

New World Community Developments by BAFE Group



A Compact, Mixed Use, Walkable Project





Affordable homes made from shipping containers.



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Executive Summary

BAFE Group is an emerging affordable housing developer, delivering strong growth in housing options to make a difference in people's lives, through the creation of communities of sustainable, affordable shipping container homes (New World Modular Community Developments). Since 2015 BAFE Group has been on a journey to diversify its business to include a successful property development division – with a significant investor and home ownership sales program – and a diverse rental portfolio of Modular Shipping Container Homes. We are seeking \$1.45 million in investment capital to produce 14 finished homes for immediate sale.

This summary describes the next phase in BAFE Group's evolution, which is based on leveraging the company's experience and maturing relationships with private sector, Not-For-Profit (NFP) and Government partners. BAFE Group is an innovative and dynamic company and enters this next period confident it can make a major contribution to increasing the supply of affordable housing options in the Atlanta Metropolitan Area.



BAFE Group is a diverse Real Estate Development business and tenancy that is focused on the:

- homeless Veteran
- affordable rental market
- entry level home ownership
- custom home ownership segments.

The strengths of the company include:

- Board and Executive leadership with a strong governance culture;
- Timely deliveries with a focus on value creation
- Sound financial projections with a diversified revenue base;
- Financial innovation, including the development of an investment structure to attract large scale private equity investment into social and affordable rental housing;
- Success in working effectively with private, NFP and Government partners;
- Replicable and flexible tenancy and property management services that are customer focused;
- Dedicated property development division with extensive property market experience and a good delivery track record;
- Motivated property sales team at Keller Williams.

MISSION

BAFE Group is committed to providing quality services with a strong customer focus. Whether designing and developing new affordable or affordable housing, or managing tenancies and assets, BAFE Group's staff strives to ensure a balance between cost, efficiency and effectiveness within the company's values framework. All projects are backed by a performance bond. With an emphasis on the commercial viability of its activities and the independence and sustainability of its businesses. BAFE Group's focus is on long term strategic alliances and partnerships across all business areas in preference to one-off opportunities. This is to create mutual, long term benefits and to mitigate financial or delivery exposures.

BENEFICIARIES

BAFE Group's primary customers are:

- Workforce people that are in need of secure, affordable rental housing;
- People with specific needs that may require short term or permanent support to live independently including those with a disability and/or mental health illness, homeless veterans, and vulnerable young people;
- People on moderate incomes that wish to access affordable rental or home ownership options;
- Property owners and investors.
- Local governments

Within these customer groups are a range of demographics that BAFE Group assists including seniors, families, young adults, couples, singles and sole parent families. BAFE Group works closely with Visions Outreach which enables homeless veterans to sustain independent living. BAFE Group will also be working closely with the InvestAtlanta program participants who have already been approved for mortgages and down payment assistance through the programs list of preferred lenders.

VISION

One of the core beliefs of the BAFE Group, is that a place to call home is one of the most important factors of a healthy life filled with opportunity. The word AFFORDABLE may have a different connotation for each and every American. The BAFE Group has a stock plan or can create a custom plan that satisfies your connotation of the word AFFORDABILITY. The benefits of an affordable, sustainable, green home, regardless of your financial situation, include but are not limited to:

- Increases in the amount that families can put toward other important household needs and savings.
- Providing stability for the millions of Americans paying over half of their income for housing expenses
- Contributing to improved educational outcomes and can improve children's performance and success in school, leading to lasting achievement.
- Improved family health, especially for children at risk of asthma.
- Energy efficiency which lowers buildings operating costs.
- Boosting job creation, increasing local purchasing power and generating new tax revenues.

A majority of families are paying over half of their income on housing. A lack of affordable housing is the leading cause of homelessness among families with children. Cities must build more affordable housing in order to solve the homelessness problem.

The BAFE Group Affordable Housing Business Plan sets out a concrete target: to create 500 affordable homes in the Atlanta Metropolitan Area by 2020. The BAFE Group will accomplish this through the creation of New World Modular Community Developments.



New World Modular Community Developments

New World Modular Community Developments are compact and walkable and provide a diverse range of choices in land uses, building types, transportation, homes, workplace locations, and stores. Such development projects are attractive to private-sector interests because they can find a ready market and compete financially. They appeal to local governments because they can be the building blocks of a growing economy and high-quality, economically sustainable neighborhoods and communities while also helping to create a cleaner, healthier environment. Some of the advantages for developers, communities, and local governments associated with New World Modular Community Developments include:

- **Compact development:** Using land and resources more efficiently and redeveloping old or neglected areas while retaining existing infrastructure can create economic advantages for real estate developers and investors, businesses, and local governments. Compact development can generate more revenue per acre because it uses land more efficiently. It can reduce the costs of land and infrastructure for individual projects and the costs of providing fire and police protection, utilities, schools, and other public amenities. By locating companies closer together, compact development can create a density of employment that increases economic productivity and attracts additional investment.
- **Walkability:** Walkable neighborhoods have well-connected streets and a mix of land uses near each other, making not only walking but also bicycling and transit more convenient and appealing. Projects in walkable neighborhoods command a price premium, earning real estate developers and investors a higher return on investment. Improvements to streets and sidewalks to make them more appealing to pedestrians can benefit local businesses by attracting more customers. In turn, local governments benefit through additional property and sales tax revenue.
- **Range of choices:** People and businesses value places that bring together a variety of activities to create vibrant environments. The demand for such places exceeds the supply. Many people in the two largest demographic cohorts, baby boomers and their children, are particularly interested in lively neighborhoods with their daily needs close by. Communities with access to transit also help people reduce their transportation costs, enabling them to save money or spend more on their homes, entertainment, or other things they value. Changing demographics will likely further increase the demand for New World Modular Community Developments over the coming decades; developers, investors, businesses, and local governments who respond to these market preferences could reap economic advantages.

The following table summarizes the strategies outlined in this report that can play a key role in creating profitable real estate development, productive economic development, and economically resilient communities.

<i>Strategy</i>	<i>Potential Benefits to Real Estate Developers and Investors</i>	<i>Potential Benefits to Businesses</i>	<i>Potential Benefits to Local Governments</i>
Develop compactly, redeveloping land with existing infrastructure when possible	Reduced costs for land and infrastructure	Increased economic productivity that attracts additional investment	Reduced costs of providing fire and police protection, utilities, schools, and other public amenities
Create walkable places	Increased sales and increased sale prices	Increased economic activity	Higher property and sales tax revenue
Provide a diverse range of choices in land uses, building types, transportation modes, housing, workplace locations, and stores	Increased sales and increased investment value	Increased ability to attract employees and customers	Increased tax base from higher property values and new residents

I. Economic Advantages of New World Modular Community Developments Strategies

An increasing number of people are looking for vibrant, diverse places to live and work. They want more housing and transportation options and the ability to walk or bike to meet their daily needs. Businesses want to locate in areas where they can attract customers and the best employees. Local governments are eager to improve their communities to attract and retain residents and businesses while maximizing limited resources available for infrastructure needs and service delivery. Private developers and real estate investors are trying to maximize their returns in a fragile economy with changing market preferences. New World Modular Community Developments provide opportunities to meet all of these needs by linking economic development efforts to real estate and public infrastructure investments that create places attractive to businesses and people. New World Modular Community Developments can help create strong local economies, improve the quality of life, and help protect environmental resources—for example, by reducing air pollution from vehicles by encouraging walking, bicycling, or taking transit; building more compactly to protect ecologically sensitive land; or incorporating natural ways of collecting and filtering stormwater runoff.



Quality of life for employees and customers is critical for a successful business. Reinvestment in established communities can reduce costs and boost profits for our business over the short and long terms. New World Modular Community Developments can be a market opportunity for businesses to gain competitive advantage, tap new customer demand, and increase profits. Many businesses want to work with localities, states, and grassroots organizations to encourage growth planning in their regions. New World Modular Community Development projects sell in both strong and weak economies. To remain competitive, communities will need places that respond to changing attitudes and behaviors driving people and businesses toward the center of metropolitan areas. New World Modular Community Developments can compete strongly in this changing marketplace by creating places that can meet the increasing market demand for walkable, mixed-use communities.

Growing efficiently is a priority for many communities. The economic downturn that began in 2007 exposed economic vulnerabilities in communities built according to the conventional development pattern of the past 60 years. The current path of many communities is not financially sustainable; over investment in new infrastructure—rather than reinvestment in existing places—uses public money inefficiently and creates long-term financial liabilities. New World Modular Community Developments strategies have inherent efficiencies that can minimize private and public costs while maximizing property values for homeowners and revenues for local governments. The BAFE Group can also realize efficiencies at the project level that can increase our returns and preserve capital to invest elsewhere.



II. Economic Advantages of Compact Development

The compact development pattern that is central to New World Modular Community Developments uses land and resources more efficiently and concentrates activity close to infrastructure, amenities, and other community resources. The efficient use of land public and private investment in areas where it can take advantage of past infrastructure investments to create economic value by generating higher property tax revenue per acre of land, reducing costs of infrastructure and service delivery, and providing redevelopment and reuse opportunities. The focused investment can also spur business activity and job creation in these locations.

A. Higher Revenue Generation per Acre of Land

Developing at higher densities uses land more efficiently to generate more revenue, both private and public, per acre of land. Research on the relative fiscal productivity of various land uses, has demonstrated that compact, mixed-use developments in central locations generate more property tax revenue per acre than single-use developments in more suburban locations. While market feasibility and community character concerns will guide the level of density that is appropriate and achievable in a community, our business and local governments can benefit from development at higher densities where the market allows and demands it.

B. Infrastructure and Service Delivery Cost Savings

Our research has found that compact development patterns, higher density, mixed uses, and other characteristics of New World Modular Community Developments can reduce the costs of providing public infrastructure and delivering services. Many communities with conventional low-density, single-use development patterns are financially burdened by the cost of maintaining, and ultimately replacing, their existing infrastructure given the tax revenue this development generates. New World Modular Community Developments can help create vibrant and diverse communities in which public infrastructure investments yield returns that cover long-term financial obligations. As the developer we benefit from infrastructure efficiencies in New World Modular Community Development projects. Higher densities and compact development patterns that require shorter utility runs and less roadway area can translate to significant cost savings on the construction of utilities and streets, costs often paid by us, the developer.

C. Redevelopment and Reuse Opportunities

Redeveloping neglected or abandoned properties can provide The BAFE Group and local government with new economic development opportunities in the existing development footprint. Redeveloping properties already served by infrastructure and utilities not only saves communities and us the developer the costs of new infrastructure but also takes advantage of past investment. The increase in surrounding property values that occurs when blighted properties are redeveloped enhances the tax base and public revenues. Property types that present opportunities for economic growth through redevelopment can take a variety of forms:

Brownfields are parcels with real or perceived contamination. Contaminated property can create a barrier to redevelopment because of liability concerns, cleanup costs, and uncertainty about how long cleanup will take.

Greyfields are economically obsolete shopping malls and other sites that offer large infill redevelopment opportunities. Greyfield sites are typically highly visible properties that reduce the appeal of surrounding communities, so their redevelopment often catalyzes additional projects in the area. Greyfield redevelopment projects can achieve market-competitive sales prices and lease rates for commercial and residential space and dramatically transform entire areas.

Redfields are financially distressed properties (real estate “in the red”). Many resulted from the real estate crash of 2007 when developers and lenders went bankrupt, leaving their development projects foreclosed, vacant, or stalled.

D. Economic Productivity and Job Creation

Compact development enhances economic productivity. Modeling research shows that a doubling of population density increases economic productivity by 2 to 4 percent. This increased productivity is thought to be due to reduced costs of transporting products between businesses, the higher degree of specialization possible in areas with more people, and a faster flow of ideas. Communities can benefit from linking business development and New World Modular Community Developments because companies are seeking locations that support a concentration of both employees and related businesses.

III. Economic Advantages of Walkability

For a neighborhood to be walkable, it must be safe, interesting, and easy to walk in, and there must be places people want to walk to. Therefore, walkability requires a mix of land uses close together as well as streets and sidewalks that are more comfortable and appealing for pedestrians. These safer, more interesting, and better-connected streets also make it easier to use public transit and bicycle. Many people prefer to live, work, and shop in walkable places because of these more convenient transportation options. Projects in walkable neighborhoods benefit us The BAFE Group and investors by commanding a price premium. They benefit local businesses by increasing economic activity in the area. Finally, they benefit local governments by producing higher property and sales tax revenue.

A. Price Premium

Compact, walkable New World Modular Community Development projects, especially those with good transit access, will establish a record of generating higher rents and sales prices for The BAFE Group and investors because buyers will be willing to pay a premium for them. Walkable neighborhoods have higher home prices—one study found that homes with above average levels of walkability command a premium of about \$4,000 to \$34,000 above homes with average levels of walkability. New World Modular Community Developments featuring open space, trails, and greenways will sell more quickly than similar projects elsewhere and often have a high rate of presold units. Availability of open space in urban areas can also attract residents, generating higher revenues for The BAFE Group and investors from the sale of units and higher property tax revenue for local governments. Tax revenue generated from New World Modular Community Development projects can fund local improvements such as construction of transit stations, improved sidewalks and streets, open space preservation, or cleanup of contaminated sites.

B. Economic Revitalization

Public projects that make walking safer and more appealing, such as improving sidewalks, reducing traffic speed, adding streetlights or street trees, and beautifying the curb appeal, have had a quantifiable benefit on sales, occupancy, and business activity in almost every community.

IV. Economic Advantages of a Diverse Range of Choices

New World Modular Community Developments will provide a diverse range of choices—in land uses, building types, transportation modes, housing, workplace locations, and stores. Many consumers and businesses value places where a variety of activities come together to create economically and socially vibrant neighborhoods. Developers, investors, businesses, and local governments that respond by offering variety and choice through New World Modular Community Developments can reap economic advantages. The demand is here now, and demographic trends over the coming decades will increase the number of people interested in New World Modular Community Development neighborhoods. People appreciate the benefits that compact, diverse, and walkable developments generate—from lowering combined housing and transportation costs to improving quality of life.

A. Meeting Market Demand

New World Modular Community Developments can provide the homes, shopping areas, and workplaces that people want now and will want in the future, while minimizing environmental and social costs. The two largest demographic groups in the country, the baby boomers and their children—together comprising half the population—

want homes and commercial space in neighborhoods that do not exist in anywhere near sufficient quantity. This shift in preferences is reflected in business decisions, not just consumer choices. Many companies are reconsidering decisions to locate in stand-alone suburban office sites and instead are looking for more vibrant locations with access to restaurants, grocery stores and other shops, homes, and transit.

B. Responding to Changing Demographics

Demographic trends are helping to drive an increasing preference for more compact, diverse, and walkable development. Considering these trends in light of existing housing stock and consumer preferences, demand for new homes through 2025 might be almost exclusively for multi-family; attached; and small-lot, single-family, detached homes.



Young Adults: Competing for Talent

Young adults, particularly those with college degrees, will be highly sought after as the baby boom generation retires from the labor force and new technologies in the workplace drive demand for new skills and knowledge. Young people tend to be adaptable, mobile, and relatively inexpensive to employ. Their entrepreneurial activities help drive the economic prosperity of cities and regions. Areas with higher concentrations of college graduates tend to have higher local employment growth. Young adults have shown a preference for living and working in centrally located neighborhoods.

The Older Population:

Changing Needs Just as young adults are seeking homes and workplaces in diverse, vibrant areas, older Americans are also seeking places that better fit their changing needs. This shift presents a major market opportunity for The BAFE Group and our New World Modular Community Developments. As baby boomers enter their retirement years, they will increase demand for senior housing and neighborhoods where older adults can more easily reach amenities, take care of daily needs, and access health care. Older Americans own more than 70 percent of the financial assets in the United States and control nearly \$9 trillion in net worth, making them a major part of the local economy in the areas they choose to live. Most older adults prefer to remain in their homes for as long as possible. Using New World Modular Community Developments to provide development that is compact, diverse, and walkable can offer older Americans the ability to “age in place” (in the same home) or “age in community” if they choose.

C. Reducing Housing and Transportation Costs

New World Modular Community Developments pay close attention to the critical link between housing and transportation and recognize that the location of a community will affect the affordability of both. Although lower land prices generally translate to cheaper housing in outer suburban locations, the higher transportation costs incurred in these areas mean that such homes are often not truly affordable for many households. Building more homes and more housing types in compact, walkable communities with a variety of transportation options would allow more households to reduce their transportation costs. By giving residents the ability spend more on rent or mortgage payments without straining household finances, New World Modular Community Developments might expand the potential customer base for The BAFE Group. New World Modular Community Developments will allow The BAFE Group to offer different product types and build more compactly to better meet demand in land-constrained areas. New World Modular Community Developments can reduce the per unit cost of building homes, enabling The BAFE Group to charge lower prices and still earn an acceptable rate of return.

V. Conclusion

New World Modular Community Developments are compact, diverse, and walkable developments that can increase property values and property tax revenues, encourage job creation, reduce housing and transportation costs, and create amenities and places that improve residents’ quality of life. The BAFE Group and investors, businesses, and local governments can use New World Modular Community Developments as a strategy to maximize their economic advantages while improving the quality of life and creating attractive, healthy communities that help protect the environment and revitalize the Greater Atlanta Metropolitan Area.

Development Team & Staff

