

REQUEST

The University of Utah's David Eccles School of Business and the College of Architecture + Planning requests approval to offer a **Graduate Certificate in Real Estate** effective fall semester 2009. This proposal is submitted concurrent with a proposal for a Master of Real Estate and Development (MRED) degree. Both initiatives reinforce the other in ways discussed below. The Graduate Certificate in Real Estate (GCRE) is an 18 credit hour program designed to serve business, architecture, and planning students.

NEED

The Mountain West (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming) is the nation's fastest growing region. By 2040, the region will double in population to more than 30 million people with nearly 20 million jobs. Most of the existing built environment will be rebuilt.¹ Several trillion dollars will be spent on development in the region over the next generation. Real estate professionals will play a leading role in the development and redevelopment of the region. To meet the educational needs of professionals working in real estate, the University of Utah proposes a multi-tiered effort with increasing levels of preparation in real estate:

Specialization in Real Estate

Students enrolled in the Master of Business Administration and Master of City & Metropolitan Planning degree programs can specialize in real estate studies. The MBA and MCMP² are professionally accredited, two-year degrees. Each allow for specializations in one or more fields for 12 or more credit hours each. A specialization in real estate would be considered minimum professional preparation in the field.

Graduate Certificate in Real Estate

For MBA and MCMP students the GCRE can be earned by completing 18 credit hours of courses noted and described below. Subject to Graduate School rules and approval, the GCRE may be earned concurrently with the MBA or MCMP. Admission to the GCRE is open to other graduate students at the University of Utah; the extent to which courses taken for the certificate meet matriculation requirements depends on the home program and approval by the Graduate School. Finally, the GCRE will be available to qualified post-graduate students not enrolled in a degree program pursuant to policies of the University the Graduate School, and the Real Estate Research and Development Program. Indeed, some (perhaps many) of these students may choose to apply for admission into the MRED degree program.

Master of Real Estate and Development

At 39 credits, the most intensive real estate educational experience the university would offer is one leading to the MRED degree. Generally, the MRED offers a level of preparation specific to real estate development that would be about double that for either the MBA or MCMP degrees.

¹ The MRED proposal includes details on national and regional market demand, student demand, and current supply options.

² Accreditation is anticipated in 2009.

Relationship with Master of Real Estate and Development Degree

Simultaneous with this proposal is one for a Master of Real Estate and Development, comprised of 39 credit hours. The MRED degree depends on the GCRE for maximum success but the GCRE would not exist but for the MRED degree. There are several reasons for this. First, in the DESB, MRED courses would be justified only with minimum enrollments in the range of 35 students. Second, for quality control purposes, we anticipate capping MRED students to about 35 FTE. Our courses, however, are most efficiently managed with about 45 attendees; the additional 10 FTE students would be those enrolled in the GCRE program. Third, if the MRED does not exist GCRE students would need to enroll in comparable FINAN courses, but those courses are often subscribed to their maximum by Master of Finance and MBA students; GCRE attendance could only be allowed on a space-available basis and this would likely compromise the certificate's success. Fourth, we anticipate that some MRED students may choose to opt out of completing the degree but could be awarded the GCRE; conversely, once engaged in studies, some GCRE students may decide to pursue the MRED. Maximum benefits to students are achieved with both the MRED degree and the GCRE.

EDUCATIONAL OBJECTIVES

The over-arching objective of the GCRE is to help society meet its growing needs for rigorous professionally-based preparation in real estate development. Particular objectives include providing GCRE students with foundations in:

- Market research
- Net present value analysis
- Information tools for real estate research
- Urban development methods and policies

IMPACT ON EXISTING PROGRAMS

The GCRE is intended to expand the educational options principally of graduate business and architecture + planning students, and provide new educational options for post-graduates. It will be available to other students at the university as well, subject to provisions of the home unit. It is anticipated that the GCRE will increase attendance in selected graduate business and graduate planning courses but none others.

COURSES

The GCRE is an 18 credit hour program drawing from courses exclusively in business and architecture + planning. No distance education approaches are considered presently. No new courses are needed.³ The following table presents the curriculum. Course descriptions are included.

Course Prefix & Number	Title	Credit Hours
<i>Core courses</i>		
FINAN 6740	Real Estate Principles	3.0
FINAN 6750	Survey of Real Estate Development	3.0
FINAN 6780	Real Estate Appraisal and Investing	3.0
REDV 6320	Land Use Law	3.0
<i>One course from among</i>		
FINAN 6760	Real Estate Finance	3.0
REDV 6310	Urban Development Methods and Policies	3.0
<i>One course from among</i>		
REDV 6010	Urban Research	3.0
REDV 6020	Urban and Regional Analysis	3.0
REDV 6410	Site Planning and Entitlement Processes	3.0
REDV 6450	GIS for Real Estate Development	3.0
REDV 6390	Sustainable Development	3.0
TOTAL HOURS		18.0

Course Descriptions:

FINAN 6740 Real Estate Principles (3)

Prerequisite: FINAN 3040 or departmental consent. May meet with FINAN 4740. May be taken concurrently with FINAN 3050. Topics include the economics of land, property rights, transaction instruments and legal considerations, brokerage appraisals, financing, zoning, and property management. Also included are issues of basic estate law covering estates and interests in land, contracts, mortgages and trust deeds, liens, conveyancing, and subdivision and development.

FINAN 6750 Survey of Real Estate Development (3)

Prerequisite: FINAN 3040 or departmental consent. May meet with FINAN 5750. Topics include the practice and process of commercial and residential development from land acquisition to permanent placement. Primary focus will consider project specific entitlement, economic and capital markets issues. Classes will be a mixture of lecture and case study.

FINAN 6760 Real Estate Finance (3)

May meet with FINAN 5760 Prerequisite: 6740 and departmental consent. Project level real estate finance focused on analysis of feasibility and return elements of primarily commercial real estate

³ MRED 6450 meets with URBPL 6450 - GIS for Planning and is a new course designed principally to meet existing needs of graduate planning students is not dependent on this or any other academic proposal. It will be offered beginning AY 2010. All other MRED courses are to be co-listed with URBPL courses as noted below.

development and management. The course concentrates on development of appropriate analytical tools for investment decision: including Excel modeling centered on "for lease" multi-family, retail, office, and industrial projects; with a brief discussion of "for sale" residential development.

FINAN 6780 Real Estate Appraisal and Investing (3) Prerequisite: FINAN 4740 or Program consent.

May meet with FINAN 5770. Economic theories of value as applied to residential and income properties, factors influencing real-property values, appraising real property, framework for real estate investment decisions, rate of return analysis, determinants of real estate investment policy for borrowers and lenders.

The following courses are existing courses in URBPL that will become cross-listed with the REDV (Real Estate Development) prefix administered by the David Eccles School of Business.

REDV 6010 Urban Research (3)

May meet with URBPL 6010. A hands-on course in quantitative skills used for urban analysis. Data sources, dataset development, descriptive statistics, correlation, trend analysis, modeling, and styles for graphical and written presentation. Planning applications of demographic and economic analysis including population projection, economic base analysis, and measures of characteristics and distribution.

REDV 6020 Urban and Regional Analysis (3)

May meet with URBPL 6020. The economic, demographic, and spatial interaction models used to analyze and develop alternative urban and regional plans including cohort-survival, input-output, shift-share, and gravity models. Model concepts, mathematics, design, logic, and limitations. Small-scale spreadsheet models are applied to analyze problems, interpret output and present results.

REDV 6310 Urban Development Methods and Policies (3)

May meet with URBPL 6310. This course reviews policies influencing urban development and redevelopment, acquaints students with basic development finance analytic techniques, identifies methods of leveraging private investment to achieve policy objectives, and assesses alternative urban development approaches.

REDV 6320 Land Use Law (3)

May meet with URBPL 6260. Case law analysis of common law, constitutional, statutory, and regulatory principles inherent in American land use planning and zoning.

REDV 6390 Sustainable Development (3)

May meet with URBPL 6390. Interdisciplinary approach to theories and applications of sustainability in a variety of planning contexts. Final segment focuses on specific action plans related to sustainability.

REDV 6410 Site Planning and Entitlement Processes (3)

May meet with URBPL 6410. Review and analysis of development site design, plat map preparation, subdivision review and impact analysis, and entitlement processes.

REDV 6450 GIS for Real Estate Development (3)

May meet with URBPL 6450. This course acquaints students with the basic concepts of a geographic information system (GIS) and its analytic capabilities for real estate. In addition to grounding students in the principles and concepts of GIS technology, it will address applications to problems related to real estate.

The course includes laboratory sessions for "hands-on" exposure to the ArcGIS software, its extensions, and other analytic tools.

ASSESSMENT

Students will be assessed through performance in regular course work. The program will be assessed in several ways. Real estate professionals will be engaged formally and informally to assess the skill level of graduates and to seek ways in which graduate education may be improved. Exit interviews with graduating students combined with 5-year career-based assessments will be used to gauge preparedness as well as emerging educational needs. Finally, periodic assessment will be performed as a college-wide function during the university's periodic review process.

PROGRAM MANAGEMENT

Like the MRED, the GCRE is a joint venture of the David Eccles School of Business and the College of Architecture + Planning. For efficiency of program management, the following procedures will be used. Each college will appoint one of its regular or adjunct faculty members as co-coordinator, provided that at least one is a regular faculty member. The DESB will process admissions applications, track matriculation, and process needed forms and decisions; the co-coordinators will review and mutually decide on any decision needed, however. Minimum admissions requirements will match other Masters degrees within the participating schools. Each admitted student will be assigned an advisor and the advisor will coordinate the processing of any decisions with DESB staff. Both deans will come to agreement on matters of overall policy. An Advisory Committee will be formed (see below) and, to the extent reasonable, will be composed equally of persons appointed by each college. To help improve management performance over time, there will be an annual review of procedures involving all academic members of the Advisory Committee and others as appointed by the deans.

FACULTY

Either through teaching one or more of the courses associated with the program or participating in the design of the course sequence the following are regular and adjunct faculty to be affiliated with the GCRE program:

Presidential Professor Arthur C. Nelson, Ph.D., FAICP
Presidential Chair Professor Hendrick Bessembinder, Ph.D
Professor Jack Brittain, Ph.D. (Dean, DESB)
Professor Kristina Diekmann, Ph.D.
Professor Reid Ewing, Ph.D
Professor Brenda Case Scheer, M. Arch (Dean, cA+P)
Professor Harris Sondak, Ph.D
Associate Professor Thomas W. Sanchez, Ph.D
Associate Professor Robert Young, MBA, MS, PE
Assistant Professor Keith Bartholomew, J.D.
Adjunct Professor Darrin Liddell, MBA, MAI, CCIM, MRICS
Adjunct Professor Pamela Perlich, Ph.D. (Senior Research Economist, DESB)
Adjunct Professor George "Buzz" Welch, MBA

COORDINATORS

There will be two program coordinators. *Dr. Arthur C. Nelson, FAICP*, Presidential Professor of City and Metropolitan Planning in the College of Architecture + Planning, will be the “academic” coordinator managing admissions, curricular and matriculation functions. The other will be *George W. “Buzz” Welch, MBA*, Senior Vice President at JP Morgan Chase and adjunct professor of business administration in the David Eccles College of Business, who will be the “professional” coordinator managing recruitment, placement, and external professional relations. Both CVs are attached.

ADVISORY COMMITTEE

There will be an Advisory Committee which shall be the same as that for the MRED program. It will be composed of the deans of both colleges or their representatives, both coordinators, and at least three other persons representing professional (such as consulting), business (such as development), and government (such as economic development) sectors. To the extent reasonable, it will be composed equally of persons appointed by each college.

BUDGET

The budget for this initiative is shown in the table below. It includes the MRED degree proposed simultaneous with this. Funding is entirely from tuition. There will be no impact on existing budgets.

	YR 1	YR 2	YR 3	YR 4	YR 5
Students					
Projected FTE					
Enrollment	10	20	30	40	45
Cost per FTE	\$ 3,340	\$ 1,785	\$ 1,754	\$ 1,389	\$ 1,287
Student/Faculty Ratio	1:2.5	1:5.0	1:7.5	1:10.0	1:11.25
Projected Headcount ¹	15	30	40	50	60
Projected Tuition					
Tuition/FTE ²	\$ 12,100	\$ 12,700	\$ 13,300	\$ 14,000	\$ 14,700
Gross Tuition	\$105,875	\$238,125	\$382,375	\$542,500	\$652,313
Tuition to Program ³	\$ 73,500	\$157,500	\$241,500	\$325,500	\$372,750
Expenses					
Wages ⁴	\$ 18,000	\$ 19,000	\$ 29,700	\$ 31,200	\$ 33,000
Benefits	\$ 5,400	\$ 5,700	\$ 8,910	\$ 9,360	\$ 9,900
Total Personnel	\$ 23,400	\$ 24,700	\$ 38,610	\$ 40,560	\$ 42,900
Faculty Supplement ⁵	\$	\$ 20,000	\$ 30,000	\$ 40,000	\$ 50,000
Current Expense	\$ 8,000	\$ 8,000	\$ 10,000	\$ 10,000	\$ 10,000
Travel	\$ 2,000	\$ 3,000	\$ 4,000	\$ 5,000	\$ 5,000
Capital					
Library					
Total Expense	\$ 33,400	\$ 35,700	\$ 82,610	\$ 95,560	\$107,900
Revenue					
Legislative	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	\$ -	\$ -	\$ -	\$ -	\$ -
Reallocation	\$ -	\$ -	\$ -	\$ -	\$ -
Tuition to Program	\$ 73,500	\$157,500	\$241,500	\$325,500	\$372,750
Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 73,500	\$157,500	\$241,500	\$325,500	\$372,750
Net Revenue	\$ 40,100	\$101,800	\$158,890	\$229,940	\$264,850
Revenue-Expense Ratio	2.20	2.83	2.92	3.41	3.45

Notes to Budget:

¹Minimum expectation including full- and part-time MRED students, and certificate students.

²Tuition increases 5% per year with tuition differentials.

³Tuition to program tuition differential.

⁴0.5 FTE Staff in Years 1 and 2, 0.75 FTE Staff in years 3 to 5. Wages increase 5% per year.

⁵ Beginning in the second year additional sections of some courses will be added as needed; they will be taught by a combination of adjuncts and regular faculty.

SIGNATURE PAGE

Institution Submitting Proposal:

University of Utah

College, School or Program in Which Program Will Be Physically Located:

College of Business and College of Architecture + Planning

Department(s) or Area(s) in Which Program Will Be Physically Located:

Department of Finance, David Eccles School of Business

Department of City & Metropolitan Planning, College of Architecture + Planning

Program/Administrative Unit Title:

Real Estate Analysis and Development Program

Recommended Classification of Instructional Programs (CIP) Code:

— — / — — — —

Certificate, Diploma and/or Degree(s) to be Awarded:

Graduate Certificate in Real Estate (GCRE)

Proposed Beginning Date:

July 1, 2009

Institutional Signatures:

Finance Department Chair: _____

CMP Department Chair: _____

School of Business Dean: _____

Architecture + Planning Dean: _____

Graduate School Dean: _____

Chief Academic Officer: _____

President: _____

Date _____