CITY COUNCIL COMMUNICATION: **02-553** **AGENDA:** OCTOBER 21, 2002 **SUBJECT:** APPROVE PURCHASE OF TAX CERTIFICATE FOR 711 - 16TH STREET **TYPE:** **RESOLUTION** ORDINANCE RECEIVE/FILE **SUBMITTED BY:** JIM GRANT COMMUNITY DEVELOPMENT DIRECTOR	**OFFICE OF THE CITY MANAGER** **CITY OF DES MOINES, IOWA** **SYNOPSIS —** Authorization to purchase the second tax certificate and pay taxes on 711 - 16th Street (the Celebrity Care site in the Sherman Hill Neighborhood) in order to obtain title to the property. The City will work with the Sherman Hill Association on a plan for redevelopment of the site.

FISCAL IMPACT —

Two tax certificates hindered the City's ability to obtain clear title to the property at 711 - 16th Street. The City eliminated one tax certificate for a cost of $24,000. City Legal Department staff has negotiated with the owner of the second tax certificate a purchase price of $14,792. There are back taxes in the amount of approximately $2,500 that must be paid on the property and taxes will continue to accrue until the City obtains title in mid to late 2003. Community Development Block Grant (CDBG) dollars were used to purchase the first tax certificate and, if approved, will be used to purchase the second tax certificate and pay other obligations. If the City is successful in obtaining ownership and the property is sold in the future, the sale money would be credited back to the appropriate CDBG account.

RECOMMENDATION —

Approve purchase of second tax certificate and all other obligations to obtain title to the property up to $50,000 using CDBG dollars from the 2002 allocation of the Neighborhood Conservation Division, Community Development Department.

BACKGROUND —

At its April 22, 2002 meeting, by Roll Call No. 02-1031, the City Council authorized City staff to perform all obligations to obtain the title to the property at 711 - 16th Street including the requisition and disbursement of funds up to $30,000. The first tax certificate was purchased for a cost of $24,000. City Legal has negotiated with the owner of the second certificate for a purchase price of $14,792. There are also taxes for March and September of 2002 that total approximately $2,500. This would bring the total cost for securing title to the site as $41,292. The action on the Council agenda would increase the authorization to secure the property up to $50,000.

This property is key to the revitalization of the Sherman Hill Neighborhood. The land area measures 195' of frontage by 124' in depth and is abutted by a north/south alley. The land would most likely be reused for three single-family owner-occupied houses or a town house development. City staff will work very closely with the Sherman Hill Neighborhood and the Historic District

Commission on any future development.

The property must be sold for fair market value under the CDBG rules and money credited back to the account as program income. Lots in Sherman Hill Neighborhood have been selling for approximately $10,000 for a sixty-foot frontage lot. This property is on a street where two new homes have been constructed. A conservative estimate of property valued is $35,000 to $40,000.

The Celebrity Care Nursing Home, located on the northeast corner of 16th and Pleasant at 711 - 16th Street, was a problem in the Sherman Hill Neighborhood for several years. The City declared the property a public nuisance on August 21, 2000, by Roll Call No. 00-3514. The Court entered into a Consent Decree on May 23, 2001 in which the defendant, DGM Properties, LLC was found to be in default and was ordered to abate the public nuisance by renovation of the structure or by demolition. The owner took no action and the City Council, by Roll Call No. 01-2473, referred the structure to engineering for demolition. The building was torn down in September of 2001 at a cost of over $54,000 funded by CDBG dollars.

This site was rezoned on December 17, 2001 by Ordinance No. 14,036 to a Planned Unit Development (PUD) that is limited to residential uses. It is now assessed as vacant land with a value of $36,000.