

CITY OF PUNTA GORDA

**Economic Impact of the New Bird Cut East
Channel on Property Values**

September 2017

PMG Associates, Inc.

ECONOMIC IMPACT OF THE PROPOSED BIRD CUT EAST CHANNEL CUT

Introduction

PMG Associates, Inc. has been authorized by the City of Punta Gorda to complete an analysis of the assessment of property owners in the Punta Gorda Isles section of the City who may benefit from the additional Charlotte Harbor Access through the Bird Cut East Channel project.

This project is an additional navigational access canal to connect the Punta Gorda Isles canal system to Charlotte Harbor through a shorter, more convenient, and more direct route than is currently available at the existing Ponce de Leon Inlet harbor access point (the “Harbor Access Project”). Bird Cut East, subject to permitting, at this location an approximately 1,446 feet long and 60 feet wide channel will be cut through an existing mixed wetland and upland area to connect the Punta Gorda Isles canal system to Alligator Creek, which then connects directly to Charlotte Harbor about 1 mile down the creek

The Harbor Access Project has been contemplated for more than 10 years and is envisioned in the Punta Gorda Waterfront Development Master Plan and the TEAM Punta Gorda Citizens Master Plan. Various boards and committees have discussed this potential project and possible means of implementation, including the Waterfront Development Advisory Committee, the Revitalization Committee, the Punta Gorda Isles Canal Advisory Committee, the Burnt Store Isles Canal Advisory Committee, and the 1% Local Option Sales Tax Committee. (Nabors Giblin & Nickerson Apportionment Methodology Memorandum).

The firm of Hans Wilson and Associates (HWA) has completed preliminary evaluations of the project, design, costs and potential impacts. As documented by HWA, the Harbor Access Project will serve the following purposes:

- Improved navigational access to Charlotte Harbor
- Decreased travel time to reach the open water of Charlotte Harbor
- Second access point for Punta Gorda Isles canal front properties
- Better boating experience due to less time in navigating the canals
- Improved tidal exchange that will lead to better tidal flushing of the interior canals in the Benefit Area
- Improved property values

The first step in this process is to define what economic impacts may be derived from the project to support the allocation of the capital costs to property owners through an assessment.

The common perception is that the properties in the Benefit Area will experience an increase in value or marketability due to the reduction of time required to reach deep water, the more convenient access and healthier canal environment. Property owners should realize additional enjoyment and value from this project.

Study Area

The area to be considered for the assessment is defined as the Benefit Area, which are those properties that will experience a shorter travel time to the Harbor. The Benefit Area is depicted in Exhibit 1.

EXHIBIT 1 ASSESSMENT BENEFIT AREA



The Benefit Area includes 2,613 individual parcels with an assessment of \$486 million.

Methodology

The methodology includes the comparison of property values in the Benefit Area with neighboring communities that already have deep water access. The comparison of property values is centered on vacant property only. Any comparison of constructed homes has many additional variables such as square footage, building materials, fixtures and other factors that

prevent a meaningful comparison. To keep the comparison in an “Apples to Apples” process, only vacant lands are considered. The comparison of the property values for this analysis used the Punta Gorda Isles neighborhood but divided the area based on the existing access to the Harbor. The general area was divided into three sections with varying deep water access.

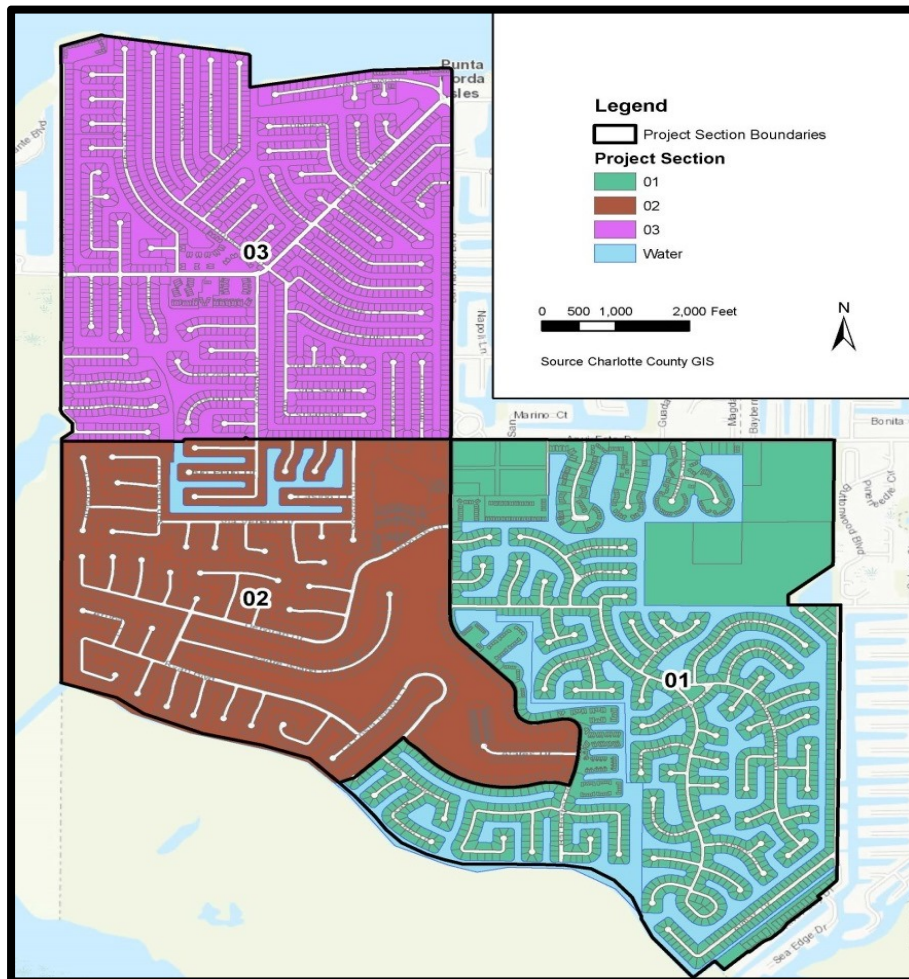
Area 1 - The defined Benefit Area of the Bird Cut East Channel project

Area 2 – Punta Gorda Isles just west of the Benefit Area (Harbor access through Ponce De Leon Channel)

Area 3 – Punta Gorda Isles to the northwest of the Benefit Area (Harbor access through Punta Gorda Isles-Tarpon/Pompano Inlet and the Punta Gorda Isles-Bass Inlet)

The three areas used for examining values are depicted in Exhibit 2.

EXHIBIT 2 PROPERTY COMPARISON AREAS



The process for the comparisons is as follows:

1. Obtain Property Appraiser data for the three study segments
2. Identify Vacant properties designated for Single Family Homes with waterfront access
3. Obtain the Land Value of the properties
4. Identify vacant property for sale through Zillow.com including List Price, size of lot, improvements (Dock) and other pertinent data
5. Identify recent sales of vacant lots in each sub-area including sales price, days on the market and reduction from List Price
6. Compare all values adjusting for square footage and improvements
7. Determine if any other factor influences sales price (gated community, etc.)
8. Insure that no properties used in this analysis bordered on another Study Area

Certified Just Value

The value of Vacant Residential Lots with waterfront access with zoning for Single Family Homes was obtained for all three study areas. The land value for the vacant waterfront properties based on the Property Appraiser data was determined for this study. The advantage of the method is the fact that the Property Appraiser is an independent source that values property in a consistent manner throughout the County.

Vacant lots were chosen for the evaluation since they are the most direct comparable values. Comparing completed homes, multi-family properties or other types of properties introduce a significant number of additional variables. Completed homes differ based on size, building materials, design and amenities. By including vacant single family lots, the most direct comparison is achieved.

In Area 3, some of the Vacant Lots and Completed Homes were directly on the Harbor. These properties were eliminated since they were not direct comparisons to properties with canal access only.

**TABLE 1
AVERAGE VALUE OF LAND**

Category	Area 1	Area 2	Area3
Average Vacant Land Value	\$156,247	\$176,065	\$223,694
Number of Parcels	260	153	118
Average Value of Improvements (Docks)	\$3,081	\$3,338	\$3,507
Number of Parcels	72	54	77
Average Land Value Completed Homes	\$166,952	\$200,323	\$216,342
Number of Parcels	919	830	1,427

Source: Charlotte County Property Appraiser; PMG Associates, Inc.

Sales, listing price

The Certified Just Value is one method of making comparisons. Another is the comparison of List Prices for lots for sale in the three areas. Data was obtained from Zillow.com to investigate the variances in pricing between the three study areas.

Listings were chosen at random from all of the vacant land properties for sale in the study areas. Notations of Address, List Price and size of the lot were identified. Tables 2 through 4 provide the data for each of the study areas.

TABLE 2
VACANT LOTS FOR SALE – AREA 1

Area 1

Address	Improvement	Size (sq. ft.)	List Price	Price/Sq.ft.
1284 Pine Siskin Drive	None	10,201	\$229,000	\$22.45
5800 Almar Drive	Dock	9,583	\$284,900	\$29.73
4027 Turtle Dove Cir.	None	9,600	\$300,000	\$31.25
3630 Towhee Court	None	9,286	\$249,000	\$26.81
1235 Canvasback Ct.	None	9,583	\$265,000	\$27.65
1430 Sea Gull Ct.	None	9,583	\$249,900	\$26.08
1438 Casey Key Dr.	Dock	9,760	\$299,000	\$30.64
1434 Casey Key Dr.	None	9,760	\$199,000	\$20.39
1345 Osprey Ct	None	9,591	\$265,000	\$27.63
Eider Ct, Lot 5	None	10,171	\$395,000	\$38.84
1362 Jacana Ct.	Dock	9,583	\$209,900	\$21.90
Average		9,700	\$267,791	\$27.61

Sources: Zillow.com; PMG Associates, Inc.

**TABLE 3
VACANT LOTS FOR SALE – AREA 2**

Area 2

Address	Improvement	Size (sq. ft.)	List Price	Price/Sq.ft.
2112 Charlotte Amalie Ct.	None	9,385	\$239,900	\$25.56
2300 St. Davids Isle Ct.	Dock	10,227	\$335,000	\$32.76
3448 St Croix Ct.	Dock	10,558	\$335,000	\$31.73
1215 Socorro Dr.	None	11,761	\$379,900	\$32.30
2500 Via Veneto Dr.	Dock	9,600	\$296,900	\$30.93
2517 Rio Largo Ct.	Dock	9,600	\$349,900	\$36.45
2730 St. Thomas Dr.	Dock	9,583	\$399,000	\$41.64
2730 Maya Guana Ct.	Dock	8,738	\$375,000	\$42.92
2838 Deborah Dr.	Dock	10,486	\$289,000	\$27.56
2346 St. Davids Island Ct	None	10,001	\$399,000	\$39.90
2900 Ryan Blvd.	Dock	9,600	\$429,000	\$44.69
Average		9,958	\$347,964	\$34.94

Sources: Zillow.com; PMG Associates, Inc.

**TABLE 4
VACANT LOTS FOR SALE – AREA 3**

Area 3

Address	Improvement	Size (sq. ft.)	List Price	Price/Sq.ft.
2272 Palm Tree Dr.	None	9,583	\$350,000	\$36.52
164 Tropicana Dr.	Dock	13,068	\$320,000	\$24.49
2423 Sierra Ln.	Dock	8,833	\$299,000	\$33.85
2280 Palm Tree Dr.	None	9,583	\$350,000	\$36.52
102 Colony Point Dr.	None	9,583	\$375,000	\$39.13
470 Sorrento Ct.	Dock	9,374	\$218,900	\$23.35
182 Crescent Dr.	Dock	10,332	\$440,000	\$42.59
2210 Bayview	Dock	19,166	\$645,000	\$33.65
185 Gulfview	Dock	10,066	\$259,000	\$25.73
2190 Palm Tree Dr.	None	9,583	\$350,000	\$36.52
Average		10,917	\$360,690	\$33.04

Sources: Zillow.com; PMG Associates, Inc.

As is evidenced by the data in the tables, neither the size of the lot or the existence of a dock is the driving factor in the comparisons. For this study, the averages will be evaluated to determine the relative value of properties in the three areas.

It is also clear that the Listing Price of a Vacant Single Family Lot is significantly higher than the Certified Just Value by the Property Appraiser. This is consistent with experiences throughout the State of Florida. The summary of the data is found in Table 5.

**TABLE 5
AVERAGE LIST PRICE VACANT LOT**

Category	Area 1	Area 2	Area3
Average List Price	\$267,791	\$347,964	\$360,690
Average Size of Lot	9,700	9,958	10,917
List Price per Square Foot	\$27.61	\$34.94	\$33.04

Sources: Zillow.com; PMG Associates, Inc.

Actual Sale Prices

Most properties do not receive full List Price when an actual sale occurs. Based on the number of offers for a property, a prospective purchaser offers less than the List Price. The amount of discount that occurs varies based on the number of properties on the market, the number of purchasers and the general state of the economy. The most recent sales data was obtained from Realtor.com to evaluate this discount. The actual sales Price versus the List Price is as follows:

- Area 1 - Reduction of 8.28%
- Area 2 – Reduction of 3.46%
- Area 3 – Reduction of 7.22%

Price Per Square Foot

The Property Appraiser and the Real Estate data indicates that the existence of a dock does not influence the value and pricing of the properties. There are factors based on the square footage of the property that influence values. This factor will be evaluated since the property sizes do vary.

**TABLE 6
COMPARISON OF VALUES BY SQUARE FOOT**

Category	Area 1	Area 2	Area3
Certified Just Value (Vacant Land)	\$16.11	\$17.68	\$20.49
Certified Just Value (Land Value of Property with House)	\$17.21	\$20.12	\$19.82
Listing Price	\$27.61	\$34.94	\$33.04
Adjusted Sales Price (List Price less Discount)	\$25.32	\$33.73	\$30.65

Other Factors Impacting Value

An examination was made of the area to determine if any other factors could impact the value of the property. Factors such as gated communities, proximity to Golf or Yacht Clubs and the nature of the land area were examined to assess the potential for impacting the values.

Gated Communities:

There are no gated communities for Single Family Homes in any of the areas. Some of the condominium properties have secure entrances, but no neighborhood has these services.

Proximity to Clubs:

There are two specialty Clubs in the overall Study Area (Isles Yacht Club and St. Andrews South Golf Club). Both facilities serve the population throughout Punta Gorda Isles and are easily reached by any of the residential units in the Study Area. St. Andrews borders both Area 1 and Area 2 and is a short distance from Area 3. The locations of these facilities do not provide an advantage for any of the areas.

Nature of the Area

In all sections of the Study Area, the canal system meanders through the community offered varying water frontage, views and access. The only difference in the three areas is the direct access to the Harbor and deep water.

Analysis

There are two analyses conducted to determine the potential increase in value or marketability of a Single Family Lot in the Study Area (Certified Just Value and Sales Price). The two methods vary in the results by a significant amount. The value of a Single Family Lot using the Certified Just Value increases by a value of \$15,229, when comparing Area 1 with Area 2. For the Sales Price method, the increase is \$81,577. The calculation of the increase is found in Table 7.

**TABLE 7
COMPARISON INCREASE IN VALUE VACANT LAND – AREA 1 AND AREA 2**

Certified Just Value		Sales Price	
Category	Value	Category	Value
Value per Square Foot Area 2	\$17.68	Sales Price per Square Foot Area 2	\$33.73
Value per Square Foot Area 1	\$16.11	Sales Price per Square Foot Area 1	\$25.32
Difference	\$ 1.57	Difference	\$ 8.41
Square Footage Area 1	9,700	Square Footage Area 1	9,700
Maximum Increase in Value	\$15,229	Maximum Increase in Value	\$81,577

**TABLE 8
COMPARISON INCREASE IN VALUE VACANT LAND – AREA 1 AND AREA 3**

Certified Just Value		Sales Price	
Category	Value	Category	Value
Value per Square Foot Area 2	\$20.49	Sales Price per Square Foot Area 2	\$30.65
Value per Square Foot Area 1	\$16.11	Sales Price per Square Foot Area 1	\$25.32
Difference	\$ 4.38	Difference	\$ 5.33
Square Footage Area 1	9,700	Square Footage Area 1	9,700
Maximum Increase in Value	\$42,486	Maximum Increase in Value	\$51,701

Category	Increase Comparing Area 1 to Area 2	Increase Comparing Area 1 to Area 3
Vacant Land	\$15,229	\$42,486
Land Value of Completed House	\$28,227	\$25,317
Sales Price of Lot	\$81,577	\$51,701

The range of increase is between \$15,229 and \$81,577 with an average of \$40,765. These figures assume that the full increase is available in the first year after completion of the new channel. Valuations are based on sales activity in an area. Based on the volume of sales, it is estimated that reaching the full value increase would require 2 to 3 years. Based on this assumption, the value of increase in the first year ranges from \$5,076 to \$27,192 with an average of \$13,588. As a percentage, the expected increase in value is between 10% and 30% of current value.

Conclusion

It is reasonable to find that the completion of the deep water access channel will provide stabilization or an increase in value and marketability to properties in the Benefit Area. Other property types will also experience a similar increase.