OVERVIEW

Pre-requisite – Real Estate Fundamentals or Real Estate and Society

As a follow-up to BUS 235f and/or BUS 135a, this course focuses on how developers create value from opportunity. The course will examine the real estate development process: who are the parties in interest in a development, how the various parties including brokers, owners, government architects and builders think, how projects are created and completed, and what are the impediments to success. The class will also survey different types of development, residential, affordable housing, commercial and institutional looking backwards and forwards at real estate development and including review of the University as a real estate deal and a real-time example during the semester.

We will focus on the 6 major tasks that must be accomplished in order to complete a real estate development:

(i) Types of real estate development
(ii) Identification of participants and their perspectives
(iii) Land planning, market and feasibility analyses
(iv) Regulatory, Zoning, permitting and community engagement
(v) Debt and Equity Financing
(vi) Exit strategies

Using the textbook, written cases, actual locations and real-time local development issues, working individually and in groups, and participating actively in classroom discussions, students will study the players and pieces of a real estate development.

In addition the class will have either two or three Sunday field trips – one a walk around Brandeis with the eyes of a developer and another one or two to local developments happening in real time. Where is the project in steps 1 – 6?
The capstone project of the course will be the Final Project in which all students, working in teams, will plan and present actual original development projects to a visiting panel of real estate professionals.

**LEARNING GOALS AND OBJECTIVES**

By the end of this course you should be able to:

1. Understand the elements of a real estate development, the perception of opportunity and the creation of value added;
2. Understand the roles and perspectives of the various people involved in a development project;
3. Understand the sources of capital and the basics workings of how a deal is financed;
4. Be familiar with the legal and regulatory real estate environment, including local zoning, community input, state or federal regulations, and property rights and limitations;
5. Be able to do rudimentary zoning analysis and site planning design;
6. Be familiar with the various approaches to project planning and budgeting;
7. Understand societal challenges and opportunities that result from the inherent tension of individual versus communal rights and responsibilities and the roles of government in both regulating and encouraging development.
8. Consider the future of real estate development. How will the future be unlike the past?

**COURSE REQUIREMENTS**

**Attendance, Workload and Participation**

Class attendance is required and students are expected to arrive at class prepared to discuss the day’s topics. For a number of classes, a case is assigned – some of these are individual assignments and some are team. It is critical to the learning process that each student come prepared to discuss the reading, case, and any problem and their solutions in detail. Students are expected to use name cards at every session.

Success in this two credit course is based on the expectation that students will spend a minimum of 4.5 hours of study time per week in preparation for class (readings, papers, discussion sections, preparation for exams, etc.)

The expectation is that preparation work will be done in ADVANCE of class discussion. Some errors are expected as a part of the learning process, by identifying areas requiring further discussion and clarification, advance preparation enhances the learning process.

**Academic Honesty**

You are expected to be honest in all your academic work. Please consult Brandeis University Rights and Responsibilities for all policies and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include
failing grades and/or suspension from the university. Citation and research assistance can be found at LTS – Library Guides.

Disabilities

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately. Please keep in mind that reasonable accommodations are not provided retroactively.

Attendance and Participation

Real estate development is a highly interactive industry and, accordingly, this class will follow that model. The success of the class itself will depend to a great degree upon your regular attendance and preparation. For most classes, there will be a case or reading or Internet research assigned, and every student will be expected to come prepared to discuss it in detail from perspectives of finance and process.

Class participation is, therefore, critical (and a significant component of your grade). In order to ensure in effective and productive class process, students will be expected to bring and display name cards to every class and should expect to be called upon.

Grading

Assignments, Final Project and Grading

Students will be graded on their class participation, quizzes on assigned reading, written assignments and a team final project presentation.

The written assignments, which may be submitted in groups are identified in the Course Outline below as “Preparation.” I will give you specific information about each deliverable at the end of the prior class.

Since real estate development is a collaborative endeavor, you may be assigned to work on your written assignments in groups of 2 or 3, except as otherwise required above.

All written assignments are to be sent to me by email by noon on the day of the class in which the subject will be discussed, and must be in the following format:

1. Include your name and the name of the assignment on the subject line of each email, on the folder name of each assignment and on each assignment itself in the form <last name/name of assignment>. Example: <Schlesinger/Do the Numbers>.
2. Do not use dollar signs or other currency indicators; do not use decimals; use comma separators for 1000s; and justify all numbers on the righthand side of spreadsheet columns. Example: use “445,500.” Do not use “$445000.35.”
3. Use Excel spreadsheets for the exercises to become comfortable with it even if we do not need to manipulate the numbers.

**The Final Project** will consist of creation and presentation of an original development plan. Given an actual location, students, **working in groups,** will plan an appropriate development or redevelopment. The Project will entail examining the site, understanding the local market, obtaining a plot plan, analyzing local zoning rules, identifying other potential regulatory issues, laying out the development, determining financial assumptions and projections, and, **most important,** convincing a visiting panel of Boston real estate professionals why they should invest.

Written deliverables, in addition to live presentation, will include a market overview, an analysis of the development risks and strategy, a site plan and zoning analysis, and a financial analysis.

**Note:** Each team must submit a **one-page description** of its project to me by email by 5:00 pm on April 1, 2020. I will give you feedback during class on April 6, before the Passover break.

The last class session, tentatively scheduled for May 4, 2020, will be devoted to in-class presentations of the Final Projects. Attendance is mandatory for all class members.

**CLASS PARTICIPATION*** 30%

**QUIZZES** 15%

**WRITTEN ASSIGNMENTS** 30%

**FINAL PROJECT** 25%

* You may avail yourself of one unexcused absence. After that, each unexcused absence will result in a one-step reduction in this grading element (B+ to B, and so on). Excellent attendance with no class participation will result in a “class participation grade” of B-.

**COURSE MATERIALS**

1) The **textbook for the course is:**  **Real Estate Development- Principles and Process** 5th Edition by Miles et als. The text is available on Amazon.com for purchase or for rent.

2) **Building a Campus** – Gerald S. Bernstein, (Editor) is available at the Library

3) In addition, this course utilizes readings and cases from the Harvard Business Publishing. You will need to establish an account in order to purchase the required materials, if you do not already have one. Please access the site here [https://hbsp.harvard.edu/import/612077](https://hbsp.harvard.edu/import/612077) look for IBS RE Development 2020. The cost pack should cost approximately $8.50
4) In addition the course utilizes LATTE materials including:

   JW Katzen material – Danbury

   Miles, *supra* – 4th Edition Chapter 15 *Affordable Housing*

   Vogel – Real Estate Financial Analysis Workbook (referred to as Gilbert hereafter)

5) In addition materials on the history and development of Brandeis will be available at the Library.

6) You will need to be familiar with Excel spreadsheets and either a Texas Instrument BA-II calculator or app or HP 12 calculator or app. I will be using the BA-II.

Harvard Business Publishing materials are in .pdf format. You will have immediate access to Harvard Business Online upon placing the order. For subsequent access, you will be required to logon, so please save your account settings.

**NOTE: This material is copyright protected, so each student MUST purchase their own course pack and sharing the material from HBS Publishing is expressly prohibited.**

<table>
<thead>
<tr>
<th>Class #</th>
<th>CLASS TOPIC</th>
<th>DATE</th>
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<tbody>
<tr>
<td>1.</td>
<td>Introduction/Goals/Players/Asset Classes</td>
<td>March 11</td>
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<tr>
<td><strong>Reading:</strong></td>
<td>Textbook – Miles et als. Chapter 1-2</td>
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</table>
| **Google**: | Middlesex Veterinary College  
Northland Newton Development |

*The term “google” in this syllabus is used generically to mean Internet research.*

**Topics:**

1. Who are the students?
2. What is real estate development?
3. What are the characteristics of real estate?
4. What are Real Estate asset classes?
5. What are the elements of the deal?
6. What are numbers to be considered?
7. How do you recognize OPPORTUNITY
8. What is the long view?

<table>
<thead>
<tr>
<th>2</th>
<th>The Jared Kushner Model – 2 Family</th>
<th>March 16</th>
</tr>
</thead>
</table>
| **Reading:** | Miles et als. Chapter 3  
Brandeis – Wikipedia entry |
|  | [https://fitsmallbusiness.com/cost-to-flip-a-house/](https://fitsmallbusiness.com/cost-to-flip-a-house/) |
NOTE: This is Internet nonsense. You may assume that everything in this website is untrue. However, consider the methodology – or google “how to flip a two family house” and pick a different one.

Case/Do the numbers: Waltham 2 Family – LATTE

Google*: Trulia – Waltham 2 Family House
Waltham Assessing
Jared Kushner Somerville properties

Topics:
1. Who are the players?
2. How do the perspectives of players differ?
3. Elements of a spreadsheet of a transaction
4. What are the costs to get in, through a process and get out?
5. What are the options of sale v. rent?
6. What does the market think?

3 Trends and Perspectives March 18

Reading: Textbook – Miles et als. Chapter 6, Chapter 12

Case/Do the numbers: Gilbert Building Set-up pp 1-9 Exercise 1

Google: Levittown, smart growth
Northland Newton – city cover page, fish around as you wish:
http://www.northland.com/tag/newton/

Topics:
1. What are past and current trends in real estate development?
2. What are the current buzzwords in the industry?
3. How does development influence culture and vice versa?
4. How macro and micro factors add or detract from real estate value

4. Institutional Real Estate March 23
Reading: Bernstein pp 22-33
Brandeis A Framework for our Future https://www.brandeis.edu/framework/

Google: https://c21u.gatech.edu/blog/future-campus-digital-world
Innovative Campus ideas

Topics
1. What was the first Master Plan for the University?
2. Thoughts about the University as a real estate deal?
3. What ideas do you get from comparing ideas for future campuses with the Framework?
4. How are campus buildings funded – compare Brandeis to public universities or Princeton
5. What is your responsibility or opportunity in this process?

5. The Market – Cruel but Efficient March 25

Reading: Textbook – Miles et als. Chapter 9
Case/
Do the numbers: Gilbert Exercise 2
Google: https://www.128cre.com/index.php
Registry of Deeds www.masslandrecords.com South Middlesex County

Topics:
1. What is for sale/lease in the area?
2. Case Shortbread Lofts
   a. Making a real estate investment – investigation, assessment, and risk
      i. Market – strength and weaknesses
      ii. Property specific strengths and weaknesses or benefits and risks
   b. Understanding the sources and uses of funds
   c. Assessing performance and cost
   d. Determining basic return and metrics
   e. Beginning to understand growth potential
3. What information is publicly available?

Field Trip – Northland Project March 29


Reading: Textbook – Miles et als. Chapter 7
Brandeis - Bernstein pp 31-37
https://en.wikipedia.org/wiki/Gantt_chart
How Architecture and Design Can Increase Marketing Value in Commercial Real Estate (LATTE)
Google: Value Engineering: Good or Evil
What is Green Building
Green Building

Topics:
1. What are the terms of a purchase agreement
2. What is a timeline for development
3. What are the costs of following the timeline
4. Funding the interim costs – pre-construction capital
5. The role of architecture in real estate
6. The impact of architecture on society
7. Architecture and design and value engineering
8. Green building - Sustainability

7. Regulatory Example - Entitlements April 1

Reading:
Textbook – Miles et als. Chapter 8

Zoning Use and Development Standards
http://www.newtonma.gov/civicax/filebank/documents/69436
sections 4.1.2 – 4.1.3; 4.2.1 – 4.2.3

Wetlands
http://www.mass.gov/eea/docs/dep/service/regulations/310cmr10a.pdf
pages 223 – starting with Section 10.58 (2) 1. A river is… through page 227 - General Performance standard

Historic
http://www.newtonma.gov/gov/planning/histpres/projrev/demrevfaq.asp

pp 1-26, pp 82-88

Topics:
1. Government Regulations
2. What are zoning regulations trying to regulate? How?
3. What are wetlands regulations trying to regulate? How?
4. What are the Issues in the Northland development
5. What are historic regulations trying to regulate? How?
6. Public and Private Restrictions

8. Guest Speaker – topic to be announced April 6

APRIL 6 - FINAL PROJECT TO BE ASSIGNED

9. Financing - Overview and REIT and Lending April 20
Reading: Textbook – Miles et als. Chapter 10 and 11
About AvalonBay
AvalonBay Proposal

Case/:
AvalonBay
Do the numbers: Gilbert Exercise 2
Google: Northland Newton - Fiscal Impact
http://www.newtonma.gov/civicax/filebank/documents/92240

Topics:
1. What is a REIT and how does it make money?
2. What is the pitch to the municipality to get a deal?
3. How does the REIT make money in Santa Monica – what are the assumptions and the risks?
4. What is the fiscal impact of development on a municipality?
5. What does the Borrower want?
6. What does the Lender want?
7. What are the variables?
8. Who signs a guarantee? What if the deal fails?
9. How has lending/borrowing changed over time?

10. Affordable Housing April 22

Reading: Miles, supra – 4th Edition Chapter 15 Affordable Housing (LATTE)
Newton Zoning Ordinance – Inclusionary Zoning – Section 5.11
http://www.newtonma.gov/civicax/filebank/documents/69436

Case/
Do the numbers: Tax credit deals – 2Life Communities
Conventional deals – Austin Street

Google: Massachusetts Housing Finance Agency
Citizens Housing and Planning Association
Northland inclusionary housing plan
http://www.newtonma.gov/civicax/filebank/documents/91204

Topics:
1. What is affordable housing and why is it significant?
2. What makes some units affordable?
3. Forms of subsidy
   - Unit cross-subsidy
   - Interest rate subsidy
11  Marketing, Sales, Leasing  April 27

Reading:  Textbook Miles et als Ch 16
Lease Form - Latte

Case:  
Do the numbers:  Bayside HBS case

Topics:
2. Ground Lease
3. Who are the parties
4. What are the variables
5. The lender perspective

13  Exit Strategy, The Future  April 29

Reading:  https://medium.com/@UrbanResilience/suburban-remix-the-next-generation-of-urban-places-9e8711d6c557

Case:  
Do the numbers:  Danbury
Google:  Abbie Hoffman

Topics:
1. How do projects get into trouble?
2. Is there anything anyone could have done to avoid it?
3. What are the perspectives on getting out of trouble?
4. How does the Suburban Remix concept address the failing shopping centers in Danbury or elsewhere.

Final Project  Week of May 4