MIT Department of Urban Studies + Planning
ECONOMIC DEVELOPMENT & HOUSING FINANCE
Course 11.137/11.437 (Spring 2022) – 1/26/22 version
TTh 2-3:30

Jeff Levine, AICP (jrlevine@mit.edu, (617) 253-3964)
Office Hours: 11-12:30 and by appointment

Canvas Site
Remote Class Link (only if needed)

Overview
This course looks at programs (public, non-profit and private) that fund local economic development and housing finance. We will look at financial tools to support small businesses, promote economic opportunity and equity, and develop below-market affordable housing. These include programs for individual businesses and housing developments, as well as ones that invest in the overall experience of a neighborhood and by doing so promote economic vitality.

The issues of economic development finance and housing finance are traditionally taught separately. However, given both the need to layer multiple financing sources, and the evidence that housing helps promote healthy business districts, they are taught in tandem in this course. This synergy is especially true during (and after?) the COVID pandemic, as downtown office spaces are seeing lower occupancy and local businesses need nearby residents more than ever. Individual students are welcome to focus more on one aspect than another if they wish.

While we will work with financial models and look at some details, the focus is on the overall world of financing public planning goals for communities, not the details of each program. Students should be generally familiar with the use of spreadsheets and/or willing to learn but will not need to become experts.

Each student will complete a mid-semester case study looking in depth at one financing program. In addition, at the end of the semester, there are group projects working with partner organizations to explore existing and potential financial programs to support economic development and housing production.

Learning Objectives
Experts often talk about using the acronym S—K—A to frame learning objectives:

✔ Skills: What students should be able to do by the time the course is completed;
✔ Knowledge: What students should know and understand by the time the course is completed; and
✔ Attitudes: What the students’ opinions will be about the subject matter of the course by the time it is completed.

This course has the following S-K-A objectives:

Skills
By the time you finish the course,
- You should be able to look at an economic development or housing opportunity and know how to evaluate it for basic feasibility;
- You should be able to assess what private, public, and non-profit funding sources may fund a project;
- You should be able to determine how a project might be modified to best position it for financing; and
- You should be able to conduct basic program design for a financing program that might provide gap funding for economic development or housing programs with public benefits.

Knowledge
By the time you finish the course,
- You should understand the basic operations of private capital markets and their limitations and inherent biases in serving economic development and housing finance needs;
- You should be familiar with common financing programs from public sources and how they can be utilized;
- You should understand how past and current financial markets have disadvantaged small businesses and businesses located in minority and low-income areas;
- You should understand how housing finance has increased racial and income disparities;
- You should understand how land use and transportation planning interface with economic development & housing finance

Attitudes
By the time you finish the course,
- You should be able to understand the perspective of various stakeholders in the economic development and finance worlds, including private and public funders; project proponents; and political leaders;
- You should be able to think about how past financing systems contributed to institutional racism and how to work to proactively address the resulting inequities;
- You should be able to use a financing framework to think about planning and policy goals and how to address them.
Anti-Racist Statement

This class will focus on assisting small businesses and below-market affordable housing projects to create good, community-based jobs and safe homes. We will look at efforts to counter racial and economic distortions in the market through providing additional financing tools. In doing so, we will try to provide voice to systematically marginalized voices in our society, and counter the institutional racism and class discrimination that exist in the financial markets.

We will also strive to incorporate into this class the practice and ideas of racial justice as applied to tools for both housing and economic development. In the past, financing tools such as government-backed mortgages were available for primarily white households, rather than for all Americans. I will outline ways in which current tools and programs sometimes fail to meet a higher standard of anti-racism and don’t lift up systematically marginalized voices – and also which programs strive to meet these standards.

Land Acknowledgement Statement

We acknowledge Indigenous Peoples as the traditional stewards of the land, and the enduring relationship that exists between them and their traditional territories. The lands which MIT occupies are the traditional unceded territories of the Wampanoag Nation and the Massachusetts Peoples. We acknowledge the painful history of genocide and forced occupation of these territories, as well as the ongoing processes of colonialism and dispossession in which we and our institution are implicated. Beyond the stolen territory which we physically occupy, MIT has long profited from the sale of federal lands granted by the Morrill Act, territories stolen from 82 Tribes including the Greater and Little Osage, Chippewa, and Omaha Peoples.

As we honor and respect the many diverse Indigenous people connected to this land from time immemorial, we seek to Indigenize our institution and the field of planning, offer Space, and leave Indigenous peoples in more empowered positions.

Inclusive Classroom

MIT values an inclusive environment. I hope to foster a sense of community in this classroom and consider this classroom to be a place where you will be treated with respect. I welcome individuals of all backgrounds, beliefs, ethnicities, national origins, gender identities, sexual orientations, religious and political affiliations – and other visible and nonvisible differences. All members of this class are expected to contribute to a respectful, welcoming, and inclusive environment for every other member of the class. If this standard is not being upheld, please feel free to speak with me.
Special Accommodations

MIT is committed to the principle of equal access. Students who need disability accommodations are encouraged to speak with Disability and Access Services (DAS), prior to or early in the semester so that accommodation requests can be evaluated and addressed in a timely fashion. If you have a disability and are not planning to use accommodations, it is still recommended that you meet with DAS staff to familiarize yourself with their services and resources. Please visit the DAS website for contact information.

If you have already been approved for accommodations, class staff are ready to assist with implementation. Please inform me and I will oversee accommodation implementation for this course.

Attendance

This class is generally being held as a synchronous series of lecture and discussions. There will be some classes devoted to student presentations as well, which will also be held synchronously. However, in order to accommodate any COVID-related or other absences, I will have recordings of last year’s lecturers and offer the recordings and class slides (if any) on the class Canvas site. I know that this is a stressful time and would prefer you take care of yourself rather than force yourself to attend a class where you will be uncomfortable. However, please let me know if you will miss class (for any reason.) If there is more than one absence where you don’t contact me at all, I will factor that into my final evaluation of your performance. I’d much rather not.

Grading

I am interested in making sure you have the right base for your future work. For this reason, I am not planning to be particularly difficult graders. My goal is for you to do all of the assignments in good faith and participate in class, and for you to receive constructive feedback. In that way, you will hopefully achieve the goals laid out above.

Having said that, I have a breakdown of how your grade will be determined for the class:

1. 20% of your grade will be based on active class participation;
2. 30% of your grade will be based on completing three project worksheets;
3. 20% of your grade will be based on the written case study assignment; and
4. 30% of your grade will be based on the final group project.

On each assignment (other than class participation) my rubric will be as follows:

- 50% effort (Did you put enough time into the assignment? Worksheets should take an estimated 3 to 5 hours, case studies 4 to 6 hours and the final group project should take about 15 to 25 hours per student);
• 25% general understanding (Do you understand the concepts being measured in the assignment? For case studies and the group project, are you providing a good general understanding to the audience?)
• 25% accuracy (Are your answers correct or partially correct?)

A note on group projects- I know some feel it is unfair to base part of an individual’s grade on a group assignment. To the extent possible, I will try to differentiate between team members’ performance and therefore reduce that concern. However, as with real-world projects, often a group is evaluated as a group. Please reach out to me directly if you have concerns about a group effort any time during the semester.

Safe and Equitable Learning Environment:
MIT as an institution is dedicated to providing a safe and equitable learning environment for all students, as am I and all the teaching assistants. Discrimination, sexual assault, and harassment are not tolerated by the Institute. You are encouraged to report any incidents to the Title IX Office. This is important for the safety of the whole MIT community. Violence Prevention & Response’s hotline, 617-253-2300, provides 24/7 confidential support. Please visit https://titleix.mit.edu for more information on reporting options and other resources. Also, please note that teachers and TA’s are “mandatory reporters,” which means that if we hear reports of sexual assault or certain other incidents, we are obligated to follow up as per MIT policy.

Academic Integrity
In this course, I will hold you to the high standard of academic integrity expected of all students at the Institute. I do this for two reasons. First, it is essential to the learning process that you are the one doing the work. I have structured the assignments in this course to enable you to gain a mastery of the course material. Failing to do the work yourself will result in a lesser understanding of the content, and therefore a less meaningful education for you. Second, it is important that there be a level playing field for all students in this course and at the Institute so that the rigor and integrity of the Institute’s educational program are maintained.

Violating the Academic Integrity policy in any way (e.g., plagiarism, unauthorized collaboration, cheating, etc.) will result in official Institute sanction. Possible sanctions include receiving a failing grade on the assignment or exam, being assigned a failing grade in the course, having a formal notation of disciplinary action placed on your MIT record, suspension from the Institute, and expulsion from the Institute for very serious cases.

Please review MIT’s Academic Integrity policy and related resources (e.g., working under pressure; how to paraphrase, summarize, and quote; etc.) and contact me if you have any questions about appropriate citation methods, the degree of collaboration that is permitted, or anything else related to the Academic Integrity of this course.
Student Support

Undergraduate Students: Student Support Services (S3)

If you are dealing with a personal or medical issue that is impacting your ability to attend class, complete work, or take an exam, you should contact a dean in Student Support Services (S3). S3 is here to help you. The deans will verify your situation, provide you with support, and help you work with your professor or instructor to determine next steps. In most circumstances, you will not be excused from coursework without verification from a dean. Please visit the S3 website for contact information and more ways that they can provide support.

Website: https://studentlife.mit.edu/s3

Graduate Students: GradSupport

As a graduate student, a variety of issues may impact your academic career including faculty/student relationships, funding, and interpersonal concerns. In the Office of Graduate Education (OGE), GradSupport provides consultation, coaching, and advocacy to graduate students on matters related to academic and life challenges. If you are dealing with an issue that is impacting your ability to attend class, complete work, or take an exam, you may contact GradSupport by email at gradsupport@mit.edu or via phone at (617) 253-4860.

Website: https://oge.mit.edu/development/gradsupport/

Assignments and Deadlines

Professional Memos

All writing is expected to be in a professional format. Footnotes should be minimized and references should use a Chicago inline system where you note the author, year and page number like this:

(Seidman 2004, 18)

Please try to avoid using too much academic jargon in your writing for this class. You should write as if the reader is a practicing planner or financial expert.

Deadlines

Assignments are due by the close of business on the day noted. Please post them before 5 pm. that day so you can get on with your weekend. As mentioned above, I understand the extraordinary circumstances in which we find ourselves. On the other hand, in the professional planning setting, missing deadlines is not generally advisable.

If you need an extension on an assignment, please let me know well in advance of that day if possible. I am happy to make exceptions for good cause on a limited basis, as long as there isn’t an ongoing problem with getting the work done. In general, I believe in getting each assignment done and moving on to the next one.
**Writing help**

The Writing and Communication Center (WCC) offers free one-on-one professional advice from communication experts with advanced degrees and publishing experience. The WCC can help you further develop your oral communication skills and learn about all types of academic and professional writing. You can learn more about the WCC consultations at [http://cmsw.mit.edu/writing-and-communication-center](http://cmsw.mit.edu/writing-and-communication-center) and register with the online scheduler to make appointments through [https://mit.mywconline.com](https://mit.mywconline.com). Please note that the WCC hours are offered on Monday-Friday, 9:00 a.m.-6:00 p.m., and fill up fast.

**Readings**

This class has a primary textbook that is available online as well as available for purchase through the MIT Coop (and many other sources, no doubt):


In the syllabus all readings from this book are abbreviated “EDF.”

Other materials will be posted on Canvas or sent out in advance of class as needed.
<table>
<thead>
<tr>
<th>Date</th>
<th>Subject</th>
<th>Assignment</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tu 2/1</td>
<td>Course Introduction</td>
<td>Studies in Big and Small</td>
<td>EDF pp. 3-7; St. Aidan’s, WEX, façade readings</td>
</tr>
<tr>
<td>Th 2/3</td>
<td>Capital Markets &amp; Market Failures</td>
<td></td>
<td>EDF pp. 7-19; Malpezzi; Lugar; Marshall (video)</td>
</tr>
<tr>
<td>Tu 2/8</td>
<td>Access to Capital and Institutional Disparities</td>
<td></td>
<td>EDF ch. 4-5; Cleveland Fed; Fairlie &amp; Robb (pp. 3-25)</td>
</tr>
<tr>
<td>Th 2/10</td>
<td>Financing a Business (Guest Speaker: Karl Seidman)</td>
<td></td>
<td>EDF ch. 2-3</td>
</tr>
<tr>
<td>Tu 2/15</td>
<td>Real Estate Finance</td>
<td>Worksheet #1: City Plaza Financing</td>
<td>EDF ch. 7</td>
</tr>
<tr>
<td>Th 2/17</td>
<td>State Finance Tools/Loan Guarantee Programs</td>
<td></td>
<td>EDF ch. 8</td>
</tr>
<tr>
<td>Th 2/24</td>
<td>Municipal Finance Tools: Overview</td>
<td></td>
<td>Hansen; EDF, ch. 15</td>
</tr>
<tr>
<td>Tu 3/1</td>
<td>Municipal Finance: Tax Increment Financing &amp; How its Used</td>
<td></td>
<td>Merriman; Brockton &amp; Somerville studies</td>
</tr>
<tr>
<td>Th 3/3</td>
<td>Municipal Finance Tools: BIDs (Guest Speaker: Cary Tyson)</td>
<td></td>
<td>NAC; Mitchell; Gross; Portland Downtown</td>
</tr>
<tr>
<td>Tu 3/8</td>
<td>Local, Regional &amp; State Revolving Funds/Housing Trusts</td>
<td>Worksheet #2: TIF and BID in Action</td>
<td>Andrews &amp; Panacopoulos; Pittsburgh URA; Somerville</td>
</tr>
<tr>
<td>Th 3/10</td>
<td>Affordable Housing Finance (Guest Speaker: Ethan Boxer-Macomber)</td>
<td></td>
<td>Housing Finance Overview; LIHTC; HTF Project; ULI</td>
</tr>
<tr>
<td>Tu 3/15</td>
<td>Federal Finance Tools: CDBG/HOME</td>
<td></td>
<td>EDF, ch. 14; Medford Consolidated Plan (skim)</td>
</tr>
<tr>
<td>Th 3/17</td>
<td>Federal Finance Tools: Tax Credits/Section 108</td>
<td></td>
<td>HUD; La Franchi; Rossman and Theodos; CDFI Fund</td>
</tr>
<tr>
<td>Tu 3/22</td>
<td>Federal Finance: Opportunity Zones/EDA/SBA/Rural Programs</td>
<td>Worksheet #3: HUD Programs in Action</td>
<td>LISC; Han, Whitacre &amp; Ji; USA; SBA Video</td>
</tr>
<tr>
<td>Th 3/24</td>
<td>Private Funding Tools: CDFI’s/CRA/Crowdfunding</td>
<td></td>
<td>EDF, ch. 9 &amp; 12; Wells Fargo</td>
</tr>
<tr>
<td>Tu 3/29</td>
<td>Focus on Small Businesses &amp; “Buy Local”</td>
<td>Case Study</td>
<td>Love &amp; Powe; Wagner</td>
</tr>
<tr>
<td>Th 3/31</td>
<td>Private Funding: Crowdfunding &amp; Angel Investments</td>
<td></td>
<td>Taylor; Abate; Newberger &amp; Berry; Ryan; Woike; Knake</td>
</tr>
<tr>
<td>Tu 4/5</td>
<td>Private Funding Tools (Guest Speaker: Tyler Rossmaessler)</td>
<td></td>
<td>EDF, ch. 10; “Restart Flint &amp; Genesee” web links</td>
</tr>
<tr>
<td>Th 4/7</td>
<td>Program Management: Planning &amp; Politics</td>
<td></td>
<td>EDF, ch. 16</td>
</tr>
<tr>
<td>Date</td>
<td>Subject</td>
<td>Assignment</td>
<td>Readings</td>
</tr>
<tr>
<td>-------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>Tu 4/12</td>
<td>Program Assessment &amp; Redesign; Placemaking</td>
<td></td>
<td>EDF, ch. 17; EPA</td>
</tr>
<tr>
<td>Th 4/14</td>
<td>Crisis Management: Main Street After COVID-19 and Prequels</td>
<td></td>
<td>Levine; Powe</td>
</tr>
<tr>
<td>Tu 4/19</td>
<td>Thompsons Point Case Study <em>(Guest Speaker: Chris Thompson)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Th 4/21</td>
<td>Assembly Square Case Study <em>(Guest Speaker: Wig Zamore)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tu 4/26</td>
<td>Site Visit- Assembly Square</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Th 4/28</td>
<td>Final Project Presentations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tu 5/3</td>
<td>Final Project Presentations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Th 5/5</td>
<td>Final Project Presentations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tu 5/10</td>
<td>Final Project Presentations</td>
<td>Group Projects Due</td>
<td></td>
</tr>
</tbody>
</table>