

From: [Eric Lund](#)
To: [Karen Edwards](#)
Cc: [Rick Taintor](#)
Subject: Letter to Planning Board re: appraisal report
Date: Wednesday, July 01, 2020 10:01:49 AM

Dear members of the Planning Board:

I have decided to send you an edited copy of notes I took following the meeting of 24 June 2020 concerning the appraisal report submitted by Brian White in support of the Mill Road Plaza redevelopment project.

During the meeting some of the board members stressed a need for the board's decision to be based on data. I agree with this sentiment; however, I disagree that the report submitted by Mr. White is well supported by data.

I will stipulate that the report does include the following data:

1. Listing and sale prices for the two most recent transactions of houses on Faculty Road, plus information regarding the prior sale of one of the two properties. But as I noted at the meeting, (a) there was no attempt in the report to examine otherwise similar properties elsewhere in Durham, which would be needed to separate the effect of the Plaza from the confounding factor of proximity to the UNH core campus, and (b) the sales took place at a time when the proposed redevelopment plan differed substantially from the current plan, including being in good faith compliance with the settlement requirement that student housing be located at the northern end of the property, as opposed to not changing the footprint or profile of the "northern building" and placing the student housing near the south and east sides of the property. The former point is, according to people I have talked to, standard practice in the appraisal business, known by the term "paired sales". As to the latter point, Mr. White seemed to be unaware that the proposed redevelopment has changed substantially during this period.
2. The statement from Beth Rohde Campbell that about 50% of prospective buyers of one of the aforementioned houses considered proximity to the Plaza to be a dealbreaker. Ms. Campbell confirmed that statement in her letter to board, but disputes Mr. White's claim that he clearly and accurately identified his purpose in contacting her.
3. The statement from Police Chief David Kurz about the number of arrests at Madbury Commons. Mr. White is quoting a named person about matters of public record.
4. The appendices include the current appraisal breakdown for the Plaza, which is not relevant to this report as it is supposed to examine the effect on the values of neighboring properties, and a copy of the conveyance from the Strafford County Registry of Deeds, which specifies the boundaries of the property and establishes that CDA purchased the property in 1993 (facts that have never been in dispute).

Everything else in the appraisal document is either opinion or hearsay:

1. The report claims that apartment rents in the downtown area are rising, but this claim is sourced to a single anonymous landlord or manager. The data presented in the fiscal impact report show that median rents in Durham declined by about 1/3 between 2016 and 2019. I do not know the exact fraction of rental units in Durham that are located in the downtown area, but the townwide data imply that rents are cratering everywhere outside downtown, and at least some of the downtown properties are likely seeing a sharp fall in rental value. These data were, of course, collected before it was known that the Class of 2024 would be significantly smaller than the previous class.
2. The report refers to a study supposedly performed by Town Appraiser Jim Rice to investigate the question of whether proximity to commercial development or railroad tracks has an impact on property values. To my knowledge this study has not been reported to the public, so it is not possible to assess (a) the soundness of Mr. Rice's methodology and conclusions or (b) whether Mr. White is accurately characterizing the conclusions of this study.
3. The statements about the expected noise impact and views are opinions. The assumption that the windows of the student housing units will remain closed is particularly optimistic: many if not most of the tenants will have never lived in a building with central air conditioning before, as central air conditioning is still rare in residential properties in northern New England, even for recent construction. So many of the students will make the entirely rational decision to open the windows whenever weather permits. The report also makes no statements about how the noise is distributed during the day: as I noted at the meeting, most residents will find noise more objectionable between 10 PM and 6 AM than a similar volume of noise during business hours. Of the current commercial tenants in the Plaza, only Dominos is open later than 10 PM (Mei Wei does not currently have their hours posted, but my

recollection is that they close at 10 PM; Bella's closed at 9 PM). Students would likely be active well past 10 PM. And the parking lot is likely to serve as a gathering spot. As for views, adequately buffering three- and four-story buildings from neighboring residential properties will be a difficult task, particularly regarding exterior lights and interior lights coming through windows on the sides facing the abutting properties.

Considering the large fraction of opinions and hearsay, as opposed to hard data, included in Mr. White's report, I believe it is essential that the Board order an independent appraisal study to be performed.

Sincerely,
Eric Lund
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