



Council Communication

Office of the City Manager

Date	August 7, 2006
Agenda Item No.	32
Roll Call No.	06-
Communication No.	06-482
Department: Larry Hulse, Community Development Director	

AGENDA HEADING:

Approving Assignment of a Tax Sale Certificate to Community Housing Development Corporation for the vacant lot located at 1622 Forest Avenue for redevelopment as affordable housing.

RECOMMENDATION:

Recommend approval to assign a vacant lot tax sale certificate for the development of affordable housing if the tax deeds are successfully obtained. Recommended assignment is as follows:

- 1622 Forest Avenue to Community Housing Development Corporation (CHDC) (Carol Bower, Executive Director, 601 Forest Avenue, Des Moines, IA 50314).

FISCAL IMPACT:

Amount: Repayment of \$614.15 by assignee to reimburse the City for costs incurred.

Funding Source: 2006-07 Operating Budget, Home Investment Partnership (HOME) funds – (SP036 CDD049900 HOME2006000), page 315.

ADDITIONAL INFORMATION:

During the development of the Forest Avenue Urban Renewal Plan, (approved October 24, 2006 by Roll Call No. 05-2584) 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) held the 2003 tax sale certificate on the parcel and had paid all subsequent taxes on the parcel through September 2005. Because of the City’s interest in developing the parcel for affordable housing, OHP agreed to assign the 2003 tax sale certificate to the City of Des Moines for \$260.00, which represented only the actual costs that OHP had expended for the taxes due on the parcel. At the March 6, 2006 City Council Meeting, the City of Des Moines accepted the 2003 tax certificate from OHP.

In order to facilitate the development of affordable housing on this lot, the City obtained a title certificate for this parcel, and the City’s Legal Department completed all required notification, publication and filing of affidavits. Therefore, when the City assigns the tax sale certificate to CHDC, the agency will be able to take the tax deed to the property without any additional legal work. The City will be reimbursed by CHDC for the cost of the 2003 tax certificate, title certificate, notifications and publication. The cost for CHDC to acquire the tax deed for this lot will be substantially less than if it was to attempt to purchase this lot on the open market, which will help to make the house more affordable to a low or moderate income homebuyer. CHDC will utilize the City’s HOME New Construction Program to subsidize the construction of the house, and as part of that program they are required to sell the house to buyer who earns less than 80% of median income.

There is no guarantee that the tax sale certificate will not be redeemed prior to CHDC being able to take tax deed to the parcel. CHDC is aware of this risk. If the property owner or another person with an interest in the property does not redeem the tax sale certificate, the assignee will be able to take tax deed to the parcel on August 16th.

PREVIOUS COUNCIL ACTION(S):

Date: March 6, 2006

Roll Call Action: 06-442

Action: [Acceptance](#) of assignment of Tax Sale Certificate from Oak Helm Partners for vacant lot at 1622 Forest Avenue for redevelopment as Affordable Housing. ([Council Communication No. 06-116](#)) Moved by Brooks to adopt. Motion Carried 6-1.

Date: October 24, 2005

Roll Call Action: 05-2584

Action: 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 Action:

Action:

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE