

MAINTENANCE & OPERATING EXPENSE GUIDELINES

NEW CONSTRUCTION

2024

Revised: 3/13/2024

| | M&O Electric Heat (VRF)/Gas Water | | M&O All Electric (assumes VRF) ⁴ | | Passive House(assumes VRF) ⁴ | | Per/ |
|---|-----------------------------------|--------------------|---|--------------------|---|--------------------|--------------------------------------|
| | PW/Union Building Staff | Per | PW/Union Building Staff | Per | PW/Union Building Staff | Per | |
| ADMINISTRATIVE | | | | | | | |
| Legal | | \$24,000 | \$240 | \$24,000 | \$240 | \$24,000 | \$240 /du |
| Accounting | | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 | \$19,000 /project |
| Management Fee ¹ | | \$123,613 | 6.5% | \$123,613 | 6.5% | \$123,613 | 6.5% of ERI |
| Fire and Liability Insurance ² | | \$150,000 | \$1,500 | \$150,000 | \$1,500 | \$150,000 | \$1,500 /du |
| Tax Credit Monitoring ³ | | \$12,600 | \$126 | \$12,600 | \$126 | \$12,600 | \$126 See footnote |
| Benchmarking Expense | | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 /bldg |
| UTILITIES | | | | | | | |
| Heating ⁴ | | \$58,905 | \$165 | \$58,905 | \$165 | \$35,700 | \$100 /rm (assumes VRF) ⁴ |
| Owner Paid Cooling (if applicable) ⁵ | | | \$85 | | \$85 | | \$68 /rm (assumes VRF) ⁴ |
| Hot Water ⁶ | | | | | | | |
| Gas Hot Water | | \$39,984 | \$112 | | | | /rm |
| Electric Heat Pump Hot Water | | | | \$66,045 | \$185 | \$66,045 | \$185 /rm |
| Electric (common areas) | | \$71,400 | \$200 | \$71,400 | \$200 | \$71,400 | \$200 /rm |
| Water & Sewer | | \$107,100 | \$300 | \$107,100 | \$300 | \$107,100 | \$300 /rm |
| Broadband ⁷ | | | | | | | |
| MAINTENANCE | | | | | | | |
| Supplies/Cleaning/Exterminating | | \$49,980 | \$140 | \$49,980 | \$140 | \$49,980 | \$140 /rm |
| Repairs/Replacement | | \$100,000 | \$1,000 | \$110,000 | \$1,100 | \$110,000 | \$1,100 /du |
| Super & Maintenance Salaries ⁸ | | \$260,981 | \$2,610 | \$260,981 | \$2,610 | \$260,981 | \$2,610 /1 Super 1 Porter |
| Elevator Maintenance & Repairs [Assumes 2] | | \$20,000 | \$10,000 | \$20,000 | \$10,000 | \$20,000 | \$10,000 /elev |
| Bldg Reserve | | \$40,000 | \$400 | \$40,000 | \$400 | \$40,000 | \$400 /du |
| HDC Servicing Fee ⁹ | | | | | | | |
| M&O Before Taxes and Debt Service | | \$1,078,163 | \$10,782 | \$1,114,224 | \$11,142 | \$1,091,019 | \$10,910 /du |
| | | | \$3,020 | | \$3,121 | | \$3,056 /rm |

NOTES

- MANAGEMENT FEE:** 8% for Supportive Housing Loan Program
- INSURANCE:** Project Managers are directed to underwrite to an actual quote whenever possible.
- TAX CREDIT MONITORING:** This fee is a combination of the building fee (\$100 per building), plus the unit fee (0.75% of the maximum annual tax credit rent for all LIHTC units). The unit fee is capped at \$12,600 for buildings of 150 units or less, and \$17,500 for buildings over 150 units.
- HEATING:** Project Managers are directed to underwrite to the method of heating utilized, typically VRF at \$165/rm. If Packaged Terminal Heat Pump (PTHP), standard will be set at \$195/rm for heating. PTHP units are a type of Cold Climate Heat Pumps.
Passive House: For all PH buildings, heating can be discounted by 40% (For VRF, this equates to \$100. For PTHP, this equates to \$117).
- OWNER PAID COOLING:** Allowed only for VRF, Owner Paid Cooling is NOT allowed for PTHP systems except in PH. If PH, Owner Paid Cooling should be discounted by 20%.
- HOT WATER:** Project Managers are directed to underwrite according to project type (gas/electric).
- BROADBAND:** Project Managers are directed to include broadband and underwrite to an actual quote whenever broadband is incorporated into construction.
- SUPER & MAINTENANCE SALARIES:** 1 staff member for every 65 units. Additional staff may be added per 65 units of housing. This schedule assumes 1 super + 1 porter for a 100 unit building at prevailing wage/union. In addition, use a 1.15 multiple to account for overtime/vacation assumptions. Handyperson will be considered on a case-by-case basis.

Salary Assumptions:

| | Prevailing Wage | With Multiplier | Non-Union | With Multiplier |
|----------------------|-----------------|------------------|-----------|------------------|
| FT Super | \$126,483 | \$145,455 | \$79,456 | \$91,374 |
| FT Porter | \$100,458 | \$115,526 | \$73,476 | \$84,497 |
| FT Super + FT Porter | | \$260,981 | | \$175,871 |
| FT Handyperson | \$107,084 | \$123,146 | | |

**Salaries are estimated based on an hourly wage, 40 hour workweek, 52 weeks/year plus assumptions for payroll taxes, benefits, and workers comp.*
- HDC SERVICING FEE:** Servicing fee set at 0.25% of senior permanent loan.



MAINTENANCE & OPERATING EXPENSE GUIDELINES

PRESERVATION

2024

Revised: 3/13/2024

(Preservation deals should be underwritten using actual expenses as a guideline when information is available)

| | M&O Guideline | |
|--|-------------------------|--|
| | PW/Union Building Staff | Per/ |
| ADMINISTRATIVE | | |
| Legal | \$25,000 | \$250 /du |
| Accounting | \$25,000 | \$25,000 /project |
| Management Fee | \$123,613 | 6.5% of ERI |
| Fire and Liability Insurance ¹ | \$150,000 | \$1,500 /du |
| Tax Credit Monitoring ² | \$12,600 | \$126 <i>See footnote</i> |
| Benchmarking Expense | \$600 | \$600 /bldg |
| UTILITIES | | |
| Heating ³ | \$78,897 | \$221 /rm (assumes gas. See footnote 3 for electric heating) |
| <i>Owner Paid Cooling (if applicable)</i> ⁴ | | \$85 /rm |
| Hot Water ⁵ | \$42,483 | \$119 /rm (assumes gas. See footnote 5 for electric hot water) |
| Electric (common areas) | \$76,755 | \$215 /rm |
| Water & Sewer | \$110,670 | \$310 /rm |
| Broadband ⁶ | | |
| MAINTENANCE | | |
| Supplies/Cleaning/Exterminating | \$64,260 | \$180 /rm |
| Repairs/Replacement | \$145,000 | \$1,450 /du |
| Super & Maintenance Salaries ⁷ | \$260,981 | \$2,610 /du |
| Elevator Maintenance & Repairs | \$20,000 | \$10,000 /elev |
| Bldg Reserve | \$40,000 | \$400 /du |
| M&O Before Taxes and Debt Service | \$1,175,859 | \$11,759 /du |
| | | \$3,294 /rm |

NOTES

- 1. INSURANCE:** Project Managers are directed to underwrite to an actual quote whenever possible.
- 2. TAX CREDIT MONITORING:** This fee is a combination of the building fee (\$100 per building), plus the unit fee (0.75% of the maximum annual tax credit rent for all LIHTC units). The unit fee is capped at \$12,600 for buildings of 150 units or less, and \$17,500 for buildings over 150 units.
- 3. HEATING:** Project Managers are directed to underwrite to the method of heating utilized. If VRF, standard set at \$205/rm. If Passive House, standard set at \$123/rm.
- 4. OWNER PAID COOLING:** Allowed only for VRF, Owner Paid Cooling is NOT allowed for PTHP systems except in PH. If PH, Owner Paid Cooling should be discounted by 20%.
- 5. HOT WATER:** Project Managers are directed to underwrite according to project type. If VRF, standard set at \$185/rm.
- 6. BROADBAND:** Project Managers are directed to include broadband and underwrite to an actual quote whenever broadband is incorporated into construction.
- 7. SUPER & MAINTENANCE SALARIES:** 1 staff member for every 65 units. Additional staff may be added per 65 units of housing. This schedule assumes 1 super + 1 porter for a 100 unit building at prevailing wage/union. Handyperson will be considered on a case-by-case basis.

Salary Assumptions:

| | <u>Prevailing Wage</u> | <u>With Multiplier</u> | <u>Non-Union</u> | <u>With Multiplier</u> |
|----------------|------------------------|------------------------|------------------|------------------------|
| FT Super | \$126,483 | \$145,455 | \$79,456 | \$91,374 |
| FT Porter | \$100,458 | \$115,526 | \$73,476 | \$84,497 |
| FT Handyperson | \$107,084 | \$123,146 | | |

**Salaries are estimated based on an hourly wage, 40 hour workweek, 52 weeks/year plus assumptions for payroll taxes, benefits, and workers comp.*