

A blurred background image of a laptop computer, showing the keyboard and screen area. The image is in grayscale and has a soft focus.

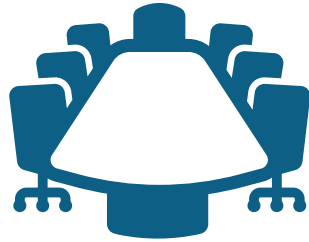
CAM Reserves/Fees Report

Site Authority Board Meeting May 15, 2023

Summary

- Site Authority & Housing Program Objectives
- Roles & Responsibilities
 - Budget Process
- CAM Reserves
 - Best Practices & Reserve Studies
 - History & Current State Analysis
- CAM Fees
 - Reserve Study Recommendations
 - History & Current State Analysis

Site Authority Objectives



Site Authority

To provide income for further development of the campus, provide revenue-generating authority to achieve the development and other beneficial educational uses of the campus. This includes and is not limited to provide faculty and staff housing and to a faculty and staff ownership housing program at CSUCI.



Enabling Legislation

Senate Bill 1923

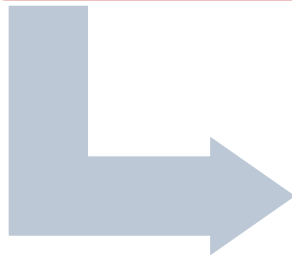
California State University Channel Islands Site Development Act of 1998

Approved September 25, 1998

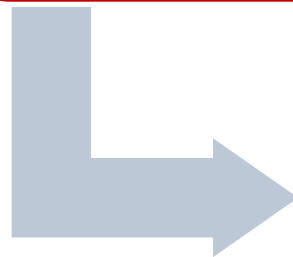
Leases & Subleases



- Trustees of CSU own the land



- Leased to the CSU Site Authority



- Subleased to Homeowner

Housing Program Objectives



University Glen

Promoting and assisting the educational purposes and strengthening the educational programs of CSUCI by

- establishing a diverse residential community at CSUCI
- creating continually affordable housing for employees of CSUCI
- assisting in the recruitment, retention, productivity and participation in activities at CSUCI of employees of CSUCI

Housing Program Key Elements



University Glen

Affordable housing for the campus' faculty and staff

Site Authority sets the Maximum Resale Price (MRP) which keeps the purchase price well below current market price for the surrounding area

$$\begin{aligned} \text{MRP} = & \text{Purchase Price Homeowner paid for the unit} \\ & + (\text{Purchase Price Homeowner paid for the unit}) (\text{Fractional Change in the C.P.I.}) \\ & + \text{Approved Capital Improvements} \\ & + \text{Other Renovations subject to SA approval} \end{aligned}$$

7-Tier Priority Categories of persons eligible to purchase in University Glen

Housing Program Priority Categories



1. CSU employees commencing service during the summer or fall of 2002 selected by the CSUCI President to be a priority purchaser, or the CSUCI President for the purpose of assigning the Purchase Contract to CSUCI employees who are hired after the sales program commences for service at CSUCI commencing in the summer or fall of 2002.
2. Tenured and Tenure-track Faculty, CSUCI Management Level III or IV Personnel
3. CSUCI Full-time Staff
4. Employees of Educational Allies, Educational Partners, and officers of Military Partners
5. Tenured and Tenure-track Faculty and Full-time Staff of any other CSU campus
6. Graduates from any CSU campus
7. Members of the General Public

Roles & Responsibilities

- Site Authority
 - Developed and administered a housing program (better known as University Glen) consisting of for-sale attached units, detached units, and rental apartments ultimately intended to benefit staff and faculty while generating income for campus development.
 - Responsible for assuring resale price restrictions are enforced and leasing is prioritized for employees.



UG Townhome Sale
Average 2022/23
\$415K

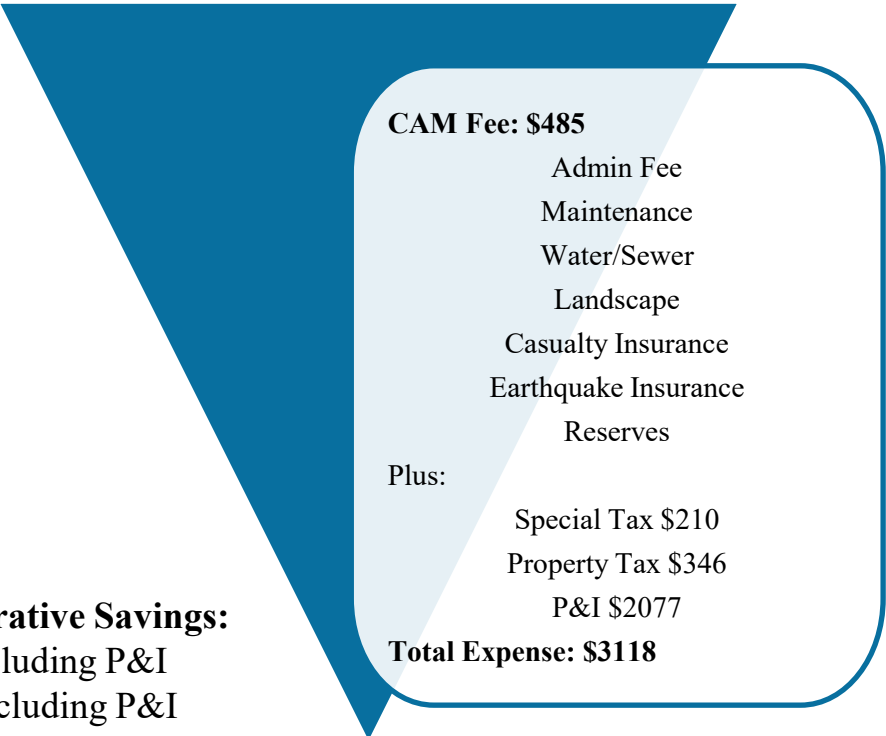


Camarillo Townhome Sale
Average 2022/23
\$615K

Monthly Housing Expense Comparison

University Glen Townhome

- Based on home price of \$415K



A blue inverted triangle graphic pointing downwards, containing a white rounded rectangle with a blue border. The text inside lists various monthly expenses for a townhome based on a \$415K home price.

CAM Fee: \$485
Admin Fee
Maintenance
Water/Sewer
Landscape
Casualty Insurance
Earthquake Insurance
Reserves

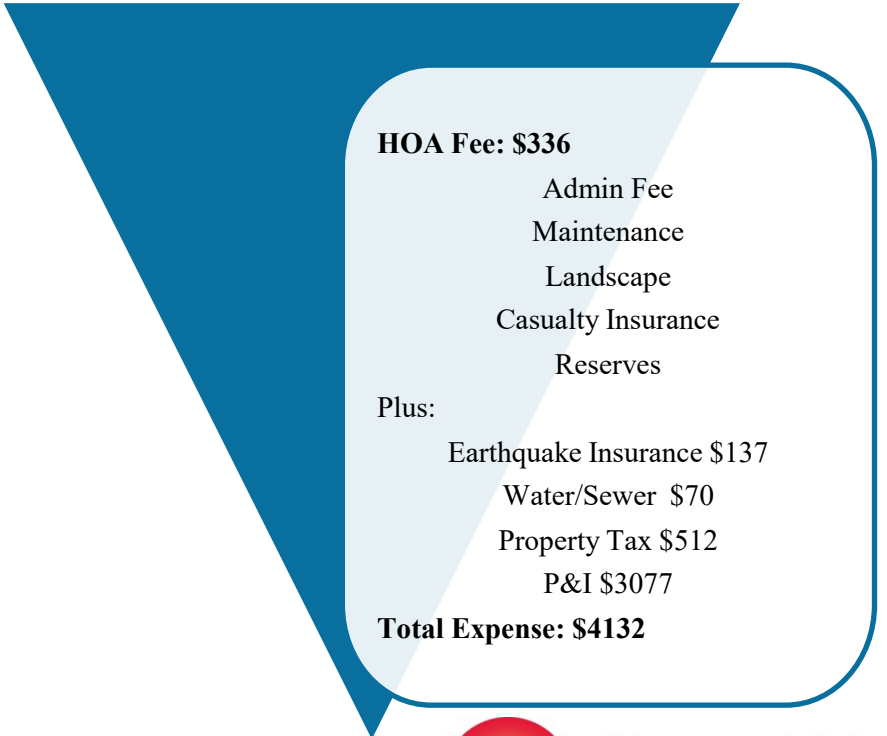
Plus:
Special Tax \$210
Property Tax \$346
P&I \$2077

Total Expense: \$3118

Comparative Savings:
25% Including P&I
1% Excluding P&I

Camarillo Townhome*

- Based on home price of \$615K



A blue inverted triangle graphic pointing downwards, containing a white rounded rectangle with a blue border. The text inside lists various monthly expenses for a townhome based on a \$615K home price.

HOA Fee: \$336
Admin Fee
Maintenance
Landscape
Casualty Insurance
Reserves

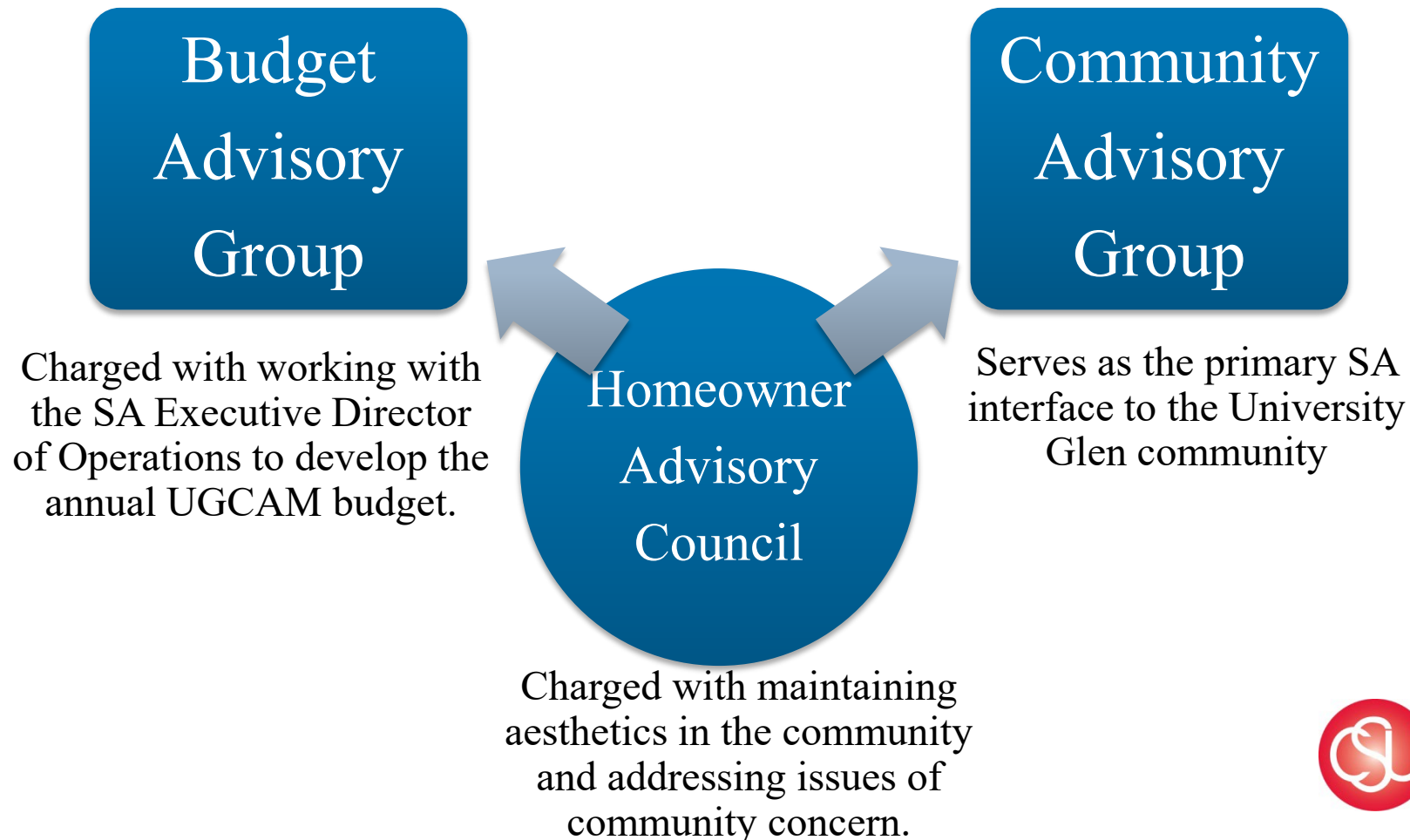
Plus:
Earthquake Insurance \$137
Water/Sewer \$70
Property Tax \$512
P&I \$3077

Total Expense: \$4132

**Data for this example were sourced from a variety of online websites noted at the end of the presentation and were not vetted by a real estate professional.*

Roles & Responsibilities

The BAG and CAG committees are not decision-making but make recommendations to the SA. The HAC brings homeowner issues to the attention of the BAG and CAG.



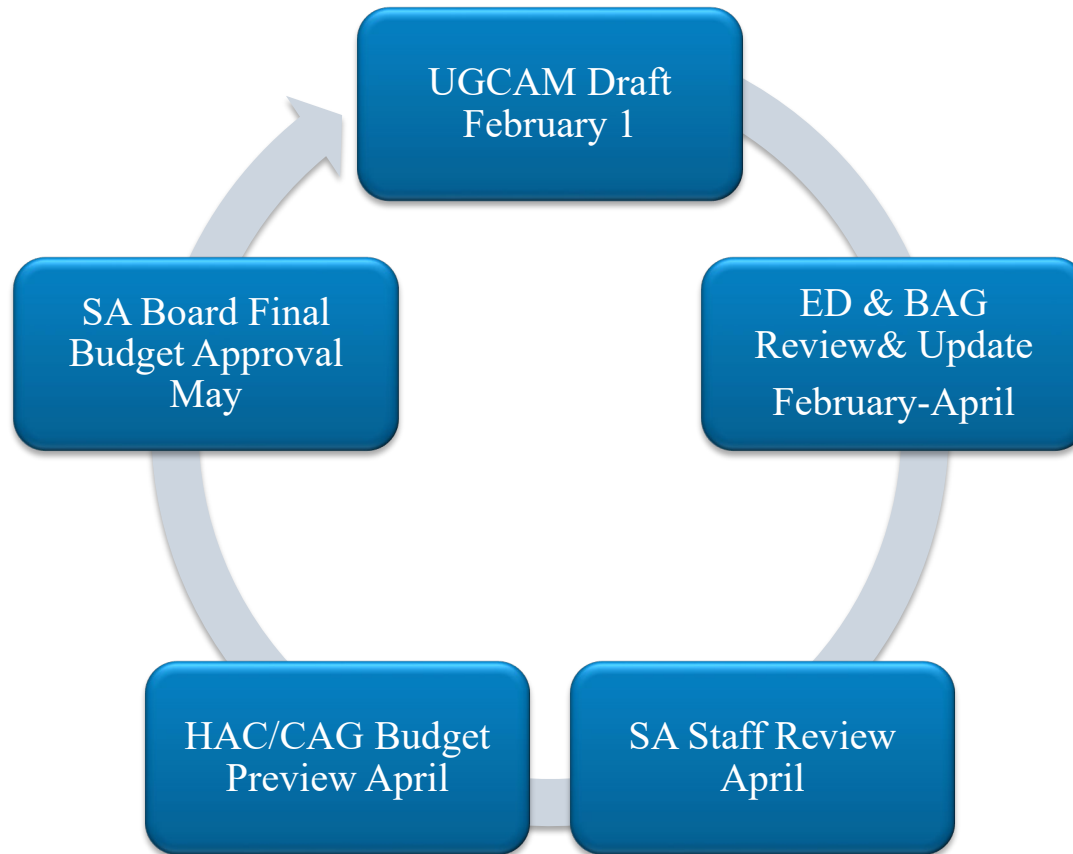
Roles & Responsibilities

Kennedy Wilson Properties is under contract to the Site Authority and provides operational administration.

University Glen Common Area Management (UGCAM)

KW Properties entered an agreement with SA to administer the common areas of the townhome and single-family homes. It bills and collects CAM fees from homeowners and secures and manages vendor contracts.

Budget Process



- UGCAM prepares initial draft and submits to Site Authority Executive Director of Operations on Feb. 1
- Executive Director (ED) works with the Budget Advisory Group (BAG) to review and updates
- Site Authority (SA) staff review
- Preview of final budget to HAC/CAG in April
- Final budget to the SA Board for approval in May



COMMON AREA MAINTENANCE RESERVES

Best Practices

- Level 3 – “no site visit” Reserve Study reviewed annually
- Level 1 - “site visit” Reserve Study conducted every 3 years

Measures of strength are as follows:

0% - 30% Funded is generally considered to be a “weak” financial position. Associations that fall into this category are subject to higher frequencies of special assessments and deferred maintenance, which could lead to lower property values. Furthermore, should components fail sooner than expected our recommendations may not be enough to get the community into a better financial position. In this case additional actions beyond our initial recommendations may be necessary to improve the financial strength of the reserve fund.

31% - 69% Funded is generally considered a “fair” financial position. The majority of associations fall into this category. While this doesn’t represent financial strength and stability, the likelihood of special assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the reserve fund.

70% - 99% Funded is generally considered a “strong” financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the association.

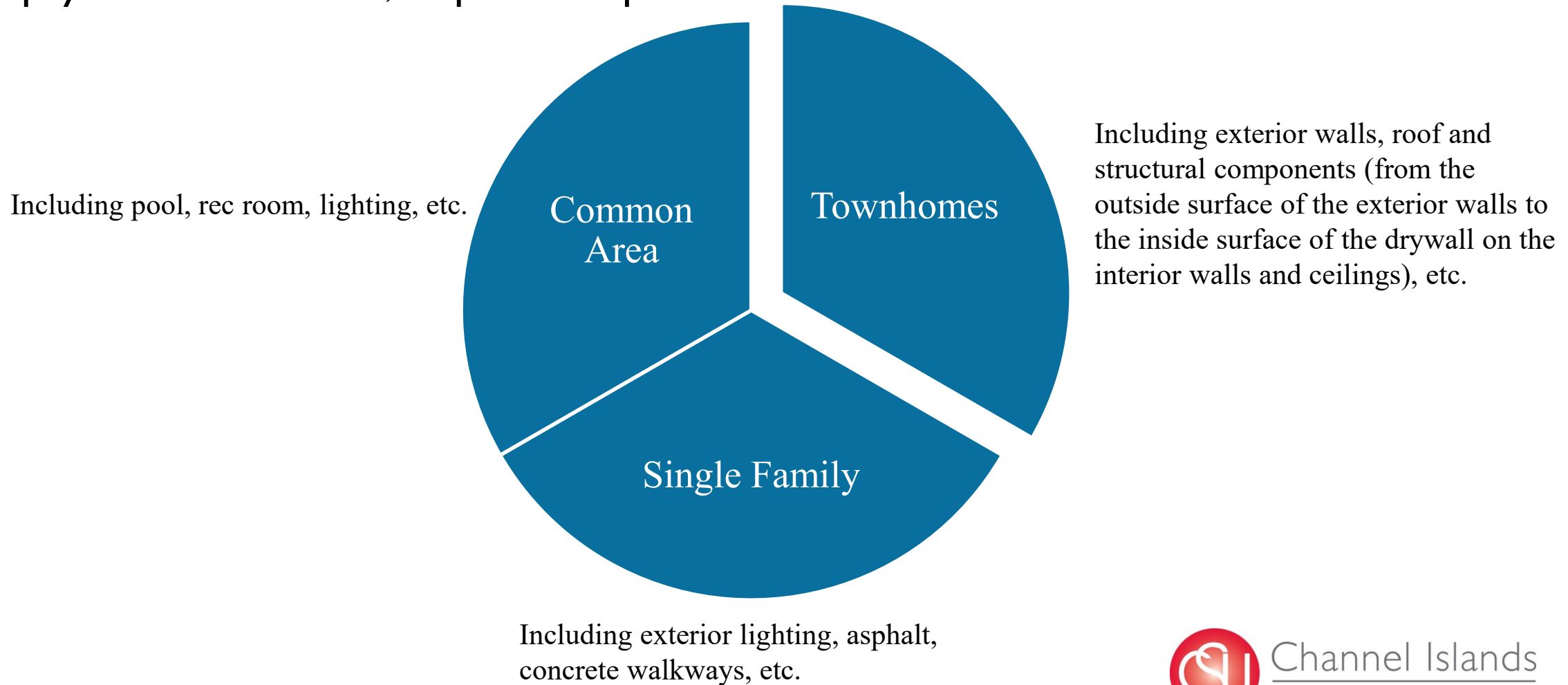
100% Funded is considered an “ideal” financial position. This means that the association theoretically has the exact amount of funds in the reserve account.

100%+ Funded is considered over-funded. This means that the association has more reserve funds than the theoretically ideal amount.

Sources: Complex Solutions Ltd. Reserve study reports prepared on April 13, 2022, June 30, 2021, and October 25, 2018. Memorandum from Complex Solutions Ltd. dated 1/31/2020 recommended that Townhomes reach 70% funded figure.

Reserve Accounts

There are 3 reserve accounts set up for 3 areas that are funded by CAM fees to pay for Maintenance, Repair & Replacement.



Reserve Studies – Common Area

2019 Common Area

- Level 1 (site visit)
- Strong reserve fund position (81%)
- Ideal Balance = \$1,393,449
Projected Fund Balance (7/1/2019) = \$1,134,984
- Recommend monthly reserve contribution of \$18,000 (\$30.00/unit/month)
- Annual increases of 3.00% for 30 years and 3% thereafter

2020-21 Common Area

- Level 3
- Strong reserve fund position (84%)
- Ideal Balance = \$1,464,906
Projected Fund Balance (7/1/2020) = \$1,235,390
- Recommend monthly reserve contribution of \$18,850 (\$28.05/unit/month)
- Annual increases of 3.00% for 30 years and 3% thereafter

2022-23 Common Area

- Level 3
- Fair reserve fund position (65%)
- Ideal Balance = \$1,693,441
Projected Fund Balance (7/1/2022) = \$1,092,826
- Recommend monthly reserve contribution of \$21,000 (\$31.25/unit/month)
- Annual increases of 4.00% for 25 years and 2% thereafter

2022-23: Increase in Ideal Balance attributed to an increase in currently programmed projections compared to FY2020 and an almost 100% increase in average current cost of pool maintenance and repair. Decrease in projected fund balance due to FY 2021 expenses (primarily landscaping refurbish and concrete/sidewalk work)

2021-22 Reserve Study not conducted due to pandemic impact on staffing.

Reserve Studies – Single Family

2019 Single Family

- Level 1 (site visit)
- Strong reserve fund position (82%)
- Ideal Balance = \$71,630; Projected Fund Balance (7/1/2018) = \$58,871
- Recommend monthly reserve contribution of \$775 (\$10.76/unit/month)
- Annual increases of 3.00% for 15 years; 2.00% thereafter

2020-21 Single Family

- Level 3
- Overfunded reserve fund position (138%)
- Ideal Balance = \$51,826; Projected Fund Balance (7/1/2020) = \$71,475
- Recommend monthly reserve contribution of \$550 (\$7.64/unit/month)
- Annual increases of 1.00% for 9 years; 4.00% thereafter

2022-23 Single Family

- Level 3
- Strong reserve fund position (82%)
- Ideal Balance = \$96,972; Projected Fund Balance (7/1/2022) = \$79,616
- Recommend monthly reserve contribution of \$870 (\$12.08/unit/month)
- Annual increases of 4.00% for 30 years and thereafter

2020-21: Decrease in Ideal Balance attributed to a decrease in useful life of some components due to work performed in prior year.

2022-23: Increase in Ideal Balance primarily due to replacement of Exterior Lights component (\$54,000) added to the study.

2021-22 Reserve Study not conducted due to pandemic impact on staffing.

Reserve Studies – Townhomes

2019 Townhomes

- Level 1 (site visit)
- Fair reserve fund position (61%)
- Ideal Balance = \$2,597,078
Projected Fund Balance (7/1/2019) = \$1,577,221
- Recommend monthly reserve contribution of \$36,000 (\$180/unit/month)
- Annual increases of 3.00% for 13 years and 1% thereafter

2020-21 Townhomes

- Level 3
- Fair reserve fund position (57%)
- Ideal Balance = \$2,954,021
Projected Fund Balance (7/1/2020) = \$1,679,353
- Recommend monthly reserve contribution of \$25,000 (\$125/unit/month)
- Annual increases of 3.00% for 12 years and 1.75% thereafter


2022-23 Townhomes

- Level 3
- Fair reserve fund position (39%)
- Ideal Balance = \$5,174,640
Projected Fund Balance (7/1/2022) = \$2,038,705
- Recommend monthly reserve contribution of \$46,000 (\$230/unit/month)
- Annual increases of 4.25% for 20 years and 1% thereafter

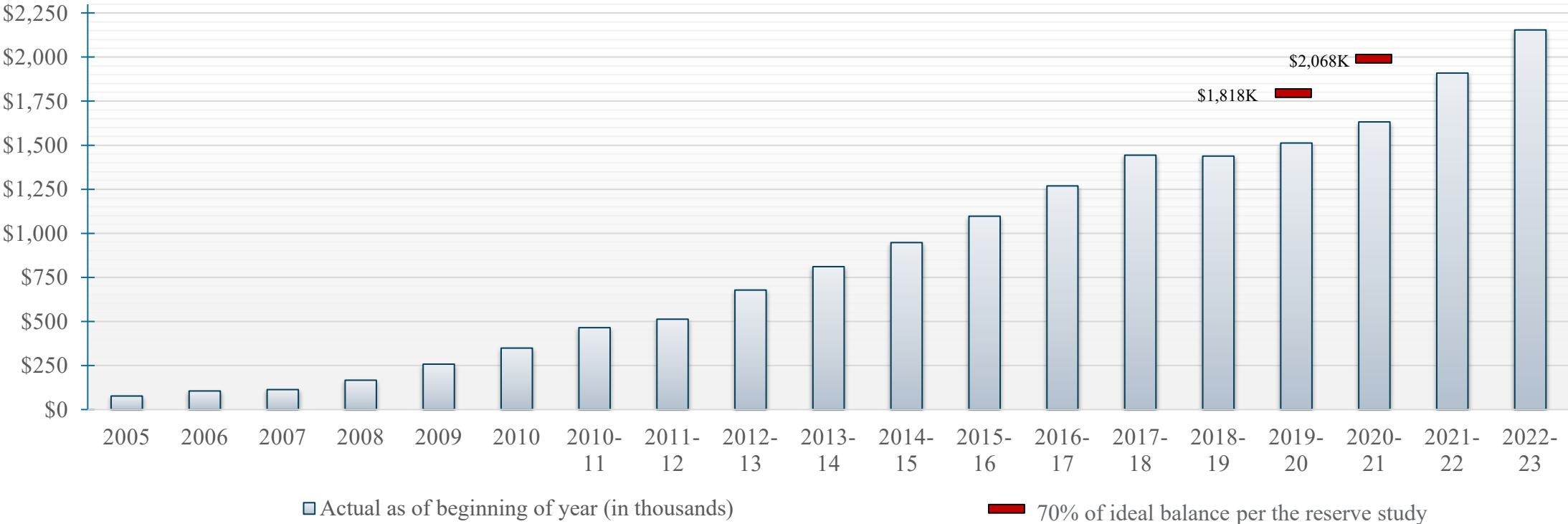
2022-23: Increase in Ideal Balance attributed to a 39% increase in unit cost to replace the Tile Roofs, a 61% increase for HVAC Furnaces, and an average 9% increase in other components.

2021-22 Reserve Study not conducted due to pandemic impact on staffing.

TH Reserves History

\$3,622K 

Townhome Reserves



TH Reserve Analysis - 2020

	# Units	2020 Hypothetical Reserve Shortfall	2021	2022	2023
Rentals	88	\$170,923			
Owned	112	\$217,538			
Total	200	\$388,461	\$129,487	\$129,487	\$129,487

In 2020, a comprehensive townhome reserve analysis was conducted, and a hypothetical reserve study used the assumption the townhomes were a new community. The minimum recommended monthly reserve allocation per unit was \$106.25 based on a 70% funded level. The shortfall per unit was \$1942.31 (\$388,461 for 200 units).

As a good faith effort, the Site Authority Board decided to contribute to the reserve balance to cover all 200 units to align with the hypothetical reserve study rather than a lesser contribution covering the rental units that were in their possession for approximately 10 years. The contribution was made in 3 annual installments.



COMMON AREA MAINTENANCE FEES

Townhomes

Reserve Studies – TH Monthly Contribution

2019 Townhomes

- Recommend monthly reserve contribution of \$36,000 (\$180/unit/month)
- Minimum monthly reserve contribution of \$31,000 (\$155/unit/month)
- Actual monthly reserve contribution was \$70.50/unit/month

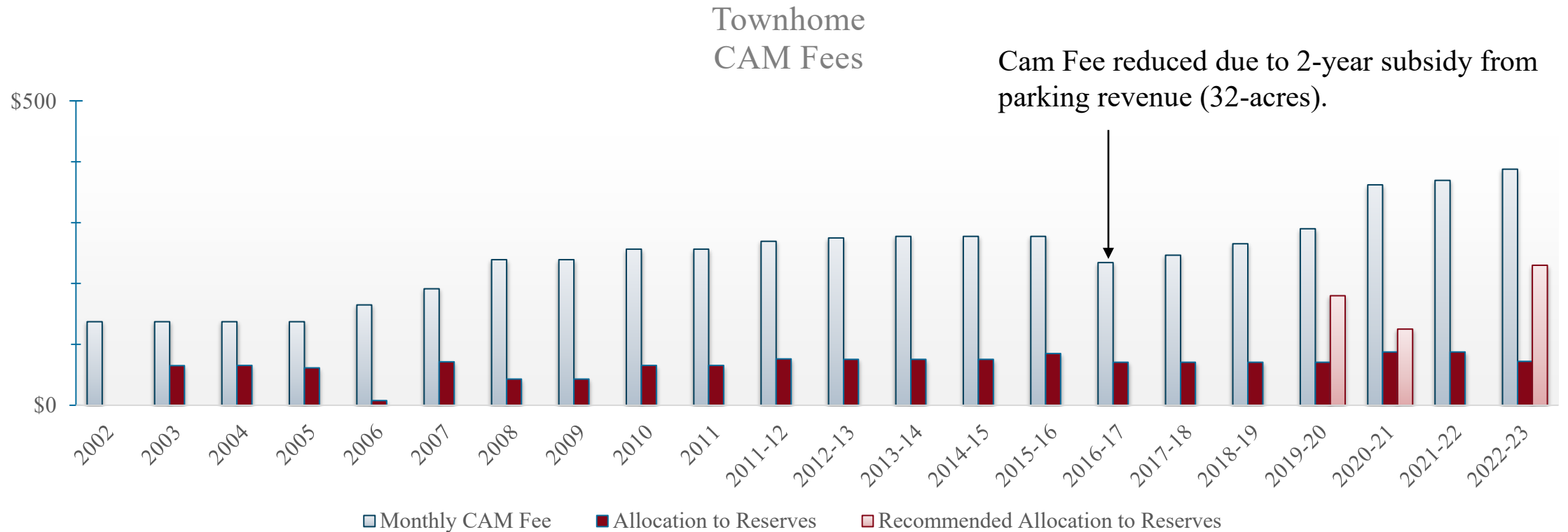
2020-21 Townhomes

- Recommend monthly reserve contribution of \$25,000 (\$125/unit/month)
- Annual increases of 3.00% for 12 years; 1.75% thereafter
- Actual monthly reserve contribution was \$87.36/unit/month

2022-23 Townhomes

- Recommend monthly reserve contribution of \$46,000 (\$230/unit/month)
- Annual increases of 4.35% for 20 years; 1.00% thereafter
- Actual monthly reserve contribution is \$72.06/unit/month

History & Current State Analysis



Summary

- Reserves for the Common Area and Single Family residences are in a Fair (65%) and Strong (83%) position, respectively.
- Reserves for the Townhomes are considered to be in a Fair funded position however continue to decline as a % due to increases in replacement costs and a historical reluctance to make annual adjustments to the CAM fee to keep up with inflation.
- Site Authority made monthly CAM fee payments for the Townhome rentals that were consistent with for sale Townhomes while they were fully leased from 2008-17.

	# Units	2005-2007	FY 2008	FY 2008-17	FY 2018
Rentals	88	Under Construction	Fully Leased	CAM Fees Paid Monthly	Rental Reserve Balance Transferred to TH Reserves

- Site Authority made an additional contribution to the TH reserves as a result of a 2020 analysis and hypothetical reserve study.



RESOURCES

Source Material

- Senate Bill 1923 Enabling Legislation
- Ground Sublease between CSUCI Site Authority and Homeowner
- Monthly Housing Expense for a Camarillo Townhome Assumptions:
 - 30 year mortgage - 80% LTV @ 6.4%
<https://www.mortgagenewsdaily.com/mortgage-rates/30-year-fixed> (3/22/2023)
 - Property Tax 1% (UG-TH and Cam-TH property tax bills)
 - Special Tax 22-23 table – use 1301-1500 sf attached \$2525 (posted on UG website)
 - Camarillo Townhome Property Value
<https://www.redfin.com/city/2579/CA/Camarillo/housing-market> (4/4/2023)
 - Camarillo Townhome Average HOA (calculated the average of 59 properties located in Ventura)
<http://spacerentguide.com/condo/melody-condos-ventura-ca.html> (4/11/2023)
 - Camarillo Water/Sewer-2022 Water Rate Study Report 2-Person Household Potable \$30.26; 2022 Sewer Rate Study Condo \$39.39 https://cityofcamarillo.org/hot_topics/utility_rates.php
 - Camarillo Trash – EJ Harrison <https://ejharrison.com/camarillo-city-page/>
 - Earthquake - <https://www.bobvila.com/articles/how-much-is-earthquake-insurance-in-california/> \$400K x \$4.11 (Long Beach-closest city to Camarillo)
- University Glen Reserve Studies posted on UG website
- UGCAM Budgets posted on UG website and archived files
- Financial Reports