B8427 SOCIAL IMPACT REAL ESTATE INVESTING & DEVELOPMENT, PART 1

Professor Lynne B. Sagalyn

Fall 2014, Term A
Wednesday 9:00 – 12:15pm
Room TBD

A NOTE ABOUT THIS YEAR’S SOCIAL IMPACT REAL ESTATE COURSE:
We are offering two mini-courses in place of a single full-semester course due to a faculty change; we anticipate that this will be a one-year transition back to a full semester course fall 2015. The broad-based theme connecting both remains Social Impact Real Estate Investment with a focus on cities and the demands of urbanization. Term A focuses on the policy approach of public-private partnerships, charter schools, and urban sustainability, and Term B, on the financial building blocks, sources of capital and deal mechanics, with focus on affordable housing and comprehensive community development strategies. For students who plan to take Term B, the prerequisite is either Term A or B8331Real Estate Finance.

COURSE DESCRIPTION
This Term A course is about social impact investment policy and finance with a focus on city development and growth. All around the globe, populations are urbanizing. Historically, urbanization has been a channel for human economic improvement, and the current global trend of people moving to cities adheres to the same motivation, albeit on a larger scale. In the United States, cities have been growing because they have become the place of choice for many different generational cohorts (and in the case of many cities, reversing the post-WWII trend of declining populations) as well as a traditional immigration destination. To accommodate growth, cities must plan for greater density and do so in a more sustainable fashion, and they must accommodate the demand for affordable housing, neighborhood-serving retail and community facilities. (The latter is the focus of Term B.)

The primary objective of the course is to teach about the process implementing complex public objectives in an urban environment, objectives that involve business opportunity but which are inherently political. Specifically, the course seeks to impart an understanding of:

- Public-private partnerships as a strategy of choice for organizing economic development initiatives as well as for funding large-scale infrastructure projects—the policy logic, processes, and financial structures used in these complex business initiatives;
- Strategies and mechanisms to finance urban charter schools and their business operations; and
- Sustainability strategies and policy tools in the urban physical environment.

Students interested in careers in the public sector, not-for-profit organizations, and real estate development will find this course valuable preparation and a competitive advantage in seeking positions in these fields as the course provides content and tools for public policy from a business perspective.
REQUIRED PREREQUISITES AND CONNECTION TO THE CORE (For Electives)
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>
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<tbody>
<tr>
<td>Corporate Finance</td>
<td>1. Time value of money</td>
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<td>2. Opportunity cost of capital</td>
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<td>3. Risk</td>
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<td>Decision Models</td>
<td>1. Sensitivity Analysis</td>
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<td>Strategy Formulation</td>
<td>1. Creation of value vs. value capture</td>
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<td></td>
<td>2. Trade-offs</td>
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<tr>
<td>Global Economic Environment</td>
<td>1. Inflation and the business cycle</td>
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<tr>
<td></td>
<td>2. Fiscal policy</td>
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<td>3. Role of financial markets in the economy</td>
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Students will be expected to have mastered these concepts and be able to apply them in the course.

REQUIRED COURSE MATERIALS
TBD. A detailed syllabus will be available in August and materials posted on the web.

CLASSROOM NORMS AND EXPECTATIONS
Class Attendance and Participation:
Class attendance and participation is 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 ahead of the class.

GRADING [PRELIMINARY—MAY CHANGE]
Final grades will reflect grades received in the individual cases, final project, and class participation. There is no final examination.

METHOD OF EVALUATION
Participation 25%
Case Write-Up 25%
Final Project 50%

CONTACTING PROFESSOR SAGALYN
I am very interested in getting to know everyone in the class, so please set up a time to meet to discuss your interests.
Office Location: Uris 816
Office Phone: 212-854-3380; E-mail: lbs4@columbia.edu
Office Hours: Mondays, 2-3:30pm and by appointment
Assistant to Prof Sagalyn: Angela Lee; 212-854-4054; ael2165@columbia.edu

Canvas: Please be sure to have your announcement and messaging notifications set to ASAP.
TEACHING ASSISTANT: Maria Ripamonti mripamonti15@gsb.columbia.edu
### Class Schedule

#### September 3
- **Overview and Course Themes**
  - Cities and the demands of urbanization
  - Planning for density and sustainability
  - Financing urban growth

**The Public/Private Strategy:**
- The global practice of P3
- What is it and why it works
- A tour of case examples

#### September 10
- **Public-Private City Development**
  - How does it work in practice?
  - How are deals structured?
  - What are the risks and returns for public and private players?
  - Cases: Battery Park City and 42nd Street Times Square

#### September 17
- **Public/Private Infrastructure Development**
  - What makes P3 such a popular policy strategy?
  - A matrix of P3 approaches
  - Why does contract specification matter so much?
  - What are the risks of P3 and how are they mitigated?

#### September 24
- **Case Study: Financing the Hudson Yards Platform**
  - **Guests:** Philippe Visser, The Related Companies

#### October 1
- **Urban Charter Schools: Financing the Challenge**
  - **Guests:** Carolyn Hack ’06, Sara Batterton ’07, Uncommon Schools

#### October 8
- **Cities and Sustainability: Policy and Practice**
  - **Guests:** Gary Hack, Professor Emeritus, Former Dean PennDesign, UPenn
    Rohit T. Aggarwala, Professor of Professional Practice, SIPA