

Oakland Housing Authority

Subsidy Layering Review Checklist for Low-Income Housing Tax Credit Projects

Project Name: _____

Location: _____

_____ Narrative description of project including:

- _____ total number of units
- _____ type of unit by bedroom distribution
- _____ portion and type of units receiving assistance

_____ Sources of funds:

- _____ Each source listed separately with details
 - _____ principle
 - _____ interest rate,
 - _____ amortization term
 - _____ accrual, deferral, balloon or forgiveness provisions
 - _____ reserve or escrow requirements
 - _____ receipt of portion of net cash flow

_____ Uses of funds:

- _____ Detailed Breakdown of Project Costs, including hard and soft cost items.
- _____ acquisition costs broken into appraisal, survey, title and recording, and related legal fees
- _____ builder's profit and overhead listed as separate items

_____ Commitment letters from all sources disclosing significant terms

_____ Tax Credit Allocation Commitment Letter from State Housing Finance Agency

- _____ Amount of Credits Reserved, or
- _____ IRS Form 8609

_____ Historic Tax Credits (as applicable)

- _____ Amount of Credit

_____ Equity Investment Commitment Letter

_____ Amount of Investment

_____ Equity Contribution Schedule showing amount and timing

_____ Bridge Loan Details (as applicable)

_____ 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 rental certificate assistance.

_____ Operating Proformas:

_____ projected rental

_____ commercial and miscellaneous income

_____ vacancy loss

_____ operating expenses

_____ debt service

_____ reserve contributions

_____ cash flow

_____ PHA Notification of Approved Rent to Owner

_____ PHA Approval of PBA Voucher Assistance for Project

_____ Standard Disclosure and Perjury Statement, Identity of Interest Statement

_____ Form HUD-2880

_____ Initial Contract Rents

_____ Housing Authority letter confirming gross contract rents with applicable tenant utility allowances

Attachment A

OFFICE OF PUBLIC AND INDIAN HOUSING
COMBINING LOW-INCOME HOUSING TAX CREDITS WITH
PROJECT-BASED RENTAL VOUCHERS

**DOCUMENTS TO BE SUBMITTED BY THE PHA TO THE HUD FIELD OFFICE
AND FORWARDED TO HEADQUARTERS FOR TAX CREDIT/SUBSIDY
LAYERING REVIEW**

1. Narrative description of the project. This should include the total number of units, including bedroom distribution. If only a portion of the units will receive project-based rental certificate assistance, this information is needed for both the project as a whole, and for the assisted portion.

2. Sources and Uses of Funds Statements.

Sources: List each source separately, indicate whether loan, grant, syndication proceeds, contributed equity, etc. Sources should generally include only permanent financing. If interim financing or a construction loan will be utilized, details should be included in a narrative (item 3. Below).

Uses: Should be detailed. Do not use broad categories such as “soft costs.” Acquisition costs should distinguish the purchase price from related costs such as appraisal, survey, title and recording, and related legal fees. Construction and rehabilitation should include builder’s profit and overhead as separate items.

3. Narrative describing details of each funding source. For loans, details should include principle, interest rate, amortization term, and any accrual, deferral, balloon or forgiveness provisions. If a lender, grantor, or syndicator is imposing and reserve or escrow requirements, details should be included in the narrative. If a lender will receive a portion of the net cash flow, either as additional debt service or in addition to debt service, this should be disclosed in the narrative.
4. Commitment Letters from lenders or other funding sources evidencing their commitment to provide funding to the project and disclosing significant terms. Loan agreements and grant agreements will suffice.
5. Appraisal Report. The appraisal should establish the “as is” value of the property, before construction or rehabilitation, and without consideration of any financial implications of tax credits or project-based rental certificate assistance.

An as-build or after-rehab appraisal is not acceptable unless it also includes an “as is” valuation.

6. **Stabilized Operating Proforms:** Should include projected rental, commercial and miscellaneous income, vacancy loss, operating expenses, debt service, reserve contributions and cash flow.

Headquarters analysis will project these costs over the 15 year tax credit compliance period. Income and expenses will be trended at three percent.

7. **Tax Credit Allocation Letter:** Issued by the State tax credit allocation agency, this letter advised the developer of the amount of the low-income housing tax credits reserved for the project. If available, IRS form 8609 will suffice.

If the project is in a designated difficult to develop area, it may be receiving additional credits above those to which it would normally be eligible. When applicable, this should be pointed out in the submission. It may not always be reflected in the allocation letter.

8. **Historic Tax Credits:** Some projects in designated historical districts may receive an additional one-time historic tax credit. When applicable, the amount of the historic credit should be disclosed.
9. **Equity Contribution Schedule:** If contributed equity will be paid in installments over time, a schedule should be provided showing the amount and timing of planned contributions.
10. **Bridge Loans** are often used when equity contributions are planned over an extended period, so that proceeds will be available to the project up front. If the financing plan includes a bridge loan, appropriate details should be provided.