Portland State
UNIVERSITY

USP523: Real Estate Development I
Course Syllabus
Winter 2024

Lecturer:	Julia Freybote Ph.D. (*corresponding instructor*)
	Michi Slick (Killian Pacific)
Office:	KMC 510-F (5th Floor)
E-mail:	freybote@pdx.edu
Class date and time:	Monday/Wednesday 4.40 to 6.10pm
Classroom:	KMC (Karl Miller Center) 485 (4th floor)
Modality:	Hybrid; *Zoom links will be posted in the announcement section on Canvas*
Office Hours:	By appointment (remote or in person)

Course Description:

Introduces students to the fundamental concepts and analytical techniques of commercial real estate development as a foundation for courses with a specialized focus on different aspects of the development process. Topics include: an overview of the real estate development process and business; assembling the development team; project partners; assessing feasibility; raising equity and storytelling; construction debt financing; cost budgeting and development pro-formas; project management; sustainability and community impact; technological innovations. It places a heavy emphasis on real-world application.

Materials:

Recommended Textbook:

Richard B. Peiser and David Hamilton: Professional Real Estate Development – The ULI Guide to the Business, Urban Land Institute, 3rd or 4th edition (approx. $110 on Amazon; $129 on ULI Bookstore)

For this course, you need access to ChatGPT, Testfit, and Excel. You will be provided temporary access to Testfit. For those of you without a Costar account, Costar information will be provided for projects.

For project 3, you will need to purchase the Student Package Online Complete from Gordian RSMeans ($109.00; https://www.rsmeans.com/products/student). This subscription is valid for a year, and you will be able to further explore and/or use this database in Real Estate Valuation (RE539), Real Estate Construction (USP563) or Real Estate Development Workshop (RE562).

If you face any budget constraints and cannot purchase the RSMeans access, please let me know, and I'll provide you with cost estimates for project 3.

Objectives of the Course:

This course lays the foundation for more specialized courses relevant to real estate development such as Real Estate Finance I (RE521), Community, Ethics & Planning (USP612), Real Estate Economics & Market Analysis (RE573), Site Planning (USP524), Real Estate Construction (USP563), Development Project Design (USP624), and Commercial or Multifamily Property Management (RE533 or RE532).

Upon successful completion of this course, you will be able to

(1) Understand the development process and business.

(2) Determine team members and stakeholders.

(3) Assess the feasibility of a development project.

(4) Use stories to effectively communicate with investors, lenders, and stakeholders.

(5) Develop strategies to raise equity (investor types, partnership structures, waterfall structures) and obtain construction loans.

(6) Budget soft- and hard cost as well as derive development proformas.

(7) Understand project management in the context of real estate development.

(8) Articulate trends in real estate development (e.g., sustainability, social impact, and technological innovation).

In addition to mastering the course content, MSRE students are expected to attain several key attributes. These learning goals do not apply to MURP, Graduate Certificate and other students.

MSRE Learning Goals (Applicable to this Course):

1. **Teamwork and Leadership:** MSRE graduates will demonstrate effective leadership and teamwork competencies, supported by high levels of emotional intelligence (e.g., self-awareness, self-management, social awareness, and social management).

2. **Critical Thinking:** MSRE graduates will critically evaluate real estate development problems and opportunities, analyze those problems with appropriate quantitative and qualitative data analytic techniques, and prescribe and defend subsequent solutions.

3. **Equity and Sustainability Thinking:** MSRE graduates will have an equity and sustainability perspective (e.g., environmental stewardship, intergenerational resources, equitable opportunities, and access).

4. **Communication:** MSRE graduates will effectively communicate complex information with a variety of stakeholders to increase knowledge and achieve objectives.

All MSRE Learning Goals will be emphasized in this course. We expect all graduates to be conversant in and cognizant of these issues throughout their careers.

Method of Instruction:

This course is conducted on a lecture and discussion basis. A lively discussion of various topics in class is encouraged. Your experiences and opinions are highly valued and add to the learning experience.

Guest speakers will be invited to class to provide you with an exposure to the real estate industry and real-life perspective. Real world and current real estate industry issues & examples will be discussed in class so that students can gain deeper insights into the practical application of theoretical concepts.

This is a hybrid course taught with reduced scheduled in-person class meetings. Additional asynchronous activities may be required each week during the term. Enrollment in this section serves as acknowledgement that you will need to be able to access the University's online delivery platform and any assigned supplemental platforms. These components are essential for creating an online learning environment that works with students' schedules while maintaining high academic rigor.

Attendance in person is required on the first day of class. If you are not able to attend the first lecture in person, please contact me before the start of the quarter. Attendance in person is encouraged, but you can also attend class remotely via Zoom. Lectures are recorded.

Grading Criteria:

Individual Project 1 (20%): This project requires you to start your own development firm, assess your skillset, and identify skills/traits needed for business partners. You will create a vision statement for your firm and use ChatGPT to develop a corresponding mission statement. You will also be required to determine the type(s) of development projects and geographic area that your firm will focus on.

Individual Project 2 (50%): For this project, you are the general partner (GP) of an LLC conducting a financial analysis for the development of a quadruplex. You will derive a development cost overview, funding sources & uses, construction loan schedule, investment proformas and waterfall structure to assess whether this development project is worth pursuing.

Individual Project 3 (30%): For this project, you will conduct a preliminary feasibility study for a vacant site currently for sale. Your firm focuses on multifamily development and is interested in assessing whether this site is worth investigating in more detail. You will review zoning requirements, Costar market reports, Gordian RSMeans construction cost data and design options in TestFit to make a managerial recommendation.

Grades:
Students will be graded on a relative performance basis. I use the following scale:

A-Grade	A	94 to 100%	C-Grade	C+	78 to 79.9%
	A-	90 to 93.9%		C	72 to 77.9%
B-Grade	B+	88 to 89.9%		C-	70 to 71.9%
	B	82 to 87.9%	D-Grade	D+	68 to 69.9%
	B-	80 to 81.9%		D	62 to 67.9%
				D-	60 to 61.9%
			F-Grade	F	Below 60%

STUDENT RESOURCES AND POLICIES

Academic Misconduct

Accommodations/DRC

Attendance Policy

Basic Needs at Portland State

Diversity & Inclusion

Emergency Preparedness

How to Cite and Writing Guides

Lecture Recordings and Technology

Other Student Resources

Research Guides and Tutorials (Library)

Sexual Harassment

Student Health and Counseling (SHAC)

Student Code of Conduct

Title IX

Use of ChatGPT and other AI

SCHEDULE

Week	Date	Lecture Topic	Due Dates	Recommended Readings
1	01/08/24	Discussion of Syllabus; Introduction Lecture (Michi Slick/Julia Freybote)		Chapter 1
	01/10/24	The Real Estate Development Process (MS)		Chapter 2
2	01/15/24	*No Class – Martin Luther King, Jr. Day*		
	01/17/24	The Real Estate Development Business; Assembling the Team; Clients and Partners (MS)		Chapter 2
3	01/22/24	Starting a development company: **Jessy Ledesma (HomeWork Development)**		
	01/24/24	Creating a brand and storytelling: **Adam Tyler (Killian Pacific)**		
4	01/29/24	Assessing Feasibility of a Project (MS)		Chapter 3, 4, 5, 6 and 7
	01/31/24	Assessing Feasibility of a Project continued (MS)		
5	02/05/24	Cost Budgeting and Development Proformas: **Lauren Golden Jones (Capstone Partners);** Introduction to Gordian RSMeans	*Project 1*	Chapter 3, 4, 5, 6 and 7
	02/07/24	Proformas and Financing (JF)		Chapter 3, 4, 5, 6 and 7
6	02/12/24	Raising Equity: Investor Types, Requirements, Partnerships and Waterfall Structures: **Kyle Wuepper (Brix Law)**		Chapter 3, 4, 5, 6 and 7
	02/14/24	Attracting and Working with Equity Investors: **Mike Nagy (Wood Partners) and Eric Cress (UDP)**		Chapter 3, 4, 5, 6 and 7
7	02/19/24	Obtaining Debt Financing: Construction Loans, Underwriting, Payment Schedules: **Hannah Radziewicz (Fairway America)**		Chapter 3, 4, 5, 6 and 7
	02/21/24	Project Management: **Krista Bailey (Urban Renaissance Group)**		
8	02/26/24	Introduction to TestFit; Technological Innovation in Development (JF)		
	02/28/24	*No Class – Work on Project 2*	*Project 2*	
9	03/04/24	Equity-Centered Development: **Anyeley Hallová (Adre Development)**		Chapter 8
	03/06/24	Affordable Housing Development: **Stefanie Condor (Related California)**		Chapter 8
10	03/11/24	Sustainability in Development: **Hannah Bronfman (Portland Historic Landmark Commission)**		Chapter 8
	03/13/24	*No Class – Work on Project 3*	*Project 3*	

STUDENT RESOURCES AND POLICIES OVERVIEW

ATTENDANCE POLICY

You are expected to attend class regularly, either in person or remotely. However, all lectures will be recorded, so you can watch them if you had to miss class. I do not take attendance. Veterans must comply with attendance standards set by the VA. Athletes must provide their list of class conflicts before their first absence.

ACADEMIC MISCONDUCT

Students are expected to be ethical not only in the classroom, but also out of the classroom. It is in all students' interest to avoid committing acts of academic dishonesty and to discourage others from committing such acts. Academic dishonesty includes, but is not limited to, the following examples: engages in any form of academic deceit; refers to materials or sources or uses devices not authorized by the instructor for use during any quiz or assignment; provides inappropriate aid to another person in connection with any quiz or assignment; engages in Plagiarism.

Any academic misconduct, including, but not limited to, plagiarism, cheating, fabrication, aiding and abetting academic misconduct, falsification of records and documents, communication with fellow students during examination and quizzes and/or using the work of another student will immediately result in a failing grade for the course. Furthermore, students are not allowed to discuss the content of any test, quiz, or homework with anyone. Additional sanctions by The School of Business may also be imposed if it deems necessary.

Plagiarism is the act of claiming someone's work as your own through copying it without giving the creator of the work credit. Plagiarism can also include using another person's theories, ideas, or phrases without proper attribution. The simplest way to avoid plagiarizing is to always cite the sources from which you gather information or develop arguments – just cite anything you use from someone else (it actually makes your work stronger!). Plagiarism is a serious issue and is a violation of the PSU Student Conduct of Code. University policy requires instructors to report all instances of plagiarism and penalize the perpetrator(s) according to guidelines set. Please use the resources provided by the PSU library if you have any questions on how to cite.

DIVERSITY & INCLUSION

PSU values diversity and inclusion; we are committed to fostering mutual respect and full participation for all students. My goal is to create a learning environment that is equitable, useable, inclusive, and welcoming. If any aspects of instruction or course design result in barriers to your inclusion or learning, please notify me. The Disability Resource Center (DRC) provides reasonable accommodations for students who encounter barriers in the learning environment.

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ACCOMMODATIONS

If you have, or think you may have, a disability that may affect your work in this class and feel you need accommodations, contact the Disability Resource Center to schedule an appointment and initiate a conversation about reasonable accommodations. The DRC is located in 116 Smith Memorial Student Union, 503-725-4150, drc@pdx.edu, https://www.pdx.edu/drc.

- If you already have accommodations, please contact me to make sure that I have received a faculty notification letter and discuss your accommodations.
- Students who need accommodations for tests and quizzes are expected to schedule their tests to overlap with the time the class is taking the test.
- Please be aware that the accessible tables or chairs in the room should remain available for students who find that standard classroom seating is not useable.
- For information about emergency preparedness, please go to the Fire and Life Safety webpage (https://www.pdx.edu/environmental-health-safety/fire-and-life-safety) for information.

TITLE IX

Portland State is committed to providing an environment free of all forms of prohibited discrimination and sexual harassment (sexual assault, domestic and dating violence, and gender or sex-based harassment and stalking). If you have experienced any form of gender or sex-based discrimination or sexual harassment, know that help and support are available. PSU has staff members trained to support survivors in navigating campus life, accessing health and counseling services, providing academic and on-housing accommodations, helping with legal protective orders, and more. Information about PSU's support services on campus, including confidential services and reporting options, can be found on PSU's Sexual Misconduct Prevention and Response website at: http://www.pdx.edu/sexual-assault/get-help or you may call a confidential IPV Advocate at 503-725-5672. You may report any incident of discrimination or discriminatory harassment, including sexual harassment, to either the Office of Equity and Compliance or the Office of the Dean of Student Life.

SEXUAL HARASSMENT:

As faculty, one of our responsibilities is to help create a safe learning environment for students and for the campus as a whole. Please be aware that faculty have the responsibility to report any instances of sexual harassment, sexual violence and/or other forms of prohibited discrimination. If you would rather share information about sexual harassment to a confidential employee who does not have this reporting responsibility, you can find a list of those individuals here: https://www.pdx.edu/sexual-assault/get-help.

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EMERGENCY PREPAREDNESS:

For information about emergency preparedness, please go to the Fire and Life Safety webpage(https://www.pdx.edu/environmental-health-safety/fire-and-life-safety) for information.

STUDENT HEALTH AND COUNSELING (SHAC):

The Center for Student Health and Counseling (SHAC) is a community-based health care organization that provides high quality, accessible mental health, physical health, dental, and testing services targeted to the needs of the PSU student population. To make an appointment with SHAC, please call SHAC at 503.725.2800 or go directly to the clinic (1880 SW 6th Ave. UCB, Suite 200). Email address: askshac@pdx.edu

BASIC NEEDS AT PORTLAND STATE:

It can be challenging to do your best in class if you have trouble meeting basic needs like safe shelter, sleep, and nutrition. Resource centers across campus are here to provide assistance, referrals, and support. Please contact anyone on this list for assistance:

Basic Needs Hub: basicneedshub@pdx.edu

Portland State Food Pantry: psufp.com; pantry@pdx.edu

C.A.R.E. Team: askdos@pdx.edu; (503) 725-4422

OTHER STUDENT RESOURCES:

· The Writing Center: https://www.pdx.edu/writing-center/
· Center for Student Health and Counseling: https://www.pdx.edu/shac/
· Diversity and Multicultural Student Services: https://www.pdx.edu/dmss/
· Financial Wellness Center: https://www.pdx.edu/student-financial/financial-wellness-center
· For information on food assistance and other resources: https://www.pdx.edu/student-access-center/

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LECTURE RECORDINGS

We will use technology for lecture recordings in this course. Our use of such technology is governed by FERPA, the Acceptable Use Policy and PSU's Student Code of Conduct. A record of all meetings and recordings is kept and stored by PSU, in accordance with the Acceptable Use Policy and FERPA.

All class recordings will be deleted at the end of the quarter.

Your instructor will not share recordings of your class activities outside of course participants, which include your fellow students, TAs/GAs/Mentors, and any guest faculty or community-based learning partners that we may engage with.

You may not share recordings outside of this course. Doing so may result in disciplinary action.

Technology Requirements

There are several moving parts in this attend anywhere course. The following list of tools encompasses every type of technology you will encounter in this course if you are joining remotely. It is your responsibility to obtain access to these in advance of your first assignment or let me know of your limitations by the end of week 1.

- Functional webcam
- Microphone (internal or USB)
- Google Chrome browser
- Reliable internet connection

If you have technical questions/problems related to using D2L or obtaining an Odin account, contact the OIT Help Desk at help@pdx.edu or by calling (503) 725-4357.

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USE OF CHATGPT AND OTHER AI

While chatbots have a huge potential in all sorts of arenas, serious concerns exist (for example: biases may be amplified; lack of precision and accuracy; threats to institutions).

Here are specific use guidelines for AI bots such as ChatGPT:

Acceptable Use of ChatGPT or other generative AI include: Research on a specific topic or concept; Assistance in developing an understanding of a subject matter; Assistance in generating ideas for a project or assignment; Assistance in reviewing written work for grammar, spelling, and syntax errors.

Prohibited Use of ChatGPT or other generative AI include: Engaging in academic misconduct or plagiarism (see below); Generating content that is offensive or discriminatory; Using ChatGPT to violate any laws or regulations.

Students should check with the instructor if they have any questions about the use of ChatGPT or other generative AI.

All submissions in a course, whether in draft or final form, must be the student's own work and must clearly acknowledge (typically through citations) any source(s) that contributed to the work product. The "student's own work" means: the student has written the analysis themselves, unless otherwise specified by the instructor (such as a collaborative group project).

The use of generative AI programs, such as ChatGPT or others, must be clearly cited if used to create any text, images, audio, or video for the completion of this assignment. Students are responsible for all content submitted, including that created by generative AI programs, and the citation must describe the program used, the prompt entered, and the date retrieved (e.g., MLALinks to an external site., ChicagoLinks to an external site., or APALinks to an external site. guidelines). The submission of content created by generative AI for this assignment without a citation would be considered a potential violation of the PSU Code of Conduct. Please feel comfortable asking questions about the use of generative AI for this assignment.

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