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LESSON 3 - LAND, POLITICS, AND RISK

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## LAND RIGHTS

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The first land right is that **LAND RIGHTS FORESHADOW FUTURE GROWTH.** Land zoning and approvals that dictate the future character of an area are known and land use policy.

The second land right is that **LAND USE IS DRIVEN BY LOCAL MUNICIPALITIES.** Examples of wide-ranging land use policies include Berkley, CA and Boulder, CO.

The third land right is that **LAND INVESTORS PAY MORE ATTENTION TO LOCAL POLITICS.**

The fourth land right is that **LAND USE ISSUES LEAD TO BROADER DEMANDS ON LOCAL INFRASTRUCTURE.**

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## LAND DEVELOPMENT RISK

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The first is the **APPROVAL RISK**. This risk is locally driven. Approvals are determined by a local municipality, such as a county, city, or town. This risk is the most politically charged when seeking approval for changed or new use.

The second risk is **DEVELOPMENT RISK**. This risk comes from converting raw land into finished lots. The key issues here are engineering, dirt moving, drainage, cut and fill, and soil conditions.

The third risk is **MARKET RISK**. This risk comes when the land or lots must be sold into the retail or wholesale markets. Risk factors include the overall U.S. economy, local supply and demand conditions, the availability of debt and equity capital (capital markets), and consumer psychology.