



Real Estate Finance II (PLA 4312)
Fall 2014

Instructor

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Office hours are by appointment only.

Location and Time

113 Avery
Thursday, 9:00am-11:00am

Teaching Assistant

There is a teaching assistant for this class. It is Zachary Shapiro (zs2263@columbia.edu).

Electronic Resources

All assignments and readings will be distributed by email. I do not use “Courseworks”.

Description

“Cities are not people. But, like people, cities have their own personalities: in some cases one city has many different personalities - there are a dozen Londons, a crowd of different New Yorks...”

...Occasionally I idle time away by wondering what cities would be like, were they people. Manhattan is, in my head, fast-talking, untrusting, well-dressed but unshaven. London is huge and confused. Paris is elegant and attractive, older than she looks. San Francisco is crazy, but harmless, and very friendly.”

- Neil Gaiman, from an essay written for the computer game “Sim City 2000”

Through the use of case studies, this course explores relevant financial issues in real estate investment and development. Topics include, but are not limited to, joint ventures and partnerships, private equity funds, income taxation, rehabilitation vs. ground up development, different financing structures, ground leases, brownfield issues, housing subsidies, and tax credits. A range of asset types will be discussed. Students will be expected to participate in site visits in the NYC metropolitan area.

Finance II is organized into a series of modules, each of which focuses on a specific topic. At the end of each module, there is a case study where you will be required to build a financial model and explore how the issues that were discussed in the module affect the development that you have proposed.

As Columbia University is based in New York City, for at least one of the cases, we will endeavor to use a project that is, at most, a subway ride away from campus. Ideally, by doing so, you will be able to not only work on your financial modeling skills, but also perhaps gain further insights into how the development functions in the city itself.

To ensure that you visited, you will be required to submit a photo of yourself at the site. Quality isn't the goal; the goal is to confirm that you went. Group photos are acceptable.

Examinations and Grading

Your grade will be almost entirely based on your answers to the assignments that are given.

Deadlines in this class, as they are in business, are firm. Assignments are due at the beginning of the scheduled class. **If assignments are not handed in on time, they will not be accepted.** An extension of the due date will be considered only under extreme circumstances (i.e., a life-threatening illness that renders you incoherent, natural disaster, and/or act of war).

Electronic Homework Submittal Responsibilities

All homework assignments must be completed using Microsoft Excel and/or Word. Assignments must be submitted by email and properly formatted for printing.

Please label your submission with your name so the grader can keep track of the assignments. Use this formatting convention:

PLANA4312_LastName_FirstName_Assignment#

Sessions

<u>Week</u>	<u>Date</u>	<u>Topic</u>
1	9/4/14	Review of Real Estate Finance, Property Types, etc.
2	9/11/14	Partnerships and Joint Ventures
3	9/18/14	Partnerships and Joint Ventures
4	9/25/14	Partnerships and Joint Ventures
5	10/2/14	Subsidy Programs
6	10/9/14	Subsidy Programs
7	10/16/14	Subsidy Programs
10	10/23/14	No Class – ULI Fall Conference
8	10/30/14	Distressed Debt
9	11/6/14	Distressed Debt
11	11/13/14	Distressed Debt
12	11/20/14	Brownfield Development
13	11/27/14	No Class – Thanksgiving Holiday
14	12/4/14	Brownfield Development

The homework assignments can require a remarkable amount of time to complete. Allow up to two full days per assignment. Additional readings will be assigned as needed.

Additional Student Responsibilities:

- If you miss class, you are responsible for obtaining reading assignments and handouts from other students. A student's absence will not excuse that person from deadlines regarding assignments that are due on the date of the absence.
- You may not record lectures if you are not present. Under no circumstances may you videotape a lecture.
- Please set your cell phones to vibrate (or off) before entering class. Do not break the flow of class with your ring tone.
- Class starts on time. From the movie, Fast Times at Ridgemont High:

Mr. Hand: Mr. Spicoli, what's your excuse for your truancy?

Jeff Spicoli: I just couldn't make it on time.

Mr. Hand: You couldn't or wouldn't come to class?

Jeff Spicoli: Well, there was a long line in the cafeteria and I was having a hit of the munchies...

Mr. Hand: Food will be eaten on your time, Mr. Spicoli. Mr. Spicoli, why are you continually late for this class? Why are you continually wasting my time and the classes with this tirade every day?

Jeff Spicoli: Uh, uh... I don't know.

- Attendance is not the same as participation. Participation is strongly encouraged. From the movie Ferris Bueller's Day Off:

Economics Teacher: In 1930, the Republican-controlled House of Representatives, in an effort to alleviate the effects of the... Anyone? Anyone? ...the Great Depression, passed the... Anyone? Anyone? The tariff bill? The Hawley-Smoot Tariff Act? Which, anyone? Raised or lowered? ...raised tariffs, in an effort to collect more revenue for the federal government. Did it work? Anyone? Anyone know the effects? It did not work, and the United States sank deeper into the Great Depression. Today we have a similar debate over this. Anyone know what this is? Class? Anyone? Anyone? Anyone seen this before? The Laffer Curve. Anyone know what this says? It says that at this point on the revenue curve, you will get exactly the same amount of revenue as at this point. This is very controversial. Does anyone know what Vice President Bush called this in 1980? Anyone? Something-d-o-o economics. "Voodoo" economics.

Plagiarism:

Copying the work of others is cheating. **This includes copying the Excel models of others, or working together with classmates on assignments that are meant to be completed individually.** While there is no reason not to approach the professors, tutors, teaching assistant, or your classmates to discuss issues that you find difficult, do not make the mistake of blatantly copying their work. **Any cheating offence will result in failure of the class, not just the assignment.**