



REVISED

Request for City Council Committee Action from the Department of Community Planning & Economic Development

Date: June 20, 2006

To: Council Member Lisa Goodman, Community Development Committee
Council Member Paul Ostrow, Ways & Means Budget/Committee

Subject: Demolition of 249 (Vacant & Boarded) Properties

Recommendation:

- 1) Allocate \$300,000 of CDBG Program Income earned from CPED Residential Loan programs (Reporting Category RLPI) to the Department of Regulatory Services to fund demolition of Chapter 249 (Vacant & Boarded) properties within the City of Minneapolis.
- 2) Transfer \$125,000 of 2006 CDBG budget authority from the CPED Vacant & Boarded Housing program to the Department of Regulatory Services to fund demolition of Chapter 249 (Vacant & Boarded) properties within the City of Minneapolis.
- 3) Authorize City Finance staff to reimburse the Community Planning & Economic Development agency with proceeds from assessments paid for the properties demolished with the \$425,000 the Community Planning & Economic Development agency is making available to the Department of Regulatory Services to fund demolition of Chapter 249 (Vacant & Boarded) properties within the City of Minneapolis.
- 4) Amend the 2006 General Appropriation Resolution by a) decreasing the Community Planning & Economic Development agency appropriation in Fund 400-CDBG and UDAG by \$125,000 (0400-890-8952) and increasing the 2006 Revenue Budget for the Community Planning & Economic Development agency by \$425,000 (0400-890-8952, Revenue Source 3455); and b) increasing the Department of Regulatory Services appropriation in Fund 400-CDBG and UDAG (0400-835-8560) by \$425,000.

Previous Directives: None

Prepared by: Elfric K. Porte, II, Manager Single Family Housing **Phone: 673-5145**

Approved by: Chuck Lutz, Deputy Director CPED _____
Elizabeth Ryan, Directory of Housing Policy & Development _____

Presenters in Committee: Elfric K. Porte, II, Manager Single Family Housing
Henry T. Reimer, Director of Inspections

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the Capital Budget or Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.

- Business Plan: Action is within the plan. Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's finance contact when provided to the Committee Coordinator.

Community Impact (use any categories that apply)

Neighborhood Notification: Not applicable

City Goals: In five years, all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well-maintained and people will feel safe in the city.

Comprehensive Plan: Not applicable

Zoning Code: Not applicable

Other:

Background/Supporting Information

The City of Minneapolis through its Department of Regulatory Services ensures that properties are safe and habitable. However, not all properties in the City of Minneapolis meet this definition. As a result, Title 12, Chapter 249 of the Minneapolis Code of Ordinances was enacted to specifically address boarded and vacant properties.

Over the past several years, the city has experienced an increase in the number of buildings open to trespass and in need of City authorized boarding. From 2004 to 2005, there was an 86% increase in City authorized board-ups. This increase was due in part to a more streamlined inspection approach to identifying property open to trespass.

A building that is condemned is considered unsafe to live in. Once a building is condemned, the owner must prove that problems have been fixed before anyone can live in or use the building. In most cases, one must go through a code compliance process.

A building may be condemned when:

- It is vacant and boarded.
- It is determined to be unsafe; an inspector cites specific hazards.
- It is dilapidated; no specific hazards are cited but the inspector has assigned the property a score by ordinance qualifying it for condemnation.
- Utilities to it have been discontinued.
- There is a housing hygiene problem.

City ordinance provides that any unoccupied building that remains boarded for 60 days is determined to be a nuisance. After 60 days, if the owner has not removed the boards or taken out a permit to rehabilitate the building, the building may be placed on the Chapter 249 list. A building on the Chapter 249 list requires a code compliance inspection before any rehabilitation work can begin. In addition, buildings on the Chapter 249 list are subject to teardown by Inspections as a nuisance condition. A proposal to demolish a building must be approved by the City Council, based on recommendation from City staff after analysis that rehabilitation of the unit is not possible or economically feasible.

Current Action

The Department of Regulatory Services in partnership with CPED is firmly committed to eliminating blight and reducing the negative impact of boarded and condemned properties on city neighborhoods. In addition to significantly decreasing the property values of the adjacent structures, condemned and dilapidated properties are at risk for arson fires and can be a magnet for criminal activities.

As the number of identified dilapidated properties has grown, so has the need for resources to deal with these properties. CPED has identified \$300,000 of CDBG program income and \$125,000 in its current Vacant and Boarded program budget that could be made available to Regulatory Services. The Department of Regulatory Services intends to use this \$425,000 to continue its accelerated schedule of removing condemned properties.

Each publicly authorized demolition costs an average of \$16,000. With the additional \$425,000, Regulatory Services hopes to raze between 24 and 26 properties, which will address about 15% of the total inventory of condemned properties. The cost of the demolition is assessed to the subject property. It is anticipated that all assessments recovered for the demolition of the subject properties with these funds will be used to reimburse CPED for the \$425,000 investment.

Moreover, the added resources will ensure that the new 249 Process, recently passed by the City Council, will have the initial funding needed to successfully launch the program and expedite demolitions, thus reducing the impact of condemned properties even further.

Resolved by The City Council of The City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

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- 3) Authorize City Finance staff to reimburse the Community Planning & Economic Development agency with proceeds from paid assessments related to the properties demolished with the \$425,000 the Community Planning & Economic Development agency is making available to the Department of Regulatory Services to fund demolition of Chapter 249 (Vacant & Boarded) properties within the City of Minneapolis.
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