

HOSCH APPRAISAL & CONSULTING, INC
WORK FILE MEMORANDUM

DATE: June 7, 2023

TO: File #HAC22058-03 (2023 Mill and Overlay Projects)

FROM: Hosch Appraisal & Consulting, Inc.

RE: **Conclusions of Maximum Supportable Special Benefits and Broad Market Research for Various 2023 Mill and Overlay 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 maximum supportable special benefits resulting from various proposed 2023 City of Saint Paul Mill and Overlay Projects. This workfile 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 April 25, 2023. 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 mill and overlay 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 Sales Ratio Study (12-Month Study) published by the Minnesota Department of Revenue, the Ramsey County Assessor's Office has mean sales ratios ranging from 92.1 to 105.2 for the most common property types in St. Paul, Minnesota, indicating that on average properties in St. Paul are assessed at approximately 92.1% to 105.2% of actual sales prices. Median ratios for the same property types range from 91.3% to 105.7%. 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, 2022, for real estate taxes payable in 2023.

Summary – Continued

A general project description for the mill and overlay projects and tables for each project showing the concluded ranges of maximum supportable special benefit as they relate to aggregate property value by property classification are provided below and on the following pages. The ranges of maximum supportable special benefit 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.

General Project Description

The projects will replace the bituminous surfaces of eight project areas, including:

1. Como/Valentine Residential Area
2. Cretin/Bayard Residential Area
3. East Shore Drive: Wheelock to Larpenteur
4. Fairview: Randolph to Edgumbe
5. Front: Rice to Western
6. Ruth/Algonquin: Burns to Stillwater
7. Summit Ave: Lexington to Victoria
8. Victoria: Summit to Concordia

The streets will be milled at varying depths from 2-4” as needed and replaced with the same removal depth. Newly paved roads will improve the ride quality, extend pavement life from a total reconstruction and reduce annual maintenance cost. There will be noise, dust and accessibility disturbance as expected from construction activity. The work is expected to begin in September and run into October 2023. The projects will also upgrade non-compliant pedestrian ramps at street corners to bring them up to current standard. Other proposed work consists of bump-outs at street corners to improve pedestrian safety. Based on direction from the City of St. Paul Real Estate and Public Works departments we were asked to only analyze the special benefits resulting from the mill and overlay and pavement striping portions of the projects as the remaining improvements are not planned to be assessed to property owners in the project areas. Based on our research and analysis we have developed the conclusions outlined in the following charts.

Como/Valentine Residential Area Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Como/Valentine Residential Area)			
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	\$82,697,200	1.00%	\$826,972.00
Multi-Family Residential	\$12,009,800	0.75%	\$90,073.50
Office	\$10,436,500	0.25%	\$26,091.25
Commercial	\$4,976,200	0.50%	\$24,881.00
Mixed Use - Comm./Res.	\$755,000	0.75%	\$5,662.50
Vacant Land - Residential **	\$401,900	4.00%	\$16,076.00
Vacant Land - Public	\$2,281,100	Inconclusive	Inconclusive
Total	\$113,557,700	0.87%	\$989,756.25

* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022.
 ** Special benefit for 'Vacant Land - Residential' represents a conservative potential use of the land.

Cretin/Bayard Residential Area Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Cretin/Bayard Residential Area)			
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	\$131,776,900	1.00%	\$1,317,769.00
Multi-Family Residential	\$35,016,000	0.50%	\$175,080.00
Commercial/Retail	\$5,291,400	1.25%	\$66,142.50
Office	\$708,600	0.75%	\$5,314.50
Institutional - Religious	\$6,890,900	0.25%	\$17,227.25
Total	\$179,683,800	0.88%	\$1,581,533.25

* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022.

East Shore Drive (Wheelock to Larpenteur) Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (East Shore Drive: Wheelock to Larpenteur)			
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	\$13,476,800	1.00%	\$134,768.00
Multi-Family Residential	\$1,944,400	0.75%	\$14,583.00
Vacant Land - Public	\$22,435,300	Inconclusive	Inconclusive
Total	\$37,856,500	0.39%	\$149,351.00

* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022.

Fairview (Randolph to Edgumbe) Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Fairview: Randolph to Edgumbe)			
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	\$40,739,600	1.00%	\$407,396.00
Multi-Family Residential	\$65,390,600	0.25%	\$163,476.50
Commercial/Retail	\$412,100	1.00%	\$4,121.00
Vacant Land - Residential **	\$243,800	4.00%	\$9,752.00
Institutional - Educational	\$190,715,200	0.25%	\$476,788.00
Total	\$297,501,300	0.36%	\$1,061,533.50

* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022.
 ** Special benefit for 'Vacant Land - Residential' represents a conservative potential use of the land.

Front (Rice to Western) Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Front: Rice to Western)			
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	\$5,563,000	1.75%	\$97,352.50
Multi-Family Residential	\$3,125,900	1.50%	\$46,888.50
Commercial/Retail	\$1,787,100	1.00%	\$17,871.00
Mixed Use - Comm./Res.	\$1,239,100	1.00%	\$12,391.00
Industrial	\$1,105,200	1.00%	\$11,052.00
Vacant Land - Residential **	\$57,400	7.00%	\$4,018.00
Total	\$12,877,700	1.47%	\$189,573.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022. ** Special benefit for 'Vacant Land - Residential' represents a conservative potential use of the land.			

Ruth/Algonquin (Burns to Stillwater) Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Ruth/Algonquin: Burns to Stillwater)			
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	\$19,887,400	1.50%	\$298,311.00
Multi-Family Residential	\$25,986,800	0.50%	\$129,934.00
Commercial/Retail	\$6,047,300	1.00%	\$60,473.00
Mixed Use - Comm./Res.	\$1,093,200	0.50%	\$5,466.00
Office	\$1,819,000	0.50%	\$9,095.00
Public Use	\$5,990,000	Inconclusive	Inconclusive
Institutional - Religious/Edu.	\$7,119,500	0.50%	\$35,597.50
Total	\$67,943,200	0.79%	\$538,876.50
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022.			

Summit Ave (Lexington to Victoria) Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Summit Ave: Lexington to Victoria)			
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	\$26,020,600	0.75%	\$195,155
Multi-Family Residential	\$3,089,300	1.00%	\$30,893
Commercial	\$1,419,400	0.75%	\$10,646
Institutional - Religious/Edu.	\$23,072,800	0.50%	\$115,364
Total	\$53,602,100	0.66%	\$352,057

* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022.

Victoria (Summit to Concordia) Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Victoria: Summit to Concordia)			
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	\$7,476,600	1.25%	\$93,457.50
Multi-Family Residential	\$10,171,500	0.75%	\$76,286.25
Commercial	\$3,587,600	1.00%	\$35,876.00
Mixed Use - Comm./Res.	\$1,168,600	0.75%	\$8,764.50
Institutional - Religious/Edu.	\$17,487,400	0.50%	\$87,437.00
Vacant Land - Residential **	\$51,300	5.00%	\$2,565.00
Total	\$39,943,000	0.76%	\$304,386.25

* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022.
 ** Special benefit for 'Vacant Land - Residential' represents a conservative potential use of the land.