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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

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PEARL STREET DEVELOPMENT F	PROFORMA rev		Nov. 05,2010							
			ORIGINAL							
		,	JRIGINAL							
		•								
		\$	780,000							
SUBTOTAL - ACQUISITION COST		\$	780,000							
CONSTRUCTION COSTS:										
Direct Construction Costs		\$	322,680							
Construction Contingency	10%		32,268							
Subtotal: Construction		\$	354,948							
GENERAL DEVELOPMENT COSTS	<u> </u>									
Architecture/Engineering/Survey	<u>-</u>	\$	18,500							
Building Permits		\$	6,002							
Legal		\$	3,000							
Title and Recording		\$	5,000							
Real Estate Taxes	1 year	\$	7,639							
Liability Insurance	i you	\$	2,900							
Builder's Risk insurance	1 year	\$	5,000							
Appraisal	i you	\$	750							
Loan Interest		\$	25,000							
Other	Pre-development	\$	1,938							
Relocation		\$	20,800							
Total		\$	96,529							
Soft Cost Contingency	5%	\$	4,826							
Subtotal: Gen. Dev.		\$	101,355							
Subtotal:Acquis.,Const.,										
and Gen. Development		\$	1,236,303							
>Developer Overhead/Fee		₽ \$	123,696							
Fund Replacement Reserve		φ \$	10,000							
TOTAL DEVELOPMENT COSTS		φ \$	1,370,000							
TOTAL DEVELOPMENT COSTS		φ	1,370,000							
					Source Allocatio					
			-			-	eloper Fee/		Replaceme	
FUNDING SOURCES:			Total	Acquisition)verhead	Soft costs	Reserves	
City of Newton - CDBG/HOME		\$	400,000		\$ -	\$	-	\$ -	\$	
City of Newton - LEAD Grant		\$	80,000		\$ 80,000		-	\$ -	\$	
CPA GRANT		\$		\$ 205,000	\$ 274,948	\$	93,696	\$ 91,356	\$	
Private Foundations		\$	50,000	\$ -	\$ -	\$	30,000	\$ 10,000	\$ 10,00	
Bank TOTAL SOURCES		\$	175,000 1,370,000	\$ 175,000	\$- \$ 354,948	\$	-	\$ - \$ 101,356	\$	
		\$	4 070 000	\$ 780,000		\$	123,696	1 m 404 0FC	\$ 10,00	

61 Pearl Street

61 PEARL ST OPERATING BUDGET	2010 BASIS		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
UNIT TYPE # OF UNITS	P	ENT	1									
AFFORDABLE - 3 BR 3	\$ 1,176											
	φ 1,170	Thigh Home	1									
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		\$13,304	\$13,836	\$14,389		\$15,563		\$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	+ .2,304	÷ 12,100	<i>ф</i> 12,000	<i>ф</i> 1 <u>2</u> ,000	Ψ 1 <u>2</u> ,001	<i>↓</i> 10,021	↓ 10,00Z	Ψ 10,120	<i><i><i></i></i></i>	φ.0,172	φ.ο,
175.000@.04 to 2015 \$ 835		\$ 10.020	\$10,020	\$10,020	\$10,020	\$10,020	\$10,020	\$10,020				
175,000@.05 post 2015 \$ 939		÷ 10,020	\$ 10,0 <u>2</u> 0	Ψ·0,020	↓ 10,020	Ψ 10,020	↓ 10,020	Ψ · 0,020	\$11.268	\$11.268	\$11.268	\$11.268
DEBT SERVICE	÷,200	\$ 10,020	\$10.020	\$10,020	\$10,020	\$10,020	\$10,020	\$10.020	Ŧ)	Ŧ ,	+)	\$11,268
NET CASH FLOW			\$ 2,686	\$ 2,780	\$ 2,865	\$ 2,941		\$ 3,062		\$ 1,887		\$ 1,906
DEBT SERVICE COVERAGE RATIO		1.26		1.28	1.29		1.30	1.31				

Revised Dec. 8, 2010