

CITY OF ESCONDIDO

LONG-FORM

MOBILEHOME PARK APPLICATION FOR
SPACE RENT INCREASE



201 NORTH BROADWAY
ESCONDIDO, CALIFORNIA 92025-2798

Phone: (760) 839-6265
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City of Escondido

LONG FORM

MOBILEHOME RENT REVIEW APPLICATION

SUMMARY OF DOCUMENTS INCLUDED

1. THE RENT REVIEW PROCESS (2 pages)
2. INSTRUCTIONS FOR LONG-FORM RENT INCREASE APPLICATION (4 pages)
3. RENT INCREASE APPLICATION CHECKLIST (1 page)
4. LONG-FORM APPLICATION FOR MOBILE HOME SPACE RENT INCREASE (13 pages)

DOCUMENTS AVAILABLE ON CITY OF ESCONDIDO WEBSITE

(<http://www.escondido.org/mobilehome-rent-control-administration.aspx>)

1. AN ORDINANCE OF THE CITY OF ESCONDIDO ESTABLISHING MOBILEHOME RENT CONTROL "*a.k.a. Proposition K*" (4 pages)
2. MOBILEHOME RENT REVIEW BOARD GUIDELINES (12 pages)

SUBMITTAL REQUIREMENTS

The long-form application for space rent increase must be submitted to The Mobilehome Rent Review Board, c/o Housing Division, Attn: Belinda Rojas, (760-839-6265) and shall include **an original and five (5) copies** of the complete application (including all items listed on the enclosed RENT INCREASE APPLICATION CHECKLIST - #3 above.)

CITY OF ESCONDIDO

THE RENT REVIEW PROCESS

STAFF REVIEW

- Staff receives the application from a mobile home park owner and checks it for completeness. Staff may request further information from the park owner if the application is lacking necessary information.

DETERMINING THE APPLICATION COMPLETE

An application is complete when City staff determines that the owner has provided adequate information/documentation to support claims made in the application so as to permit the Rent Review Board to judge the merits of the requested increase. Determination that an application is complete shall not constitute agreement by staff that the increase is justified.

- Staff has 30 days from the time the application is submitted to determine whether it is complete. Where additional information is requested, the 30-day time period to evaluate the completeness of the application begins the date such new information is received.

RESIDENT RESPONSE

- After the application is determined complete, all residents affected by the rent increase application are sent a letter from the City stating that the application is complete and that residents have 30 days to submit responses.
- Responses should address the application specifically and should not address individual complaints or problems that a resident has with his/her space or coach*. Responses can be written by individuals or groups. They should be printed neatly or typed and mailed to: **Belinda Rojas, City of Escondido, Housing and Neighborhood Services Division, 201 North Broadway, Escondido, CA 92025.**

**Individual complaints concerning landlord/tenant issues may be directed to Legal Aide Society of San Diego, INC, 1-844-449-3500. Code Enforcement complaints may be filed in writing or online (<http://www.escondido.org/code-enforcement.aspx>), 760-838-4650. Inquiries concerning the rent review process should be made in writing to Belinda Rojas at the above address, by email at brojas@escondido.org, or by telephone 760-839-6265.*

RENT REVIEW BOARD HEARING

- Within 60 days of the date the application is determined complete (but not before the resident response period is over,) a hearing will be held. All affected parties are notified at least 10 days before the hearing of its date and time.
- Before the hearing, the Rent Review Board is provided with a copy of the rent increase application, all the resident responses and the staff report which summarizes both parties' positions and analyzes the application according to the guidelines set forth in the ordinance.
- At the hearing, the Board will first hear staff's report, then testimony from the owner and any representatives, then finally testimony from the resident representative(s). Testimony from the owner and residents will be under the following time limits: 15 minutes for the first representative and then 3 minutes for every representative after for each side. Once all testimony has been heard, the Board will commence its deliberations. The Board may, at its own initiative, request additional input from the applicant or residents to assist it in reaching its decision.
- Within one week of the close of the hearing, all affected parties will be notified of the Board's action by mail. If the Board's decision is to grant an increase in rent, the earliest possible date that an increase could take effect is 90 days from the date the owner gives written 90-day notices to affected residents (California Civil Code 798.30.) The owner may send this notice out as early as the same day the increase resolution is adopted by the Board.

CITY OF ESCONDIDO

INSTRUCTIONS FOR RENT REVIEW APPLICATION

These instructions are to assist you in successfully completing your rent review application.

GENERAL INSTRUCTIONS:

1. **Type or print** clearly in black ink on all application forms. Please complete all sections.
2. Attach additional pages as needed using only 8.5" x 11" letter size paper. Be sure to identify the name of the mobile home park on all attachments. Once your application is complete, **please number the pages.**
3. Except for financial statements, application pages may not be substituted with other forms of documentation (although they may be supplemented if the applicant feels it is necessary.) **You may submit any type of park balance sheet and revenue and expense statements as long as they provide details comparable to the City's forms and request for background information.**
4. Provide one (1) original and five (5) copies of the entire application. Please remember to number the pages of your completed application before copying.

Criteria from Rent Protection Ordinance

The Rent Protection Ordinance contains 11 criteria on which the Rent Review Board may base their decision. Please address each of the 11 criteria from the Ordinance, Section 4(g) that applies to your request. There is space at the end of this section to list additional reasons you may wish the Board to consider. A copy of the Ordinance can be found on the City website (<http://www.escondido.org/mobilehome-rent-control-administration.aspx>).

Mobilehome Park Space Rent Sheets

This section shows rental amounts for each space affected by the application, since the date of the last increase (or the rollback date if no rent review hearing has been held.) Please read the instructions on this page carefully and be sure to include the totals in the appropriate boxes. If the last increase was granted more than three years ago, use additional page(s) to list rents for all years since the last increase.

Long-term Lease Space Rent Sheets

This section only documents current rents for spaces on long-term leases only. Please be sure to read the instructions carefully and include totals and averages in the appropriate boxes.

Park-Rental Rent Sheets

This section only documents current rents for spaces where both the coach and space are leased to the tenant by the Park. Please be sure to read the instructions carefully and include totals and averages in the appropriate boxes.

Revenue and Expense Statements

Please show balance sheet information and revenue and operating expense data taken from actual park records for each year since the last rent increase application was deemed complete. If the application is submitted during your fiscal year, please include partial year to date

Property tax bills must be submitted for each year since the last increase.

Copies of income tax statements to document expenses are requested, but not required.

Where sums differ substantially from one year to another for items such as unusual repairs, one-time only expenses, large item expenses (i.e., insurance, rent on land, etc.) or operating expenses, verifiable records may be required. Documentation may include cancelled checks and their associated billing statements. If cancelled checks are submitted, a cancellation mark from the bank must be shown. Check faces or associated billing statements should identify the expense.

Owner's Affidavit

This form must be signed by the park owner and notarized, attesting to the accuracy of the submitted information.

5. All applications must include four (5) sets of self-adhesive address labels* addressed to park residents affected by the proposed increase, including park name, address, and space number.

Example:

John Doe
Escondido Mobile Estates
200000 Washington, Space 1
Escondido, CA 92025

**Be sure to include labels with the park owner's name and address and/or his/her representative on the sets of self-adhesive labels.*

APPLICATION FEE:

The application fee to submit an application for a rent increase is \$2,000.00. (Resolution No. 2015-26)

The applicant shall be required to deposit the sum of \$5,800 at the time of filing the application with the City. This amount will be used to reimburse the City for costs associated with evaluation of the application and preparation of information regarding the rate of return for the park under criteria established by the Board and to defray the costs of any supplementary work which may be required to insure that the application is complete. This deposit will also be available to pay for analysis of any claims set forth in the application or materials supplied to substantiate claims made in the application to determine their validity and veracity.

Where the deposit is exhausted prior to completion of the review of the rent increase application, no further work on the application shall be conducted until additional amounts are deposited, as the Rent Review Board may deem appropriate.

Please make check payable to the City of Escondido.

REVIEW:

Upon receipt of the application, the City has 30 days to determine if the application is complete. If it is not complete, further information will be requested from the applicant. When the application is complete, the applicant will be notified. For further details of the application process, please see the attached sheet which outlines the rent review process. We have also included a copy of the Rent Review Board Guidelines for you to reference.

The application and all supporting documents should be delivered to:

City of Escondido
Mobile Home Rent Control Administration
c/o Housing and Neighborhood Services Division
201 North Broadway
Escondido, CA 92025

Attention: Belinda Rojas

If you have any questions, please call Belinda Rojas, Housing and Neighborhood Services Division, (760) 839-6265

CITY OF ESCONDIDO

Rent Increase Application Checklist

This list will assist you in making sure you have completed the minimum requirements for submitting a rent increase application.

- Ownership/Representative information completed on first page of application
- Utility Structure grid and amenities and hours of operation worksheet completed
- The appropriate criteria have been addressed on the Rent Review Criteria forms
- Affected space rent worksheets
- Long-term lease space rent worksheets
- Park-rental rent worksheets
- Financial Statements (balance sheet and revenue and expense information for each year since last rent increase)
- Property Tax statements for each year since the last rent increase
- All applicable back-up information/documentation
- Owner's Affidavit signed and notarized
- Five sets of address labels
- Five copies of your completed package plus the original
- Application fee and deposit enclosed

CITY OF ESCONDIDO
201 North Broadway
Escondido, CA 92025-2798
(760) 839-6265

APPLICATION FOR MOBILE HOME SPACE RENT INCREASE

Park Name Town & Country Club Park Telephone _____

Address 2280 E Valley Pkwy, Escondido, CA 92027

Owner Kleege Enterprises Telephone 858-481-3081

Address 12625 High Bluff Dr

Representative George Gregory Telephone 858-481-3081 * 104

Email george@kleege.com

Address 12625 High Bluff Dr #310 San Diego CA 92130

(If other than owner; all City correspondence will be addressed to this person)

Number of spaces in park 155 Number of spaces affected by the proposed increase 154

Year park opened 1968 Date of ownership 05/06/2022

Indicate number of spaces occupied by:

Triple-wide none Double-wide 154 Single-wide 1

How many are affected by the proposed increase?

Triple-wide none Double-wide 153 Single-wide 1

Briefly describe the park (include amenities and services provided without additional charge). Attach additional pages if more space is needed.

Beautiful 155 space 55+ Mobile HomePark. It has beautiful mountain views. It has a clubhouse,
outdoor spa and swimming pool, fitness center, a sauna in men's and women's restroom, billiard room,
ping pong tables, and laundry facility.

UTILITY STRUCTURE

Please check the appropriate space for each utility.

	<u>ELECTRICITY</u>	<u>GAS</u>	<u>WATER</u>	<u>SEWER</u>	<u>TRASH</u>	<u>TV</u>
Tenants pay directly to the utility company	x	x				x
Tenants are billed by the park based on their individual meter readings			x	x	x	
The cost of the utility is included in the base rent						

AMENITIES AND HOURS OF OPERATION

Please indicate applicable amenities and note days and hours of operation if appropriate:

<i>Amenities</i>	<i>Yes</i>	<i>No</i>	<i>*Days/Hours of Operation</i>
1. *Business Office	(x)	()	9:00 am to 12:00 pm 1:00 pm to 3:00 pm
2. *Clubhouse	(x)	()	from 09:00 am to 08:00 pm
Clubhouse furnished	(x)	()	
3. *Pool	(x)	()	
Heated	(x)	()	Pool(s) Size <u>41,200 gallons</u>
Pool Furniture	(x)	()	Months: _____ from 09:00 am to 08:00 pm
4. *Recreation Equipment	(x)	()	
Identify <u>puzzle, ping pong, Billiard Room, library</u>			
5. *Shuffleboard Courts	(x)	()	
6. *Playground Equipment	()	(x)	
Identify _____			
7. *Tennis Court(s)	()	(x)	

AMENITIES AND HOURS OF OPERATION (CONTINUED)

	<i>Yes</i>	<i>No</i>	<i>Comments</i>
8. *Laundry Room	(x)	()	_____
Number of washers	4		_____
Cost per load	\$3.00		_____
Number of Dryers	4		_____
Cost per load	\$0.5		_____
9. Guest Parking	(x)	()	_____
Number of Spaces	26		_____
10. RV Storage	()	(x)	na
Number of spaces			_____
Fee to use	()	()	
Amount per month			_____
Security?			_____
Area Lighted:	()	()	
11. Access to public transportation:(x)	(x)	()	_____
Blocks/Miles	700 ft		_____
12. Convenience to major shopping			_____
Blocks/Miles	1.1 milles		_____
13. Senior Park	(x)	()	_____
Services Offered by Park Owner			_____

14. Resident Organization	(x)	()	Town & Country Club Park HOA
			Cynthia O'Donnel #40; Jerome Zeiss #43;
If yes, name & unit number of representative			Linda Phillips #44; Ingrid Auburn #99

EXAMPLE

CALCULATIONS FOR FIGURING AFFECTS OF CPI ON RENTS

Last Increase was granted June 2010 based on December 2010 CPI data.

Current average base rent \$ 400.00

CPI for June 2015 = 267.346

CPI for December 2010= 246.686

Calculating the Change in CPI Since January 1, 2005 for Various Percentages:

100%:	$(267.346 - 246.686) / 246.686 = 0.08375$	or	8.375%
75%:	$(267.346 - 246.686) / 246.686 \times 0.75$	0.06281	or 6.281%
60%:	$(267.346 - 246.686) / 246.686 \times 0.60$	0.05025	or 5.025%
50%:	$(267.346 - 246.686) / 246.686 \times 0.50$	0.04188	or 4.188 %

Calculating New Base Rent Amount Based on Various Percentages of CPI:

100%:	\$400.00 x	8.375% =	\$33.50 +	\$400.00 =	\$433.50
75%:	\$400.00 x	6.281% =	\$25.13 +	\$400.00 =	\$425.13
60%:	\$400.00 x	5.025% =	\$20.10 +	\$400.00 =	\$420.10
50%:	\$400.00 x	4.188% =	\$16.75 +	\$400.00 =	\$416.75

RENT REVIEW CRITERIA

Explain reasons for requesting a rent increase using the criteria set forth in the Rent Protection Ordinance as a guideline. Provide any other information you wish the Board to consider. Attach additional pages if more space is needed. Put N/A if not applicable for a given criteria.

1. Changes in the Consumer Price index (CPI) for all urban consumers in San Diego Metropolitan Area published by the Bureau of Labor Statistics. CPI-U index figures from 1999 to the present are:

<u>Year</u>	<u>1st Half</u>	<u>2nd Half</u>
1999	171.7	173.9
2000	179.8	185.8
2001	190.1	192.4
2002	195.7	200.0
2003	203.8	206.7
2004	211.4	214.3
2005	218.3	222.9
2006	226.7	229.6
2007	231.870	234.772
2008	242.440	242.185
2009	240.885	243.655
2010	244.242	246.686
2011	252.451	253.368
2012	256.637	257.285
2013	258.955	261.679
2014	265.251	265.039
2015	267.346	271.526

The annual CPI for 2017 is 3.3%. The annual CPI for 2018 is 3.4%. The annual CPI for 2019 is 2.4%.

The annual CPI for 2020 is 1.5% May 2021 CPI is 5.3%. May 2022 CPI is 8.3%.

2. The rent lawfully charged for comparable mobilehome spaces in the City of Escondido.

Files attached

3. The length of time since either the last long-form hearing and final determination by the Board on a rent increase application or the last increase if no previous rent increase application has been made. *(Information should be included for the period since last application was determined complete as per guidelines adopted by RRB Resolution 94-12.)*

The last rent increase was in October 25th 2017 by 3.339%

4. The completion of any capital improvements or rehabilitation work related to the mobilehome space or spaces specified in the rent increase application and the cost thereof, including materials, labor, construction, interest, permit fees, and other items as the Board deems appropriate. Please provide a schedule of capital improvements since acquisition, including date of improvements, amounts and descriptions. In addition, please provide a schedule of capital assets retired, including dates, sale prices (if applicable) and descriptions. See definition and examples of capital improvements in the Rent Review Board Guidelines, page 3, Section B (copy attached.) Please submit copies of receipts, cancelled checks, with supporting documents to verify work performed. For proposed work, please include bids.

N/A, as we are not requesting.

5. Changes in property taxes or other taxes related to the subject mobilehome park. Please include property tax bills for all years since the last increase.

File attached

6. Changes in the rent paid by the applicant for the lease of the land on which the subject mobilehome park is located.

We own the land

7. Changes in the utility charges for the subject mobilehome park paid by the applicant and the extent, if any, of reimbursement from the tenants.

N/A, as we are not requesting.

8. Changes in reasonable operating and maintenance expenses. Please document.

N/A, as we are not requesting.

9. The need for repairs caused by circumstances other than ordinary wear and tear. Please document.

none

10. The amount and quality of amenities provided by the applicant to the affected resident(s.)

The mobile-home provided fitness center, sauna and spa, pool, knight security and fire system,

11. Any existing written lease lawfully entered into between the applicant and the affected resident(s.)

File attached

ADDITIONAL INFORMATION TO INCLUDE

12. Acquisition date of the park and purchase price (if traded, please give assigned value, amount, rate and term.)

May 6th, 2022 - \$17,500,000

13. Purchase terms for the park - cash down, debt assumed (amount, interest rate and term.)
New loan -\$8,500,000 principal balance with an additional \$1,500,000 available with 18 months if certain income requirements are met. Fixed interest rate of 3.573% for 7 years and then a variable rate equal to 3.475% plus the 30 Day Average SOFR, rounded up to the nearest 0.125%, and adjusted every six (6) months. Rate floor equal to 3.573% and rate ceiling equal to 9.50% Initial equity invest equal to \$8,785,184.57

Year: 201

Repairs (list)

4. Property Taxes	<u>\$108,309</u>
5. Rent on land (if any)	<u> </u>
6. Security	<u> </u>
7. Supplies, Misc.	<u> \$429</u>
8. Utilities	
Water	<u> \$45,080</u>
Sewer	<u> \$10,558</u>
Trash	<u> \$7,416</u>
Gas	<u> na</u>
Electric	<u> \$25,890</u>
Cable TV	<u> \$1,258</u>

9. Other (list)

On the Income Statement

TOTAL EXPENSES \$539,562

OWNER'S AFFIDAVIT

I (We,) Robert Bruce Kleege

being duly sworn, depose and say that I (We) am (are) the owner(s)/authorized representative(s) of the owner(s) of said park involved in this request and that the foregoing statements or answers contained herein and the information submitted herewith are in all respects true and correct to the best of my (our) knowledge and belief. I (We) make the foregoing statement, the statements and answers contained herein and declare under penalty of perjury that the same are true and correct.

Signed: [Signature]
Signature
Robert Bruce Kleege
Owner/Type or print name

Signature

Representative/Type or print name

Mailing address: 12025 High Blvd Dr #310
San Diego CA 92130

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of the document.

State of California
County of San Diego

On 1/16/2024 before me Sean Thomas, Notary Public
Date

personally appeared Robert Bruce Kleege

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

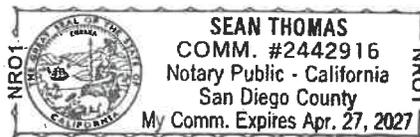
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

S.T

Place Notary Seal Above

Signature of Notary Public



Revised 4/2017