

Strapped Counties Snap Up Parkland

Property Owners Are Slashing Prices

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In the boggy wilderness beside a log cabin on the eastern edge of Montgomery County, crayfish build runny mud towers, and green bursts of ground pine spring from the forest floor.

And that's the way things will stay, thanks in part to the recession.

Montgomery officials agreed last month to buy the area, a 53-acre ecological refuge, at a deep discount from a developer who had long turned away government suitors. They are paying \$8.75 million, roughly half of the \$16.35 million price appraised in December.

And officials in Virginia last month were able to knock \$2 million off what they paid for 1,100 acres of forested waterfront land in Stafford County. The area, known as the Crow's Nest, is near the spot where Pocahontas was said to have been abducted by Jamestown settlers.

Some governments in the Washington area are experiencing an upside to the economic downturn: cheaper parkland. They are trying to take advantage of the bad real estate market to negotiate deals.

"We're finding people coming to us, particularly lending institutions, that are anxious for us to look at their properties," said Judy Pedersen, spokeswoman for the [Fairfax County Park Authority](#). She said that such talks are confidential but that "for us, it's a good time to buy."

The problem is, it's also a terrible time to buy. With sharp drops in tax revenue, governments are facing hundreds of millions of dollars in budget cuts. So officials are responding in different ways to the real estate shakeout. Officials in Montgomery see a chance to buy low. In parts of Virginia, officials are trolling for low prices, although some are relying more on tax incentives to encourage preservation.

"We're in a bit of a Catch-22 in that we have many more opportunities to bring great projects forward at a bargain, but we have less money to spend," said Kent Whitehead of the [Trust for Public Land](#), which works with government agencies.

Whether officials have the money to use their negotiating leverage varies by state and county, Whitehead said. The Trust for Public Land is working with officials in Maryland to buy three parcels for significantly less than their appraised values.

In the District, the priority is to sell or lease some underused government properties to revive neighborhoods and collect new taxes. "We've kind of got the opposite problem" from governments trying to buy land, said Sean Madigan, a city spokesman. "We're not seeing the kind of valuations that we were a couple of years ago."

At the real estate market's height, developers would line up, sometimes by the dozens, to bid on opportunities in the District. Now some projects, such as an offer to redevelop the former Grimke Elementary School on Vermont Avenue NW, have received only a handful of bids, city officials said.

Maryland officials said they have money to bargain-shop because the state dedicated funds from the real estate transfer tax for purchases decades ago.

The market dip "creates opportunities," said Meredith Lathbury, director of land acquisition for Maryland's Department of Natural Resources. "We are seeing some folks who are willing to sell when they weren't willing to sell before," she said, adding that Gov. Martin O'Malley (D) has told officials to take advantage of the situation. Landowners should expect to offer a discount, she said.

Fairfax officials sell long-term bonds to buy parkland, making parks less vulnerable during budget debates, officials said, although borrowing is expensive.

Still, even popular land preservation efforts have come under pressure. The recession prompted Maryland lawmakers to shift \$68 million from the open-space program into the state's general fund to fill a budget gap, Lathbury said. For now, the program is relying largely on bonds. In Virginia, a \$30 million state land fund has essentially been used up, and officials said they do not expect an infusion anytime soon. They are relying on tax credits to landowners who agree to limit development.

Last month's purchase in Stafford came after years of sparring between officials and the owners at the Crow's Nest. County Supervisor Paul V. Milde III (R-Aquia) said efforts by the Stafford government to condemn the property and seek development limits in the area, combined with the real estate downturn, were key to the two-step deal for the land. State and county officials bought the first 1,770-acre piece last year for \$19 million, with an option to buy 1,100 more acres at the end of this year. In talks this year, the price was lowered by \$2 million, to \$14.2 million, and the sale was moved up.

"If it had been a good economy, they wouldn't have sold this property at a discount," Milde said.

Clark Leming, a lawyer who represents the property owner, Stafford Lakes Limited Partnership, said concerns about the economy might have been "somewhere in the

owner's mind" but did not drive the decision. There was value in getting the deal locked in. "A crow in the hand is worth two in the bush," he said. Plus, the price cut was slight compared with those on other properties, Leming said.

In Montgomery, parks officials had for years been eyeing the 53-acre parcel of wetlands, white oaks and black birch in Burtonsville. The money to buy it came from the county's Advance Land Acquisition Revolving Fund. The county had been buying rights-of-way for the Intercounty Connector highway project; after the state replenished those funds, officials decided to buy the 53 acres.

Montgomery County Council member Nancy Navarro (D-Eastern County) said the purchase "provided a bit of fairness" for constituents who had lost other sensitive lands to the highway. "And it was a good deal," she said.

A few years ago, the county approached the parcel's Bethesda-based developer, [the Artery Group](#), seeking to buy some of the land, which was slated for home development. "Artery was not interested in selling," said William Gries, who arranges Montgomery's parkland purchases.

By the end of last year, that changed.

In a report to Montgomery officials, Gries outlined the opportunity in blunt terms. "Artery's need for cash was obviously driving this proposal," he wrote.

Bernard J. Rafferty, Artery's senior vice president, said that selling more than 100 lots to the county is a good way to raise money for the rest of its development. He said that his company is healthy and that the community will be in a good location near parks and the coming Intercounty Connector. "We continue to be bullish on the project," he said.

Climbing through the mud and past ferns, skunk cabbage and sweet bay magnolias, Montgomery parks planner Dominic Quattrocchi said the county had saved a natural sanctuary.

The land is at the point where the coastal plain hits Piedmont bedrock, making it home to a jumble of species that thrive in the incongruent geography.

"The trees that you see growing will continue growing," Quattrocchi said, "and things are going to look pretty much like they do today decades from now."