

**Real Estate Development BA/UP 565:
Community Design & Development:
How to Create Lively Downtowns and Livable Neighborhoods**

**Finance 565, Finance Dept, Bus Ad, Winter, 2009
Rev. Jan 4 2009**

Prior Permission: This class is listed as Permission of Instructor only. Send me your resume if you desire attendance. I do this to insure that the class enrollment comes from many different graduate programs, to make teams truly interdisciplinary. Approximately 1/3 of class will be Ross School of Business, 1/3 will be Taubman College architects, urban planners and master of urban design, and the balance will be law, engineering, public policy and natural resources.

Valuable city tours: You must be available for both Sunday afternoon bus tours, 2-4:30, on Jan 28 & Jan 25 to take the course. Also note tour to Detroit, Sat morning, Feb 7 instead of class Wed Feb 11.

Instructor: Peter Allen, Adjunct Faculty, Ross School of Business & Taubman College of Architecture and Urban Planning
Offices: Downtown: 944 N. Main St., just north of Depot St.
Office: 996-8821; or at Stephen M Ross School of Business, Room 3425
Email: ptallen@umich.edu
Class Room: New Stephen M Ross first floor, room R 1230 (seats 85)
Class Hours: Wednesday nights, 6:30-9:30 PM
Office Hours: Before class at Ross, after class at Pizza House or call for an appointment.
C Tools: Very valuable and used for every class.
Texts: Just a course pack of 6 former term projects, outside speakers and me
Key Web Sites: www.uli.org; www.cnu.org; www.pps.org; Brookings, Robert Nelson

Course workload consists of 13 sessions of 3 hours per session plus 3 bus tours.

Course Objectives and Requirements: I teach Real Estate Development using a variety of resources and techniques:

- Three excellent **bus tours on 2 Sundays** in January and 1 Sat am in Feb, of Ann Arbor and environs, all excellent laboratories of mostly good local development. Plus a Sat morning tour in February of Detroit, which is at the tipping point and loaded with redevelopment opportunities.
 - You and one other team member will help educate the class with a 15 minute presentation on your area of interest from the following: www.pps.org and their list of special topics including Parks, Transportation, Civic Centers, Public Markets, Downtowns, Mixed Use Development, Campuses, Squares, and Waterfronts. This 15 minute PPT presentation and your 3 bus tour Observations are worth **25 % of your final grade**.
 - 1-2 active **professional speakers** come each class to discuss best practices;
 - You will **evaluate 5 best past term projects** from prior semesters to better understand development feasibility for mixed use development. Written work to be submitted includes 3 individual and 3 team-oriented analyses of selected best past term projects. Worth another **25% of your grade**.
- GUIDELINES FOR INDIVIDUAL/GROUP WRITE-UP's

The purpose of the write-ups is to have you critically evaluate risks as illustrated by local developments as well as look at the feasibility studies done in previous years. Dramatic changes are occurring with each passing week. These economic risks and market changes considerably affect the feasibility of real estate.

By addressing these issues in a case method, you will learn various methods of analyzing the complex real estate market. When your final projects come due, you should be able to use the thought process learned in the case write-ups to present logical and relevant arguments for your final project.

FORMAT:

Each paper, whether group or individual, must be:

- Approximately 1-2 pages but no longer than 2 pages total.
 - 12 font
 - Double spaced
 - Laser printed
 - Contain 1" margins at the top, bottom, and sides.
- You and your team will complete a very **professional 30 page term project (50% of final grade)** on a realistic and opportunistic site of your choosing in and around Ann Arbor. Doing an excellent job on this report, I am told by many former students, really assures you a job opportunity in this field. The most memorable part of the class will be this term long, feasibility project. You will work all semester with 2-3 fellow class members as a team to make a local property redevelopment of your choice as "feasible" as possible.

The course, now in its 28th year, is taught by Peter Allen, Adjunct Lecturer, U of M MBA '73, who is also founder of Peter Allen & Associates in 1975, a commercial real estate development, brokerage and consulting firm. (www.ptallen.com) Peter, on the faculty of Ross School of Business and Taubman College of Architecture and Urban Planning since 1981, teaches a companion real estate fundamentals course, Real Estate Essentials BA/UP 517, in the fall term. RE 565 is more "development" in nature. Both courses serve as entry level courses for the Real Estate Certificate Program. (<http://www.tcaup.umich.edu/realestate/courses.html>)

Interdisciplinary students from other schools are encouraged, with many of the class enrolled in urban planning, architecture, engineering, public policy, Rackham, and law programs. Those requiring acceptance should apply by emailing the instructor explaining their background/resume and need for the course. (ptallen@umich.edu)

13 Week Class Outline

Week 1 Wed 1/7

1. **Assignment:** Immediate hand-in assignment, with robust discussion to follow. Answer the following 4 questions in about 2 pages:
 - 1) Why are you taking this class?
 - 2) Describe the best urban experiences and the favorite cities of your life so far. Explain the why and how of these experiences.
 - 3) Describe downtown Ann Arbor in terms of its urban vitality.
 - 4) What are your career goals as to real estate, where and how to use this class. Two pages max. The www.CNU.org and www.PPS.org websites are very helpful as is David Sucher's *City Comforts* website on downtown design, on reserve at Ross, and here, an excerpt:

http://citycomfortsblog.typepad.com/cities/files/three_rules_web.pdf

2. Roll call and sign up sheet, additional registrations & overrides.
3. Peter Allen's welcome and opening comments. Why this will be a valuable course:
 - Launch a career in real estate, become a "community" developer
 - Lease or buy office space as head of your company.
 - Make real estate investments to diversify your portfolio.
 - You all want to settle down somewhere, sometime. Therefore, make an impact on the quality of life of the community you live in, by being on a Neighborhood Association, Planning Commission or City Council.
 - Respond to the need for creating more livable neighborhoods, downtowns, and creating "people places."
 - Give your team class presentations: influence your classmates.
 - Have fun after class and at semester-end party.
4. Pass around original best prior term projects used for write ups, explain individual presentations, tours, speakers, team projects, etc.
 - Glynn et al Catherine & 4th
 - Westbrook Allen Creek Lane 415 W. Washington
 - Downtown library lot as Downtown Diag
 - Joung et al Infinity Plaza Amtrak at Univ Hospital
 - Dance et al Galatea at Plymouth & Green
5. Students briefly introduce themselves. Please mention school, ideal career and destination. Bring an updated resume to Peter.
6. 10 minute break
7. Introduce both websites and next week's **assignments**
8. Discuss significance of term project sites
 - Students should always be sure to visit site and surrounding area more than once.
 - Discuss assignment for next week. See former term projects on C tools. Questions to answer for each case write up will be on C Tools by 10 am the previous Sunday.
9. Review and discuss next week's assignment Gratzie parking lot with Josh Brugeman's help. Plus be sure to walk around the site! Answer the following questions: (To be emailed to you all by Sunday by 10 am.)
10. Real Estate Development Feasibility Template from C tools
11. Visit 3 key websites.
12. Let's all go to Pizza House to get to know each other. Pizza on me.

Week 2 W 1/14

1. Hand in and discuss individual **assignment** on Gratzi lot. MAX 2 PAGES!
2. Review Excel Financial Spreadsheets and "Smart Napkin" for Returns on Investment. (Download from C Tools.)
3. **Assignment:** Explain with Michael Glynn next week's individual **assignment**, Kerrytown 4th & Catherine lots, another individual case study and write up. Questions to answer will be available on Sunday.
4. Invited **speakers:**
5. Preview Sunday's bus tour.
6. Announce term project teams.

Sunday 1/18

1. Three to four person term project teams revised as necessary. Prepare a team charter.
2. 2-4:30 p.m. Mandatory **Suburban Bus Tour**, including Plymouth Road redevelopment, Greenfield PDR sites, Depot Town, downtown Ypsi, Washtenaw. Assemble 2 p.m. sharp at **Lowertown. Park at the U of M lot behind the Broadway Auto repair which is across the street from Northside Grill**. Help on bus tour: David Kwan, Stewart Beal
3. Bring a camera!
4. Start your bus tour observations explaining what you learned personally that is important in creating livable neighborhoods, downtowns and people places. Bring to class after next bus tour.

Week 3 W 1/21

1. Hand in 4th & Catherine **assignment**: Individual 1-2 page write up due on 4th & Catherine. See C Tools again for best past term projects.
2. Review CNU and PPS Websites for Urban Trends. Review Inaugural Address by President Obama for his urban agenda. SWOT real estate opportunities in his agenda and stimulus package.
3. Preview Sunday bus trip. Hand in Bus Observations.
4. **Discuss Detroit tour 2/10**. Need help organizing. Help from **Slatery, Strather, Malik, Dzewicki**
5. Invited **Speakers**:
6. Preview individual assignment due next week with Liz Westbrook, author of Allen Creek Lane, 415 W. Washington. These write ups should assist your team as a dress rehearsal for your term project. Questions to you this Sunday by 10 am.

Sunday 2-4:30 pm 1/25 Mandatory Downtown Bus Tour. Meet promptly Downtown Home and Garden at 210 South Ashley at 2 pm. Meet bus at 120 North Ashley next to Ashley Terrace, the new 10 story condo under construction, at 2:30.

Site visits include:

- Ashley Terrace Lofts: invite Dave Good for tour.
 - <http://www.ashleyterracecondos.com>
 - <http://www.libertyloftsannarbor.com/>
- North South Transit connections
- Downtown and Campus Circulator possibilities
- Allen Creek from U of M Golf Course thru Downtown to Argo Pond at North Main
- Old Ann Arbor YMCA at 5th & William:
- Downtown Ann Arbor Library Parking Lot and library expansion; see C Tools for best cases
- McKinley Town Center
- City maintenance yards
- Old West Side, Burns Park

emphasizing walkable neighborhoods, downtown and people places.

Week 4 W 1/28

1. Hand in 2 page Bus Tour Observations, explaining what forces are necessary to create livable neighborhoods and people places.
2. Hand in and discuss individual Allen Creek Lane 415 W. Washington assignment

3. Teams begin work on Term Project Site Selection.
4. Preview Library lot and Downtown Diag, the parking lot next to the downtown Library, as a group assignment. Questions available Sunday morning
5. Review financial recommendations & assumptions for term project.
6. Invited speakers:

Week 5 W 2/4

1. Hand in Team write up on Library lot Downtown Diag.
2. Preview future Amtrak site team project with Joung
3. Decide on term project site. Ask Peter for help if necessary.
4. Speakers:

Sat/ 2/7

Tour of Detroit. Leave Ann Arbor at 8 am and return by 2 pm. Lunch at ?? Tour guides: Strather, Slattery, Malik Goodwin, Eric Deuwicki and/or Hines people. Email Peter your Detroit tour observations.

Week 6 W 2/11 No class due to tour of Detroit. Work on term project selection

1. Email in Team Assignment on the Amtrak site
2. Plymouth and Green Team assignment due next week
3. Speakers:

Week 7 W 2/18

1. Ply & Green assignment due
2. TERM PROJECT: Each team present concept for Term Project sites and uses to class. Assign roles of each team member, including Team Chair and Charter. Start Stakeholder and SWOT analysis.
3. Tour Hobbs & Black with Kristina Glusac. (8:30 to 10 pm)

W 2/25 Spring Break—No MBA classes for 2 weeks

Week 8 W 3/11

1. Preliminary feasibility analysis to rest of class. HAND IN CONCEPTS indicating uses, approximate massing, and Back of the Envelope "Rent Justified Costs," which is in C tools.
2. Speaker: Jeff Blau, in Blau Auditorium (reserved thru AJ in Facilities)
3. Sign Up for **2 person** team, 15 minute PowerPoint presentations to begin next week. Team 15-minute presentation to the class based upon the www.pps.org website subjects. You and your teammate will help educate the class with a 15 minute presentation on your area of interest from the following list of special topics: Parks, Transportation, Civic Centers, Public Markets, Downtowns, Mixed Use Development, Campuses, Squares, and Waterfronts. Play to your team's interests and strengths. Grades based upon the following:
 - a. How difficult your subject matter
 - b. Use of resources & illustrations
 - c. Learning value to you and class (Pass out evaluation sheet)
 - d. Handout for other students

Week 9 W 3/18

1. TERM PROJECT: Stakeholder and SWOT analysis complete. Start massing, market research and construction cost estimating for term project. Revise key assumptions.
2. Invited Speakers: Guy Bazzani invited
3. Start individual presentations.

Week 10 W 3/25

1. Complete site planning & design. Hand in preliminary design and construction costs. Start financial
2. See PPS & CNU websites
3. Invited Speaker:

Week 11 W April 1

1. Continue 15 minute presentations.
2. Invited speakers:
3. TERM PROJECT: Financial Prelims Due.
4. Revise key assumptions.

Week 12 W 4/8

1. Complete individual student presentations.
2. Please email me a single, combined version of your tabulated scores for the group presentations. There should be one file per group--please use the file in CTOOLS under Group Presentations.
3. TERM PROJECT: Revise key assumptions & start incremental/sensitivity analysis.

Week 13 W 4/15

1. Rough draft complete.
2. Brief oral & visual presentations to class:
We will keep this simple so your team can stay focused on the final report.
Nominate 1 presenter from your team, 5 mins, 5 slides, max 2 mins Q&A. Flexible on this.
Include what you think makes your report/approach unique and viable--don't feel obliged to cover ALL topics (finance, design, envt, etc.)

For example, if your design is innovate, focus on that. If your financing is creative, focus on that. If your community values orientation is strong and compelling, focus on that.

But, provide enough context that a fellow student with no familiarity with your site can still make sense of what you're doing.

4/20

Final written Projects Due 5 p.m. Monday, April 20 to Faculty Box, my office (B3270C) or 944 N Main St. IMPORTANT: 1) Please use correct sized spiral binders with plastic covers, 30 pages max; 2) If necessary include confidential team member critiques of who was great and whom you would replace. 3) Sign each section and make clear your individual responsibility and the areas

of the report for which you were responsible. 4) Add your individual credentials or resumes to report. 6) Place names and schools on cover. 7) Maximum of 30 pages, not including resumes but including any appendices!! 8) No Slick Paper; 9) Do not address them to Peter Allen at 944 N Main, use Peter Allen, The University of Michigan; and 10) Very importantly, intelligently integrate your illustrations and exhibits in with supporting text. Do not just put them in appendix!

Penalty for being late: 25 points per day.

Week 14 **W** 4/22 Best Presentations to Jury and Key Stakeholders. Announce Prize

Week 15 Class party, Thur., April 30 5-7 pm at my office. All Real Estate Club, grads from my classes and all former speakers invited

