

Phases of Development

Forming the Development Concept		
	Tasks	Products
Market	<ul style="list-style-type: none"> Identify target population Identify needs Know the basics of real estate in the county 	<ul style="list-style-type: none"> Statement of need Scope of services for market analysis
Site	<ul style="list-style-type: none"> Identify site & use Research value Preliminary evaluation of construction feasibility Evaluate acquisition 	<ul style="list-style-type: none"> Preliminary site plan and list of needed public approvals (if vacant land, unusual rehab site, requires zoning changes, etc.) Preliminary title report/comparables/site info.
Financing	<ul style="list-style-type: none"> Rough cost estimates Identify funding sources Apply for predevelopment funds Identify financial goals 	<ul style="list-style-type: none"> Sufficient predevelopment capital to complete the next steps (the feasibility analysis) Project funding plan
Management	<ul style="list-style-type: none"> Project consistent with mission Community input Identify prospective development team Design general management system 	<ul style="list-style-type: none"> Predevelopment funding applications completed and approved Board authorization to negotiate for site control Watch for conflict of interest situations

Concept
Specific use for a designated site for an identified market by a specific development team with a defined financial plan.
Board Decision: Go/No Go/Modify
If "go" commit resources for estimated development costs.

Feasibility Study		
	Tasks	Products
Market	<ul style="list-style-type: none"> • Test assumptions with market analysis • Design marketing strategy 	<ul style="list-style-type: none"> • Comprehensive market analysis that addresses all assumptions in project development and operating budget • Draft marketing strategy
Site	<ul style="list-style-type: none"> • Complete site feasibility • Preliminary design schematics and estimates • Necessary identification of public approvals 	<ul style="list-style-type: none"> • Site control • Preliminary site plan and design schematics from architect • Construction scope of work developed from initial requirements, and architect's work • Environmental assessment(s) • Appraisal • Land survey • Title report • List of and timeline for securing public approvals
Financing	<ul style="list-style-type: none"> • Research cost estimates • Contract funders • Negotiate conditional commitments for funding 	<ul style="list-style-type: none"> • Project pro forma: development and operating budgets or sales absorption (for homeownership programs) • Strategy for raising financing and subsidy funds
Management	<ul style="list-style-type: none"> • Review project feasibility • Identify team members and begin negotiations • Hold meetings with community • Develop work plan 	<ul style="list-style-type: none"> • A project work plan • Contractual agreement with development team members • Board authorization to apply for financing and execute agreements • Delegation of responsibility among staff and board members

Feasibility Study
Analysis of all assumptions regarding market, site, operating pro forma, development pro forma financial requirements, financing, team and roles.
Board Decision: Go/No Go/Modify/Sell If "go" commit resources for feasibility study, site control

Deal Making		
	Tasks	Products
Market	<ul style="list-style-type: none"> • Develop marketing plan for sales or rental • Develop property management plan • Negotiate property management and marketing • Research options for homebuyer education program • Resolve architectural and engineering issues 	<ul style="list-style-type: none"> • Marketing plan • Management plan • Contract with management company • Preleased or prequalified tenants or presold units
Site	<ul style="list-style-type: none"> • Estimate construction time period • Construction specification • Accept bids and contracts on project • Negotiate with contractor and architect • Acquire site • Refine development and operating pro forma 	<ul style="list-style-type: none"> • Working drawings/rehab scope of work • Contractor bid package • Approvals and building permits
Financing	<ul style="list-style-type: none"> • Negotiate with funders • Close on constructions with letters of commitment 	<ul style="list-style-type: none"> • Complete project development budget • Final operating pro forma on sales absorption schedule • Commitment letters for all capital funds • Closing for construction financing and subsidy funds
Management	<ul style="list-style-type: none"> • Manage development team • Sustain communications with stakeholders • Negotiate and execute contracts 	<ul style="list-style-type: none"> • Detailed work plan addressing who is doing what on the development team • Established project development accounting system • Letters of support from community and government stakeholders • Executed contracts

Deal
All elements of project made definite. Letters of commitment, contracts and loan documents binding all participants to the specific elements of the deal.
Board Decision: Go/No Go/Modify/Sell
If "go" commit resources for feasibility study, site control

Project Construction		
	Tasks	Products
Market	<ul style="list-style-type: none"> • Implement sales or lease plans • Hire operating management • Sign leases or contracts • Publicity for opening • Coordinate homebuyer education services 	<ul style="list-style-type: none"> • Waiting list (if sufficient demand) • Leases or sales agreements • Groundbreaking and related publicity
Site	<ul style="list-style-type: none"> • Contract finalized with contractor • Construction • Monitor draws and inspection • Supervise completion of punch list • Understand warranties and guarantees • Opening 	<ul style="list-style-type: none"> • Construction schedule and progress reports • Local building permits and periodic inspections and certifications, including certificate of occupancy at end of construction • Punch list, warranties, and guaranties
Financing	<ul style="list-style-type: none"> • Lender's inspections • Process receipts and disbursements through project development accounting systems • Execute permanent financing loans 	<ul style="list-style-type: none"> • Draws on construction financing • Sufficient capital to complete construction on time and on budget • Permanent financing documents
Management	<ul style="list-style-type: none"> • Monitor cash disbursements • Process change orders • Participate in job site meetings • Manage development team • Continue to meet with community 	<ul style="list-style-type: none"> • Reports of construction draws and disbursements • Detailed notes on construction progress and contractor's performance

Project
Completely built, leased building, passing all inspections.
Board Decision: Approve or delegate authority for changes, rent up/sale

Asset Management or Sale		
	Tasks	Products
Market	<ul style="list-style-type: none"> • Complete rent-up or sales • Supervise move-in • Adapt tenant selection strategies 	<ul style="list-style-type: none"> • Waiting list • Tenants council/homeowners associations (possibly) • Post-purchase counseling (for new homeowners)
Site	<ul style="list-style-type: none"> • Monitor break-in of building • Maintain and repair 	<ul style="list-style-type: none"> • Preventive maintenance plan • Capital replacement plan • Replacement reserves
Financing	<ul style="list-style-type: none"> • Close out contracts • Close on permanent financing • Contribute to and invest reserves • Monitor finance performance 	<ul style="list-style-type: none"> • Rent adjustments • Capitalize reserves • Periodic review and annual budgets • Perhaps refinancing or sale • Developer fees
Management	<ul style="list-style-type: none"> • Manage assets • Report to funders • Monitor performance of property manager • Reflect on success of the project 	<ul style="list-style-type: none"> • Quality housing • Satisfies and involved residents • Financially sound project • Stable and supportive community

Operations
Effectively rented/sold project, meeting financial and other project goals.
Board Decisions (future): Sell/Re-finance/Default

Sources:

The Development Training Institute – “Phases of Development”

Enterprise Foundation – “Planning a Housing Development Project”