

# STATE PROPERTIES REVIEW BOARD

## Minutes of Meeting Held On March 28, 2022 – remotely via telephone conference –

Pursuant to Governor Lamont's Executive Order No. 7B regarding suspension of In-Person Open Meeting requirements, the State Properties Review Board conducted its Regular Meeting at 9:30AM on March 28, 2022 remotely via telephone conference at (866)-692-4541, passcode 85607781.

### **Members Present:**

Edwin S. Greenberg, Chairman  
Bruce Josephy, Vice Chairman  
John P. Valengavich, Secretary  
Jack Halpert  
Jeffrey Berger  
William Cianci

### **Members Absent:**

### **Staff Present:**

Dimple Desai  
Thomas Jerram

### **Guests Present**

Mr. Valengavich moved and Mr. Halpert seconded a motion to enter into Open Session. The motion passed unanimously.

## **OPEN SESSION**

### **1. ACCEPTANCE OF MINUTES**

Mr. Valengavich moved and Mr. Berger seconded a motion to approve the minutes of the March 24, 2022 Meeting. The motion passed unanimously.

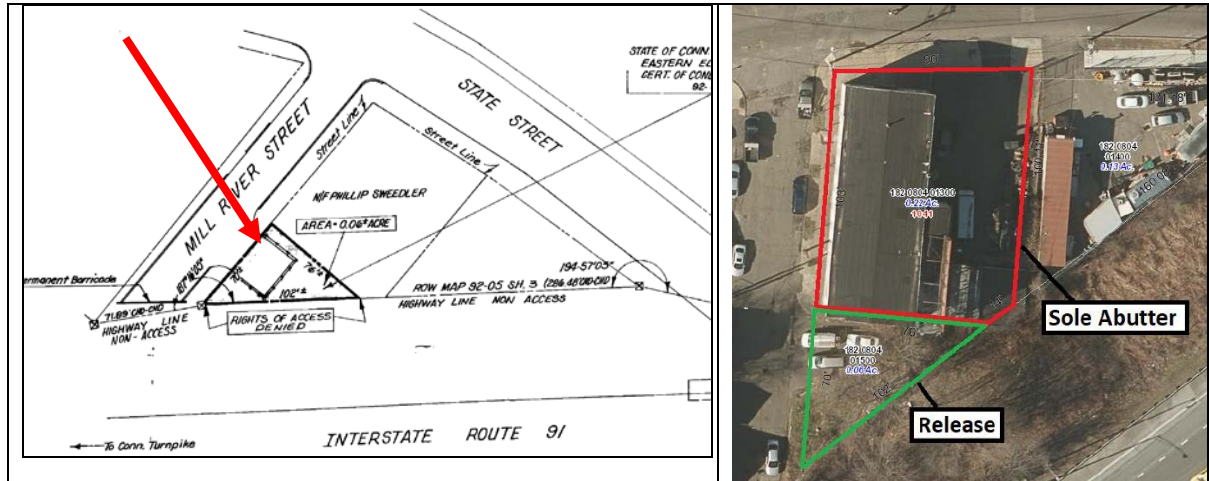
### **2. COMMUNICATIONS**

Mr. Berger and Director Desai summarized the appearance of Mr. Berger and Board Staff's participation in a Friday, March 25, 2022 Public Hearing before the Legislature's Government Administration and Elections Committee.

### **3. REAL ESTATE- UNFINISHED BUSINESS**

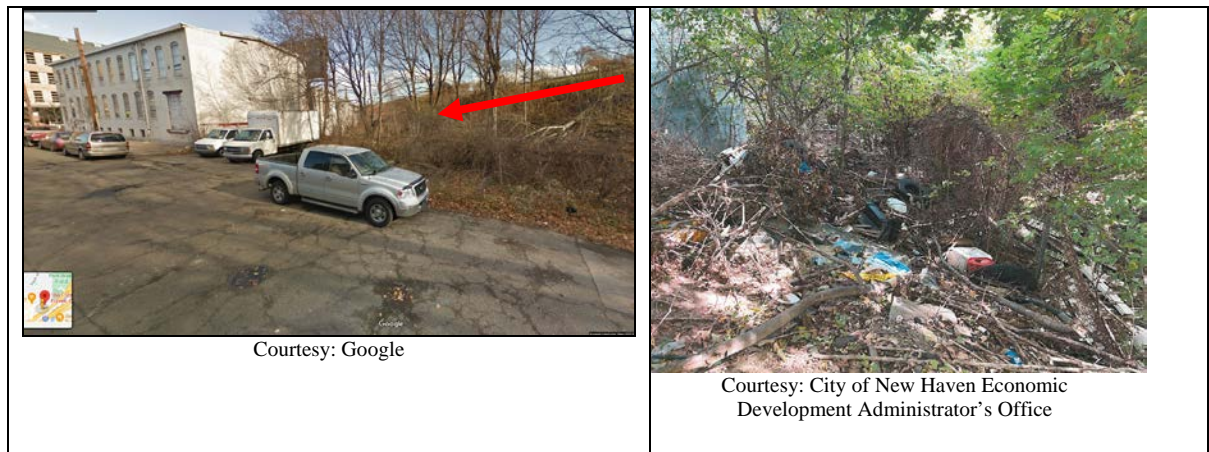
### **4. REAL ESTATE – NEW BUSINESS**

<b>PRB #</b>	22-022
<b>Transaction/Contract Type:</b>	RE – Sale
<b>Origin/Client:</b>	DOT/DOT
<b>DOT Project #:</b>	92-110-118G
<b>Grantee:</b>	Post Road Realty, LLC (by John R. McFadyen)
<b>Property:</b>	New Haven, Mill River Street (Lot 15 – 2,614 sf)
<b>Project Purpose:</b>	Sale by Sole Abutter Bid
<b>Item Purpose:</b>	QC Deed



Project Background

The DOT acquired this lot along with other nearby land, via condemnation, from the Eastern Elevator Company on March 29, 1962 (2127/327) in conjunction with a related I-91 project. Upon completion of the Project, the state conveyed a 0.06 acre (2,614 sf) remnant parcel to the City of New Haven on May 4, 1977 (2635/236) with the special limitation that the property be utilized for highway purposes only.



On December 9, 2020, the Department of Transportation received a letter from the City of New Haven Economic Development Administrator's Office (included at end of this Memo) referenced the Release Parcel, among three other parcels, stating the following:

Similarly, a small adjacent parcel of land (0.06 acres) DOT conveyed to the City of New Haven in 1977 known as "Mill River Street (MBP: 182-0804-01500) abuts Mr. Smallman's property to the east and is also part of the assemblage. The deed for this parcel is also similarly restricted for highway purposes. In this instance, the City is proposing to convey the property back to DOT who would then negotiate directly with Mr. Smallman/Post Road Residential Inc. on sale of this property as well, minus the restriction. (NOTE: the conveyance of the Mill River Street parcel back to DOT will require Board of Alder (BOA) approval which is something the City's Economic Development team can submit to them in the coming weeks. We expect the BOA process to take a couple months.

The communication to DOT also referenced another state-owned remnant parcel (reviewed under PRB #22-021), as follows:

"File # 92-110-118E ("State Street") is ready to close, however the deed is currently restricted for highway purposes only. This letter is to inform you that the City of New Haven does not need this

parcel for highway purposes. Instead we ask that DOT lift the restriction and negotiate directly with the abutting property owners, Bryan Smallman, owner of 1041 State Street, and Post Road Residential Inc., a multi-family developer that owns the unnumbered vacant parcel next to 1041 State Street, on a sale of the parcel. This would allow them to complete a four-parcel assemblage of property needed for a proposed ~70 unit mixed-use building.”

Under this Proposal (PRB #22-022) DOT is now seeking SPRB approval of a Quit Claim Deed for this Sale by Sole Abutter Bid for \$37,000 plus a \$1,000 Administrative Fee to the Grantee, Post Road Realty, LLC.

#### Property Description

The Release Area is triangular in shape, containing 2,614± square with 70'± frontage on Mill River Street. The site is up to 76'± deep. The rear property line is along the I-91 highway corridor, and is non-accessible. The site is generally level with one curb cut, and is lightly wooded with deciduous trees and underbrush common to the region. There are no indications of wetland soils nor flood zone encumbrances. The property is located in the IL zone.

The IL zone only allows residential development in existing structures having greater than 50,000 square feet of building area, in addition to working lofts, via Special Permit approval.

#### Sole Abutter Description – 1041 State Street, New Haven

The Sole Abutter consists of a rectangular shaped 0.22± acre (9,583± square feet) corner lot with 90'± frontage on the south side of State Street and 100'± frontage on the east side of Mill River Street. Access is via one curb cut at the northeast corner of the lot. There are no indications of wetland soils nor atypical flood zone encumbrances. The property is located in the IL zone.

The IL zone only allows residential development in existing structures having greater than 50,000 square feet of building area, in addition to working lofts, via Special Permit approval.

The Sole Abutter is improved with a c.1900, two-story brick industrial building with an attached garage structure containing a total of 9,167± square feet of building area with an additional 3,944± square feet in an unfinished basement. The DOT Appraiser estimates the existing improvements comprise a majority of the site area and appear in below average condition. The remainder of the site appears to be improved with asphalt-paved parking and a chain-link perimeter fence along a portion of the north and east property boundaries.

The DOT Appraiser stated the contributory value of the structural and site improvements has a value of “X”.

Upon assemblage the property will consist of 12,197± sq. ft. corner lot with 90'± frontage on the south side of State Street and 170'± frontage on the east side of Mill River Street.



The “Highest and Best Use” of the Release Parcel was described by the Appraiser as follows:

**HIGHEST AND BEST USE**

The release area is a legal lot of record which conforms to the minimal physical and dimensional requires of the Light Industrial (IL) zone, however due to its small size and lot configuration, structural development of the Release Land is not feasible. As the Release Land cannot be developed on its own, the release must be assembled to an abutter for meaningful development to occur. The Release abuts to one parcel (not including municipal/governmental ownerships) which is considered to be the Sole Abutter. After careful consideration, the “Highest and Best Use” of the Release Land is for its assemblage to the Sole Abutter.

The Sole Abutter is a small corner parcel that is positioned within the Light Industrial (IL) zone, with a majority of its site area structuring developed with a turn-of-the-century, two-story brick warehouse structure in below average condition. Via an exterior inspection conducted from the frontage, the existing structural improvements appear to contribute value to the land, as opposed to razing. There are no approvals nor formal proposals on record with the City of New Haven. The IL zone allows residential development in existing structures having greater than 50,000 square feet of building area, in addition to working lofts, via Special Permit approval. As it is not a foregone conclusion that any residential use of the property would be allowed, is the opinion of your appraiser that the “Highest and Best Use” of the Sole Abutter “As-Improved” is for its continued use as a warehouse/jobshop in harmony with its grandfathered, established use, which is in harmony with the underlying zone and its regulations for use and development.

Further, it is noted that in the opinion of your appraiser, the “Highest and Best Use” of the Sole Abutter “As Though Vacant” would be for its structural development of a light industrial structure, as allowed and within the confines of the underlying zone’s use regulations.

It should be noted that the Sole Abutter at 1041 State Street (f/k/a Bryan Smallman, now New Haven Apartment Partners, LLC) and adjacent property (f/k/a Post Road Residential, now New Haven Apartment Partners, LLC) were referenced in the December 9, 2020 letter from the City of New Haven Economic Development Administrator’s Office regarding a planned “four-parcel assemblage of property needed for a proposed ~70 unit mixed-use building.” This communication also referenced the Release Parcel (f/k/a City of New Haven, now State of Connecticut - 92-110-118G) on Mill River Street (Lot 15), as well as a 626 square foot strip of land (92-110-118E) also owned by the State of Connecticut.

By way of reference Staff researched the following that are relevant to the Proposal before the Board:

1. An August 25, 2020 *New Haven Independent* article referred to John McFadyen, of Post Road Residential, as “the Fairfield-based developer responsible for the Corsair project” and quoted McFadyen with respect to the future development of the four-parcel assemblage as: “That starting point includes contemplation of approximately 60 to 70 units, he said, with a possible maximum of 78.” McFadyen is also related to Post Road Realty, LLC (Petitioner/Grantee).

[https://www.newhavenindependent.org/index.php/article/corsair\\_addition\\_state\\_street/](https://www.newhavenindependent.org/index.php/article/corsair_addition_state_street/)

2. Corsair Apartments (<https://www.corsairapartments.com/>) referenced above is a 238-unit residential apartment complex on a 3.08 acre site, developed in 2015, located across the street (1040 State St) from the Release Parcel. The original complex was a 135± year old manufacturing complex. The Owners sold the property on February 20, 2018 to CH Lighthouse Corsair, LLC as recorded by a Warranty Deed beginning on page 152 of volume 9681 of the New Haven Land Records. The \$449,000 Local

Conveyance Taxes collected on the transfer indicate the sale price was \$89,800,000, or an average of \$377,311/unit, inclusive of all on-site amenities and parking.

3. On September 16, 2021, Post Road Residential, Inc. presented a Plan to the City of New Haven's City Plan Commission that included the Release Parcel as part of the four-parcel assemblage for Site Plan Approval and Coastal Site Plan Review. The Plans were approved at the 11-3-2021 meeting (Meeting Minutes follow).

**II. SITE PLAN REVIEWS**

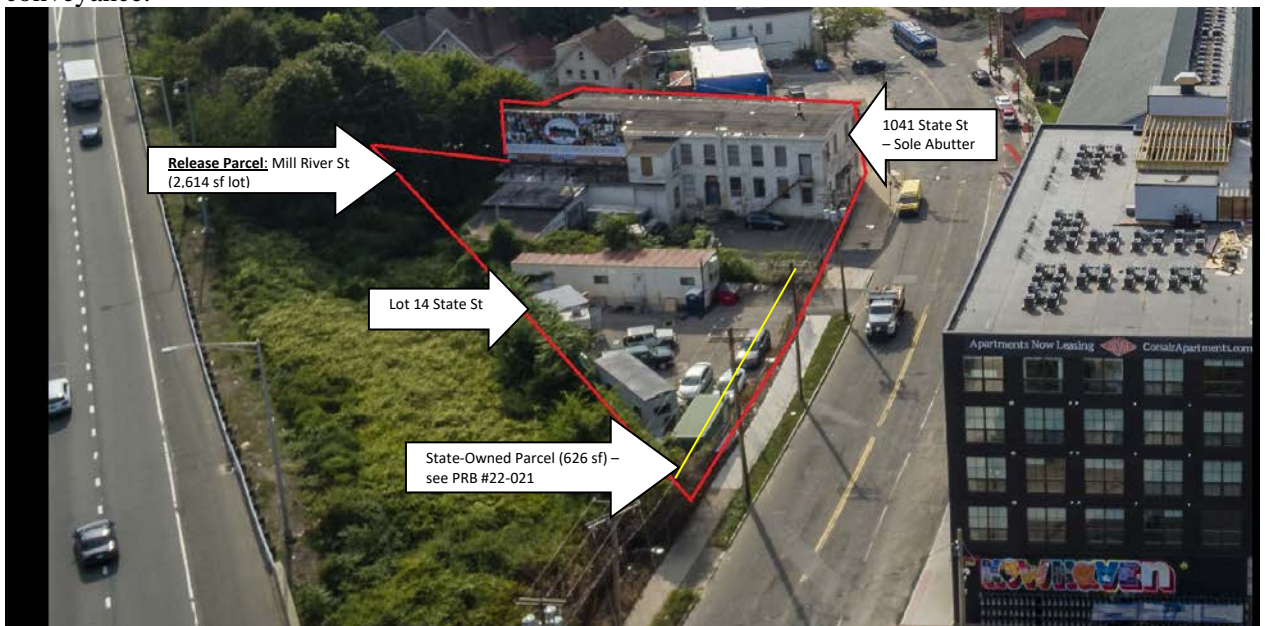
**1594-02**      **1041 STATE STREET (MBLU 182 0804 01300) STATE STREET (MBLU 182 0804 01400) MILL RIVER STREET (MBLU 182 0804 01500) AND 626± SF OF ADJACENT PROPERTY.** Site Plan Review and Coastal Site Plan Review for the conversion of an existing 2.5 story commercial building (1041 State St) to townhouses and a new 6 story mixed use development on remainder of lot within the Light Industry (IL) Zone. (Owners: Post Road Residential INC., Bryan Smallman and State of Connecticut; Agent: Gregory P. Muccilli of Shipman & Goodwin LLP.; Applicants: Post Road Residential INC. and Post Road Realty LLC.) **Continued from October 20, 2021.**

**REPORT: 1594-02**

**ACTION: Approved. A. Marchand moved the item (4-0).**

4. The property located at 1041 State Street, identified as one parcel of the four-parcel assemblage, and the northerly abutter to the Sole Abutter, was conveyed by its Owner Bryan Smallman to New Haven Apartment Partners, LLC for \$1,350,000, as recorded by Quit Claim Deed in Volume 10319, beginning on page 65 of the New Haven Land Records. The \$6,750 Local Conveyance Taxes received confirmed the sale price. The property consists of a 0.22 acre (9,583 sf) is improved with a two-story brick construction industrial warehouse building containing 9,167 square feet of gross building area, constructed in 1900 (per Assessor). DOT had a signed copy of the Purchase/Sale Agreement in their possession prior to preparing their Appraisals. The Agreement did not reveal the Sale Price.

5. Post Road Residential, Inc., another related entity (see PRB #22-021) and Applicant for the proposed Project conveyed their interest in the State Street Lot (Lot #14) to New Haven Apartment Partners, LLC, a related entity to Post Road Residential, Inc. and Post Road Realty, LLC. The conveyance was recorded on January 20, 2022 by Quit Claim Deed in Volume 10319, beginning on page 69 of the New Haven Land Records. The \$0 Local Conveyance Taxes indicates no consideration was paid for the conveyance.



Staff identification of the four-parcel assemblage to Map included in Petitioner's 'Application to City Plan Commission'

**Before Valuation** – With the release of this parcel via a Sale by Sole Abutter Bid, DOT Appraiser Steven C. Miller appraised the property, as of December 15, 2020, in both the Before and After assemblage. Based on the sales comparison approach, the Appraiser utilized three sales of land in New Haven that sold in 2018-2019 and concluded the fair market value of the Larger Parcel (land only) was \$11.00/sf x 9,583 sf = \$105,413, rounded to \$105,000.

It should be noted that the Appraiser’s selection of Comparable #3 is the 2018 sale of the nearby property (State St) for \$51,900, or \$8.47/sf (land formerly of CRP/PR State Street, LLC/Seymour Cohen Partnership).

In the After Valuation, the Appraiser utilized the same three sales and concluded the fair market value of the subject property, as assembled, was \$11.00/sf x 12,197 sf = \$134,167, rounded to \$134,000.

**Value of the Release**

After Valuation	\$134,000
Before Valuation	\$105,000
Value of Release	\$29,000

**Sale by Abutter Bid & Negotiations –**

The property was appraised on December 15, 2020 by staff appraiser Steven Miller who determined the value to be \$29,000.00, which was accepted and registered by the Department on January 7, 2021.

On June 27, 2021, an offer was made to John McFadyen, representative for Post Road Realty, LLC, whom is the sole abutter to the subject release parcel, in the amount of \$37,000.00, which was accepted. A \$1,000.00 Administrative Fee will be collected at closing.

From Page 5 of the Appraisal Report:

*Additional Extraordinary Assumptions, Hypothetical Conditions, and Various Items of Note:*

The *Client* and *Intended User* of this *Restricted Appraisal Report* is the State of Connecticut Department of Transportation, its affiliates and/or assignees. At the direction of the Client, your appraiser has been asked to form an indication of “Release Value” regarding a remnant land parcel that is undevelopable on its own, and for the purposes of potential disposal to an abutting buyer/developer. Your appraiser is aware of an informally proposed development which involves the subject release and the sole abutter, in concert with an adjacent, contiguous abutting lot as well as an additional release parcel (totaling four separate pieces). The plan is to develop the corner bounded by State Street, Mill River Road, and the Interstate 91 highway corridor with 78 to 81 residential units within a two and three story structure which partially utilizes an existing mill structure. While development of such a number of units is theoretically possible, it is not a forgone conclusion that the two release pieces are sold, the developers shall be granted a zone change by the City of New Haven, and that the assemblage gains approval for such a dense development from the City of New Haven. The two privately held parcels have potential on their own for development purposes, with the addition of the two state-owned releases potentially accentuating the development. To appraise the subject via multiple Hypothetical Conditions would in essence punish the buyer/developer to pay a higher unit value upfront for the buyer/developer’s own time and effort spent gaining approvals, the buyer/developer’s additional capital outlay to obtain approvals with site plans, attorney’s fees, etc., and negates the buyer/developer’s risk premium factor, and is beyond the scope of this appraisal assignment. Your appraiser reserves the right to reconsider value should title ownership be condensed, a zone change is approved from industrial to a mixed-use zone homogenous with the immediate neighborhood, and/or should zoning approval is granted for an intense development be granted.

Staff inquired with DOT regarding the following:

1. With a change in ownership of the Sole Abutter (f/k/a Smallman) to New Haven Apartment Partners, LLC does the identification of the “Larger Parcel” change (unity of use, unity of ownership, etc) and does the Appraiser need to consider this pursuant to “Yellow Book” standards?

2. Please clarify if DOT was aware of the Petitioner’s inclusion of the Release Parcel in a Site Plan/Costal Review Plan presented to the City of New Haven’s City Plan Commission (1594-02) that were approved at the 11-3-2021 meeting. And, is it DOT policy to permit private entities to include state-owned land in plans before a City regulatory body prior to owning said land? Does CGS 13a-80 permit this?

a) In Exhibit B – Property Owner Information and Signature Page - of the Petitioner’s Application for Site Plan Approval and Coastal Site Plan Review, both Post Road Residential (McFayden) and Bryan Smallman signed as property owners. Please clarify if DOT was requested to sign this portion of the Application in addition to providing a DOT communication regarding receipt of Deposits for acquiring the Release Parcel and a second state-owned parcel.

3. In light of the Appraiser’s comments on page 5 of the Appraisal report regarding a change in the property including Entitlements obtained from the City of New Haven on November 3, 2021 and a change in ownership of the Sole Abutter to New Haven Apartment Partners, LLC in January 2022, should this Appraiser review/revisit their opinion of Highest and Best Use, selection of Comparable Sales and Opinion of Value with respect to this Release?

4. The Appraiser acknowledged the potential for future mixed use development but elected to appraise the property according to its highest and best use for continued parking (as vacant) and for the Release Parcel “for assemblage to the Sole Abutter to allow for development to occur.” The Appraiser chose to forego utilizing a Hypothetical Condition(s) regarding the appraisal of the property (Sole Abutter/Larger Parcel) as a mixed use development. Please clarify the following:

a) In light of the Petitioner’s success at developing a similarly-zoned property across the street into the Corsair Apartment complex, should the Appraiser given more consideration to the future development plans in the Highest and Best Use Analysis?

b) In light of the Petitioner’s success at developing the Corsair Apartment complex, as well as the involvement of the City’s Economic Development Administrator’s Office, was it ‘reasonably probable’ that the future development plans for mixed use development should have been given some consideration in the valuation of the property in both the Before and After Valuations?

c) In the Appraiser’s Highest and Best Use Analysis, was any consideration given to meeting the Maximally Productive test to see which use provides the greatest return to the Owner/Developer?

**Recommendation** – Staff recommend suspension of the proposed Sale by Sole Abutter Bid in the amount of \$37,000 (plus \$1,000 Admin Fee) pending response from DOT regarding the aforementioned issue.

**5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS**

**6. ARCHITECT-ENGINEER - NEW BUSINESS**

**7. OTHER BUSINESS**

Chairman Greenberg made a motion to approve a Board Meeting Fee for Mr. Berger’s participation during the Government Administration and Elections Public Hearing on March 25, 2022. The motion was seconded by Mr. Halpert. The motion passed unanimously.

**8. VOTES ON PRB FILE:**

**PRB FILE #22-022** – Mr. Halpert moved and Mr. Berger seconded a motion to suspend PRB FILE #22-022. The motion passed unanimously.

**9. NEXT MEETING** – Thursday, March 31, 2022.

The meeting adjourned.

**APPROVED:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
John Valengavich, Secretary