

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On November 1, 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 November 1, 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 October 28, 2021 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

<i>PRB #</i>	21-155
<i>Transaction/Contract Type:</i>	RE – Voucher
<i>Origin/Client:</i>	DOT/DOT
<i>Project Number:</i>	044-156-016
<i>Grantor:</i>	Niantic Bay, LLC
<i>Property:</i>	East Lyme, Flanders Rd (297-301)
<i>Project Purpose:</i>	I-95 Interchange 74 Improvements at Route 161 and Replacement of Bridge No. 00250
<i>Item Purpose:</i>	Voucher

DAMAGES: \$40,000

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.

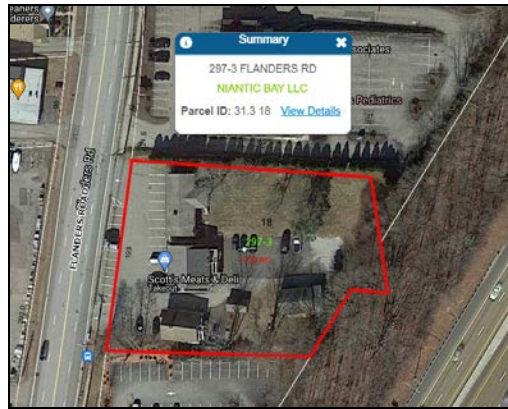


SITE DESCRIPTION: The subject property is comprised of a 1.112 +/- acre (48,446 sf) parcel of land. The site is improved with a mixed use property. The first building is a 2,884 square foot mixed use building built in 1960. The second building is a 4,452 square foot mixed use building, constructed in 1970. The final building is a 1,202 square foot single-family dwelling built in 1950. 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, two garages totaling 1,152 square feet, and a shed totaling 80 square feet. The site improvements are in average overall condition.

The Appraiser notes that there are parking spaces west of the subject's western property line which are used by the subject property. However, these parking spaces are not on the subject property and do not appear to be leased by the subject property owner. Therefore, the parking spaces are excluded from the analysis. There are 27 total spaces on the subject site and 11 parking spaces which are not on the subject site and are excluded.

The Appraiser opines the highest and best use of the site as vacant would be for development of a mixed use property in conformance with current zoning requirements to develop the site and as-improved for continuation of its mixed commercial and residential use.



BEFORE VALUATION: The DOT appraisal was completed May 28, 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 \$363,350, or \$7.50/sf, rounded.

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4
Address	297 Flanders Road	144 Boston Post Road	176 Boston Post Road	255 Route 12	391 North Frontage Road
City	East Lyme	East Lyme	Westbrook	Groton	New London
Date of Sale	N/A	11/15/2019	3/11/2021	12/21/2018	12/31/2018
Sale Price	N/A	\$250,000	\$225,000	\$800,000	\$1,350,000
Land Acres	1.112	0.710	0.750	1.470	2.130
Land SF	48,446	30,928	32,670	64,033	92,783
Traffic Count	13,689	12,178	8,092	26,000	N/A
Zone	CA	CA	NCD	CA-12	C-2
Price/SF Land	N/A	\$8.08	\$6.89	\$12.49	\$14.55

Site improvements include paving, two garages totaling 1,152 square feet, a shed totaling 80 square feet,

and off-site mailboxes. 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 \$38,000.

The town assessment records indicate the value of the land is \$282,100/acre (\$5.83/sf - 100% value) based on a 2016 town-wide revaluation.

Building Valuation

Sales Comparison Approach: The appraiser analyzed three sales of commercial buildings in East Lyme (2) and Groton (2018-2020) and concluded that the fair market value of the subject property was \$105/sf x 8,538 sf = \$896,490, rounded to \$900,000.

	Subject	Sale # 1	Sale # 2	Sale # 3
CompID	10519	10544	10545	10546
Name				
Address	297-301 Flanders Road	234-266 Main Street	166 Boston Post Road	79 Gold Star Highway
City	East Lyme	Niantic	East Lyme	Groton
Recording Date	N/A	5/31/2018	11/2/2020	3/27/2019
Sale Price	N/A	\$1,500,000	\$450,000	\$950,000
GBA	8,538	13,631	4,165	10,083
Year Constructed	1950/1970	1920/1950	1900	1972
Site Size	1.11	1.10	0.51	0.53
Traffic Count	13,689	9,484	10,481	14,677
Land to Building Ratio	5.66	3.52	5.33	2.29
Parking Ratio (per 1,000 SF)	3.16	3.96	9.84	2.28
Price/SF GBA	N/A	\$110.04	\$108.04	\$94.22

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:

One Bedroom Rentals					
East Lyme One Bedroom Rentals					
Address	Date	Rent/Mo.	Size (SF)	Rent/SF	Utilities
21 Peggy Lane	3/15/2021	\$1,100	600	\$1.83	Tenant
3 E Pattagansett Road	8/31/2020	\$1,100	700	\$1.57	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	\$1,100	600	\$1.57	
	Max	\$1,400	700	\$2.33	
	Average	\$1,225	635	\$1.94	

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

Three Bedroom Rentals					
East Lyme Three Bedroom Rentals					
Address	Date	Rent/Mo.	Size (SF)	Rent/SF	Utilities
61 Oakwood Road	2/15/2021	\$1,900	955	\$1.99	H & HW Inc.
15 Freedom Way	10/15/2020	\$1,900	1,800	\$1.06	Tenant
17 Spring Glen Road	10/1/2020	\$1,850	1,620	\$1.14	Tenant
	Min	\$1,850	955	\$1.06	
	Max	\$1,900	1,800	\$1.99	
	Average	\$1,883	1,458	\$1.40	

The Appraiser analyzed following four rentals of two-bedroom single-family rentals in East Lyme:

Two Bedroom Single-Family Rentals					
East Lyme Two Bedroom Single-Family Rentals					
Address	Date	Rent/Mo.	Size (SF)	Rent/SF	Utilities
40 Whitecap Road	4/1/2021	\$2,200	1,745	\$1.26	Tenant
4 Atwood Drive	10/1/2020	\$1,600	768	\$2.08	H & HW Inc.
24 South Lee Road	8/1/2020	\$1,450	1,207	\$1.20	Tenant
111 Pennsylvania Avenue	7/3/2020	\$1,750	1,400	\$1.25	Tenant
	Min	\$1,450	768	\$1.20	
	Max	\$2,200	1,745	\$2.08	
	Average	\$1,750	1,280	\$1.45	

Market Rent Conclusion:

Market Rents							
Unit Description	Unit Type			Projected Market Rent			
	BR	BA	Size (SF)	Monthly	Monthly/SF	Annual/SF	Annual
Salon Space-Building 1	0	0	830	\$899	\$1.08	\$13.00	\$10,790
Travel Space-Building 1	0	0	416	\$451	\$1.08	\$13.00	\$5,408
Deli-Building 2	0	0	1,428	\$1,428	\$1.00	\$12.00	\$17,136
3BR-Building 1	3	1	1,638	\$2,000	\$1.22	\$14.65	\$24,000
Studio-Building 2	0	1	400	\$850	\$2.13	\$25.50	\$20,400
1BR-Building 2	1	1	500	\$1,000	\$2.00	\$24.00	\$48,000
Single-Family	2	1	1,202	\$1,450	\$1.21	\$14.48	\$17,400
	Totals			\$8,078	\$1.43	\$17.22	\$143,134

Market rent for the subject space is concluded on a gross plus utilities basis, with tenant responsible for all utilities. Market rent for the retail space in Building 1 is concluded above the market rent for the retail space in Building 2 due to the smaller sizes of the units.

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
Salon Space-Building 1 (830 SF at \$13.00/SF)	\$10,790	\$13.00	7.2%
Travel Space-Building 1 (416 SF at \$13.00/SF)	\$5,408	\$13.00	3.6%
Deli-Building 2 (1,428 SF at \$12.00/SF)	\$17,136	\$12.00	11.5%
3BR-Building 1 (1,638 SF at \$14.65/SF)	\$24,000	\$14.65	16.1%
Studio-Building 2 (800 SF at \$25.50/SF)	\$20,400	\$25.50	13.7%
1BR-Building 2 (2,000 SF at \$24.00/SF)	\$48,000	\$24.00	32.2%
Single-Family (1,202 SF at \$14.48/SF)	\$17,400	\$14.48	11.7%
Total Rental Income	\$143,134	\$17.22	96.0%
Other Income	\$6,000	\$0.72	4.0%
Potential Gross Income	\$149,134	\$17.94	100.0%
Less Vacancy & Collection Loss (5.0%)	(\$7,457)	(\$0.90)	-5.0%
Effective Gross Income	\$141,677	\$17.04	95.0%
Operating Expenses	Annual	Per SF	% of EGI
Total Utilities	\$2,910	\$0.35	2.1%
Management Fees	\$7,084	\$0.85	5.0%
Repairs & Maintenance	\$4,157	\$0.50	2.9%
Trash Removal	\$2,079	\$0.25	1.5%
Landscaping & Plowing	\$2,079	\$0.25	1.5%
Real Estate Taxes	\$17,597	\$2.12	12.4%
Property Insurance	\$4,988	\$0.60	3.5%
Replacement Reserve	\$2,079	\$0.25	1.5%
Total Expenses	\$42,972	\$5.17	30.3%
Net Operating Income	\$98,706	\$11.87	69.7%

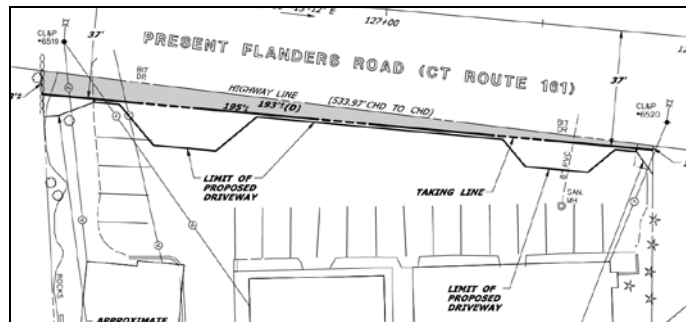
Direct Capitalization Summary	
Net Operating Income	\$98,706
Divided By Overall Rate	9.00%
Capitalized Value Indication	\$1,096,729
Rounded (\$132.31 per SF)	\$1,100,000

Reconciliation and Value Conclusion - Before

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$363,350
Income Capitalization Approach – Building	\$1,100,000
Sales Comparison Approach Building	\$900,000
Conclusion of Market Value	\$1,000,000

The Taking: DOT will acquire the following:

- 861 +/- square foot taking area
- 802 +/- square foot right to grade and construct driveway
- 46 +/- square foot easement to slope for the safety of the highway and remove, use, or retain excavated material.



The Connecticut DOT proposes to take 861 square feet of land located along the subject’s frontage on Flanders Road. The Taking will result in decreased mobility on the subject site, a decreased ability for lateral parking, and a reduction in the width of the curb cuts to 20 feet from 26 feet and 38 feet, respectively. It should be noted that access to the subject property from Flanders Road will be maintained during the construction period. The Taking will also result in the loss of pavement within the Taking area.

Based upon the appraiser’s analysis, before the Taking, the subject property could support 3 lateral parking spaces. After the Taking, the subject can support no lateral parking spaces.

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 via either of the two curb cuts will not be denied throughout the course of the DOT project. If access to the subject property via either of the two curb cuts is denied at any time, the total damages/payment is subject to change due to the potential addition of temporary damages.

No interior access to the subject property was provided to the appraiser. The improvement descriptions are based on an exterior inspection (from the street), information contained in the Assessor’s Field Card, and other public sources. This appraisal is subject to the extraordinary assumption that the actual physical characteristics of the improvements are similar to those described in this report. If the subject’s physical characteristics are different than described in this report, 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 as the Before Valuation and concluded that the fair market value of the subject land was unchanged at \$7.50/sf, calculated as follows:

Item	Calculation	Value
47,539 square feet in Fee Simple	47,539 sf x \$7.50/sf	\$356,543
Slope Easement	46 sf x \$7.50/sf x 10%	\$311
	Total	\$356,854
	Rounded	\$356,850

After Building Valuation

In developing the Sales Comparison and Income Capitalization Approaches, the Appraiser opines that the property will suffer Permanent Severance Damages due to the loss of three potential lateral parking spaces.

Permanent Severance Damages

The Taking will result in decreased mobility on the subject site, a decreased ability for lateral parking, and a reduction in the width of the curb cuts to 20 feet from 26 feet and 38 feet, respectively. The decreased mobility, decreased ability for lateral parking, and reduction in the width of the curb cuts to 20 feet from 26 feet and 38 feet, respectively, will adversely affect the subject property and diminish the utility of the property.

To determine the impact on value due to the decreased mobility, decreased ability for lateral parking, and a reduction in the width of the curb cuts to 20 feet from 26 feet and 38 feet, respectively, the appraiser concluded a value per potential parking space. Based upon the appraiser’s analysis, Before the Taking, the subject property could support 3 lateral parking spaces. After the Taking, the subject can support no lateral parking spaces.

The following table summarizes sales of recent parking lots. The data is summarized in the table below:

Comparable Parking Lot Sales					
Address	City	Date	Price	Est. # of Spaces	Price/Space
27 Prospect Street, etal.	Manchester	2/5/2020	\$190,000	60	\$3,167
15 Station Road	Brookfield	10/16/2019	\$200,000	39	\$5,128
359 Sheldon Street	Hartford	9/30/2019	\$650,000	86	\$7,558
College Street	Middletown	6/14/2019	\$305,000	42	\$7,262
90 East River Drive	East Hartford	7/18/2018	\$660,000	140	\$4,714
		Min	\$190,000	39	\$3,167
		Max	\$660,000	140	\$7,558
		Average	\$401,000	73	\$5,566

The parking lot sales have a range between \$3,167 and \$7,558 per space, with an average of \$5,566 per space. The appraiser concludes a value per parking space of \$7,000. The comparable sales are for significantly more parking spaces than the damages to the subject, between 39 and 140 parking spaces. Therefore, the value of the parking space is concluded on the upper end of the range due to economies of scale.

However, in addition to lost potential of 3 parking spaces, the subject property will have decreased mobility and the width of the curb cuts will be decreased. The appraiser increases the value per parking space by 50% to account for the decreased mobility and width of the curb cuts. Therefore, the permanent severance damages are concluded at \$10,500 per space, or **\$31,500** (\$10,500 x 3 spaces = \$31,500).

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 \$105/sf, calculated as follows:

Indicated Subject Value	
Concluded Value Per SF GBA	\$ 105.00
GBA	8,538
Indicated Value	\$ 896,490
Rounded - Before	\$ 900,000
Less Taking Area Value	\$ (6,460)
Less Slope Easement Value	\$ (40)
Less Site Improvements	\$ (2,000)
Less Permanent Severance	\$ (31,500)
Rounded - After	\$ 860,000

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	\$98,706
Divided By Overall Rate	9.00%
Capitalized Value Indication	\$1,096,729
Rounded - Before	\$1,100,000
Less Adjustments	
Less Taking Area Value	(\$6,460)
Less Slope Easement Value	(\$40)
Less Site Improvements	(\$2,000)
Less Permanent Severance	(\$31,500)
Adjusted Value Indication	\$1,060,000
Rounded - After (\$127.50 per SF)	\$1,060,000

Reconciliation and Value Conclusion - After

Approach	Opinion of Market Value
Sales Comparison Approach - Land	\$356,850
Income Capitalization Approach – Building	\$1,060,000
Sales Comparison Approach Building	\$860,000
Conclusion of Market Value	\$960,000

Calculation of Permanent Damages

Item	Value
Before Valuation	\$1,000,000
After Valuation	\$960,000
Permanent Damages	\$40,000

RECOMMENDATION: Board approval of damages in the amount of \$40,000 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 appraisal report.

5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER - NEW BUSINESS

7. OTHER BUSINESS

8. VOTES ON PRB FILE:

PRB FILES #21-155 – Mr. Valengnavich moved and Mr. Berger seconded a motion to approve PRB 21-155. The motion passed unanimously.

9. NEXT MEETING – Thursday, November 4, 2021.

The meeting adjourned.

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