

URBAN DEVELOPMENT PROJECT REVIEW STUDIO

UAP5434-14658

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Purpose: This studio focuses on techniques for evaluating physical development projects, including market potential, economic impact and fiscal impact. The course provides advanced instruction on evaluating development through pro forma analysis, market analysis, property productivity analysis, and (if time permits) fiscal impact analysis. This is primarily a course in analytical discovery and problem solving. It requires an eagerness to think about markets, developers, consumers, and public policy. The course requires the ability to work with spreadsheets. Students lacking spreadsheet fundamentals might need to take a tutorial.

Texts: All material for the course is posted to the class web page on Blackboard (<http://www.learn.vt.edu/>) Urban Development Project Review Studio

Suggested readings:

Fanning, Stephen F., Terry V. Grissom, and Thomas D. Pearson, 1994. *Market Analysis for Valuation Appraisals*. The Appraisal Institute.

Clapp, John M., 1993. *Dynamics of Office Markets*, Urban Institute Press.

Peiser, Richard B., with Dean Schwanke, 1992. *Professional Real Estate Development: The ULI Guide to the Business*. Washington, DC: The Urban Land Institute. (or most recent edition)

Miles, Mike E., Richard L. Hanley, Jr., and Gayle Berens, *Real Estate Development: Principles and Process*, 2nd edition. Urban Land Institute, 1996; (or most recent edition)

Burchell, Robert, et al., 1994. *Development Impact Assessment Handbook*, Urban Land Institute.

Casazza, John A., et al. SHOPPING CENTER DEVELOPMENT HANDBOOK. 2nd edition. Urban Land Institute, 1985. xiii, 338.

Gimmy, Arthur E. and Michael G. Boehm. ELDERLY HOUSING: A GUIDE TO APPRAISAL, MARKET ANALYSIS, DEVELOPMENT AND FINANCING. American Institute of Real Estate Appraisers, 1988. xi, 136.

Spitzer, Theodore Morrow, and Hilary Baum. PUBLIC MARKETS AND COMMUNITY REVITALIZATION. Urban Land Institute, 1995. vii, 120.

Institute of Real Estate Management, annual. INCOME/EXPENSE ANALYSIS. Institute of Real Estate Management.

Urban Land Institute, annual. Dollar and Cents of Shopping Centers.

Grading: Assignments (30%); tests (30%); report (40%).
A, 92.5+; A-, 90.0-92.4; B+, 87.0-89.9; B, 83.0-86.9; B-, 80.0-82.9; C+, 77.0-79.9; C, 73.0-76.9; C-, 70.0-72.9; D+, 67.0-69.9; D, 63.0-66.9; D-, 60.0-62.9; F, 59.9 and below.

*The Center for Housing Research is located in a modular unit behind Cowgill Hall on the Derring Hall side.

SCHEDULE

wk1: Introduction & Overview of Course;
1/18, 20 Discuss Schedule & project;
Client: Downtown Roanoke Inc. (meeting in Roanoke on Feb 3)
Charge: Estimate the potential for downtown residential development and possible economic/fiscal impact
How to?: Market analysis (demand/supply); case studies, comparables, best practice; scenarios & thresholds; economic impact estimation; fiscal impact estimation

The Development Process, Notes RE1 on Web page

Pro Forma Analysis & Discounted Cash Flow—Notes RE2 on Web page

Returns to equity and returns to finance capital; Risk and reward; Notes RE3 on Web page

Feasibility & Detailed Market Studies; Notes RE4 on Web page

Readings: Notes RE1, RE2, RE3, RE4; Roulac, Strategic Real Estate Framework;

Assignments:

ULI Project Files (prepare presentation to class as noted each week)

ASSIGNMENT 1: create your own pro forma and assess results (see web page)

wk2: Identification of skill sets and preparation of work plan
1/27 Understanding the development process & role of pre-development planning/analysis

Wk3: DRI meeting, Roanoke 1PM-4PM, depart Annex parking lot 12PM, return ~ 5pm
2/3 Review project work plan; obtain copies of previous reports; review current planning effort and DPZ plan.

Discounted Cash Flow, Internal Rate of Return, Gross Income Multipliers; Cap Rates; RE3 notes-proforma; Applications of Pro Forma analysis (Example Pro Forma-see lecture notes); estimating current value; estimating sales price; relationship between cap rate and discount rate; RE2 notes;

Union Station Video

READINGS: Ambrose & Nourse, Factors Influencing Capitalization Rates

ASSIGNMENT 2: use the pro forma as an analytical tool to assess property development (see web page)

wk3: Pro Forma Analysis
2/3 ; review Assignment 2
Determinants of value and rents (Readings, Week 3)
Introduction to Market Analysis; Property productivity and site selection; market area; data sources

Assign preliminary project responsibilities & schedule field trip

READINGS: Mueller; Dokko; Asabere; Rodriguez

wk5: Office Demand
2/18 Video: Quality Hill, Kansas City redevelopment
READINGS: Howland & Wessel (projecting Office demand); Howarth, Malizia; Fanning, Office Demand; and Clapp, on web page;

Wk 6: Data sources
2/25
READINGS: Leppel, Eppli; Apgar
Controlling to Marginal Distributions & Raking;

Using the PUMS files in demand assessment
Employment and income projections

READINGS: Tour WWW.CENSUS.GOV, www.bea.doc.gov/ & www.bls.gov/DATA/
ASSIGNMENT 3: Census Data exercises

Wk 7
3/4

MIDTERM TEST

wk8:

SPRING BREAK

Wk9:
3/18

RESIDENTIAL DEMAND Projections; Applications: Richmond, Roanoke
Income and demand projections; DEMAND ASSESSMENT, RETAIL
Data sources for retail demand (purchasing surveys)
Review mid-term

Scaling jurisdiction projections to sub-jurisdiction geographies

Wk10:
3/25

DEMAND ASSESSMENT, RETAIL

READINGS: Eppli and Benjamin (Shopping Centers); Sirmans & Guidry (Shopping Center Rents); Okoruwa, Gravity Model Retail; Fanning, Estimating Demand (Retail); Fanning, Existing Shopping Center (2 parts)

Wk11:
4/1

PROJECT MEETINGS & REVIEWS

READINGS: Inner-city retail opportunities (three readings)

Wk12:
4/8

PROJECT MEETINGS & REVIEWS

Wk13:
4/15

PROJECT MEETINGS & REVIEWS

Video: Portland

wk14:
4/22

Fiscal Impact Analysis
Review of preliminary project results

READINGS: Burchell; TBA
Draft report DUE

wk15:
4/29

Project Presentation
Course Review and Evaluation