TOWN OF JAY
MOBILE HOME PARK LOT RENT STABILIZATION ORDINANCE

ARTICLE I. GENERAL PROVISIONS

A. Title and Authority. The Town of Jay Mobile Home Park Lot Rent Stabilization Ordinance, duly enacted by the legislative body of the Town of Jay, Maine (the "Town"), is referred to herein as the "Ordinance." This Ordinance is enacted pursuant to Article VIII, Part Second, of the Maine Constitution; 30 A M.R.S.A. § 3001; PL 1995, c. 194, § 2; and any other enabling statutes. This Ordinance is intended to supplement, not diminish, rights and obligations provided under 10 M.R.S. § 9093-B.

B. Purpose. The purpose of this Ordinance is to protect the health, safety, and welfare of residents of the Town living in mobile home parks by preventing unreasonable lot rent and fee increases. Mobile homes represent a crucial source of unsubsidized affordable housing within the Town. However, because residents typically own their homes but not the land underneath them, they face unique vulnerabilities to excessive rent and fee increases. While mobile home park owners should expect to receive a fair return on their investment, residents of those parks should expect to be protected from excessive cost increases because they may be put at risk of homelessness or severe housing insecurity.

C. Applicability. This Ordinance applies to every Mobile Home Park located within the Town, except any Mobile Home Park owned by a cooperative or other entity in which membership and decisions to increase Rent are restricted to all Mobile Home Park occupants.

D. Effective Date: This Ordinance takes effect upon its adoption by the voters of the Town.

E. Date of Applicability; Retroactive Application. This Ordinance is expressly intended to and shall have retroactive effect. Notwithstanding 1 M.R.S.A. § 302 or any other law to the contrary, and regardless of the Effective Date, this Ordinance shall govern and apply to all pending proceedings, including without limitation any increase in Rent that is demanded or paid at any time on or after December 8, 2025 (the "Date of Applicability"). A Park Owner may not increase the Rent charged for a Mobile Home Park Lot after the Date of Applicability and prior to the Effective Date of this Ordinance. Any Rent increase charged after the Effective Date must comply with the provisions of this Ordinance.

ARTICLE II. DEFINITIONS

A. Base Rent: The Rent charged for a Mobile Home Park Lot within a Mobile Home Park on the Effective Date of this Ordinance (the "Base Rent Date"). In the event a Mobile Home Park Lot is vacant on the Base Rent Date or a Mobile Home Park Lot is created after the Base Rent Date, the Base Rent for that Mobile Home Park Lot shall mean the first Rent charged upon occupancy, provided that such Rent shall not exceed the highest Rent then charged in the Mobile Home Park.

B. Base Rent Year: The calendar year immediately preceding the Effective Date of this Ordinance, unless otherwise provided in Appendix A. For a Mobile Home Park that was not in operation during the Base Rent Year, the Board shall establish an appropriate base year in accordance with Appendix A.

C. Consumer Price Index (CPI): The calendar year annual average Consumer Price Index (CPI-U) for the Northeast Region, or its successor index, as published by the U.S. Bureau of Labor Statistics.

D. Fair Return on Investment (Fair ROI): The annual revenue reasonably necessary to permit a reasonably prudent Park Owner to recover reasonable and necessary operating expenses, make reasonable provision for necessary capital expenditures and reserves, and earn a just and reasonable rate of return on capital prudently invested in the Mobile Home Park, as determined using the MNOI methodology.

E. Maintenance of Net Operating Income (MNOI): The methodology established in Appendix A for determining whether a Rent increase in excess of the allowable annual increase is reasonably necessary to maintain the Mobile Home Park's normalized Base Rent Year Net Operating Income, adjusted for changes in the Consumer Price Index.

F. Mobile Home: "Mobile Home" has the same meaning as "newer mobile home" in 30-A M.R.S.A. § 4358(1)(A)(1), as may be amended from time to time.

G. Mobile Home Park: Any parcel of land under unified ownership or control which contains, or is designed, laid out, or adapted to accommodate, three or more mobile homes.

H. Mobile Home Park Lot: The area of land on which an individual Mobile Home is situated within a Mobile Home Park and which is reserved for use by the occupants of that Mobile Home.

I. Net Operating Income: The gross income attributable to the operation of a Mobile Home Park, including Rent and other revenue generated by the Mobile Home Park, less reasonable and necessary operating expenses incurred in the ordinary operation and maintenance of the Mobile Home Park. For purposes of this Ordinance, NOI shall not include principal or interest payments on acquisition or other financing debt, depreciation, income taxes, distributions to owners or investors, or other expenses attributable solely to the Park Owner's financing, ownership, or investment structure. NOI shall be calculated in accordance with Appendix A and may be normalized by the Planning Board to exclude extraordinary, nonrecurring, unusual, or otherwise nonrepresentative revenues or expenses.

J. Park Owner: A person, corporation or other entity that owns a Mobile Home Park.

K. Rent: All consideration, including any rent, charge, fee, deposit, bonus, benefit, or gratuity demanded of, or paid by, an occupant of a Mobile Home for the use of a Mobile Home Park Lot. Such consideration includes, but is not limited to: (i) monies and fair value of goods and services rendered to or for the benefit of the Park Owner under a rental or similar agreement, or in exchange for a Mobile Home Park Lot; and (ii) housing services of any kind, including any reduction in housing services without a corresponding reduction in the amount demanded or paid for in Rent.

ARTICLE III. NOTICE TO TOWN OF RENT CHARGED

On January 1, 2027, and on each anniversary thereafter, a Park Owner must give written notice and proof to the Town's Code Enforcement Officer of the Base Rent and the Rent charged for each Mobile Home Park Lot within a Mobile Home Park. Proof may be made by presentation of a duly executed rental agreement, rent payment receipt, or other evidence acceptable to the Code Enforcement Officer.

ARTICLE IV. RENT INCREASE LIMITATIONS

A. Limitation on number of Rent increases: A Park Owner may not increase the Rent more than one time in calendar year.

B. Notice of Rent increase: A Park Owner shall provide written notice of any increase in Rent to all Mobile Home occupants in accordance with 10 M.R.S. § 9093-B, including the applicable notice period, notice contents, and mediation requirements. Nothing in this Ordinance shall be construed to diminish or supersede any right or protection provided to a Mobile Home Owner under 10 M.R.S. § 9093-B.

C. **Allowable Rent Increase:** Except as provided in subsection D, a Park Owner may not increase the Rent charged for a Mobile Home Park Lot by more than the annual average percentage change in the Consumer Price Index for the preceding Base Rent Year. The Code Enforcement Officer shall calculate and publish the allowable annual Rent increase each year no later than March 1. For purposes of this Ordinance, the allowable Rent increase established in this subsection shall be presumed sufficient to permit a reasonably prudent Park Owner to maintain a Fair ROI under ordinary operating conditions.

D. **Exceptions to Allowable Rent Increase:**

1. **Greater Rent Increase:** In the event of extraordinary or unique circumstances, including but not limited to major capital improvements or uninsured repairs to a Mobile Home Park or provision of major new housing services to the occupants thereof, a Park Owner may petition the Planning Board, in accordance with Article V, for a Rent increase in excess of the allowable Rent increase. Any such Rent increase shall be no more than is necessary to ensure a Fair ROI and in no event shall exceed 10%. A Park Owner seeking a greater Rent increase bears the burden of demonstrating, pursuant to Article V and Appendix A, that extraordinary or unique circumstances make the allowable Rent increase insufficient to provide a Fair ROI. If such petition is granted by the Planning Board, the increased Rent amount shall be considered the new Base Rent for any affected Mobile Home Park Lots. The increased Rent amount shall not be assessed until notice the Rent increase is provided in accordance with Article IV.B. The Planning Board shall not approve a petition if the Park Owner is in violation of a Town ordinance or state law that materially affects the health, safety, habitability, or lawful operation of a Mobile Home Park, or if the Park Owner has failed to maintain the Mobile Home Park in a safe and sanitary condition, as determined by the Code Enforcement Officer.

   (a) **Good-Faith Engagement With Occupants.** A Park Owner seeking a Rent increase pursuant to Section IV.D.1 shall engage in good faith with affected occupants before and during the petition process. The Park Owner shall provide occupants with the notice and information required by this Ordinance and shall reasonably consider questions, concerns, and relevant information presented by occupants concerning the proposed Rent increase. A Park Owner shall not discourage, interfere with, threaten, or retaliate against an occupant for communicating with the Park Owner, the Town, or other occupants concerning a proposed Rent increase or for exercising any right provided by this Ordinance. The purpose of the good-faith requirement is to ensure meaningful communication and consideration of relevant information and does not require the Park Owner to agree to any particular Rent amount or proposal.

2. **Vacancy Base Rent:** A Park Owner may increase the Rent by up to 5% whenever a lawful vacancy of a Mobile Home Park Lot occurs without prior approval of the Planning Board, and this amount shall be considered the new Base Rent for that Mobile Home Park Lot.

E. **Anti-Abuse Provisions.** The provisions of this Ordinance shall be construed and administered to prevent circumvention of the Rent limitations established herein. A Park Owner shall not directly or indirectly take any action, impose any charge, reduce any service, alter any lease term, or otherwise restructure the tenancy for the purpose or effect of obtaining Rent or other consideration in excess of the amount permitted under this Ordinance. A Park Owner shall not establish, increase, or otherwise alter Rent or other charges for the purpose of discriminating against, retaliating against, coercing, or penalizing an occupant because the occupant has exercised any right under this Ordinance, participated in a proceeding before the Town, provided information to the Town, opposed a proposed Rent increase, or otherwise engaged in lawful activity concerning the regulation of Rent. Except as otherwise authorized by this Ordinance, a Park Owner shall not impose materially different Rent or other charges upon similarly situated occupants solely for the purpose of avoiding the Rent limitations established herein. Nothing in this Section shall prohibit legitimate differences in Rent or charges that are based upon documented differences in lot size, location, services provided, amenities, utility arrangements, tenancy terms, or other legitimate and nondiscriminatory factors.

F. Prohibited Circumvention. The Planning Board and Code Enforcement Officer may consider the substance and economic effect of a transaction or change in tenancy, rather than merely its form or stated purpose, in determining compliance with this Ordinance. Any arrangement that has the purpose or effect of circumventing the Rent limitations of this Ordinance may be treated as Rent or as an unlawful increase in Rent, as appropriate. The following circumstances may constitute evidence of an unlawful circumvention: the imposition of a new or increased charge substantially contemporaneous with a Rent limitation; the conversion of an amount previously included in Rent into a separate fee without a corresponding reduction in Rent; the reduction of a service followed by the imposition of a new charge for substantially the same service; or the imposition of materially different charges upon similarly situated occupants without a legitimate and nondiscriminatory basis.

ARTICLE V. PETITION PROCEDURE

A. Petition and Notice. A Park Owner seeking a Rent increase pursuant to Article IV.C.1 must submit a written petition to the Planning Board, signed and dated by the Park Owner or authorized representative, and accompanied by the fees set forth in Article V.B and evidence demonstrating: (1) the extraordinary or unique circumstances warranting a Rent increase in excess of the allowable Rent increase; (2) what Rent increase amount is necessary to ensure a Fair ROI; and (3) that the expense incurred by the Park Owner is extraordinary, necessary, reasonable, and not due to deferred maintenance. The petition must be submitted to the Planning Board, and notice of the filing of the petition must be sent to the occupants of the Mobile Home Park, at least two weeks prior to any regularly scheduled meeting of the Planning Board.

B. Fees.

1. **Petition Fee**. Any petition for a Rent increase shall be accompanied by a fee in the amount of $250.

2. **Special Fee.** If the Planning Board determines that it does not have the expertise to evaluate whether a petition is in compliance with the Ordinance, the Planning Board may assess a special fee, to be held in escrow by the Town, to retain one or more third parties to conduct professional reviews of the petition. The special fee may not exceed the actual costs associated with processing, reviewing, and administering the petition. The Planning Board must notify the petitioner in writing of the estimated special fee, which the petitioner must pay to the Town within 14 days of receipt of notice. If the estimated special fee is depleted prior to completion of the Planning Board's review of the petition, the Planning Board may provide the petitioner with a revised estimate of the special fee from time to time, and the petitioner must pay to the Town the revised estimate, less any prior estimate already paid, within 14 days of receipt of notice. After the Planning Board issues its decision on the petition, the Town must provide the petitioner with an accounting of the actual costs of processing the petition and must return any unspent portion of the special fee to the petitioner within 60 days.

C. Completeness Review. Prior to starting its review, the Planning Board must determine that the petition is complete for review by finding that (i) the petition is accompanied by a fee as provided in Article V.B; (ii) notice has been given as required by Article V.A; and (iii) the petition contains sufficient documentation as may be required by the Planning Board to determine conformance with the applicable provisions of this Ordinance. If the petition is found incomplete, the Planning Board must notify and direct the petitioner to submit any omitted or incomplete information within a specified period of time. If the omitted or incomplete information has not been submitted by then, the Planning Board may return the petition as incomplete and conclude its review.

D. Public Hearing. The Planning Board must hold a public hearing on any petition. The Town must publish the date, time, and place of the hearing in a newspaper of area-wide circulation, and the petitioner must give notice of the hearing to the occupants of the Mobile Home Park, at least 12 days prior to the hearing. The petitioner must attend the hearing.

E. Evaluation. Before granting a petition, the Planning Board must determine that: (1) extraordinary or unique circumstances exist warranting a Rent increase in excess of the allowable Rent increase; (2) the expense incurred by the Park Owner is extraordinary, necessary, reasonable, and not due to deferred maintenance; and (3) the petitioner's proposed Rent increase amount is no more than necessary to ensure a Fair ROI, in accordance with the methodology set forth in Appendix A.

1. **Burden of Proof; Supplemental Information**. The petitioner has the burden of demonstrating, by competent and substantial evidence, the amount of additional Rent reasonably necessary to achieve the MNOI Target established pursuant to Article IV.C and Appendix A. The Board shall approve no greater Rent increase than is reasonably necessary based upon the evidence presented. At any time during its review, the Planning Board may request additional information from the petitioner.

F. Written Decision. The Planning Board shall issue a written decision granting, denying, or modifying the petitioned-for Rent increase. The decision shall include findings identifying the principal evidence relied upon by the Board and the methodology used to determine the amount of any Rent increase authorized.

G. Reconsideration. A Park Owner or occupant of a Mobile Home Park may request reconsideration of a Planning Board decision within 10 days after the Board's decision. The Board may, in its discretion, grant reconsideration and may take additional evidence or conduct an additional public hearing. Any action on reconsideration shall occur within 45 days after the original decision. A decision following reconsideration shall constitute the final decision of the Planning Board for purposes of judicial review.

H. Appeal. Any aggrieved party may appeal a decision of the Planning Board under this Ordinance to the Maine Superior Court in accordance with Rule 80B of the Maine Rules of Civil Procedure, except that an appeal of a reconsidered decision must be made within 15 days after the decision on reconsideration.

ARTICLE VI. ENFORCEMENT

A. Enforcement Authority. The Code Enforcement Officer is responsible for enforcing the provisions of this Ordinance and the terms and conditions of any approval issued under this Ordinance.

B. Notice of Violation. If, after investigation, the Code Enforcement officer finds that a provision of this Ordinance has been violated, the Code Enforcement Officer must give written notice of the violation, in person or by certified mail return receipt requested, to the Park Owner, indicating the nature of the violation and ordering any action necessary to correct it within a designated reasonable time.

C. Legal Prosecution of Violation. If, after notice and demand, a violation has not been timely abated, the Code Enforcement Officer shall refer the matter to the municipal officers of the Town, who may institute in the name of the Town any and all actions and proceedings, in law or in equity, including seeking injunctions of violations and the imposition of fines, that the municipal officers determine are appropriate or necessary to prevent, correct, restrain, or abate any violation of this Ordinance. The municipal officers are authorized to enter into administrative consent agreements for the purpose of resolving violations of this Ordinance and recovering fines without legal prosecution.

D. Fines and Penalties. Any person who violates any provision of this Ordinance shall be subject to a fine of not less than $100 per day. A fine may be imposed for each violation. Each instance of an unlawful Rent increase on each Mobile Home Park Lot constitutes a separate offense. Each day that a violation continues constitutes a separate offense.

ARTICLE VII. AMENDMENT

This Ordinance may be amended by the legislative body of the Town in accordance with applicable law, except that the Planning Board may, after a public hearing, amend or repeal Appendix A and may adopt, amend, and repeal other reasonable regulations governing petitions for greater Rent increases, which regulations shall control and be automatically incorporated into this Ordinance. Any codification of such regulations into this Ordinance shall not be deemed an act of the legislative body of the Town to amend, repeal, or replace such guidelines.

APPENDIX A:
RENT INCREASE PETITION EVALUATION GUIDELINES

A. PURPOSE

This Appendix A establishes uniform guidelines for the evaluation of petitions for Rent increases submitted to the Planning Board. These guidelines are intended to (i) ensure consistent, transparent, and evidence-based decision-making; (ii) protect occupants from unreasonable Rent increases; and (iii) ensure that Park Owners have the opportunity to obtain a Fair ROI. The purpose of the Fair ROI determination is to permit a reasonably prudent Park Owner to recover reasonable and necessary operating expenses, maintain the Mobile Home Park in a safe and sanitary condition, make reasonable provision for necessary capital expenditures and reserves, and earn a reasonable return on capital prudently invested in the Mobile Home Park, while preventing Rent increases greater than reasonably necessary to accomplish those purposes. The Fair ROI determination shall be based upon the evidence presented in the proceeding and shall not be based solely upon a fixed percentage of the assessed or appraised value of the Mobile Home Park.

B. REQUIRED FINANCIAL SUBMISSIONS

A Park Owner filing a petition must submit the following information in support of the petition:

1. **Historical and Projected Financial Performance.** The Park Owner filing a petition must submit at least three years of historical financial information when reasonably available, including gross income, Rent by Mobile Home Park Lot, other revenue, detailed operating expenses, occupancy, Net Operating Income, descriptions and amortization schedules of operating improvements, and outstanding debt obligations and interest expenses.

   The Park Owner shall also provide reasonable projections of revenues, occupancy, operating expenses, and Net Operating Income for the period for which the requested Rent increase would apply.

   The Planning Board may consider historical and projected financial information to (i) determine whether the Base Rent year was representative of the ordinary operation of the Mobile Home Park; (ii) identify and normalize extraordinary, nonrecurring, or unusual revenues and expenses; (iii) determine a reasonable stabilized occupancy level; (iv) account for material changes in taxes, insurance, utilities, maintenance, services, amenities, occupancy, or other operating conditions; (v) evaluate the reasonableness of projected revenues and expenses; and (vi) determine whether an additional Rent increase is reasonably necessary to achieve the MNOI Target, as further described in this Appendix. The Board shall not rely solely upon a single year of financial results when the information necessary to evaluate the ordinary operating performance of the Mobile Home Park is reasonably available.

2. **Ownership and Related-Entity Information.** A Park Owner shall disclose the legal entity that owns the Mobile Home Park and the identity of any parent entity, subsidiary, affiliated entity, investment fund, management company, or other related entity that receives revenue from, incurs expenses on behalf of, provides services to, or otherwise has a financial interest in the Mobile Home Park. The Planning Board may require documentation reasonably necessary to determine whether revenues and expenses reported for the Mobile Home Park accurately reflect the ordinary operation of the Mobile Home Park. The Board may disregard or adjust allocations, charges, management fees, or other transactions between related entities to the extent necessary to determine the Mobile Home Park's reasonable operating income.

3. **Certification.** All submitted information shall be certified as accurate and complete by the Park Owner.

C. MAINTENANCE OF NET OPERATING INCOME (MNOI) METHODOLOGY

The Board shall determine whether the requested increase is necessary to provide a fair rate of return on investment. The Maintenance of Net Operating Income (MNOI) methodology set forth herein is the exclusive method for determining whether a Park Owner is entitled to a Rent increase above the annual allowable increase.

1. **General.** The Planning Board shall determine whether a Rent increase in excess of the allowable Rent increase is necessary to maintain the Mobile Home Park's Net Operating Income ("NOI") at the level reasonably achieved during the Base Rent Year, adjusted by the cumulative percentage increase in the Consumer Price Index between the Base Rent Year and the year for which the Rent increase is requested. This is known as the "Maintenance of Net Operating Income" (MNOI).

   The purpose of this methodology is to permit a Park Owner to maintain the Mobile Home Park's historical operating income, while preventing Rent increases that would produce an increase in NOI beyond the amount reasonably necessary to account for inflation, extraordinary circumstances, or material changes in the operation of the Mobile Home Park.

   A Park Owner shall not be entitled to a Rent increase merely because the Park Owner has acquired the Mobile Home Park at a particular price, incurred particular financing costs, made a particular investment, or seeks to achieve a particular return on investment.

2. **Calculation of Base Rent Year NOI.** The Planning Board shall determine the Mobile Home Park's NOI for the Base Rent Year by subtracting allowable operating expenses, as described in subsection 4, from gross income attributable to the Mobile Home Park. The Board shall use the actual financial results for the Base Rent Year as the starting point but may normalize revenues and expenses to eliminate the effects of extraordinary, nonrecurring, unusual, or otherwise nonrepresentative circumstances. The Board may consider financial information from the two calendar years preceding the Base Rent Year, when reasonably available, to determine whether the Base Rent Year was representative of the ordinary operation of the Mobile Home Park.

3. **Base Rent Year Normalization.** The Base Rent Year shall be the calendar year immediately preceding the Effective Date of this Ordinance, provided that, if the Park Owner or an affected Mobile Home Park occupant demonstrates that the Base Rent Year was affected by circumstances that materially distorted the financial results of the Base Rent Year (including exceptional expenses; unusually low or high occupancy; extraordinary nonrecurring repairs or capital expenditures; unusual vacancies; temporary changes in utility, insurance, tax, maintenance, or other operating costs; changes in the number of Mobile Home Park Lots; or changes in services, amenities, or utilities provided to occupants), the Planning Board may adjust the Base Rent Year income or expenses to establish a normalized Base Rent Year NOI. The Board shall make adjustments only to the extent reasonably necessary to establish the NOI that the Mobile Home Park reasonably would have achieved under ordinary operating conditions.

4. **Allowable Operating Expenses.** For purposes of calculating NOI, the Board may allow reasonable and necessary expenses incurred in the ordinary operation and maintenance of the Mobile Home Park, including:

   (a) property taxes and assessments;

   (b) utilities paid by the Park Owner;

   (c) insurance;

   (d) ordinary maintenance and repairs;

(e) reasonable management and administrative expenses;

(f) payroll and employee-related expenses;

(g) regulatory fees and permits;

(h) professional services reasonably necessary for operation of the Mobile Home Park; and

(i) other reasonable and necessary expenses directly attributable to the operation of the Mobile Home Park.

An expense shall not be included to the extent that it is unreasonable, unnecessary, duplicative, unrelated to the Mobile Home Park, attributable to another property or business, attributable to the Park Owner's personal expenses, incurred as a result of the Park Owner's violation of law or failure to perform ordinary maintenance, or otherwise not reasonably related to the operation of the Mobile Home Park.

5. **Excluded Expenses.** For purposes of calculating NOI, the Board shall exclude:

(a) principal payments on debt;

(b) interest or other financing costs;

(c) depreciation;

(d) income taxes;

(e) distributions to owners, investors, members, or partners;

(f) costs associated solely with the acquisition or sale of the Mobile Home Park;

(g) costs attributable solely to the Park Owner's ownership or investment structure;

(h) extraordinary, nonrecurring, or unusual expenses;

(i) penalties, fees or interest assessed or awarded for violation of any provision of this Ordinance or of any other provision of law;

(j) political contributions and payments to organizations or individuals which are substantially devoted to legislative lobbying purposes;

(k) expenses for which the Park Owner has been reimbursed by any utility rebate or discount;

(l) expenses associated with the filing of a greater Rent increase petition under this Ordinance; or

(m) any other expense that, in the Board's judgment, does not constitute a reasonable and necessary operating expense of the Mobile Home Park.

6. **Capital Expenditures and Reserves.** The Board may recognize a reasonable allowance for necessary capital expenditures and reserves to the extent necessary to maintain the Mobile Home Park and its infrastructure in safe and serviceable condition. A capital expenditure or reserve allowance shall be permitted only to the extent that the Park Owner demonstrates that it is reasonably necessary and has not previously been recovered through Rent or another charge. The Board shall not allow the same expenditure to be recovered more than once through operating

expenses, capital expenditures, reserves, or Rent. The Board may recognize an extraordinary capital expenditure through a temporary Rent surcharge rather than permanently increasing Base Rent when a temporary surcharge is reasonably sufficient to recover the expenditure.

7. **Changes in Number of Lots or Services.** If the number of Mobile Home Park Lots, the configuration of the Mobile Home Park, or the services or amenities provided to occupants has materially changed since the Base Rent Year, the Board shall make reasonable adjustments to the Base Rent Year NOI or current NOI calculation so that the comparison reflects substantially equivalent operating conditions. The Board may consider changes in occupancy, the addition or removal of Mobile Home Park Lots, changes in lot size or configuration, changes in utilities or services, and other material changes affecting the revenue or expenses of the Mobile Home Park.

8. **CPI Adjustment.** The Base Rent Year NOI shall be adjusted by the cumulative percentage change in the CPI between the Base Rent Year and the calendar year for which the Rent increase is requested. The resulting amount shall constitute the MNOI Target. The Planning Board may make additional adjustments to the MNOI Target when necessary to account for material changes in the number of Mobile Home Park Lots, services, amenities, or other operating characteristics of the Mobile Home Park that are not adequately reflected by the CPI adjustment alone.

9. **Projected NOI at Allowed Rent.** The Planning Board shall determine the NOI reasonably projected to result from the Rent otherwise permitted under Article IV, using reasonable assumptions concerning occupancy, Rent, other revenue, and operating expenses. The Board shall not assume either 100% occupancy or the Mobile Home Park's actual occupancy if the actual occupancy is unusually high or unusually low. The Board shall use a reasonable stabilized occupancy level supported by the evidence.

10. **Amount of Additional Allowed Rent.** If the NOI reasonably projected at the Rent otherwise permitted under Article IV is equal to or greater than the MNOI Target, the Planning Board shall deny the petition for an additional Rent increase. If the NOI reasonably projected at the Rent otherwise permitted under Article IV is less than the MNOI Target, the Planning Board may authorize an additional Rent increase only to the extent reasonably necessary to eliminate the demonstrated deficiency. The Board shall not authorize a Rent increase that would cause projected NOI to exceed the MNOI Target, except to the extent expressly permitted by this Ordinance to account for a material change in the operation of the Mobile Home Park.

11. **Ownership and Financing Changes.** The MNOI methodology shall be applied to the Mobile Home Park as an operating property and shall not be affected by a change in ownership, corporate structure, financing, capitalization, refinancing, sale, assignment, merger, acquisition, transfer of ownership interests, or inclusion of the Mobile Home Park in a portfolio or fund. The acquisition price paid by a subsequent Park Owner, the amount of equity invested by the Park Owner or its owners or investors, the amount or terms of acquisition or other financing, the return expected by an owner or investor, and the value or performance of other properties owned by the Park Owner shall not constitute grounds for increasing Rent or establishing a new Base Rent or Base Rent Year. A subsequent Park Owner assumes the economic risks and benefits associated with its acquisition of the Mobile Home Park, and the acquisition of the Mobile Home Park shall not, by itself, constitute an extraordinary or unique circumstance warranting a Rent increase.

12. **Related-Party Transactions and Allocated Expenses**. A Park Owner shall disclose payments, allocations, management fees, administrative charges, or other expenses involving a parent, subsidiary, affiliate, management company, investment fund, or other related entity. The Board may include such an expense in calculating NOI only to the extent that the Park Owner demonstrates that the expense (i) was actually incurred; (ii) is reasonably attributable to the operation of the Mobile Home Park; (iii) is reasonably necessary; and (iv) is reasonable in amount

in light of the cost of comparable goods or services available from an unrelated provider. The Board may adjust or disallow any related-party transaction, allocation, management fee, corporate overhead charge, financing charge, or other expense that is excessive, duplicative, unsupported, unrelated to the operation of the Mobile Home Park, or not reasonably comparable to the cost that would have been incurred in an arm's-length transaction.

13. **Other Revenue.** In calculating NOI, the Board shall include revenue attributable to the operation of the Mobile Home Park in addition to Rent. Such revenue may include, as applicable, fees, utility reimbursements, storage charges, laundry revenue, service charges, or other income generated from the Mobile Home Park. The Board shall not require Rent-paying occupants to bear costs that are reasonably recovered through other revenue attributable to the Mobile Home Park.

14. **No Guaranteed Profit or Recover of Cost.** Nothing in this Appendix shall be construed to guarantee the Park Owner a particular profit, rate of return, occupancy rate, level of income, or recovery of any particular expenditure. The MNOI methodology provides a mechanism for maintaining the Mobile Home Park's reasonably established historical NOI, adjusted as provided in this Appendix. It does not guarantee recovery of every cost incurred by a Park Owner or protect a Park Owner from losses resulting from an imprudent investment, excessive acquisition price, unfavorable financing, excessive operating costs, inefficient management, or other business decisions.