

## **T J Acquisitions LLC**

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April 13, 2009

Mr. Chris Lagrand, Director of Legal Affairs  
Michigan State Housing & Development Authority  
P.O. Box 30044  
Lansing, MI 48909

RE: American Recovery & Reinvestment Act  
Preliminary Implementation Plan Comments

Dear Mr. Lagrand:

In the last 10 months, two acts, HERA and ARRA, have been signed into law. These acts include significant provisions for the Low Income Housing Tax Credit Community. HERA included sweeping changes that were intended to jump start our industry, but as we all know did not achieve that result. Now ARRA provides substantial monetary assistance to jump start this program. In the last 16 months, few deals have been closed and broken ground. In the meantime, the need for affordable housing grows and residents continue to live in sub-standard housing that is in desperate need of rehabilitation.

Syndicator's are not knocking at our door. We've closed and syndicated 23 tax credit deals since 2002 and have 4 reservations for acquisition/rehab developments that are shovel ready. Yet no syndicators are calling and no syndicators are sending letters. Such was not the case just a couple of years ago when the calls and letters would start as soon as MSHDA issued the list of projects that received reservations. I've offered our deals to syndicators at rock bottom prices but have no takers. The industry is dead and ARRA must be put to use immediately.

The importance of moving forward quickly and putting these new federal funds to work immediately cannot be overstated. Just as the LIHTC community is stalled, so is the construction industry. Single family and multi-family construction is non-existent. New home starts are at lows that have not been seen in decades. The companies that comprise residential construction are typically small in nature. They are mom and pop operations that are the backbone of small business and small business is the back bone of America. They have laid off their employees; and worse yet, some have had to close their doors and shut down their operations. ARRA means jobs and putting people back to work. ARRA must be put to use immediately.

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The immediate focus must be shovel ready projects. The prime time to build and re-hab is already upon us. MSHDA must move quickly to expedite the start of these shovel ready jobs so the benefit of putting people back to work can be seen in the economy.

Rural areas are as adversely affected by the economy as are urban areas. In fact, in many cases more so because they lack the benefit of large employers. The benefits and side effects of a construction project in a rural area are substantially greater than in urban areas. ARRA must include rural projects as well as urban projects.

Implementation of ARRA must be done without creating a bureaucratic nightmare. Simply applying existing MSHDA guidelines and oversight will make the process cumbersome and heavily burden existing staff and resources. While certain requirements may be mandated, flexibility exists with regard to other concerns such as design requirements and review, construction oversight, and tax credit compliance. MSHDA should take note of how well the LIHTC program has worked with oversight from the tax credit syndicators. MSHDA would be well served by contracting with certain syndicators for these services.

MSHDA must also recognize that ARRA is short term and hopefully will not need to be implemented again. That said, it is important to recognize the need to not overbuild the structure to put ARRA to use. The task of developing, implementing and executing this plan is enormous and requires the input of all affected parties. The ability to submit written comments and participate in a public listening and feedback session is great. However, I encourage MSHDA to include industry professionals in the development of the plan itself.

Finally, MSHDA must be fair and respect the work of the developers that have their 2007 and 2008 reservations. Significant time and money has gone into these developments and work has not stopped just because the syndication market is dead. MSHDA must make a reasonable effort to work with developers to get their deals closed.

Sincerely,  
T J ACQUISITIONS LLC

Jeffrey F. Gates

cc: Tom Lapka  
Jill Mellen  
File