

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

VII. INDUSTRY EDUCATIONAL COURSES - LONG TERM

- I. Groundwork For Development Of New Industry Courses
 3. Correspondence between Graaskamp, Cathy Napolitano, and Richard Fava of Citicorp Real Estate, Inc. Regarding Continuing Education of Banking Professionals in Real Estate Lending, February-June, 1987: Includes syllabi for Business 850 and Urban Land Institute National School for Real Estate Development course outlines

Citicorp
Real
Estate
Inc.

A subsidiary of
Citicorp

399 Park Avenue
New York, NY
10043

February 4, 1987

Professor James Grasskamp
Landmark Research Inc.
4610 University Avenue, Suite 105
Madison, WI 53705

Dear Professor Grasskamp:

It was good to speak with you today on the phone.

As I told you, we are currently in the process of revamping the training of our Relationship Managers. We are looking to develop a new curriculum and update our approach and materials.

Please be so kind as to provide us with outlines of your ULI and ABA programs as well as syllabi for university courses. We are seeking training for all Relationship Managers, from those who are new hires to those with Senior Credit Initial.

I look forward to receiving your information.

Sincerely yours,



Cathy Napolitano

February 9, 1987

Ms. Cathy Napolitano
Citicorp Real Estate, Inc.
399 Park Avenue
New York, NY 10043

Re: Continuing Education of Banking Professionals in Real Estate Lending

Dear Ms. Napolitano

As we discussed over the phone, we have had many years of experience in preparing and instructing professional education courses for financial institutions. Currently we are administering the American Bankers Association (ABA) School of Real Estate Finance here on the Madison campus each July. In addition to instruction and administration, we assist the ABA Committee in choosing topics and instructors. A typical schedule for both the residential finance course and the income property finance course are enclosed.

We are also in charge of the first two one-week courses which represent the beginning of a National School for Real Estate Development. Course I is an introduction to the development process for accountants, architects, lawyers, and lenders. Course II is a week of microcomputer applications to project analysis and control. A preliminary analysis is enclosed.

Over the years we have done real estate investment feasibility and appraisal seminars for Chemical Bank, Prudential, Northwestern Mutual Insurance, First Bank of Chicago, First Wisconsin and First Minneapolis, not to mention dozens of two-day seminars for the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers. On various occasions I have been assisted by Professor Mike Robbins, Professor Dowell Myers, Professor Rod Matthews (also a lawyer) and others.

We would be happy to work with you in developing a lecture series for your real estate people. Primary constraints include the necessity of teaching only a week at a time during summer school, or one-day seminars on Thursdays or Fridays to avoid class days at the University. We are generally scheduled at least three months in advance, although we reach New York frequently as an advisor to Salomon Brothers Real Estate Group.

Ms. Cathy Napolitano
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February 9, 1987

Finally, we have included regular syllabi from our regular courses taught at the University for credit to suggest the detail to which we can break down our lectures and/or instruction. Thank you for your inquiry.

FOR LANDMARK RESEARCH, INC.,

James A. Graaskamp, Ph.D., SREA, CRE
Urban Land Economist

Enclosures

JAG/elm

BUSINESS 850
REAL ESTATE EQUITY INVESTMENT

Spring, 1986

Prof. James A. Graaskamp

I. Objectives:

To introduce students to the theoretical and practical problems of structuring real estate ownership to match investment strategy to constraints of federal tax law, leverage, risk characteristics of the property, and preferred management styles. Course emphasized both readings, and simulation by means of computerized cash flow investment models applied to selected cases. 3 credits.

II. General Course Format:

Each week will have selected readings which are required. There will be a lecture on Mondays which, hopefully, will shed some light and organization on the readings selected. On Wednesdays, there will be a lecture or a lab session devoted to problem technique. There will be a two-hour exam at mid-semester and another at the end of the semester on these readings, and these exams will be 60% of your grade.

There will be four problem exercises which will represent 40% of your grade.

III. Textbooks:

Recommended for purchase:

Real Estate Investment--Strategy, Analysis, Decisions, Stephen A. Pyhr and James Cooper; Warren, Gorham and Lamont, 1982.
(Available at the University Bookstore).

Taxes 1986, Wisconsin Taxpayers Alliance. (Room 118)

Tax Planning for Real Estate Investors, James B. Kau and C.F. Sirmans, Prentice Hall, Inc.
(Available at University Bookstore).

Mimeograph Reading Packet available at Bob's Copy Shop in Randall Towers.

NOTE: ALL PAPERS AND EXERCISES TO BE HANDED IN SHOULD BE STAPLED AT UPPER LEFT HAND CORNER AND GIVEN A TITLE PAGE BUT LEFT WITHOUT PLASTIC BINDERS OR OTHER SIMILAR COVERS.

SCHEDULE OF TOPICS

Real Estate Equity Investment

850

<u>Class Periods</u>	<u>Topic</u>
W, Jan. 22	INTRODUCTION--POSITIONING FOR THE FUTURE (ASSIGN CONTINENTAL CASE #1)
M, Jan. 27	EVOLUTION OF REAL ESTATE INVESTMENT STRATEGIES & METHODS
W, Jan. 29	FUNDAMENTALS OF INVESTMENT: MONOPOLY, SPREAD, AND RISK MANAGEMENT
M, Feb. 3	REVIEW OF CRITICAL CASH FLOW MODELS AND RATIOS (CONTINENTAL CASE PRESENTATION) (HAND IN CASE #1)
W, Feb. 5	ALTERNATIVE FORMATS FOR THE INDIVIDUAL INVESTOR (ASSIGN CASE STUDY #2)
M, Feb. 10	FEDERAL AND STATE TAX IMPACTS ON STRATEGY (TV VIDEO LECTURE)
W, Feb. 12	TAX PLANNING ON ACQUISITION
M, Feb. 17	TAX PLANNING FOR DISPOSITION
W, Feb. 19	SPECIAL TAX PROBLEMS FOR REAL ESTATE INVESTMENT (GUEST SPEAKER)
M, Feb. 24	INDIVIDUAL INVESTMENT GOALS
M, March 3	POTENTIAL FEDERAL TAX REFORM
W, March 5	EXCHANGES (HAND IN CASE #2)
M, March 10	REVIEW OF CASE #2, ASSIGN CASE #3
W, March 12	LIMITED PARTNERSHIPS
M, March 17	LIMITED PARTNERSHIPS (CONTINUED)
W, March 19	* * * MID-SEMESTER EXAM * * *
W, April 2	INSTITUTIONAL REAL ESTATE ALTERNATIVES--PENSION FUND VIEWPOINT (REVIEW CASE #3, ASSIGN CASE #4)
M, April 7	COMMINGLED FUNDS (GUEST SPEAKER)

<u>Class Period</u>	<u>Topic</u>
W, April 9	COMMINGLED FUNDS (CONTINUED)
M, April 14	REAL ESTATE INVESTMENT TRUSTS
M, April 21	CORPORATE REAL ESTATE OWNERSHIP
W, April 23	INSTITUTIONAL JOINT VENTURE
M, April 28	REAL ESTATE UNITS AS A SECURITY
W, April 30	REAL ESTATE UNITS AS A SECURITY (CONTINUED)
M, May 5	FOREIGN INVESTMENT IN U.S. REAL ESTATE (CASE PROBLEM #3 DUE)
F, May 9	* * * FINAL EXAM * * *

REAL ESTATE EQUITY INVESTMENT

Bus. 850

Spring Semester 1986

Prof. James A. Graaskamp

<u>Class Period</u>	<u>Readings</u>	<u>Source</u>
W, Jan. 22	INTRODUCTION--POSITIONING FOR THE FUTURE (ASSIGN CONTINENTAL CASE #1)	
	A. "What's Really Happening in the U.S.," John Naisbitt, Sept. 20, 1979.	Mimeo
	B. "When the World Runs Out of Oil," Steve Sherman, <u>Yankee Magazine</u> , Feb., 1977.	Mimeo
	C. "The Coming Entrepreneurial Revolution: A Survey," <u>The Economist</u> , Dec. 25, 1976.	Mimeo
	D. "Five Ways to Go Bust," <u>The Economist</u> , Jan., 1983.	Mimeo
	E. "Intrapreneurial Now," <u>The Economist</u> , Apr. 17, 1982.	Mimeo
	F. "The Next American Frontier," Robert Reich, <u>The Atlantic Monthly</u> , Mar., 1983.	Mimeo
	G. "Will Capitalism Survive?" Benjamin Rogge, <u>The MGIC Newsletter</u> , Oct., 1978.	Mimeo
	H. "The Future of the Real Estate Industry: Changing Supply Patterns," "Tomorrow's Changing Demand for Real Estate," and "The Future of the Real Estate Industry: New Directions and New Roles," John McMahan, <u>Real Estate Review Series</u> .	
M, Jan. 27	EVOLUTION OF REAL ESTATE INVESTMENT STRATEGIES AND METHODS	
	A. "Modern Investment Theory and Real Estate Analysis," Peter E. Penny, <u>The Appraisal Journal</u> , Jan. 1982, pp. 70-99.	Mimeo
	B. "Managing Fundamentals," Peter Drucker, <u>The Best of Business</u> .	Mimeo
	C. "Real Estate Investment Strategy in the 1980'S, " Robert M. Ellis, Coldwell Banker, 1980.	Mimeo
	D. "Games the Stock Market Didn't Teach You, Stephen Roulac.	Mimeo

- E. "Looking Forward: A View of Development in the Years Ahead," Robert Nahas and Harold Jansen, Urban Land, Dec., 1981. Mimeo
- W, Jan. 29 FUNDAMENTALS OF INVESTMENT: MONOPOLY, SPREAD, AND RISK MANAGEMENT
- A. Chapter 1-3, Real Estate Investment, Stephen Pyhrr and James Cooper, 1982. Text
- B. Business Brief, "America Cannot Afford It's Cost of Capital," The Economist, Apr.30.1983. Mimeo
- C. "The Influence of Capital Market Theory on Real Estate Returns of the Value of Economic Analysis," Stephen Roulac, Practicing Law Institute. Mimeo
- D. "Measuring Real Estate Returns," John McMahan, Real Estate Issues, Fall/Winter, 1984. Mimeo
The Best of Business. Mimeo
- E. "Nine Reasons to Invest in Real Estate," Stephen Roulac & Co. Mimeo
- F. "A Differential Approach to Income Property Valuation: A New Measurement Technique," Stephen Sykes & Michael Young, The Appraisal Journal, April, 1981. Mimeo
- G. "Creating Value in Real Estate," The Shidler Organization. Mimeo
Review & Outlook, 1983-84, ULI. Mimeo
- H. Measuring the Performance of Real Estate Assets and Its Managers," Michael Young, Shlaes and Young Information Systems, Inc. Mimeo
- I. Chapter Fifteen, "Investment Analysis," Real Estate Syndication, Steve Jarchow, 1985. Mimeo
- J. Chapter 25, "Trends in Real Estate Finance," Cecil E. Sears, Development Review & Outlook 1983-1984, ULI, 1983. Mimeo
- K. "Investment Success Through Ratio Preference Analysis," Victor Trapasso, Real Estate Review, Winter 1983. Mimeo

- L. "Real Estate Investment Analysis: IRR Versus FMRR, Stephen Messner & M.C. Findlay, III, The Real Estate Appraiser, July-Aug. 1975. Mimeo
- M, Feb. 3 REVIEW OF CRITICAL CASH FLOW MODELS AND RATIOS (CONTINENTAL CASE PRESENTATION) (HAND IN CASE #1)
- A. Chapters 4-7, 20-12, Real Estate Investment Stephen Pyhrr and James Cooper, 1982. Text
- B. Chapter 9, "After-Tax Cash Flow from Operation," Tax Planning For Real Estate Investors, Third Edition, James Kau and C.F. Sirmans, 1985. Text
- C. "Inflation and the Real Estate Investor," Paul Wendt, The Appraisal Journal, July, 1977. Mimeo
- D. Chapter 14, "H. Walker: A Triplex Investment," Tax Planning For Real Estate Investors, Second Edition, James Kau & C.F.Sirmans, 1982. Mimeo
- E. "Peril-Point Acquisition Prices," John Crowther, Harvard Business Review, September-October 1969. Mimeo
- W, Feb. 5 ALTERNATIVE FORMATS FOR THE INDIVIDUAL INVESTOR (ASSIGN CASE STUDY #2)
- A. Chapters 8-9, Real Estate Investment, Stephen Pyhrr and James Cooper, 1982. Text
- B. Chapter Two, "Choice of Business Entity," Real Estate Syndication, Steve Jarchow, 1985. Mimeo
- C. "How to Structure Real Estate Investment Management," Stephen Roulac, The Journal of Portfolio Management, Fall 1981. Mimeo
- D. "Institutional Strategies for Real Estate Equity Investment, John McMahan. Mimeo
- E. "Hybrid Investments: Alternatives," John White and Donald Wiest, Jr., Mortgage Banking, December 1984. Mimeo

Bus. 850
Spring Semester, 1986

Prof. James A. Graaskamp

- M, Feb. 10 FEDERAL AND STATE TAX IMPACTS ON STRATEGY
(TV VIDEO LECTURE)
- A. Chapters 13, 14, 15, Real Estate Investment
Stephen Pyhrr and James Cooper, 1982. Text
 - B.
- W, Feb. 12 TAX PLANNING ON ACQUISITION
- A. Chapters 5-8, Tax Planning for Real Estate Investors. Text
 - B. Chapters 13, 14, 15, Real Estate Investment,
Stephen Pyhrr and James Cooper, 1982. Text
 - C. Chapter 8, "The Depreciation Deduction,"
Tax Planning For Real Estate Investors,
Second Edition, James Kau and C.F. Sirmans,
1985. Text
 - D. "How to Evaluate (Or Structure) A Real
Estate Investment, E.Martin Davidoff and
Ralph J. Anderson, Jr., The Practical
Accountant, October 1984. Mimeo
- M, Feb. 17 TAX PLANNING FOR DISPOSITION
- A. Chapters 10-11, Tax Planning for Real Estate Investors. Text
 - C. Chapters 16-17, Real Estate Investment
Stephen Pyhrr and James Cooper, 1982. Text
- W, Feb. 19 SPECIAL TAX PROBLEMS FOR REAL ESTATE INVESTMENT
(GUEST SPEAKER)
- A. Chapter 13, Tax Planning for Real Estate Investors. Text
 - B. A Real Estate General Partnership: Apartment
Building Investment, Chapter 15. Text

- M. Feb. 24 INDIVIDUAL INVESTMENT GOALS
- A. "Maintaining a Comfortable Lifestyle After Retirement," The Financial Desk Book. Mimeo
 - B. "Investment Planning," The Financial Desk Book. Mimeo
 - C. "Estate Planning," The Financial Desk Book. Mimeo
 - D. "Real Estate Indicators," The Financial Desk Book. Mimeo
 - E. "Who Says Doctors Are Lousy Investors," Lawrence Farber. Mimeo
 - F. "American Farming, Old MacDonald Sold His Farm," The Economist, December 1, 1984. Mimeo
 - G. "Seven Benefits of Farmland Ownership," Landowner. Mimeo
- W, Feb. 26 REAL ESTATE AND ESTATE PLANNING
- A. Chapters 25-27, Real Estate Investment, Stephen Pyhrr and James Cooper, 1982. Text
 - B. "The New Marital Deduction Qualified Terminable Interest Trust: Planning and Drafting Considerations," Malcom Moore. Mimeo
 - C. Chapter 1, "Introduction to Estate and Gift Taxation," Federal Estate and Gift Taxation, Briner, Robison, Rossen and Sogg, 1982. Mimeo
 - D. Chapter VIII, "The Concept of Gross Estate," Federal Estate and Gift Taxation, Briner, Robison, Rossen and Sogg, 1982. Mimeo
 - E. "Real Estate Tax Reform: Historic Perspectives and Economic Implications," Stephen Roulac & Co. 1985. Mimeo
 - F. Chapter XVIII, "Estate Tax--Marital and Orphan's Deductions," Federal Estate and Gift Taxation, Briner, Robison, Rossen and Sogg, 1982. Mimeo

- G. Chapter XIX, "Estate Tax--Deductions, Expenses, and Losses," Federal and Gift Taxation, Briner, Robison, Rossen and Sogg, 1982. Mimeo
- H. Chapter XX, "Estate Tax--Charitable Deductions and Credits," Federal Estate and Gift Taxation, Briner, Robison, Rossen and Sogg, 1982. Mimeo
- I. Chapter XXI, "Valuation," Federal Estate and Gift Taxation, Briner, Robison, Rossen and Sogg, 1982. Mimeo
- J. Chapter XXII, "Estate Tax Administration and Procedures," Federal Estate and Gift Taxation, Briner, Robison, Rossen and Sogg, 1982. Mimeo
- K. "How State Death Taxes Affect Overall Estate Planning," Staff of J. K. Lasser Institute. Mimeo
- M, March 3 POTENTIAL FEDERAL TAX REFORMS
- W, March 5 EXCHANGES (HAND IN CASE #2)
- A. Chapter 12, Tax Planning for Real Estate Investors. Text
- B. Chapter 12, "Tax Deferred Exchanges," Tax Planning For Real Estate Investors, Second Edition, James Kau & C.F. Sirmans, '82. Mimeo
- C. "Computerized Exchange Evaluation Model," Jay Butler & Glenn Henderson, Jr., The Appraisal Journal, July 1977. Mimeo
- M, March 10 REVIEW OF CASE #2 (ASSIGN CASE #3)
- W, March 12 LIMITED PARTNERSHIPS
- A. Chapter Three, "Partnership Law," Real Estate Syndication, Steve Jarchow, 1985. Mimeo
- M, March 17 LIMITED PARTNERSHIPS (CONTINUED)
- A. "You Can Lose in the Wrong Syndication Investment," Paul Pilzer, Real Estate Review Spring 1984. Mimeo

- B. "Structuring Real Property Acquisitions For Syndication," Paul Pilzer, Real Estate Review Summer 1984. Mimeo
 - C. "Transferring Limited Partnership Interests," Muth, Zulberti & Morris, The Real Estate Securities Journal, Winter 1981. Mimeo
 - D. "Disposing of Syndication Property: Installment Sales & Wrap Around Mortgages = Pitfall," Dr. Mark L. Leving, RESSI Review, National Association of Realtors Mimeo
 - E. "Syndication Emerges to Transform the Real Estate Capital Market," Stephen Roulac. Mimeo
- W, March 19 * * * MID SEMESTER EXAM * * *
- W, April 2 INSTITUTIONAL REAL ESTATE ALTERNATIVES—PENSION FUND VIEWPOINT (REVIEW CASE #3, ASSIGN CASE #4)
- A. "Institutional Management of Pension Fund Investment in Real Estate: The Portfolio Perspective," Jaffe & Sirmans. Mimeo
- M, April 7 COMMINGLED FUNDS
- A. "The High Risks of Open-End Real Estate Funds," Claude Rosenberg, Jr., and Paul Sack The Journal of Portfolio Management, Fall 1975. Mimeo
 - B. "Bank Trust Department Operation of Commingled Real Estate Funds," Mike Miles and Janelle Langford, Real Estate Issues, Winter 1978. Mimeo
- W. April 9 COMMINGLED FUNDS (CONTINUED)
- A. "Performance Evaluation of Commingled Funds," Mike Miles, and Art Estev. Mimeo
 - B. Chapter 26, "Mortgage Investment Determinants in With Commingled Funds," Kinney & Garrigan The Handbook of Mortgage. Handout

- M, April 14 REAL ESTATE INVESTMENT TRUSTS
- A. "Directions for Real Estate Investment Trusts," Stan Ross and Richard Klein, Real Estate Finance Journal, Winter 1986. Mimeo
- W, April 16 REAL ESTATE INVESTMENT TRUSTS (CONTINUED)
- M, April 21 CORPORATE REAL ESTATE OWNERSHIP
- W, April 23 INSTITUTIONAL JOINT VENTURE
- A. "Real Estate Equity Investments and the Institutional Lender: Nothing Ventured Nothing Gained," Roegge, Talbot, & Zinman, Fordham Law Review, Vol. 39, 1971. Mimeo
- M, April 28 REAL ESTATE UNITS AS A SECURITY
- A. Chapters 8-11, pp. 177-274, and Appendix 1, pp. 280-311, Real Estate Limited Partnerships Theodore Lynn and Harry Goldberg, 1983. Mimeo
- B. Chapter 12, "Public Offerings," Steve Jarchow, Real Estate Syndication, 1985. Mimeo
- W, April 30 REAL ESTATE UNITS AS A SECURITY (CONTINUED)
- M, May 5 FOREIGN INVESTMENT IN U.S. REAL ESTATE (CASE PROBLEM #3 DUE)
- A. "Foreign Investment in U.S. Real Estate: Strategic Placement Analysis," Glenn Whitmore, Real Estate Report, First Quarter 1983. Mimeo
- B. "Tax Planning For Foreign Investment in U.S. Real Estate," Robert Bell and Dean Marsan, Real Estate Review, Summer 1984. Mimeo
- C. "Foreign Investors in the United States: A Symposium," Henry Regeling, Real Estate Review, Fall 1984. Mimeo
- D. "Analysis of a Foreign Real Estate Venture by U.S. Citizens." Mimeo
- F, May 9 * * * FINAL EXAM * * *

URBAN LAND INSTITUTE
NATIONAL SCHOOL FOR REAL ESTATE DEVELOPMENT
OUTLINE AND TIME TABLE

Course I - Real Estate Development Process

SUNDAY EVENING (Anikeeff, Graaskamp)

I. Introduction

- A. Faculty
- B. Students
- C. Materials

II. Comments on National School for Real Estate Development

- A. Origins
- B. Future curriculum plans
- C. Philosophy of blending academic structure and ULI member experience

III. The Ethics of Enterprise Management

- A. The enterprise concept in modern management
- B. Enterprise objectives--profits or life quality of managers
- C. Entrepreneurial enterprise and profit to enhance collective life quality
- D. Real estate development is the construction and management of man's own terrarium--consequently development has the highest ethical obligations of any manufacturing enterprise
- E. The development enterprise within the total socioeconomic system

MONDAY MORNING (Graaskamp)

I. Definition of Key Concepts

- A. Real estate--manufactured space time units
- B. Real estate enterprise conversion of space/time to money/time
- C. Real estate business--any service involved in the conversion process
- D. Real estate interests--allocation of decision powers and benefits among interested parties and the general public
- E. The real estate process
- F. The development process as a subdivision of the real estate process

II. Major Actors in the Real Estate Development Process

- A. Demand driven by consumers
 - 1. Immediate occupants who rent or buy
 - 2. Collective consumers who control political entitlements
 - 3. Future users who will determine residual values
- B. Urban framework provided by off-site infrastructure
 - 1. Public and private utilities
 - 2. Government services to achieve economies of scale
 - 3. Legal/social system to control transactional base
- C. On-site development
 - 1. Material and labor inputs
 - 2. Capital suppliers
 - 3. All types of marketing, management, and professional expertise

III. Each Actor as a Cash Cycle Enterprise

- A. Factors constraining the consumer of residential space
- B. Factors constraining the user of industrial space
- C. Factors constraining users of retail space
- D. Fiscal limitations on the community and collective consumer
- E. National economic constraints on capital flows to real estate

IV. Cash Cycle Patterns for Real Estate Development

- A. Back door approach for rental property
- B. Back door approach for a land development
- C. Life cycle costing approach for public property
- D. Monopoly and spread
 - 1. Competitive edge in terms of demand and price
 - 2. Competitive costs in terms of production and financing
 - 3. Competitive management to exploit spread between price and cost

V. The Concept of Development Risk

- A. Risk is variance in the planned pro forma operating statement and balance sheet
- B. Risk management is identification of assumptions most vulnerable to surprise with unacceptable financial consequences
- C. Risk management methods
 - 1. Avoid
 - 2. Improve information of underlying assumptions
 - 3. Pool similar enterprises for purposes of statistical projections
 - 4. Pool experience and create loss fund through insurance
 - 5. Shift the risk by contract or guaranty
 - 6. Shift the risk by contract depending on expertise
 - 7. Limit liability through organizational structure
 - 8. Hedge assumptions about the future

MONDAY AFTERNOON (Graaskamp, Griffin)

I. Analyzing a rehab commercial building as a cash flow enterprise (Graaskamp)

- A. Definition of revenue
- B. Accounting for outlays
- C. Cash flow of land development project
- D. Critical financial ratios to measure risk, profitability, and distributable cash

II. The Nature of Preliminary Planning and Feasibility (Graaskamp)

- A. The difference between planning and feasibility
- B. Site in search of a use vs. use in search of a site
- C. Investment dollars in search of an opportunity
- D. Most fitting use defined
- E. Most probable use defined

III. Site Reconnaissance (Graaskamp)

- A. Physical attributes
- B. Legal/political attributes
- C. Linkage attributes
- D. Dynamic/market attributes
- E. Environmental attributes
- F. Analysis of Pivotal Attributes
 - 1. Cataloging and mapping
 - 2. Vertical integration or overlay to define suitable development land
 - 3. Neutralizing negative attributes
 - 4. Marketing positive attributes
 - 5. Alternative use plans consistent with static attributes

IV. Legal/Political Attributes (Griffin)

- A. Identification of multiple levels of control
 - 1. Deed restrictions and private covenants
 - 2. Subdivision ordinance and platting process
 - 3. Housing ordinances
 - 4. Building codes
 - 5. County/state district controls
 - 6. Indirect controls on financial institutions
 - 7. Direct controls imposed by federal agencies
- B. Historical development of land use control law
- C. The legal/political process of land use control administration

- D. The interface between the physical plan and the land use framework
 - E. Defining the building envelope or achievable space/time units
- V. The Private/Public Partnership for Land Use Control (Griffin)
- A. Relationship of achievable density to private profit and public fiscal balance
 - B. Relationship of format to life quality goals of legislation
 - C. Providing a framework for equitable negotiation of complex interests
 - D. Current trends in the development of land use law (Rahenkamp case)
 - E. Current experiments in long term control of evolving development patterns (Baltimore)

TUESDAY MORNING (Griffin)

- I. The Many Roles of Real Estate Law
- A. The compact between the developer and society
 - B. The compact between the developer and his subcontractor
 - C. The compact between the developer and his capital sources
 - D. The ultimate contract between the developer and his tenant or purchaser
- II. The Contract Network Controlling Production
- A. The American Institute of Architects (AIA) contract and its modifications
 - B. The general conditions controlling the architect
 - C. Plans and specifications as a graphic contract
 - D. Controls on the contractor imposed by the lender
 - E. Controls on the contractor imposed by the owner/tenant

III. The Contract Network Controlling Finance

- A. Letter of commitment for construction phase
- B. Letter of commitment for permanent finance
- C. Basic conditions of mortgage finance
- D. Risk management instruments and guaranties required by lender
- E. Equity capital sources for the developer
- F. Changing patterns of development capital finance
- G. The specialty of land development finance

IV. Contracts and Joint Venture Arrangements with Public Agencies

- A. Alternative forms of public finance to provide deep and shallow subsidies to encourage public objectives
- B. Special districts
- C. Special federal and local secondary financing to alter feasibility
- D. The art of negotiating public entitlements which are cost effective

V. The Art Form of Communication Between Private Entrepreneur and Public Entity

- A. Long term communication habits
- B. Understanding political constituencies on which public decisions makers depend
- C. Understanding protocols of public forums and sequence of public control
- D. Understanding the proper use of all forms of journalistic media
- E. Negotiation to a win/win position within an artificial time limitation
- F. Political emphasis on process vs. enterprise emphasis on closure by decision to control risk

TUESDAY AFTERNOON (Graaskamp, Myers)

- I. Market/Linkage Attributes (Graaskamp)
 - A. Market research of demographic trends
 - B. Political research of collective attitudes
 - C. Merchandising research to establish monopolistic product attributes
 - D. Promotional research to establish communication and motivation for targeted consumer
 - E. Feedback monitoring of ongoing operations and "no sales"

- II. Sources and Uses of Demographic Trends (Myers)
 - A. The federal census and related by-products
 - B. Local planning studies
 - C. Data service extrapolations
 - D. Convenient rules of market segmentation
 - E. Empirical research of market segmentation

- III. The Role of Survey Research (Myers)
 - A. Define market area and scale
 - B. Define absorption rates for specific space categories over time
 - C. Define capture rate possible and necessary for proposed project
 - D. Identify factors which could enhance or diminish capture rate

- IV. Constructing or Purchasing Real Estate Market Survey Research (Myers)
 - A. Defining the market model for which specific empirical parameters must be discovered
 - B. Specifying the data product required of the study
 - C. Developing techniques for cost effective data collection
 - 1. Telephone survey
 - 2. Mail survey

3. Focus group dialogue
4. Intensive interview of prototype consumers
5. Converting research from previous studies to current problems where applicable

V. Behavioral Vs. Statistical Research (Myers)

- A. Soft social research of consumer motivations
- B. Conjoint measurement of consumer trade-off
- C. Design control of occupant behavior for positive or negative incentives
- D. Market segmentation by interior decor or other codes and symbols

WEDNESDAY MORNING (Graaskamp)

I. Real Estate Finance

- A. Critical elements of the capital budget
- B. The back door approach and manipulation of debt service constraints
- C. Risk management and manipulation of the down payment
- D. Risk management and methods of guaranty
- E. The revolution in real estate finance, risk management, and capital pooling

II. The Mortgage Application Process

- A. The package prepared by the developer/mortgage banker
- B. The letter of commitment proposed by the lender
- C. The mortgage loan as a multiple party contract
- D. The closing process
- E. Construction loan administration
- F. Permanent loan administration

III. Source and Function of Equity Funds

- A. Alternative forms of ownership--risk, convenience, and scale trade-offs
- B. Shifting significance of tax laws relative to ownership structure
- C. Tiering of control, capital commitment, and sequence of profit distribution
- D. Nominal ownership vs. effective ownership
- E. Institutional decision making vs. entrepreneurial decision making
- F. Real estate development at the nexus of the evolution of capital pooling evolution

IV. Source and Function of Land Development Finance

- A. Segmentation of financing for land, infrastructures, management and marketing
- B. Land contract and options
- C. Infrastructure and financing alternatives
- D. Management and professional fees are equity capital responsibility
- E. Marketing costs as fixed and variable contingencies
- F. Matching profit centers to capital sources in the development process

V. The Pros and Cons of Public/Private Capital Joint Ventures

- A. Alternative sources of public/capital contributions to private projects
- B. Allocation of capital and risk by physical components
- C. Allocation of capital and risk by social, political, and enterprise objectives
- D. Sequencing capital contributions for control of political and business risk
- E. Future trends in public agency risk taking for development ventures and public policy relative to economic development

WEDNESDAY AFTERNOON (Barbieri)

- I. The Office Building as a Basic Machine for Making Money
 - A. Form follows function of the floor space and desired work environment
 - B. Building blocks of machine represents basic subsystems
 1. Foundation system
 2. Structural skeleton
 3. Occupancy density concept
 4. Vertical circulation system
 5. Horizontal circulation system
 6. Floor system
 7. Ceiling system
 8. Exterior wall system
 9. Roof system
 10. Interior wall system
 11. Heating, ventilating and air conditioning system
 12. Lighting systems
 13. Energy conservation system
 14. Plumbing and other mechanical systems
 15. Life safety systems
 16. Public security systems
 17. Claustrophobia control system
 - C. Spatial zoning of any building project
 1. General public/specific public exchange points
 2. Specific public/semi-private control points
 3. Semi-private/working team exchange points
 4. Working team/private person exchange point
 5. Private intersanctum
 - D. Project program choices
 1. Quality vs. cost of construction
 2. Location and height vs. cost of land
 3. Cost of on-site parking vs. cost of land and consumer preference
 4. Economies of spatial envelopes vs. window/floor area ratios required in marketplace
 5. Original cost of construction vs. economies of operation and conversion
 6. Generic space vs. economies of specialized enclosures
 - E. Achieving monopoly and spread to make money
 1. Refined consumer profiles of target tenant needs
 2. Control of hard costs

3. Minimization of soft and carry costs
4. Stabilization of operating costs
5. Minimization of debt service constants relative to net income constants on total capital

II. Project Construction and Control to Reduce Variance Between Expectations and Realizations

- A. Clear statement architectural program
- B. Contract control of design/bidding process
- C. Contract control of materials and subcontractors appropriate to dollar significance of risk
- D. Scheduling control through Certified Property Manager (CPM) and other time performance systems
- E. Budget control through PERT and other cost control accounting measures
- F. Insurance controls on accidental losses
- G. Performance controls with positive and negative incentives and guaranties
- H. Hedging of interest, commodity, and capital availability, and price
- I. Research of the critical unknown or undefined variance in assumptions in the decision process

III. Marketing and Lease Negotiations in the Over-built Market

- A. Correctly define the space/time unit
- B. Identify who signs the check
- C. Focusing on positioning and market niche
- D. Tenant solicitation and advertising
- E. On-site promotion and closing on the lease

IV. Negotiation of the Lease and Allocation of Risk

- A. Definition of space
- B. Definition of parties
- C. Definition of price

- D. Contingencies preventing initiation of lease
- E. Contingencies permitting cancellation of lease
- F. Risk allocation for consequences of externalities
- G. Machinery for administration of landlord/tenant/lender relationships

THURSDAY MORNING (Barbieri)

- I. Relationship of Property/Asset/and Portfolio Management in the Development Process
 - A. Development process is a continuum which merges creation and operation into a life cycle enterprise
 - B. Property management is concerned with operating control to achieve budget expectations
 - C. Asset enhancement is concerned with control necessary to improve operating results in excess of budgeted expectations
 - D. Asset management is concerned with masterminding capital values and resale price equal to or beyond budgeted expectations
 - E. Portfolio management is concerned with stabilizing variance of operating or capital pricing expectations at a point below acceptable risk threshold while improving yields beyond the weighted risk rate of return for the assets managed

- II. Property Management is the Traditional Extension of the Development Process
 - A. In-house specialists vs. third party managers under contract
 - B. Discretionary authority vs. level of responsibility vs. level of compensation
 - C. Negotiating goals, powers, and compensation
 - D. Computer accounting, data processing, and rising levels of management performance standards
 - E. The changing role of property management as a development process center and cash flow stabilization device

- III. Asset Enhancement is the Contemporary View of the Property Manager with Expanded Powers to Alter Tenant Mix, Facilities, and Marketing to Achieve Significant Shifts in the Profitability Index for the Least Amount of Capital
- A. Asset enhancement is alteration of ratios of productivity, such as parking ratios, floor area ratios, tenant ratios, operating expense ratios, revenue per unit ratios, etc.
 - B. Asset enhancement is difficult to measure in terms of time lag, reduced variance and future operations, positioning for future opportunities, and accurate revenue/cost accounting measures
 - C. Asset enhancement is opportunistic, creative, erratic and most likely to occur to those who always maintain the big picture in relation to the small detail
- IV. Portfolio Management is a Relatively New Relationship of Risk Management by Matching Property Types for Counter-Cyclical Characteristics Relative to Each Other and Other Financial Instruments
- A. Predictability of return and risk aversion of fiduciaries who manage institutional funds
 - B. The rise of real estate from tool to commodity to money repository
 - C. Capital market preferences will control development market opportunities unless there is public subsidy and regulation to channel funds or guaranty principal
 - D. Securitization of real estate is a method of altering real estate performance in specific time periods to allow investors to purchase desired level of stabilization
 - E. Portfolio management of real estate is analogous to stratification of reinsurance to control insurance company performance

THURSDAY AFTERNOON (Graaskamp)

- I. The Regional Shopping Center is the Ultimate Demonstration of Private Development of an Urban Nucleus by a Single Entrepreneur
- A. Strategic objectives of monopoly and spread applied to the regional shopping center
 - B. Use in search of a site

- C. Location plus mass for retail draw
- D. Location plus mass perceived bargain plus recreational consumption of time offset by transportation costs, stress, and loss of transaction control
- E. Regional shopping center is design of transacting system to maximize benefits and reduce irritants to behavior affecting the willingness to spend money in terms of frequency of visit and average expenditure per visit

II. Factors Influencing Frequency of Visits

- A. Transportation network off-site
- B. Transportation network on-site
- C. Stress of trip confusion at arrival
- D. Perceived bargain and images and codes radiated by center design and tenancy
- E. Intercepting competitors and reason for shopping expedition

III. Factors Affecting Average Expenditure Per Visit

- A. Physical comfort and elapsed time of visit
- B. Factors leading to claustrophobia and anxiety
- C. Excitement of discovery and satisfaction of previous purchases
- D. Sequencing of tenants and cross sections of merchandise
- E. Radius of trade area relative to season, demographics, and associated purposes of shopping trip

IV. Historical Evolution of Capital Budget Structure for Shopping Centers

- A. 100% financing with long term mortgage on entire project
- B. Straight mortgages converted to mortgage secured private placement bond with equity warrants
- C. 100% financing with false constants and cash flow participation including specified resale or financed proceeds
- D. Sale of ground pads to major tenants with 100% financing of sandwich leases

- E. Sale of pads, 75% financing, and sale of preferred equity dividend position to finance balance
 - F. 100% mortgage financing to collateralize CMO bond issue plus sale of limited partnership interest
 - G. 100% equity financing with pension fund and asset manager as joint venture partner
- V. Existing Shopping Centers are Key Examples of Opportunities for Asset Enhancement
- A. Modification of leasing terms at time of renewal
 - B. Modification of physical design to accommodate changing retail methods
 - C. Modification of operating expense responsibilities
 - D. Negotiation and appeal of real estate tax assessments
 - E. Modification of tenant mix, media advertising, or point of sale graphics and promotion
 - F. Modification of financial structure to exploit interest cycle or changing investment opportunities for arbitrage
 - G. Modification of demographic base by development or redevelopment of adjacent lands

FRIDAY MORNING (Graaskamp, Guest from ULI Roster)

- I. Public/Private Joint Venture
- A. Allocation of risks by expertise and power to control
 - B. Project concept by the public which then invites private execution (A case study--Pennsylvania Avenue)
 - C. Project Concept by the private sector which then invites public participation (A case study--Horton Plaza)
- II. City Building as a Project Spanning Several Decades
- A. Sustaining the goal in medieval cities

- B. Sustaining the goal in modern cities during periods of rapid change in technology, cultural values, and population (Baltimore Case--Inner Harbor Development Corporation)
- C. Public/private real estate development is a by-product of public/private economic development successes

III. Film of ULI Oral History of the Development Process (from ULI 50th Anniversary)