

Kathy

Date: 9-22-96

To: John Booth
Paul Johnson
Bill Scheffler
Stu Bernard

From: Jorgen Jensen

Enclosed is a draft report on the Baron's Property South. Please advise of any changes or additions.

RECEIVED
SEP 23 1996
WESTPORT P. & Z. C.

AQUISITION OF BARON'S PROPERTY SOUTH

Draft
9-23-96
JF Jensen

EXECUTIVE SUMMARY:

The Baron's property has been offered for sale for \$11 million but no offers have been made. A proposal for a large medical care /elderly housing project required zoning change and recieved a storm of community opposition. The town estimates that a 29 unit residential development is feasible with present zoning. A more realistic value for the property is in the range of 6.5 to 7 million dollars.

The corner lot with a residence and lawns sloping down towards the Post Road is not for sale.

The Baron's property contains a valuable frontage on the Post Road. The P&Z is concerned over developing this lot because it fronts on the busy Post Road near the Compo Road intersection. Valued at nearly \$1 million, it would make expensive open land.

Several valuable buildings are located on top of a steep slope from South Compo Road. However, these properties may not be suitable for municipal use due to difficult access on steep narrow roads, lack of parking, handicapped access and non-compliance with codes. Also, the BOF has expressed concern over the town-owning buildings which constantly deteriorate and have to be maintained.

The remainder of the property slopes steeply toward Imperial Avenue where two access roads exist in close proximity to the town center. The area closest to Imperial Avenue is best suited for development but use for a school has been ruled out due to the small size of flat area.

It is proposed that the Town purchase the property and sell off the valuable commercial lot and office building. Also, selling three valuable residences on Compo Road South with one acre lots and the existing driveways. The town would retain 20.5 acres for open space or future municipal use. The final cost to the town would be est. \$3,679,000 plus interest on bonds.

This cost is offset by net saving over 15 years of \$2,288,000 from school expenses for 57 children which would result from residential development. 15 years have been chosen because it is the average length of time a resident keeps a home.

The cost could be further offset by selling Town owned land such as the Inxweiler property or lots at Londashore.

The YMCA is interested in selling their present facility on the Post Road and building a new 100,000 sq. ft. facility on the Baron's property in order to meet the demand for services. They would use 12 acres of the property including landscaping and parking. This facility could fit in with a Town community center. The YMCA expect to receive an estimated \$6 million for their present building and they may be able to pay sufficient rent on the land to offset all or part of the bonding cost.

If the present YMCA building is converted to commercial use it will generate \$108,000 per year or \$1,600,000 over 15 years.

In conclusion, it appears that the town has several options to purchase Baron's property at little or no cost to the town.

VALUATION OF BARON'S PROPERTY , SOUTH:

1. Evaluation based on 1995 Assessment:

1995 Assessment Total:	\$5,503,810
20 South Compo Road residence not for sale;	\$ 970,000
Property for sale:	\$4,533,810
Market value @ 70%	\$6,476,871

2. Valuation based on property sales, brokers estimates or 1995 assessment.

1.3 acre commercial property on Post Road (brokers est.):	\$ 950,000
Imperial Ave office bldg. (brokers estimate):	\$ 500,000
52 South Compo Road bldgs. and 1 acre lot (1995 assessm.):	\$ 515,786
68 South Compo Road bldgs. and 1 acre lot(1995 assessm.):	\$ 968,514
72 South Compo Road bldg. and 1 acre lot(1995 assessm.):	\$ 709,271
20.5 acres undeveloped land :	

No A zone large lot sale has taken place in recent years. Only one large AA zone development and one large AAA zone development were found.

Greystone Farm Lane, AA zone, 9 lots sold 9/95 for	\$1,875,000
Cost per lot of raw land:	\$ 208,333
Baron's property raw land 20.5 acres, 75% utilization yields 16 lots @\$208,000	\$ 3,333,328
Total	\$6,976,899

Alternative estimates of raw land cost:

Rogers Way, AAA zone, 6 lots sold 4/96 for:	\$1,799,000
Cost per lot of undeveloped land:	\$ 299,833
20.5 acres, 75% utilization yields 8 lots @299,883=	\$ 2,398,664
This is not the best use for this property.	

We can also estimate the value of A zone raw land by comparing prices of finished lots:

Average price for developed A zone lot:	\$ 217,000
Average price for developed AA zone lot:	\$ 320,000
Average cost raw land in AA zone lot:	\$ 208,000

Est. value of raw land in A zone lot: $208,000 * 217,000 / 320,000 =$
\$ 141,050

Prior est. of 29 lots reduced by three 1 acre lots which already have homes and have been costed separately leaves 26 lots: $26 * 141,500 =$ \$3,679,000

Total valuation:	\$7,322,571
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This valuation is based on flat land. The Baron's property has steep slopes throughout the property which requires extensive excavation and a complex and costly drainage systems to funnel the runoff from roofs, asphalt roads and driveways all the way to the Saugatuck River. As a result, the value of the raw land is less than stated, and the finished lots will be scarred by steep retaining walls and therefore less valuable than stated.

However, a 29 lot cluster development may be permitted on the flatter portion of the site, minimizing these problems. This is therefor the highest value option.

CREATIVE FINANCING PROPOSALS:

- 1. Sell off commercial property which has high value for small lots.
 - Value, based on brokers estimates:
 - a. Sell 1.3 Acres general business district on the Post Road; \$950,000
 - b. Sell Imperial Ave office building \$ 500,000*
 - * Building next door for sale for \$895,500

2. Sell 2 homes on Compo Road South with access road and one acre land. Homes are valuable but not suitable for town use due to non-compliance with fire, electrical wiring, handicapped access, road regulations and limited parking.

Value based on 1995 assessment	
68 South Compo Road (Mansion)	\$ 968,514
72 South Compo Road (corner lot)	\$ 709,271

Total sale of property: \$3,127,845

3. Sell Linxweiler house. This valuable property is currently used as half way house for 4 young men. Relocate to buildings on 52 Compo Road South. Drop current proposal to build senior housing on site since The Saugatuck has amply satisfied this need.

Value based on 1995 assessment: \$ 994,985

Total: \$4,122,830

Since deed restrictions may prevent this, the alternative would be to sell 52 Compo Road South with one acre and driveway: \$ 515,786
 Total: \$3,643,631

4. Sell lots at Longshore. Exchange high priced lots which are in between other homes at Longshore for open space at Barons property. \$TBD.

5. Cost saving from school expenses from residential development:

Assumptions:

The property will be developed into 29 lots as suggested by the P&Z. It is possible that a creative developer could get more lots in. Using the factor of 75 % utilization yields 33 lots. However, the steep slopes on the site suggest that even 29 lots would result in marginal lots requiring extensive excavation and unsightly retaining walls and expensive drainage systems and the lots may not be attractive to the upscale buyers that are moving into Westport. It is assumed that 29 lots can be developed. Homes on 3 existing lots have been retained so that only 26 lots would be added.

2.2 children per home according to a survey of 26 homes in the Gault development. 6 families who relocated from Westport are included since they were replaced by other young couples in their old homes. 4 children preferring Greens Farms Academy were excluded.

\$10,000 cost per pupil for education. In a system which is growing rapidly it is unrealistic to use incremental costs.

Average 10 years in school vs. normally 13 years

Average residency in home: 700 annual home sales @ 9841 homes= 14.1 years; use 15 years to be conservative.

Taxes for A zone home (Gault development) \$ 8,800
(1995 assessm.)



Net cost to town of school expenses, offset by tax revenues over 15 years:
 $26 * (10 * 2.2 * 10,000 - 15 * 8,800) =$ \$2,288,000



6. YMCA joint use of property

The YMCA is finalizing its proposal for a 100,000 sq. ft. facility, covering 12 acres including parking and landscaping. This is 50% larger than their present building. It will allow the Y to increase its preschool program and modernize and enlarge facilities to meet the demand.



The facility could be combined with town facilities.

The present Y would be sold for an estimated \$6 million and fund raising will begin for additional money needed. A mortgage may also be obtained. The Y may be able to contribute a sum towards the aquisition of the property and/or could pay rent which could offset the bonding cost. Rent might be preferable because of the towns low bonding cost.

7. Tax revenues from sale of present YMCA.

A \$6 million building will give est. \$ 75,309 per year in tax revenue
or \$1,130,000 over 15 years.

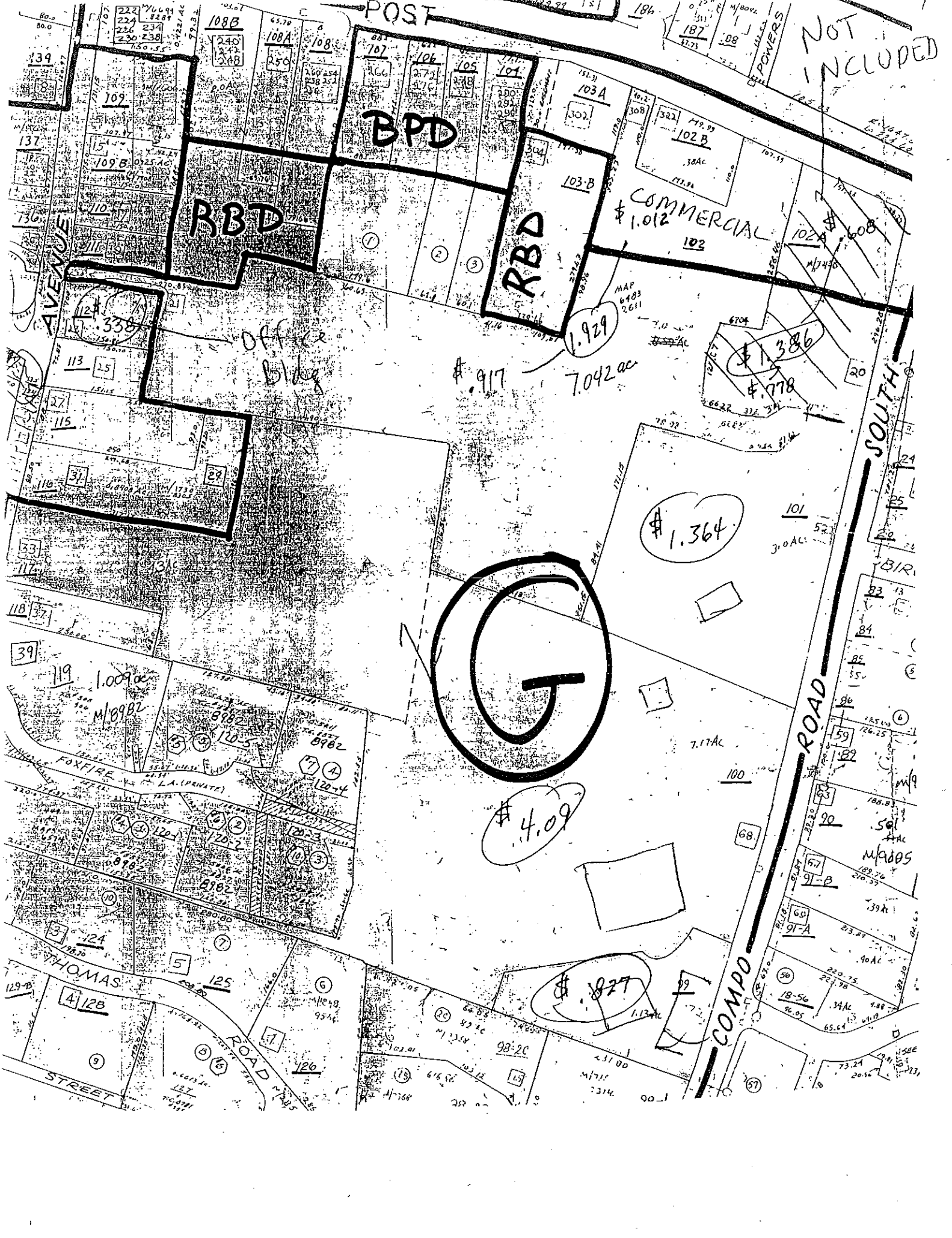
8. Sale of gravel

According to Bill Gault, the site is probably pure gravel. Leveling of the
site will be paid for by sale of gravel.

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be

POST

NOT INCLUDED



BPD

RBD

RBD

COMMERCIAL
\$ 1.012

Office Bldg

G

\$ 1.364

\$ 4.09

\$ 1.827

1.929
7.042 ac

ROAD
COMPO

SOUTH

AVENUE

THOMAS STREET

BIRD

ROAD

ROAD

ROAD

ROAD

