



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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Subsidy Layering Checklist (Section 2835)

Subsidy Layering Reviews (SLRs) are performed to meet both CTCAC regulations and HUD guidelines. Please allow CTCAC 3 weeks or more to perform the SLR.

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 have an effective date within 18 months of SLR Submission, per HUD guidelines.
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, including the UEI Number. If the ownership entity does not have a UEI number, request one at no cost at www.sam.gov. The process typically takes about 3 business days but can take up to 2 weeks. Anyone who works with the US Government has been required to have one of these numbers since April 2022. UEI numbers never expire, and they replace the DUNS number on the outdated version of the HUD-2880 form.

In Box #1, the applicant/recipient must be the current owner/applicant corresponding to the organization documents (see #12 below). This should be the applicant's L.P. name.

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. This should be calculated as the sum of the "Subsidy Contract Total Rent in Excess of Tax Credit Proposed Monthly Rent" from the Subsidy Contract Calculation tab of the Excel application, multiplied by the number of years in the initial term of the subsidy commitment.

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. The originally awarded CTCAC electronic (Excel) application, entirely updated with current data, 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%.

Notes: Figures in the 15 Yr Pro Forma for Cash Flow and Debt Coverage Ratio must continue to meet CTCAC Standards. Be sure to check the "Subsidy Contract Calculation" sheet of the Excel application to make 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. DCR must continue to be at least 1.15 in at least 1 of the first 3 years, pursuant to CTCAC regulations section 10327(g)(6).

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” section below)

Utility allowances schedule provided. If the owner is paying for utilities, please include an email or letter stating this.

If more than 25% of the units or 25 units (whichever is greater) have PBV assistance, choose one of the following:

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. If different types of vouchers (both regular project-based vouchers (PBVs) and HUD-VASH vouchers, etc.), please further break 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 exception payment standard, please provide documentation of HUD’s approval of the exception payment standards.

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). Please make sure that if you use conditional commitment letters, the conditions are within the applicant's control. Commitment letters, conditional commitment letters, loan agreements, and grant agreements must include the loan amounts, term, and interest included and be executed by all parties. The amounts in the commitments need to match what is listed in the SLR E-app financing section. Proposal letters and letters of intent or interest are not acceptable. Estimations of interest to be accrued are not a committed funding source.

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).

or

Original Organizational Documents: If the Organizational Documents that were included in the preliminary CTCAC application reflect the most current existing owner/general partner entities, provide these Organizational Documents.

13. Tax Credit Allocation Commitment Reservation Letter

Provide a copy of the fully executed CTCAC preliminary reservation letter