

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On April 22, 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 April 22, 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
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 April 19, 2021 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

Chairman Greenberg reminded Board Members to make sure that their Statement of Financial Interests is filed with the Office of State Ethics.

Mr. Berger provided Board Members with an update on his ongoing conversations and review about certain proposed legislation that affects the State Properties Review Board.

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

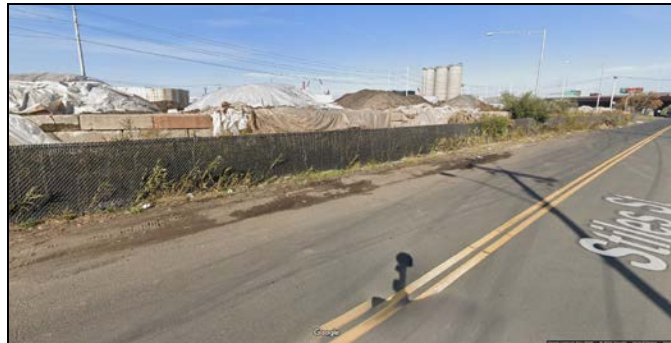
PRB #	21-044
Transaction/Contract Type:	RE – Conveyance
Origin/Client:	DOT/DOT
Project #:	92-522-14A
Grantee:	New Haven Port Authority
Property:	New Haven, Stiles Street (Lot 900)
Project Purpose:	DOT Conveyance of 0.86 acres
Item Purpose:	Legislative Conveyance pursuant to SA 19-3 (1)

RELEASE PRICE: \$205,000

Under this proposal (#21-044), DOT is seeking to convey an 37,305 square foot, industrially zoned, parcel of land to the New Haven Port Authority pursuant to Special Act 19-3 (1). The price of the conveyance is established by the Special Act. The conveyance is subject to the following restrictions:

(b) The New Haven Port Authority shall use said parcel of land for the purpose of supporting multimodal movement of freight transiting the Port of New Haven. If the New Haven Port Authority:

- (1) Does not use said parcel for said purpose; or
- (2) Does not retain ownership of all of said parcel, the parcel shall revert to the state of Connecticut.



The State acquired the property from the New Haven Port Authority on February 26, 2019, as recorded in a Certificate of Condemnation in the New Haven Land Records, in volume 9820, beginning on page 249.

The Special Act Language is as follows:

Section 1. (Effective from passage) (a) Notwithstanding any provision of the general statutes, the Commissioner of Transportation shall convey to the New Haven Port Authority a parcel of land located in the city of New Haven at a cost not to exceed two hundred five thousand dollars. Said parcel of land has an area of approximately 0.8 acre and is identified as Lot 900 in Block 954 of city of New Haven Tax Assessor's Map 78. The conveyance shall be subject to the approval of the State Properties Review Board.

(b) The New Haven Port Authority shall use said parcel of land for the purpose of supporting multimodal movement of freight transiting the Port of New Haven. If the New Haven Port Authority:

- (1) Does not use said parcel for said purpose; or
- (2) Does not retain ownership of all of said parcel, the parcel shall revert to the state of Connecticut.

(c) The State Properties Review Board shall complete its review of the conveyance of said parcel of land not later than thirty days after it receives a proposed agreement from the Department of Transportation. The land shall remain under the care and control of said department until a conveyance is made in accordance with the provisions of this section. The State Treasurer shall execute and deliver any deed or instrument necessary for a conveyance under this section, which deed or instrument shall include provisions to carry out the purposes of subsection (b) of this section. The Commissioner of Transportation shall have the sole responsibility for all other incidents of such conveyance. Approved June 18, 2019

RECOMMENDATION: Staff recommends approval of the legislative conveyance for the following reasons:

1. The Quit Claim deed is consistent with Section 1 of Special Act 19-3, signed by the Governor on June 18, 2019;
2. The conveyance requires the New Haven Port Authority to use the property for the purpose of supporting multimodal movement of freight transiting the Port of New Haven.
3. There is a reverter clause if not used for its stated purpose, or if the port authority does not retain ownership of the parcel.
4. The deed description is consistent with the map description.

PRB #	21-046
Transaction/Contract Type:	RE – Voucher
Origin/Client:	DOT/DOT
Project #:	092-614-001
Grantor:	Yale University
Property:	New Haven, College St (35)
Project Purpose:	New Haven Downtown Crossing, Phase 3
Item Purpose:	Voucher

DAMAGES: \$216,000

PROJECT: Downtown Crossing is a City of New Haven infrastructure project that rebuilds the former Route 34 expressway into a system of urban boulevards, reestablishes the urban street grid by reconnecting the city streets, and reclaims portions of land that had long been unavailable for development due to the expressway right-of-way (courtesy of www.downtowncrossingnewhaven.com.)

To lessen construction impacts and to maintain safety, transportation, and economic activities while construction is underway, the Downtown Crossing project has been split into three phases.

Phase 3 will connect Temple Street to Congress Avenue via a bridge that will be designed to accommodate motor vehicle, pedestrian, and bicycle traffic. Phase 3 construction will enable access to two land parcels for new development.

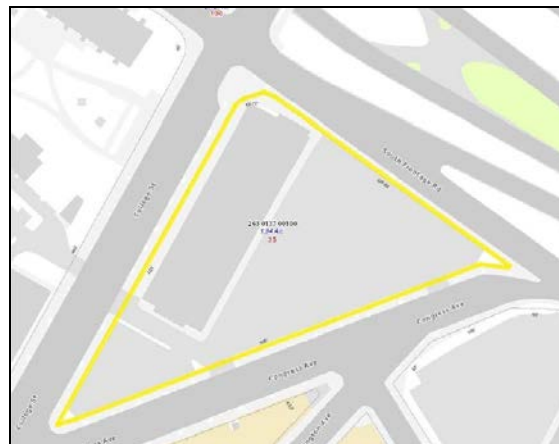
The extension of Temple Street to Congress Avenue will provide another multi-modal connection between Downtown New Haven and the Hill neighborhood, reclaim more land for development, include measures to improve traffic flow and reduce congestion in the areas surrounding Temple Street Garage, and beautification and place-making measures.

Once completed, Phase 3 improvements will enable access to two land parcels for new development: 1.63 acres between College and Temple Streets and 1.23 acres between Temple and Church Streets. In addition to being previously inaccessible, these parcels were unavailable for use or development due to the former Route 34 expressway right-of-way.

In Phase 3, a bridge will be constructed to extend Temple Street to Congress Avenue, over the Route 34 corridor. The Temple Street bridge will be designed to accommodate motor vehicle, pedestrian, and bicycle traffic, providing another multi-modal connection between Downtown New Haven and the Hill neighborhood. Phase 3 will also include streetscape and landscape improvements, and a retention basin to clean storm-water and reduce flooding.



SITE DESCRIPTION: The subject site consists of a 1.940-acre (84,506 sf) parcel of land with 554.5 linear feet of frontage along Congress Avenue, 387.7 linear feet along South Frontage Road, and 422.4 linear feet of frontage along College Street. The site is improved with a 56,306 square foot, professional office constructed in 1957, in average to good condition. The property is located within the BA Zone.



HIGHEST AND BEST USE - AS VACANT

The highest and best use of the subject property is for development of an office building, due predominantly to the subject's zoning and location in a regional employment hub.

HIGHEST AND BEST USE - AS IMPROVED

The highest and best use of the subject property as improved would be for its continued present use

as an office property. Continued present use is physically possible, legally permissible, financially feasible, and the most profitable uses of the subject property as improved. There is no alternate use that would yield a higher present value indication for the subject property as presently improved.

BEFORE VALUATION: The DOT appraisal was completed November 5, 2020 by independent Appraiser Michael Fazio, MAI.

Land Valuation: Based on the sales comparison approach, the Appraiser considered four sales in New Haven (2018-2020) of similarly-zoned land with similar highest and best use and concluded that the fair market value of the subject land was \$5,746,500, or \$68.00/square foot (84,506 sf x \$68/sf = \$5,746,408).

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4
ComplD	9431	9420	9422	6764	9421
Address	35 College Street	294-300 State Street	480 Martin Luther King Jr. Boulevard	630 & 673 Chapel Street	87 Union Street
City	New Haven	New Haven	New Haven	New Haven	New Haven
Date of Sale	N/A	4/29/2020	11/20/2019	11/7/2019	7/16/2018
Sale Price	N/A	\$2,500,000	\$2,800,000	\$14,600,002	\$10,000,000
Land Acres	1.94	0.42	0.78	2.27	2.60
Land SF	84,506	18,295	33,977	98,881	113,256
FAR	2.0	6.0	6.0	6.0	6.0
Max GBA	169,013	109,771	203,861	593,287	679,536
Traffic Count	8,400	11,600	16,800	7,200	7,000
Zone	BA	BD-1	BD-2	BD-1	BD-1
Price/SF Land	N/A	\$137	\$82	\$148	\$88
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0.0%	0.0%	0.0%	0.0%
Financing Terms		Typical	Cash to Seller	Cash to Seller	Cash to Seller
Adjustment		0.0%	0.0%	0.0%	0.0%
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment		0.0%	0.0%	0.0%	0.0%
Expenditures Immediately After Purchase					
Adjustment		0.0%	0.0%	2.0%	4.0%
Time/Market Conditions (months elapsed)		6.2	11.5	12.0	27.7
Market Conditions Adjustment		0.0%	0.0%	0.0%	0.0%
Subtotal Price/SF Land		\$137	\$82	\$151	\$92
Location		-20.0%	0.0%	-15.0%	-15.0%
Physical Characteristics - Shape		-5.0%	-5.0%	-5.0%	-5.0%
Physical Characteristics - Topography		0.0%	0.0%	0.0%	0.0%
Zoning		-20.0%	-20.0%	-20.0%	-20.0%
Parcel Size		-10.0%	-10.0%	5.0%	5.0%
Net Percent Adjustment		-55.0%	-35.0%	-35.0%	-35.0%
Adjusted Price/Acre		\$61	\$54	\$98	\$60

Building Valuation:

Sales Comparison Approach: The Appraiser analyzed five sales of similar properties, three in New Haven (2015-2016) and two in Hamden (2019). Sale prices ranged from \$6,250,000 to \$44,000,000, and after adjustments, concluded that the fair market value of the subject property was, \$160/sf x 56,306 sf = \$9,008,960, rounded to \$9,010,000.

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5
ComplD	9431	4786	9424	3499	2112	9425
Name						
Address	35 College Street	1 Church Street	350 George Street	150 Sargent Drive	2080, 2100, & 2200 Whitney Avenue	1952 Whitney Avenue
City	New Haven	New Haven	New Haven	New Haven	Hamden	Hamden
Recording Date	N/A	2/29/2016	11/24/2015	5/27/2015	12/30/2019	11/22/2019
Sale Price	N/A	\$19,500,000	\$16,500,000	\$10,256,580	\$44,000,000	\$6,250,000
GBA	56,306	91,913	116,006	50,667	138,662	53,964
Year Constructed	1957	1961	1979	1971	1970/1972	1977
Site Size	1.94	1.03	1.59	3.86	11.49	2.93
Land to Building Ratio	1.50	0.49	0.60	3.32	3.61	2.37
Parking Ratio	2.58	0.78	0.02	5.33	3.25	4.15
Price/SF GBA	N/A	\$212.16	\$142.23	\$202.43	\$317.32	\$115.82
Property Rights Conveyed		Leased Fee	Fee Simple	Leased Fee	Leased Fee	Leased Fee
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Financing Terms		Typical	Cash to Seller	Typical	Cash to Seller	Typical
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Conditions of Sale		Arm's Length	Arm's Length	Assumed Existing Loan	Arm's Length	Arm's Length
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Expenditures Immediately After Purchase						
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Time/Market Conditions (months elapsed)		56.3	59.4	65.4	10.2	11.5
Market Conditions Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Price/GBA		\$212.16	\$142.23	\$202.43	\$317.32	\$115.82
Location		-20.0%	-20.0%	10.0%	10.0%	10.0%
Physical Characteristics		-5.0%	5.0%	-5.0%	-40.0%	5.0%
Economic Characteristics		-10.0%	-10.0%	-10.0%	-10.0%	-5.0%
Land to Building/Parking Ratio		20.0%	35.0%	-35.0%	-15.0%	-10.0%
Building Size		5.0%	10.0%	0.0%	10.0%	0.0%
Net Percent Adjustment		-10.0%	20.0%	-40.0%	-45.0%	0.0%
Adjusted Price/GBA		\$190.94	\$170.68	\$121.46	\$174.53	\$115.82

Income Capitalization Approach: The Appraiser analyzed four rentals of similar properties in New Haven (2017-2020) and concluded that the fair market rental value of the subject property was, \$20/sf on a gross plus utilities basis.

Property	1	2	3	4
Leased Area (SF)	2,800	4,862	1,000	1,345
Lease Date	6/23/2020	11/5/2018	9/1/2017	2/20/2020
Reimbursement Type	Gross	Mod. Gross	Gross	Mod. Gross
Lease Remarks	Starting rent for third floor office space.	Second floor office space.	Second floor office space.	Office space on 10th floor of the Gold Building. Starting rent.
Lease Rate per SF	\$20.00	\$18.00	\$18.00	\$23.50
Adjusted Lease Rate per SF	\$18.00	\$18.00	\$16.00	\$23.50

After fully supporting market-based operating expenses, the Appraiser estimated Net Operating Income as follows:

Rental Income	Annual	Per SF	% of PGI
Office (56,306 SF at \$20.00/SF)	\$1,126,120	\$20.00	100.0%
Total Rental Income	\$1,126,120	\$20.00	100.0%
Potential Gross Income	\$1,126,120	\$20.00	100.0%
Less Vacancy & Collection Loss (10.0%)	(\$112,612)	(\$2.00)	-10.0%
Effective Gross Income	\$1,013,508	\$18.00	90.0%
Operating Expenses	Annual	Per SF	% of EGI
Total Utilities	\$5,631	\$0.10	0.6%
Management Fees	\$50,675	\$0.90	5.0%
Repairs & Maintenance	\$42,230	\$0.75	4.2%
Trash Removal	\$8,446	\$0.15	0.8%
Landscaping & Plowing	\$19,707	\$0.35	1.9%
Real Estate Taxes	\$198,063	\$3.52	19.5%
Property Insurance	\$16,892	\$0.30	1.7%
Replacement Reserve	\$14,077	\$0.25	1.4%
Total Expenses	\$355,720	\$6.32	35.1%
Net Operating Income	\$657,788	\$11.68	64.9%

After fully supporting market-based overall capitalization rate, the Appraiser estimated the value of the property by the Income Capitalization Approach as follows:

Direct Capitalization Summary	
Net Operating Income	\$657,788
Divided By Overall Rate	7.50%
Capitalized Value Indication	\$8,770,511
Rounded (\$155.76 per SF)	\$8,770,000

Reconciliation and Value Conclusion

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$5,746,500
Income Capitalization Approach – Building	\$8,770,000
Sales Comparison Approach Building	\$9,010,000
Conclusion of Market Value	\$8,770,000

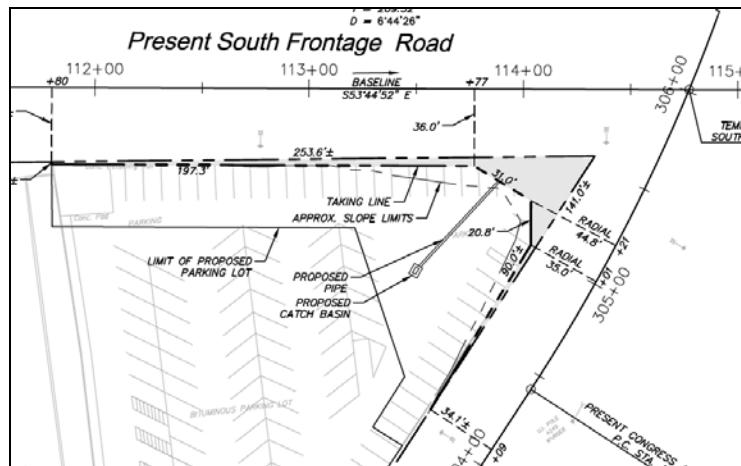
TAKING DESCRIPTION:

DOT requires acquiring the following:

- Partial take of 1,636 sf of land in fee simple;
- An easement to slope for support of the highway acquired over an area of 924 sf
- A right to construct paved parking lot, install striping, pipe, and drainage structure acquired over an area of 9,781 sf.

IMPACT OF THE TAKING:

After the Taking, the subject property will be comprised of a 1.90-acre parcel of land, improved with a 56,306 square foot professional office, constructed in 1957. The property will remain located in the BA zone. The Connecticut DOT proposes to expand the existing sidewalk and roads (South Frontage Road and Congress Avenue) into the subject property as part of an extension of Temple Street. The expansion will remove three parking spaces permanently. The existing retaining wall, which runs along South Frontage Road and Congress Avenue, will be removed. Additionally, chain link fencing, curbing, and pavement will be removed. The existing parking lot, which slopes downwards to the east, will be raised, which will temporarily impact the use of 51 parking spaces at the subject (during the three-month construction period). The total of 51 spaces includes three spaces to be temporarily impacted by the change in location of the dumpster during construction. A total of 21 of the 51 temporarily lost parking spaces will be shortened from 18 feet to between 15 and 17 feet (along South Frontage Road). Additionally, there will be a 924 square foot permanent slope easement. Per the DOT, the future use of the permanent slope easement will be rarely utilized. The Taking will remove a curb cut along Congress Avenue (currently unused). The reduced parking will have a negative impact on the property. To replace the temporary loss of parking, substitute parking spaces will need to be rented during the construction period. The permanent loss of three parking spaces and a curb cut will negatively impact the market rent and value of the subject property in the future. The retaining wall will not be replaced after the completion of the project. Additionally, the subject will be encumbered by a 924 square foot slope easement, and a sign on the property will be relocated by the DOT Acquisition Section.



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

EXTRAORDINARY ASSUMPTIONS:

The appraisal is subject to the extraordinary assumption that the existing sign located within the taking area can be relocated to a suitable location on the subject property that will not impact the remainder. If the sign cannot be relocated to a suitable location on the subject property that will not impact the remainder the value is subject to change.

HYPOTHETICAL CONDITIONS:

The methodology used in this report is in the form of a 29 Point “Before” and “After” Appraisal Report format used for eminent domain purposes. The 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 State’s project. The appraisal report was based 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 were necessary to arrive at a credible value.

After Land Valuation: Based on the sales comparison approach, the Appraiser considered the same four sales in New Haven (2018-2020) of similarly-zoned land with similar highest and best use and concluded that the fair market value of the subject land was \$68.00/square foot, calculated as follows:

After Scenario Land Valuation	
Total SF Land Before Taking	84,506
Less SF in Taking Area	2,560
Total SF Land Unencumbered After Taking	81,946
Concluded Value/SF Unencumbered Land x	\$68
Fee Value of Unencumbered Land After Taking	\$5,572,328
Concluded Value Encumbered Land + (90% of Unencumbered Value/SF Land x 924 SF)	\$56,549
Rounded After Value of Land	\$5,629,000

The effect of the fee-simple take and slope easement reduced the land value by \$117,500.

Building Valuation:

After Sales Comparison Approach: The Appraiser analyzed the impact of the taking and calculated the impact on market value due to the impacts of the Taking. The Appraiser estimated the permanent loss of three parking spaces resulted in a \$0.06 reduction of market rental value. The Appraiser estimated the permanent loss of one curb cut and a reduction in depth of parking spaces resulted in an additional \$0.06 reduction and market rental value.

The reduction in market rent indicates a total value reduction of \$77,000, as shown in the table below. Please see the After – Income Capitalization Approach section for the full analysis.

Permanent Severance Calculation Table	
Value Before Loss of Parking/Curb Cut/Shortened Spaces	\$8,770,000
Value After Loss of Parking/Curb Cut/Shortened Spaces	\$8,693,000
Severance Damages	\$77,000
Rounded	\$77,000

Therefore, the indicated After value of the subject property via the sales comparison approach is concluded as follows:

Price/Building Area Comparison		Indicated Subject Value	
Maximum	\$190.94	Concluded Value Per SF GBA	\$ 160.00
Average	\$154.68	GBA	56,306
Minimum	\$115.82	Indicated Value	\$ 9,008,960
		Rounded - Before	\$ 9,010,000
		Less Taking Area Value	\$ (117,500)
		Less Site Improvements	\$ (6,000)
		Less Permanent Severance	\$ (77,000)
		Rounded - After	\$ 8,809,500

After Income Capitalization Approach: The Appraiser analyzed the impact of the taking and calculated the impact on market value due to the impacts of the Taking. The Appraiser estimated the permanent loss of three parking spaces resulted in a \$0.06 reduction of market rental value. The Appraiser estimated the permanent loss of one curb cut and a reduction in depth of parking spaces resulted in an additional \$0.06 reduction and market rental value.

After fully supporting market-based operating expenses, the Appraiser estimated Net Operating Income as follows:

Rental Income	Annual	Per SF	% of PGI
Office (56,306 SF at \$19.88/SF)	\$1,119,363	\$19.88	100.0%
Total Rental Income	\$1,119,363	\$19.88	100.0%
Potential Gross Income	\$1,119,363	\$19.88	100.0%
Less Vacancy & Collection Loss (10.0%)	(\$111,936)	(\$1.99)	-10.0%
Effective Gross Income	\$1,007,427	\$17.89	90.0%
Operating Expenses	Annual	Per SF	% of EGI
Total Utilities	\$5,631	\$0.10	0.6%
Management Fees	\$50,371	\$0.89	5.0%
Repairs & Maintenance	\$42,230	\$0.75	4.2%
Trash Removal	\$8,446	\$0.15	0.8%
Landscaping & Plowing	\$19,707	\$0.35	2.0%
Real Estate Taxes	\$198,063	\$3.52	19.7%
Property Insurance	\$16,892	\$0.30	1.7%
Replacement Reserve	\$14,077	\$0.25	1.4%
Total Expenses	\$355,416	\$6.31	35.3%
Net Operating Income	\$652,011	\$11.58	64.7%

After fully supporting market-based overall capitalization rate, the Appraiser estimated the value of the property by the Income Capitalization Approach as follows:

Direct Capitalization Summary	
Net Operating Income	\$652,011
Divided By Overall Rate	7.50%
Capitalized Value Indication	\$8,693,484
Rounded	\$8,693,000
Less Adjustments	
Less Taking Area Value	(\$117,500)
Less Site Improvements	(\$6,000)
Adjusted Value Indication	\$8,569,500
Rounded (\$152.20 per SF)	\$8,569,500

The effect of the loss of 3 parking spaces, curb cut and reduced-depth parking resulted in a loss of market value \$77,500.

After Reconciliation and Value Conclusion

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$5,629,000
Income Capitalization Approach – Building	\$8,569,500
Sales Comparison Approach Building	\$8,809,500
Conclusion of Market Value	\$8,569,500

Calculation of Permanent Damages

Item	Value
Before Valuation	\$8,770,000
After Valuation	\$8,569,500
Permanent Damages	\$200,500

Calculation of Temporary Severance

Temporary severance damages due to the need to acquire parking for 51 vehicles during the 3 month construction period. The Appraiser provided a survey of parking rates at nearby parking garages and concluded a rental of \$100/space per month, and calculated Temporary Severance Damages as follows:

Temporary Severance Damage Calculation	
Monthly Rate/Space	\$100
Total Spaces	51
Total Cost/Month	\$5,100
Months of Construction	3
Temporary Severance Damages	\$15,300
Rounded	\$15,500

Total damages are then Permanent Damages plus Temporary Severance Damages, \$200,500 + \$15,500 = \$216,000.

RECOMMENDATION: Board **APPROVAL** of damages in the amount of \$216,000 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 independent Appraiser's estimate of value.

PRB #	21-047
Transaction/Contract Type:	RE – Voucher
Origin/Client:	DOT/DOT
Project #:	092-614-002
Grantor:	WE 2 Church Street South, LLC
Property:	New Haven, Church Street South (2)
Project Purpose:	New Haven Downtown Crossing, Phase 3
Item Purpose:	Voucher

DAMAGES: \$166,000

PROJECT: Downtown Crossing is a City of New Haven infrastructure project that rebuilds the former Route 34 expressway into a system of urban boulevards, reestablishes the urban street grid by reconnecting the city streets, and reclaims portions of land that had long been unavailable for development due to the expressway right-of-way (courtesy of www.downtowncrossingnewhaven.com.)

To lessen construction impacts and to maintain safety, transportation, and economic activities while construction is underway, the Downtown Crossing project has been split into three phases.

Phase 3 will connect Temple Street to Congress Avenue via a bridge that will be designed to accommodate motor vehicle, pedestrian, and bicycle traffic. Phase 3 construction will enable access to two land parcels for new development.

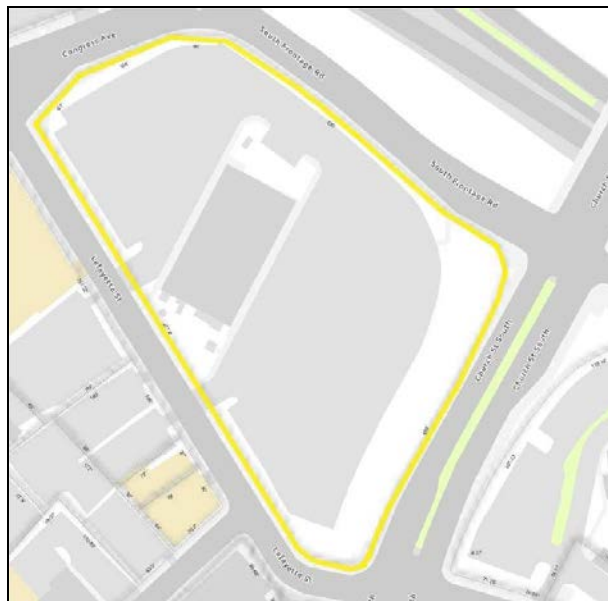
The extension of Temple Street to Congress Avenue will provide another multi-modal connection between Downtown New Haven and the Hill neighborhood, reclaim more land for development, include measures to improve traffic flow and reduce congestion in the areas surrounding Temple Street Garage, and beautification and place-making measures.

Once completed, Phase 3 improvements will enable access to two land parcels for new development: 1.63 acres between College and Temple Streets and 1.23 acres between Temple and Church Streets. In addition to being previously inaccessible, these parcels were unavailable for use or development due to the former Route 34 expressway right-of-way.

In Phase 3, a bridge will be constructed to extend Temple Street to Congress Avenue, over the Route 34 corridor. The Temple Street bridge will be designed to accommodate motor vehicle, pedestrian, and bicycle traffic, providing another multi-modal connection between Downtown New Haven and the Hill neighborhood. Phase 3 will also include streetscape and landscape improvements, and a retention basin to clean storm-water and reduce flooding.



SITE DESCRIPTION: The subject site consists of a 3.323-acre (144,748 sf) parcel of land with 521.6 linear feet of frontage along Lafayette Street, 65.1 linear feet along Washington Avenue, 147.6 linear feet along Congress Avenue, 434.0 linear feet along South Frontage Road, and 388.1 linear feet of frontage along Church Street South. The site is improved with a 66,326 square foot, medical office building constructed in 1963, in average to good condition. The property is located within the BA Zone.



HIGHEST AND BEST USE - AS VACANT

The highest and best use of the subject property is for development of medical office building, due predominantly to the subject's zoning and location a major regional hospital.

HIGHEST AND BEST USE - AS IMPROVED

The highest and best use of the subject property as improved would be for its continued present use as a medical office. Continued present use is physically possible, legally permissible, financially feasible, and the most profitable uses of the subject property as improved. There is no alternate use that would yield a higher present value indication for the subject property as presently improved.

BEFORE VALUATION: The DOT appraisal was completed November 5, 2020 by independent Appraiser Michael Fazio, MAI.

Land Valuation: Based on the sales comparison approach, the Appraiser considered four sales in New Haven (2018-2020) of similarly-zoned land with similar highest and best use and concluded that the fair market value of the subject land was \$9,843,000, or \$68.00/square foot (144,748 sf x \$68/sf = \$9,842,864).

	Subject	Sale #1	Sale #2	Sale #3	Sale #4
CompID	9419	9420	9422	6764	9421
Address	2 Church Street South	294-300 State Street	480 Martin Luther King Jr. Boulevard	630 & 673 Chapel Street	87 Union Street
City	New Haven	New Haven	New Haven	New Haven	New Haven
Date of Sale	N/A	4/29/2020	11/20/2019	11/7/2019	7/16/2018
Sale Price	N/A	\$2,500,000	\$2,800,000	\$14,600,002	\$10,000,000
Land Acres	3.32	0.42	0.78	2.27	2.60
Land SF	144,748	18,295	33,977	98,881	113,256
FAR	2.0	6.0	6.0	6.0	6.0
Max GBA	289,496	109,771	203,861	593,287	679,536
Traffic Count	13,200	11,600	16,800	7,200	7,000
Zone	BA	BD-1	BD-2	BD-1	BD-1
Price/SF Land	N/A	\$137	\$82	\$148	\$88
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0.0%	0.0%	0.0%	0.0%
Financing Terms		Typical	Cash to Seller	Cash to Seller	Cash to Seller
Adjustment		0.0%	0.0%	0.0%	0.0%
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment		0.0%	0.0%	0.0%	0.0%
Expenditures Immediately After Purchase					
Adjustment		0.0%	0.0%	2.0%	4.0%
Time/Market Conditions (months elapsed)		6.2	11.5	12.0	27.7
Market Conditions Adjustment		0.0%	0.0%	0.0%	0.0%
Subtotal Price/SF Land		\$137	\$82	\$151	\$92
Location		-20.0%	0.0%	-15.0%	-15.0%
Physical Characteristics - Shape		0.0%	0.0%	0.0%	0.0%
Physical Characteristics - Topography		0.0%	0.0%	0.0%	0.0%
Zoning		-20.0%	-20.0%	-20.0%	-20.0%
Parcel Size		-15.0%	-15.0%	0.0%	0.0%
Net Percent Adjustment		-55.0%	-35.0%	-35.0%	-35.0%
Adjusted Price/SF Land		\$61	\$54	\$98	\$60

Building Valuation:

Sales Comparison Approach: The Appraiser analyzed five sales of similar properties, three in New Haven (2015-2016) and two in Hamden (2019). Sale prices ranged from \$6,250,000 to \$44,000,000, and after adjustments, concluded that the fair market value of the subject property was, \$215/sf x 66,326 sf = \$14,260,090, rounded to \$14,260,000.

	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5
CompID	9419	4786	9424	3499	2112	9425
Name						
Address	2 Church Street South	1 Church Street	350 George Street	150 Sargent Drive	2080, 2100, & 2200 Whitney Avenue	1952 Whitney Avenue
City	New Haven	New Haven	New Haven	New Haven	Hamden	Hamden
Recording Date	N/A	2/29/2016	11/24/2015	5/27/2015	12/30/2019	11/22/2019
Sale Price	N/A	\$19,500,000	\$16,500,000	\$10,256,580	\$44,000,000	\$6,250,000
GBA	66,326	91,913	116,006	50,667	138,662	53,964
Year Constructed	1963	1961	1979	1971	1970/1972	1977
Site Size	3.32	1.03	1.59	3.86	11.49	2.93
Land to Building Ratio	2.18	0.49	0.60	3.32	3.61	2.37
Parking Ratio	3.95	0.78	0.02	5.33	3.25	4.15
Price/SF GBA	N/A	\$212.16	\$142.23	\$202.43	\$317.32	\$115.82
Property Rights Conveyed		Leased Fee	Fee Simple	Leased Fee	Leased Fee	Leased Fee
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Financing Terms		Typical	Cash to Seller	Typical	Cash to Seller	Typical
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Conditions of Sale		Arm's Length	Arm's Length	Assumed Existing Loan	Arm's Length	Arm's Length
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Expenditures Immediately After Purchase						
Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Time/Market Conditions (months elapsed)		56.3	59.4	65.4	10.2	11.5
Market Conditions Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Price/GBA		\$212.16	\$142.23	\$202.43	\$317.32	\$115.82
Location		-20.0%	-20.0%	10.0%	10.0%	10.0%
Physical Characteristics		10.0%	20.0%	10.0%	-25.0%	20.0%
Economic Characteristics		-5.0%	-5.0%	-5.0%	-5.0%	0.0%
Land to Building/Parking Ratio		30.0%	50.0%	-25.0%	-10.0%	-5.0%
Building Size		5.0%	10.0%	0.0%	10.0%	0.0%
Net Percent Adjustment		20.0%	55.0%	-10.0%	-20.0%	25.0%
Adjusted Price/GBA		\$254.59	\$220.46	\$182.19	\$253.86	\$144.78

Income Capitalization Approach: The Appraiser analyzed four rentals of similar properties in New Haven (2017-2020) and concluded that the fair market rental value of the subject property was, \$18/sf on a net, net, net basis.

Property	1	2	3
Property Type	Office	Medical Office	Medical Office
GBA	81,655	287,844	21,692
Year Built	1909	1920	2007
Land Acres	1.07	2.11	1.52
Land to Building Ratio	0.57	0.32	3.05
Leased Area (SF)	2,000	913	1,860
Lease Date	7/25/2019	8/7/2018	6/6/2019
Reimbursement Type	Gross plus Utilities	Mod. Gross	NNN
Lease Remarks	Medical office space near Yale New Haven Hospital. Above average condition.	Medical office space. Building renovated in 2009.	Ground floor medical space in building built in 2007.
Lease Rate per SF	\$22.00	\$24.50	\$23.00
Adjusted Lease Rate per SF	\$17.00	\$19.50	\$23.00

With most expenses the responsibility of the tenants, the Appraiser estimated Net Operating Income as follows:

Rental Income	Annual	Per SF	% of PGI
Medical Office (66,326 SF at \$18.00/SF)	\$1,193,868	\$18.00	100.0%
Total Rental Income	\$1,193,868	\$18.00	100.0%
Potential Gross Income	\$1,193,868	\$18.00	100.0%
Less Vacancy & Collection Loss (7.5%)	(\$89,540)	(\$1.35)	-7.5%
Effective Gross Income	\$1,104,328	\$16.65	92.5%
Operating Expenses	Annual	Per SF	% of EGI
Management Fees	\$55,216	\$0.83	5.0%
Replacement Reserve	\$16,582	\$0.25	1.5%
Total Expenses	\$71,798	\$1.08	6.5%
Net Operating Income	\$1,032,530	\$15.57	93.5%

After fully supporting market-based overall capitalization rate, the Appraiser estimated the value of the property by the Income Capitalization Approach as follows:

Direct Capitalization Summary	
Net Operating Income	\$1,032,530
Divided By Overall Rate	7.25%
Capitalized Value Indication	\$14,241,793
Rounded (\$214.70 per SF)	\$14,240,000

Reconciliation and Value Conclusion

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$9,843,000
Income Capitalization Approach – Building	\$14,240,000
Sales Comparison Approach Building	\$14,260,000
Conclusion of Market Value	\$14,240,000

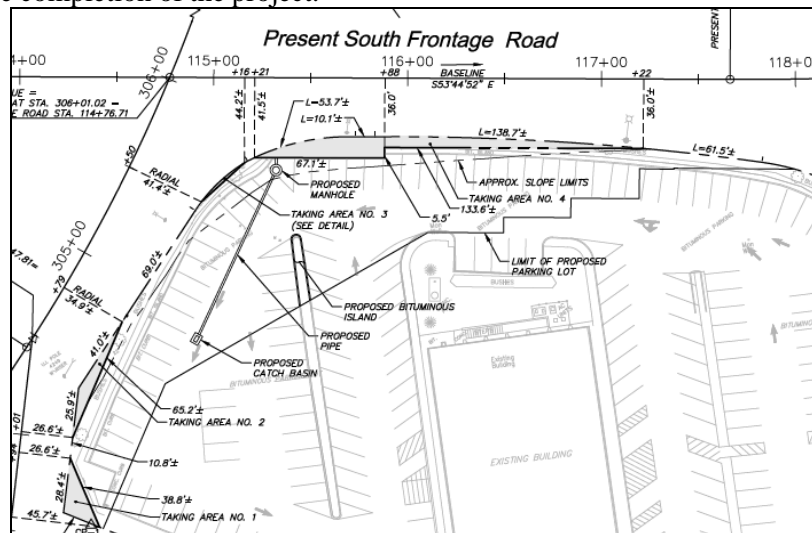
TAKING DESCRIPTION:

DOT requires acquiring the following:

- Partial take of 1,622 sf of land in fee simple;
- An easement to slope for support of the highway acquired over an area of 2,116 sf
- A right to construct paved parking lot, install bituminous island, striping, pipe, and drainage structure acquired over an area of 15,272 sf.

IMPACT OF THE TAKING:

After the Taking, the subject property will be comprised of a 3.286 -acre parcel of land, improved with a 66,326 square foot medical office, constructed in 1963. The property will remain located in the BA zone. The Connecticut DOT proposes to expand the existing sidewalk and roads (South Frontage Road and Congress Avenue) into the subject property as part of an extension of Temple Street. Fencing, curbing, and landscaping (trees, bushes) which currently runs along South Frontage Road and Congress Avenue, and Washington Avenue will be removed. The parking lot, which currently slopes downwards to the north, will be raised. The construction will temporarily impact 52 parking spaces at the subject during the three-month construction period, estimated by the Connecticut DOT. The reduced parking will temporarily have a negative impact on the property (parking spaces to substitute for the spaces temporarily lost will need to be rented). However, access to the unaffected parking spaces on the western portion of the parking lot will be maintained throughout the construction period. Additionally, as a result of the taking, 5 parking spaces will be permanently reduced to 16 feet in length (from 18 feet currently). However, based upon the location of the spaces and configuration of the parking lot, the decrease in length does not appear to impact the remainder. The slope easement is a permanent easement; however, per the DOT, future use of the easement will be rarely utilized. The fencing, curbing, and landscaping removed will not be replaced after the completion of the project.



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

EXTRAORDINARY ASSUMPTIONS:

No extraordinary assumptions.

HYPOTHETICAL CONDITIONS:

The methodology used in this report is in the form of a 29 Point “Before” and “After” Appraisal Report format used for eminent domain purposes. The 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 State’s project. The appraisal report was based 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 were necessary to arrive at a credible value.

After Land Valuation: Based on the sales comparison approach, the Appraiser considered the same four sales in New Haven (2018-2020) of similarly-zoned land with similar highest and best use and concluded that the fair market value of the subject land was \$68.00/square foot, calculated as follows:

After Scenario Land Valuation	
Total SF Land Before Taking	144,748
Less SF in Taking Area	3,738
Total SF Land Unencumbered After Taking	141,010
Concluded Value/SF Unencumbered Land x	\$68
Fee Value of Unencumbered Land After Taking	\$9,588,680
Concluded Value Encumbered Land + (90% of Unencumbered Value/SF Land x 2,116 SF)	\$129,499
Rounded After Value of Land	\$9,718,000

The effect of the fee-simple take and slope easement reduced the land value by \$125,000.

Building Valuation:

After Sales Comparison Approach: The Appraiser analyzed the impact of the taking and calculated the impact on market value due to the impacts of the Taking. The Appraiser deducted the impacted market value of the land and site improvements.

Price/Building Area Comparison		Indicated Subject Value	
Maximum	\$254.59	Concluded Value Per SF GBA	\$ 215.00
Average	\$211.17	GBA	66,326
Minimum	\$144.78	Indicated Value	\$ 14,260,090
		Rounded - Before	\$ 14,260,000
		Less Taking Area Value	\$ (125,000)
		Less Site Improvements	\$ (25,000)
		Rounded - After	\$ 14,110,000

After Income Capitalization Approach: The Appraiser analyzed the impact of the taking and calculated the impact on market value due to the impacts of the Taking. The Appraiser deducted the impacted market value of the land and site improvements.

Direct Capitalization Summary	
Net Operating Income	\$1,032,530
Divided By Overall Rate	7.25%
Capitalized Value Indication	\$14,241,793
Rounded - Before	\$14,240,000
Less Adjustments	
Less Taking Area Value	(\$125,000)
Less Site Improvements	(\$25,000)
Adjusted Value Indication	\$14,090,000
Rounded - After (\$212.44 per SF)	\$14,090,000

After Reconciliation and Value Conclusion

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$9,718,000
Income Capitalization Approach – Building	\$14,090,000
Sales Comparison Approach Building	\$14,110,000
Conclusion of Market Value	\$14,090,000

Calculation of Permanent Damages

Item	Value
Before Valuation	\$14,240,000
After Valuation	\$14,090,000
Permanent Damages	\$150,000

Calculation of Temporary Severance

Temporary severance damages due to the need to acquire parking for 52 vehicles during the 3 month construction period. The Appraiser provided a survey of parking rates at nearby parking garages and concluded a rental of \$100/space per month, and calculated Temporary Severance Damages as follows:

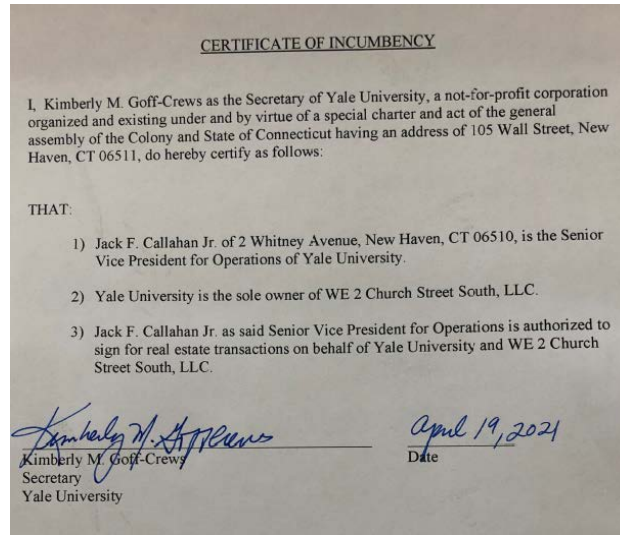
Temporary Severance Damage Calculation	
Monthly Rate/Space	\$100
Total Spaces	52
Total Cost/Month	\$5,200
Months of Construction	3
Temporary Severance Damages	\$15,600
Rounded	\$16,000

Total damages are then Permanent Damages plus Temporary Severance Damages, \$150,000 + \$16,000 = \$166,000.

Staff inquired with DOT regarding the following issue:

- Please clarify why the owner, WE 2 Church Street South, LLC, hasn't executed the Voucher in light of the DOT stating that they were awaiting action by Yale University to approve of the DOT takings.

DOT Response:



Staff Response: OK.

RECOMMENDATION: Board **approval** of damages in the amount of \$166,000 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 independent Appraiser's estimate of value.

5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

7. OTHER BUSINESS

8. VOTES ON PRB FILE:

PRB FILE #21-044 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #21-044. The motion passed unanimously.

PRB FILE #21-046 – Mr. Valengavich moved and Mr. Berger seconded a motion to approve PRB FILE #21-046. The motion passed unanimously.

PRB FILE #21-047 – Mr. Valengavich moved and Mr. Berger seconded a motion to approve PRB FILE #21-047. The motion passed unanimously.

9. NEXT MEETING – Monday, April 26, 2021.

The meeting adjourned.

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