

IRVINE CAMPUS HOUSING AUTHORITY
Board of Directors'
Meeting April 12, 2017

BOARD MEMBERS PRESENT: Alan Barbour, Sandra Irani, Kenneth Janda, Greg Jue, Diane O'Dowd, Barbara Sarnecka, Christy Teague, Mark Warner

OTHERS PRESENT: Jennifer Barb, Barbara Correa, Lara Grady, Nahid Greger, Richard Haier, Andrew Herndon, Zach Nelson, Victor Van Zandt, Elaine Vatakis

CALL TO ORDER: Greg Jue called the meeting to order.

APPROVAL OF MINUTES: The Board approved the minutes of March 8, 2017.

REPORT ON OPERATIONS:

Chair Greg Jue highlighted several items for the Board:

- The most recent ICHA Construction Update was well received by the community.
- The New Home Drawing takes place on May 24 and all Board members are welcome to attend. Chair Jue added that a representative from the HRB would also be welcome to attend. Four of the new homes will be reserved by the Provost for future designations.
- The University Hills Community Meeting is scheduled for May 3. All Board members are encouraged to attend the Community Meeting.

OLD BUSINESS:

- **Priority Categories and Home Offer Process**

Chair Jue announced that the HRB is requesting a clarification to the "Priority Categories and Home Offer Process" document reviewed last month.

The Board agreed to revise the "Priority Categories and Home Offer Process" document as requested and post it on the ICHA website. The Board also requested that management produce a companion document for home sellers that would address the home selling process including exchanges, move ups, and move downs.

- **Board Member Replacement Discussion**

Chair Jue reported that the Provost suggested Heike Rau, Assistant Dean, Donald Bren School of Information and Computer Sciences to replace outgoing Board Member Mark Warner when his term is completed in June 2017. The Board agreed to pursue Rau as a replacement Director.

- **Entertainment Homes Pricing, Options and Upgrades**

Director Nahid Greger gave a digital presentation on pricing recommendations for the two entertainment homes currently under construction in Area 11-1. She reminded the Board that the entertainment homes are an experiment intended to assist new recruits hired as university administrators with their fund-raising and town-gown responsibilities. She explained the pricing goals for the entertainment homes, which include covering construction costs, the ability to appraise, and the ability to qualify for a mortgage. The recommended policy for options and upgrades for entertainment homes is 4%, which is lower than the 7% rate for the majority of the Area 11-1 homes, since the included options and upgrades on the ground level and rear yard are already reflected in the base price.

Director Greger showed pricing recommendations for the entertainment homes with and without options, with Lot 23 home priced at \$284.78 per square foot and Lot 56 home priced at \$285.85 per square foot. If buyers maximize their options and upgrades at 4% of the base price, the purchase price per square foot increases to \$296.18 and \$297.29 respectively.

She continued by comparing the proposed pricing of the entertainment homes and market-rate comparable prices. Market-rate comps range from \$440.43 to \$484.38 per square foot for similar size properties.

Vice President Victor Van Zandt discussed entertainment homes' affordability. Using the recommended base prices and then the base prices plus 4% options and upgrades per the recommended policy, he showed what income level might be necessary to qualify for a mortgage. He also presented a scatterplot showing the recommended prices of the entertainment homes in comparison to 960 series homes and 2016 resales in University Hills. He concluded that annual household income to qualify for the Lot 23 entertainment home with the 4% options and upgrades policy would be approximately \$124,000. Similarly, the Lot 56 entertainment home would require an annual household income of \$122,000.

The Board concurred with Management's base price and upgrades and options policy for the Lot 23 and Lot 56 entertainment homes.

NEW BUSINESS

- **Gabrielino, Santiago, Alturas 2017/2018 Rental Rates**

Director Elaine Vatakis gave a digital presentation on proposed rental rate increases for Gabrielino Apartments, Santiago Apartments, and Alturas Rental Townhomes for the next fiscal year. She discussed the factors that determine rate increases, including Las Lomas rates set by UC Irvine, market trends and conditions, operational expenses, and reserve funding. She also discussed the current Irvine rental market and presented an area map of comparative properties.

She announced that, based on these factors, ICHA is proposing a 2.4% to 3% increase in rental rates for Gabrielino, Santiago and Alturas properties for 2017/18. That range is in line with average ICHA rental rate increases of 3% for the past several years.

Director Vatakis distributed a handout detailing proposed rental increases for each property and plan. She also presented a histogram showing the proposed rental rates compared to UC Irvine graduate housing and similar market-rate properties in Irvine.

After discussion, and upon motion duly made and seconded, the Board unanimously adopted the following resolutions:

RESOLVED: that the rental rates for the Gabrielino Apartments will increase by 2.5% for unfurnished units and 3% for furnished units, effective July 1, 2017.

FURTHER RESOLVED: that rental rates for the Santiago Apartments will increase by 2.4-2.5%, effective July 1, 2017.

FURTHER RESOLVED: that rental rates for Alturas Rental Townhomes will increase by 2.4-2.6%, effective July 1, 2017.

EXECUTIVE SESSION

The Board went into Executive Session to discuss legal matters.

ADJOURNMENT

The meeting adjourned at 5:30 p.m.