Woodhaven

Asset Strategy
Sell vs Hold

Prepared by: Revenue Development Committee
Current

- 2012 Revenue: $226,000
- 2012 Operating Expenses: $157,000
- Annual Cost of Bond: $72,000
- Break-Even = $0 revenue to Town
Hold Strategy

- Stabilized Rent on 2 Bedroom Unit (6 units): $1,200
- Stabilized Rent on 1 Bedroom Unit (18 units): $1,100
- Stabilized Rental Revenue: $324,000 Gross
- Net Rental Revenue after 5% vacancy: $307,800
- Operating Expenses: $158,400 or $6,600 per unit
- Replacement Reserves Account: $500/unit per year ($12,000)
- Annual Net Cash Flow Before Debt Service: $137,400
- Annual Cost of Bond: $72,000
- Net Annual Cash Flow to Town after stabilization: $65,400
Sell Strategy

• Cap Rate: Rate of Return the Buyer can expect from the asset
• Calculation: Net Operating Income/ Cap Rate = Asset Value
• Stabilized NOI: $137,400
• Cap Rate: 7% - 10%
• Market rate stabilized apartments currently trading at 5% cap rates
• Increase by at least 1% for age restriction and affordable components
• 7% Cap Rate results in value of $1,962,857
• 10% Cap Rate results in value of $1,374,000
• Value of $1,374,000 up to $2,000,000
• Annual Tax Revenue to town after sale based on FY2013 $19.72 tax rate: $27,095 up to $39,440
Recommendation

- Pursue a sale of Woodhaven
- Town is currently receiving $0 revenue from asset
- Annual tax revenue of up to $40,000
- Asset will be properly managed by Real Estate professionals rather than Government
- Sale price of up to $2 million could be used to fund development of water & sewer in Downtown leading to further Revenue Development Opportunities