

Sent: Tuesday, February 24, 2004 1:59 PM
To: Newell, Frank
Cc: Basye, Eugene C; Meza, Michael; Lord, Nancy
Subject: Re: Possessory Interest Assessments De Anza Mobile Home Park

Frank,
 I discussed the situation with the team handling the transition activities, and the general consensus was to allow the County Assessor's Office to assess and bill each resident individually.
 Thanks,

James P. Anthony, RPA, SR/WA
 City of San Diego
 Real Estate Assets Department
 1200 Third Avenue, Suite 1700
 San Diego, CA 92101
 619-533-6509
 619-236-6706 (fax)

>>> "Newell, Frank" <Frank.Newell@sdcountry.ca.gov> 02/20/04 11:13AM >>>
 Jim,

Thanks for arranging to provide the Assessor's Office with the De Anza Mobile Home Park's rent roll, and the move out schedule of the residents who have signed settlement agreements with the City. When we get this information, we will be able to complete an accurate calculation of the new possessory interest assessment(s).

As we have been discussing, with the final termination of lease on November 23, 2003, the possessory interest assessment issued to De Anza Harbor Resort and Golf LLP ended. A taxable possessory interest however, continues to exist as long as the mobile home park residents occupy the City's property.

It is important to make the distinction that this is not for the mobile homes. This is the possessory interest the residents have by their occupancy of the spaces and their use of the park improvements that are now exclusively owned and operated as a mobile home park by the City of San Diego.

The previous possessory interest assessment was issued directly to the lessee and operator of the park. The lessee paid the resultant taxes as part of the typical owner operating expenses for this type of real estate enterprise.

The residents were not re-billed for an individual possessory tax. This is the normal business practice for this type of real estate; it is presumed that the space rent reflects consideration for owner operating expenses such as the property tax

As we begin our review into how to assess this possessory interest, we are considering the administrative efficiency and other values of continuing with the previous arrangement of directly assessing the owner operator, in this case the City of San Diego. The other alternative, as we have discussed, is directly assessing individually the over 500 residents and dealing with the resultant consequences.

As I mentioned, there are other government entities who operate their owned properties with multiple residential tenancies that are directly issued the possessory interest assessment. Again, it is presumed the rent includes a consideration for the tax as a normal operating expense.

You have previously mentioned giving consideration to the City accepting a direct assessment for the possessory interest, as opposed to the alternative of issuing individual assessments directly to the 500 or more residents.

If the City is amenable to considering this, I will get you an accurate estimate of the assessed value and taxes.

Please call me if you have any questions or for additional information on possessory interests.

Thanks again for your cooperation,

Frank Newell
 Appraiser, Possessory Interest

2/26/2004