

HOSCH APPRAISAL & CONSULTING, INC
WORK FILE MEMORANDUM

DATE: February 16, 2023

TO: File #HAC22058-02 (2023 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 2023 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 16, 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 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 area. 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 92.2 to 95.4 for the most common property types in St. Paul, Minnesota, indicating that on average properties in St. Paul are assessed at approximately 92.2% to 95.4% of actual sales prices. Median ratios for the same property types range from 91.3 to 93.4. 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.

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.

Minnesota Street – Phase I (Kellogg to 6th) Reconstruction

The project seeks to improve a portion Minnesota Street from Kellogg Boulevard to 6th Street by reconstructing the pavement and improving the existing pedestrian facilities. Street lighting will also be upgraded as part of the project.

This is the first phase of roadway reconstruction for a major downtown street in need of pavement, sidewalk, and drainage improvements. Street improvements and reconstruction are anticipated to be consistent with current City standards including reconstruction of the bituminous street with concrete curb and gutter, concrete driveway aprons and outwalks, and boulevards landscaped with sod and trees. Concrete barrier curb and gutter will be added or replaced as necessary to substantially improve public safety by facilitating drainage, safe vehicular passage, and separation of vehicles from pedestrians. Mainline sidewalk and/or trail will be reconstructed or added as necessary to improve public safety by eliminating tripping hazards and pooling water, to meet ADA requirements, and to facilitate the separation of moving cars from pedestrians. Appropriate storm and sanitary sewer main repairs will be made, lead water services in the right-of-way will be replaced, and sanitary sewer service repairs will be made at the request of property owners. The street lighting system will be updated to the standard City of Saint Paul ornamental lanterns. Elements not directly related to the road would be funded by non-road funding sources. Traffic signals will be evaluated for necessary modifications or replacement where applicable.

SUMMARY OF MAXIMUM 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 Residential	\$79,494,600	1.5%	\$1,192,419.00
Commercial/Retail	\$4,142,200	5.0%	\$207,110.00
Downtown Office	\$58,636,600	3.5%	\$2,052,281.00
Downtown Parking	\$11,030,300	2.0%	\$220,606.00
Institutional (Educational)	\$9,188,000	3.5%	\$321,580.00
Vacant Land - Public Use	\$1,924,900	Inconclusive	Inconclusive
Total	\$164,416,600	2.4%	\$3,993,996.00
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022.			

Annapolis Street (Smith to Robert) Reconstruction

The project seeks to improve Annapolis Street from Smith Avenue to Robert Street by reconstructing the pavement, improving the existing pedestrian facilities, and adding on-street bicycle accommodations. Street lighting will also be upgraded as part of the project.

This project is a partnership project with West St. Paul and will reconstruct a roadway with substandard pavement quality, poor drainage, and a sidewalk gaps. Street improvements are anticipated consistent with current City standards including reconstruction of the bituminous street with concrete curb and gutter, concrete driveway aprons and outwalks, and boulevards landscaped with sod and trees. Concrete barrier curb and gutter will be added or replaced as necessary to substantially improve public safety by facilitating drainage, safe vehicular passage and separation of vehicles from pedestrians. Mainline sidewalk will be reconstructed or added as necessary to improve public safety by eliminating tripping hazards and pooling water, to meet ADA requirements, and to facilitate the separation of moving cars from pedestrians. On-street bicycle accommodations will be added in accordance with the Bicycle Master Plan. Appropriate storm and sanitary sewer main repairs will be made, lead water services in the right of way will be replaced, and sanitary sewer service repairs will be made at the request of property owners. The street lighting system will be updated to the standard City of Saint Paul ornamental lanterns. Elements not directly related to the road would be funded by non-road funding sources.

SUMMARY OF MAXIMUM 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	\$7,058,800	3.0%	\$211,764.00
Multi-Family Residential	\$1,403,000	2.5%	\$35,075.00
Commercial/Retail	\$954,200	2.5%	\$23,855.00
Mixed-Use Comm./Res.	\$636,700	2.5%	\$15,917.50
Institutional (Religious)	\$295,100	3.0%	\$8,853.00
Total	\$10,347,800	2.9%	\$295,464.50
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2022.			

In addition to conclusions of maximum supportable special benefit by property classification for each of the street improvement 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 the individual 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%
Mixed-Use Comm./Residential	Up to 5.0%
Commercial/Retail	Up to 5.0%
Office	Up to 5.0%
Industrial	Up to 3.0%
Institutional	Up to 5.0%
Vacant Land	Varies Depending On Use