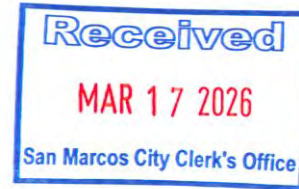


Tim Sheahan--Tenant Representative, Springdale Estates

2907 South Santa Fe Avenue/Space 2 San Marcos, CA 92069 *ph/txt:(760)521-2490 email:tpsheahan@cox.net*

March 17, 2026



(PERSONALLY DELIVERED)

City Clerk and members of the Rent Review Commission
San Marcos City Hall
1 Civic Center Drive
San Marcos, CA 92069

RE: Tenant Representative Certification

To whom this concerns,

Please take note that the previously certified Mobilehome Park Rent Review Petition signed by tenants of Springdale Estates MH park in San Marcos, contesting the noticed 4% 2026 rent increase by the Park certified me to serve as the designated representative for tenants who are subject to the pending rent review proceedings.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Sheahan".

Tim Sheahan
Tenant Representative, Springdale Estates

TR 00001

Tim Sheahan--Tenant Representative, Springdale Estates

2907 South Santa Fe Avenue/Space 2 San Marcos,CA 92069 *ph/txt:(760)521-2490 email:tpsheahan@cox.net*

March 17, 2026

(Personally Delivered)

City Clerk and Members of the Rent Review Commission
City of San Marcos
1 Civic Center Drive
San Marcos, CA 92069

Re: Tenants' Response to Owner Submission – Springdale Estates' Space Rent Increase Request

Dear Commissioners,

Tenants respectfully submit this response on behalf of resident homeowners of Springdale Estates (Springdale) manufactured home (MH) community (park) regarding the rent increase request submitted by park ownership. Current space rents range from **\$496/month -- \$1,281/month** and the requested 4% rent increase would create a range in increases from **\$19.84/m -- \$51.24/m** and raise the new range of rents to **\$515.84/m - \$1,332.24/m**. While the owner's submittal attempts to frame the proposed increase as reasonable, necessary and promoting rent "balance," the submission contains several assertions that require clarification and rebuttal.

General comments

Springdale's initial submittal has failed to comply with the deadline set by the San Marcos Mobilehome Rent Review Commission (Commission) in accordance with the ***San Marcos Municipal Code; Title 16, Chapter 16.16*** and/or related resolutions (Ordinance) regarding required financial information. Submittal of some financial information was provided over a week after the deadline, which hasn't provided our tenant rent committee adequate time to fully review. Springdale has failed to meet its "burden of proof" for why the requested 4% rent increase is "reasonable and necessary."

If proper due diligence had been performed prior to purchasing Springdale, Kleege Enterprises (Kleege) representatives would have educated themselves on requirements of the Ordinance/deadlines and unique aspects of the MH park. Apparently, Kleege representatives made no contact with City Hall officials (City) to inquire about deficiencies/Title 25 issues at the park, or details of the rent ordinance prior to purchasing the park. Even Springdale's previous law firm posted a "due diligence"

TR 00002

warning on its website (see attached **EXHIBIT 1**), mentioning the need to be particularly careful if purchasing MH parks subject to local rent ordinances. It is our understanding that Kleege Enterprises operates dozens of MH parks, many of which are in jurisdictions with rent ordinances, so they should have understood the need to do their homework regarding the Ordinance and challenging conditions at Springdale that led to repeated sales of the property. Mr. Gregory himself described his vast experience in the industry and it seems remarkable that he and others failed to dig deep and discover a giant “red flag” appear during the evaluation process that should have triggered a fundamental question of, “why had the park sold so many times, even by some of the largest MH park operators in the industry?” Perhaps even questioning why a big company like Blackstone would sell one of its properties should have led to heightened scrutiny of conditions at Springdale and the purchase price fully adjusted accordingly. Also, Kleege purchased Springdale knowing it was subject to governmental rent regulation, making its value below “market,” compared to MH parks in non-regulated areas. In addition, during the purchase consideration process, Kleege should have inquired of Blackstone and/or the City, if residents had been notified of an intent to sell and offered a required right to purchase, in accordance with the Municipal Code. No disclosure or offer was made by Blackstone and Kleege apparently did not raise that question.

Point-by-point responses to Owner’s submittal:

“Initial Written Submission”

Consumer Price Index (CPI): Nothing in the San Marcos Municipal Code guarantees owners of land lease manufactured home communities in San Marcos ANY factor of the change in CPI/inflation rate. It is quite remarkable that Mr. Gregory portrayed the “*All Urban Consumers*” CPI as reflecting the impact of changes in goods and services on park owners like Springdale the same way as the changes impact general consumers. The Bureau of Labor Statics (BLS) has classified all expenditure items into more than 200 categories, arranged into eight major groups (**food and beverages, housing, apparel, transportation, medical care, recreation, education and communication, and other goods and services**). Most of these groups impact general consumers far more than park owners; increases in costs of groceries and gasoline are a few costs, in particular, that have most dramatically impacted MH park tenants to a much greater extent than MH park owners. And, captive homeowners provide their own housing, while only renting the patch of dirt below their homes. Considering these important CPI distinctions, the San Marcos MH Rent Review Commission (Commission) has a history of granting less than “full CPI” rent increases. 75% of the change in CPI is a common standard in cities with rent stabilization ordinances for MH parks and some use a lower factor of the inflation rate (**EXHIBIT 2a,b,c,d**).

Mr. Gregory declared that his company has no desire to create an environment of confusion, misunderstanding and most of all unaffordability. That claim rang hollow

from the very first days after Kleege bought Springdale. A letter to residents claimed ownership but no rent statements were provided to residents in the first billing cycle and no meeting was held to introduce the new owners/management to residents. A “shock and awe” and zero tolerance strategy in enforcing park rules blindsided residents who had grown accustomed to far different standards through several changes in ownership of the all-age park. Had the inspections been framed as “courtesy” inspections in a spirit of courtesy, compassion and goodwill, much of the resulting confusion, misunderstanding, anxiety and resentment could have been avoided. Some residents will provide statements in writing and/or address the Commission directly, if needed, at the scheduled April 14 hearing to refute Mr. Gregory’s claims.

It’s quite remarkable that Mr. Gregory implies that rents at Springdale are “balanced” and that providing such a balance, in effect, is the park’s continuing intent. The practice for years at Springdale, and potentially continuing if a percentage rent increase is approved by the Commission, would escalate the growing rent imbalance by widening the rent disparity further with each annual percentage rent increase, due largely to past long-term leases. Many leases had annual rent increases of 10% and 12% in consecutive years during a period of time ranging from around years 2000 to 2020 (**EXHIBIT 3a**), even if CPI/inflation was 0%! For instance, it’s likely that some residents received their rent high rent increases in 2009 and 2010, when CPI was 0.0% and 1.3% (**EXHIBIT 3a**). Some on leases received a 23.2% space rent increase over that two year period due to paying BOTH a 10% AND 12% increase (**EXHIBIT 3b**), while those protected by the Ordinance received no more than a 1.3% increase. Since 1995, the change in CPI has only exceeded 5% three times and has not been higher than 7.3% in the San Diego metropolitan area in that time. There was no logical justification for raising rents by both 10% and 12% in a long-term lease and would likely never be seen in a commercial setting if leases were also subject to rent regulation. In the “real world,” leases provide security for landlords and the longer the term, the better the benefits for the lessee; just the opposite is often the case with captive homeowners in MH parks. In addition, some purchasers at Springdale, even when forced to assume unexpired leases when purchasing a home, had to absorb more than a doubling of rent upon gaining tenancy in the park, a secondary means of inflating rents far beyond the CPI.

Thankfully, when Springdale (aka Villa Vista Estates) went to rent hearings previously, the Rent Review Commission (Commission) granted uniform rent increases among all affected residents so that the disparity wasn’t widened further. At the most recent hearing for Springdale, in 2009/2010, the disparity in rent was around \$275/m; it is now \$785/m. The disparity alone is more than several residents pay in rent! Many residents were duped or required to sign egregious long-term leases/contracts of adhesion; the unfair business practices created “**artificial inflation**” of rents far beyond what the Ordinance allowed. But, since they were long-term leases, they were exempt from the local Ordinance until state adoption of **AB 2782** in 2020. For several years, only two home sites out of 85 at Springdale were protected by the Ordinance. Those two spaces are the only legitimate spaces to base Maintenance of Net Operating Income (MNOI) or

the change in CPI upon because those rents were not artificially impacted by leases or lawsuits. At the time the leases were first introduced in the early 1990s virtually all rents were within \$10/m and if steps are not taken to stop the expansion of the rent disparity, it will reach \$1162/m in ten years and \$1721/m in 20 years at projected annual rent increases of 4% and highest rent reaches **\$2,824 (EXHIBIT 4a,b)**! The continued widening of the disparity is simply not sustainable! Not only will the rent increases be hard to pay, the disparity will have a dramatic impact on home values amounting to tens of thousands of dollars of lost potential home value. An associated inequity due to the leases and the Ordinance is that some new residents could move into Springdale and pay less than half the rent of other residents who have lived in the park for over 30 years and paid over \$200,000 in rent during their tenancy.

A legitimate alternative to an MNOI/inflation analysis would be to conduct a comparable rent study, as allowed by the Ordinance and previously performed by MAI appraiser, James Brabant, for the two most recent Springdale (aka Villa Vista) hearings (see attached excerpts--**EXHIBIT 5a,b,c,d**) in which a uniform rent increase of \$8.47/m was ruled appropriate for 2008 and a uniform \$0.0/m rent increase was ruled appropriate by the Commission for 2010. Both decisions were upheld in the courts following lawsuits filed by the park owner. Artificial inflation raised the Springdale/Villa Vista average rent to a level that far surpassed comparable MH parks in San Marcos, which justified the nominal rent increases.

Mr. Gregory, declared that "balanced" rent increases are important to serve the residents and the property to "ensure affordability and habitability." To use one of his own terms, any representation that current rents are "balanced" is **ABSURD!**

2026 and 2027 "Proposed Maintenance" items deal with costs of repair/replacement for deferred maintenance or age of items that should have been disclosed and/or discovered during the purchase process and fully factored into the purchase price accordingly. The depreciation schedules submitted relate to condition of the park that was failing at the time of purchase and as potential isolated expenses, should not be claimed in order to justify higher permanent/compounded rent increases. Also, we noticed no reference to a transfer of park maintenance "reserve funds" upon change of ownership or income tax deduction estimates associated with the depreciated expenses.

"Other Points of Issue to Clarify"

The clutter in the Springdale RV lot was an area of focus because of the double standard in rules enforcement. It contains far more clutter than merely "junk vehicles" and contrary to Mr. Gregory's claims, the park uses the RV lot for storage for such things as trash dumpsters, retired BBQ grills/washing machines and greenwaste, as photos we will provide in a subsequent submittal clearly demonstrate. The CA

Mobilehome Residency Law (MRL), section 798.23 (a) states that “*management shall be subject to, and comply with, all park rules and regulations to the same extent as residents and their guests.*” That has not been the case with Kleege. Additionally, the items stored outside homes that were deemed acceptable by previous park owners/management and Title 25 inspections by San Marcos code enforcement, were cited as violations by Kleege, which forced some residents to seek outside storage facilities at a cost of roughly \$150/m. That added an unreasonable expense and essentially constituted a extra \$150/m rent increase for those homeowners.

The MRL also references in section 798.36 that park rules must be reasonable. Applying rules adopted for a 55+ MH community in Desert Hot Springs was NOT a reasonable application for all-age Springdale Estates. It was unreasonable for the park rules to require residents to maintain and replace mailboxes, when previously that had been the responsibility of the park as an amenity provided to residents. The responsibility of maintaining and replacing mailboxes has been unfairly shifted to homeowners due to a park rule change that was not approved by residents in 2019. Just as driveways installed by the MH park are the responsibility of the park (CA MRL, section 798.37.5 (c)), mailboxes installed by the park should remain the responsibility of the park.

A park rule citing that the swimming pool would only be heated four months out of the year is also unreasonable and another practical loss of an amenity previously provided year-round. Just because a rule exists doesn't mean it's legal or enforceable; otherwise, a park owner could add rules enabling such actions as arbitrary or retaliatory shuttering of the clubhouse and common areas with no recourse by homeowners.

Grandfathering of existing conditions recognizes what had been as reasonable and acceptable, in many cases, through several changes in park ownership and those standards should continue at Springdale, with resident input and support.

Springdale has provided no evidence that a majority of residents voted to accept modifications to the park rules in 2019, as required by the San Marcos Municipal Code, section 16.04.070 of chapter 16.04. Tenants intend to provide a statement in a subsequent submittal, if necessary, by the resident manager in 2019, confirming a vote was not taken and many rules were never enforced.

It was very disappointing to see Mr. Gregory take the arrogant position that rules “***will never be rescinded or removed.***” That attitude alone demonstrates a lack of goodwill or spirit of partnership by Springdale.

“Taking Away Amenities”

A common definition of an amenity is “*something that helps to provide comfort, convenience, or enjoyment.*”

While it might make sense to phase-out some amenities/benefits such as newspapers, cost savings should then be used for new benefits, such as complementary or discounted Wi-Fi access in the park.

We have mentioned the swimming pool no longer being heated year-round and apparently prior to discovering a park rule that dealt with the issue, at a 12/20/2025 meeting with residents, Mr. Gregory declared that Kleege “***doesn’t heat our swimming pools in the winter months.***” That is definitely the case at Eldorado MH park in San Marcos, which made our discovery that the pool at Town & Country MH park in Escondido was heated to over 80° in the winter quite surprising. Perhaps that exception is because Mr. Gregory is a resident of that same MH park! Tenants have contacted two previous Springdale resident managers to verify amenities/services provided over the course of decades and several changes of ownership; the swimming pool was heated year-round, even after introduction of the 2019 proposed rules. We anticipate the former managers will confirm a listing of those amenities/services/benefits previously provided at Springdale, which will be included in our subsequent submittal. Some additional examples of losses include, but are not limited to:

- 1) Reduction in park office hours to less than half of previous hours
- 2) Loss of online rent payment portal, which forces some residents to secure cashier’s checks or money orders to make payments. Apparently, Kleege’s Eldorado MH park offers “Rent Café,” which we hope will be activated soon at Springdale Estates
- 3) Loss of access to guest parking spots, which forces many residents to seek overnight street parking outside the park
- 4) Loss of access/use of the RV lot and car wash area
- 5) Loss of holiday dinners/parties
- 6) Loss of extra large dumpsters for Fall/Spring cleanup
- 7) Loss of donut days that promoted social interaction among residents

Tenants also feel “**Goodwill**” should be considered as an amenity at Springdale. Unfortunately, there has been a shortage of good-faith and goodwill from the early days of Kleege ownership. In our next submittal, if necessary, tenants will provide more evidence of such concerns, including written communications with management.

Tenants do note that some loss of amenities/services started prior to Kleege’s purchase of Springdale but with no corresponding reduction in rent, we feel it’s Kleege’s responsibility to restore them. We also note that two BBQ grills have recently been

replaced, although no notice has widely been given to residents. Three chaise lounges and a different outside table have also been noticed by the swimming pool. Long awaited water pressure related repairs have also recently been made. We appreciate those recent steps to address some lost amenities and needed repairs/replacement and hope similar positive steps are made in the near future.

“Residency Concerns”

Tenants agree with Mr. Gregory that a purpose of rent stabilization is to protect the less fortunate, but with a growing number of predatory capitalists purchasing MH parks, the purpose and value of rent ordinances to protect ALL captive homeowners without viable options to move their homes has become vitally important. There is virtually no place to relocate if conditions become too oppressive and it is very expensive to move a MH and can significantly damage the home. A Florida court declared a situation of “*economic servitude*” exists for those in the precarious position of owning homes on someone else’s land without adequate protections. Just as the market manipulation by ENRON in the utility industry created widespread abuse in unregulated environments, all MH park homeowners need and deserve adequate consumer protections to help ensure “home/land security” of tenancy. Rent ordinances can also be vital in helping to ensure rent parity among spaces within MH parks and among MH parks in the jurisdiction to help ensure that homeowners receive a fair and appropriate “bang for their rental buck,” based upon amenities, condition and operation of their MH park. Rent ordinances are an essential safety net of protection against policies of a growing number of opportunistic park owners.

On a personal note, I take some offense to Mr. Gregory’s proposal to “back-bill” some residents. I have personally been paying extra space rent for my deceased mother’s home at space four since year 2000 in the hope it will be bought/used by one or more of my siblings at some point, which was our mother’s wish. Her home is two spaces away from mine and for over a dozen years, park management allowed us to share a set of trash bins, which more than met our combined needs. After purchasing the park, Kleege started billing for trash at my mother’s space, even though no trash pickup occurred at that space (or at my space two) for the entire summer. The trash charge of \$37.37/m, in effect, was a 6.18% rent increase and “utility” charge instituted without notice. Previous management demonstrated compassion and courtesy considering my mother was a “snowbird” by not charging her a trash fee and using her bins somewhere else in the park. As a snowbird myself, I have seen no gestures of courtesy by Mr. Gregory; in fact, he told me I must sell my mother’s home, which was not only unfair, it was particularly hypocritical considering Kleege owns perhaps a dozen or more MHs at nearby Eldorado MH park! And, despite knowing I was gone for the summer and had

requested that notices be sent or emailed to me, Springdale instead posted notices at my home. Many park owners recognize that snowbirds are, in effect, paying "double the rent" since they are only onsite for half the year and; consequently, offer space rent discounts to homeowners for periods of absence. In other cases, park owners have rewarded those who regularly pay their rent on time with a financial benefit, such as waiving one month's rent periodically. Neither has been the case with Springdale. I will be including past communications with Mr. Gregory in a subsequent tenant submission to demonstrate Springdale's management style and approach.

We urge the Commission to reject the proposed money grab by Springdale to add more artificial space rent increases based upon those who might have a second home or not live in the home. Many of the current situations have existed for years, have a family connection and been accepted through implied or written contracts with previous park owners. Also, rules signed by many homeowners prohibited subletting of homes, which under CA MRL section 798.21 (f)(1) allowed such homeowners to maintain rent ordinance protections. I personally have not rented rooms at either of the homes under my control at Springdale. Finally, there is no "means testing" of income to qualify for the Ordinance and we urge the Commission to support grandfathering of existing situations and special circumstances at Springdale by ruling that "back-billing" is unwarranted.

"The Claim of Rent Disparity"

Despite me explaining the rent disparity situation to Mr. Gregory previously, he has either mistakenly or intentionally mischaracterized the situation at Springdale to the Commission, which is remarkable and disingenuous. Not only is there a huge rent disparity, as Mr. Gregory has acknowledged, some NEW residents of Springdale can be paying LESS THAN HALF the rent as long-time residents of the park, perhaps even for over 30 years and after paying over \$200,000 in rent through their years of tenancy! Mr. Gregory's mistaken example of a 25-year resident having been able to "*receive the proper allowance and protection the ordinance gives*" is contrary to the actual situations because for most longtime residents, long-term leases governed their annual rent increases for the majority of their tenancy, not the rent ordinance. And, the leases enabled the park owner a "whichever was greater" choice between CPI and the increase amount listed in the lease (**EXHIBIT 3b**) for annual rent increases. Those residents had to "ride out" their abusive leases before they could finally seek protection under the Ordinance.

There should be rent "**PARITY**," not unfair rent "**DIS**parity" causing rent "**DESPAIR**ity"!

“Home Sale Values”

Previous Commission retained expert Kenneth Baar has referred to a generally accepted estimate that for every \$100/m increase in rent, home value drops by \$10,000 (**EXHIBIT 6**), which demonstrates how devastating a rent disparity can be, especially if you have a nearby MH for sale where that buyer would pay less than half the rent as your buyer!

Mr. Gregory claims the *“argument is always the same: No increase and the expectation of maintaining the park.”* Contrary to Mr. Gregory’s generalized assertions, Springdale tenants have already made a tentative rent increase proposal during this cycle and even suggested trying to reach a long-term agreement. We have received no response to those suggestions. Residents have avoided the need for rent review hearings by negotiating/**accepting rent increases EVERY year of positive inflation since the last rent review in 2010**, during which park owner Cal-AM had attempted to increase some rents by over 70%, claiming it deserved to raise all rents to the highest in the park. Its claim of “Market Rent” was rejected by the Commission (and the courts subsequently), who recognized the absence of “market factors” such as competition in a monopolistic/oligopolistic situation. The only time a true free and open market existed was when MH parks were first constructed and developers were competing to attract customers to place homes in the new MH parks. Once the park was full of trapped homeowners, escalating rents triggered the need for local rent protections. MH values rise and fall due to market factors but space rents virtually never fall voluntarily. Also of note is that many apartment rents in the region have fallen in the past year, unlike MH space rents.

“Required Documents We Do Not Have”

Due Diligence should have provided production and examination of financials and the recent request for access to historic financial statements should have been made prior to February 22, which was 26 days after the initial deadline for submittal of January 27.

Conclusion

- 1) Springdale has not met its burden of proof to demonstrate a true need for the requested 4% rent increase and; therefore, should not be approved by the Commission.
- 2) The current space rent situation at Springdale is anything but “balanced” and Springdale’s requested rent increase of 4% would extend an unfair annual widening of rent disparity caused by a practice of annual percentage-based rent

increases. Such a practice is simply not sustainable! Mr. Gregory mentioned the term “balance” as the “answer,” which considering the current situation at Springdale should be viewed as an invitation to the Commission to intervene by truly promoting rent balance, equity and parity at Springdale Estates.

- 3) “**Artificial Inflation**” has created an abusive rent structure due to unconscionable leases/contracts of adhesion that made easy prey of naïve, trusting or fearful residents who now pray for support of the Rent Review Commission.

Suggested options for Commission consideration and action:

- 1) Deem the application incomplete, insufficient and untimely and reject the requested rent increase, as has been done by a previous Commission.
- 2) Grant no increase, or an appropriate rent reduction, until there is a return to reasonable park rule policies, restoration of lost amenities and necessary repairs completed in accordance with City requirements to fix longstanding water-table issues or other Title 25 code violations.
- 3) Conduct a Comparable Rent Analysis to evaluate rental “bang for the rental buck” and promote greater rent parity for Springdale residents compared to MH parks of similar quality, facilities and services and approve an appropriate rent increase accordingly, as has been done by previous Commissions. Exempt consideration of outlier MH parks that have imposed artificial inflation due to long-term leases. Grant any increase conditionally, requiring return to reasonable park rule policies, restoration of lost amenities and necessary repairs completed in accordance with City requirements to fix longstanding water-table issues or other Title 25 code violations prior to adoption of the rent increase.
- 4) Approve a conditional reasonable uniform rent increase among all spaces in the park with no increase being more than 4% applied to any space. “Uniform” rent increases have been a longstanding practice at nearby Vista Meadows MH park so any rent disparity at that MH park would not be widened. Grant the increase conditionally, requiring return to reasonable park rule policies, restoration of lost amenities and necessary repairs completed in accordance with City requirements to fix longstanding water-table issues or other Title 25 code violations prior to adoption of the rent increase.
- 5) Approve 75% of change in CPI rent increases with rents above a certain amount frozen for a defined number of years. Grant any increase conditionally, requiring return to reasonable park rule policies, restoration of lost amenities and necessary repairs completed in accordance with City requirements to fix longstanding water-table issues or other Title 25 code violations prior to adoption of the rent increase.

- 6) If a rent increase is approved, do not make it retroactive to January 1, considering residents have suffered loss of amenities from January 1 continuing to the present or recent date.

Special requests of the Commission:

- 1) We ask that hearings for all-age MH parks start no earlier than 4 PM to help enable more affected tenants to attend and participate in the proceedings. Otherwise, hardship is created by lost wages for working families hoping to attend.
- 2) Just as petition circulators are required to sign certification under penalty of perjury regarding signatures collected, we ask the Commission require MH parks to certify under penalty of perjury that a list of ALL tenants qualified to sign rent petitions provided to the City Clerk is complete and accurate and that the list be provided to petition circulators. That would encourage compliance with the Ordinance and help avoid confusion in the future. A full list used to be provided to all affected residents at Springdale.
- 3) We also encourage the Commission to adopt a policy requiring disclosure of existing large rent disparities to prospective purchasers of homes in MH parks that have notable disparities, considering the potential adverse impact on home values.

We appreciate the Commission's commitment to maintaining fairness, transparency, and housing stability for the residents of Springdale Estates.

Respectfully submitted,



Timothy Patrick Sheahan
Tenant Representative, Springdale Estates--on behalf of the resident rent committee
San Marcos, California

Cc: Springdale Estates

(Due Diligence warning on the website of Treehouse's former law firm)

(Excerpt from Hart King website)

Due Diligence for Mobile Home Park Purchase (Part 2)

Aug 3, 2015 | Sean O'Hair | Blog

The mobile home park will almost certainly have structures of its own, including infrastructure, in addition to the mobile homes themselves. ***Having copies of the plans for the park and any capital improvements could be essential when construction needs to be done in the future to update utilities or add any new capital improvements. The buyer should also request any and all engineering reports regarding the construction of the park or its maintenance. Having these documents on hand will make the construction or repair process easier in the future,*** whether on a near-term or long-term time scale.

Last, but not least, you will want to ***look for information regarding local politics vis-à-vis mobile home parks.*** This may require some research of local publications for articles regarding mobile home parks generally or the mobile home park to be purchased specifically. Such politics can affect how much rent may be charged, the types of red tape that may be encountered when seeking any government approvals, and even whether or not the use of the land the mobile home park is sited on can be used for a different purpose. Does the local city or county government view the park as attractive in its current state? Does the park have a "bull's eye" on it by a particular government agency or city council? Are the local courts excessively tenant friendly? These are all questions a buyer will want to ask. ***Rent control ordinances may limit the amount rents can be raised in a given time period, and may limit the types of expenses, such as capital expenditures for utility improvements, that can be passed along to tenants.*** Also assess the local court and talk with local counsel who represents mobile home parks. ***Certain locales are tenant biased when disputes do arise, which a buyer should be aware of in evaluating the overall picture of the value of a mobile home park.***

Justification for Limiting Mobilehome Park Rent Increases to 75% of CPI

Purpose

This document explains the policy rationale for limiting annual mobilehome park rent increases to **75% of the Consumer Price Index (CPI)**. This standard is widely used to balance park owner cost recovery with resident housing stability.

1. Mobilehome Residents Are Uniquely Vulnerable

Mobilehome residents differ from traditional renters because they:

- Own their homes but rent the underlying land
- Face extremely high and often prohibitive relocation costs
- Cannot easily move in response to rent increases

These conditions create a **captive tenancy**, justifying stronger rent protections than those applied to apartments.

2. CPI Overstates Actual Park Cost Increases

The CPI measures average household consumer inflation, not mobilehome park operating costs. CPI includes categories such as:

- Apparel and recreation
- Medical care and education
- Personal services

These categories do not directly affect park operations. Applying **100% of CPI** therefore risks granting rent increases that exceed actual cost growth. A **75% CPI factor** more accurately reflects real park expenses.

3. Core Park Expenses Typically Rise Below CPI

Major park costs—such as property taxes, long-term financing, infrastructure maintenance, and management—generally increase more slowly than CPI or are regulated by law. A 75% CPI cap recognizes these realities while still allowing reasonable annual adjustments.

4. Predictability and Fairness

A 75% CPI standard:

- Provides a clear, objective, and predictable method for rent adjustments
- Prevents sudden rent shocks during inflation spikes
- Allows residents, many of whom are on fixed incomes, to plan responsibly

At the same time, it ensures park owners receive consistent annual increases without the need for constant cost litigation.

5. Prevents Windfall Increases During High Inflation

During periods of elevated inflation, full CPI increases may far exceed actual operating cost increases. A 75% CPI cap serves as a **moderating safeguard**, preventing excessive rent hikes unrelated to park expenses.

6. Consistent With Established Rent Stabilization Policies

Many jurisdictions adopt rent increase limits below 100% CPI—commonly 70–75%—specifically for mobilehome parks. These policies reflect legislative findings that mobilehome residents require enhanced protections due to their inability to relocate.

7. Preserves the Right to a Fair Return

Rent stabilization frameworks typically allow park owners to petition for additional increases when justified by extraordinary or unforeseen costs. The 75% CPI standard serves as a **presumptive baseline**, not an absolute ceiling.

Conclusion

Limiting mobilehome park rent increases to **75% of CPI** is a fair and reasonable policy that aligns rent growth with actual operating costs, protects residents from displacement, and preserves long-term housing stability while ensuring park owners retain the ability to earn a fair return.

Prepared for: Resident Committees, Rent Review Boards, and Park Management Discussions

(EXHIBIT 2-d)

In California, several cities and counties have adopted the **75% of CPI** formula as a standard for "permissive" or "automatic" annual rent increases in mobile home parks.¹ This is often paired with a "floor" (minimum increase) and a "ceiling" (maximum cap) to provide stability for both residents and owners.²

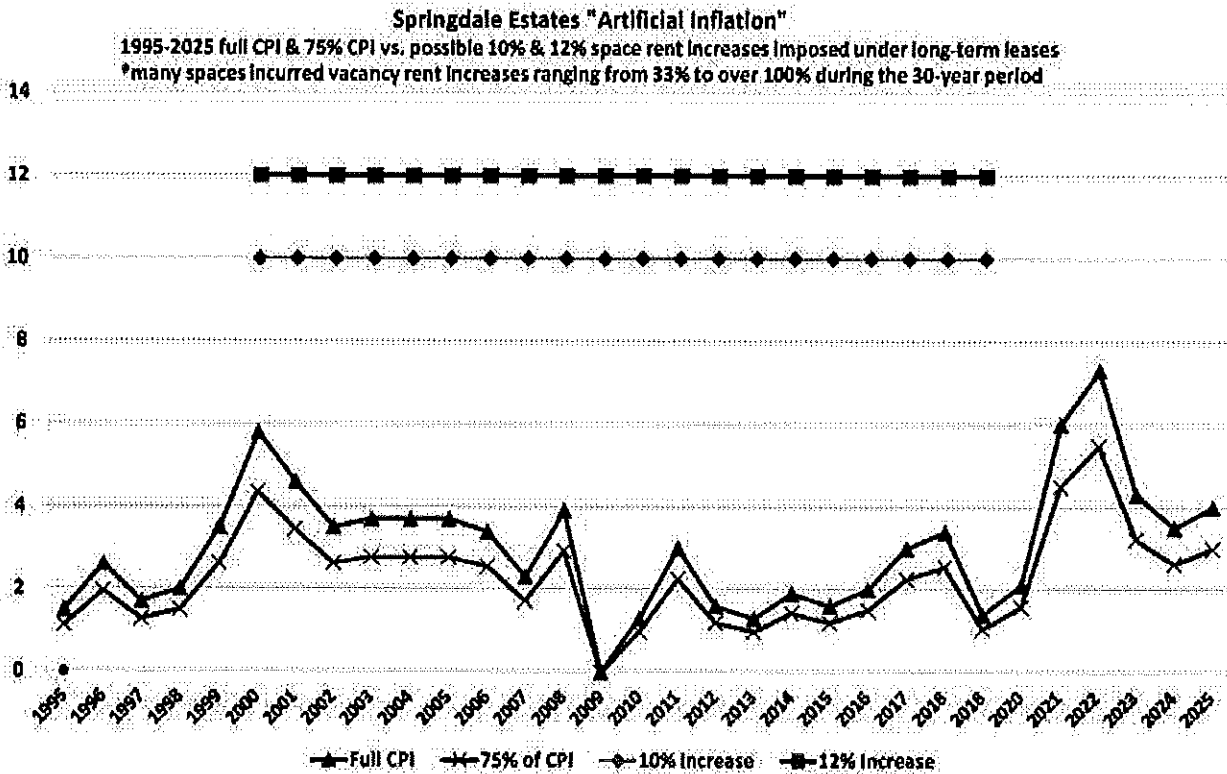
Below are the primary jurisdictions that currently use or have recently used this specific formula for their mobile home rent control ordinances:

Jurisdictions Using 75% of CPI

City / County	Rent Increase Formula	Limits / Specifics
San Jose	75% of CPI	Minimum of 3% ; Maximum of 7% .
Oceanside	75% of CPI	Maximum cap of 8% . (Administered by a Commission).
Palm Springs	75% of CPI	One increase per year; owner can petition for "hardship" more.
Carson	75% of CPI	Maximum cap of 8% .
Cathedral City	75% of CPI	Specifically for tenants on month-to-month rental agreements.
Morgan Hill	75% of CPI	Maximum cap of 8% .
Sunnyvale	75% of CPI	Minimum of 3% (set via a Memorandum of Understanding).
Santa Monica	75% of CPI	Uses the Los Angeles area CPI specifically.
Los Angeles County	75% of CPI	For unincorporated areas: Minimum 3% , Maximum 8% .
Contra Costa County	75% of CPI	Minimum 2% , Maximum 6% for unincorporated areas.

The 75% Argument: Proponents argue that since a park owner's mortgage is usually fixed and property taxes are restricted (by Prop 13 in CA), their actual "out-of-pocket" inflation is lower than the general economy's, justifying a smaller percentage.

**Springdale Estates Tenants' Response 03/17/2026
(EXHIBIT 3a)**



San Diego CPI/inflation rate applied to Springdale Estates under San Marcos Ordinance

1995	1.5%	2006	3.4%	2016	2.0%
1996	2.6	2007	2.3	2017	3.0
1997	1.7	2008	3.9	2018	3.4
1998	2.0	2009	0.0	2019	1.4
1999	3.5	2010	1.3	2020	2.1
2000	5.8	2011	3.0	2021	6.0
2001	4.6	2012	1.6	2022	7.3
2002	3.5	2013	1.3	2023	4.3
2003	3.7	2014	1.9	2024	3.5
2004	3.7	2015	1.6	2025	4.0
2005	3.7				

Springdale Estates Tenants' Response 03/17/2026
(EXHIBIT 3b)

2.2 COST OF LIVING OR INCREASE ADJUSTMENT

2.2(a) For the period beginning with (C) above, HOMEOWNER(S) shall pay VILLA VISTA MOBILE ESTATES the sum set forth at (F) above per month as RENT. Commencing on the date set forth at (G) above, and each year thereafter on an annual basis (that is, once every twelfth month), VILLA VISTA MOBILE ESTATES shall increase the monthly rent HOMEOWNER(S) are then paying, for the following twelve (12) months, by the percentage listed below OR by the increase in the "Consumer Price Index" for the prior twelve (12) months, whichever is greater.

year 2	0%*
year 3	2%
year 4	2%
year 5	3%
year 6	4%
year 7	4%
year 8	5%
year 9	10%
year 10	12%

> (combined 23.2% rent increase)

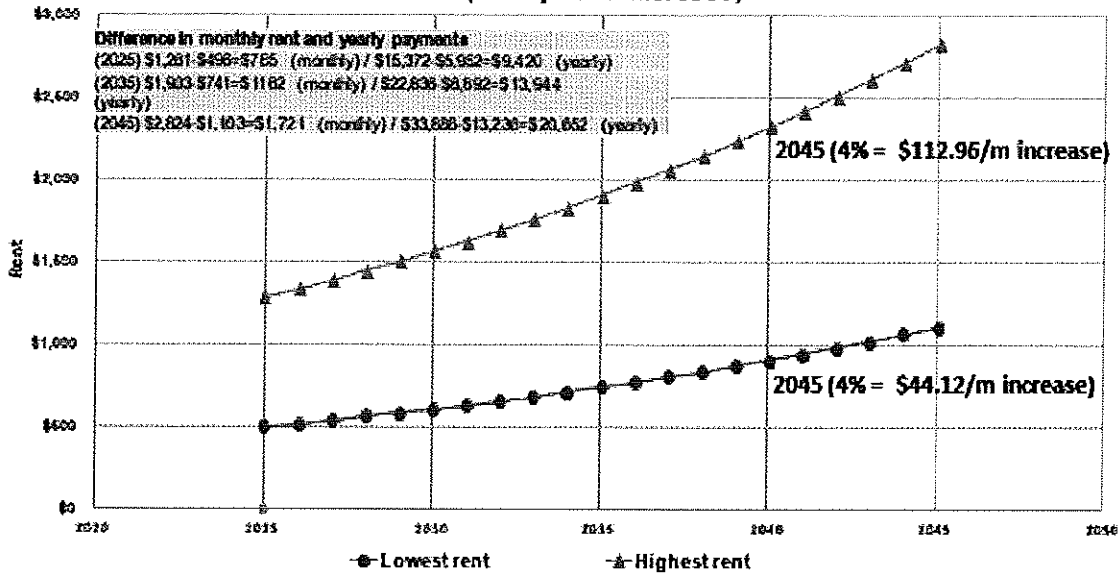
*Indicates no cost of living adjustment.

2.2(b) The "Consumer Price Index" used to determine this amount shall be the "Cost of Living Index for Urban Consumer of the San Diego Metropolitan Area" (all items) based on year 1982 = 100 as published by the United States Department of Labor Bureau of Statistics, as of the nearest publication date before the date set forth at (G) above. In the event the "Consumer Price Index" ceases to incorporate a significant number of items, or if a substantial change is made in the method of establishing such "Consumer Price Index," then the "Consumer Price Index" shall be adjusted to the figure that would have resulted, had no change occurred in the manner of computing that "Consumer Price Index." In the event that such "Consumer Price Index" (or its successor or substitute index) is not available, a reliable governmental or other non-partisan publication, evaluating the information theretofore used in determining the "Consumer Price Index" shall be used in lieu of such "Consumer Price Index."

2.3 ADJUSTMENT FOR INCREASES IN TAXES, ASSESSMENTS
GOVERNMENTALLY MANDATED PROJECTS AND INSURANCE

In addition to all other rent due under the terms of this agreement, the monthly rents shall be increased and assessed on the date set forth at (G) above and on each anniversary of that date in the manner described below. (However, rent shall not be increased due to any cost, fine, forfeiture, penalty or fee attributable to any loss or fee incurred on account of a violation by the PARK of any chapter of the Mobilehome Residency Law.) The increase in monthly rent shall be equal to the net increase of one twelfth (1/12) of the increase in the following factors incurred by the PARK over the previous twelve month period, divided by the number of occupied spaces in the PARK:

**Projected Monthly Rent Increase Comparison
Highest vs. Lowest Current Space Rent
(example: 4% increase)**



Rent projection using highest current rent at Springdale

Year	Space Rent	Yearly Total
2025	\$1,281	\$15,372
2026	\$1,333	\$15,996
2027	\$1,387	\$16,644
2028	\$1,443	\$17,316
2029	\$1,501	\$18,012
2030	\$1,562	\$18,744
2031	\$1,625	\$19,500
2032	\$1,690	\$20,280
2033	\$1,758	\$21,096
2034	\$1,829	\$21,948
2035	\$1,903	\$22,836
2036	\$1,980	\$23,760
2037	\$2,060	\$24,720
2038	\$2,143	\$25,716
2039	\$2,229	\$26,748
2040	\$2,319	\$27,828
2041	\$2,412	\$28,944
2042	\$2,509	\$30,108
2043	\$2,610	\$31,320
2044	\$2,715	\$32,580
2045	\$2,824	\$33,888

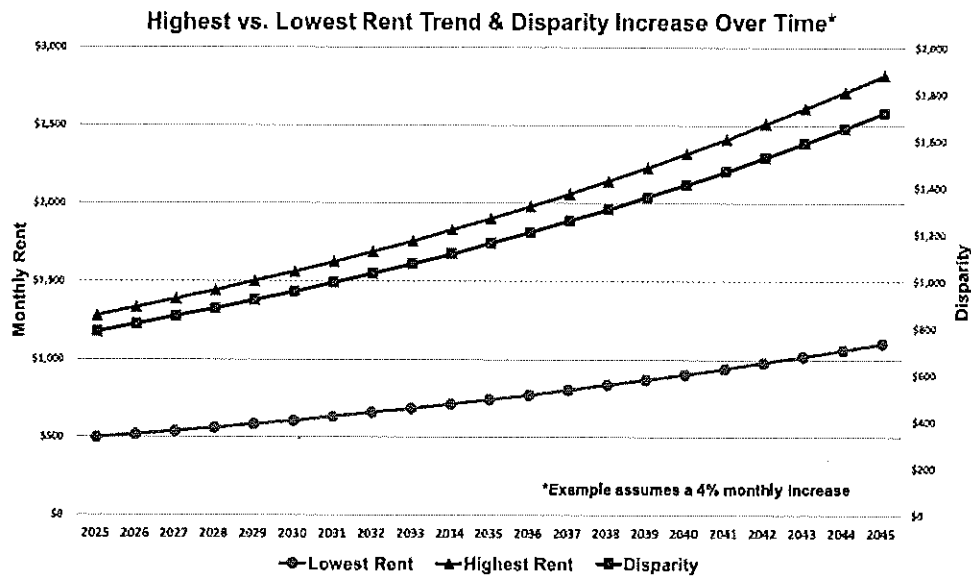
2045 (4% = \$112.96/m increase)

Difference in monthly rent and yearly payments
 (2025) \$1,281-\$496=\$785 (monthly) / \$15,372-\$5,952=\$9,420 (yearly)
 (2035) \$1,903-\$741=\$1162 (monthly) / \$22,836-\$8,892=\$13,944 (yearly)
 (2045) \$2,824-\$1,103=\$1,721 (monthly) / \$33,888-\$13,236=\$20,652 (yearly)

Rent projection using lowest current rent at Springdale

Year	Space Rent	Yearly Total
2025	\$496	\$5,952
2026	\$516	\$6,192
2027	\$537	\$6,444
2028	\$559	\$6,708
2029	\$582	\$6,984
2030	\$606	\$7,272
2031	\$631	\$7,572
2032	\$657	\$7,884
2033	\$684	\$8,208
2034	\$712	\$8,544
2035	\$741	\$8,892
2036	\$771	\$9,252
2037	\$802	\$9,624
2038	\$835	\$10,020
2039	\$869	\$10,428
2040	\$904	\$10,848
2041	\$941	\$11,292
2042	\$979	\$11,748
2043	\$1,019	\$12,228
2044	\$1,060	\$12,720
2045	\$1,103	\$13,236

2045 (4% = \$44.12/m increase)



Rent Disparity Projection (2025-2045)

Year	Highest Rent	Lowest Rent	Disparity
2025	\$1,281	\$496	\$785
2026	\$1,333	\$516	\$817
2027	\$1,387	\$537	\$850
2028	\$1,443	\$559	\$884
2029	\$1,501	\$582	\$919
2030	\$1,562	\$606	\$956
2031	\$1,625	\$631	\$994
2032	\$1,690	\$657	\$1,033
2033	\$1,758	\$684	\$1,074
2034	\$1,829	\$712	\$1,117
2035	\$1,903	\$741	\$1,162
2036	\$1,980	\$771	\$1,209
2037	\$2,060	\$802	\$1,258
2038	\$2,143	\$835	\$1,308
2039	\$2,229	\$869	\$1,360
2040	\$2,319	\$904	\$1,415
2041	\$2,412	\$941	\$1,471
2042	\$2,509	\$979	\$1,530
2043	\$2,610	\$1,019	\$1,591
2044	\$2,715	\$1,060	\$1,655
2045	\$2,824	\$1,103	\$1,721

ANDERSON & BRABANT, INC.

REAL ESTATE APPRAISERS AND CONSULTANTS

353 W. NINTH AVENUE

ENCINITA, CALIFORNIA 92025-5032

TELEPHONE (760) 741-1149

FAX (760) 741-1049

October 1, 2007

Mobilehome Rent Review Commission
City of San Marcos
1 Civic Center Drive
San Marcos, California 92069

Dear Commission Members:

As requested, I have completed a rental analysis of Villa Vista Estates, an 85 space mobile home park located 2907 S. Santa Fe Avenue, San Marcos, California. The objective of the analysis was to form an opinion of the current rental value of spaces in the park that are subject to rent control and to review the appraisal of John Nect, MAI, that was submitted with the application for a rent increase.


It is my understanding that the appraisal report will be utilized in a hearing of the Mobile Home Rent Review Commission of the City of San Marcos. Discussions of my analysis as well as my final conclusions are included in the attached report.

This appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. In addition, the written report has been prepared as a *Summary* report in accordance with Standards Rule 2-2(b), and an *Appraisal Review* in accordance with Standards Rule 3, adopted by the Appraisal Standards Board.

The appraisal is subject to certain assumptions and limiting conditions as set forth in the attached report.

Respectfully submitted,

ANDERSON & BRABANT, INC.


James Brabant, MAI
Certified General Real Estate Appraiser
OREA Appraiser No. AG002100

(EXHIBIT 5b)

SUMMARY OF COMPARABLE RENTALS												
Comp. No.	Park Name/ Address	No. Spaces	Year Built	Size (Acres)/ Density (D/MAC)	Occupancy	Monthly Space Rent	Overall Avg. Monthly Space Rent	Utilities Included	Avg. Monthly Rent Adj. for Utilities	Park Type	Quality/ Condition	Amenities/Comments
Ref.	Villa Vista Estates 2107 So. Santa Fe Ave. San Marcos	83	1972	18.91 7.77	3 Vacant (committed)	\$44.69	\$546	None	N/A	All-Age	Avg/ Good	Childcare, pool, spa, tennis, circular driveway, handy
1	Rancho San Marcos 924 Buckle Road San Marcos	171	1970s	28.94 5.91	100.0%	\$12.98	\$104	Water, sewer, trash (\$60/mo.)	\$341	All-Age	Avg/ Avg	Childcare, pool, enclosed spa, shuffleboard courts, tennis, picnic area, handy
2	Lakeview 800 West Discovery San Marcos	113	1970s	14.81 7.62	100.0%	\$10.40	\$118	None	\$418	Age- Restricted	Avg/ Good	Childcare, pool, shuffleboard, handy, covered car wash
3	San Marcos Mobile Estates 1144 Rainbow Drive San Marcos	264	1960s	31.31 7.93	100.0%	\$16.50	\$112	Trash (\$16/mo.)	\$326	Age- Restricted	Avg/ Good	Childcare, pool, spa, tennis, enclosed shuffleboard courts, car wash, handy
4	Valley Verde 1286 Discovery Street San Marcos	147	1970s	25.48 5.77	100.0%	\$15.01	\$197	None	\$397	Age- Restricted	Avg/ Good	Childcare, pool, enclosed spa, tennis, covered shuffleboard, hobby building, handy
5	Vista Meadows 155 Los Olivos Drive San Marcos	143	1974	18.31 7.81	100.0%	\$35.45	\$401 (Var. by age)	None	\$401	All-Age	Avg/ Good	Childcare, pool, enclosed spa, car wash, playground, BBQ, shuffleboard courts, handy
6	Rancho Vallecito 3525 Linda Vista Drive San Marcos	381	1970s	49.90 6.81	100.0%	\$14.63	\$102	None	\$502	Age- Restricted	Good/ Good	Childcare, pool, covered spa, BBQ and picnic area, handy

After a consideration of the comparable rental data, it is my opinion that the average rental value of spaces at Villa Vista Estates is \$440 per month, plus all utilities, as of October 1, 2007. This conclusion of rental value is substantially below the current overall average space rent in the park of \$546 per month. It is also below the current average rent of \$505 per month for the 32 spaces where an increase is being requested. In other words, on average the space rents at Villa Vista Estates are already above the average rents at the most comparable parks in San Marcos. Therefore, when you look at the requested increase in light of the current average rent in the park, and the rents at comparable parks in San Marcos, in my opinion a rent increase is not warranted.

(EXHIBIT 5c)

ANDERSON & BRABANT, INC.
REAL ESTATE APPRAISERS AND CONSULTANTS
353 W. NINTH AVENUE
ESCONDIDO, CA 92025-5032
TELEPHONE (760) 741-4148
FAX (760) 741-1049

December 17, 2009

Mobilehome Rent Review Commission
City of San Marcos
1 Civic Center Drive
San Marcos, California 92069

Dear Commission Members:

As requested, I have completed a rental analysis of Villa Vista Estates, an 85 space mobile home park located 2907 S. Santa Fe Avenue, San Marcos, California. The objective of the analysis was to form an opinion of the current rental value of spaces in the park that are subject to rent control and to review the Declaration of John Neet, MAI, that was submitted with the application for a rent increase.


It is my understanding that the appraisal report will be utilized in a hearing of the Mobile Home Rent Review Commission of the City of San Marcos. Discussions of my analysis as well as my final conclusions are included in the attached report.

This appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. In addition, the written report has been prepared as a *Summary* report in accordance with Standards Rule 2-2(b), and an *Appraisal Review* in accordance with Standards Rule 3, adopted by the Appraisal Standards Board.

The appraisal is subject to certain assumptions and limiting conditions as set forth in the attached report.

Respectfully submitted,

ANDERSON & BRABANT, INC.



James Brabant, MAI
Certified General Real Estate Appraiser
OREA Appraiser No. AG002100

(EXHIBIT 5d)

SUMMARY OF COMPARABLE RENTALS												
Comp. No.	Park Name/ Address	No. Spaces	Year Built	Size (Acres)/ Density (DUA/AC)	Occupancy	Monthly Space Rent	Overall Avg. Monthly Space Rent	Utilities Included	Avg. Monthly Rent Adj. for Utilities	Park Type	Quality/ Condition	Amenities/Comments
Subj.	Villa Vista Estates 2817 So. Santa Fe Ave. San Marcos	85	1972	13.94 7.77	100.0%	\$357-710	N/A	None	N/A	All-Age	Avg/ Good	Clubhouse, pool, spa, tennis, covered shuffleboard, laundry
1	Rancho San Marcos 771 Hodges Road San Marcos	171	1970s	28.94 5.91	100.0%	\$450-611	\$455	Water, sewer, trash (60/yr.)	\$395	All-Age	Avg/ Avg+	Clubhouse, pool, enclosed spa, shuffleboard courts, tennis, picnic area, laundry
2	Lakeview 809 Wood Daleway San Marcos	113	1970s	14.83 7.62	100.0%	\$387-505	\$421	None	\$421	Age Restricted	Avg/ Good	Clubhouse, pool, shuffleboard, laundry, covered car wash
3	San Antonio Athletic Homes 1145 Barbara Drive San Marcos	284	1960s	33.31 7.93	100.0%	\$330-610	\$438	Trash (516/yr.)	\$422	Age Restricted	Avg/ Good	Clubhouse, pool, spa, tennis, enclosed shuffleboard courts, car wash, laundry
4	Valley Verde 1206 Dinosaur Way Street San Marcos	147	1970s	25.48 5.77	100.0%	\$410-435	\$427	None	\$427	Age Restricted	Avg/ Good	Clubhouse, pool, enclosed spa, tennis, covered shuffleboard, hobby building, laundry
5	Vista Maravilla 155 Las Flores Drive San Marcos	143	1974	18.31 7.81	100.0%	\$440-590	\$490	None	\$490	All-Age	Avg/ Good	Clubhouse, pool, enclosed spa, car wash, playground, BBQ, basketball courts, laundry
6	Rancho Valle Vista 1315 Santa Vista Drive San Marcos	310	1970s	40.90 6.81	100.0%	\$470-630	\$530	None	\$510	Age Restricted	Good/ Good	Clubhouse, pool, covered spa, BBQ and picnic area, laundry

After a consideration of the comparable rental data, it is my opinion that the average rental value of spaces at Villa Vista Estates is \$475 per month, plus all utilities, as of December 15, 2009. This conclusion of rental value is substantially below the current average space rent of \$560 for the 44 spaces in the park that are the subject of this hearing. In other words, on average the space rents at Villa Vista Estates are already above the average rents at the most comparable parks in San Marcos. Therefore, when you look at the requested increase in light of the current average rent in the park, and the rents at comparable parks in San Marcos, in my opinion a rent increase is not warranted.

(excerpt from Dr. Kenneth Baar report for City of Montclair)

Preliminary Report

Under the definition of "windfall" set forth in a classic work on land use regulation, Windfalls for Wipeouts: Land Value Capture & Compensation, both park owners and mobilehome owners are receiving types of windfalls. In that work, "windfall" is defined as "... any increase in the value of real estate other than that caused by the owner or by general inflation."²² In the cases of both mobilehome ownership in parks and mobilehome park ownership, increases in value are caused by scarcity propelled by land use restrictions.

2. The Impacts of Vacancy Decontrol on Mobilehome Values

X It is a common rule of thumb that each \$100 increase in mobilehome space rent reduces the value of the mobilehome by \$10,000. Such an estimate is consistent with the concept that for each \$10,000 in purchase costs, the monthly carrying costs are increased by roughly \$100. In cases where exceptional rent increases have been instituted upon vacancies, mobilehomes have become nearly worthless.

3. Trends in Mobilehome and Mobilehome Park Values Compared

In fact, while average mobilehome values are about the same as their original costs plus installation costs, park values are several hundred percent above the original costs of the land and construction associated with creating the parks.

Reports and surveys indicate that average park costs were about \$6,000 per pad in the decades when most parks were constructed, the 1970's or earlier. A 1974 report by the Western Mobilehome Association projected that the total cost of onsite improvements averages \$2,600 to \$4,000 per lot, exclusive of land. "This includes installation of all underground utilities, utility services, sewers and sewer connections, landscaping, paving of parking areas and streets, and construction of services, swimming pools, and recreation buildings."²³ The report projected land costs in the range of \$5,000 to \$25,000 per acre, with permitted densities of 8 1/2 spaces per acre. This translates into land costs of \$600 to \$3,000 per space. A 1984 study by the City of Los Angeles found that park owners paid about \$6,000 per mobilehome pad and that they estimated that the current value of their parks was \$18,000 per pad.²⁴

²² Hagman, Donald & Misczynski, Windfalls for Wipeouts: Land Value Capture and Compensation 15 (1978).

²³ Western Mobilehome Association, Mobilehome Park Development, p.4 (1973-74 edition).

²⁴ City of Los Angeles Rent Stabilization Division, Rental Housing Study Mobilehome Parks Under Rent Stabilization, p.33 (1985).