Neighborhood Evolution

Readying locals to take the lead,
steadying the building environment,
nurturing the small development ecosystem.

Helping you create your neighborhood's future.

The Solution by Neighborhood Evolution, the 12 Steps of Town Making

We are doers who teach and coach.

Our common denominator is we love our communities and we believe in doing what you can, with what you have, where you are.

Our Pillars to Town Making

Farming

Pick a place, stay there. Walk your fields and get to know how everything interacts. Cultivate the life and beauty that's around you.

Finance

Figure out how to make enough money to sustain yourself, your projects, and your community. Find people who want to invest in a shared vision.

Form

Throughout time good neighborhoods have followed a pattern. Learn it and continue the tradition of building places that get better with age.

Private Sector

Public Sector

Ecosystem

It is everything around you, it is how you evolve, when done right with intention the best things happen to us.

Not for Profit

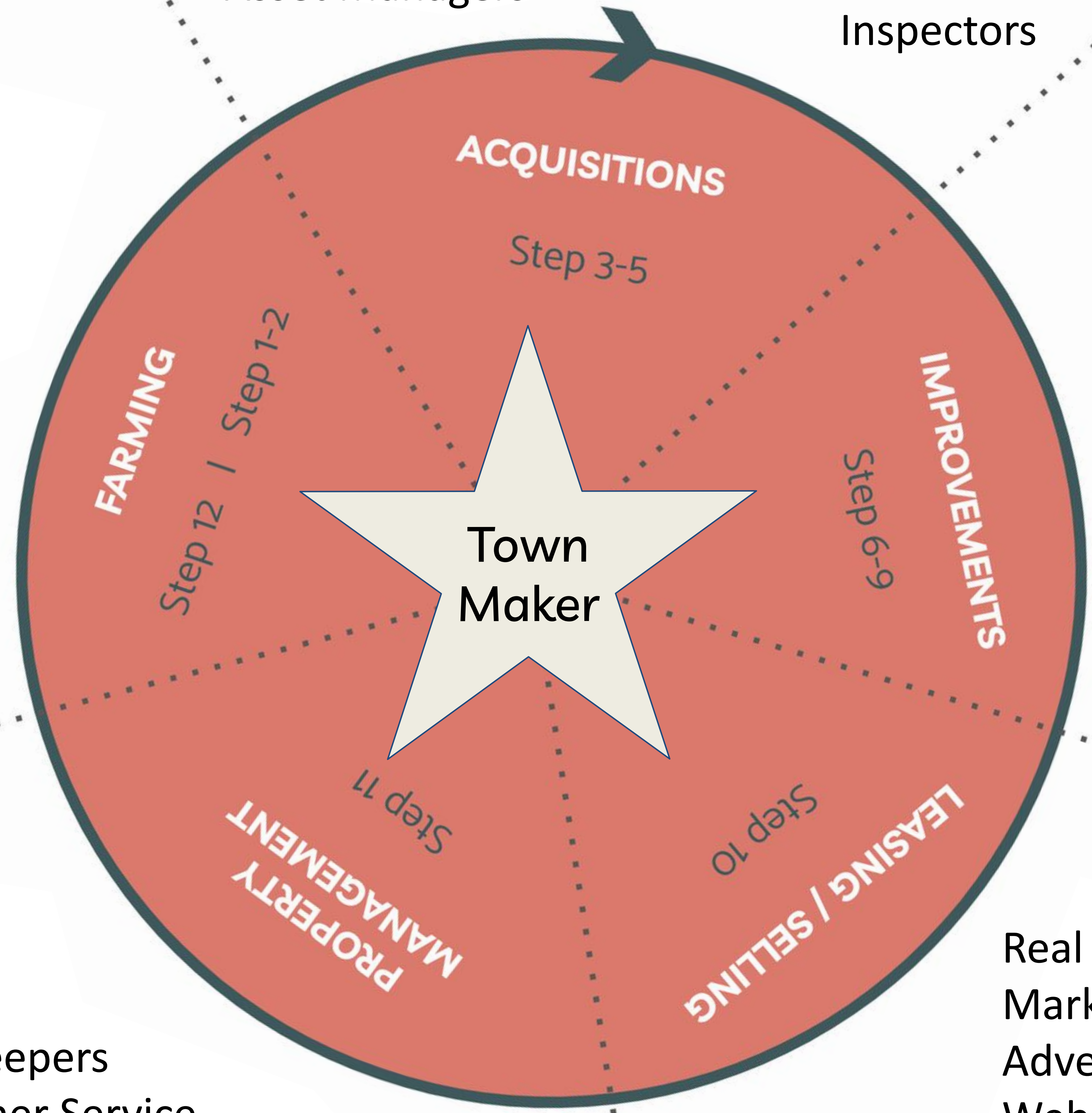
Finance

The Flywheel

Investors
Lenders
Insurance Agents
Asset Managers

Title Companies
Attorneys
CPAs
Inspectors

Community Activist
Business Developers
Non-profits
New Entrepreneurs
Chamber Professionals
City Employers
Churches
Educators
Musicians
Artists
IT



Construction Trades
Construction Managers
Project Managers
Architects
Planners
Engineers
Designers

Carpenters
Plumbers
HVAC
Electricians
Roofers
Sheetrockers
Painters

Property Managers
Make Ready
Porters
Janitors

Bookkeepers
Customer Service
Maintenance

Real Estate Agents
Marketing
Advertising
Web/Designers
Social Media
Salespeople

The secret to a great city, town, or neighborhood is that it is shaped by many hands.

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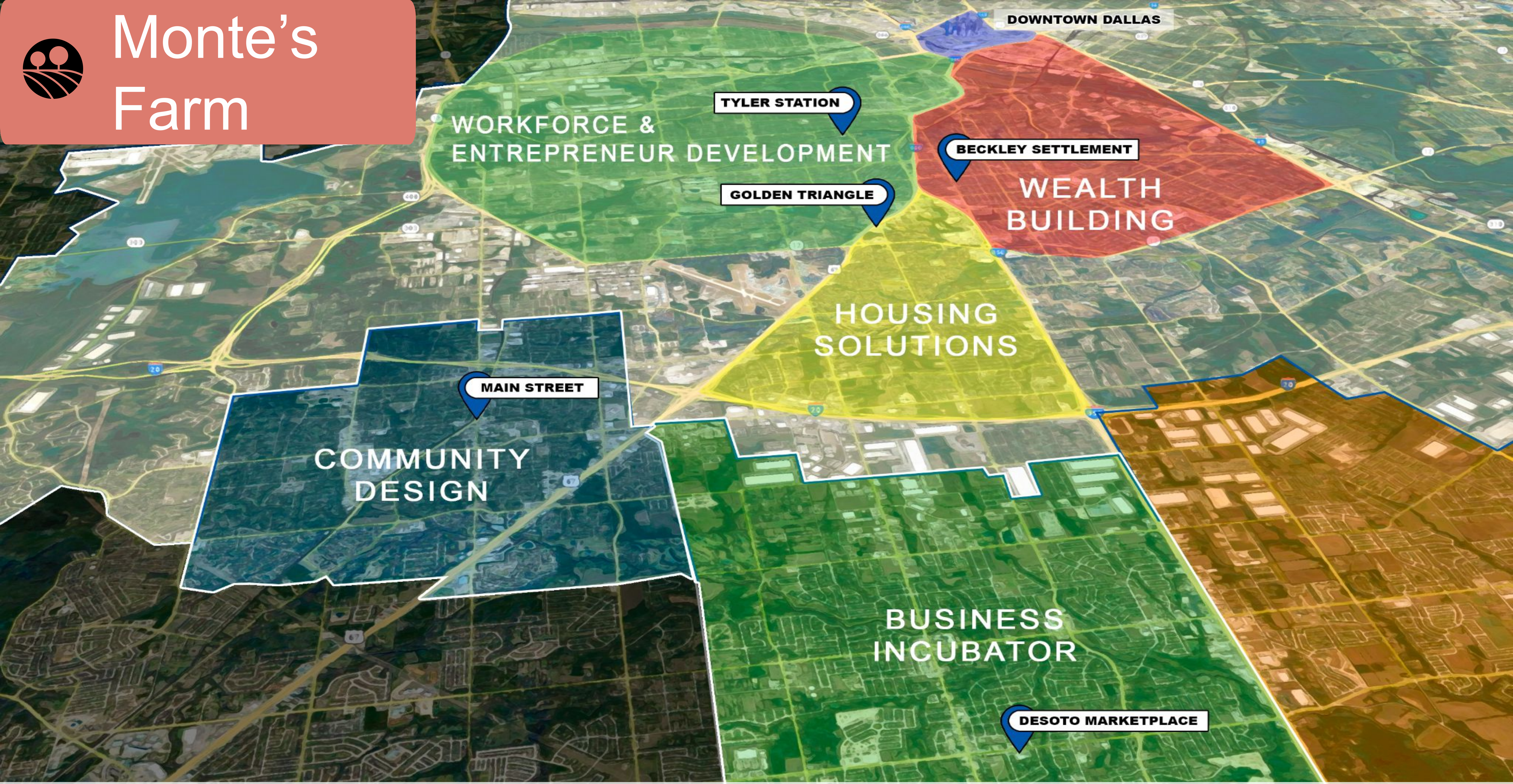
Town Making Step 1

Find Your Place

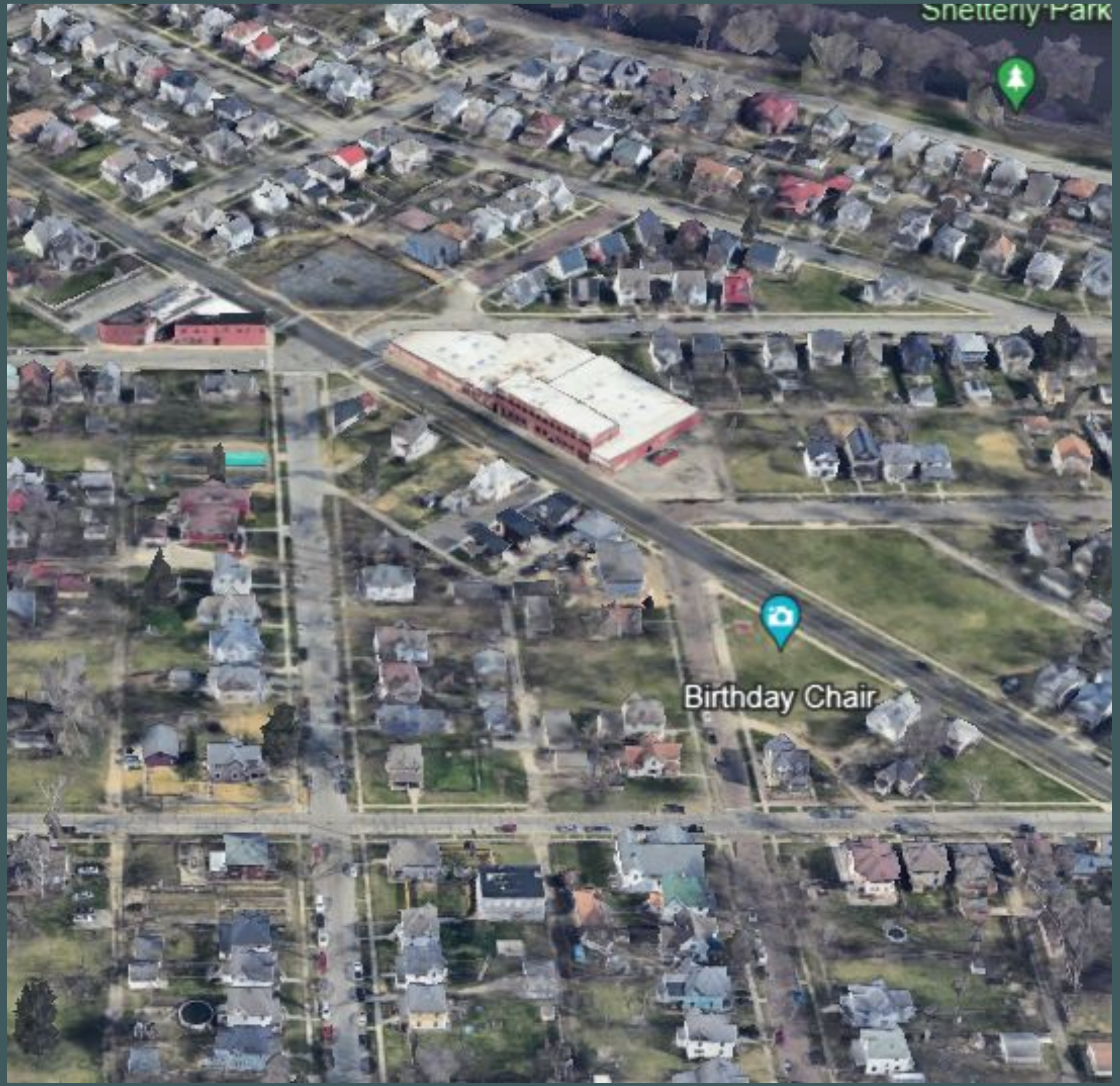
Find your farm and find your way into the flywheel.

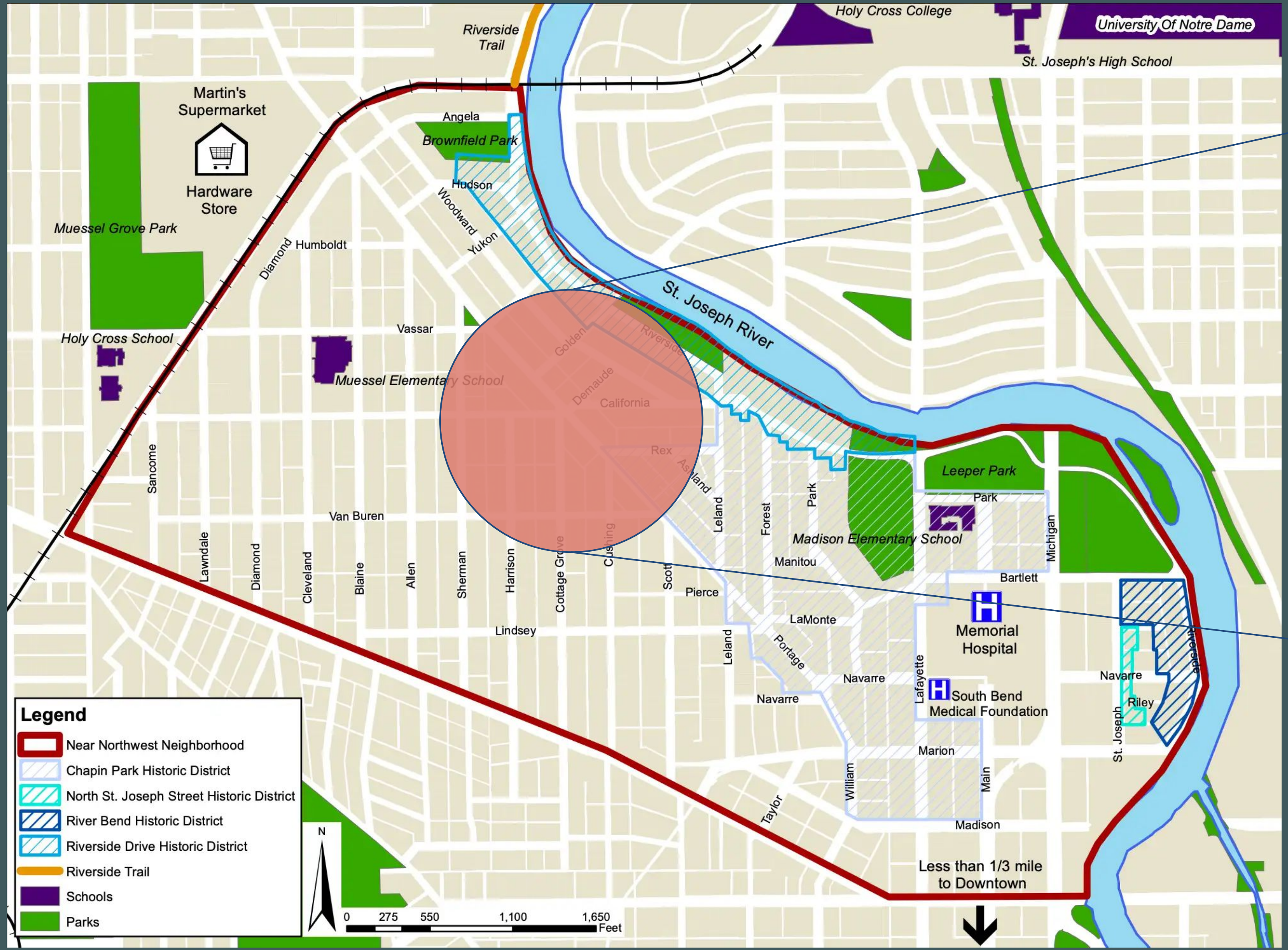
Monte's Farm



Southern Dallas County, Texas

Mike Keen's Farm





Portage Midtown, South Bend, Indiana

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Town Making Step 2

Get to Know Your Neighbors

Meet people, make friends, shop local.

It will come back to help you.

DuncanSWITCH Street Market, Duncanville, Texas

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Town Making Step 3

Follow the Money

Become attractive to local money by having your house in order.

PFS

Current Personal Financial Statement (signed)

Should be less than six (6) months old

Set Up for PFS

Step 1: Fill out the template PFS below.

Personal Financial Statement		
Name:		
As of mm/dd/yyyy		
Assets		
Cash- checking accounts	$	
Cash- savings accounts	$	
Certificates of deposit	$	
Securities- stocks, bonds, mutual funds	$	
Notes & contracts receivable	$	
Life insurance (cash surrender value)	$	
Personal property (autos, jewelry, etc.)	$	
Retirement funds (eg. IRAs, 401k)	$	
Real estate (market value)	$	
Other assets (specify)	$	
Total Assets	**$**	
Liabilities		
Current debt (credit cards, accounts)	$	
Notes payable (describe below)	$	
Taxes payable	$	
Real estate mortgages (describe)	$	
Other assets (specify)	$	
Total Liabilities	**$**	
NET WORTH	**$**	
Date:		
Signature:		

Proforma

SAMPLE PROFORMA

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Any Building, Commercial or Residential — 4/11/23

Sketch Here:

800 SF A	500 SF B	500 SF C

Building Cost	$122,500.00
Improvement Cost +	$50,000.00
Total Cost =	$187,500.00
Down Payment -	$37,500.00
Loan Amount =	$150,000.00

Rent Roll

Suite	Tenant	Size	Rent	/SF/YR	/SF/MTH
A	Sally Jones	800 SF	$1,000	$15.00	$1.25
B	Mark Peacock	500 SF	$750	$18.00	$1.50
C	Sunjay Kunmor	500 SF	$750	$18.00	$1.50
Totals		**1,800 SF**	**$2,500**		

Income

	Monthly Rent	$2,500	
		x12	
	Annualized, Gross Potential Income	$30,000	
	Less Vacancy 10%	-$3,000	
	Adjusted Gross Income	$27,000	
+			**$27,000.00**

Expenses

	Taxes	$3,500.00	
	Insurance	$1,500.00	
	Maintenance	$3,000.00	
	Property Mgmt	$2,000.00	
	Misc	$500.00	
	Legal/Accounting	$500.00	
	Reserves	$500.00	
	Estimated Annual Expenses	$11,500.00	
-			**$11,500.00**

Net Operating Income

	Income	$27,000.00	
	Expenses	-$11,500.00	
	Net Operating Income	$15,500.00	
=			**$15,500.00**

CAP Rate 8.00% *Value $ 193,750*

Debt Service

Original Balance	Interest Rate	Years	Monthly Payment	
$150,000.00	0.08	25	$1,157.72	
			x12	
-				**$13,892.69**
=			**Cash Flow**	**$1,607.31**

Project Title - # Units

Company Name

PROJECT SUMMARY *03/26/22*

Income Summary

Unit Type	Gross SF	Number of Units	Gross Rent PSF	Monthly Rent by Unit	Annual Rent by Unit Type
Unit A - 1 BR 1 BA	528	2	$2.56	$1,350	$32,400
Unit B - 1 BR 1 BA	500	2	$2.80	$1,400	$33,600
Unit C - 2 BR 2 BA	848	2	$2.65	$2,250	$54,000
Unit D - Studio	438	2	$2.57	$1,125	$27,000
Total Unit Income / *Averages*	**5,828**	**8**	*$2.10*	*$1,693*	$147,000
Total Other Income					$11,736

Income Totals	% of GOI	Per SF	Per Unit/ Month	Per Unit/Year	Total/Year
Gross Potential Income		$27.24	$1,654	$19,842	$158,736
Vacancy Expense	5%	-$1.36	-$83	-$992	-$7,937
Gross Operating Income		$25.87	$1,571	$18,850	$150,799
Operating Expenses	50%	-$12.92	-$784	-$9,412	-$75,294
Real Estate Taxes	22%	$5.77	$350	$4,200	$33,600
Other Operating Expenses	28%	$7.15	$290	$3,474	$41,694
Net Operating Income (NOI)			$787	$9,438	**$75,505**

Gross Building Square Footage	6,228		
Rentable Square Footage	5,828	Net Rent Per SF	$2.26
Building Efficiency	*94%*		

Sources & Uses

Sources	Cost	Per Unit	% of Total		
Construction Loan	$ 994,893	$ 124,362	71.0%		
Equity	$ 405,828	$ 50,728	29.0%	$ 210,108	Cash Raise Required
Capital Partners Cash Investment	$ 300,000	$ 37,500	21.4%		15%
Langerman Cash	$ 50,000	$ 6,250	3.6%	$ 360,000	Provided Cash
Heirloom Cash	$ 5,000	$ 625	0.4%		25.7%
Grants/Rebates	$ 5,000	$ 625	0.4%		
Operating Partner Deferred Fees	$ 45,828	$ 5,728	3.3%		
Total Sources	**$ 1,400,721**	$ 175,090	100%		

Uses	Cost	Per Unit	% of Total
Acquisition Total	$ 103,000	$ 12,875	7%
Construction Costs	$ 987,799	$ 123,475	71%
Construction Contingency	$ 54,894	$ 6,862	4%
Soft Cost Subtotal	$ 255,028	$ 31,878	18%
Professional Fees	$ 144,500	$ 18,063	10.3%
Developer Fees	$ 45,828	$ 5,728	3.3%
Financing Costs	$ 64,700	$ 8,088	4.6%
Total Development Cost	**$ 1,400,721**	$ 175,090	100%

Underwriting

Return on Cost/Initial Project Cap Rate	**5.39%**
DSCR	**1.25**

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Town Making Step 4

Hire Pros for your Organization

Don’t try to hack the legal & accounting. Set yourself up for success with solid professional counsel.

Legal / Accounting

Learn the legal and accounting part of owning real estate

Legal

- Why hire a real estate attorney?
- How do you hire an attorney?

Accounting

- What are the differences between bookkeeping, accounting, tax prep services?
- How do you hire a bookkeeper?
- When to hire a tax accountant or CPA?

ONE story, mixed use on Main Street

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Partner / Financing

The Whole Pie
$1.2 Million total cost

50% Developer/Entrepreneur

Finds opportunity

Guarantees Loan

Develops, manages & Leases/Sales Property

Fees paid to Developer

50% Equity

Community Impact Investor puts up 100% of the Cash

Property or land can count as equity

$300,000 Down Payment

$900,000 Amount Financed

Return of Cash Flow

1. Debt - Bank
2. Expenses
3. 100% - equity partner
4. 50-50 split

COMMUNITY IMPACT INVESTOR

A community impact investor is an individual or organization that invests capital in local projects or enterprises with the dual goal of generating a financial return and producing a positive, measurable impact within their community. Unlike traditional investors who focus solely on profit, community impact investors are motivated by a love for their community and a desire to strengthen local economies, empower residents, and support developers or entrepreneurs who are committed to inclusive, sustainable growth.

They often view their investments as a partnership helping developers build wealth and capacity, while ensuring that development aligns with community values such as affordability, local ownership, and long-term prosperity.

Local barber - owner / occupant

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Town Making Step 5

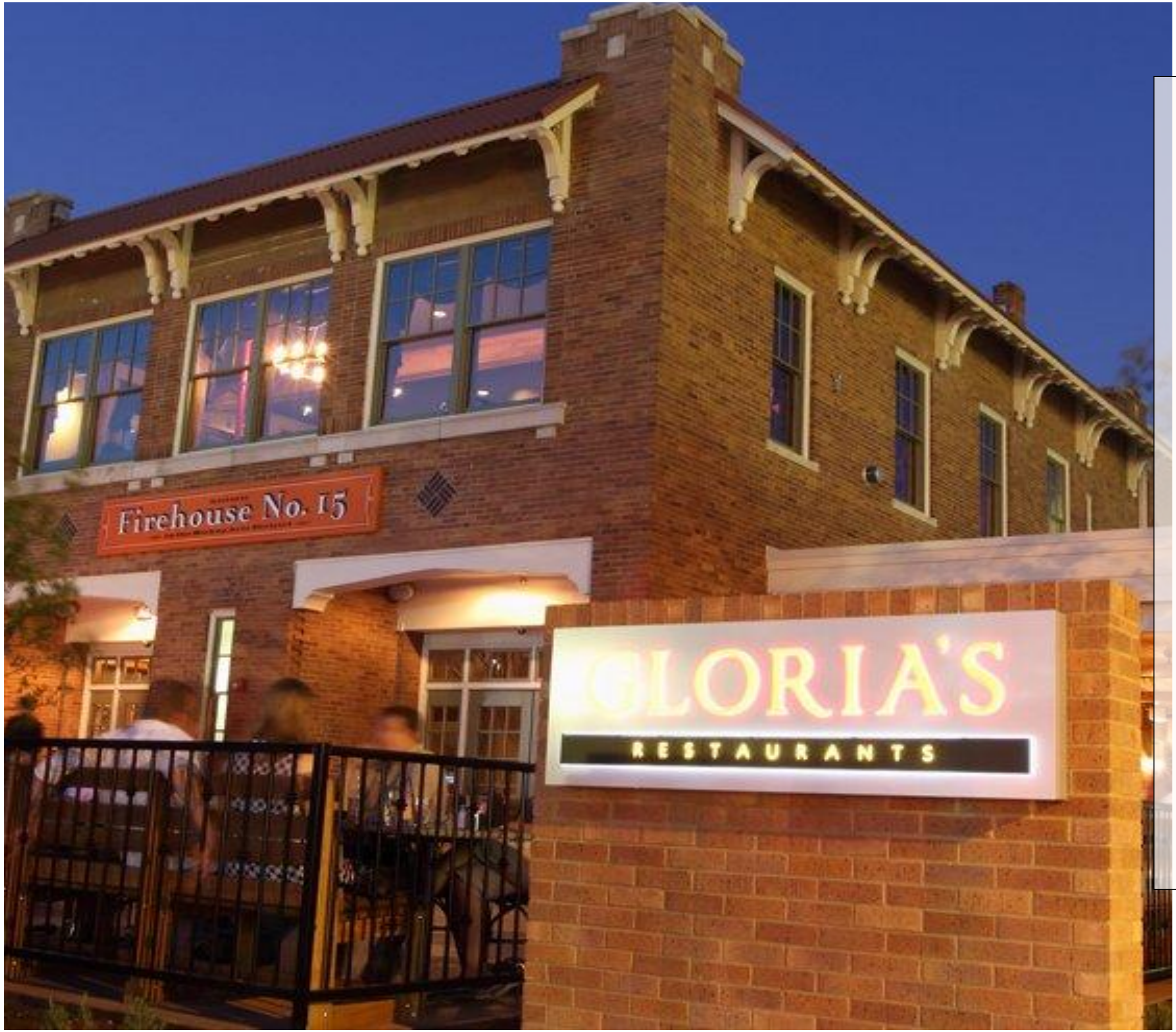
Find your First Project

Make the numbers work on an opportunity you can learn from in your farm.

Deal Killers

1. Title
2. Survey
3. Utilities
4. Zoning
5. Accessibility (ADA)
6. Environmental
7. Building Code
8. Insurance
9. Financing
10. Fire Code

Restored Fire Station



Now a Restaurant in the Bishop Arts of Dallas, Texas

January 3, 2019
America's Credit Union
office Building
"1980's" 4-story
single pane glass

Problem - Building is
slowly deteriorating.
Lacks life & vibe.

Cost to Build
kiosks
$750,000-

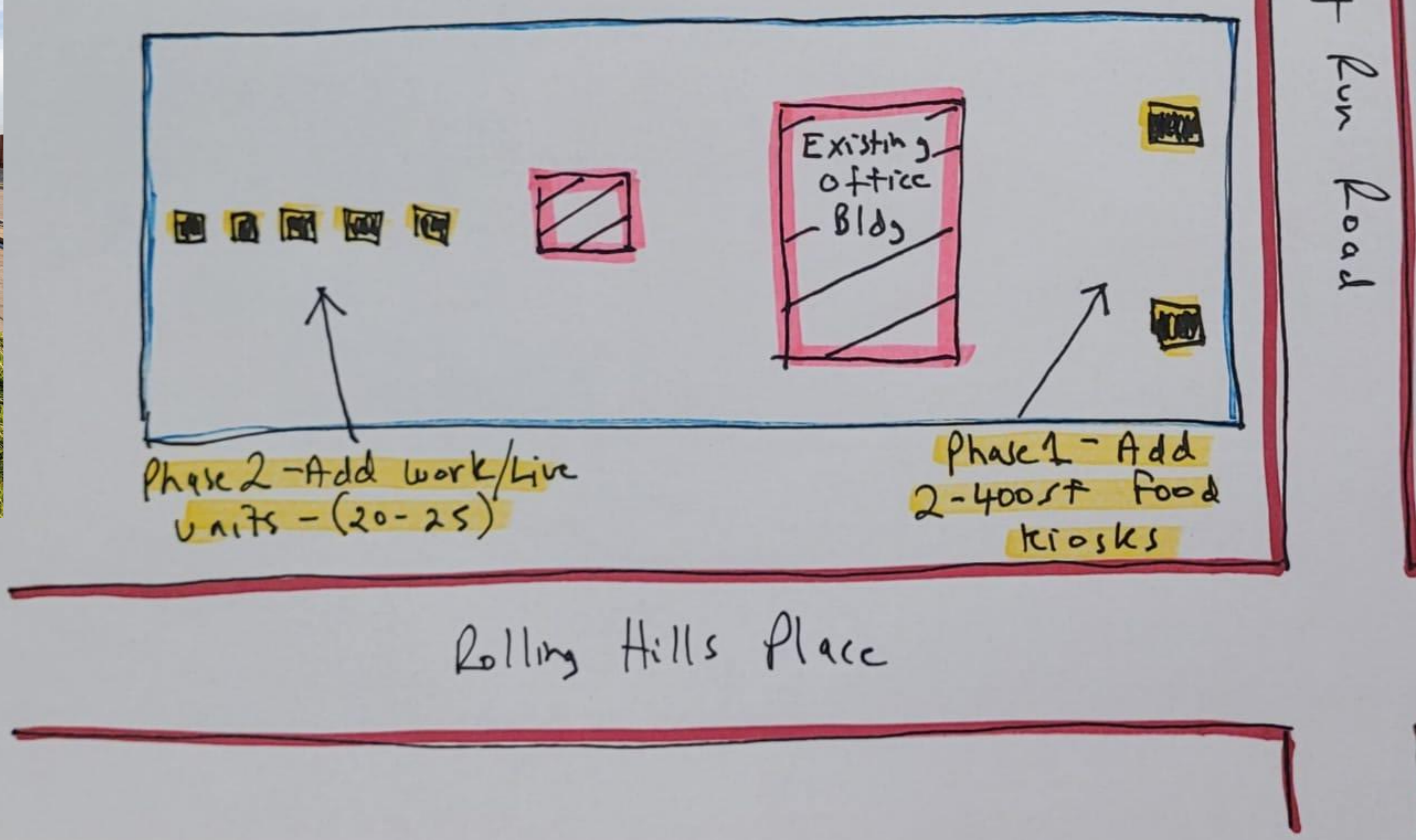
Income
$4500 mth each
X12 = $108,000-
X90% - $97,200-

Expenses
taxes - $7,000-
insurance - $6,000-
extra mgmt. - $3,000

net operating
Income
$81,200- at
an 8% caprate
value is $1,015,000

Good
deal or
not?
It is ok
but it helps
existing office
Bldg. become
more relevant-
more leasable!

So, yes!



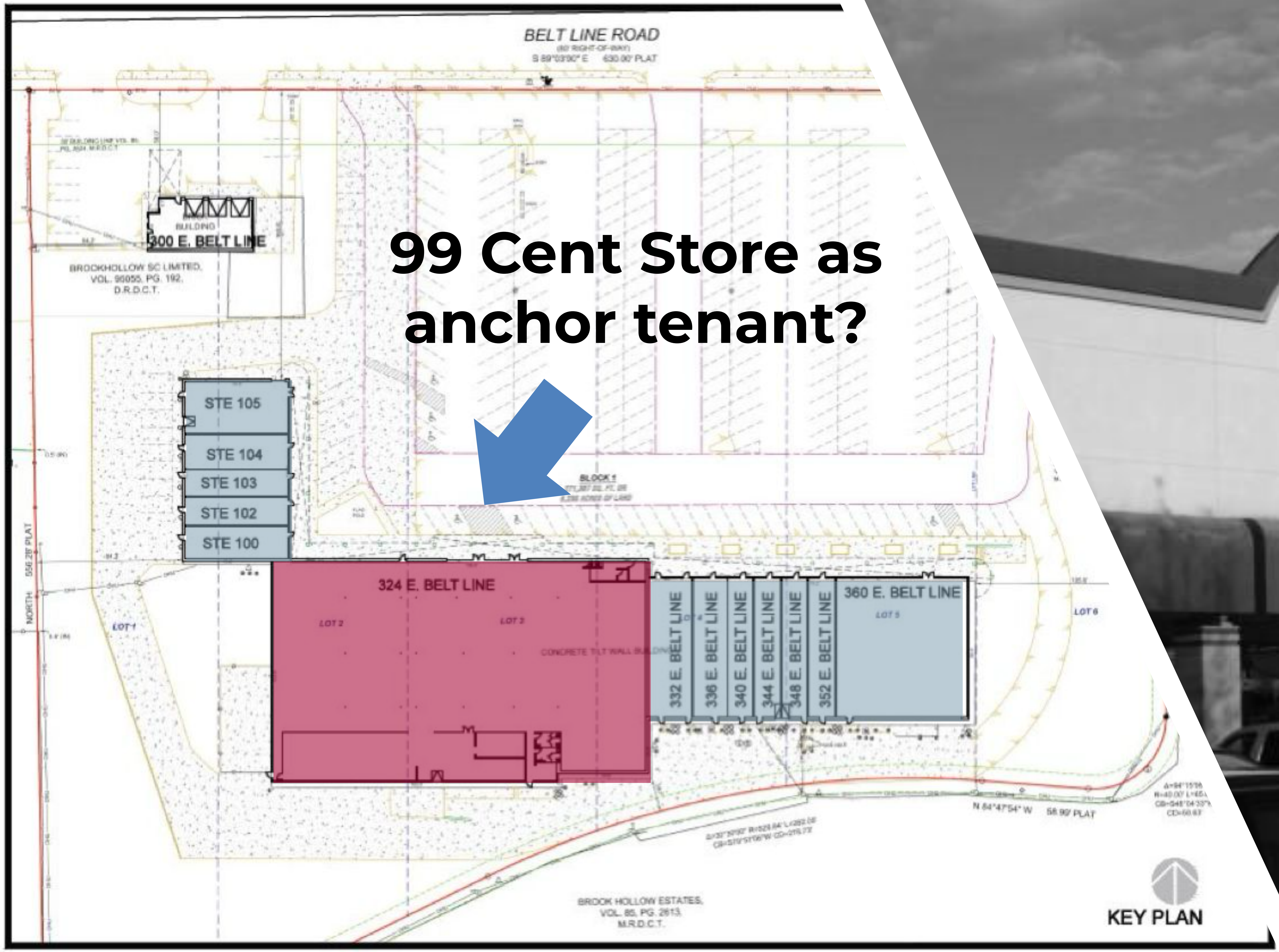
AMERICA'S CREDIT UNION | Lancaster, TX — BEFORE

RENDERINGS


AMERICA'S
CREDIT UNION
ONLY


DeSoto Market Place
Terrible Parking Lot
Grow DeSoto Market Place
Former grocery store, then hardware store
Strip mall style tenants

99 Cent Store as anchor tenant?




Trail System Plan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769RSF
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777RSF
202
649RSF
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649RSF
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804RSF
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597RSF
206
612RSF
300
725RSF
400
226RSF
401
199RSF
402
264RSF
403
350RSF
422
389RSF
421
236RSF
600
512RSF
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500
1,736RSF
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3,496RSF
900
1,521RSF
415
536RSF
414
526RSF
413
557RSF

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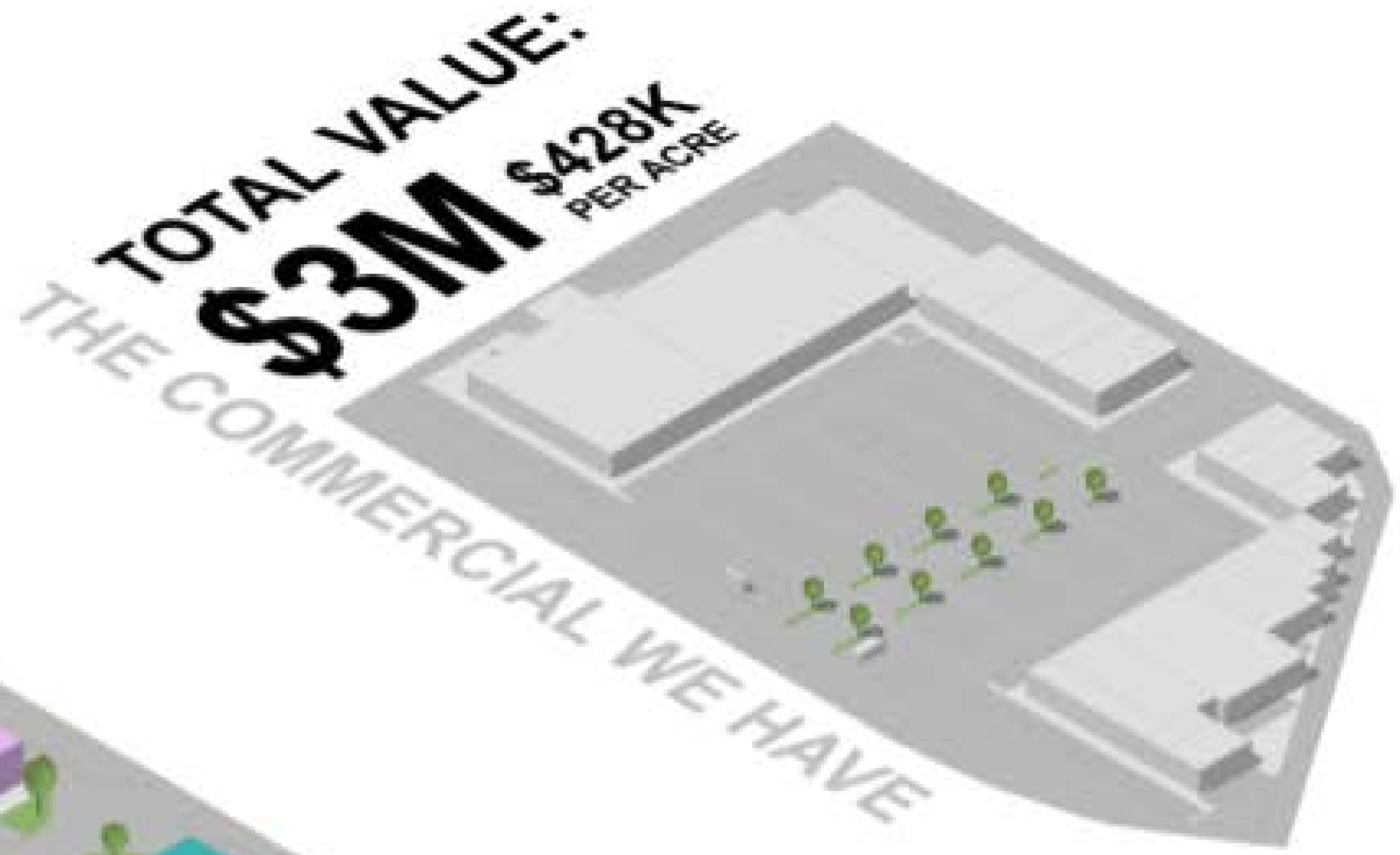

2027

Estimated at $24 million

Value Per Acre Comparisons:

Citywide Avg: 600k

Residential: 700k

Commercial: 800k

Options real estate

ELECTRIC HOUSING

VERDUNITY

Duncanville City of Champions

12 Steps to Town Making

NEIGHBORHOOD EVOLUTION
12 Steps To Town Making Workbook

Neighborhood Evolution

Readying, steadying and nurturing places to take their future into their own hands.