



Legislation Text

File #: 18-140, **Version:** 1

DATE: March 8, 2018

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

2017 Rental Property Expense Report

SUMMARY AND ACTION REQUESTED:

The Housing & Redevelopment authority (HRA) is asked to review the income and expense reports for the HRA owned rental properties.

BACKGROUND:

The HRA owns 4 rental properties containing 5 rental units. The properties are:

- 517 Washington St S - 2 dwelling units. Leased to Community Action Agency for Homeless Transitional Program.
- 2330 Elianna Dr. - 1 dwelling unit - Private lease
- 2334 Elianna Dr. - 1 dwelling unit - Private Lease
- 2007 Hidden Valley Rd - 1 dwelling unit - Leased to Ruth's House of Hope for Women in Transition Program.

ANALYSIS:

517 Washington St S - Built 1900

Rental Income per unit is currently \$600/month. The total income, based on current rents, is \$14,400 annually. The total income in 2017 was \$13,476. There were several factors for the lower income in 2017 including 4 months vacancy and lowered monthly rent.

The income exceeded the general expenses for the property by \$3,158. However, there were significant repairs and capital improvements at the property costing an additional \$17,941. It should take approximately 6 years for the HRA is able to recoup these additional expenses at the current rate of annual profit.

2330 Elianna Dr - Built 2007

The 4-bedroom dwelling rents for \$945/month. The HRA paid an annual associations fee of \$2184 and \$2500 for taxes. The tenant pays their own utilities. Mowing and snow removal is provided by the association. Repairs/improvements were less than \$100 for the year. The HRA has a net gain of \$5,872 in 2017 at this property.

2334 Elianna Dr - Built 2007

The 4-bedroom dwelling rents for \$945/month. The HRA paid an annual associations fee of \$2184 and \$2536

for taxes. The tenant pays their own utilities. Mowing and snow removal is provided by the association. The 2017 repairs/improvements were \$729. The HRA has a net gain of \$5,184 in 2017 at this property.

2007 Hidden Valley Rd - Built 1986

This 3-bedroom rental is one side of a twin home and rents for \$1,136/month. The HRA pays the utilities, taxes, insurance, mowing and snow removal. The total expenses in 2017 were \$4,281. The HRA has a net gain of \$9,866 for 2017.

The HRA purchased the tax-forfeited property from Rice County in 2015 for approximately \$36,000. In 2016, the property was rehabilitated at a cost of approximately \$73,000. The current assessed value is \$172,000.