

00:00:00.000 --> 00:00:03.210

Stephanie Nichols

Today is part three of the three part series on subdivision development.

00:00:04.930 --> 00:00:28.650

Stephanie Nichols

Developing subdivisions is a complex undertaking that requires both a vision of what's possible and an eye for detail throughout the entire process. In the final one hour, session, participants will learn how to evaluate higher and oversee the site development contractor work with local governing bodies understand liability as well as bonding and insurance requirements. Start construction on finished lots and, when appropriate, develop a homeowners association.

00:00:31.550 --> 00:00:37.130

Stephanie Nichols

Thank you to USDA rural development and the rural Capacity Development initiative for sponsoring today's event.

00:00:39.020 --> 00:00:40.760

Stephanie Nichols

Today's speaker is Earl Pfeiffer.

00:00:41.880 --> 00:00:48.010

Stephanie Nichols

Earl serves as the executive director of Florida Home Partnership from 1997 until his retirement in 2018.

00:00:48.920 --> 00:00:54.600

Stephanie Nichols

Here's a vision that each term should be built not to look like affordable housing, but indistinguishable from market rate homes.

00:00:55.760 --> 00:00:55.980

Loretta Weber

Yeah.

00:00:55.790 --> 00:01:11.110

Stephanie Nichols

Earl's background is an Imperial professional engineering, having worked as a field manager for several large civil projects including subdivision development, water and wastewater treatment plants. He's a third generation home builder and has worked over 35 years in the construction industry.

00:01:12.050 --> 00:01:22.280

Stephanie Nichols

The girls involved in community development, planning and management, and he's developed 10 subdivisions with the total of 1000 plus lots in addition to an 80 unit townhouse development in Plant City.

00:01:23.600 --> 00:01:29.640

Stephanie Nichols

Unedited Transcript

Earl serves on the National Rural Housing Coalition Board and has served as Vice president of the National Rural Self Help Housing Association.

00:01:30.390 --> 00:01:38.840

Stephanie Nichols

He also works as a consultant for the Housing Assistance Council and he owns and operates Colorado Mountain Land Office, real estate broker brokerage in Colorado.

00:01:40.710 --> 00:01:43.960

Stephanie Nichols

Now I'd like to hand the webinar over today Speaker Earl Pfeiffer.

00:01:46.990 --> 00:01:51.700

Earl Pfeiffer

Thank you and good morning. I'm not sure if I I'm we're.

00:01:52.990 --> 00:01:54.740

Earl Pfeiffer

On here, but I believe so.

00:01:56.470 --> 00:01:57.550

Stephanie Nichols

You are good to go, Earl.

00:01:57.910 --> 00:01:58.540

Earl Pfeiffer

OK.

00:02:03.280 --> 00:02:05.260

Stephanie Nichols

If you want to take control of the presentation.

00:02:05.710 --> 00:02:06.300

Earl Pfeiffer

Yes.

00:02:07.150 --> 00:02:08.800

Earl Pfeiffer

I certainly do. Thank you.

00:02:16.640 --> 00:02:39.190

Earl Pfeiffer

OK, good morning. Welcome to all of you. We have almost 50 people here, so I'm glad to see we have a broad participation today. This is the third in a session of three webinars on subdivision development. We are going to be today discussing the nuts and bolts of subdivision development acquisition through completion.

00:02:46.630 --> 00:02:53.680

Earl Pfeiffer

I've been doing this a long time. I've got over 40 years of civil experience and developed well over 1000 lots so.

00:02:54.880 --> 00:03:03.050

Earl Pfeiffer

I'm excited to share my expertise and knowledge with all of you today and look good. Do a final look forward to a good final session.

00:03:04.600 --> 00:03:34.330

Earl Pfeiffer

As we discussed previously, there are two different types of subdivision development. One is private development where all the infrastructure, streets, water, sewer, sidewalks, all of that is built to a private developer standard and then maintained by the Property Owners Association. The other option is a public system or the streets, water, sewer, utilities, sidewalks, rights away are all dedicated by the developer to the governing jurisdiction.

00:03:34.970 --> 00:03:37.680

Earl Pfeiffer

To have them operated and maintained.

00:03:39.420 --> 00:04:09.690

Earl Pfeiffer

And we're gonna work forward today utilizing the public system. There are a lot of values to the private system, but I I it doesn't really work well for affordable housing, for low income families, because the maintenance and operation of those improvements are left up to a governing board of homeowners. And so therefore we like to and the expenses that tied into that maintenance as well is on the homeowner. So we like to have public.

00:04:09.830 --> 00:04:40.170

Earl Pfeiffer

Really dedicated utilities and streets. If there are further questions about the division between the two, we can certainly address those as we are in the question and answer session this afternoon or this afternoon. Do different types of development, we have a complex development which is basically what you're seeing here where you have to dig in retention pond, St sidewalks, utilities and all of that or a simple development which basically is what's illustrated in this next slide the.

00:04:40.260 --> 00:04:40.590

Earl Pfeiffer

Umm.

00:04:41.410 --> 00:05:12.100

Earl Pfeiffer

Slides down the lots on the bottom, the tan colored lots. That would be my example of a simple development while bypassed itself was a complex development. Once we put the infrastructure and streets in the farmer next door came to us and asked us if we wanted to buy these 17 lots that were subdivided. And so that's a real simple process. So that's the simple everything else is pretty much considered as a complex development and if you get the chance to do this simple developments.

00:05:12.190 --> 00:05:12.590

Earl Pfeiffer

Always.

00:05:12.990 --> 00:05:19.290

Earl Pfeiffer

Uh. Always leaning that favor because it's it's fast and it's cost effective.

00:05:19.940 --> 00:05:23.240

Earl Pfeiffer

So if you're board's decided that you wanna build a subdivision.

00:05:24.830 --> 00:05:55.580

Earl Pfeiffer

We're on the road here and then our last session we talked about, uh, developing the concept for the development, the inception forward, all the due diligence and bringing us to the point of being able to close and purchase on the lot. So at this point, we'll make an assumption that we now own the lot or we're about ready to purchase it and we're going to get into the final phase of the engineering design and construction process. So currently where we are today in this session is we have.

00:05:55.680 --> 00:06:26.470

Earl Pfeiffer

Selected a parcel our entitlements, meaning planning and zoning, water, sewer, utilities, everything has been completed. That means that when I, when we finish development, we will we will have access to utilities. We have made a preliminary layout and gotten that approved in the zoning process, we've studied traffic, explored site conditions, done surveying. So we're well on our way estimated some of the project costs.

00:06:26.710 --> 00:06:48.110

Earl Pfeiffer

Which is an ongoing moving target. And then we've hired our engineering firm and have that in place. And please just keep in mind that depending on the project, the steps that we take can vary from development to development. This is just one track I've followed, but you're development could take a separate track or a different track depending on the site conditions and everything that's needed.

00:06:50.430 --> 00:07:10.240

Earl Pfeiffer

Before I carry on, I had two comments I wanted to make. Uh, I am uh today. Coming to you live from the Rocky Mountains in Colorado. I am on Starlink satellite Internet, which is the real deal for rural America here. If I happen to get up, please just be patient for a minute or two and I will.

00:07:11.870 --> 00:07:15.140

Earl Pfeiffer

Uh eventually get back to you. Sometimes we have a little freeze up.

00:07:15.750 --> 00:07:38.120

Earl Pfeiffer

And I am going to mute myself to give myself a little, not mute myself, go off camera to give myself a

little extra bandwidth and capacity, and then lastly, I wanted to just make the call out and thank Vanessa Josie for her work and helping me prepare all the slides for this for this presentation. So.

00:07:38.230 --> 00:07:48.490

Earl Pfeiffer

Umm, just to review, we talked about this before. What are the responsibilities of the developer? Number one responsibility is by the land acquire and develop the site.

00:07:49.690 --> 00:08:22.220

Earl Pfeiffer

Assure the availability, assure delivery of buildable lots to your specifications. Keep your new community maintained throughout the entire process and through all the sales, and you may want to establish an HOA in the process and we'll talk more about that as we go on. As you are the developer, you're responsible for making sure the site is safe. You have a big, huge construction project, but open trenches, open holes, open pits, heavy equipment, machinery, materials, supplies.

00:08:22.450 --> 00:08:38.480

Earl Pfeiffer

So it's your job to make sure that that site is safe to all who enter it, and then we will always wanna continue marketing to the end buyers as part of our program. Just continue that motivation and outreach going forward.

00:08:41.430 --> 00:08:43.930

Earl Pfeiffer

So the land development specifications.

00:08:46.100 --> 00:09:12.910

Earl Pfeiffer

This is your chance. Now is your finally end up on this development to get with your engineer and talk about exactly what you need in the way of lots. By now we've got a preliminary site plan, so we pretty much have our lot which determine the dimensions of the lot of as I mentioned before, my favorite size lot to build with is an affordable builder is a 50 by 100 building lot.

00:09:13.450 --> 00:09:36.400

Earl Pfeiffer

Umm, depending on the setbacks, either 5 feet on each side or 7 feet on each side, you can get a 35 or 40 foot wide product on. There still has plenty of room in the street for two cars to park in front of the home if necessary, and if it provides a a little bit more room than maybe of 35 or 40 foot lot would.

00:09:15.050 --> 00:09:15.620

Pat (Guest)

Pending on this.

00:09:38.240 --> 00:10:07.210

Earl Pfeiffer

And then when you're working with your engineer, you want to design your lots for the proper drainage. Drainage grading here are examples here of a type A type B, and a type CA type. A lot is the most

common. Basically everything drying from the back of the lot to the street. The street storm, sewers, curb and gutter. Take the water away from the property into a drain and.

00:10:07.270 --> 00:10:10.500

Earl Pfeiffer

Inlet and in into the retention area a Type B.

00:10:11.730 --> 00:10:13.060

Earl Pfeiffer

Drainage to the back.

00:10:13.790 --> 00:10:33.890

Earl Pfeiffer

From the rear of the house and then drainage to the street from the front of the house and then the Type C from the sidewalk on back drains to the rear of home. And that's really important. Some land developers in in construction when they build a subdivision, they like to tabletop the land. In other words, that means if you're building, elevation is.

00:10:35.810 --> 00:10:44.860

Earl Pfeiffer

10 feet then. Basically that's where they're gonna set the grade. They're not tapering the land to to give you a rough.

00:10:45.650 --> 00:11:18.620

Earl Pfeiffer

Outline of how the finished product should work and what happens if you tabletop you end up bringing it an extra fill dirt which costs more money in the development process, and then when you're getting ready to build your home, you've got to do your grading and find grading. Then you've got to haul that dirt away again so you're paying to bring it in and you're paying to haul it out. So it's really, really critical that you sit with your engineer and perhaps your your contract or somebody didn't knows about your foundations and talk about the type of grandage talk about how you want the logic graded.

00:11:18.870 --> 00:11:30.540

Earl Pfeiffer

In an ideal world, you'd have a front elevation and a rear elevation, and they would basically try to get the grading as close as they can to what your original with your final product will look like.

00:11:32.070 --> 00:11:34.560

Earl Pfeiffer

So now that we're.

00:11:35.990 --> 00:12:06.930

Earl Pfeiffer

Owning the property we're in, we've made a decision that we're going to move forward. So we've had our engineer doing some preliminary work to help us get through the zoning. We've done some testing. We've done soil samples and analyze the soil conditions, what happens on a large development is that they'll come in. Your soiled engineer will come in and bore down into your project, possibly where the streets are and some building pads trying to get an idea of the conditions and the types of.

00:12:07.060 --> 00:12:13.060

Earl Pfeiffer

Oils that are utilized on that are available on the property and then.

00:12:09.570 --> 00:12:10.250

Teresa Alvarado

Umm.

00:12:12.120 --> 00:12:12.870

Teresa Alvarado

This signor.

00:12:13.880 --> 00:12:14.370

Earl Pfeiffer

Hello.

00:12:15.610 --> 00:12:41.880

Earl Pfeiffer

And and then from there we have to design the land from that analysis. So if you have a high water table in your community, the engineer will find where that seasonal high water level is and then they'll design the roads to be so many feet above that so that they never flood. And then typically your house basically is about 18 inches above the crown of the road. So.

00:12:43.200 --> 00:13:05.750

Earl Pfeiffer

Uh, your soil samples will tell us. What, what, what we can do to get good compaction in the streets and on the building pads and everything else. Traffic analysis, they will do traffic studies. Is your new development going to add more to the traffic in the neighborhood? Is a streets already overburdened with traffic? Do we need to add a turn lane or extra?

00:13:06.860 --> 00:13:07.190

Earl Pfeiffer

Uh.

00:13:08.530 --> 00:13:12.140

Earl Pfeiffer

Traffic lanes to the existing streets for the new capacity.

00:13:13.500 --> 00:13:26.030

Earl Pfeiffer

You will have a preliminary site plan. Typically when you apply for your zoning, you would submit that site plan in for approval, and that's a preliminary that says conceptually we're going to have.

00:13:27.340 --> 00:13:33.460

Earl Pfeiffer

5050 by 100 lots and that's basically your stripe site plan showing the streets and so forth.

00:13:34.110 --> 00:13:44.120

Earl Pfeiffer

UM, and then you're gonna wanna meet with your governing agencies prior to. And when you do the submittal for for your site permits.

00:13:45.240 --> 00:13:45.910

Earl Pfeiffer

And then.

00:13:46.910 --> 00:13:59.700

Earl Pfeiffer

One of the things that you can task your engineering with is engineer with is in helping you develop what your costs are going to be for the development. And we'll talk about that more a little bit later. But basically it amounts to the fact that.

00:14:02.290 --> 00:14:06.340

Earl Pfeiffer

Your engineer should be familiar with unit pricing.

00:14:07.730 --> 00:14:19.890

Earl Pfeiffer

You'll ask your engineer to do a quantity takedown take off for you when it's it's part of his, his or her work schedule. So in other words, it may show that there is going to be.

00:14:20.870 --> 00:14:22.800

Earl Pfeiffer

500 feet of streets.

00:14:23.220 --> 00:14:24.050

Earl Pfeiffer

UM.

00:14:25.480 --> 00:14:55.310

Earl Pfeiffer

1000 feet of eight inch sewer so many feet of water line so many water hydrants. So you would ask them to do a take off for you. So you know the rough quantities. And if you haven't experienced engineer that's used to these things he's got a pretty good idea of what some of these items go for. So he can help you or she can help you assimilate what your cost will be for the development. So you're going to begin fine tune getting into the nuts and bolts of your development you want to create a little bit of magic in it.

00:14:55.490 --> 00:14:58.290

Earl Pfeiffer

You wanna create a community that will not?

00:14:59.150 --> 00:15:01.890

Earl Pfeiffer

Bring the nimbys out. Not in my backyard.

00:15:03.280 --> 00:15:19.200

Earl Pfeiffer

Our communities that we did in Florida for Florida home partnership were outstanding. First time home buyer communities and we really did not have much of a NIMBY issue because we were very proactive in developing our communities and keeping our communities attractive.

00:15:20.000 --> 00:15:23.090

Earl Pfeiffer

Umm, I'll say one note here I just add on.

00:15:24.160 --> 00:15:56.530

Earl Pfeiffer

I often recommend a community clubhouse. Now. I know that sounds pretty overwhelming if you're doing a development, maybe 4050 sixty homes, you might want a seat at A at a minimum of having a little playground and putting a put a covered pavilion there. You wanna have a place where your homeowners can get together and meet, and also the homeowners could recreate a little bit. So I know it's a big expense, but it's always critical to have some kind of facility where you have a lot of residents so that they have a place to store the records.

00:15:56.670 --> 00:15:58.560

Earl Pfeiffer

Have meetings and.

00:15:59.580 --> 00:16:02.390

Earl Pfeiffer

And give this community a sense of place.

00:16:05.530 --> 00:16:36.060

Earl Pfeiffer

I I will just touch on one other thing. We also like to develop playgrounds in our, in our work. I I do and Florida home partnership did. Playgrounds can be expensive. I think the last one we bought was about \$50,000. There's an agency called Kaboom KA BOM explanation point. They are a nonprofit organization and they help you build playground. They'll help nonprofit organizations build playgrounds and we've had.

00:16:36.160 --> 00:16:42.430

Earl Pfeiffer

Two of their development playground developments and some of our subdivisions that have been developed over the years.

00:16:43.140 --> 00:16:52.730

Earl Pfeiffer

So we're getting into the next steps. What's next? We want to complete the full design by the engineer. We want to begin the preparation of the contract documents.

00:16:54.640 --> 00:17:05.950

Earl Pfeiffer

In our last session, we had a 30 minute overage session where we talked about the contract documents and we had a book. All of that information.

00:17:07.900 --> 00:17:22.730

Earl Pfeiffer

Bound together in a book and you wanna begin to process that, and you can, if you did not get it in the last session, you could contact Vicki here or maybe asking the question and answers how you can get a copy of the contract documents.

00:17:23.740 --> 00:17:46.210

Earl Pfeiffer

The budget is always an ever ending battle. You want to continue to finalize that and just perfect it and perfect it as you go along. You wanna start with your lenders again. You know where we've been talking to them. We wanna try to get some commitments in place. You want to continue establishing your timeline and timeline is one of those things that's really, really important.

00:17:48.160 --> 00:17:48.570

Earl Pfeiffer

Umm.

00:17:50.270 --> 00:18:21.910

Earl Pfeiffer

For me, I usually target you know, I know my schedule. I'm I know when I'm gonna need more building lots at Florida home partnership. My goal was to build a minimum of 50 homes a year. So if I look forward, I could see, you know, in 18 months I'm going to be out of lots. So I could pick a date and say this target date is when I need to get my first building to permit. And the new subdivision. So you've got to get your eye on that to keep your schedule and work backwards to find the contractor schedule.

00:18:22.290 --> 00:18:35.030

Earl Pfeiffer

And so and it's your job to work with your engineer to keep your contractor on time. You wanna begin your search for development contractors and again continue to keep up your project marketing.

00:18:37.550 --> 00:19:03.340

Earl Pfeiffer

In the construction aspect, you're gonna work with the surveyor, and then again with the soils engineering company. Two different scopes of work they have. And you, you have a scope of work for them. Perhaps you might split your surveying up, for example, into prior to zoning and then into construction, surveying and staking.

00:19:05.200 --> 00:19:35.790

Earl Pfeiffer

In the beginning, they're going to do some preliminary lot surveys and get you basic information, but then as you go into the construction development, you're going to need a surveyor to bring survey stakes out for the water line streets, show the grades and everything else. So you need to begin to work on that contract. What's that going to look like? And then also what your soils engineering company, they have to take compaction tests as you put building pads in and you put streets in, they have to meet certain.

00:19:35.890 --> 00:19:48.220

Earl Pfeiffer

Compactron requirements. So you need to work with the soils engineering company to analyze the soil, get to compaction data and then be able to do the compaction testing to make sure that your.

00:19:48.740 --> 00:19:55.710

Earl Pfeiffer

Umm, your streets are appropriately constructed and you're building pads are firm.

00:19:56.960 --> 00:20:09.410

Earl Pfeiffer

This is a big one. During this process you also need to reach out to your utility companies phone company, electric company, cable, water and sewer typically is included in our infrastructure, but you need to coordinate with them.

00:20:10.920 --> 00:20:38.160

Earl Pfeiffer

We found in some developments the phone companies don't wanna put lines in anymore because it's a big expense for them up front and they say so many people are going to cell phones. It's not cost effective for us to to lay underground wiring in the subdivision. So you need to check with your phone company on that and get that up to speed electric for services, for the homes and St lights is another ongoing.

00:20:39.610 --> 00:20:41.290

Earl Pfeiffer

The issue you need to work with.

00:20:41.390 --> 00:20:57.760

Earl Pfeiffer

Umm. Basically you have to put a contract together for the electric company. If you in in many in many communities if you do overhead wiring which is not real attractive, there's no cost for that. But to bury the cables underground which is done in most new communities.

00:20:58.810 --> 00:21:13.410

Earl Pfeiffer

Last subdivision I built as there was about 900 to \$1000 lot per cost for doing that, and that's for putting in the underground conduit and then the cables that go in that conduit and and perhaps you could work a deal between your.

00:21:14.180 --> 00:21:41.100

Earl Pfeiffer

Your your, your site development contractor and the electric company to have the site development contractor put in that conduit so that they get everything in the right places and compacted properly and it doesn't create an interference of work. And then cable companies make sure they get them because I've had more subdivisions than not. We've got them all completed and then six months later here comes the cable company ripping everything up and putting cable in the ground. So you need to stay on top of that pretty aggressively.

00:21:41.930 --> 00:22:07.790

Earl Pfeiffer

Umm, so you're working with your engineer? You're looking at the site plans. You need to talk through design choices. Your engineer may come to you and say, you know, we expect something in a road based material, but the contractor suggested to us using a different type of Rd base and we concur and it will save you some money. So you talk through all those things with your engineer. You finalize all of their details.

00:22:08.850 --> 00:22:10.460

Earl Pfeiffer

With the engineer.

00:22:11.270 --> 00:22:24.090

Earl Pfeiffer

At some point, you're gonna get a preliminary set of plans. The engineer's gonna send you a set of blueprints and said OK, here they are. This is pretty much it. So your job now is to review those plans.

00:22:25.140 --> 00:22:39.650

Earl Pfeiffer

Amongst yourself, sit with your engineer, sit with somebody in your staff that knows what they're looking at and really closely examine the plans. Look at every single lot. Count the lots you're supposed to get 47 lots. Do you have 47 lots?

00:22:40.170 --> 00:22:56.880

Earl Pfeiffer

Umm, look at the grades, the differentials between the streets and the pads and and just look for issues in the prints because if you're able to find them at this stage you save a lot of effort and time and you got a more accurate project.

00:22:58.470 --> 00:23:09.440

Earl Pfeiffer

This is what a set of a cover sheet of a set of blueprints looks like. Construction blueprints. Basically this is a.

00:23:11.490 --> 00:23:29.040

Earl Pfeiffer

Submittal plan that was submitted, submitted to our our county water district and if you see down here in the lower right hand corner, there's a stamp where it was approved. So that's an approved set you want to make sure that you continue to keep that approved set and you don't.

00:23:29.120 --> 00:24:00.970

Earl Pfeiffer

Umm that you don't you don't confuse that with other drawings. So but it's really hard to see. But there's over 40 pages of drawing, so this is this is basically what your front set is going to look like when it's all approved and it has the final approval of the county or the city, whoever the governing jurisdiction is, there will be a big approved stamp on there from that point. That's your official set of documents you want to make copies of that you can take a whole bundle of already printed prints to.

00:24:01.290 --> 00:24:14.340

Earl Pfeiffer

Your local copy shop or blueprint agency and they can scan them and print and make you duplicate sets, but you all want to work from the same set. If you don't, it gets us into into long term problems.

00:24:15.370 --> 00:24:30.680

Earl Pfeiffer

So we're gonna develop the contract documents. What I spoke of earlier, the contract did documents or the contract documents are in this proof set of detailed site plans. And then your written specifications and contract forms.

00:24:31.900 --> 00:24:43.940

Earl Pfeiffer

In the package that I supplied and we discussed last week, all of that can be packaged into one bundle. That's your big package. The specifications to talk about the general and specific product specifications.

00:24:45.080 --> 00:24:49.850

Earl Pfeiffer

Responsible entities specifications. In other words, if your county has certain requirements.

00:24:50.960 --> 00:25:17.020

Earl Pfeiffer

They need to follow their being there and then also contract governance specifications, which covers things like pay estimates and timing and and warranties and all of the the all of the guidelines and rules for the program, plus just some of these are the forms. There's a lot more bid forms, construction contract pay estimates, change order forms. So you're going to be putting out a whole package of bid documents for bidders to a bid on.

00:25:17.950 --> 00:25:50.120

Earl Pfeiffer

So you're going to finalize your budget as close as you can. And again, it's always a moving target. You wanna use the engineers estimated quantities, unit prices. If your engineer has those available, you might work with your engineer to see if does he know of another reasonably priced site development contractor that may or may not bid on this project. Your engineer could give this person or this agency a construction company a chance to put together a preliminary outside quote for us.

00:25:50.440 --> 00:25:53.470

Earl Pfeiffer

This is their opinion of what the job would cost.

00:25:54.810 --> 00:26:04.180

Earl Pfeiffer

And while that's hard for some agencies to do, or some companies to do, it does if they are going to bid, it gives them a sneak view of of what's upcoming.

00:26:00.850 --> 00:26:01.040

Keith Green

8.

00:26:05.670 --> 00:26:17.780

Earl Pfeiffer

In in, in the plans allow for a contingency. You might not call it a contingency, but in your sources and uses budget you wanna have some space for something that comes over.

00:26:18.870 --> 00:26:27.910

Earl Pfeiffer

When you're putting your coughing together, you wanna air on the high side. If somebody tells me something's gonna cost me \$10.50 a foot to put it down.

00:26:28.810 --> 00:26:43.260

Earl Pfeiffer

I might just caution and use \$10.75 or \$11.00 in my estimate just to give me a little bit of extra cushion in room so we don't run up short at the backside. And then you want to finalize your estimate.

00:26:44.040 --> 00:27:01.350

Earl Pfeiffer

This is the sources and uses that we went over last time. It shows the sources of funds across the top which are gonna change depending on your agency and your location and what funding is available to you. And then on the left side is the uses of the funds and basically in this.

00:27:03.510 --> 00:27:22.200

Earl Pfeiffer

And this situation here the total was \$1.556 million / 71 lots was at 21,922 a lot. And so this is a a good tool that's very simple to make and it it helps you.

00:27:05.190 --> 00:27:07.290

Mestas, Rae - RD, State Office

OK. It's it outside and.

00:27:08.700 --> 00:27:11.960

Mestas, Rae - RD, State Office

Have the rain pounding on it. I saw that when I opened up.

00:27:22.680 --> 00:27:28.510

Earl Pfeiffer

Uh, keep your numbers accurate and what's missing from here is in the upper right hand.

00:27:29.150 --> 00:28:01.520

Earl Pfeiffer

I didn't want to do that and the upper right hand corner I would put a date on there and then every time you make a new one, just update it with the current date. I will draw your attention down here about halfway down on the left hand side as a column is an item, an entry called site operations. OK, you're going to build a subdivision. You're gonna pay for all the infrastructure at, but somehow you have to maintain all of the improvements on the site during the construction process. If you're building 15 homes a year and you decide to build a 50 lot subdivision.

00:28:01.840 --> 00:28:05.050

Earl Pfeiffer

That's three years worth of inventory that you're going to have.

00:28:05.170 --> 00:28:17.040

Earl Pfeiffer

Uh, in in your possession, which is a great thing, but it all has to be maintained over a period of time. You're going to have retention ponds that require monthly treatment to avoid having them.

00:28:17.450 --> 00:28:44.060

Earl Pfeiffer

Umm get growth and funguses on them. You have to maintain the grass around the ponds. You have to maintain the common areas. You may want to pay for temporary power poles or portable toilets, but the cost to operate that site is typically something that I put into every budget that I build now. I allowed \$62,750 for site.

00:28:44.770 --> 00:28:58.840

Earl Pfeiffer

Operations during this three year build on the 72 unit subdivision. And so that was like around \$900 a lot. So it just depends, but this is a place that you can put the costs that it's gonna.

00:29:00.110 --> 00:29:06.960

Earl Pfeiffer

Put the charges. It's gonna cost you to operate this community while you're under the construction process.

00:29:08.280 --> 00:29:28.440

Earl Pfeiffer

Financial commitment. Yeah, we're getting ready to get started. So you need to get what your lenders again, you need to finalize everything. You complete their underwriting and hopefully close on your loans before you issue a notice to commencement. That means that you've got all your financing in place. We could talk forever about loans.

00:29:29.790 --> 00:30:02.920

Earl Pfeiffer

That's also could be in a whole nother topic, another webinar because there's so many different resources available depending on what you're building and where you're building it. So basically you want to outline the scope of the work again as we talked about for the surveyor and the construction engineer your surveyor is going to do the construction staking. That means when the contractor is ready to go and dig in for the water or sewer line that they'll call the surveyor a week ahead of time. And say I need stakes for Wednesday or whatever day so we can start our construction.

00:30:04.480 --> 00:30:25.010

Earl Pfeiffer

You as a developer wanna pay one time for those stakes when they call and ask for their stakes to be put in. We pay for that. But now if the tractor operator backs up and smashes the stakes, or they knock

them over, whatever happens the second time, they've got to go on. That should be something that the contractor pays for and that should be in your specifications. And then.

00:30:26.180 --> 00:30:55.310

Earl Pfeiffer

Your surveyor is gonna need to collect as built data information as a project rolls along. In other words, if you're going to construct a manhole, the water department wastewater departments going to know what the elevation of that invert is of the actual manhole, what it was planned, and what it is actually. So you need to collect all that field data and then also prepare a plat. We'll talk a little bit more about plotting at the end, but basically these are the steps.

00:30:55.730 --> 00:31:11.460

Earl Pfeiffer

Construction staking as built data collection and preparing the plat those would be surveyor tasks during the construction process. Soil engineer is going to do your compaction testing and soil analysis to make sure you're building your roads and your pads properly.

00:31:12.670 --> 00:31:18.240

Earl Pfeiffer

So do you wanna establish a nature way, you know, HOA get a lot of bad wrap these days?

00:31:19.890 --> 00:31:21.850

Earl Pfeiffer

And and some of it is well deserved.

00:31:23.940 --> 00:31:28.870

Earl Pfeiffer

But it's necessary sometimes to have an association take care of the development.

00:31:29.980 --> 00:31:36.070

Earl Pfeiffer

Before, during and after construction, so that your association.

00:31:37.250 --> 00:32:06.940

Earl Pfeiffer

Your development stays looking in good condition the the the purpose of an HOA homeowners association or Property Owners Association is really to protect the value of the individual properties. So if you're going to do an HOA or a property owner's association POA or could probably almost doing a whole another session on that. But the very minimum documents you're going to need and they should be prepared by an attorney, is the articles of incorporation for the Property Owners Association.

00:32:07.270 --> 00:32:33.970

Earl Pfeiffer

Bylaws, covenants, the deed restrictions, these are the things that say no. Goats, no chickens. You can't put cars up on blocks. Or maybe you can have goats and chickens. I'm not sure. It depends on the community, but these are the rules. And as you mature in your developing over the years, you'll probably continue to develop some other deed restrictions that further restrict what homeowners can do. One example is.

00:32:34.710 --> 00:32:43.080

Earl Pfeiffer

Umm, I got tired of seeing couches on people's front porches that they moved from the living room to the front porch. Pretty cool out there, but.

00:32:44.270 --> 00:32:58.840

Earl Pfeiffer

But having indoor furniture outside is really not appropriate community. So those types of things that you can put in to protect the values of your communities and then you have to do an operating budget. What are the assessments, what's it gonna cost and what are the assessments?

00:32:59.880 --> 00:33:09.640

Earl Pfeiffer

So you set H you set up an HOA with an attorney. You develop an initial board as a developer, you have control over the HOA.

00:33:11.380 --> 00:33:15.670

Earl Pfeiffer

And most HOA's you buy a home, you have one lot, you get one vote.

00:33:16.450 --> 00:33:46.560

Earl Pfeiffer

When a developer comes in, a developer has nine votes, or can have nine votes for every lot they own, which give them if they own 100% of the lots, they have 100% of the control after the development is 90% sold out. The developer has no more special amplified votes, so they are in equal footing with the remainder of the community. So you needed to develop the rules which is the covenants developer control.

00:33:46.670 --> 00:34:19.440

Earl Pfeiffer

At some point, you'll turn it over to the homeowners association. Once you're pretty well sold out, you set a budget record, HOA documents after the plat is been recorded and one big thing here is to record your HOA docs before your first lot closing. If you're building a subdivision with 50 lots and on January 1st you sell lot 1 to Susie and January 2nd, you sell a lot 2 to Fred.

00:34:19.740 --> 00:34:43.180

Earl Pfeiffer

And then on January 3rd, you record your covenants, your deed restrictions. Well, guess what, Susie and Fred just bought lots that were not. They did not have deed restrictions on them. So if you wanna be effective, you have to record the documents before you sell any other lots. Can that be corrected? It can be corrected, but it's a very difficult process once you've sold on lots.

00:34:44.400 --> 00:34:49.940

Earl Pfeiffer

So you're going to go out to bid, you sent your contract documents out, you've had a pre bid meeting.

00:34:51.080 --> 00:35:15.310

Earl Pfeiffer

Basically, you want to allow the bidders three to four weeks to put their numbers together. You'll hold a formal bid opening. You may hold a formal bid opening. Well, let's let me rephrase that. You will hold a formal bid opening. It's either in public or in private, depending on what the circumstances are and depending on on on your choice, you can make that either way.

00:35:16.730 --> 00:35:19.220

Earl Pfeiffer

You and your engineer review the bids.

00:35:21.020 --> 00:35:36.650

Earl Pfeiffer

Negotiate bids. You wanna make sure there was no mistakes? Did you know? Is this guy so much cheaper because he forgot to, you know, do another street or you just have to compare apples to apples and then at some point you'll be ready to.

00:35:38.490 --> 00:36:04.590

Earl Pfeiffer

Advertise the bid or to award the bid. So in the bidding I like to target 8 to 10, eight to 12 bidders. You get a wide cross section that way. Absolutely conduct a pre bid meeting mandatory pre bid meeting. Everybody must come to the meeting. Everybody talks about everything. If there's any changes. Everybody was at that pre bid notice meeting gets notified and it keeps everybody all on the same page.

00:36:05.070 --> 00:36:11.350

Earl Pfeiffer

Uh, we do require formal seal bids, and as I said, they can be opened in public or in private.

00:36:12.070 --> 00:36:21.640

Earl Pfeiffer

So once you get your bids in, you're reviewing what the engineer you'll compare your bid items and.

00:36:22.700 --> 00:36:41.480

Earl Pfeiffer

You may want to negotiate with the contractors. We are have that language in our documents that say we'll take sealed bids and then we may choose to negotiate with a a bidder if they want to bring their price down or officers some alternatives to make it basically more affordable for us so.

00:36:41.860 --> 00:36:52.710

Earl Pfeiffer

Uh. And then basically you'll arrive at this is our successful bidder. You'll notify all of the contractors if you have a bidder in place and then start to work on that.

00:36:53.490 --> 00:36:58.320

Earl Pfeiffer

Details with that individual contractor, that's apparent high bidder or low bidder.

00:37:00.970 --> 00:37:04.190

Earl Pfeiffer

So one of the things that I look at and when I'm doing.

00:37:05.260 --> 00:37:17.330

Earl Pfeiffer

Selecting a contractors, how soon can they start? When can they have a crew on the site? What's their capacity and when do they tell me they're gonna be completed? So those are factors that I look at as as the scheduling.

00:37:19.470 --> 00:37:48.600

Earl Pfeiffer

So you'll finalize the details with the contractor your meet with the successful bidder and let me just take a moment to say that if you're negotiating a a large contract like this, you need to be very transparent. Many of us will be using a government dollars of some sort or another to construct this project or they may be lender dollars. And so everything that you do is going to be in scrutiny. So if you are negotiating, don't find yourself in the room by yourself with.

00:37:48.820 --> 00:38:11.380

Earl Pfeiffer

With a contractor, because it's it's not appropriate and it could put the whole process in in a dull light. You want to be very open and transparent with all of the negotiations. Have your engineer there yourself and maybe one or two people from your finance. Maybe someone from your finance team, one of your staff members. So you'll firm up a proposed schedule.

00:38:12.860 --> 00:38:13.590

Earl Pfeiffer

You will.

00:38:16.020 --> 00:38:46.610

Earl Pfeiffer

A what issue and an award letter to the contractor. Dear contractor, you are the apparent low bidder and we intend to work with you. Then we will actually draw up com, execute the contract and then before they start, once everything is all in place, we have all the pieces we need. At some point we issue an NTP or notice to proceed. Very simple document that says dear contractor, you are now authorized to proceed according to the contract you have 30 days to which start your work.

00:38:46.710 --> 00:39:09.640

Earl Pfeiffer

And at the end of this 30 days you have X number of days to complete your work. Then you hold a preconstruction meeting with again maybe your utilities, the engineer or the soils people, the surveyor. Everybody involved in this process, you talk about all the things that need to be talked about, how you want to get paid when you want to get paid. All of those things are covered at the pre construction meeting.

00:39:12.150 --> 00:39:28.080

Earl Pfeiffer

And if possible, hold them on the site. If you have a subdivision that has been completed recently, if there's any place there to hold it, or you wanna hold it on the site, or maybe in a conference room somewhere. But again, it's always important to get everyone included.

00:39:29.410 --> 00:40:00.500

Earl Pfeiffer

So it's time to get ready to start construction. You have to supervise the site development and that's a that is a chore that's often left up to the engineer. They put money in their budget for site supervision when I would Florida home partnership. I love to be out in the field. If you see that little guy out there and the tractor that would be that's not me but that would be me standing close to watch what's going on because it's really fun and exciting for me personally to be out in the field and see all of the activity.

00:40:00.880 --> 00:40:06.410

Earl Pfeiffer

But chances are you will have an engineer experienced engineer and their staff to.

00:40:07.260 --> 00:40:10.620

Earl Pfeiffer

Do site inspection for you and UM.

00:40:11.640 --> 00:40:12.820

Earl Pfeiffer

In doing so.

00:40:12.890 --> 00:40:16.950

Earl Pfeiffer

So you and your team may be able to assist them.

00:40:19.210 --> 00:40:40.780

Earl Pfeiffer

So here are 10 tips that I like to use for managing the construction. Number one, we already said hold a preconstruction meeting, pay your engineer to do the construction, monitoring and inspection #3 do not let your site contractor get upside down on pay requests. So what that means if you're project costs a half \$1,000,000 to build.

00:40:42.400 --> 00:41:14.710

Earl Pfeiffer

You're gonna be giving them payment requests on a monthly basis, depending on what work they have completed. And it's really, really, really critical that you don't pay for something that isn't completed. Otherwise it may cost more to get the job completed than what you have left in the budget. And it's really difficult for you to force a contractor to finish a job where there's not enough money in it to finish it. So it's your duty and your job and your engineers duty and job to make sure that the contractor does not get too far ahead of you and pay estimates.

00:41:15.270 --> 00:41:48.500

Earl Pfeiffer

Visit your site often, probably every day, so you know what's going on. You wanna be in good relationship with the inspectors because knowing them can work to your advantage, and especially if you have any issues to work through with the contractor. And then again Montrachet monitor the contractors time closely, pay your contractors promptly. I like to pay them in two weeks if that's possible. Know your contract documents very well frontwards and backwards so that all of a sudden you

don't get halfway through the project and say, you know what we were supposed to do this and now we missed it.

00:41:48.650 --> 00:41:51.620

Earl Pfeiffer

So it's really on you to know what you're getting your money's worth.

00:41:52.280 --> 00:42:23.020

Earl Pfeiffer

Be fair with change orders. And then finally there will come a time where you're gonna do a final walkthrough and this is gonna be part of the acceptance. You've taken this big piece of land. You've cut it up into lots. You've put in water St, sidewalk, sewer, all the infrastructure. And now if you're county or city is going to maintain this, they're going to do an acceptance of the development and basically they will send out inspectors from storm water, water and sewer.

00:42:24.160 --> 00:42:29.340

Earl Pfeiffer

The public works landscaping, maybe zoning to make sure that all the work meets their.

00:42:30.020 --> 00:42:49.450

Earl Pfeiffer

There are satisfaction, probably a punch list will be issued to the contractor. These are all of the tasks that you need to finish up and but be very, very thorough in your inspection walk. That's the way you get things fixed before the project is accepted and learn from your mistakes so you can do better next time.

00:42:51.000 --> 00:43:21.190

Earl Pfeiffer

OK, so now we have this big piece of land we've put in all the infrastructure adds it shows on this picture. Here you have what was once a large lot in this particular subdivision is now 166 lots. So you're going to have to come up with a name for the development street names, submit your plat for approval and then the plat recording. So basically this document here is a sample of a completed plat.

00:43:21.670 --> 00:43:50.940

Earl Pfeiffer

If you can look on the left hand side and the center, you can see it's been accepted and recorded by the. Probably the county clerk and so this is a final document. This shows what the original parcel was and basically shows all the particulars to corners the width of the lot, the length of the lot, the dimensions of the street. This is the final kind of like as built that gets recorded. That is the final proof that you're subdivision is.

00:43:51.620 --> 00:43:52.530

Earl Pfeiffer

Actually.

00:43:53.180 --> 00:44:13.530

Earl Pfeiffer

Uh, A platted subdivision when this plat gets recorded, accepted by your county and recorded in the

public record. Now instead of 1. Big lot you own 24 separate lots and then that street is no longer your property. That street is now the property of the governing entity.

00:44:17.090 --> 00:44:46.560

Earl Pfeiffer

So you're getting done with your site. It's looking something like this. You got some grass in. You may or may not have pavement in or pavement is scheduled in the next couple of days. You're getting really close. The water's in the sewer's in the testing done, everything's been lamped. It works properly. And you're like, oh, man, I want to get done. I want to. I can see it. I can taste it. I want to get my building permits. So this is for me. One of the frustrating processes it's it's the last finishing details and the development which.

00:44:46.760 --> 00:44:48.990

Earl Pfeiffer

You have to account for some time for that.

00:44:51.310 --> 00:44:56.960

Earl Pfeiffer

When you're done, you wanna make sure that you're lots should be ready to build on as you had anticipated them.

00:44:58.730 --> 00:44:59.340

Earl Pfeiffer

So.

00:45:00.640 --> 00:45:02.190

Earl Pfeiffer

You're at this point yet.

00:45:03.760 --> 00:45:36.530

Earl Pfeiffer

We're looking at improvements that are accepted and operated by the municipal government, so they will do a final inspection on the property. They'll approve the plat and when the improvements are accepted and the plat is recorded in the public record then typically it goes from there to the streets and addresses people for them to issue St numbers for the homes and then once that's done you can apply for a building permit. However, in some situations you don't have time to wait for that or you choose not to wait for that. So you may ask for model home permits.

00:45:37.030 --> 00:46:06.720

Earl Pfeiffer

When you build with a model home permit, you're typically building in the middle of a field. You don't have your utilities, water, sewer, electric in place yet, so you're gonna be building with generators. It's hard to access the site sometimes, but some municipalities, depending on the size of your development, will let you have 234. They're called model home permits. And if you think of a large nationwide home builder, they come in and develop a site, and then they build their homes, their model homes to sell from while they're finishing the development.

00:46:07.520 --> 00:46:14.490

Earl Pfeiffer

This is the same process here, however, UM by working with your government, they may allow you to use.

00:46:15.790 --> 00:46:28.280

Earl Pfeiffer

Your model home permits to start to build a spec home with, so please keep that up or several spec homes keep that in mind and that's always a possibility is to ask for model home permits.

00:46:29.420 --> 00:46:49.420

Earl Pfeiffer

So managing the construction once the construction work has been completed, the responsible government agency must accept the project. I guess they don't have to, but the ideal goal is to get them to accept the project. That's a long process and a bureaucratic system. It can take up to 30 days.

00:46:49.960 --> 00:46:57.050

Earl Pfeiffer

Umm and uh, you work with your engineer to plan for this time and basically they will then.

00:46:59.350 --> 00:47:07.980

Earl Pfeiffer

At some point they were accept all the improvements, record the plat and then you should be ready to start your residential construction. So that's a lot.

00:47:08.670 --> 00:47:16.520

Earl Pfeiffer

Uh put into 50 minutes here, but I'll be glad to answer any questions for anyone, anyone that may have any questions and thank you.

00:47:25.020 --> 00:47:26.480

Stephanie Nichols

You're you're muted, Vicki.

00:47:25.440 --> 00:47:26.470

Daniel Stern

Vickey, you're muted.

00:47:27.590 --> 00:47:31.740

Vickey Stratton

I know it just told me I was muted so that somebody has to do that. You're muted.

00:47:32.920 --> 00:47:46.250

Vickey Stratton

So if you've got any questions, just throw them in the chat. Umm. So we'll be able to ask Earl those. Or if you would like to unmute, you could do that as well and ask early and the questions that you've thought of around subdivision development.

00:47:47.420 --> 00:47:55.440

Vickey Stratton

We've had a great three webinars around Earl's vast wealth of knowledge around subdivisions.

00:47:59.480 --> 00:48:01.590

Vickey Stratton

Questions are all you've answered all the questions.

00:48:02.190 --> 00:48:04.160

Earl Pfeiffer

Well, that's great. That's done my job.

00:48:07.310 --> 00:48:13.790

Vickey Stratton

I think somebody did ask if the Kaboom was nationwide or is that just limited to states?

00:48:14.350 --> 00:48:17.970

Earl Pfeiffer

No Kaboom is a nationwide.

00:48:19.640 --> 00:48:28.480

Earl Pfeiffer

Is a nationwide nonprofit organization, and they are they operate everywhere in the continental United States that I'm aware of.

00:48:29.660 --> 00:48:35.390

Earl Pfeiffer

They'll come to your site and you can meet with them and you can plan a playground.

00:48:37.200 --> 00:49:07.220

Earl Pfeiffer

Typically they come up with about they get sponsors, maybe sponsor like Home Depot or some company like that. They may come up with 75% of the work of of the dollars that you need to build a playground. They have their own suppliers that bring the product out and then typically you build in a community build on the site. There's a lot of work to the prep for that. But it is a way to get a nice playground for your community at at a minimal cost for your organization.

00:49:08.280 --> 00:49:18.370

Vickey Stratton

OK. And Jessica does have a question about having resources for where to get government funding to develop properties.

00:49:19.740 --> 00:49:23.500

Earl Pfeiffer

OK, the I'm not sure the question is what?

00:49:19.860 --> 00:49:20.970

Vickey Stratton

Or subdivision so.

00:49:22.940 --> 00:49:28.310

Vickey Stratton

Umm do we have resources for where they can get government funding to develop?

00:49:29.350 --> 00:49:44.720

Earl Pfeiffer

Well, this is the time, you know, typically before this time you have been, if you're a nonprofit agency and you're working in housing, you have established a relationship with maybe your county or state or city where with some jurisdiction.

00:49:46.150 --> 00:49:52.750

Earl Pfeiffer

And every state has different programs, different guidelines. Some provide money for development, some don't.

00:49:54.230 --> 00:50:07.560

Earl Pfeiffer

There are CDBG funds. If you're in an entitlement community that can get direct CDBG funds or home funds, your state may have a housing fund. There's the Federal Home Loan Bank of Atlanta, which is a tiresome.

00:50:08.450 --> 00:50:26.480

Earl Pfeiffer

Not tiresome. It's a long process. You have to go through and you don't know whether you're gonna get funded until the awards are all done. So that's a process. If you're building self help housing, you could talk to the housing assistance about shop funds. Hack also has.

00:50:28.150 --> 00:50:44.020

Earl Pfeiffer

They have development loans under certain situations, so there's a wide variety of sources that you can get them from, and you may also wanna go to your community bank and maybe get a line of credit based on the equity in the property. So there's a lot of.

00:50:44.820 --> 00:51:05.310

Earl Pfeiffer

A lot of alternatives. One thing I would suggest sometimes if you go to a community bank and you say you know what, our developments 500,000, we've got most of it, we need \$150,000 to make the deal work. Your bank is likely gonna ask you to have everybody else subordinate behind them so that they're in a favorable position. Should there be a.

00:51:05.370 --> 00:51:16.010

Earl Pfeiffer

From a fallout, they would be first to collect their money and many government funding agencies are willing to subordinate. So that's that's just another factor to keep into mind.

00:51:16.530 --> 00:51:24.720

Earl Pfeiffer

Umm so there there are sources out there and hopefully you'll just develop those over your time as as working in housing.

00:51:26.290 --> 00:51:52.480

Vickey Stratton

Great suggestions and I just wanted to make a side note that Federal Home Loan banks just look at Google that or look that up as well on the websites because they're across the United States. So what served Earl maybe in the federal home of Bank of Atlanta, we also fell under federal home of Bank of Dallas. So there are I think four or five different Federal Home Loan banks. So it's in your best interest just to go and do a little bit of research with those entities as well.

00:51:43.430 --> 00:51:43.740

Earl Pfeiffer

Right.

00:51:54.280 --> 00:52:02.580

Vickey Stratton

So Michael has asked, can you build a mixed income development or does that complicate the funding too much?

00:52:04.060 --> 00:52:11.050

Earl Pfeiffer

Yes and no. It it it can. It depends on the jurisdiction. It depends on the funding source that you're using.

00:52:11.610 --> 00:52:12.130

Earl Pfeiffer

Umm.

00:52:13.830 --> 00:52:29.330

Earl Pfeiffer

What we asked for when we developed was, you know, 80% of our homes are gonna go to people under 80% of under 80% of median income. We wanted to do some homes up to 120% because that's where the market was at that time.

00:52:30.200 --> 00:52:35.290

Earl Pfeiffer

Some lenders, if you if some municipalities, if you're using home funds.

00:52:38.360 --> 00:52:49.010

Earl Pfeiffer

Sometimes I see if a dollar of home funds is put into a project, then the whole project has to benefit families under 80% and there's a lot of different interpretations on that. So.

00:52:50.470 --> 00:52:58.920

Earl Pfeiffer

I personally like the idea of diversity. I think if you have structured different income levels in your community.

00:52:59.360 --> 00:53:22.520

Earl Pfeiffer

Umm, that that's healthy for the community because if you have a community but all you know, large committee with everybody under 80% or you have some people would hire incomes. It's just helps create a more diverse and stronger community if you're able to do it and it just takes planning, you really have to work with your your lenders up front to see that this is if to see if this is a possibility.

00:53:24.390 --> 00:53:37.280

Vickey Stratton

OK. So next question is Patricia's ask what is the best option when you know that you want to put together a development, how do you put together your team?

00:53:39.250 --> 00:53:41.800

Earl Pfeiffer

Well, it depends on what you call your team.

00:53:43.540 --> 00:54:11.990

Earl Pfeiffer

You know you need to have somebody on your team that has some kind of clue or some information about development that would be most helpful. If not, you need an engineer that is willing to hold your hand and you know, it's just like anything else. When it's time to do the work, you go out and hunt these people down looking for engineers. Sometimes you can go to neighboring subdivisions that you drive through and you'll see the sign for the engineer that it developed that.

00:54:12.210 --> 00:54:33.520

Earl Pfeiffer

You can go to your planning officials or the zoning officials and say, hey, we're building affordable housing subdivision. Can you recommend an engineer to work with once you get an engineer on your team, then they can generally help you find the others, like soil companies, soil testing companies, surveyors. And it can even help you recruit your.

00:54:34.350 --> 00:55:06.080

Earl Pfeiffer

Your site development contractor, but typically it starts with getting a real good engineer in and you just have to network a little bit and and find out who's been successful. And then if your jurisdiction has an affordable housing department, you might ask them. Have you worked with any other engineers that have done, you know who's done affordable housing in this community so they can they're they understand the community incentives and they understand the local zoning rules. So you know. And then if you want to hire, that's a whole nother issue.

00:55:07.340 --> 00:55:09.690

Earl Pfeiffer

But typically it's best to work with consultants.

00:55:10.880 --> 00:55:23.410

Vickey Stratton

Some some great tips there, so Dan has also put in the chat a link that would lead you to be able to research the Federal Home Loan bank organizations on your own as well.

00:55:23.750 --> 00:55:36.910

Vickey Stratton

Umm. And then just wanted to share with you all that the recording of today's webinar and other materials will be posted later this week. So just watch your email and watch the hack website for any of the updates.

00:55:37.630 --> 00:55:39.380

Vickey Stratton

So let's see. Wait, I.

00:55:38.700 --> 00:55:41.290

Earl Pfeiffer

Let me make just one additional comment if I can.

00:55:42.170 --> 00:55:42.690

Earl Pfeiffer

Umm.

00:55:44.480 --> 00:56:14.190

Earl Pfeiffer

In the funding, if you are in a development that is building self help housing, if it's gonna be for that. And I know some people are and some people aren't. But Department of U.S. Department of Agriculture, USDA has a a program called Section 523 loan. It's different than the 523 grant. It's a loan program with a low interest rate and it is direct lending from the federal government to you.

00:56:14.640 --> 00:56:20.390

Earl Pfeiffer

The applications are not that overwhelmingly difficult, and I think in the last development.

00:56:21.060 --> 00:56:42.790

Earl Pfeiffer

I think we got like a little bit over \$2,000,000. It was a very large development, but we we got a loan from them, it has to payments have to be made. But it is a, it was at that time it like 1% or 1 1/2% interest rate. So that's another program at well as well, if you're building self help and rural America, you could apply for that as well.

00:56:43.550 --> 00:56:56.370

Vickey Stratton

Right option Michael does have one last question here, and he's asking in rural places, there's often not many options for engineers and contractors. How does that affect the process?

00:56:59.630 --> 00:57:11.560

Earl Pfeiffer

It is, I mean now it becomes expensive. OK. In addition to pain, you know, if they're maybe in the next town 2530 miles away, you know, it's it's just a cost of doing business.

00:57:13.790 --> 00:57:25.980

Earl Pfeiffer

I mean basically you've got to get got to find a site development contractor somewhere and you got to find an engineer. So it's a greater challenge in in rural areas. And again it's just.

00:57:26.720 --> 00:57:44.560

Earl Pfeiffer

You know, it just starts with networking and and finding the resources from the community of of people that work there, you know, are there other subdivisions in your neighborhood or area where you're building, you know, what engineers has done those jobs and and kind of work backwards from that point.

00:57:46.010 --> 00:57:51.260

Vickey Stratton

Great, Jessica said. Ask what the loan was called, I think, was that the 523 loan?

00:57:52.060 --> 00:57:56.530

Earl Pfeiffer

It's called a USDA section 523 site development loan.

00:57:58.670 --> 00:58:02.350

Vickey Stratton

So you're looking for the site development loan under USDA 523?

00:58:02.300 --> 00:58:02.580

Earl Pfeiffer

Right.

00:58:03.290 --> 00:58:03.760

Vickey Stratton

Umm.

00:58:03.530 --> 00:58:12.530

Earl Pfeiffer

And they do have they do have one that's a little different than that. It's not the 523, but it's really close. And I I don't really remember the difference, but.

00:58:14.290 --> 00:58:42.500

Earl Pfeiffer

You know the the the best thing to do is contact the local World Development Office and ask for their contact for the state Director, for Housing for Rural development, and they can probably put you in touch with that. I will say one additional thing on that 523 site development loan that it's really underutilized by a lot of practitioners. USDA has worked hard to get that money out on the street every year and.

00:58:42.800 --> 00:58:56.400

Earl Pfeiffer

They haven't always been successful in deploying all of their dollars, so it's competitive. But you know,

they they wanna work with you. That's their job, is to help you develop homes in the in the rural areas. So definitely check it out.

00:58:55.180 --> 00:58:55.520

Vickey Stratton

Right.

00:58:57.350 --> 00:59:19.260

Vickey Stratton

Umm one more question or I'll keep saying one more question. Anyway, Patricia does have a question, she said. So if she approaches her city and that she would like to and tell them that she would like to build, what is the best way to approach a city billing building development to have them work with her? So how does she get the city building development to work with her in her subdivision?

00:59:19.730 --> 00:59:25.240

Earl Pfeiffer

Well, just a couple comments. It depends on the size of the community you're working with.

00:59:26.460 --> 00:59:31.830

Earl Pfeiffer

If it's a really, really, really small rural community, they may not have any resources.

00:59:35.070 --> 01:00:03.680

Earl Pfeiffer

Many jurisdictions have an affordable housing office, or whether it's at the county or the city level, but their job is to to provide funding and mechanism for mechanisms for building affordable housing. So you really need to get familiar with those folks. You could talk to, you know, City Council members or County Commission members and and you know, get some feedback from them if you know any of them personally, but.

01:00:05.320 --> 01:00:09.090

Earl Pfeiffer

If you have an affordable housing division, you might start there.

01:00:10.230 --> 01:00:15.080

Earl Pfeiffer

If you don't have one, you know, then it becomes a little bit more difficult and.

01:00:15.550 --> 01:00:36.790

Earl Pfeiffer

Yeah, normally you know it, it's it's a question that there's really not a lot of answer to if you if you can't get anywhere with your city or county, you may want to go up to your state level and and work with them. Sometimes states have additional federal funds that they can pass through to a county or a city if they're willing to participate in the in the process.

01:00:37.340 --> 01:00:45.670

Vickey Stratton

Right. I think it's, it's like Earl said, it's definitely good to get those people involved because you're gonna need their support as you continue to build the subdivision. So yeah.

01:00:46.690 --> 01:01:02.980

Earl Pfeiffer

If if you're building affordable housing, if that's what you're non. If you are a nonprofit and you and you specialize in that before you start thinking about building a subdivision, you should have, you know, those partners in mind. You should be talking to them. You're board members should be talking to.

01:01:04.160 --> 01:01:28.510

Earl Pfeiffer

Some of these officials, so it shouldn't be a big surprise unless you're a brand new agency and then just starting out. But if you've been around a while, you wanna have a reputation of of developing good work and and the a lot of these funds come to the communities and they have to be used in housing, otherwise they get sent back to the government and not many governments want to see those funds go back.

01:01:29.500 --> 01:01:41.820

Vickey Stratton

OK. Well, what like to thank everyone once again for joining us today and the other two webinar series with Earl. He's given us a lot of knowledge to think about and continue down the path of building affordable homes.

01:01:43.040 --> 01:02:01.870

Vickey Stratton

We're gonna have to end the session today because we're right on time with that. So remember to watch your emails for the evaluations and also follow up on the HAC website for the these were these recorded web webinars and materials will be there for you as well. Thank you, Earl. Thanks everybody.

01:02:00.940 --> 01:02:03.290

Earl Pfeiffer

OK. Thank you. Thank you.