



# CHISAGO COUNTY ASSESSOR

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July 17, 2013

Jerry Spetzman  
Chisago County Water Resource Manager  
313 N. Main Street  
Center city, MN 55063

Dear Mr. Spetzman;

Based on our conversation on July 2<sup>nd</sup> you asked me if I would state my personal opinion with regard to potential value impact to real estate should the North Center Lake to North Lindstrom Lake channel restoration become a reality. Per our discussion I felt that values there could be affected by said development. I base that opinion on my experience as a student of real estate valuation.

The common sense assumption/theory is that any addition of desirable amenities should enhance value. The Dictionary of Real Estate Appraisal 2<sup>nd</sup> Edition, 1989, defines *amenity* as “a pleasant quality. A tangible or intangible benefit of real property that enhances its attractiveness or increases the satisfaction of the user, but is not essential to its use. Natural amenities may include a pleasant location near water or a scenic view of the surrounding area; man-made amenities include swimming pools, tennis courts, community buildings and other recreational facilities.”

The amenity being considered here is to increase the navigable water-way area that boaters can access. To me there is no question that this would generally enhance value to the affected parties along that affected water-way. This opinion is based on market observations of lakes of varied size. Larger lakes, rivers, waterways, etc. generally exhibit higher values than smaller ones, (provided all other things are equal). Given this it's not difficult to deduce that if the channel restoration becomes a reality and that it provides for reliable access to water throughout the Chisago/Lindstrom/Center lakes, the property values throughout the chain should be enhanced.

Of course this begs the question how much will that value be enhanced? I have no idea or data to quantify what that enhancement might be. To say that it might be one, five, ten or so percent would be pure conjecture on my part.

You asked what the potential might be? The Assessors total market value as of January 2, 2013 for Chisago, North & South Lindstrom and Center Lakes is \$305,521,400. If you take the average residential tax rate of 1.4% times the total value it gives you a total estimated tax per year of \$4,277,300 for all property on the affected lakes. These total taxes are then distributed amongst the school districts, cities/township, and county.

Another way to state it is if property values increase by 1% as a result of the project, then the increase in property values would be \$3,055,214. In addition, the resultant increase in property taxes would be \$42,773 per year.

You can derive your own estimate of what you think the project enhancement on taxes might be by applying a specific percentage to the total tax.

I hope this gives you some useful information to plan your project.

Sincerely,

John E. Keefe  
Chisago County Assessor

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