

13 Things to know about navigating a development project

the baker's dozen



Who's in the Room?

Who are we?



What's your role?

Have you successfully completed an affordable housing development?

Logistics

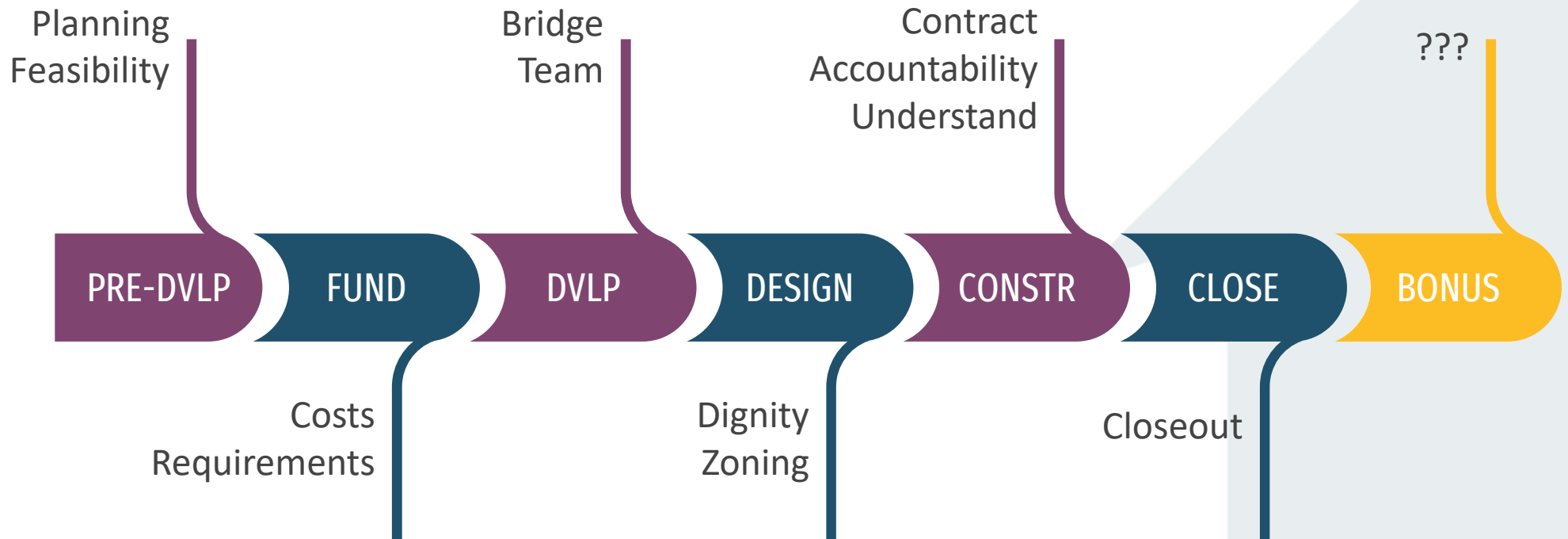
Participate

Pictures



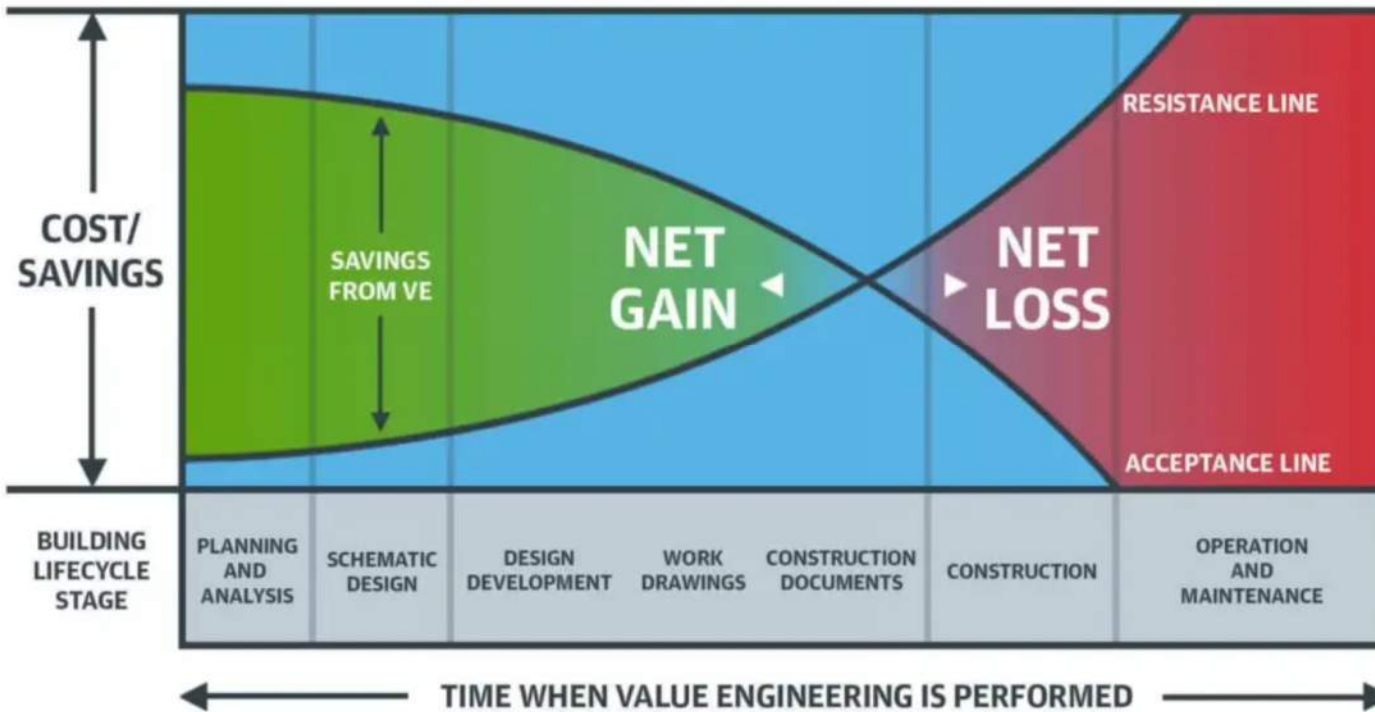


Project Lifecycle*

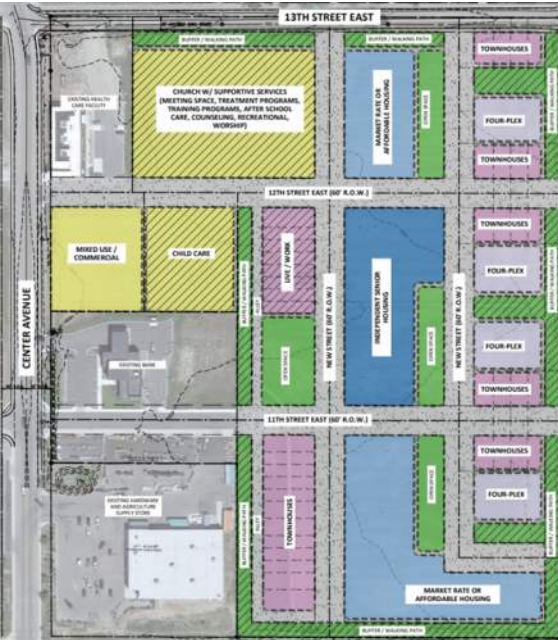


* Each project is unique and may require a different structure

POTENTIAL SAVINGS FROM VALUE ENGINEERING



Source: Six steps to creating a value engineering model, CS Engineering Magazine



Are resources available?



Pre-development costs money

- Project manager / owner's representative
- Architect and engineers
- Appraiser
- Environmental
- Development consultant
- Legal
- Market study
- Survey
- Title
- Contingency





requirements

04

Know the funding requirements

PRE-
DVLP

FUND

DVLP

DESIGN

CONSTR

CLOSE

BONUS



Cash flow?

$$0 + 5 + 30 + 10 + 5 + 30 = 80$$

Who + When

CORE TEAM

- Owner
- Owner's Representative
- Project manager
- Architect and engineers
- Developer
- Construction Manager
- General contractor
- Property manager

SUBJECT MATTER EXPERTS

- Sponsor
- Accountants (tax and audit)
- Appraiser
- Environmental
- Geotechnical
- Legal
- Market study expert
- Surveyor
- Title company
- Funding administrator
- Furniture vendor
- Signage
- Graphics
- Commissioning

We appreciate that each design team will manage design in their own way, and, as such, our recommendations should be adapted to each team's unique approach and strengths.

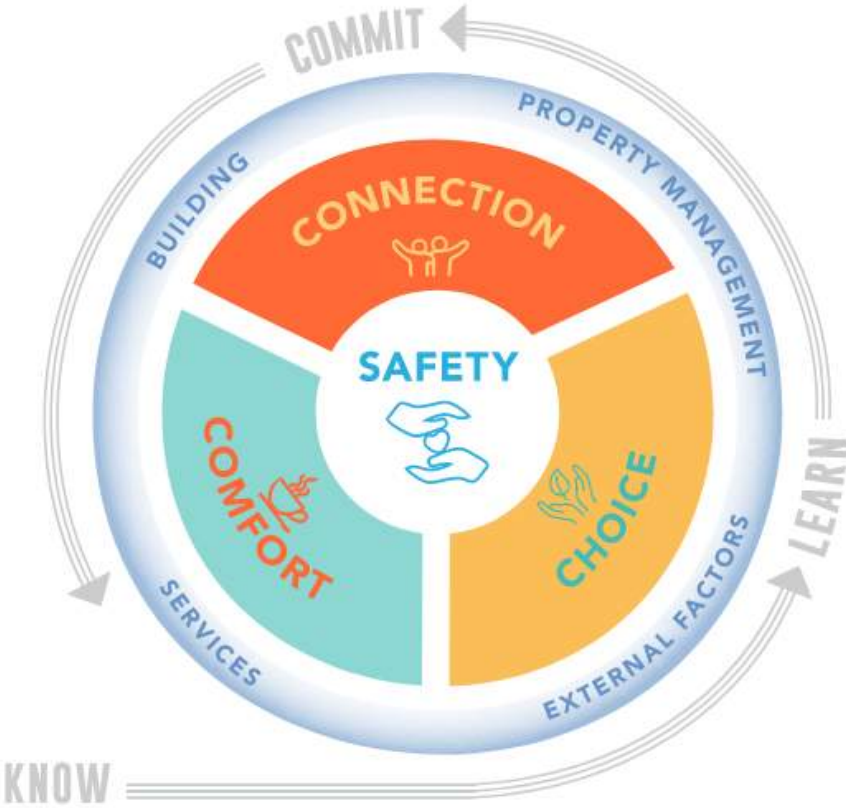
Photo Credit: Shopworks Architecture

CORE TEAM

- owner's representative – the strategic thinker and advocate
- project manager – the doer and cat herder
- construction manager – oversee the physical construction of the building
- architect and engineers – design and documentation
- general contractor – construction

Dignified design expert

dignity



Trauma-Informed Design Framework



Source: Shopworks Architecture, <https://shopworksarc.com/tid/>

Dignified design



Laundry spa. Elisabetta. Denver, CO. 2020. Affordable housing development.

Source: Shopworks Architecture, <https://shopworksarc.com/tid/>



Change of Use

Change in how a building or land is used

Expect 8 to 13 weeks

Re-zone

Change to the zoning classification of a property

Expect 6 months to 1 year

GENERAL CONTRACTOR CONTRACTS

GENERAL CONTRACTOR CONTRACTS	Lump Sum		Cost Plus (Fee) with GMP		Design/Build	
TYPE	Stipulated Sum		Time & Materials (T&M) with a Not to Exceed (NTE)		Design/Build	
AIA Contract DESCRIPTION	AIA A101		AIA A102		AIA A141	
DETAILS	Design - Bid - Build		Negotiated Fees and General Conditions		Cost Plus (Fee) with GMP	
	Contractor will execute the work for a lump sum (Allowances will capture undefined scope)		Compete on fees and staffing, later bid to subs for Guaranteed Maximum Price (GMP)		The GC holds the architect's contract	
	PRO	CON	PRO	CON	PRO	CON
DESIGN STATUS	Approaching 100% complete	GC not present during design, so constructability issues have not been discussed	Engage GC at Design Development	Pre-construction fees from GC may increase	Design at 0% complete	Difficult to establish construction fees except pre-construction
TIMING	Design complete	Possible budget surprise and value engineering required	Constructability and budget advice to reduce value engineering	Perception of market value, transparency to subcontractor proposal addresses the issue	Single team. Efficiency of contracting and accountability.	Design team is less empowered to provide a check/balance of the scope and quality of GC deliverables
TEAM		Risk of not getting the preferred team due to market timing	Timing provides the opportunity to get a high performing team and build a relationship	Pre-construction fees from GC may increase	Coordination of efforts between GC and Architect	Design professional loss of autonomy and connection to client
SUBCONTRACTOR		No transparency to proposals	Transparency to proposals		Transparency to proposals	
SPEED		Slowest	Best strategy for speed to market		Fastest	
RISK	GC assumes risk of cost overage/reduction, as long as scope is unchanged	Every change is a change order	GC assumes risk of cost overage, as long as scope is unchanged	Up to the GMP, client bears the cost fluctuations	GC assumes risk of cost overage, as long as scope is unchanged	Up to the GMP, client bears the cost fluctuations
CONTINGENCY	GC does not carry funds and the client should include a project contingency		GC does carry funds and the client should include a reduced a project contingency			

General Conditions versus Overhead

- General conditions are project-specific costs
- Overhead is general business costs

BASE SCOPE OF WORK		GC 1	GC 2	GC 3	GC 4	GC 5
PROPOSAL		\$ 734,456.00	\$ 552,801.31	\$ 772,010.19	\$ 583,273.00	\$ 1,436,600.00
ITEM	DESCRIPTION	PRICING	PRICING	PRICING	PRICING	PRICING
1	General Conditions	\$ 146,625.00	\$ 74,428.25	\$ 184,432.00	\$ 65,000.00	\$ 52,000.00
2	Overhead & Profit	\$ 33,041.00	\$ 48,215.77	\$ 45,889.50	\$ 70,434.00	\$ 138,900.00
3	SUBTOTAL	\$ 179,666.00	\$ 122,644.02	\$ 230,321.50	\$ 135,434.00	\$ 190,900.00
4	Fee Percentage	5.07%	10.75%	7.00%	15.38%	11.70%



Contingency

- Contractor
- Owner



accountability

10

Comfortable in the uncomfortable

Ask questions

Communicate deadlines / schedule

Weekly site meetings

Follow-up

Escalate

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Project issues





Urgency

closeout

12

Trust yourself

bonus

13



PATH (PROVIDENCE AT THE HEIGHTS)





THANK YOU!

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What's your role?

Have you successfully completed an affordable housing development?



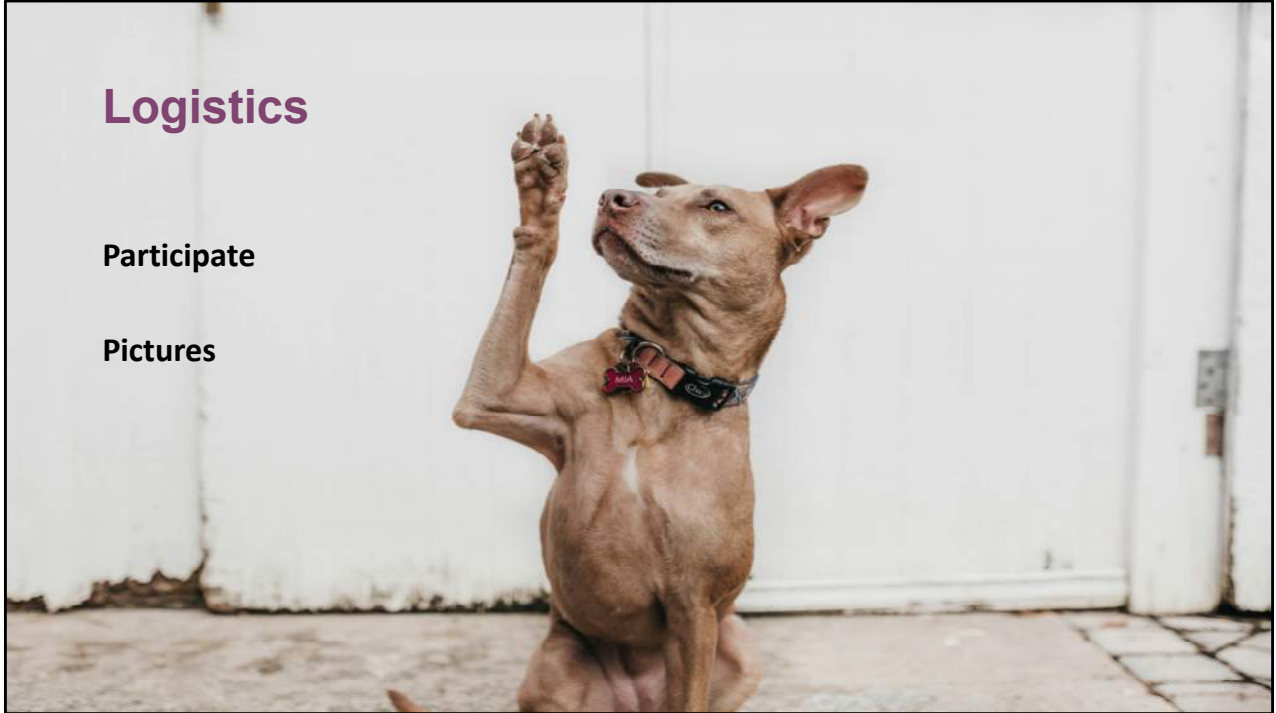
Roles

- Non-profit or Housing authority
- Public official
- Owner / Organization
- Developer
- Architect
- Contractor
- NP Service Providers
- Banks - Syndicators
- Other

Logistics

Participate

Pictures



Let's test the level of participation:

- Who believes there will be 13 “things”, no more, no less?
- Who wishes they had a cookie, right now?
- Who thinks Affordable housing development is complex and time consuming?



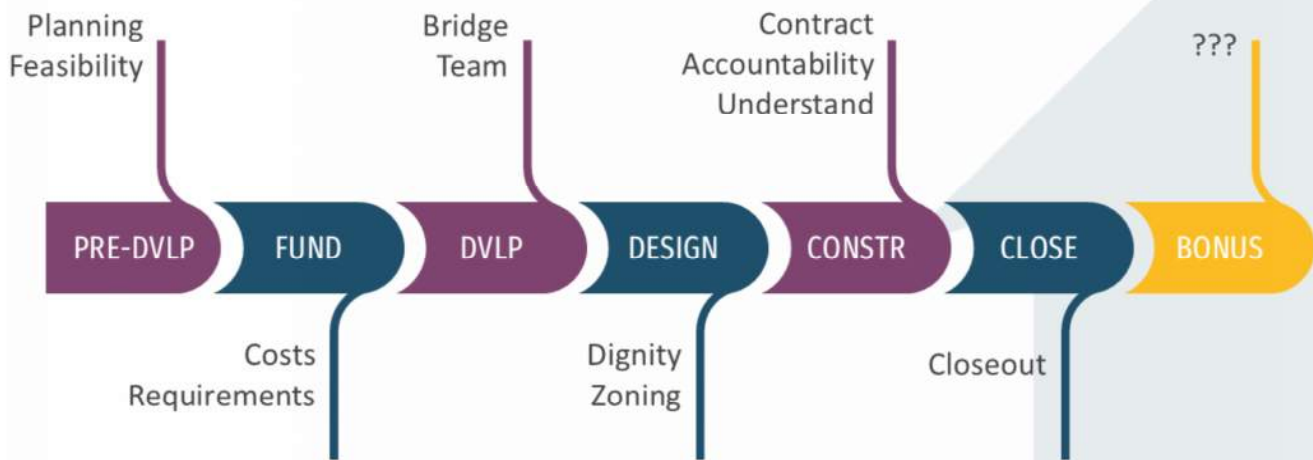
Yes, this conversation is...

- Sharing experiences
- Clarifying language, responsibility, and expectations
- Lessons learned
- Maybe not be perfectly aligned with your project - Each project is unique and may require a different structure

No, this conversation is not...

- Comprehensive lifecycle overview
- One size fits all
- LIHTC focused

Project Lifecycle*

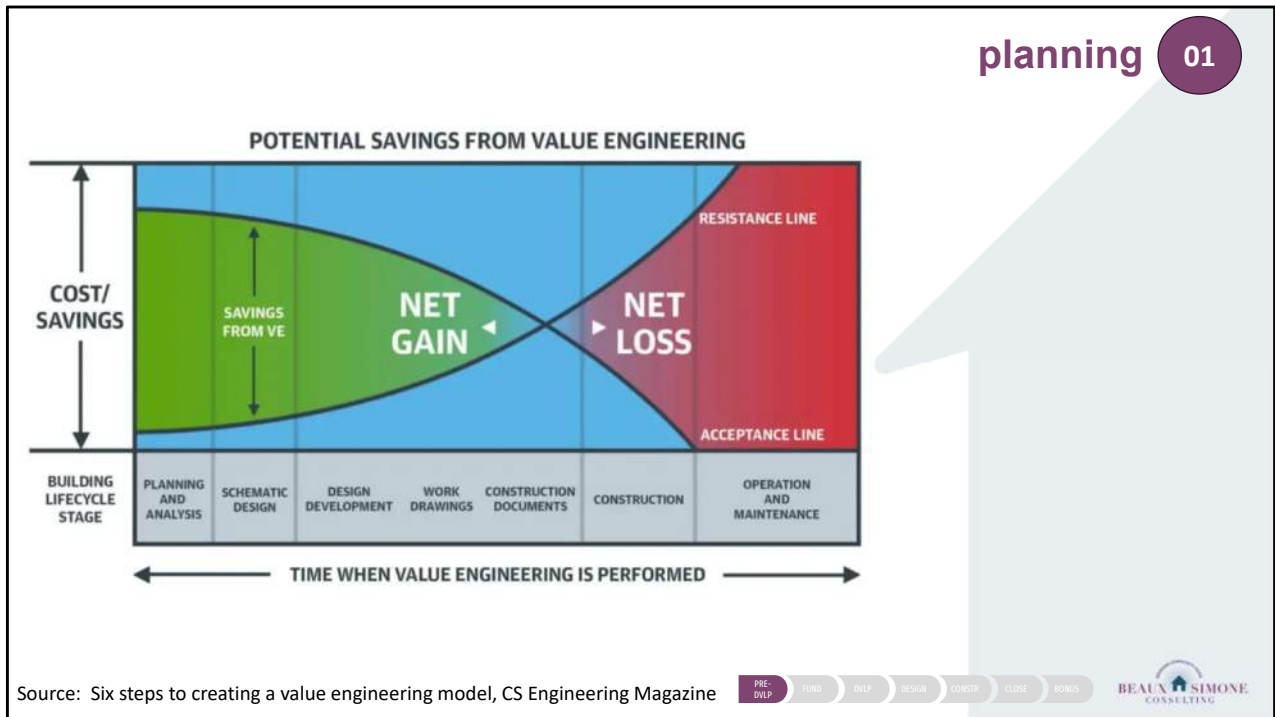


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A project is a lot of work!

- Development takes a long time
- This is a complex process involving multiple partners across multiple disciplines
- Funding sources are convoluted, competitive and often inflexible

We've plucked 13 strategies across the project lifecycle and reduced them to one word

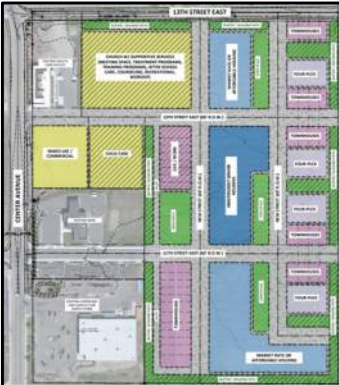


Earlier you plan, the more you will save.

Helped an owner navigate this fine line

- Create alternates list at the beginning
- Discuss priorities
- Review pricing and schedule with GC
- Apply decision deadlines - The deadline to accept the alternate to build a gender-neutral restroom was sooner than deadline to add window coverings.

Are resources available?



Developers
GCs

Pre-development costs money

- Project manager / owner's representative
- Architect and engineers
- Appraiser
- Environmental
- Development consultant
- Legal
- Market study
- Survey
- Title
- Contingency



Strategy: Plan and know the cash flow

COST:

- Architect – CNA
- Appraisal
- Environmental – Phase 1 and NEPA
- Development consultant
- Soils Report
- Legal
- Market study
- Survey
- Title
- Project management/owner's representation
- Contingency

Potential funding sources include:

- LIHTC investors
- Banks and mainstream lenders
- Community Development Financial Institutions (CDFIs)

- Enterprise Community Partners Section 4
- Federal Home Loan Bank



Know the funding requirements

STORY – Cautionary tale of not following procurement and needing to raise/pay back millions of dollars

How can the funds be used? Furniture, cabling, professional fees?

When do the funds expire? And how do you plan?

Does everyone know the funding requirements?

Has the architect completed a LIHTC project? There are layers of requirements with unit types and accessibility.

Davis Bacon wages

Are there monthly, quarterly, annual, and final reporting?

NEPA - assess the environmental effects

Phase 1

SHPO – state historic preservation office



Cash flow?

$$0 + 5 + 30 + 10 + 5 + 30 = 80$$

Do you need a construction or bridge loan? How are you paying for the project?

VERY best case:

0 Days Receive invoice/pay application

5 Days Review invoice – Architect certification

30 Days Pay invoice

10 Days GC pays subcontractor (receives lien waivers) and receives proof of payment

5 Days Prepare submittal for reimbursement

30 Days Receive funds



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Photo Credit: Shopworks Architecture

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Build core team and subject matter expert **early**, and work with people you trust.

CORE TEAM

- owner's representative – the strategic thinker and advocate
- project manager – the doer and cat herder
- construction manager – oversee the physical construction of the building
- architect and engineers – design and documentation
- general contractor – construction

owner's representative - Advocate for the owner. Understand and protect the vision and mission. Monitor the project and guide the owner on decisions like budget, materials, and construction contract. Independent fiduciary to protect the vision by managing resources, time, money, and quality.

project manager - Organize and report to keep all the project elements in sync and the owner informed. Advise and make decisions that impact the project's schedule.

construction manager – Manage the construction process, from groundbreaking to handing over the keys. Their primary goal is to oversee the physical construction of the building.

architect and engineers - Prepare Capital Needs Assessment (CNA), program, design, construction documents, and construction administration.

CMGC construction manager / general contractor – Planning, hiring, communications, materials, safety, quality, budget, payments, inspections, waste, and waivers.

ARCHITECT

- Programming - What are your needs and wants?
- Schematic Design - Conceptualization and feasibility
- Design Development - Design details, systems coordination, material selection
- Construction Documents - Comprehensive documentation ready to submit for permit
- Construction Administration - Oversee the construction of a project

GENERAL CONTRACTOR

- Planning: Creating a budget and timeline, and securing building permits
- Hiring: Assigning work to subcontractors and laborers
- Communication: Working with the homeowner, architect, and engineer
- Materials: Ordering and delivering materials
- Safety: Ensuring the worksite is safe and monitoring conditions and practices
- Quality: Ensuring the project meets the client's quality expectations
- Budget: Keeping the project on budget by balancing costs and keeping accurate records
- Payments: Managing payments to subcontractors and ensuring everyone is paid for their work
- Inspections: Scheduling post-work inspections
- Waste: Organizing the removal of trash and debris
- Waivers: Collecting all waivers

Dignified design expert

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07



Trauma-Informed Design Framework

Source: Shopworks Architecture, <https://shopworksarc.com/tid/>



PRE-DEVELOP FUND DEVELOP DESIGN CONSTRUCT CLOSE BONUS



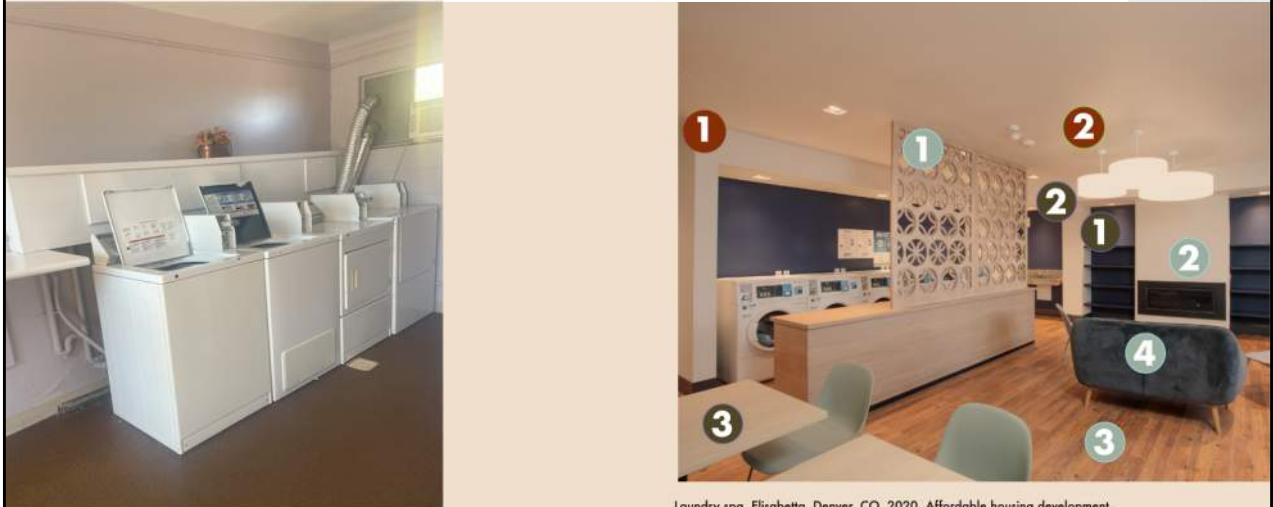
Shopworks – Leading researcher in Dignified design – Open source research

Concepts can be applied to something as benign laundry room

Dignified design

dignity

07



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PRE-DEVELOP FUND DEVELOP DESIGN CONSTRUCT CLOSE BONUS



Question: Do you want to do your laundry in the laundry room or laundry spa?

Brick color – Nested Layers

- 1- Dropped ceiling
- 1- Room within a room
- 2- Dropped lights to delineate a small sitting area

Sage color – Sensory Boundaries

- 1- Ornamental screen that lends privacy but not blind corners or blocked areas
- 2 - Central fireplace creates a hearth, another temperature zone, and flickering natural light to calm the nervous system
- 3- Wood floor adds warmth, resonates sound, and texture
- 4 - Comfortable seating

Gray color – Identity anchors

- 1- Shelving to share books and display personal belongings
- 2- Bulletin board
- 3- Space for connection

Change of Use

Change in how a building or land is used

Expect 8 to 13 weeks

Re-zone

Change to the zoning classification of a property

Expect 6 months to 1 year

Question: What are you seeing?

Change of Use – Depends on application size and complexity

- Minor application – estimated at 8 weeks
- Major application – estimated at 13 weeks
- Environmental Impact Assessment (EIA) – add 4 weeks
- May require review by planning, Historical preservation society, commissions, City council, building department, fire marshal, and health and sanitation

Zoning – The process involves review, public hearings, and formal decision

- How will the property be used?
- Will use interfere with other properties in the area?

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Know the contract

Good, fast, cheap: pick two

General Conditions versus Overhead


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- Overhead is general business costs

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4	Fee Percentage	5.07%	10.75%	7.00%	15.38%	11.70%

Question: Where is the money?

General conditions are project-specific costs

- Staff - Project Manager, Project Engineer, Project Accountant, Project Superintendent
- Temporary Utilities - Jobsite Drinking Water and Temporary Restrooms
- General Expenses - Trash Removal, Super Vehicle Expense, Safety Coordination, First Aid
- Technology Fees - Jobsite Internet, Jobsite Security, Jobsite Computers
- Closeout - Warranty Management
- Miscellaneous Project Expenses



contract 09

Contingency

- Contractor
- Owner

PRE-DEVELOP FUND DEVELOP DESIGN CONSTRUCT CLOSE BONUS

BEALA SIMONE CONSULTING

Question: What's the contract say? If the contractor overlooked one dishwasher; who pays for it? GC or owner?

Contingency – What can it be used for and who has approval to use it? Can it be used to expedite the schedule? Can it be used for scope gap or unforeseen conditions, or owner directed changes?

Owner contingency - The owner is responsible for additional costs that go beyond the original scope of the project. They are mainly used to pay for changes to the project's scope.

Contractor contingency – Ask for transparency and approval over a specific dollar amount. The contractor is responsible for additional costs that go beyond the original price of the project. This money is built into the contractor's anticipated price for the project. It is used to account for gaps/errors that occur on behalf of the contractor.



Comfortable in the uncomfortable

Ask questions

Communicate deadlines / schedule

Weekly site meetings

Follow-up

Escalate

Question: How do you keep people accountable? Get them on board and headed in the same direction.

OAC Weekly Site Meetings

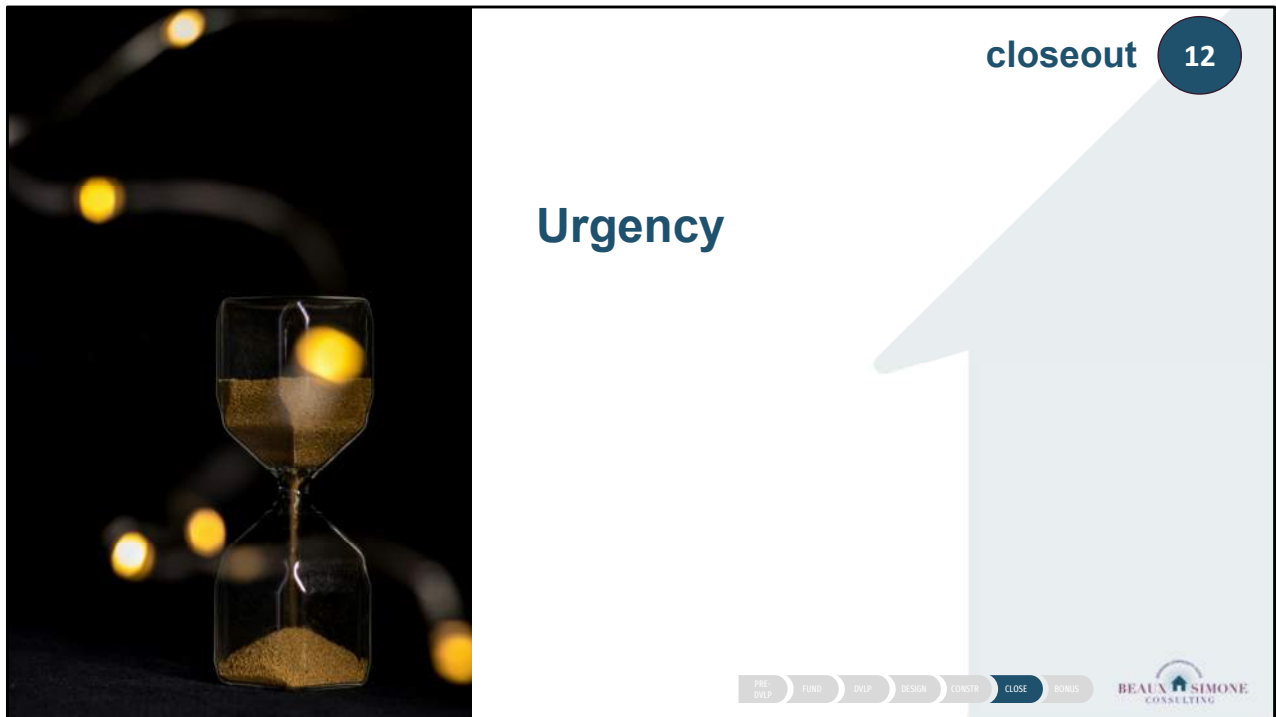
- Schedule update
- Safety and security
- ASI – Architect’s Supplemental Instructions
- Submittals
- RFI – Request for Information
- Pay Applications
- Potential Change Orders
- Allowances
- Construction Contingency

Project issues



Seek to understand - What pressure is causing the issue?

- Capacity?
- Revenue?
- Project profitability?
- Project close?
- LD's?
- Supply change issues
- Schedule changes
- What's the solution?
- Ask questions



Closeout and maintaining a sense of urgency

- Punch list
- As-builts
- Training
- O&M Manuals
- Warranties
- Lien Waivers
- Subcontractor List
- Project directory

Trust yourself

bonus 13



PATH (PROVIDENCE AT THE HEIGHTS)



Question: How often to do look back and know that something wasn't right?

Name it, share it, trust it



THANK YOU!

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