

HDC's Real-Estate Development Flowchart

A development involves many responsibilities coordinated over several phases. This chart, created by Housing Development Center, shows how major responsibilities are distributed among key players.

PLAYERS	RESPONSIBILITIES BY PHASE (% OF WORKLOAD)			
	Concept & Feasibility (25%)	Predevelopment (25%)	Construction (45%)	Lease-Up (5%)
Owner	<p>Develop project vision: identify user population(s); define resident-service and building-program needs; inform development consultant's understanding of project operating costs.</p> <p>Work with real-estate broker to identify site and establish site control.</p> <p>If needed, work with capital campaign manager to plan and launch funding campaign.</p>		<p>If needed, complete funding campaign.</p> <p>Work with property manager and leasing agent to prelease apartment units and/or commercial space.</p>	<p>Work with capital campaign manager to recognize funders.</p> <p>Work with property manager and leasing agent to lease units.</p>
HDC Construction Project Manager	<p>Assemble design and construction team; negotiate architect and consultant proposals.</p> <p>Coordinate site evaluation and environmental and zoning assessments; secure preliminary construction cost estimates.</p>	<p>Serve as owner's representative for design, value engineering, and contract negotiations.</p> <p>Assist with due diligence and closing.</p>	<p>Serve as owner's representative to design and construction team.</p> <p>Monitor construction budget and schedule; work with finance project manager to administer construction loan draws.</p>	<p>Oversee construction-related requirements for conversion of project to permanent financing.</p>
HDC Finance Project Manager	<p>Prepare operating budgets and preliminary sources-and-uses proforma.</p> <p>Determine potential funding sources and apply for funding.</p>	<p>Finalize development proformas (anticipated sources and uses).</p> <p>Respond to funder due diligence requests; negotiate and secure funder commitments.</p>	<p>Work with construction project manager to administer construction loan draws.</p> <p>Coordinate with investors and lenders as needed.</p>	<p>Work with lenders to convert project to permanent financing structure.</p> <p>Submit final financial documentation to funders.</p>
Design & Construction Team	<p>Architect: Perform massing studies; do zoning research; complete schematic design.</p>	<p>Architect: Complete design; prepare construction documents; assist review of construction cost estimates.</p> <p>General contractor: Assist with design; solicit subcontractor bids.</p>	<p>Architect: Provide assistance with construction administration.</p> <p>General contractor: Build project.</p>	
Lenders & Funders		<p>Perform due diligence.</p> <p>Negotiate funding terms.</p>	<p>Perform inspections.</p> <p>Approve draw disbursements.</p>	<p>Work with HDC project managers to convert project to permanent financing structure.</p>
RISKS BY PHASE	<p><i>Investment and expenditure of dollars and political capital without certainty of funding.</i></p> <p><i>Costs include staff time, predevelopment services, land acquisition, site-control costs.</i></p>	<p><i>Increased predevelopment expenditures with continued uncertainty of funding.</i></p> <p><i>Land acquisition and holding costs increase.</i></p> <p><i>Risk of market changes (debt and equity).</i></p>	<p><i>Risk of construction cost overruns eating into developer fee.</i></p> <p><i>Risk of construction delays and rising interest rates on construction and permanent loans.</i></p>	<p><i>Leasing of commercial space subject to risk of delay and price volatility.</i></p> <p><i>Risk of cost overruns.</i></p>