



# WELLSPEAK DUGAS & KANE, L.L.C.

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Real Estate Appraisal & Consulting

January 21, 2020

David J. Rucci, Esquire  
Lampert Toohey & Rucci, LLC  
46 Main Street  
New Canaan, Connecticut 06840

Re: Appraisal and Consulting Services  
0, 65 & 73 Oenoke Ridge Road  
New Canaan, Connecticut

Dear Mr. Rucci:

Per your authorization, we have conducted an Appraisal Review of an Impact Study of the proposed Oenoke Ridge development (the "Subject Property") completed by CADRE Group, LLC (CADRE). This Appraisal Review is being completed per Standard 3 of the Uniform Standards of Professional Appraisal Practice (USPAP).

The CADRE Impact Study had an effective date of valuation of September 25, 2019. It is our understanding that the intended use of the CADRE Impact Study was "to determine the effects on property values, if any, resulting from the construction of the proposed commercial senior housing/independent living facility within the Oenoke Ridge area of New Canaan."

The intended use of this Appraisal Review is to advise you as to the appropriateness of the methodology employed by CADRE Group, LLC in reaching its conclusions. Additionally, it includes our review opinion of the CADRE Impact Study. The Client for our Appraisal and Consulting Services is Waveny LifeCare Networks and Intended Users of our Appraisal and Consulting Services include Lampert Toohey & Rucci, LLC, its client, Waveny LifeCare Networks and possibly the New Canaan Planning & Zoning Commission. The effective date that this Appraisal Review was completed is January 17, 2020.

### Property Description

0, 65 & 73 Oenoke Ridge Road represent three contiguous parcels of land that contain a total of 3.528 acres on the east side of Oenoke Ridge Road. The former parcel is a vacant, "L"-shaped site that wraps around 65 Oenoke Ridge Road. This site includes a total of 0.74-acre of land. 65 Oenoke Ridge Road is improved with a 3,585 square foot single family dwelling that was constructed in 1929. The dwelling is a two-story colonial, situated on 0.88-acre, and it is currently owned by the New Canaan Historical Society.

73 Oenoke Ridge is a 1.91-acre parcel of land owned by Waveny Health Care Centers. It is improved with a 26,891 square foot senior housing development known as The Inn. These parcels are illustrated below with the source of this information being the New Canaan GIS system.



Presently the Subject Property is zoned ½ Acre Residence with nearby properties zoned similarly or One Acre Residence (west side of Oenoke Ridge Road), B Residence (south of the subject along Main Street) or Apartment Zone (properties west of the subject along Heritage Hill Road).

The neighborhood is situated north of the Central Business District (CBD) of New Canaan and it serves as a transitional area between the CBD and lower density areas to the north that are in the Two Acre Residence and Four Acre Residence zones. The neighborhood includes a number of special purpose uses to include St. Michael’s Lutheran Church, the New Canaan Historical Society, St. Mark’s Episcopal Church, New Canaan Nature Center, First Presbyterian Church, the Roger Sherman Inn and The Inn – a rental community that is part of the Waveny LifeCare Network.

On the west side of Oenoke Ridge Road are a number of single family neighborhoods along streets such as Gerrish Lane and Oenoke Lane while to the east of the Subject Property is the Heritage Common condominium development. This latter development is a complex built circa 1965 where one and two bedroom units have recently been trading for between \$275,000 and \$350,000 - or \$325 to \$350 per square foot.

The plan of development for the Subject Property is to demolish the 3,585 square foot dwelling at 65 Oenoke Ridge Road and construct a 70 unit continuing care retirement community (CCRC) on the combined 3.528-acre site. The proposed development would vary in height from 2.5 stories, closest to Oenoke Ridge Road, to a maximum of four stories in the middle of the complex. The development would include an estimated 123,336 square feet of above grade building area with support services typically found in a CCRC as well as underground parking and roof decks. The following are illustrations of the site plan and elevations as proposed.



Site Plan<sup>1</sup>



View of North Elevation

<sup>1</sup> Revised setback to Oenoke Ridge is 65' while rear yard setback revised to 35'. Total units proposed are 66.



**View of North Elevation**

### Scope of Work

Our Scope of Work included a review of the CADRE Impact Study, reviewing renderings for the subject development, and reviewing characteristics of the surrounding neighborhood as well as neighborhoods surrounding the BrightView Senior Living development in Norwalk, Connecticut and the New Canaan YMCA and Saxe Middle School in New Canaan, Connecticut.

### Comments on CADRE Group, LLC Impact Study

The CADRE Impact Study was completed with an effective date of valuation of September 25, 2019. The Impact Study was completed by Christopher La Greca who is noted to be a Connecticut Certified General Real Estate Appraiser.

The conclusion reached in the CADRE Impact Study was that the CCRC proposed for the Subject Property will have a material negative impact on property values and marketability within the area of influence which was defined to include the Historic District and the Heritage Hills (Heritage Common) condominium development. It was stated that “based on comparative data, the negative impact on property values would range from approximately 14% to 15%.”

After reviewing the data and analysis in the CADRE Impact Study we found the following deficiencies in the Impact Study – including problems with their methodology that do not support their conclusions. Specifically:

- The technique utilized in the CADRE Impact Study was to compare the average selling price of properties in a defined Target Area to the average selling price of properties in a defined Control Area. In their Impact Study CADRE relied upon just one example – the BrightView on New Canaan Senior Assisted Living & Memory Care development at 162 New Canaan Avenue in Norwalk, Connecticut.

In studying this example CADRE defined a Target Area as being bound to the north and east by Silvermine Avenue, to the south by Ponus Avenue and to the west by Cornwall Road. In the Impact Study CADRE defined the Control Area as being bound to the north by New Canaan Avenue (Route 123), to the south by Redcoat Road, to the east by Cornwall Road and Hunters Lane and to the west by Fox Run Road. These are effectively two adjoining areas of Norwalk that were studied for pricing trends and it was opined in the CADRE Impact Study that the Target Area was negatively influenced by the construction of the aforementioned BrightView development.

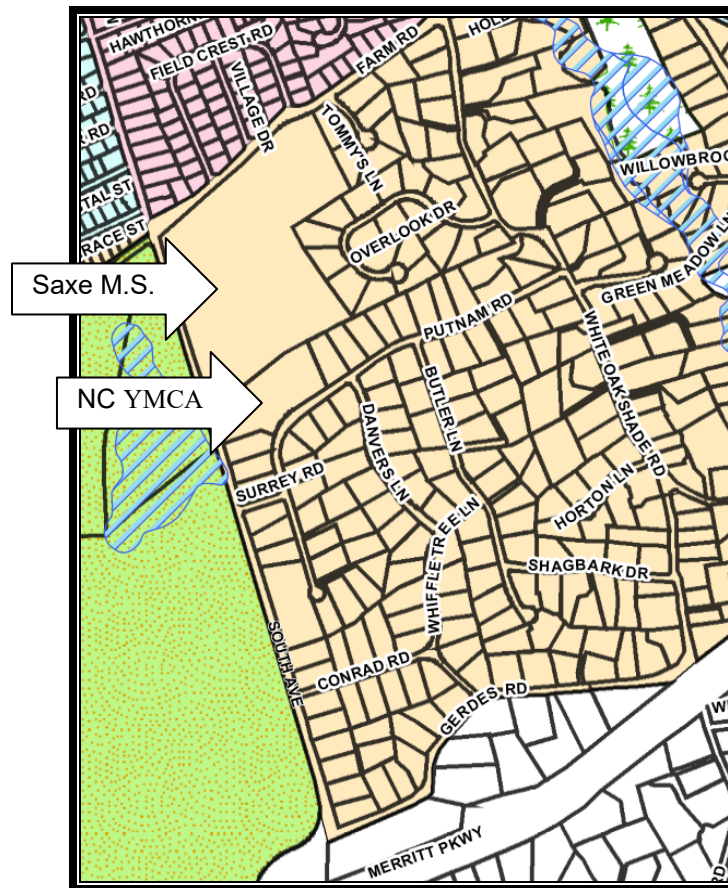
- CADRE developed a statistical analysis of sale price trends in both the Control Area and Target Area between 2010 and 2019. The CADRE Impact Study noted that the BrightView development was approved in 2014<sup>2</sup> and it opened in 2016. The CADRE Impact Study did not provide the individual sales that formed the basis of their analysis but rather listed only the year, number of sales, average sale price and percentage change year over year. In the time frame in question (2010 through 2019) there were a reported 125 sales in the Control Area and 106 sales in the Target Area.
- The problem with this methodology is that simply aggregating sales data from the Target Area and Control Area does not provide an accurate representation of sale price trends because it does not solely reflect the impact, if any, from the BrightView development. For example in either the Control Area or Target Area the type of properties making up the pool of sales has a profound impact on sale price. By type of properties we are referring to characteristics such as size of residences, age of residences, amount of land area supporting the residences, etc.
- If, for example, the type of residences that sold in either the Target Area or the Control Area varied from year to year it would have a profound impact on price that had nothing to do with the BrightView development. Both the Target Area and the Control Area have a variety of home styles and if in one year the pool of sales included colonials on one acre of land and the pools of sales in another year included ranches or capes on ¼ acre lots a described “drop in price” would be due to the composition of the sales data rather than anything to do with the BrightView development. Having inspected both the Target Area and the Control Area we found that there was more conformity in the Control Area where the lots supporting homes were generally larger than in the Target Area. A better metric than aggregating sale prices would have been to analyze trends in sale prices per square foot, average days on the market and/or relationships between sale prices versus list prices in both the Target Area and the Control Area. Furthermore, it should have been demonstrated that consistent property types were being analyzed.
- The other significant issue to consider is that there is great disparity between pricing in both the Target Area and the Control Area versus the Town of New Canaan. The “dividing line” between the Target Area and the Control Area was effectively Cornwall Road where the City of Norwalk Assessor’s office generally valued properties in the \$400,000 to \$450,000 range (based on an October 1, 2018 revaluation). Within the Control Area there are certain streets (such as Devonshire Road) where the City of Norwalk has assigned values to homes in excess of \$1,250,000 whereas in the Target Area there are residences valued by the City for less than \$235,000 (Mills Street).

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<sup>2</sup> The BrightView development was actually approved by Norwalk Planning & Zoning Commission on May 15, 2013 with construction starting in the Summer of 2014 and the facility opening in 2016.

The price points in the Target Area and Control Area of Norwalk, included in the CADRE Impact Study, are quite different than the subject neighborhood where streets such as Gerrish Lane and Oenoke Lane have homes consistently valued by the Town of New Canaan for well in excess of \$1,000,000.

- Therefore, while we have explained why there are flaws in relying upon aggregated sales data to reach conclusions about trends we also believe that the disparate location of the Target and Control Areas studied versus New Canaan is another issue. Besides differences in pricing between the Target Area and Control Area in Norwalk there are substantial differences in home prices in Norwalk and New Canaan in general. In the Berkshire Hathaway 4<sup>th</sup> Quarter 2019 Market Report for Fairfield County it is noted that the median sale price for a single family home in New Canaan is \$1.41M whereas in Norwalk it is \$490K.
- We believe that a better representation of the impact of comparatively dense uses on a neighborhood would be provided by sales data within the Town of New Canaan proximate to larger non-residential uses. The best example of this is the neighborhood bound by Farm Road to the north, White Oak Shade Road to the east, Gerdes Road to the south and South Avenue to the west. This area is uniformly located within a One Acre Residence zone that includes New Canaan High School, New Canaan Community YMCA and Saxe Middle School. In aggregate these are clearly larger uses than the subject and they generate more traffic and lighting than the subject is proposed to include.



- We reviewed sales data within this neighborhood, over the past five years, to ascertain whether there were value differences in similar residences that were more proximate to the New Canaan Community YMCA and Saxe Middle School versus those properties in the same neighborhood that were farther away from these two non-residential uses. To make properties as comparable as possible we selected sales of residences that were on one to two acres of land with home sizes of 2,000 to 3,000 square feet. The result was that the average land area and average building areas were extremely close and yet those properties more proximate to the two non-residential uses ended up with a higher average sale price as well as a higher sale price per square foot. This is illustrated in the following table:

<b>Sales More Proximate to Non-Residential Uses</b>						
<u>Address</u>	<u>Land Area</u>	<u>Building Area</u>	<u>Age</u>	<u>Date of Sale</u>	<u>Sale Price</u>	<u>Sale Price Per Square Foot</u>
131 Overlook Drive	1.12	2,511	1954	11/7/2019	\$800,000	\$318.60
61 Overlook Drive	1.00	2,818	1953	9/13/2019	\$870,000	\$308.73
16 Surrey Road	1.04	2,556	1963	8/8/2019	\$1,299,000	\$508.22
8 Tommys Lane	1.09	2,449	1961	6/30/2017	\$1,665,000	\$679.87
25 Butler Lane	1.00	2,332	1964	7/13/2016	\$1,075,000	\$460.98
119 Overlook Drive	1.10	2,127	1954	3/15/2016	\$1,015,000	\$477.20
137 Putnam Road	1.14	2,956	1963	10/2/2015	\$1,200,000	\$405.95
18 Tommys Lane	1.01	2,697	1960	7/17/2015	\$1,405,000	\$520.95
Total	1.06	2,556			\$1,166,125	\$456.28
<b>Sales Less Proximate to Non-Residential Uses</b>						
<u>Address</u>	<u>Land Area</u>	<u>Building Area</u>	<u>Age</u>	<u>Date of Sale</u>	<u>Sale Price</u>	<u>Sale Price Per Square Foot</u>
748 South Avenue	1.00	2,138	1956	1/23/2019	\$813,000	\$380.26
397 White Oak Shade Road	1.00	2,400	1964	5/30/2018	\$780,000	\$325.00
251 White Oak Shade Road	1.54	2,875	1700	12/1/2017	\$840,000	\$292.17
267 White Oak Shade Road	1.26	2,984	1985	6/13/2016	\$1,375,000	\$460.79
32 Gerdes Road	1.14	2,512	1956	11/9/2015	\$1,001,250	\$398.59
28 Conrad Road	1.08	2,273	1956	9/22/2015	\$925,000	\$406.95
86 White Oak Shade Road	1.00	2,563	1760	5/1/2015	\$1,285,000	\$501.37
92 Gerdes Road	1.02	2,446	1956	1/26/2015	\$1,100,000	\$449.71
	1.13	2,524			\$1,014,906.25	\$402.12

- Likewise we analyzed the values that the Town of New Canaan ascribed to land for residences in this neighborhood during its October 1, 2018 revaluation. We compared 100% land values estimated by the town for homes along Putnam Road or Danvers Lane that were adjacent or extremely proximate to both the New Canaan Community YMCA and Saxe Middle School to 100% land values for properties located farther away from these two non-residential uses - with an example being improved properties on Whiffle Tree Lane. This data is illustrated in the table on the following page:

**Impact of Proximity to Saxe Middle School and New Canaan YMCA**

<u>Address</u>	2019 Revaluation <u>Full Valuation</u>	Land Area <u>(Acres)</u>
194 Putnam Road	\$865,400	1.02
172 Putnam Road	\$865,300	1.01
158 Putnam Road	\$865,100	1.00
137 Putnam Road	\$867,800	1.14
125 Putnam Road	\$867,200	1.11
9 Danvers Lane	\$865,100	1.00
65 Whiffle Tree Lane	\$865,100	1.00
39 Whiffle Tree Lane	\$865,100	1.00
25 Whiffle Tree Lane	\$865,100	1.00
56 Whiffle Tree Lane	\$865,100	1.00
46 Whiffle Tree Lane	\$865,100	1.00
34 Whiffle Tree Lane	\$868,600	1.18

- In conclusion the CADRE Impact Study does not use an appropriate methodology to support its conclusion that that the CCRC proposed for the Subject Property will have a material negative impact on property values and marketability within the area of influence which was defined to include the Historic District and the Heritage Hills (Heritage Common) condominium development.

Specifically it relies upon one example outside of the subject community and in this example it does not solely reflect the impact, if any, from an assisted living development. We noted that the type of properties making up the pool of sales in either the Control Area or Target Area has a profound impact on sale price and this was not addressed by the Appraiser.

- Furthermore, the Appraiser did not mention that the majority of residential uses in the subject neighborhood will be buffered from the Subject Property by a road (Oenoke Ridge Road) or other non-residential uses such as the New Canaan Historical Society and a number of churches. The only residential property that will be directly adjacent to the Subject Property are a limited number of buildings at the Heritage Common condominium development and plans exist to screen these buildings from the proposed subject development to minimize any aesthetic impacts. Furthermore, subsequent to the completion of the CADRE Impact Study the development plans have been revised to reduce the building size and number of units; increase both the front and rear yard setbacks; reduce the building coverage and increase the amount of landscaped area.



- Finally, when we reviewed an example in the subject community where there are comparatively dense non-residential uses in a residential area we saw no evidence of negative value impacts. Specifically in a defined neighborhood where the New Canaan Community YMCA and Saxe Middle School are located we found that there was no material value differences in similar residences that were more proximate to the New Canaan Community YMCA and Saxe Middle School versus those properties in the same neighborhood that were farther away from these two non-residential uses. Furthermore, when we analyzed the values that the Town of New Canaan ascribed to land for residences in this same neighborhood we found no discount applied for lots that were extremely proximate to both the New Canaan Community YMCA and Saxe Middle School versus those lots in the same neighborhood that were farther away from these uses. Specifically, homes along Putnam Road or Danvers Lane that were adjacent or extremely proximate to both the New Canaan Community YMCA and Saxe Middle School were ascribed consistent land values with properties on streets such as Whiffle Tree Lane that were in the same neighborhood but located farther away from the aforementioned non-residential uses. We believe this provides the best evidence that the proposed subject development will not adversely impact the values of properties within the subject neighborhood.

If you have any questions following a review of this analysis feel free to contact me at 203-699-8920 x305.

Very truly yours,



Patrick J. Wellspeak, MAI

## **ASSUMPTIONS AND LIMITING CONDITIONS**

“Review Appraisal” means the report and opinion of value stated therein, or the letter opinion of value, to which these Assumptions and Limiting Conditions are annexed.

“Property” means the subject of the Review Appraisal.

“WDK” means Wellspeak Dugas & Kane, LLC that issued the Review Appraisal.

“Appraiser(s)” means the employee of WDK who prepared and signed the Review Appraisal.

The Review Appraisal has been made subject to the following assumptions and limiting conditions:

1. No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
2. The information contained in the Review Appraisal or upon which the Review Appraisal is based has been gathered from sources the Appraiser assumes to be reliable and accurate. Some of such information may have been provided by the owner of the Property. Neither the Appraiser nor WDK shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters.
3. The opinion of value is only as of the date stated in the Review Appraisal. Changes since that date in external and market factors or in the Property itself can significantly affect property value.
4. The Review Appraisal is to be used in whole and not in part. No part of the Review Appraisal shall be used in conjunction with any other appraisal. Publication of the Review Appraisal or any portion thereof without the prior written consent of WDK is prohibited. Except as may be otherwise stated in the letter of engagement, the Review Appraisal may not be used by any person other than the party to whom it is addressed or for purposes other than that for which it was prepared. No part of the Review Appraisal shall be conveyed to the public through advertising, or used in any sales or promotional material without WDK’s prior written consent. Reference to the Appraisal Institute or to the MAI designation is prohibited.

By receipt of the Review Appraisal, the recipient agrees to indemnify and hold WDK and its affiliates and their respective employees harmless from and against all damages, expenses, claims, demands and costs, including legal fees incurred in investigating and defending any claims, arising from or in any way connected to the inclusion of the aforesaid reference to WDK or its affiliates or their respective employees or the Review Appraisal or opinions of value.

5. Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Review Appraisal.

6. The Review Appraisal assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Review Appraisal; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use of which the value estimate contained in the Review Appraisal is based.
7. The physical condition of the improvements considered by the Review Appraisal is based on visual inspection by the Appraiser or other person identified in the Review Appraisal. WDK assumes no responsibility for the soundness of structural members or for the condition of mechanical equipment, plumbing or electrical components.
8. The forecasted potential gross income, if referred to in the Review Appraisal, may be based on lease summaries provided by the owner or third parties. The Appraiser assumes no responsibility for the authenticity or completeness of lease information provided by others. WDK recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
9. The forecasts of income and expenses, if any, are not predictions of the future. Rather, they are the Appraiser's best estimates of current market thinking on future income and expenses. The Appraiser and WDK make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Review Appraisal, envisages for the future in terms of rental rates, expenses, supply and demand.
10. Unless otherwise stated in the Review Appraisal, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. WDK recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
11. Unless otherwise stated in the Review Appraisal, compliance with the requirements of the Americans With Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. WDK recommends that an expert in this field be employed.
12. In any event, the maximum damages recoverable from WDK or its affiliates or their respective employees relative to this engagement shall be the amount of the monies actually collected by WDK or its affiliates for this assignment and under no circumstances shall any claim for consequential damages be made. In addition, there is no accountability or liability to any third party.

## CERTIFICATION OF APPRAISAL REVIEW

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions, stated in this review report, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
8. My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the Intended Use of this appraisal review.
9. My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
10. I, Patrick J. Wellspeak MAI, made an exterior inspection of the subject neighborhood and reviewed aerial photographs of each comparable sale.
11. No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.
12. As of the date of this report, I, Patrick J. Wellspeak MAI, have completed the continuing education program of the Appraisal Institute.

As of the date of this report, Patrick J. Wellspeak, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.



Patrick J. Wellspeak, MAI  
CT Certified General Real Estate Appraiser  
License No. RCG.618 - Expires: April 30, 2020

# **PROFESSIONAL RESUME OF THE APPRAISER**

## **PATRICK J. WELLSPEAK, MAI**

### **Real Estate Appraisal Experience**

Principal of Wellspeak Dugas & Kane, since 1995. Specific areas of expertise include the appraisal of multitenanted office developments, industrial buildings, and low income housing developments. Proficient in the use of financial software including ARGUS, PROJECT, EXCEL and LOTUS 1-2-3

Principal of Heberger Associates, Inc., between 1986 and 1995. Assignments included the preparation of narrative and bank form appraisals of commercial properties as well as marketability, feasibility, and highest and best use studies.

Qualified as an expert witness in the State of Connecticut and United States Federal court systems.

Qualified as an expert witness before tax review boards of numerous Connecticut municipalities.

State of Connecticut - General Certified Real Estate Appraiser - License No. RCG.0000618 – Effective 05/01/19 to 04/30/20

### **Educational Background**

Graduated Magna Cum Laude from the University of Bridgeport with a Master's Degree in Business Administration.

Graduated Magna Cum Laude from the University of Connecticut with a Bachelor of Science Degree in Business Administration.

### **Appraisal Education**

Member of the Appraisal Institute, Member No. 9219.

The Appraisal Institute is the result of the January 1, 1991, unification of the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers. Completed courses that were formerly offered by AIREA and the Society are recognized by the Appraisal Institute.

Successfully completed courses or challenged examinations for the following:

- AIREA 1A1: Real Estate Appraisal Principles
- AIREA 1A2: Basic Valuation Procedures
- AIREA 1BA: Capitalization Theory and Techniques - Part A
- AIREA 1BB: Capitalization Theory and Techniques - Part B
- AIREA 2-1: Case Studies in Real Estate Valuation
- AIREA 2-2: Report Writing and Valuation Analysis
- AIREA SPP: Standards of Professional Practice

**ADDENDA**

**EXHIBIT A: .....New Canaan GIS - Neighborhood Near New  
Canaan YMCA and Saxe Middle School**

**EXHIBIT A**

**New Canaan GIS - Neighborhood Near New Canaan YMCA and Saxe Middle School**

