



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 Pursuant to Section 911 of the Housing and Community Development Act of 1992 and 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 HUD Housing Assistance (HHA) if they are required to undergo a SLR, including but not limited to HUD Section 8 project-based rental assistance (PBRA), Rental Assistance Demonstration (RAD) program PBRA, HUD/FHA mortgage insurance, and HUD Section 202 & 811 programs. However, this Section 911 SLR checklist does not apply to project-based vouchers (PBV, VASH, or RAD PBV), which have a separate SLR supplemental checklist.

Projects required to undergo a Section 911 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 required SLR documentation as part of the application, applicants may choose to continue the standard practice of providing the SLR documentation after the project receives a reservation of tax credits (as a stand-alone document package using this supplemental SLR checklist). However, if the SLR documentation is submitted after the project receives a reservation of tax credits as a stand-alone document package and the project has changed, updated documents must be provided as appropriate. Depending on the scope of the project's changes, the updated documents may include an updated TCAC electronic application

(in Microsoft Excel format), financing plan (application checklist Tab 2), construction and design description (TCAC Attachment 12 - application checklist Tab 12), financing commitments (application checklist Tabs 15 & 20), investor letter (TCAC Attachment 16 – application checklist Tab 16), subsidy commitments (application checklist Tab 17), and/or other documents.

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

Supplemental Checklist

1. Summary Information, including:

- ___ HUD Field Office with oversight of the project’s subsidy (San Francisco or Los Angeles or other)
- ___ HUD Field Office point of contact name, phone #, and address
- ___ Safe harbor date by which you need TCAC to complete the subsidy layering review

2. 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: If available, the LOI and/or LPA should correspond to the TCAC Attachment 16 provided in Tab 16 the preliminary tax credit application. However, if you are submitting the SLR request/documentation after the project receives a reservation of tax credits and the anticipated tax credits and/or tax credit equity figures have changed, provide an updated TCAC Attachment 16 and an updated TCAC electronic application (in Microsoft Excel format).

3. Bridge Loan Details (as applicable)

4. 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.

If Part II of the form is required to be completed, include the tax-exempt bonds (4% projects) 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.

5. 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, for 4% projects, this documentation will typically be necessary as part of SLR documentation regardless of when the SLR package is submitted to TCAC .

However, 9% competitive projects, with a few exceptions under regulation section 10325(f)(8), provide the financing commitments as part of the tax credit application either to meet the basic threshold requirement under regulation section 10325(f)(3) or for purposes of scoring competitive points under regulation section 10325(c), or both (checklist tabs 15 & 20). If a 9% project's SLR package is submitted to TCAC after it receives a reservation of tax credits 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 must be provided in the SLR package.

6. Construction cost breakdown approved by the construction lender corresponding to the construction lender's financing commitment included in the TCAC tax credit application, Tab 15.