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Sent: Monday, July 28, 2014 11:26 AM
To: Nancy Muller
Subject: Duval LDA map

I have reviewed the Duval 7-7-14 LDA draft map.

My recommendation is the following:

1. Look at economic occupancy, not physical. Projects that are at 93% occupancy are giving away loss to old lease, concessions and typically have more bad debt than other deals, as they are struggling to fill units.
2. Arlington and airport areas: We own Mission Pointe/Mallards Landing and Sundance Pointe, up by the airport and Arlington. Both deals are in the mid to low 80s on an economic basis. And this is even with 83 ELI units at Sundance.

The bottom line is that if there is a way, staff needs to set the LDAs taking into account economic occupancy, rather than physical. We typically see in Jacksonville a 10%+ differential between physical versus economic occupancy. The Guarantee Fund can confirm same, as they had a pretty heavy concentration of deals in Duval.

The vast majority of Duval County still has a level of demand for affordable housing that is minimal. And this has been in existence now for 15 years and will continue to be so, for the simple reason that Duval has high LIHTC rent but the lowest housing prices of all of the Large counties. When the tax credit rents are not much different from market rents and from owning a home, naturally we don't see the level of demand in that County that one would see elsewhere.

The bottom line is that any new affordable housing projects will see minimal demand and moreover will cannibalize existing deals. The last time the FHFC decided to allow development into Duval (see Ryan Oaks and a Landmark project) they immediately impacted (for a very long time) Logan's Pointe, for example.

Please don't hesitate to contact me should you have any questions.

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