



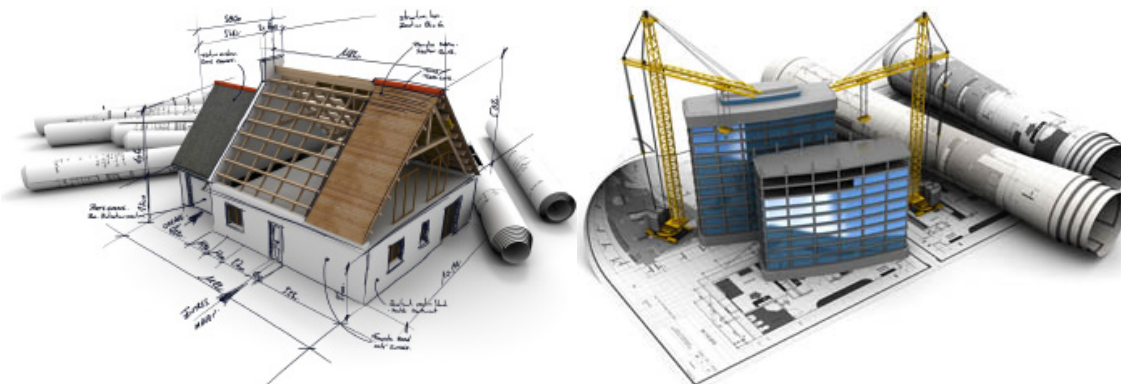
GIDC

www.GIDC.US

GLOBAL INVESTMENT DEVELOPMENT CORPORATION
11277 Garden Grove Blvd #213, Garden Grove, CA 92843; 1-424-567-2222



GUIDE TO PROPERTY DEVELOPMENT



Commercial – Residential – Industrial

Integrated Services:

- Real Estate Investment & Acquisition
- Architecture, Survey & Engineering
- Property Entitling & Value Enhancement
- Project Management & Construction
- Property Development & Management

"We Help You Make Your Vision Reality!"

Purpose of This Guide

The purpose of this guide is to familiarize, educate, and give an appreciation to the reader of the real estate development process and all of the various considerations that are involved in the development of any particular property. This guide covers the basics of commercial, residential, and industrial projects both large and small. The information contained here is of a very general nature and does not represent any specific project.

Roles of The Developer, Owner, and Investor(s)

Property developers refer to individuals and organizations that are experienced in real estate, the land-development permitting process, building construction, and have access to the various professionals and finance sources that enable them to begin and successfully complete real estate development projects. Depending on the form of the developer's relationship to the property and/or property owner, the developer may purchase the property outright, may enter into a joint venture agreement with the property owner, may enter into a long-term lease agreement with the owner, or may provide the finished development as a 'turn-key' project to the property owner.

When it comes to the business of property development or redevelopment, the primary objective is that of using what you have to get what you want. In this case, the owner of a piece of real estate (for instance, undeveloped land) that either does not have the money to develop the property or is unwilling to use his or her own money to develop the property, approaches a particular property developer—or is approached by a property developer. He or she is then given a proposal (options) as to what the property developer can do with the property, and then terms are negotiated and agreed upon between the parties.

The property developer often has access to sources of finance, but in order to maximize returns on investment, the developer may avoid the cost of purchasing the land, which could be significant in certain areas. Because the developer is experienced in construction and often has regular teams that specialize in certain phases of the project, the developer can often realize a shorter project life cycle and lower overall costs.

The developer also works under different terms and conditions, but one of the most common is one where the developer enters into an agreement that gives him the



right to sub-lease a portion of the property over a specified period of time without rendering any account to the owner. After the expiration of the term, the property reverts back to the owner. Another popular variant is that the property owner may agree that the property developer can sell a certain portion of the property in order to recoup his investment.

Property developers have some areas of specialization among themselves. There are residential, commercial, industrial, and mixed-use property developers. And based on the model used by each property development company, they are often focused on specific areas or locations because not all areas are suitable for a specific model. In addition, the terms and conditions that property developers are willing to enter into are often based on the location of the property and its suitability to the model used by that company. And these are some of the issues that you would need to consider before approaching a developer or when a developer approaches you with a particular proposal for your consideration.

For instance, a property developer, whose primary focus is commercial property development, may be willing to develop a property located in a prime area in the city center for a term of 10 years but may propose a term of 15 years for a property in a suburb, which is not as commercially viable as the other.

When initially considering a property development project, it is advisable that you engage the services of a legal practitioner who is experienced in real estate to be part of the preliminary negotiations and to vet the agreement between the parties.

Real Estate Development Process for Investors

No matter how large or small the property development project, developers tend to follow a sequence of steps from the moment they first conceive a project to the time they complete the physical construction and begin the ongoing asset management.

Of course each property development is different, but in general it can be broken up into the following elements;

- Coming up with the idea
- Refining the concept
- Testing its feasibility
- Negotiating contracts
- Making a formal commitment
- Interfacing with the city for permitting
- Constructing the project
- Completing the project, and finally
- Managing or selling the new project

While the process varies from project to project, in essence the steps are as follows;

1. Pre-Purchase

This is the stage when you look for a block of land with potential for property development. You should already have all the preliminaries in place. You will know in which entity you will buy your property and you should have pre approval for your development finance so that you know your limits.

You should also have a team of consultants organized who can advise you as to the project's viability. These should include a development manager who can coordinate the whole process or individually as a solicitor, an architect, a surveyor, a town planner, and maybe an estate agent to advise you honestly on end values and marketability.

2. Concept Stage

Once you find a potential site, now you must come up with a concept for it.

What can you put on it? How many units? How big? What restrictions are there? Are there overlays or covenants on the title?

To find out what can be built on the property you need to assess the local council's policy towards development and see how many new dwellings can be put on a block.



These are generally available over the internet at the local council's web site, or in hard copy form from their front desks.

You should also assess what the market wants in that area and what would sell or lease well. It is important to design and build a project that is marketable.

You must also undertake a detailed analysis of the neighborhood as an important consideration of town planning is keeping the neighborhood character.

Then you put pen to paper and do some sketches allowing for setbacks, driveways and private open space (as required by the city council and the planning scheme).

Next, place garages and parking spaces and leave room for turning circles to drive out in a forward motion as required by council. The land that is left over after all of this will determine how many units and of what size can fit on the block.

Next comes some number crunching in a feasibility program. Include time scales, all costs including consultants and construction costs as well include likely end sale values and the profit margin you want. This will enable you to work out what the land is worth to you.

If the numbers show the development is viable we would then consider negotiating to purchase the property.



3. Purchase

At this stage you buy the property at a price that allows you to make a commercial profit.

4. Town Planning / Development Approval

Now your architect draws up plans that fit in with the planning regulations and accords with the local council's development guidelines. Due to the increasing complexity of the development process, a surveyor and town planner are often involved at this stage. This stage may take up to 8 months before you get a development approval.

5. Working Drawing and Documentation

Once the Development Approval has been achieved, your architect and engineer will document the working drawings to allow you to get a building permit (called a Construction Certificate (CC) interstate.) This stage takes 2 - 3 months.

6. Pre-Construction

At this stage we obtain quotes from builders and bank approval for the development loan.

7. Construction

Finally you get on site to build your project, paying the builder progressively at the completion of each stage of the project using draw downs from the bank loan. This stage can last 6-12 months depending on the size of the project.

8. Completion

Congratulations! – now your project can be leased or sold.

Tips for Successful Development

Check Zoning

Before you sign the lease, purchase a piece of property, or begin the development process, first be sure to determine the approved uses (zoning) for the site. This is easy to do by contacting the Community Development Planning Division of the local municipality. In order to preserve characteristics of many cities, land uses are



often directed to certain areas within a City's limits according to their general and/or specific plans. Checking what is allowed in advance can prevent you from entering into a lease or mortgage for a site that is not zoned for your intended use.

Preliminary Review

If your project is complex or potential concerns have been identified, a planner will facilitate coordination of approvals prior to preparation of plans or drawings. This way you can determine requirements before you've invested in architectural and engineering services.

A team of technical staff members will overview specific requirements and codes related to your project. Simply bring, or provide prior to this meeting, a conceptual site plan and short narrative description of your proposed project. At this point you will evaluate what professional expertise is needed to prepare a Planning Application Submittal. You may bring a development team to explain the technical elements of your project.



GDIC

GLOBAL INVESTMENT DEVELOPMENT CORPORATION

Step By Step Through The Development Process

There are six basic steps in the development process. Depending on the nature of your project, all of these steps may not be necessary. A planner will help you determine which of these steps are necessary for your specific project.

1. Planning Application Submittal

The first step is to complete the Uniform Application and any additional forms required, which should accompany this packet. Submit your application in person to the Planning Division along with 12 sets of plans for staff review and make a fund deposit.

Have a planner review the application and other forms before you complete the package of information. You may need additional forms such as an Environmental Information Form, or a Hazardous Waste and Substance Site Statement. These forms and the Plan Review Checklist are to be completed with planner assistance.

Please make sure all information on the application is legible and includes the property owner or the legal agent's signature. Applications without a proper signature will delay processing. You will be required to pay a deposit when you turn in your application. Cities will charge deposits and fees for various associated services such as inspection, professional, and management. Other fees may apply and the deposit will vary depending on the complexity of your project.

2. Plan Review

Submittal of your application, site plans, and deposit starts the Plan Review process. At this point a planner is assigned as your project leader serving as your ongoing liaison to complete the planning approval process.

The goals of Plan Review are to:

- Ensure that your application packet is complete and accurate.
- Analyze the project and, when applicable, formulate recommendations for Planning Commission or City Council approvals (referred to as discretionary approvals).
- Verify compliance with the General Plan, Zoning and other regulations.



Your project leader coordinates necessary reviews by distributing Application Submittals to appropriate city divisions for review and comment. There may be an occasion when a staff person other than your project leader calls you regarding the project.

Your project leader will review any associated environmental issues as required by the California Environmental Quality Act (CEQA). All discretionary projects do require an Environmental Review.

3. Planning Commission Approval

Planning Commissioners are appointed by the City Council and provide community representation regarding proposed projects. However, their approval is not required on all development projects.

If it is determined that your project requires the discretionary action of Planning Commission approval it will be scheduled on the agenda and public notice will be given. Property owners within 500 feet of your proposed project will also be notified. If a public hearing is held, you will have an opportunity to speak before the Commission. The public may also comment and express any concerns. You will want to be sure to work out any potential problems with neighboring residents or business owners before the Planning Commission meeting.

You may appeal most Planning Commission actions to the City Council. In some circumstances, the project may also require City Council approval. The project's location and use dictate what level of review is required. Some projects never go to either the Planning Commission or the City Council as staff has been given authority to review and approve them.



GDIC

GLOBAL INVESTMENT DEVELOPMENT CORPORATION

4. Plan Check

Next, the Building & Safety Division coordinates the building permit process. Once a project is prepared for construction, five sets of technical drawings (architectural, structural calculations and related reports) must be submitted. The Building & Safety Division routes these plans to appropriate agencies for their review and comments.

At the time of submittal, a separate electronic application is created along with a customer deposit account, which serves the project until completion. City services are charged as needed on an hourly rate and on occasions the account may need additional funds deposited to continue the construction process.

Once your Application Submittal is complete, the City Plan Check turn-around times will vary from city to city.

The plan check process ensures that all building, fire, mechanical, plumbing and electrical code requirements are fulfilled in compliance with the Building and Zoning codes. Plan check includes other divisions such as Engineering, Fire, and Planning. The plan checking staff will help bring the project into compliance with city requirements and streamline permit issuance.

5. Building Permit

Before the building permit can be issued, two full sets of final construction plans with approvals from related city divisions are required. At the time of permit issuance, the owner of the project or an authorized agent must be present to sign the permit. A state-certified contractor with Workers' Compensation and a city business license may also sign for the permit.

Regular inspections are required throughout the construction phase. Typically, the same Building Inspector is assigned throughout the project. The inspector verifies that the project is constructed per the approved set of plans and that all sub-contractors working on the project have current state and city business licenses along with the respective Workers' Compensation insurance.

Final inspection involving all appropriate departments will be coordinated through your Building Inspector. Prior to the final construction inspection, the owner's project manager is responsible for submitting final approved, as-built drawings of the project via electronic PDF documents and/or microfilm. (Your inspector will inform you of the City's current policy on format)



6. Certificate of Occupancy

Finally, buildings or structures cannot be used or occupied until the Building Official has issued a Certificate of Occupancy. The Certificate of Occupancy verifies that the use and occupancy is permitted and safe for its future tenants. This form records vital information required by the city and other agencies such as the California Air Quality Management District.

Property Development Due Diligence

1) Basic Site Data:

- a. Local Jurisdiction (City or County?)
- b. Approximate Size
- c. Road Frontage?
- d. Vacant or Developed?
- e. Known Issues

2) Site Physical Information:

- a. Survey
 - Boundary
 - Topographic
 - Tree/Wetlands
 - Access Points, Lanes
 - Bank Requirements/Title Co. Findings
- b. Geotech
 - Roads and Parking Areas
 - Foundations
 - Storm water/Septic
- c. Phase 1 Environmental

d. Wetland & Endangered Species

- Initial (Aerial)
- Site Visit/Flagging
- Mitigation/Permits

3) Site Connections:

a. Traffic, Driveway Access Locations and Jurisdictions

- Intersection Restrictions
- Joint Drives, Lined-up Drives, Median Cuts
- Additional Lanes?
- Traffic Study Required?

b. Water Availability

c. Fire Services Availability

d. Sewer Availability

e. Storm water Outfall

f. Gas Availability

g. Electric Availability

4) Site Legal Information:

a. Planning and Zoning

- Correct Zoning or Rezone or Conditional Use?
- Subdivide or Re-Plat?

b. Signage

- Building
- Stand-alone or Pole?

c. Known Easements, Restrictions, Opportunities

d. Landscaping Requirements

- Buffers
- Interior Quotas
- Tree Mitigation (Credits, Debits)

e. Parking and Traffic Requirements

- Spaces per Use
- Offsite Parking
- Delivery Truck Loading Space Requirements

f. Setbacks

g. Height and Architectural

5) Site Conceptual Layout:

a. Determine Non-buildable area(s)

b. Storm water Treatment

- Dry Pond
- Wet Pond
- Underground



c. Parking

d. Access Points and Traffic Flow

e. Building Footprint and Orientation

f. Solid Waste

g. Signage

h. ADA Access

6) Site Permitting Information:

a. Site Plan (City, County or Both)

b. Traffic and Driveway Conditions (City, County, State)

c. Storm water (City, County, District, FDFP)

d. Water and Sewer (City, County, District, FDFP, ROW Permits?)

e. NPDES

f. Parcel Reclassification

g. Redevelopment or Architectural Review

h. Other Possible

- DRI
- Comp Plan Amendment
- Annexation
- Coastal Commission
- Others

7) Site Financial Information:

a. Permitting Fees

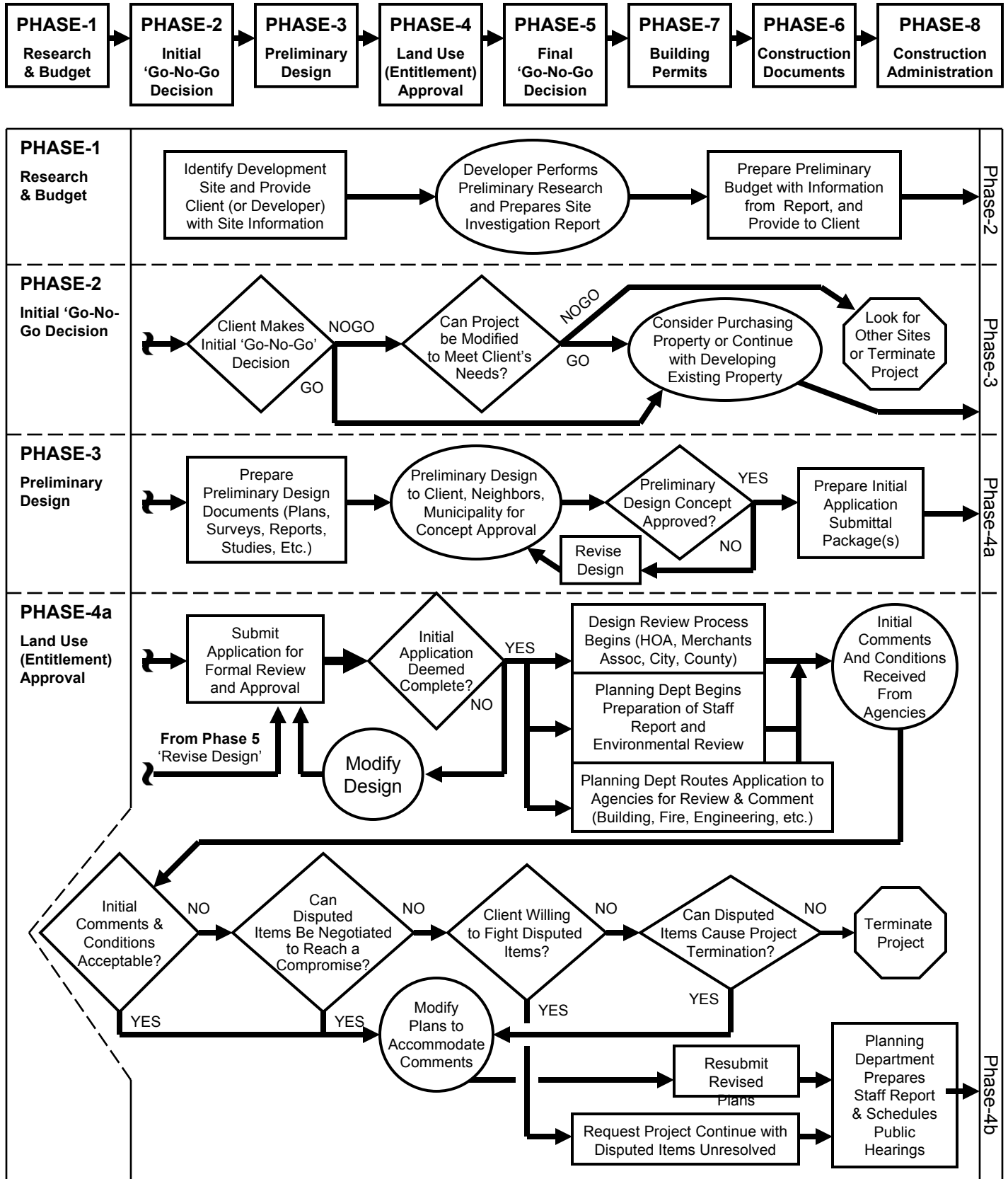
b. Impact Fees

- Water
- Sewer
- Traffic
- Fire
- Storm water

c. Construction Cost Estimate

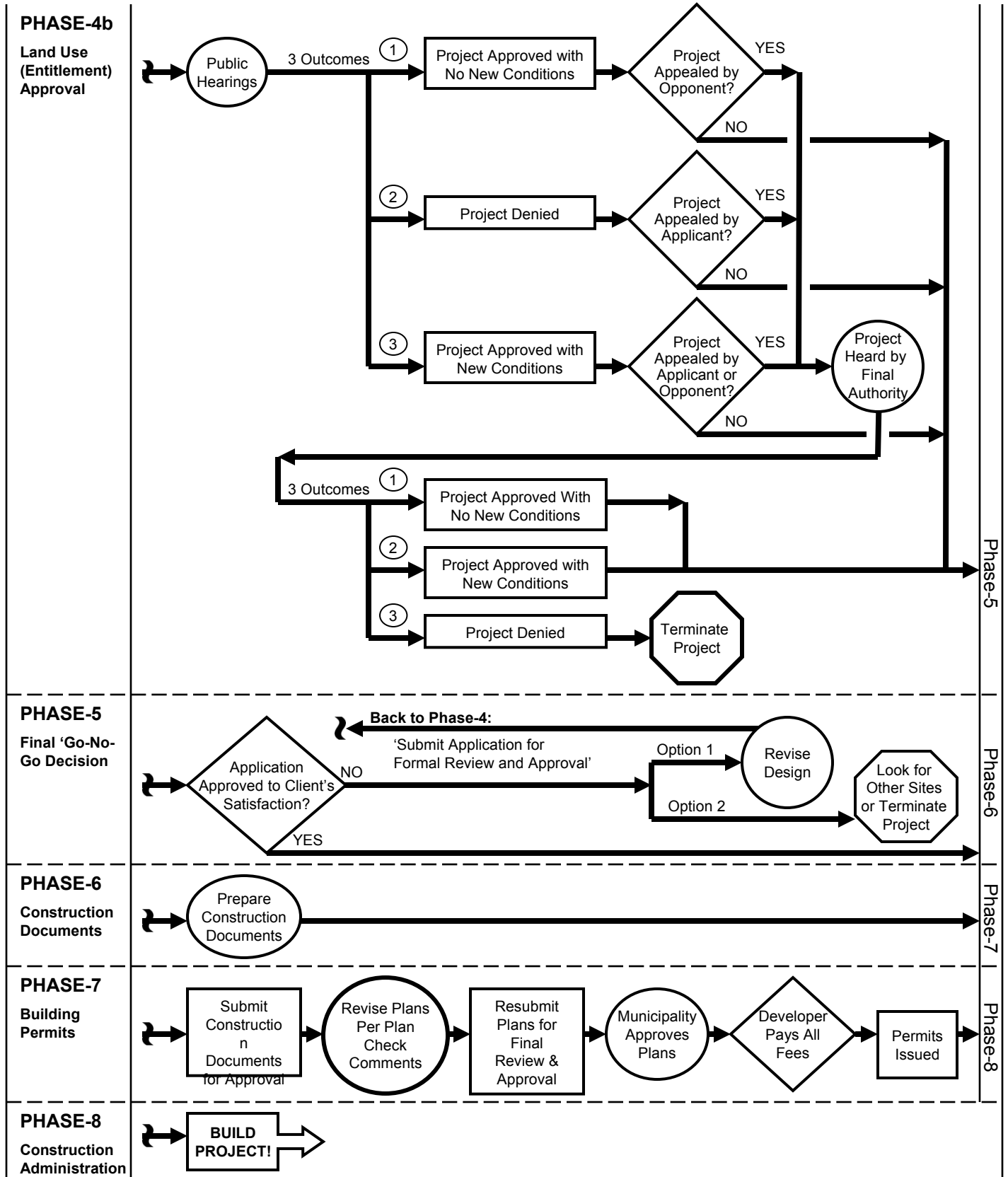
GDIC Property Development Guide

Real Estate Property Planning, Design, and Development Process



GDIC Property Development Guide

Real Estate Property Planning, Design, and Development Process (Cont.)



GDIC Property Development Guide



Commercial – Residential – Industrial

Integrated Services:

- Real Estate Investment & Acquisition
- Architecture, Survey & Engineering
- Property Entitling & Value Enhancement
- Project Management & Construction
- Property Development & Management

"We Help You Make Your Vision Reality!"



GDIC

www.GIDC.US

GLOBAL INVESTMENT DEVELOPMENT CORPORATION

Office: 1-424-567-2222, Direct: 1-714-563-4444
11277 Garden Grove Blvd #213, Garden Grove, CA 92843-1340