

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

**00-316**

**SYNOPSIS -**

**AGENDA:**

JULY 10, 2000

Authorization to assign tax certificates withheld from the Polk County Tax Certificate Auction to Community Housing and Development Corporation (CHDC), a nonprofit housing agency, to renovate for low and moderate-income, owner-occupied housing.

**SUBJECT:**

REQUEST TO  
WITHHOLD  
PROPERTIES FROM  
THE POLK COUNTY  
TAX SALE AND  
ASSIGN  
CERTIFICATE TO A  
NONPROFIT FOR  
RENOVATION

**FISCAL IMPACT -**

Payment of 1999 real estate taxes and fines to Certificate holder of properties at:

1531 7th Street \$451.00  
1321 10th Street \$2005.23

**TYPE:**

The City will be reimbursed the cost of real estate taxes from the Community Housing and Development Corporation. Renovation costs will be provided to the nonprofit through the City's federal HOME funds. Proceeds from the sale of the houses will be used to lessen the subsidy needed.

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**RECOMMENDATION -**

**Approval.**

**SUBMITTED BY:**

JIM GRANT  
COMMUNITY  
DEVELOPMENT  
DIRECTOR

**BACKGROUND -**

Polk County annually holds a tax credit auction for properties delinquent on taxes. Investors frequently purchase these certificates because of the high interest paid on the certificate, but have minimal interest in the structure. In 1999 the State Legislature changed the law governing the sale of tax certificates to allow counties and cities to withhold abandoned properties from tax sale and take ownership in order to rehabilitate the structure. There are several conditions governing the withdrawal of a property from the tax sale including

that the property must be residentially assessed, considered abandoned, and be a public nuisance or in danger of becoming a public nuisance. The property may not have had a tax certificate sold in 1998 or before. Preference must be given to rehabilitation for low and moderate-income housing.

A subcommittee of the Neighborhood Revitalization Board (NRB) worked with Polk County and City staff to determine a process for how to withhold properties from the Polk County auction. Staff reviewed a list of approximately 4,000 properties on which tax certificates were sold in the June auction. Two vacant structures, 1321 10th Street and 1531 7th Street, fit the criteria for assignment of tax sale and appeared to be suitable for rehabilitation. The nonprofit housing organization, CHDC, is willing to take ownership of the properties for rehabilitation for low and moderate-income housing.

The City will assign the tax certificate to CHDC. CHDC will notify, according to law, the person(s) in possession of the parcels and the person in whose name the parcel is taxed stating that they have ninety days in which to redeem the parcel or the parcel will become the property of CHDC. The City will place a restrictive covenant upon the property stating that it needs to be owner-occupied and needs to be affordable for moderate-income housing.