



October 10, 2023

Jackie Leung
Micronesia Islander Community and AAPI Housing Advocates
PO Box 18606
Salem OR 97305

RE: Project-Based Voucher Proposal
Voyagers Village – 2210-2230 Commercial Street NE, Salem OR 97301

Dear Jackie Leung:

Congratulations! I am pleased to inform you that your proposal for Project-Based Vouchers in response to Salem Housing Authority's Request for Proposal (RFP) PBV-2023-01 was reviewed and successfully met criteria. Your proposal requested an award of fourteen (14) Project-Based Vouchers (PBVs), and they are hereby awarded as follows:

Bedroom Size	Number of PBV Units
0	
1	2
2	8
3	4
4	
TOTAL:	14

Final award of these Project-based vouchers will be contingent on the following:

- Approval by HUD of a Subsidy Layering Review
- Environmental Clearance
- Availability of PBV-authorized units at the site that comply with applicable inspection standards prior to occupancy
- Approval by HUD of the project selection
- Other:

Additionally, this award is made with the following provisions:

- 1) Salem Housing Authority (SHA) will maintain a waiting list for the units in accordance with its Section 8 Housing Choice Voucher Administrative Plan.
- 2) PBV units are restricted to occupants with income at or below 50% of Area Median Income, as determined by HUD. *Your proposal indicates that some units would be restricted to 30%*



AMI. Please note that we are unable to restrict access to PBV units to households with extremely low incomes (30% AMI or less); however, Salem Housing Authority is required to ensure that no less than 75% of admissions to the Voucher program annually are households at the Extremely Low-Income level of 30% AMI.

- 3) The HAP Contract will include an addendum outlining the process for claiming vacancy loss payments in accordance with HUD regulations. A copy of the addendum has been included with this letter for your reference.
- 4) Contract rents for the Project-Based Voucher units will be set in accordance with 24 CFR 983.301. Gross rents (contract rent plus utility allowance) shall be reasonable in comparison to unassisted units and shall not exceed the applicable payment standard, as set forth in the Housing Choice Voucher Administrative Plan. Gross rents for units with PBV assistance may not exceed gross rents charged for unassisted units (with the exception of some units financed with Low Income Housing Tax Credits).

The Housing Authority will reserve the vouchers granted through this award for 24 months from the date of this letter to allow sufficient time for financing and to begin construction. **Should additional time be needed, a letter requesting an extension with justification should be sent to the Authority for its consideration.**

Please be aware that, if applicable, the Subsidy Layering Review (SLR) must be completing and approved before construction can commence. If any choice-limiting actions are taken prior to approval of the SLR, the Project-Based Voucher agreement may be voided. The SLR process typically takes a minimum of 60 days after all documentation has been submitted to the HUD Field Office. We recommend that you submit the required documents to SHA no less than 90 days prior to your project's planned closing date. A checklist of the typical items needed in the SLR package has been included with this letter.

Congratulations again on your award. If you have any questions or need additional information, please contact me at (503) 587-4815 or mfletcher@salemhousingor.com. Once your financing is secured, we will work together to complete any HUD requirements, such as the Subsidy Layering Review and Environmental Review.

We wish you great success in bringing your project's vision and exciting outcomes into reality.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melanie Fletcher', written in a cursive, flowing style.

Melanie Fletcher
Assistant Housing Administrator of Operations



Addendum Project Based Voucher HAP Contract Housing Assistance Payments – Vacancy

During the term of the HAP contract, the PHA shall make housing assistance payments to the owner for the months during which a contract unit is leased to and occupied by an eligible family. If an assisted family moves out of a contract unit, the owner may keep the housing assistance payment for the calendar month when the family moves out (“move-out month”). However, the owner may not keep the payment if the PHA determines that the vacancy is the owner’s fault.

Per 24 CFR 983.352(b), at the discretion of the PHA, the HAP contract may provide for vacancy payments to the owner for a PHA-determined period of vacancy extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month. The amount of the vacancy payment will be determined by the PHA and cannot exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant’s security deposit).

PHA Policy

The PHA will decide on a case-by-case basis if the PHA will provide vacancy payments to the owner.

If an assisted family moves out of a contract unit, the PHA may provide vacancy payments to the owner for a vacancy period extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month.

The vacancy payment to the owner for each month of the maximum two-month period will be determined by the PHA and will not exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant’s security deposit).

Any vacancy payment may only cover the period the unit remains vacant.

The PHA will only make vacancy payments to the owner if:

1. The owner gives the PHA prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the owner’s knowledge and belief);
2. The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;
3. The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and
4. The owner provides any additional information required and requested by the PHA to verify that the owner is entitled to the vacancy payment.

The owner must submit a request for vacancy payments in the form and manner required by the PHA and must provide any information or substantiation required by the PHA to determine the amount of any vacancy payments.

The PHA is not responsible for family damage or debt to owner.



When the owner submits a claim for a vacancy payment, and the PHA determines that the vacancy is not the fault of the owner, the vacancy claim shall be calculated as follows:

- 1) Determine Daily Contract Rent (Contract Rent at Move-Out / Actual Number of Days in the Move-Out Month).
- 2) Determine the Vacant Days (Date Unit was Re-Rented minus 1st of Month Following Move-Out Month plus 1 day), or 60 days, whichever is lesser.
- 3) Multiply the Daily Contract Rent by the Vacant Days to determine Vacancy Loss.
- 4) Determine the Calculated Maximum Vacancy Claim by subtracting any amount paid by other sources (deposit, insurance, etc.) from the Vacancy Loss amount.
- 5) The Vacancy Claim Payment will be the lesser of the Calculated Maximum Vacancy Claim or two times the monthly Contract Rent at Move-Out.



Project-Based Voucher Program: Subsidy Layering Review Checklist

The following list of documents and information must be provided to the Public Housing Agency (PHA) in order to complete the Subsidy Layering Review (SLR). The SLR is completed by HUD.

Be aware that the SLR process takes *at least* 45-60 days. The PHA or HUD may request replacement documents or may ask for clarification of items during the process.

Email these items in Word, Excel, or PDF format to mfletcher@salemhousingor.com.

- Ensure that the file names reflect the items on the checklist as listed below.
- Documents must not be combined – please provide individual documents for each item listed.
- Review your documents carefully prior to submission to ensure they meet requirements listed below.
- When you submit the final item, please indicate in the email that it completes your submissions.

NOTE: In some cases, specific forms are required. Do not replace these forms with other items. Doing so will delay the SLR process. Required forms are noted in *bold, italic font in the checklist below*.

Once all items have been received, they will be reviewed to identify any obvious issues (such as a commitment letter that says it is not a commitment, or total financial figures that do not match the total of the figures in the commitment letters). Upon completion of the review, your SLR package will be prepared in draft form.

Prior to submission to the HUD Field Office (FO) for review, the draft SLR package will be emailed to you for your review and approval. Please review the entire package carefully and ensure that each item you submitted is included, and that documents have been placed in the correct sections of the package. Once you confirm the SLR package is ready, it will be submitted to the FO for their review.

Expect approval to be issued in no less than 60 days. HUD regulations provide 30 days for the FO review, and another 30 days for Headquarters (HQ) review. To help the process move as quickly and smoothly as possible, be prepared for requests for updates or edits to documents. Updates about the process can be requested, but frequent requests can sometimes cause delays.

Please direct questions to:

Melanie Fletcher, Assistant Housing Administrator of Operations
mfletcher@salemhousingor.com | 503-587-4815

Thank you!



SLR Request Memorandum

- SHA will provide this document.

Project Description

- Provide a stand-alone document. Document name should start with "Project Description."
- Narrative format.
- **A template has been provided that includes prompts for all of the required information below.** Using the template is not required, but it is recommended to ensure that no information is missed.
- The project description must include the following info:
 - Ownership (identify owner entity)
 - Type of Activity (Rehabilitation or New Construction)
 - Location (address, county, census tract)
 - Total number of units and total number of PBV units
 - PBV type (VASH or Standard)
 - Utility allowances
 - Bedroom distributions
 - Supportive services (if applicable);
 - Residential population (homeless, veteran, elderly, low-income families, etc.)
 - Any exception(s) applicable (i.e., number of PBV units exceeding project cap)
 - Details of any interim financing or construction loan(s)

Accounting Statement of Sources and Uses of Funds

- Provide a stand-alone document. Document name should start with "Sources and Uses."
- Information provided must match the Operating Proforma (*form HUD-50156*)
- Sources:
 - Identify each source and indicate type (loan, grant, syndication proceeds, contributed equity, etc.)
 - *Sources generally include only permanent financing and grants. If interim financing or construction loan is proposed, provide details in the project description.*
 - List each source separately. Amounts in the Sources and Uses statement must match the amounts on commitment letters for each funding source.
 - If interim financing or a construction loan is proposed, provide details in the project description.
- Uses:
 - Separately identify detailed uses; do not use broad categories like "soft costs".
 - Acquisition costs should distinguish purchase price from related costs.
 - Construction and rehab should include builder's profit and overhead as separate items.

Description of Funding Sources

- Provide a stand-alone document. Document name should start with "Description of Funds."
- Narrative format.
- For each funding source:
 - For loans, include principle, interest rate, amortization, term, and any accrual, deferral, balloon, or forgiveness provisions.
 - Describe any lender, grantor, or syndicator requirements for reserves or escrow requirement (if applicable).
 - Describe if a lender will receive a portion of the net cash flow.
 - Identify the amount of LIHTC and include *IRS form 8609*.



Commitment Letters

- May be letters or signed grant/loan agreements.
- Provide individual documents (do not scan into one file/group).
- Documents should be titled "Commitment – Bank/Organization Name."
- From all sources of financing, disclosing significant terms.
- Must be a clear commitment; if the letter indicates it is not a commitment, it will not meet this requirement.
 - Review each letter – if the phrase "this is not a letter of commitment" or "this is a letter of interest" appears in the text, request an updated letter omitting this verbiage.
 - Signed loan and grant agreements meet this requirement; proposal letters and letters of intent do not.

Developer's Commitment Letter

- Stand-alone document. Title should begin "Developer Commitment."
 - 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).
 - Signed, dated, on letterhead.

HOME Commitment Letter (if applicable)

- Stand-alone document. Title should begin "HOME Commitment."
- Signed document clearly identifying requirements of the HOME designated units and intended rents.

Supportive Services Commitment (if applicable)

- Stand-alone document. Title should begin "Supportive Services Commitment."
- Signed Memorandum of Understanding (MOU).
- Must describe services to be provided, frequency, terms of service, and resident eligibility.

Appraisal Report

- Must 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 assistance.
- Must be dated within 6 months of the SLR submission date.
- **Best practice: include Form HUD-92273 (Rent Comparability Grid).**
 - This form is not required but is strongly encouraged to ensure that all information required by HUD to complete the review is included in the appraisal report.
 - <https://www.hud.gov/sites/documents/92273-s8.xls>

Stabilized Operating Proforma

- **Complete HUD form 50156.**
 - <https://www.hud.gov/sites/dfiles/PIH/documents/2021Mixed-FinanceDevProposalCalculatorHUD-50156.xlsx>
- Include projected rental, commercial, and miscellaneous income, vacancy loss, operating expenses, debt service, reserve, contributions, and cash flow.
- Must be projected over a **20-year period with each individual year listed** (may go in 5-year increments after 20).
 - **NOTE:** The HUD 50156 only covers a 15-year period. An additional tab to extend the proforma calculation for years 16 – 20 must be added.



Low-Income Housing Tax Credit Allocation Letter (if applicable)

- Document title should start "Tax Credit Allocation Letter".
- Amount of credits reserved, or
- **Include IRS Form 8609.**
 - www.irs.gov/Form8609

Historic Tax Credits (if applicable)

- Document title should start "Historic Tax Credits".
- Issued by an authorized historic credit agency.
- Must disclose the estimated historic tax credit amount of LIHTCs reserved for the project.

Equity Contribution Schedule (if applicable)

- Document title should start "Equity Contribution".
- Investment amount.
- Equity contribution schedule showing amount and timing.

Bridge Loan Details (if applicable)

- Document title should start "Bridge Loan".
- Must provide details if the financing plan includes a bridge loan where equity contributions proceeds planned over an extended time can be paid up front.

Standard Disclosure and Perjury Statement, Identity of Interest

- **Complete HUD-2880 Form**
 - <https://www.hud.gov/sites/dfiles/OCHCO/documents/2880.pdf>
- Box 4, "Amount of HUD Assistance Requested/Received" should match the **total amount of Housing Assistance** income listed in the property's proforma for years 1 – 20.

PBV Award Letter

- This will be provided from SHA files.

Proposed Project-Based Gross Rent Amounts / PHA Rent Certification Letter

- Provide a stand-alone document titled "Proposed Project-Based Rents".
- Include the requested Contract Rent, Utility Allowance, and Gross Rent amounts for each bedroom size that will have PBV assistance.
- Amounts must match amounts listed on other documents, such as the proforma.
- **SHA will provide a rent certification letter addressed to HUD based on the figures provided in your Proposed Project-Based Gross Rent Amounts document.**

Environmental Clearance

- Completion of an Environmental Review by the local Responsible Entity (City of Salem) is required prior to execution of the Agreement to Enter into a HAP Contract (AHAP).
 - **Please be aware that you may need to work directly with the City of Salem Urban Development Department (UDD) to complete Environmental Clearance.**
 - **If your project did not receive other funding requiring Environmental Clearance, SHA will notify UDD of the need for the review.**
 - SHA will provide documentation to HUD of the completion of the Environmental Review.