HOSCH APPRAISAL & CONSULTING, INC
WORK FILE MEMORANDUM

DATE: March 3, 2020

TO: File #HAC18013-02 (2020 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 2020 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, 2020. 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 92.4 to 99.2 for the most common property types in St. Paul, Minnesota, indicating that on average properties in St. Paul are assessed at approximately 92.4% to 99.2% 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, and January 2, 2019, for real estate taxes payable in 2020.

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.

Griggs/Scheffer Residential Area Reconstruction

The project seeks to improve a portion of the Griggs/Scheffer Residential Area - RSP Area 83, bounded by Randolph Avenue, Hamline Avenue S, Edgcumbe Road, and Scheffer 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 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	$106,803,000	3.0%	$3,204,090.00
Multi-Family	$1,566,800	3.0%	$47,004.00
Mixed Use Comm./Residential	$423,100	5.0%	$21,155.00
Total	$108,792,900	3.0%	$3,272,249.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2018 for Single-Family properties and January 2, 2019 for Multi-Family and Mixed Use Comm./Residential properties.			

Como Avenue Reconstruction

The project seeks to improve Como Avenue from 33rd Avenue to Brompton Street by reconstructing the pavement and improving the existing bicycle and pedestrian facilities. The project includes reconstruction of Hunting Valley Road between Hwy. 280 and Como Avenue.

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. No curbs or gutters will be added where none currently exist. Rather, existing curbs and gutters will be reconstructed. Damaged sidewalks will be replaced as necessary. The existing 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
Industrial	$13,637,400	2.0%	$272,748.00
Office	$7,012,200	3.0%	$210,366.00
Railroad Corridor	$372,200	0.0%	$0.00
Vacant Land - Commercial	$3,808,500	3.0%	$114,255.00
Total	$24,830,300	2.4%	$597,369.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2019.			

Tedesco Street Reconstruction

The project seeks to improve Tedesco Street from West of Otsego Street to Payne Avenue by reconstructing the pavement, add on street bicycle lanes, 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 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	$1,242,100	2.5%	$31,052.50
Multi-Family	$11,951,700	2.5%	$298,792.50
Institutional (Education)	$4,503,600	2.5%	$112,590.00
Vacant Land	$124,300	Inconclusive	Inconclusive
Total	$17,821,700	2.5%	$442,435.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2019.			

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.

Property Classification	**Concluded Benefit Range As % of Market Value**
Single-Family	Up to 3.5%
Multi-Family	Up to 3.0%
Mixed Use Comm./Residential	Up to 5.0%
Office	Up to 5.0%
Industrial	Up to 3.0%
Institutional (Education)	Up to 3.0%
Railroad Corridor	No Measurable Benefit
Vacant Land	Varies Depending On Use