Approve:

- Operating Budget (2.4% Rent Increase) and
- Capital Expenditure Budget (ongoing repairs).
1. Meets FORA Board policies to sustain Preston Park as a quality residential community.

2. Capital Expenditures finish planned work and restores reserves.

3. Maintains FORA policy to keep rents near the area market rates.
Preston Park Rent Adjustments

- August 2010 – 1.8% Increase (area CPI)
- August 2011 – No Increase (CPI=1.7%)
- August 2012 – 3.0% Increase delayed until February 2013 (CPI=3%)
- September 2013 – 2.4% Increase (area CPI)
FY 2014-2015 PRESTON PARK BUDGET

RENT CALCULATION

- **Revenue** = Market Rent, County Housing Authority Section 8 voucher payments and miscellaneous charges.

- Proposed **FY 2014/15 Budget** – assumes a 2.4% in-place resident increase (the lesser of 3% or the Depart. of Labor’s SF Consumer Price for 2.4%).
Preston Park
Market Review

- **Market Performance 2014**
  - Average market occupancy = 98.0%
  - Average rent per Square foot varies between $1.27 psf to $1.97 psf.
  - Preston Park 99.0% occupied (7/7/14)
  - Average rent per square foot of $1.29 (incoming “market” rents).
Preston Park Market Rent Variance/Increase

- Two Bedroom (Traditional Finish)

Current In Place Rent: $1,236 – $1,756
Average In Place Rent: $1,459
Average Move-Ins Rent: $1,713
Difference In-Place vs. Move-Ins: $254/14.8%
In-Place Resident increase: $29 - $41
Preston Park Market
Rent Variance

- Three Bedroom (Traditional Finish)

Current In-Place Rent Range: $1,535– $2,058
Average In-Place Rent: $1,572
Average for New Move-In Rent: $2,047
Difference In Place /Move-Ins: $475/23.2%
In Place Resident Increase: $36 - $48
Preston Park Market Rent Analysis

- Monterey County Median Income 2014 is $68,700 based on 4 person household
- Average household spends 33% of income on housing ($1,889).
- +/- 90% of rentals < $1,889 after 2.4% increase
- 90% of Preston Park affordable to median income families.
Preston Park Market Rent Analysis

- **Marina Housing Market**
  - Rental prices have risen **9.4% from May 2013**.
  - Comparable communities are renovating interiors and increasing rent.
  - Community added **66 units of Affordable Housing** at Manzanita Place and **108 units of Affordable Housing** at University Village.
  - Rockrose Gardens on Lexington Court will provide additional **21 units of affordable housing** mid-2014.
Preston Park
Green Initiatives

- Ongoing water and energy saving initiatives
- PG&E Weatherization Program – no cost to below market and Section 8 residents
- Water conservation program with MCWD/PG&E
- Appliance buy-back program
FY 2014-2015
PRESTON PARK BUDGET

Budget Summary

- **Attachment F** Expenses include Operating Expense projections, delineating FY 2014-15 changes.

- Overall, total FY 2014/15 operating costs **10.1%** higher than for FY 2013-14 actual (**$115,668**).

- Capital expenditures positively impact the long term value of the community, while improving living experience.
FY 2014-2015 PRESTON PARK BUDGET REQUESTED BOARD ACTION

Approve:

- Operating Budget *(2.4% Rent Increase)* and
- Capital Expenditure Budget *(ongoing repairs)*.
FY 2014-2015
PRESTON PARK BUDGET