COURSE SYLLABUS¹
PPD 362
REAL ESTATE FUNDAMENTALS FOR PLANNING AND DEVELOPMENT

Term: Spring, 2015
Mondays, 6:00-9:20pm
Regular course sessions: January 12, 2015, to April 27, 2015
Final Exam: Monday, May 11, 2015, 7:00-9:00pm

Room: VPD106

Instructor: MARK S. RUFF MBA MRED PDCM
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310-210-9652 cell
@ruffmark
marksruff
www.facebook.com/groups/MarkRuffUSCstudents/
www.linkedin.com/pub/mark-ruff/19/120/222/

Office Hrs: By appointment, but best for me ~1:00pm to ~2:00pm, Mondays or informally either (briefly) before or after class, if in person. I can also periodically make myself available otherwise via phone or Skype.

Twitter: It is suggested that you “follow” me as @ruffmark via Twitter is a methodology I employ to communicate in real-time with students (e.g., if I might be running late for a class, or if we need to cancel and reschedule a class due to a professional commitment. Note that this would be rare, but it occasionally happens).

Quote: “It is the learning that you do after your school days that really counts. Otherwise, you know only that which everyone else knows.”
--Henry Doherty

COURSE OBJECTIVES:
The purpose of this course is to present the fundamental principles of real estate, including finance, leasing, economics, capital markets, design, marketing, and development decision making. Basic techniques of investment analysis and real estate appraisal will be covered. We will examine the relationships between real estate markets and federal, state and local government policies; the factors that create real estate market cycles, bubbles, and crashes; and the impacts of real estate cycles and capital flows upon regional and national societies. 

¹ Subject to change.
the conclusion of the course, students will have been exposed to the basic tools needed to make intelligent real estate development and investment decisions.

This course provides an overview of key concepts in real estate development and real estate development feasibility. The main topics initially include a definition of the real estate development process, the key stages in that process, the role of feasibility analysis in that process, a definition of feasibility, and example application of feasibility analysis to commercial and residential development projects. The orientation is toward the analysis of income producing property types. The emphasis is on providing students who have little or no financial analysis background with three key assets:

1. An appreciation of the real estate development process and the critical role played by pro forma financial analysis.
2. A working knowledge of the critical vocabulary and concepts involved in pro forma analysis.
3. A reasonable appreciation of how these concepts inform the real estate development and financing decision making process.

The course is intended more to assure a reasonable understanding of these concepts than to create the ability to perform complex analyses.

Following the introduction to real estate development there will be a more comprehensive review of general concepts so that at the conclusion of the course, students should:

- Understand the basic sequence of real estate development
- Be familiar with the nature of property
- Examine the nature of city development and how it has evolved
- Understand the role of government in regulating land use
- Know what the time value of money means and learn to calculate Net Present Value (NPV) and Internal Rate of Return (IRR)
- Learn to value property and methodologies to do so
- Identify sources of debt and equity for commercial real estate transactions
- Understand the development process and how it is applied to the major product types

**REQUIRED TEXTBOOKS:**

**Real Estate Principles: A Value Approach**
David C. Ling and Wayne R. Archer

**OPTIONAL READING/WATCHING:**

(N.B.: You will not be responsible for any material from the following, but they are listed here if you have a thirst for additional knowledge and have an abundance of time.)

**Professional Real Estate Development: The ULI Guide to the Business**
Richard B. Peiser and David Hamilton
3rd ed., © 2012, ULI
The Geography of Nowhere
James Howard Kunstler
© 1993, Touchstone
ISBN 978-0-671-88825-1 (paperback)

Home From Nowhere
James Howard Kunstler
© 1996, Touchstone
ISBN 978-0-684-83737-6 (paperback)

Crabgrass Frontier: The Suburbanization of the United States
Kenneth T. Jackson
© 1985, Oxford University Press

The End of Suburbia
Movie 1hr.
https://www.youtube.com/watch?v=Q3uvzcY2Xug

www.PeterGordonsBlog.com
A blog exploring the intersection of economic thinking, urban planning/real estate development, and related big-think themes. Dr. Gordon is Professor Emeritus here at the Price School, is a former Dean of the (formerly known as) School of Urban and Regional Planning, and was one of my Professors in the MRED program.

BASIS FOR DETERMINING GRADES:

Students will be graded based on the following:

- Unscheduled Quizzes/Homework: 15%
- Mid-term: 25%
- Student Project: 25%
- Final Exam: 25%
- In-class participation: 10%

Grading Standards:

A: Work of excellent quality
B: Work of good quality
C: Work of fair quality
D: Work of minimum passing quality
F: Failure to adequately complete course work

Student work must be turned in on time and late work will receive a penalty of one full letter grade. The way to view this is to treat me as a seller who does not wish to grant you an extension on your due diligence, but will do so reluctantly and for a steep price. Be certain to make a copy of your work if you desire to keep a copy for your permanent file or record.

OTHER INFORMATION:
**Disability Services:**
Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open from 8:30am to 5:00pm Monday through Friday. The phone number for DSP is (213) 740-0776.

**Instructor’s policy on cell phone, texting, or other social media-type use during class:**
Zero tolerance. If you must use your cell phone or otherwise surf the web during class for other than class appropriate use, please be courteous to me and other students and step outside the class.

**Additional information at the directive of the Vice-Provost, Undergraduate Programs, from Memo to Faculty (dtd 09/14/14), required insert into all undergraduate Course Syllabi:**

**Statement on Academic Conduct and Support Systems**

**Academic Conduct**
Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Section 11, Behavior Violating University Standards[https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/]. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, [http://policy.usc.edu/scientific-misconduct/](http://policy.usc.edu/scientific-misconduct/).

The recommended sanction for violations of academic integrity, such as plagiarism or cheating on an exam, is a final grade of “F” for the course.

Heavy and/or undocumented reliance on material found on the World Wide Web/internet is discouraged, though identifying information later obtained in hard copy format is not. If web-based material is used, all such material must be fully documented with regard to author as well as the URL.

If you have any questions about academic integrity or citation standards, please ask in advance.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity [http://equity.usc.edu/](http://equity.usc.edu/) or to the Department of Public Safety [http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us](http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us). This is important for the safety whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. The Center for Women and Men [http://www.usc.edu/student-affairs/cwm/](http://www.usc.edu/student-affairs/cwm/) provides 24/7 confidential support, and the sexual assault resource center webpage sarc@usc.edu describes reporting options and other resources.

**Support Systems**
A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the American Language Institute.
http://dornsife.usc.edu/ali, which sponsors courses and workshops specifically for international graduate students. The Office of Disability Services and Programs http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, USC Emergency Information http://emergency.usc.edu/ will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

**SCHEDULE OF CLASS TOPICS:**

The course meets once per week, for approximately 3 ¼ hours each class meeting. Students are expected to attend each class and to have read the required readings prior to class so that they can contribute to in-class discussions. Depending on progress during sessions, the topics and readings for each week are subject to change. Guest Speaker scheduling and availability is subject to change or cancellation due to their professional commitments.

There is extensive reading, both via textbook and additional collateral materials which will be posted to Blackboard, and beginning the second session of class, each student must bring to class specific written questions based on the readings. The questions are to be submitted IN HARD COPY ONLY using a standard format posted on Blackboard. In addition, there will be unscheduled short quizzes and/or homework assignments. Students are expected to bring a computer to class that is capable of running Excel. Excel exercises will be part of class. When appropriate, I will also present calculations using a financial calculator (e.g., H/P 12c or other such device).

A Final Project will be assigned which requires each student to identify a real property currently offered for sale and to generate a simple evaluation and financial projection for that property. The methodology(ies) for the financial underwriting component will be presented throughout the course term.

**CLASS MEETINGS:**

<table>
<thead>
<tr>
<th>Week #</th>
<th>Date</th>
<th>Topic</th>
<th>Text Chapter(s)</th>
<th>Chapter titles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01/12</td>
<td>Course overview, Introductions, etc., The nature of real estate and real estate markets</td>
<td>1</td>
<td>The nature of real estate and real estate markets</td>
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<tr>
<td>2</td>
<td>01/19</td>
<td>None – MLK Jr. holiday</td>
<td>N/A</td>
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<td>3</td>
<td>01/26</td>
<td>The legal foundations of value</td>
<td>2</td>
<td>Legal and regulatory determinants of value</td>
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<td>4</td>
<td>02/02</td>
<td>Conveying real property interests</td>
<td>3</td>
<td>Conveying real property interests</td>
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<tr>
<td>5</td>
<td>02/09</td>
<td>Government controls and real estate markets</td>
<td>4</td>
<td>Government controls and real estate markets</td>
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<tr>
<td>6</td>
<td>02/16</td>
<td>None – President’s Day holiday</td>
<td>N/A</td>
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<td>7</td>
<td>02/23</td>
<td>Valuation presentation, Market determinants to value, Forecasting ownership benefits and value, Market research,</td>
<td>5* 6* 7 8</td>
<td>Market determinants of value Forecasting ownership benefits and value: market research</td>
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<tr>
<td>Week</td>
<td>Date</td>
<td>Topic</td>
<td>Notes</td>
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<td>8</td>
<td>03/02</td>
<td>Residential mortgage types and borrower decisions, Sources of funds for residential mortgages Development presentation</td>
<td>10</td>
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<td></td>
<td>Wk #8 revised 02/24/15: The effects of time and risk on value, Mortgage calculations and decisions</td>
<td>11</td>
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<td>9</td>
<td>03/09</td>
<td>Mid-Term</td>
<td>12</td>
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<td>Closed book, closed note You will have the entire class period to complete the Mid-Term</td>
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<tr>
<td>10</td>
<td>03/16</td>
<td>None – Spring recess</td>
<td>13</td>
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<tr>
<td>11</td>
<td>03/23</td>
<td>Real estate finance: The laws and contracts, Leases and property types</td>
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<tr>
<td></td>
<td></td>
<td>Real estate finance: the laws and contracts, Leases and property types, etc.</td>
<td>22</td>
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<td>12</td>
<td>03/30</td>
<td>Real estate brokerage and listing contracts, Contracts for sale and closing, Enhancing value through on-going management, Acquisitions</td>
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<td></td>
<td></td>
<td>Real estate brokerage and listing contracts Contracts for sale and closing Enhancing value through ongoing management</td>
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<td>Enhancing value through on-going management</td>
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<td>13</td>
<td>04/06</td>
<td>Pro-forma / financial analysis presentation(s)</td>
<td>None</td>
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<td>The investment pro-forma, The development pro-forma</td>
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<td>14</td>
<td>04/13</td>
<td>Residential mortgage types and borrower decisions, Sources of funds for residential mortgages; Development: The dynamics of creating value</td>
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<td>Wk #14 revised 02/24/15: The effects of time and risk on value, Mortgage calculations and decisions</td>
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<td>The effects of time and risk on value, Mortgage calculations and decisions</td>
<td>23</td>
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<td>15</td>
<td>04/20</td>
<td>Commercial finance presentation, Commercial mortgage types and decisions, Sources of commercial debt and equity capital, Investment decisions: Ratios, investment decisions: NPV and IRR, Income taxation and value</td>
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<td>Commercial mortgage types and decisions, Sources of debt and equity capital Investment decisions: Ratios Investment decisions: NPV and IRR, Income taxation and value</td>
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<td>Investment decisions: Ratios Investment decisions: NPV and IRR, Income taxation and value</td>
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<td>Investment decisions: Ratios Investment decisions: NPV and IRR, Income taxation and value</td>
<td>19*</td>
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<td>Investment decisions: Ratios Investment decisions: NPV and IRR, Income taxation and value</td>
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<td>16</td>
<td>04/27</td>
<td>Final Project presentations</td>
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<tr>
<td>17</td>
<td>05/11</td>
<td>Final Exam, Cumulative</td>
<td>Closed book, closed note</td>
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</table>
(°) Denotes simply a quick, cursory review of that material from the text, with no substantial requirement for retention.