

Example MNOI Fair Return Calculations

Annotation

*These columns show Rental Units, Gross Income, Operating Expenses, and NOI in the Base Year as compared to the Petition Year.
The Applicant provides data for the Base Year and the Petition Year; any adjustments made by the Hearing Officer are also shown.*

The CPI increased approximately 66% between the Base Year and the Petition Year.

The Hearing Officer deducted accounting expenses, which are included in Management Fees.

In the Base Year, the Hearing Office deducted an imputed fee for Management of an owner-managed property. In the Petition Year, \$10,000 of claimed costs were ruled ineligible.

In the Petition Year, \$5,000 of claimed Repairs and Maintenance were amortized as Capital Improvements.

The Hearing Officer's calculation of Base Year NOI is increased by the full increase in CPI to compare with the Petition Year NOI.

The Petitioner would need approximately \$36,000 to maintain the NOI earned during the Base Year.

The MNOI Difference is allocated evenly among the 75 Units.

The Annual Rent Increase is divided by 12 to arrive at the monthly Upward Adjustment of Rent the Petitioner receives to maintain its NOI as compared to the Base Year.

Category	Item	Base Year		Petition Year	
		Applicant	Hearing Officer	Applicant	Hearing Officer
Rental Units		75	75	75	75
CPI		146.2	146.2	243,569	243,569
Gross Income	Rent	\$1,000,000	\$1,000,000	\$1,665,999	\$1,665,999
	Refuse Collection				
	Other Income	\$14,000	\$14,000	\$24,000	\$24,000
	Laundry Income	\$1,140	\$1,140	\$938	\$938
	Sub-Total	\$1,015,840	\$1,015,840	\$1,692,121	\$1,692,121
Operating Expenses	Accounting	\$17,769	\$0	\$0	\$0
	Advertising	\$2,028	\$2,028	\$397	\$397
	Auto & Truck	\$3,370	\$3,370	\$4,952	\$4,952
	Bank Charges	\$113	\$113	\$96	\$96
	Charitable Contributions	\$124	\$124	\$0	\$0
	Club House Expenses	\$71	\$71	\$0	\$0
	Amortization-Capital Improvements	\$10,000	\$10,000	\$33,948	\$33,948
	Dues & Subscriptions	\$1,483	\$1,483	\$2,184	\$2,184
	Equipment Rental	\$104	\$104	\$0	\$0
	Insurance Expense-General	\$8,127	\$8,127	\$13,000	\$13,000
	Janitorial Expense	\$5,321	\$5,321	\$9,000	\$9,000
	Landscaping	\$1,436	\$1,436	\$0	\$0
	Legal & Professional	\$16,780	\$16,780	\$24,661	\$24,661
	Licenses, Fees and Permits	\$11,790	\$11,790	\$15,000	\$15,000
	Management Fees	\$36,000	\$36,000	\$75,000	\$65,000
	Office Expenses	\$5,587	\$5,587	\$8,200	\$8,200
	Landscaping and Groundskeeping	\$12,434	\$12,434	\$12,124	\$12,124
	Refuse Collection	\$14,000	\$14,000	\$25,000	\$25,000
	Other			\$14,095	\$14,095
	Operating Supplies	\$3,706	\$3,706	\$4,370	\$4,370
	Payroll Tax	\$9,968	\$9,968	\$16,000	\$16,000
	Property Tax	\$54,390	\$54,390	\$101,483	\$101,483
	Repairs & Maintenance	\$45,000	\$45,000	\$108,664	\$80,000
	Amortized Costs				\$5,000
	Salaries & Wages	\$47,047	\$47,047	\$83,016	\$83,016
	Security Expense	\$4,002	\$4,002	\$7,000	\$7,000
	Travel	\$817	\$817	\$363	\$363
	Utility Expenses - Common Areas	\$2,095	\$2,096	\$3,079	\$3,079
	Worker's Comp Insurance	\$8,000	\$8,000	\$14,000	\$14,000
	Sub-Total	\$285,562	\$303,793	\$575,632	\$541,968
Net Operating Income	Actual NOI	\$730,278	\$712,047	\$1,116,489	\$1,150,153
	NOI Adjustment = 100% of CPI Increase		66.6%		
	Adjusted NOI		\$1,186,270		\$1,150,153
MNOI	Difference between Petition Year Actual NOI and Adjusted NOI				
Upward Adjustment of Rent	Annual Increase per Unit				-\$36,117
					\$482
	Monthly Increase per Unit				\$40