

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	March 22, 2010
	Agenda Item No. 22 Roll Call No. <u>10-</u> Communication No. <u>10-145</u> Submitted by: Larry Hulse Director, Community Development	

AGENDA HEADING:

Resolution requesting Tax Sale Certificate from Polk County Treasurer’s Office for 1649 E. Grand Avenue for assignment 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 certificate for the vacant lot located at 1649 E. Grand Avenue. The certificate will be assigned 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 combine the lot with a property it has foreclosed upon directly to the east.

FISCAL IMPACT:

Amount: \$15,340.05 for 1649 E. 16th Street including demolition costs
\$2,500 in delinquent utilities special assessments

Funding Source: Community Development Block Grant (demolition), page 106, CDBG2008019
Des Moines - Sanitary Sewer Maintenance EN101 PWK071000Sanitary Sewer
Operations Fund

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.

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.

On January 26, 2009 by Roll Call 09-108 the City Council approved an agreement with NFC Properties LLC whereby the City acquired the outstanding 2007 tax sale certificate for 1649 E. Grand Avenue. NFC Properties LLC was unable to timely convert the 2007 tax sale certificate to a tax deed and has requested that the City now acquire and convey to it the 2009 tax sale certificate upon the same terms and conditions.

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 staffs both believe that 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. If the vacant lot at 1649 East Grand is not combined with the property to the east, it will probably end up an unusable parcel with questionable ownership. It is unlikely that any special assessments or demolition costs will be repaid.

The NFC has already paid \$2,963.94 in delinquent taxes, assessments and penalties for the vacant lot. The additional tax certificate will cost \$398.00. The redemption process will be accomplished by the fall of 2010.

Per the agreement approved by Roll Call 09-108 which will be extended by this action, the City's fees and costs associated with demolition (\$15,340.05) will be waived if NFC Properties, LLC is successful in taking tax deed for the property. In addition, the City's special assessments on the lot for approximately \$2500 will also be waived subject to receipt of the tax deed by the NFC Properties, LLC.

The NFC Properties, LLC is working directly with the Des Moines Waterworks for forgiveness of additional special assessments totaling approximately \$2500.

PREVIOUS COUNCIL ACTION(S):

Date: January 26, 2009

Roll Call Number: 09-108

Action: Request for 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. (Council Communication No. 09-024) Moved by Vlassis 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: NONE

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