



5. FINANCIAL ANALYSIS



PURPOSE & APPROACH

This chapter evaluates the financial feasibility of representative development prototypes associated with the Revive and Renew 163/32 Investment Plan. Its purpose is not to test whether the Town Center or the Cove District as a whole could be built all at once, but rather to understand how specific building types perform under current market conditions in Montville. For that reason, the analysis is organized around three building types: (1) medium-density mixed-use apartment/retail buildings, (2) medium-density apartment buildings (without ground-floor retail), and (3) townhouses, rather than around full-node buildout scenarios.

This distinction is important. The Town Center and Cove District visions are long-term physical frameworks that would be implemented incrementally over time, through multiple projects, multiple owners, and multiple funding sources. A building-type-based analysis is therefore a better tool for understanding where current market conditions are supportive, where they are not, and what kinds of subsidy, infrastructure support, land strategies, or phasing approaches may be needed to advance implementation.

The chapter uses a Residual Land Value (RLV) framework to test how much value remains to support land acquisition after accounting for stabilized project value, development costs, financing, fees, and reasonable developer profit. In practical terms, the analysis asks whether each prototype building could support its own land cost under current rents, sales values, and construction costs, or whether a funding gap would remain. The resulting findings are intended to inform implementation strategy, not to serve as a binary judgment on whether the corridor vision is “feasible” or “not feasible.”



METHODOLOGY: RESIDUAL LAND VALUE FRAMEWORK

Residual Land Value is a standard real estate feasibility tool used to test whether a development concept can support land cost under current market conditions. As outlined in Figure 5-1, the method begins by estimating the value of a completed and stabilized project, typically based on first stabilized year net operating income and a market capitalization rate. It then subtracts total development costs, including hard costs, soft costs, financing costs, fees, and developer profit, to determine the amount of value remaining for land.

Figure 5-1: What is an RLV?

Residual Land Value (RLV) is a tool used to test whether the proposed buildings in the Route 32/163 focus nodes are financially feasible under current market conditions in Montville.

What is RLV?	How is RLV calculated?	How to read the result
The amount a developer could afford to pay for land after estimating what a completed project would be worth and subtracting all estimated development costs, fees, financing costs, and reasonable profit	Estimated Project Value <i>based on stabilized NOI and a market cap rate</i> Minus Total Development Cost <i>Including hard costs, soft costs, financing, fees, & developer profit</i>	Positive RLV The project may be able to support land cost and attract private investment Negative RLV The project does not currently pencil and would likely require subsidy, lower costs, discounted land, or other public support.

Source: BJH Advisors

When the resulting land value is positive, a project may be able to support land acquisition and attract conventional private investment. When the result is negative, it indicates that the project does not currently “pencil” on private financing alone and would likely require some combination of subsidy, lower costs, discounted land, infrastructure support, or other forms of public assistance. In that sense, a negative residual land value should not be read as meaning that a building type is impossible to deliver; rather, it indicates the size of the financial gap that must be closed through public-private implementation tools.

For the Montville Investment Plan, the consultant team created an RLV model with variable inputs to test proposed building types in the Town Center and Cove District under a consistent set of assumptions. The model also includes sensitivity testing to examine how changes in key variables, particularly hard construction costs and residential rents or townhouse sale prices, affect project performance. This is particularly important in a place like Montville, where market conditions are improving but remain constrained relative to current construction costs.



KEY INPUTS & BUILDING TYPES ANALYZED

Income, Cost, and Valuation Assumptions

The assumptions used in the financial model were drawn from market data, industry standards, broker input, and related consultant benchmarks. Rents were derived from weighted averages of study-area comparable properties, with the comparable selection informed by square footage assumptions for the proposed prototype buildings.

Table 5-1 summarizes the principal baseline assumptions used in the Residual Land Value analysis. These inputs establish the common market framework used to test the prototype buildings under current conditions in Montville. More detailed model assumptions, including development fees, financing costs, tax assumptions, brokerage assumptions, and retail income assumptions, are provided in Appendix B.

Table 5-1: Summary of Baseline Financial Assumptions

Category	Input	Assumption
Residential rents	Studio rent	\$1,770/month
Residential rents	One-bedroom rent	\$1,830/month
Residential rents	Two-bedroom rent	\$2,360/month
Construction costs	Hard costs, apartments	\$225 per square foot
Construction costs	Hard costs, townhouses	\$250 per square foot
Construction costs	Hard cost contingency	5% of total hard costs
Soft Costs	Architecture/engineering, Marketing,	Zoning permit issued for Phase 1; stop work order
Other professional service fees	Legal, other consultants, etc.	10% of construction hard costs
Developer fee/profit	Calculated as percentage of construction costs	10% of construction hard costs
Operating assumptions	Operating expenses	29% of effective gross income
Operating assumptions	Residential vacancy	3%
Valuation	Market capitalization rate	5.9%

Sources: CoStar, CHFA, BJH Advisors



FINDINGS BY BUILDING TYPE

Overall Patterns

The most important overall finding is that none of the prototype buildings evaluated in the Town Center and the Cove District generate a positive residual land value under current baseline assumptions. In other words, none of the tested building types fully “pencil” on private financing alone at current rents, sales values, and construction costs. This result is consistent across the modeled product types, although the magnitude of the gap varies substantially by building type, size, and use mix. The residual land values per square foot for each building type are outlined in Table 5-2.

Table 5-2: Summary of Residual Land Values by Building Type

Building Type	Residual Land Value per SF
Mixed-Use Multifamily (Medium Density)	-\$130 to -\$170
Apartment Only (No Retail, Medium Density)	-\$120 to - \$140
Townhouse	-\$100 to -\$120

Sources: CoStar, CHFA, BJH Advisors

The analysis shows that the gap is generally smaller for apartment and townhouse products than for mixed-use medium-density buildings. This distinction is important because it suggests that the challenge is not simply that “development is infeasible,” but rather that some building types are structurally closer to market support than others. The analysis is therefore most useful when read as a comparative feasibility framework that helps the Town understand where to focus early implementation efforts and what kinds of tools may be required for different product types.

Building-Type: Medium-Density Mixed-Use (Apartments + Ground Floor Retail)

The medium-density mixed-use prototypes are the most financially challenged building type in the analysis, with negative total land values ranging from negative \$132 to negative \$170 per square foot. It should be noted that a smaller multifamily development in the Town Center node showed slightly smaller land value gaps approaching negative \$100 per square foot.

These results are not surprising. Mixed-use buildings combine residential and retail components, which adds complexity and can increase development risk in smaller markets. Ground-floor commercial space may take longer to lease, can carry lower and more uncertain rents than housing, and often introduces additional design, financing, and operating complexity. At the same time, these buildings are often among the most important from a planning perspective because they help create active street frontage, support neighborhood-serving businesses, and reinforce the walkable identity of key nodes.

The financial challenge associated with mixed-use medium-density buildings therefore should not be read as an argument against them. Rather, it suggests that these buildings are likely to require stronger implementation support than purely residential formats. In practical terms, this may include deeper subsidy, discounted land, publicly funded infrastructure, public parking, structured phasing, or a strategy in which mixed-use buildings are delivered later in the implementation process after public-realm and market-positioning improvements have already strengthened the node.

Building-Type: Medium-Density Apartment Building (Residential Use Only)

Apartment prototypes generally perform somewhat better than the mixed-use prototypes, though they still show negative residual land values under baseline assumptions. These range from about negative \$116 to negative \$141 per square foot. However, across our analysis, apartments show the lower overall gaps when compared to the mixed-use medium-density buildings.

There are several likely reasons for this. Apartment buildings do not carry the same commercial lease-up risk as mixed-use buildings and generate a more straightforward income stream from residential rents alone. They can therefore be easier to underwrite, simpler to operate, and somewhat more predictable from the standpoint of permanent financing. Even so, the analysis indicates that current rents in Montville remain below the level needed to support full market-rate apartment development without assistance.

This is a significant point for implementation. Apartment buildings may be among the most practical early residential products to pursue in the corridor, but they are still likely to require some combination of gap financing, land strategy, or infrastructure support to move forward. Their comparatively stronger performance suggests that they may be good candidates for early or mid-term phases, especially where public investment can lower site-related costs and where the Town can assemble supportive zoning and entitlement conditions.

Building-Type: Townhouse

The townhouse prototype performs better than most other building types in the analysis, though it still shows a negative residual land value under baseline assumptions. At the base case, the townhouse prototype has a negative total land value of approximately \$96 to negative \$116 per square foot. However, subsequent sensitivity analysis that the consultant team undertook shows that townhouse scenarios are the only ones that can approach or cross into positive territory under sufficiently favorable assumptions, particularly where sale prices are stronger and construction costs are lower.

This relatively stronger performance likely reflects several structural characteristics of townhouse products. First, townhouses are typically for-sale products rather than rental products, and sale prices per square foot can sometimes support greater value than rents capitalized through an income approach. Second, townhouses do not include ground-floor commercial space, which means they avoid commercial leasing risk and function as simpler, more legible residential products. Third, townhouse development can often be phased in smaller increments than larger mixed-use buildings, which may reduce financing and absorption risk.

For these reasons, townhouse products may represent one of the more promising early implementation opportunities within the broader corridor strategy. That does not mean they are fully market-supported under current conditions, but it does suggest that they are closer to feasibility and may require less subsidy than larger mixed-use formats. In a phased implementation framework, townhouse products may therefore serve as useful early or intermediate projects that help establish market momentum while more complex mixed-use buildings await stronger market support or larger funding packages.



SENSITIVITY ANALYSIS & MARKET DIRECTION

The financial analysis includes sensitivity testing to determine how changes in key assumptions affect the RLV results. This testing focused primarily on hard construction costs and housing revenue assumptions, using ranges informed by observed market conditions rather than arbitrary best-case or worst-case scenarios. Hard cost sensitivities were benchmarked against Connecticut Housing Finance Authority's 2025 construction cost guidelines and adjusted conservatively to reflect current construction conditions and the smaller scale of the proposed development concepts.

For rental buildings, the analysis tested changes in two-bedroom rents around the weighted average of comparable properties, with low and high values informed by the observed range in the comparable set. For townhouses, the analysis tested different sales prices per square foot based on a weighted average of observed values in towns in the market study-area, again scaled to reflect the low and high ends of the market. The townhouse construction cost assumptions were also adjusted upward relative to apartments to reflect the smaller development scale, lower construction efficiencies, and higher-quality finishes likely associated with that product type.

What Changes and What Does Not

The sensitivity analysis confirms that financial performance improves as rents or sale prices increase and construction costs decrease. However, it also shows that, for most building types, these changes are not sufficient to eliminate the funding gap within realistic market ranges. This is especially true for the mixed-use medium-density buildings, which remain negative across the tested combinations.

The townhouse results are the key exception. In our townhouse sensitivity analysis, shown in Figure 5-2, the project becomes positive only under the strongest combinations of higher sale prices and lower hard costs, such as at sale prices of roughly \$325 to \$350 per square foot with construction hard costs near the lower end of the tested range. This suggests that townhouse products may be able to move into feasible territory sooner than the larger mixed-use or apartment products, but only under conditions that are better than the baseline. According to Signature Properties of New England in Montville, sale prices for townhouse properties in quarter 4 of 2025 and quarter 1 of 2026 in the ten towns of our study area ranged between \$270 and \$280 per square foot. In Montville, however, the average sales price for a townhouse during this period was \$326 per square foot, suggesting that the high-end sale price could be achieved.

Figure 5-2: Sensitivity Analysis for Townhouse RLV

		Townhouse Sale Price Per SF						
Hard Costs Per SF	(\$4,476,795)	\$200	\$225	\$250	\$275	\$300	\$325	\$350
	\$205	(\$4,663,000)	(\$3,712,700)	(\$2,762,300)	(\$1,811,900)	(\$861,500)	\$88,900	\$1,039,300
	\$220	(\$5,551,300)	(\$4,601,000)	(\$3,650,600)	(\$2,700,200)	(\$1,749,800)	(\$799,400)	\$151,000
	\$235	(\$6,439,600)	(\$5,489,300)	(\$4,538,900)	(\$3,588,500)	(\$2,638,100)	(\$1,687,700)	(\$737,300)
	\$250	(\$7,327,900)	(\$6,377,600)	(\$5,427,200)	(\$4,476,800)	(\$3,526,400)	(\$2,576,000)	(\$1,625,600)
	\$265	(\$8,216,200)	(\$7,265,900)	(\$6,315,500)	(\$5,365,100)	(\$4,414,700)	(\$3,464,300)	(\$2,513,900)
	\$280	(\$9,104,500)	(\$8,154,200)	(\$7,203,800)	(\$6,253,400)	(\$5,303,000)	(\$4,352,600)	(\$3,402,200)
	\$295	(\$9,992,800)	(\$9,042,500)	(\$8,092,100)	(\$7,141,700)	(\$6,191,300)	(\$5,240,900)	(\$4,290,500)

Source: BJH Advisors, 2026

Taken together, the sensitivity analysis reinforces a broader conclusion: the funding gap is not caused by an isolated assumption or a single unfavorable input. Rather, it reflects a structural mismatch between what current market conditions in Montville can support and what it costs to build new multifamily and mixed-use product at contemporary construction prices. This structural mismatch is exactly why project delivery in markets like Montville often depends on coordinated public support.



INTERPRETING THE FUNDING GAP

It is important to interpret the funding gap in appropriate regional context. The negative residual land values identified in this chapter are not unusual for multifamily and mixed-use development in eastern Connecticut and similar Connecticut markets outside the state's strongest coastal Fairfield County submarkets. These results reflect a broader structural mismatch in which achievable multifamily rents lag behind current construction costs, particularly in less proven markets such as Montville.

The market analysis provides further context for this conclusion. Montville's multifamily market is tightening, demand exists, and recent projects such as Oxoboxo Lofts demonstrate that newer product can lease successfully. At the same time, Oxoboxo Lofts relied on public subsidy and therefore is not representative of purely market-rate feasibility. Likewise, recent and proposed multifamily development activity in Montville suggests growing market interest, but not yet a market condition in which all new corridor development can be expected to pencil on conventional private financing alone.

The presence of a funding gap should therefore be understood as normal for this type of development in this type of market. It is not a sign that the corridor vision is unrealistic. Instead, it is a sign that implementation will require the kinds of state, quasi-public, and local tools that are commonly used to support multifamily and mixed-use development in comparable Connecticut communities.

The presence of a funding gap is normal for multifamily and mixed-use development in eastern Connecticut; it underscores the need for layered gap-financing tools and public infrastructure investment.

Implications for Phasing and Project Selection

Because the analysis is organized around prototype buildings rather than full nodes, it is especially useful for informing implementation sequencing. Some building types are clearly closer to feasibility than others, and that suggests a strategy of matching early phases to products and sites that require less assistance or can absorb support more efficiently.

In effect, the results suggest that:

- **Townhouse and simpler apartment products may be better candidates for earlier phases**, especially where land cost, infrastructure, or site complexity can be reduced. Mixed-income apartment developments, such as the recent Oxoboxo Lofts and Horizon View projects in Montville, are eligible for state financing tools.
- **Larger mixed-use medium-density buildings** are likely to require a deeper capital stack and may be better suited to later phases or catalyst sites where public investment has already improved the surrounding environment.
- **Public-realm and infrastructure investments** can serve a dual purpose by strengthening place quality and reducing the private burden associated with site development, circulation, access, utilities, or parking.



TOOLS & STRATEGIES TO CLOSE THE GAP

Gap Financing Tools

A useful way to think about this issue is not whether there is a gap, but rather how that gap can be addressed through project structure, public investment, and capital stacking. Connecticut already has a well-established network of housing development support tools because many worthwhile projects in moderate-cost markets do not pencil on private debt and equity alone.

For Montville, the most relevant tools are likely to include State and quasi-public housing or community development funding sources, particularly programs associated with the Connecticut Housing Finance Authority (CHFA) and the Connecticut Department of Housing (DOH), as well as local contributions such as discounted or publicly controlled land. These are the types of tools that can directly enter the capital stack of a project and reduce the amount of conventional private financing that a building must carry. Depending on the project, such support may be especially important for mixed-use and multifamily buildings that advance the Town's planning goals but are not yet supportable on market terms alone.

A recent example of how these tools were used effectively is the mixed-income Oxoboxo Lofts, which was financed through a combination of State loans and direct grants, including a direct DOH loan and a Brownfield Remediation grant, and State and Federal tax credits, including Federal Low Income Housing Tax Credits (LIHTCs) administered by CHFA, which generated over \$14 million in equity from private investors, and State Historic Tax Credits.

Table 5-3 summarizes the principal categories of funding tools that may be relevant as the Town and its partners advance implementation.

Table 5-3: Gap Financing Tools

Tool Type	Primary Purpose	Typical Role in Montville
State and quasi-public gap financing, including CHFA and DOH-related programs	Close the difference between supportable private financing and total development cost for individual buildings.	Most relevant for mixed-use and multifamily projects that advance Town goals but do not currently pencil on private financing alone.
Federal Low-Income Housing Tax Credits (LIHTCs), administered in Connecticut by CHFA	Provide equity to affordable or mixed-income rental housing projects by allocating federal tax credits that developers can syndicate to investors.	Most relevant for rental and mixed-income housing projects where an affordability component can help support the capital stack and reduce conventional debt needs.
Discounted, assembled, or publicly controlled land	Reduce land basis so more project value can be directed to construction and financing.	Particularly useful for early-phase or catalyst projects on strategic sites, and for projects that are close to feasibility but still carry a land-cost gap.
Layered capital stacks and development partnerships	Combine public, quasi-public, institutional, and private sources to make complex projects financeable.	Especially relevant for mixed-use, mixed-income, or phased projects with multiple funding needs.

Source: BJH Advisors

Public Investment and Infrastructure Funding

A second category of implementation funding is public investment in infrastructure, public realm, and site-enabling improvements. These investments do not typically plug a building's capital stack directly. Instead, they improve the physical and market conditions needed to support private development by reducing site constraints, improving visibility and access, strengthening placemaking, and signaling long-term public commitment to priority nodes.

This category may include funding for streetscape improvements, roadway and intersection upgrades, utilities, drainage, sidewalks and pedestrian crossings, lighting, open space, trail connections, public parking, and other shared district improvements. It may also include place-based implementation tools, such as those infrastructure gap financing tools provided by the Connecticut Municipal Development Authority (CMDA), which can be used to support corridor-scale or district-scale investment rather than for direct building subsidies.

This distinction is especially important for Montville because the market analysis suggests that corridor competitiveness depends not only on rents and construction costs, but also on whether the Town can create more coherent, visible, attractive, and functional development

environments, such as those presented in our vision. Public infrastructure and placemaking investments therefore serve two roles at once: they advance the physical vision of the plan, and they improve the likelihood that private development will occur over time.

Table 5-4 outlines federal, state, and local programs and tools for funding of public infrastructure and their potential applicability to the Revive and Renew 163/32 Investment Plan.

Table 5-4: Potential Public Infrastructure and Place-Based Funding Tools

Program / Tool	Level	Primary Purpose	Potential Role in Montville
Connecticut Municipal Development Authority (CMDA)	State / quasi-public	Provide technical assistance and financing support for downtown, district, and transit-supportive development, including infrastructure and enabling improvements.	Could support corridor-scale transit-oriented development planning, infrastructure, and catalytic improvements in priority nodes if Montville enters into a partnership and advances eligible districts or TOD projects.
Tax Increment Financing (TIF) district	Local	Capture future tax increment within a defined district to fund eligible economic development and infrastructure costs.	Could help fund shared improvements in key nodes, such as streetscape, utilities, parking, access, or site-preparation work, where future value growth can be captured over time. Main issue for Montville is local policy choice and administrative capacity.
Connecticut Main Street Center — EmPOWER Main Street Grant Fund	State / nonprofit-administered / utility-supported	Support main street vibrancy projects such as lighting, banners, signage, wayfinding, facade improvements, beautification, public art, and commercial space improvements.	Most useful for smaller-scale placemaking and identity-building improvements in a town center or village setting, especially where the Town wants visible early wins. Note that grants are competitive.
Connecticut DECD Brownfield Municipal Grant Program	State	Fund brownfield assessment and remediation to prepare sites for redevelopment.	Useful where corridor redevelopment sites have environmental constraints or require cleanup before private investment can proceed.
Connecticut DECD Greyfield Revitalization Program / Greyfields Opportunity Grant	State	Support planning, assessment, and feasibility work to reposition underutilized or obsolete commercial, retail, or office properties for reuse and reinvestment.	Could be useful for aging commercial properties or underperforming retail and office sites along the corridor where the Town wants to evaluate redevelopment potential, market repositioning, or site readiness before pursuing implementation funding.

Program / Tool	Level	Primary Purpose	Potential Role in Montville
Small Town Economic Assistance Program (STEAP)	State	Provide grants to eligible small towns for economic development, community conservation, and quality-of-life capital projects, including infrastructure improvements.	Could support sidewalks, drainage, road safety, pedestrian improvements, civic-space upgrades, and related capital improvements in Montville's priority areas. Grants are competitive.
Local Capital Improvement Program (LOCIP)	State	Provide formula-based annual grants to municipalities for eligible local capital improvement projects, including roads, bridges, and public buildings.	Useful as flexible local match or small-capital source for recurring infrastructure needs, streetscape elements, and other eligible capital projects. Montville should already receive LOCIP funds.
Local Transportation Capital Improvement Program (LOTICIP) administered	State/ Regional State-administered	Provide state transportation funds for municipal projects such as road reconstruction, sidewalks, intersection improvements, bridges, streetscapes, and multi-use trails.	Particularly relevant for corridor transportation and public realm improvements. Projects are competitive and must meet criteria.
U.S. EDA Public Works and Economic Adjustment Assistance	Federal	Fund public infrastructure, facilities, and related economic development projects that strengthen local economic competitiveness and job creation.	Could support larger-scale infrastructure or site-readiness improvements tied to economic development outcomes, especially where Montville can demonstrate corridor-wide economic benefit.
USDA Rural Development Infrastructure Grants and Loans	Federal	Provide grants, low-interest loans, and technical assistance for eligible rural public infrastructure, including drinking water, wastewater, stormwater, solid waste, and certain community facility improvements.	Could help Montville fund core public infrastructure in eligible areas, especially water, sewer, drainage, and related public facility upgrades that support redevelopment, resilience, and service expansion. Applicability depends on program-specific rural eligibility, project type, and funding structure.
Federal Transportation Alternatives Program (TAP), administered through CTDOT	Federal / state-administered	Fund pedestrian, bicycle, and vulnerable-road-user improvements, including sidewalks, trails, and accessibility projects.	Useful for corridor walkability, crossings, trail connections, streetscape safety, and node connectivity improvements.

Source: BJH Advisors

Conclusion

The financial analysis indicates that, under current market conditions, the prototype buildings evaluated for the Town Center and the Cove District do not support positive residual land value on private financing alone, although apartments and especially townhouses perform better than medium-density mixed-use concepts. These findings, however, do not diminish the Route 32 / Route 163 vision; rather, they clarify that implementation will require a phased approach that aligns project type, site conditions, public improvements, and funding tools with the market realities of each location. Just as importantly, Chapter 5 shows that public infrastructure and place-based investment tools will be essential complements to project-level gap financing, helping the Town improve site readiness, strengthen priority nodes, and create the conditions for private investment to follow. Tools such as publicly funded infrastructure improvements, district-oriented financing strategies, and partnerships with state and quasi-public entities can therefore play a central role in reducing barriers to redevelopment over time. Chapter 6 builds on this conclusion by outlining the implementation strategies and phasing framework needed to move the plan from concept to action.



6. IMPLEMENTATION STRATEGIES & PHASING

The Revive and Renew 163/32 Investment Plan is intended to guide phased, place-based action rather than corridor-wide transformation all at once. The preceding chapters identify Montville's strongest development opportunities, what kinds of development and public realm improvements are most appropriate in different locations, and where market conditions, zoning, and site readiness create the greatest implementation opportunities or challenges. This chapter turns those findings into an implementation framework focused on priorities, regulatory actions, coordination with the Town's scheduled update of the Plan of Conservation and Development (POCD), and a practical sequence of near-, mid-, and longer-term steps.

A central premise of this chapter is that implementation should be selective, cumulative, and realistic. The Town should focus public effort and public investment on a limited number of strategic nodes, match each node to its own market role and physical context, and use infrastructure, zoning, placemaking, and development partnerships together rather than as separate initiatives. This approach is especially important because the financial feasibility analysis found that the prototype buildings tested in the Town Center and the Cove District do not currently support positive residual land value on private financing alone. This means that public actions, site strategy, and coordinated funding will be essential to move the vision forward for the nodes along Routes 32 and 163 forward over time.

Implementation should be selective and cumulative: focus on the Town Center, then the Cove District and Palmertown Village, using infrastructure, zoning, placemaking, and development partnerships



IMPLEMENTATION PRIORITIES

The Investment Plan should be implemented through a tiered prioritization rather than through equal investment in all opportunity areas at once. The assessment of eleven opportunity sites and the broader community engagement process both point to three primary nodes that warrant the Town's greatest attention: the Town Center, Palmertown Village, and the Cove District. These three areas best combine placemaking potential, mixed-use and housing opportunity, public-realm value, and implementation leverage.

The Town Center should remain the first implementation priority because it is Montville's strongest opportunity to create a recognizable mixed-use civic and commercial center and because public improvements there can improve visibility, functionality, and investor confidence for the broader Routes 32/163 strategy. Community feedback also consistently identified the Town Center as the preferred location for an active town green or square, civic identity, and village-style character.

The Cove District, viewed as a connected extension of the Town Center hub, should follow as the second strategic priority, with implementation framed around district connectivity, recreation, and open-space identity rather than around a single early redevelopment project. Early efforts should include roadway realignment and tree canopy implementation along the roadway and in the plaza parking lot. Although the plaza is privately owned, it could be an excellent candidate - as a municipality partner - for re-canopy and green planting grants through CT DEEP. The near- to mid-term opportunity here is significant, including roughly 250 to 280 potential residential units and strong trail and waterfront synergies, but the sequencing should emphasize public access, connectivity, and enabling improvements that strengthen the district over time. Anchor sites (former McDonald's and former Dunkin Donuts parcels)

were on the market as recently as September 2025 and some municipal outreach to the parcel owners is recommended. Short- to mid-term attention on the Montville Water Pollution Control Authority land would enable planning for public access to Horton Cover and incorporation into longer-term “blue trail” efforts along the Thames River.

Palmertown Village should also be treated as an important priority: with short-term action needed to set up mid- and long-term implementation. Although not a direct replica of the Town Center, the Route 163 village node is more modest, requiring selective rezoning, design standards, and incremental placemaking tied to realistic development opportunities. Palmertown has strong placemaking potential and a catalytic opportunity with the planned development at 14 Bridge Street, but less visibility and a more fragmented zoning context than the Town Center. Implementation here would benefit from early parcel-owner conversations and relationship building, as well as conversations with legacy businesses to spearhead potential brook and trail development strategies and roadway improvements to allow for nuanced, contextual residential and commercial density.

The Bank Paper Mill site remains an important brownfield redevelopment opportunity, but its timeline will depend on environmental assessment, remediation planning, and access to cleanup funding. Because of its prominent location and long-standing deterioration, the site is also a visible community concern. While the Investment Strategy identified the property primarily as a public amenity, passive recreation area, and trailhead, residential reuse should not be ruled out if site conditions, market interest, and funding support make that option feasible. In the near term, the Town should prioritize Connecticut DECD Brownfield Area Revitalization planning and remediation assistance, advance work on the water tower restoration, and use that gateway feature to interpret the site’s history and communicate future plans for remediation, public access, and activation at the site.

Additional Activity Hubs

In addition to the three nodes above, this implementation strategy also identifies two potential additional activity hubs: Gateway North and the Thames River waterfront. These areas are not presented as core nodes at this stage, but rather as complementary locations that could expand the corridor’s long-term economic development, mobility, and placemaking opportunities. Including them in this chapter helps establish a broader framework for future planning and public investment discussion as the Town continues to refine priorities across the Route 32 corridor.

Gateway North at Route 32 and Route 2A and just to the southwest of Mohegan Sun, represents a potential additional focus area because it is Montville’s most intensely developed commercial area and the Route 32 corridor’s only immediate access point to the local highway system and I-395. While it is located some distance from the Town Center and the Cove District, it already supports large-format retail and appears to have near-term potential for additional commercial growth. As the Route 2A/Mohegan-Pequot Bridge improvements move forward, the Town should also explore Route 32 interchange upgrades, roundabouts, sidewalk and crossing improvements, and other safety measures that would improve pedestrian connectivity and establish a stronger gateway identity for this regional commercial hub. Over

time, the area may also support a multiuse path within or alongside the Route 2A right-of-way, connecting Route 32 to Fort Shantok, the Thames River, and a future trail link across the Mohegan-Pequot Bridge. Additional placemaking studies should be done in the Gateway North area to reinforce its role in community identity and economic growth for large format retail. The Town may wish to pursue a TIF district here to support this area's growth.

Because of this node's auto-dominated environment, consideration must be given to public realm improvements which balance pedestrian/bike modes of travel with the vehicle. This includes: adding bus shelters at bus stops; expanding or relocating bus stops as development trends change, when and where possible; consolidate and/or minimize curb cuts to the greatest extent possible; install sidewalks with tree medians to improve walkability, provide for shade and sense of safety along both sides of Route 32 from the Norwich town line extending south to St. Bernard's High School; extend new sidewalk installation to include all connecting side streets and commercial driveways leading to public and private commercial facilities and residential neighborhoods; add enhanced cross walks at all Route 32 intersections, including raised medians within Route 32 to provide safe havens; multi use paths connecting the Pequot Bridge and Thames River; and other streetscape amenities to promote traffic calming, such as decorative lighting, street trees and other features.

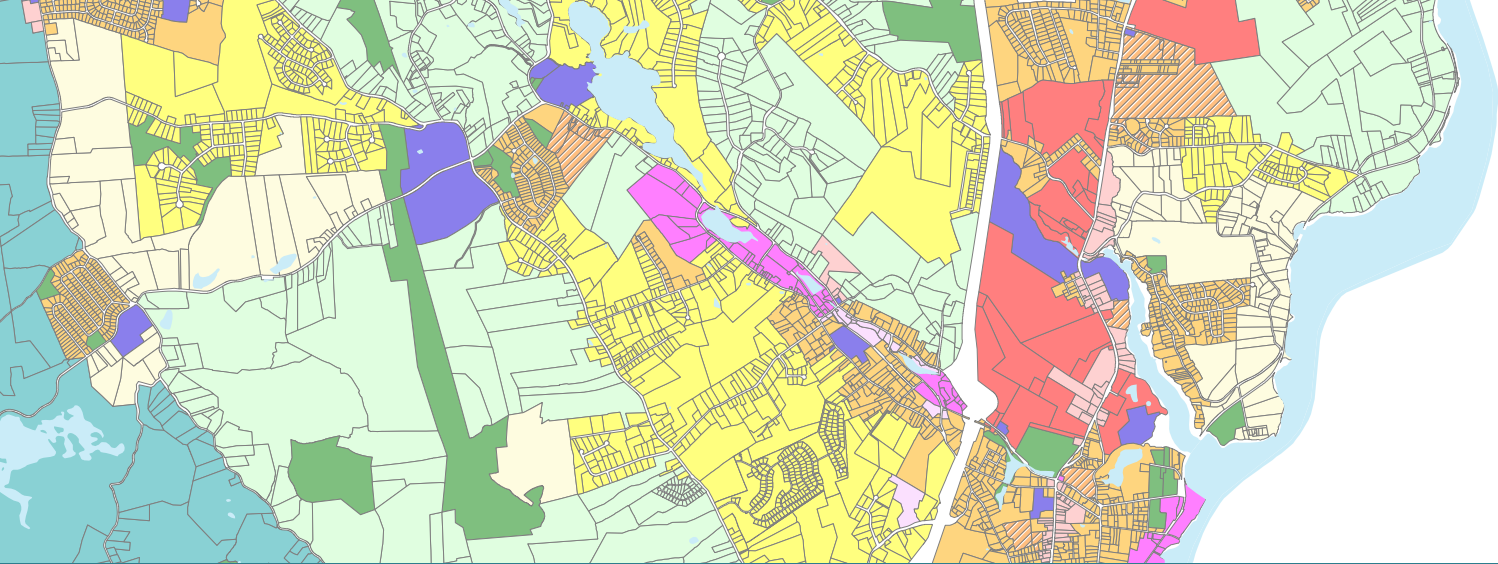
Future public and private development within and adjacent to the North Gateway should be coordinated with SECOG's transportation plans and recommendations, particularly those concerning the Route 2A interchange and the Golden Road intersection. As development occurs, applicable transportation, access, safety, and multimodal improvements should be incorporated into project planning, design, permitting, and implementation that is consistent with SECOG's regional recommendations.

The Thames River waterfront at the foot of Dock Road, immediately east of the Town Center, represents a potential additional activity hub that can reinforce the Town Center by offering enhanced waterfront recreation and visitor-oriented amenities. A renovated public boat launch and new fishing pier scheduled to open in July 2026 will introduce a waterfront recreational asset that does not currently exist elsewhere in the surrounding area, creating a distinct draw for both residents and visitors. Over time, the highly underutilized shoreline, which includes deepwater access, an existing pier, and substantial developable land, could be repositioned for more intensive mixed-use or marine-oriented reuse. The Town could also work to expand public access along the entire riverfront by providing small-craft launch points, trails, and passive recreation spaces, and by connecting the riverfront to the Town Center through trail links and enhanced street environments.

Priority Action Framework

The Town should use the following action framework to guide annual work programs and capital planning.

- Concentrate attention on the three priority nodes rather than dispersing effort across other sites along the two corridors.
- Use early public realm and infrastructure improvements to increase visibility, confidence, and site readiness in those nodes.
- Prioritize development types that are closer to financial feasibility, especially apartments and townhouses, while treating more challenging mixed-use forms as longer-term or more heavily assisted developments.
- Pair placemaking with development strategy so that public improvements help create the conditions for private follow-on investment.
- Make adaptive reuse, missing-middle housing, and neighborhood-serving retail part of real projects and zoning changes, not just high-level aspirations.



LAND ASSEMBLY, ZONING, & REGULATORY TOOLS

Implementation will depend not only on investment priorities, but also on the Town's ability to reduce regulatory friction, improve site control where appropriate, and create clearer pathways for the types of projects the Investment Plan seeks to encourage. The current Route 32 Overlay Zone has been useful in signaling support for multifamily and mixed-use development, but it remains too limited and deferential to underlying zoning to function as a complete implementation tool for village-scale, walkable redevelopment.

Land Assembly and Site Control

The Town of Montville does not need to assemble every redevelopment site, but it should be more strategic in where it seeks direct control, partnerships, or coordinated negotiations. Site-assessment work indicates that each of the three priority nodes includes some Town-owned parcels and other public holdings that could support park, access, or redevelopment-related improvements. These public assets create opportunities for catalytic action if they are used selectively to support public space, infrastructure, and development partnerships rather than held passively.

Recommended land and site-control actions include:

- Identify one or two catalytic public or public-facing parcels in each priority node for focused action, including potential RFPs, land swaps, disposition strategies, or public-private partnerships.
- Use Town ownership in Palmettown and the Cove District to support public-space, access, or connectivity improvements even where immediate vertical development is not feasible.
- In the Town Center, evaluate whether acquisition, assemblage support, easements, or coordinated site planning could improve the feasibility of public space, pedestrian circulation, and adaptive reuse opportunities.
- Where brownfield or building-condition issues are present, pair land strategy with cleanup, assessment, or adaptive reuse funding rather than treating site control and remediation as separate efforts.

Zoning and Regulatory Actions

The zoning assessment points to a clear conclusion: the Town should move from a permissive overlay approach to a more intentional node-based regulatory framework along Route 32 and, where appropriate, selected areas of Route 163. In particular, the Route 32 Overlay Zone does not independently establish the density, parking, setbacks, landscaping, or form standards needed to produce the type of compact, walkable, village-scale development envisioned in the Investment Plan.

Table 6-1 summarizes the highest-priority regulatory actions.

Table 6-1: Regularoty Actions and Timing

Regulatory action	Why it matters	Priority timing
1 Revise the Route 32 Overlay Zone to function more like a true implementing overlay, with standards that prevail over conflicting underlying zoning in priority nodes. Consider a master plan approval process, allowing flexible design standards on a development by development basis, linking design standards to preserve/create sense of place.	Current overlay language is too basic and does not independently deliver the desired mixed-use, village-scale pattern.	Near term.
2 Introduce form and design standards for priority nodes, including build-to expectations, parking placement, sidewalks, streetscape treatment, façade standards, and landscaping. Town should also consider adoption of Village District Zoning permitted under CGS 8-2j.	If more projects are allowed by site plan rather than special permit, the Town will need clearer standards to ensure consistent outcomes and desired character.	Near term.

3	Shift desired project types from special permit to site plan where feasible, especially mixed-use multifamily, townhome clusters, and smaller multifamily in targeted nodes.	More predictable approvals can better align with state housing policy and reduce discretionary barriers to desired projects.	Near term.
4	Calibrate parking, middle housing, and mixed-use standards to align with HB 8002 and the Town's housing objectives in the 32/163 nodes.	State policy is moving toward clearer as-of-right pathways and reduced minimum parking requirements in relevant contexts.	Near term.
5	Clarify ambiguous use language in C-1 and C-2 zones, including broad "carried out for profit" phrasing, and refine use tables for mixed-use and workforce housing.	Clearer use interpretation reduces uncertainty for applicants and the Commission and better supports desired activity types in the 32/163 nodes	Near term.
6	Prepare selective rezoning and node-specific standards for Palmertown Village where existing zoning is fragmented and less supportive than along Route 32.	Palmertown's long-term success depends on a more tailored regulatory framework rather than simply relying on existing districts.	Mid term.

Source: BJH Advisors



COORDINATION WITH POCD & OTHER MONTVILLE-STATE INITIATIVES

The Town's new Plan of Conservation and Development (POCD), which the Town is intending to begin drafting later this year, should function as the primary policy platform that anchors the Investment Plan's recommendations in the Town's broader growth, infrastructure, housing, and conservation strategy. Coordination is important not simply for policy consistency, but because alignment with the POCD will strengthen the Town's position when pursuing zoning updates, grant applications, capital improvements, and partnerships with state and regional entities.

The Investment Plan and the POCD should be coordinated in at least four ways.

1. The POCD should explicitly identify the Route 32 and Route 163 priority nodes as the Town's preferred locations for targeted mixed-use, housing, placemaking, and public realm investment. This will help establish that future growth should be directed toward strategic nodes rather than dispersed in an uncoordinated way across the corridor.
2. The POCD should recognize that investment along the Routes 32 and 163 corridors is not limited to private development, but includes public improvements, active transportation, open-space linkages, brownfield remediation, and district identity-building. That framing is especially important for the Cove District, where trails, open space, and waterfront access are central implementation components rather than secondary amenities.
3. The POCD should support housing diversification in ways that align with both the market analysis and the zoning recommendations of this report. The market analysis found that Montville's housing stock is dominated by owner-occupied single-family homes and that the Town needs a broader range of housing types for younger workers, smaller households, and older residents seeking alternatives to single-family homeownership. The POCD should therefore identify missing-middle housing, workforce and mixed-income rental housing, and modestly higher-intensity mixed-use development in targeted nodes as part of the Town's long-term development framework.
4. The POCD should align municipal funding and interdepartmental coordination around the same priority geographies. The value of the Investment Plan will be reduced if the Town's transportation planning, parks and recreation planning, sewer and utility planning, and redevelopment discussions proceed separately or prioritize different locations.



TIMELINES, MILESTONES, & RISK MANAGEMENT

The most effective implementation program for Montville will combine short-term visible wins, mid-term regulatory and infrastructure actions, and longer-term redevelopment partnerships. The Town should avoid treating implementation as a single capital project with a fixed endpoint; instead, it should use phased milestones that can be updated as market conditions, funding opportunities, and project readiness evolve. Table 6-2 provides an overview of the proposed phasing timeline.

Table 6-2: Phasing Framework

Time horizon	Priority actions	Illustrative outputs
0-2 years	Confirm priority nodes within, and align POCD language. Begin overlay, zoning amendments and design guidelines. Identify catalytic public parcels. Pursue early placemaking and design work. Package grant-ready infrastructure and public realm projects. Continue roadway assessment for realignment and adaption to new configurations. Prepare necessary studies for and acquire, key parcels to enable Town Green formation as the anchor to the Town Center district and intersection alignment, this includes 326 Route 32, 350 Route 32, and 4 Deport Road. Enter into agreement with owner of 362 Route 32 to support onsite improvements for intersection realignment, park and multiuse trail and gateway. Renovate Town Hall to consolidate uses, free-up Old Town Hall building to be adapted for a Montville branch library. Seek DEEP grants to plant trees along Route 32 and in the Cove District shopping center plaza. Pursue ConnDOT, COG and Federal funding sources for all related transportation improvements (trail, intersection and streetscape) Evaluate and Establish TIF District(s) to support node vibrancy and success.	Confirm priority nodes within, and align POCD language.

2-5 years	Implement node-specific regulatory changes. Advance public improvements in the Town Center and selected Cove District and Palmertown projects. Pursue brownfield, infrastructure, and transportation funding. Issue RFPs or partnership solicitations for catalytic sites. Monitor regulatory controls, amend as required.	Adopted overlay revisions and design standards, funded capital projects, site-control actions, development solicitations, and visible progress in priority nodes.
5-10+ years	Phase larger redevelopment projects. Expand infrastructure and district connections. Evaluate need for additional land assembly or financing tools. Update phasing based on project delivery and market response. Monitor regulatory controls, amend as required.	Delivered mixed-use and housing projects, expanded public realm network, refined implementation program, and follow-on investment in additional opportunity areas.

Source: BJH Advisors

Milestones

The Town should track progress through a manageable set of implementation milestones rather than through abstract long-range goals alone. Suggested milestones include:

- Adoption of POCD language that formally establishes the three priority nodes and their intended roles.
- Completion of a node-based zoning amendment package for Route 32 and selected Route 163 areas.
- Preparation of concept plans and cost estimates for: Town Center public realm improvements; Cove District trail/open-space connections; and Palmertown placemaking improvements.
- Grant application(s) for tree planting in the Cove District along the Route 32 corridor and in the plaza shopping center.
- Identification of catalytic public or partnership sites and the strategy associated with each site.
- Submission of at least one infrastructure/public realm grant application and one site-readiness or development-support application tied to the priority nodes.
- Launch of at least one visible near-term public improvement project that demonstrates momentum to residents, property owners, and funding partners.

Funding Strategy

Chapter 5 showed that under current conditions, redevelopment in the Town Center and the Cove District will often require more than conventional private financing. That finding should directly shape how implementation is phased and financed. The Town should treat funding strategy as an ongoing part of implementation, not as a final step after land use and design decisions are made.

The Town should pursue a layered funding approach built around two categories:

- **Project gap tools** for housing and mixed-use development, including state gap financing, Low Income Housing Tax Credit (LIHTC)-supported projects where appropriate, discounted land, and coordinated capital stacks for projects that do not yet pencil on private financing alone. These are outlined in Chapter 5, Table 5-3.
- **Public infrastructure and place-based tools** for shared improvements, including publicly funded infrastructure, district-scale improvements, trails and walkability projects, brownfield funding, and place-based financing tools such as those outlined in Chapter 5, Table 5-4.

Funding applications should be tied to clearly defined public outcomes in each node, not only to general corridor improvement language. For example, Town Center applications should emphasize civic identity, walkability, mixed-use housing, and public space; Palmertown applications should emphasize incremental village revitalization and adaptive reuse; and Cove District applications should emphasize access, recreation, open-space linkage, and district connectivity.

Risk Management

Implementation should also account for several recurring risks identified implicitly across the market, zoning, and site-assessment work. These risks do not argue against the Investment Plan, but they do reinforce the importance of phasing and flexibility. Table 6-3 outlines the four principal risks associated with the Investment Plan and provides a management approach to address each risk.

Table 6-3: Principal Risks to Address

Risk	Why it matters	Management approach
Market feasibility gap	Tested building prototypes do not currently pencil on private financing alone in the priority Route 32 nodes.	Phase toward more feasible building types first; align projects with subsidy and gap tools; do not assume that mixed-use prototypes will advance without public support.
Fragmented ownership	Some nodes, especially Town Center and Palmertown, contain many private owners, which can slow coordinated redevelopment.	Focus first on catalytic parcels, public holdings, and partnership sites; do not make corridor success dependent on universal assemblage.
Infrastructure and site-readiness constraints	Utilities, circulation, pedestrian access, and environmental conditions affect redevelopment timing and cost.	Gain an understanding of water and sanitary capacity and expansion abilities, including physical expansion at the WPCF, contracts in place with Rand Whitney and Mohegan Tribe; Advance enabling improvements and predevelopment work early; package infrastructure and development strategy together.
Overextension of Town capacity	Attempting to advance too many nodes or projects at once can dilute momentum and staff attention.	Keep the implementation geography narrow at first and update priorities annually based on progress and funding availability.

Overall, the Town’s implementation posture should be disciplined but opportunistic. It should keep the long-term corridor vision intact while remaining flexible enough to respond to market-ready projects, funding cycles, and partnership opportunities as they emerge. In that sense, phasing is not simply a schedule; it is the mechanism by which Montville can convert a long-range vision for the opportunity nodes along Routes 32 and 163 into a sequence of achievable actions, visible public improvements, and places where developers and other parties increasingly want to invest.

