

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**

Prepared By: Mara Blitzer

Loan Committee Date: April 20, 2018

Sponsor Name: 455 Fell, L.P.
Project Name: 455 Fell St (a.k.a. "Parcel O")
Project Address (w. cross street): 455 Fell St (@ Laguna)
Number of Units/Beds (specify): 108 units including 33 LOSP units set aside for
formerly homeless households
Up to \$484,910 First Year budget
Up to \$10,077,324 through 15 years and 8 months

1. SUMMARY AND BACKGROUND

455 Fell, L.P., a California limited partnership established by Mercy Housing California (MHC) and SFHDC, requests \$484,910 for the first year and \$10,077,324 over the 15 year and 8 months contract period in General Funds from the Local Operating Subsidy Program (LOSP) to subsidize operations for 33 units set aside for formerly homeless families at 455 Fell Street (Project).

Selected through an RFP process, the joint development team of Mercy Housing California (Mercy) and the San Francisco Housing Development Corporation (SFHDC) are developing 108 units of affordable family rental housing, including units serving formerly homeless families and ground floor commercial space. The proposed project meets the goals set forth in MOHCD's Consolidated Plan (2015) by increasing the supply of affordable housing and housing for formerly homeless.

The housing development will be five stories of wood frame construction over a concrete podium, and five detached town homes along Hickory Alley, in all totaling approximately 110,000 sf. The dwelling units will include: 1 studio, 57 one-bedroom units, 42 two-bedroom units and 8 three-bedroom units. 1,500 sf of retail space on the ground floor is intended to accommodate a local grocer. 16,695 sf of open space will include a ground floor community garden and courtyard and landscaped roof garden.

In addition to shared open space, the project will provide an array of service space onsite including a 1,400 SF community room, offices for service providers (Episcopal Community Services, Mercy and SFHDC), as well as space for after school programs and a teen center. To address the critical need for daycare in affordable properties, the design for this project will include two 3-bedroom townhouse units that will be leased to income-eligible tenants who are licensed to provide in-home family daycare. Also included in the design is space for bicycle storage and repair.

Permanent sources of funding include a tax-exempt bond funded mortgage, 4% tax credit equity, MOHCD funds, AHP funds, Affordable Housing Sustainable Communities (AHSC) funds and GP equity. Construction commenced in October 2017 and completion is anticipated in May 2019.

2. PROJECT OPERATIONS

2.1. Unit Mix

The property will include 108 units of which there will be one studio, 57 one-bedroom units, 42 two-bedroom units, and 8 three-bedroom units. 33 of the units will be restricted for formerly homeless households and be contracted to LOSP. The LOSP units are most restricted at 25% HUD/TCAC AMI to receive maximum scoring for the AHSC funding application.

Unit Type	Number of Units	Avg. Sq. Feet	Max. Rent*	Max. % AMI	Rent or Operating Subsidies
1-BR	5	500	\$493	25% TCAC AMI	LOSP
2-BR	23	800	\$592	25% TCAC AMI	LOSP
3-BR	5	1,050	\$684	25% TCAC AMI	LOSP
Studio	1	378	\$1,210	60% MOHCD AMI	
1-BR	13	550	\$1,165	50% MOHCD AMI	
1-BR	39	550	\$1,315	60% MOHCD AMI	
2-BR	5	800	\$1,388	50% MOHCD AMI	
2-BR	13	800	\$1,463	60% MOHCD AMI	
3-BR	3	1,050	\$1,581	50% MOHCD AMI	
Mgr's Unit (2-BR)	1	800		N/A	
TOTAL UNITS	108				

20%
 ↓

* Most restrictive rent in 2017 terms. Restricted by MOHCD as reflected in the DCR. The most restrictive rents are set by HCD on the 33 LOSP funded units.

2.2. Target Population and Referrals

Marketing and occupancy outreach for the project will be conducted in accordance with all applicable fair housing laws. While a project specific marketing plan has not yet been developed for this project, 455 Fell will include a set-aside for 33 units (30%)

for formerly homeless families referred to the project through HSH. Preferences will be applied to all other units, in the following order:

- 1) SF Redevelopment Agency Certificate of Preference Holders;
- 2) Displaced Tenant Housing Preference (Ellis Act/ OMI/Fire Victim) Certificate Holders;
- 3) Neighborhood Preference or Anti-Displacement Preference (in conformance with HCD or HUD rules, as applicable); and
- 4) Live or Work in San Francisco.

For the LOSP Family Units, only those applicants referred from the San Francisco Department of Homelessness and Supportive Housing ("HSH"), whose annual income does not exceed the required AMI, will be considered conditionally eligible for occupancy. Only homeless families with children under the age of 18, or pregnant women, will be eligible for these LOSP units. Referrals for the LOSP units will be made through HSH's Coordinated Entry System.

2.3. Annual Operating Budget

Please see the attached annualized budget for the initial year which shows total operating expenses of \$1,284,432 or \$11,893 PUPA.

2.3.1 Income

Tenant Rents: – Tenant-paid rents are projected to provide a total of \$87,477 for LOSP units and \$1,224,084 for non-LOSP units. The LOSP households will pay 30% of their income for rent, projected to be between \$293 to \$684/month, or equivalent to up to 25% HUD AMI income level. The electricity bill will be paid by tenants and a utility allowance is factored into the rent calculation. The electricity bills for the LOSP tenants will be paid by Owner.

Income – Other: Miscellaneous income from laundry and vending are budgeted at \$6,458 per year.

Income – Local Operating Subsidy: LOSP subsidy is projected at \$484,910 for the first year, or \$14,694 PUPA. The subsidy is sized to fund a break-even budget, including operating expenses, replacement reserve deposits, Asset Management Fee, and HCD AHSC mandatory annual interest payment.

2.3.2 Operating Expenses:

Total annual operating expenses in Year One before debt service and reserves are \$1,284,432, or \$11,893 PUPA. The portion attributed to the LOSP units is \$522,675, or \$15,839 PUPA. All operating expenses have a prorated split between the LOSP and non-LOSP units (30/70), except for desk clerk coverage which is being attributed 85% to the LOSP units, and the electric/water/gas and maintenance contracts, for which 40% of the costs are attributed to the LOSP units. This is based on the percentage of bedrooms occupied by LOSP-supported residents. Per MHM, desk clerk coverage is included to support the LOSP housing units.

Staffing. The staffing plan includes 1 FTE resident property manager, 1 FTE assistant manager, 1 FTE maintenance supervisor, 1 FTE maintenance technician, and 0.6 FTE janitor, as well as 4.2 FTE desk clerks for 24 hour desk clerk coverage. One of these staff will reside in the 2-BR resident manager unit. Supportive services staff will include 1 FTE resident services coordinator by MHC serving the entire building and 1.4 FTE case management by ECS serving the LOSP residents. At this proposed staffing level, the ratio of property staff to households is 1:12.

Position	FTE	Notes
Property Manager	1	\$56,909 salary
Assistant Property Mgr	1	\$39,520 salary
Maintenance Manager	1	\$49,920 salary
Maintenance Tech	1	\$39,520 salary
Janitor	0.6	\$19,968 salary
Desk Clerk	4.2	Full time desk clerk coverage
TOTAL	8.8	1 staff per 12 households

Management Fees. The Sponsor will collect \$60 per unit per month in property management fees, which is less than allowed per HUD's 2017 regional schedule for these charges.

Asset Management Fee. An asset management fee in the amount of \$21,160 is shown above the line, and is sized as permitted by the MOH Asset Management Fee policy.

Salaries and Benefits. Salaries and benefits are budgeted at \$271,705, covering the salaries for those identified in the above chart, less the maintenance manager and maintenance tech.

Administration. Administration line items are budgeted at \$73,804, and cover typical functions such as marketing, office expenses, legal, audit, book keeping and payroll processing, and are reasonable.

Utilities: Utilities are budgeted at \$206,592. While the building is individually metered for electricity, the line item covers electricity, water, gas for the common areas and building wide boilers for domestic hot water and heating. It also includes sewer. MHC will pay the utility bills directly for all 33 LOSP units.

Taxes: Local real estate assessments are projected at \$3,656.

Insurance: Insurance is budgeted at \$114,878 for Property & Liability, Workers Comp and Crime Insurance, and is based on current premium rates. This amount is based on other MHC properties and an estimate from the insurance broker, and represents a significant increase over the previously budgeted amount for this line item.

Maintenance and Repair: Budgeted at \$502,902, this line item includes payroll for one full time maintenance worker, contracts for exterminating, fire alarm and elevator, garbage and trash removal.

Replacement Reserve Deposits: Replacement reserve deposits are shown at \$600 per unit per year in compliance with HCD requirements.

Debt Service. HCD AHSC capital funding requires a mandatory annual interest payment of .42% resulting in annual payment of \$43,860 per year.

Partnership Management and Investor Services Fees: \$21,150 is budgeted for partnership management which increases at 3.5% and investor services fee is budgeted at \$5,000 with no increase, each as permitted by MOHCD's asset management policy.

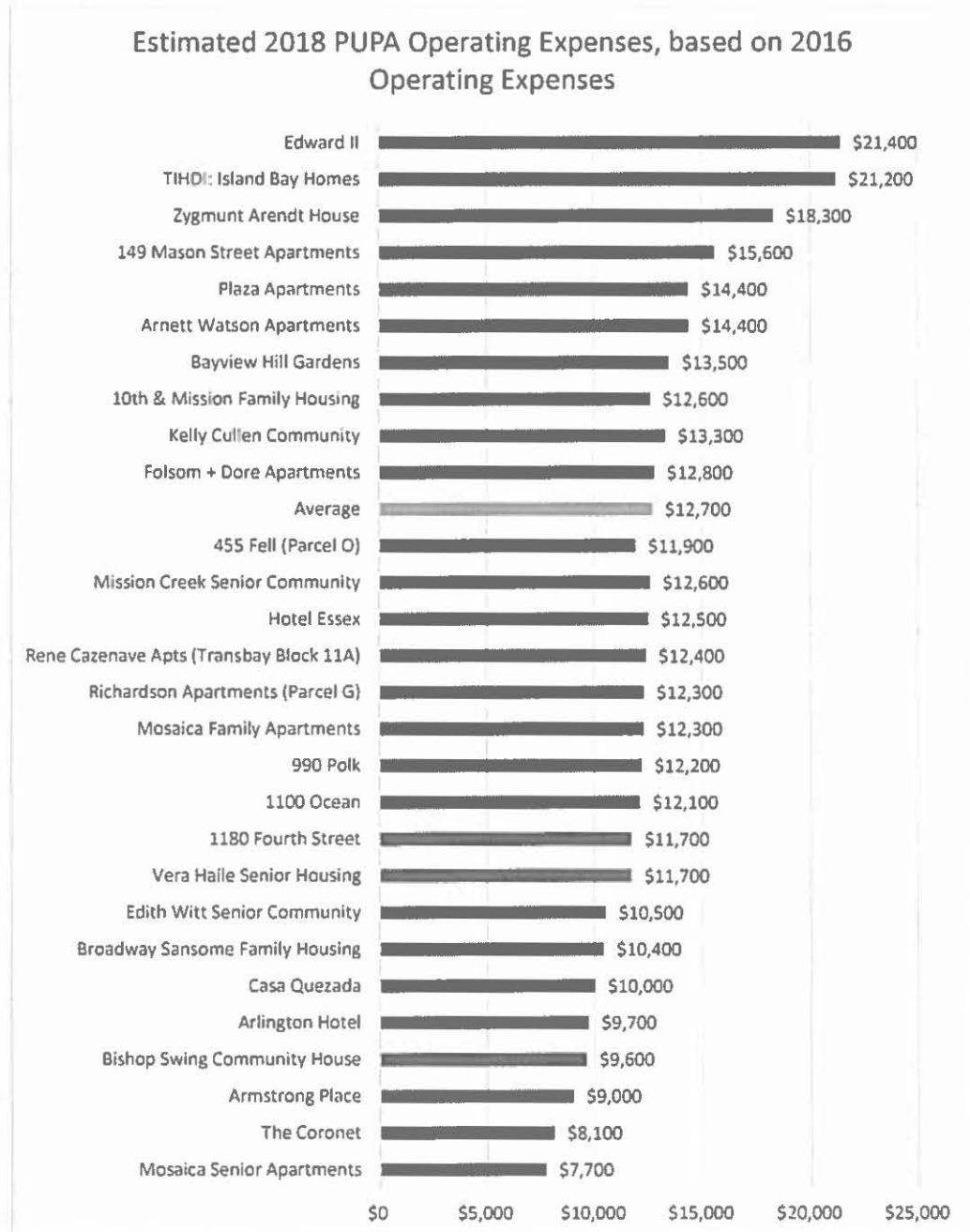
2.3.3. Operating Cost Comparisons

Comparison to LOSP Portfolio:

The Project's proposed PUPA operating cost of \$11,893 before debt and reserves is approximately the average of other LOSP project operating costs.

Within MOHCD's LOSP portfolio of 27 projects, estimated 2018 operating expenses PUPA ranged from a low of \$7,700k to a high of \$21,400, and an average of \$12,700.

Please see the following table.



Within the LOSP portfolio, some projects have just 20% set aside for LOSP units, while others are 100% LOSP. Average PUPA operating expenses also varies by the percentage of LOSP units within the building. Buildings with a higher percentage of LOSP units were found to cost more to operate. For the purposes of summarizing data, projects that have

30% or fewer LOSP units are considered to be LOSP projects with a 20% set aside (20% of units within a project may not calculate out to a whole unit), and 80% or more LOSP units are considered to be 100% LOSP. (Projects typically have at least one manager's unit.)

Compared to the cohort where there are 30% or less LOSP units, the PUPA at 455 Fell, at \$11,900, is \$1,000 more per unit per year than the average for buildings with a similar percentage of LOSP units, illustrated below.

Average Operating Expenses Per Unit Per Annum by % of LOSP Units, 2016 Data Extrapolated to 2018*

% of LOSP Units	# Projects	Average PUPA Operating Expenses
80% or more LOSP Units	10	\$13,600
31% - 79% LOSP Units	10	\$13,000
30% or less LOSP Units	7	\$10,900
All	27	\$12,700

*Operating Expenses inflated annually by 3.5%.

While the overall PUPA is average compared to other LOSP contract projects, the LOSP per unit subsidy is higher than average. In general, the LOSP per unit subsidy is higher in buildings that are smaller or where there are 30% or fewer LOSP units in the building.

Average LOSP Subsidy Per Unit Per Annum by % of LOSP Units, 2017 Contract Data

% of LOSP Units	# of Projects	Average PUPA LOSP Subsidy 2017
80% or more LOSP Units	10	\$9,669
31% - 79% LOSP Units	10	\$10,639
30% or less LOSP Units	7	\$8,224
All	27	\$9,654

Average: \$9,654

455 Fell LOSP Subsidy \$14,694

Despite the higher than average PUPA cost for the LOSP units, staff recommends approval of this budget and contract request.

2.4. 20-Year Cash Flow. The attached 20 Year Cash Flow Projection shows the estimated amount of annual subsidy that will be needed for the 15.5 year contract period. New LOSP contracts are moving to a calendar year disbursement to meet the calendar year tax credit reporting period, and end on December 31, making this proposed contract a 15.5 year contract. The projection was made using MOHCD's standard underwriting guidelines.

- Tenant rent and miscellaneous income trends at 2.5% per year, per MOHCD Underwriting Guidelines. 5% vacancy loss is assumed on the tenant rent income, which complies with MOHCD underwriting guidelines for a LOSP funded project.
- Operating expenses trend at 3.5% per year
- Debt Service Coverage Ratio is not applicable as the only debt service is the MHP AHSC minimum debt service payment.
- The non-LOSP units have positive cashflow through Year 20.
- The commercial space is expected to have positive cashflow, with exception of the initial year which is likely to be partially occupied.

3. SUPPORT SERVICES EVALUTION

3.1. Services Narrative

A. Service Providers and Their Roles

The on-site service program at 455 Fell Street will be a joint effort of Mercy Housing California (MHC), Episcopal Community Services of San Francisco (ECS), and SFHDC. ECS will hold the HSH contract for clinical services to support the 33 LOSP eligible units for the project. SFHDC will provide in-kind services to all residents including financial literacy training and martial arts education.

The Services Plan and Budget were reviewed by HSH between January and April 2018. The project is eligible for a contract sized at the Tier V services level.

Final approval of the Plan and Budget is a standard condition of funding of the LOSP contract.

Below is a description of the services to be provided by Mercy and ECS.

MERCY HOUSING CALIFORNIA

Resident Services Coordinator 1FTE

The Resident Services Coordinator (RSC) is responsible for overall coordination of on-site service programs, and will work closely with Case Management to ensure that on-site programs meet the needs of the families who live at 455 Fell Street. The Resident Services Coordinator position will be funded out of the Mercy Housing property operations budget. This position will be open to serving all of the residents that reside at 455 Fell St. Reporting to the Director of Resident Services, the RSC will communicate and coordinate with partner organizations, property management and other staff on site. Also, the RSC will be responsible for documenting on-site program and group service utilization, implementing program assessments, surveys, and pre- and post- tests into Mercy Housing's Social Impact Measurement System, and analyzing outcome data for the purpose of program evaluation and improvement.

In addition to program coordination, the RSC will provide some direct services to residents, including:

- Conduct an initial resident orientation for all residents;
- Provide general information and referral to services to tenants as needed. Coordinate with ECS for clinical services.
- Coordinate on-site programs, according to the family and supportive housing program model, including recreational, social and community-building activities; support groups; and educational opportunities such as employment readiness classes, mainstream benefit education, lease education classes, health and wellness classes and groups, financial stability programs, leadership programs, etc.;
- Conduct assertive tenant engagement to encourage participation in services;
- Coordinate weekly on-site staff meetings with service providers and property management staff, to discuss property based issues.
- Conduct annual survey residents to evaluate the effectiveness of the onsite services and assess tenant needs.
- Follow state, federal housing industry regulations, fair housing laws as outlined in the Services Coordinator Manual;
- Work with property management and on-site services staff to coordinate use and scheduling of service space, service programs and other service related resident issues;
- Work with services staff to collect data and statistical information necessary to fulfill the reporting requirements of our funders;
- Identify and build relationships with additional support networks and community organizations to expand resident services and programs on- and off-site.

EPISCOPAL COMMUNITY SERVICES

ECS will oversee the Case Management services to the 33 homeless families and will coordinate with MHC and other on-site providers to create seamless services. The Services staff will:

- Conduct an orientation, a needs assessment interview, and a clinical intake for the 33 homeless families, prior to and as tenants move into housing. These assessment measures will assist staff and tenants in identifying issues which may challenge their ability to retain housing, and will present the opportunity to work with the tenant on addressing those issues.
- Engage with the tenants a minimum of once every 30 days to obtain their input into the development and delivery of services and to encourage them into participating in support services, vocational and employment services as appropriate.
- Support Services staff will participate in monthly community meetings to address resident issues, problem solve and assist in creating an environment of tenant empowerment and community building. Support Services Staff will work closely with the Resident Services Coordinator to develop the meeting agenda and encourage resident participation.
- Offer assistance with independent living skills and problem-solving to homeless families obtaining permanent housing, and assist them in accessing community services, (i.e., money management, substance abuse/mental health treatment, employment, education, benefits information), through information, referral, advocacy and follow-up as needed.
- Work closely with the Resident Services Coordinator to refer clients to community building activities such as educational workshops, trainings, garden projects, social events and support groups, etc., Assist tenants in establishing peer support systems through social, recreational, educational and vocational activities.
- Facilitate clinical groups focused on substance abuse recovery and mental health symptom management.
- Meet with Property Management staff on a weekly basis to discuss issues such as tenant behavior, policy issues, tenant crises, housing authority policies and how to effectively address them.
- Coordinate a weekly on-site team/staff meeting with all agencies involved to problem solve on tenant issues such as tenant behavior, substance use, rent payment issues, mental health issues and any other issues that may affect their ability to retain their housing.
- Low- income residents may also receive services from ECS case managers, if necessary.

3.2. Services Budget –

The Resident Services Coordinator is budgeted at \$95,000 and covered under the operating budget for the non-LOSP residents.

The clinical services Budget was reviewed by HSH between January and April 2018 and through conversations between ECS and HSH, ECS was able to submit a budget that is within the current funding range for the Tier V services level. Tier V requires a 1:25 case manager to unit ratio and the budget reflects this requirement. Additionally, the operating

expenses reflect the appropriate costs necessary to provide services and support to the LOSP families.

Salaries	Annual Salary	FTE	Year 1
Case Manager III	\$54,909	1.40	\$76,872
Director - Housing Svs	\$145,055	0.07	\$9,843
Associate Director - Housing Svs	\$108,698	0.14	\$15,218
Admin Asst/Quality Assurance Specialist	\$69,846	0.07	\$4,989
Database Specialist/Compliance Monitor	\$64,918	0.07	\$4,637
<i>Subtotal - Salaries</i>			\$111,559
Fringe Benefits		40%	\$44,624
<i>(FICA/SUI/Workers Comp/Medical & Dental Insurance/ Vision/Life/ADD & Long Term Disability/Retirement)</i>			
	Total Salaries and Benefits		\$156,183
Operating Expenses			
Program/Client Supplies			\$5,144
Employee Training/Recruitment/Travel			\$710
Telecommunications			\$4,080
Office/Meeting Supplies & Postage			\$1,475
Food & Food Service Supplies			\$4,410
Web based data entry/prof services			\$1,260
Web based data entry/furniture and equipment			\$600
Printing & Reproduction			\$2,630
Insurance			\$2,080
	Total Operating Expenses		\$22,389
Total Direct Expense			\$178,571
Indirect Expense - 12% ICR			\$21,429
Total			\$200,000

4. CONCLUSION

The proposed operating budget and LOSP request to support the LOSP units at the Project are both reasonable, and the higher than average LOSP per unit costs are justifiable given that high quality housing opportunities are very important for our most vulnerable, homeless families. Staff recommends approval of this request.

5. RECOMMENDED CONDITIONS

Staff recommends the following conditions:

- Given the higher than average LOSP subsidy costs, MOHCD encourages the Project Sponsor to evaluate the ability to reduce front desk coverage over time in


order to limit the reliance on the LOSP subsidy, extending its availability to other projects in the MOHCD pipeline.

6. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.



Kate Hartley, Director
Mayor's Office of Housing

Date: 4/20/18

APPROVE. DISAPPROVE. TAKE NO ACTION.



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

Date: 4-20-18

APPROVE. DISAPPROVE. TAKE NO ACTION.



Nadia Besay, Director
Office of Community Investment and Infrastructure

Date: 4/20/18

- 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 15-year 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.

Contract periods for LOSP contract renewals will transition from a fiscal year basis to a calendar year basis for more streamlined accounting with the tax credit reporting year. For 455 Fell, the LOSP contract will start in May 2019 and end on December 31, 2034, resulting in a 15 year plus 8 months term. After the May 2019 disbursement, all disbursements moving forward would be on a calendar year basis.

Attachment B: 1st Year Operating Budget

Application Date: 2/2/2017
 Total # Units: 108
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2018

Project Name: 455 Fell St
 Project Address: 455 Fell St
 Project Sponsor: Mercy Housing California + SFHDC

INCOME	LOSP/Non-LOSP Allocation		Total	Comments	
	LOSP	Non-LOSP			
Residential - Tenant Rents	87,477	1,224,084	1,311,561	Links from New Proj - Rent & Unit Mtr Worksheet	Alternative LOSP Split
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from New Proj - Rent & Unit Mtr Worksheet	Residential - Tenant Assistance Payments (Non-LOSP)
Residential - LOSP Tenant Assistance Payments	484,910	0	484,910		
Commercial Space	18,000	0	18,000	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	Alternative LOSP Split
Supportive Services Income	0	0	0		Supportive Services Income
Interest Income - Project Operations	0	0	0	Links from Utilities & Other Income Worksheet	
Laundry and Vending	2,000	4,458	6,458	Links from Utilities & Other Income Worksheet	Projected LOSP Split
Tenant Charges	0	0	0	Links from Utilities & Other Income Worksheet	Tenant Charges
Miscellaneous Residential Income	0	0	0	Links from Utilities & Other Income Worksheet	
Other Commercial Income	0	0	0	Links from Commercial Op. Budget Worksheet	Alternative LOSP Split
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0		Withdrawal from Capitalized Reserve (deposit)
Gross Potential Income	874,387	1,224,540	2,098,927		
Vacancy Loss - Residential - Tenant Rents	(4,374)	(81,204)	(85,578)	Vacancy loss @ 5% of Tenant Rents	
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	PUPA	
Vacancy Loss - Commercial	(6,000)	0	(6,000)	Links from Commercial Op. Budget Worksheet	PUPA: 10,170
EFFECTIVE GROSS INCOME	870,013	1,167,336	1,744,349		

OPERATING EXPENSES					
Management					Alternative LOSP Split
Management Fee	24,106	53,654	77,760		Management Fee
Asset Management Fee	8,560	14,500	21,180		Asset Management Fee
Sub-total Management Expenses	30,666	68,238	94,920	PUPA: 816	

Salaries/Benefits					
Office Salaries	12,251	27,289	39,520		Alternative LOSP Split
Manager's Salary	18,690	41,621	60,320		Office Salaries
Health Insurance and Other Benefits	0	0	0		Manager's Salary
Other Salaries/Benefits	24,471	54,468	78,940		Health Insurance and Other Benefits
Administrative Fund-Free Unit	0	0	0		Other Salaries/Benefits
Sub-total Salaries/Benefits	55,422	123,388	178,780	PUPA: 1,858	Administrative Fund-Free Unit

Administration					
Advertising and Marketing	338	745	1,080		Projected LOSP Split
Office Expense	9,541	21,236	30,777		Office Expense
Office Rent	0	0	0		
Legal Expense - Property	5,508	972	6,480		Legal Expense - Property
Audit Expense	3,582	7,974	11,556		Projected LOSP Split
Bookkeeping/Accounting Services	3,582	7,974	11,556		Bookkeeping/Accounting Services
Bad Debts	0	0	0		Bad Debts
Miscellaneous	8,930	8,525	12,355		
Sub-total Administration Expenses	26,378	47,428	73,604	PUPA: 583	

Utilities					
Electricity	8,840	12,960	21,800		Projected LOSP Split
Water	32,592	48,888	81,480		Electricity
Gas	8,913	13,219	22,052		Water
Sewer	32,592	48,888	81,480		Gas
Sub-total Utilities	82,937	123,955	206,812	PUPA: 1,813	Sewer

Taxes and Licenses					
Real Estate Taxes	865	1,936	2,791		Alternative LOSP Split
Payroll Taxes	0	0	0		Real Estate Taxes
Miscellaneous Taxes, Licenses and Permits	288	597	865		Payroll Taxes
Sub-total Taxes and Licenses	1,153	2,533	3,656	PUPA: 34	

Insurance					
Property and Liability Insurance	30,982	68,916	99,878		Alternative LOSP Split
Fidelity Bond Insurance	0	0	0		Property and Liability Insurance
Workers Compensation	4,850	10,385	15,000		Workers Compensation
Directors & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	35,812	79,264	114,878	PUPA: 1,064	

Maintenance & Repair					
Payroll	33,918	75,492	109,408		Alternative LOSP Split
Supplies	4,210	9,370	13,580		Projected LOSP Split
Contracts	29,608	30,912	51,520		Supplies
Garbage and Trash Removal	18,003	35,621	51,624		Contracts
Security Payroll/Contract	205,088	36,192	241,280		Alternative LOSP Split
HVAC Repairs and Maintenance	744	1,656	2,400		Security Payroll/Contract
Vehicle and Maintenance Equipment Operation and Repairs	93	207	300		
Miscellaneous Operating and Maintenance Expenses	10,186	22,825	32,790		
Sub-total Maintenance & Repair Expenses	296,828	212,074	502,902	PUPA: 4,657	

Supportive Services					
Commercial Expenses	0	95,000	95,000		Alternative LOSP Split
					Supportive Services
TOTAL OPERATING EXPENSES	822,875	781,857	1,284,432	PUPA: 11,883	

Reserves/Ground Lease Base Rent/Bond Fees					
Ground Lease Base Rent	4,850	10,350	15,000	Ground lease with MOHCD	Provide additional comments here, if needed
Bond Monitoring Fee	620	1,380	2,000		Alternative LOSP Split
Replacement Reserve Deposit	20,088	44,712	64,800		Replacement Reserve Deposit
Operating Reserve Deposit	0	0	0		Operating Reserve Deposit
Other Required Reserve 1 Deposit	0	0	0		Other Required Reserve 1 Deposit
Other Required Reserve 2 Deposit	0	0	0		
Required Reserve Deposits, Commercial	0	0	0	Links from Commercial Op. Budget Worksheet	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	25,568	56,442	81,800	PUPA: 787	

TOTAL OPERATING EXPENSES (w/ Reserves/Gl Base Rent/ Bond Fees)					
	848,033	808,299	1,366,232	PUPA: 12,670	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	21,882	389,036	380,117	PUPA: 3,520	

DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)					
Hard Debt - First Lender	0	304,185	304,185	First Mortgage, Tranche A	Provide additional comments here, if needed.
Hard Debt - Second Lender (MCD Program 0.42% pymt, or other 2nd Lend	13,597	30,263	43,860	HCD - AHSC	Provide additional comments here, if needed.
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0		Hard Debt - Second Lender (MCD Program 0.42% pymt, or other 2nd Lend
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	Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)
TOTAL HARD DEBT SERVICE	13,597	334,448	348,045	PUPA: 3,223	

CASH FLOW (NOI minus DEBT SERVICE)					
Commercial Only Cash Flow			(900)		
Allocation of Commercial Surplus to LOSP/Non-LOSP (net/total income)	(279)	(621)			Allocation of Commercial Surplus to LOSP/Non-LOSP
AVAILABLE CASH FLOW	8,106	23,969	32,076		

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL					
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0	3rd	
Partnership Management Fee (see policy for limits)	6,587	14,594	21,150	2nd	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	1,350	3,450	5,000	1st	Alternative LOSP Split
Other Payments	0	0	0		Other Payments
Non-amortizing Loan Pmt - Lender 1 (second lender in commercial debt)	0	0	0	First Mortgage, Tranche A	Provide additional comments here, if needed.
Non-amortizing Loan Pmt - Lender 2 (second lender in commercial debt)	0	0	0	HCD - AHSC	Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt & Max Fee from call 11/02)	0	0	0	Dev. Develop. Fee split 0%	Provide additional comments here, if needed.

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)					
	(9)	8,925	5,825		

Residual Receipts Calculation					
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	Yes		
Will Project Defeat Developer Fee?	Yes				
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1	50%	Max Deferred Developer Fee Amt (Use for data entry above. Do not link):	2,862		Sum of DDF from LOSP and non-LOSP
% of Residual Receipts available for distribution to soft debt lenders in	50%				Ratio of Sum of DDF and calculated 50%

MOHCD Programs Year 1 Operating Budget

Application Date: 2/2/2017
 Total # Units: 100
 First Year of Operations (provide date assuming that Year 1 is a full year, i.e. 12 months of operations): 2019

Project Name: 456 Fell St
 Project Address: 456 Fell St
 Project Sponsor: Mercy Housing California - SFHDC

	LOSP Units	Non LOSP Units
	33	78
	LOSP/non LOSP Allocation	
	31%	69%

Soft Debt Lenders with Residual Receipts Obligations	(Select lender name through Item 10 in Unit 1)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCII - Soft Debt Loans	AB MOHCD/OCII Loans payable from res recs	\$17,309,250	45.74%
MOHCD/OCII - Ground Lease Value	Ground Lease	\$5,400,000	14.27%
HCD (soft debt loan) - Lender 3	HCD - AHSC	\$18,037,543	39.74%
Other Soft Debt Lender - Lender 4	SF MOHCD Deferred Interest	\$84,908	0.23%
Other Soft Debt Lender - Lender 5			0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE			
MOHCD Residual Receipts Amount Due	3,555	3,555	50% of residual receipts, multiplied by 60.01% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	3,555	3,555	Entire/available amount of residual receipts proposed for loan repayment
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repaymt

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE: 2,389

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE			
HCD Residual Receipts Amount Due	3,354	15	50% of residual receipts, multiplied by 39.74% -- HCD - AHSC's pro rata share of all soft debt
Lender 4 Residual Receipts Due	15	0	50% of residual receipts, multiplied by 0.23%, SF MOHCD Deferred Interest's pro rata share of all soft debt
Lender 5 Residual Receipts Due	0	0	
Total Non-MOHCD Residual Receipts Debt Service	3,369		

REMAINDER (Should be zero unless there are distributions below)			
Owner Distributions/Incentive Management Fee		0	
Other Distributions/Uses		0	
Final Balance (should be zero)		0	

Application Date: 2/2/2017
 Total # Units: 108
 First Year of Operations (provide date assuming that Year 1 is a full year, i.e. 12 months of operations): 2019

INCOME

Residential - Tenant Rents		non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)		LOSP	
Residential - LOSP Tenant Assistance Payments			
Commercial Spec			
Residential Parking			
Miscellaneous Rent Income	LOSP	non-LOSP	Approved By (reqd)
Supplative Service Income			
Interest Income - Project Operations			
Laundry and Vending	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	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)			
Withdrawal from Capitalized Reserve (deposit to operating account)			
Gross Potential Income			
Vacancy Loss - Residential - Tenant Rents			
Vacancy Loss - Residential - Tenant Assistance Payments			
Vacancy Loss - Commercial			
EFFECTIVE GROSS INCOME			

OPERATING EXPENSES

Management	LOSP	non-LOSP	Approved By (reqd)
Management Fee			
Asset Management Fee			
Sub-total Management Expenses			
Salaries/Benefits	LOSP	non-LOSP	Approved By (reqd)
Office Salaries			
Manager's Salary			
Health Insurance and Other Benefits			
Other Salaries/Benefits			
Administrative Rent-Free Unit			
Sub-total Salaries/Benefits			
Administration			
Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property		81.00%	18.00%
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts			
Miscellaneous			
Sub-total Administration Expenses			
Utilities	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Electricity		40.00%	60.00%
Water		40.00%	60.00%
Gas		40.00%	60.00%
Boiler		40.00%	60.00%
Sub-total Utilities			
Taxes and Licenses	LOSP	non-LOSP	Approved By (reqd)
Real Estate Taxes			
Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits			
Sub-total Taxes and Licenses			
Insurance			
Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation			
Director's & Officers' Liability Insurance			
Sub-total Insurance			
Maintenance & Repair			
Payroll	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies		37.00%	63.00%
Contracts		40.00%	60.00%
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract		85.00%	15.00%
HVAC Repairs and Maintenance			
Vehicles and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			
Sub-total Maintenance & Repair Expenses			
Supplative Services	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses		0.00%	100.00%

TOTAL OPERATING EXPENSES

Reserve/Ground Lease Base Rent/Bond Fees			
Ground Lease Base Rent			
Bond Monitoring Fee	LOSP	non-LOSP	Approved By (reqd)
Replacement Reserve Deposit			
Operating Reserve Deposit			
Other Required Reserve 1 Deposit			
Other Required Reserve 2 Deposit			
Required Reserve Deposits, Commercial			
Sub-total Reserve/Ground Lease Base Rent/Bond Fees			

TOTAL OPERATING EXPENSES (w/ Reserve/Gl. Base Rent/Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)

DEBT SERVICE/MUST PAY PAYMENTS (hard debt/amortized loans)	LOSP	non-LOSP	Approved By (reqd)
Hard Debt - First Lender		0.00%	100.00%
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender 0.2% pymt, or other 2nd Lender 0.2% pymt, or other 2nd Lender 0.2% pymt)			
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 LOSP/non-LOSP (residual income)	LOSP (residual income)		
AVAILABLE CASH FLOW			
USES OF CASH FLOW BELOW (This row also shows DISCR)			
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)	LOSP	non-LOSP	Approved By (reqd)
Other Payments			
Non-amortizing Loan Pmt - Lender 1 (select lender in commercial bid)			
Non-amortizing Loan Pmt - Lender 2 (select lender in commercial bid)			
Deferred Developer Fee (Enter amt <= Max Fee from call 7.13)		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?			
HW Project Dealer Developer Fee?			
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:			0
% of Residual Receipts available for distribution to soft debt lenders in			0.00%

Application Date: 2/2/2017
 Total # Units: 108
 First Year of Operations (provide date assuming that Year 1 is a full year, i.e. 12 months of operations): 2019

Soft Debt Lenders with Residual Receipts Obligations

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

MCHCD RESIDUAL RECEIPTS DEBT SERVICE

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

REMAINING BALANCE AFTER MCHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MCHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due
Lender 4 Residual Receipts Due
Lender 5 Residual Receipts Due
Total Non-MCHCD Residual Receipts Debt Service

REMANDER (Should be zero unless there are distributions below)

Owner Distributions/Incentive Management Fee
Other Distributions/Uses
Final Balance (should be zero)

Attachment C: 20-year Operating Proforma

MOCKD Platform - 20 Year Cash Flow Summary

458 Feb 21

MOCKD Platform - 20 Year Cash Flow Summary	Total # Units:		Year 7		Year 8		Year 9		Year 10		Year 11	
	27	75	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
INCOME												
Residential (rent) Revt	100%	100%	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Residential (rent) Assn. Pymts (net)	100%	100%	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Commercial Space	0%	0%	0	0	0	0	0	0	0	0	0	0
Other Income	0%	0%	0	0	0	0	0	0	0	0	0	0
Net Income			900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Operating Expenses												
Management	3.5%	3.5%	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Utilities	3.5%	3.5%	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Insurance	3.5%	3.5%	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Repairs & Maint	3.5%	3.5%	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Property Taxes	3.5%	3.5%	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Depreciation	3.5%	3.5%	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Other Expenses	3.5%	3.5%	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Net Operating Income			868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500
Capital Expenditures												
Land	0%	0%	0	0	0	0	0	0	0	0	0	0
Buildings	0%	0%	0	0	0	0	0	0	0	0	0	0
Equipment	0%	0%	0	0	0	0	0	0	0	0	0	0
Other	0%	0%	0	0	0	0	0	0	0	0	0	0
Net Cash Flow			868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500
Initial Investment												
Land	0%	0%	0	0	0	0	0	0	0	0	0	0
Buildings	0%	0%	0	0	0	0	0	0	0	0	0	0
Equipment	0%	0%	0	0	0	0	0	0	0	0	0	0
Other	0%	0%	0	0	0	0	0	0	0	0	0	0
Net Present Value			868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500
Internal Rate of Return			868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500	868,500

MO-CCD Patients - 20 Year Cash Flow Summary

455 Fall 21

MO-CCD Patients - 20 Year Cash Flow Summary	MO-CCD Patients - 20 Year Cash Flow Summary		MO-CCD Patients - 20 Year Cash Flow Summary		MO-CCD Patients - 20 Year Cash Flow Summary		MO-CCD Patients - 20 Year Cash Flow Summary		MO-CCD Patients - 20 Year Cash Flow Summary		MO-CCD Patients - 20 Year Cash Flow Summary		MO-CCD Patients - 20 Year Cash Flow Summary		MO-CCD Patients - 20 Year Cash Flow Summary		MO-CCD Patients - 20 Year Cash Flow Summary	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
REVENUE	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
EXPENSES	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
NET OPERATING INCOME	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
DEBT SERVICE	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
CASH FLOW	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000

MO-CCD Patients - 20 Year Cash Flow Summary

MO-CCD Patients - 20 Year Cash Flow Summary

MO-CCD Patients - 20 Year Cash Flow Summary

Attachment D: LOSP Funding Schedule A

MOHCD Proforma - Exhibit A

LOSP FUNDING SCHEDULE	
Project Address:	455 Fell St
Project Start Date:	5/1/2019

Exhibit A

Calendar Year	Full Year Funding Amount	# Months to Fund	Total Disbursement for Calendar Year	Estimated Disbursement Date
CY-1 2019	\$484,910	8	\$323,273	4/1/2019
CY-2 2020	\$499,870	12	\$499,870	1/1/2020
CY-3 2021	\$518,260	12	\$518,260	1/1/2021
CY-4 2022	\$537,319	12	\$537,319	1/1/2022
CY-5 2023	\$557,065	12	\$557,065	1/1/2023
CY-6 2024	\$577,524	12	\$577,524	1/1/2024
CY-7 2025	\$598,721	12	\$598,721	1/1/2025
CY-8 2026	\$620,682	12	\$620,682	1/1/2026
CY-9 2027	\$643,435	12	\$643,435	1/1/2027
CY-10 2028	\$667,007	12	\$667,007	1/1/2028
CY-11 2029	\$691,427	12	\$691,427	1/1/2029
CY-12 2030	\$716,725	12	\$716,725	1/1/2030
CY-13 2031	\$742,932	12	\$742,932	1/1/2031
CY-14 2032	\$770,081	12	\$770,081	1/1/2032
CY-15 2033	\$798,203	12	\$798,203	1/1/2033
CY-16 2034	\$814,800	12	\$814,800	1/1/2034
Total Contract Amount:			\$10,077,324	

