


<h1 style="margin: 0;">Council Communication</h1> <p style="margin: 0;">Office of the City Manager</p> 	Date	June 19, 2006
	<p>Agenda Item No.     <b>41</b>  Roll Call No.         <b>06-</b>  Communication No. <b>06-358</b>  Submitted by: <b>Larry Hulse, Community  Development Director</b></p>	

**AGENDA HEADING:**

Approving amendment to agreement with S & G Real Estate Investments, Inc. for assignment of tax sale and rehabilitation of 202 Williams Street.

**SYNOPSIS:**

Recommend amendment to tax sale assignment agreement for 202 Williams Street to allow demolition of property and construction of one or two new single family houses to be built for sale to home owner(s).

**FISCAL IMPACT: NONE**

Amount:

Funding Source:

**ADDITIONAL INFORMATION:**

Last October the City Council assigned the 2005 tax sale certificate for 202 Williams St. to S & G Real Estate Investments, Inc. (“S & G Real Estate”) and entered into an agreement with S & G Real Estate that stipulated the company would seek to convert the tax certificate to a tax deed as allowed by law. If successful in acquiring the tax deed, the company agreed to renovate the property as a single family home for sale to a homeowner.

On May 24, 2006, S & G Real Estate obtained tax deed to the property. S & G Real Estate hired Eric F. Horlyk, P.E., a Licensed Professional Engineer, to review the house’s condition. The Engineer’s report noted that over 75% of the roof, 75% of the walls and 80% of the foundation needed to be replaced. The Engineer noted that it would not be in the best economic interest to try to rebuild the house. S & G Real Estate is requesting that the agreement for 202 Williams be amended to allow S & G Real Estate to demolish the existing house and construct one or two new single family houses on the lot.

In response to a Request for Proposals sent by City staff, S & G Real Estate submitted a proposal for 202 Williams dated September 28, 2005 that included a rehabilitation and financing plan. The plans were reviewed and approved by City staff. The cost of the renovation on 202 Williams was estimated to be \$95,000. However, because S & G Real Estate did not own the property they were not able to do a full

inspection of the property or have an engineer review the property condition, particularly an interior review of the foundation walls.

Iowa Code 446.19A permits cities to acquire tax sale certificates under certain conditions with the purpose of encouraging the acquisition and rehabilitation of abandoned dwellings. In the case of 202 Williams, both the City staff and S & G Real Estate believed the house could be rehabilitated at the time of the request for the tax certificate. Both staff and the developer are hampered in tax sale certificate requests by the inability to inspect a property fully because of the lack of ownership. In this case, it is in the best interest of the City of Des Moines to amend the agreement with S & G Real Estate to allow the house to be demolished and one or two new single family homes to be constructed on the site. The new home(s) will have no city subsidy other than five year tax abatement and will be required to be sold to an owner-occupant as a part of the agreement.

S & G is a for profit corporation (Paul Gengler, President) located at 14274 Wildwood Drive in Clive, Iowa. They have successfully rehabilitated several public nuisance properties in the City of Des Moines on which they were assigned tax sale certificates by the City, including three in the Woodland Heights Neighborhood and one in the Fairmont Park Neighborhood. They are currently working on renovation of another public nuisance property at 606 Watrous that they obtained through a tax sale certificate assigned by the City of Des Moines.

S & G Real Estate has agreed to submit the plans for the new house(s) to the Director of the Community Development Department for review to ensure the home is in character with the existing neighborhood. S & G Real Estate has also contacted the President of the Valley High Manor Neighborhood Association to inform them of the plan and offer to attend a neighborhood meeting. The President of the Neighborhood Association did not see any problem with the demolition of the house.

**PREVIOUS COUNCIL ACTION(S):**

Date: October 10, 2005

Roll Call Action: 05-2455

Action: Agreement for Assignment of Tax Sale Certificates for the following: 606 Watrous Avenue and 202 Williams Street to S & G Real Estate Investments, Inc. ([Council Communication No. 05-566](#))  
Moved by Hensley to adopt. Motion Carried 7-0.

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

Date:

Roll Call Action:

Action:

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**