United States Department of Agriculture

NOTICE OF APPROVED RENT (OCCUPANCY CHARGE) AND UTILITY ALLOWANCE CHANGE

Oct 10th, 2024

Dear TENANTS:

You are hereby notified that Rural Development has reviewed the request for a change in shelter costs for the above project, and considered all justifications provided by project management. The Rural Development has approved the following rent (occupancy charge) and/or utility allowance rates listed below. The changes for all units will become effective on January 1, 2024 or later effective date in accordance with state or local laws. The change is needed for the following reasons:

The planned rent changes are as follows:

Unit Size	Present Rent (Occupancy Charge)		Approved Rent (Occupancy Charge)	
	Basic	Note Rate	Basic	Note Rate
1-Bedroom	$ 605.00	$ 804.00	$ 810.00	$ 1009.00
2-Bedroom	$ 661.00	$ 862.00	$ 866.00	$ 1067.00
3-Bedroom	$	$	$	$

The approved utility allowance changes are as follows:

Unit Size	Present Utility Allowance	Approved Utility Allowance
1-Bedroom	$ 50.00 or 53.00	$ 55.00
2-Bedroom	$ 67.00 and 39.00	$ 76.00 and 38.00
	$	$

Should you have any question or concerns, you may contact Rural Development. The Rural Development Servicing Office address is:

375 Jackson St. Suite 410
St. Paul, MN 55101

You must notify the tenants (members) of Rural Development's approval of the rent (occupancy charge) and utility allowance changes by posting this letter in the same manner as the "NOTICE TO TENANTS (MEMBERS) OF PROPOSED RENT (OCCUPANCY CHARGE) AND UTILITY ALLOWANCE CHANGE." This notification must be posted in a conspicuous place and cannot be substituted for the usual written notice to each individual tenant (member).

This approval does not authorize you to violate the terms of any lease (occupancy agreement) you currently have with your tenants (members).

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For those tenants (members) receiving rental assistance (RA), their costs for rents (occupancy charge) and utilities will continue to be based on the higher of 30 percent of their adjusted monthly income or 10 percent of gross monthly income or if the household is receiving payments for public assistance from a public agency, the portion of such payments which is specifically designated by that agency to meet the household's shelter cost. If tenants are receiving Housing and Urban Development (HUD) Section 8 subsidy assistance, their costs for rent and utilities will be determined by the current HUD formula.

You may file an appeal regarding the rate and utility allowance change as approved. An appeal must be received in the Regional Office no later than 30 calendar days after receipt of the adverse decision. The appeal should state what agency decision is being appealed and should include, if possible, a copy of the adverse decision and a brief statement of why the decision is wrong. A copy of the appeal request should be sent to the agency.

You must inform the tenants (members) of their right to request an explanation of the rate and utility allowance change approval decision within 45 days of the date of this notice by writing to: Mike Ostwald, St. Paul Rural Development, 375 Jackson St., Suite 410, St. Paul, MN 55101. All tenants (members) are required to pay the changed amount of rent (occupancy charge) as indicated in the notice of approval.

Any tenant who does not wish to pay the Rural Development approved rent changes may give the owner a 30-day notice that they will vacate. The tenant will suffer no penalty as a result of this decision to vacate, and will not be required to pay the changed rent. However, if the tenant later decides to remain in the unit, the tenant will be required to pay the changed rent from the effective date of the changed rent.

Sincerely,

Mike Ostwald
Rural Development Loan Specialist

United States Department of Agriculture

Rural Development

Midwest Region
Rural Housing Service
Attn: MW Regional Servicing Team
1400 Independence Av SW
Room 5143-S
Washington, DC 20250
MFHFOMidwest@usda.gov

TO: Greenspire III

Attn: Kathy Olson

FROM: Mike Ostwald
MFH Specialist – Midwest, Team 7

SUBJECT: FY 2024 Proposed Budget Review –

We have received your FY 2024 proposed budget and rent change for the referenced complex. Based on the information provided and our review, the budget and rent increase is **approved.** Our review covers the areas listed below:

1. The budget narrative addresses all requirements noted in HB-2-3560, Section 4: Project Budgets, 4.14 Budget Requirements [7 CFR 3560.205 and 3560.303], B. Sections of the Project Budget (Form 3560-7) 5. Part VI – Narrative, Signatures, Dates and Comments. It is noted this property is operating as a Class ”C “ account.

2. Projected expenses analyzed with a difference of more than 10% were outlined in the attached analysis and/or a comment was made on the budget line item.

3. Income sources:

   Will increase as you have proposed a rent increase. Rent(s) effective as of January 1, 2024: **$810.00** for one-bedroom units at basic and **$1009.00** for note rate; **$866.00** for two-bedroom units at basic and **$1067.00** for note rate.

4. Utility documentation:
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   Will change as documentation was provided by management and/or the utility company. Utility allowance(s) effective as of January 1, 2024: **$55.00** for one-bedroom units; **$38.00 or $76.00** for two-bedroom units.

5. The proposed vacancy allowance is reasonable at **11.40%**. The 3-year average is noted at **10.0%.**

6. The proposed budget notes:
   a. Correct debt payment of **$24,662.00.**
   b. The required annual reserve deposit is **$9,740.00.00**; while we note the proposed amount to be **$9,740.00**.
   c. Return to Owner payment in the amount of **$0.00**.
   d. Projected net cash flow **$2,646.00** and ending cash balance is **$19,648.00.**
   e. Reserve balance as of 12/31/22 is **$94,775.00.**

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7. We note your administrative expenses estimated at 23% of the Gross Potential Rents; which is within the analysis baseline of 23%. Please continue to reduce expenses as much as possible to assist in keeping rent and RA low.

11. Cost analysis for the O&M expenses are estimated at $632.66 per unit per month, while the norm average costs are noted at $314.16.

We appreciate the time and effort given in managing and maintaining this property. If you should you have any questions or comments, please do not hesitate to contact us.

Sincerely,

Mike Ostwald
Loan Specialist
Team 7 | Midwest Region | Field Operations Division
Multifamily Housing, Rural Development
United States Department of Agriculture
375 Jackson St., Suite 410
St. Paul, MN 55101
Phone: 651-602-7807
Email: michael.ostwald@usda.gov