

STAFF REPORT
RENT STABILIZATION BOARD HEARING:
July 23, 2013

ITEM FOR RENT BOARD CONSIDERATION:

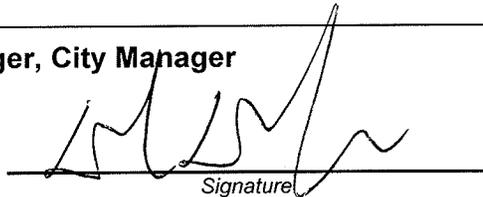
A jointly filed agreement for the setting of new space rents at the Vista de Santa Barbara Mobile Home Park, located at 6180 Via Real, pursuant Carpinteria Municipal Code Section 5.69.081.

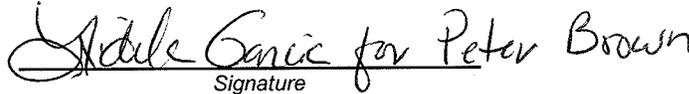
Report prepared by: Dave Durlinger, City Manager

Department: General Government

Reviewed by:

City Attorney


Signature


Signature

ACTION ITEM X; NON-ACTION ITEM

STAFF RECOMMENDATION:

Approve Resolution No. MHRSB – 01, adopting a new base rent schedule and procedure for establishing the maximum annual rent for spaces at the Vista de Santa Barbara Mobile Home Park.

Sample Motion: I move to approve Resolution No. MHRSB-01, as read by title only, adopting a new base rent schedule and procedure for establishing the maximum annual rent for spaces at the Vista de Santa Barbara Mobile Home Park.

I. BACKGROUND:

On July 9, 2013, tenants of Vista de Santa Barbara Mobile Home Park and Millennium Housing, LLC, jointly filed an application pursuant section 5.69.081, of the Carpinteria Municipal Code, requesting that a revised rent schedule be approved by the City of

Carpinteria. The proposed revised rent schedule is a part of an Agreement between the residents of the Park and Millennium, representing the owner of the Park.

The City's Mobile Home Parks regulations are found at Chapter 5.69 of the Carpinteria Municipal Code and include various provisions on how maximum space rents are established and adjusted for mobile home parks in the City of Carpinteria. Adjusted rents may be requested unilaterally by management or by tenants, §5.69.050, or by an agreement between tenants and management, §5.69.081. Also, adjustments that are requested unilaterally by either management or tenants may be contested by either party, §5.69.090, whereas, by their nature, adjustments that are a part of an agreement between management and tenants do not involve a "contested" hearing (although the opportunity for public comment, which theoretically can be for or against a proposal, is still a part of any public hearing before the Board).

The role of the Mobile Home Rent Stabilization Board with regard to agreements for rent adjustments is to conduct a public hearing in order to consider and act on the agreed upon base rent adjustment. If the Board determines that the agreement is just, fair and equitable, it may approve the agreed upon rent schedule.

This public hearing of the Mobile Home Rent Stabilization Board has been noticed by advertisement in the Coastal View News and posting of the hearing notice, both on July 11, 2013, and by direct mail to tenants and management on July 16, 2013.

II. ANALYSIS:

Proposed Rent Schedule: The proposed rent schedule (see Exhibit 1 of the attached Resolution), would result in an increase of \$250 per month on space rent for each of the 124 spaces in the Park. There are currently seven separate space categories in the Park, each with a unique rent. As such, the \$250 increase represents a unique percentage increase for each space type (See Attachment B). For example, the proposed \$250 rent increase applied to the highest current space rent would result in a monthly rent increase of approximately 46% while the increase applied to the lowest current space rent would result in an increase of approximately 53%. Most spaces in the park, i.e., 106 of the 124 total spaces, are a part of two of the space rent categories that are separated by less than \$13, and would experience a percentage increase of 49-50%.

Pursuant to the proposed rent schedule, rents at the Park will range from a low of \$719.29 to a high of \$795.55. The average rent at the Park would be \$749.84, and the most frequent rent (applying to 69 spaces) would be \$744.71.

Future Rent Increases: The Agreement confirms that the new effective rent schedule, if approved, will be controlled by the City's rent stabilization regulations pursuant Chapter 5.69 of the Carpinteria Municipal Code.

Under the City's regulations, the maximum rents permitted to be charged for spaces at the Park are set through the City's publishing of a revised maximum rent schedule that is calculated pursuant §5.69.040. Additionally, pursuant to City regulations, rent adjustments may be applied for through any of the options available at §5.69.050 and

§5.69.081, i.e., management adjustment request, tenant adjustment request or through joint agreement. Importantly, however, the Agreement limits the basis for a management adjustment to rent increases necessary in response to capital improvement costs at the Park or various increased operating costs. The Agreement expressly prohibits management from seeking an increase for the purpose of receiving “just and reasonable return” on investment. The Agreement also prohibits Millennium from challenging the outcome of any rent adjustment application hearing; however, tenant challenges are not prohibited.

Finally, the potential for future rent increases will be affected by the financing being sought for the project. Millennium is proposing public financing that requires it maintain 20% of Park spaces at rent levels that ensure affordability to Very Low-Income households and an additional 30% of spaces affordable to Low-Income households.

Financial Assistance Program: The Agreement commits Millennium to establishing a financial assistance plan that would make \$100/space/month grants available to all residents and additional \$75-100 grants available to qualifying extremely or very-low income households. The Financial Assistance Program will run at least through July 1, 2014, after which it would be subject to available funding. Millennium must meet and confer with the Park Homeowners Association Board prior to any changes to the Program but otherwise retains the right to make changes or eliminate the Program.

The project financing has been planned in order to support a Financial Assistance Program for the long-term. However, because the amount of funds available for the Program are contingent upon bond proceeds and Park revenue amounts that cannot be guaranteed, Millennium cannot guarantee the availability of the Program. It is also possible based on available funds that the Program grant amounts would need to be reduced and/or the monthly grants phased-out over time.

Standard of Review: As discussed in the Background section of this report, this application for rent adjustment is the result of an Agreement (Attachment C) between the residents and management/owners of the Park. The section of the City’s Mobile Home Park regulations that allows for this type of application is separate and distinct from other rent adjustment request regulations and processes. Importantly, the standard of review that is the basis for the Board’s consideration of this type of application is also unique. The standard of review for determining whether or not a rent adjustment application made pursuant to §5.69.081, is appropriate and can be approved is a “just, fair and equitable” standard. In other words, the Board may approve the subject application if it can conclude that the rent schedule proposed is just, fair and equitable.

Applications for rent adjustments made by management pursuant to §5.69.050 usually seek a return on investment and must be considered using a “just and reasonable return” standard of review. This standard does not apply in the case of an agreement on rent reached between tenant and management pursuant to §5.69.081.

Determination of Just, Fair and Equitable: The subject proposed rent adjustment is a result of a settlement of litigation that included negotiated dollar amounts for damages and attorney’s fees, and sale of the Park to Millennium. These negotiated amounts are significant components of the debt service, and, along with estimates for operating costs, utility pass-throughs, future capital needs and operation of the Financial Assistant

Program, led to the proposed rent increase amount that the two parties have included in the Agreement.

Both residents and management were represented in lengthy negotiations that occurred on the details of the litigation settlement and the resulting Agreement. Both residents and management were represented by counsel during these negotiations. At the conclusion of the negotiation process and settlement talks, the Agreement was voted on and of the 124 spaces represented, 111 voted yes, three voted no, and 10 did not cast a vote (See the Certification of Vote on Resolution, a part of Attachment D). This represents approval of the Agreement by nearly 90% of park tenants while the City's regulations require only a simple majority in order for an Agreement for rent adjustment to be filed.

Attachment E to this report includes a July 16, 2013 memorandum from Millennium housing that explains the nexus between the rent amount agreed to by tenants and management and the purchase prices and various park operating costs. Specifically, components of the proposed space rent are described and quantified as:

- \$530/space/month for debt service
- \$175/space/month for normal operating costs
- Utility pass-throughs
- Future Capital Needs fund
- Financial Assistance Program

This information suggests an appropriate nexus between the various rents proposed and the various expected cost categories for which space rent is necessary.

Determining whether or not the proposed Agreement is just, fair and equitable may also involve reviewing the benefits of the Agreement to the two parties, and more general public benefits of the project. Staff has identified the following possible benefits:

- As discussed above, Park management and tenants have been involved in litigation for some time. Consummation of the Agreement and related sale of the property would end the costly litigation and establish terms of settlement including a negotiated property sale price and payment of settlement claims and attorney's fees.
- Ownership of the property is proposed to be transferred from the owner that has been engaged in litigation with tenants to Millennium, a non-profit committed to investing park proceeds into the Park maintenance and operations and involving residents in decision-making.
- The sale of the park and implementation of the Agreement would eliminate uncertainty about Park rents and other terms of tenancy that have served to frustrate financing and sales to prospective home buyers.
- Park rents would be stabilized and would be adjusted according to a known schedule, and certain space rents that were increased by current management above the proposed rates would be reduced.
- The Agreement provides affirmation of the City's vacancy control provisions, ensuring that, upon sale or transfer to heirs, space rents would continue to be controlled pursuant to City regulations.
- The proposed financing for the sale is public bond financing that would require the Park to be operated for the 35 year term as a rental park. The possibility of condominium or similar subdivision/sale would be greatly reduced. This would

minimize the potential for displacement of residents due to Park conversion/sale of individual spaces.

- The Agreement establishes a commitment to Park maintenance including a fund with a starting goal of \$500,000 to be funded from bond proceeds. This benefits all parties and the public, as it is more likely that there will be adequate funds to address resident needs and expectations and to maintain the park at a level that avoids liability and discourages public nuisances.
- The Agreement is expected to result in protecting the Park from potential conversion to another use. Because mobile home parks are seen as an important component of the City's overall housing stock, being affordable by design, this is an important public benefit.
- The public will also benefit from the greatly reduced potential for litigation. The Agreement's provision that prohibits management from challenging rent decisions, among other provisions that are supportive of and consistent with City regulations, are significant.

Based on all of this information, staff has determined that a finding that the Agreement is just, fair and equitable can be made and has drafted a Resolution for the Board's consideration that reflects this conclusion.

III. LEGAL:

The City Attorney will be available at the hearing to respond to any questions about legal aspects of the propose Agreement and new rent schedule.

IV. FINANCIAL:

The applicant has paid all processing charges related to this application. Approval of the Agreement has the potential to reduce the likelihood of significant future City expenses related to processing contested rent adjusted applications and defending the City against legal challenges.

V. ATTACHMENTS:

- A. Resolution No. MHR SB-01
- B. Proposed Rent Schedule with Percentage Increase By Space Type
- C. Agreement Between Millennium and HOA, dated July 4, 2013
- D. Application submittal letter, dated July 4, 2013
- E. Memorandums from Millennium Housing, dated July 16 and July 18, 2013

Attachment A

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RESOLUTION NO. MHRSB-01

**RESOLUTION OF THE MOBILE HOME PARK
RENT STABILIZATION BOARD
OF THE CITY OF CARPINTERIA
APPROVING AN AGREEMENT SETTING THE MAXIMUM RENT
FOR THE
VISTA DE SANTA BARBARA MOBILE HOME PARK.**

WHEREAS, Vista de Santa Barbara Mobile Home Park (Park) is a mobile home park located at 6180 Via Real in the City of Carpinteria, California, and subject to the provisions of Chapter 5.69 of the Carpinteria Municipal Code; and

WHEREAS, a tenant majority and Millennium Housing, LLC, acting as authorized agent for Vista de Santa Barbara Associates, L.P., the management of Vista de Santa Barbara Mobile Home Park, have entered into an agreement (the Agreement) proposing to fix the maximum rent and other fees and specifying how the same shall be paid, pursuant to section 5.69.081 of the Carpinteria Municipal Code; and

WHEREAS, the Agreement, if approved by the Mobile Home Park Rent Stabilization Board (the Board), will become effective only upon close of the escrow (Close of Escrow) for purchase of the Park by Millennium Housing from Vista de Santa Barbara Associates (the Purchase); and

WHEREAS, on July 9, 2013, an application, including the Agreement, was submitted to the City of Carpinteria jointly by the tenant majority and the authorized agent for management as a request for a change in the maximum rent; and

WHEREAS, the Agreement includes a new rent Schedule for the Park, negotiated by the tenant majority and Millennium Housing, that would become effective upon Close of Escrow; and

WHEREAS, upon receipt of the Agreement and a determination that the application was complete, the City Manager arranged for a public hearing notice to be published in the Coastal View News on July 11, 2013, noticing Park tenants and the general public of the public hearing to be held before the City's Mobile Home Park Rent Stabilization Board (Board) on July 23, 2013, 4pm, in the Carpinteria City Hall Council Chambers at 5775 Carpinteria Avenue; and

WHEREAS, the Board may approve a maximum rent amount proposed by agreement of a tenant majority and management upon the Board's determination that the Agreement is just, fair and equitable; and

WHEREAS, the Board has received and reviewed the Agreement and other application materials, has considered a staff report dated July 23, 2013, and has considered all public testimony provided during the public hearing; and

WHEREAS, the Board has received and considered documentation that demonstrates, and the Board finds, that over 90% of Park tenants have voted to approve the Agreement; and

WHEREAS, the Board has received and considered evidence, and the Board finds, that the Agreement provides many benefits to the residents and management, including:

- An end to current litigation between management and residents based on terms of settlement that include payment of settlement claims and legal fees and a negotiated sale price that reflects a compromise between the methodologies for determining valuation of the Park employed by residents of the Park and its owner,
- A transfer of ownership to a not-for-profit organization, which will invest Park proceeds into Park maintenance and operations,
- Elimination of future uncertainty concerning litigation involving rents and other terms of tenancy that has resulted in a reluctance of lenders to provide long-term financing to would-be buyers of mobile homes,
- Affirmation to the existence of vacancy control at the Park and the rights that heirs have to the benefits of space rents that are subject to local regulations,
- Minimization of the potential for displacement of residents due to subdivision/lot sales because the Agreement prohibits subdivision or the creation of condominiums or cooperative housing within the Park without the approval of a tenant majority and approval of public agencies in their sole discretion and because the proposed financing for the sale prohibits such park conversions from rental to ownership spaces if the same would convert interest on the tax-exempt bonds issued to support the Purchase to become includable in gross income for federal tax purposes,
- Greater certainty concerning future space rent amounts and agreement that the City's rent stabilization regulations and adjudications will be complied with and not challenged,
- Reduced rent for certain spaces for which rent was increased under current management,
- Establishment of a financial assistance program for qualifying residents including assistance for qualifying low and extremely low income individuals and families,
- Greater input for residents on park management, and
- Establishment of a repair and maintenance fund with an initial goal of \$500,000; and

WHEREAS, the Board has received and considered evidence, and the Board finds, that the Agreement provides public benefits including:

- Discouraging costly future litigation related to the application of the City's rent stabilization provisions,
- Greater likelihood of adequate long-term maintenance of the park as a provider of a housing type that is affordable by design and an important component of the City's overall housing stock,
- Voluntary establishment of rents for a certain number of spaces that are affordable to low income households; and

WHEREAS, the Agreement provides that upon Close of Escrow, if future rent adjustments are sought, this shall be in accordance with the provisions of Carpinteria Municipal Code Chapter 5.69, except that management shall be prohibited from seeking an increased maximum allowable rent based upon any claim that management is not receiving a “just and reasonable return” pursuant to section 5.69.050A of the Ordinance; and

WHEREAS, the Board has received and considered evidence, and the Board finds, that the amount of the maximum rent included in the Agreement is the result of unique conditions at the Park, involving the settlement of litigation between the Park Homeowners Association and the Park owner/management and including both a negotiated determination of the value (sales price) of the Park and the payment of damages and legal fees in settlement of ongoing litigation; and

WHEREAS, the Board has received and considered evidence, and the Board finds, that the amount of the maximum rent reflects a calculation of the debt service necessary to fund the Purchase and to provide for estimated Park operating costs and the establishment of a Park maintenance fund and a financial assistance program, all of which have been agreed upon by tenants and management as being just, fair and equitable.

NOW, THEREFORE, BE IT RESOLVED BY THE MOBILE HOME PARK RENT STABILIZATION BOARD OF THE CITY OF CARPINTERIA AS FOLLOWS:

1. The Board finds that the above recitals and findings are true and correct and are incorporated herein as though set forth in full.
2. The Board finds and determines that the Agreement and the associated maximum rent schedule, attached as Exhibit 1, is just, fair and equitable, pursuant to section 5.69.081 of the Carpinteria Municipal Code, and the Board adopts the same as for the maximum allowable rent, as provided below, subject to the terms and conditions of the Agreement and in lieu of determining maximum rent under Carpinteria Municipal Code section 5.69.040.
3. The Board finds and determines that, contingent on Close of Escrow and consummation of Purchase of the Park, Exhibit 1 of this Resolution shall be the effective rent schedule as of Close of Escrow for purchase of Vista de Santa Barbara Mobile Home Park by Millennium Housing from Vista de Santa Barbara Associates but in no event sooner than ninety (90) days from the date of this Resolution.

PASSED, APPROVED AND ADOPTED at the meeting of the Mobile Home Park Rent Stabilization Board of the City of Carpinteria, held on the 23rd day of July, 2013, by the following roll call vote:

AYES:

NAYES:

ABSENT/ABSTAIN:

Tom McBride, Chair

ATTEST:

Fidela Garcia, City Clerk

I hereby certify that the foregoing Resolution was duly and regularly introduced and adopted at a meeting of the Mobile Home Park Rent Stabilization Board of the City of Carpinteria held the 23rd day of July, 2013.

APPROVED AS TO FORM:

Peter N. Brown, City Attorney

**VISTA DE SANTA BARBARA MOBILEHOME PARK
SPACE RENT SCHEDULE AS OF CLOSE OF ESCROW BY MILLENNIUM HOUSING**

Space Category	Number of Spaces	Current Rent Rent-Controlled (as of 7/1/2013)	Increase	New Rent Rent-Controlled (as of COE)	Financial Assistance	Rent Net of Assistance
A	2	\$469.29	\$250.00	\$719.29	-\$100.00	\$619.29
B	6	\$482.00	\$250.00	\$732.00	-\$100.00	\$632.00
C	69	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
D	37	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
E	8	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
F	1	\$532.85	\$250.00	\$782.85	-\$100.00	\$682.85
G	1	\$545.55	\$250.00	\$795.55	-\$100.00	\$695.55

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Attachment B

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Proposed Rent Schedule with percentage increase by space type

Space Category	Number of Spaces	Current Rent Rent-Controlled (AS OF 7/1/2013)	Increase (as of COE)	New Rent Rent-Controlled	Gross Percentage	Financial Assistance	Rent Net of Assistance	Net Percentage
A	2	469.29	250.00	719.29	53.27%	(100.00)	619.29	31.96%
B	6	482.00	250.00	732.00	51.87%	(100.00)	632.00	31.12%
C	69	494.71	250.00	744.71	50.53%	(100.00)	644.71	30.32%
D	37	507.43	250.00	757.43	49.27%	(100.00)	657.43	29.56%
E	8	520.13	250.00	770.13	48.06%	(100.00)	670.13	28.84%
F	1	532.85	250.00	782.85	46.92%	(100.00)	682.85	28.15%
G	1	545.55	250.00	795.55	45.83%	(100.00)	695.55	27.50%

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**AGREEMENT BETWEEN MILLENNIUM AND HOA
REGARDING RENT AND OPERATION
OF VISTA DE SANTA BARBARA MOBILE HOME PARK**

This Agreement (“Agreement”) is made on July 4, 2013, between Millennium Housing, LLC, a California limited liability company (“Millennium”) with a principal place of business at 20 Pacifica, Suite 1470, Irvine, California 92618 and the Tenants of Vista de Santa Barbara Mobilehome Park at 6180 Via Real, Carpinteria, California. 93013 through Vista de Santa Barbara, Inc., a California corporation (“HOA”). Millennium and HOA are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties”. For good and valuable consideration, the value and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1. RECITALS/BACKGROUND

1.01. Vista de Santa Barbara Mobilehome Park (“Park”) is located at 6180 Via Real, in the City of Carpinteria (“City”), County of Santa Barbara, State of California.

1.02. The HOA is a California nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law, whose members are all Tenants in the Park, with a Board of Directors elected by the Tenants. (“Board”).

1.03. Millennium Housing, LLC, is a California Limited Liability Company, whose sole member is Millennium Housing Corporation, a California nonprofit public benefit corporation, formed to promote and provide low and moderate income housing through ownership and operation of manufactured housing communities.

1.04. Vista de Santa Barbara Associates, LP, an Illinois limited partnership, (“Vista Associates”) is the current owner of the Park.

1.05. The Park, and Vista Associates as its current owner is, and Millennium as potential future owner of the Park will be, upon becoming owner of the Park, all subject to the provisions of Chapter 5.69 of the City Municipal Code, the City’s Mobilehome Rent Stabilization Ordinance (“Ordinance”). A true and correct copy of the current version of the Ordinance is attached hereto as Exhibit A, and incorporated herein.

The Ordinance includes the following provisions:

Section 5.69.010.G. states:

G. "Management" means the owner of a mobile home park or an agent or representative authorized to act on his behalf in connection with matters relating to a tenancy in a park.

Section 5.69.010.S. states:

S. "Tenant" means an owner of a mobile home in a mobile home park, responsible for paying rent to management.

Section 5.69.010.T. states in part:

T. "Tenant majority" means a fifty percent plus one or more of the number of tenants of a mobile home park.

Section 5.69.081. states:

In lieu of filing a petition for adjustment under Section 5.69.050, the tenant majority and the management may jointly submit an agreement fixing the maximum rent and other fees and specifying how the same shall be paid. The agreement may also include items relating to the cost of operating the mobile home park and the services to be provided by management. On receipt of such an agreement, the city manager shall notice a public hearing to be held at the next meeting of the mobile home park rent stabilization board of not less than ten days from the receipt of the agreement. If the rent stabilization board determines that the agreement is just, fair and equitable, it may approve the same as for the maximum allowable rent for the mobile home park subject to the terms and conditions of the agreement and the same shall be in lieu of determining maximum rent under Section 5.69.040.

1.06. Vista Associates and Millennium have entered into a certain Agreement of Purchase and Sale and Joint Escrow Instructions for the sale of the Park from Vista Associates to Millennium ("Proposed Sale"), and are currently in escrow for the sale of the Park to Millennium ("Sale Escrow"). The proposed Sale is an element in a global resolution of certain litigation pending against Vista Associates, alleging violations by Park Management of the Ordinance and the Mobilehome Residency Law, Santa Barbara Superior Court case numbers 1304125 and 1380186 ("Pending Litigation"). A contingency of Purchase Agreement for the close of the Sale Escrow is that Millennium is able to obtain certain Financing satisfactory to Millennium ("Financing"). Said Financing is to be achieved through the issuance of 35-Year Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park) issued

by the Independent Cities Finance Authority (“Bonds”) on terms to be approved by Millennium. (“Bond Financing”). Said Financing is dependent upon certain rental income from the Park payable to Millennium following close of the Sale Escrow. In order to obtain said Financing, it is necessary for Millennium to take certain steps prior to the close of the Sale Escrow regarding Park rents, including entering into agreements with the Tenant Majority of the Park and to obtain the appropriate regulatory approvals by the City of Carpinteria, including its Mobilehome Rent Stabilization Board.

1.07. As part of the Bond Financing process, Millennium will enter into various agreements and execute various documents (“Bond Documents”), including a recorded Regulatory Agreement and Declaration of Restrictive Covenants, which shall set forth various operating restrictions with respect to Millennium’s ownership of the Park.

1.08. The Proposed Sale was initiated to resolve the ongoing Pending Litigation and to substitute the current parkowner’s policies with a system of management that stabilizes the Park Tenants’ payments, involves the Residents in decisions of how their community is operated and keeps the Park as a source of quality housing for residents of Carpinteria. The Proposed Sale was the product of extensive discussions and consultations between the HOA and Park Tenants and Millennium, and pursuant to their approval. There were numerous meetings by the HOA Board, Park-wide meetings between the HOA and HOA Board, and Park-wide meetings between HOA member and Millennium representatives. The basic terms of the Proposed Sale was negotiated by Millennium at a mediation involving Millennium and the HOA Board on February 27, 2013.

1.09. On May 14, 2013, Millennium sent its Proposal for Vista de Santa Barbara (“Proposal”) to all Park Tenants, which proposal included the proposed increase of the Effective Rent Schedule by \$250 per space, subject to the Financial Assistance for all existing Tenants and Additional Assistance to qualified Tenants, with all protections of the Ordinance continuing to apply, and the other terms set forth in the Proposal. The Proposal was developed by Millennium after extensive consultations with the HOA and Park Tenants, including several Park-wide Tenant meetings and extensive meetings and consultations with the HOA Board. A true and correct copy of the Proposal is attached hereto as Exhibit B, and incorporated herein.

1.10. On May 21, 2013, the HOA members had a membership meeting at which the HOA members considered a Resolution Regarding Millennium Housing Proposal for Vista de Santa Barbara (“Resolution”) and voted in writing to approve the Resolution,

with each Park Space being allowed a vote. The approval of the Resolution was by a vote of 93 to 1 of the Spaces present in person or by proxy at the meeting. Thereafter additional Spaces approved of the Resolution, with a total of 111 Spaces approving of the Resolution, out of 122 Spaces eligible to vote, one Space occupied by Park managers and one Space vacant at the time of the vote, out of 124 total Spaces in the Park. A true and correct copy of the Resolution is attached hereto as Exhibit C, and incorporated herein. A true and correct copy of the Vista de Santa Barbara, Inc., Certification of Vote On Resolution by the Secretary of Vista de Santa Barbara, Inc., is attached hereto as Exhibit D, and incorporated herein.

1.11. The Resolution approved the Proposal and authorized the HOA to enter into such agreements with Millennium to effectuate the terms of the Proposal and represent the interests of the Tenant Majority of the Park, including before the City. The Resolution specified that it was part of an agreement between a Tenant Majority and Millennium as Management fixing the Maximum Rent for the Park, pursuant to Section 5.69.081 of the Ordinance. The Resolution specified that this approval was based upon Vista Associates no longer owning or operating the Park and the satisfactory resolution of the litigation affecting the Park, and was contingent on the close of the Sale Escrow so that Vista Associates is no longer Park Management, and on the voluntary dismissal of the Pending Litigation.

1.12. Pursuant to the terms of the Ordinance, on or about March 21, 2013, the City issued its Effective Rent Schedule for the Park for the July 1, 2013 to June 30, 2014 fiscal year ("Current Effective Rent Schedule"), a true and correct copy of which Current Effective Rent Schedule is attached hereto as Exhibit E, and incorporated herein. This Agreement provides, inter-alia, to substitute for said Current Effective Rent Schedule a New Effective Rent Schedule, for the July 1, 2013 to June 30, 2014 fiscal year, ("New Effective Rent Schedule"), a true and correct copy of which New Effective Rent Schedule is attached hereto as Exhibit F, as provided herein. A Rent Roll showing the new space rents for each Space in the Park for the July 1, 2013 to June 30, 2014 fiscal year pursuant to the terms of this New Effective Rent Schedule ("Rent Roll") is attached hereto as Exhibit G and incorporated herein.

1.13. As current owner of the Park, Vista Associates is "Management" of the Park under the terms of the Ordinance, Section 5.69.010.G. Upon Close of Escrow, Millennium will become "Management" of the Park under said provisions of the Ordinance. Millennium entered into a Limited Agency Authorization Agreement for the purposes of allowing it to act as the agent of the current owner of the Park for the purpose of allowing Millennium to enter into an agreement with the Tenant Majority and pursue all necessary proceedings with the City to obtain approval of the

agreement and issue such notices pursuant to such an agreement. Any such rent increase pursuant to such proceedings are strictly conditioned upon Close of Escrow and dismissal of the Pending Litigation, and in no way constitute a Tenant agreement to a rent increase by Vista Associates as owner of the Park.

1.14. The purpose of this Agreement is to effectuate the agreement between Millennium and the Tenant Majority of the Park regarding the Effective Rent Schedule and Rent provisions made by the Tenant Majority pursuant to the terms of the Resolution.

1.15. The further purpose of this Agreement is to set forth the respective rights and responsibilities of the HOA and Millennium with respect to the operation of the Park, in order to ensure that to the fullest extent reasonably practicable, the Park is operated as a resident-owned park.

ARTICLE 2. TERM OF AGREEMENT

2.01. This Agreement will become effective on the date Millennium takes title to the Park as owner upon close of the Sale Escrow ("Effective Date"), and will continue in effect for the duration of the ownership of Vista de Santa Barbara by Millennium or its successor. This Agreement shall be subject to and contingent upon Close of Escrow, upon the Financing through the issuance of Bonds on terms acceptable to Millennium, upon the approval of the New Effective Rent Schedule provided for herein by the City's Rent Stabilization Board, and on the dismissal of the Pending Litigation. Prior to the Effective Date, both Parties shall take such appropriate steps as reasonably necessary to effectuate the terms of this Agreement and satisfy the contingencies, to the extent reasonably possible by that Party.

ARTICLE 3. GENERAL

Authority and Duties

3.01. Millennium agrees to confer fully and freely with the HOA in the performance of its duties under this Agreement and to attend membership and Board meetings at times reasonably requested by the HOA, upon reasonable notice, either in person or as represented by the management company, as reasonably requested by the HOA.

3.02. Millennium shall either hire in its own name, or direct a third party management company to hire, all managerial personnel necessary for the proper operation and management of the Park and the effective and efficient discharge of the duties of Millennium under this Agreement. Compensation for the services of those employees shall be included in the Park's operating budget.

ARTICLE 4. SERVICES TO BE PERFORMED BY MILLENNIUM

Specific Services

4.01. Millennium shall render services and perform duties as follows:

1. Stabilize rents pursuant to a Recorded Regulatory Agreement which will provide that, after an initial adjustment (and accompanying Financial Assistance Program) described in the Proposal, rent increases will conform to the Carpinteria Mobile Home Rent Control Ordinance. Rents will be stabilized accordingly even if the Ordinance is later repealed or voided by the Courts or by the City, as further provided for herein.

2. Establish a Repair and Replacement Fund that seeks to ensure that the Park is well-maintained and deferred maintenance items are addressed. The initial balance will be from the Board proceeds and is expected to be \$500,000, but that may vary depending on available Bond proceeds. Additional funds may be deposited from Park surpluses. Millennium's obligation is limited to funds available from Park revenues or available grant funds, which Millennium agrees to reasonably pursue.

3. Establish the Financial Assistance Program as described in the attached Proposal. In order to qualify for this Financial Assistance, Residents must return the annual income survey form required by the Bond agreements and be in compliance with Park rules. New Tenants purchasing homes in the Park after the close of the sale Escrow will ordinarily not be entitled to this Financial Assistance. Said Financial Assistance Fund shall initially be funded with Bond proceeds but it is expected that Park surplus funds will augment this fund. Millennium's obligation is limited to funds available Park revenues.

4. Solicit input from Tenants through meetings with HOA Board of Directors into how their community is operated, including establishment and amendment of rules, budget matters and capital improvement priorities. Millennium will use its best efforts to implement reasonable recommendations of the HOA Board.

5. Millennium will timely provide to the HOA Board annual and quarterly financial reports on the park, so that the Board can see where the rent dollars are being spent, and will be available to explain and answer questions on the financial reports. Millennium will make its underlying financial records available at the Park on-site management office for inspection by the HOA Board. Such financial records shall be available to any Park Tenant who requests them.
6. Meet with the HOA members to develop strategies for better serving the Park residents.
7. Communicate with the Park Tenants as a whole through articles in the Park magazine and meetings with Park Tenants or through other means to discuss management issues, planned capital improvements and other matters of interest to park residents.
8. Receive, consider and record maintenance requests under a standard procedure reasonably acceptable to the HOA and take the necessary steps to resolve them.
9. Millennium will consult with and consider the input of the HOA Board on matters involving potential capital improvements or other financial matters affecting the finances and operation of the Park.
10. In the event that Millennium intends to petition the City for a Management Adjustment for an increased Maximum Allowable Rent under the terms of the Ordinance as provided for herein, Millennium shall first meet and confer with the HOA Board, provide all documentation and information supporting such a request, and attempt in good faith to reach a resolution with the HOA Board. To the extent reasonably possible, before incurring any cost for any capital improvement or operating or other cost that may lead to the need by Millennium to request an increased Maximum Allowable Rent, Millennium will consult with and consider the input of the HOA Board.
11. Perform any other acts and deeds that are reasonable, necessary and proper in the discharge of Millennium's duties under this Agreement.

ARTICLE 5. OBLIGATIONS OF MILLENNIUM

Minimum Amount of Services

5.01. Millennium (including for this purpose, any third party management company hired by Millennium to provide management services at the Park) agrees to devote the amount of hours per month necessary to perform properly the above- described services.

ARTICLE 6. OBLIGATIONS OF HOA

Cooperation of Residents Association

6.01. Tenants as represented by the HOA agree to comply with all reasonable requests of Millennium necessary to the performance of Millennium's duties under this Agreement, including the income certifications each Tenant must provide annually.

ARTICLE 7. RENT PROVISIONS

New Effective Rent Schedule

7.01. Subject to the contingencies provided for herein, the HOA, on behalf of the Tenant Majority of the Park, pursuant to their approval of the Resolution, agree that upon Close of Escrow, the Effective Rent Schedule currently in effect for the Park for the July 1, 2013 to June 30, 2014 fiscal year, Exhibit __ hereto ("Current Effective Rent Schedule"), shall be replaced with a New Effective Rent Schedule for the July 2013 to June 30, 2014 fiscal year, a true and correct copy of which New Effective Rent Schedule is attached as Exhibit __ hereto and incorporated herein ("New Effective Rent Schedule"). This New Effective Rent schedule is pursuant to the agreement entered into between Millennium and the Tenant Majority of the Park. A Rent Roll showing the new space rents for each Space in the Park pursuant to the terms of this New Effective Rent Schedule ("Rent Roll") is attached hereto as Exhibit __ and incorporated herein.

7.01.2 The New Effective Rent Schedule provides that Space Rent shall be increased by \$250 per Space per month from the Maximum Rent provided for under the Current Effective Rent Schedule. Said New Effective Rent Schedule shall apply to each

Space in the Park. These new Space Rents pursuant to this New Effective Rent Schedule shall be the new rent-controlled rents, subject to the provisions of the Ordinance as provided for herein.

7.01.3. This Space Rent increase shall be subject to the terms of the Financial Assistance Program provided for herein.

Financial Assistance Program for Current Tenants

7.02.1. All Tenants of homes in the Park at the time of the close of the Sale Escrow shall receive a monthly rent credit ("Financial Assistance") funded by the Financial Assistance Program. As of the close of the Sale Escrow, the amount of this Financial Assistance shall be \$100 per month per Space, so that the actual amount that the Tenant will be billed and pay for Space Rent shall be a \$150 per month increase. The Financial Assistance is a grant to the Tenant and not a loan, and does not have to be repaid by any Tenant receiving payment from the Financial Assistance Program. To receive the Financial Assistance, Existing Tenants must return the Annual Income Form and be in compliance with Park Rules and not have any uncured violations of Park rules after valid written notice has been given by Millennium.

7.02.2. Heirs who obtain title to a mobilehome in the Park from a deceased homeowner and were approved Residents of the home at the time of the death of the deceased homeowner shall remain entitled to receive this Financial Assistance as long as they continue to reside in the home and are otherwise entitled to receive Financial Assistance. Heirs who are not approved Residents shall have the right to receive Financial Assistance if they otherwise qualify, until they sell the home, but shall not have the right to sublet or occupy the home, or until they become an approved Resident and assume permitted occupancy of the home. An "Heir" as used herein includes an heir, a joint tenant or personal representative of an estate who gains ownership of a mobilehome in the mobilehome park through the death of the owner of the mobilehome who was a homeowner at the time of his or her death, as set forth in Civil Code section 798.78, and also includes a successor trustee of a trust obtaining legal title to a mobilehome upon the death of a homeowner.

7.02.3. The Financial Assistance Program will be funded initially from the proceeds from the Bond Financing. The balance in the Financial Assistance Program Fund will decrease each year as assistance is paid out, depending on the amount of home sales in the Park. In order to keep the Financial Assistance Program going, Millennium may need to reduce the total Financial Assistance Payments each year, either through sales of Homes in the Park or a reduction in the assistance given to each Tenant, until

such time as Park revenues can sustain the Financial Assistance Program Fund. Any such reductions in the Financial Assistance Program shall be no more than annually at the beginning of the July 1 fiscal year, commencing no sooner than July 1, 2014, and shall only be after a meet and confer between Millennium and the Board. Annual reductions in Financial Assistance are estimated to be approximately \$10 per month, although that amount may vary depending on home sales. Millennium's obligation to provide this Financial Assistance shall be limited to funds available from Bond proceeds and Park Revenues. Millennium is not guaranteeing the funding of the Financial Assistance Program, but has made a good faith estimate of its availability.

Additional Assistance Program for Current Tenants

7.03.1 Additional Assistance, consisting of additional monthly credits of up to \$100 towards Space Rents in addition to the credit provided by the Financial Assistance Program, will be offered to qualified Tenants.

7.03.2. Households qualifying for the Additional Assistance will generally be Extremely-Low or Very-Low Income households, based on gross income, under federal housing guidelines. Additional Assistance Amount is estimated at \$100 per month for extremely-low income households and \$75 per month for very-low income households, with the specific amount subject to available funds. As an example, Tenants receiving this Additional Assistance would have a net out-of-pocket increase in Space Rent of \$50 for the 2013-2014 fiscal year.

7.03.3. This Additional Assistance would remain as long as the Tenant resides in the Park and continues to qualify for this Additional assistance and funds are available. The Additional Assistance Program will be funded initially from the proceeds from the Bond financing. The amount of Additional Assistance may vary depending on available funds. Residents wishing to receive this Additional Assistance will complete an application each year. The application process will include verification of the information provided.

7.03.4. Additional Assistance funds are a loan and must be paid back at the time the Tenant's home sells. No interest will be charged on these Additional Assistance funds.

7.03.5. The goal of the Additional Assistance Program is to prevent any existing resident from being forced from Vista de Santa Barbara because of the initial Space Rent increase.

Contingencies of Rent Provisions

7.04. The Space Rent provisions provided for herein, including the approval of the New Effective Rent Schedule are subject to and contingent upon the approval by the City's Rent Stabilization Board, upon Close of Escrow of the Proposed Sale, and upon dismissal of the Pending Litigation, as provided for herein. The increased Space Rents and New Effective Rent Schedule are agreed to by the HOA and its members based upon the benefits of ridding the Park of undesirable Management and ending their illegal practices, resolving all Pending Litigation, and the significant benefits to the Park Tenants will enjoy with Millennium as Park Management, including but not limited to the benefits provided under the terms of this Agreement and Millennium's Proposal.

ARTICLE 8. ORDINANCE PROVISIONS.

Continued Applicability of Current Ordinance.

8.01. Millennium agrees that it will follow the provisions of the Ordinance as in effect on the Effective Date of this Agreement, Exhibit __ hereto, the provisions of which are incorporated herein by this reference, regardless of whether such Ordinance, or any part thereof, shall be subsequently amended or repealed by the City, invalidated in whole or in part by any Federal or State court of law, or otherwise altered or changed in any way. In particular, Millennium recognizes and agrees that the Ordinance provides for vacancy control and that under the terms of the Ordinance, the Maximum Rent Schedule applies to every Space in the Park, so that that Millennium may not request, demand or receive from a Tenant more than the Maximum Rent set forth in the then-current Effective Rent Schedule, at any time, including upon a change of ownership of the Tenant's mobilehome, including upon transfer due to sale, gift, inheritance, or foreclosure.

Restrictions to Application of Ordinance to Millennium.

8.02. Millennium further agrees to the following limitations and restrictions of the terms of the Ordinance as applied to Millennium as Management of the Park:

1. **Restrictions on Application for Rent Increase.** Millennium shall not seek a Management Adjustment for an increased Maximum Allowable Rent based upon any claim that Millennium is not receiving a "just and reasonable return" pursuant to section 5.69.050.A. of the Ordinance. This restriction shall not prohibit Millennium

from seeking a Management Adjustment for an increased Maximum Allowable Rent based upon a reasonably necessary capital improvement in the Park, or a new added substantial cost for a specific service, tax or assessment, or for a rapidly accelerating and substantial specific cost which has been imposed upon the Park and which is beyond the reasonable control of Millennium, or to avoid a bond default, in the event that Millennium can establish that its revenues pursuant to the then-existing Effective Rent Schedule are insufficient to pay such increased costs. In no event shall Millennium seek any rent increase based upon considerations of profit or reasonable return on investment, including under section 5.69.090.M. of the Ordinance, nor shall it seek an increase based upon any space rents charged outside of the Park.

2. **Restrictions on Challenge Under Ordinance.** In the event of an administrative rent hearing under the terms of the Ordinance, Millennium shall not pursue any rights under section 5.69.150 or otherwise to challenge the final determination of any final decision and order of the Rent Stabilization Board, or portion thereof, and agrees to be bound by such final decision and order. Millennium shall not challenge in any way the validity or enforceability of the Ordinance, including as applied, through court action or otherwise.

ARTICLE 9. RESTRICTIONS ON TRANSFERS INVOLVING PARK.

Restrictions on Transferee

9.01. Millennium represents and warrants it intends to retain and operate the Park for the term of this agreement, and agrees that it shall only transfer or sell the Park to one of the following: (a) the Residents, through the HOA, or its successor or other duly formed entity representing the Residents of the Park; (b) an affiliated entity of Millennium or the HOA which shall be subject to all the terms and provisions of this Agreement; or (c) such other Section 501(c) non-profit corporation formed and existing for the purposes of, and experienced in, the operations of manufactured housing or mobilehome parks, subject to the condition that such entity expressly assume all of the terms and conditions of this Agreement. Under no circumstances shall Millennium transfer the Park to Vista Associates or any person or entity that has or ever had any interest in Vista Associates.

Transfer to HOA

9.02. Millennium agrees that prior to any potential transfer or sale of the Park to any person or entity other than the HOA or its successor Tenant association, or to a non-

profit entity affiliated with Millennium that exists for a similar purpose, it shall notify the Board as soon as possible and to the extent reasonably practicable, give the HOA or its successor a reasonable opportunity to purchase the Park. Millennium further agrees that if the HOA or its successor Tenant association indicates interest in purchasing the Park, to negotiate in good faith for such a purchase. Millennium agrees that the purchase price for the Park charged to the HOA, its successor, or other Tenant organization would be the value of the Park as encumbered by the rent restrictions and Ordinance as provided for in this Agreement.

Prohibitions on Transfer

9.03. Prior to the HOA or the Residents actually acquiring ownership of the Park, the HOA shall provide to the Independent Lease Financing Authority (“Authority”), the City and Millennium an opinion of bond counsel to the effect that such acquisition will not in and of itself, cause the interest on the Authority Bonds to be included in gross income for federal tax purposes. Any such acquisition shall also be null and void if the terms of the acquisition or the implementation thereof cause (1) a default under the Bond Documents or (2) Millennium to lose its tax exempt status as a qualified 501 (c) 3 tax exempt organization under applicable federal or state law. The provision shall only apply as long as the Bond Financing remains in effect.

Limitation on subdivision or condominiumization

9.04. Millennium represents and agrees that it shall not take any steps to subdivide or create condominium or cooperative housing in any part of the Park without first meeting and conferring with the HOA Board and the Park Tenants and obtaining the written consent of a Tenant Majority of the Park. Millennium further agrees that it shall abide by the determination of the City, the California Coastal Commission and any other local agency or regulatory authority having jurisdiction over such land-use application and not pursue any court action challenging such a determination.

ARTICLE 10. GENERAL PROVISIONS

Notices

10.01. Any notices required to be given under this Agreement by either Party to the other may be effected by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices must be addressed to the Parties at the addresses appearing in the introductory paragraph of

this agreement, but each Party may change the address by giving written notice in accordance with this paragraph. Notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated as of the day of receipt or fifth day after mailing, whichever occurs first.

Entire Agreement of the Parties

10.02. This Agreement supersedes any and all agreements, either oral or written, between the Parties with respect to the rendering of services by Millennium for Residents of the Park and contains all of the representations, covenants, and agreements between the Parties with respect to the rendering of those services. Each Party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any Party, or anyone acting on behalf of any Party, with are not contained in this agreement, and that no other agreement, statement, or promise not contained in this agreement will be valid or binding. Any modification of this Agreement will be effective only if it is in writing signed by both Parties.

Successors and Assigns.

10.03 This Agreement shall be binding upon and inure to the benefit of each of the Parties hereto and their respective permitted agents, employees, affiliates, parents, subsidiaries, assigns, and successors. Any Assignment of its interest in this Agreement by Millennium shall be in writing by Millennium and shall be limited to an actual owner of the Park permitted under the terms of this Agreement and the Regulatory Agreement. Any Assignment of its interest in this Agreement by the HOA shall be in writing by the HOA and shall be limited to a nonprofit corporation or other entity duly formed by the Tenants of the Park to represent the interests of the Tenants with respect to the operation of the Park.

Partial Invalidity

10.04. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way. However, this Agreement is subject to the contingencies provided for herein, and shall

AGREEMENT BETWEEN MILLENNIUM AND HOA REGARDING RENT AND
OPERATION OF VISTA DE SANTA BARBARA MOBILE HOME PARK

Attorney's Fees

10.05. If any legal action, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorney's fees, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.

Governing Law

10.06. This Agreement will be governed by and construed in accordance with the laws of the State of California.

Executed at Carpinteria, California, on July 4, 2013.

VISTA DE SANTA BARBARA, INC., a California corporation

By: Vista de Santa Barbara, Inc., a California corporation

By: 
Robert Keatinge, President

MILLENNIUM HOUSING CORPORATION, LLC,
A California limited liability company

By: Millennium Housing Corporation, a California nonprofit public benefit
corporation, its Sole Member

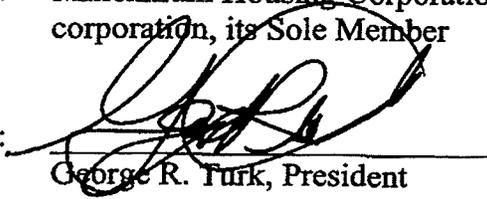
By: 
George R. Turk, President

EXHIBIT LIST

- Exhibit A: City's Mobilehome Rent Stabilization Ordinance
- Exhibit B: Millennium Housing's Proposal for Vista de Santa Barbara, Inc.
- Exhibit C: Resolution regarding Millennium Housing's Proposal for Vista de Santa Barbara, Inc.
- Exhibit D: Certification of Vote On Resolution by the Secretary of Vista de Santa Barbara, Inc.
- Exhibit E: Current Effective Rent Schedule (July 1, 2013 – June 30, 2014)
- Exhibit F: New Effective Rent Schedule (July 1, 2013 – June 30, 2014)
- Exhibit G: New Rent Roll, July 1, 2013 – June 30, 2014

Chapter 5.69 MOBILE HOME PARKS*

5.69.010 Definitions.

5.69.020 Exemptions.

5.69.030 Rent stabilization board.

5.69.040 Maximum rent.

5.69.050 Adjustments.

5.69.051 Contents of petition.

5.69.060 Notice of filing petition.

5.69.070 Opposition.

5.69.080 Noncontested determination.

5.69.081 Agreement between tenant majority and management.

5.69.090 Contested hearings.

5.69.100 Guidelines.

5.69.110 Administrative costs.

5.69.111 Reimbursement of costs.

5.69.120 Agreements.

5.69.130 Maximum rent.

5.69.140 Enforceability.

5.69.150 Limitation of action to attack final decision--Order of the rent stabilization board.

5.69.160 Termination.

5.69.170 Retaliation.

Prior ordinance history: Ords. 287, 289, 295, 299, 300, 305, 309, 311, 332, 345 and 371.

5.69.010 Definitions.

The following definitions shall govern the construction of this chapter:

A. "Consumer price index (C.P.I.);" means the Los Angeles-Long Beach-Anaheim Metropolitan Area consumer price index for the urban wage earners and clerical workers as reported by the U.S. Bureau of Labor Statistics.

B. A "contested hearing" means a hearing which results from a petition for adjustment which is filed pursuant to Section 5.69.050 to which an opposition has been filed pursuant to Section 5.69.070.

C. "Debt service" means any and all charges or costs, including, but not limited to, the payment of interest or principal, associated with a promissory note or other obligation related to ownership or refinancing of the

mobile home park.

D. An "effective rent schedule" or an "approved rent schedule" means a schedule that has been filed by the city manager pursuant to subsection B of Section 5.69.040 or approved by the rent stabilization board pursuant to subsections A or B of Section 5.69.050 and that approval has become final.

E. The "hearing officer" shall be appointed by the city council. The hearing officer shall be knowledgeable in the rules of evidence. The hearing officer shall be impartial and it shall be his duty to conduct an evidentiary hearing pursuant to the provisions of this chapter to obtain evidence from the parties that he deems necessary to make his recommendations, and to make recommendations for findings and determinations to the rent stabilization board.

F. The "July 1, 1979 rent" means the rent charged for each space as shown on the verified schedule of monthly rents previously filed with the rent stabilization board pursuant to this chapter.

G. "Management" means the owner of a mobile home park or an agent or representative authorized to act on his behalf in connection with matters relating to a tenancy in a park.

H. "Mobile home" means a structure designed for human habitation and for being moved on a street or highway, whether commonly referred to as a "mobile home" or as a "trailer."

I. "Mobile home park" means an area of land where two or more mobile home sites are rented, or held out for rent, to accommodate mobile homes used for human habitation.

J. "Park" means a mobile home park.

K. "Ratio of change in the Consumer Price Index," as used in the ordinance codified in this chapter for a fiscal year (July 1st to June 30th) shall equal the consumer price index issued in the immediately preceding May divided by the consumer price index as of July 1, 1979 (which was 216.8), less one, or:

L. "Rent" means any consideration demanded or received in connection with the use or occupancy of any mobile home site or transfer of a lease therefor, including, but not limited to, amounts demanded or paid for parking, pets, furniture, subleasing or deposits. Reimbursement for new special taxes and/or assessments levied by a properly constituted governmental authority on management on or after July 1, 1982, are not included or considered to be rent.

M. "Rental agreement" means an agreement between the management and the tenant establishing the terms and conditions of a tenancy. A lease is a rental agreement.

N. "Rent schedule" means a statement of the rent charged for each tenancy in a mobile home park, together with any supporting data therefor.

O. The "rent stabilization board" shall be that board appointed pursuant to Section 5.69.030(A).

P. Representative. In the event that a petition is filed by more than one tenant, they shall designate one of them to be their representative.

Q. "Services" means those facilities which enhance the use of the mobile home site, including, but not limited to, repairs, replacements, maintenance, water, utilities, security devices, security patrols, storage, bath and laundry facilities and privileges, janitorial services, refuse removal and recreational and other facilities in common areas of the mobile home park. "Services" does not include charges for interest, depreciation, amortization, financing or refinancing of the mobile home park.

R. "Tenancy" means the right of a tenant to the use of a site within the mobile home park on which to locate, maintain and occupy a mobile home, site improvements and accessory structures for human habitation, including the use of the services and facilities of the park.

S. "Tenant" means an owner of a mobile home in a mobile home park, responsible for paying rent to management.

T. "Tenant majority" means a fifty percent plus one or more of the number of tenants of a mobile home park. A tenant is one for each mobile home site that he or she is renting in the mobile home park and that is occupied by a mobile home and only one signature for each site shall be required; provided, however, that no tenant who is already a party to a fixed-term rental agreement is entitled to sign an agreement for a site that will not be the subject of the new agreement. The total number of tenants used to calculate a tenant majority equals the total number of mobile home sites rented, occupied by mobile homes, and that will be subject to the agreement. (Ord. 388 § 1 (part), 1986)

5.69.020 Exemptions.

The provisions of this chapter shall not apply to the following tenancies in mobile home parks located in the city:

- A. Mobile home park spaces rented out for nonresidential uses;
 - B. Mobile home parks, the construction of which began after the effective date of the ordinance codified in this chapter, provided, however, that such exemption continues in effect for only five years after the issuance of the building permit for the same. For the purposes of this section, "construction" means the erection of structures;
 - C. Mobile home parks which a government agency owns, manages or operates;
 - D. Tenancies which do not exceed an occupancy of three months and do not contemplate an occupancy of more than three months;
 - E. Tenancies for which any federal or state law or regulations specifically prohibit such rent regulation.
- (Ord. 388 § 1 (part), 1986)

5.69.030 Rent stabilization board.

- A. Members. There shall be in the city a rent stabilization board, hereinafter called "rent stabilization board." Such board shall consist of five regular members, all of whom shall be appointed by the city council on an at-large basis.
- B. Compensation. No member will be compensated for his services, but the city shall reimburse members for their reasonable expenses of attending meetings.
- C. Powers. The rent stabilization board is empowered to approve, set and adjust the rent schedule and maximum rents for mobile home tenancies in the city in accordance with this chapter.
- D. Terms. Each member shall serve a term of two years or at the discretion of the city council.
- E. Rules and Regulations. The city council may by resolution approve rules and regulations for proceedings before the rent stabilization board.
- F. Quorum. Three members shall constitute a quorum of the rent stabilization board. A majority of the quorum present for any meeting of the rent stabilization board shall be required for the passage of any order, decision or ruling. (Ord. 439 § 1, 1988; Ord. 388 § 1 (part), 1986)

5.69.040 Maximum rent.

A. Formula. Except as otherwise expressly provided in this chapter, the maximum rent for each mobile home space that management of a mobile home park shall be permitted to charge shall be as set forth in an effective rent schedule determined as follows:

The maximum allowable rent shall be calculated annually and shall be the sum of the following:

- 1. The July 1, 1979, rent; and
- 2. The July 1, 1979, rent times seventy-five percent of the ratio of change in the consumer price index (C.P.I.).

B. Effective Rent Schedule. Annually and as soon as practical after the release of the C.P.I. for March of each year and using the July 1, 1979, rent schedules previously filed for each mobile home park, the city manager shall make the calculations for each mobile home park, as provided by subsection A of this section, and shall file the same in the city clerk's office as a rent schedule and mail a copy of the applicable rent schedule to the management of each mobile home park, specifying the maximum rent for each mobile home space. The rent schedule, if filed before July 1st of that year shall become effective as of July 1st of that year or, if not filed until after July 1st, shall become effective as of filing.

C. Formula for Mobile Home Parks Annexed into the City on or after January 1, 1987. Except as otherwise

expressly provided in this chapter, the maximum rent for each mobile home space that management of a mobile home park in this category shall be permitted to charge shall be set forth in an effective rent schedule as follows:

The maximum allowable rent shall be calculated annually and shall be the sum of the following:

1. The November 1, 1987 rent; and
2. The November 1, 1987 rent times seventy-five percent of the ratio of change in the consumer price index (C.P.I.).

D. Effective Rent Schedule for Annexed Mobile Home Parks. Annually and as soon as practical after the release of the C.P.I. for March of each year and using the July 1, 1987 rent schedules previously filed by each annexed mobile home park, the city manager shall make the calculations for each such mobile home park, as provided by subsection C of this section, and shall file same in the city clerk's office as a rent schedule and mail a copy of the applicable rent schedule to the management of each such mobile home park, specifying the maximum rent for each mobile home space. The rent schedule, if filed before July 1 of that year shall become effective as of July 1st of that year or, if not filed until after July 1st, shall become effective as of filing. (Ord. 419 § 1, 1987; Ord. 388 § 1 (part), 1986)

5.69.050 Adjustments.

A. Management Adjustment. The rents provided by Section 5.69.040 are intended to provide for a just and reasonable return to management in all foreseeable cases. In the event that management of any mobile home park contends that the maximum rent as provided by Section 5.69.040 shall not provide a "just and reasonable" return, management shall file with the rent stabilization board a verified petition showing that the strict application of the formula specified in subsection A of Section 5.69.040 prevents a just and reasonable return to management and request for an adjustment of the rent schedule up to a just and reasonable return for that mobile home park. In the event that the rent stabilization board finds the strict application of the formula specified in Section 5.69.040 does not allow for a just and reasonable return, the notwithstanding subsection A of Section 5.69.040, it may adopt an adjustment to the effective rent schedule up to that required for a just and reasonable return pursuant to procedures set forth in this chapter. The management of a mobile home park by verified petition may also apply for a summary adjustment in the maximum rent based upon new added substantial cost for a specific service, tax or assessment or for a rapidly accelerating and substantial specific cost which has been imposed upon the mobile home park and which are beyond the reasonable control of management so as to allow management to pass through such cost to the respective tenants of the mobile home park. In the event such petition is filed, the rent stabilization board may allow an adjustment to be based thereon pursuant to the procedures set forth herein, or alternatively, it may require management to file a petition to show that the presently permitted maximum rent does not provide a just and reasonable return.

B. Tenant Adjustment. Any tenant may petition the rent stabilization board to reduce the maximum permitted rent in the event that management has reduced or limited any service to a tenant (including any change in policy with respect to children or pets), or the tenants of the mobile home park as a whole that were in effect on July 1, 1979. Such petition shall be verified. The amount of the reduction shall be the cost savings to management resulting from such reduction or elimination of services. In the event that the rent stabilization board finds that there has been a reduction or elimination of service to the tenant or tenants from and after July 1, 1979, then notwithstanding subsection A of Section 5.69.040, it may adopt an adjustment to the effective rent schedule to decrease the amount of the maximum rent allowable in an amount equal to management's savings by the reduction of or elimination of such service.

Any tenant of a mobile home park by verified petition may also apply for a summary adjustment of the maximum rent based upon a deleted substantial cost for a specific service, tax or assessment or for a rapidly decreasing and substantial specific operating cost of the mobile home park so as to require management to pass through the savings of such cost to the respective tenants of the mobile home park. In the event such petition is filed, the rent stabilization board may allow the adjustment to be made based thereon pursuant to

the procedures set forth herein.

C. Cross Adjustment. In the event that a petition for an adjustment is filed pursuant to this Section 5.69.050, the rent stabilization board may make adjustments in accordance with both subsections A and B of this Section 5.69.050 that are brought out in the hearing and in consideration of the petition. In the event that any adjustment shall be made pursuant to this subsection, such adjustment shall not reduce the maximum allowable rent below a just and reasonable return under all the facts.

D. Conditions of Adjustment. In the event that the rent stabilization board shall determine that any adjustment shall be made pursuant to this section then, in that event, the rent stabilization board may impose conditions to the adjustment and, where appropriate, may limit the period of time of such adjustment. Should an adjustment be made pursuant to this section, the rent stabilization board shall adopt a new effective rent schedule for the mobile home park giving effect to such adjustment. (Ord. 388 § 1 (part), 1986)

5.69.051 Contents of petition.

A. Documentation and Evidence. All applications and attached supporting documents will become public records. Documents and records submitted to the mobile home park rent stabilization board must be legible, reproducible, organized and presented in a manner appropriate and acceptable by reasonable accounting standards.

The application and materials attached to the application must be certified by the applicant and a certified public accountant as accurate and computed in the same manner as books and records kept for income tax purposes. The application and materials will not be returned to the owner. The management must, upon request by the board, staff or review accountant show to the board, staff or review accountant the original document from which any photocopy was made and all documents, papers or written memoranda which support or are evidence of claimed expenses of any nature.

In those instances where management or management's affiliates performed management services or labor being claimed as housing service costs, or claim reimbursement for housing services costs or expenses, a record of the date, time and nature of the service, labor or expenditure must be kept and submitted with the application.

Services, labor or expenditures by the management or management's affiliates must be identified as such in the application or supporting documents. Failure to submit such records may result in the requested cost or expense being disallowed. The mobile home park rent stabilization board may request evidence of any individual's background, knowledge, training or experience qualifying such individual to perform management services or labor as claimed in the application or supporting documents.

B. Invalid or Incomplete Applications. In the event that an application lacks the required documents, lacks required information or there are errors in the mathematical computations showing the individual rent increases, the application shall be returned to the management with an explanation as to why the application cannot be accepted, or, if a hearing has been scheduled, the case may be continued by the hearing officer up to thirty days commencing upon written notice to the management of the additional documentation and/or information needed. (Ord. 388 § 1 (part), 1986)

5.69.060 Notice of filing petition.

In the event that a petition is filed pursuant to subsection A of Section 5.69.050, management shall serve a notice of the filing of the same on each tenant within the mobile home park on a form provided by the city manager. Such notice may either be in person or by mail to the last known address of each tenant. In the

event that a petition is filed pursuant to subsection B of Section 5.69.050, the city manager shall promptly give notice at the last known address of the owner(s) of the mobile home park. Proof of service of the notice shall be filed with the city clerk. If the last known address of the owner(s) of the mobile home park is not

known, he may mail the same to the address of the owner(s) of the mobile home park as shown on the last equalized assessment role of the county of Santa Barbara. No petition shall be considered as filed until proof of service of such notice is filed with the city clerk. (Ord. 388 § 1 (part), 1986)

5.69.070 Opposition.

Within thirty days after the filing of the proof of service of the notice of petition under Section 5.69.060, any tenant may file an opposition to the petition of management. Within thirty days of the mailing of the notice by the city manager of a tenant's petition, management may file an opposition to such petition. (Ord. 419 § 2, 1987; Ord. 38 § 1 (part), 1986)

5.69.080 Noncontested determination.

In the event that no opposition is filed pursuant to Section 5.69.070, the rent stabilization board may hear and consider the matter based solely upon the subject matter set forth in the petition, or it may refer the matter to a hearing officer for a recommendation and report as hereinafter provided. (Ord. 388 § 1 (part), 1986)

5.69.081 Agreement between tenant majority and management.

In lieu of filing a petition for adjustment under Section 5.69.050, the tenant majority and the management may jointly submit an agreement fixing the maximum rent and other fees and specifying how the same shall be paid. The agreement may also include items relating to the cost of operating the mobile home park and the services to be provided by management. On receipt of such an agreement, the city manager shall notice a public hearing to be held at the next meeting of the mobile home park rent stabilization board of not less than ten days from the receipt of the agreement. If the rent stabilization board determines that the agreement is just, fair and equitable, it may approve the same as for the maximum allowable rent for the mobile home park subject to the terms and conditions of the agreement and the same shall be in lieu of determining maximum rent under Section 5.69.040. The agreement may be signed before the effective date of this section. (Ord. 388 § 1 (part), 1986)

5.69.090 Contested hearings.

A. In the event that any petition is filed pursuant to Section 5.69.050 proposing an adjustment which shall be contested by the filing of an opposition, the rent stabilization board shall direct that a hearing be held on the contested matter. In the event that the rent stabilization board orders a hearing to be held, it may refer the same to a hearing officer, as hereinafter provided, to hear the evidence and prepare proposed findings of fact and a recommended decision. The rent stabilization board may hold an evidentiary hearing itself on contested issues that can be summarily decided without extensive hearing, otherwise the board should refer the matter to a hearing officer for the evidentiary hearing.

B. The rent stabilization board shall deny the petition unless the petition proves by a preponderance of the evidence that either:

1. The maximum rent will not provide for a just and reasonable return; or

2. That services to tenants have been reduced from that of July 1, 1979.

C. The hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, shall hold a hearing within ninety days of the date on which the petition is filed pursuant to Section 5.69.050. For good cause shown, the hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, may order a reasonable continuance of the hearing date if necessary in the

interest of justice. Matters shall be considered and decided in the order filed. The party filing any petition requiring affirmative action by the board shall deposit with the city clerk the estimated costs (as estimated by the city clerk) to the city of all costs to the city, including without limitation, the costs of the meeting of the rent stabilization board, the full cost of conducting the hearings as herein provided, the cost of the hearing officer and the cost of preparation of record. Should the funds so deposited exceed the city's costs, any excess shall be refunded to the person so depositing the same and any deficiency must be agreed to be paid by such party. The city clerk may require, at any time during the hearing, an additional deposit to cover costs not covered by the initial deposit as a condition of continuing with the hearing. Should such deposits not be made in a timely manner, the petition shall be deemed withdrawn and the proceeding terminated.

D. The hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, shall consider all relevant facts presented at such hearing and may require additional information to be presented by the management or others in order to determine what adjustments, if any, should be made.

E. For any contested hearing, if there is more than one party on a side, the hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, may require the parties on one side to designate a representative to receive service of notices, papers and documents with respect to the same, and after such designation, the service on the representative so designated shall be deemed to be giving service to all such parties on that side.

F. In the event of any contested hearing, each tenant in the affected mobile home park shall be mailed a notice of the time and place of the commencement of the hearing and the possible effect upon his or her rent. The mobile home park tenants shall be given a chance and an opportunity to be heard at the contested hearing. No further notice shall be required to be given under this chapter for any continuances of the hearing.

G. All meetings and hearings shall be open to the public and notice thereof given as required by law. Meetings shall be held as necessary to hear and decide petitions.

H. The city manager shall notify the petitioning party of the filing of an opposition on receipt thereof and as soon as possible thereafter shall notify both parties of the time, date and place of hearing.

I. Upon receipt of a void petition pursuant to this chapter, the rent stabilization board, unless it conducts the hearing itself under subsection A of this section, shall refer the opposition and the petition to a hearing officer who shall conduct an evidentiary hearing upon the petition. At the evidentiary hearing, the hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, shall take all evidence and may require any party to the proceedings to provide him with pertinent books, records, papers, etc. In furtherance of this power, the hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, may request the city council to issue a subpoena for the same if they are not voluntarily produced, or may take a refusal to produce the same as evidence that such evidence, if produced, would be adverse to the party refusing to produce the same.

J. The management may substitute for any books, records and papers, a certified audit by an independent certified public accountant using computations in the same manner as books and records kept for income tax purposes or a verified statement under oath by an independent certified public accountant of what the information sought from such books, records and papers consists of. Notwithstanding this subsection, the hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, may require production of the books, records and papers.

K. The hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, may hear all offered testimony and receive all documentary evidence relevant to determine whether a rental adjustment should be granted. The hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, shall rule upon the admissibility of all evidence at the evidentiary hearing and shall have the power and authority to conduct the evidentiary hearing in all respects.

L. The hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, shall keep detailed notes of the evidence produced and an electronic recording of all the testimony presented at the evidentiary hearing.

M. The evidence presented at the evidentiary hearing shall constitute the exclusive record for the decision of

the issues involved.

In making a determination whether to grant a rent adjustment, the hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, shall consider the purposes of the mobile home rent stabilization ordinance. The hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, shall specifically consider the following factors, in addition to any other factors it considers relevant, in determining whether a rent adjustment is just, fair and equitable:

1. Rent changes allowed by the consumer price index for wage earners and clerical workers in the Los Angeles-Long Beach-Anaheim metropolitan area published by the Bureau of Labor Statistics;
2. The voluntary pay and price standards promulgated by the President of the United States or any other lawfully established state or federal government wage and price guidelines;
3. The rent lawfully charged for comparable mobile home spaces in the city;
4. The length of time since the last rent increase and the amount thereof for the mobile home space or spaces specified in the rent increase application;
5. The completion of any capital improvements or rehabilitation work related to the mobile home space or spaces specified in the rent increase application, and the cost thereof, including such items of cost, including material, labor equipment rental, permit fees and other items as the hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, deems appropriate;
6. Changes in property taxes or other taxes related to the subject mobile home park;
7. Changes in the utility charges for the subject mobile home park paid by the applicant and the extent, if any, of reimbursement from the tenants;
8. Changes in reasonable operating and maintenance expenses;
9. The need for repairs caused by circumstances other than ordinary wear and tear;
10. The amount and quality of services provided by the applicant to the affected tenant;
11. Any existing written lease lawfully entered into between the applicant and the affected tenant;
12. The amount necessary to allow the park management to reasonably amortize the cost of new capital improvements, including interest and a reasonable profit, but not beyond the time necessary for reasonable amortization;
13. A reasonable return on capital invested at the time of the first adoption of the mobile home park rent stabilization ordinance;
14. All other factors which the hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, considers to be relevant to determine whether a rent adjustment is just, fair, and equitable.

If the hearing officer, or the rent stabilization board if it does not refer the petition to a hearing officer, determines that a substantial basis for the requested rent increase on the management's application is an assertion the maximum rents or maximum adjusted rents permitted pursuant to this chapter do not allow the management a return sufficient to pay debt service on the rental mobile home park, a rent adjustment will not be permitted pursuant to this chapter to an owner who acquired an interest in the mobile home park after July 1, 1979.

N. At the conclusion of the evidentiary hearing, the hearing officer shall prepare a summary of all testimony and evidence admitted at the evidentiary hearing, a statement of all materials officially noticed and prepare proposed findings of fact and a recommended decision to the rent stabilization board, and shall submit the same to the rent stabilization board within fifteen days after the hearing, along with copies of all documentary evidence received. Copies of the hearing officer's summary, matters officially noticed, proposed findings and recommendation for decision and notice of the time and place of the rent stabilization board's hearing on the hearing officer's recommendations and proposed decision shall be mailed to all parties participating in the hearing within fifteen days after the hearing. The rent stabilization board hearing shall be held no later than thirty days after submission of the hearing officer's recommended decision.

O. Upon receipt of the hearing officer's summary, proposed findings, official noticed material and recommendations, and the documentary evidence admitted in the proceedings, the rent stabilization board shall hear arguments by the parties based upon the material submitted to it by its hearing officer. Any party

at a proceeding may also have prepared, at his expense a transcript of the hearing to be presented to the rent stabilization board. No further evidence shall be permitted nor allowed at the hearing before the rent stabilization board, but it shall be based solely upon the materials presented to the hearing officer at the evidentiary hearing.

P. At the conclusion of the hearing on the proposed findings and recommended decision of its hearing officer before the rent stabilization board pursuant to subsection O of this section, the board shall within thirty days after the date of hearing:

- a. Accept and confirm the recommendations of the hearing officer and adopt his findings and recommendations; or
- b. Amend the findings and recommendations of the hearing officer; or
- c. Send the matter back to the hearing officer for further hearings of the issue pursuant to any instructions provided by the rent stabilization board. Upon such remand the hearing officer shall notice a hearing within thirty days or as soon thereafter as such hearing can be held, and shall render a decision within fifteen days of the conclusion of the hearing.

2. Upon issuing the findings of fact, pursuant to subdivision 1a and b of this subsection, the rent stabilization board shall render its final decision. This final decision shall be final and conclusive upon all parties. The final decision by the board may include a provision equalizing the rents among all of the tenants of the mobile home park based upon the location, size and improvements supplied by management of each mobile home site, notwithstanding any previous disparity between rents charged on equivalent mobile home sites. All parties shall be given notice of the final decision by the board.

Q. Any order of the rent stabilization board shall, unless otherwise specified in its final decision, be effective as of the date ninety days after the filing of the petition for adjustment.

R. Any party to a hearing may be assisted by attorneys of the party's choice.

S. No member of the rent stabilization board may participate in the hearing or decision concerning a mobile home park in which he resides or has a financial or management interest.

T. The rent stabilization board shall keep minutes of its meetings and make an official record of a hearing.

U. Decisions of a rent stabilization board shall be supported by a preponderance of the evidence.

V. The evidentiary hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions.

W. The rent stabilization board may in its final decision direct that the prevailing parties, costs in these proceedings, including any funds paid to the city pursuant to subsection C of this section, shall be reimbursed by the losing party. Such an order for costs may be enforced by a court of law of appropriate jurisdiction. In the event that the rent stabilization board determines that any petition or opposition is frivolous, it may award reasonable attorney's fees to any other party or parties.

X. The rent stabilization board or its hearing officer may spread any retroactive rent adjustment under paragraph Q of this section over several months of future rent.

Y. The city manager shall file notice of the decision and order of the rent stabilization board with the city clerk. (Ord. 388 § 1 (part), 1986)

.69.100 Guidelines.

The rent stabilization board may recommend to the city council the adoption of guidelines for determining a just and reasonable return. (Ord. 388 § 1 (part), 1986)

.69.100 Administrative costs.

The city manager shall, from time to time, calculate the total cost of conducting a meeting of the rent

stabilization board and file such figure in his office. Such figures shall be used in determining the deposits and the costs for holding a meeting of the rent stabilization board. (Ord. 388 § 1 (part), 1986)

5.69.111 Reimbursement of costs.

Whenever any matter is brought before the mobile home park rent stabilization board which requires a public hearing or which will, in the estimation of the city manager, require in excess of one hour of staff and board time for processing and considering such matter, the applicant shall be required to pay a filing fee and deposit to cover such costs as set by resolution of the city council. The city manager shall maintain such records as are necessary to verify the city's costs of such matter and any excess deposit shall be returned to the applicant upon conclusion of the matter under consideration. In the event such fees and/ or deposits are insufficient to cover the city's costs, further consideration of the matter shall be suspended pending receipt of additional deposits to cover such costs. (Ord. 451 § 1, 1989)

5.69.120 Agreements.

Nothing in this chapter shall operate to restrict the right of a tenant and management to enter into agreements providing for a fixed term and/or a fixed rent for mobile home tenancies. (Ord. 388 § 1 (part), 1986)

5.69.130 Maximum rent.

Management shall not request, demand or receive from a tenant more than the maximum rent set forth in an effective rent schedule including any adjustment thereof fixed by the rent stabilization board. (Ord. 388 § 1 (part), 1986)

5.69.140 Enforceability.

In the event of any violation by the management of a mobile home park of any maximum rents, an effective rent schedule, or a final decision and order of the rent stabilization board relief for such a violation shall be enforceable by the individual tenants of that park in a court of the appropriate jurisdiction in which injunctive relief may be granted and damages shall be allowed for any rent paid in excess of the effective rent schedule or any final determination of the rent stabilization board. In any such court proceeding, the prevailing party shall be awarded his reasonable attorneys' fees and the court, where applicable, shall be empowered to order treble damages for any rents charged in excess of any effective rent schedule, maximum rent, or in violation of the final decision of the board (i.e., three times any excessive rent or overcharge). (Ord. 388 § 1 (part), 1986)

5.69.150 Limitation of action to attack final decision--Order of the rent stabilization board.

Any action or proceeding to attack, review, set aside, annul or void a final decision and order of the rent stabilization board, or reasonableness, legality or validity of any provision or condition attached thereto, shall not be maintained by any person unless such action or proceeding be commenced and service is effected within ninety (90) days of the filing with the city clerk of the rent stabilization board's final decision and order. (Ord. 388 § 1 (part), 1986)

5.69.160 Termination.

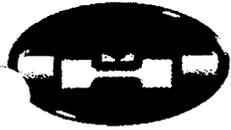
This chapter shall remain in effect until the vacancy factor in mobile home parks in the city rises to three percent, or more, for a period of one year. (Ord. 450 § 1, 1989; Ord. 388 § 1 (part), 1986)

5.6^ 170 Retaliation.

It is unlawful for the management or any owner of any mobile home park to harass, evict, retaliate against or otherwise discriminate against any person in the rental of any mobile home park space when the dominant purpose is retaliation against a person who has opposed practices unlawful under this chapter, informed law enforcement agencies of practice believed unlawful under this chapter, has asserted any rights under this chapter, or has petitioned, testified or assisted in any proceeding under this chapter. (Ord. 388 § 1 (part), 1986)

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MILLENNIUM HOUSING

PHONE 949.515.5100
FAX 949.515.5101

May 14, 2013

Vista de Santa Barbara Homeowner
6180 Via Real
Carpenteria, CA. 93013

Dear Homeowner:

At our last meeting, residents gave us the direction (by a vote of 83-0) to investigate the feasibility of the conversion of the Vista de Santa Barbara to non-profit ownership. As a result of that vote, we opened escrow and began our studies.

After spending a considerable amount of time reviewing the Park's financial records, meeting with the bond folks, ordering the third-party reports and having extensive discussions with Vista, Inc. officers, we are now ready for a final vote of the residents. Accordingly, attached is our revised Proposal for Vista de Santa Barbara.

The Proposal is basically the same as we discussed before, but we've now been able to fill in a lot more specifics. In a nutshell, we are asking you to agree to a net rent increase of \$150/month (or less, if you qualify for Additional Assistance) in return for the many benefits of non-profit ownership: the end of all litigation, a much more resident friendly style of management, a greater role for resident input and, most importantly, the peace of mind of having rent control that can't be taken away.

We are asking you to attend a meeting this coming Tuesday, May 21 at 6 PM, at which time I will go over the Proposal line-by-line and answer every question you may have. James Ballantine will be there as well to offer his perspective in the Proposal and the seemingly endless litigation. At the end of the meeting, we will ask you to vote:

- Yes, I agree to the Millennium Proposal.
 No, I prefer to remain under the current ownership and have the litigation continue.

If we get a strong show of support, we will communicate the results to the City and ask for the public hearings necessary to make this happen.

I look forward to seeing you next Tuesday!

Very Truly Yours,


George Turk
President

20 Pacifica, Suite 1470, Irvine, CA 92618
www.millenniumhousing.com

EXHIBIT B

MILLENNIUM HOUSING
PROPOSAL FOR VISTA DE SANTA BARBARA

Increase in Rent For All Spaces:

- For Current Residents, space rent net of the Financial Assistance will increase by \$150 per month.
- The New Rent-Controlled Rent will increase by \$250 per month, however, Current Residents will get \$100/mo. in Financial Assistance, so **the actual increase to Current Residents be \$150/month net of the Assistance.**
- All you have to do to get this \$100 Financial Assistance is to return an Annual Income Certification and be in compliance with Park Rules. **No application is necessary.**
- The Financial Assistance is not a loan. You are not required to pay this back when your home sells.
- New residents moving in after escrow closes will not get the Assistance and will pay New Rent-Controlled Rent.
- Heirs who list the home for sale get the Assistance until the home sells. Assistance will continue for Heirs who are on title and live in the Park.

Financial Assistance to Current Residents:

- The Financial Assistance Program will be funded initially from bond proceeds. The balance in the Program Fund will decrease each year as assistance is paid out, depending on the amount of turnover.
- In order to keep the Assistance Program going, we may need to reduce the total Assistance Payments each year, either through new move-ins or a reduction in the assistance given to each tenant, until such time as Park revenues can sustain the Program Fund.
- Annual reductions in Assistance is estimated to be approximately \$10 per month, although that may vary depending on home sales.
- Millennium's obligation to provide this Financial Assistance shall be limited to funds available from bond proceeds and Park Revenues. Millennium is not guaranteeing the funding of the Assistance Programs.
- The typical Carpinteria rent control cost-of-living adjustment would be in addition to the numbers described above.

Additional Very-Low Income Assistance:

- Additional Assistance will be offered to qualified homeowners.
- Amount is estimated at \$100 per month for extremely low-income households and \$75 per month for very low-income households.

- For 2013, extremely-low income limits are \$16,750 for 1-person, \$19,150 for 2 people and \$21,550 for a household of 3 persons. Very-low limits are \$26,600 for 1 person, \$30,400 for 2 and \$34,200 for 3 persons.
- As an example, for those receiving this **Additional** Assistance, the net out-of-pocket increase would be \$50 if the Assistance is \$100.
- This Additional Assistance would remain as long as the homeowner resides in the Park and continues to qualify for this assistance.
- Residents wishing to receive this Additional Assistance will complete an application each year. The application process will include verification of the information provided.

Note: Additional Assistance funds are a loan and must be paid back at the time your home sells. You will not be charged any interest on these funds.

The goal of the Assistance Program is to prevent any existing resident from being forced from Vista de Santa Barbara because of this initial increase.

Residents Who Currently Pay More Than \$900/month:

- Some residents are currently paying more than \$900 because of actions of the current owners. These residents will get a reduction in rent down to the new adjusted rent-controlled amount for their category.

Guaranteed Rent Control:

- Millennium will follow the guidelines of Carpinteria's Rent Control Ordinance, even if it is repealed or otherwise invalidated. **This is rent control that can't be taken away.**
- All spaces would be under rent control and could increase annually by 75% of the increase in CPI, the normal cost of living increase under the Ordinance, starting in July 2014.
- All net surpluses from Vista de Santa Barbara will be retained for use in Vista de Santa Barbara.

Additional Provisions:

- Millennium will solicit input from residents through meetings with the Vista, Inc. Board of Directors into how their community is operated, including the establishment of rules, budget matters and capital improvement priorities. Millennium will do its best to implement reasonable recommendations of the Vista, Inc. Board.
- Upon request, Millennium will provide the Vista, Inc. Board quarterly financial reports, so the Board can see where rent dollars are being spent.

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**Resolution Regarding:
Approval of Millennium Housing Proposal for Vista de Santa Barbara**

The undersigned Tenant approves of the May 14, 2013, Millennium Housing Proposal for Vista de Santa Barbara ("Proposal"), including the proposed increase of the Effective Rent Schedule by \$250 per space, subject to the Financial Assistance of \$100 per space for all existing tenants and Additional Assistance to qualified tenants, with all protections of the Ordinance continuing to apply, and the other terms set forth in the Proposal, and authorizes Vista de Santa Barbara, Inc., ("Vista, Inc.") whose members are all Tenants in the Park, to enter into such agreements with Millennium Housing to effectuate the terms of the Proposal and represent the interests of the Tenant Majority of the Park, including before the City of Carpinteria.

This approval is part of an agreement between a Tenant Majority and Millennium Housing as Management fixing the Maximum Rent as those terms are defined by the City of Carpinteria Mobilehome Rent Stabilization Ordinance ("Ordinance") for Vista de Santa Barbara Mobilehome Park ("Park"), pursuant to section 5.69.081 of the Ordinance.

This approval is based upon the current Park owner no longer owning or operating the Park and the satisfactory resolution of the litigation affecting the Park. Therefore, this approval is contingent on the close of escrow by Millennium Housing for the purchase of the Park so that Vista de Santa Barbara Associates, LP, is no longer Park Management, and on the voluntary dismissal by Vista, Inc. and the other plaintiffs of the litigation pending against Park Management for their violations of the Ordinance and the Mobilehome Residency Law (SBSC case nos. 1304125 and 1380186).

_____ Yes, I agree with the above Resolution.

_____ No, I prefer to remain under the current ownership and have the litigation continue.

Space Number: _____

Sign Name

Sign Name

Print Name

Print Name

EXHIBIT C

Vista de Santa Barbara, Inc.
Certification of Vote On Resolution

At the Annual Meeting of the members of Vista de Santa Barbara, Inc., held on May 21, 2013, at the Clubhouse of the Vista de Santa Barbara Mobile Home Park, 94 Spaces were present at the meeting through one or more homeowner, including 12 written proxies given to the Board in advance of the meeting.

Millennium Proposal Presentation – George Turk addressed the residents and went over the May 14, 2013 Proposal (Exhibit A) for Millennium Housing to buy the park line by line. The Proposal had been mailed to each resident a week prior to the meeting, and additional copies were available at the meeting. He then answered all questions asked by residents in attendance. A motion was then made from the floor to vote to approve Millennium Housing as the new owners, a show of hands was given for those who wished to vote to approve. Almost all in attendance raised their hands in a vote to approve.

Resolution Accepting Millennium Proposal – A written Resolution Regarding the Vista Proposal (Exhibit B) was reviewed by all members present with the request that the sign the resolution and vote Yes or No on the Resolution. All members present had an opportunity to Review the Resolution and ask any questions. Signed Resolutions were returned. The vote on the Resolution at the time of the meeting was 93 Yes and 1 No. Thereafter, additional Resolutions were completed by Members of Vista, Inc., from Tenants who were not able to be present at the meeting, resulting in an acceptance of the Resolution by total vote of 111 Yes and 3 No.

Respectfully Submitted


Vickie Singley, Acting Secretary

7/9/2013

EXHIBIT D

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CITY of CARPINTERIA CALIFORNIA



March 21, 2013

Mike Cirillo
Star Management
Vista de Santa Barbara
1400 E. 4th Street
Santa Ana, CA. 92701

Dear Mr. Cirillo:

In accordance with Chapter 5.69 of the Carpinteria Municipal Code, City staff has prepared the attached information regarding maximum permitted monthly rents in each mobile home park.

These rents are effective July 1, 2013, and are geared to the February 2013 Consumer Price Index - Urban Wage Earners and Clerical Workers, LA-Riverside-Orange County, CA All Items (Series ID CWURA421SA0) to allow sufficient time for you to meet noticing requirements. Please note that the Bureau of Labor Statistics now reports all indices on a 1982-84=100 basis and accordingly the base year indices have been changed in the calculations.

This method of calculating rents does not require any further action as far as the City is concerned unless a protest is filed either by management or tenants.

If you have any questions or feel an error may have been made, please feel free to contact either of us.

Sincerely,


John Thornberry
Administrative Services Director
805/684-5405, ext. 448


Kevin Silk
Assistant to the City Manager
805/684-5405, ext. 450

cc: Greg & Ruth Bevington, Park Managers
Donna Zehrung, Tenant Representative/HOA President
Peter Brown, City Attorney
Fidela Garcia, City Clerk
MHPRSB Members

5775 CARPINTERIA AVENUE • CARPINTERIA, CA 93013-2603 (805) 684-5405 • FAX (805) 684-5304

www.carpinteria.ca.us

**MAXIMUM PERMITTED MONTHLY RENTS FOR
MOBILE HOME PARKS PER MUNICIPAL CODE
CHAPTER 5.69**

March 21, 2013

A. Calculation of Maximum Rent (CMC Section 5.69.040)

Los Angeles Area Consumer Price Index - Urban Wage Earners and Clerical Workers, LA-Riverside-Orange County, CA All Items (Series ID CWURA421SA0) (W) 1982-84=100 for February, 2007, — 206.632

Los Angeles Area Consumer Price Index - Urban Wage Earners and Clerical Workers, LA-Riverside-Orange County, CA All Items (Series ID CWURA421SA0) (W) 1982-84=100 for February 2013 – 232.983

Ratio of change of CPI-W between February 2007 and February 2013 – 0.1275

75% of Ratio of Change of CPI-W _____ 0.0956 or 9.56%

Factor to be applied to July 2007 Base Rents _____ 1.0956

Result is maximum Permitted Monthly Rent Per Space Effective July 1, 2013

B. Maximum Monthly Space Rents for VISTA DE SANTA BARBARA MOBILE HOME PARK :

Spaces	Description	Base Rent July 1, 2007	Factor	Maximum Rent July 1, 2013
2	"A" Spaces	\$428.34	1.0956	\$ 469.29
6	"B" Spaces	\$439.94	1.0956	\$ 482.00
69	"C" Spaces	\$451.54	1.0956	\$ 494.71
37	"D" Spaces	\$463.15	1.0956	\$ 507.43
8	"E" Spaces	\$474.74	1.0956	\$ 520.13
1	"F" Spaces	\$486.35	1.0956	\$ 532.85
1	"G" Spaces	\$497.95	1.0956	\$ 545.55

The above maximum rents are computed in accordance with the provisions of Carpinteria Municipal Code Chapter 5.69, the Mobile Home Park Rent Stabilization Ordinance.

The maximum rents may not exceed the rents shown in the right-hand column during the period July 1, 2013 to June 30, 2014. Nothing in the Ordinance requires that maximum rents be charged, only that such may not be exceeded.

**VISTA DE SANTA BARBARA MOBILEHOME PARK
SPACE RENT SCHEDULE AS OF CLOSE OF ESCROW BY MILLENNIUM HOUSING**

Space Category	Number of Spaces	Current Rent Rent-Controlled (as of 7/1/2013)	Increase	New Rent Rent-Controlled (as of COE)	Financial Assistance	Rent Net of Assistance
A	2	\$469.29	\$250.00	\$719.29	-\$100.00	\$619.29
B	6	\$482.00	\$250.00	\$732.00	-\$100.00	\$632.00
C	69	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
D	37	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
E	8	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
F	1	\$532.85	\$250.00	\$782.85	-\$100.00	\$682.85
G	1	\$545.55	\$250.00	\$795.55	-\$100.00	\$695.55

EXHIBIT F

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MILLENNIUM PROPOSED RENT ROLL
 VIS DE SANTA BARBARA MOBILEHOME PARK
 PROPOSED RENT PER SPACE - ENTIRE PARK
 BASED ON 2013 CITY RENT SCHEDULE

SPACE NO.	City's Rent Category	Max Rent Per City Control 7/1/12	Max Rent Per City Control 7/1/13	Proposed Increase (upon COE by Millennium)	New Rent Rent-Controlled (as of COE)	Financial Assistance (through 6/30/14)	Rent Net of Financial Assistance
1	G	\$535.84	\$545.55	\$250.00	\$795.55	-\$100.00	\$695.55
2	F	\$523.36	\$532.85	\$250.00	\$782.85	-\$100.00	\$682.85
3	E	\$510.87	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
4	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
5	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
6	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
7	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
8	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
9	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
10	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
11	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
12	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
13	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
14	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
15	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
16	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
17	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
18	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
19	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
20	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
21	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
22	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
23	E	\$510.87	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
24	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
25	E	\$510.87	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
26	E	\$510.87	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
27	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
28	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
29	E	\$510.87	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
30	E	\$510.87	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
31	E	\$510.87	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
32	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
33	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
34	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
35	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
36	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43

SPACE NO.	City's Rent Category	Max Rent Per City Rent Control 7/1/12	Max Rent Per City Rent Control 7/1/13	Proposed Increase (upon COE by Millennium)	New Rent Rent-Controlled (as of COE)	Financial Assistance (through 6/30/14)	Rent Net of Financial Assistance
37	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
38	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
39	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
40	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
41	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
42	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
43	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
44	E	\$498.40	\$520.13	\$250.00	\$770.13	-\$100.00	\$670.13
45	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
46	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
47	B	\$473.42	\$482.00	\$250.00	\$732.00	-\$100.00	\$632.00
48	B	\$473.42	\$482.00	\$250.00	\$732.00	-\$100.00	\$632.00
49	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
50	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
51	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
52	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
53	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
54	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
55	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
56	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
57	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
58	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
59	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
60	B	\$473.42	\$482.00	\$250.00	\$732.00	-\$100.00	\$632.00
61	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
62	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
63	B	\$473.42	\$482.00	\$250.00	\$732.00	-\$100.00	\$632.00
64	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
65	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
66	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
67	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
68	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
69	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
70	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
71	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
72	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
73	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
74	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
75	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
76	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
77	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
78	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
79	B	\$473.42	\$482.00	\$250.00	\$732.00	-\$100.00	\$632.00

SPACE NO.	City's Rent Category	Max Rent Per City Rent Control 7/1/12	Max Rent Per City Rent Control 7/1/13	Proposed Increase (upon COE by Millennium)	New Rent Rent-Controlled (as of COE)	Financial Assistance (through 6/30/14)	Rent Net of Financial Assistance
80	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
81	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
82	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
83	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
84	A	\$460.90	\$469.29	\$250.00	\$719.29	-\$100.00	\$619.29
85	B	\$485.90	\$482.00	\$250.00	\$732.00	-\$100.00	\$632.00
86	D	\$498.40	\$507.43	\$250.00	\$757.43	-\$100.00	\$657.43
87	A	\$460.94	\$469.29	\$250.00	\$719.29	-\$100.00	\$619.29
88	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
89	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
90	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
91	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
92	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
93	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
94	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
95	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
96	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
97	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
98	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
99	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
100	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
101	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
102	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
103	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
104	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
105	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
106	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
107	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
108	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
109	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
110	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
111	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
112	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
113	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
114	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
115	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
116	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
117	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
118	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
119	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
120	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
121	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
122	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71

SPACE NO.	City's Rent Category	Max Rent Per City Rent Control 7/1/12	Max Rent Per City Rent Control 7/1/13	Proposed Increase (upon COE by Millennium)	New Rent Rent-Controlled (as of COE)	Financial Assistance (through 6/30/14)	Rent Net of Financial Assistance
123	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
124	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71

No. of Spaces per Category

A	2
B	6
C	69
D	37
E	8
F	1
G	1
	124

SPACE NO.	City's Rent Category	Max Rent Per City Rent Control 7/1/12	Max Rent Per City Rent Control 7/1/13	Proposed Increase (upon COE by Millennium)	New Rent Rent-Controlled (as of COE)	Financial Assistance (through 6/30/14)	Rent Net of Financial Assistance
123	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71
124	C	\$485.90	\$494.71	\$250.00	\$744.71	-\$100.00	\$644.71

No. of Spaces per Category

A	2
B	6
C	69
D	37
E	8
F	1
G	1
	124

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Attachment D

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MILLENNIUM HOUSING

July 4, 2013

PHONE 949.515.5100

FAX 949.515.5101

Mr. Dave Durflinger
City Manager
City of Carpinteria
City Hall
5775 Carpinteria Ave.
Carpinteria, California 93013

RECEIVED

JUL 09 2013

Re: Vista de Santa Barbara Mobilehome Park

CITY OF CARPINTERIA

Dear Mr. Durflinger:

This letter is jointly submitted by Vista de Santa Barbara, Inc., ("Vista") a nonprofit whose members are all Tenants of Vista de Santa Barbara Mobilehome Park ("Park") in the City of Carpinteria, and Millennium Housing, LLC, ("Millennium Housing") a nonprofit formed to promote and provide low and moderate income housing through ownership and operation of manufactured housing communities.

This letter is meant to constitute the formal submission of the agreement between the Tenant Majority of Vista de Santa Barbara Mobilehome Park and Millennium Housing, agreeing to the replacement of the Current Effective Rent Schedule for the Park for the July 1, 2013 to June 30, 2014 fiscal year, with the New Effective Rent Schedule, for the July 1, 2013 to June 30, 2014 fiscal year, a copy of which is submitted with this letter, subject to the terms of the Agreement Between Millennium and Vista Regarding Rent and Operation of Vista de Santa Barbara Mobilehome Park ("Agreement"), also submitted with this letter. This submission is made pursuant to Section 5.69.081 of the City Municipal Code, the City's Mobilehome Rent Stabilization Ordinance ("Ordinance").

This proposed new current rent structure, so as to enable the purchase of the Park by Millennium Housing, has the strong support of the Tenants of Vista de Santa Barbara Mobilehome Park. It is seen as providing the benefits of ridding the Park with undesirable Management and ending their illegal practices that have given rise to litigation, and resolving all pending litigation affecting the Park. The sale to Millennium Housing is seen by the Tenants as an opportunity to substitute the current parkowner's policies with a system of management that stabilizes the Park Tenants' payments, involve the Residents in decisions of how their community is operated and keep the Park as a source of quality housing for low-income residents of Carpinteria.

The terms of the Agreement include that the Residents will have guaranteed rent control under the terms of the Ordinance, and limit the rights of Millennium Housing to challenge future rent determinations by the Rent Stabilization Board.

Accordingly, the proposed new rent structure and the terms of the Agreement are just, fair and equitable for the Tenants of Vista and Millennium Housing as the prospective new owner of the Park.

Mr. Dave Durflinger
July 4, 2013

Page 2

On May 21, 2013, the members of Vista, Inc., had a membership meeting at which they considered a Resolution Regarding Millennium Housing Proposal for Vista de Santa Barbara ("Resolution") and voted in writing to approve the Resolution, with each Park Space being allowed a vote, as provided for under the terms of the Ordinance. The approval of the Resolution was by a vote of 93 to 1 of the Spaces present in person or by proxy at the meeting. Thereafter additional Spaces approved of the Resolution, with a total vote of 111 yes and 3 no, out of 122 total Spaces in the Park, meaning over 97% of the voting Spaces approving of the Resolution. Copies of the Proposal by Millennium Housing, the Resolution and Certification of the vote are submitted with this letter.

The purpose of the Agreement is to effectuate the agreement between Millennium and the Tenant Majority of the Park regarding the Effective Rent Schedule and Rent provisions made by the Tenant Majority pursuant to the terms of the Resolution.

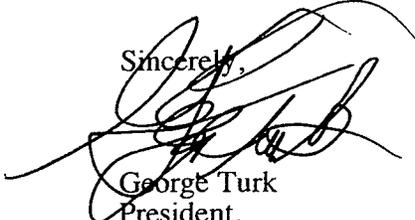
Please note that Millennium Housing is the duly authorized agent of Management of the Park for the purposes of entering into and pursuing this agreement with the tenant majority, pursuant to a Limited Agency Agreement, a copy of which is submitted with this letter.

Also submitted with this letter is a check to the City of Carpinteria for what you indicated was the required deposit for the processing of this request. Keeping in mind that both of our organizations are non profits attempting to help mobilehome residents, that this involves an agreement between the parties, and that the specifics of this proposal are set forth in detail in the submitted documents, we are hopeful that the actual costs of processing will be kept low.

Based on the broad support of the Tenants, we believe that there are ample grounds for the Therefore, the undersigned respectfully request that the Rent Stabilization Board approve the New Effective Rent Schedule, for the July 1, 2013 to June 30, 2014 fiscal year, subject to the terms of the Agreement.

Due to the importance of this process in moving forward with the purchase of the Park by Millennium Housing as we have previously advised the City, the undersigned respectfully request that a public hearing be held before the Rent Stabilization Board before the end of July.

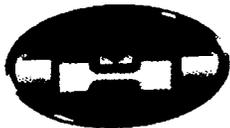
Sincerely,


George Turk
President,
Millennium Housing


Robert Keatinge,
President,
Vista de Santa Barbara, Inc.

**VISTA DE SANTA BARBARA MOBILEHOME PARK
SPACE RENT SCHEDULE AS OF CLOSE OF ESCROW BY MILLENNIUM HOUSING**

Space Category	Number of Spaces	Current Rent Rent-Controlled (as of 7/1/2013)	Increase	New Rent Rent-Controlled (as of COE)	Financial Assistance	Rent Net of Assistance
A	2	\$469.29	\$250.00	\$719.29	-\$100.00	\$619.29
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G	1	\$545.55	\$250.00	\$795.55	-\$100.00	\$695.55



MILLENNIUM HOUSING

PHONE 949.515.5100
FAX 949.515.5101

May 14, 2013

Vista de Santa Barbara Homeowner
6180 Via Real
Carpenteria, CA. 93013

Dear Homeowner:

At our last meeting, residents gave us the direction (by a vote of 83-0) to investigate the feasibility of the conversion of the Vista de Santa Barbara to non-profit ownership. As a result of that vote, we opened escrow and began our studies.

After spending a considerable amount of time reviewing the Park's financial records, meeting with the bond folks, ordering the third-party reports and having extensive discussions with Vista, Inc. officers, we are now ready for a final vote of the residents. Accordingly, attached is our revised Proposal for Vista de Santa Barbara.

The Proposal is basically the same as we discussed before, but we've now been able to fill in a lot more specifics. In a nutshell, we are asking you to agree to a net rent increase of \$150/month (or less, if you qualify for Additional Assistance) in return for the many benefits of non-profit ownership: the end of all litigation, a much more resident friendly style of management, a greater role for resident input and, most importantly, the peace of mind of having rent control that can't be taken away.

We are asking you to attend a meeting this coming Tuesday, May 21 at 6 PM, at which time I will go over the Proposal line-by-line and answer every question you may have. James Ballantine will be there as well to offer his perspective in the Proposal and the seemingly endless litigation. At the end of the meeting, we will ask you to vote:

- Yes, I agree to the Millennium Proposal.
 No, I prefer to remain under the current ownership and have the litigation continue.

If we get a strong show of support, we will communicate the results to the City and ask for the public hearings necessary to make this happen.

I look forward to seeing you next Tuesday!

Very Truly Yours,


George Turk
President

**MILLENNIUM HOUSING
PROPOSAL FOR VISTA DE SANTA BARBARA**

Increase in Rent For All Spaces:

- Although the New Rent-Controlled Rent will increase by \$250, current residents will receive \$100 in Assistance, resulting in a net increase of \$150. New residents (purchasing their homes after Millennium purchases the Park) will not be eligible for this Assistance.
- Current residents qualifying for the Additional Assistance Program will receive Additional Assistance. See information below about the **Additional Assistance Program**.
- Heirs who list the home for sale will continue to pay the then-current Space Rent until the home is sold.

All spaces will be under Rent Control. See below for details about rent control.

Financial Assistance Program for Current Residents:

- The Financial Assistance Program will be funded initially from bond proceeds. The balance in the Program Fund will decrease each year as assistance is paid out, depending on the amount of home sales in the Park.
- In order to keep the Financial Assistance Program going, Millennium may need to reduce the total Assistance Payments each year, either through home sales or a reduction in the assistance given to each tenant, until such time as Park revenues can sustain the Program Fund.
- Annual reductions in Financial Assistance is estimated to be approximately \$10 per month, although that may vary depending on home sales.
- Millennium's obligation to provide this Financial Assistance shall be limited to funds available from bond proceeds and Park Revenues. Millennium is not guaranteeing the funding of the Assistance Programs.
- The Financial Assistance is NOT a loan; it **does not have to be paid back**.
- To receive the Financial Assistance, Existing Residents must return the Annual Income Form and be in compliance with Park Rules. No application is necessary.

Additional Assistance Program:

- Additional Assistance will be offered to qualified homeowners.
- Households qualifying for the Additional Assistance will generally be extremely-low or very-low income households, based on gross income, under federal housing guidelines.
- Additional Assistance Amount is estimated at \$100 per month for extremely-low income households and \$75 per month for very-low income households.
- For 2013, extremely-low income limits are \$16,750 for 1-person, \$19,150 for 2 people and \$21,550 for a household of 3 persons. Very-low limits are \$26,600 for 1 person, \$30,400 for 2 and \$34,200 for 3 persons.
- As an example, for those receiving this Additional Assistance, the net out-of-pocket increase would be \$50 if the Additional Assistance is \$100.
- This Additional Assistance would remain as long as the homeowner resides in the Park and continues to qualify for this assistance and funds are available.
- Residents wishing to receive this Additional Assistance will complete an application each year. The application process will include verification of the information provided.

Additional Assistance funds are a loan and must be paid back at the time your home sells. **No interest will be charged on these funds.**

The goal of the Additional Assistance Program is to prevent any existing resident from being forced from Vista de Santa Barbara because of this initial increase.

Residents Who Currently Pay More Than \$900/month:

- Some residents are currently paying more than \$900 because of actions of the current owners. These residents will get a reduction in rent down to the new adjusted rent-controlled amount for their Space.

Guaranteed Rent Control:

- Millennium will follow the guidelines of Carpinteria's Rent Control Ordinance, even if it is repealed or otherwise invalidated. **This is rent control that can't be taken away.**

Guaranteed Rent Control (Continued):

- The rents provided for in this Proposal will become the new rent controlled amounts, all subject to the protections of the Ordinance.
- All spaces would be under rent control and could increase annually by no more than 75% of the increase in CPI, the normal cost of living increase under the Ordinance, starting in July 2014.
- All net surpluses from Vista de Santa Barbara will be retained for use in Vista de Santa Barbara.

Additional Provisions:

- Millennium will solicit input from residents through meetings with the Vista, Inc. Board of Directors into how their community is operated, including the establishment of rules, budget matters and capital improvement priorities. Millennium will do its best to implement reasonable recommendations of the Vista, Inc. Board.
- Upon request, Millennium will provide the Vista, Inc. Board quarterly financial reports, so the Board can see where rent dollars are being spent.
- Millennium cannot close the Park, convert it to condos or change the use without the approval of the City of Carpinteria in its sole discretion. We want Vista de Santa Barbara to remain a high quality, affordable manufactured home community.

**Resolution Regarding:
Approval of Millennium Housing Proposal for Vista de Santa Barbara**

The undersigned Tenant approves of the May 14, 2013, Millennium Housing Proposal for Vista de Santa Barbara ("Proposal"), including the proposed increase of the Effective Rent Schedule by \$250 per space, subject to the Financial Assistance for all existing tenants and Additional Assistance to qualified tenants, with all protections of the Ordinance continuing to apply, and the other terms set forth in the Proposal, and authorizes Vista de Santa Barbara, Inc., ("Vista, Inc.") to enter into such agreements with Millennium Housing to effectuate the terms of the Proposal and represent the interests of the Tenant Majority of the Park, including before the City of Carpinteria.

This approval is part of an agreement between a Tenant Majority and Millennium Housing as Management fixing the Maximum Rent under the City of Carpinteria Mobilehome Rent Stabilization Ordinance ("Ordinance") for Vista de Santa Barbara Mobilehome Park ("Park"), pursuant to section 5.69.081 of the Ordinance.

This approval is based upon the current Park owner no longer owning or operating the Park and the satisfactory resolution of the litigation affecting the Park. Therefore, this approval is contingent on the close of escrow by Millennium Housing for the purchase of the Park so that Vista de Santa Barbara Associates, LP, is no longer Park Management, and on the voluntary dismissal by Vista, Inc. and the other plaintiffs of the litigation pending against Park Management for their violations of the Ordinance and the Mobilehome Residency Law (SBSC case nos. 1304125 and 1380186).

_____ Yes, I agree with the above Resolution.

_____ No, I prefer to remain under the current ownership and have the litigation continue.

Space Number: _____

Sign Name

Sign Name

Print Name

Print Name

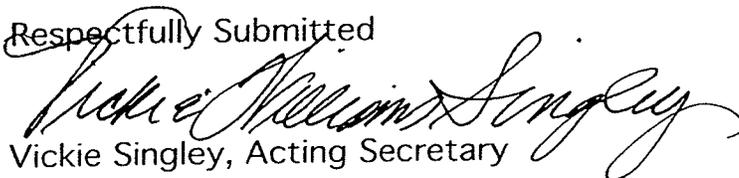
Vista de Santa Barbara, Inc.
Certification of Vote On Resolution

At the Annual Meeting of the members of Vista de Santa Barbara, Inc., held on May 21, 2013, at the Clubhouse of the Vista de Santa Barbara Mobile Home Park, 94 Spaces were present at the meeting through one or more homeowner, including 12 written proxies given to the Board in advance of the meeting.

Millennium Proposal Presentation - George Turk addressed the residents and went over the May 14, 2013 Proposal (Exhibit A) for Millennium Housing to buy the park line by line. The Proposal had been mailed to each resident a week prior to the meeting, and additional copies were available at the meeting. He then answered all questions asked by residents in attendance. A motion was then made from the floor to vote to approve Millennium Housing as the new owners, a show of hands was given for those who wished to vote to approve. Almost all in attendance raised their hands in a vote to approve.

Resolution Accepting Millennium Proposal - A written Resolution Regarding the Vista Proposal (Exhibit B) was reviewed by all members present with the request that they sign the resolution and vote Yes or No on the Resolution. All members present had an opportunity to Review the Resolution and ask any questions. Signed Resolutions were returned. The vote on the Resolution at the time of the meeting was 93 Yes and 1 No. Thereafter, additional Resolutions were completed by Members of Vista, Inc., from Tenants who were not able to be present at the meeting, resulting in an acceptance of the Resolution by total vote of 111 Yes and 3 No.

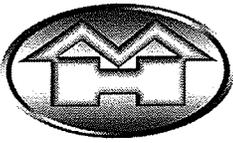
Respectfully Submitted

 7/9/2013
Vickie Singley, Acting Secretary

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Attachment E

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MILLENNIUM HOUSING

PHONE 949.515.5100

FAX 949.515.5101

MEMORANDUM

TO: David Durlflinger
FROM: George Turk
SUBJECT: A Little Background on Our Proposal
DATE: July 16, 2013

As is described in the submittals, the residents of Vista de Santa Barbara ("Vista") have a chance to resolve long-running legal disputes, remove the cloud hanging over the Park, guarantee the long-term preservation of its affordability and gain greater input into how their Park is operated--at the cost of a significant rent increase. This Memo will briefly discuss some factors that led to this specific proposal.

Determining the Purchase Price

The single most important factor in any purchase is, of course, the price. The parkowners looked at Vista's potential value as a 123-lot subdivision; the residents argued for a value assuming all rents were rolled back to an average of \$498/month, which they believe is the level required by the City's rent control ordinance.

An appraiser hired jointly by the two parties concluded that there's a \$20,000,000 spread between the two values. After a marathon 10-hour mediation, a compromise purchase price of \$13,000,000 was agreed to, with the parkowners financing almost 50% of the sales price. While this is a high price, it's a lot closer to the lower end of the appraisal range, so both sides reluctantly accepted this value.

The agreed-upon price has since been validated by another appraiser. I should also note that the parkowners don't get to keep all that money. \$3,000,000 of the sales proceeds will be set aside in a fund to settle claims for damages and attorney fees of Vista residents.

Relationship of Acquisition Cost to the Rent Increase

In order to convert Vista to non-profit ownership, bonds will be issued in an amount that covers not only the \$13,000,000 purchase, but a reserve to address any capital improvement needs, a substantial amount for the Financial Assistance Program (described below), legal and underwriting costs of the bond issuance and various other required reserves. We'll end up issuing \$15,000,000 in bonds to cover all these items.

While debt service on these bonds is the largest expense, the project also has to generate enough revenues to pay for normal operating costs, capital needs, the Financial Assistance Program and other project expenditures.

Our analysis indicates that debt service alone will cost about \$530/space/month. Normal operating expenses cost another \$175/sp/mo (net of utility pass-throughs), which totals \$700/month not including reserves for future capital needs and replenishing the Financial Assistance Fund. Even with the proposed rent increase, Vista is a pretty tight project in the first few years.

Financial Assistance

Despite the many benefits Vista residents will receive from this transaction, we all recognize that the rent increase will be a burden for many in the Park, even after the \$100/mo. in Financial Assistance offered to existing residents. Accordingly, our proposal offers additional assistance to qualifying very-low and extremely low-income households.

We are still processing applications so we don't yet know how many residents will qualify. However, 43 of the 112 households who responded to our Income Survey reported very-low or extremely-low incomes, so as many as 35-40% of Vista households may receive this additional assistance. In total, we expect to pay about \$175,000 in Financial Assistance during the first year.

We had several conversations with the HOA Board about whether to focus the program on those with the greatest need or to reduce the payments to very-low residents in order to give more aid to low-income households. The Board's input was to give more to the neediest. We agree with the Board, although we will re-assess the Program each year.

Conclusion

We had hoped that interest rates would continue their decline, allowing us some room to moderate the rent proposal. Unfortunately, rates have gone in the wrong direction over the past couple months so that doesn't appear to be possible. In any event, I hope this Memo helps explain the need for the increase.



MILLENNIUM HOUSING

July 18, 2013

PHONE 949.515.5100
FAX 949.515.5101

MEMORANDUM

TO: David Durlinger
FROM: Lori Carraway, Vice President *Lori Carraway*
RE: Request for Additional Information

Mr. Ballantine relayed the additional questions that the City has concerning the Vista de Santa Barbara transaction. Mr. Turk is on vacation so I was asked to address these items in his absence.

1. Breakdown of Resident's Incomes

We have received 112 income survey responses to date or 90% of the park. Of those responses the breakdown is as follows:

Extremely Low:	10 spaces = 8.06%
Very Low:	33 spaces = 26.61%
Low Income:	35 spaces = 28.23%
Moderate:	16 spaces = 12.90%
Non-Qualifying: (above Moderate)	18 spaces = 14.52%

Total EL and VL:	43 spaces = 34.68%
Total EL, VL and Low:	78 spaces = 69.64%

2. Income Requirements

The terms of the Regulatory Agreement will require that at least 50% of the households of Vista de Santa Barbara Mobile Home Park ("Vista") qualify as income restricted units: 30% Low Income or below and at least 20% as Very Low Income or below. Based on the survey results returned to date, we have confirmed that this project will easily meet the Regulatory Agreement requirements as 70% of the households are reporting as Low Income or below (Extremely Low, Very Low and Low).

The income numbers used for these categories are the income limits for 2013 published by the California Department of Housing and Community Development. A copy of the HCD income limits for 2013 for Santa Barbara County is attached.

3. Term of Regulatory Agreement

The term of the Regulatory Agreement will be 35 years from the date of the issuance of the Bonds. Millennium's acquisition of Vista will be through the issuance of 35-Year Mobile Home Park Revenue Bonds (Vista de Santa Barbara Mobilehome Park) issued by the Independent Cities Finance Authority. The Regulatory Agreement provides that the term of the Agreement shall continue while the Bonds remain outstanding.

Section 1 of the Regulatory Agreement contains the following definition of the term of the Regulatory Agreement:

"Qualified Project Period" - The period beginning on the later of (i) the date of issuance of the Bonds or (ii) the first date on which at least 10% of all of the Spaces in the Project are first occupied **and ending on the latest of** (w) the date which is 15 years after the later of the date of issuance of the Bonds or the date on which at least 50% of the Spaces in the Project are first occupied, (x) **the first day on which no tax-exempt private activity bond issued with respect to the Project is outstanding**, (y) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates, or (z) the date which is 30 years after the date of issuance of the Bonds; provided such period is subject to extension in accordance with Section 5(k) hereof.

The 15 year time period is the *minimum* term that the Regulatory Agreement can be under a tax-exempt bond issue. Even if the parties (ICFA, Borrower and Trustee) wanted to release the Regulatory Agreement prior to the 15th anniversary they are prohibited by federal bond laws. If there was a bond refinancing done on the project before the 15th anniversary, we would be required to enter into a new Regulatory Agreement and the 15 year minimum term would start again.

4. Park Revenues

Under the terms of the Proposal for Vista de Santa Barbara and the Bond documents, all Park revenue from Vista must be retained and used for the benefit of Vista. All net surpluses from Vista must be retained for use in Vista, which would include funding the financial assistance program and future capital improvements.

5. Conversion of Park

Millennium has no intention of converting the Park to condominium or cooperative housing, and regardless has prohibitions on doing so. Section 3.e. of the Regulatory Agreement provides:

No part of the Project will at any time be owned or used as a condominium or by a cooperative housing corporation, and the Borrower shall not take any steps toward such conversion without an opinion of Bond Counsel that interest on the Tax-

exempt Bonds will not thereby become includable in gross income for federal income tax purposes.

As a practical matter, this provision would prohibit Millennium from converting the Park. In the event that for whatever reason, this provision did not prohibit the conversion, then section 9.04 of the Agreement between Millennium and Vista, Inc., prohibits any proposed conversion unless agreed to by a Tenant Majority and requires approval by the City and Coastal Commission.

State Income Limits for 2013

5 of 7

County	Income Category	Number of Persons in Household							
		1	2	3	4	5	6	7	8
San Luis Obispo County	Extremely Low	15,850	18,100	20,350	22,600	24,450	26,250	28,050	29,850
	4-Person Very Low Income	26,400	30,200	33,950	37,700	40,750	43,750	46,750	49,800
	Area Median Income: Lower Income	42,250	48,250	54,300	60,300	65,150	69,950	74,800	79,600
	\$75,400 Median Income	52,800	60,300	67,850	75,400	81,450	87,450	93,500	99,550
	Moderate Income	63,350	72,400	81,450	90,500	97,750	105,000	112,200	119,450
San Mateo County	Extremely Low	23,750	27,150	30,550	33,950	36,650	39,400	42,100	44,800
	4-Person Very Low Income	39,600	45,250	50,900	56,550	61,050	65,600	70,100	74,650
	Area Median Income: Lower Income	63,350	72,400	81,450	90,500	97,700	104,950	112,200	119,450
	\$103,000 Median Income	72,100	82,400	92,700	103,000	111,250	119,500	127,700	135,950
	Moderate Income	86,500	98,900	111,250	123,600	133,500	143,400	153,250	163,150
Santa Barbara County	Extremely Low	16,750	19,150	21,550	23,900	25,850	27,750	29,650	31,550
	4-Person Very Low Income	27,900	31,850	35,850	39,800	43,000	46,200	49,400	52,550
	Area Median Income: Lower Income	44,600	51,000	57,350	63,700	68,800	73,900	79,000	84,100
	\$73,300 Median Income	51,300	58,650	65,950	73,300	79,150	85,050	90,900	96,750
	Moderate Income	61,550	70,350	79,150	87,950	95,000	102,000	109,050	116,100
Santa Clara County	Extremely Low	22,300	25,500	28,650	31,850	34,400	36,950	39,500	42,050
	4-Person Very Low Income	37,150	42,450	47,750	53,050	57,300	61,550	65,800	70,050
	Area Median Income: Lower Income	59,400	67,900	76,400	84,900	91,650	98,450	105,250	112,050
	\$105,500 Median Income	73,850	84,400	94,950	105,500	113,950	122,400	130,800	139,250
	Moderate Income	88,600	101,300	113,950	126,600	136,750	146,850	157,000	167,100
Santa Cruz County	Extremely Low	21,200	24,200	27,250	30,250	32,700	35,100	37,550	39,950
	4-Person Very Low Income	35,300	40,350	45,400	50,400	54,450	58,500	62,500	66,550
	Area Median Income: Lower Income	56,500	64,550	72,600	80,650	87,150	93,600	100,050	106,500
	\$87,000 Median Income	60,900	69,600	78,300	87,000	93,950	100,900	107,900	114,850
	Moderate Income	73,100	83,500	93,950	104,400	112,750	121,100	129,450	137,800
Shasta County	Extremely Low	12,400	14,200	15,950	17,700	19,150	20,550	21,950	23,400
	4-Person Very Low Income	20,650	23,600	26,550	29,500	31,900	34,250	36,600	38,950
	Area Median Income: Lower Income	33,050	37,800	42,500	47,200	51,000	54,800	58,550	62,350
	\$59,000 Median Income	41,300	47,200	53,100	59,000	63,700	68,450	73,150	77,900
	Moderate Income	49,550	56,650	63,700	70,800	76,450	82,150	87,800	93,450
Sierra County	Extremely Low	14,800	16,900	19,000	21,100	22,800	24,500	26,200	27,900
	4-Person Very Low Income	24,650	28,150	31,650	35,150	38,000	40,800	43,600	46,400
	Area Median Income: Lower Income	39,400	45,000	50,650	56,250	60,750	65,250	69,750	74,250
	\$72,200 Median Income	50,550	57,750	65,000	72,200	78,000	83,750	89,550	95,300
	Moderate Income	60,650	69,300	78,000	86,650	93,600	100,500	107,450	114,400
Siskiyou County	Extremely Low	12,150	13,900	15,650	17,350	18,750	20,150	21,550	22,950
	4-Person Very Low Income	20,300	23,200	26,100	28,950	31,300	33,600	35,900	38,250
	Area Median Income: Lower Income	32,450	37,050	41,700	46,300	50,050	53,750	57,450	61,150
	\$57,900 Median Income	40,550	46,300	52,100	57,900	62,550	67,150	71,800	76,450
	Moderate Income	48,650	55,600	62,550	69,500	75,050	80,600	86,200	91,750
Solano County	Extremely Low	17,400	19,850	22,350	24,800	26,800	28,800	30,800	32,750
	4-Person Very Low Income	28,950	33,050	37,200	41,300	44,650	47,950	51,250	54,550
	Area Median Income: Lower Income	45,500	52,000	58,500	65,000	70,200	75,400	80,600	85,800
	\$82,600 Median Income	57,800	66,100	74,350	82,600	89,200	95,800	102,400	109,050
	Moderate Income	69,350	79,300	89,200	99,100	107,050	114,950	122,900	130,800
Sonoma County	Extremely Low	17,400	19,850	22,350	24,800	26,800	28,800	30,800	32,750
	4-Person Very Low Income	28,950	33,050	37,200	41,300	44,650	47,950	51,250	54,550
	Area Median Income: Lower Income	45,500	52,000	58,500	65,000	70,200	75,400	80,600	85,800
	\$82,600 Median Income	57,800	66,100	74,350	82,600	89,200	95,800	102,400	109,050
	Moderate Income	69,350	79,300	89,200	99,100	107,050	114,950	122,900	130,800

See instructions on last page to use these income limits to determine applicant eligibility and calculate affordable housing cost and rent