

IRVINE CAMPUS HOUSING AUTHORITY

Board of Directors' Meeting

May 9, 2024

BOARD MEMBERS PRESENT: Jennifer Aaron, Nancy Da Silva, Diane O'Dowd, Heike Rao, and Michelle Thrakulchavee.

OTHERS PRESENT: Jennifer Barb, Barbara Correa, Karlie George, Andrew Herndon, Dodie Gilbert, Susan Pearlman, Ron Reid, Sheila Ruiz, Hobart Taylor, Victor Van Zandt, Kelvin Watson, and Elaine Vatakis.

CALL TO ORDER: Jennifer Aaron called the meeting to order.

APPROVAL OF MINUTES: The Board approved the minutes of April 11, 2024.

REPORT ON OPERATIONS

- Manager Gilbert shared that the Area 12-1 marketing material, including eight floorplans, the site plan and the application went out to eligible Senate Faculty this week. The application included the address, pricing and closing dates. An informational webinar is scheduled for May 14 to discuss floorplans, the application process and answer questions. Applications are due by noon on June 7 and the drawing will be held on Tuesday, June 11.
- Director Correa reported that the Conference of Academic Workforce housing was held last week at the University of Hawaii. The theme of the conference was Vision to Reality, providing tools and steps needed to create housing at your university. Over 50 attendees representing 25 institutions attended. Discussions occurred on how to Assist, Build, Buy Land and Empower faculty and staff housing programs. On the final day, attendees participated in two case studies from Loyola Marymount University and University of Nevada, Reno. It was a real-time workshop on how to solve their faculty housing demand on a site available near campus.

OLD BUSINESS

No items.

NEW BUSINESS

Preparation for Budget Review

Vice President Barb provided an overview on the FY 2024-2025 budget review preparation. The team has spent the last two months crafting budget worksheets, looking at the prior year, annual year-to-date, reviewing contracts with existing vendors in order to project the upcoming fiscal year expenses. The Board can expect to receive proposed increases on May 28, providing two weeks to review and make changes before the next Board meeting. At that meeting, the board will have final discussions and be asked to approve the budget. Once approved, a letter will be sent to homeowners with their monthly statements, which will include the community budget.

Rental Rates Recommendations for FY 2025

Vice President Vatakis shared that the rental team considers several factors when determining rate increases, including the income needed to support the permanent loans on the properties, income needed to support operational expenses, which increased 5%-20%, reserve funding, market conditions, affordability and the IRS safe harbor conditions. Manager Watson reviewed market conditions, highlighting that the ICHA rentals are 33% to 40% discounted to market. Vacancies, inflation and occupancy in the market are also considered. Historically, management has maintained a 3% increase over the years with some slight variations in recent years. Management decided to hold increases in 2021 during COVID and then recovered in FY 2023-2024. For this fiscal year, management recommends a 2-4% increase on the unfurnished units and furnished units.

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

Resolution No. 2024-05, Apartment Rental Rates for FY 2024-2025

RESOLVED: The monthly rental rates will increase 2.1-4.2%, as presented to the board on May 9, 2024, and as shown on the attached matrix for the four ICHA owned rental properties, including the Gabrielino Apartments, Santiago Apartments, Alturas Rental Townhomes and Miramonte Rental Town homes. All other amenity and pet rent will remain the same as the prior year.

| Gabrielino 1997 | 23-24 Rates | Per Sq. Ft. | 24-25 Rates | Per Sq. Ft. | Sq. Ft. | Increase |
|----------------------|-------------|-------------|-------------|-------------|---------|----------|
| Junior (18) | \$1,540 | \$2.75 | \$1,585 | \$2.83 | 560 | 2.9% |
| 1x1 (15) | \$1,770 | \$2.36 | \$1,820 | \$2.43 | 750 | 2.8% |
| Junior Furnished (2) | \$2,280 | \$4.07 | \$2,375 | \$4.24 | 560 | 4.2% |
| 1x1 Furnished (5) | \$2,550 | \$3.40 | \$2,655 | \$3.54 | 750 | 4.1% |

| Santiago 2007 | 23-24 Rates | Per Sq. Ft. | 24-25 Rates | Per Sq. Ft. | Sq. Ft. | Increase |
|---------------|-------------|-------------|-------------|-------------|---------|----------|
|---------------|-------------|-------------|-------------|-------------|---------|----------|

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|---------------------|---------|--------|---------|--------|-------|------|
| 1x1 Avalon (23) | \$1,785 | \$2.82 | \$1,835 | \$2.90 | 632 | 2.8% |
| 2x2 Balboa (22) | \$2,095 | \$2.40 | \$2,145 | \$2.45 | 874 | 2.4% |
| 2x2 Capistrano (19) | \$2,120 | \$2.31 | \$2,170 | \$2.36 | 918 | 2.4% |
| 3x2 Dana (den) (21) | \$2,585 | \$2.06 | \$2,640 | \$2.11 | 1,254 | 2.1% |
| 3x2 El Camino (12) | \$2,585 | \$2.11 | \$2,640 | \$2.16 | 1,225 | 2.1% |
| 1x1 Furnished (1) | \$2,650 | \$4.19 | \$2,755 | \$4.36 | 632 | 4.0% |
| 2x2 Furnished (2) | \$3,125 | \$3.40 | \$3,250 | \$3.54 | 918 | 4.0% |

| Alturas 2016 | 23-24 Rates | Per Sq. Ft. | 24-25 Rates | Per Sq. Ft. | Sq. Ft. | Increase |
|---------------------------|----------------|----------------|----------------|----------------|---------|----------|
| 2x2 Plan 1 (30) | \$2,140 | \$2.26 | \$2,210 | \$2.34 | 945 | 3.3% |
| 2x2 Plan 2 (30) | \$2,260 | \$2.15 | \$2,330 | \$2.21 | 1,053 | 3.1% |
| 2x2 (loft) Plan 3 (30) | \$2,565 | \$2.14 | \$2,655 | \$2.22 | 1,198 | 3.5% |
| 3x2 Plan 4 (30) | \$2,655 | \$2.18 | \$2,750 | \$2.25 | 1,220 | 3.6% |
| | | | | | | |
| Miramonte 2020 | 23-24 Rates | Per Sq. Ft. | 24-25 Rates | Per Sq. Ft. | Sq. Ft. | Increase |
| 2x2 Plan 1 (31) | \$2,550 | \$2.17 | \$2,630 | \$2.24 | 1,174 | 3.1% |
| 2x2 Plan 2 (31) | \$2,460 | \$2.19 | \$2,540 | \$2.26 | 1,125 | 3.3% |
| 2x2 Plan 3 (Loft) (31) | \$2,600 | \$2.17 | \$2,680 | \$2.24 | 1,199 | 3.1% |
| 3x2 Plan 4 (31) | \$2,665 | \$2.20 | \$2,745 | \$2.27 | 1,209 | 3.0% |

Reserve Funding Review and Recommendations (UHills, Rentals, Townhomes)

President/CEO Van Zandt shared that the University Hills Townhomes structure in the Ground Sublease provides management with an easement over the outside to care for the roofs and reserve voluntarily and assess for these components. Additionally, management reserves for the common area of University Hills and three years ago, anticipating the need to build Area 12 with financing, reserves contributions were intentionally and temporarily decreased 25% at Board direction. Director Reid shared that management hires a third-party reserve company to complete a comprehensive study annually to assess the components in the community, their life span and their expected replacement value. A major component, the Los Trancos pool will be renovated with the construction of Area 12. Based on the report, the University Hills reserves are at 60% funded and in the next five years the report analyzes that reserves will be back up to 75% funded.

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

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ICHA Board Resolution 2024-3, 2024-2025 University Hills Reserve Funding

RESOLVED to approve the recommended reserve funding for University Hills for fiscal year 2024-2025: \$772,500.

Manager Ruiz shared that the reserve funding for the Apartments is analyzed in a similar manner as the general University Hills common area. A third-party prepares a report on components of the assets, analyzes the apartment components life span and the replacement costs. Based on this analysis the rental reserves are currently at 60% funded. Management anticipates that the rental portfolio's expenditures this fiscal year will be at \$810,000.

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

ICHA Board Resolution 2024-6, 2024-2025 Rental Reserve Funding

RESOLVED: That the recommended reserve funding for the ICHA rental communities, including Gabrielino Apartments, Santiago Apartments, Alturas Rental Townhomes, and Miramonte Rental Townhomes for fiscal year 2024-2025, totaling \$856,347 is hereby approved.

Vice President Herndon explained the Townhome maintenance easement on the exterior of the building. The Townhomes are amongst the oldest homes in University Hills and, as recently discussed with the Board, the assets are needing exterior refurbishment.

Currently, the townhomes are 101% ideally funded. Anticipating future costs, management is proposing an increase of \$4.50 per month to \$72.00.

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

ICHA Board Resolution 2024-4, 2024-2025 Townhome Reserve Funding

RESOLVED: The monthly homeowner assessment increases as presented by Management for the U Hills Townhomes for Fiscal 2024-2025 is hereby approved.

Current \$67.50 Proposed Change \$72.00
(Townhome Reserves Change \$4.50 / Month)
(\$4.50 X 12 Months = \$54 X 68 Units = \$3,672)

ADJOURNMENT

The meeting adjourned at 2:45 pm.