



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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Subsidy Layering Checklist (Section 2835)

1. Letter from the Public Housing Agency providing the project-based vouchers requesting that CTCAC perform the subsidy layering review.
 Housing Authority Request Letter provided on CTCAC attachment
(<https://www.treasurer.ca.gov/ctcac/requirements/request-memo.pdf>)
2. Summary Information
 Narrative description of project completed on CTCAC attachment
(<https://www.treasurer.ca.gov/ctcac/requirements/summary-information.pdf>)
3. All Subsidy Layering Reviews are required to include an appraisal
 Appraisal Report 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. Must be dated within 18 months of the SLR Submission.
4. Does project have Historic Tax Credits?
 Yes, please provide amount of credit \$ _____
 No
5. Evidence of Tax Credit Equity
 Equity Contribution Schedule showing amount and timing (copy of Letter of Intent (LOI) and/or Limited Partnership Agreement (LPA), if executed/available).
 Attachment 16 provided, with most up-to-date terms of syndication.
6. Does this project have a Bridge Loan?
 Yes. Please provide details of loan
 No

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. Please be sure to include the UEI Number.

In Box #1, the applicant/recipient must be the current owner/applicant corresponding to the organization documents (see #12 below).

In Box #2 “Amount of HUD Assistance Requested/Received”, include the estimated aggregate dollar amount of assistance provided over the term of the subsidy contract.

If Part II of the form is required to be completed, include the tax-exempt bonds (if any) and the net equity proceeds derived from 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. Entirely updated/current CTCAC electronic (Excel) application, following both CTCAC and HUD underwriting standards

___ Ensure that General Requirements, Overhead, and Profit do not exceed 14% of hard construction costs in order to meet CTCAC and HUD standards for these figures. For HUD the General Requirements, Overhead, and Profit **maximums** are 6%, 2%, and 6% of hard construction costs, respectively

___ Updated “15 Yr Pro Forma”: Ensure that tranches for Income are trending at the HUD standards of 2% and Expenses are trending at the HUD standards of 3%. The vacancy rate can be no more than 7%.

___ Note, figures in the 15 Yr Pro Forma for Cash Flow and Debt Coverage Ratio must continue to meet CTCAC Standards.

*Notes: be sure to check the “Subsidy Contract Calculation” sheet of the Excel application making sure the **net** subsidy contract rent amounts are input.*

Ensure the “15 Year Pro Forma” sheet of the Excel application includes below-the-line expenses that are used to ensure HUD’s DCR minimum and maximum are being met (1.10 up to 1.45 DCR in all years) and cash flow (after deferred fees and debt service including residual receipts) is not more than 10% of expenses in any year.

Remember to update the financing sections in the “Application” sheet of the Excel application, Part III, Sections 1.A. & 2.A., construction and permanent financing summary tables.

9. PHA commitment letter for PBV assistance. Must include:

___ Number of contracted units and gross rents with applicable utility allowance broken out for each bedroom type (1 BR, 2 BR, 3 BR, etc.) (example table in notes below)

___ Utility allowances and

Provide the basis for the exception to the 25% PBV limit. See 24 CFR 983.56;
If more than 25% of the units have PBV assistance, must select 1 of the below:

- ___ Supportive Services Plan – qualifying families receive supportive services
- ___ Units in Single Family Homes of 4 units or fewer
- ___ Qualifying families - elderly or disabled
- ___ Other (as applicable)
- ___ N/A; Less than 25% PBV assisted units

Notes: Please include the number of voucher units at each unit type and if different types of vouchers (both regular project-based vouchers (PBVs), and HUD-VASH vouchers, etc) then further broken out by the number of each type of voucher in each unit type.

Example of Rent table to be included in commitment letter.

Project-based Vouchers

<u>BR Size</u>	<u>Number of Units</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
1	10	\$1,694	\$68	\$1,762

HUD-VASH Project-based Vouchers

<u>BR Size</u>	<u>Number of Units</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
1	18	\$1,694	\$68	\$1,762
2	1	\$2,128	\$87	\$2,215

10. Rent Reasonableness 24 CFR Ch. IX § 982.507:

- ___ Completed and signed HUD-92273 form or
- ___ Rent Comparability Study or

CTCAC will accept/use the CTCAC Market Study unit matrices provided in preliminary application packages in lieu of the above options, on the following condition:

- ___ Market Study clearly demonstrates that the voucher contract rent is Rent Reasonable in comparison to market rents based on the adjusted market rent of the comparables (i.e., Market Study comparables are within reasonable distance of project, weighted average of Market’s comparable adjusted rents is not less than corresponding rents of subsidy contract)

Notes: Indicate type of PBV and what payment standards the project is under. (ex: 110%, exception payment standards, Moving to Work Etc.) if under exemption payment standard please provide documentation supporting the voucher amount.

The HUD-92273 form(s) and Rent Comparability Study must be performed by a 3rd party appraiser or market analyst or housing authority that does not have any direct or indirect

interest in the property. Comparable properties chosen for rent comparability shall be similar unassisted units (not part of public housing assistance programs) in the project's market area closest to the subject property.

11. Financing commitments:

___ Provide the most current financing commitments that correspond to the tax credit application provided in the SLR package. (Item #8 above).

Notes: Even if commitments were provided in the original CTCAC application and they have not changed, the SLR package must include these commitments.

12. Organizational Documents

___ Updated Organizational Documents: If the applicant has created a limited partnership (L.P.) or a project-specific general partner such as an LLC to replace the owner/applicant and G.P. shown in the preliminary tax credit application, provide organizational documents for the new entities such as SOS Certificate of Good Standing, LP-1, LLC-1; Operating Agreement; Initial L.P. Agreement (if available).

___ Provide the Organizational Documents that were included in the preliminary CTCAC application because they reflect the most current existing owner/general partner entities.

13. Tax Credit Allocation Commitment Reservation Letter

___ Provide a copy of the fully executed CTCAC preliminary reservation letter