

Citywide Affordable Housing Loan Committee

San Francisco Mayor's Office of Housing and Community Development
Department of Homelessness and Supportive Housing
Office of Community Investment and Infrastructure

Evaluation of Request for Funding: Local Operating Subsidy Program (LOSP) Contract
Renewal

Prepared By: Scott Madden

Loan Committee Date: March 3, 2017

Sponsor Name: Community Housing Partnership
Project Name: Hotel Essex
Project Address: 684 Ellis Street @ Larkin
Number of Units/Beds : 84 units
Amount of Funds Requested: Up to \$928,671 Year One budget
Up to \$18,623,354 through 15½ years

Amount of Funds Recommended: \$18,623,354

1. SUMMARY AND BACKGROUND

Hotel Essex, L.P., a California limited partnership ("Essex"), an affiliate of Community Housing Partnership ("CHP"), is requesting \$18,623,354 in General Funds from the Local Operating Subsidy Program ("LOSP") to subsidize continuing operations for 84 studio units of permanent supportive housing for formerly homeless people at the Hotel Essex for a period of 15 years, six months.

CHP, along with Mercy Housing as development partner, acquired the Hotel Essex in 2005, rehabilitated it and converted from a historic tourist/residential hotel into 84 efficiency units for extremely low-income, chronically homeless individuals. The project began operations in 2008, and Mercy Housing exited the partnership in 2010. CHP provides both property management and supportive services to the project.

The requested funds would renew an existing, 9-year contract for \$7,030,424, which started in 2008 and will expire this year. The Hotel Essex was the first project to be funded under LOSP. Funds under the existing contract are expected to be fully expended by October 2017. If the requested funds are approved, a new contract for a period of 15 years and 6 months will start on 7/1/17 in order to overlap with the current contract and avoid any disruptions in operations at the project. This new term will cover the remaining 6 years of the 15-year tax credit compliance period and continue for another 9 years through calendar year 2032.

The amount of funds requested was determined using the current calendar year’s operating budget and applying MOHCD’s standard underwriting assumptions over a 15½-year projection period. If approved, funds would be disbursed under the contract on an annual basis in accordance with the attached schedule (see Exhibit A), while also taking into account any surplus reported from the previous years. A total of \$958,079 in assistance is budgeted for the first full year of operations under the contract (2018). This equates to a monthly per unit subsidy of \$950. This amount will increase from 2.2% - 4.3% each year during the contract. Though all requested funds would be provided under a single, long-term contract, disbursements thereunder would be subject to annual appropriations by the Board of Supervisors.

2. PROJECT PERFORMANCE COMPARED WITH MOHCD SUPPORTIVE HOUSING PORTFOLIO AND LOSP PROJECTS

2.1. 2015 Operating Expenses

To evaluate Hotel Essex’s financial performance, operating expenses from 2015, the most current year for which actual operating expenses have been reported, were compared with the operating expenses of projects in MOHCD’s supportive housing portfolio and of LOSP projects as a subset of supportive housing.

Compared to All Supportive Housing

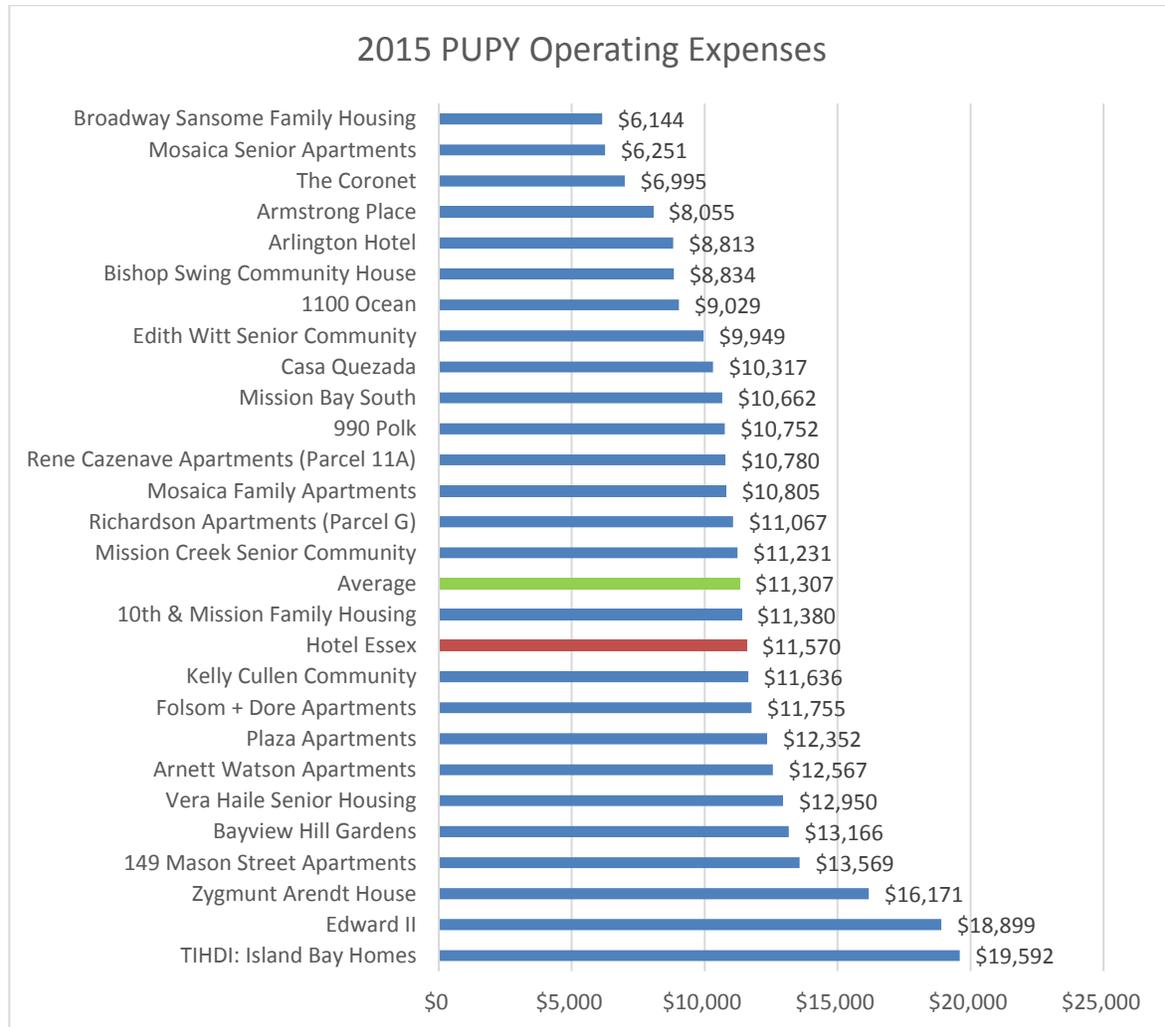
During 2015, MOHCD’s portfolio had 91 supportive housing projects in operations. Average total operating expenses (before replacement reserve deposits and hard debt service), averaged \$9.7k per unit per year. PUPY operating expenses varied by project size, with PUPY operating expenses higher for smaller buildings and lower for larger buildings. With 84 units, PUPY operating expenses for the Hotel Essex were \$11,570, which was 12% above the average for supportive housing projects with 50-99 units.

**Average Operating Expenses Per Unit Per Annum,
 Supportive Housing Projects, 2015**

# Units	# Projects	Average PUPY Operating Expenses
100+	33	\$9,212
50-99	41	\$10,285
1-49	17	\$11,672
<i>All</i>	<i>91</i>	<i>\$9,741</i>
84	Essex	\$11,570

Compared to LOSP Projects Only

Within MOHCD’s LOSP portfolio of 27 projects, operating expenses PUPY ranged from a low of \$6,100 to a high of \$19,600 and an average of \$11,300. Hotel Essex’s 2015 operating expenses of \$11,570 PUPY were just slightly above the average.



Compared to Projects with Similar Percentages of LOSP Units

Within the LOSP portfolio, some projects have just 20% LOSP units, while others are 100% LOSP. Average PUPY operating expenses also vary by the percentage of LOSP units within the building. Buildings with a higher percentage of LOSP units were found to cost more to operate.

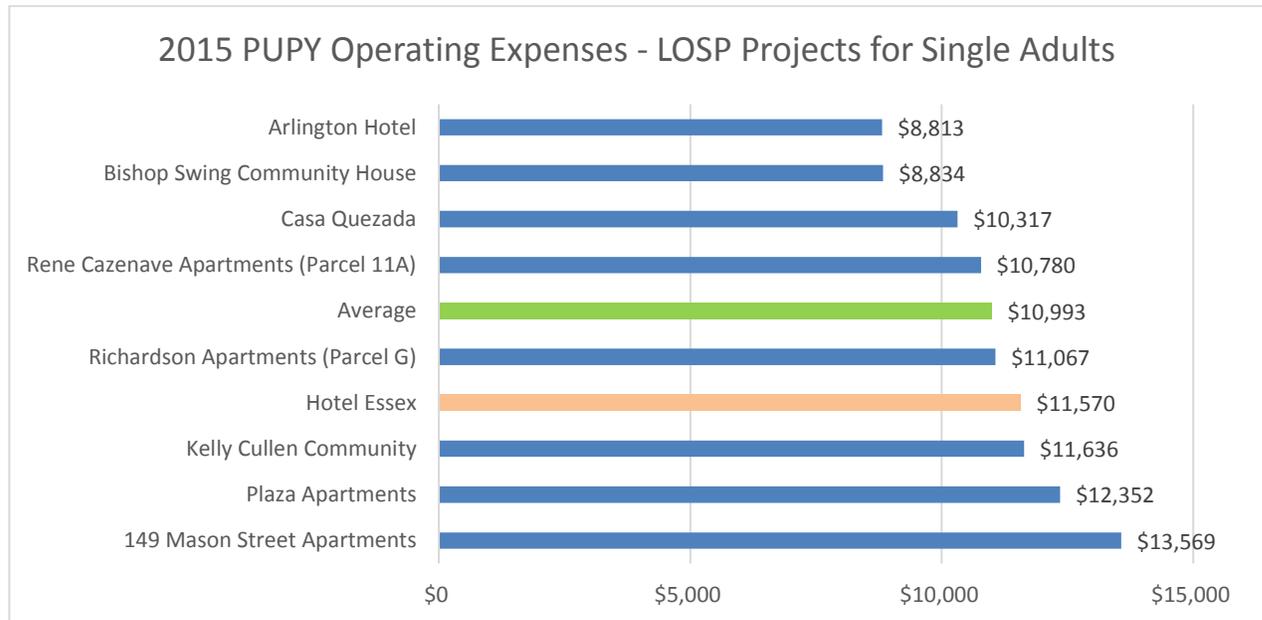
One hundred percent (100%) of the units at Hotel Essex are LOSP units. The per unit per year operating cost of \$11,570 at this project is 6% below the average for projects with 66% or more LOSP units and is slightly above the average of \$11,307 for all projects with LOSP units.

**Average Operating Expenses Per Unit Per Annum
 by % of LOSP Units, 2015**

% of LOSP Units	# Projects	Average PUPY Operating Expenses
66% or more LOSP Units	11	\$12,251
20% - 66% LOSP Units	12	\$11,049
20% or less LOSP Units	4	\$9,487
All	27	\$11,307
84	Essex	\$11,570

Compared to LOSP Projects for Single Adults

When its per unit per year operating costs are compared with projects that serve only single adults and in which 66% or more of the units are LOSP units, the Hotel Essex ranks 6th out of 9 projects and 5% above the average of these projects.

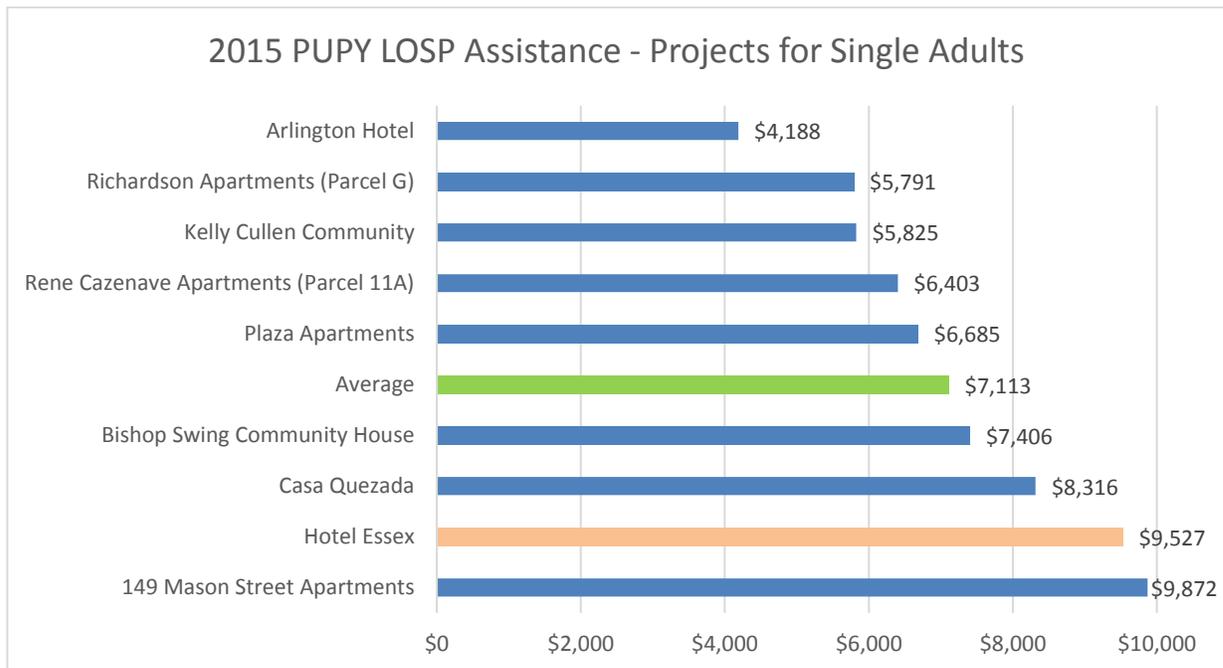


2.2. 2015 LOSP Subsidy

In 2015, the LOSP assistance for the Hotel Essex on a per unit basis was \$9,527, which was 7.5% above the average per unit amount of assistance (\$8,858) across all 27 LOSP projects.

	2015 PUPY LOSP Assistance
Hotel Essex	\$9,527
<i>Average – All LOSP Projects</i>	\$8,858

When compared just to other LOSP projects that serve only single adults, the per unit LOSP subsidy at the Essex was second highest among 9 projects and was 34% above the average. The incongruity between this high PUPY LOSP subsidy and the close-to-average PUPY operating costs of the Hotel Essex relative to the other single adult projects can be attributed to different tenant rent payment requirements among the 9 projects in the survey. Seven of the 9 projects are part of the Direct Access to Housing (“DAH”) program, which requires all tenants to pay 50% of their incomes as rent. This results in a higher income stream per unit from tenant rents and a reduced need for operating subsidy. The two other projects in the survey, Hotel Essex and Bishop Swing Community House, require tenants to pay only 30% of their incomes towards rent.



3. PROJECT OPERATIONS

3.1. Annual Operating Income Evaluation

Tenant Rent: Under the current LOSP contract, 30 of the 84 units are restricted at 20% AMI, and the remaining 54 units are restricted at 40% AMI. This is an average restriction across all units of 33% AMI. Tenants that are qualified under these restrictions pay 30% of household income towards rent. As of 12/31/15, the most recent year for which MOHCD has data, the average income of the tenants was 13% AMI, significantly below the average restriction.

The Year 1 (2017) operating budget shows tenant rental income of \$214,968, or an average of \$213 per unit per month, which is 14% AMI. This number reflects the rent roll of the tenants currently in place at the project and is consistent with the target population of extremely low-income people on fixed incomes such as Social Security, SSI or General Assistance. The proforma assumes that tenant rent payments will escalate by 2.2%, which

is equal to the historic average increase from the beginning of the contract through 2015. The projected vacancy rate is 5% and more conservative than the historic average of 1.3%, but this is acceptable because it is consistent with MOHCD's underwriting guidelines and provides the project with a modest cushion in the event that actual vacancy is higher.

LOSP Subsidy: The LOSP subsidy requested for the first year under the new contract is \$958,079 (\$11,406/PUPY and \$950/PUPM). This is a 4.7% increase above the LOSP subsidy from 2015 and is sized to fund a break-even budget, including operating expenses, debt service, replacement and operating reserve deposits and a partnership management fee.

Between tenant rents and the LOSP subsidy, total residential rental revenue for Year 1 is \$1.14 million. This represents a monthly rent per unit of \$1,135, which equates to 60.2% AMI for 2016. It should be noted that MOHCD's underlying capital financing agreements restrict all units in the project at 60% AMI, which means that if the LOSP contract were terminated, CHP would be able to serve none-homeless, higher income people and charge rents only up to 60% AMI.

Commercial Income: Almost \$62,000 is budgeted in Year 1 for 4 small, ground-floor commercial spaces on Larkin and Ellis Streets. This represents an average current monthly rent for these spaces of \$2.23 per square foot, with an average size of 575 square feet. This is an increase of 3% above actual commercial income from 2015. The 20-year proforma assumes annual escalation of 2.5%, slightly more than historic average of 2.2%. It also assumes a vacancy rate of 10%, which is somewhat higher than the historic average of 7% and thus provides a reasonable cushion against possible higher vacancy loss. Current uses of these spaces are retail stores for apparel, jewelry, hats and barbering.

3.2. Annual Operating Expenses Evaluation

The annual operating expenses in Year One, before debt service and reserves, are projected at \$1,088,590 or \$12,959 PUPY. This is a 12% increase above 2015 operating expenses. MOHCD would not expect to see these costs budgeted much more than 7% above 2015 actuals (3.5% escalation over 2 years). CHP attributes this budget increase to increased minimum wage requirements that will take effect on 7/1/17 and 7/1/18. These will benefit the front desk and janitorial staff at the project, a total of 6.4 FTE.

Staffing: Staffing is anticipated to remain the same as current staffing levels. The staffing plan covers 9.90 FTE, including a full range of property management services from custodial, maintenance, reception, on-site management, compliance and various levels of supervision. This represents a staff to resident ratio of 1 to 8.5.

Title	FTE	Salary	Total
Roving Property Manager/Trainer	0.04	52,522	\$1,970
Facilities and Compliance Director	0.05	79,688	\$3,984
Property Supervisor	0.3	69,014	\$20,704

Director of Property Management	0.05	107,851	\$5,393
Other PM salaries			\$32,051
Property Manager	1	52,522	\$52,522
Manager 1 - Certifications & Internal Auditing	0.23	56,870	\$12,796
Manager 2- Vacancies and Referrals	0.09	58,292	\$5,101
Property Manager Salaries			\$70,418
Janitor PT	0.2	27,040	\$5,408
Janitor FT	1	27,040	\$27,040
Janitor FT	0.6	27,040	\$16,224
Payroll Maintenance			\$48,672
Maintenance Operations Manager	0.2	58,292	\$11,658
Facilities and Compliance Director	0.05	79,688	\$3,984
Maintenance Supervisor	0.5	53,310	\$26,655
Maintenance Technician	1	31,775	\$31,775
Payroll Maintenance			\$74,073
Desk Clerk-LPT	0.2	30,420	\$6,084
Desk Clerk-FT	0.4	30,420	\$12,168
Desk Clerk-FT	1	30,420	\$30,420
Desk Clerk-FT	1	30,876	\$30,876
Desk Clerk-FT	1	30,876	\$30,876
Lead Desk Clerk	1	31,310	\$31,310
Security salaries			\$141,735
Total Expense and FTE's	9.90		\$366,949

Management Fees: Management fee is budgeted in Year 1 at \$78 per unit per month, which is the current maximum allowed by HUD for Northern California for multifamily rental properties. Due to HCD's regulations, this fee is not escalated in the proforma, though it would be permitted under MOHCD's underwriting guidelines.

Asset Management Fee: \$15,000 is budgeted in Year 1, which is within MOHCD's maximum fee of \$19,750. A 3.5% annual escalation is budgeted.

Salaries and Benefits: Salaries and benefits are budgeted at \$183,975 or \$936 per unit per year, and covers all or part of the salaries and benefits of the Property Manager, Assistant Manager, Property Supervisor, Property Manager Trainer, Facilities Manager and Compliance Director.

Administration: Administration line items are budgeted at \$135,451, or \$1,613 per unit per year, and cover typical functions such as legal, office supplies and equipment, bookkeeping and accounting, audit, computers and telephones. There is no resident manager or administrative rent-free unit because the front desk is staffed 24/7.

Utilities: Utilities (gas, water/sewer, common electric) in Year 1 are budgeted at \$138,404, or \$1,648 per unit per year and are based on 2015 actuals with a 3.5% escalation. These numbers include all utility expenses in the residential units, as all utilities are included in the rent, as well as common areas.

Taxes: Taxes are budgeted at \$60,045, or \$715 per unit per year. Costs assume 100% of units receive welfare exemption. Approximately \$12,000 of this cost is for special assessments and fees for school district, community facilities, etc. Payroll taxes are based on 10% of salaries, and various miscellaneous fees.

Insurance: Insurance is budgeted at \$86,483, or \$1,030 per unit per year, for property and liability and worker's compensation insurance.

Maintenance and Repair: Maintenance and repair costs in Year One are budgeted at \$388,258, or \$4,622 per unit per year. This line item includes payroll for 1.80 FTE janitor,, a full-time maintenance technician and one full time 0.50 FTE maintenance supervisor; contracts for some maintenance, supplies, exterminating, fire alarm and elevator; garbage and trash removal. This also includes 24/7 front desk staff under the Security Payroll/Contract line item. Overall, projected expenses in this category are reasonable.

Replacement Reserve Deposits: \$54,936 per year, in accordance with a 2012 CNA approved by MOHCD. The proforma also shows withdrawals that are consistent with the CNA. Ending balances in the reserve are projected to range from \$1,400 to \$5,100 per unit. Current industry standard is to maintain a minimum balance equal to \$1000 per unit.

Operating Reserve Deposits: Annual deposits are sized to maintain MOHCD's required balance of 25% of the prior year's operating expenses.

Debt Service: Mandatory debt service to HCD in the amount of \$29,400 for the MHP loan, which is \$350 PUPY

Partnership Management and Investor Services Fees: The project pays \$10,000 for an annual partnership management fee and another \$5,000 for the Limited Partner Asset Management Fee. In accordance with MOHCD underwriting guidelines, there is a 3.5% annual escalation on the partnership management fee but none on the LP AM Fee. These fees will terminate in Year 6, when the 15-year tax credit compliance period will end. MOHCD does not allow these fees to be paid beyond this point.

3.3. 20-Year Cash Flow

- The LOSP subsidy funds a break-even budget, thus no cash flow would be generated and available for soft loan repayments or distributions.
- Tenant rental income is escalated at 2.2%.
- Commercial income is trended at 2.5%.
- Resident vacancy rate is 5%. Commercial vacancy rate is assumed at 10%.
- All operating expenses are escalated at 3.5%.

- Partnership management and investor services fees end after Year 6 when tax credit compliance period ends. The partnership management fee is escalated at 3.5% annually.

4. SUPPORT SERVICES EVALUATION

Through a direct contract with the Department of Homelessness and Supportive Housing (HSH), CHP provides supportive services to 84 formerly homeless adults at the Hotel Essex. The current contract term is 7/1/14-6/30/18 in the amount of \$579,728 and has a total not to exceed grant amount of \$2,165,454. The goals of services is to empower tenants to become more self-sufficient, retain their housing or move to other appropriate housing, promote community building and tenant participation, and maintain a safe, supportive and stable environment that fosters independence. Support services include but are not limited to tenant outreach, intake and assessment, case management, benefits advocacy and assistance, offsite service referrals, mediation with property management, conflict resolution, support groups, social events and organized tenant activities, monthly community meetings, and clinical consultation.

HSH is satisfied with the quality of services provided at The Essex Hotel as well as coordination between services and property management and the quality of services.

5. CONCLUSION

I recommend approval of the request in full. The Hotel Essex is a well-staffed, well-run, highly supportive, permanent housing project for 84 extremely low-income, formerly homeless individuals. It is an important resource in the City's array of homeless services and programs, and under CHP's ownership and management, it merits renewed LOSP funding so that it may continue to serve homeless people well into the future.

6. RECOMMENDED CONDITIONS

7. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

Approval indicates approval with modifications, when so determined by the Committee.

APPROVE. DISAPPROVE. TAKE NO ACTION.



Olson Lee, Director
Mayor's Office of Housing

Date: 3/3/17

APPROVE. DISAPPROVE. TAKE NO ACTION.



Kerry Abbott, Deputy Director for Programs
Department of Homelessness and Supportive Housing

Date: 3-3-17

APPROVE. DISAPPROVE. TAKE NO ACTION.



Nadia Sesay, Interim Director
Office of Community Investment and Infrastructure

Date: 3/3/17

- Attachments:
- A. LOSP Program Description
 - B. 1st Year Operating Budget
 - C. 20-year Operating Pro Forma
 - D. LOSP Funding Schedule A

Attachment A: LOSP Program Description

As part of the City and County of San Francisco's effort to address the needs of the growing homeless population, the City has prioritized the development of non-profit owned and operated permanent supportive housing for formerly homeless individuals and families. While capital financing can be leveraged for this population, stakeholders realized these units cannot be feasibly operated at the scale needed if they rely solely on scarce federal or state operating subsidies.

In June 2004, the City launched its *Ten Year Plan to Abolish Chronic Homelessness* (the 2004 10-Year Plan), a multifaceted approach that included a locally funded operating subsidy as a key element and established the Local Operating Subsidy Program (LOSP) in 2006 to support the creation of permanent supportive housing at a large scale. The operating subsidy leverages capital financing by integrating homeless units into Low Income Housing Tax Credit projects without burdening them with operating deficits. LOSP was created by the Mayor's Office of Housing and Community Development (MOHCD) in partnership with the Department of Public Health (DPH) and the Human Services Agency (HSA).

On July 1, 2016, the City's diverse programs addressing homelessness were brought under the new Department of Homelessness and Supportive Housing (HSH), which combines key homeless-serving programs and contracts previously located across several City departments. The new department consolidates the functions of DPH Direct Access to Housing (DAH) and HSA Housing & Homeless programs. San Francisco is developing a Coordinated Entry System (CES) for all homeless populations to best match households to the appropriate intervention and ensure those with the highest needs are prioritized.

Through grant agreements with MOHCD, which are subject to annual appropriations by the Board of Supervisors, LOSP pays the difference between the cost of operating housing for homeless persons and all other sources of operating revenue for a given project, such as tenant rental payments, commercial space lease payments, or other operating subsidies. HSH refers homeless applicants to the housing units as well as provides services funding to the projects under a separate contract.

This request is a contract renewal of the initial 9-year LOSP grant agreement for Hotel Essex. As discussed in the Loan Evaluation, MOHCD and HSH have evaluated the Project's performance during the initial contract period and have determined that the property has been well run, and that services provided address the needs of the tenants. Accordingly, MOHCD staff is recommending a renewal of the LOSP grant agreement for a 15-year, six-month period, beginning in July 2017, through the end of 2032.

Contract periods for LOSP contract renewals will transition from a fiscal year basis to a calendar year basis. For Hotel Essex, the full \$954,624 in LOSP subsidy requested for calendar year 2018 will be disbursed in early January 2018, and all disbursements moving forward would be on a calendar year basis.

Attachment B: 1st Year Operating Budget

Application Date:	10/21/2016	LOSP Units	Non-LOSP Units
Total # Units:	84	84	0
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	2017	LOSP/non-LOSP Allocation	
		100%	0%

Project Name: Hotel Essex
Project Address: 684 Ellis Street
Project Sponsor: Community Housing Partnership

INCOME	LOSP	non-LOSP	Total	Comments
Residential - Tenant Rents	214,968	0	214,968	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from 'Existing Proj - Rent Info' Worksheet
Residential - LOSP Tenant Assistance Payments	925,671	0	925,671	
Commercial Space	0	0	61,608	Links from 'Commercial Op. Budget' Worksheet
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet
Supportive Services Income	0	0	0	
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	0	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	0	0	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0	
Gross Potential Income	1,140,639	0	1,202,247	
Vacancy Loss - Residential - Tenant Rents	(11,160)	0	(11,160)	Vacancy loss is 5.2% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	#DIV/0!
Vacancy Loss - Commercial	0	0	(6,161)	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	1,129,479	0	1,184,926	PUPA: 14,106

OPERATING EXPENSES

Management	LOSP	non-LOSP	Total	Comments
Management Fee	78,624	0	78,624	1st Year to be set according to HUD schedule. Commercial in tab 5 as electricity
Asset Management Fee	12,000	0	12,000	Maximum Allowable according to HCD Regulatory Agreement
Sub-total Management Expenses	90,624	0	90,624	PUPA: 1,079

Salaries/Benefits	LOSP	non-LOSP	Total	Comments
Office Salaries	32,051	0	32,051	.50 of other staff site time including Facilities Manager .05 FTE's, Compliance Director-.05 FTE's
Manager's Salary	70,418	0	70,418	1.00 FTE Manager and .35 of an Occupancy Assistant manager
Health Insurance and Other Benefits	81,506	0	81,506	Based off our current Health Insurance Expense per FTE
Other Salaries/Benefits	0	0	0	
Administrative Rent-Free Unit	0	0	0	
Sub-total Salaries/Benefits	183,975	0	183,975	PUPA: 2,190

Administration	LOSP	non-LOSP	Total	Comments
Advertising and Marketing	0	0	0	
Office Expenses	46,676	0	46,676	This is a combination of Telecommunications, Office Supplies, IT Maintenance and Equipment,
Office Rent	2,453	0	2,453	The Essex's share of office rent expense
Legal Expense - Property	10,820	0	10,820	This was escalated from our 2015 Audit by 3.5% annually
Audit Expense	12,767	0	12,767	This is the property's current Audit Expenses
Bookkeeping/Accounting Services	9,576	0	9,576	Based off HUD's \$9.50 standard
Bad Debts	13,077	0	13,077	This was projected from 9 months of Bad Debt in 2016.
Miscellaneous	40,082	0	40,082	Lobby Services Reduced to \$31,000, Payroll expenses were \$5,522, Bank Charges budgeted at
Sub-total Administration Expenses	135,451	0	135,451	PUPA: 1,613

Utilities	LOSP	non-LOSP	Total	Comments
Electricity	47,198	0	47,198	Based off 2016 Operating Statement
Water	21,798	0	21,798	Based off 2015 Audit with 3.5% Escalation
Gas	36,301	0	36,301	Based off 2015 Audit with 3.5% Escalation
Sewer	33,107	0	33,107	Based off 2015 Audit with 3.5% Escalation
Sub-total Utilities	138,404	0	138,404	PUPA: 1,648

Taxes and Licenses	LOSP	non-LOSP	Total	Comments
Real Estate Taxes	12,171	0	12,171	Increased based on 2016 Dec Operating Statement
Payroll Taxes	32,522	0	32,522	This expense was \$30,951 based off 2016's operating statement. This is slightly escalated
Miscellaneous Taxes, Licenses and Permits	15,352	0	15,352	Based off of 2015 Expenses
Sub-total Taxes and Licenses	60,045	0	60,045	PUPA: 715

Insurance	LOSP	non-LOSP	Total	Comments
Property and Liability Insurance	63,211	0	63,211	2016 Property and Liability expense 3.5% escalation
Fidelity Bond Insurance	0	0	0	
Worker's Compensation	23,272	0	23,272	We have worked to reduce claims over the last three years and this would be a reduction in this
Director's & Officers' Liability Insurance	0	0	0	
Sub-total Insurance	86,483	0	86,483	PUPA: 1,030

Maintenance & Repair	LOSP	non-LOSP	Total	Comments
Payroll	122,745	0	122,745	1.0 FTE Maintenance Tech, .50 FTE Maintenance Supervisor, 20 Operations Manager and 1.80
Supplies	42,197	0	42,197	2015 Repair materials, for Maintenance, Furnishings and Repair Equipment expense and unit
Contracts	57,977	0	57,977	This expense is for Contractors that provide Maintenance outside employees scope. We also
Garbage and Trash Removal	23,416	0	23,416	3.5% increase from 2016 projected expenses.
Security Payroll/Contract	141,735	0	141,735	This includes Minimum Wage Increases. We have redesigned our Desk clerk positions so that all
HVAC Repairs and Maintenance	0	0	0	
Vehicle and Maintenance Equipment Operation and Repairs	188	0	188	Based off previous year's expense for shared maintenance vehicle.
Miscellaneous Operating and Maintenance Expenses	0	0	0	
Sub-total Maintenance & Repair Expenses	388,258	0	388,258	PUPA: 4,622

Supportive Services	0	0	0	
Commercial Expenses	0	0	2,350	Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE 1,083,240 0 1,085,590 **PUPA: 12,924**

Reserves/Ground Lease Base Rent/Bond Fees	LOSP	non-LOSP	Total	Comments
Ground Lease Base Rent	0	0	0	Provide additional comments here, if needed.
Bond Monitoring Fee	0	0	0	
Replacement Reserve Deposit	54,936	0	54,936	Based off C.N.A.
Operating Reserve Deposit	0	0	0	3% of previous year's operating expenses per HCD
Other Required Reserve 1 Deposit	0	0	0	
Other Required Reserve 2 Deposit	0	0	0	
Required Reserve Deposit/s, Commercial	0	0	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	54,936	0	54,936	PUPA: 654

Min DSCR:	1.1
Available for DS in Yr 1:	40,364
Mortgage Rate:	5.00%
Term (Years):	30
Supportable 1st Mortgage Pmt:	\$40,760
Supportable 1st Mortgage Amt:	\$626,584
Proposed 1st Mortgage Amt:	\$7,000,000

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE 1,138,176 0 1,140,526 **PUPA: 13,578**

NET OPERATING INCOME (INCOME minus OP EXPENSES) (8,697) 0 44,400 **PUPA: 529**

DEBT SERVICE ("hard debt"/amortized loans)	LOSP	non-LOSP	Total	Comments
Hard Debt - First Lender	29,400	0	29,400	HCD-MHP Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	0	0	0	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.
Commercial Hard Debt Service	0	0	0	Links from 'Commercial Op. Budget' Worksheet
TOTAL HARD DEBT SERVICE	29,400	0	29,400	PUPA: 350

CASH FLOW (NOI minus DEBT SERVICE)	LOSP	non-LOSP	Total	Comments
Commercial Only Cash Flow	0	0	53,097	
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	53,097	0	53,097	
AVAILABLE CASH FLOW	15,000	0	15,000	1.51

USES OF CASH FLOW BELOW (This row also shows DSCR.)

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL	LOSP	non-LOSP	Total	Comments
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0	
Partnership Management Fee (see policy for limits)	10,000	0	10,000	2
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	5,000	0	5,000	1
Other Payments	0	0	0	
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	0	0	0	#DIV/0! Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	15,000	0	15,000	PUPA: 179

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD) 0 0 0

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? **Yes** Project has MOHCD ground lease? **No**
 Will Project Defer Developer Fee? **No**
 Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: **33%**
 % of Residual Receipts available for distribution to soft debt lenders in **67%**

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans		\$6,096,483	44.25%
MOHCD/OCII - Ground Lease Value			0.00%
HCD (soft debt loan) - Lender 3	HCD-MHP	\$7,000,000	50.81%
Other Soft Debt Lender - Lender 4	FHLB-AHP	\$680,000	4.94%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE	LOSP	non-LOSP	Total	Comments
MOHCD Residual Receipts Amount Due	0	0	0	67% of residual receipts, multiplied by 44.25% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	0	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 0

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE	LOSP	non-LOSP	Total	Comments
HCD Residual Receipts Amount Due	0	0	0	67% of residual receipts, multiplied by 50.81% -- HCD-MHP's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	0	0	67% of residual receipts, multiplied by 4.94%, FHLB-AHP's pro rata share of all soft debt
Lender 5 Residual Receipts Due	0	0	0	
Total Non-MOHCD Residual Receipts Debt Service	0	0	0	

REMAINDER (Should be zero unless there are distributions below)	LOSP	non-LOSP	Total	Comments
Owner Distributions/Incentive Management Fee	0	0	0	
Other Distributions/Uses	0	0	0	

Application Date: 10/21/2016
 Total # Units: 84
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2017

INCOME

	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Residential - Tenant Rents				
Residential - Tenant Assistance Payments (Non-LOSP)		100.00%	0.00%	
Residential - LOSP Tenant Assistance Payments				
Commercial Space				
Residential Parking				
Miscellaneous Rent Income	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income				
Interest Income - Project Operations				
Laundry and Vending	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges				
Miscellaneous Residential Income				
Other Commercial Income	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)		100.00%	0.00%	
Gross Potential Income				
Vacancy Loss - Residential - Tenant Rents				
Vacancy Loss - Residential - Tenant Assistance Payments				
Vacancy Loss - Commercial				
EFFECTIVE GROSS INCOME				

OPERATING EXPENSES

	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Management				
Management Fee		100.00%	0.00%	
Asset Management Fee		100.00%	0.00%	
Sub-total Management Expenses				
Salaries/Benefits				
Office Salaries	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Manager's Salary		100.00%	0.00%	
Health Insurance and Other Benefits		100.00%	0.00%	
Other Salaries/Benefits		100.00%	0.00%	
Administrative Rent-Free Unit		100.00%	0.00%	
Sub-total Salaries/Benefits				
Administration				
Advertising and Marketing				
Office Expenses				
Office Rent	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property		100.00%	0.00%	
Audit Expense				
Bookkeeping/Accounting Services	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts		100.00%	0.00%	
Miscellaneous				
Sub-total Administration Expenses				
Utilities				
Electricity	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water				
Gas				
Sewer				
Sub-total Utilities				
Taxes and Licenses				
Real Estate Taxes	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Payroll Taxes		100.00%	0.00%	
Miscellaneous Taxes, Licenses and Permits				
Sub-total Taxes and Licenses				
Insurance				
Property and Liability Insurance				
Fidelity Bond Insurance	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation		100.00%	0.00%	
Director's & Officers' Liability Insurance				
Sub-total Insurance				
Maintenance & Repair				
Payroll	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies		100.00%	0.00%	
Contracts		100.00%	0.00%	
Garbage and Trash Removal	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract		100.00%	0.00%	
HVAC Repairs and Maintenance				
Vehicle and Maintenance Equipment Operation and Repairs				
Miscellaneous Operating and Maintenance Expenses				
Sub-total Maintenance & Repair Expenses				
Supportive Services	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses		100.00%	0.00%	

TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent				
Bond Monitoring Fee	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Replacement Reserve Deposit		100.00%	0.00%	
Operating Reserve Deposit		100.00%	0.00%	
Other Required Reserve 1 Deposit				
Other Required Reserve 2 Deposit				
Required Reserve Deposit/s, Commercial				
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE

NET OPERATING INCOME (INCOME minus OP EXPENSES)

	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
DEBT SERVICE ("hard debt"/amortized loans)				
Hard Debt - First Lender		100.00%	0.00%	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)				
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				
Hard Debt - Fourth Lender				
Commercial Hard Debt Service				
TOTAL HARD DEBT SERVICE				

CASH FLOW (NOI minus DEBT SERVICE)

Commercial Only Cash Flow				
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)		100.00%	0.00%	

AVAILABLE CASH FLOW

USES OF CASH FLOW BELOW (This row also shows DSCR.)

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)				
Partnership Management Fee (see policy for limits)				
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Other Payments				
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)				
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)				
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)		0.00%	100.00%	

TOTAL PAYMENTS PRECEDING MOHCD

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?
 Will Project Defer Developer Fee?

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1 Sum of DD F from LOSP and non-LOSP: 0
 % of Residual Receipts available for distribution to soft debt lenders in Ratio of Sum of DDF and calculated 50%: #VALUE!

Soft Debt Lenders with Residual Receipts Obligations

MOHCD/OCII - Soft Debt Loans
MOHCD/OCII - Ground Lease Value
HCD (soft debt loan) - Lender 3
Other Soft Debt Lender - Lender 4
Other Soft Debt Lender - Lender 5

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due
Proposed MOHCD Residual Receipts Amount to Loan Repayment
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due
Lender 4 Residual Receipts Due
Lender 5 Residual Receipts Due

Total Non-MOHCD Residual Receipts Debt Service

REMAINDER (Should be zero unless there are distributions below)

Owner Distributions/Incentive Management Fee
Other Distributions/Uses

Attachment C: 20-year Operating Proforma

Hotel Essex

INCOME	Total # Units	LOSP Units	Non-LOSP Units	100.00%	0.00%	Comments	Year 1 2017		Year 2 2018		Year 3 2019		Year 4 2020		Year 5 2021		Year 6 2022		Year 7 2023		Year 8 2024		Year 9 2025		Year 10 2026		Year 11 2027		Year 12 2028						
							% annual inc																												
							LOSP	non-LOSP	Total	LOSP	non-LOSP																								
Residential - Tenant Rents						Based off Rent Roll	214,968	214,968	210,697	219,697	224,531	229,470	234,519	239,678	244,951	250,340	255,847	261,476	267,229	273,108	279,137	285,316	291,645	298,124	304,753	311,532	318,461	325,540	332,769	340,148					
Residential - Tenant Assistance Payments (Non-LOSP)							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Commercial Space						Current Commercial Income	61,608	61,608	63,148	64,727	66,345	68,004	69,704	71,446	73,233	75,063	76,940	78,863	80,832	82,847	84,907	87,012	89,162	91,357	93,597	95,882	98,212	100,587	103,007						
Residential Parking							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Miscellaneous Rent Income							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Supportive Services Income							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Interest Income - Project Operations							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Laundry and Vending							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Tenant Charges							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Miscellaneous Residential Income							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Other Commercial Income							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Withdrawal from Capitalized Reserve (deposit to operating account)						Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Gross Potential Income							1,140,630	1,202,247	1,174,321	1,237,469	1,209,619	1,274,346	1,246,164	1,312,509	1,294,798	1,362,802	1,323,170	1,392,874	1,360,243	1,431,689	1,402,608	1,475,840	1,446,468	1,521,531	1,491,876	1,568,915	1,538,886	1,617,749	1,587,555						
Vacancy Loss - Residential - Tenant Rents						Enter formulas manually per relevant MOH policy, annual increasing usually not appropriate	(11,160)	(11,160)	(10,985)	(10,985)	(11,227)	(11,227)	(11,474)	(11,726)	(11,984)	(12,248)	(12,517)	(12,792)	(13,071)	(13,355)	(13,644)	(13,938)	(14,237)	(14,541)	(14,850)	(15,164)	(15,483)	(15,807)	(16,136)						
Vacancy Loss - Residential - Tenant Assistance Payments							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Vacancy Loss - Commercial							(6,161)	(6,161)	(6,315)	(6,473)	(6,635)	(6,801)	(6,970)	(7,143)	(7,321)	(7,503)	(7,690)	(7,881)	(8,077)	(8,278)	(8,484)	(8,695)	(8,911)	(9,132)	(9,358)	(9,589)	(9,825)	(10,066)							
EFFECTIVE GROSS INCOME							1,129,470	1,184,926	1,163,336	1,226,484	1,198,393	1,262,920	1,234,690	1,294,401	1,283,072	1,344,275	1,311,186	1,373,920	1,347,995	1,412,297	1,390,091	1,456,000	1,433,675	1,501,232	1,478,802	1,548,048	1,525,525	1,596,502	1,573,900						
OPERATING EXPENSES																																			
Management																																			
Management Fee						Escalated to the maximum allowable by HCD MHP	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624	78,624						
Asset Management Fee						per MOHCD policy	12,000	12,000	12,400	12,400	12,855	13,305	13,770	14,252	14,751	15,267	15,802	16,355	16,927	17,520	18,135	18,772	19,431	20,112	20,815	21,541	22,289	23,060	23,854						
Sub-total Management Expenses							90,624	90,624	91,024	91,040	91,479	91,929	92,394	92,876	93,379	93,891	94,426	94,979	95,551	96,152	96,782	97,441	98,130	98,849	99,598	100,378	101,189	102,032	102,907						
Salaries/Benefits																																			
Office Salaries							32,051	32,051	33,173	34,334	35,536	36,779	38,067	39,399	40,778	42,205	43,682	45,211	46,793	48,429	50,121	51,870	53,677	55,543	57,469	59,456	61,504	63,614							
Manager's Salary							70,418	70,418	72,883	75,434	78,074	80,806	83,634	86,562	89,591	92,727	95,973	99,329	102,797	106,378	110,075	113,890	117,824	121,888	126,082	130,407	134,863	139,451							
Health Insurance and Other Benefits							81,506	81,506	84,359	87,311	90,367	93,530	96,804	100,192	103,698	107,328	111,084	114,967	118,976	123,115	127,386	131,791	136,333	141,015	145,839	150,807	155,922	161,186							
Other Salaries/Benefits							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Administrative Rent-Free Unit							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Sub-total Salaries/Benefits							183,975	183,975	190,414	197,079	203,976	211,116	218,505	226,152	234,068	242,260	250,739	259,515	268,598	277,987	287,682	297,697	308,034	318,705	329,712	341,057	352,742	364,768							
Administration																																			
Advertising and Marketing							-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-							
Office Expenses							46,676	46,676	48,310	50,000	51,751	53,562	55,436	57,377	59,385	61,463	63,615	65,841	68,143	70,522	72,980	75,518	78,137	80,838	83,623	86,494	89,452								
Office Rent							2,453	2,453	2,539	2,628	2,720	2,815	2,913	3,015	3,121	3,230	3,343	3,460	3,581	3,707	3,837	3,971	4,109	4,251	4,398	4,549	4,704								
Legal Expense - Property							10,820	10,820	11,199	11,591	12,011	12,461	12,941	13,451	13,991	14,561	15,161	15,791	16,441	17,111	17,801	18,521	19,271	20,051	20,861	21,701	22,571								
Audit Expense							12,707	12,707	13,214	13,676	14,195	14,776	15,319	15,934	16,531	17,201	17,841	18,551	19,291	20,061	20,871	21,711	22,581	23,491	24,431	25,401	26,401								
Bookkeeping/Accounting Services							9,576	9,576	9,911	10,268	10,648	11,051	11,479	11,934	12,425	12,941	13,484	14,054	14,651	15,284	15,944	16,634	17,354	18,104	18,884	19,694	20,534								
Bad Debts							13,077	13,077	13,535	14,008	14,497	15,012	15,554	16,124	16,722	17,350	17,998	18,676	19,384	20,132	20,910	21,718	22,556	23,424	24,322	25,250	26,208								
Miscellaneous							40,082	40,082	41,485	42,937	44,440	46,004	47,627	49,310	51,053	52,856	54,719	56,642	58,625	60,658	62,751	64,904	67,117	69,390	71,723	74,116	76,569								
Sub-total Administration Expenses							135,451	135,451	140,192	145,098	150,177	155,433	160,873	166,505	172,331	178,363	184,602	191,050	197,707	204,574	211,651	218,948	226,465	234,202	242,169	250,366	258,793								
Utilities																																			
Electricity							47,198	47,198	48,850	50,560	52,329	54,161	56,058	58,019	60,045	62,137	64,296	66,524	68,822	71,191	73,631	76,142	78,724	81,377	84,101	86,896									
Water							21,798	21,798	22,561	23,381	24,259	25,197	26,196	27,257	28,381	29,568	30,819	32,135	33,517	34,966	36,484	38,072	39,731	41,461	43,263	45,137									
Gas							36,301	36,301	37,572	38,887	40,248	41,656	43,114	44,623	46,191	47,811	49,484	51,221	53,023	54,890	56,823	58,822	60,887	63,018	65,216	67,482									
Sewer							33,107	33,107	34,266	35,465	36,706	37,991	39,321	40,697	42,119	43,589	45,107	46,672	48,294	50,022	51,796	53,617	55,485	57,400	59,362	61,372									
Sub-total Utilities							138,404	138,404	143,248	148,262	153,451	158,822																							

Hotel Essex

INCOME	Total # Units: 84	LOSP Units 100.00%	Non-LOSP Units 0.00%	Comments	Year 13 2029			Year 14 2030			Year 15 2031			Year 16 2032			Year 17 2033			Year 18 2034			Year 19 2035			Year 20 2036				
					% annual inc	% annual LOSP	% annual increase	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
					100.00%		0.00%																							
Residential - Tenant Rents		2.2%	2.2%	Based off Rent Roll	273,108	279,116	-	279,116	285,256	-	285,256	291,532	297,946	-	297,946	304,501	311,200	-	311,200	318,046	-	318,046	325,043	332,043	-	332,043	339,043	346,043	-	346,043
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	n/a		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Residential - LOSP Tenant Assistance Payments		n/a	n/a		1,314,448	1,358,826	-	1,358,826	1,404,850	-	1,404,850	1,452,580	1,502,076	-	1,502,076	1,553,404	1,606,629	-	1,606,629	1,661,820	-	1,661,820	1,719,049	1,778,298	-	1,778,298	1,838,547	1,899,796	-	1,899,796
Commercial Space		n/a	2.5%	Current Commercial Income	80,835	-	-	82,856	-	-	84,927	-	-	87,050	-	-	89,227	-	-	91,457	-	-	93,744	-	-	96,087	-	-	98,490	
Residential Parking		2.5%	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Miscellaneous Rent Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Supportive Services Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Interest Income - Project Operations		2.5%	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Laundry and Vending		2.5%	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Tenant Charges		2.5%	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Miscellaneous Residential Income		2.5%	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Other Commercial Income		n/a	2.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Withdrawal from Capitalized Reserve (deposited to operating account)		n/a	n/a	Link from Reserve Section below, as applicable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Gross Potential Income		n/a	n/a		1,668,390	1,637,842	-	1,720,798	1,690,107	-	1,775,034	1,744,112	-	1,831,162	1,800,222	-	1,889,249	1,857,904	-	1,949,362	1,917,829	-	2,011,572	1,979,866	-	2,075,954	2,044,092	-	2,142,582	
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH policy, annual increasing usually not appropriate	(13,655)	(13,956)	-	(13,956)	(14,263)	-	(14,263)	(14,577)	-	(14,577)	(14,897)	-	(14,897)	(15,225)	-	(15,225)	(15,560)	-	(15,902)	(16,252)	-	(16,609)	(16,973)	-	(17,344)	
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Vacancy Loss - Commercial		n/a	n/a		(8,084)	-	-	(8,286)	-	-	(8,493)	-	-	(8,705)	-	-	(8,923)	-	-	(9,146)	-	-	(9,374)	-	-	(9,609)	-	-	(9,849)	
EFFECTIVE GROSS INCOME					1,646,652	1,623,886	-	1,696,557	1,675,844	-	1,752,278	1,729,535	-	1,807,881	1,785,125	-	1,865,429	1,842,679	-	1,924,991	1,902,269	-	1,986,638	1,963,964	-	2,050,443	2,027,840	-	2,116,480	
OPERATING EXPENSES																														
Management																														
Management Fee		0.0%		Escalated to the maximum allowable by HCD MHP	78,624	78,624	-	78,624	78,624	-	78,624	78,624	-	78,624	78,624	-	78,624	78,624	-	78,624	78,624	-	78,624	78,624	-	78,624	78,624	-	78,624	
Asset Management Fee		3.5%	3.5%	per MOHCD policy	17,520	18,133	-	18,133	18,767	-	18,767	19,424	-	19,424	20,104	-	20,104	20,806	-	20,808	21,536	-	22,290	23,070	-	23,290	24,070	-	24,870	
Sub-total Management Expenses					96,144	96,757	-	96,757	97,391	-	97,391	98,048	-	98,048	98,728	-	98,728	99,432	-	99,432	100,160	-	100,160	100,914	-	100,914	101,694	-	101,694	
Salaries/Benefits																														
Office Salaries		3.5%	3.5%		48,793	48,431	-	48,431	50,126	-	50,126	51,881	-	51,881	53,697	-	53,697	55,576	-	55,576	57,521	-	57,521	59,534	-	59,534	61,618	-	61,618	
Manager's Salary		3.5%	3.5%		102,808	106,426	-	106,426	110,131	-	110,131	113,985	-	113,985	117,974	-	117,974	122,104	-	122,104	126,377	-	126,377	130,801	-	130,801	135,379	-	135,379	
Health Insurance and Other Benefits		3.5%	3.5%		118,996	123,161	-	123,161	127,472	-	127,472	131,933	-	131,933	136,551	-	136,551	141,330	-	141,330	146,277	-	146,277	151,397	-	151,397	156,695	-	156,695	
Other Salaries/Benefits		3.5%	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Administrative Rent-Free Unit		3.5%	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sub-total Salaries/Benefits					268,598	277,999	-	277,999	287,729	-	287,729	297,799	-	297,799	308,222	-	308,222	319,010	-	319,010	330,175	-	330,175	341,732	-	341,732	353,692	-	353,692	
Administration																														
Advertising and Marketing		3.5%	3.5%		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Office Expenses		3.5%	3.5%		68,146	70,531	-	70,531	72,999	-	72,999	75,554	-	75,554	78,199	-	78,199	80,936	-	80,936	83,768	-	83,768	86,700	-	86,700	89,735	-	89,735	
Office Rent		3.5%	3.5%		3,581	3,707	-	3,707	3,836	-	3,836	3,971	-	3,971	4,110	-	4,110	4,253	-	4,253	4,402	-	4,402	4,556	-	4,556	4,716	-	4,716	
Legal Expense - Property		3.5%	3.5%		15,797	16,350	-	16,350	16,922	-	16,922	17,514	-	17,514	18,127	-	18,127	18,762	-	18,762	19,418	-	19,418	20,098	-	20,098	20,801	-	20,801	
Audit Expense		3.5%	3.5%		18,039	19,292	-	19,292	19,967	-	19,967	20,666	-	20,666	21,389	-	21,389	22,138	-	22,138	22,913	-	22,913	23,715	-	23,715	24,545	-	24,545	
Bookkeeping/Accounting Services		3.5%	3.5%		13,981	14,470	-	14,470	14,976	-	14,976	15,501	-	15,501	16,043	-	16,043	16,605	-	16,605	17,196	-	17,196	17,827	-	17,827	18,410	-	18,410	
Bad Debts		3.5%	3.5%		19,092	19,760	-	19,760	20,452	-	20,452	21,169	-	21,169	21,909	-	21,909	22,675	-	22,675	23,469	-	23,469	24,290	-	24,290	25,141	-	25,141	
Miscellaneous		3.5%	3.5%		58,519	60,567	-	60,567	62,686	-	62,686	64,881	-	64,881	67,151	-	67,151	69,502	-	69,502	71,934	-	71,934	74,452	-	74,452	77,058	-	77,058	
Sub-total Administration Expenses					197,754	204,676	-	204,676	211,839	-	211,839	219,254	-	219,254	226,928	-	226,928	234,870	-	234,870	243,091	-	243,091	251,599	-	251,599	260,405	-	260,405	
Utilities																														
Electricity		3.5%	3.5%		68,908	71,319	-	71,319	73,816	-	73,816	76,399	-	76,399	79,073	-	79,073	81,841	-	81,841	84,705	-	84,705	87,670	-	87,670	90,738	-	90,738	
Water		3.5%	3.5%		31,824	32,938	-	32,938	34,091	-	34,091	35,284	-	35,284	36,519	-	36,519	37,797	-	37,797	39,120	-	39,120	40,490	-	40,490	41,907	-	41,907	
Gas		3.5%	3.5%		52,998	54,853	-	54,853	56,773	-	56,773	58,760	-	58,760	60,817	-	60,817	62,945	-	62,945	65,149	-	65,149	67,429	-	67,429	69,789	-	69,789	
Sewer		3.5%	3.5%		48,335	50,027	-	50,027	51,778	-	51,778	53,590	-	53,590	55,466	-	55,466	57,407	-	57,407	59,416	-	59,416	61,496	-	61,496	63,648	-	63,648	
Sub-total Utilities					202,066	209,138	-	209,138	216,458	-	216,458	224,034	-	224,034	231,875	-	231,875	239,991	-	239,991	248,390	-	248,390	257,084	-	257,084	266,082	-	266,082	
Taxes and Licenses																														
Real Estate Taxes		3.5%	3.5%		17,769	18,391	-	18,391	19,035	-	19,035	19,701	-	19,701	20,391	-	20,391	21,104	-	21,104	21,843	-	21,843	22,608	-	22,608	23,399	-	23,399	
Payroll Taxes		3.5%	3.5%		47,481	49,143	-	49,143	50,883	-	50,883	52,643	-	52,643	54,495	-	54,495	56,384	-	56,384	58,368	-	58,368	60,409	-	60,409	62,524	-	62,524	
Miscellaneous Taxes, Licenses and Permits		3.5%	3.5%		22																									

Total # Units:	LOSP Units		Non-LOSP Units		Year 13 2029			Year 14 2030			Year 15 2031			Year 16 2032			Year 17 2033			Year 18 2034			Year 19 2035			Year 20 2036			
	84	84	0	0	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total			
	100.00%	100.00%	0.00%	0.00%	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc	% annual inc		
INCOME																													
Does Project have a MOHCD Residual Receipt Obligation?					Yes																								
Will Project Defer Developer Fee?					No																								
Residual Receipts split for all years. - Lender/Owner					67% / 33%																								
MOHCD RESIDUAL RECEIPTS DEBT SERVICE																													
MOHCD Residual Receipts Amount Due					44.25%																								
Proposed MOHCD Residual Receipts Amount to Loan Repayment																													
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease																													
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE																													
HCD Residual Receipts Amount Due					50.81%																								
Lender 4 Residual Receipts Due					4.94%																								
Lender 5 Residual Receipts Due					0.00%																								
Total Non-MOHCD Residual Receipts Debt Service																													
REMAINDER (Should be zero unless there are distributions below)																													
Owner Distributions/Incentive Management Fee																													
Other Distributions/Uses																													
Final Balance (should be zero)																													
REPLACEMENT RESERVE - RUNNING BALANCE																													
Replacement Reserve Starting Balance					332,425																								
Replacement Reserve Deposits					2012 PNA 54,936																								
Replacement Reserve Withdrawals (ideally tied to CNA)					2012 PNA 142,476																								
Replacement Reserve Interest																													
RR Running Balance					244,885																								
OPERATING RESERVE - RUNNING BALANCE																													
Operating Reserve Starting Balance					397,150																								
Operating Reserve Deposits					13,552																								
Operating Reserve Withdrawals																													
Operating Reserve Interest																													
OR Running Balance					410,702																								
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE																													
Other Reserve 1 Starting Balance					25%																								
Other Reserve 1 Deposits																													
Other Reserve 1 Withdrawals																													
Other Reserve 1 Interest																													
Other Required Reserve 1 Running Balance																													
OTHER RESERVE 2 - RUNNING BALANCE																													
Other Reserve 2 Starting Balance					25%																								
Other Reserve 2 Deposits																													
Other Reserve 2 Withdrawals																													
Other Reserve 2 Interest																													
Other Required Reserve 2 Running Balance																													

Attachment D: LOSP Funding Schedule A

LOSP FUNDING SCHEDULE	
Project Address:	Hotel Essex
Project Start Date:	7/1/2017

Exhibit A

Calendar Year	Full Year Funding Amount	# Months to Fund	Total Disbursement for Calendar Year	Estimated Disbursement Date
CY-1 2017	\$928,671	6	\$464,335	6/1/2017
CY-2 2018	\$958,079	12	\$958,079	1/1/2018
CY-3 2019	\$989,015	12	\$989,015	1/1/2019
CY-4 2020	\$1,021,107	12	\$1,021,107	1/1/2020
CY-5 2021	\$1,065,227	12	\$1,065,227	1/1/2021
CY-6 2022	\$1,088,932	12	\$1,088,932	1/1/2022
CY-7 2023	\$1,119,012	12	\$1,119,012	1/1/2023
CY-8 2024	\$1,156,118	12	\$1,156,118	1/1/2024
CY-9 2025	\$1,194,605	12	\$1,194,605	1/1/2025
CY-10 2026	\$1,234,524	12	\$1,234,524	1/1/2026
CY-11 2027	\$1,275,926	12	\$1,275,926	1/1/2027
CY-12 2028	\$1,318,866	12	\$1,318,866	1/1/2028
CY-13 2029	\$1,363,399	12	\$1,363,399	1/1/2029
CY-14 2030	\$1,409,583	12	\$1,409,583	1/1/2030
CY-15 2031	\$1,457,478	12	\$1,457,478	1/1/2031
CY-16 2032	\$1,507,146	12	\$1,507,146	1/1/2032
Total Contract Amount:			\$18,623,354	