

June 16, 2011

TO: Board of Selectmen

FROM: Chuck Hodgkinson

SUBJECT: Middle Line Road Rental Management Agreement Update

We are reviewing comments and suggestions submitted by Cindy Wansiewicz at Ron Rappaport's office.

This requests your final decision on two matters that will be added to the final contract language:

1. The minimum monthly rent for a one, two and three bedroom apartment defined as a percentage of the Area Median Income (AMI). The Housing Committee recommended the following. Please refer to the attached pro-forma; worse case annual rent income projections. They assume 92% average occupancy (each apartment is empty one month per year).

1 one bedroom and 1 two-bedroom apartment @ 65 % AMI.

1 one bedroom, 1 two-bedroom and 2 three-bedroom apartments @ 70 % AMI.

**Middle Line Road Rent Schedule**

**All rents assume no utilities included**

	<b>65% AMI</b>	<b>70% AMI</b>	<b>75% AMI</b>	<b>80% AMI</b>	<b>90% AMI</b>	<b>100% AMI</b>
<b>1 BR</b>	\$726	\$869	\$955	\$1,032	\$1,106	\$1,179
<b>2 BR</b>	\$890	\$1,033	\$1,136	\$1,228	\$1,316	\$1,404
<b>3 BR</b>	-	\$1,170	\$1,284	\$1,408	\$1,543	\$1,678

2. You asked David Vigneault to reconsider the proposed 10 % of rent income fee, plus an additional fee for the Property Manager for performing extraordinary services that are not customary of a Property Manager. The fee for extraordinary services was not defined.

The new proposal is 8 % of annual rent income plus a \$38/hour fee for extraordinary services performed by the Property Manager. This would require advance notice in writing before the work is performed.

David provided the attached outline of specific services performed by the Housing Authority and the Property Manager and an outline of the rental waitlist by income bracket for your reference.

A pro-forma income, expense budget and net operating income projection is also attached for your review. The costs are estimates for planning purposes.

**MIDDLE LINE ROAD (MLR) RENTAL DUPLEX PRO-FORMA**

June 2011

**Housing Committee Recommendation**  
**Income Rental Units - FY 2010 Rents**

	<u>Monthly Rent</u>	<u>Total Annual Rent</u>	<u>X 92 % Occupancy</u>	<u>Total Income</u>
1 BR Apt. @ 65% AMI; No Utilities	\$726	\$8,712	\$8,015	
1 BR Apt. @ 70% AMI; No Utilities	\$869	\$10,428	\$9,594	
2 BR Apt. @ 65% AMI; No Utilities	\$890	\$10,680	\$9,826	
2 BR Apt. @ 70% AMI; No Utilities	\$1,033	\$12,396	\$11,404	
3 BR Apt. @ 70% AMI; No Utilities	\$1,170	\$14,040	\$12,917	
3 BR Apt. @ 70% AMI; No Utilities	\$1,170	\$14,040	\$12,917	

**Total Annual Rent Income @ 70% AMI**

**\$64,672**

**Income Rental Units - FY 2010 Rents**

	<u>Monthly Rent</u>	<u>Total Annual Rent</u>	<u>X 92 % Occupancy</u>	<u>Total Income</u>
1 BR Apt. @ 70% AMI; No Utilities	\$869	\$10,428	\$9,594	
1 BR Apt. @ 70% AMI; No Utilities	\$869	\$10,428	\$9,594	
2 BR Apt. @ 70% AMI; No Utilities	\$1,033	\$12,396	\$11,404	
2 BR Apt. @ 70% AMI; No Utilities	\$1,033	\$12,396	\$11,404	
3 BR Apt. @ 70% AMI; No Utilities	\$1,170	\$14,040	\$12,917	
3 BR Apt. @ 70% AMI; No Utilities	\$1,170	\$14,040	\$12,917	

**Total Annual Rent Income @ 70% AMI**

**\$67,830**

**Income Rental Units - FY 2010 Rents**

	<u>Monthly Rent</u>	<u>Total Annual Rent</u>	<u>X 92 % Occupancy</u>	<u>Total Income</u>
1 BR Apt. @ 75% AMI; No Utilities	\$955	\$11,460	\$10,543	
1 BR Apt. @ 75% AMI; No Utilities	\$955	\$11,460	\$10,543	
2 BR Apt. @ 75% AMI; No Utilities	\$1,136	\$13,632	\$12,541	
2 BR Apt. @ 75% AMI; No Utilities	\$1,136	\$13,632	\$12,541	
3 BR Apt. @ 75% AMI; No Utilities	\$1,284	\$15,408	\$14,175	
3 BR Apt. @ 75% AMI; No Utilities	\$1,284	\$15,408	\$14,175	

**Total Annual Rent Income @ 75% AMI**

**\$74,520**

**Income Rental Units - FY 2010 Rents**

	<u>Monthly Rent</u>	<u>Total Annual Rent</u>	<u>X 92 % Occupancy</u>	<u>Total Income</u>
1 BR Apt. @ 80% AMI; No Utilities	\$1,032	\$12,384	\$11,393	
1 BR Apt. @ 80% AMI; No Utilities	\$1,032	\$12,384	\$11,393	
2 BR Apt. @ 80% AMI; No Utilities	\$1,228	\$14,736	\$13,557	
2 BR Apt. @ 80% AMI; No Utilities	\$1,228	\$14,736	\$13,557	
3 BR Apt. @ 80% AMI; No Utilities	\$1,408	\$16,896	\$15,544	
3 BR Apt. @ 80% AMI; No Utilities	\$1,408	\$16,896	\$15,544	

**Total Annual Rent Income @ 80% AMI**

**\$80,989**

**Income Rental Units - FY 2010 Rents**

	<u>Monthly Rent</u>	<u>Total Annual Rent</u>	<u>X 92 % Occupancy</u>	<u>Total Income</u>
1 BR Apt. @ 90% AMI; No Utilities	\$1,106	\$13,272	\$12,210	
1 BR Apt. @ 90% AMI; No Utilities	\$1,106	\$13,272	\$12,210	
2 BR Apt. @ 90% AMI; No Utilities	\$1,316	\$15,792	\$14,529	
2 BR Apt. @ 90% AMI; No Utilities	\$1,316	\$15,792	\$14,529	
3 BR Apt. @ 90% AMI; No Utilities	\$1,543	\$18,516	\$17,035	
3 BR Apt. @ 90% AMI; No Utilities	\$1,543	\$18,516	\$17,035	

**Total Annual Rent Income @ 90% AMI**

**\$87,547**

**Income Rental Units - FY 2010 Rents**

	<u>Monthly Rent</u>	<u>Total Annual Rent</u>	<u>X 92 % Occupancy</u>	<u>Total Income</u>
1 BR Apt. @ 100% AMI; No Utilities	\$1,179	\$14,148	\$13,016	
1 BR Apt. @ 100% AMI; No Utilities	\$1,179	\$14,148	\$13,016	
2 BR Apt. @ 100% AMI; No Utilities	\$1,404	\$16,848	\$15,500	
2 BR Apt. @ 100% AMI; No Utilities	\$1,404	\$16,848	\$15,500	
3 BR Apt. @ 100% AMI; No Utilities	\$1,678	\$20,136	\$18,525	
3 BR Apt. @ 100% AMI; No Utilities	\$1,678	\$20,136	\$18,525	

**Total Annual Rent Income @ 100% AMI**

**\$94,083**

**MIDDLE LINE ROAD (MLR) RENTAL DUPLEX PRO-FORMA**

June 2011

<u>Housing Committee Recommendation</u>	<u>Est. Annual Expense</u>
Town Liability and Landlord Insurance                      3 Buildings      @ \$1.5 million	\$6,825
Repairs & Maintenance    \$500/Apt./Year	\$3,000
Septic Service    3 systems	\$1,000
Town Utilities: 3 wells; 3 propane tanks	\$750
Dukes County RHA General & Admin.                              7 % Rent Income	\$4,527
Dukes County RHA Management Fee                              8 % Rent Income	\$5,174
<b>Plus Property Manager Fee for Extraordinary Services</b>	<b>TBD</b>
Marketing, Advertising	\$500
Landscape Maintenance; Snow removal	\$6,000
Est. Community Housing & Road Assoc. Dues                      6 Units	<u>\$2,000</u>
Sub Total Expenses	\$29,776
+ 10 % Contingency & Road Assoc. Dues	\$2,978
<b>Note: Tenants are responsible for trash and recycling disposal expenses.</b>	
<b>Housing Committee Recommendation</b>	<b>\$32,753</b>
<b>Total Rental Expenses @ 70% AMI</b>	<b>\$33,274</b>
<b>Total Rental Expenses @ 75% AMI</b>	<b>\$34,378</b>
<b>Total Rental Expenses @ 80% AMI</b>	<b>\$35,446</b>
<b>Total Rental Expenses @ 90% AMI</b>	<b>\$36,528</b>
<b>Total Rental Expenses @ 100% AMI</b>	<b>\$37,606</b>
<b>Housing Committee Recommendation</b>	<b>\$31,919</b>
<b>Net Operating Income @ 70% AMI</b>	<b>\$34,556</b>
<b>Net Operating Income @ 75% AMI</b>	<b>\$40,142</b>
<b>Net Operating Income @ 80% AMI</b>	<b>\$45,543</b>
<b>Net Operating Income @ 90% AMI</b>	<b>\$51,019</b>
<b>Net Operating Income @ 100% AMI</b>	<b>\$56,477</b>

# DCRHA & OPM Responsibilities, Relationship and Cost % Exercise

OPM	DCRHA	Combined
	<u>Tenant Certification</u>	
<u>Unit lease prep</u>	<u>Tenant lease-up</u>	<u>Lease-ups 20/80%</u>
<u>Unit Turnovers</u>	<u>Tenant Turnovers</u>	<u>Turnovers 50/50%</u>
	<u>Rent Collection</u>	
<u>Policy Enforcement</u>	<u>Policy Enforcement</u>	<u>Policy 10/90%</u>
<u>Tenant Relationships</u>	<u>Tenant Relationships</u>	<u>Tenant 10/90%</u>
<u>Repair &amp; Maintenance</u>	<u>R&amp;M Requests &amp; Documentation</u>	<u>R &amp; M 90/10%</u>
<u>R&amp;M Supervision</u>		
<u>Budget Input</u>	<u>Budgeting</u>	<u>Budgeting 10/90%</u>
<u>Capital Planning</u>	<u>Capital Planning</u>	<u>Capital 10/90%</u>
<u>Loan/Grant management</u>	<u>Loan/Grant management</u>	<u>Loan/Grant 40/60%</u>
<u>Annual Inspections</u>	<u>Annual Inspections</u>	<u>Inspections 10/90%</u>
	<u>Annual Audits</u>	
<u>Emergency Response</u>		
<u>Grounds keeping</u>		<u>Safety/Legal 50/50%</u>
<u>Safety/Legal Compliance</u>	<u>Safety/Legal Compliance</u>	
<u>Project Development</u>	<u>Project Development</u>	<u>Development 25/75%</u>

October  
2010

DCRHA Rental Waitlist      185 Applicants

Household Size	One Person	Two Person	Three Person	Four Person	Five Person	
0% -60% AMI *	74	44	30	10	5	163
61%-80%	0	7	11	4	0	22
81%-100%	0	0	0	0	0	0

74 1-person households      41 2-person      41 3-person      14 4-person      5 5-person      185

\* 2010% Dukes County AMI, family size 4: \$82,400. as figured by MHP off a doubling of HUD's 50%

AQ - 2      CH - 6      EDG-43      OB - 59      TIS - 55      WT - 20      185