



City of Saint Paul

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**Contact
Number:**

In Control: Legislative
Hearings

File Created: 08/11/2015

File Name: 929 SEVENTH STREET W

Final Action: 09/08/2015

Title: Reviewing request of owner to have Council reconsider its Order to Remove or Repair the Structures at 929 SEVENTH STREET WEST.

Notes:

Agenda Date: 09/08/2015

Indexes: Substantial Abatement Orders; Ward - 2

Agenda Number: 3

Sponsors: Thune

Enactment Date:

Attachments: 929 Seventh St W.Code Compliance List w
Comments.9-17-14, 929 Seventh St W.Work Plan
9-17-14, 929 7th St W.Code Compliance
Report.2-18-14, 929 Seventh St W.Quit Claim
Deed.8-17-15, 929 Seventh St W.Letter from
Western Bank.8-17-15, 929 Seventh St W.Rayco
Construction Roof Bid.8-20-15, 929 Seventh St
W.Rayco Construction-Photos of Roof.8-20-15, 929
Seventh St W.Hanten R-R Ltr.8-12-15, 929 Seventh
St W.Hanten R-R Ltr.8-27-15, 929 Sixth St
E.Bond-Western Bank Ltr-Hanten Report.9-7-15

Financials Included?:

Contact Name:

Hearing Date:

Entered by: Mai Vang

Ord Effective Date:

Approval History

Version	Date	Approver	Action
1	08/20/2015	Moermond, Marcia	Approve

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Legislative Hearings	08/25/2015	Laid Over	Legislative Hearings	09/08/2015		
	Action Text:	Laid Over to the Legislative Hearings due back on 9/8/2015					
	Notes:	Owner: Hank Hanten appeared.					

Staff: Steve Magner, DSI-VB/CE, Amy Spong-PED-HPC, Jean Birkholz, Mai Vang and Moermond Moermond, Council Research

Ms. Moermond:

- The City had it with the project. I talked to you earlier about having no vote of confident of ability to rehab on this given the failures.
- Need to have a plan from someone else to undertake this.
- Building is looking like an egg given the cracks in the structures, more separation front and back.

Mr. Hanten:

- the engineer report says it an adequate building.
- it was his brother's building, recently quit claim to him in lieu of foreclosure. He had no control of the bldg now
- he has a letter of commitment from Western Bank for \$100k, roofing bid, and can put together a work plan but don't have all the bids.
- Previous owner gutted the entire building; more than half of the items in the code compliance no longer exists-there are no bathrooms, no stairs

Ms. Moermond:

- we are looking at a completely empty structure and has been inside with the building official, Steve Ubl.
- went throught with the previous owner, Andre Stouvenel.
- when looking at the engineering report, it was dated December 24, 2013 and thinks there needs to be updated here.
- we don't have a copy of the update report and needs him to submit it.

Mr. Magner:

- hard to tell how far back we want to go back on this. Been in place for along time in dealing with the OTA since 2013. As far as ownership issue, pertrate to us that this Andre Stouvenel was going to come in and solve the issue and that is why you were doing a contract sale to him and since you were financing this and ultimately this puts you back in the position.
- You are really the mortgage co behind this property and you have some responsibilities. This unusual situation, Ms. Moermond took the time to ask that Mr. Ubl and I go out there. We were there last year in 2014 – bldg. is gutted, roof leaks, nothing done since the last 24 months period with the excepection of Mr. Stouvenel making a lot of promises and he didn't go through with it. I guess the question is why didn't you rehab the property back then instead of selling it off. but the realty is I don't think that this was a successful operation from day one. He didn't have the ability to make the repairs. He is the guy with the pickup truck working for someone else.
- At this time, staff's recommendation is to move forward with the resolution as it is. We have a purchase order in hand to move forward with demolition.

HPC recommendation from original minutes

Mr. Hanton:

- reason I didn't have ownership in this and not having control of it, I didn't want to put more money into it.
- understand the frustration but I do have a bid for roof that just came in.
- statement from Western Bank for \$100,000. willing to put up the \$10,000 bond today

Ms. Moermond:

- what about getting it fix and occupy
- what needs to be done is have a Fire C of O.
- don't think the engineer report is current, deterioration of the building is likely to occur, roof is not addressed and it has been a couple years and needs to be reassessed.
- the quality of the roof was sketchy
- roof was repaired with salvage roofing materials
- can't get 30 days without posting the bond
- have you paid the taxes

Mr. Hanten:

- got the electrical contractor, rough-in, plumbing cap, there is no plumbing in there. I work with Conlins Electrical on project and they can come in to put in the lighting, has a masonry contractor to come in and fix the wall.
- I don't have any disagreements with you all. I am here to salvage the property.

-have the bid from Rayco Construction here and they are 2-3 weeks out on it
-would like a 30 days to get the roof started.
-the taxes are not current but Western bank will give me the money for the repairs.

Ms. Moermond:

-can we get documents about the quit claim deed transaction [showed Ms. Moermond the deed]
-Put together a plan.
-Maintain the property
-Pay the taxes
-Detailed WP from Rayco
-Post the \$10k bond.
-Revised FP

Mr. Magner:

-bid on demo is \$34k not including hazardous materials

LO 2 weeks to Sept 8 to get all materials. If all good, PH on Sept 16.

Action Minutes:

Continued to September 8. The following conditions must be met in order to receive a grant of time:

- 1) a revised letter from Western Bank approving the loan to be used for the project;
- 2) post a \$10,000 performance deposit or bond;
- 3) pay outstanding taxes with Ramsey County;
- 4) provide a detailed work plan with timelines or sworn construction statement from Rayco Construction in accordance with the code compliance report for the repairs;
- 5) provide a clear engineer report to address the roof issue; and
- 5) the property must be maintained.

Will draft a new Resolution to go before Council at Public Hearing on September 16 if the conditions are met:

1 Legislative Hearings 09/08/2015 Received and Filed

Action Text: Received and Filed

Notes: Henry Hanten, owner, appeared.

Steve Magner, Vacant Buildings:

-read Aug 27, 2015 letter into the record (attached) with conditions to be met; if the conditions are met, a new resolution granting stay enforcement will be on City Council Public Hearing for Wed Sep 16, 2015 at 5:30 pm in Room 300 Council Chambers
-since then, we received email from Mr. Hanten with a number of attached documents (there is a receipt from the Dept of Safety and Inspections (DSI) for the amount of \$10,000 Performance Deposit; a letter dated Sep 1, 2015 from Isaac Graham, Western Bank regarding approval of \$100,000 cash secured loan to Mr. Hank Hanten for the purpose of making improvements to property located at 929 West Seventh Street, St. Paul; loan approved subject to the performance of the conditions of 2 and 5 as outlined in your letter dated Aug 27, 2015. Mr. Hanten has been a valued customer with Western Bank for more than 30 years and has maintained 6-figure depository accounts with the bank. Should you need further assistance, please feel free to contact me.
-there's an additional letter from building engineering, that talks about the recent inspection at the property; the conditions and observations
-there are drawings from Greg Hackett, Architect, re: the building and potential use of it

Ms. Moermond:

-the taxes haven't been paid and the title hasn't been transferred since Andre Stouvenel owned the building; so, she's puzzled about how your brother has it back and you are going to get it from him; and there's money to pay for the Performance Deposit and not money to pay for the taxes, etc. (?)

Mr. Hanten:

-he has the deed in lieu of foreclosure; as soon as he gets thru here today, he will go and file it

Ms. Moermond:

-she doesn't know how the bank will approve anything if the property isn't in your name; so, this

pre-approval letter does not suffice as evidence of financing (unless the property is in your name)

Mr. Hanten:

-he was following the advice of counsel, Ferdinand Peters; he's representing me in this process
-"I will take care of having the property put into my name, immediately."

Ms. Moermond:

-there are 2 transactions: 1)getting the property back into your brother's name; and 2)getting it into your name; because Andre Stouvenel still shows up on county records as the owner; so, if there was a cancellation of contract, it was not registered with the county

Mr. Hanten:

-he was not aware of that but will take care of that
-he paid the taxes last week; it showed all current in the computer yesterday; I have the numbers

Ms. Moermond:

-she will not count the pre-approval letter as financing, right now
-wondering about a work plan; RayCo COnstruction submitted something for the roof

Mr. Hanten:

-no company would come out to do a bid until he had an architectural plan; his architect is working with Larry Zangs, DSI; will be done in the next couple of days
-he has 2 contractors lined-up
-intended use: an office with space in back for storage
-he can start his sales and leasing office in there
-the architect says it would be perfect for an artist/sculptor; it's a perfect bldg for art
-he wants to get the building code compliant so that someone can come in and use it
-initial plan: get a new floor on; contractors say - 2 weeks
-Mr. Zangs said that as long as there are no stairs to the mezzanine and it's not accessible, it would OK to just leave it
-he can't get a Work Plan ready until Greg, the architect can finish the drawings; he has 2 contractors lined-up

Mr. Magner:

-Mr. Hanten's original email indicated that taxes are current but he had no receipt; according to Ramsey County website, the first half of 2015 has been paid; there's a payment for 2014 & 2015= \$3973.07; 2013 was paid \$4926.76; Mr. Hanten paid those taxes; an Oct payment will be due
-referred to the Doby Engineering Report and the listed "cosmetic" repairs; he doesn't consider repairs to the exterior walls as "cosmetic"
-big issue: we have a structure of 4 walls and a roof of which 2 walls definitely need a lot of attention and the roof needs a lot of attention
-he spoke with Larry Zangs re this

Mr. Hanten:

-there will be office space in some part of the front of the building; the drawings show that

Mr. Magner;

-informed Mr. Hanten that Mr. Zangs is their Zoning/Project Facilitator/Coordinator but he can't ultimately give approvals on plans; it has to go to Plan Review for final approval, along with structural engineering approval; and the building official, Steve Ubl has to approve all of it

Mr. Hanten:

-he and the architect think the building is savable; it's more valuable "saved"
-he will be getting an appraisal at the end of Sep

Mr. Magner:

-total estimated market value: for 2016 is \$139,900; for 2015 \$122,600; land value for 2015-16 staying the same at \$75,000; 2015 structure value \$47,600; 2016 structure \$64,900; according to the county, currently, the building is worth less than the land value, according to the county

Ms. Moermond:

-that's really not an accurate value for the building; this building is subject to demolition because of a lot of deferred maintenance
-out of the list of conditions, we have no money adequate for financing; we have the Performance

Deposit; we have paid taxes; we do not have a detailed Work Plan or Construction Statement; the property has been maintained
-she has little or no confidence in Mr. Hanten's ability to execute the project based on what she's seen so far
-she doesn't know "for real" what he's going to do and if he's going to be able to do it
-this deadline is blown

Mr. Magner:

-DSI has the demo Purchase Order (\$35,000, which does not include asbestos); and they could send the "go ahead" letter right now
-there's no heating system to deal with; some concrete has been removed from the floor
-re an engineering analysis, he thinks that we need to defer to Plan Review to see if we need an engineering analysis
-because it was a theater, the floor actually goes down below the outside grade

Mr. Hanten:

-a previous tenant leveled the floor; but there's still no direct grade level access in the back

Mr. Magner:

-last structural report is dated Aug 25, 2015
-one dated Dec 24, 2013 from Doby Engineering
-one dated Aug 2, 2010 from Doby Engineering
-there were appeals all along the way; Fire declared it a dangerous building

Mr. Hanten:

-he lent his brother the money for the reports and that's why he has the building now
-he provided a \$10,000 Performance Deposit; he paid the taxes
-he would have walked away

Ms. Moermond:

-the Performance Deposit comes back to you if you don't pursue the rehab or get approval for it

Mr. Magner:

-this was first in front of the hearing officer for a Remove or Repair on Dec 10, 2013; and at Council Jan 2, 2014; so, we are just shy of 2 years; and the Vacant Building status on this goes back to Nov 18, 2010; so the city and the community have been dealing with this for nearly 5 years plus the chaos that was going on prior to it becoming a VB; this is not a new issue and nothing has worked, so for -you were representing Mr. Stouvenel with a Work Plan, financing, etc; it was going to happen but it didn't - that's why there's a lot of hesitance on the city's part to go forward with any plan short of the city demo

Ms. Moermond:

-will recommend against granting a stay; will be on the City Council Public Hearing agenda Sep 16, 2015
-Mr. Hanten can speak to the City Council

Legislative Hearing Officer will draft a new Resolution to deny a grant of stay for September 16 Public Hearing.

Text of Legislative File SR 15-88

Reviewing request of owner to have Council reconsider its Order to Remove or Repair the Structures at 929 SEVENTH STREET WEST.

Requested conditions were not met

This is in reference to RLH RR 14-18 and RLH RR 13-62.