

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	January 23, 2017
	<b>Agenda Item No.</b>	<b>43</b>
	<b>Roll Call No.</b>	<b><u>17-0137</u></b>
	<b>Communication No.</b>	<b><u>17-031</u></b>
	<b>Submitted by:</b>	<b>Phillip Delafield, Community Development Director</b>

**AGENDA HEADING:**

Public Hearing on Conveyance of 1520 32nd Street to Rally Cap Properties, LLC (Rally Cap), Ryan Francois and Michael Donnelly, 2643 Beaver Avenue, #349, Des Moines, IA 50310.

**SYNOPSIS:**

- On January 9, 2017 by Roll Call No. 17-0035, the Des Moines City Council set a date of public hearing for January 23, 2017 on the conveyance of 1520 32nd Street to Rally Cap.
- On September 28, 2015 by Roll Call No. 15-1519 the City council:
  - Approved a resolution to take direct assignment of the tax sale certificates on the vacant single-family residence located at 1520 32nd Street; and
  - Directed staff to distribute a Request for Proposal (RFP) to developers to acquire and renovate the house based on an approved rehabilitation plan for a single-family owner-occupied house.
- Staff distributed an RFP on November 16, 2016 and received three (3) complete proposals.
- Based on scoring, Community Development staff is recommending the property be conveyed to Rally Cap.

**FISCAL IMPACT:**

Amount: \$20,271 as of September 2015

Funding Source: Delinquent 2014, 2015, and 2016 Property taxes, Nuisance Abatement Costs (BHNAC), CDB01916; Storm Water Utility Fee, PW247416; Sanitary Sewer Rental Fee; PW2416.

**ADDITIONAL INFORMATION:**

- On June 8, 2015 by Roll Call No. 15-0931, the City Council approved an agreement to request the tax sale certificate for 1520 32nd Street and assign such certificate to NFC Properties, LLC, subsidiary of the Neighborhood Finance Corporation (NFC) Stephanie Preusch Executive Director, 1912 6th Avenue, Des Moines, IA 50314.
- After further review of the property’s condition and amount of taxes owned, NFC Properties determined 1520 32nd Street was not financially feasible to renovate unless the City took deed and requested all the back taxes and special assessments be released.
- The house has been vacant since 2005 and Neighborhood Inspection Division has reported it is infested with raccoons probably coming in through the eaves.

- On September 28, 2015 by Roll Call No. 15-1619 the City Council authorized the City to take ownership, and work with interested parties on renovating the property.
- The City's Legal Department served notice on all persons and entities with an interest in the property, placed notice in the Des Moines Register, and physically posted the property that the City intended to take tax deed, if the taxes were not redeemed.
- The property was not redeemed (i.e. did not pay property taxes) within the 90-day redemption period and City staff distributed an RFP via e-mail on November 16, 2016. A total of three (3) complete proposals were received by the deadline of December 12, 2016 and were scored by staff of the Community Development Department.
- Community Development is recommending the property be conveyed to Rally Cap. Rally Cap is a boutique real estate development firm based in Des Moines specializing in rehabilitating late Victorian and early Craftsmen homes in the neighborhoods close to Des Moines' downtown.
- The goal of the company is to bring out of the best of the historic character while updating to improve modern functionality and efficiency. The company has focused on a niche market of millennial buyers typically looking for their first or second home that is close to amenities.
- After renovation, Rally Cap estimates the property will sell for approximately \$200,000. The RFP requires that the property cannot be sold for more than the appraised value and must be sold to an owner-occupant. These restrictions will be included as deed restrictions or covenants.
- Properties that have been or are in the process of being renovated by Rally Cap include 664 33rd Street, 711 40th Street, 3515 Washington Avenue, and 810 25th Street.

**PREVIOUS COUNCIL ACTION(S):**

Date: January 9, 2015

Roll Call Number: [17-0035](#)

Action: [On](#) conveyance of City-owned property at 1520 32<sup>nd</sup> Street to Rally Cap Properties, LLC for rehabilitation of housing, (1-23-17). ([Council Communication No. 17-004](#)) Moved by Gatto to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE****ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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