

**Non-Profit Development
Urban Planning 280
UCLA School of Public Policy and Social Research**

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Fall Quarter.

Mondays 2004, regular meeting time 2 pm with two exceptions

<p>FIRST CLASS MEETING BEGINS AT 5 PM ON MONDAY, OCT. 4 AND DEVELOPMENT NEGOTIATION SESSION BEGINS AT 6 PM ON MONDAY, NOVEMBER 22!</p>

This course will introduce basic concepts and issues that planners must master if they are to successfully manage urban development projects for non-profit organizations. Because most non-profit community development corporations (CDCs) work primarily in the field of affordable housing, this approach to neighborhood revitalization will provide the focus for this course. Through a close examination of the role of CDCs in providing affordable housing, the class will explore some of the dilemmas--political, ethical, and economic--facing these development institutions. Three general topic areas are covered:

1. The “what” of non-profit development.

What are the key components of the subsidized housing programs used by non-profit organizations? What are the basic concepts in real estate law as well as in financial analysis—debt financing, equity funding, deal structuring and re-structuring? What steps can be taken to ensure that real estate development activities support broader community development objectives?

2. The “how” of non-profit development.

What role should non-profit developers play in conceptualizing a new development opportunity, identifying appropriate locations, working with key participants, bringing the project through approval processes, and ensuring long term management of the new community resource?

3. The “why” of non-profit development.

Is the aim of non-profit development to: 1) produce tangibles such as additional low cost housing or new employment opportunities, 2) help communities articulate local issues and realize their capacity to respond, or 3) contribute to broad movements for social justice within U.S. cities? Are these goals complementary or are there potential underlying contradictions?

Emphasis is first placed on acquiring some of the technical skills required to develop non-profit housing. Some attention will be paid also to community development initiatives involving advocacy, service provision, business retention, and job creation. In the second half of the quarter through class research projects and development simulations more focus is placed on the challenges of implementation. The aim is to raise some questions about the development professional's role within non-profit organizations by exploring the potential and limitations of community-based initiatives.

Required Reading:

Please pick up the two Readers at Westwood Copies on the corner of Gayley and Weyburne Avenue as soon as possible and begin reading.

Reader 1 contains selected papers, instruction sheets and study problems.

Reader 2 contains a copy of "Bankability"

Frank DeGiovanni, Robert R. Ream and Lynn Arlington Phares. 1991. **Bankability: A Practical Guide to Real Estate Financing for Non-Profit Developers.** New York, New York: Community Development Research Center, Graduate School of Management and Urban Policy, New School for Social Research.

Course Assignments:

1. Students are expected to submit on time all homework assignments and they will receive either a letter grade, or a request for resubmission. Students who do not submit their assignment on time will receive a lower grade and will not be able to achieve a maximum grade on the work through resubmission. Students are permitted to resubmit these assignments for higher grades no more than two times after the initial submission. All resubmitted homework must be turned in for grading before the beginning of the final exam/simulation.
2. The mid-term will consist of written "mini-client projects" conducted by student research teams for non-profit developers and oral presentations of each groups findings.
3. The final group project will be graded based development proposals that are generated through a series of negotiation simulations. These proposals will be in the form of a written report and an oral presentation.

Required Equipment:

Access to computer with spreadsheet program (Excel, Quatropro) having the financial functions is required. It is recommended that each student who does not already own a pocket calculator with financial functions, acquire one.

Session One: October 4

Topics: Class introductions. Coordinating a subsidized housing project with multiple participants (the cast of characters). Resolving some of the ethical and political issues related to development programming. Review of course requirements and the plan for the quarter. Learning development like learning a new language—the Berlitz method of total immersion. Introduction to finance and mortgage calculations. How to use a mortgage calculator.

Assignment 1: Calculating Mortgage Loans. Due Week Two.

Required Readings: Reader 1 Week One.

Session Two: October 11

Topics: Review Homework and submit. Deal-making versus the whole development process. Feasibility Analysis, Project Income Pro Forma. Operating Expenses. Total Development Costs. “Sources and Uses” Calculating Maximum Mortgage. Identifying Project Funding Gap. The importance of soft money in non-profit housing development. Introduction to using the spreadsheet for financial calculations. Laying out the spreadsheet.

Review Midterm projects and identify student teams.

Required Reading: Reader 1 Week Two. Bankability, pages 1-46.

Assignment 2: 15 Beach Avenue Alternative Financing Scenario. Due Week Three.

Session Three: October 18

Topics: Review Homework and submit. Social Construction of the Spreadsheet. Development Ratios, Appraisals, Resources for Affordable Housing. After Tax Cash Flow. Depreciation, A quick Method for Calculating Tax Credits. The Development Package. Financial Under-writing.

Required Reading: Reader 1 Week Three. Bankability, Pages 47-102.

Assignment 3: Southside New Construction: A Multi-Year Analysis of Cash Flow (Before and After Taxes). Dealing with unreliable investors. Due Week Five. Bring Part One to class week four to make sure that you understand the basics. Will not be graded on week four.

Session Four: October 25

Review Assignment 3 (Part One). Debt v Equity Funding. Limited Partnerships. Calculating Low Income Tax Credits. Finding Investors. Pricing Credits. Rate of Return to Investors. Net Equity. Bridge Loans. The Tax Credit Debate: Is this the best way to empower poor communities or even provide low cost housing?

Required Reading: Reader 1 Week Four.

Session Five: November 1

Topics: Submit Assignment 3 and Review. “Housing is not Enough” Broadening the mission. CDCs and economic development—generating local jobs, attracting local businesses. CDCs and service provision—what supports are needed for occupants in subsidized housing? Community development is more than rental housing. What about the new emphasis on asset development (IDAs) and alternative forms of homeownership.

Required Reading: Reader 1 Week Five.

Session Six: November 8

Topics: Presentation of “Mini-Client Projects”

Session Seven: November 15

Topics: Smart Growth and CDCs. Can CDCs address the declining supply of affordable housing and the issue of metropolitan sprawl? Should CDCs be working in suburban communities to deconcentrate the poor and provide housing that is closer to new job opportunities?

Required Reading: Reader 1 Week Seven

Session Eight: Monday November 22 6-9 pm

Topics: Simulation—Housing Development Negotiation.

Required Reading: Reader 1 Week Eight

Session Nine: Monday November 29

Topics: Presentation Housing Development Negotiation.

Session Ten: Monday, December 6

Topics: Oh no, after all this hard work...community opposition! How can CDCs make sure that they build a constituency for affordable housing advocates as they are developing the project. What challenges are brought with the empowerment of the new neighborhood councils in Los Angeles?

Required Reading: Reader 1 Week 10.