


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	22-279	Meeting:	June 13, 2022
	Agenda Item:	60	Roll Call:	22-923
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Approving request to Polk County Treasurer, and approving agreements for assignment of tax sale certificates for various properties for development and/or rehabilitation of housing.

SYNOPSIS:

Approval to request removal of two (2) vacant properties and 19 vacant lots from the upcoming Polk County Treasurer's tax sale auction on June 28, 2022. 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 and publication.

Funding Source: Neighborhood Services Budget Page 141, Special Revenue, Non-grant S060 NS046000.

ADDITIONAL INFORMATION:

- The roll call on this agenda related to the tax sale auction includes resolutions for properties included in the 2022 tax sale certificates that will be assigned to Greater Des Moines Habitat for Humanity (GDMHH) or Home Opportunities Made Easy, Incorporated (HOME, Inc.). Also included are the tax sale certificates that will be assigned to the City of Des Moines, retained through the deed process and then through a formal process given to the partnering rehabilitation or redevelopment nonprofit.
- 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 446.18, 446.19 and 446.31 permits cities to bid and be assigned properties in the "Public Bidder Sale".

- Through this code section, cities can 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. Staff are sometimes able to negotiate directly with the tax sale certificate holder for a better price, but if not, the City must pay the total cost of the certificate then due including any accrued interest.
- If the City agrees to accept the assignment of the Certificate of Purchase at tax sale, it has three (3) years from the date of assignment to perfect the tax deed pursuant to Iowa Code 446.31, 446.32, and 446.37.
- 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. This year, the County provided property lists to the City on May 23, 2022.
- The properties included are all in the 2022 tax sale auction as of June 6, 2022. That means no property owner or previous tax sale certificate buyer has paid the taxes and special assessments due. The property owner and/or the previous 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.
- If the taxes are paid by a tax sale certificate holder prior to the 2022 tax auction on June 28, 2022, 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. If the property owner redeems the tax sale certificate, the City is reimbursed its costs and its actions are moot.
- The City and County will work together to release delinquent taxes and special assessments on the properties. Any judgments 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.
- Greater Des Moines Habitat for Humanity (GDMHH) and HOME, Inc. have identified the following properties that each organization would like to pursue through the tax sale process for rehabilitation or redevelopment of housing.
- Tax Certificate Reassignment: GDMHH has requested the assignment of the two (2) properties for tax sale certificates for redemption. GDMHH will reimburse the County Treasurer at such time as the properties are assigned from the City.

Item Number	Tax Sale Type	Class	Property Address	LegalDescription	Nonprofit Partner	Who will be assigned certificate?	Vacant lot or structure?
2331	Regular	Residential	1926 10TH ST	LOT 105 THIRD PLAT PROSPECT PARK	GDMHH	GDMHH	Vacant lot
2549	Regular	Residential	1306 E 15TH ST	LOT 137 ASHBROOK	GDMHH	GDMHH	Vacant lot

- Tax Deed: In addition, GDMHH and Home, Inc. have requested 18 properties for tax sale certificates for redemption to the City of Des Moines. The City will pursue securing the deed and then follow the process to release the deed to the identified nonprofit for redevelopment or rehabilitation. The City has also identified one (1) property that connects with other existing redevelopment efforts. We will pursue the deed for this property (2003 Washington Avenue)

for the City efforts. As City staff works through the deed process, should a title be significantly clouded staff will re-assess with the Legal Department pursuing the deed, re-assigning the certificates, or not pursuing the deed.

Item Number	Tax Sale Type	Property Address	LegalDescription	Nonprofit Partner	Who will be assigned certificate?	Vacant lot or structure?
2238	Regular	2003 WASHINGTON AVE	-EX E 21.6F ON N LT LN & E 23.5F ON S LN- S 100.35F LT 2 WILLIAMS 3RD ADDITION TO DES MOINES	City of Des Moines	City of Des Moines	Vacant lot
581	Regular	1533 WALKER ST	LOTS 19 & 20 & E 43F LOT 21 BLK 49 STEWARTS ADDITION	GDMHH	City of Des Moines	Vacant structure (shed)
622	Regular	1915 E GRAND AVE	E 1/2 LT 94 & ALL LT 95 GOODE & LIKES ADDITION	GDMHH	City of Des Moines	Vacant structure
625	Regular	1840 LOGAN AVE	LOT 11 BLK A EAST PARK PLACE	GDMHH	City of Des Moines	Vacant lot
633	Regular	2110 E WALNUT ST	LOT 63 TIMMONS PLACE	GDMHH	City of Des Moines	Vacant lot
773	Regular	1113 37TH ST	LOT 25 KAUFFMAN PLACE	GDMHH	City of Des Moines	Vacant structure
934	Regular	916 HARTFORD AVE	PARCEL D BOOK 12654 PAGE 46 E1/2 LT 10 & W1/2 LT 11 VALENTINE	GDMHH	City of Des Moines	Vacant lot
1316	Regular	5403 SW 8TH ST	LOTS 3 & 4 BLK 2 HILLCREST	GDMHH	City of Des Moines	Vacant lot
1720	Regular	1552 E 36TH ST	LOT 44 GRAYS WOODS	GDMHH	City of Des Moines	Vacant lot
1972	Regular	2345 E 11TH ST	N 26F LT 23 & S 16F LT 24 GUTHRIES 2ND ADD	GDMHH	City of Des Moines	Vacant lot
1999	Regular	3135 7TH ST	LOT 255 MANN'S 2ND ADD TO LAKE PARK	GDMHH	City of Des Moines	Vacant lot
2235	Regular	1708 21ST ST	LOT 32 PLEASANT PLACE	GDMHH	City of Des Moines	Vacant structure
2097	Regular	3103 47TH ST	LOT 54 CHURCHS SUB DIV PLAT 2	HOME, Inc.	City of Des Moines	Vacant lot
2258	Regular	1621 JEFFERSON AVE	LOT 22 ROSS ADD TO INGLE WOLD	HOME, Inc.	City of Des Moines	Vacant lot
2389	Regular	1507 10TH ST	N 35F S 85F W 131 F LOT 37 BLK G EDGEWOOD PARK	HOME, Inc.	City of Des Moines	Vacant lot
3421	Public		LOT 111 BLK 1 GRANT PARK	HOME, Inc.	City of Des Moines	Vacant lot
3428	Public	1013 E 8TH ST	N 1/2 LOT 10 BLK D DEANS 2ND SD OF OUTLOT	HOME, Inc.	City of Des Moines	Vacant lot
3438	Public		E 10F LOT 15 & ALL LOTS 16 & 17 BLK 5 PINEHURST	HOME, Inc.	City of Des Moines	Vacant lot
3443	Public	2719 FRANKLIN AVE	LOT 58 NORTH UNIVERSITY PARK	HOME, Inc.	City of Des Moines	Vacant lot

- It is anticipated that several of these properties will have special assessments against them, and that each agency may request Council action to waive a portion of these assessments prior to redevelopment. Council has generally waived City levied fees in the past for non-profit developers building affordable housing.
- GDMHH and HOME, Inc. will enter into an agreement with the City for the redemption process, which may include design and occupancy requirements.

PREVIOUS COUNCIL ACTION(S): NONE

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/non-profits on a redevelopment process including setting the date of and holding public hearings on each of the properties.

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