

Vacant Building Tax

1. Question is whether license fee is valid if it raises revenue

- Does fee exceed cost of services rendered – if so it's a tax
- All repairs and improvements subject to inspection and fees
- The City has two divisions of inspectors that monitor properties
 - One is for properties that are not vacant
 - One is for vacant houses
- Both divisions receive their revenues from issuing citations for not cutting lawns, excess garbage (sofas and furniture left in yards)
- Both divisions call the other division to let them know if a property isn't meeting code
- There is no \$1100 tax issued for every home that is not vacant that is monitored by these inspectors. Their income is earned through citations just as the vacant property inspections are.

2. At the hearing on November 2nd the inspector stated that Vacant Building inspectors view each home at least two times per month.

- After talking to Vacant Building inspector Dennis Santo – who I've dealt with on a few issues – he stated that he is lucky if he gets to see these homes once per month.
- So the \$1100 tax rate is grossly overstated
- Note: Hendricks vs. City of Minneapolis (Minnesota Supreme Court) stated that Minneapolis did not have the right to raise meter parking to cover inspections and regulations

- 3. The Vacant Building Tax discriminates against people who buy vacant properties to bring them up to current building codes. While non-vacant homes that have hazardous electric, leaky plumbing, roofs in need of repair can be bought and sold without bringing these properties up to code.**
- Example: my home at 288 Erie was previously section 8 approved and had been inspected about a year before I purchased it. Despite this previous approval I was required to rip out and replace perfectly good plumbing costing over \$8,000.
 - We should be treated equally – either all home buyers (of vacant or lived in properties) should all adhere to the same minimum rules or not be subject to any rules.
 - People buying vacant properties are penalized with the \$1100 vacant building tax and are then subject to excess repairs on plumbing and electrical that are in good working order – costing \$10,000 + in some cases
- 4. Once a bank-owned property is sold to someone like me who has spent over \$120,000 to beautify run down homes the home is no longer vacant – the home is being worked on (see pictures) and people are coming and going every day.**
- You are also required to prove that you have the funds to bring these houses up to code.

Closing Argument:

As yourself this question – why wasn't there a vacant building tax for the first 150 years that Minnesota was a state?

Approve the assessment. (If by January, 2012, Appellant is done, Ms. Moermond can look at reducing the assessment in half)

RE: 569 Jefferson Ave (single family)

Robert Orth, owner, appeared.

Inspector Joe Yannarely:

- VB fee for \$1,100 plus serv chg \$150 = \$1,250
- Cat 2 VB; file opened Jul 22, 2009
- there are active permits and an expired Code Compliance Report.
- history: 9 WO and an Excessive Consumption in last 2 yrs

Mr. Orth:

- he has bought 3 vacant bldgs; 2 are completely off the VB list
- this house is close to being completed; all permits have been pulled and he's thru his first inspection on all plumbing, electric, front work, etc.
- house had been abandoned for 4-5 yrs
- he is addressing a whole different situation today: that whether the VB fee is valid; period.
- he alleges that this fee exceeds the cost of services rendered and is not valid, whatsoever: he buys a VB; pulls all the necessary permits and pays all those fees; pays for all the improvement inspections; the VB fee is not an earned fee - nothing is done by the City for this \$1,100; does anyone do anything to incur this \$1,100 cost?
- cited Mpls case: Hendricks vs. the City of Mpls which parallels what's going on here with the VB fee - the City of Mpls wanted to add on an extra 5 cents every 1/2 hour for metering (for inspections and regulations, which they didn't do); Hendricks took it to Supreme Court claiming Excessive Charges because the City of Mpls didn't go out to do anything to incur those charges.
- VB fee: the City has a right to tax property values with a general property tax but it does not have the power to tax vacant building properties just to raise revenue without doing anything to earn that revenue
- he will do whatever he can to get this VB fee thing repealed; it is not an earned tax; that's why he's here today
- inspectors have not been inside his property once
- why wasn't there a VB tax until 2008? (Ms. Moermond argued that there was; it just wasn't assessed to the taxes but the fee has been in place for many yrs)
- this property will be finished in 2-3 months; bought it Aug 2010
- thinks that everyone who buys a house in Saint Paul should have to conform to the same standards; that's fair (Ms. Moermond responded that all properties sold in the City of Saint Paul must have disclosure of problems in the Truth in Sale of Housing Inspection or the Code Compliance Inspection Report or a Certificate of Occupancy (any of those documents can be used to disclose the conditions of the bldg); it's not forcing the repair for any bldgs but those that are in the Registered VB Program - it's policy

Mr. Yannarely:

- explained that the VB statute says that the City has an inspector go out there on a fairly frequent basis to make sure that the property is secure and is taken care of (no garbage, rubbish, tall grass and weeds, etc.)
- Mr. Orth is confusing VB inspectors with trade inspectors

Ms. Moermond:

- explained that the VB fee is based on cost of running the VB Program itself; there are approximately 1,500 vacant bldgs in Saint Paul and they are monitored; take that number of properties and divide them into the cost of running the program - that's how the fee is derived
- by and large, inspectors check bldgs every 2 wks; that team of inspectors is distinct from inspectors who go and look at other properties when a complaint comes in
- some VB cost more to monitor than others but the fee is flat based on program budget
- will recommend approval of this assessment; if Appellant is finished and finalized by Jan 2012, she will recommend reducing it by half)
- CCPH Jan 4, 2012

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January 3, 2012

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Ms. Shari Moore
St Paul City Clerk
St Paul City Hall, Room 310
15 W Kellogg Blvd.
St Paul MN 55102

Also Sent by FAX to:266-8574

Re: Robert Orth

Dear Ms. Grewing:

I am the attorney for Robert Orth. On November 14, 2011 we made the following demand for public information by letter to the City Attorney.

On behalf of my client demand is hereby made under the Data Practices Act for the following information pertaining to the vacant house ordinance:

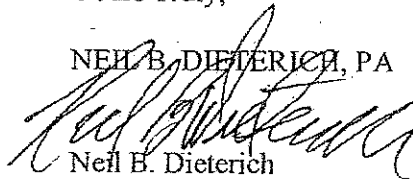
1. Information supplied to the Council as to projected revenues and expenses if the vacant house fee ordinance was adopted;
2. Revenues realized and expenses incurred from the vacant house ordinance in the past three years;
3. A copy of the original ordinance with any whereas clauses or statement of need citing the purpose or need for the ordinance.

Please advise me prior to incurring any cost as to what cost if any is required to be paid. Please provide this as soon as possible as my client is preparing an appeal of his assessment.

I received a call from you and you informed me you were the public information officer for the city and that you would provide the information. No information has been received and my client's appeal hearing before the city council is January 4th at 7:30 pm. Please call me and let me know where and when I can pick up the information.

Yours Truly,

NEIL B. DIETERICH, PA



Neil B. Dieterich

Cc:Ms. Sarah Grewing
City Attorney
St Paul City Hall, Room 400
15 W Kellogg Blvd.
St Paul MN 55102

Fax:298-5619

812 Stewart // TAKEN OFF Vacant List



288 Erie // TAKEN OFF Vacant List.

SECTION D DUPLEX. Plumbing yellow
B Approved thru had to be
completely Replaced < VACANT Building

