

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

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**In the matter of the Appeal of  
Director's Order To  
Demolish the Property  
Located at 2635 12th Avenue S.  
Minneapolis, Minnesota.**

**FINDINGS OF FACT,  
CONCLUSIONS, AND  
RECOMMENDATION**

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This matter came on for hearing before the Nuisance Condition Process Review Panel on December 13, 2007 in City Council Chambers located in Minneapolis City Hall. Grant Wilson presided and other board members present included Jim Dahl, Geri Meyer and Pete Pelletier. Assistant City Attorney Lee C. Wolf was present as *ex officio* counsel to the board. Wayne Murphy represented the Inspections Division. Kristine Spiegelberg of Shapiro Nordmeyer & Zielke, was present representing the owner Deutsche Bank Trust Company Americas. Also present was Bruce Singer, a potential purchaser who would rehabilitate the property. Based upon the Board's consideration of the entire record, the Board makes the following:

**FINDINGS OF FACT**

1. 2635 12<sup>th</sup> Avenue S. is a 2.2 story duplex in the Midtown Phillips neighborhood that was built in 1900. Each unit has two bedrooms and one full bath. The 2,112 square foot building sits on a 40 x 127 foot lot. There is a detached two stall garage. The property is zoned R2B.

2. The property located at 2635 12<sup>th</sup> Avenue S. was posted with a letter of intent to condemn on November 28, 2005 for being a boarded building and was condemned on January 3, 2006 for being a boarded building.

3. The Assessor rates the overall building condition as average.

4. The Inspections Division of the City of Minneapolis determined that the property at 2635 12<sup>th</sup> Avenue S. met 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.*

5. 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 \$190,000 to \$221,800 based on the MEANS square footage estimate. The estimated market value after rehab

according to the appraisal obtained from Minneapolis Community Planning and Economic Development staff is \$137,500. The taxable value of the property is \$216,500 (2007) and \$213,300 (2008). The Assessor rates the property as average. The property was reviewed and exhibited no historical value.

b. Taxes on the property are current and there are no outstanding assessments or bills.

c. The Midtown Phillips Neighborhood Association and the owners within 350 feet of 2635 12<sup>th</sup> Avenue S. were mailed a request for a community impact statement. The Department of Inspections received two in return, both recommended demolition. One neighbor commented, "This house has been a magnet for bad people." The other neighbor commented, "My taxes raised 25% next to this property? It would need at least \$100,00 spent. I have been inside this property."

d. In 2000, the greater Phillips neighborhood had 6,734 housing units; 6,333 were occupied and 401 were vacant. There were 1,366 owner occupied units and 4,967 renter-occupied units. The vacant housing rate was 12.28% in 1990 and it dropped to 3.03% in 2000. The foreclosure crisis has hit his neighborhood in a significant way and the occupancy rates are probably quite inflated.

6. Gladys Byrd purchased the home and obtained a mortgage from Mortgage Electronic Registration Systems (MERS) for \$38,080 on November 22, 2004. Gladys Byrd defaulted on the mortgage and a sheriff's sale was held on February 6, 2007 with the redemption period expiring on August 6, 2007.

7. Deutsche Bank Trust Company Americas purchased the property at the sheriff's sale for a price of \$119,00. On August 27, 2007 Deutsche Bank had a Code Compliance Inspection was conducted at the property.

8. Taking into account the criteria listed in § 249.40(1) a notice of the Director's Order to Demolish was mailed on October 10, 2007 to Homecomings Financials LLC; Gladys Byrd; Shapiro, Nordmeyer & Zielke; Deutsche Bank Trust Company Americas and Mortgage Electronic Registration Systems. Kristine Spiegelberg filed and appeal of the order to demolish on August 9, 2007 on behalf of Deutsche Bank. In her appeal Ms. Spiegelberg indicated that a purchaser had been found who was ready and willing to rehabilitate the property. A hearing was set for December 13, 2007.

9. On December 13, 2007 Ms Spiegelberg appeared with Bruce Singer from Singer Group LLC Real Estate, the potential purchaser and person who would rehabilitate the property. Mr. Singer submitted a rehab estimate \$63,000 to \$68,000. Mr. Singer also stated that based upon his experience the after rehab value of the property would be much greater than the estimates obtained by the Department of Inspections.

10. Mr. Singer indicated that he has completed roughly seven rehabs in the Phillips Neighborhood in the last year. Mr. Singer indicated that he has financing in place and he estimated that the rehab would take four months.

13. Wayne Murphy of the Department of Inspections indicated that the Department would be willing to enter into a restoration agreement with Mr. Singer if he is able to purchase the property and post a performance bond to cover the costs of completing the rehabilitation or razing the property if Mr. Singer failed to complete the rehabilitation. Mr. Murphy also

indicated that Mr. Singer has worked with the City in the past and done good work on other buildings he has rehabilitated.

## **CONCLUSIONS**

1. The building located at 2635 12<sup>th</sup> Avenue S. 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 2635 12<sup>th</sup> Avenue S. meets the definition of nuisance condition as set forth in M.C.O. § 249.30(a)(2) as 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, and 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 2635 12<sup>th</sup> Avenue S. 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 recommendation to demolish the building located at 2635 12th Avenue S. 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.

5. There is a responsible person who is willing and able to rehabilitate the property which would eliminate the negative impact the property is having on the neighborhood

### **RECOMMENDATION**

That the Director of Inspections' Order to Demolish the building located at 2635 12<sup>th</sup> Avenue S., Minneapolis, Minnesota be stayed to allow the owner of the property to enter into a Restoration Agreement with the Department of Inspections to rehabilitate the property.

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Grant Wilson  
Acting Chair,  
Nuisance Condition Process Review Panel