



3229-31 Fourth Street North
Appeals Panel Hearing
Thursday, September 25, 2008

Appeal Received from Kristine Spiegelberg of Shapiro, Nordmeyer & Zielke on behalf of Wells Fargo Bank	August 12, 2008
Director's Order to Demolish Sent	July 23, 2008
Code Compliance Inspection	May 6, 2008
Condemned for boards	October 25, 2007
Added to VBR	October 25, 2007
Redemption period expired. Appellant became legal owner.	September 20, 2007
Sheriff's sale. Final bid \$205,631.05.	March 20, 2007
Regina Weah and Victor Young purchased property	December 28, 2004

Owner

Wells Fargo Bank, NA as trustee.

Kristine Spiegelberg of Shapiro, Nordmeyer & Zielke, on behalf of Wells Fargo Bank, filed an appeal of the Director's Order to Demolish, saying "The Appellant has found a buyer who is willing to rehabilitate the property and a closing is scheduled for September 2, 2008."

Ms. Spiegelberg provided a copy of the purchase agreement dated July 4, 2008. Funhomes Properties LLC is buying the property "as-is" for \$12,000.

Structure description

3229-31 4th Street North is a four-unit building in the McKinley neighborhood. The two-story structure was built in 1900. The building is 3577 square feet, with 1186 being the first floor, 1205 being the second floor and 1186 being the basement. The building sits on a 7222 square-foot lot. There are two one-bedroom units in the basement and two three-bedroom units.

General condition

A code compliance inspection was completed in May. The roof needs to be replaced or repaired, the chimney needs replacing, the stucco and siding needs to be repaired or replaced, the foundation is cracking and buckling and has settled. New heating systems need to be installed. There is an **illegal unit** in the basement that needs to be removed. A **structural engineer** needs to inspect and evaluate the basement beams; there are beams that are fixed with sistering, new beams with no inspections, 2 wood columns for support of unit to north with no inspection, beam supports and corrosion protection are below code. The **structural engineer** also needs to inspect and evaluate basement joists; joists were cut from east to west the full length of the basement. Panel members can see other orders in the code compliance report in your presentation.

Market analysis

Vacancy Rate: The vacant housing rate in the McKinley neighborhood is around 9%, according to the 2000 census. Of the approximately 945 houses on the city's Vacant Building Registration, 35 are in the McKinley neighborhood alone, a neighborhood of approximately 1,167 housing units.

Cost to Rehab: The estimated cost to rehabilitate the building is \$210,807 to \$357,078, based on the MEANS catalog square footage estimate.

After Rehab Market Value: We have received no after-rehab estimate from the CPED staff appraiser.

Assessed Value: The 2008 assessed value of the property is \$130,000. In 2007, the value was \$260,000. The \$130,000 decrease in value is a result of the dilapidated condition of the structure.

Cost to Demolish: The estimated cost to demolish the structure is between \$34,000 and \$41,200.

Community impact

The McKinley Community and the owners of properties within 350 feet of 3229 4th Street North were mailed a request for a community impact statement. The department received six in return. Five said the house has a negative impact on the neighborhood, does not fit the housing needs of the neighborhood and should be demolished. One said it had a negative impact but recommended rehabilitation if possible. The neighborhood association called it "another crappy rental" and said it once fit the housing needs of the neighborhood but not any longer.

Architectural and historic value/designation

The Preservation and Design Team staff has conducted an historic demolition review of the property. The property's historical integrity are impaired due to past work or current conditions, but the property still exhibits features and design that make the structure worth of rehabilitation. Demolition is okay. The wrecking permits have been signed and returned to Minneapolis Development Review.

Notification summary

The Order to Raze and Remove the Building was sent by certified mail to:

1. Barclay's Capital RE, Inc., 1100 Corporation Center Dr., Raleigh, NC, 27607
2. Argent Mortgage Co, LLC, PO Box 5047, Rolling Meadows, IL 60008 [returned, resent to new address]
3. Ameriquest Mortgage Co., PO Box 11507, Santa Ana, CA 92711
4. Regina Weah or Victor Young, 11751 West River Hills Dr., Burnsville, MN 55337

5. Shapiro, Nordmeyer & Zielke, LLP, 7300 Metro Blvd., Ste. 390, Edina, MN 55439
6. Mark Heitman, c/o Coldwell Banker Burnet, 941 Hillwind Rd. NE, Fridley, MN 55432
7. Wells Fargo Bank NA Trust, 3476 Stateview Blvd., Fort Mill, SC 29715

Recommendation

Demolition.