

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

Fall 2021

Instructor(s): ANU NATARAJAN

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Office Hours: Fridays 10.00 to 11.00 am (by appointment)

Class Days/Time: Thursdays 4.00 - 7.15 pm

Classroom: Online

COURSE CATALOG DESCRIPTION

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

URBP 205: Study of the entire process of private development and its intersection with public sector urban planning from preliminary product analysis through construction and marketing.

COURSE DESCRIPTION and COURSE LEARNING OBJECTIVES

This course is designed to examine the relationship between real estate development and urban planning in the public sector. Students will learn about the state of the real estate market, and the realities of development through case studies of projects in the Bay Area. The primary focus is, however, on the predevelopment process in which a developer and project have the highest level of interaction with the public sector.

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. It will cover pertinent topics including types of development

projects such as affordable housing and mixed-use developments, sustainability criteria and community benefits. The course will include 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. Gain an understanding of the complex relationship between planning and property development and the public-private partnership.
2. Describe the various stages in the real estate development process and its interaction with the planning process.
3. Develop ability to identify pertinent stakeholders—both private and public—in a given development project.
4. Understand how the real estate business cycle interacts with local government priorities and requirements and connects with community interests.
5. Analyze sites to understand development feasibility.
6. Interpret and translate language used between the real estate development and urban planning worlds and community and advocacy groups.
7. Create a basic cash-flow statement for a real estate development project.

COURSE FORMAT

This course will be primarily conducted online each week. The Urban Plan component may likely be in person depending on adopted health guidelines. 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 for the entire class. In order to anchor the theories discussed in class to reality, there will be several outside experts/guest speakers on topics connected to the curriculum.

TEXTBOOKS

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.

REQUIRED BOOKS

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

COURSE REQUIREMENTS

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

Assignments	Due Date/s	% of Course Grade	Learning Objectives
State of the Bay Area Real Estate Overview	August 26	10%	1

Stakeholder Analysis	September 16	10%	1 and 2
Site Analysis Report	September 30	15%	3
Development Report	October 14	15%	4
Urban Plan	December 2	30%	5 and 6
Participation		20%	1-6

PARTICIPATION

Your participation grade for this course will be based on attendance and participation in online sessions, and completion of the five assignments. In addition, there may be additional “mini assignments” assigned as part of the course. These mini- assignments will not be graded but will be assigned a complete/incomplete status (see schedule below for details).

ASSIGNMENTS

Assignment 1: State of the Real Estate in the Bay Area (600 words) – DUE August 26, 2021

All individual developments are dependent on market cycles, public and community sentiment, political will, and product demand. The COVID pandemic has created some short-term changes to work patterns and commutes. The longer-term impacts of these changes are unknown with a lot of uncertain variables.

In this assignment, you will review newspaper articles, industry reports, and other relevant documents and provide your opinion on the near-term and longer-term impacts to cities and private developments. Is our reaction to the pandemic a pre-cursor to how we deal with the climate challenges? Are stand-alone office buildings and sprawling campuses due for a make-over? Will work-at-home be the new normal? How do these changes impact cities and communities? What is the state of real estate in the Bay Area today? What is the impact to the building industry? What are some lessons learned about how we live during the pandemic?

Assignment 2: Stakeholder Analysis (~1500 words) – DUE September 16, 2021

In analyzing a potential development scenario, developers 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 online from local government websites such as the City of San Jose’s website, the City of Santa Clara’s website.

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. Your report should conclude with a summary of the opportunities and risks the stakeholders give to the project.

Assignment 3: Site Analysis Report (~2500 words) – DUE September 30, 2021

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 4: “Back-of-the Envelope” Development Report (~3000 words for URBP 205 students, ~2000 words for URBP 143 students) – DUE October 14, 2021

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:

A Market Analysis including two components:

Demand Analysis:

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.

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.

Supply Analysis:

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.

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.

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 preliminary estimate of the hard and soft costs of the proposed development
- An estimate of the potential NOI, and NOI/Cost ratio
- An estimate of the availability and cost of finance for your development.
- A future stabilized NOI, and future stabilized NOI/Cost ratio (which includes capital expenditures)
- Estimate timeline for project approval, market entry, and sales date.

Executive Feasibility Summary, which should include:

- A capsulized summary of (1) and (2) above.
- A recommendation (supported by the evidence above) of whether the proposed development should proceed.
- Recommendations for changes to the proposed development to improve feasibility.

Assignment 5: Urban Land Institute Activity – UrbanPlan – DUE December 2, 2021

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 visuals/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) – DUE December 7, 2020

As part of Assignment 5, 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):

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

GRADING INFORMATION

The course grade is based on completion of the five assignments and on a participation component. Assignment 1 is worth 10% (10 points), Assignments 2, 3 and 4 are worth 15% each (15 points each), and Assignment 5 is worth 25% (25 points). There is also a class participation grade that is worth 20%. Class participation is worth 20 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:

<i>Grade</i>	<i>Points</i>	<i>Percentage</i>
<i>A plus</i>	<i>960 to 1000</i>	<i>96 to 100%</i>
<i>A</i>	<i>930 to 959</i>	<i>93 to 95%</i>
<i>A minus</i>	<i>900 to 929</i>	<i>90 to 92%</i>
<i>B plus</i>	<i>860 to 899</i>	<i>86 to 89 %</i>
<i>B</i>	<i>830 to 859</i>	<i>83 to 85%</i>
<i>B minus</i>	<i>800 to 829</i>	<i>80 to 82%</i>
<i>C plus</i>	<i>760 to 799</i>	<i>76 to 79%</i>
<i>C</i>	<i>730 to 759</i>	<i>73 to 75%</i>
<i>C minus</i>	<i>700 to 729</i>	<i>70 to 72%</i>
<i>D plus</i>	<i>660 to 699</i>	<i>66 to 69%</i>
<i>D</i>	<i>630 to 659</i>	<i>63 to 65%</i>
<i>D minus</i>	<i>600 to 629</i>	<i>60 to 62%</i>

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 relevant class lecture.

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 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.

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. Peggy Cabrera. If you have questions, you can contact her at or 408-808-2096 or peggy.cabrera@sjsu.edu.

WEEKLY MODULES

URBP 205 – PRIVATE DEVELOPMENT AND URBAN PLANNING

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Fall 2021

MODULE	DATE	TOPIC	READINGS	ASSIGNMENT DUE
1	August 19	Introduction	Review of course syllabus and expectations Identifying key players in the development process https://courses.planetizen.com/course/future-cities-covid-19	
2	August 26	Planning and Pre-Development Process	Read Miles Ch. 1 – The Development Process Ch. 3 – Developers and their Partners	ASSIGNMENT 1
3	September 2	Site Analysis/Stakeholder Analysis	Read Miles Ch. 10 – Inception of an Idea Ch. 12 – Refinement of an Idea	In class discussion
4	September 9	Planning Framework	TBD	In class discussion
5	September 16	Economic and Market Analysis	Read Miles Ch. 16 – Feasibility Study	ASSIGNMENT 2
6	September 23	Financing projects	Read Miles Ch. 7 and 8 – Real Estate Finance	
7	September 30	Financing projects/Community Benefits		ASSIGNMENT 3

8	October 7	NO CLASS		Attend City Council/Planning Commission hearing Read URBAN PLAN HANDBOOK
9	October 14	Urban Plan	Urban Plan Overview	ASSIGNMENT 4 1 page city council/planning commission synopsis Complete Urban Plan Exercises 1 and 2
10	October 21	Urban Plan	Financial Model Vision Statement	Complete Exercises 3, 4 and 6
11	October 28	Urban Plan	Project Workshop	
12	November 4	Urban Plan	Project Facilitation	Revise/Update Project Proposal
13	November 11	NO CLASS		
14	November 18	Urban Plan	Presentation Workshop	
15	November 25	NO CLASS		
16	December 2	Case Studies	TBD	ASSIGNMENT 5