



# FAITH *in* HOUSING INITIATIVE

Land Development 101 for Faith Based Organizations

Thursday, October 10, 2024

# Welcome



## Faith in Housing Initiative

An interfaith effort to explore ways that faith leaders, city officials, community agencies and developers can partner to advance affordable housing options for Charlotte's residents.

<https://bit.ly/cltfaithhousing>



# Agenda



## Today's Goals

- I. Provide Big Picture of Development Process
- II. Discuss Risk Taking for FBOs
- III. Provide Foundational Resources

## Agenda

What is Development?

Who are the Players?

Key Terminology *\*handout\**

Key Steps in Development Process

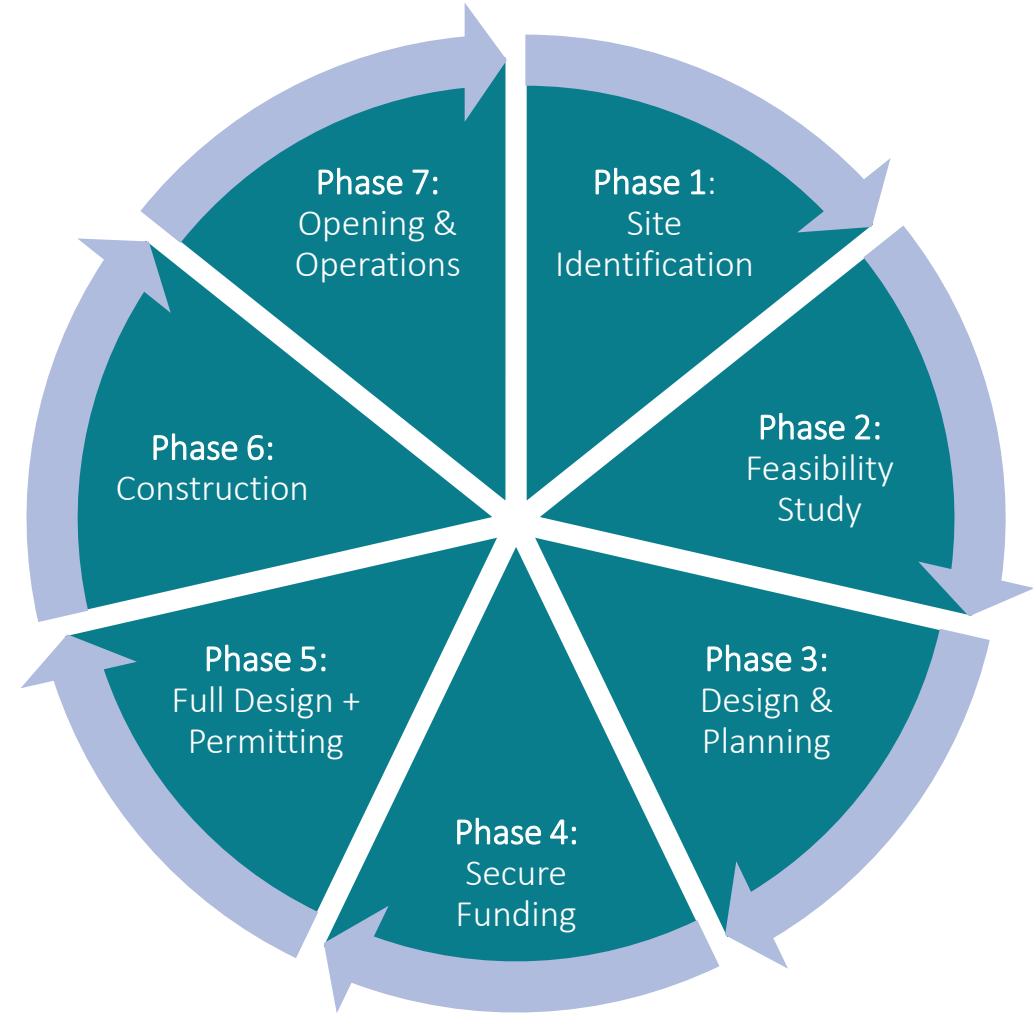
Key Considerations for Faith Based Organizations

Know your R's: Role, Risks, Resources

What's Next

# What is Development?

Real estate development is the process of increasing the **value** of land or property by building new structures, renovating existing ones, or improving the property in some other way



# Who are the Players?

## Developers

Expertise in land development and finance.  
Non-Profit & For-Profit entities.



## Architects & Engineers

Design the site and buildings within local and state design requirements for permitting and funding



## Construction Companies

General Contractors, Builders, Subs

## Law Firms

Real Estate Practice & Contracts,  
Affordable Housing Specialty

## Lenders & Finance Partners

Local Banks, National Banks  
Local Municipality & State Agency





# Phase 1: Site Identification

## Is the land available?

- i. How much land is it?
- ii. Who controls decision making?
- iii. Is there support?
- iv. Do you have a threshold for minimum terms to sell or lease?



Phase 2:  
Feasibility  
Study

# Phase 2: Feasibility Study

## What can I build?



Physical Site  
Evaluation

- Buildable Area
- Physical Features
- Cost Constraints
- NIMBY / Politics



Legal/Regulatory  
Constraints

- Zoning
- Survey/Title
- Deed Restrictions
- Environmental



Market Demand  
Analysis

- Who is the target tenant?
- What is the product?
- Is there demand?

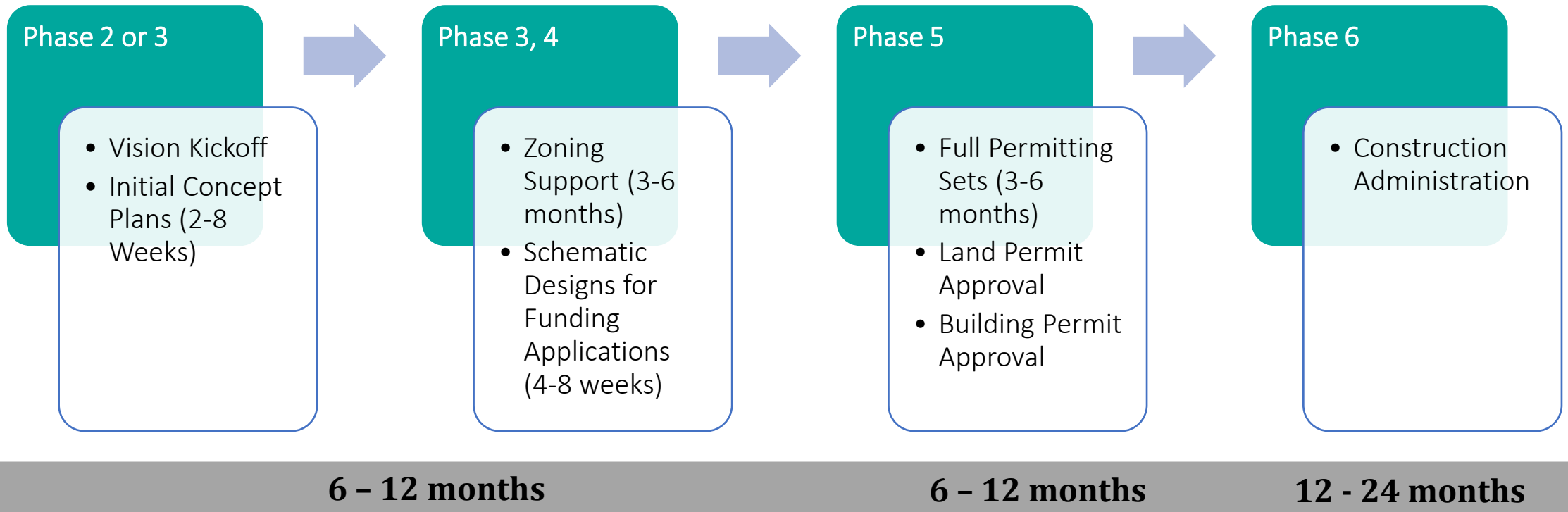


- Sourcing Funds
- Cost of Capital
- Ongoing Operations
- Balancing Risk



# Design & Planning Phases

An Iterative Process Typically Engaged by Developer



Phase 4:  
Secure  
Funding

## Phase 4... Components of Funding!

Cost to  
Develop

Operating  
Income

Debt

Equity

Phase 4:  
Secure  
Funding

# Phase 4... Components of Funding!

## Cost to Develop

Land

Hard Costs (construction)

Soft Costs  
(design fees/ due diligence)

Developer Fees

Reserves

## Operating Income

Rent Limits

-Utility Allowances

-Operating Expenses (OPEX)

-Capital Expense Reserves (CAPEX)

=Net Operating Income

## Debt

Net Operating Income

Debt Service – 1<sup>st</sup> Mortgage

Housing Trust Fund or CHOIF – 2<sup>nd</sup> Mortgage

Below Market Loans – 3<sup>rd</sup> or 4<sup>th</sup> Mortgage

Grants

## Equity

Developer Equity (Pre-Development+)

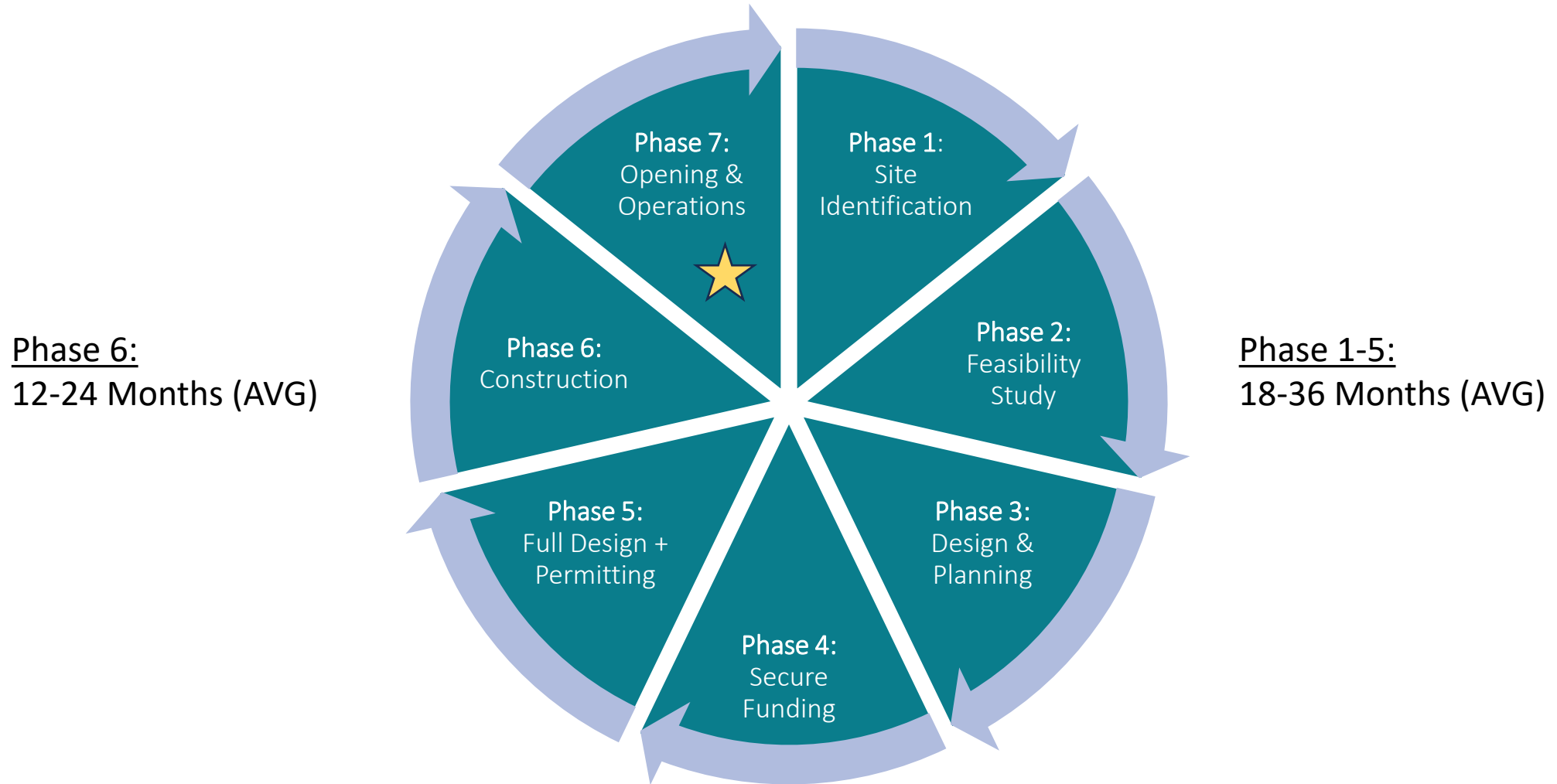
Tax Credit Equity (if applicable)

Deferred Developer Fees

Asset Management Fees

# Phase 7:

3-5 Years to Reach Unit Completion (average)





breathe

# Key Considerations for Faith-Based Organizations

## 1. Lead with your vision

- What is your motivation?
- Who are you seeking to serve?
- Surround yourself with support.

## 2. Set your expectations

- It takes time
- Land development has risks

## 3. Know your R's

- Risks
- Resources
- Role



# Know your Rs...

## Risks

The development risk involved and the risk you are willing to participate in.

## Resources

What manpower and capital do you have? What is available to help supplement? Combe internal and external resources.

## Role

Set clear expectations and put them in writing.



# Know your Risks

## Risks

The risk developers take and the risk you are willing to participate in

### Money

- Pre-Development Capital
- Construction Funding
- Financial Guarantees
- Ongoing Obligations with Operations

### Control

- Approval over concept & design
- Long term rights regarding community quality and shared spaces
- Affordability periods

### Relationships

- Community Relationships
- Internal Dynamics

# Development Risks - Financial



# Know your Resources

## Resources

People, staff, funding,  
ways the land can be  
developed

### **Money**

- What do we need to be good stewards of our FBO & mission?
- What do we have or could we generate by leading with excitement and purpose?
- What leaps of faith are we being called to?

### **People Capacity**

- Committee members, internal experts/resources, advocates
- Connections/relationships within the FBO community
- Ongoing engagement and management responsibilities

### **Land/Buildings**

- Community Relationships
- Internal Dynamics

# Know your Role

## Role

Set clear expectations and put them in writing

### **Internal Clarity**

- Establish mission/vision for pursuing this work; what is CORE to your pursuit? Define “Key Pillars of Success”.
- Buy-In from Leadership
- Clear Communication with Congregation
- Committee Memos with Formal Recommendations

### **Partner Clarity**

- Written Proposals
- Memorandum of Understanding
- Option Contracts
- Purchase & Sale Agreements, Ground Leases

### **Importance of Trust & Understanding Process**

- Trust, but verify.
- Identify concerns and ask how it is typically addressed.

Questions?

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QUESTIONS

# Coming Up Next...

## Land Development 101 for Faith-Based Organizations – Process Overview

- *Virtual Session*: Tuesday, October 15

## Land Development 102: Discernment – Choosing Your Development Team

- *In-Person*: Thursday, October 24 at Project 658
- *Virtual*: Tuesday, October 29



Time: 12:00 PM – 1:00PM | Doors open at 11:30 AM  
Scan the QR code to learn more and register to attend the next in-person session. Attendance is limited. We hope to see you there!

# APPENDIX

# Focus Areas & Typical Delivery

<b>Resident Focus Areas</b>	<b>Typical Delivery</b>	<b>Typical # of Units</b>	<b>Primary Funding Source</b>
Families with Children	New Construction or Preservation of Units (“NOAH”)	50-200 Units on Average	LIHTC
Seniors	New Construction	50-120 Units on Average	LIHTC
Veterans	VASH Vouchers or Priority Leasing within one of the above	1-20 Units	Supportive Housing Funding, Grant Funding
Homeless, Disabled, or Formerly Incarcerated	Shelters, Vouchers, new Supportive Housing Construction	1-20 Units	Supporting Housing Funding Grant Funding
At-Risk Youth	Vouchers or Privately Owned Duplex/Quadplex	1-10 Units	Grant Funding
Public Servants	Master Leasing, Priority Leasing, “Teachers Village” (New)	1+ / not yet regularly defined	Workforce Housing Impact Equity Grants
Refugees	Private Leasing	1+	Grant Funding



# Sample Timeline to Completion

3+ Years from Start to Open

Land Contract to Financing Commitment(s)  
10-12 months

Award to Move-In  
22-36 months

2025 (R1)	Category	Action Item
10/1/2024	CONTRACT	Identify site & negotiate contract. Conduct initial due diligence. (30 days)
11/1/2024	CONTRACT	Obtain control of site & prepare for rezoning (30 days)
11/23/2024	REZONING	Submission of Rezoning Filing (must have valid zoning by council preview meeting)
1/15/2025	LIHTC APP	Target Completion of Preliminary Site Plans, Elevations (Target start = Dec 1)
1/22/2025	LIHTC APP	Submission of Preliminary NCHFA Application (online, noon)
2/15/2025	REZONING	City Council Public Hearing
2/26/2025	HTF	Submission of HTF Application & Housing Policy Waiver Request
3/21/2025	REZONING	City Council Decision
4/1/2025	HTF	Meet with City Council Representative
4/1/2025	HTF	Community Meeting for HTF, if not rezoning
4/6/2025	HTF	Council Preview Meeting --> MUST HAVE APPROVED ZONING
4/25/2025	HTF	City Council Approval of HTF Allocation & Housing Policy Waiver
5/13/2025	LIHTC APP	Submission of Final NCHFA Application (online, noon)
8/31/2025	LIHTC APP	Final Award Announcements
6/1/2026	9 Months	Design Drawings, Permit Drawings, Permit Obtained
8/1/2027	12-14 Months	Construction
9/1/2027	1 Month	Project Open for Move-Ins