

HOSCH APPRAISAL & CONSULTING, INC
WORK FILE MEMORANDUM

DATE: February 28, 2019

TO: File #HAC18013-00 (2019 Street Reconstruction Projects)

FROM: Hosch Appraisal & Consulting, Inc.

RE: **Conclusions of Maximum Supportable Special Benefits and Broad Market Research for Various Street Reconstruction Projects in Saint Paul, Minnesota.**

SUMMARY

We have been retained to provide appraisal consulting services that explore the general impacts on market value for various property classifications and the reasonableness of proposed special assessments resulting from various proposed 2019 City of Saint Paul Public Improvement Projects. This work file memorandum documents the verbal reports of conclusions we communicated to Bruce Engelbrekt with the City of Saint Paul in a series of phone calls leading up to February 28, 2019. This memo also includes further documentation of our research as it pertains to project-specific ranges of benefit to market value. This file memorandum documents the final results and conclusions pertaining to this consulting assignment.

We have been asked to provide opinions of the maximum supportable special benefits, as measured by potential increases to real estate market values, resulting from the corresponding street reconstruction projects. The conclusions of this analysis refer to general property classifications only and are not intended to provide conclusions of market value impacts for any one property. Further information regarding the scope of work is outlined in the contract of engagement.

For purposes of this assignment we have relied upon the county assessor's estimated market values and we have aggregated the assessed values for each property classification in order to determine the maximum supportable assessments for each property classification within a given project. According to the most recent available Twelve Month Sales Ratio Study published by the Minnesota Department of Revenue the Ramsey County Assessor's Office has mean sales ratios ranging from 94.9 to 96.0 for the most common property types in St. Paul, Minnesota, indicating that on average properties in St. Paul are assessed at approximately 94.9% to 96.0% of actual sales prices. Since the sales ratio study indicates that the assessor's estimated market values provide a reasonable measure of support for actual market values we have determined that use of the assessor's market values is appropriate for this analysis. The aggregate pre-project market value indications used in these analyses are based on the Ramsey County Assessor's estimated market values as of January 2, 2018, for real estate taxes payable in 2019.

Project descriptions and tables for each project showing the concluded ranges of supportable project-specific benefits to market value and the aggregate maximum supportable special assessments as they relate to aggregate property value by property classification are provided on the following pages. The ranges of supportable benefit and maximum supportable special assessments that were shared with our client are not property specific and are intended to provide broad direction as to the anticipated benefit that is generally supportable for each property classification based on our market research.

Wheelock Parkway Reconstruction

The project seeks to improve Wheelock Parkway from Western Avenue North to Rice Street (CSAH 49). Improvements to be made as part of the project include constructing new bituminous surfaced streets with concrete curb and gutter, concrete driveway aprons, sidewalks, bituminous bicycle trail, and boulevards landscaped with sod and trees. The Western/Arlington/Wheelock intersection will be reconstructed and reconfigured. The existing wood pole lights will be replaced with lantern style lights as part of the project. In addition, appropriate sanitary sewer repairs will be made, and storm and sanitary sewer reconnections will be made at the request of property owners. Existing water main will be replaced where necessary

SUMMARY OF PROPOSED ASSESSMENTS BY PROPERTY CLASSIFICATION			
Property Classification	Aggregate Pre-Project Market Value of Assessed Properties*	Maximum Special Benefit as Percentage of Pre-Project Market Value*	Aggregate Maximum Supportable Special Benefit
Single-Family**	\$6,394,900	3.0%	\$191,847.00
Multi-Family	\$5,144,600	3.0%	\$154,338.00
Commercial	\$1,175,500	3.0%	\$35,265.00
Institutional (Education/Religious)	\$16,323,700	3.0%	\$489,711.00
Vacant Land - Unbuildable	\$267,700	0.0%	\$0.00
Total	\$29,306,400	3.0%	\$871,161.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2018. ** Improvement value for one single-family property has been estimated and combined with assessor's estimated land value to reflect total value of newly constructed home.			

Fairview Avenue Reconstruction

The project seeks to improve Fairview Avenue between Marshall Avenue and University Avenue. Improvements on Fairview Avenue between Marshall Avenue and Shields will include pavement markings only and this portion of the project is not included in our analysis.

This analysis includes improvements to be made to Fairview Avenue between Shields Avenue and University Avenue only, which include constructing a new bituminous surfaced street with concrete curb and gutter, concrete driveway aprons and sidewalks. The existing bent straw street lighting system will remain in place. Appropriate sanitary sewer repairs will be made, and storm and sanitary sewer reconnections will be made at the request of property owners.

The Fairview project will also include pedestrian improvements at the intersection of Cleveland and Randolph and the addition of a left turn lane on Phalen Blvd. between Atlantic St. and Johnson Parkway.

SUMMARY OF PROPOSED ASSESSMENTS BY PROPERTY CLASSIFICATION			
Property Classification	Aggregate Pre-Project Market Value of Assessed Properties*	Maximum Special Benefit as Percentage of Pre-Project Market Value*	Aggregate Maximum Supportable Special Benefit
Multi-Family	\$12,452,600	1.5%	\$186,789.00
Commercial	\$3,550,500	2.5%	\$88,762.50
Total	\$16,003,100	1.7%	\$275,551.50
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2018.			

In addition to conclusions of maximum supportable special benefit by property classification for each of the street reconstruction projects we also provided conclusions of our broad market research as it pertains to specific property classifications in general. Outlined below are the concluded ranges of benefit as a percentage of market value for each property classification. The concluded ranges of benefit correspond to the maximum anticipated benefit as a percentage of market value that a typical property within a classification would receive from similar street reconstruction projects without adjusting for project-specific influences. These conclusions can be further analyzed and refined on project-by-project basis based on the existing conditions prior to reconstruction and the anticipated improvements and associated benefits resulting from each of the projects.

<u>Property Classification</u>	<u>Concluded Benefit Range As % of Market Value</u>
Single-Family	Up to 3.5%
Multi-Family	Up to 3.0%
Commercial	Up to 5.0%
Institutional (Education/ Religious)	Up to 3.0%
Vacant Land	Varies Depending On Use