

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: April 7, 2017

Sponsor Name: Community Housing Partnership
Project Name: Arnett Watson Apartments
Project Address: 650 Eddy Street (Polk & Larkin)
Number of Units/Beds : 83 units
Amount of Funds Requested: Up to \$946,930 Year One budget
Up to \$19,018,559 for 15½ years

Amount of Funds Recommended: \$19,018,559

1. SUMMARY AND BACKGROUND

650 Eddy, L.P., a California limited partnership, an affiliate of Community Housing Partnership ("CHP"), is requesting \$19,018,559 in General Funds from the Local Operating Subsidy Program ("LOSP") to subsidize the continuing operations of 79 out of a total of 83 units of permanent supportive housing for formerly homeless individuals and families at Arnett Watson Apartments ("AWA") for a period of 15 years, six months.

CHP, along with Tenderloin Neighborhood Development Corporation as development partner, developed AWA beginning in 2004. The project was a newly constructed, 9-story building and consists of a mixture of studios, 1BRs and 2BRs (see below for unit mix). It also includes front desk, manager's office, a community room (with kitchen), garden courtyard, tenant services offices, tenant lounge, children's activity room and outdoor play area and a roof-deck garden. The project began operations in February 2009, and TNDC exited the partnership in 2010 per the development plan. It was the first project that serves formerly homeless families to be funded under LOSP. CHP provides both property management and supportive services to the project.

Unit Type	# of Units	% of Total Units
Studio	36	43%
1BR	33	40%
2BR	14	17%

The project serves extremely low-income, formerly homeless households—36 individuals and 47 families—with high social, behavioral health or physical needs. Through HCD’s MHP Supportive program, all households must have at least one adult who is physically, mentally or developmentally disabled, or who is elderly or in recovery from physical abuse or substance abuse. HSA funds supportive services under Tier V (the highest HSA services funding tier) as a LOSP Project. In 2015, the average household income was \$11,000, or 13% AMI. The property housed around 140 people, including over 50 children under 18 years of age.

The requested funds would renew an existing, 9-year contract for \$9,979,865, which started in January 2009 and will expire at the end of this year. 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 7 years of the 15-year tax credit compliance period and continue for another 8 years through calendar year 2032.

The amount of funds requested was determined by using the current calendar year’s operating budget and then applying MOHCD’s standard underwriting assumptions over a 15½-year projection period. If approved, funds would be disbursed under the contract on a fiscal-year basis in accordance with the attached schedule (see Exhibit A-1), while also taking into account any surplus reported from the previous years. A total of \$973,477 in assistance is budgeted for the first fiscal year (FY17/18). This equates to a monthly per unit subsidy of \$969 for studios, \$983 for 1BRs and \$985 for 2BRs. This amount will increase from 3.1%-4.2% 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, as is standard for LOSP contracts.

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

2.1. 2015 Operating Expenses

To evaluate AWA’s financial performance, operating expenses from 2015, the most recent 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 about \$9,700 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 83 units, PUPY operating expenses for AWA were \$12,567, which was 22% above the average for supportive housing projects with 50-99 units.

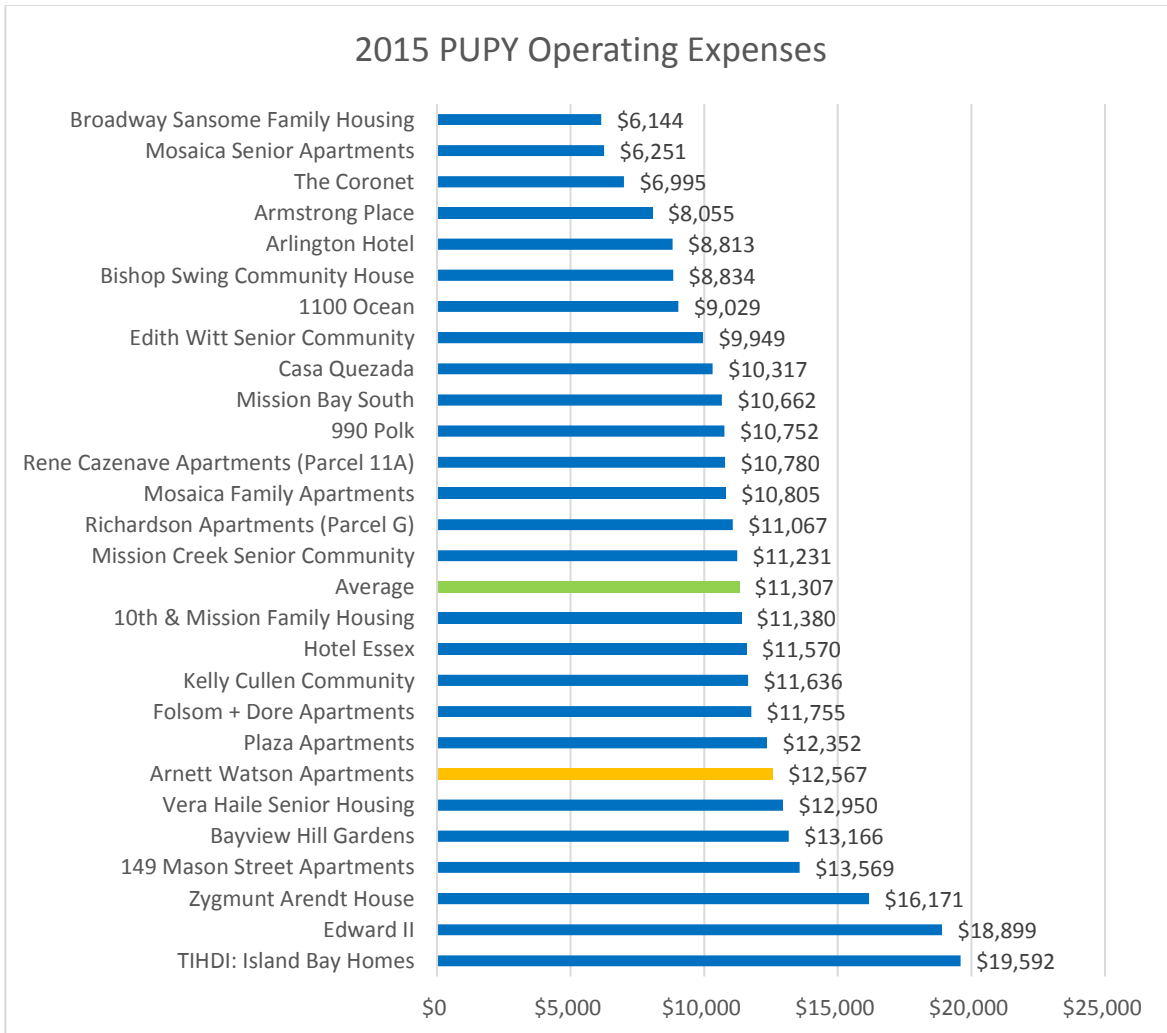
**Average Operating Expenses Per Unit Per Annum,
Supportive Housing Projects, 2015**

# Units	# Projects	Average PUPY Operating Expenses
100+	33	\$9,212
50-99	41	\$10,285
1-49	17	\$11,672
All	91	\$9,741
83	AWA	\$12,567

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. AWA's 2015 operating expenses of \$12,567 were 11% above the average.

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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 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.

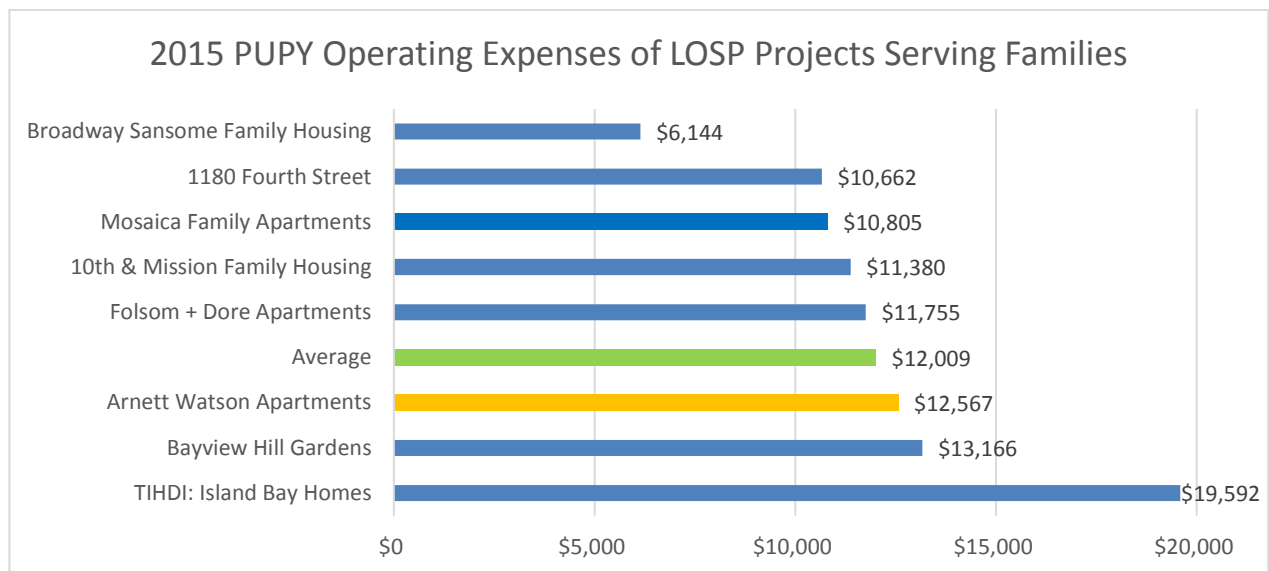
Ninety-five percent (95%) of the units at AWA are LOSP units. (The remaining 5% are supported by Shelter Plus Care rental subsidies and serve the same target population, making AWA a 100% formerly homeless project.) The per unit per year operating cost of \$12,567 at this project is 2.6% above the average for projects with 66% or more 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
83	AWA	\$12,567

Compared to LOSP Projects that Serve Families

When its per unit per year operating costs are compared only with projects that serve families, AWA ranks 6th out of 8 projects and 4.6% above the average of these projects.



Overall, AWA’s per unit per year operating costs in 2015 compare favorably to

- projects with a similar percentage of LOSP units and
- LOSP projects that serve families.

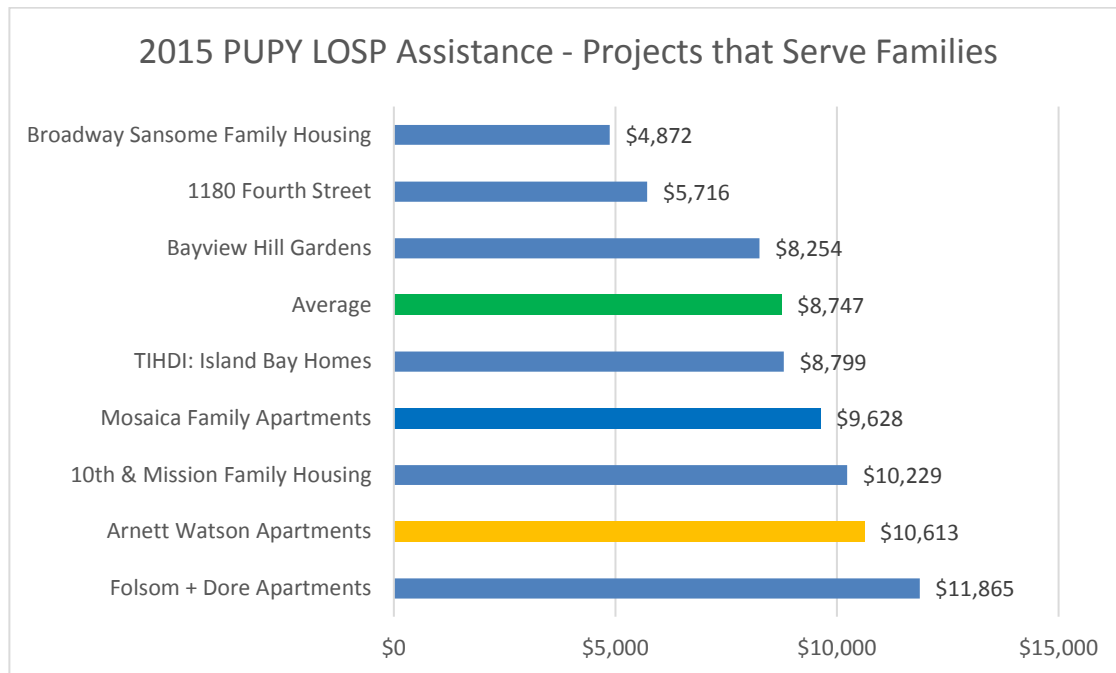
2.2. 2015 LOSP Subsidy

In 2015, the LOSP assistance for AWA on a per unit basis was \$10,613, which was 20% above the average per unit amount of assistance (\$8,858) across all 27 LOSP projects.

	2015 PUPY LOSP Assistance
AWA	\$10,613
<i>Average – All LOSP Projects</i>	\$8,858

When compared just to other LOSP projects that serve families, the per unit LOSP subsidy at AWA was second highest among 8 projects and was 21% above the average. The incongruity between this high PUPY LOSP subsidy and the close-to-average PUPY operating costs of AWA relative to the other projects that serve families and projects with similar percentages of LOSP units can be attributed to the following:

- LOSP household incomes in some of the comparison projects were higher than AWA, thus revenue from tenant rents was higher,
- several of the comparison projects have higher numbers of Shelter Plus Care units relative to the number of LOSP units and thus a higher offset of the LOSP deficit,
- greater economy of scale in some of the comparison projects, which have 65%-80% more units than AWA.



3. PROJECT OPERATIONS

The following is an evaluation of the 1st Year Operating Budget (Attachment B) and 20-Year Operating Pro Forma (Attachment C) that are the basis for the overall request for LOSP funds.

3.1. Annual Operating Income Evaluation

Tenant Rent: Under the current LOSP contract, all 83 units are restricted at 50% AMI. Tenants that are qualified under these restrictions pay the lesser of 30% of household income or 30% of 50% AMI as 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 50% AMI income restriction.

The Year 1 (2017) operating budget shows tenant rental income of \$237,084, which is an average of \$236-\$240 per unit per month, depending on unit size, and reflects an average

rent of 15% 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 TANF, Social Security, SSI or General Assistance. The proforma assumes that tenant rent payments will escalate by 1.4%, which is equal to the historic average increase from 2010-2015. The projected vacancy rate is 5% and more conservative than the historic average of 1.9%, but it conforms with MOHCD's underwriting guidelines and will provide the project with a modest cushion in the event that actual vacancy is higher.

LOSP Subsidy: The LOSP subsidy in the Year 1 Operating Budget is \$946,930 (\$11,409/PUPY and \$951/PUPM). This is a 13% 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. (See Section 3.2 below for analysis.)

Shelter Plus Care Rental Assistance: 4 SPC subsidies, 2 1BRs and 2 2BRs. The proforma shows contract rents that are equal to 2017 FMRs, though current contract rents are significantly below these levels. On the lease anniversaries of the current tenants, CHP must request increases in the contract rents to at least the current FMRs or up to the SFHA payment standard if market rents in the vicinity of AWA support this.

Total Residential Revenue Stream: Between tenant rents, the LOSP subsidy and Shelter Plus Care rental assistance, total residential rental revenue for Year 1 is \$1.3 million. This represents monthly revenue per unit as follows:

Unit Type	Per Unit Monthly Revenue	AMI % Equivalent
Studio	\$1,290	68%
1BR	\$1,309	61%
2BR	\$1,312	54%
	Weighted Average	63%

It should be noted that MOHCD's underlying capital financing agreements restrict all units in the project at 50% 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 50% AMI. However, for the project to be feasible in that event, CHP would have to lower operating expenses to within a 50% AMI revenue stream and/or seek project-based based Section 8 subsidies or applicants with Section 8 vouchers.

Commercial Income: \$18,000 is budgeted in Year 1 for one small, ground-floor commercial space, which the Partnership rents to CHP for use as office space. This amount is the same as was charged in 2015. It represents a monthly rent of \$1.91 for 785 square feet. By comparison, CHP is charging an average of \$2.23 per square foot for the 4 commercial spaces at the Hotel Essex, which have an average size of 575 square feet. The

20-year proforma assumes annual escalation of 2.5%. It also assumes a vacancy rate of 0% in light of the fact that CHP is the tenant and has made a long-term commitment to the space.

3.2. Annual Operating Expenses Evaluation

The annual operating expenses in Year One, before debt service and reserves, are projected at \$1,198,218 or \$14,436 PUPY. This is a 14.9% 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, who will see a 15.3% increase in their wages this year and another 8.4% increase next year. CHP also attributes the increase to employee benefits that are now available to part-time janitors, which they hope will reduce turnover in these positions and ultimately reduce costs.

Staffing: Staffing is anticipated to remain the same as current staffing levels. The staffing plan covers 10 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 unit/household ratio of 1 to 8.3.

Title	FTE	Salary	Total
Property Manager Salaries			
Property Manager	1	\$52,522	\$52,522
Assistant Property Manager	1	\$44,193	\$44,193
	2		\$96,715
Payroll Janitorial			
Janitor PT	0.8	\$29,120	\$23,296
Janitor FT	1	\$29,120	\$29,120
	1.8		\$48,672
Payroll Maintenance			
Operations Manager	0.1	\$58,292	\$11,658
Maintenance Supervisor	0.5	\$53,310	\$26,655
Maintenance Technician	1	\$31,775	\$31,775
	1.6		\$74,073
Security salaries			
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
	4.6		\$141,735
Total Expense and FTE's	10		\$361,195

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. In accordance with MOHCD's underwriting guidelines the fee is escalated at 3.5% annually.

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 \$178,445 or \$2,150 per unit per year, and covers the salaries and benefits of the Property Manager and Assistant Manager.

Administration: Administration line items are budgeted at \$152,324, or \$1,835 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 \$172,160, or \$2,074 per unit per year and are based on 2015 actuals with increases based on recent trending, including electricity, which has seen higher than expected increases. These numbers include all utility expenses in the residential units, as all utilities are included in the rent, as well as common areas. CHP reports they will be performing energy/gas/water audits of this property to seek to identify savings.

Taxes: Taxes are budgeted at \$38,424, or \$463 per unit per year. Costs assume 100% of units receive welfare tax exemption. Payroll taxes are 8% of salaries, and various miscellaneous fees.

Insurance: Insurance is budgeted at \$95,560, or \$1,151 per unit per year, for property and liability and worker's compensation insurance. CHP has been able to reduce their property insurance cost by singling out AWA from its overall portfolio. Although worker's compensation insurance was higher in 2015, they expect to see savings going forward due to 3 successive years of lower claims.

Maintenance and Repair: Maintenance and repair costs in Year One are budgeted at \$468,617, or \$5,646 per unit per year. This line item includes payroll for 1.80 FTE janitor, a full-time maintenance technician, 0.50 FTE maintenance supervisor and a small portion of the operations manager's salary; contracts for some maintenance, supplies, exterminating, grounds, flooring 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: \$49,800 (\$600/unit) for Year 1, in accordance with HCD's requirement. This complies with the City's requirement of \$32,004 per year. The 20-year proforma shows withdrawals that are consistent with a recently completed CNA, approved by MOHCD. With 0% escalation on annual deposits, ending balances each year are projected to range from \$2,800 to \$5,400 per unit during the term of the LOSP agreement. Current industry standard is to maintain a minimum balance equal to \$1,000 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 \$25,585 for the MHP loan, which is \$308 PUPY

Partnership Management: The project pays \$15,000 for an annual partnership management. This is within the current maximum fee of \$19,750 allowed by MOHCD policy. This fee will terminate in Year 8, when the 15-year tax credit compliance period will end. MOHCD policy does not allow it 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 1.4%.
- Commercial income is trended at 2.5%.
- Resident vacancy rate is 5%. Commercial vacancy rate is assumed at 0%.
- All operating expenses are escalated at 3.5%.
- Partnership management fee is escalated 3.5% and will end in Year 8 when tax credit compliance period ends.

4. SUPPORT SERVICES EVALUATION

Through a direct contract with HSH, CHP Arnett Watson Apartments provides supportive services to 83 formerly homeless adults (36 units) and families (47 units). The current contract term is 7/1/14-6/30/18 in the amount of \$414,730. 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 pleased with the quality of services provided at AWA as well as coordination between services and property management and the quality of services, which has improved significantly with the addition of a new onsite Support Services manager last year. The program is meeting service and outcome objectives.

5. CONCLUSION

I recommend approval of the request in full. Arnett Watson Apartments is a well-staffed, well-run, highly supportive, permanent housing project for 83 disable, extremely low-income, formerly homeless individuals and families. 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

none

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: 4/7/17

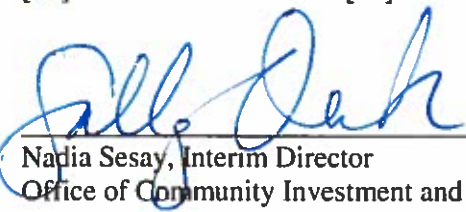
APPROVE. DISAPPROVE. TAKE NO ACTION.



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

Date: 4-7-17

APPROVE. DISAPPROVE. TAKE NO ACTION.

for 

Nadia Sesay, Interim Director
Office of Community Investment and Infrastructure

Date: 4-7-17

- Attachments:
- A. LOSP Program Description
 - B. 1st Year Operating Budget
 - C. 20-Year Operating Pro Forma
 - D. LOSP Funding and Disbursement Schedules A-1 and A-2

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 Arnett Watson Apartments. 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.

Attachment B: 1st Year Operating Budget

Application Date: 12/12/2016
 Total # Units: 83
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2017

LOSP and S+C Units: 83
 Non-LOSP Units: 0

LOSP/non-LOSP Allocation: 100% / 0%

Project Name: Arnett Watson Apartments
 Project Address: 650 Eddy Street
 Project Sponsor: Community Housing Partnership

INCOME	LOSP	non-LOSP	Total	Comments
Residential - Tenant Rents	237,084	0	237,084	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	112,236	0	112,236	For 4 Shelter Plus Care subsidies from Dept. of HSH; two 1BRs and two 2BRs
Residential - LOSP Tenant Assistance Payments	946,930		946,930	
Commercial Space			18,000	785 s.f. ground-floor retail space; leased to CHP as office space; \$1.91/s.f.
Residential Parking	0	0	0	
Miscellaneous Rent Income	0	0	0	
Supportive Services Income	0	0	0	
Interest Income - Project Operations	0	0	0	
Laundry and Vending	0	0	0	
Tenant Charges	0	0	0	
Miscellaneous Residential Income	0	0	0	
Other Commercial Income	0	0	0	
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0	
Gross Potential Income	1,296,250	0	1,314,250	
Vacancy Loss - Residential - Tenant Rents	(9,096)		(9,096)	Vacancy loss is 3.8% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(3,000)		(3,000)	Vacancy loss is 2.7% of Tenant Assistance Payments.
Vacancy Loss - Commercial			0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	1,284,154	0	1,302,154	PUPA: 15,689

OPERATING EXPENSES	LOSP	non-LOSP	Total	Comments
Management				
Management Fee	77,688	0	77,688	1st Year to be set according to HUD schedule. We are at 78.00 per unit maximum due to
Asset Management Fee	15,000	0	15,000	
Sub-total Management Expenses	92,688	0	92,688	PUPA: 1,117

Salaries/Benefits	LOSP	non-LOSP	Total	Comments
Office Salaries	0	0	0	
Manager's Salary	96,715	0	96,715	One Full Time Manager and One Full Time Assistant manager
Health Insurance and Other Benefits	81,730	0	81,730	Based off Current Healthcare costs per FTE
Other Salaries/Benefits	0	0	0	
Administrative Rent-Free Unit	0	0	0	
Sub-total Salaries/Benefits	178,445	0	178,445	PUPA: 2,150

Administration	LOSP	non-LOSP	Total	Comments
Advertising and Marketing	841	0	841	Overall our Administrative Expenses has decreased from 2015 from \$174,525 to \$170,700.
Office Expenses	55,584	0	55,584	Office Expenses are higher as we moved them out of miscellaneous, this includes the
Office Rent	0	0	0	
Legal Expense - Property	12,106	0	12,106	We have reduced this expense from 2015's AMR which was \$33,747 in 2015. This is due
Audit Expense	12,790	0	12,790	Slightly reduce audit expenses from 2015.
Bookkeeping/Accounting Services	9,462	0	9,462	HUD Standard of \$9.50 per unit PUPM
Bad Debts	16,343	0	16,343	This is consistent with our trending from 2015.
Miscellaneous	45,198	0	45,198	This includes Professional Services-\$4,472, Other Contracted Services -\$1,298, Bank
Sub-total Administration Expenses	152,324	0	152,324	PUPA: 1,835

Utilities	LOSP	non-LOSP	Total	Comments
Electricity	64,401	0	64,401	Electricity Expenses have trended higher in 2015 this expense was \$53,881. CHP has
Water	34,679	0	34,679	Water bill based off current trending. We are also getting an audit on further water
Gas	22,631	0	22,631	
Sewer	50,449	0	50,449	Sewer is aligned with current expenses escalated.
Sub-total Utilities	172,160	0	172,160	PUPA: 2,074

Taxes and Licenses	LOSP	non-LOSP	Total	Comments
Real Estate Taxes	4,165	0	4,165	This tax covers fees and personal property. We have rented the commercial space to add
Payroll Taxes	30,494	0	30,494	office space for CHP and now get a welfare exemption for the entire building's secured
Miscellaneous Taxes, Licenses and Permits	3,765	0	3,765	These are generally SF city and county fees such as the Health Hotel Vector Fees and
Sub-total Taxes and Licenses	38,424	0	38,424	PUPA: 463

Insurance	LOSP	non-LOSP	Total	Comments
Property and Liability Insurance	72,038	0	72,038	We have greatly reduced our Property Insurance by singling this out from our portfolio as
Fidelity Bond Insurance	0	0	0	
Worker's Compensation	23,522	0	23,522	Workers Compensation was higher in 2015 but we expect to see cost savings due to 3
Director's & Officers' Liability Insurance	0	0	0	
Sub-total Insurance	95,560	0	95,560	PUPA: 1,151

Maintenance & Repair	LOSP	non-LOSP	Total	Comments
Payroll	122,745	0	122,745	This is 1.80 Janitorial to cover 7 days a week and 1.60 Maintenance Employees
Supplies	51,308	0	51,308	This is Repair Materials-\$26,162, Furnishings and Appliances -\$13,673, Repair Equipment
Contracts	117,950	0	117,950	Janitorial Supplies-\$31,633, Exterminating Contract-\$11,169, Grounds Contract-\$7,050,
Garbage and Trash Removal	33,953	0	33,953	Based off current Garbage and Debris Box expenses
Security Payroll/Contract	141,735	0	141,735	This current desk clerk salaries including the raise in the minimum wage. CHP provides
HVAC Repairs and Maintenance	0	0	0	
Vehicle and Maintenance Equipment Operation and Repairs	926	0	926	AWA's share of the leased maintenance truck.
Miscellaneous Operating and Maintenance Expenses	0	0	0	
Sub-total Maintenance & Repair Expenses	468,617	0	468,617	PUPA: 5,646

Supportive Services	0	0	0	
Commercial Expenses	0	0	0	

TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE 1,198,218 0 1,198,218 **PUPA: 14,436**

Reserves/Ground Lease Base Rent/Bond Fees	LOSP	non-LOSP	Total	Comments
Ground Lease Base Rent	1	0	1	Ground lease with MOHCD
Bond Monitoring Fee	2,500	0	2,500	CDLAC
Replacement Reserve Deposit	49,800	0	49,800	Required Replacement Reserve Deposit
Operating Reserve Deposit	11,050	0	11,050	To increase to 25% of expenses at 3% of previous year's project expense.
Other Required Reserve 1 Deposit	0	0	0	
Other Required Reserve 2 Deposit	0	0	0	
Required Reserve Deposit/s, Commercial	0	0	0	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	63,351	0	63,351	PUPA: 763

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE 1,261,569 0 1,261,569 **PUPA: 15,200**

NET OPERATING INCOME (INCOME minus OP EXPENSES) 22,585 0 40,585 **PUPA: 489**

Min DSCR:	1.1
Available for DS in Yr 1:	36,895
Mortgage Rate:	5.00%
Term (Years):	30
Supportable 1st Mortgage Pmt:	\$37,258
Supportable 1st Mortgage Amt:	\$572,745
Proposed 1st Mortgage Amt:	\$6,091,709

DEBT SERVICE ("hard debt"/amortized loans)	LOSP	non-LOSP	Total	Comments
Hard Debt - First Lender	25,585	0	25,585	HCD MHP
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Le	0	0	0	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0	
Hard Debt - Fourth Lender	0	0	0	
Commercial Hard Debt Service	0	0	0	
TOTAL HARD DEBT SERVICE	25,585	0	25,585	PUPA: 308

CASH FLOW (NOI minus DEBT SERVICE)	LOSP	non-LOSP	Total
CASH FLOW (NOI minus DEBT SERVICE)	(3,000)	0	15,000
Commercial Only Cash Flow			18,000
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	18,000	0	
AVAILABLE CASH FLOW	15,000	0	15,000

USES OF CASH FLOW BELOW (This row also shows DSCR.)	LOSP	non-LOSP	Total
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL			1.59
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0
Partnership Management Fee (see policy for limits)	15,000	0	15,000
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	0	0	0
Other Payments	0	0	0
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0
Deferred Developer Fee (Enter amt <= Max Fee from cell I130)	0	0	0

TOTAL PAYMENTS PRECEDING MOHCD 15,000 0 15,000 **PUPA: 181**

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

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

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	All MOHCD/OCII Loans payable from res. rects	\$14,458,418	41.30%
MOHCD/OCII - Ground Lease Value		\$10	0.00%
HCD (soft debt loan) - Lender 3	HCD MHP	\$6,091,709	17.40%
Other Soft Debt Lender - Lender 4	CCSF AHF	\$7,177,673	20.50%
Other Soft Debt Lender - Lender 5	CCSF MOH HOME	\$7,280,745	20.80%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE	LOSP	non-LOSP	Total	Comments
MOHCD Residual Receipts Amount Due	0	0	0	67% of residual receipts, multiplied by 41.3% -- 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 17.4% -- HCD MHP's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	0	0	67% of residual receipts, multiplied by 20.5%. CCSF AHF's pro rata share of all soft debt
Lender 5 Residual Receipts Due	0	0	0	67% of residual receipts, multiplied by 20.8%. CCSF MOH HOME's pro rata share of all soft
Total Non-MOHCD Residual Receipts Debt Service	0	0	0	

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

Attachment C: 20-year Operating Proforma

Arnett Watson Apartments

INCOME	Total # Units	LOSP and S+C Units	Non-LOSP Units	% annual inc	Comments (related to annual inc assumptions)	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				
						LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	LOSP	non-LOSP	
						237,084	237,084	240,403	240,403	243,769	243,769	247,182	250,642	254,151	257,709	261,317	264,976	268,685	272,447	276,261	280,122	284,033	287,995	291,908	295,872	299,887	303,953	308,071	312,241	316,463	320,738	325,067
Residential - Tenant Rents	1.4%	2.5%				237,084	237,084	240,403	240,403	243,769	243,769	247,182	250,642	254,151	257,709	261,317	264,976	268,685	272,447	276,261	280,122	284,033	287,995	291,908	295,872	299,887	303,953	308,071	312,241	316,463	320,738	325,067
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	2.5%	Shelter Plus Care			112,236	112,236	115,042	115,042	117,918	117,918	120,866	120,866	123,888	123,888	126,985	130,159	133,413	136,749	140,167	143,672	147,263	150,941	154,707	158,561	162,503	166,534	170,655	174,867	179,170	183,565	
Residential - LOSP Tenant Assistance Payments	n/a	n/a				946,930	946,930	1,000,025	1,000,025	1,026,309	1,026,309	1,052,674	1,052,674	1,079,128	1,079,128	1,105,671	1,132,303	1,159,025	1,185,837	1,212,739	1,239,731	1,266,813	1,293,985	1,321,247	1,348,600	1,376,043	1,403,576	1,431,200	1,458,914	1,486,719	1,514,615	
Commercial Space	n/a	2.5%				18,000	18,000	18,450	18,450	18,911	18,911	19,384	19,384	19,869	20,365	20,872	21,391	21,921	22,462	23,014	23,577	24,151	24,736	25,332	25,939	26,557	27,186	27,826	28,477	29,139	29,812	30,496
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 (deposit to operating account)	n/a	n/a				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gross Potential Income						1,296,250	1,314,250	1,332,470	1,350,850	1,369,396	1,388,022	1,406,722	1,425,500	1,444,359	1,463,291	1,482,297	1,501,377	1,520,531	1,539,760	1,559,064	1,578,443	1,597,897	1,617,426	1,637,030	1,656,709	1,676,463	1,696,292	1,716,196	1,736,175	1,756,229	1,776,358	1,796,562
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	5% vacancy rate for Tenant Rents and Tenant Assistance Payments			(8,096)	(8,096)	(12,470)	(12,470)	(12,020)	(12,186)	(12,188)	(12,359)	(12,359)	(12,532)	(12,532)	(12,708)	(12,885)	(12,885)	(13,066)	(13,249)	(13,249)	(13,434)	(13,434)	(13,622)	(13,622)	(13,813)	(13,813)	(14,007)	(14,007)	(14,206)	
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a				(3,000)	(3,000)	(5,737)	(5,737)	(5,896)	(5,896)	(6,043)	(6,043)	(6,194)	(6,194)	(6,349)	(6,508)	(6,508)	(6,671)	(6,837)	(7,006)	(7,006)	(7,174)	(7,174)	(7,345)	(7,345)	(7,519)	(7,519)	(7,696)	(7,696)	(7,876)	
Vacancy Loss - Commercial	n/a	n/a				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME						1,284,154	1,302,154	1,320,000	1,338,380	1,356,376	1,374,836	1,393,764	1,413,147	1,432,991	1,452,819	1,472,628	1,492,428	1,512,220	1,532,005	1,551,784	1,571,557	1,591,324	1,611,085	1,630,841	1,650,592	1,670,339	1,690,082	1,709,821	1,729,556	1,749,287	1,769,014	1,788,737
OPERATING EXPENSES																																
Management																																
Management Fee	3.5%	3.5%	1st Year to be set according to HUD schedule			77,688	77,688	80,407	80,407	83,221	83,221	86,134	86,134	89,149	89,149	92,269	95,498	98,834	102,300	105,917	109,685	113,604	117,684	121,925	126,327	130,891	135,617	140,506	145,559	150,777	156,160	161,710
Asset Management Fee	3.5%	3.5%	per MOHCD policy			92,688	92,688	95,932	95,932	99,290	99,290	102,765	102,765	106,362	106,362	110,084	113,937	117,925	122,052	126,327	130,749	135,317	140,031	144,891	149,907	155,079	160,407	165,895	171,542	177,349	183,317	189,446
Sub-total Management Expenses						170,376	170,376	176,339	176,339	182,511	182,511	188,899	188,899	195,513	195,513	202,153	209,435	216,850	224,352	231,946	239,624	247,396	255,266	263,232	271,299	279,466	287,733	296,100	304,567	313,134	321,801	330,568
Salaries/Benefits																																
Office Salaries	3.5%	3.5%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manager's Salary	3.5%	3.5%				96,715	96,715	100,100	100,100	103,604	103,604	107,230	107,230	110,983	110,983	114,867	118,887	123,048	127,355	131,813	136,426	141,201	146,139	151,241	156,508	161,941	167,541	173,309	179,245	185,349	191,622	198,064
Health Insurance and Other Benefits	3.5%	3.5%				81,730	81,730	84,591	84,591	87,557	87,557	90,616	90,616	93,787	93,787	97,070	100,467	103,983	107,623	111,390	115,284	119,305	123,473	127,789	132,254	136,870	141,637	146,556	151,628	156,854	162,235	167,772
Other Salaries/Benefits	3.5%	3.5%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Rent-Free Unit	3.5%	3.5%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits						178,445	178,445	184,691	184,691	191,155	191,155	197,845	197,845	204,770	204,770	211,937	219,354	226,925	234,624	242,459	250,439	258,564	266,835	275,252	283,816	292,527	301,385	310,390	319,542	328,841	338,288	347,884
Administration																																
Advertising and Marketing	3.5%	3.5%				841	841	870	870	901	901	932	932	965	965	999	1,034	1,070	1,107	1,146	1,186	1,227	1,268	1,310	1,353	1,397	1,442	1,488	1,535	1,583	1,631	1,680
Office Expenses	3.5%	3.5%				55,584	55,584	57,529	57,529	59,584	59,584	61,749	61,749	63,924	63,924	66,209	68,604	71,109	73,724	76,449	79,284	82,239	85,314	88,509	91,824	95,259	98,814	102,489	106,284	110,209	114,264	118,449
Office Rent	3.5%	3.5%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%				12,106	12,106	12,630	12,630	13,168	13,168	13,720	13,720	14,286	14,286	14,867	15,462	16,071	16,694	17,331	17,982	18,647	19,326	20,019	20,726	21,447	22,182	22,932	23,696	24,474	25,266	26,072
Audit Expense	3.5%	3.5%				12,790	12,790	13,238	13,238	13,701	13,701	14,181	14,181	14,677	14,677	15,191	15,722	16,270	16,824	17,393	17,977	18,576	19,190	19,819	20,463	21,122	21,796	22,485	23,189	23,908	24,642	25,391
Bookkeeping/Accounting Services	3.5%	3.5%				9,462	9,462	9,793	9,793	10,136	10,136	10,491	10,491	10,858	10,858	11,238	11,631	12,037	12,456	12,888	13,334	13,795	14,271	14,761								

INCOME	Total # Units:		Comments (related to annual inc assumptions)	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	
	LOSP and S+C Units			Non-LOSP Units		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	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP				
	% annual inc	% annual increase		100.00%	0.00%																																	
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					333,285	369,621	403,087	433,573	447,436	373,634	376,755	377,793	354,423	353,491	345,450																							
Replacement Reserve Deposits			Based off Current 2016 CNA		49,800	49,800	49,800	49,800	49,800	49,800	49,800	49,800	49,800	49,800	49,800																							
Replacement Reserve Withdrawals (ideally tied to CNA)					13,464	15,334	19,314	35,937	46,679	46,762	46,762	73,170	57,841	52,781																								
Replacement Reserve Interest																																						
RR Running Balance					369,621	403,087	433,573	447,436	373,634	376,755	377,793	354,423	353,491	345,450																								
				RR end bal./unit	4,453	4,856	5,224	5,391	4,502	4,539	4,552	4,270	4,259	4,162																								
OPERATING RESERVE - RUNNING BALANCE																																						
Operating Reserve Starting Balance					276,533	287,583	310,164	321,471	333,172	345,280	357,810	370,777	384,195	398,081	412,450																							
Operating Reserve Deposits					11,050	22,581	11,307	11,701	12,108	12,530	12,967	13,418	13,886	14,369																								
Operating Reserve Withdrawals																																						
Operating Reserve Interest																																						
OR Running Balance					287,583	310,164	321,471	333,172	345,280	357,810	370,777	384,195	398,081	412,450																								
				OR end bal. % Op.Exps+Debt	22%	23%	23%	23%	24%	24%	24%	24%	24%																									
OTHER REQUIRED RESERVE 1 - RUNNING BALANCE																																						
Other Reserve 1 Starting Balance																																						
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																																						
Other Reserve 2 Deposits																																						
Other Reserve 2 Withdrawals																																						
Other Reserve 2 Interest																																						
Other Required Reserve 2 Running Balance																																						

Arnett Watson Apartments

INCOME	Total # Units	LOSP and S+C Units	Non-LOSP Units	% annual inc	Comments (related to annual inc assumptions)	Year 13 2029			Year 14 2030			Year 15 2031			Year 16 2032			Year 17 2033			Year 18 2034			Year 19 2035			Year 20 2036			
						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	LOSP	non-LOSP	
						100.00%	79	4	100.00%	79	4	100.00%	79	4	100.00%	79	4	100.00%	79	4	100.00%	79	4	100.00%	79	4	100.00%	79	4	
Residential - Tenant Rents	1.4%	2.5%				276,261	280,129	-	280,129	284,051	-	284,051	288,027	-	288,027	292,060	-	292,060	296,148	-	296,148	300,295	-	300,295	304,499	-	304,499	308,762	-	308,762
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	2.5%		Shelter Plus Care		147,263	150,945	-	150,945	154,719	-	154,719	158,587	-	158,587	162,551	-	162,551	166,615	-	166,615	170,780	-	170,780	175,050	-	175,050	179,426	-	179,426
Residential - LOSP Tenant Assistance Payments	n/a	n/a				1,416,670	1,470,672	-	1,470,672	1,526,681	-	1,526,681	1,584,771	-	1,584,771	1,645,016	-	1,645,016	1,707,495	-	1,707,495	1,772,286	-	1,772,286	1,839,475	-	1,839,475	1,909,146	-	1,909,146
Commercial Space	n/a	2.5%				23,618	-	-	24,208	-	-	24,813	-	-	25,434	-	-	26,069	-	-	26,721	-	-	27,389	-	-	28,074	-	-	28,776
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 (deposit to operating account)	n/a	n/a				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gross Potential Income						1,863,812	1,901,745	-	1,925,953	1,965,451	-	1,990,264	2,031,385	-	2,056,819	2,099,627	-	2,125,697	2,170,258	-	2,196,979	2,243,381	-	2,270,750	2,319,024	-	2,347,097	2,397,333	-	2,426,109
Vacancy Loss - Residential - Tenant Rents	n/a	n/a		5% vacancy rate for Tenant Rents and Tenant Assistance Payments		(13,813)	(14,006)	-	(14,006)	(14,203)	-	(14,203)	(14,401)	-	(14,603)	-	(14,803)	(15,015)	-	(15,225)	-	(15,435)	-	(15,645)	-	(15,855)	-	(16,065)	-	(16,275)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a				(7,363)	(7,547)	-	(7,547)	(7,736)	-	(7,736)	(7,929)	-	(8,128)	-	(8,328)	(8,531)	-	(8,739)	-	(8,947)	-	(9,155)	-	(9,363)	-	(9,571)	-	(9,779)
Vacancy Loss - Commercial	n/a	n/a				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
EFFECTIVE GROSS INCOME						1,842,636	1,880,192	-	1,904,400	1,943,512	-	1,968,325	2,009,054	-	2,034,488	2,076,897	-	2,102,966	2,147,120	-	2,173,841	2,219,807	-	2,247,197	2,295,046	-	2,332,120	2,372,924	-	2,401,700
OPERATING EXPENSES																														
Management																														
Management Fee	3.5%	3.5%		1st Year to be set according to HUD schedule		113,422	117,392	-	117,392	121,501	-	121,501	125,753	-	125,753	130,154	-	130,154	134,710	-	134,710	139,425	-	139,425	144,305	-	144,305	149,355	-	149,355
Asset Management Fee	3.5%	3.5%		per MOHCD policy		135,322	140,058	-	140,058	144,960	-	144,960	150,034	-	150,034	155,285	-	155,285	160,720	-	160,720	166,345	-	166,345	172,167	-	172,167	178,193	-	178,193
Sub-total Management Expenses						248,744	257,450	-	257,450	266,461	-	266,461	275,818	-	275,818	285,439	-	285,439	295,430	-	295,430	305,770	-	305,770	316,472	-	316,472	327,548	-	327,548
Salaries/Benefits																														
Office Salaries	3.5%	3.5%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Manager's Salary	3.5%	3.5%				141,201	146,143	-	146,143	151,258	-	151,258	156,552	-	156,552	162,031	-	162,031	167,702	-	167,702	173,572	-	173,572	179,647	-	179,647	185,935	-	185,935
Health Insurance and Other Benefits	3.5%	3.5%				119,323	123,500	-	123,500	127,822	-	127,822	132,296	-	132,296	136,926	-	136,926	141,719	-	141,719	146,679	-	146,679	151,813	-	151,813	157,126	-	157,126
Other Salaries/Benefits	3.5%	3.5%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Administrative Rent-Free Unit	3.5%	3.5%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-total Salaries/Benefits						260,524	269,643	-	269,643	279,080	-	279,080	288,848	-	288,848	298,958	-	298,958	309,421	-	309,421	320,251	-	320,251	331,460	-	331,460	343,061	-	343,061
Administration																														
Advertising and Marketing	3.5%	3.5%				1,228	1,271	-	1,271	1,315	-	1,315	1,361	-	1,361	1,409	-	1,409	1,458	-	1,458	1,509	-	1,509	1,562	-	1,562	1,617	-	1,617
Office Expenses	3.5%	3.5%				81,151	83,991	-	83,991	86,931	-	86,931	89,974	-	89,974	93,123	-	93,123	96,382	-	96,382	99,755	-	99,755	103,247	-	103,247	106,860	-	106,860
Office Rent	3.5%	3.5%				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal Expense - Property	3.5%	3.5%				17,674	18,293	-	18,293	18,933	-	18,933	19,596	-	19,596	20,282	-	20,282	20,992	-	20,992	21,726	-	21,726	22,487	-	22,487	23,274	-	23,274
Audit Expense	3.5%	3.5%				18,673	19,327	-	19,327	20,003	-	20,003	20,703	-	20,703	21,428	-	21,428	22,178	-	22,178	22,954	-	22,954	-	23,757	-	24,589	-	24,589
Bookkeeping/Accounting Services	3.5%	3.5%				13,814	14,296	-	14,296	14,798	-	14,798	15,316	-	15,316	15,852	-	15,852	16,407	-	16,407	16,981	-	16,981	-	17,576	-	18,191	-	18,191
Bad Debts	3.5%	3.5%				23,860	24,695	-	24,695	25,560	-	25,560	26,454	-	26,454	27,380	-	27,380	28,339	-	28,339	29,330	-	29,330	-	30,357	-	31,419	-	31,419
Miscellaneous	3.5%	3.5%				65,989	68,297	-	68,297	70,698	-	70,698	73,162	-	73,162	75,722	-	75,722	78,373	-	78,373	81,116	-	81,116	-	83,955	-	86,893	-	86,893
Sub-total Administration Expenses						222,388	230,172	-	230,172	238,228	-	238,228	246,566	-	246,566	255,196	-	255,196	264,128	-	264,128	273,372	-	273,372	282,940	-	282,940	292,843	-	292,843
Utilities																														
Electricity	3.5%	3.5%				94,024	97,314	-	97,314	100,720	-	100,720	104,246	-	104,246	107,894	-	107,894	111,670	-	111,670	115,579	-	115,579	119,624	-	119,624	123,811	-	123,811
Water	3.5%	3.5%				50,630	52,402	-	52,402	54,236	-	54,236	56,135	-	56,135	58,099	-	58,099	60,133	-	60,133	62,238	-	62,238	64,416	-	64,416	66,670	-	66,670
Gas	3.5%	3.5%				33,041	34,197	-	34,197	35,394	-	35,394	36,633	-	36,633	37,915	-	37,915	39,242	-	39,242	40,615	-	40,615	42,037	-	42,037	43,508	-	43,508
Sewer	3.5%	3.5%				73,854	76,297	-	76,297	78,832	-	78,832	81,462	-	81,462	84,200	-	84,200	87,049	-	87,049	90,000	-	90,000	93,051	-	93,051	96,208	-	96,208
Sub-total Utilities						251,548	260,146	-	260,146	269,251	-	269,251	278,674	-	278,674	288,428	-	288,428	298,523	-	298,523	308,971	-	308,971	319,785	-	319,785	330,978	-	330,978

Attachment D: LOSP Funding Schedule A

Arnett Watson Apartments	
7/1/2017	

Exhibit A-2: LOSP Funding By Calendar Year

	n/a	7/1-12/31	TOT	Total Months
2017	\$0.00	\$473,465.00	\$473,465.00	6
	1/1-6/30	7/1-12/31	TOT	Total Months
2018	\$500,012.40	\$500,012.40	\$1,000,024.81	12
2019	\$513,154.39	\$513,154.39	\$1,026,308.77	12
2020	\$532,837.17	\$532,837.17	\$1,065,674.35	12
2021	\$553,258.87	\$553,258.87	\$1,106,517.74	12
2022	\$574,447.00	\$574,447.00	\$1,148,894.00	12
2023	\$596,429.03	\$596,429.03	\$1,192,858.05	12
2024	\$619,232.89	\$619,232.89	\$1,238,465.79	12
2025	\$633,013.49	\$633,013.49	\$1,266,026.98	12
2026	\$657,206.80	\$657,206.80	\$1,314,413.60	12
2027	\$682,303.40	\$682,303.40	\$1,364,606.80	12
2028	\$708,335.10	\$708,335.10	\$1,416,670.19	12
2029	\$735,335.82	\$735,335.82	\$1,470,671.64	12
2030	\$763,340.71	\$763,340.71	\$1,526,681.43	12
2031	\$792,385.63	\$792,385.63	\$1,584,771.27	12
	1/1-6/30	n/a		
2031	\$822,508.23	n/a	\$822,508.23	6
			\$19,018,558.65	180

Exhibit A-1: LOSP Disbursement Schedule By Fiscal Year

		n/a	TOT	Total Months
n/a		\$0.00	\$0.00	0
	7/1-12/31	1/1-6/30	TOT	Total Months
2017-18	\$473,465.00	\$500,012.40	\$973,477.40	12
	7/1-12/31	1/1-6/30		
2018-19	\$500,012.40	\$513,154.39	\$1,013,166.79	12
2019-20	\$513,154.39	\$532,837.17	\$1,045,991.56	12
2020-21	\$532,837.17	\$553,258.87	\$1,086,096.04	12
2021-22	\$553,258.87	\$574,447.00	\$1,127,705.87	12
2022-23	\$574,447.00	\$596,429.03	\$1,170,876.03	12
2023-24	\$596,429.03	\$619,232.89	\$1,215,661.92	12
2024-25	\$619,232.89	\$633,013.49	\$1,252,246.39	12
2025-26	\$633,013.49	\$657,206.80	\$1,290,220.29	12
2026-27	\$657,206.80	\$682,303.40	\$1,339,510.20	12
2027-28	\$682,303.40	\$708,335.10	\$1,390,638.50	12
2028-29	\$708,335.10	\$735,335.82	\$1,443,670.92	12
2029-30	\$735,335.82	\$763,340.71	\$1,498,676.54	12
2030-31	\$763,340.71	\$792,385.63	\$1,555,726.35	12
	7/1-12/31	1/1-6/30		
2031-32	\$792,385.63	\$822,508.23	\$1,614,893.86	12
	n/a			
n/a	n/a		n/a	0
			\$19,018,558.65	180