

WHAT IS
YOUR LAND
REALLY
WORTH?



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OUR MISSION

To help landowners secure better deals and create more wealth through education, structure, guidance, and service.

Throughout the past two decades as land developers, development consultants, and real estate professionals, we have interacted with hundreds of landowners across the country. These interactions have been the motivation that has transformed our approach to the industry and completely reshaped the way we do business. **We recognized a need to provide information, guidance, and service to landowners to help them level the playing field and create more profitable deals.**

Our hope is that you find some value in this booklet and that it helps to guide you to a higher level of understanding of **what your land is really worth**. If it does, please pass this information along to someone you know that might also benefit from it.

WHO SHOULD READ THIS

- ***Anyone thinking about selling their land that is interested in information that will lead them to a bigger payday.***
- ***Anyone who is already receiving offers or solicitations for their land or who has accepted an offer for their land.***
- ***Anyone that currently has their land listed on the market with a real estate agent.***
- ***Anyone thinking about developing their own land.***

PLANNING & GOALS

“PLANS ARE NOTHING, PLANNING IS EVERYTHING” – DWIGHT D. EISENHOWER

If your goal is to get the most money you can for your land, and your plan is to sit back and wait for the right offer to come along... you are not the only one. This is a common theme amongst the landowners we talk to. While this may seem like a safe strategy, it is flawed, and you will never truly recognize your goal of maximizing the value of your land.

There are many factors to consider outside of the face value of a purchase offer. **If you are only focused on the amount of money you desire, you are sure to miss some costly details** that will inevitably devalue your deal.

Planning starts well in advance of considering any offers. On page 03 you will find a list of planning and resource considerations. Use these as a starting point, write down any unanswered questions or action items they may spark. **Talk to people and be curious, but also be selective in what advice you take and who you take it from.** Seek people that have real world experience in whatever information you are seeking.

PLANNING & GOALS

After giving some thought to all of the things that are important to you regarding the sale of your land, write down your list of goals. We recommend keeping a journal or utilizing the section provided in the back of this guide. Your notes will be a helpful tool as you talk through the different elements of your deal with friends, family, and advisors. Some common goals might be: A specific price point, timing of the close, completing a 1031 or similar tax strategy, family legacy memorial or historic site feature retention, replacement property, time after closing to vacate, etc. Your goals list might look something like this:

- Sale price at or above \$X.
- Closing within 12-15 months.
- Builder to place memorial placard on site.
- Occupancy up to 60 days after closing to relocate.
- Complete a 1031 exchange.
- Remaining in your existing home on a smaller plot of land after closing.

PLANNING CONSIDERATIONS

- What do you plan to do after you sell? (fun and practical)
- Where will you live?
- How will you purchase your replacement property?
- Do you need a trust or business entity for your transaction?
- What is your tax strategy?
- Should you get power of attorney in place?
- Do you have a will?
- Do you plan to invest the proceeds from your sale?
- What if the deal falls through/backup offers?
- What will your role be in the process?
- What is the current state of the real estate market?
- How much time do you have to complete the sale?
- Is there a partner(s)/family member(s) with an interest in the property?
- Do you have any liens or claims against the property?
- How do you reach the best buyers in your market?

RESOURCE CONSIDERATIONS

- Travel Agent
- Real Estate Advisor
- Business/Estate Attorney
- Accountant
- Financial Advisor
- Development/Land Use Consultant

RISK & VALUE

Risks and their associated cost assumptions have a direct impact on the value of your land. Below are a few of the areas of focus that typically have the biggest impact on the overall value of your land.

Land Use Approval: One common misconception is that because a property is located within the city limits or urban growth boundary (UGB/UGA) it will automatically be approved for development. However, there are several factors that can affect the development potential of a property. While a property might be eligible for approval, **no property has approval until it is successfully taken through the required land use process.** Even then there are additional factors that can delay the development for several months, even years.

Infrastructure: Is the single most costly component of a development project. Utility extensions, streets, sidewalks, and street lighting are just a few of the major elements that make up the biggest expense of a development project.

Existing Site Characteristics: Topography, wetlands, natural resources, environmental conditions, and soil composition are a few of the many site characteristics that can pose a risk to a prospective buyer's project plans.

So why should a landowner be concerned with the items above? The answer is **risk**. The prospective buyers will need to make assumptions about these costs when computing their offer. If there is little or no information available to them regarding these items, then the cost assumptions they make can be inaccurate. For a landowner this can mean money left on the table or worse, an unwanted price reduction negotiation down the line.

REDUCING RISK

Understanding the relationship between risk and value is a key component in getting the best offers. **The more risk a seller can eliminate, or allow the buyer the time to eliminate, the more valuable the property becomes.**

Finding the appropriate risk mitigation measures for your property is something that you will need to work through in the planning stage. **The list below are some considerations to take into account when thinking through ways to reduce the risks for your property.**

These are tasks you may decide to take on yourself or seek professional help to resolve. You may also find that through your planning process you have no desire or time to pursue any risk mitigation...that is completely up to you. However, it is still important to understand the effect risk has on value and the expected timeline for the sale. It is also important to understand how each buyer's risk tolerance will affect the strength of their offer. A difference in offer price between multiple offers can purely be a result of a buyer's tolerance/acceptance of potential risks. **The more risk you eliminate, the more money you get for your land.** It's that simple.

- Project desktop study
- Feasibility study
- Pre-application meeting with the local jurisdiction
- Infrastructure cost estimates/Project proforma
- Annexation
- Preliminary plat approval
- Infrastructure design and permitting approval

EXIT STRATEGY

Your exit strategy will largely be determined by the amount of time you have to commit to your deal. **Typically, the more time you commit to your deal, the more money you can expect to make.** To help you in the planning of your exit strategy we have compiled a basic outline of the most common exit strategies to help get you started.

There can be a significant out of pocket costs associated with the strategies below, however, that cost does not have to come out of your pocket. Strategies 2-5 can be accomplished in a way that places the cost and risk burden on others so that you don't have to sacrifice value solely because of personal budget restrictions.

1. Selling land "As-is" Completing little to no feasibility work, traditional real estate approach. **Pros:** The quickest way to get your land to the market, usually in less than 30 days, it can also be the quickest path to closing your transaction and poses the least amount of effort and cost. **Cons:** Poses maximum risk to buyers, creates weak negotiating position, and yields least amount of value.

2. Selling land after feasibility Completion of full feasibility package with construction cost estimates and proforma. **Pros:** Eliminates/identifies potential risks for the prospective buyers, creates more value, and strengthens your negotiation position. **Cons:** Can add 60-120 days to your overall timeline for getting to market compared to strategy #1. Carries an added cost to complete.

3. Selling land after annexation/land use approval After completing feasibility work, annexation and or land use applications are submitted, and the jurisdictional approval process is completed. **Pros:** Eliminates most of the significant risks for the prospective buyers, further increase overall value, and strengthen your negotiation position. **Cons:** Can add 6-12 months to your overall timeline for getting to market compared to strategy #2, carries a significant added cost to complete, and approvals typically have an expiration date.

4. Selling land after infrastructure drawing approval After completing annexation/land use approval, an engineered set of infrastructure drawings are produced and submitted for jurisdictional approval. **Pros:** Gets the project "shovel ready" for prospective buyers, further increase in the value and strength of your negotiating position. **Cons:** Can add 3-6 months to your overall timeline for getting to market compared to strategy #3. Carries an additional cost to complete. Can impact expiration deadline land use approvals.

5. Selling land after final plat approval "Finished lots" After infrastructure drawings are approved, infrastructure construction is completed, inspected, approved, and the final plat is recorded. **Pros:** Maximum value for land, lots can be sold individually to multiple buyers, final approval doesn't expire. **Cons:** Can add 12+ months to overall timeline to market compared to strategy #4, costs can easily exceed \$1-5m for a small/medium subdivision and significantly more for larger site.

LAND DEVELOPMENT SNAPSHOT

While every parcel of land is truly unique, the development process at a basic level is similar for most residential subdivisions. It is, however, important to understand that even two parcels of land in the same jurisdictional location can have very different project costs and approval timelines. This can be caused by many factors like, topography, natural resources, availability/proximity of city/county utilities, required improvements as conditions of approval, and dozens of additional factors. There is also the human element/personal politics that come into play. Approvals are typically governed by jurisdictional authorities, councils/committees, and public opinion. Like parcels of land the human element is also a truly unique aspect of each project. It is common to experience delays during the development process due to outside parties beyond your control. **Some delays are unavoidable and uncontrollable, however, the impact of a delay, should one arise, can be reduced with proper management and oversight.** Below is a basic outline of the development process and timeline. Annexation is a factor not represented below but can be required for some projects. This can add time to the front end of the process flow and should be taken into account when planning.



REPRESENTATION

In our experience landowners that have professional representation, make better deals. The deals are more valuable to the buyer because the right professional representation has the know how to help set the right expectations for their clients, eliminate risk, focus on negotiations that are important for the deal, manage emotions, and advise their clients on market terms. The added value for the landowner comes from the right professionals helping to get the proper tax strategy in place, command the highest price, ensure reasonable terms/timelines, professional negotiation, and tracking buyer performance and milestone payments to ensure a smooth process and timely close. **Below are a few areas where professional representation can be invaluable.** Like with all aspects of your plan, the level of representation you choose is completely up to you.

- Tax and exit strategy
- Feasibility and land use process
- Marketing strategy
- Offer comparison
- Contract negotiation
- Contract management
- Transaction coordination

BUILDING A ROADMAP

After setting your goals, a little careful planning, some education, and a few outside inquiries, you are ready to start laying out your roadmap to prosperity. This will be the guide that keeps you on track as you navigate, execute, and ultimately see your goals realized. Your roadmap should reflect the level of time and effort you are willing to commit to your sale. Your map can be as simple as hiring a **development consultant** to handle all aspects from start to finish, or as hands on as assembling a project team yourself, managing the entire scope of the transaction, and self-performing some or all of the tasks we have discussed throughout this guide. In order for your map to be effective it must be in a format that works well for you. You can use a diagram, a timeline, a flowchart, a checklist, a complex spreadsheet, a treasure map, or any other format that will help you to track and complete the tasks you have laid out to reach your goals. **Be curious, ask questions and keep moving forward.** The market is continually changing with or without your involvement so make sure you are in tune to what is happening around you and factor these conditions into your overall timeline. If you can, speed things up when necessary, to take advantage of hot market periods, and plan around slow periods or downturns if you have the time to spare. **Empower yourself to make informed decisions and surround yourself with the people and professionals that will help you succeed.**

NEED HELP GETTING STARTED?

If you have questions, need help with getting started, or just want clarity on some of the information we provided, **give us a call or email us to schedule a free, no pressure consultation.**


What you can expect on the consultation call:

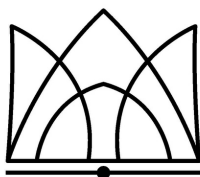
- No BS or sales pitch! We will be meeting to discuss your land, your goals, and your plans.
- Straightforward answers to your questions.
- Honesty and integrity. **If we don't see a clear path to add value to your situation, we will let you know.**

We are based in Oregon but we service all 50 states.

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BLACK & WHITE DEVELOPMENT
BUILDING A LEGACY OF TRUST

ABOUT THE FOUNDERS



Dave Raines Director of Acquisitions

Originally from Southern California, Dave and his wife made Oregon their home more than 10 years ago to raise their two children. He is an active member of his community, and a leader at his church. Dave has built a successful career in real estate with a specialty in land acquisitions, marketing, and sales. He is the driving force behind the business development side of BWD.



Jeremy Barnett Director of Entitlements

An Oregon native, Jeremy has been a builder, developer, and project manager for the last 20+ years. In that time, he has developed projects in the residential, solar, and mixed-use space. Early in his career he developed habitat restricted projects with an emphasis on habitat restoration. His diverse background and commitment to sustainable development are key factors in the continued successful trajectory of BWD.

-Building a Legacy of Trust-

Our company is built on a foundation of trust. Cultivating trust is the paradigm that shapes our internal operations as well as our outward facing efforts. When we think of the legacy that we will leave behind, we find no greater cause than building a legacy of trust.

ABOUT OUR SERVICES

We are a full-service development, consulting, and real estate firm. We have the capability to plan and manage every aspect of land development, marketing, sales and contract management, and we do that work, we just do it in a way that serves the landowners we work for.

WHAT SETS US APART

Development: Unlike the traditional approach of a developer seeking to buy your land for the purpose of turning a profit, which can often times exceed the value given to the landowner. **We work for you, the landowner, to help create a path to a well-structured deal that puts the most money in YOUR pocket... not ours.**

Real Estate: Being developers simply gives us the edge over the typical real estate professional. We know land development, we have a deep understanding of how to create value, and **we are well versed in the most effective ways to reach the best buyers.**

Marketing: In addition to marketing through the traditional multiple listing databases, **we take a more proactive approach to reaching the right buyers** with our direct to market program. We utilize the relationships and network we have industry wide to target and market directly to the strongest buyers. We understand that often the best buyers in the market do not utilize the traditional listing methods to seek out their inventory needs. **So we take the deals directly to them for maximum exposure.**

GLOSSARY OF TERMS

Annexation: The process of bringing property into the city limits.

Business Entity: Meant to refer to a tax/liability shelter established legally such as an LLC, LLP, etc.

Desktop Study: The process of gathering site information through online resources such as jurisdictional websites, national GIS data bases, and other public and private resources.

Exit Strategy: Meant to refer to the path or multiple paths that can be taken to close your sale.

Feasibility: The process of vetting a project through field work, jurisdictional meetings, cost estimations, and impact studies.

Infrastructure: A reference to the major features that allow a subdivision to function like, roads, sidewalks, utility piping, stormwater facilities, and street lighting.

Infrastructure Design: A set of civil engineering/architectural drawings and details for all infrastructure related items. The "blueprints" for building all of the infrastructure elements for a project.

Jurisdictional Authority: A broad reference to the authority that will govern and manage the approval process for a project. Typically, a state, county, or city official or a combination of the like.

Land Use Process: Meant to broadly describe the whole of the jurisdictional approval process required for a subdivision.

Marketing Strategy: The overarching plan to get your land out to the market including listing on the local MLS, marketing directly to prospective buyers, placing ads, etc.

Natural Resources: A general reference to the natural features of a site such as creeks, wetlands, topography, trees, animal life, etc.

Offer Comparison: The organization of multiple purchase offers for the purpose of easily comparing them side by side during the selection process.

Pre-application Meeting: A meeting(s) held with the jurisdictional authority for the purpose of getting official comments, feedback, and information specific to your site and the proposed project plan.

Preliminary Plat Approval: The process of completing the appropriate applications and gaining jurisdictional approval for the proposed project. Note: additional steps will be required for final approval. There is typically a time limit between preliminary approval and final approval. If final approval criteria are not met the preliminary approval can expire and the process must be started over again.

Proforma/Pro forma: The proforma is a highly detailed breakdown of hard and soft cost related to completing the proposed project design. Through the feasibility process the original cost assumptions are refined and detailed more thoroughly.

Replacement Property: A reference to a new house/property needed if your plan is to relocate from your current location before or after closing. In some cases, landowners are able to stay in their existing home with a reduced parcel of land as a part of the negotiated sale. Replacement property can also make reference to a property elected in a 1031/like-in-kind exchange.

Representation: A general reference to hiring a professional 3rd party to manage some or all aspects of your roadmap.

Risk Mitigation: The process of completing certain tasks that help to better define unknown aspects of the site/project for the purpose of reducing or eliminating risk or unforeseen costs or delays.

Roadmap: The step-by-step process you will follow to complete your transaction.

Tax Strategy: The strategy you use to manage the tax consequences of your sale on state and federal level. We recommend exploring this early in the process with a trusted professional.

Topography: A detailed map of the surface features of land.

Transaction Coordination: The management of all details of the sale after a contract is accepted. This includes coordination with the title company, managing the closing timeline, coordinating site access, and many other closing related tasks.

Trust/Will: In general this reference is meant to encourage all landowners to seek professional advice regarding estate planning and legal protection against the unknown factors of life. The intention here is safeguarding you and your loved ones during and after your sale.

UGB/UGA: A jurisdictional boundary placed around a city between the city limits boundary and the county jurisdictional boundary. The "urban growth boundary/area" is meant to represent the area of land the city expects to expand to over a certain period of time but has not yet "annexed" or pulled into the city limits boundary.

RESOURCE TRACKER

Resource: Black & White Development

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NOTES/GOALS/PLANNING

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“Making sure another landowner
doesn’t get taken advantage of.”

For additional information, or to contact us with questions
please visit our website www.blackwhitedev.com
or call us at 971-404-5141