

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-557

SYNOPSIS -

AGENDA:

DECEMBER 4, 2000

Authorization to assign the tax certificate for 823 Buchanan, withheld from the Polk County Tax Certificate Auction, to a nonprofit housing agency, Home Opportunities Made Easy (H.O.M.E., Inc.) to renovate for low- and moderate-income, owner-occupied housing.

SUBJECT:

REQUEST TO
ASSIGN TAX
CERTIFICATE TO A
NONPROFIT FOR
RENOVATION

FISCAL IMPACT -

Payment of 1999 real estate taxes and fines to certificate holder for 823 Buchanan in the amount of \$2,339.12.

The City will be reimbursed the cost of real estate taxes from H.O.M.E., Inc. 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.

TYPE:

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, 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.

The Capitol Park Neighborhood Association has worked with staff to identify vacant properties in their neighborhood and work out solutions. Assigning the tax certificate at 823 Buchanan to a nonprofit organization will result in a rehabilitated property.

The City will assign the tax certificate to H.O.M.E., Inc. H.O.M.E., Inc. will notify, according to law, the person(s) in possession of the parcel and the person in whose name the parcel is taxed stating that they have 90 days in which to redeem the parcel or the parcel will become the property of H.O.M.E., Inc. 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.