



THE SELF FUNDING HOUSE™

Rebuilding the Dream of Home Ownership

DEREK LOBO





THE SELF FUNDING
HOUSE™

Rebuilding the Dream of Home Ownership

Other Books by Derek Lobo

The Future Apartment Developer:

The Blueprint for Building Rental Apartments and Intergenerational Wealth (MPS-DALA, 2021)

A Field Guide to Rental Apartment Development by the Numbers:

Building and Testing a Detailed Financial Feasibility Model (MPS-DALA, 2021)

The Feasibility Study Determines the Apartment You Build:

How to Build the Right Apartment Building in the Right Location for the Right Resident (MPS-DALA, 2021)

Finding Money to Build Apartments:

Make Better Deals by Finding Cheaper Capital (MPS-DALA, 2021)

A Field Guide to Municipal Taxes and Operating Costs:

Decreasing Your Operating Costs to Maximize Value (MPS-DALA, 2021)

The Four Factors That Drive Rent:

Why \$100 More in Rent = \$24,000 in Increased Value (MPS-DALA, 2021)

Intensifying Existing Developments with Apartments:

Apartments Are the Most Profitable Additions When Intensifying Land (MPS-DALA, 2021)

Building Apartments with a Joint Venture Partner:

Structuring a Deal so That the Lender, Developer, and Partner Win (MPS-DALA, 2021)

Writing and Executing the Marketing Plan:

Strategies to Get Your Building Full at the Highest Rent (MPS-DALA, 2021)

Writing and Executing a Sales and Leasing Plan:

Hiring, Training, Managing, and Compensating Your Leasing Staff for Maximum Results (MPS-DALA, 2021)

Designing Apartments for the Future:

Meeting Modern Expectations with Innovative Design (MPS-DALA, 2021)

Becoming a Successful Merchant Apartment Builder:

Developing a Business Plan and Growing Your Wealth (MPS-DALA, 2021)

Finding and Acquiring Land for Apartment Development:

Processes for Site Selection Through Closing (MPS-DALA, 2021)

The Intentional Apartment Developer:

A Programmatic Guide for Planning, Designing, Building, Leasing, Managing, and Selling (DALA, 2022)

A Private Developer's Roadmap for Affordable Housing:

Profitable Rental Apartment Solutions in Canada (DALA, 2022)

America Needs More Apartments:

The Comprehensive Guide for Apartment Developers (DALA, 2022)

The Blueprint for Your Self Funding House™:

Everything Needed for Transforming Your Home into a Business (DALA, 2023)

Stakeholders of The Self Funding House™:

Coordination of Politicians, Lenders, Municipalities, and the Homeowner (DALA, 2023)



THE SELF FUNDING HOUSE™

Rebuilding the Dream of Home Ownership

DEREK LOBO



THE SELF FUNDING HOUSE™

Rebuilding the Dream of Home Ownership

Derek Lobo

Published by DALA Inc.
TM and Copyright ©2023 Derek Lobo

All rights reserved. No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or any information storage or retrieval system, without the written permission from the author, except for the inclusion of brief quotations in a review.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for any particular purpose. No warranty can be created or extended by sales representatives or sales materials. The advice, examples, and strategies contained herein may not be suitable for your situation or circumstances. Always consult a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to, special, incidental, consequential, or other damages.

Derek Lobo
905-565-4428
derek.lobos@rockadvisorsinc.com
RockAdvisorsInc.com
TheSelfFundingHouseBook.com
Online Learning Portal: TheSelfFundingHouse.com

The Self Funding House™ and Self Funding House™ are trademarks of Derek A. Lobo & Associates Inc.

ISBN:
Soft Cover: 978-1-998866-00-7
eBook: 978-1-998866-01-4

Printed in Canada
First Edition, February 2023

Editor: Rory d'Eon
Proofreader: E.B.A.
Interior Layout: Adam Carter
Cover: Adam Carter
Project Management: Rod Schulhauser & DALA Inc.



Dedication

I dedicate this book to all the dreamers who believe in home ownership and want to be a part of solving the global housing crisis.

It's the right thing to do.

D
DEREK
LOBO



Table Of Contents

Other Books by Derek Lobo • ii

Dedication • v

Acknowledgments • ix

Preface • xi

Introduction • xiii

CHAPTER 1:

Reality Requires Rethinking • 1

CHAPTER 2:

Your Own Vision—Your Own Mindset • 15

CHAPTER 3:

Buying a House Is Like Starting a Business • 25

CHAPTER 4:

Business Requires Risk • 37

CHAPTER 5:

Foundation of Your Financial Future • 47

CHAPTER 6:

Living In a Shared Economy • 55

CHAPTER 7:

Knowledge Overcomes Fear • 63

CHAPTER 8:

Wake Up Your Dream • 75

CHAPTER 9:

Make Your Future What You Want It To Be • 81

CHAPTER 10:

The Self Funding House™ Online Learning Portal • 85

APPENDIX

Terms and Definitions • 89

Resources • 91

Financing Solutions • 97

About the Author • 99



Acknowledgments

There has never been a more important time to put out a book like this.

I would like to thank all those that have inspired me to write this message and all the readers who provided valuable feedback on the early manuscripts.

I also want to acknowledge the tremendous effort put forth by my team, Rod Schulhauser, Rory d'Eon, and Adam Carter. They have executed a fantastic process that allowed me to write this book within the framework of my busy entrepreneurial lifestyle.

I remain thankful for all our clients and collaborators. I also need to extend my continued appreciation to Dan Sullivan, whose mentorship and friendship have been pivotal in shaping my strategic thinking and opening new avenues for me to explore both at work and at home.

Thank you all!



Preface

“You can’t go back and change the beginning, but you can start where you are and change the ending.”

– C.S. Lewis

I’m a real estate practitioner who’s been involved in real estate for many years. My career aspirations began around the age of eight years old as I sat with my parents at our dining room table. We were wondering how we would sublet our rental apartment that we had leased for one year, but then decided to move out after only eight months. I felt privileged to be included in this conversation and deeply moved, not only by the inclusion, but the process of planning how our future would unfold. This is where my enthusiasm for real estate as a career ignited.

Looking back, we had experienced firsthand, how valuable decent affordable housing was to us during those first years in our new country. For me, it drove home the point that secure and dependable affordable housing is a fundamental building block of our society—crucial in the formative years of a young person’s life, and paving the way to continued success as a contributing member of society.

For our family, coming from another country and culture, moving here became a rebirth of sorts—our rental provided the needed housing stability. From it, we could start fresh, on our terms, secure in our space to familiarize ourselves with a new culture without the burden of housing instability. Some

of you are in this kind of situation, some are not, but all new families need housing security to grow and become successful. This book's aim is to broaden the base of affordable housing, so it's not just developers providing rental housing, but anyone thinking seriously about creating rental housing while buying a home, either their first one or any subsequent purchase.

Over the years, with a thorough grasp of the housing affordability challenges we now face, years of experience with developers and apartment owners, and some valuable insights, I've come to believe that I have a duty to my new country, and the world at large, to disseminate what I've learned because it's the right thing to do. I believe that this book, and the others that will follow, will considerably ease a housing crisis that should never have occurred in the first place. I'd love for the entrepreneurial-minded individuals among you to take my message to heart and see where it takes you.

There's a huge opportunity awaiting. With the right mindset and some guidance, making home ownership self funding is entirely feasible and very rewarding. I urge as many of you as possible to consider buying a house-as-a-business so you can experience the thrill of home ownership, the potential of financial freedom, the opening of new career opportunities, and as a bonus, help solve our housing shortage.

It's the right thing to do.



Introduction

“My dream is to transform the housing market worldwide.”

– Derek Lobo

If you’re encountering housing affordability challenges and need a realistic path to home ownership and financial freedom, this book is for you. It focuses on rebuilding your dream of home ownership by adapting your mindset to face, then overcome, the challenges in today’s housing market. You’ll acquire a thorough understanding of the actionable steps to prepare yourself for potential home ownership and gain the confidence to turn your dream into reality with the right mindset to ensure success.

I’m targeting that individual who has a housing affordability challenge and is willing to consider accessory dwelling units (ADUs) as a source of extra income that will help buy that house.



By thinking differently and creatively, and using the principles of a shared economy, buying a house-as-a-business offers huge advantages, many of which you may not yet realize, but will definitely excite you. Not only does buying a house-as-a-business make financial freedom possible, it also opens the door to career opportunities in the real estate and development field.

Buying a house is not the same experience as it was a few decades ago. Prices have risen sharply while income has not kept pace. It's generated a palpable anxiety in potential home buyers. The fear of missing out is real. To alleviate that anxiety, I'm urging you to consider a house-buying model that reflects current conditions and offers a way to overcome the affordability obstacles of the current housing market so that you can become a proud homeowner.

This Book's Aim Is To Inspire You to Actually Do It

By adding ADUs, you'll be helping yourself and others as well—the leadership you provide will be an example for others to follow (along with adding valuable new affordable housing). While this may sound unrealistic to some, I don't apologize for thinking this way. I know the process works—I've done it. Many are doing it today; many have done so in the past. Now, so can you. Others who have seen me go through the process have gone on to duplicate that success for themselves.

I'd like to see a new wave of homeowners who want to realize the business value of their houses. I encourage new buyers to get into the home developer business even if it's just using their own home. As you may know, most real estate developers got their start with just a single house, often their own.

From there, I want to teach the world how to build rental apartments. I want to become the *Developer of Developers*. Just think how many potential developers could be spurred into action if they knew how well this process works. Could a housing revolution be created by a new wave of enterprising housing entrepreneurs, some of whom will become wildly successful? I would love to see that!



Online Learning Portal for creating your **Self Funding House™**

The current housing shortage is a relatively new problem. Ten years ago, this problem did not exist. The problem is compounded by the fact that the traditional way of buying a home is now broken. So, not only is there a new problem, but the solution is unknown—or at least fairly murky—to many of you. And the only way forward is to resolve it. I feel it's my duty to disseminate this innovative and exciting solution as widely as possible to get you prepared and enthusiastic so you can make your dream a reality.

How I Came to This Conclusion

I've spent my entire life working in the apartment business. I've leased, managed, and sold apartment buildings my entire life—of all qualities and sizes. Typically, but not always, renters are in a lower income bracket—less than the average homeowner. Some of the situations I've encountered are less than optimal, sometimes disturbing. I've witnessed poverty, which broke my heart. It's made me realize the importance of

housing availability, which is driven by supply. If you create more supply, there will be more choice, rental costs will decrease, renters will benefit, and so will society.



If you're a homeowner, the housing supply shortage works in your favor. For a potential owner, house prices are high, but when they build accessory dwelling units (ADUs), they'll be able to get quality tenants while providing good rental rates due to that shortage.

As an immigrant, I know firsthand how important decent affordable housing was to my life, my family, and our chances of success in later years. In my 20s, I became a net producer of apartments by adding two more units to a house I'd just purchased. So, I helped myself by buying a house I wouldn't have been able to afford had it not been for the rental income. In the process, I created two new apartments that others could live in. But more than that, I felt the pride of becoming a homeowner, and I could offer decent accommodations to my tenants.

The combination of my early life as an immigrant, buying a house I couldn't normally afford, then meeting holocaust survivors who built all those apartments in the 1950s and '60s so that my family, and others like us had a place to live—had a profound impact on what I am doing now. It all came full circle to my idea that, as housing prices rose and affordability became a problem, I figured there had to be a solution in there somewhere.

My family came to this country and moved into one of those apartments. I sometimes joke and say, “I read my first lease when I was eight years old.” That’s because I helped my parents sublet it.



What Is the Housing Affordability Solution?

I’ve studied all the solutions being proposed. Many were too expensive. Others weren’t viable, or would take a decade before having any meaningful impact. Finally, my thinking evolved to: *what’s the biggest, fastest, cheapest, and easiest way to solve the housing shortage?*

I came up with this:

- **BIGGEST:** millions of existing homes, and future homes, could be converted to include more housing units.
- **FASTEST:** it wouldn’t take that long (relatively) to do the conversions.
- **CHEAPEST:** those conversions only cost a percentage of the house’s value to build.
- **EASIEST:** This is not a complex solution, unlike solving something like climate change—this is solvable now with resources we already have and long-existing technology and skills.

This solves the too expensive, too difficult, and too long-to-implement issues. It also introduces the concept of solving the housing shortage with a shared economy approach.

UBERIZING THE HOME

Think about Uber or any ride share service. If you own a car, you can monetize that car—or buy a better car—by using it

to generate an income. Driving it gets you out of the house, allowing you to meet interesting people. It also provides you with a job—either full-time or part-time. The concept is simple: you're using your car as a business rather than something that serves only yourself.

That same approach—thinking of the house as a business, instead of the traditional way—works for you when you want to buy a house, and for those who already own a house, and the renters who'll live in that house. You have the option of using this Uber model of renting out part of your house if you want to. The key is that it's financially viable—and that makes it very attractive. As the homeowner, conversion to an income-generating house allows you to keep the house while maintaining an income if you lose your job. The income from the ADUs may also allow you to buy a better house than you could otherwise afford.

As you may know, financially, multiple sources of income are always better than a single source. Had I lost my job due to layoffs or recession, the two units I rented would have let me keep the house and stay financially solvent. Adding an additional source of income brought resilience to my life.

So, without the risk of being a traditional business owner, without any employees, without customers (other than renters), or any stock turnover, I owned a successful business. In essence, in a short time, I'd come a long way towards attaining financial freedom. That path is available to you as well.

FORMALIZING THE PROCESS INTO A REPLICABLE MODEL

A traditional business, such as owning a restaurant, small manufacturing company, or retail, is not for everyone. There's a lot at play that many don't want to deal with. The related stress and long hours can take their toll. However,

home ownership is something you understand and already participate in. The rules are clear and well understood.

Like starting a business with your car (think Uber again), you can begin a business with your house. Admittedly, Uberizing your house is more difficult than simply working with a car, but it's entirely doable with well-established conventions unlocking great potential gains.

Why Me? Why Now?

If you've picked up this book, you're already interested in, not only buying a house, but open to the idea of buying one with a view to its purpose and management being business focused. This is fundamentally different from the traditional buy, move-in, live there for a period, then maybe sell to buy a bigger or better-located house. You're intrigued by the financial reward potential a business unlocks along with the pride of ownership. Don't forget, ADUs create additional housing units easing the supply challenge.

I have decades of real estate experience to draw from. I know the market and I'm considered an expert in my niche. I also have children facing the current housing reality—as do many of my business associates. And I fully understand that today's housing reality is vastly different from when I bought my first triplex. However, my experience, relationships, and collaborators, all coupled with my entrepreneurial success, assures me that the solution I have is real and doable.



TheSelfFundingHouse.com

Assembling the knowledge, wisdom, and content from many collaborators and industry experts. This Online Learning Portal will address the basic steps and solutions to challenges for buying a home-as-a-business and creating your **Self Funding House™**.



THE SELF FUNDING HOUSE™

Many young people today feel as though home ownership is an unattainable dream. Given their financial position and the current state of the housing market, it seems as though they have been left behind and will never be able to enjoy the stability that home ownership provides.

While it's true that housing prices have risen to historic levels, this does not mean that all hope is lost. There is a path forward, and it requires harnessing the creativity and resourcefulness of the younger generations and combining it with a shift in mindset. What has worked for previous generations is no longer relevant. In order to achieve their goals, the youth of today must take a different approach.

What is The Self Funding House™?

The Self Funding House™ is a smarter way of attaining home ownership. Using the principles of the shared economy, aspiring homeowners can achieve their goal by adding income generating *Accessory Dwelling Units* to their first home—creating a *Home Ownership Business!*

This book formalizes the mindset necessary to achieve this goal, with an ultimate aim to create a new generation of enterprising housing entrepreneurs who will help solve the housing shortage.

Additional books and an online learning portal will provide strategies, tools, and resources from experts in their fields to aid you in the journey towards home ownership and financial independence.

theselffundinghousebook.com

US \$15.95 / CAN \$19.95

ISBN 978-1-998866-00-7



9 781998 866007



online learning portal:
theselffundinghouse.com