

Euclid

Making a Cost-Prohibitive Net Zero Project Pencil Out

Can value engineering and fresh capital preserve the project vision?

An amateur investor bought a single-family rowhome to turn into energy-efficient condos but couldn't make the numbers work after acquiring the property and investing heavily in plans. A seasoned developer expressed interest in joining the project but couldn't make the risk/reward add up. NewCity helped the parties structure the right deal, offered value engineering to make the economics viable, and provided expertise to overcome myriad hurdles. The project yielded six units and a profitable outcome.

NewCity Project Phases



Strategy



Assembly



Transformation



Value Realization

By bringing together property, capital, and full-cycle development expertise, NewCity shifted an unviable project into a \$4+ million building at sale.



<\$100K

initial client investment



\$4MM

final outsale value



\$250K

in value engineering

Value Creation Strategies

- Eliminate planned building underpinning
- Value engineer the HVAC, electrical systems, and building envelope
- Redesign and re-permit the GAR plan for savings
- Adjust the building finishes for optimized value

Project Story

Copyright NewCity Construction, LLC. All rights reserved.

NewCityBuilds.com
202.800.7100
info@NewCityCompanies.com



Project Details

Project Type

Conversion of a single-family two-story rowhome into a four-and-a-half-story six-unit condo.

Business Context

Provide the strategy, deal structure, and on-the-fly redesign expertise and build capacity to turn one person's impossible Net Zero project into a viable partnership with a successful outcome.

Starting Point

The property owner had unworkable plans and insufficient capital to complete an energy-efficient condo conversion of a DC area rowhome. The second developer, our client, liked the property but couldn't get the project numbers to make the risk worth the reward.

Key Challenges

- Plan for sufficient capital and an economic model to achieve profitability.
- Devise a workable deal structure to get the project off the ground.
- Value engineer the energy-efficient HVAC, electrical, plumbing, framing, and insulation systems to make them cost-effective for project viability.
- Modify and resubmit plans to reflect the value engineering and updated GAR design.
- Handle myriad challenges during the construction phase to address feasibility issues in the plans.

NewCity Alchemy



NewCity structured the partnership correctly so our client could join the project with a minimal initial investment. We value-engineered the structures, systems, and finishes to deliver net zero units on a viable budget.

