

April 7, 2011

TO: Board of Selectmen

FROM: Housing Committee

SUBJECT: Middle Line Road Rental Units

As requested, this provides the Housing Committee's comments and recommendations on the minimum monthly rents for each of the apartments, the overall guidelines and apartment operating policies and the draft management agreement.

We are planning to attend your April 19th meeting to discuss these recommendations and any other rental issues you may wish to discuss.

MINIMUM RENT SCHEDULE—see attached.

The Housing Committee reviewed the information and recommends having the minimum rent for one of the one-bedroom apartments and one of the two-bedroom apartments have a minimum rent threshold of 65 % Area Median Income (AMI). We recommend establishing the minimum rent for all remaining apartments at the 70 % AMI level. Please see the attached "worse case" pro-forma financial projections for reference.

RENTAL UNIT GUIDELINES AND POLICIES—see attached.

#13: Smoking Policy: We recommend a no smoking policy anywhere inside the buildings.

#14: Satellite Dishes: We agree with your concerns of placing dishes on the buildings and drilling holes for wiring. We recommend the Housing Committee, Planning Board and Board of Selectmen place formal pressure on Comcast to bring cable service to the entire subdivision. The Town has already installed the needed conduit from Tabor House Road to the building sites. We should try to get a commitment from Comcast by June 1.

#17: We recommend adding a policy the states no abandoned or unregistered vehicles are allowed on the premises.

#18: We agree with your suggestion to add a policy that defines the extent of alterations that shall be allowed in each apartment. The attached is a draft attempt. It states: No structural alterations are allowed without prior approval of the Chilmark Housing Committee. Pictures and decorative wall hanging is allowed.

DRAFT MANAGEMENT AGREEMENT:

We have no structural changes to recommend on the draft dated March 31, 2011. We would like to add our formal support for the Dukes County Housing Authority's ability to manage these affordable apartments for the Town. This is what they do. We also think their proposed fee structure is fair and reasonable.

DUKES COUNTY REGIONAL HOUSING AUTHORITY

2010 Median Income Limits for Dukes County **DRAFT**

Median Income for a family of four is \$82,400*

	20%	30%	40%	50%	60%	70%	80%	90%	100%	110%	120%	130%
1 person	\$11,500	\$17,300	\$23,100	\$28,900	\$34,600	\$40,400	\$46,200	\$51,900	\$57,700	\$63,500	\$69,200	\$75,000
2 persons	\$13,200	\$19,800	\$26,400	\$33,000	\$39,500	\$46,100	\$52,700	\$59,300	\$65,900	\$72,500	\$79,100	\$85,700
3 persons	\$14,800	\$22,300	\$29,700	\$37,100	\$44,500	\$51,900	\$59,400	\$66,800	\$74,200	\$81,600	\$89,000	\$96,500
4 persons	\$16,500	\$24,700	\$33,000	\$41,200	\$49,400	\$57,700	\$65,900	\$74,200	\$82,400	\$90,600	\$98,900	\$107,100
5 persons	\$17,800	\$26,700	\$35,600	\$44,500	\$53,400	\$62,300	\$71,200	\$80,100	\$89,000	\$97,900	\$106,800	\$115,700
6 persons	\$19,100	\$28,700	\$38,200	\$47,800	\$57,400	\$66,900	\$76,500	\$86,000	\$95,600	\$105,200	\$114,700	\$124,300

* The DCRHA uses MHP's doubling of HUD's 50% AMI to obtain the **\$82,400** key figure vs. HUD's '09 Dukes County family of four AMI at **\$73,700**.

The 2009 AMI was \$73,200/\$81,800; the 2010 AMI figures (\$73,700/\$82,400) represent a .75% increase over last year.

Middle Line Road Rent Schedule
Housing Committee Recommendation 4/4/11
All rents assume no utilities included

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

	Monthly Rent	Total Annual Rent	X 92 % Occupancy	Total Annual Income	
1 BR % 65%	\$726	\$8,712	\$8,015		
1 BR @ 70%	\$869	\$10,428	\$9,594		
2 BR @ 65%	\$890	\$10,680	\$9,826		
2 BR @ 70%	\$1,033	\$12,396	\$11,404		
3 BR @ 70%	\$1,170	\$14,040	\$12,917		
3 BR @ 70%	\$1,170	\$14,040	\$12,917		
Total Annual Income				\$64,672	
				Projected Annual Income	Projected Net Operating Income
Housing Committee Recommendation				\$64,672	\$30,496
All Apt's. @ 70 % AMI Minimum				\$67,830	\$33,063
All Apt's. @ 75 % AMI Minimum				\$74,520	\$38,502
All Apt's. @ 80 % AMI Minimum				\$80,989	\$43,712
All Apt's. @ 90 % AMI Minimum				\$87,547	\$49,049
All Apt's. @ 100 % AMI Minimum				\$94,083	\$54,407

MIDDLE LINE ROAD (MLR) RENTAL DUPLEX PRO-FORMA

April 2011

			Est. Annual Expense
<u>Housing Committee Recommendation</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	10 % Rent Income		\$6,467
Marketing, Advertising			\$500
Landscape Maintenance; Snow removal			\$6,000
Est. Community Housing & Road Assoc. Dues	6 Units		<u>\$2,000</u>
Sub Total Expenses			\$31,069
+ 10 % Contingency & Road Assoc. Dues			\$3,107

Note: Tenants are responsible for trash and recycling disposal expenses.

Housing Committee Recommendation	\$34,176
Total Rental Expenses @ 70% AMI	\$34,767
Total Rental Expenses @ 75% AMI	\$36,018
Total Rental Expenses @ 80% AMI	\$37,277
Total Rental Expenses @ 90% AMI	\$38,454
Total Rental Expenses @ 100% AMI	\$39,676

Housing Committee Recommendation	\$30,496
Net Operating Income @ 70% AMI	\$33,063
Net Operating Income @ 75% AMI	\$38,502
Net Operating Income @ 80% AMI	\$43,712
Net Operating Income @ 90% AMI	\$49,093
Net Operating Income @ 100% AMI	\$54,407

MIDDLE LINE ROAD (MLR) RENTAL DUPLEX PRO-FORMA

April 2011

Housing Committee Recommendation	Monthly Rent	Total Annual Rent	X 92 % Occupancy	Total Income
<u>Income Rental Units - FY 2010 Rents</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
<u>Income Rental Units - FY 2010 Rents</u>				
1 BR Apr. @ 70% AMI; No Utilities	\$869	\$10,428	\$9,594	
1 BR Apr. @ 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
<u>Income Rental Units - FY 2010 Rents</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
<u>Income Rental Units - FY 2010 Rents</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
<u>Income Rental Units - FY 2010 Rents</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
<u>Income Rental Units - FY 2010 Rents</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

Overall Guidelines

1. The minimum monthly rent will be at the **X percent** AMI income level for each apartment. The maximum monthly rent will not exceed 150 percent AMI for each apartment. The monthly rent will not include utilities. Monthly rents will increase **+ 3 percent** annually on a July 1 fiscal year. The Town reserves the right to review annual rent increases before automatically **applying** each increase. Each tenant lease will not exceed a 12 month term.
2. The Town recommends but does not require each tenant to obtain a renter's insurance policy.
3. The tenants are not eligible for Chilmark's Community Preservation Act (CPA) Rental Conversion Assistance Program.
4. A minimum of two units will be rented to tenants earning up to 100% AMI as dictated by the Martha's Vineyard Commission.
5. The tenants will be responsible for all trash disposal and recycling expenses. Each apartment will have two trash barrels and one recycling bin. The trash barrels will be located inside a covered trash bin.
6. Vineyard Propane will supply the gas. Each tenant will need to create an individual account with Vineyard Propane. Each apartment has its own gas use meter. Vineyard Propane will read each meter on a monthly basis to determine gas usage and invoice the tenant accordingly.
7. The Town's Rental Manager will pay for any gas use while the apartment is empty as part of the annual operating expense budget.
8. The Town's Rental Manager will pay for the electricity used by each of the three rental duplex water wells as part of the annual operating expense budget.
9. The Middle Line Road Community Housing Association – comprised of the twelve families living in the neighborhood – will be responsible for maintaining Molly's Lane, Beech Grove, Holly Grove and Oak Grove.
10. The Middle Line Road Road Association will be responsible for maintaining Middle Line Road from Tabor House Road to Molly's Lane and the maintenance of the fire well and water storage facility.
11. The Town's Rental Manager will pay the following as part of the annual operating expense budget: annual Community Association and Road Association dues for the rental duplexes and for appliance repairs caused by normal wear and tear as needed—range, range hood, dishwasher, refrigerator/freezer, clothes washer and dryer, heating furnace, hot water heater.
12. The DCRHA standard pet policy shall be followed—see appendix.
13. **No smoking will be allowed inside the apartments or basements.**
14. **The DCRHA standard satellite dish policy shall be followed—see appendix. In summary: no satellite dishes are allowed on the roofs of the buildings; DCRHA must approve all satellite dishes before they are installed.**
15. The Executive Secretary or designee shall represent the Town on the Community Housing and Road Associations as needed.
16. No materials or banners may be hung or displayed on the building exteriors.
17. **No abandoned or unregistered vehicles are allowed on the premises.**
18. **No structural alterations are allowed without prior approval by the Chilmark Housing Committee. Picture and decorative wall hanging is allowed.**

Rental Duplex Manager Responsibilities

1. Solicit, screen and select tenants in accordance with the Town's guidelines.
2. Execute tenant leases or evictions and maintain operating files.
3. Collect all monthly rents.
4. Maintain a separate operating bank account for all monthly rent deposits and maintenance withdrawals.
5. Maintain a separate interest-bearing escrow account for all tenant damage deposits. Reconcile damage deposit reimbursement amount with departing tenants.
6. Provide quarterly operating financial statements and vacancy level to the Executive Secretary.
7. Prepare a written annual operating report each January for inclusion in the Town's Annual Report.
8. Prepare a projected annual operating income and expense budget for review with the Finance Advisory Committee by December 15 of each year.
9. Oversee all landscape maintenance in accordance with the guidelines as determined by the Martha's Vineyard Commission Decision DRI-597-M.
10. Oversee ice and snow removal from the apartment walkways and parking areas.
11. Oversee all general facility maintenance as needed. Any individual maintenance cost over \$500.00 must first be approved by the Executive Secretary.
12. Agree upon operating revenue surplus amount and use with the Executive Secretary at the end of each fiscal year.