


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-090	Meeting:	February 20, 2023
	Agenda Item:	34	Roll Call:	23-232
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Approving request to Polk County for Tax Sale Certificates and Agreement with Home Opportunities Made Easy, Inc. for development and/or rehabilitation of housing.

SYNOPSIS:

Approval to request removal of four (4) vacant property from the upcoming Polk County Treasurer's adjourned tax sale auction on March 20, 2023, and request of assignment of one (1) vacant property from the Polk County held certificates. 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: 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 request of four (4) vacant property from the upcoming Polk County Treasurer's adjourned tax sale auction on March 20, 2023 and request of assignment of one (1) vacant property from the Polk County held certificates.
- 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.

- 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.
- The properties included are anticipated being for sale at the March 2023 adjourned sale or have been open tax sale certificates with Polk County for multiple years. 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 or redeem the certificate.
- If the property owner redeems the tax sale certificate, the City is reimbursed its costs and its actions are moot.
- All identified properties have significant delinquent taxes or special assessments that make it unlikely for other intervention and not feasible for HOME, Inc. or a private developer to be assigned the certificate. The City of Des Moines will complete the deed process and then through a formal process give the properties to the partnering rehabilitation or redevelopment nonprofit.
- All properties currently have structures with significant repair needs. One (1) is identified as a public nuisance. Neighborhood Services staff will work with City Legal Department and Neighborhood Inspections Division staff to map out the timing of further activities related to the nuisance case and the tax sale case.
- Home Opportunities Made Easy, Incorporated (HOME, Inc.) has identified 1411 17th Street and 1617 22nd Street as properties to pursue through the tax sale process for rehabilitation or redevelopment of housing. The City will pursue securing the deed and then follow the process to release the deed to the identified nonprofit for redevelopment or rehabilitation.
- Should the City acquire deed and because of the condition of the properties, it is likely that both 1411 17th Street and 1617 22nd Street will need to be demolished. Neighborhood Services Department staff will work with HOME, Inc., Development Services Department and Neighborhood Inspections Division to identify rehabilitation or redevelopment plans and site plan requirements.
- Private developers have expressed interest in the redevelopment of 29 Hartford Avenue, 1603 Clark Avenue, and 1700 13th Street. City will pursue securing the deed on these properties and administer a request for proposals process or bid process to identify a development partner. Once identified, City staff will follow the disposition of property hearing process.
- It is anticipated that these properties will have special assessments against them, and that staff will ask for Council action to waive a portion of these assessments prior to redevelopment and rehabilitation. The City and County will work together to release delinquent taxes and special assessments on the properties.
- As City staff work 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.

PREVIOUS COUNCIL ACTION(S):

Date: June 13, 2022

Roll Call Number: [22-0923](#)

Action: [Request](#) to Polk County Treasurer and approving agreements with Greater Des Moines Habitat for Humanity Inc. and HOME OPPORTUNITIES MADE EASY, INCORPORATED (HOME, INC.) for assignment of tax sale certificates for various properties for development and/or rehabilitation of housing. ([Council Communication No. 22-279](#)) Moved by Gatto to adopt. Seconded by Voss. Motion Carried 6-1. Absent: Sheumaker.

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 developer/nonprofit on a redevelopment process including setting the date of and holding public hearings on each of the properties.

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