



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

Date November 28, 2007

To Public Safety and Regulatory Services Committee, The Honorable Don Samuels, Chairperson.

Referral to No Referral

Subject To demolish the building at 2131 Penn Avenue North

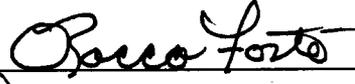
Recommendation

That the Director of Inspections' Order to Demolish the building located at 2131 Penn Avenue North be upheld, as per the recommendation of the Nuisance Condition Process Review Panel.

Previous Directives

None.

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

Approved by: 

Rocco Forte, Assistant City Coordinator



Henry Reimer, Director of Inspections

Presenters in Committee

Lee Wolf, Attorney

Thomas Deegan, Manager of 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

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

In the matter of the Appeal of

Director's Order To Demolish the Property Located at 2131 Penn Avenue N. Minneapolis, Minnesota.

FINDINGS OF FACT, CONCLUSIONS, AND RECOMMENDATION

This matter came on for hearing before the Nuisance Condition Process Review Panel at Rental Dwelling License Board of Appeals on September 13, 2007 and October 4, 2007 in City Council Chambers located in Minneapolis City Hall. Board Chair Burt Osborne presided over the September 13, 2007 hearing. Other board members present included Patrick Todd, Dave Dewall and Elfric Porte. For the October 4, 2007 hearing Patrick Todd presided over the hearing

and other board members present included Dave Dewall and Geri Meyer. Assistant City Attorney Lee C. Wolf was present as *ex officio* counsel to the board. Wayne Murphy represented the Inspections Division. At the September 13, 2007 hearing no appearance was made by Wells Fargo Home Mortgage Inc., the owner of the property, or by any representative of the owner. At the October 4, 2007 hearing Kimm Pastrana appeared along with potential buyers Chris Casey and Kevin Curtis. Based upon the Board's consideration of the entire record, the Board makes the following:

FINDINGS OF FACT

1. Wells Fargo Home Mortgage Inc. is the owner of the property located at 2131 Penn Avenue North, Minneapolis, Minnesota. 2131 Penn Avenue N. is a 1.7 story, wood-framed duplex located in the Willard-Hay neighborhood. The 1.7 story duplex was built in 1900 and each unit has four rooms, two bedrooms and one full bathroom. The building sits on a 5,289 square foot lot measuring 43 ft x 128 ft. The Assessor rates the building as being in fair condition.

2. The property located at 2131 Penn Avenue N., was placed on the Vacant Building Registration on January 15, 2005 and was condemned for being boarded on November 2, 2006. Since the duplex has been vacant for more than one year and is zoned R1A, an owner who wishes to continue to use the building as a duplex would have to apply for and obtain a rezoning to bring the property into conformity with the zoning code.

3. The Inspections Division of the City of Minneapolis determined that the property at 2131 Penn Avenue N. meets 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; or*

(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.*

(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.*

4. 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 \$177,000 to \$205,700 based on the MEANS square footage estimate. The assessed value of the property is \$126,500. The estimated market value after rehab according to the appraisal obtained from Minneapolis Community Planning and Economic Development staff is \$187,000. The Assessor rates the condition of the building as fair. The property has no architectural or historic value/designation.

b. There are special assessments pending for 2007 totaling \$3,000.50.

c. The Northside Residents Redevelopment Council and the owners of properties within 350 feet of 2131 Penn Avenue N. were mailed a request for a community impact statement. The Department of Inspections received four in return, three recommended demolition and one recommended rehabilitation. All four impact statements commented that the property has had a negative impact on the neighborhood.

d. In 2000, the Willard-Hay neighborhood had 2,997 housing units; 2,828 were occupied and 169 were vacant. The vacancy rate in 2000 was under 5%. Rental units made up a third of the occupied housing units in 2000. The foreclosure crisis in North Minneapolis makes these numbers quite obsolete as it is very likely that the vacancy rate is significantly higher in 2007.

5. Wells Fargo Home Mortgage purchased the property located at 2131 Penn Avenue N. on January 9, 2007 at Sheriff's foreclosure sale with the redemption period expiring on July 9, 2007. The owner states they acquired the property on May 4, 2007.

6. On May 9, 2007 Kimm Pastrana, real estate agent for Wells Fargo/Federal Home Loan Mortgage Corp. applied for a code compliance inspection. On May 23, 2007 a code compliance inspection was scheduled but was canceled due to a police board-up of the property on May 22, 2007. The code compliance inspection was rescheduled for June 15, 2007.

7. A code compliance inspection was conducted on June 15, 2007 and the orders were faxed and sent to Kimm Pastrana on June 27, 2007.

8. Neither the owner nor their agent, have applied for any permits to correct the numerous orders which resulted from the code compliance inspection. Those orders include but are not limited to: Replace entire roof; repair cracking foundation and tuckpoint all; replace footings; repair water-damaged and damp buckling basement floor; repair/replace all stair treads

and risers; replace floors; replace all rotted and broken windows; repair and paint exterior walls and trim. In addition the copper pipes have been stolen from the house and will need to be replaced.

9. Taking into account the criteria listed in § 249.40(1) a notice of the Director's Order to Demolish was mailed on July 26, 2007 to Federal Home Loan Management Corp.; Wells Fargo Home Mortgage Inc.; Wells Fargo Bank N.A., c/o Kimm Pastrana (Century 21); and Barbara and Kent Mein.

10. On July 31, 2007 Kimm Pastrana as an agent for the owner Federal Home Mortgage Corp./Wells Fargo filed an appeal of the Director's order to demolish pursuant to M.C.O. § 249.45(c) and a hearing was scheduled for September 13, 2007.

11. On September 13, 2007 neither the owner nor the owner's agent appeared at the appeals hearing. Appellant's written appeal states that the bank just acquired the property and needs time to market the property and secure a buyer willing to assume the code compliance orders.

12. On October 4, 2007 Kimm Pastrana appeared at the hearing with potential buyers Chris Casey and Kevin Curtis. The potential owners indicated that they would be willing to buy the property and rehabilitate it if the property remained a duplex. The potential owners were informed that since the property had been vacant for more than one year it had lost its non-conforming rights as it is currently zoned R1A and any owner who wishes to continue to use the building as a duplex would have to apply for and obtain a rezoning to bring the property into conformity with the zoning code. The potential owners then indicated that they were not willing to purchase the property with that uncertainty.

CONCLUSIONS

1. The building located at 2131 Penn Avenue 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 2131 Penn Avenue 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 2131 Penn Avenue N. meets the definition of nuisance condition as set forth in M.C.O. § 249.30(a)(4) as 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.

4. Pursuant to M.C.O. § 249.40 *Abatement of nuisance condition*, The Director of Inspection's order to demolish the building located at 2131 Penn Avenue 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 demolition of the building is appropriate. The building has been vacant and boarded for approximately 1 year and all the copper piping had been removed. While the owner has completed a code compliance inspection the owner has no plans to rehabilitate the property but wishes only to sell the property to a buyer who will assume the code compliance orders. This course of action would allow the building to remain as a vacant/boarded building and would continue to have a negative impact on the neighborhood.

RECOMMENDATION

That the Director of Inspections' Order to Raze the building located at 2131 Penn Avenue N., Minneapolis, Minnesota be upheld.

Patrick Todd
Acting Chair,
Nuisance Condition Process Review Panel