

**Citywide Affordable Housing Loan Committee**  
San Francisco Mayor's Office of Housing and Community Development  
Office of Community Investment and Infrastructure  
Department of Human Services  
Department of Public Health

**Evaluation of Request for Funding – Local Operating Subsidy Program (LOSP)**

*Prepared By: Lydia Ely*

*Date prepared: 1/30/14*

*Loan Committee Date: 2/21/14*

<i>Sponsor Name:</i>	CHP Scott Street, L.P, a California limited partnership
<i>Project Name:</i>	Edward II
<i>Project Address (w. cross street):</i>	3155 Scott Street
<i>Number of Units/Beds (specify):</i>	24 LOSP Units (Transition Age Youth) 1 Manager's Unit 25 Units Total
<i>Local Operating Subsidy Funds Requested:</i>	\$ 113,417 2014 (3 mos)
	\$ 453,667 Full Year One Budget
	\$ 8,380,458 15 years
<i>Amount of Funds Recommended:</i>	\$ 113,417 2014 (3 mos)
	\$ 8,380,458 15 years

**1. SUMMARY**

CHP Scott Street, L.P. (the Sponsor) is requesting \$113,147 in General Funds for Calendar Year 2014 to subsidize housing operations at the Edward II project, which will provide 24 units of supportive housing for Transition Age Youth referred by San Francisco's Human Services Agency (HSA). Community Housing Partnership (CHP), the Sponsor's General Partner, will operate the project. The requested amount for 2014 is for three months of a total Year One budget of \$453,667. The proposed contract is for a period of 15 years, totaling \$8,380,458, and will subsidize 100% of the units. Construction began in November 2013, is on time and on budget, and is expected to be complete 5 weeks ahead of schedule, in October 2014. HSA will fund supportive services through a separate contract.

Operating costs for the project are higher than average, at \$16,167 per unit per year, due to the small size of the project and due to a Neighborhood Benefits Agreement that commits the Sponsor to providing 24-hour staff coverage at the site. LOSP costs per unit are also the highest within the LOSP portfolio, at \$18,356 per unit per year.

Staff recommends approval of this request.

## 2. BACKGROUND

In 2006, Mayor Gavin Newsom convened the Transitional Youth Task Force to address the needs of Transition Age Youth in San Francisco. The Task Force published findings in July 2006 and charged City departments with developing detailed work plans for several relevant areas, including housing. MOH facilitated a six-month process focused on TAY housing, which included representatives of City agencies and nonprofit organizations, and culminated in a 2007-2012 Work Plan. The plan calls for MOHCD to fund 400 units of housing – using a number of housing models – for various subpopulations of TAY. As of February 7, 2014, 242 TAY units have been developed or are in the pipeline, including the 24 units at Edward II. The need for supportive housing for TAY who are homeless or at risk of homelessness continues to be critical, and is further exacerbated San Francisco’s dramatically escalating rents over the past year.

As part of the implementation of the TAY Housing Plan, MOH issued a Notice of Funding Availability (NOFA) for capital funds for TAY projects in Fall 2009 and received five applications for funding, including an application from Community Housing Partnership for the Edward II project.

The Edward II project is the first supportive housing project to be developed in Supervisorial District 2. In 2010, during the predevelopment period, there was significant opposition to the project from neighborhood groups including the Cow Hollow Association, the Marina Community Association (“MCA”), the Marina Merchants Association (“MMA”), Marina Cow Hollow Neighbors and Merchants (“MCHNM”), and Union Street Merchants Association (“USMA”). Specifically, the groups opposed the City’s approval under CEQA; the Conditional Use Permit related to the change in use from tourist hotel to group housing; a Special Use District (SUD) legislation allowing more than 16 group housing units; and the perceived process for the siting and approval of the project. After incurring significant delay and expense caused by the community opposition, CHP negotiated a Neighborhood Benefits Agreement which allowed the project to move forward without legal opposition.

## 3. PROJECT OPERATIONS

The Edward II project is a three-story plus basement former tourist hotel consisting of 24 Single Room Occupancy (SRO) units with private baths, as well as one one-bedroom manager’s unit, for Transition Age Youth who are at or below 20 percent of Area Median Income. The Project also includes 6,479 square feet of community space as well as various support services offices. Edward II has been developed in partnership with Larkin Street Youth Services (LSYS), which will provide supportive services at the site.

### 3.1. Annual Operating Budget

Please see the attached annualized budget for this initial year.

Tenant Rents – LOSP Units: Tenants in LOSP units funded by the Human Services Agency’s Housing and Homeless Programs typically pay 30% of their income for rent. The projected \$102 tenant rent/unit shown in the budget assumes that residents will receive CAAP (General Assistance) benefits. This calculation was also the basis for the tenant rent portion at 1100 Ocean Avenue Apartments, recently approved by the Loan

Committee, and is supported by the Sponsor, HAS, and Larkin Street as an accurate and realistic projection for TAY. These parties will work together to develop guidelines for minimum income and minimum rent.

Local Operating Subsidy Assistance Payment. The Year One budget shows income and expenses for the first full year of operations; however the request for Calendar Year 2014 is for \$113,417, for the three months spanning October 1, 2014 through December 31, 2014.

Operating Expenses: Operating expenses for Edward II are largely budgeted based on CHP's experience owning and operating the LOSP portfolio's closest comparable project, Zygmunt Arendt House, which provides 47 units of LOSP-subsidized supportive housing for formerly homeless adults, with referrals by the Human Services Agency.

The total operational cost in Year One for Edward II is \$388,008 (\$16,167/ PUPA) excluding debt service and reserves, which is higher than all comparable LOSP projects. The LOSP per unit subsidy for Edward II (\$18,903/ PUPA) is higher than the average of the four most comparable projects presented on the attached LOSP Operating Cost Comparables sheet (\$8,466 / PUPA). Operating costs for the project are higher than average due to several factors:

- 1) the small size of the project; fixed costs are spread across fewer units, resulting in a higher per-unit cost
- 2) a Neighborhood Benefits Agreement that commits the Sponsor to providing 24-hour staff coverage at the site.
- 3) Low tenant-paid portion of rent (budgeted at \$102 per month) in recognition of TAY characteristics

Bad Debt and Legal: Bad debt is calculated as 5% of rental income (4.6% across CHP's entire portfolio) and Legal is calculated at \$60/unit (CHP comparables are \$76 at Richardson House, and \$74 at Arendt House). CHP has confirmed with the operator of 864 Ellis, a comparable 24-unit TAY housing project, that these projects are reasonable. A slightly lower-than-comparable legal cost has been budgeted due to expected positive impacts of the high staff:tenant ratio as well as the significant presence of supportive services staff.

Staffing. The staffing plan for the building includes 5.445 FTE, not including supportive services staff.

Position	FTE	Notes
Property Manager	1	Full time
Occupancy Manager	.08	Off site
Floating Property Manager	.115	
Janitor	0.7	
Maintenance Tech	.3	
Desk Clerks	3.25	
TOTAL	5.445	1 staff per 4.4 tenants

The staff:tenant ratio is 1:4.4. Arendt House, CHP's 46 unit property, also has a high staff:tenant ratio of 1: 5.4, with 8.5 full time staff. Edward II requires 22% greater staffing/unit than Arendt House, largely the result of the 24-hour security costs getting distributed over far fewer units. At 24 units Edward II is the smallest building operated by CHP, so the fixed cost of 24-hour staffing is higher per unit. Twenty-four-hour coverage, provided by the onsite Property Manager and Desk Clerks, accounts for 78% of the site's staffing. All other staffing is efficiently shared with other sites.

During the predevelopment stage, when CHP was securing a Special Use District (SUD) and other entitlements for the Edward II project, certain neighbors and community members expressed concern about inadequate staffing at the site and its potential effects on the neighborhood. As a result, and to pre-empt legal action blocking the project's entitlements, CHP and a number of neighborhood groups entered into a Neighborhood Benefits Agreement governing a number issues, including staffing coverage, as follows:

"The Project will have: (i) one on-site day-time manager during the hours of 8:00 a.m. to 4:00 p.m. five days a week, but visiting staff will substitute as a daytime manager when the manager is off for Project Sponsor and/or Larkin Street-wide recognized holidays, vacation or due to illness; (ii) a lobby security desk staffed during the hours of 4:00 p.m. to 8:00 a.m., seven days a week, the foregoing holidays included; (iii) a live-in, resident manager (or other Project Sponsor management staff) will be available for emergency response after 7 p.m., 7 days a week, the foregoing holidays included; and (iv) two (2) full-time on-site social services staff from 9:00 a.m. to 7:00 p.m., 7 days a week, holidays included. A minimum of one staff member will be on the premises at all times, that is, 24 hours per day and 7 days per week, holidays included, and, in addition, the live-in, resident manager (or other Project Sponsor management staff) will be available as set forth in clause (iii) hereinabove."

Management Fees - \$62 per unit per month, as allowed by HUD's policy on fees.

Administrative/Office Expenses - These are reasonable and are broken down as follows:

Telecommunications	4,100
Office Equipment Lease	2,010
Office Equipment Repairs	500
Office Expenses	2,000
Staff Activities	800
Staff Development	500
Staff Training Benefit	300
Travel	240
Staff Recruitment	75
Postage / Delivery	50

Utilities. - Based on Arendt House, and pro-rated.

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Supplies and Maintenance – Reasonable; based on Arendt House.

Taxes and Insurance – Reasonable; based on Arendt House.

Replacement Reserve Deposits: Replacement reserve deposits of \$600 unit /year are higher than MOHCD's underwriting guidelines, but required by California's Department of Housing and Community Development (HCD) under the Multifamily Housing Program (MHP). They are in addition to \$112,105 in capitalized replacement reserves required by the investor, which includes funding for kitchenette installations (\$87,105) found to be necessary for marketability in case the LOSP subsidy is eliminated, plus \$1000 a unit for standard capitalized reserves.

Operating Reserve Deposits. The project is obligated to maintain an operating reserve account equivalent to 25% of expenses and debt and reserves, assuming expenses increase by 3.5%. No deposits are shown on the cashflow.

Asset Management and Partnership Management Fees: \$15,000 total is budgeted for asset management fee (\$5,000) and partnership management fee (\$10,000), as originally proposed by the Sponsor.

Deferred Developer Fee. According to the MOHCD developer fee policy, the project is entitled to a total fee of \$1.2MM; however, the Sponsor only requested \$575,000 during the development phase in its initial funding application submitted to MOH in December 2009. As a result of community opposition and the resulting project delays of almost two years, the Sponsor requested the balance of \$625,000 as a deferred fee. MOHCD has approved a deferred fee of \$525,000, which is being provided to the Sponsor through the LOSP grant over a ten-year period, which differs from MOHCD's typical five-year disbursement for deferred fees.

3.2. 20-Year Cash Flow. The attached 20-year cash flow projection includes the 15-year period for this contract request.

- Tenant rent income trends at 1.0%, which is meant to mirror increases in the assumed GA income for the TAY population.
- First year vacancy rates are compliant with standard MOHCD underwriting guidelines at 5%.
- Operating expenses trend at 3.5% per year, per MOHCD Underwriting Guidelines.
- Projected LOSP subsidy will trend at a rate of 3% year to year.

#### 4. TARGET POPULATION AND SERVICES

Tenant referrals will be coordinated through the San Francisco Human Services Agency (HSA). CHP, Larkin Street and HSA will work together over the next 3 months to identify the appropriate access points for the project. Currently TAY referrals to other LOSP-funded projects are provided by Larkin Street programs but also by single-adult emergency shelters.

CHP has set the goal at Edward II of full lease up by the end of January 2015, less than 4 months from construction completion. In order to meet this target, CHP will need to begin the referral process in collaboration with HSA several months before lease up begins.

Supportive Services: Larkin Street Youth Services (Larkin Street) will serve as the provider of services that will be available to residents living at the 3155 Scott Street site, also known as the Edward II. The mission of Larkin Street Youth Services is to create a continuum of services that inspires youth to move beyond the street. Larkin is nationally recognized as a model of innovative and effective care for youth.

Larkin Street Youth Services will offer a complete program of supportive services to Edward II tenants, provided both by on-site services staff and at Larkin Street's off-site service centers. The estimated services budget is \$200,411, which will provide onsite coverage by direct service staff at least 10 hours per day year round (including weekends and holidays), as required by the Neighborhood Benefits Agreement, well as staff supervision and other necessary program related costs such as food, supplies, etc. Larkin, HSA and CHP will be working together over the next 3 months to develop the final contract scope of work and establish both a start-up budget for FY 2014-2015, and an annualized budget for subsequent years.

Larkin's wraparound services include outreach, intake and assessment; education, technology and employment training; life skills training including financial management; healthcare, including mental health, substance abuse, and HIV services; and case management. Several of these services are outlined below:

- a) **Outreach:** make efforts to contact, interact, inform and invite tenants to make use of Support Services to assist with and address individual needs or issues. These efforts shall include written messages, in person interactions, phone messages and calls, and emails as available.
- b) **Intake and Assessment:** provide one or more meetings or interviews with a tenant to establish strengths, skills, needs, plans and goals that are useful to the tenant and shall help the client maintain housing.
- c) **Referrals:** assist clients to identify and access services available within the community that meet specific needs or support progress toward identified goals. This can include providing information about mental health programs, substance abuse treatment programs, employment training or counseling, job search, calling to help establish appointments, assisting with the completion of applications, helping with appointment reminders, follow up/checking in with clients regarding the process, and, as necessary, re-referral.
- d) **Case Management:** provide on-going meetings and counseling services with a tenant to establish goals, support individualized service plans (ISP) and track progress toward long-term and short-term goals. The plan should outline desired goals and

activities necessary to achieve their goals. The plan should be updated regularly and consistently.

- e) **Education and Employment Training:** offer customized employment and education services that allow youth to complete their high school education; enroll in post-secondary education; learn technology; participate in internships; build job readiness skills; and secure and maintain career-track employment so that they can achieve personal and financial independence.
- f) **Mental Health Services:** offer counseling, case management, case coordination, referrals to outside care, mental health focused groups, individual counseling, harm reduction services, consulting psychiatric services and peer-based counseling.
- g) **Community Building:** provide individual and group activities and support designed to assist tenants in creating a sense of community, as well as in the neighborhood and greater community. Examples of such activities include Tenant Associations, holiday celebrations, community volunteering, and representation on Larkin Street's Youth Advisory Board.

## 5. RECOMMENDED CONDITIONS

After the first full year of operations, Sponsor to present an analysis of the staffing pattern (both property management staff and services staff) including an assessment of the need for 24-hour staffing to MOHCD. Based on the analysis, and if appropriate, Sponsor to approach neighbor organizations to amend the Neighborhood Benefits Agreement in order to eliminate the 24-hour staffing requirement.

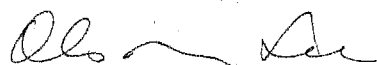
## 6. LOAN COMMITTEE MODIFICATIONS

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**7. LOAN COMMITTEE RECOMMENDATION**

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

APPROVE.     DISAPPROVE.     TAKE NO ACTION.

  
\_\_\_\_\_

Date: 2/21/14

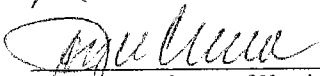
Olson Lee, Director  
Mayor's Office of Housing and Community Development

APPROVE.     DISAPPROVE.     TAKE NO ACTION.

\_\_\_\_\_ Date: \_\_\_\_\_

Tiffany Bohee, Executive Director  
Office of Community Investment and Infrastructure

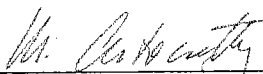
APPROVE.     DISAPPROVE.     TAKE NO ACTION.

  
\_\_\_\_\_

Date: 2/21/14

Joyce Crum, Director of Housing and Homeless Programs  
Department of Human Services

APPROVE.     DISAPPROVE.     TAKE NO ACTION.

  
\_\_\_\_\_

Date: 2/21/14

Margot Antonetty, Acting Director of Housing and Urban Health  
Department of Public Health

- Attachments: A) LOSP Program Description  
B) Operating Budget - 1<sup>st</sup> Year  
C) Cash Flow Projection - LOSP Summary  
D) Exhibit A1 A2 of LOSP Contract  
E) Operating Cost Comparison



## ATTACHMENT A

### LOSP PROGRAM DESCRIPTION

The requested funds would be delivered to the sponsor through a grant agreement with a term of up to 15 years, and, with the exception of the current fiscal year, will be subject to annual appropriations by the Board of Supervisors. Funds for the 2014 Calendar year will be included in San Francisco's Human Services Agency budget in the amount of up to \$113,416 and will be work-ordered to MOHCD for administration. The total amount of funds requested is based on Community Housing Partnership's current operating budget and 15-year cash flow projection using MOHCD's standard underwriting guidelines. The first full year's amount of subsidy (year two of operations) required is \$453,667 and the \$113,416 represents the partial year required to cover 3 months' worth of operations from October 1, 2014 to December 31, 2014 (CY 2014).

Actual subsidy payment for the next fiscal year would be based on the attached annual operating budget and cash flow. Subsidy payments for the remaining years of the contract would be based on subsequent operating budgets to be approved annually by the City. These budgets would be informed by actual financial performance of the project, per annual audits, and would include reasonable costs based on the specific needs of this building and reflect prudent property management practices and supportive housing industry standards. The subsidy payments for a given year will be equal to the projected shortfall (difference between income and expenses/reserve deposits/fees) as shown in the approved operating budget for that year. The City will make one subsidy payment to the sponsor per year at the beginning of each fiscal year.

If the subsidy payments made to a sponsor in any given fiscal year exceed the projected shortfall, then the sponsor must deposit the excess subsidy amount into a Local Operating Subsidy reserve specifically set up to accommodate any over-payments received from the operating subsidy. If the shortfall exceeds the subsidy payments, then the sponsor may withdraw funds from the project's operating reserve to cover project operating expenses not covered by the subsidy payments.

Currently, the LOSP program requires sponsors to submit to the City, within 4 months of the end of each year, or by April of each year, an audited financial statement showing the actual project income, expenses and shortfall for the prior year. If the statement shows that the actual shortfall was lower than the projected shortfall in the approved annual operating budget, then the subsidy payments for the subsequent year will be reduced by the difference between the actual and the projected shortfall. If the statement shows that the actual shortfall was higher than the projected shortfall such that the sponsor had to withdraw funds from the operating reserve, then the subsidy payments for the following year will be increased to allow for the additional costs and also to replenish the reserve if increased expenses are approved by MOHCD.

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3155 Scott Street
10/1/2014

**Exhibit A-2: LOSP Funding By Calendar Year**

	n/a	10/1-12/31	TOT	Total Months
2014	\$0.00	\$113,416.70	\$113,416.70	3
	1/1-6/30	7/1-12/31	TOT	Total Months
2015	\$233,659.00	\$233,659.00	\$467,318.01	12
2016	\$240,726.99	\$240,726.99	\$481,453.99	12
2017	\$248,045.88	\$248,045.88	\$496,091.77	12
2018	\$255,624.50	\$255,624.50	\$511,248.99	12
2019	\$263,471.95	\$263,471.95	\$526,943.90	12
2020	\$271,597.70	\$271,597.70	\$543,195.40	12
2021	\$280,011.51	\$280,011.51	\$560,023.03	12
2022	\$288,723.52	\$288,723.52	\$577,447.03	12
2023	\$297,744.18	\$297,744.18	\$595,488.36	12
2024	\$280,834.34	\$280,834.34	\$561,668.68	12
2025	\$290,505.22	\$290,505.22	\$581,010.45	12
2026	\$300,518.44	\$300,518.44	\$601,036.88	12
2027	\$310,886.01	\$310,886.01	\$621,772.03	12
2028	\$321,620.38	\$321,620.38	\$643,240.76	12
	1/1-6/30	7/1-9/30		
2028	\$332,734.42	\$166,367.21	\$499,101.63	9
			\$8,380,457.61	180

**Exhibit A-1: LOSP Disbursement Schedule By Fiscal Year**

	n/a	TOT	Total Months	
n/a	\$0.00	\$0.00	0	
sent to sponsor btwn 7/1 & 9/1	10/1-12/31	1/1-6/30	TOT	
2014-15	\$113,416.70	\$233,659.00	\$347,075.70	
	7/1-12/31	1/1-6/30	Total Months	
2015-16	\$233,659.00	\$240,726.99	\$474,386.00	12
2016-17	\$240,726.99	\$248,045.88	\$488,772.88	12
2017-18	\$248,045.88	\$255,624.50	\$503,670.38	12
2018-19	\$255,624.50	\$263,471.95	\$519,096.45	12
2019-20	\$263,471.95	\$271,597.70	\$535,069.65	12
2020-21	\$271,597.70	\$280,011.51	\$551,609.21	12
2021-22	\$280,011.51	\$288,723.52	\$568,735.03	12
2022-23	\$288,723.52	\$297,744.18	\$586,467.69	12
2023-24	\$297,744.18	\$280,834.34	\$578,578.52	12
2024-25	\$280,834.34	\$290,505.22	\$571,339.56	12
2025-26	\$290,505.22	\$300,518.44	\$591,023.67	12
2026-27	\$300,518.44	\$310,886.01	\$611,404.45	12
2027-28	\$310,886.01	\$321,620.38	\$632,506.39	12
	7/1-12/31	1/1-6/30		
2028-29	\$321,620.38	\$332,734.42	\$654,354.80	12
	7/1-9/30			
2029-30	\$166,367.21		\$166,367.21	3
			\$8,380,457.61	180

LOSP OPERATING COST COMPARABLES - SMALLER PROJECTS

Feb-14

INCOME	Approved Amenet House 47 units		Approved 1100 Ocean 71 units (1 mgr) 19 LOSP, 6 MHSA LOSP Units 19		Approved Cien Quezada 52 SMO units DPH Funded LOSP Units 52		Requested Edward II 24 LOSP units HSA Funded LOSP Units 24		Average
	Annual Total	Per Unit	Annual Total	Per Unit	Annual Total	Per Unit	Annual Total	Per Unit	
Tenant Rent	\$131,851	\$2,805	\$617,388	\$8,696	\$29,376	\$1,224	\$29,376	\$1,224	\$4,082
Non-LOSP Subsidy per Non-LOSP Subsidy Unit	\$0	\$0	\$54,312	\$765	\$0	\$0	\$0	\$0	\$255
Commercial Income	\$0	\$0	\$37,352	\$526	\$0	\$0	\$0	\$0	\$175
Other Income	\$1,205	\$26	\$3,200	\$74	\$1,556	\$30	\$0	\$0	\$43
Vacancy	-\$13,810	-\$294	-\$30,869	-\$435	-\$1,847	-\$36	-\$1,469	-\$61	-\$255
LOSP Subsidy per LOSP Unit	\$483,674	\$14,266	\$196,132	\$2,762	\$420,659	\$8,090	\$453,667	\$18,903	\$255
Total Income	\$802,920	\$17,089	\$979,555	\$12,388	\$459,180	\$8,880	\$481,574	\$20,066	\$12,767
EXPENSES									
Property Management Fee	\$37,461	\$797	\$57,936	\$816	\$4,776	\$69	\$18,690	\$775	\$541
Asset Management Fee	\$16,088	\$342	\$16,420	\$259	9,556	184	\$5,000	\$208	\$282
Salaries/Benefits	\$263,165	\$5,598	\$101,010	\$1,423	182,790	3,515	\$91,006	\$3,792	\$3,512
Administration	\$60,722	\$1,292	\$55,870	\$787	36,116	695	\$75,335	\$1,058	\$974
Utilities	\$62,497	\$1,330	\$128,477	\$1,810	11,216	216	\$29,700	\$1,238	\$1,118
Taxes & Licenses	\$27,957	\$595	\$10,950	\$154	16,184	311	\$19,207	\$800	\$353
Insurance	\$47,587	\$1,017	\$95,000	\$1,338	28,910	556	\$38,085	\$1,587	\$369
Maintenance & Repair	\$122,609	\$2,609	\$177,018	\$2,493	120,375	2,315	\$161,075	\$6,711	\$7,472
Supportive Services	\$0	\$0	\$63,600	\$896	0	0	\$0	\$0	\$299
Total Operating Expenses before Debt & Reserves	\$638,062	\$13,579	\$708,281	\$9,976	\$439,933	\$8,460	\$388,008	\$16,167	\$16,671
Replacement Reserve Deposits	\$28,200	\$599	\$42,000	\$592	\$14,700	\$283	\$14,000	\$580	\$401
Operating Reserve Deposits	\$5,425	\$115	\$0	\$0	\$0	\$0	\$0	\$0	\$36
Debt Service	\$24,346	\$518	\$36,619	\$516	\$0	\$0	\$16,686	\$694	\$345
Partnership & Investor Svc. Fee	\$19,282	\$410	\$11,580	\$163	\$0	\$0	\$10,000	\$417	\$320
Deferred Developer Fee	\$85,100	\$1,811	\$0	\$0	\$0	\$0	\$52,500	\$2,188	\$504
Ground Rent	\$0	\$0	\$15,000	\$211	\$0	\$0	\$0	\$0	\$70
Total Operating Ind. Debt and Reserves	\$800,420	\$17,030	\$813,480	\$11,457	\$454,633	\$8,743	\$481,574	\$20,066	\$19,410
Surplus Cash	\$2,500	\$5	\$66,075	\$902	\$4,547	\$87	\$0	\$0	\$16,410
Date source	2012 AMR		2014 Budget Projections		2012 Actuals		2014 Budget Projections		

MCH Operating Budget - Year 1

Application Date:	LOSP	non-LOSP	Affordable Units	Project Name:	Project Address:	Project Sponsor:
First Year of Operation (provide date assuming that Year 1 is a full year, i.e. 12 months of operations):	10/05	0/0	24			Community Mission Partnership
<b>INCOME</b>						
Residential - Tenant Rents	28,378	0	24,378			29,476 (SUZ)
Residential - Capital Gains (Net of Depreciation)	0	0	0			0
Residential - LIHTC Tenant Rent/Income Payments	313,667	0	47,667			453,667
Commercial Space	0	0	0			0 (N/A)
Parking	0	0	0			0 (Operating Deficit/Income from)
Miscellaneous Rent Income	0	0	0			0 (Operating Deficit/Income from)
Supportive Services Income	0	0	0			0
Interest Income - Project Operations	0	0	0			0
Laboratory and Viewing	0	0	0			0
Legal Charges	0	0	0			0
Miscellaneous Income	0	0	0			0
<b>Gross Potential Income</b>	<b>442,043</b>	<b>0</b>	<b>442,043</b>			<b>442,043</b>
Project Start-Up Expenses (Should be allocated to the first year of operation)	1,400	0	1,400			1,400
Vacancy Loss - Commercial (default: 50% over an average number of years to average, do that in col H, not I)	0	0	0			0
<b>EFFECTIVE GROSS INCOME</b>	<b>440,643</b>	<b>0</b>	<b>440,643</b>			<b>440,643 (PUPY: 520,666)</b>
<b>OPERATING EXPENSES</b>						
<b>Management</b>						
Management Fee	18,000	0	18,000			18,000
Asset Management Fee	3,000	0	3,000			3,000
<b>Sub-total Management Expenses</b>	<b>21,000</b>	<b>0</b>	<b>21,000</b>			<b>21,000 (PUPY: 598)</b>
<b>Salaries/Benefits</b>						
Office Manager	5,200	0	5,200			5,200 (10M PUPY: 130)
Managerial Services	48,800	0	48,800			48,800 (16M PUPY: 115 PUPY: 130)
Health Insurance (not other than LIHTC)	38,900	0	38,900			38,900 (Health Insurance)
Other Salaries/Benefits	0	0	0			0
Administrative Rent/Utilities	0	0	0			0
<b>Sub-total Salaries/Benefits</b>	<b>92,900</b>	<b>0</b>	<b>92,900</b>			<b>92,900 (PUPY: 517)</b>
<b>Administration</b>						
Advertising and Marketing	1,225	0	1,225			1,225
Office Expenses	10,575	0	10,575			10,575
Office Rent	0	0	0			0
Lease Expense - Property	1,500	0	1,500			1,500
Audit Expense	4,500	0	4,500			4,500
Travel/Transportation/Services	1,175	0	1,175			1,175 (Bookkeeping/Accounting)
Post Office	2,100	0	2,100			2,100
Miscellaneous	0	0	0			0
<b>Sub-total Administration Expenses</b>	<b>23,175</b>	<b>0</b>	<b>23,175</b>			<b>23,175 (PUPY: 516)</b>
<b>Utilities</b>						
Electricity	8,700	0	8,700			8,700
Water	4,600	0	4,600			4,600
Gas	7,800	0	7,800			7,800
Sewer	9,900	0	9,900			9,900
<b>Sub-total Utilities</b>	<b>31,000</b>	<b>0</b>	<b>31,000</b>			<b>31,000 (PUPY: 512)</b>
<b>Taxes and Licenses</b>						
Real Estate Taxes	0	0	0			0
Property Taxes	17,800	0	17,800			17,800 (Federal Taxes)
Miscellaneous Taxes, Licenses and Permits	1,400	0	1,400			1,400
<b>Sub-total Taxes and Licenses</b>	<b>19,200</b>	<b>0</b>	<b>19,200</b>			<b>19,200 (PUPY: 508)</b>
<b>Insurance</b>						
Property and Liability Insurance	17,100	0	17,100			17,100
Fidelity Bond Insurance	0	0	0			0
Workers Compensation	20,600	0	20,600			20,600
Director's & Officers Liability Insurance	0	0	0			0
<b>Sub-total Insurance</b>	<b>37,700</b>	<b>0</b>	<b>37,700</b>			<b>37,700 (PUPY: 516)</b>
<b>Maintenance &amp; Repair</b>						
Paint	28,954	0	28,954			28,954 (11M PUPY: 310)
Supplies	16,500	0	16,500			16,500
Expenses	12,250	0	12,250			12,250
Carbide and Tool Removal	1,000	0	1,000			1,000
Security Payment Contract	97,111	0	97,111			97,111 (2.5M PUPY: 100)
HVAC Repairs and Maintenance	0	0	0			0
Vehicle and Maintenance Equipment Operation and Repairs	150	0	150			150
Miscellaneous Operating and Maintenance Expenses	0	0	0			0
<b>Sub-total Maintenance &amp; Repair Expenses</b>	<b>166,075</b>	<b>0</b>	<b>166,075</b>			<b>166,075 (PUPY: 567)</b>
<b>Supporting Services</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>388,068</b>	<b>0</b>	<b>388,068</b>			<b>388,068 (PUPY: 516)</b>
<b>NET OPERATING INCOME (INCOME minus OPERATING EXPENSES)</b>	<b>92,575</b>	<b>0</b>	<b>92,575</b>			<b>92,575</b>
<b>DEBT SERVICE (Check debt covenants/loan terms)</b>						
Second Lease Base Rent	0	0	0			0
First Lender (enter name in comments field)	16,666	0	16,666			16,666 (MIP)
Second Lender (enter name in comments field)	0	0	0			0
Third Lender (enter name in comments field)	0	0	0			0
Fourth Lender (enter name in comments field)	0	0	0			0
Fifth Lender (enter name in comments field)	0	0	0			0
<b>TOTAL HARD DEBT SERVICE</b>	<b>16,666</b>	<b>0</b>	<b>16,666</b>			<b>16,666 (PUPY: 504)</b>
<b>RESERVES</b>						
Reserve for Depreciation	14,400	0	14,400			14,400
Reserve for Repairs	0	0	0			0
Other Reserves (describe in comments)	0	0	0			0
<b>TOTAL RESERVES</b>	<b>14,400</b>	<b>0</b>	<b>14,400</b>			<b>14,400 (PUPY: 500)</b>
<b>CASH FLOW (Cash minus DEBT SERVICE minus RESERVES)</b>	<b>61,509</b>	<b>0</b>	<b>61,509</b>			<b>61,509</b>
<b>AVAILABLE CASH FLOW</b>	<b>61,509</b>	<b>0</b>	<b>61,509</b>			<b>61,509</b>
<b>USES OF CASH FLOW (this row also shows DISCR, if applicable)</b>						<b>DISCR: 2.01</b>
Asset Management Fee	0	0	0			0
Residential Management Fee	0	0	0			0
Partnership Management Fee	10,000	0	10,000			10,000
Insurance Service Fee (aka LP Asset Mgr Fee)	0	0	0			0
Professional Development	12,500	0	12,500			12,500
Other Professional	0	0	0			0
Non-amortizing Loan Pmt - Lender 1 (use name in comments)	0	0	0			0
Non-amortizing Loan Pmt - Lender 2 (use name in comments)	0	0	0			0
Non-amortizing Loan Pmt - Lender 3 (use name in comments)	0	0	0			0
Non-amortizing Loan Pmt - Lender 4 (use name in comments)	0	0	0			0
Non-amortizing Loan Pmt - Lender 5 (use name in comments)	0	0	0			0
<b>TOTAL PAYMENTS PRECEDING MOH</b>	<b>22,500</b>	<b>0</b>	<b>22,500</b>			<b>22,500 (PUPY: 536)</b>
<b>RESIDUAL RECEIPTS</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>
<b>TOTAL NET RESIDUAL RECEIPTS (LOAN REPAYMENT from DISCR)</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0 (PUPY: 50)</b>
<b>REMAINING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0 (PUPY: 50)</b>
<b>LOAN PAYMENTS BELOW MOH</b>						
Asset Management Fee	0	0	0			0
Residential Management Fee	0	0	0			0
Partnership Management Fee	0	0	0			0
Insurance Service Fee (aka LP Asset Mgr Fee)	0	0	0			0
Professional Development	0	0	0			0
Other Professional	0	0	0			0
Non-amortizing Loan Pmt - Lender 1 (use name in comments)	0	0	0			0
Non-amortizing Loan Pmt - Lender 2 (use name in comments)	0	0	0			0
Non-amortizing Loan Pmt - Lender 3 (use name in comments)	0	0	0			0
Non-amortizing Loan Pmt - Lender 4 (use name in comments)	0	0	0			0
Non-amortizing Loan Pmt - Lender 5 (use name in comments)	0	0	0			0
<b>TOTAL PAYMENTS BELOW MOH</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0 (PUPY: 50)</b>
<b>REMAINING (Should be zero unless there are distributions below)</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>
Final Balance (should be zero)	0	0	0			0
<b>MOH (Residual Receipts minus Debt Service minus Reserves)</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>
<b>MOH (Residual Receipts minus Debt Service minus Reserves)</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>
<b>Project Has MOH Loan or Ground Lease With Residual Receipt Obligations?</b>	<b>Yes</b>					<b>Yes</b>
at Max Borrower Percentage of Residual Receipts	37%					37%
at Max per unit	\$350					\$350
1) Minimum Owner Distribution (none of above) (Row 11)	0					0
2) Residual Receipts Amount Due (See Reserves - col 1)	0					0
3) Amount from all allocated to Residual Receipts (See Reserves - col 1)	0					0
4) Amount from all allocated to MOH Loan Repayment (this row 11)	0					0



