

Date: Tue Dec 28 17:34:47 EST 2010
From: Josephine McNeil <jam_cando@msn.com>
To: Alice Ingerson aingerson@newtonma.gov
for the Community Preservation Committee

Summary of Budget Revisions for 61 Pearl Street

Following is the explanation for the differences between the current proforma (development) and operating budgets and the original versions submitted in October 2010.

The revised development proforma and the operating budget reflect changes in the program for the project based on input from the NHP [Newton Housing Partnership] and the P&D Board [Planning & Development Board].

The population to be served will be families with incomes at or below 60% of the AMI (previously it was 50%).

Tenants will pay for their own gas/electricity.

Changes in the operating budget:

- * reduction in the rental income to reflect payment of gas/electric by tenants
- * elimination of the administration line with an increase in the management fee line from 5% to 7%
- * reduction in utilities line to reflect payment of the gas/electric by tenants
- * reduction in the operating reserve from \$1000 per unit to \$500 per unit
- * correction in the real estate tax line to \$8000

Changes in development budget:

- * reduced construction contingency to 10%
- * changed building permit fee to reflect direct construction cost at 18.60 per thousand
- * Added relocation cost

Josephine McNeil
Executive Director
Citizens for Affordable Housing in Newton Development Organization
617-964-3527

61 PEARL ST OPERATING BUDGET				2010 BASIS	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
UNIT TYPE	# OF UNITS	RENT												
AFFORDABLE - 3 BR	3	\$	1,176	High HOME										
Annual increase: income					3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Annual increase: costs					4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
INCOME:	MONTHLY	ANNUAL												
3 - 3 BEDROOM (\$1176)	\$ 3,528.00	\$ 42,336												
Vacancy (5%)		\$ 2,117												
ANNUAL RENTAL INCOME		\$ 40,219		\$ 41,426	\$ 42,669	\$ 43,949	\$ 45,267	\$ 46,625	\$ 48,024	\$ 49,465	\$ 50,948	\$ 52,477	\$ 54,051	
EXPENSES														
Administrative														
Management Fee @ 7% of income		\$ 2,815												
TOTAL ADMINISTRATIVE		\$ 2,815		\$ 2,928	\$ 3,045	\$ 3,167	\$ 3,294	\$ 3,425	\$ 3,562	\$ 3,705	\$ 3,853	\$ 4,007	\$ 4,167	
Maintenance:														
Janitorial Supplies		\$ 1,500												
Landscaping/Snow Removal		\$ 3,000												
Decorating/Repairs		\$ 5,000												
TOTAL MAINTENANCE		\$ 9,500		\$ 9,880	\$ 10,275	\$ 10,686	\$ 11,114	\$ 11,558	\$ 12,021	\$ 12,501	\$ 13,001	\$ 13,521	\$ 14,062	
Utilities:														
Electric & Gas		\$ 500												
Water/Sewer		\$ 2,500												
TOTAL UTILITIES		\$ 3,000		\$ 3,120	\$ 3,245	\$ 3,375	\$ 3,510	\$ 3,650	\$ 3,796	\$ 3,948	\$ 4,106	\$ 4,270	\$ 4,441	
Insurance		\$ 2,800												
Taxes		\$ 8,000												
Operating reserve		\$ 1,500												
TOTAL RESERVES/INSURANCE/TAXES		\$ 12,300		\$ 12,792	\$ 13,304	\$ 13,836	\$ 14,389	\$ 14,965	\$ 15,563	\$ 16,186	\$ 16,833	\$ 17,507	\$ 18,207	
TOTAL OPERATING COSTS		\$ 27,615		\$ 28,720	\$ 29,869	\$ 31,064	\$ 32,306	\$ 33,598	\$ 34,942	\$ 36,340	\$ 37,794	\$ 39,305	\$ 40,877	
NET OPERATING INCOME		\$ 12,604		\$ 12,706	\$ 12,800	\$ 12,885	\$ 12,961	\$ 13,027	\$ 13,082	\$ 13,125	\$ 13,155	\$ 13,172	\$ 13,174	
Debt Service (P & I)	Monthly	Annual												
175,000@.04 to 2015	\$ 835	\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020					
175,000@.05 post 2015	\$ 939	\$ 11,268								\$ 11,268	\$ 11,268	\$ 11,268	\$ 11,268	
DEBT SERVICE		\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020	\$ 10,020	\$ 11,268	\$ 11,268	\$ 11,268	\$ 11,268	
NET CASH FLOW		\$ 2,584	\$ 2,686	\$ 2,780	\$ 2,865	\$ 2,941	\$ 3,007	\$ 3,062	\$ 3,062	\$ 1,857	\$ 1,887	\$ 1,904	\$ 1,906	
DEBT SERVICE COVERAGE RATIO		1.26	1.27	1.28	1.29	1.29	1.30	1.31	1.31	1.16	1.17	1.17	1.17	