

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On March 24, 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 24, 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 21, 2022 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

PRB #	22-021
Transaction/Contract Type:	RE – Sale
Origin/Client:	DOT/DOT
DOT Project #:	92-110-118E
Grantee:	Post Road Residential, Inc. (by John R. McFadyen)
Property:	New Haven, State Street (626 sf)
Project Purpose:	Sale by Sole Abutter Bid
Item Purpose:	QC Deed

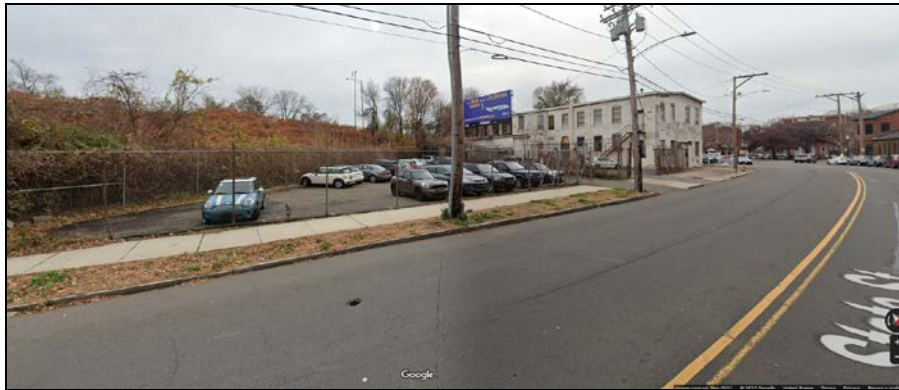
CONVEYANCE FEE: \$10,000 (+ \$1,000 Administrative Fee)

At its meeting held on September 10, 2020, under PRB #20-169, the State Properties Review Board voted to approve the conveyance of a 626 square foot strip of land 'for highway purposes' to the City of New Haven as part of a Town Road Release. This remnant parcel was originally acquired in 1962 and was identified when an Abutter (Post Road Residential, Inc.) inquired about acquiring the property.

DOT informed the Board a quit claim deed was executed and on September 30, 2020, the requisite closing documents were mailed to the City of New Haven to complete the conveyance of the parcel to the City. On December 9, 2020, the Department received a letter from the City of New Haven Economic Development Administrator's Office (included at end of this Memo) stating the following:

“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 #22-021) DOT is now seeking SPRB approval of a Quit Claim Deed for this Sale by Sole Abutter Bid for \$10,000 plus a \$1,000 Administrative Fee to the Grantee, Post Road Residential, Inc.



The Release Area is comprised of a 5-foot wide strip of land approximately 130 feet in length along State Street, west of the intersection of Interstate 91 (rights of access denied) and east of Mill River Street and opposite the Corsair Apartments located at 1050 State Street in New Haven. The parcel is not located within a flood zone and or affected by inland wetlands. The land is within the Light Industrial (IL) zone, which allows for a variety of potential uses including retail, restaurant, office, and various other commercially oriented uses, in addition to low-impact industrial uses. 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. Given the constraints of the site, presently, residential development is considered not to be possible.

The release land cannot be independently developed on its own due to its physical/dimensional characteristics. As such, the release land must be assembled to an abutter for meaningful development to occur. The release abuts to by two existing parcels of record (not inclusive of the State of Connecticut and/or federal government), which are positioned to its east and south. However, the release encompasses the entire frontage of the southerly abutter. The State cannot release land which would make privately held lots become landlocked, and as such, the release must be assembled to the southerly abutter (further identified as the **Sole Abutter**) in order to be utilized.

The “Highest and Best Use” of the Release Land “As-Vacant” is for assemblage to the Sole Abutter to the south, as the State cannot sell land which shall landlock or prevent access to an existing lot, in addition to the fact that the release is very narrow and shall straighten the highway line.

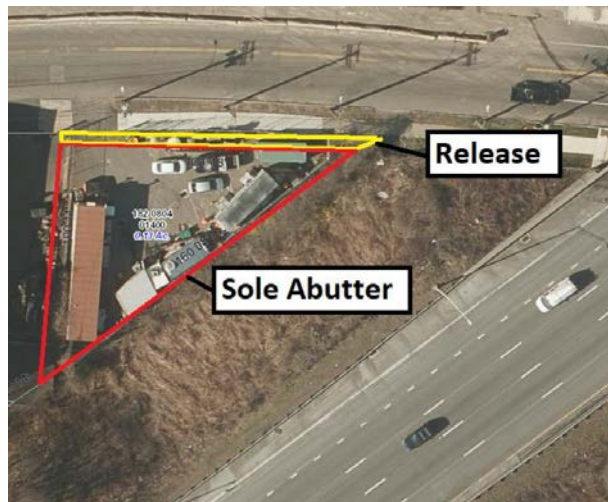
After careful consideration with regard to the site size, area, potential uses allowed via the IL zone,

and other factors which impact value, the “Highest and Best Use” of the Sole Abutter “As-Vacant” is for its established, existing use for surface parking purposes.

The Appraiser opined the highest and best use of the Release Parcel would be for assemblage to the Sole Abutter to allow for development to occur.

The Sole Abutter located at State Street (Lot #14) State Street consists of a 0.14059± acre (6,124± square feet) lot of industrial land that is zoned within the Light Industrial (IL) district. The site has a triangle shape, and is level with road grade and cleared of trees and vegetation. The lot totals 121'± frontage along the southern edge of State Street, and ranges in depth up to 100'± along the west property line. Access is via one curb cut at the northwest corner of the lot. There are no indications of wetland soils nor atypical flood zone encumbrances. All typical municipal utilities are available.

The site is improved with bituminous asphalt to create a parking lot area, as well as a chain-link perimeter fence. For the purposes of this appraisal assignment, the contributory value of the site improvements has a value of “X”.



Upon assemblage the property will consist of 6,750± sq. ft. with 130± feet of accessible frontage on State Street.

It should be noted that the Sole Abutter/Petitioner (Post Road Residential, Inc.), along with the westerly abutter at 1041 State Street (Bryan Smallman) 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 (92-110-118E) as well as a City-owned lot on Mill River Street (Lot 15).

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 (https://www.newhavenindependent.org/index.php/article/corsair_addition_state_street/) 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.”
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. The City-owned lot on Mill River Street (Lot 15), referenced above, was a state-owned lot (92-110-118A) conveyed to the City of New Haven 'for highway purposes' on May 4, 1977 as recorded by a Quit Claim Deed beginning on page 236 of Volume 2635 of the New Haven Land Records. In the December 9, 2020 letter from the City of New Haven Economic Development Administrator's Office it was acknowledged that the City was in the process of returning this property to the State to subsequently be conveyed to the Petitioner (Post Road Residential, Inc – PRB #22-022). The City's conveyance to the State was completed on June 21, 2021, as recorded by a Quit Claim Deed beginning on page 26 of volume 10194 of the New Haven Land Records (\$0).
4. 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).

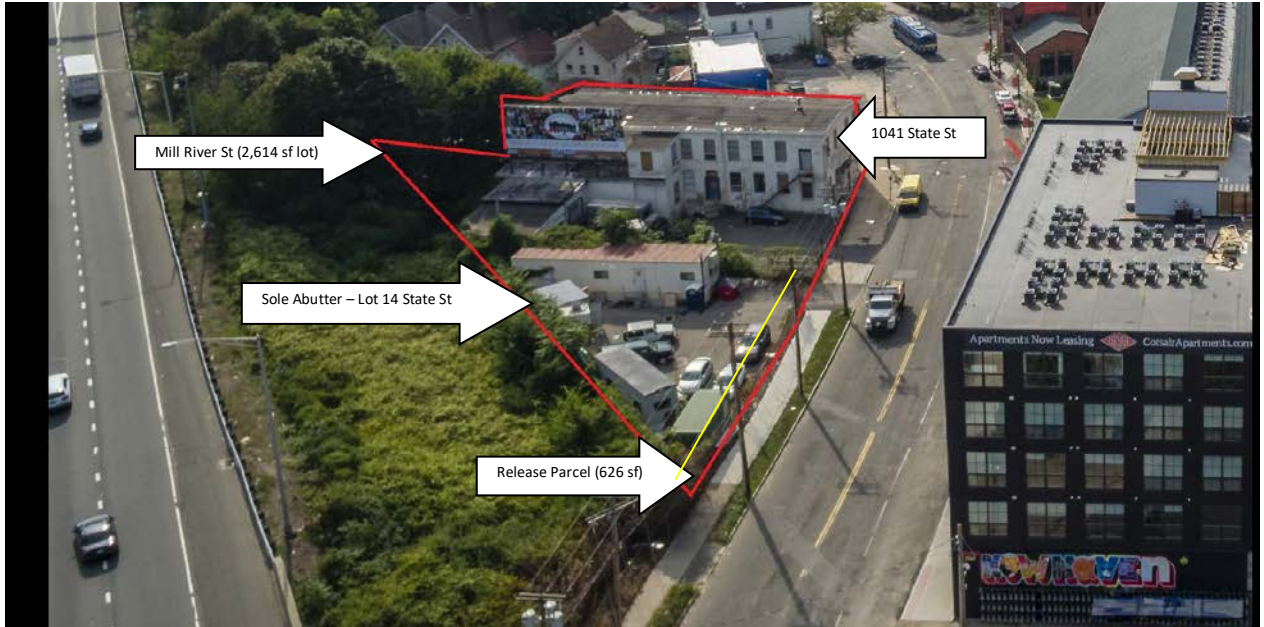
II. SITE PLAN REVIEWS

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).

5. The property located at 1041 State Street, identified as one parcel of the four-parcel assemblage, and the westerly 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.
6. Post Road Residential, Inc., the Petitioner/Sole Abutter (and Applicant above) conveyed their interest in the State Street Lot (Lot #14-Sole Abutter) to New Haven Apartment Partners, LLC, a related entity to Post Road Residential, Inc. 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 $\$10.00/\text{sf} \times 6,124 \text{ sf} = \$61,240$, rounded to $\$61,000$.

It should be noted that the Appraiser’s selection of Comparable #3 is the 2018 sale of the Subject Property (Sole Abutter) for $\$51,900$, or $\$8.47/\text{sf}$ (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 $\$10.00/\text{sf} \times 6,750 \text{ sf} = \$67,500$.

Value of the Release

After Valuation	\$67,500
Before Valuation	\$61,000
Value of Release	\$6,500

Sale by Abutter Bid & Negotiations –

An appraisal was completed, and the parcel was offered to the sole abutter with an asking price of $\$10,000.00$ and an Administrative Fee of $\$1,000.00$ for a total consideration of $\$11,000.00$. The sole abutter agreed to pay the full consideration. The original deed and memos are attached for reference.

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. In 2020, DOT submitted this Land for release to the City of New Haven based on a notation on a Taking Map. After much time and effort, the City declined to take ownership of the parcel. Did DOT contact the City of New Haven prior to this effort to determine if the City was interested in the Release Parcel?
2. With a change in ownership 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?
3. Please clarify if DOT was aware of the Petitioner's inclusion of the Release Parcel in a Site Plan/Coastal 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 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.
4. 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 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?
5. 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 \$10,000 (plus \$1,000 Admin Fee) pending response from DOT regarding the aforementioned issues.



From PRB #20-169

CONVEYANCE FEE: \$0

The Division of Rights of Way was contacted by the abutting property owner to purchase the subject property. While researching the subject parcel, a notation on a map in File 92-110-118B (copy attached) states that this strip should be released to the Town of New Haven. The Town Road Release was never initiated. This was an older acquisition with no formal agreement to release the land to the City.

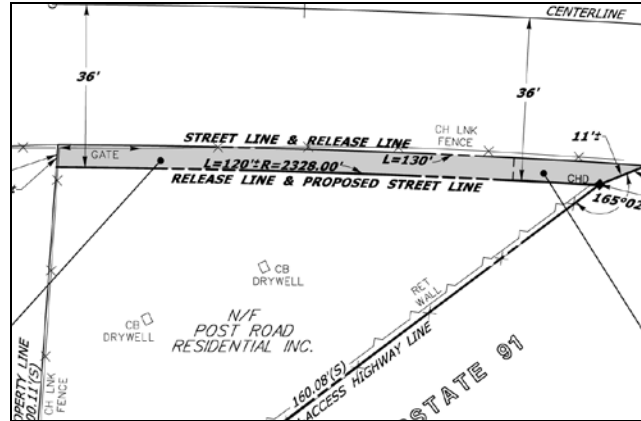
The Quit-Claim deed releases a portion of land acquired in the following instruments:

- Warrantee Deed from Textron Electronics, Inc. (2142/287), dated April 19, 1962; and
- Certificate of Condemnation from Eastern Elevator Company, Inc. (2142/287), dated March 26, 1962.

Neither acquisition was subject to Board review and approval.

RECOMMENDATION: Staff recommend **approval** of this Quit Claim Deed to assign the land acquired by the State to the City of New Haven for Highway Purposes is recommended for the following reasons:

1. The conveyance complies with Section 13a-80 of the CGS governing the release of excess property and easements by the commissioner of transportation.



5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

7. OTHER BUSINESS

8. VOTES ON PRB FILE:

PRB FILE #22-021 – Mr. Halpert moved and Mr. Berger seconded a motion to suspend PRB FILE #22-021. The motion passed unanimously.

9. NEXT MEETING – Monday, March 28, 2022.

The meeting adjourned.

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