**UrbanPlan Financial Model Class
Teacher Checklist**

**Overall**

□ Who do you work for? (Development Company and not City)

□ Stress that every role needs to understand the Financial Model and every role needs information that is in it to be successful in their job

**Development by Block**

□ Show that they can only enter in the cream-colored cells and there is a little drop-down arrow that they use to click on the number of something that they want

□ Why can Q-Mart only go in Block 1 or 2?

□ Neighborhood retail potential mistake of entering “2” for one 2x8 Duplo brick (10,000 SF) instead of “1” (show same issue with Parks)

□ Show how to input existing buildings if they decide to keep them (Block 2 and Block 4)

□ Scroll down and show where it says whether the block is Fully Built Out, Underbuilt or Overbuilt

□ Explain how they can overbuild without noticing

 - Note the extra townhouse in Block 2 as an example (then REMOVE it)

**Use Allocation**

**□** Show that they enter the percentage of affordable housing here

**□** If Phoenix Hotel is kept in Block 2, the model will assume the 60,000 SF are dedicated to a homeless shelter. If the students do not want the homeless shelter in the Phoenix, make sure they enter the amount for office and retail (if they want retail)

**□** York Dry Good and Victorian Row:Space not occupied by community facilities and retail becomes office by default

**□** If the Phoenix and Victorian Row are demolished, all uses need to be set to zero (watch out if numbers were input there prior to decision of getting rid of those buildings)

**Summary Page**

**Left Hand Column**

**□** Shows program for entire proposal – everything that the team has included – aggregated in building type totals

**□** Show that they can see the total number of affordable units that they have included (and not just percentages in this column)

**Project Financial Performance**

**□** Minimum rate of return and why (risk/return, incentive for investors)

**□** Explain how profit is calculated

 **□** Meaning of absorption, absorption adjustment and costs related to absorption adjustment. Supply and demand concept, surplus, vacancy. Years of absorption for this project. Externalities related to absorption

**□** Meaning of subsidies

**City Ten Year Net Revenue**

**□** Minimum city return? How many years to get it? Is that all that the city wants?

**□** Where does the city’s revenue come from?

**□** Does this plan has a **homeless shelter**. Financial implications of having it or not having it.

Then walk through the following tabs:

**Job Creation**

**□** Go role by role asking if they are concerned about the number of jobs given their task.

**□** Point out the **affordable housing** and connect the number with the number of units of affordable housing on the left side of the summary page.

**Market Tab**

**□** Go through a row with no absorption adjustment cost (Mid-Rise office)

**□** Go through a row with absorption adjustment cost (Luxury Condo) (# of vacant units)

**□** Meaning of having a number bigger than 3.0 (they will see “CAUTION” in red at bottom if they are overbuilt)

**Value Tab**

**□** Go to the same two rows you went in the **Market tab** to make the connection between a number bigger than 3.0 and the absorption adjustment cost (carrying costs) in $ per overbuilt product type

**□** Point out that all the red numbers (negative) are the uses that are costly to the developer

**City revenue Tab**

**□** Explain without going into details how the taxes are calculated

**□** Point out that all the red numbers (negative) are the uses that are costly to the city

**Jobs Tab**

 **□** Point to the **Jobs tab**, here is where to look at how many jobs are created by each use

**Cost Tab**

 **□** Point to the **Costs tab.** Important tab for the Financial Analystto understand tradeoffs between rehabbing vs. demolishing bldgs. Details of costs of construction per use.

**Playing with the model**

**□** Go to **Use Allocation tab**, increase affordable housing to 20% or 25% for podiums and townhouses.

**□** Ask, what do you think will happen to the rate of return and the city revenue and why?

**□** Take out the numbers for retail and office in the Phoenix, show that it becomes homeless shelter

**□** Ask, what do you think will happen to the rate of return and the city revenue and why?

**□** Go to Block 1, take out the Supermarket, put a Q-Mart, what will happen as a consequence to city returns (you will be overbuilt, you do not have time to change everything, so rate of return % is not accurate, but the sales tax increase is accurate).