

Required Findings to Qualify a Redevelopment TIF District

Coverage Test

Parcels comprising at least 70% of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures. A parcel is deemed "occupied" if at least 15% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.

Condition of Buildings Test

More than 50% of the buildings, not including outbuildings, are structurally substandard requiring substantial renovation or clearance. "Structurally substandard" is defined as buildings containing defects or deficiencies in structural elements, essential utilities and facilities, light and ventilation, fire protection (including egress), layout and condition of interior partitions, or similar factors. Generally, a building is not structurally substandard if it is in compliance with the building code applicable to a new building, or could be modified to satisfy the existing code at a cost of less than 15% of the cost of constructing a new structure of the same size and type.

1. Replacement Cost

Cost of constructing a new structure of same square footage and type on site.

27-677090-0 (326 W Main Street)

(Old Marshall Hotel Building) – Replacement cost – for a 5,808 sf 3-story building is estimated at \$857,904.

2. Code Deficiencies

Conditions for a building which are not in compliance with current building codes applicable to new buildings.

27-677090-0 (326 W Main Street)

See attached report dated 5-5-2020 by the City building Official.

3. Condition Deficiencies

Measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.

27-677090-0 (326 W Main Street)

See attached report dated 5-4-2020 by the City building Official.

Distribution of Substandard Structures

Substandard buildings should be reasonably distributed throughout geographic area of proposed TIF District.

Report on Structurally Substandard Building

Building location/address: 27-677090-0: 326 W Main Street

Step 1

Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, a building is **structurally substandard** if it contains "defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

The above buildings, based upon actual interior inspection, meets the above-referenced definition of structurally substandard for the following reasons:

See attached reports dated 5/4/2020 by the City Building Official.

Step 2

Notwithstanding the foregoing, the tax increment law also provides that a building may not be considered structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the current building code at a cost of less than 15% of the cost of constructing a new building of the same square footage and type on the same site. The undersigned has calculated the cost of a new building of the same size and type to be \$857,904 (B) and has also estimated that the cost of bringing the existing building up to current building code would be \$133,000 (A). Therefore, since A divided by B is equal to or greater than .15, the existing building could not be brought up to current building code for less than 15% of the new building.

Date: 5/7/2020.

Annette Storm

See attachment #3 provided by the City Building Official that illustrates that the calculation for each of the existing buildings could not be brought up to current building code for less than 15% of the new building.

Note: Additional documentation and data may be attached as part of this report.

Guidance Points on Determining Buildings Structural Substandard

1. Please note that this is a two-step process and both steps must be satisfied in order for a building to be structurally substandard.
2. It is not sufficient to conclude that a building is structurally substandard solely because step 2 is satisfied. It is theoretically possible for a building to require extensive renovation in order to meet current building code but still not meet the main test of step 1.
3. In many cases the particular building code deficiencies may well contribute to the data which supports satisfying step 1; conversely, it is certainly possible that identified hazards or other deficiencies which could be included in step 1 do not necessarily constitute current building code nonconformities.



DEPARTMENT OF BUILDING INSPECTIONS

HAZARDOUS BUILDING

326 W. MAIN STREET

MARSHALL, MN 56258

5-4-2020

TO: Sharon Hanson, City Administrator
FROM: Ray Henriksen, Building Official
DATE: 5-4-2020
SUBJECT: 326 W. Main Street

The State Statute 469.002 Definitions provides a definition for Blighted Area in Subd. 11:

“Blighted area” means any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.”

This three-story building with basement located at 326 W. Main, Original Plat Blk 9, Lot 15 & 16, Parcel # 27-677-090-1, would constitute a blighted area and is detrimental to safety of the community due to dilapidation which allows building deterioration and possibly unauthorized access. This building is also obsolete and lacks ventilation, light, and working sanitary facilities.

Additionally, the State Statute 469.174 Definitions provides a definition for Structurally Substandard in Subd. 10:

"Structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

Provided with this report is a” Blighted Property Condition Check List”. The report outlines some visible conditions of the interior and exterior. This building lacks accessible entrances and bathrooms, utility connections, and working HVAC.

Demolition of a common wall between City Hall and this property has exposed severe water and structural damage of this property. The deterioration makes this structure Structurally Substandard.

**Property Condition Checklist #1
Blight Elimination Program**

Inspectable Area:	Site	Inspection Date: 5-4-2020		
Property Address:	326 W. Main Street (3 Story- Marshall Hotel Building)	Inspected by: Ray Henriksen Building Official		
City, County:	Lyon County, Marshall, MN 56258	Year home built: 1900		
Property Information	Qualification Observations	Yes	No	N/A
Eligibility criteria	Single Family Dwelling (one to four unit) home		X	
	Property located in Targeting County	X		
	Property Vacant and/or Abandoned	X		
	Property a Nuisance due to Abandonment or Adverse Condition	X		
	Property exist in a predominantly rural area		X	
Condemnation	Observable Deficiency	Yes	No	N/A
Property Condemned	Property condemned by a Public Authority **		X	
Inspectable Item	Observable Deficiency	Yes	No	N/A
Health & Safety	Air Quality - Sewer Odor Detected	X		
	Air Quality - Propane/ Natural Gas/ Methane Gas Detected		X	
	Electrical Hazard - Exposed Wires/ Open Panel/ Service Entrance	X		Building is not powered – Multiple areas have electrical hazard if energized
	Electrical Hazard - Water Leaks on/ near Electrical Equipment	X		
	Excessive Materials/ Abandoned Vehicle/ Toxic Substance/ Tires		X	
	Hazards - Sharp Edges/ Tripping	X		
	Infestation – Insects	X		
	Infestation - Rats/ Mice/ Vermin	X		Animal carcass noted in basement – No live animals seen
	Hazards - Other:	X		Open pits in basement
Fencing and Gates	Damaged/ Falling/ Leaning/ Holes/ Deteriorated/ Missing			X
Grounds	Erosion/ Rutting/ Holes/ Irregular Grade/ Overgrown Vegetation			X
	Litter/ Garbage/ Trash/ Debris Accumulation/ Illegal Dumping			X
Mailbox/ Property Address	Mailbox Missing/ Damaged/ Address Number Missing	X		
Parking/ Driveways	Cracks/ Displacement/ Damaged/ Poor Drainage			X
	Settlement/ Heaving/ Trip Hazard/ Loose Material			X
Walkways/ Steps	Cracks/ Spalling/ Settlement/ Heaving/ Safety Hazard	X		
	Missing/ Damaged Decking/ Guardrail/ Handrail/ Unsafe	X		
Retaining Walls	Damaged/ Falling/ Leaning/ Failure/ Unsafe			X

Property Condition Checklist #2
Blight Elimination Program

Inspectable Area:	Building Exterior	Inspection Date: 5-4-2020		
Property Address:	326 W. Main Street (3 Story- Marshall Hotel Building)	Inspected by: Ray Henriksen, Building Official		
City, County:	Lyon County, Marshall, MN 56258	Year home built: 1900		
Inspectable Item	Observable Deficiency	Yes	No	N/A
Doors	Damaged Frames / Thresholds / Lintels / Trim / Hardware	X		
	Missing / Inadequate / Noncompliant Door	X		
Windows	Damaged Sills / Frames / Lintels / Trim / Missing / Cracked Panes	X		
	Damaged / Inoperative / missing windows	X		All windows removed and boarded with plywood
Foundations	Exposed Rebar / Structural Failure	X		Rock foundation
	Cracks / Gaps / Finish Deterioration / access damaged / Missing	X		separation on common wall of city hall, water seepage in basement
	Debris / Trash / Vermin in Crawl Space	X		
Walls	Missing / Damaged Pieces / Holes / Spalling / Cracks / Gaps	X		
	Missing / Damaged Caulking / Mortar / Paint / Stained / Mold	X		Lead Paint on walls and trim work
	Leaning / Loose / Structural / Failed Components	X		Areas of the floor systems are still charred from fires years ago. Plaster falling from walls and ceiling
	Damaged / Deteriorated Chimney / Cap			Roof is not accessible currently
Stairs	Damaged / Missing / Uneven / Noncompliant Steps			X
	Broken / Missing / Noncompliant Hand Railing			X
Roof	Missing / Damaged Shingles or Roof Coating	X		
	Damaged Flashing / Ponding / Poor Drainage	X		
	Damaged Soffits / Fascia / Vents	X		
	Structural Failure / Rotting / Damaged Materials			Roof System was replaced in April, 2013. (Upper roof only of 3 rd floor. Various locations are decayed due to expose from years of leaking roof. Roof system framing (visible from interior) has not been repaired. Lower roof section adjacent to city hall has severe water damage, leaks, and debris. Severe wall damage has occurred down the common wall of city hall, causing moisture damage and structural failure of the framing and brick wall.
Patio / Porch / Balcony	Mailbox Missing/ Damaged/ Address Number Missing	X		
	Cover Damage / Deteriorated / Unsafe	X		3 Story Fire Escape – Structurally pulling away from building – Bottom leg of stairs are removed for no access to upper floors

	Guard Railing Damaged or Missing	X		3 Story Fire Escape
Electrical	Missing / Damaged / Inoperative Receptacles / Covers	X		
	Missing / Damaged / Inoperative Light Fixtures / Bulbs	X		
Crawl Space	Missing / Damaged / Ineffective Access Door	X		Not a full height basement approximate 5-6' in height. Considered non habitable and crawl by code
	Missing / Damaged / Inadequate Ventilation	X		
	Non-Code Compliant Clearances, Wood to Earth Contact	X		
	Structural failure / Rotting / Damaged / Missing Materials	X		
	Standing Water / Mold / Mildew / Trash / Debris / Rodents	X		
Domestic Water	Water Service Turned-Off / Disconnected / Terminated at Meter	X		
	Water Supply Inoperative / Leaking / Missing Shut Off Valve	X		
Sanitary Water	Sanitary Service terminated / Capped Underground		X	Non-Functional
Electrical System	Electrical Service Turned Off / Disconnected / Terminated at Poll	X		
	Panel Missing / Damaged / Inoperative / Burnt Breakers / Fuses	X		
	Damaged Meter Can / Service Riser / Weather Head / Drip Loop	X		
	Corrosion / Old Dated Panel / Service Entrance / Panel Not Secure			
Gas	Gas Service Turned Off / Disconnected / terminated Underground	X		
	Missing / Inoperative / Abandoned / Piping / Meter / Shut Off Valve			No apparent gas service
HVAC	Missing / Damaged / Inoperative / Damaged Duct / Registers / T-Stat	X		
	Misaligned / Damaged Chimney / Ventilation System	X		
Heat	Missing / Damaged	X		
	Safety Hazard / Smoke Damage / Burned Areas / Out of Date	X		
Water Heater	Missing / Damaged / Inoperative / Unsafe / Leaking / Deteriorated	X		

Attachment #3

Hotel building (326 W. Main St.) deficiencies and the costs of update to a commercial use:

1. Water and sewer are disconnected to the building	
Reconnected water and sewer	\$3,000
2. No accessible bathrooms	
Provide accessible bathrooms	\$12,000
3. Entrances and exits are not accessible	
Replace doors and hardware	\$3,000
4. Exterior walls are damaged and leaking	
Repair	\$15,000
5. Existing HVAC system is not functional	
Update HVAC system	\$20,000
6. Some structural damage is present	
Repair	\$20,000
7. Some windows are missing	
Install new windows	\$60,000

Total: \$133,000

or 16% of \$ \$857,904 replacement cost

Most likely this building will also require new finishes and electrical update and some roof work.

27-677090-0 326 W Main Street

