

University of Houston
C.T. Bauer College of Business

Multifamily Residential Real Estate Fundamentals
FINA 7397 and FINA 4397 Multifamily Residential Real Estate Fundamentals
Section Numbers: TBD
Fall 2015-Class Night: Tuesday 6:00 PM – 9:00 PM

David Hargrove and Jerry Winograd
Room: MH 120

Office Hours: By Appointment

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Phone: 713-823-3100 (Jerry Winograd, text messages welcome)

General Info: This introductory course provides a comprehensive overview of the fundamental aspects of the operation, acquisition and management of residential multifamily property. The course will explore multifamily market and economic feasibility, acquisition of new sites for development and existing properties for renovation, new development, investment analysis, management of operations, landlord/tenant law, leasing, facilities management, disposition and asset portfolio management.

- 3 credits
- Elective course
- Prerequisites:
 - Graduate Standing and completion of FINA 7A97 Advanced Valuation-Principles and Practices, or consent of instructor
 - Undergraduate standing and completion of FINA 4330 Corporate Finance, or consent of instructor

Course

| *Objectives:* Students will be able to:

- Describe and list major aspects of ownership of a residential multifamily property;
- Construct a market and economic feasibility report;
- List the major steps in the acquisition and development of a multifamily property;
- Evaluate and identify the strengths and weaknesses of a development plan;
- Identify the business risks of a multi-family project;
- Compare and contrast new versus existing residential multifamily property;
- Construct and analyze a development proforma and an operational proforma;
- Construct a discounted cash-flow-analysis and calculate yields and financial risks;

- Evaluate an operating statement
- Explain the role and list the duties of the property management firm;
- Explain the role and list the duties of a property manager;
- Differentiate the roles of a property manager versus a regional manager or asset manager;
- Differentiate specialized types of multi-family property for example seniors and student housing.
- Understand the business implications of landlord and tenant laws.

Text, Materials & Supplies:

Practical Apartment Management, 6th Edition, Edward N. Kelley, CPM.

Students **must obtain** a “student” membership with the Institute of Real Estate Management. This membership will allow access to resource materials and forms needed to complete the course as well as other industry information. This can be done at the IREM WEB site, <http://www.irem.org>.

Investing in Apartment Buildings (2009), McGraw Hill - ISBN-13: 978-0071498869

XanEdu Publishing to purchase the ONE Chapter: **Professional Real Estate Development, 2nd Edition, Chapter 4 only**. Richard Peiser and Anne Frej will be the text used for this course.

Students should have a financial calculator, preferably an HP, and they must understand how to use it. An HP Financial Calculator Application is available for most smart phones.

Attendance and

Participation: Attendance and class participation are mandatory. Active class participation will increase your learning experience and will benefit others, including your professors. This portion of the class makes up 10% of your grade. If you miss more than two classes, no credit will be awarded for in-class attendance and participation.

You are expected to come to class prepared to participate. This means that you have completed the assigned readings **before class**, plan to contribute, and share your ideas when appropriate. Do your best!

Blackboard: The University of Houston’s Blackboard system will be an important communication link for students in this class. Announcements are posted and reflect schedule changes, articles and other resources needed to fully understand the topics discussed.

Students should use the Discussion Board to post any class material questions. This process allows the entire class community to benefit from these information exchanges, and will limit repetitive questioning from individual sources. We will also post articles on occasion and start discussions about them. Participation in these discussions is a part of your participation grade discussed above.

Blackboard Learn will be used in this class as a course management tool to post announcements, the course syllabus and journal entries. All assignments for the course will be submitted through Assignments.

To access Blackboard for this class, you will need your Cougar Net ID to login. Make sure your Cougar Net account is active and that you are able to log in with it. To test, you can log in at <https://accessuh.uh.edu/login.php>. If you need to reset your password you can do so online at http://www.uh.edu/infotech/php/template.php?account_id=57.

If your account has become inactive due to non-use, you can activate it by calling 713-743-1411. If you have questions about Blackboard Learn or need technical assistance, you can click on the “get help” link on the Blackboard website, or call the help-line at 713-743-1411 (M-F 8am-8pm).

Forum Posts (Discussion Boards): Critical thinking and professional writing are an important part of any graduate program. Employers want individuals who can think and write well. To enhance your skills, you are required to post comments (double spaced with one inch margins and no less than a 12 point font) upon assignment. The forum posts are required and due no later than the Sunday night following the lecture. For example, if a lecture occurs on Tuesday, the forum post must be completed and posted no later than Sunday. A total of four originally written forum posts are required to earn 10% of your final grade. Credit is only provided if a post is:

- Clearly written (spelling, grammar, and organization count);
- Links the class topic to the guest lecturer, case study, readings from the text or other sources, and the class discussion;
- The post should be reflective. Please explain what you learned or found most beneficial from the class – be constructive.

All students are required to respond to at least two posts from other students to earn full credit. Forum posts are graded. Please adhere to the guidelines.

Projects: The projects are a major component of the course. They will give you experience with current projects in the market. Further they will offer you the opportunity to demonstrate your understanding of multi residential property and the business.

Style Guide: Please prepare all writing assignment in a word processing program. Before posting to forums or other electronic mediums, prepare the draft with a word processing program (double spaced, 12 point font with one inch margins). All documents must comply with formatting in accordance with MLA or APA guidelines presented in the respective style guide. Feel free to use either style guide. It is good practice to stick to one guide through the semester.

The UH Writing Center is available to provide assistance with writing.
<http://www.bauer.uh.edu/faculty/teachingresourcesdocs/UH%20Writing%20Center%20faculty%20resources.pdf>

When preparing financials, please use Microsoft Excel or Argus or another spreadsheet program. Spreadsheets can be inserted into word processing documents for submission. Also see
<http://office.microsoft.com/en-us/word-help/link-or-embed-an-excel-worksheet-HA010120810.aspx> for additional assistance.

All submissions should be free of spelling and grammar errors, well organized, and easy to follow.

| *Grading:* The course assignments and participation points are as follows:

In-class attendance and participation	10 (graded)
Discussion Board Posts	10 (graded)
Course project 1: Operations	30 (graded)
Course project 2: Acquisition/Reposition	30 (graded)
<u>Final Exam</u>	<u>20 (graded)</u>
Total points	100

The total points earned will translate into one of the following letter grades for the course:

93 – 100 = A
 90 – 92 = A-
 87 – 89 = B+
 83 – 86 = B
 80 – 82 = B-
 77 – 79 = C+
 73 – 76 = C
 70 – 72 = C-
 60 – 69 = D

Schedule

Week	Date	Reading Assignment by Chapter	Topic/Notes	Case Assignment	Guest Lecturer TBD	Forum Post Required
1	Aug 25	<u>Practical Apartment Management</u> 1,2,3,4	Introduction to Residential multifamily Property (RMFP)	David Hargrove & Jerry Winograd		
2	Sep 1	<u>Practical Apartment Management</u> 5,6,7,8,9,10,11,12,13,14,15	<u>Operations and Management:</u> Staffing Considerations, Marketing and Leasing	David Hargrove		Y
3	Sep 8	<u>Practical Apartment Management</u> 20,21,22	<u>Operations and Management:</u> Maintenance, Loss Control and Insurance	David Hargrove		
4	Sep 15	<u>Practical Apartment Management</u> 16,17,23,24	<u>Financial Analysis:</u> ROI, Valuation, Budgeting, Course Project	David Hargrove		
5	Sep 22	Offsite class	To be Determined	David Hargrove		Y
6	Sep 29	<u>Practical Apartment Management</u> 8	Landlord/Tenant Law	David Hargrove		
7	Oct 6	<u>Investing in Apartment Buildings</u> Chapters 1-5	Acquisition and Disposition, Existing Property	Jerry Winograd & David Hargrove		
8	Oct 13	<u>Investing in Apartment Buildings</u> Chapters 6-8	Property Financing; Debt and Equity Sources	Jerry Winograd & David Hargrove		

9	Oct 20	<u>Investing in Apartment Buildings</u> Chapter 10	Acquisition and Disposition, Existing Property	Jerry Winograd & David Hargrove		Y
10	Oct 27	<u>Professional Real Estate Development</u> - Chapter 4 pages 128-211	Land Acquisition Project Design and Development	David Hargrove & Jerry Winograd		
11	Nov 3	Open review of previous four weeks and discussion of projects.	Property Repositioning Specific Property Types; Seniors, Privatized Military, Student, Subsidized etc.	David Hargrove & Jerry Winograd		Y
12	Nov 10	Onsite visit and property tour. Open discussion held in clubhouse.	Group Project – Acquisition of Existing Property	David Hargrove & Jerry Winograd		
13	Nov 17	Handouts of various examples and open discussion. Allow class time to work on project.	Group Project – Class Discussion	David Hargrove & Jerry Winograd		
14	Nov 24		Presentation of Projects	David Hargrove & Jerry Winograd		
15	Dec 1		Continue Presentations, Course Summary and Review	David Hargrove & Jerry Winograd		

Note: The schedule is subject to change.

PeopleSoft: The University of Houston's PeopleSoft system will be an important communication link for this class. I endeavor to use this system to send class-wide and individual e-mails. Please be sure your e-mail address is updated.

Academic

Honesty: The University of Houston Academic Honesty Policy is strictly enforced by the C. T. Bauer College of Business. No violations of this policy, such as plagiarism or cheating, will be tolerated in this course. A discussion of the policy is included in the University of Houston Student Handbook, <http://www.uh.edu/dos/hdbk/acad/achonpol.html>. Students are expected to be familiar with this policy.

Students are expected to produce original work in the course. Previous course-work from other classes cannot be submitted for credit in this course for any class assignment or project. At the instructor's discretion, work will be submitted to Turn It In.

*Accommodations for
Students with
Disabilities:*

The C. T. Bauer College of Business would like to help students who have disabilities achieve their highest potential. To this end, in order to receive academic accommodations, students must register with the Center for Students with Disabilities (CSD) (telephone 713-743-5400), and present approved accommodation documentation to their instructors in a timely manner.