

Report on Structurally Substandard Building

The building located at 230 East Main Street is within a proposed tax increment-financing district in the City of Perham. The purpose of the building inspection was to determine if the building is a substandard building under the following definition:

Under the tax increment law, specifically Minnesota Statutes, Section 469.174, Subdivision 10 (a), 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 building, based upon actual interior inspection, meets the above-referenced definition of structurally substandard for the following reasons:

The property inspected included Accessibility, Mechanical & Energy deficiencies. In particular, the building does not meet today's building code requirements. This conclusion is based on the following findings: Entrances are not accessible, public bathroom is not accessible, building does not have proper ventilation, building does not meet the energy code, building does not have exit signs and emergency lighting.

Notwithstanding the forgoing, 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 building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site.

The undersigned has calculated the cost of a new building of the same size and type to be as follows:

Existing building square footage: 1152
Replacement cost per square foot: \$100
Estimated total replacement cost: \$115,200 (B),

and has also estimated that the cost of bringing the existing building up to current code would be \$30,000 (A). Therefore, since A divided by B is equal to %, the existing building [could/sould not] be brought up to current code for less than 26% of the new building.

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

Building inspection completed by:

Ben Riewer
Building Official
City of Perham
Lic. #BO741035



Report on Structurally Substandard Building

The building located at 121 SE 2nd Street is within a proposed tax increment-financing district in the City of Perham. The purpose of the building inspection was to determine if the building is a substandard building under the following definition:

Under the tax increment law, specifically Minnesota Statutes, Section 469.174, Subdivision 10 (a), 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 building, based upon actual interior inspection, meets the above-referenced definition of structurally substandard for the following reasons:
The property inspected included Accessibility, Fire, Egress, Mechanical & Energy deficiencies. In particular, the building does not meet today's building code requirements. This conclusion is based on the following findings: Entrances are not accessible, public bathroom is not accessible, building does not have proper ventilation, building does not meet the energy code, building does not have exit signs and emergency lighting, floor system is undersized for the occupant load, occupant load is likely over 100 requiring an automatic sprinkler system, no fire separation between the A-2 main level occupancy and the storage basement.

Notwithstanding the forgoing, 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 building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site.

The undersigned has calculated the cost of a new building of the same size and type to be as follows:

Existing building square footage: 4960
Replacement cost per square foot: \$150
Estimated total replacement cost: \$744,000 (B),

and has also estimated that the cost of bringing the existing building up to current code would be \$130,000 (A). Therefore, since A divided by B is equal to %, the existing building [could/could not] be brought up to current code for less than 17% of the new building.

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

Building inspection completed by:

Ben Riewer
Building Official
City of Perham
Lic. #BO741035



**CITY OF Perham
COUNTY OF OTTER TAIL
STATE OF MINNESOTA**

Council member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

**RESOLUTION OF THE CITY OF PERHAM FINDING A
PARCEL TO BE OCCUPIED BY A STRUCTURALLY
SUBSTANDARD BUILDING.**

WHEREAS, it has been proposed that the City Council for the City of Perham, Minnesota, (the "City"), create a tax increment financing district in an area within the City to be designated a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10; and

WHEREAS, In order to create this type of tax increment financing district, the City must make a determination that before the demolition or removal of the substandard buildings, certain conditions existed; and

WHEREAS, The conditions found by the City to exist throughout the proposed tax increment financing district are that parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; and

WHEREAS, In order to deem a parcel as being occupied by a structurally substandard building, the City must first pass a resolution before the demolition or removal that the parcel was occupied by one or more structurally substandard buildings and that after demolition and clearance the City intended to include the parcel within the proposed tax increment financing district; and

WHEREAS, There exists in the City on each parcel or parcels described in Exhibit A attached hereto (collectively, the "Parcel") one or more structurally substandard buildings to be demolished or removed (the "Substandard Building Condition"); and

WHEREAS, A parcel is deemed to be occupied by a structurally substandard building if the Substandard Building Condition is met within three years of the filing of the request for certification of the parcel as part of the tax increment financing district with the county auditor; and if certain other conditions are met.

NOW, THEREFORE, BE IT RESOLVED by the City Council for the City of Perham that 15% of the area of the Parcel identified on Exhibit A attached hereto contains improvements and is occupied by one or more structurally substandard buildings and that after demolition and clearance the City intends to include this Parcel within the proposed tax increment financing district.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated:

ATTEST:

Mayor

City Clerk

(Seal)

EXHIBIT A

PARCEL IDENTIFICATION NUMBERS

77000990053000
230 E. Main Perham MN

77000990054001
121 SE 2nd Ave Perham MN