

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-452

SYNOPSIS -

AGENDA:

SEPTEMBER 25, 2000

Authorization for the City Manager to request Polk County to assign tax sale certificate for the property located at 823 Buchanan to the City of Des Moines. The City will assign the property to a non-profit housing organization for rehabilitation to owner-occupied low- or moderate-income housing.

SUBJECT:

REQUEST TO POLK COUNTY TO ASSIGN TAX CERTIFICATE TO THE CITY OF DES MOINES FOR PROPERTY AT 823 BUCHANAN

FISCAL IMPACT -

Payment of 1999 real estate taxes and fines to certificate holder:

823 Buchanan \$2,339.12

TYPE:

The City will be reimbursed the cost of real estate taxes from the non-profit at the time of assignment. Renovation costs will be provided to the non-profit through the City's federal HOME funds. Proceeds from the sale of the house will be used to lessen the subsidy needed.

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION-

Approval.

SUBMITTED BY:

JAMES GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

BACKGROUND-

Polk County annually holds a tax certificate 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, must be considered

abandoned, and must 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 vacant structure at 823 Buchanan fits the criteria for assignment of tax certificate and has been inspected by a non-profit for renovation potential. The property was sold for tax certificate in 1999 and has been declared a public nuisance. The president of the Capitol Park neighborhood has asked the City to look closely at renovation solutions for this house because of its condition. Acquisition of the tax certificate according to Iowa Code 446.19A is a good solution to begin the renovation process.

Both Home, Inc. and Community Housing Development Corporation, non-profit housing agencies, have expressed interest in rehabilitating the structure and selling it to a low- to moderate-income family. Staff will work with each agency on rehabilitation costs and come back to the Council for assignment to the agency for renovation. Upon assignment, the non-profit will reimburse the City its acquisition costs.