

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 13, 2011
	Agenda Item No. 34 Roll Call No. <u>11-1000</u> Communication No. <u>11-369</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Resolution authorizing the City Manager to remove requested properties from the Polk County Tax Certificate Sale for future development of housing.

SYNOPSIS:

Approval to have the City of Des Moines request the 2011 Tax Sale Certificate for the six vacant structures in the Drake Neighborhood. The six properties are currently vacant and are in danger of becoming public nuisance structures. Once obtained, the City will hold the tax sale certificates. Prior to any tax deeds being issued, the City will assign the tax sale certificates to developers who will rehabilitate the properties.

FISCAL IMPACT: NONE

Amount: N/A

Funding Source: N/A

ADDITIONAL INFORMATION:

Polk County issues tax sale certificates for delinquent tax properties at an auction every June. Iowa Code 446.19A permits cities to acquire tax sale certificates for abandoned structures and vacant lots assessed as residential property without paying taxes due; and allows the City to utilize an expedited redemption period, all for the purpose of encouraging the development of housing. To obtain the tax certificate pursuant to State Code 446.19A, the City Council must send an affidavit to the Polk County Treasurer that the properties meet the following conditions:

1. The property is a residentially assessed vacant lot or structure;
2. If the tax sale certificate involves an existing structure, it will be rehabilitated for housing, the City cannot tear down the property and rebuild for another purpose;
3. The structure or lot is considered abandoned; and
4. The structure is a public nuisance or is in danger of becoming a public nuisance.

The City of Des Moines has utilized this process in recent years with some success. It has enabled the acquisition of some properties with clouded titles and has enabled affordable housing providers to acquire buildable lots at a cost substantially below market value.

The approval will allow the City to request the following 2011 Tax Sale Certificates:

Address	Neighborhood	Owner
1101 26 th St.	Drake	Jack H Stuart (Trust)
1520 32 nd St.	Drake	Jack H Stuart (Trust)
1161 22 nd St.	Drake	A J D Properties LLC
1107 24 th St.	Drake	A J D Properties LLC
1026 24 th St.	Drake	A J D Properties LLC
1016 24 th St.	Drake	A J D Properties LLC

If the City is successful in obtaining the tax sale certificates, the City will hold the tax sale certificates. Once the redemption period has expired, the City will assign the tax sale certificates to a qualified entity to redevelop the properties. Several of these properties have been identified as eye sores by the Drake Neighborhood Association. Redeveloping these properties in the Drake Neighborhood will assist with the implementation of the Drake Neighborhood Plan, which calls for the redevelopment of distressed housing.

Four of the properties the City is requesting the tax sale certificates for are owned by A J D Properties LLC. A J D Properties LLC was formed in April 2010 and the Iowa Secretary of State's website lists Mark Critelli as the Registered Agent. Staff has made Mr. Critelli aware of this proposed action. By authorizing this action, staff believes it will facilitate the redevelopment of these four properties.

Below is a brief summary of each property:

Vacant Structure: 1101 26th Street, Drake Neighborhood

The structure at 1101 26th Street was built in 1891, lists 2,122 square feet of living space and is located south of University Avenue. The structure has 3 units. The property has not had a valid rental certificate since January 2006.

Vacant Structure: 1520 32nd Street, Drake Neighborhood

The single family structure at 1520 32nd Street was built in 1909 and has 1,836 square feet of living space. The owner applied for a rental certificate in 2005, but a rental certificate was not issued for the property. The property has been vacant since 2005.

Vacant Structure: 1161 22nd Street, Drake Neighborhood

The structure at 1161 22nd Street was built in 1901, has 9 units and 3,857 square feet of total living area. The structure was damaged by fire in 2009 and on June 28, 2010, the City Council declared the structure a public nuisance by Roll Call No. 10-1104.

Vacant Structure: 1107 24th Street, Drake Neighborhood

The structure at 1107 24th Street was built in 1883 has 3 units and 2,192 square feet of living space. The rental certificate for this property expired in May 2010, and the property owner was fined \$5,000 for failing to bring the property into rental code compliance by October 2010. The property is currently vacant.

Vacant Structure 1026 24th Street, Drake Neighborhood

The structure at 1026 24th Street was built in 1883, has 4 units and 2,158 square feet of living space. The property's rental certificate was suspended in February 2011, and it is currently vacant.

Vacant Structure 1016 24th Street, Drake Neighborhood

The structure at 1016 24th Street has 7 units and 3,448 square feet. The last rental inspection found 71 rental code violations, and the property owner was scheduled to appear before the Housing Appeals Board in April 2011. The property was vacated prior to the hearing.

PREVIOUS COUNCIL ACTION(S):

Date: June 28, 2010

Roll Call Number: 10-1104

Action: Approving the Legal Department to proceed with court action seeking authority to abate the public nuisance at the following locations: [1161](#) 22nd Street, fire-damaged structure, Titleholder: Critelli Properties, LLC; Mortgage Holder: Community Business Lenders, LLC. **Moved by Griess to adopt. Motion Carried 7-0.**

Date: June 14, 2010

Roll Call Number: 10-921

Action: [City](#) Manager to remove two requested properties from the Polk County tax sale certificate for future development of housing. ([Council Communication No. 10-328](#)) **Moved by Moore to adopt; refer to the City Manager to identify any City-owned property that is buildable/usable. Also, work with Polk County to jointly market the lots. Motion Carried 7-0.**

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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