

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> October 21, 2013
	<b>Agenda Item No.</b> 29 <b>Roll Call No.</b> <u>13-1645</u> <b>Communication No.</b> <u>13-521</u> <b>Submitted by:</b> Phillip Delafield, Community Development Director

**AGENDA HEADING:**

Approving request to Polk County Treasurer for the 2013 Tax Sale Certificate on the abandoned property located at 1332 41st Street, and directing the City Manager to send a Request for Proposal (RFP) to interested developers for rehabilitation and sale of the property.

**SYNOPSIS:**

The Drake Neighborhood Association approached the Community Development Department concerning this tax delinquent and vacant property at 1332 41<sup>st</sup> Street. Under Iowa Code 446.19A, the City of Des Moines can request previously sold tax sale certificates if a property is vacant and a public nuisance or in danger of becoming a public nuisance.

**FISCAL IMPACT:**

Amount: \$3,430.34 for Tax Sale Certificate including interest

Funding Source: CD046000 / 521030

**ADDITIONAL INFORMATION:**

Polk County issues tax sale certificates for delinquent tax properties at a tax auction every June. Iowa Code 446.19A permit cities to acquire tax sale certificates for abandoned structures and vacant lots assessed as residential property without paying the taxes due; additionally allows the City to utilize an expedited redemption period, all for the purpose of encouraging the development of housing. The City can also request previous tax sale certificates but must reimburse the tax sale holder costs plus interest. 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:

- The property is a residentially assessed vacant lot or structure; and
- If the tax sale certificate involves an existing structure it will be rehabilitated for housing, and the City cannot tear down the property and rebuild for another purpose; and
- The structure or lot is considered abandoned; and
- The structure 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. 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 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 taxes for 1332 41<sup>st</sup> Street were sold at the Tax Certificate Sale Auction in June of 2013. Because of the condition of the property, neighbors approached the Polk County Treasurer's Office and were referred to the City's Community Development Department with a request that the City intercede in the Tax Sale Redemption process. City staff attended a meeting of the Drake Neighborhood in August concerning the property and the tax sale certificate process.

The owner of the property, Geraldine Jennett is not living at the house. The agent registered with the Assessor's Office is Paul Jennett with an address of 671 37<sup>th</sup> Street. The Treasurer's Office sent notification of the overdue taxes for 1332 41<sup>st</sup> Street directly to Mr. Jennett at his 671 37<sup>th</sup> Street address. The notice was returned so in May the Treasurer's Office posted the notification of overdue taxes on the front door of 1332 41<sup>st</sup> Street. The notice is still posted on the door.

Although there have been several complaints about the condition of the property, the house is not considered a public nuisance. The garage is boarded, but the house itself has intact windows and does not appear to have any holes in the roof. It is rated in poor condition on the Polk County Assessor's site. Abandoned property under Iowa Code is defined as "a lot or parcel containing a building which is used or intended to be used for residential purposes and which has remained vacant and has been in violation of the housing code of the city in which the property is located for a period of six (6) months." The property does not need to be formally declared a public nuisance to proceed with a tax sale certificate request.

Upon receipt of the Tax Sale Certificate, Community Development will distribute a RFP to single family developers, both for-profit and not-for-profit. The developers will be required to provide information on past rehabilitation experience, proof of financing, proposed budget and time frame. The RFP will include a requirement that the developer agree to a covenant or binding agreement, in a form satisfactory to the Legal Department, that the house be used as a single family home, with preference toward owner-occupancy.

The developer will be responsible for working with an attorney to take tax deed to the property. The developer will be required to reimburse the City for the acquisition cost at such time as the tax sale certificate is provided to the developer. A neighbor has expressed interest in the property but is aware of the RFP process.

If the property taxes are paid at any time during the redemption process, the City's actions are moot.



**PREVIOUS COUNCIL ACTION(S): NONE**

**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.

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