

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On January 28, 2021 – 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 January 28, 2021 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
William Cianci
Jeffrey Berger

Members Absent:

Staff Present:

Dimple Desai
Thomas Jerram

Guests Present

At Chairman Greenberg's request, Vice Chairman Josephy led the meeting.

Vice Chairman Josephy called the meeting to order.

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 January 25, 2021 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

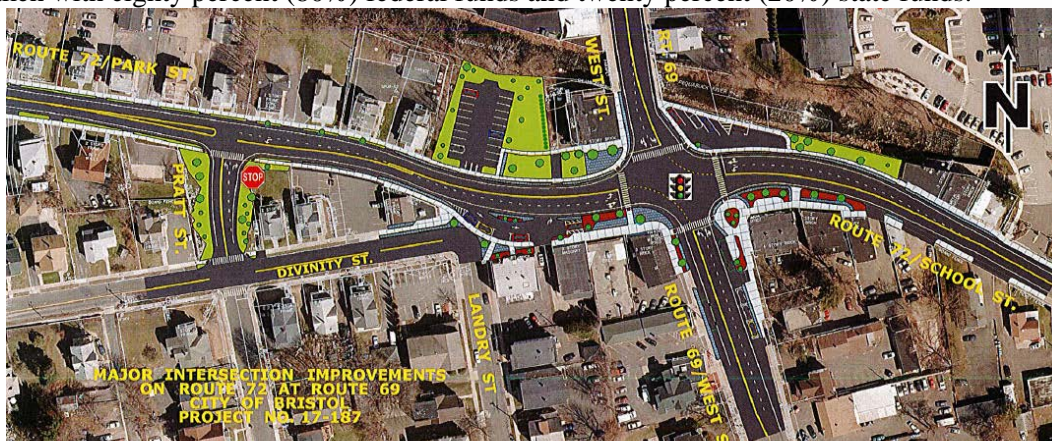
<i>PRB #</i>	#20-237
<i>Transaction/Contract Type:</i>	RE – Voucher
<i>Origin/Client:</i>	DOT/DOT
<i>Project #:</i>	017-184-004
<i>Grantor:</i>	Atlantic Property Rentals, LLC
<i>Property:</i>	Bristol, Park St (2 & 8)
<i>Project Purpose:</i>	Major Intersection Improvements on Route 72 at Route 69
<i>Item Purpose:</i>	Voucher

DAMAGES: \$315,000

DOT PROJECT: The purpose of the project is to reduce congestion, address traffic operational inefficiencies, and improve safety for vehicles, pedestrians and bicyclists.

The configuration of the intersection of Route 72 and Route 69 will be improved by realigning Route 72 to the north which will soften curvature along Route 72 and allow geometric improvements to the intersection. Dedicated left-turn lanes will be added to both approaches of Route 72. The existing dedicated left-turn lanes on the approaches of Route 69 will remain, but will be realigned so the movements do not overlap. The new geometry of the Route 72/69 intersection will allow for tractor trailers to make all turns. The existing Divinity Street/Route 72 intersection will be eliminated; Divinity Street will be shortened to terminate at its intersection with Landry Street. A new "T" type intersection will be formed by extending Pratt Street north to Route 72. The Pratt street leg will be stop-sign controlled and a left-turn lane will be provided on Route 72 to accommodate vehicles turning left onto Pratt Street. Sidewalk and crosswalk enhancements will be included to provide pedestrian connectivity throughout the project limits. Four-foot-wide shoulders will be provided throughout the project limits to improve bicycle safety. The proposed realignment of Route 72 will result in the reduction of parking spaces in the existing parking lot located at the northeast corner of the intersection of Route 69 and 72. To compensate for the reduction in parking, and to meet the needs of the community, reasonable efforts to provide additional parking within the project limits will be included. Details and locations for the new parking is being coordinated with City of Bristol officials. There are right-of-way impacts associated with the proposed improvements: five total-property acquisitions and seven sliver acquisitions are expected.

Construction is anticipated to begin in summer 2022 based on the availability of funding. The estimated construction cost for this project is approximately \$6.0 million. This project is anticipated to be undertaken with eighty percent (80%) federal funds and twenty percent (20%) state funds.



SITE & TAKING DESCRIPTION: The subject property consists of two abutting parcels totaling 14,533± square feet (0.33363± acre) of land 113± frontage on the north side of Park Street (Route 72). The site is generally level with road grade. The site is improved with two multi-family dwellings with a total of 6 units, paved asphalt parking and a five-bay detached garage. The property is zoned for single-family and multi-unit residential development via the R-15/RM zone.

Building A is a two-story, wood frame residential structure that was constructed circa 1900 on a stone/rubble/brick foundation. The antique colonial style building contains 2,728± square feet containing (2) one-bedroom units that are estimated to be 440± square feet each, a two-bedroom unit and a three-bedroom unit are estimated to be 924± square feet each.

Building B is a 2.5-story, wood frame structure constructed in 1903 on a stone/rubble/brick foundation. The improvements contain 1,936± square feet above-grade area containing (2) three-bedroom units that are estimated to be 968± square feet each.

The Appraiser opines the highest and best use of the site is for continued residential use, as improved.



VALUATION: The DOT appraisal was completed October 16, 2020 by DOT Staff Appraiser Steven C. Miller.

Land Valuation: Based on the sales comparison approach, the appraiser analyzed three sales of similarly-zoned land in Bristol and concluded that the fair market value of the subject land was \$1.60/square foot, or 14,533 sf x 1.60/sf = \$23,253, rounded to \$23,500.

The town assessment records indicate the value of the land (as assembled) is \$34,070 (100% value) based on a 2017 town-wide revaluation.

Building Valuation:

Sales Comparison Approach: The appraiser analyzed five sales of multi-family dwellings (3-6 units) all in the immediate vicinity in Bristol and concluded that the fair market value of the subject property (6 units) was \$52,000/unit, or 6 units x \$52,000/unit = \$312,000.

Income Capitalization Approach: The appraiser first developed a rent roll then estimated market rents based on comparable rental data (7 rents) and developed an estimate of gross potential income as follows:

		<u>Rent Roll</u>			
<u>2 Park Street (Parcel A)</u>				<u>8 Park Street (Parcel B)</u>	
1 st Floor				1 st Floor	
One Bedroom	\$575 per Month			Three Bedroom	\$750 per Month
Two Bedroom	\$750 per Month				
2 nd Floor				2 nd Floor	
One Bedroom – Vacant	\$500 per Month			Three Bedroom	\$750 per Month
Three Bedroom	\$825 per Month				

Gross Potential Income
(inc garage as amenity)

Potential Leased Income

Parcel A			
Unit 1	One Bedroom	\$ 650 per Month x 12 Months	= \$ 7,800
Unit 2	Two Bedroom	\$ 750 per Month x 12 Months	= \$ 9,000
Unit 3	One Bedroom	\$ 650 per Month x 12 Months	= \$ 7,800
Unit 4	Three Bedroom	\$ 850 per Month x 12 Months	= \$ 10,200
 Parcel B			
Unit 5	Three Bedroom	\$ 850 per Month x 12 Months	= \$ 10,200
Unit 6	Three Bedroom	\$ 850 per Month x 12 Months	= <u>\$ 10,200</u>
<i>Total Rental Income</i>			= \$ 55,200
Less: Vacancy and Collection Loss (5%)			= <u>\$ 2,760</u>
<i>Effective Gross Income</i>			= \$ 52,440

The appraiser then provided support for fixed and variable operating expenses in his calculation of Net Operating Income (NOI).

Calculation of Net Operating Income

Less: Expenses

Real Estate Taxes		\$ 7,696	
Fire and Liability Insurance		\$ 3,000	
Water and Sewer Fees		\$ 2,300	
Snow Removal		\$ 1,800	
Rubbish Removal		\$ 500	
Accounting & Legal Fees		\$ 1,500	
Property Management	(4%)	\$ 2,098	
Repairs & Maintenance	(6%)	\$ 3,146	
Reserves for Replacements	(6%)	<u>\$ 3,146</u>	
		\$ 25,186	
<i>Total Accrued Expenses</i>			= <u>\$ 25,186</u>
Net Operating Income			= \$ 27,254

The appraiser then selected an overall capitalization rate to arrive at an indication of market value, as well as provided support for a Gross Rent Multiplier (GRM) in concluding his opinion of value by the Income Capitalization Approach as follows:

An overall Capitalization Rate was developed under the market conditions as of the **Effective Date of this Appraisal**, October 16, 2020. After careful consideration, it is the opinion of your appraiser that the Capitalization Rate utilized within this report is **8.50%** for the subject property. A slightly higher rate was utilized and justified, as a lower yield would be expected on the highest quality properties with full occupancies and strong credit tenants paying rent rates that are at or above the current effective economic rent for comparable residential apartments.

Therefore:	Net Income	÷	Capitalization Rate	=	
	\$ 27,254	÷	8.50%	=	\$ 320,635
			Or, Say		\$ 320,000

Further, a GRM multiplier has been developed as to provide support in value. The Gross Rent Multiplier is the ratio of the price of a real estate asset to its rental income before accounting for expenses such as real estate taxes, insurance, and utilities. It is a methodology to compare like-kind properties based on income performance. The improved sales presented within the Sales Comparison Approach had rental data available, to which a market-based Gross Rent Multiplier (GRM) variable can be calculated. The GRM variable extracted from market sales activity in the region are outlined below.

<u>Rental Address</u>	<u>GRM</u>			<i>As Applied to Subject @ \$4,600 per Month</i>
72 Park Street	61.22	Range – Low	61.22	\$ 281,612
189 Divinity Street	90.43	Range – High	90.43	\$ 415,978
116 Divinity Street	78.95	Mean	74.15	\$ 341,090
106 Laurel Street	69.48	Median	70.68	\$ 325,128
322 Park Street	70.68	Mode	N/A	Not Applicable

Given the quality of the dataset, which takes into consideration variations in unit number, unit size, condition/finish, and other various factors, your appraiser has selected a GRM variable of 70, which when applied to the monthly potential gross rent, equates to a value of \$ 322,000 and provides good support to the value concluded within the Capitalization Method.

Therefore, it is the opinion of your appraiser that the subject’s value via the Income Approach is \$ 320,000.

VALUE VIA THE INCOME APPROACH \$ 320,000

Reconciliation and Value Conclusion

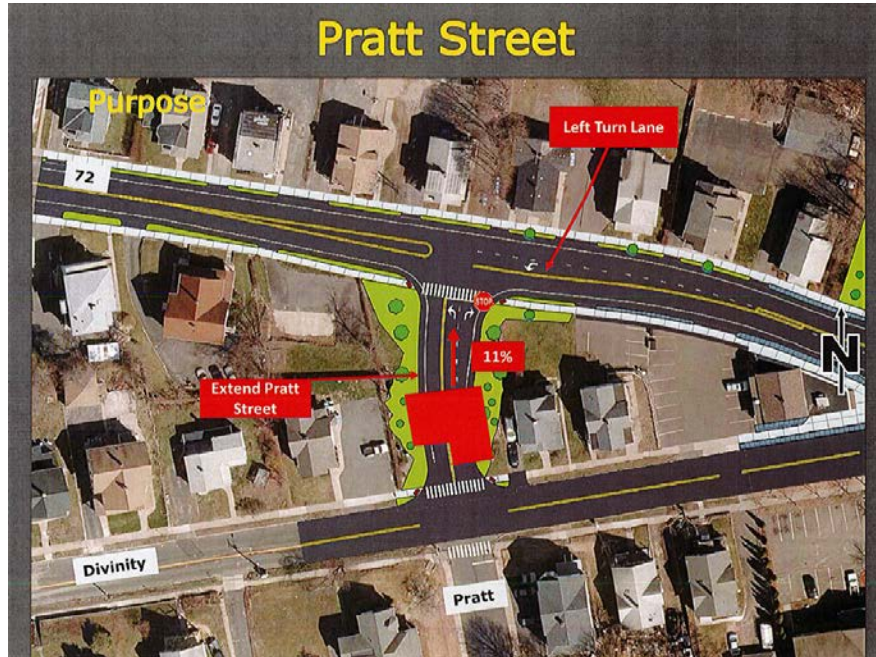
Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$23,500
Sales Comparison Approach – Buildings	\$312,000
Income Capitalization Approach - Buildings	\$320,000
Conclusion of Market Value	\$315,000

The Grantor has agreed to DOT’s taking price of \$315,000.

RECOMMENDATION: Board **APPROVAL** of damages in the amount of \$315,000 is recommended 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 DOT appraisal report.





5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

7. OTHER BUSINESS

8. VOTES ON PRB FILE:

PRB FILE #20-237 – Mr. Valengavich moved and Mr. Halpert seconded a motion to approve PRB FILE #20-237. The motion passed unanimously.

9. NEXT MEETING – Monday, February 1, 2021.

The meeting adjourned.

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