

# Keeping Your Head Above Water... When Selling Waterfront Real Estate

Selling homes on waterfront is much more complicated than selling a home in a plat, where most of the time, what you see is what you get. This report is to stress the importance of recognizing problems early on in the marketing process to facilitate a smooth transaction. Homes on waterfront have issues like:

- Zoning
- Wetlands
- Shorelines
- Encroachments/Easements
- Ordinances
- Growth Management

All of these issues can be overwhelming when it comes time to represent your property. I can help you every step of the way. The following is an overview of things to think about when putting your home on the market.

## **Determining Value**

Each home and lot on waterfront has it's own unique properties that play a role in determining value. Some of the decisions affecting value are a direct result of the Federal and State government, sensitive areas, wetland and wildlife regulations. Zoning, Easements and Conditions, Covenants & Restrictions (CC&R's) need to be factored prior to completing a Feasibility Study. A knowledgeable agent will be able to defer and refer you to the proper source of information to help with feasibility studies, gathering comprehensive property information and establishing a fair market value.

## **Where to Start...**

### **Review the Title Report**

Review your current title report. If a copy has not been ordered, have your agent order one or call a title company for help in ordering one. Once you get the report, read it and if you have any questions, contact the title officer who prepared it (usually noted on the top of the report). Be sure to ask for any referenced attachments (often indicated by a recording number). This is important since there may have been liens or documents recorded against your property that you may not be aware of, or that were attached erroneously. This will give you time to address any problems that surface.

### **Conditions, Covenants & Restrictions (CC&R's)**

Any CC&R's will be attached to these documents and you should review them, even if they do not seem enforced. Many lots were created prior to any of the current restrictions and regulations were in effect and many of them have changed during the years. It is always good to know what you're dealing with and whether "grandfather" rights apply. For example, does your property violate any existing codes; i.e., zoning violation? Is your lot conforming? Are there any easements, public access rights? Is your property impacted by the Shoreline Management Act of 1971 or State Environmental Policy Act (SEPA)?

Are there any setback or sensitive area issues? For example: if you are selling view property and much of the view needs to be cleared, make sure you are aware of any clearing restrictions. Never guarantee a view! Ask your agent how best to represent that feature of your property.

## Encroachments/Easements

Encroachments are common on the waterfront. Sellers and listing agents should **always** disclose encroachments, no matter how small they are or how long they've been in existence. Buyers will always investigate encroachments to make sure they're not buying into a lawsuit. Sellers should **never** offer an opinion about whether adverse possession has been established in a particular case, because even cases that appear "easy" on the surface can turn into a nightmare of litigation. Whenever a question arises about an encroachment or adverse possession, you should seek advice from a lawyer.

## Factors That Add Value

With less and less build able waterfront, prices are at a premium where pre-existing conditions are:

- Cleared land close to bank or shorelines
- Pre-existing structures closer than today's setbacks
- A lot ready to build with permits available now.

So many times pre-existing structures will become valuable! However, whether you live in the structure and are "grandfathered" for future remodeling - a word of caution: Never assume! There are usually conditions under which the "grandfather" rule applies and one should check with the county for interpretations. This "grandfather" rule could change in the future, especially with the Endangered Species Act having a greater impact on regulations.

## Limitations to Values

Regulations Impacting Value...

- Flood plain.
- Setback requirements.
- Setbacks from "Top of the Bank"; for example, 100' conservancy setback +15' building setback line.
- Health Department Rules and Regulations.
- Drainfield and water source.
- Geotech regulations; i.e., is a high bank stable
- Drainage plans and review; i.e., how much impervious surface can the parcel have, where will the drainage go, how much \$\$ for retention facilities, etc.
- Clearing limits. What is the conservancy setback and % of land that you are allowed to clear.
- Reasonable use permit or variances that may be required in the future, due to size, sensitive areas, whether there is a house on it or not.

Again, never assume! Just because there is a pre-existing house on your property doesn't automatically mean it's an asset. If the house is dated or it's design functionally obsolete and due for a remodel, it will depend on how feasible or workable it is to change, add or completely remove the structure.

## How Do I Evaluate Waterfront?

Comparing waterfront is always like comparing apples and oranges. No two lots are ever the same!! Here are some basic factors directly affecting desirability and value:

- Location: What side of the lake, what city, proximity to freeways, noise factors, etc.
- Beaches: Type of beach - what kind of beach does it have? Sandy, rocky, muddy?
- Width access - is it level with the house, does it have a bulkhead?

- Exposure – sunny or shady what periods of day? Open vs. protected cove
- Condition – clean water? Lillypads, millfoils, solid bottom or sandy bottom, subject to erosion?
- Structures – dock and it's condition, boatlift, canopies
- Shared access – how many parties?
- Banks: High or low? Stability? Type and condition of bulkhead?
- Views: Mountain views, how much water view, etc.?
- Topography of the Land: Flat vs sloped and severity of the slope.
- Other water features: Streams, wetlands, drainage ditches.
- Zoning: Subdividing possibilities. Building new dwellings and remodeling restrictions. Shoreline setbacks.
- Lot configuration: Width, length, irregular shape, etc. Conforming vs nonconforming.
- Utilities: Existing and/or availability of such; i.e., septic vs sewer, well vs public gas vs electric; high speed cable access, etc.
- Privacy and noise issues.
- Neighborhood: Consistency of waterfront parcels.
- Access to Lot: Steep driveway or level access. Shared or private?
- Boat and seaplane restrictions.
- General: Wildlife, pollution, aesthetics, noise, ecology, and general public interest.
- Public right issues, currently in process; i.e., converting railroad right-of-ways to public trail systems.

Price per foot: When evaluating waterfront properties, one has to be very careful when quoting prices per front foot. It usually is not the best way to compare value since individual properties vary drastically in size, shape, location and access.

Price per square foot is comparable and often the front foot is factored in. Reasons for this is because larger homes can be built on a lot with more sq. footage or could be subdivided or zoning may differ with lots that have the same front foot but different square foot size.

## **Zoning**

One should have and expect to decipher the zoning, such as an architect or the County Building department. When representing a property it is important to beware of all the possible retractions and or requirements needed for the highest and best use of the property like:

Some areas have string line requirements

- Dock requirements
- Height restrictions
- Architectural restrictions
- Planting and clearing restrictions
- Drainage requirements
- New law coming forth from the Endangered Species Act
- How does the municipality decipher the high water mark?
- Will there be soil samples required?
- Public right issues

Is there an existing survey of the property and was there an extended title issued when you purchased the property? An extended title will ensure around any encroachments or easement issues that are common disputes on narrow lots of waterfront. In order to be issued an extended title, one must have a survey.

If value is difficult to establish, have an appraisal performed by someone who is experienced in the area and especially with waterfront. See references:

Alan Pope & Associates, Inc. in Redmond (425-882-0608) or <http://www.alanpope.com>

Shapiro & Assocs. Environmental Consultants (206-624-9190)

Chicago Title Insurance Company (206-628-5666).

### **Final Consideration**

Finally, know how many buyers are in the market place at one time. Keep abreast of the inventory and rate of sale. Know if the market is rising or falling or stable. Remember, it's ultimately the "buyer's" perception of the property which determines the value of the property.

For further information and essential tips on how to get your home sold quickly, see Ruth's 29 essential steps to getting your home sold. I hope this information will be helpful; however, it is not all inclusive, so I would be pleased to discuss your plans and concerns or to help you establish value and discuss marketing strategies for selling your waterfront property.