

Kevin McKee:

Good evening, everybody. We're just letting everybody in from the waiting room into the main presentation. So just be a minute before we get started. Thanks.

All right. I think we have everybody in now that was in the waiting room, so we'll begin the presentation. So, Camree, can you hear the next slide, please?

All right. Good evening, everybody. My name is Kevin McKee. I'm the COO of E&S Ring Management. And we're the managing agent for Mariners Village, and you know, tonight we're going to talk a bit about an element of the renovation.

So going back a couple of weeks, we had a large presentation for all residents talking about the renovation more the construction elements of the project, but tonight we want to talk about a very important part of that process which is the inclusion of an affordable housing program for Mariners Village going forward.

Next slide, please.

So tonight, we're going to talk through a number of technical things. This won't have a bunch of flashy pictures and graphics. It's going to be technical related to the program itself. So I apologize in advance, but do thank you for joining tonight.

So we'll start off with an overview of the program. Just give some high-level thoughts around what the program covers for Mariners Village.

We'll get into some terms and definitions that are specific to affordable housing. We'll talk through some of occupancy guidelines also known as like household composition number of folks living in an apartment.

We'll then go to income and rent limits. So how much you need to make, how much you'll be paying in rent. Then we'll get into some process elements. So the affirmative marketing plan how you apply things like that.

And then we'll move into other process areas, including initial income certification, ongoing program compliance. And then we'll wrap at the end of this with Q&A, so hopefully, you can take notes along the way and then ask questions at the end that we can go through. If I miss something, or if there's some more detail needed. So but just as an aside this slide presentation and this recording will be available on Monday, October thirtieth, on our website. So look for that in next coming days. So no need to memorize this. We'll have this back to you in a couple of days to refresh memory or light. Ask additional questions.

Next slide, please.

So program overview. So this started the genesis of this program started with the renegotiation with Los Angeles County on the landlady. So originally Mariners Village had a land lease that was set to expire, you know, this year with an extension. We're looking to have that go to 2066. And so with that there were some stipulations, one of which was this affordable housing program. So LA County and Mariners Village came to agreement for this program and its parameters a couple years ago. And it's based on policy guidelines that the LA County had, and the program will be administered and compliance

oversight provided by the Los Angeles County Development authorities. So that's who we'll be reporting to throughout.

Just as a specific on numbers, so Mariners Village will have 20% of its units designated as affordable housing. So that's 196 of the 981, and it'll be across all bedroom sizes. So 20% of studios, one bedrooms, twos and threes across all unit types.

One specific thing related to existing residents I wanted to make you aware of tonight is, there's a specific preference given for 39 of those affordable units. So 39 of the 196 given preference for existing residents. So as you apply, you'll move to the top of the list until those 39 are filled. So I think that's an important distinction here.

Couple of things of note the designated affordable units. So as we bring those online through the renovation, they may not actually be your current apartment. So you may have to do a permanent transfer to get into one of the affordable units that's been designated. So be aware, that may be an outcome. You know, we don't know yet, but that's certainly something to be aware of.

And then on the affordability scale. This program is set at 50 of Area Median Income, and you may be asking yourself what that means. So we'll go to the next slide to talk about a few affordable terms.

First up is Area Median Income. So I just mentioned that one, and that's the midpoint of a specific area's income distribution. So in this case, we're talking about LA County in general. So I know LA County 's giant in terms of this land base, and it's geography. So it encompasses Marina del Rey all the way to the east side of the county, and all points north and south. So it's a big county. So it's not going to be specifically tied to Marina del Rey or things like that.

But it's calculated annually by the US Department of Housing and Urban Development, otherwise known as HUD, and the base numbers are on a four-person household.

One other term. There's a broad spectrum of affordability from HUD, based on their various programs. So you have moderate, low, very low, extremely low. And for this program, you might hear a term, very low income, that's synonymous with 50% of AMI, which is the program we're in here at Mariners Village.

And just to give you a sense of what that means, the income limit for a four-person household in LA County for this year is \$63,050. So that's just a baseline. We'll have some tables to give you some more details on those income limits coming up in the conversation.

Next on income limits. So I mentioned the income limit for a four-person household on a 50 AMI, it ranges from one-person household to an eight-person household. There's a whole spectrum of incomes there. And so we'll go through what those limits are for the different household sizes.

And then the affordable rent you pay is going to also be based on the unit type and unit size. So bedrooms in this case, so studios, ones, twos and threes will have their own rents and rent schedule that's separate from the market schedule. And again, we'll have a table that that shows those in more detail in the coming pages.

But first, before we get into incomes and rents and things like that, I want to talk a bit about household composition and occupancy guidelines. So next slide, please.

So just to give you a sense for program compliance purposes. The way this was set up was studio apartments at Mariners Village will be allowed to have one or two persons in the household.

And it'll range all the way up to a three-bedroom apartment, which is allowed to have four to five persons in total. So it's not trying to maximize occupancy by putting a number of folks in each bedroom. This is the limit. So a three-bedroom apartment, four to five persons is the maximum. So that's the range. One person to five persons in a household.

And just to give you a note on household composition. So that's based on what it is that initial certification. So when we do an income certification at the time you're going to move in, it can be based on you being a single person, you can have roommates that comprise a household, you can have a partner or be a part of a couple and that would be your household, or you can have a family. So a head of household and children or partners with children, it all kind of mixes in between. So it's not restricted to just families or just singles, it encompasses the entire strata within the one to five-person household size.

Next slide, please.

So income and rent limits for 2023. This is the important part. Right? So how do you know if you'll qualify? So we'll start at the top income limits, and these are done annually. So this is based on this Spring's numbers. They were effective in June. Each year they change. So if you know, the economy is still growing, you might see an increase. If in a recession, you might see a decrease that's happening in the past as well. So we don't control these rents. These are set based on the annual HUD process. But for the sake of Mariners Village, let's talk through income limits based on the different household sizes.

So on a single person household, \$44,150 is the limit that's based on the certified income that we will do with you, and it ranges all the way up to \$68,100 for a five-person household. And you can see in between what a two-person household will have to make, a three-person will be limited to, and a four-person house it'll be limited to, so can't exceed that. If that's your household size, you can be below it slightly, but that's the maximum for the household size.

And so what does that mean in terms of what you'll be paying for rent? So for a studio, that's again a one or two-person household size, you'll pay \$1,103. A one-bedroom household...one-bedroom unit, excuse me, that'll be \$1,261, going up to a three-bedroom apartment at \$1,576.

And just to give you a sense of what that means against market rent currently, and if you go on our website tonight, you'll see studios renting for roughly \$2,400, and you'll see three-bedrooms starting at \$4,700. So this is quite a drastic discount to what the current market rent is. And so this is why we were excited to be a part of this program, is that we think this will allow all types of individuals to be a part of the Mariners Village family as we complete this renovation.

And the last piece of data here at the bottom is just to give you a sense of the overall LA County number, which what's the baseline? And how did this come about? So I mentioned LA County. For 2023 it's \$98,200, and that's for the four-person households. If you look straight up through the four-person households for Mariners Village under our program, it would be \$63,050 a year.

So just want to give you a flavor for what LA County in general means, and then what the impact is as we go down or into a higher affordability at the 50 AMI. Those incomes go down from the standard, but that's how we set these tables and how our limits are set for this program at Mariners Village.

Next slide, please.

So once you look at those income limits, you think you meet the requirements, you're at the right household size. Your incomes, you think, are roughly in that range, and so you want to be a part of the program. So how does that happen?

So we will start with an affirmative marketing plan which encompasses a lot of process elements that we will make you aware of along the way. But just going to walk you through the process so you can be aware of it.

So we'll start off with an affirmative marketing plan through multiple channels. So we'll be advertising through our website, through newspapers because those still those are still used and still effective. We'll go through other digital sources and we'll advertise at community resource centers as well, just to try to get the word out as much as we possibly can to make this open to as many possible people as we can.

And then there will be ads in publications that target those demographics least likely to apply, again to get a broad spectrum of folks all across the county that may not think about Marina del Rey as their home, that they may want to be a part of Marina del Rey going forward now that they have an option that works for them.

There will be an approximately two-week period. So we'll announce the application period opening via the marketing. The applications will be available, you'll be able to pick those up. You have approximately 2 weeks to complete the application and either mail it in. So it's kind of like with taxes you have to be mailed by the final day, and those dates will be established when we actually go to defer marketing. We have actual dates in there. Right now, we don't have those dates. I just have general kind of guidelines here.

So either you can mail it in or you can submit it via email or through our website, which we'll make available and make you aware of those channels as well to submit. So you can get it into the initial period of applications being admitted.

And then, on our side, we'll take all those applications and we'll build a database with all the names that come in. And it's not initially on a first come first basis. So it's not a rush to get it in. All you need to do is get it in an initial period, and then we'll do after that is to ensure fairness for everybody that's involved in submitting an application.

We will do a random number lottery, and then that will establish the waitlist order. So you could have submitted the five-hundredth application in the application period that we received, and then in the lottery you could be number one and move all the way to the top right? So that lottery will dictate how the waitlist is organized and ordered, and then we'll start from the very top and work our way down as units become available.

As we go into processing applications, we will do the income certification process ahead of any units becoming available. There's roughly a 120-day window for us to certify the income, you know, the incomes that we have to certify has to be timely based on when you're moving in. So there's some

wiggle room before and after that initial period, but we have to be really close to that move in date, so that your income that you're showing is not something that was last year's income, it's not something that's projected for next year's income, it's what it is today. And that's what we're held to from a compliance perspective. So that's what we're going to be working towards. And so you have a fairly tight window to work with, and so we'll be reaching out to ensure that you have enough time to get documents together. But that's the process as we begin certification.

And then you get through the certification process, you get the thumbs up, you're in the program. Then, as units become available, we'll be able to move you in, and then you'll become part of the affordable program moving forward.

Now we're currently projecting second quarter roughly, early second quarter. At this point again, the schedule. Even now we're still working through some things that that haven't finalized so second quarter is kind of where we are right now. You obviously tighten that up as we get better dates in the coming weeks.

And then, as a resident of Mariners Village, just want to make you aware that there's no notice requirement for an existing resident. So if you're an existing resident in a market rate based unit now, you apply and you become accepted into the program. You can then transfer as soon as possible into that. There's no 30 day notice period for existing residents to notify us to work your normal process right? You're already in the family. So we'll just be able to make that transfer and get you into that affordable unit very quickly.

A couple things of note. all applications received after the initial period will still be accepted. They'll just be added to the bottom of the wait list. So first come first serve. So if we get 100 applicants during the initial period, if you come in the day after you'll be 101 right, and so on up to as many as are mailed in or sent in.

So I've had projects in that in my past that have had, you know, 6,000 applicants for a 59 unit project and up to a big one in New York, multiple 100 of units. We had 200,000 applicants there, so I can't predict how big this the wait list will get. But just want to give you a sense of how that mechanically will work after the initial period is over.

And then all residents on the interest list. So the interest list is what we're gathering. Now, this is pre-application. So before we go into live application process, we'll be notifying you of the major steps along the way, so that you're aware, so that you know, once you're signed up for the interest list.

You know you're a part of it now, is being in this meeting, we will email you out and notify you of all the key dates as we go forward, so that you're well aware that you can be prepared, and that you know when you if and when you want to apply, you're able to, and you won't miss that that opportunity when it comes available.

Next slide, please.

Now there are a couple elements of the marketing process. I want to go into a bit of a deeper dive on. So one is the application process. I know this one is different than your normal application for market rate units, so want to talk a bit about it in more detail. So this is the first required step. You'll have to provide elements that you may not provide normally, such as your household composition who's living in there,

your employment specifics, you know, who you work for, the type of income you make, so it gets to be much more detailed so that allows us to understand your eligibility.

And then we can work through the process with you to make sure that you're eligible. So if someone applies that as an eight-person household, we can immediately know that's outside the parameters and we can notify them that, hey, you won't qualify because your household size and things like that. So this is all self-reported information that comes in initially during the application. And then we'll make some initial assessments of that self-reported information like I just said. But then, generally, until we start processing, we take it for what it is.

Again, I mentioned this previously but want reiterate it. If you submit after the initial application period, you know, you'll be added to the end of the wait list so it doesn't mean you won't have any ability to participate, but it does just mean you have a few folks ahead of you that we have to work through before we begin to process your application.

And then, once your name comes up on the waitlist, you know, if you're first in line, you're twentieth in line, we'll begin processing our application and the income certification process at that time. So we will then verify all the self-reported information in the application to make sure it's valid. And it's not something, you know we do voluntarily. This is to ensure that we're compliant with the program. This is what we signed up for with the county, and that the LACDA, who has oversight, will require us to report on and ensure that the incomes are correct and true for each and every unit that's in the program. So that's why we have to ask for this information. There are governmental requirements to do so. So just want make sure you're aware there and then next slide, please.

We'll talk a little bit more about the wait list process as well. So after the lottery, the general waitlist will be established for all applicants, right. So again, one to 100, and there will be multiple sub-lists by unit size. So if you're a one person household, you would only be on the studio, if you're a 2 person household, you'd be on the studio and one bedroom potentially, if that's what you select. If you can select only a one bedroom, only a studio, but you have the option based on your household size to be on multiple wait lists.

And that will allow us, you know, as we process one-bedrooms, you may come up to the top of the list, and if ultimately you're selected from the one-bedroom wait list, and you say eh... you know, or the studio waitlist, and you want to get the one-bedroom. you can decline that first time through. You can say, you know what, I really want to wait for the one-bedroom so I'm going to say no to this studio.

I'm going say, okay, that's fine, you'll come off the list for the studio, if that's your preference, where you just get placed back in to the wait list where you were. And then, if we call you again for the studio and you don't want that, because ultimately, if you're in the program for a certain type, and we call you multiple times and you say no multiple times, then you'll be taken off the waitlist.

So that others that are ready today, you know, whether it's you that down the line that want to get in or anybody else, will allow those that are ready today to be in the affordable program and will be allowed to, and they'll get moved up.

And then ultimately, if you say, you know, after this, after declining twice, you want to get back in, you can, but you must reapply. So that that'll just mean you'll go back to the bottom of the list if you have a change of heart for the long term. But again, you have a chance to decline once. Decline twice, that's

when you'll see removal from the wait list. So there's some flexibility built in there so hopefully that limits some angst around timing may not be totally in your control. You may not be ready when we first call you, so it gives you a second chance.

Next slide, please.

So initial income certification. As I mentioned before, there's a lot of documents required, and so we're just talk through a few of those. So first one for us that we have to do as part of our compliance is the tenant income certification. That's where we calculate your income and we validate it, and then we certify by signing off. You want to sign as well—countersign, and that ultimately goes into our compliance reporting. And there are some ancillary documents like the declaration of child and spousal support that helps with determining income.

There's the affordable addendum to the lease, and then there's a number of items that we will ask of you that'll be a part of the overall income certification or validation process. That's Federal tax returns for the prior year, bank statements for the last, the previous three months, based on the time that, you know if we're talking in April, then we'll ask for January, February, March.

And then, as part of the employment verification process, we'll have to look at pay stubs, and that'll help normalize any changes to hours worked, pay rates and different changes like that. And so while we don't want to be invasive in your life and know everything about you, unfortunately, these are necessary documents to truly understand your income and allow us to normalize, if there are fluctuations, give you the best opportunity to be become a part of the program. So that's the reason for all the documentation, and that allows us to remain compliant with the LA. County Development Authority.

And I mentioned a little bit about this before, but the income certification again, timing is slightly compressed because it's about certifying your income as of the time you're moving in. So there's a window, you have a 100, within a 120 days of your moving date, you know, those documents are still active, accurate, and can be used. If for some reason there's delays or units we thought would become available, aren't and you get past that 120 day window, we may have to re-certify you.

So again, it's because the program requirements are: as you move in, what is the income as of that time, right. Again, not what you earned last year, not what you're earning next year prospectively, it's as it is today. So that's why this timeliness thing comes into the equation, and so that allows us to remain compliant and ensure you're going to be able to stay in the program for the long term.

Next slide, please.

So once you're in, unfortunately or fortunately, there are still some additional requirements that we must administer throughout the life of the program. So if you move in, let's say next April, 2024, in April 2025 and every year thereafter, we have to do a recertification of your income. So then we'll have to get documents again, we'll have to recertify, recalculate the income and then validate employment, etc. Just like we did at the initial certification. So that's an annual process.

Again, it shows where you are on the income spectrum. And the reason is because the over-income household equation here. So once you move in at 50% of AMI, there's a range that you can grow your income, right the whole purpose of this is to allow you to get into the affordable housing program, but they're not trying to keep you there. Right? They want you to... we want... the State, the Federal

Government, the way these programs are arranged is to allow individuals and households to continue to grow in their career and still be able to enjoy the benefits of the program up to a limit.

And that limit in this program is, you get to 140%. So you take the \$63,000 number I gave you earlier, multiply that by 140%. If you cross that threshold, then you're out of compliance. Right, but up until that point, from the 50% AMI to 140% of that, you can grow your income and still be a part of the affordable housing program.

Now, if your income, when we certify you, exceeds 140% of that 50% AMI limit, we will give you a one-year notice period. So the property management team will notify you and give you a one-year notice period. So there's no immediate action taken, but it does give you a notice to say, hey, we certified you, you're outside the compliance parameters of the program and here is what you must do next within this one-year period.

One, you can stay in your current unit and just have it raised to market rate, that's an option. You can move into another market rate unit, if that's your preference. Or if you choose not to go with either of those two things, then there will be a termination of tenancy which, again, is a program requirement. And so we will just be following those program requirements. If at the after the one-year notice period, those two first options are not taken.

Next slide please.

So what's next? So from a property management perspective, there's a number of things we'll be doing over the coming weeks and months is one is communication. So we'll be sending out notifications to keep you aware of key dates. Make sure you're aware of, and can respond to the marketing timeframe, the application window, any changes to dates and timing. That's first and foremost as we want to make sure you're kept informed.

Second is, we want to keep building an interest list. Make sure you're on it, your friends are on it, anybody else that has a desire to be a part of this program that they can get on the interest list now. That way, they will be communicated to in the coming weeks and months.

And then we will continue to send out email blasts, and other, you know, we'll notify on our website of changes as they're coming along. Major process steps. Again, the biggest one being the application period. And we'll make those announcements simultaneous to when we go to print, so that you know when to do what you should do, where the steps are, and directions on how to manage the process. So we'll make sure you're well informed along the way.

A couple of things that we'd ask of each of the residents here on the call is, you know, again, sign up on the interest list and just be aware of those key dates as they're communicated. So you know, I don't want you to miss an opportunity to be a part of the program if you desire to be so. I want to make sure that you're tracking the dates just as we are. And then just know what documents, and we'll have more to communicate about those documents that will be needed to certify your income.

These aren't needed tomorrow, but sometimes it's hard to get, you know. If you're self-employed and your taxes sometimes giving a different schedule, you know we'll need to have the prior year tax returns in order to certify your income. So just things like that you want to be aware of and think about the

timing and how that might impact you, and just know you'll have to have those ready to go. So just want to be prepared in that regard.

And the immediate next steps for what we're doing the next coming days and weeks is one on the website, the presentation tonight and all the documents you're seeing will be uploaded. So I said, that will be by Monday for the presentation, this slide deck.

And then we'll take all your questions that we don't answer tonight, or that you submit in the next couple days we'll go through those and then post those up on our website by November tenth, so that you can, you know, we can continue to answer questions that you may have, things that I may have missed tonight that didn't get quite the detail you needed. We'll continue to work through and answer those questions.

Again, interest list, interest list, interest list, that's until we start to market. That's the best way to know and to be aware of what's going on. And then we'll have a form that will be made available on our website, which we'll show you in a couple of slides that will allow you to submit questions or comments about the affordable program, again, if we don't touch on it tonight. That way, we have the chance to give full response to questions that are on your mind.

So that's a lot I've been talking for a while. I want to make sure I give you a chance to ask some questions. So next slide, please, we'll start into what's on your mind and begin the Q&A process.

So next slide.

So for Zoom if you raise your hand. So we have a moderated conversation. We have a moderator that will help facilitate this for me, so that I know who to call on. We'll move you into the queue, and we'll unmute you. You'll be able to ask your question, and then hopefully, I have the answer. If I do not, I'll let you know. I don't have the answer, and then we'll get back to you, either via the FAQs or directly, and then we'll go from there. So we have, I think a roughly half hour to ask questions and then take it from there. So Camree, if you can help with the first, that'd be great.

Okay?

Facilitator:

Sure, we have Caller 1.

Kevin McKee:

Okay. Caller 1, what's your question?

Caller 1:

Thank you. I have a question. If the median income rises, does the rent go up?

Kevin McKee:

It does go up slightly. So they do tend to go in lock step, but it won't be dramatic right because there. The limits are almost inflationary at times, so there can be deflationary periods and a recession like I mentioned. But you will see a slight increase to the income limits, and then there'll be a slight increase

to the rent as well, cause there's the rent is calculated off those limits. There's a formula which I didn't want to get into the details of the math. But yeah, they are connected.

Caller 1:

Okay, thank you.

Kevin McKee:

You're welcome.

Facilitator:

We have Caller 2.

Kevin McKee:

Hi, Caller 2, how are you?

Caller 2:

I'm well. Can you hear me? Yes, I can. I have 2 questions about security.

Okay. When you accept affordable housing, people afforded 5 people per unit, whatever it might be. Is there any? Do you check criminal records?

Kevin McKee:

So the process is no different than any market rate unit. So from a fair housing perspective, we treat every applicant the same way. So that process the same. If it was for you coming into Mariners Village or for someone participating before browsing programs, there's no difference in our process.

Caller 2:

Alright. And the second half of that question is: suddenly I find myself living next door to family of three or four suddenly very rowdy. Is it going to be the same process where it takes months to a year?

Kevin McKee:

So yes, there's no difference in how we treat an affordable housing resident in Mariners Village versus a market rate, or anything in between. So if your neighbors now throw a party and become rambunctious, we would follow the same process as if it were an affordable housing unit. Typically, if you know, the occupancy is based on what you'd expect to see in a three-bedroom, so I don't think the four to five necessarily would be outside the norms of what you'd see in a three-bedroom today. So again, it's, you know, we are bound by Fair Housing. We treat and do the same processes. If there are lease violations, it's the same process for either group, and so effectively, you won't know the difference right? You shouldn't see or feel they aren't designated. You won't see anything on the doors, and so the affordable housing units will just become neighbors to you over the long term, and it should hopefully be transparent.

Caller 2:

Thank you.

Facilitator:

We have **Caller 3**.

Caller 3:

Yes, Kevin. You said that there's a lottery for the applications, is there? Two lotteries, one for residents, and then one for non-residents?

Kevin McKee:

That's a good question. So maybe I perhaps went too fast there for you. So if you're a resident in the application, you'll check if you're a resident right, and that gives you a preference in the lottery. So if the lottery works out, and then you're number 500, let's say, but you're a resident. You move up to the top of the list until we fill the unit at the exact time. There could be 40 people at... 40 residents ahead of you, so you'd be 41 in the resident preference, but then you'd be 41 instead of 500. And then once those 39 units are filled and that preference has been fulfilled, then you'll just drop back in the wait list as if you were any other person. That's the structure of that preference. And so that's kind of mechanically how it works. Does that? Did that make sense how I explain it to you?

Caller 3:

Well, I guess the question is that that means that every application goes through the lottery. Whether you're a resident or not.

Kevin McKee:

Correct. Everybody goes through, get an initial lottery position. Again, it could be 500, but because you're a resident, that preference will move you to the top right? And so you could have in the preference category, you could have lottery position number 1, number 42, number 56, and those would effectively, from the preference perspective act as 1, 2, and 3.

Then once we fill those 39, if you're if the preference is filled, then that preference goes away and you'll retreat back to your wait list number, which in this case we now I was using 500. Right? You drop back down after that. So you know it's a narrow preference for 39 of those 196. If it gets fulfilled, then yeah, there's no more preference given, and then you'll become a "regular applicant at that point."

Caller 3:

Okay, so I guess I'm just trying to get in in my head. The lottery piece is that every applicant then gets put into this file, I mean, is everyone just numerically sorted by the lottery.

So every application is numerically sorted. So you can't leave someone out because they didn't make it in the lottery.

Kevin McKee:

So no, we wouldn't leave anybody out. So there's the initial submission of application period. Right? That's where that initial submission period. So if we have it open for 2 weeks, we get 500 applications in that is what's in the initial lottery. If you submit a day after, you're in position 501.

Once we fill those 39, if the preference is filled, then that preference goes away and you'll retreat back to your wait list number, which in this case I was using 500. Right? You drop back down after that.

Everybody goes through, get an initial lottery position again. It could be 500. But because you're a resident, that preference will move you to the top right? And so you could have in the preference category, you could have lottery position number one, number 42, number 56, and those would effectively, from the preference perspective act as 1, 2, and 3.

Caller 2:

Will we be told what our order is?

Kevin McKee:

Yeah, once the lottery is finished, we can then begin to announce where you are. That you know we'll communicate that when the lottery date is, it has to be administered and they has to have oversight from our compliance folks as well, so they can see it go see the process happen and sign off on it, so we'll have those dates for you, and we'll get those out once we have them firmed up, and then after that the lottery is complete.

We'll lock down the waitlist order. It'll get signed off, and then we'll have that document to be able to share and let you know where you stand.

Camree:

We have a question from **Caller 3**.

Caller 3:

Oh, Hi, Kevin! I just wanted to make sure I understand. If you're a one-person household. Your only option is a studio. Is that right?

Kevin McKee:

That is correct.

Caller 3:

Okay. And if you're a 2-person household, you have a choice between a studio and one bedroom. Is that right?

Kevin McKee:

That is correct.

Caller 3:

Okay. And what surprised me was, how soon this will begin? I believe you said it's at the second quarter of 24.

Kevin McKee:

Correct. That's what we're targeting right now, so don't have an exact date. But that's where we are.

Caller 3:

But the reason I was surprised is because when I read the transcript from the Zoom Meeting for the renovation. As I recall it stated that construction inside the units won't begin until the spring. Do I have this wrong?

Kevin McKee:

So you're correct. There's a distinction, so we will begin renovating vacant units earlier than we will begin renovating occupied units.

Caller 3:

I see, so occupied units are later.

Kevin McKee:

Vacant units, since we have the availability to get into, now there isn't a resident relocation issue. That's the distinction. So that's why we may be able to start this earlier than the occupied units.

Caller 3:

I see. And can I ask one question about the renovation? I've heard from several people that the buildings without garages underneath will be done later.

Kevin McKee:

I wouldn't say that's exactly accurate. It's you know, there'll be done over the duration of the five-year program. I think it probably best to reference the presentation from a couple of weeks ago to understand the scheduling. There's a graphic in the slide deck. I think we'll help explain that better to you.

Caller 3:

Okay, thank you very much.

Kevin McKee:

You're very welcome.

Camree:

You have a question from Caller 4.

Kevin McKee:

Good evening.

Caller 4:

Hi, actually my question is very similar. When you're talking about second quarter, as possibly the start of the availability of affordable housing, so if we all know that the renovation process could be anywhere from 5 to 6 years. If you're moved into an affordable housing unit that has become available. Does that also mean that you're going to be moved out during renovation?

Kevin McKee:

No, the affordable housing units won't be available until they're renovated. So we have to do this 20 affordable affordability pro rata. So, as we complete units in our innovation, if we do 10 units, 8 will be market, if you will, and then 2 will be affordable. And we'll do that throughout the 5-year process.

So it's only when they're complete, so we won't move you into an unrenovated unit and then move you out for renovation. They only become affordable after they're renovated.

Caller 4:

Great! Thank you. I appreciate it.

Kevin McKee:

You're welcome.

Camree:

We have a question from Caller 5.

Kevin McKee:

Good evening, Caller 5.

Kevin McKee:

Go ahead, Caller 5. I think you're on mute. Caller 5, are you there?

Kevin McKee:

Okay, Camree, can we move to Caller 6, maybe come back to Caller 5?

Caller 6:

Hello! Can you hear me? Go ahead? Oh, can you define what is income and what is not income?

Kevin McKee:

Oh, boy, on the call on this call, I think it'd be a challenge to do succinctly. So I think we'll end up doing is provide references to the program requirements and how the incomes calculated that way. I can be very detailed and not confuse things trying to answer on this call. Will that be sufficient for you?

Caller 6:

Not really. I'd like to just have a 1 min I just brought basically is, you know, I'm self-employed. Eric Geffner: Quick question. I'll just tell you I'm self-employed. I pay for my own medical, which is half of like quarter of my income. And you know, I mean what gets qualified.

Kevin McKee:

Yeah, so it's easiest if you're an employee, so then we take your W2 earnings. That would be your income. There are a number of things that are taken into account assets or an issue spousal support, child support become an issue so self-employment, because of the nature of the business, it could be

very choppy, if you will like. It's not consistent. Just because the nature of your business. You have contract work. And so we try to normalize that there's a process to do that so we can get to a normalized income stream for you that may more closely mirror like a W2 or an employee's income.

But there are multiple factors. So again, I'm not trying to dodge your question. I think it's better to give you a very specific direction to go so that you can look into it to make sure that you have the information you need. This call probably isn't going to be... I won't be able to articulate it fast enough tonight to do that for you. So I think it's best if we go there.

Caller 6:

Yeah, thank you. I appreciate them.

Camree:

You have a question from Caller 7.

Kevin McKee:

Caller 7. Go ahead, please.

Caller 7:

Wait. Yeah, I'm just curious. How are the units chosen throughout the complex which ones that would be designated low income?

Kevin McKee:

There are a number of units that are not affordable. They were just needed, not affordable. So that's there's roughly 250 of those units that'll be outside the program, so this will never become affordable. That was part of the agreement with LA County...excuse me... and then as I mentioned, it'll be on a pro rata basis.

So if we complete 10 units, then 2 of those 10 need to be affordable, and then we have to monitor against the overall 20 for that unit type. So if we have a high number of studios that are already in the affordable program, you may have to stop studios, and then that'll determine, you know, that may change where we put affordable units going forward. But it's going to be based on where the con.

The construction schedule is how we complete units. So it'll be throughout the property. So there's not going to be one building that's affordable. And the rest is not. It's going to be intermixed. And, as I mentioned before, you should, it should be transparent. You shouldn't know if somebody's affordable or market rate, or anything in between. Because all of our processes are the same and there won't be any distinction that will be apparent to anybody looking to try to figure out who's who in the resident base.

And if the studios ran out, then that means, obviously, if you're a single person, then you're done. That'd be the case if we get through all. If we get through 20, and they've all been in the program, then we hold the wait list until there's a vacancy.

So you know, let's for round numbers purposes, there's a hundred studios in the program. If we fill those up and you're waiting on the wait list, you still want to be a part of it, then that person moves out, we now have 99. We didn't move in a new one. This could be way down the line, not suggesting it's

tomorrow or in the spring, is that if someone decides I'm just going to move, we have to fill that in with another one to get back to 100, which is our requirement. So that's how we continue to work through the wait list and keep adding households into the program over time. It's that natural turn and attrition of residents because they change their lifestyle or move to different location, then we'll continue to add new households to the program.

Caller 7:

Got it. Thank you.

Camree:

We have a question from Caller 8.

Kevin McKee:

Hi, Caller 8. Go ahead.

Caller 8:

Hi!

Kevin McKee: Hi! There!

Caller 8:

Hey, Kevin! Thanks for everything. I have a number of questions. But I will email, those to you guys. The key question, the key question of the group that I wanted you to cover is: how is the gap between market rate and these affordable units being covered? In other words, economically, we want to just make sure that residents that are paying market rate are not subsidizing the affordable units.

In other words, are you getting tax credits? I mean, I'm pretty familiar with government programs, or in other ways. How are you covering your gap between the affordable rate and the market rate?

Kevin McKee:

So there is no Federal... these are no tax credits. There's no bond involved here. So these are not. These are locally administered. It's similar and structured to a tax credit program, but there are no financial benefits for us taking this on. There's no gap filling by the market rate units.

This is part of an agreement we have with the LA County — there's a wider Marina del Rey for All initiative which includes affordable housing, and so we're trying to become a part of that by offering this as part of the overall renovation and land use extension. So that is it. There is nothing we're getting in terms of financial benefit.

Caller 8:

Interesting. Okay. Thank you.

Kevin McKee:

Yeah. You're very welcome.

Camree: We have a question from Caller 9.

Caller 9:

Can you apply if you're out of state?

Kevin McKee:

Yes, you can.

Caller 9:

Okay. And lastly, what about the security deposit?

Kevin McKee:

I don't know the answer to that question off top of my head, so let me write that down, and we'll post it up on the FAQs, if that's okay.

Caller 9:

Yeah, that's fine. And lastly, one person cannot occupy a one-bedroom?

Kevin McKee:

Correct.

Caller 9:

Oh, okay, thank you.

Kevin McKee:

Again, that's not my call. That's part of the overall structure of the program that we agreed to. So I just want to make sure that's clear that we aren't as a management company making that decision on the occupancy guidelines.

Camree:

We have a question from Caller 10.

Kevin McKee:

Yep. Are you able to unmute?

Caller 10:

Okay, can you hear me now? Great. Okay. So thank you for taking these questions. I'm sure it's not easy.

So one of my questions, one of my confusion is whether it's 20% or 30% because I've seen the Board of Supervisors' affordable housing initiative for the Marina, and I'm a little confused. So that's one thing that I want to understand. Is it 20%, or is it 30% in relation to Mariners Village? So perhaps you can address that before I go on.

Kevin McKee:

It's 20%. So this agreement was signed back in 2020 and as you can imagine, there's been delays because of COVID and everything around that. This was signed well in advance of the current policy considerations, so there is a distinction between what LA County is doing now versus what we did back in 2020.

Caller 10:

Okay. And then I had a question about if somebody has a history of mental incompetence but they are homeless. How is that going work with us because I assume that we will not be including any kind of social work or other assistance in relation to what they may need. It's not just housing, so you understand what my question is?

Kevin McKee: Yeah, so I think you're thinking about a different program perhaps. So this one you must have an income, right, so that's a requirement. So if you're let's say homeless, income maybe not there, this is not Section 8, this is not a HUD program where they will subsidize up to the entirety of the rent. So for this one you still have to be out active as an employed individual, whether that's self-employed, or an employee as a W2 employee, so there are distinctions there. And that those types of programs you're describing are much more on the scale of what HUD does, and that's not contemplated for Mariners Village within this program.

Caller 10:

Got it. Okay, so thank you very much. And then my final one on that is undocumented workers who are hardworking, who might qualify under the financial aspects. Can they apply? Who, even if they don't live in Mariners Village, but you know, but when I looked at the affordable housing criteria for the county, I didn't see it addressed one way or the other, and I'm just kind of wondering since they... It says there's no preference. When I look at that housing, you know the criteria, it says in no special order. So I'm just trying to figure this one out.

Kevin McKee:

Yes, I think there, if it's truly undocumented situation there needs to be, you get to verify and validate information for any of the applicants. So green card holders, certainly. If they're earning an income they can apply and get into the program. So truly undocumented, that becomes a separate issue that we would have a challenge with documentation, verification, meaning things like social security numbers and things like that.

Caller 10:

So they do need a social security number.

Kevin McKee:

Yeah, we need bank accounts. They need a number of things to ensure that they qualify for the program. Tax returns. Things like that. So those would all have to tie out. And so that would have to be reviewed on in that situation.

Caller 10:

Alright. Thank you for answering those questions.

Kevin McKee:

Yep, absolutely.

Caller 11:

Hi, no, sorry I raised, lowered my hand instead of unmute. Thank you for the presentation.

I had a question you mentioned. So you've gone over what the maximum income is per size, and you mentioned that the tenancy to make a certain income? Is there a minimum income requirement based on each unit size?

Kevin McKee:

Yes, there's going to be a rent to income ratio uses 2 and a half times so there'll be a minimum and a max. But for the program compliance perspective, I was trying to leave it off for now, but you know the max is the key. If you're over that max, you can't be in the program, so that's the focus for tonight. But certainly, we want to make sure that the rent you're paying, you have enough income to pay it as well. We don't want you in a situation where it would put you in a very tight position from day one.

Caller 11:

Okay. And if there was, what if there's like a family member that can help?

Kevin McKee:

Like having a guarantee?

Caller 11:

Yeah.

Kevin McKee:

Income guarantees for an income-based program like this don't apply because it's supposed to be based on the individuals that are applying for it within the household.

Caller 11:

Gotcha. Okay, thank you.

Facilitator:

Caller 12, Caller 12 has a question.

Kevin McKee:

Caller 12, go ahead.

Kevin McKee:

I think we're having microphone issues or something there.

Alright, I don't see any other raised hand. So I just want to I guess I'll move to wrap if we if we can. Camree, can you move to the next slide for me, please?

Thank you. So again, I just want to thank everybody for joining tonight. Appreciate your questions. Appreciate you being engaged in this process with us.

If you have questions about the affordable housing program, the websites on here that QR code, which we'll leave up next minute or so. If you grab that with your phone. It'll take you to that website.

You can email us at mvrenano@esring.com. That's all renovation issues, including affordable housing.

And then on the website we have, we will update by posting the presentation by Monday. There's a form on there where you can submit additional questions or email them to us. And then we'll take those questions, develop answers and then post those FAQs back up no later than November 10th.

So that's the current plan. Now, again, if the questions come along the way, continue to ask and send them in. We'll keep working on them, get them out there and then we'll be working on communication in the days and weeks ahead to keep you informed of what's going on.

Have a great evening. Thank you very much, and we will talk to you soon.