

Request for City Council Committee Action from the Department of Regulatory Services

June 17, 2009

То:	Council Member Don Samuels, Chair – Public Safety & Regulatory Services Committee		
Subject:	2540 Cedar Avenue South		
Recommendation:	Adopt findings of the Nuisance Condition Process Review Panel to uphold the Director's Order and demolish the property located at 2540 Cedar Avenue South		
Previous Directives:	None		
Department Information			
Prepared by: Kellie Jones, 6	73-3506		
Approved by:	forte'		
Rocco Forté, Assistant City Coordinator for Emergency Preparedness & Regulatory Services			
Henry Reimer, Director of In	nspections		
Tom Deegan, Manager – Problem Properties Unit			
Presenters in Committee: To	om Deegan		
ReviewsPermanent Review ComeCivil Rights ApprovalPolicy Review Group (PR	Approval Date		

Community Impact

Financial ImpactNo financial impact

Neighborhood Notification

Action is within the Business Plan

Other financial impact – grant funded demolition

City Goals

Date:

- Comprehensive Plan
- Zoning Code
- Other

Supporting Information

On April 9, 2009, the Nuisance Condition Process Review Panel reviewed evidence regarding the demolition of the property at 2540 Cedar Avenue. The property, owned by Metropolitan Capital Ventures, represented by Dan Boler, is located in the Ninth Ward in the East Phillips neighborhood. According to the title documents, Mr. Boler's company purchased the property in January of 2007. It has been condemned since October 23, 2006.

The two story structure was built in 1900. The building is 3035 square feet and sits on a 7,109 square foot lot. The Assessor rates the overall building condition as fair but found the building to be uninhabitable.

Inspectors have been inside the property and determined that it requires a significant amount of work to bring into compliance. Inspectors noted that there are 28 open housing code orders including orders to repair ceilings, floors, exterior walls and the roof. A second code compliance was completed on March 20, 2009.

At the Nuisance Condition Process Review Panel meeting on April 9, staff presented findings that the building had remained in disrepair for over two years and that the owners had not initiated any repair work since purchasing the property in 2007. Also during that time, the property has incurred 12 nuisance orders including four instances of grass cutting and seven cases of rubbish removal.

The owners indicated that they plan to rehab the property and would like to enter into a Restoration Agreement with the City. They submitted a sworn construction statement and scope of work, based on Code Compliance inspections, with an estimate of \$91,719.00. The owner also indicated that they now had the resources to repair the property whereas the financial problems of the previous owner had prevented repairs up until now.

Two neighborhood residents spoke at the April 9 hearing indicating that they would prefer to see the property rehabilitated and reoccupied.

The cost of rehab, according to our MEANS analysis is \$93,165 to \$119,836. The after market rehab value of the property is \$185,000, according to CPED contracted appraiser. The cost to demolish is between \$16,700 and \$20,200.

Preservation staff have reviewed and determined that removal of the property would have no impact on historic resources.

After hearing testimony, the Nuisance Condition Process Review Panel voted to recommend to the City Council that the Director of Inspections' Order to Raze the building located at 2540 Cedar Avenue South Minneapolis, Minnesota, be upheld, but encouraged the owners to work with staff prior to the Public Safety and Regulatory Services Committee to see if a rehab plan was feasible.

Staff has met with the owners and reviewed the rehab plan and financing. The rehab plan and estimate is consistent with staff analysis. The owner's financing appears to be in order.



Minneapolis

City of Lakes

2540 Cedar Avenue South

Nuisance Condition Process Review Panel Hearing Thursday, April 9, 2009

Appeal received from Dan Boler	February 10, 2009
Director's Order to Demolish Sent	February 2, 2009
Metropolitan Capital Ventures acquires property	January 2007
Condemned for boards and added to VBR	October 23, 2006

Owner

Dan Boler of Metropolitan Capital Ventures filed an appeal stating that "Metropolitan Capital Ventures plans to enter into a rehabilitation agreement with the city. It has always been our intention to rehab this property. We have been delayed by circumstances relating to the credit markets."

Structure description

2540 Cedar Ave S is a duplex in the East Phillips neighborhood. The two story structure was built in 1900. The building is 3035 square feet and sits on a 7,109 square foot lot.

General condition

Property has been determined to be substandard. There are 28 open housing orders, including orders to repair ceilings, repair floors, repair or replace exterior walls, and repair roof overhang. Additionally, interior and exterior inspections of the property revealed extensive cosmetic and structural deterioration.

Twelve nuisance orders have been written for the property since 2007, including four instances of grass cutting, seven cases of rubbish removal, and two instances of brush or branch cutting. All of these violations have resulted in abatement by City-hired contractors.

Market analysis

Vacancy Rate: In 2000 the vacant housing rate in the East Phillips neighborhood was around 6%. Of the approximately 839 houses on the city's Vacant Building Registration, 17 are in the East Phillips neighborhood, a neighborhood of approximately 1162 housing units.

Cost to Rehab: The estimated cost to rehabilitate the building is \$162,402.50 to \$216,445.00, based on the MEANS square footage estimate.

After Rehab Market Value: CPED contracted appraiser has determined the after rehab market value to be \$210,000,00.

Assessed Value: The 2009 assessed value of the property is \$87,500.

Cost to Demolish: The estimated cost to demolish the structure is between \$28,800 and \$35,000.

Community impact

The East Phillips Improvement Coalition and the owners of properties within 350 feet of 2540 Cedar Ave S were mailed requests for a community impact statement. The department received 0 in return

Notification summary

The Order to Raze and Remove the Building was sent by certified mail to:

- 1. Metropolitan Capital Ventures, LLC., 2230 County Road C, Roseville, MN 55113
- 2. Globe Companies, Attn: Brian Anderson, 2230 County Road C, Roseville, MN 55113
- 3. FRS, 411 South Darlington, Ste 950, Tulsa, OK 74135
- 4. University National Bank, Main Branch, 200 University Ave West, Saint Paul, MN 55103
- 5. Kathleen Gorzycki, For Key Realty, 3521 88th Ave NE, Blaine, MN 55014

Recommendation

Demolition.