



FY 2014-15 Preston Park Budget

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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

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

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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.

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