

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> May 4, 2015
	<b>Agenda Item No.</b> 22 <b>Roll Call No.</b> <u>15-0746</u> <b>Communication No.</b> <u>15-221</u> <b>Submitted by:</b> Phillip Delafield, <b>Community Development Director</b>

**AGENDA HEADING:**

Request to Polk County for assignment of tax sale certificates held by Polk County Public Works, approval of City acquisition of properties through tax deed, authorization to request release of property taxes and special assessments, and release of all City liens and special assessments in order to encourage housing rehabilitation and redevelopment.

**SYNOPSIS:**

This action requests that Polk County assign the tax sale certificates for three (3) properties to the City of Des Moines with the expectation that the City will go through the process to take ownership of the properties and Polk County will release the back taxes and County assessments upon the City's ownership. The City will also release its special assessments upon taking ownership. In the annual tax sale certificate auction some properties are not purchased by tax sale buyers, generally because the cost of paying the taxes and special assessments is more than the value of the property. The unsold tax sale certificates for these properties are typically assigned to Polk County Public Works.

The City has been approached by individuals or non-profit entities interested in the following three (3) properties that could be redeveloped or renovated if the special assessments and taxes are waived and additional subsidies are awarded or sweat equity invested:

- 1355 Pennsylvania – Vacant Lot
- 1710 7<sup>th</sup> Street – Public Nuisance by Roll Call No. 08-1379 on July 28, 2008
- 2727 Linden – Public Nuisance by Roll Call No. 11-1749 on October 10, 2011

Each party has provided staff with a letter of interest and proof of financing ability for the property in which they are interested. Each is aware that a public hearing on the sale of the property must be set and held, that additional proposals may be received and they are not guaranteed the purchase of the property. Each is also aware that the City cannot guarantee the waiver of all special assessments.

**FISCAL IMPACT:**

Amount: Approximately \$30,000 in special assessments (expended) and 36% of taxes owed if Polk County waives such taxes or approximately \$31,000 for all three (3) properties.

Funding Source: Nuisance Abatement Costs (BHNAC), CDB01914; Storm Water Utility Fee, PW247413; Sanitary Sewer Rental Fee, PW247411

**ADDITIONAL INFORMATION:**

Iowa Code Section 446.19A permits cities to acquire tax sale certificates for abandoned property assessed as residential property or vacant residential lots at a tax sale without paying the taxes then due, to obtain the assignment of outstanding tax sale certificates by payment to the holder the amount then due to redeem the certificate, and to give notice of expiration of the redemption period upon an expedited schedule, all for the purpose of encouraging the acquisition and rehabilitation of abandoned dwellings and lots

In the annual tax sale certificate auction, some properties are not purchased by tax sale buyers, generally because the cost of paying the taxes and special assessments is more than the value of the property. The City of Des Moines does not request tax sale certificates when no one has indicated an interest in a vacant lot or abandoned structure so there are a number of properties with outstanding tax sale certificates that end up being assigned to the County. Taxes and special assessments continue to accrue as does interest on any outstanding accounts.

The county can assign a tax sale certificate that it holds to the City of Des Moines. If the City goes through the tax process to take tax deed to a property, the county can release all existing back taxes and county special assessments. Assistant City Manager Larry Hulse and Community Development staff met with the County Manager, Mark Wandro, and several other county staff members this winter. Manager Wandro indicated there was support on the Board of Supervisors to release taxes and assessments when a property could be rehabilitated or redeveloped.

There are three (3) properties that are held by Polk County which individual or non-profit developers have approached City staff about acquiring for redevelopment or rehabilitation:

<u>1710 7<sup>th</sup> Street</u>	<u>Amount due thru May 31</u>
2012 tax sale -	\$13,685.72
Assessments -	\$ 8,576.39
2013 RE bill -	\$ 2,940.00
2014 RE bill -	\$ 2,591.00
<u>2015 RE bill -</u>	<u>\$ 2,120.00</u>
Total	\$29,913.00

Michael Hildebrand, 410 Franklin Avenue, has provided a letter of interest in taking ownership and rehabilitating the house. He has provided the City staff a letter of interest from his bank. Mr. Hildebrand has successfully rehabilitated other public nuisance houses in the River Bend Neighborhood.

The property is currently owned by LBT Iowa 9099, 106 S Washington St., Baltimore MD 21231, who took ownership of the property in June 2011 through a tax sale process.

<u>2727 Linden</u>	<u>Amount due thru May 31</u>
2013 tax sale -	\$10,789.38
Assessments -	\$ 4,205.15
2014 RE bill -	\$ 1,170.00
<u>2015 RE bill -</u>	<u>\$ 1,042.00</u>
Total	\$17,206.53

Steve Logsdon, Lucca Restaurant, 420 E. Locust 333-8063, has provided a letter of interest in taking ownership and rehabilitating the house. He has provided the City a letter of interest from the bank. Mr. Logsdon has successfully rehabilitated commercial buildings in the East Village for restaurant uses. The owner of 2725 Linden, Margie Walter, has also sent a communication to staff expressing interest in the rehabilitating the property.

The Title holder and the Contract Buyer for this property are deceased. The heir to the contract buyer did not respond to any City notifications to abate the public nuisance.

1355 Pennsylvania – Amount due thru May 31

2014 tax sale - \$51,443.19

Assessments - \$ 133.00

2015 RE bill - \$ 404.00

Total \$51,980.00

Home Opportunities Made Easy, Incorporated (HOME, Inc.) would like to use the lot for development activities in the East Bank area. The Capitol Park neighborhood association is aware of HOME, Inc.'s interest in this lot and has received approval from the association for single-family development in their neighborhood. The original owners of the property have passed away. The City used CDBG funds to remove the structure.

Each of these properties has sat as nuisance properties for several years and been a detriment to the street. If the properties can be redeveloped it will help with neighborhood revitalization and build new tax base.

**PREVIOUS COUNCIL ACTION(S):**

Date: October 10, 2011

Roll Call Number: [11-1749](#)

Action: Approving the Legal Department to proceed with court action seeking authority to abate the public nuisance at the following locations:

- (D) [2727](#) Linden Street, main structure and garage structure, Titleholder: Charlotte Fay (deceased); Contract Buyer: Earlene Maness (deceased); Patricia Motley, Heir to Earlene Maness. Moved by Meyer to adopt. Motion Carried 7-0.

Date: July 28, 2008

Roll Call Number: [08-1379](#)

Action: The Legal Department to proceed with court action seeking authority to abate the public nuisance at the following locations:

- (A) [1710](#) 7<sup>th</sup> Street (fire-damaged structure), Titleholder: Daniel A. Estevez. Moved by Vlassis to adopt. Motion Carried 7-0.

Date: February 12, 2007

Roll Call Number: [07-0301](#)

Action: The Legal Department to proceed with court action seeking authority to abate the public nuisance structures at the following addresses:

- (D) [1355](#) Pennsylvania Avenue, Titleholder: William L. Gilliam. Moved by Coleman to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Set and hold public hearing on the sale of each property if a tax deed is obtained.

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](mailto:cityclerk@dmgov.org).