Pathways

Reducing pre-development delays in real estate through thoughtful digitization

EXECUTIVE SUMMARY

PROBLEM

Inefficiencies in the site planning approval process costs developers an extra **$540,000 per project**.

SOLUTION

Pathways, a collaborative web application that makes the process of getting approvals more linear by allowing involved parties to gain easier access to necessary documents.

OUTCOME

Pathways saves commercial real estate developers **3-8 months** and up to **$540,000** per project worth over $10M. Commercial real estate savings amount to **$218M in Las Vegas** and **$13.2B in the US** .

PROBLEM

THE SITE PLANNING APPROVAL PROCESS TAKES SEVERAL MONTHS AND COSTS DEVELOPERS AN EXTRA $540,000 PER PROJECT

INEFFICIENCIES COST DEVELOPERS MILLIONS

Every year, around **$380-850M** in building permit values in Las Vegas are subject to site plan review during pre-development.

During this process, several costs are incurred:

DIRECT COSTS OF SITE PLAN REVIEW

Includes:
- Cost of site plan review application
- Cost of public/private hearing

INDIRECT COSTS OF SITE PLAN REVIEW

Includes:
- Interest from loans
- Additional property tax

INDIRECT COSTS OF SITE PLANNING REVIEW

Additional months spent in the site plan review process delay the time when the lands can be sold to the end user. This means that the developer must pay additional taxes on the existing use and/or vacant land.

LOAN COSTS

Almost all real estate projects require loans. Each additional month would add approximately **$34,200 in carrying costs**.
(**$14,500** in additional interest each month, and **$19,700** for the opportunity cost of the equity)

ADDITIONAL TAXES

Every extra month spent in the site plan review process costs developers between **$2,000 - $9,000 in additional taxes** per month.
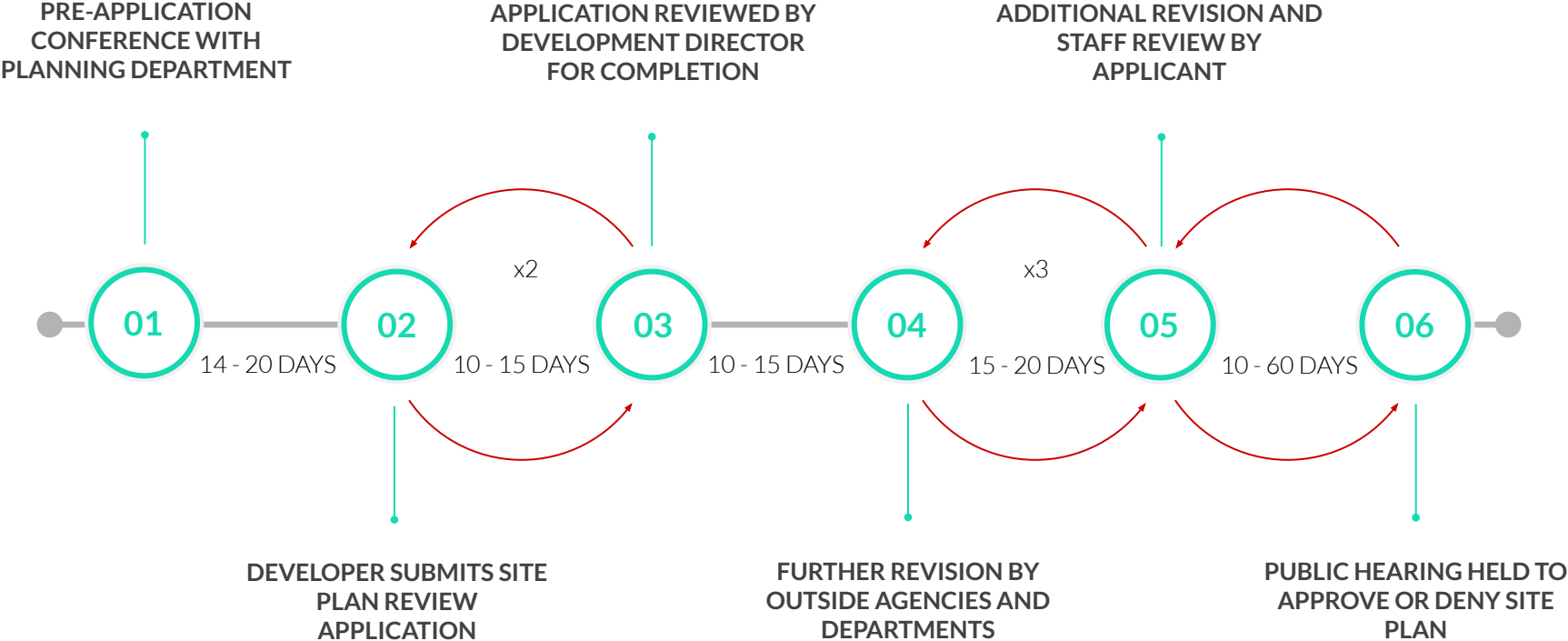
*Based on a 50,000 square foot office building

BREAKING DOWN THE PRE DEVELOPMENT PROCESS

Pre-development	Construction	Operations

4-8 weeks

12-51+ weeks

51-62+ weeks

7-10 weeks

MARKET ANALYSIS & FEASIBILITY STUDIES

Due diligence
Feasibility study
Obtain reports

LAND ACQUISITION

Land purchase
Surveys
Environmental assessments

PERMITTING & ZONING

Approval for zoning, site plan, and design

ARRANGE FINANCING

Pre-coordinate construction
Finance construction

CURRENT PRACTICES

BREAKING DOWN THE SITE PLANNING APPROVAL PROCESS

PRE-APPLICATION CONFERENCE WITH PLANNING DEPARTMENT

APPLICATION REVIEWED BY DEVELOPMENT DIRECTOR FOR COMPLETION

ADDITIONAL REVISION AND STAFF REVIEW BY APPLICANT

x2

x3

01

02

03

04

05

06

14 - 20 DAYS

10 - 15 DAYS

10 - 15 DAYS

15 - 20 DAYS

10 - 60 DAYS

DEVELOPER SUBMITS SITE PLAN REVIEW APPLICATION

FURTHER REVISION BY OUTSIDE AGENCIES AND DEPARTMENTS

PUBLIC HEARING HELD TO APPROVE OR DENY SITE PLAN

AREAS FOR IMPROVEMENT

DOCUMENT CIRCULATION BETWEEN DEPARTMENTS

SLOW OR NO RESPONSE FROM MUNICIPAL STAFF
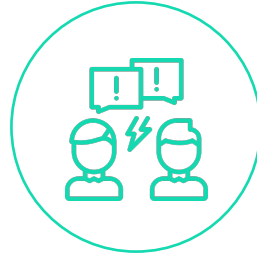
CONFLICTING COMMENTS FROM DEPARTMENTS AND AGENCIES

NEED OF ADDITIONAL CHANGES/WORK

SATISFYING APPROVAL CONDITIONS

SITE PLAN SUBMITTALS COST $170,000 WITH NO DELAYS

SITE PLANNING
Required Documents

LAND USE APPLICATIONS

Pre-submittal Conference	$500
Development Agreement	$2000
Zoning Compliance Application	$150
Design Review	$3500
Special Use Permits	$700
Total Land Use App Fees	$6850

BUILDING PERMITS & REVIEW

Building	$114000
Zoning	$6900
Electrical	$15500
Plumbing	$14200
Mechanical	$13000
Total Permitting Fees	$163600

For a $23.5M project in Las Vegas, according to Clark County, NV's building permit fees calculator & Title 30 development code.

Validated by Industry Experts

Tech startups [making tools for real estate] don't meet developers where they are. A big priority should be supporting real estate organizations in their transition online.

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The biggest headache in real estate development is having your project dependent on approval.
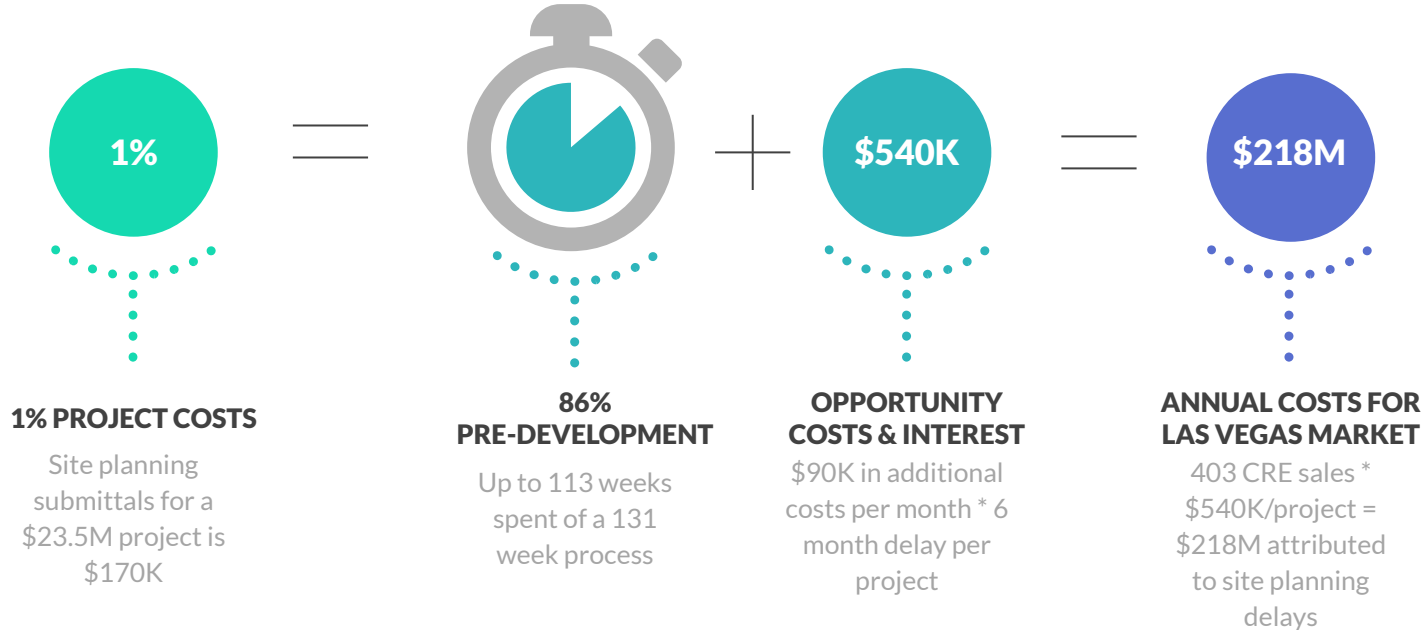
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THE OPPORTUNITY

The site planning process makes up **1% of a project's costs**, but takes up **86% of the time spent** in pre-development while incurring **additional costs** from time delays.


1% = **$540K** + = **$218M**

1% PROJECT COSTS

Site planning submittals for a $23.5M project is $170K

86% PRE-DEVELOPMENT

Up to 113 weeks spent of a 131 week process

OPPORTUNITY COSTS & INTEREST

$90K in additional costs per month * 6 month delay per project

ANNUAL COSTS FOR LAS VEGAS MARKET

403 CRE sales * $540K/project = $218M attributed to site planning delays

SOLUTION

A SMART WEB APPLICATION DESIGNED TO REDUCE INEFFICIENCIES BY MAKING THE APPROVAL PROCESS MORE LINEAR

Introducing Pathways: An application designed to make Real Estate Developers' lives easier
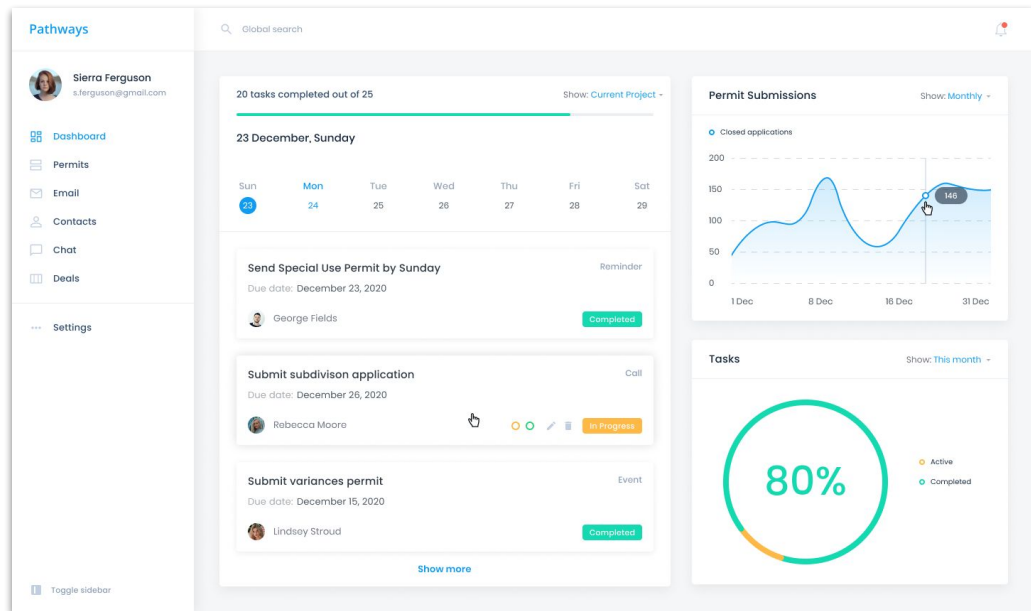
ORGANIZATION

The entitlement process is broken down linearly by key permits, applications, and other documents that can be completed concurrently be respective parties.

TRANSPARENCY

Each actor along the value chain can access the progress of a project without accessing the private details of certain documents, centralizing information while ensuring confidentiality.

TIME TRACKING

Time tracking allows for automated timeline and budgeting adjustments.

WHY USE E-PERMITTING

CONNECTS ALL STAKEHOLDERS

Developers, investors, consultants, etc. have access to required information at all times

REDUCE PAPER AND STORAGE COSTS

Less visits to municipal offices and less money spent printing and storing documents

IMPROVES ACCURACY

Data and permits are less error prone, saving money down the line in construction and operational stages.

CASE STUDIES

SINGAPORE

PRE-PLANNING TIME SAVINGS LEADS TO REDUCING HOUSING COSTS

65% less time, 44% less human resources, 72% less printing costs means the faster a housing project can be developed, and less debt accrued during construction and planning

FINLAND

TIME SAVINGS WITH RETENTION

100% of employees were retained while land use applications and other permits could be processed 3x faster.

TORONTO

BUILDING AN OPEN SOURCE INFORMATION SHARING STANDARD

Design errors in pre-planning can be reduced by 3.5-7%, amounting to $70 million in savings for the GTA construction market.

E-PERMITTING SHORTCOMINGS

DISCONNECT BETWEEN DEVELOPERS AND NEW TECHNOLOGY

Some real estate innovations emphasize technology in an industry largely dominated by pen and paper and Excel.

NOT ALL STAKEHOLDER NEEDS ARE MET

Satisfying a wide variety of stakeholders, from consultants to lawmakers to the public, is impossible through a generalized approach.

ONLINE DOCUMENTS ARE OFTEN PRINTED FOR REVIEW

Existing e-permitting solutions are not 100% online. Documents cannot just be available online, but the review process needs to be digitized.

WHY PATHWAY IS BETTER

PRIORITIZING DIGITIZATION OVER COMPLICATED TECHNOLOGY

Adopting a new solution should improve upon current practices in an intuitive way- not require a steep learning curve

HOLISTIC DOCUMENT REVIEW

Intuitive software for reading, editing, and signing land use applications and building permits, drawing on survey and title data when available.

PERSONALIZING ENGAGEMENT WITH STOCKHOLDERS

Throughout the planning process, Pathway keeps engagement between stakeholder easy to maintain

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PATHWAYS

Submit Permits   Project Management   Help   Sierra Ferguson

Work Catalog

Click on a module to catch-up on your employee's work!

🔍 Search

Your country
USA

Progress 40%

Alexa

Architectural Design

✏ 35 designs   ⏱ 5 days

View   More

Progress 12%

Kathryn Nguyen

Zoning Regulations

✏ 20 permits   ⏱ 3 weeks

View   More

Progress 12%

Diane Miles

Municipal Approval

✏ 12 permits to review   ⏱ 4 days

View   More

KEY ASPECTS

Work Catalog

Checkout some comments that were left on your work!

Better Word Choice

Kathryn Nguyen

Restructure this paragraph

Diane Miles

E-Signature:
John Doe ✓

INTEGRATED EDITING PLATFORM
Allows for easy collaboration between departments and agencies
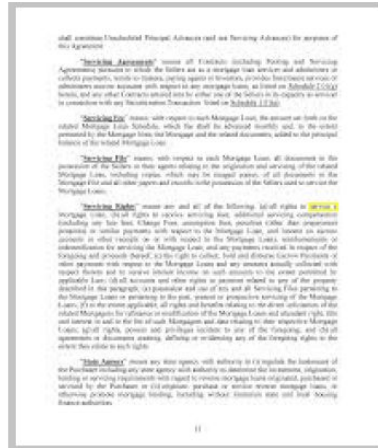
SIGNATURE FEATURE
Highlights key figures that need to sign off/approve the documents at each step of the way.

KEY ASPECTS

PATHWAYS

Project Management   **Submit Work**   Help   Sierra Ferguson

Before you Submit..
Make sure your work meets the following:

☑ Checked it over

☑ Contacted the Real Estate Developer for help

☑ Coordinated with the Legal Team

☑ Checked over all calculations

Load More

CHECKLIST
Displays necessary steps and requirements for approval to avoid sending documents back and forth multiple times.

OUTCOME

With Pathway, developers save 3-8 months in pre-development time and $540,000 per project.

REVISITING THE PROCESS WITH PATHWAYS

PRE-APPLICATION CONFERENCE WITH PLANNING DEPARTMENT

APPLICATION REVIEWED BY FOR COMPLETION USING PATHWAY'S SYSTEM

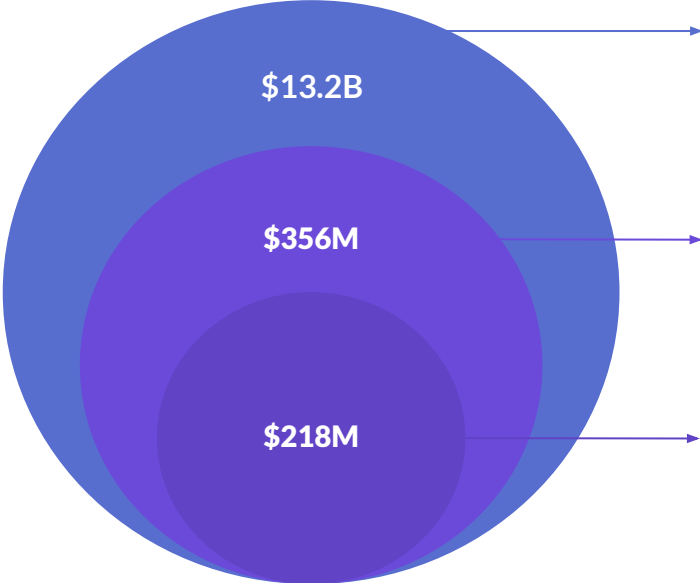**ADDITIONAL REVISION AND STAFF REVIEW BY APPLICANT ON PATHWAY**

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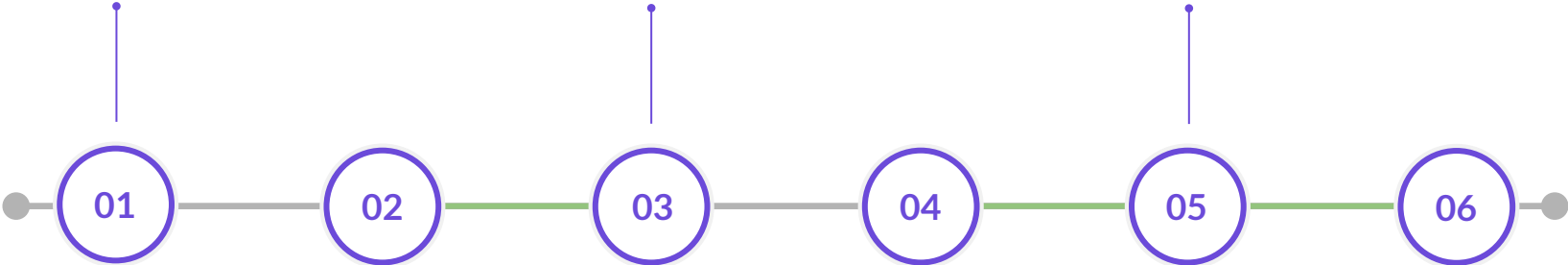
DEVELOPER UPLOADS SITE PLAN REVIEW APPLICATION ON PATHWAY

FURTHER REVISION BY OUTSIDE AGENCIES AND DEPARTMENTS IN ONE CENTRALIZED AREA

PUBLIC HEARING HELD TO APPROVE OR DENY SITE PLAN

MARKET OPPORTUNITY

$13.2B

$356M

$218M

US COMMERCIAL REAL ESTATE MARKET

$540,00 savings/project * 24,500 CRE deals worth $10M+ in the US

NEVADA COMMERCIAL REAL ESTATE

$540,000 savings/project * 660 CRE sales/year in Nevada

LAS VEGAS COMMERCIAL REAL ESTATE

$540,000 savings/project * 403 CRE sales/year in Las Vegas

OPPORTUNITY SIZE FOR LOCAL GOVERNMENTS

$2.5 BILLION ✕ **3.3%** = **$8.25 M**

**LAS VEGAS
COMMERCIAL REAL ESTATE
MARKET**

*Office, industrial, retail and
multi-family properties*

PROPERTY TAX RATE

TAX REVENUE SAVED

*Creating a large incentive for local
governments*

HIGH LEVEL OUTCOMES
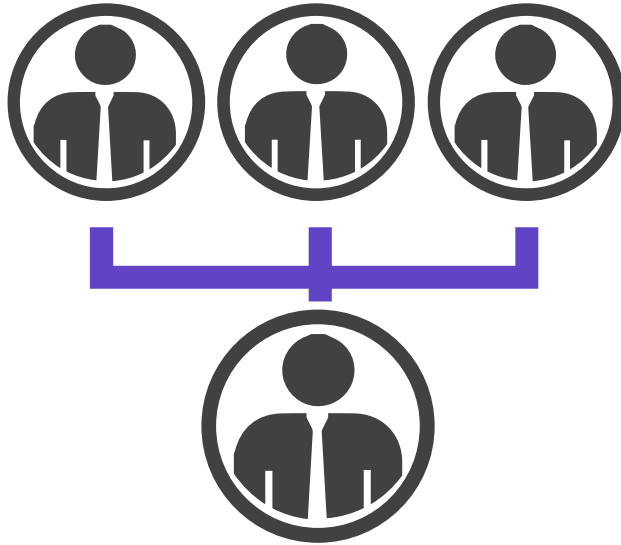
1 **GOVERNMENT COOPERATION**

In appreciation markets, local and state governments benefit from commercial development through increased property and business tax revenues.

2 **DEMOCRATIZING DEVELOPMENT**

Delays in pre-development and planning pose larger risks to small developers than larger ones. Increasing permitting and entitlement process allows smaller players to participate.

A NOTE FROM THE PATHWAYS TEAM

The Pathways team would like to thank Andrew Donner and Resort Gaming Group for the opportunity to dive deep into the real estate development process. It's been a pleasure going through the process of developing a solution that we are proud to present today. Thank you for your time and if you have any questions or suggestions, feel free to get into contact with any of Pathways' team members and we'd be happy to discuss!

Pathway

OUR TEAM
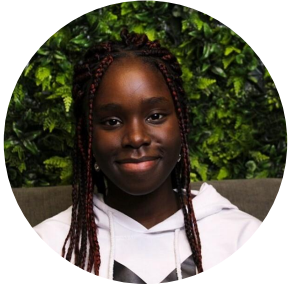
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