

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
Controller's Office of Public Finance

Evaluation of Request for Funding: Local Operating Subsidy Program (LOSP) Contract Funding
Senior Operating Subsidy (SOS) Program Contract Funding

Prepared By: Jonathan Gagen
Loan Committee Date: December 18, 2020

Sponsor Name: 735 Davis Senior LP (BRIDGE Housing Corporation & The John Stewart Company as co-GPs)

Project Name: 735 Davis

Project Address: 735 Davis Street, San Francisco, CA 94111 (between Vallejo Street and Broadway)

Number of Units/Beds: 15 out of 53 total units are LOSP
13 out of 53 total units are SOS Program

Amount of Funds Requested: Up to \$264,298 Year 1 budget and up to \$5,156,471 for 15 years in LOSP funds and \$85,740 Year 1 budget and \$1,716,823 for 15 years in SOS funds

Amount of Funds Recommended: Up to \$5,156,471 in LOSP funds and \$1,716,823 in SOS funds for 15 years

1. SUMMARY AND BACKGROUND

735 Davis Senior LP, a California limited partnership, and affiliate of BRIDGE Housing Corporation and The John Stewart Company (JSCo), requests up to \$5,156,471 in General Funds from the Local Operating Subsidy Program (LOSP) to subsidize operations of 15 out of a total of 53 units as permanent supportive housing for seniors experiencing homelessness or at risk of experiencing homelessness at 735 Davis for a period of 15 years. 735 Davis Senior LP also requests \$1,716,823 in Senior Operating Subsidy (SOS) funds to subsidize 13 of 53 units for extremely low-income seniors at 30% AMI for a period of 15 years.

735 Davis is currently being developed with 88 Broadway, an adjacent family housing project currently in construction. 88 Broadway and 735 Davis are located within one city

block of one another, on two separate parking lots that are owned by the Port and MOHCD, respectively. The projects were designed and entitled simultaneously and are being constructed simultaneously as well. The projects were financed separately, and serve different populations.

735 Davis Street is a 53-unit building serving formerly homeless, extremely low income, and low-income seniors. The building is located on City-owned land, and is on the east half of the same block as 88 Broadway with existing buildings to the north and south. The 53 senior units include 23 junior one-bedrooms (studios), 29 one-bedrooms, and 1 two-bedroom manager's unit. The 37 lottery units will serve seniors ranging from 30% to 70% MOHCD Area Median Income (AMI). In addition to the LOSP units, the project includes 13 units that will be subsidized through the SOS Program (these units are included in the 37 lottery units described above). The tenant rents for these units are set at 30% AMI, and the Sponsor will enter into a 15-year contract with MOHCD for the difference between the 30% AMI rent and 50% AMI rent (\$85,740 in Year 1), escalating at 4% annually. The escalation amount is sized to ensure that rental income for these units is maximized, in conformance with MOHCD's Rent Limits for affordable housing projects, and that the project cash flows through Year 20.

Both buildings include active ground floor uses including a child care facility, community-serving restaurant and café retail. The café will be located in a 1,257 sf commercial space at 735 Davis, while the restaurant and child care facility will be located at 88 Broadway. These commercial uses are owned by a separate entity and so are not included in the project operating budgets. (The warm shell build out at 735 Davis will ultimately be financed by the Sponsor.). The sites are connected by a mid-block pedestrian passageway that will be publicly accessible. The Temporary Certificate of Occupancy (TCO) is anticipated to be obtained in December, 2020, with lease up starting immediately thereafter.

MOHCD will restrict the LOSP units at 50% MOHCD AMI, though it's anticipated that the average AMI will be 12% AMI. Residents for these LOSP units will be referred by the Department of Homelessness and Supportive Housing (HSH) through Coordinated Entry. For the lottery units, MOHCD has begun the marketing process, opened and closed the application list, and recently run the lottery. While BRIDGE and JSCo have indicated that TCAC requirements will require that all building residents be 62 years of age or older, MOHCD staff recommends that BRIDGE and JSCo request a waiver so that caregivers under 62 years of age may be allowed to reside in the building. This approach has received preliminary approval from TCAC staff and is pending final approval by TCAC's compliance managers.

The requested LOSP funds for the supportive housing units would be provided through a new 15-year contract of up to \$5,156,471, with initial disbursement in January 2021, and final disbursement in January 2036, with contract expiration of December 31, 2035. If approved, funds would be disbursed under the contract on a calendar-year basis in accordance with the attached schedule (see Exhibit A), with possible reductions from these

amounts based on operating surpluses that may occur in previous years. A total of \$264,298 in assistance is budgeted for the first year (2021). This equates to an annual subsidy of nearly \$17,619 per unit and a monthly per unit subsidy of \$1,468. The LOSP subsidy is projected to increase an average of 3.6% 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.

In contrast, SOS funds would be a set, annual funding amount based on the assumptions discussed above. A 15-year contract will be entered into between MOHCD and the Sponsor before building lease up.

2. OPERATING COSTS SUMMARY

Please see below for the latest proposed operating costs. The proposed operating expenses before reserve deposits is \$14,160 per unit per year. This is lower than other smaller supportive housing projects with similar unit counts. As an example, operating expenses for Casa de la Misión, another small supportive project for seniors, are \$17,843 per unit per year. Please see Section 4 for further analysis.

Operating Proforma		
Underwriting Standard	Meets Standard? (Y/N)	Notes
Debt Service Coverage Ratio is between minimum 1.10:1 and maximum 1.15:1 at year 15	Y	735 Davis does not have any permanent debt assigned to the project.
Debt Service Coverage Ratio stays above 1.00:1 for entirety of projected 20-year cash flow	Y	735 Davis does will not have any debt service during the 20-year operating period.
Vacancy meets TCAC Standards	Y	Vacancy is 5% of tenant income
Annual Income Growth is increased at 2.5% per year	Y	The income increase for the non LOSP units is 2.5% a year and 4% a year for the SOS.
Annual Operating Expenses are increased at 3.5% per year	Y	
Base year operating expenses per unit are reasonable per comparables	N	Total Operating Expenses are \$14,160 per unit. A large driver for the higher operating expenses is the size of the building. The project does not achieve economies of scale achieved by larger properties. Additionally, the front desk coverage required for the senior units adds to the annual operating expenses.
Property Management Fee is at allowable HUD Maximum	Y	Total Property Management Fee is \$41,340 or \$64 PUPM

Property Management staffing level is reasonable per comparables	Y	Proposed staffing includes 1 FT assistant property manager and 1 FT property manager shared with 88 Broadway. The property manager will be prorated at 25% to 735 Davis.
Asset Management and Partnership Management Fees meet standards	Y	Annual AM Fee is \$21,900 based on MOHCD 2020 standards Annual PM Fee is \$21,890 Annual Investor Services Fee is \$5,000
Replacement Reserve Deposits meet or exceed TCAC minimum standards	Y	Replacement Reserves are \$450 per unit per year

3. PROPOSED LOSP BUDGET

Annual Operating Income Evaluation

Tenant Rent: All units are senior units. The maximum income for lottery units will range from 30% MOHCD AMI to 70% MOHCD AMI. Please see below for a breakdown of the project's unit types and restrictions.

Unit Income/Rent Restrictions Chart:

<u>NON-LOTTERY</u>	<u># Units</u>	<u>MOHCD AMI</u>	<u>Unit Subsidy</u>
Studio - LOSP	8	50% SF AMI	LOSP – tenant pays 30% of income
1-BR - LOSP	7	50% SF AMI	LOSP – tenant pays 30% of income
Sub-Total	15		
<u>LOTTERY</u>			
Studio – SOS Program Units	9	30% SF AMI	SOS subsidizes gap between 30% and 50% AMI rents
1-BR – SOS Program Units	4	30% SF AMI	SOS subsidizes gap between 30% and 50% AMI rents
Studio	6	50% SF AMI	
1-BR	4	50% SF AMI	
1-BR	6	60% SF AMI	
Studio	1	70% SF AMI	
1-BR	7	70% SF AMI	
Sub-Total	37		
<u>MANAGER UNIT</u>			
2-BR	1	N/A	
TOTAL	53		

LOSP Subsidy: The LOSP subsidy in the Year 1 Operating Budget is proposed at \$264,298 (\$17,619 PUPA and \$1,468 PUPM). The proposed budget allocates all operating costs on a prorated basis with a 72% for the non-LOSP/ 28% for LOSP split with a few exceptions. The front desk clerk coverage is prorated at 25% non-LOSP / 75% LOSP. Although the 24-hour desk clerk coverage is required due to the inclusion of LOSP units, all residents will benefit. Therefore, the Sponsor has allocated 25% of this line item to the non-LOSP units. Additionally, Workers Compensation and Payroll Taxes are split 47% non-LOSP / 53% non-LOSP due to the fact that wages attributed to LOSP account for 53% of wages.

SOS Program Subsidy:

As mentioned in Section 1, the Project includes 13 units under the SOS Program. The program was created by MOHCD and the Department of Aging and Adult Services (DAAS) in light of the fact that many seniors live on fixed incomes, such as Social Security or Supplemental Security Income, and cannot afford 50% MOHCD AMI rents. The Board of Supervisors approved and established the SOS fund in July 2019. The SOS units at 735 Davis will be restricted and rented at 30% AMI. The subsidy is sized per the explanation in Section 1.

Commercial Space Revenue:

The current budget for 735 Davis does not assume income from the commercial space. The commercial spaces have been subdivided as separate air rights parcels, and the ownership for these spaces will be transferred to separate limited liability corporations that will own and manage the commercial spaces. The Sponsor will be fully repaying MOHCD for the warm shell build out of the café space at 735 Davis. Therefore, there will ultimately not be a MOHCD commercial loan on which residual receipts will be paid.

Total Residential Revenue Stream: Between tenant rents, the LOSP subsidy, and the SOS funds, the total residential rental revenue for Year 1 is \$864,099.

Annual Operating Key Expenses Evaluation

Staffing Plan: The staffing plan includes the following:

- The property manager will be shared with 88 Broadway and will be prorated at 25% to 735 Davis.
- The assistant property manager will be 100% assigned to 735 Davis.
- Maintenance and janitorial staff will be shared with 88 Broadway. Maintenance staff will be prorated at 50% to 735 Davis while the janitorial staff will be prorated at 60%.
- There will be one LSS caseworker serving the non-LOSP residents.
- Desk coverage will allow for 16 hours/day of coverage Monday through Wednesday and 24-hours/day coverage Thursday through Sunday.

Please see below for a breakdown of the staffing and associated expenses.

Title	FTE	Salary
Property Manager	0.25	\$ 18,503
Assistant Manager	1	\$ 48,637
LSS Caseworker (serving non- LOSP units)	1	\$ 45,000
Front Desk Coverage	3	\$ 133,012
Janitorial	1.1	\$ 50,752
Total FTEs and Expenses	6.35	\$ 295,904

At a total of 6.35 FTE staff, the staffing plan represents a staff to unit/household ratio of 8.35, which is slightly higher than Casa de la Misión’s ratio of 1 to 7.4. The projects are both smaller in size. Although 735 Davis will share staff with 88 Broadway, the project’s senior project will require substantial front desk coverage.

Supportive Services: \$45,000 is budgeted from the operating budget for a caseworker who will provide supportive services for the non-LOSP units. These services will be provided by LSS, and will consist of adult education and community building activities with the goals of providing enrichment and preventing social isolation.

Total Operating Expenses before debt and reserves: \$750,485, or \$14,160 PUPA

Debt Service: The project does not have any permanent debt so will not require debt service payments.

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 2.5% annually
- The SOS subsidy is escalated at 4% annually
- LOSP subsidy increases about 3.6% annually
- Resident vacancy rate is 5%
- All operating expenses are escalated at 3.5% annually
- Partnership management fee is escalated 3.5% and ceases after Year 15

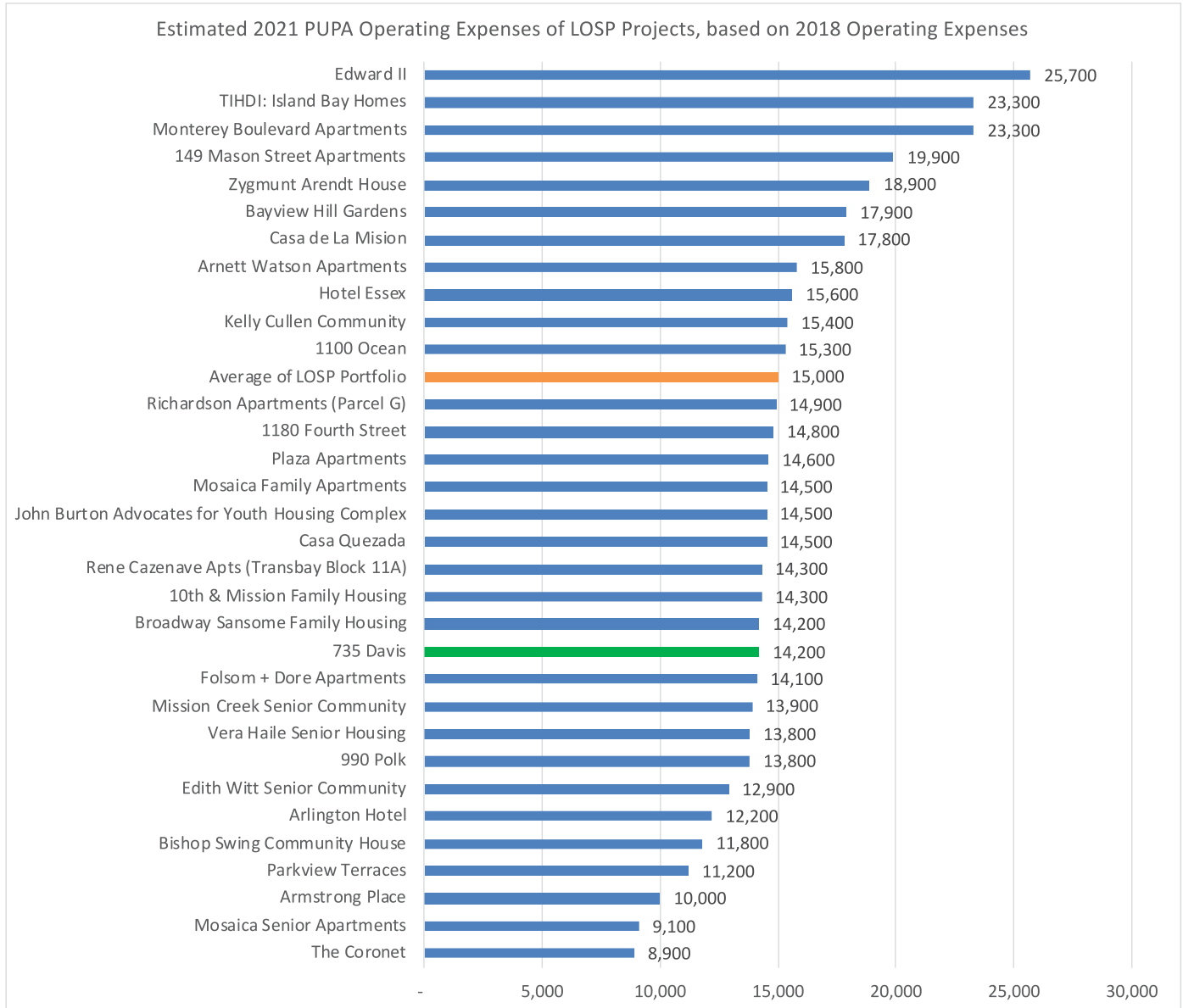
4. OPERATING COSTS COMPARATIVE ANALYSIS

To evaluate the proposed budget for 735 Davis under a new LOSP contract and its relative cost to other family and supportive housing projects of similar size, MOHCD staff compared the project’s proposed operating expenses to the operating expenses of other projects in MOHCD’s portfolio.

Comparison with Other Supportive Housing

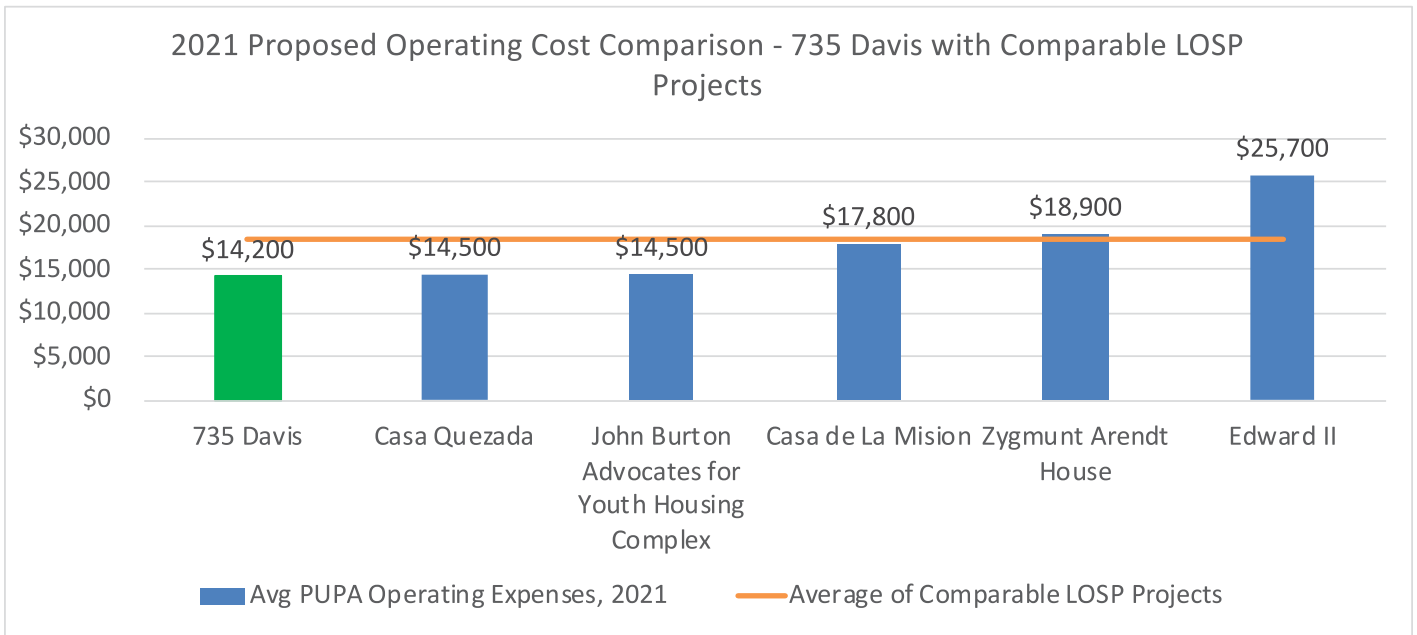
During 2018, MOHCD’s portfolio had a total of 32 supportive housing LOSP projects. Average total operating expenses (before replacement reserve deposits and hard debt

service), averaged \$15,000 per unit per annum (“PUPA”), with a range from \$8,600 to \$24,800 PUPA. One of the greatest determinants of PUPA operating expenses is project size, with PUPA operating expenses higher for smaller and scattered site buildings and lower for larger buildings. With proposed per unit operating expenses of \$14,160 before debt and reserves, 735 Davis is slightly higher than the average for LOSP supportive housing projects. The chart below shows 735 Davis, with rounded operating expenses at \$14,200, compared with other LOSP projects.



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. As is indicated in the chart below, buildings with a higher percentage of LOSP units have higher operating costs on a per unit basis.



Average 2021 Operating Expenses Per Unit Per Annum by % of LOSP Units, Extrapolated from 2018 Data*

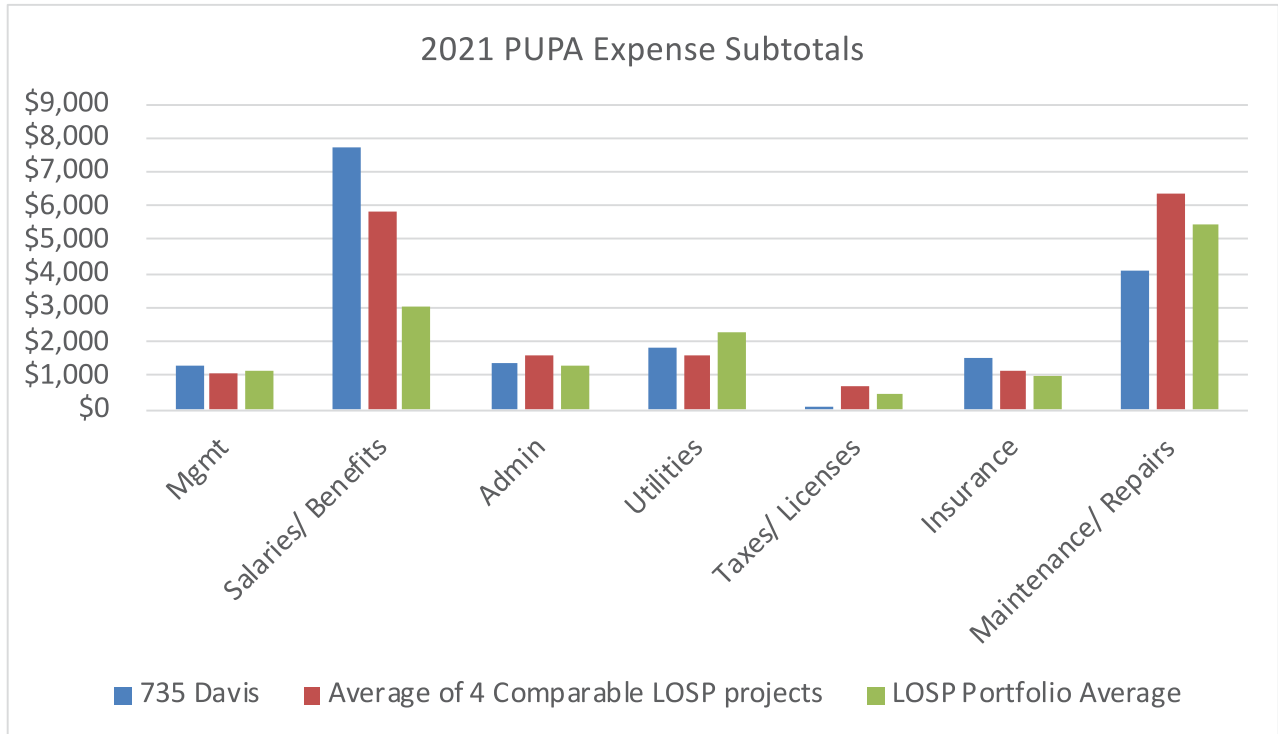
% of LOSP Units	# Projects	Average PUPA Operating Expenses
80% or more LOSP Units	5	\$19,800
31% - 79% LOSP Units	13	\$14,200
30% or less LOSP Units	8	\$13,000
All	26	\$14,900

*Operating Expenses inflated annually by 3.5%.

Comparison to Other Projects of Similar Size

At 53 units, with fewer than 30% units as LOSP units, the proposed operating costs (excluding reserves) of \$14,160 PUPA are slightly higher than supportive housing projects of similar size, which average \$13,000 PUPA. The reason for the discrepancy is that the project will require additional staffing (front desk coverage) tied to the homeless units.

This fixed cost on a small project drives up the per unit costs for small sites that have desk coverage.



5. SUPPORT SERVICES EVALUATION

BRIDGE, JSCo, and Lutheran Social Services (LSS) will be partnering to provide services for the residents of 88 Broadway and 735 Davis, including programs and services for families and senior residents with programs targeted specifically to the needs of formerly homeless residents. BRIDGE and JSCo will be leading the resident services for the building – which are budgeted at \$45,000 in the first-year operating budget – by working with community partners. LSS will focus on residents who are moving out of homelessness. All of the partners are determined to develop a healthy, sustainable and active community, and contribute to the health of the surrounding neighborhood.

Through a direct contract with HSH, LSS will provide services to the 15 LOSP households. The proposed staffing funded through the HSH contract includes 1FTE bi-lingual case manager who will be supervised by a deputy director-level LSS staff member. LSS staff will provide the following services:

- Intake and assessment
- Individual outreach
- Case management
- Benefits advocacy and assistance
- Information and referral

- Mediation and advocacy in coordination with property management staff
- Coordination of social events and other tenant activities
- Rental assistance referrals

HSH has reviewed and approved the supportive services plan and budget so that total services funded by HSH will be \$83,167 per year.

As mentioned in Section 3, LSS will be providing services for the non-LOSP units. These services will not be of the HSH contract but will be funded from the operating budget.

6. CONCLUSION

MOHCD staff recommend approval of the request for both subsidies in full. The proposed operating budget has appropriate staffing and meets the operating cost standards of comparable projects.

7. RECOMMENDED CONDITIONS

8. LOAN COMMITTEE MODIFICATIONS

LOAN COMMITTEE RECOMMENDATION

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

APPROVE. DISAPPROVE. TAKE NO ACTION.

Eric D. Shaw, Director
Mayor's Office of Housing and Community Development

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Salvador Menjivar, Director for Housing
Department of Homelessness and Supportive Housing

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Nadia Sesay, Director
Office of Community Investment and Infrastructure

Date: _____

APPROVE. DISAPPROVE. TAKE NO ACTION.

Anna Van Degna, Director
Controller's Office of Public Finance

Date: _____

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

Chavez, Rosanna (MYR)

From: Shaw, Eric (MYR)
Sent: Monday, December 21, 2020 9:01 PM
To: Chavez, Rosanna (MYR)
Subject: 735 Davis Loan Committee

I approve

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Chavez, Rosanna (MYR)

From: Menjivar, Salvador (HOM)
Sent: Friday, December 18, 2020 11:49 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: 735 Davis

I approve the LOSP funding for 735 Davis

salvador



Salvador Menjivar
Director of Housing
Pronouns: He/Him
San Francisco Department of Homelessness and Supportive Housing
salvador.menjivar1@sfgov.org | 415-308-2843

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Chavez, Rosanna (MYR)

From: Oerth, Sally (CII)
Sent: Friday, December 18, 2020 11:26 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR); Gagen, Jonathan (MYR)
Subject: 735 Davis Senior LOSP loan committee approval 12.18.20

I approve the LOSP request presented at the 12/18/20 Loan Committee for the 735 Davis project



Sally Oerth
Interim Executive Director

📍 One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
📞 415.749.2588
🏠 www.sfocii.org

Chavez, Rosanna (MYR)

From: Katz, Bridget (CON)
Sent: Friday, December 18, 2020 11:26 AM
To: Chavez, Rosanna (MYR)
Cc: Shaw, Eric (MYR)
Subject: 735 Davis

Approve

Bridget Katz

Development Finance Specialist, Office of Public Finance
Controller's Office | City & County of San Francisco
Office Phone: (415) 554-6240
Cell Phone: (858) 442-7059
E-mail: bridget.katz@sfgov.org

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

MOHCD Profoma - Year 1 Operating Budget

Application Date:

Total # Units: 53

First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): 2021

	LOSP Units	Non-LOSP Units
	15	38
	LOSP/non-LOSP Allocation	
	28%	72%

Project Name: 735 Davis
Project Address: 735 Davis St.

Project Sponsor:

INCOME	LOSP	non-LOSP	Total	Comments	
Residential - Tenant Rents	36,000	505,116	541,116	Links from 'New Proj - Rent & Unit Mix' Worksheet	Alternative LOSP Split
Residential - Tenant Assistance Payments (Non-LOSP)	0	0	0	Links from 'New Proj - Rent & Unit Mix' Worksheet	Residential - Tenant Assistance Payments (Non-LOSP)
Residential - LOSP Tenant Assistance Payments	264,298		264,298		
Commercial Space			0		
Residential Parking	0	0	0		
Miscellaneous Rent Income	0	85,740	85,740	SOS funds (building subsidy for 13 30% AMI units)	Alternative LOSP Split
Supportive Services Income	0	0	0		Miscellaneous Rent Income
Interest Income - Project Operations	0	0	0		Supportive Services Income
Laundry and Vending	0	0	0		
Tenant Charges	0	0	0		Projected LOSP Split
Miscellaneous Residential Income	0	0	0		Tenant Charges
Other Commercial Income	0	0	0		
Withdrawal from Capitalized Reserve (deposit to operating account)	0	0	0		Alternative LOSP Split
Gross Potential Income	300,298	590,856	891,154		Withdrawal from Capitalized Reserve (deposit to operating account)
Vacancy Loss - Residential - Tenant Rents	(1,800)	(25,256)	(27,056)	Vacancy loss is 5% of Tenant Rents.	
Vacancy Loss - Residential - Tenant Assistance Payments	0	0	0	#DIV/0!	
Vacancy Loss - Commercial	0	0	0	Links from 'Commercial Op. Budget' Worksheet	
EFFECTIVE GROSS INCOME	298,498	565,600	864,099	PUPA: 16,304	

OPERATING EXPENSES

Management	LOSP	non-LOSP	Total	Comments	
Management Fee	11,575	29,765	41,340	1st Year to be set according to HUD schedule.	Alternative LOSP Split
Asset Management Fee	6,132	15,768	21,900		Management Fee
Sub-total Management Expenses	17,707	45,533	63,240	PUPA: 1,193	Asset Management Fee
Salaries/Benefits					Alternative LOSP Split
Office Salaries	13,618	35,019	48,637	1 FT APM	Office Salaries
Manager's Salary	5,181	13,322	18,503	Manager to be shared w/ 88 Broadway. Prorated at 25% to 735 Davis	Manager's Salary
Health Insurance and Other Benefits	23,198	20,572	43,770	Wages attributed to LOSP account for 53% of total wages	Health Insurance and Other Benefits
Other Salaries/Benefits	99,759	33,253	133,012	25% is allocated to non-LOSP units, 75% to LOSP units	Other Salaries/Benefits
Administrative Rent-Free Unit	0	0	0		Administrative Rent-Free Unit
Sub-total Salaries/Benefits	141,756	102,166	243,922	PUPA: 4,602	
Administration					Alternative LOSP Split
Advertising and Marketing	672	1,728	2,400		Advertising and Marketing
Office Expenses	3,444	8,856	12,300	Office expenses, copier lease, computer charges	Office Expenses
Office Rent	0	0	0		Projected LOSP Split
Legal Expense - Property	672	1,728	2,400		Legal Expense - Property
Audit Expense	2,940	7,560	10,500		
Bookkeeping/Accounting Services	2,226	5,724	7,950		Projected LOSP Split
Bad Debts	0	0	0		Bad Debts
Miscellaneous	3,864	9,936	13,800	Telephone/answering services; seminars/training	
Sub-total Administration Expenses	13,818	35,532	49,350	PUPA: 931	
Utilities					Projected LOSP Split
Electricity	7,479	19,233	26,712	Budgeted at \$42 pupm	Electricity
Water	6,945	17,859	24,804	Budgeted at \$39 pupm	
Gas	3,205	8,243	11,448	Budgeted at \$18 pupm	
Sewer	10,329	26,559	36,888	Budgeted at \$58 pupm	
Sub-total Utilities	27,959	71,893	99,852	PUPA: 1,884	
Taxes and Licenses					Alternative LOSP Split
Real Estate Taxes	672	1,728	2,400		Real Estate Taxes
Payroll Taxes	12,547	11,127	23,674	Wages attributed to LOSP account for 53% of total wages	Payroll Taxes
Miscellaneous Taxes, Licenses and Permits	336	864	1,200		
Sub-total Taxes and Licenses	13,555	13,719	27,274	PUPA: 515	
Insurance					Alternative LOSP Split
Property and Liability Insurance	16,240	41,760	58,000		Property and Liability Insurance
Fidelity Bond Insurance	50	130	180		Alternative LOSP Split
Worker's Compensation	6,739	5,976	12,715	Wages attributed to LOSP account for 53% of total wages	Worker's Compensation
Director's & Officers' Liability Insurance	0	0	0		
Sub-total Insurance	23,029	47,866	70,895	PUPA: 1,338	
Maintenance & Repair					Alternative LOSP Split
Payroll	14,211	36,541	50,752	Maintenance Tech and Janitor to be shared w/ 88 Broadway. Prorated 50% of Maint and 60%	Projected LOSP Split
Supplies	336	864	1,200		Supplies
Contracts	5,880	15,120	21,000	Maintenance contracts, life safety alarm contract, landscape contract	Contracts
Garbage and Trash Removal	7,056	18,144	25,200		Alternative LOSP Split
Security Payroll/Contract	0	0	0		Security Payroll/Contract
HVAC Repairs and Maintenance	0	0	0		
Vehicle and Maintenance Equipment Operation and Repairs	5,376	13,824	19,200	Elevator (2) service contract and repairs	
Miscellaneous Operating and Maintenance Expenses	9,408	24,192	33,600	Fire protection expenses, pest control, repair supplies, plumbing supplies, electrical supplies,	
Sub-total Maintenance & Repair Expenses	42,267	108,685	150,952	PUPA: 2,848	
Supportive Services	0	45,000	45,000	Services provided by BRIDGE	Alternative LOSP Split
Commercial Expenses	0	0	0	Links from 'Commercial Op. Budget' Worksheet	Supportive Services
TOTAL OPERATING EXPENSES	280,091	470,394	750,485	PUPA: 14,160	
Reserves/Ground Lease Base Rent/Bond Fees					Alternative LOSP Split
Ground Lease Base Rent	4,200	10,800	15,000	Ground lease with MOHCD	Provide additional comments here, if needed.
Bond Monitoring Fee	0	0	0		
Replacement Reserve Deposit	6,678	17,172	23,850		Replacement Reserve Deposit
Operating Reserve Deposit	0	0	0		Operating Reserve Deposit
Other Required Reserve 1 Deposit	0	0	0		Other Required Reserve 1 Deposit
Other Required Reserve 2 Deposit	0	0	0		
Required Reserve Deposits/Commercial	0	0	0	Links from 'Commercial Op. Budget' Worksheet	
Sub-total Reserves/Ground Lease Base Rent/Bond Fees	10,878	27,972	38,850	PUPA: 733	
TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)	290,969	498,366	789,335	PUPA: 14,893	
NET OPERATING INCOME (INCOME minus OP EXPENSES)	7,529	67,234	74,764	PUPA: 1,411	
DEBT SERVICE/MUST PAY PAYMENTS ("hard debt"/amortized loans)					Alternative LOSP Split
Hard Debt - First Lender	0	0	0		Hard Debt - First Lender
Hard Debt - Second Lender (HCD Program 0.42% pymt, or other 2nd Lender)	0	0	0		Hard Debt - Second Lender (HCD Program 0.42%)
Hard Debt - Third Lender (Other HCD Program, or other 3rd Lender)	0	0	0		Hard Debt - Third Lender (Other HCD Program)
Hard Debt - Fourth Lender	0	0	0		Hard Debt - Fourth Lender
Commercial Hard Debt Service	0	0	0	Links from 'Commercial Op. Budget' Worksheet	
TOTAL HARD DEBT SERVICE	0	0	0	PUPA: 0	
CASH FLOW (NOI minus DEBT SERVICE)	7,529	67,234	74,764		
Commercial Only Cash Flow	0	0	0		
Allocation of Commercial Surplus to LOSP/non-LOSP (residual income)	0	0	0		Allocation of Commercial Surplus to LOSP/non-LOSP
AVAILABLE CASH FLOW	7,529	67,234	74,764		
USES OF CASH FLOW BELOW (This row also shows DSCR.)					
USES THAT PRECEED MOHCD DEBT SERVICE IN WATERFALL					
"Below-the-line" Asset Mgt fee (not common in new projects, see policy)	0	0	0		
Partnership Management Fee (see policy for limits)	6,129	15,761	21,890	2nd	
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	1,400	3,600	5,000	1st	
Other Payments	0	0	0		Alternative LOSP Split
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	0	0	0		Other Payments
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)	0	0	0		Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)
Deferred Developer Fee (Enter amt <= Max Fee from call H130)	0	0	0	Def. Develop. Fee split: 0%	Provide additional comments here, if needed.
TOTAL PAYMENTS PRECEDING MOHCD	7,529	19,361	26,890	PUPA: 507	Deferred Developer Fee (Enter amt <= Max Fee from call H130)
RESIDUAL RECEIPTS (CASH FLOW minus PAYMENTS PRECEDING MOHCD)	0	47,874	47,874		
Residual Receipts Calculation					
Does Project have a MOHCD Residual Receipt Obligation?	Yes	Project has MOHCD ground lease?	Yes		
Will Project Defeat Developer Fee?	No				
Max Deferred Developer Fee/Borrower % of Residual Receipts in Yr 1:	33%				Sum of DD F from LOSP and non-LOSP:
% of Residual Receipts available for distribution to soft debt lenders in Yr 1:	67%				Ratio of Sum of DD F and calculated 50%:
Soft Debt Lenders with Residual Receipts Obligations					
MOHCD/OCII - Soft Debt Loans					Distrib. of Soft Debt Loans
MOHCD/OCII - Ground Lease Value or Land Acq Cost				\$18,529,959	99.20%
HCD (soft debt loan) - Lender 3				\$150,000	0.80%
Other Soft Debt Lender - Lender 4					0.00%
Other Soft Debt Lender - Lender 5					0.00%
MOHCD RESIDUAL RECEIPTS DEBT SERVICE					

Application Date:

Total # Units: 53
First Year of Operations (provide data assuming that Year 1 is a full year, i.e. 12 months of operations): **2021**

INCOME			
Residential - Tenant Rents		non-LOSP	Approved By (reqd)
Residential - Tenant Assistance Payments (Non-LOSP)	0.00%	100.00%	
Residential - LOSP Tenant Assistance Payments			
Commercial Parking			
Miscellaneous Rental Income	LOSP	non-LOSP	Approved By (reqd)
Supportive Services Income	0.00%	100.00%	
Interest Income - Project Operations	0.00%	100.00%	
Laundry and Vending	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Tenant Charges			
Miscellaneous Residential Income			
Other Commercial Income	LOSP	non-LOSP	Approved By (reqd)
Withdrawal from Capitalized Reserve (deposit to operating account)	operating account)		

Gross Potential Income

Vacancy Loss - Residential - Tenant Rents
Vacancy Loss - Residential - Tenant Assistance Payments
Vacancy Loss - Commercial

EFFECTIVE GROSS INCOME

OPERATING EXPENSES

Management			
Management Fee	LOSP	non-LOSP	Approved By (reqd)
Asset Management Fee			

Sub-total Management Expenses

Salaries/Benefits			
Office Salaries	LOSP	non-LOSP	Approved By (reqd)
Manager's Salary			
Health Insurance and Other Benefits	53.00%	47.00%	
Other Salaries/Benefits	75.00%	25.00%	
Administrative Rent-Free Unit			

Sub-total Salaries/Benefits

Administration

Advertising and Marketing			
Office Expenses			
Office Rent	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Legal Expense - Property	28.00%	72.00%	
Audit Expense			
Bookkeeping/Accounting Services	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Bad Debts			
Miscellaneous			

Sub-total Administration Expenses

Utilities			
Electricity	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Water	28.00%	72.00%	
Gas			
Sewer			

Sub-total Utilities

Taxes and Licenses			
Real Estate Taxes	LOSP	non-LOSP	Approved By (reqd)
Payroll Taxes	53.00%	47.00%	
Miscellaneous Taxes, Licenses and Permits			

Sub-total Taxes and Licenses

Insurance

Property and Liability Insurance			
Fidelity Bond Insurance	LOSP	non-LOSP	Approved By (reqd)
Worker's Compensation	53.00%	47.00%	
Director's & Officers' Liability Insurance			

Sub-total Insurance

Maintenance & Repair			
Payroll	LOSP	non-LOSP	(only acceptable if LOSP-specific expenses are being tracked at entry level in the project's accounting system)
Supplies	28.00%	72.00%	
Contracts			
Garbage and Trash Removal	LOSP	non-LOSP	Approved By (reqd)
Security Payroll/Contract			
HVAC Repairs and Maintenance			
Vehicle and Maintenance Equipment Operation and Repairs			
Miscellaneous Operating and Maintenance Expenses			

Sub-total Maintenance & Repair Expenses

Supportive Services	LOSP	non-LOSP	Approved By (reqd)
Commercial Expenses	0.00%	100.00%	

TOTAL OPERATING EXPENSES

Reserves/Ground Lease Base Rent/Bond Fees

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

Sub-total Reserves/Ground Lease Base Rent/Bond Fees

TOTAL OPERATING EXPENSES (w/ Reserves/GL Base Rent/ Bond Fees)

NET OPERATING INCOME (INCOME minus OP EXPENSES)

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

TOTAL HARD DEBT SERVICE

CASH FLOW (NOI minus DEBT SERVICE)

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

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)			
Investor Service Fee (aka "LP Asset Mgt Fee") (see policy for limits)	LOSP	non-LOSP	Approved By (reqd)
Other Payments			
Non-amortizing Loan Pmnt - Lender 1 (select lender in comments field)	nder in comments field)		
Non-amortizing Loan Pmnt - Lender 2 (select lender in comments field)			
Deferred Developer Fee (Enter amt <= Max Fee from call H130)	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 1:

#VALUE!

% of Residual Receipts available for distribution to soft debt lenders in Yr 1:

Soft Debt Lenders with Residual Receipts Obligations

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

MOHCD RESIDUAL RECEIPTS DEBT SERVICE

Attachment C: 20-year Operating Proforma

Attachment D: LOSP Funding Schedule

LOSP FUNDING SCHEDULE	
Address:	735 Davis
Start Date	1/1/21

Exhibit A-2: LOSP Funding By Calendar Year

	1/1-6/30	7/1-12/31	TOT	Total Months
2021	\$132,150	\$132,149	\$264,298	12
	1/1-6/30	7/1-12/31	TOT	Total Months
2022	\$136,987	\$136,987	\$273,974	12
2023	\$141,999	\$141,998	\$283,997	12
2024	\$147,190	\$147,189	\$294,379	12
2025	\$152,567	\$152,567	\$305,134	12
2026	\$158,137	\$158,136	\$316,273	12
2027	\$163,906	\$163,906	\$327,812	12
2028	\$169,882	\$169,881	\$339,763	12
2029	\$176,071	\$176,071	\$352,142	12
2030	\$182,482	\$182,481	\$364,963	12
2031	\$189,121	\$189,121	\$378,242	12
2032	\$195,998	\$195,997	\$391,995	12
2033	\$203,120	\$203,119	\$406,239	12
2034	\$210,496	\$210,495	\$420,991	12
2035	\$218,135	\$218,134	\$436,269	12
	n/a	n/a		
2036	\$0	n/a	\$0	0
			\$5,156,471	180