

**CITY OF MINNEAPOLIS
NUISANCE CONDITION PROCESS REVIEW PANEL**

**In the matter of the Appeal of
Director's Order To
Demolish the Property
Located at 3315 6th Street N.
Minneapolis, Minnesota.**

**FINDINGS OF FACT,
CONCLUSIONS, AND
RECOMMENDATION**

This matter came on for hearing before the Nuisance Condition Process Review Panel on September 11, 2008, and September 25, 2008, in City Council Chambers located in Minneapolis City Hall. At the September 11, 2008, hearing acting chair Grant Wilson presided and other board members present included Denise Lingwall, Elfric Porte and Jim Dahl. At the September 25, 2008, hearing Burt Osborne, chair, presided and other board members present included Patrick Todd, Bryan Tyner and Elfric Porte. Assistant City Attorney Lee C. Wolf was present as *ex officio* counsel to the board. Brian Young and Wayne Murphy represented the Inspections Division. Paul W. Fahning from Peterson, Fram & Bergman was present and represented the owner U.S. Bank National Association. Based upon the Board's consideration of the entire record, the Board makes the following:

FINDINGS OF FACT

1. 3315 6th Street N. is a two-family home in the McKinley neighborhood. The 2.2 story structure was built in 1910. The building is 2,392 square feet, with 1,196 being the first floor, 1,196 being the second floor and 800 being the basement. The building sits on a 7,222 square-foot lot.

2. The property located at 3315 6th Street N. is in extreme disrepair. The building sustained fires on February 14, 2008 and February 21, 2008, causing damage in the basement,

first and second floors. The building was condemned for being a boarded building on May 1, 2008.

3. The Assessor rates the overall building condition as average but uninhabitable.

4. The Inspections Division of the City of Minneapolis determined that the property at 3315 6th Street N. met the definition of a Nuisance under Minneapolis Code of Ordinances (hereinafter "M.C.O.") § 249.30. The applicable sections of M.C.O. § 249.30. provide that *(a) A building within the city shall be deemed a nuisance condition if:*

(1) It is vacant and unoccupied for the purpose for which it was erected and for which purpose a certificate of occupancy may have been issued, and the building has remained substantially in such condition for a period of at least six (6) months.

(2) The building is unfit for occupancy as it fails to meet the minimum standards set out by city ordinances before a certificate of code compliance could be granted, or is unfit for human habitation because it fails to meet the minimum standards set out in the Minneapolis housing maintenance code, or the doors, windows and other openings into the building are boarded up or otherwise secured by a means other than the conventional methods used in the original construction and design of the building, and the building has remained substantially in such condition for a period of at least sixty (60) days.

(3) Evidence, including but not limited to neighborhood impact statements, clearly demonstrates that the values of neighborhood properties have diminished as a result of deterioration of the subject building; or

(4) Evidence, including but not limited to rehab assessments completed by CPED, clearly demonstrates that the cost of rehabilitation is not justified when compared to the after rehabilitation resale value of the building.

5. Pursuant to M.C.O. § 249.40(1) the building was examined by the Department of Inspections to ascertain whether the nuisance condition should be ordered for rehabilitation or demolition. Considering the criteria listed in M.C.O. § 249.40(1) the Inspections Department found:

a. The estimated cost to rehabilitate the building is \$162,852 to \$270,428 based on the MEANS square footage estimate. The assessed value of the property in 2008 is \$238,500; the value is unchanged from 2007 and 2006. There are \$12,581.75 in special assessments on the property for 2008, which were the result of boarding the garage, cutting grass, police boarding the first and second floors and remove rubbish.

b. The after-rehabilitation value of the property is \$143,500 as determined by the CPED staff appraiser.

c. The Preservation and Design Team staff conducted a historic review of the property finding that the property has no historic value. The team supports demolition and has signed and returned the demolition permits.

d. The McKinley Community Association and property owners within 350 feet of 3315 6th Street N. were mailed a request for a community impact statement. The Department of Inspections received five in return. Four said the house has a negative impact on the neighborhood, does not fit the housing needs of the neighborhood and should be demolished. One neighbor stated, "The blight of this burned out building is awful! Get rid of it. It fit the housing needs at one time, was once beautiful!" One neighbor said the duplex could be reworked.

e. The vacant housing rate in the McKinley neighborhood is around 10%. Of the approximately 931 houses on the city's Vacant Building Registration, 57 are in the McKinley neighborhood, a neighborhood of approximately 1,167 housing units.

6. Randy and Sabreen Hammad purchased the property located at 3315 6th Street N. on December 12, 2004; the property went into foreclosure, and sheriff's sale was conducted on May 28, 2008, with U.S. Bank National Association submitting the highest bid at \$100,000. The redemption period will expire on December 1, 2008.

7. In February 2008, the property sustained two fires, causing extensive damage throughout the house. The building was boarded as a result of the fires and was condemned for being a boarded building on May 1, 2008.

8. Taking into account the criteria listed in § 249.40(1) a notice of the Director's Order to Raze and Remove was mailed on August 1, 2008, to Randy Hammad; BNC Mortgage, Inc.; MERS, Inc.; Peterson, Fram & Bergman and Chase Home Finance, L.L.C. On August 19, 2008, Paul Fahning of Peterson, Fram & Bergman filed an appeal on behalf of U.S. Bank National Association indicating "The redemption period had not yet expired. As a result, the foreclosing lender is unable to take sufficient action to renovate at this time. Foreclosing lender believes that renovation is economically possible."

9. At the September 11, 2008 hearing Mr. Fahning requested additional time to allow the bank to get estimates for repairing the property, and the matter was continued until September 25, 2008.

10. At the September 25, 2008, hearing Mr. Fahning submitted an estimate to repair the property. The estimate is not sufficient as it does not include the cost of installation of a new

furnace that is needed for the property and does not include the cost to reconstruct interior walls (the estimate spoke only to the cost of demolition of the walls). In addition, the bank can not start any rehabilitation or sell this property for another two months.

CONCLUSIONS

1. The building located at 3315 6th Street N. meets the definition of nuisance condition as set forth in M.C.O. § 249.30(a)(1) as the building is vacant and unoccupied for the purpose for which it was erected and the building has remained in such a condition for a period of at least six months.

2. The building located at 3315 6th Street N. meets the definition of nuisance condition as set forth in M.C.O. § 249.30(a)(2) as the doors, windows and other openings into the building are boarded up or otherwise secured by a means other than the conventional methods used in the original construction and design of the building, and the building has remained substantially in such condition for a period of at least sixty days.

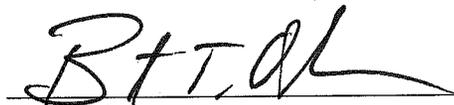
3. The building located at 3315 6th Street N. meets the definition of a nuisance condition as set forth in M.C.O. § 249.30(a)(3) as evidence, including but not limited to neighborhood impact statements, clearly demonstrates that the values of neighborhood properties have diminished as a result of deterioration of the subject building.

4. The building located at 3315 6th Street N. meets the definition of nuisance condition as set forth in M.C.O. § 249.30(a)(4) as evidence clearly demonstrates that the cost of rehabilitation is not justified when compared to the after-rehabilitation resale value of the building.

5. Pursuant to M.C.O. § 249.40 *Abatement of nuisance condition*, the Director of Inspection's recommendation to raze the building located at 3315 6th Street N. is appropriate. The building meets the definition of a nuisance condition as defined by M.C.O. § 249.30 and a preponderance of the evidence, based upon the criteria listed in M.C.O. § 249.40, demonstrates that razing the building is appropriate. The building has been vacant and boarded for nine months. The building sustained two fires this past winter causing extensive damage throughout the entire house. This property has been neglected to the point that it has had a negative impact on the community and will continue to have a negative impact if it is not razed, as attested to by the community impact statements submitted by neighbors requesting that the building be torn down.

RECOMMENDATION

That the Director of Inspections' Order to Raze the building located at 3315 6th Street N. Minneapolis, Minnesota, be upheld.



Burt Osborne
Chair,
Nuisance Condition Process Review Panel