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|  <p style="text-align: center;">Council Communication Office of the City Manager</p> | Date: | October 26, 2015 |
| | Agenda Item No. | 53 |
| | Roll Call No. | <u>15-1819 15-1820 15-1821</u> |
| | Communication No. | <u>15-561</u> |
| | Submitted by: | Phillip Delafield, Community Development Director |

AGENDA HEADING:

Hearing for conveyance of properties for housing redevelopment and approving acquisition agreement for the following: 2727 Linden Street to Stephen P. Logsdon for \$1.00, 1710 7th Street to Hildebrand Properties, LLC for \$1.00 and 1355 Pennsylvania to Home Opportunities Made Easy, Incorporated for \$4,000.

SYNOPSIS:

For the purpose of developing single-family housing through rehabilitation and new construction, the City of Des Moines works with Polk County on acquiring nuisance properties and abandoned, vacant lots through tax sale certificates and certificates of purchase. The City takes ownership of the property and deeds to a redeveloper only when the costs of acquisition are significantly more than the value of the property.

On May 4, 2015, by Roll Call No. 15-0746, the City Council requested the tax sale certificates for three (3) properties with tax sale certificates of purchase that were held by Polk County. The properties included: 1355 Pennsylvania Avenue, 1710 7th Street, and 2727 Linden Street. On June 8, 2015, by Roll Call No. 15-0933, the City Council approved a contract with the Polk County Board of Supervisors that assigned the tax sale certificate of purchase of each property to the City of Des Moines. The contract also abates the subsequent delinquent taxes and waives the transaction fee for such assignment upon the City taking ownership.

On October 12, 2015, by Roll Calls 15-1699, 15-1700, and 15-1701, after reviewing responses to a request for proposal, the City of Des Moines set a date of public hearing to sell each property to the successful bidder with a developer agreement and restrictive covenants.

FISCAL IMPACT:

Amount: Approximately \$30,000 in special assessments (expended).

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

ADDITIONAL INFORMATION:

Each of these properties has been a detriment to other property on its respective street and neighborhood for several years. If the properties can be secured and redeveloped it will help with neighborhood revitalization and build new tax base.

The Legal Department began the acquisition process by notifying anyone with an interest in the property of the City's intention to take tax deed to the property and then filed an affidavit with the Polk County Treasurer's Office. The Community Development Department distributed a Request for Proposal (RFP) to single-family developers or rehabbers with specifications on for the renovation of the house and requirements for proof of financing. City staff received one (1) proposal for each of the properties. Each proposal met the requirements of the RFP.

The City is currently in a 90-day waiting period until it can take tax deed. The 90-day waiting period will conclude in November. After taking ownership, City staff will ensure special assessments and taxes have been abated prior to transferring ownership. Before beginning substantial rehabilitation work, each owner will wait an additional 120-day appeal period during which anyone with an interest may appeal the process. The City did not do abstracting work and the properties will be transferred as-is with no guarantees as to condition or title.

The agreement with each developer requires that the rehabilitation work complements the affected neighborhood and that the developer attend a meeting of the neighborhood association after taking ownership if requested by the association. The developers for the rehabilitation properties have also agreed to meet with the State Historic Preservation Office to determine if State historic tax credits are available.

1710 7th Street:

Hildebrand Properties, LLC, Michael Hildebrand, 410 Franklin Avenue, Des Moines submitted a proposal to take ownership and rehabilitate the house at 1710 7th Street in the River Bend Neighborhood. Hildebrand Properties, LLC has a certificate of available credit from Bankers Trust and estimates the total cost of this home to be approximately \$165,000 for materials, labor and carrying costs. Mr. Hildebrand has successfully restored other public nuisance houses in the River Bend Neighborhood.

Hildebrand Construction, LLC hopes to begin work on the house in the early spring of 2016 after all legal work is completed. Mr. Hildebrand estimates the rehabilitation work to take nine (9) months.

In past rehabilitations Hildebrand Properties, LLC has utilized independent workers associated with Joppa Outreach. These workers are no longer homeless and have obtained their own apartments. Mr. Hildebrand has maintained the property for the last two (2) years in order to contribute to the appearance of the neighborhood and avoid future assessments against the property.

The property is currently owned by LBT Iowa 9099, 106 S Washington Street, Baltimore MD 21231, who took ownership of the property in June 2011 through a tax sale certificate process. After taking ownership, LBT Iowa 9099 has not continued to pay the property taxes.

2727 Linden Street:

Steve Logsdon, Lucca Restaurant, 420 E. Locust Des Moines and residence of 2127 41st Place, Des Moines (515) 333-8063, provided a proposal to take ownership and rehabilitate the house. He has a letter of commitment from State Savings Bank and estimates the renovation will cost approximately \$122,750. Mr. Logsdon has successfully rehabilitated commercial buildings in the East Village for

restaurant uses.

Mr. Logsdon hopes to plan the renovation work during the winter and begin rehabilitation in the spring after any legal work and appeal period have been completed. Rehabilitation work is estimated to take approximately one (1) year.

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:

Home Opportunities Made Easy, Incorporated (HOME, Inc.) submitted a proposal to redevelop the lot for single-family housing as part of development activities in the East Bank area. The Capitol Park neighborhood association is aware of HOME, Inc.'s interest in this lot and has sent a letter of approval from the association for single-family development in their neighborhood.

HOME, Inc. has offered \$4,000 for the lot and expects total development costs of \$223,000 for a three (3) bedroom house. Home, Inc. has a letter of interest from the Bankers Trust Company for a construction loan of \$125,000. The agency also has secured \$30,000 from the Polk County Housing Trust Fund and \$30,000 from the Iowa Finance Authority. Home, Inc. will attempt to find an additional \$30,000 of subsidy to make the house affordable to a family below 80% of median income.

Home, Inc. plans to build a 2-story house with 1,491-square-feet, three (3) bedrooms, two (2) bathrooms with a living room and kitchen with stove, refrigerator, dishwasher and microwave. The house will have a front porch, full sod, landscaping and a 2-car detached garage. The house plan has previously been built at 1602 11th Street.

The original owners of the property are deceased. The City used CDBG funds to remove the structure.

PREVIOUS COUNCIL ACTION(S):

Date: October 12, 2015

Roll Call Number: [15-1699](#), [15-1700](#), and [15-1701](#)

Action: On the acquisition of a tax sale deed and conveyance for redevelopment of housing for the following, (10-26-15): ([Council Communication No. 15-535](#))

- (A) [1355](#) Pennsylvania Avenue to Home Opportunities Made Easy, Inc. (HOME, Inc.). Moved by Hensley to adopt. Motion Carried 7-0.
- (B) [2727](#) Linden Street to Stephen P. Logsdon. Moved by Hensley to adopt. Motion Carried 7-0.
- (C) [1710](#) 7th Street to Hildebrand Properties, LLC. Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 8, 2015

Roll Call Number: [15-0933](#)

Action: [Contract](#) with Polk County for assignment of Tax Sale Certificates for 1355 Pennsylvania Avenue, 1710 7th Street and 2727 Linden Avenue. ([Council Communication No. 15-292](#)) Moved by Gatto to adopt. Motion Carried 7-0.

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: 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.

Board: Board of Health

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

Board: Board of Health

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.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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