

Introduction to the Small Development Movement

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Cultivating 1000 small developers
and cities that support them

IncDev Mission: We Teach and Nurture Implementers

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Train small business owners, neighborhood advocates, design/real estate professionals, builders and others to become small developers

Coach civic groups and government agencies on how to create a thriving ecosystem for small developers and entrepreneurs

Connect a continent of neighborhood level doers to celebrate success and share field notes through opportunistic alliances





Zero to Three Stories, In Your Neighborhood
Constantly Evolving, Regenerating



Neighborhood



Block



Lot

Big City



Small Town

What are we
trying to
accomplish?



Building of Intergenerational Wealth

Families

Leverage Building
as Income Source

Provide Lifecycle
Housing Choice

Communities

Flexible and
Adaptable Buildings

Anti-Fragile
Tax Base



Creating a Job vs Building Wealth



**Need \$500,000 To Start
Wealth Leaves**

Job: Store Manager



**Builds \$500,000 Over Lifetime
Wealth Stays**

**Wealth: Business and
Building Owner**

Building Wealth Through Real Estate



**One Story
Mixed Use**
Commercial Front,
Residential Back

Are you getting
the kinds of
real estate projects
you want to see?



Why Not??

I'll Give You Three Reasons



Overcoming Challenges to Small Scale Projects



Reason #1

Habit of Extractive Land Development

We Don't Regenerate
Like We Used To....



Culture of
Throwaway Buildings

Land Held in Hands
of Few

Deteriorating
Municipal Tax Base

Tyranny of
Amortization

Reason #2

Current State of the Development Industry



Chronic Specialization

Patchwork Quilt of
Arcane Regulation

Neighborhood
Opposition and NIMBY's

Dire Construction Labor
Shortage

Tariffs on Materials

And if that wasn't
enough...



62%

.....

of US housing stock is single-family detached homes as
of 2012 (HUD, 2014)



83%

.....

of households in the US will have no children by 2030

According to Arthur C. Nelson, *Reshaping Metropolitan America*



Reason #3

Mismatch of Buildings to People

What we have and what we
need don't fit well



Goldilocks Problem:
Don't have enough of the
'just right' buildings

National demographics
shifting to smaller units
for single person
households

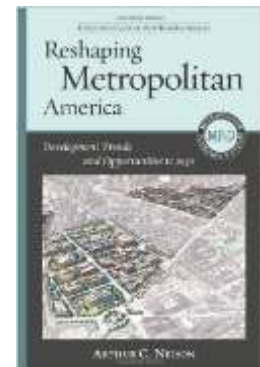
Overheated real estate
markets walkable
neighborhoods due to
lack of supply of them

75%

.....

of new housing delivered between now and 2030 should be rental to meet demand.

According to Arthur C. Nelson, *Reshaping Metropolitan America*



Hi, I'm Jim

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As a small real estate developer, I'd like to build some new multi-family rental housing in your neighborhood.







Apartments in Despair



Simple, Rectangular, Lovable

.....



The City of Grayling

Net Annual Market Potential for New-Builds



5
Cottage
House



4
Fourplex
Townhse



2
Above
Retail



4
Lofts
Flats



Corporate and institutional



Entrepreneurial and bootstrapped

Not Enough Small Developers to Fill The Needs

Who Know How to Work at the
Lot by Lot Level



Who We Need

.....

Potential Small Developers

Known as Operating Partners, the people doing the work full time or on the side

Potential Investment Partners

Known as Money Partners Through Land Ownership or Financial Equity/Debt

Small Development Champions

Folks who care about their city/neighborhood and are going to support change happening so the two groups above can do their jobs right



Small Developers

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- Real Estate Development Professional (perhaps working at a larger scale entity) or Non-Profit Organization Developer
- Real Estate Agent, Broker, or Property Manager
- Architect, Urban Designer, Engineers, Landscape Architect, Urban Planner, Attorney
- Construction Contractor, Home Builder or Tradesperson
- Small Business Owner (In a related or unrelated industry to those above)



Small Investors

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- Local Community Banker or Loan Originators (For Profit or Non Profit)
- Property owners of any size or type
- Retired individuals from high net worth industry or position
- Private equity, angel or local investment/wealth management professionals
- Professionals from land banks/trusts, redevelopment agencies
- Program Officer or Executives from local Foundations



Small Development Champions

.....

- City Management, City Planning, Housing, Community or Economic Development Professionals
- Elected Officials, Aides to City Official, Manager or Legislator, Planning Commissioners
- County, Regional or State Government/Agency in Housing or Economic Development
- Non-Profit Organization Professional, Neighborhood Leader/Volunteer/Professional, College or University Leader
- Business Association, Chamber or Trade Group Leader



What Do We Have to Know to Make These Happen?



Key Thresholds For Small Buildings



A note on Existing Buildings versus New Construction



Small Building Thresholds

Building Code

International Residential
Code (IRC)

Financing Mechanism

Residential Mortgage
(10 Year Term)

International Building
Code (IBC)

Commercial Loan
(3-10 Year Term)



Personal debt

More complexity

“Residential” mortgages

Even more complexity 1-4 units with some non-residential SF allowed

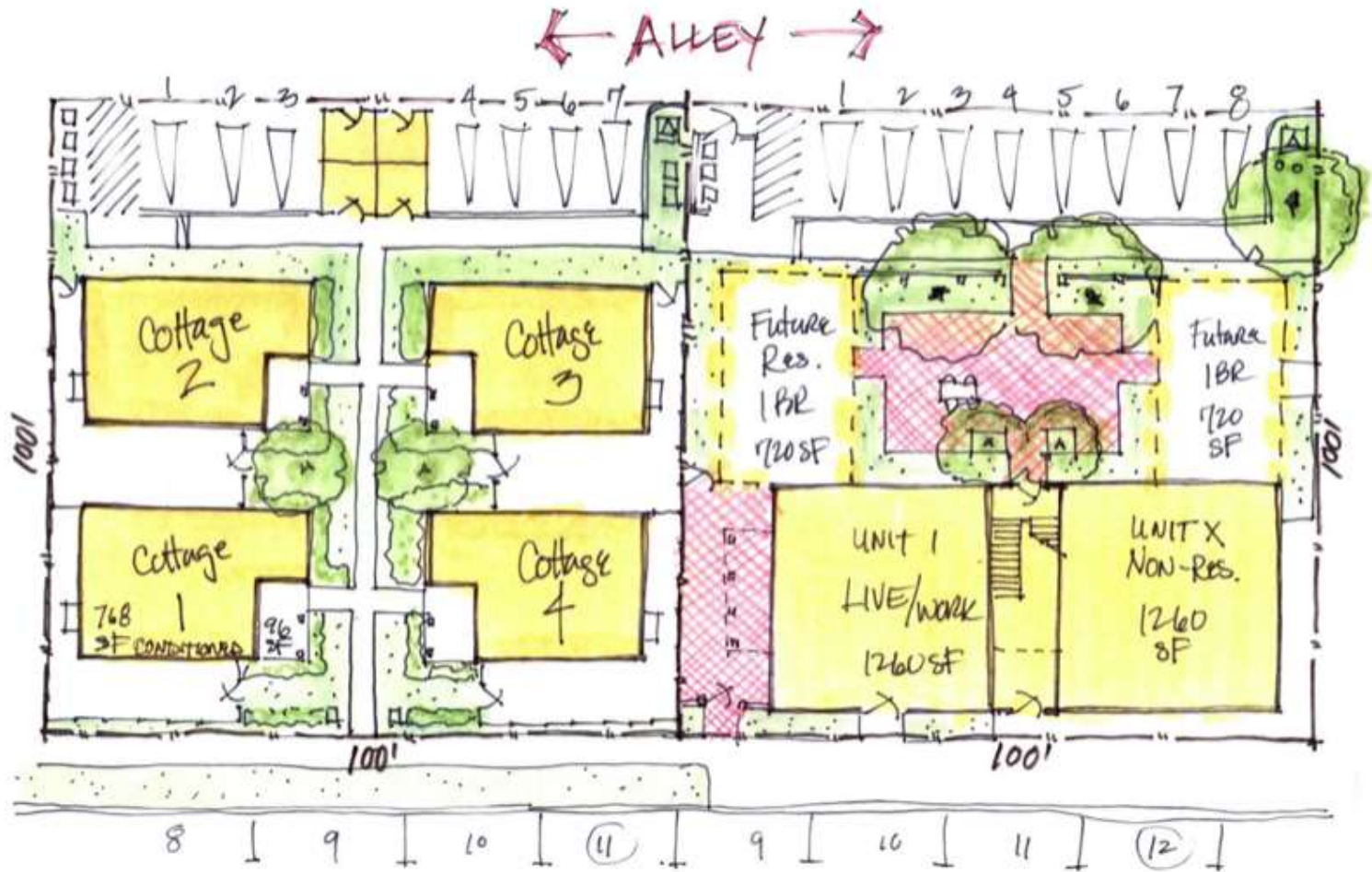
“Commercial” mortgages

Financing Product Order of Magnitude



IRC

30 year
loan



IBC

30 year
loan

Examples of 100' Lot Configurations with 4 Units



IRC BUILDINGS + 30 YR MORTGAGE



COTTAGES
UP TO 4 ON PARCEL



TOWNHOUSE
(UP TO 4 UNITS)



DUPLEX
(IDENTICAL UNITS)



MULTIPLEX
3-4 UNITS



LIVE/WORK
RESIDENTIAL ABOVE

IRC BUILDINGS + COMMERCIAL MORTGAGE

IBC BUILDINGS + COMMERCIAL MORTGAGES

IBC BUILDINGS + COMMERCIAL MORTGAGES



COTTAGE COURT
5 OR MORE UNITS ON PARCEL



COMMERCIAL
1-STORY



MIXED USE REHAB
MAX. 3 UNITS PER FLOOR

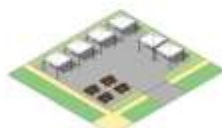


MULTIPLEX
5-12 UNITS



MIXED USE
2-3 STORY, GF RETAIL

PERSONAL CASH/DEBT



TENT MARKETS
(TEMPORARY)



FOOD TRUCKS
(TEMPORARY)



TRAILERS
(UTILITIES)



MICRO-RETAIL
(UTILITIES)



SHOPHOUSE
ATTACHED OR DETACHED



ACCESSORY DWELLING
DETACHED (REAR)

Q: How Do We
Find Small
Developers?



A: You Don't.
You Grow Them



What Will I Learn at a Seminar

Open to ALL

Public Sector
Private Sector
Non-Profit Sector



The Project Formation Process

Conventional Financing
Thresholds

Building Types and
Site Planning Tips

Financial Pro forma

Asking for Money

Learn How a Building Makes Money

Via a Financial Proforma

WHAT REVENUE CAN YOUR BUILDING PRODUCE?						
#1. MONEY IN	Quantity	Rent per Unit	SF per Unit	Rent/SF	Total SF	Total Monthly Rent
Studio Apartments		\$	400 SF	\$	SF	\$
One Bedrooms	4	\$ 800	1400 SF	\$ 1.67	1920 SF	\$ 3,200
Two Bedrooms	2	\$ 1200	720 SF	\$ 1.67	1440 SF	\$ 2,400
Commercial Space		\$	SF	\$	SF	\$
Common Area/Storage/Garages		\$	208 SF	\$	208 SF	\$
Total					3,568 SF	\$ 5,600
Gross Potential Annual Income - GPI (Monthly Rent x 12)						\$ 67,200

WHAT WILL IT COST TO OPERATE THE BUILDING?				#3. CALCULATE NET OPERATING INCOME	
#2. VACANCY AND OPERATING	% of Gross Income				
GPI - From #1		67,200		Take your Potential Gross Income (PGI) from #1	67,200
Vacancy Factor (% of GPI)	5%	3,360		Subtract the Vacancy Factor	3,360
Annual Operating Expenses (OpEx): insurance, tax, property management, repairs, expenses, etc. (% of GPI-Vacancy)	25%	15,960		Sub-Total is the Gross Operating Income (GOI)	63,800
				Subtract the Operating Expenses GOI X 25% OpEx from #2	15,960
				Remainder is the annual Net Operating Income (NOI)	47,880

WHAT WILL IT COST TO BUILD? - WHAT IS YOUR RETURN ON PROJECT COST?					#5. CALCULATE ESTIMATED RETURN ON PROJECT COST	
#4. COST OF BUILDING THE PROJECT	Quantity	Cost per SF	Total			
Land Cost	1	N/A	\$ 45,000		Take your Annual NOI from #3	\$ 47,880
Hard Costs (Total SF from #1 x Cost per SF)	3568 x	\$110	\$ 392,480		Divide that by your Total Project Cost from #4	\$ 515,976
Soft Costs (Total SF from #1 x Cost per SF)	3568 x	\$25	\$ 78,996		The product is your Estimated Return on Project Cost	9.27%
Other (Off-site Improvement Costs)	1	N/A	\$ 0			
Total Project Cost:			\$ 515,976			

HOW DO YOU FINANCE THE BUILDING? - HOW MUCH MONEY IS LEFT AFTER YOU PAY EXPENSES AND DEBT SERVICE?						#7. CALCULATE CASH-ON-CASH RETURN	
#6. DEBT SERVICE	\$						
Total Project Cost from #4	\$ 515,976					Take your Annual Net Operating Income from #3	\$ 47,880
Assume 25% Equity (down payment) is required in cash and other equity (land, deferred fees, etc.)	128,994					Subtract your Annual Debt Service from #6	32,256
Assumed Loan Amount is 75% of the Total Project Cost. This is the Total Project Cost less the Equity provided:	\$ 386,982					This produces your Net Annual Income (or Cash Flow after OpEx and Debt Service):	\$ 15,624
How much do you have to pay each month to service that debt? (Assume 4.5% interest and 25 year amortization with no PMI) www.mortgagecalculator.org	\$ 2,688					Divide your Net Annual Income by the 25% Equity number from #6 to calculate your return on the Equity; your Cash on Cash Return:	12%
Multiply Monthly Payment by 12 to produce your Annual Debt Service.	\$ 32,256					#8. ESTIMATE ANNUAL DEPRECIATION EXPENSE	
Divide the Annual NOI by the Annual Debt Service to produce your Debt Service Coverage Ratio:	1.48					Multiply the Total Project Cost by .75 as a rough estimate of the value of improvements to the land. Divide the result by 27.5 years to determine the Annual Depreciation Expense:	\$ 14,072

$$515,976 \times .75 = 386,982 / 27.5 \text{ yrs} = \$14,072$$

Asking for Money

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[illegible]

CHANDLER ROAD, BIRMINGHAM, PAGE 2

PROJECT ELIGIBILITY

APPENDIX B

SECONDARY WILLIAM FLAT

- Construction cost is 75% LTV
- Current rents at \$1.40 to \$1.55 per SF for parking 1 and 2 SF apartments
- For operators, required
- Wood Frame 1196 V construction, gravel parking off site with on-site
- Referrals are a portfolio of occupancy & generating a 30-year mortgage

Project Costs				
Land cost	\$100,000	6,700 SF parcel	\$14.94 per parcel SF	7.0% of project costs
Hard Construction Costs (Excludes Contingent SF)	\$100,000		\$17.90 per conditioned SF	
Contingent SF	\$100,000		\$40 per SF	
Soft Construction Costs (Excludes Contingent SF)	\$100,000		\$18 per building SF	18.0% of project costs
100,000 SF of building	\$1,800,000			
Total Project Costs	\$4,000,000			100.0% Project Costs

	Rate (per MCF)	Cont. SP	General SP	Stability Rate	Forward Rate		
<u>1. Costs & Expenses Relating with a well</u>							
2. <u>Drilling</u>	\$124	124		\$800	\$16,800	Building Cost	1
3. <u>Production</u>	\$124			\$800	\$16,800	Total Conditioned SP	2,612
4. <u>Production</u>	\$124			\$800	\$16,800	Total Unconditioned SP	232
5. <u>Production</u>	\$124			\$800	\$16,800	Water Annual SP	242
6. <u>Production</u>	\$124			\$800	\$16,800	Place Area Public (P&A)	3,052
<u>Summary</u>							
Total		2,910	100	\$6,000	\$42,300	Annual SP	3,052
Building SP		1,682		\$4,500	US, American Wells		
				\$1,500	US, American Wells		
				\$1,500	US, American Wells		
<u>Summary US per Operating Expenses</u>							
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				\$1,500	US, American Wells		

Project Cost	100%	\$430,000		
Owner Payment (Cash)	50%	\$215,000		
	50%	\$215,000		
Monthly payment PMT	(at 7.0%)			
Annual NOI		\$50,700		
Annual Total Expenses		(\$50,700)		
Annual Total (also after taxes and operating expenses)				
Overall Depreciation @ 37.5 years		\$11,563		
Info: Monthly Characteristic Rates				
			Loan Term	30 years
			Interest Rate	5.0%
			Rate	7.20% (at 5.0%)
			Debt Service Coverage Ratio (DSCR)	1.42
			Positive Return on Equity	2.34%

(8)ADPFILE NAME PREFIX: PAGE 7



MARCH 26, 2020

SMALL SCALE DEVELOPMENT SEMINAR



**EARLY BIRD: \$49
REGULAR: \$69
LAST MINUTE: \$89**

**UNIVERSITY OF OKLAHOMA
865 RESEARCH PKWY ST 300
OKLAHOMA CITY, OK**

INCREMENTALDEVELOPMENT.ORG/EVENTS/OKCSEMINAR

Seminar Registration

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Register at:

incrementaldevelopment.org/events/okcseminar

Early Bird rate (\$49) deadline – March 3

Regular Registration rate (\$69) deadline – March 23



Small Developer Boot Camp

May 29-20, 2020



BUSINESS & PEOPLE

PHYSICAL & TECHNICAL

FINANCE & RISK

PHASE 1: STARTUP

What is your business model? How will you create value with the skills and connections on your team?

How do you cultivate a neighborhood? Identifying features of viable urban design - walkability, public space, etc.

How to use off-the-shelf financing options (from personal mortgage to partnerships) to do small scale projects.

PHASE 2: ASSESSING THE OPTIONS

Market analysis, intro to the building blocks of a neighborhood. What's missing in your place? How can you fill a niche?

Site comparison and selection. How to read and understand zoning to optimize the building and site potential.

Using a Pro Forma spreadsheet, estimate income vs. expenses for specific projects. Which are feasible?

PHASE 3: MOVING FORWARD WITH THE BEST PROJECT

Gather your design professionals. Understand the building, zoning, and incentive approval processes.

How to design a simple building that acts as a good neighbor (and isn't unnecessarily frustrating to get approved and built).

Asking for money from investors and presenting a project that's fundable. Due diligence, negotiation, and site acquisition.

Small Developer Boot Camp

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Session One: What's Your Project?

Session Two: Does the Project Make Money?

Session Three: Who's going to Invest in your Project?

Session Four: Presenting Your Project?

Each Session is Half Day of Demonstrations/Work Time



Session 1: What's Your Project?



Session One

Finding People and Creating a Building Program

Objective:

- Understanding your farm to fill a need in the market place and finding your occupants
- Structuring income and expenses to deliver a physical solution to that need - the program of the development



Building Program

.....

Residential. The building will contain nine 1-bedroom apartments. One accessible unit is provided on the upper floors contain four units each.

Commercial. The building offers four commercial spaces.

- » Prairie Street Bar and Tap will occupy approximately 1400 square feet of commercial space with a percentage-rent lease.
- » An additional 700 square feet of ground floor space is available and

may be subdivided.

- » Two 140 square foot offices are available on the upper floors.

Parking

- » Off-street parking is reserved for resident use. Four resident-reserved spaces will be provided on adjacent property.
- » On-street parking will be used by guests, patrons, and employees.



Unit Schedule + Rent Roll

	Rate per SF	Finished SF	Shell SF	Monthly Rent	Annual Rent
3-story building		6,376	3,076	\$ 13,333	\$ 159,360
Floor 1					
Commercial	\$ 20.35	0	1,376	\$ 2,333	\$ 28,000
Commercial	\$ 20.00	0	688	\$ 1,200	\$ 13,760
1BR	\$ 1.45	688	0	\$ 1,000	\$ 12,000
Floor 2					
1BR	\$ 1.34	711	0	\$ 950	\$ 11,400
1BR	\$ 1.34	711	0	\$ 950	\$ 11,400
1BR	\$ 1.34	711	0	\$ 950	\$ 11,400
1BR	\$ 1.34	711	0	\$ 950	\$ 11,400
Office		0	136	\$ 300	\$ 3,600
Floor 3					
1BR	\$ 1.55	711	0	\$ 1,100	\$ 13,200
1BR	\$ 1.55	711	0	\$ 1,100	\$ 13,200
1BR	\$ 1.55	711	0	\$ 1,100	\$ 13,200
1BR	\$ 1.55	711	0	\$ 1,100	\$ 13,200
Office		0	136	\$ 300	\$ 3,600

9452 SF TOTAL - 9 Residential Units

Session One

Reading Zoning and Devising Buildings

Objective:

- Learn how to digest critical local zoning information and organize for use and reference
- Understand the functionality of standard building types and thresholds between them (building code, zoning, fair housing, ADA, financing, etc)
- Identify permanent financing mechanism and keep program inside those underwriting criteria



Gathering Up Zoning Info

.....

Name of the Zone that is applied to your site?

Does the Zoning Category/Designation have a description of the intent of the zone applied to your site? (if yes, flag it with a post-i).

Minimum Lot Size? (the Area in Square Feet)

Minimum Lot Width?

Min. Front Set Back?

Min. Side Set Backs?

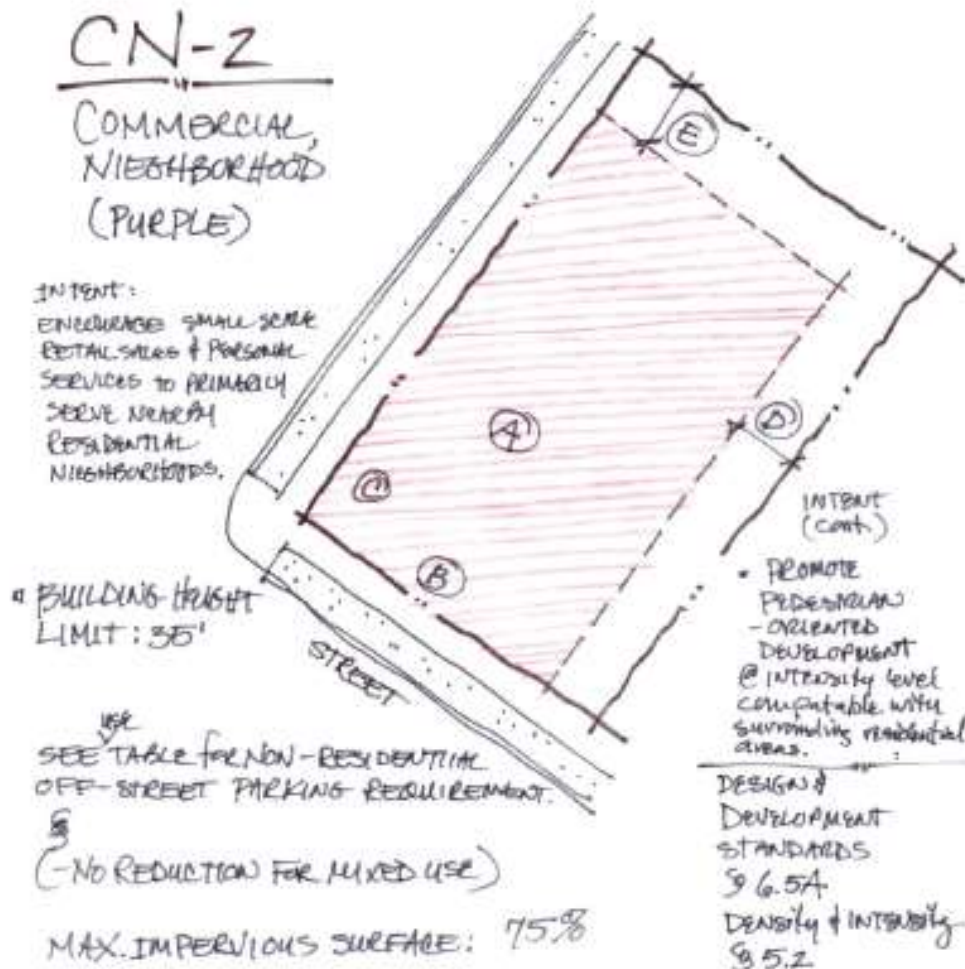
Min. Street Side Set Back for a Corner Lot?

Min. Rear Set Back?



Drawing Site Plan Constraints

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1.5 OFF-STREET PARKING SPACES PER
DWELLING UNIT

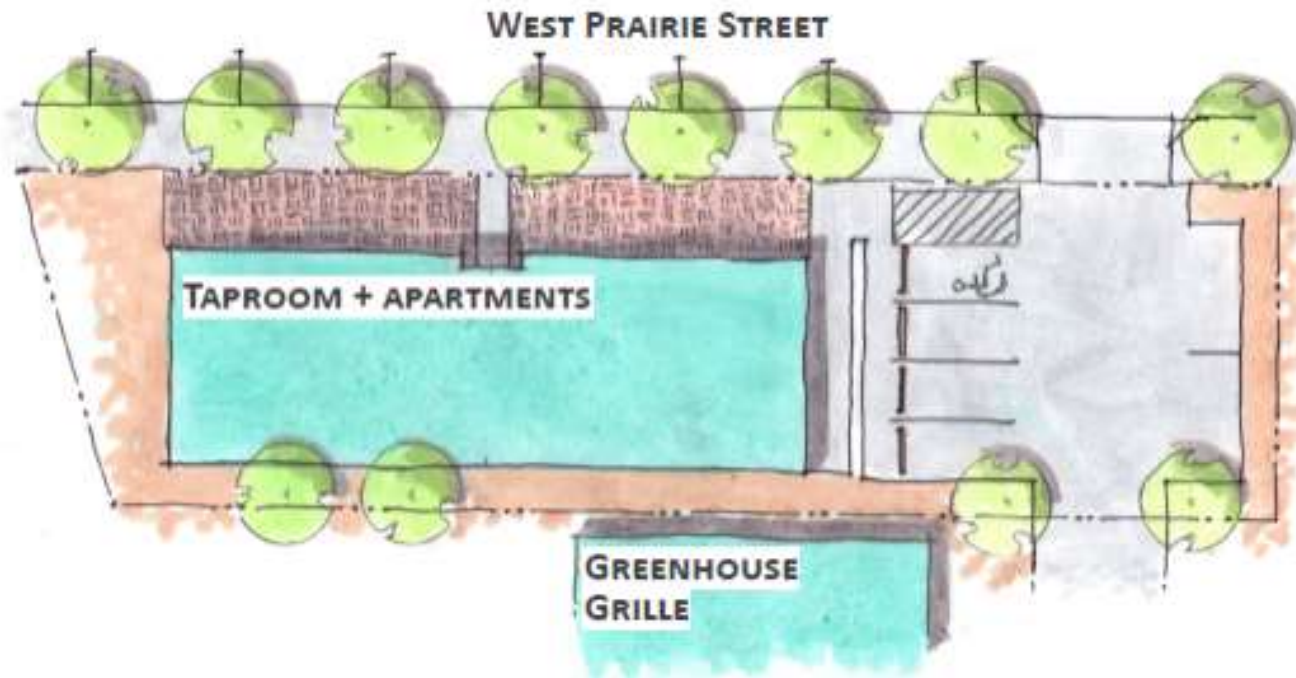
(A) MIN. LOT AREA	5,000 SF / 1,800 SF PER DWELLING UNIT
(B) MIN. LOT WIDTH	44' @ BUILDING LINE
(C) FRONT SET BACK	N/A
(D) SIDE SET BACK	15' if abutting R. street.
(E) REAR SET BACK	15'

Using Standard Building Types

.....



Three Story Walkup - Mixed Use



Residential. The building will contain nine 1-bedroom apartments. One accessible unit is provided on the upper floors contain four units each.



Commercial. The building offers four commercial spaces.

- » Prairie Street Bar and Tap will occupy approximately 1400 square feet of commercial space with a percentage-rent lease.

Three Story Walkup - Mixed Use

.....



NORTH ELEVATION (PRAIRIE STREET)



WEST ELEVATION



Session 2: Does the Project Make Money?



Session Two

Generating the Static Pro forma

Objective:

- Learn how to enter building program into static pro forma excel spreadsheet
- Run scenarios and calculate key metrics like NOI, Return on Cost, DSCR, Cash on Cash Return, Equity Needed



Pro forma: Cell by Cell

Session 2 - Pro Forma - Residential Quad 06-2017 - Microsoft Excel

	A	B	C	D	E	F	G	H	I	J
2		The Blackbeard - A Quadplex								
3		Static Pro forma								
4		<u>BUILDING PROGRAM AND RENTS</u>								
5		Residential Units	Rent	SF	Rent per SF	Units	Total Rent	Total SF		
6		Studio	\$900	600	\$1.50	-	\$0	-		
7		1 Bedroom	\$1,100	750	\$1.47	-	\$0	-		
8		2 Bedroom	\$1,600	1,024	\$1.56	4	\$6,400	4,096		
9		Total Residential Monthly Rents				4	\$6,400	4,096		
10										
11		Commercial Units	\$1,250	900	\$1.39	-	\$0	-		
12		Garages	\$100	264	\$0.38	-	\$0	-		
13		Storage	\$50	48	\$1.04	-	\$0	-		
14		Common Area		500				500		
15		Total Commercial Monthly Rent					\$0			
16		Total Monthly Rent					\$6,400			
17		Total Building Square Feet						4,596		
18										
19		Lot Size						5,000		
20		Building Footprint (Ground Floor SF)						2,048		
21		Site Area Net of Buildings						2,952		

Static Pro Forma Multi year Cash Flow Detailed Costs Amort schedule-Debt Sofi

Pro forma Practicum

.....

<u>INCOME</u>					
Gross Potential Income (Total Annual Rents)					\$76,800
Less Vacancy			5%		-\$3,840
Gross Operating Income					\$72,960
Operating Expenses			25%		-\$18,240
Net Operating Income (NOI)					\$54,720
<u>COSTS</u>					
Building Hard Cost	SF Building		\$125		\$574,500
Site Improvements	SF Site		\$4		\$11,808
Off Site Improvements					
Total Hard Costs					\$586,308
Soft Costs			25%		\$146,577
Land Costs					\$40,000
Total Project Costs					\$772,885
Total Cost per Unit (Residential Projects Only)					\$193,221
Return on Project Cost					7.1%

Session Two

Pro forma Details (Breakout Q&A)

Objective:

- Dive deep into hard, soft and financing cost budgets, line by line
- Understand key differences and decision points inside different types of residential and commercial/mixed-use projects



Segment In-Depth Q&A

Commercial - Monte

Users: Retail, Office,
Restaurants, Markets

Owner-Occupied

Types of Leases and
Common Area Maint.

Residential - John

For Sale vs. For Rent

1-4 units, 5-20, 21-50

Unit Configurations

Utilities/Impact Fees



Share Project In Pairs

Group Debrief

End of Day 1



Session 3: Who's Going to Invest In Your Project?



Session Three

Start Pitch Package Assembly

Objective:

- Understand required and optional elements in an investment package, how to present and summarize those in writing
- Examine example packages at different scales and intensity of projects (Three Story Walkup vs 4plex)



Sample Pitch Packages

Quadplex



Three Story Walk Up - Mixed Use



Financing Tiers for Take Out Loans

.....

- Friends and Family Cash and Credit
- 30 Year Mortgage (Owner Occupant or Investor)
- SBA Loan - 7a or 504b
- Freddie Mac Small Balance (5-50 residential units)
- Bank Portfolio Loan (5, 7, 10 year with Balloon)
- Private Lending



Session Three

Multi-Year Cash Flow and Exit Strategies

Objective:

- Understand how building cash flow works over many years, stabilization and return of capital
- Understand how to look at deals to both hold and sell and how to keep options open for each throughout each stage of the process



Multi-Year Cash Flow

10 Year Returns		Refinance Vehicle: Freddie Mac Small Balance Loan (non-recourse, floats above LIBOR)										
Capital Partner	\$ 234,743.26	30 Years Amortization		5.00% Interest Rate		80% LTV		7.25% cap rate				
Op Partner:	\$ 164,713.80	\$ (7,840.65) Monthly		1.41 New DSCR								
		\$ (94,067.76) Annual		1.08 Original DSCR								
Construction/Lease-up												
Cash Flow		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
GOI Appreciation	3.50% APR (starts year 3)	\$ 152,986	\$ 152,986	\$ 158,340	\$ 163,862	\$ 169,618	\$ 175,554	\$ 181,699	\$ 188,058	\$ 194,640	\$ 201,453	
Op. Exp. Appreciation	1.50% APR (starts year 2)	\$ (35,100)	\$ (35,627)	\$ (36,161)	\$ (36,703)	\$ (37,254)	\$ (37,813)	\$ (38,380)	\$ (38,956)	\$ (39,540)	\$ (40,133)	
Net Operating Income	Note two full years pass before rental income is assumed to appreciate.	\$ 117,886	\$ 117,359	\$ 122,179	\$ 127,179	\$ 132,364	\$ 137,742	\$ 143,319	\$ 149,103	\$ 155,101	\$ 161,320	
Annual Debt Service		\$ (105,745)	\$ (108,831)	\$ (108,831)	\$ (108,831)	\$ (108,831)	\$ (94,088)	\$ (94,088)	\$ (94,088)	\$ (94,088)	\$ (94,088)	
Refinance parameters:	80% LTV 7.25% cap rate	Refinance										
Permanent loan balloon payment		\$ 1,460,568										
Equity at refinance (NOT included in Cash Flow)		\$ (1,362,132)										
Debt Service Coverage Ratio		\$ 365,142										
		\$ 1.41										
Leveraged Cash Flow		\$ 12,141	\$ 8,528	\$ 13,349	\$ 18,348	\$ 91,970	\$ 43,654	\$ 49,231	\$ 56,015	\$ 61,013	\$ 67,232	
Distributions		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capital Reserves	5% of Cash Flow	\$ (507)	\$ (426)	\$ (667)	\$ (917)	\$ (4,596)	\$ (2,183)	\$ (2,452)	\$ (2,751)	\$ (3,051)	\$ (3,362)	
Cumulative Reserves		\$ 997	\$ 1,053	\$ 1,701	\$ 2,618	\$ 7,217	\$ 9,399	\$ 11,661	\$ 14,612	\$ 17,662	\$ 21,024	
Leveraged Cash Flow		\$ 11,534	\$ 8,102	\$ 12,681	\$ 17,431	\$ 87,371	\$ 41,471	\$ 46,770	\$ 52,264	\$ 57,962	\$ 63,870	
Value of Collateral - Capital Partner	\$ 310,295											
Preferred Return	6.00% IRR	\$ (11,534)	\$ (8,102)	\$ (12,681)	\$ (17,431)	\$ (20,282)	\$ -	\$ -	\$ -	\$ -	\$ -	
Cash Flow for Distribution		\$ -	\$ -	\$ -	\$ -	\$ 67,090	\$ 41,471	\$ 46,770	\$ 52,264	\$ 57,962	\$ 63,870	
Capital Partner	50%	\$ -	\$ -	\$ -	\$ -	\$ (33,545)	\$ (20,736)	\$ (23,385)	\$ (26,132)	\$ (28,981)	\$ (31,935)	
Operating Partner	50%	\$ -	\$ -	\$ -	\$ -	\$ (33,545)	\$ (20,736)	\$ (23,385)	\$ (26,132)	\$ (28,981)	\$ (31,935)	

Session Three

Structuring Your Deal and Legal Entities

Objective:

- Discussion of sources of capital and expectations by each type, how to align interests
- Exploration of basic legal entities used to own and operate buildings to protect development team members and projects from each other



Deals and Legal Entities

Deal Structure

When and when not to
have a partner

Private Debt and Equity

Return of Principal

IRR and Cash Flow Splits

Legal Entities

Owned by Person,
Company or LLC

Role of Managing Partner

Operational vs Project



Session 4: Presenting Your Project



Session Four

Telling the Story of Your Project

Objective:

- Learn about the different audiences who will need to hear about your project and what they care about
- Create talking points about your project to meet the needs of each audience type



Session Four

Project Presentations

Objective:

- Organize your project details for the first time and present to peers and faculty
- Get both technical and presentation feedback on project.



IncDev Alumni Projects





“Houses I bought that cost LESS than the student loan debt I acquired via my B.S. Degree”

Bernice Radle – Buffalo/Niagara Falls, New York





Capt. **Ryan Terry** USMC

Bryan, Texas

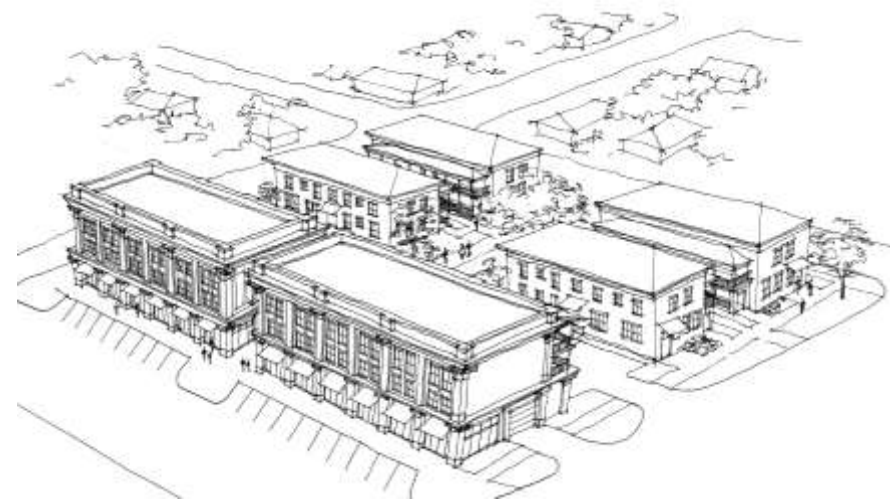
New Construction Quadplexes
With Non-Residential Space

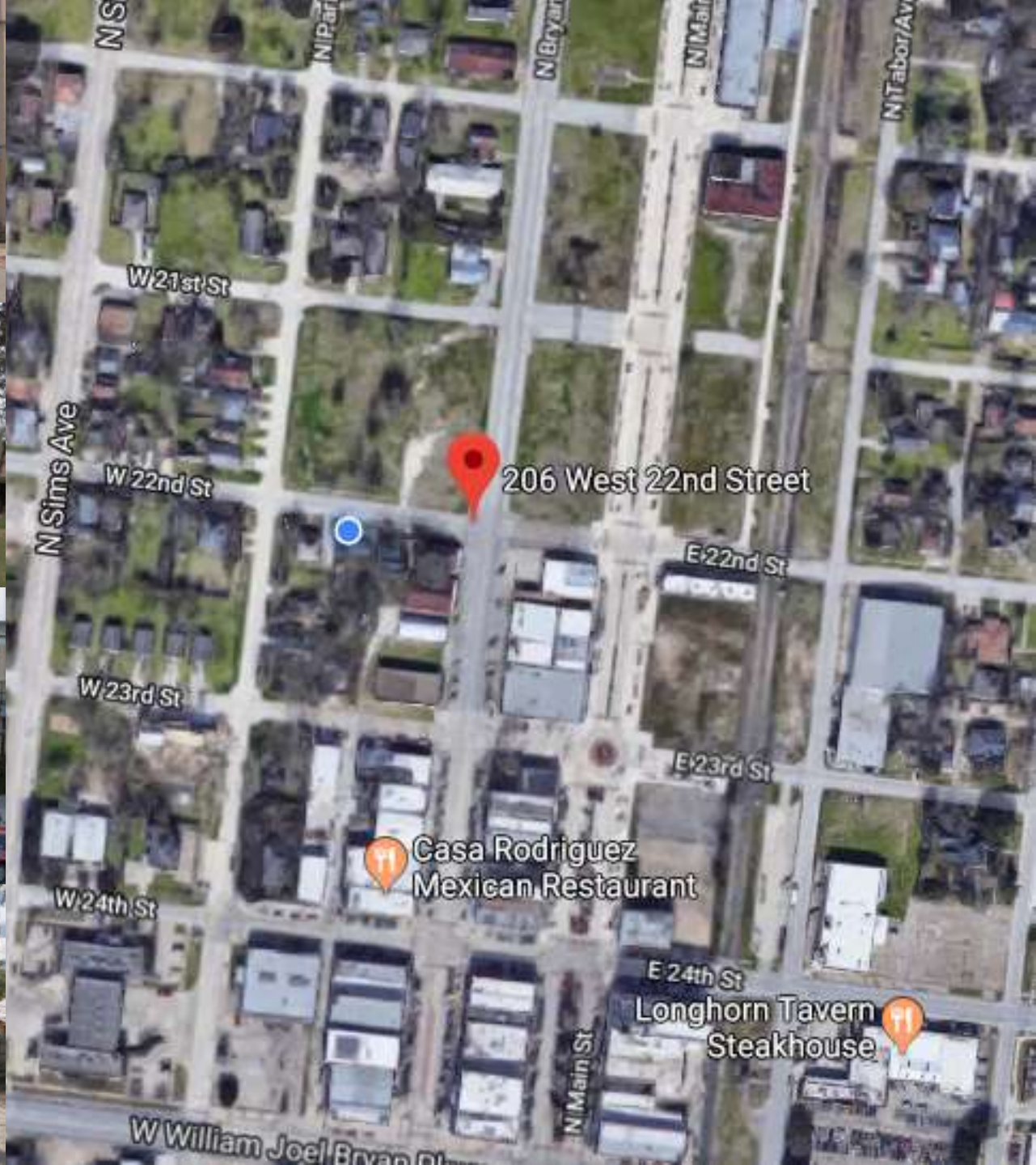


“Won” City RFP to Develop
Downtown Block into
Mixed Use/Residential

First New Construction
Residential Buildings in
Downtown in 40+ years

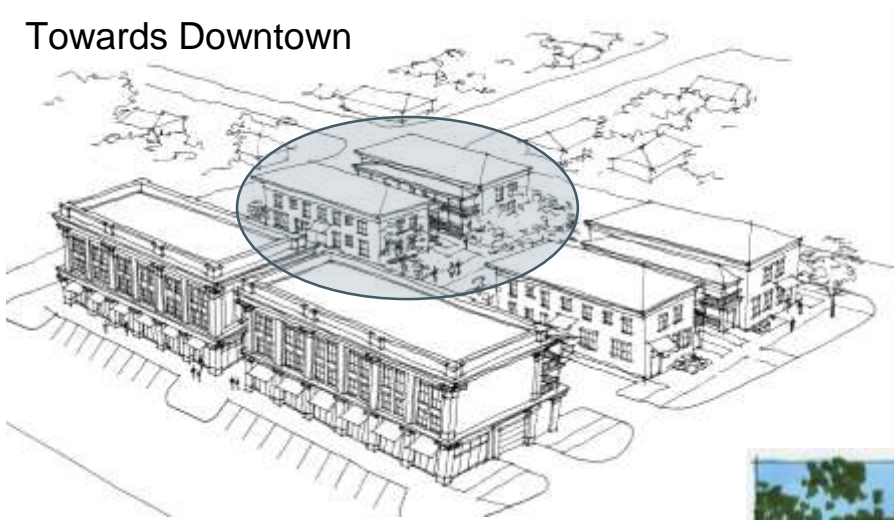
Negotiated Incremental
Approach to Lot Purchase





Phase 1 – 500 North Bryan Ave

Towards Downtown





Buildings Leased in Q1 2018
Each Lot Eligible for VA Permanent Mortgage





Integrity CDC

Atlanta, Georgia

L. Lamont Wise

New Construction Cottages



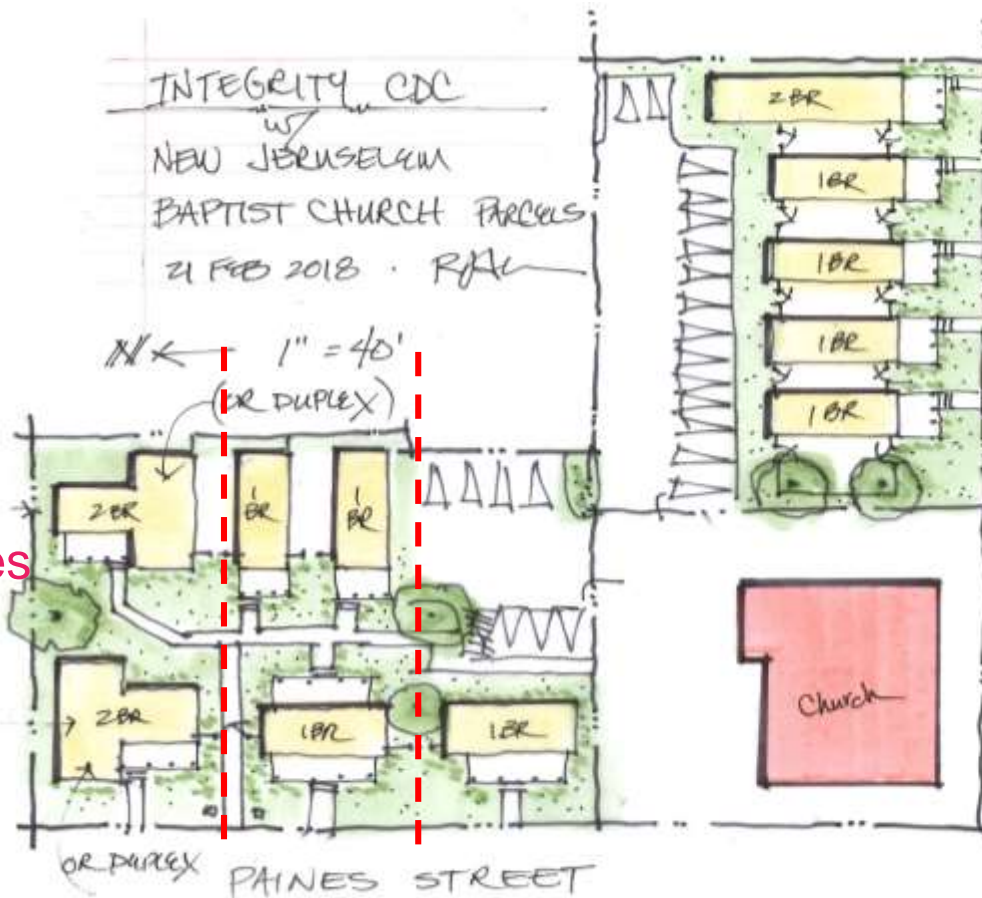
New Construction
Cottages on Vacant Lots

Leverage Their Workforce
Development Program for
Returning Citizens and
Youth in Trades to build

Housing for rent for
Program Participants, low
income populations

Sell selected cottages/
lots to mid income buyers
to help build overall
project equity

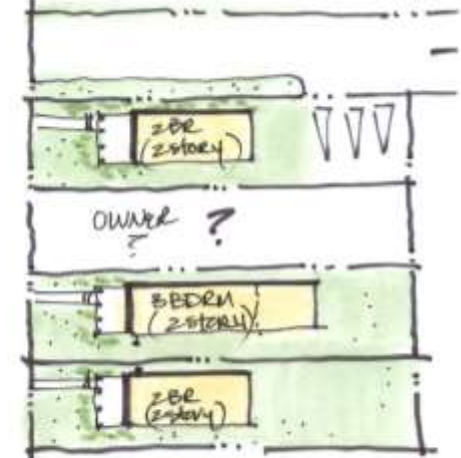
New Jerusalem Baptist Church / Integrity CDC



14 Units with

4 Layout
Possibilities

1 and 2 Bedroom



Build Front of Lots By-Right

Rezone to
Maximize
Rear of Sites

Example Cottages



Example Floor Plans and Elevations



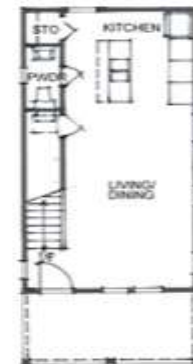
SECOND FLOOR



FIRST FLOOR
(16x48)



SECOND FLOOR



FIRST FLOOR
(16x32)

The Call to Action

.....

Cultivate Small Developers

Through Training, Mentoring and Small Business Support

Gather Investment Partners/Facilitators

Leverage Land Ownership and Pre-Arrange Access to Financial Capital

Collaborate with Small Development Champions

Work out the projects you want on paper, re-legalize the built environment through regulatory reform and pioneer first projects so small operators can follow



MARCH 26, 2020

SMALL SCALE DEVELOPMENT SEMINAR



**EARLY BIRD: \$49
REGULAR: \$69
LAST MINUTE: \$89**

**UNIVERSITY OF OKLAHOMA
865 RESEARCH PKWY ST 300
OKLAHOMA CITY, OK**

INCREMENTALDEVELOPMENT.ORG/EVENTS/OKCSEMINAR