

STATE PROPERTIES REVIEW BOARD

Minutes of Meeting Held On September 6, 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 September 6, 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 September 1, 2022 Meeting. The motion passed unanimously.

2. COMMUNICATIONS

Director Desai informed Board Members that the SPRB Annual Report to the Governor is being drafted and that it is forthcoming for Members' input and comments.

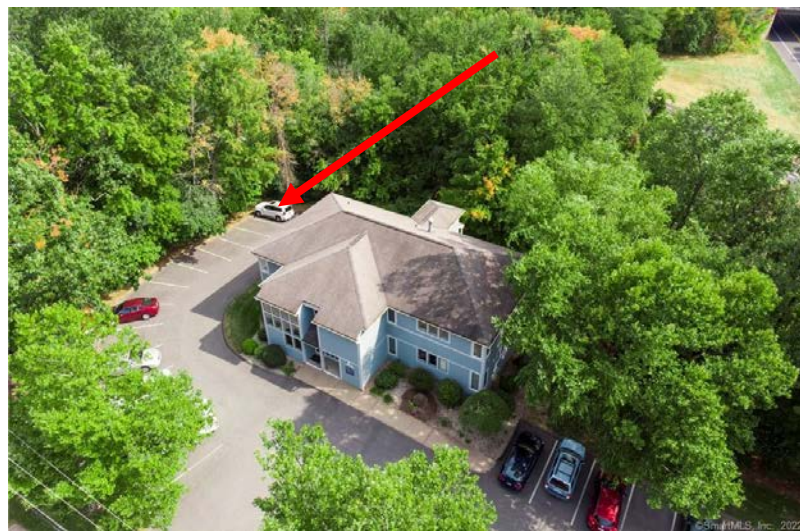
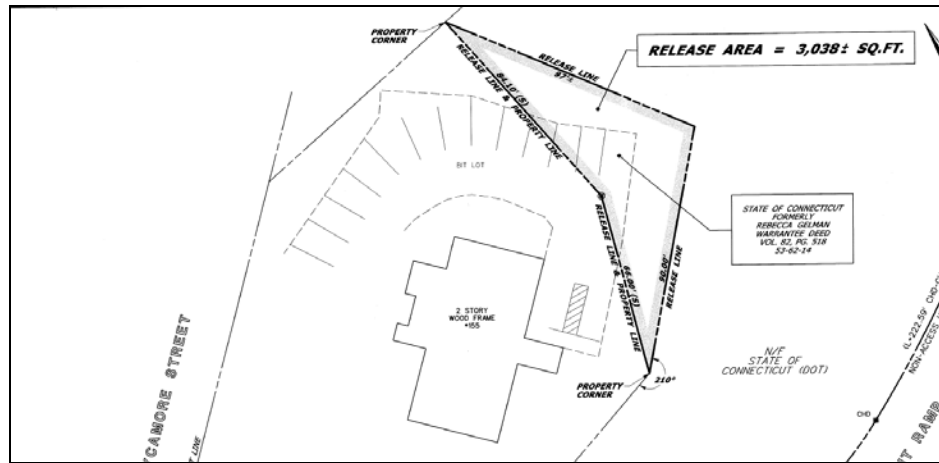
3. REAL ESTATE- UNFINISHED BUSINESS

4. REAL ESTATE – NEW BUSINESS

<i>PRB File #:</i>	22-129
<i>Transaction/Contract Type:</i>	RE – Sale
<i>Origin/Client:</i>	DOT/DOT
<i>DOT Project #:</i>	53-62-14A
<i>Grantee:</i>	Monahan & Salzer, LLC
<i>Property:</i>	Glastonbury, Sycamore St (3,038 sf)
<i>Project Purpose:</i>	Sale by Sole Abutter Bid
<i>Item Purpose:</i>	QC Deed

CONVEYANCE FEE: \$27,000 plus \$1,000 Administrative Fee

Under this Proposal (PRB #22-129) DOT is seeking SPRB approval of a Quit Claim Deed for this Sale by Sole Abutter Bid for \$28,000 (includes \$1,000 admin fee). The Grantee, Monahan & Salzer, LLC, was informed of this encroachment upon receipt of a Title Search in conjunction with the sale of the property.



The Release Area consists of a 3,038± square feet of wooded and paved land, that is within the Route 17 highway right of way. The release parcel is generally irregular in shape with varying topography. There are no indications of wetland soils nor flood zone encumbrances impacting the property.

The Sole Abutter consists of a 0.65 acre (28,315± square feet) parcel of land that is abutting to the west of the Release Land. The assemblage has level topography with road grade, sloping downward to the rear of the site. There are no indications of wetlands nor flood zone issues impacting the Sole Abutter. The site is improved with a 6,606 square foot multi-tenant office building constructed in 1983.

Valuation – With the release of this parcel via a Sale by Sole Abutter Bid, independent Appraiser Norman Benedict, MAI appraised the property as of March 1, 2022, in both the Before and After assemblage.

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

- Extraordinary Assumption: None impacting valuation methods.

- Hypothetical Conditions: None.

Land Valuation – Sales Comparison Approach

Based on the sales comparison approach, the Appraiser utilized the following three sales of similarly-zoned land in local and greater market area as follows:

Property Appraised: 155 Sycamore Street, Glastonbury, Connecticut				Appraised; as of: 1-Mar-22			
Comparable Sale Numbers	Appraised	<u>4</u>		<u>5</u>		<u>7</u>	
Address	Appraised	476 Cromwell		1120 Burnside		51 Kreiger	
Town/City	Glastonbury	Rocky Hill		E. Hartford		Glastonbury	
Sales Price and Unit Price	None recent	\$550,000	\$337,423	\$384,000	\$268,531	\$273,280	\$293,849
		DESCRIPTION	+/- Adj't	DESCRIPTION	+/- Adj't	DESCRIPTION	+/- Adj't
TRANSACTIONAL ADJUSTMENTS			Adjusted		Adjusted		Adjusted
Real property rights	Fee Simple	Fee Simple	0.00%	Fee Simple	0.00%	Fee Simple	0.00%
Financing terms	None Special	None Special	0.00%	None Special	0.00%	None Special	0.00%
Conditions of sale	Arms Length	Arms Length	0.00%	Arms Length	0.00%	Arms Length	0.00%
Immediate upgrade needed	None	None	0.00%	None	0.00%	None	0.00%
Market conditions (incl. time)	1-Mar-22	11-Mar-20	2.00%	19-Nov-20	1.00%	24-Jan-22	0.00%
Total transactional adjustment			2.25%		1.75%		0.00%
Transactionally Adjusted			\$345,015	\$273,231	\$293,849		

After adjusting for Transactional, Locational and Physical characteristics, the Appraiser concluded that the fair market value of the subject land was \$338,500/acre, calculated as follows:

Item	Calculation	Value
Land Valuation (Fee Simple)	0.65 acre x \$338,500/acre	\$220,025
	Rounded	\$220,000

Building Valuation – Sales Comparison Approach

Based on the sales comparison approach, the Appraiser utilized the following three sales of similarly-zoned properties in local and greater market area as follows:

Property Appraised: 155 Sycamore Street, Glastonbury, Connecticut				Appraised: 2022-03-01			
Comparable Sale Numbers	Appraised	<u>13</u>		<u>14</u>		<u>17</u>	
Address	155 Sycamore	969 Hebron Av.		165 Middle Tpk W		381 Hubbard St	
Town/City	Glastonbury	Glastonbury		Manchester		Glastonbury	
Sales Price and Unit Price	Unknown	\$1,050,000	\$176	\$630,000	\$138	\$764,706	\$168
		DESCRIPTION	+/- Adj't	DESCRIPTION	+/- Adj't	DESCRIPTION	+/- Adj't
TRANSACTIONAL ADJUSTMENTS							
Real property rights	Fee Simple	Fee Simple	0.00%	Fee Simple	0.00%	Fee Simple	0.00%
Financing terms	None Special	None Special	0.00%	None Special	0.00%	None Special	0.00%
Conditions of sale	Arms Length	Arms Length	0.00%	Arms Length	0.00%	Arms Length	0.00%
Immediate upgrade needed	None	None	0.00%	None	0.00%	None	0.00%
Market conditions (incl. time)	1-Mar-22	18-Aug-21	2.00%	Dec-21	1.00%	1-Mar-22	0.00%
Total transactional adjustment			2.00%		1.00%		0.00%
Transactionally Adjusted			\$180	\$140	\$168		

After adjusting for Transactional, Locational and Physical characteristics, the Appraiser concluded that the fair market value of the subject was \$126/sq.ft. of GBA, calculated as follows:

Item	Calculation	Value
Building Valuation	\$126/sf x 6,606 sq.ft. =	\$812,538
	Rounded	\$815,000

Building Valuation – Income Capitalization Approach

The Appraiser analyzed local listings and comparable rentals in estimating market rent. He then estimated Potential Gross Income and Net Operating Income as follows:

	Brokers Units Rentals	Econ. Unit Rent	Type of Inc-Exp	Annual Market Rental	Annual Stable Inc-Exp
Market Rental Stabilized					
Gross Income Annualized					
Basement, Finished	1,284	\$14.00	Est. Mkt Rnt	\$17,976	
First Floor	2,649	\$17.00	Est. Mkt Rnt	\$45,033	
Second Floor	<u>2,673</u>	\$19.00	Est. Mkt Rnt	\$50,787	
Potential Gross Income (P.G.I.)	6,606				\$113,796
Less Rent Loss and Vacancy	10.00%		Stablized		<u>11,380</u>
Effective Gross Income (E.G.I.)					\$102,416
Less Overall Expenses					
<i>Fixed expenses</i>					
Real Estate Taxes	Landlord	18.50%	Stablized	18,947	
General Insurance	Landlord	4.00%	Stablized	4,097	
Catastrophe Insurance	Landlord	1.75%	Estimated	1,792	
<i>Operating Expenses</i>					
Administration	Landlord	5.00%	Stablized	5,121	
Profess'l Fees-atty and eng.	Landlord	0.50%	Estimated	512	
Repairs and maintenance	Tenant	10.00%	Stablized	10,242	
Utilities-Water only	Landlord	0.00%	Stablized	0	
Utilities-eletricity and heat	Tenant	0.75%	Stablized	0	
Miscellaneous	Landlord	1.00%	Estimated	1,024	
<i>Reserves for Replacement</i>	Landlord	6.50%	Estimated	6,657	
<i>Less Total Expenses (T.E.)</i>		47.25%	Computed		<u>48,392</u>
Net Operating Income (N.O.I.)			Computed		\$54,025

The Appraiser then selected an overall capitalization rate and capitalized net operating income as follows:

Net Operating Income		\$54,025
Basic Overall Capitalization Rate		
Mortgage Component	75.00% x 0.0913 =	0.0685
Equity Component	25.00% x 0.1000 =	<u>0.0250</u>
	Basic Overall Capitalization Rate	0.0935
Plus Additional Returns to Equity During Ownership (Adjustments)		
Less Mortgage Paid Off	0.3201 x 75.00% x 0.0612 =	(0.0147)
Less Value Gain Thru Time	0.0200 x 10.0000 x 0.0612 =	(0.0122)
	Adjusted Basis Capitalization Rate	<u>0.0665</u>
Net Operating Income Capitalized in to Value		
	Net Operating Income	\$54,025
	Overall Capital'n Rate /	<u>0.0665</u>
	Capitalization Valuation =	\$811,937
		rounded to
	Opinion of Value by the Income Capitalization Approach =	\$810,000

RECONCILIATION OF APPROACHES BEFORE RELEASE

	<i>Appraised Property</i>	<i>Appraised Land</i>
Cost Approach	Not developable	Not developable
Sales Comparison Approach	\$815,000	\$220,000
Income Capitalization Approach	\$810,000	Not developable
Market Value Before the Release	\$815,000	\$220,000

In the After Valuation, the Appraiser utilized the same three sales and after adjusting for Transactional, Locational and Physical characteristics, the Appraiser concluded that the fair market value of the subject land was \$334,000/acre, calculated as follows:

Item	Calculation	Value
Land Valuation (Fee Simple)	0.72 acre x \$334,000/acre	\$240,000
	Rounded	\$240,000

Building Valuation – Sales Comparison Approach

In the After Valuation, the Appraiser utilized the same three sales and after adjusting for Transactional, Locational and Physical characteristics, the Appraiser concluded that the fair market value of the subject was \$128/sq.ft. of GBA, calculated as follows:

Item	Calculation	Value
Building Valuation	\$128/sf x 6,606 sq.ft. =	\$845,568
	Rounded	\$845,500

Building Valuation – Income Capitalization Approach

In the After Valuation the Appraiser concluded that the additional parking will increase market by \$0.50/sf. He then estimated Potential Gross Income and Net Operating Income as follows:

	Brokers Units	Econ. Unit Rent	Type of Inc-Exp	Annual Market Rental	Annual Stable Inc-Exp
Market Rental Stabilized	<u>Rentals</u>	<u>Rent</u>	<u>Inc-Exp</u>	<u>Rental</u>	<u>Inc-Exp</u>
Gross Income Annualized					
Basement, Finished	1,284	\$14.50	Est. Mkt Rnt	\$18,618	
First Floor	2,649	\$17.50	Est. Mkt Rnt	\$46,358	
Second Floor	<u>2,673</u>	<u>\$19.50</u>	Est. Mkt Rnt	<u>\$52,124</u>	
Potential Gross Income (P.G.I.)	6,606				\$117,099
Less Rent Loss and Vacancy	9.00%		Stablized		<u>10,539</u>
Effective Gross Income (E.G.I.)	6,606				\$106,560
Less Overall Expenses					
<i>Fixed expenses</i>					
Real Estate Taxes	Landlord	18.50%	Stablized	19,714	
General Insurance	Landlord	4.00%	Stablized	4,262	
Catastrophe Insurance	Landlord	1.75%	Estimated	1,865	
<i>Operating Expenses</i>					
Administration	Landlord	5.00%	Stablized	5,328	
Profess'l Fees-atty and eng.	Landlord	0.50%	Estimated	533	
Repairs and maintenance	Tenant	10.00%	Stablized	10,656	
Utilities-Water only	Landlord	0.00%	Stablized	0	
Utilities-eletricity and heat	Tenant	0.75%	Stablized	0	
Miscellaneous	Landlord	1.00%	Estimated	1,066	
<i>Reserves for Replacement</i>	Landlord	6.50%	Estimated	6,926	
Less Total Expenses (T.E.)		47.25%	Computed		<u>50,350</u>
Net Operating Income (N.O.I.)			Computed		\$56,210

The Appraiser then selected an overall capitalization rate and capitalized net operating income as follows:

STEP 3: CAPITALIZATION OF NET OPERATING INCOME		
Net Operating Income		\$56,210
Basic Overall Capitalization Rate		
Mortgage Component	75.00% x 0.0913 =	0.0685
Equity Component	25.00% x 0.1000 =	<u>0.0250</u>
	Basic Overall Capitalization Rate	0.0935
Plus Additional Returns to Equity During Ownership (Adjustments)		
Less Mortgage Paid Off	0.3201 x 75.00% x 0.0612 =	(0.0147)
Less Value Gain Thru Time	0.0200 x 10.0000 x 0.0612 =	(0.0122)
	Adjusted Basis Capitalization Rate	<u>0.0665</u>
Net Operating Income Capitalized in to Value		
	Net Operating Income	\$56,210
	Overall Capitaln Rate /	<u>0.0665</u>
	Capitalization Valuation =	\$845,263
		rounded to
	Opinion of Value by the Income Capitalization Approach =	\$845,000
		<i>capdirect.3</i>
	Estimated Market Value of the Appraised Property, After Release	\$845,000
21.19. AFTER-RECONCILIATION OF APPROACHES		
	<i>Appraised Property</i>	<i>Appraised Land</i>
Cost Approach	Not developable	Not developable
Sales Comparison Approach	\$845,500	\$240,000
Income Capitalization Approach	\$845,000	Not developable
After the Acquisition Value Estimate	\$845,000	\$240,000

Value of the Release

After Valuation	\$845,000
Before Valuation	\$815,000
Value of Release	\$30,000

Sale by Abutter Bid & Negotiations –

The subject parcel consists of 3,038± square feet of land on Route 17, in a Town Center (TC) Zone. The property was originally acquired by the State in 1951 for the construction of Route 17.

Attorney Louis J. Tavano whom represents Monahan and Salzer Properties, LLC, the sole abutter, has requested to purchase the subject property located on the west side of Route 17 in the Town of Glastonbury.

On February 18, 2022, an appraisal was prepared by Appraiser Norman Benedict, who established a value of \$30,000.00. On April 26, 2022, the Department presented Attorney Tavano, with an asking price of \$40,000.00 which includes a \$1,000.00 Administrative Fee. On April 26, 2022, Attorney Tavano submitted an offer in the amount of \$17,000.00, which was not accepted by this office as it was not within a reasonable range of the appraised value. On April 29, 2022, Attorney Tavano presented a counteroffer in the amount of \$22,000.00, which was rejected. After further negotiations a sales price of \$27,000.00 plus a \$1,000.00 Administrative Fee.

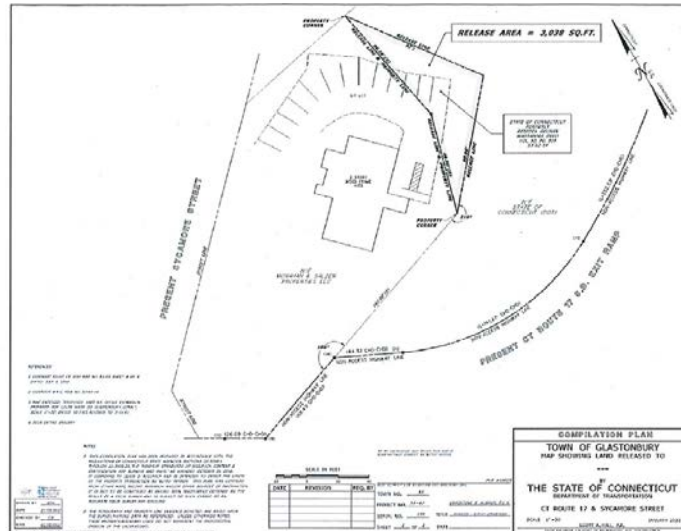
The offer submitted by Attorney Tavano is ninety three percent (93%) of the appraised value and by releasing the subject State property, it will end the State’s liability and obligation to maintain land that is not being utilized for highway purposes.

Considering the above information, and that it would benefit the Town to have the property returned to the tax rolls, it is herewith recommended that Attorney Tavano’s bid of \$27,000.00 plus a \$1,000.00 Administrative Fee be accepted and forwarded to the Office of Policy and Management, State Properties Review Board and the Office of the Attorney General for approval.

Recommendation – Staff recommend approval of the proposed Sale by Sole Abutter Bid in the amount of \$27,000 (plus \$1,000 Admin Fee) for the following reasons:

- The proposed sale complies with Sections §3-14b(b), and §13a-80 of the CGS in that the Town of Glastonbury declined the purchase and the legislative delegation received the required notification on February 2, 2022;

- The release value of \$27,000 (\$2.73/sf) is reasonable in that it represents 90% of the appraised value and it will return the property to the Town of Glastonbury tax rolls and relieve the State of all future expenses; and
- The description in the Quit Claim Deed is consistent with the compilation map to be filed in the Town of Glastonbury Land Records.



5. ARCHITECT-ENGINEER - UNFINISHED BUSINESS

6. ARCHITECT-ENGINEER – NEW BUSINESS

7. OTHER BUSINESS

8. VOTES ON PRB FILE:

PRB FILE #22-129 – Mr. Halpert moved and Mr. Valengavich seconded a motion to approve PRB FILE #22-129. The motion passed unanimously.

9. NEXT MEETING – Thursday, September 8, 2022.

The meeting adjourned.

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