



April 8, 2022

Ralph Stone, Director
Housing Finance Division
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On behalf of Miami Jewish Health and McDowell Housing Partners we are very excited to move forward with the development of Douglas Gardens Senior Health and Living in Pembroke Pines. Originally, the development was proposed in two Phases: Douglas Gardens IV and Douglas Gardens VI. We secured two separate gap financing funding awards from Broward County, respectively in June of 2021 for Douglas Gardens IV then in February of 2022 for Douglas Gardens VI. Our development plan includes two separate two-hundred-unit residential buildings with 380 affordable senior apartments at 60% AMI, 10 units at 100% AMI, and 10 units at market rate for tenants ages 62+. In addition, the development includes an integrated healthcare component (adult day care and primary care) that will serve Douglas Garden residents and the low-income seniors of Broward County. Enclosed find the latest site plan currently submitted for approval by the City of Pembroke Pines.

We respectfully request approval to combine DGIV and DGVI into a single phase of development and single funding transaction and to assign the award for DGVI to the DGIV applicant, Douglas Gardens IV, Ltd. The resulting combined development maintains all requirements and scored elements under the respective RFAs.

There are multiple benefits to all parties involved in the transaction including Broward County, Miami Jewish Health, and McDowell Housing Partners. Below is an overview of the material benefits of combining the developments into a single transaction.

- **Faster Execution:** Both 200-unit buildings are being designed and permitted on the same track and could close at the same time (expected Q1 2023). Unfortunately, if we phase the projects, the projects would be delivered consecutively instead of concurrently. In the phased motif all units in Phase I, due to 100% qualified occupancy requirements, would have to be leased first, prior to leasing Phase II. Therefore, the commencement/delivery of construction of Phase II would be delayed by 6 months. A single transaction allows us to close financing for all units in Q1 2023, versus a multiphase execution which would delay the closing of DGVI (200 units) until Q4 2023. Overall, combining the projects into a single transaction will expedite the delivery of the desperately needed affordable units and create efficiencies for the county.

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- **More Efficient Financial Structure:** Tax credit equity pricing is materially reduced per deal if we develop in phases rather than a single transaction. This is due to the projected year 1 tax credit delivery which directly affects the investor's yield (rate of return). Under one transaction we can lease both buildings at the same time versus two consecutive lease-up periods which would require 100% qualified occupancy of the first phase before beginning lease-up of the second phase. We can accelerate credit delivery to the investor and optimize equity pricing, thus leveraging the award funds further. Furthermore, we are in a rising interest rate environment. If we develop in sequential phases the additional time it would take to close DGVI would put the development at risk of losing critical loan proceeds and further increasing the gap in financing.
- **Lower Construction Risk:** Managing skyrocketing construction cost is the biggest challenge in developing affordable housing today. If we execute the development under a single transaction, we will gain significant economies of scale and efficiencies in construction that will reduce overall construction costs as we will be less vulnerable to pricing increases within a reduced project timeline.
- **Overhead Resources:** The County and development team will directly benefit from lower demands for personnel and resources, as well as duplicative transactional cost and fees.

Overall, the noted savings and benefits will result in our ability to develop a better product with lower risk, and on a much faster timeframe. We appreciate your consideration, please let me know if there are any additional questions or information you require.

Sincerely,

A handwritten signature in blue ink, appearing to read "C Shear".

Christopher Shear
Authorized Representative of
Douglas Gardens IV, LTD. & Douglas Gardens VI, LTD.

Cc: Suzanne R. Fejes, Assistant Director, HFD
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