



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

Date: June 7, 2010

To: Council Member Elizabeth Glidden, Chair – Regulatory, Energy, and Environment Committee

Referral to:

Subject: Nuisance Condition Process Review Panel Recommendation regarding appeal of Director's Order to Raze and Remove structure located at 2729 Cedar Avenue South.

Recommendation: To adopt findings of the Nuisance Condition Process Review Panel to uphold the Director's Order and demolish the property located at 2729 Cedar Avenue South.

Previous Directives: **NONE**

Department Information

Prepared by: Ahna Minge

Approved by:

Rocco Forté, Director of Regulatory Services & Emergency Preparedness

Henry Reimer, Director of Inspections

Grant Wilson, Manager, Problem Properties Unit

Presenters in Committee: Grant Wilson

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 April 22, 2010.

The property is in foreclosure with the redemption period expiring August 23, 2010. The real estate agent for the lender appeared at the hearing. He stated that the bank would prefer to decide for themselves whether the property should be demolished or rehabilitated should the bank acquire the property.

The Nuisance Condition Process Appeal Panel voted to recommend that Council uphold the Director's Order to demolish the property.

Background

2729 Cedar Ave S is a single family dwelling in the East Phillips neighborhood. The 1.2 story structure was built in 1916. The building is 860 square feet and sits on a 4,920 square foot lot.

An order to demolish was sent on December 14, 2009. The property owner, Fue Chang filed an appeal of the order to demolish stating that "the home is currently under a short sale term agreement."

Property has been determined to be substandard. A recent inspection revealed severe foundational issues, as well as problems with posts and beams. The back half of the house has been gutted to the studs, there are holes in the flooring, windows are severely deteriorated, there is mold, the roof is failing, and all asbestos must be abated. Additionally, the furnace must be replaced, as must all doors and windows.

The City has hired contractors to cut grass and vegetation at the property seven times and to remove rubbish five times since 2008. The City assessed \$8,376 in fees to the property in levy year 2009.

The estimated cost to rehabilitate the building is between \$71,690.00 and \$90,140.00, based on the MEANS square footage estimate. An independent appraiser has determined the after-rehab market value to be \$115,000.

The 2009 assessed value was \$69,900. The 2010 assessed value of the property is \$63,000.

The East Phillips Improvement Coalition and the owners of properties within 350 feet of 2729 Cedar Ave S were mailed requests for a community impact statement. The department has received six responses. Four state that the property has had a negative impact on the community. Four state that it should be demolished.

Staff met with the property owner and his real estate agents. We explained the requirements and process for a restoration agreement should they find a qualified buyer. Since that meeting, a code compliance inspection was conducted which revealed even further damage within the property, leading staff to conclude that rehab is not a viable option for this property.

Staff recommendation is demolition.



City of Lakes

2729 Cedar Avenue South
Nuisance Condition Process Review Panel Hearing
Thursday, April 22, 2010

Appeal received	January 11, 2010
Director's Order to Demolish Sent	December 14, 2009
Building condemned for being boarded	December 3, 2008
Building added to Vacant Building Registry	June 16, 2006

Owner

The property is owned by Fue Chang. Mr. Chang filed an appeal of the order to demolish stating that "the home is currently under a short sale term agreement."

Structure description

2729 Cedar Ave S is a single family dwelling in the East Phillips neighborhood. The 1.2 story structure was built in 1916. The building is 860 square feet and sits on a 4,920 square foot lot.

General condition

Property has been determined to be substandard. A recent inspection revealed severe foundational issues, as well as problems with posts and beams. The back half of the house has been gutted to the studs, there are holes in the flooring, windows are severely deteriorated, there is mold, the roof is failing, and all asbestos must be abated. Additionally, the furnace must be replaced, as must all doors and windows.

The City has hired contractors to cut grass and vegetation at the property seven times and to remove rubbish five times since 2008. The City assessed \$8,376 in fees to the property in levy year 2009.

Market analysis

Vacancy Rate: In 2000 the vacant housing rate in the East Phillips neighborhood was around 6%. Of the approximately 776 houses on the city's Vacant Building Registration, 19 are in the East Phillips neighborhood, which has approximately 1,162 housing units.

Cost to Rehab: The estimated cost to rehabilitate the building is between \$71,690.00 and \$90,140.00, based on the MEANS square footage estimate.

After Rehab Market Value: An independent appraiser has determined the after-rehab market value to be \$115,000.

Assessed Value: The 2009 assessed value was \$69,900. The 2010 assessed value of the property is \$63,000.

Cost to Demolish: The estimated cost to demolish the structure is between \$8,000 and \$10,000.

Community impact

The East Phillips Improvement Coalition and the owners of properties within 350 feet of 2729 Cedar Ave S were mailed requests for a community impact statement. The department has received six responses. Four state that the property has had a negative impact on the community. Four state that it should be demolished.

Notification summary

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

1. Fue Chang, 2729 Cedar Ave S, Minneapolis, MN 55407
2. Fue Chang, 2671 Meridian Dr, Robbinsdale, MN 55422
3. Xay Lee Chang, 9661 189th Ave NE, Forest Lake, MN 55025
4. MERS, P.O. Box 2026, Flint, MI 48501-2026
5. Guaranty Residential Lending, P.O. Box 2198, Austin, TX 78768-2198
6. Guaranty Residential Lending, P.O. Box 4874, Houston, TX 77210-4874
7. Wilford & Geske, 7650 Currell Blvd, Suite 300, Woodbury, MN 55125
8. Countrywide Home Loans, 3601 Minnesota Dr, Suite 900, Bloomington, MN 55435
9. Peterson, Fram & Bergman, 55 East Fifth St, Suite 800, St Paul, MN 55101-1197

Recommendation

Demolition.