

**University of Southern California**  
**School of Policy, Planning and Development**  
**Class Syllabus**

Adjunct Instructor Rick Vogel

619-857-5317 (cell)

[richarhv@usc.edu](mailto:richarhv@usc.edu)

**Course Summary**

Mixed-use projects have existed since the first shop keeper built his home above his shop in an ancient village. Since that time, the mixing of different land uses (residential, commercial, cultural, etc.) in one discrete area has transformed human settlements ranging from small villages and neighborhoods to large city centers. Successful mixed use developments also address sustainability concerns by increasing population density, conserving land resources and facilitating public transportation. Moreover, projects like Canary Wharf in London and the Qianhai Project in Shenzhen, China have transformed the structure of a local economy from an industrial based economy to a services oriented economy.

Today, there is a focused effort on regenerating US cities. Millennials are flocking to city centers for their convenience, energy, proximity to jobs and upbeat urban life style, but municipal governments are ill-equipped to redevelop entire neighborhoods and construct needed infrastructure and transportation systems without heavy involvement by the private sector. In New York, large mixed-use development projects like the World Trade Center redevelopment project by Silverstein Properties, and Hudson Yards by The Related Companies, are creating a new paradigm in public private partnerships for the execution of these projects at an unprecedented scale. But few companies are capable of executing these large and complex projects.

This course seeks to understand the need for large scale mixed use projects, the complexities in developing them and the opportunities that such projects provide to change neighborhoods (The Grand, Los Angeles), cities (Hudson Yards, New York) and even countries (Marina Bay Sands, Singapore) and the framework for successfully executing them. At the conclusion of the course, you will have the tools necessary to:

- identify and secure a good mixed-use development opportunity
- identify the inherent risks and opportunities in executing such a project
- make recommendations concerning the positioning, programming and design of the project
- undertake the feasibility analysis and design the capital structure for the project
- develop the overall legal and governance structure for the project
- incorporate the needs for long term operational practices into the project; and,
- build the project management infrastructure needed to execute the project

The course incorporates real life projects from around the world as case studies in executing large scale mixed use development projects, several of which were led by the course instructor:

- Petco Park, San Diego
- Encore, Tampa
- Marina Bay Sands, Singapore
- Hudson Yards
- The Qianhai Project, Shenzhen
- 21<sup>st</sup> Century Tower, Shanghai
- Time Warner Center, New York
- The Grand, Los Angeles

### **Course Requirements**

Students will be graded on their performance on a mid-term and final exams (30% each) to be taken in Week 5 and Week 10; the class project (to be introduced in Week 5 and due in Week 8 (25%), and case studies and in-class participation (15%). The case studies and class participation is assessed as follows:

- The following two case studies will be required to be turned in, in advance of class, with each counting for 5% (1/3<sup>rd</sup> of the grade). The questions to be answered are in the Class Outline below as follows:
  - Class 04(B) “**Hudson Yards - The Other Side of the Tracks**”
  - Class 07(B) “**The Time Warner Center: Mixed-Use Development**”
- The remaining 5% will be determined by your class participation in-class throughout the course, including participating in class discussion, asking questions during class, and leaving an overall impression with the instructor that you were an active participant in the classroom (or on Zoom).

Class meets weekly, from June 7, 2021 to August 9, 2021, 6:00 PM to 8:50 PM. There are a total of 10 class dates. There is no class on July 5, 2021 due to the Fourth of July Holiday, so you will take your Mid-Term on-line that week and the Class Project will be introduced in class on July 12<sup>th</sup>. It is suggested that you attend each class to get the most out of the course.

### **Office Hours**

I will make myself available for consultations in Zoom on Tuesday through Thursday nights from 6:00 PM to 8:00 PM. Please contact Catherine Zukowski (copy me) at [catherine.zukowski@related.com](mailto:catherine.zukowski@related.com) to schedule an appointment. In addition, I can always be reached directly by cell phone at 619-857-5317.

### **Reading Material & Class Slides**

There will be suggested reading assignments distributed on the Blackboard system, as well as supplemental readings occasionally handed out in class during the course of the semester. Copies of all class slides will also be posted to the Blackboard system in advance of class. Students will be expected to be familiar with all material covered in class for class exams.

### **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 early 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

### **Returned Coursework**

Returned paperwork, unclaimed by a student, will be discarded after 4 weeks and hence, will not be available should a grade appeal be pursued following receipt of his/her grade.

### **Academic Integrity**

The University, as an instrument of learning, is predicated on the existence of an environment of integrity. As members of the academic community, faculty, students, and administrative officials share the responsibility for maintaining this environment. Faculty has the primary responsibility for establishing and maintaining an atmosphere and attitude of academic integrity such that the enterprise may flourish in an open and honest way. Students share this responsibility for maintaining standards of academic performance and classroom behavior conducive to the learning process. Administrative officials are responsible for the establishment and maintenance of procedures to support and enforce those academic standards. Thus, the entire University community bears the responsibility for maintaining an environment of integrity and for taking appropriate action to sanction individuals involved in any violation. When there is a clear indication that such individuals are unwilling or unable to support these standards, they should not be allowed to remain in the University.

### **Course-Specific Policies**

The following course-specific policies are in addition to university-wide and departmental policies. If there is a conflict between the course-specific policies and the university-wide or departmental policies, the later shall apply.

### **Communication Policies**

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- Students are encouraged to contact the instructor by USC email and during office hours. The instructor will reply to emails within 24 hours, 48 hours over a weekend, and the work day following a holiday. The instructor does not respond to questions during the 24 hours before an exam or assignment is due and may not respond to emails sent from non-USC accounts. If you

have problems while taking an on-line test or assessment, call the instructor's cell phone (do not text).

- To communicate with the instructor outside of class or office hours, email the instructor from your USC email account. In the subject line, indicate the course number and your full name. Simple questions will be answered by email, but for more complex discussions students may be instructed to visit office hours. Email will be answered within 24 hours.
- To promote independence and critical thinking, students are encouraged to work through the following process for obtaining answers to course-related questions before contacting the instructor. First, consult the course syllabus. If you do not find the answer you need, next consult a classmate. Finally, after you have exhausted these methods, email the instructor. In your email, please indicate the steps you have gone through to seek the answer. Your question will be answered within 24 hours, but response may be delayed on the weekend or holidays. Please use USC email for all correspondence with the section TA and instructor.

### Technology Policies

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- Students will be asked to leverage their devices for academic purposes only when indicated by the instructor. The instructor will provide at least 24 hours' notice to students if they will need to bring devices to class for in-class work. Students who require devices when not indicated by the instructor should let the instructor know of their need privately. Students who require a laptop to complete in-class work can check one out through the [Laptop Loaner Program](#). Students who use their devices at times not indicated by the instructor will be asked to put them away and receive a zero for their in-class work grade for the day.
- Students are required to bring an internet-enabled device with browser capabilities, such as a cell phone or a laptop to class. During class time, it is expected that students will use their devices only to participate in activities guided by the instructor. Use of devices for other purposes is not permitted during class time. If you require an internet-enabled device, the USC Computing Center Laptop Loaner Program - USC Information Technology Services provides loaner laptops at the general-use computing centers in King Hall, Ahmanson Information Commons at Leavey Library, and Waite Phillips Hall. This service is only available to currently enrolled USC students with a valid USCard. To check out a laptop, go to the service desk at an [USC computing center](#) and log into the laptop checkout webpage.
- Students are required to have the latest version of Excel installed on their laptops and bring laptops to every class session. Students who require a laptop to complete in-class work can check one out through the [Laptop Loaner Program](#). Students who need assistance installing the

latest version of Excel on their laptops should contact the program's IT department.

- Students may use their personal electronic devices during class sessions. Devices are permitted to the extent that they do not distract your attention, or the attention of your peers, from the lecture. It is up to the instructor's judgement whether a device is distracting. If it is deemed distracting, you will be asked to put away your device for the remainder of the class session.

## **CLASS OUTLINE**

**Monday June 7, 2021**

### **Class 1A – Overview and Introduction to Large Scale Mixed Use Development Projects**

1. Class Overview
2. My View of Real Estate Development – *What it is and what it isn't*
3. Introduction and History of Mixed-Use Development
4. What is Mixed-Use Development?
5. Types of Mixed-Use Development
6. Overview of Successful Large Scale Mixed-Use Development Case Studies

#### **Reading Material**

- Urban Land Institute, **Mixed-Use Development Handbook** (pages 3 to 26), Second Edition, by Dean Schwanke, 2003

### **Class 1B – Why Large Scale Urban Mixed-Use Development Projects Exist**

1. A Tale of Two Cities – New York and Shanghai
2. Economic Development
  - a. The Grand Avenue Project, Los Angeles
3. Economic Restructuring
  - a. Canary Wharf, London, UK
  - b. Qianhai Economic Zone, Shenzhen, PRC
  - c. Lujiazui Financial District, Shanghai, PRC
4. Public Private Partnerships
  - a. What is a Public Private Partnership
  - b. Why Public Private Partnerships Exist
  - c. The Grand Avenue Project
5. Urban Regeneration
  - a. Encore, Tampa, FL
  - b. Petco Park, San Diego, CA

Case Study: San Diego Ballpark District, San Diego

### Reading Material

- Urban Land Institute, **Mixed-Use Development Handbook** (pages 137 to 142), Second Edition, by Dean Schwanke, 2003
- The International Economic Development Council, **Economic Development Reference Guide** (become familiar with the content but focus on 3, 7,8 and pages 14 to 16 and 43 to 45)
- City Metric, **After thirty years of Canary Wharf, how has it changed the geography of East London?**, by Jack Brown, December 21, 2017
- Los Angeles County Economic Development Corporation, **The Grand Avenue Plan: An Economic Impact Analysis – Final Report**, by Christine Cooper Ph D, Shannon M. Sedgewick, and Somjita Mitra Ph D, January 2014
- Urban Land Magazine, **Nine Practices of Successful Public/Private Partnerships**, by Stephen Friedman, April 20, 2017
- ULI Case Studies, **Encore** (read “Introduction”, “The Site and Neighborhood”, “The Idea”. “Development Process”, and “Public Agency Collaboration), by Peyton Chung, January 2017
- New York Times, **The Neighborhood That the Ballpark Built**, by Morris Newman, April 26, 2006
- Urban Land Institute Case Studies, **San Diego Ballpark Neighborhood Revitalization**

**Monday June 14, 2021**

### Class 2A – Challenges and Opportunities of Large Scale Mixed-Use Development

1. Dealing with External Stakeholders
2. Development Cycle vs Market Cycle vs Diversification of Risk
3. Financing and Legal Issues
4. Getting the Mix and Scale Right in Mixed-Use
5. The Importance of Positioning and Branding Strategies

Case Study: Marina Bay Sands, Singapore

### Reading Material

- Urban Land Institute, **Mixed-Use Development Handbook** (pages 26 to 29 and 87 to 92), Second Edition, by Dean Schwanke, 2003
- Rosenow Spevacek Group, Inc, **Grand Avenue Feasibility and Economic Impact Assessment**, (pages 1 to 7), 2015
- NAIOP Commercial Real Estate Development Association Development Magazine, **Mixed-use Design: Making the Mixes Work**, by Eric Brown, Winter 2017-2018
- Colorado Real Estate Journal, **Legal Issues in Mixed-Use Projects**, by Jay Philip and Kim O’Hagan, November 4, 2014
- ICSC Shopping Centers Today, **Retail is the Vital Hub for Successful Mixed-Use Development**, by Steve McLinden, May 30, 2018
- Las Vegas Sands Corp, **Singapore Integrated Resorts Case Study: Marina Bay Sands**, October 2015

### **Class 02B – Facilitating Land Acquisition and Entitlements for Large Scale Development Projects**

1. Evaluating Sites and Opportunities for Development
2. Land Assembly and Purchase
3. The Role of Government in Facilitating Land Acquisition
4. Ground Leases
5. Development Agreements
6. Top 5 List of “Asks” When Negotiating with the Government for Land

#### **Reading Material**

- Urban Land Institute, **Mixed-Use Development Handbook** (pages 37 to 46, pages 133 to 135 and pages 159 to 165), Second Edition, by Dean Schwanke, 2003
- Urban Land Institute Knowledge Finder, **Three U.S. Cities Reinventing the Modern Waterfront**, by Gina Ford, 2019

*\*You may also want to peruse the MOU between the Padres, City and Redevelopment Agency for the development of the Ballpark District in San Diego to see how PPP deals are put together*

**Monday June 21, 2021**

### **Class 03A – Land Use, Zoning, and Transportation Issues**

1. Mixed-Use Zoning
2. New Ideas in Planning & Zoning
3. The Approval Process
4. Segregation of Ownership
5. Transportation and Infrastructure Issues

Case Study: The Qianhai Project, Shenzhen, PRC

#### **Reading Material**

- Urban Land Institute, **Mixed-Use Development Handbook** (pages 142 to 157), Second Edition, by Dean Schwanke, 2003
- The Practical Real Estate Lawyer, **Planning Issues in Mixed-Use Developments**, by Scott B. Osborne, July 2005
- Urban Land, **How Zoning Can Ease Land Assembly**, by Donald Shoup, March 7, 2017
- Urban Land, **Quality of Infrastructure is Key to Real Estate Development Decisions**, by Trisha Riggs, April 14, 2014
- Silverstein Properties, Pelli Clarke Pelli Architects, Cooper Robertson Partners, **Master Plan for the Financial District of the Qianhai Cooperation Zone**, October 2012

### **Class 03B – Design Considerations – Part 1**

1. The Design Team and Process
2. Urban Design Principles
3. Continuing Case Study - Encore
4. Positioning and Designing the Primary Uses
5. Addressing Different Building Modules and Structural Bays

#### **Reading Material**

- Watch Frank Gehry Video about his vision for the Grand
- Urban Land Institute, **Mixed-Use Development Handbook** (pages 167 to 233), Second Edition, by Dean Swanke, 2003
- Real Estate Issues, **Mixed-Use Development and Financial Feasibility: Part II – Physical, Phasing, Design and Public Policy Factors**, by Joseph S. Rabiński PH.D., Karen M. Gibler, PH.D., J. Sherwood Clements, III and O. Alan Tidwell, November 2009
- Urban Land Institute, **Ten Principles for a Sustainable Approach to New Development Towards Sustainable and Integrated Large-Scale Developments for a More Livable Hong Kong**, December 2010
- Urban Land, **Building Flexibility into Mixed-Use Projects**, by Will Macht, May 31, 2012
- ULI Case Studies, **Encore** (read “Planning & Design”), by Peyton Chung, January 2017

**Monday June 28, 2021**

### **Class 04A – Design Considerations – Part 2**

1. A Case Study in Vertical Mixed-Use – 21<sup>st</sup> Century Tower, Shanghai
2. Open Spaces, Public Places and Place Making
3. Parking Considerations
4. Construction and Phasing Considerations

#### **Reading Material**

- Hines, **21<sup>st</sup> Century Tower Development Plan**, by Rick Vogel, December 19, 2005
- Urban Land Institute, **Mixed-Use Development Handbook** (pages 79 to 83), Second Edition, by Dean Swanke, 2003
- Urban Land Institute, **Mixed-Use Development Handbook** (pages 92 to 94), Second Edition, by Dean Swanke, 2003
- Urban Land Institute, **Implementing Creative Place Making in Real Estate**



### **Class 04B – Hudson Yards Case Study**

#### **Reading Material**

- Review **Hudson Yards** presentation deck
- New York Times, **How Will Hudson Yards Survive the Pandemic**, by David Chen, June 19, 2020
- Harvard Business School, **Hudson Yards - The Other Side of the Tracks?**, by Christopher M. Gordon, John D. Macomber, A. Eugene Kohn, and Lisa Strobe, January 15, 2013. Please answer the following questions and submit the answers in advance of class (5% of class grade):
  1. What do you think about Related's original proposal? How has it addressed issues that we have already covered with regard to site assembly, negotiating with government, and entitlements?
  2. What considerations did Related have to determine the ultimate phasing of the Project, and specifically the sequence and timing for building the platform? What do you think their thought process was to determine the phasing and when to start the platform? There were several prime sites that were off the platform that they could have built first, why not?
  3. What were the real estate markets like in 2007 and 2008 when Stephen Ross was making the decision to commit to the project? How about post Great Recession when Related was deciding how to move forward with development? How did this influence both decisions?
  4. How much did Related invest in the ground lease and platform (site costs)? How do you think Related determined the supportable site costs in an unproven market? What parameters did Related need to consider? What do you think about the rent assumptions that Related was using?
  5. What would you have done if you were in Stephen Ross' shoes on the eve of calling back the MTA to give them his answer on March 15, 2008? What would your answer have been from what he knew at the time that the decision was being made? What would your answer be if you knew what we know today (putting aside for the moment the knowledge of a pending global pandemic that would decimate the retail and restaurant industry)?

**There is no class on July 5<sup>th</sup> so you will take your Mid-Term on-line and the Class Project will be introduced in class on July 12th**

#### **Class 05A – Mid-Term Exam**

#### **Class 05B – Introduce Class Project – Evaluating a Real Urban Mixed-Use Project**

**Monday July 12, 2021**

**Class 06A – Financial Analysis for Mixed-Use Projects – the Basics**

1. Real Estate Financial Analysis Fundamentals
2. Building a Mixed-Use Project Financial Pro Forma
3. Sample Operating Cash Flows
4. Financing – Key Definitions

**Reading Material**

- Urban Land Institute, **Mixed-Use Development Handbook** (pages 94 to 133), Second Edition, by Dean Schwanke, 2003
- Real Estate Issues, **Mixed-Use Development and Financial Feasibility: Part I – Economic and Financial Factors**, by Joseph S. Rabianski PH.D., Karen M. Gibler, PH.D., J. Sherwood Clements, III and O. Alan Tidwell, November 2009

**Class 06B – Financing Challenges & Opportunities**

1. Mixed-Use Development Financial Feasibility
2. Sources of Capital for Large Scale Development Projects
  - a. Conventional Construction Loans
  - b. Municipal Bond Financing
  - c. Low Income Housing Tax Credits (LIHTC)
  - d. Corporate Bond Financing
  - e. TIFIA Federal Credit Program
  - f. Tax Increment Financing
  - g. Other Public Subsidies
3. Continuing Case Study - Encore
4. Financing Projects on Government Owned Land
5. Challenges of Having Multiple Lenders and Multiple Owners
6. Designing the Capital Structure

Case Study: The Grand, Los Angeles

### Reading Material

- Probate and Property, **Key Issues in Financing Mixed-Use Developments**, by Eric D. Lemont, July/August, 2014
- Novogradac & Company, **Tax-Exempt Housing Bond Basics** (simplified version from “*Low-Income Housing Tax Credit Handbook*”), by Wayne Michael
- TIFIA Transportation Infrastructure Finance, **TIFIA Credit Program Overview**, January 2016
- The Real Deal, **Inside Michael Rosenfeld’s \$1.8 B Odyssey at Century Plaza**, by Mathew Blake, July 2, 2020
- *Re-read from Class 02B* - Urban Land Institute Knowledge Finder, **Three U.S. Cities Reinventing the Modern Waterfront**, by Gina Ford, 2019
- ULI Case Studies, **Encore** (read “Development Finance and “Financing Sources” table at the end), by Peyton Chung, January 2017

**Monday July 19, 2021**

### **Class 07A – Operational & Legal Considerations for Large Scale Mixed-Use Projects**

1. Creating a Great Guest Experience
2. Operational Issues and Challenges
3. Ownership Structure, Shared Building Facilities and Easements
4. Master Association & Governance
5. Managing Shared Use Facilities
6. Enforcement of Architectural Standards and Use Restrictions
7. Addressing the Possibility of Damage, Destruction and Condemnation
8. Ownership and Governance Structures
9. The Legal Interrelationship of Project Activities
10. The Deal Team – Roles & Responsibilities

### Reading Material

- Urban Land Institute, **Mixed-Use Development Handbook** (pages 259 to 281), Second Edition, by Dean Schwanke, 2003
- TM Thought Leadership Series, **Cracking the Code on Guest Experience: How E-Commerce is Impacting Retail Centers for the Better**, interview with Terry Montesi and Paul Kurzawa, July 2018
- Mid- America Retail Review, **Managing a Mixed-Use Development**, by Kristen Bartish, 2016
- The Practical Real Estate Lawyer, **The View from the Top: The Master Developer of a Mixed Use Project**, by Rebecca Anderson Fischer, September 2016

## **Class 07B – Time Warner Case Study**

### **Reading Material**

- Harvard Business School, **The Time Warner Center: Mixed-Use Development**, by A. Eugene Kohn, Frank Monterisi, Josh Kuntz, January 30, 2008. Please answer the following questions and submit the answers in advance of class (5% of class grade):
  1. Prior to Time Warner Center, what was Related's strategy and how did the development of Time Warner Center play into the long term strategy of the company?
  2. What was the market situation at the time that Related finalized its final proposal (1997) and what was the major market risk that Related was confronted with long term? What happened to the office market in the years after Related was selected (1998)?
  3. What were the attributes of the site? Although not mentioned in the case, what do you think were the challenges of the site at the time that Related gained control? Hint - Google "*historic images of Columbus Circle in the 1990's*".
  4. What caused the Boston Properties proposal to fail? What were the politics at the time that allowed the third RFP process to succeed? How did Related use this to their advantage to win the final RFP?
  5. How did Related attack the problem of vertical retail, which had never succeeded in New York City before? Why did Related not just reduce the program for the retail to one or maybe two levels of retail? How did Related ultimately solve the problem of where to locate the cultural element that they committed to?

**Monday July 26, 2021**

Catch-up time, Class Project Presentations and Review for Final Exam

### **Class 08A – Class Project Presentations**

### **Class 08B – Review for Final Exam**

**Monday August 2, 2021**

*Subject to COVID-19 health and safety protocols, class will be held at the Related Downtown LA Office at 333 S. Grand, Suite 4450, Los Angeles, CA 90071. In the event that we cannot meet in person, an overview of the Grand Avenue Project will be conducted via Zoom. Final arrangements will be confirmed in class on Monday, July 26, 2021.*

### **Class 09A – Project Site Visit – The Grand Avenue Project**

The Grand Avenue Project is a visionary public-private partnership between The Related Companies and the Los Angeles Grand Avenue Authority created to revitalize downtown LA's cultural and civic core with a mix of commercial, retail, cultural and residential uses stitched together with great public

spaces and world class architecture. This multi-phased master planned development is re-envisioning and re-developing underutilized government-owned parcels directly adjacent to the Civic Center and key cultural institutions such as the Music Center, Walt Disney Concert Hall, The Colburn School of Music, and the Museum of Contemporary Art to form a dynamic mixed-use district fitting for the cultural center of Los Angeles.

### **Class 09B – Management Best Practices**

In addition to learning about The Grand, we will also review some of the best practices being used to manage The Grand:

1. Project Team Organizational Structure
2. Leadership Competencies
3. Project Tracker
4. Project Budget Builder
5. Anticipated Cost Report
6. Contract and Lease Administration
7. Quarterly Report

**Monday August 9, 2021**

### **Class 10A – Final Exam**

### **Class 10B – Class Supplement - International Development**

1. What is Different about Developing Overseas?
2. Cultural Intelligence, the New Frontier
3. Managing Multi-Cultural International Teams
4. Taking on a Foreign Assignment as a Career Builder

### **Final Q&A and Career Advice**

#### **Reading Material**

- Urban Land Institute, **Mixed-Use Development Handbook** (pages 34 to 36), Second Edition, by Dean Schwanke, 2003
- Harvard Business Review, **Cultural Intelligence**, P. Christopher Early and Elaine Mosakowski, October 2004
- Organizational Dynamics, Vol. 35, No. 2, pp. 170-181, **How China Transforms an Executive's Mind**, by Nandani Lynton and Kirsten Høgh Thøgersen, 2006