

STONELEAF CONSTRUCTION, LLC

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June 25, 2026

Geoffrey M. Green, Director of Land Use and Development
Town of Winchester / City of Winsted
338 Main Street, Winchester, CT 06098

Re: Wallens Hill Property — Negotiating Points Summary & Confirmation of July 1, 2026 Presentation

Dear Geoffrey,

Thank you for the continued engagement on this transformative project. We are pleased to confirm our availability for the Special Meeting of the Board of Selectmen on Wednesday, July 1, 2026 at 6:00 PM in the Hicks Room at Town Hall. We look forward to the conversation.

Per your request, below is our one-to-two page summary of preferred negotiating points. A full detailed proposal with financial analysis is attached as a companion document.

1. Land Acquisition

- **Proposed purchase price: \$1,000 at closing.**
- Rationale: The Apex infrastructure assessment confirms significant repair costs not typical of raw land. Our market study (SVS, Nov. 2025) documents a Wealth Index of 67 and a market naturally capped below \$495K — meaning any meaningful upfront price transfers risk entirely onto Stoneleaf and increases the probability of project failure, leaving the Town with a partially developed or abandoned site.
- In lieu of a higher upfront price, Stoneleaf proposes a performance-based revenue sharing structure (see below) that pays the Town more than a flat land sale if the project succeeds — and costs the Town nothing if it does not.
- Reversion protection: If vertical construction has not commenced within 24 months of closing, the land reverts to the Town at no cost.

2. Revenue Sharing — Three-Tier Structure (REVISED)

Payable at title transfer on each home sold — zero payment due if homes do not sell.

- Tier 1 (Base): 0.8% of gross sale price on every home, at every price point.
- Tier 2 (Performance): 2.0% on any revenue above \$450,000 average sale price.
- Tier 3 (Exceptional): 3.0% on any revenue above \$575,000 average sale price.

Illustrative Town payments at key price points (100 homes):

Avg. Sale Price	Town Revenue Share	vs. Competitor (\$1.18M flat)
\$450K (not feasible)	\$360,000	-\$820,000
\$539K (conservative)	\$651,200	-\$528,800
\$650K (Stoneleaf target ★)	\$1,098,000	-\$82,000
\$700K (upside)	\$1,435,000	+\$255,000
\$750K (upside)	\$1,725,000	+\$525,000

3. Property Tax Abatement Framework

We request an activity-triggered tax framework — not a blanket exemption. Taxes begin when real economic value is created:

- Raw / unsubdivided land: No property tax during development.
- Platted but unsold lots: No property tax until home construction begins.
- Unsold completed / model homes: No property tax until title transfers to a buyer.
- Common areas and amenities: Taxable after first occupied home is delivered.
- Sold homes: Fully taxable upon title transfer — permanent entry to the Winchester grand list.

Long-Term Tax Base Impact (100 homes @ \$650K, 70% assessment, 23.4 mill):

100 homes × \$455,000 assessed value = \$45.5M added to grand list. Annual property tax: ~\$1,064,700/year — every year in perpetuity. Over 10 years: ~\$10.6M. Over 20 years: ~\$21.3M. This far exceeds any one-time land payment.

4. Why a 55+ Community Is the Right Choice for Winchester

- Per HOPA (42 U.S.C. § 3607) and CT General Statutes § 46a-64c: We are NOT required to include any market-rate or younger-buyer units. The law requires 80% of OCCUPIED units to have one resident age 55+. The 20% flex in our original proposal was our marketing choice, not a legal mandate. We may operate as 100% age-55+ if the Town and Stoneleaf agree that is preferable.
- School district impact: Minimal to none. An 80–100% age-55+ community contributes property taxes without generating school-age children — the single largest municipal cost driver.
- Economic activation: 55+ residents spend locally on dining, services, healthcare, and retail without burdening public infrastructure at the scale of a general-population community.
- Comparable communities: Turnberry Estates (Watertown, CT) — the closest comparable — achieved \$492K–\$626K sale prices (avg \$545K) in a semi-rural CT setting. With stronger amenities and our finishes, \$650K is supportable.

We believe this structure — \$1,000 at closing, tiered revenue sharing, activity-triggered taxes, and a 55+ community that adds \$1M+/year to the Town’s tax base in perpetuity — represents a superior long-term outcome for Winchester compared to any flat land sale. We are happy to discuss further before or at the July 1st meeting. We are open to further discussions.

Sincerely,

Juan Torres

Managing Member