Course Outline:
Project Funding & Global Capital Markets

The anticipated schedule for covering the course material is as follows:

**Week 1** Project Funding & Capital Markets Overview

An overview of the course topics will be highlighted.

**Week 2** Global Monetary System

The global monetary system is largely interwoven with the US economy & its currency value. A framework for how global economic conditions impact monetary supply will be discussed, along with current conditions & factors influencing US currency & the flow of capital to real estate. Foreign appetite for US real estate investment & its preference over other alternatives will be highlighted.

**Week 3** US Banking History

The history of US Bank formation, Savings & Loans (S&L’s), bank regulation & deregulation is presented. The US stock market crash of 1927 & the financial markets collapse in 2008 are highlighted through a short film. As follow-up, students will select & view one of three recommended documentaries related to the 08 collapse & discuss the tangible impacts of the aftermath.

**Week 4** The Commercial Mortgage Market

The commercial mortgage market, secondary mortgage market (CMBS), Freddie Mac & Fannie Mae are detailed in terms of how they’ve traditionally served commercial development, how they’ve evolved & current changes underway. Understanding how banks set interest rates based on the “prime rate” & lending terms for commercial paper provides insight into the “true cost” of borrowing money.

**Week 5** Project Capital Requirements

The class will focus on appropriately forecasting & budgeting capital requirements for a project. Primary types of capital requirements will be examined: land acquisition, building acquisition, capital improvements, new construction & infrastructure. Students will follow an example of a project pro forma to identify the various requirements. The World Trade Center redevelopment’s capital requirements will be used as an illustration of the many layers of funding necessary for a large-scale project. (Suggested Resource: The Port Authority of NY/NJ’s Underwriting Services for the WTC Redevelopment.)

**Week 6** Show me the Money: Sources of Capital for Real Estate Projects

This class will encompass the most prevalent sources of funds for commercial real estate Investment: pension funds, private investment, joint venture equity partners, syndications, commercial lenders and governmental & quasi-governmental agencies. To supplement the presented material, students will discuss their findings from assigned reading in “How Turmoil in the Capital Markets is Restructuring Real Estate”.
Week 7 Tapping Public-Private Partnerships & Economic Development Initiatives

Tax Increment Financing (TIF) Districts have been responsible for stimulating investment in areas where a market-rate project would not have otherwise been viable. While TIFs are among the most prevalent incentive tools in a community’s economic development arsenal & have been implemented with great success, they’ve also been the subject of intense scrutiny & have their own unique set of political implications. Students will be exposed to the pros & cons of using tax increment financing, including administering these programs as part of their project. Also covered are highlights of Special Service Areas (SSA’s), Smart Zones, Tax Abatements, CDBG funded grants & low-interest loan programs.

Week 8 Applying for New Market Tax Credits

This week’s focus will be a presentation on this relatively recent addition to public sector incentives offerings. Students will work through the fundamental steps involved in applying for these tax credits.

Week 9 Casting the Net

The decision to use an investment banker, the process of shopping for investors & identifying a lender are discussed.

Week 10 Me Casa Su Casa: The Commercial Loan Application Process

Making the case for your project. How banks & investors underwrite your loan. Explanation of cap rates, desire for personal guarantees, LTV ratios & an overview of the valuation & underwriting process. The desire for transparency & disclosure on both sides of the loan transaction will be addressed.