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|  <p style="text-align: center;">Council Communication Office of the City Manager</p> | Date: June 9, 2014 |
| | Agenda Item No. 36 A-C Roll Call No. <u>14-0864</u> Communication No. <u>14-274</u> Submitted by: Phillip Delafield, Community Development Director |

AGENDA HEADING:

Resolution authorizing items regarding the 2014 Polk County Tax Sale.

SYNOPSIS:

Recommend approval to request removal of (2) two structures and 16 vacant lots from the Polk County Treasurer’s tax sale on June 16th. The tax sale certificates for most of the vacant lots will be assigned for the development of housing to Greater Des Moines Habitat for Humanity (Lance Henning, Executive Director, 2200 E. Euclid Avenue, Des Moines, Iowa 50317), NFC Properties LLC (Stephanie Preusch, Executive Director, 1912 6th Avenue, Des Moines, Iowa 50314), and Community Housing Initiatives (Doug Labounty, President, 500 East Locust Suite 500, Des Moines, Iowa 50309). The City will take ownership of vacant lot at 1355 Penn and sell the property in the future for development of housing. A Request for Proposals (RFP) will be sent to both non-profit and for profit housing developers for acquisition and renovation of the house at 671 37th Street.

FISCAL IMPACT:

Amount: For 1355 Pennsylvania - \$28,725 in special assessments for demolition and solid waste / storm water assessments.

Funding Source: SP020 CDD049900 CDBG2011019 PROPERTY CLEAN-UP
EN301 PWK071600 STORM WATER
EN151 PWK100101 SOLID WASTE

ADDITIONAL INFORMATION:

Vacant Lots:

The 2005 amendments to the Iowa Code 446.19A permits cities to acquire tax sale certificates for vacant lots assessed as residential property without paying the taxes due, and to allow the City to utilize an expedited redemption period, all for the purpose of encouraging the development of housing. The City of Des Moines has utilized this process in recent years with a great deal of success, which has enabled affordable housing providers to acquire buildable lots at a cost substantially below market value.

The City seeks to obtain additional vacant lot tax sale certificates from the 2014 Tax Sale that can ultimately be used for the development of housing. Greater Des Moines Habitat for Humanity; NFC Properties, LLC; HOME Inc.; and CHI have identified 16 vacant lots that they would like to pursue

through this process, and requests the City Manager remove these properties from the upcoming tax sale. The vacant lots are located at the following addresses:

Property Addresses Requested by Greater Des Moines Habitat for Humanity

1445 10th Street
1540 10th Street
1547 12th Street
1601 Carpenter Avenue
1520 5th Avenue
3012 5th Avenue
1820 E. 24th Street
223 Watson Avenue
2620 Cornell Street
1609 33rd Street
654 26th Street
3018 York

Property Addresses Requested by NFC Properties, LLC

1111 E. 9th Street
1030 E. 8th Street
1011 E. 8th Street

Property Addresses Requested by CHI

1125 E. 9th Street

Property Address for City to Take Ownership

1355 Pennsylvania

It is anticipated that several of these properties will have special assessments against them, which may require Council to waive prior to redevelopment. While there is no formal policy on this, staff has recommended waiving these fees in the past for non-profit developers.

The property designated for City ownership has a large amount of special assessments and taxes against a vacant lot located at 1355 Pennsylvania in the Capitol Park Neighborhood. The property would be excellent for redevelopment, but at the current time has taxes and special assessments valued at more than the value of the property. This house was owned/occupied by a low-income senior, William Gilliam, who had taxes and special assessments suspended for a number of years. Those taxes must now be paid and total about \$12,800.

The City can request the 2014 tax sale certificate and take ownership of the property through the 446.19(a) process. Instead of assigning the certificate to a developer, the City would take ownership itself. Upon taking ownership, the City will release the City special assessments against the property and request the County consider forgiving the taxes accrued against the property in order to encourage development of a single family house.

A number of Board of Health Nuisance Abatement Control (BHNAC) and solid waste/sewer rental assessments also exist totaling \$28,725. The largest of these is a \$15,622 BHNAC charge with Bond Interest of \$874.04 and late interest of \$8,166. Upon release of special assessments and taxes, staff will work with developers interested in the lot for redevelopment of the site. Home Opportunities Made Easy, Incorporated has expressed interest in submitting a developer initiated proposal for the site

if the City is able to take ownership and have the taxes waived. Other developers may also have an interest in the site.

Structures:

The vacant and abandoned structure at 1424 Cleveland was recently obtained through tax deed by GreyFox Properties, LLC. The house is located in the Martin Luther King Jr. Neighborhood and has been a concern to residents for a number of years. GreyFox is willing to gift the property to Habitat for Humanity who will work to abate the nuisance. There is a 2014 tax sale certificate for special assessments including BHNAC, Sewer Rental, Solid Waste, City Storm Drainage, Weeds, and Water Works.

The North of Grand Neighborhood has requested that the City request the tax sale certificate for the vacant property at 671 37th Street. A letter from the neighborhood is attached to the roll call. The property has a 2013 tax sale certificate which has not been redeemed over this past year. The listed owner, Paul L. Jennett, was also the owner of an abandoned house at 1332 41st Street. By Roll Call No. 13-1973 on December 23, 2013, the City Council requested the tax sale certificate for the property at 1332 41st Street, sent out a Request for Proposals (RFP) for redemption of the property and renovation for owner-occupied housing. The developer was able to take tax deed on the house and it is now being renovated.

Upon receiving the tax sale certificate for 671 37th Street, staff will distribute an RFP for single family developers to hire an attorney to assist in taking tax deed and to renovate the structure. Developers are required to show proof of financial capability and past renovations of homes in poor condition.

PREVIOUS COUNCIL ACTION(S):

Date: June 10, 2013

Roll Call Number: [13-0904](#)

Action: [Assignment](#) of tax sale certificates to Greater Des Moines Habitat for Humanity, Inc. and NFC Properties LLC for the development of owner-occupied housing. ([Council Communication No. 13-297](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 11, 2012

Roll Call Number: [12-0897](#)

Action: [Assignment](#) of tax sale certificates to Greater Des Moines Habitat for Humanity Inc. and HOME Opportunities Made Easy (HOME) Incorporated for the development of low- to moderate-income owner-occupied housing. ([Council Communication No. 12-276](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 13, 2011

Roll Call Number: [11-1001](#)

Action: [Assignment](#) of Tax Sale Certificates to Greater Des Moines Habitat for Humanity, Inc., Home Opportunities Made Easy, Inc., and Community Housing Development Corporation for the

development of low to moderate income owner-occupied housing. ([Council Communication No. 11-368](#)) Moved by Moore to adopt. Motion Carried 7-0.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Public hearing and sale of property at 1355 Penn for redevelopment and assignment of tax sale certificate for 671 37th Street.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.