

# Getting Started with Real Estate Part 2: Introduction to the Development Process

# DHCS Welcome

**Laurice Artap, Staff Services Manager 1**  
**Behavioral Health Expansion Branch**  
**Community Services Division**  
**Department of Health Care Services**

# Purpose of Today's Webinar

- » Acquaint staff of County Behavioral Health Agencies that include start-up infrastructure funding as part of their BHBH program with the development process.
- » Provide some of the context and language when working with other departments, agencies and subcontractors that are dedicated to real estate and development.
- » Some of this content may not apply to your specific project or activities but we believe it valuable to have the broad understanding.

# Agenda



Welcome and Introduction

Overview of the Development Process

- Team
- Concept Planning & Feasibility Assessment
- Pre-Development & Development Planning
- Site Acquisition
- Construction/Renovation
- Close-Out

Next Steps

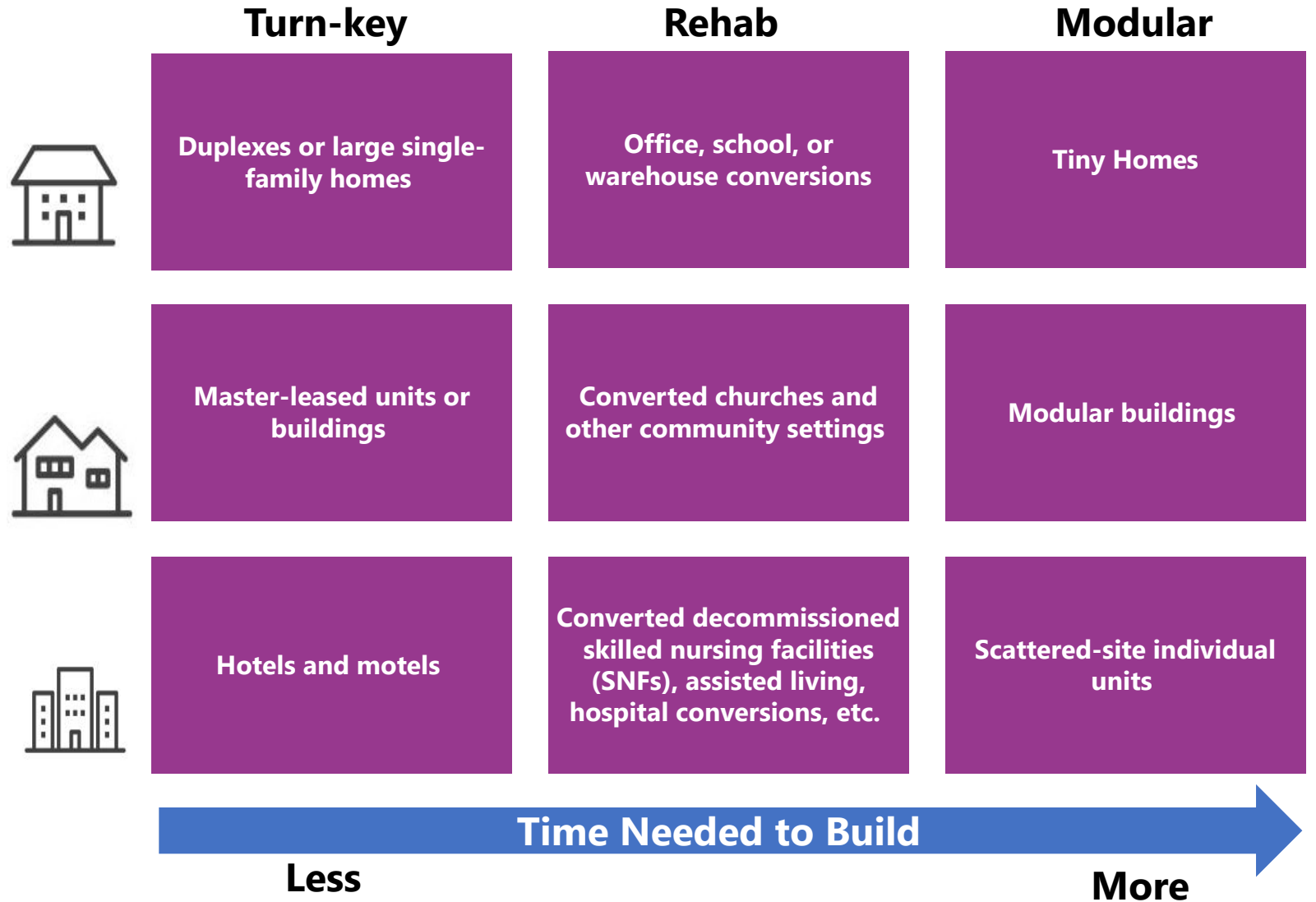
# BHBH Startup Infrastructure Development - Allowable Uses of Funds

- » These funds are not for full-fledged Development Projects
- » Bridge housing start-up infrastructure funding is limited to **\$75,000** per bed.
- » All infrastructure activities must be completed and beds made available within **1 year** of contract execution, **so speed is essential.**
- » Bridge housing must meet the [Emergency Solutions Grants \(ESG\) habitability standards](#) and, when possible and as applicable, should also meet [CoC Housing Quality Standards \(HQS\)](#).



# Possible Settings

**UNIQUE  
SCOPES &  
SCHEDULES**



# About Our Speakers



**Brian Jones, M.A., M.B.A., PMP** Director of Real Estate Operations at AHP. Over 20 years of real estate industry experience across acquisitions, entitlements, development, and risk management. Mr. Jones also has a background in research psychology, behavioral health, and holistic health.



**Louie Aguilar** is a Real Estate Development and Construction Manager at AHP. Prior to joining, AHP, at Schriber, he was instrumental in the successful ground-up construction across the company's development, construction, leasing, and property management departments.

# What is the Real Estate Development Process?

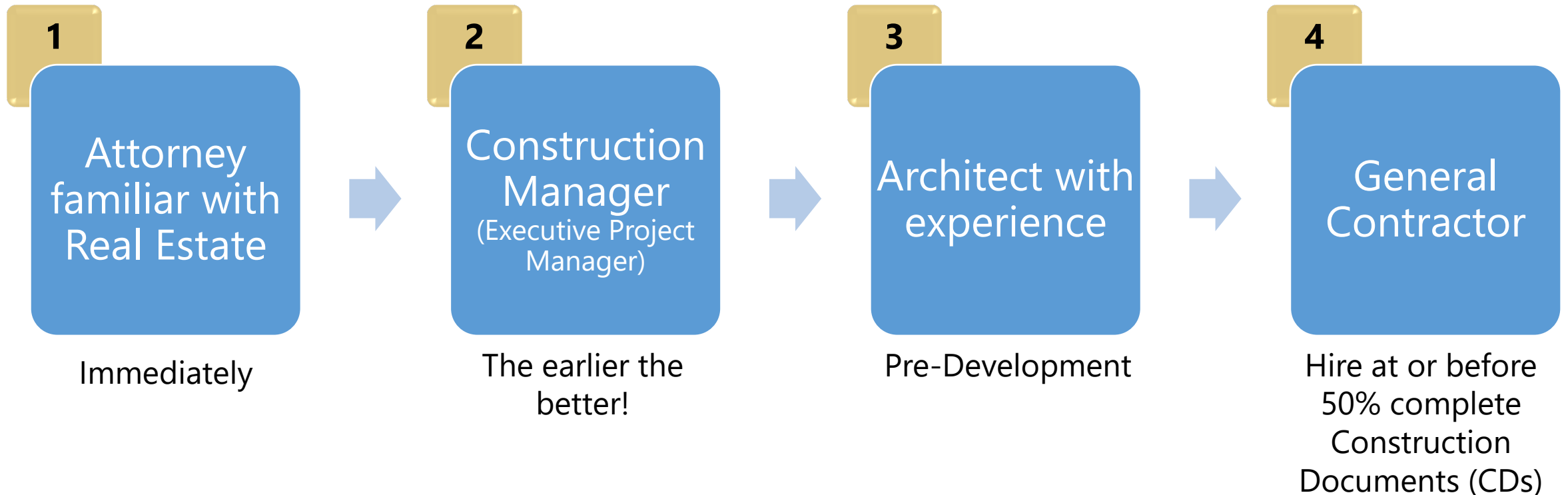
*Preparation:  
Building Your  
Team*





# DEVELOPMENT TEAM

## *Who to Engage and When?*



**\*1-3 may not be necessary for smaller, turn-key projects"**

# Considerations: Selection of Your Team



- ✓ Experience with similar projects
- ✓ Experience in real estate and regulatory environments
- ✓ Technical expertise
- ✓ Understanding of funding requirements
- ✓ Personal characteristics and availability



# Concept Planning and Feasibility

Preparation:  
Building  
Your Team

1

**Concept  
Planning,  
Feasibility,  
and Due  
Diligence**

2

Pre-  
Development  
Design

3

Development  
Planning

4

Acquisition  
Completion

5

Construction

6

Close Out /  
Move In



During ***concept planning, feasibility, and due diligence***, you will identify the facility's big-picture needs, such as the goals that will be achieved by building the structure, where it will be built, and the people and businesses that will benefit from it when it is finished.

# Phase 1: Objectives and Activities

## What do you need to accomplish?

### Determine the needs and goals of the facility

- Conduct the feasibility study
- Complete site programming with the architect
- Begin the Site/Project selection process and due diligence, if required.

### Build relationships with your stakeholders

- Meet with local businesses, nonprofits, agencies, service partners, and clients
- Create allies and friends

### Define your scope, preliminary budget, and schedule

- Identify potential funding sources
- Create a **business plan**
- Set targets for Scope, Budget, Schedule.

### Select key development team members

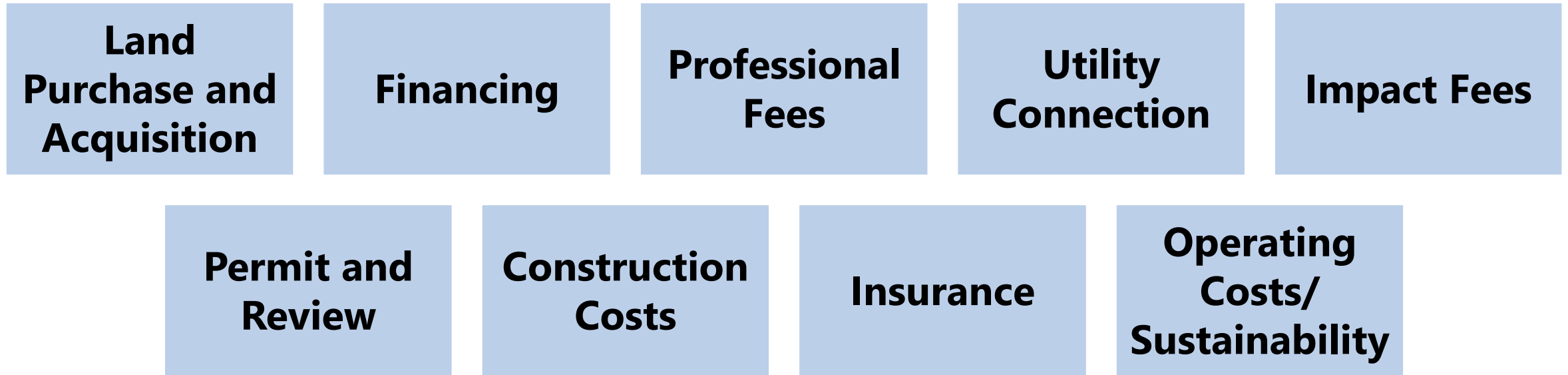
- Contract with
  - Real estate attorney
  - Construction manager
  - Architect
  - General contractor

# Feasibility Study: Key Factors

Economic	Technical	Demographic	Legal	Competition	Organization Capacity
<ul style="list-style-type: none"><li>• What are the costs?</li><li>• What is the scope?</li><li>• Will the proposed budget be sufficient?</li></ul>	<ul style="list-style-type: none"><li>• Is the site suitable?</li><li>• Does the site have the appropriate zoning?</li></ul>	<ul style="list-style-type: none"><li>• What is the demand, based on the local population?</li></ul>	<ul style="list-style-type: none"><li>• Are there any laws or regulations that would prevent the project from being built?</li></ul>	<ul style="list-style-type: none"><li>• What existing or planned facilities offer the same services in the same area?</li></ul>	<ul style="list-style-type: none"><li>• Do you have the resources available to take on the project?</li></ul>

## Cost, Value, Timing

# *Feasibility Study: Economic Factors*



# The Feasibility Study

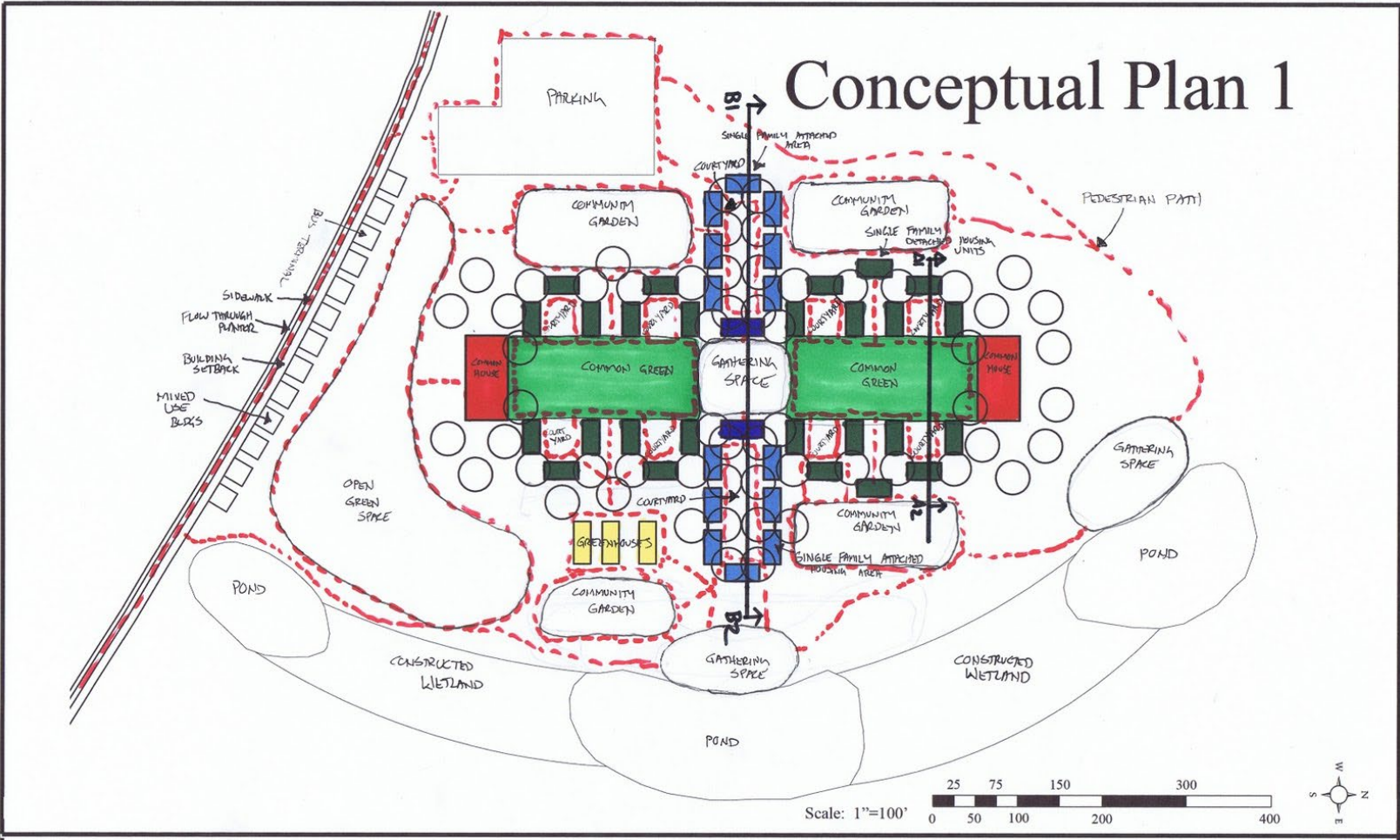


## The feasibility study

- » results provide a **clear go/no-go** decision on the viability of the property you want to purchase;
- » reaffirms that your decision to **acquire or lease** a property is worth the time, effort, and cost, and is crucial to realizing your organization's strategic goals and aspirations;
- » focuses on aspects of the site and situation instead of the activity and services that will occur there once the building is finished; and
- » provides a report you can share confidently with investors, bankers, and community leaders as you build local support.

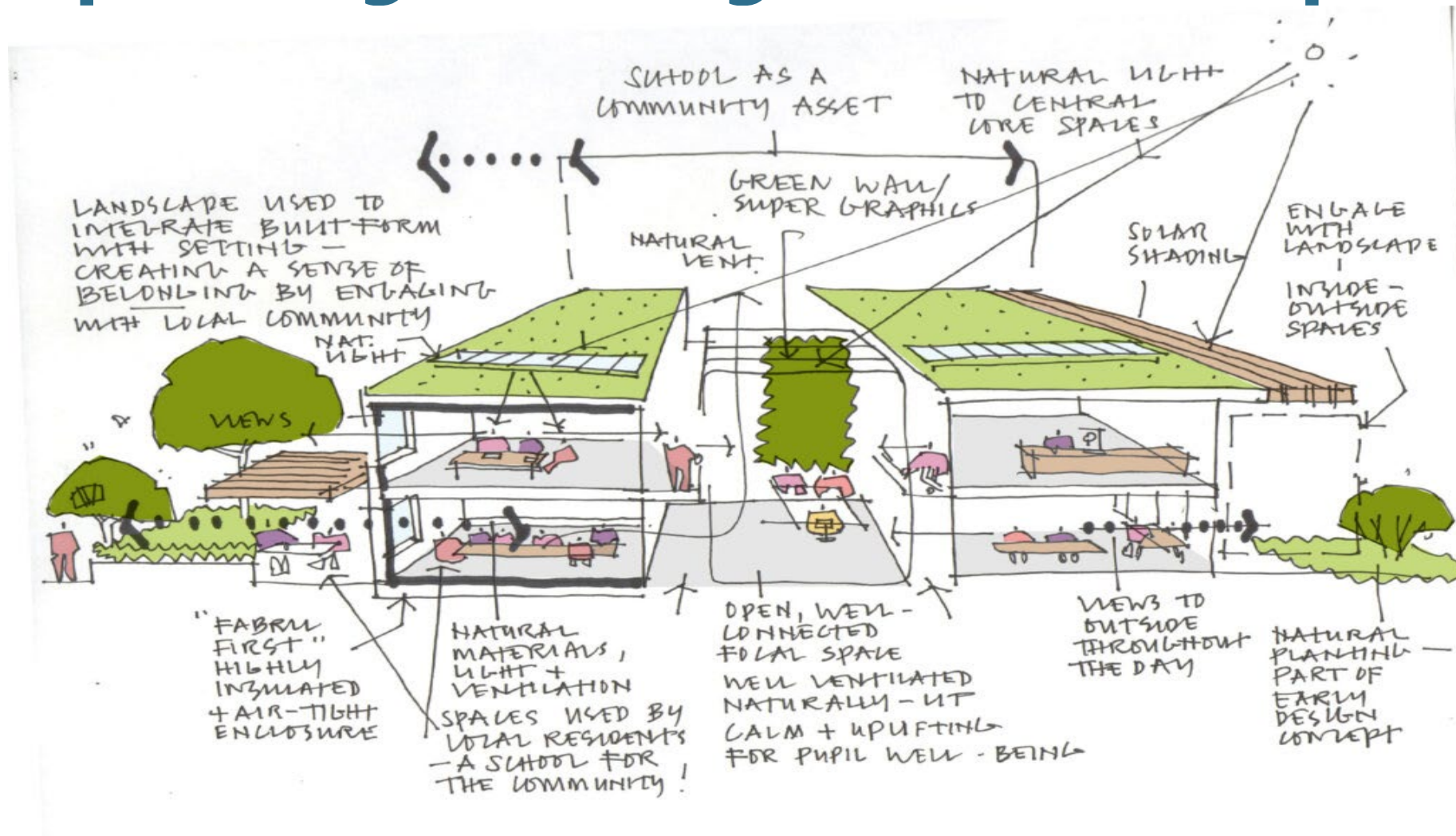


# Sample Programming Plan / Concept Plan



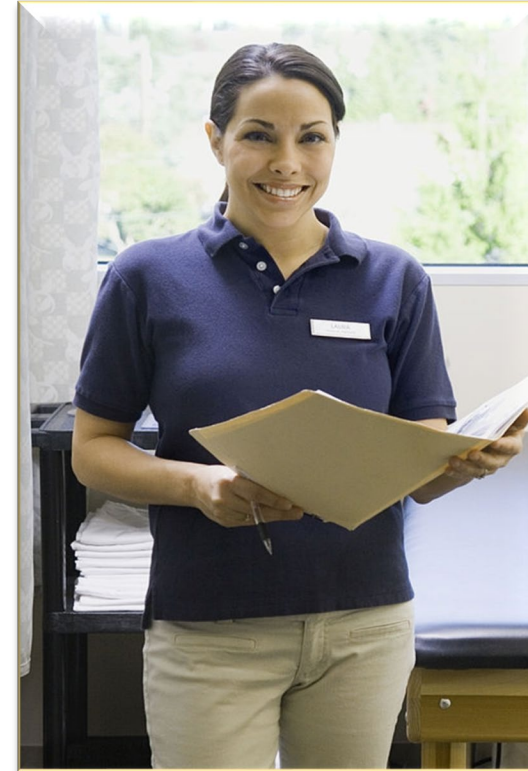


# Sample Programming Plan / Concept Plan



# Site Programming

1. Research the project type
2. Establish goals and objectives
3. Gather relevant information
4. Identify strategies
5. Determine quantitative requirements
6. **Summarize the program**



**Document all the information, needs, goals, and costs in summary statements and present them to the team for approval.**



# Sample Programming Plan / Concept Plan



# Pre-Development Design



During *pre-development design*, you will transition from planning your concept to developing the overall approach to the project, including architectural drawings, financing, and team member roles.

# Pre-Development Design

## What do you need to accomplish?

Complete schematic design process	Conduct financial planning activities	Obtain initial project approvals	Finalize site ownership (if applicable)
<ul style="list-style-type: none"><li>• <b>Hold initial kickoff meeting</b> with team members and consultants</li><li>• Work with the architect on <b>schematic design drawings</b></li></ul>	<ul style="list-style-type: none"><li>• Secure financing commitments</li><li>• Develop a more detailed <b>budget</b></li></ul>	<ul style="list-style-type: none"><li>• Submit appropriate materials to local government for <b>preliminary review</b></li></ul>	<ul style="list-style-type: none"><li>• Execute a <b>purchase and sale agreement (PSA) closing is contingent on receiving building permits, if permits are needed</b></li></ul>

Ongoing stakeholder engagement and relationship-building

# What Is Phase 3?

## Development Planning



During **development planning**, work continues with planning issues and final preparation for construction. Design development drawings will be reviewed and finalized to provide the onsite blueprints for the build.

# Objectives and Milestones

## *Development Planning*

### What do you need to accomplish?

#### Obtain building permits

- Coordinate civil and structural engineering, architectural, mechanical, electrical, and plumbing (MEP) plans
- Finalize the design drawings and confirm construction drawings

#### Select and contract General Contractor

- Craft an RFP for selection of a general contractor (GC) and conduct interviews
- Execute a contract to seal the agreement

#### Finalize all contracts and budgets

- Review and update project schedule/scope/budget with key constituencies
- Negotiate and finalize financing commitments
- Finalize site control



# What Is Phase 4?



»»» During **acquisition completion**, the real estate broker and legal team lead most of the activity for transferring the rights of a commercial property from one party to another.



# Objectives and Milestones

## Acquisition Process

Performing a feasibility study

Drafting a Letter of Intent (LOI) and a Purchase and Sale Agreement

Placing a deposit into escrow

Undertaking the due diligence process

Conducting a site analysis

Completing a title search and acquiring title insurance

Closing on the property

# *Due Diligence*

## **Titles / Surveys / Zoning**

A title inspection is an evaluation of the title of the property including its history as shown by recorded documents.

There are various types of title insurance.

Whichever one your legal team picks for your project will be informed by what is found during the title inspection.

Hiring a surveyor will uncover more issues and conditions not found through a title search alone.

Consult with one to determine what type of survey is recommended for your property.

# Due Diligence

## Physical Structure

Walk-through the building to look for damage, defects, or code violations

Review all environmental reports

Review all site plans and specs related to original construction and current state of the property

Conduct a seismic report to determine earthquake stability

Order a structural inspection of the building to ensure structure and infrastructure are up to code

Order a mechanical and electrical inspection

Order a pest inspection

Gather documentation on any capital improvements made over the last five years

# Construction and Renovation

Preparation:  
Building  
Your Team



During **construction**, the build starts and progresses until the facility is sufficiently complete that the owner or tenant can occupy the structure and use it for its intended purpose.

# Objectives and Outcomes

## Objectives during the construction phase may include

Hiring sub-contractors and negotiating bids

Completing demolition, site work, and grading

Hosting weekly or biweekly Owner/Architect/Contractor (OAC) meetings

Proceeding with the vertical construction process

Ensuring building inspection(s) occurs

Managing any change orders

Managing construction draws (disbursement of funds)

DIR & Prevailing Wage Compliance

Keeping the site secure, healthy, and safe

# Objectives and Outcomes

## The construction phase is complete when



Site Work Finished: demolition, grading, underground utilities (wet and dry) prepped and/or installed has been completed, landscaping completed, and vertical construction is finished.



Interior FFE has been procured and installed



The facility is ready for walk thru, close out, and issuance of the Certificate of Occupancy



**All bills paid.**

No liens, no lawsuits, no construction accidents, no insurance claims, no construction defects

# Example of responsibilities of The GC, Architect, and CM during Phase 5

General Contractor	Architect	Construction Manager
<ul style="list-style-type: none"> <li>• Provide preliminary construction schedule</li> <li>• Administer the jobsite</li> <li>• Obtain and maintain permits</li> <li>• Manage subcontractor submittals</li> <li>• Request and schedule inspections</li> <li>• Maintain jobsite safety</li> </ul>	<ul style="list-style-type: none"> <li>• Review and approve material and product submittals</li> <li>• Respond to contractor requests for information (RFIs)</li> <li>• Insert design changes into the contract documents</li> <li>• Review applications for payment</li> <li>• Review and approve change orders</li> </ul>	<ul style="list-style-type: none"> <li>• Observation and site visits</li> <li>• FF&amp;E move in coordination</li> <li>• Approve revised contracts and modifications</li> <li>• Approve payments</li> <li>• Attend inspections</li> <li>• Prepare change orders</li> </ul>

# SUBSTANTIAL COMPLETION

**CERTIFICATE OF COMPLETION**  
(DATE)

<b>OWNER INFORMATION</b> [Name] [Company Name] [Street Address] [City, ST ZIP Code] Phone [phone] [email]	<b>CONTRACTOR INFORMATION</b> [Name] [Company Name] [Street Address] [City, ST ZIP Code] Phone [phone] [email]
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<b>PROJECT NAME</b> Write project name here. Add further details	<b>PROJECT DESCRIPTION</b> This space is provided to write project description.
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<b>CONSTRUCTION BEGIN DATE:</b>	
<b>SUBSTANTIAL COMPLETION DATE:</b>	
<b>PHYSICAL COMPLETION DATE:</b>	
<b>COMPLETION DATE:</b>	

**CERTIFICATION**

I hereby affirm, to the best of my knowledge and belief, based on inspections, observations, testing of the construction and upon reports submitted by others, that this [Project Name] is substantially complete and operable. The construction was completed in accordance with the department's issued construction permit.

_____ Certified by: (PRINT NAME)	_____ Date
	certification of completion [Street Address] [City, ST ZIP Code] [Country] Phone [phone]   Fax [fax] [email]   [website]

_____ <b>PROJECT ACCEPTANCE</b> Project manager signature	_____ Date
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- » The work on the facility is sufficiently complete that the owner or tenant can occupy the structure and use it for its intended purpose.
- » Only minor items remain to be done, and they can happen without disturbing regular daily operation.
- » The contract documents should spell out the milestones that define this stage along with attainment of all required approvals and permits for occupancy including a temporary or permanent certificate of occupancy issued by appropriate governmental authorities.
- » The architect will have certified that the work is complete as required, and all operational systems and elements, including mechanical, electrical, and support systems, are functioning as specified in the contract documents.
- » A Certificate of Substantial Completion is submitted to the owner and contractor for their written acceptance of responsibility for the minor elements that need completing before a permanent Certificate of Occupancy is issued.



# What Is Phase 6?



# Objectives and Outcomes

## Move-in phase is complete when

 Walk thru with GC – Issue Substantial Completion

 Interior FFE has installed and is operational

 Final unconditional release of all liens

 **All bills paid.**  
No liens, no lawsuits, no accidents, no theft, no problems



**Thank you!**

# Coming Up

## Working Sessions/Office Hours

**Tuesday, August 29, 1:30 – 2:30 p.m. (individual units/small projects)**

**Tuesday, August 29, 3:00 – 4:00 p.m. (rehab/renovation)**

**Wednesday, August 30, 9:00 – 10:00 a.m. (tiny home/modular)**

**Thursday, August 31, 9:00 – 10:00 a.m. (acquisition)**

# Visit the BHBH Resource Library

» [BHBH Resource Library link](#)

## Sample Resources

[Housing First Checklist: Assessing Projects and Systems for a Housing First Orientation](#)  
[Emerging Practices to Enhance Safety at Congregate Shelter](#)  
[Tools for Strengthening Current Interim Housing Programs and Services](#)  
[Converting Surplus Church Property into Affordable Housing](#)  
[Construction and Operating Costs of Tiny Homes to Decrease Homelessness in Los Angeles](#)  
[Playbook for a Modular, Supportive Interim Housing Community](#)  
[Tip Sheet: Looking for Bridge Housing Sites](#)  
[Reimagining Interim Housing: Transforming our Approaches to Sheltering People](#)  
[Tiny Homes Guide](#)  
[Tiny Homes – Modular Homes – Village Research and How-To Guide](#)  
[Health and Housing: Introduction to Cross-Sector Collaboration](#)  
[Are Tiny Houses Useful and Feasible to Help Address Homelessness in Alameda County?](#)  
[Promise and Perils: Assessing the Prospects for Adaptive Use](#)  
[Part 2 – How It Works: Financing and Servicing of Motel and Hotel Conversions \(Part II\)](#)  
[Part 1 – It Works: Converting Motels and Hotels into Affordable Housing](#)  
[How Master Leasing Can Help the Affordable Housing Crisis](#)