



COURSE SYLLABUS:

Pre-Development Analysis

Summer A, 2018

Mondays, 12-2 or 2-4pm, 200 Fayerweather

INSTRUCTOR:

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I. Course Description

As students of real estate development, it is important to learn how to begin to develop a proposition for a site or existing building. Deciding what to build where is by no means – even for the most experienced developer – a matter of instinct. Instead, it requires following a deliberate and iterative process that includes developing an understanding of a site, testing certain development propositions, and evaluating the likelihood of success given a set of economic, legislative and community constraints and considerations. All this should be done before any financial commitments to purchase or invest in a site or development deal are made.

The class begins by introducing a range of types of real estate development, and the varying perspectives that stakeholders bring to the table as they consider supporting or investing in real estate projects. The subsequent four sessions are devoted to specific forms of early-stage analysis: (1) market conditions, specifically economic, financial and competitive issues (2) local rules, entitlements and regulations associated with a particular site and (3) relevant site conditions, neighborhood context and community concerns.

To develop these skills, students will be asked on a weekly basis to apply material and techniques covered in class to a specific site or sites selected by the instructor.

This will include assessments of the aforementioned issues, as well as assignments related to the process of “ideation,” i.e., developing programmatic options for a site. Having determined the amount of floor area and mix of uses, students will proceed to do a high-level financial assessment of the construction costs as well as the revenues likely to be associated with a project. Together these preliminary calculations and associated risk assessment provide a good early-stage indicator of the project’s viability – well before more detailed calculations associated with financial structuring, timing and return targets come into play.

The class will rely on a variety of case studies to highlight issues covered in class. It will also involve site visits, to the selected sites and potentially others.

II. Course Requirements and Assignments

Students will be expected to attend every one of the six classes, and to participate in class to the maximum extent possible. They will be asked to complete written assignments as requested, submitting a digital copy and also providing a hard copy in class. Grades on late assignments will be reduced accordingly.

III. Course Grading Criteria

Completion of assignment 30%
Attendance and in-class participation: 30%
Final presentation: 40%

IV. Required Readings

Readings will be posted and accessible on line (Courseworks/Canvas) a week in advance of their class date. It is expected that students will read these materials and bring any questions they raise to the subsequent class.

V. Course Outline

Class 1 (June 4): Understanding Development Potential: An Overview

- class intro
- overview
 - evaluating development opportunity
 - creating a site profile
 - understanding neighborhood context

- ideating and visualizing development scenarios
- identifying and aligning stakeholders

Readings for June 4:

- Poorvu, William, *The Real Estate Game*, “Development”, pp. 145-171.
- Long, Charles, *Finance for Real Estate Development*, Chapter 1, *The Development Process*, pp. 3-16.
- *Professional Real Estate Development*, “Organizing for Development” pp. 14-17, 22-25, and 28-9.

Assignment (due June 11): initial perceptions of selected site

Class 2 (June 11): Site assessment

- title and possession
- environmental and building code regulation
- land use regulation
- approvals and entitlements
- physical features: visible and invisible
- infrastructure capacity and access
- adjacencies and assemblages
- site assets and deficiencies
- tax and other incentives
- existing buildings or tenants

Assignment (due June 18): preliminary site assessment

Class 3 (June 18): Evaluating the neighborhood

- housing
- types of neighborhoods
- transportation
- public space
- demographics
- institutions – educational, cultural, etc.
- crime and policing
- development patterns & trends
- getting to know a neighborhood: *site visit tips*

Readings for June 18:

- Jacobs, Allan B. “Starting to Look”, in *Looking at Cities*, 1985, pp. 1-13.

- *Brett and Schmitz, Real Estate Market Analysis, 2nd Edition, ULI, Chapters 1-3.*

Assignment (due June 25): neighborhood evaluation submission

Class 4 (June 25): Creating a Development Program

- ideation
- developing your thesis: use, scale, features
- precedents and market research
- creating a development program
- land and construction costs
- financial feasibility
- evaluating costs and risks; sensitivities
- refining your concept

Readings:

- *Lynch, Kevin, The Image of the City, 1960.*
- *Miles, Behrens et al Real Estate Development: Principles and Process Part IV "Ideas", pp. 233-252.*
- *Miles, Behrens et al Real Estate Development: Principles and Process, "Market Research: A Tool for Generating Ideas," pp. 253-268.*

Assignment (due July 2): preliminary development program

Class 5 (July 2): Stakeholder Engagement

- what developers need from the public sector
- why go through a discretionary process?
- getting to know the players
- what happens at each level of government?
- stakeholder engagement: why and how
- case studies

Assignment (due July 9): final site concept proposal

Class 6 (July 9): Final Project Presentations/Discussion