SAN JOSÉ STATE UNIVERSITY

URBAN AND REGIONAL PLANNING DEPARTMENT

URBP 205 – PRIVATE DEVELOPMENT AND URBAN PLANNING

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

FALL 2014

Instructor: Dr. Ralph B. McLaughlin
Office location: Washington Square Hall (WSQ) 218B
Telephone: (408) 924 – 5860
Email: ralph.mclaughlin@sjsu.edu
Office hours: Wednesdays, 6:30-7:30pm
Class days/time: Wednesdays 7:30pm – 10:00pm (for both in-person and online sessions)
Classroom: Clark Building 218
Class website: https://sjsu.instructure.com/courses/1117148
Prerequisites: URBP/BUS 143: Upper division standing or instructor consent.
Units: 3

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, 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.html.

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</th>
<th>Course Learning Objectives Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment 1: Stakeholder Analysis</td>
<td>10%</td>
<td>1 and 2</td>
</tr>
<tr>
<td>Assignment 2: Site Analysis Report</td>
<td>20%</td>
<td>3</td>
</tr>
<tr>
<td>Assignment 3: Urban Plan</td>
<td>30%</td>
<td>4</td>
</tr>
<tr>
<td>Assignment 4: “Back of the Envelope” Development Report</td>
<td>30%</td>
<td>5</td>
</tr>
<tr>
<td>Participation</td>
<td>10%</td>
<td></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 using “Blackboard Collaborate” during the regularly scheduled class times. During asynchronous sessions, students are expected to read through the assigned material and complete the associated exercise.
Participation

Your participation grade for this course will be based on 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)

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). The development project you choose should be a project in the land use approval stage (ie, 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 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 (~2500 words)

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 as described in the LaGro reading (pages 67-113). You should include supporting maps and graphics, as needed. More information will be handed out.

Your report should follow the basic outline:

(1) Introduction to site: provide a brief description of the location and size of the site.
(2) Physical Attributes: describe the physical attributes of the site with respect to Table 5-4 of LaGro (pg 85)
(3) Biological Attributes: describe the biological attributes of the site with respect to Table 6-1 of LaGro (pg 94)
(4) Cultural Attributes: describe the cultural attributes of the site with respect to Table 7-2 of LaGro (pg 96)
(5) Summary: discuss which attributes may be of concern for planning approvals, financing, and marketability.
Assignment 3: 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. 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 (details on these assignments will be given later in the semester).

Assignment 4: “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. You should use the same project you analyzed for Assignments 1 and 2. The report should include:

1. A market analysis with the following:
   a. Demand Analysis:
      1. 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:
   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
   c. An estimate of the availability and cost of finance for your development.
   d. A future stabilized NOI, and future stabilized NOI/Cost ratio (which includes
      capital expenditures)
   e. 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.

Calculation of Final Course Letter Grade

The course grade consists of four assignments and a participation component. The first assignment
is worth 10%, the second is worth 20%, and Assignments three and four are worth 30% each. There
is also a class participation grade that is worth 10%. The first assignment is worth 10 points, the
second 20 points, the third 30 points, and the final is 30 points. Class participation is worth 10
points. Thus, the class points add up to 100. If a student named “Jane” obtains 4 points on the first
assignment, 17 on the second, 27 on the third, 25 on the fourth project, and 9 for class participation,
her final letter grade can be calculated using the following steps:

   a) Calculate the score for each assignment, and sum the total:
      First assignment: 4/10
      Second assignment: 17/20
      Third assignment: 27/30
      Fourth assignment: 25/30
Participation: 9/10

Total Course Points = 82/100

b) Using the following grading scheme to convert your final score into a letter grade.

Grading scheme:
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)

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.

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 10.

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 www.sjsu.edu/senate/docs/S07-2.pdf.

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 option 1.

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/writingcentre
# URBP/Bus 143 and URBP 205, Fall 2014
## Course Schedule*

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Session Activity, required reading, and mini-assignment (mini assignments are in boldface)</th>
<th>Assignments Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug 27</td>
<td>Introduction</td>
<td>In-person: Review of Course Syllabus and Expectations</td>
<td></td>
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<tr>
<td>Sep 3</td>
<td>Analyzing the Process</td>
<td>Online Asynchronous: Read Miles (Chpts. 1 &amp; 3) Answer Questions 3.1-3.9 on page 64</td>
<td></td>
</tr>
<tr>
<td>Sep 10</td>
<td>Site Analysis</td>
<td>Online Synchronous: Read LaGro (Pgs. 67-113)</td>
<td>Assignment 1</td>
</tr>
<tr>
<td>Sep 17</td>
<td>Planning Constraints</td>
<td>Online Asynchronous: Read Miles (Ch. 13) Answer Questions 13.1-13.7 on page 321</td>
<td></td>
</tr>
<tr>
<td>Sep 24</td>
<td>Economic and Market Analysis</td>
<td>Online Asynchronous: Read Miles (Ch. 11) Answer Questions 11.1-11.5 on page 268</td>
<td></td>
</tr>
<tr>
<td>Oct 1</td>
<td>Finance and Project Valuation, and Cash Flow</td>
<td>Online Synchronous: Read Miles (Chpts. 7 and 8)</td>
<td></td>
</tr>
<tr>
<td>Oct 8</td>
<td>Site Visit (on your own)</td>
<td>Online Asynchronous: Visit your project site and complete site-report checklist for your Assignment 2</td>
<td></td>
</tr>
<tr>
<td>Oct 22</td>
<td>UrbanPlan</td>
<td>In-person: UrbanPlan – Initial group work</td>
<td></td>
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<tr>
<td>Nov 5</td>
<td>UrbanPlan</td>
<td>In-person: UrbanPlan - First Facilitation</td>
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<tr>
<td>Nov 12</td>
<td>UrbanPlan</td>
<td>In-person: UrbanPlan - Second Facilitation</td>
<td></td>
</tr>
<tr>
<td>Nov 19</td>
<td>UrbanPlan</td>
<td>In-person: UrbanPlan Final Presentations</td>
<td>Assignment 3</td>
</tr>
<tr>
<td>Nov 26</td>
<td>No Class: Thanksgiving</td>
<td>No Class: Thanksgiving</td>
<td></td>
</tr>
<tr>
<td>Dec 3</td>
<td>Pro-Forma Workshop #2</td>
<td>Online Synchronous: Pro-Forma Workshop #1</td>
<td></td>
</tr>
<tr>
<td>Dec 17</td>
<td>Finals Week (7:45pm-10pm)</td>
<td>Online Synchronous: Pro-Forma Workshop #2</td>
<td>Assignment 4</td>
</tr>
</tbody>
</table>

*In-person sessions must be attended in classroom; Online synchronous sessions must be attended during class time using Canvas meeting space; Asynchronous sessions entail no official meeting but students must complete exercise by the end of the week.

San José State University

Urban and Regional Planning Department