



## Request for City Council Committee Action from the Department of Regulatory Services

Date: December 12, 2005

To: Council Member Dan Niziolek

**Subject: Amending Title 12, Chapter 250 of the Minneapolis Code of Ordinances relating to Housing: Condominium Conversions and Amending Title 12, Chapter 248 of the Minneapolis Code of Ordinances relating to Housing: Truth in Sale of Housing.**

### Recommendation

Staff recommends approval of the changes.

Prepared or Submitted by: Lynn Ogren, Project Coordinator, 612-673-5862

Approved by: Henry Reimer, Director of Inspections.

**Permanent Review Committee (PRC)** Approval \_\_\_\_\_ Not Applicable

**Note:** To determine if applicable see <http://insite/finance/purchasing/permanent-review-committee-overview.asp>

**Policy Review Group (PRG)** Approval \_\_\_\_\_ Date of Approval \_\_\_\_\_ Not Applicable

**Note:** The Policy Review Group is a committee co-chaired by the City Clerk and the City Coordinator that must review all requests related to establishing or changing enterprise policies.

Presenters in Committee (name, title)

Lynn Ogren, Project Coordinator

Al Olson, Program Manager

Erik Nilsson, Assistant City Attorney

### Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.

(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

\_\_\_ Action requires use of contingency or reserves

\_\_\_ Other financial impact (Explain):

\_\_\_ Request provided to the Budget Office when provided to the Committee Coordinator

### **Background/Supporting Information Attached**

Chapter 250.120 relating to 1<sup>st</sup> time condominium conversions was written in 1979 and last updated in 1990. Since then the state has updated its statutes (515B) and as baby boomers age, the real estate market for condo's has exploded. The number of apartments converting to condominiums has been increasing in recent years. There have been many concerns relating to this process, especially with disclosure information to current tenants and other prospective buyers relating to the common area building systems that are often older, and may need repair in short term. It is imperative that buyers, even if they are currently renting at the building, have enough information to make an informed decision and to be able to question if the new association has enough reserves, with an adequate monthly input, to fund future repairs. The changes in 250.120 along with some related chapter 248 changes, addresses these concerns by having a professional opinion on the different building systems, along with an estimated statement of life-expectancy of these systems.

Other changes include extending the validity of the TISH report from one year to two, but still for only one sale or one owner. The certificate of approval would also be valid for this same two year period. This will help sellers with any market down-turn. We also included that all existing condominium units would need a TISH. This report would be only on the interior of the unit for sale, and would not require a common-area professional opinion.

The repair/replace list will now include the professional opinion as an item, so we can be sure it is available to a buyer before closing, if not sooner.

Fees have not been changed since the 1998 ordinance changes. We are asking to change the filing fee from \$20 to \$25 per report. Over the years we have moved from taking cash or check payments to almost exclusively credit card payments, but have not increased our fees to cover the charges we incur with credit cards. We are moving to a web-based process, this will help recover some of the costs.

We are asking to increase our test fee from \$75 to \$100, and our licensing fee from \$75 to \$100. We now have a two part-exam that has assisted us in getting better qualified evaluators. We first do a written exam, then a practical exam. We would like to require that all current evaluators acquire a national certification. We now require this of our own inspectors. This helps to get a better qualified, more professional group of evaluators. We already require that new applicants have certification. We also are rolling back the fee for filing late reports from a progressive fee to one set fee of \$50. This reduces staff time trying to calculate the fee when the report is several weeks or even months late, and less of a penalty to the evaluator.

Most of the other changes in 248 are housekeeping items, such as adding definitions, including condominium and condominium conversion terminology where reference is made to what properties are covered, and clarifying and streamlined the procedures such as the differences for selling condemned properties.