

THE MULTIFAMILY 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!



GREENDONATION
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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, & 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 marketing opportunity.

Tax benefits, net/net, would add back capital to the project renovation budget. This can potentially add "on-the-cusp" amenities or expand 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 C&D debris comes from demolition projects, while new construction accounts for less than 10%.



BENEFITS OF DECONSTRUCTION

- Captures hidden value - tax benefits of donated salvageable 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 financial proforma & returns with "found money."

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.

The next step, utilizing deconstruction and create “found money.” With the coming “green movement,” end-users increasingly will endorse these projects and will “pay up” to live, work, and play in these re-purposed development projects. Deconstruction creates significant public relations benefits, marketing value and creates a “green” differentiator for developers who capitalize on utilizing 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.

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

Initial evaluation of the commercial property to get an estimated value range of salvageable materials determined by the anticipated renovation scope of work.



BENEFIT ANALYSIS

The client conducts an analysis of 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

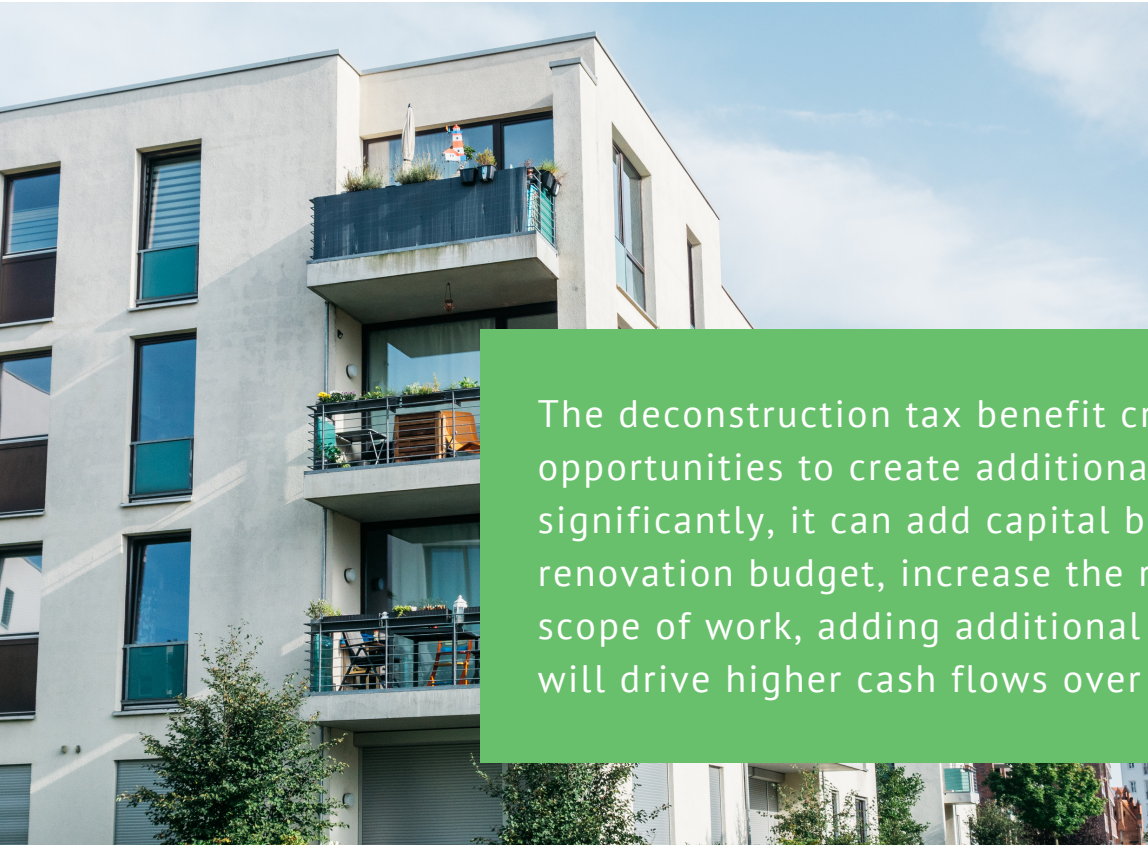
Deconstructed Salvage Material Value Range

Estimated Tax Rate*	\$500,000	\$750,000	\$1M	\$10M	CALCULATED TAX BENEFITS
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.**

MULTIFAMILY 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. Most significantly, it can add capital back to a renovation budget, increase the renovation scope of work, adding additional amenities that will drive higher cash flows over time.

The scope of renovations for multifamily properties typically includes removing a wide variety of architectural components and dismantling whole or part of some structures (clubhouse/pool house). Mid and high-rise multifamily projects offer additional deconstruction opportunities with commercial mechanical equipment, common areas, and floor lobbies/hallways. All of these create major deconstruction opportunities! In addition, renovating each apartment unit creates salvageable materials, bath, kitchen, and living areas, that can add up quickly when renovating 150-300+ units.

SAMPLE LIST OF ITEMS THAT MAY BE INCLUDED IN A MULTIFAMILY DECONSTRUCTION INCLUDES:

- Countertops
- Cabinets
- Appliances
- Fixtures
- Plumbing
- Mechanical equipment
- Central boiler
- Air handlers
- Lighting
- Lumber
- Brick/stone
- Roofing
- Architectural details
- Signage
- Common area stairs
- Elevators

- Clubhouse
- Fitness equipment
- Pool structures
- Meeting rooms
- Furnishings
- Furniture
- Parking structures
- Playground equipment
- Mid/high-rise buildings
- Common area furniture
- Furnishings
- Doors
- Windows
- Flooring
- Art/sculpture
- Elevator lobby furnishings





IT PAYS TO BE GREEN

Depending on each unit's materials and salvage value, the numbers could easily range from \$2,000 to \$3,500 or more per unit. Multiplied by 250 units, is \$500,000 to \$875,000 in salvageable value. The clubhouse, whole structure deconstruction, including an average fitness facility, would range from \$200,000 to \$350,000 in salvageable value, depending on the size, construction, furniture, fixtures, and equipment salvaged.

This is a total salvageable value of \$700,000 to \$1,100,000.

At a 40% tax rate, this equals an extra **\$1,120 to \$1,760/unit** of extra upgrades available, or, **\$280,000 to \$440,000** to add in clubhouse/pool amenity upgrades.

- What can that do for your positioning in the competitive set?
- How will \$1,760/unit in upgrades improve your tenant profile?

This is all created from "found money" through deconstruction!

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

BENEFITS OF GREEN DECONSTRUCTION IN MULTIFAMILY

- Upgrade your tenant profile from added amenities.
- Move up a few notches in the competitive set.
- Improve cash flow and increase project residual value.
- Use the deconstruction and donation process as a "differentiator" for your company.
- Create goodwill and add value to the local community through providing easier access to low-cost materials.
- Potentially speed up permitting approvals.

Ready to get started?
Call us to learn more!

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