

Non-Profit Development Urban Planning 280 UCLA School of Public Affairs

**Fall Quarter 2005
Wednesdays from 9am-12pm
Neal Richman**

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 Reader at Westwood Copies on the corner of Gayley and Weyburne Avenue. The reader contains selected research, articles, instruction sheets and study problems.

It is highly recommended that students read the simple introduction to the field "Bankability" if they are having any problems with the concepts. This is on reserve at the Young Research Library. Additional materials will be placed on reserve as needed during this course.

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 group's 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) having the financial functions is required. It is recommended that each student who does not already own a pocket calculator with financial functions to acquire one, but this is not mandatory. It is possible to find financial calculators on-line.

Session One: October 5

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 Week One.

Session Two: October 12

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.

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

Required Readings: Reader Week Two.

Session Three: October 19

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.

Assignment 3: Southside New Construction: A Multi-Year Analysis of Cash Flow (Before and After Taxes). Dealing with unreliable investors. Highly Recommended: Complete Part One of Assignment and Bring to Session Four. This is the best way to ensure that you understand the basics. The complete assignment is due Session Five.

Required Reading: Reader Week Three.

► Optional Session—Week Three:

Demonstration and Training on NKLA and NKCA for use in neighborhood research. Demonstration and Training on Dataquick at the Young Research Library.

Session Four: October 26

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. If this is the primary approach to

affordable housing, how can these finance methods be used to replace the homes that were lost due to the Gulf Storms? What recommendations are emerging in Washington?

Required Reading: Reader Week Four.

Session Five: November 2

Topics: Submit Assignment 3 and Review. Affordable housing in a regional context. Should non-profit housing be used to integrate communities with a history of exclusionary zoning? Can non-profits developers play a role in promoting better development patterns? Can the sector grow in ways that can make a real difference? What new approaches are needed?

Required Reading: Reader 1 Week Five.

Session Six: November 9

Topics: Presentation of “Mini-Client Projects”

Session Seven: November 16

Topics: Alternative forms of tenure as an affordable housing strategy. The structure and operation of housing cooperatives and community land trusts. How can these approaches to affordable housing contribute to community development? The case of Comunidad Cambria. Community Land Trusts, The Dudley Street Case: Common Ground.

Required Reading: Reader 1 Week Seven

Session Eight: November 21 5-8 pm (meet in 5391)

Topics: Simulation—Housing Development Negotiation.

Required Reading: Reader Week Eight

► Session Nine: November 30

Topics: Presentation Housing Development Negotiation.

► Session Ten: December 7

Topics: Discussion Topics: Reviewing the Simulation Experience. The Future of Non-Profit Housing. Placing Non-Profit Development in an International Context. Lessons from Abroad. Course Evaluations.

Required Reading: Reader 1 Week 10.

