

**RED 598 – RESIDENTIAL LAND ACQUISITION (2 UNITS)**  
**Fall 2017 / Tuesday / 6:00 PM – 7:50 PM**  
**VKC 155**

**Instructor: Nam Joe**  
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**(310) 593-4072**

## **COURSE DESCRIPTION**

This course is an in-depth introduction to land acquisitions from the perspective of the for-sale, residential development industry. While course materials and discussion will be focused on homebuilders and homebuilding, students will find that many of the acquisitions concepts and strategies to be discussed are applicable across real estate asset classes.

The first half of the semester will be dedicated to understanding the land acquisition process from initial underwriting to closing and all the steps in-between. During this time, students will gain an understanding of the “nuts and bolts” of residential land acquisitions and begin to develop the requisite “hard” skill set required to be a proficient land acquisition professional. Topics covered will include financial analysis, market research, contracts and due diligence. The goal of this portion of the course will be to develop the foundation necessary to confidently engage in land acquisitions. The first half of the course will culminate in a mid-term exam designed to test the key concepts and skills involved in the land acquisition process.

The second half of the semester will focus on land acquisition strategies, sourcing, soft skills, key players, deal structures and value maximization. Building off of the foundation from the first half of the semester, students will gain exposure to the art of land acquisitions and what is required to excel in the field beyond the fundamental skill set. Students will develop a full picture of the land acquisition landscape, an understanding of the various platforms engaged in the pursuit of land and how to creatively source and structure transactions. Towards the end of the semester, a case study will be introduced and students will work in groups on preparing an investment memorandum. The last class session will consist of a simulated asset management committee meeting where each group will present the case study project for approval.

## **LEARNING OBJECTIVES**

By the end of the semester, each student will understand the steps necessary to shepherd a project from sourcing to asset management committee approval. Further, a working knowledge of all the skills required of a land acquisition professional will have been gained including:

- Deal Sourcing
- Financial Analysis
- Market Research
- Preparing Letters of Intent
- Conducting Due Diligence
- Contract Negotiations
- Transaction Management
- Preparation of Investment Memoranda
- Deal Structuring

## **COURSE NOTES**

Reading assignments and homework will be periodically assigned and posted to Blackboard. Class slides will also be posted to Blackboard (<http://blackboard.usc.edu>). Guest experts will periodically feature in selected class sessions. Completion of homework assignments and attendance will be components of the overall class grade.

## **COURSE SCHEDULE**

### **Week 1 – August 22, 2017**

Introduction / Overview

- Land Development and Homebuilding
- Land Acquisition Process
- Key Concepts
- Land Acquisition Skill Set
- Careers in Land Acquisition

### **Week 2 – August 29, 2017**

Financial Analysis I

- Homebuilder Proformas
- Residual Land Value
- Financial Metrics
- Capital Structures I

### **Week 3 – September 5, 2017**

Market Research

- New Home Competition
- Resale Data
- Scattergraphs
- Third Party Market Studies
- Demographics
- Psychographics
- Local Area Information
- Walkscore and Greatschools
- Community Facilities Districts

### **Week 4 – September 12, 2017**

Financial Analysis II and Deal Structuring

- Land Developer Proformas
- Options / Long Escrows
- Rolling Options and Multiple Takedowns
- Joint Ventures
- Profit Participation
- Capital Structures II

### **Week 5 – September 19, 2017**

Contracts and Legal Documents

- Letters of Intent
- Purchase and Sale Agreements

- Option Agreements
- Confidentiality Agreements
- Commission Agreements
- Operating Agreements

**Week 6 – September 26, 2017**

Due Diligence

- Entitlement Status
- Entitlements Viability
- Preliminary Site Plan
- Title Review
- Utility Availability
- Geotechnical
- Biological
- Environmental
- Market Study
- Budgets
- Schedules

**Week 7 – October 3, 2017**

Mid-Term

**Week 8 – October 10, 2017**

Land Planning and Product

- Building Typologies
- Product Trends
- Value Maximization
- Segmentation

**Week 9 – October 17, 2017**

Entitlements and Land Development

- Tentative Tract Maps
- Specific Plans
- Development Agreements
- Superpads
- Blue-Topped Lots
- Finished Lots

**Week 10 – October 24, 2017**

No Class – ULI

**Week 11 – October 31, 2017**

Housing Cycle and Land Acquisition Strategies

- Value-Add
- Merchant Building
- Land Banking / Off-Balance Sheet
- Distressed Investing
- Assumption Changes in Underwriting
- Core, Secondary and Tertiary Markets

**Week 12 – November 7, 2017**

Acquisition Platforms

- Private Homebuilders
- Public Homebuilders
- Land Developers
- Private Equity

**Week 13 – November 14, 2017**

Sourcing and Land Brokers

- Pipeline Forecasting
- Grassroots Sourcing
- Broker Relationships
- Networking
- Online Tools
- Dual Agency

**Week 14 – November 21, 2017**

Introduction of Case Study for Final Project

- Investment Memoranda
- Land Committee Process
- Building Internal Consensus

**Week 15 – November 28, 2017**

Land Sellers

- Masterplan Developers
- Opportunity Funds
- Land Flippers
- Private Individuals
- Transaction Management

**Final Exam Period – December 5, 2017**

Written Component of Final Project Due (By 5:00 PM)

**Final Exam Period – December 12, 2017**

Presentation Component of Final Project Due (30 Minute Assigned Slots between 7:00 PM and 9:00 PM)

**COURSE GRADING**

Attendance – 10%

Homework – 20%

Mid-Term – 30%

Final Project – 40% (70% Written Component / 30% Presentation Component)

## STATEMENT ON ACADEMIC CONDUCT AND SUPPORT SYSTEMS

### ACADEMIC CONDUCT

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Part B, Section 11, “Behavior Violating University Standards” <https://policy.usc.edu/scampus-part-b/>. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct>.

### SUPPORT SYSTEMS

*Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call*

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

*National Suicide Prevention Lifeline - 1-800-273-8255*

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

*Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call*

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

*Sexual Assault Resource Center*

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

*Office of Equity and Diversity (OED)/Title IX Compliance – (213) 740-5086*

Works with faculty, staff, visitors, applicants, and students around issues of protected class. <https://equity.usc.edu/>

*Bias Assessment Response and Support*

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

*The Office of Disability Services and Programs*

Provides certification for students with disabilities and helps arrange relevant accommodations. <http://dsp.usc.edu>

*Student Support and Advocacy – (213) 821-4710*

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

*Diversity at USC*

Information on events, programs and training, the Diversity Task Force (including representatives for each school), chronology, participation, and various resources for students. <https://diversity.usc.edu/>

*USC Emergency Information*

Provides safety and other updates, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible, <http://emergency.usc.edu>

*USC Department of Public Safety – 213-740-4321 (UPC) and 323-442-1000 (HSC) for 24-hour emergency assistance or to report a crime.*

Provides overall safety to USC community. <http://dps.usc.edu>