

# Council Communication

Office of the City Manager



Date

February 20, 2006

Agenda Item No. 33  
Roll Call No. 06-  
Communication No. 06-089

Department: Community Development

## AGENDA HEADING:

Resolution Approving Assignment of Tax Sale Certificates.

## RECOMMENDATION:

Recommend approval to assign six vacant lot tax sale certificates for the development of affordable housing if the tax deeds are successfully obtained. Recommended assignments are as follows:

- Greater Des Moines Habitat for Humanity (Lance Henning, Executive Director, 2341 Second Avenue, P.O. Box 716, Des Moines, IA 50303-0716),
  1. 1537 10<sup>th</sup> Street
  2. 1631 12<sup>th</sup> Street
  3. 1509 11<sup>th</sup> Street
- Community Housing Development Corporation (Carol Bower, Executive Director, 601 Forest Avenue, Des Moines, IA 50312).
  4. 1317 Clark Street
  5. 1330 Clark Street
  6. 1315 Harrison Avenue

## FISCAL IMPACT:

Amount: -Waiver of \$16,885.56 in judgments, including demolition costs (1317 Clark Street/1315 Harrison).  
-Repayment of \$2,109.30 by assignee to reimburse the City for costs related to title certificates, publication and certified mail.

Funding Source: -Community Development Block Grant (CDBG) funds – Demolition (\$16,885.56).  
-Home Investment Partnership (HOME) funds – New Construction (\$2,109.30) (CDD049900/HOME2005003).

## ADDITIONAL INFORMATION:

During the 2005 Iowa General Assembly legislative session, Iowa Code §446.19A was amended to permit cities to acquire tax sale certificates for vacant lots assessed as residential property for the purpose of

encouraging development of housing. On May 9, 2005, by Roll Call No. 05-1137, the City Council approved a process to obtain vacant lot tax sale certificates from the Polk County Treasurer.

By three separate Council actions (see below), the City requested the tax sale certificates for twenty-one vacant lots. Because of the limited amount of time that was available to research these properties, the City focused its efforts on vacant lots in the King Irving neighborhood and lots for which the City had recently completed a demolition action. In the future, there will be more time to research the locations of the vacant lots and work with neighborhood groups, and staff will be able to target lots throughout the City. Sixteen of the 21 lots are located in the King Irving or Mondamin Presidential Neighborhoods, two are in Woodland Heights, one is in Fairmont Park, one is in Fairgrounds Neighborhood and one is not located within a Recognized Neighborhood. To date, six of the tax sale certificates have been redeemed by either the owner of the property or a prior tax sale certificate holder. At this time, the City is prepared to assign six of the remaining fifteen tax sale certificates.

In order to facilitate the development of affordable housing on these lots, the City obtained title certificates for each parcel, and the City's Legal Department has done all required notification, publication and filing of affidavits. Therefore, when the City assigns the tax sale certificate to either CHDC or Greater Des Moines Habitat for Humanity, those agencies will be able to take the tax deed to the property without any additional legal work. The City will be reimbursed by the assignees for the cost of the title certificate and publication. The cost to acquire the tax deed for these lots will be less than if the assignee were to attempt to purchase these lots on the open market, which will help to make the houses more affordable.

There is no guarantee that the tax sale certificates will not be redeemed prior to the assignee being able to take tax deed to the parcel. Both CHDC and Greater Des Moines Habitat for Humanity are aware of this risk. If the owner or another tax sale certificate holder does not redeem the tax sale certificate, the assignee will be able to take tax deed to the parcels beginning as early as March 1, 2006 for one of the properties.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: August 8, 2005

Roll Call Action: 05-1918

Action: Resolution approving request for 2005 tax sale certificates on various vacant lots and authorizing the City Manager to solicit proposals for development of housing on the lots.

Date: June 20, 2005

Roll Call Action: 05-1529

Action: Resolution approving request for 2005 tax sale certificate on vacant lot at 1339 Forest Avenue and authorizing the City Manager to solicit proposals for development of housing on the lots.

Date: June 6, 2005

Roll Call Action: 05-1399

Action: Resolution approving request to the Polk County Treasurer for assignment of the 2005 tax sale certificates on certain vacant lots and authorizing the City Manager to solicit proposals for the purchase of such lots for the development of housing.

**BOARD/COMMISSION ACTION(S):**

Date: N/A

Roll Call Action:

Action:

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

It is anticipated that on the March 6, 2006 City Council agenda there will be a resolution requesting City Council support for the City's 2006 New Construction program, which will include appraisal gap subsidies for the development of low and moderate income housing on the six lots included in this action.