# Business Plan and Chicago Apartment Housing

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## Executive Summary

Over the years, the Chicago Housing Authority has overseen the modernization of original Chicago housing structures through the Plan for Transformation and Plan Forward. The new developments have ensured the installation of heating features, plumbing systems, new kitchens, modern landscaping, and new bathrooms and fire response features. However, there is a deficit of modern houses that have updated features. Besides, there is a need to create more housing facilities that host families, people living with disabilities, and the elderly without causing any inconveniences. However, to ensure efficiency in service provision and operation of the Newblocks Housing Company, it is essential to evaluate the company values, the market gaps and expectations, sales requirements, financial requirements, and the exit strategy. This will ensure the company operates effectively and helps reduce the probability of incurring unforeseen losses.

## Mission, Vision, and Values

### Mission

The company's mission is to ensure decent and adequate housing for all social classes in Chicago. The company aims to work alongside the beliefs and the government's attempt to create a sustainable and inclusive housing system.

### Vision

The company's vision is to be globally competitive in providing housing solutions that incorporate changing construction and digital trends, thus providing a sustainable housing system.

### Culture

The company operates on strong cultural roots of societal balance that encourage diversity to create a sustainable housing solution that does not only favor specific individuals. The company's skillset is competitive and dedicated to providing outstanding housing solutions.

# Company Description

## Who are we?

The Newblocks Housing Company is a housing company in Chicago that aims to provide long-lasting housing solutions to serve the growing population. The company is run and managed by Tyshun Cornell and family. The company targets Chicago residents and residents from other states interested in living in Chicago. The company does not discriminate but is instead committed to providing housing solutions for all social classes. Therefore, the company is open to conducting business with all interested parties that believe in the possibility of a sustainable housing system. The company aims to boost shelter access to over 20,000 Chicago residents by supplying 500 residential houses by the second year of operation.

## Opportunity Analysis

The Chicago Housing Authority is ranked third in rating the United States' housing agencies. The CHA provides decent, safe, affordable housing solutions to over 20,000 healthy, vibrant low-income communities. Besides, the public housing policies cater to people with disabilities, the elderly, and families ranging from apartments to single scattered houses. The 25,000-unit figure refers to the Chicago Housing Authority's historical Plan for Transformation rather than a current construction campaign. The separate claim of a current 5,000-unit housing deficit is not supported by the cited historical plan and should be treated as a planning assumption in this business case, not as a verified present-day statistic. Therefore, this business plan aims to explore this gap and create a modern, efficient, inclusive housing system to serve Chicago residents.

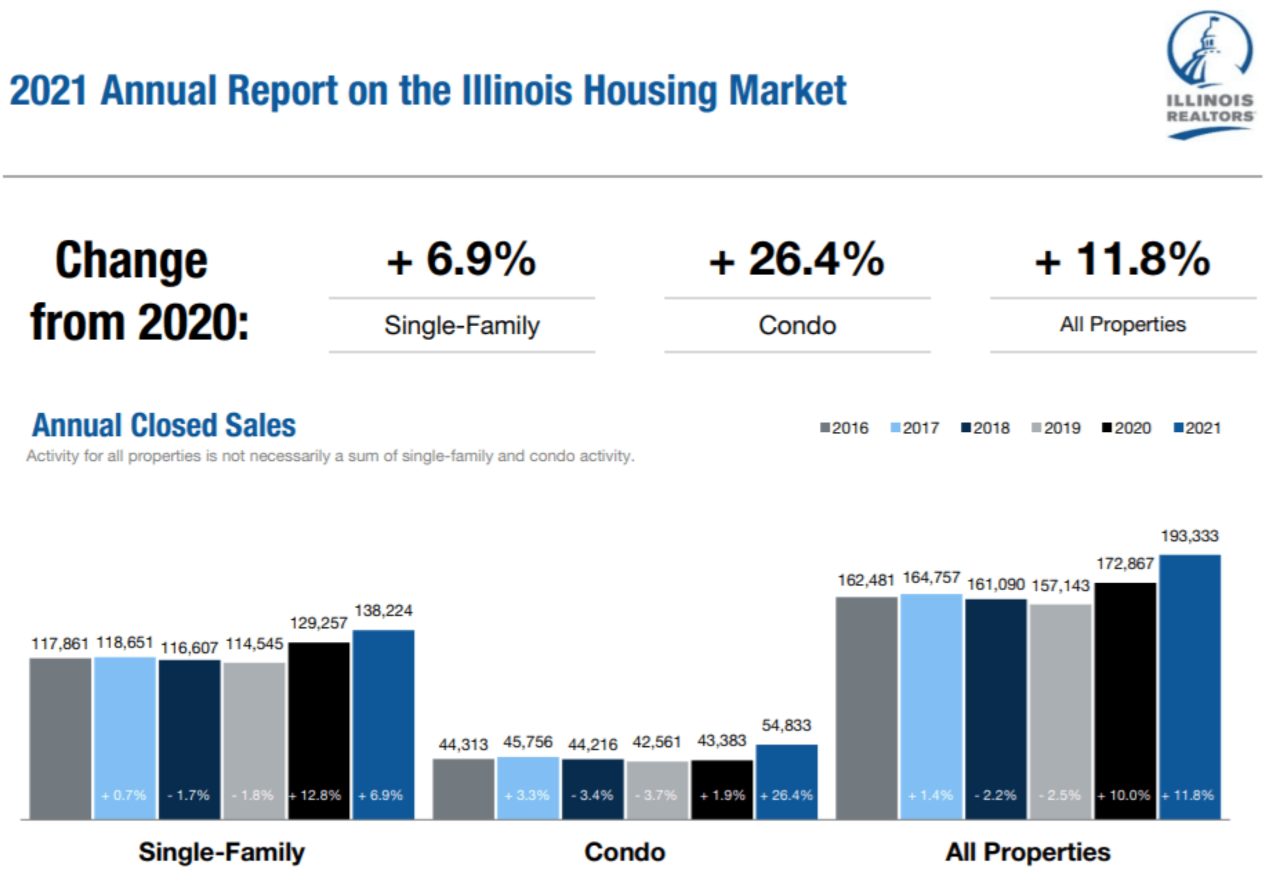


*Chart: 2021 Annual Report on Illinois Housing Market (Santarelli, 2022)*

# Marketing Strategy and Plan

The company can choose to market housing content to reach the people in need of shelter in Chicago. The marketing will target people in and outside Chicago to help easily reach the required tenancy for business success. Moreover, the company understands the impact of social media as a marketing tool, especially in the housing sector. Therefore, the company can incorporate social media marketing strategies to increase customer outreach by using search engine optimization to reach prospective clients (McDonald, 2018). Besides, the company can use referral programs to create a reliable marketing network that effectively reaches many prospective clients. The company intends to provide stellar services to increase referral chances based on quality. Besides, the company intends to provide stipends for successful referrals to encourage active referrals.

Furthermore, the company can choose to host housing events to increase client reach in Chicago. The events will increase the company’s outreach and give prospective customers a practical experience living in Chicago. Moreover, the attendees will be given house tours to familiarize them with the houses and the Chicago environment. Moreover, the company can employ conversational marketing techniques to create a social marketing experience. The marketing technique aims to create dialogues within Chicago that encourage tenancy, thus increasing client outreach (Hamlin, 2020). Besides, conversational marketing helps create awareness of Chicago's housing problems and gives the audience a perspective of how Newblocks Housing Company works to solve the housing crisis.

Besides, the company can consider using paid media advertising which is an effective way of reaching a huge client base due to increased media access. The company intends to dedicate resources to media advertising to boost its popularity and create a solid operation platform. Moreover, the company can consider incorporating email marketing strategies to reach many prospective clients. The emails will target certain groups of prospective clients to increase the conversion rates. Besides, the company can consider conducting direct sales through the staff members hired to conduct and manage sales services. Direct sales will help identify any marketing weaknesses within the company and help develop future marketing strategies.

# Management and Operations

The Newblocks Housing Company believes in strong managerial systems that create outstanding leadership qualities. Therefore, the company will be managed by the company founders and a section of shareholders to help maintain business ethics. The management will control and supervise site acquisition, material requisition, and delivery and oversee general construction works and labor management. Besides, the management will coordinate activities with the support staff to ensure efficiency in operations and guarantee qualitative output.

# Financial Analysis and Projections

The company requires a minimum of 10 million USD to start with a few simple housing units. Chicago is ranked as one of the most expensive cities to build; hence this will require substantial capital investments to provide outstanding housing services. Chicago's construction cost is 16.7% higher than other cities, and the rates are higher with the ongoing inflation with a reported 4% increase since 2017 (McDonald, 2018). Besides, Chicago has a shortage of workers caused by high retirement rates that contributes to the high costs of construction. Besides, there is a reported 2.3-3.4% increase in earthworks costs, steel costs, plumbing systems costs, and fire protection systems costs. However, the Covid19 pandemic provoked movement from downtown Chicago to the suburbs to help ease the covid19 regulations stress, thus boosting Chicago's housing industry (Hamlin, 2020). There has been an increase in the demand for condominium units due to space requirements, creating a robust business gap. Besides, some reports indicate that people have developed an interest in open floor houses rather than the traditional construction systems, which further boosts the investment gap. Therefore, these factors show a possible projection in house requirements and cost of living, which shows that investing in housing is profitable. With most home prices starting from 150$ per square foot for value-conscious homes, the revenue generated will likely return the investment and create a continuous and sustainable cash flow.

| Start-Up Expenditure | |
|---|---|
| Expense | Cost |
| Production | $100,000 |
| Working capital | $70,000 |
| Manufacturing | $100,000 |
| Fabric and materials | $500,000 |
| | |
| Office | $9,000 |
| Stationary | $2,000 |
| Chairs/tables | $4,000 |
| Furnishings | $200,000 |
| | |
| Website and branding | $8,000 |
| Website set-up | $6,000 |
| Trademark & copyright protection | $5,000 |
| | |
| Marketing | $16,000 |
| Press release | $2,000 |
| Influencers | $4,000 |

| | |
|---|---|
| Social media advertisement | $4,000 |
| Poster advertisement | $4,000 |
| | |
| Total Value | $1,304,000 |

# Funding Request

The company requires government and donor funding of up to 80% to cater to the construction and marketing requirements. The company aims to develop housing for all social classes to meet the housing demands that have been staggering due to the population increase. Moreover, the company intends to provide employment opportunities for skilled and unskilled people, thus helping meet financial requirements. The company also aims to improve Chicago's landscape by providing sustainable and inclusive housing systems to create a dynamic working and living environment.

# Exit Strategy

The company will have the highest stakeholder as the handing-over partner when exiting. The shareholder will be well known amongst the company members, and the handover will either be to the local government or the Chicago community to ensure continuity in future projects. Besides, this will spike the sense of responsibility of each person depending on their role in providing excellent housing services. Moreover, the company will be managed by the shareholders who will make the most vital decisions on the progress of Newblocks Housing Company. Besides, there will be a moderating committee whose primary purpose is to ensure the company realizes its vision and mission and sticks to its governing cultural principles. Finally, meetings will be conducted with the community to address the company's progress to discuss and deliberate on the exit.

# References

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Hamlin, M. (2020). *Second chances in the second city: Public housing and prisoner reentry in Chicago.* Environment and Planning D: Society and Space, 38(4), 587-606.

McDonald, J. F. (2018). Minority groups in the metropolitan Chicago housing market: 1970–2015. *Urban Studies*, *55*(11), 2431-2450.

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## Appendices

| Opportunities | Threats |
|---|---|
| 1. Trust among partners | Lack of enough skilled labor supply |
| 1. Right people in management | The need for genuine partners |
| 1. Experience in community development | Violence in Chicago and its environs |
| 1. Rich Chicago history | Planning differences that may affect the community. |
| 1. People who are committed to developing the housing industry. | Prolonged indecision due to the need to involve all stakeholders in decision-making. |
| 1. The vast intellectual capacity | Ingenuity in funding |
| 1. Collaborative approach in engaging investors | Differences in social classes |