

RESOLUTION NO. 2024-97
RESOLUTION NO. 2024-01 (NPC)

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA AND THE ABRAMS B
NON-PROFIT CORPORATION APPROVING ABRAMS B HOUSING AREA BUDGET FOR
FY 2024-2025 AND AUTHORIZING FINANCE DIRECTOR TO MAKE APPROPRIATE
ACCOUNTING AND BUDGETARY ENTRIES

WHEREAS, Greystar Real Estate Partners (“Greystar”), as the management agent of Abrams Park Sustainable Community Housing, has submitted a draft FY 2024-2025 budget; and

WHEREAS, Greystar submitted a budget letter describing highlights of the proposed Abrams Park Housing Area FY 2024-2025 Budget and accompanied by updated proposed budgets; and

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

WHEREAS, City staff has reviewed the budget package for FY 2024-2025; and

WHEREAS, the City Council of Marina and the Board of the Abrams B 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 Abrams B Non-Profit Corporation do hereby:

1. Approve the Abrams Park Housing Area Budget for FY 2024-2025, 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 Abrams B Non-Profit Corporation at a regular meeting duly held on the 4th day of September 2024, by the following vote:

AYES: COUNCIL MEMBERS: McAdams, Visscher, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: McCarthy, Biala

ABSTAIN: COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk



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

August 21, 2024

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

Re: Abrams Park FY 2024/2025 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 in Abrams Park:

- 1) **Building Upgrades:** Solar lighting installation was completed in the month of January.
- 2) **Landscaping/Asphalt Repairs/Preventative Maintenance:** The annual tree trimming, gutter cleaning, irrigation repairs and replanting were completed in May and June. Gopher abatement has been a continual project year over year with the assistance of ADM. Roof preventative maintenance was completed in February 2024 and Dryer Vent cleaning was performed in June.
- 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 continues to provide the residents at Abrams 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 a source of housing that is essential to the general populace of Marina.

Revenue

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.

The City Council of the City of Marina and the Corporation Board of the Abrams B Non-Profit Corporation adopted rent formulas at a regular meeting held on the 2nd of June 2010. The formula states 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 of (2.4%), 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.

Proposed Budget – Targeted Rental Increase applies the allowable 2.4% 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.

Current Market Rent Conditions

The market rent for new move-ins is calculated by comparable market rent levels in the competitive market throughout the year. As shown in the proposed Budget, a year over year increase of 1.1% in overall Total Rental Income from the 23/24 budget year to the proposed 24/25 budget year totals \$42,809. This figure includes a budgeted 2.4% increase for all market rate in place residents at lease renewal in addition to new occupant move in's at current market rates, with a turnover ratio of 3% annually. This accounts for 63% of the resident population in Abrams Park. Per the Marina City Council 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	\$2,350
Remodeled – Two BR	\$2,500
Four Bedroom	\$3,225- \$3,350
Remodeled – Four BR	\$3,450

* Note: Five 2-Bedroom homes and eight 4-Bedroom homes have additional features that warrant higher than average rental rates.

The Average of HUD Fair Market Rents (FMR) published in May 2024 and the Monterey County Housing Authority Peninsula Payment Standards published in January 2024 are as follows:

Unit Bedroom Size	Fair Market Rent	Utility Allowance	Adjusted Rental Amount
Two Bedroom	\$3,139.00	\$292.00	\$2,847.00
Four Bedroom	\$4,833.00	\$473.00	\$4,360.00

A number of in-place market renters in Abrams Park homes are leasing below the averaged Fair Market Rent. The Fair Market Rates above include an allowance for utilities paid directly by Abrams

Park residents in addition to their monthly rental amount. The two-bedroom average in-place market rent at Abrams Park is \$1,899, while the average four-bedroom in-place market rent at Abrams Park is \$2,483.

Affordable Rents

Affordable rental rates are derived from median income schedules published by governmental agencies. Rental rates at Abrams 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 2024. Rental increases are not being proposed for the proposed budget year.

Maximum Household Income Limits for 2024 as published in May of 2024.

Income Category	Two Person	Three Person	Four Person	Five Person	Six Person	Seven Person	Eight Person	Nine Person
50% Very Low	\$53,000	\$59,600	\$66,200	\$71,500	\$76,800	\$82,100	\$87,400	\$92,680
60% Low/Lower	\$82,550	\$92,900	\$103,220	\$111,450	\$119,700	\$127,950	\$136,200	\$144,508
80% Low	\$84,800	\$95,400	\$105,950	\$114,450	\$122,950	\$131,400	\$139,900	\$148,330

Projected Revenue and Expenses in FY 24/25

FY 24/25 budget includes \$3,894,591 in Total Revenue vs. FY 23/24 budget of \$3,839,233. Further, FY 24/25 budget includes \$1,408,547 in Total Operating Expenses vs. FY 23/24 budget of \$1,329,931 resulting in an increase of (\$78,615) or 5.9% variance.

Expenses

Expenses include Operating Expense projections and relevant changes from the FY 2023/2024 budget to the FY 2024/2025 proposed 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 2024/2025 are 5.9% higher than the Estimated Actuals for FY 2023/2024. 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 accounts for \$1.7M in annual distributions.

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) Sidewalk, tree root and gutter repairs - \$45,000
- 2) Reserve Study - \$9,990
- 3) Gutter Cleaning - \$8,250
- 4) Roof Maintenance - \$20,790
- 5) Dryer Vent Cleaning - \$7,700
- 6) Termite Inspection \$14,300
- 7) Landscape Upgrades, Tree Trimming, Arborist, Irrigation Repairs and Timer Repl - \$38,500
- 8) Solar Lighting Additions - \$10,000
- 9) Unit renovations x2 - \$81,620
- 10) Ingman Parking Lot Expansion - \$195,000
- 11) Asphalt Repairs and Tree Root removal of roads - \$159,000
- 12) Exterior Repainting 1/2 - \$492,500

Capital Reserve Fund

Adoption of the proposed budget will result in a contribution of \$4,854 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. Furthermore, a Capital Reserve Study is proposed to be conducted by a consulting firm to further assess future costs to maintain the project over a span of 30+ years in the 24/25 proposed budget.

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,
Analily Puckett
Community Manager

Cc: Sumer Perkins, Director of Real Estate Greystar
Cc: Vanessa Gonzales, Regional Manager

Attachments:

- FY 2024/25 Budget Summary
- F. Capital Improvement Plan/Reserve Withholding

Attachment A - Budget Summary

Abrams Park
Budget Year 2024 - 2025

GREYSTAR®

	Fiscal Year 2023-24				Proposed Fiscal Year 2024-25				
	Approved Budget	Estimated Year-End	Variance of Estimated Year-End to Approved		Proposed	Variance from Fiscal Year 2023-24 Approved		Variance from Fiscal Year 2023-24 Estimated	
INCOME									
TOTAL RENTAL INCOME-RESIDENTIAL	\$ 3,801,373	\$ 3,749,178	(52,195)	-1.4%	3,845,613	44,240	1.2%	96,435	2.6%
Other Income-Residential	37,860	56,351	18,491	48.8%	48,978	11,118	29.4%	(7,373)	(13.1)%
TOTAL INCOME	\$ 3,839,233	\$ 3,805,529	\$ (33,704)	-0.9%	\$ 3,894,591	55,358	1.4%	89,062	2.3%
EXPENSES									
Payroll & Benefits	425,257	424,005	(1,252)	(0.3)%	440,927	15,670	3.7%	16,922	4.0%
Repairs & Maintenance	133,840	110,578	(23,262)	(17.4)%	121,868	(11,972)	(8.9)%	11,290	10.2%
Make-Ready / Redecorating	65,755	73,908	8,153	12.4%	81,299	15,544	23.6%	7,391	10.0%
Contract Services	84,743	89,893	5,150	6.1%	98,525	13,782	16.3%	8,632	9.6%
Advertising / Marketing / Promotions	1,866	3,242	1,376	73.7%	3,607	1,741	93.3%	365	11.3%
Office Expenses	34,323	39,937	5,614	16.4%	40,696	6,373	18.6%	759	1.9%
Other General & Administrative	36,122	42,043	5,920	16.4%	49,958	13,836	38.3%	7,915	18.8%
Utilities	188,058	180,178	(7,880)	(4.2)%	201,108	13,050	6.9%	20,929	11.6%
Management Fees	95,981	94,652	(1,328)	(1.4)%	96,621	640	0.7%	1,969	2.1%
Taxes	62,088	57,600	(4,488)	(7.2)%	58,751	(3,337)	(5.4)%	1,151	2.0%
Insurance	201,898	226,886	24,988	12.4%	215,187	13,289	6.6%	(11,699)	(5.2)%
TOTAL OPERATING EXPENSES	\$ 1,329,931	\$ 1,342,921	12,989	1.0%	\$ 1,408,547	78,615	5.9%	65,626	4.9%
NET OPERATING INCOME	\$ 2,509,302	\$ 2,462,609	(46,693)	(1.9)%	\$ 2,486,044	(23,257)	(0.9)%	23,436	1.0%
Less Distributions	1,782,216	1,782,216	-	0.0%	1,782,216	-	0.0%	-	0.0%
Less Capital / Renovation Expense	839,051	712,890	(126,161)	(15.0)%	1,443,284	604,233	72.0%	730,394	102.5%
Less Other: Partnership/Ownership expenses, prepaids,escrow	-	44,063	44,063	100%	-	-	-	(44,063)	(100.0)%
Net of Transfer-in from Capital Reserve	(400,000)	(400,000)	-	0.0%	(1,025,000)	(625,000)	156.3%	(625,000)	156.3%
TOTAL NON-OPERATING	\$ 2,221,267	\$ 2,139,169	(82,098)	(3.7)%	\$ 2,200,500	(20,767)	(0.9)%	61,331	2.9%
NET INCOME AFTER NON-OPERATING	\$ 288,035	\$ 323,440	\$ 35,405	12.3%	\$ 285,544	\$ (2,490)	(0.9)%	\$ (37,895)	(11.7)%

Attachment B - Income Budget Summary

Detailed Budgetary Comparison - Abrams Park

INCOME	Fiscal Year 2023-24 Approved and Year End Estimate				Fiscal Year 2024/25 Proposed			General Comments
	Approved	Year-End Estimate	Variance from Approved		Proposed	Variance from FY 23/24 Year-End		
			Amount	%		Amount	%	
Potential Rent	\$ 3,862,469	\$ 3,860,932	\$ 1,537	0.0%	\$ 3,909,588	\$ 48,656	1.3%	Potential Rent: Budget assumes Market Rents starting at \$323,293 per month or \$3.9M annually with annual projected rent growth of 1.3%.
One-Time Concessions	-	(711)	711	-100.0%	-	711	-100.0%	
Vacancy Loss	(39,732)	(17,134)	(22,598)	131.9%	(13,815)	3,319	-19.4%	Vacancy Loss: Budget assumes an average annual occupancy rate of 99%, with a projection of 6 move outs, 6 move in's, 71 lease renewals and an average economic occupancy rate of 98.4%.
Non Revenue Units	(15,364)	(38,237)	22,873	-59.8%	(47,160)	(8,923)	23.3%	Non Revenue Units: Budget represents one (1) exempt staff unit at 100%. YOY unfavorable variance attributable to prior year accounting for zero (0) units, whereas we now have one (1) unit at Abrams and one (1) at Preston, fulfilling DRE requirements.
Bad Debt	(6,000)	(55,673)	49,673	-89.2%	(3,000)	52,673	-94.6%	Bad Debt: Budget assumes a write off of (\$500) every other month as a contingency for unpaid move out balances. YOY variance attributed to one (1) COVID Eviction balance of \$54k written off in the Feb/24 period, which is an anomaly and not expected to occur aoina forward.
Other Income-Residential	37,860	56,351	(18,491)	-32.8%	48,978	(7,373)	-13.1%	Other Income: Budget assumes other income sources such as application fees, damages, late fees, pet rent and \$27k per month in interest income.
TOTAL INCOME	\$ 3,839,233	\$ 3,805,529	(33,704)	-0.9%	\$ 3,894,591	\$ 89,062	2.3%	Total Income: Budget Assumes total Income of \$3.9M.

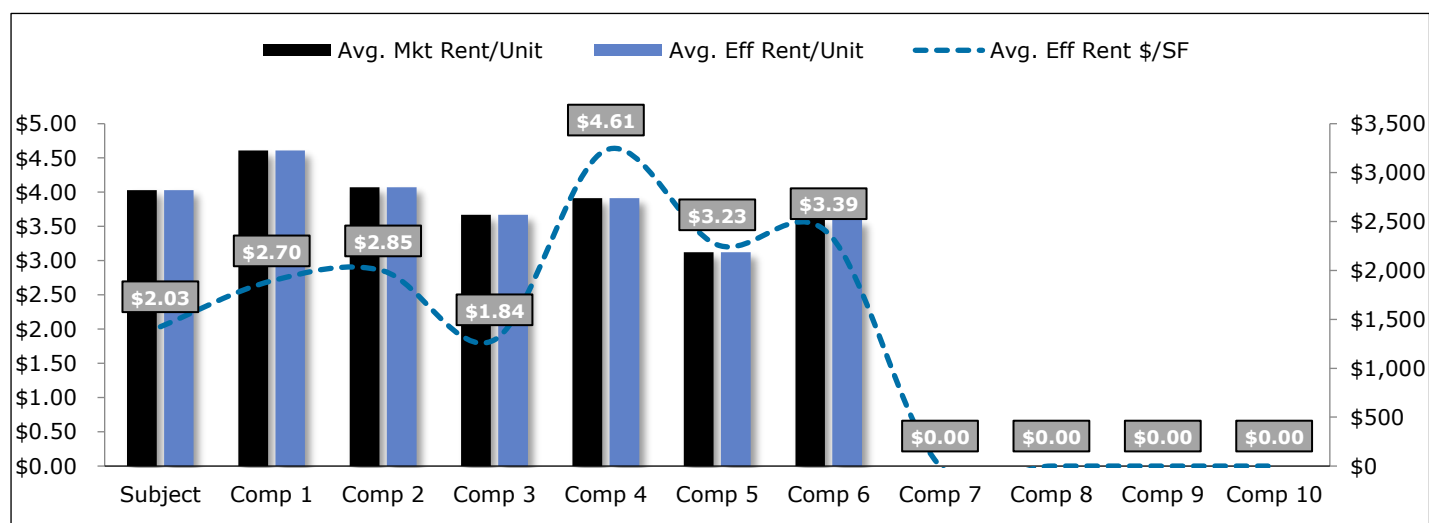
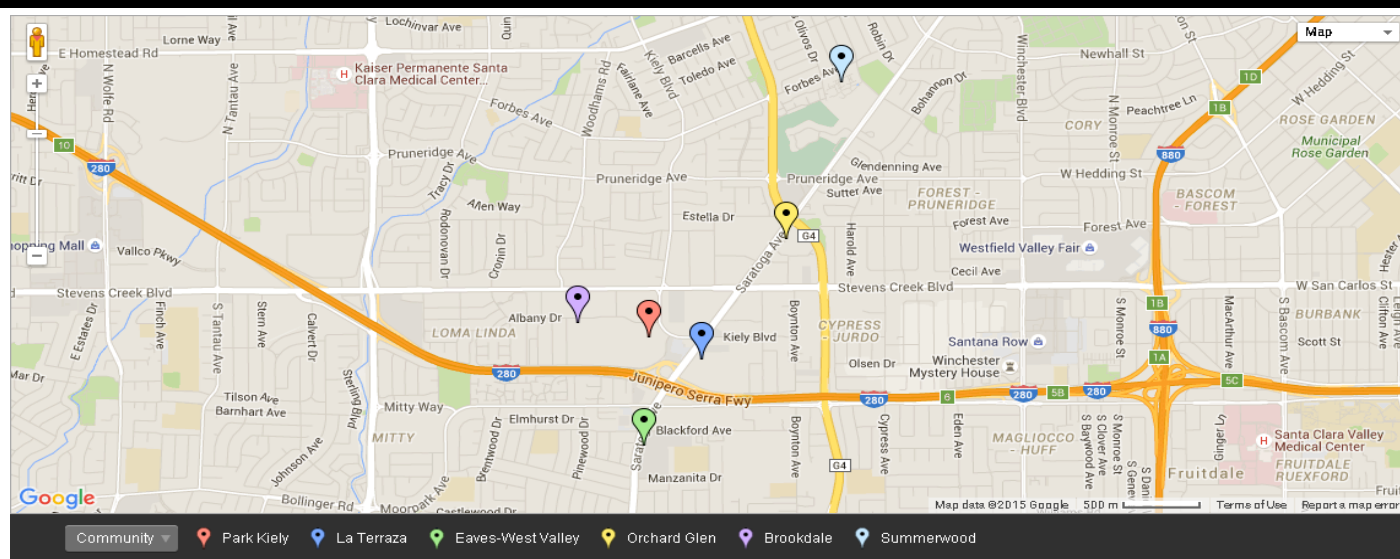
Attachment C - Market Survey



GREYSTAR: THE GLOBAL LEADER IN RENTAL HOUSING™

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	Abrams Park	1978	194	99%	1386	\$2,820	\$2.03	\$2,820	\$2.03
Comp 1	Shadow Market	1973	3	100%	1193	\$3,225	\$2.70	\$3,225	\$2.70
Comp 2	Marina Square Apartments	1978	48	100%	1000	\$2,850	\$2.85	\$2,850	\$2.85
Comp 3	Preston Park	1987	354	99%	1393	\$2,569	\$1.84	\$2,569	\$1.84
Comp 4	Sunbay Suites	1989	266	93%	593	\$2,737	\$4.61	\$2,737	\$4.61
Comp 5	Marina Del Sol	1977	108	98%	677	\$2,188	\$3.23	\$2,188	\$3.23
Comp 6	Shoreline Apartments	1973	84	98%	742	\$2,518	\$3.39	\$2,518	\$3.39
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)			1057	98%	1047	\$2,629	\$2.89	\$2,629	\$2.89
Total/Avg. (Market less Subject)			863	98%	971	\$2,586	\$3.08	\$2,586	\$3.08

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Attachment D

Calculation of Affordable Units - FY 24/25 Rent Levels

(A) MAXIMUM HOUSEHOLD INCOME LIMITS (ANNUAL)

HUD AMI Limit	Number of Persons							
	1	2	3	4	5	6	7	8
Very Low (50% of AMI)	46,350	53,000	59,600	66,200	71,500	76,800	82,100	87,400
Low (80% of AMI)	74,150	84,800	95,400	105,950	114,450	122,950	131,400	139,900

Source: California Department of Housing and Community Development, 2024

	2 Bedroom		3 Bedroom (Preston Only)		4 Bedroom	
	23/24	22/23	23/24	22/23	23/24	22/23
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 (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

Attachment E - Expense Budget Details

Detailed Budgetary Comparison - Abrams Park

	Fiscal Year 2023-24				Fiscal Year 2024-25 Proposed			General Comments
	Approved	Year-End Estimate	Variance from Approved		Proposed	Variance from FY 23-24 Year-End		
			Amount	%		Amount	%	
EXPENSES								
Payroll & Benefits	\$ 425,257	\$ 424,005	(1,252)	-0.3%	\$ 440,927	\$ 16,922	4.0%	Payroll & Benefits: Budget assumes a full staff of 14 employees billed 40% to Abrams Park. Turnover of five (5) employees occurred in the 23/24 budget year.
Repairs & Maintenance	133,840	110,578	(23,263)	-21.0%	121,868	11,290	10.2%	Repairs & Maintenance: Budget assumes \$121k annually to account for higher projected turnover and higher demand for in place residents in repairs and maintenance. Annual increase projected at 10.2%.
Make-Ready / Redecorating	65,755	73,908	8,153	11.0%	81,299	7,391	10.0%	Make Ready/Redec: Budget assumes \$81k annually to account for higher projected make ready/redec cost which not only account for turnover but in place resident refresh supplies. Annual increase projected at 10%.
Contract Services	84,743	89,893	5,150	5.7%	98,525	8,632	9.6%	Contract Services: Budget assumes \$98k annually to account for a 10% projected increase in contract services overall. Annual increase projected at 10%.
Advertising / Marketing / Promotions	1,866	3,242	1,376	42.4%	3,607	365	11.3%	Advertising/Marketing: Budget assumes \$3.6k annually in marketing costs. Annual increase projected at 11.3%.
Office Expenses	34,323	39,937	5,614	14.1%	40,696	759	1.9%	Office Exp: Budget assumes \$40k annually in office expenses which includes a year over year projected increase of 1.9% as a result of increased software and equipment costs.
Other General & Administrative	36,122	42,043	5,920	14.1%	49,958	7,915	18.8%	Other General & Admin: Budget assumes \$49k annually in administrative expenses which includes a year over year projected increase of 18.8%.
Utilities	188,058	180,178	(7,880)	-4.4%	201,108	20,929	11.6%	Utilities: Budget assumes utilities with a projected overall increase of 13.1%. PG&E average utility rate increases propose a 14.4% increase, whereas water is projected at 10% and sewer projected at 15% in the 24/25 FY. Overall annual increase is 11.6%.
Management Fees	95,981	94,652	(1,328)	-1.4%	96,621	1,968	2.1%	Management Fees: Budget assumes management fees at 2.5% of gross receipts per the PMA.
Taxes	62,088	57,600	(4,489)	-7.8%	58,751	1,151	2.0%	Taxes: Budget assumes property taxes annualized with a 2% annual overall increase.
Insurance	201,898	226,886	24,987	11.0%	215,187	(11,699)	(0)	Insurance: Budget assumes insurance premiums with a 5.2% overall increase to general and flood insurance policies year over year.
TOTAL OPERATING EXPENSES	\$ 1,329,932	\$ 1,342,921	\$ 12,988	1.0%	\$ 1,408,546	\$ 65,626	4.9%	Total operating expenses year over year at 4.9%

Attachment F

Abrams Park		Attachment F					
CAPITAL REPLACEMENT AND RENOVATION EXPENDITURES - 2024/2025							
					8/21/2024		
		Completed					
Project	Detail	2023 - 2024	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029
Projected Replacement Reserve Fund Balance		\$1,212,272	\$1,075,214	\$642,528	\$530,570	\$878,032	\$1,250,394
Projected Replacement Reserve Fund Contribution		\$558,458	\$1,025,000	\$941,770	\$941,770	\$941,770	\$941,770
<u>COMMUNITY WIDE</u>							
Lighting	Replacement and Additions - Solar	\$ 79,146	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Landscape/irrigation	Replacement / Upgrades	\$ 61,644	\$ 38,500	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Parking Expansion	Add parking spaces	\$ 18,485	\$ 195,000	\$ -	\$ -	\$ -	\$ -
Playgrounds	Replacement/Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mailbox Replacenet	Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seal Coat Streets	Seal Coat Streets	\$ -	\$ 150,000	\$ -	\$ 20,000	\$ 20,000	\$ -
Trip Hazards & Sidewalk repairs	Fix uplifted/broken sidewalks	\$ 35,187	\$ 45,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
<u>BUILDINGS</u>							
Garage Door Openers	Install gararage door openers and power outlets	\$ -	\$ -	\$ 69,300	\$ 69,300	\$ 69,300	\$ 69,300
Roof	Repairs/Replacement/Gutter Cleaning	\$ 18,900	\$ 20,790	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000
Exterior Paint	Full repaint	\$ -	\$ 492,500	\$ 500,000	\$ -	\$ -	\$ -
Exterior Unit Doors	Steel Front/Back Doors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Windows / Sliding Glass Doors	Replace Windows/Sliding Doors	\$ 2,800	\$ -	\$ -	\$ -	\$ -	\$ -
Building Exterior	Dry rot Repairs, etc.	\$ 95,000	\$ -	\$ -	\$ -	\$ -	\$ -
Fence repairs / slat replacement	Fencing repair and replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gutter Cleaning	Annual cleaning of gutters	\$ 7,500	\$ 8,250	\$ 8,250	\$ 8,250	\$ 8,250	\$ 8,250
Termite Inspection	Inspecting buildings for termites	\$ -	\$ 14,300	\$ -	\$ 14,000	\$ -	\$ 14,000
Balcony/stairs/railings	SB721 Inspection every 5 yrs	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 3,750
Misc Non-Routine Maintenance	Includes plumbing, storm repairs, leaks, etc.	\$ 12,667	\$ 13,936	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
<u>UNITS</u>							
Duct & Vent Repairs	Repairing Heater vents 26/27 yr. Dryer vent cleaning 23/24 & 25/26.	\$ 5,335	\$ -	\$ 7,600	\$ 47,500	\$ 55,100	\$ -
Full Unit Renovations	4 per year @ \$38,500 each	\$ 42,750	\$ 77,000	\$ 77,000	\$ 80,000	\$ 80,000	\$ 80,000
Occupied Unit Renovations	Paint, reglaze and repair of tubs, kitchen countertops, bathroom vanity.	\$ 115,691	\$ 127,260	\$ 125,000	\$ 120,000	\$ 115,000	\$ 100,000
Dishwasher	Replacement (assume 10 year life). Represents 15 units	\$ 8,556	\$ 9,412	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Refrigerators	Replacement (assume 15 year life). Represents 15 units	\$ 7,973	\$ 8,770	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Stove/Range hood/Microwave	Replacement (assume 15 year life). Represents 12 range, 27 hoods	\$ 13,010	\$ 14,311	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Garbage Disposal	Replacement (assume 10 year life). Represents 24 units	\$ 3,010	\$ 3,311	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Hot Water Heaters	Replacement (assume 15 year life). Represents 15 units	\$ 10,071	\$ 11,078	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Carpet	Replacement (assume 10 year life). Represents 12 units	\$ 39,627	\$ 43,590	\$ 45,000	\$ 40,000	\$ 30,000	\$ 20,000
Vinyl	Replacement (assume 10 year life). Represents 12 units	\$ 79,101	\$ 87,013	\$ 51,180	\$ 51,180	\$ 51,180	\$ 51,180
HVAC Furnace	Replacement (assume 15 year life). Represents 3-4 units @ \$5,335ea.	\$ 14,550	\$ 16,005	\$ 21,120	\$ 21,120	\$ 21,120	\$ 21,120
<u>PROPERTY MANAGEMENT</u>							
Resident Business Center (Preston Park)	Resident Business Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Leasing Office	Leasing Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Office Computers	Purchase New	\$ -	\$ 3,500	\$ -	\$ 3,500	\$ -	\$ -
Maintenance Vehicles	Purchase New	\$ 8,500	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Study	Fee for Capital Reserve Study	\$ -	\$ 9,990	\$ -	\$ -	\$ -	\$ -
Applicable Construction Management Fee	Miscellaneous (6% fee on all items over \$15k)	\$ 13,014	\$ 58,170	\$ 38,778	\$ 8,958	\$ 8,958	\$ 8,958
Capital Expenses - uninflated (included as Capital Assets in the Standard Budget)		\$ 695,517	\$ 1,457,686	\$ 1,053,728	\$ 594,308	\$ 569,408	\$ 487,058
Ending Replacement Reserve Fund Balance - uninflated		\$1,075,214	\$642,528	\$530,570	\$878,032	\$1,250,394	\$1,705,106

August 26, 2024

Item No. **10f(2)**

Honorable Mayor and Members
Meeting of the Marina City Council

City Council
of September 4, 2024

Chair and Board Members of
Abrams B Non-Profit Corporation

Corporation Board Meeting
of September 4, 2024

**CITY COUNCIL AND ABRAMS B NON-PROFIT CORPORATION
BOARD CONSIDER ADOPTING RESOLUTION NO. 2024-, AND 2024-
(NPC), APPROVING ABRAMS B HOUSING AREA BUDGET FOR FY
2024-25 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. 2024- and Resolution No. 2024- (NPC), approving the Abrams B Housing Area Budget for FY 2024-2025, and;
2. Authorizing Finance Director to make appropriate accounting and budgetary entries.

BACKGROUND:

The City of Marina is the owner of the 194-unit Abrams Park Housing Area. Greystar has been retained to provide property management services.

ANALYSIS:

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

- Greystar Abrams Park FY 2024/2025 Proposed Budget Memo
- Attachment A Abrams Park Budget Overview
- Attachment B Abrams Park Income
- Attachment C Market Survey
- Attachment D Affordable Rents
- Attachment E Abrams Park Expenses
- Attachment F Abrams Park Capital Budget Projections 2024-2025

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.

Greystar Abrams Park FY 2024/2025 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: Abrams Park Budget Overview

This document provides an overall summary of the Approved Fiscal Year 2023-24 Budget and the estimated year-end results; and the Proposed Fiscal Year 2024-25 Budget. In addition to net income from operations, the worksheet also includes non-operating revenues and expenses, such as ownership distributions, capital/renovation expenses, and contributions from capital reserves. At the close of Fiscal Year 2023/24, the Abrams Park net income from operations was

\$2,462,609. This was \$46,693 or 1.9% less than the original budget. This variance resulted from total income

that was \$33,704 less than projected and \$12,989 in increased expenses. The net difference in non-operating revenues and expenditures, such as capital and renovation expenses; owner distributions, and transfers-in from capital reserves was \$82,098 less than anticipated. The decrease in non-operating expenses was primarily due to projects that were carried forward in the capital improvement plan.

In Fiscal Year 2024-25, Abrams Park is anticipated to yield net income of \$2,486,044. This is \$23,257 or 0.9% less than the Approved budget, and \$23,436 or 1.0% greater than the Fiscal Year 2023-24 Estimated Year-End amount. The Fiscal Year 2024-25 Proposed Budget includes \$1.8 million in owner distributions, capital/renovation expenditures of \$1.4 million, and transfer-in from capital reserves of just over \$1 million.

Details and assumptions related to revenues, expenditures, and estimated cash balances are provided within the subsequent sections and attachments.

Attachment B: Abrams Park Income

The Fiscal Year 2023-24 estimated ending income for Abrams Park was \$3,805,529. This represents a decrease of \$33,704 or 0.9% less than the Approved Budget. The budgetary variance reflects rental income that was \$52,195 or 1.4% less than initially projected. This net reduction can be primarily attributed to writing off approximately \$54,000 in unpaid rent for a COVID-related eviction. This adjustment should be considered an anomaly; and similar instances are not expected in the future.

The Proposed Fiscal Year 2024/25 revenues are projected to be \$55,358 greater than the Fiscal Year 2023/24 Approved Budget; and \$89,062 or 2.3% greater than the Estimated Year-End results. The projected increase includes \$96,435 or 2.6% in additional rental income, along with a modest reduction in Other Income. The proposed budget includes a 3% increase for all market rate in-place residents at lease renewal; and an estimate to adjust lease rates to reflect market conditions for new occupants.

Supporting line item details, as well as assumptions are included in Attachment B.

Attachment C: Market Survey

Current market survey for five 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 D: Affordable Rents

Current year Affordable Rents included in the proposed budget memo for the current 49-Very Low-Income qualifying units, 15-Low/Lower Income, and 7-Low Income qualifying units.

Attachment E: Abrams Park Expenses

In Fiscal Year 2023-24, the estimated amount of ending operating expenses for Abrams Park was \$1,342,921. This represents an increase of \$12,989 or 1.0% greater than the Approved Budget. The budgetary variance reflects increased insurance costs of \$24,988, net of changes within other expense categories.

The Proposed Fiscal Year 2024-25 expenses are projected to be \$1,408,547. This reflects an increase of \$78,615 when compared to the Fiscal Year 2023/24 approved budget; and \$65,626 or 4.9% greater than the Estimated Year-End amounts. The proposed expense budget incorporates estimates to reflect the rising costs of goods and services, as well as \$20,929 in additional utility costs.

Supporting line item details, as well as assumptions are included in Attachment E.

Attachment F: Abrams Park Capital Budget Projections

A five-year projection of capital projects is included in Attachment F. The beginning balance of the Capital Reserve set aside funds is \$1,075,214. The Proposed Budget includes an additional transfer-in of \$1,025,000 from cash flow and lender reserve accounts and capital expenses of \$1,457,686. The budget includes funds for unit renovations; and appliances, new flooring and paint for occupied units in need. Notable projects include \$492,500 in funding to paint the exterior of half of the units within the property, with the second half funded in Fiscal Years 2025-26; \$195,000 for parking expansion, \$150,000 for slurry seal coating for streets, and \$9,990 for a formal Capital Reserve or asset management study. The current capital replacement plan serves as the foundation for setting aside reserve funds and maintaining the property, however it is an internal document that was developed several years ago. The proposed formal study will serve as a future roadmap for capital projects, equipment replacement, and financial planning.

The Capital Reserve is estimated to be \$642,528 at the end FY 2024-2025.

2024/25 Budget Changes and Highlights

The property today has been able to fund much of the initial capital improvements that were identified when the City acquired the property. Abrams Park is also on a stable path to support ongoing capital improvements and replacements. Key projects for Fiscal Year 2024-25 include funding to paint half of the units in Abrams Park, with the second half scheduled for the next fiscal year, parking expansion, slurry seal coating, and a capital reserve or asset management study.

There is no proposed change to the City's ownership distribution. The proposed annual distribution of \$1.8 provides funding for the City's Administration and Building Division staff to regularly perform duties related to the property; and approximately \$750,000 for annual debt service on the Abrams B Housing Revenue Bonds.

FISCAL IMPACT:

Should the City Council and Corporation Board elect to approve the Proposed FY 2024-2025 Budget, the owner distribution will be \$1,782,216. This includes a \$670,000 allocation to the General Fund, a \$750,000 transfer to the Abrams B Debt Service Fund for principal and interest payments on the Abrams B Housing Revenue Bonds; and the remainder apportioned through the debt service escrow process to fund insurance, reserve set-asides and various administrative fees.

CONCLUSION:

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

Respectfully submitted,

Tori Hannah
Finance Director
City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina