



City of Saint Paul

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Master

File Number: SR 15-139

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Type: Staff Report

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**Contact
Number:**

In Control: Legislative
Hearings

File Created: 11/12/2015

File Name: Review Request to reconsider 2227 Beech St

Final Action: 01/26/2016

Title: Reviewing request for Council to reconsider its Order to Remove or Repair the Structures at 2227 BEECH STREET.

Notes:

Agenda Date: 01/26/2016

Agenda Number: 2

Sponsors: Finney

Enactment Date:

Attachments: 2227 Beech St.FTA RR Ltr.9-10-15, 2227 Beech St.Kemper Ltr.12-9-15, 2227 Beech St.Bond Posted., 2227 Beech St.Kemper Ltr.1-27-16

Financials Included?:

Contact Name:

Hearing Date:

Entered by: mai.vang@ci.stpaul.mn.us

Ord Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Legislative Hearings	11/24/2015	Laid Over	Legislative Hearings	12/08/2015		
	Action Text: Laid Over to the Legislative Hearings due back on 12/8/2015						
	Notes: Recommendation is forthcoming. (STAFF REPORT ONLY)						
1	Legislative Hearings	12/08/2015	Laid Over	Legislative Hearings	01/26/2016		
	Action Text: Laid Over to the Legislative Hearings due back on 1/26/2016						
	Notes: Jared Kemper, Attorney with Dykema Law Firm, appeared o/b/o Ocwen, servicer for Bank of America, owner. Altisource is the REO.						
	<i>Inspector Steve Magner, Vacant Buildings:</i>						
	<i>-update</i>						
	<i>-there's a code compliance application dated Dec 3, 2015; the inspection has not yet been done; it's still at least 2 weeks out</i>						
	<i>-issued an Order to Abate; sent public hearing notices; there was a LH at which no one appeared; ultimately, the Council passed a resolution to remove this building; now, there's an outstanding resolution and we are re-hearing the case</i>						
	<i>-the \$5000 performance deposit has not yet been received</i>						
	<i>-there had been a number of complaints of water leaking and green slime coming up from under the driveway, running halfway down the block; neighbors were dumping gallons of bleach to disinfect</i>						
	<i>-the dwelling was found unoccupied and the Certificate of Occupancy Condemnation was issued for lack of basic facilities: gas, electric & water</i>						

Ms. Moermond:

- updated HPC information
- 1977 split level home; original owner was B. Smitney
- no Sanborn Maps; house is 38 years old; contiguous with surrounding housing in that neighborhood
- demolition would not have an adverse affect
- Altisource is the REO; is sure they can take care of the slime

Ms. Amy Spong, Heritage Preservation Commission (HPC):

- it's not old enough from the national register perspective (has to be 50+ years to be evaluated)

Mr. Kemper:

- his understanding is that his clients missed the Sep LH because they did not have Notice of the hearing

Mr. Magner:

- has notification from Ocwen of certified mail signed Aug 11, 2015; so, they did receive proper legal notification

Mr. Kemper:

- the people that arrange for someone to appear did not have notice
- he was first engaged in Oct 2015; he appeared for the 2nd hearing; at that time, his understanding was that his client had a bid for demolition of the property, which they do have; and what became clear was that they were confused - they had obtained the demolition bid at the city's request but they understood, based on the history of the property, that the only issue was with the electrical wiring of the property; so, they had concerns about if the city were to allow repairs, what was that scope of work; in their minds, they believed it was a fairly minor issue, economically; he advised them to immediately arrange for an inspection and a post a performance deposit; he was told at the end of last week that they were working with the city to get the deposit posted; apparently, that hasn't yet been done
- his client is interested in knowing the scope of work expected by the city, which is in the neighborhood of \$50,000 worth, which is not what they understand to be the case; he has an inspection from Sep 2015 that Altisource did that doesn't identify other than the lack of some smoke detectors, etc; nothing extremely hazardous like green slime
- his request is to get the inspection to identify the issues

Ms. Moermond:

- there are more issues than electrical

Mr. Kemper:

- this property, he believes was foreclosed (\$150,000-\$200,000 mortgage range)

Mr. Magner:

- he believes the city's estimate for repairs is \$50,000+ is because they are referencing the fact that the interior of the structure has water damage and it was not abated immediately; so, the cost was driven upward (possibly toilets froze and are broken; mold growing in the corners; suspended ceiling in basement may have fallen down, etc.)

Ms. Moermond:

- wants to see the \$5,000 performance deposit posted by Jan 4, 2016 in order to hold off on the demo proceedings
- she will call the building official to expedite the code compliance inspection; water damage will be a big part of the repairs
- wants to see a proposed work plan with necessary bids, demonstration of financing and a willingness to pay for the rehabilitation of at least \$50,000 (commitment letter; affidavit from the Vice President)
- if the performance deposit is posted by Jan 4, 2016, she will grant time until Jan 26, 2016; if performance deposit is not posted, we're done
- property must be maintained
- LAYOVER to Jan 26, 2016 to review the plans

Owner needs to post the \$5,000 performance deposit by January 4th in order to hold off demolition proceedings. If condition is met; Legislative hearing officer is looking for a proposed work plan with all necessary bids, financial documentation and an affidavit from the Bank; and property must be maintained.

1 Legislative Hearings 01/26/2016 Received and Filed

Action Text: Received and Filed

Notes: Jared Kemper, Attorney with Dykema Law Firm, appeared o/b/o Ocwen, servicer for Bank of America, owner. Altisource is the REO.

Inspector Steve Magner, Vacant Buildings:

-read letter dated Dec 9, 2015 from Mai Vang into the record (attached)

Ms. Moermond:

-so, we have the \$5,000 Performance Deposit posted (Dec 2015)

-what about everything else?

Mr. Kemper:

-bids were made for the scope of the repairs

-in the past 2 weeks, the servicing rights for the old loan, that's now been foreclosed, transferred to a different company called Shell Point Mortgage Servicing; they have been instructed the status of where things stand with the city; his communication with them about 2 weeks ago was that we had the deposit in and he forward them 2 bids for repairs; he thinks the bids came in around \$43,000

-it's not in Ocwen's hands anymore; it's in Shell Point's; he hasn't been retained by them but he wanted to appear today so that there wasn't any confusion about what was going on

-now, it's out of his hands but he knows that there were directives made to teams, internally, at Shell Point to get on this, to develop and work plan and the financial affidavit

-even though, he is not here today on behalf of Shell Point because he hasn't been formally retained but is hoping that he will be

-is hoping that some additional time can be granted so that he can put this in front of them, urging them to get moving on what is yet needed

-maybe 2 weeks; so, he can find out if he will still be involved and if so, he can help guide the process

Ms. Moermond:

-the goal of this whole discussion has been to make a determination on whether Council should put a stay in place on the demo because your folks didn't open their mail to figure out that this action was going on, or to grant time for the rehab

-we started this Dec 8, 2015 and six weeks later, we are not much further ahead

-we have the deposit but not a work plan, a letter of commitment or the money

-wants to put this in front of the City Council Feb 17, 2016

-if Shell Point wants to fix this, they can get materials to her office by Feb 10, 2016

-the resolution she will put together for Council consideration will be a recommendation to deny the request for a stay (initial language she will start with); she will amend it if she gets the additional materials: work plan, letter of commitment from a bank officer/financial affidavit specific to this property and to the amount it will take to fix it

Mr. Magner:

-if they presented a work plan within the next couple of weeks, would they be submitting the existing bids; they may get new bids because they have a different vendor; would that be part of the requirement - to submit bids

Ms. Moermond:

-she would like to see the bids from the contractor that they are going to use

-we have a deadline

-if they want to do something, they need to submit those documents

-you will have the responsibility to communicate with Shell Point

Mr. Magner:

-for the record, - for the action that the city is taking against this property, if the City Council votes to remove the structure and we remove it, our assumption is that you, previously working for Ocwen, is passing this information on because we no ability to contact Shell Point at this time because we don't have any information; we'd be more than happy to send them a copy of the next letter if you can provide us contact information

Mr. Kemper:

-in no uncertain terms, he will pass this communication on to Shell Point

Ms. Moermond:

A new Resolution will go before Council on February 17, 2016 denying owner's request for a stay of enforcement of Council File No. RR 15-37 ordering the rehabilitation or razing and the demolition of the property based on conditions having not met; however, if plans, bids, financial information, affidavit of commitment are submitted and approved by the new servicer, Shell Point, prior to Feb 17 Public Hearing, the Legislative Hearing Officer may amend the resolution.
