Welcome! Grab a post-it and place it on the flip chart that corresponds with your experience developing and operating supportive housing.

- Getting my feet wet (0-2 years)
- Some experience (2-5 years)
- Seasoned (5+ years)
HomeFirst Atlanta
Developing and Operating Quality Supportive Housing

Morning Session
December 7, 2018
Presented by: Robyn Andrews, Jane Bilger, Regina Cannon
Introducing CSH: What We Do

CSH is a touchstone for new ideas and best practices, a collaborative and pragmatic community partner, and an influential advocate for supported housing and supportive housing.

Lines of Business

- Training & Education
- Policy Reform
- Lending
- Consulting & Assistance

Powerful capital funds, specialty loan products and development expertise

Research-backed tools, trainings and knowledge sharing

Custom community planning and cutting-edge innovations

Systems reform, policy collaboration and advocacy

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$700 Million in Loans & Grants

- 207,000 Homes Created
- 40,500 Families Housed
- 124,000 Jobs Created

Economic Impact

$46B

Lowered costs & improved health outcomes for fragile individuals & families

1225 Loans
3030 Grants
300 Communities
Learning Objectives

• Introduce HomeFirst Permanent Supportive Housing Initiative and Resources

• Expand capacity to develop Quality Permanent Supportive Housing

• Advance best practices for partnership building and coordination of housing and services

• Understand service plan development and delivery
AGENDA

MORNING:
- HomeFirst Background and Notice of Funding
- Key Elements of Quality PSH
- Supportive Housing Models

AFTERNOON:
- Networking Lunch
- PSH Roles and Partnerships
- Coordinating Property Management and Services
- Service Plan and Budgeting
Introductions

Your Name
Your Organization
Your Role

What you hope to gain from the Developing and Operating Quality Supportive Housing Training
HomeFirst Permanent Supportive Housing Development
Partnership between the City of Atlanta acting through Invest Atlanta (IA) and the United Way Regional Commission on Homelessness (RCOH) to capitalize on the community’s success in reducing homelessness counts in Atlanta.

The City committed $25 million in funds to match private contributions to the HomeFirst initiative. A total investment of $50 million in city and private funds, and leveraged state and federal funds, to make homelessness in Atlanta rare, brief, and nonrecurring.

The Housing Authority of the City of Atlanta commits rental assistance to support the creation of permanent supportive housing.
Historical HUD Homeless Count

Atlanta’s unsheltered count has been reduced by 60%
Total count has decreased by 50%

**No HUD Count was Conducted in 2012**
**ClearPath’s Goals:**

Atlanta’s Five Year Plan to make homelessness rare, brief and non-recurring. Achieved by the new system design and collective impact model

<table>
<thead>
<tr>
<th>Goal: Rare, brief and nonrecurring</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>End Veteran Homelessness</td>
<td>2017 –Done!</td>
</tr>
<tr>
<td>End Chronic Homelessness</td>
<td>2019</td>
</tr>
<tr>
<td>End Youth Homelessness</td>
<td>2020</td>
</tr>
<tr>
<td>End Family Homelessness</td>
<td>2020</td>
</tr>
<tr>
<td>Leverage, align and strategically allocate resources</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
Staffing Support

Partners for Home (PfH) will be the primary project staff and United Way of Greater Atlanta’s Regional Commission on Homelessness (RCOH) will provide secondary support.
Building a Pipeline of Permanent Supportive Housing

Public and Private Investment → HomeFirst → Permanent Supportive Housing
## What HomeFirst Funding is Available?

### Capital
- Acquisition, construction, and associated development costs
- Up to $40,000/PSH unit
- Leveraging of other funding

### Operating
- Rental Assistance awarded for PSH units only
- Multi-year initial term of rental assistance with options for additional renewals.
- Tenants pay no more than 30% of income for rent
- Market study Rental study

### Services
- Staff, service delivery, program costs, admin, transportation
- Case management, tenant supports, service coordination BH and MH
- Direct or outside provider
- Up to $6,100/PSH unit
- Initial funding for 2 years of services

Partnersforhome.org
## HomeFirst: Key Definitions

| **Permanent Supportive Housing (PSH):** | Combines affordable housing with wrap around services targeted for people who face the most complex challenges to live with stability, autonomy and dignity.  
- Balance 3 distinct components – housing, supportive services, and property and housing management.  
- Not time limited; lease terms similar to market and affordable housing |
| **HomeFlex:** | Atlanta Housing’s project-based rental subsidy assistance program.  
- 10 year commitment of rental assistance coordinated with committed services  
- Multi-year initial terms with extensions based on evidence of services and compliance with HomeFlex requirements. |
| **Development Models:** |  
- 100% PSH  
- Integrated PSH – between 10-99% PSH – in affordable and market properties  
- A minimum commitment of at least 10% PSH units within the development* |
# HomeFirst: Key Definitions

| Target Populations               | • Individuals experiencing chronic homelessness including veterans and seniors  
|                                 | • Families experiencing homelessness  
|                                 | • Transition Age Youth facing homelessness |

| Quality Supportive Housing       | Tenant focused to meet needs; provides choice for residents, coordinates services, and promotes connections to community |

| Supportive Service Plan          | Comprehensive written plan to describe available services, providers, connections to residents and proposed funding. |

| Low Barrier Admissions           | Admission policies are designed to ‘screen-in’ by reducing barriers such as income minimums, poor rental history, or criminal background. |

| Coordinated Entry System (CES)   | Standardized system used by homeless service and housing providers to assess, prioritize and connect to right housing intervention based on vulnerabilities and needs. |
Increase the PSH in communities:
- Increase the availability of PSH in a range of communities throughout the City of Atlanta.
- Expand PSH by five (5) or more housing units in communities without readily available PSH housing can receive bonus scoring consideration.

Supportive Housing Ordinance
- *The Supportive Housing Ordinance* (SHO) adopted June 1, 2009, amends the Zoning Code for the City of Atlanta for the purpose of clarifying and/or defining certain terms related to supportive housing and shelters.
- Applicants must be familiar with the requirements and present information related to the compliance with the relevant SHO Ordinance requirements.
- If applicants believe their site location or development plan does not meet the requirements of the SHO Ordinance, present information on strategies to bring the proposal and site location into conformance.
- Design and implement a community engagement strategy to inform, seek support and address feedback or concerns that may be identified by community stakeholders with the proposed PSH development.
More on Development Types

• **Create New PSH Units:** Rehabilitation or new construction
• **Single and integrated development models:**
  • Minimum 10% PSH
  • Maximum 100% PSH
• **Mixed-use:** residential and complementary commercial uses
• **Unit Size:**
  • Studios, 1, 2, 3+ bedrooms
  • Private bathroom and kitchen facilities
• **AH HomeFlex:** 5% of total units must be UFAS accessible and 2% designed/constructed for persons facing visual and hearing impairment
Housing First is a Foundation

Source: How’s Nashville, Housing to End Homelessness, http://howsnashville.org/2016/05/31/housing-first/
Coordinated Entry and Fair Housing

- Referral Protocols
- Standardized Assessment
- Inclusive

- Participating projects accept referrals uniformly
- Any rejections are justified and rare
Coordinated Entry: It’s About Better Performance

- Reduce returns to homelessness
- Reduce average length of time persons are homeless
- Reduce number of families and individuals who become homeless (first time homeless)
- Reduce number of families and individuals who are homeless

Increase homelessness prevention efforts

Increase employment rate and income amount of families and individuals who are homeless
HomeFirst Applications

Accepted on a rolling basis until available funding is committed.

Step I
- Initial Review: completeness, general eligibility and conformance with NOFA requirements

Step II
- Detail Review: financial feasibility, development components, develop team, experience

Step II
- Agency Approvals: AH and HomeFirst Allocation Committee will approve awards

Step IV
- Notice of Awards: funding agreements from respective funding agencies
HomeFirst Application Review Criteria

Organizational Expertise

• Development Team has qualifications and expertise to carry out the development as proposed
• Financial condition of the Applicant Entity(s)
• Experience using government funding

Support Services and Property Management

• Service provider(s) have expertise to carry out the service plan as proposed
• Evidence of quality service plan
• Property management prior experience operating supportive housing and/or working with vulnerable populations and service providers
• Experience implementing Housing First, Harm Reduction and other evidence based interventions
• Commitment to Coordinated Entry System
HomeFirst Application Review Criteria

**Location Information**
- Site Control and Zoning
- Compliance with SHO ordinance
- Access amenities and services
- Community engagement strategies
- Expands PSH in the neighborhood (Bonus)

**Development Information**
- Quality of the development plan including unit mix and income targeting
- Cost estimates
- Energy efficiency
- Project Readiness

**Financial Feasibility and Leveraging**
- Complete development and operating budgets/proforma
- Evidence of leveraging other funding sources
- Reasonable construction and development costs

Third Party Reports: Appraisal, Phase I/II, Survey, Market Study
Supportive Housing: A Critical Part of the Affordable Housing Pipeline
What is Supportive Housing?

Supportive housing combines affordable housing with services that help people who face the most complex challenges to live with stability, autonomy and dignity.
What is Supportive Housing?

Permanent, Affordable, Independent, Tenant-Centered, Flexible, Voluntary
Supportive housing combines affordable housing with services that help people who face the most complex challenges to live with stability, autonomy and dignity.
Supportive Housing is for People Who:

- Are chronically homeless.
- Cycle through institutional and emergency systems and are at risk of long-term homelessness.
- Have intellectual and developmental disabilities.
- Have chronic health conditions.
- Are being discharged from institutions and systems of care.
- Without housing, cannot access and make effective use of treatment and supportive services.
What is Quality Supportive Housing?

Quality Supportive Housing brings together key partners who work together to help tenants achieve their goals of housing stability and wellness and recovery.
### Dimensions of Quality

#### Summary Matrix

<table>
<thead>
<tr>
<th>Dimensions of Quality</th>
<th>Dimensions of Quality</th>
<th>Dimensions of Quality</th>
<th>Dimensions of Quality</th>
<th>Dimensions of Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrative</td>
<td>Integrative</td>
<td>Integrative</td>
<td>Integrative</td>
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</tr>
<tr>
<td>Coordinated</td>
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<td>Coordinated</td>
</tr>
<tr>
<td>Accessible</td>
<td>Accessible</td>
<td>Accessible</td>
<td>Accessible</td>
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</tr>
<tr>
<td>Tenable/Careful</td>
<td>Tenable/Careful</td>
<td>Tenable/Careful</td>
<td>Tenable/Careful</td>
<td>Tenable/Careful</td>
</tr>
</tbody>
</table>

Learn more at: [www.csh.org/quality](http://www.csh.org/quality)
Dimensions of Quality Supportive Housing

Learn about a particular dimension.

Learn how the dimensions apply to a particular component (like supportive services).
Quality Supportive Housing

Project Components

- Project Design & Admin
- Property/ Housing Management
- Supportive Services
- Community
What is Quality Supportive Housing?

Dimensions of Quality

- Tenant-Centered
- Sustainable
- Accessible
- Integrated
- Coordinated
Tenant-Centered

- Tenant input in planning and project design
- Staff educate tenants on rights and responsibilities, seek tenant feedback
- Voluntary, customized, comprehensive & flexible services
- Tenants have meaningful leadership opportunities
Accessible

Housing is affordable & accommodating to special needs

Housed quickly in culturally competent way

Services are promoted, convenient & accessible

Housing application & screening is part of community strategy
Coordinated

Clearly established roles, with formal written agreements

Coordination with property management, landlords and community service providers

Established formal connections to mainstream and community-based resources

Prioritization of tenants with high service needs at community level
Integrated

- Meets community standards, engages community dialogue
- Choice in unit, with full rights as standard lease
- Tenants develop & strengthen community connections with staff support
- Community strategy promotes choice from multiple housing models and neighborhoods
Sustainable

- Project funding is adequate for ongoing operations
- Unit is regularly checked and it remains in good condition and receives needed maintenance
- Service funding is sustainable & flexible to meet changing needs
- Community planning efforts are furthered by this supportive housing program
Key Components of Quality Supportive Housing

- Targets households with multiple barriers
- Provides unit with lease
- Housing is affordable
- Engages tenants in flexible, voluntary services
- Coordinates among key partners
- Supports connecting with community
1. Targets Households with Multiple Barriers

- Persons with chronic mental health challenges and substance use disorders
- Child-welfare involved families
- Criminal justice involved persons
- Frequent or high utilizers of emergency services
- Persons with intellectual and developmental disabilities
- Seniors
- Transition Age Youth
- Veterans
- Others?
2. Housing is Affordable

**FOR RENT**

- Rent levels are set based on area median income.
- Residents pay no more than 30% of income.
- Rental assistance supports property operations.

"Yes - affordable housing is available"
3. Provides Tenants with Leases
Leases in Supportive Housing

**Housing Unit Choice**

Screen in vs. Screen Out

Identical to tenants in non-supportive housing

Tenants have clear understanding of their rights and responsibilities

Voluntary services - no service participation requirements
The Application Process in Supportive Housing

The application process should be as barrier-free as possible.

House tenants first - without preconditions

Keep them housed

Form effective service relationships
4. Engages tenants in flexible, voluntary services

- Health/Mental Health Services
- Child Care
- Community Building Activities
- Independent Living Skills
- Employment Services and Support
- Substance Use Recovery and Support
- Budgeting and Financial Management Support
Supportive housing brings together three very different disciplines:

- Development
- Supportive services
- Housing and Property Management

Goal: collectively bring all of the skills, expertise, knowledge, and experience to bear on the development and operations.
6. Connects tenants with community

Units are located within safe neighborhoods that are in close proximity to:

- Transportation
- Employment opportunities
- Services
- Shopping, recreation and socialization

Staff supports tenants in developing and strengthening connections to their community.
But does it work?
Yes!
SUPPORTIVE HOUSING WORKS

99% savings in shelter cost

14% savings @ ER

32% savings ambulance

6 month total: $219,791 savings
Benefits: Cost Savings

Direct Access to Housing in San Francisco found that supportive housing reduced nursing home costs by $24,000.

Chicago – Permanent supportive housing saved almost $25,000 per person, per year.

Downtown Emergency Shelter Center in Seattle showed 41 percent in Medicaid savings by reducing ER visits and hospital inpatient stays.

Portland, Maine - Medicaid costs were reduced by almost $6,000.
BREAK
Models of Supportive Housing (SH)
Models of Supportive Housing

Single Site
- Mixed Tenancy

Integrated SH Housing
- SH & Affordable
- SH & Market

Scattered Site
- Leased
- Ownership
**Single Site – Mixed Population Model**

Single Property or Building with all units for target SH populations

- Provides housing for range of SH populations including Olmstead, SMI, SUD, chronic homeless and at-risk populations
- Provides opportunity for independent living for SH populations combined with services and operating support to ensure housing stability
Assessing a Build Strategy

Advantages
- Permanently expands the housing stock available to the targeted population
- Ongoing control over the operations and maintenance of the building
- Units are affordable on a long-term basis
- The building and units can be designed to meet the needs of the tenants
- Efficient access to on-site services and case management

Disadvantages
- Lengthy period of time before units will be available to target population
- Requires significant upfront funding and technical expertise
- The community may oppose the project and its intended site
- Tenant choice of units may be restricted to one building or neighborhood
Assessing a Mixed Income Build Strategy

**Advantages**
- Permanently expands the housing stock available to the targeted population
- Leverage housing stock and real estate development
- The building and units can be designed to meet the needs of the tenants
- Design on-site services and case management

**Disadvantages**
- Lengthy period of time before units will be available to target population
- Requires significant upfront funding and technical expertise
- Tenant choice of units may be restricted to one building or neighborhood
- Share operations and maintenance of the building
Integrated Supportive Housing -
Supportive Housing is used to Create Mixed Income and Tenancy in building.

**SH & Affordable Housing Model:**
SH units and Affordable units are combined in a single development.

**SH & Market Rate Housing Model:**
SH Units are set within new market rate housing.
Mixed Affordability – SH & Affordable Housing Model

- Rehab of vacant hospital
- Mixed income and tenancy
- Design features promote integration
- Common area used for shared and targeted activities
- Seniors can age in place with access to increased services
- Resident councils engage resident input

The Franklin & Eleanor Apartments, Bridgeport CT
# Scattered Site SH Models

Units are scattered throughout the community in a variety of properties i.e. condos, apartments, single family homes. May be clustered in neighborhood.

<table>
<thead>
<tr>
<th>Leasing Model</th>
<th>Ownership Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>SH Units leased with subsidies from non-profit organizations, PHAs, etc. and disbursed among properties or buildings. Private market landlord and SH tenant enter lease agreement for unit.</td>
<td>SH owned by non-profit organization or other development entity and are disbursed among properties or buildings. The entity owning the units, enter into lease agreement with SH tenants.</td>
</tr>
</tbody>
</table>
Questions
Q. What are best strategies for serving mixed tenancy populations?

- Services to address the needs of a mixed tenancy
- Connect residents to building and community activities: tenant councils, clean-up & volunteer
- Regular meetings with property management, case managers, and service partners
Q. What Supportive Housing models are you considering?
Supportive Housing Development Financing
Development as a Three-Legged Stool

Traditional Affordable Housing

Supportive Housing

Capital  Operating

Capital  Operating  Services
Capital Development Phases

Acquisition & Predevelopment Financing

Construction or Rehabilitation Financing

Permanent Financing
Acquisition Costs

- Approximately 10% of Total Development Costs
- Acquisition costs are calculated at lower rate under the Low Income Housing Tax Credit Program (LIHTC)

Be sure to factor in:
- Purchase Price
- Transaction Fees
- Holding Costs
Site Selection and Design

- Site is selected based on size, location, cost, and environmental conditions.
- Analysis of regulatory restraints (zoning, etc.)
- Schematic design – space allocations consistent with income projections.
- Cost estimates

- Project siting (access to services and amenities)
- Unit size
- Accessibility features
- Green and durable materials
- Front desk and security
- Service delivery and community space
- Parking needs for staff and tenants
Predevelopment Financing

- **Pays predevelopment costs incurred prior to the availability of construction or permanent financing**
  - Architectural fees
  - Environmental tests
  - Acquisition or Real Estate Options

- **Terms on predevelopment loans vary significantly**
  - Interest rate: 0% - 7%
  - Secured vs. unsecured

- **Sources of Predevelopment Financing**
  - CDFI
  - Public Sources
  - Philanthropic Grants
Construction Financing

**Type of Costs**
- Demolition and Site Preparation
- Construction
- Other Costs

**Source**
- Traditional bank loans
- Bond financing
- Some pre-development loans
Types of Permanent Financing

Permanent Financing is sometimes referred to as ‘take-out’ financing because it replaces the predevelopment and construction financing.

**Hard Debt**
- Conventional or Bank Loans
- Bonds

**Soft Loans/Grants**
- Government loans/grants
- Philanthropy

**Equity**
- Tax Credits
- 4%, 9%, Historic, State
- Deferred Developer Fee
Capital Funding Sources

- Low Income Housing Tax Credits (LIHTC)
- Tax-Exempt Bond Financing
- Housing Trust Fund (State)
- HomeFirst (Local)
- Community Development Financial Institutions (CDFI)
- Private Banks and Investors
- Federal Home Loan Bank Affordable Housing Program (AHP)
- CDBG, HOME, ESG

Social Impact Investing
New Markets Tax Credits
Housing Tax Credits

**Federal Low Income Housing Tax Credit Program (IRS)**

- Allocated on a per-capita bases to each state (and some cities directly).

**Georgia Department of Community Affairs**

- Awarded to projects per guidelines in State’s Qualified Allocation Plan (QAP).

**Project**

- Project works with a syndicator to identify investors to purchase the tax credits. Proceeds from the sale of the credits go to the project in form of equity.

**Syndicator**

**Investor**
Sources & Uses

**Uses**

**Acquisition**  (land and/or buildings)
+ Construction
+ **Soft costs**  (legal fees, developer fee, architect, etc.)
+ **Other capital costs**
= Total Development Cost (TDC)

**Sources**

Bank Loan
+ Equity
+ **Public Funding**
= Total Sources

Sources and Uses must match!
# Sample Development Budget

<table>
<thead>
<tr>
<th>Total Units</th>
<th>79</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Development Cost</td>
<td>$11,830,807</td>
</tr>
<tr>
<td>Development Cost/Unit</td>
<td>$149,757</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Costs</td>
<td>$410,000</td>
</tr>
<tr>
<td>Predevelopment Holding Period</td>
<td>$27,500</td>
</tr>
<tr>
<td>Construction/Rehab</td>
<td>$8,625,180</td>
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<tr>
<td>Professional Fees</td>
<td>$634,500</td>
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<tr>
<td>Construction Period</td>
<td>$87,000</td>
</tr>
<tr>
<td>Permanent Financing Costs</td>
<td>$83,500</td>
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<tr>
<td>Other Costs</td>
<td>$36,296</td>
</tr>
<tr>
<td>Syndication Costs</td>
<td>$80,776</td>
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<tr>
<td>Developer</td>
<td>$1,194,525</td>
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<tr>
<td>Project Reserves</td>
<td>$651,530</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Amount of Loan or Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOME Loans</td>
<td>$927,758</td>
</tr>
<tr>
<td>HomeFirst</td>
<td>$790,000</td>
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<tr>
<td>Equity from LIHTC</td>
<td>$9,518,376</td>
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<tr>
<td>Deferred Developer Fee</td>
<td>$94,673</td>
</tr>
<tr>
<td>Federal Home Loan Bank AHP</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

| TOTAL | $11,830,807 |
Financial Budgets

Development Budget
- “Schedule of Sources and Uses of Funds”
- Capital Financing / Development Sources

Operating Budget
- “Schedule of Income and Expenses”
- Operating Subsidy / Operating Sources

Supportive Services Budget
- Source and term of funding streams
Operating Budget

Subsidies to cover the gap between the costs of operating the building (e.g., utilities, maintenance, etc.) and what the tenants can afford to pay in rent.
Operating Budget

Operating Proforma:
- a tool used to analyze expenses and revenue of project during operations
- term often used to refer to the budget.
- Forecast out 10, 15, or 30 years

Definition: It is Latin for “a matter of form” and generally refers to a budget that is based on estimates rather than real numbers.
# Sample Operating ProForma

## OPERATING PRO FORMA

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>Year 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>$279,420</td>
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<tr>
<td>Vacancy @ 5%</td>
<td>($13,971)</td>
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<tr>
<td>HUD</td>
<td>$55,000</td>
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<tr>
<td>Post HUD Tenant rents</td>
<td>$0</td>
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<tr>
<td>Operating Deficit Reserve Fund</td>
<td>$0</td>
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<tr>
<td>Commercial</td>
<td>$34,896</td>
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<tr>
<td>Commercial vacancy @25%</td>
<td>($8,724)</td>
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<tr>
<td>Laundry</td>
<td>$10,800</td>
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<tr>
<td>Total Effective Gross Rents</td>
<td>$357,421</td>
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## OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Management Fee</td>
<td>$27,000</td>
</tr>
<tr>
<td>Maintenance &amp; Janitor Supplies</td>
<td>$4,000</td>
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<tr>
<td>Repair &amp; Maint.</td>
<td>$16,000</td>
</tr>
<tr>
<td>2 Security</td>
<td>$43,805</td>
</tr>
<tr>
<td>Janitor &amp; Maint. labor</td>
<td>$24,000</td>
</tr>
<tr>
<td>Grounds maintenance</td>
<td>$4,000</td>
</tr>
<tr>
<td>Site manager</td>
<td>$24,000</td>
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<tr>
<td>P, Tax &amp; Benefits</td>
<td>$14,400</td>
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<tr>
<td>Decorating</td>
<td>$4,000</td>
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<tr>
<td>Scavenger</td>
<td>$8,000</td>
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<tr>
<td>Exterminator</td>
<td>$4,000</td>
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<tr>
<td>Elevators</td>
<td>$2,600</td>
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<tr>
<td>Insurance</td>
<td>$20,000</td>
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<tr>
<td>Gas</td>
<td>$43,500</td>
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<tr>
<td>Electric</td>
<td>$40,000</td>
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<tr>
<td>Water/Sewer</td>
<td>$20,500</td>
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<td>Prop. Taxes</td>
<td>$0</td>
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<td>Replacement Reserve</td>
<td>$23,700</td>
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<td>Legal/Account</td>
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<td>Investor Service Fee</td>
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<td>HFA Monitoring</td>
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<tr>
<td>Parking lease</td>
<td>$12,000</td>
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<tr>
<td>TOTAL EXPENSES</td>
<td>$347,505</td>
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<tr>
<td>TOTAL EXPENSES/UNIT</td>
<td>$4,399</td>
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</tbody>
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**Equals: Net Operating Income** $9,916

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Debt service</td>
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<tr>
<td>After Debt Service</td>
<td>$8,716</td>
</tr>
<tr>
<td>Debt coverage ratio</td>
<td>8.26</td>
</tr>
<tr>
<td>Operating Deficit Reserve Fund Balance</td>
<td>$562,038</td>
</tr>
</tbody>
</table>

**Assumptions:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Increase</td>
<td>3.00%</td>
</tr>
<tr>
<td>Expense Increase</td>
<td>4.00%</td>
</tr>
<tr>
<td>Reserve Interest</td>
<td>2.00%</td>
</tr>
<tr>
<td>Tax increase</td>
<td>5.00%</td>
</tr>
</tbody>
</table>

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Key Things to Know in the Operating Budget

Critical to understanding financial feasibility (revenues cover expenses) over time

Income > Expenses = Safety net

Don’t include services/program costs

Available subsidies will impact residency and occupancy
  • Who you can serve
  • Who can afford your unit
  • Restrictions
Affordability and Rent Subsidies

Whenever possible, funding is secured to allow tenant’s payment for rent and utilities to be no more than 30% of tenant income.

Serving highly vulnerable people may mean serving people with no income.

Rent subsidies from federal or local sources (and sometimes private)*

*HomeFirst rental assistance provided by HomeFlex Housing Authority of City of Atlanta
Break for Lunch