URB 8XXX Community Development and Affordable Housing Finance

Instructor: Professor Dan Immergluck, Urban Studies Institute

This purpose of this course is to enable students to:

1) Understand both the big picture and the more detailed mechanics of community development and affordable housing real estate projects, including the roles of the community, developers, investors, lenders, tenants, owners, and government. We will address these issues from both a social and financial perspective, including addressing issues of affordability, equity, and sustainability.

2) Analyze community development and affordable housing proposals and projects for feasibility, credit-worthiness, and long-term viability.

3) Appropriately utilize government and philanthropic programs in community development and affordable housing projects. To do this, it is important to understand the theory of public and nonprofit community development finance.

Grading for the course will be based on the following weights of student responsibilities:

- Individual Class Attendance and Participation: 15%
- Four Homework Assignments: 20%
- Midterm #1: 20%
- Midterm #2: 20%
- Group Project & Presentation: 25%

Notwithstanding these percentages, if any of the above items is not completed, or your effort on it is deemed severely lacking, then that item may affect your overall grade in the course to a greater extent than is represented by the percentages above. To get a good grade in “Class attendance and participation” both excellent attendance and at least participation during class are required. An “A” in this area requires meaningful and quality participation (not just showing up).

Some homework assignments will be worth more than others. Homework assignments must be completed individually. However, you may discuss how to approach a problem, what basic methods to use, etc., with other students. I strongly advise you to do as much independent work as possible on the assignments and to seek outside advice (from fellow students or the TA) only after you have tried the problems on your own and you are “stumped.” Individual problem solving will be required on the exams, so doing as much work as you can independently is important preparation for the exams. Redoing homeworks in groups after they are due can be a useful method for preparing for exams.

Attendance and Participation
All students are expected to arrive on time and actively participate in class discussion. Simply showing up is not cause for a strong grade. If you are unable to make class please email me ahead of time with a reason. I will determine if the absence will count as excused. In general, regular employment is not considered as an excused absence.

Electronics
Please silence all cell phones and devices, and remove all headsets/earphones, before class begins. Laptops or tablets are the only devices allowed to be out/accessible in the classroom, and only when used for taking notes. No use of the internet or texting of any kind is allowed once class begins. If this policy is violated, you will be asked to leave the class and will be marked as absent for the day. If someone violates
this policy more than once, points will be immediately deducted from the class participation grade for the semester.

**Academic Honesty**
GSU guidelines on academic honesty/dishonesty will be enforced. The guidelines are posted at [http://education.gsu.edu/files/2016/05/plagiarism.pdf](http://education.gsu.edu/files/2016/05/plagiarism.pdf) and [http://codeofconduct.gsu.edu/files/2013/2014-2015-Section-II-Academic-Conduct-Student-Code-of-Conduct.pdf](http://codeofconduct.gsu.edu/files/2013/2014-2015-Section-II-Academic-Conduct-Student-Code-of-Conduct.pdf). Penalties can range from receiving no credit for an assignment/exam up to expulsion from the university.

**Students with Disabilities**
If you need accommodation for a disability you may do so by registering with the Georgia State University Office of Disability Services either by coming in-person or online. You will be accommodated upon issuance by the Office of Disability Services of a signed Accommodation Plan, and then you are responsible for emailing the copy of that plan to me and faculty of all the classes in which you need accommodations. Students should provide a copy of the Plan to the instructor within the first two weeks of classes. To register for accommodations please follow this link [disability.gsu.edu/services/how-to-register](http://disability.gsu.edu/services/how-to-register). Phone: (404) 413-1560, Email: dismail@gsu.edu, Website: disability.gsu.edu.

**Remote Academic Coaching.** The Office of Disability Services also offers free remote academic coaching. To learn more go to [disability.gsu.edu/services](http://disability.gsu.edu/services) or watch a [Coaching Video](http://disability.gsu.edu/services/how-to-register).

**Veterans & Serving Military**
Students who are veterans, serving in the military, their dependents, and the survivors of serving military are encouraged to avail themselves of a range of college services and activities through the Military Outreach Center (MOC). For assistance or guidance while attending GSU on campus or online, contact the Atlanta Campus Military Student Advocate, David Garcia, at 404-413-2331. Be sure and let me know ASAP if or when there is any possibility of you being activated and deployed. For more information contact the GSU Military Outreach Center. Phone: (404) 413-233, Email: dgarcia9@gsu.edu Website: [veterans.gsu.edu](http://veterans.gsu.edu).

Final grades will be granted based on how the weighted average (shown above) falls according to the following: 90-100% = A; 80-89.9% = B; 70-79.9% = C; 60-69.9% = D; 0-59.9% = F.

This course assumes basic facility with Excel. We will use Excel extensively, especially its financial functions, including present value of an annuity, internal rate of return, loan payment calculations, etc.¹ All assignments that are expected to be done on a spreadsheet will be in homework assignments or the final project. The midterm exam will not require use of a computer, but will require access to a simple, nonfinancial calculator.

You are not to use online tools for calculating answers in homework problems. *This course requires you to use Excel to do your calculations and to show that work.*

The use of a financial calculator (e.g., HP 12-C) is not required and is not incorporated into the teaching of the course. If you wish to use a financial calculator, that is fine as long as you can show all work that is requested in any assignment or exam. (If, for example, you are asked to calculate an internal rate of return (IRR) and show how you derive it for a problem, it will not be sufficient to simply enter parameters into a financial calculator and provide the IRR.)

There are two key texts for this course. The first one must be purchased by you:


(Referred to as B&F)

---

¹ If you are not very familiar with Excel, you may need to spend some extra time in learning the software in the first couple of weeks of the course. There are a number of tutorials available on the web that might be helpful.
This syllabus is not fixed and is subject to change with notice. Class material may need to be rearranged occasionally and additional or substitute readings may be assigned.

Week 1

An Overview of the Community Development Process
NDC202, Introduction and Chapter 1.

Week 2

Building Blocks for Project Financial Analysis
Mortgage/Real Estate Finance Mechanics, Legalities
Future and Present Values, Net Present Value, and Internal Rates of Return
B&F, Chapters 1, 2, 3
NDC202. pp. 93-116

Week 3

Homework # 1 due in class
Fixed- and Adjustable-Rate Loans
B&F, Chapter 4 through page 105 (through p. 98 in 13th ed.) &
Chapter 5 pp. 120-121 and 124-134 (13th ed.: 112-114; 117-126).

Week 4

Leases, Effective Rents
Sources and Uses of Funds, the Pro Forma Income/Expense Schedule, and Ratio Analysis
NDC202. Chapters 2 and 3

Week 5

Homework #2 due in class
Valuation
B&F Chapter 10, pp. 296-318; 324-330 (13th ed.: 280-298; 304-312)
NDC202. Chapter 4

Week 6
Low-Income Housing and Historic Rehabilitation Tax Credits
NDC ED 202 REF Chapter 5, pp. 72-77;
National Development Council, HD 420 Rental Housing Development Finance Textbook,

**Workplan for group project emailed to me**

Week 7

**Homework #3 due in class**
**NO LATE ASSIGNMENTS ACCEPTED**

The Borrowing-Lending Process; Structuring Community Development Finance

**Review for Midterm #1**

Week 8

**Midterm #1**

Syndications, Limited Partnerships, LLCs, and REITs
NDC202. Chapter 8 (read 126-158; skim 158-164), Appendix B
B&F, Chapter 18 (read), 21(skim)

Week 9

Homeownership Financing and Secondary Markets
B&F Chapters 7 (skim); Chapter 8; Chapter 19 pp. 608-623 (13th ed.: pp. 554-569)
Fair Isaac, Understanding Your FICO Score.

Week 10

**Homework #4 due in class**

Community and Economic Development Finance Tools: TIFs/TADs, New Markets Tax Credits


Week 11

Sustainable Finance: Time-Tranches, Financing Green Development, and Location Efficient Mortgages


April 5: Review for Midterm #2

Week 12 – April 10, 12

Midterm #2

Community Development Financial Institutions, part 1
BBC Research and Consulting. 2015. 20 Years of Opportunity Finance 1994-2013. November 10. (Do not have to read the appendix.)

Week 13

Community Development Financial Institutions, part 2

Week 14

GROUP PRESENTATIONS