

FACTS, OPINIONS & QUESTIONS

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This is my attempt to present the problem clearly and to raise some questions, and to give my opinion on a couple of topics

MILLENNIUM has a GROUND LEASE with the WALKER FAMILY TRUST for the land occupied by Palomar Estates East park, (PEE) dating from 2002 to 2037.

As the **Lessee**, Millennium is the OPERATOR of the PEE Park.

Millennium has entered into a REGULATORY AGREEMENT with the residents of PEE dated from 2003 to 2037 which provides for one rent increase in space rents each year calculated on 3/4 of the CPI of the current year.

Since PEE rents are under this **long term lease, the Mobilehome Residency Law (MRL)** (Section 798.17) stipulates that such Mobile Home Parks (or spaces) are EXEMPT from any rental ordinance adopted by any local government entity (San Marcos).

The Walker Family Trust is seeking to change the appraised value of the land to be able to assess an increase in the Ground Lease/rent paid by Millennium. Unless and until there is a rezoning of the property for any different utilization, such reappraisal is unlikely. The City has made it plain that no change in the zoning will be considered.

However, if through an updated /current appraisal based upon the **current usage** could result in an increased appraisal triggering the demand of an increase in the Ground Lease rent **payable by Millennium.**

Regardless of any such increase in the Ground Lease rent to be paid by Millennium, there does not appear to be any authority for Millennium to pass this increase on to the Residents of PEE. It is Millennium's problem, NOT **the Residents problem.** Millennium would be in violation of the Regulatory Agreement which sets the increases for each year.

The Residents of PEE could flat out refuse to allow any increase beyond that set forth in the Regulatory Agreement. This might require retaining the services of an attorney to block any such attempt.

Some residents may well seek to affect a compromise with Millennium and agree to a rent increase. Before entertaining such a negotiation with Millennium, PEER should instruct or strongly suggest that Millennium and The Walker Family engage in negotiations which would be agreeable to both **without passing any increase on to the Residents.** For example, fazing the Ground Lease rent increase in over a five or ten year period, to ease the burden on Millennium.

If the situation does not go away, picketing and protesting to gain the support of citizens of San Marcos may be necessary to affect a satisfactory solution.