Subdivision Development for Affordable Single-Family Housing: An Overview

Delivered April 27, 2022

Photo: Rory Doyle/There is More Work to be Done
Subdivision Development for Affordable Single-Family Housing: An Overview
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SUBDIVISION DEVELOPMENT

Session #1: An Overview

Presenter: Earl Pfeiffer, Real Estate Broker, Licensed Home Builder & Land Developer

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Firsthand Experience

- **1978–1980**: Engineering Inspector
- **1980–1984**: Municipal Utility Inspector
- **1990**: Searching for Vacant Single Lots
- **1993**: First 4 Unit Subdivision Underway
- **1998**: Completed First 32 Unit Subdivision Development in Ruskin, Florida
- **2018**: Completed 9th and Final Subdivision for Florida Home Partnership

Total Lots Developed: **1072**

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So, You Think You Want To Develop A Subdivision?

- It Is Fun, Exciting & Scary
- It Is A Long-Involved Process Can Take Up To 2 Years
- You Need To Put Together A Development Team
- You Gain Control of Your Future By Controlling Your Availability of Building Lots
- You Can Create Lots Designed To Your Specific Needs

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Is Developing A Subdivision Right For Your Agency?

- How Many Homes Are You Building Annually?
- Is There A Big Selection of Building Lots Currently Available?
- Does Your Agency Have The Financial & Manpower Capability To Develop?
- Can You Purchase A Block of Lots Wholesale In Another Development?
You and Your Board Decide To Become Developers ..... Now What?
This Session Dedicated To Walter Elias Disney. He Has Much To Teach Us.

“My imagination creates my reality.”

--Walt Disney
CREATING MAGIC

- Developed To Combat "NIMBY"ISM
- History of Success As An Outstanding First-Time Home Buyer Community
- Community Clubhouse, Pool
- Playground
- Five Phases Planned
Total Homes- 673
Phase 1 & 2: 207 Homes
Phase 3: 166 Homes
Phase 4 & 5: 300 Homes
Phase 6: 46 Homes
Total: 719 Lots
Bayou Pass Village Phase 6:

- Acquire 14.5 Acres For $549,000
- 46 Lot Subdivision ($11,935/Lot)
- Fully Designed And Permitted
Understanding The Terms

**SUBDIVISION:** The Replatting of A Larger Parcel Into Two or More Buildable Lots

**CIVIL ENGINEER:** An Experienced Professional That Will **DESIGN & OVERSEE** Your Proposed Development

**LAND PLANNER:** A Professional To Help You Conceptualize A Potential Community Layout
Understanding The Terms (continued)

**GOVERNING OFFICIAL:** The Local Entity That Has Jurisdiction Over Permitting & Inspection of Your Subdivision

**HOA:** An Entity to Manage The Affairs of Your New Development

**ENTITLEMENTS:** Zoning, Site Plan Approval, Utility Allocations & Usage, Site Landscaping Approvals

**ACCEPTANCE:** All Work Complete, Jurisdiction Pass Final Inspection, Plat Is Accepted & Recorded And You Now Own Numerous Lots.
TWO TYPES OF DEVELOPMENT

PRIVATE: All Improvements Onsite Are Private Including Water/Sewer, Road Right Of Way. No Public Infrastructure Inside Development

PUBLIC: Streets And Water/Sewer Utilities Dedicated To Local Jurisdictions. All Improvements Built To Local Jurisdiction Guidelines And Accepted By Jurisdiction For Operation & Maintenance

TODAY: We Will Continue Using the Public Model

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How Many Lots Do You Need?

What Size Lots Do You Need?

Start Looking for Development Team

Find A Land Planner (Could Be Engineer)

Read The Land Development Code

Meet With Local Government Planning Staff to Understand the Process

Is There a Local Affordable Housing Department?
### Who Do You Need On Your Development Team?

- Real Estate Broker
- Land Planner
- Surveyor
- Environmental & Soils Engineers
- Real Estate Lawyer
- A Very Strong Accounting/Financial Person
- Your Local Jurisdiction Authorities
- Site Development Contractor
- A Project Manager (Hired or Staff)
- Landscape Architect (Optional)
RESPONSIBILITIES OF DEVELOPER …..

Acquire & Develop Site

Assure Delivery of Buildable Lots To Specifications

Keep New Community Maintained Throughout Entire Process and Through All Sales

Make Sure Site Is Safe

Marketing To End Buyers-Signage
FIRST STEPS....

The Sequencing of These Events Varies By Projects and Developer
FINDING LAND

- Driving around land with/without signs
- Look in the newspaper
- Work with a realtor
- Ask around
- Got land

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SELECTING LAND

Whether You Select Existing Lots Or Raw Land:

First Ask Yourself.. “Can This Land Fulfill My Vision?”

Look At The Neighborhood

What Would YOU See Daily If YOU Lived Here?
What Are Surrounding Property Values Like?

What Are The Future Growth Trends Of The Area?

Residential?
SELECTING LAND

What Are The Current And Past Uses Of The Land?

How Close Are Water, Sewer, Electric Utilities?

Do You Need Well Or Septic? Does The Ground Have Good Percolation?
Selecting Land

Condition of the Property

- Is the Land Higher or Lower Than the Road? Does it Need Fill?
- What Are the Soil Conditions Like?
- What Is on the Land?
  - Trees, Pond, Creeks, Hills, Buildings
ENVIRONMENTAL CONCERNS

1. Physically Inspect All Land
2. Get A Phase I Site Evaluation
3. Make Sure Land Is Clean
I FOUND GOOD LAND, NOW WHAT?

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>Proposed Ruskin</th>
<th>Recycled Ruskin</th>
<th>Recycled</th>
<th>Recycled</th>
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<td>Appraisal</td>
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<td>8,500</td>
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<td>0</td>
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<tr>
<td>Site Operations</td>
<td>62,750</td>
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<td>32,000</td>
<td>30,750</td>
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<td>Infrastructure Const.</td>
<td>960,000</td>
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<td>155,106</td>
<td>75,000</td>
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<tr>
<td>Permits and Fees</td>
<td>10,000</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Tree Removal &amp; Replm</td>
<td>25,000</td>
<td>0</td>
<td>20,000</td>
<td>5,000</td>
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<tr>
<td>Entry and Fence</td>
<td>25,000</td>
<td>0</td>
<td>25,000</td>
<td>0</td>
</tr>
<tr>
<td>Plat/Rezone/Misc. Fees</td>
<td>15,000</td>
<td>15,000</td>
<td>0</td>
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</tr>
<tr>
<td>Interest</td>
<td>15,000</td>
<td>15,000</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1,556,450</strong></td>
<td><strong>371,700</strong></td>
<td><strong>155,106</strong></td>
<td><strong>450,000</strong></td>
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**Sales price calc:** 1,556,450 / 71 lots = 21,922

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The REALTOR

Always Good To Use A Buyers’ Agent

The Listing Agent Typically Represents The SELLER

The Buyers’ Agent Represents The BUYER

Find An Agent Experienced In Land Sales
### REALTORS WORK ON COMMISSION

<table>
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<th></th>
<th>Statement</th>
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<tr>
<td>1</td>
<td>Do Not Waste Their Time</td>
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<tr>
<td>2</td>
<td>Be Loyal To The Realtor You Select</td>
</tr>
<tr>
<td>3</td>
<td>Make The Realtor Earn Their Commission</td>
</tr>
<tr>
<td>4</td>
<td>Be Fair With Their Commission</td>
</tr>
</tbody>
</table>

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WHENEVER POSSIBLE, ENGAGE A REAL ESTATE ATTORNEY

- Letter of Intent To Purchase
- Help With Purchase Agreements
- Help With Entitlements
ONCE YOU FIND A SITE...

SURVEY THE SITE...

...Work With Your Land Planner

What Potential Does The Site Have?

Will It Work For Me?
FIND A DESIGN THAT WORKS FOR YOU
ENTER PURCHASE AGREEMENT

- Extend Closing Date As Long As Possible
- Do Entitlements Before Closing
SELECT SITE DEVELOPMENT ENGINEER

- Hire: Hire The Best Engineer You Can Afford
- Use: Use Your Land Planner To Help
- Talk: Talk To Reviewing Government Agency
- Look: Look For Signs On Other Jobs

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DO YOUR ZONING BEFORE LAND CLOSING

Use Attorney or Land Planner

Work With Seller To Apply For Zoning
1. Begin Getting Acquisition & Development Dollars In Place
2. Contact HAC About SHOP Loan & Other Loan Products
3. Check With Your Local Jurisdictions
4. Contact Banks, Credit Union
5. Investigate Other Sources

**THE MONEY PARTNERSHIP**

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START YOUR MARKETING

1. Create an Image
2. Place Signs on Site
3. Put Information Packet Together
4. Begin Recruiting

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Project Due Diligence Period

You Have Decided To Move Forward

Begin To Test Your Assumptions (Spend Money)

Conduct Phase I Site Assessment

Can We Get The Zoning? 
Does An Appraisal Support Projected Costs? 
Do Development Cost Fall Into Line? 
Establish Concrete Timing Goals?

This is your last chance to exit (and not be considered a failure)
Seek Out Those Who Are **Objective** (and May Have Valid Concerns About The Project)

Once **YOU** Have Collected Your Data:

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carefully Analyze The Facts</td>
</tr>
<tr>
<td>Develop A Proforma</td>
</tr>
<tr>
<td>You Should Begin To Sense The Results</td>
</tr>
<tr>
<td>Sleep On It A Couple Days</td>
</tr>
<tr>
<td>If Moving Forward Is The “Right Thing To Do”</td>
</tr>
<tr>
<td>You Should Find Yourself Getting More Excited</td>
</tr>
<tr>
<td>If This Project Is Wrong, You’ll Begin To</td>
</tr>
<tr>
<td>“Make Excuses” For Why It Can’t Work</td>
</tr>
</tbody>
</table>
Have Faith: “Leap and The Net Will Appear!”
John Burroughs

Your Due Diligence Is Now Behind You

Begin To Spend BIG MONEY Now

Design The Project Entirely
Possibly Hire Needed Staff
Turning Back Is Not An Option
Act As If YOU CANNOT FAIL
GREAT PROJECTS BUILD MOMENTUM

When A Project Is Right It Begins To Take On A Life Of Its Own

Others Begin To Support It

The Stars “May Begin To Align” For You

You Begin To “Attract” What The Project Needs

BE AWARE- There Will Be Challenges & Problems, BUT The Solutions Are On The Horizon

“Problems Are Not STOP Signs. But Rather, Guidelines.”
Everyone Wants To Be Part Of A Successful Winning Project
ENGINEER STARTS ENGINEERING

- Soil Samples and Testing
- Traffic Analysis
- Preliminary Plan
- Meet With Governing Agency
- Develop Cost Estimates

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GET ZONING & ENTITLEMENTS IN PLACE

1. Obtain Proper Zoning
2. Get Conceptual-Preliminary Zoning in Place
3. Get Utility Commitments
Solicit Bids for Development Contractor

Your Engineer Can Help

Look At Other Construction Sites

Ask Your Government Team Members

Advertise In Dodge Reports

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HIRE YOUR SITE DEVELOPMENT TEAM

This Is A Very Critical Team Member

Keep This Relationship Win-Win

They Want Timely Pay And Profit

You Want On-time And On-Budget

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PUT PROJECT OUT TO BID

1. Very Formal Bid Process
2. Create Construction Documents
3. Hold Pre-Bid Meeting With Prospective Bidders, Engineers, Soil Engineers, and Utility Companies

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PROJECT BIDDING

ALLOW 3-4 WEEKS FOR BIDS

HOLD FORMAL BID OPENING FOR SEALED BIDS

YOU & ENGINEER REVIEW BIDS

NEGOTIABLE BIDS?

AWARD CONTRACT
Pre-Construction Meetings

Always On-Site Development Projects

PC Meeting Sets Expectations, Guidelines, And Processes. Assures All Are On The Same Page.

Include Everyone Relevant
SCHEDULING

Scheduling Requirements Vary Depending On

Complexity of Undertaking
Experience of Team
Necessary To Keep Project Moving To Meet Goals

Types Of Schedules

Milestone Schedules
Detailed Schedules
FHP Has Experienced Team. Milestone Schedules Work Well For Us.
Q: What Is a Change Order Or C.O.?

A: An Agreement To Change The Scope of Work or The Time Involved, That Sometimes Involves Monetary Adjustments
WE SUPERVISE SITE DEVELOPMENT

Save Money $  

Have Fun...

And Gain **VERY** Important... Control
FINALIZE YOUR SITE DEVELOPMENT

This Is Often A Frustrating Process

Use Your Government “Partners”

Be Thorough But Fair With Developer

Lots Should Be Ready To Build On
PLATTING

Development Name

Street Names

Submit Plat For Approval

Plat Recording
(Now You Have Proper Lots)
WHEN CAN I BUILD HOMES?

Model Home Permit

Prairie Building

When Site & Plat Accepted by Governing Officials

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Earl’s 10 Tips for A Successful Development

One
Hold A Pre-construction Meeting

Two
Pay Your Engineer To Do Construction Monitoring And Inspection

Three
Do NOT Let Your Site Contractor Get Upside Down On Pay Requests

Four
Visit Your Site Often

Five
Make Good Friends With County Inspectors

Six
Monitor Contractor’s Time Closely
Earl’s **10** Tips for A Successful Development

**Seven**  
Pay Contractors Promptly

**Eight**  
Know Your Contract Well - Get What You Pay For

**Nine**  
Be “Fair” With Change Orders

**Ten**  
Be Very, Very Thorough On Final Acceptance Walk
*Have Fun! You Are Beginning To Bring Your Vision To Reality.*
*Pay Attention To Your Mistakes – Avoid Them Next Time!*

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MANAGING CONSTRUCTION

Once contractor is completed with his work the responsible government agency must accept the project.

Allow up to 30 days - Work with your engineer to plan for this time

By now you should be ready to start home construction
Thank you

- Earl Pfeiffer,
- HAC Consultant
- (Builder, Broker & Developer)

- EarlP@RuralHome.org
- 719-275-2501