

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

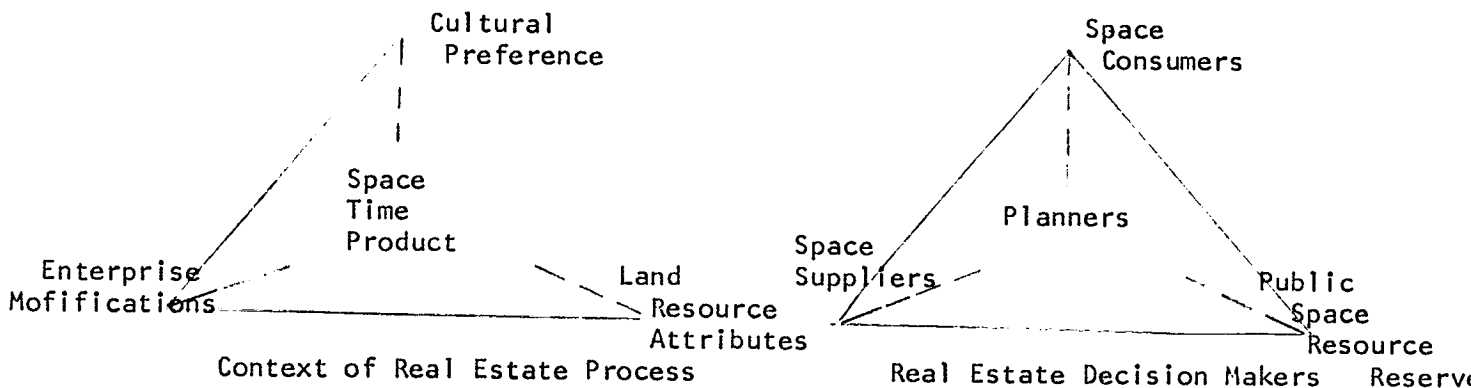
V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

- I. Other Presentations In Which Either The Date And /
Or Sponsoring Organization Is Missing
 - 3. Development Topics
 - o. "Residential Development", no date

Residential Development

- I. Some basic definitions
 - A. The real estate process involves three major elements
 1. Cultural preference and social value system
 2. Physical land resources
 3. Enterprise management of capital and labor to fit cultural preferences to the land resource
 - B. The concept of fit and misfit refer to the compatibility of the form of a solution to the context
 1. Context includes those elements which are given for fixed and cannot be altered by the form giver.
 2. Form includes all those elements which can be altered or shaped, tangible and intangible by the form giver.
 3. The success of any solution is judged by how well it adapts the elements of form to the purposes of context of the application.
 - C. Real estate is artificially differentiated space to house an activity for a specific period of time at a fixed location reference point.
 - D. The real estate business is any organized undertaking which is concerned with interfacing culture and land by the production, marketing, financing, and servicing of space-time products. As a cash cycle enterprise, it is concerned with the conversion of space time to money time.
- II. In the U.S. there is faltering confidence in technology and management as the infallible source of urban quality. It should be recognized a social system can change cultural preferences when the restraints under which it operates change.
 - A. Until recently production of material goods was primarily determined by and limited by the availability of capital and labor.
 - B. Our guides for social and economic management implied inputs from nature were, for practical purposes, unlimited.
 - C. As a society we now recognize there can be significant shortages of agricultural land, water, natural resources, energy, or capacity for pollution dissipation.
 - D. That realization leads to a questioning of economic growth or the priorities to be assigned controlled growth.
 - E. Real estate development is a very visible, high silhouette symbol of economic growth as well as social change and is therefore to be resisted or avoided. Thus real estate developers are operating in an area of high public sensitivity and dissatisfaction.
 - F. Ultimately constraint on growth means shortages and tradeoff compromises between ^{quantity} ~~quantity~~ and quality. As a result society must decide who will bear the burden of these shortages and who will benefit from the resulting monopolies.

III.



- IV. Cultural preferences operate on the real estate process by means of:
- Law and government
 - Institutional and peer group constraints
 - Individual attitude in the marketplace
 - Cultural preference as a major element in the context of real estate development is in a state of pressure and conflict due to changing social values relative to growth.
- V. Land resource allocation among space users when supplied of certain land attributes are limited must first be made on a suitability matrix and weighting system of cultural preferences. Land per se is not a commodity and only the elements of discretion and use which society wishes to leave in private hands should be manipulated to maximize profit. The land resource can be analyzed for suitability in terms of four types of attributes:
- Static physical attributes such as soil, geology, shape, topography, etc.
 - Organic attributes which have to do with the relationships of any one parcel to the larger area ecological system.
 - Social dynamic attributes which have to do ^{with} ~~with~~ how people perceive a site and their attitudes toward it.
 - Public and private legal attributes.
- VI. An enterprise is any organized undertaking and a systems engineer would see the eventual form of an enterprise, in terms of both its configuration and behavior, as representing a negotiated consensus between two general sources of power - the power of the environment to dictate form and behavior on the one hand and the power of the organization to decide for itself what its characteristics and behavior will be on the other hand.
- Both the private or the public housing organization are forms of enterprise. Enterprise management does not require any particular theory of capital, ownership, or scale.

- B. Residential development is a manufacturing process with a cash cycle. The space time product is converted by the enterprise to money over time in the manufacturing enterprise cycle.
- C. For either one public or private enterprise to survive, cash flow configurations must balance. Ultimately all the tradeoffs in cultural preference, land attributes, and technology are synthesized into a cash cycle. Thus public and private solvency is the central issue in real estate development and not necessarily value as implied by highest and best use theory.
- D. The functions of enterprise management might be described as:
 - 1. Goal-setting
 - 2. Forming policies
 - 3. Searching for opportunities which are consistent with policies
 - 4. Selecting opportunities which are consistent with policies
 - 5. Designing systems for capturing selected opportunities
 - 6. Installing systems for capturing selected opportunities
 - 7. Operating the systems that have been installed
 - 8. Maintaining and continuously perfecting the operating systems.
- E. The form and behavior of a land development enterprise requires a synthesis of three points of view and interest - that of the space user, the space producer and the public reserve of future space-time alternatives.