


COUNCIL COMMUNICATION

	Number: 19-253	Meeting: June 3, 2019
	Agenda Item: 33	Roll Call: 19-0891
	Submitted by: Chris Johansen, Community Development Director	

AGENDA HEADING:

Items regarding the 2019 Polk County Tax Sale.

SYNOPSIS:

Recommend approval to request removal of three (3) vacant structures and 16 vacant lots from the Polk County Treasurer's tax sale on June 17, 2019. Acquisition of properties through the annual 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: Approximately \$750 per property for title certificate, notification, publication.

Funding Source: Community Development Department Budget Page 57, Special Revenue, Nongrant CD046000/521035

ADDITIONAL INFORMATION:

- Iowa Code Section 446.19A permits cities to acquire tax sale certificates for vacant lots and vacant and abandoned structures assessed as residential property at the annual tax sale without paying the taxes due, and allows 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 abandoned 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 446.31 permits cities to bid and be assigned properties in the "Public Bidder Sale".
- Annually, the Polk County Treasurer's Offices 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:
 1. Properties delinquent in 2019 that the City intends to secure deed of.
 2. Properties delinquent in 2019 that the City intends to assign tax sale certificates to NFC Properties, LLC, and Greater Des Moines Habitat for Humanity, Inc. (GDMHH).
 3. Properties with a “Certificate of Purchase” held by Polk County Public Works that the City intends to assign tax sale certificate to NFC Properties, LLC.

Properties in the 2019 tax sale:

- The following properties are all in the 2019 tax sale auction as of June 17, 2019. That means no property owner or previous tax sale certificate buyer has paid the 2019 taxes and special assessments due.

913 Douglas Avenue	Structure
1814 8 th Street	Structure
1611 E. 21 st Street	Structure
1715 Clark Street	Vacant lot
1817 24 th Street	Vacant lot
1433 12 th Street	Vacant lot
2732 Adams Avenue	Vacant lot
1931 Franklin Avenue	Vacant lot
1520 5 th Avenue	Vacant lot
2024 E. 42 nd Street	Vacant lot

- The tax sale certificate holder has the right to pay the subsequent taxes and if that happens the property is removed from the tax sale auction.
- The City’s request includes the 2019 tax sale certificate for 1814 8th Street. There is currently a 2016 and 2017 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.
- If the taxes are paid prior to the 2019 tax auction on June 17, 2019, the City can request the county assign the tax sale certificate from the entity for the price of the certificates plus interest. Staff will evaluate the purchase based on the cost of the certificate and the impact of the property on revitalization.
- When in possession of a tax sale certificate, the City agrees to pursue tax deed for each of the properties under 446.19A.
- If the property owner redeems the tax sale certificate, the City is reimbursed its costs and its actions are moot.
- NFC Properties, LLC, (Stephanie Preusch, Executive Director, 1912 6th Avenue, Des Moines, Iowa 50314) has identified the property located at 1611 E. 21st Street that the organization would like to pursue for rehabilitation or redevelopment of housing. They have requested the assignment of the tax sale certificate to NFC Properties, LLC for redemption.

- GDMHH, (Lance Henning, Executive Director, 2200 E. Euclid Avenue, Des Moines, Iowa 50317) has identified properties located at 1715 Clark Street, 817 24th Street, 1433 12th Street, 2732 Adams Avenue, 1931 Franklin Avenue, 1520 5th Avenue, and 2024 E. 42nd Street that the organization would like to pursue through the tax sale process for rehabilitation or redevelopment of housing. They have requested the assignment of the tax sale certificates to GDMHH for redemption.

Vacant Lots with “Certificates of Purchase”

- NFC Properties, LLC has identified nine (9) vacant lots that the organization would like to pursue. They have requested the assignment of the Certificate of Purchase at tax sale to NFC Properties, LLC for redemption. The addresses are:

801 Shaw Street	2737 Hickman Road
802 Shaw Street	2500 Saylor Road
409 Granger Avenue	1012 SE 10 th Street
445 Dunham Avenue	2811 Payne Road
2323 SE 6 th Street	

- There is no cost to the City to request the tax sale certificate.
- NFC Properties, LLC and GDMHH will reimburse the County Treasurer at such time as the properties are assigned from the City to NFC Properties, LLC and GDMHH. It is anticipated that several of these properties will have special assessments against them, and both NFC Properties, LLC and GDMHH 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.
- NFC Properties, LLC and GDMHH will enter into an agreement with the City for the redemption process, which includes design and occupancy requirements.

PREVIOUS COUNCIL ACTION(S):

Date: June 12, 2017

Roll Call Number: [17-0987](#) and [17-0988](#)

Action: Items regarding Tax Sale Certificates:

- (A) [Request](#) to Polk County Treasurer for Tax Sale Certificates and acquisition of properties through tax sale process for the following: ([Council Communication No. 17-459](#)) Moved by Hensley to adopt. Motion Carried 7-0.

(B) [Request](#) to Polk County Board of Supervisors to assign Tax Sale Certificates to the City, authorization for execution of Polk County 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. ([Council Communication No. 17-459](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

If successful in taking ownership of any of the properties, the City will work with developers on a redevelopment process including setting the date of and holding public hearings on each of the properties.

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