



FAITH HOUSING INITIATIVE

Land Development 102: Discernment | Choosing your Development Team

Thursday, October 24, 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>



The City's Role

- Convene stakeholders
- Provide information and technical assistance opportunities
- Invest gap financing
- Support faith community initiatives



Agenda

Goals for Today

- I. Who are the players in housing development?
- II. How do I go about deciding who to work with?
- III. Local Lessons / Q&A

Agenda

- Recap of Land Development 101
- Who are the local candidates for partnership?
- How do I decide who to work with?
- Evaluating Developer Fee vs Risk
- Common mistakes to look out for
- What's next?



Recap 101: Land Development

I. 7 Steps in the Development Process

II. Key Players

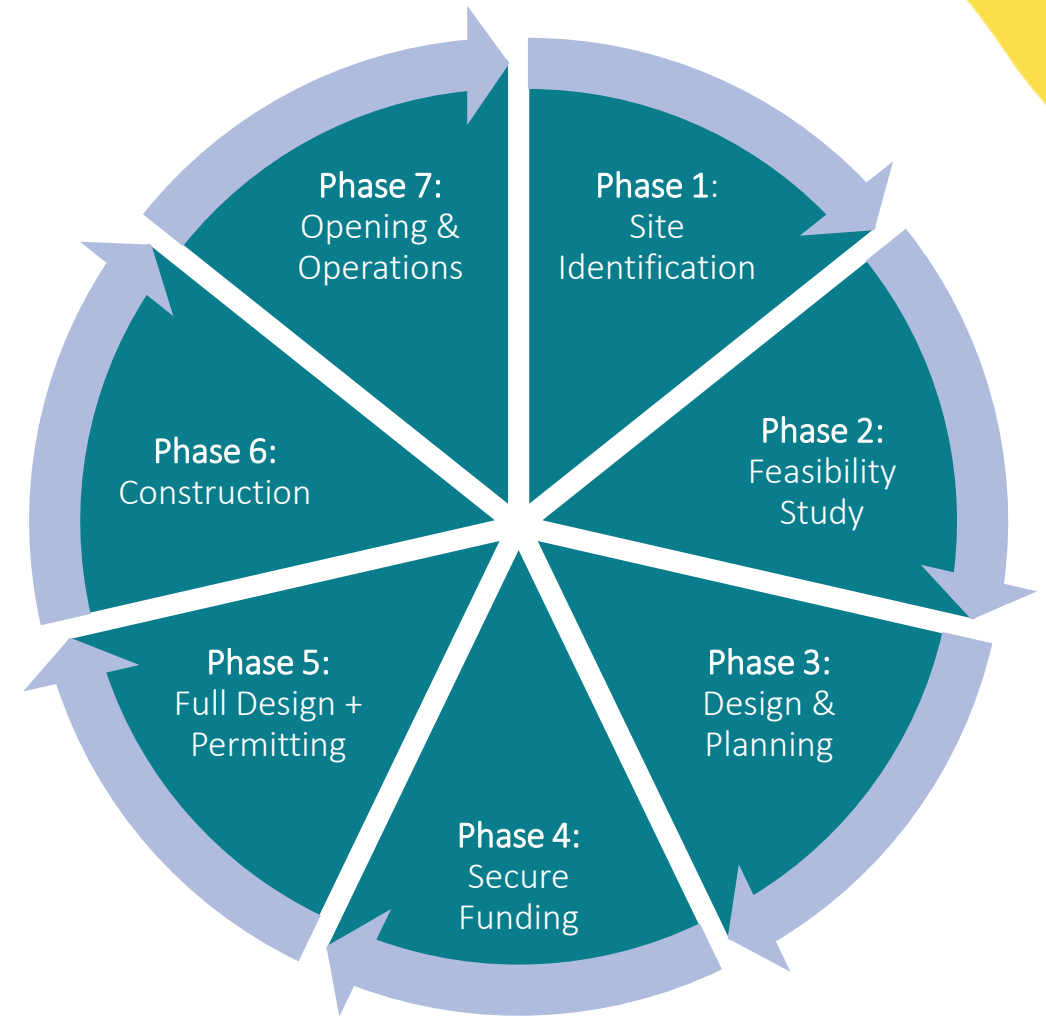
III. Glossary of Key Terms

IV. Testing Feasibility:

- Is the land actually available?
- What can you physically build?
- What do you have the legal right to build?
- Who will want to live there, and at what price?
- Can you source enough funds to build it?

V. FBOs: Know Your...

- Risk, Resources & Role



What's the difference in these key players in housing development?

Housing Developer: A person or company involved in the planning, financing, construction, and management of real estate projects. Real Estate developers are responsible for transforming land into viable properties.

Housing Service Provider: An organization, agency, or entity that offers services aimed at securing and maintaining stable housing for individuals and families.

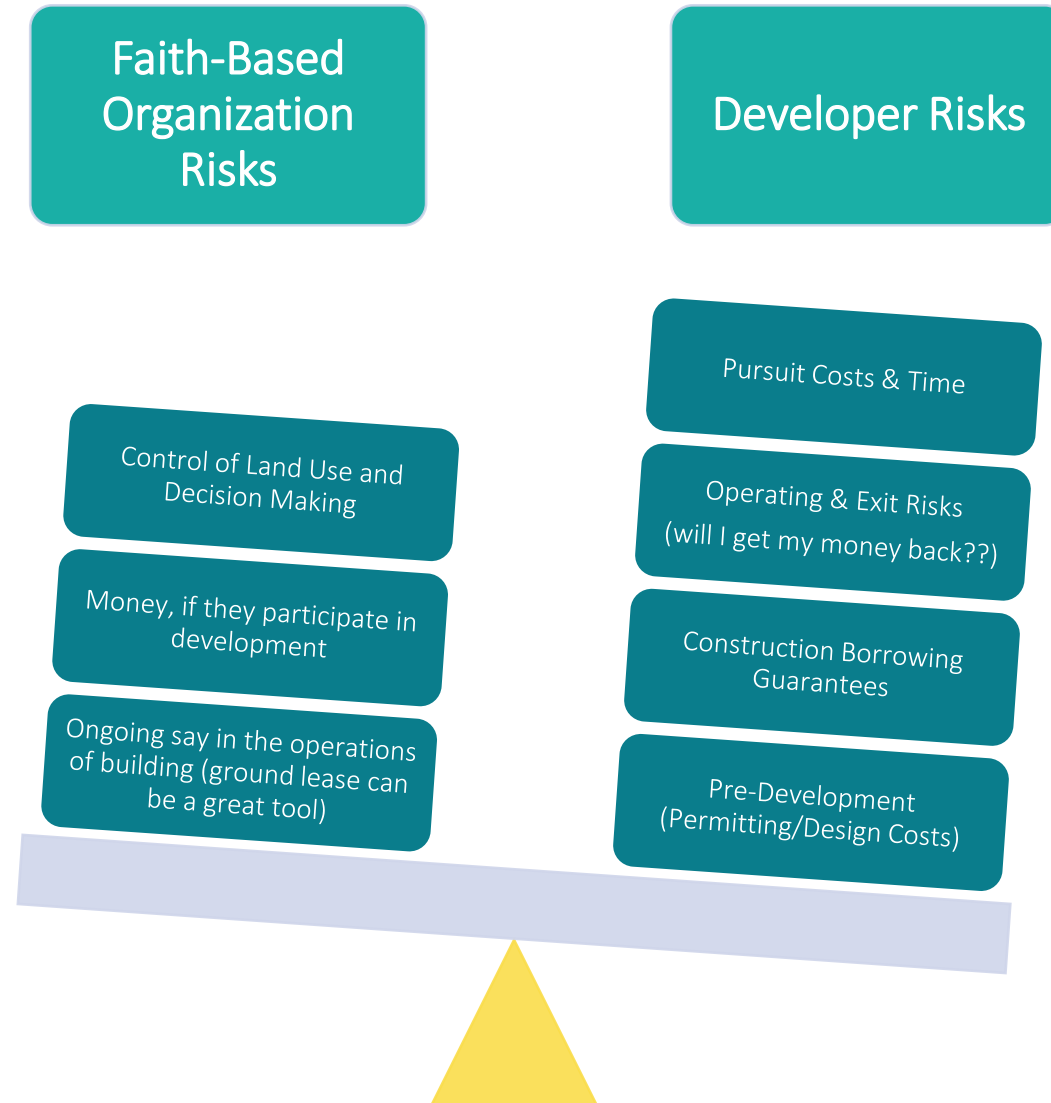
Housing Consultant: A professional who specializes in providing guidance and expertise on the development, financing, management, and policy related to housing. Their primary goal is to help organizations, developers, government agencies, and nonprofits create, sustain, and expand access to housing options.

Housing Owner: An individual, group, or organization that holds legal title and ownership of residential properties. Housing owners are responsible for managing their assets, which may involve leasing units, maintaining property conditions, paying property taxes, and ensuring compliance with housing laws and regulations.

Housing Sponsor: A housing sponsor is an entity, organization, or individual that initiates and leads the development or financing of housing projects. Sponsors often take on the role of project champions, securing funding, assembling development teams, and ensuring the project's completion.

Do I need a developer?

- Provides development expertise
 - Regulatory
 - Planning
 - Financial
 - Design
- Shares in development risks
- Can supply equity/ secure financing
- Manage construction
- Act as owner/manager



7 Red Flags when choosing a Real Estate Developer

- 1 Lack of transparency in contract
- 2 Inconsistent Project Delivery History
- 3 Negative customer reviews/testimonials
- 4 Financial instability or unclear funding services
- 5 Poor quality of past projects
- 6 Lack of necessary permits and legal compliance
- 7 Over-promising and under-delivering

How are developers compensated?

***Developer Fee:** The compensation paid to a real estate developer for managing and overseeing the development of a project, such as the construction of a housing community. This fee is meant to cover the developer's time, effort, expertise, and risk taken throughout the various stages of the project, including planning, securing financing, coordinating construction, and ensuring compliance with regulations.

Profit Participation / Equity Stake: Developers may take an ownership interest in the project, earning a share of the profits once the development is sold or stabilized.

Sales: Some deals are structured where the developer may receive a portion of sales proceeds, for instance, in a single-family homeownership deal.



How do I decide who to work with?



Step 1: Pre-Work

Vision, Role, Structure



Step 2: Who do you need on your team?

Players



Step 3: Selection Criteria



Step 4: Selection Process

RFI/RFP Invitation, Interviews, Final Selection



Step 5: Engagement

Memorandum of Understanding, Land Contract(s), Partnership Agreements

Key Causes for Pitfalls & Delays



Pitfall	Solution
<p>Misaligned Expectations for Business Terms – Internally & Externally</p>	<ul style="list-style-type: none"> • Regularly document decisions in writing. • Keep files well organized in a shared folder for the team. • Use an MOU (Memorandum of Understanding) to spell out key terms before proceeding to a full binding legal agreement • Work with experienced attorneys early in negotiations
<p>Too many “cooks in the kitchen”</p>	<ul style="list-style-type: none"> • FBO must have a designated point of contact to champion project and lead internal progress • Developer should have a designated point of contact • Establish a flow of communication for all parties on the working team to feel regularly “in the know”
<p>Overlooking/Missing Key Due Diligence Info</p>	<ul style="list-style-type: none"> • Use a checklist; be aware of outstanding items and the potential impact of information that could be lurking • Ensure the team is using a Master Project Schedule with key milestones
<p>Team Member Responsiveness</p> <p>Everyone needs to understand their role and impact on project timeline</p>	<ul style="list-style-type: none"> • Schedule Regular Response Times • Affirm commitment & capacity to participate

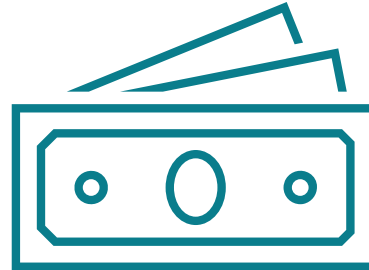
What's Next

There are 3 next steps in the City-led initiative to spark Faith in Housing work and leadership:



EDUCATION

Cohort-based
education &
mentoring
program



SUPPORT

Grant
opportunities
for technical
advice from
professionals



ADVICE

Flash Advising
One-stop site
design advice

Questions?

FAITH *in* HOUSING INITIATIVE



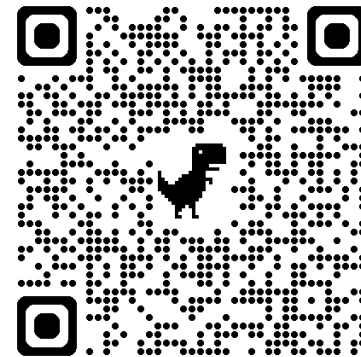
QUESTIONS

Coming Up Next...

Land Development 102: Discernment – Choosing Your Development Team

- *Virtual*: Tuesday, October 29

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APPENDIX