

Appendix 3
Estimated Land Values
In Philomath

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Personal communication with real estate appraisers and real estate agents in the Philomath area indicate the following:

- In the flat regions of Philomath an unimproved home lot with available City amenities (potable water, sanitary sewer, storm drainage, street access) will cost approximately \$40,000. This value varies more with location than with lot size. For three lot sizes, this is equivalent to

8,000 square feet	\$5.00 per square foot
10,000 square feet	\$4.00 per square foot
12,000 square feet	\$3.33 per square foot
- The cost of unimproved land without City amenities varies according to location, presence of wetlands, the owner's motivation to sell, the owner's perceived value of a City street with utilities in owner's plans for the property. It is difficult to provide either a typical value or an average value.
- The majority of profit realized from the development of land typically goes to the party who assumes the financial risk of development; *i.e.*, the developer who constructs utilities and streets. Thus, the value of undeveloped land without available City amenities is significantly less than that of the \$40,000 home lot.
- Two recent land transactions for property without City amenities are:

3.95 acres sold for \$135,000	= \$34,177 per acre	= \$0.78 per square foot
2.0 acres sold for \$67,500	= \$33,750 per acre	= \$0.77 per square foot.

These properties are near Philomath, but not within its present boundary. It is understood both properties were purchased for homes; the former apparently involved two home sites. It is also assumed each home site had an approved well.

Because land purchased for street rights-of-way discussed in this report is not intended for home sites and does not presently include immediate access to City utilities¹, it is assumed the value of this land will be significantly less than \$3 - \$5 per square foot associated with a home lot with utilities.

Because land purchased for street rights-of-way discussed in this report is not intended for home sites and does not include improvements such as wells, it is assumed the value

¹ 9th Street may be an exception, and is discussed below

of this land will be less than \$0.78 per square foot associated with home sites with acreage.

Because construction of proposed streets may be considered to increase the value of adjacent undeveloped property, owners of undeveloped property may be motivated to sell property required for street rights-of-way. Potential subsequent land subdivision could result in property values approaching \$40,000 per home site, with reduced cost and risk to the property owner.

For these reasons, it has been assumed the cost of land acquisition for street rights-of-way is \$0.60 per square foot. It should be noted this is an estimate, and as the City acquires land for rights-of-way this value should be updated to reflect actual costs.

Proposed Improvements to Ninth Street

A proposed project is the improvement to Ninth Street between Pioneer Street and Quail Glen Drive. This portion of Ninth Street is presently not as wide as current City standards, and the vertical alignment may yield substandard sight distances. The proposed widening requires acquisition of additional right-of-way.

There may be existing utilities in Ninth Street, but the proposed widening does not involve the purchase of an existing home site, nor does it result in providing access and utilities to potential additional home sites adjacent to the improvements. It is assumed the additional right-of-way could be purchased equally from land owners on east and west sides of Ninth Street.

For these reasons, it is assumed the cost of land for additional Ninth Street right-of-way is the same as the cost for other acquisitions.