



Nuts and Bolts of Multi-Family Housing Development

COMMUNITY ACTION PARTNERSHIP

2019 MANAGEMENT AND LEADERSHIP TRAINING CONFERENCE

Overview

- ▶ What to think about before starting out
- ▶ Finding the right location
- ▶ Pre-development
- ▶ Financing your project
- ▶ Resources

What to ask before starting out?

- ▶ Is it needed?
- ▶ How can we finance it?
- ▶ Are we patient enough?
- ▶ Do we have the capital, or access to the capital, for start up costs?
- ▶ Can we weather the financial storms after it is built?
- ▶ Do we have the right team?
- ▶ Who will you partner with?

What to do before starting out

Run the numbers

- ▶ Development and operating budgets
- ▶ <http://apps.urban.org/features/cost-of-affordable-housing/>

Talk to existing developers in your area/state

Talk to municipalities

Talk to funders

Talk to your board(s) to manage expectations

Talk to real estate brokers

Site Selection

Start with the scoring

- ▶ See where previously funded projects are located and what they look like

What market are you looking to serve?

- ▶ Proximity to services, schools, health care, public transportation, etc.

Access to utilities

Zoning and ordinances

Environmental considerations

Additional information from municipality or consultants

NIMBYism

- ▶ Can lay waste to best laid plans (and money)
- ▶ Know the neighbors before you buy
- ▶ Choose your words carefully when speaking publically
- ▶ Talk to local code and planning
- ▶ Limit need for variances to limit potential legal battles
- ▶ Make friends who will speak out in favor
- ▶ Be ready to make concessions to appease neighbor's concerns
- ▶ Use trickery

Pre-development

- ▶ Assemble your team (if you haven't already)
 - ▶ Consultant, bank, architect, engineer, environmental, attorney, etc
- ▶ Work backwards from deadlines for permitting and approvals
- ▶ Get firm prices for A/E, environmental, and other costs
- ▶ Use existing designs to save cost and time
- ▶ Speak to funder(s) as your project progresses/evolves
- ▶ Seek property tax deal shortly after site control
- ▶ Site control- timing, term and price

Designing your project

- ▶ Local permitting
- ▶ Deadlines and expectations of your design team
- ▶ Operating budget
- ▶ Development budget

Financing your project

- ▶ LIHTC
- ▶ Regional Home Loan Bank
- ▶ State subsidy
- ▶ CDBG
- ▶ CRA
- ▶ State debt
- ▶ Deferred developer fee
- ▶ Covering the gaps (hard debt)

Resources

- ▶ Neighborworks
- ▶ Novogradic
- ▶ Your state's housing authority
- ▶ IPED
- ▶ Other CAPs!