

Reclaiming Vacant Properties

October 2019

Welcome & Agenda



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).

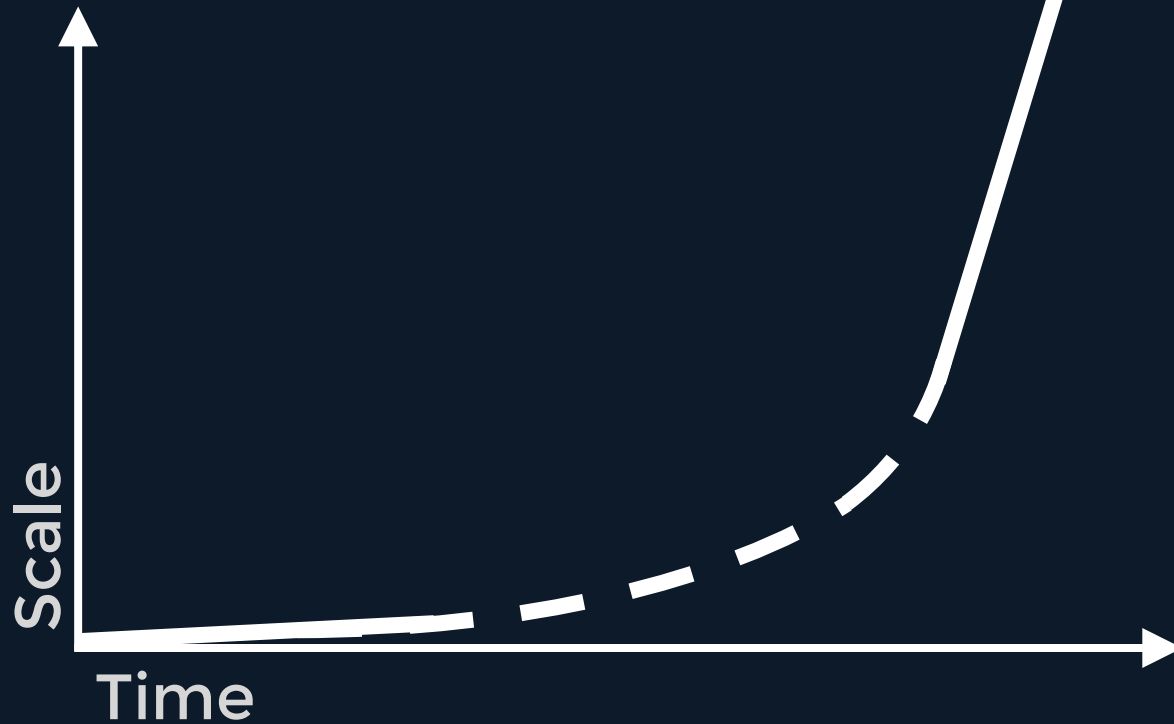
Asking for money from investors and presenting a project that's fundable. Due diligence, negotiation, and site acquisition.



**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.

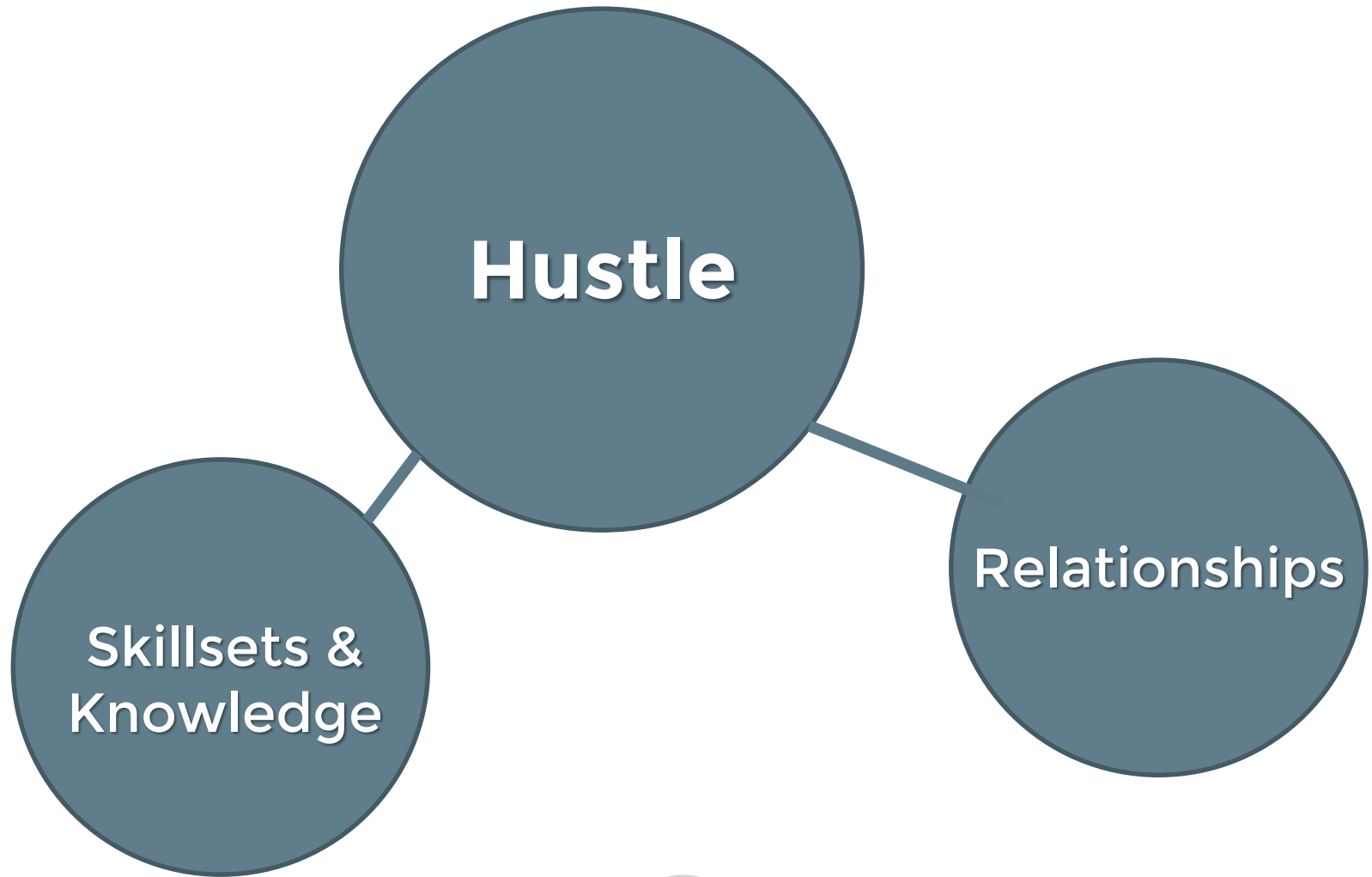
...learn a skill.

...share a meal.

...be a kid.

...live your life.





Locally-Owned Development



High cost, limited reward

\$500k to play
Wealth exported

Multiplier effects

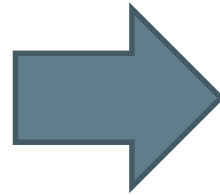
Modest startup costs
Wealth retained



Value Proposition for Neighborhoods and Cities

BUILD

Developer
Ecosystem



EARN

Resilient
Tax Base

Lenders and investors
Codes and processes
Infill infrastructure

Tax revenue
Wealth retention
Adaptable districts



Corporate and institutional



Entrepreneurial and bootstrapped

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



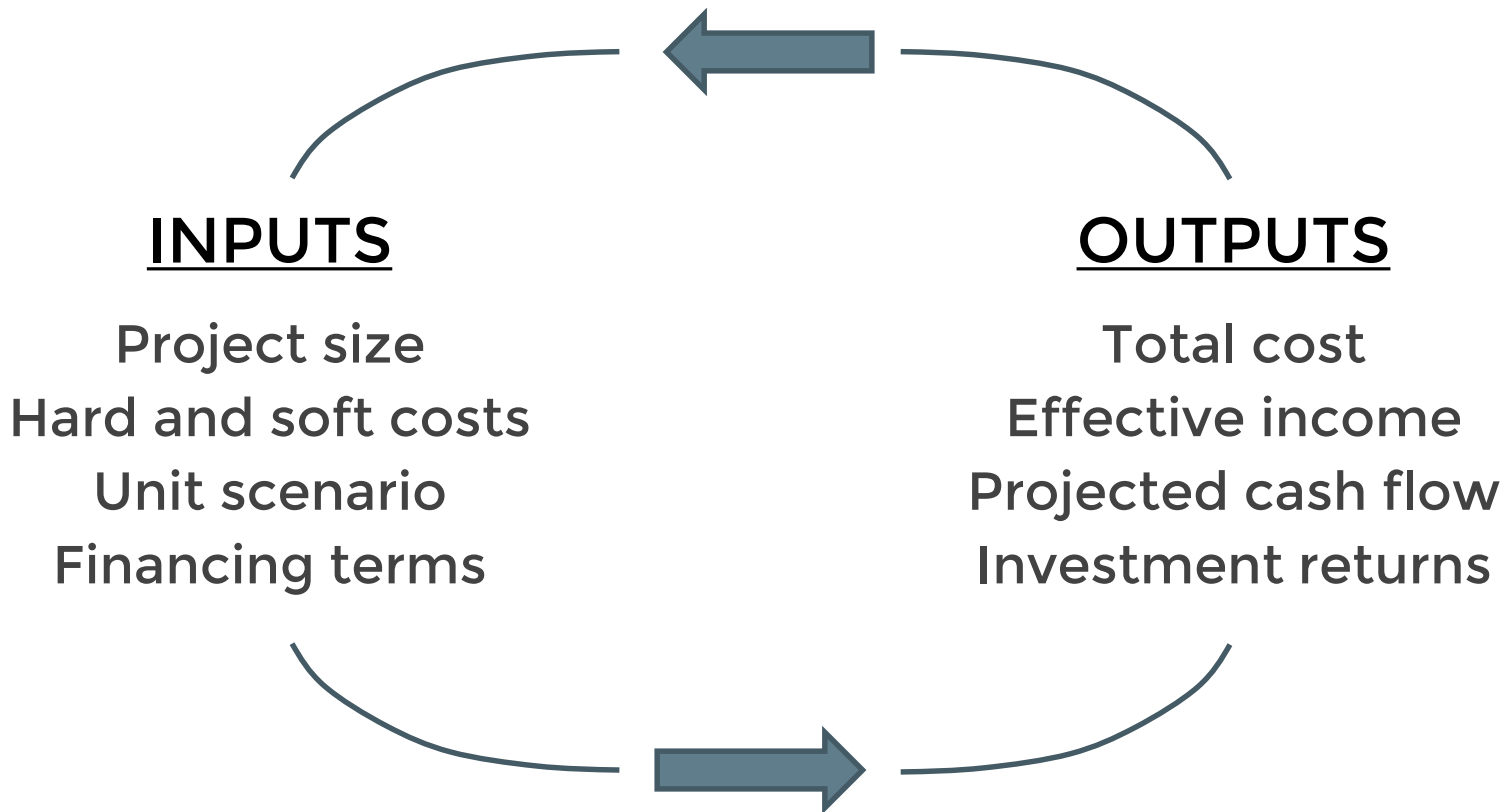
Small Development Workshop

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

