

THIS NOTICE IS PENDING PUBLICATION IN THE FEDERAL REGISTER.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6201-N-01]

Administrative Guidelines: Subsidy Layering Review for Project-Based Vouchers

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Notice.

SUMMARY: This notice provides updated Administrative Guidelines (Guidelines) and requirements for Project-Based Voucher (PBV) Subsidy Layering Reviews (SLRs), to include new PBV Housing Assistance Payments (HAP) contract terms provisions, as amended by the Housing Opportunity Through Modernization Act of 2016 (HOTMA), and SLR requirements for Mixed-Finance projects that may or may not include PBV assistance. This notice also provides transparency on HUD's expectations regarding cash flow, debt coverage ratios, net operating income, and operating expense trending requirements.

FOR FURTHER INFORMATION CONTACT: Miguel A. Fontanez Sanchez, Director, Housing Voucher Financial Management Division, telephone number 202-402-4212 or Belinda Bly, Supervisor, Urban Revitalization Division, telephone number 202-402-4104 (neither are toll-free numbers). Addresses for both: c/o Office of Public and Indian Housing, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410. Individuals with speech or hearing impairments may access this number through TTY by calling the Federal Relay Service at 800-877-8339 (this is a toll-free number).

I. Background

In support of HUD's mission to create quality affordable housing, HUD provides funding assistance to incentivize affordable housing development. Subsidy layering reviews (SLRs) are undertaken to ensure the amount of assistance provided by HUD is not more than necessary to

make the PBV project feasible in consideration of all other governmental assistance. SLRs prevent excessive public assistance that could result when a development proposes combining (layering) the HAP subsidy from the PBV program with other public assistance from Federal, State, or local agencies, including assistance through tax concessions or credits.

SLRs for PBV assistance are required pursuant to Section 8(o)(13) of the U.S. Housing Act of 1937 (42 U.S.C. 1437f(o)(13)); section 2835(a)(1)(M)(i) of the Housing and Economic Recovery Act of 2008 (HERA); and section 102 of the Department of Housing and Urban Development Reform Act of 1989. SLRs are only for proposed PBV new construction and rehabilitation projects prior to the execution of an Agreement to Enter into Housing Assistance Payments Contract (AHAP).

SLR requirements are not applicable to existing housing.¹ Specifically, an SLR is not required for a project already subject to a PBV HAP contract, even if that project is recapitalized with outside sources of funding (i.e., a PBV HAP-assisted project under contract for 10 years which then receives a tax credit award to address rehabilitation needs). PBV regulations define existing housing as units that already exist on the proposal selection date that substantially comply with Housing Quality Standards (HQS) on that date. (The units must fully comply with the HQS before execution of the HAP contract.) In addition, no SLR is required when PBV is the only governmental assistance provided to a project.

Pursuant to 24 CFR 983.55, public housing agencies (PHAs) must submit a request for an SLR for a proposed PBV project when the project includes other governmental assistance. HUD can perform the SLRs in all cases; however, HUD has also delegated authority to participating

¹ Section 2835 (a)(1)(F) of Housing and Economic Recovery Act of 2008 (Pub. L.110-289), enacted July 30, 2008, does not require subsidy layering review for existing housing.

Housing Credit Agencies (HCAs) as defined herein when the other governmental assistance includes Low-Income Housing Tax Credits (LIHTC).²

II. Subsidy layering review

A. Definitions

Housing Credit Agency: For purposes of this notice, an HCA is a state housing finance agency or other state agency defined by section 42 of the Internal Revenue Code of 1986.

HCAs are sometimes referred to by other names, such as State Housing Finance Agencies or State Housing Corporation. A participating jurisdiction under HUD's HOME Investment Partnerships program (see 24 CFR part 92) may also serve as an HCA.

Mixed-finance development: Development or modernization of public housing pursuant to 24 CFR 905 Subpart F, where public housing units are owned by an entity other than a PHA.

Other government assistance: Any loan, grant, guarantee, insurance, payment, rebate, subsidy, tax credit, tax benefit, or any other form of direct or indirect assistance from the federal government, a state, or a unit of general local government, or any agency or instrumentality thereof.

B. Requesting a SLR for a PBV Award

When a PHA selects a project that is either new construction or rehabilitation, as defined in 24 CFR 983.3, for a PBV award, and the project will include forms of governmental assistance other than PBVs, the PHA must request an SLR. PHAs request an SLR through their local HUD Field Office or, if eligible, through a participating HCA. A list of participating

² Pursuant to the Housing and Community Development Act of 1992 (Pub. L. 102– 550, approved October 28, 1992), as amended by the Multifamily Housing Property Disposition Reform Act of 1994 (Pub. L. 103–233, approved April 4, 1994) added a “Subsidy Layering Review” provision at 42 U.S.C. 3545.

HCA's is posted and updated periodically on the Housing Voucher Financial Management Division (FMD) Web site, found at:

https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/fmd. The participating HCA may charge a fee to perform the SLR, which the PHA may pay using Administrative Fees or Administrative Fee reserves.

The PHA is responsible for collecting all required documentation for the SLR from the project owner. A list of all the required documentation is included in Appendix A. If after the initial submission new information becomes available, the PHA is responsible for submitting updated information to HUD or the HCA. The PHA maintains a project file with a complete set of the required documents. As part of the project selection process and application for PBVs, the project owner must disclose all HUD and/or other Federal, State, or local governmental assistance committed to the project, as well as other governmental assistance, using Form HUD 2880 (even if no other governmental assistance is received or is anticipated). If PBV is the only governmental assistance, an SLR is not required. Whether the PHA or HCA performs the SLR, the PHA must confirm that no form of disclosed assistance renders the project ineligible for PBV assistance and does not violate 24 CFR 983.54.

The PHA must inform the owner if any information changes during the application process, either by the addition or deletion of other governmental assistance, the project owner must provide revised information to correct the earlier submissions to reflect the new information. If at any time (either during the application process, after AHAP execution, or after HAP execution) the owner receives supplemental HUD or new governmental assistance for the project that results in an increase in project financing in an amount equal to or greater than 10 percent of the approved SLR development budget, the owner must submit such changes to the

PHA and the PHA must notify HUD or the HCA.³ The AHAP requires that the owner disclose to the PHA information regarding any related assistance from the Federal government, a State, or a unit of general local government, or any agency or instrumentality thereof, that is made available or expected to be made available with respect to the contract units.

Completion of an environmental review and environmental approval is required before an AHAP can be executed, pursuant to 24 CFR 983.153. At the time of initial submission of the SLR request, the PHA submits evidence that a request for a 24 CFR Part 58 review is submitted to the responsible entity or a 24 CFR Part 50 review is submitted to the Field Office.

C. Analysis and Safe Harbor Standards

When undertaking an SLR, HUD reviews both the development and operating costs of a project to determine whether costs are within a reasonable range, taking into consideration the project's size, characteristics, location, costs, financing and risk factors. Costs that fall within acceptable safe harbor standards, as identified below, may move forward without further justification. If costs exceed safe harbor standards, then additional justification and documentation are required to justify the costs based on risk factors, and HUD approval is required.

If the review is by an HCA, project costs exceeding the safe harbor standards must be consistent with the HCA's published qualified allocation plan.

(A) Development Standards:

i. General Contractor Fees: The safe harbor standard is based on hard construction costs. The maximum allowable combined contractor fee is fourteen percent (14%) of the total for hard

³ 24 CFR 4.11.

construction costs. For example, if construction costs are \$100,000, the safe harbor amount is \$14,000:

- General Conditions: 6% of construction contract amount
- Overhead: 2% of construction contract amount
- Builder's Profit: 6% of construction contract amount

ii. Developer Fee: The safe harbor standard is a maximum of 15%. For projects combining public housing units and PBV units in a Mixed-Finance project, safe harbors are 9%, requiring no justification, above 9% and up to 12%, may be approved with justification. Fees over 12% may be approved if the PHA receives the amount over 12% and it is restricted for project costs or future phases as described in the "Cost Control and Safe Harbor Standards for Rental Mixed-Finance Development," dated April 9, 2003 or any successor document. See Section 7 on Mixed Finance Projects below.

(B) Operating Standards:

The maximum initial term for a PBV HAP contract is 20 years pursuant to section 8(o)(13)(F) of the 1937 Housing Act as recently amended by HOTMA, although the initial terms for other funding sources may be less. SLR requests must include an operating pro forma that reflects each year of the HAP contract initial term. All assumptions for income, expenses and debt must be clearly identified. Both the Debt Coverage Ratio (DCR) and cash flow are analyzed on a year-by-year basis. If a project has no debt, the SLR review is processed based only on cash-flow requirements, as described below in 6(C)(ii).

i. Debt Coverage Ratio: HUD and HCAs analyze the PBV development's projected DCR both on a yearly basis and trended over the term of the proposed subsidy period as an indicator of overall project health. As a HUD metric for PBV purposes, the minimum DCR is

1.10 and the maximum is 1.45. The DCR for each year is determined by dividing the net operating income for that year by the amount of the debt service for that year. Factors such as operating cost increases, rent increases, project size, unit and income mix, and vacancy rates affect net operating income. Therefore, a trending analysis is also used to evaluate the DCR over time and to determine whether the amount of assistance is excessive. HUD recognizes that some projects may have higher upfront DCRs since owners may frontload debt service to free up cash flow later in the project period for higher anticipated operating expenses, or that some projects may have higher DCRs in later years due to planned changes in financing costs, interest rates, or partnership transfers. If a project has an overall trending DCR outside the 1.10 to 1.45 range, the project may have too much governmental assistance. If a project DCR trends outside the range for an individual year, but has an overall trending DCR within the range, HUD will require justifications from the Owner or PHA to understand the project assumptions and yearly deviations.

- Net operating income is defined as total operating income minus total operating expenses. The net operating income for a project must cover all repayable debt over the life of the HAP contract.
- Operating expenses should be trended at a consistent fixed rate between 1% and 3% per year for the first 5 years and 3% thereafter. Justification for increases above 3% must be provided.
- Rent increases should be trended yearly at a consistent fixed rate between 2% and 3% per year. Justification is required for increases outside this range.
- Vacancy rates must not exceed 7%.

- Debt service is defined as the funds required to make payments on all non-forgivable loans, including any existing debt on the property. Debt service does not include forgivable/soft loans, non-repayable grants, non-repayable federal, state or local assistance, deferred developer fees, financing fees, partnership fees, management fees, capital contributions, tax concessions, or tax credits.

If the projected DCR remains between 1.10 and 1.45 during the initial term of the HAP contract, then it is assumed the project has enough cash-flow to pay operating expenses and amortized debt, and that the amount of government assistance is not excessive. HUD will require adjustments if the projected DCR in any one year falls below 1.10 and it continues to remain below 1.10 for a series of subsequent years as cash flow would not be enough to ensure stable operations. Likewise, HUD will require adjustments to PBV assistance, if the projected DCR exceeds the maximum of 1.45 in any one year and continues to remain above 1.45 for a series of subsequent years.

ii. Cash-Flow: For any given year of the project's operating pro forma, cash flow may not exceed 10% of total operating expenses. Cash-flow is defined as net operating income minus all required debt service.

- If all or a portion of the developer fee has been deferred and is owed, the face value amount of the deferred developer fee (i.e., no interest earned) may be deducted from cash flow.
- Operational and replacement reserves may be deducted from cash flow when reserves are adjusted by a consistent amount each year.

- No further adjustments to cash-flow are permitted beyond deferred developer fees, operational reserve contributions and replacement reserve contributions.

If in any given year the annual cash-flow is greater than 10% of total operating expenses and it remains above 10%, it is assumed the cash generated from the government assistance is greater than is necessary to make the project feasible. Therefore, adjustments must be made by the project owner to reduce cash flow to 10% or less of operating expenses. If the owner declines, HUD will reduce PBV rents or the number of PBVs, so the project complies with the 10% requirement.

D. Requesting a SLR for a Mixed-Finance Project

For Mixed-Finance projects that also include PBVs, the SLR is handled as part of the Mixed-Finance project review process without a separate PBV SLR review. SLRs for Mixed-Finance projects are only done by HUD and may not be done by an HCA. Mixed-Finance reviews are done by HUD's Office of Public Housing Investments (OPHI) at HUD Headquarters. This provision also applies to Mixed-Finance projects with PBVs that are undertaken as part of the Choice Neighborhoods Grant Program, as well as Choice Neighborhoods projects that have PBVs, but no public housing. This includes MTW local nontraditional development (LNTD) proposals. OPHI prepares the SLR as part of the project review process without a separate PBV SLR review.

As it relates to the PBVs, Mixed-Finance projects must comply with the SLR standards identified above in the Notice. In addition to this review, the project will also be reviewed to assure compliance with the provisions of 24 CFR 905 Subpart F, and other applicable guidance, including the following:

- The “Cost Control and Safe Harbor Standards for Rental Mixed-Finance Development,” dated April 9, 2003 or any successor document.
- Total Development Cost (TDC) and Housing Construction Cost (HCC) limits imposed on the project, pursuant to HUD Notice PIH-2011-38 or successor notice.
- The HUD Pro Rata Test, which assures that the proportion of HUD public housing funds committed to development of the project does not exceed the proportion of public housing units in the project. For example, if there are 120 units in the project and 50 are public housing, 42% of the units are public housing. Therefore, the amount of public housing funds contributed to the development of the project may not exceed 42% of the development budget, including hard and soft costs.
- HUD will review the amount of LIHTC equity to be invested in the project to ensure that the sale of LIHTCs results in an amount of net tax credit equity that is consistent with amounts generally contributed by investors to similar projects under similar market conditions, and that the amount is not less than 51 cents for each dollar of tax credit allocation awarded to a project. If the project receives 51 cents or less of LIHTC equity or does not receive a market rate of equity, it is subject to additional review to reassess the project’s fees and costs.

E. Outcome

(A) HUD:

If HUD completes the SLR and determines the PBV assistance complies with the standards set in this Notice, where the PBV assistance will not result in excessive government subsidy, HUD will certify compliance pursuant to 24 CFR 4.13 and the local HUD Field Office will notify the PHA in writing.

If HUD completes the SLR and determines that the amount of government subsidy, including the PBV assistance, is excessive, HUD notifies the PHA. The notification includes a recommendation to reduce the amount of PBV assistance or a determination that PBV assistance cannot be provided. Once the PHA receives HUD's decision, the PHA must notify the owner in writing of the outcome and work with the owner to restructure, as needed. Revised materials must then be resubmitted to the HUD Field Office for review.

(B) HCA:

If an HCA completes the SLR and determines that PBV assistance complies with the above standards of this notice and does not result in excessive government subsidy, the HCA must notify the PHA and submit a certification to HUD at PIH.Financial.Management.Division@hud.gov with a copy to the Director of the local HUD Office of Public Housing (https://www.hud.gov/program_offices/public_indian_housing/about/field_office) stating that the PBV assistance to be provided is in accordance with HUD SLR guidelines in this Notice and that a determination has been made that it does not result in excessive government subsidy. The AHAP/HAP contract may then be executed if the environmental approval is received. If the SLR is performed by an HCA, subsequent approval of the SLR by HUD is not required. The HCA certification must include the documents outlined in Section 10. See Appendix C for a sample HCA certification letter and Appendix A for required information.

If the HCA SLR determines the public assistance amount is excessive, the HCA must notify HUD, in writing, with a copy to the PHA. The notification will include either a recommendation to reduce the amount of PBV assistance or the amount of LIHTC allocation or a determination that PBV assistance cannot be provided. HUD will consult with the HCA and the

PHA prior to issuing a final determination to adopt the HCA's recommendation or to revise it. The PHA must notify the owner in writing of the outcome and work with the owner to restructure, as needed. Revised materials must then be resubmitted to the HCA and the HUD Field Office for review.

When a proposal for PBV assistance is contemporaneous with the application for or award of LIHTCs, the required SLR may be fulfilled by the HCA in accordance with IRC section 42(m)(2) review if such review substantially complies with the HUD SLR requirements and guidelines.

C) Mixed-Finance Projects: If HUD completes the SLR and determines the PBV assistance and other public housing assistance complies with the above standards of this Notice for Mixed-Finance projects and thus does not result in excessive government subsidy, HUD will certify compliance pursuant to 24 CFR 4.13 and notify the PHA.

For projects that fail to comply, HUD will notify the PHA, which must (i) work with the owner to restructure the project so it complies with the above standards for Mixed-Finance projects and resubmit the revised documentation to HUD for approval, or (ii) provide sufficient justification to HUD to allow HUD to approve a variation(s) from the above standards.

F. Timing

In accordance with program regulations at 24 CFR 983.55, a PHA may not execute an AHAP contract until after the SLR is completed and approved by HUD or the HCA. The AHAP also may not be executed until there is a completed environmental review (ER) and written approval by the responsible entity or HUD, pursuant to 24 CFR Part 50 or Part 58 and PIH Notice 2016-22. The local HUD Field Office must receive the completed SLR and either approve the Request for Release of Funds or complete a Part 50 environmental review prior to

notifying the PHA that it may execute the AHAP. The PHA may request an SLR and environmental review simultaneously. The Field Office confirms to the FMD and/or the HCA that the ER process is complete.

If the owner reports to the PHA the addition of any governmental assistance before or during the AHAP contract when no SLR was initially required because the project had not received and did not anticipate receiving governmental assistance, then an SLR is required to be requested by the PHA at the time of the owner's report.

III. Housing Credit Agency participation and certification

An HCA is ordinarily established for the purpose of allocating and administering the LIHTC program under section 42 of the Internal Revenue Code (IRC). With HUD approval, HCAs may perform SLRs for proposed PBV projects that include LIHTCs as part of the proposed financial assistance. If there are no LIHTCs, HCAs cannot conduct the SLR. SLRs without LIHTCs will only be conducted by HUD. Currently 29 states have a HUD-approved HCA; the remaining 21 states may seek HUD approval to conduct SLRs for PBV projects, by submitting a letter to HUD notifying HUD of their intent to participate. Appendix B is sample letter.

Pursuant to the requirements outlined herein, as well as the Memorandum Of Understanding (MOU) between participating HCAs and HUD, HCAs are required to provide notification to the FMD through the FMD mailbox of any SLRs approved on HUD's behalf by no later than 30 days from the date of authorization. Notifications of approval must contain the following documentation:

- Copy of the Signed HCA Certification as shown in Appendix C
- The HCA's Internal Recommendation and Sign-off

- The Developer’s Disclosure of Sources and Uses of Funds
- The Developer’s Operating Pro Forma Considered
- Copy of the PBV Commitment / Award Letter
- HUD Form 2880, and
- Rent Information and Project Summary.
 - a. Project Name and Address
 - b. PHA name and code
 - c. Field Office name and code
 - d. HCA Name
 - e. PBV Type: Rental Assistance Demonstration (RAD), Veterans Assistance and Supportive Housing (VASH), and/or Regular
 - f. Elderly, Disabled, Homeless, Non-Elderly Disabled, Low-Income, and/or Veteran.
 - g. Is the Project New Construction or Rehabilitation?
 - h. Amount Per Dollar of Syndication Proceed
 - i. Number of PBV Units Approved by Bedroom Size
 - j. Debt Coverage Ratio: _____
 - k. Project meets Cash Flow Criteria (Y/N)

IV. Overview Chart

The following chart summarizes the types of projects that require an SLR, the entity authorized to perform the SLR and the required certification. 102 (d) Certification is the owner’s certification of no additional government funding using form HUD 2880.

Type of Project and Scenarios	SLR Reviewer	102 (d) Certification Required?
PBV subsidy without LIHTC. However, project is new construction or rehabilitation, as defined in 24 CFR	HUD	Yes

§983.3, with 2 or more forms of government assistance.		
PBV existing housing, as defined in 24 CFR 983.3.	No SLR required	No
PBV new construction or rehabilitated housing, but PBV is the only form of government assistance.	No SLR required	No
PBV subsidy with LIHTC, new construction or rehabilitated project	HCA or HUD	If by HCA, certification not required. Otherwise, HUD certifies.
Mixed-finance projects, with or without LIHTC, with or without PBV, with or with other forms of government assistance.	HUD	Yes

V. Monitoring.

HUD performs quality control reviews of SLRs performed by participating HCAs by examining the following:

- If all required document and materials are available to the reviewer
- If values are correctly determined within the approvable range
- If values are above safe harbor standards
- If documentation was provided to justify higher costs
- If the subsidy was reduced correctly (if applicable)

If any required documentation is not provided, or any portion of the review is performed incorrectly, HUD requires appropriate corrective action. When an SLR is performed by an HCA, subsequent approval of the SLR by HUD is not required.

VI. Paperwork Reduction Act

The information collection requirements contained in this notice are currently approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control numbers 2577-0169. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid control number.

Date: _____

/S/
R. Hunter Kurtz
Assistant Secretary for Public and Indian Housing

[Billing code: 4210-67]

Appendix A: PHA submissions.

PHAs are responsible for collecting information from project owners and assembling it in an SLR request submitted to the local HUD Public Housing Field Office or HCA. SLR requests must contain the following information. Assembly using a binder is recommended. Incomplete submissions will be returned.

REQUIRED ELEMENTS OF AN SLR APPLICATION & CHECKLIST	Check
1. Subsidy Layering Review request memorandum: Clearly identify the PHA, the PHA number, the Field Office number, the project's name, the project's total number of units, and the number of PBV units requested. For a sample memorandum see Attachment 1 of PIH Notice 2013-11 or newer version superseding it.	
2. Project Description: Short narrative identifying ownership, type of activity (rehabilitation or new construction), location (including county), total units, requested PBV units, PBV type (RAD, VASH, regular), utility allowances, bedroom distributions, supportive services (if applicable) and residential population (homeless, veteran, elderly, low-income families) The narrative should also identify any exceptions applicable to the project (e.g. number of PBV exceeding the Project Cap).	
3. Accounting Statement of Sources and Uses of Funds: Identifying each source and indicate type (loan, grant, syndication proceeds, contributed equity). Sources generally include only permanent financing and grants. If interim financing or a construction loan is proposed, provide details in project description. Separately identify detailed uses, avoiding broad categories such as "soft costs." Under acquisition costs, identify purchase price separately from related costs such as appraisal, survey, title, recording and legal fees. Include separate line items representing construction contract amount, builder's profit, builder's overhead and total project costs. [Complete HUD Form 50156]	
4. Description of funding sources: Loans including principal, interest rate, amortization, term, and any accrual, deferral, balloon or forgiveness provisions. Describe any lender, grantor, or syndicator requirements for reserves or escrows requirements. Describe if a lender receives a portion of the net cash-flow, either as additional debt service or in addition to debt service. Identify the amount of LIHTC and include IRS form 8609.	
5. Commitment Letters: Lenders and other funding sources evidence their commitment to provide funding and disclose significant terms. Signed loan agreements and grant agreements meet this requirement. However, proposal letters and letters of intent do not meet this requirement.	
6. Developer's Commitment Letter: Delineating any arrangements, contributions, donations, significant terms or transfer of funds from the developer and/or	

participating partners such as deferred developer's fees, cash contributions, and equity investments.	
7. HOME Commitment Letter: (When applicable) Signed document clearly identifying requirements of the HOME designated units and intended rents.	
8. Supportive Service Commitment: (When applicable) A signed Memorandum of Understanding that describes the type of services to be provided, frequency, terms of service and resident eligibility.	
9. Appraisal Report: Based on the "as is" value of the property, before construction or rehabilitation, and without consideration of any financial implications of tax credits or project-based voucher assistance. An appraisal establishing value after the property is built or rehabilitated is not acceptable unless it also includes an "as is" valuation. The date of the appraisal to be within six months of date of submission.	
10. Stabilized Operating Pro Forma: Including projected rental, commercial, and miscellaneous gross income, vacancy loss, operating expenses, debt service, reserve contributions, with cash-flow projections, and debt service ratios; income and expenses trended at a consistent percent. [Complete HUD Form 50156]	
11. Low-Income Housing Tax Credit Allocation Letter: Issued by the authorized tax credit allocation agency, identifying the amount of LIHTCs reserved for the project.	
12. Historic Tax Credit Letter: Issued by an authorized historic credit agency, disclosing the estimated historic tax credit amount awarded to a project located in a designated historical area.	
13. Equity Contribution Schedule: If equity contributed to the project is paid in installments over time, provide a schedule showing the amount and timing of planned contributions.	
14. Bridge Loans: Providing details if the financing plan includes a bridge loan where equity contributions proceeds planned over an extended time can be paid upfront.	
15. Disclosure, perjury and identity of interest statement (Form HUD-2880) completed by the owner.	
16. PBV award letter: Identifying the housing authority's approval of project-based voucher assistance for the project by number of units and bedroom distribution.	
17. PHA rent certification letter: Documenting proposed contract rents, utility allowances, and gross rental amounts for assisted units. Include rent reasonableness documentation or comparability analysis as evidence of rent determination and certification.	
18. Environmental Clearance: Completion of the environmental review and environmental approval is required before AHAP approval can be granted. At the time of initial submission of the SLR request, submit evidence that a request for a part 58 review is submitted to the responsible entity or a part 50 review is submitted to the Field Office.	

Appendix B: HCA Notice of Intent to Participate

U.S. Department of Housing and Urban Development

PIH Financial Management Division Room 4232

451 Seventh Street, SW

Washington, DC 20410

By: Email: pih.financial.management.division@hud.gov

Re: Intent to Participate on Subsidy Layering Reviews

To Whom It May Concern:

The undersigned is a qualified Housing Credit Agency (HCA) as defined under Section 42 of the Internal Revenue Code of 1986 and hereby notifies the United States Department of Housing and Urban Development (HUD) of our intention to conduct subsidy layering reviews (SLRs) pursuant to HUD's requirements for the purpose of ensuring the combination of assistance under the Section 8 Project-Based Voucher (PBV) Program with other federal, state, or local assistance does not result in excessive compensation. By signifying this notice, the undersigned hereby certifies that:

Required personnel reviewed the statutes identified in Federal Register Notice (Insert new reference) Contracts and Mixed-Finance Development, and 24 CFR 983.55.

The undersigned understands its HCA responsibilities and certifies it will perform SLRs in accordance with all present and future statutory, regulatory and HUD requirements. The undersign acknowledges participation continues unless and until HUD revokes this notice or the undersigned informs HUD, in writing with a 30-day-notice, of its decision to withdraw. Upon HUD approval, the undersigned shall immediately assume the responsibility of performing SLRs.

Name of agency and address:

Name, title and address if authorized official

Phone, FAX, and email:

Date of execution:

Transmit signed and dated notice of Intent to Participate as a PDF attachment to Miguel Fontanez at pih.financial.management.division@hud.gov with subject line identified "Submission of Notice of Intent to Participate." For questions concerning the submission and

Appendix C: HCA Certification

U.S. Department of Housing and Urban Development
 PIH Financial Management Division Room 4232
 451 Seventh Street, SW
 Washington, DC 20410

By: Email: pih.financial.management.division@hud.gov

Re: Certification of Subsidy Layering Review

To Whom It May Concern:

For purposes of providing of Section 8 Project-Based Voucher (PBV) Assistance authorized pursuant to 42 U.S.C. § 8(o)(13), section 2835(a)(1)(M)(i) of the Housing and Economic Recovery Act of 2008 (HERA), section 102 of the Department of Housing and Urban Development Reform Act of 1989, and in accordance with HUD requirements, all of which address the prevention of excess governmental subsidy, I hereby certify that the PBV assistance is not more than is necessary to provide affordable housing after taking into account other government assistance for the following project:

Name, address of project:

Name, address of PHA:

Phone, FAX, and email:

Name, address of HCA:

Date of HUD's approval of HCA's intent to participate:

Name of Authorized HCA Certifying Official:

Signature of Authorized HCA Certifying Official:

Date:

Transmit signed and dated SLR certification as PDF attachments to Miguel A. Fontanez at pih.financial.management.division@hud.gov, with a copy to the Director of the local HUD Office of Public Housing:

https://www.hud.gov/program_offices/public_indian_housing/about/field_office, with subject line identified "SLR Certification-Project Name, City, State" For questions concerning the submission and receipt of the email, call the Financial Management Division at (202) 402-4212.