



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 02/07/05
No.: 05-064
Agenda Item Type: Resolution
No.:

Communication

Roll Call

Submitted by: Larry Hulse, Community Development Director

SUBJECT—Resolutions approving agreements for assignment of the 2003 tax certificate for 1002 40th Street to S & G Real Estate Investments, Inc and the 2004 tax certificate for 1964 Arlington Avenue and reassignment of the certificates (1002 40th Street. and 1964 Arlington to Kinter Properties Inc).

SYNOPSIS—

Authorization for the City Manager to send an affidavit to the Polk County Treasurer requesting assignment of tax certificates on 1002 40th Street and 1964 Arlington Avenue. Upon receipt of the tax certificates, the Manager is authorized to assign the tax certificate for 1002 40th Street to S&G Real Estate Investments, Inc. (14274 Wildwood Drive, Clive, President, Paul Gengler) and the tax certificate for 1964 Arlington to Kinter Properties, Inc. (913 E. 27th St.. Des Moines, Owner, Mike Kinter).

FISCAL IMPACT—

CDBG (Community Development Block Grant) funds from the owner-occupied rehabilitation 2005 fund code will be used for any upfront acquisition costs. The company acquiring the tax certificate will reimburse those funds.

RECOMMENDATION— Approval

BACKGROUND—

At its December 6, 2004 meeting by Roll Call 04-2628, the City authorized the Community Development Director to solicit proposals for purchase and renovation of the tax delinquent/public nuisance properties located at six different sites including 1964 Arlington Avenue and 1002 40th Street. The Community Development Director sent a solicitation of offers dated January 3, 2004 to developers/rehabilitators.

1002 40th Street.

This property has a 2003 tax certificate with a redemption cost of \$2500.00. It is a public nuisance property, last occupied as a duplex, and owned by Jack Stuart of 4120 Muskogee Avenue. The 2003 certificate requires that the property be renovated for low or moderate-income housing. The City's solicitation requires that the property be returned to a single-family house and sold to a low-moderate income owner-occupant.

The Community Development Department received two offers for the property at 1002 40th Street:

1. Koester Construction Company Inc, 5604 Enterprise Drive, Grimes Iowa, Paul Koester, President.
2. S & G Real Estate Investments, Inc., 14274 Wildwood Drive, Clive Iowa, Paul Gengler President

Staff recommendation is to request the 2003 tax certificate from the Polk County Treasurer and reassign the certificate to S & G Real Estate Investment Inc. Both proposals agreed to reimburse the city the costs of redemption for the certificate and to sell to a low-income owner-occupant. Each company had contacted the Drake Neighborhood Association concerning the work. The S & G Real Estate Investment, Inc. proposal, however, was very thorough and addressed issues such as a collapsing foundation wall and mold problems. The S & G proposal also addressed the historic characteristics of the 1895 structure and proposes to restore such items as the fish scale shingles in the gables.

1964 Arlington Avenue

This property has a 2004 tax certificate with a redemption cost of \$1872.49. It is a public nuisance property owned by Earl Nelson of 3001 Woodland Avenue, Apt. 3. Because of amendments to the legislation, the 2004 certificate does not require that a low or moderate-income family occupy the property. The house contains only 528 sq. ft. of space and is a noncontributing structure to the surrounding River View Historic District. The City's solicitation stated that the property should be renovated and sold to an owner-occupant.

The Community Development Department received one offer for the property at 1964 Arlington:

1. Kinter Properties, Inc., 913 E. 27th Street, Des Moines, IA. Mike Kinter, Owner.

Kinter Properties proposes to renovate the property for use as a single-family rental. Mr. Kinter owns two duplex properties located on 6th Avenue that adjoins this property on the southeast.

Mr. Kinter approached the River Bend Neighborhood Association concerning the use of the property as a single-family rental. River Bend submitted a letter to the Community Development Department stating they had voted and approved the acquisition and rehabilitation of 1964 Arlington by Kinter properties. The letter stated Mr. Kinter has proven his ability to follow historical guidelines in rehabbing property and has been a good landlord in River Bend.

Staff recommendation is to request the 2004 tax certificate from the Polk County Treasurer and reassign the certificate to Kinter Properties Inc for use as a single family rental. The City will upfront the costs for the certificate and be reimbursed the funds at such time as the developer is assigned the tax certificate.

Additional follow-up from December 6, 2004 Council meeting.

The City Council directed staff to send out a solicitation for offers on six properties at its December 7, 2004 meeting. After further research and investigation, Community Development staff determined that the mortgage holder would redeem the tax certificates on three of the properties. An additional property, 800 24th Street was included in the solicitation but no one submitted a proposal for the property.

According to the process adopted at the December 7th, 2004 meeting, Community Development department staff will begin to work with neighborhood organizations and developers on determining tax certificate properties to be requested in the June 2005 tax certificate auction.

The City may request assignment of the tax certificates under State Code 446.19(A) that allows counties and cities to request tax certificates for properties in order to rehabilitate the structures under the following conditions:

1. The property is residentially assessed.
- 2.
3. The existing residential structure can and will be rehabilitated for housing. The City cannot tear down the property and rebuild for housing or another purpose or request vacant land.
4. The structure is considered abandoned and deteriorating, or the property is a public nuisance or is in danger of becoming a public nuisance.
5. Tax certificates issued prior to 2004 must be renovated for low and moderate-income housing.

To obtain the tax certificate pursuant to State Code 446.19(A), the City Council must send an affidavit to the Polk County Treasurer stating that the above conditions are met. Section 446.19(A) provides that a city may assign the tax sale certificate to another entity.