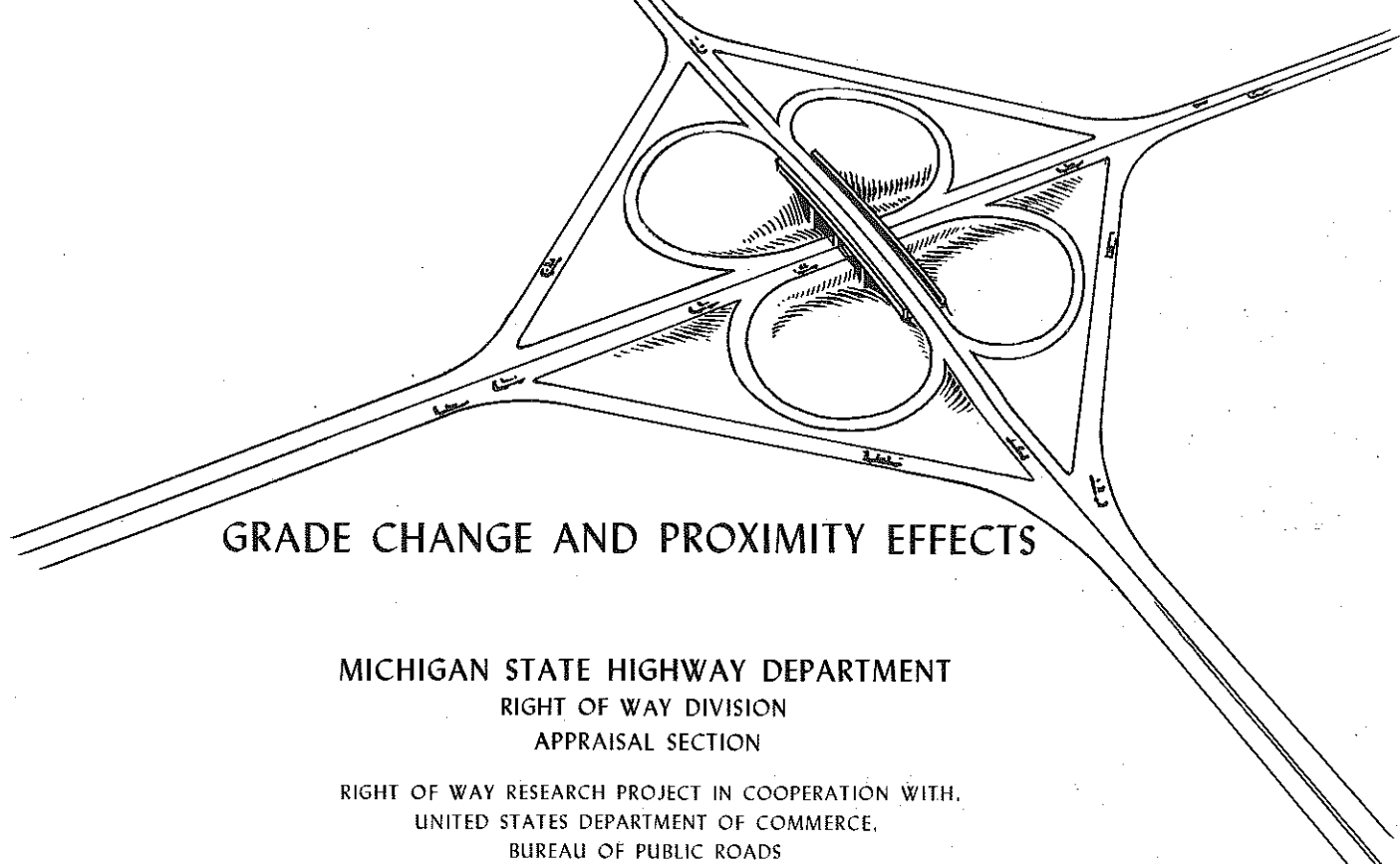


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DEPARTMENT — LANSING

LAND ECONOMIC STUDY

NO. 6

I-94 AND STATE ROAD INTERCHANGE ANN ARBOR VICINITY

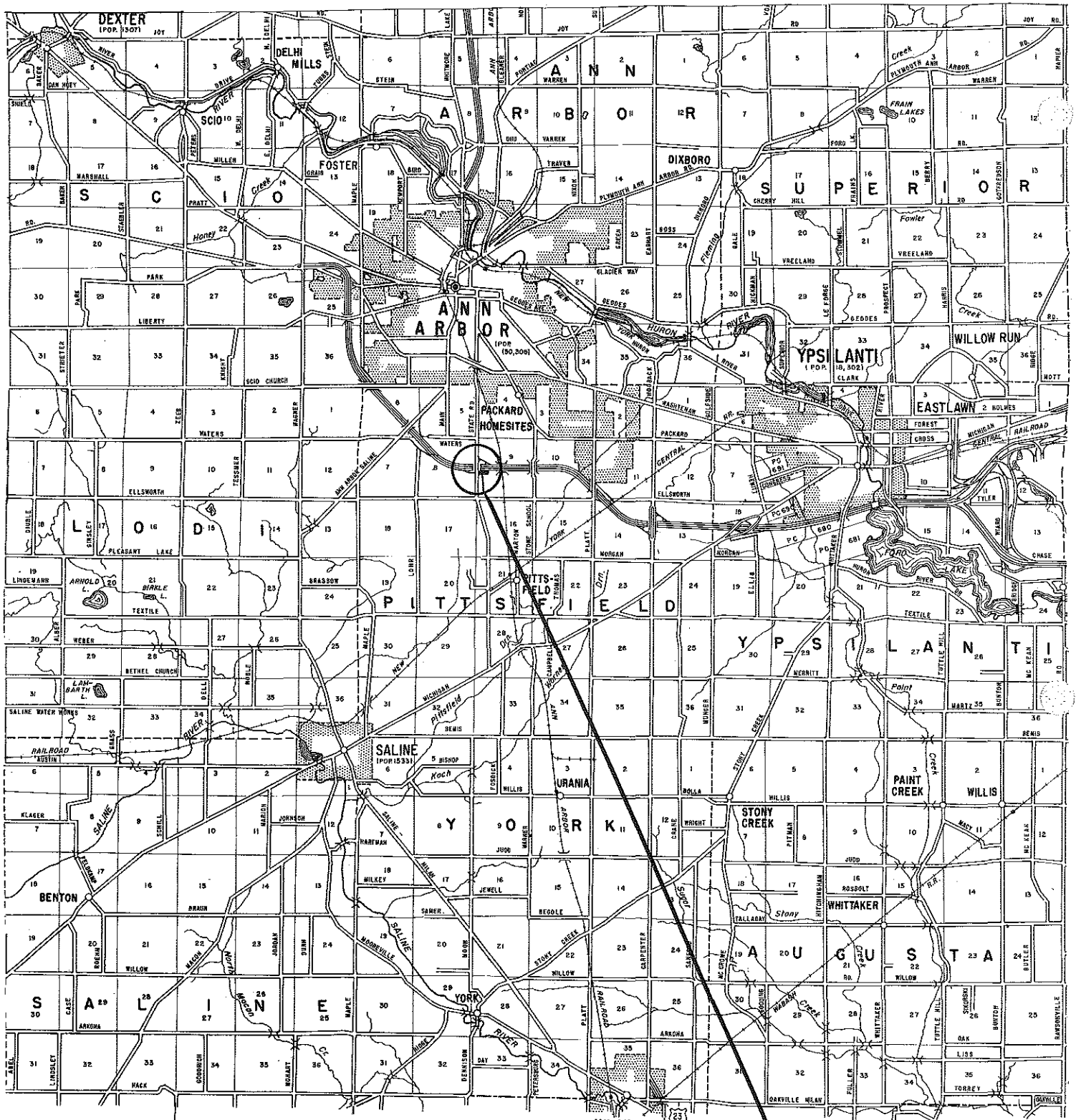


GRADE CHANGE AND PROXIMITY EFFECTS

MICHIGAN STATE HIGHWAY DEPARTMENT
RIGHT OF WAY DIVISION
APPRAISAL SECTION

RIGHT OF WAY RESEARCH PROJECT IN COOPERATION WITH
UNITED STATES DEPARTMENT OF COMMERCE,
BUREAU OF PUBLIC ROADS

DECEMBER 1960



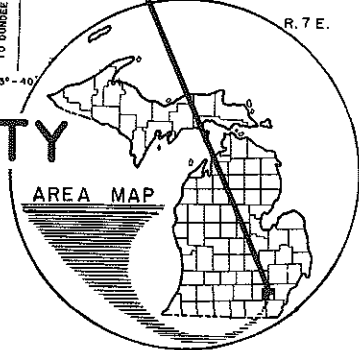
R. 5 E.

R. 6 E.

R. 7 E.



63° - 30'



63° - 40'

WASHTENAW COUNTY

MICHIGAN

AREA STUDY MAP



MILAN (Pop. 2700)

TO DUNDÉE

23

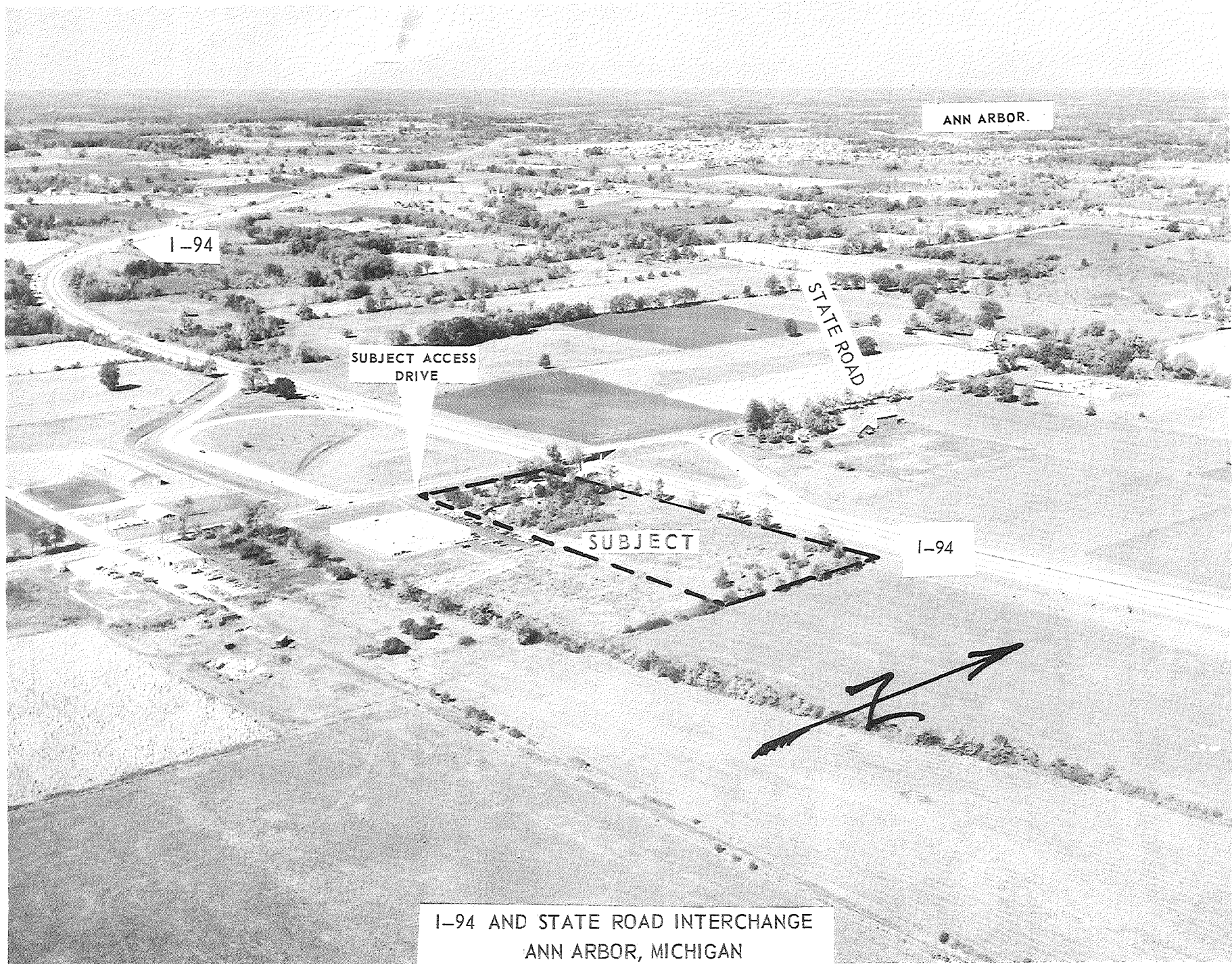


15 FOOT
EMBANKMENT

60 FEET



LOOKING ALONG EMBANKMENT TOWARD
I-94 FREEWAY FROM ENTRANCE ROAD



ANN ARBOR.

I-94

SUBJECT ACCESS
DRIVE

STATE ROAD

SUBJECT

I-94

I-94 AND STATE ROAD INTERCHANGE
ANN ARBOR, MICHIGAN

INFLUENCE OF A HIGH EMBANKMENT AT AN INTERCHANGE

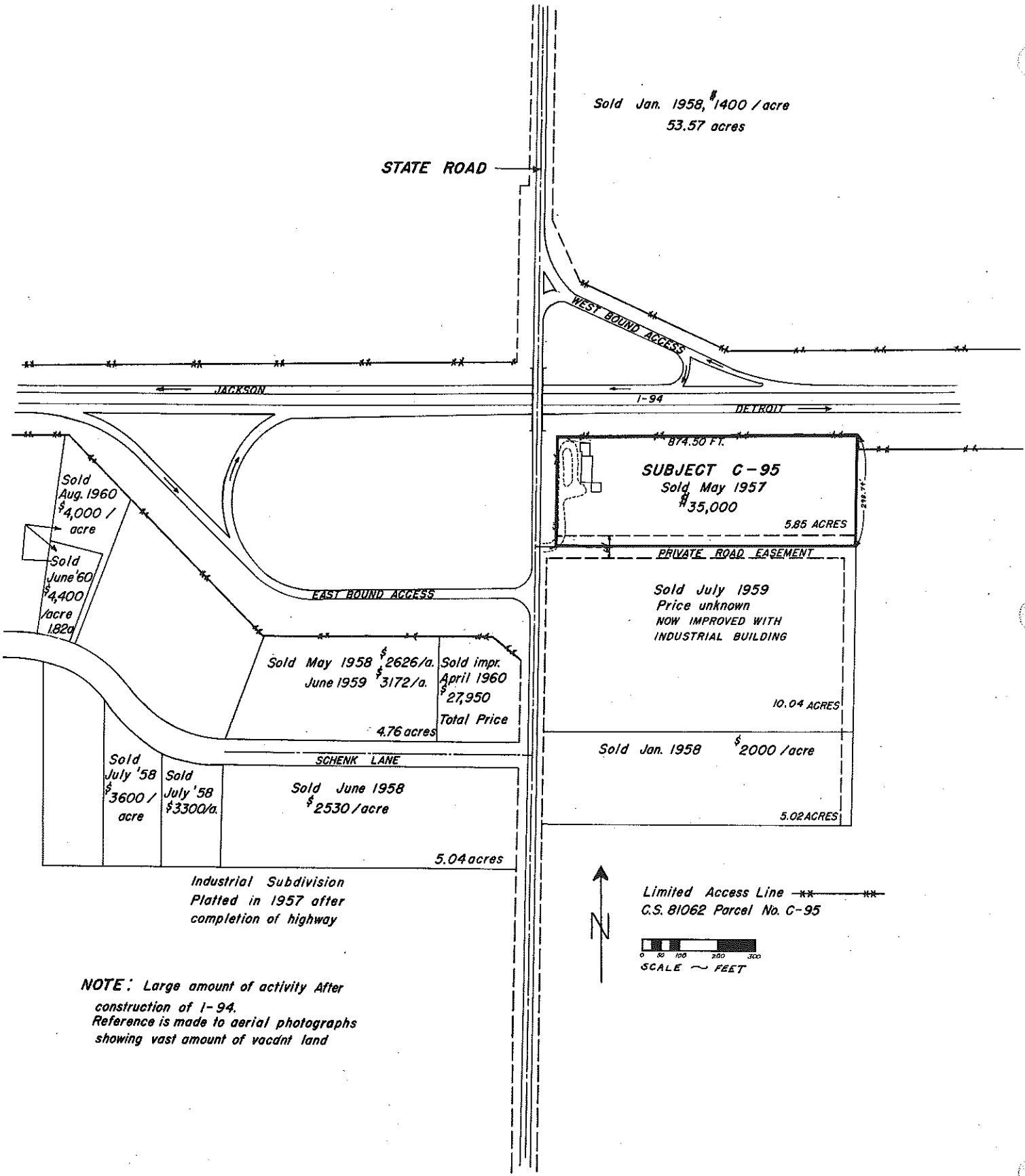
This study covers a parcel of land with a high embankment and with access restricted to a 30 foot roadway at one corner of the property. It shows how supposedly adverse influence can be counter-balanced by benefits that interchange access presents.

AREA INFORMATION

In 1955 US-12 (now I-94) was extended as a controlled access highway from Ypsilanti to the west side of Ann Arbor. At that time, most of the area south of Ann Arbor was still used in agricultural production and was zoned as such. The price of land was beginning to rise due to the influence of industrial expansion along State Road from the City Limits of Ann Arbor. However, the development was comparatively slow and was somewhat spotty in character with practically all of it contained in the first one-half mile south of the city limits. Since the construction of the freeway, the industrial development has literally leaped from the close proximity of the city limits to the vicinity of the interchange with the in-between area receiving limited industrial growth. The zoning was changed to M-1 (light industrial) on July 22, 1957. The township had had a history of a willingness to approve light industrial zoning along State Road during the 1950's.

METHOD OF ANALYSIS

In October, 1954, a before and after appraisal was made of the subject parcel by a recognized local appraiser. In April, 1955, the damage hearing was held and awards made. In May, 1957, the remainder parcel was sold.



Sold Jan. 1958, \$1400 / acre
53.57 acres

STATE ROAD

WEST BOUND ACCESS

JACKSON

I-94

DETROIT

874.50 FT.
SUBJECT C-95
Sold May 1957
\$35,000

5.85 ACRES

PRIVATE ROAD EASEMENT

Sold July 1959
Price unknown
NOW IMPROVED WITH
INDUSTRIAL BUILDING

10.04 ACRES

Sold Jan. 1958 \$2000 / acre

5.02 ACRES

Sold May 1958 \$2626/a. Sold impr. April 1960 \$27,950
June 1959 \$3172/a. Total Price
4.76 acres

SCHENK LANE

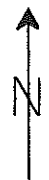
Sold July '58 \$3600 / acre
Sold July '58 \$3300/a.

Sold June 1958 \$2530 / acre

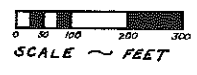
5.04 acres

Industrial Subdivision
Platted in 1957 after
completion of highway

NOTE: Large amount of activity After
construction of I-94.
Reference is made to aerial photographs
showing vast amount of vacant land



Limited Access Line ** **
C.S. 81062 Parcel No. C-95



The problem faced was the comparison of the estimated before value, the estimated after value, and the after value based on award, with the sale of the subject property being consummated two years after the take.

THE SUBJECT PROPERTY

In 1954, the subject property consisted of a six acre parcel with 298 feet of frontage on State Road and a depth of 875 feet. The south 30 feet is subject to an easement for a private road. It was located 1.7 miles south of the Ann Arbor City Limits. There was a public water system but no sanitary sewers were available.

The property was improved with a $1\frac{1}{2}$ -story, 6-room house, which was old but in fair condition. There was an old but useable 30 x 40 foot greenhouse, an 18 x 44 foot garage and workshop, and a 20 x 24 foot cement block building with a two-room apartment up and a two-car garage down.

The property was being used as a small nursery and as such had been leased for 3 years to a florist at \$100 per month, or \$1200 per year. The lease covered the use of the entire property.

The highway take reduced the land area by 0.15 acres and the elevation of State Road for a passover across I-94 made a 5-foot embankment on the south edge of the property and a 15-foot embankment in front of the house on the north edge of the property. The house was located approximately 60 feet from the edge of the embankment and within 5 feet of the freeway right of way fence. No buildings were taken. The drive was changed so that its outlet was on the south 30 feet of the property.



ROW LINE
5 FT. FROM HOUSE

15 FOOT
EMBANKMENT

VIEW FROM FREEWAY WITH 15 FOOT
EMBANKMENT IN FRONT OF SUBJECT

In October 1954 the estimated value by the state appraiser was as follows:

Before Value	
Land 6.00 acres	\$ 5,000
Improvements	<u>\$20,000</u>
Total Estimated Value	\$25,000
After Value .15 acre taken	
Land 5.85 acres	
Improvements	<u> </u>
Total Value	<u>\$17,000</u>
Compensation	\$ 8,000

The improvement value and land value was not set forth by the appraiser, but he listed compensation as follows:

Land .15 acre	\$ 500
Severance Damage	<u>\$ 7,500</u>
	\$ 8,000

The appraiser allotted the bulk of the damages to the buildings because of change of grade proximity and restricted access.

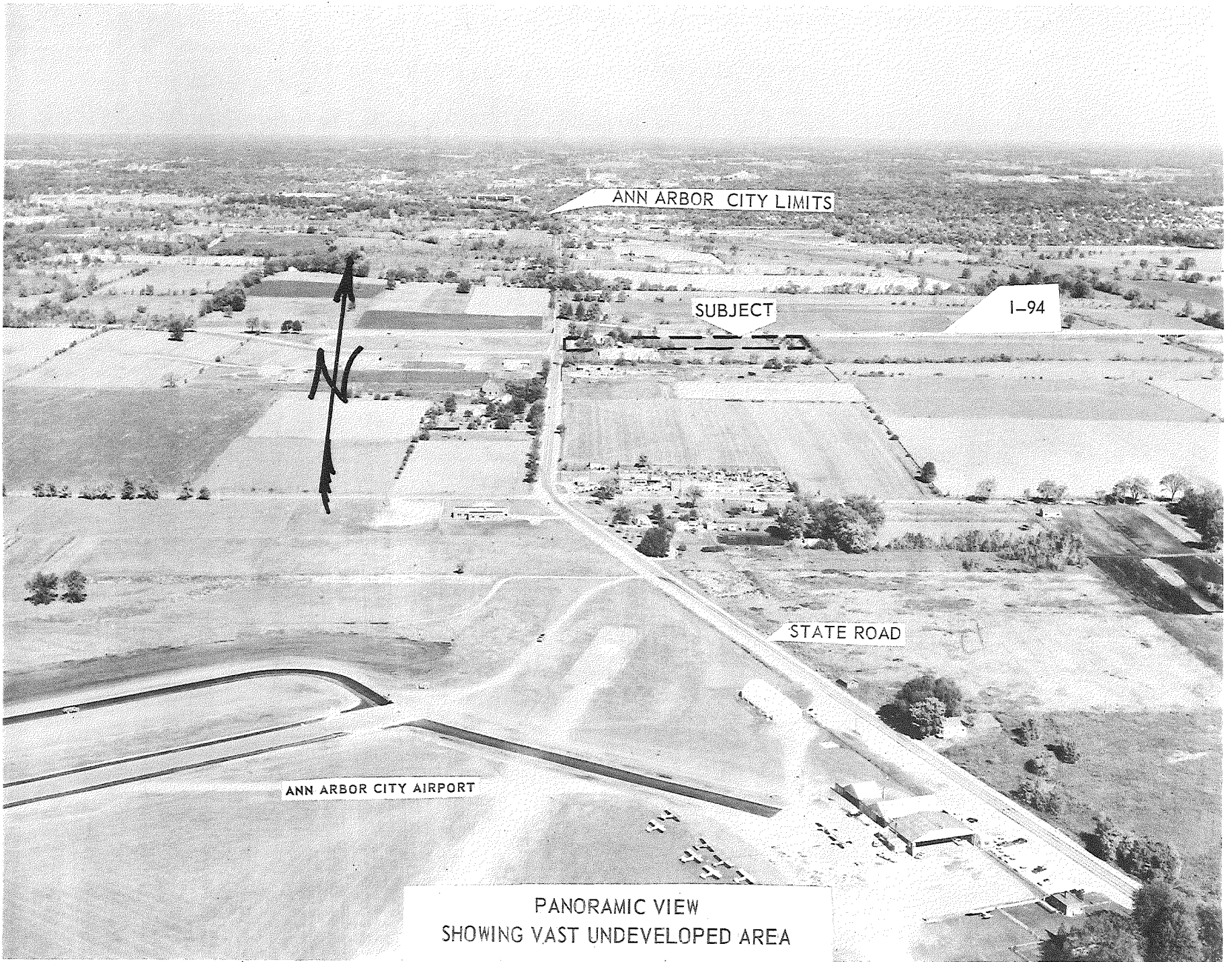
The condemnation hearing was held in April of 1955.

Their award was \$10,250.

Using the estimated before value as a base, the indicated after value by court award is:

Before Value	\$25,000
Less Court Award	<u>\$10,250</u>
Indicated After Value	\$14,750

On May 7, 1957, (Liber 802, p. 308, Washtenaw County records) the property was sold on Land Contract for \$35,000 with \$8,500 down. The purchaser, Dunn Electric, an industrial contractor, purchased the property because he wanted quick access to a freeway. The house was converted into an office.



ANN ARBOR CITY LIMITS

SUBJECT

I-94

STATE ROAD

ANN ARBOR CITY AIRPORT

PANORAMIC VIEW
SHOWING VAST UNDEVELOPED AREA



The property selling for \$35,000 increased in relation to its estimated or indicated value as follows:

BASE	INDICATED VALUE	SALE PRICE AS PERCENT OF INDICATED VALUE
Before Value	\$25,000	140 %
After Value	\$17,000	206 %.
After Value Indicated by award	\$14,750	237 %

CONCLUSIONS

Allowance by the Commission and by the state appraiser for the grade change, proximity, and restriction of access appears to be excessive. It is apparent that the damages should have been only nominal instead of \$8,000 or \$10,250 as estimated by the state appraiser and made by the Condemnation Commission

Special benefits arising from an interchange in this case offset damage due to restricted access and grade change.

Finally, this study demonstrates that an appraiser must consider possible change in highest and best use when analyzing after values because the freeway undoubtedly contributes greatly to a change of highest and best use.