



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

**Date:** January 28, 2009

**To:** Public Safety and Regulatory Services Committee, the Honorable Don Samuels, Chairperson

**Referral to:** No referral

**Subject:** Demolition of 2440 16th Avenue South, as per recommendation from the Nuisance Condition Process Review Panel (249 Appeals Panel).

**Recommendation:**

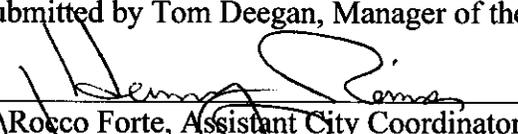
To adopt findings of the Nuisance Condition Process Review Panel to uphold the Director's Order and demolish the property located at 2440 16th Avenue South, Minneapolis, MN.

**Previous Directives:**

None.

Prepared or Submitted by Tom Deegan, Manager of the Problem Properties Unit, 673-3310.

Approved by:

 obo  
\_\_\_\_\_  
Rocco Forte, Assistant City Coordinator

\_\_\_\_\_  
Henry Reimer, Director of Inspections

**Presenters in Committee**

Lee Wolf, Attorney

Tom Deegan, Manager Problem Properties Unit

**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
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact

\_Request provided to the Finance Department when provided to the Committee Coordinator

### **Community Impact**

Neighborhood- No impact.

City Goals – Maintain the physical infrastructure to ensure a safe, healthy and livable city.

Comprehensive Plan – No impact.

Zoning Code – No impact.

Other

### **Background and Supporting Information**

The property located at 2440 16th Avenue South is in disrepair. 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, and 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.

### **Notification summary**

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

1. Adrian J Deboom, 27601 Chatfield Dr, Henderson, MN 56044, Owner Record – KIVA
2. Adrian J Deboom, Specialized Loan Svcs Llc, 8742 Lucent Blvd Ste 300, Highlands Ranch, CO 80129 -- Property Taxpayer
3. New Century Mortgage Corporation, 18400 Von Karman, Ste 1000, Irvine, CA 92612 -- Document No. 8597150

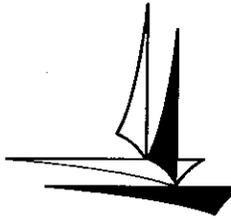
Mr. DeBoom's letter was returned with a new address noted: 18011 Kings Ct., Lakeville MN 55044.

### **Recommendation**

Staff recommendation: Demolition

Nuisance Condition Process Review Panel recommendation: Demolition

Findings of Fact under separate cover



**Minneapolis**

*City of Lakes*

## **2440 16th Avenue South**

**Appeals Panel Hearing  
Thursday, December 11, 2008**

|   |                              |
|---|------------------------------|
| Redemption period expired   | October 6, 2008              |
| Zoning rights for 4-plex expired (vacant for more than a year)  | August 23, 2008              |
| Code compliance inspection ordered by Beth at CE Murphy and completed   | April 20, 2008               |
| Sheriff's sale. RMS Residential Properties LLC bid \$222,000.   | April 4, 2008                |
| PS&RS committee hearing scheduled, but staff withdrew to review two outstanding issues - zoning rights expiration and whether the building needed to be sprinklered. The manager met with appellant to discuss options and requested that the appellant develop a plan and then to return to NCPRP. | January 9, 2008 – March 2008 |
| NCPRP hearing. Panel's determination was to pursue a restoration agreement.   | December 13, 2008            |
| Code Compliance inspection ordered by Kimm Pastrana of Century 21 Pastrana Realty. Inspection then canceled on same day   | January 2, 2008              |
| Assignment of mortgage to RMS Residential Properties LLC finally recorded at the county (see entry from April 5, 2005)  | November 20, 2007            |
| Appeal received from Shapiro, Nordmeyer & Zielke, on behalf of Specialized Loan Servicing LLC   | October 23, 2007             |
| Directors Order issued  | October 2, 2007              |
| Condemned (ConB)  | August 23, 2007              |
| Added to VBR  | August 23, 2007              |
| Specialized Loan Servicing LLC repurchased property from Hennepin County Tax-Forfeited Land, subject to 5 conditions (see narrative)  | August 2, 2007               |

|   |                   |
|---|-------------------|
| Specialized Loan Servicing LLC purchased property     | July 24, 2007     |
| Letter of intent to condemn for boards (LintB) issued | June 6, 2007      |
| Rental license closed                                 | February 21, 2006 |
| Mortgage assigned to RMS Residential Properties LLC   | April 5, 2005     |
| Adrian DeBoom purchased property for \$342,000        | March 30, 2005    |
| Last rental license expired                           | September 2005    |

## Owner

RMS Residential Properties LLC acquired the property through foreclosure in October 2008. Shapiro, Nordmeyer & Zielke represented the company in the foreclosure process.

On August 2, 2007, Melissa Baldrige, attorney at Shapiro, Nordmeyer & Zielke, representing Specialized Loan servicing LLC, appeared at a Hennepin County hearing for the purpose of repurchasing this tax-forfeited land. That application for repurchase was permitted subject to the following five conditions: (1) foreclose, (2) seek expedited redemption period of 5 weeks, (3) assign a property manager, (4) discuss sale of property to City of Minneapolis, and (5) provide a detailed management plan and certificate of code compliance within six months of date of repurchase.

The code compliance inspection was ordered January 2, 2008. It was canceled on the same day. A new agent ordered an inspection on April 28, 2008. The inspection orders were sent to the applicant on May 20. No permits to do the work have been requested.

## Structure description

2440 16th Avenue South is a fourplex in the East Phillips neighborhood. The two story structure was built in 1963. The building is 3,778 square feet, with 1928 being the first floor and 1850 being the second floor. The building sits on a 5,187-square-foot lot. One apartment is a single-bedroom unit, and the other three are two-bedroom units.

## General condition

The building was condemned on August 23, 2007, for being a boarded building. The Assessor rates the overall building condition as average minus.

The city has levied five special assessments in 2008, totaling \$6752, four for removing rubbish or cutting grass and weeds and one for the VBR fee for 2008.

There are 29 open housing orders, including but not limited to the following items: repair ceilings, walls, floors, cabinets and counters, windows, stairs, interior doors, public areas; provide security doors, buzzers, smoke detectors, fire extinguishers, fire rated apartment doors, doors that close and latch.

## Market analysis

**Vacancy Rate:** The vacant housing rate in the Phillips neighborhood is around 3%, according to the 2000 census. Of the approximately 872 houses on the city's Vacant Building Registration, 21 are in the East Phillips neighborhood alone, a neighborhood of approximately 6734 housing units.

**Cost to Rehab:** The estimated cost to rehabilitate the building is \$113,000 to \$132,200, based on the MEANS square footage estimate.

**After Rehab Market Value:** CPED staff appraiser has determined that the after-rehab value of the home would be 250,000.

**Assessed Value:** The 2008 assessed value of the property is \$382,800. In 2007 and 2006, the value was \$369,500.

**Cost to Demolish:** The estimated cost to demolish the structure is between \$\_\_\_\_\_.

### **Community impact**

The East Phillips Improvement Coalition (EPIC) and the owners of properties within 350 feet of 2440 16th Ave. S. were mailed a request for a community impact statement. The department received three in return. All said the house has a negative impact on the neighborhood, does not fit the housing needs of the neighborhood and should be demolished.

### **Architectural and historic value/designation**

The Preservation and Design Team staff has conducted a historic demolition review of the property. Demolition is okay. The wrecking permits have been signed and returned to Minneapolis Development Review.

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### **Recommendation**

Based on fact that zoning rights were lost and we never received any additional information from the appellant, staff and the building continued to deteriorate over the past year, staff recommends demolition.