COURSE DESCRIPTION
This course will explore what are, and how to develop and invest in, “social impact” real estate projects. How do we define what constitutes “social impact” with respect to real estate projects? What are the financial building blocks and sources of capital available for developers and investors to utilize when putting together deals?

Using examples of real deals, and focusing on U.S. urban markets, students will work through the challenges and opportunities of financing various types of projects, including: affordable and mixed-income housing, mixed-use, neighborhood retail, community facilities. Students will be exposed to a variety of financial tools (LIHTCs, tax-exempt bonds, NMTCs, etc.) and public sector programs that are necessary to make social impact projects feasible while also being asked to gauge whether the risk-adjusted returns warrant “doing the deal”.

In addition, the course will explore the following questions: who are the players in the “social impact” real estate space? Who are the capital providers in both the public and private sectors? Who are the developers? Can you make money being a socially responsible developer? What role do non-profits play?

Speakers will include: for-profit and non-profit developers, fund managers, government officials and financial institutions.

REQUIRED PREREQUISITES AND CONNECTION TO THE CORE (For Electives)
Real Estate Finance (B8331) is not a prerequisite but strongly recommended. Students who have not taken Real Estate Finance or lack demonstrable professional experience are strongly encouraged to attend a 3-hour real estate finance “bootcamp” session on Friday, October 27. The bootcamp session will take place from 10am – 1pm in Uris TBD.
The learning in this course will utilize, build on and extend concepts covered in the following core courses:

<table>
<thead>
<tr>
<th>Core Course</th>
<th>Connection with Core</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Finance</td>
<td>1. Time value of money</td>
</tr>
<tr>
<td></td>
<td>2. Opportunity cost of capital</td>
</tr>
<tr>
<td></td>
<td>3. Risk</td>
</tr>
<tr>
<td>Decision Models</td>
<td>1. Sensitivity Analysis</td>
</tr>
<tr>
<td>Strategy Formulation</td>
<td>1. Creation of value vs. value capture</td>
</tr>
<tr>
<td></td>
<td>2. Trade-offs</td>
</tr>
<tr>
<td>Global Economic Environment</td>
<td>1. Inflation and the business cycle</td>
</tr>
<tr>
<td></td>
<td>2. Fiscal policy</td>
</tr>
<tr>
<td></td>
<td>3. Role of financial markets in the economy</td>
</tr>
</tbody>
</table>

Students will be expected to have mastered these concepts and be able to apply them in the course.

REQUIRED COURSE MATERIALS
The following book contains several required readings for the course and can be downloaded digitally in full at the website link, below:


All other advance reading materials will be posted on Canvas.

CLASSROOM NORMS AND EXPECTATIONS
Class Attendance and Participation:
Class attendance and participation are essential to benefit from the experienced professionals who have agreed to participate in your education and develop an on-going relationship with your classmates. I expect everyone to show up for every class, and if there is some plausible reason for not attending, please inform me and the TA ahead of the class.

ASSIGNMENTS
Assignment 1: Type A (max 2 people/group)
Assignment 2: Type B
Assignment 3: Type C

<table>
<thead>
<tr>
<th>Type</th>
<th>Designation</th>
<th>Discussion of concepts</th>
<th>Preparation of submission</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>group / group</td>
<td>Permitted with designated group</td>
<td>By the group</td>
<td>Same for each member of the group</td>
</tr>
<tr>
<td>B</td>
<td>group / individual</td>
<td>Permitted</td>
<td>Individually</td>
<td>Individual</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(No sharing of any portion of the submission)</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>individual / individual</td>
<td>None of any kind</td>
<td>Individually</td>
<td>Individual</td>
</tr>
</tbody>
</table>
METHOD OF EVALUATION
Final grades will reflect grades received in the three (3) Assignments and class participation. There will be no midterm or final examination for this course.

Class Preparation and Participation  25%
Assignment #1  25%
Assignment #2  25%
Assignment #3  25%

CONTACTING PROFESSOR DILLER
Office Hours: By appointment.
Please email Professor Diller at rdiller@urbanviewcap.com
Canvas: Please be sure to have your announcement and messaging notifications set to ASAP.

TEACHING ASSISTANT:
Sam Berger: SBerger18@gsb.columbia.edu
B8428-001 SOCIAL IMPACT REAL ESTATE

Professor Rachel Diller

Fall 2017, B Term
Mondays 4:00 – 7:15pm
Uris 307

Class Schedule

October 30  Capital and the “Financing Gap”
Course Overview and Themes
• What are the community needs & how can real estate projects address them?
Capital
• Quantifying the financing gap and gap-filling methods
• Who are the capital providers:  Banks, pension funds, private equity, CDFIs, mission-driven capital
• What is the capital’s motivation?  How does it measure “return”?
• Financial analysis: comparing a conventional and social impact real estate capital stack and proforma

Advance Reading
• Investing in What Works:  The Past, Present, and Future of Community Development in the United States, Alexander von Hoffman, Harvard University (pp. 10-54).
• Nowak, Jeremy.  Smart Subsidy in Community Development, 2013

November 13  The Building Blocks of Social Impact Real Estate: Residential
• Affordability Gap
• Government Programs and Tools
  o Federal Tools (LIHTC’s, Bonds, Operating Subsidies)
  o Local Tools (Inclusionary Zoning, Tax Abatements)

Advance Reading:
• Introduction to Low-Income Housing Tax Credits
• Affordable Housing and Low-Income Tax Credits in the United States, HBS, Segel and Retsinas, April 30, 2015.
• Tax-Exempt Housing Bond Basics
• Housing New York: A Five-Borough, Ten-Year Plan [Excerpts: Exec Summary, Introduction, the 1-page "overview" in beginning of Chapters 1-4, and then all of Chapters 5 & 6.]
Optional Reading:
- Housing Policy Debate: The Low-Income Housing Tax Credit as an Aid to Housing Finance: How Well has it Worked?

Assignment #1 Distributed

Guest: James Patchett – Chief of Staff to NYC Deputy Mayor Alicia Glen

November 20

Part I: Place-Based Case Study and Deal “Spotlight”: New Orleans
- New Orleans Overview: Challenges and Opportunities
- Putting Deals Together

Guest: Matt Schwartz – Principal and Co-Founder, The Domain Companies

Part II: The Building Blocks of Social Impact Real Estate: Commercial
- Retail, Community Facilities, Mixed-Use
- Tools (New Markets Tax Credits, Historic Tax Credits)
- Case Study: ReFresh

Advance Reading:
- New Markets Tax Credits “101”; Enterprise Training, Spring 2015
- Catalyst for Change: The Federal Historic Tax Credit: Transforming Communities, Place Economics, June 2014.
- Topical Tax Brief – Comparison of the Historic Rehabilitation Tax Credit and the Low Income Housing Tax Credit, IRS.
- NMTC Coalition Fact Sheet: http://nmtccoalition.org/fact-sheet/

November 27

The “Business” of Socially Responsible Real Estate Investing and Development

Part I: The Financing Markets
- CDFI, Bank and Mission Driven capital providers
- Social impact investing: “emerging” industry

Part II: Mission-minded For-Profit Developers
- What is the role of for-profit developers in this space?
- Can you make money? How much is too much?
- Case Study: Haynes (Newark, NJ)

Guests: Ron Moelis, CEO and Founding Partner, L+M Development

Sam Chapin (CBS ’14), Project Manager, L+M Development
Assignment #1 DUE
Assignment #2 Distributed

Advance Readings:

- The Effectiveness of the Community Reinvestment Act, Darryl E. Getter, Congressional Research Service.
- CRA Modernization and Impact Investments, John Moon, Federal Reserve Board of Governors, Community Development Investment Review, January 7, 2015.
- J.P. Morgan/GIIN Research Reports: “Impact Investments: An Emerging Asset Class”, 2010 [Excerpts: pages 5-12, plus skim other sections per interest]

Optional Reading:


December 4

Part I: Review of Assignments #1 and #2

- Review assignments and answer questions

Part II: Comprehensive Community Development and “Healthy Neighborhoods”

- What is an integrated community and what makes a healthy neighborhood?
- The roles of the arts, access to healthy foods, etc.
- Putting Deals Together: Crosstown Concourse (Memphis, TN)

Virtual Guest: McLean Wilson, Principal, Kemmons Wilson Companies

Assignment #2 DUE

Advance Readings:

- Holistic Place-Based Investments, Nancy O. Andrews and Dan Rinzler; Furman Center: The Dream, Discussion 10: Balancing Investments in People and Place, December 2014
December 11

Part I: Place-Based Case Study and Deal “Spotlight”: Detroit

- Process and Politics of Neighborhood Transformation
- Detroit Spotlight: Overview and Case Study (Detroit Riverfront)

*Guest: Richard Baron – CEO and Founder, McCormack Baron Salazar*

Part II: Course Summary and Closing

- Social Impact Real Estate Ecosystem – the future of Community Development industry
- Does Investing in Social Impact Real Estate create change?
- Where do we go from here?

Assignment #3 Distributed

Advance Readings:

- Adaptive Use is Reinventing Detroit, Jeffrey Spivak, Urban Land, July/August
- For Profit Developers Bring Expertise to Affordable Housing (July/August pp. 109-110)
- Investing in What Works: From Community to Prosperity; Ben Hecht, pp.192-203
- Investing in What Works: Inflection Point, pp.407 – 419