



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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DATE: February 20, 2015
TO: Low Income Housing Tax Credit Applicants
FROM: Anthony Zeto, Development Section Chief
SUBJECT: Subsidy Layering Review (SLR) Instructions and Checklist for Tax Credit Projects with Section 8 Project-Based Vouchers (PBV) Authorized Pursuant to 42 U.S.C. 8(o)(13), Section 2835(a)(1) of the Housing and Economic Recovery Act of 2008 (HERA), Section 102 of the HUD Reform Act of 1989, and in Accordance with HUD's Administrative Guidelines

The purpose of this optional subsidy layering review (SLR) process is to streamline the SLR review and complete it in a more timely manner for project applicants by incorporating the SLR documentation into the preliminary tax credit application (the application). The SLR checklist incorporated into this memorandum is an optional supplement to the application. This SLR checklist is intended for projects with Section 8 project-based voucher assistance (PBV), including HUD's Veterans Affairs Supportive Housing (VASH) program project-based vouchers and HUD's Rental Assistance Demonstration (RAD) program project-based vouchers, which are required to undergo a SLR.

Projects required to undergo a project-based voucher SLR may choose to provide all required documentation for the SLR as part of the application by providing the supplemental SLR documentation listed below in the application's checklist Tab 17 (or other tab of the application checklist as appropriate).

As it is optional to submit the SLR documentation as part of the application, applicants may choose to continue the standard practice of the Public Housing Authority (PHA) submitting the SLR documentation as a stand-alone document package after the project receives a reservation of tax credits. If there have not been any changes to the project as shown in the preliminary tax credit application, this supplemental checklist may still be used for the submission of the post-reservation, stand-alone SLR package. However, if the SLR documentation is submitted after the project receives a reservation of tax credit, and the project has changed, you must use the

complete/expanded SLR checklist, but any items on the complete/expanded SLR checklist that have not changed may be addressed by confirming that the particular SLR document provided in the preliminary tax credit application has not changed.

If you have any questions, please contact Jack Waegell at (916) 654-6340 or email at Jwaegell@sto.ca.gov.

Supplemental Checklist

1. Letter from the Public Housing Agency providing the project-based vouchers requesting that TCAC perform the subsidy layering review, and which acknowledges that the PHA has received a complete copy of the preliminary tax credit application including all of the documentation as listed in the tax credit application's checklist and the supplemental subsidy layering checklist items below (as applicable)
2. Summary Information, including:
 - ___ HUD Field Office with oversight of the project's PBV subsidy (San Francisco or Los Angeles or other)
 - ___ HUD Field Office point of contact name, phone #, and address
 - ___ Public Housing Agency (PHA) providing the project-based vouchers (PBVs)
 - ___ Public Housing Agency's PHA Code (for example CA008)
 - ___ Safe harbor date by which you need TCAC to complete the subsidy layering review
3. Appraisal Report, if not provided elsewhere in the application, establishing the "as is" value of the property before construction or rehabilitation, and without consideration of any financial implications of tax credits or project-based assistance.
4. Historic Tax Credits (as applicable)
 - ___ Amount of Credit
5. Equity Investment Commitment Letter, if available/executed
 - ___ Equity Contribution Schedule showing amount and timing (copy of Letter of Intent (LOI) and/or Limited Partnership Agreement (LPA), if executed/available).

Note: The LOI and/or LPA should correspond to the TCAC Attachment 16 provided in Tab 16 of the preliminary tax credit application.
6. Bridge Loan Details (as applicable)
7. Standard Disclosure and Perjury Statement
 - ___ Form HUD-2880.

Notes: Be sure to complete the top section of the HUD 2880 form with all of the requested information, and under #4 "Amount of HUD Assistance Requested/Received", a dollar figure is required, not the number of PBVs.

If Part II of the form is required to be completed, include the tax-exempt bonds (if any) and the low-income housing tax credits as part of the “Other Government Assistance”. You may need to put the information on an attachment since space on the form is limited.

8. PHA commitment letter for PBV assistance, including contract rents paid to project, utility allowances, and gross rents by unit type
- If more than 25% of the units have PBV assistance, provide the basis for the exception to the 25% PBV limit. See 24 CFR 983.56
 - Supportive Services Plan – qualifying families receive supportive services (as applicable)
 - Units in Single Family Homes of 4 units or fewer (as applicable)
 - Qualifying families - elderly or disabled (as applicable)
 - Other (as applicable)
9. Proposed PBV gross rent amounts by unit type
- Narrative explanation for the derivation/determination/basis of the PBV contract rents
 - Form HUD-92273
 - Rent Comparability Study
 - Other/additional basis for the project’s PBV contract rents determined by the Housing Authority, if applicable

10. Financing commitments

Notes: In the preliminary tax credit application for non-competitive 4% projects, financing commitments are not required except for the tax-exempt bond documentation required in checklist Tab 15. As a result, 4% projects will typically need to provide the financing commitments as part of SLR documentation regardless of when the SLR package is submitted to TCAC. However, 9% competitive projects, with a few exceptions under TCAC Regulation Section 10325(f)(8), provide the financing commitments as part of the tax credit application either to meet the basic threshold requirement under TCAC Regulation Section 10325(f)(3) or for purposes of scoring competitive points under TCAC Regulation Section 10325(c), or both (checklist Tabs 15 & 20). If a 9% project’s SLR package is submitted to TCAC after the preliminary tax credit application and any of the sources for which commitments were provided in the preliminary tax credit application have changed or new commitments have been obtained, these updated/new commitments need to be provided in the SLR package.