

**OAK HILL
LAND LEASE COMMUNITY**

RENT CONTROL HEARING THURSDAY, JULY 9th 2020

SUMMARY STATEMENT

**OAK HILL LAND LEASE COMMUNITY
2020 RENT STABILIZATION INCREASE HEARING**

July 9th, 2020

We offer the following statements and Exhibits along with testimony and other submissions at this hearing as proof that Oak Hill has complied with all requirements pursuant to Chapter 204-4 A (1) (c):

1. We are asking the Board for a rent stabilizing increase of 5% to help:
 - a. Stabilize annual rate increases
 - b. Provide just return to investors
 - c. Preserve this affordable housing option for the residents of Howell Township
 - d. Encourage proper management and maintenance of the property
 - e. And because Oak Hill meets or exceeds all elements of the Township Ordinance.

2. Oak Hill Community has certified in its application that:
 - a. It is an efficient mobile park operator.
 - b. The property is in a safe, sanitary and habitable condition.
 - c. It is in full compliance with all state and local laws pertaining to the tenants' rights.
 - d. It is not earning a just and reasonable return.

3. Manufactured housing communities are excluded from getting payroll protection loans under the Care Act (see Exhibit A).
 - One reason for this exclusion is that the Care Act puts money directly into the hands of the residents with the assumption that some part of those funds would be used to pay rent.
 - The property has not received funds from any public or private source. The only source of income for the property is tenant rental payments.
 - Property mortgage prohibits any kind of additional borrowing on the property.

4. Unpaid rent now total **\$136,453.38** (see Exhibit B) and climbing and with courts closed and a freeze on evictions there is no way to collect the outstanding balance. Our staff members are considered essential workers providing the essential service of keeping this rental option available for residents of Oak Hill and the Township.

5. Department of Motor Vehicles closure means housing unit titles cannot be obtained and thus the sites with abandoned units cannot be returned to income producing.

6. Oak Hill is allowing tenants to apply their security deposit to outstanding rent as allowed by law.

7. Oak Hill Community has its January 1st through December 31st, 2020 business license issued by the Township of Howell. This can only occur after municipal and country board of health inspections and the property is found to be in compliance with applicable codes.

8. Property tax increase or decrease will be passed-on effective September 1st.
9. Oak Hill offers land lease sites for rent as an affordable unsubsidized housing option for current and future residents of Howell Township.
10. We request that the Board use the same information and criteria as they used in the Winding Brook hearing including CPI information (see Exhibit D) as well as all of the CPI related information submitted herein.
11. CPI systemically understates inflation. Below or at CPI rate increase is no increase: Any rental increase that is less than the percentage increase in the CPI will constitute a rental decrease in real (constant) dollars while a rental increase equal to the housing component of the CPI would be equivalent to no increase in real (CPI housing component adjusted) purchasing power. The article '*Why the Consumer Price Index is Controversial*' (see Exhibit E) is offered to show why the CPI should not be given much weight as a basis for an increase. It is but one of many factors and it is a poor indicator of the true rent inflation rate.
12. Township does not control the price a tenant can sell their housing unit but does control the amount the Landowner can charge for rent, therefore resulting in:
 - a. Housing units selling for more than what a new replacement unit would cost
 - b. Resulting in high a barrier to entrance because of high purchase price
 - c. Residents trying to rent units – renter generally have less pride of ownership
 - d. Results is NYC rent controlled apartment effect, tenant rents or sell units for more than market value because site rates are kept artificially low by rent control, and
 - e. Landlord have less incentive to maintain the property.
13. The **Apartment Guide 2020 Annual Rent Report** indicates 3-bedroom apartment rents rose 7.03% in New Jersey for the latest reported numbers from 2018 - \$3,231 to 2019 at \$3,458 (Exhibit F).
14. According to Zillow the local apartment median rent is \$2,950 local home price average \$485,812 and according to HUD's NJ 2020 Fair Market Rent Documentation System the average 3-bedroom apartment is \$2,310 (see exhibit G for both).
15. Oak Hill receives no support, subsidies or tax breaks from the Township, State or Federal governments. Oak Hill pays Howell Township \$278170.91 per year in taxes and fees as reported on the HRB-1 form.
16. Rate Summary: Average site fee rental rate is \$576.44 before Township fees of \$77.28 per month per site (\$654 with Township fees). There are over 100 different rates ranging from \$487.70 to \$817.55 (\$656 to \$895 with Township fees) (see Exhibit H).
17. Oak Hill is operated and maintained as well as, if not better than any other land lease community in Howell and the surrounding area. I have personally visited the other Communities and can attest to this fact based on 48 plus years of experience in the industry.

18. Exhibit L contains pictures of the Community to support the testimony and statements contained herein. The pictures show the over-all well-maintained appearance of the Community and the varying level of maintenance of individual tenant owned housing units.
19. Exhibit I is a list of examples of 2019 - 2020 ongoing property maintenance, services and related costs. *This list is being provided to the Board to give examples of the consistent on-going level of services, maintenance, repairs and improvements provided to the tenants. Dollar amounts are shown to give the Board a sense of costs. We are not asking that dollar amounts be directly pass-on to tenants. Please note that this a list of examples not a list of all work and services provided.*
20. Exhibit J is a list of expenditures along with invoices for the remodeling of the interior of the Club house for \$13,711.75, snow plowing expense of \$30,308.16, tree removal \$3,700 a non-mandatory 2nd bulk pick-up and brush pick-up \$29,620.38 These expenditures also prove the property is maintained on an ongoing basis.
21. Detention pond (it is not a lake) is cleaned on an as needed on-going basis throughout the year. The County/Township inspects the property no less than annually and is called to inspect the retention pond by both tenants and management.
22. Management is continuing its ongoing home exterior improvement program which benefits both the property and the residents by upgrading the aesthetics and quality of the property and helps increase the value of the resident's housing units (see pictures in Group E and F in Exhibit L).
23. Exhibit K provides reference and general information that supports the fact that the property is well run, and that management communicates and deals with residents' issues. Management is continuing its effort to enforce community Policies, Procedures Rules and Regulations and this material is included to help a Board member in the event issues about operations and tenant relations are raised during the hearing.
24. We ask the Board to also consider the intent of a Rent Stabilizing Ordinance: The Township's Ordinances are intended to stabilize and level rents during periods of extreme economic movement of prices, costs and values. The 5.0% "cap" on annual increases set forth in the Rent Stabilization Ordinance prevents spikes in rents during periods of high increases and costs, prices and values and defer these rental increases to lower growth economic cycles. In this manner, the Rent Leveling Board can level (average) rental increases at the 5.0% allowable rate. It follows that in low inflation periods increases would be above the CPI and below the CPI in periods of inflation over 5%.
25. We ask that you grant the requested 5% increase and would be happy to answer any questions you might have.

True and accurate to the best of my knowledge and belief.

Thank you for your consideration.



Robert D. Ruais
Director of Operations
ARCAP, LC
Management Company for Oak Hill Community

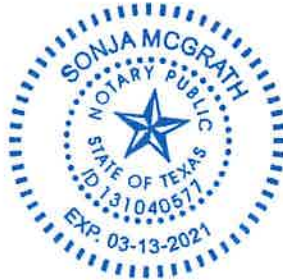
Notarization _____


State of Texas

County of Collin.

This instrument was acknowledged before me on 6/26/20 (date) by Robert D. Ruais.

Personalized Seal:





Notary Public's Signature