



Housing and Redevelopment Authority  
of the City of Saint Paul, Minnesota:  
Redevelopment project files

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STATEMENT ON FAIR VALUE FOR USE - WESTERN REDEVELOPMENT PROJECT UR MINN. 1-2

The Minnesota Municipal Housing and Redevelopment Act provides in Section 462.541 Use Value as follows:

Subdivision 1. Determination of use value; appraisal. After the Authority has assembled and acquired the real property of a project area, it shall, as an aid to it in determining the rentals and other terms upon which it will lease or the price at which it will sell the area or parts thereof, place a use value upon each piece or tract of land within the area which, in accordance with the plan, is to be used for private uses or for low-rent housing, such use value to be based on the planned use; and, for the purpose of this use valuation, it may in its discretion cause a use-value appraisal to be made by two or more land value experts employed by it for the purpose, or it may use the land appraisal services of the municipality; but nothing contained in this section shall be construed as requiring the authority to base its rentals or selling prices upon any such appraisal.

The Act also provides in Section 462.525 Manager of Property that "land shall be made available at its fair use value, as determined by the Authority, which determination shall be based on its proposed use as set forth in the redevelopment plan".

Disposition procedures under consideration by the Authority contemplate the establishment of fair use values for each parcel of land by the Authority with the concurrence of the Urban Renewal Administration. These values are for the guidance of the Authority and its staff in the consideration of proposals for the purchase of the land.

This statement recommends such fair use values for the proposed tracts in UR Minn. 1-2, the Western Redevelopment Project. A sketch of the proposed use tracts is attached. The Authority has had two reuse appraisals for its guidance in establishing these values. The first appraisal was jointly made by C. C. Beeth, M.A.I. and Earl V. Dolan, M.A.I. of St. Paul as of December 1, 1951 and revised as of August 20, 1952. The second appraisal was made by Roy Wenzlick and Co., of St. Louis as of November 12, 1953. The recommended values are based on these appraisals and other information which has become available since they were made. The recommended fair value for use is given for each tract below together with a summary of the information upon which it was based.

Tract 1: Approx. 84,163 square feet  
Recommended Value \$1.00 per square foot  
Total Recommended Value \$84,163

Tract 1 was not appraised for commercial use either by Beeth and Dolan or by Wenzlick and Associates. However, Wenzlick appraisal placed a front foot value of \$1.25 for commercial use on all project streets except Rice Street for a lot of 125 foot depth. As this tract is a narrow one averaging about ~~about~~ 125 feet in depth the \$1.25 foot value is probably appropriate. This results in an average square foot value of \$1.00 which is proposed as the fair value for use on this tract. See the discussion which immediately follows under tracts 2 and 3 for a more detailed presentation of the Wenzlick approach.

Tract 2: Approx. 10930 square feet  
Recommended Value \$1.40 per square foot  
Total Recommended Value \$15,302

Tract 3: Approx. 708,760 square feet  
Recommended Value \$1.40 per square foot  
Total Recommended Value \$992,264

Tract 4: Approx. 315,000 square feet  
Recommended Value \$1.40 per square foot  
Total Recommended Value \$441,000

These tracts represent a considerable enlargement of part of the commercial tract appraised by Beeth and Dolan and by Wenslick so that the values arrived at by them are not strictly applicable. They, however, can be used as a starting point. Beeth and Dolan appear to have used comparable sales almost exclusively in setting their values. They originally set a flat figure of \$1.40 per square foot for commercial land in the Western Area. This was later increased by 20% to \$1.68 per square foot.

Ray Wenslick's appraisers arrived at their valuations in a somewhat different manner. They first established a \$200 front foot value for lots fronting on Rice Street and \$125 per front foot on lots fronting on other project streets. These values were for lots of a standard 125 foot depth. Additional depth added a decreasing increment to value according to a predetermined formula. Thus with increasing depth, the value for front foot increased but the average value per square foot decreased. The Wenslick method for the present parcel "3" gives a value of \$1.06 per square foot, and for Parcel "4" a value of \$1.08 per square foot. It is believed that the Wenslick method is inadequate for arriving at a proper value for the tracts of land involved here. It presumes that value is almost entirely determined by street frontage while one of the most essential facts about the present tracts is their size which brings into the market for them uses which cannot be accommodated in any way on a 125 foot lot. The Wenslick formula on a street with a value of \$200 per front foot for 125 depth lots assigns 30% of the value to the first 15 feet in depth. Each square foot of land in these first 15 feet are worth about \$4.00 a piece. On the other hand, the land between a depth of 200 and 250 feet is worth only about 60¢ per square foot. The narrower the parcel the more valuable according to this approach. The emphasis in the Wenslick report is on ribbon-type commercial development along Rice Street with parking in the rear.

In view of the fact that the value of the land in these tracts is considerably enhanced by the size of the parcels and the fact that larger commercial uses, particularly large retail stores or shopping center development is possible, an assemblage factor should be used to values obtained by the front foot value method. If a 20% factor is applied to the \$1.06 figures, 1.27 per square foot results.

If a 30% factor is added, a \$1.38 per square foot value results.

Both appraisals cite many sales of commercial land of more or less recency. None of the sales, however, is for parcels approaching the size of either Parcel "3" or Parcel "4". The largest parcel cited by Wenslick is 27,780 square feet, while the largest parcel cited by Beeth and Dolan is 70,000 square feet. Values are estimated at from 44¢ per square foot to more than \$20.00 per square foot. The parcel which Beeth and Dolan find more comparable is one at Rice and Sherburne of 27,780 square feet which rented on a long term lease for a super market purpose on the basis of a value of \$1.44 per square foot. The location is quite comparable to Parcels "3" and "4" although probably less desirable for uses which would be served by the prestige of the Capitol Approach location.

Since the appraisals were made, one large piece of property known as the "Gar Barn Site" sold for \$1.30 per square foot. This sale late in 1954 included several acres at the corner of University and Snelling Avenues. A large shopping center is planned for this site.



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It has the advantage of being on University and Snelling Avenues, both major streets; is served by railroad trackage and is in the heart of the Midway Industrial area. It is, however, some 3 miles further from the center of the City than are Parcels "3" and "4".

Since both appraisals were made, additional steps have been taken to complete the Capitol Approach Program. The Authorization of an expenditure of \$6,000,000 for the State Highway Department Building directly across from the Commercial Area in US Minn. 1-2, and the authorization of \$5,000,000 for further State Office Building in the Capitol Approach enhances the value of the redevelopment land.

The Wenzlick report indicated that higher values could be assigned the Commercial Areas in the Western Project, if the parcelization was changed so as to allow the developer to determine the location of his parking and if the uses allowed were less restricted so as to permit a wider competition. Present plans aim to accept both of these suggestions. In view of all of the above considerations, it is believed that fair value for parcels "3" and "4" should be set at \$1.40 per square foot.

Residential Recommended  
Value \$0.55 per square foot  
Total Recommended Value \$129,278

Tract 5: Approx. 235,050 square feet  
Commercial Recommended  
Value \$1.20 per square foot  
Total Recommended Value \$282,060

It is now planned to offer Parcel "5" for sale for high density residential development, or for commercial development as office building sites.

Residential

The original Beeth and Helen appraisal placed the fair use value for high density residential areas in Project US Minn. 1-2 at 30¢ per square foot. Later this value was raised to 60¢ a square foot. The Wenzlick appraisal assigned a value of \$65.00 per front foot including an assemblage factor for 125 foot depth. For the 235 foot depth of Tract, this results formula in a value of \$92.30 per front foot or 36.2 per square foot. These appraisals were both made in the absence of Federal legislation giving the favorable terms for insured mortgages since provided by Section 220 of the Housing Act of 1954. In view of this and also because of the demand for opportunities in this area which will be greatly strengthened by the construction of the two state office buildings mentioned above a fair value for use of \$55 per square foot is recommended. At maximum density of 55 dwelling units per acre, this will result in an average land cost per apartment of \$436 which would probably be about 5% of total development cost per apartment at current construction costs.

Commercial

The original Beeth and Helen appraisal would indicate a value of \$1.40 per square foot, as this figure was placed on all commercial land although at the time of the appraisal, this parcel was scheduled for residential use. The revised appraisal in a similar way would indicate a value of \$1.68 per square foot. The method employed in the Wenzlick appraisal placing a front foot value of \$1.25 per front foot for a 125 foot depth, results in a figure of \$0.99 per square foot. It is believed that at least a 20% assemblage factor should be added to this figure. This results in a value of approximately \$1.20 per square foot which is recommended as the fair value for use. It should be noted that the limitation of this parcel to office building use and its relative distance from the Capitol Approach justifies a lesser value than that for the tracts bordering Rice Street.

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Low Density Residential	Tract 6: Approx. 143,000 square feet
Recommended Value \$0.35	High Density Residential
Total Recommended Value \$50,050	Recommended Value \$0.55
	Total Recommended Value \$78,650

This parcel is to be offered for either low or high density residential use. Beeth and Dolan's values were the same as for Tract 5. Wenzlick applied a front foot value of \$81.25 for 125 foot depth. For the 185 foot actual depth of Tract 5 by formula, this gives a value of \$99.15 per front foot or 53.6 cents per square foot. For substitutions of low density uses see tract 8 below.

The facts applying to Tract 5 also apply to this parcel, therefore, a fair use value of \$0.55 per square foot is also considered proper for Tract 6.

Tract 8: Approx. 143,000 square feet  
Recommended Value \$0.35 per square foot  
Total recommended Value \$50,050

This tract is to be sold for low density residential use with a maximum of 16 dwelling units per acre. The original Beeth and Dolan appraisal placed a value of 26 cents per square foot on this tract. It was subsequently raised to 31¢. Wenzlick applied a front foot value of \$45.00 for 125 foot depth. By formula, this results in \$51.75 per front foot for the actual depth of 165 feet. The resulting value per square foot is 31.3 cents.

Since the appraisals were made, the availability of Section 280 FHA insurance has brightened the mortgage picture while the state building program has firmed up the market in the immediate area. A fair value for use of \$0.35 per square foot is therefore recommended.

Tract 9: Approx. 61,000 square feet  
Recommended Value \$0.30 per square foot  
Total Recommended Value \$18,300

This tract is to be sold for low density residential use with an alternative use of institutional.

The original Beeth and Dolan Appraisal placed a value of 26 cents per square foot on this parcel. It was subsequently revised to 31 cents. Wenzlick assigned a front foot value of \$36.00 for the actual 125 foot depth. This amounts to 28.9 cents per square foot.

A fair value for use of 30 cents per square foot is recommended for this tract. A lower value than for Tract 8 is considered appropriate in view of the fact that it does not have the neighborhood amenities of Tract 8.

Tract 11: Approx. 66,812 square feet  
Recommended Value \$1.00 per square foot  
Total Recommended Value \$66,812

This tract is to be disposed of for local shopping center use. The Beeth and Dolan appraisal assigned a value first of \$1.40 per square foot for this tract. It was later increased to \$1.68 per square foot. The Wenzlick appraisal placed a value of 99 cents per square foot on this tract. Since both appraisals were made, it is planned to expand



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the area of this tract from approximately 39,575 square feet to 75,900 square feet which will allow for a more adequate local shopping center, particularly in view of the Authority's parking requirements which would have considerably cramped the building space on the former site. It is recommended that a fair use value of \$1.00 per square foot be placed on this tract.

Tract 7: Approx. 205,683 square feet  
Recommended Value \$0.16 per square foot  
Total Recommended Value \$32,920

This tract is to be sold to the Housing Authority for development as a park and then dedicated to the City. The Federal requirements for this sort of public use establishes the fair use value at the value set for the most appropriate private use, which in this case would be low density residential for which a value of 30 cents per square foot has been recommended. The Beeth and Dolan revised appraisal placed a figure of 16 cents on this parcel. The Wenzlick appraisal also arrived at a figure of 16 cents per square foot, through a complicated use of the front foot formula. The proposed parcelization has reduced the size of the park by about 50,000 square feet and would alter the Wenzlick figure slightly.

As the proposed tract 7 does not have street frontage, it has a lesser value for low density residential use than does tract 9. It is recommended that a fair use value of 16 cents be placed on this tract.

Tract 10: Approx. 253,000 square feet  
Recommended Value \$0.25 per square foot  
Total Recommended Value \$63,250

This tract is to be sold to the St. Paul School District for a school site. As this is a public use, the value is to be established on the basis of the most probable alternative private use, in this case low-density residential use.

Beeth and Dolan originally assigned a value of 20 cents per square foot to this tract and later increased this to 24 cents. Assuming an average depth of 125 feet and a front foot value of 125 foot depth of \$44.00, Wenzlick arrived at a figure of 25.9 cents per square foot. It is recommended that the fair use value be set at 25 cents per square foot.

The facts stated in determining values for tract 10 are the same for tract 12. This area will be used for playground purposes and will be purchased either by the school Board of the City of St. Paul or by the Ober Boys Club, a settlement house adjoining this tract, but outside the redevelopment area.

Parcels to be Sold on Aurora Avenue between  
Caltier and Harrington Streets.

Recommended Value

\$15.00 per front foot for parcels to be sold  
to adjacent owners

\$25.00 per front foot for parcels for new build-  
ing or relocation of existing houses.

The Authority is acquiring a number of properties on both sides of Aurora Avenue between Galtier and Farrington Streets which were badly rundown. It is planned to offer some of the land made available for sale for construction of individual houses or for the relocation of good houses from the redevelopment area.

It is planned to offer the remainder of the land for sale to the owners of adjacent property. In these cases, the present house is built close to the lot line and the addition of a few feet will reduce density of land coverage and improve the neighborhood. In such situations, the land would be sold with restriction preventing building on it except for private garages in certain circumstances.

These parcels were not appraised for reuse by Beeth and Dolan. The Wentlick Company was asked to appraise lots in the same blocks and arrived at a \$29.10 average front foot value. It should be noted that Beeth and Dolan did appraise this land for acquisition and placed a value of from \$16 to \$20 per front foot on it for acquisition purposes. The changes in the area resulting from redevelopment should enhance this value somewhat. It is believed, therefore, that a value of \$25.00 per front foot for lots on which construction will be allowed is appropriate. However, on those parcels to be sold to the owners of adjacent property on which construction will be limited, a figure of \$15.00 is more appropriate.



SUMMARY OF NEW USE VALUE DETERMINATION  
WESTERN REDEVELOPMENT PROJECT NO. UR MHH. 1-2

<u>TRACT NO.</u>	<u>AREA IN SQUARE FEET</u>	<u>USE VALUE PER SQUARE FOOT</u>	<u>TOTAL VALUE</u>
1	84,163	\$ 1.00	\$ 84,163
2	10,930	1.40	15,302
3	708,760	1.40	992,264
4	315,000	1.40	441,000
5	235,050	Residential .55	129,278
		Commercial 1.20	282,060
6	143,000	Low Density Residential .35	50,050
		High " .55	78,650
7	205,653	.16	32,920
8	143,000	.35	50,050
9	61,000	.30	18,300
10	253,016	.25	63,254
11	66,812	1.00	66,812
12	6,913	.25	1,753

Rehabilitation  
Tracts

A.	2,800)	456 feet of Frontage \$ \$15 to \$25 per Front Foot or average Value of \$20 Per Front Foot	9,120
B.	4,403)		
C.	11,543)		
D.	11,900)		
E.	12,425)		
F.	3,106)		
G.	6,213)		

TOTAL	2,285,717	Maximum	\$ 2,135,648
		Minimum	\$ 1,954,266



LAND VALUES FOR REUSE AS ESTIMATED BY BEETH AND DOLAN AND ROY WENZLICK

AND COMPANY - WESTERN REDEVELOPMENT AREA - APPROVED

PLAN

LAND USE TRACT			AREA SQUARE FEET	BEETH AND DOLAN APPRAISAL		WENZLICK APPRAISAL		AVERAGE BOTH APPRAISALS	
				PER SQUARE FOOT	TOTAL FOR TRACT	PER SQUARE FOOT	TOTAL FOR TRACT	PER SQUARE FOOT	TOTAL FOR TRACT
1.	Commercial	A	145,750	\$ 1.68	\$ 247,860	\$ 0.98	\$ 140,835	\$ 1.33	\$ 193,848
		B	25,200	1.68	42,336	1.365	34,398	1.52	38,304
2.	Commercial	*	445,225	1.68	747,980	1.01	449,677	1.34	596,601
3.	Commercial		39,575	1.68	66,486	.99	39,179	1.34	53,031
4.	High Density		300,000	.60	180,000	.36	108,000	.48	144,000
5.	High Density		257,400	.60	154,444	.48	123,569	.54	139,000
6.	Low Density		152,100	.31	47,151	.356	54,148	.33	50,193
	Low Density		64,750	.31	20,073	.288	18,648	.30	19,425
8.	School		311,525	.24	74,766	.259	80,685	.25	77,881
9.	Park		280,800	.16	45,928	.158	44,366	.16	45,928
TOTALS					\$1,627,024		\$ 1,093,405		\$ 1,358,211

\* Includes Parking Area which was given no value by Wenzlick if separately appraised.

APPLICATION OF BIRTH AND DOLAN AND WENZLICK REUSE APPRAISALS TO  
PROPOSED SITE PLAN EXPANDING COMMERCIAL AREA WESTERN REDEVELOPMENT AREA

LAND USE TRACT	AREA SQUARE FEET	BIRTH AND DOLAN APPRAISAL		WENZLICK APPRAISAL		AVERAGE BOTH APPRAISALS	
		PER SQUARE FOOT	FOR TOTAL TRACT	PER SQUARE FOOT	FOR TOTAL TRACT	PER SQUARE FOOT	FOR TOTAL TRACT
1. Commercial	742,519	\$ 1.68	\$ 1,247,432	\$ 1.00	\$ 742,519	\$ 1.34	\$ 994,975
2. Commercial	266,500	1.68	447,720	1.00	266,500	1.34	357,110
3. Commercial or Hi Rise	241,000	.60	144,600	.36	86,760	.48	116,680
4. Residential	146,000	.31	45,260	.36	52,560	.34	49,640
5. Park	230,500	.16	36,880	.16	36,880	.16	36,880
6. Residential	145,800	.31	45,198	.36	52,488	.34	49,572
7. Residential	64,750	.31	20,073	.29	18,778	.30	19,425
8. School	311,525	.24	74,766	.26	80,997	.25	77,881
9. Commercial	39,575	1.68	66,378	.99	35,618	1.34	53,030
TOTALS			\$ 2,128,307		\$1,363,100		\$ 1,755,193



APPLICATION OF BEETH AND DOLAN AND WENZLICK REUSE APPRAISALS TO  
PROPOSED SITE PLAN EXPANDING COMMERCIAL AREA WESTERN REDEVELOPMENT AREA

LAND USE TRACT	AREA SQUARE FEET	BEETH AND DOLAN APPRAISAL		WENZLICK APPRAISAL		AVERAGE BOTH APPRAISALS	
		PER SQUARE FOOT	FOR TOTAL TRACT	PER SQUARE FOOT	FOR TOTAL TRACT	PER SQUARE FOOT	FOR TOTAL TRACT
1. Commercial	712,519	\$ 1.68	\$ 1,197,032	\$ 1.00	\$ 712,519	\$ 1.34	\$ 954,775
2. Commercial	236,500	1.68	397,320	1.00	236,500	1.34	316,910
3. Commercial or Hi Rise	241,000	.60	144,600	.36	86,760	.48	116,000
4. Residential	146,000	.31	45,260	.36	52,560	.34	49,640
5. Park	230,500	.16	36,880	.16	36,880	.16	36,880
6. Residential	145,800	.31	45,198	.36	52,488	.34	49,572
7. Residential	64,750	.31	20,073	.29	18,778	.30	19,425
8. School	311,525	.24	74,766	.26	80,997	.25	77,881
9. Commercial	39,575	1.68	66,378	.99	35,618	1.34	53,030
TOTALS			\$ 2,027,507		\$1,303,100		\$ 1,674,793