

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On August 22, 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 August 22, 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

Jaime L. Smith, Director, Ag Dev & Res Consr, CT DoAg
Carole W. Briggs, Esquire, CT DoAG

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 August 18, 2022 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

<i>PRB File #:</i>	22-120
<i>Transaction/Contract Type:</i>	RE – Voucher
<i>Origin/Client:</i>	DOT/DOT
<i>DOT Project #:</i>	124-165-003
<i>Grantor:</i>	100 Bank Street Condominium
<i>Property:</i>	Seymour, Bank St (100)
<i>Project Purpose:</i>	Spot Improvement s On Bank Street (Route 67) And River Street (Route 313)
<i>Item Purpose:</i>	Voucher

DAMAGES: \$120,050



State Project No. 124-165 Route 67/Bank Street Seymour Spot Improvements Public Meeting

SITE DESCRIPTION:

The subject site consists of a 0.8350± acre (36,354± square feet) parcel with approximately 136 feet of frontage on the north side of Bank Street and additional frontage on Martha and Farrell Streets. The site is irregular in shape and is above the grade of Bank Street. The site is improved with a 65-car asphalt-paved parking lot, concrete walks, curbing, a retaining wall and landscaping. Easement agreements with the easterly abutter are in place for access and parking. The site is located in the CBD-1 zone and is pre-existing non-conforming regarding parking.

The parcel is improved with a 10-unit office condominium (converted school) containing 16,486 square feet of net rentable area utilized for general office and medical office uses.



Highest and Best Use – As Improved: Continued office use.



VALUATION: The DOT appraisal was completed on April 21, 2022 by independent Appraiser Barbara J. Pape.

The valuation of the subject property is subject to the following Extraordinary Assumptions and Hypothetical Conditions:

EXTRAORDINARY ASSUMPTIONS: None.

HYPOTHETICAL CONDITIONS:

The property appraised (the Subject) represents nine units of a ten unit office condominium on a 0.8350 acre site with shared access and parking. The subject was appraised under the Hypothetical Condition that it is a freestanding office building, negating the legal construct of a condominium, as nine of the appraised units are under single ownership never having been sold when the declaration originated; and the tenth unit is leased at market rates.

The Hypothetical Condition negating the condominium format is grounded in the actual operation of the asset, as an office facility. We did not have, nor did we read the condominium documents and do not incorporate same herein. The single unit (Unit 7) that sold is included in the Income Capitalization Approach developed for the Subject Before and After the takings, at constant rates, as it is included in terms of parking requirements.

We take a Critical Underlying Assumption and Limiting Condition, that the existing retaining wall within the taking/temporary easement taking area is restored to its quality, condition and aesthetic after the taking. Hypothetical Conditions may affect assignment results.

There were hypothetical conditions are necessary for the execution of this assignment as detailed earlier. **Hypothetical Conditions may affect assignment results.**

We advise the reader a limited inspection was provided. We toured the common areas and vacant units. We did not view tenanted space. Additionally we did not receive copies of contract lease agreements. The appraisal assumes:

- 1) Areas of the building not viewed are similar in quality of construction and condition to areas viewed;
- 2) The information relative to contract lease rates and terms are accurate.
- 3) We did not receive a quantified list of the impacted site improvements; it was assumed the impacted improvements did not exceed \$5,000.
- 4) It was assumed Unit 7 was leased at market rates aligning with the rates attained in the building.

The methodology used in this report is a standard State format in the form of a before and after valuation appraisal used for eminent domain purposes. This appraisal considers that there is a willing seller in an acquisition by eminent domain and has disregarded any effect on the market value brought on by the States project. I have based my appraisal report on the hypothetical condition that the proposed road project will be completed as currently proposed, in the Department of Transportation construction plans, on the day after the "as of" date. No other conditions are necessary to arrive at a value.

Land Valuation: Based on the sales comparison approach, the appraiser considered three sales (2019-2021) of similarly zoned, with a similar highest and best use, as follows:

100 Bank Street Seymour CT		BEFORE				UNDERLYING LAND VALUE			
Formal Comparable Analysis		Project 124-165-003							
Comparable No.	Subject	1	2	3	4				
Address Of Sale		160 Bank St Seymour	393 Roosevelt Dr Seymour	Spring & Smith St Seymour	79-101 Bank St Seymour				
Sale Date:	21-Apr-22	28-Mar-19	22-Dec-20	23-Dec-20	List/Contract				
Age Of Sale/Mo.		37	16	16					
Acres	0.8350	1.06	0.68	9.63	0.88				
Sale Price	Price/Acre	\$935,000	\$175,000	\$1,293,000	\$500,000				
GBA/SF:		\$935,000	\$175,000	\$1,293,000	\$500,000				
Financial Indicators	Per Acre	\$882,075	\$257,353	\$134,268	\$568,182				
	Per SF Land	\$20.25	\$5.91	\$3.08	\$13.04				
	Per FF	\$3,178	\$724	\$2,970	\$1,136				
Adjustments	Description	Description	+/- Adj.	Description	+/- Adj.	Description	+/- Adj.	Description	+/- Adj.
Property Rights	Fee Simple	Fee Simple		Fee Simple		Fee Simple		Fee Simple	
Financing Terms	Typical	Typical		Typical		Typical		Typical	
Cond of Sale	Typical	Typical		Typical		Typical		Typical	
Expenditures After Sale	Typical	Typical		Typical		Typical		Typical	
Date of Sale	Typical	Typical		Typical		Typical		Typical	
(Markt. Cond)	Superior	(\$2.02)	Similar	\$0.00	Similar	Similar		Similar	
Adj. Sale Price	3.24%	\$18.22		\$5.91		\$3.08		\$13.04	

After adjusting for Transactional, Locational and Physical characteristics, the Appraiser concluded that the fair market value of the subject land was \$18.15/sf, calculated as follows:

Item	Calculation	Value
Land Valuation (Fee Simple)	36,354 sf x \$18.15/sf	\$659,825
	Rounded	\$660,000

The appraiser estimated the contributory value of the site improvements at \$50,000.

Building Valuation

Sales Comparison Approach: N/A.

Income Capitalization Approach: The Appraiser analyzed four rentals and six listings in the local market and concluded the following:

Floor/Unit	SF/NRA	Market Rent
2nd/5A	1,000 SF	\$14.00/SF
1st/2A	866 SF	\$14.50/SF
2nd/5B	950 SF	\$14.00/SF
1st/1	2,200 SF	\$16.00/SF
3rd/8	2,000 SF	\$14.50/SF
1st/2B	844 SF	\$14.00/SF
1st/3	692 SF	\$16.00/SF
1st/4	772 SF	\$16.00/SF

After fully supporting market-based vacancy, operating expenses and capitalization rate, the Appraiser estimated Net Operating Income and market value as follows:

100 Bank Street Seymour CT		BEFORE		
Direct Capitalization Analysis				
Stabilized Operating Statement				
Revenue	Market Rent	Size/SF NRA	Annual:	Monthly
Contract	\$15.65	9,324	\$145,950	\$12,193
Market	\$14.78	5,762	\$105,855	\$8,821
Gross Potential Income		16,486 SF	\$251,805	\$20,984
Less:				
Vacancy & Credit Loss	5.00%		(\$12,590)	
Effective Income			\$230,214	
Operating Expenses				
	Per SF	Annually		As % of EFG
Real Estate Tax	\$2.32	\$34,084		15.96%
Utilities	\$2.01	\$30,268		12.65%
Insurance	\$0.45	\$7,486		3.13%
Maintenance & Repairs	\$1.57	\$25,810		10.79%
Reserves	\$0.35	\$5,770		2.41%
Gen & Admin.	\$0.19	\$3,126		1.31%
Management	\$0.36	\$5,80		2.50%
Total Expenses	\$7.38	\$116,616	(\$116,616)	48.75%
Net Operating Income			\$122,598	
Capitalization Rate			8.00%	
Capitalized Value			\$1,532,479	
Costs to Lease Up		Rent Loss	(\$52,927)	
		Commissions	(\$15,878)	
Capitalized Value			\$1,463,674	
Indicated Value, Rounded			\$1,465,000	
Indicated Value/SF			\$88.86	
Income/Expense Ratio			48.75%	
Cost Of Occupancy			\$22.73/SF	

Lease up costs, to bring the property to stabilized occupancy, include six months rental loss plus commission expenses.

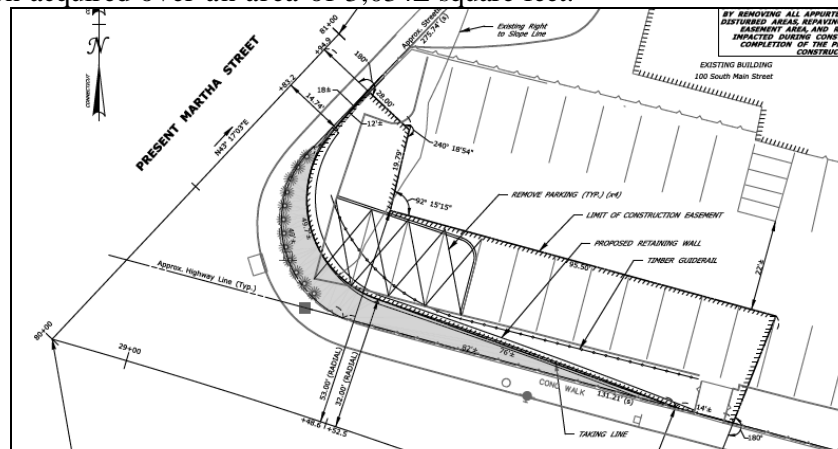
Reconciliation and Value Conclusion - Before

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$660,000
Income Capitalization Approach – Building	\$1,465,000
Sales Comparison Approach Building	n/a
Conclusion of Market Value	\$1,465,000

TAKING DESCRIPTION:

DOT requires acquiring the following:

- A partial take in fee simple acquired – 567 square feet;
- A construction easement for the purpose of providing a work area for the replacement of a retaining wall, removal and resetting of granite steps, installation of a timber guiderail, and permanent removal of four (4) parking spaces. Construction easement taken under this paragraph will be restored by removing all appurtenances and equipment, grading and landscaping any disturbed areas, repaving of parking lot and replacement of curbing within easement area, and restriping of nine (9) parking spaces temporarily impacted during construction acquired over an area of 3,034± square feet.



IMPACT OF THE TAKING:

THE TAKINGS

The taking consisted of an elongate curved parcel at the S/W corner of the site encompassing 567 SF. The taking removed four (4) primary parking spaces.

The Temporary Construction Easement taking was 3,034 SF at the S/W corner of the site in a rectangular-curved flag shape encompassing twelve (12) primary parking spaces. The temporary work easement period was four (4) months.

As a result of the taking there were site improvements that were impacted.

AFTER VALUATION:

After Land Valuation: Based on the sales comparison approach, the appraiser considered the same sales as in the Before Valuation and concluded that the fair market value of the subject land was unchanged at \$18.15/sf, calculated as follows:

Item	Calculation	Value
Land Valuation (Fee Simple)	35,787 sf x \$18.15/sf	\$649,534
	Rounded	\$649,500

The appraiser estimated the contributory value of the site improvements at \$45,000.

After Building Valuation

After Sales Comparison Approach: N/A

After Income Capitalization Approach: The Appraiser analyzed the same rentals and listings of available commercial properties and concluded the contract rent was unchanged and the market rent of the vacant units decreased by \$0.25-\$0.50 per square foot of NRA:

ECONOMIC RENT & GROSS POTENTIAL INCOME			
The same rentals and listings as analyzed in the Before analysis are utilized for the After economic rent. We conclude as follows for the vacant units and gross potential income:			
AFTER the TAKINGS	Annual Revenue	Unit SF	% of Space
Contract Rent	\$145,950	9,324 SF	56.56%
Market Rent	\$104,427	7,162 SF	43.44%
Units			Rate/SF
Vacant 2nd/6-B	\$17,188	1,250 SF	\$13.75
Vacant 2 nd /6-A	\$8,613	638 SF	\$13.50
Vacant 4 th /10	\$28,645	1,942 SF	\$14.75
Vacant 4 th /9	\$27,730	1,880 SF	\$14.75
Unit 7	\$21,780	1,452 SF	\$15.00
Gross Potential Income	\$228,125		

The Appraiser's then estimated Effective Gross Income and Net Operating Income as follows:

100 Bank Street Seymour CT				
AFTER				
Direct Capitalization Analysis				
Stabilized Operating Statement				
Revenue	Market Rent	Size/SF NRA	Annual:	Monthly
Contract	\$15.65	9,324 SF	\$145,950	\$12,163
Market	\$14.58	7,162 SF	\$104,427	\$8,702
Gross Potential Income		16,486 SF	\$250,377	\$20,865
Less:				
Vacancy & Credit Loss	5.00%		(\$12,519)	
Effective Income			\$237,858	
Operating Expenses	Per SF	Annually		As % of EFG
Real Estate Tax	\$2.32	\$38,176		15.96%
Utilities	\$1.84	\$30,268		12.65%
Insurance	\$0.45	\$7,486		3.13%
Maintenance & Repairs	\$1.57	\$25,810		10.79%
Reserves	\$0.35	\$5,770		2.41%
Gen & Admin.	\$0.19	\$3,126		1.31%
Management	\$0.38	\$5,890		2.50%
Total Expenses:	\$7.42	\$116,616	(\$116,616)	51.02%
Net Operating Income			\$121,242	
Capitalization Rate:			8.25%	
Capitalized Value			\$1,469,602	
Less Costs to Lease Up:		Rent Loss	(\$87,023)	
		Commissions	(\$15,664)	
Capitalized Value			\$1,366,916	
Indicated Value, Rounded:			\$1,365,000	
Indicated Value/SF:			\$82.80	
Income/Expense Ratio:			49.03%	
Cost Of Occupancy			\$22.73	

Lease up costs, to bring the property to stabilized occupancy, include ten months (expanded due to 4-month construction period) rental loss plus commission expenses.

The Appraiser’s indicated value by the Income Capitalization Approach is then reduced by \$10,500 to reflect the estimated loss of value from the fee taking and \$5,000 for the loss of affected site improvements, or $\$1,365,000 - \$10,500 - \$5,000 = \$1,349,500$.

Reconciliation and Value Conclusion – After

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$649,500
Income Capitalization Approach – Building	\$1,349,500
Sales Comparison Approach Building	n/a
Conclusion of Market Value	\$1,349,500

Calculation of Permanent Damages

Item	Value
Before Valuation	\$1,465,000
After Valuation	\$1,349,500
Permanent Damages	\$115,500

Calculation of Temporary Damages

The Appraiser then accounted for Temporary Damages as follows:

The Temporary Work Easement Area taking is based on the underlying land value of \$18.15/SF as developed earlier in the report. The calculations follow.

Taking Values	Net Area SF	Rate SF	Amt.	Factor	Adj. Amount	Ann. Rate	Period Four Mo.	Damages	Rounded
Construction Easement	3,034 SF	\$18.15/SF	\$55,067	99.00%	\$54,516	\$13,629	0.33	\$4,543	\$4,550

A factor of 99.00% was utilized as the temporary work easement area is a primary site section to include frontage, visibility, and twelve parking spaces. A rate of 0.25 reflects front line parking for a short period.

Then:
 $3,034 \text{ SF} \times \$18.15/\text{SF} = \$55,067 \times 99.00\% = \$54,516 \times 0.25 = \$13,629/\text{Yr.} /12 \times 4 = \$4,543$, Rounded \$4,550.

Total damages are then Permanent Damages plus Temporary Damages, or $\$115,500 + \$4,550 = \$120,050$.

RECOMMENDATION: Staff recommend the Board approval this proposal in the amount of \$120,050 for the following reasons:

1. The acquisition complies with Section 13a-73(c) of the CGS which governs the acquisition of property by the commissioner of transportation required for highway purposes.
2. The acquisition value is supported by the independent appraisal report.

Mr. Valengavich moved and Mr. Cianci seconded a motion to go out of Open Session and into Executive Session at 9:37. The motion passed unanimously. Ms. Smith and Ms. Briggs, both of the CT Department of Agriculture were invited to attend the Executive Session at 9:37 and left the meeting at 10:19.

EXECUTIVE SESSION

PRB #: 22-1000-A
Transaction/Contract Type: AG / PDR Regs
Origin/Client: DoAG/DoAG

Statutory Disclosure Exemptions: 1-200(6) & 1-210(b)(7)

Mr. Valengavich moved and Mr. Halpert seconded a motion to go out of Executive Session and into Open Session at 10:19. The motion passed unanimously.

OPEN SESSION

- 5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS**
- 6. ARCHITECT-ENGINEER – NEW BUSINESS**
- 7. OTHER BUSINESS**
- 8. VOTES ON PRB FILE:**

PRB FILE #22-121 – Mr. Valengavich moved and Mr. Halpert seconded a motion to approve PRB FILE #22-121. The motion passed unanimously.

- 9. NEXT MEETING** – Thursday, August 25, 2022.

The meeting adjourned.

APPROVED: _____ **Date:** _____
John Valengavich, Secretary