

CourseNo: PLANA6222_001_2013_3

Meeting Location: [BUELL HALL 200](#)

Meeting Time: T 09:00A-11:00A

The professors for this course are Professor Richard Froehlich and Professor Chuck Brass.

The course is a broad overview of the nation's residential 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 current crisis in the US mortgage and credit markets is impacting every segment of the real estate finance industry, especially single family and multi-family residential finance. The residential finance system that has evolved in the US over the past 50 years is in the process of breaking down and being remade. This course will focus on the operations of residential mortgage markets, the roles of the government sponsored enterprises (Fannie Mae and Freddie Mac), how the differing mortgage products can impact feasibility, issues in the securitization of mortgages, the role of capital markets in providing liquidity to the residential industry, the impact of mortgage markets on the structure and economics of the housing industry. 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, residential finance and affordable housing finance.

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 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. 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. Every real estate project, and especially

affordable housing projects, has a hidden partner: the federal government.

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 residential finance and in the financing of affordable housing.