Overview of the Real Estate Development Process

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What is Sustainable Development?

• Reinvesting in existing communities
• Focusing development in centers and corridors
• Providing a range of housing and transportation choices
• Encouraging healthy lifestyles
• Promoting resource conservation
• Promote a mix of uses (housing, retail, jobs)
Overview of the Real Estate Development Process

- A series of steps required to move from concept to completion.
The Developer

- **Traditional Developer**
  - Contributes equity
  - Owns finished product
  - Receives economic benefits

- **Community-Based Developer**
  - Fee Based
  - May contribute equity
  - Motivated by creation of units
Development Process

- Operations or Sale
- Economic Viability
- Getting it Built
- Planning and Zoning
- Financing
- Market Analysis - Feasibility
- The Vision - Idea
- Concept
- Study
- Equity and Debt
- Entitlements
- Construction
DEVELOPMENT PROCESS OVERVIEW

1. Project Research and Budget
2. Initial “Go” or “No Go”
3. Preliminary Design and Application
4. Final “Go” or “No Go,” Contracts and Financing
5. Construction/Implementation
6. IF APPROVED
7. Decision/Recommendation
8. Building and Occupancy Permits

PRIVATE SECTOR DEVELOPER ACTIONS

LOCAL GOVERNMENT ACTIONS

COMMUNITY PUBLIC INPUT OPPORTUNITIES

Prior to Development
<table>
<thead>
<tr>
<th>Stage</th>
<th>% of total time</th>
<th>Duration</th>
<th>% of costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept</td>
<td>5%-20%</td>
<td>8-31 weeks</td>
<td>0%-5%</td>
</tr>
<tr>
<td>Feasibility Study</td>
<td>10%-20%</td>
<td>16-31 weeks</td>
<td>5%-15%</td>
</tr>
<tr>
<td>Planning/Financing</td>
<td>15%-25%</td>
<td>23-39 weeks</td>
<td>15%-30%</td>
</tr>
<tr>
<td>Construction</td>
<td>30%-60%</td>
<td>47-94 weeks</td>
<td>40%-75%</td>
</tr>
<tr>
<td>Sales/Rent-up (operations)</td>
<td>5%-15%</td>
<td>8-23 weeks</td>
<td>5%-10%</td>
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Public Sector Role

• How Can the Public Sector Help Make Sustainable Places Happen?
  - Sustainable Places go Against the “Formula” = More Risk
  - Help Manage that Risk by:
    • Reducing Uncertainty
      - Development process and outcomes
      - Community Relations (i.e., how do I know the neighborhood and council will support this?)
    • Identifying the Market (who will want this product?)
    • Closing Financial Gaps