

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: Jackie Tsou

Loan Committee Date: February 3, 2017

Sponsor Name: BRIDGE Housing
Project Name: Armstrong Place
Project Address (w. cross street): 5600 3rd Street at Armstrong Avenue, San Francisco, CA 94124
Number of Units/Beds (specify): 116 units including 23 units set aside for homeless seniors
Up to \$184,270 Year One budget, of which \$167,855 is funded under the original contract
Up to \$4,237,156 through 15 years

1. SUMMARY AND BACKGROUND

Armstrong Place Associates, a California limited partnership ("Armstrong"), an affiliate of BRIDGE Housing Corporation ("BRIDGE"), is requesting \$4,237,156 in General Funds from the Local Operating Subsidy Program ("LOSP") to subsidize continuing operations for 23 units set aside for formerly homeless people at Armstrong Place (the "Project") for a period of 15 years.

Armstrong Place, completed in October 2010, consists of 116 units of senior housing with 23 units of supportive housing targeted to homeless seniors. The Project serves very low-income seniors (ages 62 and older) at incomes of 50% of City AMI or below. BRIDGE partners with Providence Foundation of San Francisco ("PFSF") and the Department of Homelessness and Supportive Housing ("DHS") to provide supportive services to all of the residents.

Of the 116 units, HUD Section 202 funding subsidizes 72 of the units so that residents pay 30% of their income for rent, enabling extremely low income seniors to access this housing. In addition to the 72 HUD 202 units, BRIDGE has set aside 23 units for formerly chronically homeless senior households. These 23 households pay 50% of their income on

rent under the LOSP program. The remaining 21 units are not subsidized, and are available to seniors who are earn up to 35% of AMI.

The current LOSP grant agreement with Armstrong covers a 9-year term, beginning in 2011 and for a total contract amount of \$894,456. During the first several years of operations, several significant operational changes were made. BRIDGE assumed property management responsibilities from Eskaton, and also entered into contract for security/front desk staffing. These two changes resulted in LOSP budget shortfalls during 2012 and 2013, for which BRIDGE requested and was approved for a supplemental disbursement of LOSP funding in February 2015. More recently, BRIDGE submitted another request for supplemental disbursement of LOSP funding for shortfalls experienced in 2015 and 2016, due to lower than projected rental income and faster escalating operating costs. The request for a supplemental disbursement to cover shortfalls from the 2015 and 2016 operating years was approved in January 2017.

Due to the two requests for supplemental disbursements to cover operating shortfalls, the current LOSP contract will not be sufficient to cover the operating cost of LOSP units through the end of the contract period. Based on disbursements made to date, and projected operating costs, the Project is estimated to exhaust the full contract amount by November 2017. Therefore, the Project is requesting a new 15-year LOSP contract to commence at the end of 2017 and for a full 15 year period beginning on January 1, 2018.

1.1. Initial 9-Year LOSP Contract

As noted above, the initial LOSP contract spanned 9 years, from February 2011 through January 2020. Because 24-hour security was not originally contemplated with the 2011 financing, the additional costs security costs, as well as some unanticipated maintenance and repair costs caused the LOSP contract to be spent down faster than originally anticipated. BRIDGE made two requests for supplemental disbursements. After review and evaluation, MOHCD staff deemed the requests to be reasonable and approved the requests. Based on the most current projections, the LOSP contract will be expended by November 2017, two years and two months earlier than the originally forecasted end date.

Given that the Project has operated for nearly 6 years and operations have stabilized, the attached operating budget projection reflects the higher costs that Bridge did not previously anticipate as part of the first 9-year contract.

2. PROJECT PERFORMANCE COMPARED WITH MOHCD SUPPORTIVE HOUSING AND LOSP PORTFOLIOS

2.1. 2015 Operating Expenses

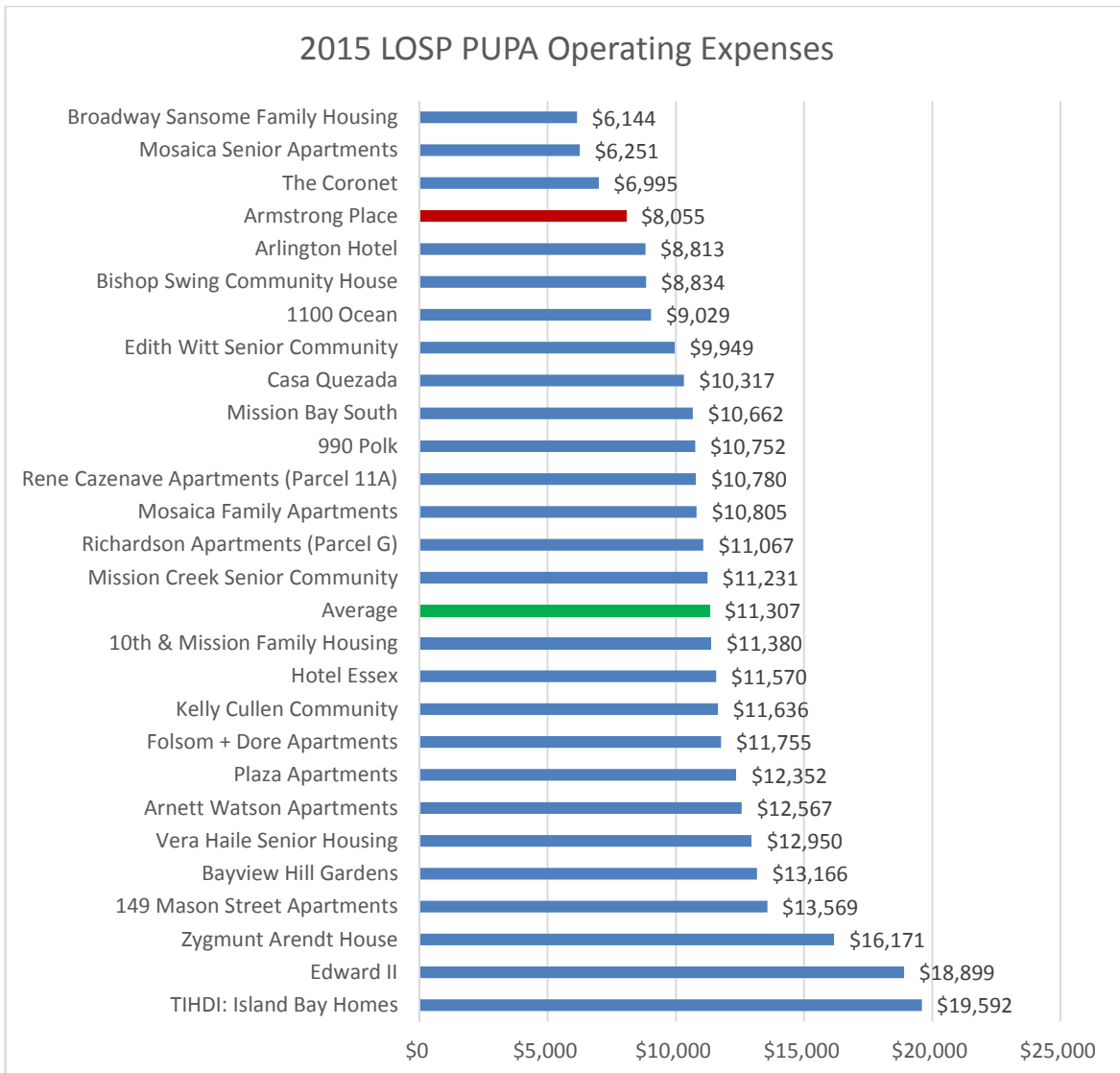
To evaluate Armstrong's financial performance, operating expenses from 2015, the most current year for which actual operating expenses have been reported, were compared with the operating expenses of projects in MOHCD's supportive housing and LOSP portfolios.

During 2015, MOHCD's portfolio had 91 supportive housing projects. Average total operating expenses (before replacement reserve deposits and hard debt service), averaged \$9.7k per unit per year. PUPA operating expenses varied by project size, with PUPA operating expenses higher for smaller buildings and lower for larger buildings.

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

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

Within MOHCD’s LOSP portfolio of 27 projects, operating expenses PUPA ranged from a low of \$6.1k to a high of \$19.6k, and an average of \$11.3k. Armstrong’s 2015 operating expense PUPA, at \$8.0k, ranked as the fourth lowest.



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

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

% of LOSP Units	# Projects	Average PUPA 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
<i>All</i>	<i>27</i>	<i>\$11,307</i>

20% of the units, or 23 units, at Armstrong are designated as LOSP units; therefore, Armstrong’s 2015 PUPA operating expenses of \$8k is well within the average of MOHCD’s LOSP portfolio.

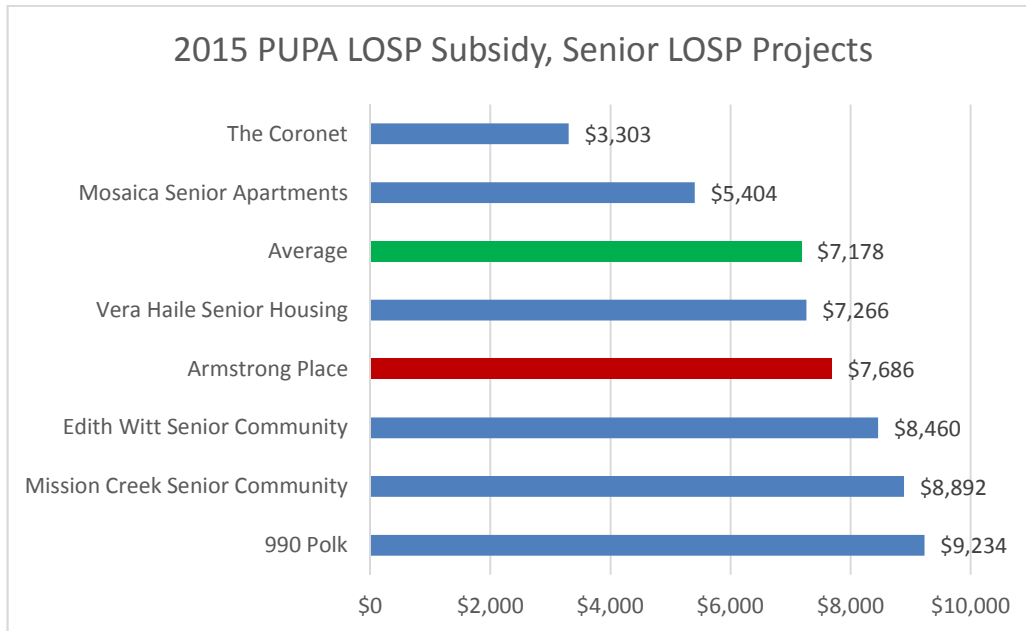
Drilling down to the general expense categories, management, administration, utilities, taxes/licenses, insurance, and maintenance – Armstrong’s 2015 expenditures are well below the average expenditures of all LOSP projects, with the exception of maintenance and repairs, which were 3% higher than the average across the 27 LOSP projects. In 2015, over 80% of the 2015 maintenance and repairs expenses at Armstrong were for maintenance staff, and security and janitorial contracts, due in large part to the cost of security. Additional janitorial costs were incurred due to an unexpected tenant death.

Operating Expenses by Expense Categories, 2015

2015 PUPA Expenses	Mgmt	Salaries/ Benefits	Admin	Utilities	Taxes/ Licenses	Insurance	Maintenance/ Repairs
Armstrong Place	\$695	\$1,273	\$557	\$1,054	\$184	\$666	\$3,513
<i>LOSP Portfolio Average</i>	<i>\$927</i>	<i>\$2,369</i>	<i>\$1,297</i>	<i>\$1,568</i>	<i>\$365</i>	<i>\$964</i>	<i>\$3,412</i>

2.2. 2015 LOSP Subsidy

Due to the lower than average operating expenses, and the percentage of LOSP units at Armstrong, the per unit 2015 LOSP subsidy of \$7,686 was well below the average per unit LOSP subsidy across all LOSP projects - \$8,858. However, compared with other senior projects with some LOSP units, the 2015 LOSP subsidy for Armstrong was about 7% higher. Variation in the per unit LOSP subsidy is due to the different needs of each property and how expenses are allocated between LOSP and non-LOSP units.



3. PROJECT OPERATIONS

3.1. Allocation between LOSP/Non-LOSP Units

The LOSP program assumes that income and expenses are allocated pro-rata among LOSP/Non-LOSP units. Some items are allowed either an alternative split, or a projected split based on actuals, which is allowed if the sponsor's accounting system is able to track income and expenses at the program level. Sponsors must provide rationale for an alternative or project splits are proposed. At Armstrong, the pro-rata allocation is 19.83% LOSP units and 80.17% non-LOSP units. The sections below will further discuss alternative and proposed splits of specific income and expense line items.

3.2. Annual Operating Income Evaluation

Tenant Rent: Tenants rents are comprised of rents collected from the 21 non-subsidized units, targeted to senior households up to 35% AMI, the 23 LOSP households who pay 50% of their income on rent, based on DAH program requirements, and the 72 PRAC subsidized households who pay 30% of their income on rent. 2016 gross rent from the 21 non-subsidized 1-bedroom units average \$659 per month, or about 41% AMI. LOSP and PRAC-subsidized units are deeply affordable and currently households are at about 14% and 17% AMI, respectively according to 2015 reporting. This equates to approximately \$361 in tenant paid rent from the HUD 202 units and \$444 for the LOSP units. Tenant paid rents are projected to generate \$573,163 in 2017, during the first year of the new proposed LOSP contract.

HUD Rental Subsidy: Average contract rent on the 72 PRAC-subsidized 1-bedroom units at \$670 per month. BRIDGE has submitted a 23% rent increase request to HUD, which if approved, would be retroactively effective to September 2016. The projected 2017 rental

subsidy amount, at \$443,448, reflects the rent increase amount. The requested increase is higher than typical because Bridge has not received a rent increase since January 2014. Bridge anticipates a determination by HUD by the week of January 30th. If the full rent increase is not approved, however, the project will may need to use the operating reserve as a stop gap until the next rent increase can be requested in the late summer of 2017. All rental subsidy from the PRAC is earmarked as non-LOSP revenue.

Budget-based rent increases under the PRAC can be requested each year. Moving forward, BRIDGE has implemented a schedule to request rent increases each year.

LOSP Subsidy: The first year LOSP subsidy requested for the 23 senior homeless units is \$184,270 (\$8,012/PUPA and \$667/PUPM) and is shown in the attached operating budget. This is a modest 2.1% annual increase in LOSP subsidy from 2015, and is sized to fund a break-even budget, including operating expenses and replacement reserve deposits.

Other Income: A small amount of revenue, approximately \$9k, is anticipated to be generated from laundry, various tenant charges and miscellaneous income. Laundry and miscellaneous revenues are to be split pro-rata among the LOSP and non-LOSP units. As tenant charges can be tracked to the specific LOSP/non-LOSP unit, those revenues will be booked accordingly.

The operating budget also shows an annual \$68k withdrawal from capitalized reserves. \$38k is withdrawn from a debt service reserve, which pays for annual debt service on the Project's HCD TOD loan, and another \$30k is withdrawn from a fee reserve, which pays for a \$5k Limited Partner Asset Management Fee and a \$25k Partnership Management Fee. These withdrawals offset the respective payments dollar for dollar.

The commercial space at the ground floor is controlled by Bridge Housing Corporation and not the partnership, and was separately financed. The rental income generated by the commercial space, therefore, is not used to support the housing component.

Vacancy: The operating budget assumes a 5% vacancy on the LOSP and non-LOSP units. Historically, vacancy rates on the non-LOSP units are less than 5%, but the proforma budgets 5% to be conservative.

BRIDGE has experienced greater than 5% vacancy on the LOSP units in the past, especially in years with several vacancies that are filled via referrals which also require work with caseworkers. Also, some vacancies are attributable to tenant deaths or relocation of tenants who are in need of a higher level of care than can be provided on-site. Support Services and Property Management are working closely together to address any issues that would negatively impact housing retention.

3.3. Annual Operating Expenses Evaluation

The annual operating expenses in Year One, before debt service and reserves, are projected at \$1,032,555 or \$8,901 PUPA. This is a 10.5% increase above 2015 operating expenses, in part due to increases in water and sewer utility rates, increases to insurance premiums, and increases to security staffing costs due to federal and state minimum wage increases.

Even with these increases, Armstrong’s projected 2017 operating expenses are still much lower than the 2015 average operating expenses of other LOSP properties noted above.

Allocation between LOSP/Non-LOSP Units: The alternative and projected splits proposed in the operating expenses are generally the same as what was approved under the original contract. Minor refinements have been made as BRIDGE’s accounting system is able to track all income and expenses down to the unit and program (i.e, LOSP, HUD, non-subsidized) level.

Staffing: Staffing is anticipated to remain the same as current staffing levels. The staffing plan includes 7.2 FTE.

Position	FTE	Notes
Resident Manager	1.0	\$47,500 annually beginning in 2017 per federal and state minimum wage requirements. Manager has staff unit.
Assistant Manager	1.0	\$18.63/hr plus any overtime, increasing at 3.5% annually.
Janitor	1.0	\$15/hur plus any overtime, increasing at 3.5% annually.
Maintenance Supervisor	1.0	\$21.48/hr plus any overtime
Front Desk/Security	3.2	Contracted positions - 16 hrs/day for 5 days and 24 hrs each Saturday and Sunday. Average rate of \$26/hr, plus overtime of \$5,000.
TOTAL	7.2	1 staff per 17.58 households (estimated 1:23 residents)

Management Fees: Management fees for the 72 HUD units are restricted by HUD program rules. The Sponsor will collect \$65 per unit per month in property management fees on the 72 HUD units during Year One. These fees are only allowed increases per HUD published their management fee schedule. As HUD does not publish the schedule annually, BRIDGE is not assuming annual increases. Furthermore, as rent increases are budget-based, any increases to the HUD management fee would be offset by higher contract rents.

For the remaining 23 LOSP units and 21 un-subsidized units, Management Fees are shown in the Asset Management line item of the operating budget. The Sponsor will collect \$49 per unit per month in Year One, split pro rata among the non-HUD units, as approved by other lenders and the investor during the annual budgeting process. Of the 44 non-HUD units only, the LOSP units’ portion is approximately 52.27% of the non-HUD management fee. The fee is estimated to increase 3% per year per the Limited Partnership Agreement.

Asset Management Fee: The Sponsor does not collect an above the line General Partner Asset Management fee, as this fee is not allowed by HCD, the Limited Partner or HUD.

Salaries and Benefits: Salaries and benefits are budgeted at \$152,370 or \$1,314 per unit per year, and covers the salary and benefits of the Resident Manager and Assistant Manager. Because there is work associated with managing the HUD waitlist and other HUD program requirements, only 18.81% of the office salary line item (Assistant Manager salary) is allocated to the LOSP units. The cost of the administrative free unit is allocated entirely to non-LOSP as it is a HUD-restricted unit.

Administration: Administration line items are budgeted at \$64,377, or \$555 per unit per year, and cover typical functions such as legal, office supplies and equipment, bookkeeping and accounting, computers and telephones. Legal Expenses and Bad Debts

are allocated directly to LOSP units. For projection purposes, the operating budget forecasts these expenses as being split pro-rata.

Utilities: Utilities (gas, water/sewer, common electric) are budgeted at \$142,905, or \$1,232 per unit per year and are based on 2016 actuals. As the building is individually metered for electricity, electricity costs are allocated directly to LOSP and non-LOSP units respectively.

Taxes: Taxes are budgeted at \$19,803, or \$171 per unit per year. Costs assume 100% of units receive welfare exemption. Payroll taxes are based on 10% of salaries, and various miscellaneous fees.

Insurance: Insurance is budgeted at \$93,139, or \$803 per unit per year, for property and liability and worker's compensation insurance.

Maintenance and Repair: Maintenance and repair costs in Year One are budgeted at \$437,256, or \$3,769 per unit per year. This line item includes payroll for one full time janitorial staff and one full time maintenance supervisor; contracts for a janitorial contract, supplies, grounds contract, exterminating, fire alarm and elevator; garbage and trash removal. Overall, projected expenses in this category are reasonable. Notably, the cost of security accounts for nearly 45% of all maintenance and repair costs, and 72% of security costs are allocated to the 23 LOSP units. Previously, 85% of security costs were allocated to LOSP units, as HUD did not initially fund front desk/security staffing.

Supportive Services: Supportive services is budgeted at \$40,572 in Year One and covers service coordination paid with HUD rents. Accordingly, 100% of the expense is allocated to the non-LOSP units, which is unchanged from the original contract. HSH provides an annual supportive services contract of approximately \$107k which is separate from this operating budget.

Replacement Reserve Deposits: Replacement reserve deposits are shown at \$869 per unit per year. This annual deposit amount is higher than MOHCD's underwriting standards but is required by HUD. 8.55%, or approximately \$486 per unit per year is paid by LOSP units and the remaining 91.45% is allocated to non-LOSP units. This allocation is unchanged from the original contract. BRIDGE anticipates commissioning a Capital Needs Assessment in the near future, at which time, the annual deposit to the replacement reserve may change, and would be subject to HUD and investor approval.

Operating Reserve Deposits: The project has a capitalized operating reserve account, with a 2017 beginning balance of \$389,269, which exceeds MOHCD's required balance of 25% of the prior year's operating expenses. No further contributions will be made from the operating budget.

Debt Service: The project has annual debt service payments of \$37,977 for an HCD/TOD loan. The annual debt service is paid out of the debt service reserve, shown as income from withdrawal from a capitalized account.

Partnership Management and Investor Services Fees: The project pays \$25,000 for an annual partnership management fee and another \$5,000 for the Limited Partner Asset Management Fee. Both fees are paid out of the capitalized fee reserve to the investor, and Bridge. Therefore, no operating income is used to pay these fees.

3.4. 20-Year Cash Flow

The attached 20-Year Cash Flow Projection shows the estimated amount of annual LOSP subsidy that will be needed for the 15-year grant period. The projection was made using MOHCD's standard underwriting guidelines, with certain adjustments made based on prior trends.

- Non-LOSP tenant rent income trends at 2.5% per year based on MOHCD guidelines, while LOSP tenant rents trend at 1.0% per year. BRIDGE has indicated that LOSP tenant rents are difficult to predict and may decrease from year to year. HUD tenant assistance payments are estimated to escalate at 3.5% based on BRIDGE's experience with HUD rent increase requests. However, these subsidies may increase at higher rates to cover the operating expenses, including reserve deposits, of the HUD units. Laundry income, tenant charges, and miscellaneous income trend at 2.5%, per underwriting guidelines.
- Operating expenses trend at 3.5% per year, per MOHCD Underwriting Guidelines, with the exception of:
 - Management Fee: 0% increase for portion allocated to HUD units. 3% increase for portion allocated to non-HUD units, per the LPA.
 - Utilities: 5% annual escalation due to actual and projected increases in utility rates. BRIDGE will be exploring ways to reduce utility costs through improved project operations and/or more energy efficient systems.
 - Property and Liability Insurance: 6% annual increase. Historically, premiums have increased at 8-12% annually. BRIDGE has recently updated their replacement values which will result in a premium reduction, and therefore the projected annual escalator is lower than increases experienced in the past. BRIDGE will continue to work with their insurance carrier to keep costs down.

With the above assumptions, the proforma shows that the non-LOSP units will run a deficit by year 14 after payment of hard debt, and year 9 (2025) after payment of the Limited Partner Asset Management Fee and Partnership Management Fee. BRIDGE believes that this forecast is unlikely, and the primary reason for the negative cash flow is due to the inability to precisely reflect a break-even budget on the HUD units, which are shown together with the 21 unsubsidized units in the MOHCD proforma. The assumed vacancy rate on the non-LOSP units is also higher than the historical average, so if vacancy loss is more on par with historical trends, at 2%, the project would stay positive through year 12.

Regardless, BRIDGE plans to focus on managing vacancy loss on all units, while continuing to pursue opportunities to improve revenue and decrease expenses, especially as it relates to energy efficiency opportunities. BRIDGE staff has already reached out to the Department of the Environment to determine if Armstrong would be a good candidate under the Bay Area Regional Energy Network ("BayREN") program for energy-efficiency improvements and rebates. In short, BRIDGE is committed to serving the tenants at Armstrong, and is actively working to ensure that the property is efficiently run. 2025 is Year 15, and during that time, BRIDGE may explore possible re-syndication.

4. SUPPORT SERVICES EVALUATION

Support Services at Armstrong Place are provided through a contract between Providence Foundation of San Francisco (“PFSF”) and Direct Access to Housing (“DAH”), Adult Housing Projects section of the Homelessness and Supportive Housing Department of the City and County of San Francisco.

PFSF provides a variety of services, including educational classes, health and wellness programs, organized tenant activities, and also case management and benefits assistance for the 23 households referred from the DAH Program.

The contract with PFSF is currently in year 2 of a 5 year contract expiring June 30, 2020. The current level of funding is \$106,884 per contract year. The contract receives annual monitorings through the City and has consistently scored well throughout the years.

Funding provides for a full time (1FTE) case manager including benefits, program supplies and a subcontract for an LCSW at 32 hrs/months to provide clinical supervision, mental health therapeutic services and counseling, crisis intervention and assistance with case management.

Case Management has been an integral and effective tool to keep tenants stably housed with a 0% eviction rate from the building. DAH tenants tend to be on the more medically/psychiatrically complex side and are also often frail due to age and often neglected medical care prior to being housed. The model of active engagement with these tenants has proven to enhance quality of life and ensures that tenants can avail themselves of primary care and other needed services like Homebridge or in home supportive services.

5. CONCLUSION

Compared with the other LOSP projects in MOHCD’s portfolio, Armstrong’s lower than average operating costs suggests that the project has been well-run and is efficient. Moving forward, BRIDGE needs to continue to closely monitor expenses and maximize income, including annual requests for rent increases under the PRAC contract, in order to maintain positive cash flow through the LOSP contract period.

The remainder of the existing LOSP contract, \$87,629, will be disbursed in Spring 2017. If a new 15-year LOSP contract is approved, the remaining LOSP subsidy requested for 2017, \$16,415, will be disbursed around June 2017, under the new 15-Year LOSP contract. The full \$194,158 LOSP subsidy requested for calendar year 2018 would be anticipated to be disbursed in early January 2018, and all disbursements moving forward would be on a calendar year basis.

6. RECOMMENDED CONDITIONS

As a condition of financing, MOHCD requires the following:

- Bridge will make a good faith effort to request budget-based rent increases to the HUD PRAC contract annually, or as needed.

7. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 2/3/17

Olson Lee, Director
Mayor's Office of Housing

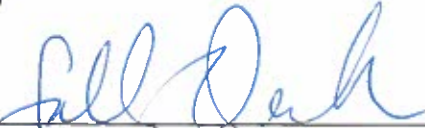
APPROVE. DISAPPROVE. TAKE NO ACTION.



Date: 2-3-17

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

for 

Date: _____

Nadia Sesay, Interim Director
Office of Community Investment and Infrastructure

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

Attachment A: LOSP Program Description

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

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

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

Through 15-year grant agreements with MOHCD, which are subject to annual appropriations by the Board of Supervisors, LOSP pays the difference between the cost of operating housing for homeless persons and all other sources of operating revenue for a given project, such as tenant rental payments, commercial space lease payments, or other operating subsidies. HSH refers homeless applicants to the housing units as well as provides services funding to the projects under a separate contract.

This request is a contract renewal of the initial 9-year LOSP grant agreement for Armstrong Place. 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 period, beginning in November 2017, when the initial 9-year contract is projected to run out, and for a full 15-year period from 2018 through 2032.

Contract periods for LOSP contract renewals will transition from a fiscal year basis to a calendar year basis. For Armstrong, the full \$194,158 LOSP subsidy requested for calendar year 2018 is anticipated to be disbursed in early January 2018, and all disbursements moving forward would be on a calendar year basis.

Attachment B: 1st Year Operating Budget

Application Date:	12/1/2016	LOSP Units	23	Non-LOSP Units	93	Project Name:	Armstrong Place
Total # Units:	116	LOSP/non-LOSP Allocation				Project Address:	5600 Third Street
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations):	2017	19.83%	80.17%			Project Sponsor:	BRIDGE Housing
INCOME	LOSP	non-LOSP	Total	Comments			
Residential - Tenant Rents	125,405	447,758	573,163	Links from 'Existing Proj - Rent Info' Worksheet			
Residential - Tenant Assistance Payments (Non-LOSP)	0	443,448	443,448	Links from 'Existing Proj - Rent Info' Worksheet			
Residential - LOSP Tenant Assistance Payments	184,270		184,270	\$8012 per unit per year			
Commercial Space			0	Links from 'Commercial Op. Budget' Worksheet			
Residential Parking	0	0	0	Links from 'Utilities & Other Income' Worksheet			
Miscellaneous Rent Income	0	0	0	Links from 'Utilities & Other Income' Worksheet			
Supportive Services Income	0	0	0				
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet			
Laundry and Vending	920	3,718	4,637	Links from 'Utilities & Other Income' Worksheet			
Tenant Charges	488	1,972	2,460	Links from 'Utilities & Other Income' Worksheet			
Miscellaneous Residential Income	366	1,479	1,845	Links from 'Utilities & Other Income' Worksheet			
Other Commercial Income			0	Links from 'Commercial Op. Budget' Worksheet			
Withdrawal from Capitalized Reserve (deposit to operating account)	0	67,977	67,977	Withdrawal -Operating Reserve for HCD Debt (\$37,977) and PM and AM fee (\$30,000)			
Gross Potential Income	311,448	966,352	1,277,799				
Vacancy Loss - Residential - Tenant Rents	(6,270)	(22,388)	(28,658)	Vacancy loss is 5% of Tenant Rents.			
Vacancy Loss - Residential - Tenant Assistance Payments	0	(22,172)	(22,172)	Vacancy loss is 5% of Tenant Assistance Payments.			
Vacancy Loss - Commercial			0	Links from 'Commercial Op. Budget' Worksheet			
EFFECTIVE GROSS INCOME	305,177	921,792	1,226,969	PUPA: 10,577 47%			
OPERATING EXPENSES							
Management							
Management Fee	0	56,160	56,160	HUD management fee - does not escalate until HUD makes changes in fee structure			
Asset Management Fee	13,577	12,397	25,974	Property Management fee for LOSP and TCAC units - escalates at 3%			
Sub-total Management Expenses	13,577	68,557	82,134	PUPA: 708			
Salaries/Benefits							
Office Salaries	8,560	36,948	45,508	Assistant Manager at 17.99 per hour (includes a 3% increase) and centralized frontline			
Manager's Salary	9,419	38,081	47,500	Manager salary will be adjusted to reflect be in compliance with new federal regulations.			
Health Insurance and Other Benefits	7,909	31,974	39,883	Based on premiums for medical and dental for all employees			
Other Salaries/Benefits	2,018	8,159	10,177	403B plan based on 6% of salaries			
Administrative Rent-Free Unit	0	9,303	9,303	Staff unit is in a HUD regulated unit			
Sub-total Salaries/Benefits	27,906	124,464	152,370	PUPA: 1,314			
Administration							
Advertising and Marketing	154	622	776	Cost to process credit checks.			
Office Expenses	4,448	17,981	22,428	Telephone of \$14,400 and Office Supplies and printing of \$7270			
Office Rent	0	0	0				
Legal Expense - Property	985	3,983	4,968	3UD's plus miscellaneous legal counsel of \$1,200			
Audit Expense	2,011	8,132	10,143	annual audit fee			
Bookkeeping/Accounting Services	1,223	4,945	6,169	Annual bookkeeping fee based on \$4.28 pupm			
Bad Debts	616	2,489	3,105	Estimate based on 2015 actuals			
Miscellaneous	3,329	13,459	16,788	Software maintenance fees, Conferences, Staff advertising and functions, payroll service			
Sub-total Administration Expenses	12,766	51,611	64,377	PUPA: 555			
Utilities							
Electricity	8,349	33,756	42,105	Based on 2016 actuals			
Water	6,038	24,412	30,450	Based on 2016 actuals			
Gas	4,997	20,203	25,200	Based on 2016 actuals			
Sewer	8,953	36,197	45,150	Based on 2016 actuals			
Sub-total Utilities	28,338	114,567	142,905	PUPA: 1,232			
Taxes and Licenses							
Real Estate Taxes	54	220	274	Assumes 100% welfare exemption			
Payroll Taxes	3,257	13,167	16,424	Based on 10% of salaries			
Miscellaneous Taxes, Licenses and Permits	616	2,489	3,105	Annual FTB payment of \$800, elevator permits, \$275, encroachment fee \$1,700 plus			
Sub-total Taxes and Licenses	3,927	15,876	19,803	PUPA: 171			
Insurance							
Property and Liability Insurance	15,864	64,136	80,000	Annual premiums for property, liability, umbrella, D&O and pollution			
Fidelity Bond Insurance	0	0	0				
Worker's Compensation	2,605	10,533	13,139	Based on 8% of payroll			
Director's & Officers' Liability Insurance	0	0	0				
Sub-total Insurance	18,469	74,669	93,139	PUPA: 803			
Maintenance & Repair							
Payroll	15,218	61,522	76,740	Janitor at \$15 per hour (in 2017) and Maintenance Supervisor at \$20.75 per hour plus			
Supplies	6,527	26,386	32,913	Janitorial supplies of \$6,000, Repairs materials of \$20,000 and Decorating supplies of			
Contracts	20,000	68,000	88,000	Janitorial contract of \$26,000, Exterminating of \$11,700, Grounds contract of \$9,500,			
Garbage and Trash Removal	8,251	33,356	41,607	Based on monthly charge of \$3,100 plus \$3,000 in extra pick ups			
Security Payroll/Contract	140,843	54,772	195,615	Front desk coverage for 16 hours a day 5 days per week and 24 hours on weekends at			
HVAC Repairs and Maintenance	0	0	0				
Vehicle and Maintenance Equipment Operation and Repairs	164	664	828	fire extinguishers			
Miscellaneous Operating and Maintenance Expenses	308	1,245	1,553	uniforms			
Sub-total Maintenance & Repair Expenses	191,310	245,946	437,256	PUPA: 3,769			
Supportive Services							
Commercial Expenses	0	40,572	40,572	Service Coordination paid with HUD rents			
Sub-total Supportive Services	0	40,572	40,572	PUPA: 40,572			
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE	296,293	736,262	1,032,555	PUPA: 8,901			
Reserves/Ground Lease Base Rent/Bond Fees							
Ground Lease Base Rent	0	0	0	Provide additional comments here, if needed.			
Bond Monitoring Fee	0	0	0				
Replacement Reserve Deposit	8,884	94,995	103,879				
Operating Reserve Deposit	0	0	0				
Other Required Reserve 1 Deposit	0	0	0				
Other Required Reserve 2 Deposit	0	0	0				
Required Reserve Deposit/s, Commercial	0	0	0	Links from 'Commercial Op. Budget' Worksheet			
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	8,884	94,995	103,879	PUPA: 896			
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE	305,177	831,257	1,136,434	PUPA: 9,797			
NET OPERATING INCOME (INCOME minus OP EXPENSES)	0	90,535	90,535	PUPA: 780			
DEBT SERVICE ("hard debt"/amortized loans)							
Hard Debt - First Lender	0	0	0	Provide additional comments here, if needed.			
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd)	0	37,977	37,977	HCD/TOD			
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0	Provide additional comments here, if needed.			
Hard Debt - Fourth Lender	0	0	0	Provide additional comments here, if needed.			
Commercial Hard Debt Service	0	0	0	Links from 'Commercial Op. Budget' Worksheet			
TOTAL HARD DEBT SERVICE	0	37,977	37,977	PUPA: 327			
CASH FLOW (NOI minus DEBT SERVICE)	0	52,558	52,558				
Commercial Only Cash Flow	0	0	0				
Allocation of Commercial Surplus to LOPS/non-LOSP (residual income)	0	0	0				
AVAILABLE CASH FLOW	0	52,558	52,558				
USES OF CASH FLOW BELOW (This row also shows DSCR.)							
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL							
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0				
Partnership Management Fee (see policy for limits)	0	0	0	\$25,000 paid from a fee reserve - not allocated to LOSP - see line 118			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	0	0	0	\$5,000 paid for a fee reserve - not allocated to LOSP- see line 118			
Other Payments	0	30,000	30,000	AM fee to LP of \$5,000 and PM fee of \$25,000. Fees fees are paid from a reserve which			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.			
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0	Provide additional comments here, if needed.			
Deferred Developer Fee (Enter: amt <= Max Fee from cell 1130)	0	0	0	Def. Develop. Fee split: 0% Provide additional comments here, if needed.			
TOTAL PAYMENTS PRECEDING MOHCD	0	30,000	30,000	PUPA: 259			
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	0	22,558	22,558				
Residual Receipts Calculation							
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?		TBD			
Will Project Defer Developer Fee?	No						
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%						
% of Residual Receipts available for distribution to soft debt lenders	67%						
Soft Debt Lenders with Residual Receipts Obligations							
MOHCD/OCII - Soft Debt Loans		(Select lender name/program from drop down)	Total Principal Amt	\$7,696,358	Distrib. of Soft Debt Loans		
MOHCD/OCII - Ground Lease Value		All MOHCD/OCII Loans payable from res. recs			45.98%		
HCD (soft debt loan) - Lender 3		Ground Lease			0.00%		
Other Soft Debt Lender - Lender 4		HCD/TOD		\$9,042,172	54.02%		
Other Soft Debt Lender - Lender 5					0.00%		
MOHCD RESIDUAL RECEIPTS DEBT SERVICE							
MOHCD Residual Receipts Amount Due	6,915	6,915	6,915	67% of residual receipts, multiplied by 45.98% -- MOHCD's pro rata share of all soft debt			
Proposed MOHCD Residual Receipts Amount to Loan Repayment	6,915	6,915	6,915	Enter/override amount of residual receipts proposed for loan repayment.			
Proposed MOHCD Residual Receipts Amount to Residual Ground Lea	0	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan repymt.			
REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE			15,643				
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE							
HCD Residual Receipts Amount Due			8,124	67% of residual receipts, multiplied by 54.02% -- HCD/TOD's pro rata share of all soft debt			
Lender 4 Residual Receipts Due			0				
Lender 5 Residual Receipts Due			0				
Total Non-MOHCD Residual Receipts Debt Service			8,124				
REMAINDER (Should be zero unless there are distributions below)							
Owner Distributions/Incentive Management Fee			7,519				
Other Distributions/Uses			0	100% of Borrower share of 33% of residual receipts			
Final Balance (should be zero)			0				

Application Date: 12/1/2016
 Total # Units: 116
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2017

INCOME

	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Residential - Tenant Rents				
Residential - Tenant Assistance Payments (Non-LOSP)	Residential - Tenant Assistance Payments (N	0.00%	100.00%	
Residential - LOSP Tenant Assistance Payments				
Commercial Space				
Residential Parking				
Miscellaneous Rent Income	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income	Supportive Services Income			
Interest Income - Project Operations				
Laundry and Vending	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges	Tenant Charges	19.83%	80.17%	
Miscellaneous Residential Income				
Other Commercial Income	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)	Withdrawal from Capitalized Reserve (deposit	0.00%	100.00%	
Gross Potential Income				
Vacancy Loss - Residential - Tenant Rents				
Vacancy Loss - Residential - Tenant Assistance Payments				
Vacancy Loss - Commercial				
EFFECTIVE GROSS INCOME				

OPERATING EXPENSES

	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Management				
Management Fee	Management Fee	0.00%	100.00%	
Asset Management Fee	Asset Management Fee	52.27%	47.73%	
Sub-total Management Expenses				
Salaries/Benefits				
Office Salaries	Office Salaries	18.81%	81.19%	
Manager's Salary	Manager's Salary			
Health Insurance and Other Benefits	Health Insurance and Other Benefits			
Other Salaries/Benefits	Other Salaries/Benefits			
Administrative Rent-Free Unit	Administrative Rent-Free Unit	0.00%	100.00%	
Sub-total Salaries/Benefits				
Administration				
Advertising and Marketing				
Office Expenses				
Office Rent	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	Legal Expense - Property	19.83%	80.17%	
Audit Expense				
Bookkeeping/Accounting Services	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts	Bad Debts	19.83%	80.17%	
Miscellaneous				
Sub-total Administration Expenses				
Utilities				
Electricity	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water		19.83%	80.17%	
Gas				
Sewer				
Sub-total Utilities				
Taxes and Licenses				
Real Estate Taxes	Real Estate Taxes			
Payroll Taxes	Payroll Taxes			
Miscellaneous Taxes, Licenses and Permits				
Sub-total Taxes and Licenses				
Insurance				
Property and Liability Insurance				
Fidelity Bond Insurance	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation	Worker's Compensation			
Director's & Officers' Liability Insurance				
Sub-total Insurance				
Maintenance & Repair				
Payroll	Projected LOSP Split	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies	Supplies	19.83%	80.17%	
Contracts	Contracts	22.73%	77.27%	
Garbage and Trash Removal	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract	Security Payroll/Contract	72.00%	28.00%	
HVAC Repairs and Maintenance				
Vehicle and Maintenance Equipment Operation and Repairs				
Miscellaneous Operating and Maintenance Expenses				
Sub-total Maintenance & Repair Expenses				
Supportive Services	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses	Supportive Services	0.00%	100.00%	

TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE

Reserves/Ground Lease Base Rent/Bond Fees

	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Ground Lease Base Rent				
Bond Monitoring Fee				
Replacement Reserve Deposit	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
Operating Reserve Deposit	Replacement Reserve Deposit	8.55%	91.45%	
Other Required Reserve 1 Deposit	Operating Reserve Deposit	0.00%	100.00%	
Other Required Reserve 2 Deposit	Other Required Reserve 1 Deposit			
Required Reserve Deposit/s, Commercial				
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE

NET OPERATING INCOME (INCOME minus OP EXPENSES)

	Alternative LOSP Split	LOSP	non-LOSP	Approved By (reqd)
DEBT SERVICE ("hard debt"/amortized loans)				
Hard Debt - First Lender	Hard Debt - First Lender	0.00%	100.00%	
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd)	Hard Debt - Second Lender (HCD Program 0	0.00%	100.00%	
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			
Hard Debt - Fourth Lender	Hard Debt - Fourth Lender			
Commercial Hard Debt Service				
TOTAL HARD DEBT SERVICE				

CASH FLOW (NOI minus DEBT SERVICE)

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

AVAILABLE CASH FLOW

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

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

["Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)]

Partnership Management Fee (see policy for limits)

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

TOTAL PAYMENTS PRECEDING MOHCD

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation?

Will Project Defer Developer Fee?

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr Sum of DD F from LOSP and non-LOSP: 0

% of Residual Receipts available for distribution to soft debt lenders Ratio of Sum of DDF and calculated 50%: #VALUE!

Soft Debt Lenders with Residual Receipts Obligations

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

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

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

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

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

Total Non-MOHCD Residual Receipts Debt Service

REMAINDER (Should be zero unless there are distributions below)

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

Attachment C: 20-year Operating Proforma

Armstrong Place

INCOME	Total # Units:		Year 1			Year 2			Year 3		
	Units	%	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
	116	19.83%	23	80.17%	93						
Residential - Tenant Rents	1.0%	2.5%	125,405	447,758	573,163	126,659	458,952	585,611	127,925	470,426	598,351
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	3.5%	-	443,448	443,448	-	458,969	458,969	-	475,033	475,033
Residential - LOSP Tenant Assistance Payments	n/a	n/a	184,270	-	184,270	194,158	-	194,158	204,466	-	204,466
Commercial Space	n/a	2.5%	-	-	-	-	-	-	-	-	-
Residential Parking	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%	920	3,718	4,637	943	3,811	4,753	966	3,906	4,872
Tenant Charges	2.5%	2.5%	488	1,972	2,460	500	2,021	2,522	513	2,072	2,585
Miscellaneous Residential Income	2.5%	2.5%	366	1,479	1,845	375	1,516	1,891	384	1,554	1,938
Other Commercial Income	n/a	2.5%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	-	67,977	67,977	-	67,977	67,977	-	67,977	67,977
Gross Potential Income			311,448	966,352	1,277,799	322,634	993,246	1,315,880	334,254	1,020,967	1,355,221
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(6,270)	(22,388)	(28,658)	(6,333)	(22,948)	(29,281)	(6,396)	(23,521)	(29,918)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	(22,172)	(22,172)	-	(22,948)	(22,948)	-	(23,750)	(23,750)
Vacancy Loss - Commercial	n/a	n/a	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			305,177	921,792	1,226,969	316,301	947,350	1,263,651	327,858	973,694	1,301,552
OPERATING EXPENSES Management											
Management Fee	0.0%	0.0%	-	56,160	56,160	-	56,160	56,160	-	56,160	56,160
Asset Management Fee	3.0%	3.0%	13,577	12,397	25,974	13,985	12,768	26,753	14,404	13,192	27,596
Sub-total Management Expenses			13,577	68,557	82,134	13,985	68,928	82,913	14,404	69,312	83,716
Salaries/Benefits											
Office Salaries	3.5%	3.5%	8,560	36,948	45,508	8,860	38,241	47,101	9,170	39,579	48,749
Manager's Salary	3.5%	3.5%	9,419	38,081	47,500	9,749	39,414	49,163	10,090	40,793	50,883
Health Insurance and Other Benefits	3.5%	3.5%	7,909	31,974	39,883	8,186	33,093	41,279	8,472	34,251	42,723
Other Salaries/Benefits	3.5%	3.5%	2,018	8,159	10,177	2,089	8,445	10,533	2,162	8,740	10,902
Administrative Rent-Free Unit	3.5%	3.5%	-	9,303	9,303	-	9,628	9,628	-	9,965	9,965
Sub-total Salaries/Benefits			27,906	124,464	152,370	28,883	128,620	157,703	29,894	133,329	163,223
Administration											
Advertising and Marketing	3.5%	3.5%	154	622	776	159	644	803	165	667	832
Office Expenses	3.5%	3.5%	4,448	17,981	22,428	4,603	18,610	23,213	4,764	19,262	24,026
Office Rent	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%	865	3,883	4,748	1,020	4,122	5,142	1,055	4,267	5,322
Audit Expense	3.5%	3.5%	2,011	8,132	10,143	2,082	8,416	10,498	2,155	8,711	10,865
Bookkeeping/Accounting Services	3.5%	3.5%	1,223	4,945	6,168	1,268	5,118	6,385	1,310	5,298	6,608
Bad Debts	3.5%	3.5%	616	2,469	3,085	637	2,578	3,214	660	2,667	3,336
Miscellaneous	3.5%	3.5%	3,329	13,459	16,788	3,446	13,920	17,375	3,556	14,417	17,983
Sub-total Administration Expenses			12,766	51,611	64,377	13,213	53,417	66,630	13,675	55,287	68,982
Utilities											
Electricity	5.0%	5.0%	8,349	33,756	42,105	8,767	35,443	44,210	9,205	37,216	46,421
Water	5.0%	5.0%	6,038	24,412	30,450	6,340	25,632	31,973	6,657	26,914	33,571
Gas	5.0%	5.0%	4,997	20,203	25,200	5,247	21,213	26,460	5,509	22,274	27,783
Sewer	5.0%	5.0%	8,953	36,197	45,150	9,401	38,007	47,408	9,871	39,907	49,778
Sub-total Utilities			28,338	114,567	142,905	29,755	120,296	150,590	31,243	126,310	157,553
Taxes and Licenses											
Real Estate Taxes	3.5%	3.5%	54	220	274	56	228	284	58	236	294
Payroll Taxes	3.5%	3.5%	3,257	13,167	16,424	3,371	13,628	16,998	3,489	14,105	17,593
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%	616	2,469	3,085	637	2,578	3,214	660	2,667	3,336
Sub-total Taxes and Licenses			3,927	15,876	19,803	4,064	16,432	20,496	4,207	17,007	21,213
Insurance											
Property and Liability Insurance	6.0%	6.0%	15,864	64,136	80,000	16,816	67,984	84,800	17,825	72,063	89,888
Fidelity Bond Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%	2,605	10,533	13,139	2,697	10,902	13,599	2,791	11,284	14,075
Director's & Officers' Liability Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Insurance			18,469	74,669	93,139	19,512	78,886	98,399	20,616	83,347	103,963
Maintenance & Repair											
Payroll	3.5%	3.5%	15,218	61,822	76,740	15,750	63,676	79,426	16,301	65,904	82,206
Supplies	3.5%	3.5%	6,527	26,386	32,913	6,755	27,310	34,065	6,992	28,266	35,257
Contracts	3.5%	3.5%	20,000	80,000	88,000	20,700	78,380	81,080	21,425	72,843	94,288
Garbage and Trash Removal	3.5%	3.5%	8,251	33,356	41,607	8,539	34,524	43,063	8,838	35,732	44,570
Security Payroll/Contract	3.5%	3.5%	140,843	54,772	195,615	145,772	56,689	202,462	150,874	58,673	209,548
HVAC Repairs and Maintenance	3.5%	3.5%	164	664	828	170	687	871	178	711	887
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%	308	1,245	1,553	319	1,285	1,607	330	1,333	1,683
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses			191,310	745,946	937,256	198,006	765,554	952,559	204,936	763,463	958,399
Supportive Services	3.5%	3.5%	-	40,572	40,572	-	41,992	41,992	-	43,462	43,462
Commercial Expenses			-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES			296,293	736,262	1,032,555	307,417	763,325	1,070,743	318,974	791,516	1,110,490
PUPA (w/ Reserves/GL Base Rent/Bond Fees)											
Reserves/Ground Lease Base Rent/Bond Fees					8,901			9,231			
Ground Lease Base Rent			-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			8,884	94,925	103,879	8,884	94,925	103,879	8,884	94,925	103,879
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-
Required Reserve Deposits, Commercial			-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			8,884	94,925	103,879	8,884	94,925	103,879	8,884	94,925	103,879
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES			305,177	831,257	1,136,434	316,301	858,320	1,174,622	327,858	886,511	1,214,369
PUPA (w/ Reserves/GL Base Rent/Bond Fees)											
NET OPERATING INCOME (INCOME minus OP EXPENSES)			90,535	90,535	90,535	89,029	89,029	89,029	87,183	87,183	87,183
DEBT SERVICE ("hard debt"/amortized loans)											
Hard Debt - First Lender			-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt., or other 2nd Lender)			-	37,977	37,977	-	37,977	37,977	-	37,977	37,977
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			-	37,977	37,977	-	37,977	37,977	-	37,977	37,977
CASH FLOW (NOI minus DEBT SERVICE)			-	52,558	52,558	-	51,052	51,052	-	49,206	49,206
Commercial Only Cash Flow			-	-	-	-	-	-	-	-	-
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)			-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW			-	52,558	52,558	-	51,052	51,052	-	49,206	49,206
USES OF CASH FLOW BELOW (This row also shows DSCR.)											
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL					2.38			2.34			2.3
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0.0%	0.0%	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	0.0%	0.0%	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			-	-	-	-	-	-	-	-	-
Other Payments			-	30,000	30,000	-	30,000	30,000	-	30,000	30,000
Non-amortizing Loan Pmt - Lender 1			-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2			-	-	-	-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			-	30,000	30,000	-	30,000	30,000	-	30,000	30,000
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)			-	22,558	22,558	-	21,052 </				

Armstrong Place

INCOME	Total # Units:		Year 4			Year 5			Year 6		
	Units	Units	2020			2021			2022		
	19.83%	80.17%	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents	1.0%	2.5%	129,205	482,186	611,391	130,497	494,241	624,738	131,802	506,597	638,399
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	3.5%	-	491,659	491,659	-	508,867	508,867	-	526,677	526,677
Residential - LOSP Tenant Assistance Payments	n/a	n/a	215,210	-	215,210	226,410	-	226,410	238,083	-	238,083
Commercial Space	n/a	2.5%	-	-	-	-	-	-	-	-	-
Residential Parking	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%	990	4,003	4,994	1,015	4,103	5,118	1,040	4,206	5,246
Tenant Charges	2.5%	2.5%	525	2,124	2,649	538	2,177	2,715	562	2,231	2,793
Miscellaneous Residential Income	2.5%	2.5%	394	1,593	1,987	404	1,633	2,037	414	1,674	2,087
Other Commercial Income	n/a	2.5%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	-	67,977	67,977	-	67,977	67,977	-	67,977	67,977
Gross Potential Income			346,324	1,049,542	1,395,867	358,864	1,078,998	1,437,861	371,891	1,109,362	1,481,253
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(6,460)	(24,109)	(30,570)	(6,525)	(24,712)	(31,237)	(6,590)	(25,330)	(31,920)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	(24,583)	(24,583)	-	(25,443)	(25,443)	-	(26,334)	(26,334)
Vacancy Loss - Commercial	n/a	n/a	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			339,864	1,000,850	1,340,714	352,339	1,028,842	1,381,181	365,301	1,057,698	1,422,999

OPERATING EXPENSES Management

Management Fee	0.0%	0.0%	-	56,160	56,160	-	56,160	56,160	-	56,160	56,160
Asset Management Fee	3.0%	3.0%	14,636	13,546	28,382	15,281	13,982	29,263	15,740	14,371	30,111
Sub-total Management Expenses			14,636	69,706	84,542	15,281	70,112	85,394	15,740	70,531	86,271

Salaries/Benefits

Office Salaries	3.5%	3.5%	9,491	40,965	50,456	9,623	42,399	52,221	10,167	43,882	54,049
Manager's Salary	3.5%	3.5%	10,443	42,221	52,664	10,809	43,699	54,507	11,187	45,228	56,415
Health Insurance and Other Benefits	3.5%	3.5%	6,769	35,450	44,219	9,075	36,691	45,766	9,393	37,975	47,368
Other Salaries/Benefits	3.5%	3.5%	2,238	9,046	11,284	2,316	9,363	11,679	2,397	9,690	12,087
Administrative Rent-Free Unit	3.5%	3.5%	-	10,314	10,314	-	10,675	10,675	-	11,049	11,049
Sub-total Salaries/Benefits			30,940	137,996	168,936	32,023	142,826	174,848	33,144	147,824	180,968

Administration

Advertising and Marketing	3.5%	3.5%	171	690	861	177	714	891	183	739	922
Office Expenses	3.5%	3.5%	4,931	19,936	24,867	5,104	20,633	25,737	5,282	21,356	26,638
Office Rent	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%	1,092	4,416	5,508	1,130	4,570	5,701	1,170	4,730	5,900
Audit Expense	3.5%	3.5%	2,230	9,016	11,246	2,308	9,331	11,639	2,389	9,659	12,047
Bookkeeping/Accounting Services	3.5%	3.5%	1,396	5,483	6,879	1,404	5,675	7,079	1,453	5,874	7,326
Bad Debts	3.5%	3.5%	893	2,760	3,443	707	2,887	3,563	731	2,956	3,688
Miscellaneous	3.5%	3.5%	3,691	14,922	18,613	3,820	15,444	19,284	3,954	15,985	19,939
Sub-total Administration Expenses			14,154	57,222	71,376	14,649	59,225	73,874	15,162	61,298	76,460

Utilities

Electricity	5.0%	5.0%	9,665	39,076	48,742	10,149	41,030	51,179	10,656	43,082	53,738
Water	5.0% <td>5.0%</td> <td>6,990</td> <td>28,260</td> <td>35,250</td> <td>7,340</td> <td>29,673</td> <td>37,012</td> <td>7,706</td> <td>31,156</td> <td>38,863</td>	5.0%	6,990	28,260	35,250	7,340	29,673	37,012	7,706	31,156	38,863
Gas	5.0% <td>5.0%</td> <td>5,785</td> <td>23,387</td> <td>29,172</td> <td>6,074</td> <td>24,557</td> <td>30,631</td> <td>6,378</td> <td>25,785</td> <td>32,162</td>	5.0%	5,785	23,387	29,172	6,074	24,557	30,631	6,378	25,785	32,162
Sewer	5.0% <td>5.0%</td> <td>10,365</td> <td>41,902</td> <td>52,267</td> <td>10,883</td> <td>43,997</td> <td>54,980</td> <td>11,427</td> <td>46,197</td> <td>57,624</td>	5.0%	10,365	41,902	52,267	10,883	43,997	54,980	11,427	46,197	57,624
Sub-total Utilities			32,805	132,625	165,430	34,445	139,257	173,792	36,167	146,220	182,387

Taxes and Licenses

Real Estate Taxes	3.5%	3.5%	60	244	304	62	262	315	65	261	326
Payroll Taxes	3.5%	3.5%	3,611	14,598	18,209	3,737	15,109	18,846	3,868	15,638	19,506
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%	683	2,760	3,443	707	2,857	3,563	731	2,956	3,688
Sub-total Taxes and Licenses			4,354	17,602	21,956	4,506	18,218	22,724	4,664	18,856	23,520

Insurance

Property and Liability Insurance	6.0%	6.0%	18,894	76,387	95,281	20,028	80,970	100,998	21,230	85,828	107,058
Fidelity Bond Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%	2,889	11,679	14,567	2,990	12,087	15,077	3,094	12,510	15,605
Director's & Officers' Liability Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Insurance			21,783	88,066	109,849	23,018	93,058	116,075	24,324	98,339	122,663

Maintenance & Repair

Payroll	3.5%	3.5%	16,872	68,211	85,083	17,462	70,598	88,061	18,074	73,069	91,143
Supplies	3.5%	3.5%	7,236	29,255	36,491	7,489	30,279	37,768	7,792	31,339	39,090
Contracts	3.5%	3.5%	22,174	75,393	97,567	22,950	78,032	100,882	23,754	80,763	104,516
Garbage and Trash Removal	3.5%	3.5%	9,148	36,983	46,130	9,468	38,277	47,745	9,799	39,617	49,416
Security Payroll/Contract	3.5%	3.5%	156,155	60,727	216,882	161,620	62,852	224,473	167,277	65,052	232,329
HVAC Repairs and Maintenance	3.5%	3.5%	182	736	918	188	782	950	195	789	983
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%	341	1,380	1,721	353	1,428	1,782	366	1,478	1,844
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses			212,108	272,684	344,793	219,532	282,228	350,761	227,216	292,106	359,322

Supportive Services

Commercial Expenses	3.5%	3.5%	-	44,983	44,983	-	46,557	46,557	-	48,187	48,187
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TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES

PUPA (w/o Reserves/GL Base Rent/Bond Fees)			330,980	820,884	1,151,865	343,455	851,481	1,194,936	356,417	883,361	1,239,777
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Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent			-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			8,884	94,995	103,879	8,884	94,995	103,879	8,884	94,995	103,879
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			8,884	94,995	103,879	8,884	94,995	103,879	8,884	94,995	103,879

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES

PUPA (w/ Reserves/GL Base Rent/Bond Fees)			339,864	915,879	1,255,744	352,339	946,476	1,298,815	365,301	978,356	1,343,656
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NET OPERATING INCOME (INCOME minus OP EXPENSES)

			-	84,971	84,971	-	82,366	82,366	-	79,343	79,343
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DEBT SERVICE ("hard debt"/amortized loans)

Hard Debt - First Lender			-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt., or other 2nd Lender)			-	37,977	37,977	-	37,977	37,977	-	37,977	37,977
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			-	37,977	37,977	-	37,977	37,977	-	37,977	37,977

CASH FLOW (NOI minus DEBT SERVICE)

Commercial Only Cash Flow			-	46,994	46,994	-	44,389	44,389	-	41,366	41,366
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AVAILABLE CASH FLOW

			-	46,994	46,994	-	44,389	44,389	-	41,366	41,366
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USES OF CASH FLOW BELOW (This row also shows DSCR.)

DSCR:			-	2.24	2.24	-	2.17	2.17	-	2.09	2.09
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USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

Below-the-line Asset Mgt fee (uncommon in new projects, see policy)	0.0%	0.0%	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	0.0%	0.0%	-	-	-						

Armstrong Place

INCOME	Total # Units: 116	LOSP Units 23 19.83%	Non-LOSP Units 93 80.17%	Comments (related to annual inc assumptions)	Year 7 2023			Year 8 2024			Year 9 2025				
					% annual inc LOSP	% annual increase	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
					LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total		
Residential - Tenant Rents		1.0%	2.5%	rents fluctuate - no increase assumed for LOSP	133,120	519,262	652,381	134,451	532,243	666,694	135,795	545,550	681,345		
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	3.5%	factored in proposed HUD increase in 2017. Waiting for HUD approval.	-	545,111	545,111	-	564,190	564,190	-	583,936	583,936		
Residential - LOSP Tenant Assistance Payments		n/a	n/a		250,250	-	250,250	262,931	-	262,931	276,148	-	276,148		
Commercial Space		n/a	2.5%		-	-	-	-	-	-	-	-	-		
Residential Parking		2.0%	2.0%		-	-	-	-	-	-	-	-	-		
Miscellaneous Rent Income		2.0%	2.0%		-	-	-	-	-	-	-	-	-		
Supportive Services Income		2.0%	2.0%		-	-	-	-	-	-	-	-	-		
Interest Income - Project Operations		2.0%	2.0%		-	-	-	-	-	-	-	-	-		
Laundry and Vending		2.5%	2.5%		1,066	4,311	5,378	1,093	4,419	5,512	1,120	4,629	5,650		
Tenant Charges		2.5%	2.5%		566	2,287	2,853	580	2,344	2,924	594	2,403	2,997		
Miscellaneous Residential Income		2.5%	2.5%		424	1,715	2,140	435	1,758	2,193	446	1,802	2,248		
Other Commercial Income		n/a	2.5%		-	-	-	-	-	-	-	-	-		
Withdrawal from Capitalized Reserve (deposit to operating account)		n/a	n/a	Link from Reserve Section below, as applicable	-	67,977	67,977	-	67,977	67,977	-	67,977	67,977		
Gross Potential Income					385,426	1,140,663	1,526,089	399,469	1,172,932	1,572,421	414,104	1,206,197	1,620,301		
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	Enter formulas manually per relevant MOH	(6,656)	(25,963)	(32,619)	(6,723)	(26,612)	(33,335)	(6,790)	(27,277)	(34,067)		
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a	policy; annual incrementing usually not	-	(27,256)	(27,256)	-	(28,209)	(28,209)	-	(29,197)	(29,197)		
Vacancy Loss - Commercial		n/a	n/a	appropriate	-	-	-	-	-	-	-	-	-		
EFFECTIVE GROSS INCOME					378,770	1,087,445	1,466,215	392,767	1,118,110	1,510,877	407,314	1,149,723	1,557,037		

OPERATING EXPENSES Management

Management Fee	0.0%	0.0%	Fees are set by HUD - for purposes of proforma, assume some escalation.	-	56,160	56,160	-	56,160	56,160	-	56,160	56,160
Asset Management Fee	3.0%	3.0%	Prop Mgmt for LOSP and TCRC units. Increase 1 per LPA	16,212	14,802	31,014	16,698	15,246	31,944	17,199	15,704	32,903
Sub-total Management Expenses				16,212	70,962	87,174	16,698	71,406	88,104	17,199	71,864	89,063

Salaries/Benefits

Office Salaries	3.5%	3.5%	Manager's salary to increase to \$47,500 in 2017 to be in compliance with fed and state requirements	10,622	45,418	55,941	10,891	47,008	57,899	11,272	48,653	59,925
Manager's Salary	3.5%	3.5%		11,579	46,811	58,390	11,984	48,449	60,433	12,403	50,145	62,548
Health Insurance and Other Benefits	3.5%	3.5%		9,722	39,304	49,026	10,062	40,680	50,742	10,414	42,104	52,518
Other Salaries/Benefits	3.5%	3.5%		2,481	10,030	12,510	2,568	10,381	12,948	2,857	10,744	13,401
Administrative Rent-Free Unit	3.5%	3.5%		-	11,435	11,435	-	11,835	11,835	-	12,250	12,250
Sub-total Salaries/Benefits				34,304	152,998	187,302	35,504	158,353	193,858	36,747	163,896	200,643

Administration

Advertising and Marketing	3.5%	3.5%		189	765	954	196	792	988	203	819	1,022
Office Expenses	3.5%	3.5%		5,467	22,103	27,570	5,659	22,877	28,535	5,857	23,677	29,534
Office Rent	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%		1,211	4,896	6,107	1,253	5,067	6,321	1,297	5,245	6,542
Audit Expense	3.5%	3.5%		2,472	9,996	12,468	2,559	10,346	12,905	2,649	10,708	13,356
Bookkeeping/Accounting Services	3.5%	3.5%		1,504	6,079	7,583	1,556	6,292	7,848	1,611	6,512	8,123
Bad Debts	3.5%	3.5%		757	3,060	3,817	783	3,167	3,950	811	3,278	4,089
Miscellaneous	3.5%	3.5%		4,092	16,544	20,636	4,235	17,123	21,359	4,384	17,723	22,106
Sub-total Administration Expenses				15,893	63,443	79,136	16,242	65,664	81,906	16,810	67,962	84,772

Utilities

Electricity	5.0%	5.0%		11,189	45,236	56,425	11,749	47,497	59,246	12,336	49,672	62,208
Water	5.0%	5.0%		8,092	32,714	40,806	8,496	34,350	42,846	8,921	36,067	44,989
Gas	5.0%	5.0%		6,697	27,074	33,770	7,032	28,427	35,459	7,383	29,649	37,232
Sewer	5.0%	5.0%		11,986	48,507	60,505	12,598	50,932	63,531	13,228	53,479	66,707
Sub-total Utilities				37,976	153,531	191,506	39,874	161,207	201,082	41,668	168,268	211,136

Taxes and Licenses

Real Estate Taxes	3.5%	3.5%		67	270	337	69	280	349	72	290	361
Payroll Taxes	3.5%	3.5%		4,003	16,185	20,189	4,144	16,752	20,895	4,289	17,338	21,627
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		757	3,060	3,817	783	3,167	3,950	811	3,278	4,089
Sub-total Taxes and Licenses				4,827	19,516	24,343	4,996	20,199	25,195	5,171	20,906	26,077

Insurance

Property and Liability Insurance	6.0%	6.0%	our premiums have been increasing at higher rate - 8-12%. Replacement values reduced, so premium to be \$80k in 2017.	22,503	90,978	113,482	23,854	96,437	120,290	25,285	102,223	127,508
Fidelity Bond Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%		3,203	12,948	16,151	3,315	13,401	16,716	3,431	13,871	17,301
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Insurance				25,706	103,926	129,633	27,169	109,838	137,007	28,716	116,094	144,809

Maintenance & Repair

Payroll	3.5%	3.5%		18,796	75,627	94,333	19,361	78,274	97,635	20,039	81,013	101,052
Supplies	3.5%	3.5%		8,023	32,436	40,458	8,304	33,571	41,875	8,694	34,746	43,340
Contracts	3.5%	3.5%	Maintaining at \$88k in 2017.	24,585	83,589	108,174	25,446	86,515	111,961	26,336	89,543	115,879
Garbage and Trash Removal	3.5%	3.5%		10,142	41,003	51,146	10,497	42,439	52,936	10,865	43,924	54,788
Security Payroll/Contract	3.5%	3.5%		173,132	67,329	240,461	179,191	69,686	248,877	185,463	72,125	257,588
HVAC Repairs and Maintenance	3.5%	3.5%		202	816	1,018	209	845	1,053	216	874	1,090
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		376	1,530	1,908	392	1,594	1,975	405	1,639	2,044
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses				235,168	302,330	537,499	243,399	312,912	556,311	251,918	323,864	575,782

Supportive Services

Commercial Expenses	3.5%	3.5%		-	49,873	49,873	-	51,619	51,619	-	53,426	53,426
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TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES

PUPA (w/o Reserves/GL Base Rent/Bond Fees)				369,886	916,580	1,286,466	383,883	951,198	1,335,081	398,430	987,277	1,385,707
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Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent				-	-	-	-	-	-	-	-	-
Bond Monitoring Fee				-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit				8,884	94,995	103,879	8,884	94,995	103,879	8,884	94,995	103,879
Operating Reserve Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit				-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit				-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial				-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				8,884	94,995	103,879	8,884	94,995	103,879	8,884	94,995	103,879

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES

PUPA (w/ Reserves/GL Base Rent/Bond Fees)				378,770	1,011,575	1,390,345	392,767	1,046,193	1,438,960	407,314	1,082,272	1,489,586
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NET OPERATING INCOME (INCOME minus OP EXPENSES)

				-	75,870	75,870	-	71,917	71,917	-	67,451	67,451
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DEBT SERVICE ("hard debt"/amortized loans)

Hard Debt - First Lender				-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt., or other 2nd Lender)				-	37,977	37,977	-	37,977	37,977	-	37,977	37,977
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender				-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service				-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				-	37,977	37,977	-	37,977	37,977	-	37,977	37,977

CASH FLOW (NOI minus DEBT SERVICE)

Armstrong Place

INCOME	Total # Units:		Year 10			Year 11			Year 12		
	LOSP	Non-LOSP	2026			2027			2028		
	Units	Units	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents	19.83%	80.17%	137,163	559,188	696,341	138,525	573,168	711,693	138,910	587,497	727,407
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	3.5%	-	604,374	604,374	-	625,627	625,627	-	647,421	647,421
Residential - LOSP Tenant Assistance Payments	n/a	n/a	289,923	-	289,923	304,280	-	304,280	319,243	-	319,243
Commercial Space	n/a	2.5%	-	-	-	-	-	-	-	-	-
Residential Parking	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%	1,148	4,643	5,791	1,177	4,759	5,936	1,207	4,878	6,084
Tenant Charges	2.5%	2.5%	609	2,463	3,072	624	2,525	3,149	640	2,588	3,228
Miscellaneous Residential Income	2.5%	2.5%	457	1,847	2,304	468	1,893	2,362	480	1,941	2,421
Other Commercial Income	n/a	2.5%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	-	67,977	67,977	-	67,977	67,977	-	67,977	67,977
Gross Potential Income			429,291	1,240,492	1,669,783	445,074	1,275,849	1,720,923	461,479	1,312,301	1,773,780
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(6,858)	(27,959)	(34,817)	(6,926)	(28,656)	(36,585)	(6,965)	(29,375)	(36,370)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	-	-	-	-	-	-	-	-
Vacancy Loss - Commercial	n/a	n/a	-	(30,219)	(30,219)	-	(31,276)	(31,276)	-	(32,371)	(32,371)
EFFECTIVE GROSS INCOME			422,433	1,182,314	1,604,747	438,148	1,215,914	1,654,062	454,484	1,250,555	1,705,039

OPERATING EXPENSES Management

Management Fee	0.0%	0.0%	-	56,160	56,160	-	56,160	56,160	-	56,160	56,160
Asset Management Fee	3.0%	3.0%	17,715	16,175	33,890	18,247	16,660	34,907	16,794	17,160	33,954
Sub-total Management Expenses			17,715	72,335	90,050	18,247	72,820	91,067	18,794	73,320	92,114

Salaries/Benefits

Office Salaries	3.5%	3.5%	11,686	50,356	62,023	12,075	52,119	64,193	12,497	53,943	66,440
Manager's Salary	3.5%	3.5%	12,837	51,900	64,738	13,287	53,717	67,003	13,752	55,597	69,349
Health Insurance and Other Benefits	3.5%	3.5%	10,779	43,577	54,356	11,156	45,102	56,255	11,547	46,681	58,228
Other Salaries/Benefits	3.5%	3.5%	2,751	11,120	13,870	2,847	11,509	14,356	2,946	11,912	14,858
Administrative Rent-Free Unit	3.5%	3.5%	-	12,678	12,678	-	13,522	13,522	-	13,581	13,581
Sub-total Salaries/Benefits			38,033	169,632	207,665	39,364	175,569	214,933	40,742	181,714	222,456

Administration

Advertising and Marketing	3.5%	3.5%	210	848	1,058	217	878	1,093	225	909	1,133
Office Expenses	3.5%	3.5%	6,062	24,506	30,568	6,274	25,364	31,638	6,493	26,252	32,745
Office Rent	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%	1,343	5,428	6,771	1,390	5,618	7,008	1,438	5,815	7,253
Audit Expense	3.5%	3.5%	2,741	11,083	13,824	2,837	11,470	14,308	2,937	11,872	14,808
Bookkeeping/Accounting Services	3.5%	3.5%	1,667	6,740	8,407	1,725	6,978	8,701	1,786	7,220	9,006
Bad Debts	3.5%	3.5%	839	3,393	4,232	869	3,511	4,380	899	3,634	4,533
Miscellaneous	3.5%	3.5%	4,537	18,343	22,880	4,696	18,985	23,681	4,860	19,649	24,510
Sub-total Administration Expenses			17,989	70,341	87,739	18,008	72,802	90,810	18,638	75,351	93,988

Utilities

Electricity	5.0%	5.0%	12,953	52,366	65,319	13,600	54,984	68,585	14,280	57,733	72,014
Water	5.0%	5.0%	9,367	37,871	47,238	9,836	39,764	49,600	10,327	41,752	52,080
Gas	5.0%	5.0%	7,752	31,341	39,093	8,140	32,908	41,048	8,547	34,554	43,101
Sewer	5.0%	5.0%	13,889	56,153	70,042	14,584	58,961	73,545	15,313	61,909	77,222
Sub-total Utilities			43,962	177,731	221,693	46,160	186,617	232,777	48,468	195,946	244,416

Taxes and Licenses

Real Estate Taxes	3.5%	3.5%	74	300	374	77	310	387	79	321	400
Payroll Taxes	3.5%	3.5%	4,439	17,945	22,384	4,594	18,573	23,167	4,755	19,223	23,978
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%	839	3,393	4,232	869	3,511	4,380	899	3,634	4,533
Sub-total Taxes and Licenses			5,352	21,637	26,989	5,539	22,395	27,934	5,733	23,178	28,912

Insurance

Property and Liability Insurance	6.0%	6.0%	26,802	108,356	135,158	28,410	114,858	143,268	30,115	121,749	151,864
Fidelity Bond Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%	3,551	14,356	17,907	3,675	14,858	18,534	3,804	15,378	19,182
Director's & Officers' Liability Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Insurance			30,353	122,712	153,065	32,085	129,716	161,801	33,918	137,128	171,046

Maintenance & Repair

Payroll	3.5%	3.5%	20,740	83,849	104,589	21,466	86,784	108,249	22,217	89,821	112,038
Supplies	3.5% <td>3.5%</td> <td>8,895</td> <td>35,962</td> <td>44,857</td> <td>9,206</td> <td>37,221</td> <td>46,427</td> <td>9,529</td> <td>38,523</td> <td>48,052</td>	3.5%	8,895	35,962	44,857	9,206	37,221	46,427	9,529	38,523	48,052
Contracts	3.5% <td>3.5%</td> <td>27,258</td> <td>107,677</td> <td>134,846</td> <td>28,212</td> <td>110,921</td> <td>138,676</td> <td>29,199</td> <td>115,928</td> <td>145,090</td>	3.5%	27,258	107,677	134,846	28,212	110,921	138,676	29,199	115,928	145,090
Garbage and Trash Removal	3.5% <td>3.5%</td> <td>11,245</td> <td>45,461</td> <td>56,706</td> <td>11,638</td> <td>47,052</td> <td>58,691</td> <td>12,046</td> <td>48,699</td> <td>60,745</td>	3.5%	11,245	45,461	56,706	11,638	47,052	58,691	12,046	48,699	60,745
Security Payroll/Contract	3.5% <td>3.5%</td> <td>191,954</td> <td>74,649</td> <td>266,603</td> <td>198,673</td> <td>77,262</td> <td>275,934</td> <td>205,626</td> <td>79,966</td> <td>285,592</td>	3.5%	191,954	74,649	266,603	198,673	77,262	275,934	205,626	79,966	285,592
HVAC Repairs and Maintenance	3.5% <td>3.5%</td> <td>224</td> <td>905</td> <td>1,128</td> <td>232</td> <td>936</td> <td>1,168</td> <td>240</td> <td>969</td> <td>1,209</td>	3.5%	224	905	1,128	232	936	1,168	240	969	1,209
Vehicle and Maintenance Equipment Operation and Repairs	3.5% <td>3.5%</td> <td>420</td> <td>1,696</td> <td>2,116</td> <td>434</td> <td>1,756</td> <td>2,190</td> <td>449</td> <td>1,817</td> <td>2,267</td>	3.5%	420	1,696	2,116	434	1,756	2,190	449	1,817	2,267
Miscellaneous Operating and Maintenance Expenses	3.5% <td>3.5%</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td>	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses			260,735	335,199	595,934	269,861	346,931	616,792	279,306	359,073	638,380

Supportive Services

Commercial Expenses	3.5%	3.5%	-	55,295	55,295	-	57,231	57,231	-	59,234	59,234
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TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES

PUPA (w/o Reserves/GL Base Rent/Bond Fees)			413,549	1,024,882	1,438,431	429,264	1,064,081	1,493,346	445,600	1,104,946	1,550,546
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Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent			-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			8,884	94,995	103,879	8,884	94,995	103,879	8,884	94,995	103,879
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			8,884	94,995	103,879	8,884	94,995	103,879	8,884	94,995	103,879

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES

PUPA (w/ Reserves/GL Base Rent/Bond Fees)			422,433	1,119,877	1,542,310	438,148	1,159,076	1,597,225	454,484	1,199,941	1,654,425
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NET OPERATING INCOME (INCOME minus OP EXPENSES)

			-	62,437	62,437	-	56,838	56,838	-	50,614	50,614
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DEBT SERVICE ("hard debt"/amortized loans)

Hard Debt - First Lender			-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt., or other 2nd Lender)			-	37,977	37,977	-	37,977	37,977	-	37,977	37,977
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			-	37,977	37,977	-	37,977	37,977	-	37,977	37,977

CASH FLOW (NOI minus DEBT SERVICE)

Commercial Only Cash Flow			-	24,460	24,460	-	18,861	18,861	-	12,637	12,637
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)			-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW			-	24,460	24,460	-	18,861	18,861	-	12,637	12,637

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

DSCR:			-	1.64		-	1.5		-	1.33	
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USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0.0%	0.0%	-	-	-
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Armstrong Place

INCOME	Total # Units:		Year 13			Year 14			Year 15		
	LOSP	Non-LOSP	2029			2030			2031		
	Units	Units	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents	19.83%	80.17%	141,309	602,185	743,494	142,722	617,239	759,961	144,149	632,670	776,820
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	3.5%	-	670,080	670,080	-	693,533	693,533	-	717,807	717,807
Residential - LOSP Tenant Assistance Payments	n/a	n/a	334,837	-	334,837	351,090	-	351,090	368,029	-	368,029
Commercial Space	n/a	2.5%	-	-	-	-	-	-	-	-	-
Residential Parking	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Supportive Services Income	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%	2.0%	-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%	1,237	5,000	6,236	1,268	5,125	6,392	1,299	5,253	6,552
Tenant Charges	2.5%	2.5%	656	2,652	3,308	672	2,719	3,391	689	2,787	3,476
Miscellaneous Residential Income	2.5%	2.5%	492	1,989	2,481	504	2,039	2,543	517	2,090	2,607
Other Commercial Income	n/a	2.5%	-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	-	67,977	67,977	-	67,977	67,977	-	67,977	67,977
Gross Potential Income			478,531	1,349,883	1,828,414	496,257	1,388,632	1,884,889	514,684	1,428,584	1,943,268
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(7,065)	(30,109)	(37,175)	(7,130)	(30,862)	(37,998)	(7,207)	(31,634)	(38,841)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	-	(33,504)	(33,504)	-	(34,677)	(34,677)	-	(35,890)	(35,890)
Vacancy Loss - Commercial	n/a	n/a	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			471,466	1,286,270	1,757,736	489,127	1,323,093	1,812,214	507,477	1,361,060	1,868,536

OPERATING EXPENSES Management

Management Fee	0.0%	0.0%	-	56,160	56,160	-	56,160	56,160	-	56,160	56,160
Asset Management Fee	3.0%	3.0%	19,358	73,835	93,192	19,939	74,365	94,303	20,537	74,911	95,448
Sub-total Management Expenses			19,358	73,835	93,192	19,939	74,365	94,303	20,537	74,911	95,448

Salaries/Benefits

Office Salaries	3.5%	3.5%	12,935	55,831	68,766	13,388	57,785	71,172	13,856	59,807	73,663
Manager's Salary	3.5%	3.5%	14,233	57,543	71,776	14,731	59,557	74,288	15,247	61,641	76,888
Health Insurance and Other Benefits	3.5%	3.5%	11,951	48,315	60,266	12,369	50,006	62,375	12,802	51,756	64,558
Other Salaries/Benefits	3.5%	3.5%	3,050	12,329	15,378	3,156	12,760	15,917	3,267	13,207	16,474
Administrative Rent-Free Unit	3.5%	3.5%	-	14,057	14,057	-	14,549	14,549	-	15,058	15,058
Sub-total Salaries/Benefits			42,169	188,074	230,242	43,644	194,657	238,301	45,172	201,469	246,641

Administration

Advertising and Marketing	3.5%	3.5%	233	940	1,173	241	973	1,214	249	1,007	1,257
Office Expenses	3.5%	3.5%	6,721	27,170	33,891	6,956	28,121	35,077	7,199	29,106	36,305
Office Rent	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%	1,489	6,018	7,507	1,541	6,229	7,770	1,595	6,447	8,042
Audit Expense	3.5%	3.5%	3,039	12,287	15,327	3,146	12,718	15,863	3,256	13,163	16,418
Bookkeeping/Accounting Services	3.5%	3.5%	1,848	7,473	9,321	1,913	7,734	9,647	1,980	8,005	9,985
Bad Debts	3.5%	3.5%	930	3,761	4,692	963	3,893	4,856	997	4,029	5,026
Miscellaneous	3.5%	3.5%	5,030	20,337	25,367	5,206	21,042	26,255	5,389	21,786	27,174
Sub-total Administration Expenses			19,280	77,988	97,278	19,965	80,717	100,683	20,664	83,543	104,207

Utilities

Electricity	5.0%	5.0%	14,994	60,620	75,615	15,744	63,651	79,395	16,531	66,834	83,365
Water	5.0%	5.0%	10,844	43,840	54,684	11,386	46,032	57,418	11,955	48,334	60,289
Gas	5.0%	5.0%	8,974	36,281	45,256	9,423	38,095	47,518	9,894	40,000	49,894
Sewer	5.0%	5.0%	16,079	65,094	81,183	16,883	68,294	85,137	17,727	71,067	89,394
Sub-total Utilities			50,891	205,746	256,637	53,436	216,033	269,468	56,107	226,835	282,942

Taxes and Licenses

Real Estate Taxes	3.5%	3.5%	82	332	414	85	344	429	88	356	444
Payroll Taxes	3.5%	3.5%	4,821	19,896	24,817	5,093	20,592	25,686	5,272	21,313	26,585
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%	930	3,761	4,692	963	3,893	4,856	997	4,029	5,026
Sub-total Taxes and Licenses			5,934	23,990	29,923	6,142	24,829	30,971	6,356	25,698	32,055

Insurance

Property and Liability Insurance	6.0%	6.0%	31,921	129,054	160,976	33,837	136,797	170,634	35,867	145,005	180,872
Fidelity Bond Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%	3,937	15,917	19,854	4,075	16,474	20,549	4,217	17,050	21,268
Director's & Officers' Liability Insurance	3.5%	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Insurance			35,858	144,971	180,829	37,912	153,271	191,183	40,084	162,056	202,140

Maintenance & Repair

Payroll	3.5%	3.5%	22,995	92,995	115,990	23,800	96,216	120,018	24,633	99,596	124,219
Supplies	3.5% <td>3.5%</td> <td>9,862</td> <td>39,872</td> <td>49,734</td> <td>10,207</td> <td>41,267</td> <td>51,474</td> <td>10,565</td> <td>42,711</td> <td>53,276</td>	3.5%	9,862	39,872	49,734	10,207	41,267	51,474	10,565	42,711	53,276
Contracts	3.5% <td>3.5%</td> <td>30,221</td> <td>102,753</td> <td>132,974</td> <td>31,279</td> <td>106,349</td> <td>137,628</td> <td>32,374</td> <td>110,071</td> <td>142,445</td>	3.5%	30,221	102,753	132,974	31,279	106,349	137,628	32,374	110,071	142,445
Garbage and Trash Removal	3.5% <td>3.5%</td> <td>12,467</td> <td>50,404</td> <td>62,871</td> <td>12,904</td> <td>52,168</td> <td>65,072</td> <td>13,355</td> <td>53,994</td> <td>67,349</td>	3.5%	12,467	50,404	62,871	12,904	52,168	65,072	13,355	53,994	67,349
Security Payroll/Contract	3.5% <td>3.5%</td> <td>212,823</td> <td>82,765</td> <td>295,588</td> <td>220,272</td> <td>85,661</td> <td>305,933</td> <td>227,961</td> <td>88,659</td> <td>316,641</td>	3.5%	212,823	82,765	295,588	220,272	85,661	305,933	227,961	88,659	316,641
HVAC Repairs and Maintenance	3.5% <td>3.5%</td> <td>249</td> <td>1,003</td> <td>1,251</td> <td>257</td> <td>1,038</td> <td>1,295</td> <td>266</td> <td>1,075</td> <td>1,340</td>	3.5%	249	1,003	1,251	257	1,038	1,295	266	1,075	1,340
Vehicle and Maintenance Equipment Operation and Repairs	3.5% <td>3.5%</td> <td>465</td> <td>1,881</td> <td>2,346</td> <td>481</td> <td>1,947</td> <td>2,438</td> <td>498</td> <td>2,015</td> <td>2,513</td>	3.5%	465	1,881	2,346	481	1,947	2,438	498	2,015	2,513
Miscellaneous Operating and Maintenance Expenses	3.5% <td>3.5%</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td>	3.5%	-	-	-	-	-	-	-	-	-
Sub-total Maintenance & Repair Expenses			289,082	371,641	466,723	299,200	384,646	483,846	309,672	398,111	507,783

Supportive Services

Commercial Expenses	3.5%	3.5%	-	61,307	61,307	-	63,453	63,453	-	65,674	65,674
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TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES

PUPA (w/o Reserves/GL Base Rent/Bond Fees)			462,582	1,147,551	1,610,132	480,237	1,191,974	1,672,210	498,593	1,238,296	1,736,889
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Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent			-	-	-	-	-	-	-	-	-
Bond Monitoring Fee			-	-	-	-	-	-	-	-	-
Replacement Reserve Deposit			8,884	94,995	103,879	8,884	94,995	103,879	8,884	94,995	103,879
Operating Reserve Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 1 Deposit			-	-	-	-	-	-	-	-	-
Other Required Reserve 2 Deposit			-	-	-	-	-	-	-	-	-
Required Reserve Deposit/s, Commercial			-	-	-	-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			8,884	94,995	103,879	8,884	94,995	103,879	8,884	94,995	103,879

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES

PUPA (w/ Reserves/GL Base Rent/Bond Fees)			471,466	1,242,546	1,714,011	489,121	1,286,969	1,776,089	507,477	1,333,292	1,840,768
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NET OPERATING INCOME (INCOME minus OP EXPENSES)

			-	43,724	43,724	-	36,125	36,125	-	27,768	27,768
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DEBT SERVICE ("hard debt"/amortized loans)

Hard Debt - First Lender			-	-	-	-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt., or other 2nd Lender)			-	37,977	37,977	-	37,977	37,977	-	37,977	37,977
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			-	37,977	37,977	-	37,977	37,977	-	37,977	37,977

CASH FLOW (NOI minus DEBT SERVICE)

Commercial Only Cash Flow			-	5,747	5,747	-	(1,852)	(1,852)	-	(10,209)	(10,209)
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)			-	-	-	-	-	-	-	-	-
AVAILABLE CASH FLOW			-	5,747	5,747	-	(1,852)	(1,852)	-	(10,209)	(10,209)

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

DSCR:			-	1.15		-	0.95		-	0.73	
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USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0.0%	0.0%	-	-</
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Armstrong Place

Total # Units:	LOSP		Non-LOSP		Year 16			Year 17			Year 18			
	Units	Units			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	
116	23	93	19.83%	80.17%										
	% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
INCOME														
Residential - Tenant Rents	1.0%	2.5%	rents fluctuate - no increase assumed for LOSP			145,591	648,487	794,078	147,047	664,699	811,746	148,517	681,317	829,834
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	3.5%	factored in proposed HUD increase in 2017. Waiting for HUD approval.			-	742,930	742,930	-	768,933	768,933	-	795,845	795,845
Residential - LOSP Tenant Assistance Payments	n/a	n/a				385,684	-	385,684	404,083	-	404,083	423,260	-	423,260
Commercial Space	n/a	2.5%				-	-	-	-	-	-	-	-	-
Residential Parking	2.0%	2.0%				-	-	-	-	-	-	-	-	-
Miscellaneous Rent Income	2.0%	2.0%				-	-	-	-	-	-	-	-	-
Supportive Services Income	2.0%	2.0%				-	-	-	-	-	-	-	-	-
Interest Income - Project Operations	2.0%	2.0%				-	-	-	-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%				1,332	5,384	6,716	1,365	5,519	6,884	1,399	5,657	7,056
Tenant Charges	2.5%	2.5%				707	2,856	3,563	724	2,928	3,652	742	3,001	3,743
Miscellaneous Residential Income	2.5%	2.5%				530	2,142	2,672	543	2,196	2,739	557	2,251	2,807
Other Commercial Income	n/a	2.5%				-	-	-	-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a	Link from Reserve Section below, as applicable			-	67,977	67,977	-	67,977	67,977	-	67,977	67,977
Gross Operating Income														
					533,843	1,469,777	2,003,619	553,763	1,512,251	2,066,014	574,476	1,556,047	2,130,523	
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate			(7,280)	(32,424)	(39,704)	(7,352)	(32,235)	(40,587)	(7,426)	(34,066)	(41,492)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a				-	(37,147)	(37,147)	-	(38,447)	(38,447)	-	(39,792)	(39,792)
Vacancy Loss - Commercial	n/a	n/a				-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME														
					526,563	1,400,206	1,926,769	546,410	1,440,569	1,986,980	567,050	1,482,189	2,049,239	

OPERATING EXPENSES Management

	% annual inc LOSP	% annual increase	Comments	Year 16	Year 17	Year 18
Management Fee	0.0%	0.0%	Fees are set by HUD - for purposes of proforma, assume some escalation.	-	56,160	56,160
Asset Management Fee	3.0%	3.0%	Prop Mgmt for LOSP and TCRC units. Increase 1 per LPA	21,153	19,313	40,466
Sub-total Management Expenses				21,153	75,473	96,626

Salaries/Benefits

	% annual inc LOSP	% annual increase	Comments	Year 16	Year 17	Year 18
Office Salaries	3.5%	3.5%	Manager's salary to increase to \$47,500 in 2017 to be in compliance with fed and state requirements	14,341	61,901	76,242
Manager's Salary	3.5%	3.5%		15,781	63,799	79,579
Health Insurance and Other Benefits	3.5%	3.5%		13,250	53,568	66,817
Other Salaries/Benefits	3.5%	3.5%		3,381	13,669	17,050
Administrative Rent-Free Unit	3.5%	3.5%		-	15,585	15,585
Sub-total Salaries/Benefits				46,753	206,521	255,273

Administration

	% annual inc LOSP	% annual increase	Comments	Year 16	Year 17	Year 18
Advertising and Marketing	3.5%	3.5%		298	1,043	1,300
Office Expenses	3.5%	3.5%		7,451	30,124	37,575
Office Rent	3.5%	3.5%		-	-	-
Legal Expense - Property	3.5%	3.5%		1,690	6,673	8,323
Audit Expense	3.5%	3.5%		3,370	13,623	16,993
Bookkeeping/Accounting Services	3.5%	3.5%		2,049	8,285	10,335
Bad Debts	3.5%	3.5%		1,032	4,170	5,202
Miscellaneous	3.5%	3.5%		5,577	22,548	28,125
Sub-total Administration Expenses				21,387	86,466	107,854

Utilities

	% annual inc LOSP	% annual increase	Comments	Year 16	Year 17	Year 18
Electricity	5.0%	5.0%		17,398	70,175	87,533
Water	5.0%	5.0%		12,553	50,750	63,303
Gas	5.0%	5.0%		10,389	42,000	52,389
Sewer	5.0%	5.0%		18,613	75,250	93,864
Sub-total Utilities				58,953	238,176	297,089

Taxes and Licenses

	% annual inc LOSP	% annual increase	Comments	Year 16	Year 17	Year 18
Real Estate Taxes	3.5%	3.5%		91	368	460
Payroll Taxes	3.5%	3.5%		5,456	22,059	27,515
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%		1,032	4,170	5,202
Sub-total Taxes and Licenses				6,579	26,598	33,177

Insurance

	% annual inc LOSP	% annual increase	Comments	Year 16	Year 17	Year 18
Property and Liability Insurance	6.0%	6.0%	our premiums have been increasing at higher rate - 8-12%. Replacement values reduced, so premium to be \$80k in 2017.	38,019	153,706	191,725
Fidelity Bond Insurance	3.5%	3.5%		-	-	-
Worker's Compensation	3.5%	3.5%		4,365	17,647	22,012
Director's & Officers' Liability Insurance	3.5%	3.5%		-	-	-
Sub-total Insurance				42,384	171,353	213,737

Maintenance & Repair

	% annual inc LOSP	% annual increase	Comments	Year 16	Year 17	Year 18
Payroll	3.5%	3.5%		25,495	103,072	128,566
Supplies	3.5%	3.5%		10,934	44,206	55,141
Contracts	3.5%	3.5%	Maintaining at \$88k in 2017.	33,507	113,924	147,431
Garbage and Trash Removal	3.5%	3.5%		13,823	55,883	69,706
Security Payroll/Contract	3.5%	3.5%		235,961	91,763	327,723
HVAC Repairs and Maintenance	3.5%	3.5%		275	1,112	1,387
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%		516	2,085	2,601
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%		-	-	-
Sub-total Maintenance & Repair Expenses				320,511	412,045	532,555

Supportive Services

	% annual inc LOSP	% annual increase	Comments	Year 16	Year 17	Year 18
Supportive Services	3.5%	3.5%		-	67,977	67,977
Commercial Expenses				-	67,977	67,977

TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES

	Year 16	Year 17	Year 18
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES	517,679	1,286,605	1,804,284

RESERVES/GROUND LEASE BASE RENT/BOND FEES

	Year 16	Year 17	Year 18
Ground Lease Base Rent	-	-	-
Bond Monitoring Fee	-	-	-
Replacement Reserve Deposit	8,884	94,995	103,879
Operating Reserve Deposit	-	-	-
Other Required Reserve 1 Deposit	-	-	-
Other Required Reserve 2 Deposit	-	-	-
Required Reserve Deposit/s, Commercial	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			8,884

TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES

	Year 16	Year 17	Year 18
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES	526,563	1,381,600	1,908,163

NET OPERATING INCOME (INCOME minus OP EXPENSES)

	Year 16	Year 17	Year 18
NET OPERATING INCOME (INCOME minus OP EXPENSES)	-	18,606	18,606

DEBT SERVICE ("hard debt"/amortized loans)

	Year 16	Year 17	Year 18
Hard Debt - First Lender	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt., or other 2nd Lender)	-	37,977	37,977
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	-	-	-
Hard Debt - Fourth Lender	-	-	-
Commercial Hard Debt Service	-	-	-
TOTAL HARD DEBT SERVICE			37,977

CASH FLOW (NOI minus DEBT SERVICE)

	Year 16	Year 17	Year 18
Commercial Only Cash Flow	-	(19,371)	(19,371)
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	-	-	-
AVAILABLE CASH FLOW			(19,371)

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

	Year 16	Year 17	Year 18
USES OF CASH FLOW BELOW (This row also shows DSCR.)	-	0.49	0.23

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

	% annual inc LOSP	% annual increase	Comments	Year 16	Year 17	Year 18
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0.0%	0.0%	per MOHCD policy	-	-	-
Partnership Management Fee (see policy for limits)	0.0%	0.0%	per MOHCD policy	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	0.0%	0.0%	per MOHCD policy no annual increase	-	-	-
Other Payments	-	-		30,000	30,000	30,000
Non-amortizing Loan Pmt - Lender 1	-	-	Enter comments re: annual increase, etc.	-	-	-
Non-amortizing Loan Pmt - Lender 2	-	-	Enter comments re: annual increase, etc.	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)	-	-		-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			30,000			

RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)

	Year 16	Year 17	Year 18
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	-	(49,371)	(49,371)

Does Project have a MOHCD Residual Receipt Obligation?

Will Project Defeat Developer Fee? **Yes**

Residual Receipts split for all years. - Lender/Owner 67% / 33%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

	Year 16	Year 17	Year 18
MOHCD Residual Receipts Amount Due	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE			-
HCD Residual Receipts Amount Due	-	-	-
Lender 4 Residual Receipts Due	-	-	-
Lender 5 Residual Receipts Due	-	-	-
Total Non-MOHCD Residual Receipts Debt Service			-

REMAINDER (Should be zero unless there are distributions below)

	Year 16	Year 17	Year 18
Owner Distributions/Incentive Management Fee	-	-	-
Other Distributions/Uses	-	-	-
Final Balance (should be zero)			-

REPLACEMENT RESERVE - RUNNING BALANCE

	Year 16	Year 17	Year 18
Replacement Reserve Starting Balance	-	2,003,213	2,107,492
Replacement Reserve Deposits	-	103,879	103,879
Replacement Reserve Withdrawals (ideally tied to CNA)	-	-	-
Replacement Reserve Interest	-	400	400
RR Running Balance			2,107,492

OPERATING RESERVE - RUNNING BALANCE

	Year 16	Year 17	Year 18
Operating Reserve Starting Balance	-	394,589	394,969
Operating Reserve Deposits	-	-	-
Operating Reserve Withdrawals	-	-	-
Operating Reserve Interest	-	380	380
OR Running Balance			394,969

OTHER REQUIRED RESERVE 1 - RUNNING BALANCE

	Year 16	Year 17	Year 18
Other Reserve 1 Starting Balance	-	235,268	201,975
Other Reserve 1 Deposits	-	-	-
Other Reserve 1 Withdrawals	-	37,999	37,999
Other Reserve 1 Interest	-	4,705	4,360
Other Required Reserve 1 Running Balance			201,975

OTHER RESERVE 2 - RUNNING BALANCE

	Year 1
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Armstrong Place

Total # Units:	LOSP		Non-LOSP		Year 19			Year 20			
	Units	Units	Units	Units	2015	2016	2017	2015	2016	2017	
116	23	93	19.83%	80.17%							
INCOME	% annual inc LOSP	% annual increase	Comments (related to annual inc assumptions)			LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents	1.0%	2.5%	rents fluctuate - no increase assumed for LOSP			150,002	698,350	848,352	151,502	715,808	867,311
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	3.5%	factored in proposed HUD increase in 2017. Waiting for HUD approval.			-	823,700	823,700	-	852,529	852,529
Residential - LOSP Tenant Assistance Payments	n/a	n/a				443,248	-	443,248	464,080	-	464,080
Commercial Space	n/a	2.5%				-	-	-	-	-	-
Residential Parking	2.0%	2.0%				-	-	-	-	-	-
Miscellaneous Rent Income	2.0%	2.0%				-	-	-	-	-	-
Supportive Services Income	2.0%	2.0%				-	-	-	-	-	-
Interest Income - Project Operations	2.0%	2.0%				-	-	-	-	-	-
Laundry and Vending	2.5%	2.5%				1,434	5,798	7,232	1,470	5,943	7,413
Tenant Charges	2.5%	2.5%				761	3,076	3,837	780	3,153	3,933
Miscellaneous Residential Income	2.5%	2.5%				571	2,307	2,878	585	2,365	2,950
Other Commercial Income	n/a	2.5%	Link from Reserve Section below, as applicable			-	-	-	-	-	-
Withdrawal from Capitalized Reserve (deposit to operating account)	n/a	n/a				-	67,977	67,977	-	67,977	67,977
Gross Potential Income						596,016	1,601,207	2,197,223	618,418	1,647,775	2,266,193
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	Enter formulas manually per relevant MOH policy; annual incrementing usually not appropriate			(7,500)	(34,917)	(42,418)	(7,575)	(35,790)	(43,366)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a				-	(41,185)	(41,185)	-	(42,626)	(42,626)
Vacancy Loss - Commercial	n/a	n/a				-	-	-	-	-	-
EFFECTIVE GROSS INCOME						588,516	1,525,105	2,113,621	610,842	1,569,358	2,180,201
OPERATING EXPENSES											
Management											
Management Fee	0.0%	0.0%	Fees are set by HUD - for purposes of proforma, assume some escalation.			-	56,160	56,160	-	56,160	56,160
Asset Management Fee	3.0%	3.0%	Prop Mgmt for LOSP and TCAC units. Increase 1 per LPA			23,114	21,104	44,219	23,808	21,737	45,545
Sub-total Management Expenses						23,114	77,264	100,379	23,808	77,897	101,705
Salaries/Benefits											
Office Salaries	3.5%	3.5%	Manager's salary to increase to \$47,500 in 2017 to be in compliance with fed and state requirements			15,900	68,630	84,530	16,457	71,032	87,489
Manager's Salary	3.5%	3.5%				17,496	70,735	88,231	18,109	73,210	91,319
Health Insurance and Other Benefits	3.5%	3.5%				14,690	59,391	74,082	15,205	61,470	76,675
Other Salaries/Benefits	3.5%	3.5%				3,749	15,155	18,904	3,880	15,686	19,566
Administrative Rent-Free Unit	3.5%	3.5%				-	17,279	17,279	-	17,884	17,884
Sub-total Salaries/Benefits						51,835	231,191	283,026	53,650	239,283	292,932
Administration											
Advertising and Marketing	3.5%	3.5%				286	1,156	1,442	296	1,196	1,492
Office Expenses	3.5%	3.5%				8,261	33,399	41,661	8,550	34,568	43,119
Office Rent	3.5%	3.5%				-	-	-	-	-	-
Legal Expense - Property	3.5%	3.5%				1,830	7,398	9,228	1,894	7,657	9,551
Audit Expense	3.5%	3.5%				3,736	15,104	18,841	3,867	15,633	19,500
Bookkeeping/Accounting Services	3.5%	3.5%				2,272	9,186	11,458	2,352	9,507	11,859
Bad Debts	3.5%	3.5%				1,144	4,624	5,768	1,194	4,786	5,980
Miscellaneous	3.5%	3.5%				6,184	24,992	31,176	6,400	25,874	32,274
Sub-total Administration Expenses						23,713	95,867	119,590	24,543	99,222	123,765
Utilities											
Electricity	5.0%	5.0%				20,094	81,237	101,331	21,099	85,299	106,397
Water	5.0%	5.0%				14,532	58,750	73,282	15,258	61,687	76,946
Gas	5.0%	5.0%				12,026	48,621	60,647	12,628	51,052	63,679
Sewer	5.0%	5.0%				21,547	87,112	108,659	22,624	91,467	114,092
Sub-total Utilities						68,199	275,719	343,918	71,609	289,505	361,114
Taxes and Licenses											
Real Estate Taxes	3.5%	3.5%				101	408	509	105	423	527
Payroll Taxes	3.5%	3.5%				6,049	24,457	30,507	6,261	25,313	31,574
Miscellaneous Taxes, Licenses and Permits	3.5%	3.5%				1,144	4,624	5,768	1,194	4,786	5,980
Sub-total Taxes and Licenses						7,294	29,489	36,784	7,549	30,522	38,071
Insurance											
Property and Liability Insurance	6.0%	6.0%	Our premiums have been increasing at higher rate - 8-12%. Replacement values reduced, so premium to be \$80k in 2017.			45,281	183,066	228,347	47,998	194,050	242,048
Fidelity Bond Insurance	3.5%	3.5%				-	-	-	-	-	-
Worker's Compensation	3.5%	3.5%				4,840	19,566	24,405	5,009	20,251	25,259
Director's & Officers' Liability Insurance	3.5%	3.5%				-	-	-	-	-	-
Sub-total Insurance						50,121	202,632	252,752	53,007	214,300	267,307
Maintenance & Repair											
Payroll	3.5%	3.5%				28,266	114,277	142,544	29,256	118,277	147,533
Supplies	3.5%	3.5%				12,123	49,012	61,136	12,547	50,728	63,276
Contracts	3.5%	3.5%	Maintaining at \$88k in 2017.			37,150	126,309	163,459	38,450	130,730	169,180
Garbage and Trash Removal	3.5%	3.5%				15,326	61,969	77,285	15,862	64,128	79,990
Security Payroll/Contract	3.5%	3.5%				261,614	101,739	363,353	270,770	105,300	376,070
HVAC Repairs and Maintenance	3.5%	3.5%				-	-	-	-	-	-
Vehicle and Maintenance Equipment Operation and Repairs	3.5%	3.5%				305	1,233	1,538	316	1,278	1,582
Miscellaneous Operating and Maintenance Expenses	3.5%	3.5%				572	2,312	2,884	592	2,393	2,985
Sub-total Maintenance & Repair Expenses						355,356	456,842	612,197	367,793	472,831	640,624
Supportive Services	3.5%	3.5%				-	75,362	75,362	-	78,000	78,000
Commercial Expenses	-	-				-	-	-	-	-	-
TOTAL OPERATING EXPENSES w/o RESERVES/GL BASE RENT/BOND FEES						579,632	1,444,366	2,023,998	601,959	1,501,560	2,103,518
PUPA (w/o Reserves/GL Base Rent/Bond Fees)											
Reserves/Ground Lease Base Rent/Bond Fees											
Ground Lease Base Rent	-	-				-	-	-	-	-	-
Bond Monitoring Fee	-	-				-	-	-	-	-	-
Replacement Reserve Deposit	-	-				8,884	94,995	103,879	8,884	94,995	103,879
Operating Reserve Deposit	-	-				-	-	-	-	-	-
Other Required Reserve 1 Deposit	-	-				-	-	-	-	-	-
Other Required Reserve 2 Deposit	-	-				-	-	-	-	-	-
Required Reserve Deposit/s, Commercial	-	-				-	-	-	-	-	-
Sub-total Reserves/Ground Lease Base Rent/Bond Fees						8,884	94,995	103,879	8,884	94,995	103,879
TOTAL OPERATING EXPENSES w/ RESERVES/GL BASE RENT/BOND FEES						588,516	1,539,361	2,127,877	610,842	1,596,555	2,207,397
PUPA (w/ Reserves/GL Base Rent/Bond Fees)											
NET OPERATING INCOME (INCOME minus OP EXPENSES)						-	(14,256)	(14,256)	-	(27,197)	(27,197)
DEBT SERVICE ("hard debt"/amortized loans)											
Hard Debt - First Lender	-	-	Enter comments re: annual increase, etc.			-	-	-	-	-	-
Hard Debt - Second Lender (HCD Program 0.42% pymt., or other 2nd Lender)	-	-	Enter comments re: annual increase, etc.			-	37,977	37,977	-	37,977	37,977
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	-	-	Enter comments re: annual increase, etc.			-	-	-	-	-	-
Hard Debt - Fourth Lender	-	-	Enter comments re: annual increase, etc.			-	-	-	-	-	-
Commercial Hard Debt Service	-	-				-	-	-	-	-	-
TOTAL HARD DEBT SERVICE						-	37,977	37,977	-	37,977	37,977
CASH FLOW (NOI minus DEBT SERVICE)						-	(52,233)	(52,233)	-	(65,174)	(65,174)
Commercial Only Cash Flow											
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	-	-				-	-	-	-	-	-
AVAILABLE CASH FLOW						-	(52,233)	(52,233)	-	(65,174)	(65,174)
USES OF CASH FLOW BELOW (This row also shows DSCR.)						DSCR:	-0.38	-0.38	-	-0.72	-0.72
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL											
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0.0%	0.0%	per MOHCD policy			-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	0.0%	0.0%	per MOHCD policy			-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	-	-	per MOHCD policy no annual increase			-	-	-	-	-	-
Other Payments	-	-				-	30,000	30,000	-	30,000	30,000
Non-amortizing Loan Pmt - Lender 1	-	-	Enter comments re: annual increase, etc.			-	-	-	-	-	-
Non-amortizing Loan Pmt - Lender 2	-	-	Enter comments re: annual increase, etc.			-	-	-	-	-	-
Deferred Developer Fee (Enter amt <= Max Fee from row 131)	-	-				-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD						-	30,000	30,000	-	30,000	30,000
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)						-	(82,233)	(82,233)	-	(95,174)	(95,174)
Does Project have a MOHCD Residual Receipt Obligation?											
Will Project Deficit Developer Fee?											
Residual Receipts split for all years. - Lender/Owner											
MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
MOHCD Residual Receipts Amount Due	45.98%	-	Dist. Soft Debt Loans			-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Loan Repayment	-	-	Allocation per pro rata share of all soft debt loans, and MOHCD residual receipts policy			-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	-	-				-	-	-	-	-	-
NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE											
HCD Residual Receipts Amount Due	54.02%	-	Dist. Soft Debt Loans			-	-	-	-	-	-
Lender 4 Residual Receipts Due	0.00%	-	Allocation per pro rata share of all soft debt			-	-	-	-	-	-
Lender 5 Residual Receipts Due	0.00%	-				-	-	-	-	-	-
Total Non-MOHCD Residual Receipts Debt Service						-	-	-	-	-	-
REMAINDER (Should be zero unless there are distributions below)											
Owner Distributions/Incentive Management Fee	-	-				-	-	-	-	-	-
Other Distributions/Uses	-	-				-	-	-	-	-	-
Final Balance (should be zero)						-	-	-	-	-	-
REPLACEMENT RESERVE - RUNNING BALANCE											
Replacement Reserve Starting Balance	-	-				-	2,316,050	-	-	2,420,329	-
Replacement Reserve Deposits	-	-				-	103,879	-	-	103,879	-
Replacement Reserve Withdrawals (ideally tied to CNA)	-	-	Reserve Eligible costs for 2016- PNA to be done in 2017.			-	-	-	-	-	-
Replacement Reserve Interest	-	-				-	400	-	-	400	-
RR Running Balance						-	2,420,329	-	-	2,524,608	-
OPERATING RESERVE - RUNNING BALANCE											
Operating Reserve Starting Balance	-	-				-	395,729	-	-	395,729	-
Operating Reserve Deposits	-	-				-	-	-	-	-	-
Operating Reserve Withdrawals	-	-				-	-	-	-	-	-
Operating Reserve Interest	-										

Attachment D: LOSP Funding Schedule A

LOSP FUNDING SCHEDULE

Project Address: Armstrong Place

Projected Start Date (must be on 1st of the month!): 1/1/2017

FOR REFERENCE ONLY

Exhibit A-2: LOSP Funding By Calendar Year

	1/1-6/30	7/1-12/31	TOT	Total Months
CY-0	A	B	A+B	12
	1/1-6/30	7/1-12/31	TOT	Total Months
CY-1	C	D	C+D	12
CY-2	E	F	E+F	12
CY-3	G	H	G+H	12
CY-4	I	J	I+J	12
CY-5	K	L	K+L	12
CY-6	M	N	M+N	12
CY-7	O	P	O+P	12
CY-8	Q	R	Q+R	12
CY-9	S	T	S+T	12
CY-10	U	V	U+V	12
CY-11	W	X	W+X	12
CY-12	Y	Z	Y+Z	12
CY-13	AA	BB	AA+BB	12
CY-14	CC	DD	CC+DD	12
CY-15	EE	FF	EE+FF	12
				192

Exhibit A-2: LOSP Funding By Calendar Year

	1/1-6/30	7/1-12/31	TOT	Total Months
2017	\$0.00	\$16,415.11	\$16,415.11	1.1
	1/1-6/30	7/1-12/31	TOT	Total Months
2018	\$97,079.07	\$97,079.07	\$194,158.14	12
2019	\$102,232.93	\$102,232.93	\$204,465.86	12
2020	\$107,605.16	\$107,605.16	\$215,210.32	12
2021	\$113,204.85	\$113,204.85	\$226,409.69	12
2022	\$119,041.46	\$119,041.46	\$238,082.93	12
2023	\$125,124.90	\$125,124.90	\$250,249.79	12
2024	\$131,465.46	\$131,465.46	\$262,930.91	12
2025	\$138,073.90	\$138,073.90	\$276,147.81	12
2026	\$144,961.47	\$144,961.47	\$289,922.93	12
2027	\$152,139.86	\$152,139.86	\$304,279.73	12
2028	\$159,621.33	\$159,621.33	\$319,242.65	12
2029	\$167,418.62	\$167,418.62	\$334,837.24	12
2030	\$175,545.08	\$175,545.08	\$351,090.16	12
2031	\$184,014.62	\$184,014.62	\$368,029.24	12
2032	\$192,841.76	\$192,841.76	\$385,683.53	12
			\$4,237,156.04	181.1