

The Anoka County Housing and Redevelopment Authority will hold their regularly scheduled board meeting in Room #705 of the Anoka County Government Center. All ACHRA Trustees will be present. However, due to the applicable Governor's Emergency Executive Orders, and a determination by the ACHRA Chair that public attendance is not feasible due to the health pandemic, members of the public will not be allowed to attend this meeting in person. Public members may monitor this meeting through the internet at <https://www.anokacounty.us/1430/Watch-Board-Meetings-Online> or by calling 763-324-4607- 24 hours in advance of the meeting time to arrange for telephonic access. Public monitoring in this manner is done pursuant to Minn. Stat. 13D.021.

**ANOKA COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY AGENDA**

FOR THE JUNE 23, 2020 MEETING

10:15 A.M. or Immediately Following the
Anoka County Board Meeting, Whichever is Later

County Board Room #705, Anoka County Government Center

1. Chair calls meeting to order.
2. Trustees: Matt Look
Julie Braastad
Robyn West
Mandy Meisner
Mike Gamache
Jeff Reinert
Scott Schulte
3. Chairs remarks.
- *4. Consider approving the minutes from the ACHRA Board Meeting of May 26, 2020. **See attached** minutes.

The Anoka County Housing and Redevelopment Authority (ACHRA) Management Committee meeting was held June 9, 2020. A copy of the report is on file in the Community Development department.

- *5. **Public Hearing** – to obtain comments on the proposed substantial amendments to the Anoka County portions of the Dakota County Consortium 2019 Program Year. **See attached** Notice of Public Hearing. Persons wishing to comment during the public hearing are advised to contact Tina Pedersen at tina.pedersen@co.anoka.mn.us or 763-324-4607 by 3:00 p.m., Monday, June 22, to arrange for telephonic or video conference access.
- *6. Trustee Gamache moved to recommend the ACHRA Board of Trustees approve an amendment to the CDBG and HOME Action Plan to add CDBG-CV funding to include public service activities and administration for COVID-19 prevention, response and recovery. Trustee West seconded the motion. Motion carried. **See attached** memo from Renee Sande, Community Development Manager.
- *7. Trustee Gamache moved to recommend the ACHRA Board of Trustees approve the 2021 senior housing budget and rent increase of 1.5 percent for the following Anoka County Housing and Redevelopment Authority senior housing apartment buildings:
 - A. The Willows of Ham Lake
 - B. Savannah Oaks
 - C. Chauncey Barrett Gardens
 - D. The Oaks of Lake GeorgeTrustee Schulte seconded the motion. Motion carried. **See attached** worksheet and memo from Ehlers, Inc.
8. Other.

*Requires ACHRA Board approval.

The Anoka County Housing and Redevelopment Authority held their regularly scheduled board meeting in Room #705 of the Anoka County Government Center. All members of the authority were present. However, due to the Governor's Emergency Executive Order 20-33, and a determination by the authority chair that public attendance is not feasible due to the health pandemic, members of the public were not allowed to attend this meeting in person. Public members were able to monitor this meeting through the internet at <https://www.anokacounty.us/1430/Watch-Board-Meetings-Online> or by calling 763-324-4704 24 hours in advance of the meeting time to arrange for telephonic access. Public monitoring in this manner was done pursuant to Minn. Stat. 13D.021.th

ANOKA COUNTY HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Government Center
Board Room
Anoka, Minnesota

May 26, 2020

Trustees Present: Scott Schulte (Chair)
 Matt Look
 Julie Braastad
 Robyn West
 Mandy Meisner
 Mike Gamache
 Jeff Reinert

Others Present: Rhonda Sivarajah, County Administrator; Tony Palumbo, County Attorney;
 Karen Skepper, Community and Government Relations Director; and staff

* * * * *

Chair Schulte called the meeting to order at 11:31 a.m.

* * * * *

Chair Schulte noted that due to the pandemic and the need to protect our vulnerable adults, the community rooms will be closed at the four senior buildings: Savannah Oaks, The Willows of Ham Lake, Chauncey Barrett Gardens I and II and The Oaks of Lake George.

* * * * *

Trustee Look moved to recommend the ACHRA Board of Trustees approve the minutes from April 28, 2020. Trustee West seconded the motion. Motion carried.

* * * * *

Trustee Reinert moved to recommend the ACHRA Board of Trustees approve a Subordination Agreement for the Dominion Lakewood apartments in Lino Lakes. Trustee West seconded the motion. Motion carried.

* * * * *

For informational purposes, the ACHRA received a redemption request for ARRA Bonds issued for the construction of the Fridley Medical Center.

For informational purposes, the following ACHRA contracts were executed:

- A. Greater MSP in the amount of \$75,000 for annual investment dues.
- B. Wold Engineering in the amount of \$49,800 for HVAC replacements at Savannah Oaks.

* * * * *

For informational purposes, the ACHRA Board of Trustees considered an update of the results from the CDBG-CV Community Survey. Out of 183 surveys completed, the areas of greatest need were in business assistance, food, rental assistance and mental health.

* * * * *

The Anoka County Housing and Redevelopment Authority meeting adjourned at 11:40 p.m.

ATTEST:

**ANOKA COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY**

By: _____
Mike Gamache, its Secretary/Treasurer

By: _____
Scott Schulte, Chair

Motion carried means all trustees in attendance voted affirmatively unless otherwise noted.

ANOKA COUNTY HRA COMBINED NOTICE OF PUBLIC HEARING AND COMMENT

Notice is hereby given that the Anoka County Housing and Redevelopment Authority (ACHRA) will meet on June 23, 2020 at 10:15 a.m. or immediately following the Anoka County Board meeting, whichever is later, for a regularly scheduled ACHRA Board Meeting which includes conducting a public hearing at the Anoka County Government Center, 2100 Third Avenue, Room 705, Anoka, MN. The purpose of this public hearing is to offer the public an opportunity to comment on proposed substantial amendments to the Anoka County portions of the Dakota County Consortium 2019 Program Year (PY) Action Plan as detailed below.

In accordance with the Citizen Participation Plan, a special waiver was granted for 5-day public comment period for the proposed substantial amendments PY19 Action Plan. Notice is hereby given that Monday, June 15, 2020 represents the beginning of a 5-day public comment period during which citizens may make comments on proposed substantial amendments to the Anoka County portions of the Dakota County Consortium 2019 Program Year (PY) Action Plan.

Under the Coronavirus Aid, Relief and Economic Impact Act (CARES Act) Anoka County was awarded \$932,927. The CDBG-CV funds must be used for COVID prevention, response and recovery. Anticipated uses of funds include, but are not limited to, rental assistance, business assistance, mental health services, food assistance, and other COVID-related community needs.

The ACHRA proposes the following substantial amendments to the PY19 Action Plan: Anoka County \$186,585 (CDBG-CV) for program administration and planning; Anoka County \$186,585.50 (CDBG-CV) to provide rental assistance as a result of the coronavirus; Anoka County \$186,585.50 (CDBG-CV) to provide business assistance as a result of the coronavirus; Anoka County \$186,585.50 (CDBG-CV) to provide mental health services as a result of the coronavirus; Anoka County \$186,585.50 (CDBG-CV) to provide food assistance as a result of the coronavirus.

Persons seeking additional information on the proposed substantial amendments, persons submitting written comments, and/or persons wanting to participate in the Public Hearing should contact Renee Sande at Community and Government Relations, Anoka County, 2100 Third Avenue, Suite W250, Anoka, MN. Telephone 763-324-4613; Fax: 763-324-4610, or email Renee.Sande@co.anoka.mn.us prior to 4:30 pm on Monday, June 22, 2020. Public comments must be submitted in writing.



Karen Skepper
ACHRA Executive Director



Assistant County Attorney

PUBLISH IN: *Anoka County Union*

Friday, June 12, 2020



Anoka County
COUNTY ADMINISTRATION
Community & Governmental Relations

RENEE SANDE
Community Development Manager
Phone: 763-324-4613
E-mail: Renee.Sande@co.anoka.mn.us

MEMO TO: ACHRA Board Trustees
FROM: Renee Sande, Community Development Manager
DATE: June 17, 2020
SUBJECT: PY2019 Action Plan Amendment Public Hearing (CDBG-V CARES Act funds)

On June 23, 2020, the Anoka County Housing and Redevelopment Authority will hold a public hearing as required by the Citizen Participation Plan. Due to the COVID-19 pandemic, HUD has granted a special waiver for 5-day public comment period for the proposed amendments to the 2015-2019 Consolidated Plan / PY19 Action Plan. The public comment period ran from Monday, June 15, 2020 to Monday, June 22, 2020.

Under the Coronavirus Aid, Relief and Economic Impact Act (CARES Act) Anoka County was awarded \$932,927 Community Development Block Grant COVID (CDBG-CV). The \$932,927 in CDBG-CV must be used for COVID prevention, response and recovery. Proposed uses of funds include, but not limited to rental assistance, business assistance, mental health services, food shelves, and other COVID-19 related community needs. A COVID Community Needs Survey listing HUD potential funding eligible activities was posted on the Anoka County website, with 183 survey responses compiled. The top 4 needs identified are recommended for CDBG- CV funds.

Proposed Amendments to the PY19 Action Plan include CDBG-CV funds for Administrative (\$186,585) and Public Services (\$746,342) activities associated with COVID-19 prevention, response and recovery. HUD granted a special waiver for the Public Service cap with CDBG-CV funds.

Proposed PY19 Action Plan Amendments:

- 1) Anoka County: \$186,585 (CDBG-CV) for program administration (20% admin / planning cap)
- 2) Anoka County: \$186,585.50 (CDBG-CV) to provide rental assistance as a result of the coronavirus in Anoka County.
- 3) Anoka County: \$186,585.50 (CDBG-CV) to provide business assistance as a result of the coronavirus in Anoka County.
- 4) Anoka County: \$186,585.50 (CDBG-CV) to provide mental health assistance as a result of the coronavirus in Anoka County.
- 5) Anoka County: \$186,585.50 (CDBG-CV) to provide food bank/ food assistance as a result of the coronavirus in Anoka County.

The PY19 Action Plan may be further amended to reflect actual public service activities as our community COVID-19 prevention, response and recovery needs evolve and CDBG-CV funding partners are identified.





ANOKA COUNTY HRA ACTION ITEM

June 17, 2020

HRA

ACTION REQUESTED	Consider approval of the 2021 senior housing budgets.
BACKGROUND	<p>Anoka County HRA owns and operates four senior housing apartment buildings. Each year we work with Great Lakes Management and Ehlers to establish a budget for each property. Key issues to be considered include:</p> <ul style="list-style-type: none">• Rent increases based upon current market conditions• Striking a balance between affordability and financial self-sufficiency• Cash flow• Capital Improvement budgets
SUPPORTING DOCUMENTATION	<ul style="list-style-type: none">• Memo from Jessica Cook, Ehlers• Budget and Narrative for the Willows of Ham Lake• Budget and Narrative for Savannah Oaks in Ramsey• Budget and Narrative for Chauncey Barrett Gardens in Centerville• Budget and Narrative for the Oaks of Lake George in Oak Grove
FUNDING SOURCE	100% HRA levy pledge required by Bonds Rents collected
RECOMMENDATIONS	Consider approval of the 2021 senior housing budgets.

Memo

To: Anoka County HRA Management Committee
From: Jessica Cook and Stacie Kvilvang
Date: June 9, 2020
Subject: Financial Overview of Senior Housing Projects and 2021 Budgets
CC: Karen Skepper, Executive Director

Background

The Anoka County HRA owns and operates four senior housing apartment buildings listed in the chart below.

Senior Building	City	Number of Units	Security for Financing	Year Constructed
The Willows	Ham Lake	49	City G.O.	1996
Savannah Oaks	Ramsey	50	County G.O.	1998
Chauncey Baret Gardens	Centerville	47	County G.O.	Phase I – 1997 Phase II – 2004
The Oaks of Lake George	Oak Grove	52	County G.O.	2004 - 2005

The HRA’s senior housing development began in the mid to late 1990’s. At that time, independent senior housing had become an established product in the housing industry. However, the private sector, by and large, was not bringing the product to Anoka County. Several communities in the County requested assistance from the HRA to construct independent senior living, and each of the participating communities contributed land, credit enhancement on the bonds and/or other resources to their respective projects. Moderately priced, high quality buildings were constructed in the Cities of Ham Lake, Ramsey, and Centerville. The HRA financed the properties and owns and manages them through a fee management company. The buildings offer independent senior housing to low- and moderate-income seniors, with priority given to Anoka County residents.

The fourth senior building was developed in 2004 in the City of Oak Grove. Again, this building was developed in partnership with the City, and as part of a larger redevelopment project to remove blighted property from the neighborhood around Lake George, where crime and the septic system were both problems.

Three of the projects (The Oaks of Lake George, Chauncey Barrett Gardens, and Savannah Oaks) are financed with revenue bonds backed by a general obligation (“G.O.”) pledge from Anoka County. The Willows is financed with revenue bonds backed by the City of Ham Lake’s G.O. pledge. The HRA has pledged all or a portion of the levy it collects in the respective cities to fund project shortfalls, should they occur, and has used the levy to pay for capital improvements.

When the first three projects were financed, it was the intent of the HRA Trustees to use the levy annually to keep the projects affordable. The policy emphasis was to keep annual rent increases at or below the cost of living increases provided by Social Security. The HRA levy was accordingly used to pay for capital improvements and for debt service as needed. More recently, the HRA Board has sought to make the projects financially self-sufficient and implemented rent increases of 2-3% per year. The annual budget process has been the mechanism for balancing the competing goals of affordability and financial self-sufficiency for each project.

Budget Process

In the summer of each year, the HRA Trustees consider the annual budget for each project. Ehlers was requested to review the proposed budgets as prepared by Great Lakes Management and HRA staff, and to prepare this overview. The 2021 budget packet includes:

1. Operating Budget Narrative and Capital Improvement Budget; and
2. Budget worksheets that shows the historical financial performance of the projects and the proposed 2021 budget.

The team has carefully reviewed all budget line items and is proposing 2021 budgets that limit the annual operating expenditure increases.

Proposed Rent Increases

Small but steady rent increase will compound over time to generate stable long-term revenue and will also provide predictability for seniors and their families. **The proposed 2021 budgets propose rent increases of 1.50%.** The proposed 1.5% rent increase is smaller than recent increases to reflect the difficult economic environment tenants are facing. A 1.5% rent increase is \$12 to \$25 per month depending on the unit and the property.

Capital Improvement Budgets

The senior housing buildings range in age from 16 to 23 years and are facing the need for increased capital improvements. Rents and accumulated project reserves are not sufficient to fund 100% of the identified capital needs at each building over the next five years. The HRA levy

accumulated for each community is available to pay for upcoming projects and will be needed for all of the properties. Additional funding sources will need to be identified for capital improvements at Chauncey Baret Gardens, where the levy is projected to be insufficient over the next five years.

Management Contract Renewal

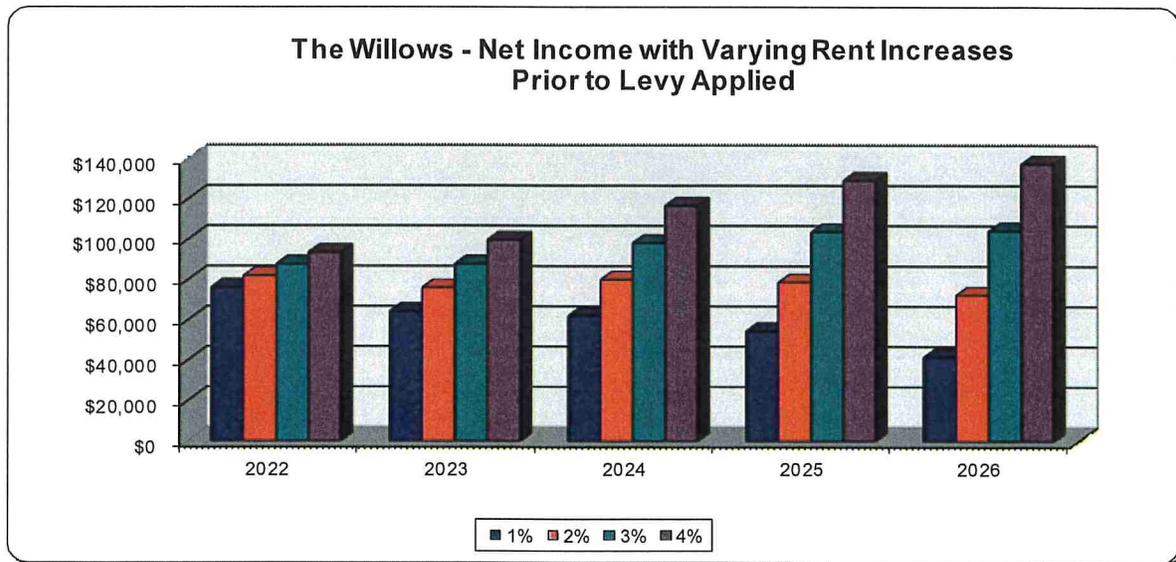
The HRA contracts with Great Lakes Management to lease, manage, and maintain the properties. The contract is up for renewal and Great Lakes Management has requested a management fee that is equal to 4.25% of effective revenue. Under the current contract the HRA has paid management fees of approximately 3.8% of effective revenue. Management fees typically range from 3.5% to 5% for multifamily properties and are on the higher end for more affordable developments. The proposed 2021 budgets include the requested fee increase.

The Willows of Ham Lake

This project has historically performed well financially because it has its own well and septic system and does not pay city utilities. It also has had historically strong occupancy. The 2020 net income is expected to be approximately \$77,876.

2021 Budget - The proposed budget shows the project is expected to have positive net income of \$73,860 with a 1.5% rent increase. It includes a 1.8% increase in operating expenses, and assumes 97% occupancy. Current occupancy is 100%.

The following graph indicates that The Willows will maintain a positive net cashflow over the long term (prior to capital improvements) if rents increase 2% or more annually.

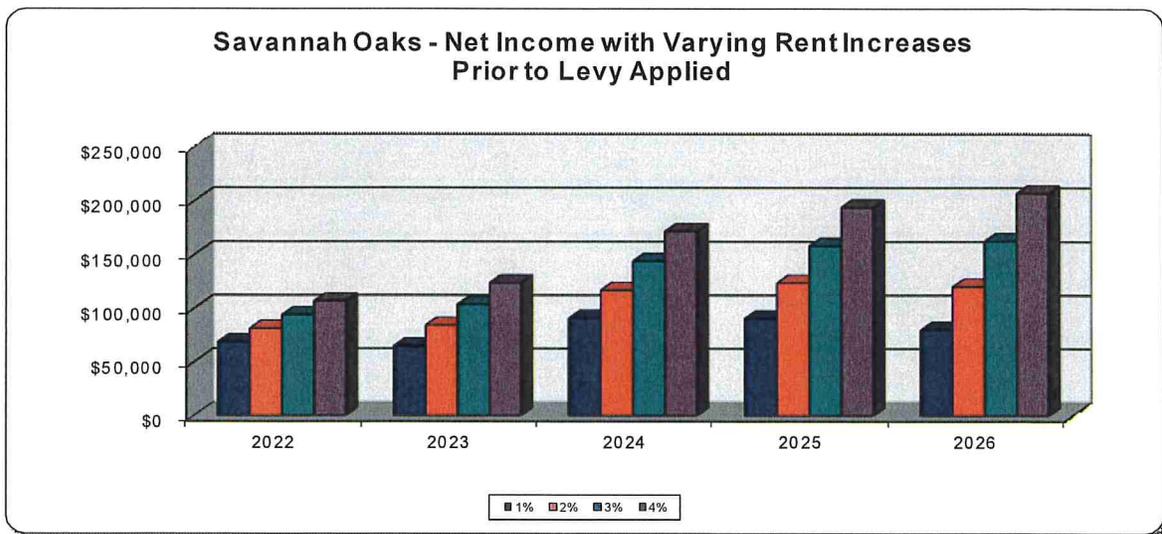


Savannah Oaks

Savannah Oaks operated at a deficit each year prior to 2012 because the HRA chose to use cash reserves to keep rents more affordable. Beginning in 2012, the project has had positive net income. Net income of \$75,380 is expected in 2020. The project maintains healthy cash balances which will be needed to replace the air conditioning units.

2021 Budget - The proposed budget shows a positive net income of \$78,535 with a 1.5% increase in rents. Expenses are expected to increase 1.9%. It also assumes 97% occupancy. Current occupancy is 98%.

The following graph indicates that Savannah Oaks will have long-term positive net operating income (prior to capital improvements) if rents increase 1% or more annually.

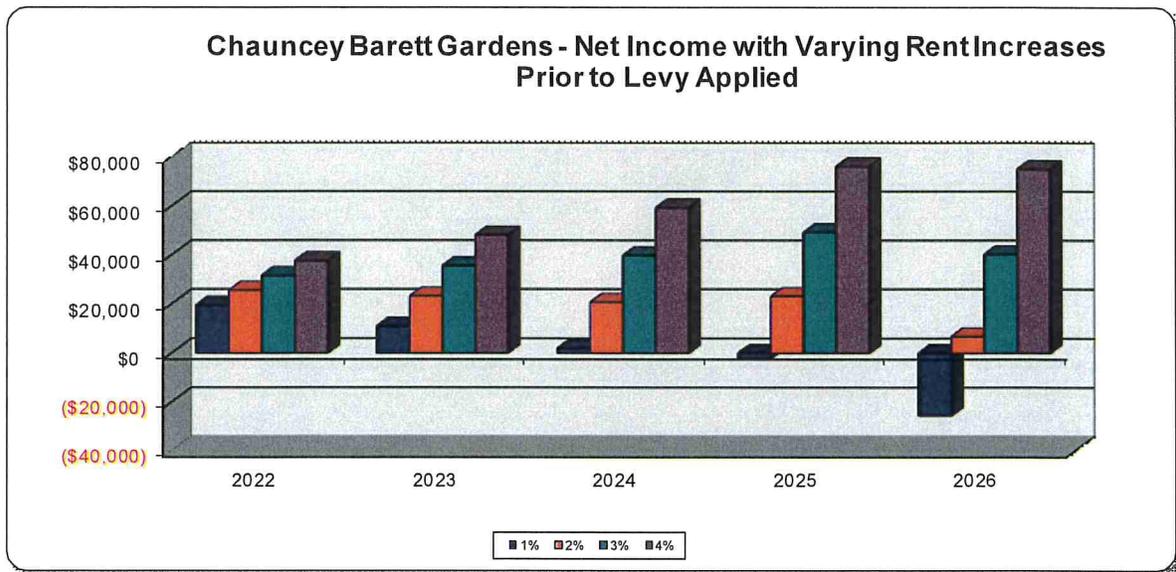


Chauncey Baret Gardens

Historically, the HRA has contributed a portion of its HRA levy from the City of Centerville towards annual debt service on Chauncey Baret Gardens. However, the bonds that financed the property were refunded in 2019, significantly lowering annual debt service and allowing the project to have positive cashflow (before capital improvements). The projected net income for 2020 is \$33,849.

2021 Budget - The proposed budget shows a net income of \$33,045 with a 1.5% rent increase. Expenses are proposed to increase 2.2% and 97% occupancy is budgeted. Current occupancy is 100%.

The following graph shows that Chauncey Baret Gardens will need to have annual rent increases of 3% to sustain positive net operating income (prior to capital improvements) over the long-term.

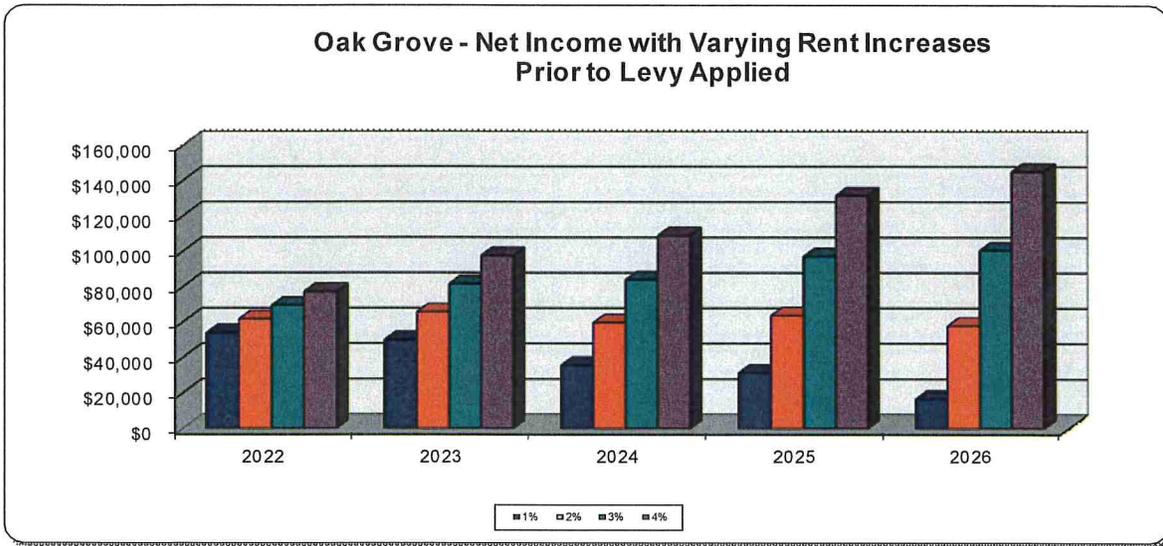


The Oaks of Lake George

In 2020 the project is expected to have net income of approximately \$64,260.

2021 Budget - The proposed 2021 budget assumes a 97% occupancy rate. Current occupancy is 100%. The budget shows a net income of \$62,877 with a 1.5% rent increase. Expenses are expected to increase 2.9%.

The following graph shows that The Oaks of Lake George will need to have annual rent increases of 2% to sustain positive net income (prior to capital improvements) over the long-term.



2021 Project Summary

Per Unit Basis

	Savannah Oaks	Willows of Ham Lake	Chauncey Baret	Oaks of Lake George
Rent Increase	1.50%	1.50%	1.50%	1.50%
2021 Rents				
1 BR: Various Sizes	\$911 - \$1,112	\$798 - \$1,050	\$824 - \$1,165	\$824 - \$1,535
2 BR: Various Sizes	\$1,320	\$1,112 - \$1,302	\$1,099 - \$1,305	\$1,345 - \$1,836
Net Revenue	\$ 12,646	\$ 11,799	\$ 12,909	\$ 14,903
Expenses				
General Admin & Marketing	\$ 424	\$ 344	\$ 457	\$ 393
Insurance & Taxes	1,027	855	1,051	1,032
Salaries	1,422	1,681	1,592	1,267
Professional Fees	1,039	913	1,066	1,009
Contract Services	705	834	909	789
Utility Expense	885	647	926	1,907
Repair & Maintenance	642	626	930	723
Total Expenses	\$ 6,144	\$ 5,900	\$ 6,931	\$ 7,120
Net Operating Income	\$ 6,502	\$ 5,899	\$ 5,978	\$ 7,783
Debt Service and Costs	(4,931)	(4,392)	(5,275)	(6,572)
Net Income	\$ 1,571	\$ 1,507	\$ 703	\$ 1,211
Capital Improvements	\$ 5,808	\$ 3,718	\$ 2,663	\$ 1,286

The Willows 2021 Budget Narrative

June 9, 2020

PROJECT SUMMARY

The Willows is a 49-unit senior housing building in the City of Ham Lake. The project is 100% occupied.

A 1.5% rate increase would result in the following rents:

Floor Plan	Square Feet	Total Units	Current Rent	Renewal
1 BR	660	12	786	798
1 BR	705	6	923	937
1 BR	718	1	848	861
1 BR	776	5	904	918
1 BR	854	2	1,018	1,033
1 BR + Den	920	11	1,034	1,050
2 BR	1,037	9	1,096	1,112
2 BR	1,220	3	1,283	1,302

No increase is proposed to the monthly parking rate of \$40

The proposed 2021 budget reflects a 1.5% rent increase.

OPERATING REVENUE

Gross Apartment Rent is the total potential apartment rental revenue at 100% occupancy assuming a 1.5% rent increase at lease renewal. **\$573,747**

Gross Revenue is the gross apartment rent, plus gross parking income and miscellaneous income. **\$596,331**

Net Revenue is the gross revenue less a projected vacancy loss of 3%. We have assumed a 5% vacancy for parking stalls as several tenants do not have a car. **\$578,168**

The Willows 2021 Budget Narrative

OPERATING EXPENSE

Overall, operating expenses in 2021 are expected to increase 1.8% from 2020 year end estimated expenses.

General Administration and Marketing	\$16,860
Assumes -3.8% decrease over 2020 year end estimate.	
Insurance & Taxes	\$41,892
Assumes a 3.1% increase over the 2020 year end estimate. The property is tax-exempt and makes a Payment in Lieu of Taxes (PILOT) calculated at 5% of 2021 effective revenue less utilities. The budget allows \$27,125 for PILOT and \$13,167 for insurance. Special assessments are \$1,600.	
Salaries and Benefits	\$82,358
Assumes 3.5% increase over 2020 year end estimate. Salaries are proposed to increase 3% and total salaries are higher at this project because the off-site manager is paid a salary in lieu of a rent concession.	
Professional	\$44,731
Assumes 4.2% increase from 2020 year end estimate. The HRA plans a 2% increase in its management fee. GLM's base fee is \$12,792 plus 2.0% of effective revenue.	
Contract Services	\$40,850
Assumes an -4.5% decrease over the 2020 year end estimate. Contract Services includes elevator and lawn maintenance, snow removal and the like.	
Utility Expense	\$31,710
Assumes a 3.3% increase from the 2020 year end estimate. The Willows utilities are lower than the other buildings because the property has its own well and septic system.	
Repair & Maintenance	\$30,692
Assumes a 2.8% increase from 2020 year end estimate.	
Total Operating Expense	<u>\$289,093</u>
Net Operating Income	\$289,076
Net Operating Revenue less Operating Expense Available for debt service and reserves.	

The Willows 2021 Budget Narrative

Net Operating Income	\$289,076
(From previous page)	
Less Net Debt Service	(\$203,500)
Principal and interest payments on bonds	
Plus Interest Earnings	\$584
Interest income on funds held by the Bond Trustee	
Less Operating Reserve	(\$9,800)
Bond covenants require the project to set aside \$200 per unit per year into a replacement reserve held by the Bond Trustee.	
Less Bond Trustee Fee	
The annual fee paid to the Bond Trustee.	(\$2,500)
Net Income (Loss)	\$73,860*

*Losses are funded with the HRA levy and/or cash reserves.

In addition to operating expenses, the HRA will need to invest in capital improvements for The Willows.

PROPOSED CAPITAL IMPROVEMENT PLAN

Project Name	Budget		Annual Capital Expenditures			
	2020	2021	2022	2023	2024	2025
Unit Flooring Replacement	\$ 14,700	\$ 14,700	\$ 14,700	\$ 14,700	\$ 14,700	\$ 14,700
Appliance Replacement	9,000	9,000	9,000	9,000	9,500	9,500
HVAC Replacement	-	-	-	-	-	-
HVAC Common Area	3,500	3,500	3,500	3,500	3,500	3,500
Unit Cabinets	-	-	30,000	30,000	30,000	30,000
Common Area Flooring	-	45,000	-	-	-	-
Common Area Furniture	-	-	-	-	25,000	25,000
Common Area Painting	-	-	4,000	4,000	4,000	4,000
Building	-	100,000	17,800	2,800	5,300	5,300
Window Replacement	-	10,000	10,000	10,000	10,000	10,000
Lighting	30,000	-	-	-	-	-
Signage	-	-	-	-	1,200	1,200
Concrete	-	-	4,500	-	-	-
Landscaping / Trails	-	-	2,500	-	4,500	4,500
Water Softener	18,000	-	-	-	-	-
Septic System	100,000	-	-	-	-	-
Elevator Upgrades	-	-	-	-	100,000	-
Asphalt	-	-	-	25,000	-	-
TOTAL EXPENDITURES	\$ 175,200	\$ 182,200	\$ 96,000	\$ 99,000	\$ 207,700	\$ 107,700
Per Unit Costs	\$ 3,576	\$ 3,718	\$ 1,959	\$ 2,020	\$ 4,239	\$ 2,198

The Willows 2021 Budget Narrative

The HRA has two primary sources for funding capital improvements: cash available in the project's various accounts and the HRA levy collected in the City of Ham Lake. The charts below show proposed funding sources for the capital improvements, and the impact (if any) on the HRA levy account for the City of Ham Lake.

CAPITAL IMPROVEMENT FUNDING

	Expected	Budget	Projected			
	2020	2021	2022	2023	2024	2025
Beginning Cash (Jan 1)						
Great Lakes Checking	\$18,329					
Repair and Replacement	128,913					
Surplus Account	147,355					
Subtotal Beginning Cash	\$ 294,597	\$ 207,073	\$ 208,533	\$ 204,844	\$ 235,095	\$ 113,809
Annual Net Income/(Loss)*	\$ 77,876	\$ 73,860	\$ 85,391	\$ 85,480	\$ 95,874	\$ 101,320
Plus Additions to:						
Repair and Replacement						
Account	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800	\$ 9,800
Less Capital Expenditures:	(175,200)	(182,200)	(98,880)	(105,029)	(226,959)	(121,217)
Annual Cashflow before HRA Levy	\$ (87,524)	\$ (98,540)	\$ (3,689)	\$ (9,749)	\$ (121,285)	\$ (10,097)
Transfer In: HRA Levy	\$ -	\$ 100,000	\$ -	\$ 40,000	\$ -	\$ 105,000
Ending Cash (Dec 31)	\$ 207,073	\$ 208,533	\$ 204,844	\$ 235,095	\$ 113,809	\$ 208,712

Notes: * - Assumes a 3% annual rent increase

** - CIP costs are inflated 3% annually from Capital Improvement Plan shown above.

HRA LEVY ACCOUNT PROJECTED CASH BALANCE

Description	Expected	Budget	Projected			
	2020	2021	2022	2023	2024	2025
Beginning Cash (Jan 1)	\$ 3,046,007	\$ 3,305,459	\$ 3,467,506	\$ 3,732,173	\$ 3,959,486	\$ 4,229,473
Plus Levy Receipts**	259,452	262,047	264,667	267,314	269,987	272,687
Less: Funding Senior Project	-	(100,000)	-	(40,000)	-	(105,000)
Ending Cash (Dec 31)	\$ 3,305,459	\$ 3,467,506	\$ 3,732,173	\$ 3,959,486	\$ 4,229,473	\$ 4,397,160

Notes: *** - Assumes a 1% annual increase in levy receipts

The Willows of Ham Lake
2021 Comparative Budget Analysis
1.5% Rent Increase

	2019 Actuals	Approved 2020 Budget	2020 Year End Est	2021 Budget	Variance over 2020 Year End Est
REVENUE					
Gross Apartment Rent	\$ 546,241	\$ 561,583	\$ 561,583	\$ 573,747	2.2%
Gross Revenue	569,529	584,167	584,167	596,331	2.1%
Net Revenue	\$ 568,417	\$ 566,369	\$ 571,369	\$ 578,168	1.2%
EXPENSES					
General Administrative	\$ 19,143	\$ 17,530	\$ 17,530	\$ 16,860	-3.8%
Insurance and R.E. Taxes	38,181	40,639	40,639	41,892	3.1%
Salaries	67,051	81,160	79,557	82,358	3.5%
Professional Fees	42,731	42,872	42,914	44,731	4.2%
Contract Services	44,040	42,783	42,783	40,850	-4.5%
Utility Expense	23,918	31,835	30,700	31,710	3.3%
Repairs and Maintenance	27,441	30,646	29,869	30,692	2.8%
Total Operating Expense	\$ 262,505	\$ 287,465	\$ 283,992	\$ 289,093	1.8%
NET OPERATING INCOME	\$ 305,912	\$ 278,904	\$ 287,377	\$ 289,076	0.6%
Debt Service	\$ (202,000)	\$ (197,750)	\$ (197,750)	\$ (203,500)	2.9%
Interest Earnings	347	549	549	584	6.4%
Replacement Reserve	(9,800)	(9,800)	(9,800)	(9,800)	0.0%
Trustee Fee	(2,500)	(2,500)	(2,500)	(2,500)	0.0%
Debt Service and Related Costs	\$ (213,953)	\$ (209,501)	\$ (209,501)	\$ (215,216)	2.7%
NET INCOME	\$ 91,959	\$ 69,403	\$ 77,876	\$ 73,860	-5.2%

Savannah Oaks 2021 Budget Narrative

June 9, 2020

PROJECT SUMMARY

Savannah Oaks is a 50-unit senior building in the City of Ramsey. The project is 98% occupied.

A 1.5% rent increase would result in the following rents:

Floor Plan	Total Units	Square Feet	Current Rent	Renewal
1 BR	18	705 sf.	898	911
1 BR + Den	11	908, 910 sf.	1,060	1,076
1 BR + Den	9	948,958 sf.	1,096	1,112
2 BR	12	1,020 sf.	1,300	1,320

No increase is proposed to the monthly parking rate of \$40.

The proposed 2021 budget reflects a 1.5% rent increase.

OPERATING REVENUE

Gross Apartment Rent is the total potential apartment rental revenue at 100% occupancy assuming a 1.5% rent increase at lease renewal. **\$642,923**

Gross Revenue is the gross apartment rent, plus gross parking income and miscellaneous income. **\$668,903**

Net Revenue is the gross revenue less a projected vacancy loss of 3%. **\$632,295**
Net revenue also includes the lost rent on the resident manager's apartment. We have assumed a 5% vacancy for parking stalls as several tenants do not have a car.

Savannah Oaks 2021 Budget Narrative

OPERATING EXPENSE

Overall, operating expenses in 2021 are expected to increase 1.9% compared to the 2020 year end estimate.

General Administration and Marketing Assumes a 0.3% increase from 2020.	\$21,190
Insurance & Taxes Assumes a 3.8% increase from 2020. The property is tax-exempt and makes a Payment in Lieu of Tax (PILOT) calculated at 5% of 2020 net shelter rent less utilities. The budget allows \$29,124 for PILOT and \$20,428 for insurance. Special assessments are \$1,800.	\$51,352
Salaries and Benefits Assumes 6.2% increase over 2020. Salaries increase 3%.	\$71,108
Professional Services This reflects a 7.0% increase from the 2020 year end estimate and includes GLM's base fee is \$13,944 plus 2.0% effective revenue. The HRA management fee is also included.	\$51,965
Contract Services Assumes -6.9% decrease from 2020 year end estimate. Contract Services includes elevator and lawn maintenance, snow removal and the like.	\$35,249
Utility Expense Assumes a 4.3% increase from 2020 year end estimate.	\$44,232
Repair & Maintenance Assumes -8.7% decrease over 2020 year end estimate.	\$32,100
Total Operating Expense	<u>\$307,196</u>
Net Operating Income Available for debt service and reserves.	\$325,099

Savannah Oaks 2021 Budget Narrative

Net Operating Income	\$325,099
(From previous page)	
Less Debt Service	(\$237,200)
Principal and interest payments on bonds	
Plus Interest Earnings	\$636
Less Operating Reserve	(\$10,000)
Bond covenants require the project to set aside \$200 per unit per year into a replacement reserve held by the Bond Trustee	
Less Bond Trustee Fee	-
Net Income (Loss) with a 1.5% rent increase	\$78,535*

*Losses are funded with the HRA levy and/or cash reserves.

In addition to operating expenses, the HRA will need to fund capital improvements for Savannah Oaks. Savannah Oaks will complete a major HVAC replacement project in 2020 and 2021.

PROPOSED CAPITAL IMPROVEMENT PLAN

Project Name	Budget		Annual Capital Expenditures			
	2020	2021	2022	2023	2024	2025
Unit Flooring Replacement	\$ 21,600	\$ 21,600	\$ 21,600	\$ 21,600	\$ 21,600	\$ 21,600
Appliance Replacement	9,000	9,000	9,000	9,000	9,000	9,000
HVAC Replacement	367,200	32,800	-	-	-	-
Common Area Painting	25,000	-	-	-	-	-
Common Area Carpet	-	-	-	-	-	-
Common Area	2,000	-	-	-	-	-
Building	15,000	216,500	19,000	14,000	19,000	19,000
Security	-	-	-	-	-	-
Building Windows	-	-	15,000	15,000	15,000	15,000
Concrete	-	3,000	-	-	-	-
Lighting	-	-	-	-	-	-
Garage / Parking Lot	-	7,500	-	-	29,000	29,000
Elevator	-	-	-	-	80,000	80,000
Parking Lot Light	1,500	-	-	1,500	-	-
TOTAL EXPENDITURES	\$ 441,300	\$ 290,400	\$ 64,600	\$ 61,100	\$ 173,600	\$ 173,600
Per Unit Costs	\$ 8,826	\$ 5,808	\$ 1,292	\$ 1,222	\$ 3,472	\$ 3,472

Savannah Oaks 2021 Budget Narrative

The HRA has two primary sources for funding capital improvements: cash available in the project's various accounts and the HRA levy collected in the City of Ramsey. The charts below show proposed funding sources for the capital improvements and the impact on the HRA levy account for the City of Ramsey.

CAPITAL IMPROVEMENT FUNDING

	Expected	Budget	Projected			
	2020	2021	2022	2023	2024	2025
Beginning Cash (Jan 1)						
Great Lakes Checking	\$19,876					
Repair and Replacement	85,764					
Surplus Account	325,256					
Subtotal Beginning Cash	\$ 430,896	\$ 139,976	\$ 138,112	\$ 175,625	\$ 224,757	\$ 189,199
Annual Net Income/(Loss)*	\$ 75,380	\$ 78,535	\$ 94,051	\$ 103,953	\$ 144,140	\$ 158,409
Plus Additions to:						
Repair and Replacement						
Account	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Less Capital Expenditures:	(441,300)	(290,400)	(66,538)	(64,821)	(189,697)	(195,388)
Annual Cashflow before HRA Levy	\$ (355,920)	\$ (201,865)	\$ 37,513	\$ 49,132	\$ (35,558)	\$ (26,979)
Transfer In: HRA Levy	\$ 65,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 50,000
Ending Cash (Dec 31)	\$ 139,976	\$ 138,112	\$ 175,625	\$ 224,757	\$ 189,199	\$ 212,220

Notes: * - Assumes a 3% annual rent increase

** - CIP costs are inflated 3% annually from Capital Improvement Plan shown above.

HRA LEVY ACCOUNT PROJECTED CASH BALANCE

	Expected	Budget	Projected			
	2020	2021	2022	2023	2024	2025
Beginning Cash (Jan 1)	\$ 1,488,925	\$ 1,768,632	\$ 1,916,786	\$ 2,268,422	\$ 2,623,574	\$ 2,982,277
Plus Levy Receipts**	344,707	348,154	351,636	355,152	358,703	362,291
Less Funding Senior Project	(65,000)	(200,000)	-	-	-	(50,000)
Ending Cash (Dec 31)	\$ 1,768,632	\$ 1,916,786	\$ 2,268,422	\$ 2,623,574	\$ 2,982,277	\$ 3,294,568

Notes: *** - Assumes a 1% annual increase in levy receipts

Savannah Oaks
2021 Comparative Budget Analysis
1.5% Rent Increase

	2019 Actuals	Approved 2020 Budget	2020 Year End Est	2021 Budget	Variance over 2020 Year End Est
REVENUE					
Gross Apartment Rent	\$ 612,345	\$ 629,572	\$ 629,572	\$ 642,923	2.1%
Gross Revenue	640,591	655,552	655,552	668,903	2.0%
Net Revenue	\$ 623,229	\$ 619,657	\$ 624,657	\$ 632,295	1.2%
EXPENSES					
General Administrative	\$ 21,169	\$ 21,130	\$ 21,130	\$ 21,190	0.3%
Insurance and R.E. Taxes	46,313	49,465	49,465	51,352	3.8%
Salaries	67,684	66,715	66,961	71,108	6.2%
Professional Fees	48,138	48,572	48,572	51,965	7.0%
Contract Services	40,109	39,880	37,880	35,249	-6.9%
Utility Expense	35,038	42,403	42,403	44,232	4.3%
Repairs and Maintenance	23,061	35,150	35,150	32,100	-8.7%
Total Operating Expense	\$ 281,512	\$ 303,315	\$ 301,561	\$ 307,196	1.9%
NET OPERATING INCOME	\$ 341,717	\$ 316,342	\$ 323,096	\$ 325,099	0.6%
Debt Service	\$ (240,158)	\$ (239,633)	\$ (238,342)	\$ (237,200)	-0.5%
Interest Earnings	374	626	626	636	1.6%
Replacement Reserve	(10,000)	(10,000)	(10,000)	(10,000)	0.0%
Trustee Fee	(2,500)	(2,500)	-	-	0.0%
Debt Service and Related Costs	\$ (252,284)	\$ (251,507)	\$ (247,716)	\$ (246,564)	-0.5%
NET INCOME	\$ 89,434	\$ 64,835	\$ 75,380	\$ 78,535	4.2%

Chauncey Baret Gardens 2021 Budget Narrative

June 9, 2020

PROJECT SUMMARY

Chauncey Baret Gardens is a 47-unit senior housing development in Centerville. The first phase of the project, containing 16 units, was completed and leased in 1999. The second phase was constructed in 2004 and has higher rents due to higher construction costs. The project is currently 100% occupied.

A 1.5% rate increase would result in the following rents:

Chauncey Baret Gardens Phase I

Floor Plan	Total Units	Square Feet	Current Rent	1.5% Renewal
1 BR	2	750 sf.	888	901
1 BR + Den	6	1,005 sf.	993	1,008
2 BR	8	970 sf.	1,083	1,099

Chauncey Baret Gardens Phase II

Floor Plan	Total Units	Square Feet	Current Rent	1.5% Renewal
1 BR Home	2	705 - 786 sf.	812	824
1 BR	3	705 sf.	1,015	1,030
	3	786 sf.	1,015	1,030
1 BR + Den	1	907 sf.	1,115	1,132
	10	909 sf.	1,115	1,132
	2	925 sf.	1,148	1,165
2 BR	7	964 sf.	1,249	1,268
	1	970 sf.	1,249	1,268
	2	1,020 sf.	1,286	1,305

No increase is proposed to the monthly parking rate of \$40.

The proposed 2021 budget reflects a 1.5% rent increase.

OPERATING REVENUE

The budget assumes an occupancy rate of 97%.

Gross Apartment Rent is the total potential apartment rental revenue at 100% occupancy assuming a 1.5% rent increase at lease renewal. **\$617,955**

Gross Revenue is the gross apartment rent, plus gross parking income and miscellaneous income. **640,527**

Chauncey Baret Gardens 2021 Budget Narrative

Net Revenue is the gross revenue plus a projected vacancy loss of 3% and the lost rent on the resident manager's apartment. The resident manager receives free rent as part of her compensation. We have assumed a 5% vacancy for parking stalls as several tenants do not have a car. **\$606,731**

OPERATING EXPENSE

Overall, operating expenses in 2021 are expected to increase 2.2% over the 2020 year end estimated expenses.

General Administration	\$21,500
Assumes a 0.0% increase from 2020 year end. General Administration includes marketing, postage, copies, telephone, and other administrative costs, excluding salaries.	
Insurance & Taxes	\$49,387
Assumes a 4.0% increase over 2020. The property is tax-exempt and makes a Payment in Lieu of Tax (PILOT) calculated at 5% of 2020 effective revenue less utilities. The budget allows \$27,974 for PILOT and \$19,813 for insurance. Special assessments are \$1,600.	
Salaries and Benefits	\$74,810
Assumes 3.5% increase over 2020. This includes a 3.0% increase in manager's salary plus budgets for benefits.	
Professional Fees	\$50,104
This reflects a 6.2% increase from last year. Professional Fees include Great Lakes Management fee (\$13,092 plus 2.0% of net revenue) and the HRA management fee.	
Contract Services	\$42,715
Assumes a 4.4% increase over the 2020 year end estimates.	
Utility Expense	\$43,539
Assumes a -0.1% decrease from the 2020 year end estimates.	
Repair & Maintenance	\$43,692
Assumes a -4.3% decrease over 2020 year end estimates.	
Total Operating Expense	<u>\$325,747</u>
Net Operating Income	\$280,984

Chauncey Baret Gardens 2021 Budget Narrative

Net Operating Income (From previous page)	\$280,984
Less Net Debt Service Principal and interest payments on the bonds and County Loan.	(238,907)
Plus Interest Earnings	368
Less Operating Reserve Deposit Bond covenants require the project to set aside \$200 per unit per year into a replacement reserve.	(9,400)
Less Bond Trustee Fee When the Bonds were refunded in 2019 the County opted to manage bond repayment and reserves without a Trustee.	-
Net Income (Loss) with a 1.5% rent increase	\$33,045 *

*Losses are funded from available cash reserves or tax levy.

This is the second year the budget projects an ending net income instead of net loss. Regardless, the HRA will need to continue to fund capital improvements for Chauncey Baret Gardens from the HRA levy and other sources.

PROPOSED CAPITAL IMPROVEMENT PLAN

Project Name	Budget		Annual Capital Expenditures			
	2020	2021	2022	2023	2024	2025
Unit Flooring Replacement	\$ 12,500	\$ 12,500	\$ 14,000	\$ 14,000	\$ 14,000	\$ 14,000
Appliance Replacement	7,500	7,500	8,000	8,500	9,000	9,000
HVAC Apartment	29,600	29,600	29,600	29,600	-	-
HVAC Common Area	-	6,350	6,350	6,350	6,350	6,350
7026 Countertops	1,200	1,200	2,400	2,400	2,400	2,400
Common Area Furniture	10,000	-	-	-	12,000	12,000
Building	20,000	35,000	17,000	15,800	34,500	97,500
Security	-	25,000	22,000	-	49,000	49,000
Unit Cabinets	-	-	2,500	2,500	2,500	2,500
Concrete	-	-	-	-	-	-
Garage / Parking Lot	-	8,000	-	-	30,000	30,000
Landscaping	-	-	15,000	-	-	-
Lighting	-	-	12,000	-	-	-
Window Replacement	-	-	12,000	12,000	12,000	12,000
Fire / Life Safety	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 80,800	\$ 125,150	\$ 140,850	\$ 91,150	\$ 171,750	\$ 234,750
Per Unit Costs	\$ 1,719	\$ 2,663	\$ 2,997	\$ 1,939	\$ 3,654	\$ 4,995

Chauncey Baret Gardens 2021 Budget Narrative

The capital improvements listed in the previous chart are the priority projects. The HRA has two primary sources for funding capital improvements: cash available in the project's various accounts and the HRA levy collected in the City of Centerville. The charts below show the proposed funding sources and the impact on the HRA levy account for the City of Centerville.

CAPITAL IMPROVEMENT FUNDING

Description	Expected 2020	Budget 2021	Projected			
			2022	2023	2024	2025
Beginning Cash (Jan 1)						
Great Lakes Checking	\$30,822					
Repair and Replacement Account	5,026					
Surplus Account	20,379					
Subtotal Available Cash	\$ 56,227	\$ 68,676	\$ 60,971	\$ 31,913	\$ 80,226	\$ 41,781
Annual Net Income/(Loss)*	\$ 33,849	\$ 33,045	\$ 31,617	\$ 35,614	\$ 39,831	\$ 49,264
Plus Additions to:						
Repair and Replacement Account	\$ 9,400	\$ 9,400	\$ 9,400	\$ 9,400	\$ 9,400	\$ 9,400
Less Capital Expenditures:	(80,800)	(125,150)	(145,076)	(96,701)	(187,676)	(264,213)
Expenditures	\$ (37,551)	\$ (82,705)	\$ (104,058)	\$ (51,687)	\$ (138,444)	\$ (205,549)
Transfer In: HRA Levy Account	\$ 50,000	\$ 75,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 75,000
Ending Cash (Dec 31)	\$ 68,676	\$ 60,971	\$ 31,913	\$ 80,226	\$ 41,781	\$ (88,768)

Notes: * - Assumes a 3% annual rent increase

** - CIP costs are inflated 3% annually from Capital Improvement Plan shown above.

HRA LEVY ACCOUNT PROJECTED CASH BALANCE

Description	Expected 2020	Budget 2021	Projected			
			2022	2023	2024	2025
Beginning Cash (Jan 1)	\$ 327,743	\$ 134,633	\$ 117,092	\$ 100,125	\$ 58,739	\$ 17,939
Less: Funds for Downtown Project	(200,000)					
Levy Receipts**	56,890	57,459	58,033	58,614	59,200	59,792
Less: Senior Project Funding	(50,000)	(75,000)	(75,000)	(100,000)	(100,000)	(75,000)
Ending Cash (Dec 31)	\$ 134,633	\$ 117,092	\$ 100,125	\$ 58,739	\$ 17,939	\$ 2,731

Notes: *** - Assumes a 1% annual increase in levy receipts

Chauncey Barrett Gardens
2021 Comparative Budget Analysis
1.5% Rent Increase

	2019 Actuals	Approved 2020 Budget	2020 Year End Est	2021 Budget	Variance over 2020 Year End Est.
REVENUE					
Gross Apartment Rent	\$ 585,818	\$ 605,152	\$ 605,152	\$ 617,955	2.1%
Gross Revenue	608,348	630,088	630,088	640,527	1.7%
Net Revenue	\$ 581,876	\$ 597,024	\$ 600,024	\$ 606,731	1.1%
EXPENSE					
General Administrative	\$ 21,340	\$ 21,500	\$ 21,500	\$ 21,500	0.0%
Insurance and R.E. Taxes	44,061	47,490	47,490	49,387	4.0%
Salaries	72,765	72,273	72,273	74,810	3.5%
Professional Fees	46,560	47,144	47,176	50,104	6.2%
Contract Services	37,559	40,901	40,901	42,715	4.4%
Utility Expense	38,326	43,577	43,577	43,539	-0.1%
Repairs and Maintenance	37,367	49,830	45,665	43,692	-4.3%
Total Operating Expense	\$ 297,978	\$ 322,715	\$ 318,582	\$ 325,747	2.2%
NET OPERATING INCOME	\$ 283,898	\$ 274,309	\$ 281,442	\$ 280,984	-0.2%
Debt Service	\$ (262,783)	\$ (260,883)	\$ (238,612)	\$ (238,907)	0.1%
Interest Income	149	419	419	368	-12.2%
Replacement Reserve	(9,400)	(9,400)	(9,400)	(9,400)	0.0%
Trustee Fee	(1,450)	(1,450)	-	-	0.0%
Debt Service and Related Costs	\$ (273,484)	\$ (271,314)	\$ (247,593)	\$ (247,939)	0.1%
NET INCOME	\$ 10,414	\$ 2,995	\$ 33,849	\$ 33,045	-2.4%

The Oaks of Lake George 2021 Budget Narrative

June 9, 2020

PROJECT SUMMARY

The Oaks of Lake George is a 52-unit senior housing building in Oak Grove. The project was financed in 2004 and opened in 2006. There are two HOME units with lower rents. The project is 100% occupied.

A 1.5% rate increase would result in the following rents:

Floor Plan	Square Feet	Total Units	Current Rent	Renewal
1 BR HOME	691	2	\$ 812	\$ 824
1 BR	691	11	\$ 993	\$ 1,008
1 BR	757	1	\$ 1,128	\$ 1,145
1 BR + Den	887	18	\$ 1,260	\$ 1,279
2 BR	935	6	\$ 1,278	\$ 1,297
2 BR	1,060	8	\$ 1,421	\$ 1,443
2BR + Den	1,225	6	\$ 1,656	\$ 1,681

No increase is proposed to the monthly parking rate of \$40.

The proposed 2021 budget reflects a 1.5% rent increase.

OPERATING REVENUE

Gross Apartment Rent is the total potential apartment rental revenue at 100% occupancy assuming a 1.5% rent increase at lease renewal. **\$788,588**

Gross Revenue is the gross apartment rent, plus gross parking and miscellaneous income. **\$815,312**

Net Revenue is the gross revenue plus a projected vacancy loss. **\$774,941**
The proposed budget assumes 97% occupancy through 2021.
Net revenue includes the lost rent on the resident manager's apartment.
We have assumed a 5% vacancy for parking stalls as several tenants do not have a car.

The Oaks of Lake George 2021 Budget Narrative

OPERATING EXPENSE

Overall, operating expenses in 2021 are expected to increase 2.9% over the 2020 year end estimated expenses.

General Administration and Marketing	\$20,460
Assumes a 0.3% increase from 2020.	
Insurance & Taxes	\$53,653
Assumes a -7.3% decrease from 2020. The property is tax-exempt And makes a Payment in Lieu of Tax (PILOT) calculated at 5% of 2020 effective revenue less utilities. The budget allows \$33,490 for PILOT and \$18,763 for insurance. Special assessments are \$1,400.	
Salaries and Benefits	\$65,880
Assumes a 8.4% increase from 2020. Salaries are proposed to increase 3%.	
Professional	\$52,493
This reflects a 8.6% increase from last year and includes GLM's base fee of \$17,088 plus 2.0% effective revenue. The HRA management fee is also included.	
Contract Services	\$41,053
Assumes a 12.8% increase from the 2020 year end estimate. Contract services include window washing, snow removal, elevator service, and other contracted maintenance services. Contract services are higher this year because several periodic services such as HVAC cleaning, fire equipment monitoring and dryer vent cleaning are occurring in 2021.	
Utility Expense	\$99,163
Assumes a 1.8% increase over 2020 year end estimate.	
Repair & Maintenance	\$37,600
Assumes a -2.6% decrease from the 2020 year end estimate.	
Total Operating Expense	<u>\$370,302</u>
Net Operating Income	\$404,640
Net Operating Revenues less Operating Expenses. Available for debt service and reserves.	

The Oaks of Lake George 2021 Budget Narrative

Net Operating Income	\$404,640
(From previous page)	
Less Net Debt Service	\$(332,174)
Principal and interest payments on bonds	
Plus Interest Earnings	\$811
Less Operating Reserve	\$(10,400)
Bond covenants require the project to set aside \$200 per unit per year into a replacement reserve.	
Less Bond Trustee Fee	-
When the Bonds were refunded in 2019 the County opted to manage bond repayment and reserves without a Trustee.	
Net Income (Loss) with a 1.5% rent increase	\$62,877 *

*Losses are funded with the HRA levy and/or cash reserves.

In addition to operating expenses, the HRA will need to fund capital improvements for The Oaks of Lake George.

PROPOSED CAPITAL IMPROVEMENT PLAN

Project Name	Budget		Annual Capital Expenditures			
	2020	2021	2022	2023	2024	2025
Unit Flooring Replacement	\$ 12,875	\$ 12,875	\$ 12,875	\$ 12,875	\$ 12,875	\$ 12,875
Appliance Replacement	9,000	9,000	9,000	9,000	9,000	9,000
HVAC Apartment	102,000	-	74,800	-	-	-
HVAC Common Area	12,700	25,000	12,700	-	-	-
Painting	-	-	-	4,200	4,200	4,200
Common Area Carpet	-	-	48,000	-	-	-
Common Area Furniture	-	-	-	15,000	-	-
Building	-	15,000	20,000	8,000	8,000	8,000
Security	-	-	-	-	-	-
Unit Cabinets	-	-	16,000	16,000	16,000	16,000
Concrete	-	-	3,500	-	-	-
Landscaping	-	-	1,200	-	1,200	1,200
Signage	-	-	2,500	-	-	-
Plumbing	-	5,000	-	-	-	-
Mechanical	-	-	-	-	-	-
Asphalt	8,000	-	-	-	35,000	35,000
Fire / Life Safety	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 144,575	\$ 66,875	\$ 200,575	\$ 65,075	\$ 86,275	\$ 86,275
Per Unit Costs	\$ 2,780	\$ 1,286	\$ 3,857	\$ 1,251	\$ 1,659	\$ 1,659

The Oaks of Lake George 2021 Budget Narrative

The HRA has two primary sources for funding capital improvements: cash available in the project's various accounts and the HRA levy collected in the City of Oak Grove. The charts below show the proposed funding sources for the capital improvements, and the impact on the HRA levy account for the City of Oak Grove.

CAPITAL IMPROVEMENT FUNDING

Description	Expected 2020	Budget 2021	Projected			
			2022	2023	2024	2025
Beginning Cash (Jan 1)						
Great Lakes Checking	\$18,379					
Surplus and Other Funds	-					
Repair and Replacement	39,097					
Subtotal Beginning Cash	\$ 57,476	\$ 2,561	\$ 138,963	\$ 112,284	\$ 185,300	\$ 205,523
Annual Net Income/(Loss)*	\$ 64,260	\$ 62,877	\$ 69,513	\$ 81,654	\$ 84,098	\$ 97,240
Plus Additions to:						
Repair and Replacement Account	\$ 10,400	\$ 10,400	\$ 10,400	\$ 10,400	\$ 10,400	\$ 10,400
Less Capital Expenditures	(144,575)	(66,875)	(206,592)	(69,038)	(94,275)	(97,103)
Annual Cashflow before HRA	\$ (69,915)	\$ 6,402	\$ (126,679)	\$ 23,016	\$ 223	\$ 10,537
Transfer In: HRA Levy	\$ 15,000	\$ 130,000	\$ 100,000	\$ 50,000	\$ 20,000	\$ 30,000
Ending Cash (Dec 31)	\$ 2,561	\$ 138,963	\$ 112,284	\$ 185,300	\$ 205,523	\$ 246,060

Notes: * - Assumes a 3% annual rent increase

** - CIP costs are inflated 3% annually from Capital Improvement Plan shown above.

HRA LEVY ACCOUNT PROJECTED CASH BALANCE

Description	Expected 2020	Budget 2021	Projected			
			2022	2023	2024	2025
Beginning Cash (Jan 1)	\$ 253,824	\$ 378,089	\$ 373,597	\$ 400,359	\$ 478,390	\$ 587,700
Plus Levy Receipts**	124,265	125,508	126,763	128,030	129,311	130,604
Less: Funding Senior Project	-	(130,000)	(100,000)	(50,000)	(20,000)	(30,000)
Ending Cash (Dec 31)	\$ 378,089	\$ 373,597	\$ 400,359	\$ 478,390	\$ 587,700	\$ 688,304

Notes: *** - Assumes a 1% annual increase in levy receipts

The Oaks of Lake George
2021 Comparative Budget Analysis
1.5% Rent Increase

	2019 Actuals	Approved 2020 Budget	2020 Year End Est	2021 Budget	Variance over 2020 Year End Est
REVENUE					
Gross Apartment Rent	\$ 749,776	\$ 772,034	\$ 772,034	\$ 788,588	2.1%
Gross Revenue	779,021	798,758	798,758	815,312	2.1%
Net Revenue	\$ 759,328	\$ 759,272	\$ 764,272	\$ 774,941	1.4%
EXPENSES					
General Administrative	\$ 19,807	\$ 20,400	\$ 20,400	\$ 20,460	0.3%
Insurance and R.E. Taxes	49,692	57,855	57,855	53,653	-7.3%
Salaries	60,215	57,615	60,801	65,880	8.4%
Professional Fees	47,923	48,305	48,352	52,493	8.6%
Contract Services	38,141	36,553	36,386	41,053	12.8%
Utility Expense	89,625	97,949	97,439	99,163	1.8%
Repairs and Maintenance	35,675	38,600	38,600	37,600	-2.6%
Total Operating Expense	\$ 341,078	\$ 357,277	\$ 359,833	\$ 370,302	2.9%
NET OPERATING INCOME	\$ 418,250	\$ 401,995	\$ 404,439	\$ 404,640	0.0%
Debt Service	\$ (360,543)	\$ (361,343)	\$ (330,418)	\$ (332,174)	0.5%
Interest Income	639	639	639	811	26.9%
Replacement Reserve	(10,400)	(10,400)	(10,400)	(10,400)	0.0%
Trustee Fee	(2,000)	(2,000)	-	-	0.0%
Debt Service and Related Costs	\$ (372,304)	\$ (373,104)	\$ (340,179)	\$ (341,763)	0.5%
NET INCOME	\$ 45,947	\$ 28,891	\$ 64,260	\$ 62,877	-2.2%