Nova Southeastern University

H. Wayne Huizenga College of Business and Entrepreneurship

Assignment for Course: REE 5878 – Real Estate Development Process: Part 1

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CERTIFICATION OF AUTHORSHIP: I certify that I am the author of this paper and that any assistance I received in its preparation is fully acknowledge and disclosed in the paper. I have also cited any sources from which I used data, ideas of words, whether quoted directly or paraphrased. I also certify that this paper was prepared by me specifically for this course.

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Instructor's Grade on Assignment:

Instructor's Comments:

Question 10. How do developers, investment firms, and lenders adapt to the market of all the environmental concerns associated with a contaminated site?

As opportunities for redevelopment in urban areas have increased, developers and investors have been adapting to dealing with brownfield sites, since most urban sites "have some contamination that must be mitigated" (Peiser & Hamilton, 2012).

This has created opportunities for firms that are now specializing in "rehabilitating properties contaminated, or suspected of contamination of toxic materials (Peiser & Hamilton, 2012). Therefore, developers must now consider the cost of cleaning up a contaminated site, and make sure the land cost being offered makes sense for them financially.

For investors, dealing with contaminated sites has not been a preference. In fact, "they have been wary of loans on such properties" (Peiser & Hamilton, 2012). On the other hand, the process of adapting to environmental concerns has brought governmental incentives to work on these contaminated sites, in the form of grant and loan programs "to partially underwrite remediation costs" (Peiser & Hamilton, 2012).

Developers who address preservation of hillsides, wetlands, canyons, forests and other environmentally fragile areas, in their project's planning and designing processes are more likely to receive support from the communities than developers who do not (Peiser & Hamilton, 2012). Likewise, habitat preservation is a major cause for regulators to delay or stop the development of projects.

The best options for developers to adapt to all regulations and obstacles related to environmental concerns is to negotiate the necessary approval contingencies and conduct a thorough due diligence. There is a need for developers to be prepared to address all environmental concerns a specific site could present. As Matt Kiefer, partner in Goulston & Storrs, stated "we're going from designing out nature to design with nature, and new performance criteria for stream crossings, for site permeability, and on-site retention and discharge are all of a piece" (Peiser & Hamilton, 2012, p385)

Question 45. What are some driving planning decisions developers must use due to the increasing amount of climate change?

Climate change creates uncertainty, as the chances of natural disasters increase and the future of our quality of life gets threatened. Communities are, nowadays, more aware of the need to address the causes of climate changes and developers have been adapting, as they have realized there is support from potential tenants or buyers for buildings that are sustainable and eco-friendly.

"Over the coming decade, many land use and environmental professionals expect climate change to increasingly drive planning decisions" (Peiser & Hamilton, 2012, p385). For instance, greenhouse gas emissions (GHG) is considered one of the major causes of climate change, and new regulation is expected to be enforced in most municipalities in the United States. In fact, California was the pioneer on a regulatory scheme to rein in emissions in an effort that "directly addresses GHG and energy impacts deriving from land use change" (Peiser & Hamilton, 2012).

Therefore, it is expected that developers address climate change concerns as part of their new projects' designs. Over the upcoming years, developers will need to "become familiar with the emissions profile of various land use decisions they make" (Peiser & Hamilton, 2012). In other words, a project's design must not only be careful to include bike lanes, walking trails and measures to preserve wetlands, forests, or other environmentally sensitive areas, but it must also be mindful to apply methods to control carbon emissions and be energy efficient.

Finally, we will see more developers incorporating environmentally friendly trends such as wind panels, solar panels, water recycling systems, compact and efficient buildings, and the use of sustainable materials for construction.

Question 52. Based on the technological revolution occurring, name 5 categories in real estate that are affected and give examples of how so.

"The implications of technology for real estate are dramatic, and new tools have transformed how real estate professionals conduct many areas of the business" (Peiser & Hamilton, 2012, p379). Some of the major changes we are experiencing include the acquisition and due diligence process, design and construction, marketing, property management and financing.

"The spread of GIS-based technologies, web-based property tax databases, real estate listing services, and even free aerial mapping databases like Google Earth have revolutionized" how real estate development professionals conduct the acquisition and due diligence processes (Peiser & Hamilton, 2012). For instance, developers no longer need to drive long distances or flight out of state to look at a site, with Google Earth they can find it, look at its surroundings, and decide whether or not it is appealing. Moreover, valuable information can be obtained by accessing databases and stand-alone software packages that provide valuation criteria, allowing the developer to investigate a site accordingly.

Currently, the Internet is allowing for easy and fast exchange of plans, specs, and financial information during the design and construction phases of development. For instance, Building Information Modeling systems allow for different team members to "manipulate and reference the same base drawing" (Peiser & Hamilton, 2012). There is no longer a need for all parties involved, such as architects, engineers, contractors, developers, to be in the same room, they can all be at different locations interacting, looking at exactly the same, and making decisions. Moreover, 3-D imaging now allows for better visualization of a project.

"Great advances have been made in the use of technology for marketing and sales. Multiple Listing Services and its commercial equivalents, such as CoStar, allow brokers, buyers, and tenants to almost instantly aggregate, sort, and virtually tour most available properties in a given market" (Peiser & Hamilton, 2012, p380). Nowadays, buyers or tenants use the Internet and social media as their main source to find their next home. They no longer need to be in the same state, city, or country to find and look at a project or obtain rental or purchasing information.

Likewise, different software packages have been created to increase property managers' productivity. "These software packages can be tailored for any type of property and are available for tenant records, lease management, maintenance scheduling, checks, taxes, profit and loss reports… payroll and work orders (Peiser & Hamilton, 2012, p380).

The biggest impact on real estate financing has been on home mortgage origination and servicing. Web-based appraisal services have also taken a major role in real estate transactions. Moreover, technology has laid out the foundation for digital transaction processing, information disclosure, financing and closing transactions.

References

Peiser, R. & Hamilton D. (2012). *Professional Real Estate Development: The ULI Guide To The Business* (3rd ed.). Washington, DC: Urban Land Institute