

MINUTES OF THE LEGISLATIVE HEARING
ORDERS TO REMOVE/REPAIR, CONDEMNATIONS,
ABATEMENT ASSESSMENTS AND ABATEMENT ORDERS

Tuesday, October 12, 2010

Room 330 City Hall, 15 Kellogg Blvd. West
Marcia Moermond, Legislative Hearing Officer

The hearing was called or order at 10:05 a.m.

STAFF PRESENT: Steve Wagner, Department of Safety and Inspections (DSI), -- Vacant Buildings; Paula Seeley, Inspector, DSI; Christine Boulware, Planning and Economic Development (PED), Historic Preservation Commission (HPC); Matt Dornfeld, DSI – Vacant Buildings; Mike Urmann, DSI Fire Inspection

3. Ordering the owner to remove or repair the building(s) at 555 Charles Avenue within fifteen (15) days from adoption of resolution. (CPH 10/20)

Charles Drake, contractor; Matthew Jones, attorney with Usset, Weingarden and Liebo Law Firm, Minneapolis, representing the Draper and Kramer Mortgage Corp; a realtor; and the potential owner, appeared.

Ms. Moermond asked for a staff report.

Mr. Wagner reported that 555 Charles Avenue is a lay over from September 28, 2010. At that time, Mr. Charles Drake and Ms. Chris Kawohl, Remax, appeared with an interest to purchase the property. Ms. Moermond's recommendation was to lay the matter over for two (2) weeks. They were to go back to the bank to find a representative who would be interested in hiring Mr. Drake to rehabilitate the building. After the building was completed and signed-off, they could transfer the title. Because of the change in Chapter 33, a dwelling as a category III is not allowable for sale, at this time.

Mr. Jones stated that prior to today, a \$5,000 performance bond and a vacant building fee was to be paid. They were paid on Friday, October 8, 2010. Mr. Wagner said that the vacant building fee went to assessment on August 20, 2010, so, the check will be referred to Real Estate (it's past the 30-day window for staff to bring it back). Mr. Jones submitted the receipts.

Ms. Moermond asked for the plans of the owner. Mr. Jones responded that the potential new owner will contract with Mr. Drake to complete the repairs required in the Code Compliance Report. Mr. Drake has done a number of these rehabilitations with the City's approval.

Ms. Moermond asked if there have been any orders issued on this property. Mr. Wagner replied that on August 31, 2010, there was a work order to cut tall grass and weeds. They City did the work for \$160 + \$115 + \$20.

In order for Ms. Moermond to advance this case to the City Council with a recommendation for rehabilitation, she stated that she will be requiring a work plan that will get this property through the Code Compliance inspection. She would accept a sworn Construction Statement with details. She also wants to know that the finances are available to complete the project. She thinks that it will take more

than \$75,000 and she needs to see the details if that would not be the case. This job needs to be done well so that the property is not broken down in the future. The property needs to be maintained. Ms. Moermond also needs to see the contract put in place by the potential new owner and Mr. Drake with the expectations listed. She asked Mr. Wagner if there were other requirements. Mr. Wagner stated that the only other thing is that up to this time, Mr. Jones' client has not done anything to maintain the property. Mr. Jones' assured the Legislative Hearing Officer that the property would be maintained. Ms. Moermond noted that she will be taking a very strict look at all of the plans and financials because she is really disappointed with Mr. Jones' client and the realtor because this property was marketed as a Category III Registered Vacant Building, which is in violation of the Bostrom Ordinance. Mr. Jones retorted that it was originally a Category II property.

The realtor stated that the property was marketed while it was a Category II property. She stated that when it became a Category III, she called the City and was told that it was not available for showing. It was not on the market as a Category III but was on the market a very long time as a Category II. The realtor met the potential buyer in November of 2009 and a Purchase Agreement was written by the bank. Unfortunately, the bank wouldn't accept this offer and conclude the transaction. The realtor kept in contact with the potential buyer. Mr. Jones reiterated that the property was marketed as a Category II and when it was changed to a Category III, it was pulled off the market. There is a Purchase Agreement because it was their common way of delineating each side of the transaction's responsibility. It could be re-typed as a contract, not a Purchase Agreement. Ms. Moermond indicated that she understood this was the position of the bank, but did not agree with this assessment.

Ms. Moermond asked who is managing the property. Mr. Jones' responded that he has a contact at the Draper and Cramer Mortgage Corp. She then asked who is responsible for managing the property on a daily basis. The realtor responded that they contracted a handy person to do maintenance of the property.

Mr. Wagner added that it's not the City's responsibility to send out these maintenance notices. In this case, it's Mr. Jones' client's responsibility to contract with someone to maintain the property a minimum of once a week. He asked who The Thistle Group was and did Mr. Jones entertain a Purchase Agreement with The Thistle Group of March 2010. Mr. Jones answered that he did not know. The realtor said that about month or two before the property became a Category III in June, 2010, they started to work on the Category II package, but they were unable to prove that they had enough funds to do repairs. That agreement was cancelled.

Ms. Moermond asked Mr. Wagner about the seven (7) Summary Abatement Notices and ten (10) Work Orders issued since 2008. Mr. Wagner replied that Work Orders for tall grass and weeds were issued on the following dates: August 31, 2010, July 7, 2010 and June 3, 2010. There was a complaint on snow in February that did not result in a Work Order. There was a Work Order for snow and ice in December, 2009; and a Work Order for tall grass and weeds in September and May, 2009. Ms. Moermond noted that it establishes that there is more recent history than during the redemption time period, so there's some culpability.

Ms. Moermond noted that this scheduled to be before the City Council October 20, 2010. She will need the following by 4:30 p.m. Thursday, October 14, 2010: proof of sufficient money, work plan or construction statement and a contractual agreement. She'll need a copy of a bank statement, construction loan or line of credit (no account numbers, please) with name attached. She will also

need a letter in the form of an affidavit indicating that there is at least \$75,000 set aside to do the rehabilitation.

If this information is provided as indicated, Ms. Moermond will tell the City Council that Mr. Drake has shown very good faith and she would recommend giving another two (2) weeks, which would put this on the agenda for the City Council Public Hearing on Wednesday, November 3, 2010.