
Memorandum



From: Sean Thomas, Director
Office of Planning, Preservation, & Development

Date: March 2, 2009

Re: Federal Stimulus Legislation update

Two weeks ago President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). This Act contains two provisions that may greatly impact 2007, 2008, and 2009 Housing Tax Credit projects. The first provision is an allocation of additional HOME funds to provide gap financing for projects that have received an award of Housing Tax Credits in federal fiscal years 2007, 2008, and 2009. Ohio is expected to receive over \$80 million of these additional HOME funds. The second provision is that housing credit agencies may elect to monetize up to 40% of the 2009 credit allocation and 100% of returned credits at a rate of 85% of the 10 year credit amount. Housing credit agencies may then allocate these funds as subawards to finance the construction or acquisition and rehabilitation of qualified (under Section 42 of the IRC) low-income developments. Both of these temporary new programs are designed to help compensate for the reduced investor demand for the tax credits and facilitate the development of housing projects as quickly as possible.

At this time the Ohio Housing Finance Agency (OHFA) has not formalized its plans for the use of these funds. Staff is working through policy and process issues related to the administration of these programs. In addition, staff will need to consider further guidance from HUD and IRS before making recommendations to the OHFA Board for their approval. Staff will make decisions as quickly and transparently as possible. Feedback will be solicited from customers and stakeholders and draft policies/guidelines will be available on OHFA's website for comment prior to formal approval. Feel free to share your suggestions and comments with staff at anytime. Since it is imperative that these funds be used as soon as possible, OHFA intends to expedite this planning process and interested parties should visit OHFA's website and join, if they have not already, the Agency's e-mail list (instructions at www.ohiohome.org). Additional guidance for specific program years is provided below.

Applicants for 2009 Housing Credits and Gap Programs. The application deadline of March 19th remains unchanged. Applicants should continue the process of preparing applications and structuring deals based on the current QAP and HDAP, NSP, and HDL Guidelines. Also, applicants should structure projects with an investor for the tax credits at a reasonable price in today's credit market. OHFA expects applicants to make good faith efforts to obtain all available private and public (non-OHFA) resources and provide conditional funding commitment letters that comply with Agency requirements. Applicants should note any funding gaps in their list of project sources. After OHFA develops policies and procedures for the new ARRA resources, staff will notify applicants during the round of alternative or additional funding opportunities. There is no guarantee that OHFA will be able to cover funding gaps.

Owners of Projects with Allocations of Credits in 2008 or 2007. For projects that need additional assistance to proceed, OHFA will develop a process for owners to apply for the new resources provided under the ARRA and additional credits provided under the Housing and Economic Recovery Act of 2008. Requests for additional assistance are not currently being accepted. Until the policies and procedures are developed and approved, owners should continue working to develop their deals as-is. Please monitor the Agency's website in the coming weeks for updated information and procedures.

Developers of New or In-Development Multifamily Bond Projects. It is possible that additional resources will be available for developers considering a new multifamily tax-exempt bond project or developing a bond project that received a letter of eligibility for credits by OHFA in 2007 or 2008. OHFA will address these projects in the policies and procedures for the new ARRA resources. Developers should not submit proposals to OHFA until these policies and procedures have been approved. Again information will be available on the OHFA website in the near future.

Staff appreciates the patience of the development community and understands the urgency to develop policies and procedures. OHFA looks forward to using these new resources with our partners to meet Ohio's housing needs.

If you have any questions, please contact me at 614-466-0440 or sthomas@ohiohome.org.