

## State may buy land at 50% markup

*The price is \$17.7 million more than the property cost 6 months ago.*

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Just six months ago, developers finalized a deal to buy 7 square miles of woods and wetlands near the St. Johns River. The price: \$32.3 million.

On Tuesday, Gov. Jeb Bush and the Cabinet will consider purchasing the same property as state forest. The price: \$50 million.

Government officials say handing developers a \$17.7 million profit is reasonable.

But taxpayers are shelling out the extra money because government officials delayed purchasing the land while savvy developers saw an opportunity and acted.

The profit stems from rising real-estate trends. But complexities in property-value assessments, the timing of negotiations to buy the land and a legal dispute also influenced how the price was set.

Though it is unclear whether the governor and Cabinet will sort through the issues before approving the land purchase, government officials maintain it is a good deal.

"It's a very significant piece of property. We think that \$50 million is a fair price to pay," said Robert Christianson, who directs acquisitions for the St. Johns River Water Management District and was instrumental in partnering his agency, Orange County and the state of Florida to purchase the land, known as the Joshua Creek Conservation Area.

An attorney for the current owners, a Polk County development partnership, said his clients could sell for an even higher price to private buyers, but they are outdoorsmen who love the property and want it preserved.

"They are very happy to be selling it to the state," Orlando lawyer Matthew Smith said.

Vital habitat

The Joshua Creek land is a key target for purchase because it would nearly double the size of the Little Big Econ State Forest and fill a gap in the Florida National Scenic Trail. The healthy ecosystem for black bears, bobcats, deer, rare aquatic birds and other wildlife covers much of the landscape.

Of the 4,569 acres, about 80 acres poke into Seminole County east of Chuluota. The rest spreads across the remote

and densely wooded corner of northeast Orange County.

The property takes in oak and pine forests, wetlands and a web of meandering waters, including Joshua, Christmas and Buscombe creeks. Development is limited to ranchettes, single homes on multiacre tracts.

In 1985, a partnership of Orlando doctors, lawyers and business owners bought the environmentally prime portion of Joshua Creek land. The group paid \$3.6 million for 3,900 acres, about half of which is wetlands.

From that day forward, representatives of the Hunters Development Fund partnership repeatedly negotiated with local, state and federal conservation agencies interested in buying the land. There were numerous discussions, appraisals and bids.

But the partners were frustrated by what they considered to be "low-ball" offers.

Christianson said his agency gave up on buying the land because the Hunters Development partnership had spurned his agency's offers and an outside company doing business on the property had declared bankruptcy, making a purchase risky.

The partnership also was taking steps to permanently conserve some of the land, Christianson said, which lessened urgency to acquire the property.

Still, at the beginning of this decade, Hunters Development set a price of \$5,000 an acre, assuming it would be several years before somebody offered that much.

In February last year, private investors from Polk County started negotiations, according to Hunters Development representatives.

The former owners said they signed a contract in July 2005 to sell to the Polk investors for \$20 million or slightly more than the targeted \$5,000 per acre.

Government jumps in

Yet before the sale was completed March 30, government officials had moved in earnest to buy the land from the Polk investors.

Christianson said he knew of no specific threat the land would be developed, but his agency saw a chance to buy it, using Orange County public-service and sales taxes, a state tax on real-estate transactions and the state's general fund.

But authorities soon would learn the property had grown much more costly for several reasons:

The Polk County investors -- the Land South Hunters partnership -- had added acreage to the property to make it more valuable for development. They tacked on a 616-acre tract at the west side with extensive access to Fort Christmas Road and another road. The land is drier and more developable than the 3,900 acres.

To get that property, and its road access, the Polk County partners paid \$12.3 million, or \$20,000 per acre. The sale also closed in March.

The 616 acres, extensively cleared for pasture, have held far less environmental-conservation value. The government is now essentially forced to buy it to get the 3,900 environmentally significant acres it wants.

Rising land costs have boosted the property's value since the Polk developers bought the land for \$20 million. Government officials say that purchase price was agreed to in early 2004, so the government is absorbing two years of rising land costs.

But the developers' attorney said the final price was locked in early last year and the Orlando partners said it was in July

2005. Those dates would give the property significantly less time to appreciate.

Christianson said government officials took the 2004 date from appraisal reports. An appraiser said the date came from the Polk developers. Smith, their attorney, said he did not know why that date was used.

The Polk developers said they spent time and money to resolve a bankruptcy that entangled the land from mid-2004 to February this year.

But the bankruptcy did not involve ownership of the property. Rather, it involved assets of a for-profit mitigation bank set up on the land by outsiders. In that business, land developers paid for conservation of Joshua Creek wetlands in exchange for permission to destroy wetlands elsewhere in the Orlando area.

Government officials said risk and effort by the Polk partnership to resolve the legal case boosted the property's value.

The former owners, the Orlando partnership, said the bankruptcy had no significant impact on the land value.

Appraisals set value

Government officials insist they are getting a good deal because two recent appraisals ordered by water managers valued the 4,569 acres at \$57.5 million and \$63 million.

Those figures are based partly on the land's development potential and recent sale prices of other large rural tracts.

For comparison prices, the appraisers cited property sales this year in Sumter, Volusia and Lake counties. They also cited the March sale of the 616-acre tract -- the highest per-acre price of all properties they considered -- which is now part of the Joshua Creek lands.

But the appraisers ignored the sale of the 3,900-acre tract to the Polk County investors because they did not think it would be a fair comparison. That is because appraisers said it was a "distressed sale" price below market value. They pointed to the bankruptcy and rising land prices. So that sale was not counted when appraisers came up with the values for Joshua Creek land.

The government also did not consider another appraisal: one done by the National Park Service, which wants a nature trail through the 3,900-acre parcel. While the proposed price per acre for Joshua Creek land is nearly \$11,000, the Park Service document put the value at \$2,000 per acre in 2004.

"I don't know anything about that," Christianson said.

He said his agency is confident the \$57.5 million and \$63 million appraisals are valid.

"We are paying considerably less than what the appraisals would indicate," he said.

#### **[Illustration]**

PHOTO: Wetlands and creeks lace a 4,569-acre tract in northeast Orange County that state, water-management district and Orange County officials will consider buying for \$50 million for use as a state forest. ST. JOHNS RIVER WATER MANAGEMENT DISTRICT BOX: OF PRESERVATION - AND PROFIT The governor and Cabinet will consider final approval Tuesday for purchase of the Joshua Creek tract for a state forest. Buyers: State, 50%; St. Johns River Water Management District, 25%; Orange County, 25% Seller: Land South Hunters of Polk County. Price: \$50 million. Issue: Land South Hunters finalized a deal to buy the land 6 months ago for \$32.3 million and now expects \$17.7 million in profit. BOX: Joshua Creek Conservation Area In March, Land South Hunters acquired 2 tracts that now comprise the Joshua Creek parcel. Terms: \$12.3 million for 616 acres. Value: Fetched premium price because of extensive road access for development but holds relatively little worth as environmental land. Terms: \$20 million for 3,900 acres. Value: Contains wilderness habitat highly desired by local, state and federal officials. MAP: (locator) SOURCE: Sentinel research ORLANDO SENTINEL

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