SAN JOSÉ STATE UNIVERSITY

URBAN AND REGIONAL PLANNING DEPARTMENT

URBP 205 – PRIVATE DEVELOPMENT AND URBAN PLANNING
URBP 143 – INTRO TO PRIVATE DEVELOPMENT AND URBAN PLANNING
Spring 2020

Instructor:	Mike Allen
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Office hours:	Wednesdays, 6:30-7:30 (by appointment)
Class days/time:	Wednesdays from 7:30-10:00 p.m. (for both online and in-person sessions)
Classroom:	Sweeney Hall 444
Prerequisites:	Graduate/upper division standing or instructor consent
Units:	3

Course Catalog Description

URBP 143: Introduction to the real estate development process from preliminary product analysis through planning, construction, and marketing.

URBP 205: Study of the entire process of private development from preliminary product analysis through planning, construction and marketing.

Course Description and Course Learning Objectives

This course is designed to examine the relationship between real estate development and urban planning. Students will learn the material using an eight-stage model of the development process, and the material will cover idea conception, feasibility, planning, financing, market analysis, contract negotiation, construction, and asset management. Other topics discussed include but are not limited to market analysis, site acquisition, due diligence, zoning, entitlements, approvals, site planning, building design, construction, financing, leasing, and ongoing management and disposition. The course will include real estate projects, case studies, and guest lecturers.

Upon successful completion of the course, students will be able to meet the following course learning objectives (CLOs):

1. Describe the stages of Highest and Best Use in the real estate development process
2. Identify the primary stakeholders—both private and public—in a given development project.

3. Understand how the real estate business cycle interacts with local government priorities and requirements.
4. Conduct a thorough site analysis for a development feasibility report.
5. Interpret and translate language used between the real estate development and urban planning worlds.
6. Create a basic cash-flow statement for a real estate development project.

Planning Accreditation Board (PAB) Knowledge Components

This course partially covers the following PAB Knowledge Components: 2a and 2b.

A complete list of the PAB Knowledge Components can be found at http://www.sjsu.edu/urbanplanning/courses/pabknowledge.html.

Course Format

This course will be primarily conducted in person on campus each week. Your attendance is important to facilitate our understanding of the course material and the required projects. Discussion of current trends will also benefit from attendance in person for the entire class. There will be at least one outside guest speaker on a topic connected to the curriculum. During the UrbanPlan classes, **attendance is required** on campus and access to a computer will be required by some students.

Required Course Texts

Miles ME, Netheron, M, Schmitz, A. *Real estate development: principles and practices*. 5th ed. Washington, D.C: Urban Land Institute, 2015. ISBN: 978-0874203431. Available on Amazon to rent for approximately $38 and for sale for approximately $110.

Urban Land Institute (ULI) UrbanPlan Handbook. To be made available in class at a cost of $10 per student.

Course Requirements and Assignments

Your grade for the course will be based on the following assignments and other activities:

Assignments	Due Date(s)	Percent of Course Grade	Course Learning Objectives Covered
Assignment #1: Stakeholder Analysis	2/12	10%	1 & 2
Assignment #2: Site Analysis Report	3/12	10%	3
Assignment #3: Development Report	4/16	30%	4
Assignment #4: Urban Plan	5/21	30%	5 & 6
Participation		20%	1-6

Participation

Your participation grade for this course will be based on attendance of in-person sessions, participation in synchronous online sessions, and completion of four "mini assignments." These mini- assignments will not be graded, but will be assigned a complete/incomplete status (see schedule below for details).

Assignment 1: Stakeholder Analysis (~1500 words)

In analyzing a potential development scenario developers should always begin by determining who the stakeholders are and what their levels of relative power and influence appear to be. Your task for this assignment is to simulate the process a developer might go through by creating a 1000-1500 word Stakeholder Report for an actual pending development in the San Francisco Bay Area. Information regarding pending development projects can be acquired in person from local governments, or online from local government websites such as the City of San Jose's website, the City of San Francisco's website (http://www.sf-planning.org/index.aspx?page=2673), (https://www.sjpermits.org/permits/), or the City of Cupertino's website (http://www.cupertino.org/index.aspx?page=114). The development project you choose should be a project in the land use approval stage (i.e., a project that is being considered for planning approval by a local government), and should be for new development (not rehabilitation of an existing structure).

Your report should include: (1) a brief description of the development project (including location), (2) a list of the 10 stakeholders in the project, (3) a thorough description of the 5 most important stakeholders, their relative levels of interest and power, and how their level of power and interest may change over time, and (4) a visual that charts each stakeholder's power, interest, and changing power and interest over time. Your report should conclude with a summary of the opportunities and risks the stakeholders give to the project.

Assignment 2: Site Analysis Report (~2500 words)

This assignment is intended to give you some exposure to how developers and investors assess the feasibility of a site for a particular land use or activity. Using the site of the development project chosen for Assignment 1 as your subject site, you will prepare a Site Analysis Report. Your objective in preparing the report will be to demonstrate how the site in question integrates with its surroundings in order to determine the feasibility and appropriateness of the intended land use or activity. The sources of your information for this assignment will be your own observations of the site (preferably, you should walk the site several times, from end to end in different directions to get different perspectives) as well as any information you can obtain through online research. .

To thoroughly characterize the site, your analysis should include information on its physical, biological, and cultural attributes, as well as any supporting maps or graphics, as needed. Your report should follow the basic outline:

1. Site Location and Context: provide a brief description of the location and size of the site and a characterization of adjacent uses, including any nearby rail system, bus stops, bicycle paths, walking paths, etc.

2. Physical Attributes: describe the physical attributes of the site – characterize the site topography, drainage, physical appearance, local and regional climate, etc.

3. Biological Attributes: describe the biological attributes of the site – does the site contain trees or other vegetation, water features such as creeks or wetlands, potential habitat for sensitive wildlife species?
4. Cultural Attributes: describe the cultural attributes of the site – does it contain historic buildings or other types of cultural resources? Is it representative of any particular time in history or of significance to any particular group of people?
5. Summary: discuss which attributes may be of concern for planning approvals, financing, and marketability.

Assignment 3: "Back-of-the Envelope" Development Report (~3000 words for URBP 205 students, ~2000 words for URBP 143 students)

The objective of this assignment is to introduce students to how developers and investors initially examine the feasibility of a potential real estate development. The intuition underlying this static approach is that an investor/developer seeks solvency (breakeven) in the short run and profitability in the long run. For this assignment, students should use the same project you analyzed for Assignments 1 and 2 to prepare a report including the following components:

1. A Market Analysis including two components:
   a. Demand Analysis:
      i. Discuss the overall US segment performance of the proposed land use, as well as the outlook for the broader San Francisco market relative to its competition in other U.S. cities. What are the demand drivers that are causing the growth of the given real estate submarket(s) in Northern California and the site area in particular?
      ii. Provide a detailed market analysis of the demand for your proposed development, which should include local cap rates, market prices and rents, and take-up rates. Sources of this data will be discussed in class.
   b. Supply Analysis:
      i. Discuss the supply of similar types of existing properties. Is the market underserved? Oversupplied? Explain using current lease and/or sales listings for properties currently on the market.
      ii. Discuss the supply of forthcoming similar properties in the area of your project. You should research development permit applications for the past year in the city your project is located in, and find those that are most similar to your project.

2. A "Back of the Envelope" Pro Forma (a template will be handed out in class), which should include, but is not limited, to the following components:
   a. A preliminary estimate of the hard and soft costs of the proposed development
   b. An estimate of the potential NOI, and NOI/Cost ratio
   b. An estimate of the availability and cost of finance for your development.
   c. A future stabilized NOI, and future stabilized NOI/Cost ratio (which includes capital expenditures)
   d. Estimate timeline for project approval, market entry, and sales date.

3. Executive Feasibility Summary, which should include:
   a. A capsulized summary of (1) and (2) above.

b. A recommendation (supported by the evidence above) of whether the proposed development should proceed.
c. Recommendations for changes to the proposed development to improve feasibility.

Assignment 4: Urban Land Institute Activity - UrbanPlan

For UrbanPlan, students will form development teams and respond to a "request for proposals" for the redevelopment of a blighted site in a hypothetical community. Each team member assumes one of five roles: finance director, marketing director, city liaison, neighborhood liaison, or site planner. Through these roles, you will develop an awareness of who the stakeholders in a given development process might be as well as a visceral understanding of the various market and nonmarket forces that affect that process. Ultimately, you must reconcile the often-competing agendas to create a well-designed, market-responsive, and sustainable project.

For this assignment, teams will address challenging financial, market, social, political, and design issues; develop a pro forma and three-dimensional model of their plan; and present their proposal to a "city council" of ULI members that awards the development contract to the winning team.

To assist student teams in creating a well-designed project, land use professionals who have attended a full day of UrbanPlan volunteer training will come to class at strategic times during the project and will take on the following roles:

- **As "Facilitators,"** through Socratic interaction volunteers challenge the students to think more critically about the UrbanPlan issues and the specific responsibilities of their "role"(finance, market, site planner, city liaison, neighborhood liaison).
- **As "Presenters,"** UP volunteers engage in interactive discussions with students on the member's own project work or specific professional challenges. Through thoughtful questioning, the presenter helps students relate these issues and decisions to struggles the students are experiencing in UrbanPlan.
- **As "City Council,"** UP volunteers hear student presentations, challenge their proposals as would happen in an actual city council hearing, and award the development contract to the winning development team.

Students are expected to attend in person each of the five UrbanPlan sessions. 50% of your grade will be based upon the quality of your group presentation to the UrbanPlan City council, and 50% will be based upon the completion of your UrbanPlan assignments. Further information on these assignments will be provided later in the semester.

UrbanPlan Reflection (Requirement only for URBP 205 Students)

As part of Assignment 4, URBP 205 students should submit a 2000 word reflection on the role of urban planning in the development process. You should reflect on your UrbanPlan experience by writing critically about the role of urban planning in the real estate development process. You should reflect on your observations and experiences in completing UrbanPlan, as well as using scholarly sources to confirm or refute the importance of your observations and experiences. You should address questions such as (but not limited to):

1. What does the planning system do well in managing the private development process?
2. What does the planning system not do well in managing private development?
3. What are the areas/issues of contention between planners and developers?
4. Does the planning system add value (both privately and publicly) to the development process?
5. How can the private development process be improved to yield better project outcomes?
6. How can the planning system be improved to yield better development outcomes?

Grading Information

The course grade is based on completion of the four assignments and on a participation component. Assignment 1 is worth 10% (10 points), Assignment 2 is worth 20% (20 points), and Assignments 3 and 4 are worth 30% each (30 points each). There is also a class participation grade that is worth10%. Class participation is worth 10 points. A student's total points earned out of 100 points will be determined and, using the following grading scheme, will be converted into a letter grade:

A+ (96 and above); A (93 to 95); A- (90 to 92); B+ (87 to 89); B (84 to 86); B- (80 to 83); C+ (78 to 79); C (74 to 78); C- (70 to 73); D+ (67 to 69); D (64 to 66); D- (60 to 65); F (below 60)

Further information on how each of the assignments will be graded will be provided.

Other Grading and Assignment Issues

Google Drive will be utilized for all posting of lecture slides, reading assignments, and a separate account for submission of student work and projects. Late assignments will only be accepted with prior consent of the instructor, and will be down-graded 10% for each day they are late.

Course Workload

Success in this course is based on the expectation that students will spend, for each unit of credit, a minimum of forty-five hours over the length of the course (normally 3 hours per unit per week with 1 of the hours used for lecture) for instruction or preparation/studying or course related activities including but not limited to internships, labs, clinical practice. Other course structures will have equivalent workload expectations as described in the syllabus.

Careful time management will help you keep up with readings and assignments and enable you to be successful in all of your courses. For this class, you will have to undertake additional activities outside the class hours such as visiting your project site. Details on how to complete these activities will be provided during the class lecture on September 2nd.

University Policies

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' Syllabus Information web page at http://www.sjsu.edu/gup/syllabusinfo/"

Plagiarism and Citing Sources Properly

Plagiarism is the use of someone else's language, images, data, or ideas without proper attribution. It is a very serious offense both in the university and in your professional work. In essence, plagiarism is both theft and lying: you have stolen someone else's ideas, and then lied by implying that they are your own.

Plagiarism will lead to grade penalties and a record filed with the Office of Student Conduct and Ethical Development. In severe cases, students may also fail the course or even be expelled from the university.

If you are unsure what constitutes plagiarism, it is your responsibility to make sure you clarify the issues <u>before</u> you hand in draft or final work.

Learning when to cite a source and when not to is an art, not a science. However, here are some common examples of plagiarism that you should be careful to avoid:

- Using a sentence (or even a part of a sentence) that someone else wrote without identifying the language as a quote by putting the text in quote marks and referencing the source.

- Paraphrasing somebody else's theory or idea without referencing the source.

- Using a picture or table from a webpage or book without reference the source.

- Using data some other person or organization has collected without referencing the

source. The University of Indiana has developed a very helpful website with concrete examples

about
proper paraphrasing and quotation. See in particular the following pages:

- Overview of plagiarism at www.indiana.edu/~istd/overview.html

- Examples of plagiarism at www.indiana.edu/~istd/examples.html

- Plagiarism quiz at www.indiana.edu/~istd/test.html

If you still have questions, feel free to talk to me personally. There is nothing wrong with asking for help, whereas even unintentional plagiarism is a serious offense.

Citation style

It is important to properly cite any references you use in your assignments. The Department of Urban and Regional Planning uses Kate Turabian's *A Manual for Writers of Research Papers, Theses, and Dissertations*, 8th edition (University of Chicago Press, 2013, ISBN 780226816388). Copies are available in the SJSU King Library. Additionally, the book is relatively inexpensive, and you may wish to purchase a copy. Please note that Turabian's book describes two systems for referencing materials: (1) "notes" (footnotes or endnotes), plus a corresponding bibliography, and (2) in-text parenthetical references, plus a corresponding reference list. In this class, students may use either system, as long as the chosen method is used consistently throughout a given document.

Library Liaison

The SJSU Library Liaison for the Urban and Regional Planning Department is Ms. Toby Matoush. If you have questions, you can contact her at toby.matoush@sjsu.edu or 408-808-2096.

URBP 205
Spring 2020
COURSE SCHEDULE

Week	Date	Topic	Reading	Assignments due
1	1/29	Introduction	In-person: Review of course syllabus and expectations Defining a developer	
2	2/5	Analyzing the Development Process	In-person: Read Miles Ch. 1 – The Development Process Ch. 2 – The Raw Material Ch. 3 – Developers & Their Partners	In class Group Presentations.
3	2/12	Site Analysis **Guest Speaker**: Vince Rivero	In-person: Read Miles Ch. 10 – Inception of an Idea Ch. 12 – Refinement of an Idea Ch. 16 – The Feasibility Study	**Assignment 1**
4	2/19	Planning Constraints	In-person: Read Miles (TBD)	In class discussion Group Presentations
5	2/26	Economic & Market Analysis	**NO CLASS**	Attend City Council/Planning Commission Meeting
6	3/4	**Guest Speaker:** Tom Terrill	In-person: Read Miles Ch. 7 – Real Estate Finance – Background	1 page city council synopsis
7	3/11	**Finance Overview**	In-person: Read Miles Ch. 8 – Real Estate Finance – Logic	**Assignment 2**
8	3/18	**Guest Speaker** Sachneel Patel	In-person: – Review of material. Group Development projects	None
9	3/25	**Site Visit** Dan Hudson	Urban Plan – Overview/Teams Assigned	**Complete UrbanPlan Exercise 1& 2**

10	**4/1**	No Class	Spring Break	
11	**4/8**	UrbanPlan	In-person: UrbanPlan – Financial Model Tutorial Vision Statement	**Read UrbanPlan Handbook Complete Exercises 3,4,5 Bring laptop to class**
12	4/15	UrbanPlan	In-person: UrbanPlan – Project workshop	**Re-read Urban Plan Handbook**
13	4/22	UrbanPlan	In-person: UrbanPlan – First Facilitation	**Revise proposal with team** **Assignment 3**
14	4/29	UrbanPlan	In-person: UrbanPlan – Second Facilitation	**Revise proposal with team**
15	5/6	Urban Plan	In-person: UrbanPlan Presentation workshop Assignment #4 workshop	**Revise proposal with team**
16	5/13	Urban Plan	City Council Presentations	**Full proposal packet emailed by 5/10**
17	5/20	No Class		**Assignment 4**

Finals Week: Class will not meet on 5/21 during regularly scheduled class time. Final **Assignment #4** due.

* In-person sessions must be attended in classroom. Online synchronous sessions must be attended during class time using WebEx meeting space; Asynchronous sessions entail no official meeting but students must complete activity and submit assignment by the end of the week (class date as noted above). Meeting format (in-person, online) may change with advance notice given to students