


<h1 style="margin: 0;">Council Communication</h1> <p style="margin: 0;">Office of the City Manager</p> 	<b>Date</b>	March 6, 2006
	<b>Agenda Item No.</b> 22 <b>Roll Call No.</b> <u>06-</u> <b>Communication No.</b> <u>06-113</u>	<b>Submitted by: Larry Hulse, Community Development Director</b>

**AGENDA HEADING:**

Assignment of Tax Sale Certificates for two properties -- one to HOME, Inc. and one to S & G Real Estate Investments, Inc.

**SYNOPSIS:**

Recommend approval to assign two 2005 tax sale certificates for vacant lots (605 Leach and 1724 East 24<sup>th</sup> Street) for the development of affordable housing if the tax deeds are successfully obtained.

Recommended assignments are as follows:

- HOME, Inc. (Pam Carmichael, Executive Director, 1111 Ninth Street, Des Moines, IA 50314).
  1. 605 Leach
- S & G Real Estate Investments Inc. (Paul Gengler, 14274 Wildwood, Clive, Iowa 50325).
  2. 1724 East 24<sup>th</sup> Street

**FISCAL IMPACT:**

Amount: Total costs related to the two properties are \$11,117.12. This amount has already been expended as follows:

- \$9,346.12 for demolition costs and court costs.
- \$1,268 for City costs related to title certificates, publication and certified mail.
- \$563 for tax sale certificate costs.

Funding Source: Community Development Block Grant (CDBG) funds in the amount of \$9,346.12 were already expended in a previous fiscal year for demolition and court costs and are not included in the current budget. The judgments will be waived and the City will not recoup this amount from these properties. Other expenses were funded through Home Investment Partnership (HOME) funds—New Construction (SP036 CDD49900 HOME2005003 page 356). These costs, totaling \$1,831, will be reimbursed to the City by the assignees of the tax sale certificates.

**ADDITIONAL INFORMATION:**

During the 2005 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 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. Sixteen of the twenty-one 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, and six were assigned to nonprofit housing developers on February 20, 2006 by Roll Call No. 06-359. This action will assign two of the remaining nine 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 a company or agency, that entity will be able to take the tax deed to the property without any additional legal work. The assignee will reimburse the City for the cost of the title certificate, notification and publication. The City's intervention in the tax sale certificate process allows the lots to be developed more quickly and assures that a good quality house will be built that contributes to the neighborhood. In addition, the cost of acquiring the lot is less or equal to acquiring the lot through private ownership.

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 HOME, Inc. and S & G are aware of this possibility. If the owner or another party with an interest in the property does not redeem the tax sale certificate, the assignee will be able to take tax deed to the parcels on April 11<sup>th</sup> or May 15<sup>th</sup> of this year.

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

Date: August 8, 2005

Roll Call Action: 05-1918

Action: Request for 2005 Tax Sale Certificates on various vacant lots and authorizing City Manager to solicit proposals for development of housing on the lots. ([Council Communication No. 05-443](#)) **Moved by Brooks to adopt. Motion Carried 7-0.**

Date: June 20, 2005

Roll Call Action: 05-1529

Action: Request for 2005 Tax Sale Certificate on vacant lot at 1339 Forest and authorizing City Manager to solicit proposals for development of housing on the lot. ([Council Communication No. 05-363](#)) **Moved by Kiernan to adopt. Motion Carried 6-1.**

Date: June 6, 2005

Roll Call Action: 05-1399

Action: 2005 Certificates on certain vacant lots, and authorizing City Manager to solicit proposals for purchase of such lots for development of housing. **Moved by Hensley to adopt. Motion Carried 7-0.**

**BOARD/COMMISSION ACTION(S):** NONE

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

It is anticipated that staff will request assignment of the remaining seven tax sale certificates at future City Council meetings.