

Summary of MOU Components and Terms: as of 4-8-2021				
MOU Terms	Current Positions		Possible Compromise	Other MOU/Accords (a)
	Residents	Owners		
Rent Increases				
Annual Rent Increases	75% of CPI	CPI except above 8% @ 75% of CPI	CPI is maximum allowable for any given year up to 7%; 75% of CPI above 7%. Residents could appeal to Committee if resulting rent would be above market.	Ranges from CPI to CPI+1%. In Ontario, park owners can petition for certain "Supplemental Rent Increases".
Annual Rent Min/Max	no minimum 7% maximum	3.5% minimum No maximum, to protect against runaway inflation	CPI is minimum No maximum	Ranges from 3% minimum to 10% maximum (Vista is just CPI)
Rent Increase on Unit Turnover	Concern about impact on residents who want to sell unit; some programs included a phase-in over time to help this. 5% increase on resale, once every 24 months, with exceptions for abandonment, etc. No increase on replacement by resident, transfer to family, etc. Would like to see a tiered cap that would protect spaces that have already reached or exceeded market rent. Establish a benchmark that would adjust over time in response to CPI, etc. "Bounded cap" that is tied to market rents.	Maximum 20% increase on turnover. No phase-in. MOU should address what happens when tenant is evicted or a unit is abandoned or goes back to the dealer - not to another tenant - provides a market transaction for reference. Protect against gaming by dealers or other 3rd parties.	20% maximum increase on turnover or increase to market rent, whichever is less. One-year window for current residents to sell with 10% maximum increase on turnover. Vacancy decontrol applies if a unit is abandoned, repossessed, lawful eviction, or transferred to a dealer. Turnover rent increase does not apply for transfers to spouse, inheritance, etc.	<u>San Dimas</u> allows full vacancy decontrol. Some range from 0 to 15%; <u>Vista</u> specifies limited increases on turnover; <u>Ontario</u> specifies 5% if resale interval is less than 24 months. If greater than 24 months, up to 5 percent for each 12-month period of the resale interval. <u>Modesto</u> MOU offers 15% increase where its RSO allows only 10% increase.
Capital Expenses/Investments				
Provisions for Capital Replacements Pass-Throughs	Need consistent definition on what can be capitalized; most should be covered in base rent; existing long-term leases have definitions; Min. \$10,000 cost. 100% of amount amortized over useful life per IRS, with interest at prime if costs are borrowed. Cannot pass-through sub-metered elect. and gas. Residents should be able to see the bids and give input. Projects that don't benefit residents - need to make sure they don't damage infrastructure and pass costs on to residents. Residents shouldn't be responsible for excessive costs that occur due to deferred maintenance. Residents have some flexibility on prime +1 vs. prime only for financing. \$50,000 threshold could be a reasonable number for projects that require resident input.	100% pass-through amortized over useful life per IRS schedule; interest at prime+2%; exclude most gas and electric but include water and sewer; owners would reduce pass-throughs if they have higher rent increases	Exclude normal repair and maintenance, other projects that do not benefit residents, repairs of damage caused by other projects. Minimum \$10,000 cost to qualify for potential pass-through. 100% pass-through of eligible costs amortized over useful life per IRS; interest at prime +1%. Residents can review and comment on bids for projects over \$50,000 in value. Resident input is advisory, but residents can protest pass-through at standing committee in cases where pass-throughs are thought to be due to replacements needed as a result of poor maintenance practices, poor bidding decisions, etc.	Various definitions of what is allowed, with 50% to 100% of cost allowed; varying provisions for amortization and interest.
Provisions for Cap Expenditures Already Underway	Have not seen this addressed in other programs. Should not charge residents for projects already paid for or already underway. Not clear on what the issue is.	MOU should address.	Pass-through of capital projects initiated prior to execution of MOU will be handled in accordance with terms of leases in effect at the time the improvements were initiated.	Not addressed
Provisions for New Capital Investments	Should be subject to majority resident agreement; amortized over useful life, interest at prime, if costs are borrowed Damage caused by projects not benefiting residents not passed on to residents; bids disclosed to residents for input.	Subject to resident approval, amortized over useful life, interest at prime+2%	Subject to resident approval, including owner's proposal for amortization and recoup of financing costs.	Typically requires resident approval.

Summary of MOU Components and Terms: as of 4-8-2021				
MOU Terms	Current Positions		Possible Compromise	Other MOU/Accords (a)
	Residents	Owners		
Pass-Throughs				
Property Tax	<p>OK with compromise concept.</p> <p>No pass-through of statutory 2% annual property tax increases.</p> <p>Up to 50% of property tax increase due to transfer of ownership in year of transfer can be phased in over 5 years as pass-through, with 10% of the allowable property tax increase phased in each year. Owners would be able to pass-through increases that are due to involuntary re-assessments.</p>	<p>Owners agree that statutory 2% increase will not be passed through, but would like 100% of increases above 2% statutory to be passed through.</p> <p>Categorize increases beyond 2% as voluntary (internal shift of ownership triggering reassessments) or involuntary (death of owner).</p>	<p>No pass-through of statutory 2% annual property tax increases. Up to 50% of property tax increase due to voluntary actions that trigger re-assessment can be phased in over 5 years as pass-through, with 10% of the allowable property tax increase phased in each year. 100% of property tax increases due to involuntary re-assessments (e.g., creation of split roll property taxes) can be passed through.</p>	<p><u>Modesto</u> and <u>Vista</u> - Yes</p> <p><u>San Dimas</u> per MRL Rent Control Exemptions (CVC 798.49)</p> <p><u>Napa</u> and <u>Rancho Cucamonga</u> not specified</p> <p><u>Ontario</u> - no pass-through of 2% Prop. 13 increase, pass-through of other increases.</p>
Disaster-Related Costs	<p>Owners agree to disclose and maintain their insurance levels. Pass-through only for uninsured losses that are repaired/replaced over \$50,000.</p>	<p>Owners agree to disclose and maintain their insurance levels. Pass-through only for uninsured losses that are repaired/replaced over \$50,000.</p>	<p>Owners agree to disclose and maintain their insurance levels. Pass-through only for uninsured losses that are repaired/replaced over \$50,000.</p>	<p>Not called out specifically</p>
Government Mandated Costs	<p>Residents OK with compromise language. 100% of new government mandated costs that are not a normal cost of business. Need to define "normal" cost of business - new involuntary cost of business that owner's can't avoid.</p>	<p>Owners OK with compromise language. 100% of new government-mandated costs that are not a normal cost of business.</p>	<p>100% of new government mandated costs that are not a normal cost of business.</p>	<p>Not called out specifically</p>
Other Provisions				
Retroactivity of Agreement/ Applicability to Existing Leases	<p>Would like owners to agree to MOU to help residents on long-term leases (e.g., addendum to leases).</p> <p>Explicit that MOU applies to lease renewals. Applies to no leases and short term leases. Need to make sure that residents with existing leases are well informed of their rights. Should be communicated broadly, including multiple languages.</p>	<p>If there is agreement on the annual rent increase and turnover increase, then these two terms can be offered as amendments for residents on existing leases.</p> <p>Other terms of existing leases will be maintained. New leases would follow all terms of MOU.</p>	<p>Owners will give residents on leases the option to add a lease addendum that conforms to the terms of the MOU.</p>	<p>Varies.</p> <p><u>Modesto</u> doesn't affect long-term leases.</p>
Standing Advisory Committee/ Dispute Resolution	<p>Would like standing committee like Modesto. MOU should include some general parameters of the committee.</p>	<p>Would like standing committee like Modesto</p>	<p>Standing Advisory Committee modeled after Modesto:</p> <ul style="list-style-type: none"> - Committee has owners, residents, and City staff. - Meet quarterly first year to discuss any issues that may arise with compliance with MOU, and as needed following years. <p>City will also continue to fund a third party mediation service that can be used by residents.</p>	<p>Varies</p>
Safety Net Program	<p>Would like to have; should not defer rent for later payment; should not be limited in time a resident can benefit; some existing programs have too low income threshold; income threshold should be reviewed periodically.</p>	<p>Support safety net program that is means tested. Could set rent to maximum percentage of income.</p> <p>Would like to have some flexibility for individual parks to tailor their programs to best fit the residents' and owner's needs.</p>	<p>All owners pledge to offer a safety net program to address very low-income resident's needs for assistance, subject to appeal by residents to Standing Committee.</p> <p>Owners can have flexibility to structure the program as they see fit; however, Safe Harbor is given if the program meets minimum standards:</p> <p>Offer a rent credit program to limit qualifying resident's annual rent increase to no more than 75% of CPI, for up to 5 years. Resident must qualify annually based on income level (t.b.d.) and assets (t.b.d.) and also have housing cost burden (space rent plus MH unit loan payments) of 35% or more. Rent credits allow underlying rent to increase per MOU terms when unit turns over.</p>	<p>Some include; various mechanisms.</p> <p><u>Napa</u> program is open to very low-income households.</p> <p><u>Modesto</u> program funded a pool of assistance funds to be matched by the City.</p>

Summary of MOU Components and Terms: as of 4-8-2021				
MOU Terms	Current Positions		Possible Compromise	Other MOU/Accords (a)
	Residents	Owners		
Disappearing Amenities/Services	Owners agree to maintain amenities. Removal of amenities subject to approval by residents.	Owners generally OK with concept that owners maintain amenities. Owners could propose to remove amenities but tenants could file complaint with committee if majority votes to protest a change.	Owners agree to maintain amenities. Removal of amenities subject to approval by residents.	<u>Ontario</u> requires maintenance of services unless there is a rent reduction.
MOU Effect on Subsequent Park Owners	Binding on subsequent owners as long as property continues to operate as a MHP.	Binding on subsequent owners as long as property continues to operate as a MHP.	Binding on subsequent owners as long as property continues to operate as a MHP.	Modesto is voluntary, but alternative is to be subject to RSO.
Duration of MOU	10 year term	Would like long-term (e.g., 10-20 years or possibly longer)	10 year term	Terms ranged: <u>Ontario</u> and <u>San Dimas</u> - 5 years <u>Vista</u> - 20 years <u>Napa</u> - does not specify a term
Exclusions				
Mobile Home Units Owned by Park	Exclude units owned by park.	Want to exclude - should MOU follow MRL wherever possible?	Exclude units owned by park.	Varies
Mobile Home Units Not Primary Residence	Exclude per MRL 798.21, including definitions and procedures.	Want to exclude - should MOU follow MRL wherever possible?	Exclude units that are not occupied as a primary residence.	Varies

Note:

(a) Other MOU/Accords reviewed: Modesto, Napa City, Ontario, Rancho Cucamonga, San Dimas, Vista