

RENTAL HOUSING COMMITTEE
RESOLUTION NO. RHC-93
SERIES 2022

A RESOLUTION OF THE RENTAL HOUSING COMMITTEE OF THE CITY OF MOUNTAIN VIEW
AMENDING REGULATIONS CHAPTER 7, UPWARD ADJUSTMENTS, OF THE
MOBILE HOME RENT STABILIZATION ORDINANCE

WHEREAS, the Mobile Home Rent Stabilization Ordinance (MHRSO), Section 46.9, authorizes the Rental Housing Committee to establish rules and regulations for administration and enforcement of the MHRSO; and

WHEREAS, the Rental Housing Committee has held a publicly noticed meeting on October 17, 2022 and solicited input regarding amendments to Chapter 7, Upward Adjustments, in furtherance of the MHRSO, now therefore, be it

RESOLVED: by the Rental Housing Committee that amendments to Chapter 7, Upward Adjustments, as set forth in Exhibit A, are hereby adopted.

The foregoing Resolution was regularly introduced and adopted at a Regular Meeting of the Rental Housing Committee of the City of Mountain View, duly held on the 17th day of October 2022, by the following vote:

AYES: Committee Members Almond, Grunewald, Vice Chair Ramos, and Chair Haines-Livesay

NOES: None

ABSTAIN: Committee Member Pardo de Zela

ABSENT: Committee Member Rosas

ATTEST: APPROVED:

DocuSigned by:
Anky van Deursen
ANKY VAN DEURSEN
PROGRAM MANAGER

DocuSigned by:
Nicole M. Haines-Livesay
NICOLE HAINES-LIVESAY
CHAIR

I do hereby certify that the foregoing resolution was passed and adopted by the Rental Housing Committee of the City of Mountain View at a Regular Meeting held on the 17th day of October 2022, by the foregoing vote.

DocuSigned by:
Anky van Deursen
Program Manager
City of Mountain View

AVD/6/CDD/RHC
895-10-17-22rhcr-4

Exhibit: A. Regulations Amendment to MHRSO, Chapter 7, Upward Adjustment

Exhibit A

Mobile Home Rent Stabilization Ordinance

**CHAPTER 7
UPWARD ADJUSTMENT REGULATIONS**

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A. Statement of Purpose

1. Authority.

Section 46.1 of the Mobile Home Rent Stabilization Ordinance (“Ordinance”) states that one purpose of the Ordinance is “to protect mobile home residents from unreasonable rent increases, while at the same time protecting the rights of park owners and mobile home landlords to receive a fair rate of return on this property...” Subsections (a)(2), (3) and (4) of Section 46.9 of the Ordinance authorize the Rental Housing Committee to set rents at fair and equitable levels, to adopt regulations authorizing Rent increases, and to establish regulations for the administration and enforcement of the Ordinance. Subsection (c) of Section 46.10 of the Ordinance requires the RHC to develop regulations to facilitate prompt resolution of Petitions, including Upward Adjustment Petitions.

2. Purpose.

The purpose of this Chapter 7 is to implement the purposes of the Ordinance by detailing the method of ensuring Landlords may earn a fair and reasonable rate of return on their investment. Nothing in these regulations shall be interpreted to prohibit a Hearing Officer or the Rental Housing Committee from granting an individual Rent Adjustment that is demonstrated by the Landlord to be necessary to provide the Mobile Home Park Owner (“Park Owner”) or Mobile Home Landlord (“Landlord”) with a fair rate of return.

B. Fair Return Standard

A Park Owner’s or Landlord’s fair rate of return on investment for a property containing a Mobile Home Space or Mobile Home for the Petition Year is the “Adjusted Net Operating Income.” If the Park Owner’s or Landlord’s actual Net Operating Income for a property in the Petition Year is less than the Adjusted Net Operating Income, then the Park Owner or Landlord shall be entitled to an Upward Adjustment of Rent for that property sufficient to provide a Net Operating Income equal to the Adjusted Net Operating Income (“Maintenance of Net Operating Income Petition”).

C. Definitions

For purposes of Chapter 7, the following definitions apply; all other capitalized terms are defined by the Ordinance or these Regulations:

1. Adjusted Net Operating Income. Adjusted Net Operating Income equals the Net Operating Income for the Base Year adjusted by the percentage increase or decrease in the Consumer Price Index between the Base Year and the Petition Year.

2. Base Year. The Base Year is calendar year 2021.
3. Capital Improvement.
 - a. Capital Improvement means the addition, substantial repair, or replacement of any improvement to a Mobile Home Space or Housing Services within the geographic boundaries of a Mobile Home Park, that materially adds to the value of the Mobile Home Park and appreciably prolongs its useful life or adapts it to new uses, and that is of the same type of improvement as those allowed to be amortized over the useful life of the improvement in accordance with the Internal Revenue Code and its regulations.
 - b. Included Items. To qualify as a Capital Improvement, the addition or modification must:
 - (1) Primarily benefit the majority of impacted Mobile Home Owners rather than Park Owners;
 - (2) Be a functional improvement serving primarily the Mobile Home Owners;
 - (3) Have useful life of at least five (5) years; and
 - (4) Be permanently fixed in place or relatively immobile.
 - b. Exclusions. The following are not eligible as Capital Improvements:
 - (1) Normal routine maintenance and repair, including, but not limited to, routine maintenance or repair of a street or driveway by means of patching a seal coat for slurry seal; or
 - (2) Costs of routine maintenance or repair, as opposed to replacement; or
 - (3) Costs of replacement if the replacement was necessary because of the Park Owner's failure to carry out routine maintenance responsibilities; or
 - (4) Costs to maintain physical improvements in the Communal Facilities in good working order and condition, pursuant to California Civil Code Section 798.15; or
 - (5) Additions or replacements made to bring the Mobile Home Park into compliance with a provision of the State or local law where the Mobile Home Space has not been in compliance with said provision from the time of its original construction or installation and such provision was in effect at the time of such construction or installation; or

- (6) Overimprovements, unless the Mobile Home Owner(s) approved the improvement in writing pursuant to a Joint Petition pursuant to Section G below, the improvement brought the Mobile Home Park up to current health and safety codes, or the improvement did not cost more than a substantially equivalent replacement.
 - (7) Improvements to the gas and electric system in the Mobile Home Park.
4. Capital Improvement Petition. A Capital Improvement Petition shall mean a petition for an upward adjustment that is based on the installation of Capital Improvements and complies with the provisions of Section F of this Chapter 7.
5. Capital Improvement Temporary Upward Adjustment. The temporary upward adjustment obligating the Mobile Home Owner renting a Mobile Home Space to pay a portion of the costs of Capital Improvements as determined by a Hearing Officer's Decision issued in accordance with Section F below.
6. Consumer Price Index. Consumer Price Index is the Consumer Price Index—All Items (CPI-U) in San Francisco-Oakland-Hayward, California, all urban consumers, not seasonally adjusted (currently designated as Series ID: CUURS49BSA0 by the U.S. Department of Labor, Bureau of Labor Statistics as defined in the Ordinance.
 - a. Base Year Consumer Price Index. The Consumer Price Index for the Base Year shall be the annual average of the Consumer Price Index for 2021.
 - b. Petition Year Consumer Price Index. The Consumer Price Index for the Petition Year shall be the Consumer Price Index that was most recently published as of the date a Petition for Upward Adjustment of Rent is submitted.
7. Gross Income. Gross Income is defined and shall be calculated as stated in Section D.1. of this Chapter 7.
8. Maintenance of Net Operating Income Petition. A Maintenance of Net Operating Income Petition shall mean a petition for an upward adjustment of rent that is based on maintenance of net operating income and is considered pursuant to Section D of this Chapter 7.
9. Net Operating Income. Net Operating Income is the Gross Income from one (1) Mobile Home Park that contains one (1) or more Mobile Home Spaces, less Operating Expenses.
10. Operating Expense. Operating Expense is defined and shall be calculated as stated in Section D.2. of this Chapter 7.

11. Petition Year. The Petition Year shall be defined as the calendar year for which the most recent Consumer Price Index data was published for the San Francisco-Oakland-Hayward area prior to acceptance of a Petition for Upward Adjustment of rent. If actual data for the complete Petition year is not available, Net Operating Income shall be estimated in accordance with the calculation defined in Subsection C.7. of this Chapter 7 using the methods for calculating Gross Income (Subsection D.1.) and Operating Expenses (Subsection D.2.) in accordance with the provisions of this Chapter 7.

D. Maintenance of Net Operating Income Petitions

1. Calculation of Gross Income.

Gross Income shall equal the total of the following:

- a. Gross Rents lawfully collectible from each Mobile Home Space or Mobile Home located on the property, calculated based on one hundred percent (100%) rental occupancy for twelve (12) months; and
- b. Interest from security, cleaning, and any other deposits received from Mobile Home Owners and Mobile Home Tenants (except to the extent paid to the Mobile Home Owners or Mobile Home Tenants); and
- c. Income from coin-operated laundry facilities, vending machines, and similar income (but excluding rents and other income from any commercial space located on the property, if applicable); and
- d. All other income or consideration received or receivable in connection with the use or occupancy of the Mobile Home Space, Mobile Home, Communal Facilities and Housing Services, including any fees for service rendered in accordance with California Civil Code Sections 798.1 and 798.32, and any fee, assessment, or charge paid pursuant to California Civil Code Section 798.49(a); and
- e. Less uncollected Rents due to vacancy and uncollectable debts, to the extent that the same are beyond the Park Owner's or Landlord's good-faith efforts to ensure each Mobile Home Space or Mobile Home is occupied and debts are paid. Any uncollected Rents due to vacancy are to be calculated at the Rent for the most recent tenancy. Any uncollected Rents in excess of three percent (3%) of Gross Income are presumed to be unreasonable unless established otherwise.

2. Calculation of Operating Expenses.

- a. Included Items. Operating Expenses shall include the following expenses to the extent they are incurred in connection with the operation of a Mobile Home Park containing one (1) or more Mobile Home Spaces or Mobile Homes:
- (1) The portion of annual fees assessed under Section 46.9(c) of the Mobile Home Rent Stabilization Ordinance that is not allowed to be directly passed through to Mobile Home Owners or Mobile Home Tenants;
 - (2) Business license fees;
 - (3) Real property taxes paid by the Park Owner or Mobile Home Landlord to the extent that such costs are not passed through to Mobile Home Owners or Mobile Home Tenants;
 - (4) Utility costs paid by the Park Owner or Landlord, to the extent that such costs are not passed through to Mobile Home Owners or Mobile Home Tenants;
 - (5) Insurance;
 - (6) Reasonable costs for ordinary or routine repair, replacement, and maintenance of one (1) or more Mobile Homes owned by the Park Owner or the Mobile Home Landlord and the Mobile Home Park containing the Mobile Homes. Repair, replacement, and maintenance costs shall include, but not be limited to, road repairs, infrastructure repairs, building maintenance, including carpentry, painting, plumbing, supplies, equipment, refuse removal, security services or systems, cleaning, fumigation, landscaping, and repair or replacement of furnished appliances, drapes, and carpets;
 - (i) For Mobile Home Tenancies only, Operating Expenses shall include the reasonable costs of ordinary or routine repair, replacement, and maintenance of any gas and/or electrical systems.
 - (7) Reasonable management expenses (contracted or owner-performed), including necessary and reasonable advertising, accounting, or other managerial expenses. Management expenses are presumed to be six percent (6%) of Gross Income, unless established otherwise. Management expenses in excess of six percent (6%) of Gross Income are presumed to be unreasonable and shall not be allowed unless it is established that such expenses do not exceed those ordinarily charged by commercial management firms for similar Mobile Home Parks;

- (8) Reasonable Capital Improvement costs, as calculated in accordance with Section D.3. of this Chapter 7, but only if the MNOI Petition is submitted by a Mobile Home Park Owner and the Capital Improvement benefits Mobile Home Owners renting or leasing Mobile Home Spaces in the Mobile Home Park; and
- (9) Attorneys' fees and costs that are:
 - Incurred in connection with successful, good-faith attempts to recover Rents owed or with successful, good-faith, unlawful detainer actions not in violation of applicable law, to the extent the same are not recovered from Mobile Home Owners or Mobile Home Tenants;
 - Legal expenses that are necessarily incurred in dealings with respect to the normal operation of the Mobile Homes or the Mobile Home Park, to the extent such expenses are not recovered from adverse or other parties;
 - Reasonable costs incurred in obtaining an upward adjustment of Rent pursuant to the Ordinance, including administrative or judicial proceedings in connection with the Ordinance, except where the pass-through of such expenses is prohibited by the Rental Housing Committee or would constitute a violation of public policy;
 - Any attorneys' fees and costs included in Operating Expenses pursuant to this subsection shall be amortized over a period of five (5) years, unless it is demonstrated that an alternate amortization period would be more reasonable.

b. Excluded Items. Operating Expenses **shall not** include:

- (1) Costs for additions or modifications or portion of an addition or modification that could have been avoided by the Park Owner's or Landlord's exercise of reasonable diligence in making timely repairs after the Park Owner or Landlord knew or should reasonably have known of the problem that caused the damage leading to the repair;
- (2) Income taxes;
- (3) Costs arising from circumstances that arose before the current Tenancy began, but only if the MNOI petition proposes to increase the rent for one (1) or more Mobile Home(s);

- (4) Any costs or expenses for which the Park Owner or Landlord has been or was eligible for reimbursement by another party, whether reimbursement was received, including reimbursements, rebates, or discounts offered by a government or utility (for example, incentives for alternative energy generation and energy-efficient appliances), security deposits, insurance proceeds, judgments for damages, settlements, or any other method or device;
- (5) Debt service, including mortgage interest and principal payments;
- (6) Any costs or expense incurred in conjunction with the purchase, sale, lease (excluding individual Mobile Home Rental Agreements or Space Rental Agreements), financing, or refinancing of a Mobile Homes or the Mobile Home Park, including, but not limited to, origination fees, credit enhancements, payments to real estate agents or brokers, appraisals, legal fees, accounting fees, etc.;
- (7) Fees, other than fees expressly authorized by the Ordinance or by the Regulations;
- (8). Penalties, fees, or interest imposed for violation of the Ordinance, the Regulations, or any other law;
- (9) Legal expenses, other than those expressly authorized by the Ordinance, or by the Regulations;
- (10) Contributions to lobbying efforts or organizations which advocate on behalf of apartment owners on local, State, or Federal legislative issues;
- (11) Depreciation; or
- (12) Any other expense that does not benefit the Mobile Homes or the Mobile Home Park, including, but not limited to, the cost of forming or maintaining a corporation, partnership, or other entity or buying out a stockholder or partner of the Park Owner or Landlord.

- c. Adjustments. The Hearing Officer shall have the discretion to reasonably adjust Operating Expenses for years with unusually high or unusually low Operating Expenses.

3. Capital Improvements Amortization.

For purposes of calculating annual Operating Expense pursuant to Subsection D.2. of this Chapter 7, the reasonable cost of each qualifying Capital Improvement plus any

interest paid by the Park Owner to finance such Capital Improvements, shall be divided by the useful life of that Capital Improvement, as defined in the amortization schedule attached as Appendix A.

4. Base Year Rebuttable Presumption.

- a. It is presumed that the Net Operating Income produced by a property during the Base Year provided a fair return on investment for the property. Park Owners and Landlords shall be entitled to maintain their Net Operating Income from year to year in accordance with this Chapter 7.
- b. The Park Owner or Landlord, in a Maintenance of Net Operating Income Petition, may rebut the presumption that the Net Operating Income produced by a property during the Base Year provided a fair return on investment for the property, in which case the Base Year Net Operating Income may be adjusted accordingly. The standard for rebutting the Base Year Operating Income presumption is distinct for Mobile Home Spaces and Mobile Homes.

c. **Mobile Home Spaces: Optional Base Year Operating Income Vega Adjustment.**

Where the Petition proposes an upward adjustment to the Rent for one (1) or more Mobile Home Spaces, the Hearing Officer shall make at least one (1) of the following findings before adjusting the Base Year Net Operating Income:

- (1) The Park Owner's operating and maintenance expenses in the Base Year were unusually high or low in comparison to other years. In such instances, adjustments may be made in calculating operating expenses so the Base Year Operating Expenses reflect average expenses for the Mobile Home Park over a reasonable period of time. The Hearing Officer shall consider the following factors in making this finding:
 - (i) The Park Owner made substantial Capital Improvements during the Base Year, which are not reflected in Rent levels;
 - (ii) Substantial repairs were made due to damage caused by fire, natural disaster, vandalism, or other unusual cause;
 - (iii) Maintenance and repair were below accepted standards so as to cause significant deterioration in the quality of Housing Services or Communal Facilities;
 - (iv) Other expenses were unreasonably high or low due to unusual circumstances, notwithstanding prudent business practices.

- (2) The gross income during the Base Year was disproportionately low, in which case the Hearing Officer shall consider the following factors:
- (i) The gross income during the Base Year was lower than it might have been because some residents were charged reduced rent.
 - (ii) The gross income during the Base Year was significantly lower than normal because of destruction of the premises and/or temporary eviction for construction or repairs, or other special circumstances.
- d. **Mobile Homes: Optional Vega Adjustment Standard.** Where the Petition proposes an upward adjustment to the Rent for one (1) or more Mobile Homes, the Park Owner or Mobile Home Landlord may request an adjustment to the Base Year Operating Income using the below-outlined Vega Adjustment standard.
- (1) **Purpose.** Subsections D.4.a. and D.4.b. of this Chapter 7 presume that the Net Operating Income produced by a Mobile Home or Homes property during the Base Year provided a fair return and allow a Park Owner or Landlord to demonstrate that the Net Operating Income produced by a property during the Base Year did not provide for a fair return, respectively. This subsection D.4.d. of Chapter 7 creates an optional method through which a Park Owner or Landlord may demonstrate that Base Year Net Operating Income does not provide for a fair return. This subsection D.4.d. identifies a threshold: if average monthly Rent received in the Base Year for a Mobile Home is above the threshold, a Park Owner or Landlord retains the burden of proof to demonstrate that Base Year Net Operating Income is unusually low due to peculiar circumstances; if average monthly Rent received in the Base Year for a Mobile Home is below the threshold, then it is presumed that the Park Owner or Landlord has met the burden of proof identified in Subsection D.4.b., and a responding Mobile Home Tenant shall have the burden of proof to demonstrate that the average monthly Rent earned in the Base Year (and, therefore, the Net Operating Income) reasonably reflected general market conditions as applied to the Mobile Home Space or Mobile Home and property based on its physical location, condition, and amenities relative to similarly situated properties.
- (2) **Presumptive Threshold Defining Unreasonably Low Base Year Gross Income.** The Park Owner or Landlord, in a Maintenance of Net Operating Income Petition, will be presumed to have rebutted the presumption that the Net Operating Income produced by Mobile Home or Homes during the Base Year provided a fair return on investment for the property if the average monthly Rent received in the Base Year for an individual Mobile

Home in the property was unusually low as defined in this Subsection. For purposes of this Subsection D.4.c., “unusually low” means that the average monthly Rent received for the occupancy and use of the Mobile Home was less than the fair-market rents published by the U.S. Department of Housing and Urban Development for Fiscal Year 2021 for Santa Clara County as replicated in the table below (“HUD Rents”) for the most similar unit type based on the number of bedrooms.

Efficiency \$2,228	1-Bedroom \$2,558	2-Bedroom \$3,051	3-Bedroom \$3,984	4-Bedroom \$4,593
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- (3) Calculating the Average Monthly Rent Received in the Base Year for Mobile Home. To calculate the average monthly Rent received in the Base Year for purposes of this Subsection D.4.c., divide the sum of all Rent received that relates to one Mobile Home subject to the petition by the number of months for which Rent was received for that Mobile Home, regardless of the number of tenants occupying, or the number of tenancies for, that Mobile Home in the Base Year (see example in Subsection 4.c.(8)(a), below).
- (4) Presumptive Recalculation of Base Year Gross Income. If the average monthly Rent received for an individual Mobile Home during the Base Year was less than the HUD Rents (noted in Subsection (2) of this Section D.4.c. above) and that Mobile Home is subject to a Maintenance of Net Operating Income Petition, then the Base Year Gross Income for the property shall presumptively be recalculated for purposes of determining the Base Year Net Operating Income by: (i) subtracting the actual Rent received from such Mobile Home(s) for which the average monthly Rent received was unusually low in the Base Year; and (ii) replacing the actual Rent received for such Mobile Home(s) with the HUD Rent for the most similar unit type and for the same dates of occupancy in the Base Year (see example in Subsection 4.c.(8)(b), below).
- (5). Challenging a Presumptive Recalculation of Base Year Gross Income.
- (a) Burden on Respondents. One (1) or more Respondents/Mobile Home Tenants may challenge, contest, or dispute any presumptive recalculation of the Base Year Gross Income for the purposes of determining the Base Year Net Operating Income applicable to a Park Owner’s or Landlord’s Fair Return. A Respondent/Mobile Home Tenant must demonstrate by a preponderance of the evidence that an amount less than the HUD Rent (such as the actual monthly Rent received) reasonably reflected general market conditions applicable to the Mobile Home(s) based on the physical location, physical

condition, and/or amenities of the Mobile Home or property during all, or a portion, of the Base Year (see example in Subsection 4.c.(8)(c), below).

(b) Factors. The Hearing Officer shall weigh the following factors in determining whether and to what extent a Respondent/Mobile Home Tenant successfully challenged a presumptive recalculation of Base Year Gross Income:

- The Rent for other comparable Mobile Home(s) in the Mobile Home Park or in other comparable Mobile Home Parks;
- The physical condition of the Mobile Home(s), relative to other Mobile Homes in the Mobile Home Park and/or comparable properties, which physical condition may reference the age, state of repair, or functionality of the structure, including walls, flooring, and ceilings, the relative size and number of rooms in the Mobile Home(s) relative to other Mobile Homes on the property or comparable properties, unit appliances and amenities, such as heating, air conditioning, and ventilation, laundry facilities, cooking and food preparation facilities, windows and screens, electrical and plumbing systems, security, the relative location of the Mobile Home(s) on the property, and any other physical aspect of the Mobile Home(s);
- Shared services and amenities available to tenants of the Mobile Homes, such as laundry or recreational facilities and equipment;
- The location of the Mobile Home Park relative to other Mobile Home Parks and/or community assets; and
- Any other relevant information that may impact the Rent received or receivable for one or more Mobile Homes on the property during the Base Year.

(6) Hearing Officer Discretion Limited. A Hearing Officer may conclude any of the following three (3) outcomes applies to one (1) or more of the Mobile Home(s) subject to a Maintenance of Net Operating Income Petition using this Subsection D.4.c. of Chapter 6.

(a) No Presumptive Recalculation. If the average monthly Rent received for a Mobile Home in the Base Year equals or exceeds the HUD Rent for the most similar Mobile Home based solely on number of

bedrooms, then there will be no presumptive recalculation of Base Year Gross Income.

- (b) Presumptive Recalculation Applicable. The presumptive recalculation shall be applied without modification if average monthly Rent for a Mobile Home in the Base Year is less than the HUD Rent for the most similar Mobile Home type based solely on the number of bedrooms, and a preponderance of the evidence supports a conclusion that the HUD Rent more reasonably reflects general market conditions applicable to the Mobile Home and/or property (see example in Subsection 4.c.(8)(b), below).
 - (c) Presumptive Recalculation Reduced. The presumptive recalculation shall be reduced if average monthly Rent for a Mobile Home in the Base Year is less than the HUD Rent for the most similar Mobile Home type based solely on the number of bedrooms, but a preponderance of the evidence supports a conclusion that an amount less than the HUD Rent (such as the actual Rent received) more reasonably reflects general market conditions applicable to the Mobile Home and/or property (see example in Subsection 4.c.(8)(c), below).
- (7) Written Decision. Any Decision for a Maintenance of Net Operating Income Petition that utilizes this Subsection D.4.c. must expressly discuss:
- (a) Optional Vega Adjustment Standard, Step 1. Whether average monthly Rent received for a Mobile Home subject to the Petition was less than the HUD Rent for the most similar Mobile Home based solely on the number of bedrooms; and, if so,
 - (b). Optional Vega Adjustment Standard, Step 2. Whether a preponderance of the evidence supports either using the presumptive recalculation of Base Year Gross Income (as described in Subsection D.4.c.(6)(b) or revising the presumptive recalculation (as described in Subsections D.4.(6)(c) and (d)), to ensure that Base Year Gross Income reasonably reflects the general market conditions applicable to the Mobile Home(s) and property in the Base Year. Any revision to the presumptive recalculation of Base Year Gross Income, as authorized by Subsection D.4.(6), must discuss which factors support modification of the presumptive recalculation of Base Year Gross Income and include appropriate references to specific evidence in the record.

(8) Examples.

- (a) Calculating Base Year Average Monthly Rent. If Unit X is a one-bedroom unit and was occupied from January 2021 through June 2021 for \$2,300 per month, was vacant in July 2021, and was occupied from August 2021 through December 2021 for \$2,410 per month, then the average monthly Rent received in the Base Year for Unit X would be \$25,850 divided by 11 months of occupancy. This equals the average monthly Rent of \$2,350 received in the Base Year.
- (b) Presumptive Recalculation of Base Year Gross Income. Following Example (a), the average monthly Rent received for Unit X in the Base Year was unusually low because \$2,350 is less than \$2,558. Accordingly, for purposes of determining Base Year Net Operating Income for the property, \$25,850 would be subtracted from the Base Year Net Operating Income; then the HUD Rent for the most similar unit type would be multiplied by the dates of occupancy (\$2,558 times 11 months equals \$28,138) and the sum would be presumptively added to the Base Year Net Operating Income for a net increase of \$2,288.
- (c) Challenging Presumptive Recalculation. Following Examples (a) and (b), Respondent/Mobile Home Tenant demonstrates by a preponderance of the evidence that Unit X was in substandard condition before July 2021, and subsequently was significantly rehabilitated by replacing chipped paint, worn flooring, and functionally obsolete appliances with new paint, new flooring, and new appliances in July 2021, and so the \$2,300 monthly Rent received from January through June 2021 for Unit X might reasonably reflect general market conditions as applied to that unit. Therefore, the presumptive recalculation of Base Year Gross Income might only apply to the dates of occupancy after Unit X had been significantly rehabilitated. Therefore, Base Year Gross Income might be recalculated by subtracting actual Rent received from August through December 2021 ($\$2,310 \times 5 = \$11,550$) and replaced with HUD Rents for that time ($\$2,558 \times 5 = \$12,790$) for a net increase in Base Year Gross Income of \$1,240 (by subtracting \$11,550 actually received and then adding \$12,790 HUD Rent valuation to Base Year Gross Income).

5. Estimation of Base Year Operating Expenses in the Absence of Base Year Operating Expense Records.

If records, demonstrating all or a portion of Base Year Operating Expenses for a property are unavailable, a Hearing Officer shall use the best information available to estimate any reasonable Operating Expenses for which reliable records are unavailable. The best information available may include reliable records from the property for another year, data, or rate information, or other sources of cost information may be considered in estimating the level of particular Operating Expenses in the Base Year. A Park Owner or Landlord, Mobile Home Owner or Mobile Home Tenant, the Rental Housing Committee, and/or a Hearing Officer may introduce information to estimate any reasonable Operating Expenses for which reliable records are unavailable, including increases or decreases in Operating Expenses between the Base Year and the Petition Year.

6. Retention of Base Year Records.

Park Owners and Mobile Home Landlords are required to keep all financial records for the Base Year that may be necessary to confirm the Gross Income, or Operating Expenses, or both, for purposes of calculating the Net Operating Income for the property. Failure to retain Base Year records confirming Gross Income, or Operating Expenses, or both, for the Base Year shall not, of itself, rebut the presumption that the Net Operating Income produced by a property during the Base Year provided a fair return on investment for the property. Failure to retain Base Year records may require estimation to calculate Base Year Net Operating Income as defined in Section D.5. of this Chapter 7.

E. Allocation of Upward Adjustment of Rents

1. Presumption. Upward Adjustments of Rents authorized by Hearing Officers and/or the Rental Housing Committee shall be allocated equally among all affected Mobile Home Spaces or affected Mobile Homes in the Mobile Home Park, subject to the condition that, in the interest of justice, a Hearing Officer and/or the Rental Housing Committee may allocate Rent increases in another manner necessary to ensure fairness and further the purposes of the Ordinance.

2. Guidance for Application of Presumption.

a. Relative Unit Size. Generally, allocations of Upward Adjustments of Rents granted pursuant to a Petition should result in total Rents for individual Mobile Home Spaces or Mobile Homes that reflect the relative size and amenities in the Mobile Home Spaces or Mobile Homes as compared to other Mobile Home Spaces or Mobile Homes in the same Mobile Home Park. Specifically, Rent after allocation of any Upward Adjustments of Rents should generally be lower for

smaller Mobile Homes with fewer bedrooms than Rents for larger Mobile Homes with a greater number of bedrooms. However, the condition of the Mobile Homes, including the state of repair, refurbishment, renovation, or rehabilitation may impact the application of this general guidance. Further, Rent after allocation of any Upward Adjustments of Rents should generally be lower for singlewide Spaces or smaller Spaces than for doublewide spaces or for larger Spaces.

- b. Recent Tenancies. Generally, Mobile Home Tenancies commenced within six (6) months of the acceptance of a Maintenance of Net Operating Income Petition or a Capital Improvement Petition, should not be allocated any increase in Rent pursuant to the Petition. Generally, the Rent applicable to a Mobile Home Tenancy commenced within six (6) months of the acceptance of a Petition for Upward Adjustment should be considered the maximum Rent for a Mobile Home in the same Mobile Home Park of similar size and amenities. Specifically, any allocation of Upward Adjustment should not result in a total Rent for a Mobile Home that is greater than the Rent applicable to a Mobile Home Tenancy commenced within six (6) months for a similarly sized unit with similar amenities.

F. Mobile Home Park Owner Petitions for Capital Improvement Pass-Through

1. Applicability. Section 46.7 of the Ordinance provides that Park Owners may file an application to pass through Capital Improvement costs to Mobile Home Owners renting or leasing Mobile Home Spaces that are subject to the Ordinance. This Section F applies only to Park Owners who are seeking to pass through Capital Improvements undertaken to benefit Mobile Home Owners in Mobile Home Spaces subject to the Ordinance, and not to Landlords.
2. Capital Improvement Petition Process Authorized. The procedures set forth in this Section F create an expedited review of Capital Improvement Petitions by which Mobile Home Park Owners may obtain approval for a Capital Improvement Temporary Upward Adjustment. A Park Owner may use the Capital Improvement Petition to obtain an upward adjustment to recover only the costs of Capital Improvements undertaken to benefit Mobile Home Owners in Mobile Home Spaces subject to the Ordinance. This expedited procedure does not preclude a Park Owner from submitting a Maintenance of Net Operating Income Petition and including Capital Improvements within the Maintenance of Net Operating Income Petition. Any Capital Improvement Temporary Upward Adjustment granted pursuant to this Section F will be considered in a determination of a fair return in any subsequent Maintenance of Net Operating Income Petition. Park Owners may request approval of a Capital Improvement Temporary Upward Adjustment prior to installation of the Capital Improvement, provided that any Capital Improvement Temporary Upward Adjustment shall not be effective until the Hearing Officer is provided evidence of

completion of the Capital Improvement and the final costs of such Capital Improvement.

3. Properties Ineligible for Any Capital Improvement Temporary Upward Adjustment. No Capital Improvement Temporary Upward Adjustment will be awarded if the Park Owner has continued to fail to comply with any provisions of the Ordinance or these regulations or has failed to maintain the Mobile Home Park or Park Owner owned Mobile Homes in compliance with Civil Code Sections 1941.1, *et seq.*, and Health and Safety Code Sections 18200, *et seq.* (Mobilehome Parks Act).
4. Petition Filing Required. A Park Owner seeking a Capital Improvement Temporary Upward Adjustment may file a Capital Improvement Petition on a form provided by the Rental Housing Committee, or its designee, which shall include, but not be limited to, the following information and supporting documentation:
 - a. A specific description of the type of Capital Improvement(s) for which an upward adjustment is requested, identifying the applicable amortization period from Appendix A to these Regulations;
 - b. The total cost of the Capital Improvement supported by invoices, receipts, contracts, or similar supporting documentation. If the Park Owner financed the Capital Improvements with a loan and the Park Owner is claiming interest as part of the cost of the Specified Capital Improvements, the Park Owner shall provide evidence of the loan and the interest rate for the loan, such as a signed loan agreement or promissory note. If the Park Owner is requesting approval of a Capital Improvement Temporary Upward Adjustment in advance of installing the Capital Improvements, the Park Owner shall provide a cost estimate for the Capital Improvement from a third party;
 - c. The amortization period to be used;
 - d. The interest rate to be used;
 - e. The number of Mobile Home Spaces in the Mobile Home Park, the rental status of each of the Mobile Home Spaces in the Mobile Home Park, including the date each Mobile Home Owner initially rented or leased the Mobile Home Space and the Mobile Home Owner's initial Rent, and the current Rent charged for each Mobile Home Space in the Mobile Home Park;
 - f. Any applicable permits or approvals required for the installation of the Capital Improvements.

- g. The Mobile Home Owners that will be affected by or benefit from the Capital Improvement and the Mobile Home Space tenancies for which the Park Owner is seeking a Capital Improvement Temporary Upward Adjustment;
 - h. The proposed pro rata, amortized cost of the Capital Improvement for each Mobile Home Space subject to the Petition to be included in the Capital Improvement Temporary Upward Adjustment. Capital Improvement Temporary Upward Adjustments shall only be imposed on Mobile Home Owners leasing Mobile Home Spaces benefitting from the Capital Improvement.
 - i. The commencement and completion dates of the Capital Improvement.
5. Notice of Application. Whether an application is made in advance of performing the work or after the work is completed, the Park Owner shall comply with the notice requirements in Section I of Chapter 5 of the Regulations within ten (10) days after submitting the application for the Capital Improvement Petition to the Rental Housing Committee. In addition, the notice must also satisfy the following requirements:
- a. Include copies of the Park Owner's application and be mailed or personally delivered to all affected Mobile Home Owners, together with a notice of the projected monthly cost to be passed through for each Mobile Home Space;
 - b. State that the complete documentation supporting the application can be reviewed at the Mobile Home Park office during regular business hours; and
 - c. Proof of mailing or personal delivery of the notice to the Mobile Home Owners shall be required before the application will be deemed complete.
6. Petition Process. Upon acceptance of a Capital Improvement Petition, the Rental Housing Committee, or its designee, shall provide a written notice of acceptance to each Mobile Home Owner potentially affected by the Petition. The written notice of acceptance shall inform the Mobile Home Owners that the Mobile Home Owners may, within sixty (60) calendar days of the postmarked date of the notification in Section F.4, request a Hearing before the Hearing Officer on a form provided by the Rental Housing Committee, or its designee, to contest the proposed Capital Improvement Temporary Upward Adjustment, subject to the conditions below. Mobile Home Owners requesting consideration of a Hardship pursuant to Subsection H must do so when requesting a Hearing.
- a. Timely Objection. If objections signed by at least ten percent (10%) of the affected Mobile Home Owners are received within sixty (60) calendar days of the postmarked date of notification in Section F.4, the Rental Housing Committee or its designee shall schedule a hearing on the Capital Improvement Petition in accordance with the procedures outlined in Chapter 6 of these Regulations.

- b. Untimely Objection. If the objections are not signed by at least ten percent (10%) of the affected Mobile Home Owners and/or are not received within sixty (60) calendar days of the postmarked date of the notification in Section F.4, the Hearing Officer shall certify the Capital Improvements in accordance with Section 8 below.
7. Standards for Capital Improvement Upward Adjustments.
 - a. Only Pro Rata Costs May Be Included in Capital Improvement Temporary Upward Adjustment. A Capital Improvement Temporary Upward Adjustment shall only include costs for Capital Improvements to the extent that the Mobile Home Owner benefits from the Capital Improvement. A Hearing Officer will determine the Mobile Home Owner's pro rata share of the costs of a Capital Improvement based on the extent to which the Mobile Home Owner benefits from the Capital Improvement, with reference to the extent of the exclusive or shared nature of the benefits of the Capital Improvement.
 - b. Maximum Annual Amount of Capital Improvement Temporary Upward Adjustment. The maximum annual amount of any Capital Improvement Temporary Upward Adjustment shall be five percent (5%) of the Base Rent for any Mobile Home Space. If the cost of the Specified Capital Improvement exceeds the amount that can be collected with a five percent (5%) Capital Improvement Temporary Upward Adjustment, the Park Owner may elect a longer amortization period for the Capital Improvement.
 - c. Duration of Capital Improvement Temporary Upward Adjustment. Park Owners shall cease to collect any Capital Improvement Temporary Upward Adjustment upon the expiration of the amortization period approved in the Decision.
 - i. In the event that the Mobile Home Owner pays Capital Improvement Temporary Upward Adjustment costs in excess of those permitted or beyond the date of expiration of the amortization period, the Park Owner shall credit the Mobile Home Owner for the balance of the overpayment. The Park Owner may elect to either: (a) pay the Mobile Home Owner the balance of the overpayment directly in one (1) lump sum; or (b) give the Mobile Home Owner a credit against the Rent otherwise due from the Mobile Home Owner over a six (6) month period, with any overpayment balance remaining after six (6) months due in a lump sum at that time.

- d. Calculation of Capital Improvement Temporary Upward Adjustment. Any Capital Improvement Temporary Upward Adjustment for a Mobile Home Space shall be calculated as follows:
- (1) A Park Owner may recover only up to fifty percent (50%) of the Capital Improvement costs from Mobile Home Owners.
 - (2) The amount derived in Subsection (1) above shall be divided by the total number of Mobile Home Spaces benefited from the Capital Improvements.
 - (3) The amount derived in Subsection (2) above shall be divided by the applicable amortization period for the Capital Improvements.
 - (4) The amount derived in Subsection (3) above shall be the amount of the Capital Improvement Temporary Upward Adjustment for each of the Mobile Home Spaces subject to the Petition, provided such amount does not exceed the limit on Specified Capital Improvement Temporary Upward Adjustments set forth in Subsection 5.b. above.

Notwithstanding the above, the Hearing Officer may elect to consider the factors set forth in Section E above and shall consider any Hardship petitions in allocating the Capital Improvement Temporary Upward Adjustment to the Mobile Home Spaces.

8. Hearings. If at least ten percent (10%) of the affected Mobile Home Owners object to the petition and request a hearing, the Rental Housing Committee, or its designee, shall schedule a hearing on the Capital Improvement Petition no later than thirty (30) days after the receipt of a request for a Hearing, and such Hearing shall be conducted in accordance with the procedures set forth in Chapter 6, Section E. After closing the Hearing record, the Hearing Officer shall issue a Decision in accordance with Subsection F.7. below. The Hearing Officer shall issue a Decision within thirty (30) days after the Hearing, or, if no Hearing is requested, within thirty (30) days after expiration of the sixty (60) day notice period in Subsection F.5., in accordance with Subsection F.7. below.
9. Decision. A Hearing Officer shall review each Capital Improvement Petition and provide a written decision describing the following issues:
- a. Whether there are unique features on the Mobile Home Park affecting the cost of the Capital Improvement;
 - b. Whether the Capital Improvement qualifies as a Capital Improvement, including whether the Capital Improvement was necessitated due to the elimination,

reduction, or deferment of maintenance, thereby requiring replacement of the preexisting improvement prior to the expiration of its normal expected life;

- c. Whether the costs of the Capital Improvement are necessary and appropriate to complete the project, or whether costs are excessive given industry standards;
- d. Whether the Capital Improvement benefits the Mobile Home Owner(s);
- e. Whether the interest rate charged is greater than financing reasonably available to the Park Owner in an arm's-length transaction with a private lending institution;
- f. Whether the improvement was not reasonably related to the operation of the Mobile Home Park business;
- g. Whether the proposed amortization of the Capital Improvement and all other aspects of the application comply with the provisions of Section 46.7 of the Ordinance and this Chapter of the Regulations;
 - i. The Hearing Officer may approve a Capital Improvement cost recovery or amortization schedule different from that proposed by the Park Owner if it finds the different cost recovery or amortization schedule is necessary to comply with the Ordinance, provided that the Capital Improvement Temporary Upward Adjustment shall not be greater than that requested by the Park Owner;
- h. The total cost of the Capital Improvement that may be included in the Capital Improvement Temporary Upward Adjustment for benefitting Mobile Home Owners;
- i. The number of Mobile Home Spaces that benefit from the Capital Improvement;
- j. The amount of the Capital Improvement Temporary Upward Adjustment per Mobile Home Space subject to the Petition and amortized over the applicable amortization period set forth in Appendix A that a Park Owner may request from a Mobile Home Owner, including the start date for the upward adjustment and the termination date; and
- k. If the petition is requesting approval of a Capital Improvement Temporary Upward Adjustment for Capital Improvements to be installed, the written decision shall specify the documentation required to be submitted by the Mobile Home Owner to the Hearing Officer upon completion of the Capital Improvement in order for the Capital Improvement Temporary Upward Adjustment to be implemented.

10. Use of Hearing Officer Decision.

- a. Copy to Mobile Home Owner. A Park Owner shall provide a copy of the Decision that authorizes a Capital Improvement Temporary Upward Adjustment to all affected Mobile Home Owners along with any notice provided pursuant to Civil Code 798.30 implementing the upward adjustment.
 - b. Notice Period. Each initial request for payment of an authorized Capital Improvement Temporary Upward Adjustment must provide the Mobile Home Owner with no less than the greater of: (i) sixty (60) days' notice prior to the due date of the first payment of the Capital Improvement Temporary Upward Adjustment; or (ii) the notice period required by Civil Code Section 798.30, and no Capital Improvement Temporary Upward Adjustment shall be effective until at least twelve (12) months have expired since the last rent increase for the Mobile Home Space.
 - c. Capital Improvement Temporary Upward Adjustment Separate from Rent. Any Capital Improvement Temporary Upward Adjustment should appear as a separate line item on the Rent statement along with its date of expiration. Any Capital Improvement Temporary Upward Adjustment authorized pursuant to this Subsection shall not be considered part of Rent when determining any Annual General Adjustment authorized pursuant to Section 46.6 of the Ordinance.
11. Appeals. If at least ten percent (10%) of the Mobile Home Owners did not file an objection to the application for a Capital Improvement Temporary Upward Adjustment, only the Park Owner may appeal the Decision in accordance with Chapter 6, Section H, of these Regulations. If at least ten percent (10%) of the Mobile Home Owners did file an objection to the application of a Capital Improvement Temporary Upward Adjustment, either the Park Owner or the Mobile Home Owners may appeal the decision in accordance with Chapter 6, Section H, of these Regulations.

G. Joint Petition for New and Additional Housing Services

1. Joint Petition Process. The procedures set forth in this Section G create an expedited review of Joint Petitions for New and Additional Housing Services, by which approval for an increase in Rent or a one-time payment between Park Owners or Mobile Home Landlords and Mobile Home Owners or Tenants may occur. The Joint Petition for New

and Additional Housing Services may be used to request an increase in Rent or a one-time payment to recover costs associated with the following:

- a. New or additional Housing Services that are not included in the written Space Rental Agreement or Mobile Home Rental Agreement, including new or additional pets, additional parking, or storage spaces.
 - b. Improvements or modifications to the Mobile Home as requested by the Mobile Home Tenant, such as new flooring, paint, and appliances. The costs of such modifications or improvements shall either be amortized over the useful life of the improvement based on the amortization schedules attached as Appendix A, as applicable, or the Mobile Home Tenant and the Mobile Home Landlord may agree to a one-time payment for the Mobile Home Tenant's share of the cost of the improvement or modification. The Mobile Home Tenant's share for the cost of such modifications or improvements shall not exceed the share of Capital Improvement costs allocated to Mobile Home Owners in Subsection F.7.d.1.
 - c. The addition of an Additional Occupant who is neither an Eligible Family Member (as defined in Section 46.8(2)(b) of the Ordinance) nor a roommate who will replace a departing or former roommate in a Mobile Home. Any upward adjustment will terminate in the event the Additional Occupant vacates the Mobile Home.
2. Maximum Amount of Upward Adjustment or One-Time Payment. The maximum amount of an Upward Adjustment allowed for a Joint Petition shall be limited to five percent (5%) of the Rent for the Mobile Home Space or Mobile Home, and the maximum amount of a one-time payment allowed shall be limited to five percent (5%) of one month's Rent for a Mobile Home Space or Mobile Home.
 3. Properties Ineligible for Any Joint Petition for New or Additional Housing Services. No Upward Adjustment will be awarded if the Park Owner or Landlord has failed to comply with any provisions of the Ordinance or these regulations or has failed to maintain the Mobile Home Park or Mobile Homes in compliance with Civil Code Sections 1941.1, *et seq.*, and Health and Safety Code Sections 18200, *et seq.* (Mobilehome Parks Act).
 4. Petition Filing Required. Mobile Home Owners and Mobile Home Tenants may file petitions jointly with the Park Owner or Mobile Home Landlord requesting certain new or additional Housing Services listed in Subsection 1 of this Section G. Mobile Home Owners or Mobile Home Tenants must initiate the Joint Petition for Upward Adjustment. Mobile Home Owners or Mobile Home Tenants shall be responsible for obtaining the Park Owner's or Mobile Home Landlord's review and signature on the petition. The completed Joint Petition signed by both the Mobile Home Owner or Mobile Home Tenant and the Park Owner or Mobile Home Landlord, along with a copy

of the written Mobile Home Rental Agreement for the Mobile Home or Space Rental Agreement must be submitted to the Rental Housing Committee, or its designee, for its review and approval. Additional documentation may be requested as necessary.

5. Administrative Review and Decision. Upon acceptance of the Joint Petition by the Rental Housing Committee, or its designee, both parties will be provided notice and a Hearing Officer will be assigned to the petition. The Hearing Officer will review the petition and associated documentation. The Hearing Officer will issue a Decision outlining the allowed increase or one-time payment based solely on the Joint Petition and submitted documentation. The Decision has the same effect as other administrative Decisions of the Rental Housing Committee and will establish the Upward Adjustment in Rent or one-time payment. The Hearing Officer shall have the authority to approve or deny such Joint Petitions, provided, however, that the Hearing Officer shall only deny a Joint Petition for New or Additional Housing Services upon making the finding that the Mobile Home Owner or Mobile Home Tenant has not freely consented to the request (e.g., in situations with evidence of duress, misrepresentation, or other acts of misconduct).
6. Implementation of Increase. Any upward adjustment approved as part of a Joint Petition for New or Additional Housing Services shall only be effective after the Mobile Home Owner or Mobile Home Tenant has been provided with no less than the greater of: (i) sixty (60) days' notice prior to the due date of the first payment of the upward adjustment; or (ii) the notice period required by Civil Code Section 798.30, and no upward adjustment pursuant to a Joint Petition shall be effective until at least twelve (12) months has expired since the last rent increase for the Mobile Home Space or Mobile Home. Any upward adjustment authorized pursuant Section G.1.b. to a Joint Petition shall not be considered part of Rent when determining any Annual General Adjustment authorized pursuant to Section 46.6 of the Ordinance.
7. Appeals. The Decision of a Hearing Officer on a Joint Petition shall not be appealable.

H. Owner or Tenant Hardship

1. Purpose. While a Park Owner's or Landlord's Maintenance of Net Operating Income Petition or Capital Improvement Petition is pending, any Mobile Home Owner or Mobile Home Tenant household that may be affected by the Petition may claim that the proposed upward adjustment would create an undue hardship and so request that the Hearing Officer consider a substantiated hardship as one (1) factor when ensuring that a Park Owner or Mobile Home Landlord may earn a fair return.
2. Procedure.
 - a. Prehearing Settlement Conference. Mobile Home Owners and Mobile Home Tenants are encouraged to discuss any potential hardship during a Prehearing

Settlement Conference, as described in Section N of Chapter 5; provided, however, Mobile Home Owners are required to raise the potential hardship in requesting a hearing on a Capital Improvement Petition.

- b. Petition. Each claim of a hardship must be submitted to the Rental Housing Committee, or its designee, with supporting documentation as described in Chapter 8, Subsection C.1.a., and which demonstrate the hardship conditions set forth in Subsection C.2. of the Regulations.
- c. Petition Due Date. Any claim of a hardship must be submitted to the Rental Housing Committee, or its designee, at least ten (10) days prior to the scheduled Hearing date, in accordance with Chapter 6, Subsection C.7.; provided however, Mobile Home Owners must submit a claim of hardship in requesting a hearing on a Capital Improvement Petition. Notwithstanding that Subsection, the hardship Petition and supporting documentation must be sent only to the Rental Housing Committee, or its designee, with a copy of the Petition submitted to the Park Owner or Mobile Home Landlord; the hardship Petition does not need to be sent to other potentially affected Mobile Home Owners or Mobile Home Tenants. A redacted copy of the hardship Petition and supporting documentation will be made available upon request.
- d. Burden of Proof. Any Mobile Home Owner or Mobile Home Tenant household claiming a hardship must demonstrate, by a preponderance of the evidence, the existence of one (1) or more conditions defined as a hardship in Subsection C.2. of Chapter 8.
- e. Park Owner or Mobile Home Landlord Right to Respond. Each Park Owner or Mobile Home Landlord potentially affected by a claimed hardship may contest the validity of the claimed hardship and/or propose a means of potential relief for the Mobile Home Owner or Mobile Home Tenant household during the Hearing.
- f. Valid Hardship is One (1) Factor When Deciding a Petition for Upward Adjustment of Rent. Hearing Officers shall consider a valid hardship as one (1) factor when issuing a Decision regarding a Maintenance of Net Operating Income Petition or Capital Improvement Petition. A valid hardship may be considered when calculating an upward adjustment and/or when allocating an upward adjustment among Rental Mobile Homes in accordance with Section E of this Chapter 7. The Hearing Officer's consideration of a valid hardship shall be included as one component of the written Decision in accordance with Subsection F.2.b. of Chapter 6 or Subsection F.7. of this Chapter 7.

I. Partial Invalidity

If any provision of this Chapter 7 or the application thereof to any person or circumstance, is held invalid, this invalidity shall not affect other provisions or applications of this Chapter 7 or these Regulations that can be given effect without the invalid provision or application, and, to this end, the provisions of this Regulation are declared to be severable. The Regulation shall be liberally construed to achieve the purposes of the Ordinance.



COMMUNITY DEVELOPMENT DEPARTMENT

RENT STABILIZATION PROGRAM

500 Castro Street, P.O. Box 7540

Mountain View, CA 94039-7540

650-903-6136 | mvrent@mountainview.gov

MountainView.gov/rentstabilization

**MOBILE HOME RENT STABILIZATION ORDINANCE
AUTHORIZED EXPENSES AND AMORTIZATION SCHEDULE**

The following Schedule determines the amortization period of the capital improvements for the Maintenance of Net Operating Income (MNOI) Petition and the Capital Improvement Petition. The addition or modification of each item may be eligible in whole, or in part, to be a Capital Improvement. In the event that an addition or modification not listed below is determined to be a Capital Improvement, the Hearing Officer or Rental Housing Committee shall determine the amortization period.

In order to utilize this Schedule for the associated Petition, Capital Improvements must meet the following qualifications and categories as outlined in Chapter 7 of the Mobile Home Rent Stabilization Ordinance (MHRSO) Regulations:

Qualifications (See Chapter 7, Subsection C.3. of the Regulations):

- Primarily benefit the Mobile Home Owner, rather than the Park Owner;
- Has a useful life of at least five (5) years;
- Be permanently fixed in place or relatively immobile; and
- Not be excluded pursuant to Chapter 7, Subsection C.3., of the Regulations.

Additional Qualifications (See Chapter 7, Subsection C.10. of the Regulations):

- Appreciably prolong the useful life of the property.

**AMORTIATION SCHEDULE FOR MNOI
AND CAPITAL IMPROVEMENT PETITIONS**

Item	Years
ADA Compliance	
ADA Driveway Egress	10
ADA Ramps	10
Appliances	
Refrigerator	5

Item	Years
Stove	5
Water Heater	5
Electrical	
Electrical Wiring	10
Submetering	20
Fire Detection and Suppression	
Fire Alarm System	10
Fire Escape	10
Fire Sprinkler/Retardant System	20
Flooring	
Carpet/Carpet Pad	5
Tile/Linoleum	5
Hardwood	10
Subfloor	10
Fencing to Comply with Mountain View City Code	
Chain Link	10
Wrought Iron	10
Wood	10
Fumigation	
Tenting	5
Heating/Cooling	
Air Conditioning	10
Central	10
Gas	10
Electric	10
Solar	10
Insulation	10
Lighting	
Exterior	5
Interior	10
Paving	
Asphalt	10
Cement	10
Reslurry	4
Resurfacing	8
Plumbing	
Shower Doors	5
Fixtures	10
Pipe Replacement	10
Submetering	10
Roofing	

Item	Years
Built-Up, Tar, and Gravel	10
Gutters/Downspouts	10
Shingle/Asphalt	10
Tile	10
Roof Replacement	20
Security Systems	
Alarms	10
Entry Telephone Intercom	10
Fencing	10
Gates and Doors	10
Structural Repair and Retrofitting	
Foundation Repair	10
Shear Wall Installation	10
Foundation Replacement	20
Foundation Bolting	20
Masonry-Chimney Repair	20
Soft-Story Retrofit	20
Wall Repair/Replacement and Maintenance	
Interior Paint	5
Exterior Paint	5
Dry Wall	10
Plaster	10
Siding	10
Windows	
Window Replacement	5
Awnings	5
Drapes	5
Screens	5
Shades	5
Other	
Drought-Tolerant Landscaping	5
Sprinklers	10
Locks	10
Sidewalks/Walkways	10
Stairs	10
Swimming pools	25
Sauna	25
Tennis Courts	25