

HOSCH APPRAISAL & CONSULTING, INC
WORK FILE MEMORANDUM

DATE: February 18, 2021

TO: File #HAC21010-00 (2021 Street Reconstruction Project)

FROM: Hosch Appraisal & Consulting, Inc.

RE: **Conclusions of Maximum Supportable Special Benefits and Broad Market Research for a Street Reconstruction Project 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 a proposed 2021 City of Saint Paul Public Improvement Project. 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 18, 2021. 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 project. 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 ratio 94.9 for the residential (less than four units) property St. Paul, Minnesota, indicating that on average residential properties in St. Paul are assessed at approximately 94.9% 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 and January 2, 2020, for real estate taxes payable in 2021.

A project description and table for the proposed 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.

Griggs/Scheffer Residential Area Reconstruction - Phase 2

The project seeks to improve a portion of the Griggs/Scheffer Residential Area - RSP Area 83, bounded by Eleanor Avenue, Interstate 35E, Hamline Avenue S, and Montreal Avenue by reconstructing the pavement and improving the existing pedestrian facilities.

Improvements to be made as part of the project include constructing new bituminous surfaced streets with concrete curb and gutter, concrete driveway aprons and boulevards landscaped with sod and trees. Damaged sidewalks will be replaced as necessary. Sidewalks will be added where appropriate. The existing wood pole street lights will be replaced with lantern style lights as part of the project. In addition, new watermain will be installed, appropriate sanitary sewer repairs will be made, and storm and sanitary sewer reconnections will be made at the request of property owners.

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 Residential	\$91,182,300	2.5%	\$2,279,558
Other - Public Park	\$23,786,600	Inconclusive	Inconclusive
Total	\$114,968,900	Inconclusive	\$2,279,558
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2020 (with the exception of one parcel that is currently undergoing redevelopment for which its listing price has been used).			

The aggregate pre-project market value information outlined above includes all parcels abutting the project area. It should be noted that there are three parcels that are categorized as Vacant Land by the Ramsey County Assessor that have been included within the Single-Family Residential property classification for this analysis. Two of the three parcels were identified as being owned by the adjacent property owner and are currently being used in conjunction with the adjacent single-family uses. As a result, inclusion of these parcels in the Single-Family Residential classification was justified. The third consists of a vacant lot that is currently undergoing redevelopment and is being marketed for sale as a newly constructed home by the owner/builder. Therefore, this property was also included in the Single-Family Residential classification.

In addition to conclusions of maximum supportable special benefit by property classification for the street reconstruction project we also provided conclusions of our broad market research as it pertains to property classifications in general. The concluded range of benefit corresponds to the maximum anticipated benefit as a percentage of market value that a typical property 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 a proposed project.

Property Classification
Single-Family

Concluded Benefit Range
As % of Market Value
Up to 3.5%