

**PITTSBORO TOWNSHIP RENT CONTROL BOARD**

**MINUTES OF REGULAR MEETING**

**June 25, 2020 – via Zoom.us (due to COVID-19)**

**Present:** Joseph Keenan Regular Resident  
Tracy Troiani Regular Resident  
Betsy Martin Regular Resident  
Matthew Ritter Esquire, Solicitor for the Board  
Katy Bofinger Board Secretary

**Absent:** Mayra Orellana Park Owner/Manager

**Audience:** Legal representation for both Holly Tree Acres and Picnic Grove. Several witnesses for both parks, as well as several members of the public.

Solicitor Ritter called the meeting to order at 8:03 pm.

Roll Call

Solicitor Ritter read the Open Public Meetings Act Statement.

Ms. Martin made a motion to approve the minutes from the regular meeting on February 27, 2020, it was seconded by Ms. Troiani. All in favor.

**Application #1 – Holly Tree Acres MHC, LLC – Annual Rent Increase, Real Estate Tax Increase, Increase in supplied utilities, and Capital Improvement Surcharge.**

Harding Woods was represented by Matthew J. Krantz, Esq., of the Law office of George A. Tyler, Sara Strenk, Regional Director for the Applicant, and Rikki Drykerman, Esq., General Counsel. Mr. Krantz gave a summary of the application which has four parts. The calculations for the rent increases were supplied with documentation to board members. Due to prior vacancy decontrol, there are currently four rent groups in the park:

Rent Group A (Original): the CPI increase of 2.6% equals \$9.45, the real estate tax increase is \$1.24, and the supplied utilities increase is \$11.39. The major capital improvement surcharge is \$2.61. The total rent increase for Group A is \$21.62, bringing the new gross rent of Group A to \$476.24

Rent Group B (New Sites): the CPI increase of 2.6% equals \$12.10, the real estate tax increase is \$1.24, and the supplied utilities increase is \$11.39. The major capital improvement surcharge is \$2.61. The total rent increase for Group B is \$27.34, bringing the new gross rent of Group B to \$549.11

Rent Group C (New sites whose leases changed in 2019): the CPI increase of 2.6% equals \$11.88, the real estate tax increase is \$1.24, and the supplied utilities increase is \$11.39. The major capital improvement surcharge is \$2.61. The total rent increase for Group C is \$27.12, bringing the new gross rent of Group C to \$522.46.

Rent Group D (created due to vacancy decontrol 2019): the CPI increase of 2.6% equals \$15.08, the real estate tax increase is \$1.24, and the supplied utilities increase is \$11.39. The major capital improvement

surcharge is \$2.61. The total rent increase for Group D is \$17.64, bringing the new gross rent of Group D to \$610.32.

Solicitor Ritter swore in Sara Strenk, regional director of Horizon Land Company. She gave testimony consistent to the four parts of the application.

Solicitor Ritter swore in Tom Shoulders, a licensed operator for Environmental & Technical Services, LLC, who gave testimony regarding the nature and necessity of the septic replacements and water system supply improvements at Holly Tree Acres.

Mr. Keenan asked several clarifying questions about the need for septic replacements in the future.

Solicitor Ritter swore in Leroy Pierce, park resident and maintenance man for the park who explained the electrical work that was completed at the park.

Ms. Martin made a motion to open the meeting to the public for comments and questions, the motion was seconded by Ms. Trioani. All in favor.

Solicitor Ritter swore in Holly Tree residents Ronald Caldwell and Beverly Pierce. Mr. Caldwell asked if money had been set aside by the previous owner to make the improvements and questioned if the increases being passed along would be considered part of the cost of owning the park.

Rikki Drykerman explained that no money had been set aside, that if the previous owner had told park residents that money was available, that they were misinformed.

Mr. Keenan explained that all of the septic systems would need to be replaced eventually.

Solicitor Ritter explained that rent increases for improvements are not permanent, but they come off of the rent as their useful life, as indicated by the IRS.

Solicitor Ritter swore in Holly Tree resident Beverly Pierce who questioned if there was a cap on rent totals set by the Rent Control Board.

Solicitor Ritter explained that the ordinance only allows for a 10% capital improvement surcharge increase per year.

Ms. Martin made a motion to close the public portion of the meeting, it was seconded by Ms. Troiani. All in favor.

Ms. Martin asked for clarification about septic pumping cost. Ms. Strenk replied that the septic pumping cost does not seem to have gone down, but has increased. They hope to see a decrease soon.

Ms. Martin thanked Mr. Krantz for the letter to the residents acknowledging the tough financial times due to the COVID-19 pandemic, and asked for clarification about when the rent increase would take effect.

Ms. Strang and Ms. Drykermann agreed that internally they had discussed October 1, 2020 as an effective date, however that is not finalized and they would make sure to give the residents plenty of notice.

Ms. Martin stated that the CPI for February, when the application was compiled was 2.6% but due to COVID-19 the current CPI is -0.1% and questioned whether the residents know the process to seek a rent adjustment. Legal representation for the park did not have an answer.

Ms. Troiani asked if the septic systems in the park are comparable to those in single family homes. Mr. Shoulders explained that a single home has basically the same system, but would have a leech field that can be sized correctly, while in the park the systems would need seepage tanks that need to be pumped.

Ms. Troiani made a motion to approve all the increases as submitted in the amended submissions groups A, B, C, and D. The motion was seconded by Ms. Martin. A roll call vote was all in favor.

**Application #2 – Picnic Grove MHC, LLC – Annual Rent Increase, Real Estate Tax Increase, and Capital Improvement Surcharge.**

Picnic Grove was represented by attorney Christopher J. Hanlon, Esq. of the law offices of Hanlon, Neimann, and Wright, as well as Bill Widmer, the Regional Manager for Lakeshore Management. Mr. Hanlon briefly explained the three parts of the application. The calculations for the rent increases were supplied with documentation to board members. There are currently 9 rent groups in the park due to prior vacancy decontrol:

Rent Group A: the CPI increase of 2.6% equals \$8.60, the increase for Real Estate Tax is \$3.27, and the Major Capital Improvements surcharge is \$0.81. The total increase for rent group A is \$12.68. The new gross rent is \$400.79.

Rent Group B: the CPI increase of 2.6% equals \$9.18, the increase for Real Estate Tax is \$3.27, and the Major Capital Improvements surcharge is \$0.81. The total increase for rent group B is \$13.26. The new gross rent is \$421.36.

Rent Group C: the CPI increase of 2.6% equals \$12.57, the increase for Real Estate Tax is \$3.27, and the Major Capital Improvements surcharge is \$0.81. The total increase for rent group C is \$16.65. The new gross rent is \$564.65.

Rent Group D: the CPI increase of 2.6% equals \$11.00, the increase for Real Estate Tax is \$3.27, and the Major Capital Improvements surcharge is \$0.81. The total increase for rent group D is \$15.08. The new gross rent is \$495.42.

Rent Group E: the CPI increase of 2.6% equals \$11.85, the increase for Real Estate Tax is \$3.27, and the Major Capital Improvements surcharge is \$0.81. The total increase for rent group D is \$15.73. The new gross rent is \$521.07.

Rent Group F: the CPI increase of 2.6% equals \$11.85, the increase for Real Estate Tax is \$3.27, and the Major Capital Improvements surcharge is \$0.81. The total increase for rent group F is \$15.93. The new gross rent is \$535.76.

Rent Group G: the CPI increase of 2.6% equals \$11.94, the increase for Real Estate Tax is \$3.27, and the Major Capital Improvements surcharge is \$0.81. The total increase for rent group G is \$16.02. The new gross rent is \$539.51.

Rent Group H: the CPI increase of 2.6% equals \$11.48, the increase for Real Estate Tax is \$3.27, and the Major Capital Improvements surcharge is \$0.81. The total increase for rent group H is \$15.56. The new gross rent is \$521.39.

Rent Group I: the CPI increase of 2.6% equals \$11.74, the increase for Real Estate Tax is \$3.27, and the Major Capital Improvements surcharge is \$0.81. The total increase for rent group I is \$15.82. The new gross rent is \$525.40.

Solicitor Ritter swore in Mr. Widmer, who, along with Mr. Hanlon, reviewed all parts of the application and discussed the need for the replacement of the septic and water lines.

Mr. Keenan asked for clarification on if the replacement of water & sewer lines would be a reoccurring cost. Mr. Widmer was not sure, but stated that collapse of other lines is possible. Mr. Widmer also stated that it is assumed that the water and sewage infrastructure is original and around 40 years old.

Mr. Hanlon requested that the board approve an effective date of June 1, 2020 but with a clear understanding that they would not collect the increase in June and July, but would enact the increase as of August 1, 2020.

Ms. Martin asked if the intent of the park would be to come back for a rent increase on June 1, 2021. Mr. Hanlon explained that their intent is to return next year in June.

**Public Session** – No members of the public were present.

Ms. Martin made a motion to approve the application effective June 1, it was seconded by Ms. Trioiani. Roll call vote, all in favor.

Ms. Martin made a motion to adjourn the meeting at 9:58 pm, it was seconded by Ms. Troiani. All in favor.

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Secretary