

## WHAT COULD GO WRONG? DOING YOUR DUE DILIGENCE

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### We've heard it all before:

"Do your homework."

"Measure twice....cut once."

"A little bit of knowledge is a dangerous thing."

"Hindsight is 20/20"

"Snooze, you lose."

My father didn't author any of those lines, but he said them so often I thought he might have. And quite frequently, I can still hear his voice in my head giving me such sage counseling.

But it was more than fatherly advice; it was sound advice that helped prepare me for the world of design and construction; as he would say: "Always be prepared." He never used the term "due diligence;" but I knew what he meant.

Now that I'm all grown up, his words seem even more to the point. Performing pre-construction due diligence prior to the acquisition of a site or proceeding towards construction is critical. You need to protect your interests and investments of time and money, and the best way to accomplish that is to assess potential risks in every development venture.

It may sound like a simple task, but it is a complex process to identify and analyze the risks and arrive at sound and level-headed solutions to obstacles that may arise. After that, you'll need to address and mitigate each through the planning and construction processes. If the obstacles appear too great, or reveal other issues that verge on being unsurmountable, it may be a good time to rethink and retool the project.

Due diligence must be done for every project, no matter how big or small...be it single family home or multifamily housing, commercial, office or retail, educational or worship, healthcare or hospitality, industrial or government. So, before you take that leap and make the decision to proceed with a site and/or building project, take the time and effort to perform the investigation and assess if it (and its context) are suitable for a particular project, and if it is in balance with the other various risks involved.



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On the flip side, if not done adequately, it can ruin a project, and more so, put your investment at significant risk. No “hot market” or “great site” can substitute for inadequate research. A few things to consider:

- ▶ Is it buildable? Does it meet the code? Is something missing? Does the design perform “engineering gymnastics,” or is it pragmatic and sensible?
- ▶ How does the project fit with zoning? Does it comply with performance and design standards? Height and setbacks, site coverage and open space, grading? Can it adequately address stormwater management, parking requirements?
- ▶ If needed, what are the chances of getting a variance or rezone the property?
- ▶ Does the agreement to purchase the property give enough time to get the zoning to fit? Is it predicated on gaining approval?
- ▶ Who lives nearby? Is there significant support or opposition? And if approved, is there a chance that it might be appealed?
- ▶ Are there any constraints such as wetlands or environmental issues?
- ▶ What about the money? Does it pencil-out? Can enough equity be raised? Terms of the loan? Return on investment? How 'bout tax incentives? Other enticements? Job creation programs?
- ▶ What about other agencies that have jurisdiction? DOT, county, DEP, EPA, utility companies, fire departments and emergency responders, ADA?
- ▶ Speaking of utilities: Do they exist? Is there enough capacity? How expensive would it be to run the necessary services or increase the size?
- ▶ Does it work with the market? What's the future of the market and the economy? Can it be sustained during a vacancy or a down-turn?

Every answer generates several more questions. It's like a game of “Chutes and Ladders” because each question and answer can lead you someplace else.

How do you handle it? You have so many questions and need even more answers. Probably the most important first question during your due diligence is “who's gonna help?”

One viable solution is to find the right team member who can resolve these and so many other questions and issues...and arrive at the right answers. Developing a successful project requires open collaboration and trust. Creating a team-oriented approach promotes high levels of communication and transparency. It allows owners to share their ultimate vision and align the interests of all stakeholders, while it provides the collaborative effort that's necessary to evaluate each project's objectives, and analyze the strengths and opportunities, as well as weaknesses and threats.

At the Bannett Group, we hold the responsibility and risk for every aspect of a project: from fact-finding and site selection, to estimation, assessments and pre-construction to design, engineering, code review, permitting, construction and post-construction. We work with lenders and funders, municipalities and neighborhood groups, approving agencies and economic development programs to safeguard your investment and alleviate risks.

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Thorough due diligence is critical to your project...from the selection of the site, to the designer and builder, delivery method and materials, to compliance, financial assessments and budget. Nothing can place you on a better course than proper due diligence. It's just as my dad said: "measure twice, cut once."



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The Bennett Group always views our design & construction services as a set of tools available to complete each job. We'll pick the best tool or delivery method for each job...general contracting, construction management or even a fully integrated Design-Build package. Whatever the tool, we get the job done. With our steadfast history and fine-tuned in-house talent, we're able to complete each project on time...on budget...every time.

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