

Frequently Asked Questions #2

POA Lots; Village Growth; Cost of Marketing

By Fred Toettcher, Tellico Village Marketing Team Member

Editor's Note: Understanding Tellico Village real estate market performance and the investment required to maximize this performance is extremely important to all property owners. The following is the second in a series of three articles that will answer questions most frequently asked of the Tellico Village marketing team.

Question #1: What's happening with the sale of POA Lots?

From January – July 2019, 71 POA lots were sold (or are pending). These lots represent annual assessment income of \$113,231 at the current \$132.90/month rate. Additional POA lots will be sold during the balance of the year.

In late 2014, Beth Kuberka, POA Marketing Communications Director, conceived and implemented a joint development program between the POA and local builders. This program added value to these mostly small, internal POA lots, capitalizing on increased demand created by the POA marketing program. Expansion of this initiative has resulted in sales of 227 POA lots since 2015, a dramatic increase from the 7 and 8 lots sold during 2013 and 2014. Further development opportunities exist, with the POA currently controlling 773 non-revenue generating lots.

Question #2: Is Tellico Village growing too fast?

Tellico Village's population is currently growing at a rate of about 300 people per year. In a community of more than 8,000 people, this is manageable growth that can be accommodated by the Village's current and planned infrastructure (including roads, water and sewage) and amenities.

At the beginning of 2019, Tellico Village's residences totaled 4,344. Since 2012, the Village has grown 16%, an annual average of 2.6%. In 2017 and 2018, the annual growth rates were 3.7% and 3.8%, respectively, and this annual rate of growth has continued through the first seven months of 2019.

Even though it seems that there are many new faces in the Village, most of the newest residents have bought existing homes from aging Villagers. These younger residents represent new energy, new ideas, new programs, new vitality, but not population growth. Joe Bogardus, a fellow marketing team member, has written a great article entitled "Tellico Village: What Is Growth?" that explores this issue in some depth [Click Here](#).

In summary, Tellico Village's current population growth is healthy, manageable and consistent with that of a vibrant and viable community.

Question #3: What does the marketing program cost me?

This year, the POA marketing program will cost Tellico Village property owners nothing. On an "all-in" basis outlined below, the program generated positive POA net revenue totaling \$95,316 during the first half 2019. This revenue stream is projected to increase during the balance of the year.

For the last several years, the Tellico Village Board of Directors has requested an ‘all-in’ financial assessment of total marketing revenue, costs and expenses on a quarterly basis.

- Total Marketing Revenue – \$356,722. Includes direct revenue from realtors and builders, website/magazine advertising fees, POA lot revenue, and building permit fee revenue from POA lot and program sales. During the first half 2019, “all-in” marketing revenue totaled \$356,722.
- Total Marketing Costs and Expenses – \$261,406. Includes advertising and website expenses, agency fees, marketing personnel salaries and benefits, and Welcome Center costs including electricity, building maintenance, interest and depreciation. During the first half 2019, “all-in” marketing costs and expenses totaled \$261,406.

Resultant positive POA net marketing revenue of \$95,316 is in addition to property owner return in the form of increased property values. As reported in the first article in this FAQ series [Click Here](#), Tellico Village property values have increased 15.3% during the last 30 months. During this period, the average priced home in Tellico Village has appreciated nearly \$55,000.

The POA marketing program has evolved into a rare quadruple-win proposition. The POA wins through incremental net revenue, current property owners win through increased home equity, past property owners won by selling their homes on a timely bases and at a fair price, and new residents won by discovering and subsequently relocating to this incredible community.