



Council Communication

Office of the City Manager

Date	June 4, 2007
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Agenda Item No.	18C
Roll Call No.	<u>07-</u>
Communication No.	<u>07-341</u>
Department:	Larry Hulse, Community Development Director

AGENDA HEADING:

Resolution approving request for 2007 tax sale certificate on public nuisance property located at 1131 28th Street from Polk County Treasurer at annual auction.

SYNOPSIS:

Recommend authorizing the City Manager to send an affidavit to the Polk County Treasurer requesting assignment of the 2007 tax sale certificate for a public nuisance structure located at 1131 28th Street. Upon receipt of the tax certificate, the City Manager is authorized to issue a request for proposals (RFP) to developers for rehabilitation of the property as a single family house.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

Over the past few weeks, City staff has reviewed tax delinquent, public nuisance properties that could be obtained through the tax deed process. For most of the public nuisance properties, taxes are current or taxes on the properties have been paid by previous tax certificate buyers. In a few cases, staff is working with the holder of the previous tax sale certificate to facilitate the transfer of that tax sale certificate to a non-profit or for-profit developer for rehabilitation. Such a transaction may require City Council action at a future date.

The tax certificate for 1131 28th Street is available in the 2007 tax auction. The 2006 tax sale certificate buyer has determined that it is not a property he wishes to pursue. This is a single-family house in the Drake Neighborhood that has converted to a three-plex. It is owned by SSW, L.L.C. Michael Schumacher. It has been declared a public nuisance and is located in an R1-60 Zoning Classification.

If City Council approves the request for the tax sale certificate, staff will send an RFP to rehabilitation developers to renovate the property as a single-family house to be sold to an owner-occupant. The developer will be expected to pay any direct costs incurred by the city as well as back taxes and special assessments. The city has Community Development Block Grant dollars that could be used for renovation of the structure if a construction gap is identified between the cost of rehabilitation and the after-market value. City staff is confident that developers will submit proposals based on conversations with persons doing rehabilitation in the Drake Neighborhood.

Polk County annually holds a tax certificate auction for properties delinquent on taxes. State Code 446.19A allows counties and cities to withhold abandoned properties from tax sale under certain

conditions in order to rehabilitate the structures for housing. To obtain the tax certificate pursuant to Iowa Code 446.19A, the City Council must send an affidavit to the Polk County Treasurer swearing that the conditions can be met. The conditions that govern the withdrawal of a property from the tax sale include the following:

1. The property is residentially assessed.
2. The existing residential structure can and will be rehabilitated for housing. The city cannot tear down the property and rebuild for another purpose or request vacant land.
3. The structure is considered abandoned, and
4. The property is a public nuisance or is in danger of becoming a public nuisance.

In addition, the act provides that a city may assign the tax sale certificate or sell the certificate. In 2004, the State Legislature amended the statute to eliminate the requirement that preference be given to purchasers who are low-income or organizations that assist low- or moderate-income families to obtain housing. State law requires the owners of record be served with a notice of the owner's right to redeem the property in a manner described in the statute. The owners of record have a total redemption period of approximately 6 months. The time period for redemption was shortened by the 2004 amendments to the Iowa Code.

PREVIOUS COUNCIL ACTION(S):

Date: June 6, 2005

Roll Call Number: 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.

Date: May 9, 2005

Roll Call Number: 05-1137

Action: Approving process for requesting tax sale certificates on vacant lots from Polk County Treasurer at annual auction and for assignment to private parties for residential development. ([Council Communication No. 05-247](#)) Moved by Hensley to adopt. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Council action will be required to assign the tax sale certificate to a rehabilitation developer.