



March 19, 2021

Mike Boyer, Senior Project Manager
Home First Development
866 N. Columbia Blvd., Suite A-25
Portland, OR 97217

RE: Project-Based Voucher Proposal
27th Avenue Apartments

Dear Mr. Boyer,

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) 2021-01-01 was reviewed and successfully met criteria. Your proposal requested an award of eight (8) Project-Based Vouchers (PBVs), and they are hereby awarded as follows:

4 2-bdr units

4 3-bdr units

8 Total units

Final award of these Project-based vouchers will be contingent on (1) approval by HUD of the Subsidy Layering Review and Environmental Review, (2) completion of your project, (3) the availability of PBV-authorized units at your site that comply with Housing Quality Standards prior to occupancy, and (4) your acceptance of the following conditions:

- 1) Salem Housing Authority (SHA) will maintain a waiting list for the units. Placement on the waiting list will be in date and time order of application.
- 2) 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.
- 3) 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).

If these conditions are acceptable, please sign and return the included Certification indicating your acceptance. The Housing Authority will reserve the vouchers granted through this award for 36 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 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,

Melanie Fletcher
Compliance Manager



Certification of Acceptance of Project-Based Voucher Award

Project: Gateway Salem

PBV Award: 0-bdr 1-bdr 2-bdr 3-bdr 4-bdr

By my signature below, I hereby certify acceptance of the Project-Based Voucher Award from the Salem Housing Authority. I agree that, in addition to complying with applicable federal regulations, the project shall adhere to the following conditions:

- 1) Salem Housing Authority (SHA) will maintain a waiting list for the units. Placement on the waiting list will be in date and time order of application.
- 2) The HAP Contract will include an addendum outlining the process for claiming vacancy loss payments in accordance with HUD regulations.
- 3) 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).

Requested initial HAP Contract term (please select one):

3 years
 15 years

5 years
 20 years

10 years
 To be determined

Signature

Date

Printed Name

Title

*Please return completed certification to:
Melanie Fletcher, Compliance Manager
Salem Housing Authority
360 Church Street SE
Salem OR 97301
Or scan and email to mfletcher@salemhousingor.com*



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.



Subsidy Layering Review Checklist For Projects Using Housing Choice Vouchers

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.

Narrative Description of the Project.

- Provide a stand-alone document. Document name should start with “Narrative.”
- Total number of units.
- Unit type, bedroom distribution.
- Portion and unit types receiving assistance, compliance with partial assistance requirements.

Sources and Uses of Funds Statement

- Provide a stand-alone document. Document name should start with “Sources and Uses.”
- Sources:
 - List each source separately.
 - Indicate whether loan, grant, syndication proceeds, contributed equity, etc.
- Uses:
 - Should be detailed.
 - 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.

Narrative Description of Details of Fund Sources

- Provide a stand-alone document. Document name should start with “Description of Funds.”
- For each funding source:
 - Loans: Principle, interest rate, amortization, term, and any accrual, deferral, balloon or forgiveness provisions.
 - Reserve or escrow requirement details should be included, if applicable.
 - Disclose if a lender will receive a portion of the net cash flow.

Commitment Letters

- Provide individual letters (do not scan into one file/group of documents).
- Documents should be titled “Commitment Letter – 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.

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 include rent comparability data reported on Form HUD-92273**
 - <https://www.hud.gov/sites/documents/92273.PDF>

Stabilized Operating Proforma

- Provide in Excel format. Do not hide tabs or columns.
- Should 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).

Tax Credit Allocation Letter (if applicable)

- Document title should start “Tax Credit Allocation Letter”.
- Amount of credits reserved, or
- IRS Form 8609.

Historic Tax Credits (if applicable)

- Document title should start “Historic Tax Credits”.
- Amount of credit.

Equity Contribution Schedule

- 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”.

Standard Disclosure and Perjury Statement, Identity of Interest

- Completed HUD-2880 Form

PHA Commitment Letter for Project-Based Voucher assistance

- This will be provided from our files.

Proposed Project-Based Gross Rent Amounts

- 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.
- **Note that once the SLR is approved by HUD, rents may not be increased. Please ensure the amounts requested are the finalized figures for the project.**