



# County of Santa Cruz

## OFFICE OF THE COUNTY COUNSEL

701 OCEAN STREET, SUITE 505, SANTA CRUZ, CA 950604068  
(831) 4543040 FAX: (831) 454-2115

### Assistants

DWIGHT L. HERR, COUNTY COUNSEL  
CHIEF ASSISTANTS  
Deborah Steen  
Samuel Torres, Jr.

|                         |                |
|-------------------------|----------------|
| Harry A. Oberhelman III | Pamela Fyfe    |
| Marie Costa             | Ellen Aldridge |
| Jane M. Scott           | Kim Baskett    |
| Rahn Garcia             | Lee Gulliver   |
| Tamyra Rice             | Dana McRae     |

September 21, 1999

August 31, 1999

Board of Supervisors  
County of Santa Cruz  
701 Ocean Street, Room 500  
Santa Cruz, California 95060

### **RE: Reasonable Rate of Return Recommendation**

Dear Members of the Board:

This is to submit to your Board the Mobilehome Commission's recommendation concerning the reasonable rate of return on capital improvements.

Subsection 13.32.030(d)(4) of the Mobilehome Rent Adjustment Ordinance provides that the annual automatic general rent adjustment for a mobilehome park may, subject to specified exceptions, include a pass-through of 50 percent of the costs of a capital improvement, amortized over a ten-year period, together with an allowance of a rate of return, at a percentage established annually, on the balance of the cost. The Ordinance further provides that any park owner contending that the general rent adjustments do not provide a fair and reasonable return on investment may file a petition for a special rent adjustment.

Pursuant to Subsection 13.32.092 of the Ordinance, the rate of return is set by your Board acting upon an annual recommendation from the Mobilehome Commission. Since 1980, the rate of return has been established at 12 percent.

After public hearing at its meeting of August 26, the Mobilehome Commission voted unanimously to recommend that the reasonable rate of return remain at the existing

rate of twelve percent (12%). The Commission did so after noting that the County recently defended a federal lawsuit, brought on behalf of the owners of Alimur Mobilehome Park, which challenged the adequacy of the current rate of return.

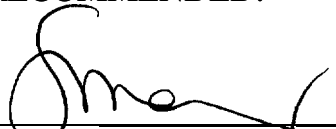
IT IS THEREFORE RECOMMENDED that your Board accept and adopt the recommendation of the Mobilehome Commission that the reasonable rate of return for qualified mobilehome park capital improvements remain at twelve percent (12%).

Very truly yours,

DWIGHT L. HERR, COUNTY COUNSEL

By   
TAMYRA RICE  
Assistant County Counsel

RECOMMENDED:

  
SUSAN A. MAURELLO  
County Administrative Officer

cc: Mobilehome Commission