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JOSEPH L. BETTENDORF, M.A.I.

MEMBER
ST. PAUL BOARD OF REALTORS
AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS
SOCIETY OF RESIDENTIAL APPRAISERS

Real Estate Appraisals - Consultant - Analyst

CA. 4-2002 MINNESOTA BUILDING ST. PAUL 1, MINNESOTA

November 6, 1961

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

Re: 98-100 South Robert Street

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 November 1, 1961, is:

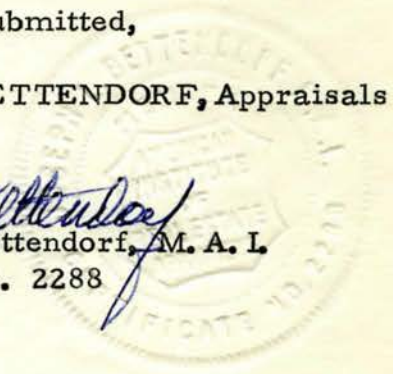
FIFTY THOUSAND DOLLARS \$ 50,000.00

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 \$ 50,000.00

Size of Building 50' x 55'

Size of Lot 50' x 119' or 5,950 square feet

TAXES \$ 862.32

ASSESSOR'S FULL AND TRUE VALUE

Land \$ 2,000.00

Building \$ 9,500.00

COURT HOUSE RECORDS Document No. 1538414

Last Transfer of Title

From: Kathleen Ann Peifer and John Peifer, husband & wife
and Walter J. Gaertner

To: The Jesmer Company

Title was passed under a Warranty Deed, dated June 1, 1961
and recorded June 14, 1961.

THE PROPERTY

The subject property is a three story brick building, located on the East side of South Robert Street, between Fillmore and Fairfield Avenues. The lot has a frontage of fifty (50) feet on Robert Street and a depth of one hundred nineteen (119) feet.

The first floor is presently occupied by three stores; the second floor has four apartments; the third floor has four apartments - all walk-up.

The building has a full basement with a limestone, brick and poured concrete foundation. The basement is divided with a limestone bearing partition wall which runs through the approximate center of the basement. The first floor is supported by 3" x 14" joists, 16" o. c. and a 6" x 8" wood supporting beam, with 6" x 6" wood supporting posts. In addition, to the south of the wall dividing the basement an 18" steel "I" beam is also used for support. The basement has a water closet and has walkouts on each side of the partition wall. Heat is provided by a gas-fired, low pressure, steam boiler. There is also an 85 gallon automatic gas water heater to provide hot water for the tenants. Seven storage lockers are provided on the south portion of the basement.

The first floor is divided into three usable stores, all presently rented and occupied. The second and third floors, accessible by a stairway in the center of the building, consist of four (4) apartments on each floor. The typical apartment can be described as three rooms and bath, consisting of living room, bedroom, kitchen and bath.

Generally speaking, the walls and ceilings are all lath and plaster, the floors are hardwood. Some of the bathroom floors are finished in ceramic tile and some in concrete. Kitchens have linoleum floors with minimum cabinet space.

The exterior of the building is brick and has a built-up roof.

The property exhibits good maintenance and appears structurally sound.

No leases are in existence establishing the income for a specified period of time, hence, no leasehold will exist.

ZONING

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

LEGAL DESCRIPTION

Lot Nine (9), Block Eight (8), Bazille and Robert's Addition to West St. Paul, according to the plat on file and of record in the office of the Register of Deeds, in and for Ramsey County.

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.

PURPOSE OF THE APPRAISAL

To estimate the market value of the subject property as of November 1, 1961.

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.

REPLACEMENT COST ESTIMATE

Building Area 50' x 55' x 3 = 8,250 square feet

\$12.50 per sq. ft. x 8,250 sq. ft. = \$ 103,125.00

Less Depreciation \$ 61,875.00

Depreciated Replacement Cost of Building - - - - \$ 41,250.00

Miscellaneous Allowable Costs \$ 1,250.00

Add LAND Value \$ 7,500.00

\$ 50,000.00

ESTIMATE OF VALUE BY REPLACEMENT COST \$ 50,000.00

INCOME APPROACHSchedule of Income - (Actual - as Reported by Owner)First Floor - Stores

\$ 75.00 per mo. x 12 =	\$ 900.00
\$ 80.00 per mo. x 12 =	\$ 960.00
\$100.00 per mo. x 12 =	\$ 1,200.00

Second & Third Floor Apartments

\$ 65.00 per mo. x 12 =	\$ 780.00
\$ 65.00 per mo. x 12 =	\$ 780.00
\$ 45.00 per mo. x 12 =	\$ 540.00
\$ 73.00 per mo. x 12 =	\$ 876.00
\$ 55.00 per mo. x 12 =	\$ 660.00
\$ 55.00 per mo. x 12 =	\$ 660.00
\$ 73.00 per mo. x 12 =	\$ 876.00
\$ 73.00 per mo. x 12 =	\$ 876.00

TOTAL GROSS INCOME, As Reported by Owner - - - \$ 9,108.00

In analyzing the income statement it is noted that there is a spread of from \$45.00 per month to \$73.00 per month in the apartment rentals. There is only one apartment rented for \$45.00 per month. There are two for \$55.00 per month, two for \$65.00 per month, and three for \$73.00 per month. Inasmuch as the apartments have very similar room arrangement, the only difference being that some apartments are on the second floor and some on the third floor, it was concluded that the rentals should be stabilized to reflect a rental income based upon similar type properties currently being rented in the market.

Recognizing that heat and some utilities are furnished, it would appear that the four apartments on the second floor would bring \$65.00 per month and the four apartments on the third floor \$62.50 per month. The stores on the first floor are presently rented and the rental appears in line with the accommodations offered, hence, no change has been made.

INCOME APPROACH - STABILIZED

First Floor - Stores

\$ 75.00 per mo. x 12 =	\$ 900.00
\$ 80.00 per mo. x 12 =	\$ 960.00
\$100.00 per mo. x 12 =	\$ <u>1,200.00</u>

\$ 3,060.00

Second Floor Apartments

4 Apartments @ \$65.00 per mo. x 12 = \$ 3,120.00

Third Floor Apartments

4 Apartments @ \$62.50 per mo. x 12 = \$ 3,000.00

Effective Gross Income - - - - - \$ 9,180.00

SCHEDULE OF EXPENSES

Taxes	\$ 865.00
Heat & Utilities	1,500.00
Insurance (est.)	350.00
Vacancy	460.00
Management	460.00
Maint. & Repairs	250.00
Reserves & Replacements	250.00
Caretaker	600.00
Ranges & Refrigerators	100.00
Rubbish	<u>75.00</u>

Total Estimated Expenses - - - - \$ 4,910.00

Effective Net Income - - - - - \$ 4,270.00

EXPENSE RATIO - 53.5%

\$4,270.00 Capitalized @ 8.5% = \$ 50,235.00

Rounded to - - \$ 50,000.00

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 1960, payable in 1961.

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 \$50.00 per month.

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 10 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%
 $6.2 \times \$2,820.00 = \text{Sales Price}$

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 down.
 Gross Income: \$6,456.00
 Expenses: \$2,793.00
 Effective Net Income: \$3,663.00
 Capitalization Rate: 8.14%
 Expense Ratio: 56.7%
 $7 \times \$6,456.00 = \text{Sales Price}$

MARKET DATA - Con't

3. Location: 826 Como Avenue
 Legal Description: Lot 3, Crowell's Addition
 Type: Store and apartment
 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 redecorated.
 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
 This property, after being completely redecorated and remodeled, was withdrawn from the market by the owner. However, it is an indication as to the market reaction.
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

CORRELATION AND CONCLUSION

MARKET VALUE ESTIMATE

\$ 50,000.00

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 value in this instance notwithstanding the fact that the replacement cost approach and the market data approach are in reasonable relation to the income approach.

Properties such as this are investment types and the price that will be paid for such a property, in the opinion of your appraiser, will be gaged by the rate of return that the investment will bring. The capitalization rate, as obtained in the market, is believed to be reasonably accurate and reflects the motivating influences of owner-investors. The expense ratio is also 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 November 1, 1961, is:

FIFTY THOUSAND DOLLARS

\$ 50,000.00

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

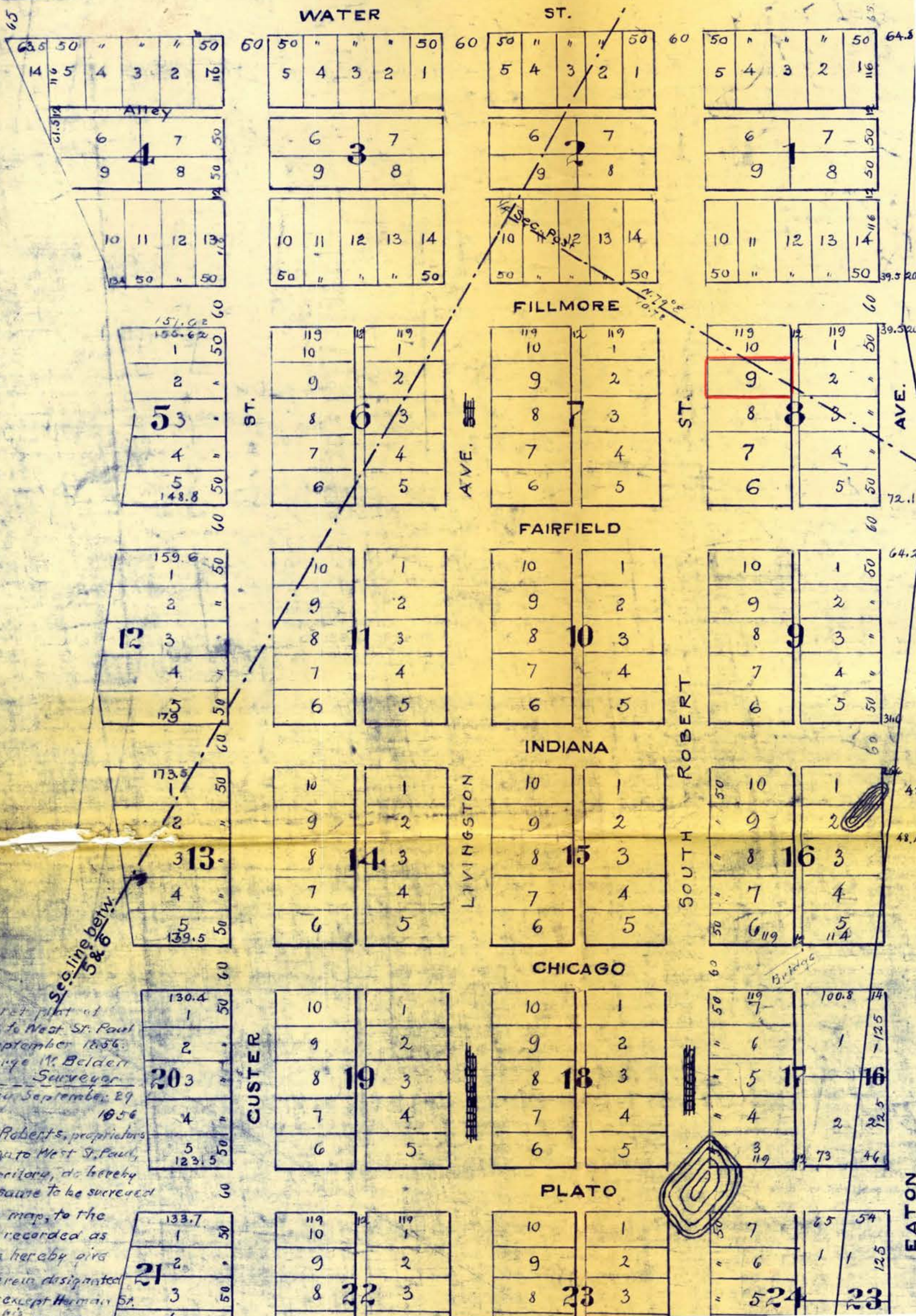
St. Paul Housing and Redevelopment Authority; Minnesota State Highway Department; Villages of Roseville, Maplewood and Arden Hills; Moundsview Township; City of Stillwater, Board of County Commissioners; General Mills, Inc.; Minnesota Mining & Manufacturing Co.; Union Carbide and Carbon Corp.; Remington 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.

BAZILLE AND ROBERTS ADD. TO WEST ST. PAUL

150 FT. 1 INCH

Belden's Surv. 1856

MISSISSIPPI



I certify that this is a correct plat of
Bazille & Roberts' Addition to West St. Paul
as surveyed by me in September 1856.
George M. Belden
Surveyor
Paul, Minnesota Territory, September 29
1856
I, Charles Bazille & Louis Roberts, proprietors
of Bazille & Roberts' Addition to West St. Paul,
Minnesota Territory, do hereby
certify that we caused the same to be surveyed
at lots as indicated on this map, to the
end that the same may be recorded as
the law directs, and we do hereby give
the streets and alleys therein designated
for public use and benefit, except Herman St.