

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: LOSP Contract Renewal
(Local Operating Subsidy Program)

Prepared By: Scott Madden

Loan Committee Date: April 20, 2018

Sponsor Name: Community Housing Partnership
Project Name: Zygmunt Arendt House
Project Address: 850 Broderick Street (McAllister & Golden Gate)
Number of Units/Beds : 47 units
Amount of Funds Requested: Up to \$596,433 Year 1 budget
Up to \$11,787,548 for 15 years (including Year 1)

Amount of Funds Recommended: \$11,787,548

1. SUMMARY AND BACKGROUND

Arendt House, L.P., a California limited partnership, an affiliate of Community Housing Partnership ("CHP"), is requesting \$11,787,548 in General Funds from the Local Operating Subsidy Program ("LOSP") to subsidize the continuing operations of 31 out of a total of 47 units of permanent supportive housing for formerly homeless seniors at Zygmunt Arendt House ("Arendt House") for a period of 15 years.

CHP, along with Tenderloin Neighborhood Development Corporation as co-general partner, developed Arendt House beginning in 2004. The project is a 3-story, wood framed building over a concrete podium. It contains 47 units—all studios—as well a multipurpose room, communal kitchen, courtyard, roof deck, TV lounge, building manager's office and social services office. The project began operations in February 2010, and TNDC exited the partnership in 2011. It was the first project that serves formerly homeless seniors to be funded under LOSP. CHP provides both property management and supportive services to the project.

The project serves extremely low-income, formerly homeless seniors, aged 62 years and above. In addition, under HCD's MHP Supportive Housing Program, 17 of the units must be leased to homeless seniors who also have a qualifying disability – chronic substance abuse, mental illness, developmental disability or AIDS. In 2016, the average household income was \$8,900, or 12% AMI. The 16 non-LOSP units in the project are supported by

rent subsidies from the Continuum of Care Program (previously known as the Shelter Plus Care program), thus all tenants in the building pay no more than 30% of their monthly incomes for rent. To date, the project has provided highly supportive, permanent housing to 84 extremely needy, formerly homeless seniors. The average age among current tenants is 74, and the median is 72. The average length of tenancy currently is 6.5 years, and 17 tenants (36%) have been in place since the project opened. Over the last two years and 4 months, nine units have become vacant for the following reasons: death – 7, abandoned – 1, moved out – 1.

The requested funds would renew an existing, 9-year contract of \$4,946,377, which started in February 2010 and will expire in February of 2019. (Originally, the contract was for \$5.4 million, but the budget was reduced early in the term after the project was awarded the Shelter Plus Care subsidies.) Under that contract, the project has performed somewhat under budget (4%), specifically in the first four years. MOHCD staff projects that by the end of the term, about \$208,000 of the contract amount will not have been disbursed. If the requested funds are approved, a new contract for a period of 15 years will start on 1/1/19 in order to overlap with the current contract and avoid any disruptions in operations at the project. This new term will cover the remaining 6 years of the 15-year tax credit compliance period and continue for another 9 years through calendar year 2033.

The amount of funds requested was determined by taking the operating budget for 2018, escalating it for a start date in 2019 and then applying MOHCD's standard underwriting assumptions over a 15-year projection period. If approved, funds would be disbursed under the contract on a calendar-year basis in accordance with the attached schedule (see Exhibit A-1), with possible reductions from these amounts based on operating surpluses that may occur in previous years. A total of \$596,433 in assistance is budgeted for the first year (2019). This equates to a monthly per unit subsidy of \$1,603. The LOSP subsidy is projected to increase an average of 3.8% annually over the term of the contract. Though all requested funds would be provided under a single, long-term contract, disbursements thereunder would be subject to annual appropriations by the Board of Supervisors, as is standard for LOSP contracts.

2. OPERATING COSTS – COMPARATIVE ANALYSIS

To evaluate CHP's proposed budget for Arendt House under a new LOSP contract and its relative cost to other projects, MOHCD staff compared the project's operating expenses from 2016 to the operating expenses of projects in MOHCD's supportive housing and LOSP portfolios.

Comparison with Other Supportive Housing

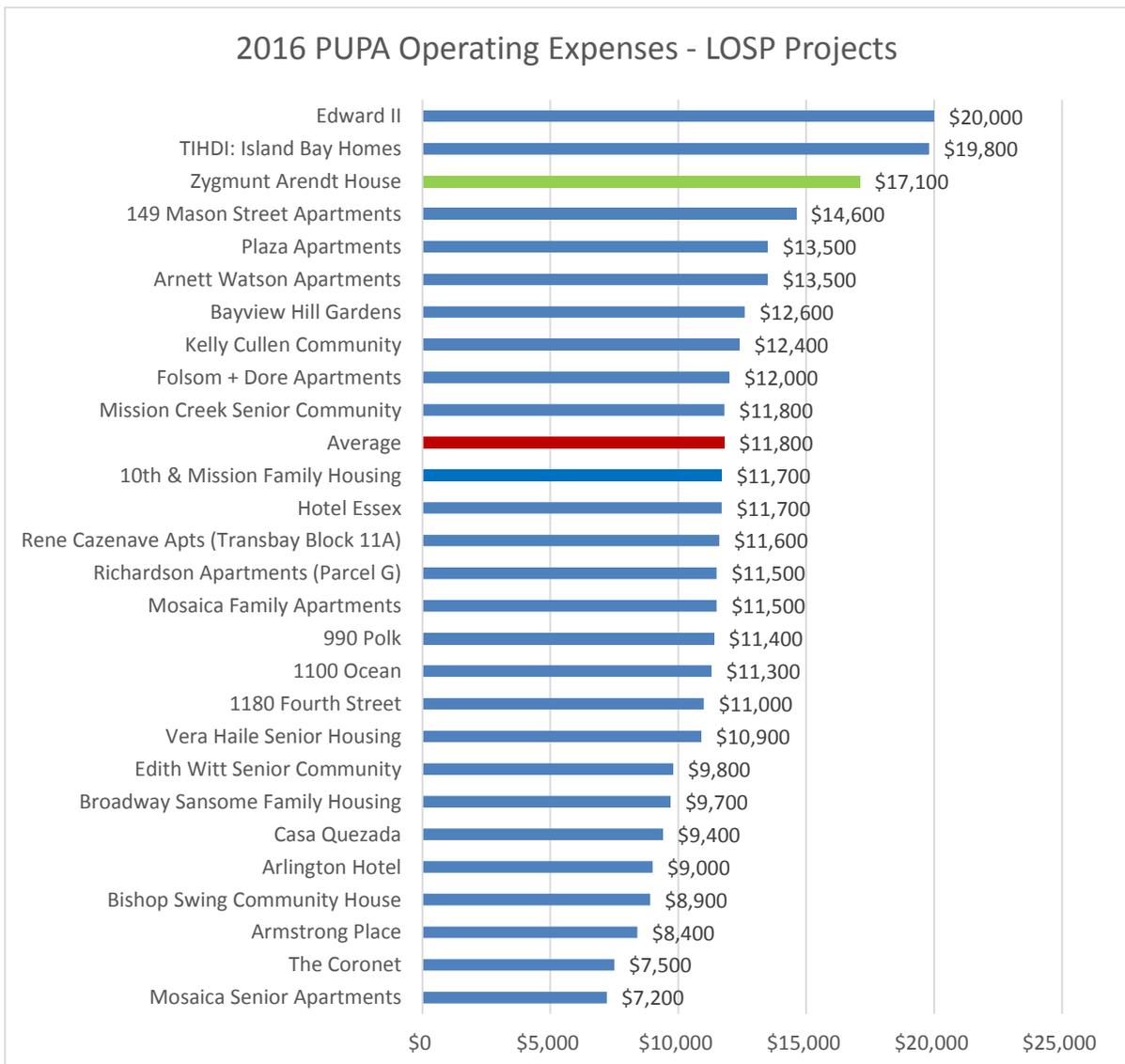
During 2016, MOHCD's portfolio had a total of 102 supportive housing projects. Average total operating expenses for all 102 supportive housing projects (before replacement reserve deposits and hard debt service), averaged \$10,400 per unit per annum ("PUPA"). PUPA operating expenses varied by project size, with PUPA operating expenses higher for smaller buildings and lower for larger buildings. With per unit operating expenses in 2016 at \$17,100, Arendt House was significantly above the average for supportive housing projects.

Average Operating Expenses Supportive Housing Projects, 2016

Project	2016 PUPA Operating Expenses
Portfolio Avg. of 102 Projects	\$10,400
Zygmunt Arendt House	\$17,100

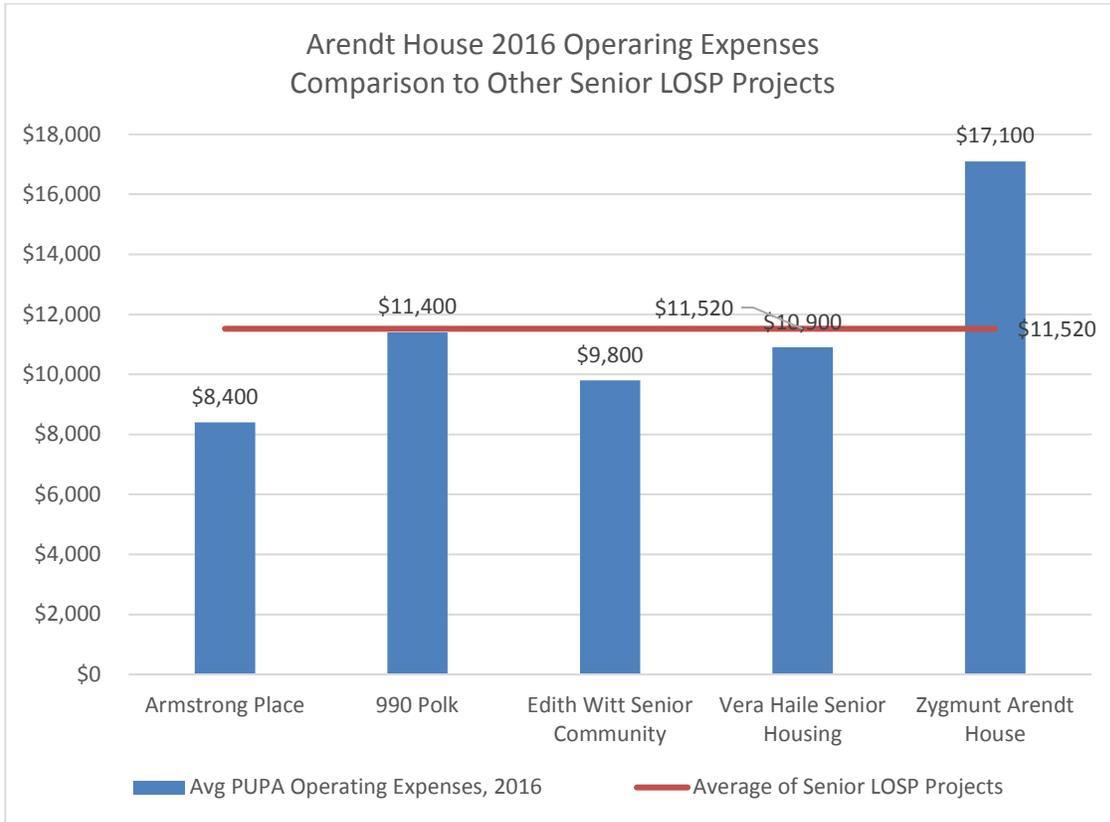
Comparison with LOSP Portfolio

Within MOHCD’s LOSP portfolio of 27 projects, operating expenses PUPA ranged from a low of \$7,200 to a high of \$20,000, and an average of \$11,800. Arendt House’s 2016 operating expense PUPA, at \$17,100, was significantly above the LOSP portfolio average. It ranked 3rd out of 27 projects and was 45% above the average among all LOSP projects.



Comparison with Other Senior LOSP Projects

When compared to other LOSP projects that serve seniors, Arendt House’s 2016 operating expenses appear high. Of four projects in the sample, Arendt House had the highest costs, which were 48% above the average. It should be noted, however, that the projects in the sample were significantly larger (90%-150% more units) than Arendt House and had lower percentages of LOSP units (3%-45%). There is no senior project of comparable size currently in the LOSP program, though 990 Polk Street does have about the same number of LOSP units.



Comparison to Other Projects with Similar % of LOSP Units

Within the portfolio of projects supported by LOSP, the percentage of units in each project that are set aside for homeless households varies from 20% to 100%. MOHCD staff analyzed the average PUPA operating costs within three subsets of the LOSP portfolio, based on the percentage of LOSP units within a project. We found that buildings with a higher percentage of LOSP units have higher operating costs on a per unit basis.

**Average Operating Expenses Per Unit Per Annum
 by % of LOSP Units, 2016**

% of LOSP Units	# Projects	Average PUPA Operating Expenses
80% or more LOSP Units	10	\$12,700
31% - 79% LOSP Units	10	\$12,100

30% or less LOSP Units	7	\$10,200
All	27	\$11,800

For this analysis, 100% of the units at Arendt House are considered LOSP units, even though 16 of the 47 units are supported by Continuum of Care rental assistance. All units at the project are set aside for extremely low-income, formerly homeless seniors and are thus deemed to have similar needs with respect to property management and supportive services. With PUPA operating expenses in 2016 of \$17,100, Arendt House is significantly above the average for projects with 80% or more LOSP units.

We also found that most small projects (<67 units) with high percentages of LOSP units (>=80%) were the most expensive projects on a per unit basis. The average number of units across all LOSP projects is 98. The four most expensive projects in the LOSP portfolio had 66 or fewer units and had LOSP/Continuum of Care units that comprised 98% or more of all units. This includes Arendt House. The per unit annual operating costs of these projects in 2016 ranged from 24% to 69% above the average per unit cost across all 27 LOSP projects.

Arendt House - Operating Cost in Perspective

Arendt House's relatively high operating costs are attributable primarily to its small size. The average number of units across the LOSP portfolio is 98, whereas Arendt House has 47, which is nearly half the size of the average. The median number of units across the portfolio is also 98, and Arendt House is ranked 25th in size out of 27. As a small project, it does not benefit from economies of scale, with many of the same fixed costs as larger projects—such as elevator, boilers, sprinkler system, roofs, property manager, front desk service—but spread across fewer units.

The diseconomy of scale is evident in the LOSP portfolio itself. The four highest operating costs per unit were borne by projects that have 33%-75% fewer units than the average project.

The higher costs at Arendt House can also be attributed to what Ethan Guy called “organizational economy of scale.” In his 2015 paper, “The True Cost of Supportive Housing,” Guy argues that larger organizations have systems, infrastructure and buying power that enable them to manage affordable housing at a lower cost per unit. With 12 projects in its portfolio, CHP is a comparatively smaller organization. Chinatown Community Development Center, on the other hand, has 32 properties with over 3700 units, and Mercy Housing has 54 projects in the Bay Area alone. Guy's study showed that these two organizations had lower average per unit operating costs among their supportive and non-supportive housing projects, as compared to CHP.

Front Desk Services as Cost Driver

When MOHCD staff evaluated CHP's original request for LOSP funding under the current contract, there was concern that the operating costs were high, particularly relative to existing senior housing projects. There were few LOSP projects at the time for

comparison. The focus was on the cost of front desk services, which were to be provided 24 hours a day, seven days a week. Staff questioned the need for such a high level of receptionist services, particularly for a smaller project that serves seniors and that is located in a lower-density, higher income, primarily residential neighborhood. CHP's supportive housing model calls for 24/7 front desk services, which provides a higher level of security, supports property management staff and precludes the need for a resident manager.

Despite MOHCD's staffs concern, CHP's request was approved on the condition that after three years of operation, they conduct an evaluation of the need for 24/7 front desk services, and if the results of the evaluation indicated that this level of services was not needed, the City could reduce the amount of funding under the LOSP agreement. The City did not follow up on this obligation to conduct the evaluation, and CHP did not conduct it when it should have.

In connection with this evaluation, MOHCD staff requested that CHP conduct the study immediately so that, in the event that it concluded that front desk services were not needed and could be reduced or eliminated, the project's operating budget could be reduced accordingly. CHP completed the study earlier this month. Based on the historic needs of the tenant population, as well as the number of critical incidents (medical emergencies, interpersonal conflict, unit lock-outs, etc.), attempted entries after hours by unauthorized persons and the level of loitering and suspected drug dealing outside of the building, CHP concluded that round-the-clock front desk services are important and necessary to ensure the health, safety and security of the building and its residents. MOHCD staff concurs with the conclusion.

Notwithstanding the inability to lower operating costs through elimination or reduction of front desk services, CHP has presented a budget that was formulated on the basis of cost reductions from 2017 in other significant areas of the budget, including IT maintenance, telecommunications, janitorial and maintenance supplies, fees/license/permits, maintenance contractors and management staffing. While the historic operating costs of the project have been relatively high, the proposed budget shows that the project would be no more expensive to operate under a renewed LOSP contract than it has been during its history. The higher cost is justified in light of the project's size and the scale of CHP as an organization.

3. PROPOSED LOSP BUDGET

The following is an evaluation of the 1st Year Operating Budget (Attachment B) and 15-Year Operating Pro Forma (Attachment C) that are the basis for the overall request for LOSP funds. The 1st Year Operating Budget is for calendar year 2019 and was projected by taking the current 2018 operating budget and applying reasonable annual escalators, 3% to 3.5% to most expenses. The 2018 operating budget is based on 2017 actuals as of August (eight months).

3.1. Annual Operating Income Evaluation

Tenant Rent: Income from tenant rents is constrained by deep affordability restrictions from both MOHCD and HCD’s Multifamily Housing Program (MHP), with the latter being the more restrictive. The units in the project are income-restricted as follows:

Unit Subsidy Type	15% MHP AMI	25% MHP AMI	Totals
LOSP	25	6	31
Shelter Plus Care	11	5	16
Totals	36	11	47

Tenants that are qualified under these restrictions pay 30% of the monthly incomes as rent. In 2016, the average income among all tenants was 10% MHP AMI (adjusted AMI). Income from tenant rents comprised just 14% of rental revenue for the year.

Under the current request, the Year 1 (2019) operating budget shows tenant rental income of \$131,303, which is an average of \$233 in rent per unit per month, which is equivalent to 12% AMI. This number reflects the rent roll of the tenants currently in place at the project and is consistent with the target population of extremely low-income people on fixed incomes such as Social Security, SSI or General Assistance, and in some cases, on variable income from day labor. The proforma assumes that tenant rent payments will escalate by 1.1%, which is in line with COLAs under public assistance programs in recent years. (By contrast, AMI increased an average of 2.2% annually from 2003-2017.) The projected vacancy rate is 5%, which is more conservative than the historic average of 1.0%, but it conforms with MOHCD’s underwriting guidelines and will provide the project with a modest cushion in the event that actual vacancy is higher.

LOSP Subsidy: The LOSP subsidy in the Year 1 Operating Budget is \$596,433 (\$19,240 per year and \$1,603 per month, for 31 units). This is a 12% increase above the LOSP subsidy from 2016 and reflects an annual growth rate over the three years of 3.8%. The amount of subsidy is sized to fund a break-even budget, including operating expenses, debt service, replacement and operating reserve deposits, partnership management fees, bond issuer fees and investor service fees. (See Section 3.2 below for analysis.)

Continuum of Care Rental Assistance: \$234,692 is budgeted for Year 1 for the 16 CofC units. This amount is based on the current CofC contract rents, with a 4.3% annual escalation to 2019, which is the average annual increase in contract rents from 2013 to 2018. It should be noted that current contract rents are only 72% of the 2018 FMR for a studio unit. On the lease anniversaries of the current tenants, CHP should request increases in the contract rents to at least the current FMRs or up to the SFHA payment standard if market rents in the vicinity of Arendt House support this. If HSH, as administrator of the Continuum of Care Program locally, approves these requests, the draws on the City’s General Fund through the LOSP contract will be less than currently projected.

The CofC subsidies are part of a larger contract with CHP that includes rental assistance for two other projects—Island Bay Homes and Arnett Watson Apartments. The contract is for one year only, and it must be renewed annually through HUD’s Continuum of Care

Competition. The contract amount is set using the number and size of the units of the units to be subsidized and the current FMRs. Given this, it is unclear why current contract rents are so far below FMR, when the funds are available in the contract to pay higher amounts. In last year’s Competition, the proposal to renew the contract scored 40th out of 62 proposals, and proposals that ranked 57th to 62nd were not funded. According to HSH staff, CHP’s projects in the past have ranked in the first tier, which historically has been a guarantee of funding awards. Although HUD’s priorities under the Competition could shift, HSH staff thinks that it is likely that this contract will continue to be renewed for the near future.

Total Residential Revenue Stream: Between tenant rents, the LOSP subsidy and Shelter Plus Care rental assistance, total residential rental revenue for Year 1 is \$962,427. This represents monthly revenue per unit as follows:

Unit Type	Per Unit Monthly Revenue	2019 AMI % Equivalent ¹
Studio	\$1,706	81%

It should be noted that MOHCD’s underlying capital financing agreements restrict all units in the project at 60% AMI, which means that if the LOSP and Shelter Plus Care subsidies were terminated, CHP would be able to serve none-homeless, higher income people and charge rents only up to 60% AMI². However, for the project to be feasible in that event, CHP would have to significantly reduce operating expenses to within a 60% AMI revenue stream and/or seek project-based based Section 8 subsidies or applicants with Section 8 vouchers.

3.2. Annual Operating Expenses Evaluation

The annual operating expenses in Year One (2019), before debt service and reserves, are projected at \$870,061 or \$18,512 PUPY. This is an 8% increase above 2016 operating expenses and reflects an annual growth rate during the three years of 2.65%. This rate is well within the annual escalation of 3.5% that is assumed for operating expenses in MOHCD’s underwriting guidelines.

Staffing: Staffing is anticipated to remain at current levels. The staffing plan covers 8.24 FTE, including a full range of property management services from custodial, maintenance, reception, on-site management, compliance and various levels of supervision. This represents a staff to unit/household ratio of 1 to 5.7.

Title	FTE	Salary	Pro-rated to ZAH (Total)
Office Salaries			
Occupancy & Compliance Specialist	0.15	\$56,353	\$8,453
Occupancy & Compliance Manager	0.05	\$74,778	\$3,739
Sr. Housing Ops Supervisor	0.05	\$78,193	\$3,910
Housing Operations Dept. - Project Associate	0.10	\$51,537	\$5,154
Director of Housing Operations	0.05	\$108,452	\$5,423

¹ Projected for 2019, based on historic average annual increase in AMI of 2.2% from 2003-2017

² The assumes that the property would be relieved of HCD’s restrictions under MHP.

	Subtotal	0.40	\$369,313	\$26,678
Manager Salaries				
Site Manager		0.20	\$53,891	\$10,778
Asst. Site Manager		1.00	\$48,900	\$48,900
	Subtotal	1.20	\$102,791	\$59,678
Janitorial				
Janitor (full-time)		1.00	\$29,121	\$29,121
Janitor - Roving		0.09	\$29,121	\$2,621
Janitor - Add'l coverage		0.40	\$29,121	\$11,648
	Subtotal	1.49	\$87,363	\$43,390
Maintenance				
Maintenance Supervisor		0.95	\$57,271	\$54,407
	Subtotal	0.95	\$57,271	\$54,407
Security				
Desk Clerks		4.20	\$33,587	\$141,066
	Subtotal	4.20	\$33,587	\$141,066
Total FTEs and Expenses		8.24	\$650,325	\$325,220

The following comments refer to subcategories of operating expenses in the attached Year 1 operating budget.

Management Fees: Management fee is budgeted in Year 1 at \$78 per unit per month, which is the current maximum allowed by HUD for Northern California for multifamily rental properties. In accordance with MOHCD's underwriting guidelines the fee is escalated at 3.5% annually.

Asset Management Fee: \$15,000 is budgeted in Year 1, which will be within MOHCD's maximum fee of \$21,160 for 2019.

Salaries and Benefits: Salaries and benefits are budgeted at \$155,423 or \$3,307 per unit per year, and covers all of portions of the salaries and benefits of the Property Manager, Assistant Manager, occupancy and compliance staff, as well as supervisory staffing and management oversight.

Administration: Administration line items are budgeted at \$100,953, or \$2,148 per unit per year, and cover typical functions such as legal services, office supplies and equipment, bookkeeping and accounting, audit, computers and telephones. There is no resident manager or administrative rent-free unit because the front desk is staffed 24/7.

Utilities: Utilities (gas, water/sewer, common electric) in Year 1 are budgeted at \$97,413, or \$2,073 per unit per year and are based on 2017 actuals with increases based on recent trending, including electricity, which has seen higher than expected increases. These

numbers include all utility expenses in the residential units, as all utilities are included in the rent, as well as common areas. CHP reports that they regularly conduct audits of energy/gas/water usage at the project in the interest of identifying savings.

Taxes/Licenses: Taxes are budgeted at \$36,732, or \$782 per unit per year. Costs assume 100% of units receive welfare tax exemption, though project is still subject to special assessments. Payroll taxes are about 10% of salaries.

Insurance: Insurance is budgeted at \$89,563, or \$1,906 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 \$330,984, or \$7,042 per unit per year. This line item includes payroll for 1.49 FTE janitor, a near full-time (0.95 FTE) maintenance supervisor; contracts for some maintenance, supplies, fire protection, backflow testing, exterminating, grounds, flooring and elevator; garbage and trash removal. This also includes 24/7 front desk staff under the Security Payroll/Contract line item.

Replacement Reserve Deposits: \$28,200 (\$600/unit) for Year 1, in accordance with HCD's requirement. This surpasses the City's minimum requirement of \$16,450 (\$350/unit) per year. The 15-year proforma shows deposits that meet both HCD's and MOHCD's requirements and withdrawals that are consistent with a recently completed CNA, approved by MOHCD. With 3% escalation on annual deposits, ending balances each year are projected to range from \$1,200 to \$5,400 per unit during the term of the LOSP agreement. Current industry standard is to maintain a minimum balance equal to \$1,000 per unit.

Operating Reserve Deposits: No deposit is shown in the Year 1 budget, but thereafter deposits are sized to maintain MOHCD's required balance of 25% of the prior year's operating expenses. As of 12/31/16, the ending balance in the reserve was 28% of 2015 operating expenses.

Debt Service: Mandatory debt service to HCD in the amount of \$26,241 for the MHP loan, which is \$558 PUPY.

Partnership Management/Investor Services Fees: Year 1 budget shows a partnership management fee of \$12,000 and an investor services fee of \$3,000. These amounts are well within the maximums set by MOHCD policy.

Deferred Developer Fee: \$2,126 is budgeted for Year 1. This represents the outstanding balance of deferred fee that is due to CHP. No such fee will be paid beyond Year 1.

3.3. 20-Year Cash Flow

- The LOSP subsidy funds a break-even budget, thus no cash flow would be generated and available for soft loan repayments or distributions.
- Tenant rental income is escalated at 1.1%.
- Continuum of Care subsidy income is escalated at 3% annually, which reflects historic increases in FMRs.
- Resident vacancy rate is 5%.
- All operating expenses are escalated at 3.5%, with the exception of real estate taxes, which are at 2%.

- Partnership management fee is escalated 3.5% in Years 2-4 and then increased at higher percentages in Years 5 and 6 in order to take full advantage of the maximum fee allowed by HCD for the MHP program. Payment of this fee will cease after Year 6 when tax credit compliance period ends.
- In accordance with MOHCD policy, the investor services fee is not escalated and will terminate after Year 6.
- LOSP subsidy amount in Year 7 increases only 1.9% due to the elimination of the partnership management and investor services fees from the budget

4. SUPPORT SERVICES EVALUATION

Through a direct contract with HSH, CHP provides supportive services to 47 formerly homeless, senior adults. The current contract has a four-year term – 7/1/14-6/30/18 and provides a grant in the amount of \$864,300, with \$205,631 budgeted for the current fiscal year. HSH funds the services at Tier V, which is the highest level of supportive services and is typical for homeless projects that receive LOSP and/or Shelter Plus Care. Support services include but are not limited to tenant outreach, intake and assessment, case management, goal setting, benefits advocacy and assistance, offsite service referrals, mediation with property management, group activities, community meetings, wellness checks and annual tenant surveys. The goal of the services is to empower tenants to reach their individual goals, as well as housing retention, or if necessary, moving to other appropriate housing; community building and active tenant engagement.

CHP is currently in good standing under the service contract and is meeting service and outcome objectives based on the most recent FY16-17 site-based monitoring visit. HSH intends to renew the contract when it ends in June. The new contract will likely be for a period of two years.

5. CONCLUSION

I recommend approval of the request in full. Zygmunt Arendt House is a well-staffed, well-run, highly supportive, permanent housing project for 47 disabled, extremely low-income, formerly homeless seniors. It is an important resource in the City's array of homeless services and programs, and under CHP's ownership and management, it merits renewed LOSP funding so that it may continue to serve homeless people well into the future.

6. RECOMMENDED CONDITIONS

none

7. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

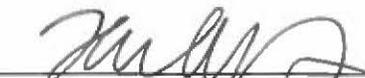
APPROVE. DISAPPROVE. TAKE NO ACTION.



Kate Hartley, Director
Mayor's Office of Housing

Date: 5/4/18

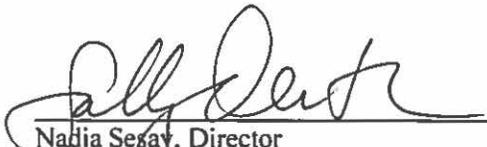
APPROVE. DISAPPROVE. TAKE NO ACTION.



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

Date: 5-4-18

APPROVE. DISAPPROVE. TAKE NO ACTION.



Nadia Sehay, Director
Office of Community Investment and Infrastructure

Date: 5-4-18

for

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

Attachment A: LOSP Program Description

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

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

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

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

Attachment B: 1st Year Operating Budget

Application Date: 1/5/2018
 Total # Units: 47
 First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2019

Project Name: Zygmunt Arendt House
 Project Address: 850 Broderick St.
 Project Sponsor: Community Housing Partnership

INCOME	LOSP and S+C Units		Total	Comments
	LOSP	non-LOSP		
Residential - Tenant Rents	131,303	(0)	131,303	Links from 'Existing Proj - Rent Info' Worksheet
Residential - Tenant Assistance Payments (Non-LOSP)	234,692	0	234,692	Links from 'Existing Proj - Rent Info' Worksheet
Residential - LOSP Tenant Assistance Payments	596,433		596,433	Per LOSP contract
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	N/A
Interest Income - Project Operations	0	0	0	Links from 'Utilities & Other Income' Worksheet
Laundry and Vending	0	0	0	Links from 'Utilities & Other Income' Worksheet
Tenant Charges	0	0	0	Links from 'Utilities & Other Income' Worksheet
Miscellaneous Residential Income	0	0	0	Links from 'Utilities & Other Income' Worksheet
Other Commercial Income	0	0	0	Links from 'Commercial Op. Budget' Worksheet
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0	
Gross Potential Income	962,427	(0)	962,427	
Vacancy Loss - Residential - Tenant Rents	(6,565)	0	(6,565)	Vacancy loss is 5% of Tenant Rents.
Vacancy Loss - Residential - Tenant Assistance Payments	(11,735)	0	(11,735)	Vacancy loss is 5% of Tenant Assistance Payments.
Vacancy Loss - Commercial	0	0	0	Links from 'Commercial Op. Budget' Worksheet
EFFECTIVE GROSS INCOME	944,128	(0)	944,128	PUPA: 20,088

OPERATING EXPENSES

Management

Management Fee	43,992	0	43,992	\$78 per unit per month, per HUD schedule
Asset Management Fee	15,000	0	15,000	Per MOHCD agreement
Sub-total Management Expenses	58,992	0	58,992	PUPA: 1,255

Salaries/Benefits

Office Salaries	27,734	0	27,734	0.4 FTE; 4.0% escalator over 2018 budget
Manager's Salary	61,767	0	61,767	1.2 FTE; 3.5% escalator over 2018 budget
Health Insurance and Other Benefits	64,340	0	64,340	5% escalator over 2018 budget
Other Salaries/Benefits	1,582	0	1,582	Staff training benefit; 3% escalator over 2018 budget
Administrative Rent-Free Unit	0	0	0	N/A
Sub-total Salaries/Benefits	155,423	0	155,423	PUPA: 3,307

Administration

Advertising and Marketing	133	0	133	Applicant credit reports; 3% per annum escalator
Office Expenses	51,924	0	51,924	Includes office supplies, IT maint and equipment, printing, equipment lease,
Office Rent	2,648	0	2,648	3% escalator over 2018 budget
Legal Expense - Property	1,122	0	1,122	3% escalator over 2018 budget
Audit Expense	12,075	0	12,075	3% escalator over 2018 budget
Bookkeeping/Accounting Services	5,519	0	5,519	3% escalator over 2018 budget
Bad Debts	6,565	0	6,565	5% of residential GPR
Miscellaneous	20,967	0	20,967	Staff development, recruitment, background checks, org activities, bank charges, payroll
Sub-total Administration Expenses	100,953	0	100,953	PUPA: 2,148

Utilities

Electricity	31,023	0	31,023	3% escalator over 2018 budget
Water	19,316	0	19,316	3% escalator over 2018 budget
Gas	20,659	0	20,659	3% escalator over 2018 budget
Sewer	26,414	0	26,414	3% escalator over 2018 budget
Sub-total Utilities	97,413	0	97,413	PUPA: 2,073

Taxes and Licenses

Real Estate Taxes	1,775	0	1,775	Assumes 2% per year increase over Nov. 2017 pmt.
Payroll Taxes	33,285	0	33,285	3% escalator over 2018 budget
Miscellaneous Taxes, Licenses and Permits	1,673	0	1,673	3% escalator over 2018 budget
Sub-total Taxes and Licenses	36,732	0	36,732	PUPA: 782

Insurance

Property and Liability Insurance	59,275	0	59,275	3% escalator over 2018 budget
Fidelity Bond Insurance	0	0	0	N/A
Worker's Compensation	30,289	0	30,289	3% escalator over 2018 budget
Director's & Officers' Liability Insurance	0	0	0	N/A
Sub-total Insurance	89,563	0	89,563	PUPA: 1,906

Maintenance & Repair

Payroll	101,220	0	101,220	3.5% escalator over 2018 budget
Supplies	15,353	0	15,353	3% escalator over 2018 budget
Contracts	44,092	0	44,092	3% escalator over 2018 budget
Garbage and Trash Removal	6,293	0	6,293	3% escalator over 2018 budget
Security Payroll/Contract	163,513	0	163,513	3.5% escalator for salaries; 3% for contract
HVAC Repairs and Maintenance	0	0	0	
Vehicle and Maintenance Equipment Operation and Repairs	511	0	511	3% escalator over 2018 budget
Miscellaneous Operating and Maintenance Expenses	0	0	0	
Sub-total Maintenance & Repair Expenses	330,984	0	330,984	PUPA: 7,042

Supportive Services

Commercial Expenses	0	0	0	N/A
				Links from 'Commercial Op. Budget' Worksheet

TOTAL OPERATING EXPENSES 870,061 0 870,061 PUPA: 18,512

Reserves/Ground Lease Base Rent/Bond Fees

Ground Lease Base Rent	0	0	0	Provide additional comments here, if needed.
Bond Monitoring Fee	2,500	0	2,500	Bond issuer fee
Replacement Reserve Deposit	28,200	0	28,200	Per regulatory agreement
Operating Reserve Deposit	0	0	0	Min. required balance is \$165,355. No deposits if minimum balance is met.
Other Required Reserve 1 Deposit	0	0	0	
Other Required Reserve 2 Deposit	0	0	0	
Required Reserve Deposits/Commercial	0	0	0	Links from 'Commercial Op. Budget' Worksheet
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	30,700	0	30,700	PUPA: 653

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees) 900,761 0 900,761 PUPA: 19,165

NET OPERATING INCOME (INCOME minus OP EXPENSES) 43,367 (0) 43,367 PUPA: 923

DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)

Hard Debt - First Lender	26,241	0	26,241	HCD MHP	Provide additional comments here, if needed.
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Len)	0	0	0		Provide additional comments here, if needed.
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	26,241	0	26,241	PUPA: 558	

CASH FLOW (NOI minus DEBT SERVICE) 17,126 (0) 17,126

Commercial Only Cash Flow 0

Allocation of Commercial Surplus to LOPS/non-LOSP (residual income) 0

AVAILABLE CASH FLOW 17,126 (0) 17,126

USES OF CASH FLOW BELOW (This row also shows DSCR.) 1.65

USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL

"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	0	0	0	3	
Partnership Management Fee (see policy for limits)	12,000	0	12,000	2	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	3,000	0	3,000	1	
Other Payments	0	0	0	4	
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0	HCD MHP	Provide additional comments here, if needed.
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0	CCSF MOH AHF	Provide additional comments here, if needed.
Deferred Developer Fee (Enter amt => Max Fee from cell I130)	2,126	0	2,126	Def. Develop. Fee split: 100%	Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	17,126	0	17,126	PUPA: 364	

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

Residual Receipts Calculation

Does Project have a MOHCD Residual Receipt Obligation? No Project has MOHCD ground lease? No

Will Project Deter Developer Fee? No

Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1: 100%

% of Residual Receipts available for distribution to soft debt lenders in: 0%

Soft Debt Lenders with Residual Receipts Obligations

(Select lender name/program from drop down)	Total Principal Amt	Distrib. of Soft Debt Loans
MOHCD/OCIL - Soft Debt Loans	\$3,683,180	35.73%
MOHCD/OCIL - Ground Lease Value		0.00%
HCD (soft debt loan) - Lender 3	\$6,247,804	60.62%
Other Soft Debt Lender - Lender 4	\$376,000	3.65%
Other Soft Debt Lender - Lender 5		0.00%

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

MOHCD Residual Receipts Amount Due	0	0	0%	of residual receipts, multiplied by 35.73% -- MOHCD's pro rata share of all soft debt
Proposed MOHCD Residual Receipts Amount to Loan Repayment	0	0	0	Enter/override amount of residual receipts proposed for loan repayment.
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease	0	0	0	If applicable, MOHCD residual receipts amt due LESS amt proposed for loan pymt.

REMAINING BALANCE AFTER MOHCD RESIDUAL RECEIPTS DEBT SERVICE 0

NON-MOHCD RESIDUAL RECEIPTS DEBT SERVICE

HCD Residual Receipts Amount Due	0	0	0%	of residual receipts, multiplied by 60.62% -- HCD MHP's pro rata share of all soft debt
Lender 4 Residual Receipts Due	0	0	0%	of residual receipts, multiplied by 3.65%, CHP Arendt, LLC's pro rata share of all soft debt
Lender 5 Residual Receipts Due	0	0	0	
Total Non-MOHCD Residual Receipts Debt Service	0	0	0	

REMAINDER (Should be zero unless there are distributions below) 0

Owner Distributions/Incentive Management Fee	0	0	0
Other Distributions/Uses	0	0	0
Final Balance (should be zero)	0	0	0

Attachment C: 20-year Operating Proforma

Zygmunt Arendt House

INCOME	47	LOSP and Non-LOSP		Year 1			Year 2			Year 3			Year 4			Year 5		
		S+C Units		2019			2020			2021			2022			2023		
		33	14	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
Residential - Tenant Rents		1.1%	2.5%	131,303	(0)	131,303	132,747	(0)	132,747	134,208	(0)	134,208	135,684	(0)	135,684	137,176	(0)	137,176
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	3.0%	234,692	-	234,692	241,732	-	241,732	248,984	-	248,984	256,454	-	256,454	264,148	-	264,148
Residential - LOSP Tenant Assistance Payments		n/a	n/a	596,433	-	596,433	631,091	-	631,091	652,644	-	652,644	674,295	-	674,295	699,166	-	699,166
Other Income				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income				962,427	(0)	962,427	1,005,571	(0)	1,005,571	1,035,836	(0)	1,035,836	1,066,433	(0)	1,066,433	1,100,490	(0)	1,100,490
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	(6,565)	0	(6,565)	(6,637)	0	(6,637)	(6,710)	0	(6,710)	(6,784)	0	(6,784)	(6,859)	0	(6,859)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a	(11,735)	-	(11,735)	(12,087)	-	(12,087)	(12,449)	-	(12,449)	(12,823)	-	(12,823)	(13,207)	-	(13,207)
Vacancy Loss - Commercial		n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				944,128	(0)	944,128	986,847	(0)	986,847	1,016,677	(0)	1,016,677	1,046,826	(0)	1,046,826	1,080,424	(0)	1,080,424
OPERATING EXPENSES																		
Management		3.5%	3.5%	58,992	-	58,992	61,057	-	61,057	63,194	-	63,194	65,405	-	65,405	67,695	-	67,695
Salaries/Benefits		3.5%	3.5%	155,423	-	155,423	160,863	-	160,863	166,493	-	166,493	172,321	-	172,321	178,352	-	178,352
Administration		3.5%	3.5%	100,953	-	100,953	104,486	-	104,486	108,143	-	108,143	111,928	-	111,928	115,846	-	115,846
Utilities		3.5%	3.5%	97,413	-	97,413	100,822	-	100,822	104,351	-	104,351	108,003	-	108,003	111,784	-	111,784
Taxes and Licenses		2.0%	2.0%	36,732	-	36,732	37,991	-	37,991	39,294	-	39,294	40,642	-	40,642	42,036	-	42,036
Insurance		3.5%	3.5%	89,563	-	89,563	92,698	-	92,698	95,942	-	95,942	99,300	-	99,300	102,776	-	102,776
Maintenance & Repair		3.5%	3.5%	330,984	-	330,984	342,568	-	342,568	354,558	-	354,558	366,967	-	366,967	379,811	-	379,811
Supportive Services		3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Expenses				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				870,061	-	870,061	900,486	-	900,486	931,976	-	931,976	964,567	-	964,567	998,299	-	998,299
PUPA (w/o Reserves/GL Base Rent/Bond Fees)																		
Reserves/Ground Lease Base Rent/Bond Fees																		
Ground Lease Base Rent				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bond Monitoring Fee				2500	0	2,500	2500	0	2,500	2500	0	2,500	2500	0	2,500	2500	0	2,500
Replacement Reserve Deposit				28200	0	28,200	28200	0	28,200	28605	0	28,605	29463	0	29,463	30347	0	30,347
Operating Reserve Deposit				0	0	0	14000	0	14,000	11500	0	11,500	7750	0	7,750	7250	0	7,250
Other Required Reserve 1 Deposit				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 2 Deposit				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposits/Commercial				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				30,700	0	30,700	44,700	0	44,700	42,605	0	42,605	39,713	0	39,713	40,097	0	40,097
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				900,761	-	900,761	945,186	-	945,186	974,581	-	974,581	1,004,280	-	1,004,280	1,038,396	-	1,038,396
PUPA (w/ Reserves/GL Base Rent/Bond Fees)																		
NET OPERATING INCOME (INCOME minus OP EXPENSES)				43,367	(0)	43,367	41,661	(0)	41,661	42,096	(0)	42,096	42,546	(0)	42,546	42,028	(0)	42,028
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																		
Hard Debt - First Lender				26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241
CASH FLOW (NOI minus DEBT SERVICE)				17,126	(0)	17,126	15,420	(0)	15,420	15,855	(0)	15,855	16,305	(0)	16,305	15,787	(0)	15,787
USES OF CASH FLOW BELOW (This row also shows DSCR.)																		
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																		
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				2,126	-	2,126	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)		varies	varies	12,000	-	12,000	12,420	-	12,420	12,855	-	12,855	13,305	-	13,305	12,787	-	12,787
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				3,000	-	3,000	3,000	-	3,000	3,000	-	3,000	3,000	-	3,000	3,000	-	3,000
Other Payments				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				17,126	-	17,126	15,420	-	15,420	15,855	-	15,855	16,305	-	16,305	15,787	-	15,787
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)				-	(0)	(0)	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-	(0)	(0)
Does Project have a MOHCD Residual Receipt Obligation? No																		
Will Project Defer Developer Fee? No																		
Residual Receipts split for all years. - Lender/Owner 0% / 0%																		
MOHCD RESIDUAL RECEIPTS DEBT SERVICE																		
MOHCD Residual Receipts Amount Due				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RR Running Balance				253,061		253,061	253,487		253,487	189,001		189,001	206,686		206,686	225,041		225,041
OR Running Balance				218,945		218,945	233,072		233,072	244,699		244,699	252,576		252,576	259,953		259,953
Other Required Reserve 1 Running Balance				-		-	-		-	-		-	-		-	-		-
Other Required Reserve 2 Running Balance				-		-	-		-	-		-	-		-	-		-
DEFERRED DEVELOPER FEE - RUNNING BALANCE																		
Developer Fee Starting Balance				-		-	(2,126)		(2,126)	(2,126)		(2,126)	(2,126)		(2,126)	(2,126)		(2,126)
Deferred Developer Fee Earned in Year				2,126		2,126	-		-	-		-	-		-	-		-
Developer Fee Remaining Balance				(2,126)		(2,126)	(2,126)		(2,126)	(2,126)		(2,126)	(2,126)		(2,126)	(2,126)		(2,126)

Zygmunt Arendt House

INCOME	Total # Units: 47	LOSP and Non-LOSP		Year 6			Year 7			Year 8			Year 9			Year 10		
		S+C Units		2024			2025			2026			2027			2028		
		33	14	LOSP	non-LOSP	Total												
Residential - Tenant Rents		1.1%	2.5%	138,685	(0)	138,685	140,211	(0)	140,211	141,753	(0)	141,753	143,312	(0)	143,312	144,889	(0)	144,889
Residential - Tenant Assistance Payments (Non-LOSP)		n/a	3.0%	272,072	-	272,072	280,234	-	280,234	288,641	-	288,641	297,300	-	297,300	306,219	-	306,219
Residential - LOSP Tenant Assistance Payments		n/a	n/a	725,925	-	725,925	739,857	-	739,857	769,268	-	769,268	799,761	-	799,761	830,875	-	830,875
Other Income				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income				1,136,682	(0)	1,136,682	1,160,302	(0)	1,160,302	1,199,662	(0)	1,199,662	1,240,374	(0)	1,240,374	1,281,983	(0)	1,281,983
Vacancy Loss - Residential - Tenant Rents		n/a	n/a	(6,934)	0	(6,934)	(7,011)	0	(7,011)	(7,088)	0	(7,088)	(7,166)	0	(7,166)	(7,244)	0	(7,244)
Vacancy Loss - Residential - Tenant Assistance Payments		n/a	n/a	(13,604)	-	(13,604)	(14,012)	-	(14,012)	(14,432)	-	(14,432)	(14,865)	-	(14,865)	(15,311)	-	(15,311)
Vacancy Loss - Commercial		n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME				1,116,145	(0)	1,116,145	1,139,280	(0)	1,139,280	1,178,143	(0)	1,178,143	1,218,343	(0)	1,218,343	1,259,427	(0)	1,259,427
OPERATING EXPENSES																		
Management		3.5%	3.5%	70,064	-	70,064	72,516	-	72,516	75,054	-	75,054	77,681	-	77,681	80,400	-	80,400
Salaries/Benefits		3.5%	3.5%	184,594	-	184,594	191,055	-	191,055	197,742	-	197,742	204,663	-	204,663	211,826	-	211,826
Administration		3.5%	3.5%	119,900	-	119,900	124,097	-	124,097	128,440	-	128,440	132,936	-	132,936	137,588	-	137,588
Utilities		3.5%	3.5%	115,696	-	115,696	119,745	-	119,745	123,936	-	123,936	128,274	-	128,274	132,764	-	132,764
Taxes and Licenses		2.0%	2.0%	43,478	-	43,478	44,971	-	44,971	46,515	-	46,515	48,112	-	48,112	49,765	-	49,765
Insurance		3.5%	3.5%	106,373	-	106,373	110,096	-	110,096	113,950	-	113,950	117,938	-	117,938	122,066	-	122,066
Maintenance & Repair		3.5%	3.5%	393,105	-	393,105	406,863	-	406,863	421,104	-	421,104	435,842	-	435,842	451,097	-	451,097
Supportive Services		3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Expenses				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES				1,033,211	-	1,033,211	1,069,344	-	1,069,344	1,106,741	-	1,106,741	1,145,446	-	1,145,446	1,185,505	-	1,185,505
PUPA (w/o Reserves/GL Base Rent/Bond Fees)																		
Reserves/Ground Lease Base Rent/Bond Fees																		
Ground Lease Base Rent				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bond Monitoring Fee				2500	0	2,500	2500	0	2,500	2500	0	2,500	2500	0	2,500	2500	0	2,500
Replacement Reserve Deposit				31258	0	31,258	32195	0	32,195	33161	0	33,161	34156	0	34,156	35181	0	35,181
Operating Reserve Deposit				7750	0	7,750	9000	0	9,000	9500	0	9,500	10000	0	10,000	10000	0	10,000
Other Required Reserve 1 Deposit				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 2 Deposit				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposits/Commercial				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees				41,508	0	41,508	43,695	0	43,695	45,161	0	45,161	46,656	0	46,656	47,681	0	47,681
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)				1,074,719	-	1,074,719	1,113,039	-	1,113,039	1,151,902	-	1,151,902	1,192,102	-	1,192,102	1,233,186	-	1,233,186
PUPA (w/ Reserves/GL Base Rent/Bond Fees)																		
NET OPERATING INCOME (INCOME minus OP EXPENSES)				41,426	(0)	41,426	26,241	(0)	26,241									
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																		
Hard Debt - First Lender				26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE				26,241	-	26,241												
CASH FLOW (NOI minus DEBT SERVICE)				15,185	(0)	15,185	(0)	(0)	(0)	0	(0)	(0)	-	(0)	(0)	-	(0)	(0)
USES OF CASH FLOW BELOW (This row also shows DSCR.)																		
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																		
Deferred Developer Fee (Enter amt <= Max Fee from row 131)				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)		3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)		varies	varies	12,185	-	12,185	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)				3,000	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD				15,185	-	15,185	-	-	-									
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)				-	(0)	(0)	(0)	(0)	(0)	0	(0)	(0)	-	(0)	(0)	-	(0)	(0)
Does Project have a MOHCD Residual Receipt Obligation? No																		
Will Project Defer Developer Fee? No																		
Residual Receipts split for all years. - Lender/Owner 0% / 0%																		
MOHCD RESIDUAL RECEIPTS DEBT SERVICE																		
MOHCD Residual Receipts Amount Due				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve				-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)				-	-	-												
RR Running Balance						244,089			185,347			175,392			188,378			204,567
OR Running Balance						267,830			276,957			286,584			296,711			306,838
Other Required Reserve 1 Running Balance						-			-			-			-			-
Other Required Reserve 2 Running Balance						-			-			-			-			-
DEFERRED DEVELOPER FEE - RUNNING BALANCE																		
Developer Fee Starting Balance						(2,126)			(2,126)			(2,126)			(2,126)			(2,126)
Deferred Developer Fee Earned in Year						-			-			-			-			-
Developer Fee Remaining Balance						(2,126)												

Zygmunt Arendt House

INCOME	Total # Units: 47		Year 11 2029			Year 12 2030			Year 13 2031			Year 14 2032			Year 15 2033		
	LOSP and S+C Units	Non-LOSP Units	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total	LOSP	non-LOSP	Total
	100.00%	0.00%	% annual inc LOSP	% annual increase													
Residential - Tenant Rents	1.1%	2.5%	146,483	(0)	146,483	148,094	(0)	148,094	149,723	(0)	149,723	151,370	(0)	151,370	153,035	(0)	153,035
Residential - Tenant Assistance Payments (Non-LOSP)	n/a	3.0%	315,406	-	315,406	324,868	-	324,868	334,614	-	334,614	344,653	-	344,653	354,992	-	354,992
Residential - LOSP Tenant Assistance Payments	n/a	n/a	863,149	-	863,149	897,128	-	897,128	932,354	-	932,354	968,872	-	968,872	1,006,730	-	1,006,730
Other Income			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Potential Income			1,325,038	(0)	1,325,038	1,370,090	(0)	1,370,090	1,416,691	(0)	1,416,691	1,464,895	(0)	1,464,895	1,514,758	(0)	1,514,757
Vacancy Loss - Residential - Tenant Rents	n/a	n/a	(7,324)	0	(7,324)	(7,405)	0	(7,405)	(7,486)	0	(7,486)	(7,568)	0	(7,568)	(7,652)	0	(7,652)
Vacancy Loss - Residential - Tenant Assistance Payments	n/a	n/a	(15,770)	-	(15,770)	(16,243)	-	(16,243)	(16,731)	-	(16,731)	(17,233)	-	(17,233)	(17,750)	-	(17,750)
Vacancy Loss - Commercial	n/a	n/a	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFFECTIVE GROSS INCOME			1,301,943	(0)	1,301,943	1,346,442	(0)	1,346,442	1,392,474	(0)	1,392,474	1,440,094	(0)	1,440,094	1,489,356	(0)	1,489,356
OPERATING EXPENSES																	
Management	3.5%	3.5%	83,214	-	83,214	86,127	-	86,127	89,141	-	89,141	92,261	-	92,261	95,490	-	95,490
Salaries/Benefits	3.5%	3.5%	219,240	-	219,240	226,914	-	226,914	234,855	-	234,855	243,075	-	243,075	251,583	-	251,583
Administration	3.5%	3.5%	142,404	-	142,404	147,388	-	147,388	152,547	-	152,547	157,886	-	157,886	163,412	-	163,412
Utilities	3.5%	3.5%	137,411	-	137,411	142,220	-	142,220	147,198	-	147,198	152,350	-	152,350	157,682	-	157,682
Taxes and Licenses	2.0%	2.0%	51,475	-	51,475	53,244	-	53,244	55,074	-	55,074	56,968	-	56,968	58,927	-	58,927
Insurance	3.5%	3.5%	126,338	-	126,338	130,760	-	130,760	135,336	-	135,336	140,073	-	140,073	144,976	-	144,976
Maintenance & Repair	3.5%	3.5%	466,885	-	466,885	483,226	-	483,226	500,139	-	500,139	517,644	-	517,644	535,761	-	535,761
Supportive Services	3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Expenses			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES			1,226,966	-	1,226,966	1,269,878	-	1,269,878	1,314,290	-	1,314,290	1,360,257	-	1,360,257	1,407,831	-	1,407,831
RESERVES/GROUND LEASE BASE RENT/BOND FEES																	
Ground Lease Base Rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bond Monitoring Fee			2500	0	2,500	2500	0	2,500	2500	0	2,500	2500	0	2,500	2500	0	2,500
Replacement Reserve Deposit			36236	0	36,236	37323	0	37,323	38443	0	38,443	39596	0	39,596	40784	0	40,784
Operating Reserve Deposit			10000	0	10,000	10500	0	10,500	11000	0	11,000	11500	0	11,500	12000	0	12,000
Other Required Reserve 1 Deposit			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Required Reserve 2 Deposit			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Required Reserve Deposits/Commercial			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total Reserves/Ground Lease Base Rent/Bond Fees			48,736	0	48,736	50,323	0	50,323	51,943	0	51,943	53,596	0	53,596	55,284	0	55,284
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)			1,275,702	-	1,275,702	1,320,201	-	1,320,201	1,366,233	-	1,366,233	1,413,853	-	1,413,853	1,463,115	-	1,463,115
NET OPERATING INCOME (INCOME minus OP EXPENSES)																	
			26,241	(0)	26,241	26,241	(0)	26,241	26,241	(0)	26,241	26,241	(0)	26,241	26,241	(0)	26,241
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)																	
Hard Debt - First Lender			26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hard Debt - Fourth Lender			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial Hard Debt Service			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HARD DEBT SERVICE			26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241	26,241	-	26,241
CASH FLOW (NOI minus DEBT SERVICE)																	
			-	(0)	(0)	0	(0)	(0)	(0)	(0)	(0)	0	(0)	(0)	-	(0)	(0)
USES OF CASH FLOW BELOW (This row also shows DSCR.)																	
USES THAT PRECEDE MOHCD DEBT SERVICE IN WATERFALL																	
Deferred Developer Fee (Enter amt <= Max Fee from row 131)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
"Below-the-line" Asset Mgt fee (uncommon in new projects, see policy)	3.5%	3.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Partnership Management Fee (see policy for limits)	varies	varies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 1			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-amortizing Loan Pmnt - Lender 2			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PAYMENTS PRECEDING MOHCD			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)																	
			-	(0)	(0)	0	(0)	(0)	(0)	(0)	(0)	0	(0)	(0)	-	(0)	(0)
Does Project have a MOHCD Residual Receipt Obligation? No																	
Will Project Defer Developer Fee? No																	
Residual Receipts split for all years. - Lender/Owner 0% / 0%																	
MOHCD RESIDUAL RECEIPTS DEBT SERVICE																	
MOHCD Residual Receipts Amount Due			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Residual Ground Lease			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed MOHCD Residual Receipts Amount to Replacement Reserve			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RR Running Balance					221,450			208,770			54,787			62,750			56,996
OR Running Balance					316,965			327,592			338,719			350,346			362,473
Other Required Reserve 1 Running Balance					-			-			-			-			-
Other Required Reserve 2 Running Balance					-			-			-			-			-
DEFERRED DEVELOPER FEE - RUNNING BALANCE																	
Developer Fee Starting Balance					(2,126)			(2,126)			(2,126)			(2,126)			(2,126)
Deferred Developer Fee Earned in Year					-			-			-			-			-
Developer Fee Remaining Balance					(2,126)			(2,126)			(2,126)			(2,126)			(2,126)

Attachment D: LOSP Funding Schedule A

LOSP FUNDING SCHEDULE	
Project Address:	Zygmunt Arendt House
Project Start Date:	1/1/2019

Exhibit A

Calendar Year	Full Year Funding Amount	# Months to Fund	Total Disbursement for Calendar Year	Estimated Disbursement Date
CY-1 2019	\$596,433	12	\$596,433	1/1/2019
CY-2 2020	\$631,091	12	\$631,091	1/1/2020
CY-3 2021	\$652,644	12	\$652,644	1/1/2021
CY-4 2022	\$674,295	12	\$674,295	1/1/2022
CY-5 2023	\$699,166	12	\$699,166	1/1/2023
CY-6 2024	\$725,925	12	\$725,925	1/1/2024
CY-7 2025	\$739,857	12	\$739,857	1/1/2025
CY-8 2026	\$769,268	12	\$769,268	1/1/2026
CY-9 2027	\$799,761	12	\$799,761	1/1/2027
CY-10 2028	\$830,875	12	\$830,875	1/1/2028
CY-11 2029	\$863,149	12	\$863,149	1/1/2029
CY-12 2030	\$897,128	12	\$897,128	1/1/2030
CY-13 2031	\$932,354	12	\$932,354	1/1/2031
CY-14 2032	\$968,872	12	\$968,872	1/1/2032
CY-15 2033	\$1,006,730	12	\$1,006,730	1/1/2033
Total Contract Amount:			\$11,787,548	