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JOSEPH L. BETTENDORF, M.A.I.

Realtor - Appraiser - Consultant

AN APPRAISAL REPORT

of

PARCEL NO. 220

128 South Robert Street
St. Paul, Minnesota

Harry Schechter/Fee I. E. Schechter
Esther Schechter/Fee I. E. Schechter

for

The Port Authority of the City of St. Paul
60 East Fourth Street
St. Paul, Minnesota

by

Joseph L. Bettendorf, M.A.I. - S.R.A.
232 Minnesota Building
St. Paul, Minnesota

JOSEPH L. BETTENDORF, M.A.I.

MEMBER
ST. PAUL BOARD OF REALTORS
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Real Estate Appraisals - Consultant - Analyst

CA. 4-2002

MINNESOTA BUILDING

ST. PAUL 1, MINNESOTA

May 3, 1962

The Port Authority of the City of St. Paul
60 East Fourth Street
St. Paul, Minnesota

Re: PARCEL NO. 220
128 South Robert Street
Harry and Esther Schechter

Gentlemen:

In accordance with your request I have made a careful inspection of the captioned property, which is more particularly described elsewhere in this report, and have made a study of conditions affecting its value.

By virtue of my investigation I have formed the opinion that the market value of the subject property, as of April 23, 1962, is:

TWENTY SEVEN THOUSAND FIVE HUNDRED DOLLARS


\$ 27,500.00

Your attention is invited to data and discussions following which, in part, form the basis of this conclusion.

Respectfully submitted,

JOSEPH L. BETTENDORF, Appraisals

By:


J. L. Bettendorf, M.A.I.
Cert. No. 2288

SALIENT FACTS AND CONCLUSIONS

MARKET VALUE ESTIMATE \$ 27,500.00

Rental Income (per owner)

4 Apartments (\$50.00 ea. per mo.) \$ 200.00
Store at 128 South Robert Street \$ 50.00
Vacant Lot - South of 128 S. Robert \$ 100.00
Total Monthly Rental - - - - - \$ 350.00

ASSESSOR'S FULL AND TRUE VALUE

Land \$ 1,350.00
Building \$ 4,050.00

AGE OF BUILDINGS "Old" (No dates Available)

LOT SIZE

Lot 8 50' x 99' 4,950 sq. ft.
Lot 9 35' x 99' 3,465 sq. ft.
8,415 sq. ft.

TAXES - \$ 151.46

THE PROPERTY

The subject property comprises a one story office building, 24' x 31', fronting on South Robert Street. Immediately to the rear is an old frame structure, one and one half stories in height, containing four residential units. Two of these units contain 3 rooms and bath and two contain 4 rooms and bath.

ZONING

The zoning of the subject property is "Heavy Industrial".

PROPERTY RIGHTS TO BE APPRAISED

Title in fee simple, unencumbered, subject to usual easements for utilities, if any.

HIGHEST AND BEST USE

For commercial development. In the City of St. Paul it is permissible to put a more intensive use on property zoned for a less intensive use. Recognizing the existing use and the traffic flow on South Robert Street, it is the opinion of your appraiser that the highest and best use would be commercial.

PURPOSE OF THE APPRAISAL

To estimate the market value of the subject property as of April 23, 1962.

LEGAL DESCRIPTION

Lot Eight (8), Block Nine (9), except the Southwesterly 20 feet for street; the Southeasterly 35 feet of Lot Nine (9), Block Nine (9), except the Southwesterly 20 feet for street, Bazille and Robert's Addition, according to the plat on file and of record in the Office of the Register of Deeds, in and for Ramsey County.

DEFINITION OF MARKET VALUE

Market value is the highest price expressed in terms of money which the property will bring when exposed for sale in the open market with a reasonable time allowed to find a purchaser buying with a full knowledge of all the uses and purposes to which it is adapted and for which it is capable of being used.

BUILDING DESCRIPTIONS

The store or office structure, located on South Robert Street, is a one story, brick and frame building, with a full basement and built-up roof. The first floor is divided, basically, into three rooms - 1 large room with reception area and 2 smaller rooms. The walls and ceilings are lath and plaster and the interior partitions are of drywall construction. Heat is furnished by a space heater located on the first floor. There is a central unit in the basement that has been disconnected and is not in functioning condition. The floors are covered with linoleum. Plumbing consists of a lavatory in the rear of the first floor office and a water closet partitioned off in the basement. The front of the building has four large windows across the front for display purposes. The building is small - 24' x 31' ground floor area.

Access to the basement is provided by a trap door stairway, accessible off the storage room. Framing appears substantial. The basement walls are poured concrete and the floor is concrete. The basement height is 9 feet from floor to subflooring and the construction comprises, generally, 4" x 10" joists spaced 24" on center, 7" x 16" solid wood girder supported by 6" x 8" posts, 1" x 8" and 1" x 12" subflooring.

The building located immediately to the rear and contiguous to the office building is a one and one-half story, 4 unit dwelling. It is of frame construction with an imitation brick exterior and a rolled roof. On the south side of the dwelling is an attached open porch which is 6-1/2 feet in width and 48-1/2 feet in length. The first floor area of this building is estimated to be 1,164 square feet. One apartment unit is located in the basement, two on the first floor, and one on the second floor.

The first apartment on the first floor has, basically, three rooms - kitchen, living room, bedroom and bath. Floors in the kitchen and bath are linoleum, living room and bedroom are hardwood. Walls and ceilings are lath and plaster and trim is painted.

The second apartment on the first floor has four rooms - living room, kitchen, 2 bedrooms and bath. There is also a back storage porch. Floors in the kitchen and bath are linoleum, the balance is hardwood. Walls and ceilings are lath and plaster, trim is painted.

BUILDING DESCRIPTIONS - Con't

The apartment on the second floor has, for all practical purposes, two rooms - living room-kitchen combination, 1 bedroom and bath. However, the living room-kitchen combination is "L" shaped and the apartment could, therefore, be called a 3 room unit should such be desired. The apartment is finished with linoleum and hardwood floors. Walls and ceilings are lath and plaster, trim is painted.

The apartment in the basement has four rooms - living room, kitchen, 2 bedrooms and bath. Floors are linoleum over concrete throughout, walls and ceilings are drywall, trim is painted. Access to this apartment is on the basement level, through the furnace room, on the south side, and direct access is provided at the northeasterly corner from the rear of the property.

The balance of the basement area has concrete floor. The west wall of the basement abutting the store building is poured concrete. There are 2" x 6" joists, 16" on center, 6" tongue and grooved subflooring, 6" x 6" solid wood girders and double 2" x 8" supporting posts.

There is a 40 gallon automatic gas hot water heater and a forced air gas (converted) central heating unit.

The garage located at the extreme rear of the lot is a 12" concrete block building, 18' x 38'. It has no roof.

REPLACEMENT COST APPROACH

OFFICE

\$13.00 per sq. ft. x 744 sq. ft. =	\$ 10,044.00	
Less Depreciation - 40%	\$ <u>4,018.00</u>	
		\$ 6,026.00

APARTMENT BUILDING

<u>Area of First Floor Calculated Only</u>		
\$16.00 per sq. ft. x 1,164 sq. ft. =	\$ 18,624.00	
Less Depreciation - 80%	\$ <u>14,899.00</u>	
		\$ 3,725.00
Depreciated Replacement Cost of Garage (rear)	\$ 150.00	
Walks, Stoops, Porch, Miscellaneous	\$ 250.00	
Fence	\$ 350.00	
LAND VALUE	\$ <u>17,000.00</u>	
		\$ 27,501.00

Rounded to - - \$ 27,500.00

INCOME APPROACH

Based upon information supplied by the owner of the property, the following schedule of rentals has been obtained.

4 Apartments at Rear		
\$50.00 per month each	\$ 200.00	
Store on Robert Street - per mo.	\$ 50.00	
Rental of Vacant Lot (South of store)	\$ <u>100.00</u>	
Total Monthly Rental - - - - -	\$ 350.00	
GROSS INCOME (\$350.00 x 12 months)		\$ 4,200.00
Less Vacancy Allowance - 10%		\$ <u>420.00</u>
	Effective Gross Income	\$ 3,780.00

SCHEDULE OF EXPENSES

Heat	\$ 250.00	
Taxes	\$ 150.00	
Insurance (est.)	\$ 150.00	
Water	\$ 60.00	
Management	\$ 200.00	
Maint. & Repair	\$ <u>100.00</u>	
		\$ <u>910.00</u>
	Effective Net Income - -	\$ 2,870.00

\$2,870.00 Capitalized @ 11% = \$ 26,100.00

The capitalization rate of 11% as used in this report, under the property residual technique, has been arrived at based upon the capitalization of older apartment buildings some of which were subdivided to form more than one apartment.

LAND VALUE ESTIMATE AND MARKET DATA

The value of the land can be reasonably well established by comparison with sales of other land in the general neighborhood. However, it is very difficult, if not impossible, to obtain sales of similar properties because they are practically non-existent and adjustments would be excessive and have little, if any, bearing upon the estimate of value of the subject property.

Land values on South Robert Street tend to increase from Nagasaki south because of greater desirability. There is much better parking, however, all parking is 'on street' but not metered, and is considered much more accessible.

Following are some of the sales that were studied in order to arrive at the value of the land.

1. Location: South Robert Street, close to Congress.
 Legal Description: Lot 3, Block 66, West St. Paul Proper.
 Buyer: Minnesota State Building Corp.
 Zoning: Commercial.
 Size: 50' x 150' or 7,500 sq. ft.
 Sales Price: \$30,000.00
 Date of Sale: 1956.

This property contained a two story, brick building which subsequently was demolished and the land graded for a parking lot to be used by the bank. The estimated cost for demolishing, grading and surfacing was \$4,000.00, which gives an indicated factor of \$4.50 per square foot of land area. However, this can be considered a "capture" sale to the extent that it was required by the bank immediately adjoining. Hence, it is concluded that a premium was paid.

2. Location: Northwest corner of Robert and Plato
 Legal Description: Lots 1 through 5, Block 18, Bazille and Roberts Addition.
 Seller: Miller and Holmes
 Zoning: Heavy Industrial.
 Present Use: Vacant Land.
 Size of Parcel: 250' x 119' or 29,750 sq. ft.
 Date of Sale: January 28, 1958
 Sales Price: \$45,000.00
 Indicated Factor: \$1.51 per sq. ft.

MARKET DATA - Con't

- | | | |
|----|--------------------|---|
| 3. | Location: | 154-166 Custer Street |
| | Legal Description: | Lots 6 through 10, Block 14, Bazille and Roberts Addition to West St. Paul. |
| | Seller: | Gopher Stamp Co. |
| | Buyer: | McLean Distributing. |
| | Zoning: | Heavy Industrial. |
| | Present Use: | Vacant land - used for junk yard. |
| | Size of Parcel: | 250' x 119' or 29,750 sq. ft. |
| | Date of Sale: | January 2, 1958 |
| | Sales Price: | \$11,500.00 |
| | Indicated Factor: | \$0.385 per sq. ft. |
| 4. | Location: | Southwest corner of Fairview and Custer |
| | Legal Description: | Lot 1, Block 12, Bazille and Roberts Addition to West St. Paul. |
| | Seller: | George Dufore |
| | Buyer: | Waterous. |
| | Zoning: | Heavy Industrial. |
| | Present Use: | Vacant Land. |
| | Size of Parcel: | 8,000 sq. ft. |
| | Date of Sale: | July 30, 1957 |
| | Sales Price: | \$8,500.00 |
| | Indicated Factor: | \$1.05 per sq. ft. |

In studying sales of stores with apartments above or behind, no comparables were found that would be similar to the subject without an excessive adjustment. However, in a study of the market it is noted that a gross multiplier of approximately 5 to 7 indicates wherein the value estimate will lie, based upon the gross multiplier technique, as evidenced from sales in the market. It is concluded, insofar as the subject is concerned because of its low taxes (\$150.00 per year), the degree of risk involved, the estimate of remaining economic life for the apartments to the rear, the existing condition of the buildings, that a factor of 6.5 would be in reasonable relation to the current market attitude, recognizing that the gross income is estimated at \$4,200.00 per year with no maintenance, very little repair, and no reserve for replacements.

$$6.5 \times \$4,200.00 =$$

$$\$27,300.00$$

CONCLUSION

MARKET VALUE ESTIMATE

\$ 27,500.00

Having carefully considered the class and character of the property under appraisal, together with a full knowledge of the purpose of the appraisal, it is concluded that the value estimate as indicated in this report is in reasonable relation to the current market attitude.

A property such as this generally deals with tenants of the lower economic level, with the exception of the store in front, and are generally referred in the market as good investment type properties inasmuch as very little, if any, maintenance is ever made, no reserve for replacements is set aside, and the properties are generally owner-managed. In addition, no provision for vacancy is made by an owner. In this instance, however, it was deemed essential to make provision for vacancy, which was established at 10% based upon a study of similar properties (rental units) in the market. Properties such as this are very rarely offered for sale inasmuch as the return is considered high in relation to the actual acquisition price. Taxes are generally low which results in a very good return on any investment such as this. However, it must be considered that the remaining economic life would have a bearing upon the income stream and would tend to limit the income stream sometime within the next ten to fifteen years because of deterioration and physical and functional obsolescence. At this point the returns could then be considered net to the land and it would still be a good investment.

The replacement cost approach tends to set the upper limit of value and is in reasonable relation to the income approach. The market data approach has generally been discounted in this instance with the exception of obtaining the land value. There are very few, if any, properties that would have any degree of similarity to the subject that have been sold in the recent past. Hence, not too great reliance can be placed upon the market data approach except by the use of a multiplier which has been studied and obtained from sales of apartments and rooming houses. This is generally in keeping with the current market attitude.

Based upon the information contained in this report, it is concluded that the value of the subject property, as of April 23, 1962, is:

TWENTY SEVEN THOUSAND FIVE HUNDRED DOLLARS

CONTINGENT AND LIMITING CONDITIONS

The legal description furnished us is assumed to be correct.

I assume no responsibility for matters legal in character nor do I render any opinion as to the title, which is assumed to be good. All existing liens and incumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and/or competent management.

This appraisal is to be used in whole and not in part by the applicant or by others having written consent of the applicant.

I have made no survey of the property and assume no responsibility in connection with such matters.

I believe to be reliable the information contained in this report and furnished to me by others, but I assume no responsibility for its accuracy.

Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the applicant without the previous written consent of the appraiser or by the applicant and in any event only with proper qualification.

I am not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

JOSEPH L. BETTENDORF, M.A.I.

Realtor - Appraiser - Consultant

CERTIFICATION

I, the undersigned, do hereby certify that I have no present or contemplated future interest in the property appraised, that the compensation for the appraisal is in no manner contingent upon the value reported, and that to the best of my knowledge and belief, the statements and opinions contained in this appraisal are correct, subject to the limiting conditions hereinafter set forth; also that this appraisal has been made in conformity with the Rules of Professional Ethics of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.

Joseph L. Bettendorf,

M. A. I. - S. R. A.

APPRAISING QUALIFICATIONS

MEMBERSHIP

American Institute of Real Estate Appraisers
Charter Member of Minnesota Chapter No. 35
Member of Education Committee. Director 1959, 1960, 1961
Society of Residential Appraisers—Senior Member
Past President, Secretary-Treasurer, Vice President, of Minnesota Chapter No. 16. Director—1960
St. Paul Board of Realtors
Director—1959, 1960, 1961
National Association of Real Estate Boards
Minnesota Association of Realtors
American Right of Way Association
Charter Member of Minnesota Chapter No. 20
Urban Land Institute

EDUCATION AND GENERAL EXPERIENCE

American Institute of Real Estate Appraisers, Michigan State University, East Lansing, Urban 11, Real Estate
Nine years consisting of property management, brokerage, residential construction and appraisals of real estate
Numerous FHA training courses
Eleven years with Federal Housing Administration as staff appraiser
Engaged in the appraisal of real estate as a profession, exclusively, since 1940

INSTRUCTOR

St. Thomas, Macalester and Augsburg Colleges on the "Principles of Real Estate Appraising" for the Society of Residential Appraisers

APPRAISAL ASSIGNMENTS

St. Paul Housing and Redevelopment Authority; Minnesota State Highway Department; Villages of Roseville, Maplewood and Arden Hills; Moundsview Township; City of Stillwater, Board of County Commissioners; General Mills, Inc.; Minnesota Mining & Manufacturing Co.; Union Carbide and Carbon Corp.; Remington Rand; Minnesota Mining and Manufacturing Co.; Whirlpool Corp.; American Can Co.; Mortgage Guaranty Insurance Corp.; H. & Val J. Rothschild; Clapp-Thomssen Co.; Northern Pacific Railway; Banks and Savings and Loan Assns.; Shopping Centers; Fee Appraiser for Veterans Administration; Federal Housing Administration as Appraiser, Senior Subdivision Appraiser, Review Appraiser; Numerous Private Clients. Qualified in district court as expert witness. Served as commissioner in condemnation. Consultant in subdivision analysis and land planning.

ZILLE AND ROBERTS ADD.
TO WEST ST PAUL

150 FT. WIDE

Belden Surv. 1856

MARSHALL'S
TO WEST ST PAUL

150 FT. WIDE

MISSISSIPPI

RIVER

