

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 28, 2015
	Agenda Item No.	34
	Roll Call No.	<u>15-1619</u>
	Communication No.	<u>15-513</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Amend agreements for assignment of four (4) tax sale certificates with nonprofit entities. Approval of City acquisition of properties through tax deed, and authorization to request release of property taxes, special assessments and all City liens, in order to encourage housing redevelopment.

SYNOPSIS:

This action allows the City to take ownership of four (4) properties with tax sale certificates of a significant dollar amount that make redevelopment or rehabilitation infeasible. The City requested the tax sale certificates from the Polk County Treasurer’s office in 2014 and 2015 and assigned the certificates to nonprofit housing providers to redeem for redevelopment or rehabilitation of housing under state Code Section 446.19A; however, upon further consideration the dollar amounts were too large for the nonprofits to redevelop. If the City can obtain tax deed, the City can request Polk County waive the taxes and special assessment due on the property. The City can also release any City liens then due on the property. Personal judgment(s) against any other real estate and personal property owned by the judgment debtor remains in place. The City will then sell the properties through a request for proposal or developer-initiated proposal.

FISCAL IMPACT:

Amount: Approximately \$29,216 of property taxes owed to the City (36% of total taxes) and special assessments of approximately \$2,500 in City special assessments.

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

ADDITIONAL INFORMATION:

By Roll Call 14-0866, on June 9, 2014, the City of Des Moines entered into an agreement with Greater Des Moines Habitat for Humanity, Inc. (Habitat) to assign the 2014 tax sale certificates for 2620 Cornell Street and 3018 York Street for the purpose of Habitat obtaining tax deed for the properties through Iowa Code Section 446.19A to redevelop the two (2) vacant parcels for housing.

By Roll Call 15-0931, on June 8, 2015, the City of Des Moines entered into agreements with Home Opportunities Made Easy, Incorporated (HOME, Inc.) and NFC Properties, LLC (NFC) to assign the tax sale certificates for 1334 E. 13th Street and 1520 32nd Street for the purpose of obtaining tax deed

for the properties through Iowa Code Section 446.19A to redevelop the vacant parcel for housing and rehabilitate the single family house.

When a city assigns a tax sale certificate under Iowa Code Section 446.19A, the assignee is responsible for all the taxes and specials assessments owed against the property. Unfortunately, the extent of the taxes special assessments owed make it infeasible for an entity to pay the taxes and redevelop or rehabilitate the property. If the City of Des Moines takes deed to the property, the County Board of Supervisors will consider waiving the taxes levied against the property and any County held special assessments if the property is in public ownership. The Supervisors have cooperated with the City to waive taxes and release special assessments on other properties over the past two (2) years. The Des Moines Water Works (DMWW) has a policy to waive up to \$1000 in special assessments with any costs above that amount to be paid. The City would pass that additional DMWW cost along to the end developer.

The City will also release special assessments against the property. Personal judgment(s) against any other real estate and personal property owned by the judgment debtor remains in place.

The following amounts are currently due on the properties:

3018 York:

2014 tax sale: \$34,179.24
Real Estate Taxes: \$672.00
Special Assessments: \$141.00

1520 32nd St:

2015 Tax Sale: \$20,271.04
Real Estate taxes: \$3,284.00
Special Assessments: \$568.33

2620 Cornell:

2014 tax sale: \$6,537.76
Real Estate taxes: \$5,012.50
Special Assessments: \$830.10

1334 East 13th St:

2015 Tax Sale: \$11,063.85
Real Estate taxes: \$138.00
Special Assessments: \$1,684.53

The vacant house at 1520 32nd Street is owned by Jack Stuart who owns several vacant houses in the Drake and River Bend Neighborhoods. This house has been vacant since 2005. On June 13, 2011, by Roll Call No. 11-1000, the Council requested the tax sale certificate for the house. The legal department served notice according to Iowa Code 446.19a and attempted to take tax deed. Mr. Stuart paid all back taxes on the property the week before the City could take tax deed. This is a typical pattern of Mr. Stuart's, but because of the complaints staff receives about this property and the impact it has on the neighborhood staff recommends the City continue to try to take tax deed to vacant structures under this circumstance.

The other properties are all vacant lots that have had houses demolished by the City of Des Moines because of public nuisance action.

PREVIOUS COUNCIL ACTION(S):

Date: June 8, 2015

Roll Call Number: [15-0931](#)

Action: [Request](#) to Polk County Treasurer and approving agreements with Greater Des Moines Habitat for Humanity Inc., NFC Properties LLC and Home Opportunity Made Easy Inc. for

assignment of tax sale certificates for various property for rehabilitation of housing. ([Council Communication No. 15-287](#)) Moved by Gatto to adopt. Motion Carried 7-0.

Date: June 9, 2014

Roll Call Number: [14-0864](#) and [14-0866](#)

Action: Items regarding the 2013-2014 Polk County Tax Sales: ([Council Communication No. 14-274](#))

- (C) [Agreements](#) for assignment of Tax Sale Certificates for various properties to Greater Des Moines Habitat for Humanity Inc., NFC Properties LLC, and Community Housing Initiatives for Rehabilitations of Housing. Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 13, 2011

Roll Call Number: [11-1000](#)

Action: [Removal](#) of requested properties from the Polk County Tax Certificate Sale for future development of housing. ([Council Communication No. 11-369](#)) Moved by Moore to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Board of Health

Date: May 21, 2012

Resolution Number: 12-0845

Action: [The](#) Legal Department to proceed with court action seeking authority to abate the public nuisance at 1334 E. 13th Street, main structure and garage structure, Titleholder: Joanne Picray; Mortgage Holder: Accredited Home Lenders Holding Co. Moved by Mahaffey to adopt. Motion Carried 6-1. Absent: Coleman.

Board: Board of Health

Date: July 26, 2010

Resolution Number: 10-1247

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

- (A) [2620](#) Cornell Street, main structure and garage structure, Titleholder: Marsha J. Wheeler.

Board: Board of Health

Date: March 10, 2008

Resolution Number: 08-0439

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

- (A) [3018](#) York, Titleholder: Beverly J. Adamson, Mortgage Holder: US Bank National Association.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Set and hold dates of public hearing for sale of properties to entities for redevelopment or rehabilitation.

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