Reclaiming Vacant Properties

October 2019

Welcome & Agenda
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.
We train small-scale developers and coach the cities they love.
Development as we know it:

Middle-scaled housing doesn’t get built.
Zero to three stories.
Mostly residential.
Builds community.
We all need places to...

...earn a living.
...learn a skill.
...share a meal.
...be a kid.
...live your life.
Hustle

Skillsets & Knowledge

Relationships
Locally-Owned Development

High cost, limited reward
$500k to play
Wealth exported

Multiplier effects
Modest startup costs
Wealth retained
Value Proposition for Neighborhoods and Cities

**BUILD**
Developer Ecosystem

Lenders and investors
Codes and processes
Infill infrastructure

**EARN**
Resilient Tax Base

Tax revenue
Wealth retention
Adaptable districts
State of the Industry

- Economies of scale
- Specialization required
- Regulatory patchwork
- Citizen opposition
- Major labor shortage
- Concentrated wealth
- Mismatched supply
Increments of Development
Nobody is Coming to Save You
Small Development Workshop

Financial Analysis
If you can’t get the revenue, then you shouldn’t build the building.
Input what you can control.
Observe the pro forma and adjust.
Pro Forma

BUILD FOR RENT

Rent collections
- Operating expenses
- Debt payments

Annual cash flow, depreciation, and equity

BUILD FOR SALE

Sale proceeds
- Commissions etc.
- Debt payments

Pre-tax cash flow

We will focus on rentals because for-sale pro formas are simpler.
Rental Pro Forma Jargon

- Potential income
- Vacancy and nonpayment

Gross income

- **Operating Expenses** (Taxes, maint., etc)
- Reimbursed expenses (Commercial only)

Net Operating Income

- Debt service

Leveraged cash flow