RESOLUTION NO. 2022-103
RESOLUTION NO. 2022-01 (PPSC-NPC)

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA AND THE PRESTON PARK SUSTAINABLE COMMUNITY NON-PROFIT CORPORATION APPROVING PRESTON PARK HOUSING AREA BUDGET FOR FY 2022-2023 AND AUTHORIZING FINANCE DIRECTOR TO MAKE APPROPRIATE ACCOUNTING AND BUDGETARY ENTRIES

WHEREAS, Alliance Residential Company ("Alliance"), now Greystar Real Estate Partners, as the management agent of Preston Park Sustainable Community Housing, has submitted a draft FY 2022-2023 budget; and

WHEREAS, City staff, Greystar staff, and the Tenant's Association representatives Paula Pelot and Denise Turley have met in preparation of this budget; and

WHEREAS, the staff of Greystar and the City of Marina have worked collectively on preparing a budget to be presented to the City Council and Board of Preston Park Sustainable Community Non-Profit Corporation; and

WHEREAS, Alliance submitted a budget letter describing highlights of the proposed Preston Park Housing Area FY 2022-2023 Budget and accompanied by updated proposed budgets; and

WHEREAS, the rental revenues are used to provide funds for debt service payments on the 2016 Preston Park property purchase; and

WHEREAS, in 2010, the City Council adopted a rent formula. The Council Policy has been further clarified for In Place, market-rate residents as follows: In Place, market-rate residents (residents who are not on a Below Market Rate program), rent may increase by the lesser of CPI-U for SF/OAK/SJ for February over February annually or 3% but no more than the average of the Monterey County Housing Authority Payment Standard and the HUD Fair Market Rent (FMR) documentation schedule, reduced by an average household amount for Water/Meter, Sewer and Garbage costs in the former Fort Ord community as an equivalent rent. If an individual's current equivalent rent exceeds the averaged FMR, then no increase will be assessed. If an individual's equivalent rent is less than the averaged FMR but exceeds it after the allowable increase is added, then the alternative increase will only be sufficient to meet the averaged FMR; and

WHEREAS, anticipated Owner revenues for Owner Distributions for FY 2022-2023 will be approximately $1,750,000. This funding is available for city staff support for Preston Park which includes assistance with the affordable housing program, developing a long-term capital improvement program, and help with developing ideas for potential development and expansion of the property; and

WHEREAS, City staff has reviewed the budget package for FY 2022-2023; and

WHEREAS, the City Council of Marina and the Board of the Preston Park Sustainable Community Non-Profit Corporation reviewed and considered the proposed budgets.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Marina and the
Corporation Board of the Preston Park Sustainable Community Non-Profit Corporation do hereby:

1. Approve the Preston Park Housing Area Budget for FY 2022-2023, and;
2. Authorize the Finance Director to make appropriate accounting and budgetary entries.

PASSED AND ADOPTED, by the City Council of the City of Marina and the Corporation Board of the Preston Park Sustainable Community Non-Profit Corporation at a regular meeting duly held on the 3rd day of August 2022, by the following vote:

AYES: COUNCIL MEMBERS: Medina Dirksen, Burnett, Berkley, Biala, Delgado
NOES: COUNCIL MEMBERS: None
ABSENT: COUNCIL MEMBERS: None
ABSTAIN: COUNCIL MEMBERS: None

____
Bruce C. Delgado, Mayor

ATTEST:

____
Anita Sharp, Deputy City Clerk

Preston/Abrams Park
682 Wahl Court
Marina, CA 93933
831-384-0119

July 28, 2022

Mr. Layne Long
City Manager
City of Marina
211 Hillcrest Avenue
Marina, CA 93933

Re: Preston Park FY 2022/2023 Proposed Budget

Dear Mr. Long,

It has been a pleasure to continue to work with residents and the City of Marina over the last year. With the combination of wonderful residents and effective staff, a number of positive changes have been seen at Preston Park:

1) **Building Maintenance:** Full property exterior paint and sealing of all building envelopes were completed. The gutters were cleaned and inspected throughout the property. A total of ten (10) HVAC systems were evaluated for proper performance as well. A planned preventative maintenance inspection of the roofs will be completed in June.
2) **Tree Trimming/Irrigation repairs:** The annual tree trimming, fire clearance and common area clearance projects will be completed by the end of June. Irrigation repairs were made routinely throughout the property as well. In addition, new plants will be installed throughout the property in June. Lastly, gopher abatement process is underway with a monthly service.
3) **Units of Long-Term Residents:** In a typical year, several long-term residents go through the process to refresh their flooring, paint and appliances. These services are extended to long-term residents upon notification or inspection indicating replacement is necessary based on age or condition.
4) **Green Initiatives:** In addition to the Marina Coast Water District's and other utility conservation programs, Greystar purchases and installs water or energy saving devices as replacement fixtures as needed. PG&E continues to work directly with income eligible residents to weatherize their homes at no cost to the resident or the community.

Greystar looks to continue to provide the residents at Preston Park a comfortable and quality living experience. Continued capital improvements throughout the community will allow this property to remain a desirable neighborhood for renters, as well as a continued source of affordable housing for the general populace of Marina.

<u>Revenues</u>

The primary source of revenue is rents, Section 8 voucher payments from the Housing Authority of the County of Monterey, and associated charges to residents such as late fees.

At a regular meeting on the 2nd of June, 2010, the City Council of the City of Marina adopted a rent formula stating that the annual increase in market rents for in-place residents shall be capped at the lesser of three percent (3%) or the Department of Labor's Consumer Price Index for San Francisco-Oakland-San Jose, All Items, for All Urban Consumers (referred to as CPI-U) Average percentage for the previous year (February to February) to be applied to the next fiscal year, provided that the increased rent for in-place tenants does not exceed the market rent charged to move-in residents.

<u>Proposed Budget</u> – Targeted Rental Increase applies the allowable 3% Rental Increase to in-place residents who are currently under the Fair Market Rental Rate as computed by averaging rates from the Monterey County Housing Authority and the HUD Fair Market Rent schedule and is adjusted for a determined amount for the Water, Sewer and Garbage that residents pay directly to the provider for those services. A reduced Rental Increase amount proportionate to their current rent would be applied to households that may not qualify for the standard Rental Increase.

<u>Current Market Rent Conditions</u>

The market rent for new move-ins is calculated by comparable market rent levels in the competitive market throughout the year. As shown in **Attachment A**, the proposed Budget results in an increase in Total Income of $152,892.36. Per the approved rent formula in 2010, the market rents for new move-ins are fluid throughout the year and change according to market conditions. Currently, market rents for incoming residents are as follows:

Unit Size	**Current Rent Range for Incoming Market Rate Residents**
Two Bedroom	$1,957 - $2,086
Upgraded/Remodeled – Two BR	$2,060 - $2,652*
Three Bedroom	$2,541 - $2,568
Upgraded/Remodeled – Three BR	$2,782 - $2,836*

* Note: Nineteen 2-Bedroom homes and five 3-Bedroom home have additional features that warrant higher than average rental rates.

The Averaged HUD Fair Market Rents (FMR) and the Monterey County Housing Authority Peninsula Payment Standard for January 1, 2021 are as follows:

Unit Bedroom Size	**Averaged HUD Fair Market & HA Peninsula Payment Standard Rent**	**Utility Allowance**	**Adjusted Rental Amount**
Two Bedroom	$2,056.00	$157.02	$1,898.98
Three Bedroom	$2,920.50	$157.02	$2,763.48

A number of in-place market renters in Preston Park homes are leasing below the Averaged HUD FMR and the MCHA Peninsula Payment Standard. The Averaged HUD FMR and HA Peninsula Payment Standard above include allowance for Utilities, which are currently paid directly by Preston Park residents in addition to their monthly rental amount. The two-bedroom average in-place market rent at Preston Park is $1,674 (effectively $1,831), while the average three-bedroom units at Preston Park rent at $2,147 (effectively $2,304).

Affordable Rents

Affordable rental rates are derived from median income schedules published by governmental agencies. Rental rates at Preston Park are based upon 50% and 60% and 80% of the median income for Monterey County. The U.S. Department of Housing and Urban Development calculates the maximum household income by family size in Monterey County, generally once a year. As of the date of this memo, the rental rates are based upon families at 50% and 60% and 80% of the Monterey County median income for 2022. A rental increase is proposed per calculations using published information from the County of Monterey and Housing Authority**.**

Maximum Household Income Limits for 2022 as published in April 2022 in the State Income Limits for 2022 Memorandum.

Income Category	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person	Nine Person
50%Very Low	$45,500	$51,200	$56,850	$61,400	$65,950	$70,500	$75,050	$79,590
60% Low/Lower	$54,600	$61,440	$68,220	$73,680	$79,140	$90,060	$90,060	$95,512
80% Low	$72,800	$81,900	$91,000	$98,300	$105,600	$112,850	$120,150	$127,400

Income

FY 22/23 budget assumes $7,419,749 in Total Income vs. FY 21/22 forecast of $7,291,083 resulting in a $128,666 positive variance.

Expenses

Expenses as outlined include Controllable Operating Expense projections and variances from the FY 22/23 budget. Operating expenses typically include expenditures for routine maintenance of the property, redecorating expenses as they apply to unit turns, and expenditures relating to the daily operations of the Leasing Office. Overall, total operating expenses proposed for FY 22/23 are 12.4% higher than the estimated actual expenses for FY 21/22 ($219,312). Greystar seeks to maximize cost savings, e.g. lower utilities expenses through installation of water/energy saving devices, while contending with cost increases.

Owner Distributions

The proposed budget reflects an Owner Distributions of $1,750,000.

Capital Expenses
Expenses categorized as Capital Expenses directly impact the long-term value of the community, including roof replacements, exterior painting, large-scale landscaping improvements, and interior upgrades including appliances and carpeting/vinyl. Note that amounts labeled for interior upgrades in future budget years are placeholders and are anticipated to change based on Annual Inspection findings.

Recommended capital projects include:

1) Parking Expansion/Additions to include design, cul-de-sac additions, parking area next to Community Center - $450,000
2) Lighting Additions $85,000

Capital Reserves Fund
Adoption of the proposed budget will result in a maximum contribution of $2,516 per unit during this fiscal year. Please note the replacement reserve only conceptualizes typical replacements. It does not contemplate or allow for unknown expenses which are typical, particularly as a building continues to age.

In reviewing the physical needs of the property, and in conjunction with recommendations from the City of Marina Building Department, Greystar recommends the maximum reserve withholding per unit per year going forward. This withholding would ensure that the asset holds adequate reserves to perform necessary replacements and repairs to protect the useful life of the buildings **(Attachment F)**.

We will continue to look for new ways to improve our services over the coming year and remain committed to meeting the objectives set by the City of Marina.

Please feel free to contact me at (831) 384-0119 should you have additional questions or concerns.

Regards,

Victor Vo-Khuong
Community Manager

Cc: Sumer Perkins, Director of Real Estate

Attachments:
- A. FY 2022/23 Budget Revenue Summary
- C. BMR Rent Calculation Documentation
- D. FY 2021/22 Budget Highlights of Operating Expenses
- F. Capital Improvement Plan/Reserve Withholding

Preston Park Budget Memo Attachment A - Revenue Summary

2022/2023 Budget

Revenue	Approved Budget FY 2021/2022	Estimated Actuals FY 2021/2022	Proposed FY 2022/2023		Variance of Approved Budget From 2021/2022 Estimated Actuals	%	Comments		Variance of Proposed Budget from FY 2021/2022 Estimated Actuals	%	Comments		2021/2022 Proposed Budget vs. 2022/2023 Approved Budget	%
GROSS MARKET POTENTIAL	$7,357,236	$7,324,727	$7,529,720	D	($32,509)	-0.4%	Decrease in Estimated Actual versus Approved Budget due to assuming increase in market rent in January 2022 that did not occur.	I	$204,993	2.8%	Increase in Proposed Budget to Estimated Actual due to proposed budget assuming Market Rent increase upon turnover and renwal at 1-3%.	I	$172,484	2.3%
TOTAL RENTAL INCOME (Gross Potential Rent minus vacancy, non-rev units, bad debt)	$7,158,093	$7,188,881	$7,346,433	I	$30,788	0.4%	Increase in Estimated Actual to Approved Budget due to 99% occupancy achieved versus budget of 98%.	I	$157,552	2.2%	Increase in Proposed Budget to Estimated Actual due to proposed budget assuming above increase in Market Rent offset by assumption of 98% vacancy at higher market rate versus forecast of 99% at current market rates; assumes increase in bad debt write-offs.	I	$188,340	2.6%
TOTAL OTHER INCOME	$53,620	$102,202	$73,316	I	$48,581	90.6%	Increase in Estimated Actual to Approved Budget due to increase in damages recovery upon move-out, late fees, interest income, and one-time reimbursement for overpayment of utility at $29k in Jan 2022.	D	($28,886)	-28.3%	Decrease in Proposed Budget to Estimated Actual due to prior year one-time reimbursement for overpayment of utility at $29k in Jan 2022.	I	$19,696	36.7%
TOTAL INCOME (Total Rental Income plus Total Other Income.	**$7,211,713**	**$7,291,083**	**$7,419,749**	**I**	**$79,370**	1.1%	**Increase in Estimated Actual to Approved Budget due to achieving high occupany, increase in Other Income.**	**I**	**$128,666**	1.8%	**Increase due to achieving Market Rents upon turnover and projected in place target rental increases of 1-3%.**	**I**	**$208,036**	**2.9%**
NET OPERATING INCOME	**$5,461,193**	**$5,536,794**	**$5,446,148**	**I**	**$75,601**	1.4%	**Increase in Estimated Actual to Approved Budget due to Total Income detailed above.2.**	**D**	**($90,646)**	-1.6%	**Decrease due to Operating Expenses detailed on Attachment D, offset by Market Rents upon turnover and projected in place target rental increases of 1-3%.**	**D**	**($15,045)**	**-0.3%**

I -- DESIGNATES INCREASE

D -- DESIGNATES DECREASE

ATTACHMENT B

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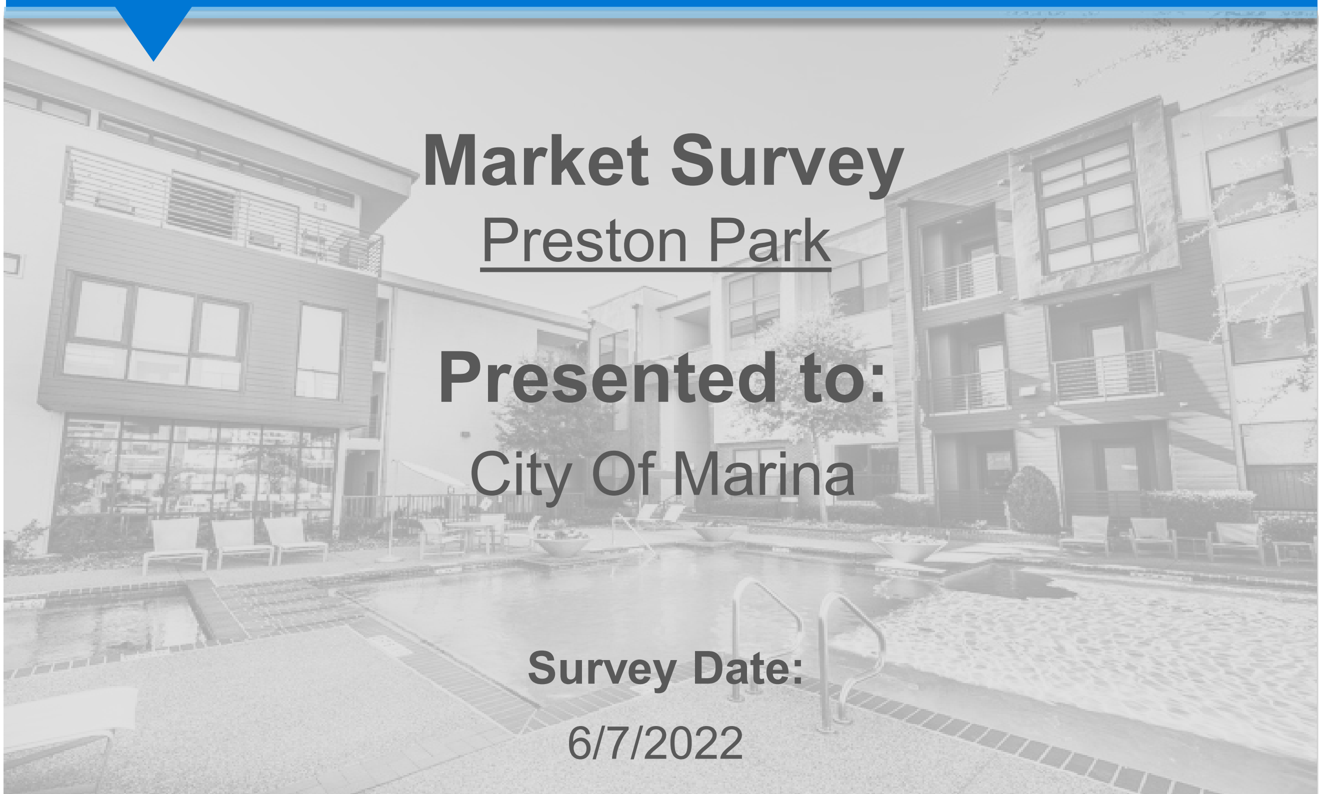

Market Survey

Preston Park

Presented to:

City Of Marina

Survey Date:

6/7/2022

Properties Included in Survey:

Preston Park
Shadow Market
Marina Square Apartments
Abrams Park
Sunbay Suites
Marina Del Sol
Shoreline Apartments
7
8
9
10

V2.2

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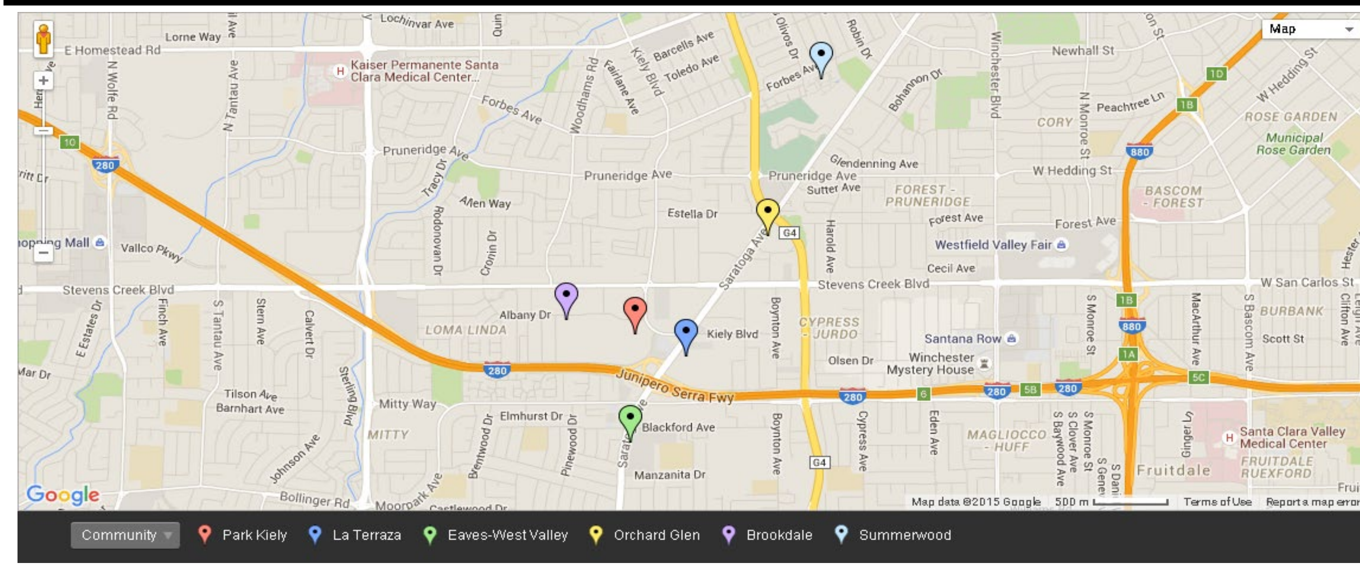
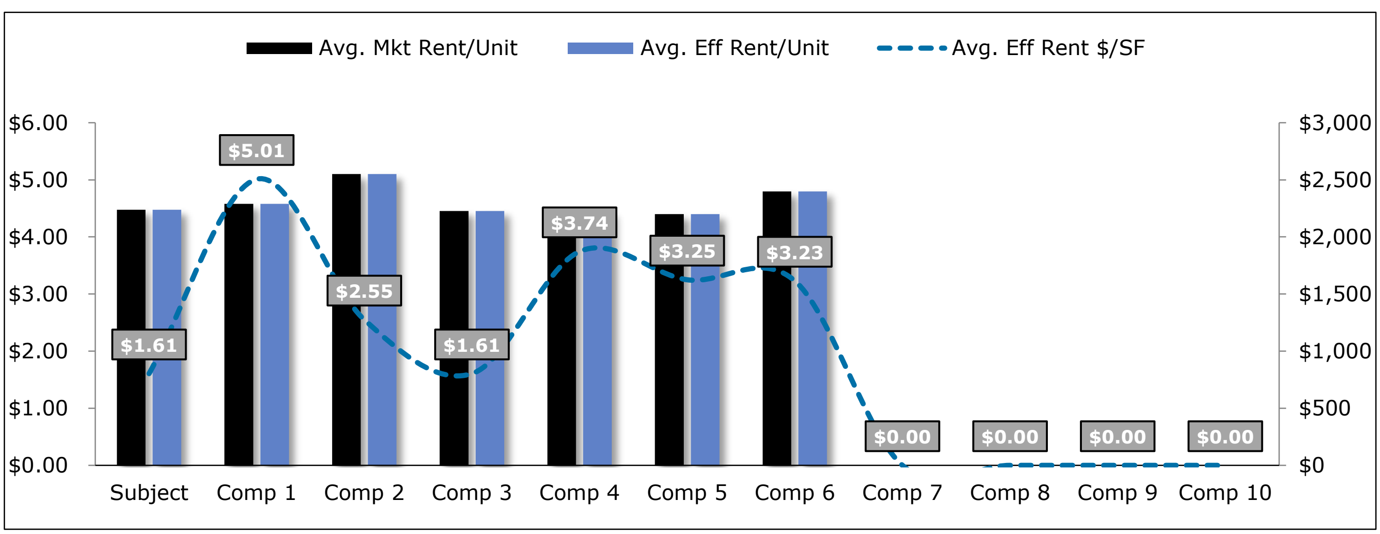
	Property Name	Year Built	# of units	% Occupied	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**354**	**99%**	**1393**	**$2,237**	**$1.61**	**$2,237**	**$1.61**
Comp 1	Shadow Market	1973	16	100%	457	$2,289	$5.01	$2,289	$5.01
Comp 2	Marina Square Apartments	1978	48	100%	1000	$2,550	$2.55	$2,550	$2.55
Comp 3	Abrams Park	1978	194	99%	1386	$2,227	$1.61	$2,227	$1.61
Comp 4	Sunbay Suites	1989	266	90%	593	$2,221	$3.74	$2,221	$3.74
Comp 5	Marina Del Sol	1977	108	100%	677	$2,200	$3.25	$2,200	$3.25
Comp 6	Shoreline Apartments	1973	84	98%	742	$2,397	$3.23	$2,397	$3.23
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***1070***	***98%***	***1038***	***$2,255***	***$2.52***	***$2,255***	***$2.52***
Total/Avg. (Market less Subject)			***716***	***98%***	***862***	***$2,264***	***$2.98***	***$2,264***	***$2.98***

Marina l 0





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Property	Preston Park	Shadow Market	Marina Square Apartments	Abrams Park	Sunbay Suites	Marina Del Sol	Shoreline Apartments	7	8	9	10
	Subject	1	2	3	4	5	6	7	8	9	10
PROPERTY INFORMATION											
Owner	City Of Marina	Variable	Greystar	City of Marina	Sunbay Resort Associates	Pioneer Properties	N/A				
Management Company	Greystar	variable	Greystar	Greystar	Sunbay Suites	Pioneer Properties	Greystar				
Total Number of Units	354	16	48	194	266	108	84				
Location (City)	Marina	Marina	Marina	Marina	Seaside	Marina	Marina				
Class	0	A	A	A	A	A	A				
Product Type	Townhome	Townhome	Townhome	Townhome	Townhome	Townhome	Townhome				
Year Built	1987	1973	1978	1978	1989	1977	1973				
DEPOSITS AND FEES											
Application Fee	$45	$0	$35	$45	$50	$35	$42	$0	$0	$0	$0
Deposit (Ref | Non-Ref)	rent | 1.5 rent	$0 | $0	$1 | $2400	$0 | $250	$250 | $250	$1000 | $0	$500 | $0	$0 | $0	$0 | $0	$0 | $0	$0 | $0
Admin or Redec Fee	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Pet Deposit | Pet Fee	no pets | $0	$0 | $0	$0 | $0	$250 | $0	$0 | $0	$500 | $0	$350 | $0	$0 | $0	$0 | $0	$0 | $0	$0 | $0
Pet Rent	no pets	$0	$0	$25	$0	$0	$0	$0	$0	$0	$0
UTILITIES											
Electric	Metered	N/A	Metered	Metered	Metered	Metered	Metered	N/A	N/A	N/A	N/A
Gas	Metered	N/A	Metered	Metered	Metered	Metered	Metered	N/A	N/A	N/A	N/A
Water & Sewer	Metered	N/A	Metered	Metered	Metered	Metered	Metered	N/A	N/A	N/A	N/A
Trash | Valet Trash	$0 | $0	$0 | $0	N/A | N/A	N/A | N/A	N/A | N/A	N/A | N/A	N/A | N/A	$0 | $0	$0 | $0	$0 | $0	$0 | $0
Pest Control	weekly	N/A	N/A	Weekly	weekly	Not billed back	N/A	N/A	N/A	N/A	N/A
Cable | Internet	na | na	$0 | $0	N/A | N/A	N/A | N/A	N/A | N/A	N/A | N/A	N/A | N/A	$0 | $0	$0 | $0	$0 | $0	$0 | $0
PARKING AND STORAGE	(# | $)										
Covered Parking	| $0	| $0	| $0	| $0	1 | $0	1 | $0	1 | $0				
Garages (Attached)	1 | $0	| $0	| $0	1 | $0	| $0	| $0	| $0				
Garages (Detached)	| $0	| $0	1 | $0	| $0	| $0	| $0	| $0				
Other Parking	1 | $0	| $0	| $0	| $0	1 | $0	1 | $0	1 | $0				
Storage Rent	| $0	| $0	1 | $0	| $0	1 | $0	1 | $0	1 | $0				
Surface Parking	| $0	| $0	| $0	| $0	| $0	| $0	| $0				
COMMUNITY AMENITIES											
Basketball Court											
Billiards Room											
Business Center											
Car Wash											
Coffee Bar/Internet Cafe											
Conference Room											
Dog Park											
Exterior Breezeways											
Fitness Center											
Jacuzzi/Spa											
Jogging/Walking Trails											
Laundry											
Media Room (Theatre)											
On-Site Retail or Restaurants											
Outdoor Fireplace											
Outdoor Kitchen											
Playground/Tot Lot											
Pool(s)											
Recycle Bins											
Roof Deck											
Tanning Bed											
Tennis Courts											
WiFi											
CONVENIENCE											
Concierge											
Dry Cleaner Drop Off											
Elevator(s)											
Maid Service											
Trash Chutes											
Valet Parking											
SECURITY											
Access Gates											
Audible/Monitored Alarms											
Controlled Building Access											
Guard House											
Patrol Service											
Security Cameras											
Security Officer											
Telegate											
APARTMENT FEATURES											
Accent Wall											
Built-In Desk											
Ceiling Fan(s)											
Ceilings - 9' or Greater											
Crown Molding											
Fireplace											
Flooring - Carpet											
Flooring - Ceramic Tile											
Flooring - Wood/Faux Wood											
French Doors											
Garden Tub(s)											
Outside /Extra Storage											
Private Patio/Balcony											
Recessed Lighting											
Separate Dining Room											
Sunroom /Solarium											
Utility Room											
Walk-in Closet(s)											
Washer Dryer Connection											
Washer Dryer Included											

ATTACHMENT B

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Property	Preston Park	Shadow Market	Marina Square Apartments	Abrams Park	Sunbay Suites	Marina Del Sol	Shoreline Apartments	7	8	9	10
KITCHEN											
Appliances - Black											
Appliances - Stainless/SS Look											
Appliances - White											
Countertops - Granite/Marble											
Dishwasher											
Disposal											
Kitchen Island											
Pantry											

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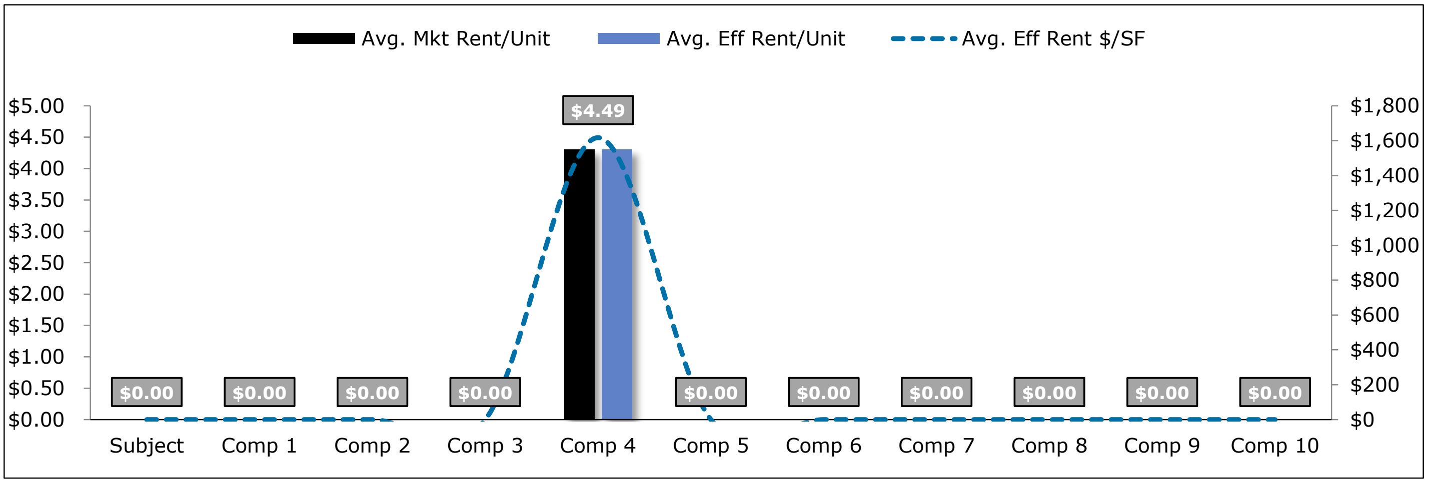
Standard Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**0**	**0%**	**0**	**$0**	**$0.00**	**$0**	**$0.00**
Comp 1	Shadow Market	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 2	Marina Square Apartments	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 3	Abrams Park	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 4	Sunbay Suites	1989	32	12%	345	$1,550	$4.49	$1,550	$4.49
Comp 5	Marina Del Sol	1977	0	0%	0	$0	$0.00	$0	$0.00
Comp 6	Shoreline Apartments	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***32***	***12%***	***345***	***$1,550***	***$4.49***	***$1,550***	***$4.49***
Total/Avg. (Market less Subject)			***32***	***12%***	***345***	***$1,550***	***$4.49***	***$1,550***	***$4.49***

Studio Analysis l Standard



Renovated Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**0**	**0%**	**0**	**$0**	**$0.00**	**$0**	**$0.00**
Comp 1	Shadow Market	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 2	Marina Square Apartments	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 3	Abrams Park	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 4	Sunbay Suites	1989	0	0%	0	$0	$0.00	$0	$0.00
Comp 5	Marina Del Sol	1977	0	0%	0	$0	$0.00	$0	$0.00
Comp 6	Shoreline Apartments	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***0***	***0%***	***0***	***$0***	***$0.00***	***$0***	***$0.00***
Total/Avg. (Market less Subject)			***0***	***0%***	***0***	***$0***	***$0.00***	***$0***	***$0.00***

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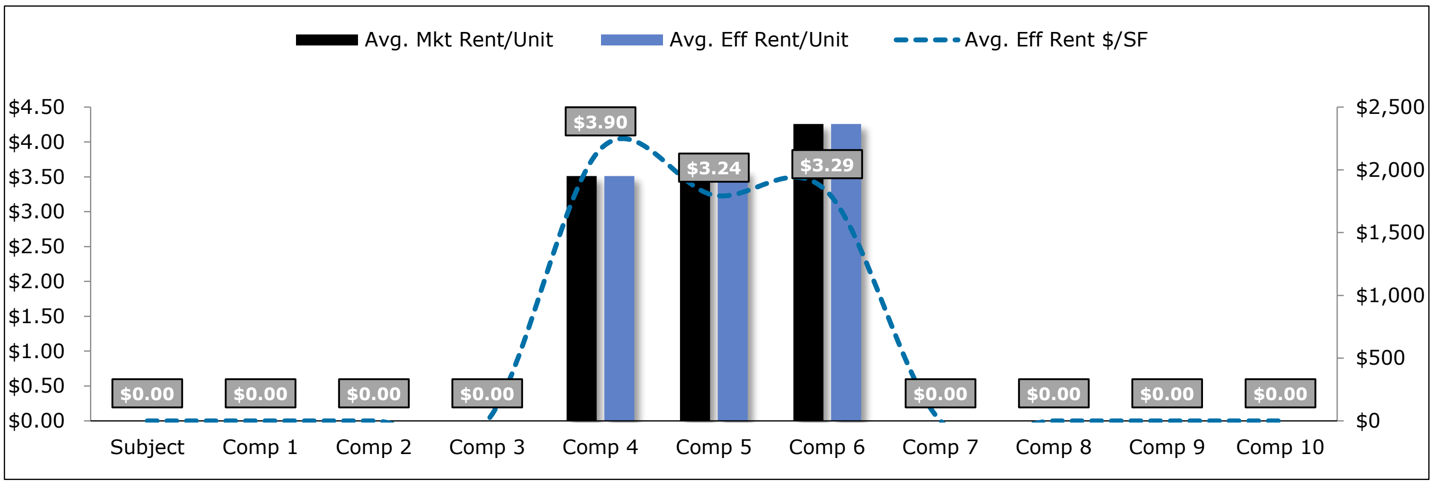
Standard Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**0**	**0%**	**0**	**$0**	**$0.00**	**$0**	**$0.00**
Comp 1	Shadow Market	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 2	Marina Square Apartments	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 3	Abrams Park	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 4	Sunbay Suites	1989	64	24%	500	$1,950	$3.90	$1,950	$3.90
Comp 5	Marina Del Sol	1977	54	50%	618	$2,000	$3.24	$2,000	$3.24
Comp 6	Shoreline Apartments	1973	72	86%	720	$2,366	$3.29	$2,366	$3.29
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***190***	***53%***	***617***	***$2,122***	***$3.48***	***$2,122***	***$3.48***
Total/Avg. (Market less Subject)			***190***	***53%***	***617***	***$2,122***	***$3.48***	***$2,122***	***$3.48***

One Bedroom Analysis l Standard



Renovated Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**0**	**0%**	**0**	**$0**	**$0.00**	**$0**	**$0.00**
Comp 1	Shadow Market	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 2	Marina Square Apartments	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 3	Abrams Park	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 4	Sunbay Suites	1989	0	0%	0	$0	$0.00	$0	$0.00
Comp 5	Marina Del Sol	1977	0	0%	0	$0	$0.00	$0	$0.00
Comp 6	Shoreline Apartments	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***0***	***0%***	***0***	***$0***	***$0.00***	***$0***	***$0.00***
Total/Avg. (Market less Subject)			***0***	***0%***	***0***	***$0***	***$0.00***	***$0***	***$0.00***

ATTACHMENT B

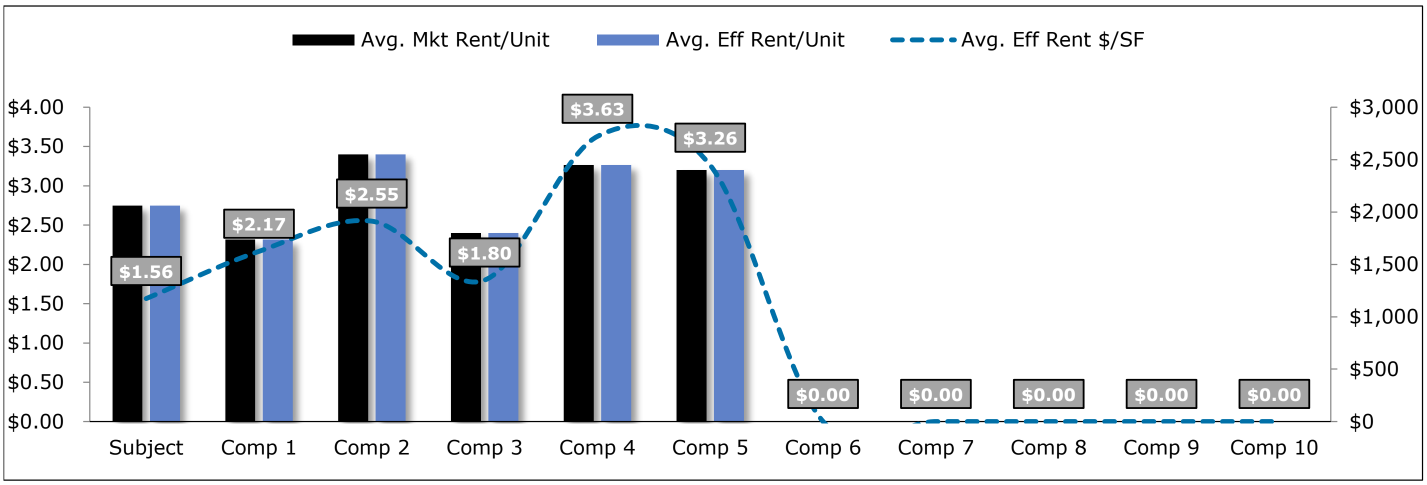
GREYSTAR™

GREYSTAR: THE GLOBAL LEADER IN RENTAL HOUSING™

Standard Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**122**	**34%**	**1317**	**$2,060**	**$1.56**	**$2,060**	**$1.56**
Comp 1	Shadow Market	1973	9	56%	807	$1,737	$2.17	$1,737	$2.17
Comp 2	Marina Square Apartments	1978	48	100%	1000	$2,550	$2.55	$2,550	$2.55
Comp 3	Abrams Park	1978	92	47%	1000	$1,800	$1.80	$1,800	$1.80
Comp 4	Sunbay Suites	1989	170	64%	675	$2,450	$3.63	$2,450	$3.63
Comp 5	Marina Del Sol	1977	54	50%	736	$2,400	$3.26	$2,400	$3.26
Comp 6	Shoreline Apartments	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***495***	***59%***	***934***	***$2,224***	***$2.61***	***$2,224***	***$2.61***
Total/Avg. (Market less Subject)			***373***	***64%***	***809***	***$2,278***	***$2.95***	***$2,278***	***$2.95***

Two Bedroom Analysis I Standard



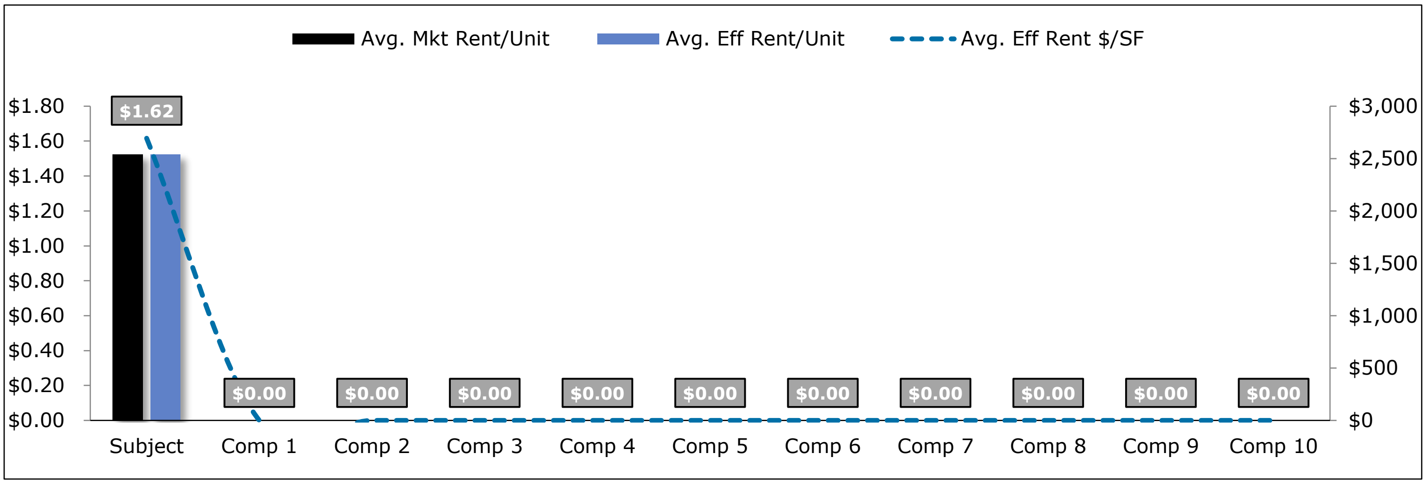
Renovated Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**15**	**4%**	**1290**	**$2,342**	**$1.82**	**$2,342**	**$1.82**
Comp 1	Shadow Market	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 2	Marina Square Apartments	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 3	Abrams Park	1978	4	2%	1000	$1,950	$1.95	$1,950	$1.95
Comp 4	Sunbay Suites	1989	0	0%	0	$0	$0.00	$0	$0.00
Comp 5	Marina Del Sol	1977	0	0%	0	$0	$0.00	$0	$0.00
Comp 6	Shoreline Apartments	1973	12	14%	875	$2,583	$2.95	$2,583	$2.95
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***31***	***7%***	***1092***	***$2,385***	***$2.27***	***$2,385***	***$2.27***
Total/Avg. (Market less Subject)			***16***	***8%***	***906***	***$2,425***	***$2.70***	***$2,425***	***$2.70***

Standard Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**120**	**34%**	**1572**	**$2,541**	**$1.62**	**$2,541**	**$1.62**
Comp 1	Shadow Market	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 2	Marina Square Apartments	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 3	Abrams Park	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 4	Sunbay Suites	1989	0	0%	0	$0	$0.00	$0	$0.00
Comp 5	Marina Del Sol	1977	0	0%	0	$0	$0.00	$0	$0.00
Comp 6	Shoreline Apartments	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***120***	***34%***	***1572***	***$2,541***	***$1.62***	***$2,541***	***$1.62***
Total/Avg. (Market less Subject)			***0***	***0%***	***0***	***$0***	***$0.00***	***$0***	***$0.00***

Three Bedroom Analysis l Standard



Renovated Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**5**	**1%**	**1572**	**$2,836**	**$1.80**	**$2,836**	**$1.80**
Comp 1	Shadow Market	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 2	Marina Square Apartments	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 3	Abrams Park	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 4	Sunbay Suites	1989	0	0%	0	$0	$0.00	$0	$0.00
Comp 5	Marina Del Sol	1977	0	0%	0	$0	$0.00	$0	$0.00
Comp 6	Shoreline Apartments	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***5***	***1%***	***1572***	***$2,836***	***$1.80***	***$2,836***	***$1.80***
Total/Avg. (Market less Subject)			***0***	***0%***	***0***	***$0***	***$0.00***	***$0***	***$0.00***

ATTACHMENT B

GREYSTAR™

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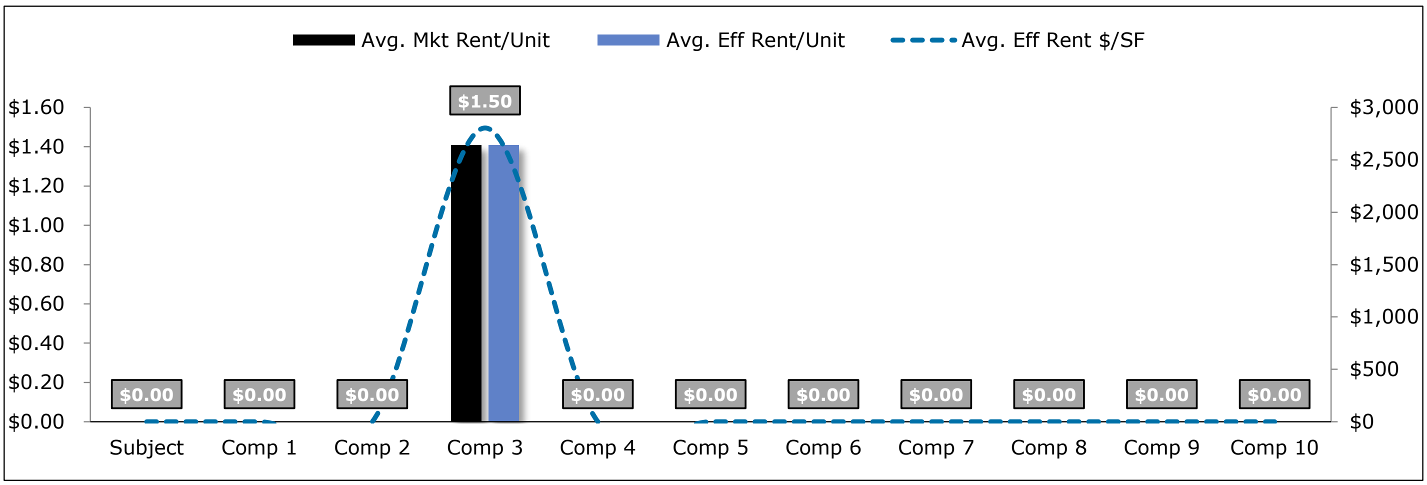
Standard Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**0**	**0%**	**0**	**$0**	**$0.00**	**$0**	**$0.00**
Comp 1	Shadow Market	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 2	Marina Square Apartments	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 3	Abrams Park	1978	88	45%	1765	$2,639	$1.50	$2,639	$1.50
Comp 4	Sunbay Suites	1989	0	0%	0	$0	$0.00	$0	$0.00
Comp 5	Marina Del Sol	1977	0	0%	0	$0	$0.00	$0	$0.00
Comp 6	Shoreline Apartments	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***88***	***45%***	***1765***	***$2,639***	***$1.50***	***$2,639***	***$1.50***
Total/Avg. (Market less Subject)			***88***	***45%***	***1765***	***$2,639***	***$1.50***	***$2,639***	***$1.50***

Four Bedroom Analysis I Standard



Renovated Unit Types

	Property Name	Year Built	# of units	% of Property	Avg. Unit Size (SF)	Avg. Mkt Rent/Unit	Avg. Mkt Rent $/SF	Avg. Eff Rent/Unit	Avg. Eff Rent $/SF
Subject	**Preston Park**	**1987**	**0**	**0%**	**0**	**$0**	**$0.00**	**$0**	**$0.00**
Comp 1	Shadow Market	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 2	Marina Square Apartments	1978	0	0%	0	$0	$0.00	$0	$0.00
Comp 3	Abrams Park	1978	10	5%	1760	$2,644	$1.50	$2,644	$1.50
Comp 4	Sunbay Suites	1989	0	0%	0	$0	$0.00	$0	$0.00
Comp 5	Marina Del Sol	1977	0	0%	0	$0	$0.00	$0	$0.00
Comp 6	Shoreline Apartments	1973	0	0%	0	$0	$0.00	$0	$0.00
Comp 7	7	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 8	8	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 9	9	0	0	0%	0	$0	$0.00	$0	$0.00
Comp 10	10	0	0	0%	0	$0	$0.00	$0	$0.00
Total/Avg (Market)			***10***	***5%***	***1760***	***$2,644***	***$1.50***	***$2,644***	***$1.50***
Total/Avg. (Market less Subject)			***10***	***5%***	***1760***	***$2,644***	***$1.50***	***$2,644***	***$1.50***

Calculation of Affordable Units FY 22/23 Rent Levels

Used for 2BD

Used for 3 BD (4.5 Persons)

Used for 4 BD

(A) **MAXIMUM HOUSEHOLD INCOME LIMITS (ANNUAL)**

HUD AMI Level	Number of Persons								
	1	2	3	4	5	6	7	8	9*
Very Low (50% AMI)	$ 35,600	$ 40,700	$ 45,800	**$ 50,850**	$ 54,950	$ 59,000	$ 63,100	$ 67,150	$ 71,190
Low/Lower (60% AMI)	$42,720	$48,840	$54,960	**$61,020**	$65,940	$70,800	$75,720	$80,580	$85,432
Low (80%) AMI	$56,950	$65,100	$73,250	**$81,350**	$87,900	$94,400	$100,900	$107,400	$113,890

Source:HUD Median Income for Monterey County 2019 at https://www.huduser.gov/portal/datasets/il/il2021/2021summary.odn

**** 9-Person Income Limits are calculated as 140% of the 4 -person limits with rounding as per HUD Guidelines***

(B) **MAXIMUM MONTHLY HOUSING COST (Rent + Utility Allowance)**

HUD Area Median Income (AMI) Level	Number of Bedrooms		
	2BD[1]	4BD[2]	3BD[3]
Very Low (50% AMI)	$ 1,091	$ 1,406	$1,260
Low/Lower (60%) AMI	$ 1,310	$ 1,688	$1,512
Low (80%) AMI	$ 1,744	$ 2,248	$2,015

Notes:

[1] *Calculated as 2BD AMI @ 50%, 60% and 80% for 3 persons x 30% and then divided by 12 months*

[2] *Calculated as 4BD AMI @ 50%, 60% and 80% for 6 persons x 30% and then divided by 12 months*

[3] *Calculated as 3BD AMI @ 50%, 60% and 80% for 4.5 persons x 30% and then divided by 12 months* ***(Preston Park Only)***

(C) **AFFORDABLE UNITS RENT CALCULATION USING 50%/60%/80% BRACKET LESS HAMC (HCV Program) UTILITIES ALLOWANCE[5,6]**

	2BD		3BD (Preston Only)		4BD	
	21/22	20/21	21/22	20/21	21/22	20/21
Very Low (50% AMI)	$ 1,091	$ 1,091	$1,260	$ 1,260	$ 1,406	$ 1,406
Less Utilities	$ (202)	$ (202)	$ (264)	$ (264)	$ (328)	$ (328)
Monthly Rent Net of Utilities	***$ 889***	***$ 889***	***$996***	***$ 996***	***$ 1,078***	***$ 1,078***
Low/Lower (60% AMI)	$ 1,310	$ 1,310	$1,512	$ 1,512	$ 1,688	$ 1,688
Less Utilities	$ (202)	$ (202)	$ (264)	$ (264)	$ (328)	$ (328)
Monthly Rent Net of Utilities	***$ 1,108***	***$ 1,108***	***$1,248***	***$ 1,248***	***$ 1,360***	***$ 1,360***
Low/Lower (80% AMI)	$ 1,744	$ 1,744	$2,015	$ 2,015	$ 2,248	$ 2,248
Less Utilities	$ (202)	$ (202)	$ (264)	$ (264)	$ (328)	$ (328)
Monthly Rent Net of Utilities	***$ 1,542***	***$ 1,542***	***$1,751***	***$ 1,751***	***$ 1,920***	***$ 1,920***

[5] *Source for Utilities Deduction in the HAMC HVC Program Utilities Allowances for Apts & Townhouses 22-23*

[6] Utilities (UTA-Apts/Townhouses Allowances) used for calc are "HEATING (Natural Gas)", "COOKING (Natural Gas)", "OTHER ELECTRIC", WATER HEATING (Natural Gas), WATER , SEWER, and "TRASH COLLECTION"

Preston Park Budget Memo Attachment D - Highlights of Operating Expenses

Operating Expenses	Approved Budget FY 2021/2022	Estimated Actuals FY 2021/2022	Proposed FY 2022/2023		Variance of Approved Budget From 2021/2022 Estimated Actuals	%	Comments		Variance of Proposed Budget from FY 2021/2022 Estimated Actuals	%	Comments		2022/2023 Proposed Budget vs. 2021/2022 Approved Budget	%
PAYROLL	$618,841	$584,932	$640,610	D	$33,909	5.5%	Decrease in Estimated Budget over Approved Budget due to open positons during FY.	I	($55,678)	-9.5%	Increase in Proposed Budget over Estimated Budget due to open positions in 2021/2022 FY; assumes annual merit increase of 3% and increase in tax and benefit costs.	I	($21,769)	-3.5%
CONTRACT SERVICES	$76,148	$82,100	$109,064	I	($5,951)	-7.8%	Increase in Estimated Budget over Approved Budget due to increase in pest control, fire/life/safety repairs/inspections, and COVID janitorial cleaning.	I	($26,964)	-32.8%	Increase in Proposed Budget over Estimated Budget due to addition of nightly courtesy patrol in new budget year, plus 10% increase in Pest Control and Landscape contracts.	I	($32,916)	-43.2%
UTILITIES	$128,427	$129,012	$141,636	I	($585)	-0.5%	Tracking from Estimated Budget over Approved Budget	I	($12,624)	-9.8%	2022/2023 budget based upon 2021/2022 actuals with an a 10% increase in rates.	I	($13,209)	-10.3%
REDECORATING	$195,500	$180,502	$179,400	D	$14,998	7.7%	Decrease in Estimated Budget over Approved Budget due to reduced turnover.	D	$1,102	0.6%	Tracking YOY, budget assumes slight increase in turnover YOY.	D	$16,100	8.2%
MAINTENANCE	$99,328	$110,931	$115,740	I	($11,603)	-11.7%	Increase in Estimated Budget over Approved Budget due to increased in cleaning supplies, plumbing and misc. repairs and supplies.	I	($4,809)	-4.3%	Increase in Proposed Budget over Estimated Budget due inflation.	I	($16,412)	-16.5%
MARKETING	$4,784	$3,945	$2,738	D	$839	17.5%	Tracking from Estimated Budget over Approved Budget	D	$1,207	30.6%	Tracking YOY with slight decrease.	D	$2,046	42.8%
ADMINISTRATIVE	$94,199	$98,527	$96,012	I	($4,328)	-4.6%	Increase in Estimated Budget over Approved Budget due to bank fees, eviction fees, and computer/software expense.	D	$2,514	2.6%	Decrease in Proposed Budget over Estimated Budget due to reducing costs in multiple GL's.	I	($1,813)	-1.9%
INSURANCE & TAXES	$353,001	$383,810	$502,908	I	($30,809)	-8.7%	Reflects higher rates than anticipated.	I	($119,098)	-31.0%	Increase due to anticipated tax increase and insurance premium.	I	($149,907)	-42.5%
NON-ROUTINE MAINTENANCE	$242,480	$155,194	$243,340	D	$87,286	36.0%		D	($88,146)	-56.8%	FY 22/23 budget includes trip hazard removal, gutter cleaning, annual inspection supplies, a roof preventive maintenance inspection, tree trimming, irrigation replacements and unforeseen maintenance events.	I	($860)	-0.4%
MANAGEMENT FEES	$180,293	$180,531	$185,494	I	($239)	-0.1%	Tracking from Estimated Budget over Approved Budget.	I	($4,962)	-2.7%	Increase due to increase in Total Income.	I	($5,201)	-2.9%
TOTAL OPERATING EXPENSES	**$1,993,000**	**$1,909,483**	**$2,216,941**	**D**	**$83,518**	4.2%	**Increase due to Capital savings.**	**I**	**($307,459)**	-16.1%	**Increase due to expense category increases detailed above.**	**I**	**($223,941)**	**-11.2%**

I -- DESIGNATES INCREASE
D -- DESIGNATES DECREASE

GREYSTAR™ FORESIGHT2020 caprepar (Preston Park)
l Summary Report

	Reforecast Year		Budget Year		
	Reforecast	Original	Budget Year	Budget vs Reforecast	
INCOME					
Potential Rent	7,324,727	7,357,236	7,529,720	204,993	2.8%
Net Potential Rent	7,324,727	7,357,236	7,529,720	204,993	2.8%
Vacancy Loss	(62,918)	(127,124)	(106,352)	(43,434)	(69.0)%
Non Revenue Units	(78,139)	(65,069)	(70,935)	7,204	9.2%
Delinquent Rent	160	-	-	(160)	(100.0)%
Bad Debt	4,800	(6,950)	(6,000)	(10,800)	(225.0)%
Other Misc Rental Income	252	-	-	(252)	(100.0)%
Total Rental Income-Residential	**$ 7,188,881**	**$ 7,158,093**	**$ 7,346,433**	**$ 157,552**	**2.2%**
Other Income-Residential	102,202	53,620	73,316	(28,886)	(28.3)%
Total Income	**$ 7,291,083**	**$ 7,211,713**	**$ 7,419,749**	**$ 128,666**	**1.8%**
EXPENSES					
Payroll & Benefits	584,932	618,841	640,610	(55,678)	(9.5)%
Repairs & Maintenance	110,931	99,328	115,740	(4,809)	(4.3)%
Make-Ready / Redecorating	180,502	195,500	179,400	1,102	0.6%
Contract Services	82,100	76,148	109,064	(26,964)	(32.8)%
Advertising / Marketing / Promotions	3,945	4,784	2,738	1,207	30.6%
Office Expenses	37,942	47,968	46,357	(8,415)	(22.2)%
Other General & Administrative	60,584	46,231	49,655	10,930	18.0%
Utilities	129,012	128,427	141,636	(12,624)	(9.8)%
Controllable Expenses	**$ 1,189,948**	**$ 1,217,227**	**$ 1,285,200**	**$ (95,252)**	**(8.0)%**
Management Fees	180,531	180,293	185,494	(4,962)	(2.7)%
Taxes	148,734	146,572	223,020	(74,286)	(49.9)%
Insurance	235,076	206,429	279,888	(44,812)	(19.1)%
Non-Controllable Expenses	**$ 564,341**	**$ 533,294**	**$ 688,402**	**$ (124,060)**	**(22.0)%**
Total Operating Expenses	**$ 1,754,289**	**$ 1,750,520**	**$ 1,973,601**	**$ (219,312)**	**(12.5)%**
Total Operating / Non Recoverable Expenses	**$ 1,754,289**	**$ 1,750,520**	**$ 1,973,601**	**$ (219,312)**	**(12.5)%**
Net Operating Income	**$ 5,536,794**	**$ 5,461,193**	**$ 5,446,148**	**$ (90,646)**	**(1.6)%**
Routine Replacement Expense	155,194	156,890	243,340	(88,146)	(56.8)%
Capital / Renovation Expense	1,313,175	-	1,169,100	144,075	11.0%
NOI After Replacements	**$ 4,068,425**	**$ 5,304,303**	**$ 4,033,708**	**$ (34,718)**	**(0.9)%**
Debt Service	1,512,646	1,516,790	1,512,644	2	0.0%
Total Non-Operating Expense	**$ 1,512,646**	**$ 1,516,790**	**$ 1,512,644**	**$ 2**	**0.0%**
Net Income	**$ 2,555,780**	**$ 3,787,513**	**$ 2,521,064**	**$ (34,716)**	**(1.4)%**

ATTACHMENT F

	Attachment F						
CAPITAL EXPENDITURES - 2022/2023 Preston Park Budget							
PRESTON PARK - REVISED PHYSICAL NEEDS ASSESSMENT (5 Year Look Forward - Greystar Recommendation)					**Updated: 5/30/2022**		
Project	**Detail**	**Committed/Completed 2021-2022**	**2022 - 2023**	**2023-2024**	**2024-2025**	**2025-2026**	**2026-2027**
Projected Replacement Reserve Fund Balance		***$ 1,241,921***	***$ 664,217***	***$ 648,441***	***$ 721,065***	***$ 1,392,389***	***$ 2,068,713***
Projected Replacement Reserve Fund Contribution		***$ 890,664***	***$ 890,664***	***$ 890,664***	***$ 890,664***	***$ 890,664***	***$ 890,664***
Roof	Repair/*Replacement	$ 3,705					
Exterior Paint	*Full Paint	$ 1,183,683					
Exterior Unit Doors	Replacement						
Building Exterior	Dry rot Repairs, Trip Hazards	$ 89,492	$ 50,000				
Lighting	Replacement and Additions		$ 85,000				
Resident Business Center	FF&E						
Landscape/ Irrigation	*Replacement / Upgrades	$ 21,470	$ 40,000				
Parking Expansion	Additional Parking Spaces		$ 450,000	$ 450,000			
Playgrounds	Replacement/Upgrades						
Duct Cleaning	Cleaning/Repairing Heater vents			$ 145,000			
Mailbox Replacement	Replacement	$ 5,400					
New Office Computers	Replace existing old computers				$ 5,000		
Maintenance Vehicles	Needed for hauling etc...						
Seal Coat Streets	* Seal Coat Streets (estimated completion date in this FY: 5/15/2021)						
FF&E	Resident Business Center Refresh		$ 25,000				
Gutter Cleaning		$ 7,100	$ 10,000				
Tub Surrounds	Replacement	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500
Applicable Construction Management Expenses	Miscellaneous (see * items)	$ 71,021	$ 32,100	$ 8,700			
Microwaves	Replacement (assume 5 year life). Represents 4 units	$ 853	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Dishwasher	Replacement (assume 10 year life). Represents 24 units	$ 9,650	$ 8,400	$ 8,400	$ 8,400	$ 8,400	$ 8,400
Refrigerators	Replacement (assume 15 year life). Represents 24 units	$ 10,155	$ 15,600	$ 15,600	$ 15,600	$ 15,600	$ 15,600
Stove/Range hood	Replacement (assume 15 year life). Represents 24 units	$ 14,181	$ 13,440	$ 13,440	$ 13,440	$ 13,440	$ 13,440
Garbage Disposal	Replacement (assume 10 year life). Represents 12 units	$ 1,586	$ 1,200	$ 1,200	$ 1,200	$ 1,200	$ 1,200
Hot Water Heaters	Replacement (assume 15 year life). Represents 24 units	$ 11,684	$ 16,800	$ 16,800	$ 16,800	$ 16,800	$ 16,800
Carpet	Replacement (assume 10 year life). Represents 36 units.	$ 17,102	$ 80,400	$ 80,400	$ 80,400	$ 80,400	$ 80,400
Vinyl	Replacement (assume 10 year life). Represents 36 units.	$ 12,402	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000
HVAC Furnace	Replacement (assume 15 year life). Represents 4 units.	$ 6,385	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000
Capital Expenses - uninflated (included as Capital Assets in the Standard Budget)		$ (1,468,368)	$ (906,440)	$ (818,040)	$ (219,340)	$ (214,340)	$ (214,340)
Ending Replacement Reserve Fund Balance - uninflated		***$ 664,217***	***$ 648,441***	***$ 721,065***	***$ 1,392,389***	***$ 2,068,713***	***$ 2,745,037***

Attachment G Preston Park Cash Allocations

Preston Park Cash Balances, 6/30/22

Accounts	Actual Bank Balance	Proposed Beginning Budget Allocations (after Operating Sweep)	Estimated Year End Allocations	Estimated Beginning Allocation for 2023.24
Operating	$454,067	$200,000	$1,011,904	$200,000
Security Deposit	$568,686	$568,686	$568,686	$568,686
Bridgebank Reserve Total Balance	$8,016,253	$8,270,320	$8,270,320	$9,082,224
RESERVES ALLOCATIONS				
Capital Reserve				
Beginning Balance		*$664,217*	*$664,217*	$171,441
Revenues		*$890,664*	*$890,664*	*$890,664*
Expenditures		*$906,440*	*$1,383,440*	*$368,040*
Ending Balance		$648,441	$171,441	$694,065
Loan Reserves		$7,606,103	$7,606,103	$8,910,783
Total All Accounts	$9,039,006	$9,039,006	$9,850,910	$9,850,910

July 29, 2022 Item No. **11c**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of August 3, 2022

Chair and Board Members of
Preston Park Sustainable Community Non-Profit Corporation

Corporation Board Meeting
of August 3, 2022

CITY COUNCIL AND PRESTON PARK SUSTAINABLE COMMUNITY NON-PROFIT CORPORATION BOARD CONSIDER ADOPTING RESOLUTION NO. 2022-, AND 2022- (PPSC-NPC), APPROVING PRESTON PARK HOUSING AREA BUDGET FOR FY 2022-23 AND AUTHORIZING FINANCE DIRECTOR TO MAKE APPROPRIATE ACCOUNTING AND BUDGETARY ENTRIES

REQUEST:
It is requested that the City Council and Corporation Board consider:

1. Adopting Resolution No. 2022- and Resolution No. 2022- (PPSC-NPC), approving the Preston Park Sustainable Community Non-Profit Corporation Preston Park Housing Area Budget for FY 2022-23, and;
2. Authorizing Finance Director to make appropriate accounting and budgetary entries.

BACKGROUND:
The City of Marina purchased the 354-apartment unit community of Preston Park in 2016. Greystar Residential has been retained to provide property management services.

City staff, Greystar staff, and Tenant's Association representatives have met to review and discuss the preparation of the Preston Park Sustainable Community Non-Profit Corporation Preston Park Housing Area Budget for FY 2022-23.

ANALYSIS:
The budget package provided for the City Council's consideration includes:

- Alliance Residential Preston Park FY 2022/2023 Proposed Budget Memo
- Attachment A Preston Park Income
- Attachment B Market Survey
- Attachment C BMR Rent Calculation Documentation
- Attachment D Preston Park Expenses
- Attachment E Preston Park Standard Budget
- Attachment F Preston Park Capital Budget Projections 2022-2023
- Attachment G Preston Park Cash Allocations

Information in each of the sections below is intended to highlight each of these pieces of the budget package. Please refer to the attachments themselves for greater details.

Alliance Residential Preston Park FY 2022/2023 Proposed Budget Memo
This document provides larger capital project accomplishments for the year, summary of revenue/rents, summary of expenses and capital budget spending.

Attachment A Preston Park Income

Summarizes the performance of the current year revenues and projects revenues for 2021/2022 budget year. Revenue for FY 2021-2022 revenue is projected to end 48,581 over budget. The additional revenue is a result of an increase in damage recovery upon move outs, interest income and one-time reimbursement of overpayment for utilities of utilities. Net revenue for FY 2021-2022 actual is estimated to close $75,601 over budget. FY 2022-2023 budget revenue totals $7,529,720. This is a $172,484 increase over FY 2021-2022 FY budget, primarily due to turnover of units to market rate.

In 2010, the City Council adopted a rent formula. In Place, market-rate residents (residents who are not on a Below Market Rate program), rent may increase by the lesser of CPI-U for SF/OAK/SJ for February over February annually or 3% but no more than the average of the Monterey County Housing Authority Payment Standard and the HUD Fair Market Rent (FMR) documentation schedule, reduced by an average household amount for Water/Meter, Sewer and Garbage costs in the former Fort Ord community as an equivalent rent. If an individual's current equivalent rent exceeds the averaged FMR, then no increase will be assessed. If an individual's equivalent rent is less than the averaged FMR but exceeds it after the allowable increase is added, then the alternative increase will only be sufficient to meet the averaged FMR.

Attachment B Market Survey
Current market survey for 5 similar apartment communities in Marina, plus a "shadow market" or non-apartment complex comparable units. This survey is used to determine the rents for new market rate move-in tenants. The survey is updated throughout the year to reflect the most recent market rents of the comparable apartment homes in Marina.

Attachment C BMR Rent Calculation Documentation
Current year BMR rent calculations included in the proposed Alliance budget memo for the current 19-Very Low-Income qualifying units and 31-Low Income qualifying units.

Attachment D Preston Park Expenses
Summary of all operating expenses. FY 2021-2022 is estimated to close with $33,909 in expenses less than budgeted. Proposed FY 2022-2023 operating expenses total $2,216,941. This is a $223,941 increase over FY 2021-2022 FY budget, primarily due to the addition of an evening security patrol, employee merit increases, 10% increase in landscaping and pest control contracts and increased in capital projects and maintenance expenses including trip hazard removal, gutter cleaning, annual inspection supplies, a roof preventive maintenance inspection, tree trimming, irrigation replacements and unforeseen maintenance events.

Attachment E Preston Park Standard Budget
This document contains a summary sheet supported by the detailed budget line items. The summary sheet combines the Revenue and Operating Expenses described in the Attachments above, and adds accounting for the debt service of $1,516,790, the City's distribution of $1,750,000 and the Replacement Reserve (capital project set-aside) of $890,664.

Attachment F Preston Park Capital Budget Projections
A five-year projection of capital projects. This sheet also provides accounting for the Capital Reserve. The beginning balance of the Capital Reserve set aside funds is $664,217. The capital expenditures for FY 2022-2023 equal $906,440 with the largest expenditure being a parking expansion project. Also included this year are additional heating unit replacement additional safety lighting throughout the community. Each year there is a $890,664 set-aside contribution (Replacement Reserve) in the budget. After the set-aside contribution and capital expenses the final Capital Reserve set aside funds for FY 2022-2023 will equal $648,441.

Attachment G Preston Park Cash Allocations

This attachment is an accounting of all cash on hand and how it is allocated for the Preston Park bank accounts. Demonstrated are the actual bank balances for each of the three bank accounts that are maintained by Preston Park. The operating account is a checking account and used to pay ongoing operating expenses. The Security Deposit account is a trust account where security deposits are held. The final account is a savings account for the property's reserves. This account handles the reserves for capital expenses and reserves to debt retirement. Excess cash in the Operating account is annual swept into the debt retirement portion of the reserve account where they are dedicated towards buying down the debt. The reserve account is currently at $644,217 for capital expenses and $7,606,103 in debt retirement reserves. To fund the $1,383,440 in capital expenses this year, the Capital Reserve receives an $890,644 contribution from the operating funds. This amount is based on a steady annual contribution that meets the long-term capital replacement needs within budgetary means. The ending balance for the capital reserves will be $171,441. The Loan Reserve is increasing to $7,606,103 which is well on target to reach $10 million by 2026. The table below demonstrates the account balances.

Preston Park Cash Balances, 6/30/22

Accounts	**Actual Bank Balance**	**Proposed Beginning Budget Allocations (after Operating Sweep)**	**Estimated Year End Allocations**	**Estimated Beginning Allocation for 2023.24**
Operating	$454,067	$200,000	$1,011,904	$200,000
Security Deposit	$568,686	$568,686	$568,686	$568,686
Bridgebank Reserve Total Balance	$8,016,253	$8,270,320	$8,270,320	$9,082,224
RESERVES ALLOCATIONS				
Capital Reserve			-	-
Beginning Balance		*$664,217*	*$664,217*	$171,441
Revenues		*$890,664*	*$890,664*	*$890,664*
Expenditures		*$1,383,440*	*$1,383,440*	*$368,040*
Ending Balance		$171,441	$171,441	$694,065
Loan Reserves -		$7,606,103	$7,606,103	$8,910,783
Total All Accounts	$9,039,006	$9,039,006	$9,850,910	$9,850,910

<u>FISCAL IMPACT</u>:

Should the City Council and Corporation Board elect to approve this request for the FY 2022-2023 Budget, the owner distribution as proposed will be $1,750,000. This owner distribution is does not need to pay the Preston Park's debt service as these expenses are paid form the property Budget.

<u>CONCLUSION</u>:

This request is submitted for City Council and PPSC-NPC Corporation Board consideration and possible action.

Respectfully submitted,

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Matt Mogensen
Assistant City Manager
City of Marina

REVIEWED/CONCUR:

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Layne P. Long
City Manager
City of Marina