

## **THE EIGHT STAGES OF RESIDENTIAL REAL ESTATE DEVELOPMENT**

*Instructor, Robert Hudson, Guest Speaker: Kenneth Macoul, M.D.*

Our speaker today is Dr. Ken Macoul. And Dr. Macoul is going to talk to us about residential development, a project that he is currently working on. Thank you, Ken.

I'm Dr. Kenneth Macoul. I'm presenting today the development of a piece of property that I developed recently, and it's to demonstrate the development of land from the ground up. This particular project was done in Massachusetts, and was recently cleared by the planning board.

There are essentially eight phases, or stages, in the development of property of this sort. And as you will see, these stages, basically, are common sense. The first stage is the idea. You either have an idea looking for a piece of land, or you have a piece of land looking for an idea.

This property began with a single family ranch home that I had purchased from my parents in Massachusetts. They had two and a half acres of land behind the home. But these two and a half acres were landlocked, they were surrounded by other people's property. The idea, basically stage one, is that I got this idea to buy a home adjacent to them that belonged to a farmer. And it is the large home up to the right. And to the right of that home was their ranch home, which I have subsequently sold. Now this farmer had four and a half acres of land, including his land that came right up to the street. So the idea I had was to take his land, combined it with my land, and I could bring a road in on his land, and therefore we could use all six and a half acres of land. Now that was the idea.

The second phase is the feasibility-- can this be done? You have to think about zoning. For example, you can't put a warehouse where homes are. You have to think of zoning, you have to think of the topography. For example, topography means the land itself. This particular land had a very steep slope from the front down to the back. I went to a civil engineer and told him to just sketch it out and see what we could do. It therefore looked feasible, so I went to the next stage, which was signing contracts with the architect and civil engineers, as well as a real estate attorney. The plans were drawn up.

The next stage is the most difficult one. We take the plans and we appear in front of a planning board, or an Economic Development Board. That board takes the plans and sends it to the Engineering Department, the Department of Public Works, the Fire Department, the Police Department, the Environmental Department, and then all of these departments, having reviewed these plans, send it back to the Development Board with their suggestions. That is the process that takes the most time. For example, it took two years to get through this process and get it done.

At the same time that we were doing this, the next phase-- if this were a commercial property, one would be looking for a tenant, and in particular an anchor tenant like Publix. But this, of course, is not a commercial piece of property. Once we've reached this phase, we hire a builder to come in and build the 10 homes.

At the same time, the next phase is we go to the Realtors, and hire Realtors who will start marketing the property. Now in a commercial property, we would get the Realtors, but then we would probably manage the property, which would be the eighth phase we're talking about. But in this case, obviously I'm not going to be managing the property. We're marketing it through the Realtors, and in particular-- since I don't want to build-- we are marketing these properties to the public, or a builder who would come in and build all the homes and take it over. The picture to the right is the example of the homes that are going up. They'll be different colors, and they're actually different faces.

Now one point I will make to you is this is part of what is called an open space residential development. The city passed an ordinance that said they would allow us to use smaller lots than normally required if we agreed to give them open space forever. And if you look at this small drawing down below, you see our development, and all the green area is open space we agreed to leave for them. And that space will be there forever. In return, we're able to put the houses on smaller lots, and this is known as cluster zoning. Now the reason we chose to do this is they're smaller homes, smaller lots, and therefore they're easier to sell-- especially in an economy that is still recovering from real estate.

Now this property basically demonstrated the eight phases that one must go through in the development of a piece of property from the ground up.