



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

Date: September 2, 2009

To: Council Member Don Samuels, Chair – Public Safety & Regulatory Services Committee

Subject: 139 27th Street East.

Recommendation: Nuisance Condition Process Review Panel Recommendation regarding appeal of Director's Order to Raze and Remove structure located at Forwarded without recommendation.

Previous Directives: None

Department Information

Prepared by: Kellie Rose Jones, 612-673-3506

Approved by:

Rocco Forté, Assistant City Coordinator for Emergency Preparedness & Regulatory Services

Henry Reimer, Director of Inspections

Thomas Deegan, Manager Problem Properties Unit

Presenters in Committee: Thomas Deegan and Lee Wolf

Financial Impact

- Action is within the Business Plan

Community Impact

- Neighborhood Notification of NCPRP
- Consistent with City Goals

Supporting Information

This matter came before the Nuisance Condition Process Review Panel on June 11, 2009 and July 9, 2009.

At the June hearing, Chris Carrow, a representative for the owner, discussed the plan to renovate the property. Two neighbors present at the meeting said the property is a nuisance and should be demolished. A representative for the Wittier Alliance said that the

property was a nuisance in its current condition, but that if renovated it would benefit the community. The Panel postponed their decision until July.

At the July meeting, the Nuisance Condition Process Appeal Panel voted to move the matter forward without recommendation.

Background

An order to demolish the structure was sent on March 25, 2009. MN REO filed an appeal on behalf of Saxon Mortgage Services stating that they are "submitting bids for rehab."

139 27th St E is a single family home in the Whittier neighborhood. The 1.5 story structure was built in 1909. The building is 1,204 square feet and sits on a 1,901 square foot lot.

The property was damaged during a severe fire in May 2008 and has been determined to be substandard due to significant fire, smoke, and water damage. Structural issues include fire damaged and rotting subfloor, damaged joist and ceiling beams, damaged wall studs and floor joists, damaged roofing, structurally deficient stairs, cracked foundation, exterior landing and steps damaged beyond repair, fire damaged floor decking. All new heating plant, gas piping, and venting are also needed.

The City Assessor's office rates the overall building condition as "poor."

In 2008 the City of Minneapolis levied \$1,940 in special assessments against the property.

The estimated cost to rehabilitate the building is \$90,346.00 to \$121,366.00, based on the MEANS square footage estimate.

The 2009 assessed value of the property is \$65,000. The 2008 assessed value was \$126,500.

The estimated cost to demolish the structure is between \$11,000 and \$14,000.

The Whittier Alliance and the owners of properties within 350 feet of 139 27th Ave E were mailed requests for a community impact statement. The department received 2 neighborhood impact responses. One stated the house has had no impact, while the other said it has a negative impact and should be renovated. The Whittier Alliance stated that in its current state it had a negative impact, but that rehabilitation into a livable single family home would make it a positive impact.



City of Lakes

139 27th Street East
Nuisance Condition Process Review Panel Hearing
Thursday, July 9, 2009

Appeal received from MN REO on behalf of Saxon Mortgage Services	April 2, 2009
Director's Order to Demolish Sent	March 25, 2009
Building condemned for being boarded, added to Vacant Building Registry	August 25, 2008

Owner

MN REO filed an appeal on behalf of Saxon Mortgage Services stating that they are “submitting bids for rehab.”

Structure description

139 27th St E is a single family home in the Whittier neighborhood. The 1.5 story structure was built in 1909. The building is 1,204 square feet and sits on a 1,901 square foot lot.

General condition

The property was damaged during a severe fire in May 2008 and has been determined to be substandard due to significant fire, smoke, and water damage. Structural issues include fire damaged and rotting subfloor, damaged joist and ceiling beams, damaged wall studs and floor joists, damaged roofing, structurally deficient stairs, cracked foundation, exterior landing and steps damaged beyond repair, fire damaged floor decking. All new heating plant, gas piping, and venting are also needed.

The City Assessor's office rates the overall building condition as “poor.”

In 2008 the City of Minneapolis levied \$1,940 in special assessments against the property. There are currently pending assessments totaling \$6,000.

Market analysis

Vacancy Rate: In 2000 the vacant housing rate in the Whittier neighborhood was around 3%. Of the approximately 838 houses on the city's Vacant Building Registration, 15 are in the Whittier neighborhood, which has approximately 7,265 housing units.

Cost to Rehab: The estimated cost to rehabilitate the building is \$90,346.00 to \$121,366.00, based on the MEANS square footage estimate.

After Rehab Market Value: CPED contracted appraiser has determined the after-rehab market value to be \$140,000.

Assessed Value: The 2009 assessed value of the property is \$65,000. The 2008 assessed value was \$126,500.

Cost to Demolish: The estimated cost to demolish the structure is between \$11,000 and \$14,000.

Community impact

The Whittier Alliance and the owners of properties within 350 feet of 139 27th Ave E were mailed requests for a community impact statement. The department received 2 neighborhood impact responses. One stated the house has had no impact, while the other said it has a negative impact and should be renovated. The Whittier Alliance stated that in its current state it had a negative impact, but that rehabilitation into a livable single family home would make it a positive impact.

Notification summary

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

1. Deutsche Bank Trust Company Americas, c/o Saxon Mortgage Services, 4708 Mercantile Dr N, Fort Worth, TX 76137
2. Shapiro, Nordmeyer and Zielke, LLP, 12550 West Frontage Rd, Ste 200, Burnsville, MN 55337
3. Town and Country Credit, 2600 Michelson Drive, Ste 300, Irvine, CA 92612
4. Gregge Johnson and Barbara Johnson, 12645 Lowell Circle, Elk River, MN 55330
5. Internal Revenue Service, Advisory Unit, Stop 5900, 30 E 7th St, Ste 1222, St Paul, MN 55101
6. Minnesota Department of Revenue, PO Box 64447, St Paul, MN 55164
7. Dick Stanton, MN REO, 8937 Aztec Dr, Eden Prairie, MN 55347

Recommendation

Demolition.