

*USF Collaborative for  
Children, Families & Communities*



**2008 Business Plan**

**Community Real Estate Development Program at USF**

**Program Overview**

Success in community development in urban neighborhoods today is a product of several ingredients: an understanding of the local market, the ability to identify and evaluate market opportunities in affordable and workforce housing, a social entrepreneur's attitude, a get things done approach, the ability to find the right partners, and the ability to find the right mix of resources - both public and private - while minimizing reliance on government funding.

The Community Real Estate Development Program at USF offers practical training for community developers and others in the industry, providing the tools needed to carry out successful affordable housing and community-based real estate development projects. Through classroom training provided by industry experts and faculty, classroom exercises, field trips and group projects, the Program will provide participants with the tools they need to understand and be successful in the real world of community real estate development.

Two courses are proposed for 2008 – CRED I (Community Real Estate Development) focused on affordable housing, and CRED II (Commercial Real Estate Development in Underserved Markets). Participants who successfully complete the course receive a Certificate from USF.

The four-module Community Real Estate Development program (CRED I) focuses on professionalizing the local community development industry and creating partnerships to develop and sustain viable affordable housing communities in Tampa Bay.

Program instruction is led by Thomas M. Zuniga of DSG Community Marketing Services LLC. Mr. Zuniga has gained national recognition for teaching affordable housing and real estate development to community developers and program staffs of government agencies, banks and foundations, and specializes in the financial packaging of "hard-to-do" urban revitalization projects. Other faculty includes USF Professor Trent Green - USF Architecture, Jim Burt -Gladstone Group, and Kevin Tatreau - Neighborhood Lending Partners. The course material and list of other instructors is outlined at the end of this plan.

**Need for this Program**

This training was developed to meet the need of local governments to overcome deficiencies in available community development training:

- Much of the current training offerings lack coherence. Students need training that builds basic skills in real estate analysis; in understanding what resources are available without overly focusing on learning the rules and regulations of government grant programs; understanding the

- language of lending and real estate development; developing skills in formulating and financing and packaging deal possibilities
- Professionalizing the practice of community development by providing a certificate from the university.
- Need for continuity and affordability. It has been unpredictable, from year to year, what courses will be available and where and by whom they will be offered. Courses offered by NDC and other national associations require significant registration fees as well as travel and lodging expenses. These expenses keep non-profit and small developers from attending and could be overcome with a local educational option.
- Creating a career path. Community development offers unique career opportunities that are becoming of interest to retirees, neighborhood redevelopment advocates and university students, and this training provides an avenue to advancement. USF is planning to launch a Master's Degree in Regional and Urban Planning in the Fall of 2008.

### **History**

In cooperation with USF's Continuing Education Department, DSG Community Marketing Services, the City of Tampa and Hillsborough County, the USF Collaborative for Children, Families and Communities offered an intensive, hands-on training program in Community Real Estate Development from April - September of 2007.

The precursor program, delivered in 2006 under the auspices of LISC, resulted in a workforce housing project proposal for the Westshore business district being identified and formulated by a student team led by Ron Rotella. That proposal has won the support of Neighborhood Lending Partners, a bank consortium which has offered to provide construction and permanent financing for the 53 townhomes to be developed. It has also gained State, County and City support--the County provided a 3.6 acre site whose ownership will be transferred into a Community Land Trust, the State has provided a \$4.0 million grant to the project through its Community Workforce Housing Innovations Pilot Program; the City has allocated gap financing and downpayment assistance to eligible buyers who will be able to buy a three bedroom, 2.5 bath townhome for under \$135,000. Groundbreaking is expected to occur at the end of October.

The recently completed 2007 program has resulted in two potentially viable real estate project proposals--the first, a 32-unit transitional housing center to accommodate homeless and disabled female veterans with children; the other is an 18-unit rental workforce housing development that will offer below market rental apartments to municipal employees of the Town of Fruitland Park. In addition, City and County staff who attended the training have formulated a Resource Guide to assist affordable housing developers navigate the approvals process in the City of Tampa and Hillsborough County.

The program consisted of four 4-day modules and group projects for affordable housing and resulted in a certificate for those successfully completing the course.

### **Student Base We Are Serving**

This program is geared toward non-profit organizations and other community development corporation professionals in the Tampa Bay area, as well as small private developers, lenders, and government staff who desire to expand the capacity of non-profits to stimulate community economic

development and create new partnerships. Since the demand for affordable housing continues to exceed supply, and with an increasing interest among CDCs and other non-profits to meet the needs of Tampa Bay's low-to-moderate income urban neighborhoods – we already have a waiting list for next year's program. We are seeking sponsors to continue this program in 2008.

## **Budget Information**

In 2007 our total project budget was \$148,500. This includes funding for lead instructor Thomas Zuniga, program coordination from USF Collaborative staff, classroom expenses, honoraria for guest speakers and technical assistance providers, course materials and credentialing. This was funded with grants of \$98,500 from Hillsborough County's Affordable Housing Office, and \$50,000 from the City of Tampa's Housing and Community Development Department. Both government agencies used their CBDG administrative dollars for this purpose.

Since that time, federal dollars have continued to shrink, and anticipated shortfalls in property tax receipts have led local governments to use these administrative dollars in different ways. Both City and County officials have pledged their best efforts to find ways to continue support at a more modest level in 2008, but have been unable to make any funding commitments to date.

The budget for 2008 is \$200,000. This includes the items listed above, as well as funding for participation and support by USF faculty and students through a summer 2008 studio class which will partner CRED I students and college students to develop projects. This will also be a new 2<sup>nd</sup> course offered, CRED II. The estimated budget for CRED I is \$125,000 or \$6,400 per student, and the approximate budget for CRED II is \$75,000 or \$ 5,000 per student.

We would like to continue to offer this as a free program and are seeking funds from both government and the private sector for 2008 in order to do so. Our primary targets are:

1. Continued grant support, on a more limited scale, from local governments. We are currently in discussions with the City of Tampa, Tampa Housing Authority, Hillsborough County, Pinellas and Pasco County officials.
2. New funding through gifts from financial institutions, developers and others in the real estate industry. We have received one gift of \$10,000 and are in discussions about two others.

USF received a HUD Best Practice award from the Regional Office of the US Department of Housing and Urban Development on September 19, 2007 for the Community Real Estate Development program.

## Course Material Overview – Certificate in Community Real Estate Development (CRED I)

Lead Instructor: Thomas Zuniga

**Faculty:** Our instructors will include: Kevin Tatreau of Neighborhood Lending Partners, Professor Trent Green of USF's College of Architecture and Community Design, Professor William Miller of USF's College of Engineering, Rebekah Heppner – a consultant on social enterprise development and non-profit board management, Bill Hoffman, Jim Burt of Capstone Group, Fred Rath of Rath Harper Property Management, John Little, Esq. and Clinton Paris, Esq.

### ***Module 1 - Basic Skills in Real Estate Development***

(Prerequisite: Application approved by Admissions Committee)

4 one-day workshops

Course Description: The objectives of this learning module are to teach the skills needed:

- to create pro formas for affordable housing and rental housing,
- use of a financial calculator,
- use of Excel and project analysis software to create spreadsheets for project analysis,
- proficiency test is administered at the end of this module.

### ***Module 2 - Project Financial Analysis***

(Prerequisite: Completion of Module 1)

4 one-day workshops

Course Description: Intensive one-day workshops with homework assignments and using the knowledge gained in the Basic Skills Module. Students will develop an understanding of:

- public and private financing,
- subsidy resources for community development,
- the underwriting requirements of the resource providers.
- Using a variety of case studies, students will be taught to prepare project financial analyses and to creatively structure feasible projects.
- The critical learning test will be: Given a set of development objectives and given a set of available resources and their requirements, how can you make this project work?

### ***Module 3 - Deal Structuring & Financial Planning for Affordable Housing Projects***

(Prerequisite: Completion of Module 1 and Module 2)

4 one-day workshops

Course Description: Class participants will work in team with USF students from the Colleges of Architecture, Business and Public Administration in order to develop business and site plans for actual real estate development projects. Their classroom and hands-on experience will cover the following:

- Determine project feasibility. What are the feasibility parameters?
- What are the underwriting requirements of the debt and equity sources?
- What is your role and do you have the capacity to play the role? If not, who are your likely partners?
- Who is on your development team and what are their requirements?

- What are your likely pre-development financing requirements? Sources?
- Packaging the deal for financial and market feasibility,
- Testing deal financial and market variables,
- How to make the deal work to the optimum benefit of the community, residents, and the project Sponsor/developer.
- Each session includes homework exercises and readings, as assigned, as well as review and discussion of homework and assigned readings. Students will create a project budget using Microsoft Excel, develop project budget/proforma for a multi-family rental housing project, develop site plans and explore legal issues.

#### ***Module 4: Managing the Real Estate Development Process***

(Prerequisite: Completion of Modules 1, 2 and 3)

4 one-day workshops

Course Description: This module is designed to prepare students for the development and implementation of an actual project concept. At the beginning of this session, students will be required to select one of two project labs, Lab 1: Single-family, or Lab 2: Multi-family.

- Deal Planning, including: Creating a Project Work Plan  
Site Control/Acquisition/Financing Strategies  
Managing the Members of the Development Team  
Understanding the Regulatory Issues and Requirements
- Partnering, Joint Venturing and Collaborating
- Legal Issues with Partnerships and Joint Ventures
- Creating the Development Entity
- Negotiating Relationships; Principles of Negotiating
- Packaging & Presentation of the Deal for Financing.

Students review and fine-tune their proposed project development strategies for the single-family projects. Mock presentations and role-playing will be used to assist students in refining their proposed financing structures, presentations, presentation materials, etc.

- In this class culmination exercise, participants present their single-family project concepts to an informal roundtable of community development practitioners, public program staff, and local private lenders to obtain critical feedback on project market feasibility, financing strategies, community benefit, and the likelihood of obtaining the requisite project financing and equity. Members of the Lenders Roundtable will also offer feedback and recommendations on how the deal may be restructured, to the extent required, to better position each project concept for ultimate implementation.

Course Material Overview –

Certificate in Commercial Real Estate Development in Underserved Markets (CRED II)

(Prerequisite: Successful completion of CRED I)

Lead Instructor: Thomas Zuniga

**Faculty:** Our Instructors will include: Jim Burt of Capstone Group, developer of Channelside and a member of the Tampa Bay Partnership, John Talmage, President of Social Compact (who will have conducted a Neighborhood Drill Down for Tampa Bay CRAs), Harry Hedges, a developer-pioneer who is developing Midtown Tampa, Mike Ross CPA of Virchau Krause (a nationally known specialist in New Markets Tax Credits) and Eartharin Cousins, President of the Polk Group who represents the urban initiative of Winn Dixie supermarkets and others. Also plan presentations by USF faculty Trent Green, Community Design and Michael Fountain, USF College of Business Administration.

CRED II will consist of three learning modules—each module consists of 4-one day workshops:

***Module 1: An Introduction to the Basics of Commercial Real Estate Development***

- doing the numbers,
- understanding the language,
- what’s different about commercial real estate?

***Module 2: Urban Markets Analysis: Understanding new methods for evaluating the purchase power of underserved markets***

- learning the drill down methodology,
- knowing how to interpret findings from the Drill Down.

***Module 3: Neighborhood Commercial Corridor Revitalization Strategy***

- Identify and select a local CRA-sponsored neighborhood commercial corridor for revitalization strategy formulation,
- Identify potential retailers and armed with Social Compact data determine their requirements for locating businesses in the target neighborhood corridor,
- Develop design and small business retention strategies.
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At the end of Module 3, students will present the proposed neighborhood commercial revitalization strategy to members of Tampa Bay community for reflection and feedback.

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