

REVISED - IMPACT STATEMENT

TERMINATION OF SECTION 8 CONTRACT

SUNNY ACRES

2701 11th Avenue North, Anoka, Minnesota

Master Section 8 ACC Number C-7046

ACC List Number and Date: C-79-136; 12/26/78; Project No. MN46-H162-211

Number of Section 8 Units Affected

52 Units

Walk-Up Units:

6 one-bedroom units

22 two-bedroom units

Townhouse Units

24 three-bedroom units

The owner will attempt to accommodate existing tenants who will be affected by the termination of the Contract by accepting Section 8 vouchers, but only if their Section 8 vouchers will cover the full market rate rents charged by the property. The owner is unable to take any additional actions to assist displaced persons in obtaining other housing.

<u>Unit Size</u>	<u>Current Rent</u>	<u>Future Rent</u>
Walk-Up		
1 Bedroom (6)	\$652.00	\$735.00
2 Bedroom (22)	\$791.00	\$840.00
Townhome		
3 Bedroom (24)	\$889.00	\$997.00

OCT 03 2008

Revised: September 29, 2008

**STEVEN
SCOTT**

MANAGEMENT, INC.

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June 24, 2008

Robert Odman
Minnesota Housing Finance Agency
400 Sibley Street, #300
Saint Paul, MN 55101

Re: D & I Investment
Sunny Acres Housing Assistance Payment Contract

Dear Mr. Odman:

It is with regret that we have to inform you that the owners of Sunny Acres will be sending you a notice that they are opting out of the HAP contract at the property. After investigating the current market rate rents in and around the Anoka area where this property is located, it is evident that the HAP rent payment schedule is falling below the market rate rents in the area. The owners are in need of money on the property to make necessary capital improvements and the underperforming rents affect the annual cash available to make these improvements.

We are working with our attorney to draft the letters required by HUD to give proper notice to all parties. You will be receiving a letter from us by the end of June 2008. It is the hopes of David and Ivan Schwartzman, the owners of Sunny Acres, that we may be able to negotiate marking the property rents to market and possibly obtaining Housing Preservation money to enhance this development and therefore, stay in the Section 8 program.

Please feel free to contact me to discuss these matters. I am sending this letter to let you know the owner's position and the reason they are forced to take this action.

Sincerely,
STEVEN SCOTT MANAGEMENT, INC.



Barbara J. Halverson
Director of Asset Management

BH/as

C: Ivan Schwartzman
David Schwartzman
Mark Jensen, Chief Financial Office, Steven Scott Management, Inc.
Michelle Bonine, Regional Property Manager

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St. Louis Park, MN 55416-1661



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September 24, 2008

Steve O'Brien
Contract Administrator
MHFA
400 Sibley Street, Suite 300
St. Paul, MN 55101

Re: Proposed Opt Out from Housing Assistance Payments for Sunny Acres
2701 11th Avenue North, Anoka, Minnesota

Dear Mr. O'Brien,

Enclosed please find documentation that was provided to the residents of Sunny Acres Estates located in Anoka, Minnesota notifying them of the proposed change in the Housing Assistance Program at Sunny Acres, including an Impact Statement. In addition, I have enclosed copies of the letters that were provided to:

- MHFA, Robert L. Odman, Director
- Metropolitan Council, Guy Peterson
- US Department of Housing and Urban Development, Honorable Alphonso Jackson c/o Paul Woxland
- HUD Field Office, Dexter Sidney, Field Office Director
- City of Anoka-HRA, Jennifer Bergman, Executive Director

Please be advised that D&I Investment Company, LLLP, a Minnesota limited liability limited partnership, the owner of Sunny Acres Estates has a Housing Assistance Payment Contract with the United States Department of Housing and Urban Development and are at this time proposing an opt-out from the Housing Assistance Payments for Sunny Acres Estates.

If you have any questions, please feel free to contact me at 5

Sincerely,
STEVEN SCOTT MANAGEMENT, INC.

Barbara J. Halverson
Director of Asset Management

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BH/as

**STEVEN
SCOTT**

MANAGEMENT, INC.

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September 24, 2008

Mr. Robert L. Odman
Director, Multifamily Division
Minnesota Housing Finance Agency
400 Sibley Street
Suite 300
St. Paul, Minnesota 55101
and
Mr. Guy Peterson, Director
Community Development
Metropolitan Council
Housing and Redevelopment Authority
390 Robert Street North
St. Paul, Minnesota USA 55101-1805

Re: Proposed Opt-Out from Housing Assistance Payments for Sunny Acres
2701 11th Avenue North, Anoka, Minnesota
Master Section 8 ACC Number C-7046
ACC List Number and Date: C-79-136; 12/26/78; Project No. MN46-H162-211

Dear Mr. Odman and Mr. Peterson:

This notice is intended to serve as the Impact Statement referred to in Minnesota Statutes, section 471.9997 and is given to comply with Minnesota Statutes, section 471.9997, which requires that, at least 12 months before termination of participation in a federally assisted rental housing program, including project-based section 8 and section 236 rental housing, the owner of the federally assisted rental housing must submit a statement regarding the impact of termination on the residents of the rental housing to the governing body of the local government unit in which the housing is located. The impact statement must identify the number of units that will no longer be subject to rent restrictions imposed by the federal program, the estimated rents that will be charged as compared to rents charged under the federal program, and actions the owner will take to assist displaced tenants in obtaining other housing. A copy of the impact statement must be provided to each resident of the affected building, the Minnesota housing finance agency, and, if the property is located in the metropolitan area as defined in section 473.121, subdivision 2, the metropolitan council.

D & I Investment Company, L.L.L.P., a Minnesota limited liability limited partnership, the owner (the "Owner") of Sunny Acres (the "Project") has a Housing Assistance Payment Contract (the "Contract") with the United States Department of Housing and Urban Development

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St. Louis Park, MN 55416-1661

("HUD"). The Contract had a term of five years with seven optional five-year terms and will be up for renewal on two different dates in 2009. The Contract is up for renewal on August 31, 2009, with respect to Stage 1, and on November 26, 2009, with respect to Stage 2.

One hundred percent of the Project is subject to the Section 8 contract. The Owner has determined, for business reasons, that it does not want to renew the Contract. After investigating the current market rate rents in and around the Anoka area where Sunny Acres is located, it is evident that the rents allowed under the Section 8 contract are falling below the market rate rents in the area. The Owner is in need of money to make necessary capital improvements to Sunny Acres and the underperforming rents affect the annual cash available to make these improvements.

As you know, in order to elect not to renew (to terminate) the Contract, not less than one year's notice must be given to all involved tenants. Attached is a copy of the notice that is, concurrently with the sending of this letter, being given to all tenants of the Project. Copies of this letter and the notice are being sent to all tenants by first class mail, properly stamped and addressed, at their respective addresses at the Project, with a proper return address, and by serving a copy of the notice on any adult person answering the door at the leased dwelling unit, or if no adult responded, by placing the notice under or through the door, if possible.

Also attached is a table showing current and proposed rents for the affected units. We intend to attempt to accommodate existing tenants who will be affected by the termination of the Contract by accepting Section 8 vouchers, but only to the extent the vouchers will cover market rate rents. We are unable to take any additional actions to assist displaced persons in obtaining other housing.

If you have any questions or comments, please call me at (651) 437-1111.

Sincerely,
STEVEN SCOTT MANAGEMENT COMPANY
Management Agent for
D & I INVESTMENT COMPANY, L.L.P., Owner



Barbara J. Halverson
Director of Asset Management

BH/as

Enclosures

IMPACT STATEMENT

TERMINATION OF SECTION 8 CONTRACT

SUNNY ACRES

2701 11th Avenue North, Anoka, Minnesota

Master Section 8 ACC Number C-7046

ACC List Number and Date: C-79-136; 12/26/78; Project No. MN46-H162-211

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Townhouse Units

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<u>Unit Size</u>	<u>Current Rent</u>	<u>Future Rent</u>
Walk-Up		
1 Bedroom (5)	\$652.00	\$735.00
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Townhome		
3 Bedroom (24)	\$889.00	\$997.00

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September 22, 2008

Anoka, MN 55303

Dear Resident:

The Department of Housing and Urban Development subsidizes the rent of your apartment through the project-based Section 8 program. Federal law requires that owners provide tenants with a one-year notification before the expiration of a Section 8 contract. The Section 8 contract that pays the Government's share of your apartment rent at Sunny Acres expires August 31, 2009. D & I Investment Company, L.L.P., the Owner, intends to extend the Section 8 contract only to November 26, 2009, so that it will expire on the same date as the Section 8 contract for the townhouse units that are also a part of Sunny Acres.

The Owner has determined, for business reasons, that it does not want to renew the Section 8 contract. After investigating the current market rate rents in and around the Anoka area where Sunny Acres is located, it is evident that the rents allowed under the Section 8 contract are falling below the market rate rents in the area. The Owner is in need of money to make necessary capital improvements to Sunny Acres and the underperforming rents affect the annual cash available to make these improvements.

Although there will be no immediate change in your rental assistance, we, on behalf of the Owner, are required to inform you of the Owner's intended actions when the contract expires a little more than a year from now.

THIS LETTER IS TO NOTIFY YOU THAT WE DO NOT INTEND TO RENEW THE CURRENT SECTION 8 CONTRACT WHEN IT EXPIRES.

Since the Owner does not intend to renew this project-based contract upon its expiration, it is our understanding that, if Congress makes funds available (which it has in the past and is expected to do in the future), the Department of Housing and Urban Development will provide all eligible tenants currently residing in a Section 8 project-based unit with tenant-based rental assistance, enabling you to choose the place you wish to rent, which is likely to include the dwelling unit in

SEP 25 2008

which you currently reside. Unlike the current project-based Section 8 contract, Section 8 vouchers are issued to the tenants and allow them to choose the place they wish to rent. The Section 8 voucher program is administered by local Public Housing Authorities. Federal law allows you to elect to continue living at this property provided that the unit, the rent, and the Owner meets the requirements of the Section 8 tenant-based assistance program. The Owner will honor your right as a tenant to remain at the property on this basis as long as it continues to be offered as rental housing, provided there is no cause for eviction under Federal, State or local law.

You will also have the opportunity to choose another development or single-family house in which to move provided that the new landlord will accept the voucher and the owner and the unit meet Section 8 tenant-based program requirements.

Please remember that project-based Section 8 rental assistance will continue to be provided on your behalf until November 26, 2009. In addition, we may agree to renewal of the project-based contract with HUD, thus avoiding contract termination altogether.

THE HOUSING ASSISTANCE PAYMENT CONTRACT WILL EXPIRE EFFECTIVE NOVEMBER 26, 2009. BEGINNING DECEMBER 1, 2009, YOU WILL BE REQUIRED TO BEAR THE ENTIRE COST OF RENT FOR YOUR UNIT (BUT YOU HAVE THE RIGHT TO REMAIN IN YOUR UNIT, AS LONG AS SUNNY ACRES APARTMENTS ARE OFFERED FOR RENTAL HOUSING, WHEN YOU ARE ISSUED AN ENHANCED VOUCHER SUFFICIENT TO PAY THE RENT CHARGED FOR THE UNIT). THE OWNER WILL BE FREE TO ALTER THE RENT WITHOUT HUD APPROVAL, BUT SUBJECT TO ANY APPLICABLE REQUIREMENTS OR RESTRICTIONS UNDER THE LEASE OR UNDER STATE OR LOCAL LAW. THE CURRENT DIFFERENCE BETWEEN THE ACTUAL RENT FOR YOUR UNIT AND THE RENT YOU ARE PAYING IS:

Section 8 Contract rent effective December 1, 2008:	\$292
Rent Paid by You as of November 1, 2008:	\$360
Estimated Actual Rent Effective December 1, 2008:	\$ 652

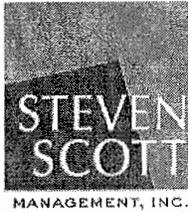
Estimated Market Rent After Termination of Contract:	\$735
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THE RENTS QUOTED ABOVE DO NOT INCLUDE UTILITIES. THIS IS AN ESTIMATE ONLY. THE ACTUAL RENT FOR YOUR UNIT MAY BE HIGHER WHEN THE CONTRACT IS TERMINATED.

Approximately four months (120 days) before the expiration of the Section 8 contract HUD requires that the Owner confirm its final decision not to renew this contract with HUD. Following this confirmation, you will be contacted by the local Public Housing Authority (PHA)

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Anoka, MN 55303

Dear Resident:

The Department of Housing and Urban Development subsidizes the rent of your apartment through the project-based Section 8 program. Federal law requires that owners provide tenants with a one-year notification before the expiration of a Section 8 contract. The Section 8 contract that pays the Government's share of your apartment rent at Sunny Acres expires August 31, 2009. D & I Investment Company, L.L.P., the Owner, intends to extend the Section 8 contract only to November 26, 2009, so that it will expire on the same date as the Section 8 contract for the townhouse units that are also a part of Sunny Acres.

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which you currently reside. Unlike the current project-based Section 8 contract, Section 8 vouchers are issued to the tenants and allow them to choose the place they wish to rent. The Section 8 voucher program is administered by local Public Housing Authorities. Federal law allows you to elect to continue living at this property provided that the unit, the rent, and the Owner meets the requirements of the Section 8 tenant-based assistance program. The Owner will honor your right as a tenant to remain at the property on this basis as long as it continues to be offered as rental housing, provided there is no cause for eviction under Federal, State or local law.

You will also have the opportunity to choose another development or single-family house in which to move provided that the new landlord will accept the voucher and the owner and the unit meet Section 8 tenant-based program requirements.

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Section 8 Contract rent effective December 1, 2008:	\$133
Rent Paid by You as of November 1, 2008:	\$658
Estimated Actual Rent Effective December 1, 2008:	\$ 791
Estimated Market Rent After	
Termination of Contract:	\$840

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to determine your household's eligibility for tenant-based assistance. If you intend to apply for Section 8 tenant-based rental assistance after the current contract comes to an end, you should not move from your current unit until you have consulted with the local PHA about your eligibility for tenant-based assistance.

If you have any questions or would like information on the Section 8 program, the following sources may be of assistance:

Contract Administrator

Name: Steve O'Brien, Housing Management Officer
Telephone Number: _____

HUD Field Office

Name: Dexter Sidney, Field Office Director
Telephone Number: _____

HUD Web

<http://hud.gov> – click on “rental help.”

Sincerely,
STEVEN SCOTT MANAGEMENT COMPANY
Management Agent for
D & I INVESTMENT COMPANY, L.L.L.P., Owner



Barbara J. Halverson, Director of Asset Management
5402 Parkdale Drive, Suite 200, St. Louis Park, MN 55416

cc: Steve O'Brien, Housing Management Officer – MHFA
Dexter Sidney, Contract Administrator – Minneapolis HUD Office

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September 22, 2008

via US Mail and Processing Service

Anoka, MN 55303

Dear Resident:

The Department of Housing and Urban Development subsidizes the rent of your apartment through the project-based Section 8 program. Federal law requires that owners provide tenants with a one-year notification before the expiration of a Section 8 contract. The Section 8 contract that pays the Government's share of your apartment rent at Sunny Acres expires November 26, 2009.

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Section 8 Contract rent effective December 1, 2008:	\$546
Rent Paid by You as of November 1, 2008:	\$343
Estimated Actual Rent Effective December 1, 2008:	\$889
Estimated Market Rent After Termination of Contract:	\$997

THE RENTS QUOTED ABOVE DO NOT INCLUDE UTILITIES. THIS IS AN ESTIMATE ONLY. THE ACTUAL RENT FOR YOUR UNIT MAY BE HIGHER WHEN THE CONTRACT IS TERMINATED.

Approximately four months (120 days) before the expiration of the Section 8 contract HUD requires that the Owner confirms its final decision not to renew the contract with HUD. Following this confirmation, you will be contacted by the local Public Housing Authority (PHA) to determine your household's eligibility for tenant-based assistance. If you intend to apply for Section 8 tenant-based rental assistance after the current contract comes to an end, you should

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not move from your current unit until you have consulted with the local PHA about your eligibility for tenant-based assistance.

If you have any questions or would like information on the Section 8 program, the following sources may be of assistance:

Contract Administrator
MHFA

Name: Steve O'Brien, Housing Management Officer
Telephone Number: _____

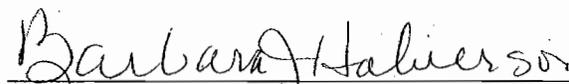
HUD Field Office

Name: Dexter Sidney, Field Office Director
Telephone Number: _____

HUD Web

<http://hud.gov> – click on “rental help.”

Sincerely,
STEVEN SCOTT MANAGEMENT COMPANY
Management Agent for
D & I INVESTMENT COMPANY, L.L.L.P., Owner



Barbara J. Halverson, Director of Asset Management
5402 Parkdale Drive, Suite 200, St. Louis Park, MN 55416

cc: Steve O'Brien, Housing Management Officer – MHFA
Dexter Sidney, Contract Administrator – Minneapolis HUD Office

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