

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On August 18, 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 18, 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 August 15, 2022 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

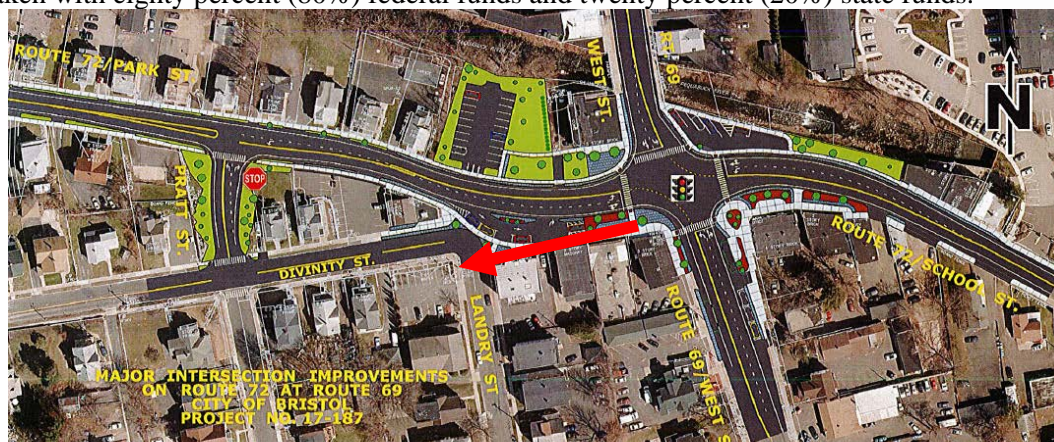
<i>PRB File #:</i>	22-120
<i>Transaction/Contract Type:</i>	RE – Voucher
<i>Origin/Client:</i>	DOT/DOT
<i>DOT Project #:</i>	017-187-034
<i>Grantor:</i>	Sunfield Properties, LLC
<i>Property:</i>	Bristol, Divinity St (31)
<i>Project Purpose:</i>	Major Intersection Improvements on Route 72 at Route 69
<i>Item Purpose:</i>	Voucher

DAMAGES: \$9,700

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 a rectangularly-shaped 13,939± square foot (0.32± acre) corner lot with 80'± of frontage on Divinity Street and 155'± of frontage on Landry Street. The property is improved with a two-story nine-unit apartment building, constructed in 1989. The building contains 5,738 square feet of gross living area. The property is zoned for single-family and multi-unit residential development via the R-15/RM zone.





Highest and Best Use – “As Though Vacant”

The subject parcel totals 0.32± acre (13,939± square feet) of land in total that is zoned Residential with a Mixed-Residential overlay (R-15/RM). The subject is a corner lot at the intersection of Divinity Street and Landry Street. It has good visibility and exposure from Divinity Street. The immediate neighborhood is a mix of residential and commercial uses. The dominant property use type along Divinity Street, Landry Street and all nearby side streets is residential. There are numerous commercial uses in proximity to the subject along the nearby West Street. Bristol city center is in walking distance.

For these reasons, residential development is legally permissible and is the most likely use of the land. The majority of the subject land is gently sloping. City water and sewer, and electric connections are available. The shape conforms to local market standards and site access is adequate. The presence of improvements indicates that development is physically possible. The market has proven that it is financially feasible to develop a residential use and that a residential use in this zone is maximally productive. Considering these factors, the highest and best use of the site as vacant would be for residential use development in conformance with current zoning requirements.

Highest and Best Use – “As Improved”

The property is presently improved with a multi-family residential dwelling containing a living area of 5,738 square feet which consists of 9 x one-bedroom apartments. There is adequate off-street parking providing 2 parking spaces per apartment unit. There are 2 curb cuts directly onto Landry Street. The overall functional utility of the subject is considered average for use as a multi-family residential dwelling. The existing structure is physically possible and is a legal non-conforming use. Conversion to an alternative use is not likely due to the higher cost to build. Therefore, the highest and best use of the subject as improved is its continued multi-family residential use.

Highest and Best Use – Conclusion

After careful consideration, it is the opinion of the appraiser that the Highest and Best Use is “As-Improved” for its continued use as a multi-family residential property.

VALUATION: The DOT appraisal was completed May 11, 2022 by DOT Staff Appraiser James P. Mansfield.

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

EXTRAORDINARY ASSUMPTIONS:

- The appraiser is not a qualified expert in the field of site contamination, soil remediation, environmental hazards and/or other such potentially negative soil conditions. While no such contamination or potential hazardous conditions were apparent during the property inspection and due diligence process, for the purposes of this report, the appraiser is valuing the subject property with the **Extraordinary Assumption** that the subject in whole is 'Free and Clear' of any and all environmental contamination, hazardous waste material, and any and all other potentially negative soil conditions not specifically indicated, including but not limited to USTs, PCBs, VOCs, SVOCs, ACMs, lead paint, toxic chemicals and gases, and radioactive material. The appraiser reserves the right to reconsider value after a qualified soil scientist and/or hazardous material remediation expert has delivered a signed inspection and remediation report.
- **COVID-19 PANDEMIC:** As of the Effective Date, the world continues to be engaged in a struggle to contain a viral pandemic known as 'COVID-19,' which has significantly incapacitated many nations and economies on a global scale. Countries around the world are struggling to control this novel coronavirus outbreak, initially causing widespread panic in most, if not all, markets and asset classes on a global scale. The pandemic is an ongoing situation on an unprecedented global scale. As of March 20, 2020, the State of Connecticut's governor issued the Executive Order to close all non-essential workplaces through May 20, 2020, with several economic sectors allowed to reopen since then with guidance provided by the State of Connecticut. Vaccine availability has been met with mixed fanfare for a wide variety of reasons, however the general consensus by market participants is that the effects of COVID-19 shall taper off in the near-term future, with markets calmed and asset valuations generally stabilized. However, rising infection rates in certain market locations that stem from variant mutations continue to be a source of an uncertain economic recovery. It is assumed the pandemic has impacted the real estate asset market on a temporary, short-term basis. It is noted and stressed that conditions may change that could impact future opinions of value.
- As it relates to the appraisal process, the best available information and data has been considered in the appraisal process. Numerous municipal departments, town officials, and data resources which are commonly interviewed and utilized in the verification of property-specific factors impacting value were limited or unavailable during the appraisal process. The appraiser is utilizing the best information available as of the date of this report. If better and/or useful data pertaining to the subject property becomes available, the appraiser reserves the right to consider its impact on value.
- It is noted that due to the lack of contact from the property owner, the subject building was inspected from the exterior only, with the appraiser having no indication of the interior condition and finish quality of the buildings. Due to the nature of the appraisal problem, the appraiser must make certain assumptions with regard to the interior finish quality, condition, layout, mechanicals, and amenities, in addition to a variety of other factors which have an impact on value. The appraiser is valuing the subject property via the **Extraordinary Assumption** that the subject buildings are in average condition with an average degree of finish quality, with the improvements constructed in a good workmanlike manner, and otherwise as described within this appraisal report. If it were found that the subject deviates from what is presented within this report, the appraiser reserves the right to consider its impact on value.

HYPOTHETICAL CONDITIONS:

- The methodology used in this Appraisal Report is a standard 29-Point Appraisal Report in the state's Partial Take format in the embodiment of a "Before and After" valuation appraisal utilized 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 State's 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.

Land Valuation: Based on the sales comparison approach, the Appraiser considered three sales in Bristol (2020-2022) of similarly-zoned land with similar highest and best use as follows:

ITEM	SUBJECT	COMPARABLE#1	COMPARABLE#2	COMPARABLE#3
	31 Divinity Street	94 Lawndale Avenue	73-5 Divinity Street	Lot 129 Graham Street
Unadjusted Sale Price	N/A	\$25,000	\$22,000	\$12,500
Unadjusted Sale Price Per SF	N/A	\$4.78	\$1.94	\$1.46
ADJUSTMENTS	DESCRIPTION	DESCRIPTION +/- ADJ.	DESCRIPTION +/- ADJ.	DESCRIPTION +/- ADJ.
PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple	Fee Simple	Fee Simple
FINANCING	-	None noted	None noted	None Noted
CONDITIONS OF SALE	-	Arm's Length	Arm's Length	Arm's Length
EXPENDITURE AFTER SALE	-	None	None	None
MARKET CONDITIONS	5/11/2022	3/11/2022	2/2/2022	12/12/2020
ADJUSTED SALE PRICE		\$4.78	\$1.94	\$1.53

After adjusting for Transactional, Locational and Physical characteristics, the Appraiser concluded that the fair market value of the subject land was \$4.00/sf, calculated as follows:

Item	Calculation	Value
Land Valuation (Fee Simple)	13,939 sf x \$4.00/sf	\$55,756
	Rounded	\$56,000

The appraiser estimated that the contributory value of the affected site improvements – affect trees (3) and minimal landscaping is \$1,500.

Site improvements not affected by the take are assigned an "X" value.

Building Valuation:

Income Capitalization Approach: No income/expense information was provided to the Appraiser.

The Appraiser provided four comparable rentals of one-bedroom apartments and concluded the rental was \$850 per month with the tenants responsible for utilities, heat and hot water.

Potential Gross Income and Effective Gross Income were then calculated as follows:

Potential Gross Rental Income:

9 one-bedroom apartments x \$850 per month per unit x 12 months	=	\$91,800
Less Vacancy & Collection Loss @ 5% per annum	=	<u>\$4,590</u>

Effective Gross Income: = \$87,210

After deducting for market-based fixed and variable operating expenses the appraiser then capitalized the Net Operating Income by a market-supported overall capitalization rate, as follows:

Expenses:

Real Estate Taxes (taken from 2020 tax bill)	=	\$12,555
Property Insurance (estimated @ \$300/unit/year)	=	\$2,700
Snow Plowing & Removal (estimated @ \$1,200/year)	=	\$1,200
Water & Sewer (estimated @ \$300/unit/year)	=	\$2,700
Rubbish Removal (estimated @ \$300/unit/year)	=	\$2,700
Professional Fees (Accountancy & Legal)	=	\$2,500
Repairs & Maintenance (estimated @ 5% of Effective Gross Income)	=	\$4,361
Property Management (estimated @ 4% of Effective Gross Income)	=	\$3,488
Replacement Reserves (estimated @ 5% of Effective Gross Income)	=	<u>\$4,361</u>

Less Total Expenses = \$36,565

Net Operating Income: = \$50,645

Market Value via Income Capitalization Approach

Net Operating Income	Capitalization Rate	=	Value via Income Capitalization Approach
\$ 50,645	8.00%	=	\$ 633,065
Rounded			\$ 633,000

Reconciliation and Value Conclusion - Before

Approach	Opinion of Market Value
Sales Comparison Approach – Building	n/a
Income Capitalization Approach - Building	\$633,000
Conclusion of Market Value	\$633,000

TAKING DESCRIPTION:

DOT requires acquiring the following:

- Construction easement for the purpose of tree removal, removal and resetting of catch basin and sign and construction of temporary driveway for vehicular detour during major intersection improvements on Route 72 at Route 69 acquired. The construction easement taken under this paragraph will be restored by removal of temporary driveway, reconstruction of parking lot surface and curbing, restriping, and grading/seeding any areas disturbed by construction. The proposed easement area consists of 2,167 square feet and is for a 5-week period.

IMPACT OF THE TAKING:

The DOT project is anticipated to commence at the end of October 2022 and will terminate by the end of November 2024. The appraiser understands that, at the time of writing this report, the temporary construction easement is currently anticipated to impact the subject property for a period of approximately 5 weeks commencing July 17, 2023 and terminating on August 21, 2023. For the purposes of this report, the appraiser has estimated the market value of temporary damages for the subject property on the basis of a temporary construction period of 3 months. The appraiser has rounded to 3 months to 1) allow for all detour work to be constructed on the easement area, 2) allow for the vehicular detour to operate while the project's major intersection improvement works are underway, 3) allow for the subsequent restoration of the easement area, and 4) allow for any potential delays during this temporary construction period. **If the DOT temporary construction period extends beyond the appraiser-anticipated 3 months, the appraiser reserves the right to alter then value conclusions.**

The construction easement area is located at the northeast corner of the subject lot at the intersection of Divinity Street and Landry Street. Site improvements within this area includes a section of the subject's paved parking lot, 4 full and 1 partial parking spaces, rolled bituminous curbing, mature trees, minimal landscaping, a grass buffer strip between the parking lot and the public sidewalk, a sign and a catch basin. Both the sign and catch basin are to be removed and reset. The paving area, parking spaces, curbing, and grass areas are to be restored and/or reseeded. The trees within the temporary construction area are called out for removal. The appraiser has estimated that the contributory value of the impacted trees and the minimal impacted landscaping is \$1,500. All other impacted site improvements shall be restored upon completion of the project and therefore shall not be considered for damages. The appraiser considers that the subject property will suffer temporary severance as a result of the construction easement, and therefore, consideration for temporary severance damages is warranted. Damages for the temporary loss in use as a result of the easement and the resulting severance damages will be addressed later in the Temporary Rights section of the report.

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 \$4.00/sf, calculated as follows:

Item	Calculation	Value
Land Valuation (Fee Simple)	13,939 sf x \$4.00/sf	\$55,756
	Rounded	\$56,000

After Building Valuation

After Income Capitalization Approach: The Appraiser analyzed the same 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:

After value via Income Approach	\$633,000
Less contributory value of impacted trees	<u>\$1,500</u>
Concluded after value	\$631,500

Reconciliation and Value Conclusion - After

Approach	Opinion of Market Value
Income Capitalization Approach – Building	\$631,500
Sales Comparison Approach Building	N/A
Conclusion of Market Value	\$631,500

Calculation of Permanent Damages

Item	Value
Before Valuation	\$633,000
After Valuation	\$631,500
Permanent Damages	\$1,500

Calculation of Temporary Damages

The Appraiser then accounted for Temporary Damages and Temporary Severance Damages as follows:

Temporary severance issues caused by the temporary construction easement will result in a temporary loss of parking lot size, a temporary loss of parking lot utility (loss of parking spaces), a temporary encroachment of passing public traffic through the construction easement area in very close proximity to both the remainder of the parking lot and to the multi-family dwelling improvement, a temporary nuisance in terms of noise from construction and negative visuals of construction equipment, etc. The appraiser has estimated this severance as if permanent at 35% of the subject's Fair Market Value. A typical holding period for a commercial property such as the subject ranges between 5 years and 9 years. The appraiser has estimated a holding period of 7 years. The anticipated length of time that the subject is impacted by the construction easement is 5 weeks commencing July 17, 2023 and terminating on August 21, 2023. The appraiser has rounded this to 3 months to 1) allow for all proposed detour work to be constructed on the easement area, 2) allow for the vehicular detour system to operate while the project's major intersection improvement works are underway, 3) allow for the subsequent restoration of the easement area, and 4) allow for any potential delays during this temporary construction period. The calculations are shown below:

Calculation of Temporary Severance			
Subject Property Fair Market Value:			\$633,000
Estimated Severance if Permanent:			35%
Temporary Severance:	\$633,000 x 35% x (1/4 yr. / 7 yrs.)	=	\$7,913
Total:		=	\$7,913

Calculation of Value of Land being utilized			
Subject's fair market land unit value (per Land Sales Comparison Approach):			\$4.00/sf
Annual rental income of land as a percent of land unit value:	\$4.00/sf x 12%	=	\$0.48/sf
Temporary construction easement area:			2,167± sf
Land Rental Damages:	\$4.00/sf x 2,167±sf x 12% x 1/4 yr.	=	\$260
Total:			\$260

Calculation of Final Temporary Severance Damages			
Temporary Severance:			\$7,913
Land Rental Damages:			\$260
Concluded Final Damages:			\$8,173
Rounded:			\$8,200

Please note: - the calculations shown above are based on the assumption that the property will only be used for the amount of time indicated and that the construction will take place within a reasonable time frame, under similar market conditions. **If the DOT temporary construction period extends beyond the appraiser-anticipated 3 months, the appraiser reserves the right to alter the report and value conclusions.**

Total damages are then Permanent Damages plus Temporary Damages plus Temporary Severance Damages, or \$1,500 + \$260 + \$7,913 = \$9,700 (rounded).

RECOMMENDATION: Board **APPROVAL** of damages in the amount of \$9,700 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 #22-120 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #22-120. The motion passed unanimously.

9. NEXT MEETING – Monday, August 22, 2022.

The meeting adjourned.

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