

2026 PROPERTY OPERATING BUDGETS

Housing Development Partners (HDP) and HDP Mason
Board Meeting
December 5, 2025

Emmanuel Arellano, Vice President of Asset Management
Branden Sarkissian, Director of Asset Management

2026 Property Operating Budgets

Agenda

- 2026 Budget Overview
- Total Operating Income
- Total Operating Expenses
- Financial Performance Monitoring & Physical Preservation
- Staff Recommendations

2026 Property Operating Budgets Consolidated

| | 2024 Actuals | 2025 Budget | 2026 Budget | 2026 Budget PUPA | % Var 2025 Budget vs 2026 Budget | \$ Var 2025 Budget vs 2026 Budget |
|--|-------------------|-------------------|-------------------|---------------------|--|--------------------------------------|
| INCOME | | | | | | |
| Net Rental Income | 21,274,612 | 23,118,313 | 23,893,192 | 22,226 | 3% | 774,879 |
| Total Other Income | 1,386,960 | 402,125 | 488,146 | 454 | 21% | 86,021 |
| Total Income | 22,661,572 | 23,520,438 | 24,381,338 | 22,680 | 4% | 860,899 |
| EXPENSES | | | | | | |
| Total Admin | 3,015,975 | 2,930,802 | 3,143,530 | 2,924 | 7% | 212,728 |
| Total Utilities | 1,477,678 | 1,832,985 | 1,833,132 | 1,705 | 0% | 147 |
| Total Maintenance and Repair | 2,953,506 | 2,689,505 | 2,993,932 | 2,785 | 11% | 304,427 |
| Total Protective Services | 499,627 | 586,734 | 740,896 | 689 | 26% | 154,162 |
| Total Extraordinary Maintenance | 764,323 | - | - | - | 0% | - |
| Total Taxes and Insurance | 751,569 | 919,929 | 990,122 | 921 | 8% | 70,193 |
| Total Other Expenses | 1,802,780 | 1,683,530 | 1,836,217 | 1,708 | 9% | 152,688 |
| Total Operating Expenses | 11,265,457 | 10,643,485 | 11,537,829 | 10,733 | 8% | 894,344 |
| Net Operating Income | 11,396,115 | 12,876,953 | 12,843,508 | 11,947 | 0% | (33,445) |
| Total Debt Service | 4,647,168 | 4,649,617 | 4,649,616 | 4,325 | 0% | (2) |
| Total Entity Expenses | 152,829 | 153,808 | 161,464 | 150 | 5% | 7,656 |
| Net Cash Flow | 6,596,118 | 8,073,528 | 8,032,428 | 7,472 | -1% | (41,100) |
| Loan Repayment & Other Required | | | | | | |
| Distributions ** | 5,570,374 | 6,999,673* | 6,872,009 | 6,393 | -2% | (127,664) |
| HDP Distribution (Future Opex) | 1,025,745 | 938,512* | 1,160,420 | 1,079 | 24% | 221,908 |

*2025 Budget Projected based on Jan- Sep actuals

**Includes HDP loan repayments and def dev fees

PUPA: Per unit per annum

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Operating Income

- Gross Income is budgeted to increase slightly (4%) to roughly \$24 million (\$22,680 PUPA).
 - Budgeting up to an 8.8% rent increase for eligible units and properties (complies with AB 1482).
 - For Project-Based Voucher (PBV) units, Asset Management did not budget for a rent increase.
 - 57% of the portfolio units has a Project-Based Voucher (PBV).



*New Palace Hotel
79 affordable apartments for seniors
at risk of or who experienced
homelessness
Photo: Griffin Photography*

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Operating Expenses

- Operating Expenses are budgeted to increase (8%) to roughly \$11.5 million (\$10,733 PUPA).
 - An 11% increase in total maintenance and repairs, amounting to \$304,000 more than the 2025 budget.
 - A 26% increase in total protective services (Security), amounting to \$154,000 more than the 2025 budget.
- HDP will utilize available programs to reduce expenses including but not limited to, utility saving programs (CARE), appliance and weatherization upgrades to residential unit (MFES), etc.
- While expenses are expected to continue to grow given the aging portfolio, HDP will continue the ongoing focus and efforts to identify cost-mitigating opportunities throughout the entire portfolio.

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Total Operating Expenses

- One third of the HDP portfolio provides permanent affordable rental housing with supportive services for people who experienced homelessness (Permanent Supportive Housing).
- These properties present unique operating challenges, such as higher security, unit repair and turnover expenses.
- Mason Hotel is a Permanent Supportive Housing property.



Quality Inn
91 Permanent Supportive Housing units

2026 Property Operating Budgets

Financial Performance Monitoring & Physical Preservation

- Continue to closely monitor the monthly financial performance for proper and timely intervention if any negative trends are identified.
- Continue the strong occupancy performance of the portfolio.
- Lease up available commercial spaces (Hotel Churchill and Mason Hotel).
- Continue to focus on cost-containment, expense approval controls and close oversight of the assets.
- Continue to provide oversight of the physical performance of the properties for the long-term preservation of the assets in accordance with Physical Needs Assessment reports.

2026 Property Operating Budgets

Staff Recommendations

Staff recommends that the HDP and HDP Mason Board of Directors approve the 2026 Property Budgets as detailed in the staff reports for the following properties:

- Single-Family Homes/Companion Units
- Casa Colina
- Hotel Churchill
- Knox Glen
- Mariner's Village
- New Palace Hotel
- Parker Kier
- Quality Inn
- San Diego Square
- Town and Country
- Village North Senior
- West Park
- Mason Hotel

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Questions/Comments