SRED 6120 Legal Issues in Real Estate Development

Fall, 2014

Tuesday/Thurs(s)/8:00AM – 9:15AM

Instructor

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Course Objectives

Real estate development relies extensively on various overlapping systems of laws and regulations, both public and private. This course will introduce to students the various ways in which legal rules can affect real estate projects in the planning stages, when contracting for services, through the entitlement process, at financing, and elsewhere. At the completion of the course, students will have an understanding of the legal framework that surrounds the real estate development process, which will assist them in planning their projects, engaging with counsel, interacting with government authorities, and contracting with other project team members.

Learning Outcomes

After completing this course, students will be able to:

1. Understand what government entities have jurisdiction of various phases of development, distinguishing sources of regulation, financing and dispute resolution;

2. Identify the role that attorneys play in the development process and when it is appropriate to include an attorney on your development team;

3. Identify minimum legal requirements for entering into contracts; identify favorable relationships between contracting parties; identify risks and remedies of various types of development contracts.

4. Identify legal issues which may arise in planning, such as property ownership, site control, entity formation, legal requirements of local zoning codes;
5. Understand the role of the tax code in structuring legal entities and providing financial incentives for development.

**Assignments:** Reading materials will be uploaded to Blackboard in advance of each class.

**Grading:**

- 25% - Class Participation
- 25% - Mid-Term Exam
- 50% - Final Exam

Your class participation grade will be a product both of frequency and quality. Students who contribute thoughtful comments on a regular basis will receive full credit in this area. Students who generally refrain from participating or whose comments indicate that they have not engaged with the material or the class discussion will lose credit accordingly.

**Courtesy and Absences**

Laptops are allowed for note-taking purposes but are not to be connected to the internet while in class. Cell phones are to be turned off and texting is not allowed. If you are consistently inattentive to discussion because you are texting or surfing the internet, you may be asked to leave the class.

This is a required course and as such your presence is expected in every class. Lateness will not be accepted. Once you are counted late three times, it equates to one absence. Three absences will lower your grade for the course by a full letter.

**Academic Conduct**

All students are expected to adhere to Tulane Universities' academic policies which can be found at http://catalog.tulane.edu/content.php?catoid=37&navoid=836
TOPICS COVERED

The Legal Landscape; How to work with an attorney – what are they for? What do they do? We will discuss the nature of the law and the structures of local, state and federal legal frameworks. We will also cover an overview of Property and Contracts law, so students will be familiar with basic concepts like Estates, Eminent Domain, Servitudes, Offer and Acceptance, breach of contract and available remedies.

Land Use Regulation We will cover the zoning and city planning processes and the local approval process that is typically necessary to move a real estate project forward. We will also discuss special purpose districts, their legal frameworks, and how projects can be affected by the restrictions those districts create.

A Real Estate Transaction from a Lawyer’s Perspective We will move through the steps in a real estate transaction and the legal rules, obligations, and structures that matter in each step. We will cover ownership structures, pre-acquisition due diligence, site control, contracting with builders and architects, and exit strategies.

Environmental Law and Considerations We will look at the major environmental laws that affect real estate development, the types of projects that are affected by these laws, and the special issues they raise for those projects.

Law and Project Finance We will review the major classes of documents used to govern the relationships between parties to a real estate financing, as well as the legal expectations surrounding certain types of financial structures. We will likely cover loan documents, equity documents, the relationship between permanent and construction financing, securitized loans, and public-private partnerships.

Taxation We will cover a basic introduction to the tax structure that affects real estate projects, and explore how this structure impacts the form that such projects take. We will likely cover the history of taxes on property, major recent adjustments to the tax code in the United States, capital gains taxes, 1031 exchanges, taxation of ongoing concerns, and major tax credit programs (New Markets, LIHTC, renewable energy).

Commercial Leasing We will look at the standard terms in a commercial lease from the perspective of both landlord and tenant, and how these terms can impact a project’s financial structure and consideration.

Bankruptcy We will examine what happens when a deal goes bad and one or more parties declares bankruptcy.