

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	September 28, 2015
	Agenda Item No.	33
	Roll Call No.	<u>15-1618</u>
	Communication No.	<u>15-518</u>
	Submitted by:	Phillip Delafield, Community Development Director

AGENDA HEADING:

Approving request to Polk County Supervisors to assign tax sale certificates of purchase to the City, authorization for Mayor to execute any agreements, 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 redevelopment

SYNOPSIS:

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. These properties have not been sold in recent tax sale auctions and unsold tax sale certificates are typically assigned to Polk County Public Works.

This action requests that the Polk County Board of Supervisors assign the tax sale certificates for two (2) properties held by Polk County Public Works to the City of Des Moines with the expectation that the City will go through the process to take ownership of the properties. Polk County will release the back taxes and county special assessments upon the City’s ownership. The City will also release its special assessments against the property upon taking ownership. Personal judgment(s) against any other real estate and personal property owned by the judgment debtor remains in place.

The City has been approached by Home Opportunities Made Easy, Inc. (HOME, Inc.) that the organization would be interested in redevelopment or rehabilitation of these two (2) properties in the Capitol Park Neighborhood if the special assessments and taxes are waived.

- 708 Buchanan – House determined to be a public nuisance by the Board of Health by Roll Call 14-1526 on September 22, 2014.
- 1321 Fremont– Vacant Lot

Home, Inc. has provided a letter of support from the Capitol Park Neighborhood Association. Home, Inc. is aware that a public hearing on the sale of the properties must be set and held, that additional proposals may be received and they are not guaranteed the purchase of the property. Home, Inc. is also aware that the City cannot guarantee the waiver of all special assessments.

FISCAL IMPACT:

Amount: Approximately \$18,000 of property taxes owed to City (36% of total) and City special assessments of approximately \$30,000.

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 requests tax sale certificates when someone has indicated an interest in a vacant lot or abandoned structure so there are a large 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 last 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 two (2) properties held by Polk County that Home, Inc. has approached City staff about acquiring for redevelopment or rehabilitation:

708 Buchanan:

2010 Tax Sale :	\$21,255.92
Real Estate Taxes 2011 through 2016 :	\$12,918.00
Special Assessments :	<u>\$ 5,563.33</u>
Total	\$39,736.92

1321 Fremont:

2010 Tax Sale :	\$12,981.96
Real Estate Taxes 2011 through 2016:	\$ 3,074.00
Special Assessments:	<u>\$33,832.55</u>
Total	\$49,888.51

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PREVIOUS COUNCIL ACTION(S):

Date: May 4, 2015

Roll Call Number: [15-0746](#)

Action: [Request](#) to Polk County Treasurer for assignment of tax sale certificates, 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 redevelopment. ([Council Communication No. 15-221](#)) Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Board of Health

Date: September 22, 2014

Roll Call Number: 14-1526

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

- (D) [708](#) Buchanan Street, main structure, Titleholder: Meridian Holdings, LLC. Moved by Gatto to adopt. Motion Carried 7-0.

Board: Board of Health

Date: November 5, 2007

Roll Call Number: 07-2159

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

- (A) [1321](#) Fremont, Titleholder: Franklin R. Failor, Contract Buyer and/or Tenant: Ralph Riggs.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Set date of public hearing and hold public hearing to transfer ownership of property for the intention of redevelopment/rehabilitation of housing.

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