

02

BUILDING BLOCKS #02

Thoughts:

Questions:

Task List:

Professional Services Team

3.

- **Real Estate Broker**
 - **Finding land**
 - **Market research/comps***
 - **Assist in negotiation**
LOI, option, purchase
 - **Sell product – Marketing***
- **Title and Escrow Company**
 - **Review encumbrances, easements, liens, history**
 - **CC&R's - Covenants, Conditions and Restrictions**
 - **Guarantee clear/clean title**
 - **Escrow**



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Assembling Your Team of Professionals

- **What professionals do you need to hire?**
- **What do they do?**
- **When do you engage?**
- **What do they produce?**
- **Who do you hire?**



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1.

2.

Session 2

Building Blocks for Project Development:

Elements Required for Determining Viability

- Professional Team
- Market Research
- Government Research
- Preliminary Financial Proforma
- Return on Investment



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1.

ITEM 1

Elements Required for Determining Viability

2.

ITEM 2

Assembling Your Team of Professionals

3.

ITEM 3

Professional Services Team : Real Estate Broker,
Title & Escrow Company

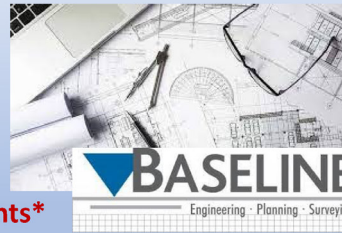
Professional Services Team (continued)



- **Attorney**
 - Real estate transactions
 - Contract review

- **Civil Engineer**

- Land planning*
- Survey*
- Infrastructure design
- Application/Entitlements*
- Due Diligence/Opportunity Constraints analysis
- Budget estimates
- Construction



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Professional Services Team (continued)

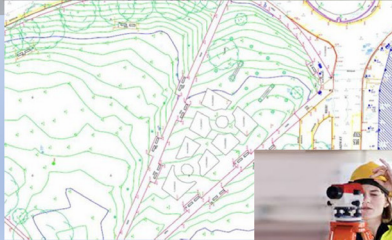
- **Land Planner**

- Develops plan
- Entitlement
- Environmental
- Due Diligence



- **Surveyor**

- boundaries
- Easements
- topographic survey



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5.

6.

Professional Services Team (continued)

- **Environmental Experts – Geo tech/Soils, traffic, water, biology, geology, archeology**
- **Landscape Architect/Arborist**
- **Entitlement Consultant***
- **Financial**
 - CPA/Accounting/Tax
 - Investors/Banks
 - Insurance



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4.

ITEM 4

Professional Services Team : Attorney, Civil Engineer

5.

ITEM 5

Professional Services Team : Land Planner, Surveyor

6.

ITEM 6

Professional Services Team : Environmental Experts, Landscape Architect, Entitlement Consultant*, Financial

9.

For a successful development you only need to know one number!

What is that number?



How do you determine that number?

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8.

Developer is the Orchestra Leader



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7.

Professional Services Team (continued)

- **Architect**
 - Homes
 - Accessory buildings
- **Housing/Building Contractor**
- **General Contractor**
 - Construction of on and off site roads, utilities, grading



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7.
ITEM 7

Professional Services Team : Architect, Housing /Building Contractor, General Contractor

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ITEM 8

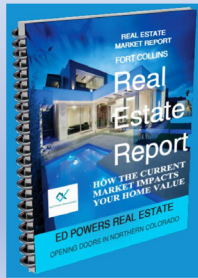
Maestro

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ITEM 9

Whats the Number?

Market Research

Free sources of data:



- Real Estate listing reports
- Check nearby rentals or sales of similar project
- Real Estate brokers info
- Demographics – Local government and census data
- Visit rentals or sales in area
- Who is your competition? Can you compete?

10.

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Market Research (continued)

11.

FOCUS on a general location

- Demographic trends
- Geographical growth trends
- Tourism/Leisure activity
- Unmet needs



Filter/Overlay -- Market research with Government Research

Which communities in area are development and/or tiny friendly – what are the laws and community attitude?

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12.

Governmental Research

In what municipal jurisdiction(s) is your property located?

Town/Township/Borough/City/County/Districts

What services are provided?

Note: Services needed for your project may come from several jurisdictions – and they all want fees!



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ITEM 10

Market Research

11.

ITEM 11

Combine Market Research with Government Research

12.

ITEM 12

Government Research: Define Jurisdiction

Government Research: Leadership/Key Players

15.

- **Develop a profile of:**
 - Elected official & their staff
 - PC members (appointment?)
 - Key city staff
 - Who are the power players
 - Identify key stakeholders

- **Learn leadership's mind set, constituency, ideology, hot button issues -- who do they listen to!**



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Community/Government Research - Information Resources 14.

City and/or county web page

- Staff reports – typical requirements and conditions of approval
- Minutes – Videos of meetings
- Entitlement Processing



Local News Sources

- Search for news stories on communities paired with topics e.g. affordable housing, tiny houses, affordable housing
- **News reports** -- how officials and community leaders think/approach issues



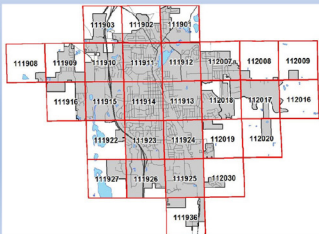
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13.

Community/Government Research - Information Resources

Municipal Code (<http://www.qcode.us/codes.html>)

- Zoning
- Building Code
- Development standards



County Assessor's Maps Parcel Info –APN/Address–

GIS system provides a wealth of info

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13.
ITEM 13

Government Research: Municipal Code, GIS system

14.
ITEM 14

Government Research: Local Sources

15.
ITEM 15

Government Research: Leadership & Key Players

Preliminary Financial Analysis

16.

01/'22 02/'22 03/'22 04/'22 05/'22 06/'22 07/'22

Expenditures

- Pre-construction (plan/application/entitlements)
- Land
- Site Construction/infrastructure
- Cost of Units
- Cost of Money
- Government Fees
- Contingency

Total Expenditures

Assumptions

Profit*

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Preliminary Financial Analysis (continued)

17.

01/'22 02/'22 03/'22 04/'22 05/'22 06/'22 07/'22

Income

- Rentals or Sales
- Miscellaneous
- (Minus Sales/Operation/maintenance costs)

Total Net income

ROI

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18.

Expenditures

Land cost	\$100,000
Units permitted	10
Costs per tiny home	\$70,000
Cost of land development	\$300,000
Soft costs, fees	\$100,000
Contingency	\$50,000
Total	\$1,250,000

Income

Rental of units per month	\$1,000
Occupancy rate 95%	
Operating Expenses 8%	
Total	\$104,880

Project Sale \$1,600,000

Calculate RIO

How does the ROI change as one amends assumptions?



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16.

ITEM 16

Preliminary Financial Analysis: Expenditures

17.

ITEM 17

Preliminary Financial Analysis: Income

18.

ITEM 18

Preliminary Financial Analysis: Calculate ROI