

New Hope Community Development Corporation

Lisa A. Baker, Executive Director

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DATE: May 17, 2012
TO: New Hope CDC Board of Directors
FROM: Lisa A. Baker, Executive Director
BY: Mark Stern, Finance Director
SUBJECT: **Review and Approve 2012-2013 Cottonwood Meadows Operating Budget**

RECOMMENDED ACTIONS:

That the Board of Directors review and approve the 2012-2013 Cottonwood Meadows Operating Budget.

BACKGROUND / DISCUSSION

Cottonwood Meadows was originally constructed in 1987 with the help of a loan from California Department of Housing and Community Development. The HCD loan and its requirements were assumed by New Hope CDC with the purchase of Cottonwood Meadows.

Under terms of the agreement, HCD requires an annual budget and cash flow projection be submitted May 1. HCD provides an annuity if the subsidized units show a negative cash flow and recoups the income if the subsidized units show positive cash flow in the year-end audit. The proposed budget and cash flow shows that the fourteen (14) subsidized units will have a small loss which HCD should make up with an annuity. The thirty-three (33) market rate units' budget projects a \$33,000 positive cash flow.

FISCAL IMPACT

The reduced mortgage payments that resulted from last year's rate reset combined with the projected increased occupancy show that once again Cottonwood Meadows is in a position where it is anticipated that it can support itself and begin to repay the funds received from YCH loans.

CONCLUSION:

Staff recommends that the Board review and approve the operating budget as submitted.

Attachment: 2012-2013 HCD Budget

Rental Housing Construction Program -- Original

2. PROPOSED CASH FLOW ANALYSIS

Reporting Period: 07/01/2012 to 06/30/2013

Contract No 83-RHC-141
Project Name Cottonwood Meadows Apartments
Prepared by Mark Stern & Brenda Lomeli
Date Prepared 04/19/2011

Units/Sq. Ft. - Assisted 14
Units/Sq. Ft. - Total 37

Unit months 444

ACCOUNT NAME	Account Codes	Assisted Units Proposed	Non-Assisted Units Proposed	Commercial	Total Project Proposal
REVENUE ACCOUNTS/RENT REVENUE: 5100					
1 Rent Revenue - Gross Potential	5120	52,092	249,996	0	302,088
2 Tenant Assistance Payments	5121	0	0	0	0
3 Rent Revenue - Stores and Commercial	5140	0	0	0	0
4 Garage and Parking Spaces	5170	0	0	0	0
5 Flexible Subsidy Revenue	5180	0	0	0	0
6 Rent Revenue - Miscellaneous	5190	0	0	0	0
7 Excess Rent	5191	0	0	0	0
8 Rent Revenue/Insurance	5192	0	0	0	0
9 Special Claims Revenue	5193	0	0	0	0
10 Retained Excess Income	5194	0	0	0	0
11 GROSS POTENTIAL RENT (GR)	5100T	52,092	249,996	0	302,088
VACANCIES: 5200					
Vacancy percentage		3.00%	5.00%	0.00%	
12 Apartments	5220	1,563	12,500	0	14,063
13 Stores and Commercial	5240	0	0	0	0
14 Rental Concessions	5250	0	0	0	0
15 Garage and Parking Space	5270	0	0	0	0
16 Miscellaneous	5290	0	0	0	0
Total Vacancies	5200T	1,563	12,500	0	14,063
ASSISTED LIVING/BOARD & CARE REVENUE: 5300					
17 Food	5332	0	0	0	0
18 Recreation (Activities) and Rehabilitation	5380	0	0	0	0
19 Rehabilitation	5385	0	0	0	0
20 Other Service Revenue	5390	0	0	0	0
Total Living Revenues	5300T	0	0	0	0
FINANCIAL REVENUE: 5400					
21 Financial Revenue - Project Operations	5410	220	500	0	720
Total Financial Revenue	5400T	220	500	0	720
OTHER REVENUE: 5900					
22 Laundry and Vending Revenue	5910	600	1,400	0	2,000
23 NSF and Late Charges	5920	0	0	0	0
24 Damages and Cleaning Fees	5930	200	600	0	800
25 Forfeited Tenant Security Deposits	5940	0	0	0	0
26 Other Revenue	5990	0	0	0	0
Total other Revenue	5900T	800	2,000	0	2,800
27 EFFECTIVE GROSS RENT (EGR)	5152N	51,549	239,996	0	291,545
28 TOTAL OPERATING EXPENSES	6000T	47,107	111,023	0	158,130
29 NET OPERATING INCOME (NOI)	5000T	4,442	128,973	0	133,416
FINANCIAL EXPENSES: 6800					
30 Non-Contingent Debt Service (specify lender)					
1st Mortgage = First Northern Bank	6895	0	83,695	0	83,695
2nd Mortgage =		0	0	0	0
3rd Mortgage =		0	0	0	0
31 HCD Required Payments	6890	0	0	0	0
32 Lease Payment	6890	0	0	0	0
33 Miscellaneous Financial Expenses	6890	0	0	0	0
Total Financial Expenses	6800T	0	83,695	0	83,695
FUNDED RESERVES: 1300					
34 Escrow Deposits	1310	0	0	0	0
35 Replacement Reserve-Deposit	1320	4,900	11,550	0	16,450
36 Operating Reserve-Deposit	1365	0	0	0	0
37 Other Reserves (specify)					
#1	1350	0	0	0	0
#2	1350	0	0	0	0
#3	1350	0	0	0	0
Total Reserve Deposits		4,900	11,550	0	16,450
38 PROJECT CASH FLOW (CF)		(458)	33,728	0	33,271

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ACCOUNT NAME	Account Codes	Assisted Units Proposed	Non-Assisted Units Proposed	Commercial	Total Project Proposal
ADDITIONAL REVENUE:					
39 RHCP-O Annuity Fund Request (For Assisted Units Only)		458			458
40 Withdrawal from Operating Reserves		0	0	0	0
41 Borrower Contribution		0	0	0	0
42 Other (specify)		0	0	0	0
Total Additional Revenue		458	0	0	458
USE OF CASH FLOW:					
43 HCD Interest Payments		0	0	0	0
44 Assel Mgmt Fee (CHRP-R/SUHRP & HOME-pre-UMR Only)		0	0	0	0
45 Assel Mgmt Fee/Ptrshp Costs (MHP/HOME under UMR)		0	0	0	0
46 Borrower Distnbutions		0	0	0	0
47 Residual Receipt Loan Payments		0	0	0	0
48 Other (specify)		0	0	0	0
Total Use of Cash Flow		0	0	0	0

CERTIFICATION: I certify that 1) I am authorized to provide the information and 2) it is accurate to the best of my knowledge. Check one of the three checkboxes and complete the remainder of this signature block.

- Management Agent
- Borrower
- Sponsor or Local Agency

 Signature Name Title

Rental Housing Construction Program -- Original
1. PROPOSED OPERATING COSTS

Contract No: 83-RHC-141
Project Name: Cottonwood Meadows Apartments
Prepared by: Mark Stern & Brenda Lomeli
Date Prepared: 04/19/2011

Reporting Period: 07/01/2012 to 06/30/2013

Units/Sq Ft - Assisted: 14
Units/Sq Ft - Total: 37

ACCOUNT NAME	Account Codes	Proposed Budget	Proration Percentage	Assisted Units	Non-Assisted	Unit months		Proposed Total Budget
						Commercial	444	
MANAGEMENT FEE: 6200/6300								
1 Management Fee or Sponsor Overhead	6320	19,320	29.79%	5,755	13,565	0	0	19,320
ADMINISTRATIVE EXPENSES: 6200/6300								
2 Advertising	6210	500	29.79%	149	351	0	0	500
3 Apartment Resale Expense (Cooperatives)	6235	0	29.79%	0	0	0	0	0
4 Other Renting Expenses	6250	500	29.79%	149	351	0	0	500
5 Office Salaries	6310	4,478	29.79%	1,334	3,145	0	0	4,478
6 Office Supplies	6311	600	29.79%	179	421	0	0	600
7 Office or Model Apartment Rent	6312	0	29.79%	0	0	0	0	0
8 Manager or Superintendent Salaries	6330	15,195	29.79%	4,527	10,668	0	0	15,195
9 Manager's or Superintendent's Rent Free Unit	6331	0	29.79%	0	0	0	0	0
10 Legal Expense - Project	6340	1,300	29.79%	397	913	0	0	1,300
11 Audit Expense - Project	6350	2,900	29.79%	864	2,036	0	0	2,900
12 Bookkeeping Fees/Accounting Services	6361	0	29.79%	0	0	0	0	0
13 Telephone and Answering Service Expenses	6360	1,500	29.79%	447	1,053	0	0	1,500
14 Bad Debt Expense	6370	500	29.79%	149	351	0	0	500
15 Miscellaneous Administrative Expenses (specify)	6390	2,500	29.79%	745	1,755	0	0	2,500
TOTAL ADMINISTRATIVE EXPENSE:	6200/6300T	29,974	29.79%	8,929	21,045	0	0	29,974
UTILITIES EXPENSE: 6400								
17 Fuel Oil/Coal	6420	0	29.79%	0	0	0	0	0
18 Electricity	6450	7,000	29.79%	2,085	4,915	0	0	7,000
19 Water	6461	11,000	29.79%	3,277	7,723	0	0	11,000
20 Gas	6482	1,000	29.79%	298	702	0	0	1,000
21 Sewer	6453	15,000	29.79%	4,469	10,532	0	0	15,000
TOTAL UTILITIES EXPENSE:	6400T	34,000	29.79%	10,129	23,871	0	0	34,000
OPERATING AND MAINTENANCE EXPENSES: 6500								
23 Janitor and Cleaning Payroll	6510	0	29.79%	0	0	0	0	0
24 Janitor and Cleaning Supplies	6515	0	29.79%	0	0	0	0	0
25 Janitor and Cleaning Contract	6517	1,000	29.79%	298	702	0	0	1,000
26 Externalizing Payroll/Contract	6519	1,080	29.79%	322	758	0	0	1,080
27 Externalizing Supplies	6520	0	29.79%	0	0	0	0	0
28 Garbage and Trash Removal	6525	7,500	29.79%	2,234	5,266	0	0	7,500
29 Security Payroll/Contract	6530	650	29.79%	194	455	0	0	650
30 Grounds Payroll	6535	0	29.79%	0	0	0	0	0
31 Grounds Supplies	6536	0	29.79%	0	0	0	0	0
32 Grounds Contract	6537	3,000	29.79%	894	2,106	0	0	3,000
33 Repairs Payroll	6540	0	29.79%	0	0	0	0	0
34 Repairs Material	6541	0	29.79%	0	0	0	0	0
35 Repairs Contract	6542	20,000	29.79%	5,958	14,042	0	0	20,000
36 Elevator Maintenance/Contract	6545	1,680	29.79%	500	1,180	0	0	1,680
37 Heating/Cooling Repairs and Maintenance	6546	0	29.79%	0	0	0	0	0
38 Swimming Pool Maintenance/Contract	6547	0	29.79%	0	0	0	0	0
39 Snow Removal	6548	0	29.79%	0	0	0	0	0
40 Decorating Payroll/Contract	6550	5,000	29.79%	1,490	3,511	0	0	5,000
41 Decorating Supplies	6561	0	29.79%	0	0	0	0	0
42 Vehicle and Maintenance Equipment Operation/Repairs	6570	0	29.79%	0	0	0	0	0
43 Misc. Operating and Maintenance Expenses (specify)	6590	0	29.79%	0	0	0	0	0
TOTAL OPERATING & MAINTENANCE EXPENSE:	6500T	39,910	29.79%	11,869	28,021	0	0	39,910

Rental Housing Construction Program -- Original
1. PROPOSED OPERATING COSTS

Contract No: 63-RHC-141
 Project Name: Cottonwood Meadows Apartments
 Prepared by: Mark Stern & Brenda Lornelt
 Date Prepared: 04/7/2011

Reporting Period: 07/01/2012 to 06/30/2013

Units/Sq Ft - Assisted: 14
 Units/Sq Ft - Total: 37

ACCOUNT NAME	Account Codes	Proposed Budget	Proration Percentage	Assisted Units	Non-Assisted	Commercial	Unit months:	
							Proposed Total Budget	444
TAXES AND INSURANCE: 6700								
45 Real Estate Taxes	6710	16,250	25.79%	4,841	11,409	0	15,250	
46 Payroll Taxes (Project's Share)	6711	1,600	25.79%	477	1,123	0	1,600	
47 Misc. Taxes, Licenses and Permits	6719	600	25.79%	179	421	0	600	
48 Property and Liability Insurance (Hazard)	6720	8,600	25.79%	2,562	6,038	0	8,600	
49 Fidelity Bond Insurance	6721	0	25.79%	0	0	0	0	
50 Worker's Compensation	6722	300	25.79%	89	211	0	300	
51 Health Insurance/Other Employee Benefits	6723	2,970	25.79%	885	2,085	0	2,970	
52 Other Insurance	6725	0	25.79%	0	0	0	0	
53 TOTAL TAXES AND INSURANCE:	6700T	30,320	25.79%	9,032	21,288	0	30,320	
ASSISTED LIVING/BOARD & CARE EXPENSES: 6800								
54 Food	6932	0	25.79%	0	0	0	0	
55 Recreation and Rehabilitation	6980	0	25.79%	0	0	0	0	
56 Rehabilitation Salaries	6983	0	25.79%	0	0	0	0	
57 Other Service Expenses	6990	0	25.79%	0	0	0	0	
58 TOTAL ASSISTED LIVING EXPENSES	6900T	0	25.79%	0	0	0	0	
59 SUBTOTAL OPERATING COSTS		153,524		45,735	107,789	0	153,524	
60 CONTINGENCY RESERVE (RHCP-O Only)	3.00%	4,606		1,372	3,234	0	4,606	
61 TOTAL OPERATING COSTS		158,130		47,107	111,023	0	158,130	