

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*



May 12, 2026

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

Re: Springdale Estates Tenants' Submission to Commission

Dear Commissioners,

Please take note of the attached submittal supporting tenant's objections to Springdale's requested rent increase of 4%.

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

Respectfully submitted,

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

Tim Sheahan
Tenant Representative, Springdale Estates--on behalf of residents and rent review
committee
San Marcos, California

Cc: Springdale Estates

TR 00027

SPRINGDALE ESTATES RENT REVIEW TENANTS' SUBMITTAL 5/12/2026

Summary

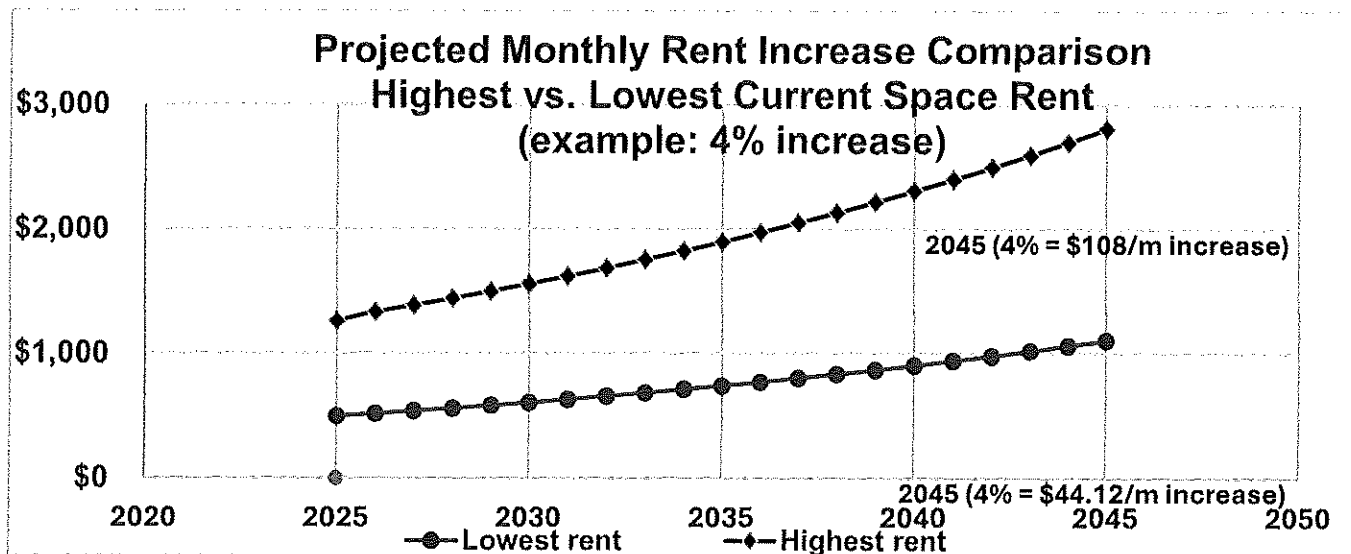
Springdale Estates homeowners/tenants object to the requested 4% rent increase that would cause space rent increases ranging from \$19.86—\$50.28 and create a 2026 range in space rents from \$516--\$1,307, and perhaps most remarkably, some of the newest residents will be paying less than half the space rents of longtime residents in the community, due to previous long-term leases with annual increases as high as 12%, even if inflation was 0%. ANY fixed percentage rent increase would widen the rent disparity even more, which is why a consensus of residents was to “draw a line in the sand” in the hope the Rent Review Commission will take steps to stop the widening disparity and to also consider how the artificially inflated rents have created undue hardship and dramatically impacted home values in some cases. For a period of time, only two spaces out of 85 were NOT exempted from the San Marcos Mobilehome Rent Stabilization Ordinance (RSO) and for 40 of the spaces, this would be the FIRST rent review hearing before the Commission. Springdale Estates is a quintessential example of the 99% vs. the 1% and a reminder that in MH communities, “trapped” homeowners can be vulnerable prey to the monopolistic whims of community owners/operators. Kleege Enterprises has been better than some prior owners but has been unfair/unreasonable in regard to the requested rent increase and other park policies.

We hope the Commission will consider the following issues, which we will provide more details herewithin:

- **Wide rent disparity due to artificially inflated rents resulting from a past practice of prevalent onerous long-term leases**
- **Parkwide average artificially inflated and should NOT be a basis of future rent increases**
- **Space rents at other comparable MH parks in San Marcos**
- **Loss of amenities/services/goodwill**
- **Hardship of rent increase for homeowners**
- **Lack of due diligence prior to purchase/overpayment for Springdale**
- **Failure of Springdale to provide expense receipts to verify application to Springdale exclusively**
- **75% change in CPI standard in other jurisdictions**
- **No annual permissive increase and no guaranteed profit under the San Marcos RSO**
- **Necessary abatement of public nuisance and instruction by City, for property repairs that still need to be completed**
- **No disclosure of lease differences or subsequent rent disparity**
- **Need to promote rent parity within and among San Marcos MH communities**
- **Vulnerability of MH owners/unconscionable contracts of adhesion**

Impact of compounded 4% rent increases

Below are graphs demonstrating the adverse impact of compounded annual rent increases of 4% each year for the next 20 years. The rent disparity widens dramatically, with some residents paying \$1,000/m MORE in rent than others starting in 2032.



Rent projection using highest current rent at Springdale

Year	Space Rent	Yearly Total
2025	\$1,257	\$15,084
2026	\$1,332	\$15,984
2027	\$1,386	\$16,632
2028	\$1,441	\$17,292
2029	\$1,499	\$17,988
2030	\$1,559	\$18,708
2031	\$1,621	\$19,452
2032	\$1,686	\$20,232
2033	\$1,754	\$21,048
2034	\$1,824	\$21,888
2035	\$1,897	\$22,764
2036	\$1,973	\$23,676
2037	\$2,052	\$24,624
2038	\$2,134	\$25,608
2039	\$2,219	\$26,628
2040	\$2,308	\$27,696
2041	\$2,400	\$28,800
2042	\$2,496	\$29,952
2043	\$2,596	\$31,152
2044	\$2,700	\$32,400
2045	\$2,808	\$33,696

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

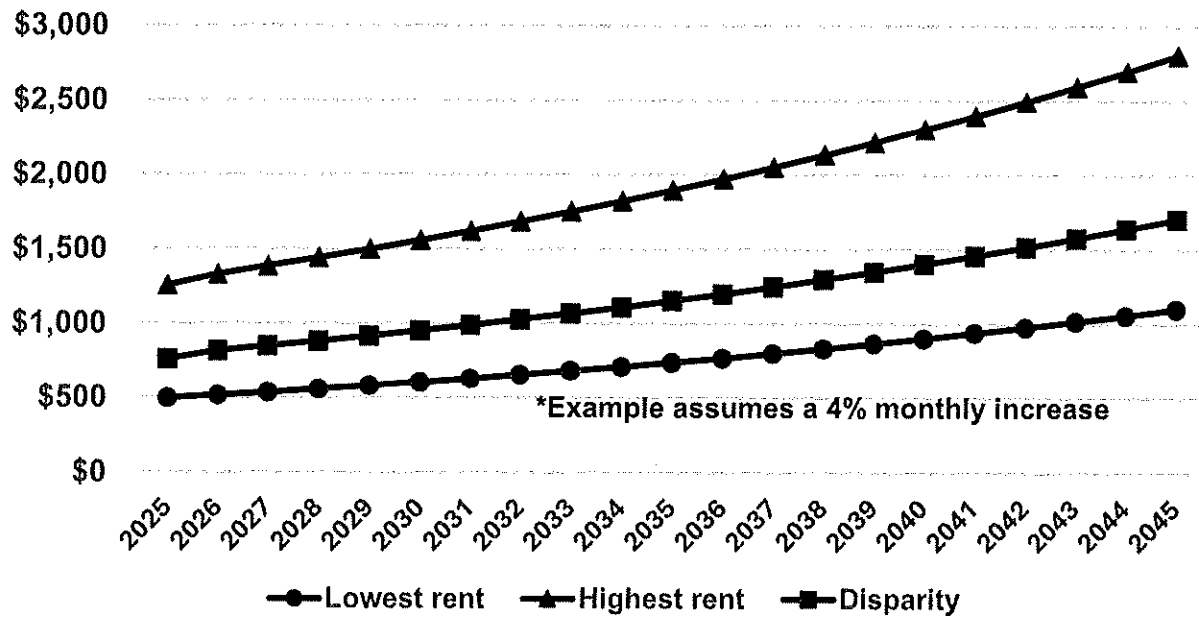
2045 (4% = \$108/m increase)

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

Difference in monthly rent and yearly payments

(2025) \$1,257-\$496=\$761 (monthly) / \$15,084-\$5,952=\$9,132 (yearly)
 (2035) \$1897-\$741=\$1156 (monthly) / \$22,764-\$8,892=\$13,872 (yearly)
 (2045) \$2,808-\$1,103=\$1,705 (monthly) / \$33,696-\$13,236=\$20,460 (yearly)

Highest vs. Lowest Rent Trend & Disparity Increase Over Time*



Rent Disparity Projection (2025-2045)

Year	Lowest rent	Highest rent	Disparity
2025	\$496	\$1,257	\$761
2026	\$516	\$1,332	\$816
2027	\$537	\$1,386	\$849
2028	\$559	\$1,441	\$882
2029	\$582	\$1,499	\$917
2030	\$606	\$1,559	\$953
2031	\$631	\$1,621	\$990
2032	\$657	\$1,686	\$1,029
2033	\$684	\$1,754	\$1,070
2034	\$712	\$1,824	\$1,112
2035	\$741	\$1,897	\$1,156
2036	\$771	\$1,973	\$1,202
2037	\$802	\$2,052	\$1,250
2038	\$835	\$2,134	\$1,299
2039	\$869	\$2,219	\$1,350
2040	\$904	\$2,308	\$1,404
2041	\$941	\$2,400	\$1,459
2042	\$979	\$2,496	\$1,517
2043	\$1,019	\$2,596	\$1,577
2044	\$1,060	\$2,700	\$1,640
2045	\$1,103	\$2,808	\$1,705

Long-term Leases--A Legacy of Deception and Opportunism

Soon after Villa Vista (aka, Springdale Estates) was annexed into the City of San Marcos over 35 years ago, the park owner at the time, John Baldwin/Baldwin Pacific developed a scheme for evasion of the San Marcos RSO by getting people to sign long-term leases exempt from the Ordinance. The photo and article from a park owners' trade magazine refer to Mr. Baldwin and celebrated his accomplishment in "slaying the dragon of rent control, in San Diego County," principally for blocking passage of a county RSO. The real "dragons" who were slain were the MH owners who subsequently faced skyrocketing rents and eventual loss of the homes they owned because they could no longer afford the space rent for the patch of dirt upon which their homes were permanently placed. Predatory park owners like John Baldwin have seized the homes of evicted homeowners to make additional profits in the absence of adequate consumer protections. The Villa Vista/Springdale saga is an example of how sophisticated operators with the assistance of shrewd attorneys make easy prey of vulnerable, trusting and naïve consumers.

Robber baron "park lords"

At a WMA Unit 5-6 meeting on April 21, Unit Vice President John Baldwin received one of the biggest surprises of his life: a 4'-long sword adorned with a dragon, in honor of his long-standing battle against rent control in San Diego County.

The idea for the award was Mike Walters', a WMA member attorney (also from San Diego County) and long-time friend of John's. In addition to the sword, John also received a plaque with the following inscription: "Presented with honor to John L. Baldwin for slaying the dragon of rent control in San Diego County. A.D. 1994."

The sword's brass dragon relief, complete with ruby-colored eyes, breathes fire onto the shaft of the sword. There is even a removable dagger at the hilt. Mike decided that the sword would be an appropriate award for John, symbolizing John's battle of many years against the ugly monster of rent control in this Southern California county. According to reports, the unexpected honor left John feeling overwhelmed.

In addition to being unit vice president, Baldwin is also a regional director on the WMA Board of Directors. ■



WMA member attorney Mike Walters (dressing) presents the dragon sword to Unit 5-6 Vice President John Baldwin. The sword was given in recognition of Baldwin's hard work in fighting rent control in San Diego County.

WMA Reporter

WMA "Dragon Slayers" Sir John Baldwin and Sir Michael Walters

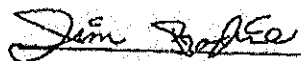
Below is a signed statement by a longtime resident manager:

To whom this may concern:

I, Jim Bodine, do hereby declare and affirm that while employed by Baldwin Pacific Corp. as resident manager of Villa Vista Mobile Estates in San Marcos, California between 1989 and 1998, I was instructed by John Baldwin, managing owner of Baldwin Pacific, to never allow any new residents into the park unless they first signed a long-term lease. For the entire period I was manager, all new residents did indeed sign long-term leases.

I make this declaration freely without prejudice and under the penalty of perjury.

Signed this 4-7-2000 day of April, 2000.

 Jim Bodine

The long-term lease scheme was essentially two-fold. In order to get existing residents to sign an RSO exempt long-term lease ("lease 1"), John Baldwin included low annual increases but with high final years with the intent of incentivizing extension of the lease in exchange for a reduction in the final year(s) rent increase. Those leases had no alternative "*or CPI, whichever is greater*" clause but contained a forced assumption upon sale of homes and a raise in rent to "*the average of the three highest rents.*" At the time when those were signed in 1991, the range from low to high rent was minimal and there was no disclosure that there were other leases that would increase rents and create a potential adverse impact of large rent increases upon sale of homes, which ultimately led to more than a doubling of rent in some cases. The second general lease ("lease 2") was intended for potential buyers with a 10-year lease being the most common. After the first year, rents were increased by either the listed amount OR the increase in CPI, whichever was greater. Final year rent increases were higher than in lease 1, both 10% AND 12% compared to 7% in lease 1.

If asked about a month-to-month rental agreement that would be covered by the local RSO, people were told that with a long-term lease you "*know what your rent increases will be*" while on month-to-month "*you don't know what your increases will be.*" That might have be true with lease 1 but not for lease 2. Also, on the front of the month-to-month rental agreement it was stated that under that agreement "*base rent can increase AT ANY TIME*" with 90-days' notice "*...as allowed by the San Marcos Rent Review Board.*" THAT WAS **MISLEADING** and **ABSOLUTELY NOT THE TRUTH** in that the Ordinance only allows ONE increase per year and homeowners have the right to challenge any rent increase under the RSO.

VILLA VISTA MOBILE ESTATES
MOBILEHOME (MONTH-TO-MONTH) SPACE LEASE

LEASE STATEMENT

IN ADDITION TO THIS LEASE, HOMEOWNER(S) ARE SPECIFICALLY OFFERED A LEASE OF ANY DURATION UP TO AND INCLUDING TWELVE (12) MONTHS UNDER THE SAME TERMS AND CONDITIONS OFFERED TO "MONTH-TO-MONTH" HOMEOWNER(S) IN ACCORDANCE WITH CALIFORNIA CIVIL CODE §798.18. HOMEOWNER(S) ACKNOWLEDGE SUCH OFFER BY CHECKING THE BOX FOLLOWING THIS PARAGRAPH AND SIGNING THEIR INITIALS.

(CW)

initials

initials

SPACE AND LEASE INFORMATION

- A. SPACE NO. _____, VILLA VISTA MOBILE ESTATES, 2907 South Santa Fe, San Marcos, California 92069.
- B. DATE and time this agreement is signed: _____
- C. Date on which the term of this agreement BEGINS: _____
- D. HOMEOWNER(S): _____

- E. BASE RENT PER MONTH: \$ _____
- F. RESIDENT(S): _____

g. BASE RENT MAY BE INCREASED AT ANY TIME UPON GIVING A NINETY (90) DAY WRITTEN NOTICE TO THE HOMEOWNER(S), PURSUANT TO THE CALIFORNIA CIVIL CODE §798.30 AND AS ALLOWED BY THE SAN MARCOS RENT CONTROL BOARD.

MISLEADING

(DOESN'T INFORM OF HOMEOWNER RIGHT TO PROTEST AN INCREASE OR THE CITY RESTRICTION OF ONE INCREASE PER 12-MONTH PERIOD)

I have read and agree to all provisions on this page.
Homeowner's initials and date _____

Lease 1 with Extension

Below is an example of Lease 1 with a reduced final year from 7% to 2% to gain agreement for the homeowner to extend for an additional term. This scheme was intended to create perpetual leases exempt from the Ordinance.

(Ex. 4)

**MODIFICATION AND EXTENSION AGREEMENT
VILLA VISTA MOBILEHOME PARK**

DATE: 6-27-91
 SPACE: _____
 HOMEOWNER(S): _____

Lease to be modified and extended was executed on 8-18-88 and a copy is attached.

AGREEMENT

THIS AGREEMENT WILL BE EXEMPT FROM ANY ORDINANCE, RULE, REGULATION, OR INITIATIVE MEASURE ADOPTED BY ANY LOCAL GOVERNMENTAL ENTITY WHICH ESTABLISHES A MAXIMUM AMOUNT A LANDLORD MAY CHARGE FOR RENT (CALIFORNIA CIVIL CODE §798.17).

1. Rent will not be charged as per the present agreement, but instead will be:

10/1/91	3% (per present agreement)	10/1/95	0%
10/1/92	0%	10/1/96	2%
10/1/93	0%	10/1/97	3%
10/1/94	0%	10/1/98	2% <i>1.75%</i>

(Increase reduced)

- The term of the present agreement will be extended to September 30, 1999.
- Terms and provisions of the Mobilehome Residency Law are specifically made a part of this agreement.
- The agreement as extended shall be assigned if the home is sold but the starting rent for PROSPECTIVE TENANT(S) shall be the average of the three (3) highest rents in the park at the time of assignment and will thereafter continue per paragraph 1 above until rescid, when it will again be adjusted to the average of the three (3) highest rents in the park.
- In consideration of the execution of this document HOMEOWNER(S) grant VILLA VISTA MOBILEHOME PARK a Right of First Refusal to Purchase HOMEOWNER(S)' mobilehome. If HOMEOWNER(S) receive a bona fide offer to purchase the mobilehome, that offer including all terms of the offer shall be submitted by HOMEOWNER(S) to VILLA VISTA MOBILEHOME PARK, and VILLA VISTA MOBILEHOME PARK shall have ten (10) days to meet the terms of the offer. VILLA VISTA MOBILEHOME PARK will notify HOMEOWNER(S) of its intention to meet the offer by sending a Notification of Intent to Exercise Right of First Refusal to HOMEOWNER(S) at HOMEOWNER(S)' space number listed above.
- If VILLA VISTA MOBILEHOME PARK does not send Notification of Intent to Exercise Right of First Refusal to HOMEOWNER(S) within ten (10) days, HOMEOWNER(S) will be free to sell the mobilehome to the third party buyer tendering the original offer. If for any reason the third party buyer does not purchase the mobilehome, HOMEOWNER(S) will repeat this procedure with any subsequent offers to purchase.

6. All other terms and conditions of the attached lease shall remain in full force and effect except as modified by this document.

Dated: 6-27-91 _____

Dated: 6-27-91 _____
 VILLA VISTA MOBILEHOME PARK
 By: John P. Balducci

BALDUCCI 10028

J.P. Balducci
J.P. Balducci

Below is an example of Lease 2 with annual rent increases as high as 10% and 12%, even if inflation was 0%. Baldwin's scheme intended to lower the 10% and 12% increases if homeowners agreed to extend the lease for another term and if those reviewing the lease inquired about the high increases, they were ASSURED THEY WOULD **NEVER** INCUR THE HIGH INCREASES so long as they simply extended their lease. However, all that changed upon passage of new laws and subsequent Springdale park owners dropping the scheme, allowing the leases to expire but in the meantime imposing both the 10% AND 12% rent increases. For later generations of home purchasers, there was no disclosure of the broad rent disparity that could adversely affect their home value when it became their time to sell.

**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 (G) 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 twelve months), 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.

X

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 therefore 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, fee, 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:

Below is a letter from management informing the homeowner that if she didn't agree to extend her lease, she would incur rent increases of 10% and 12%.

VILLA VISTA

2907 SOUTH SANTA FE AVENUE, SAN MARCOS, CALIFORNIA 92069

(760) 727-0115
FAX (760) 727-0588

July 3, 2000

[REDACTED]
2907 S. Santa Fe Avenue
Space 15
San Marcos, CA 92069

RE: Rent Adjustment – October 1, 2000

Dear Michelle:

The date for your rent review and adjustment is October 1st of each year, which is coming soon. You will recall that last year we offered to reduce your rent adjustment from 10% (\$48.76) to 2.5% (\$12.36) if you would be willing to sign an extension of your lease. You elected the pre-scheduled rent adjustment of 10% instead of extending your lease at a lesser rent.

According to the terms of your lease, your rent adjustment scheduled for October 1, 2000, is 12%, which will bring your space rent to \$600.77 per month.

Although the adjustment is in accordance with the terms of your lease, we are once again extending an offer to you to forego the rent increase and to remain at your \$536.40 per month rent for the next year, in consideration of your extending your lease for 10 years, with annual rent increases based on the San Diego County CPI Index, with a minimum of 3% and a maximum of 7%.

You may not realize that an increase in your existing rent will affect other residents in the park who are operating under a different form of lease, which provides that if their home is sold, the new homeowner would have to pay a rent rate that is equal to the average of the three highest rents in the park. Therefore, we ask you to reconsider extending your lease term and avoiding the 12% rent adjustment. We believe that it will help you, and we also believe that it will certainly help your neighbors.

If you would like to discuss this matter with me, please call me at (310) 791-1196.

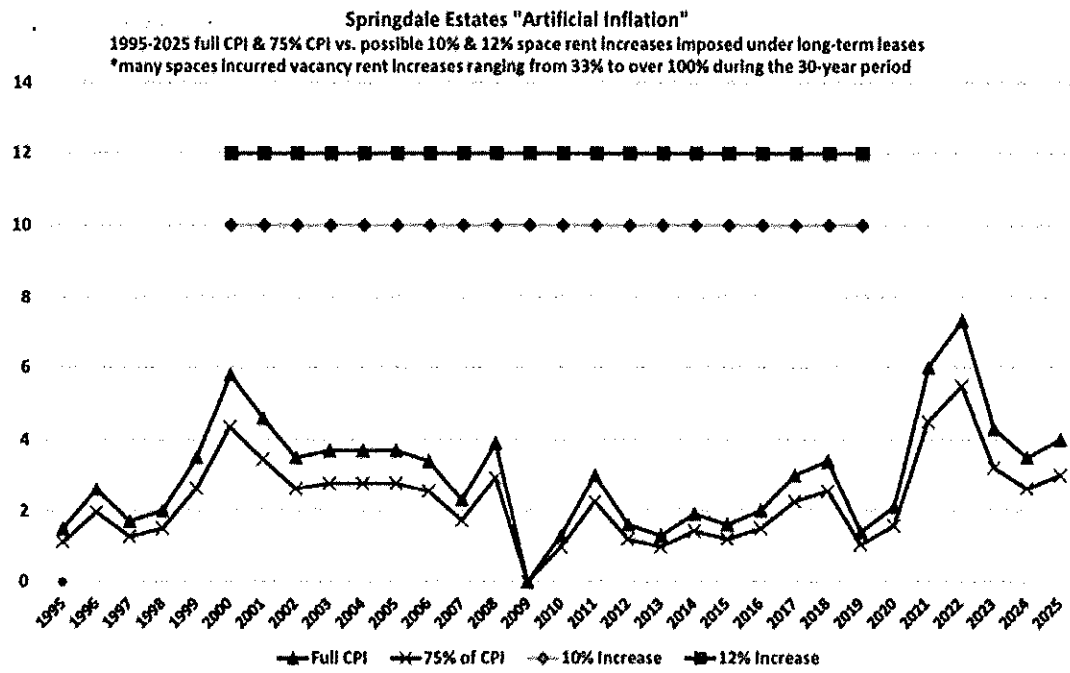
Sincerely,



SHARON ST. CLAIR,
Property Manager

cc: Kris Starbuck, Res. Mgr.

Below is a graph showing that some residents likely had both 10% and 12% (23.2% compounded) rent increases between years 2000 and 2020, even in years of ZERO INFLATION (2009) and that full CPI never surpassed 8% in the past 30 years.



Consultant Report—Tenants’ Rebuttal

While Dr. Baar's recommendations are a step in the right direction and would be an improvement for many residents compared to the requested rent increase, they would lead to rent increases of more than full CPI in some cases. We hope the Commission recognizes the average rent increase of \$879 is due to “artificial inflation” resulting from long-term leases and not CPI or other governmentally recognized standard such as the Cost of Living Allowance (COLA). While full CPI increased by 72% from 2006 to 2025 as Dr. Baar noted, tenants feel the maximum standard to consider should be 75% of that full CPI amount, or 54%, slightly less than the 58% rent increased during that period for the two spaces that were never artificially altered by lease mandates. The \$879 average results from rent increases as high as \$874 during the period and for some an increase of **237%** compared to full CPI of 72%. A more legitimate standard would be to use the two unaltered rents as a basis for establishing a fair rent increase, similar to what MH owners in nearby Oceanside, CA have typically seen during that period under their local RSO. It is our understanding other Kleege MH parks, such as those in Santee and Chula Vista received a 75% CPI increase for this year. Below is a chart showing the 75% CPI rent increase levels following the previous rent review hearing for Springdale (Villa Vista) in 2010:

<u>Year</u>	<u>Rent</u>	<u>CPI</u>	<u>75% CPI</u>	<u>Rent Increase</u>
2010	\$424.56	1.3	0.975	(\$4.14)
2011	\$428.70	3.0	2.25	(\$9.65)
2012	\$438.35	1.6	1.2	(\$5.26)
2013	\$443.61	1.3	0.975	(\$4.33)
2014	\$447.94	1.9	1.425	(\$6.38)
2015	\$454.32	1.6	1.2	(\$5.45)
2016	\$459.77	2.0	1.5	(\$6.90)
2017	\$466.67	3.0	2.25	(\$10.50)
2018	\$477.17	3.4	2.55	(\$12.17)
2019	\$489.34	1.4	1.05	(\$5.14)
2020	\$494.48	2.1	1.575	(\$7.79)
2021	\$502.27	6.0	4.5	(\$22.60)
2022	\$524.87	7.3	5.475	(\$28.74)
2023	\$553.61	4.3	3.225	(\$17.85)
2024	\$571.46	3.5	2.625	(\$15.00)
2025	\$586.46	4.0	3.0	(\$17.59)
2026	\$604.05			

Actual rents for the two spaces are currently \$604.58 and a 3% rent increase would result in a 2026 rent increase of \$18.14 and a 2026 rent of \$622.72 for those spaces. A fixed and uniform rent increase of **\$18.14** for all spaces would be a just and reasonable rent increase, provided that loss of amenities, return of park rules, necessary repairs are made and grandfathering of existing home ownership/use is approved.

Tenants want to note that several pages of park owner submissions were blank, including pages PO 00116 through PO 00124. In addition, there was a lack of explanation of individual expenses and no expense receipts to verify direct connection with Springdale, as was provided in previous rent hearings. Also, there is a significant discrepancy between Springdale/Kleege 2025 reported rental income of **\$448,823.65** and Springdale/BREIT 2024 rental income of **\$875,092.42**.

Tenants feel a distinction should be made between "Capital Improvements" and "Capital Repairs/Replacement." Most of the items listed on the depreciation schedules were already existing and in need of repair or replacement prior to the sale of Springdale, which should have been discovered during proper due diligence and the purchase price adjusted accordingly. One item that could be considered new and an "improvement" would be alteration of the shuffleboard area to a new and different use.

While a large focus of Dr. Baar's report centered on MNOI, it failed to address the potential adverse impact of rent increases on homeowners' investments. Also, Dr. Baar forms recommendations while assuming operating expenses increase at the same rate as CPI, which fails to recognize that many of the consumer costs factored into establishing the CPI include such things as gasoline, groceries, medical care and housing that impact homeowners much more than MH park owners. Also, homeowners provide their own housing and associated costs. We do recognize that some park owner expenses can rise at or above the change in CPI in some years, but they can also drop or be less in other years, unlike any possibility of rent dropping. We have attached a report (see exhibit A) previously submitted that justifies using a 75% CPI standard in determining fair rent increases, as opposed to full CPI.

Below is an excerpt from a Kenneth Baar report previously presented that refers to the impact of rent increases on home values, typically "vacancy" rent increase upon sale of MHs, with NEW residents paying the HIGHEST rents. Springdale had large rent increases due to **both** large annual rent increases in many cases and also vacancy rent increases in accordance with some long-term leases. The unique and inequitable possibility at Springdale is that some **NEW** residents might pay the **LOWEST** rent and less than half of some longtime residents who might have paid over \$200,000 in rent during their tenancy. It's no stretch of the imagination that if two comparable and adjacent MHs for sale with a buyer of home "A" paying \$496/month in rent compared to a buyer of home "B" paying \$1256/month in rent, the value/potential selling price of home "B" would likely be TENS OF THOUSANDS of dollars LESS than home "A." Tenants aren't aware of disclosure of the broad rent disparity and potential adverse impact on home values ever being provided to prospective buyers by management so they can make fully informed decisions when considering purchase of a MH.

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.

Secondary/subjective considerations in determining an appropriate rent increase

Comparable rents to help ensure parity among comparable MH communities in San Marcos is a consideration used by past Commissions and attached to this submittal is a full report by MAI appraiser, James Brabant, in 2007 (see exhibit B). Below is a portion of Brabant's comparison chart with 2025 rents inserted. Vista Meadows is the most relevant in that both it and Springdale were constructed in the same time period with similar space rents, annexed into San Marcos at the same time and converted from 55+ to all-age status at the same time. The rent disparity between the two MH communities has increased from \$146 in 2007 to \$205 in 2025, despite Vista Meadows having more amenities such as a playground and more parking, for which they charge less than half of what Springdale charges for resident use of guest parking spots. **Vista Meadows' most recent rent increase was a uniform fixed dollar amount of \$20.**

MH Park	Ave Rent (2007)	Ave Rent (2025)
Springdale	\$546	\$879
Vista Meadows	\$400	\$674
Lakeview	\$418	\$631
Valle Verde	\$397	\$637
Rancho Vallecitos	\$502	\$703

***(Rancho San Marcos was not included due to artificially inflated rents and large vacancy rent increases tied to long-term leases adopted after 2007)**

Condition of park infrastructure, including an ongoing issue of excessive and persistent soil moisture that has caused damage to homes. We encourage the Commission to seek an engineering report/status of required abatement of the water table or water leakage causing the soil saturation on several lots and require full abatement before any approved rent increase takes effect. We appreciate management has taken steps attempting to identify the source of moisture.

Homeowner hardship in paying rent –We understand there are already many who have been behind on rent and a significant rent increase will make it even harder to make ends meet. Many wages have not kept pace with inflation, and any rent increase will be compounded further with future rent increases. We note that some rental housing in the county has dropped in the past year—the San Diego Union Tribune reported on 02/04/2026 that apartment rents had dropped by 5.5% in 2025.

Below is an advisory article by an Orange County law firm, alerting potential purchasers of MH communities to carefully perform **due diligence** with particular caution for those considering MH communities subject to local rent ordinances.

Consideration of whether proper **due diligence** was performed prior to purchase should be made by the Commission to help verify a proper price had been paid for Springdale Estates and that costs of bringing the property into compliance/proper condition are not unfairly shifted to homeowners. Homeowners should not be the financial safety-net for unanticipated expenses by MH community owners who pay too much for the property. Due diligence should have also discovered the several previous sales of the property, which alone should have raised a significant red flag of caution.

(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.*

Loss of amenities/services is another important consideration when determining a fair rent increase, especially when unapproved rule changes led to the loss or reduction of amenities. Below is a list of lost amenities over time with verification by the former longtime manager who responded on 12/10/2025 with what was previously provided (**starred and in bold text**).

Examples of loss of Amenities/services

1. Donut Fridays ***** every Friday!!**
2. 4th of July BBQ party *****2022 last bbq**
3. Large dumpsters for spring and/or fall clean-ups (currently only a small dumpster)***** 3 weeks large roll off dumpster**
5. Mail boxes—some residents were told they had to replace mail boxes at their own expense (maintenance and replacement , even name/space plates provided previously. ***** management responsibility**, check MRL
6. Heated swimming pool year round—high 80s in the winter ***** confirmed.**
7. Full office hours—plus Saturday (now only four hours each weekday)***** 8 am- 5pm m-f on call 24/7**
8. Holiday parties/gifts/meals (Thanksgiving/Christmas, Easter, 4th of July) ***** confirmed.**
10. Car wash area in RV lot***** closed by City of San Marcos for non-compliance issues. le oil being dumped onto drain.**

Below is a past announcement of a holiday dinner provided by the management. Gifts for attendees were also a common practice, none of which has been seen with current ownership

ANNUAL VILLA VISTA HOLIDAY DINNER
(Residents free of charge..Guests \$15.00)

WHEN: Saturday, December 11th
WHERE: Villa Vista Clubhouse
TIME: Dinner served (Two serving times due to limited seating)
IMPORTANT - Please choose 2:00 PM or 5:00 PM

HOLIDAY MENU:

Dinner:

Prime Rib and Savory Ham
Creamy Mashed Potatoes
Home made gravy
Savory corn
Mixed green salad with Ranch Dressing
Assorted Dinner Rolls with Butter

Dessert:

Pumpkin Pie with Whip Cream

To RSVP and assure yourself of a dinner, please make your choice as to dinner times, fill in the bottom and drop it off at the office no later than by 12/1/2004.

.....DSVP..... CutDSVP.....

Change in park rules and enforcement policies

Rules from a 55+ MH park in Desert Hot Springs were presented by management in 2019. I subsequently contacted the owner's representatives to report adoption of rules needs majority resident support, as required by section **16.04.070** of the San Marcos Municipal Code. They responded with assurance that they abide by all local rules/laws and never enforced the 2019 rules, as demonstrated by the responses above by the manager at that time.

Current management has provided NO proof that 2019 changes to Springdale Rules and Regulations were approved by a majority vote of residents and registered with the City of San Marcos.

Many 55+ rules are unreasonable for an all-age MH park. Strict enforcement by current management has caused some residents to incur additional costs of offsite storage of around \$150/month.

Tenant relations/goodwill is considered by homeowners an important "amenity" to help promote cooperation and enjoyment of life at Springdale. Previous management budgeted for expenses that exhibited a spirit of goodwill and we hope current management will adopt similar positive practices.

Conclusion

Homeowners hope the Commission has gained a deeper understanding of the unique circumstances at Springdale Estates with this submission and while considering the recommendation of consultant Baar, it will also consider the long history of rents being "artificially" increased that inflated the average rent to a level that shouldn't be used as a basis in determining an appropriate future rent increase. We appreciate that a fixed dollar amount will stop the widening of the rent disparity and have offered a few different means of establishing a reasonable uniform rent increase of either \$20/month or \$18.14/month. We appeal to the Commission to also consider additional factors such as comparable rents in San Marcos, loss of amenities, change in rules/policies, homeowner hardship, and reasonable duty for Kleege Ent. to have performed full due diligence in evaluating all existing conditions at Springdale. In particular, we ask that any increase be approved on the condition that amenities be restored, former rules/policies be restored, necessary repairs be completed and existing home ownership/occupancy situations be accepted.

Respectfully submitted,

Tim Sheahan

Tenant Representative, Springdale Estates

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

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.

SUMMARY APPRAISAL REPORT

**VILLA VISTA ESTATES
2907 S. SANTA FE AVENUE
SAN MARCOS, CALIFORNIA**

APPRAISED FOR

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

DATE OF REPORT

October 1, 2007

DATE OF VALUE

October 1, 2007

APPRAISED BY

Anderson & Brabant, Inc.
353 West Ninth Avenue
Escondido, California 92025

File No. 07-118

ANDERSON & BRABANT, INC.

REAL ESTATE APPRAISERS AND CONSULTANTS

353 W. NINTH AVENUE

ESCONDIDO, CALIFORNIA 92025-5032

TELEPHONE (760) 741-4146

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 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

TR 00049

TABLE OF CONTENTS

ASSUMPTIONS AND LIMITING CONDITIONS 1

APPRAISER'S CERTIFICATE..... 3

INTRODUCTION

 Identification of the Property 4

 Purpose of Assignment 4

 Intended Use and Intended Users 4

 Extraordinary Assumption4

 Scope of Work 4

 Date of Report..... 5

 Date of Value 5

 Neighborhood Map 6

 City and Neighborhood Description 7

 Mobile Home Market..... 8

 Mobilehome Rent Control Ordinance..... 8

SUBJECT PROPERTY DESCRIPTION

 Subject Property Photographs..... 9

 Park Map..... 11

 Subject Property Description 12

 Review of John Neet Appraisal13

ANALYSES AND CONCLUSIONS

 Summary of Comparable Rentals 14

 Methodology15

 Analysis of Current Space Rent..... 15

ATTACHMENTS

 Map of Comparable Mobile Home Parks

 Qualifications of the Appraiser; Partial List of Mobile Home Park Appraisals

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following special assumptions and limiting conditions:

1. This is a *Appraisal Review and Summary Appraisal Report* which is intended to comply with the reporting requirements set forth under Standards Rules 2-2(b) and 3 of the Uniform Standards of Professional Appraisal Practice. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' files. The information contained in this report is specific to the needs of the client and any other intended users for the intended use as stated in this report. Anderson & Brabant, Inc. is not responsible for unauthorized use of this report.
2. Information regarding the physical characteristics of the subject property was obtained from a physical inspection conducted on September 25, 2007. Information pertaining to the current rents was obtained from a rent roll that was included in the park owner's submission. Rental data for the comparable parks was obtained from surveys of mobile home parks conducted by this office.
3. Based on my physical inspection of the park in September 2007, the condition of the park is considered to be good. It is also assumed that the utility systems are in good working order.

This appraisal is subject to the following general assumptions and limiting conditions:

1. It is assumed that information furnished to us by our client, including maps, leases, and legal descriptions is substantially correct.
2. No responsibility is assumed for matters legal in character, nor do we render an opinion as to title. It is understood that the park owner has a fee interest in the property and leases the spaces to the residents.
3. It is assumed that the property is readily marketable, free of all liens and encumbrances except any specifically discussed herein, and under responsible ownership and management.
4. Photographs, plat and maps furnished in this appraisal are to assist the reader in visualizing the property. No survey of the property has been made, and no responsibility has been assumed in this matter.
5. Soils engineering studies have not been provided to Anderson & Brabant, Inc. It is therefore assumed that there are no hidden or unapparent conditions of the property such as hazardous or toxic wastes and/or other subsoil conditions which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which might be required to discover such factors.
6. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the properties. The appraisers' opinions of value are predicated on the assumption that there is no such material on or in the properties that would cause a loss in value unless otherwise stated in this report. No responsibility

is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.

7. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the part to whom it is addressed without the written consent of Anderson & Brabant, Inc., and in any event, only with proper written qualification and only in its entirety.

8. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of Anderson & Brabant, Inc.

9. The submission of this report constitutes completion of the services authorized. It is submitted on the condition that the client will provide the appraiser customary compensation relating to any subsequent required depositions, conferences, additional preparation or testimony.

10. The opinions of value are of surface rights only and the mineral rights, if any, have been disregarded.

11. No warranty is made as to the seismic stability of the subject property.

12. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.

13. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the opinions of value contained in this report are based.


14. It is assumed that the utilization of the land or improvements is within the boundaries or property lines of the properties described and that there is no encroachment or trespass unless otherwise stated in this report.

15. The Americans with Disability Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in our analysis.

APPRAISER'S CERTIFICATE

I do hereby certify that, to the best of my knowledge and belief, ...

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective future interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional assistance to the person signing this report.
11. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.



James Brabant, MAI
State Certification No. AG002100

October 1, 2007
Date

INTRODUCTION

IDENTIFICATION OF THE PROPERTY

The subject property is Villa Vista Estates, an 85 space mobile home park located at 2907 S. Santa Fe Avenue, San Marcos, California. This is a rental park that is subject to the City of San Marcos rent control ordinance (Mobile Home Rent Review Commission).

Ownership

According to public records the fee interest in the subject property is currently vested in the name of *Villa Vista Associates LLC*.

PURPOSE OF ASSIGNMENT

The objective of this appraisal assignment is to provide an opinion of value relating to an application for a space rent increase at Villa Vista Estates. Specifically, I have reviewed an appraisal prepared by John Neet, MAI, dated August 11, 2006, and also have provided my own opinion of the current rental value of spaces at Villa Vista Estates, compared with rents at other comparable parks in San Marcos.

It should be noted that the opinion of value rendered in this assignment is "rental value" rather than "market rent." Market rent is defined in the *Dictionary of Real Estate Appraisal (4th ed., 2002)* as "The most probable rent that a property should bring in a competitive and open market..." However, in this assignment I have only utilized comparable mobile home parks located within the City of San Marcos that are subject to rent control, although I have included controlled and non-controlled rents in the various parks. Consequently, the term "rental value" is more applicable.

INTENDED USE AND INTENDED USERS

This appraisal report has been prepared for the staff of the Mobile Home Rent Review Commission of the City of San Marcos, to be utilized at a hearing of the Commission in connection with a proposed rent increase at Villa Vista Estates. No responsibility is assumed for the unintended use of this report.

EXTRAORDINARY ASSUMPTION

None.

SCOPE OF WORK

As previously stated, the objective of this appraisal is to provide a review of the appraisal prepared by John Neet, MAI, dated August 11, 2006, as well as an opinion of the current rental value of the spaces in Rancho San Marcos. In preparing this appraisal, the following steps were taken.

- I reviewed the appraisal of Villa Vista Estates by John Neet, MAI, dated August 11, 2006, and inspected the rent comparables he used in that report.
- Inspections of the subject park and neighborhood were conducted in September 2007. This park had also been inspected and surveyed on several previous dates.

- Chapter 16.16 of the Municipal Code of the City of San Marcos, relating to mobile home rent control, was reviewed.
- The application for rent increase by the park owner was reviewed along with a rent roll for Villa Vista Estates.
- Rent studies were completed comparing the current space rent in the subject park to comparable parks in the city of San Marcos. A physical inspection of each of the comparable parks was completed.

This is an *Appraisal Review and Summary Appraisal Report* as defined by USPAP. As such it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses may be found in the appraiser's files.

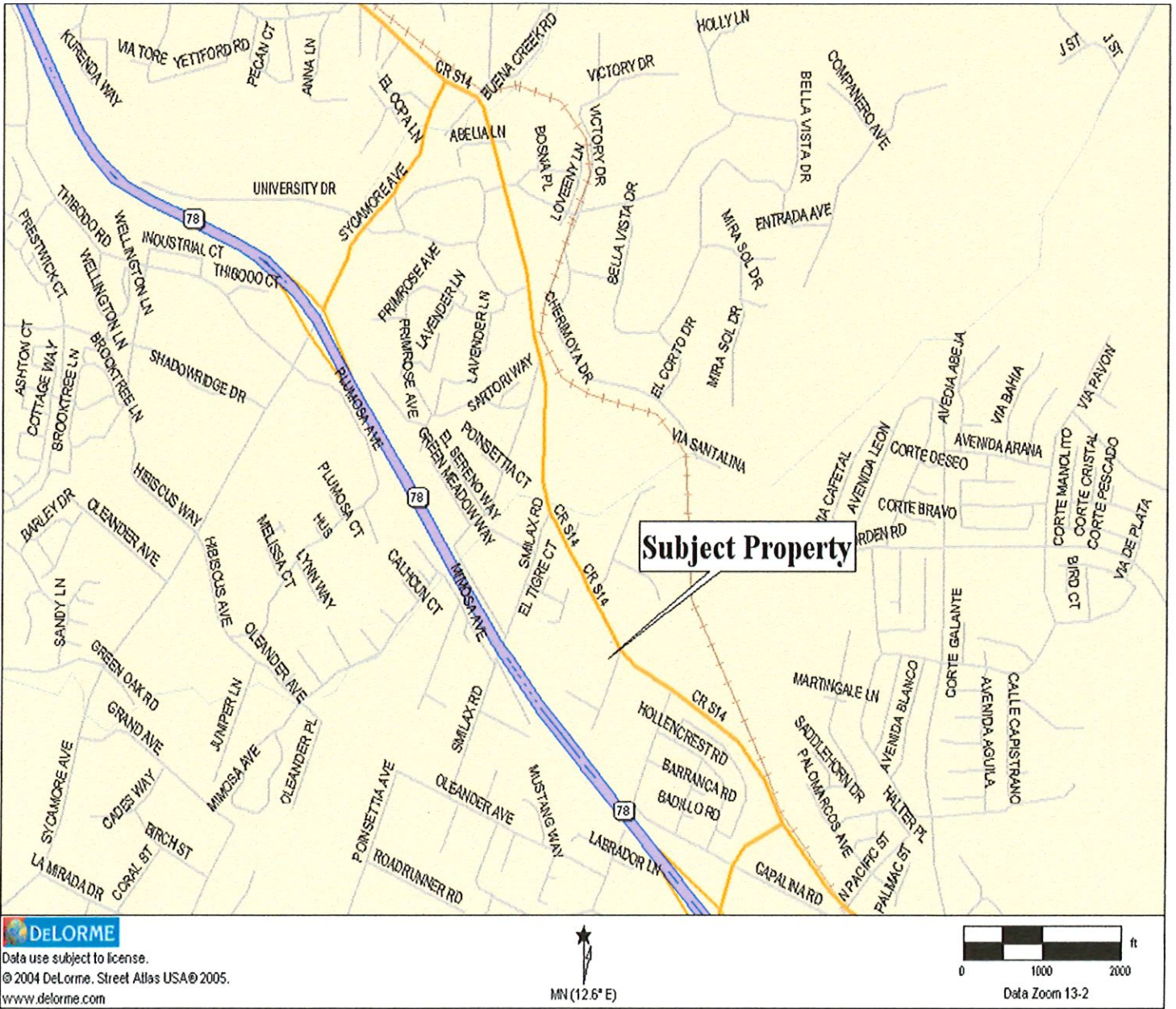
DATE OF REPORT

The report date is October 1, 2007.

DATE OF VALUE

The date of value is October 1, 2007.

NEIGHBORHOOD MAP



CITY AND NEIGHBORHOOD DESCRIPTION

The subject property is located within the northwesterly portion of the city of San Marcos. San Marcos is located in the northern portion of San Diego County, 30 miles north of downtown San Diego, 95 miles south of Los Angeles, and approximately 10 miles inland from the coast. It was incorporated on January 28, 1963. The corporate boundaries of the community currently encompass an area of 23.20 square miles, with an additional eight square miles of land area located within the City's sphere of influence. The city is situated along the State Highway 78 freeway corridor and is bordered by Escondido to the east, Vista to the north and west, Carlsbad to the south and west, and unincorporated areas of the county to the north and south.

Primary access to the city is provided by State Route 78, which is a major transportation corridor that extends in a general east-west direction from Escondido/Interstate 15 to Oceanside/Interstate 5. This is one of the few major transportation corridors linking the coastal areas to inland North County. San Marcos can be accessed at various off-ramps from the freeway, including Nordahl Road, Twin Oaks Valley Road, San Marcos Boulevard, Las Posas Road, Rancho Santa Fe Road, and Woodland Parkway. This network of roads provides access to the various neighborhoods and districts dispersed throughout the community.

The city's economic base, like its population, has grown dramatically during the past decade. Significant gains were recorded in the retail, service industry, manufacturing, finance, insurance, and real estate sectors. Most occupation groups and industries that are commonly found in a well-diversified community are represented in San Marcos.

San Marcos has adopted a growth management plan. This plan basically allows new development to continue, provided all necessary infrastructure improvements, public facilities, and services are provided and maintained at adequate levels. New projects are required to provide financing through assessment districts and/or Mello-Roos community facilities (taxation) districts.

The growth management plan provides the development community with a basic understanding of the City's attitude toward growth within the foreseeable future. This plan is not intended to discourage growth; it should provide the framework for an orderly pattern of growth throughout the city in all market sectors to the benefit of both developers and the community. Limitations on the number of building permits available to a given project are used as a means of measuring development thresholds that indicate when new facilities are required.

Villa Vista Estates is located in the northwest portion of the city of San Marcos. It is on the south side of South Santa Fe Avenue, west of Community Drive and opposite Bosstick Boulevard. South Santa Fe Avenue, in the vicinity of the subject property has a variety of land uses including industrial, commercial, residential and mobile home parks. To the north, directly across South Santa Fe Avenue from the subject park, is an industrial park. To the south are older single family residences and The Tropical Connection, a nursery business, that are accessed from Community Drive. Beyond that is the freeway (State Highway 78). To the east is Community Drive and beyond that is Vista Meadows, another mobile home park. To the west is J&W Redwood. Freeway accessibility is good with a full set of on and off-ramps at Rancho Santa Fe Road, less than one mile southeast. In some respects a mobile home park creates its own neighborhood and this location is considered to be appropriate for this use.

MOBILE HOME MARKET

As of January 1, 2007, approximately 13.6 percent of the total housing units within the city of San Marcos were mobile homes. The California State Department of Finance reports that there are 3,660 mobile homes in the city.

During 2001 and 2002, we had occasion to survey a total of 95 mobile home parks throughout San Diego County ranging in size from 29 to in excess of 470 spaces. The total number of combined spaces in the surveyed parks totaled 14,865 with only 19 vacant spaces, which equates to 0.12 percent. Since then we have updated portions of that survey and have found similar results. Historically, the number of vacant mobile home spaces within San Diego County has been negligible.

The number of mobile homes in the city of San Marcos has increased only slightly since 1990. This, of course, points to the fact there has been negligible new construction of mobile home parks for many years. Most existing parks in the area were built in the 1960's or 1970's.

MOBILEHOME RENT CONTROL ORDINANCE

In April of 1978, the City of San Marcos enacted a rent control ordinance entitled MOBILE HOME RENT REVIEW COMMISSION. The Commission consists of the City Council. A main purpose of the Commission is to meet and review notices of rent increases by park owners and petitions by mobile home tenants. When the ordinance was first enacted it required the continuation of existing space rent to a new resident (vacancy control). However, in the early 1990's a new section was added to the ordinance that allowed a limited form of vacancy decontrol. Then, in 1992, a new ordinance (92-935) was enacted that restored full vacancy control. Currently, there is no provision for the rent to be increased either upon sale of a home or when a space becomes vacant, except for exempt spaces that include those covered by a rental agreement (lease) that is in excess of 12 months and is deemed to be a "qualifying rental agreement" as described in Subsection (b) of Section 798.17 of the California Civil Code.

In addition, for spaces subject to the ordinance there is no permissive annual rent increase. Rents may be adjusted only once every 12 months and all space rents shall be adjusted at the same time.

SUBJECT PROPERTY PHOTOGRAPHS



Park Entrance



Clubhouse

SUBJECT PROPERTY PHOTOGRAPHS

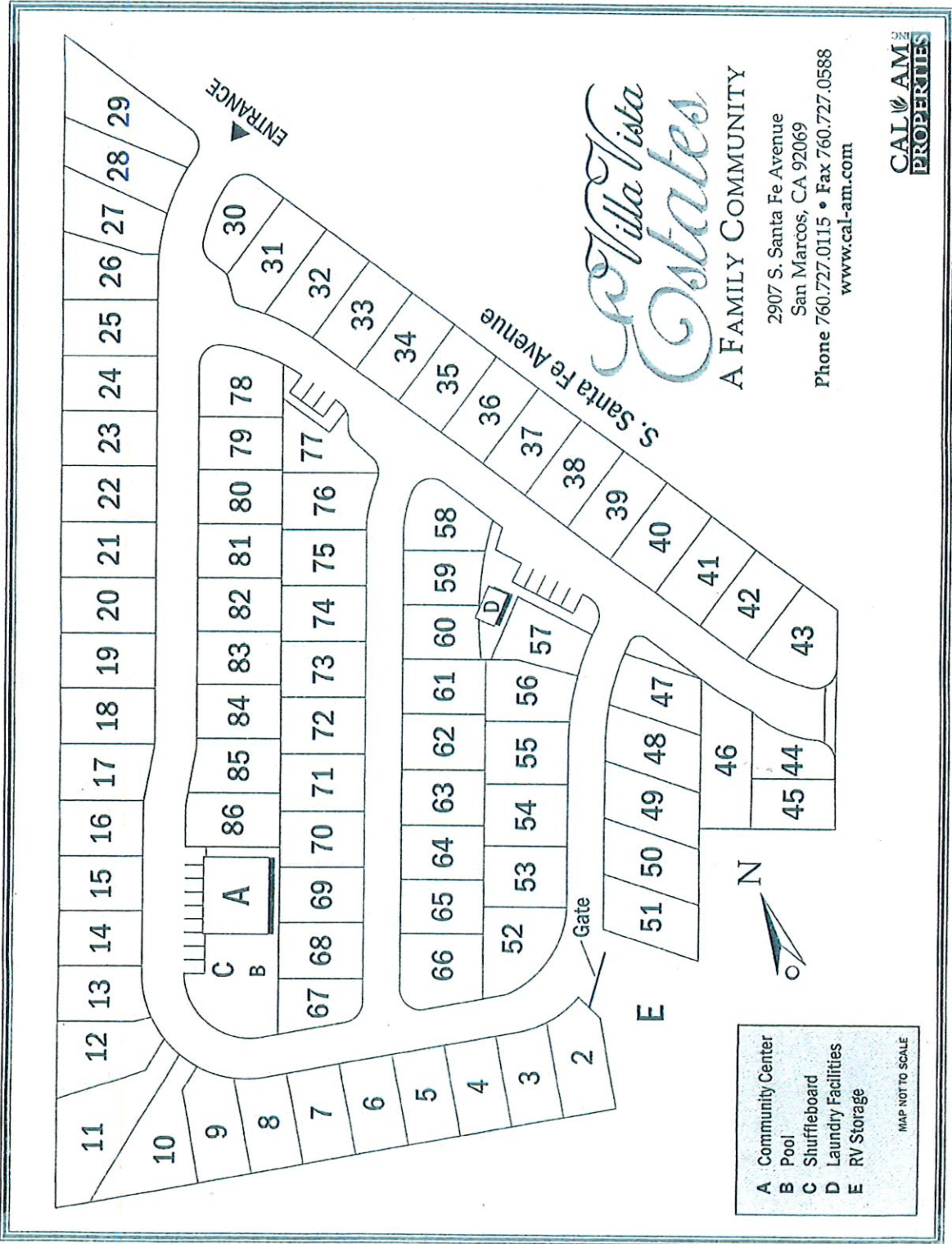


Pool and spa



Interior Street

MOBILE HOME PARK SITE MAP



SUBJECT PROPERTY DESCRIPTION

Park Name: Villa Vista Estates

Address: 2907 S. Santa Fe Avenue, San Marcos, California

Assessor's Parcel Number: 217-162-27

Owner: VILLA VISTA ASSOCIATES LLC.

No. of Spaces: 85

Park Type: All age.

Size/Density: 10.94 acres / 7.86 dwelling units per acre

Topography: Fairly level

Year Built: 1972

Home Type: Mostly double-wide homes with only a few single-wide homes.

Views: None

Amenities: Clubhouse, swimming pool, spa, four covered shuffleboard courts, sauna, laundry facilities and RV storage.

Occupancy: Three vacant spaces. There are plans for new homes to be moved in on all three spaces.

Rental Rates: Current space rents in the park range from \$354 to \$689 per month, with an overall average of \$546 per month. The requested increase is for 32 spaces that currently range in rent from \$363 to 638 per month, with an average of \$505 per month. The requested increases range from about \$12 to \$287 per month, with an average increase of \$145 per month. The increase would bring each of the 32 spaces to \$650 per month.

Utilities Included: None

Comments: This is an average quality park that is currently in overall good condition.

REVIEW OF JOHN NEET APPRAISAL

The appraisal of Villa Vista Estates by John Neet, MAI, is dated August 11, 2006. He writes that he was requested to provide an opinion of the market rental value of the spaces at Villa Vista Estates, as of August 10, 2006. He uses a survey methodology wherein he compares Villa Vista Estates with the space rents at comparable mobile home parks.

Neet begins his analysis by looking at rents at 10 parks in the City of San Marcos. However, he excludes six of the parks because all of the rents are subject to rent control. He then focuses on the four parks (Rancho San Marcos, Palomar Estates West, San Marcos Mobile Estates and Lakeview Mobile Estates) that have long-term qualifying leases that are exempt from rent control. In these four parks, he disregards the rents at spaces subject to rent control and only considers the rents at spaces that have long-term leases exempt from rent control. Because there were relatively few spaces with qualifying leases exempt from rent control at these four parks in San Marcos, he expands the survey to include six parks in Escondido where there is vacancy and transfer decontrol. At these parks, he disregards the rents subject to rent control and only considers the new move-in space rent.

Based on this analysis, he concludes that the market rent of spaces at Villa Vista Estates, as of August 10, 2006, was \$650 per month, plus all utilities.

By focusing only on the relatively few spaces in San Marcos that are on long-term leases and not subject to rent control, and only on the new move-in rates in Escondido, he has excluded from consideration the rents at the other spaces that constitute the vast majority of spaces in both cities. There is nothing in the San Marcos Rent Review Ordinance, or any other regulation that I am aware of, that would require the Commission to consider the market rent of spaces, or that would allow the exclusion from consideration of the rents at the vast majority of spaces at comparable parks. Therefore, it is my opinion that Mr. Neet's opinion of market rent of \$650 per month is not a reliable conclusion. In the following sections of the report I have presented my analysis of the rental value of the property.

SUMMARY OF COMPARABLE RENTALS

Comp No.	Park Name/ Address	No. Spaces	Year Built	Size (Acres)/ Density (DU/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 2907 So. Santa Fe Ave. San Marcos	85	1972	10.94 7.77	3 Vacant (committed)	\$354-689	\$546	None	N/A	All-Age	Avg/ Good	Clubhouse, pool, spa, saunas, covered shuffleboard, laundry
1	Rancho San Marcos 971 Borden Road San Marcos	171	1970's	28.94 5.91	100.0%	\$342-595	\$404	Water, sewer, trash (\$60/mo.)	\$344	All-Age	Avg/ Avg+	Clubhouse, pool, enclosed spa, shuffleboard courts, sauna, picnic area, laundry
2	Lakeview 809 West Discovery San Marcos	113	1970's	14.83 7.62	100.0%	\$380-480	\$418	None	\$418	Age Restricted	Avg/ Good	Clubhouse, pool, shuffleboard, laundry, covered car wash
3	San Marcos Mobile Estates 1145 Barham Drive San Marcos	264	1960's	33.31 7.93	100.0%	\$316-560	\$412	Trash (\$16/mo.)	\$396	Age Restricted	Avg/ Good	Clubhouse, pool, spa, saunas, enclosed shuffleboard courts, car wash, laundry
4	Valle Verde 1286 Discovery Street San Marcos	147	1970's	25.48 5.77	100.0%	\$385-421	\$397	None	\$397	Age Restricted	Avg/ Good	Clubhouse, pool, enclosed spa, saunas, covered shuffleboard, hobby building, laundry
5	Vista Meadows 155 Las Flores Drive San Marcos	143	1974	18.31 7.81	100.0%	\$365-485	\$400 (Est. by mgr.)	None	\$400	All-Age	Avg/ Good	Clubhouse, pool, enclosed spa, car wash, playground, BBQ, basketball court, laundry
6	Rancho Vallecitos 3535 Linda Vista Drive San Marcos	340	1970's	49.90 6.81	100.0%	\$448-626	\$502	None	\$502	Age Restricted	Good/ Good	Clubhouse, pool, covered spa, BBQ and picnic area, laundry

ANALYSES AND CONCLUSIONS

METHODOLOGY

As previously stated, the objective of this appraisal assignment is to provide an opinion of the current space rental value at Villa Vista Estates. The methodology involved a rent survey and comparative analysis of comparable rental parks in the City of San Marcos. Resident owned parks have been disregarded.

For the analysis of the current rental value, I have utilized six parks in San Marcos for direct comparison. The six parks are Rancho San Marcos, Lakeview Mobile Estates, San Marcos Mobile Estates, Valle Verde, Vista Meadows and Rancho Vallecitos. Two parks (Palomar Estates East and Palomar Estates West) are substantially superior to Villa Vista and have not been utilized for direct comparison. Two parks (E-Z Living and El Dorado) are considered to be inferior and also have not been utilized.

ANALYSIS OF CURRENT SPACE RENT

There are a total of 85 spaces at the Villa Vista Estates. The current space rent ranges from \$354 to \$689 per month with an overall average of \$546 per month, plus all utilities. The requested increase is for 32 spaces that currently range in rent from \$363 to \$638 per month, with an average of \$505 per month. The requested increases range from about \$12 to \$287 per month, with an average increase of \$145 per month. This increase would bring each of the 32 spaces to \$650 per month.

For the comparative analysis, I have selected six mobile home parks in the city of San Marcos for direct comparison. Five of the parks are considered to be of average quality like the subject while one park (Rancho Vallecitos) is rated good quality and is considered to be superior to Villa Vista. A summary of the six parks can be found on the facing page. Following is a brief discussion of each park. A market data map identifying the location of the subject park in relation to the comparable parks has been included as an Attachment. It should be noted that three of the comparable parks (Rancho San Marcos, San Marcos Mobile Estates, and Lakeview) have some spaces with long term qualifying leases that are exempt from rent control. I have considered the full range of rents in each of the comparable parks, including those spaces that are exempt from the rent control ordinance.

It should also be noted that the space rent at Villa Vista does not include any utilities. The rent at four of the six comparable parks also does not include any utilities. The rent at San Marcos Mobile Estates includes trash pickup and an adjustment of \$16 per month has been made for this factor. The rent at Rancho San Marcos includes water, sewer and trash. An adjustment of \$60 per month (Water \$9; sewer \$35; trash \$16) has been made for this factor.

Rancho San Marcos is a 171 space all-age park that was built in the 1970's. It is an average quality park with a clubhouse, pool, enclosed spa, shuffleboard courts, and saunas. There are mostly double-wide homes with some single-wide homes. Some spaces at the upper elevations have views of the surrounding area. The space rents range from \$342 to \$595 per month with an average of \$404 per month, including water, sewer and trash. This park is considered to be similar in quality and condition to the subject.

Lakeview is a 113 space age-restricted park that was built in the early 1970's. It is an average quality park with a clubhouse, pool, spa, saunas, covered shuffleboard and horseshoe pit.

It has mostly double-wide homes with scattered single-wides. Current rents range from \$380 to \$480, with an average of about \$418 per month, plus all utilities. This park is considered to be similar in quality and condition to the subject.

San Marcos Mobile Estates is a 264 space age-restricted park that was built in the late 1960's. It is an average quality park with a clubhouse, pool, spa, saunas, and enclosed shuffleboard courts that are being utilized for storage. There are mostly double-wide homes, with scattered single-wides. Some homes have mid-level views. Currently, 126 spaces are subject to rent control and range in rent from \$316 to \$448 per month, with an average of \$402 per month, including trash pickup. There are 138 spaces with 5-year leases and the highest rent for leased spaces is \$560 per month.. The overall average rent for all spaces is \$412 per month, which would suggest that the rent for leased spaces on average is slightly higher than the controlled spaces. This park is considered to be similar in quality and condition to the subject.

Valle Verde is a 147 space age-restricted park that was built in the early 1970's. It is an average quality park with a clubhouse, pool, enclosed spa, saunas, covered shuffleboard and a separate hobby shop. There are mostly double-wide homes with scattered single-wides. The current rents range from \$385 to \$421 with an average of \$397 per month, plus all utilities. This park is considered to be similar in quality and condition to the subject.

Vista Meadows is a 143 space all-age park that was built in 1974. It is an average quality park with a clubhouse, pool, enclosed spa and playground. There are mostly double-wide homes with scattered single-wides. Some homes have mid-level views. The current rents range from \$365 to \$485 with an average that was stated to be "about \$400," plus all utilities. This park is considered to be similar in quality and condition to the subject.

Rancho Vallecitos is a 340 space age-restricted park that was built in the early 1970's. It is a good quality park with a large remodeled clubhouse, pool, covered spa, BBQ and picnic area. It has a mixture of double and triple-wide homes and is situated on a sloping site with many good area views. The current rents range from \$448 to \$626 per month, with an average of \$502, plus all utilities. This park is considered to be superior in quality to the subject.

One of the initial impressions from the comparable data is the large range in space rent at some of the parks. For example, the range at Rancho San Marcos is from \$342 to \$595; at Villa Vista Estates is from \$354 to \$689; and at Vista Meadows is from \$365 to \$485 per month. Again, these large ranges are not due primarily to differences in size of the spaces and/or location (view), but often reflect differences in controlled rents vs. long term leases, or situations where low rents are for tenants that have been in the park for many years. For example, the highest rents at Rancho San Marcos are for six spaces that are rented from \$538 to \$595 per month and are long-term leases that were executed when the City ordinance allowed a limited form of vacancy de-control. I have not found instances where the higher rents are inhibiting sales of the homes. This probably suggests that the higher rents more closely reflect current market conditions than do the lower rents. However, the highest rents in many of the parks reflect only a few spaces and there is no indication that those rent levels would be achievable for all of the spaces in the park.

After adjusting for differences in utilities at two of the comparable parks, the five parks that were of average quality and considered to be most similar to Villa Vista had average rents ranging from \$344 to \$418 per month and the high rents ranged from \$421 to \$544. The one

park rated superior to Villa Vista has an average rent of \$502 and a high rent of \$626. One thing becomes clear from this analysis; the current average rent at Villa Vista Estates (\$546 per month) is higher than the current average rents at the five most comparable parks, and it is also higher than the average rent at the superior park (Rancho Vallecitos). The average rent of the 32 spaces that are the subject of this hearing (\$505 per month) is also higher than the average rent of the five most comparable parks, and the average rent at the superior park. While giving considerable weight to the average rent at the comparable parks, I have also considered the highest rents in these parks that appear to have been accepted by the market but only account for a small fraction of the total number of spaces.

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.

QUALIFICATIONS OF THE APPRAISER

James Brabant, MAI
Anderson & Brabant, Inc.
353 W. Ninth Avenue
Escondido, CA 92025
(760) 741-4146 Ext. 312

I. Resident of San Diego County since 1977

II. **Educational Background:**

A. University of Southern California, B.S. degree in Real Estate — 1960

B. School of Theology at Claremont, Master of Theology — 1966

C. Professional Education Completed:

1. Appraisal Institute

a. "Basic Appraisal Principles, Methods and Techniques" — Course I-A

b. "Capitalization Theory and Techniques" — Course I-B

c. "Urban Properties" — Course II

d. "Investment Analysis" — Course IV

e. "Standards of Professional Practice"

f. "Litigation Valuation"

g. Special Applications of Appraisal Analysis Course 301

2. Lincoln Graduate Center

a. Manufactured Housing Appraisal Course 669

3. Recent Seminars (Partial List):

USPAP Update, 5/06

Deal and Development Analysis – Downtown S.D., 9/05

Applying Economic Forecasts, 2/05

Litigation Seminar, 11/04

Appraising Manufactured Housing, 1/04

Economic and Real Estate Forum, 9/02

Gramm-Leach-Bliley Act, 10/01

Condemnation on Trial (Participant), 5/00

Apartment Seminar, 10/98

Attorneys, Appraisers & Real Estate; 9/98

Damages, Diminution & Mitigation; 8/98

Appraisal of Partial Interests; 6/98

Mitigation Land Update & Valuation Issues, 4/97

Condemnation Seminar (Recent Case Law), 10/95, 3/97

Federal & State Laws & Regulations Workshop, 9/95

Fair Lending, 12/94

Partial Acquisition, 9/94

Trial Preparation (Mock Trial), 9/94

Technical Inspection of Real Estate, 1/94

Qualifications of the Appraiser — James Brabant, MAI
Page Two

III. Professional Affiliations:

- A. Member, Appraisal Institute, MAI (1985 President, San Diego Chapter)
- B. Realtor Member, North County Association of Realtors
- C. Member, International Right of Way Association
- D. Real Estate Brokers License, State of California
- E. Teaching Credential, State of California, Community College Level
- F. Certified General Real Estate Appraiser (AG002100)
Office of Real Estate Appraisers, State of California

IV. Appraisal Experience:

- Co-Owner — Anderson & Brabant, Inc., Since 1979
- Co-Owner — Robert M. Dodd & Associates, Inc., 1977 - 1979
- Appraisal Manager — California First Bank, Huntington Beach, California, 1974 - 1977
- Staff Appraiser — California First Bank, San Diego, California, 1972 - 1974
- Staff Appraiser — O. W. Cotton Co., San Diego, California, 1970 - 1972
- Staff Appraiser — Davis Brabant, MAI, Huntington Park, California, 1960 - 1962

V. Teaching Experience:

- Southwestern College, Chula Vista, California, "Real Estate Appraisal"

VI. Expert Witness:

- Superior Court, San Diego, Los Angeles, Riverside, and San Bernardino Counties
- Rent Control Hearings: Oceanside, Escondido, Ventura, Concord, Yucaipa, Carpenteria
- Various Arbitration Hearings
- Assessment Appeals Board, Riverside County and San Diego County
- Federal Bankruptcy Court, San Diego County & Santa Barbara County
- United States District Court – Northern District of California

VII. Types of Appraisals:

- | | |
|-----------------------------|---|
| Residential Property: | Single-Family Residence, Condominiums, Apartments, Subdivisions, Mobile Home Parks, Existing and Proposed |
| Commercial Property: | Office Buildings, Shopping Centers, Office Condominiums, Etc., Existing and Proposed |
| Industrial Property: | Single/Multi-Tenant, Business Parks, Etc., Existing and Proposed |
| Vacant Land: | Industrial, Commercial, Residential, and Rural |
| Agricultural: | Ranches, Avocado and Citrus Groves, Etc. |
| Special Purpose Appraisals: | Leasehold Estates, Possessory Interest, Historical Appraisals, Etc. |
| Special Purpose Properties: | Petroleum Bulk Storage Plant, Yacht Club & Marina, Ship Building Facility, Etc. |

Qualifications of the Appraiser — James Brabant, MAI
Page Three

VIII. Partial List of Appraisal Clients:

Banks

Bank of America
Bank of New York
City National Bank
Downey Savings
Fidelity Federal Bank
First Interstate Bank
First Pacific National Bank
Flagship Federal Savings
Great Western Bank
Industrial Bank of Japan
Palomar Savings & Loan
Redlands Federal Bank
Union Bank of California
Wells Fargo Bank

Government Agencies and Municipalities

Caltrans
Carlsbad Municipal Water District
City of Carlsbad
City of Chula Vista
City of Colton
City of Concord
City of Escondido
City of Laguna Beach
City of La Mesa
City of Palm Desert
City of Palm Springs
City of Salinas
City of San Bernardino
City of San Diego
City of San Marcos
City of Vista
County of San Diego
Metropolitan Water District
Oceanside Unified School District
Pacific Telephone
Poway Municipal Water District
Ramona Unified School District
SANDAG (San Diego Assoc. of Govts.)
San Diego County Water Authority
San Diego Unified Port District
San Marcos Unified School District
U.S. Depart. of the Interior
 Bureau of Indian Affairs
U.S. Department of Justice

Law Firms

Aguirre & Meyer
Asaro, Keagy, Freeland, McKinley & Bartz
Best, Best & Krieger
Daley & Heft
Endeman, Lincoln, Turek & Heater
Foley, Lardner, Weissburg & Aronson
Fulbright & Jaworski
Gray, Cary, Ware & Freidenrich
Higgs, Fletcher & Mack
Latham & Watkins
Lounsbery, Ferguson, Altona & Peak
Luce, Forward, Hamilton & Scripps
McDonald & Allen
McInnis, Fitzgerald, Rees, Sharkey & McIntyre
O'Melveny & Meyers
Post, Kirby, Noonan & Sweat
Procopio, Cory, Hargreaves & Savitch
Rutan & Tucker
Singer, Richard
Sullivan Wertz McDade & Wallace
Wingert, Grebing, Anello & Brubaker
Worden Williams, APC

Title Companies

Chicago Title
Fidelity National Title Insurance
First American Title
St. Paul Title
Title Insurance & Trust

Others

Avco Community Developers
Coldwell Banker
Dixieline Lumber
Golden Eagle Insurance
National Steel & Shipbuilding Co.
Northern San Diego County Hospital District
Prudential Insurance Corp.
Rosenow, Spevacek, Group
San Diego Gas & Electric Co.
San Luis Rey Downs (Vessels)
Steeffel, Levitt & Weiss
Tellwright-Campbell, Inc.
Transamerica Relocation Service
Vedder Park Management