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**Sent:** Friday, May 11, 2018 10:28 AM  
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**Cc:** David Deutch <[david@pinnaclehousing.com](mailto:david@pinnaclehousing.com)>  
**Subject:** Comment Regarding Demo Costs and TDC

Good morning and Happy Friday!

There has been a great deal of discussion lately as it pertains to TDC limits. As you're aware there are many developments that were funded prior to the crash of the equity market caused by Tax Reform, the rapid escalations in construction costs, and the secondary increase in constructions costs triggered by last year's hurricanes. Though we sincerely appreciate the thought and consideration Florida Housing, and in particular you, have given to this matter there's one additional point we would ask that you consider.

Housing Authorities are not able to choose their sites. More often than not, PHAs are applying (with their development partner) for redevelopment of an existing, occupied site. There is a nationwide wave of aging public housing that PHAs are trying to revitalize using the most realistic funding source available - 9% credits. Much of this was built in the 60s and 70s and is neither energy-efficient nor compliant with current building codes. In the case of most public housing, it is necessary to build something new that is more suitable for today's family and seniors than to rehab something that is fifty years old. **It is with this in mind that we ask that demolition costs be excluded from TDC calculations.** Including these costs in the calculation puts PHAs at a disadvantage as these costs are quite often significant (sometimes several hundred thousand dollars). If one were to make a comparison between a non-PHA transaction and a PHA transaction, one would note that PHA land is invariably delivered less expensively to the transaction. However, that savings is offset by the necessary demolition costs. The non-PHA transaction would pay more for their land, but 100% of that land cost is entirely exempted from TDC. This unintentionally adversely impacts a PHA development, where one should fairly consider the demolition cost as part of the "land cost" itself.

In addition, if PHAs were able to choose a vacant piece of property to develop, they would be able to increase the allocation to enhance the durability and sustainability of the improvements, add energy efficiency features, etc. By including demolition in the TDC calculations it quite often puts a difficult cap on what can be allocated to building the new units.

Thank you for your consideration of this request.

Best,

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