



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

Date: December 3, 2008  
To: Don Samuels, Chair - Public Safety & Regulatory Services Committee  
Referral to: City Council

**Subject: Vacant Commercial Properties**

**Recommendation: Implement Vacant Commercial Building registration program**

**Previous Directives:** The Mayor's 2009 budget included a staff direction that Regulatory Services & Emergency Preparedness report jointly with Fire to Ways & Means by 10/6/08 about centralized inspections and an expansion to commercial inspections

Prepared by: Tom Deegan, Manager – Problem Properties Unit  
Approved by: Rocco Forte, Assistant City Coordinator – Emergency Preparedness and Regulatory Services  
Presenters in Committee: Rocco Forte, Tom Deegan

**Reviews**

- Permanent Review Committee (PRC): Approval \_\_\_ Date \_\_\_\_\_
- Civil Rights Approval Approval \_\_\_ Date \_\_\_\_\_
- Policy Review Group (PRG): Approval \_\_\_ Date \_\_\_\_\_

**Financial Impact**

- No financial impact
- Action requires an appropriation increase to the \_\_\_ Capital Budget or \_\_\_ Operating Budget
- **Action provides increased revenue for appropriation increase**
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

**Community Impact**

- Neighborhood Notification
- City Goals
- Comprehensive Plan
- Zoning Code
- Other

**Regulatory Services & Emergency Preparedness and Fire  
Department Joint Proposal for  
Housing Inspections and Commercial Inspections**

**1. Centralize Housing Inspection Oversight**

For approximately four years, the Fire Department has provided housing inspection services for rental properties with four or more units. Regulatory Services & Emergency Preparedness has been providing housing inspection services for rental properties with fewer than four units. Revenue from rental licensing has been provided each year to the Fire Department to support their efforts. After trying out this model for four years, it has become clear that housing inspection services should be centralized under one department in order to provide consistent enforcement services.

The overall City housing inspection program should be under the authority of one department – Regulatory Services. This would facilitate consistent housing inspection enforcement and cost recovery. This proposal is summarized below.

<b>Department</b>	<b>FTE Change</b>	<b>Revenue</b>	<b>Expense</b>
Regulatory Services	Shift 8 from Fire	Shift from Fire the revenue currently transferred for the 8 FTE – \$810,435	Shift from Fire the expense budget for the 8 FTE that matches the revenue transfer – \$810,435

**2. Commercial Building Inspection (Occupied Commercial Buildings)**

Minneapolis is experiencing a phenomenon where commercial buildings are falling into disrepair, representing safety and health issues for our community. A system for maintaining standards currently does not exist for commercial buildings. Safety issues include abandonment, structural integrity, open to trespass, unlawful occupancy, fire hazards, and venues for illegal activities. The status of this program begins with identifying staff to assess the magnitude of this issue and to develop an effective inspection program.

We are currently analyzing best practices around the country on a Certificate of Occupancy model. This model authorizes the Fire Department to conduct safety inspections on a reoccurring basis. Inspection cycles are based on complaints or a risk rating based on the previous year’s fire statistics. Inspection cycles are broken into three categories: High Risk - electro plating, auto body repair shops, fuel terminals, factories or warehouses using hazardous or highly flammable substances; Medium Risk - live entertainment and movie theaters, bars and restaurants, stadiums, churches, recreation centers, and amusement centers; and Low Risk - high rise commercial use, colleges, schools, day care centers, nursing homes, parking garages, laundromats, mercantiles, and gas stations. The inspections are performed by Fire Prevention Bureau inspectors.

Current Model

In Minneapolis, the Fire Department conducts periodic fire inspections based on risk and/or complaints -- focusing primarily on fire codes. This new proposal seeks to upgrade inspections both in terms of time, safety and maintenance issues which are not currently assigned to the fire inspectors. This is aimed at the estimated 6,700 occupied commercial buildings.

Proposed Inspection Checklist

The Fire Department and Regulatory Services & Emergency Preparedness plan to work together to create a comprehensive inspection checklist.

Fees

Specific fees have not yet been determined. The size of the building will determine the actual fee. It is expected that the fees will provide full cost recovery for the program.

Summary

We believe going to a commercial building registration program would make our city safer and allow us to better control problem businesses. The overall City commercial building registration program should be under the authority of one department – Fire Department. Existing fire resources will be utilized while not on emergency responses. Fees would be established to allow for cost recovery. Please see the accompanying Fire Department proposal for more specific information related to costs.

Department	New Revenue Estimate	Existing Expense Budget	Existing Staff
Fire	\$973,362	\$951,000	10 FTE

**3. Vacant Commercial Building Registration (Vacant Commercial Buildings)**

Purpose

To analyze, plan, evaluate, and implement a new vacant building registration (VBR) program for commercial buildings.

Background

A vacant commercial building can now only be referred to the Problem Property Unit for entry into the vacant building registration program if it is in a residentially zoned area (249.80). All other commercial buildings are not addressed unless there is a complaint to either the Building official or Fire Marshal. In most cases the building would have limited orders written to repair and no fees would be assessed. While there has been success in the residential VBR program it is believed that it is important to have the same criteria to address commercial buildings as they affect the life safety, livability and commercial visibility of our city.

Proposal

The Problem Property Unit (PPU) would create a vacant commercial building (VCB) list that would be referral based from City Council, community members or any City department that has concern for a vacant commercial building. Upon receiving the referral PPU staff would conduct an initial inspection to qualify the building for the VCB program. The properties will be maintained on the list by the staff assigned to the PPU and will be shared with Fire and Police departments. All inspection activities will be the responsibility of the PPU; this would include monitoring, assessment for recommendation for either rehabilitation or demolition using the same criteria as the VBR program in existence for residential properties. All Commercial buildings that are fully vacant would be subject to the new Vacant Commercial Building (VCB) Registration.

Resources

The resources required to carry out this new function would be 5 FTE's, four new inspectors assigned to the problem property unit and one support staff person. The four inspectors would be assigned to areas within the city based on the demand for vacant commercial buildings (VCB).

Funding: The funding required for this proposed program will be comprised of 5 FTE's (\$684,975) to maintain the required staff to carry out and monitor the buildings on an ongoing basis. Fees are projected at \$6,000 per building, similar to the Vacant and Boarded Registration (VBR) fee for residential properties. Unpaid fees would be assessed to the property. A recent analysis determined the VBR fee of \$6,000. Vacant commercial properties experience the same types of City service needs as residential properties, so this fee seems reasonable.

<b>Department</b>	<b>New Revenue Estimate</b>	<b>New Expense Budget</b>	<b>New Inspectors</b>
Regulatory Services	\$684,975	\$684,975	5 FTE

2008-Or-\_\_\_

## AN ORDINANCE

of the

CITY OF

MINNEAPOLIS

By: Goodman

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### Amending Title 12, Chapter 249 of the Minneapolis Code of Ordinances relating to Housing: Vacant Dwelling or Building, Nuisance Condition.

The City Council of The City of Minneapolis do ordain as follows:

That Section 249.80 of the above-entitled ordinance be amended to read as follows:

**249.80. Vacant building registration.** (a) The owner of a ~~residential building or building located in a residentially zoned area~~ shall register the building with the director of inspections within five (5) days after it becomes a vacant building. In this section, a "vacant building" is one that is:

- (1) Condemned; or
  - (2) Unoccupied and unsecured for five (5) days or more; or
  - (3) Unoccupied and secured by means other than those normally used in the design of the building for thirty (30) days or more; or
  - (4) Unoccupied and has multiple housing maintenance, fire or building code violations existing for thirty (30) days or more; or
  - (5) Unoccupied for a period of time over three hundred sixty-five (365) days and during which time an order has been issued to correct a nuisance condition pursuant to section 227.90- ; or
  - (6) A commercial property with a cumulative leaseable vacant floor space of thirty (30) percent or greater as calculated on the ground floor block face for a period of sixty (60) days or longer.
- (b) The owner of a building designated as vacant pursuant to this section may appeal such designation within twenty-one (21) days after receipt of the designation or a billing statement therefore to the nuisance condition process review panel pursuant to the procedures established in section 249.45. The notice of designation or billing statement shall notify the building owner of such appeal rights.
- (b)(c) The registration shall be submitted on forms provided by the director of inspections and shall include the following information supplied by the owner:

- (1) A description of the premises;
  - (2) The names and addresses of the owner or owners;
  - (3) The names and addresses of all known lienholders and all other parties with an ownership interest in the building;
  - (4) The period of time the building is expected to remain vacant; and a plan and timetable for returning the building to appropriate occupancy or for demolition of the building.
- (c)(d) The owner shall submit a plan and timetable that must comply with the guidelines adopted by the director of inspections. The guidelines are adopted for purposes of preventing nuisance conditions and maintaining compliance with this code. These guidelines shall be made available to building owners. The plan shall be submitted at the time of registration, or within a reasonable period of time thereafter to be determined by the director of inspections.
- (d)(e) The owner shall comply with all applicable laws and codes. The owner shall notify the director of inspections of any changes in information supplied as part of the vacant building registration within thirty (30) days of the change. If the plan or timetable for the vacant building is revised in any way, the revisions must meet the approval of the director of inspections.
- (e)(f) The owner and the subsequent owners shall keep the building secured and safe and the building and grounds properly maintained until the rehabilitation or demolition has been completed.
- (g) The owner must post a notice of vacancy on the building. The notice shall be posted in a conspicuous place on the front of the building stating the name, address, and telephone number of both the owner, and, if applicable, the owner's agent in control of the building. This notice shall have lettering not less than two (2) inches high, and shall be generally readable from at least thirty (30) feet away.
- ~~(f)(h)~~ Failure of the owner or any subsequent owner to maintain the building and premises that result in abatement completed by the city shall be grounds for revocation of the approved plan and shall be subject to any applicable penalties provided by law.
- ~~(g)(i)~~ The new owner(s) shall register or re-register the vacant building with the director of inspections within thirty (30) days of any transfer of an ownership interest in a vacant building. The new owner(s) shall comply with the approved plan and timetable submitted by the previous owner until any proposed changes are submitted and meet the approval of the director of inspections.
- ~~(h)(j)~~ The director of inspections shall include in the file any property-specific written statements from community organizations, other interested parties or citizens regarding the history, problems, status or blighting influence of a vacant building.
- ~~(i)(k)~~ Vacant building fees:
- (1) The owner of a vacant building shall pay an annual fee as established in the director's fee schedule pursuant to section 91.70. The fee is imposed to recover all costs incurred by the city for monitoring and regulating vacant buildings, including nuisance abatement, enforcement and administrative costs. This fee may be waived or suspended for the current year as a term or condition of a written restoration agreement or order issued pursuant to section 249.50. This fee may be waived for the current year and previous years if the property is acquired by the Community Planning and Economic Development (CPED) Department. The owner of a commercial building designated as vacant pursuant to subsection (a)(6) may apply for a waiver of the annual fee in accord with the procedures and standards established in subsection (m).
  - (2) The first annual fee shall be paid no later than five (5) days after the building becomes vacant. Subsequent annual fees shall be due on the anniversary date of initial vacancy. The fees shall be paid in full prior to the issuance of any building permits, with the exception of a demolition permit.

(3) Unpaid fees shall be levied and collected as a special assessment against the property as provided for under section 227.100, with interest at the rate of eight (8) percent per annum on the unpaid balance thereof. Upon transfer of ownership, the new owner(s) shall be responsible for all unpaid and subsequent annual fees.

(j)(l) A building owner shall provide access to all interior portions of an unoccupied building in order to permit a complete inspection for the purpose of enforcing and assuring compliance with the provisions of this chapter.

(m) The director of inspections may approve a fee waiver for a vacant commercial building upon application of the owner and review by the Community Planning and Economic Development (CPED) Department. The application shall be submitted upon forms approved by the director of inspections and shall be made within thirty (30) days after receipt of the designation as a vacant building or a billing statement therefore, or within thirty (30) days after a final decision on an appeal of such designation. The property must meet at least one of the conditions specified in Table A as applicable. The owner shall pay an application fee as established in the director's fee schedule pursuant to section 91.70. No commercial property subject to this fee shall be exempt for a period greater than two (2) years from the date the fee first becomes due, except as specified.

TABLE A

<u>Waiver Category</u>	<u>Supporting Documentation</u>	<u>Length of Waiver</u>	<u>Amount of Waiver</u>
<u>Owned by a governmental entity.</u>	<u>Copy of supporting documents such as a deed</u>	<u>Open-ended.</u>	<u>100%</u>
<u>Actively being marketed for sale, lease or rent. The building is required to meet all ordinances and relevant code provisions, must be ready for occupancy, and is actively being maintained and monitored by the owner. The owner must disclose the details of how the building will be actively marketed for sale, rent or lease.</u>	<u>Including but not limited to proof of: listing agreement with realty agent and broker contact information, other marketing plans and materials, offers, and appraisals.</u>	<u>The waiver shall be for a period of twelve (12) months from the time the fee first becomes due. The waiver may be extended for an additional year for such buildings or space if the owner continues to show that the building or space is being actively marketed for sale and has partnered with an arts organization to create a temporary art installation in the ground floor block facing windows.</u>	<u>75%</u>
<u>Subject to an active building permit and the owner is progressing diligently to complete the repair or rehabilitation.</u>	<u>Copies of building permit and supplemental permits (electrical, mechanical, plumbing, if applicable) and a detailed timeline for project completion. An inspector shall confirm construction site activity.</u>	<u>The waiver shall be for a period of six (6) months from the time the first fee becomes due and may be extended for an additional six (6) months if the owner provides a detailed plan for when the repair or rehabilitation will be completed and when the</u>	

		<u>building will be actively marketed for sale, lease or rent.</u>	<u>50%</u>
<u>Has partnered with an arts organization to create a temporary art installation in the ground floor block facing windows. The installation must comply with all requirements of section 530.80(b)(2) of the zoning code governing windows in non-residential uses. The building and installation is required to meet all City ordinances and relevant codes and be ready for occupancy.</u>	<u>A copy of the signed agreement between the arts organization and the building owner and a visual illustration of the proposed installation.</u>	<u>The waiver shall be for a period of six (6) months from the time the first fee becomes due.</u>	<u>50%</u>