

LAND PURCHASE COST ANALYSIS FOR BASE ENVIRONS MITIGATION FINANCIAL PLAN

This land purchase cost analysis summary was prepared by the Middle Georgia Regional Development Center, to be used by the Houston and Bibb County Commissions for the purpose of making decisions concerning potential land acquisition in the vicinity of Robins Air Force Base.

Purpose

The purpose of this report is to describe the financial plan developed to identify and evaluate properties, in the vicinity of Robins Air Force Base, affected by noise impact and currently proposed zoning changes. This information will enable local and state officials to identify and program funds for the purchase of affected properties.

Background

In 2004, the local governments surrounding Robins Air Force Base completed the *Robins Air Force Base & Middle Georgia Joint Land Use Study (JLUS)*. The purpose of the study was to address actual and potential encroachments and identify incompatible development that might pose potential threats to public safety and restrict the ability of Robins Air Force Base to complete its missions. The study revealed numerous incompatible uses and encroachment in the Base Environs. Of primary concern are residential land use conflicts in Houston and Bibb Counties. In response to the JLUS findings, a joint mitigation strategy was initiated to address incompatible development.

The Macon-Bibb County Planning and Zoning Commission proposed zoning modifications, which restrict development and use of land within adopted Base Environs Overlay Zones. The proposed regulations could potentially devalue property to a degree that would require compensation. In addition, it was determined that the purchase of significantly impacted properties in both Houston and Bibb counties is necessary in order to protect the health and safety of county residents and provide continued support for Robins Air Force Base to complete its' mission.

As a result, the Middle Georgia Regional Development Center was requested by the Bibb and Houston County Boards of Commissioners to develop a cost estimate for potential property acquisition in areas affected by the proposed zoning ordinance changes. This report is the result of the research conducted for Houston and Bibb Counties in the course of complying with the Boards of Commissioners' request.

Financial Plan Project Coordinators

As the regional planning agency for this area and project manager of the Joint Land Use Study, the Middle Georgia Regional Development Center (RDC) was requested to work with representatives from Houston and Bibb Counties and the Law Offices of Almand and Wiggins Associates to provide the following services:

Develop a financial plan to purchase the affected properties to include:

- identifying potentially affected properties;
- assigning a value to the properties;
- determining transaction costs associated with property acquisition;
- developing a formula for total acquisition cost; and
- prioritizing properties acquisition.

Methodology

Project Task Description

The task was to develop a financial plan for the purchase of properties affected by flight activity emanating from Robins Air Force Base.

Research Instrument

Property records were compiled and computations performed using Microsoft Excel software.

Data Sources

- ? Houston County Tax Assessor's Office
- ? Houston County Department of Planning and Zoning
- ? Bibb County Tax Office Records
- ? Macon-Bibb County Planning and Zoning Commission
- ? Windshield Survey

Research Methodology

Step 1 - Definition of Parcels to be Considered

The first step was to identify those properties for potential purchase. Noise affected areas were surveyed to determine the nature of the existing land uses. Survey results determined the presence of commercial, industrial, institutional uses, vacant, and large acreage agricultural tracts. For the purposes of this Plan, the assumption was made that the impact on these properties would not be such that would require compensation, and for that reason they are not included within the plan. Essentially, the Plan includes only residential and small lot properties.

Step 2 - Determination of Property Valuation

1. The starting points for value determination were the records of the respective Tax Assessor's Offices for Houston and Macon-Bibb County. Utilizing maps and Geographic Information System (GIS) data provided the by the Tax Offices and Planning and Zoning, each affected parcel was identified, and those to be included in the Plan were selected. The Tax Assessor's Office property record cards for each selected property were examined and a value determined based upon the

assessed value. It was determined that the assessments were not current and that it would be necessary to increase the value of the properties.

2. Records of property sales since 1998, as maintained by the Bibb County Tax Assessor's Office, were examined. This sales data reflected uniformly that property was selling at a value higher than that reflected in the assessments. The percentage of increase reflected by the sales data varied substantially. A twenty percent (20%) increase was added to the assessed value of each property to derive current fair market value. For those properties adjacent to the Ocmulgee River, however, a different method of increasing value was necessary. To normalize current land value for these properties it was assumed that fair market value would be \$8,000 per acre plus assessed improvement values.

As a result of consultations with Houston County representatives, a twenty percent (20%) increase was added to the assessed value of each property to derive an estimate of current fair market value.

3. Decal mobile homes were considered in addition to those properties listed on County Tax Office property cards. These properties are potential candidates in the event an acquisition plan is implemented. According to both County Tax Offices if a mobile home is 'homesteaded' to the property, a decal would not be issued and the value of the mobile home would be listed as an improvement on the property record card.

Windshield surveys of decal mobile homes were completed with Houston County Tax Assessor's Office representatives. Decals were related to identified properties. Values related to decal mobile homes are included in Houston County acquisition costs.

A windshield survey of Bibb County revealed discrepancies between the total number of mobile homes, property record card figures, and decals issued. In order to avoid the risk of either under counting or over counting costs associated with mobile homes, **properties associated with Bibb County decals are considered as a separate budget item for the purposes of this report.**

Step 3 - Establishment of Transaction Costs

Any plan to purchase property should include additional costs over and above the fair market value of the property itself if total cost is to be determined. These costs are denominated transaction costs and include the cost of family relocation, appraisal cost, closing cost, cost of demolition and disposal of structures, hazardous material inspection, and project administration fees. These costs are detailed in the 'Description of Procedures Used to Determine Total Purchase Cost' section of this report. Transaction costs were derived and then agreed to by representatives from Bibb and Houston Counties.

Additionally, a prudent contingency factor of twenty percent (20%) of total property costs was added to adjust for unforeseen contingency and potential under estimation of values.

Description of Procedures Used to Determine Total Purchase Cost

Procedure used to determine total estimated fair market value:

Real Property Costs

1. Properties were classified by land use type.
2. Properties to be considered for purchase were determined as described in the Methodology section of this report.
3. Assessed value was determined from the property record cards maintained by the Board of Tax Assessors. Assessed value includes land value, building improvements and miscellaneous improvements.
4. A sampling survey of property sales since 1998 indicated that an increase to the assessed value of properties by 20% would yield a reasonable estimated fair market value for all properties except those adjacent to the Ocmulgee River. Land value for the river properties was normalized to \$8,000 per acre. This factor is denoted in results as the McArrell Difference Factor.

Transaction Costs

Formulas used to determine estimated transaction costs are:

- ? **Relocation Cost:** \$5,000 per household
This figure is based on relocation costs currently being allocated for road improvement projects and validated by amounts paid by Bibb County in the 1994 buyout.
- ? **Appraisal Cost:** \$750 per parcel purchased
Appraisal cost was based on an estimate given by Tal Wilcher of Wilcher, Gates and Associates, Inc.
- ? **Closing Cost:** \$750 per parcel purchased
Includes Title Opinion and necessary fees. Cost provided by Almand and Wiggins Associates.
- ? **Demolition Cost:** \$5,000 per residential structures
This figure is based on costs to the Road Improvement Program for demolition of structures on five parcels in the Bloomfield area, Bibb County.
- ? **Hazardous Materials Inspection:** \$1,500 per residential structure
Figure provided by Ken Sheets, Engineer, Bibb County Engineering Department. **This figure does not include the cost of removal if hazardous materials are found to be present.** If hazardous materials are found on any of the sites, the properties will need to be reevaluated.

- ? **Project Administration Cost:** \$1,500 per parcel purchased
This figure includes negotiating purchase, tracking, inspections, and purchasing of property and was provided by Rodney Tarrar, Land Acquisition Specialist, employed by Moreland-Altobelli.

- ? **Condemnation Costs:** 5% of properties at \$10,000 per proceeding
It was predicted that it would be necessary to institute condemnation proceedings on 5% of the properties to be acquired at \$10,000 per condemnation. Estimate provided by Almand and Wiggins Associates.

Contingency Costs

To address unforeseen circumstances, a contingency fund is necessary. Based on discussions with Rodney Tarrar, Land Acquisition Specialist for Moreland-Altobelli, it was determined that it would be prudent to include, in the total cost to purchase, 20% of the fair market value (including the river property adjustment) to cover unforeseen contingencies and potential underestimation of property values.

Results

This section provides the total property purchase cost breakdown, including calculated fair market values and transaction costs, for the impacted area. Results are further separated by Base Environ noise contour zones. In addition, value determinations related to decal mobile homes are presented.

Total Purchase Cost for Houston and Bibb County Impacted Area	
Cost	Description
\$15,919,366	Total Adjusted Value of Assessed Properties (Assessed Value + 20%)
\$1,838,567	McArrell Difference Factor
\$1,040,000	Relocation Cost - Occupied Assessed Only (\$5,000/household)
\$224,250	Appraisal (\$750/property)
\$224,250	Closing Costs (Title Opinion and all Fees) (\$750/property)
\$1,040,000	Removal/Demolition/Disposal Cost (\$5,000/structure)
\$312,000	Hazardous Material Inspection (\$1,500/occupied property)
\$448,500	Project Administration Fee (\$1,500/property)
\$149,500	Adversarial Litigation Circumstance (5% of Assessed Properties multiplied by \$10,000)
\$3,565,190	Contingency (20% of 'Total Adjusted Value of Assessed Properties' and 'McArrell Difference Factor')
\$24,761,623	Subtotal
\$4,490,926	Purchase Cost for Decal Mobile Homes
\$2,775,000	North Park Mobile Home Park
\$32,027,549	Total
299/233	Total Number of Properties/ Decal Mobile Homes

Purchase Cost for Bibb County Impacted Area	
Cost	Description
\$14,962,210	Total Adjusted Value of Assessed Properties (Assessed Value + 20%)
\$1,838,567	McArrell Difference Factor
\$925,000	Relocation Cost - Occupied Assessed Only (\$5,000/household)
\$192,000	Appraisal (\$750/property)
\$192,000	Closing Costs (Title Opinion and all Fees) (\$750/property)
\$925,000	Removal/Demolition/Disposal Cost (\$5,000/structure)
\$277,500	Hazardous Material Inspection (\$1,500/occupied property)
\$384,000	Project Administration Fee (\$1,500/property)
\$128,000	Adversarial Litigation Circumstance (5% of Assessed Properties multiplied by \$10,000)
\$3,360,155	Contingency (20% of 'Total Adjusted Value of Assessed Properties' and 'McArrell Difference Factor')
\$23,184,432	Subtotal
\$4,490,926	Purchase Cost for Decal Mobile Homes
\$2,775,000	North Park Mobile Home Park
\$30,450,358	Total
256/233	Total Number of Properties/ Decal Mobile Homes

Purchase Cost for Houston County Impacted Area	
Cost	Description
\$957,156	Total Adjusted Value of Assessed Properties (Assessed Value + 20%)
\$0	McArrell Difference Factor
\$115,000	Relocation Cost - Occupied Assessed Only (\$5,000/household)
\$32,250	Appraisal (\$750/property)
\$32,250	Closing Costs (Title Opinion and all Fees) (\$750/property)
\$115,000	Removal/Demolition/Disposal Cost (\$5,000/structure)
\$34,500	Hazardous Material Inspection (\$1,500/occupied property)
\$64,500	Project Administration Fee (\$1,500/property)
\$21,500	Adversarial Litigation Circumstance (5% of Assessed Properties multiplied by \$10,000)
\$205,035	Contingency (20% of 'Total Adjusted Value of Assessed Properties')
\$1,577,191	Total
43	Total Number of Properties/ Decal Mobile Homes

Conclusions

Acquisition of the properties considered in this study will provide necessary and critical benefits to the citizens of the State of Georgia. First, incompatible development issues related to Robins Air Force Base will be addressed. This will allow the Department of Defense to view Robins as unrestricted in terms of mission flexibility. Second, the potential for citizens residing in the vicinity of the Base to be adversely affected by noise will be eliminated. Finally, possible harm to property owners, resulting from the implementation of proposed zoning regulations, will be negated.