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“The value of concessions to affected Argyle property owners”

For some time now, we have been talking about the concessions granted by the government to the property owners at Mt Pleasant/Argyle who are affected by the construction of the international airport, but we have not yet placed a value on these concessions. I want, in this article, to attempt that, so that we can have some sense of the monetary value of the concessions and a better view of the financial package being offered to the affected property owners.

Perhaps the best way to go about this kind of discussion is to evaluate the value of each concession on the average value of the affected properties. I am sure it comes as no surprise to learn that most properties in Argyle are fairly large homes, of good quality, and are therefore of high value. The average value of these homes is about EC\$400,000.

Stamp duty waiver

Based on this average property value, home owners who sell their properties to the International Airport Development Company (IADC) would normally be required to pay to the government a stamp duty of 5% or \$20,000 on the sale of their homes. In the present scenario, most of these home owners would also turn around and acquire new homes. This could be done in two main ways: they can either buy land and build, or buy existing houses. Assuming they buy existing houses, at the same average value (EC\$400,000), they would normally be required to pay to the government another 5% stamp duty or \$20,000 on the purchase price.

With the concession on stamp duty available to them, however, they would avoid paying the stamp duty on both the sale and purchase of properties. This stamp duty concession amounts to, on average, a saving of \$40,000.

Waiver of other legal fees

In the purchase of their new properties, home owners would also have to pay to a lawyer a fee, based on the property value, to prepare their deeds. The average affected home owner would have paid a fee of \$6,790. Since the government has agreed to do all the legal work involved in the purchase and sale of properties, property owners can therefore avoid this legal fee and achieve that saving. In addition, the other smaller legal fees, such as the 2% stamp duty on mortgages and other fees relating to witnessing and registering deeds have also been waived.

Harmony Hall lands

Perhaps one of the most valuable concessions the government has made to affected property owners is to sell them land at Harmony Hall at a highly discounted price. It is widely accepted that the lands at Harmony Hall owned by the IADC could be sold on the open market at a price ranging from \$12 - \$15 per square foot.

However, these lands are being sold to affected homeowners at a discounted price of \$7.00 per square foot. Assuming the average plot of land at Harmony Hall is 8,000 square feet, the average homeowner would get a concession, or a capital gain, ranging in size from \$40,000 to \$64,000. The demand for the lands at Harmony Hall is a clear indication of the homeowner's appreciation of the real value that is being transferred to them by this initiative. They will not only achieve the present capital gain, but also the appreciation in property value over time, considering the high quality development that is being pursued at Harmony Hall.

Relocation allowance

Government has also approved for each household, a relocation allowance of \$10,000. This allowance is meant to cover out-of-pocket costs relating to the transporting of personal effects, restoration of lawns and gardens, among other things. The thinking here, of course, is to avoid homeowners using the monies received for their homes for these purposes.

Removal of fixtures and fittings

Finally, each homeowner has the right to remove any and all fixtures and fittings from their homes if they so choose. Though at first glance to some, this may seem as a red herring, many of the creative homeowners have already thought through exactly how they are going to reap the benefits afforded by this concession. Ideas that have been mentioned range from renting a house for a short term while they remove their bathroom fixtures, doors, chandeliers and other valuables; using a sharp concrete cutter to remove valuable windows, and redesigning parts of their homes, especially their kitchens, so that their existing kitchen cupboards could fit into their new homes.

It is difficult to quantify the extent to which each person can benefit from this concession. Clearly, much depends on the creativity of the person, the quality of the builder, the age of the fittings and fixtures in their existing homes, among other things.

To recap, the concessions offered to property owners range from a waiver of stamp duty and all other legal fees, sale of Harmony Hall lands at a discounted price, a relocation allowance and the freedom to remove all and any fixtures or fittings from their homes. Based on our above discussions, homeowners could benefit, on average, to the extent of about \$107,000, excluding the benefit they could gain from removing existing fittings and fixtures from their present homes.

This is not a small amount of money by any measure!