



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

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SUMMARY OF PROPOSED CHANGES IN WESTERN REDEVELOPMENT PROJECT PLAN, U. S. MINNESOTA 1 - 2.A. Changes in Land Use

The proposed changes in the approved redevelopment plan for UR Minn. 1-2 include the expansion of the commercial land from approximately 15 acres to 27.1 acres and decrease in the residential area from 17.7 acres to 13.3 acres. The amount of land in parks and school site is reduced somewhat. These changes are shown in the attached Table A and the proposed revised land uses are shown in the Proposed Land Use plan accompanying this statement. Each of the changes is discussed in sound detail below.

1. Increase in Commercial Area

The increase in Commercial Area results from the following changes:

a. Changing Designation of Property Acquired on the North Side of Aurora Avenue East of Marion Street from Rehabilitation to Commercial.

This change is proposed in order to eliminate a fringe of residential properties between the Commercial property on University Avenue and the Commercial tract South of Aurora Avenue. It will be used for additional parking area or small retail uses.

b. Increase in the Major Commercial Area along Rice Street.

This change results from the elimination of Cathedral Parkway and by establishing a major traffic carrying street connecting Louis Street on the South with Marion Street on the North.

This proposed change reflects the increased demand and need for commercial land in the area. Under the existing plan, it was not possible to offer a satisfactory tract for a major developer for retail purposes. The change also allows the Authority to take advantage of the suggestion of Ray Wen-lick and Company, its appraiser, to consolidate parking areas with other commercial uses and allow a developer to locate his parking in a more economically effective fashion.

c. Increase in Neighborhood Shopping Area on Western Avenue.

This area is now limited to 39,575 square feet. The proposed increased to 66,812 square feet will provide a much more adequate space for a neighborhood shopping area.

d. Increase by Virtue of Change in Rondo Street

A small increase in the Commercial Area will result from the realignment and moving south of the North line of Rondo Street which is discussed in some detail below.

2. Changes in Residential Areas

The total amount of residential land is changed in the proposal from 17.7 acres to 13.3 acres. This is the net result of decreasing the area by moving the North-South road from Cathedral Place to the Louis-Marion proposed street, and small additions resulting from decreasing the park area on the North and the realignment of Rondo.

In addition to a net reduction of 4.4 residential acres, it is proposed to provide alternative uses on the tracts between Farrington and Louis bordering St. Anthony Avenue. These are tracts 5 and 6 on the accompanying parcelization map. Tract 5 may be sold for either high-density residential (up to 55 dwelling units per acre) or commercial use. Tract 6 may be sold for either high-density residential use (up to 55 dwelling units per acre) or low-density residential use (up to 16 dwelling units per acre).

These proposed reductions in the amount of residential land are considered to be desirable in view of the increased need for commercial land in the area and the relative loosening up of the housing market in St. Paul since the present redevelopment plan was developed and approved. The alternative uses are suggested for incorporation in the redevelopment plans in order to maintain as much flexibility as possible.

3. Major Street Changes

a. Elimination of Cathedral Parkway

The proposed plan eliminates Cathedral Parkway and substitutes a traffic carrying Street connecting Louis Street on the South and Marion Street on the North. A right-of-way of 80 feet with a roadway of 48 feet including two traffic lanes in each direction is proposed. This change has the dual advantage of allowing a larger commercial area to be developed and also will provide a North-South Street at a somewhat greater distance from Rice Street making for more effective traffic disposal. It also fits in better with general traffic plans for the City.

b. Realignment of Rondo

The precise design of Rondo Street and the Inter-Regional-Highway is now under discussion with the State Highway Department, the Department of City Planning, the City Department of Public Works and the Authority. The current proposal will place the North right-of-way line of Rondo Street 40 feet south of the present right-of-way line of Rondo. Right-of-Way for a service road (now Rondo Avenue) will be dedicated to the City, the land south of the service road will be sold to the State for the development of the State Highway running between Carroll and Rondo. The width of the Right-of-Way of the Service Road to be dedicated is expected not to exceed eighty feet as compared with 116 feet previously approved by the URA.

This change is being considered as a result of an expected realignment of the State Highway to follow the block between Rondo and Carroll and the speeding up of the time table of the State Highway Department which will probably obviate the necessity for the development of a divided two-way Rondo Parkway as an interim measure.

B. Changes in the Financing Plan

Table "B" compares the present approved Project Expenditures Budget for Project UR Minn. 1-2 with the estimates for the proposed revised plan. The revised estimates show a total budget of \$3,918,000 compared with \$4,202,860 in the latest approved budget. The estimate for the proposed plan includes latest estimates for all items of expenditure.

With the expanded commercial area and increased total disposable area and using the proposed fair values for use, return from land disposition is expected to amount to a

minimum of \$1,950,000. Estimated non-cash grants-in-aid remain at \$1,491,000, although it is expected that actually more non-cash grants may be allowable particularly in view of the expanded State Capitol development program. The following table derives net project cost and compares it with the present approved financing plan.

	<u>Approved Plan</u>	<u>Proposed Plan</u>
Total Project Expenditures	\$ 4,203,000	\$ 3,918,000
Non-Cash Grants-in-Aid	1,491,000	1,491,000
Gross Project Cost	5,694,000	5,409,000
Receipts from Land Sales	1,561,000	1,950,000
Net Project Cost	4,133,000	3,459,000

The proposed plan will require an estimated net project cost of \$674,000 less than the presently approved estimates. When the non-cash-grants-in-aid are subtracted, the proposed plan will require \$1,968,000 in Federal and Local Cash as compared with \$3,642,000 for the presently approved plan. With \$145,000 local cash-grant already made, the total Federal Grant required would be \$1,823,000 as compared with \$2,300,582 in the present plan.

Table "A" Proposed Major Land Use UR Mmm. 1-2 Compared With Present Approved Redevelopment Plan

<u>TYPE OF USE</u>	<u>PRESNET PLAN</u>		<u>PROPOSED PLAN</u>	
1. Commercial	656,000 sq. ft.	15 acres	1,180,000 sq. ft.	27.1 acres
2. Residential	773,000	17.7 acres	582,000	13.3 acres
3. Park	281,000	6.5 acres	206,000	4.7 acres
4. School	312,000	7.2 acres	259,000	6.0 acres
		<hr/> 46.4		<hr/> 51.1

Table "B". Comparison of Approved Project Expenditures Budget with Estimate for Proposed Revisions in the Redevelopment Plan UR Minn. 1-2

	<u>Approved Budget</u>	<u>Budget Estimate Proposed Revision</u>
1. Survey and Planning Stage	\$ 41,898	\$ 41,000
2. Administration		
a. Admin. Overhead and Services	99,138	99,000
b. Travel	11,132	11,000
c. Publication	1,200	2,000
3. Office Furniture and Equipment	1,880	2,000
4. Legal Services	21,000	21,000
5. Survey and Planning	-	
6. Acquisition Expenses	75,514	80,000
7. Real Estate Purchases	3,179,550	2,901,000
8. Temporary Operation of Acquired Property	- 178,565	- 53,000
9. Relocation	75,267	76,000
10. Site Clearance	157,372	175,000
11. Site Improvements	373,383	312,000
12. Project Inspection	20,258	20,000
13. Disposal, Lease and Retention	35,108	35,000
14. Interest	213,000	120,000
15. Other Income	- 13,394	- 13,000
16. Contingencies	89,219	89,000
17. Project Development Total	4,160,962	3,877,000
18. Total Project Expenditures	4,202,860	3,918,000

July 8, 1955

PROPOSED DISPOSITION PROCEDURES FOR PROJECT UR MINN. 1-2

This document has been prepared to present proposed procedures for the disposition of land in Project UR Minn. 1-2. It is divided into the following parts:

- A. Parcelization
- B. General Outline of Procedure for Disposition of Major Tracts under Competitive Conditions
- C. Disposition for Public Use
- D. Disposition for Non-Profit Institutional Use
- E. Disposition of Land Having Special Adaptability and Special Value for Use by a Specific Private Redeveloper
- F. Disposition of Residential Lots
- G. Methods of Developing Interest
- H. Methods of Avoiding Speculation

HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA

A. PARCELIZATION

The proposed parcelization of Western Redevelopment Project, UM Minnesota 1-2 for the purpose of disposition of land is shown on the accompanying Parcel Map. The following Table indicates the approximate size of each tract and the proposed use:

TRACT:	PROPOSED USE:	SIZE (Sq. Ft.)
1	Commercial	84,163
2	Institutional (Church)	10,930
3	Commercial	708,760
4	Commercial	315,000
5	Commercial or Residential	235,050
6	Residential	143,000
7	Public Park	205,683
8	Residential	143,000
9	Residential or Institutional	61,000
10	Public School	253,016
11	Commercial	66,812
12	Public School or Community Center Playground	6,913

B. GENERAL OUTLINE OF PROCEDURES FOR DISPOSITION UNDER COMPETITIVE CONDITIONS

This procedure will apply to tracts 1, 3 through 6, 8, 9, and 11 as shown on the Parcel Map.

1. Establishment of Fair Value for Use

- a. The Authority shall establish a fair value for use for each tract to be sold under competitive conditions. These values will be for the guidance of the Authority and its staff (see footnote no. 1, value for use, attached hereto).
- b. The fair values for use shall be submitted for concurrence to the Housing and Home Finance Agency.
- c. The fair values for use shall be subject to revision by the Authority with the concurrence of the Housing and Home Finance Agency. Any necessary changes in use values shall be made prior to award of any bid for land purchase.

2. General Publicity

The Authority shall widely advertise the availability of the Redevelopment land for a period of four months through the following mechanisms:

- a. A brochure distributed nationally
- b. Special letters to particular types of potential redevelopers
- c. Meetings with interested groups in St. Paul and Minneapolis
- d. Special publicity in newspapers and trade magazines
- e. Individual interviews with potential redevelopers

3. Formal Advertisement for Proposals

- a. At the end of the period of General Publicity specified in "2" above, the Authority shall formally advertise the availability of the

REdevelopment project land both in a newspaper of national circulation and in local newspapers. This advertisement shall specify a cut-off date for the submission of proposals of not less than 60 days from the first date of advertising. The advertisement will indicate the nature of the land for sale and generally the terms and conditions of sale. It shall request interested persons to obtain bid documents, sample contracts and instruments from the Authority. All persons having previously expressed interest in the land will receive copies of the published notice by mail.

- b. The instructions shall call for open proposals together with bids and bid guarantee. They will indicate the criteria upon which proposals will be judged. (See footnote no. 2) The Authority will ask for site plans, data as to building types, use and occupancy and other detailed information allowing analysis to be made as to the degree to which the proposal meets the requirements of the Authority and as to the general excellence of the proposal.

4. Analysis of Proposals

All proposals shall be carefully studied by the Authority staff. A tabulation of bids shall be prepared and a written analysis of each proposal prepared pointing out the extent to which it meets the standards and criteria of the Housing Authority for the development of the tract and indicating any deficiency. The tabulation and the analysis shall be reviewed by the Authority and placed on file at the office of the Authority. The Authority may refer any proposal to the Department of City Planning or other City Departments for comment. The Authority shall provide each bidder with a tabulation and analysis of all bids.

5. Final Bids

With ten days due public notice and personal notice by mail to each bidder, the Authority shall hold a public meeting at which any bidder shall have a formal opportunity to amend his proposal or change his bid.

6. Analysis of Final Bids

- a. The Authority shall immediately analyze all bids received and determine the award for each tract on which an acceptable bid has been received.
- b. Copies of the final tabulation of all bids together with recommended amounts shall be transmitted to the Housing and Home Finance Agency with a request for concurrence in the proposed amount.

7. Public Hearing and Award

- a. The Authority shall publish notice of public hearing on the proposed award or awards as required by Minnesota Statute including personal notice by mail to each of the bidders. (See Footnote No. 3)
- b. The Authority shall hold a public hearing on the award or awards. At this hearing or as soon thereafter as practicable, the Authority shall make the formal awards to the successful bidders. If concurrence has not been received from the Housing and Home Finance Agency, these awards shall be made contingent upon such concurrence.

8. Execution of Contracts

- a. Contracts of Sale shall be prepared by the Authority and executed by both parties.

C. DISPOSITION FOR PUBLIC USE

1. Park Site Tract 7

Tract 7 is to be disposed of to the Housing and Redevelopment Authority for development as a City Park and dedicated to the City of St. Paul for operation.

2. School Site Tracts 10 and 12

Tract 10 is to be sold to the Board of Education for development as a grade school and playground site. Tract 12 will be disposed of for playground use to either the Board of Education or the Ober Boys Club Community Center which owns the adjoining property.

D. DISPOSITION FOR NON-PROFIT INSTITUTIONAL USE

It is proposed that Tract 2 consisting of 10,930 square feet be sold to the Trinity Lutheran Church which adjoins this tract to the east to provide land for a parish house. It is proposed to negotiate this sale at a price based on the fair use value for the tract for its most probable other use which is commercial. This proposal is desired by the church. If this sale is not accomplished the tract will be combined with Tract 3 and sold for commercial use.

E. DISPOSITION OF LAND HAVING SPECIAL ADAPTABILITY AND SPECIAL VALUE FOR USE BY A SPECIFIC PRIVATE DEVELOPER

On both sides of Aurora Avenue between Farrington and Galtier Streets the Authority is acquiring a total of 7 scattered tracts including 16 acquisition parcels. In every case these tracts adjoin residential properties. In a number of cases where these properties have inadequate side yards it is proposed to sell the owner strips of land varying from 10 to 30 feet in frontage at fixed prices to provide more adequate spacing. The procedure in these cases will be to set a specific front foot value and work out with the owner the amount of land it is desirable for him

to purchase. The Authority will submit the specific prices and parcel identifications to the Housing and Home Finance Agency for approval. It will then advertise and hold a public hearing on the proposed sale of the parcels in question to these owners.

F. DISPOSITION OF RESIDENTIAL LOTS

The Authority will have remaining a total of approximately four lots in the area between Galtier and Farrington Streets on Aurora Avenue. It is proposed to offer these lots at a fixed price to owners of standard residential properties in the area who wish to move their houses. Any remaining lots will be sold at auction to the high bidder after appropriate advertising. Successful bidders will be required to meet the standards of both the City and the Authority in moving houses onto these lots or in constructing new residential buildings.

G. METHODS OF DEVELOPING INTEREST

Projects UR Minnesota 1-1 and UR Minnesota 1-2 have been in various stages of planning and development for more than four years. During this time a great deal of local publicity and some national publicity has been given the projects. This publicity has attracted the attention of a number of local and outside potential redevelopers who have approached the Authority for information. Others have been made generally aware of the projects and eventual availability of sizeable tracts of land for private development. No special effort has been made to build on this general publicity and interest, in view of the Authority's inability up to the present to promise delivery of any large parcel of land at a determined date within a reasonable length of time. Developers need to know as precisely as possible when they can start construction.

The Authority is beginning immediately a period of more intensive publicity leading to disposition of the major tracts in the Western Redevelopment

Area, US Minnesota 1-2, through competitive bidding. This period of publicity will continue for about six months. After approximately four months, the tracts will be formally advertised inviting proposals to be sent to the Authority within a period of 60 days. The major elements of this intensified campaign to develop interest in the purchase of redevelopment land by potential developers are as follows:

1. Printed brochure
2. Newspaper publicity
3. Magazines
4. Special letter to particular types of potential developers
5. Meetings with interested local groups

Each of these is discussed below:

1. Brochure

The printed brochure will be a folder of a size to fit in a business envelope. It will emphasize the central location of the project lands within the City, their size, proposed uses and excellent amenities.

It will point out the salient features of St. Paul and its trade area.

The brochure will be distributed throughout the country and therefore its purpose will be to report general information and arouse inquiry for detailed data.

It is planned to send the brochure both to potential developers and to organizations in various aspects of the real estate business. The brochure will be distributed during the Summer of 1955.

2. Newspaper publicity

During their planning and development to date, the St. Paul redevelopment projects have received a considerable amount of local favorable newspaper publicity. The interest of specific potential developers

and their preliminary sketch plans have been the subject of extensive recent newspaper stories. The local newspapers, St. Paul Dispatch and St. Paul Pioneer Press, have shown every interest in the projects and the acceleration of their progress to and through the period of property disposition. An intensive effort will be made to concentrate newspaper attention on the progress of the projects and the availability of land for sale during the period of disposition.

3. Magazines.

It is planned to attempt to obtain short write-ups in trade magazines at the time of publishing the brochure, and when the land is advertised. Previous experience indicates that these publications will give considerable attention to these developments.

4. Special letters.

It is proposed to send a series of special personal letters from the Authority and possibly the Mayor and Chamber of Commerce to selected groups of prospective developers throughout the country, calling their attention to the availability of project land.

5. Meetings with Interested Local Groups.

A series of meetings is planned with local groups in the real estate industry and also of other potential developers, bringing the projects, the availability and desirability of project land to their attention.

H. METHODS OF AVOIDING SPECULATION

The Development Standards and the instruments of disposition will provide for the prevention of speculation through control over resale of land before development and provision that the covenants and standards shall continue for a period of twenty-five years after sale.

FOOTNOTES

Footnote No. 1

"Such 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." (Minnesota Statutes Annotated Section 462.525, Subd. 1)

In lieu of the lease or sale of a project area as an entirety the Authority may lease or sell parts of that area separately to redevelopment companies, or other persons, any such sale or lease of a part or parts of a project area shall be fully subject to the provisions of the Section, including property required for public low-rent housing projects." (Ibid Subd. 4.)

Footnote No. 2

Such criteria will include the bid price; anticipated benefits, economic, social and financial, including anticipated tax revenue, effects on adjacent and nearby areas; rentals or sale price to be established for the completed units; the introduction of new commercial enterprise in the area, and consequential increase in employment; effect on traffic and public transportation; aesthetic factors; location of various units in relation to the State Capitol approach; qualifications, experience, ability, financial status and interest of the proposed redeveloper, participants and sponsors; anticipated commencement and completion dates for the construction of the proposed development and improvements; the relation and effect of the particular proposed improvements covered by the bid upon the entire proposed redevelopment plan; compliance with all federal, state, and municipal laws and all regulations thereunder, including requirements by the redevelopment authority.

Footnote No. 3

Minnesota Statutes Annotated, Section 462.525, Subd. 2 provides in part, "Any such lease or sale may be made without public bidding but only after public hearing, after 10 days public notice, by the Authority upon the proposed lease or sale and the provisions thereof." This Section contains some, but not all, of the requirements to be followed and qualifications to be met by bidders in the offering for sale of redevelopment lands.

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 Disposal 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. O. 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 \$125 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 125 feet in depth, the \$125 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. 10,930 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 Wenzlick 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. The 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 Wenzlick'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 Wenzlick 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 Wenzlick 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 Wenzlick 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 Wenzlick 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 Wenzlick 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 \$1.40 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 "Car Barn Site" sold for \$1.30 per square foot. This sale late in 1954 included several acres at the corner of University and Shelling Avenues. A large shopping center is planned for this site.

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 UR 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 air value for parcels "3" and "4" should be set at \$1.40 per square foot.

Tract 5: Approx. 235,050 square feet	
Residential Recommended	Commercial Recommended
Value \$0.55 per square foot	Value \$1.20 per square foot
Total Recommended Value \$129,278	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 Dolan appraisal placed the fair use value for high density residential areas in Project UR 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 255 foot depth of Tract, this results by 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 Dolan 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 \$1.20 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.

Tract 6: Approx. 143,000 square feet	
Low Density Residential	High Density Residential
Recommended Value \$0.35	Recommended Value \$0.55
Total Recommended Value \$50,050	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 220 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. 66,512 square feet
Recommended Value \$1.00 per square foot
Total Recommended Value \$66,512

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 this area of this tract

Statement on Fair Value for Use - Western Redevelopment Project UR Minn. 1-2 (Con'd.)

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 325 feet and a front foot value of 125 foot depth of \$54.00, 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
Galtier and Farrington 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
building 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 Wenzlick 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 these 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. MINN. 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	205,683	.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)		
B.	4,403)		
C.	11,543)	456 feet of Frontage	
D.	11,900)	@ \$15.00 to \$25.00 per Front	
E.	12,425)	Foot or average Value of	9,120
F.	3,106)	\$20.00 Per Front Foot	
G.	6,213)		
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TOTAL	2,285,717	Maximum	\$ 2,135,648
		Minimum	1,954,266