



USC University of
Southern California

Price School of Policy, Planning and Development

Class Syllabus

RED 598, Multi-Family Development

Adjunct Faculty Member: Chris Payne

Available by Appointment Only

Teaching Assistant: Amber Busch

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Spring 2024

Tuesdays, 6:00-7:50pm

OVERVIEW AND OBJECTIVES

Multi-family residential development is a highly diverse sector of real estate with a wide variety of ownership strategies and price points. It encompasses rental and for-sale, low and high density, market rate, affordable and special needs housing. Multi-family developers include large publicly traded and privately held companies; smaller regional development companies; non-profit affordable housing; and institutions such as universities and public housing agencies. There are a wide variety of disciplines that are involved in the creation of a multi-family community including developers, property managers, contractors, lenders, accounting, design professionals, engineers, community groups, city employees, and elected officials to name a few. The successful developer must be able to communicate with and motivate these disparate groups to support the vision set by the developer.

The multi-family industry is an integral part of the housing solution for the nation. Much of the investment activity today in the multi-family space is targeting rental housing, however for-sale, condominium development is gaining momentum and is the preferred housing option in some markets. There are many differences between these two subsets of the multi-family sector including financing, ownership, capital structure, and disposition. This course will focus primarily on rental residential development, although we will explore the differences between the for-sale and rental model.

During the semester, we will pass chronologically through the life cycle of a multi-family housing development with an emphasis on execution of a development plan from acquisition through disposition. The multi-family developer leads a team of professionals through site selection, acquisition, due diligence, financing, project design and entitlements, construction, lease up and disposition. Students will have the opportunity to become familiar with common terms, metrics, and practices typical of each phase.

Identifying risk in any investment is critical in assessing value. We will evaluate a development through the eyes of an investor evaluating risk relative to the potential reward. Risk factors include physical, demographic, valuations, financing, and macro-economic conditions. The “developer” may be investing equity under its management and providing financial recourse to lenders. Other “developers” take an entrepreneurial approach to bring opportunities to debt and equity market earning a fee and the potential for a “promoted” interests after return of debt and equity. In either case the “developer” operates within clear fiduciary expectations to his or her investors and with a mutual understanding of tolerance for risk and reward. Developing a sense of the risk / reward relationship is critical to valuing real estate and investment opportunities and this course will use this framework as its lens to explore good practices in risk management.

Multi-family development is such a significant sector of city building that it intersects all aspects of land use, transportation policy, affordable housing, social policy, and economic development. The integration of these arenas will influence how project opportunities come to be, and, how developers, investors, and professionals choose or self-select to different sectors of the business. Through guest lectures, class discussions, case studies, and student projects, the course will expose students to the

diversity of multi-family housing sectors and practices. This perspective is also intended to provide critical context to each student's choices along the road to building their own professional foundation.

COURSE REQUIREMENTS

The course spans a 15-week period with 14 classes from January 10th to April 17th and is held on Wednesday evenings from 6:00-7:50pm. Each week is intended to be a learning unit. This will require students to complete reading, problem set, field or other case study assignments prior to class. Each class session is intended to impart additional information and emphasize key principals. Classes will include lectures, guest presentations, and student presentations based on prior assignments. Critical thinking is encouraged, and each class will include time for discussion and questions.

The standard of preparation and communication will be that of a professional business environment. Your classmates, faculty, and guests are to be treated as colleagues where one another's success depends on respect and understanding in well-organized written and verbal communication arising from prior assignments or in-class discussion.

During the semester, in class participation is highly encouraged and will be considered in calculating your grade. Evaluation of student performance will be based upon:

Attendance: 15%

In class participation: 10%

Problem set assignment: 40%

Final project: 35%

The learning experience can also occur in interaction between the professor and individual students. Meeting outside of class are not required or graded. Appointments before or after class, or at other times, as convenient, can be used to discuss special circumstances, clarify challenging points, or to discuss application of class material in the work or career context.

READING AND ASSIGNMENTS

There will be one recommended text:

Multifamily Housing Development Handbook published by the Urban Land Institute (available at ULI or Amazon).

Reading assignments from the ULI Development Handbook, case studies, articles, and research papers will be noted one week in advance. Beginning in Week 2, every student is asked to turn in questions pertaining to the weekly assignment and upcoming topic so that we can be sure to cover topics the group is interested in. The question(s) must be submitted to me via email by Monday of each week. These

“questions” represent an aspect of attendance and participation, as well as feedback. Questions will be used as appropriate to reinforce key class objectives and shared interests of the students and faculty.

COURSE TOPICS AND SCHEDULE

Class 1	January 10th	Course Overview: Intro to Multi-Family Housing
Class 2	January 17th	Multi-Family Product / Programming Scenarios
Class 3	January 24th	Managing the Development Process <i>(Guest Lecturer: Christian Santos – SRG)</i>
Class 4	January 31st	Site Planning & Architectural Concepts <i>(Guest Lecturer: RC Alley – Architects Orange)</i>
Class 5	February 7th	Underwriting MF Acquisitions <i>(Guest Lecturer: Chris Cowan – ARC Capital Partners)</i>
Class 6	February 14th	Market & Location Analysis
Class 7	February 21st	Creating Value through Entitlements
Class 8	February 28th	Site Acquisition Strategies <i>(Guest Lecturer: John Pinnell – SRG)</i>
Class 9	March 6th	Acquisitions / Dispositions / Value Add <i>(Guest Lecturer: Tim Walters – New Standard Equities)</i>
	March 13th	NO CLASS – Spring Break
Class 10	March 20th	Institutional Brokerage / Sales <i>(Guest Lecturer: Tom Moran Jr. – Berkadia)</i>
Class 11	March 27th	MF Case Studies
Class 12	April 3rd	Final Project Hand Out
Class 13	April 10th	Institutional Asset Management <i>(Guest Lecturer: Brett Kahan – JP Morgan Asset Management)</i>
Class 14	April 17th	Final Presentations

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.

Academic dishonesty includes:

Examination Behavior – any use of external assistance during an examination shall be considered academically dishonest unless expressly permitted by the teacher.

Fabrication – any intentional falsification or invention of data or citation in an academic exercise will be considered a violation of academic integrity.

Plagiarism – the appropriation and subsequent passing off of another’s ideas or words as one’s own. If the words or ideas of another are used, acknowledgment of the original source must be made through recognized referencing practices.

Other Types of Academic Dishonesty – submitting a paper written by or obtained from another, using paper or essay in more than one class without the teacher’s express permission, obtaining a copy of an examination in advance without the knowledge and consent of the teacher, changing academic records outside of normal procedures and/or petitions, using another person to complete homework assignments or take-home exams without the knowledge or consent of the teacher.

The use of unauthorized material, communication with fellow students for course assignments or during an examination, attempting to benefit from work of another student, past or present, and similar behavior that defeats the intent of an assignment or mid-term examination is unacceptable to the University. It is often difficult to distinguish between a culpable act and inadvertent behavior resulting from the nervous tensions accompanying examinations. Where a clear violation has occurred, however, the instructor may disqualify the student’s work as unacceptable and assign a failing mark on the paper.

STUDENTS WITH DISABILITIES

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 Monday through Friday from 8:30-5:00pm. The telephone number for DSP is (213)740-0076.