

SAN JOSÉ STATE UNIVERSITY
DEPARTMENT OF URBAN AND REGIONAL PLANNING
URBP 208, Real Estate Development Studio

SPRING 2023

Course and Contact Information

Instructor(s): [Kelly Snider, Endowed Professor of Practice](#)

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Email: Kelly.Snider@sjsu.edu

Office Hours: [Monday evenings 4:30 – 5:30 \(via Zoom\); also anytime by appointment.](#)

Class Days/Time: [Tuesdays, 4:30 - 7:15 PM](#)

Classroom: [Washington Square Hall 111](#)

Prerequisites: [URBP 205, URBP 206, and URBP 225; or instructor consent](#)

Course Catalog Description

This is a capstone course designed to immerse students in the real world of urban property development. Students will explore this world by evaluating development proposals and projects throughout the region that are ongoing and current, often featuring development professionals as guest lecturers. For a final project, students will be assigned to Developer Team Groups and evaluate a mock-development project of an actual site in the San Jose/Silicon Valley region.

Course Description

Communities throughout California rely on private investors to create most of the places we use every day: Our homes; grocery stores and distribution centers; internet service providers; childcare facilities; restaurants and bars; and all of Silicon Valley's legacy employer campuses are all designed, funded, and operated by the private sector in conformance with public sector rules, regulations, and requirements. The result is a volatile and complicated built environment, where billion-dollar investment decisions sometimes rest on the vote of a local elected official; where million-dollar condos overlook blighted and vacant lots; and where safe housing for our growing workforce has been relegated to far-off suburbs. URBP 208 exposes students to the lifecycle and challenges of the urban real estate development process, using real case studies from Silicon Valley. Throughout the course, we will be joined by expert guest speakers from across the real estate industry.

Students should already be familiar with many financial, legal, design and construction terms used in the industry, either through prior coursework or professional experience. This course – through guest lectures, case studies, class discussion and assignments – will help students synthesize these concepts and apply them to real world situations.

Readings and materials will include news articles, research reports and white papers, city documents, site plans and other documents from actual real estate development projects. **It relies heavily on up-to-date media, economic and brokerage reports, just as developers do in real life.**

Midway through the course, the instructor will introduce the “Focus” site for the final project. Throughout the second half of the semester, we will apply lessons learned in relation to potential development of our Focus Site. At that time, students will be assigned to collaborative teams for the final studio project, which will include both a written report and oral presentation evaluating a certain development scenario on the Focus Site. The written report must address key components of a development feasibility analysis:

1. executive summary;
2. site analysis and as-of-right entitlements;
3. market analysis and equity analysis;
4. entitlement strategy and risk, including legal and community benefits risk;
5. height, mass, and bulk “best fit” and reference images to evoke the proposed site design
6. proforma with development soft costs, hard costs, cash flow, and exit strategy identified;
7. financing proposal and return-on-costs projections; and containing a clear recommendation for action.

During the final class session, each team will make a **20-minute oral presentation of their proposal**, which must include a slide deck and other appropriate visual/graphic materials. Each team’s presentation will be followed by a 10-minute question & answer session during which other students, instructors, and guest judges will ask questions about the presentation.

The goal of the focus site and the final presentation assignment is for students to actively engage in the process of preparing a development proposal and analyses required to support the proposal financially, as well as to thoughtfully incorporate and communicate themes of sustainability, equity, and community. We strongly encourage students to be creative and draw on their own backgrounds, interests, and experience for the final assignment.

Course Learning Outcomes (CLO)

Upon successful completion of this course, students will be able to:

1. Understand the process and phases of real estate development, the range of asset classes and types of development, and the players involved throughout the real estate development process.
2. Identify the criteria for evaluating a land parcel as suitable or desirable for development; and identify the opportunities & hurdles presented by the public sector, economy and market conditions.
3. Recognize and explain the key aspects of a project’s feasibility (or infeasibility), including an assessment of entitlement risk; site design and programming; market research and analysis; analysis of soft costs and hard cost projections; measuring stakeholder (both public and governmental) support; ways to measure return on investment; and investment exit strategies.
4. Evaluate the likelihood of a new development project to increase objective measurements of public health; pollution prevention; racial and socio-economic equity; diverse neighborhoods; and other measures of equity and sustainability.

5. Create a feasible development proposal containing an executive summary, simple financial pro forma, recommendation for action, and detailed sections supporting the recommendation.
6. Effectively present a development proposal which can be tailored and modified depending on the audience, such as: investors/lenders; land use decision-makers; civic and neighborhood leaders; community groups; elected officials; and property owners and neighbors.

Required Texts/Readings

No textbook. Articles, lecture notes, and PowerPoint presentations will be distributed electronically via Canvas or e-mail. Textbooks and other materials referenced in the “Additional Resources” are available through the university library.

Course Requirements and Assignments

Your grade for the course will be based on the following assignments and other activities:

| Assignments | Due Date(s) | Percent of Course Grade | Course Learning Objectives Covered |
|---|--------------------|--------------------------------|---|
| Class Participation | N/A | 25% | 1, 2, 3, 4, 5, 6 |
| Written Assignment 1 – “Kickbacks” | 2/21 | 12.5% | 2, 3, 4 |
| Written Assignment 2 – “Drive Thru vs. Café” Commercial Use Options | 3/7 | 12.5% | 2, 3, 4 |
| Written Assignment 3 – Land Use, Environmental and Entitlement Analysis and Action Plan | 3/21 | 12.5% | 1, 2, 3, 4 |
| Written Assignment 4 – “SB 9” Residential neighborhood Financial Feasibility Analysis | 4/4 | 12.5% | 2, 3, 4, 5 |
| Final Project – Team Written Report/Slide Deck | 5/2 | 15% | 1, 2, 3, 4, 5, 6 |
| Final Project – Team Oral Presentation | 5/9 | 10% | 1, 2, 3, 4, 5, 6 |

Final Examination or Evaluation

There is no final examination. The studio course culminates in a written report and oral presentation of a development proposal.

Grading Information

Grades for written assignments and final assignments will be assigned as letter grades using a 4-point scale (A = 4.0, A- = 3.67, B+ = 3.33, B = 3, B- = 2.67, C+ = 2.33, C = 2.0, C- = 1.67, D = 1, and F = 0). The letter grade will be converted to a number of points and weighted based on the table above. The final grade will be converted from points to a letter grade (A = 3.85+, A- = 3.50 – 2.84, B+ = 3.17 – 3.49, B = 2.85 – 3.16, B- = 2.50 – 2.84, C+ = 2.17 – 2.49, C = 1.85 – 2.16, C- = 1.50 – 1.84, D+ = 1.17 – 1.40, D = 0.85 – 1.16, F = 0 – 0.84).

Late assignments will lose one letter grade (A to B, B to C, etc.) for each day the assignment is late.

Class participation is based on regular attendance at all classes; listening to and engaging thoughtfully with guest lecturers; active engagement during in-class work sessions for your final projects; and out-of-class engagement with other students, instructors, and guest lecturers.

Classroom Protocol

Students should attend every class. Please notify the instructors or a classmate via email or text beforehand if you cannot attend. All students are expected to be attentive, engaged, ask questions, and interact regularly with other students, guest lecturers, and the instructors.

Please note that the course schedule is subject to change.

Course Schedule (details and minor adjustments may be made throughout semester)

| Week | Date | Agenda | Readings | Assignments |
|------|------|---|---|-------------|
| 1 | 1/31 | <p>COURSE OVERVIEW</p> <p>Introductions - Instructor - Students</p> <p>Course Overview and Expectations - What you should already be familiar with - What the course will cover - Assignments</p> | <p>If you can prior to the first class, listen to this Podcast featuring Laura Foote of YIMBY Action: https://www.terraresearchpartners.com/podcast/laura-foote/</p> <p>NOTE: Each week's readings should be completed BY the date in the calendar. For example, please read the Silvery Towers in time to be prepared for the 2/2 class session.</p> | |
| 2 | 2/7 | <p>OVERVIEW OF REAL ESTATE DEVELOPMENT</p> <p>What is real estate development? Who are real estate developers? How do you decide what to build?</p> <p>Development Process Development Program Types of Developers Products/Asset Classes Types of Development Scale of Development Development Team</p> <p><i>Case Study: Silvery Towers (Z&L/Tersini condo project)</i></p> <p>ALSO: The Carlyle requesting IHO City Subsidy</p> <p>Tersini/Starcity Financing/Foreclosure</p> | <p>Required: Video: George Monbiot on "administrative" vs. "warlord" capitalism</p> <p>Silvery Towers readings (on Canvas)</p> <p>Additional Resources: Miles, Mike E., Gayle Berens and Marc A. Weiss. 2007. Real Estate Development: Principles and Process, 4th edition. Washington, DC, Urban Land Institute. Chapter 1: The Real Estate Development Process. Chapter 3: Developers and their Partners Chapter 12: Stage Two: Refinement of the Idea</p> <p>Long, Charles. Finance for Real Estate Development: Ch. 1: Introduction to the Real Estate Development Process</p> <p>Peiser, Richard. "Who Plans America? Planners or Developers"</p> <p>Terner Center Housing Development Dashboard https://ternercenter.berkeley.edu/research-and-policy/dashboard/</p> | |
| 3 | 2/14 | <p>PREDEVELOPMENT - DUE DILIGENCE</p> <p>Where do you want to build? How do you identify a site? How do you get site control? And how do you</p> | <p>Required Readings: Apple project readings (on Canvas)</p> <p>Additional Resources: Miles, Mike E., Gayle Berens and Marc A. Weiss. Ch. 10: Stage One: Inception of an Idea</p> | |

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| | | <p>decide if it works?</p> <p>Site Identification Site Control Due Diligence (Legal, Civil, Environmental, etc.)</p> <p><i>Case Study: Apple's North San Jose site</i></p> <p><i>In-Class Exercise: Property taxes & Cash Flow (40 min)</i></p> | | |
| 4 | 2/21 | <p>PREDEVELOPMENT - SITE CAPACITY & DESIGN</p> <p>What are you allowed to build and how much? What is urban design?</p> <p>Planning and Zoning Regulations Site Capacity Urban Design Parking</p> <p><i>Introduce Assignment #1: Kickbacks</i></p> <p><i>Guest: Chek Tang, Studio T2</i></p> | <p>Required Readings: Readings/materials from Chek Tang TBD</p> <p>Additional Resources: Schneider, Benjamin. CityLab University: Zoning Codes https://www.citylab.com/design/2019/08/zoning-ordinance-definition-history-explained-city-laws/594913/</p> <p>SPUR's Design for Walkability, Walkability Principles https://www.designforwalkability.com/walkability-principles</p> <p>Donald Shoup articles: https://www.shoupdogg.com/journalism/</p> <p>Miles, Mike E., Gayle Berens and Marc A. Weiss. Ch. 12: Stage Two: Refinement of the Idea</p> | <p>Introduce Assignment #1: Kickbacks, due Week 6</p> |
| 5 | 2/28 | <p>MARKET ANALYSIS</p> <p>What is your competition? Supply, demand, comparables Do you need a market specialist? Appraisals Marketing/Leasing</p> <p><i>Guest: Michael Strahs, Kimco Realty</i></p> | <p>Required Readings: Sample market materials (in Canvas)</p> <ul style="list-style-type: none"> - Focus group - Comparables - User survey - Market study <p>Additional Resources: Miles, Mike E., Gayle Berens and Marc A. Weiss. Ch. 11: Market Research: A Tool for Generating Ideas Ch. 16: Stage Three: The Feasibility Study Ch. 17: Market Analysis: Collecting, Validating and Understanding Market Data Ch. 18: Data Sources Supporting Market Studies Ch. 22: The Challenge of Marketing and Sales</p> | |
| 6 | 3/7 | <p>NEW & EVOLVING DEVELOPMENT TYPES</p> <p>A.k.a. other things that you won't hear much about for the remainder of this semester</p> | <p>Required Readings: Trojan Self-Storage readings (on Canvas)</p> <p>Additional Resources: https://www.cbre.us/research-and-reports/2021-US-Real-Estate-Market-Outlook-Alternatives</p> | <p>Assignment #1 due Sunday 3/13 11:59 pm</p> |

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| | | <ul style="list-style-type: none"> - Self-Storage - Logistics Centers (Amazon, UPS, etc.) - Data Centers <p><i>Introduce Assignment #2: Cash Flow for Commercial Building</i></p> <p><i>Guest: Nathan Perez, Google</i></p> | https://www.prologis.com/news-research/global-insights/forever-altered-future-logistics-real-estate-demand | Introduce Assignment #2, due Week 8 |
| 7 | 3/14 | <p>FIELD TRIP Tour of Kimco sites: Cupertino Village and Cambrian Park Plaza in San Jose</p> <p>This class will include a drinks/coffee break to shoot the breeze with our guest</p> <p><i>Guest: Michael Strahs, Kimco Realty</i></p> | <p>Required Readings: <i>Cupertino Village</i> https://properties.kimcorealty.com/p/commercial-real-estate-listings/Cupertino-CA-95014/113440</p> <p><i>Cambrian Park Plaza</i> https://properties.kimcorealty.com/p/commercial-real-estate-listings/San+Jose-CA-95124/118560</p> <p>https://www.mercurynews.com/2021/08/31/big-san-jose-village-revamp-real-estate-home-store-restaurant-carousel/</p> <p>https://www.sanjoseca.gov/your-government/departments/planning-building-code-enforcement/planning-division/projects-of-high-interest/pending/cambrian-park-plaza-signature-project</p> | |
| 8 | 3/21 | <p>FIELD TRIP TO CAMBRIAN PARK PLAZA WITH KIMCO DEVELOPMENT</p> <p>ENTITLEMENTS Zoning & Environmental Review</p> <p>Review: Zoning and planning</p> <p>Focus: CEQA/NEPA – do these accomplish what they are intended to do? CEQA lawsuits and abuse</p> <p><i>Introduce Focus Project Site: Santa Clara County Housing Authority site</i></p> <p><i>Introduce Assignment #3: Land Use, Environmental and Entitlement Analysis</i></p> | <p>MEET 6:00 PM TUESDAY MARCH 22 AT CAMBRIAN PLAZA FOR SITE TOUR AND DISCUSSION</p> <p>Required Readings: https://www.hklaw.com/en/insights/publications/2015/08/in-the-name-of-the-environment-litigation-abuse-un</p> <p>https://rosefdn.org/wp-content/uploads/2016/08/CEQA-in-the-21st-Century.pdf</p> <p>https://www.kqed.org/science/1941665/ceqa-some-call-landmark-environmental-law-a-nimby-tool-others-want-it-strengthened</p> <p>https://www.theatlantic.com/ideas/archive/2021/03/signature-environmental-law-hurts-housing/618264/</p> <p>Additional Resources: <i>CEQA Overview</i> https://www.ca-ilg.org/sites/main/files/file-attachments/ceqa_overview.pdf</p> <p><i>CEQA Flowchart</i> https://www.califaep.org/ceqa_flowchart.php</p> | <p>Assignment #2 due Sunday 3/27 11:59 pm</p> <p>Introduce Focus Project Site</p> <p>Introduce Assignment #3: Land Use, Environmental and Entitlement Analysis, due week 12</p> |

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| | | | Miles, Mike E., Gayle Berens and Marc A. Weiss. Ch. 13: The Roles of the Public Sector | |
| 9 | 3/28 | SPRING BREAK | NO CLASS | |
| 10 | 4/4 | REAL ESTATE FINANCE What will it cost to build your project? Where does the money come from? Debt and equity Financial proforma Cash flow and return on cost Differences between: Market-rate multifamily, for-sale residential Affordable housing and affordability Retail/Office/Industrial/Etc. <i>Guest: David Shiver or Nate Perez</i> | Required Readings: Mervyn's readings (on Canvas) Additional Resources: Long, Charles. Finance for Real Estate Development. Ch. 2: The Basics of Real Estate Finance Miles, Mike E., Gayle Berens and Marc A. Weiss. Ch. 7: Real Estate Finance: Background Ch. 8: Real Estate Finance: The Logic Behind Real Estate Financing Decisions Ch. 9: Discounted Cash Flow: The Equity Perspective in More Detail | |
| 11 | 4/11 | OUTREACH & ENGAGEMENT Community and Neighbors NIMBYs and YIMBYs | Required Readings: https://sf.curbed.com/2020/2/20/21122662/san-francisco-bay-area-nimbys-history-nimby-development Debra Stein. Creating a Community Outreach Plan, Developments Magazine, March 2006 https://www.buildersshow.com/Documents/course_handouts/quieting%20the%20storm%20navigating%20the%20politics%20of%20public%20approvals%20-%201.pdf | Assignment #3 due Sunday 4/17 11:59 pm Introduce Assignment #4, due Week 14 |
| 12 | 4/18 | OUTREACH & ENGAGEMENT Political Process and Government Relations City staff, elected officials <i>Guest: JJoanne Price LifeMoves</i> | Required Readings: CALIFORNIA RENTERS LEGAL ADVOCACY AND EDUCATION FUND et al., v. CITY OF SAN MATEO, Housing Accountability Act ruling, September 2021 https://www.courts.ca.gov/opinions/documents/A159320.PDF | |
| 13 | 4/25 | CONSTRUCTION Construction budgets Construction process, schedules Construction methods, | Required Readings: Sample construction budget Other materials TK from guest Additional Resources: | Assignment #4 due Sunday 5/1 11:59 pm |

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| | | materials <i>Guest: Dan Deibel or Dan Weatherbee</i> | Levy, Sidney M. Construction Process Planning and Management: An Owner's Guide to Successful Projects. Allen, Edward. Fundamentals of Building Construction. Ch. 1: Making Buildings Miles, Mike E., Gayle Berens and Marc A. Weiss. Ch. 19: Stages Four and Five: Contract Negotiation and Formal Commitment Ch. 20: Stages Six and Seven: Construction, Completion and Formal Opening | |
| 14 | 5/2 | WORK SESSION | WRITTEN Final Reports Due | |
| 15 | 5/9 | FINAL PRESENTATIONS | Live In Person Final Oral Team Presentations | |
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Plagiarism and Citing Sources Properly

Plagiarism is the use of someone else's language, images, data, or ideas without proper attribution. It is a very serious offense both in the university and in your professional work. In essence, plagiarism is both theft and lying: you have stolen someone else's ideas, and then lied by implying that they are your own.

Plagiarism will lead to grade penalties and a record filed with the Office of Student Conduct and Ethical Development. In severe cases, students may also fail the course or even be expelled from the university.

If you are unsure what constitutes plagiarism, it is your responsibility to make sure you clarify the issues before you hand in draft or final work.

Learning when to cite a source and when not to is an art, not a science. However, here are some common examples of plagiarism that you should be careful to avoid:

- Using a sentence (or even a part of a sentence) that someone else wrote without identifying the language as a quote by putting the text in quote marks and referencing the source.
- Paraphrasing somebody else's theory or idea without referencing the source.
- Using a picture or table from a webpage or book without reference the source.
- Using data some other person or organization has collected without referencing the source.

The University of Indiana has developed a very helpful website with concrete examples about proper paraphrasing and quotation. See in particular the following pages:

- Overview of plagiarism at www.indiana.edu/~istd/overview.html
- Examples of plagiarism at www.indiana.edu/~istd/examples.html
- Plagiarism quiz at www.indiana.edu/~istd/test.html

If you still have questions, feel free to talk to me personally. There is nothing wrong with asking for help, whereas even unintentional plagiarism is a serious offense.

Citation style

It is important to properly cite any references you use in your assignments. The Department of Urban and Regional Planning uses Kate Turabian's *A Manual for Writers of Research Papers, Theses, and Dissertations, 8th edition* (University of Chicago Press, 2013, ISBN 780226816388). Copies are available in the SJSU King Library. Additionally, the book is relatively inexpensive, and you may wish to purchase a copy.