

Transit-Oriented Development (TOD) Roles, Visioning, Viability, and Tools Analysis

Final Specific Site Report Berlin Station – Berlin, CT

Background

For each site, WSP utilized a step-by-step process to determine site fit out and feasibility. Site Selection was determined by extensive review of previous plans, site visits and consultation with the municipalities. The site fit out was done in the context of current and recommended zoning and physical feasibility and constraints of each site. The program was validated real estate market demand analysis and current construction and real estate cost data. Pro forma financial statements were developed to determine residual land value and perform gap analysis. Organization roles and responsibilities were analyzed, and recommendations developed for each municipality to advance TOD. All of the above analysis was distilled into recommendations for implementing TOD at the eight sites.

Site Selection

Located south of the Berlin Station, 6 parcels along Farmington Avenue are considered for TOD planning. These parcels were selected in discussion with CRCOG and the town of Berlin and supported by previous TOD studies and current market condition. The assemblage is across the street of a recent mixed-use development – Steele Center. The Mattabeset River is a site constraint, which reduces the developable area of the parcels. Full details for these selected parcels are identified in Table 1.



Figure 1 - Berlin Station TOD Site

Table 1 – Berlin Station TOD Site Summary

	Address	Zoning District	Acreage	Square Feet
1	928 FARMINGTON AVE	CCD-2 & KO	1.26	54,885
2	938 FARMINGTON AVE	CCD-2 & KO	0.14	6,098
3	944 FARMINGTON AVE	CCD-2	0.28	12,196
4	946 FARMINGTON AVE	CCD-2	0.16	6,969
5	954 FARMINGTON AVE	CCD-2	0.26	11,325
6	958 FARMINGTON AVE	CCD-2	0.66	28,749
	TOTAL		2.76	120,225

These parcels were selected given their proximity to the station and their relative lack of development. Currently, buildings on study parcels are one to two-story commercial or residential single-family buildings. All 6 parcels fall within Commercial Core District-2 zoning (CCD-2). Only parcel 1 and parcel 2 fall within Kensington Overlay Zone (KO), which is an overlay intends to promote TOD development. For these reasons, these 6 parcels were selected for the TOD exercise.

Zoning

The zoning designation for the assemblage of 6 parcels at Berlin Station is Commercial Core District-2 (CCD-2), which encourages orderly shopping area development in the town of Berlin while enhances circulation and relationship of buildings to open spaces. The maximum building height is 4 stories or 60 feet. Commercial Core District-2 allows multifamily dwelling units at a maximum density of 4 units per acre subject to special permit and site plan approvals. The density allowed under existing CCD-2 zoning is relatively low for TOD development. Parcels 1 and 2 are under Kensington Overlay Zone Core Area 2 (KO), which supports mixed-use TOD developments with specific regulations. More details on Kensington Overlay Zone are provided in the following section.

Kensington Overlay Zone (KO)

Kensington Overlay Zone is intended to “promote the development of a transit-oriented, pedestrian-friendly, village-type environment in the Kensington Village area and within walking distance to the Berlin train station” (Town of Berlin Zoning Regulations, 2018). Village Core – Area 1, Village Core – Area 2, and Village Redevelopment Area are three sub-districts within the KO district. Village Core – Area 1 and Village Core – Area 2 are more relevant to this test-fit exercise. All the uses permitted within the KO district are subject to special permit and site plan approvals by the commission. Both sub-districts only allow business uses to be located at street level. Separate entrances are needed for the first floor and upper floor uses. One distinction between the two is that Village Core – Area 1 allows a maximum of 20 dwelling units per whole acre in mixed-use residential development with a minimum lot area of 1 acre, while Village Core – Area 2 allows a maximum of 6 dwelling units per whole area, with a one acre minimum. Due to the proximity to the station, the commission may reduce minimum parking requirement based on information submitted by applicant. To maximize the potential for future TOD development, this test fit exercise assumes that Village Core – Area 1 overlay zoning will be applied to all 6 parcels. The permitted accessory buildings, structures and uses, dimension standards, affordability guidelines, and parking requirements set forth in Kensington Overlay Zone will be applied accordingly.

The low-density zones, Commercial Core District-2 (CCD-2) and Kensington Overlay Zone Core Area 2 (KO), limit the potential for TOD development. Thus, **this TOD test-fit exercise assumes that all study parcels would be rezoned as part of Kensington Overlay Zone (KO) Village Core Area 1 to promote higher density mixed-use development in the town of Berlin.**

Test-Fit for TOD Development Potential

For this test-fit exercise, the assumption was to apply Kensington Overlay Zone Village Core – Area 1 Ordinance to all 6 parcels to support higher density mixed-use development within walking distance to Berlin station. The test-fit also takes the site layout of adjacent mixed-use development – Steele Center into consideration to promote a cohesive village environment. Figure 2 shows the massing of TOD test-fit design.

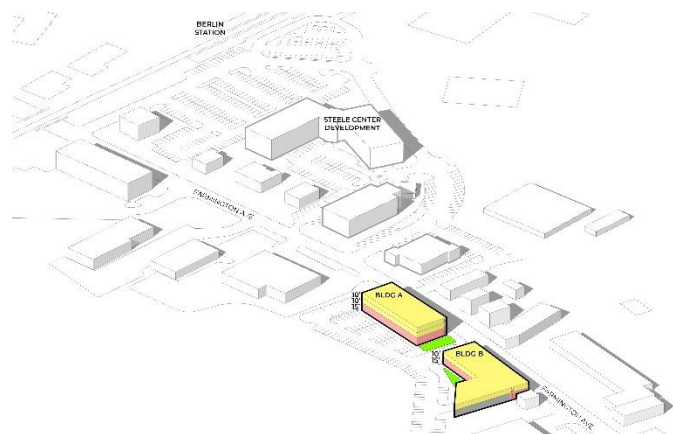


Figure 2 – Berlin Station TOD Test-Fit Massing

Figure 3 presents the ground floor and aerial plan view of the TOD test fit for Berlin station. The TOD consists of 2 buildings that include retail ground floors, covered parking lot, and residential upper floors. There are two open spaces near the buildings, offering a place for social gathering or recreational opportunities. The building orientations are parallel to Farmington Avenue. Both buildings are required to front Farmington Avenue and include retail ground floor pads per the zoning. Given the relative high parking requirements and maintaining consistency along Farmington Avenue, Building A is taller at 3 stories while Building B is at 2 stories. The parking standard requires a minimum of 2 spaces per dwelling unit and 1 space per 250 square feet of gross floor area for retail or general businesses. Parking across the two buildings is accommodated through surface parking and a ground floor covered lot at the back portion of Building B. This configuration allows the building to extend into an L shape and adds more residential units on the upper floor. The Mattabeset River presents a design constraint; the test-fit recommends a 20-foot buffer from the river to mitigate flooding risk.

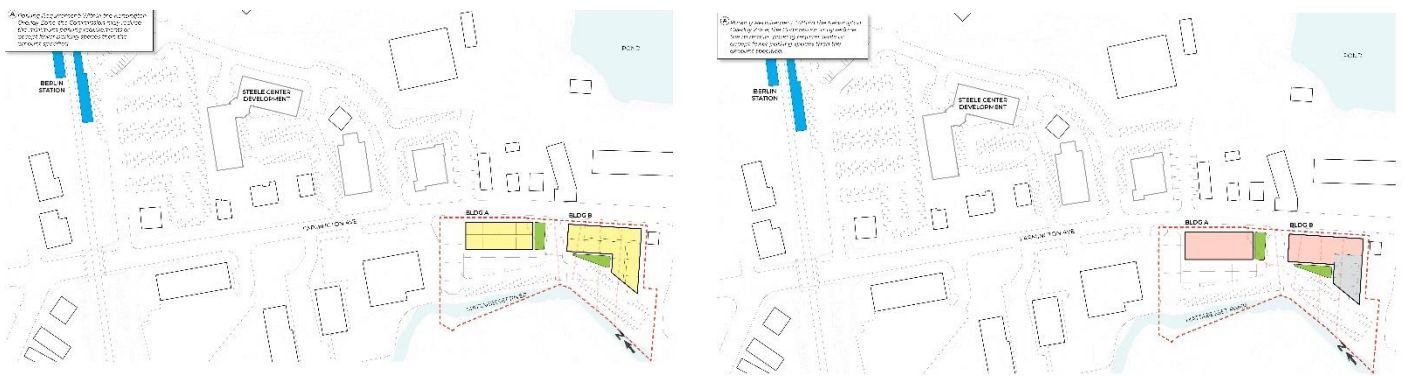


Figure 3 – Berlin Station TOD Test-Fit Ground Floor and Aerial Plans

Table 2 provides a summary total of the potential development square footage and required parking for the Flatbush Ave TOD.

Table 2 – Berlin Station TOD Development Potential Summary

Use	SF	Units	Parking
Commercial	20,150	N/A	81
Residential	36,540	25	50
Total	56,690	25	122*

*Parking Requirement: Within the Kensington Overlay Zone, the Commission may reduce the minimum parking requirements or accept fewer parking spaces than the amount specified.

Pro Forma Analysis

Example Building Program

The sample design for Berlin includes two buildings, featuring retail and parking on the ground floor with apartments above. A completed TOD-style development would be something like the size and configuration in Table 3 below:

Building Program	Building A	Building B
Construction Type	1-3 Story Lumber	1-3 Story Lumber
Primary Building Use	Apartment or Condo	Apartment or Condo
Primary Gross SF	20,800	15,740
Primary Units	15	10
Secondary Building Use	Retail Store(s)	Retail Store(s)
Secondary Gross SF	10,400	9,750
Parking Type 1	Surface	Aboveground Garage
Parking Spaces Type 1	53	17
Parking Type 2	None	Surface
Parking Spaces Type 2	0	43
Parcel Acreage	1.40	1.31
Assessor's Property Value	\$ 767,300	\$ 1,139,200
Developer's Return	6.0%	6.0%

Example Building Cost Analysis

Based on market prices at the time of analysis (3Q 2022), construction of 25 residential units and 131 parking spaces, totaling 56,690 total square feet, would cost approximately \$20.6 million to build, as identified in Table 4 below:

Example Building Program	Building A	Building B	Total
Typical Project Size (Units)	15	10	25
Dwelling Units per Acre	11	8	9
Gross Square Footage	31,200	25,490	56,690
Total Parking Spaces	53	60	113
Building Construction Costs	\$ 11,082,383	\$ 9,528,010	\$ 20,610,393
Construction (Hard Costs)	\$ 6,531,200	\$ 5,314,600	\$ 11,845,800
Parking (Hard Costs)	\$ 79,500	\$ 489,500	\$ 569,000
Entitlement, Services, Commissions (Soft Costs)	\$ 1,894,048	\$ 1,541,234	\$ 3,435,282
Site Preparation (Demo, Grading, Infrastructure)	\$ 528,856	\$ 464,328	\$ 993,184
Operating and Maintenance Costs (10 yrs)	\$ 1,421,474	\$ 1,179,027	\$ 2,600,501
Developer profit margin	\$ 627,305	\$ 539,321	\$ 1,166,626

Example Building Profit & Loss Model

At current market prices, the example building portfolio would cost approximately \$20.6 million to build. A similar building portfolio would sell for approximately \$18.0 million in the current real estate market, as described in Table 5 below:

Building Program	Building A	Building B	TOTAL
Dwelling Units	15	10	25
Dwelling Units per Acre	11	8	9
Gross Square Footage	31,200	25,490	56,690
Total Parking Spaces	72	59	131
Building Sale Value	\$ 9,892,720	\$ 8,089,248	\$ 17,981,968
Building Cost Total	\$ 11,082,383	\$ 9,528,010	\$ 20,610,393
Building Sale Value per Square Foot	\$ 317	\$ 317	\$ 317
Building Cost per Square Foot	\$ 355	\$ 374	\$ 364
Residential Section Sale Value per Unit	\$ 291,736	\$ 291,736	\$ 291,736
Residential Section Construction Cost per Unit	\$ 490,737	\$ 563,292	\$ 519,759
Retail Section Sale Value per Square Foot	\$ 530	\$ 530	\$ 530
Retail Section Construction Cost per Square Foot	\$ 358	\$ 365	\$ 361
Residual Value ("Land Value")	\$ (1,189,663)	\$ (1,438,763)	\$ (2,628,426)
Residual Land Value per Acre	\$ (849,759)	\$ (1,098,292)	\$ (969,899)
Land Acquisition Cost (Assessor's Most Recent Valuation)	\$ 767,300	\$ 1,139,200	\$ 1,906,500
Land Acquisition Cost per Acre	\$ 548,071	\$ 869,618	\$ 703,506

Example Building Financial Gap

With an estimated construction cost of \$20.6 million and land acquisition cost of \$1.9 million, compared to estimated sale value of \$18.0 million, WSP estimates a residual value of -\$4.5 million (the "land value"). This residual value indicates that a market-rate developer would require a subsidy of approximately \$4.5 million (about \$67,000 per unit) to build mixed-use, transit-oriented development in the current market, as shown in Table 6 below:

Building Program	Building A	Building B	TOTAL
Financial Profit (Gap) for Project Total	\$ (1,956,963)	\$ (2,577,963)	\$ (4,534,926)
Financial Profit (Gap) per Acre	\$ (1,397,831)	\$ (1,967,911)	\$ (1,673,404)
Financial Profit (Gap) per Unit	\$ (93,189)	\$ (196,791)	\$ (66,936)
Financial Profit (Gap) per Square Foot	\$ (63)	\$ (101)	\$ (80)

Roles & Responsibilities

Organizational Structure

The government of Berlin is run by the Town Council consisting of six members elected every two years. The Town Council also elects a mayor for a two-year term. The mayor presides over council meetings and acts as a seventh member of the council. A PZC and a Zoning Board of Appeals (ZBA) are established through the Town Charter. The PZC consists of seven regular members and three alternate members who each serve five-year terms. Members of the PZC are elected by the town and are politically affiliated. No

more than four members of the PZC may be members of the same political party. The ZBA consists of five members who are elected by the town and are politically affiliated. No more than three members of the ZBA may be members of the same political party.

All potential planning and infrastructure projects are brought to and reviewed by the town manager, mayor and town council. While Berlin does not have an agreement in place for outlining roles and responsibilities for carrying out TOD, they use a team approach with any TOD project to include town staff, state agencies, and the developer. All TOD projects would involve the town manager, town planner, public works director, economic development director, economic development coordinator, mayor and town council. An administrative plan is created for all grant applications.

Prior Successes and Next Steps

Berlin has been working successfully towards the completion of the Steele Center TOD project. Berlin received a sample RFP from Windsor which they used to draft their own RFP to fit the site's needs. Berlin conducted a successful procurement process where Newport Reality Group was selected. When complete, the project will include 76 market rate apartments, and 19,000 square feet of retail, restaurant, and medical office space, about 20 percent commercial. Berlin notes the significant and critical collaboration between the town and the private developer. A key reason for selection was Newport Realty Group's commitment to designing something that fit Berlin. However, they needed 76 units to make the lending and financing work and the town worked to update the zoning to permit that number of units. This collaboration continued through the brownfield remediation for which Berlin was able to receive funding from the Department of Economic Community Development (DECD). The parties met biweekly along with the environmental consultant. There was an efficient allocation of risk and work between the public and private partners that worked well to successfully remediate the site.

Berlin is working now with CTDOT and Amtrak to secure more access between the train station and parking. Berlin is also looking to use the lessons learned from the Steele Center TOD project to develop other projects that would also generate employment.

Implementation Recommendations and Gap Analysis:

A subsidy of \$4.5 million may be too large to be feasible. Waiting for market prices to reach equilibrium (as interest rates stabilize, supply chains return to fully operational, prices adjust to reflect higher costs), and allowing the market to fully absorb the newly constructed Steele Centre 76 units of residential and 9,800 square feet of retail absorbed is the advised course of action.

Next step: Confirm adjacent landowner Matson Rugs is looking to assist site assemblage and determine if easing the retail requirement would positively impact the financial feasibility of TOD at this location (although retail is trading at a premium, there may be too much in the project to be absorbed by the market in the near term).