

CLAY COUNTY HOUSING & REDEVELOPMENT AUTHORITY

116 Center Avenue East, P.O. Box 99, Dilworth, Minnesota 56529

June 28, 2005

USDA Rural Development
Attn: Robert M. Kleven
201 Sherwood Avenue South, P.O. Box 16
Thief River Falls, MN 56701-0016

JUL 01 2005

Dear Mr. Kleven:

Minnesota State Statute 471.9997 "Federally Assisted Rental Housing; Impact Statement", and 504B.255 "Termination Notice Requirements for Federally Subsidized Housing" requires notification, in regards to the termination of participation in a federally assisted rental housing program, be sent to the following individuals and/or organizations: (1) the governing body of the local government; (2) tenants residing in the property, and (3) the Minnesota Housing Finance Agency.

This letter serves as notification to meet that statutory requirement.

Impact Statement: Clay County HRA, as owner of the Flora Lake Apartments project in Hitterdal, Minnesota, intends to sell the project and possibly terminate the project's participation in the federally assisted rental housing program known as USDA-Rural Development (formerly known as Farmers Home Administration), a mission of the USDA-Rural Housing Service. Termination of Participation is expected to be 12 months from the date of this letter.

1. Number of Units that will no longer be subject to rent restrictions imposed by federal programs: **Twelve (12)**
2. Estimated rents that will be charged as compared to rents charged under the federal program:

| | | |
|--|-----------------------------|------------------------------|
| Current Rents: | Basic Rent - \$250 for 1-BR | Market Rent - \$400 for 1-BR |
| | Basic Rent - \$290 for 2-BR | Market Rent - \$430 for 2-BR |
| Proposed Rents after termination in program: | | Market Rent - \$437 for 1-BR |
| | | Market Rent - \$575 for 2-BR |

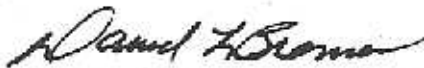
EQUAL HOUSING OPPORTUNITY

USDA Rural Development
Robert Kleven
June 28, 2005
Page 2

3. Actions the Owner will take to assist displaced tenants in obtaining other housing

The Clay County HRA will, if necessary, transfer all existing tenants to the Section 8 Housing Voucher Program to provide them with a rent subsidy at the Flora Lake Apartments project or another qualified rental project.

Signature of Owner: Clay County Housing & Redevelopment Authority



David Brenna, Chairperson



Geraldine Bommersbach,
Interim Executive Director

cc: Minnesota Housing Finance Agency
City of Hitterdal, Minnesota
Tenants of Flora Lake Apartments