SAN JOSÉ STATE UNIVERSITY

URBAN AND REGIONAL PLANNING DEPARTMENT

URBP 205 – PRIVATE DEVELOPMENT AND URBAN PLANNING
(PAIRED WITH URBP 280 – PLANNING RESEARCH TOPICS)

URBP/BUS 143 – INTRO TO PRIVATE DEVELOPMENT AND URBAN PLANNING
FALL 2013

Instructor: Dr. Ralph B. McLaughlin
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Office hours: Tuesdays 4:00pm – 5:00pm and Thursdays 2:00pm – 3:00pm, or by appointment
Class days/time: Tuesdays 7:30pm – 10:00pm (for both in-person and online sessions)
Classroom: Science Building 311
Class website: https://sjsu.instructure.com/courses/1016538
Prerequisites: URBP/BUS 143: Upper division standing or instructor consent. URBP 205: None
Units: 3 for URBP 205 (Current MUP students must also enroll in URBP 280); 4 for URBP/BUS 143. Note: students enrolled in URBP 280 and URBP/BUS 143 need to complete an additional task listed under Assignment 4.

Course Catalog Description
URBP/BUS 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 nexus 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, San José State University
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 in a given development project.
3. Conduct a thorough site analysis for a development feasibility report.
4. Interpret and translate language used between the real estate development and urban planning worlds.
5. 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.htm](http://www.sjsu.edu/urbanplanning/courses/pabknowledge.htm).

**Required Course Texts to Purchase**


**Course Assignments and Grading Policy**

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

<table>
<thead>
<tr>
<th>Assignments</th>
<th>Percent of Course Grade: URBP 205 Only</th>
<th>Percent of Course Grade: URBP 205+280 or URBP/BUS 143</th>
<th>Course Learning Objectives Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder Report</td>
<td>15%</td>
<td>15%</td>
<td>1 and 2</td>
</tr>
<tr>
<td>Site Report</td>
<td>20%</td>
<td>20%</td>
<td>3</td>
</tr>
<tr>
<td>Pro-Forma Report</td>
<td>40%</td>
<td>30%</td>
<td>5</td>
</tr>
<tr>
<td>Participation in UrbanPlan (additional requirements for URBP 280 and URBP/BUS 143 students; see below)</td>
<td>25%</td>
<td>35%</td>
<td>4</td>
</tr>
</tbody>
</table>
Course Policies and Format

Late assignments will not be accepted in this course without proper consent from the instructor prior to the submission date. Extra credit will not be available to students. As this is a hybrid course with an emphasis on case study analysis, students will be expected to attend each in-person session. During in-person sessions, students must physically attend class on campus. During online synchronous sessions, students must join the online conference session through the course webpage during the regularly scheduled class times. During asynchronous sessions, students are expected to read through the assigned material and complete the associated exercise.

Assignment 1: Stakeholder Analysis

It is always a good idea for developers to analyze a potential development situation by trying to determine who are the stakeholders in a site or project and their levels of relative power and influence. Following the activity of Week 1, your task for this assignment is to create a 1000-1500 word Stakeholder Report of an actual pending development in the San Francisco Bay Area. This information can be acquired in person from local governments, or sometimes available online such as from the City of San Jose (https://www.sjpermits.org/permits/) and the City of Cupertino (http://www.cupertino.org/index.aspx?page=114).

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 2x2 matrix that visually 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

The goal of this assignment is to give you some exposure to what developers and investors mean by “walking the site” in order to see whether the site is a “good” location for a particular land use or activity. You should use the site for the development project chosen for Assignment 1. More specifically, how does the site in question integrate with the neighborhood in terms of the intended/actual land use or activity? Preferably, you should walk the site several times, from end to end in different directions to get different perspectives. Your site analysis must include information on physical, biological, and cultural attributes and include constraints and opportunities. Draw your site analysis on an aerial photo of your chosen area. More information will be handed out.

In your report, you should also:

1. Locate and discuss the transportation corridors including any rail system, bus stops, bicycle paths, walking paths, etc. You should also include maps of these corridors.
2. Discuss the demographics of the neighborhood and be sure to include data tables of the area to support your analysis.
3. Obtain vital statistics, including recent development activity, quality of schools, and crime, and discuss these statistics.
4. Address why these variables may be important for necessary approvals, financing, and marketability.
Assignment 3: Pro-Forma Report

The objective of this assignment is to introduce students to how developers and investors initially examine the financial feasibility of a deal. The intuition underlying this static approach is that an investor seeks solvency (breakeven) in the short run and profitability in the long run. It is also a useful method to (stress) test the initial cash flow assumptions that create the yield. This is important because if the initial cash flow in year one is faulty, by simply doing discounted cash flow analysis, an investor is first compounding the errors into the future and then discounting these errors back to the present. Finally, this approach is useful in determining the highest and best use or most probable use of a given site. The report should include:

(1) A market analysis with the following:
   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 submarkets in Northern California and the site area in particular?
      ii. Provide a DNA (demographic neighborhood analysis) overview of the immediate neighborhood. After you have finished your DNA profile for the area, discuss whether the proposed development is an appropriate use.
   b. Supply Analysis:
      i. Discuss the timing of forthcoming supply of similar existing/proposed developments, and to what extent they are directly competitive with your development.
      ii. Discuss whether this is the right time for your proposed development, and whether it is necessarily the right use for the site. Why or why not? Feel free to use outside references and provide the appropriate citations.

(2) A “back of the envelope” Pro Forma, which should include (URBP 205 students only)
   a. A preliminary estimate of the hard and soft costs of the proposed development
   b. An estimate of the potential income flows (sales and/or rents) from the completed development based on your findings in (1).
   c. An estimate of the availability and cost of finance for your development.
   d. A net present value (NPV) of your proposed development.
   e. Estimate timeline for project approval and market entry.

(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, students develop a visceral understanding of the various market and nonmarket forces and stakeholders in the development process. They must reconcile the often-competing agendas to create a well-designed, market-responsive, and sustainable project.

Teams 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.

At strategic times during the project, land use professionals, who have attended a full day of UrbanPlan volunteer training, interact several times with the student teams.

- **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. A total of 25% of your final grade will be based upon participation and individual reflection (through an online diary of the day’s events). Each week will correspond to approximately 5% of the final grade, for a total of 25% for the five sessions.

Reflection Requirement for URBP/BUS 143 and URBP 280 Students

**UrbanPlan Reflection** (Requirement only for URBP/BUS 143 and URBP 280 Students)

As part of Assignment 4, URBP 280 students and URBP/BUS 143 students need to submit a 3000 word and 2000 word reflection, respectively, 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?
Calculation of Final Course Letter Grade

I will calculate the final letter grade for the course by weighting the grade for each assignment according to the percentages in the table above. To do this, I first convert the letter grade for each assignment to a number using a 4-point scale (A = 4.0, A- = 3.67, B+ = 3.33, B = 3, B- = 2.67, C+ = 2.33, C = 2.0, C- = 1.67, D = 1, and F = 0). I then use these numbers and the weights for each assignment to calculate a final, numerical grade for the course based on a 4-point scale. That number is converted back to a letter grade (A = 3.85+, A- = 3.50 – 2.84, B+ = 3.17 – 3.49, B = 2.85 – 3.16, B- = 2.50 – 2.84, C+ = 2.17 – 2.49, C = 1.85 – 2.16, C- = 1.50 – 1.84, D+ = 1.17 – 1.40, D = 0.85 – 1.16, F = 0 – 0.84).

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 practica. Other course structures will have equivalent workload expectations as described in the syllabus.

Academic Integrity Statement, Plagiarism, and Citing Sources Properly

SJSU’s Policy on Academic Integrity states: “Your own commitment to learning, as evidenced by your enrollment at San Jose State University, and the University's Academic Integrity Policy requires you to be honest in all your academic course work. Faculty members are required to report all infractions to the Office of Student Conduct and Ethical Development” (Academic Senate Policy S07-2). The policy on academic integrity can be found at http://www.sjsu.edu/senate/S07-2.htm.

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 before 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 should use the latter.

**Accommodation for Disabilities**

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 requires that students with disabilities requesting accommodations must register with the DRC (Disability Resource Center) to establish a record of their disability.

You can find information about the services SJSU offers to accommodate students with disabilities at the Disability Resource Center website at www.drc.sjsu.edu.

**Consent for Recording of Class and Public Sharing of Instructor Material**

Common courtesy and professional behavior dictate that you notify someone when you are recording him/her. You must obtain the instructor’s permission to make audio or video recordings in this class. Such permission allows the recordings to be used for your private, study purposes only. The recordings are the intellectual property of the instructor; you have not been given any rights to reproduce or distribute the material.

**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 408-928-2096.

**SJSU Writing Center**

The SJSU Writing Center is located in Room 126 in Clark Hall. It is staffed by professional instructors and upper-division or graduate-level writing specialists from each of the seven SJSU
colleges. Our writing specialists have met a rigorous GPA requirement, and they are well trained to assist all students at all levels within all disciplines to become better writers. The Writing Center website is located at http://www.sjsu.edu/writingcente