

# THE MIXED-USE DECONSTRUCTION ADVANTAGE

COMMERCIAL DECONSTRUCTION CAN CUT COSTS,  
CREATE "FOUND MONEY," DRIVE VALUE, AND, AT  
THE SAME TIME, HELP SAVE THE PLANET

YOU DECIDE:  
DECONSTRUCT OR DEMOLISH?  
SALVAGE OR TRASH?  
RECOVER CAPITAL OR LINE ITEM EXPENSE?

Capital recovered from deconstruction equals an expanded renovation scope. This can add on-the-cusp property upgrades, improves your tenant profile, increases cash flows, returns a higher NOI / IRR, and creates a higher property residual value. In addition, it is a "green-friendly" marketing opportunity!



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# WHY CHOOSE DECONSTRUCTION?

## Three great reasons:

1. Increases a project's long-term value.
2. Expands renovation scope options.
3. "Green" differentiation, PR, and marketing.



Materials salvaged reduces the cost of disposal, creates affordable building materials for the community, and extends the life of "sound" building materials and equipment, all while reducing the project's carbon footprint. It also creates a "green-friendly" differentiation and a great PR marketing opportunity.

Tax benefits, net/net, would add back capital to the project renovation budget. This can potentially add "on-the-cusp" amenities or expands the renovation scope, improving the average rental income over the project's life. Incrementally, this will result in increased cash flow for a higher net operating income and a higher internal rate of return, ultimately creating a higher residual value.

*More than 90% of Construction and Demolition debris comes from the demolition of projects, while new construction accounts for less than 10% of the total.*

## BENEFITS OF DECONSTRUCTION

- Captures hidden value - tax benefits of donated salvaged materials.
- Opportunity to increase capital budgets for renovation.
- Promotes a "green project" with a relatively unknown differentiator.
- Upgrades the property and tenant profile.
- Improves the project's financial proforma and returns with "found money."
- Reduces the cost basis of "turnkey" for conversion or "major renovation project" purchases.
- Utilizes tax benefits over an extended period for future requirements.

# A CHANGE IN THINKING LEADING TO VIBRANT RESULTS.

In the past, new commercial real estate developments typically have been about creating a “clean slate” via demolition before developing a property. Realizing users appreciated and generally paid higher rents for unique properties that were re-zoned/repurposed, savvy developers capitalized on repurposing and renovation of existing structures. The overall value of a project increased and resulted in a vibrant project. Mixed-use projects offer a wider range of salvageable materials from different uses, office, retail, restaurant, theatres, stadiums/arenas, warehouse and manufacturing conversions, resorts, entertainment venues, amusement parks, etc.

The next step, utilizing deconstruction and creating “found money.” With the coming “green movement,” end users will increasingly endorse these projects and “pay up” to live, work, and play in these re-purposed development projects. Deconstruction creates significant public relations benefits and marketing value and creates a green differentiator for developers who utilize deconstruction in their projects. Choosing deconstruction also provides an opportunity to earn additional LEED points and create a “green-friendly” developer image.

## WHAT WE DO

Green Donation Consultants facilitates the whole deconstruction process. We coordinate the non-profit and the deconstruction contractors and work closely with the clients from the beginning inspection to deconstruction and the final donation process. Green Donation Consultants completes the appraisal process and provides all the necessary paperwork for claiming the donation tax benefits to your tax professionals. Turnkey, “deconstruction cleansing” facilitation is also available.

We coordinate the various third parties throughout the process and do all the heavy lifting, so you have virtually no extra effort in the deconstruction/donation process. We ensure the client receives the full appraised value of the donated items.

Empowered with the deconstruction option, savvy developers uncover unpolished real estate gems to re-develop. They capitalize on cutting-edge financial techniques to become true differentiated leaders in the future of real estate development.

**Deconstruction + Donation = Greater Cash Flows**

# THE DECONSTRUCTION PROCESS: IT'S SIMPLE!

Deconstruction is a down-to-earth, economic and, environmentally-friendly alternative to traditional demolition that adds capital back to the project!



## INSPECTION

An initial evaluation of the commercial property is completed to get an estimated value range of salvageable materials determined by the work's anticipated renovation scope.



## BENEFIT ANALYSIS

The client analyzes the potential tax benefits, utilizing their tax professionals to determine the capital value opportunity.



## ENGAGE

Engage Green Donation Consultants to complete the appraisal and perform project coordination with the deconstruction contractor and the non-profit throughout the deconstruction and donation process.



## DECONSTRUCTION

The deconstruction firm completes the dismantling process, and Green Donation Consultants coordinates and validates salvaged materials conveyed to the non-profit.



## APPRAISAL DELIVERY

Green Donation Consultants completes the appraisal process and delivers the final appraisal to the client.

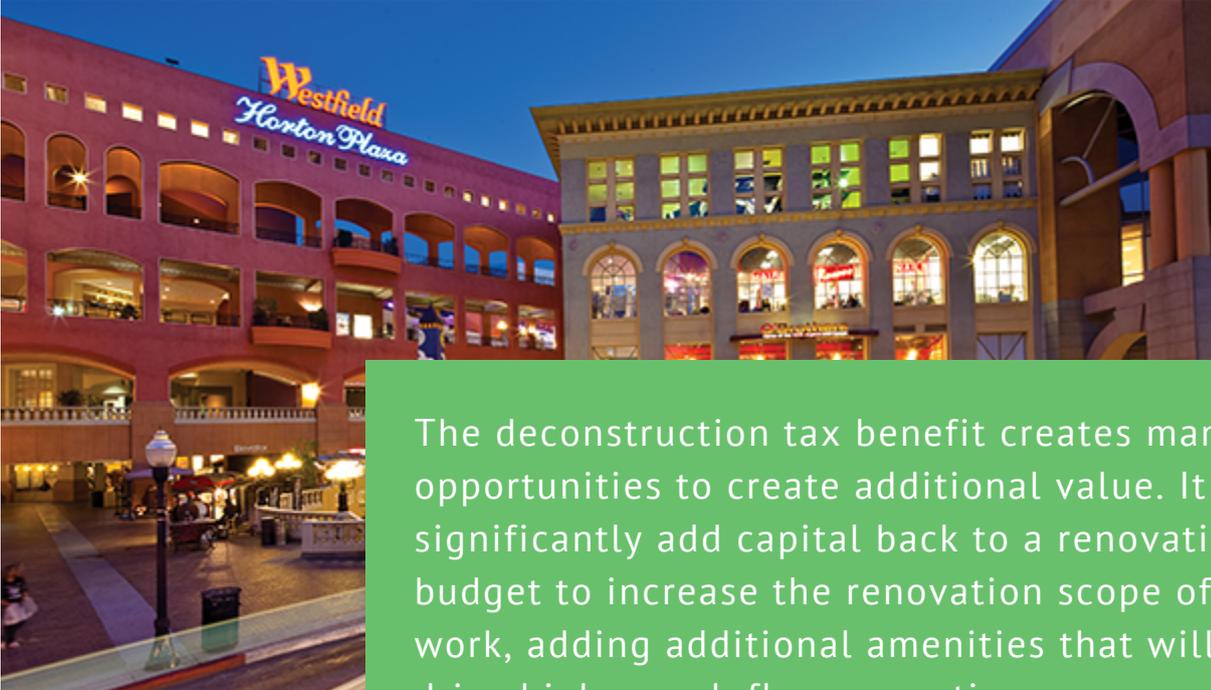
## Sample Deconstruction Benefits

Estimated Tax Rate*	Deconstructed Salvage Material Value Range				CALCULATED TAX BENEFITS
	\$500,000	\$750,000	\$1M	\$10M	
20%	\$100,000	\$150,000	\$200,000	\$2M	
30%	\$150,000	\$225,000	\$400,000	\$3M	
40%	\$200,000	\$300,000	\$400,000	\$4M	

\*Up to and over \$1,000,000 in tax benefits depending on the value of salvageable materials and the client's tax rate. Green Donation Consultants has completed commercial projects where the final appraisal valuation of deconstructed and donated materials **exceeded \$8,000,000**.

# MIXED-USE PROPERTY DECONSTRUCTION

*“What can we include in our scope of work that is affordable, can be renovated easily and efficiently, and will drive maximum rents?”*



The deconstruction tax benefit creates many opportunities to create additional value. It can significantly add capital back to a renovation budget to increase the renovation scope of work, adding additional amenities that will drive higher cash flows over time.

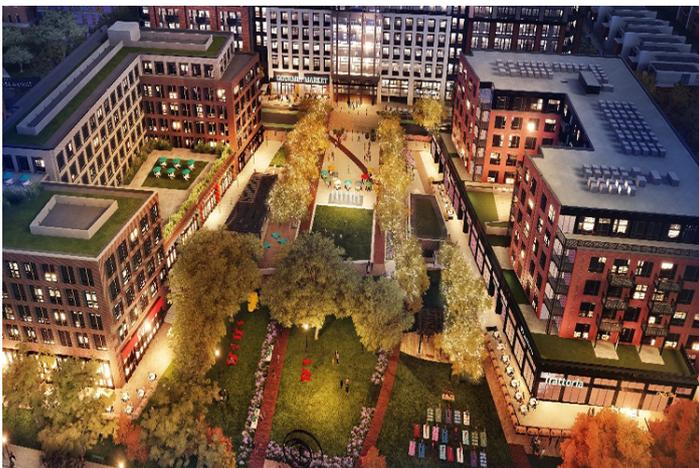
The scope of renovations for mixed-use properties can vary dramatically in various portions of a large, mixed-use project. Hospitality, office, retail, restaurant, resort, entertainment, residential, or other uses could be included in larger projects. The project's repositioning scope could include a complete interior gut, partial tear down, or clean-out and restructure for different uses or sections. Renovation/repositioning can include removing a wide variety of architectural components and dismantling whole or part of some structures.

Past projects, especially turnkey, walk-away projects with complete contents, have delivered double-digit millions in donatable material value for our clients. Conceivably, mixed-use projects that are conversions of older structures could offer much more value to a client from items that would normally be sent to the landfill. These major deconstruction opportunities are relatively unknown to less sophisticated developers and can improve a project's IRR and long-term value!

# SAMPLE ITEMS IN A MIXED-USE DECONSTRUCTION:

- Countertops, cabinets, displays
- Door, window, flooring, coverings
- Art, sculpture, fountains, planters
- Housekeeping carts, supplies
- Package HVAC units, pool equip.
- Mechanical, plumbing, fixtures
- Televisions, computers, safes
- Kitchen equipment, appliances
- Lighting, signage, decor items
- Lumber, brick, stone, millwork
- Racks, shelving, carts, server ware
- Cookware, utensils, cutlery
- Sofas, chairs, tables, lamps
- Linens, table cloths, napkins
- Bar, bar-back dispensers, sinks
- Fitness equipment, sound systems
- Architectural iron/wood details
- Wood beams, columns, brackets
- Grounds maintenance equipment
- Shop tools, parts, supplies, equip.
- Soft goods, inventories, supplies
- Electronics, controls, systems
- Vending, amusement equipment

- Retail case goods, lighting, mirrors
- POS, alarm, security systems
- Pool furniture, features, structures
- Hotel meeting rm. partitions, stage
- Portable furnishings, accessories
- Lobby/Reception counter, systems
- Forklift, pallet jack, dollies, trucks
- Electric vehicle, grounds, transport
- Playground/pool equip., supplies
- Special Use: Stadiums seats, signs
- Food/Drink concession equipment
- Scoreboards, LED displays, lighting
- Medical/Dental equipment, systems
- MFG equip., conveyors, systems
- Warehouse racks, shelving, equip.
- Mid/high-rise buildings
- Common area furniture, art, decor
- Fire protection equipment
- Office desks, chairs, partitions
- Lights, computer flooring systems
- Computer racks, wiring, harness
- Central boiler systems/equipment
- Elevator lobby furnishings, decor



# IT PAYS TO BE GREEN



Depending on the project's magnitude, the amount of perceived "worthless" residual personal property "left behind" salvage value may create a nice surprise value bonus for the client. Antique, rusty equipment can be worth hundreds of thousands. Per-unit material in hotels/apartments adds up quickly. Specialty and high-demand "used" equipment from restaurants, manufacturing, or warehouses can become "gold nuggets." Documented provenance of historical and chronicled buildings/components can provide justifications for higher donated values. Conceivably, deconstruction of large projects can add capital back to the budget, provide significant value in long-term marketing/PR value, all while adding value back to the community.

- **Recovered capital from deconstruction tax benefits is a "master key" to improving a project's performance and value.**
- **What can that do for your positioning in the competitive set?**
- **Can this "green process" be leveraged in PR and marketing?**
- **Can it make "marginal" projects viable, or possibly "home runs!"**

*According to The C&D Recycling Association, recycling 538 million tons of Construction and Demolition waste saves 4,300 acres of landfill space.*

## BENEFITS OF DECONSTRUCTION OF MIXED-USE PROJECTS

- **Upgrade your tenant/project profile from added amenities.**
- **Move up a few notches in the competitive set.**
- **Improve cash flow and increase the project residual value.**
- **Use the deconstruction and donation process as a "differentiator."**
- **Reduce the cost basis for the project through recovered capital.**
- **Create goodwill and add value to the local community through providing easier access to low-cost materials.**
- **Deconstruction tax benefits can be carried forward.**
- **Potentially speed up permitting approvals.**

**Ready to get started?  
Call us to learn more!**

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