

AFFORDABLE HOUSING FINANCE TECHNIQUES

The course provides a broad overview of the nation's affordable multifamily industry, the mortgage markets and capital markets that support it. The course will include a detailed study of the techniques for financing affordable housing. In combination with the focus on financing techniques, the course also looks at the development issues associated with this complex area and the policy focus of governmental programs.

The focus will be both at the macroeconomic and capital markets level as well as how the issues impact individual project finance. The course will provide substantial foundation and background for broader study in real estate finance and affordable housing finance.

Every real estate project, and especially affordable housing projects, has hidden partners: the federal government and, in New York, the state and city government. Although the course is focused on finance and financing techniques, it will consider the role of the public sector in regulating and creating incentives for the development and financing of affordable multifamily rental housing in particular. The public sector's role ranges from the establishment and regulation of the capital markets, to the creation of tax incentives and specialized treatment for real estate enterprises and to the offering of particular subsidies for the development of affordable housing, to the regulation of rents and returns on investment for developers. An understanding of the public sector's financial and regulatory role is essential for understanding real estate financial markets in general and housing markets in particular.

Affordable housing finance is highly specialized and complex area: however, many of the techniques and mechanisms that are common in financing commercial real estate were first developed in the residential finance and affordable housing area. Equity formation through tax incentives, public-private partnerships, the use of tax exempt bonds, the securitization of debt are all techniques initially developed for use in the financing of affordable housing.

Course Requirements, Assignments and Grading

There will be a reading assignment, case and/or finance problem set assigned for several classes. Active class participation based on the assignment will be expected.

Five assignments will be required to be submitted: an analysis of Ocean Village, a mid-term, a final exam and two additional policy write-ups to be determined.

Grading will be based on the assignments and class participation.

TA: Marisa Rodriguez, cr3019@columbia.edu