

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: June 13, 2016
	Agenda Item No. 34-36 Roll Call No. <u>16-0961 16-0962 16-0963</u> Communication No. <u>16-304</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Resolution authorizing items regarding the 2016 Polk County Tax Sale.

SYNOPSIS:

Recommend approval to request removal of five (5) vacant structures and 21 vacant lots from the Polk County Treasurer’s tax sale on June 27, 2016. Acquisition of properties through the tax sale is one (1) of several tools that the city has successfully used to build and/or renovate housing. The City may take tax deed itself or assign to another entity to take tax deed.

FISCAL IMPACT:

Amount: \$29,500 to tax sale certificate holders for three (3) properties. Estimated \$9,000 for title work, notices and publications for nine (9) properties to which the City may tax deed.

Funding Source: Request to Polk County Housing Trust Fund (PCHTF) for two (2) properties, CD046000 – Special Revenue Account for one (1) property and title work/administrative.

ADDITIONAL INFORMATION:

- Iowa Code Section 446.19A permits cities to acquire tax sale certificates for vacant lots and structures 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.
- Iowa Code Section 446.19A also permits cities to obtain the assignment of outstanding tax sale certificates for vacant and public nuisance residential properties by paying the certificate holder the amount that is due to redeem the certificate.
- The City can assign the tax sale certificate to another agency or can take tax deed to the property itself as long as it furthers the redevelopment of housing.
- Iowa Code Section 446.31 permits cities to bid and be assigned properties in the “Public Bidder Sale”.
- Annually, the Polk County Treasurer’s Office provides City staff with information on vacant lots and structures with outstanding taxes and/or special assessments that will be offered in the June tax sale auction.
- Three (3) roll calls are on this agenda related to the tax sale auction. They include resolutions for requesting the tax sale certificates for: properties delinquent in 2016 taxes, properties with

an unredeemed tax sale certificate from 2014 or 2015, and properties with a “Certificate of Purchase” held by Polk County Public Works.

Vacant Lots with 2016 Tax Sale Certificates

- Greater Des Moines Habitat for Humanity (Habitat) (Lance Henning, Executive Director, 2200 E. Euclid, Des Moines, Iowa 50317) has identified 17 vacant lots that the organization would like to pursue through the tax sale process. They have requested the properties be removed from the upcoming tax sale and assigned to Habitat for redemption. The addresses are:

1931 Franklin	3012 5 th
1930 Jefferson	1520 5 th
1400 Mondamin	212 Arthur
1700 Washington	215 Arthur
1341 McCormick	1328 Harrison
3801 Dubuque	1540 10 th
2935 Walker	2410 Saylor Road
1623 Buchanan	1433 12 th
1303 4 th	

- There is no cost to the City to request the tax sale certificate.
- Habitat will reimburse the County Treasurer at such time as the properties are assigned from the City to Habitat. It is anticipated that several of these properties will have special assessments against them, and Habitat may request Council action to waive these assessments prior to redevelopment. Council has generally waived these fees in the past for non-profit developers building affordable housing.
- Habitat will enter into an agreement with the City for the redemption process which includes design and occupancy requirements.
- The City of Des Moines will also request the 2016 tax sale certificate for 318 Holcomb Avenue which was demolished by the City last year and will have a substantial demolition assessment.
- There is currently a 2013, 2014 and 2015 tax sale certificate on this property. Under 446.19(a), the City will have three (3) years to exercise its right to take tax deed.

Property with Previous Tax Sale Certificates

- Acquisition of these properties involves upfront money so staff is particularly careful that an agency or neighborhood organization is interested in the property before placing on the Council agenda for a request to the County Treasurer.

Property	Condition	Final Goal or Result	Upfront Costs to City
1070 26 th Street	Vacant	Rehabilitation	\$17,701
1074 26 th Street	Vacant	Rehabilitation	\$ 8,287
832 24 th Street	Vacant	New Construction	\$ 3,500 (at time of redemption)

- Request for tax sale for the properties at 1070 and 1074 26th Street is dependent on funding from the Polk County Housing Trust Fund (PCHTF). The development committee of the

PCHTF will take an action on June 15th as to whether to fund this activity and the full Board would be requested to vote after the decision of the development committee.

- The City agrees to pursue tax deed for each of these properties under 446.19(a).
- If owner redeems the tax sale certificate, the City is reimbursed the funding.

Properties with “Certificates of Purchase”

- The City agrees to accept the assignment of the Certificate of Purchase at tax sale and acknowledges that it has three (3) years from the date of assignment to perfect the tax deed pursuant to Iowa Code 446.32 and 446.37.
- The City and County will work together to release special assessments and taxes against the properties. Any judgment released are limited only to the Property, any personal judgment shall remain in full force and effect against the judgment debtor and other real estate and personal property owned by such judgment debtor.
- City takes tax deed and may issue an RFP for the property or a developer initiated proposal could be submitted.
- City sets and holds a public hearing before any of these properties can be sold. Non-profits have indicated an interest in these properties; however, a for-profit could also purchase the property with the City’s design covenants.

Property	Condition	Final Goal or Result
1322 Idaho	Boarded/vacant Structure	Demolition for new single-family home
1801 7 th	Public Nuisance Structure	Demolition for new single-family home
1445 6 th	Vacant Lot	Nonprofit to hold lot for future dev.
3011 5 th	Vacant Lot	New single-family structure
911 25 th	Vacant Lot	New single-family structure

PREVIOUS COUNCIL ACTION(S):

Date: June 8, 2015

Roll Call Number: [15-0927](#)

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 development. Moved by Gatto to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Actions to waive special assessments and set dates and hold public hearings to dispose of property.

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