

**From:** Scott Culp [<mailto:sculp@cpgconstruction.com>]  
**Sent:** Tuesday, May 28, 2013 2:03 PM  
**To:** Kevin Tatreau  
**Subject:** TDC Limitations

Kevin,

We have reviewed the TDC limitations proposed in the May 13, 2013 Workshop Discussion Points.

We researched our own historic and current construction costs as well as other projects with similar construction types.

Not having any experience in Palm Beach, Broward, Miami-Dade or Monroe counties, we did not review any data with regard to "Garden B" TDC limitations.

Our research of our construction costs indicates that the "Garden A" TDC limitation is reasonable for typical Garden Apartments.

However, Townhouses, Single Family Rental, Duplexes, Quadraplexes and Mid-Rise Wood exceed your recommended TDC limitations. Lower density sites required by local comprehensive plan and zoning regulations require greater site development costs per unit and greater costs per square foot of gross and net building area than typical garden style apartments. Mid-Rise Wood requires elevators and an increased structural element building costs compared to the typical garden style apartments. Our research indicates that these Development Types can reasonably be developed for the TDC limitation you have recommended for "Garden B".

The "Mid-Rise Concrete" TDC limitation appears adequate, however the definition would not include 4, 5 or 6 story buildings that are constructed with a concrete podium supporting wood frame. These podium buildings are necessary to achieve the higher densities required in many urban environments and often required in many of the urban Transportation Oriented Developments (TOD). The "Mid-Rise Concrete" TDC limitation should apply to this concrete podium construction type where there is no frame structural component on the first floor and the vast majority of the residential units are constructed above the ground floor. Many of these podium style developments have a very small number of units located on the ground level perimeter – typically less than 10%.

We recognize that FHFC possesses a significant amount of historic data with regard to construction and development costs, however, there are numerous variables that need to be considered when trying to develop "apples to apples" comparisons. Some of those variables are;

- Cost per net rentable square foot
- Cost per gross square foot
- Cost per bedroom
- Cost per unit

- Unit Mix limitations – Seniors
- Parking ratios
- Support structure – slab on grade, podium, multi-level parking structure

I don't know if FHFC has this level of detailed cost readily available in order to arrive at an informed and educated "apples to apples" comparison.

We are also suggesting that these TDC limitations be utilized for determining the maximum Housing Credit allocation for a development (subject to County size limitations), but not be utilized to deny approval of a credit underwriting report. As we have all experienced on more than one occasion, unforeseen circumstances beyond the Developer or Contractor's reasonable control can cause significant cost overages. These unforeseen conditions may even be discovered during the credit underwriting time frame. If the Development Team possesses the ability and willingness to obtain the necessary sources to mitigate these cost overages then we recommend that the credit underwriting report not be denied, but the TDC limitation be imposed for purposes of determining the maximum Housing Credit allocation.

Thank you for the opportunity to comment on the "Discussion Points for the 2014 Housing Credit Annual Allocation" dated May 13, 2013.

**W. Scott Culp**



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