



Agenda Item:

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COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 10/10/05
Agenda Item Type: Resolution

Communication No.: 05-566
Roll Call No.:

Submitted by: Larry Hulse, Community Development Director

SUBJECT—

Resolutions requesting and assigning the Tax Sale Certificate for a public nuisance structure at 1104 26th Street, 202 Williams Street and 606 Watrous Avenue to the Neighborhood Finance Corporation, 1912 6th Avenue, Des Moines Gary Dodge, Executive Director, and S & G Real Estate Investments, Inc. 14274 Wildwood Drive, Clive, Iowa, Paul Gengler President.

SYNOPSIS—

An authorization for the City Manager to send an affidavit to the Polk County Treasurer requesting assignment of tax sale certificates for 3 public nuisance structures; 1104 26th Street to Neighborhood Finance Corporation, 202 Williams Street to S & G Real Estate Investments, Inc., and 606 Watrous Avenue also to S & G Real Estate Investments, Inc. Upon receipt of the tax certificates, the Manager is authorized to assign the tax sale certificates for the public nuisance structures.

FISCAL IMPACT—

Community Development Block Grant (CDBG) funds from the Investor-Owner Rehabilitation 2005 fund code will be used for any upfront acquisition costs. The developer acquiring the tax sale certificate will reimburse those funds.

RECOMMENDATION—

Approval

BACKGROUND—

At its September 12, 2005 meeting at the request of Larry James Jr., City Council approved Roll Call 05-2269, to suspend demolition of a property at 1104 26th Street and pursue a Tax Sale Certificate for the property. Staff coordinated with the Polk County Treasurer's Office and sent a solicitation for offers to renovator/developers concerning the structure. Two additional tax delinquent structures were added to the solicitation that are public nuisances, possibilities for renovation, and are tax delinquent: 202 Williams Street and 606 Watrous Avenue.

City staff received proposals for all three properties. Because of the short time period involved in asking for proposals, those submitting proposals have not yet met with all the neighborhood groups but all have made contact with the neighborhoods and are scheduled on upcoming agendas. Staff recommendation is that Council accepts the proposals and directs the developers to meet with the neighborhood association and advise the neighbors of their plans.

1104 26th Street Drake Neighborhood

The Community Development Department received one proposal for this property:

1. Neighborhood Finance Corporation, Gary Dodge Executive Director, 1912 Sixth Avenue, Des Moines, IA 50314

Staff recommends the proposal submitted by the Neighborhood Finance Corporation ("NFC"). The proposal submitted includes the rehabilitation required to be completed, an agreement the NFC will return the property to a single family home owner, and will also agree to restore the exterior of the structure to its Victorian character. The Neighborhood Finance Corporation can supply its own financing, however, due to the poor condition of the property renovation costs will exceed the end value of the home. If the NFC is able to obtain a tax deed to the property, the City will also enter into an agreement with the NFC to supply gap financing funded through the Community Development Block Grant, Investor-Owner program. The Drake Neighborhood submitted a letter of support for the proposed renovation by NFC. NFC is scheduled to more fully explain the process and renovation plan at the Drake Neighborhood Board's next meeting.

202 Williams Street Valley High Manor Neighborhood

The Community Development Department received one proposal for this property:

1. S & G Real Estate Investments, Inc., 14274 Wildwood Drive, Clive Iowa, Paul Gengler President
- Staff recommends the proposal submitted by the S & G Real Estate Investments, Inc. ("S & G Real Estate"). The proposal covers the work that is required and includes a line of credit adequate to complete the proposed work. An engineer will be hired to evaluate and recommend improvements to ensure the safety of the building and compliance with all city codes. S & G is currently working with the Community Development Department on three tax delinquent/public nuisance properties that are progressing well. S & G Real Estate is scheduled to meet with the effected neighborhood organization at their next regularly scheduled meeting.

606 Watrous Avenue No Recognized Neighborhood

The Community Development Department received two proposals for this property:

1. S & G Real Estate Investments, Inc., 14274 Wildwood Drive, Clive Iowa, Paul Gengler President
2. Joseph Houge 1810 4th Street, Des Moines, IA

Staff recommends the proposal submitted by S & G Real Estate Investments, Inc. because of their experience, their ability to obtain financing, and the strength of their proposal. The Houge proposal did not provide the same level of bank financing as the S & G proposal. The proposal submitted includes the work that is required and a line of credit adequate to complete the proposed work.

The earliest any these structures could be obtained by the developer is February of 2006. The City will only temporarily hold the tax sale certificates and will not take possession or ownership of the properties. During the redemption process, the City or its assignee does not have any rights to be on the property. The City cannot clean up or do lawn maintenance on the properties outside of code enforcement in response to citizen initiated complaints.