

Comment: Mandatory Distance Requirement (MDR) and Proximity List Changes:

The Mandatory Distance Requirement (MDR) has been a popular topic this year and we would like to echo a few of the previous comments while adding some of our own findings to the discussion. In making this comment we seek to demonstrate the positive effects of decreasing the MDR for proposed developments in medium counties which have a significant need for additional affordable housing.

1. FHFC has taken several positive steps in response to the recent changes from county-wide DDA's to Small Area DDA's including the implementation of the Areas of Opportunity (AOO) which has assisted developers in identifying development opportunities. Reducing the Mandatory Distance Requirement OR increasing the rate at which developments are taken off of the Development Proximity List would further assist those communities which were disproportionately affected by the DDA changes.
2. Many local markets in medium counties have a need for affordable housing that far exceeds the supply created from a newly FHFC financed development. Generally, those developments being developed with a 9% award are under 120 units and are leased up quickly. Seminole County is a particularly good example of this. Per the most recently available occupancy date for the FHFC portfolio, in July, 2016 all Seminole County developments have occupancy rates over 94% (including those completed developments on the current Development Proximity List) with the exception of one development located in Oviedo which is at 89%. This outlier in Oviedo is important to note. Currently, proposed projects near this 89% occupied development would satisfy the MDR requirements. However, based on FHFC's occupancy data, this particular area appears to be the worst of Seminole County in terms of occupancy. If the goal of the MDR and the Development Proximity List is to ensure developments are only built in areas that can support additional units in an effort to avoid cannibalization of existing deals, it doesn't appear to be effective in this instance and instead incentivizes development in an area of the county that has occupancy below that of the county-wide average. This would seem to be contrary to FHFC's intent and creates a scenario where developments are barred from entering areas of the county with historically high occupancy just because a recently funded deal is in the same area.
3. FHFC has allowed large county local governments to get around the MDR in their communities by providing the option to provide an enhanced LGC. This is a positive step and seems to show an understanding that the MDR is not an accurate gauge for the supply and demand of a particular area. Many local governments in medium counties do not have this option and are unable to redevelop or develop new housing due to the MDR. This stalls revitalization efforts where the first awarded project often acts as a catalyst and provides momentum for the revitalization of a community, rather than creating a roadblock for future development.



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4. As MDR relates to those proposed developments with the same financial beneficiaries as a development on the Development Proximity List, we propose that FHFC should discontinue the practice of allowing those developers to submit applications which do not meet the MDR. It seems to discredit the entire MDR process if one developer can propose sites within MDR boundaries but others can't. If a particular 2.5-mile radius can support additional units proposed by the same developer of a nearby project, then why wouldn't it support the same additional units proposed by any other developer? The additional units would have the same effect on the surrounding market regardless of who the financial beneficiary is.

In summary we believe it would be beneficial to several Medium-county communities with tremendous affordable housing need to have MDR requirements reduced from 2.5 miles to 1 mile and to eliminate the preferential treatment of some developers who are exempt from the MDR. We appreciate the opportunity to provide comments to FHFC and hope they are helpful.

Sincerely,

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