

## STATE PROPERTIES REVIEW BOARD

### Minutes of Meeting Held On May 2, 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 May 2, 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 April 28, 2022 Meeting. The motion passed unanimously.

#### **2. COMMUNICATIONS**

Mr. Berger summarized the most recent information available on pending legislation that may impact the SPRB.

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

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

<b>PRB #</b>	22-050
<b>Transaction/Contract Type:</b>	RE – Voucher
<b>Origin/Client:</b>	DOT / DOT
<b>DOT Project #:</b>	44-156-005
<b>Grantor:</b>	Steven J. Carpenteri
<b>Property:</b>	East Lyme, Flanders Rd (235-251)
<b>Project Purpose:</b>	I-95 Interchange 74 Improvements at Route 161 and Replacement of Bridge No. 00250
<b>Item Purpose:</b>	Voucher

**DAMAGES: \$7,500**

**DOT PROJECT:**

The purpose of the project is to address vehicular safety on I-95 at Interchange 74 and address traffic operational concerns between Interchanges 74 and 75 in East Lyme. In addition, this project will address traffic operational concerns and improve safety for all roadway users (motorists, pedestrians and bicyclists) on Route 161 in the vicinity of the exit 74 interchange ramps. It is also proposed to replace the I-95 bridge over Route 161 due to its poor condition and to accommodate the widening on Route 161.

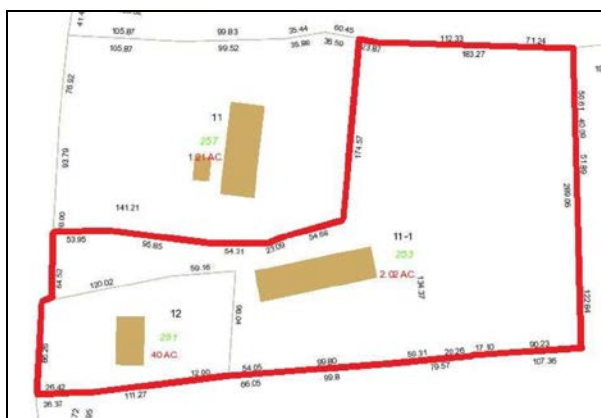
I-95 will be widened to accommodate three travel lanes in each direction (one of the three lanes is intended for future use). An auxiliary lane will be constructed between exits 74 & 75 in each direction. As a result of the I-95 widening, the bridges over Pattagansett River and Latimar Brook will be extended or replaced contingent on the hydraulic analysis of the existing bridges.

The terminus of the northbound I-95 exit 74 ramp will be relocated southerly to form a new signalized intersection with Route 161 and the Burger King Driveway. Vehicles on southbound Route 161 will be accessing I-95 northbound on a new entrance “loop” ramp approximately 500 feet south of its current location. The entrance ramp to I-95 northbound for vehicles on northbound Route 161 will be realigned slightly at its present location.



**SITE DESCRIPTION:** The subject property is comprised of a 2.42 +/- acre (105,415 sf) parcel of land. The site is improved with a mixed use property. The front building contains an office unit and a two bedroom apartment. The office unit is located on the ground floor and the apartment unit is located above. The apartment is a two bedroom unit. The building contains a total of 1,613 square feet of space and was built in 1952. The property is known as a 251 Flanders Road. The property known as 253 Flanders Road contains a six-unit apartment building. The apartments are each one bedroom units. The building was built in 1988 and totals 5,951 square feet. The property is located within the CA Zone and conforms to site requirements but pre-existing non-conforming regarding use.

The site is improved with a paved parking lot, retaining wall and landscaping.



The Appraiser notes the property currently has seven parking spaces located on the front portion of the parking lot for the mixed use building. However, as part of the Taking, the parking spaces will be

relocated to the rear section of the parking lot for the mixed use building. No parking spaces will be lost. Additionally, as part of the Taking, the existing parking lot for the mixed use building will be repaved, curbing will be replaced, a wooden retaining wall will be replaced with a masonry retaining wall, concrete sidewalk/steps will be replaced, and railings/steps on the mixed use building site will be replaced. Additionally, a portion of the driveway for the apartment building site (253 Flanders Road) will be repaved and new curbing will be constructed.

The Appraiser opines the highest and best use of the site as vacant would be for development of a mixed use property and as-improved for continuation of its mixed commercial use.

**BEFORE VALUATION:** The DOT appraisal was completed December 8, 2021 by independent Appraiser Vincent O'Brien of Kerin & Fazio, LLC.

Land Valuation: Based on the sales comparison approach, the Appraiser considered four sales along the I-95 corridor (2018-2021) of similarly-zoned land with similar highest and best use and concluded that the fair market value of the subject land was \$553,430, or \$5.25/sf, rounded.

	Subject	Sale #1	Sale #2	Sale #3	Sale #4
Address	251-253 Flanders Road	144 Boston Post Road	99 Halls Road	176 Boston Post Road	255 Route 12
City	East Lyme	East Lyme	Old Lyme	Westbrook	Groton
Date of Sale	N/A	11/15/2019	6/3/2021	3/11/2021	12/21/2018
Sale Price	N/A	\$250,000	\$425,000	\$225,000	\$800,000
Land Acres	2.420	0.710	1.330	0.750	1.470
Land SF	105,415	30,928	57,935	32,670	64,033
Traffic Count	24,000	12,178	9,558	8,092	26,000
Zone	CA	CA	C-305	NCD	CA-12
Price/SF Land	N/A	\$8.08	\$7.34	\$6.89	\$12.49

Site improvements include a sign, paved parking lot, curbing, a retaining wall, a 150 square foot shed, and landscaping. The depreciated value of the subject's site improvements is estimated utilizing data from Marshall Valuation Services, a national cost estimating service, for a total value of \$50,000.

### Building Valuation

Sales Comparison Approach: The appraiser analyzed three sales of commercial buildings in East Lyme (2) and New London (2018-2021) and concluded that the fair market value of the subject property was \$143/sf x 7,564 sf = \$1,081,652, rounded to \$1,080,000.

	Subject	Sale #1	Sale #2	Sale #3
Name				
Address	251-253 Flanders Road	234-266 Main Street	166 Boston Post Road	249 Pequot Avenue
City	Niantic	East Lyme	East Lyme	New London
Recording Date	N/A	5/31/2018	11/2/2020	7/21/2021
Sale Price	N/A	\$1,500,000	\$450,000	\$440,000
GBA	7,564	13,631	4,165	2,214
Year Constructed	1952-1988	1920-1950	1900	1920
Site Size	2.42	1.10	0.51	0.17
Land to Building Ratio	13.94	3.52	5.33	3.34
Parking Ratio (per 1,000 SF)	2.38	3.96	9.84	2.71
Price/SF GBA	N/A	\$110.04	\$108.04	\$198.74

Income Capitalization Approach: The Appraiser analyzed following three listings of available commercial properties in East Lyme:

Property	1	2	3
Address	190 Flanders Road	170 Flanders Road	214 Flanders Road
City/Municipality	Niantic	Niantic	Niantic
Property Type	Free Standing Retail	Mixed Use, Retail,	Free Standing Retail
GBA	5,520	46,850	5,428
Year Built	1975	1978/1984	1998
Land Acres	0.63	3.89	2.99
Land to Building Ratio	4.97	3.62	23.99
Traffic Count	16,559	16,559	16,559
Leased Area (SF)	902	1,000	1,000
Lease Date	9/21/2020	2/15/2021	8/27/2020
Reimbursement Type	Mod. Gross	NNN	NNN
Lease Remarks	Starting rent for retail space on Flanders Road.	Starting rent for retail space in shopping center.	Starting rent for retail unit next to Goodwill.
Lease Rate per SF	\$11.59	\$10.00	\$15.00
G+U Lease Rate per SF	\$11.59	\$14.00	\$19.00

The Appraiser analyzed following four rentals of one-bedroom rentals in East Lyme:

East Lyme One Bedroom Rentals					
Address	Date	Rent/Mo.	Size (SF)	Rent/SF	Utilities
20 Peggy Lane	11/1/2021	\$1,200	600	\$2.00	Tenant
3B E Pattagansett Road	7/13/2021	\$1,150	782	\$1.47	H & HW Inc.
38 Hope Street	8/25/2020	\$1,300	638	\$2.04	Tenant
7 East Street	7/31/2020	\$1,400	600	\$2.33	H & HW Inc.
	Min	\$1,150	600	\$1.47	
	Max	\$1,400	782	\$2.33	
	Average	\$1,263	655	\$1.96	

The Appraiser analyzed following five rentals of two-bedroom rentals in East Lyme:

Two Bedroom Rentals					
East Lyme Two Bedroom Rentals					
Address	Date	Rent/Mo.	Size (SF)	Rent/SF	Utilities
20 Wildwood Drive	7/11/2021	\$1,650	1,000	\$1.65	Tenant
231 Boston Post Road	7/6/2021	\$2,000	1,088	\$1.84	Tenant
191 Boston Post Road	6/7/2021	\$1,200	600	\$2.00	Heat Inc.
223 Flanders Road	4/3/2021	\$1,800	1,530	\$1.18	Tenant
103 West Main Street	1/15/2021	\$1,500	1,911	\$0.78	Tenant
	Min	\$1,200	600	\$0.78	
	Max	\$2,000	1,911	\$2.00	
	Average	\$1,630	1,226	\$1.49	

### Market Rent Conclusion:

	Estimated Market Rent								
Unit Description	Unit Type		Size	No. of	%	Actual Rent		Market Rent	
	BR	BA	(SF)	Units	Vacant	Monthly	Annual/SF	Monthly	Annual/SF
Office			845	1	0%	\$1,200	\$17.04	\$1,197	\$17.00
Two Bedroom	2	1	768	1	0%	\$950	\$14.84	\$1,500	\$23.44
One Bedroom	1	1	950	6	0%	\$895	\$11.31	\$1,300	\$16.42
	Totals		914	8				\$1,312	\$17.22

Market rent for the subject space is concluded on a gross plus utilities basis with the tenant responsible for all utilities. Based upon the concluded market rent, the subject's office unit is rented at market and the apartment units are rented below market.

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

Rental Income	Annual	Per SF	% of PGI
Office (845 SF at \$17.00/SF)	\$14,365	\$17.00	11.4%
Two Bedroom (768 SF at \$23.44/SF)	\$18,000	\$23.44	14.3%
One Bedroom (5,700 SF at \$16.42/SF)	\$93,600	\$16.42	74.3%
<b>Total Rental Income</b>	<b>\$125,965</b>	<b>\$17.22</b>	<b>100.0%</b>
<b>Potential Gross Income</b>	<b>\$125,965</b>	<b>\$17.22</b>	<b>100.0%</b>
Less Vacancy & Collection Loss (5.0%)	(\$6,298)	(\$0.86)	-5.0%
<b>Effective Gross Income</b>	<b>\$119,667</b>	<b>\$16.36</b>	<b>95.0%</b>
Operating Expenses	Annual	Per SF	% of EGI
Total Utilities	\$2,560	\$0.35	2.1%
Management Fees	\$5,983	\$0.82	5.0%
Repairs & Maintenance	\$3,657	\$0.50	3.1%
Trash Removal	\$1,828	\$0.25	1.5%
Landscaping & Plowing	\$1,828	\$0.25	1.5%
Real Estate Taxes	\$17,003	\$2.33	14.2%
Property Insurance	\$4,388	\$0.60	3.7%
Replacement Reserve	\$1,828	\$0.25	1.5%
<b>Total Expenses</b>	<b>\$39,075</b>	<b>\$5.34</b>	<b>32.7%</b>
<b>Net Operating Income</b>	<b>\$80,592</b>	<b>\$11.02</b>	<b>67.3%</b>

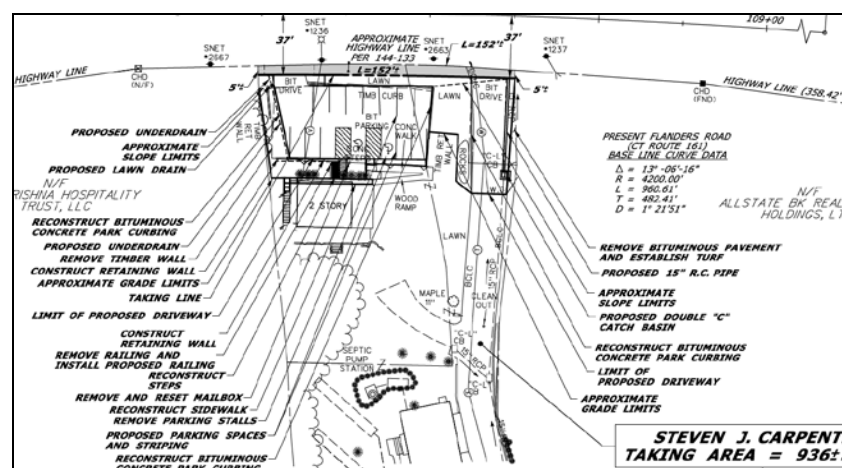
Direct Capitalization Summary	
Net Operating Income	\$80,592
Divided By Overall Rate	8.00%
<b>Capitalized Value Indication</b>	<b>\$1,007,398</b>
<b>Rounded (\$138.11 per SF)</b>	<b>\$1,010,000</b>

#### Reconciliation and Value Conclusion - Before

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$553,430
Income Capitalization Approach – Building	\$1,010,000
Sales Comparison Approach Building	\$1,080,000
<b>Conclusion of Market Value</b>	<b>\$1,025,000</b>

#### The Taking: DOT will acquire the following:

- 936 +/- square foot taking area
- 839 +/- square foot slope easement
- 7,983 +/- square foot right to grade, construct driveway, install reinforced concrete pipe, install underdrain, lawn drain, and catch basin, reconstruct concrete sidewalk, reconstruct concrete steps, reconstruct retaining wall and bituminous concrete park curbing, replace railing and restripe parking stalls, relocated parking stalls, remove bituminous concrete, remove timber wall, relocate mailbox, and establish turf



The Connecticut DOT proposes to take 936 square feet of land located along the subject's frontage on Flanders Road. It should be noted that access to the subject property from Flanders Road will be maintained during the construction period. A sign within the Taking area will be relocated.

The subject property currently has seven parking spaces located on the front portion of the parking lot for the mixed use building. However, as part of the Taking, the parking spaces will be relocated to the rear section of the parking lot for the mixed use building. No parking spaces will be lost. Additionally, as part of the Taking, the existing parking lot for the mixed use building will be repaved, curbing will be replaced, a wooden retaining wall will be replaced with a masonry retaining wall, concrete sidewalk/steps will be replaced, and railings/steps on the mixed use building site will be replaced. Additionally, a portion of the driveway for the apartment building site (253 Flanders Road) will be repaved and new curbing will be constructed.

In addition to the Taking, the DOT will acquire a slope easement (839 square feet). The slope easement will result in the removal of a portion of the wooden retaining wall. As part of the Taking, the Connecticut DOT will acquire the right to grade, construct driveway, install reinforced concrete pipe, install underdrain, lawn drain, and catch basin, reconstruct concrete sidewalk, reconstruct concrete steps, reconstruct retaining wall and bituminous concrete park curbing, replace railing and restripe parking stalls, relocated parking stalls, remove bituminous concrete, remove timber wall, relocate mailbox, and establish turf (7,983 square feet).

#### **AFTER VALUATION:**

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 access to the subject property from Flanders Road will not be denied throughout the course of the DOT project. If access to the subject property is denied at any time, the total damages/payment is subject to change due to the potential addition of temporary damages.

#### **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 as the Before Valuation and concluded that the fair market value of the subject land was unchanged at \$5.25/sf, calculated as follows:

<b>Item</b>	<b>Calculation</b>	<b>Value</b>
103,640 square feet in Fee Simple	103,640 sf x \$5.25/sf	\$544,110
Slope Easement	839 sf x \$5.25/sf x 10%	\$3,964
	Total	\$548,070
	Rounded	\$548,070



### After Building Valuation

After Sales Comparison Approach: The appraiser analyzed the same sales of commercial buildings in the Before Valuation and concluded that the fair market value of the subject property was unchanged at \$143/sf, calculated as follows:

Indicated Subject Value	
Concluded Value Per SF GBA	\$ 143.00
GBA	7,564
Indicated Value	\$ 1,081,652
<b>Rounded - Before</b>	<b>\$ 1,080,000</b>
Less Taking Area Value	\$ (5,000)
Less Slope Easement Value	\$ (500)
Less Site Improvements	\$ (2,000)
<b>Rounded - After</b>	<b>\$ 1,072,500</b>

After Income Capitalization Approach: The Appraiser analyzed the same listings of available commercial properties and rentals of residential units and concluded that the rental values of the subject property were unchanged. Also unchanged was the Appraiser's estimate of Net Operating Income and Overall Capitalization Rate, concluding the following:

Direct Capitalization Summary	
Net Operating Income	\$80,592
Divided By Overall Rate	8.00%
Capitalized Value Indication	\$1,007,398
<b>Rounded</b>	<b>\$1,010,000</b>
<b>Less Adjustments</b>	
Less Taking Area Value	(\$5,000)
Less Slope Easement Value	(\$500)
Less Site Improvements	(\$2,000)
<b>Adjusted Value Indication</b>	<b>\$1,002,500</b>
<b>Rounded (\$137.08 per SF)</b>	<b>\$1,002,500</b>

### Reconciliation and Value Conclusion - After

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$548,070
Income Capitalization Approach – Building	\$1,002,500
Sales Comparison Approach Building	\$1,072,500
Conclusion of Market Value	\$1,017,500

### Calculation of Permanent Damages

Item	Value
Before Valuation	\$1,025,000
After Valuation	\$1,017,500
Permanent Damages	\$7,500

**RECOMMENDATION:** Board approval of damages in the amount of \$7,500 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 appraisal report.

Mr. Valengavich moved and Mr. Halpert seconded a motion to go out of Open Session and into Executive Session at 9:49. The motion passed unanimously.

**EXECUTIVE SESSION**

**PRB #:** 22-055  
**Transaction/Contract Type:** RE / Lease  
**Origin/Client:** DAS / JUD

**Statutory Disclosure Exemptions: 4b-23(e), 1-200(6)(D) & 1-210(b)(24)**

**PRB #:** 22-057  
**Transaction/Contract Type:** RE / Lease  
**Origin/Client:** DAS / JUD

**Statutory Disclosure Exemptions: 4b-23(e), 1-200(6)(D) & 1-210(b)(24)**

**OPEN SESSION**

Mr. Valengavich moved and Mr. Halpert seconded a motion to go out of Executive Session and into Open Session at 10:12. The motion passed unanimously.

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

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

**7. OTHER BUSINESS**

**8. VOTES ON PRB FILE:**

**PRB FILE #22-050** – Mr. Valengavich moved and Mr. Berger seconded a motion to approve PRB FILE #22-050. The motion passed unanimously.

**PRB FILE #22-055** – Mr. Berger moved and Mr. Valengavich seconded a motion to approve PRB FILE #22-055. The motion passed unanimously.

**PRB FILE #22-057** – Mr. Valengavich moved and Mr. Halpert seconded a motion to approve PRB FILE #22-057. The motion passed unanimously.

**9. NEXT MEETING** – Thursday, May 5, 2022.

The meeting adjourned.

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