

City of Yucaipa
34272 Yucaipa Boulevard
Yucaipa, CA 92399
(909) 797-2489

**Application by Park Owner to
Mobilehome Rent Review Commission**

For

**Rent Increase Based on
Net Operating Income/Fair Return Standard**

**MOBILEHOME PARK
RENT STABILIZATION PROGRAM**

See Yucaipa Municipal Code (YMC) Ch. 15.20
and
Administrative Rules adopted pursuant to Ch. 15.20

(Available on the City's web site at www.yucaipa.org; after clicking on "Mobilehome Rent Stabilization Program", a dropdown screen will appear with links to the Ordinance, Administrative Rules, and application forms)

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INSTRUCTIONS

REQUIRED CONTENTS OF APPLICATION:

1. Eight (8) copies of the completed application or appeal and any additional back-up/supporting documentation submitted prior to the hearing. Back-up/supporting documentation shall include, but not be expressly limited to, invoices, statements, bank records, cancelled checks, cancelled bills, financial statements, (profit and loss statement and balance sheet). **ALL PAGES SHOULD BE NUMBERED BEFORE COPIES ARE MADE.**
2. A filing fee of \$1,750. All checks and money orders should be made payable to the City of Yucaipa.
3. A Declaration Under Penalty of Perjury certifying that the information in the application is true and correct (form attached).
4. Four (4) sets of self-sticking address labels addressed to each park resident showing the park name and address (including space number).

EXAMPLE:	Resident:	John and Jane Doe
	Park Name:	Yucaipa Mobilehome Park
	Park Address:	12345 Main Street, Space 100
	City, State, Zip:	Yucaipa, CA 92399

FORMAT OF APPLICATION

1. The application shall be typed or printed in black ink.
2. All attached pages should be 8 ½" x 11".
3. Label all attachments according to the section of the application that the attachment accompanies. (e.g. III.D.15. – p.1; III.D. 15. – p.2)
4. Applicants may submit copies of income tax forms or accounting ledgers but these may not substitute for pages of the application.

If information required in this application is unavailable for any reason, please indicate the reason for its unavailability at the appropriate section in the application.

DELIVERY OF APPLICATION

The application and all supporting documents should be delivered to:

Mobilehome Rent Review Commission
Attention: Mobilehome Rent Administrator
City of Yucaipa
34272 Yucaipa Blvd.
Yucaipa, CA 92399

CITY GUIDELINES FOR PROCESSING APPLICATIONS

An application cannot be deemed complete until information and documentation pursuant to YMC §15.20.100 has been provided.

An application cannot be set for hearing before it is deemed complete.

The applicant shall bear the burden of proof and provide the evidence to justify a rent increase based on an application.

The City will notify you within thirty (30) days of receipt if your application is complete. Upon a determination by the City that your application is complete, you will be notified by Certified Mail of the date set for your hearing before the City's Mobilehome Rent Review Commission.

It is the applicant's responsibility as the applicant to review pertinent sections in the YMC 15.20 and Resolution No. 2007-03, which sets forth the process and requirements for this type of application.

Increases by Application to the Commission are governed by YMC 15.20.100 and the Administrative Rules, Chapter 4.

INQUIRIES

Questions should be directed to the Mobilehome Rent Administration Department at (909) 797-2489, Extension 236.

I. OWNER'S DECLARATION UNDER PENALTY OF PERJURY

I / (We), _____ declare as follows:

I (we) am (are) the **CHECK ONE** Park Owner(s) (Authorized Representative(s) of the owner(s)] of said park involved in this request and I am authorized to submit this application form and supporting documentation on behalf of the Mobilehome Park being applied for. I declare under penalty of perjury that the information and documentation and statements are true and correct.

Executed this _____ Day of _____, 20 _____

at _____ California.

Signed: _____

Print Name

Capacity

Mailing Address

City, State, Zip

Telephone

II. GENERAL INFORMATION ABOUT THE PARK

- 1. Mobilehome Park Name _____
- 2. Telephone _____
- 3. Street Address / City _____ Zip Code _____
- 4. Parcel Numbers(s) _____
- 5 a. Park Owner _____
- b. Telephone _____
- c. Street Address / City _____ Zip Code _____
(P.O. Box is not acceptable)
- 6 a. Park Owner Representative _____
(enter name or "same as above")
- b. Telephone _____
(if other than park owner)
- c. Street Address / City _____ Zip Code _____
(P.O. Box is not acceptable)
- 7. Year park originally opened: _____
- 8. Year park purchased by current owner: _____
- 9. Total number of spaces in Park: _____
- 10. Total number of spaces affected by proposed increase: _____
- 11. Services and Amenities (check the appropriate box(es) in each row)

Type of Service	Paid by Park Owner - Cost <i>Not</i> Passed Through to Tenants	Paid by Park Owner - Cost Passed Through to Tenants	Tenants Pay Provider Directly
a. Gas	\$ _____	\$ _____	\$ _____
b. Electricity	\$ _____	\$ _____	\$ _____
c. Water	\$ _____	\$ _____	\$ _____
d. Sewer	\$ _____	\$ _____	\$ _____
e. Trash	\$ _____	\$ _____	\$ _____
f. Cable TV	\$ _____	\$ _____	\$ _____
g. Other:	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

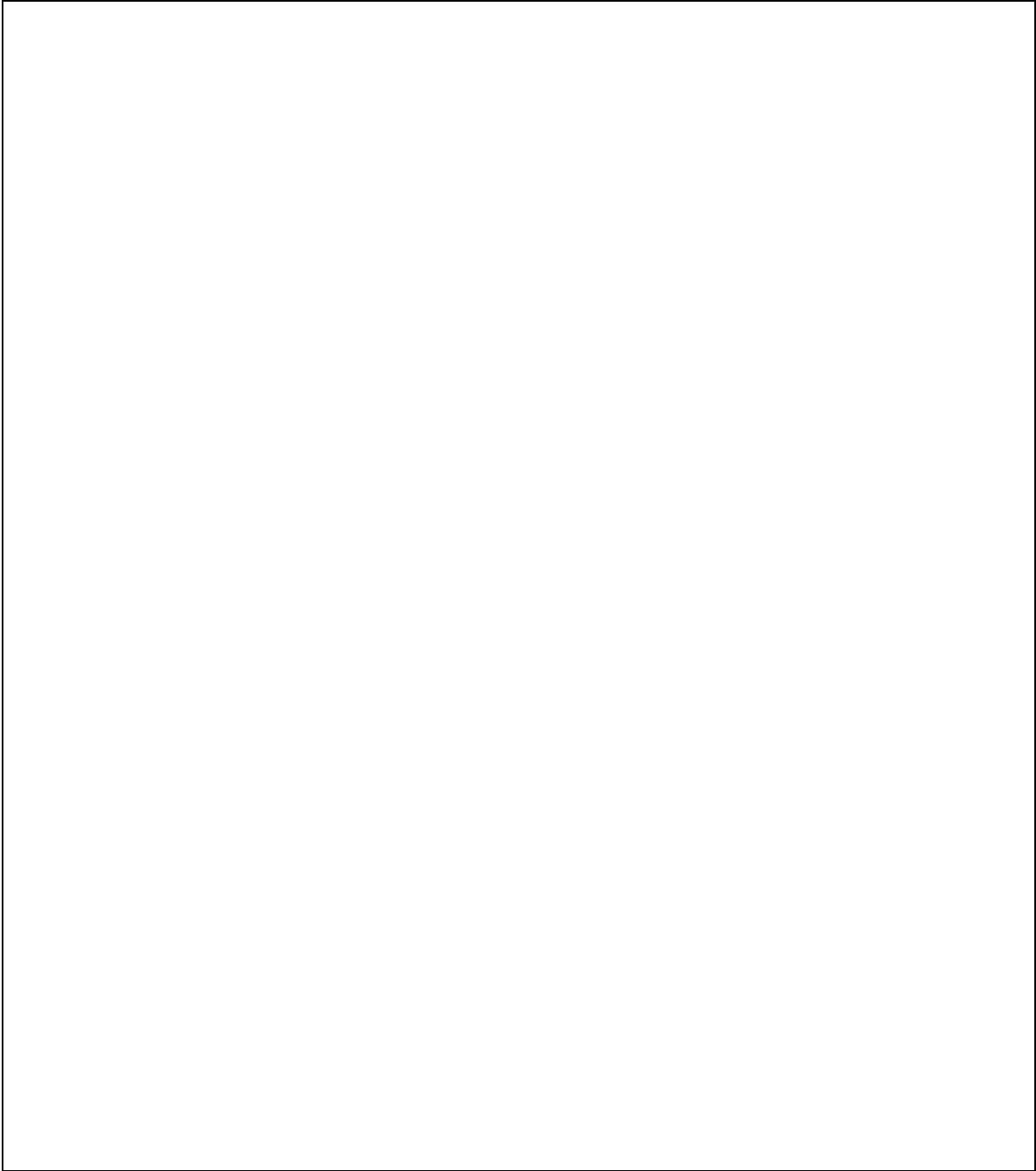
12. If there have been any changes to the answers in Section 11 since the base year, explain:

13. Briefly describe the park. Include all amenities and services provided and state which amenities and services are provided without additional charge. If additional charges are imposed, separately list below the monthly charge for each amenity or service:

14. Are there any deposits being held? Yes No
(If yes, please complete Section III.N of this application.)

15. Explain reasons for requesting a rent increase (be specific):

16. Other information you wish the City to consider:

A large, empty rectangular box with a thin black border, intended for the user to provide additional information or comments regarding the application.

III. C. INCOME

(1). Base Year and Current Year

List all park-related income. Use totals for the 12-month period for all spaces in the park for base year and current year and attach all supporting documentation. Do not include any income collected for the provision of submetered gas and electricity expenses or reimbursements by residents for utility company charges.

INCOME	ANNUAL TOTAL	
	Base Year	Current Year
(Year)	()	()
1. Combined total of all space rents: *(see note below)	\$ _____	\$ _____
Fees (indicate what fee is for):		
2. Late fees	\$ _____	\$ _____
3. Fees collected for services & amenities not included in space rent	\$ _____	\$ _____
4. Security	\$ _____	\$ _____
5. Use of recreational facility	\$ _____	\$ _____
6. Interest on Security Deposits	\$ _____	\$ _____
7. Income from laundry machines or other coin operated machines	\$ _____	\$ _____
8. RV storage	\$ _____	\$ _____
Other (list separately by type):		
9. _____	\$ _____	\$ _____
10. _____	\$ _____	\$ _____
11. _____	\$ _____	\$ _____
Utilities (Do not include utility company charges if cost is passed through to residents)		
12. Water	\$ _____	\$ _____
13. Sewer	\$ _____	\$ _____
14. Trash	\$ _____	\$ _____
15. Cable TV	\$ _____	\$ _____
Other (list separately by type):		
16. _____	\$ _____	\$ _____
17. _____	\$ _____	\$ _____
18. (If applicable) enter rent adjustment granted in prior hearing (from Section III. A. 4)	\$ _____	\$ _____
TOTAL GROSS INCOME:	\$ _____	\$ _____

*See Administrative Rules "NOI shall be calculated for all spaces in the park, including month-to-month spaces, vacant spaces, and spaces subject to long term-leases. Vacant spaces shall be assigned the last rent in effect prior to the vacancy, as modified by any annual adjustment during any such vacancy." Section 4.0003.C.

(2). Prior Years

List all park-related income in each of the last four (4) years – excluding current year (current year information must be provided in Section III.C (1)). Supporting documentation is not required for these years unless specifically requested by the City based on the review of this application.

Do **not** include any income collected for the provision of submetered gas and electricity expenses or reimbursements by residents for utility company charges.

INCOME

	ANNUAL TOTAL			
	Prior Year	2nd Prior Year	3rd Prior Year	4th Prior Year
Year:	()	()	()	()
	_____	_____	_____	_____
1. Combined total of all space rents: * (see note below)	\$ _____	\$ _____	\$ _____	\$ _____
Fees (indicate what fee is for):				
2. Late fees	\$ _____	\$ _____	\$ _____	\$ _____
3. Fees collected for services & amenities not included in space rent	\$ _____	\$ _____	\$ _____	\$ _____
4. Security	\$ _____	\$ _____	\$ _____	\$ _____
5. Use of recreational facility	\$ _____	\$ _____	\$ _____	\$ _____
6. Interest on Security Deposits	\$ _____	\$ _____	\$ _____	\$ _____
7. Income from laundry machines or other coin operated machines	\$ _____	\$ _____	\$ _____	\$ _____
8. RV storage	\$ _____	\$ _____	\$ _____	\$ _____
Other (list separately by type):				
9. _____	\$ _____	\$ _____	\$ _____	\$ _____
10. _____	\$ _____	\$ _____	\$ _____	\$ _____
11. _____	\$ _____	\$ _____	\$ _____	\$ _____
Utilities (Do not include utility company charges if cost is passed through to residents)				
12. Water	\$ _____	\$ _____	\$ _____	\$ _____
13. Sewer	\$ _____	\$ _____	\$ _____	\$ _____
14. Trash	\$ _____	\$ _____	\$ _____	\$ _____
15. Cable TV	\$ _____	\$ _____	\$ _____	\$ _____
Other (list separately by type):				
16. _____	\$ _____	\$ _____	\$ _____	\$ _____
17. _____	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL GROSS INCOME:	\$ _____	\$ _____	\$ _____	\$ _____

*See Administrative Rules “NOI shall be calculated for all spaces in the park, including month-to-month spaces, vacant spaces, and spaces subject to long term-leases. Vacant spaces shall be assigned the last rent in effect prior to the vacancy, as modified by any annual adjustment during any such vacancy.” Section 4.0003.C.

III. D. OPERATING EXPENSES

List all park related operating expenses. Use totals for the 12-month period for all spaces in the park for base year and current year and attach all supporting documentation.

Do not include interest or other debt service. Do not include capital improvements as defined in YMC §15.20.020 and §15.20.080(B), or any other expenses excluded under YMC Chapter 15.20. If you have experienced unusual expenses such as major emergency repairs, attach a sheet explaining the circumstances.

Gas and Electricity Expenses: Do not include any expenses associated with the provision of **submetered** gas and electricity services. Pricing for the provision of submetered gas and electricity is regulated by the California Public Utilities Commission and includes a differential over the utility company charge in order to provide for the maintenance of these systems. The courts have ruled that these expenses cannot be considered in a rent control proceeding. However, fees and maintenance for the provision of gas and electricity services to common areas, which are not passed through to tenants, should be included in this application.

III. D. OPERATING EXPENSES (continued)

(1). Base Year and Current Year

	ANNUAL TOTAL	
	Base Year	Current Year
OPERATING EXPENSES	Year: _____	_____
	()	()
1. Assessments	\$ _____	\$ _____
2. Electricity (common areas only)	\$ _____	\$ _____
3. Gas (common areas only)	\$ _____	\$ _____
4. Gardening	\$ _____	\$ _____
5. Insurance	\$ _____	\$ _____
6. Legal ¹	\$ _____	\$ _____
7. Accounting	\$ _____	\$ _____
8. Licenses	\$ _____	\$ _____
9. Manager (if any)	\$ _____	\$ _____
10. Miscellaneous Supplies	\$ _____	\$ _____
11. Normal Repairs	\$ _____	\$ _____
12. Office Supplies	\$ _____	\$ _____
13. Plumbing Maintenance	\$ _____	\$ _____
14. Pool Maintenance	\$ _____	\$ _____
15. Real Property Taxes	\$ _____	\$ _____
16. Security	\$ _____	\$ _____
17. Street Maintenance	\$ _____	\$ _____
18. Street Sweeping	\$ _____	\$ _____
19. Trash (do not include charges reimbursed by tenants)	\$ _____	\$ _____
20. Water (do not include charges reimbursed by tenants)	\$ _____	\$ _____
21. Sewer (do not include charges reimbursed by tenants)	\$ _____	\$ _____
22. Cable TV (do not include charges reimbursed by tenants)	\$ _____	\$ _____
23. Amortized portion of Capital Expense (complete Section III.F.)	\$ _____	\$ _____
24. Owner-Performed Labor	\$ _____	\$ _____
Other (list separately by type)	_____	_____
25. _____	\$ _____	\$ _____
26. _____	\$ _____	\$ _____
27. _____	\$ _____	\$ _____
28. TOTAL OPERATING EXPENSES	\$ _____	\$ _____

¹ Allowable legal fees include attorneys' fees and costs incurred in connection with successful actions to evict residents or recover back rent and matters pertaining to the title and operation of the Mobilehome Park. Do not include legal costs and fees for actions filed against the City or the Commission or any other payments made to any organization for purposes of litigating or challenging rent control. Reasonable legal fees incurred in applying for a special adjustment during the current period may be included in your application, subject to review and approval by the Commission.

III. D. OPERATING EXPENSES (continued)

(2). Prior Years

List all park-related expenses in each of the last four (4) years – excluding current year (current year information must be provided in Section III.C (1)). Supporting documentation is not required for these years unless specifically requested by the City based on the review of this application. Do **not** include any expenses collected for the provision of submetered gas and electricity expenses.

	ANNUAL TOTAL			
	OPERATING EXPENSES	Two Years	Three Years	Four Years
	Prior Year	Previous to	Previous to	Previous to
Year:	()	Prior Year	Prior Year	Prior Year
	()	()	()	()
1. Assessments	\$ _____	\$ _____	\$ _____	\$ _____
2. Electricity (common areas only)	\$ _____	\$ _____	\$ _____	\$ _____
3. Gas (common areas only)	\$ _____	\$ _____	\$ _____	\$ _____
4. Gardening	\$ _____	\$ _____	\$ _____	\$ _____
5. Insurance	\$ _____	\$ _____	\$ _____	\$ _____
6. Legal ²	\$ _____	\$ _____	\$ _____	\$ _____
7. Accounting	\$ _____	\$ _____	\$ _____	\$ _____
8. Licenses	\$ _____	\$ _____	\$ _____	\$ _____
9. Manager (if any)	\$ _____	\$ _____	\$ _____	\$ _____
10. Miscellaneous Supplies	\$ _____	\$ _____	\$ _____	\$ _____
11. Normal Repairs	\$ _____	\$ _____	\$ _____	\$ _____
12. Office Supplies	\$ _____	\$ _____	\$ _____	\$ _____
13. Plumbing Maintenance	\$ _____	\$ _____	\$ _____	\$ _____
14. Pool Maintenance	\$ _____	\$ _____	\$ _____	\$ _____
15. Real Property Taxes	\$ _____	\$ _____	\$ _____	\$ _____
16. Security	\$ _____	\$ _____	\$ _____	\$ _____
17. Street Maintenance	\$ _____	\$ _____	\$ _____	\$ _____
18. Street Sweeping	\$ _____	\$ _____	\$ _____	\$ _____
19. Trash	\$ _____	\$ _____	\$ _____	\$ _____
20. Water	\$ _____	\$ _____	\$ _____	\$ _____
21. Sewer	\$ _____	\$ _____	\$ _____	\$ _____
22. Cable TV	\$ _____	\$ _____	\$ _____	\$ _____
23. Amortized portion of Capital Expense (complete Section III.F.)	\$ _____	\$ _____	\$ _____	\$ _____
24. Owner-Performed Labor	\$ _____	\$ _____	\$ _____	\$ _____
Other (list separately by type):	_____	_____	_____	_____
25. _____	\$ _____	\$ _____	\$ _____	\$ _____
26. _____	\$ _____	\$ _____	\$ _____	\$ _____
27. _____	\$ _____	\$ _____	\$ _____	\$ _____
28. TOTAL OPERATING EXPENSES	\$ _____	\$ _____	\$ _____	\$ _____

² Allowable legal fees include attorneys’ fees and costs incurred in connection with successful actions to evict residents or recover back rent and matters pertaining to the title and operation of the Mobilehome Park. Do not include legal costs and fees for actions filed against the City or the Commission or any other payments made to any organization for purposes of litigating or challenging rent control. Reasonable legal fees incurred in applying for a special adjustment during the current period may be included in your application, subject to review and approval by the Commission.

III. E. UTILITY CHARGES COVERED BY REIMBURSEMENT FROM TENANTS

UTILITY	BASE YEAR ()		CURRENT YEAR ()	
	UTILITY CHARGES	REIMBURSEMENT BY TENANTS	UTILITY CHARGES	REIMBURSEMENT BY TENANTS
	\$	\$	\$	\$
	\$	\$	\$	\$
	\$	\$	\$	\$
	\$	\$	\$	\$
	\$	\$	\$	\$

III. F. CAPITAL EXPENSES

Capital Expenses – Base Year³

If an amount was reported as an amortized portion of Capital Expense on Part III D, line 23, complete this section.

CAPITAL EXPENSES – BASE YEAR

Do **not** include capital expenses for which passthroughs were granted without a Net Operating Income Application pursuant to Section 15.20.080 of the Ordinance.

YEAR	DESCRIPTION	COST	LIFE	PROPOSED INTEREST RATE	ANNUAL AMORTIZED COST
		\$		%	\$
		\$		%	\$
		\$		%	\$
		\$		%	\$
		\$		%	\$
		\$		%	\$
		\$		%	\$
		\$		%	\$
		\$		%	\$
		\$		%	\$
		\$		%	\$
TOTAL					\$

³ “Amortizable Capital Expenses” means expenses for improvements and replacements, which have a useful life of at least five years and can be depreciated pursuant to the U.S. of California income tax codes but do not qualify for a capital improvement rent adjustment pursuant to the definition of “capital improvement” and procedures for a capital improvement rent adjustment set out in YMC §§15.20.020 & 15.20.080(B). Also include any other amortizable expense (e.g., exceptional costs which do not reoccur on an annual basis).

III. G. NET OPERATING INCOME (NOI)

Net Operating Income = Gross income – Operating Expenses:

	Base Year	Current Year
	()	()
TOTAL GROSS INCOME⁵	\$ _____	\$ _____
(minus) - TOTAL OPERATING EXPENSES⁶	- \$ _____	- \$ _____
(equals) = NET OPERATING INCOME (Gross Income – Operating Expenses):	= \$ _____	= \$ _____

⁵ Total Gross Income figure is from Section III.C (1) line 19

⁶ Total Operating Expense figure is from Section III.D (1) line 28

III. H. CALCULATION OF “CURRENT NOI ENTITLEMENT” PURSUANT TO NET OPERATING INCOME STANDARD

Under the fair return standard a fair return is defined as the base year net operating income adjusted by 66.67% of the percentage increase in the CPI from any base year prior to 1996 and 80% of the percentage increase in the CPI from either 1996 or a base year subsequent to 1996 until the current year.⁷

The applicable CPI is the CPI for all urban consumers all-items for Los Angeles-Riverside County-Orange County (Bureau of Labor Statistics, CPI, Series Id (CUURA421SAO))

If the Base Year is 1987

Step A. Determine what the NOI entitlement would have been as 10/28/96.

$$\frac{\$ \text{ Base Year NOI (Section III.G.)}}{\text{Base Year NOI (Section III.G.)}} \times 1.26^8 = \frac{\$ \text{ NOI entitlement as of 10/28/96}}{\text{NOI entitlement as of 10/28/96}}$$

Step B. Determine the Percentage Increase in the CPI since 10/28/96 (as of 10/28/96 the CPI = 158.96)

$$\frac{\text{Current CPI}}{158.8} - 1 = \frac{\text{Percent increase in CPI}}{\text{Percent increase in CPI}} \%$$

Step C. Calculate 80% of the Percentage Increase in the CPI since 10/28/96

$$.8 \times \frac{\text{Percent increase in CPI (outcome of Step B)}}{\text{Percent increase in CPI (outcome of Step B)}} = \frac{\text{Percent increase in CPI (outcome of Step B)}}{\text{Percent increase in CPI (outcome of Step B)}}$$

Step D. Determine the Current NOI entitlement by adjusting the NOI entitlement as of 10/28/96 by 80% of the percentage increase in the CPI since 10/28/96.

$$\frac{\$ \text{ NOI Entitlement as of 10/28/96 (calculated in Step A)}}{\text{NOI Entitlement as of 10/28/96 (calculated in Step A)}} \times \left(1 + \frac{\text{80\% of CPI since 1996 (calculated in Step C)}}{\text{80\% of CPI since 1996 (calculated in Step C)}} \right) = \frac{\$ \text{ Current NOI Entitlement}}{\text{Current NOI Entitlement}}$$

Hypothetical Example: Base Year (1987) NOI = \$500,000
CPI as of date of application = 181.9.

Step A: \$500,00 x 1.26 = \$630,000

Step B. (181.9 ÷ 158.8) – 1 =.14546 The percentage increase is 14.54%

Step C. 80% of .1454 = .116

Step D. \$630,000 x (1 + .116) = \$703,080

⁷ Ordinance Sec. 15.20.100.A.

⁸ From 1987 to 10/28/96 the CPI increased by 38.3%, 66.67% of this amount is 26%

If the Base Year is After 1987 and Before 1996

Step A. Determine the Percentage Increase in the CPI from the Base Year to 1996

$$\left(\frac{158.96}{\text{CPI in base year}} - 1 \right) = \frac{\text{Percent increase in CPI}}{\text{Percent increase in CPI}}$$

Step B. Determine 66.67% of the Percentage Increase in the CPI from Base Year to 1996

$$.6667 \times \frac{\text{Percent increase in CPI base year to 1996}}{\text{(outcome of Step A)}} = \text{Percent increase in CPI base year to 1996 (outcome of Step B)}$$

Step C. Determine what the NOI entitlement would have been as 10/28/96.

$$\frac{\$ \text{NOI in base year (Section III G)}}{\$ \text{NOI Entitlement as of 10/28/96}} \times \left(1 + \frac{\text{66.67\% of CPI increase to 1996 (calculated in Step B)}}{\text{66.67\% of CPI increase to 1996 (calculated in Step B)}} \right) = \frac{\$ \text{NOI Entitlement as of 10/28/96}}{\$ \text{NOI Entitlement as of 10/28/96}}$$

Step D. Determine the Percentage Increase in the CPI since 10/28/96 (As of 10/28/96 the CPI = 158.96)

$$\left(\frac{\text{Current CPI}}{158.8} - 1 \right) = \frac{\text{Percent increase in CPI}}{\text{Percent increase in CPI}} \%$$

Step E. Calculate 80% of the Percentage Increase in the CPI since 10/28/96

$$.8 \times \frac{\text{CPI increase 1996 to present (outcome of Step D)}}{\text{CPI increase 1996 to present (outcome of Step D)}} = \text{CPI increase 1996 to present (outcome of Step E)}$$

Step F. Determine the Current NOI entitlement by adjusting the 10/28/96 NOI entitlement by 80% of the percentage increase in the CPI since 10/28/96.

$$\frac{\$ \text{NOI Entitlement as of 10/28/96 (calculated in Step C)}}{\$ \text{Current NOI Entitlement}} \times \left(1 + \frac{\text{80\% of CPI 1996 to present (outcome of Step E)}}{\text{80\% of CPI 1996 to present (outcome of Step E)}} \right) = \frac{\$ \text{Current NOI Entitlement}}{\$ \text{Current NOI Entitlement}}$$

If the Base Year is 1996 or Later

Step A. Determine the Percentage Increase in the CPI since the Base Year

$$\left(\frac{\text{Current CPI}}{\text{Base Year CPI}} \right) - 1 = \frac{\text{Percent increase in CPI}}{\text{CPI}} \%$$

Step B. Calculate 80% of the Percentage Increase in the CPI since the base year

$$.8 \times \frac{\text{CPI increase base year to current year}}{\text{(outcome of Step A)}} = \text{_____}$$

Step C. Determine the Current NOI entitlement by adjusting the Base Year NOI by 80% of the percentage increase in the CPI since the Base Year

$$\frac{\$ \text{Base Year NOI}}{\text{Base Year NOI}} \times \left(1 + \frac{\text{80\% of CPI increase base year to current year}}{\text{year (outcome of Step B)}} \right) = \frac{\$ \text{Current NOI Entitlement}}{\text{Current NOI Entitlement}}$$

III. H (a) Show all Steps in Calculation of Current NOI Entitlement (in the space below or attach):

III. I. CALCULATION OF NOI ENTITLEMENT

Step A. Calculate the NOI Adjustment for the Whole Park

The NOI "Adjustment" is equal difference between the Current NOI entitlement and the current NOI

$$\frac{\$}{\text{Current NOI Entitlement (III.H)}} - \frac{\text{NOI Current Year (III.G)}}{\text{NOI Current Year (III.G)}} = \frac{\$}{\text{NOI Adjustment}}$$

Step B. Calculate the NOI Adjustment Per Space Per Month

The NOI Adjustment per space is equal to NOI adjustment for the whole park divided by the number of spaces in the park divided by twelve months.

$$\frac{\$}{\text{NOI Adjustment}} / \frac{\text{\# of spaces}}{\text{\# of spaces}} / \frac{12}{\text{months}} = \frac{\$}{\text{Monthly Space Increase}}$$

IV. ADJUSTMENT OF BASE YEAR NET OPERATING INCOME

Pursuant to YMC § 15.20.100(B), you may apply for an adjustment of your 1987 NOI if you demonstrate to the Commission that an adjustment is warranted on the basis that the 1987 NOI actually earned by the park did not provide you with a just and reasonable return on your investment. If you intend to apply for an adjustment under this Section of the YMC, please check which statement(s) are applicable to you. **Itemized and complete documentation of claimed 1987 operating expenses, 1987 NOI, comparable rent in comparable parks, and capital expenses etc., must be submitted with your application.**

Grounds for a Base Rent Adjustment

1. The park's operating expenses in 1987 were unusually high despite prudent business practices. Evidence that unusual repairs were required, an uninsured loss from natural events or vandalism occurred or that the park was unable to perform necessary repairs or maintenance in prior years resulting in unusually high expenses in 1987 could be used to establish this circumstance.
 - a. In this circumstance, the calculation of the park's 1987 NOI may be adjusted by substituting the average of the park's operating expenses over a reasonable time or the average operating expenses in comparable parks in 1987 for the park's actual 1987 operating expenses.
2. Gross income was disproportionately low in 1987 despite prudent business practices. Evidence of a large number of vacancies arising from evictions for cause under State law or the voluntary removal of homes from a park could be used to establish this circumstance. This circumstance might also arise during the initial years of a park's operation before it has been filled.
 - a. In this circumstance, the calculation of the 1987 NOI may be adjusted by adding the difference between actual 1987 gross income and that which would have been earned but for this circumstance to the park's 1987 gross income.
3. The rent during 1987 was disproportionately low when compared to rents being charged in comparable parks in 1987 in the City. Evidence that there were no rent increases during 1987, or rents were not established in arm's-length transactions and rents were below those in comparable parks because lower or fewer increases had been imposed in a park than in comparable parks in 1987 or prior years, could be used to establish this circumstance.
 - a. In this circumstance, the calculation of the 1987 NOI may be adjusted by increasing rental income from those spaces which were charged a disproportionately low rent by the difference between the rents actually charged in the park and the rents charged in comparable parks in 1987.
4. Capital improvements were made during 1987, but were not reflected in rent increases collected in 1987. Evidence that the improvement is completed and operational and evidence of the cost incurred is required to establish this circumstance.
 - a. In this circumstance, the calculation of the 1987 NOI may be adjusted by adding to the park's gross income the amount of the additional annual revenue which would have been received if a rent increase equal to the cost of the improvement, divided by its useful life and divided by the number of spaces, had been charged during each month of 1987.

5. The rent in 1987 was not sufficient to provide a just and reasonable return by providing evidence of the return actually earned by the park in 1987 and of the return earned by comparable parks in the City in 1987. Examples of the type of information that may be used to establish this circumstance include evidence of the investment in the park, the return earned on that investment, the purchase price of the park and its net operating income in 1987, prior years and subsequent years, and the same information for comparable parks in the City.
 - a. In this circumstance, the calculation of the 1987 NOI shall be adjusted by adding to the park's 1987 gross income the amount of rental income required to provide a just and reasonable return in 1987.

Applicant's Justification for Adjustment of Base Year Net Operating Income (NOI)

V. CONSIDERATION OF OTHER FACTORS

Pursuant to the Administrative Rules you may rebut the presumption that the Net Operating Income (NOI) formula provides a fair return.

Section 4.0005 of the Administrative Rules states:

“FAIR RETURN STANDARD – REBUTTAL OF PRESUMPTION THAT BASE YEAR NET OPERATING INCOME (NOI) WAS A FAIR NET OPERATING INCOME.

A park owner may rebut the presumption that the increase calculations provided in YMC Section 15.20.100(A) and Section 4.0003 of these Administrative Rules and modified by YMC Section 15.20.100(B), and in Section 4.0004 of these Administrative Rules, are sufficient to provide a just and reasonable return by presenting evidence that the rate of return being earned by the mobilehome park is not just and reasonable.

- A. Burden of Proof. The park owner shall have the burden of proving the park is not earning a just and reasonable return.
- B. Relevant Evidence. The Commission shall consider all relevant evidence, including, but not limited to:
 - 1. The rents being charged for spaces subject to the YMC in comparable mobilehome parks subject to the YMC in the City of Yucaipa.
 - 2. The capitalization rate being earned by the mobilehome park in the application year, each of the preceding five years, and in the first year after the park was purchased. For purposes of this section capitalization rate means the ratio of a park’s NOI to its purchase price.
 - 3. The capitalization rate associated with the purchase of comparable mobilehome parks in the application year and the preceding five years.
 - 4. The mobilehome park's pattern of income and expenses over each of the past five (5) years.
 - 5. The quality of the services, amenities and maintenance provided at the mobilehome park and any decrease or increase in services, maintenance and amenities.
 - 6. Any evidence of delay on the part of the park owner in seeking a rent increase pursuant to this section. If the Commission finds that the park owner unreasonably delayed in submitting a rent increase application pursuant to this section, the Commission may, at its discretion, grant a rent increase to be implemented in increments over a period not greater than the period of delay.
- C. Comparable Parks. As used in Section 4.0005, the term "comparable park" is defined in Section 4.0004(B) of the Administrative Rules.”

IF APPLICATION INCLUDES A CLAIM BASED ON THE RATE OF RETURN:

1. Fill out the following table:

RETURN ON INVESTMENT

Purchase Date _____ / / _____

INVESTMENT

Purchase Price \$ _____

**Capital Improvements Since
Purchase Date:**

Description	Date	Amount	Life of Improvement
	/ /	\$	
	/ /	\$	
	/ /	\$	
	/ /	\$	
	/ /	\$	
	/ /	\$	
	/ /	\$	
	/ /	\$	
	/ /	\$	
	/ /	\$	
TOTAL INVESTMENT		\$	

2. Submit a copy of the closing statement from the original purchase, plus complete documentation supporting capital improvements made since the purchase of the park.
3. Set forth Rationale for Adjustment based on Fair Return Provision in this section or in an attachment.