

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

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

Prepared By: Kevin Kitchingham

Date prepared: 12/03/13

Loan Committee Date: 12/20/13

Sponsor Name: 1100 Ocean Avenue Associates LP, a California Limited Partnership

Project Name: 1100 Ocean Avenue Apartments

Project Address (w. cross street): 1100 Ocean Avenue

Number of Units/Beds (specify): 19 LOSP Units (Transition Age Youth)
6 MHSA Units (Transition Age Youth)
45 Family Units (50% AMI)
71 Units Total (70 plus 1 manager's unit)

Local Operating Subsidy Funds Requested: \$ 179,788 (partial year – 11 Mos.)
\$ 3,745,499 (15 years)

Amount of Funds Recommended: \$ 179,788 (partial year – 11 Mos.)
\$ 3,745,499 (15 years)

1. SUMMARY

The 1100 Ocean Avenue Associates LP (partnership between Mercy Housing Calwest and Bernal Heights Housing Corporation) is requesting \$179,788 to cover the period from February 1, 2015 through December 31, 2015, when occupancy is expected to begin through to the end of the calendar year. The funds cover the operational costs for 19 Transition Age Youth (TAY) units at 1100 Ocean Avenue Apartments. Tenants for the units to be covered under this LOSP agreement will be referred by San Francisco's Human Services Agency (HSA) for eligible TAY households. The entire 15-year contract shall run from February 1, 2015 to January 31, 2031, totaling \$3,745,498.

The project is a five-story affordable rental housing complex of 71 units consisting of 18 studios, 18 1-bedrooms, 21 2-bedrooms, 13 3-bedrooms, (plus 1 3-bedroom manager's unit) for low income families who are at or below 50 percent of Area Median Income (AMI) and Transition Age Youth who are at or below 20 percent of Area Median Income. In addition to the LOSP-funded TAY units, there are 6 units that are subsidized with Mental Health Services Act (MHSA) subsidy through the California Housing Finance Agency (CalHFA). Referrals for the MHSA units will come for the San Francisco Department of Public Health (DPH). Combined with the LOSP-funded TAY units, the MHSA TAY units bring the total to 25 units for Transition Age Youth at or below 20% AMI. The Project also includes 6,479 square feet of ground floor commercial space as well as various support services offices and community space.

Staff recommends approval of this LOSP request.

2. PROJECT OPERATIONS

2.1. Annual Operating Budget

Please see the attached annualized budget for this initial year.

Tenant Rents – LOSP Units: The standard for HSA's – Housing and Homeless Programs units is for tenants to pay 30% of income for rent. At 1100 Ocean Avenue Apartments, where 19 of the TAY units will be supported by the LOSP, tenants are assumed to pay \$102 per month. This amount is based on the assumption that tenants are receiving General Assistance. HSA recommended this model to the developer as a more accurate portrayal of tenant incomes for the LOSP-TAY.

Local Operating Subsidy Assistance Payment: Please note that the attached operating budget shows the LOSP for the first full year of operations but the project expects to receive approximately 11 months' worth of LOSP in CY 2015 to cover the opening in February 1, 2015 through to December 31, 2015.

MHSA Operating Subsidy: The project received a \$600,000 rental subsidy through the Mental Health Services Act administered by CalHFA for 6 of the 25 TAY units. This subsidy is a fixed amount and required to last for 20 years. In order to achieve this, the project is cross subsidizing the units through a combination of cash flow from the 50% AMI units and the commercial master lease income as well a portion of the MHSA operating subsidy.

Operating Expenses - LOSP Units: 4 recent family LOSP projects similar in population and unit count were selected to compare operating expenses against that of 1100 Ocean

Avenue. These properties are 1075 Le Conte, 10th and Mission, Mosaica Family, and Arnett Watson at 650 Eddy. The comparative analysis chart can be found attached to this evaluation.

The total first year tenant rent portion of the income stream for 1100 Ocean Avenue is \$617,3988 (\$8,696 / PUPA) which is above the average of the 4 comparable projects, though Mosaica Family and 10th & Mission have higher tenant rent per unit levels. This is primarily due to the mixed population model whereby 63% of the units are targeted to families at 50% AMI while 1075 LeConte and Arnett Watson are 100 % supportive housing serving _ households between 10% AMI and 40% AMI.

The LOSP per unit subsidy for 1100 Ocean Avenue (\$10,323 / PUPA) is higher than the average of the 4 comparable projects (\$8,634 / PUPA), though lower than the \$11,289/ PUPA for Mosaica Family. This phenomena is attributable to the fact that TAY rents at 1100 Ocean Avenue are based on General Assistance incomes as recommended by HSA staff since most of the TAY will be coming into the building with little or no income as opposed the comparative LOSP projects where tenants came into the building with higher SSI incomes.

The total first year operating expense for the 1100 Ocean Avenue is projected to be \$614,493 (\$8,655/PUPA), excluding reserves and debt service. This is below the average of the 4 aforementioned LOSP projects (\$10,330/PUPA). The lower than average cost is mainly attributable to lower staffing needs at 1100 Ocean where the population has less intensive staffing requirements. For example, there is no 24- hour desk coverage in this building.

The staffing plan for the building includes 3.1 FTE, not including supportive services staff.

Position	FTE on Operations	Time Basis
Property Manager	1 FTE	Full
Maintenance Supervisor	1 FTE	Full
Assistant Manager	0.6 FTE	Full
Janitor	0.5 FTE	Full
TOTAL	3.1	

The total operational cost in year one for the project is \$734,692 (\$10,348/ PUPA) which is lower than the 4 comparable projects. The lower operational cost is most attributable to the fact that there are a smaller proportion of supportive units at 1100 Ocean Avenue compared to the four projects analyzed with the exception of Mosaic Family which only 22% of the units are supportive. 95% of the units at Arnett Watson are LOSP, 32% of the units at 10th and Mission are LOSP, and 75% of the units at 1075 LeConte are LOSP.

At 1100 Ocean Avenue, 19 of the units (27%) will be supported by the LOSP. The project is cost effective vs. the combined average of the comparable projects because it contains a smaller proportion of LOSP units than 3 of the 4 comparable projects (Arnett Watson 95%, 10th and Mission 32%, 1075 LeConte 75%). 1100 Ocean has less intensive staffing requirements than the buildings with a higher proportion of LOSP units. 1100

Ocean will not have 24hr desk coverage which also brings the operating costs down. The comparable projects do have 24hr desk coverage with the exception of Mosaic Family. The scale of 1100 Ocean and its location make it such that it does not require 24hr desk coverage.

Replacement Reserve Deposits: Replacement reserve deposits of \$600 unit / year is higher than MOHCD's underwriting guidelines, but required by California's Department of Housing and Community Development (HCD) under the Multifamily Housing Program (MHP).

Partnership Management Fees: A partnership management fee consistent with MOHCD Underwriting Guidelines is included in the budget and represents the prorated share attributed to the LOSP units.

2.2. 20-Year Cash Flow. The attached 20-year cash flow projection includes the 15-year period for this contract request.

- Tenant rent income trends at 1.0%, which is meant to mirror increases in the assumed GA income for the TAY population. The 50% AMI family units trend at 2.5% which is in accordance with MOHCD Underwriting Guidelines for Tax Credit projects.
- First year vacancy rates are compliant with standard MOHCD underwriting guidelines at 5%.
- Operating expenses trend at 3.5% per year, per MOHCD Underwriting Guidelines.
- Projected LOSP subsidy will trend at a rate of 3% year to year.

3. TARGET POPULATION AND SERVICES

The building consists of 25 TAY units and 45 family units; TAY units are targeted to those 18-24, who are transitioning from public systems (like foster care) or are at risk of not making a successful transition to adulthood as well as TAY with Severe Mental Illness (SMI). The TAY units will be targeted to incomes at or below 20% of the San Francisco median income. The family units are targeted to incomes at or less than 50% of the San Francisco median income.

The LOSP will provide an operating subsidy for 19 of the 25 TAY residents at 1100 Ocean Avenue that are referred by HSA. When referred, these TAY may be homeless or at risk of becoming homeless.

The other six MHSA TAY units' operations are paid for by the combination of the cash flow from the 50% AMI units, commercial master lease income, and the MHSA operating subsidy itself. Referrals to the six MHSA TAY units will come from DPH. This cross-subsidization model aids the project by stretching the MHSA operating subsidy for the 20 years required by CalHFA. Otherwise, LOSP would be needed to subsidize the 6 MHSA TAY units.

The primary service needs of the TAY population living at the 1100 Ocean Avenue Apartments will be assistance in achieving housing stability, applying for and/or maintaining relevant benefits or entitlements (GA, food stamps, SSI), budget and financial training and accessing community resources related to basic needs (food, clothing, household items), health, mental health services, substance abuse counseling, education and employment. Additionally, the TAY living with SMI will require on-going assistance in addressing mental health needs, including individual and group therapy, medication support, and social skills development.

Supportive Services: The lead service provider for the TAY units will be the San Francisco Department of Public Health (though referrals for the LOSP funded TAY units will come from HSA), Community Behavioral Health Services (CBHS) TAY Program. In its role as the County Mental Health Agency, CBHS coordinates and oversees all services provided under the Mental Health Services Act (MHSA) including those for the 19 TAY units funded by the LOSP program. HSA plans to work-order the funds to DPH to pay for the services in the 19 HSA-funded TAY units.

For the 1100 Ocean Avenue Apartments project, CBHS will extend the services of its TAY Program to provide on-site services for all TAY living at the 1100 Ocean Avenue Apartments (MHSA and non-MHSA). CBHS' services will be located on-site at the development. CBHS will offer direct behavioral health services to support TAY residents to maintain housing stability and linkages to ongoing services with outside providers. As the primary service provider, CBHS will also ensure the successful integration of services provided through the project's service partners: the Full Service Partnerships (FSPs). CBHS uses a client-centered and strength-based approach to providing services to tenants of supportive housing sites. CBHS also uses a social rehabilitation Wellness and Recovery model rooted in the belief that people suffering from mental illness are able to live fulfilling and productive lives. Services are voluntary and service planning is a collaborative process between the client and clinicians. CBHS and Mercy Housing Management (MHM) will ensure staffing that is culturally and linguistically competent. Through its Full Service Partnerships, CBHS connects youth with case management services that are provided in the youth's native language when needed. If a youth needs translation assistance with Property management, MHM or CBHS will make those services available.

Below is the staffing chart for TAY services at 1100 Ocean Avenue

Position	FTE on Services	Time Basis
Resident Service Coordinator	1 FTE	2 hours a week on TAY
Clinical Supervision	.13 FTE	5 hours a week
TAY service coordinator	1.0 FTE	40 hours a week
TOTAL	2.13 FTE	

4. RECOMMENDED CONDITIONS

None

5. LOAN COMMITTEE MODIFICATIONS

6. LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 12/20/13

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

APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 12/20/13

Tiffany Beebe, Executive Director
Office of Community Investment and Infrastructure

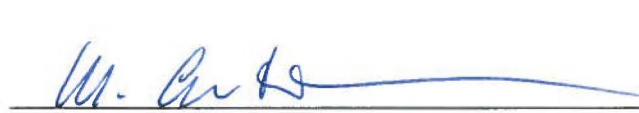
APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 12/20/13

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

APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 12/20/13

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

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

ATTACHMENT A

LOSP PROGRAM DESCRIPTION

The requested funds would be delivered to the sponsor through a grant agreement with a term of up to 15 years, and, with the exception of the current fiscal year, will be subject to annual appropriations by the Board of Supervisors. Funds for the 2015 Calendar year will be included in San Francisco's Human Services Agency budget in the amount of up to \$179,788 and will be work-ordered to MOHCD for administration. The total amount of funds requested is based on Mercy Housing Management's current operating budget and 15-year cash flow projection using MOHCD's standard underwriting guidelines. The first full year's amount of subsidy (year two of operations) required is \$202,569 and the \$179,788 represents the partial year required to cover 11 months' worth of operations from February 1, 2015 to December 31, 2015 (CY 2015).

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

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

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

MCH Operating Budget - Year 1

Application Date:	LOSP	non-LOSP	# Affordable Units	Project Name:	100% Owner	
12/28/2012	16	21	76	Project Address:	100% Owner	
First Year of Operations (provide date assuming that Year 1 is a full year, i.e. 12 months of operations):	27%	72%		Project Sponsor:	Mary	
2013	Residential	Residential				
INCOME:	LOSP	non-LOSP	Residential	Non-Residential	Totals	Comments
Residential - Rent Revenue	22,250	394,732	617,183		617,183	Based on GA Income Assn-L2013 with base MCH
Residential - Other Income	0	14,732	14,732		14,732	MCHA CTR & Supplemental MCHA Income
Residential - LOSP Parking/AS - Other	196,132	0	196,132		196,132	
Commercial Space	0	0	0	37,152	37,152	Market lease
Parking	0	0	0	0	0	
Miscellaneous Rent Income	0	0	0	0	0	
Supplive Service Income	0	0	0	0	0	
Interest Income - Project Operations	0	0	0	0	0	
Laundry and Vending	1,415	3,825	5,240	0	5,240	
Phone Charges	0	0	0	0	0	
Miscellaneous Income	0	0	0	0	0	
Vacancy Loss (Apartment) 10% fee	220,893	652,289	873,182	37,152	910,334	4
Vacancy Loss - Commercial (Market) 50% (enter as negative number if credit to owner, 0, if flat in net 0, and 1)	(1,163)	(28,287)	(29,450)	0	(29,450)	10 year commercial lease term
TOTAL GROSS INCOME	219,640	622,561	842,181			
OPERATING EXPENSES						
Management Fee	15,843	42,593	58,436	0	58,436	
Asset Management Fee	4,973	13,427	18,400	0	18,400	
Salaries/Benefits	28,616	58,748	87,364	0	87,364	
Office Salaries	5,812	11,624	17,436	0	17,436	
Management Office	14,040	27,064	41,104	0	41,104	
Office Supplies and Misc. Supplies	8,764	17,528	26,292	0	26,292	includes payroll tax
Office Software/Other	0	0	0	0	0	
Substantive/Other Fees (Pro)	0	0	0	0	0	
Administration	27,273	56,724	84,017	0	84,017	
Advertising and Marketing	135	365	500	0	500	
Utility Expenses	3,945	16,142	20,087	0	20,087	supplies, computer and laptop
Office Rent	0	0	0	0	0	
Legal Expense - Property	0	8,750	8,750	0	8,750	
Staff Expense	1,285	6,123	7,408	0	7,408	
Bookkeeping/Accounting Services	2,576	7,773	10,349	0	10,349	
Bad Debt	0	0	0	0	0	
Miscellaneous	591	1,370	1,961	0	1,961	training mileage
Sub-Total Administration Expenses	15,083	48,789	63,872	0	63,872	
Utilities	38	21,702	21,740	0	21,740	
Electricity	0	20,420	20,420	0	20,420	water & sewer utility combined
Water	0	3,684	3,684	0	3,684	
Sewer	0	0	0	0	0	
Fees and Expenses	34,689	93,788	128,477	0	128,477	
Real Estate Taxes	945	2,333	3,278	0	3,278	
Property Taxes	0	0	0	0	0	
Miscellaneous Taxes, Licenses and Permits	2,012	5,429	7,441	0	7,441	CDT Fee
Insurance	2,937	7,994	10,931	0	10,931	
Property and Liability Insurance	23,650	69,330	92,980	0	92,980	
Public Liability Insurance	0	0	0	0	0	
Workers Compensation	0	0	0	0	0	
Director's & Officers Liability Insurance	0	0	0	0	0	
Maintenance & Repair	23,639	69,330	92,969	0	92,969	
Asphalt	13,619	36,621	50,240	0	50,240	
Repairs	0	3,312	3,312	0	3,312	
Garbage and Trash Removal	14,170	38,213	52,383	0	52,383	
Security Patrol Contract	9,430	25,550	34,980	0	34,980	
MVAC Repairs and Maintenance	29	1,970	1,999	0	1,999	
Vehicle and Maintenance Equipment Operation and Repairs	1,674	4,536	6,210	0	6,210	
Maintenance Operating and Maintenance Expenses	779	2,103	2,882	0	2,882	
Sub-Total Maintenance & Repair Expenses	47,781	129,221	177,002	0	177,002	
TOTAL OPERATING EXPENSES	17,172	46,258	63,430	0	63,430	
NET OPERATING INCOME	202,468	575,303	777,771	0	777,771	
DEBT SERVICE (hard debt) - owner						
First Loan (first 10 years of commitment)	4,050	10,910	14,960	0	14,960	10 Mandatory Interest Payment
Second Loan (first 10 years of commitment)	0	0	0	0	0	10 Mandatory Interest Payment
Third Loan (first 10 years of commitment)	0	0	0	0	0	10 Interest Fee
Fourth Loan (first 10 years of commitment)	0	0	0	0	0	10 Cash for MCHA unit
TOTAL HARD DEBT SERVICE	4,050	10,910	14,960	0	14,960	
RESERVES						
Reserve for Contingency	0	0	0	0	0	Reserve per year
Reserve for Contingency	0	0	0	0	0	
TOTAL RESERVES	0	0	0	0	0	
CASH FLOW (owner DEBT SERVICE plus RESERVES)	3,122	6,443	9,565	0	9,565	
AVAILABLE CASH FLOW	3,122	6,443	9,565	0	9,565	
USERS OF CASH FLOW (this row also shows DISCR, if applicable)						
Asset Management Fee	0	0	0	0	0	
Residential Lease Management Fee	0	0	0	0	0	
Partnership Management Fee	3,122	8,455	11,577	0	11,577	
Investor Service Fee (aka "LP Asset Mgt Fee")	0	0	0	0	0	
Residential Management Fee	0	0	0	0	0	
Office	0	0	0	0	0	
Non-amortizing Loan (first 10 years of commitment)	0	0	0	0	0	
Non-amortizing Loan (first 10 years of commitment)	0	0	0	0	0	
Non-amortizing Loan (first 10 years of commitment)	0	0	0	0	0	
Non-amortizing Loan (first 10 years of commitment)	0	0	0	0	0	
TOTAL PAYMENTS PRECEDING MOH	3,122	8,455	11,577	0	11,577	
RESIDUAL RECEIPTS	0	66,873	66,873	0	66,873	
TOTAL NET RESIDUAL RECEIPTS (RESIDUAL RECEIPTS LESS PAYMENTS PRECEDING MOH)	0	66,873	66,873	0	66,873	
REMAINING BALANCE	0	66,873	66,873	0	66,873	
Asset Management Fee	0	0	0	0	0	
Residential Lease Management Fee	0	0	0	0	0	
Partnership Management Fee	0	0	0	0	0	
Investor Service Fee (aka "LP Asset Mgt Fee")	0	0	0	0	0	
Residential Management Fee	0	0	0	0	0	
Office	0	0	0	0	0	
Non-amortizing Loan (first 10 years of commitment)	0	0	0	0	0	
Non-amortizing Loan (first 10 years of commitment)	0	0	0	0	0	
TOTAL PAYMENTS BELOW MOH	0	0	0	0	0	
REMAINDER (should be zero unless there are distributions below)	0	66,873	66,873	0	66,873	
Owner Distributions (see 130 minus any items in row 113 + row 115 minus 129)	0	0	0	0	0	
Other Distributions (see 130)	0	0	0	0	0	
Final Balance (should be zero)	0	66,873	66,873	0	66,873	
MOH Residual Receipts and Disbursements - stated to be zero 100, 112 and 122 above.	0	0	0	0	0	
Project Has MOH Loan or Grant Loan With Residual Receipt Obligations?	No	No	No	No	No	If the project is approved to use an alternative formula to calculate the Debt, add cell E117 & cell F117 for any unique payment items as described in comments.
as Max. 15% per year Percentage of Residual Receipts	0	0	0	0	0	
as Max. per unit	0	0	0	0	0	
as Maximum Owner Distribution (lower of as above or 10% of net)	0	0	0	0	0	
as Residual Receipts Amount Due (for Receipts only)	0	0	0	0	0	
(1) Any amount that is received by the owner as a result of the loan or grant	0	0	0	0	0	
(2) Amount from all allowed to MOH Loan Residual Receipts (if any, see 110)	0	0	0	0	0	

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Residual General Librarians (G/L)	0.00%	100.00%	

Projected LOSP Split	LOSP	non-LOSP	only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system
Tenant Charges			

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Office Supplies			
Management Salary			
Utility Expenses and Other Expenses			
Utility Telephone Services			
Administrative Rent (Book Cost)			

Projected LOSP Split	LOSP	non-LOSP	only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system
Legal Expense (Priority)	27.00%	73.00%	

Projected LOSP Split	LOSP	non-LOSP	only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system
Bad Debt			

Projected LOSP Split	LOSP	non-LOSP	only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system
Instruct	27.00%	73.00%	

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Travel Costs			

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Working Compensation			

Projected LOSP Split	LOSP	non-LOSP	only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system
Supplies	27.00%	73.00%	
Utilities			

Alternative LOSP Split (Total)	LOSP	non-LOSP	Approved By (project)

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Support of Services			

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Information Systems Support			
Operational Business Support			
Other Regional Business Support			

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Allocation of Support Services to (Lack of) LOSP (not an expense)	0.00%	100.00%	

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Residual General Librarians (G/L)			

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Deferral / Transfer of Cost			
Other Expenses			
Non-accounting Costs (Phase 1 - Transfer 1 - make note in comments)			

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Residual General Librarians (G/L)			

Alternative LOSP Split	LOSP	non-LOSP	Approved By (project)
Transfer of Expense Fee			
Other Expenses			
Non-accounting Costs (Phase 1 - Transfer 1 - make note in comments)			

1100 Ocean Ave	
2/1/2015	

Exhibit A-2: LOSP Funding By Calendar Year

	2/1-6/30	7/1-12/31	TOT	Total Months
2015	\$81,721.61	\$98,065.94	\$179,787.55	11
	1/1-6/30	7/1-12/31	TOT	Total Months
2016	\$101,284.42	\$101,284.42	\$202,568.83	12
2017	\$104,618.48	\$104,618.48	\$209,236.97	12
2018	\$108,072.21	\$108,072.21	\$216,144.43	12
2019	\$111,649.83	\$111,649.83	\$223,299.65	12
2020	\$115,355.69	\$115,355.69	\$230,711.38	12
2021	\$119,194.33	\$119,194.33	\$238,388.66	12
2022	\$123,170.43	\$123,170.43	\$246,340.85	12
2023	\$127,288.82	\$127,288.82	\$254,577.64	12
2024	\$131,554.53	\$131,554.53	\$263,109.06	12
2025	\$135,972.75	\$135,972.75	\$271,945.49	12
2026	\$140,548.84	\$140,548.84	\$281,097.68	12
2027	\$145,288.37	\$145,288.37	\$290,576.75	12
2028	\$150,197.11	\$150,197.11	\$300,394.21	12
2029	\$155,280.99	\$155,280.99	\$310,561.98	12
	1/1-1/31	n/a		
2029	\$26,757.70	n/a	\$26,757.70	1
			\$3,745,498.84	180

Exhibit A-1: LOSP Disbursement Schedule By Fiscal Year

		2/1-6/30	TOT	Total Months
2014-15		\$81,721.61	\$81,721.61	5
sent to sponsor btwn 7/1 & 9/1	7/1-12/31	1/1-6/30	TOT	Total Months
	2015-16	\$98,065.94	\$101,284.42	\$199,350.35
	7/1-12/31	1/1-6/30		
2016-17	\$101,284.42	\$104,618.48	\$205,902.90	12
2017-18	\$104,618.48	\$108,072.21	\$212,690.70	12
2018-19	\$108,072.21	\$111,649.83	\$219,722.04	12
2019-20	\$111,649.83	\$115,355.69	\$227,005.52	12
2020-21	\$115,355.69	\$119,194.33	\$234,550.02	12
2021-22	\$119,194.33	\$123,170.43	\$242,364.76	12
2022-23	\$123,170.43	\$127,288.82	\$250,459.25	12
2023-24	\$127,288.82	\$131,554.53	\$258,843.35	12
2024-25	\$131,554.53	\$135,972.75	\$267,527.28	12
2025-26	\$135,972.75	\$140,548.84	\$276,521.59	12
2026-27	\$140,548.84	\$145,288.37	\$285,837.21	12
2027-28	\$145,288.37	\$150,197.11	\$295,485.48	12
2028-29	\$150,197.11	\$155,280.99	\$305,478.10	12
	7/1-12/31	1/1-1/31		
2029-30	\$155,280.99	\$26,757.70	\$182,038.69	7
	n/a			
n/a	n/a		n/a	0
			\$3,745,498.84	180

MOH Operating Budget - 20 Year - LOSP only

# of Affordable Units	LOSP	non-LOSP	Comments	Year 1 - partial	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
				year, total # months = 11 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
70	19	51											
1100 Ocean	27.00%	7.00%											
	% annual increase - LOSP	% annual increase		LOSP	LOSP	LOSP	LOSP	LOSP	LOSP	LOSP	LOSP	LOSP	LOSP
INCOME													
Residential - Tenant Rent	1.0%	2.5%	0	21,318	23,459	23,723	23,961	24,200	24,442	24,687	24,934	25,183	25,435
Residential - Tenant Assistance Payments - rate increases in Comments	n/a	n/a	0	-	-	-	-	-	-	-	-	-	-
Residential - LOSP - Tenant Assistance Payments	n/a	2.5%	0	179,789	202,569	209,237	216,144	223,308	230,771	238,539	246,541	254,878	263,609
Construction	n/a	2.5%	0	-	-	-	-	-	-	-	-	-	-
Parking	n/a	2.5%	0	-	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	n/a	2.5%	0	-	-	-	-	-	-	-	-	-	-
Supportive Services Income	n/a	2.5%	0	-	-	-	-	-	-	-	-	-	-
Interest Income - Prisons/Operations	n/a	2.5%	0	-	-	-	-	-	-	-	-	-	-
Laundry and Vending	n/a	2.5%	0	1,297	1,450	1,486	1,524	1,562	1,601	1,641	1,682	1,724	1,767
Itemized Charges	n/a	2.5%	0	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	n/a	2.5%	0	-	-	-	-	-	-	-	-	-	-
Grassroots Income				202,402	227,908	234,447	241,629	249,062	256,754	264,716	272,956	281,484	290,311
Vacancy Loss - Residential	n/a	n/a	enter formula manually per relevant MWI policy; annual	(1,066)	(1,174)	(1,185)	(1,195)	(1,205)	(1,215)	(1,225)	(1,234)	(1,243)	(1,252)
Vacancy Loss - Commercial	n/a	n/a	increasing usually not appropriate	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				201,337	226,733	233,261	240,433	247,857	255,539	263,482	271,712	280,233	289,059
OPERATING EXPENSES													
Management Fee	n/a	3.5%	0	14,139	16,150	16,757	17,343	17,910	18,470	19,029	19,592	20,158	21,119
Asset Management Fee	n/a	3.5%	per MOH policy	4,559	5,147	5,326	5,514	5,707	5,902	6,114	6,328	6,549	6,777
Sub-total Management Expenses				18,698	21,297	22,083	22,857	23,617	24,372	25,143	26,229	27,147	28,096
Salaries/Benefits													
Office Salaries	n/a	3.5%	0	4,633	5,231	5,414	5,604	5,800	6,003	6,213	6,431	6,656	6,889
Management Salaries	n/a	3.5%	0	12,570	14,311	15,020	15,766	16,541	17,347	18,189	19,069	19,988	20,947
Health Insurance and Other Benefits	n/a	3.5%	0	7,497	8,465	8,761	9,067	9,385	9,713	10,051	10,401	10,769	11,146
Other Salaries/Benefits	n/a	3.5%	0	-	-	-	-	-	-	-	-	-	-
Administrative Rent/Lease Fee	n/a	3.5%	0	-	-	-	-	-	-	-	-	-	-
Sub-total Salaries/Benefits				25,000	28,227	29,215	30,238	31,296	32,391	33,525	34,698	35,913	37,170
Administration													
Advertising and Marketing	n/a	3.5%	0	124	140	145	150	155	160	166	172	178	184
Office Expenses	n/a	3.5%	0	3,476	6,193	6,411	6,636	6,868	7,105	7,347	7,593	7,843	8,097
Office Rent	n/a	3.5%	0	-	-	-	-	-	-	-	-	-	-
Legal Expenses - Property	n/a	3.5%	0	2,970	3,353	3,477	3,597	3,718	3,840	3,963	4,122	4,266	4,416
Legal Expenses - Other	n/a	3.5%	0	2,000	2,244	2,431	2,516	2,602	2,689	2,789	2,887	2,988	3,093
Banking/Accounting Services	n/a	3.5%	0	2,636	2,976	3,080	3,185	3,290	3,395	3,501	3,608	3,766	3,910
Bad Debt	n/a	3.5%	0	-	-	-	-	-	-	-	-	-	-
Miscellaneous	n/a	3.5%	0	532	601	622	644	666	689	714	739	764	791
Sub-total Administration Expenses				13,828	15,613	16,166	16,725	17,311	17,916	18,544	19,193	19,864	20,560
Utilities													
Electricity	n/a	3.5%	0	8,511	9,610	9,966	10,392	10,835	11,298	11,774	12,263	12,765	13,281
Water	n/a	3.5%	0	18,627	21,011	21,265	22,529	23,110	24,112	25,079	26,013	26,914	27,894
Gas	n/a	3.5%	0	4,601	5,261	5,446	5,636	5,834	6,038	6,249	6,468	6,694	6,929
Other	n/a	3.5%	0	-	-	-	-	-	-	-	-	-	-
Sub-total Utilities				31,739	35,983	37,159	38,660	39,806	41,199	42,641	44,134	45,679	47,277
Taxes and Licenses													
Real Estate Taxes	n/a	3.5%	0	866	978	1,012	1,048	1,084	1,122	1,162	1,202	1,244	1,288
Personal Taxes	n/a	3.5%	0	-	-	-	-	-	-	-	-	-	-
Miscellaneous Taxes, Licenses and Permits	n/a	3.5%	0	1,844	2,072	2,155	2,239	2,308	2,379	2,473	2,559	2,649	2,741
Sub-total Taxes and Licenses				2,710	3,060	3,167	3,278	3,392	3,511	3,644	3,761	3,893	4,029
Insurance													
Property and Liability Insurance	n/a	3.5%	0	23,513	26,519	27,227	28,039	28,924	30,064	31,330	32,634	33,976	34,958
Public Bond Insurance	n/a	3.5%	0	-	-	-	-	-	-	-	-	-	-
Workers Compensation	n/a	3.5%	0	-	-	-	-	-	-	-	-	-	-
Directors & Officers Liability Insurance	n/a	3.5%	0	-	-	-	-	-	-	-	-	-	-
Sub-total Insurance				23,513	26,519	27,227	28,039	28,924	30,064	31,330	32,634	33,976	34,958
Maintenance & Repair													
Payroll	n/a	3.5%	0	12,454	14,093	14,589	15,099	15,628	16,175	16,741	17,327	17,933	18,561
Supplies	n/a	3.5%	0	1,130	1,276	1,320	1,367	1,414	1,464	1,515	1,569	1,623	1,680
Contractors	n/a	3.5%	0	12,996	14,674	15,166	15,719	16,270	16,839	17,428	18,038	18,670	19,323
Curb and Trash Removal	n/a	3.5%	0	8,063	9,161	10,123	10,477	10,844	11,224	11,616	12,023	12,444	12,879
Security Services - Contract	n/a	3.5%	0	668	754	780	808	836	865	895	927	959	993
HVAC Repairs and Maintenance	n/a	3.5%	0	1,535	1,733	1,793	1,856	1,921	1,988	2,058	2,130	2,204	2,281
Vehicle and Maintenance Equipment Operation and Repairs	n/a	3.5%	0	714	806	834	863	892	923	955	991	1,025	1,061
Miscellaneous Operating and Maintenance Expenses	n/a	3.5%	0	5,423	6,149	6,571	6,861	7,039	7,266	7,541	7,865	8,238	8,561
Sub-total Maintenance & Repair Expenses				43,812	49,468	51,199	52,991	54,846	56,765	58,752	60,808	62,937	65,139
Supportive Services	n/a	3.5%	0	15,741	17,773	18,395	19,039	19,705	20,393	21,109	21,848	22,612	23,401
TOTAL OPERATING EXPENSES				175,380	197,929	204,857	212,817	219,448	227,129	235,078	243,396	251,821	260,435
NET OPERATING INCOME (INCOME minus OP EXPENSES)				26,057	28,804	28,404	28,016	28,409	28,410	28,410	28,410	28,410	28,410
DEBT SERVICE ("hard debt"/mortgage loans)													
Ground Lease Base Rent	0			3,713	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050
First Lender (enter name in comments field)	0			7,613	8,329	8,329	8,329	8,329	8,329	8,329	8,329	8,329	8,329
Second Lender (enter name in comments field)	0			674	680	680	680	680	680	680	680	680	680
Third Lender (enter name in comments field)	0			804	878	878	878	878	878	878	878	878	878
Fourth Lender (enter name in comments field)	0			-	-	-	-	-	-	-	-	-	-
Fifth Lender (enter name in comments field)	0			-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				12,776	13,937	13,937	13,937	13,937	13,937	13,937	13,937	13,937	13,937
RESERVES													
Replacement Reserve Deposit	0			10,395	11,340	11,340	11,340	11,340	11,340	11,340	11,340	11,340	11,340
Operating Reserve Deposit	0			-	-	-	-	-	-	-	-	-	-
Other Required Reserve Deposit	0			-	-	-	-	-	-	-	-	-	-
TOTAL RESERVES				10,395	11,340	11,340	11,340	11,340	11,340	11,340	11,340	11,340	11,340
CASH FLOW (CMI minus DEBT SERVICE minus RESERVES)				2,866	3,127	3,127	3,127	3,127	3,127	3,127	3,127	3,127	3,127
Allocation of Surplus from Residential to LOSP/Non-LOSP	0			-	37,352	-	-	-	-	38,286	-	-	-
AVAILABLE CASH FLOW				2,866	34,479	3,127	3,127	3,127	3,127	41,413	3,127	3,127	3,127
USE OF CASH FLOW (this row also shows DISCR, if applicable)													
Asset Management Fee	0	3.5%	per MOH policy	-	-	-	-	-	-	-	-	-	-
Residual Ground Lease Payment	0			-	-	-	-	-	-	-	-	-	-
Partner/No Management Fee	0	0.0%	per MOH policy	-	-	-	-	-	-	-	-	-	-
Lease Service Fee (aka "FF Asset Mgt Fee")	0			-	-	-	-	-	-	-	-	-	-
Deferred Developer Fee	0			-	-	-	-	-	-	-	-	-	-
Other Payments	0			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Payment (enter 0 if none in comments)	0			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Payment (1 - 1.25% 2 (rate name in comments))	0			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Payment (1.25% 3 (rate name in comments))	0			-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Payment (1.25% 4 (rate name in comments))	0			-	-	-							

MOH Operating Budget - 20 Year - LOSP only

# Affordable Units	LOSP	non-LOSP	Year 16 - partial year, total # months = 1																		
			Year 11 2025	Year 12 2026	Year 13 2027	Year 14 2028	Year 15 2029	Year 16 2030	Year 17 2031	Year 18 2032	Year 19 2033	Year 20 2034									
70	19	51																			
1,100 Ocean	27.00%	73.00%																			
	% annual increase - LOSP	% annual increase																			
INCOME																					
Residential - Tenant Rental	LOSP	n/a	22,649	23,946	26,203	26,467	26,732	24,750	27,269	27,542	27,615	28,096									
Residential - Tenant Assistance Payments - non-Source in Comments	n/a	n/a	0	0	0	0	0	0	0	0	0	0									
Residential - LOSP Tenant Assistance Payments	n/a	n/a	27,943	28,008	290,577	300,394	310,562	294,335	331,908	343,293	334,069	367,132									
Commercial Rental	n/a	n/a	0	0	0	0	0	0	0	0	0	0									
Parking	n/a	2.5%	0	0	0	0	0	0	0	0	0	0									
Miscellaneous Rent Income	n/a	2.5%	0	0	0	0	0	0	0	0	0	0									
Supportive Services Income	n/a	2.5%	0	0	0	0	0	0	0	0	0	0									
Interest Income - Prisons Operations	n/a	2.5%	0	0	0	0	0	0	0	0	0	0									
Laundry and Vending	n/a	2.5%	0	0	0	0	0	0	0	0	0	0									
Tenant Charges	n/a	2.5%	0	0	0	0	0	0	0	0	0	0									
Miscellaneous Income	n/a	2.5%	0	0	0	0	0	0	0	0	0	0									
Leases Potential Income			299,446	308,990	318,883	328,812	339,293	329,943	361,368	374,988	385,614	397,460									
Vacancy Loss - Residential	n/a	n/a	(1,394)	(1,297)	(1,310)	(1,323)	(1,337)	(1,237)	(1,163)	(1,177)	(1,191)	(1,143)									
Vacancy Loss - Commercial	n/a	n/a	0	0	0	0	0	0	0	0	0	0									
EFFEKTIVE GROSS INCOME			298,052	307,693	317,573	327,489	337,957	328,706	360,205	373,811	384,423	396,317									
OPERATING EXPENSES																					
Management																					
Management Fee	n/a	3.5%	22,066	22,838	23,637	24,465	25,321	24,023	27,174	28,074	29,056	30,073									
Asset Management Fee	n/a	3.5%	2,015	2,261	2,515	2,775	3,030	2,638	3,024	3,276	3,531	3,787									
Sub-total Management Expenses			24,081	25,099	26,152	27,240	28,351	26,661	30,198	31,350	32,587	33,860									
Salaries/Benefits																					
Office Salaries	n/a	3.5%	7,130	7,379	7,629	7,880	8,132	7,622	8,764	9,071	9,381	9,717									
Managerial Salaries	n/a	3.5%	19,893	20,493	21,113	21,758	22,426	21,362	24,245	25,197	26,179	27,192									
Health Insurance and Other Benefits	n/a	3.5%	11,536	11,940	12,356	12,781	13,218	12,560	14,191	14,677	15,191	15,723									
Other Salaries/Benefits	n/a	3.5%	0	0	0	0	0	0	0	0	0	0									
Administrative Hourly Rate	n/a	3.5%	0	0	0	0	0	0	0	0	0	0									
Sub-total Salaries/Benefits			38,559	39,817	41,118	42,619	44,166	41,884	47,200	49,043	50,852	52,639									
Administration																					
Advertising and Marketing	n/a	3.5%	100	107	114	121	129	127	144	151	159	167									
Office Expenses	n/a	3.5%	4,443	4,578	4,714	4,851	4,988	4,902	5,538	5,701	5,864	6,027									
Office Rent	n/a	3.5%	0	0	0	0	0	0	0	0	0	0									
Local Expense - Supplies	n/a	3.5%	4,570	4,730	4,896	5,067	5,243	4,976	5,618	5,815	6,015	6,219									
Audit Expense	n/a	3.5%	3,201	3,313	3,429	3,549	3,673	3,485	3,933	4,072	4,215	4,362									
Bookkeeping Accounting Services	n/a	3.5%	1,056	1,094	1,133	1,173	1,213	1,136	1,284	1,331	1,379	1,428									
Legal Debt	n/a	3.5%	0	0	0	0	0	0	0	0	0	0									
Miscellaneous	n/a	3.5%	819	849	879	909	939	891	1,007	1,042	1,078	1,116									
Sub-total Administration Expenses			13,279	13,664	14,053	14,447	14,846	14,418	16,167	16,737	17,312	17,891									
Utilities																					
Electricity	n/a	3.5%	13,097	13,536	14,000	14,481	14,978	14,259	16,100	16,664	17,247	17,850									
Water	n/a	3.5%	28,664	29,667	30,703	31,770	32,872	31,209	35,233	36,458	37,719	39,066									
Gas	n/a	3.5%	1,171	1,212	1,255	1,300	1,347	1,287	1,463	1,513	1,564	1,617									
Sewer	n/a	3.5%	0	0	0	0	0	0	0	0	0	0									
Sub-total Utilities			42,932	44,425	45,958	47,551	49,197	46,756	52,800	54,635	56,512	58,473									
Taxes and Licenses																					
Real Estate Taxes	n/a	3.5%	1,333	1,380	1,428	1,478	1,530	1,451	1,639	1,696	1,755	1,817									
Personal Taxes	n/a	3.5%	0	0	0	0	0	0	0	0	0	0									
Miscellaneous Taxes, Licenses and Permits	n/a	3.5%	247	257	267	278	288	279	320	331	342	354									
Sub-total Taxes and Licenses			1,580	1,637	1,695	1,756	1,818	1,730	1,959	2,027	2,097	2,171									
Insurance																					
Property and Liability Insurance	n/a	3.5%	36,192	37,418	38,739	40,115	41,520	39,392	44,777	46,033	47,443	48,912									
Fidelity Bond Insurance	n/a	3.5%	0	0	0	0	0	0	0	0	0	0									
Workers Compensation	n/a	3.5%	0	0	0	0	0	0	0	0	0	0									
Directors & Officers Liability Insurance	n/a	3.5%	0	0	0	0	0	0	0	0	0	0									
Sub-total Insurance			36,192	37,418	38,739	40,115	41,520	39,392	44,777	46,033	47,443	48,912									
Maintenance & Repairs																					
Payroll	n/a	3.5%	19,211	19,883	20,570	21,281	22,017	20,913	23,615	24,441	25,297	26,182									
Supplies	n/a	3.5%	1,739	1,799	1,861	1,924	1,989	1,893	2,137	2,212	2,289	2,370									
Contracts	n/a	3.5%	19,999	20,699	21,424	22,174	22,950	21,774	24,594	25,445	26,333	27,257									
Cleaning and Trash Removal	n/a	3.5%	13,330	13,797	14,290	14,799	15,327	14,313	16,290	16,960	17,657	18,380									
Security Services/Concessions	n/a	3.5%	1,029	1,064	1,101	1,139	1,179	1,119	1,261	1,317	1,375	1,434									
IT/Cyber Security and Maintenance	n/a	3.5%	2,361	2,444	2,530	2,618	2,709	2,571	2,943	3,044	3,149	3,258									
Vehicle and Maintenance Equipment Operation and Repairs	n/a	3.5%	1,998	1,137	1,177	1,218	1,260	1,196	1,397	1,446	1,497	1,549									
Miscellaneous Operating and Maintenance Expenses	n/a	3.5%	8,633	8,916	9,209	9,504	9,810	9,211	10,637	11,009	11,393	11,791									
Sub-total Maintenance & Repair Expenses			67,419	69,779	72,221	74,749	77,363	73,400	82,876	85,776	88,770	91,866									
Supportive Services																					
TOTAL OPERATING EXPENSES			248,737	258,199	267,971	277,885	287,953	298,240	318,881	330,207	341,707	353,349									
NET OPERATING INCOME (INCOME minus OP EXPENSES)			50,315	50,004	49,602	49,604	49,604	49,604	49,604	49,604	49,604	49,604									
DEBT SERVICE ("hard debt"/amortized loans)																					
Ground Lease Base Rent	0		4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050									
First Lender (enter name in comments field)	0		8,329	8,329	8,329	8,329	8,329	8,329	8,329	8,329	8,329	8,329									
Second Lender (enter name in comments field)	0		680	680	680	680	680	680	680	680	680	680									
Third Lender (enter name in comments field)	0		878	878	878	878	878	878	878	878	878	878									
Fourth Lender (enter name in comments field)	0		0																		