

## **DCA UPDATE ON AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

DCA is working with HUD, Treasury and NCSHA to establish parameters of a program for use of funds available to tax credit projects under the American Recovery and Reinvestment Act of 2009 (“Act”). DCA has not yet obtained the consent of Governor Perdue to accept funds, but believes that this approval should be forth coming. No program guidelines will be issued until the Governor authorizes us to do so. We are required to ensure that all state costs and risks associated with use of these funds are fully investigated and closely monitored. At this time, DCA is reviewing the state costs of administration of the TCAP program and the Tax Credit Exchange. No definitive decisions have been made as to how DCA will prioritize projects that meet the requirements and objectives of the Act although the Act clearly requires us to prefer projects that are “shovel ready”. DCA deems federal and state syndicator participation in projects critical to the continued success of the Low Income Housing Tax Credit Program. Therefore, it is likely that projects with a firm syndication structure in place will be given first priority in utilizing Act funds for gap financing.

As we gather information for this process, DCA is also working on the following to assist in implementation of a program to utilize these funds:

- Scheduling discussions with Georgia syndicators to ensure that we have their input in formulating this program.
- A public forum has been scheduled for March 18 at 2:00 to talk about TCAP and the Tax Credit Exchange. DCA would suggest that you send questions to us ahead of that forum if possible. Staff will be better equipped to provide you with a response if we have had sufficient time to review and discuss questions.
- A survey is being formulated for all 2008 9% selected projects, 2008 9% projects on the waiting list, and all bond applicants that have been issued letters of determination but have not commenced construction. This survey will elicit verifiable information in order to determine the potential to begin construction by June 1st.
- Formulating RFPs for critical staffing to assist in reevaluating applications and working with applicants in preparing projects for construction to begin.
- Preparing the required Letter of Intent and the description of our plan for awarding TCAP funds required in a specified timeframe from the NOFA which will appear in the Federal Register.
- Reviewing whether a QAP amendment is required to outline program requirements.

Once we determine that funds are available, DCA will be publishing a timeline for application for funds and for returning 2008 credits. Additional milestones to ensure projects begin construction will also be formulated. The Act requires DCA to prepare a Plan to enforce the redistribution provision of the statute that calls for the transfer of

funds from slow-performing to “more deserving” projects. Projects that cannot meet scheduled deadlines may be replaced with projects that have the ability to move faster.

Several potential applicants have asked what they can do to ensure that they are ready to submit an application for funds if they become available. The following will be critical components of the decision as to which projects are “shovel ready”:

1. Complete Architectural Plans and specifications
2. Revised Budgets to account for Davis Bacon wages and proposed alternate financing structures and related costs.
3. Section 3 Plan documentation
4. Attendance at a DCA scheduled Davis Bacon and Section 3 training.
5. Detailed line item estimate of construction costs
6. Value Engineering of construction costs. Be prepared to provide and defend each line item cost in the construction budget. Use of these funds will be highly scrutinized by both DCA and the Inspector General at each stage of construction.
7. DCA’s will require draw procedures similar to HOME for all Act funds. Significant reporting requirements will also be required and are posted on the federal website. No monies will be distributed without appropriate documentation of its use, release of liens and regular progress inspections.
8. Be prepared to provide DCA with the required Owner/Contractor construction contract and schedule of values. Fixed sum contracts will be preferred.
9. Prepare a detailed time line describing each step of process required to commencement of construction, as well as a detailed Construction time line which will be reviewed and may be the basis of funding and performance reviews.
  
10. Prepare to provide DCA with due diligence submitted to any funder involved in the project. DCA will be reviewing all underwriting submitted to syndicators, lenders, government partners etc.
11. Review market to determine that current economic challenges do not require a reduction of units or change in unit mix. For projects without a syndicator, DCA will require a market update that addresses any changes in the economic conditions of the proposed market area, with particular attention to the impact on affordable housing projects within a 2 mile radius of urban projects, and a 10 mile radius of rural projects. Market will be a critical element of DCA’s plan.
12. General Contractors may be required to undergo a Contractor audit of costs similar to what DCA requires for its normal HOME program, therefore, if they have not participated in HOME projects, they should familiarize themselves with these guidelines.