

Ann Sewill, General Manager
Tricia Keane, Executive Officer

Daniel Huynh, Assistant General Manager
Anna E. Ortega, Assistant General Manager
Luz C. Santiago, Assistant General Manager

City of Los Angeles



LOS ANGELES HOUSING DEPARTMENT
1200 West 7th Street, 9th Floor
Los Angeles, CA 90017
Tel: 213.808.8808
housing.lacity.org

Karen Bass, Mayor

October 10, 2023

Council File: 23-0321
Council Districts: Citywide
Contact Persons: Ann Sewill: (213) 808-8808
Daniel Huynh (213) 808-8901

Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

COUNCIL TRANSMITTAL: REPORT FROM THE LOS ANGELES HOUSING DEPARTMENT ON THE STATUS OF THE COURT-APPOINTED RECEIVER OF THE SKID ROW HOUSING TRUST AND REQUEST FOR AUTHORIZATION TO INCREASE RECEIVER LOAN BY \$12 MILLION.

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD), in collaboration with the City Attorney's Office, respectfully requests authorization to increase the loan of \$10 million approved by Council and Mayor in June 2023 by \$12 million to cover the ongoing operating expenses of the Public Health & Safety Receivership established by the Court last April for the Skid Row Housing Trust (SRHT Receivership) properties through December 2023. Council File 23-0321-S1 gave LAHD the authority to lend up to \$10 million to support critical building repairs and the operations of the SRHT Receivership, and to repay the Court-approved expenses of the previous receiver. This report summarizes the SRHT Receivership's income, costs and progress on critical building repairs to date, and details the projected revenue and expenses of the SRHT Receivership for October through December 2023.

RECOMMENDATIONS

- I. That the City Council, subject to the approval of the Mayor:
 - A. AUTHORIZE the General Manager of LAHD, or designee, subject to review and approval of the City Attorney as to form, to negotiate and execute a second loan agreement and related documents to lend up to an additional \$12 million to Receivership Specialists, a California corporation, the Court-appointed receiver in the matter of *City of Los Angeles v. Crest Apartments LP, et al.* Case No. 23STCP01011 pending in the Los Angeles County Superior Court (Receivership) for some or all of the Properties located at the addresses below, collectively referred to as "The SRHT Receivership Properties,"

1. Flor 401 Lofts: 401 E. 7th Street, Los Angeles, California 90014;
 2. Senator Hotel Apartments: 729 S. Main Street, Los Angeles, CA 90014;
 3. San Pedro House Apartments: 647 S. San Pedro Street, Los Angeles, CA 90014;
 4. SP7 Apartments: 519 E. 7th Street, Los Angeles, California 90014;
 5. 649 Lofts: 649 Wall Street, Los Angeles, California, 90014;
 6. Olympia Hotel Apartments: 1201 E. 7th Street, Los Angeles, California 90021;
 7. Las Americas Hotel Apartments: 1205 E. 6th Street, Los Angeles California 90021;
 8. Abbey Apartments: 625 San Pedro Street, Los Angeles California, 90014;
 9. Charles Cobb Apartments: 521 San Pedro Street, Los Angeles, California 90013;
 10. Boyd Hotel: 224 E. Boyd Street, Los Angeles, California 90013;
 11. St. George Hotel: 115 E. 3rd Street, Los Angeles California 90013;
 12. Dewey Hotel: 721 S. Main Street, Los Angeles, California 902014;
 13. Edward Hotel: 713 E. 5th Street, Los Angeles California 90013;
 14. Hart Hotel: 508 E. 4th Street, Los Angeles California 90013;
 15. Lincoln Hotel: 549-551 Ceres Avenue, Los Angeles California 90021;
 16. New Carver Apartments: 1624 S. Hope St. & 325 W. 17th St., Los Angeles California 90015;
 17. Genesis Apartments: 452-458 S. Main Street, Los Angeles California 90013;
 18. Produce Hotel Apartments: 676 S. Central Avenue, Los Angeles, California 90021;
 19. Rainbow Apartments: 643 S. San Pedro Street, Los Angeles, California 90014;
 20. Sanborn Hotel: 526 S. Main Street, Los Angeles, California 90013;
 21. Crescent Hotel: 617 E. 5th Street, Los Angeles, California 90013; and
 22. St. Mark's Hotel: 611 E. 5th Street, Los Angeles, California 90013
- B. AUTHORIZE the Controller to increase appropriation in the amount of \$12,000,000 in Account No. 43YC87, Skid Row Housing Trust Receivership Properties, within the Low and Moderate Income Housing Fund No. 55J/43 from the Fund's available cash balance to fund this loan, and expend funds upon written demand of LAHD General Manager, or designee.
- C. AUTHORIZE the General Manager of LAHD, or designee, to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and instruct the Controller to implement the instructions.

BACKGROUND

On June 26, 2023, LAHD received authorization to make a \$10 million loan from the Low and Moderate Income Housing Trust Fund conditioned upon the Court's appointment of Kevin Singer and Receivership Specialists to serve as the new receiver ("Receiver"). Pursuant to a Court Order, the Receiver was appointed to replace the original receiver, California Receivership Group (CRG), and to help support critical building repairs and improve operations for the SRHT Receivership Properties (CF 23-0321-S1). The loan is expected to be repaid when the properties exit the Receivership, either by the limited partnerships that own each property or by other housing funds from LAHD, and possibly from other government agencies. At the time of the original request last June, LAHD indicated that the \$10 million loan amount would be sufficient to cover Receivership costs for four to six months, depending on the amount required to be used to repay the earlier Receivership costs. These costs totaled \$3,591,454, paid by a combination of loan funds and property income, to repay security expenses, CRG's

receiver certificates, and other expenses. In addition, the actual costs of the new Receivership for security, insurance, utilities and janitorial services exceeded estimates. Because of this, the loan funds will be fully distributed in early October. Without additional funds from LAHD the Receiver will be forced to utilize higher interest short term debt from the private sector to finance the ongoing operation and repair of the SRHT Receivership Properties.

Since replacing CRG on June 30, 2023, the Receiver has worked with relevant vested parties (including residents and community leaders), vendors, and government agencies to stabilize the SRHT Receivership Properties. To ensure the health and safety of tenants, all properties have 24-hour security and janitorial services that are available on weekdays. The Receiver replaced a security vendor who was servicing eleven (11) of the properties, resulting in two security vendors presently securing all of the properties. Additionally, the Receiver implemented daily inspections of the properties to verify security, cleanliness, and fire watch logs (if applicable). Daily inspection reports are provided to key vendors and City agencies to ensure accountability. The Receiver also monitors and evaluates vendor performance and is working with the former Receiver to gather outstanding vendor payables and prepare a payment plan.

Upon its appointment, the Receiver's highest priority was to address fire/life safety issues and remove properties from fire watch, which affected a large number of SRHT Receivership Properties, to protect the safety of residents and eliminate the substantial costs of maintaining fire watch protocols. Consequently, the Receiver engaged a second property management company, Prime West Management, that is solely dedicated to addressing fire watch issues. As a result, only ten (10) properties remain on fire watch out of 29 that were originally on fire watch in June, including Abbey Apartments, Dewey Hotel, Olympia Apartments, New Carver, Produce Hotel, St. George Hotel, SP7 Apartments, 649 Lofts, FLOR 401, and Boyd Hotel. The Receiver is working with fire/life safety vendors to upgrade the fire systems at Produce Hotel, St. George Hotel, SP7 Apartments, 649 Lofts, and Flor 401 to address fire safety concerns.

The Receiver's team, which includes five general contractors, has performed significant rehabilitation work on several projects. During the first week of its appointment, the Receiver engaged three construction crews to commence repair work on approximately 350 units presently in abatement and is actively working to engage additional contractors, not only to clear abatement violations but also to make the 470 vacant units rent-ready. Restoring the abated units and preparing the vacant units for rental will allow more people to be housed and will also generate revenue for the SRHT Receivership Estate by restoring additional government funding that is presently unavailable. As part of this work, the Receiver is working with HACLA to obtain rapid inspections and sign-offs for formerly abated units that have been restored. To date, 47 HACLA violations have been cleared (215 are remaining), and 189 LAHD code enforcement violations have been resolved (427 remain outstanding) since the Receiver's appointment.

To date, seven properties with a total of 514 units have transitioned out of the Receivership, including Crest Apartments, Weldon Hotel Apartments, Rossmore Hotel Apartments, New Pershing Apartments, Simone Hotel Apartments, The Six, and Star Apartments. There are currently 22 properties that remain in the Receivership. In anticipation of the forthcoming transitions of Flor 401 Lofts, Senator Hotel Apartments, SP7 Apartments, and San Pedro House Apartments out of the receivership, the Receiver executed a property management agreement with Levine Management Group whereby Levine assumed management of Flor 401. Levine was brought in at the request of National Equity Fund (NEF), the limited partner affiliated with those properties' ownership

entities, to facilitate their transitions out of the Receivership and Levine is expected to be their long-term property manager. As more properties exit the Receivership, the Receiver plans to continue working closely with all stakeholders to ensure smooth transitions to effective ownership and management teams that will continue to improve each property and reimburse the SRHT Receivership for its proportionate share of expenses to help facilitate repayment of the loan.

ADDITIONAL LOAN REQUEST AND RECEIVERSHIP STATUS

The \$10 million loan approved in June was budgeted to cover the gap between revenue and expenses, as well as abatement and repair costs, to fund the Receivership's management of the SRHT Receivership Properties for four to six months, depending on the amount needed to be paid to the original receiver. The payments to cover the first receiver's debt and expenses total \$3.6 million to date, and security, insurance, utilities and janitorial costs exceeded the Receiver's estimates so the original \$10 million loan to the current receiver lasted three months rather than four.

The Receiver has provided a summary of accomplishments of the last three months of work, a very detailed comparison of the actual versus budgeted costs for the first three months, and projections for the next three months, in Attachment A.

The gap between revenue and operating expenses averages \$2.17 million per month, and the capital costs to repair and refurbish units during that period are projected at \$4.15 million. The \$12 million requested is expected to cover these costs:

- Operating Deficit \$ 6,515,846
- Capital Costs \$ 4,150,794
- Contingency \$ 874,223
- Cash Need 9/30 \$ 459,137
- Total \$12,000,000

We will return to Council in November with a request to authorize additional funding to cover the final amount owed to the former receiver pursuant to a Court ordered final accounting, and to identify necessary funds to cover the SRHT Receivership's operations for the first quarter of 2024.

As projects leave the Receivership to be managed by new general partners, the partnerships agree to repay their fair share of the receivership costs including abatement costs. The first group of seven properties that exited with the assistance of the National Equity Fund, their tax credit investor and limited partner, owe approximately \$755,000 to the receivership estate. The next set of partnerships to exit will owe approximately \$1.7 million. These amounts will change as the final accounting of the first receiver's expenses is approved by the Court. The payments will help repay the City's loan, or reduce the need for new advances.

At the end of December 2023, LAHD expects that only the 12 properties that have no tax credit investors in place will remain in the Receivership. These twelve are the oldest and most challenging, in many cases lacking air conditioning, bathrooms or kitchens in rooms, and accessibility improvements. Had the Trust not experienced a combination of leadership challenges and pandemic impacts, it would have worked to rehabilitate and redevelop one or two of these properties each year for the next six to ten years, seeking new investments

of tax credits, and City and County and State funds to fully modernize the projects so they will provide solid affordable homes for the next 55 years. LAHD and its consultants are working to develop scenarios for investment timelines to address these needs. In the meantime, our goal is to return the properties to the best condition possible and identify interim or permanent owners to remove them from the Receivership. Unlike the properties with tax credit investors, LAHD will seek authority to use the City's housing funds to repay the Receivership's costs for these properties upon exit.

LAHD also expects that the monthly costs of the Receivership will go down significantly as work progresses. As abatement work is completed and units are leased up, HACLA will begin paying increased rent subsidies. As buildings stabilize, security costs will go down. When properties exit the receivership the costs of receiver fees, legal fees, and mid-level staffing costs will be eliminated or reduced. With the new Section 8 rent payment standards and the assistance of our partners at HACLA and the County, the gap between monthly income and expenses should be much smaller. When the buildings are fully redeveloped income will be projected to adequately cover expenses.

NEXT STEPS

The requested \$12 million additional loan will cover SRHT Receivership costs, operating deficits and critical building repairs between October and December. In November, LAHD will return with a request for additional funding to repay the first receiver pursuant to a Court Order of Final Accounting Court, and to cover operations and repair costs through March 2024.

FISCAL IMPACT

There is no impact to the General Fund.

Approved By:



Ann Sewill
General Manager
Los Angeles Housing Department

ATTACHMENT:

Attachment A - Receivership Specialists Report and Funding Submission – Skid Row Housing Trust

RECEIVERSHIP SPECIALISTS

STATE AND U.S. FEDERAL COURT RECEIVERS/REFEREES/TRUSTEES

SUPERIOR COURT RECEIVER'S FUNDING SUBMISSION 10-9-23

Presented by Kevin Singer, Superior Court Receiver

CITY OF LOS ANGELES, a municipal corporation,
Petitioner

v.

CREST APARTMENTS LP, FLOR 401 LOFTS LP; SENATOR 2015 LP; SP7 APARTMENTS LP; SKID ROW CENTRAL 1 LP; NEW PERSHING APARTMENTS, L.P.; SIMONE 2015 LP; THE SIX VETERANS HOUSING LP; STAR APARTMENTS, L.P.; 649 LOFTS LP; SKID ROW SOUTHEAST 1 LP; ABBEY APARTMENTS LP; CHARLES COBB APARTMENTS LP; BOYD HOTEL LIMITED PARTNERSHIP; ST. GEORGE AFFORDABLE HOUSING LIMITED PARTNERSHIP; DEWEY HOTEL LP; EDWARD HOTEL LIMITED PARTNERSHIP; HART LIMITED PARTNERSHIP; LINCOLN HOTEL SRO LIMITED PARTNERSHIP; NEW CARVER APARTMENTS LP; NEW GENESIS APARTMENTS LP; PRODUCE APARTMENTS LIMITED PARTNERSHIP; RAINBOW APARTMENTS LP; SANBORN HOTEL LIMITED PARTNERSHIP; CRESCENT FIFTH STREET PARTNERS; ST. MARK'S FIFTH STREET PARTNERS LP; DOES 1-100,

Respondents

Los Angeles Superior Court Case No. 23STCP01011
Presiding Judge: Hon. Mitchell L. Beckloff

Receivership Estate:

29 real properties associated with the Skid Row Housing Trust

Corporate Headquarters
Los Angeles
11500 W. Olympic Blvd.
Suite 530
Los Angeles, CA 90064
Tel: (310) 552-9064
Fax: (310) 552-9066

Irvine
One Park Plaza
Suite 600, PMB 435
Irvine, CA 92614
Tel: (949) 238-2801
Fax: (949) 852-4480

San Francisco
1 Sansome Street
Suite 3500
San Francisco, CA 94104
Tel: (415) 590-4823
Fax: (415) 946-8837

San Diego
4660 La Jolla Village Drive
Suite 100
San Diego, CA 92122
Tel: (858) 546-4815
Fax: (858) 646-3097

Ventura/Santa Barbara
1500 Palma Drive
2nd Floor
Ventura, CA 93003
Tel: (805) 267-1283
Fax: (805) 654-0080

Sacramento
980 9th Street
16th Floor
Sacramento, CA 95814
Tel: (916) 449-9655
Fax: (916) 446-7104

Las Vegas
7251 W. Lake Mead Blvd.
Suite 300
Las Vegas, NV 89128
Tel: (702) 562-4230
Fax: (702) 562-4001

Reno
200 S. Virginia Street
Suite 800
Reno, NV 89501
Tel: (775) 398-3103
Fax: (775) 686-2401

October 9, 2023

This submission addresses the City's requests to support our funding request, which is intended to address the Receivership Estate's funding needs through March 31, 2024. Attached hereto as "**Exhibit 1**" is a financial reporting package prepared by the Receivership team which includes, *inter alia*, the following requested items:

- Budgeted and actual revenue and expenses of the Receivership from the appointment of Receivership Specialists to September 30, 2023; and
- Projected revenue and expenses from October 1, 2023 through December 31, 2023.

Exhibit 1 also includes projected revenue and expenses for January 1, 2024 through March 31, 2024, as well as notes on the variances from the original budget.

The variance analysis reflects a cumulative variance of \$4,384,559. Of this total, approximately \$3.5 million is due to payment of various expenses incurred by Mark Adams and higher-than-anticipated security expenses.

Please also note that this analysis assumes that HACLA and other vouchers will remain at their current level. We expect that voucher amounts will increase significantly (HACLA in particular), so our income estimate is conservative.

The City has also requested the following additional information:

- Amounts owed to Receivership for costs incurred by limited partnerships that were released from the Receivership;
 - We previously issued an invoice in the amount of \$754,648.76 to NEF for expense reimbursements through August 31, 2023 (not including Mark Adams' payables, except for the subset that we were forced to pay to maintain services), for the seven NEF properties that have exited the Receivership (Crest, New Pershing, Rossmore, Weldon, Simone, Star, and The Six), which amounts included janitorial, IT, fire protection, insurance, pest control, security, and Receiver fees. See **Exhibit 2**.
 - We anticipate that NEF will ultimately owe more than \$754,648.76 as there are additional bills for the Receivership period that must be reconciled, and because Beach Front's expenses were not included in the invoice.

- Amounts that will be owed for costs incurred for the additional limited partnerships expected to exit the Receivership;
 - We cannot provide reliable estimates for amounts that will be owed because we do not know when the properties are going to exit the Receivership. That said, we have already billed the limited partners for expense reimbursements through August 31, 2023 (not including Mark Adams' payables, except for the subset that we were forced to pay to maintain services), in the following amounts:
 - NEF (Flor 401, SP7/San Pedro House, Senator): \$867,988.99. See **Exhibit 3**.
 - Enterprise (Abbey, Charles Cobb): \$404,373.03. See **Exhibit 4**.
 - USBC (649 Lofts, Olympia, Las Americas): \$391,028.28. See **Exhibit 5**.
 - As with the previous section, we anticipate that these amounts will increase as there are additional bills that must be reconciled.
 - To date, NEF, Enterprise, and USBC have not issued any payments toward these invoices.
- Properties expected to remain in Receivership by month to 12/31/2023;
 - It is unclear how many of the limited partnerships will exit by the end of 2023. NEF has indicated that they plan for their remaining properties (Flor 401, SP7/San Pedro House, and Senator) to exit the Receivership by the end of the year, and USBC has indicated that they plan for 649 Lofts to exit the Receivership by the end of the year. It is unclear when Abbey, Charles Cobb, Olympia, Las Americas, or the thirteen other properties that do not have limited partner investors will exit.
- Monthly gap between revenue and expenses in total and per property;
 - We estimate that the monthly net operating loss is on average \$103,426 per property (income less operating expenses, not including capital expenditures); the net operating loss for the portfolio is \$2,171,948 per month.
- Status of abatement work;
 - 189 LAHD violations cleared (427 remain, from an original total of 616).

- 47 HACLA violations cleared (215 remain, from an original total of 262).
 - Repairs are in progress at the Senator to clear an additional 27 HACLA violations.
- Charles Cobb: Repairs completed, 11 vacant units now rent-ready, 12 matches received to date.
- Boyd: Repairs completed, 14 vacant units now rent-ready, 14 matches received to date.
- Senator: HACLA repairs nearing completion, Levine Management working to make vacant units rent-ready.
- Edward: LAHD repairs complete, 30 units have been repaired and made rent-ready.
- New Carver: LAHD repairs in progress, 20 units have been repaired, and 7 units have been made rent-ready.
- Produce: LAHD and HACLA repairs in progress, 7 units rent-ready.
- 5 different contractors have bid out repairs for Abbey, New Genesis, 649 Lofts, Las Americas, Olympia, Rainbow, Lincoln, St. George, Hart, St. Mark's, and Crescent. We are ready to start on this repair work pending funding (and approval of rehabilitation plans with respect to St. George, Hart, St. Mark's, and Crescent).
- Units ready to occupy;
 - 77 units are currently rent-ready.
- Units leases;
 - Note that the original 6-month budget did not include addressing vacant units in the first 90 days to allow the Receivership team more time to focus on addressing violations. At the City's request, we advanced the timeline for leasing.
 - 4 units leased at the Lincoln.
 - 32 matches for Charles Cobb, Boyd, Edward and New Carver.
- Expected budget if all limited partners exit by 12/15/2023.

- Assuming “all limited partners” means the NEF, USBC, and Enterprise properties referenced above, we anticipate the following for Q1 2024 for the thirteen properties that would remain (including New Genesis):
 - Total revenue: \$1,601,737
 - Total expenses: \$5,242,409
 - NOI: (\$3,640,672)
 - Cap Exp: \$3,180,057 (for major rehabilitation work at St. Mark’s, Crescent, St. George and Hart)
 - Net income (loss): (\$6,820,726)

Respectfully submitted,

A handwritten signature in blue ink that reads "Kevin Singer". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kevin Singer
Superior Court Receiver

EXHIBIT 1

Skid Row Housing Trust
Actual Vs. Budget Analysis
July 2023 through September 2023

	Actual	Original Budget		
	July-Sept 2023	July-Sept	\$ Variance	% Variance
Income				
Subsidized Rent for Existing Units	\$ 1,915,503	\$ 1,747,941	\$ 167,562	10%
Rent paid directly by tenants for Existing Units	451,087	-	451,087	
Rent collected in month of August from prior Receivership	269,460	-	269,460	
July rent from NEF Transferred Properties	190,190	-	190,190	
Subsidized Rent collected from Restored Abated Units	-	189,000	(189,000)	-100%
Laundry Room Receipts	4,300	4,177	124	3%
Miscellaneous Income	3,242	342	2,900	848%
Net Cash Receipts	\$ 2,833,782	\$ 1,941,460	\$ 892,322	46%
Expenses				
Staffing Costs	\$ 978,490	\$ 1,026,000	47,510	5%
Property Management Fees	502,893	404,100	(98,793)	-24%
Security Guard Services	3,756,211	1,946,000	(1,810,211)	-93%
Utility Expenses	485,894	313,110	(172,784)	-55%
Maintenance & Repairs	337,693	459,000	121,307	26%
Janitorial Expenses	663,102	273,600	(389,502)	-142%
First Insurance (Property & Liability)	1,026,428	795,425	(231,004)	-29%
Medical Insurance - Kaiser	83,120	-	(83,120)	
Insurance- Life	-	-	-	
Daily Operating Expenses	-	12,291	12,291	100%
IT Support - Baygrape, TrackTik, MAP Communications, Zayo	227,039	160,800	(66,239)	-41%
Operations/ Communications	51,879	-	(51,879)	
Other Admin Expenses	-	15,000	15,000	100%
Fire Life Safety	183,308	-	(183,308)	
Permits and Licenses	149,513	-	(149,513)	
Receiver's Fees	691,483*	230,769	(460,713)	-200%
Mark Adams Payables paid during current Receivership	1,673,937	-	(1,673,937)	
Receiver's Legal Fees (UD & Outside Counsel)	36,591	105,000	68,409	65%
Property Taxes	-	-	-	
Miscellaneous	58,268	45,000	(13,268)	-29%
Total Operating Expenses	\$ 10,905,850	\$ 5,786,095	\$ (5,119,755)	-88%
Cap Exp				
LAHD, HACLA, and Vacant unit repairs	928,821	822,000	(106,821)	-13%
Technology Structure Transition Costs	-	75,000	75,000	100%
FF&E for Vacant Units	186,205	-	(186,205)	
Security Cameras	-	60,900	60,900	100%
Total One-Time Costs	\$ 1,115,025	\$ 957,900	\$ 157,125	16%
Total Expenses	\$ 12,020,876	\$ 6,743,995	\$ (5,276,881)	-78%
Net Cash Deficit	\$ (9,187,093)	\$ (4,802,535)	\$ (4,384,559)	91%

*Note: The Receiver fee category includes the Receiver's un-audited September 2023 billing total, which number will decrease when the invoice is finalized due to revisions and courtesy discounts.

VARIANCE EXPLANATIONS (>\$100,000)

Income

Subsidized Rent for Existing Tenants - Actual subsidized rent collections were higher than Initial Budget

Rent Paid Directly by Tenants for Existing Units - Initial Budget assumed no collection of rents directly from tenants given uncertainty associated with change in Receivers and various violations on units.

Rent collected in month of August for prior Receivership period - Initial Budget did not include expected collection of rent for periods prior to 6/30/23.

July Rent from NEF Transferred Properties - The Initial Budget did not include rental income for the 7 NEF properties transferred out of the Receivership.

Subsidized Rent Collected from Restored Abated Units - Although 47 HACLA violations have been cleared to date and 27 more are nearing completion, we have not collected any rent to date from HACLA for these abated units.

Expenses

Security Guard Services - Initial Budget assumed 2 guards per property for 24/7 and assumed that number of guards would be reduced to 1 guard per property 24/7 by month 3. Actual expense has been higher than budget since reductions in staff did not occur through September, but are now starting in October subject to properties coming off fire watch

Utility Expenses - Actual utility expenses are coming in higher than Initial Budget.

Maintenance & Repair - Actual maintenance and repair expenses have been lower than expected as some repairs have been included in CAP Exp under LAHD and HACLA repairs.

Janitorial - Initial Budget assumed 1 janitor per property on M-F for 8 hours. However, various properties have required more than 1 janitor per building and Chrysalis also bills for supervisory staff and supplies

Property and Liability Insurance - Initial Budget assumed that annual premium of \$344,684 would be promptly reduced with the removal of 7 NEF properties from the Receivership, resulting in a reduced premium of approximately \$265,000. To date, the insurance company has not revised the premium (despite our repeated requests), but we would anticipate a refund of such overpaid premium.

Fire Life Safety - Initial Budget did not include reserves for fire life safety expenses as Mark Adams budgeted in \$180,000 in one-time expenses.

Permits and Licenses - Initial Budget did not include LAHD admin fees, City of LA monthly REAP admin fees, and City of LA Inspection fees

Receiver Fees - Receiver fees of \$76,923 were budgeted monthly in months 1-3. However, actual fees were substantially higher given higher than expected workload and staffing requirements.

Mark Adams' Payables - Initial Budget did not include payment of any expenses incurred during period of Mark Adams oversight. Various expenses were incurred to avoid vendors canceling services and to facilitate the transfer of NEF properties out of the Receivership.

Cap Exp

LAHD, HACLA, and Vacant Unit Repairs - Initial Budget included estimates to address the 274 HACLA abated units over months 1-3, but it did not include reserves to address the 616 LAHD violations the Receiver discovered after being appointed as the Receiver. Repairs for such violations were also not budgeted in Mark Adams' budgets. Such LAHD repairs contributed to actual expenses being over the Initial Budget.

FF&E for Vacant Units - Initial Budget assumed that expenses to address vacant units would not be incurred during the first 3 months of the Receivership. However, the Receiver was able to commence vacant unit repairs earlier than planned. These FF&E expenses were for the purchase of furniture and appliances, which will be included moving forward in vacant unit expenses.

Skid Row Housing Trust
Forecast of Cash Receipts & Cash Disbursements

	2023			
	Oct-23	Nov-23	Dec-23	3 Month Total
Cash Receipts				
Subsidized Rent from Existing Units (1)	\$ 575,239	\$ 575,239	\$ 575,239	\$ 1,725,717
Rent paid directly by tenants for existing units	100,000	100,000	100,000	300,000
Inner City Rent at Produce Hotel	29,729	29,729	29,729	89,187
Laundry Room Receipts	1,836	1,836	1,836	5,508
Miscellaneous Income	1,483	1,483	1,483	4,449
Net Cash Receipts	708,287	708,287	708,287	2,124,861
Expenses				
Staffing Costs	419,690	419,690	419,690	1,259,070
Property Management Fees (3)	141,435	141,435	141,435	424,305
Security Guard Svcs - (4)	1,098,500	829,600	975,500	2,903,600
Utility Expenses (2)	241,666	241,666	241,666	724,998
Maintenance & Repairs (2)	100,000	100,000	100,000	300,000
Janitorial Expenses (2)	210,000	210,000	210,000	630,000
First Insurance (Property & Liability) (5)	343,820	343,820	343,820	1,031,460
Insurance - Kaiser	41,560	41,560	41,560	124,680
Insurance- Life	5,736	5,736	5,736	17,208
IT Support	65,000	65,000	65,000	195,000
Fire Life Safety (2)	50,000	50,000	50,000	150,000
Other Admin Expenses (2)	29,000	29,000	29,000	87,000
Receiver's Fees	250,000	250,000	250,000	750,000
Receiver's Legal Fees (UD & Outside Counsel)	10,000	10,000	10,000	30,000
Property Taxes				-
Miscellaneous (2)	4,462	4,462	4,462	13,386
Total Operating Expenses	3,010,869	2,741,969	2,887,869	8,640,707
Capex				
LAHD Repairs		114,390		114,390
HACLA Repairs		64,165		64,165
Repairs estimated		740,671		740,671
Vacant Units		1,210,482		1,210,482
Occupied Repairs		275,000		275,000
FF&E		413,506		413,506
Heating & Cooling		400,175		400,175
Electrical		87,430		87,430
Plumbing		113,152		113,152
Roof and Flooring		492,469		492,469
Other (Broken Glass, Locksmith and Contingency)		239,355		239,355
Total One-Time Costs	-	4,150,794	-	4,150,794
Total Expenses	\$ 3,010,869	\$ 6,892,763	\$ 2,887,869	\$ 12,791,501
Net Cash Deficit	\$ (2,302,582)	\$ (6,184,476)	\$ (2,179,582)	\$ (10,666,640)
Net Cash Need as of 09/30/2023 (see attachment)	(459,137)			(459,137)
TOTAL CASH NEEDS	\$ (2,761,719)	\$ (6,184,476)	\$ (2,179,582)	\$ (11,125,776)

(1) HACLA Abated Rent added back starting in October 2023 for Cobb and Boyd with clearance of HACLA violations. Additional revenue of \$124,000 added back in January 2024 for completion of remaining property repairs projected to be completed in 2023

(2) Based on historical experience for July, August, and September 2023.

(3) Property management fees of \$6,735 for 21 buildings

(4) Security amounts differ based on the number of weeks per month and Receivers planned reduction in staffing

(5) To be conservative, the insurance premium has remained unchanged until such time as insurer adjusts premium for removal of 7 NEF properties. Any refunds will be returned to the Receivership Estate

Skid Row Housing Trust
Forecast of Cash Receipts & Cash Disbursements

	2024				Total
	Jan-24	Feb-24	Mar-24	Q1 2024	Oct 2023-Mar 2024
Cash Receipts					
Subsidized Rent from Existing Units (1)	\$ 729,426	\$ 729,426	\$ 729,426	\$ 2,188,278	\$ 3,913,995
Rent paid directly by tenants for existing units	100,000	100,000	100,000	300,000	600,000
Inner City Rent at Produce Hotel	29,729	29,729	29,729	89,187	178,374
Laundry Room Receipts	1,836	1,836	1,836	5,508	11,016
Miscellaneous Income	1,483	1,483	1,483	4,449	8,898
Net Cash Receipts	862,474	862,474	862,474	2,587,422	4,712,283
Expenses					
Staffing Costs	419,690	419,690	419,690	1,259,070	2,518,140
Property Management Fees (3)	141,435	141,435	141,435	424,305	848,610
Security Guard Svcs - (4)	975,500	780,400	975,500	2,731,400	5,635,000
Utility Expenses (2)	241,666	241,666	241,666	724,998	1,449,996
Maintenance & Repairs (2)	100,000	100,000	100,000	300,000	600,000
Janitorial Expenses -	210,000	210,000	210,000	630,000	1,260,000
First Insurance (Property & Liability) (5)	343,820	343,820	343,820	1,031,460	2,062,920
Insurance - Kaiser	41,560	41,560	41,560	124,680	249,360
Insurance- Life	5,736	5,736	5,736	17,208	34,416
IT Support	65,000	65,000	65,000	195,000	390,000
Fire Life Safety (2)	50,000	50,000	50,000	150,000	300,000
Other Admin Expenses (2)	29,000	29,000	29,000	87,000	174,000
Receiver's Fees	250,000	250,000	250,000	750,000	1,500,000
Receiver's Legal Fees (UD & Outside Counsel)	10,000	10,000	10,000	30,000	60,000
Property Taxes	-	-	-	-	-
Miscellaneous (2)	4,462	4,462	4,462	13,386	26,772
Total Operating Expenses	2,887,869	2,692,769	2,887,869	8,468,507	17,109,214
Capex					
LAHD Repairs	165,700			165,700	280,090
HACLA Repairs	341,260			341,260	405,425
Repairs estimated	1,300,000			1,300,000	2,040,671
Vacant Units	327,528			327,528	1,538,010
Occupied Repairs	-			-	275,000
FF&E	-			-	413,506
Heating & Cooling	189,086			189,086	589,261
Electrical	222,125			222,125	309,555
Plumbing	206,175			206,175	319,327
Roof and Flooring	213,325			213,325	705,794
Other (Broken Glass, Locksmith and Contingency)	214,858			214,858	454,213
	-			-	-
Total One-Time Costs	3,180,057	-	-	3,180,057	7,330,851
Total Expenses	\$ 6,067,926	\$ 2,692,769	\$ 2,887,869	\$ 11,648,564	\$ 24,440,064
Net Cash Deficit	\$ (5,205,452)	\$ (1,830,295)	\$ (2,025,395)	\$ (9,061,142)	\$ (19,727,781)
Net Cash Need as of 09/30/2023					(459,137)
TOTAL CASH NEEDS	\$ (5,205,452)	\$ (1,830,295)	\$ (2,025,395)	\$ (9,061,142)	\$ (20,186,918)

Statement of Cash Position

as of :

10/8/2023

Available Cash as of 10/8/2023	\$ 971,512.27
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To be paid by 10/15

Green Knight weekly	54,901.07
Treston weekly	185,700.60
Chrysalis	36,971.00
First Insurance	343,819.78
Buchalter	36,971.00
Funding Request Levine (September payables)	50,000.00
Funding Request Beachfront (Close out Weldon and New Pershing)	28,381.45
Metlife	11,471.61
Receivership	205,981.52
Total	<u>954,198.03</u>

Net balance due after 10/15	\$ 17,314.24
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To be paid by 10/23

Green Knight Weekly	56,015.54
Treston Weekly	185,350.30
Reliable Service	43,100.00
R&R Plumbing	63,750.00
RCI	7,915.00
Property Builders	<u>120,320.00</u>
Total	\$ 476,450.84

Net balance due after 10/23	\$ (459,136.60)
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248-SKID ROW | FINANCIAL FORECAST

COST ESTIMATES	2023 PROJECTS							
	COBB	BOYD	SENATOR	EDWARD	NEW CARVER	PRODUCE	LINCOLN	OLYMPIA
LAHD Notice to Comply Repairs						42,590.00	33,300.00	3,500.00
HACLA Abated Unit Repairs						7,915.00	50,000.00	6,250.00
Repairs Estimated	\$ 29,921.00	\$ 131,925.00	\$ 178,824.76					
Vacant Unit Repairs				113,940.00	120,320.00	115,050.00	50,647.00	114,525.00
Occupied Repairs (non-abated units)							200,000.00	
Jack's Keys	4,150.62							
Furniture	37,884.31	9,003.00		34,899.00	39,766.00	9,995.00	5,320.00	22,275.00
Appliances		5,694.00		24,105.33	27,322.00		4,276.00	9,665.00
Roof				86,608.00			45,000.00	
Flooring		18,575.00					45,500.00	
Main Sewer Line				17,746.00				
Bathroom Plumbing Repairs				26,000.00				
Hot Water Tank						29,700.00		
Repipe								
A/C			70,000.00		125,175.00			
Heating (Boiler/Furnace)						45,000.00		
Electrical						87,430.00		
Broken Glass Replacement			3,500.00					
Contingency (10% of All Repairs)			17,882.48	11,394.00	12,032.00	16,555.50	33,394.70	12,427.50
TOTAL ESTIMATE	\$ 71,955.93	\$ 165,197.00	\$ 270,207.24	\$ 314,692.33	\$ 324,615.00	\$ 354,235.50	\$ 467,437.70	\$ 168,642.50
Abated Unit Budget	\$ 3,000.00	per unit						
Vacant Unit Budget	\$ 10,000.00	per unit						
Total # of Units	76	61	98	47	97	110	41	46
# of Abated Units	18	21	27	0	0	9	13	5
# of Vacant Units	17	15	30	38	25	29	5	18
Abated Unit Budget	\$ 54,000.00	\$ 63,000.00	\$ 81,000.00	\$ -	\$ -	\$ 27,000.00	\$ 39,000.00	\$ 15,000.00
Vacant Unit Budget	\$ 170,000.00	\$ 150,000.00	\$ 300,000.00	\$ 380,000.00	\$ 250,000.00	\$ 290,000.00	\$ 50,000.00	\$ 180,000.00
TOTAL BUDGET	\$ 224,000.00	\$ 213,000.00	\$ 381,000.00	\$ 380,000.00	\$ 250,000.00	\$ 317,000.00	\$ 89,000.00	\$ 195,000.00
VARIANCE (Budget to Estimate)	\$ 152,044.07	\$ 47,803.00	\$ 110,792.76	\$ 65,307.67	\$ (74,615.00)	\$ (37,235.50)	\$ (378,437.70)	\$ 26,357.50

(1) Items highlighted in yellow reflect estimates for which we have not yet received complete set of contractor written estimates

248-SKID ROW | FINANCIAL FORECAST

COST ESTIMATES							
	649 LOFTS	AS AMERICAS (1)	NEW GENESIS	ABBEY (1)	RAINBOW (1)	SANBORN (1)	TOTAL
LAHD Notice to Comply Repairs	35,000.00						114,390.00
HACLA Abated Unit Repairs							64,165.00
Repairs Estimated		\$ 50,000.00	\$ 50,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 740,670.76
Vacant Unit Repairs	165,000.00	132,000.00	130,000.00	65,000.00	114,000.00	90,000.00	1,210,482.00
Occupied Repairs (non-abated units)	75,000.00						275,000.00
Jack's Keys							-
							4,150.62
Furniture	35,000.00	33,861.00	65,000.00	38,000.00			331,003.31
Appliances		11,440.00					82,502.33
Roof					150,000.00	90,000.00	371,608.00
Flooring	11,785.71					45,000.00	120,860.71
Main Sewer Line							17,746.00
Bathroom Plumbing Repairs	9,705.88						35,705.88
Hot Water Tank						30,000.00	59,700.00
Repipe							-
A/C							195,175.00
Heating (Boiler/Furnace)					80,000.00	80,000.00	205,000.00
Electrical							87,430.00
Broken Glass Replacement					7,418.12		10,918.12
Contingency (10% of All Repairs)	27,500.00	18,200.00	18,000.00	16,500.00	21,400.00	19,000.00	224,286.18
TOTAL ESTIMATE	\$ 358,991.60	\$ 245,501.00	\$ 263,000.00	\$ 219,500.00	\$ 472,818.12	\$ 454,000.00	\$ 4,150,793.91
Abated Unit Budget							
Vacant Unit Budget							
Total # of Units	55	60	106	115	89	46	
# of Abated Units	0	10	17	19	22	16	
# of Vacant Units	17	33	26	13	19	15	
Abated Unit Budget	\$ -	\$ 30,000.00	\$ 51,000.00	\$ 57,000.00	\$ 66,000.00	\$ 48,000.00	
Vacant Unit Budget	\$ 170,000.00	\$ 330,000.00	\$ 260,000.00	\$ 130,000.00	\$ 190,000.00	\$ 150,000.00	
TOTAL BUDGET	\$ 170,000.00	\$ 360,000.00	\$ 311,000.00	\$ 187,000.00	\$ 256,000.00	\$ 198,000.00	\$ 3,531,000.00
VARIANCE (Budget to Estimate)	\$ (188,991.60)	\$ 114,499.00	\$ 48,000.00	\$ (32,500.00)	\$ (216,818.12)	\$ (256,000.00)	\$ (619,793.91)

(1) Items highlighted in yellow reflect estimates for which we have not yet received complete set of contractor written estimates

248-SKID ROW | FINANCIAL FORECAST

COST ESTIMATES	2024 PROJECTS				
	ST. MARKS	ST. GEORGE	HART(1)	CRESCENT (1)	TOTAL
LAHD Notice to Comply Repairs	40,000.00	125,700.00			165,700.00
HACLA Abated Unit Repairs	25,360.00	315,900.00			341,260.00
Repairs Estimated			900,000.00	400,000.00	\$ 1,300,000.00
Vacant Unit Repairs	118,550.00	208,978.00			327,528.00
Occupied Repairs (non-abated units)					-
Jack's Keys		20,000.00			20,000.00
Furniture					-
Appliances					-
Roof	55,950.00				55,950.00
Flooring	107,375.00	50,000.00			157,375.00
Main Sewer Line					-
Bathroom Plumbing Repairs					-
Hot Water Tank					-
Repipe	206,175.00				206,175.00
A/C		10,000.00			10,000.00
Heating (Boiler/Furnace)		179,086.00			179,086.00
Electrical	222,125.00				222,125.00
Broken Glass Replacement		11,408.98			11,408.98
Contingency (10% of All Repairs)	18,391.00	65,057.80	50,000.00	50,000.00	183,448.80
					\$ -
TOTAL ESTIMATE	\$ 793,926.00	\$ 986,130.78	\$ 950,000.00	\$ 450,000.00	\$ 3,180,056.78
Abated Unit Budget					
Vacant Unit Budget					
Total # of Units	91	87	41	56	
# of Abated Units	38	15	19	10	
# of Vacant Units	21	44	12	12	
Abated Unit Budget	\$ 114,000.00	\$ 45,000.00	\$ 57,000.00	\$ 30,000.00	
Vacant Unit Budget	\$ 210,000.00	\$ 440,000.00	\$ 120,000.00	\$ 120,000.00	
TOTAL BUDGET	\$ 324,000.00	\$ 485,000.00	\$ 177,000.00	\$ 150,000.00	\$ 1,136,000.00
VARIANCE (Budget to Estimate)	\$ (469,926.00)	\$ (501,130.78)	\$ (773,000.00)	\$ (300,000.00)	\$ (2,044,056.78)

(1) Items highlighted in yellow reflect estimates for which we have not yet received complete set of contractor written estimates

EXHIBIT 2

248 City of LA vs. Crest Apartments

11500 W Olympic Blvd Suite 530
Los Angeles, CA 90064

Invoice

Date	Invoice #
8/31/2023	202308NEF 2

Bill To

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
	EXPENSE REIMBURSEMENTS- Properties removed from Receivership		
	1. Crest ytd August 31, 2023	104,482.91	104,482.91
	2. New Pershing ytd August 31, 2023	104,353.93	104,353.93
	3. Rossmore ytd August 31, 2023	90,888.53	90,888.53
	4. Simone ytd August 31, 2023	110,587.87	110,587.87
	5. Star ytd August 31, 2023	134,018.70	134,018.70
	6. The Six ytd August 31, 2023	113,070.32	113,070.32
	7. Star ytd August 31, 2023	97,246.50	97,246.50
	1. Funding Request for payments made by Receivership Specialists		
	2. The invoice report is based on transactions recorded as of 8/31/2023.		
		Total	\$754,648.76

EXHIBIT 3

248 City of LA vs. Crest Apartments

11500 W Olympic Blvd Suite 530
Los Angeles, CA 90064

Invoice

Date	Invoice #
8/31/2023	20230831NEF

Bill To

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
	EXPENSE REIMBURSEMENTS		
	1. Flor 401 Lofts ytd August 31, 2023	210,273.04	210,273.04
	2. San Pedro ytd August 31, 2023	74,330.60	74,330.60
	3. Senator Hotel ytd August 31, 2023	401,949.38	401,949.38
	4. SP7 Apt ytd August 31, 2023	181,435.97	181,435.97
	1. Funding Request for payments made by Receivership Specialists		
	2. The invoice report is based on transactions recorded as of 8/31/2023.		
		Total	\$867,988.99

EXHIBIT 4

248 City of LA vs. Crest Apartments

11500 W Olympic Blvd Suite 530
Los Angeles, CA 90064

Invoice

Date	Invoice #
9/1/2023	202308Enter

Bill To
Enterprise Community Asset Management, In

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
	EXPENSE REIMBURSEMENTS		
	1. Abbey ytd August 31, 2023	181,600.18	181,600.18
	2. Charles Cobb ytd August 31, 2023	222,772.85	222,772.85
	1. Funding Request for payments made by Receivership Specialists		
	2. The invoice report is based on transactions recorded as of 8/31/2023.		
		Total	\$404,373.03

EXHIBIT 5

248 City of LA vs. Crest Apartments

11500 W Olympic Blvd Suite 530
Los Angeles, CA 90064

Invoice

Date	Invoice #
8/31/2023	20230831USB

Bill To
USBC

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
	EXPENSE REIMBURSEMENTS		
	1. 649 Lofts ytd August 31, 2023	145,029.01	145,029.01
	2. Las Americas ytd August 31, 2023	133,692.96	133,692.96
	3. Olympia Hotel ytd August 31, 2023	112,306.31	112,306.31
	1. Funding Request for payments made by Receivership Specialists		
	2. The invoice report is based on transactions recorded as of 8/29/2023.		
		Total	\$391,028.28