

# The Building Book

- 1326 Naylor Court NW

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This is a page dedicated to gathering information for 1326 Naylor Court NW (one block north of Blagden Alley).

## The property

Simon, Ari, and Erin went to go view the property on Dec 22. The spec sheet from Greysteel is [here](#). Note the price listed. In that document the price is listed is \$995,000. However, the realtor said the price had been reduced to \$940,00 and hinted that the owner would be **down to go to \$840,000**. The owner has been sitting on the property since 2017, and bought it for \$900,000. They were hoping for it to be a taco shop (they also run one of the oyster places in town, forget which). They've had a renter in the property for 3 years of that period. The property has a historic overlay, which makes it unattractive to developers at the moment. A historic overlay means that we can't significantly alter the front footprint of the building, but could add stuff to the back.

It's 600sq ft over two floors. The ground floor has a full kitchen and washer drier, the upstairs floor has a bathroom (full bath). It's a small *small* space. It's tiny. There's also 1300 sq ft of garden that's just an unkept lawn at the moment. It has all plumbing, gas, etc.

## The possibility

This is enough *indoor* space for us to operate in at the size we are now, but we can't afford it. This is likely also enough space for us to operate in at 100 members, or even more, at which point we could afford about \$1,000 a month in rent (remember [the projections spreadsheet](#)). With 460 members things might start getting tight, but we could afford the loan payments on our own.

So, there is a strong possibility that we would need to find other ways to raise the rest of the payments. This is do-able through community building and charitable donations. For example, Ward 2 Mutual Aid raises about \$3,500 a month in donations, Ward 1 Mutual Aid does about \$6,000.

Additionally, it's possible to do something cool in the garden. **Think beer garden, tool library, community event space, art space, etc.** These could help pay the rest of the mortgage.

This is *doable* with the right level of commitment, business plan, connections, and luck. Simon's pulsed this with one of the BCI people who hasn't shot it down right away.

## The task

If we want to do this, we need to do a couple of things, and there's some urgency.

- Determine if there are members in Greens and Beans (and/or Ward 2 Mutual Aid) who want to work on this (and likely exclusively this, at least for a while)
- Build a business plan that's concrete.
  - Our previous [Business Model Canvas](#).
  - Our previous [projections spreadsheet](#)
- Reach out to many organizations to talk to them and see what we need.
  - BCI
  - Douglas CLT
  - Some bank?
- Build a campaign for fundraising \$200-\$300k for the down payment. Then continue fundraising so we can pay off the loan earlier. This could be in community forgivable loans, community mortgage, etc.
- Decide who owns the property. Is it Greens & Beans? Or is it a parent organization (501c3? nfp?) that Greens & Beans becomes a tenant of? Does the land itself belong to a community land trust (Simon thinks ideally yes, and Douglas Community Land Trust might have money to help us buy if so).
- Then, what's our succession plan for this property? How do we make it so our core organizers can move on if they need to. How do we bring more community into it?

## Some realities

A business loan for this might be expensive, because we're a new business. If we're going the classic business loan road, we need about 25% down, and we'd get a 6% rate. So we need about \$210,000 up front, and add about \$50,000 of closing costs. Likely, we don't have infinite time to raise that down payment (let's say 3 months from the date we're serious about making the offer and put down earnest money (5%, so around \$45,000). And we are looking at paying \$4.6k a month in loan payments and **\$1,402,200** over the entire time (25 years) of the loan. Obviously the less loan we take, the better, cause the less we're just giving the loan giver money. On top of that there'd be property tax, which looks like it's about 7k a year.

There's probably options for getting more favorable loans from, for example, CDFIs.

See the tables in the appendix to think through what those numbers could look like in a variety of combinations.

## Finally

Even if we don't get *this* property, all of this is good exercises that we should be doing anyway.

## Appendix

### 1. Monthly Payment Table by Down Payment Amount

**Assumptions:** 25-year loan term, 6.8% fixed interest rate

Down Payment	Down Payment %	Loan Amount	Monthly Payment	Total Paid Over 25 Years	Total Interest Paid
\$90,000	10%	\$810,000	\$5,609	\$1,682,700	\$872,700
\$135,000	15%	\$765,000	\$5,299	\$1,589,700	\$824,700
\$180,000	20%	\$720,000	\$4,989	\$1,496,700	\$776,700
\$225,000	25%	\$675,000	\$4,674	\$1,402,200	\$727,200
\$270,000	30%	\$630,000	\$4,360	\$1,308,000	\$678,000
\$315,000	35%	\$585,000	\$4,050	\$1,215,000	\$630,000
\$450,000	50%	\$450,000	\$3,116	\$934,800	\$484,800

## 2. Monthly Payment Table by Interest Rate

**Assumptions:** 25-year loan term, 25% down payment (\$225,000), \$675,000 loan amount

Interest Rate	Monthly Payment	Total Paid Over 25 Years	Total Interest Paid	Monthly Payment vs. 6.8%	Total Interest vs. 6.8%
4.5%	\$3,739	\$1,121,700	\$446,700	-\$935 (-20.0%)	-\$280,500 (-38.6%)
5.0%	\$3,946	\$1,183,800	\$508,800	-\$728 (-15.6%)	-\$218,400 (-30.0%)
5.5%	\$4,157	\$1,247,100	\$572,100	-\$517 (-11.1%)	-\$155,100 (-21.3%)
6.0%	\$4,349	\$1,304,700	\$629,700	-\$325 (-7.0%)	-\$97,500 (-13.4%)
<b>6.8%</b>	<b>\$4,674</b>	<b>\$1,402,200</b>	<b>\$727,200</b>	<b>Baseline</b>	<b>Baseline</b>
7.5%	\$4,986	\$1,495,800	\$820,800	+\$312 (+6.7%)	+\$93,600 (+12.9%)
8.0%	\$5,209	\$1,562,700	\$887,700	+\$535 (+11.4%)	+\$160,500 (+22.1%)
9.0%	\$5,663	\$1,698,900	\$1,023,900	+\$989 (+21.2%)	+\$296,700 (+40.8%)

## 3. DC Real Property Database Information

The database can be searched via [here](#).

Sale Date	2017-03-30
Sale Price	\$900,000.00
2026 Land Value Assessment	\$657,740.00

2026 Building Value Assessment	\$218,520.00
2026 Total Taxable Assessment	\$876,260.00
2025 Taxes	\$7,425.60
Overall Assessed Condition	Very Good

## People's thoughts

Simon - I think it's worth thinking this through more, and I think it's a useful exercise for us to think about what it means to control property, and how we get to raising an amount. I think having a specific location in mind is helpful for fundraising purposes. However, the property really is very small indoors, and it feels like it's not really worth it if we're spending 4.7k a month on it for a loan payment. If we can get that loan payment down to 2 or 3k I think it's do-able and something worth pursuing.

Ari - This is a fabulous location with an excellent building, and while the inside is a little small and offers few opportunities for growth, the backyard makes up for it — figuring out how to make use of the backyard will make or break this as a location. That said, the \$4.7k mortgage makes this infeasible. According to the projections spreadsheet with a 20% markup and allowing nonmembers to shop (various other assumptions in there too to account for reduced dues collection), we would need ~1000 sales/month in order to **break even**, which comes out to about 34 people/day. This is within reach, but not just yet — who knows how long it would take to get there, and this would also fluctuate seasonally, and we don't have the funds to support such an ebb and flow of revenue. I agree with Simon that \$2k/month mortgage makes this more feasible.

The possibility of a **beer garden** would REALLY make this feasible and offset our costs, but that would require a more extensive business plan to chart the course. In fact, I think the beer garden is what would make this whole thing possible. I do not think we are in a rush to buy this space (although a May 1 move-in date would be nice), so we can plot this out and return to it. Assuming \$2 gross profit on each can of beer, to make up \$2k of revenue we'd need to sell 1000 cans/month, and if we're open all day Saturday and Sunday and half-day on Friday, that's about 100 cans/day (50 on Friday), which is tough to pull off and very seasonally dependent.

Theoretically, we can get a lower \$/sqft with a larger space, which means we should look into cooperating with other groups. In addition, we might be able to strike a deal as a popup with a commercial space that is desperate for tenants, so we should keep our eyes peeled for good or interesting spaces that we can get creative in.