**FORMAT AND DUE DATES FOR THE PRACTICUM**

This index is the “road map” for the practicum. Each section provides the main topic(s) that at a minimum must be addressed in the paper. It is the student’s responsibility to add additional clarification / support where necessary.

***Note…it is the student’s responsibility to seek out the respective JHU instructor to answer relevant questions and provide assistance for the applicable section. The instructors for the practicum class are to provide general oversight and direction.***

**Project Assigned**

**BY OCTOBER 2009**

**Executive Summary Section**

**INITITAL DRAFT DUE DECEMBER 15TH 2010.**

**NEXT DRAFTS ARE DUE FEBRUARY 15TH 2010 AND MARCH 15TH, 2010.**

* Summarize, be clear, concise and to the point. 3 pages max. Details to follow in text.
  + Identify Project
    - Physical
    - Market, submarket
    - Design – contact an architect for help and consult Site Design instructor
    - Concept plan and layout – contact a land planner for help and consult Site Design instructor
    - Green – LEED
  + Developer Thesis
    - Overview business plan
    - Return expectations and risk tolerance
    - Identify the type of developer you are and the returns you seek (unleveraged and leveraged cash on cash returns and IRR’s - taken from the development model and must reconcile to this section).
    - “who you are going to be when you grow up”
  + Equity Investors Thesis
    - Same as Investor Thesis
    - What is your “pitch plan” to attract investor equity? How do you plan to sell your deal to prospective investors?
  + “Business with Humanity in Mind”
    - How does this project embrace JHU’s theme?
    - How do you plan to balance ethics with the profit motive while addressing the needs of the community?
  + Strategic Development Plan (“Game Plan”) with time lines
    - How you plan to acquire site - contract
    - How you plan to develop, market and lease
    - How the design meets the demand identified in the market study
    - Your end game – hold, sell etc.
    - How you will achieve returns
  + Major Challenges
    - Zoning?
    - Finding a lender?
    - Finding equity?
    - Public Approvals
    - Other?
  + Major Strengths and Weaknesses with the deal
    - And mitigants if it can be mitigated
  + Summarize Returns – for Unleveraged and Leveraged
    - Cash on Cash
    - IRR
    - Aggregate Profit, Profit Margin

Using the above, create a chart for the following scenarios:

* + - Upside Case
    - Downside Case
    - Best Case
    - How returns meet or do not meet investor thresholds noted above. CRITICAL.
* Other Relevant Facts
* Be Concise. Especially for this section. Many deals are won or lost in this opening section.

**MACRO**

* Visuals for Text - Argus, Excel and any other charts or summary sheets should be presented as facing pages within the text. Insert maps/rendering etc. within text as appropriate. Do not insert material(s) that are merely backup i.e. the entire zoning code etc. Use common sense.

**Business Plan and Strategic Development Plan Section**

**DUE DECEMBER 1ST 2009**

* Summarize your development team
* Goals – what is the end game?
  + Ties to investor and developer thesis
  + Impact on the community
* How you plan to accomplish your goals
* Tie to Project Timeline Section
* Be Concise

**Property/Location/Area/Legal Description Section**

**DUE DECEMBER 1ST 2009**

* Site
  + Size, shape
  + Maps etc.
  + Challenges with site
* Neighborhood
  + Surrounding land uses
  + Maps/aerials etc.
  + Challenges
* Metro Area/Regional
  + Demographic trends
  + Relevancy to subject
* Zoning/Regulation and Other Approvals
  + - What you need to obtain to go vertical
    - Does you development require a variance?
    - Challenges
* Other Relevant Facts.
* Be Concise
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM INSTRUCTORS FOR THE MARKET STUDY AND ENTERPRISE CLASSES.

**Market Study Section**

**1ST DRAFT DUE DECEMBER 1ST 2009**

* Supply – existing/future
  + Market charts of supply and future supply
  + Drill down from macro supply stats to immediate competitors and list why
  + Include offering rents, concessions, comparability etc. within a chart – avoid text except for conclusions
* Demand – existing/future
* Relevancy to Demographics – i.e. apartments there is a direct correlation
* Other Relevant Facts – See valuation section below
* Conclusions
  + What type of development meets the demand and why. A very important section which forms the basis for your strategic plan.
* This section must be extremely detailed
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM MARKET STUDY INSTRUCTOR

**Design Section**

**1st DRAFT DUE DECEMBER 15TH 2010**

* Layout the “program” for
  + Site layout relative to building
    - Amenities
    - Access
    - Parking
    - Other
  + Vertical layout
    - Floor plates
    - Apartment Units - sizes
    - Amenities
    - Green? Must be justified from an economic perspective
    - Other
* Design must tie back to market study conclusions and how design meets demand.
* Architect contract
  + Details of compensation and terms
* Be Concise
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM SITE DESIGN INSTRUCTOR. CONTACT A LAND PLANNER TO LAYOUT THE BUILDING ON THE SITE.

**Construction Section**

**DUE MARCH 1ST 2010**

* Type of construction and why
  + Concrete
  + Wood
  + Gas
  + Electric
  + Etc.
* Construction budget (refer to **development model** for format)
  + Breakdown of land, hard, soft costs
  + Draw schedule and how you arrived at timing of spending
* Type of construction contract – i.e. GMAX etc.
  + Compensation and terms
* Construction time line – use a time scale
* Be Concise
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM THE INSTRUCTORS FOR THE CONSTRUCTION (COSTS) AND LAW (CONTRACTS) CLASS.

**Financing Section**

**Due March 15th 2010**

* Obtain at minimum of 3 lender quotes for construction and permanent financing
  + Need non-binding letters of intent from each bank
    - Rate, term
    - Loan to Cost
    - Loan to Value
    - DSC
    - Personal Guarantees
    - Appraisal and other 3rd party costs
    - Other
* Part of **development model** – construction budget
  + Include interest reserve
    - Reserve number is budget is always hard coded to avoid circular reference
* This section ties into the construction budget in the areas of interest reserve, draw schedule, developer’s overhead and profit.
* Include a brief lender’s financing package in the addendum – this is what you will give to the lender to consider your financing request
* Be Concise
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM THE INSTRUCTORS FOR THE FINANCE AND INVESTMENTS CLASS.

**Valuation Section**

**DUE FEBRUARY 15TH**

* Construction lender will lend on the “as stabilized” value
* Based on the market study list the key variables for…
  + Rent, absorption – tie back to draw schedule in model
  + Operating expenses
  + Cap Rate
  + Discount Rate
  + Terminal Value
  + All the above should be fully supported by the market study section and referred back to.
* Part of **development model**
* Be Concise
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM THE INSTRUCTORS FOR THE FINANCE AND INVESTMENTS CLASSES.

**Government Support for Project Section – DUE MARCH 1ST 2010**

* Grants
* Federal Stimulus Money
* Brownfield Tax Credits
* Support from the BDC
* Ties to projections
* Be Concise
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM THE INSTRUCTORS FOR THE REGULATION AND URBAN ECONOMICS CLASSES.

**Project Timeline Section – DUE APRIL 1ST 2010**

* From contacting the land owner to
  + Summarize contract terms
    - Include contract in addendum
* Executing and LOI to
* Closing on the land to
* Obtaining financing to
* Initial site work to
* Vertical development to
* Leasing to
* Stabilization to
* Exit via sale or hold
* Include…marketing, negotiations, approvals etc.
* This is your detailed road map – use Excel to define
* Be Concise
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM THE LAW INSTRUCTOR RELTATIVE TO CONTRACTS AND CONSTRUCTION AS TO SITE WORK AND CONSTRUCTION TIME LINE.

**Project Returns Section – DUE MARCH 15TH 2010**

* Dropdown Argus runs - **development model** 
  + Includes lease-up to stabilization
  + Must tie back to market study
* Capital Stack - **development model** 
  + Debt
  + Equity
    - Source of equity – one or multiple investors
      * Investor profile
      * Waterfall if more than one
    - Plan to Attract Equity Investors
      * Your pitch to them
* Returns - **development model**
  + Returns Model
    - Cash on Cash and IRR’s under the 3 scenarios
    - What is more important Cash on Cash or IRR? WHY? Ties to developer and investor thesis.
    - Explain variables that define the 3 scenarios – i.e. toggle land price
* How do the returns meet your return thresholds and investor thresholds?
* What is your walk away number to buy the land?
* Be Concise
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM THE INSTRUCTORS FOR THE FINANCE AND INVESTMENTS CLASSES.

**Plan for Property Management and Asset Management Section – DUE APRIL 15TH 2010**

* Construction Manager
  + Compensation
  + You or someone else
  + Include in budget
* Who will manage property?
  + Select a firm based on interviews
  + Compensation
  + Property management agreement in addendum
* Who will lease the property?
  + Select a firm based on interviews
  + Strategy
  + Compensation
  + Listing agreement in addendum
  + Must tie back to absorption schedule
* Who are the 3rd party vendors?
* Who will asset manage the property?
  + Manage the investors (if more than one investor) – monthly and annual reporting etc.
* Be Concise
* PULL KNOWLEDGE AND SEEK ASSISTANCE FROM THE INSTRUCTORS FOR THE ENTERPRISE AND INVESTMENTS CLASSES AND LEASING SEMINAR.

**Summary/Conclusions tab – DUE APRIL 15TH 2010**

* Bring it all together here

**Addendum – DUE APRIL 15TH 2010**

* More detail than what appears on facing pages or within text. Before adding here ask yourself “is this too much detail?” I.e. you would not include a copy of the zoning ordnance. USE COMMON SENSE.

**ADDENDUM A**

**Project Photographs, Floor Plans, Site Plan, Floor Designs**

**ADDENDUM B**

**Backup Market Data**

**ADDENDUM C**

**Lender Quotes – Backup detail – Term Sheets**

**ADDENDUM D**

**Contracts – Letter of Intent and Purchase and Sale Contract**

**ADDENDUM E**

**Other**

**ADDENDUM F**

**Argus Runs (Absorption Schedules, MLA’s etc.)**

**ADDENDUM G**

**Lender Pitch Package**

**ADDENDUM H**

**Investor Pitch Package**