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To: Kevin Tatreau <Kevin.Tatreau@floridahousing.org>; Ken Reecy <Ken.Reecy@floridahousing.org>

Subject: Large County garden style applications and proximity points

I have noticed a trend the past couple of years, particularly in Broward and Dade County. And a long-term trend in Dade.

In particular, until the market boomed in 2005, all of the applications from South Florida were garden style communities. And then when the market took off in the early 2000s, tax credit developers could not compete with market rate developers. As a result, we have now seen a 10+ year trend that the majority of the Dade 9% tax credit deals have been vertical construction. And the high rise projects have become much smaller projects, as there is only \$2.561 million in tax credits per development, which allocation amount hasn't changed for over 10 years. Moreover, those high-rise projects have extremely small units, and no green space for the residents. It is basically a tall, skinny building with no opportunities for the kids to run and play.

Since the imposition of the proximity points, we now have an artificial barrier to many garden style projects. It is not always possible to obtain 12.25 points, as there is not always a combination of bus, medical, grocery and school and/or pharmacy. There is that combination of proximity points for the urban high-rise sites, but that brings us back to the costly, inefficient projects that provide no true space for families.

In Broward, the proximity point system has had a startling effect of late. In particular, outside of a project owned by a City and a public housing project, there were only a few other 9% tax credit applications submitted this year for Broward. We all know that there are more zoned sites than that in Broward, but we have to tell sellers we cannot develop their site because it "doesn't score". Moreover, with the imposition of the new definition of DDAs, we no longer easily find sites anywhere in Broward that get the 30% tax credit boost, be it through DDA or AO status. The same in all of the other counties, such as Dade and Palm Beach, that had had DDA status for many years. So, quite often we will find a DDA or AO site, but again cannot pursue it because of the proximity points. This is also why you saw this year about 60% of the number of 9% tax credit applications that you typically have seen in Dade.

Given the above, my recommendation is that for garden style projects, the perfect proximity should be 10 points, rather than 12.25 points (which crept up to 12.5 points this year; I was not sure why?). In this way, you will have the opportunity to receive garden style applications, which have lower development costs/unit and deliver more units to the community, which is paramount. With all of the focus on cost/unit of affordable housing across the nation, this is really a critical issue. I think it is important for the FHFC to show other agencies, as well as our legislators, that we are all working together to reduce the development costs for affordable housing. And to make sure the housing is not only clustered in certain urban areas, on sites that are 0.5 to 1 acre in size.

My other recommendation is the mandatory proximity distance. The mandatory distance chart was created in the depth of a recession. We are well past that period and there is just a huge unmet demand for housing. Given that, I would encourage you to have projects on that list that are just from the prior year cycle, rather than two prior cycles. There is certainly no need to have a project of 100 units on the list that has delivered 2 years prior to when the new application will deliver. This

mandatory proximity distance again is eliminating lower cost garden style projects that could have moved forward.

I almost feel like the mandatory distance proximity should be entirely eliminated, to be honest. When it started, we saw projects typically of 200+ units. With the average project size now 100 units, which years ago no one would have touched because of economic inefficiencies, I don't think the mandatory distance proximity really is required.

I appreciate the opportunity to share with you my thoughts on the proximity points and its inadvertent negative effect on the construction of more housing, and moreover, housing that costs less to build. Should you have any thoughts regarding the above, please don't hesitate to contact me.

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