

<h1 style="margin: 0;">Council Communication</h1> <p style="margin: 0;">Office of the City Manager</p> 	Date March 6, 2006
	Agenda Item No. 23 Roll Call No. <u>06-</u> Communication No. <u>06-116</u> Submitted by: Larry Hulse, Community Development Director

AGENDA HEADING:

Assignment of Tax Sale Certificate from Oak Helm Partners for the Vacant Lot Located at 1622 Forest Avenue for Redevelopment as Affordable Housing.

SYNOPSIS:

Recommend approval of acceptance of tax sale certificate for redevelopment of 1622 Forest Avenue as affordable housing. During the development of the Forest Avenue Urban Renewal Plan, staff became aware of the vacant parcel at 1622 Forest Avenue. Oak Helm Partners (OHP), John Howes, Registered Agent, 2920 Harrison Street, Davenport, IA 52802, holds the 2003 tax sale certificate on the parcel and has paid all subsequent taxes on the parcel. Because of the City’s interest in developing the parcel for affordable housing, OHP has agreed to assign the 2003 tax sale certificate to the City of Des Moines for \$260.00, which represents only the actual costs they have expended for the taxes due on the parcel.

FISCAL IMPACT:

Amount: \$260.00 plus additional expenses to be determined by the Polk County Treasurer.

Funding Source: Community Development Block Grants (CDBG)—King Irving Housing Consortium (SP020 CDD2005018 page 354).

ADDITIONAL INFORMATION:

Iowa Code §446.19A permits cities to acquire tax sale certificates for vacant lots for the purpose of encouraging development on vacant lots. To date, the City has acquired tax sale certificates on twenty one vacant lots, of which six have been redeemed. It is the City’s intention to assign the tax sale certificate to a developer upon completion of all necessary legal work to facilitate the development of affordable housing.

By accepting the assignment of the tax sale certificate from OHP, the City will be able to complete all necessary legal work prior to assigning the tax sale certificate to a developer who will be able to take tax deed to the parcel without any additional legal work. There is no guarantee that the tax sale certificate will not be redeemed prior to a developer being able to take tax deed to the parcel, but this risk is mitigated by the opportunity for this parcel to be acquired for substantially less money than if the City

were to go through the Urban Renewal Process. The City's Real Estate Division estimated that it would cost approximately \$11,500 to acquire this parcel through Urban Renewal. If the City is successful in utilizing the tax sale certificate process to obtain this parcel, the acquisition costs will be closer to \$1,000, for a potential savings to the City of approximately \$10,500.

Once the tax sale certificate has been assigned to the City of Des Moines, a title certificate will be ordered and the Legal Department will complete all necessary notifications, publications and filing of affidavits. Once this has been completed, the Community Development Director will utilize the developer initiated proposal process to secure a developer for the parcel.

PREVIOUS COUNCIL ACTION(S):

Date: October 24, 2005

Roll Call Number: 05-2584

Action: On items regarding the Forest Avenue Urban Renewal Plan for the area generally bounded by Carpenter Avenue, Jefferson Avenue, 23rd Street and the properties fronting on 10th Street: Resolution closing hearing and approving the proposed Urban Renewal Plan. ([Council Communication No. 05-601](#)) **Moved by Vlassis to adopt. Motion Carried 6-1. Nays: Brooks.**

BOARD/COMMISSION ACTION(S): NONE

Date:

Roll Call Number:

Action:

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

If the process is successful, it is anticipated that the City Council will be asked to assign the tax sale certificate to a developer, possibly including an appraisal gap subsidy to the developer to facilitate the development of affordable housing on this parcel.