

HOSCH APPRAISAL & CONSULTING, INC
WORK FILE MEMORANDUM

DATE: April 2, 2024

TO: File #HAC22058-05 (2024 Mill and Overlay Projects)

FROM: Hosch Appraisal & Consulting, Inc.

RE: **Conclusions of Maximum Supportable Special Benefits and Broad Market Research for Various 2024 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 2024 City of Saint Paul Mill and Overlay Projects. This workfile memorandum documents the verbal reports of conclusions we communicated to Lynn Rolf and Bruce Engelbrekt with the City of Saint Paul during a phone call on March 18, 2024. 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 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 86.3 to 96.4 for the most common property types in St. Paul, Minnesota, indicating that on average properties in St. Paul are assessed at approximately 86.3% to 96.4% of actual sales prices. Median ratios for the same property types range from 91.0 to 96.1. 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, 2023, for real estate taxes payable in 2024.

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. Cretin-Bayard Residential Area – Phase 2
2. Concordia-St. Anthony: Snelling to Kellogg/Marion
3. Fourth-Howard Residential Area – Phase 1

The Mill & Overlay program proposes to extend the pavement life cycle by resurfacing the bituminous pavement. In conjunction, the project will upgrade existing pedestrian ramps to current ADA standards and/or construct new pedestrian ramps for sidewalk network connectivity.

Streets will be milled at varying depths (generally 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. The projects will also upgrade non-compliant pedestrian ramps at street corners to bring them up to current standard. Other proposed work may also include striping, bump-outs at street corners to improve pedestrian safety and sod replacement in boulevards, sidewalk replacement in impacted areas, storm sewer reconstruction in impacted areas and signing replacement in impacted area. Based on direction from the City of St. Paul Real Estate and Public Works departments we were asked to analyze only 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.

Cretin/Bayard Residential Area – Phase 2 Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Cretin-Bayard - Phase 2)			
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	\$168,968,400	1.00%	\$1,689,684
Multi-Family Residential	\$22,360,700	0.75%	\$167,705
Commercial/Retail	\$3,875,800	1.00%	\$38,758
Office	\$2,890,000	0.50%	\$14,450
Mixed Use - Comm./Res.	\$28,014,500	0.25%	\$70,036
Vacant Land - Commercial	\$203,000	3.50%	\$7,105
Total	\$226,312,400	0.88%	\$1,987,739
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2023.			

Concordia-St. Anthony (Snelling Ave to Kellogg/Marion) Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Concordia-St. Anthony: Snelling Ave to Kellogg/Marion)			
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	\$31,513,200	1.50%	\$472,698
Multi-Family Residential	\$151,869,600	0.50%	\$759,348
Commercial/Retail	\$166,540,900	0.50%	\$832,705
Office	\$10,204,800	1.00%	\$102,048
Institutional - Religious/Edu.	\$148,106,100	0.50%	\$740,531
Industrial	\$6,550,200	0.50%	\$32,751
Vacant Land - Residential	\$119,400	5.00%	\$5,970
Vacant Land - Commercial	\$1,980,500	5.00%	\$99,025
Public Use	\$24,176,700	Inconclusive	Inconclusive
Total	\$541,061,400	0.56%	\$3,045,075
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2023.			

Fourth-Howard Residential Area - Phase 1 Mill and Overlay

SUMMARY OF MAXIMUM SUPPORTABLE SPECIAL BENEFIT BY PROPERTY CLASSIFICATION (Fourth-Howard - Phase 1)			
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	\$228,774,300	1.25%	\$2,859,679
Multi-Family Residential	\$108,805,900	0.75%	\$816,044
Commercial/Retail	\$27,543,200	1.00%	\$275,432
Mixed Use - Comm./Res.	\$977,200	0.75%	\$7,329
Office	\$1,303,600	1.00%	\$13,036
Institutional - Religious/Edu.	\$9,694,700	1.00%	\$96,947
Vacant Land - Commercial	\$314,200	4.00%	\$12,568
Vacant Land - Residential	\$88,200	5.00%	\$4,410
Public Use	\$5,964,300	Inconclusive	Inconclusive
Total	\$383,465,600	1.07%	\$4,085,445
* Market value based on Ramsey County Assessor's Estimated Market Value as of January 2, 2023.			