

Summary of MOU Components and Terms: as of 7-8-2021			
MOU Terms	Current Positions		Other MOU/Accords (a)
	Residents	Owners	
Rent Increases			
Annual Rent Increases	75% of CPI-U for SF Bay Area	75% of CPI.	Ranges from CPI to CPI+1%. In Ontario, park owners can petition for certain "Supplemental Rent Increases".
Annual Rent Max/Min	3% floor, no ceiling	3% floor, no ceiling	Ranges from 3% floor to 10% cap (Vista is just CPI)
Rent Increase on Unit Turnover	Option 1: 5% year 1; 10% year two; 15% year 3 and beyond . Increase allowable once every 24 months and Plaza Del Rey agrees to cap rent increase to \$2,250/mo. (Note, Option 1 and 2 here are tied to the respective Option 1 and 2 annual rent increases, above.) Option 2: 5% year 1; 10% year two; 12% year 3 and beyond. Increase allowable once every 24 months.	5% year 1; 10% year two; 15% year 3 and beyond . Increase once every 24 months. PDR agrees to cap rent at \$2,250/mo indexed annually with the allowed annual rent increase.	<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%
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 + 2% 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.	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	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.	Not addressed

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Provisions for New Capital Investments	Should be subject to majority resident agreement; amortized over useful life, interest at prime + 2% 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%	Typically requires resident approval.
Pass-Throughs			
Property Tax	100% pass-through of legitimate County-assessed local property tax in excess of 2% statutory increase which results from arms length sale or reassessment that is out of the park owner's control. Pass-through can be phased in over 5 years	100% pass-through of legitimate County-assessed local property tax in excess of 2% statutory increase which results from arms length sale or reassessment that is out of the park owner's control. Pass-through can be phased in over 5 years.	<u>Modesto</u> and <u>Vista</u> - Yes <u>San Dimas</u> per MRL Rent Control Exemptions (CVC 798.49) <u>Napa</u> and <u>Rancho Cucamonga</u> not specified <u>Ontario</u> - no pass-through of 2% Prop. 13 increase, pass-through of other increases.
Disaster-Related Costs	Owners agree to disclose and maintain their insurance levels. Pass-through only for uninsured losses that are repaired/replaced over \$50,000.	Owners agree to disclose and maintain their insurance levels. Pass-through only for uninsured losses that are repaired/replaced over \$50,000.	Not called out specifically
Government Mandated Costs	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.	Owners OK with compromise language. 100% of new government-mandated costs that are not a normal cost of business.	Not called out specifically
Other Provisions			
Retroactivity of Agreement/ Applicability to Existing Leases	Would like owners to agree to MOU to help residents on long-term leases (e.g., addendum to leases). 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.	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. Other terms of existing leases will be maintained. New leases would follow all terms of MOU.	Varies. <u>Modesto</u> doesn't affect long-term leases.

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Standing Advisory Committee/ Dispute Resolution	Would like standing committee like Modesto. MOU should include some general parameters of the committee.	Would like standing committee like Modesto	Varies
Safety Net Program	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.	Support safety net program that is means tested. Could set rent to maximum percentage of income. Would like to have some flexibility for individual parks to tailor their programs to best fit the residents' and owner's needs.	Some include; various mechanisms. <u>Napa</u> program is open to very low-income households. <u>Modesto</u> program funded a pool of assistance funds to be matched by the City.
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.	<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.	Modesto is voluntary, but alternative is to be subject to RSO.
Duration of MOU	10 year term	20 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?	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?	Varies
<p><i>Note:</i> (a) Other MOU/Accords reviewed: Modesto, Napa City, Ontario, Rancho Cucamonga, San Dimas, Vista</p>			