


Development 101

Essential Skills

- Familiarity with real estate finance
- Familiarity with real estate transaction concepts
- Familiarity construction management and contract law
- Keen political sense
- Knowledge of social service delivery system
- Most of all – PERSISTENCE!

COMMON |
GROUND




Development 101

Critical Path

- Feasibility
- Site Identification/Control
- Financing
- Development team
- Design – program development
- Finance due diligence
- Closing
- Construction
- Lease-up

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Feasibility

- What's your mission?
 - Elderly, homeless, first-time homeowners, public housing
- What's your market?
- Do you have the capacity to undertake this challenge?
- Who are your partners?
- What are the impediments?
 - Zoning
 - Public opinion
 - Neighbors
 - Local/County/State Politics

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Site Identification and Control

- Does the site and location meet the project mission?
- Is it appropriately zoned?
- Is the price for the property fair and reasonable?
 - Do you have comparables?
 - Where else can you get free market data?
- Are there any encumbrances on title?
 - Liens
 - Easements and rights-of-way
 - Survey
- Environmental concerns?

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Site Control

- Marketable title
- Option
- Purchase and sale (P &S)
- Title insurance
- Closing and settlement
- Property and Casualty Insurance

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Financing

- Predevelopment
- Capital Financing
 - LIHTC
 - Competitive
 - Need for track record
 - Historic rehabilitation credits
 - Debt
 - Grants (HOME, CDBG, State Financing, Philanthropy)
- Operating Subsidies
 - Section 8
 - Other operating subsidies
 - Tax Abatements
- Sequencing/Timing

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Development Team

- Development Consultant/Partner
- Architect
- Attorney
 - Land use, transactional, tax credit
- Appraiser
- Environmental consultant
 - Phase I, Phase II
- Historic consultant
- Engineering
- Contractor
- Social service provider
- Property Manager

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Design Development

- Unit type and distribution
 - Studios, 1-br; 2-br;
 - Handicapped accessibility
- Historic considerations
- Common space
- Service Space
- Commercial space
- Finishes, materials

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Finance Due Diligence

- Negotiate final hard cost construction number with contractor
- Select an investor/syndicator
- Select commercial lender for debt
- Finalize/obtain letters of commitments for all other pieces of financing
- Make sure market study aligns with program
- Equity pay-in matches contractor schedule

Development 101

- Closing!
- Construction!
- Lease-up!

