Community Housing Development Process

A Developer's Perspective

**Kevin Maguire
Oxbow Partners**

**The Creation of Great Housing
which exceeds the expectations of**

the Home Owner

the host Community

**and
the development team.**

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October 13, 2018

Development Process from 50,000ft

Expend Resources
time (3 years)
money/personal guaranty's

Work with a Team

Take Risk
Permitting
Cost/Execution/Market

In Hopes of **Generating Revenue**
to Payback
Bank, Investors, Staff
with something left for You

Insight into Developer's Perspective

Is this Project worth Pursuing?
Similar to Past Successes
Fits within Business Plan/Mission
Draws on our Core Competencies

Can we Execute?
Available Capacity

Is my 'Team' on Board?
Investors/Syndicators
Lenders (Private & Public)

What are the Risks?

Insight into Developer's Perspective

Risk Analysis

Economic

Never Know for Sure

Ability to Manage Overhead as Predicted (TIME)

Construction Market/Pricing

Does Program Fit with Available Public/Private Funding

Local/Approvals

City v Town

Is Project a Priority

Organized Opposition

Do Key Organizations/Partners Exist

Is Local Funding Available

Insight into Developer's Perspective

As Affordable Housing Trust – You Are the Obvious Local Partner

BUT

While the Town/Trust is Evaluating a Developer

The Developer Evaluating You

Insight into Developer's Perspective

Developer Evaluation of Town

Signs that Town/Trust is Able/Willing to Help the Process?

-Established a Clear Vision

-Vetted Vision with Town Stakeholders
(Town Departments: DPW/Health/Conservation/Fire)
(Selectmen/State Political Delegation/Local Churches)

-Issued a Well Crafted/Credible RFP with Appropriate Due Diligence

-Understands Political/Permitting Process - Ready to be Vocal Advocate

- Local Funds (CPA, AHT, Land Donation)

Insight into Developer's Perspective

Developer Evaluation of Town

Signs that Town/Trust **will complicate Process**?

-Lack of Basic Site Due Diligence (available utilities, site size adequate for septic/well, environmental, geotech)

-RFP Requirements that Exceed State/Local Regulations

-Lack of Understanding of Reasonable Cost (unrealistic expectations)

-RFP overly focused on Acquisition Price

- Program that is Consistent with Market and Public Funding

Insight into Developer's Perspective

Developer Evaluation of Town

Signs that Town/Trust **will complicate Process**?

What does Town Want
vs.
What does Town Need??

Wayland, Mass
the Residences at 89 Oxbow

Re-Use of Abandoned Nike Missile Site

16 ownership homes

For Families Earning at or below 100% of Area Median Income

Developer Competition via Town Issued RFP
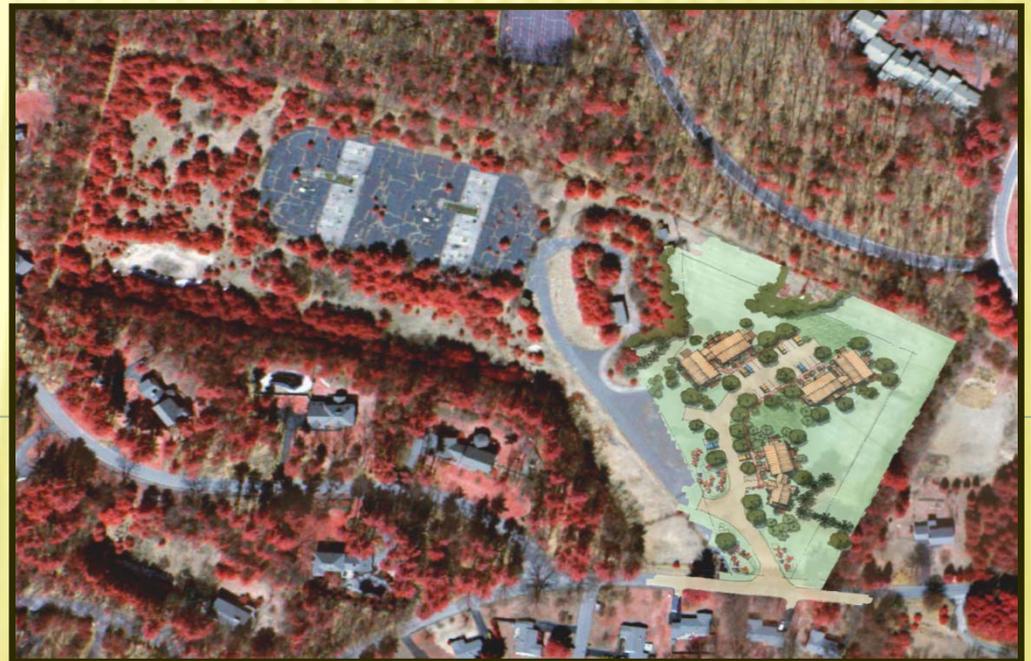
Very Committed/Focused Community Initiative

Affordable Housing Identified as High Priority Town Need

Town able to Leverage Limited Staff w/Focused Citizen Committees and Technical Assistance from MHP

2 Town Meetings, 3 Years and Community Involvement in Site Design Prior to RFP for Developer

Design Priorities Communicated in RFP
In-Character w Surrounding Neighborhood
Use of Quality Materials
Integration with Adjacent Open Space

Very Clear Standards but Room for Interpretation

Permanent Sources of Funds	
Ownership	
State AHT/HSF	$1,515,000
Town of Wayland - LAND ACQUISITION/PREP	$715,000
Town of Wayland - CPA	$600,000
MTC Affordable Green Initiative	$253,000
Residential Sales Proceeds	$2,906,507
Developer Fee Contribution	$27,337
Total Sources	$6,016,844

Uses of Funds	
Acquisition	$725,000
Construction	$3,488,436
Construction Contingency	$174,422
A/E	$325,250
Survey/Geo/Environmental	$32,300
Permits/Fees/Traffic	$57,500
Construction Testing	$10,000
PM/Preconstruction	$15,000
Clerk of the Works	$25,000
Appraisal/Market Study	$5,000
Legal	$131,000
Accounting/Insurance	$65,000
Finance Fees	$108,250
Construction Period Interest	$100,000
Marketing	$82,500
Reserves	$40,000
Contingency	$49,839
Developer Overhead and Fee	$592,337
Total Development Costs	$6,026,834
Per Unit Cost	$376,677
TOWN CPA/UNIT	$82,188

TOTAL COST PER UNIT: $ 376,677
TOTAL TOWN CPA: $ 1,315,000
TOTAL STATE $: $ 1,515,000
TOTAL CPA/UNIT: $ 82,188

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TAKE AWAY POINTS

Development is Complicated

Engaged Local Partner is Critical to Success

As members of a Local Trust – You Can Directly Impact the Physical Legacy of your Community

Understand a Developers Perspective and Incentives

Hold Developer Accountable

Be a Great Partner

THANK YOU

and

GOOD LUCK

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