



October 28, 2015

To: All Orange County Manufactured Housing Educational Trust, October 28th Seminar Participants

Re: Orange County Rent Controlled Mobilehome Park Triples Automatic Rent Increase

The owner of El Nido Mobilehome Park in San Juan Capistrano, Orange County, just this Monday won a decision from the city providing for a \$37.00 per space across the board rent increase. The park owner, did this without going to court, and against a committed and activist "tea party" council, members of which had vowed to prevent any increase whatsoever!

El Nido built a stunning record of entitlement to an increase in rents after the tenants the park had petitioned the city to deny the increase. OC MHET was not involved in the matter.

Allied Industry assorted WMA Regional Representative Julie Paule rode to the rescue in the 11th hour (Sunday) with a letter to the City throwing WMA's support behind El Nido and the Industry, despite the park, is not currently a WMA member.

The "automatic" CPI annual adjustment under San Juan ordinance would have yielded about a third of the \$37.00 increase, and the difference, when added to net operating income and capitalized at in this frothy environment may well be a "6 to 5 cap", resulted in a "value add" of over \$1,000,000.00 to the park.

The park had originally sought to adjust its rents by more than \$600.00, a number that attracted significant media attention. In the end, at an all morning hearing before the city council this past Monday (with swat jacket clad deputy sheriffs guarding the park owner and his lawyers from a room so full of tenants that the fire marshal evicted 40 or so of them from the chamber), the council bowed to the staff reports recommendation that the park owner had demonstrated an entitlement to a minimum of \$37.00. After a closed session to discuss "potential litigation" that the council held at the outset of the hearing, the council convened the public session of the hearing that resulted in the increase award.

Qualitative benefits for El Nido of the outcome of the rent control proceedings are, to some extent, confidential at this point, but, suffice to say, both the park owner and the residents apparently were pleased with the result a half dozen or so of them applauded the council decision granting \$37.00.

San Juan Capistrano is the ONLY City in Orange County that has rent control for Mobilehome parks (kudos to Vickie and OC MHET!)...kudos to El Nido too, that joined Orange County MHET just this past week, and looks forward to its support in future issues concerning San Juan Capistrano Mobilehome Park Owners.

For more details, please give me a call

Best Regards,

Rob