

# CITY OF RALEIGH ADU PITCHFEST



**collabADU**



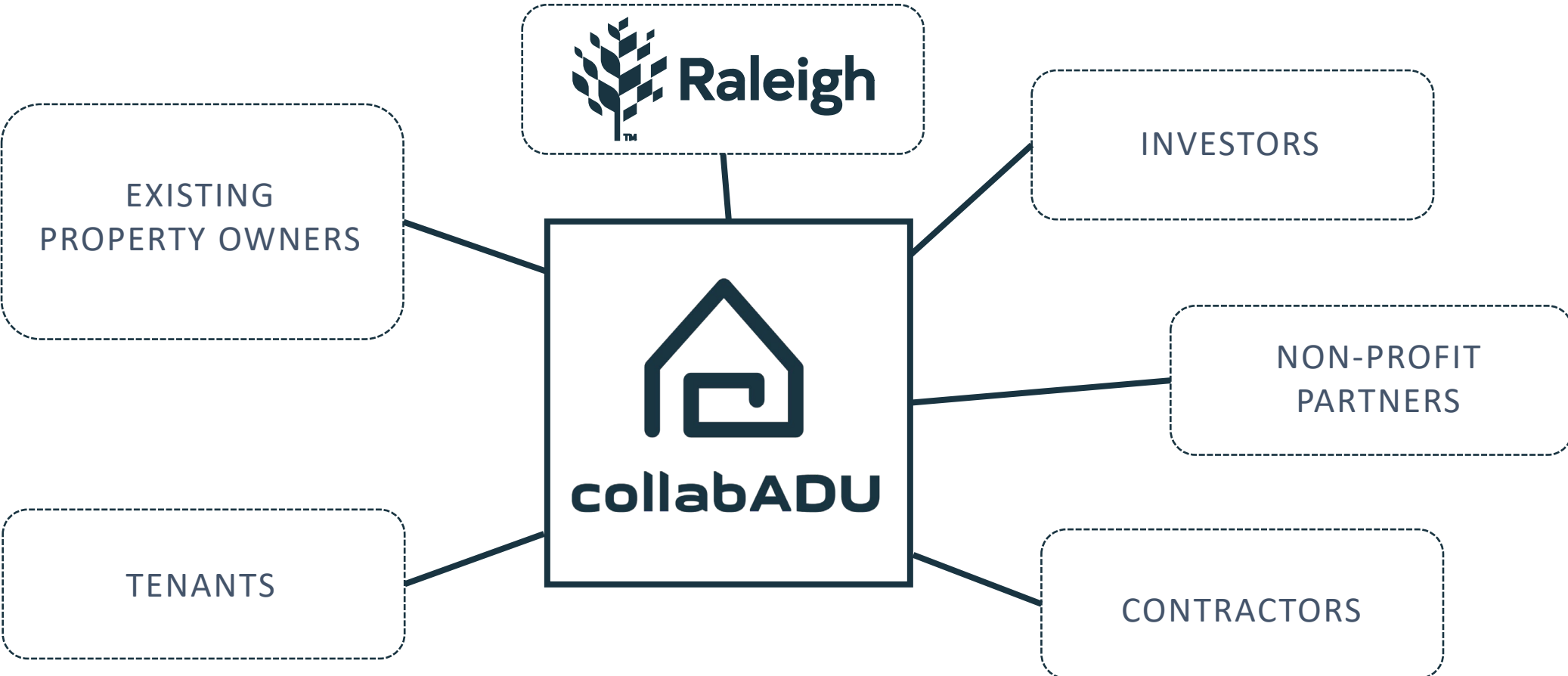
collabADU

## ABOUT US

At collabADU, we are rethinking the way accessory dwelling units are being developed & implemented within the City of Raleigh. Our collaborative team has found solutions for accessibility, design, cost control, long-term management and community benefit.



# WHY collabADU?



**40+ YEARS IN  
CONSTRUCTION**

**10+ YEARS IN  
DEVELOPMENT**

**TEAM  
SKILLSETS**

**20+ YEARS IN  
REAL ESTATE**

**EXISTING RALEIGH  
COMMUNITY  
RELATIONSHIPS**

## DIVERSITY & EXPERIENCE OF TEAM



Partner  
**SHAUN SMITH**

- 15+ Triangle Area Residential Developments
- 20+ year Real Estate Professional
- Strong Trade Network



Partner  
**RHETT FUSSELL**

- Constructed 8 houses
- Well known in Raleigh circles
- Non-profit partnership knowledge
- Fundraising and land lease expertise



Partner  
**BRADLEY SMITH**

- 5+ year Active Real Estate Developer
- 20+ year Triangle Area Entrepreneur
- Licensed Real Estate Agent
- Acquisition Specialist



Partner  
**SHERRY CASE**

- 5+ year Active Real Estate Developer
- Licensed Real Estate Agent
- Operational & Entitlement Specialist

A bohemian-style bedroom with a bed, a chair, plants, and a window with blinds. The room features a white bedspread, a wooden chair with a white cushion, a large potted plant, and a window with white blinds. A black Marshall amplifier sits on a wooden shelf to the left. A white macramé curtain hangs on the right. The text "PROGRAM & PRODUCT" is overlaid in the center.

# PROGRAM & PRODUCT

# PROBLEM

## **LACK OF HOUSING SUPPLY**

Raleigh – like many popular metropolitan areas Raleigh is seeing a drastic shortage of housing. Especially affordable housing.

## **DIFFICULT TO FINANCE**

There are not traditional financing options for ADU's, leaving property owners stuck paying cash or refinancing if possible.

## **HIGH ADU BUILD COSTS**

Companies offering ADU's today have high costs, with most options starting at more than \$100k.

## **LACK OF KNOWLEDGE**

Most homeowners do not have a clear understanding about ADU's, their requirements, costs, or processes.

## **LABOR INTENSIVE PROCESS**

Surveys, building permits, design, architecture, utilities, contractors, builders: All of this can be overwhelming for the average property owner.



# SOLUTION



## UTILIZES EXISTING LAND

Our program uses existing land by creating long-term land leases to partner with the property owner.

## NO UPFRONT COSTS TO PROPERTY OWNERS

Property owner benefits from a percentage of end-user lease, with no out-of-pocket costs.

## TIME MANAGEMENT & STREAMLINE PROCESS

Between utilizing COR's ADU Fast-Track Program & the ease of construction with our process and kit homes, we can shave time off traditional construction methods.

## COST SAVING KIT HOMES

We've established relationships with a variety of vendors to optimize floorplans using state-of-the-art panelized kit homes to keep construction costs down.

## INDUSTRY EXPERTS

Our team is comprised of real estate, development, & engineering professionals with >40 years of experience.





# PRODUCT



## PANELIZED KIT HOMES

We've targeted 3 kit home sizes for the pilot program, but there are many designs to choose from as we scale the program.





# KIT HOME OVERVIEW

## THINK IKEA IN SIMPLICITY...BUT QUALITY BUILT



### UNIQUE

Uses proprietary panelized framing methods to create a modern alternative to traditional wood frame construction.



### EASY ASSEMBLY

Kit homes are delivered utilizing panelized construction to streamline the framing assembly process.



### COST EFFECTIVE

Panelized framing is typically less expensive and requires less labor than traditional frame construction.



### REDUCED SUPPLY CHAIN HURDLES

Our local kit home partner provides a 'dried-in' kit within a few weeks, and framing can be completed in days.

A bohemian-style bedroom with a bed, plants, and a window with blinds. The room features a bed with a white patterned blanket, a wooden chair, a small table, and several potted plants. A window with white blinds is in the background, and a door with a white lace curtain is on the right. A black Marshall amplifier sits on a wooden shelf to the left.

# REACH & IMPACT

# COMMUNITY REACH AND IMPACT



## 35-50 ADU'S BY 2026

- Land lease and low cost to build assure affordability
- Benefit to 100's of citizens



## UPLIFT UNDERREPRESENTED PROPERTY OWNERS

- Puts financial reward into property owners' hands without personal financial upfront investment
- Minority Land Priority



## COMMUNITY FOCUS

- <80% AMI priority
- Veterans
- Non-profit partners
- Training program potential



## BUILD AND BUY ADU PROGRAM

- Think Habitat for Humanity build model for businesses with sponsorships
- Opportunity for Property Owner to Buy ADU

A bohemian-style bedroom with a bed, a chair, plants, and a window with blinds. The room features a bed with a white patterned blanket, a wooden chair with a white cushion, a small wooden table, and several potted plants. A window with white blinds is visible in the background, and a white door with a macramé curtain is on the right. A black Marshall amplifier sits on a wooden shelf to the left.

# FUNDING STRUCTURE

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## PROPERTY OWNERS

- \$0 UPFRONT COST
- REVENUE SHARE 20-25% / ~\$250-\$300/MONTH
- POTENTIAL FOR 30-40% INCREASE IN CURRENT INCOME FOR LOW-INCOME HOUSEHOLDS

## TENANTS

- BRINGING NEW RENTALS AT OR BELOW MARKET RATE
- ESTIMATED <\$1200/MONTH TENANT LEASE

## DEVELOPERS & PROPERTY MANAGERS

- ATTORNEYS' FEES, FINISHED KIT HOME RAW COST, GENERAL CONTRACTOR, MUNICIPAL FEES, INSURANCE, PROPERTY MANAGEMENT
- ESTIMATED PROPERTY MANAGEMENT FEE 8-10% OF TENANT LEASE
- OPERATIONAL REVENUE SHARE 75-80% / ~\$900-\$950/MONTH/UNIT

## CITY OF RALEIGH

- PATHWAYS TO MORE ADU'S
- AFFORDABLE HOUSING

CITY  
PARTNERSHIP  
NEEDS



**PILOT PARTICIPATION \$300K FOR 4 UNITS**

- \$65K PER ADU
- \$40K STAFF TIME/LEGAL FEES/MARKETING

**FAST TRACK ADU APPROVAL NEEDED FOR OUR KIT HOMES**

**FORGIVENESS/REDUCTION ON MUNICIPAL FEES  
(SUCH AS WATER/SEWER TAP FEES, PERMIT FEES)**

**CITY MARKETING OF OUR PROGRAM**

- COLLABORATE AND DESIGN SOCIAL MEDIA AND EMAIL CAMPAIGNS TO POTENTIAL PROPERTY OWNERS

**\$1M FUTURE LOAN FOR SCALE GROWTH WITH  
INTEREST PAID BY COLLAB**



# FUNDING

TOTAL COST PER ADU ~ \$75K



CASH

Liquid cash we have on hand

INITIAL CITY INVESTMENT

for pilot program

BUY AN ADU CAMPAIGN

Amount obtained through business partnerships

INVESTORS

Private Impact Investors

CITY OF RALEIGH LOAN

Allows for more units







PLAN FOR  
SCALE

# PLAN FOR SCALE

## Pilot Program: Aug-Dec 2023

- 4 ADU's
- 1 non-profit partnership
- 1 in SE Raleigh
- 2 others in Raleigh



**Dec 2023**  
4 Total  
ADU's



**Dec 2024**  
16 Total  
ADU's



**Dec 2025**  
28 Total  
ADU's



**Dec 2026**  
44 Total  
ADU's



# CHALLENGES



## **MUNICIPAL HURDLES**

- PERMIT/UTILITY COSTS & PROCESSES, TIMELINES FOR APPROVAL & INSPECTIONS

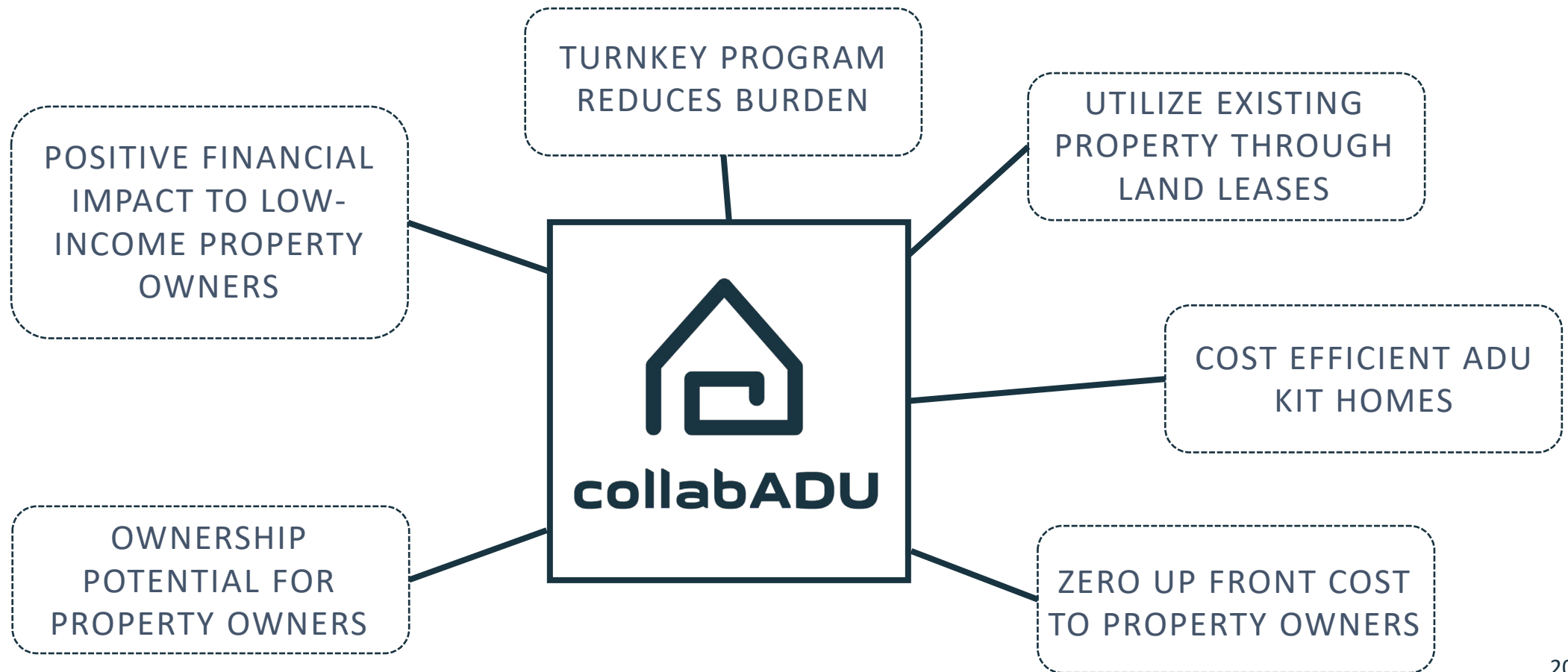
## **UNKNOWN FUTURE COSTS**

- RISING MATERIAL COSTS AND LABOR SHORTAGES

## **MARKETING TO PROPERTY OWNERS**

- SUCCESS RELIES ON REPETITIVE AND WIDESPREAD OUTREACH TO PROPERTY OWNERS TO MARKET THE PROGRAM SUCCESSFULLY

# WHY collabADU?



# THANK YOU

**Shaun Smith**  
Partner



**Rhett Fussell**  
Partner

## collabADU



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