



plan 760 - spring 2021 (revised 1/14/2021) real estate and affordable housing finance

Meeting Times:		Mondays and Wednesdays 2:30 – 3:45 PM 1/20/2021 - 5/5/2021
Meeting Space:		Remote
Course Texts:	Real Estate Finance:	William Brueggeman and Jeffrey Fisher. <u>Real Estate Finance and Investments</u> 15th ed. Boston: McGraw Hill, 2008 (14th ed okay).
	Affordable Housing:	Mark Shelburne <u>Beginner's Guide to The Housing Credit</u> <u>https://shop.americanbar.org/eBus/Store/ProductDetails.aspx?productId=215607</u> Novogradac & Company LLP Special Report <u>https://www.novoco.com/sites/default/files/atoms/files/special_report_lihtc_assessment_program_performance_052313.pdf</u>
Additional Course Materials and Communication:		Sakai

Instructor:

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Guest Lecturer:

Mark Shelburne
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Office hours: by appointment

course description and objectives

Real Estate Investment and Affordable Housing is designed to provide introduction to:

- Fundamentals of real estate finance investment analysis;
- Familiarity with Excel as a financial modeling tool;
- Financing and development of affordable housing through public, private, and non-profit partnerships; with a focus on meeting the housing needs of low and moderate income households.

The course has four objectives:

1. A substantial introduction to the fundamentals of real estate development process and real estate investment analysis; including cash flow analysis, rate of return evaluation, and fundamentals of taxation of residential real estate.
2. Introduction to principal types and sources of public and private real estate financing (development, construction, and permanent financing) in the context of both rental and for-sale residential development. This includes introduction to conventional underwriting guidelines for commercial lending.
3. Application of real estate investment analysis to a range of housing development models, policy and program circumstances; and identification of financing gaps in capital funding or operating cash flows, followed by development of funding gap solutions.
4. Introduction to the structure and sale of real estate investments that feature low income tax credits and historic rehabilitation tax credits using limited partnerships and limited liability companies.

The first half of the course will focus on real estate investment analysis with an emphasis on problem solving through spreadsheet analysis using Microsoft Excel. The latter half of the class will be devoted to case studies augmented by lectures that will be presented by practitioners of affordable housing in the private for-profit, non-profit, and government sectors.

course format

PLAN 760 will be presented as a seminar. ***"Drawing on diverse disciplines and subject areas, the seminar shares a focus on how students pose problems, discover "truths," resolve controversies, and evaluate knowledge."*** The seminar is a form of academic instruction, sometimes involving small groups for recurring meetings, in which **all students are requested to participate actively**. The seminar will provide a place to consider assigned readings, raise questions and issues, and **engage in discussion. Participation is a significant component of the final grade**. There are no course prerequisites, other than an energetic interest in public policy, and a **willingness to participate**.

rules of engagement

"The Honor Code represents UNC-Chapel Hill students' commitment to maintain an environment in which students respect one another and are able to attain their educational goals. As a student at Carolina, you are entering a community in which integrity matters--integrity in the work you submit, and integrity in the manner in which you treat your fellow Carolina community members." <http://newstudents.unc.edu/content/view/24/77/>

We are committed to treating Honor Code violations seriously and urge all students to become familiar with its terms set out at <http://honor.unc.edu/honor/code.html>. If you have questions it is your responsibility to ask faculty about the Code's application. All written work, and other projects must be submitted with a signature that you have complied with the requirements of the Honor Code in all aspects of the submitted work.

Contacting instructors: We recognize that many of the projects in this course are dynamic and may require being flexible. Therefore, you are encouraged to maintain an open line of communication with instructors, staff, and student team coaches. We also encourage you to inform instructors and your student team well in advance if you are unable to attend class or fulfill an assignment. Failure to do so will be reflected in your professionalism and collaboration grade.

Missing Class: Students are permitted to miss class for EXCUSABLE absences only (for details about what an excused absence is, see UNC-Chapel Hill's attendance policy below). On the first day of class, each student starts with a 100% for participation. Students are allowed one unexcused absence without any questions from the instructors. If a student has two unexcused absences, his or her professionalism and collaboration grade will be affected.

Laptops and cell phones: Please turn off your cellphones before entering class. If you must have your phone on during class because of an extraordinary circumstance (you are expecting a baby, etc.), please let us know beforehand. Laptops are permissible only for course related classroom work. You must turn off all other programs including emails, instant messaging, etc. If laptops are used for anything other than blackboard discussion, we will politely ask you stop using your laptop during class time.

Disability: The University's Accessibility Resources and Service Office (ARS) coordinates all reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability or pregnancy complications resulting in difficulties with accessing learning opportunities. Students should visit their website <http://accessibility.unc.edu>, call 919-962-8300 or email accessibility@unc.edu. A student is welcome to initiate the registration process at any time; however, the process can take time. ARS requests that students contact them as early in the semester as possible.

evaluation and grading

Attendance, preparation, and participation	10%
Problem set #1 (individual)	10%
Problem set #2 (individual)	20%
Case study #1 (group)	20%
Case study #2 LIHTC (group optional)	10%
LIHTC assignments: 1, 2, 3, 4, 5, and 6	5% each
1 and 2 (individual)	
3, 4, 5, and 6 (individual/group optional)	
Total:	100%

Subject	Required Reading	Date	Notes
Introduction & Overview	Course syllabus	1/20	
Time Value of Money	Brueggeman, Ch. 3, 40-71	1/25	Excel tutorial, PS #1 and PS#2 in Sakai
Interest, Financing, Mortgages	Brueggeman, Ch. 4, 72-111, Ch. 5, 112-140	1/27	
Underwriting and Financing Residential Real Estate	Brueggeman, Ch. 8, 213-244	2/1	
Project Feasibility Hartzell and Sandreuter "The Construction Financing Process"	Brueggeman, Ch. 16, 459-495,	2/3	
Financial Analysis	Brueggeman, Ch. 6, 141-175, Ch. 7, 176-212,	2/8	Problem set 1 due
Income Properties	Brueggeman, Ch. 9, 245-279, Ch. 10, 280-318	2/10	
WELLNESS DAY		2/15	
Affordable Housing	Novogradac pp. 2-14	2/17	
Land Development		2/22	
Secondary market		2/24	
Guest speaker		3/1	Problem set 2 due
Introduction to: Case Study Eastway Village		3/3	
In class work, Part 1		3/8	
In class work, part 1		3/10	
In class work, part 2		3/15	CS, part 1 due
In class work, part 2		3/17	
Case study presentations		3/22	CS, part 2 due
Introduction to the Low-income housing tax credit (LIHTC).	Shelburne Chapters 1-3	3/24	Assignment: looking up rent limits
LIHTC: development costs and eligible basis		3/29	Assignment: looking for irregularities, classifying eligible basis

LIHTC: set asides, applicable fraction, LIHTC rate, debt and deferred fee, operations	Novogradac: pp. 15-22	3/31	Assignment: complete pro-forma
WELNESS DAY		4/5	
State LIHTC and other gap financing		4/7	Assignment: complete pro-forma
LIHTC: QAP		4/12	Assignment: compare QAP criteria
LIHTC: equity investments, other tax benefits		4/14	Assignment: equity timing spreadsheet
LIHTC: post-award, compliance		4/19	Assignment: TBD
Case study #2 LIHTC: Chapel Hill Tax Credits and other Gap		4/21	
Guest lecture LIHTC developer		4/26	
CS#2 LIHTC Chapel Hill Class discussion		4/28	Assignment: Chapel Hill case study due
Historic tax credits/New Market Tax Credits		5/3	
Last day of class: Discussion about achieving the course learning outcomes		5/5	