

# Carriage Town Park Request for Lot Rent Increase

Within the Town of Merrimac's Rent Control Rules and Regulations, the guidelines for granting an increase are:

Under: Section 1–Definitions

**FAIR NET OPERATING INCOME:** Fair Net Operating Income shall be that income which will yield a return, after all reasonable operating expenses, on the fair market value of the property, equal to the debt service rate for similar-type property generally available from institutional first mortgage lenders. The Board, in any given case, may, on the basis of evidence presents to it, adopt a different rate of return is such a different rate of return is deemed by the Board to be more appropriate to the circumstances of the case before it.

The way that we interpret this is as follows:

$$\begin{array}{ccccccc} \text{The Fair} & & \text{Reasonable} & & [\text{Fair Market} & & \text{Institutional}] \\ \text{Park Rent} & = & \text{Operating} & = & [\text{Value of Property}] & * & \text{Rate of Return} \end{array}$$

Therefore, to calculate "The Fair Park Rent", we need 3 things:

1. The reasonable Operating Expenses.
2. The Fair Market Value of the property (FMV).
3. The current Institutional Rate of Return

1. Reasonable Operating Expenses: For this we are going to use the fullest year 2024 (without the mortgage principal).

We have not include any project adjustments into this calculation, only to show what the rent adjustment would be on its own.

Therefore:

Reasonable Operating Expenses without Capital Adjustment = \$135,311.39

2. Fair Market Value (FMV) of the property: We are going to make the case that FMV of the property is \$1,602,000.00. This figure is based upon the following:

In June, 2012, a partners 50% interest in the Mobile Home Park was purchased

for \$570,870.00. This would result in a valuation for the entire park at \$1,141,740.00. There are 40 lots in the park and therefore the price per lot would back in 2012 was \$28,545.00.

Attached as Exhibit "A" is a chart and documents reflecting the CPI for the period from 2013-2025.

Attached as Exhibit "B" is a chart reflecting the yearly price per lot increase from 2013 through 2025. Based upon these calculations, the price per lot in 2025 is \$40,050.00

Since there are 40 lots in the subdivision the Fair Market Value for the Property is calculated to be \$1,602,000.00

3. Institutional Rate of Return or Debt Service Rate. After talking with professionals in the world of business, we have found the Debt Service Rate to be currently at 8%.

Therefore, plugging these values into the fair rent formula:

The Fair Park Rent	=	Reasonable Operating	+	[Fair Market [Value of Property]	*	Institutional] Rate of Return]
	=	\$135,311.00		+		(\$1,602,000.00 x 8%)
	=	\$135,311.00		+		\$128,160.00
	=	\$263,471.00				

On a per lot monthly basis, the park rent should be:

$$\$263,471.00 / 40 \text{ lots} / 12 \text{ Months} = \$548.89$$

Therefore, we are proposing a rate of \$549.00 per lot

## Schedule of the US Consumer Price Index by Year (Boston)

	CPI	CHANGE	YR over YR%
2013	251.139	3.406	1.40
2014	255.184	4.045	1.60
2015	256.715	1.531	0.60
2016	260.496	3.781	1.50
2017	267.033	6.537	2.50
2018	275.815	8.782	3.30
2019	281.082	5.267	1.90
2020	284.266	3.184	1.10
2021	293.521	9.255	3.30
2022	314.356	20.835	7.10
2023	326.016	11.66	3.70
2024	336.376	10.36	3.20
2025 (Sept)	349.271	12.895	3.30



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## Consumer Price Index Boston-Cambridge-Newton, MA-NH (1982-84 = 100)

Consumer Price Index for all Urban Consumers (CPI-U), Not Seasonally Adjusted  
 Boston-Cambridge-Newton, MA-NH All Items 1982-1984=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
1996	162.2		162.8		161.8		162.0		163.5		166.3		163.3
1997	167.7		168.1		166.7		167.1		167.8		169.4		167.9
1998	171.2		171.3		170.9		170.7		172.1		173.3		171.7
1999	174.1		174.8		174.2		175.3		176.8		179.2		176.0
2000	180.2		182.8		181.7		183.2		184.3		187.4		183.6
2001	189.0		190.9		190.9		192.1		192.7		192.7		191.5
2002	192.9		194.7		194.8		195.7		199.1		200.4		196.5
2003	199.8		202.8		202.3		203.0		206.8		206.5		203.9
2004	208.4		208.7		208.7		208.9		209.8		211.7		209.5
2005	211.3		214.2		214.6		217.2		220.1		218.6		216.4
2006	220.5		221.3		222.9		225.1		224.5		223.1		223.1
2007	224.432		226.427		226.247		226.929		227.850		230.689		227.409
2008	231.980		233.084		235.344		241.258		238.519		232.354		235.370
2009	230.806		232.155		231.891		233.018		236.596		236.589		233.778
2010	237.266		237.986		238.083		236.132		236.474		238.103		237.446
2011	239.814		242.787		244.574		244.256		245.310		245.030		243.881
2012	245.891		247.166		246.582		246.326		249.488		249.929		247.733
2013	249.957		250.835		250.036		251.067		251.918		252.230		251.139
2014	253.123		254.982		255.209		255.296		255.878		256.262		255.184
2015	254.556		257.013		256.839		256.999		256.643		258.407		256.715
2016	257.215		258.587		260.809		260.800		262.606		261.675		260.496
2017	264.865		265.070		266.256		266.429		269.757		269.149		267.033
2018	272.229		274.591		274.668		275.402		278.663		277.632		275.815
2019	278.976		280.393		280.937		280.943		281.603		283.526		281.082
2020	285.181		285.544		282.620		283.175		283.391		284.622		284.266
2021	286.615		289.240		291.667		295.211		294.784		299.723		293.521
2022	304.634		310.311		313.578		315.841		318.800		320.702		314.356
2023	324.270		324.859		324.927		324.746		327.145		328.362		326.016
2024	330.746		335.599		337.772		335.963		338.258		338.512		336.376
2025	343.486		343.972		347.897		346.856		349.271				
Percent Change from 12 months ago													
1997	3.4%		3.3%		3.0%		3.1%		2.6%		1.9%		2.8%
1998	2.1		1.9		2.5		2.2		2.6		2.3		2.3
1999	1.7		2.0		1.9		2.7		2.7		3.4		2.5
2000	3.5		4.6		4.3		4.5		4.2		4.6		4.3
2001	4.9		4.4		5.1		4.9		4.6		2.8		4.3

Source: US Bureau of Labor Statistics

2002	2.1	2.0	2.0	1.9	3.3	4.0	2.6
2003	3.6	4.2	3.9	3.7	3.9	3.0	3.8
2004	4.3	2.9	3.2	2.9	1.5	2.5	2.7
2005	1.4	2.6	2.8	4.0	4.9	3.3	3.3
2006	4.4	3.3	3.9	3.6	2.0	2.1	3.1
2007	1.8	2.3	1.5	0.8	1.5	3.4	1.9
2008	3.4	2.9	4.0	6.3	4.7	0.7	3.5
2009	-0.5	-0.4	-1.5	-3.4	-0.8	1.8	-0.7
2010	2.8	2.5	2.7	1.3	-0.1	0.6	1.6
2011	1.1	2.0	2.7	3.4	3.7	2.9	2.7
2012	2.5	1.8	0.8	0.8	1.7	2.0	1.6
2013	1.7	1.5	1.4	1.9	1.0	0.9	1.4
2014	1.3	1.7	2.1	1.7	1.6	1.6	1.6
2015	0.6	0.8	0.6	0.7	0.3	0.8	0.6
2016	1.0	0.6	1.5	1.5	2.3	1.3	1.5
2017	3.0	2.5	2.1	2.2	2.7	2.9	2.5
2018	2.8	3.6	3.2	3.4	3.3	3.2	3.3
2019	2.5	2.1	2.3	2.0	1.1	2.1	1.9
2020	2.2	1.8	0.6	0.8	0.6	0.4	1.1
2021	0.5	1.3	3.2	4.3	4.0	5.3	3.3
2022	6.3	7.3	7.5	7.0	8.1	7.0	7.1
2023	6.4	4.7	3.6	2.8	2.6	2.4	3.7
2024	2.0	3.3	4.0	3.5	3.4	3.1	3.2
2025	3.9	2.5	3.0	3.2	3.3		

**Percent Change from 2 months ago**

1997	0.8%	0.2%	-0.8%	0.2%	0.4%	1.0%
1998	1.1	0.1	-0.2	-0.1	0.8	0.7
1999	0.5	0.4	-0.3	0.6	0.9	1.4
2000	0.6	1.4	-0.6	0.8	0.6	1.7
2001	0.9	1.0	0.0	0.6	0.3	0.0
2002	0.1	0.9	0.1	0.5	1.7	0.7
2003	-0.3	1.5	-0.2	0.3	1.9	-0.1
2004	0.9	0.1	0.0	0.1	0.4	0.9
2005	-0.2	1.4	0.2	1.2	1.3	-0.7
2006	0.9	0.4	0.7	1.0	-0.3	-0.6
2007	0.6	0.9	-0.1	0.3	0.4	1.2
2008	0.6	0.5	1.0	2.5	-1.1	-2.6
2009	-0.7	0.6	-0.1	0.5	1.5	0.0
2010	0.3	0.3	0.0	-0.8	0.1	0.7
2011	0.7	1.2	0.7	-0.1	0.4	-0.1
2012	0.4	0.5	-0.2	-0.1	1.3	0.2
2013	0.0	0.4	-0.3	0.4	0.3	0.1
2014	0.4	0.7	0.1	0.0	0.2	0.2
2015	-0.7	1.0	-0.1	0.1	-0.1	0.7
2016	-0.5	0.5	0.9	0.0	0.7	-0.4
2017	1.2	0.1	0.4	0.1	1.2	-0.2
2018	1.1	0.9	0.0	0.3	1.2	-0.4
2019	0.5	0.5	0.2	0.0	0.2	0.7
2020	0.6	0.1	-1.0	0.2	0.1	0.4
2021	0.7	0.9	0.8	1.2	-0.1	1.7
2022	1.6	1.9	1.1	0.7	0.9	0.6
2023	1.1	0.2	0.0	-0.1	0.7	0.4
2024	0.7	1.5	0.6	-0.5	0.7	0.1
2025	1.5	0.1	1.1	-0.3	0.7	

Source: US Bureau of Labor Statistics

## EXHIBIT "B"

### CARRIAGE TOWN FAIR MARKET CALCULATION

I. SALE PRICE OF 50% INTEREST IN JUNE, 2012 WAS \$570,870.00.

Based upon said price the valuation of the park was \$1,141,740.00 and a price per lot of \$28,545.00.

II. CPI Increase for Lot valuation beginning in 2013.

Year	CPI	Dollar change	Price per lot
2013	1.40%	\$399.63	\$28,944.63
2014	1.50%	\$463.11	\$29,407.74
2015	0.60%	\$176.44	\$29,584.18
2016	1.50%	\$443.76	\$30,027.94
2017	2.50%	\$750.69	\$30,778.63
2018	3.30%	\$1,015.69	\$31,794.32
2019	1.90%	\$604.09	\$32,398.41
2020	1.10%	\$356.38	\$32,754.79
2021	3.30%	\$1,080.90	\$33,835.69
2022	7.10%	\$2,402.33	\$36,228.02
2023	3.70%	\$1,340.43	\$37,568.45
2024	3.20%	\$1,202.19	\$38,770.59
2025	3.30%	\$1,279.42	\$40,050.00

**Based upon the CPI Index, the current price per lot would be \$40,050.00.  
And the Fair Market Value of the Park would be \$1,602,000.00**