



**Council**  
**Communication**  
Office of the City Manager

**Date** July 9, 2007

**Agenda Item No.** 19  
**Roll Call No.** 07-  
**Communication No.** 07-417  
**Submitted by:** Larry Hulse, Community  
Development Director

**AGENDA HEADING:**

Resolution requesting the Tax Sale Certificates for a public nuisance structure located at 1720 8<sup>th</sup> Street and assigning to Community Housing Development Corporation (CHDC) for acquisition and renovation.

**SYNOPSIS:**

Recommend approval to request the 2005 and 2006 tax certificates for 1720 8<sup>th</sup> Street through Section 446.19A and reassign the tax sale certificates to CHDC. CHDC is a nonprofit housing provider located at 601 Forest Avenue, Des Moines, IA 50314, Karen Q. Jeske, Executive Director. The River Bend Neighborhood Association has requested that the city delay demolition of 1720 8<sup>th</sup> Street in order to allow a nonprofit time to acquire the property through the Tax Sale Certificate process and proceed with renovation.

**FISCAL IMPACT:**

Amount:

Waiver of \$1,805 in judgments from the City of Des Moines for clean-up, boarding and notice. Tax Sale Certificate costs of approximately \$4,399.67 will be paid by Community Housing Development Corporation.

Funding Source:

Community Development Block Grant (CDBG) funds 2006005 NID-Code Enforcement/NHBSD, page 313 of 2006-2007 Special Revenue Funds.

**ADDITIONAL INFORMATION:**

State Code 446.19A allows counties and cities to withhold abandoned properties from tax sale under certain conditions or request tax sale certificates previously issued to private buyers in order to rehabilitate the structures for housing. In addition, the act provides that a city may assign the tax sale certificate or sell the certificate. To obtain the tax sale certificate pursuant to State Code 446.19A, the City Council is required to send an affidavit to the Polk County Treasurer stating that the following conditions can be met:

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.

The River Bend Neighborhood Association has requested that the City use its authority under Iowa Code 446.19A to acquire the tax sale certificates for 1720 8<sup>th</sup> Street and work with CHDC to acquire the tax deed. On July 18, 2005 by Roll Call 05-1743, the Des Moines City Council, acting as the Board of Health, instructed the Legal Department to proceed with court action for authority to abate the public nuisance at 1720 8<sup>th</sup> Street. There is an outstanding 2005 tax certificate totaling \$745.81 and an outstanding 2006 tax sale certificate totaling \$3,653.86 for a total cost of \$4399.67. CHDC has indicated its willingness to pay for the tax sale certificates and work through the redemption process to obtain the tax deed. The River Bend Neighborhood Association is very supportive of CHDC's proposal.

By State law, the notice for tax deed redemption takes 90 days. An additional 15-30 days will be needed for administrative processes such as ordering the title search etc. If no one with an interest in the property redeems the tax sale certificates, CHDC can take ownership by November 1, 2007. Until CHDC takes the tax deed, rehabilitation work cannot begin. The City fees for \$1805 will only be waived if CHDC is successful in taking tax deed and rehabilitating the property.

Neighborhood residents have recently cleaned the exterior of the property, trimmed trees, and reattached boards covering openings on the building. The residents have indicated they would continue to perform the lawn work and maintenance until CHDC can take ownership.

If the property can be acquired by CHDC, Community Development Block Grant (CDBG) or HOME funds will be used to subsidize the rehabilitation costs. The subsidy will be based on a construction gap, the difference between the cost of acquisition and renovation and the after rehabilitation value. The CDBG funds will require that the house be sold to an owner-occupant with a lien forgivable over time. If the house is sold during the lien period, a portion of the funds will be recovered.

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

Date: October 10, 2005

Roll Call Number: 05-2454

Action: Agreement for Assignment of Tax Sale Certificates for the following: (A) 1104 26<sup>th</sup> Street to Neighborhood Finance Corporation. Move by Hensley to adopt. Motion Carried 7-0.

#### **BOARD OF HEALTH ACTION:**

Date: July 18, 2005

Roll Call Number: 05-1743

Action: The Legal Department to proceed with court action for authority to abate the public nuisance at the following locations: (E) 1720 8<sup>th</sup> Street, Titleholder: Credit Suisse First Boston; Contract Buyer: Maria D. Cruz. Moved by Vlassis to adopt. Motion Carried 7-0

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**