

# Development 101

## Housing Institute Round 6

September 19, 2018



# Project Planning



- What do you **have**?
  - Community: Families, youth, vets, seniors, etc.
  - Resources: Available land, infrastructure, etc.
  
- What do you **want**?
  - Workforce housing, rental, single family, rehab
  
- What do you **need** to get what you want?
  - New construction?
  - New policy?



# Project Planning (cont).

- Things to Think About:
  - A specific use (rental, homeownership, etc)
  - A designated site (where will it be?)
  - A specific market (who is it for?)
  - A development team (who will help?)
  - A finance plan (preliminary budget)



# Types of Development

- New Construction
- Acquisition/Rehabilitation
- Acquisition



# Stages of Development

- **Pre-Development**

- Researching, due diligence
- Riskiest time

- May include:

- Market analysis and feasibility studies
- Site identification or land acquisition
- Environmental assessments
- Surveys
- Site plans, development plans, and building plans
- Permitting
- Some infrastructure improvements
- Arranging construction financing



# Stages of Development

- **Construction**

- Constructing the improvements
- Risks Reduced

- May include:

- Vertical construction
- Project marketing
- Drawing on construction financing
- Pre-leasing
- Arranging permanent financing (if not done during pre-development)
- Arranging for property manager (if not done during pre-development)



# Stages of Development

- **Operation**

- The final stage
- Pre-development and construction risks done
- May include:
  - Ongoing marketing and leasing
  - Finding a buyer, if not done earlier
  - Determining a hold strategy, if not selling
  - Ramping up property management
  - Achieving stabilization





# Risk Factors

- Economic
  - Does the project meet market needs?
  - Is there a return on investment?
- Organizational
  - Lack of staff capacity
  - Lack of funding
- Political
  - NIMBYism
  - Government change
- Social
  - Lack of community support
  - Lack of interest





# Building Your Team

- 1) Make a list of the skills needed
- 2) Assess your internal capacity
- 3) Create partnerships to fill skillset gaps



# Development Team



- Architect/Engineers, energy consultant, development staff, finance, operations, tenants, property manager, State Agency, investor partners, other funders, accountants, attorneys, asset manager, property manager

- ...What will yours look like?



# Development Roles



- Board Role:  
Strategic
  - Development direction
  - Project approval
  - Financing authorizations
  - Review of progress
  - Review performance
  - Asset management
- Staff role: tactical
  - Project search
  - Packaging
  - Execution
  - Day-to-Day oversight of dev. Team
  - Tracking & reporting



# Team/Organizational Capacity

Staffing

Funding  
/application  
experience,

Construction Staff  
Property Management  
General  
Construction/Mgmt.

Operations

Staff /  
Training

Reporting/  
Compliance

Project  
Planning

Policies &  
Procedures

Goals:  
homeownership,  
affordable rentals



# Funding

- LITHC Equity
- AHP Grant
- State Funds – Challenge funds
- USDA - Rural Development
- HOME funds
- Section 8/VASH funds
- New Market Tax Credits





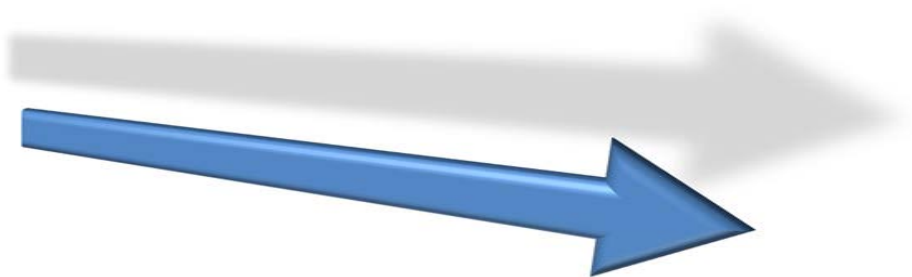
# Development Budget

- Sources vs. Uses
- Secured all funding at closing
- Capacity of Development team
- Operating Budget
- Cash Flow
- Reserves

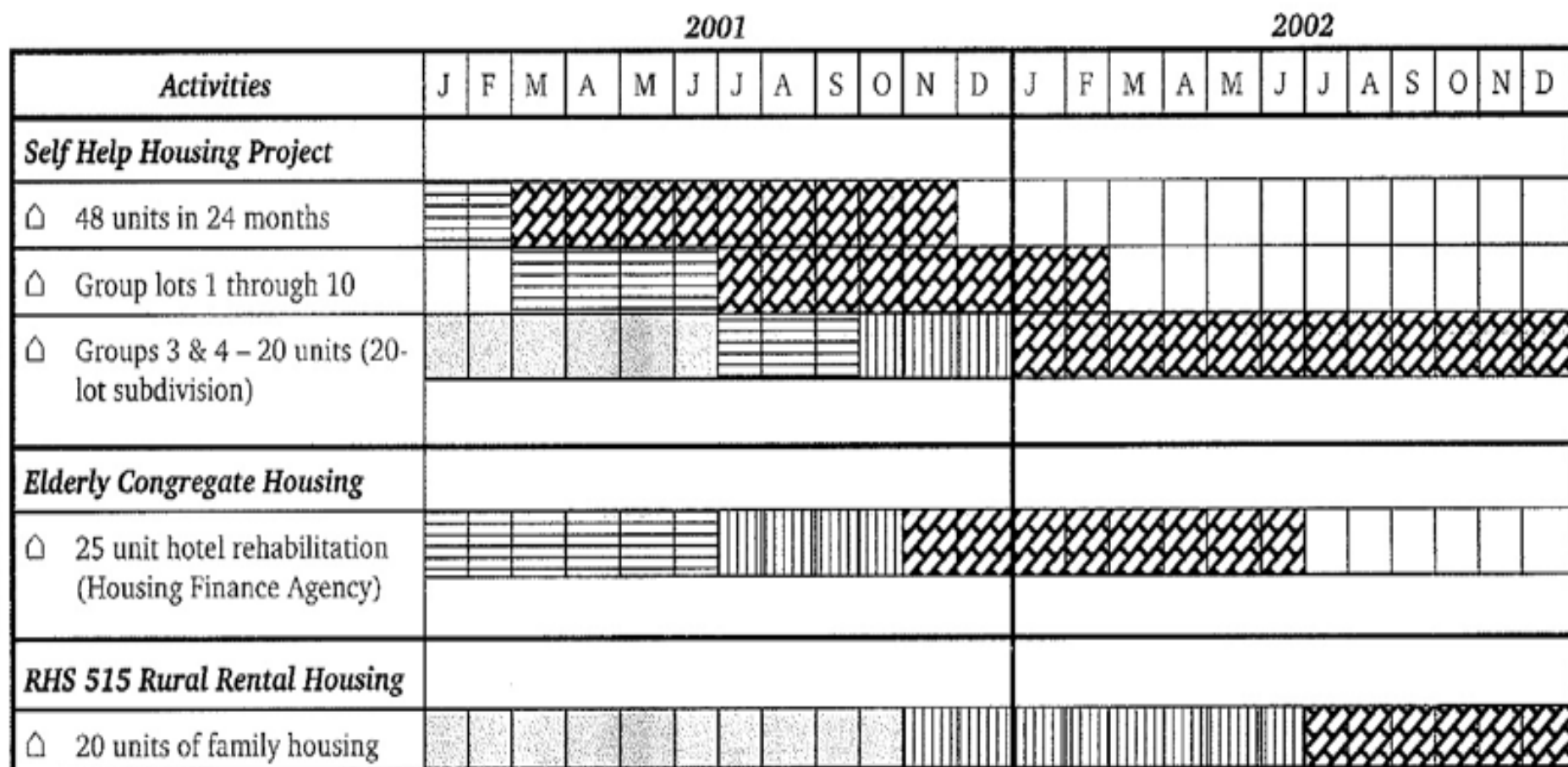


# Developing a Timeline

- Should include:
  - Financing
  - Constructing
  - Project completion
  - Funding requests/milestones
  - Commencing construction
- Need sense of urgency
- Must be doable



**Figure 2.** Sample Time Line: Two-Year Time Projections, Land and Development



**Legend:**

-  Land Search
-  Land Control  
(Option or Purchase Contract)
-  Land Development
-  Housing Development  
(Construction -> Occupancy)

# YOU CAN DO IT!

