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County of Santa Cruz

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September 11, 2000

Agenda: September 19, 2000

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 other 50 percent of the costs of a capital improvement is passed through to residents pursuant to Subsection 13.32.030(d)(5)(G) of the Mobilehome Rent Adjustment Ordinance. 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 24, the Mobilehome Commission voted unanimously to recommend that the reasonable rate of return remain at the existing rate of twelve percent (12%).

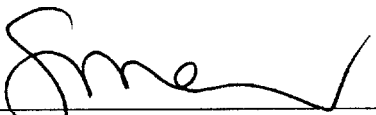
IT IS THEREFORE RECOMMENDED that your Board accept and adopt the recommendation of the Mobilehome Commission that the reasonable rate of return for qualified mobilehome park capital improvements remain at twelve percent (12%).

Very truly yours,

SAMUEL TORRES, JR., COUNTY COUNSEL

BY 
TAMYRA RICE
Assistant County Counsel

RECOMMENDED:


SUSAN A. MAURIELLO
County Administrative Officer

cc: Mobilehome Commission