

Architect & Developer: Self-Initiating Your Work

FR101

Friday, 22 June 2018, 7:00am – 8:00am

1.00 LU

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Questions related to specific products and services may be addressed at the conclusion of this presentation.

Speakers List

- Alex Barrett
- Jared Della Valle
- Peter Guthrie
- James Petty

Course / Learning Objectives

- *Gain insight into strategies of obtaining project financing, from construction loans and investors to crowdsourcing and government subsidies.*
- Learn to use design to create value and align the interest of architect and developer for better buildings and better cities.
- Explore the efficiency that comes from designing and executing a building when acting as both architect and developer, which means less time lost to coordination and endless presentations.
- Reflect on the work of architects who have self-initiated projects in New York City and around the country—and possibly even your own community.

Contact Information

Alex Barrett

barrettdesign.com

Jared Della Valle

alloyllc.com

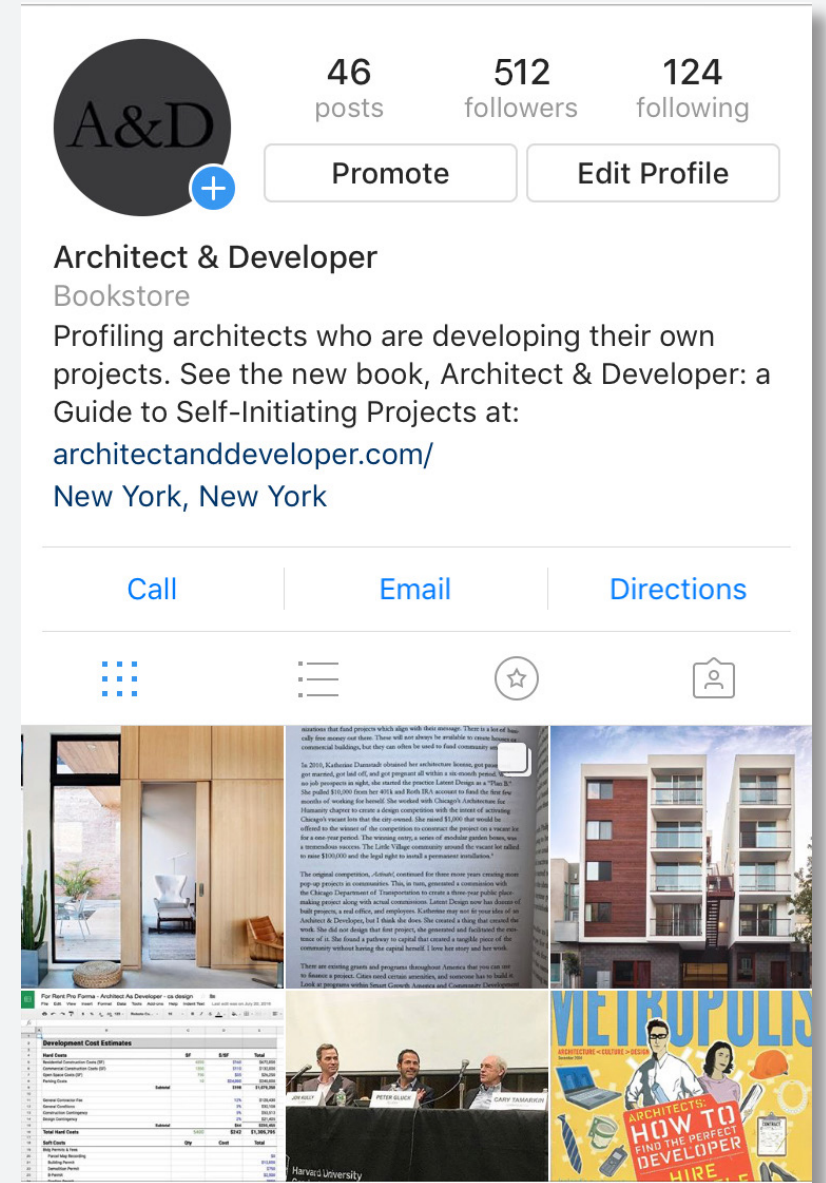
Peter Guthrie

ddgpartners.com

James Petty

architectanddeveloper.com

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bit.ly/archdev

How to load into your phone:

1. Open up internet browser.
2. Goto bit.ly/archdev
3. Log in to your Google account.
4. Close and open Google Maps.

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Alex Barrett

Barrett Design

Hello

We are a multidisciplinary real estate development firm. Founded in 2005, we create distinctive, high quality residential condominiums.



We are designers



< We love great buildings >

< We enjoy what we do >

< We love Brooklyn >

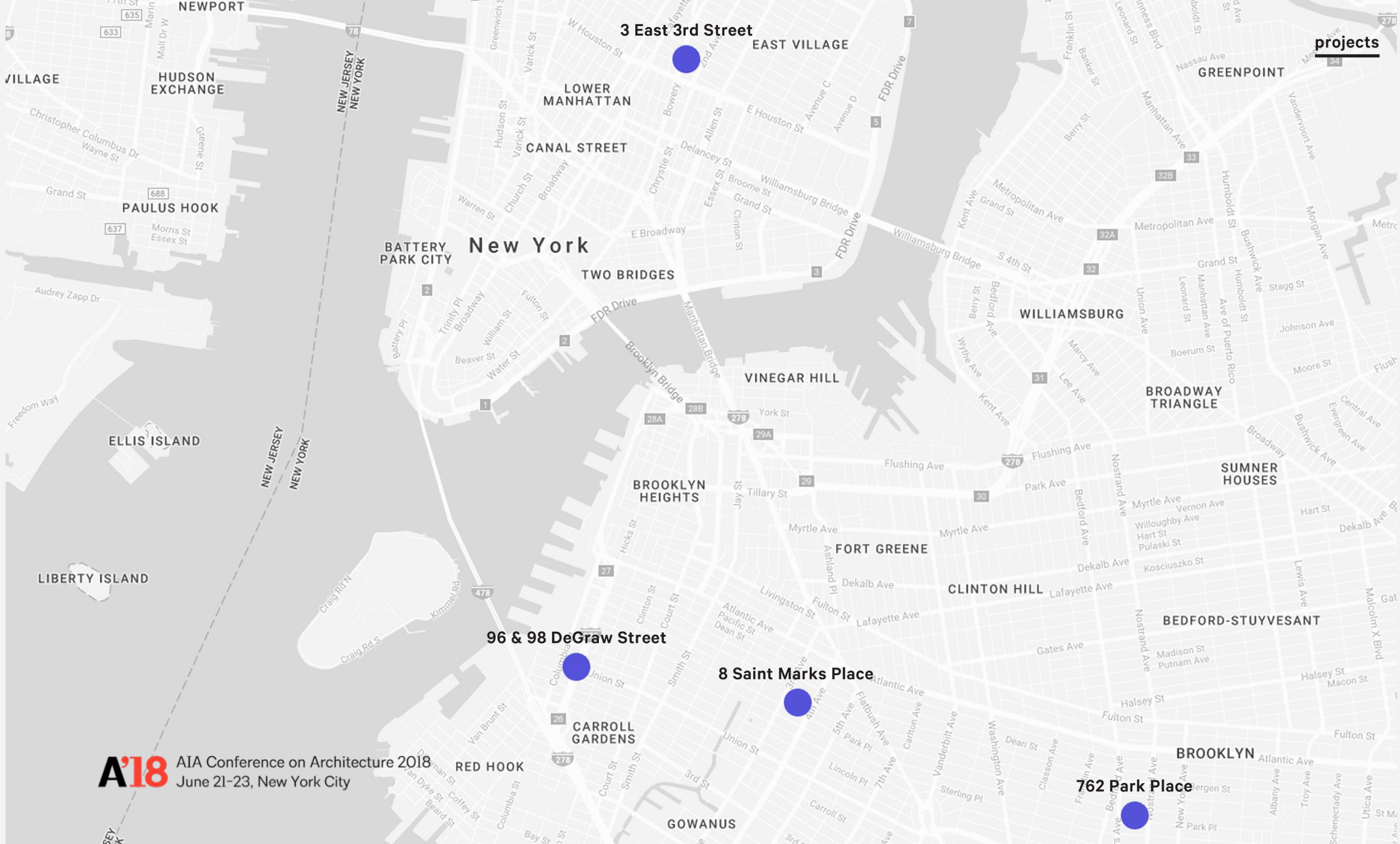
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◀ ...and Manhattan too. ▶

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projects

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RED HOOK

GOWANUS

CARROLL GARDENS

8 Saint Marks Place

96 & 98 DeGraw Street

FORT GREENE

BROOKLYN HEIGHTS

VINEGAR HILL

TWO BRIDGES

BATTERY PARK CITY
New York

CANAL STREET

LOWER MANHATTAN

EAST VILLAGE

GREENPOINT

WILLIAMSBURG

BROADWAY TRIANGLE

SUMNER HOUSES

BEDFORD-STUYVESANT

BROOKLYN

762 Park Place

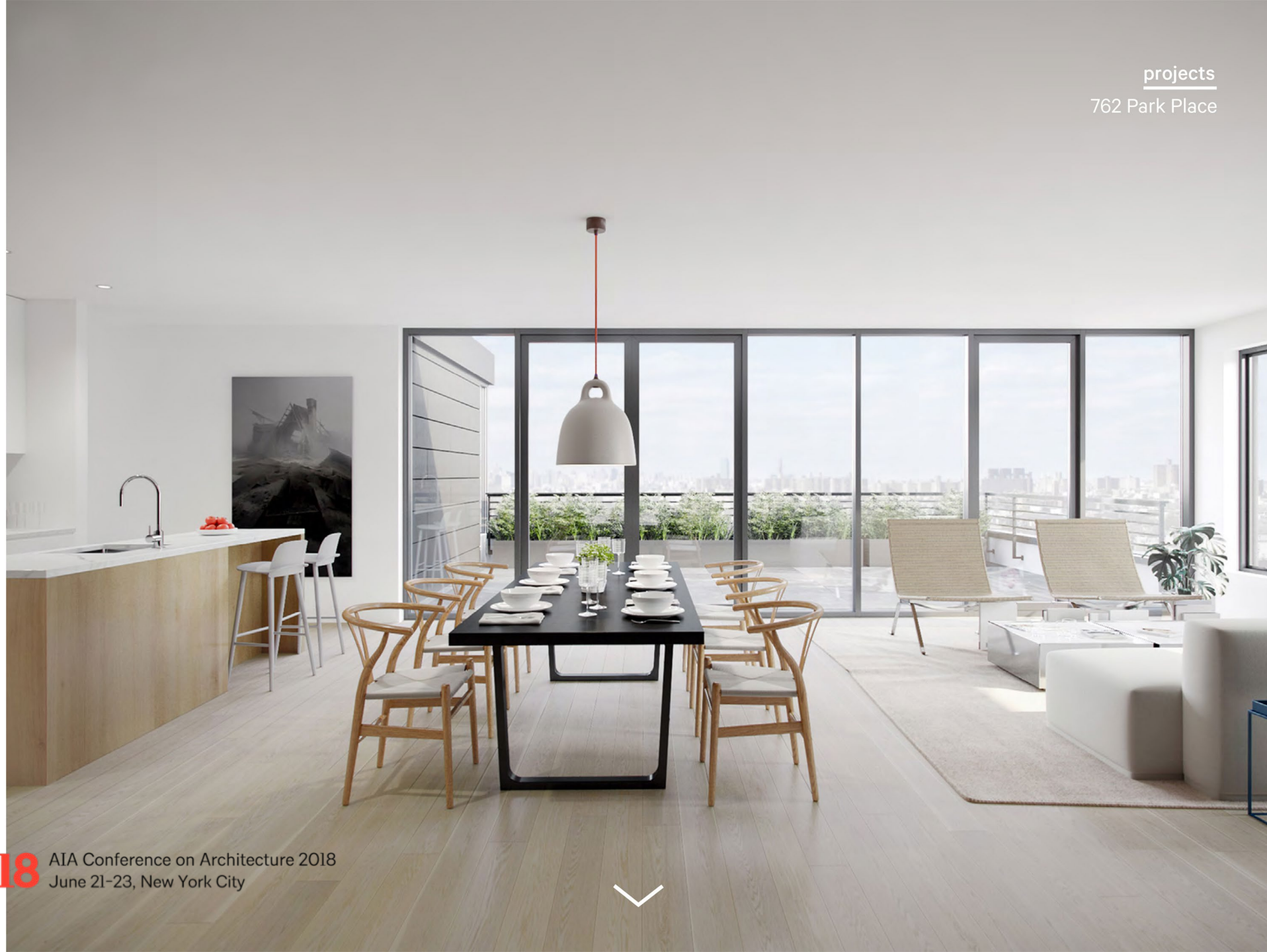
projects
762 Park Place

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projects

762 Park Place



projects

8 Saint Marks Place



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projects

8 Saint Marks Place



projects

8 Saint Marks Place



projects

96 & 98 Degraw Street



A'18 AIA Conference on Architecture 2018

projects

96 & 98 Degraw Street





projects

3 East 3rd Street

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projects
3 East 3rd Street

A'18 AIA Conference on Architecture 2018
October 23-25, 2018 New York City





Barrett Design

Thank you

Jared Della Valle

Alloy

Alloy

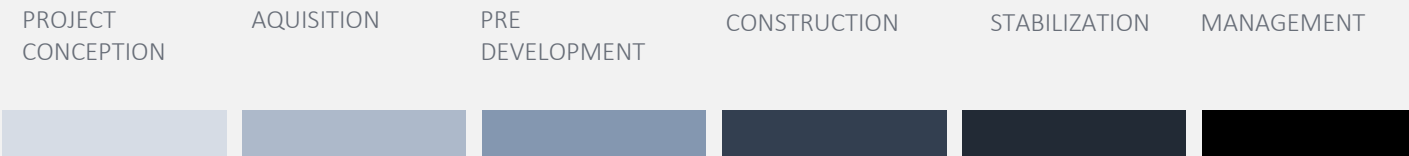
Alloy is a real estate development company working in New York City. Our belief in making great architecture guides our practice. We believe we have a responsibility to make the experience and quality of our work meaningful.

better
development.

Alloy

Development
Design
Advisory
Construction
Management
Community Development
Whatever it Takes.....

Dilemma / Opportunity



Over the last 12
years, we have only
acquired 11 projects.



Only 1 of them is active



80-110 Flatbush

Alloy

Address Search

Filter Properties: Last Edited Notes Date Range: Feb 19, 2003 Oct 30, 2015 Status: Active Inactive Acquired Completed

80 & 110 FLATBUSH AVENUE

Status: **Acquired**
 Address: **80 FLATBUSH AVENUE**
 Block: **174**
 Total FAR: **3.20**
 Total Area: **32015.00**

Lot 13 Lot 24 **Lot 18** Add Lot

Owner Name: KIMAQU

All Zoning Components 1:
 All Zoning Components 2:
 Lot Area: 12240
 Maximum Allowable Commercial: 6
 FAR:
 Maximum Allowable Residential FAR: 6.02
 Total Building Floor Area: 35200

LINKS
 Zoning Map #: 16c
 Historical Zoning Maps: 16c
 NYC Dept. of Buildings
 Property transaction records
 NYC Dept. of Finance Assessment Roll
 NYC HPD data
 NYC Planning's ZoLa application
 NYC Digital Tax Map
 NYC zoning guide
 NYC Watershed Resources

SHOW MORE

Price Files Links

Bid

Type price here

Type a note here

Submit

AJ - 2/12/2015
 LL Counsel sent draft lease to LL
 Sent org chart

AJ - 2/2/2015
 Agreed to terms. Sent Alloy folio

AJ - 1/23/2015
 Revised Offer
 Upfront Payment: \$1.35M
 Initial Rent: \$1.35M paid quarterly for 6 years
 Stabilized Rent: \$2.6M

-Increases: 1.9% annually is acceptable but resets at years 25 and 50.

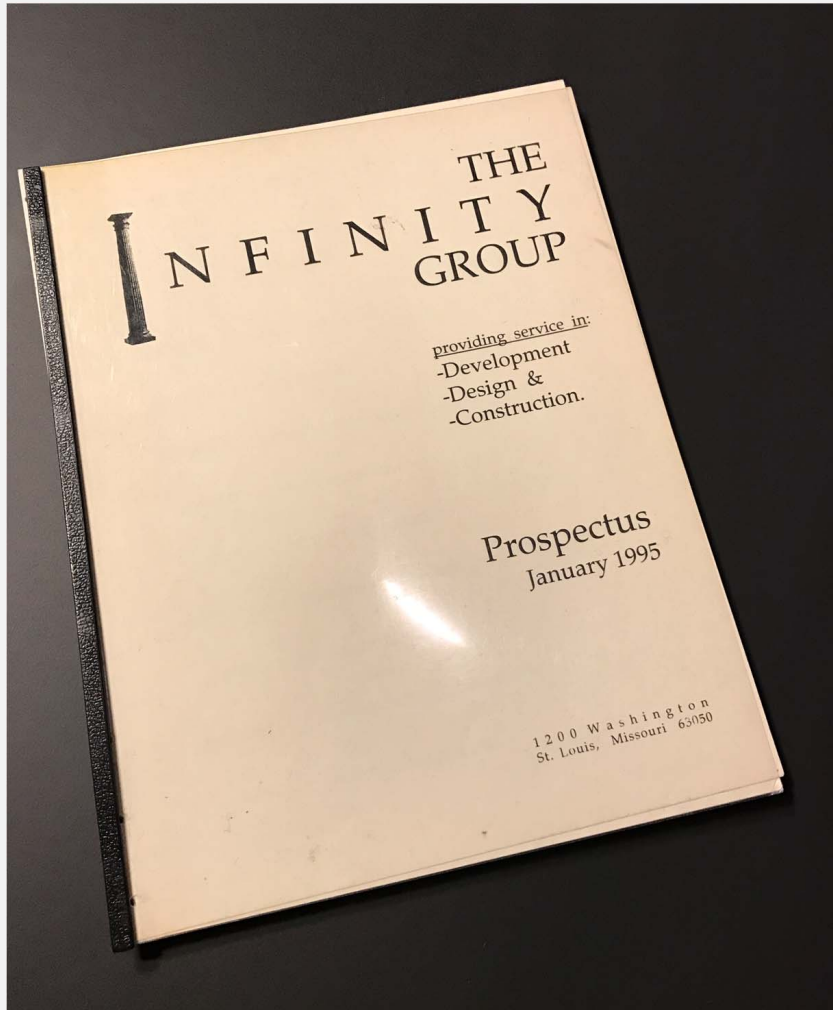
AJ - 1/23/2015
 Landlord raised Completion Guarantee
 Security Deposit

AJ - 1/21/2015
 Counter from landlord
 Upfront Payment: \$1.35M
 Initial Rent: \$1.5M paid quarterly for 5 years
 Stabilized Rent: \$2.9M

-Increases: 1.9% annually is acceptable but resets at years 25 and 50.

AJ - 1/19/2015
 Alloy offer \$1MM upfront, \$1MM per year for years 1-6, \$2.5MM per year stabilized

AJ - 1/12/2015
 Met at Massey's office.

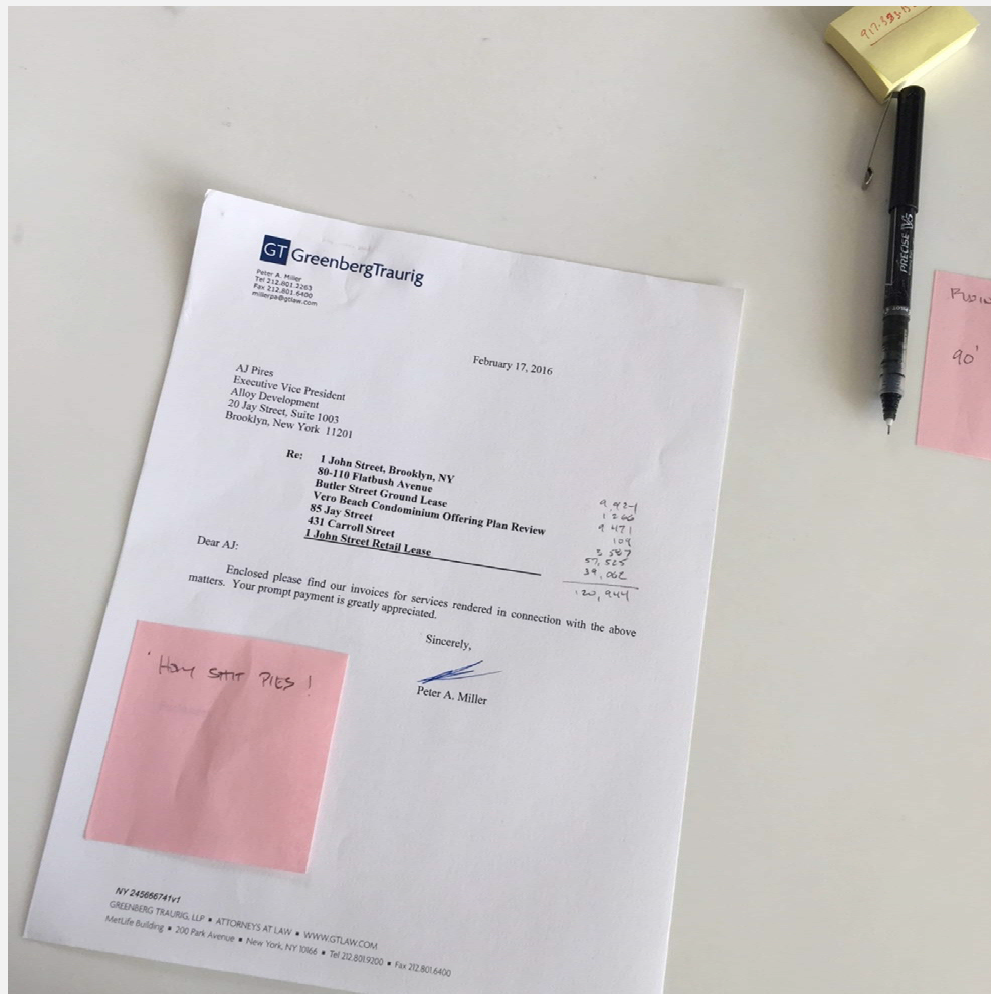


Development History

- 1995: Graduate School Thesis (Infinity Group)
- 1996: Clark Construction
- 1996: Formation of Della Valle Bernheimer Design
- 1998: Begin to Pursue Development
- 2002: HPD New Foundations / Site 3 Development
- 2005: 245 Tenth Avenue
- 2006: 459 West 18th Street (AJ joins DB / Start of Alloy)
- 2011: DB Dissolution
- 2016: Alloy Turns 10!
- 2018: 80 Flatbush

Metrics in Process and Completed

- Partners since 2006
- 12 Projects
- 94.3M of Equity Invested
- 434.1M of Equity Managed
- 659.4M of Debt Borrowed
- \$1,131.8M in development capitalized
- \$1,597.7M of Asset Value
- 2,141K Gross SF of Development
- 1136 Units



Alloy

CHANGE ORDER

AIA Document G701

PROJECT

Dumbo Townhouses
55 Pearl Street
Brooklyn, NY 11201

PROJECT NUMBER: 1202

CHANGE ORDER #: 4

DATE: March 4, 2014

OWNER

55 Pearl Street LLC
c/o Alloy Development Holdings
20 Jay Street, Ste. 1003
Brooklyn, NY 11201

THE CONTRACT IS CHANGED AS FOLLOWS:

As per the attached Euro Iron invoice #1140225271 dated 2/25/14, RSA CSKs #10R4, #11R5, #12R2, #13R, the approved record set of structural steel shop drawings dated 2/12/14 and correspondence from RSA between 2/21 - 2/25:

Fabrication and installation of additional (6) HSS 5x3x3/8" columns and (5) W12x19 beams at Grid 'A', and (4) MC12x35 channels at Penthouse Terrace framing at North skylights \$ 12,800.00

Fabrication and installation of (24) web stiffeners at Mezzanine perimeter W21x93 and W14x43 beams at Ductal bearing plate locations \$ 1,500.00

Additional detailing due to said revisions \$ 2,500.00

Subtotal: \$ 16,800.00

Overhead and Fee (0%): \$ -

Subtotal: \$ 16,800.00

Insurance (0%): \$ -

TOTAL CHANGE ORDER \$ 16,800.00

The original Contract Sum was \$ 5,901,682.12

The net change by previously authorized Change Orders \$ 21,204.00

The Contract Sum prior to this Change Order was \$ 5,922,886.12

The Contract Sum will be increased by this Change Order in the amount of \$ 16,800.00

The new Contract Sum including this Change Order will be \$ 5,939,686.12

The Contract Time will be increased by 0 days

The date of Substantial Completion as of the date of this Change Order therefore is 3/30/2015

NOT VALID UNTIL SIGNED BY THE ARCHITECT, CONSTRUCTION MANAGER AND OWNER.

AC 55 Pearl Street LLC

55 Pearl Street LLC

Alloy Design LLP

CONSTRUCTION MANAGER (Firm name)

OWNER

ARCHITECT (Firm name)

20 Jay Street, Ste 1003, Brooklyn 11201

20 Jay Street, Ste 1003, Brooklyn 11201

20 Jay Street, Ste 1003, Brooklyn 11201

ADDRESS

ADDRESS

ADDRESS

BY (Signature)

BY (Signature)

BY (Signature)

Jared Della Valle
(Typed Name)

Jared Della Valle
(Typed Name)

Jared Della Valle
(Typed Name)

3.12.14
DATE

3.12.14
DATE

3.12.14
DATE

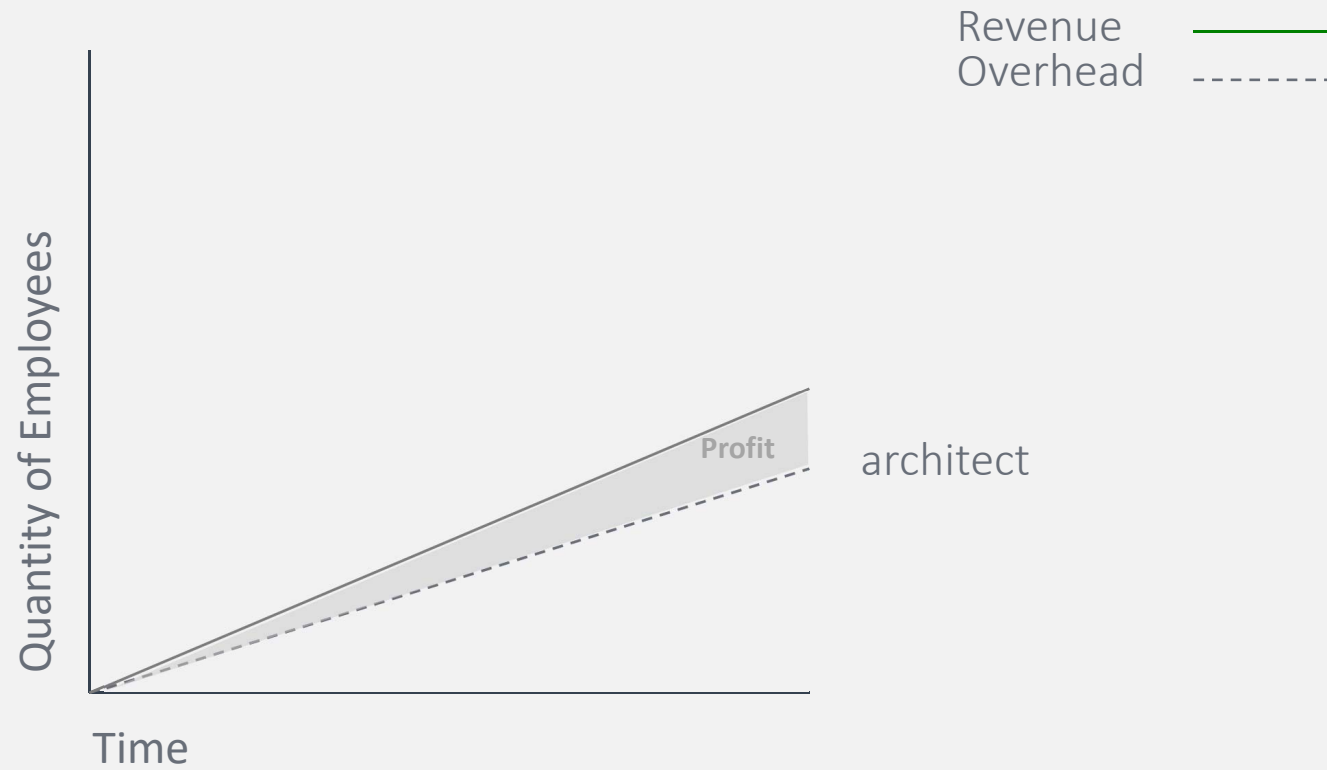
Partners		4
Employees	11	
Admin		2
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	17	

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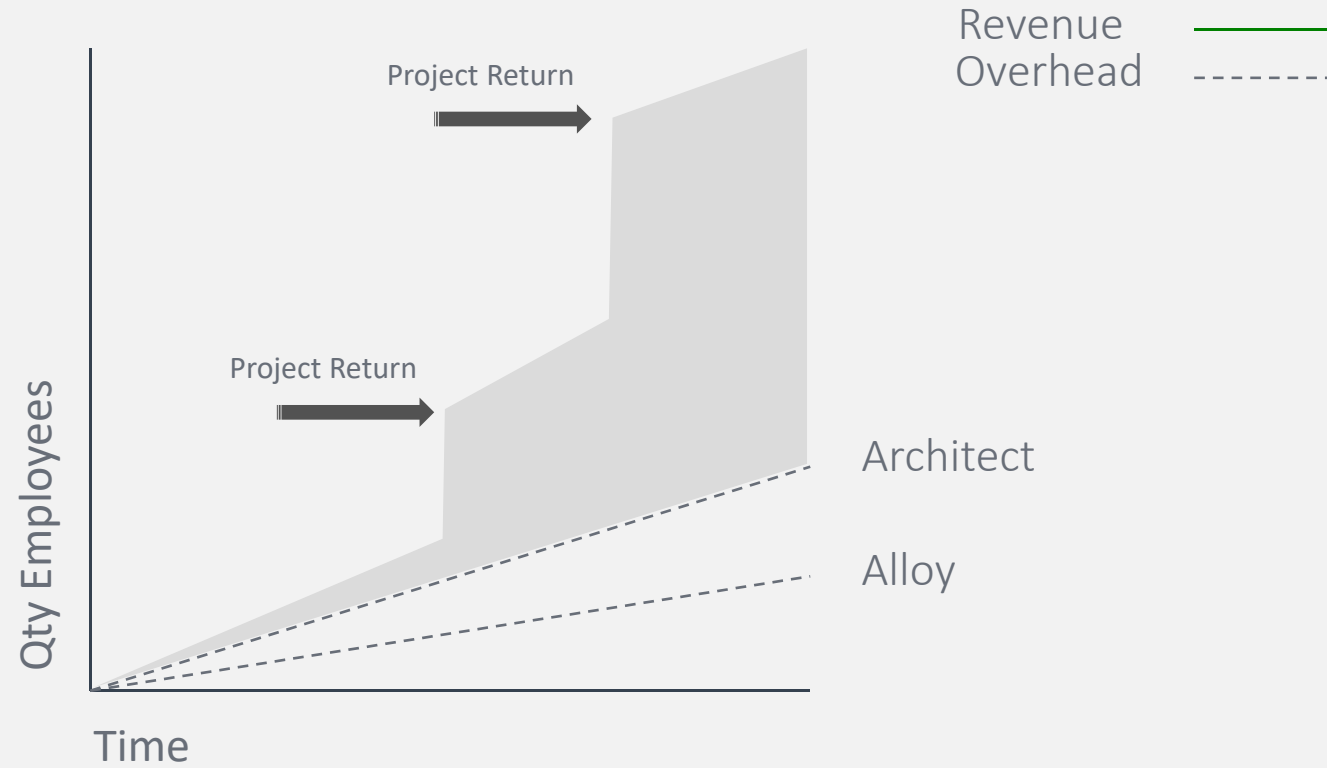
Development	13	
Design		11
Advisory	4	
Construction	6	
<hr/>		
	34	

8 of our employees are licensed architects.

Architecture Practice



Diversified Practice



Where is the money?

Architectural Fees:	4.15% of Construction
Construction Fees:	13.75% of Construction*
Brokerage Fees:	6% of Total Sales
<u>Developer Fees:</u>	<u>2% of Project plus Profits**</u>
	A lot of Money ***

*Overhead and Profit, General Conditions and Insurance

**Split of proceeds with Capital Partner

**Could be as much as 100% of project cost





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Marketing Event

alloyllc.com

FUCKING
ENORMOUS
LOFTS

to live in







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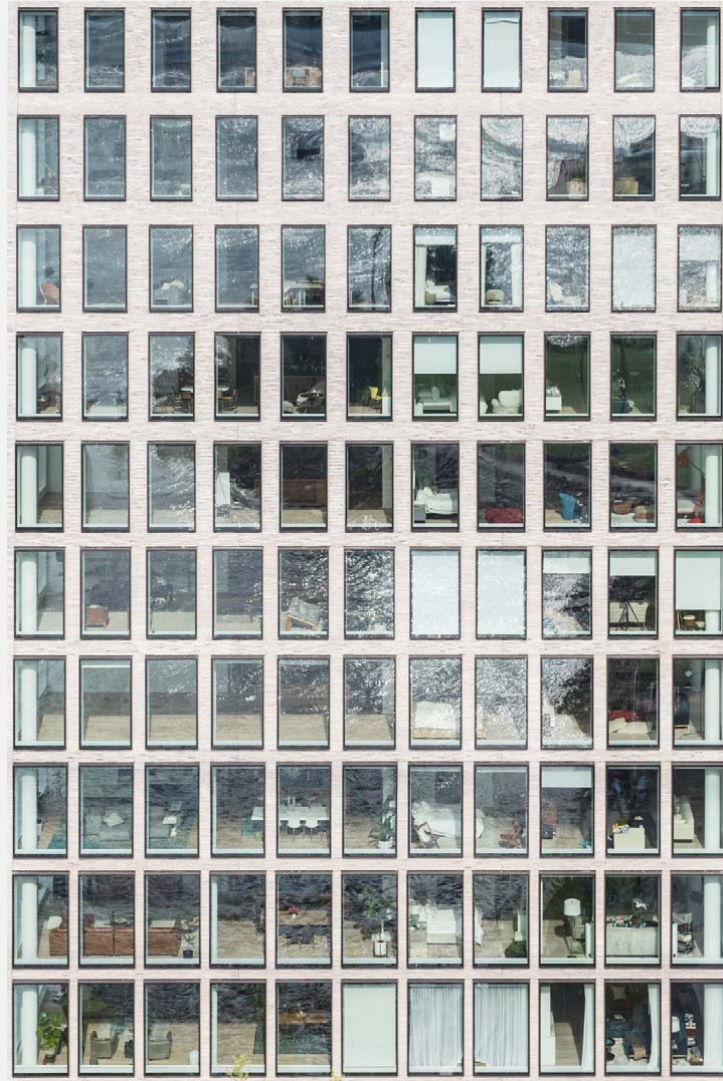


Alloy

Goat Herding

192 Water Street





Robust Community Engagement



Recess Assembly / BRICWorkspace

Issue Project Room / Mural at 80 Flatbush

Fall Culture Fest / Jalapa Jar

Project Benefits



Two New Schools



200 Affordable Units



New Culture



3,000 New Jobs



More City Land

4,100

Direct Beneficiaries

\$230 Million

Public Benefit

\$0

City Capital

Architect: A person who
is responsible for
inventing or realizing a
particular idea or project.





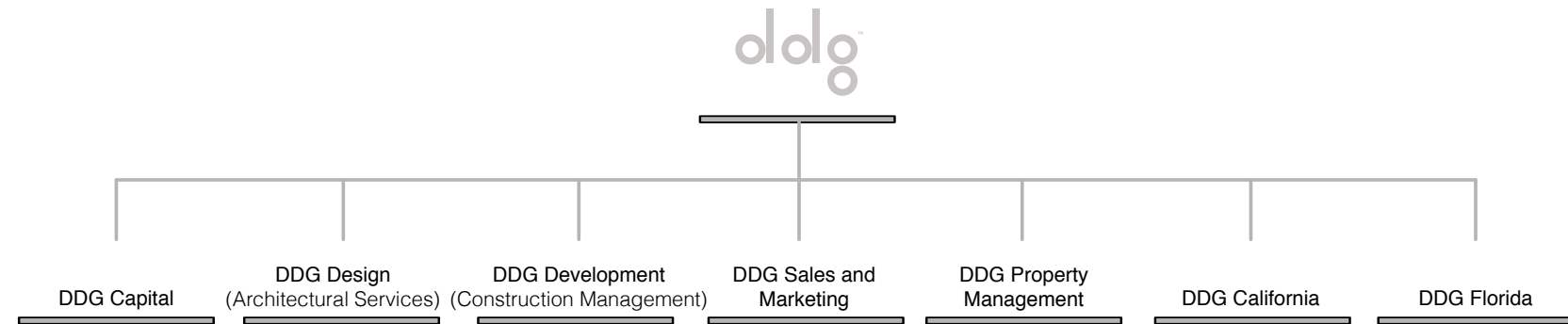
Peter Guthrie

DDG



Company Overview

- DDG is organized as a series of vertically integrated business segments
- Offices in California, Florida and New York



Selected Investment / Development History

- DDG has approximately \$1.5 billion of projects currently under development

Current Projects (By Size)				
Project	Location	Units	Gross Square Feet	Description
1 180 East 88th Street	New York, NY	48	150,412	Luxury residential condominium building with a ground floor community facility; ground-up new construction
2 3550 South Ocean Boulevard	South Palm Beach, FL	30	114,693	Luxury residential condominium building with parking; ground-up new construction
3 169 Columbia Heights	New York, NY	30	73,261	Luxury residential condominium building; conversion
4 8 Octavia Boulevard	San Francisco, CA	47	70,153	Luxury residential condominium building with ground floor retail and parking; ground-up new construction
5 345 West 14th Street	New York, NY	37	70,038	11-Story luxury condominium building with ground floor retail; ground-up new construction and conversion
6 450 Hayes Street	San Francisco, CA	41	65,167	Luxury residential condominium building with ground floor retail and parking; ground-up new construction
7 325 West Broadway	New York, NY	21	61,900	10-Story and 4-story luxury condominium buildings with ground floor retail; ground-up new construction and conversion
8 12 Warren Street	New York, NY	13	50,131	12-Story luxury condominium building; ground-up new construction and conversion
9 400 Grove Street	San Francisco, CA	34	44,414	Luxury residential condominium building with ground floor retail and parking; ground-up new construction
10 532 West 20th Street	New York, NY	9	34,590	9-Story luxury condominium building; ground-up new construction
11 Parcel T	San Francisco, CA	26	39,225	Luxury residential condominium building with a ground floor retail; ground-up new construction; close pending
12 235 Valencia Street	San Francisco, CA	28	31,655	Luxury residential apartment building with a ground floor retail; ground-up new construction; close pending
13 41 Bond Street	New York, NY	7	29,493	11-Story luxury condominium building with ground floor parking; ground-up new construction
14 100 Franklin Street	New York, NY	10	29,421	Luxury residential condominium building with ground floor retail; ground-up new construction
Total Current Projects		381	864,553	



325 West Broadway



400 Grove



PROPERTY DESCRIPTION			
Address			
Location			
Use	ICAP Abatement (Active + 1)	1	
Estimated Closing Date			12/1/2016
Zoning			C6-2A
Lot Dimensions			
Plot Size Sq. Ft.			13,606
ZFA		0 FAR	-
Air Rights			-
Mechanical Deduction		0.0%	-
Above Grade Sq. Ft.			102,042
Gross Ceiling			13,558
Gross Rentable Sq. Ft.			205,600
Net Rentable Sq. Ft. (Office & Retail)			236,235
Rentable Sq. Ft. - Office	94.1%	5,317 SF Lobby	222,190
Rentable Sq. Ft. - Retail (Above Grade)	3.5%		8,306
Rentable Sq. Ft. - Retail (Cellar)	2.4%		5,739

SOURCES AND USES			
Acquisition Loan	0.0%	0.0%	-
Construction Loan	80.0%		\$8,562,065
Mezzanine Loan	0.0%		-
Total Debt	50.0%		\$8,562,065
DDG	2.4%		\$4,529,603
Partner	47.6%	95.0%	\$93,662,461
Total Equity	50.0%		\$98,562,065
Total Sources	100.0%		\$197,184,129

	205,600 sf per OSF	236,235 sf per RSF	Amount
Initial Ground Lease Payment	\$340	\$296	\$70,000,000
Broker Fee	-	-	-
Closing Costs	2	2	405,000
Hard Costs	315	274	64,843,077
Net Cost Contingency	35	30	7,116,823
Soft Costs	70	61	14,388,349
Soft Cost Contingency	7	6	1,438,835
Financing Costs			4,524,246
Lending Commissions	47	41	9,686,117
Tenant Improvements	76	66	15,553,329
Acquisition Loan Interest	-	-	-
Construction Loan Interest	45	39	9,228,254
Total Uses	\$959	\$835	\$197,184,129

STACKING PLAN					
Floor	Usable SF	Rentable SF	2016 Rents	2020 Rents	0.0% Sensitivity
Floor 16	9,617	0	\$0.0	\$0.0	\$0.0
Floor 15	9,635	13,169	\$93.0	\$104.7	\$104.7
Floor 14	9,638	13,203	\$91.0	\$102.4	\$102.4
Floor 13	9,634	13,197	\$89.0	\$100.2	\$100.2
Floor 12	9,644	13,211	\$87.0	\$97.9	\$97.9
Floor 11	12,303	16,863	\$85.0	\$95.7	\$95.7
Floor 10	12,305	16,866	\$83.0	\$93.4	\$93.4
Floor 9	12,304	16,865	\$81.0	\$91.2	\$91.2
Floor 8	12,310	16,862	\$79.0	\$88.9	\$88.9
Floor 7	12,362	16,862	\$77.0	\$86.7	\$86.7
Floor 6	12,374	16,951	\$75.0	\$84.4	\$84.4
Floor 5	12,415	17,097	\$73.0	\$82.2	\$82.2
Floor 4	12,421	17,016	\$71.0	\$79.9	\$79.9
Floor 3	12,417	17,010	\$69.0	\$77.7	\$77.7
Floor 2	12,417	17,010	\$67.0	\$75.4	\$75.4
Ground Floor	8,306	8,306	\$175.0	\$197.0	\$197.0
Cellar / Roof	5,739	5,739	\$11.3	\$11.3	\$11.3
Total / Avg	177,131	236,235	\$81.0	\$91.2	\$91.2
Office Only	163,886	222,190	\$79.3	\$88.3	\$88.3

ACQUISITION ASSUMPTIONS			
Deposit	10.0%	\$7,400,000	Month 1
Acquisition	90.0%	\$63,000,000	Month 1
Total	100.0%	\$70,400,000	

FINANCING ASSUMPTIONS	
Loan to Cost	50.0%
1-Month LIBOR (See Eurodollar Curve)	0.41%
Acquisition Loan Spread	0.00%
Acquisition Loan Average Rate	12.0%
Construction Loan Spread	4.00%
Construction Loan Average Interest Rate	0.00%
Construction Loan Term	37 Months

BROKER FEE			
Broker Fee			0.00%
Existing Parking Rent / Month	Month 1	Month 12	\$0

DEVELOPMENT ASSUMPTIONS			
Pre-Development Period	Month 1	Month 12	12 Months
Demolition	Month 13	Month 14	2 Months
Construction Period	Month 15	38 Months	24 Months
Record of TCO		3/1/2020	38 Months
Direct Work		\$53,916,084	\$262 / gsf
Contingency	10.0%	5,391,008	\$26 / gsf
General Conditions		7,116,823	\$35 / gsf
CM Fee	4.0%	2,656,985	\$13 / gsf
Insurance	4.0%	2,678,400	\$14 / gsf
Total Hard Costs		\$71,960,000	\$350 / gsf
Soft Costs (w/ Interest Carry)		\$122,689	
Soft Cost Contingency			10.0%

OFFICE OP EX / CAPITAL RESERVES			
Management Fee			4.0%
Base Year RE Taxes	\$13.39 / rsf	15.0% Gross Rev.	\$2,875,070
Operating Expenses	\$11.81 / rsf		\$2,624,410
Op Ex Annual Growth	\$25.20 / rsf		3.0%
Capital Reserve	\$0.20 / rsf		\$47,247
Reserve Annual Growth			3.0%

OFFICE LEASING ASSUMPTIONS			
Lease Type			Gross Rents (Base Case)
Vacancy Factor			5.0%
Base Year Operating Expense			Year 2
New Lease Tenant Improvements			\$70 / rsf
Renewal Lease Tenant Improvements			\$40 / rsf
New Leasing Cost			100.0%
Renewal Leasing Cost			50.0%
New Lease Free Rent			10 Months
Renewal Free Rent			3 Months
Office Lease Factor			27.0%
Vertical Obstruction	Office	Retail	Total
Rents above Base Case	\$89 psf	\$197 psf	\$91 psf
Refinance Override			8.0%
Manual Rent Growth			3.0%

RETAIL LEASING ASSUMPTIONS			
Lease Type			Gross Rent
Free Rent			6 Months
New Leasing Cost			100.0%
Renewal Leasing Cost			50.0%
Retail Lease Factor (Subby / Service Entrances)			10.0%

RESIDUAL VALUE ASSUMPTIONS			
Office / Retail Size			
Exit Year / Month	6.0 Years		72 Months
Exit Cap Rate			5.50%
Gross Sale Proceeds	\$1,212 / rsf		\$286,563,848
Transfer Tax			3.0%
Brokerage Fee			2.0%

GROSS RETURNS	
Project Profit	\$99,883,893
Unlevered IRR	12.04%
Levered IRR	14.68%
Return on Equity Invested	2.01x
Enterprise Value Ratio	1.96x

STABILIZED YIELD		
NOI (Post Ground Rent)	Year 5	\$14,191,561
NOI Yield		7.28%

SCHEDULE SUMMARY			
Phase	# Months	Start	End
Acquisition	1 Months	12/1/2016	12/1/2016
Predevelopment	12 Months	12/1/2016	11/30/2017
Construction	24 Months	12/1/2017	11/30/2019
Operations	36 Months	12/1/2019	11/30/2022
Exit	73 Months	12/1/2016	11/30/2022

PROFIT & LOSS SUMMARY			
Net Operating Income	9.1%		\$28,057,297
Net Sales Proceeds	90.9%		278,725,332
Operating Defect Add Back			3,239,331
Refinance Loan			153,819,077
Less: Refinance Loan Costs			(1,538,191)
Less: Debt Service			(14,963,213)
Less: Loan Escrow			(150,371,811)
Net Proceeds	100.0%		\$28,067,872
Less: Project Costs			(197,184,129)
Net Profit	33.6% Margin		\$99,883,693

CUMULATIVE EQUITY OUTSTANDING	
Year 1	(\$14,354,302)
Year 2	(\$84,592,066)
Year 3	(\$98,562,066)
Year 4	(\$98,562,066)
Year 5	(\$35,548,247)
Year 6	\$99,883,692
Year 7	-
Year 8	-
Year 9	-
Year 10	-

REFINANCE ASSUMPTIONS	
Refinance Month	Year 5
Refinance Date	55 Months
Refinance Cost	\$153,819,077
Annual DS	\$9,968,896
Monthly DS	\$825,734
Lender Valuation @ Refinance	\$282,001,641
Loan LTV	54.9%
Interest Reserve	Months
Mortgage Recording Tax	0.00%
Bank Fees	1.00%

DEBT TEST (Lender of)	
Debt Yield	\$153,819,077
LTV	\$155,100,903
Minimum DSCR	\$154,505,064
Interest Rate	6.00%
Amortization Schedule (Years)	30 Years
Lender Cap Rate (Valuation)	6.00%
Refinance Feasible	YES
Adjust Equity Required	

GROUND RENT SCHEDULE			
Year	Annual Rent	Monthly Rent	\$ / RSF
Year 1	0	\$0	\$0.00
Year 2	0	0	0.00
Year 3	0	0	0.00
Year 4	0	0	0.00
Year 5	0	0	0.00
Year 6	0	0	0.00
Year 7	0	0	0.00
Year 8	0	0	0.00
Year 9	0	0	0.00
Year 10	0	0	0.00

Selected Projects

41 BOND







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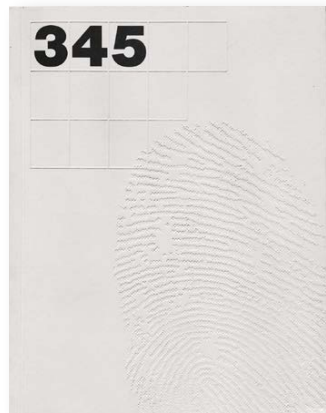








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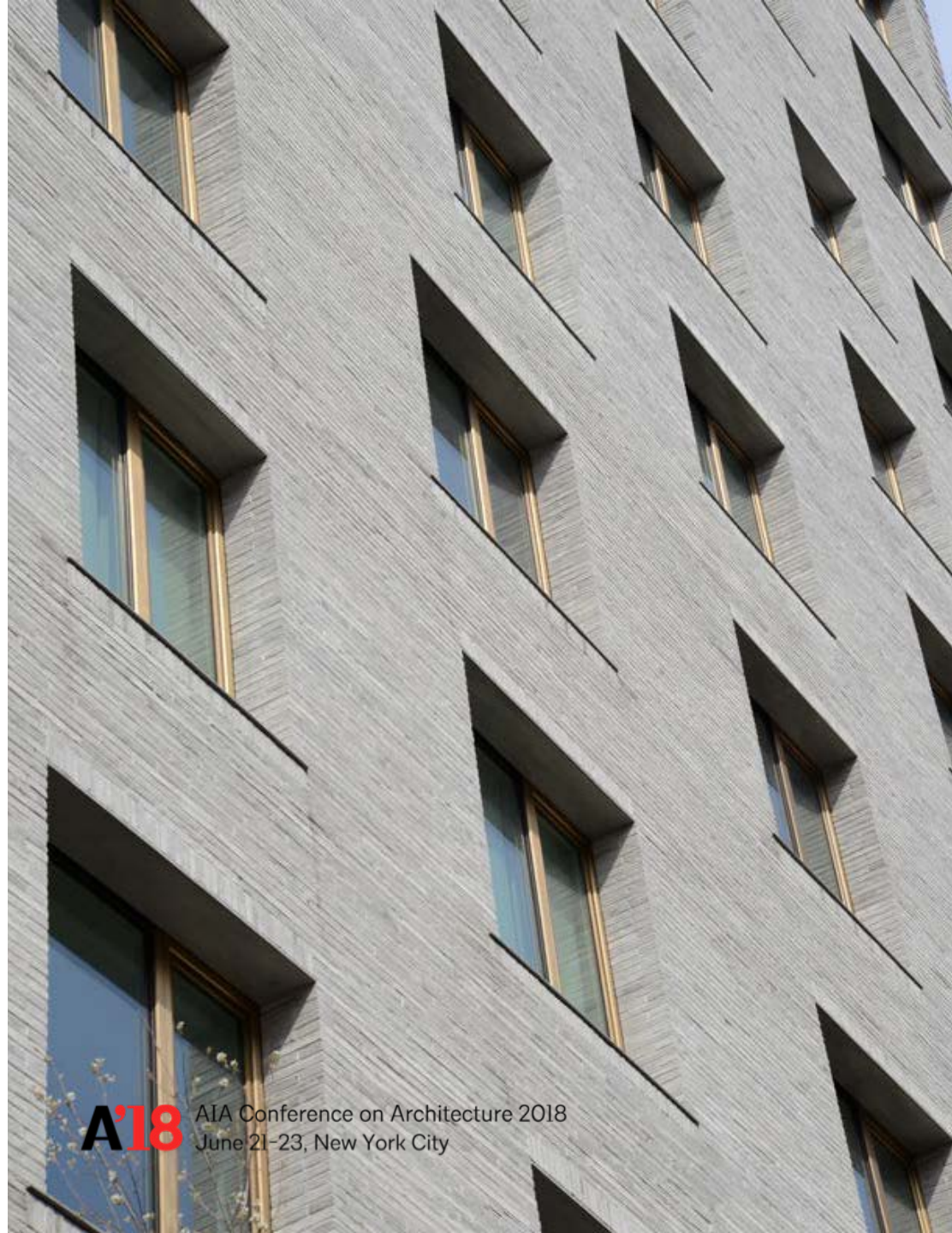


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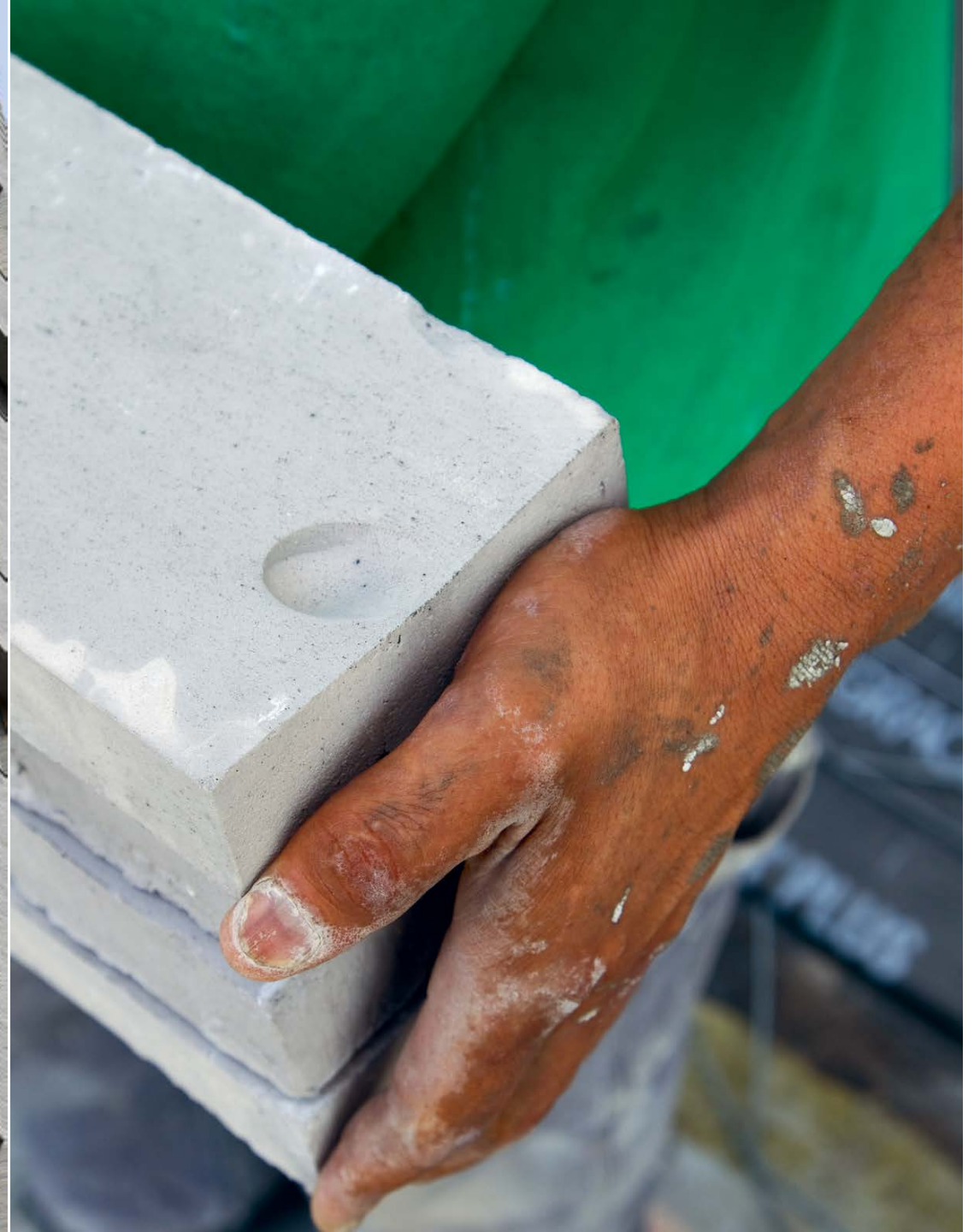
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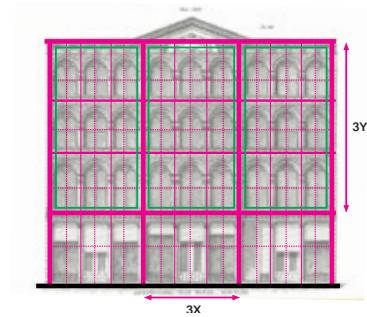
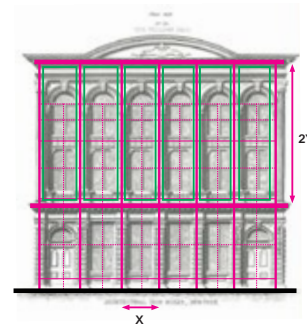
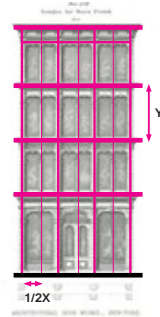
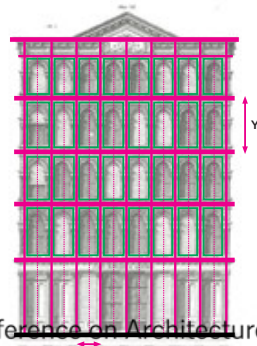


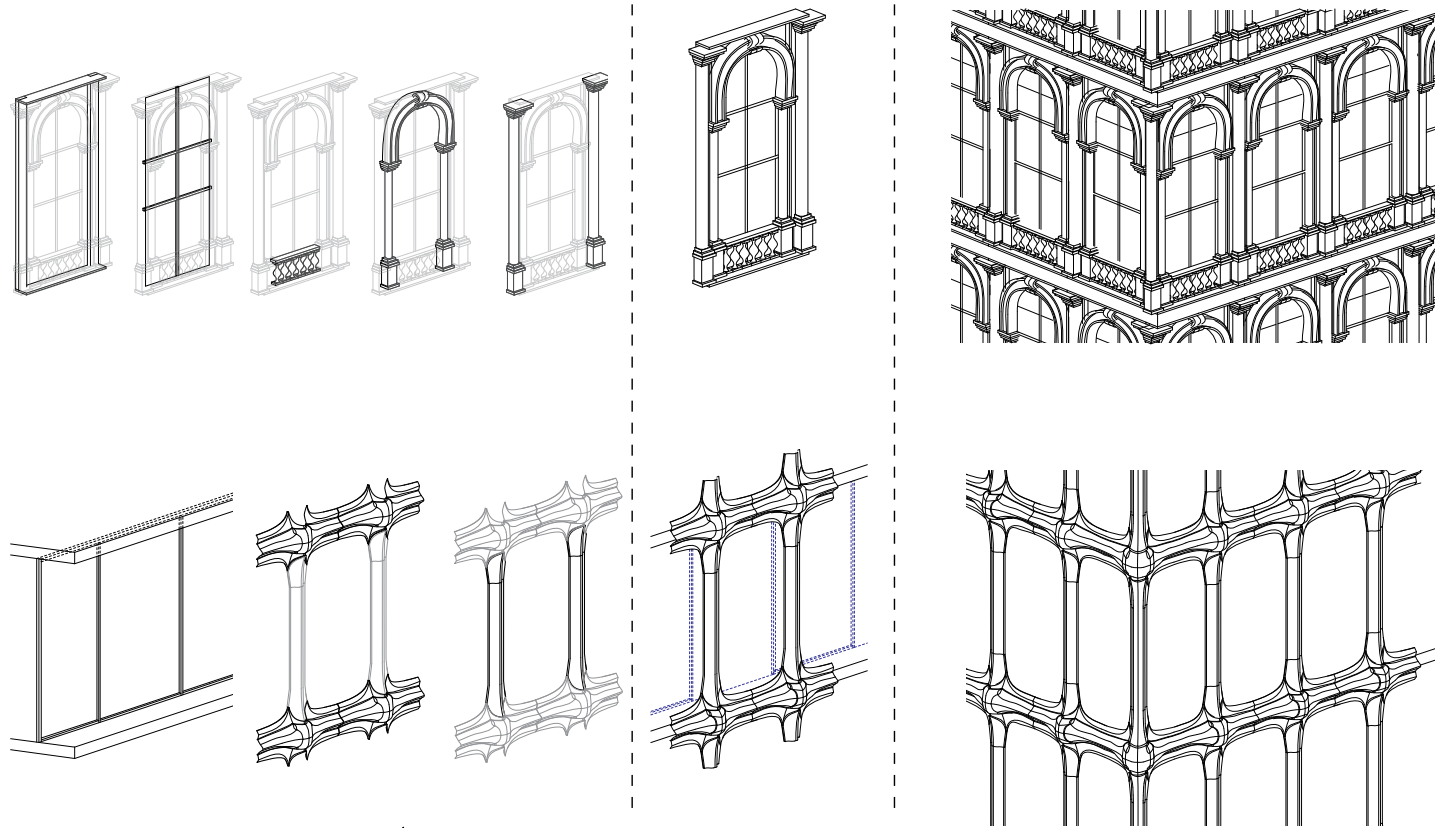
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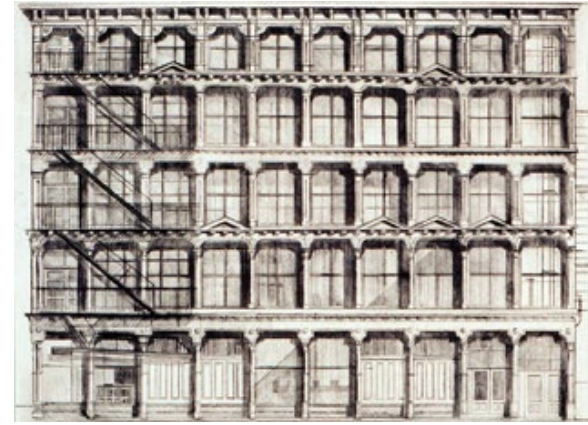
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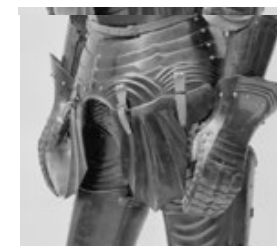
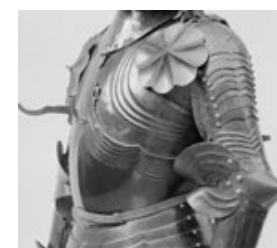
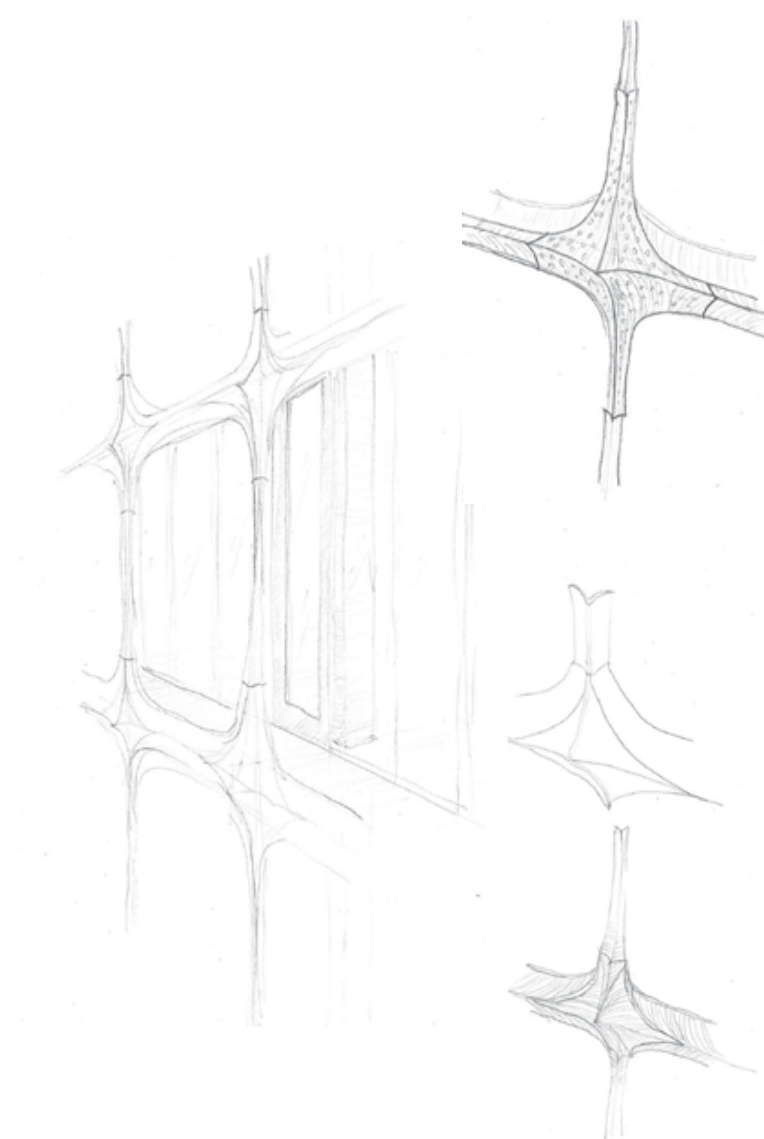
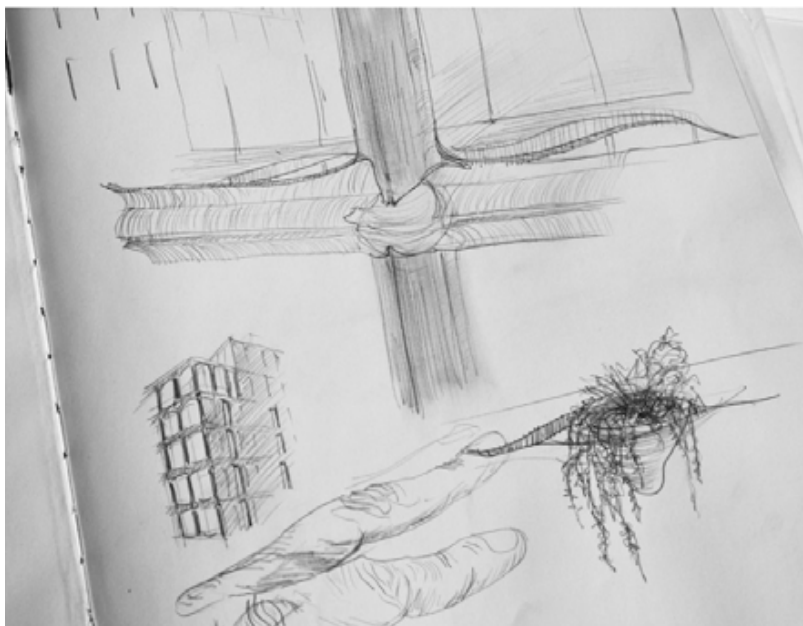
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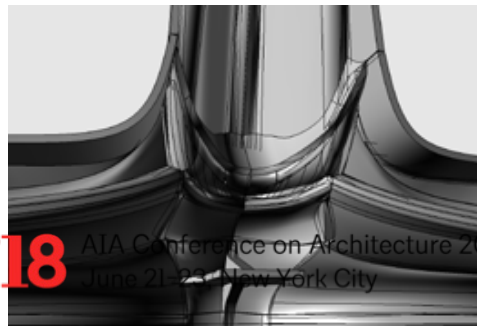
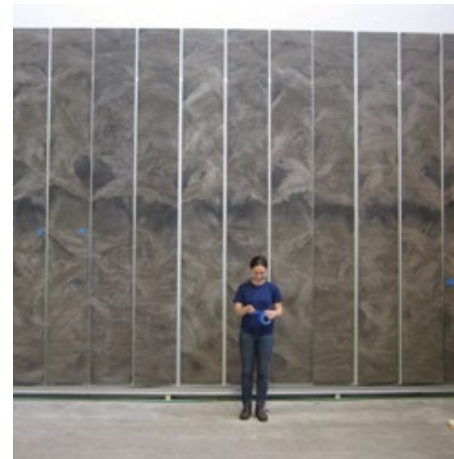
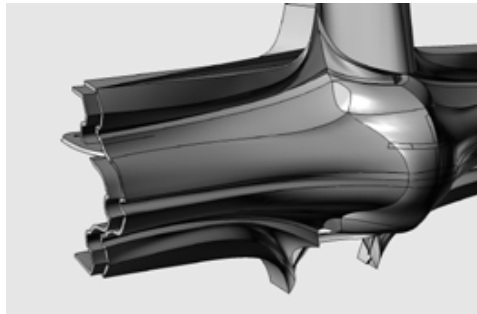
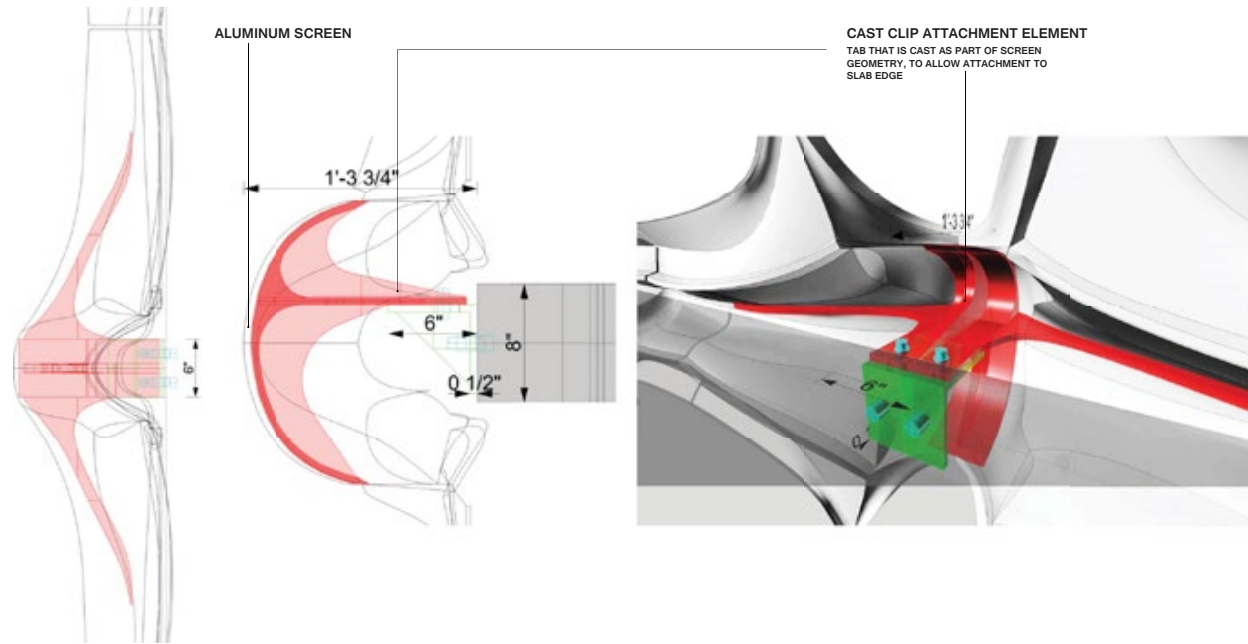












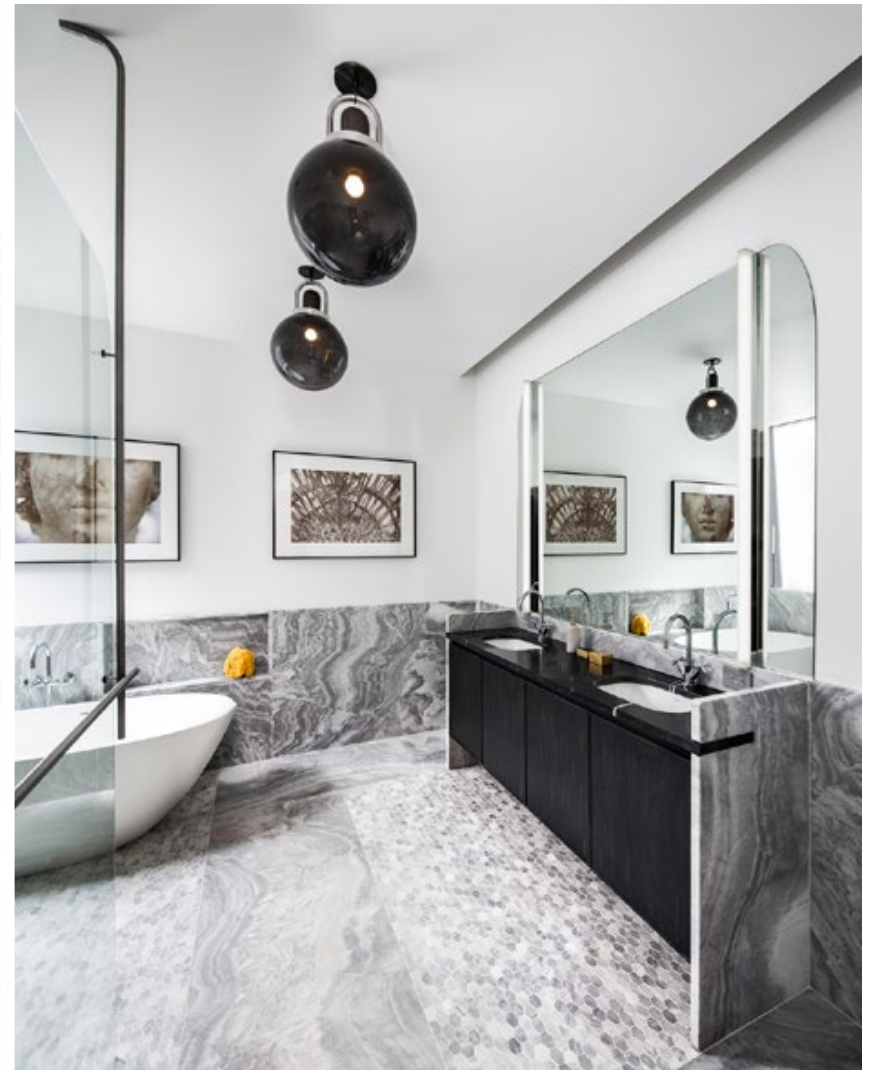


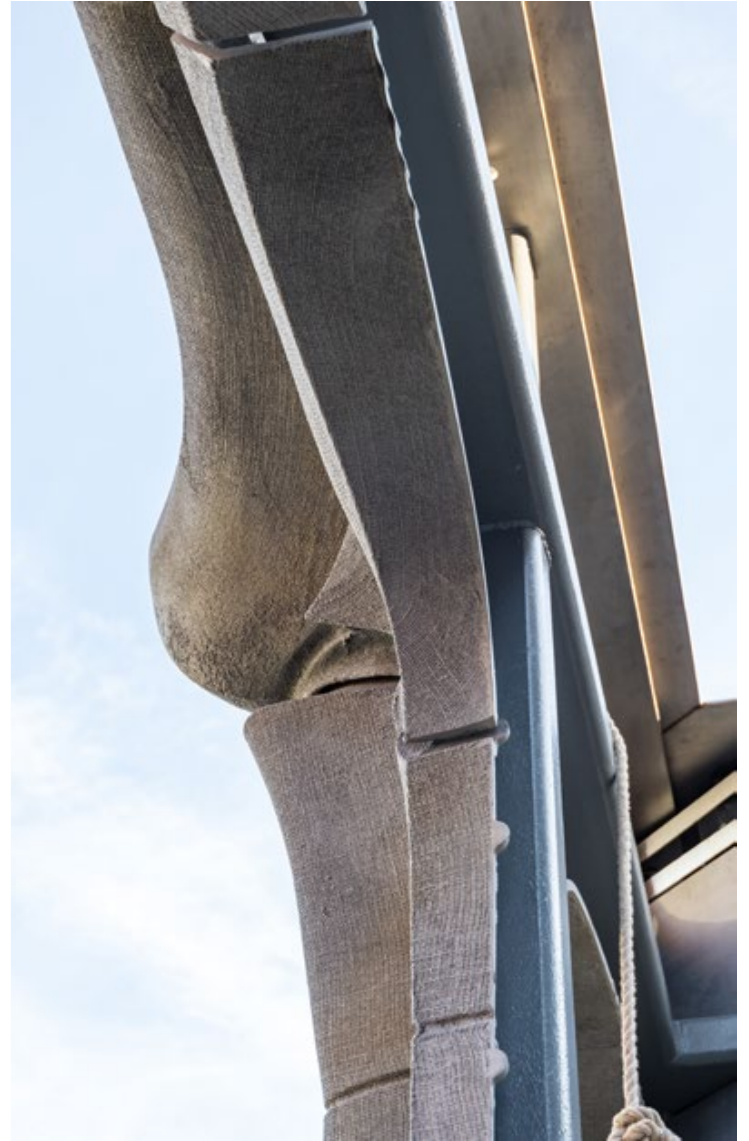


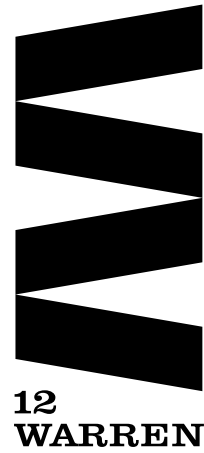
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Collateral Materials

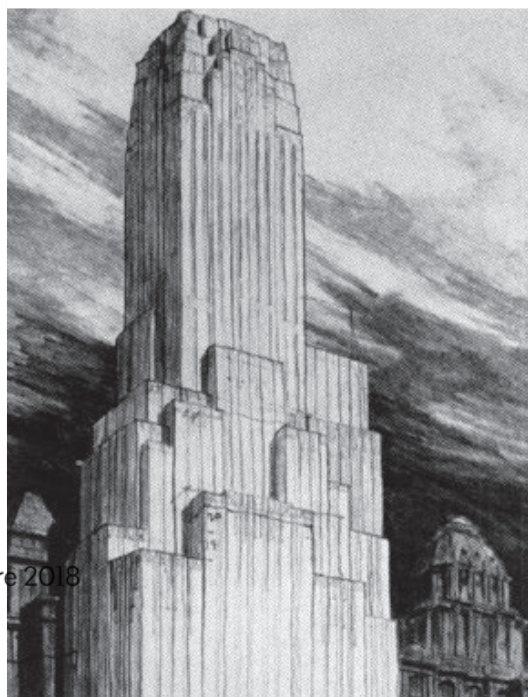
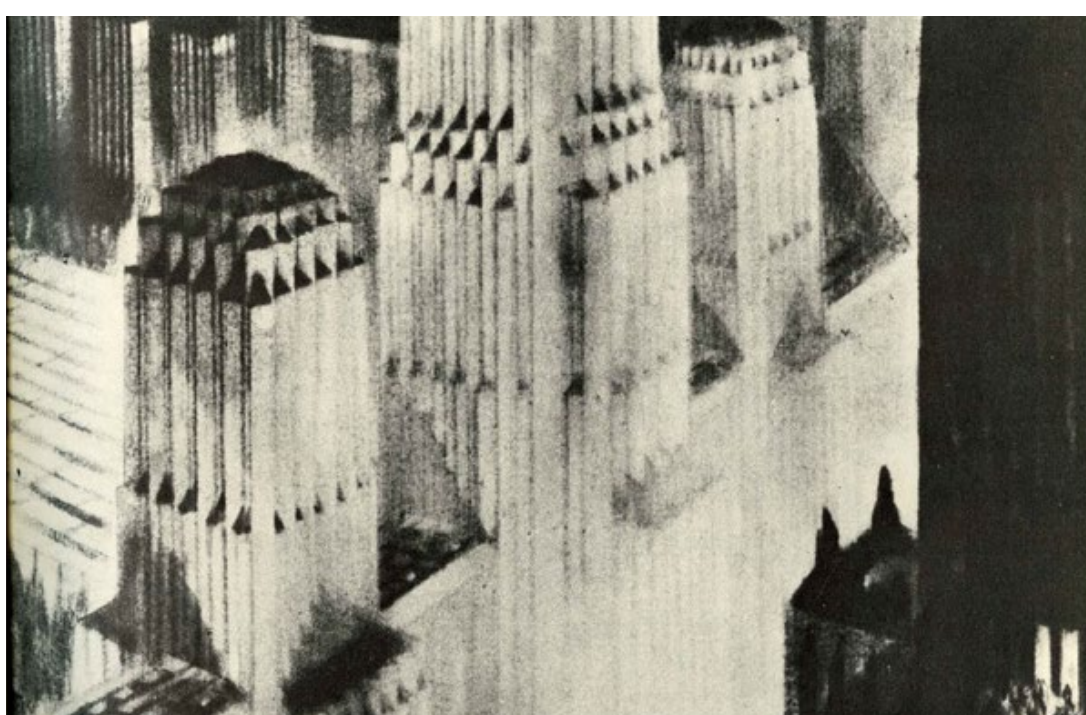


Building Features

Property:	12 Warren Street
Location:	Tribeca - New York, New York
Acquisition / Exit Year:	2012 / 2017
Gross Square Feet:	50,131 SF
Number of Stories:	12
Height:	135 feet
Total Units:	13
Status:	Construction
Developer:	DDG
Architect:	DDG
Interior Designer:	DDG
General Contractor:	DDG
Sales Agent:	Corcoran Sunshine Marketing Group
Unit Mix:	2BR - 2 3BR - 8 4BR - 3
Sales:	Fall 2015
Completion:	Early 2017
Amenities:	Bike Room, Concierge, Doorman, Fitness Center, Storage



IBO EBB



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MASSING

LOT SIZE	14,117	SF
R10 Residential Equiv. FAR (10.0)	141,117	
CERTS	28,384	
ZFA TOTAL	169,404	SF
ZR.23-651 TOWER-ON-BASE REQUIRES		
60% OF THE TOTAL BULK BELOW 150'		
40% OF ZFA	67,762	
60% OF ZFA	101,642	
EXISTING BUILDING	(52,221)	
NEW BUILDING TOTAL BELOW 150'	49,421	SF
NEW BUILDING TOTAL ABOVE 150'	67,762	SF
TOTAL ZFA OF NEW BUILDING	117,183	SF

MASSING DETERMINATION - 01

• THE PROPOSED LIGHT AND AIR EASEMENT ON LOT 140 TRIGGERED A SLIVER LAW CONFLICT AND THEREFORE THE CURRENT DESIGN DOES NOT BENEFIT FROM LEGAL LIGHT AND AIR AT THE NORTH FACADE OVERLOOKING LOT 140.

• LEGAL LIGHT AND AIR NOT REQUIRED.

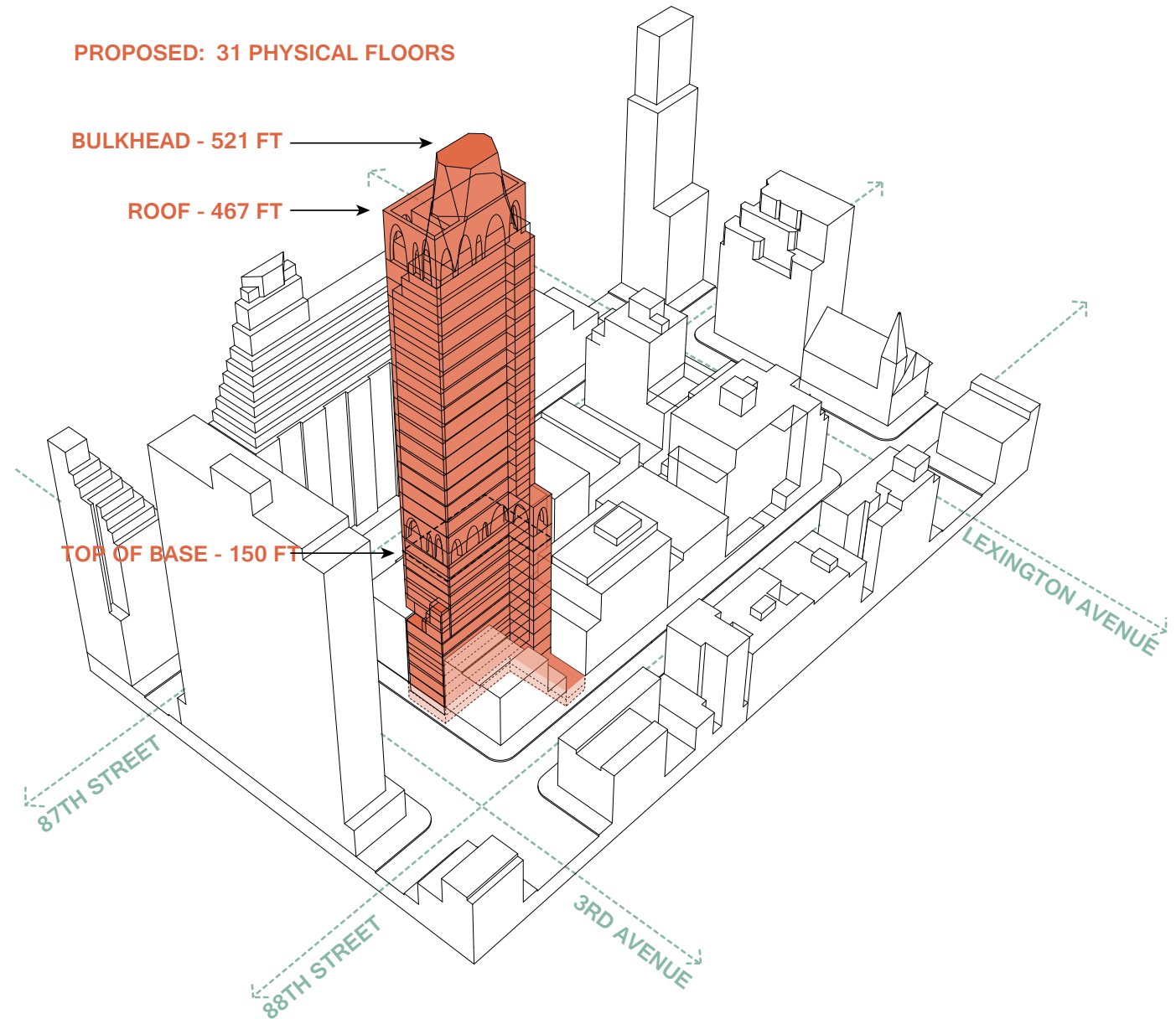
• LEGAL LIGHT AND AIR WOULD IMPROVE LAYOUTS ON FLOORS 8-27 ALLOWING LARGER KITCHENS AND BETTER ENTRANCE LAYOUTS.

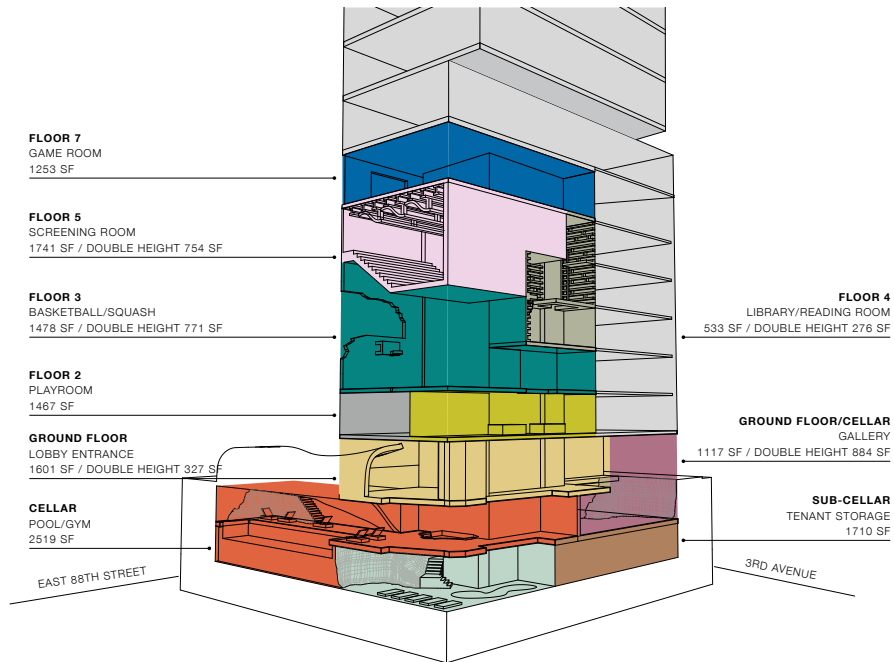
• LEGAL LIGHT AND AIR ALLOWS FOR STUDIOS OR ONE BEDROOMS ON FLOORS 2-8 ON THE WEST SIDE OF THE BUILDING.

• PER NYC 2008 BUILDING CODE NO PART OF ANY ROOM SHALL BE MORE THAN 30' FROM LEGAL LIGHT AND AIR. EXCEPT IN DWELLING UNITS CONTAINING MORE THAN THREE HABITABLE ROOMS. KITCHENS ARE NOT EXCLUDED FROM THIS EXCEPTION.

ZONING VARIANCE/DETERMINATION - 01

• INCREASE ALLOWABLE COMMERCIAL TO ALLOW EXISTING CELLAR AND GROUND FLOOR





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FLOORS 31-32
PENTHOUSE 3+ BEDROOM
3397 SF

FLOORS 28-29
2 - 3 BEDROOM DUPLEX
3525 SF/3319 SF

FLOORS 16-18
3 - 3 BEDROOM
3 - 2 BEDROOM
2273 SF/1492 SF

FLOORS 8-13
6 - 3 BEDROOM
6 - 2 BEDROOM
2233 SF/1703 SF

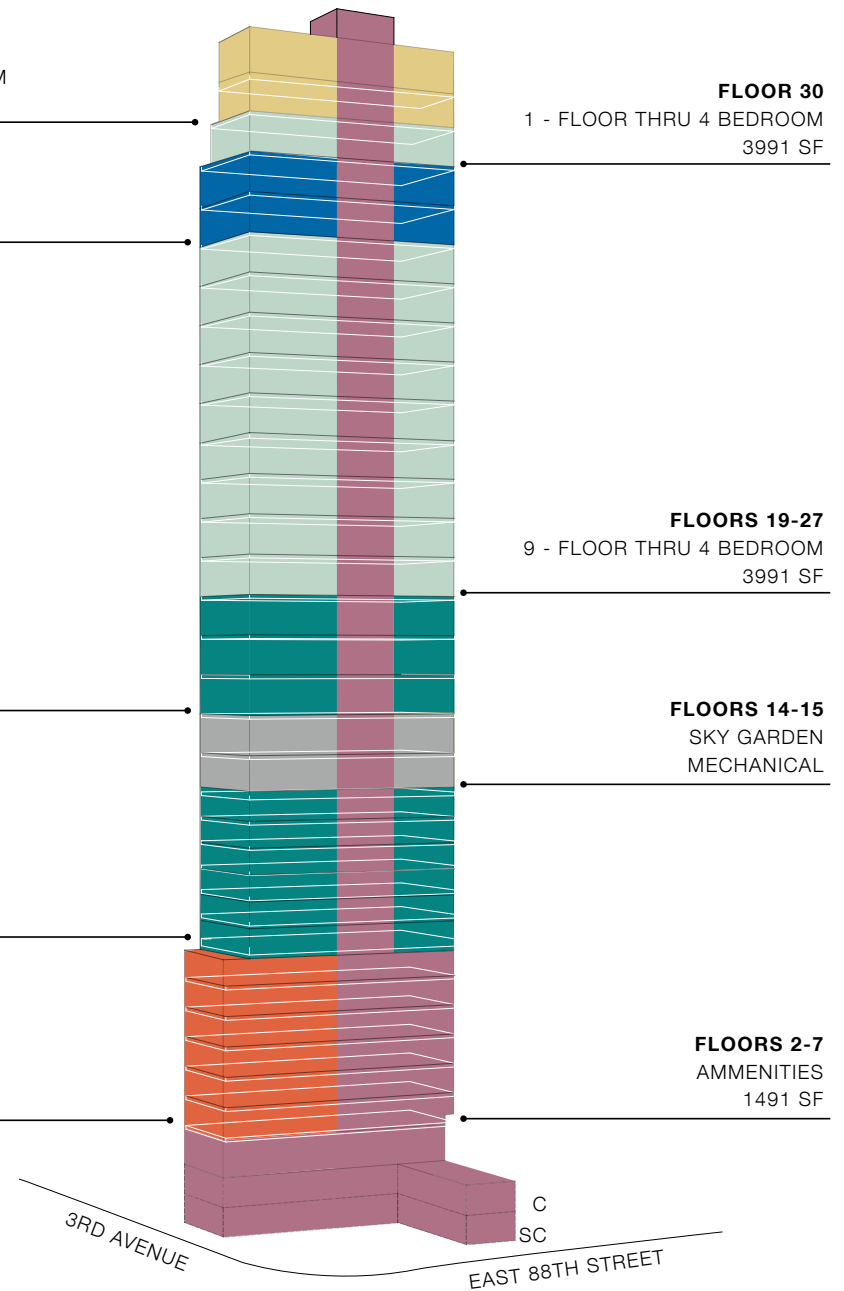
FLOORS 2-7
6 - 2+ BEDROOM
1706 SF - 1936 SF

FLOOR 30
1 - FLOOR THRU 4 BEDROOM
3991 SF

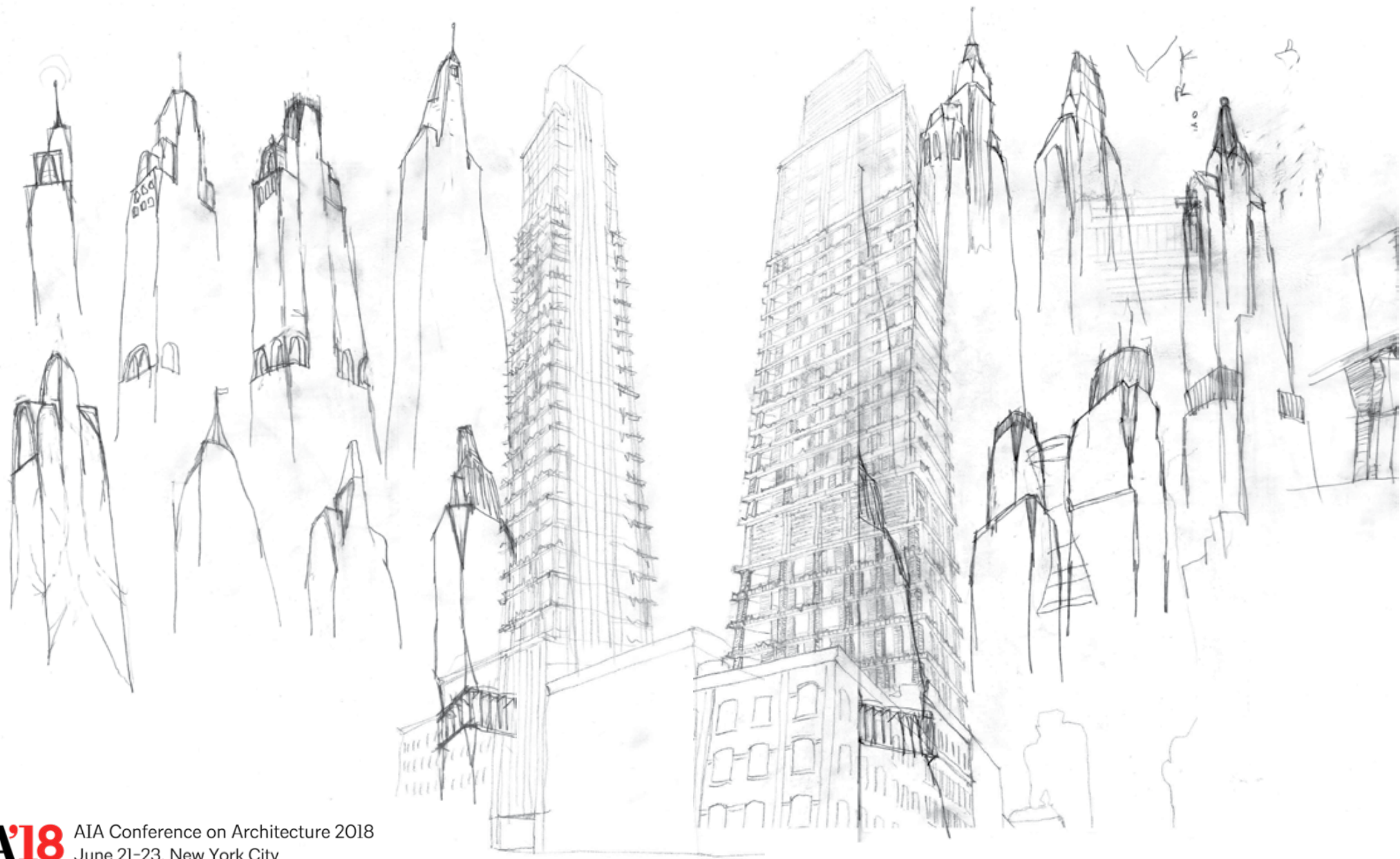
FLOORS 19-27
9 - FLOOR THRU 4 BEDROOM
3991 SF

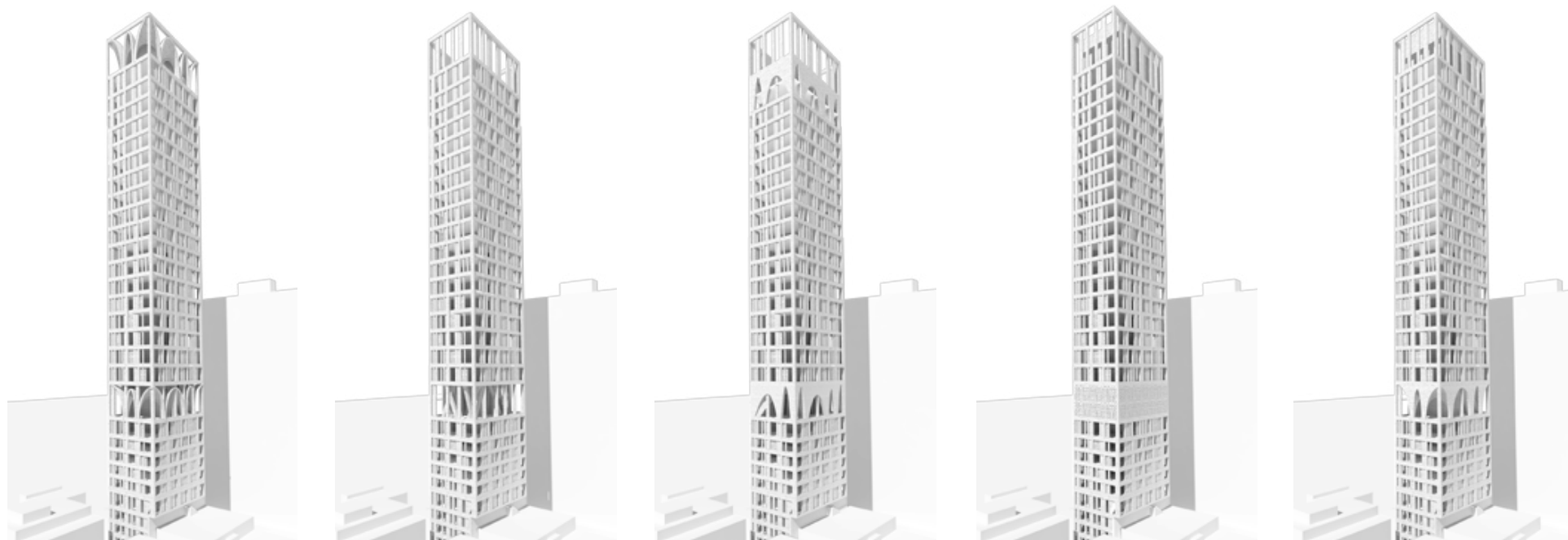
FLOORS 14-15
SKY GARDEN
MECHANICAL

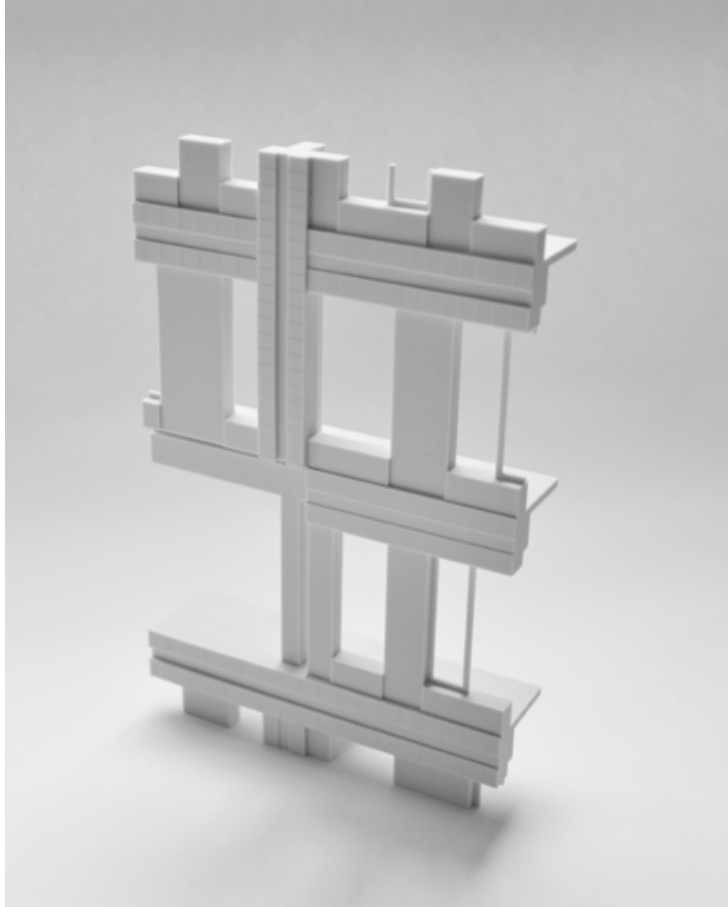
FLOORS 2-7
AMMENITIES
1491 SF

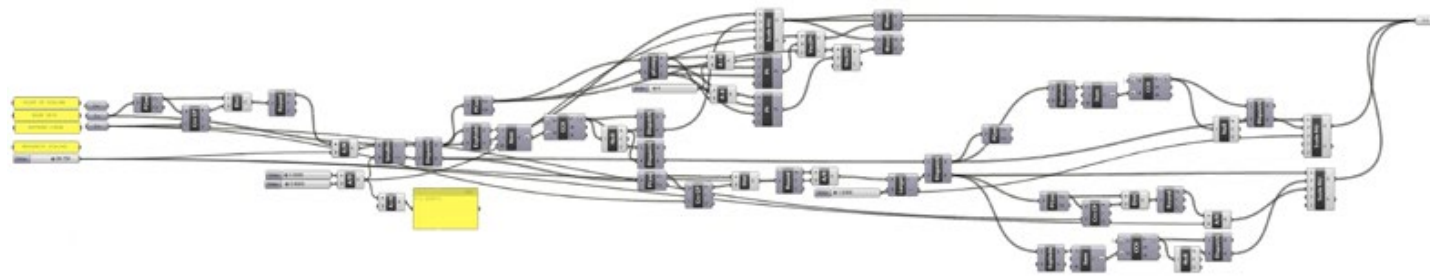


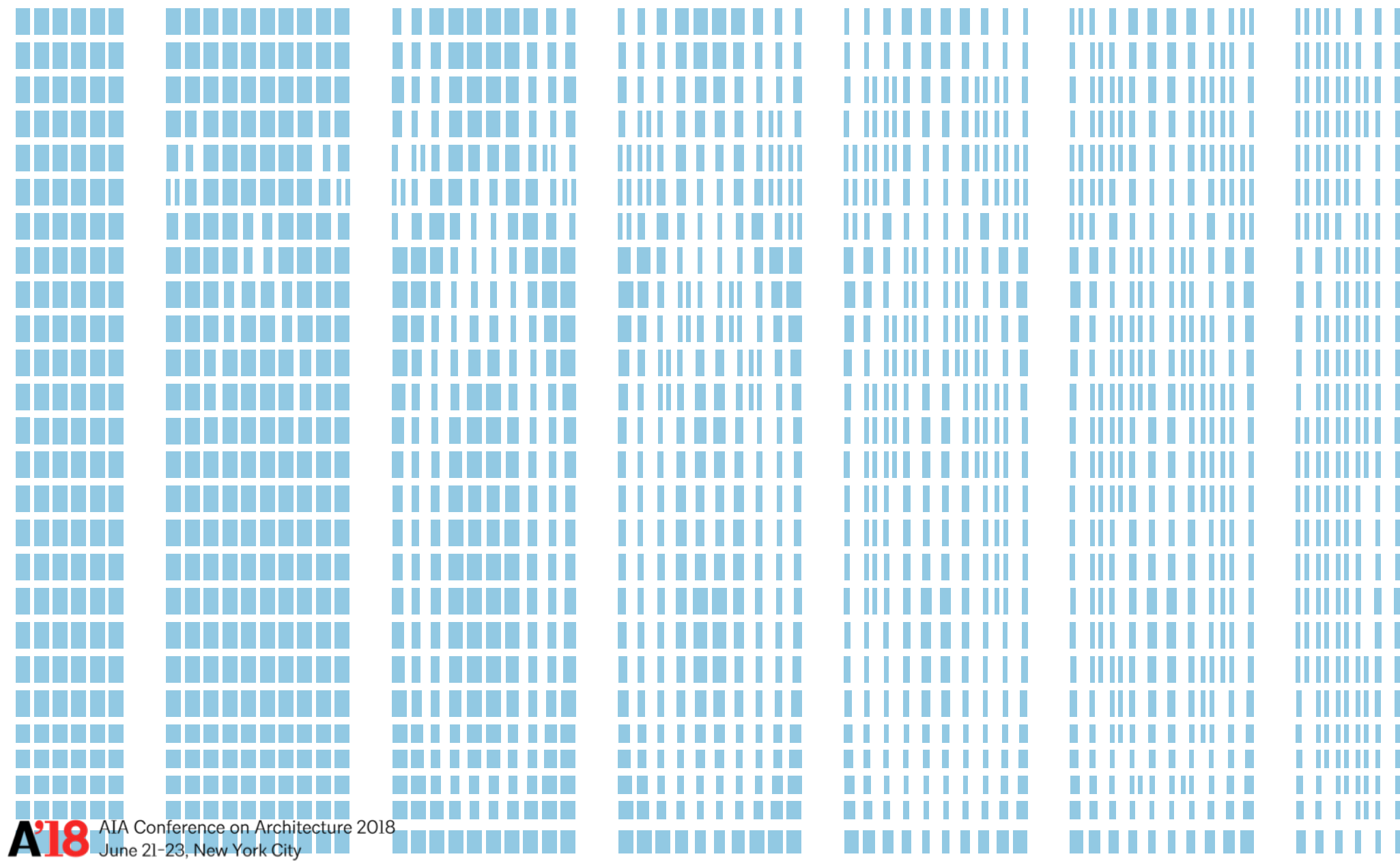
STACKING DIA











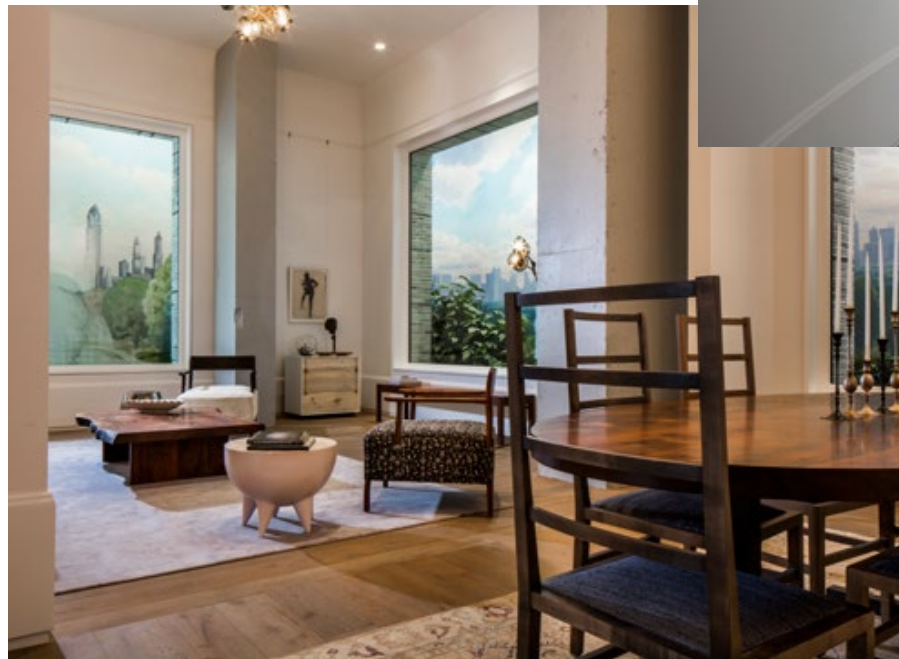
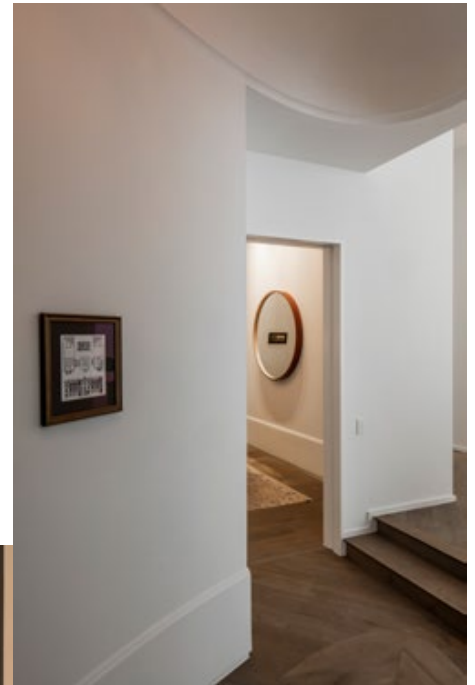
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James Petty

Architect & Developer

THIS IS NOT NEW

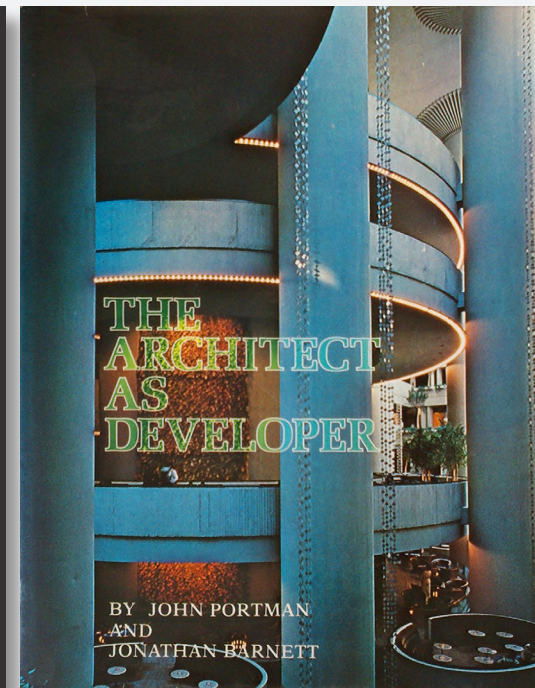
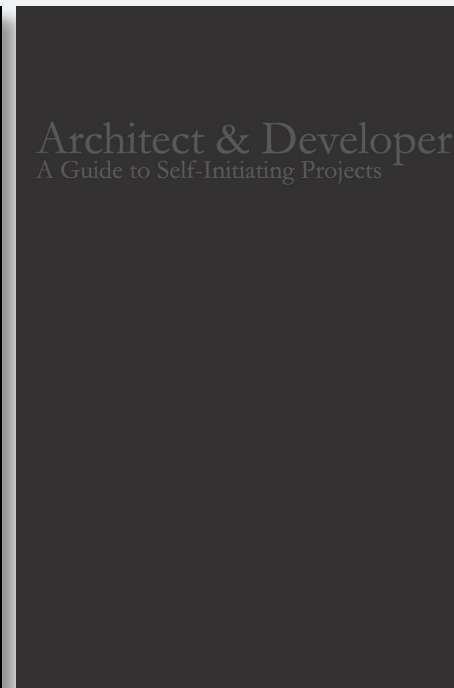
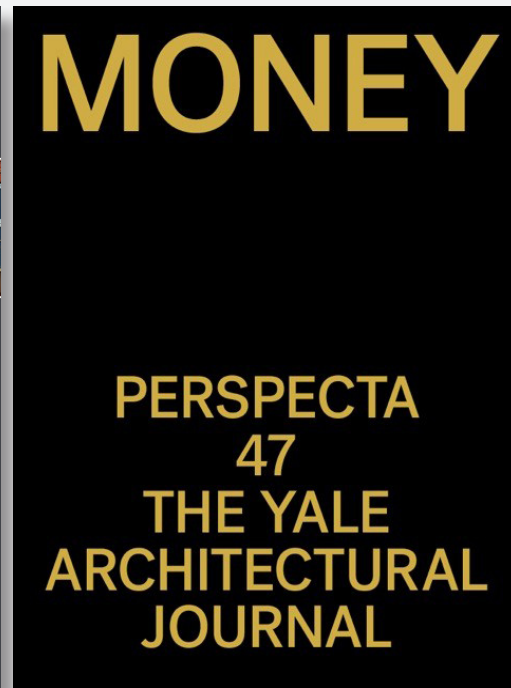
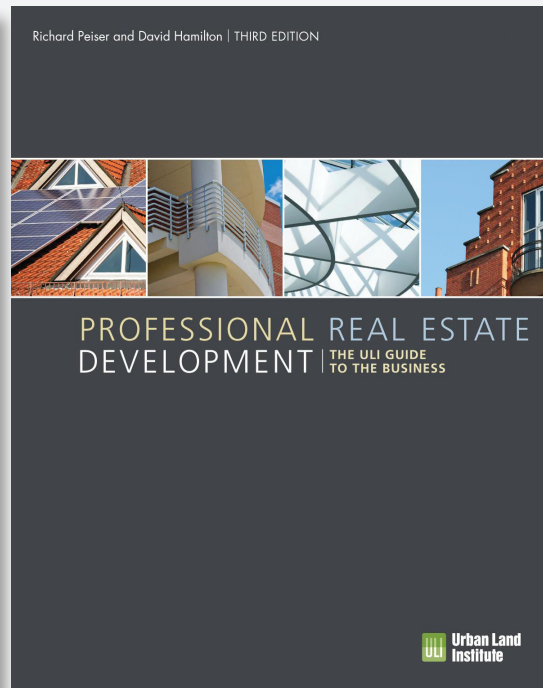
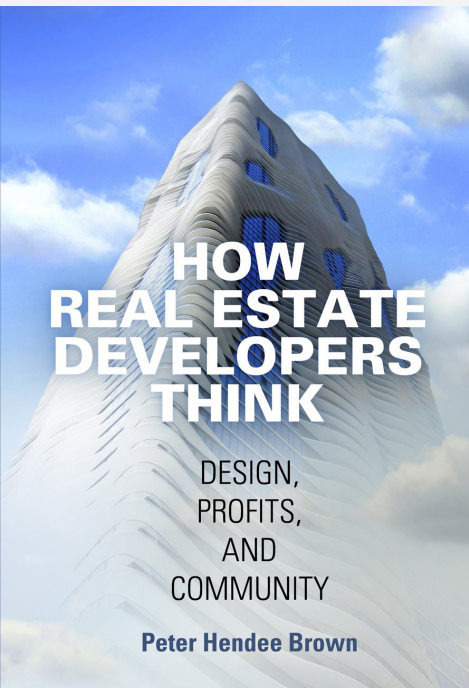


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John Nash
London, England

WHAT DO I DO?

1. EDUCATE YOURSELF



Risks and risk allocation

Recognized and subsequently reviewed as part of due diligence – generally focused on adverse consequences

1. Commercial risks (Project related)
 - Overall viability (Issues – economic market, competition and competitors, paradigm changes, affordability, unrealistic contracts or subsidies)
 - Completion (Issues – site, permits, contractor, costs, performance, 3rd party risks)
 - Environmental (Issues – preexisting, permits, Equator, local law)
 - Operating (Issues – Technology, costs, maintenance, depreciation, obsolescence)
 - Revenue - volume and price (Issues – Offtakes, concession, hedging, usage)
 - Inputs – volume and price (Issues – availability, market, capacity, alternatives)
 - Force majeure (Issues – temporary and permanent)
 - Sponsor recourse (Issues – strength, capacity, capability)
 - Fiscal and legal structure (Issues – composition, resilience, liquidity, transparency, enforceability)





0:19 / 16:16

Coursera: Columbia University: Construction Finance

Real Estate Finance, Lecture 1, Time Value of Money

Present Value

$$FV_n = PV (1 + i)^n$$

↓

$$PV = \frac{FV}{(1 + i)^n}$$

the future, we want to know the present?

today to receive a lump sum of

GSAPPlive

iTunesU: GSAPP: Real Estate Finance

Preliminary Pro forma

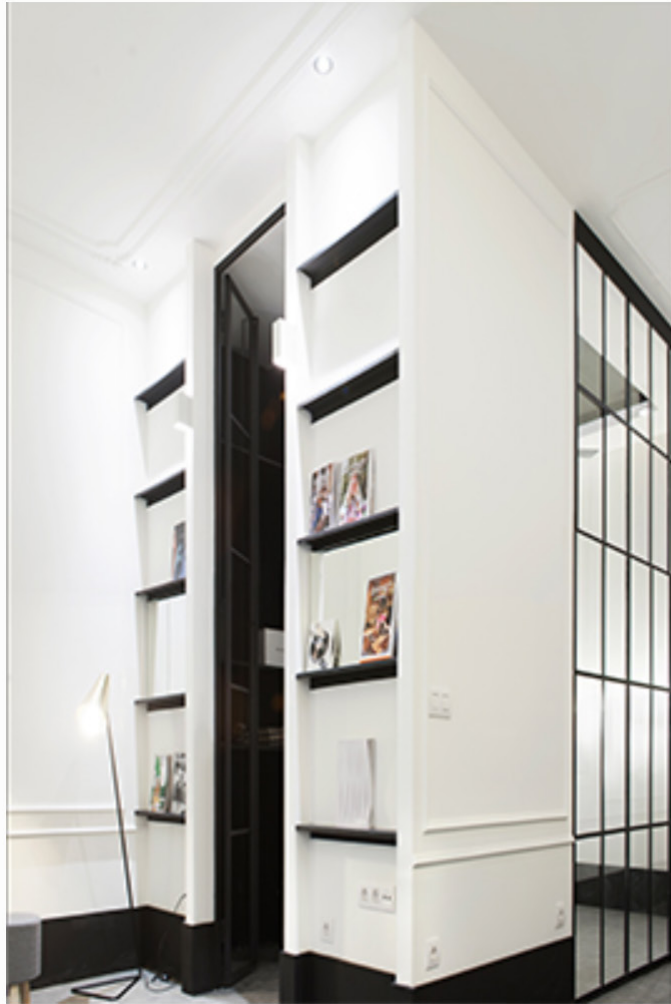
ITEM	REALISTIC	HIGH	BREAK EVEN
THE PROJECT: 2 -Unit townhouse			
PROPERTY: 1953 S. Pearl St (Lot size: 6250 sft)			
NUMBER OF NEW UNITS: 2 @ 2750 SF EACH	2	2	2
SALES PRICE OF FUTURE REAL ESTATE/ SQUARE FOOT	\$ 210	\$ 215	\$ 203
SALES PRICE OF FUTURE REAL ESTATE/ PER UNIT	577500	591250	558250
REAL ESTATE COMMISSIONS AS A PERCENTAGE OF SALES PRICE	5.0%	5.4%	5.0%
TOTAL SELLABLE BUILDING AREA IN SQ. FT. :	5,500	5,500	5,500
TOTAL BUILDING AREA IN SQ. FT.:	5,500	5,500	5,500
CONSTRUCTION AND DEMO. COST/SQ. FT.:	\$ 110	\$ 110	\$ 110
SOFT COST/SQ. FT.:	\$ 27	\$ 27	\$ 27
GROSS PROCEEDS FROM SALE	\$ 1,155,000	\$ 1,182,500	\$ 1,116,500
LAND COST :	- \$ 300,000	- \$ 300,000	- \$ 300,000
ANTICIPATED CONST. HARD COSTS:	- \$ 605,000	- \$ 605,000	- \$ 605,000
ANTICIPATED CONST. SOFT COSTS:	- \$ 151,000	- \$ 151,000	- \$ 151,000
REAL ESTATE COMMISSIONS:	- \$ 57,750	- \$ 63,855	- \$ 55,825
ANTICIPATED GROSS PROFIT:	\$ 41,250	\$ 62,645	\$ 4,675
TERM ASSUMPTIONS FOR THE PROJECT:			
TOTAL COST TO BE FINANCED	\$ 1,056,000		
CAPITAL REQUIRED:	\$ 264,000		
CAPITAL REQUIRED as a % of COST:	25.0%		
LOAN REQUIRED	\$ 792,000		
LOAN REQUIRED as a % of COST:	75.0%		
LOAN TERM DUARATION (In Months):	12		
INTEREST RATE:	6.5%		
ORIGINATION POINTS	1.5%		
ORIGINATION FEE	\$ 11,880.00		
INTEREST COST:	\$ 73,000		
TARGET SALES PRICE - TOTAL PROJECT:	\$ 1,155,000		
Avg. TARGET SALES PRICE/UNIT:	\$ 577,500		
BREAK EVEN SALES PRICE - TOTAL PROJECT:	\$ 1,116,500		
BREAK EVEN SALES PRICE /UNIT:	\$ 558,250		
BREAK EVEN SALES PRICE/SQUARE FOOT	\$ 203		
OPINION OF INVESTMENT POTENTIAL			
ANTICIPATED GROSS PROFIT	\$ 41,250		
CAPITAL REQUIRED	\$ 264,000		
DEFERRED DESIGN FEES (CLASS B INVESTMENT)	\$ 30,000		
DEFERRED DEVELOPER FEES (CLASS B INVESTMENT)	\$ 20,000		
TOTAL CLASS A CAPITAL REQUIRED	\$ 234,000		
TOTAL ROI	17.63%		

1. EDUCATE YOURSELF

2. GET YOUR S* TOGETHER**

1. EDUCATE YOURSELF
2. GET YOUR S*** TOGETHER
3. FIGURE OUT YOUR PRODUCT

FLIP





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Jose de la Cruz
Houston, TX

SINGLE-FAMILY



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Mike Benkert
Cincinnati, OH



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The UP Studio
Queens, NY

MULTI-FAMILY



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Tamarkin Co.
New York, NY



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Onion Flats
Philadelphia, PA

URBANISM





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RAD LAB
San Diego, CA

**NICE PICS,
BUT I'M JUST AN
ARCHITECT.**

**I HAVE
NO MONEY.**

1. EDUCATE YOURSELF
2. GET YOUR S*** TOGETHER
3. FIGURE OUT YOUR PRODUCT
4. FIGURE OUT THE FINANCING

OPM

(OTHER PEOPLE'S MONEY)

OPM

(OTHER PEOPLE'S MONEY)

1. INVESTORS

OPM

(OTHER PEOPLE'S MONEY)

1. INVESTORS

2. PARTNERS

OPM

(OTHER PEOPLE'S MONEY)

1. INVESTORS

2. PARTNERS

3. CONSTRUCTION LOAN

**NICE IDEA,
BUT I'M JUST AN
ARCHITECT.**

**I HAVE
NO MONEY.**

MEZZANINE DEBT

**YOUR EQUITY
INVESTOR**

10%

20%

**CONSTRUCTION
LOAN**

70%

**YOUR EQUITY
INVESTOR**

10%

20%

**CONSTRUCTION
LOAN**

70%

CAPITAL STACK

ARCHITECTURE IS EQUITY



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GLUCK+
New York, NY

CROWDFUNDING



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ZUS
Rotterdam, NL



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Guerrilla Development
Portland, OR

Starter Home Two



3106 St. Thomas Street, photograph by William Crocker

Odd lots give rise to affordable housing.

ABOUT THE PROJECT



S Saratoga is one of a series of homes being developed by [OJT \(Office of Jonathan Tate\)](#) in New Orleans through a program they call [Starter Home*](#). You can read all about it on their [website](#). This is the third project to be built in the Starter Home* program. It follows the successful completion and sale of the first Starter Home at [3106 St. Thomas Street](#) (pictured above) and twelve more homes under construction at [3108 St. Thomas Street](#). The funds raised through this offering will be used to construct two new single-family homes located on two lots at [3609 - 3613 S.Saratoga Street](#), in [Milan](#), a transitioning, inner-city neighborhood of New Orleans. Milan abuts the large and historical neighborhood of Central City and is close to a number of retail corridors, but is predominantly low-scale residential in character.

[Show More](#)

\$95,000

raised out of \$40,000 - \$95,000 goal
238% of target committed

39

Investments

15
Month
Term
(Projected)

\$500
Min.
Investment

\$40,000
Target

① OPEN TO EVERYONE

(Offered by NSSC Funding Portal)

[Click here to download disclosure materials \(SEC Form C\)](#)

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OJT
New Orleans, LA

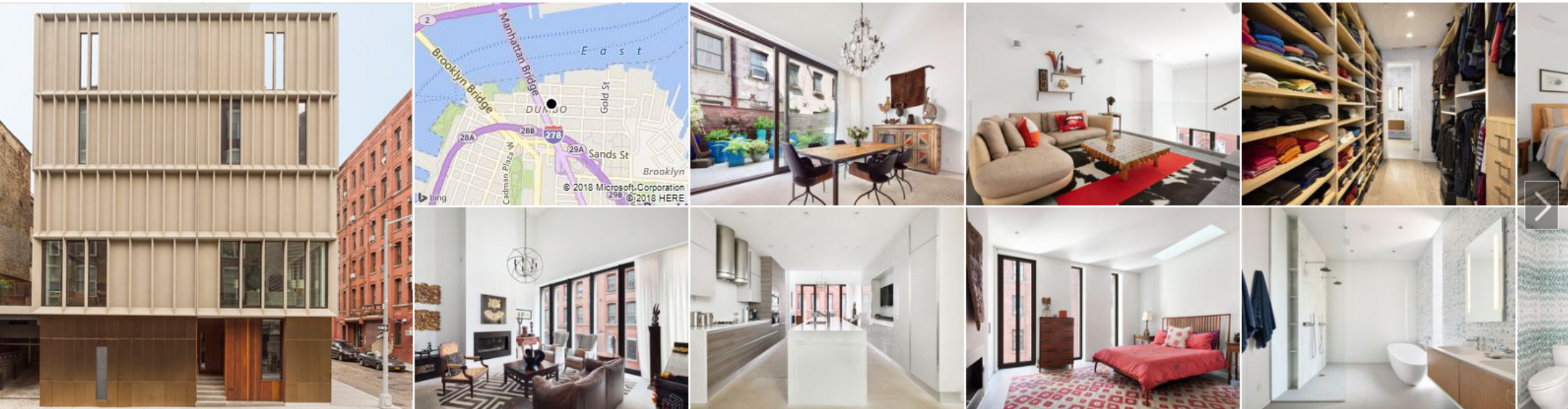
FHA



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Root Architecture & Development
Denver, CO

- 1. EDUCATE YOURSELF**
- 2. GET YOUR S*** TOGETHER**
- 3. FIGURE OUT YOUR PRODUCT**
- 4. FIGURE OUT THE FINANCING**
- 5. GO LOOK AT REAL ESTATE**



169 Water St, Brooklyn, NY 11201

4 beds · 3 baths · 3,469 sqft

Open House

6/24 3:45pm-5pm

Designer's Dream Dumbo Townhouse

A rare gem as one of only 5 independent townhomes in one of the city's most celebrated neighborhoods.

This magnificent townhouse is in mint condition and was significantly upgraded from its original plans by the architect owner. It is comprised of four stories with four real bedrooms, three full bathrooms, two fireplaces, two terraces, and the ultimate amenity of your own private

● FOR SALE

\$4,995,000

Zestimate®: \$4,989,421

EST. MORTGAGE

\$28,094/mo

[Get pre-qualified](#)

Listed by:



CONTACT LISTING AGENT



Julie Leedes Bienstock
Halstead Property
(212) 521-5785

CONTACT AGENT

Or call (646) 760-7565 for more info

I am interested in 169 Water St,
BROOKLYN, NY 11201.

Contact Agent

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1. EDUCATE YOURSELF
2. GET YOUR S*** TOGETHER
3. FIGURE OUT YOUR PRODUCT
4. FIGURE OUT THE FINANCING
5. GO LOOK AT REAL ESTATE
6. RUN EXAMPLE PRO FORMAS

The Ocean, 2015										
4/1/2016										
PROJECT FACTS:										
Site Area	2014 base	2015 base	15,000	8.41%	CASH FLOW CALCULATION					
Number of stories	\$ 1,424.0	638.5	1,467	9.26%	NET OPERATING INCOME					
Retail 1	\$ 1,568.0	702.5	1,411	7.48%	(-) MORTGAGE					
Retail 2	\$ 1,370.0	667.5	1,534	8.80%	NET CASH FLOW					
Retail 3	\$ 1,489.0				OWNERSHIP/RETURNS					
Retail 4	\$ 1,893.0				2016 2017 2018 2019 2020 2021					
Toilet Rooms/Mop sink	\$ 2,050.0				\$ 10,551	\$ 11,700	\$ 12,883	\$ 14,102	\$ 15,357	\$ 16,611
Pie Spot	\$ 2,051.0				\$ 14,068	\$ 15,600	\$ 17,177	\$ 18,803	\$ 20,477	\$ 22,161
Tails n Trotters					\$ 5,275	\$ 5,850	\$ 6,442	\$ 7,051	\$ 7,679	\$ 8,311
Loft					\$ 8,999	\$ 9,999	\$ 10,999	\$ 11,999	\$ 12,999	\$ 13,999
Number of Residential Units					\$ 35,169	\$ 38,999	\$ 42,943	\$ 47,006	\$ 51,191	\$ 55,502
Number of commercial tenants										
GROSS BUILDING AREA										
TOTAL NET LEASABLE										
Overall Efficiency	28.1 NNN	53%	\$ 1,507							
	12.7 NNN	26%	\$ 1,212							
	15.9 NNN	20%	\$ 1,950							
	0.1 NNN	20%	\$ 2,111							
	Included									
Retail Rent/sq.ft.										
Loft Rent/sq.ft.										
Pie Spot										
Tails n Trotters										
CAM (retail only)										
Parking Spaces										
Parking Rent - average										
Other Rent										
Misc Income										
Building + Land Price										
ECTED OPERATING PRO FORMA (PER YEAR)										
Gross Retail Income		\$ 28	\$ 72,324							
Gross Pie Spot Income		\$ 16	\$ 23,400							
Gross Tails n Trotters Income		\$ 0	\$ 25,332							
Gross Loft Income		\$ 13	\$ 25,344							
Net Tent Income	\$ 75	per month X 3	\$ 2,700							
Net ATM Income + FIT Income			\$ 2,580							
Net Management Income			\$ 4,842							
(-) Vacancy			\$ 0							
(-) Fire Insurance - Commercial			\$ 0							
(-) Taxes			\$ 0							
(-) Water			\$ 0							
(-) Trash/Utilities			\$ 0							
(-) Repairs & Maintenance			\$ 0							
(-) Replacement Reserves (cap. expenditures)			\$ 0							
(-) Misc. Expenses			\$ 0							
(-) Commercial Management (Cavanaugh)			\$ 0							
Total Expenses			\$ 0							
Net Operating Income			\$ 129,764							

REPEAT

PROJECT FACTS:									
Site Area									
Net Retail	3	sq ft	10,932						
Net Office	0	sq ft	8,912						
Net Lofts	9	sq ft	2,149						
Load	0%		6.7						
GROSS BUILDING AREA									
TOTAL NET LEASABLE									
Retail Rent/s.f.	\$15.00	\$	1.25	sq.ft./mth	\$890				
Office Rent/s.f.	\$18.00	\$	1.50	sq.ft./mth	\$0				
Loft Rent/s.f.	\$21.50	\$	1.79	sq.ft./mth	\$0				
Load									
Residential Ratio									
Parking	\$18.00	\$	1.50	sq.ft./mth	\$0				
INITIAL COST									
Initial Value									
Building Hard Costs									
PROJECT COSTS									
Hard Cost Contingency	\$30.00	sq.ft.	300,000						
Pre-Dev Consultants	\$130.00	sq.ft.	1,421,160						
Architecture & Engineering		of hd costs	\$12,000						
Development Fees		of hd costs	\$114,653						
Permit Fees		of hd costs	\$11,000						
Legal & Accounting		of hd costs	\$48,434						
Construction Financing & Carrying		of hd costs	\$230,948						
Permanent Financing		of hd costs	\$180,000						
Leasing		of hd costs	\$7,000						
Total Soft Costs		of hd costs	\$9,217						
Total Project Cost	\$60.46	sq.ft.	9,612						
Gross Retail Income		of hd costs	\$46,212						
Gross Office Income		of hd costs	\$0						
Gross Loft Income		of hd costs	\$0						
Gross Load Income		of hd costs	\$0						
Total Gross Rents	\$18.00	sq.ft.	\$145,684						
(-) Vacancy			\$0						
(-) Fire Insurance			\$177,724						
(-) Taxes			\$0						
(-) Utilities and Trash			\$0						
(-) Common Area Utilities/Misc			\$0						
(-) Repairs & Maintenance			\$0						
(-) Replacement Reserves			\$0						
(-) Management			\$0						
Total Expenses			\$0						
NET OPERATING INCOME			\$0						
(-) Water			\$0						
(-) Trash/Utilities			\$0						
(-) Repairs & Maintenance			\$0						
(-) Replacement Reserves (cap. expenditures)			\$0						
(-) Misc. Expenses			\$0						
(-) Commercial Management (Cavanaugh)			\$0						
(-) Fire Insurance			\$0						
(-) Taxes			\$0						
Net Operating Income			\$0						

PERMANENT FINANCING ASSUMPTIONS									
Loan Amount									
Interest Rate									
Term (Years)									
Debt-Coverage Ratio									
Project Value									
Loan-to-Value									
Condo Valuation									
Stabilized NOI									
CAP Rate									
Supportable Mortgage									
Supportable Debt Service									
CAPITAL STACK									
(-) Permanent Financing									
(-) West Land Equity									
(-) Development Fee									
(-) PDC Grant									
(-) Architecture Equity									
(-) Leasing Equity									
(-) West									
GAP									
NET OPERATING INCOME									
(-) MORTGAGE									
(-) FUNDRISE									
NET CASH FLOW									
Cash-to-Cost Ratio									
OWNERSHIP BREAKDOWN									
Guerrilla Development									
Investment									
Ownership									
Not Preferred									
Investor									
Not Preferred									
Revenue (3% escalator)									
Expenses (3% escalator)									
NOI									
Debt Service									
NET CASH FLOW									
RETURN ON INVESTMENT									
Combined DCR									
PROJECT APPRECIATION at 3%									
NET REFINANCE PROCEEDS									
LOAN BALANCE									
TOTAL EQUITY									
10 yr IRR									

OPERATING PRO FORMA (PER YEAR)									
Gross Retail Income	\$15.00		\$32,040						
Gross Office Income	\$18.00		\$0						
Gross Loft Income	\$21.50		\$145,684						
Gross Load Income	\$18.00		\$0						
Total Gross Rents	\$18.00		\$177,724						
(-) Vacancy			\$0						
(-) Fire Insurance			\$0						
(-) Taxes			\$0						
(-) Utilities and Trash			\$0						
(-) Common Area Utilities/Misc			\$0						
(-) Repairs & Maintenance			\$0						
(-) Replacement Reserves			\$0						
(-) Management			\$0						
Total Expenses			\$0						
NET OPERATING INCOME			\$0						
(-) Water			\$0						
(-) Trash/Utilities			\$0						
(-) Repairs & Maintenance			\$0						
(-) Replacement Reserves (cap. expenditures)			\$0						
(-) Misc. Expenses			\$0						
(-) Commercial Management (Cavanaugh)			\$0						
(-) Fire Insurance			\$0						
(-) Taxes			\$0						
Net Operating Income			\$0						

Guerrilla Development									
YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10
Investment	\$100,000	\$11%							
Ownership									
Not Preferred									
Investor									
Not Preferred									
Revenue (3% escalator)									
Expenses (3% escalator)									
NOI									
Debt Service									
NET CASH FLOW									
RETURN ON INVESTMENT									
Combined DCR									
PROJECT APPRECIATION at 3%									
NET REFINANCE PROCEEDS									
LOAN BALANCE									
TOTAL EQUITY									
10 yr IRR									

PROJECT FACTS:									
Site Area									
Number of stories									
Retail 1									
Retail 2									
Retail 3									
Retail 4									
Toilet Rooms/Mop sink									
Pie Spot									
Tails n Trotters									
Loft									
Number of Residential Units									
Number of commercial tenants									
GROSS BUILDING AREA									
TOTAL NET LEASABLE									
Overall Efficiency									
Retail Rent/sq.ft.									
Loft Rent/sq.ft.									
Pie Spot									
Tails n Trotters									
CAM (retail only)									
Parking Spaces									
Parking Rent - average									
Other Rent									
Misc Income									
Building + Land Price									
EXPECTED OPERATING PR									
Gross Retail Income									
Gross Pie Spot Income									
Gross Lofts n Trotters									
Gross Load Income									
Net Tent Income									
Net ATM Income									
Net Management									
(-) Vacancy									
(-) Fire Insurance									
(-) Taxes									
(-) Water									
(-) Trash/Utilities									
(-) Repairs & Maintenance									
(-) Replacement Reserves (cap. expenditures)									
(-) Misc. Expenses									
(-) Commercial Management (Cavanaugh)									
(-) Fire Insurance									
(-) Taxes									
Net Operating Income									

[illegible]

The image shows a complex financial spreadsheet for a real estate development project named "The Zipper - 9 phases". The spreadsheet is organized into several main sections:
1. **Project Facts & Costs**: This section at the top left details the project's scope, including site area, building area, and various construction and soft costs. It includes a "PROJECT FACTS" table with columns for item, unit, and cost, and a "CONSTRUCTION COSTS" table with columns for item, unit, and cost.
2. **Operating Income & Expenses**: This section in the middle left details the project's operating income and expenses, including a "REVENUE OPERATING PRO FORMA (PER YEAR)" table and a "NET OPERATING INCOME" table.
3. **Loan Balance & Equity**: This section on the right details the project's financing, including a "LOAN BALANCE" table and a "TOTAL EQUITY" table.
4. **Financial Ratios & Metrics**: This section at the bottom right details various financial ratios and metrics, including a "RATIO" table and a "RATIO" table.
The spreadsheet is heavily annotated with handwritten notes and calculations, and is overlaid with a large, semi-transparent watermark reading "REPEAT".

REPEAT

REPEAT

REPEAT

Tree Farm January 31, 2017			
PROJECT FACTS:			
Site Area	10,000		
Number of stories	6		
Office	6,500		
Retail	3,500		
Common Area	0		
Carpeted Unit	1,000		
Parking	0		
Number of Office Tenants	5		
Number of Retail Units	2		
Total Tenants	7		
GROSS BUILDING AREA	43,000		
TOTAL NET LEASABLE	37,000		
Overall Efficiency	86%		
Office Rent/sq.ft.	26.0 MNN	89%	\$14,083
Retail Rent/sq.ft.	26.0 MNN	89%	\$14,083
CAM Rent/sq.ft.	26.0 MNN	89%	\$14,083
Carpeted Unit Rent/sq.ft.	32.0 MNN	89%	\$14,083
Parking Spaces	22 plus 1 HC space	3%	\$2,667
Parking Rent - average	\$ 120 per month		\$ 2,440
Parking Ratio	1 per 1,477 sq.ft. of office		
Misc Income			
Land Price			\$ 2,000,000
PROJECT COSTS			
Estimating Value	\$200.00	sq.ft.	\$ 2,000,000
Hard Costs	\$149.00	sq.ft.	\$ 6,410,466
Parking Costs	\$80.00	sq.ft.	\$ 2,667,000
TI Allowance	\$16.00	sq.ft.	\$ 487,560
Artwork			\$ 462,000
Hard Cost Contingency/TI Budget			\$ 448,733
Pre-Dev Consultants	7.0%	of hd costs	\$ 28,979
Architecture & Engineering	0.4%	of hd costs	\$ 1,588
Development Fees	4.5%	of hd costs	\$ 17,225
Permit Fees	8.1%	of hd costs	\$ 31,225
Legal & Accounting	0.3%	of hd costs	\$ 1,166
Construction Financing & Carrying	0.3%	of hd costs	\$ 1,166
Permanent Financing	0.5%	of hd costs	\$ 1,913
Leasing	0.0%	of hd costs	\$ 0
Lossing	2.3%	of hd costs	\$ 8,888
Total Soft Costs	\$ 77.65	sq.ft.	\$ 2,857,793
TOTAL PROJECT COST	\$ 387.65	sq.ft.	\$ 12,696,459
OPERATING PRO FORMA (PER YEAR)			
Gross Office Income	\$ 26		\$945,000
Gross Retail Income	\$ 26		\$91,000
Gross CAM Income	\$ 26		\$91,000
Gross Parking Income	\$ 26		\$91,000
Gross Income			\$31,680
(-) Vacancy - Commercial	5%		\$967,680
(-) Fire Insurance - Commercial	NNN	\$12,907	\$48,394
(-) Taxes	NNN	\$528,700	\$0
(-) Water/Sewer/Trash/Utilities	NNN	0%	\$0
(-) Lighting/Trees	NNN	0%	\$0
(-) Repairs & Maintenance	\$400 per month		\$4,800
(-) Replacement Reserves	2%		\$29,036
(-) Misc. Expenses			\$19,350
(-) Commercial Management	4%		\$0
Total Expenses	14.6%		\$38,232
NET OPERATING INCOME			\$ 827,455

Development Process



Project Concept

Research Properties

Preliminary Proforma

Define Project Parameters

Land Purchase Offer



Close Land

Site Due Diligence

Financing Options

Market Research

Site Selection



Construction Financing

Hire Contractor

Complete Construction

Sell / Rent Units

Celebrate!



Architect & Developer

A Guide to Self-Initiating Projects

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AIA Conference on Architecture 2018
June 21-23, New York City



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Thank you!