 522.9    |
| 1995 |          |     |          |     |          |     |          |     |          |     |          |     | 530.2    | 528.6    | 531.9    |
| 1996 |          |     |          |     |          |     |          |     |          |     |          |     | 544.0    | 540.4    | 547.6    |
| 1997 |          |     |          |     |          |     |          |     |          |     |          |     | 553.6    | 553.5    | 553.7    |
| 1998 |          |     |          |     |          |     |          |     |          |     |          |     | 564.3    | 561.2    | 567.5    |
| 1999 |          |     |          |     |          |     |          |     |          |     |          |     | 584.4    | 580.7    | 588.2    |
| 2000 |          |     |          |     |          |     |          |     |          |     |          |     | 618.2    | 608.2    | 628.2    |
| 2001 |          |     |          |     |          |     |          |     |          |     |          |     | 646.6    | 642.6    | 650.6    |
| 2002 |          |     |          |     |          |     |          |     |          |     |          |     | 669.0    | 661.8    | 676.3    |
| 2003 |          |     |          |     |          |     |          |     |          |     |          |     | 694.1    | 689.2    | 698.9    |
| 2004 |          |     |          |     |          |     |          |     |          |     |          |     | 719.5    | 714.6    | 724.5    |
| 2005 |          |     |          |     |          |     |          |     |          |     |          |     | 745.9    | 738.0    | 753.7    |
| 2006 |          |     |          |     |          |     |          |     |          |     |          |     | 771.5    | 766.5    | 776.4    |
| 2007 |          |     |          |     |          |     |          |     |          |     |          |     | 788.930  | 784.022  | 793.838  |
| 2008 |          |     |          |     |          |     |          |     |          |     |          |     | 819.334  | 819.765  | 818.902  |
| 2009 |          |     |          |     |          |     |          |     |          |     |          |     | 819.189  | 814.507  | 823.872  |
| 2010 |          |     |          |     |          |     |          |     |          |     |          |     | 829.989  | 825.858  | 834.120  |
| 2011 |          |     |          |     |          |     |          |     |          |     |          |     | 855.165  | 853.615  | 856.715  |
| 2012 |          |     |          |     |          |     |          |     |          |     |          |     | 868.864  | 867.769  | 869.959  |
| 2013 |          |     |          |     |          |     |          |     |          |     |          |     | 880.211  | 875.607  | 884.815  |
| 2014 |          |     |          |     |          |     |          |     |          |     |          |     | 896.536  | 896.895  | 896.178  |
| 2015 |          |     |          |     |          |     |          |     |          |     |          |     | 911.045  | 903.977  | 918.113  |
| 2016 |          |     |          |     |          |     |          |     |          |     |          |     | 928.954  | 921.839  | 936.069  |
| 2017 |          |     |          |     |          |     |          |     |          |     | 966.920  |     | 956.951  | 952.043  | 961.858  |
| 2018 | 974.935  |     | 983.316  |     | 978.018  |     | 998.109  |     | 1000.469 |     | 993.623  |     | 989.190  | 980.834  | 997.546  |
| 2019 | 1000.058 |     | 1005.012 |     | 1015.415 |     | 1012.135 |     | 1017.886 |     | 1019.532 |     | 1012.473 | 1008.125 | 1016.821 |
| 2020 | 1023.062 |     | 1023.146 |     | 1018.846 |     | 1033.363 |     | 1029.416 |     | 1035.810 |     | 1027.685 | 1021.288 | 1034.082 |
| 2021 | 1040.388 |     | 1065.230 |     | 1072.350 |     | 1095.225 |     | 1096.011 |     | 1103.731 |     | 1081.211 | 1062.684 | 1099.738 |
| 2022 | 1125.942 |     | 1149.144 |     | 1161.486 |     | 1174.876 |     | 1185.894 |     | 1177.186 |     | 1164.575 | 1149.258 | 1179.892 |

Table 2 (2019 - 2020 Weights). Relative importance of components in the Consumer Price Indexes: Selected Metropolitan areas, December 2021 (Cities normally published in November)

[Percent of all items]

| Indent Level | Item and Group                               | Boston-Cambridge-Newton, MA-NH |         | Dallas-Fort Worth-Arlington, TX |         | Denver-Aurora-Lakewood, CO |         | Minneapolis-St Paul-Bloomington, MN-WI |         | Riverside-San Bernardino-Ontario, CA |         | San Diego-Carlsbad, CA |         | Tampa-St. Petersburg-Clearwater, FL |         | Urban Hawaii |         | Washington-Arlington-Alexandria, DC-VA-MD-WV |         |
|--------------|--|--------------------------------|---------|---------------------------------|---------|----------------------------|---------|--|---------|--------------------------------------|---------|------------------------|---------|-------------------------------------|---------|--------------|---------|--|---------|
|              |  | CPI-U                          | CPI-W   | CPI-U                           | CPI-W   | CPI-U                      | CPI-W   | CPI-U                                  | CPI-W   | CPI-U                                | CPI-W   | CPI-U                  | CPI-W   | CPI-U                               | CPI-W   | CPI-U        | CPI-W   | CPI-U  | CPI-W   |
| 0            | Expenditure category                         |                                |         |                                 |         |                            |         |  |         |                                      |         |                        |         |                                     |         |              |         |  |         |
| 0            | All items                                    | 100.000                        | 100.000 | 100.000                         | 100.000 | 100.000                    | 100.000 | 100.000                                | 100.000 | 100.000                              | 100.000 | 100.000                | 100.000 | 100.000                             | 100.000 | 100.000      | 100.000 | 100.000                                      | 100.000 |
| 1            | Food and beverages                           | 12.235                         | 14.583  | 11.395                          | 13.459  | 12.505                     | 14.317  | 14.226                                 | 16.780  | 13.764                               | 12.181  | 13.840                 | 15.539  | 14.638                              | 12.432  | 14.614       | 14.590  | 13.927                                       | 16.412  |
| 2            | Food   | 11.404                         | 13.650  | 10.638                          | 12.770  | 11.490                     | 13.573  | 12.928                                 | 15.005  | 13.158                               | 11.721  | 12.653                 | 14.712  | 13.621                              | 11.746  | 13.812       | 14.005  | 13.058                                       | 15.722  |
| 3            | Food at home                                 | 7.096                          | 8.548   | 5.955                           | 7.729   | 6.595                      | 7.503   | 7.784                                  | 8.973   | 7.746                                | 7.047   | 6.798                  | 7.609   | 7.699                               | 7.261   | 8.443        | 8.422   | 7.473  | 9.641   |
| 3            | Food away from home                          | 4.308                          | 5.102   | 4.683                           | 5.041   | 4.895                      | 6.070   | 5.144                                  | 6.032   | 5.411                                | 4.674   | 5.855                  | 7.103   | 5.923                               | 4.485   | 5.369        | 5.582   | 5.585  | 6.081   |
| 3            | Alcoholic beverages                          | 0.831                          | 0.933   | 0.757                           | 0.689   | 1.015                      | 0.744   | 1.298                                  | 1.775   | 0.607                                | 0.460   | 1.187                  | 0.827   | 1.017                               | 0.686   | 0.802        | 0.585   | 0.869  | 0.690   |
| 1            | Housing                                      | 45.897                         | 43.965  | 46.839                          | 45.440  | 44.651                     | 43.603  | 41.020                                 | 37.855  | 44.449                               | 41.837  | 46.260                 | 41.591  | 43.789                              | 41.303  | 50.375       | 48.896  | 44.645                                       | 40.495  |
| 2            | Shelter                                      | 37.270                         | 35.893  | 36.758                          | 35.166  | 36.291                     | 36.157  | 31.866                                 | 28.623  | 35.100                               | 33.107  | 38.457                 | 34.442  | 35.069                              | 32.752  | 42.297       | 40.100  | 34.851                                       | 32.330  |
| 3            | Rent of primary residence                    | 9.592                          | 14.018  | 9.317                           | 11.778  | 8.325                      | 13.922  | 5.539                                  | 6.126   | 8.502                                | 12.454  | 10.994                 | 17.647  | 6.691                               | 8.836   | 11.706       | 11.410  | 6.289  | 9.597   |
| 3            | Owners' equivalent rent of residences        | 26.109                         | 20.995  | 26.038                          | 22.459  | 26.717                     | 21.175  | 24.772                                 | 21.464  | 25.818                               | 19.993  | 26.104                 | 15.831  | 26.943                              | 23.126  | 29.177       | 28.054  | 27.120                                       | 21.924  |
| 4            | Owners' equivalent rent of primary residence | 24.344                         | 19.034  | 25.173                          | 22.065  | 25.728                     | 20.528  | 22.329                                 | 20.894  | 25.357                               | 19.768  | 25.598                 | 15.611  | 25.807                              | 22.449  | 28.376       | 27.598  | 25.777                                       | 21.103  |
| 2            | Fuels and utilities                          | 4.432                          | 4.386   | 5.766                           | 5.810   | 3.468                      | 3.704   | 3.920                                  | 4.446   | 5.530                                | 5.368   | 3.294                  | 3.583   | 4.218                               | 4.887   | 4.838        | 5.331   | 3.622  | 4.276   |
| 3            | Household energy                             | 3.844                          | 3.992   | 4.208                           | 4.303   | 2.470                      | 2.625   | 3.005                                  | 3.482   | 3.884                                | 3.837   | 2.271                  | 2.660   | 3.038                               | 3.613   | 3.127        | 3.403   | 2.716  | 3.161   |
| 4            | Energy services                              | 3.066                          | 3.433   | 4.125                           | 4.277   | 2.427                      | 2.597   | 2.894                                  | 3.321   | 3.840                                | 3.805   | 2.218                  | 2.637   | 2.960                               | 3.568   | 3.069        | 3.372   | 2.561  | 3.066   |
| 5            | Electricity                                  | 1.982                          | 2.347   | 3.409                           | 3.710   | 1.490                      | 1.668   | 1.474                                  | 1.811   | 2.917                                | 2.879   | 1.698                  | 2.019   | 2.865                               | 3.454   | 2.927        | 3.242   | 1.831  | 2.490   |
| 5            | Utility (piped) gas service                  | 1.084                          | 1.086   | 0.716                           | 0.566   | 0.936                      | 0.929   | 1.420                                  | 1.510   | 0.923                                | 0.926   | 0.520                  | 0.618   | 0.096                               | 0.114   | 0.142        | 0.130   | 0.730  | 0.575   |
| 2            | Household furnishings and operations         | 4.196                          | 3.687   | 4.315                           | 4.464   | 4.892                      | 3.742   | 5.235                                  | 4.786   | 3.818                                | 3.363   | 4.509                  | 3.565   | 4.503                               | 3.664   | 3.240        | 3.465   | 6.172  | 3.889   |
| 1            | Apparel                                      | 2.155                          | 4.225   | 2.333                           | 1.848   | 2.226                      | 3.376   | 2.998                                  | 3.954   | 2.098                                | 2.511   | 2.933                  | 4.072   | 1.855                               | 1.762   | 1.591        | 1.952   | 2.978  | 1.659   |
| 1            | Transportation                               | 14.955                         | 18.269  | 16.751                          | 19.117  | 17.608                     | 18.355  | 16.308                                 | 18.293  | 22.372                               | 27.088  | 16.481                 | 20.048  | 18.092                              | 24.806  | 14.503       | 17.269  | 15.146                                       | 21.331  |
| 2            | Private transportation                       | 14.020                         | 17.294  | 15.913                          | 18.503  | 16.591                     | 17.646  | 15.165                                 | 17.695  | 21.733                               | 26.221  | 15.328                 | 19.495  | 17.206                              | 24.320  | 13.271       | 16.437  | 14.109                                       | 20.656  |
| 3            | Motor fuel                                   | 2.648                          | 3.375   | 4.227                           | 5.022   | 3.019                      | 3.490   | 3.162                                  | 4.831   | 6.712                                | 8.253   | 3.722                  | 5.378   | 3.825                               | 4.986   | 3.487        | 5.124   | 2.700  | 4.635   |
| 4            | Gasoline (all types)                         | 2.636                          | 3.373   | 4.138                           | 4.973   | 2.908                      | 3.352   | 3.120                                  | 4.803   | 6.578                                | 8.159   | 3.645                  | 5.295   | 3.773                               | 4.979   | 5.113        | 2.668   | 4.628  |         |
| 1            | Medical care                                 | 8.087                          | 6.099   | 8.644                           | 7.327   | 7.345                      | 6.827   | 9.393                                  | 9.244   | 5.812                                | 4.545   | 5.991                  | 5.169   | 8.749                               | 6.952   | 6.831        | 6.251   | 8.410  | 6.234   |
| 1            | Recreation                                   | 4.370                          | 4.208   | 4.361                           | 4.455   | 6.343                      | 5.048   | 5.357                                  | 4.743   | 4.003                                | 3.536   | 5.818                  | 5.105   | 4.946                               | 4.057   | 3.722        | 3.102   | 5.522  | 4.582   |
| 1            | Education and communication                  | 9.877                          | 5.703   | 6.982                           | 5.840   | 7.004                      | 5.871   | 7.337                                  | 6.639   | 4.686                                | 5.021   | 6.140                  | 5.681   | 5.182                               | 5.070   | 6.329        | 6.012   | 6.683  | 6.912   |
| 1            | Other goods and services                     | 2.422                          | 2.947   | 2.696                           | 2.514   | 2.319                      | 2.603   | 3.359                                  | 2.490   | 2.816                                | 3.280   | 2.536                  | 2.797   | 2.747                               | 3.617   | 2.034        | 1.929   | 2.689  | 2.375   |
| 0            | Commodity and service group                  |                                |         |                                 |         |                            |         |  |         |                                      |         |                        |         |                                     |         |              |         |  |         |
| 0            | All items                                    | 100.000                        | 100.000 | 100.000                         | 100.000 | 100.000                    | 100.000 | 100.000                                | 100.000 | 100.000                              | 100.000 | 100.000                | 100.000 | 100.000                             | 100.000 | 100.000      | 100.000 | 100.000                                      | 100.000 |

**PRIMARY MORTGAGE MARKET SURVEY®**  
Summary page with all rate types - U.S. averages

| Week       | U.S.<br>30 yr<br>FRM | 30 yr<br>fees &<br>points | U.S.<br>15 yr<br>FRM | 15 yr<br>fees &<br>points | U.S.<br>5/1<br>ARM | 5/1 ARM<br>fees &<br>points | U.S. 30 yr FRM/<br>5/1 ARM<br>margin | 5/1 ARM<br>spread |
|------------|----------------------|---------------------------|----------------------|---------------------------|--------------------|-----------------------------|--------------------------------------|-------------------|
| 1/6/22     | 3.22                 | 0.70                      | 2.43                 | 0.60                      | 2.41               | 0.50                        | 2.75                                 | 0.81              |
| 1/13/22    | 3.45                 | 0.70                      | 2.62                 | 0.70                      | 2.57               | 0.30                        | 2.75                                 | 0.88              |
| 1/20/22    | 3.56                 | 0.70                      | 2.79                 | 0.60                      | 2.60               | 0.30                        | 2.75                                 | 0.96              |
| 1/27/22    | 3.55                 | 0.70                      | 2.80                 | 0.60                      | 2.70               | 0.20                        | 2.75                                 | 0.85              |
| 2/3/22     | 3.55                 | 0.80                      | 2.77                 | 0.70                      | 2.71               | 0.30                        | 2.76                                 | 0.84              |
| 2/10/22    | 3.69                 | 0.80                      | 2.93                 | 0.80                      | 2.80               | 0.30                        | 2.75                                 | 0.89              |
| 2/17/22    | 3.92                 | 0.80                      | 3.15                 | 0.80                      | 2.98               | 0.30                        | 2.75                                 | 0.94              |
| 2/24/22    | 3.89                 | 0.80                      | 3.14                 | 0.70                      | 2.98               | 0.30                        | 2.75                                 | 0.91              |
| 3/3/22     | 3.76                 | 0.80                      | 3.01                 | 0.80                      | 2.91               | 0.30                        | 2.75                                 | 0.85              |
| 3/10/22    | 3.85                 | 0.80                      | 3.09                 | 0.80                      | 2.97               | 0.30                        | 2.75                                 | 0.88              |
| 3/17/22    | 4.16                 | 0.80                      | 3.39                 | 0.80                      | 3.19               | 0.20                        | 2.75                                 | 0.97              |
| 3/24/22    | 4.42                 | 0.80                      | 3.63                 | 0.80                      | 3.36               | 0.30                        | 2.75                                 | 1.06              |
| 3/31/22    | 4.67                 | 0.80                      | 3.83                 | 0.80                      | 3.50               | 0.30                        | 2.75                                 | 1.17              |
| 4/7/22     | 4.72                 | 0.80                      | 3.91                 | 0.80                      | 3.56               | 0.30                        | 2.75                                 | 1.16              |
| 4/14/22    | 5.00                 | 0.80                      | 4.17                 | 0.90                      | 3.69               | 0.30                        | 2.75                                 | 1.31              |
| 4/21/22    | 5.11                 | 0.80                      | 4.38                 | 0.80                      | 3.75               | 0.30                        | 2.75                                 | 1.36              |
| 4/28/22    | 5.10                 | 0.80                      | 4.40                 | 0.90                      | 3.78               | 0.30                        | 2.75                                 | 1.32              |
| 5/5/22     | 5.27                 | 0.90                      | 4.52                 | 0.80                      | 3.96               | 0.20                        | 2.75                                 | 1.31              |
| 5/12/22    | 5.30                 | 0.90                      | 4.48                 | 0.90                      | 3.98               | 0.30                        | 2.75                                 | 1.32              |
| 5/19/22    | 5.25                 | 0.90                      | 4.43                 | 0.90                      | 4.08               | 0.20                        | 2.75                                 | 1.17              |
| 5/26/22    | 5.10                 | 0.90                      | 4.31                 | 0.80                      | 4.20               | 0.30                        | 2.75                                 | 0.90              |
| 6/2/22     | 5.09                 | 0.80                      | 4.32                 | 0.80                      | 4.04               | 0.30                        | 2.75                                 | 1.05              |
| 6/9/22     | 5.23                 | 0.90                      | 4.38                 | 0.80                      | 4.12               | 0.30                        | 2.75                                 | 1.11              |
| 6/16/22    | 5.78                 | 0.90                      | 4.81                 | 0.90                      | 4.33               | 0.30                        | 2.75                                 | 1.45              |
| 6/23/22    | 5.81                 | 0.80                      | 4.92                 | 0.90                      | 4.41               | 0.30                        | 2.75                                 | 1.40              |
| 6/30/22    | 5.70                 | 0.90                      | 4.83                 | 0.90                      | 4.50               | 0.30                        | 2.75                                 | 1.20              |
| 7/7/22     | 5.30                 | 0.80                      | 4.45                 | 0.80                      | 4.19               | 0.40                        | 2.75                                 | 1.11              |
| 7/14/22    | 5.51                 | 0.80                      | 4.67                 | 0.80                      | 4.35               | 0.20                        | 2.75                                 | 1.16              |
| 7/21/22    | 5.54                 | 0.80                      | 4.75                 | 0.80                      | 4.31               | 0.30                        | 2.75                                 | 1.23              |
| 7/28/22    | 5.30                 | 0.80                      | 4.58                 | 0.80                      | 4.29               | 0.30                        | 2.75                                 | 1.01              |
| 8/4/22     | 4.99                 | 0.80                      | 4.26                 | 0.60                      | 4.25               | 0.30                        | 2.75                                 | 0.74              |
| 8/11/22    | 5.22                 | 0.70                      | 4.59                 | 0.70                      | 4.43               | 0.00                        | 2.75                                 | 0.79              |
| 8/18/22    | 5.13                 | 0.80                      | 4.55                 | 0.70                      | 4.39               | 0.30                        | 2.75                                 | 0.74              |
| 8/25/22    | 5.55                 | 0.80                      | 4.85                 | 0.80                      | 4.36               | 0.40                        | 2.75                                 | 1.19              |
| 9/1/22     | 5.66                 | 0.80                      | 4.98                 | 0.80                      | 4.51               | 0.40                        | 2.75                                 | 1.15              |
| 9/8/22     | 5.89                 | 0.70                      | 5.16                 | 0.80                      | 4.64               | 0.40                        | 2.75                                 | 1.25              |
| 9/15/22    | 6.02                 | 0.80                      | 5.21                 | 0.90                      | 4.93               | 0.20                        | 2.75                                 | 1.09              |
| 9/22/22    | 6.29                 | 0.90                      | 5.44                 | 1.00                      | 4.97               | 0.40                        | 2.75                                 | 1.32              |
| 9/29/22    | 6.70                 | 0.90                      | 5.96                 | 1.30                      | 5.30               | 0.40                        | 2.75                                 | 1.40              |
| 10/6/22    | 6.66                 | 0.80                      | 5.90                 | 1.00                      | 5.36               | 0.30                        | 2.75                                 | 1.30              |
| 10/13/22   | 6.92                 | 0.80                      | 6.09                 | 1.10                      | 5.81               | 0.20                        | 2.75                                 | 1.11              |
| 10/20/22   | 6.94                 | 0.90                      | 6.23                 | 1.10                      | 5.71               | 0.40                        | 2.75                                 | 1.23              |
| 10/27/22   | 7.08                 | 0.80                      | 6.36                 | 1.40                      | 5.96               | 0.30                        | 2.75                                 | 1.12              |
| 11/3/22    | 6.95                 | 0.80                      | 6.29                 | 1.20                      | 5.95               | 0.20                        | 2.75                                 | 1.00              |
| 11/10/22   | 7.08                 | 0.90                      | 6.38                 | 1.00                      | 6.06               | 0.20                        | 2.75                                 | 1.02              |
| 11/17/2022 | 6.61                 |                           | 5.98                 |                           |                    |                             |                                      |                   |
| 11/23/2022 | 6.58                 |                           | 5.90                 |                           |                    |                             |                                      |                   |
| 12/1/2022  | 6.49                 |                           | 5.76                 |                           |                    |                             |                                      |                   |
| 12/8/2022  | 6.33                 |                           | 5.67                 |                           |                    |                             |                                      |                   |

|            |      |      |
|------------|------|------|
| 12/15/2022 | 6.31 | 5.54 |
| 12/22/2022 | 6.27 | 5.69 |
| 12/29/2022 | 6.42 | 5.68 |
| 1/5/2023   | 6.48 | 5.73 |
| 1/12/2023  | 6.33 | 5.52 |
| 1/19/2023  | 6.15 | 5.28 |
| 1/26/2023  | 6.13 | 5.17 |

*Although Freddie Mac attempts to provide reliable, useful information in this document Freddie Mac does not guarantee that the information is accurate, current or suitable for any particular purpose. Estimates contained in this document are those of Freddie Mac currently and are subject to change without notice.*

*Information from this document may be used with proper attribution. Alteration of this document is strictly prohibited. © 2022 by Freddie Mac.*

**Laguna Vista MHC**  
**Explanation of RSG Corrections to Expenses Included in Application**  
**(Compared to Applicant's Reported Expense Total of \$1,537,986.44**  
**as of 2/10/2023)**

**2021 OPERATING EXPENSES**

1. Gross Utility Costs – Gas/Electric (Category 2). Decreased \$731.51. The applicant included \$731.51 of expenses for which proof of payment documentation was not provided. Accordingly, RSG excluded these expenses from our NOI Adjustment calculation.
2. Gross Utility Costs – Telephone (Category 2). Decreased \$9.70. The applicant reported an expense of \$320.79, but the proof of payment documentation supported only \$311.09. Accordingly, RSG excluded the remaining \$9.70 from our NOI Adjustment calculation.
3. Maintenance & Repairs – Street Repairs (Category 4). Decreased \$750.00. The applicant reports \$10,400.00 of expenses related to \$9,650.00 of concrete repairs and \$750.00 of asphalt striping expenses. RSG excluded the \$750.00 of asphalt striping expenses, because this work was done as one of the final steps of the asphalt resurfacing work that is being deemed a capital improvement. RSG is including the \$750.00 of asphalt striping expenses in the calculation of the temporary rent increase to reimburse the Park owner for necessary capital improvement expenses.
4. Capital Improvement Reserve (Category 9). Decreased \$12,573.00. The applicant reported \$12,573.00 of capital improvement reserve expenses. Sections 16B.14.(9) and 10 of the Ordinance specifies that allowable operating expenses for the purposes of the Ordinance include deposits to a reserve for replacement of necessary capital improvements and necessary capital improvement costs exceeding reserves for replacements. The owner of Laguna Vista MHC did make deposits to a capital improvement reserve, but the reserve is required by the owner's lender. According to the owner's representative, pursuant to the term of the Park's mortgage, the park owner is required to deposit funds monthly for the life of the loan. The lender will use funds from the reserve account if the lender deems any facilities in need of additional maintenance, repairs, or replacement during their annual park inspection and the park owner fails to complete the work identified. Any funds remaining in the account at the end of the 10-year loan will be released to the Park owner. RSG considers it highly likely that all deposits made to the fund will be eventually released to the Park owner, given that funds will be withdrawn from the reserve only in the event that (1) the lender identifies facilities in need of additional maintenance, repairs, or replacement during their annual park inspection and (2) the park owner fails to complete the work identified in the lender. Note that the Park owner incurred \$89,004.58 of necessary capital improvements, but did not withdraw any funds from the reserve for these expenses. Accordingly, RSG excluded these expenses from our NOI Adjustment calculation. Note

that the Applicant disagrees with RSG's exclusion of these expenses from the NOI Adjustment calculation.

5. Other Qualifying Expenses – Resident Activities/HOA (Category 13). Decreased \$3,500.00. The applicant reported payments of \$3,500.00 to the Homeowners' Association ("HOA") for July 4<sup>th</sup> and year-end holiday parties. These expenses are categorized as gifts on the Park accounting records. Because RSG considers these payments to be gifts to the residents, RSG excluded these expenses from our NOI Adjustment calculation.
6. Other Qualifying Expenses – Clubhouse TV Service (Category 13). Decreased \$6.25. The applicant included a \$266.48 expense, which included a \$6.25 late fee. Accordingly, RSG excluded these expenses from our NOI Adjustment calculation.

---

|   |                      |
|---|----------------------|
| <b>TOTAL RSG <u>DEDUCTED FROM</u> 2021 EXPENSES</b> | <b>(\$17,570.46)</b> |
|---|----------------------|

|  |                       |
|--|-----------------------|
| <b>ALLOWABLE TOTAL 2021 EXPENSES PER RSG</b> | <b>\$1,520,415.98</b> |
|--|-----------------------|

---

# LAGUNA VISTA MOBILE HOME COMMUNITY - RENTS BY SPACE

| Space No. | (A)<br>Rents Approved<br>in July 2021 | (B)<br>2022 Permissive<br>Adjustment (3.90% of A) | (C)<br>NOI Adjustment<br>(4.20% of A) | (D)<br>Total New Rent<br>(A + B + C) |
|-----------|---------------------------------------|---|---------------------------------------|--------------------------------------|
| 1         | \$654.30                              | \$25.52   | \$27.48                               | \$707.30                             |
| 2         | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 3         | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 4         | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 5         | \$540.62                              | \$21.08   | \$22.71                               | \$584.41                             |
| 6         | \$572.50                              | \$22.33   | \$24.05                               | \$618.87                             |
| 7         | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 8         | \$607.43                              | \$23.69   | \$25.51                               | \$656.63                             |
| 9         | \$541.21                              | \$21.11   | \$22.73                               | \$585.05                             |
| 10        | \$679.38                              | \$26.50   | \$28.53                               | \$734.41                             |
| 11        | \$635.01                              | \$24.77   | \$26.67                               | \$686.45                             |
| 12        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 13        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 14        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 15        | \$568.09                              | \$22.16   | \$23.86                               | \$614.11                             |
| 16        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 17        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 18        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 19        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 20        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 21        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 22        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 23        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 24        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 25        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 26        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 27        | \$545.39                              | \$21.27   | \$22.91                               | \$589.57                             |
| 28        | \$591.22                              | \$23.06   | \$24.83                               | \$639.11                             |
| 29        | \$553.96                              | \$21.60   | \$23.27                               | \$598.83                             |
| 30        | \$543.96                              | \$21.21   | \$22.85                               | \$588.02                             |
| 31        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 32        | \$550.27                              | \$21.46   | \$23.11                               | \$594.84                             |
| 33        | \$561.70                              | \$21.91   | \$23.59                               | \$607.20                             |
| 34        | \$561.70                              | \$21.91   | \$23.59                               | \$607.20                             |
| 35        | \$555.78                              | \$21.68   | \$23.34                               | \$600.80                             |
| 36        | \$543.99                              | \$21.22   | \$22.85                               | \$588.05                             |
| 37        | \$625.84                              | \$24.41   | \$26.29                               | \$676.53                             |
| 38        | \$560.10                              | \$21.84   | \$23.52                               | \$605.47                             |
| 39        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 40        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 41        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 42        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 43        | \$552.74                              | \$21.56   | \$23.22                               | \$597.51                             |

# LAGUNA VISTA MOBILE HOME COMMUNITY - RENTS BY SPACE

| Space No. | (A)<br>Rents Approved<br>in July 2021 | (B)<br>2022 Permissive<br>Adjustment (3.90% of A) | (C)<br>NOI Adjustment<br>(4.20% of A) | (D)<br>Total New Rent<br>(A + B + C) |
|-----------|---------------------------------------|---|---------------------------------------|--------------------------------------|
| 44        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 45        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 46        | \$545.39                              | \$21.27   | \$22.91                               | \$589.57                             |
| 47        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 48        | \$580.23                              | \$22.63   | \$24.37                               | \$627.23                             |
| 49        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 50        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 51        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 52        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 53        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 54        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 55        | \$597.07                              | \$23.29   | \$25.08                               | \$645.43                             |
| 56        | \$561.70                              | \$21.91   | \$23.59                               | \$607.20                             |
| 57        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 58        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 59        | \$561.70                              | \$21.91   | \$23.59                               | \$607.20                             |
| 60        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 61        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 62        | \$565.13                              | \$22.04   | \$23.74                               | \$610.91                             |
| 63        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 64        | \$541.78                              | \$21.13   | \$22.75                               | \$585.66                             |
| 65        | \$545.39                              | \$21.27   | \$22.91                               | \$589.57                             |
| 66        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 67        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 68        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 69        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 70        | \$561.70                              | \$21.91   | \$23.59                               | \$607.20                             |
| 71        | \$561.70                              | \$21.91   | \$23.59                               | \$607.20                             |
| 72        | \$561.70                              | \$21.91   | \$23.59                               | \$607.20                             |
| 73        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 74        | \$543.93                              | \$21.21   | \$22.85                               | \$587.99                             |
| 75        | \$545.39                              | \$21.27   | \$22.91                               | \$589.57                             |
| 76        | \$543.99                              | \$21.22   | \$22.85                               | \$588.05                             |
| 77        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 78        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 79        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 80        | \$582.27                              | \$22.71   | \$24.46                               | \$629.43                             |
| 81        | Park-Owned                            |   |                                       |                                      |
| 82        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 83        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 84        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 85        | \$543.99                              | \$21.22   | \$22.85                               | \$588.05                             |
| 86        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |



# LAGUNA VISTA MOBILE HOME COMMUNITY - RENTS BY SPACE

| Space No. | (A)<br>Rents Approved<br>in July 2021 | (B)<br>2022 Permissive<br>Adjustment (3.90% of A) | (C)<br>NOI Adjustment<br>(4.20% of A) | (D)<br>Total New Rent<br>(A + B + C) |
|-----------|---------------------------------------|---|---------------------------------------|--------------------------------------|
| 87        | \$561.70                              | \$21.91   | \$23.59                               | \$607.20                             |
| 88        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 89        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 90        | \$579.11                              | \$22.59   | \$24.32                               | \$626.02                             |
| 91        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 92        | \$580.00                              | \$22.62   | \$24.36                               | \$626.98                             |
| 93        | \$592.80                              | \$23.12   | \$24.90                               | \$640.82                             |
| 94        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 95        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 96        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 97        | \$569.52                              | \$22.21   | \$23.92                               | \$615.65                             |
| 98        | \$654.29                              | \$25.52   | \$27.48                               | \$707.29                             |
| 99        | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 100       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 101       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 102       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 103       | \$763.00                              | \$29.76   | \$32.05                               | \$824.80                             |
| 104       | \$719.20                              | \$28.05   | \$30.21                               | \$777.46                             |
| 105       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 106       | \$763.05                              | \$29.76   | \$32.05                               | \$824.86                             |
| 107       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 108       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 109       | \$678.41                              | \$26.46   | \$28.49                               | \$733.36                             |
| 110       | \$714.70                              | \$27.87   | \$30.02                               | \$772.59                             |
| 111       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 112       | Gratis                                |   |                                       |                                      |
| 113       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 114       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 115       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 116       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 117       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 118       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 119       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 120       | \$714.13                              | \$27.85   | \$29.99                               | \$771.97                             |
| 121       | \$678.41                              | \$26.46   | \$28.49                               | \$733.36                             |
| 122       | Gratis                                |   |                                       |                                      |
| 123       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 124       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 125       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 126       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 127       | \$697.15                              | \$27.19   | \$29.28                               | \$753.62                             |
| 128       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 129       | \$714.70                              | \$27.87   | \$30.02                               | \$772.59                             |

# LAGUNA VISTA MOBILE HOME COMMUNITY - RENTS BY SPACE

| Space No. | (A)<br>Rents Approved<br>in July 2021 | (B)<br>2022 Permissive<br>Adjustment (3.90% of A) | (C)<br>NOI Adjustment<br>(4.20% of A) | (D)<br>Total New Rent<br>(A + B + C) |
|-----------|---------------------------------------|---|---------------------------------------|--------------------------------------|
| 130       | \$695.98                              | \$27.14   | \$29.23                               | \$752.35                             |
| 131       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 132       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 133       | \$621.22                              | \$24.23   | \$26.09                               | \$671.54                             |
| 134       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 135       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 136       | \$748.71                              | \$29.20   | \$31.45                               | \$809.36                             |
| 137       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 138       | \$763.05                              | \$29.76   | \$32.05                               | \$824.86                             |
| 139       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 140       | \$800.06                              | \$31.20   | \$33.60                               | \$864.86                             |
| 141       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 142       | \$620.72                              | \$24.21   | \$26.07                               | \$671.00                             |
| 143       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 144       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 145       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 146       | \$659.45                              | \$25.72   | \$27.70                               | \$712.87                             |
| 147       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 148       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 149       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 150       | \$741.81                              | \$28.93   | \$31.16                               | \$801.90                             |
| 151       | \$718.28                              | \$28.01   | \$30.17                               | \$776.46                             |
| 152       | \$720.84                              | \$28.11   | \$30.28                               | \$779.23                             |
| 153       | \$763.05                              | \$29.76   | \$32.05                               | \$824.86                             |
| 154       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 155       | \$714.70                              | \$27.87   | \$30.02                               | \$772.59                             |
| 156       | \$678.41                              | \$26.46   | \$28.49                               | \$733.36                             |
| 157       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 158       | \$755.46                              | \$29.46   | \$31.73                               | \$816.65                             |
| 159       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 160       | \$719.08                              | \$28.04   | \$30.20                               | \$777.33                             |
| 161       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 162       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 163       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 164       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 165       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 166       | \$697.15                              | \$27.19   | \$29.28                               | \$753.62                             |
| 167       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 168       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 169       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 170       | \$644.74                              | \$25.14   | \$27.08                               | \$696.96                             |
| 171       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 172       | \$714.70                              | \$27.87   | \$30.02                               | \$772.59                             |

# LAGUNA VISTA MOBILE HOME COMMUNITY - RENTS BY SPACE

| Space No. | (A)<br>Rents Approved<br>in July 2021 | (B)<br>2022 Permissive<br>Adjustment (3.90% of A) | (C)<br>NOI Adjustment<br>(4.20% of A) | (D)<br>Total New Rent<br>(A + B + C) |
|-----------|---------------------------------------|---|---------------------------------------|--------------------------------------|
| 173       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 174       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 175       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 176       | \$753.67                              | \$29.39   | \$31.65                               | \$814.72                             |
| 177       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 178       | \$720.84                              | \$28.11   | \$30.28                               | \$779.23                             |
| 179       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 180       | \$719.08                              | \$28.04   | \$30.20                               | \$777.33                             |
| 181       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 182       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 183       | \$752.56                              | \$29.35   | \$31.61                               | \$813.52                             |
| 184       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 185       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 186       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 187       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 188       | \$759.19                              | \$29.61   | \$31.89                               | \$820.68                             |
| 189       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 190       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 191       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 192       | \$720.84                              | \$28.11   | \$30.28                               | \$779.23                             |
| 193       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 194       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 195       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 196       | \$619.65                              | \$24.17   | \$26.03                               | \$669.84                             |
| 197       | \$698.21                              | \$27.23   | \$29.32                               | \$754.77                             |
| 198       | \$633.76                              | \$24.72   | \$26.62                               | \$685.09                             |
| 199       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 200       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 201       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 202       | \$653.38                              | \$25.48   | \$27.44                               | \$706.30                             |
| 203       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 204       | \$748.71                              | \$29.20   | \$31.45                               | \$809.36                             |
| 205       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 206       | \$748.71                              | \$29.20   | \$31.45                               | \$809.36                             |
| 207       | \$748.71                              | \$29.20   | \$31.45                               | \$809.36                             |
| 208       | \$678.41                              | \$26.46   | \$28.49                               | \$733.36                             |
| 209       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 210       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 211       | \$662.49                              | \$25.84   | \$27.82                               | \$716.15                             |
| 212       | \$620.71                              | \$24.21   | \$26.07                               | \$670.99                             |
| 213       | \$672.71                              | \$26.24   | \$28.25                               | \$727.20                             |
| 214       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 215       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |

# LAGUNA VISTA MOBILE HOME COMMUNITY - RENTS BY SPACE

| Space No. | (A)<br>Rents Approved<br>in July 2021 | (B)<br>2022 Permissive<br>Adjustment (3.90% of A) | (C)<br>NOI Adjustment<br>(4.20% of A) | (D)<br>Total New Rent<br>(A + B + C) |
|-----------|---------------------------------------|---|---------------------------------------|--------------------------------------|
| 216       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 217       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 218       | \$672.71                              | \$26.24   | \$28.25                               | \$727.20                             |
| 219       | \$667.80                              | \$26.04   | \$28.05                               | \$721.89                             |
| 220       | \$714.13                              | \$27.85   | \$29.99                               | \$771.97                             |
| 221       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 222       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 223       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 224       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 225       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 226       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 227       | \$635.01                              | \$24.77   | \$26.67                               | \$686.45                             |
| 228       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 229       | Park-Owned                            |   |                                       |                                      |
| 230       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 231       | \$635.01                              | \$24.77   | \$26.67                               | \$686.45                             |
| 232       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 233       | \$672.71                              | \$26.24   | \$28.25                               | \$727.20                             |
| 234       | \$759.67                              | \$29.63   | \$31.91                               | \$821.20                             |
| 235       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 236       | \$741.81                              | \$28.93   | \$31.16                               | \$801.90                             |
| 237       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 238       | \$672.71                              | \$26.24   | \$28.25                               | \$727.20                             |
| 239       | \$618.81                              | \$24.13   | \$25.99                               | \$668.93                             |
| 240       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 241       | \$672.71                              | \$26.24   | \$28.25                               | \$727.20                             |
| 242       | \$719.08                              | \$28.04   | \$30.20                               | \$777.33                             |
| 243       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 244       | \$795.75                              | \$31.03   | \$33.42                               | \$860.21                             |
| 245       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |
| 246       | \$680.17                              | \$26.53   | \$28.57                               | \$735.26                             |
| 247       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 248       | \$752.52                              | \$29.35   | \$31.61                               | \$813.47                             |
| 249       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 250       | \$761.38                              | \$29.69   | \$31.98                               | \$823.05                             |
| 251       | \$720.84                              | \$28.11   | \$30.28                               | \$779.23                             |
| 252       | \$729.64                              | \$28.46   | \$30.64                               | \$788.74                             |
| 253       | \$672.71                              | \$26.24   | \$28.25                               | \$727.20                             |
| 254       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 255       | \$674.72                              | \$26.31   | \$28.34                               | \$729.37                             |
| 256       | \$662.52                              | \$25.84   | \$27.83                               | \$716.18                             |
| 257       | \$600.53                              | \$23.42   | \$25.22                               | \$649.17                             |
| 258       | \$690.04                              | \$26.91   | \$28.98                               | \$745.93                             |

**LAGUNA VISTA MOBILE HOME COMMUNITY - RENTS BY SPACE**

| <b>Space No.</b> | <b>(A)<br/>Rents Approved<br/>in July 2021</b> | <b>(B)<br/>2022 Permissive<br/>Adjustment (3.90% of A)</b> | <b>(C)<br/>NOI Adjustment<br/>(4.20% of A)</b> | <b>(D)<br/>Total New Rent<br/>(A + B + C)</b> |
|------------------|--|--|--|---|
| 259              | \$635.01                                       | \$24.77  | \$26.67  | \$686.45                                      |
| 260              | \$662.52                                       | \$25.84  | \$27.83  | \$716.18                                      |
| 261              | \$752.52                                       | \$29.35  | \$31.61  | \$813.47                                      |
| 262              | \$672.71                                       | \$26.24  | \$28.25  | \$727.20                                      |
| 263              | \$662.52                                       | \$25.84  | \$27.83  | \$716.18                                      |
| 264              | \$709.60                                       | \$27.67  | \$29.80  | \$767.08                                      |
| 265              | \$752.52                                       | \$29.35  | \$31.61  | \$813.47                                      |
| 266              | \$674.72                                       | \$26.31  | \$28.34  | \$729.37                                      |
| 267              | \$662.52                                       | \$25.84  | \$27.83  | \$716.18                                      |
| 268              | \$635.01                                       | \$24.77  | \$26.67  | \$686.45                                      |
| 269              | \$662.52                                       | \$25.84  | \$27.83  | \$716.18                                      |
| 270              | \$662.52                                       | \$25.84  | \$27.83  | \$716.18                                      |
| 271              | \$674.72                                       | \$26.31  | \$28.34  | \$729.37                                      |
| 272              | \$672.71                                       | \$26.24  | \$28.25  | \$727.20                                      |



# CITY OF OCEANSIDE

DEPARTMENT OF THE CITY CLERK  
ZEB NAVARRO

March 2, 2022

Susy Forbath  
Cozen O'Connor  
401 Wilshire Blvd., Suite 850  
Santa Monica, CA 90401

Subject: Net Operating Income Adjustment application filed on 3/1/2022 – Laguna Vista  
Mobile Estates

Dear Ms. Forbath –

This letter is in response to the Net Operating Income Adjustment application (NOI) that your office submitted to the City Clerk's Office on 3/1/2022. After reviewing the packet, I have determined that you have not met the requirements set forth in Chapter 16B of the Oceanside Municipal Code. Section 16B.15 (a)(2) requires that an affidavit declaring that you have provided a copy of the application to each manufactured home resident be submitted along with your application. Furthermore, Section 16B.15 (a)(4) prohibits me from accepting your application unless accompanied by an affidavit and the required preaddressed envelopes. I am formally rejecting the NOI application that you submitted on 3/1/2022.

However, after discussing the issue with our Housing Director and City Attorney's Office, it has come to our attention that our worksheet formula on the NOI application may have a calculation error that staff needs time to review. Since you were not provided with the proper forms to file a timely application, I am extending the deadline for your NOI Application until **May 1, 2022**. This will give staff enough time to provide you a correct worksheet for your application. Please resubmit your application along with your affidavit by the new due date. I will hold onto the preaddressed envelopes and the filing fee until then.

Please feel free to call my Assistant City Clerk, Thomas Schmiderer, at (760) 435-3004 should you have any questions.

F-1



# CITY OF OCEANSIDE

DEPARTMENT OF THE CITY CLERK  
ZEB NAVARRO

Thank you,

A handwritten signature in black ink, appearing to read "Zeb Navarro", is written over a horizontal line.

Zeb Navarro  
Commission Secretary  
City Clerk

Cc:

Barbara Hamilton, Assistant City Attorney  
Leilani Hines, Housing & Neighborhood Services Director  
Thomas Schmiderer, Assistant City Clerk



# CITY OF OCEANSIDE

## Neighborhood Services Department

May 2, 2022

Dear Laguna Vista Resident:

Under Chapter 16B of the Oceanside City Code (OCC), specifically Section 16B.9.(c), a manufactured home park owner is entitled to an annual permissive adjustment of gross space rental income equal to the lesser of an eight (8) percent increase or an increase equal to seventy-five (75) percent of the percentage increase in the Consumer Price Index (CPI) for San Diego County for the calendar year in which the application is filed as reported by the Bureau of Labor Statistics. Currently, the annual permissive rent adjustment to go into effect on or after July 1, 2022 is 3.9 percent.

The park owner may, as an alternative to the annual permissive rent adjustment, file an application with the Manufactured Home Fair Practices (MHFP) Commission for adjustment of the space rent ceiling based upon the park's net operating income (NOI). On April 29, 2022, the owner of Laguna Vista Mobile Estates submitted an application for a NOI rent increase to the City of Oceanside (a copy of which has been mailed to you by the park owner).

As allowed under City Code Section 16.B.9.(c)(2), the intent of an NOI rent adjustment is to allow park owners at least the same rate of return on their business investment, adjusted for inflation, they experienced prior to manufactured home rent control. The rent increase proposed by the park owner is based on a formula outlined in Section V of the City's Administrative Procedural Guidelines and OCC Section 16B.9. The City's NOI adjustment formula may be used in the event a park owner believes he would not receive a just and reasonable return on his investment in the park after receiving the annual permissive CPI rent adjustment, consistent with the intent of Chapter 16B to protect the investments of both residents and park owners.

Certain spaces at Laguna Vista are subject to additional rent limit restrictions as a result of affordable housing covenants by the City of Oceanside. Any NOI adjustment will be subject to these rent restrictions.

The City is currently reviewing the application submitted by the park owner pursuant to the criteria listed in the Ordinance. A hearing will be scheduled to consider this matter and will provide an opportunity for residents and other members of the public to provide their input. You will be notified by the City at a later time of the exact date, time, and place of the public hearing.

Sincerely,

Leilani A. Hines  
Housing and Neighborhood Services Director

F-3



## Michael C. Jones

---

**From:** Thomas Schmiderer  
**Sent:** Sunday, March 12, 2023 8:44 PM  
**To:** Michael C. Jones; Hector Gomez  
**Cc:** Zeb Navarro  
**Subject:** Fwd: Laguna Vista Mobilehome Park NOI Hearing - March 16, 2023  
**Attachments:** Laguna Vista 1985 Schedule 1.xls; Laguna Vista 2021 Schedule 2.xls; Laguna Vista Comparables - Schedule 3.xls; Laguna Vista NOI Adjustment - Schedule 4.xls; Sargent Report.Final.odt; Sargent.1985 Notes to Schedule 1.odt; Sargent.2021 Notes to Schedule 2.odt; Sargent.Resume.doc

We will need to add this to the agenda packet online and the binder. Work with Terry on uploading the document. It can just be appended to the back of the staff report.

**Thomas Schmiderer, CMC**  
**Assistant City Clerk**  
**(760) 435-3004**  
**(760) 576-8860 – Cell**  
[TSchmiderer@oceansideca.org](mailto:TSchmiderer@oceansideca.org)

Sent from my iPhone

Begin forwarded message:

**From:** Leilani Hines <LHines@oceansideca.org>  
**Date:** March 12, 2023 at 6:31:54 PM PDT  
**Cc:** Terry Winters <twinters@oceansideca.org>, Thomas Schmiderer <TSchmiderer@oceansideca.org>, "Barbara L. Hamilton" <BHamilton@oceansideca.org>, Bruce Stanton <brucestantonlaw@yahoo.com>  
**Subject: Laguna Vista Mobilehome Park NOI Hearing - March 16, 2023**

MHFP Commissioners, RSG and Cozen O'Conner Law Firm,

Please find attached for your review and consideration information being provided from the consultants on behalf of the Laguna Vista Park Resident Representatives to the Manufactured Home Fair Practices Commission as part of the administrative record to be considered in its hearing for consideration of the NOI application.

Thank you!

**Leilani A. Hines**  
**Director**  
**Housing & Neighborhood Services**  
[lhines@OceansideCa.org](mailto:lhines@OceansideCa.org)  
760.435.3377 (Office)  
300 N. Coast Highway  
Oceanside, CA., 92054

All email and voicemail to and from the City may be considered public information and may be disclosed upon request.  
*THINK GREEN! Please only print this email if necessary.*

---

IMPORTANT NOTICE: This e-mail message is intended to be received only by persons entitled to receive the confidential information it may contain. E-mail messages may contain information that is confidential and legally privileged. If you have received this message in error, you are hereby notified that an dissemination, distribution or copying of this communication, and/or the information contained herein, is strictly prohibited. If you are not the intended recipient, please delete this message and all attachments immediately, and notify the sender by reply e-mail.

---

**From:** Bruce Stanton <brucestantonlaw@yahoo.com>  
**Sent:** Saturday, March 11, 2023 4:34 PM  
**To:** Leilani Hines <LHines@oceansideca.org>; Barbara L. Hamilton <BHamilton@oceansideca.org>; Zeb Navarro <ZNavarro@oceansideca.org>  
**Subject:** Laguna Vista Mobilehome Park NOI Hearing - March 16, 2023

---

**Warning: External Source**

---

Dear Leilani:

Attached below for filing in this matter, and to become part of the administrative record herein, are the following documents submitted by the park residents which shall be introduced at hearing on March 16, 2023:

Report of Deane Sargent  
Schedule 1 to Report of Deane Sargent  
1985 Notes to Schedule 1  
Schedule 2 to Report of Deane Sargent  
2021 Notes to Schedule 2  
Schedule 3 to Report of Deane Sargent  
Schedule 4 to Report of Deane Sargent

Resume of Deane Sargent

I'm including addresses on the email thread that you have been using, but would ask that you immediately forward this email and attachments to RSG and the park owner representatives, since I've never been formally provided with their emails.

Thank you. Please let me know if you have any questions.

Bruce E. Stanton, Esq.  
Law Offices of Bruce E. Stanton  
10556 Combie Road, Suite 6727  
Auburn, CA 95602  
Telephone: (408) 691-9692  
email: [brucestantonlaw@yahoo.com](mailto:brucestantonlaw@yahoo.com)

\*\*\*PLEASE NOTE OUR NEW MAILING ADDRESS AND TELEPHONE NUMBER\*\*\*

**PRIVILEGED AND CONFIDENTIAL COMMUNICATION:** This message and the information transmitted within is privileged and confidential, and is intended solely for use by the addressee(s) shown above. If the reader of this message is not the intended recipient, or an employee or agent of the intended recipient, you are hereby advised that any copying, use, distribution, dissemination or forwarding of the information contained herein is strictly prohibited. If you have received this communication in error, please notify the Law Office of Bruce E. Stanton by way of reply and then destroy this message and any attached files without reading same. Thank you.

**Analysis of  
NET OPERATING INCOME ADJUSTMENT  
APPLICATION  
For  
LAGUNA VISTA MOBILE HOME COMMUNITY  
City of Oceanside, California**

By: Deane F. Sargent  
California Commercial Real Estate Broker  
PMC Financial Services  
3165 Chandler Egan Drive  
Medford, OR 97504

## **Table of Contents**

### **Background**

- I. Introduction and Scope of Work**
- II. The Net Operating Income (MNOI) Formula**
- III. Analysis of 1985 Base Year NOI**
- IV. Analysis of 2021 Current Year NOI**
- V. Calculation of Allowable NOI Adjustment**
- VI. Calculation of Temporary Rent Increase for Capital Improvement Expenditures**

### **Schedules:**

- 1. 1985 Base Year NOI & Notes**
- 2. 2021 Current Year NOI & Notes**
- 3. Comparable Park Information**
- 4. Calculation of Allowable NOI Adjustment**
- 5. Resume**

## **Background**

For the past 31 years, I have specialized in assisting resident groups in the purchase of their mobilehome park communities. I have completed 40-50 transactions in eight (8) different states, and have evaluated countless other potential transactions. I have traveled throughout many mobilehome parks in California, and have reviewed and analyzed many mobilehome sales transactions.

In the course of arranging park purchases, I typically organize the resident group, negotiate with the park owner the terms of the park purchase, and locate financing, among other activities.

I am currently licensed as a California Commercial Real Estate Broker, and have held in the past a Colorado CPA license, Oregon & California Mortgage Broker Licenses, NASD Security Licenses - General Security Representative, Municipal Security Representative, Security Principal, and Security Operations Principal. I have a BS in Economics and an MBA in Finance & Accounting.

I have also served as Expert Witness for a number of mobile home owners associations.

My resume is attached hereto as Schedule 5.

## **I. Introduction and Scope of Work**

The purpose of this report is to analyze an NOI Application filed pursuant to the City of Oceanside's Manufactured Home Fair Practices Ordinance ("the Ordinance") by Laguna Vista MHC, LLC ("Applicant"), which owns Laguna Vista Mobile Home Park ("the Park") in Oceanside, California. The Applicant claims a right to a permanent monthly space rent increase of 26.67% for all spaces in the Park. This analysis was performed on behalf of the Laguna Vista Homeowners Association ("HOA") which represents the residents of the Park.

The Park has 272 spaces and is designated as a senior housing community. Review of information shows the Park to be in good condition. The Park includes eight (8) lakes as keynote features. Its amenities include a clubhouse with various rooms, pool and hot tub, tennis court, laundry room, and car wash. Residents are separately billed by the Park for sewer and water, but are directly served for gas and electric.

The analysis in this report takes into consideration the following documents which I have reviewed:

- City of Oceanside Manufactured Home Fair Practices Ordinance
- Administrative Procedural Guidelines and Forms
- Commission Resolution No. 85 M-32
- Applicant's NOI Application and its many supporting documents including invoices
- November 10, 2021 Annual Permissive Adjustment Application of Applicant
- Laguna Vista MHC – 2021 Expenses Ledger (revised 2.10.2023); Page A-49 to RSG Report
- Form 16B F70 re: Capital Improvements; Pages A-50-A-55 to RSG Report
- Consumer Price Index information
- RSG Report and Attachments dated March 2, 2023
- Closing Statements for twelve (12) mobilehome sales transactions during 2021



## **II. The Net Operating Income (MNOI) Formula**

Under the Ordinance, it is presumed that the base year (in this case 1985) rent yielded a fair return (a fair net operating income). Current year (in this case 2021) fair return is defined as base year net operating income adjusted by an inflation (CPI) factor. This type of standard is commonly known as the “maintenance of net operating income” (MNOI) standard. MNOI is the most widely used fair return standard in mobile home rent stabilization ordinances.

Under MNOI, park owners have a right to rent increases to cover an increase in net operating income (NOI) based on the percentage increase in the CPI since a base year. This formula provides for growth in net operating income. Its rationale is to provide park owners with the right to an equal rate of growth in NOI above a base year level regardless of their particular investment (purchase price) and financing arrangements. Therefore, rents are regulated depending on increases in operating expenses and the inflation (CPI) rate. This approach meets the twin objectives of “protecting” the mobile home owners from “excessive increases” and providing park owners with a reasonable return.

In order to determine whether a Park owner is entitled to a rent increase under the MNOI standard the following steps must be followed:

- 1) Determine base year income, base year operating expenses, then subtract the latter from the former to find base year net operating income (NOI);
- 2) Determine current year income, current year operating expenses, then subtract the latter from the former to find actual current year net operating income (NOI);
- 3) Determine the current year “net operating income percentage increase” based on an inflation adjustment of base year net operating income by change in the CPI between the base year and the current year;
- 4) Compare the allowable current year net operating income percentage increase and the actual net operating income in the current year in order to determine if the park owner is entitled to a rent increase, and if so, determine its amount.

Consideration of base year, as well as current year, income, operating expense, and net operating income and expense projections are central to the MNOI analysis. Calculation of the current year net operating income entitlement is based on an upward adjustment of the base year net operating income by a portion of the percentage increase in the Consumer Price Index (CPI) since the base year.

Importantly, in an MNOI analysis, the base year net operating income and the current year net operating income entitlement are interlinked, because any entitlement to an NOI rent increase is determined by adjusting the base year net operating income by the CPI inflation factor. It is thus important when analyzing and considering base year and current year income and expenses that similar income and expense categories be compared for each. Otherwise the calculation is imbalanced and inaccurate. An “apples-to-apples” comparison requires that income or expenses be imputed where they are not claimed in both the base year and current year, so that a like calculation is achieved.

### **III. Analysis of 1985 Base Year NOI**

Attached as Schedule 1 is an analysis of the 1985 Base Year NOI. Following the Schedule are two (2) pages of Notes which explain adjustments made by me.

Schedule 1 has been constructed to compare income and expenses in three parallel columns.

The far left column labeled “Commission” inputs all income and expense information as determined in commission Resolution 85 M-32.

The middle columns input the same information used by RSG, and notes RSG adjustments made.

The far left column shows adjustments made by me on behalf of the HOA, and the final Base Year income and expenses yielded by my analysis. My Notes explain those adjustments in detail.

My analysis concludes that Base Year NOI is \$566,883.82, representing a net operating income ratio of 56.28% (NOI as a percentage of Gross Income).

### **IV. Analysis of 2021 Current Year NOI**

Attached as Schedule 2 is an analysis of the 2021 Current Year NOI. Following the Schedule are five (5) pages of Notes which explain adjustments made by me.

Schedule 2 has also been constructed to compare income and expenses in three parallel columns.

The far left column labeled “Park Owner” inputs all income and expense information as originally submitted by the Applicant on March 1, 2022, and later revised on February 10, 2023.

The middle columns show RSG Report totals and adjustments made by RSG.

The far left column shows adjustments made by me on behalf of the HOA, and the final Current Year year income and expenses yielded by my analysis. My Notes explain those adjustments in detail. Schedule 3 is also attached to show Comparable Park Information re: Insurance and Management fees, for purposes of the adjustments made by me for those items.

My analysis concludes that Current Year NOI is \$1,253,547.61, representing a net operating income ratio of 47.99% (NOI as a percentage of Gross Income).

## V. Calculation of Allowable NOI Adjustment

This summary calculation is attached as Schedule 4.

My conclusion is that the Applicant is not entitled to any rent increase if all adjustments performed by me are accepted. Should any be rejected by the Commission, the calculation would change accordingly.

## VI. Calculation of Temporary Rent Increase for Capital Improvement Expenditures

In its original Application as filed, Applicant did not claim any 2021 costs as capital expenditures, but instead included them all as “expenses”.

According to page 12 of the RSG Report, on November 28, 2022 Applicant filed Form 16B F70, which shifted an \$86,410.00 portion of street repairs and the \$2,494.58 amount incurred for a new lake pump control box, to capital improvements, for a claimed total of \$88,904.58. Although the Form lists only \$2,494.58 for the control box, I assume that was a typographic error, and the RSG report used the total of \$2,594.58 which appears to be proper.

Additionally, in its report RSG characterized an additional \$750.00 amount from the street repair project as a capital cost, which I agree is proper. Thus, the total RSG capital improvement amount is **\$89,754.58**, which with respect to those two items appears to be proper.

My analysis transfers the following additional non-recurring capital costs from expenses to capital improvements:

|   |                               |
|---|-------------------------------|
| Pool Expense (pump and pump installation) | \$2,795.00 (Note 21-6)        |
| Manager’s Unit Repairs/Upgrades           | \$7,420.00 (Note 21-7)        |
| Equipment (Mowers)                        | <u>\$8,387.38 (Note 21-8)</u> |

TOTAL Additional Capital Items: **\$18,562.38**

I therefore calculate the correct capital improvement total to be:

$$\mathbf{\$89,754.58 + \$18,562.38 = \$108,316.88}$$

I agree with the methodology used by RSG to amortize capital expenditures over the reasonable life of the improvements at nine (9) years. I also agree with the 3.89% financing rate used if payments are to be made over time.

The total principal and interest owed on \$108,316.88 amortized at 3.89% over nine (9) years is a total of \$128,316.84, which is equal to \$4.36 per space per month for the nine year period.

A one-time lump sum payoff to avoid paying interest over the proposed 9-year term would be \$108,316.38 divided by 272 spaces = \$398.22.

## **VI. Conclusions**

Based upon the foregoing, my conclusion is that the Applicant is not entitled to any rent increase if all adjustments performed by me are accepted. Should any be rejected by the Commission, the calculation would change accordingly. However a substantial dollar amount of my adjustments would need to be disallowed before the Applicant is entitled to any rent adjustment.

**LAGUNA VISTA, OCEANSIDE, CA  
1985 BASE YEAR NOI & NOTES**

**SCHEDULE 1 & NOTES**

|                               | COMMISSION             | RSG             | RSG REPORT             | HOA         | HOA FINAL              | HOA       |
|-------------------------------|------------------------|-----------------|------------------------|-------------|------------------------|-----------|
|                               | 85 M-32                | ADJUSTMENTS     | 3/2/2023               | ADJUSTMENTS | 1985                   | NOTES     |
| <b>INCOME</b>                 |                        |                 |                        |             |                        |           |
| <b>Gross Rent</b>             | \$ 1,007,269.00        |                 | \$ 1,007,269.00        |             | \$ 1,007,269.00        |           |
| Commission AJE – 1985         | \$ 119,732.44          | \$ (119,732.44) | \$ -                   |             | \$ -                   | NOTE 85-1 |
|                               | <b>\$ 1,127,001.44</b> |                 | <b>\$ 1,007,269.00</b> |             | <b>\$ 1,007,269.00</b> |           |
| Other Income                  |                        |                 |                        |             |                        |           |
| Credit Report Fees            |                        |                 |                        |             |                        |           |
| Gate Charge                   |                        |                 |                        |             |                        |           |
| Late Charges                  |                        |                 |                        |             |                        |           |
| NSF Fee                       |                        |                 |                        |             |                        |           |
| Laundry                       | \$ 552.00              |                 | \$ 552.00              |             | \$ 552.00              |           |
| Misc                          |                        |                 |                        |             |                        |           |
| Key Fees Pool                 |                        |                 |                        |             |                        |           |
| Rent Control Fee              |                        |                 |                        |             |                        |           |
| Storage RV                    | \$ 4,000.00            |                 | \$ 4,000.00            |             | \$ 4,000.00            |           |
| SDCWA Surcharge               |                        |                 |                        |             |                        |           |
| Sewer Reimb                   |                        |                 |                        |             |                        |           |
| Trash Reimb                   |                        |                 |                        |             |                        |           |
| Water Reimb                   |                        |                 |                        |             |                        |           |
| HCD MRL Fee                   |                        |                 |                        |             |                        |           |
| <b>Total Other Income</b>     | <b>\$ 4,552.00</b>     |                 | <b>\$ 4,552.00</b>     |             | <b>\$ 4,552.00</b>     |           |
| <b>Effective Gross Income</b> | <b>\$ 1,131,553.44</b> |                 | <b>\$ 1,011,821.00</b> |             | <b>\$ 1,011,821.00</b> |           |
| <b>EXPENSES</b>               |                        |                 |                        |             |                        |           |
| Property Taxes                | \$ 30,541.00           |                 | \$ 30,541.00           |             | \$ 30,541.00           |           |
| Prop Tx Supplemental          |                        |                 |                        |             |                        |           |
| Telephone & DSL               | \$ 5,349.00            |                 | \$ 5,349.00            |             | \$ 5,349.00            |           |

|                                |              |              |              |              |                  |
|--------------------------------|--------------|--------------|--------------|--------------|------------------|
| Water/Sewer/Trash              |              |              |              |              |                  |
| Gas/Electric                   |              |              |              |              |                  |
| Utilities                      | \$ 62,589.00 | \$ 62,589.00 |              | \$ 62,589.00 |                  |
| Management Fee-OFFsite         |              |              | \$ 49,356.18 | \$ 49,356.18 | <b>NOTE 85-2</b> |
| Man Fee – Payroll onsite       |              |              |              |              |                  |
| Maint Wages                    | \$ 40,799.00 | \$ 40,799.00 |              | \$ 40,799.00 |                  |
| Maint Payroll Taxes            | \$ 8,652.00  | \$ 8,652.00  |              | \$ 8,652.00  |                  |
| Employee Medical               |              |              |              |              |                  |
| Park Billing                   |              |              |              |              |                  |
| Maint – Truck expenses         | \$ 7,248.00  | \$ 7,248.00  |              | \$ 7,248.00  |                  |
| General repairs & Maint        | \$ 18,957.00 | \$ 18,957.00 |              | \$ 18,957.00 |                  |
| Owner Performed Labor          | \$ 28,837.00 | \$ 28,837.00 |              | \$ 28,837.00 |                  |
| Legal Fees                     | \$ 5,000.00  | \$ 5,000.00  |              | \$ 5,000.00  |                  |
| Accounting Fees                | \$ 6,700.00  | \$ 6,700.00  |              | \$ 6,700.00  |                  |
| Manager Unit Sp Rent           |              |              | \$ 4,860.00  | \$ 4,860.00  | <b>NOTE 85-3</b> |
| Auto Expenses                  | \$ 1,500.00  | \$ 1,500.00  |              | \$ 1,500.00  |                  |
| Dues & Subscriptions           | \$ 16,064.00 | \$ 16,064.00 |              | \$ 16,064.00 |                  |
| Management Salaries & PR Taxes | \$ 16,762.00 | \$ 16,762.00 |              | \$ 16,762.00 |                  |
| Pest Control                   |              |              |              |              |                  |
| Street Sweeping                |              |              |              |              |                  |
| Pool Serv & Supply             | \$ 1,504.00  | \$ 1,504.00  |              | \$ 1,504.00  |                  |
| Janitorial/Sanitize            |              |              |              |              |                  |
| Repairs – Well                 |              |              |              |              |                  |
| Repairs – Gate                 |              |              |              |              |                  |
| Repairs – Street               |              |              |              |              |                  |
| Repairs – Electric             |              |              |              |              |                  |
| Repairs – Mgr Unit             | \$ 5,488.00  | \$ 5,488.00  |              | \$ 5,488.00  |                  |
| Landscaping                    |              |              |              |              |                  |
| Equipment                      |              |              |              |              |                  |
| Supplies – Maint/Office        | \$ 31,582.00 | \$ 31,582.00 |              | \$ 31,582.00 |                  |
| Supplies – Lake                | \$ 6,206.00  | \$ 6,206.00  |              | \$ 6,206.00  |                  |
| Water                          |              |              |              |              |                  |
| Uniforms                       |              |              |              |              |                  |
| Insurance                      | \$ 16,336.00 | \$ 16,336.00 |              | \$ 16,336.00 |                  |
| Licenses                       | \$ 2,316.00  | \$ 2,316.00  |              | \$ 2,316.00  |                  |
| Reserve                        | \$ 50,591.00 | \$ 50,591.00 |              | \$ 50,591.00 |                  |
| Excess Capital Improvements    | \$ 27,700.00 | \$ 27,700.00 |              | \$ 27,700.00 |                  |

|                                   |                      |                      |                      |                  |
|-----------------------------------|----------------------|----------------------|----------------------|------------------|
| Bank Fees/Returned Chks           |                      |                      |                      |                  |
| Vehicle Expense                   |                      |                      |                      |                  |
| Resident Activities/HOA           |                      |                      |                      |                  |
| Security Service                  |                      |                      |                      |                  |
| TV Service – Clubhouse            |                      |                      |                      |                  |
| <b>Total Expense</b>              | <b>\$ 390,721.00</b> | <b>\$ 390,721.00</b> | <b>\$ 444,937.18</b> | <b>NOTE 85-1</b> |
| <b>Net Operating Income</b>       | <b>\$ 740,832.44</b> | <b>\$ 621,100.00</b> | <b>\$ 566,883.82</b> |                  |
| <b>NET OPERATING INCOME RATIO</b> | <b>65.65%</b>        | <b>61.66%</b>        | <b>56.28%</b>        |                  |

## **Laguna Vista Analysis Notes – 1985**

### **Note 85-1 Gross Rent**

I concur with the analysis in the RSG report dated March 2, 2023 wherein RSG determined that, after allowing for the Commission granted Temporary Permissive Adjustment, inclusion of the \$119,722.44 in additional rental income as per line 6 (B) (2) of the Application would amount to double counting. I have also removed that amount from my analysis for the same reason.

In addition, I concur with the RSG finding that there was an incorrect calculation of the total 1985 expenses by an amount of \$2,085, with which I understand the Applicant has agreed.

Alternatively, should the Commission determine that exclusion of the \$119,722.44 additional rental income is not proper, my review determined that the computation for the line 6 (B) (2) additional income of \$119,732.44 was prepared by the Applicant incorrectly. The actual adjustment made in Commission Resolution 85 M-32 per applicable space was \$89.02/mo times the number of applicable months for the specific space. Per lines 6 (A) (3) and (5) of the Application, which are presumably based upon pages 7-8 of Resolution 85 M-32, the 99 spaces from which the additional income is derived are:

Line 6 (A) (3) - Month to Month Spaces – 69 [meaning the granted \$89.02 adjustment should apply for the entire 12 months]

Line 6 (A) (5) - Long Term Leased Spaces Not Exempt – 30 [meaning the granted \$89.02 adjustment should apply only to the months detailed on page 7 of the decision]

However, in computing the 1985 Commission Adjustment as additional income, rather than using a total of 99 sites, the Applicant used 129 sites as shown on the Box labeled 'Calculations for No. 6. B. (1 and 2)' attached to the Application. The error was in using 99 month-to-month spaces @ \$89.02/space, rather than 69 spaces as per paragraph O1 of Resolution 85 M-32. The remaining 30 sites are added as individual line items by site for each month the adjustment applied, as per paragraphs P1-W1 of Resolution 85 M-2. The total spaces shown are 129, rather than 99. The effect of this was to overstate the adjustment by 30 spaces @ \$89.02/space for 12 months (30 X \$89.02 X 12) or \$32,047.20. In effect, 30 spaces were double-counted by the Applicant.

At minimum, the amount of \$32,047.20 should be removed from Line 6 (A) (2).

### **Note 85-2 Off-site Management**

The park owner's 1985 expenses do not include any amount for an off-site Management Company, which is common for a mobilehome park both in 1985 and today with this number of spaces. This expense should be imputed if we are to achieve a true “apples-to-apples” NOI comparison between 1985 and 2021. Accordingly, I have added an off-site management fee of 4.9%, based on the average of the management fees for parks of comparable size (as shown on the attached Laguna Vista Comparables - Schedule 3) Multiplying the Gross Rents by this percentage (\$1,007,269 X 4.9%) yields \$49,356.18.

I have imputed this amount to the 1985 expenses - **\$49,356.18**



**Note 85-3 Manager Unit Rent Expense**

The 1985 expenses include repairs for the Manager's Unit (\$5,488.00) so it can be concluded that such a park owned unit was in fact provided to the Park Manager.

Similarly, the expenses in 2021 show repairs to the Manager's Unit (\$7,591.19) and also Manager's Unit rent expense (\$9,159.24, or \$763.27/mo). However, the average space rent in 2021 in Laguna Vista is about \$650.00. This would suggest that the Manager's Unit expense for 2021 includes both space rent and a utility amount of about \$112/mo.

No Manager's unit space rent expense is shown for 1985 (\$9,159.24 is claimed for 2021). This expense should be imputed if we are to achieve a true “apples-to-apples” NOI comparison between 1985 and 2021. Average space rents in 1985 were about \$338/site/mo. I guesstimate that utilities for the Manager's Unit in 1985 would be about 60% of current amounts, or \$67/mo. Thus, the monthly expense for the Manager's Unit would be \$405/mo (\$338 plus \$67) X 12 months, or \$4,860.00.

I have imputed this amount to expenses - **\$4,860.00**

**LAGUNA VISTA, OCEANSIDE, CA  
2021 CURRENT YEAR NOI**

**SCHEDULE 2 & NOTES**

| Park Owner             |                       | RSG REPORT | HOA<br>ADJUSTMENTS | HOA<br>FINAL | HOA<br>NOTES |
|------------------------|-----------------------|------------|--------------------|--------------|--------------|
| Original<br>Submission | Revised<br>Submission |            |                    |              |              |
| 3/1/22                 | 2/10/23               | 3/2/2023   |                    | 2021         |              |

**DIFFERENCES IN BOLD**

**INCOME**

**Gross Rent**

|  |                 |                 |                 |              |                 |           |
|--|-----------------|-----------------|-----------------|--------------|-----------------|-----------|
|  | \$ 2,132,652.34 | \$ 2,132,652.34 | \$ 2,678,022.00 | \$ 54,000.00 | \$ 2,186,652.34 | Note 21-1 |
|--|-----------------|-----------------|-----------------|--------------|-----------------|-----------|

**Other Income**

|                               |                        |                        |                        |              |                        |           |
|-------------------------------|------------------------|------------------------|------------------------|--------------|------------------------|-----------|
| Home Sales                    | \$ -                   | \$ -                   |                        | \$ 47,400.00 | \$ 47,400.00           | Note 21-2 |
| Credit Report Fees            | \$ 846.00              | \$ 846.00              |                        |              | \$ 846.00              |           |
| Gate Charge                   | \$ 3,930.00            | \$ 3,930.00            |                        |              | \$ 3,930.00            |           |
| Late Charges                  | \$ 1,306.12            | \$ 1,306.12            |                        |              | \$ 1,306.12            |           |
| NSF Fee                       | \$ 125.00              | \$ 125.00              |                        |              | \$ 125.00              |           |
| Laundry                       | \$ 279.04              | \$ 279.04              |                        |              | \$ 279.04              |           |
| Misc                          | \$ 35.00               | \$ 35.00               |                        |              | \$ 35.00               |           |
| Key Fees Pool                 | \$ 75.00               | \$ 75.00               |                        |              | \$ 75.00               |           |
| Rent Control Fee              | \$ 21,316.80           | \$ 21,316.80           |                        |              | \$ 21,316.80           |           |
| Storage RV                    | \$ 18,470.00           | \$ 18,470.00           |                        |              | \$ 18,470.00           |           |
| SDCWA Surcharge               | \$ 28,249.44           | \$ 28,249.44           |                        |              | \$ 28,249.44           |           |
| Sewer Reimb                   | \$ 84,296.10           | \$ 84,296.10           |                        |              | \$ 84,296.10           |           |
| Trash Reimb                   | \$ 96,699.30           | \$ 96,699.30           |                        |              | \$ 96,699.30           |           |
| Water Reimb                   | \$ 119,764.90          | \$ 119,764.90          |                        |              | \$ 119,764.90          |           |
| HCD MRL Fee                   | \$ 2,710.00            | \$ 2,710.00            |                        |              | \$ 2,710.00            |           |
| <b>Total Other Income</b>     | \$ 378,102.70          | \$ 378,102.70          | \$ (377,338.00)        |              | \$ 425,502.70          |           |
| <b>Effective Gross Income</b> | <b>\$ 2,510,755.04</b> | <b>\$ 2,510,755.04</b> | <b>\$ 2,300,684.00</b> |              | <b>\$ 2,612,155.04</b> |           |

**EXPENSES**

**DIFFERENCE**

|                      |             |               |               |  |               |            |
|----------------------|-------------|---------------|---------------|--|---------------|------------|
| Property Taxes       | \$ 4,830.97 | \$ 138,548.59 | \$ 534,900.52 |  | \$ 138,548.59 | Note A (1) |
| Prop Tx Supplemental |             | \$ 391,520.96 |               |  | \$ 391,520.96 |            |

|                                |                |               |               |             |                |               |             |
|--------------------------------|----------------|---------------|---------------|-------------|----------------|---------------|-------------|
| Telephone & DSL                | \$ (1,162.49)  | \$ 4,479.92   | \$ 3,317.43   | \$ (9.70)   |                | \$ 3,307.73   | Note A (2)  |
| Water/Sewer/Trash              |                | \$ 297,348.35 | \$ 297,348.35 |             |                | \$ 297,348.35 |             |
| Gas/Electric                   |                | \$ 97,698.91  | \$ 97,698.91  | \$ (731.51) |                | \$ 96,967.40  | Note A (3)  |
| Utilities                      |                |               |               |             |                | \$ -          |             |
| Man Fee-OFF site               |                | \$ 125,836.04 | \$ 125,836.04 |             | \$ (37,436.04) | \$ 88,400.00  | Note 21-3   |
| Man Payroll-on site            |                | \$ 187,757.57 | \$ 186,548.87 |             | \$ (91,307.16) | \$ 95,241.71  | Note 21-4   |
| Maint Wages                    |                |               |               |             |                | \$ -          |             |
| Maint Payroll Taxes            |                |               |               |             |                | \$ -          |             |
| Employee Medical               |                | \$ 7,441.84   | \$ 7,441.84   |             |                | \$ 7,441.84   |             |
| Park Billing                   |                | \$ 5,399.96   | \$ 5,399.96   |             |                | \$ 5,399.96   |             |
| Maint – Truck expenses         |                |               |               |             |                | \$ -          |             |
| General repairs & Maint        |                |               |               |             |                | \$ -          |             |
| Owner Performed Labor          |                |               |               |             |                | \$ -          |             |
| Legal Fees                     |                | \$ 10,457.00  | \$ 10,457.00  |             | \$ (9,632.00)  | \$ 825.00     | Note 21-5   |
| Accounting Fees                |                | \$ 175.00     | \$ 175.00     |             |                | \$ 175.00     |             |
| Manager Unit Sp Rent           |                | \$ 9,159.24   | \$ 9,159.24   |             |                | \$ 9,159.24   |             |
| Auto Expenses                  |                |               |               |             |                | \$ -          |             |
| Dues & Subscriptions           |                |               |               |             |                | \$ -          |             |
| Management Salaries & PR Taxes |                |               |               |             |                | \$ -          |             |
| Pest Control                   |                | \$ 1,966.00   | \$ 1,966.00   |             |                | \$ 1,966.00   |             |
| Street Sweeping                |                | \$ 3,156.00   | \$ 3,156.00   |             |                | \$ 3,156.00   |             |
| Pool Serv & Supply             |                | \$ 10,633.49  | \$ 10,633.49  |             | \$ (2,795.00)  | \$ 7,838.49   | Note 21- 6  |
| Janitorial/Sanitize            | \$ (100.00)    | \$ 1,000.00   | \$ 900.00     |             |                | \$ 900.00     |             |
| Repairs – Well                 | \$ (2,594.58)  | \$ 3,894.58   | \$ 1,300.00   |             |                | \$ 1,300.00   | Note A (12) |
| Repairs – Gate                 |                | \$ 2,803.75   | \$ 2,803.75   |             |                | \$ 2,803.75   |             |
| Repairs – Street               | \$ (86,410.00) | \$ 96,810.00  | \$ 10,400.00  | \$ (750.00) |                | \$ 9,650.00   | Note A (4)  |
| Repairs – Electric             |                | \$ 4,611.40   | \$ 4,611.40   |             |                | \$ 4,611.40   |             |
| Repairs – Mgr Unit             |                | \$ 7,591.19   | \$ 7,591.19   |             | \$ (7,420.00)  | \$ 171.19     | Note 21-7   |
| Landscaping                    | \$ (3,000.00)  | \$ 36,688.55  | \$ 33,688.55  |             |                | \$ 33,688.55  |             |
| Equipment                      |                | \$ 8,747.38   | \$ 8,747.38   |             | \$ (8,387.38)  | \$ 360.00     | Note 21- 8  |
| Supplies – Maint/Office        |                | \$ 13,028.88  | \$ 13,028.88  |             |                | \$ 13,028.88  |             |
| Supplies – Lake                |                | \$ 8,982.45   | \$ 8,982.45   |             |                | \$ 8,982.45   |             |
| Water                          |                | \$ 57.63      | \$ 57.63      |             |                | \$ 57.63      |             |
| Uniforms                       |                | \$ 2,395.05   | \$ 2,395.05   |             |                | \$ 2,395.05   |             |
| Insurance                      | \$ (60,560.68) | \$ 124,936.67 | \$ 64,375.99  |             |                | \$ 64,375.99  | Note A (6)  |

|                         |                 |                        |                        |                       |
|-------------------------|-----------------|------------------------|------------------------|-----------------------|
| Licenses                | \$ (432.00)     | \$ 62,838.23           | \$ 62,406.23           |                       |
| Reserve                 | \$ (1,035.00)   | \$ 13,608.00           | \$ 12,573.00           | \$ (12,573.00)        |
| Capital Items           |                 |                        |                        |                       |
| Bank Fees/Returned Chks |                 | \$ 5,359.87            | \$ 264.00              |                       |
| Vehicle Expense         |                 | \$ 3,718.64            | \$ 3,718.64            |                       |
| Resident Activities/HOA |                 | \$ 3,500.00            | \$ 3,500.00            | \$ (3,500.00)         |
| Security Service        | \$ (284.85)     | \$ 1,424.25            | \$ 1,139.40            |                       |
| TV Service – Clubhouse  | \$ 114.92       | \$ 1,349.33            | \$ 1,464.25            | \$ (6.25)             |
| <b>Total Expense</b>    | \$ (150,633.71) | <b>\$ 1,694,924.72</b> | <b>\$ 1,537,986.44</b> | <b>\$ (17,570.46)</b> |
|                         |                 |                        |                        | \$ 1,520,415.98       |
| Net Operating Income    |                 | <b>\$ 815,830.32</b>   | <b>\$ 972,768.60</b>   | <b>\$ 780,268.02</b>  |

|                        |                    |
|------------------------|--------------------|
| \$ 62,406.23           |                    |
| \$ -                   | <b>Note A (7)</b>  |
| \$ -                   |                    |
| \$ 264.00              | <b>Note A (8)</b>  |
| \$ 3,718.64            |                    |
| \$ -                   | <b>Note A (9)</b>  |
| \$ 1,139.40            | <b>Note A (10)</b> |
| \$ 1,458.00            | <b>Note A (11)</b> |
| <b>\$ 1,358,607.43</b> |                    |
|                        |                    |
| <b>\$ 1,253,547.61</b> |                    |

**NET OPERATING INCOME RATIO**

**32.49%**

**38.74%**

**47.99%**

## Notes to Schedule 2 Laguna Vista Analysis Notes – 2021

### General Comment regarding the information provided for 2021:

I have reviewed the RSG report dated March 2, 2023 (received by on March 3, 2023). I agree with many of RSG's findings as noted below in Note A.

I have also adjusted certain income and expense amounts for items discovered during review of the large amount of information provided by the Park Owner to support the Application. Many of the items noted were apparently changed by the Park Owner after discussion with RSG, and I have modified my calculation to account for this new information.

### Note A: RSG Findings

(Note: The numbers assigned to each item below are referenced on the 2021 Income and Expense Analysis)

(1) **Property Taxes** – The Park Owner combined both regular taxes and supplemental taxes into one line item. This resulted in an increase of \$4,830.97. We have no documentation of this increase and I thus have not included it in my calculation of 2021 expenses.

RSG reduced various expense items by minor amounts. I concur with these decreases and have thus included the following reductions in my calculation:

(2) **Telephone** – Reduced by \$9.70 in agreement with RSG adjustment.

(3) **Utilities** – Reduced by \$731.51 in agreement with RSG adjustment.

(4) **Street Repairs** – Reduced by \$750.00 in agreement with RSG adjustment and shifted to capital expenses.

(5) **Landscaping** - This category was reduced by the Park Owner to \$33,688.55. I have further reduced it by a capital expense of \$8,387.00 (see Note 21 - 8).

(6) **Insurance** – This category was reduced by the Park Owner to \$64,375.99.

(7) **Reserve** – Reduced in full to \$0, in agreement with RSG adjustment.

(8) **Bank Charges** – This category was reduced by the Park Owner to \$264.00.

(9) **Resident Activities** – Reduced by \$3,500.00 in agreement with RSG adjustment.

(10) **TV Service** – Reduced by \$6.25 in agreement with RSG adjustment.

(11) **Security Service** - This category was reduced by the Park Owner to \$1,139.40.

(12) **Repairs** – Well - This category was reduced by the Park Owner to \$1,300.00.

Total reduced by Park Owner - **\$150,633.71** (not all items reduced by Applicant are included above.)

Total additional amount reduced by RSG - **\$17,570.46**

### Note 21-1 Gross Rent

This **\$54,000** adjustment is based upon two (2) items:

- (1) **\$500 Resale Transaction ‘Processing’ Fee** – During 2021, a total of twelve resident purchasers were each charged \$500.00 as a “processing fee” when they closed escrow. The fee was paid to “MHC Management, Inc. Research of Secretary of State records confirm a unity of interest between this corporation and the Applicant, Laguna Vista MHC, LLC. I have thus included **\$6,000.00** as additional Gross Rent income. [Documents evidencing these payments shall be introduced by residents at hearing.]

- (2) **Home Rental Income** – Applicant’s “Annual Permissive Adjustment Application dated November 1, 2021 shows five (5) homes (spaces 21, 112, 162, 174, & 269) listed as “Rental” with a total site/home monthly rent of for all five of about \$8,200/month. No detail was provided as to an appropriate “Other Income” line item for rental income, and no such details provided for Gross Rents. A review of Gross Rents category suggests that this rental income is not (or is only partially) included in Gross Rents. Accordingly, I have added approximately 50% of this monthly income (\$4000/mo) to Gross Rents.

Total additions to Gross Rents:

Document Fees - \$6,000.00.

Home/Site Rental - \$48,000 (\$4,000 X 12 months)

Total - **\$54,000** added to Gross Rents

### **Note 21-2 Home Sales Income**

Residents noted that, throughout 2021, the Park Owner requested that homes in the park be sold through his own property management company. Residents believe that homes were listed and resold at a profit. They also state that on-site managers were seen working on the homes.

There are two (2) sources of income from such sales, which would be 'attributable to park operations' and thus included in the park's NOI:

- 1) Profit from home sales over and above the sale price of the home by existing park resident. There could be significant turnover in a nice Affordable 55&Older community. In addition, heirs often have little knowledge of home value and are just interested in selling the home to relieve their burden. I have estimated this profit as best I can.
- 2) Home Sale Commissions associated with each sale would be originated within the management company (which as noted above is affiliated with the Park Owner), paid out of the sale escrow, and not show up as park revenue, although it would be 'attributable to park operations.' An estimate of commissions (without regard to any sale expenses) and home sales profit can be made as follows:

No. of homes sold/annually – Residents believe at least three (3) homes were sold through the park and the management company.

Home sale price – estimate at \$180,000 based upon the sale brochure provided.

Commission percentage – 6%

Estimated profit per home - \$5,000

Thus, I have added **\$47,400** to Other Income (3 homes X \$180,000 X 6% = **\$32,400**, plus 3 homes X \$5,000 = **\$15,000**).

Total added revenue - \$47,400.00 per a new “Home Sales” category.

### **Note 21- 3 Management Fee – Off Site**

I have attached a schedule of Comparable Mobilehome parks (see Schedule 4). All are comparable in terms of quality, general geographical location, number of units, etc. I have extensive financial and operating information for each of these parks.

A number of factors influence the percentage fee charged by management companies:

**Negotiation and competition** – more competition and negotiation suggests a lower fee

**Outside limitations** – local regulation sometimes limits the fee percentage

**Number of spaces in the park** – more spaces suggest a higher percentage

**Quality of the park** – nicer parks suggest more attention and a higher percentage

**Amount of Gross Rent** – larger total Gross rents suggests a smaller percentage

**Services** included in the management fee – more services (billing, meter reading, payroll, payroll taxes & insurance, health insurance, etc.) suggests a higher percentage

Discussion of Each Factor:

**Negotiation and competition** – I suspect there was little or no negotiation or competition in setting the management company rate of 5%. The management company (MHC Management Inc.) is affiliated with the Park Owner. MHC Management manages four (4) properties (including Laguna Vista), all properties are mobilehome parks and all are affiliated with the Park Owner.

**Outside limitations** – The City of Oceanside code (Section 16B.14. (a) (4) presumes that management expenses be not more than five (5) percent of Gross Income, unless established otherwise. I have thus assumed that this is the operative limitation on the management fee.

**Quality of the park** – Laguna Vista appears to be an attractive property.

**Amount of Gross Rent** – Laguna Vista combines a relatively large number of spaces with a relatively large average monthly site rent, suggesting a larger revenue base to which a management fee would be applied and, all things being equal, to a smaller percentage fee.

**Services** included in the management fee – The Park Owner appears to bill separately for many of the services that might normally be included in the management fee. All things being equal, this would suggest a smaller percentage fee.

The park owner includes a 5% management fee, which is on the high side of typical. In addition, the Management Company appears to be computing the fee based upon “Effective Gross Income”, which includes all “Other Income”. Typically, management fees are based upon “Gross Rents”, which is considered a more objective measurement. For example, using the February 2021 billing, the Effective Gross Income used by MHC Management is \$208,756.45, which agrees with the owner provided statements for January. The fee billed by MHC Management is \$10,437.82. However, if the fee were computed on Gross Rents of \$177,693.47, the fee would be \$8,884.67, lower by \$1,553.

After review of all these factors and the Schedule 3 of Comparable Parks attached, I have concluded that the appropriate Management Fee should be based upon the low end of the 'per site' management fees shown on the schedule. I have used \$325/site/annually, or a total of **\$88,400**. MHC Management invoiced a total of \$125,836.04.

Accordingly, I have reduced this expense by **\$37,436.04**.

#### **Note 21- 4 Management Payroll – On Site**

Management Payroll of \$186,548.87 (down from \$187,757.50, which was originally posted to the Laguna Vista accounts in December 2021 with no detail or supporting information). We suspected at that time this was an allocation from financial information for all four (4) of the Laguna Vista Park Owner's parks. Applicant's revised 2021 Expenses Summary spreads this amount over several months,

in monthly amounts ranging from \$1,200 to over \$37,000, including three (3) months with no amounts, with no additional documentation provided. I continue to believe this amount to be excessive (particularly in light of the high Management Fee–Off Site discussed in Note 21-3), and that not all is directly related to Laguna Vista.

Section 5.03 (c) of the Administrative Procedural Guidelines limit Management Expenses (including space rent to managers and maintenance persons, accounting services, legal fees unrelated to legal proceedings against the Commission) to 5% of Gross Income unless 'fully and completely' documented. Such documentation has either not been, or only partially provided. Thus, per Section 5.03 (c), total estimated Management expenses (some expenses documented, some not documented) are **\$216,844.91** (Management Payroll on site - \$186,548.87, Legal fees unrelated to proceedings before the Commission - \$875 (after removal of legal fees which are related – see below Note 21-5), Manager Unit Space Rent - \$9,159.24, Repairs – Manager's Unit - \$7,420.00, Employee Medical - \$7,441.84, Park Billing - \$5,399.96, Accounting - \$175.00. TOTAL - **\$216,844.91.**)

The 5% limit per Section 5.03 (c) would appear to be \$125,537.75 (5% X \$2,510,755.04). Thus the amount in excess of this limit is **\$91,307.16**.

Accordingly, I have removed the amount in excess of the 5% limit - **\$91,307.16**.

#### **Note 21- 5 Legal Fees**

Sec. 16B.14 of the City of Oceanside Code of Ordinances – 'Operating Expenses' para (b) (4) specifies that Attorney Fees incurred in proceeding before the Commission are not to be included in Operating Expenses. Although the Commission may award such fees in their process or as the result of prior legal precedents, it is not appropriate that these fees be shown as operating expenses in this proceeding. A review of the invoice for Cozen O'Connor for 2021 shows that all their billing was for preparation for this proceeding.

Accordingly, I have removed **\$9,632** from legal costs.

#### **Note 21- 6 Pool Expense**

The Park Owner did not provide a summary of their capital improvement policy. I have reviewed the invoices provided, subsequently reviewed the comments by RSG and believe that the new pool pump (\$1,495), control box (\$2,594) and pool pump installation (\$1,300) (totaling \$5,389) are non-curing costs which should all be capitalized. Note that the control box is the same item now classified by the Applicant as a capital improvement and calculated by RSG as a pass through amount on page 12 of their report. I have thus removed \$2,795 from pool expense and concur with RSG's treatment of the \$2,594.00 control box amount as a capital expense item.

Accordingly, I have removed **\$2,795** from pool expense and shifted that amount to capital expense.

#### **Note 21- 7 Repairs – Manager's Unit**

A review of the materials provided by the Park Owner shows that the repairs for the Manager's Unit were capital expenses and upgrades and should not be considered as expense items.

Accordingly, I have removed **\$7,420** and shifted that amount to capital expense.



**Note 21- 8 Equipment**

Again, the Park Owner did not provide a copy of their accounting policy regarding Capital Items. Normally, such a policy would provide for capitalizing specific durable items in excess of a specified amount, typically \$1,000. I reviewed the documents provided by the Park Owner and identified the Power Equipment and Lawnmower purchases as non-recurring Capital Items, not expense items.

Accordingly, I have removed **\$8,387.38** from equipment expense and shifted that amount to capital expense.

**Treatment of Capital Expenditures is summarized at page 4 of my Report.**

**LAGUNA VISTA, OCEANSIDE, CA**  
**COMPARABLE MOBILEHOME PARKS**

**SCHEDULE 3**

| <b>Park</b>                          | <b>Location</b> | <b>Owner</b>  | <b>Number<br/>Of units</b> | <b>Average<br/>Site Rent</b> | <b>Insurance</b> | <b>Insurance</b> | <b>Mgt Fee</b> | <b>Mgt Fee</b>  | <b>Mgt Fee<br/>Percent</b> |
|--------------------------------------|-----------------|---------------|----------------------------|------------------------------|------------------|------------------|----------------|-----------------|----------------------------|
|                                      |                 |               |                            |                              | <b>Annual</b>    | <b>Per site</b>  | <b>Annual</b>  | <b>Per site</b> |                            |
| Laguna Vista                         | Oceanside       | Mike Ali      | 272                        | \$653                        | \$125,000        | \$460            | \$126,000      | \$463           | 5.00%                      |
| <b>(After Park Owner Adjustment)</b> |                 |               |                            |                              | \$64,376         | \$237            |                |                 |                            |
| Pecan Community                      | San Diego       | Residents     | 128                        | \$625                        | \$19,000         | \$148            | \$47,000       | \$367           | 4.40%                      |
| Seal Beach Shores                    | N Orange Cty    | Residents     | 125                        | \$603                        | \$21,200         | \$170            | \$46,200       | \$370           | 5.40%                      |
| Alimur Park                          | Santa Cruz      | Residents     | 147                        | \$546                        | \$18,000         | \$122            | \$48,000       | \$327           | 4.90%                      |
| Plaza Del Rey                        | S SF Bay        | Carlyle Group | 800                        | \$1,220                      | \$129,500        | \$162            | \$281,000      | \$351           | 2.40%                      |
|                                      | AVERAGE         |               |                            |                              |                  | <b>\$150</b>     |                | <b>\$353</b>    |                            |

**LAGUNA VISTA MHP, OCEANSIDE, CA**  
**CALCULATION OF NOI ADJUSTMENT FOR 2021 EXPENSE YEAR**

**SCHEDULE 4 Calculation of Allowable NOI Adjustment**

|  | Calculation per application | Calculation per RSG | Calculation per HOA |
|--|-----------------------------|---------------------|---------------------|
| <b>Base Year NOI</b>                                 |                             |                     |                     |
| (A) Base Year Gross Income                           | \$1,131,553                 | \$1,011,821         | \$1,011,821         |
| (B) Base Year Op. Expenses                           | \$388,636                   | \$390,721           | \$444,937           |
| <b>(C) Base Year NOI (A-B)</b>                       | <b>\$742,917</b>            | <b>\$621,100</b>    | <b>\$566,884</b>    |
| <b>Allowable NOI Percentage Increase</b>             |                             |                     |                     |
| (D) Base Year CPI                                    | 363.700                     | 363.700             | 363.700             |
| (E) Current Year CPI                                 | 1,149.144                   | 1,149.144           | 1,149.144           |
| (F) % Change between Base Year & Current Year CPI    | 215.96%                     | 215.96%             | 215.96%             |
| (G) Housing Component of Current Year CPI            | 46.26%                      | 46.26%              | 46.26%              |
| (H) Cap of Housing Component of Current Year CPI     | 40.00%                      | 40.00%              | 40.00%              |
| (I) Lesser of G & H                                  | 40.00%                      | 40.00%              | 40.00%              |
| <b>(J) Allowable NOI Percentage Increase (F * I)</b> | <b>86.38%</b>               | <b>86.38%</b>       | <b>86.38%</b>       |
| <b>Allowable Adjusted NOI</b>                        |                             |                     |                     |
| (K) Allowable NOI Adjustment (C * J)                 | \$641,732                   | \$536,506           | \$489,674           |
| <b>(L) Allowable Adjusted NOI (C + K)</b>            | <b>\$1,384,649</b>          | <b>\$1,157,606</b>  | <b>\$1,056,558</b>  |
| <b>New Allowable Space Rent Ceiling</b>              |                             |                     |                     |
| (M) Current Year Operating Expenses                  | \$1,694,924                 | \$1,520,416         | \$1,358,607         |
| (N) Allowable Adjusted Gross Income (L + M)          | \$3,079,573                 | \$2,678,022         | \$2,415,165         |

|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| (O) Current Year Other Income                            | \$378,102          | \$377,338          | \$425,502          |
| <b>(P) New Allowable Rent Ceiling (N - O)</b>            | <b>\$2,701,471</b> | <b>\$2,300,684</b> | <b>\$1,989,663</b> |
| <b>NOI Adjustment Warranted</b>                          |                    |                    |                    |
| (Q) Current Rent Income from Spaces Subject to Ordinance | \$2,132,652        | \$2,128,321        | \$2,128,321        |
| (R) Difference between P & Q (P - Q)                     | \$568,819          | \$172,363          | (\$138,658)        |
| <b>(S) NOI Adjustment (R/Q)</b>                          | <b>26.67%</b>      | <b>8.10%</b>       | <b>-6.51%</b>      |
| (T) 2022 Space Rent Ceiling Adjustment                   | 3.90%              | 3.90%              | 3.90%              |
| <b>(U) NET 2021 NOI ADJUSTMENT S - T</b>                 | <b>22.77%</b>      | <b>4.20%</b>       | <b>-10.41%</b>     |

Deane Fuller Sargent  
3165 Chandler Egan Drive  
Medford, Oregon 97504  
415-271-3919

March 2023

E-mail (personal): [deane.f.sargent@gmail.com](mailto:deane.f.sargent@gmail.com)

Web site: [www.pmcfinancialservices.com](http://www.pmcfinancialservices.com)

## **EXPERIENCE**

### **1992-Present: PMC Financial Services, Founder & Chief Managing Officer**

**PMC provides solutions for complex, highly leveraged mobile home park project acquisitions and refinances through strategic partnerships with investment bankers, financial consultants and lenders**

- Conceived, developed and marketed unique financing programs for manufactured home parks providing leveraged purchase transactions for non-profit corporations, investor groups and resident groups.
- Completed 40-50 resident, investor, and not for profit purchase financings involving both first mortgage loans and individual loans (over 700 individual share loans).
- Currently exploring 3 MHP projects for non-profit or resident corporations.
- Financing sources included HUD, Fanny Mae, Freddie Mac, Conduit lenders, banks, community development lenders, owner financing

### **2017-Present: Expert Witness for residents in Manufactured Home Parks in rent control actions.**

### **1989-1992: Investment Banker, EVP - Asset Securitization Group**

- Developed programs to securitize assets for banks, thrifts, & mortgage lenders
- Managed secondary market access for these clients on an on-going basis.
- Directed the origination, private placement, and due diligence functions.

### **1987-1988: Mortgage Banker and Lender, SVP - West Coast Operations**

- Supervised project origination & underwriting functions
- Managed 13 person west coast staff, closing 14 financing transactions
- Directed selection and presentation of projects for Loan Committee review/approval

### **1980-1986: Investment Banker, Vice President and Stockholder**

- Managed over 100 tax-exempt municipal bond project financings.
- Created and implemented presentations to clients in western region
- Financing team volume ranked in top five for investment banks in US

### **1977-1980: Real Estate Developer and Commercial Contractor, Partner/Owner**

### **1975-1977: The Anschutz Corporation - Manager - Corporate Development/Planning**

### **1970-1975: KPMG Peat Marwick - Tax Supervisor**

### **1966-1969: US Army, 1<sup>st</sup> Lieutenant, Armored Cavalry - Distinguished Honor Graduate – OCS 18-67**

## **EDUCATION**

- M.B.A. - University of Denver**, 1970 Finance & Marketing
- B.S.B.A - Miami University**, 1966 Oxford, Ohio, Economics  
Phi Gamma Delta, President  
Program Board, President  
Student Senate  
Outstanding Senior Fraternity Man
- Professional education courses** - Accounting, Investment Banking, Real Estate, Finance, appraisal

## **PROFESSIONAL DESIGNATIONS**

- Investment Banking**  
General Securities Principal, various series types  
(inactive)
- Certified Public Accountant**  
AICPA, California Society of CPAs, Colorado CPA (Inactive) #2368
- California Real Estate Broker** - #01040463 (Active)

## **OTHER DATA**

- Hillsborough City Elementary School District**, Hillsborough, CA, Board of Trustees  
- Elected 1993; Re-elected (unopposed) 1997 & 2001; President - 1997 & 2001; retired 2005
- Town of Hillsborough**, CA Citizen of the Year – 2004
- Hillsborough Schools Foundation**, Hillsborough, CA, President 1991 - 92,  
Treasurer 1990 – 91
- Eagle Scout, God & Country Award**

## **PERSONAL**

- Married** - Cora Janet Eggleston - 1969
- Children** - Elizabeth Ann (1976) currently in the ministry in San Diego; married to Robert Pipkin, Cmdr - Naval Intelligence; one child  
- James Andrew (1979) a Medical Doctor with Kaiser in CA., after 9 years at University of California, San Diego, and a 3-year Fellowship in Perinatology at Oregon Health & Science University, Portland, OR; married to Tiffany, currently a college teacher & former Economics/math Professor at San Diego State University and University of San Diego; two children
- Hobbies - jogging (shuffling actually), acrylic painting, skiing, private pilot, genealogy, Spanish

File: Resume 2 DFS – Long Form.doc