

City of Seattle - Equitable Development Initiative (EDI) Real Estate 101 Training

Day 1: Real Estate Development Overview + Key Financial Analysis Documents

Tuesday, November 3

9:30am-12:30pm

- Community Development Principles
 - Overview/key issues
 - Why public sector is concerned about real estate development
 - Key issues for community development
 - Benefits of owning real estate
- Stages in the development process
- Major actors in the development process
 - How do you prepare to develop and mitigate risk?
 - Types of developers
 - Selecting design team
 - How do you finance your building?
 - How do you construct your building?

Day 2: Access to Debt Capital

Thursday, November 5

9:30am-12:30pm

- Key Financial Analysis Documents
 - Sources & uses
 - Operating pro forma
 - Calculating debt service
 - Developer returns (cash on cash rate of return)
- Case Study: Widco
- Cap rates and Fair Market Value
- Case Study: Capco
- Permanent Lending Underwriting and Ratio Analysis
 - Lender ratios
 - Debt coverage ratio
 - Loan to value
- Case Study: Safe Port
- Underwriting issues/considerations
 - Approaching a permanent lender
 - Construction lender underwriting
 - Documents needed for closing
- Case Study: Aquarium Arms #1

Day 3: Taxes/Tax Credits + Spreadsheets

Tuesday, November 10

9:30am-12:30pm

- Taxes and Real Estate Development
 - Depreciation
 - Cash flow after tax
- Tax Credits for Community Development
 - Rehabilitation Tax Credits (Historic)
 - Low-income Housing Tax Credits (LIHTC)
 - New Markets Tax Credits (NMTC)
 - Opportunity Zones
- Financial spreadsheet basics in Excel
 - Development budget
 - Pro forma income and expense statement
 - Information gathering
 - Focus on your specific project/data

Day 4: Putting it all Together

Thursday, November 12

9:30am-12:30pm

- Spreadsheet basics continued
 - Sources of funds
 - Tax and appreciation benefits
 - Financial Lender Package
- Work on spreadsheets for participants' specific projects
- Q&A