



## **Collection Information:**

**Folder:** Parcel No. 225. 104-106 1/2 South Robert Street.

**Series:** Area 1-B, Parcels 1-240A, 1961-1962.

**Collection:** Port Authority of the City of Saint Paul. Records.

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JOSEPH L. BETTENDORF, M.A.I.

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*Real Estate Appraisals - Consultant - Analyst*

CA. 4-2002

MINNESOTA BUILDING

ST. PAUL 1, MINNESOTA

February 9, 1962

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

1-B  
Re: PARCEL NO. 225  
104-106 1/2 South Robert Street  
Emelia Bierwirth/Fee  
Philip S. Rosenblum

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 February 7, 1962, is:


THIRTY SIX THOUSAND DOLLARS                      \$ 36,000.00

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 \$ 36,000.00

Size of Building: 50' x 55'

Size of Lot: 50' x 119' or 5,950 sq. ft.

TAXES

\$ 822.52 Non-homestead.

Includes \$56.94 assessment for local improvement.

ASSESSOR'S FULL AND TRUE VALUE

Land \$ 2,000.00

Building \$ 7,600.00

AGE OF BUILDING

Completed in 1888.

THE PROPERTY

The subject property is a three story brick building situated on the east side of South Robert Street, between Fillmore (now changed to Nagasaki Street) and Fairfield. The property is referred to as 104-106 1/2 South Robert Street. The site is an interior lot and is zoned industrial. The lot has a frontage of 50 feet on Robert Street and a depth of 119 feet.

The subject property is served with public sanitary sewer, public water, gas, electricity, hard surfaced street, curb and sidewalk.

ZONING

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

LEGAL DESCRIPTION

Lot 8, Block 8, Bazille and Robert's Addition, except the Southwesterly 20 feet for street, Ramsey County, Minnesota

PROPERTY RIGHTS TO BE APPRAISED

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

HIGHEST AND BEST USE

The present program of utilization is considered the highest and best use, irrespective of the present zoning.

PURPOSE OF THE APPRAISAL

To estimate the market value of the subject property as of February 7, 1962.

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 DESCRIPTION

Subject property is a three story, solid masonry brick building with 6 apartments on the second and third floors, 2 store units on the first floor, and a full basement. Court house records indicate that the structure was completed in 1888. The front of the building has been renovated with a brick front at the time Robert Street was widened some years ago.

The building has a full basement with a limestone, brick, and poured concrete foundation. The basement has been divided with a limestone bearing partition wall which runs through the approximate center of the basement from front to rear. The north half of the partitioned off basement, which lies immediately under the Union Gospel Mission (104 South Robert), has a 6 inch concrete floor and a sub-basement. The foundation walls in this portion of the basement are also limestone, brick, and poured concrete. A portion of the walls and ceiling have been plastered. Joists are 2" x 14", 16" on center, and subflooring is 1" x 8" laid diagonally. The southerly portion of the basement, lying immediately below J. P. Bolan's office, has a dirt floor. Joists are 2" x 16", 16" on center. There is an 83 gallon automatic gas water heater and also an automatic gas incinerator. The building is heated with a gas fired, low pressure steam heating unit.

The first floor has been divided into two rental units. The south unit, which is presently rented by Justice of the Peace, Bolan, has hardwood floors, lath and plaster walls - papered, and metal ceiling. There is a partitioned off water closet to the rear and a sink with hot and cold running water on the opposite side of the room. The rear of the unit has been partitioned off with 7 foot cardboard dividers. The northerly unit is presently rented by the Union Gospel Mission and has asphalt tile over hardwood floor, lath and plaster walls, and metal ceiling. There is a partitioned off half bath in the rear of the unit with a drywall partition separating the front from the rear.

The second floor has three apartment units which are basically similar in the number of rooms and room arrangement. The apartments have a living room, dining room, bedroom, kitchen with small pantry, and bath off the kitchen. The walls are lath and plaster, floors are hardwood, trim is softwood. The baths have only a tub and water closet, with no lavatory fixture.

BUILDING DESCRIPTION - Con't

The third floor has three apartment units which are also similar to those located on the second floor. Each apartment has a living room, dining room, bedroom, kitchen with small pantry and bath. The baths have tub and water closet with no lavatory fixture. Hardwood floors are in all apartments and softwood trim.

The exterior walls are solid brick masonry and the building has a built-up roof. There is a detached 2 car garage located at the rear of the lot behind the subject building. It is constructed of limestone with dirt floor.



REPLACEMENT COST ESTIMATE

50' x 55' x 3 =	8,250 sq. ft. Calculated Area	
\$12.00 per sq. ft. x 8,250 sq. ft. =		\$ 99,000.00
Less Depreciation, all phases		\$ <u>70,300.00</u>
		\$ 28,700.00
Depreciated Replacement Cost of Building		\$ 28,700.00
Add Depreciated Replacement Cost of Garage		\$ 250.00
Add LAND Value		\$ <u>7,500.00</u>
		\$ 36,450.00
VALUE BY REPLACEMENT COST		\$ 36,450.00

INCOME APPROACHSCHEDULE OF INCOME - Actual (As reported by owner)First Floor

Union Gospel Mission	\$80.00 x 12	\$ 960.00
J. P. Bolan	\$55.00 x 12	\$ 660.00

Second and Third Floor Apartments

Apartment #1	\$55.00 x 12	\$ 660.00
Apartment #2	\$55.00 x 12	\$ 660.00
Apartment #3	\$55.00 x 12	\$ 660.00
Apartment #4	\$50.00 x 12	\$ 600.00
Apartment #5	\$50.00 x 12	\$ 600.00
Apartment #6	\$50.00 x 12	\$ 600.00
		\$ 5,400.00

In analyzing the income statement it is noted that the first floor store, occupied by Mr. Bolan, a long time tenant, is still \$55.00 per month, and the Union Gospel Mission, renting the northern part, is \$80.00 per month. In comparison with other stores that have rented on Robert Street, it would appear that the rents should be adjusted to \$75.00 per month for the Bolan store and \$100.00 per month for the Union Gospel Mission, when viewed in light of the accommodations offered. Also, the apartments that are rented at \$55.00 and \$50.00 per month, when viewed in light of the accommodations offered, would rent for \$57.50 per month for the second floor and \$55.00 per month for the third floor, in the opinion of your appraiser. This rental includes heat, range and refrigerator. Some furniture has been provided, however, is considered to be nominal and no reserve has been handled for the replacement of furniture. This type furniture is generally "used" and has very little, if any, value, in the opinion of your appraiser.

INCOME APPROACH - STABILIZED

SCHEDULE OF INCOME - Stabilized

First Floor

Union Gospel Mission	\$100.00 x 12 =	\$ 1,200.00
J. P. Bolan	\$ 75.00 x 12 =	\$ 900.00

Apartments

Apartment #1	\$57.50 x 12 =	\$ 690.00
Apartment #2	\$57.50 x 12 =	\$ 690.00
Apartment #3	\$57.50 x 12 =	\$ 690.00
Apartment #4	\$55.00 x 12 =	\$ 660.00
Apartment #5	\$55.00 x 12 =	\$ 660.00
Apartment #6	\$55.00 x 12 =	\$ 660.00

GROSS INCOME - - - - - \$ 6,150.00

Less Estimated Vacancy - 5% \$ 300.00

EFFECTIVE GROSS INCOME - \$ 5,850.00

SCHEDULE OF EXPENSES

Taxes	\$ 822.00	
Heat	700.00	
Electricity, water	160.00	
Insurance - O. L. T	200.00	
Management	290.00	
Maint. & Repair	150.00	
Reserves	150.00	
Caretaker	200.00	
Ranges & Refrigerators	50.00	
Rubbish	75.00	\$ 2,797.00

EFFECTIVE NET INCOME - - \$ 3,053.00

The expense ratio is 50%

\$3,053.00 Capitalized @ 8.5% = \$ 36,000.00

EXPLANATION OF SCHEDULE OF EXPENSES

Taxes

The taxes that have been used in this report are those that have been levied against the property for the year 1961, payable in 1962.

Heat & Utilities

Heat and utilities have been stabilized from the operating expenses that were furnished your appraiser by the owner.

Insurance

Insurance is an estimate to cover 80% co-insurance, fire and extended coverage, and owners and tenants liability.

Vacancy

Vacancy has been estimated at 5% even though, at the time of the appraisal, the property is rented in its entirety.

Management

This item has been established at 5%, which is the going rate for properties such as this, and managerial services will ordinarily consist of obtaining tenants and negotiating the terms of their tenancies; collection of rents; employing; supervising and paying workmen engaged to make repairs or replacements and perform maintenance work; pay taxes and insurance; and, in general, to supervise the operation of the property. In this instance the property is owner-managed, however, management is considered typical in properties such as this and, hence the allocation has been made.

Maintenance and Repairs

This estimate will include the items of repair, maintenance and replacement, except grounds expense, which competent management deems necessary in order to maintain the assumed rental schedules and occupancy ratios, and to maintain the property in a continuous operating status throughout the estimated remaining life of the building improvements.

EXPLANATION OF EXPENSES - Con't

Reserves and Replacements

This is intended to cover structural and equipment items having fairly long spans of useful life, but less than the estimated remaining economic life of the building improvements, and involving a substantial monetary outlay such as: roof covering, heating plant, plumbing fixtures, etc.

Caretaker

It has been estimated that a caretaker can be obtained to supervise the premises for \$200.00 per year. This is the amount presently paid by the owner of the building to the caretaker who lives in the building adjoining to the south.

Ranges and Refrigerators

In a property such as this used ranges and refrigerators are generally obtained rather than new ones. The estimate used in this instance reflects a 12 year life with an average cost of \$100.00 to replace ranges and refrigerators.

CAPITALIZATION RATE

The capitalization rate has been obtained in the market, as will be evidenced in the market data approach following later in this report, and is considered reflective of the going rate that owner-investors will require on investments such as this.

EXPENSE RATIO

The expense ratio is in reasonable relation to the ratios established by a study of the market and shown in the market data approach, indicating that these checks in the market substantially reflect the current market attitude insofar as properties such as the subject are concerned.

MARKET DATA APPROACH

Sales of properties having some degree of similarity to the subject, that is - stores with apartments above, were studied in order to arrive at the current market attitude. Certain checks were made in analyzing these buildings, after determining their expenses to produce the net income which, in the opinion of your appraiser, produced the capitalization rate that the market is currently in the process of requiring from an investment standpoint. In addition, expense ratios were checked and a multiplier times gross income was established for comparison purposes to indicate the reasonableness of the value estimate as reported in this appraisal.

Following are some of the properties that were studied:

1.        Location:                    1170 East Seventh Street  
           Legal Description:        Lot 2, Block 4, Tiny's Addition  
           Seller:                        Richard Johnson  
           Type:                         Stores and apartments.  
           Condition:                    Excellent.  
           Size:                         49.91 x 112.22'  
           Date of Sale:                  April 16, 1960  
           Sales Price:                  \$17,500.00  
           Gross Income:                \$ 2,820.00  
           Expenses:                    \$ 1,277.00  
           Effective Net Income:       \$ 1,543.00  
           Capitalization Rate:        8.8%  
           Expense Ratio                45.3%  
     6.2 x \$2,820.00 = Sales Price.
  
2.        Location:                    1668 Selby Avenue  
           Legal Description:        Lots 1 and 2, Kuhl's Addition to the  
     City of St. Paul.  
           Type:                         Store and apartments.  
           Size:                         90' x 119'  
           Date of Sale:                  July 29, 1959  
           Sales Price:                  \$45,000.00 - \$10,000.00 down.  
           Gross Income:                \$6,456.00  
           Expenses:                    \$2,793.00  
           Effective Net Income:        \$3,663.00  
           Capitalization Rate:        8.14%  
           Expense Ratio:                56.7%  
     7 x \$6,456.00 = Sales Price

MARKET DATA - Con't

3.        Location:                    826 Como Avenue  
            Legal Description:        Lot 3, Crowell's Addition  
            Type:                         Store and apartments.  
            Size:                         40' x 100'  
            Date of Sale:                September 1961.  
            Sales Price:                 \$20,000.00  
            Gross Income:               \$2,820.00  
            Expenses:                    \$1,391.00  
            Effective Net Income:     \$1,429.00  
            Capitalization Rate:       7.15%  
            Expense Ratio:              49.3%  
    7 x \$2,820.00 = Sales Price.
4.        Location:                    105 South Wabasha  
            Legal Description:        Lot 3, Block 181, Robertson's Addition  
            Type:                         Stores and apartments.  
            Condition:                    Good - newly decorated.  
            Lot Size:                     50' x 150'  
            Date of Sale:                 Withdrawn from market by owner.  
            Sales Price:                 Asking price of \$26,000.00  
            Gross Income:               \$3,876.00  
            Expenses:                    \$1,828.00  
            Effective Net Income:     \$2,048.00  
            Capitalization Rate:       7.9%  
            Expense Ratio:              47.2%  
    6.7 x \$3,876.00 = Asking Price.
5.        Location:                    130-132 West Winifred  
            Type:                         Stores and apartments  
            Lot Size:                     60' x 115'  
            Date of Sale:                 September 10, 1959.  
            Sales Price:                 \$18,500 - Cash  
            Gross Income                 \$ 4,680.00  
            Expenses:                    \$ 2,320.00  
            Effective Net Income:     \$ 2,360.00  
            Capitalization Rate:       12.8%  
            Expense Ratio:              50%  
    3.95 x \$4,680.00 = Sales Price.

MARKET DATA - Con't

A study of the foregoing sales has indicated that the subject property would sell for something under 6 times the gross. Accordingly, it is estimated that 5.9 times the gross would reasonably reflect the market attitude.

$$5.9 \times \$6,150.00 =$$

$$\$ 36,285.00$$



CONCLUSION

MARKET VALUE ESTIMATE

\$ 36,000.00

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 income approach is most indicative of the value in this instance, notwithstanding the fact that the replacement cost approach and market data approach are in reasonable relation to the estimate of value obtained by use of the income approach.

Properties such as this are generally considered to be investment type properties and the motivating influence of an owner-purchaser is the return that could be obtained on the investment. The capitalization rate, as obtained in the market, is believed to be reasonably accurate and reflects the motivating influence of owner-investors. It is also noted that the expense ratio is in reasonable relation to other sales, indicating that the expenses, as stabilized, would be indicative of the anticipated income of the subject property, under competent management.

Based upon the information contained in this report, it is concluded that the market value of the subject property, as of February 7, 1962, is:

THIRTY SIX THOUSAND DOLLARS - \$ 36,000.00

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.

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.

