

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	January 26, 2009
	Agenda Item No. 38 Roll Call No. <u>09-</u> Communication No. <u>09-024</u> Submitted by: Larry Hulse Director, Community Development	

AGENDA HEADING:

Resolution requesting Tax Sale Certificates from Polk County Treasurer’s Office for 1702 Forest Avenue and 1649 E. Grand Avenue and approving agreement for assignment of tax sale certificates to NFC Properties, LLC.

SYNOPSIS:

Authorization for the City Manager to send an affidavit to the Polk County Treasurer requesting the assignment of the tax sale certificates for a public nuisance house located at 1702 Forest Avenue and a vacant lot located at 1649 E. Grand Avenue. Upon receipt of the tax sale certificates, the Manager is authorized to assign the tax sale certificates to NFC Properties, LLC, a corporation affiliated with Neighborhood Finance Corporation, 1912 6th Avenue, Holly Olson, Executive Director. NFC Properties, LLC will attempt to obtain ownership of the properties through Iowa Code §446.19A and develop as affordable owner-occupied housing.

FISCAL IMPACT:

Amount: \$15,340.05 for 1649 E. 16th Street including demolition costs
\$1,523.01 for 1702 Forest Avenue including inspection fees

Funding Source: Community Development Block Grant (demolition), page 106, CDBG2008019

ADDITIONAL INFORMATION:

The City of Des Moines may request the issuance of a tax sale certificate from the Polk County Treasurer’s Office under the conditions of Iowa State Code 446.19A. To obtain the tax certificate pursuant to this code section, the City Council must send an affidavit to the Polk County Treasurer stating that the following conditions are true.

1. The property is residentially assessed.
2. The existing residential structure or vacant residential lot can be redeveloped as housing;
3. The structure or vacant lot 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 to another entity. State law requires the property 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. In the event the tax sale is not redeemed, the owner of the tax sale certificate may request to have the tax sale deed issued after complying with the requirements in Iowa

Code Chapter 447. The City has worked with both nonprofit and for profit housing providers to rehabilitate existing housing or build new housing on vacant lots in the tax sale certificate process.

Neighborhood Finance Corporation Program

In 2007, the Neighborhood Finance Corporation (NFC) began a program to obtain, rehabilitate, and resell abandoned housing within NFC neighborhoods of the City of Des Moines. The NFC hired a project manager for the program and formed a corporation, NFC Properties LLC, to own and rehabilitate the properties and utilize historic tax credits. Over the past year, the NFC has worked closely with City staff on acquisition of property to ensure the rehabilitation furthers city neighborhood planning activities. The NFC has been active in acquiring properties in the River Bend and King Irving Neighborhoods including the Forest Avenue Urban Renewal area.

1702 Forest Avenue– King Irving Neighborhood

The NFC has attempted to purchase 1702 Forest Avenue for the past six months. It is a four square house that sits on the south side of Forest Avenue very near King School. The NFC ordered a title opinion on the property but the service for an earlier tax sale certificate redemption was done incorrectly and the title has numerous objections. The City's request to the Polk County Treasurer's office and subsequent assignment to NFC Properties, LLC, will allow the NFC to do an additional service and obtain a tax deed to the property so the property title is clear and rehabilitation can begin. The NFC Properties LLC will pay \$9457.19 in delinquent taxes, assessments and penalties for the property. The redemption process will take approximately 7 months. The City's fees of \$1,523.01 will be waived if NFC Properties, LLC is successful in taking tax deed for the property.

1649 E. Grand Avenue– Capitol East Neighborhood

During the 2005 Iowa General Assembly legislative session, Iowa Code §446.19A was amended to permit cities to acquire tax sale certificates for vacant lots assessed as residential property for the purpose of encouraging development of housing. The house on this vacant lot was demolished in 2008 as a public nuisance. The lot has only 34 feet of frontage and would be very difficult to redevelop as an individual lot. The NFC has repossessed the house located at 1653 E. Grand Avenue, directly adjacent to the east. The house owned by the NFC only has 40 feet of frontage. The NFC and City staff believe the house at 1653 E Grand will be more marketable if the vacant lot at 1649 E. Grand is added to the property and the house rehabilitated. The NFC will pay \$2,963.94 in delinquent taxes, assessments and penalties for the vacant lot. The redemption process will take approximately 7 months. The City's fees and demolitions costs of \$15,340.05 will be waived if NFC Properties, LLC is successful in taking tax deed for the property.

PREVIOUS COUNCIL ACTION(S):

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: NONE

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