

ARCH651002-Public and Private Development

NJIT Spring 2024

INSTRUCTOR: Joseph Cosenza

ARCH 651

PUBLIC AND PRIVATE DEVELOPMENT

Tu 830 – 950 AM, Location: Central King Building, Rm 314

Th 830 – 950 AM

Office hours: by appointment.

Many design professionals are frustrated by the seemingly haphazard nature of owner decision-making. Developers often require compromises to the optimal scheme due to budget constraints, investor demands, contractor's value engineering, community pressure, regulatory, tax credit, and lender bank requirements. The decision-making process that lies beneath these reasons is always more complex and multifaceted than meets the eye.

The success of a development is usually measured by its financial success. Success depends on multiple factors. Some factors, such as construction costs and operating expenses, are readily estimated. Others, such as interpretation of zoning code and competition for tax credits, are more subjective and negotiable. Still others are difficult to estimate and rely on marketing and community relations, introducing a large human factor into every decision.

Project developers constantly weigh these factors and develop ways to mitigate the negative. The developer decides whether to proceed with the project, or not, most often with imperfect information.

As much of the developer's process is often opaque to the design professional, design decisions can seem arbitrary. Knowing the developer's process and the use of analytical tools will empower urban designers and architects to exert more influence in the underwriting and development of a new project.

In this course, we will deconstruct the development process, looking at it from the perspective of architects, and seeking to uncover all the important inestimable factors, conflicting interests, and financial constraints.

Togher, we will work through the major inputs into a development plan:

We will cover the following topics:

Needs assessment is the process of identifying the requirements and expectations of stakeholders for a development project. We use the information to create a program outlining the project's scope, goals, and objectives.

Site evaluation involves assessing the physical characteristics of the site, such as topography, soil conditions, and environmental factors, to determine the feasibility of the project. We will develop a zoning analysis to ensure that our concept complies with local regulations and land-use policies.

Once the conceptual design and site evaluation are complete, the project must obtain **public sector approvals** before proceeding. This involves obtaining the necessary permits and approvals from local, state, and federal agencies.

We use **financial tools** early in the project planning. The tools help to assess the financial feasibility of the project and identify potential sources of funding. We use them to evaluate the project's return on investment and to develop a financing plan.

Finally, the role of **architectural design** is to add value to the project by creating a functional and aesthetically pleasing design that meets the needs of stakeholders. Superior design can help to attract tenants, increase property values, and improve the overall success of the project.

Our final work product will be an institutional quality Feasibility Study, which we will present to a panel of industry experts.

Type of Course:

Graduate seminar course of three credit hours/ 3 contact hours, meeting two mornings per week.

ARCH 651:

Open to graduate students and eligible, advanced undergraduate students who are interested in cities, planning, urban design, and real estate, and is required for all students in the Master of Urban Design (MUD) program.

Seminar format

Fifteen students expected.

Course Organization:

This course is organized as a seminar and is divided into three phases. Each phase has a specific focus and will require active in-class participation from students.

Phase I – Weeks 1-4

In the **first phase**, we will examine the tools of development planning. Students will learn how to use basic valuation tools that are essential to understanding the economics of real estate development. Using Excel, students will construct a basic investment model, and learn how to use it to project financial outcomes based on varying inputs such as interest rates, time schedule, cost of capital and taxation. Students will learn to use the metrics that are important to owners and lenders in evaluating a project.

Students will also identify the major players in real estate development, and learn to understand their individual roles, responsibilities, and requirements.

Phase II – Weeks 5-7

In the **second phase**, Students will research an existing project and present a **Case Study** report. The report will outline the facts of an existing development project, and will include a location map, indicating the site and major attributes, the program, schematics of the building(s), project participants, project users, zoning, description of obstacles to approval and result. Students will use diverse media sources for research including print and on-line publications, and municipal websites. Finally, students will look critically at the project, judge its success, and render an opinion about potential alternate outcome.

Phase III – Weeks 8-15

In the **third phase**, Groups will research and write a **Feasibility Study**. The class will organize into groups of three students and each group will select a site for development. The instructor will guide the choice of site as needed for each group. Once selected, each group will author a Feasibility Study for the selected development.

To complete the feasibility study, groups will need to consider market requirements and/or needs assessment, site attributes, local public policy, potential objections, and a strategy for approval.

Each group will prepare a zoning study, and a massing model for the development. Based on the massing model, and publicly available data sources, groups will estimate development costs, real estate taxes, interest cost, available public incentives, income, and operating expenses. Students will estimate revenues and costs, model the cash flow, and predict the financial returns for the project. Finally, the groups will develop a strategy for public approval of the project.

During the process of writing the feasibility study, the groups are encouraged to challenge their own assumptions and to propose an alternative solution to selected development.

Each group will produce an institutional quality document aimed at potential investors.

Each of the groups will present the study to a panel of returning experts in a short presentation on April 18, 2024. The final written document will be due on May 7, 2024, and it must be emailed to the instructor and uploaded to Canvas.

Course Requirements and Assignments:

Students must review each session's required texts in advance of class and be prepared to take an active role in each session's discussion. All readings are available on reserve at the Littman Architecture Library or on the course's Canvas site.

Each student is required to submit a case study report.

Each group of students is required to present a feasibility study and submit a print document of their selected project at the end of the course

Student attendance during all sessions is required.

Course Outline

Week 1: January 16, 2024, Tuesday

Introduction:

Review of Syllabus, Class Objectives and Assignments, Resources and Tools

Lecture:

Real Estate, Forms of Ownership, Development Rights, Roles of the Private and Public Sectors.

Week 1: January 18, 2024, Thursday

Read:

Stevens, Ben, *the Birth of a Building*, (theskylineforum.com, 2019), Chapters: Intro, Return, The Cycle, Capital, The Pressure to Invest, **Pp. 13-38.**

Review:

Cash Flow (download Excel from canvas)

Miles, Mike, et al, *Real Estate Development, Principles and Process*, Urban Land Institute, Fifth Edition, (Washington, DC, 2015) Part 1 Introduction, pp 1-45

Presentation:

The Players

The instructor will present an early-stage development project:

- The class will discuss the roles of the owner, architect, engineer, designer, planner, financial analyst, municipal planners, planning board, third party interests, community interests, and investors.

The Game

The class will discuss the principle of return on investment:

- Why Invest?
- Idea of Return on Investment
- Gross Revenue, Net Revenue and NOI
- Measuring return using a cash flow model

Week 2: January 23, 2024, Tuesday

Income:

- The instructor will lead the class to populate a basic income and expense estimate in Excel. Bring your laptop computer.

Read:

Stevens, Ben, *the Birth of a Building*, (theskylineforum.com, 2019), Chapters: Income, Above the Line, Weighing for Return, Waiting for Return **Pp. 39-56.**

Review:

Income and Expense Estimate (download Excel from canvas)

Miles, Mike, et al, *Real Estate Development, Principles and Process*, Urban Land Institute, Fifth Edition (Washington, DC, 2015) Part 5 Financing the Project, pp 189-222

Guerilla Development (www.guerilladev.co)

Week 2: January 25, 2024, Thursday

Capital Formation:

- The instructor will lead the class in creating a capital stack in Excel, and a discussion of capital sources and how they are assembled and used to fund a project. Public sources of capital will be discussed.

Read:

Stevens, Ben, *the Birth of a Building*, (theskylineforum.com, 2019), Chapters: Weighting for Return, Waiting for Return, Today's Dollars, Conclusion. **Pp. 46-64.**

Review:

Capital Stack, Hard Cost and Soft Cost (download Excel from canvas)

Miles, Mike, et al, *Real Estate Development, Principles and Process*, Urban Land Institute, Fifth Edition (Washington, DC, 2015) Part 5 Financing the Project, p 189-222

Look-up:

The instructor and class will review and discuss the importance of the concepts of project valuation, and understand the meaning of the following commonly used real estate investment terms:

- Value,
- NOI (Net Operating income),
- Cap Rate (Capitalization Rate),
- Market Study, Comps (Competitive set),
- Equity, Debt, Capital Stack,
- Fee simple
- Ground Lease,
- ROE (Return on Equity),
- Rate of Return, IRR (Internal Rate of Return), Yield, Multiple,

Week 3: January 30, 2024, Tuesday

Modeling:

- The instructor will lead the class through additional models that will be used to complete the cash flow and arrive at a financial projection for a project. We will review the input and expected outputs.

Read:

Stevens, Ben, *the Birth of a Building*, (theskylineforum.com, 2019), Chapters: Part Two, Forecasting,

Pp 66-102

Review:

ULI.org website/case studies See additional resources at the end of this syllabus.

Guerilla.com developer's website with many useful examples and downloadable content.

Discuss:

Research Assignment:

The research assignment is a four-week study assignment and followed by a short presentation to the class.

Each student will present a PowerPoint or similar slide show. Students are encouraged to utilize on-line and/or print publications, news media, trade journals, and other publicly available documentation.

Week 3: Feb 1, 2024, Thursday

Discuss:

Research Assignment Kick-off

Each Student will introduce the class to the student's research study project. Why did you pick it; what is it; where is it; what are the major site attributes; what is the program; who is it for; is it public or privately funded?

Week 4: February 6, 2024, Tuesday

Zoning and Public Policy:

Read:

Stevens, Ben, *the Birth of a Building*, (theskylineforum.com, 2019), Chapters: Land, Design, Approvals **PP 105-182.**

Review:

Miles, Mike, et al, *Real Estate Development, Principles and Process*, Urban Land Institute, (Washington, DC, 2015)

Chapter 7 The roles of the Regulatory Sector. And Chapter 8, Decision Makers, and Stakeholders

Review of zoning study and how local zoning regulations affect the design of the building, and impact financial returns. Discussion to include exclusionary zoning and inclusionary housing.

Look-up:

- Zoning Resolution, Municipal Ordinance
- NIMBY,
- Zoning Envelope,
- Form-based zoning

Week 4: February 8, 2024, Thursday

Guest Speaker – The Speaker will address issues of zoning and public policy.

Week 5: February 13, 2024, Tuesday

Taxation:

The instructor will lecture regarding various tax policies directly affecting the outcome of a development proposal.

Look-up:

- PILOT, Enterprise Zone, OZ Opportunity Zone, Tax Increment Financing,

Review:

Miles, Mike, et al, *Real Estate Development, Principles and Process*, Urban Land Institute, (Washington, DC, 2015)

Chapter 14 Meshing the Public and Private Roles in the Development Process and Chapter 15, Affordable Housing.

. Week 5: February 15, 2024, Thursday

Guest speaker - Taxation, tax credits as a method of public investment and policy tool

Review:

Miles, Mike, et al, *Real Estate Development, Principles and Process*, Urban Land Institute, (Washington, DC, 2015)

Chapter 14 Meshing the Public and Private Roles in the Development Process and Chapter 15, Affordable Housing.

Week 6: February 20, 2024, Tuesday

Public Private Partnerships:

Discussion - Public/Private Partnerships, and the role of the public sector in private development

Review:

Haggerty, [Maryann Links to an external site.](#), US Infrastructure Legislation provides Generational Opportunity to Drive Equitable Development, Urban Land Magazine, November 22, 2021

[Stockton WilliamsLinks to an external site.](#), A tax Credit Turns 30, Urban Land Magazine, December 13, 2016

Week 6: February 22, 2024, Thursday

Guest speaker - Epire Real Estate Development

Week 7: February 27, 2024, Tuesday

Case Study Presentations:

Student Presentation of Case Study research and findings. The presentation will consist of a five-minute PowerPoint or adobe presentation, followed by 10 minutes of class discussion. (Twenty Percent of Grade)

Week 7: February 29, 2024, Thursday

Case Study presentations - continued

Revised Syllabus/Schedule weeks 8-16

3.6.24

Week 8:

March 5, 2024, Tuesday

Feasibility Study Outline and Discussion:

The Class will form groups (5 groups of three students each). Students will work together in groups to plan, conceptually design, financially model, and present a feasibility study for a new development.

Groups will be encouraged to choose their own site and program for the Feasibility Study.

The instructor will provide an outline/table of contents that will be required for each Feasibility Study.

Read:

Stevens, Ben, *the Birth of a Building*, (theskylineforum.com, 2019), Chapters: Entity Formation, Financing, Construction, Opening, Conclusion **PP 182-264.**

March 7, 2024, Thursday

Finalize Groups

Guest speaker – Eli Storch – LRK Architects

Week 9:

March 12, 2024, Tuesday

March 14, 2024, Thursday

Spring Break No Class

Week 10:

March 19, 2023, Tuesday

The instructor will meet with all the groups.

Each group will present a location slide, site plan and proposed program for the development project.

Review:

Miles, Mike, et al, *Real Estate Development, Principles and Process*, Urban Land Institute, (Washington, DC, 2015) Chapter 10 and Chapter 11

March 21, 2023, Thursday

The instructor will meet with Groups 1,2 and 3. Each group will present progress

Week 11:

Feasibility Study

March 26, 2024, Tuesday

The instructor will meet with Groups 4,5 and 6. Each group will present progress

March 28, 2024, Thursday

The instructor will meet with Groups 2 and 3. Each group will present progress

Week 12:

Feasibility Study:

April 2, 2024, Tuesday

The instructor will meet with Groups 4,5 and 6. Each group will present progress

April 4, 2024, Thursday

Feasibility Study:

The instructor will meet with Groups 2 and 3. Each group will present progress

Week 13:

Feasibility Study

April 9, 2024, Tuesday

The instructor will meet with Groups 1,2 and 3. Each group will present progress

April 11, 2024, Thursday

Guest Speaker - Briana Wilkins - Parkway Development

Week 14:

April 16, 2024, Tuesday

Field Trip – Hosted by Silverman – new development in downtown Jersey City

April 18, 2024, Thursday

The instructor will meet with all Groups 2, 3, 4, 5 and 6. Each group will present progress

Week 15:

April 23, 2024, Tuesday

**The instructor will meet with all the groups. Last class before presentation.
Presentations are complete by today.**

April 25, 2024, Thursday

Groups to present final feasibility study to a panel of invited guests. (50% of Grade)

Week 16:

April 30, 2024, Tuesday- Last Day of Class

Review Print Documents

Final Discussion and Wrap-up

Course Evaluations - In class

May 7, 2024, Tuesday

Upload Final print Document

May 11. 2024

Grades Due

Course Textbook – Required Reading

Stevens, Ben, *the Birth of a Building*, (theskylineforum.com, 2019)

Suggested Readings and Resources:

Miles, Mike, et al, *Real Estate Development, Principles and Process*, Urban Land Institute, Washington, DC, 2015

Petty, James, AIA, *Architect & Developer, A Guide to Self-Initiating Projects*, Postscript Publishing, NY, NY 2018

Web references and information sources:

Urban Land Institute	www.uli.org Links to an external site.
United States Census Bureau	www.census.gov Links to an external site.
NJ Economic Development Authority	www.njeda.com Links to an external site.
US Dept. of Housing and Urban Dev	www.hud.gov Links to an external site.
	www.huduser.gov Links to an external site.
NJ Housing and Mortgage Finance Agency	www.nj.gov/dca/hmfa Links to an external site.
Zillow	www.zillow.com Links to an external site.
Costar Info Service	costar.com

Online Periodicals focused on LOCAL real estate development projects and issues:

Jersey Digs	www.jerseydigs.com Links to an external site.
Curbed	www.curbed.com Links to an external site.
The Real Deal	www.therealdeal.com Links to an external site.

Great general resources and further study:

Guerilla Development Co
[external site.](#)

[Guerrilla Development](#)[Links to an](#)

The Skyline Forum

<https://theskylineforum.com>

Case Study (list of recommended sites)

Recommended Short List of projects for Case Study research assignments:

These projects are all documented in the local press and industry publications.

Select a project from this list:

- Public Sports Stadium (examples: 2026 FIFA venue at Met Life Stadium, World Cup 2026, Red Bull Arena, Harrison NJ)
- Public and/or private open space (examples: Jersey City Hall Park, Union Dry Dock, Hoboken, NJ, Berry Lane Park, Jersey City, NJ, Lincoln Park, Newark NJ)
- Affordable Housing Project (examples: 450 Martin Luther King Drive, Jersey City, NJ, 654-688 South 11th Street, Newark, NJ)
- Transportation Infrastructure (examples: Hudson-Bergen Light Rail Extension, Jersey City Bicycle Network, Orange Branch of the Erie Railroad, Newark and West Orange, NJ)
- Museum (example: Pompidou Center, Jersey City, NJ)
- Resilience (examples: Jersey City and Hoboken Waterfront improvements, Rebuild by Design)

NAAB Objectives: PC.1, 2, 5, 6, 8, SC.3, 5

Pedagogical Objectives:

--Explore the relationship between public and private objectives in project development

- Develop an understanding of economic, social, and political factors influencing real estate development
- Develop research and analytic skills
- Develop communication and presentation skills
- Foster analytical and exploratory discussion

Grading Policy, Criteria, and Feedback:

The following criteria will be used for evaluating each student's performance: initiative, participation, research ability, synthetic ability, timely completion of work, and quality of work produced.

Grades will be based on the following allocation:

- Participation in class discussions: 30%
- Case Study and Research (present on Feb 27, 2024): 20% of grade
- Final Feasibility Study including Executive Summary: 50%

All work must be uploaded to Canvas to receive full credit for work.

Honor Code:

"Academic Integrity is the cornerstone of higher education and is central to the ideals of this course and the university. Cheating is strictly prohibited and devalues the degree that you are working on. As a member of the NJIT community, it is your responsibility to protect your educational investment by knowing and following the academic code of integrity policy that is found at:

<http://www5.njit.edu/policies/sites/policies/files/academic-integrity-code.pdf>Links to an external site..

Please note that it is my professional obligation and responsibility to report any academic misconduct to the Dean of Students Office. Any student found in violation of the code by cheating, plagiarizing, or using any online software inappropriately will result in disciplinary action. This may include a failing grade of F, and/or suspension or dismissal from the university. If you have any questions about the code of Academic Integrity, please contact the Dean of Students Office at dos@njit.edu"

Schedule:

Week 1:	January 16, 2024, Tuesday	Introduction
	January 18, 2024, Thursday	Tools
Week 2:	January 23, 2024, Tuesday	Tools
	January 25, 2024, Thursday	Tools
Week 3:	January 30, 2024, Tuesday	Select Case Study Subject
	Feb 1, 2024, Thursday	Student PowerPoint presentation 1-2 slides
Week 4:	February 6, 2024, Tuesday	Lecture/Discussion
	February 8, 2024, Thursday	Guest Speaker – Zoning – Thomas Letizia – Land Use Attorney, Invited
Week 5:	February 13, 2024, Tuesday	Lecture/Discussion
	February 15, 2024, Thursday	Guest speaker - Taxation, public investment, and policy tool – Frank Ferrara invited. Chairperson of Port Chested EDA
Week 6:	February 20, 2024, Tuesday	Lecture/Discussion
	February 22, 2024, Thursday	Guest speaker – TBD Chris Cosenza Invited
Week 7:	February 27, 2024, Tuesday`	Case Study Presentations
	February 29, 2024, Tuesday`	Case Study Presentations
Week 8:	March 5, 2024, Tuesday	Form Groups for Feasibility Study Work
	March 7, 2024, Thursday	Guest speaker – TBD Jim Constantine, invited.
Week 9:	March 12, 2024, Tuesday	Spring Break – No Class
	March 14, 2024, Thursday	Spring Break – No Class
Week 10:	March 19, 2023, Tuesday	Lecture/Discussion
	March 21, 2023, Thursday	Guest Speaker – TBD Epire Development, invited.
Week 11:	March 26, 2024, Tuesday	Feasibility Progress Presentation
	March 28, 2024, Thursday	Guest Speaker – TBD Eric Silverman and Stefan Lyons, invited.

Week 12: April 2, 2024, Tuesday	Feasibility Progress Presentation
April 4, 2024, Thursday	Guest Speaker – TBD Briana Wilkins, Invited
Week 13: April 9, 2024, Tuesday	Progress presentation and Crit
April 11, 2024, Thursday	Guest Speaker – TBD
Week 14:	
April 16, 2024, Tuesday	Progress presentation and Crit
April 18, 2024, Thursday	Final Presentation to panel
Week 15: April 23, 2024, Tuesday	Present/Review Print Document
April 25, 2024, Thursday	Course Evaluations
Week 16: April 30, 2024, Tuesday	Last day of classes
Week 17:	
May 7, 2024, Tuesday	Upload - Final Print
Document Due	
May 11. 2024	Grades Due