

COUNCIL COMMUNICATION

	Number:	24-426	Meeting:	October 21, 2024
	Agenda Item:	11	Roll Call:	24-1431
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Resolution authorizing release of special assessments for certain properties acquired through the tax sale certificate process.

SYNOPSIS:

The City has acquired the deeds to 913 Douglas Avenue, 1168 22nd Street, 1706 23rd Street, and 1552 23rd Street. The City has development agreements with the Greater Des Moines Habitat for Humanity and Invest DSM on three (3) of the properties and a developer-initiated proposal on the fourth, Home Opportunities Made Easy, Inc. (HOME, Inc.). Releasing the special assessments against the properties will clear the titles and allow the City to move forward with a proposal to convey the properties to the identified non-profits for rehabilitation and redevelopment.

FISCAL IMPACT:

This request is to abate \$31,388.07 in special assessments.

ADDITIONAL INFORMATION:

- All the special assessments were incurred by the previous owners. The prior owners were unresponsive to addressing the issues, paying the fines or taxes throughout the tax sale process. The listed special assessments are not removed through the tax sale process as they were issued after the taxes were sold and certificate issued. Prior to the hearing to convey, HOME, Inc., Invest DSM and Greater Des Moines Habitat for Humanity are asking that the City release the special assessments against the properties.
- There was one (1) prior owner for 1168 22nd Street, 1706 23rd Street, and 1552 23rd Street. Collectively the properties had two (2) public nuisance cases, one (1) in which the City demolished more than a decade ago, and more than \$323,232 in unpaid taxes, special assessments and interest at the time the City began to process the tax sale certificates. These properties have been functionally off the tax rolls and in disrepair for a decade or more. The action for these remaining releases will reduce the barriers needed to make the rehabilitation or redevelopment of these properties feasible and aid in returning them to productive use.
- The 1168 22nd Street property has a structure that is vacant. Invest DSM is currently proposing rehabilitation of the structure. In the last year, the property has been declared a public nuisance and

a judgment has been issued in the case. The judgment will remain until the rehabilitation that abates the nuisance is completed. The repair needs are substantial and there is a gap anticipated in the rehabilitation budget. It is in the City's best interest to release the special assessments encumbering this property because once rehabilitated, the home will add to the tax base, reduce nuisance properties within the neighborhood, and continue to increase the housing stock.

- The 1706 23rd Street property has a structure that has been vacant and in disrepair for many years. Greater Des Moines Habitat for Humanity is in the process of reviewing the condition of the property and the financial feasibility of options for the site. They are weighing if rehabilitation or demolition of the structure and new construction on the site is the most financially feasible path for redevelopment. No matter the path, a significant development gap is anticipated, and use of either City HOME funds or state funding to ensure a habitable home is restored to the property is likely. Release of the special assessments is one (1) way the City can reduce the redevelopment gap.
- The 913 Douglas Avenue and 1552 23rd Street properties are vacant lots. Greater Des Moines Habitat for Humanity is proposing building a new single-family home on the 1552 23rd Street property. HOME, Inc. is proposing collaboration with Invest DSM and rebuilding a single-family home on the 913 Douglas Avenue property. Both projects anticipate a development gap, and use of either City HOME funds or state funding to ensure a habitable home is restored to the property is likely. Release of the special assessments is one (1) way the City can reduce the redevelopment gap.
- City staff are also in communication with Polk County and Des Moines Water Works to abate their special assessments and back taxes on the properties.
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PREVIOUS COUNCIL ACTION(S):

Date: April 15, 2024

Roll Call Number: [24-0584](#)

Action: [Request](#) to Polk County and approving development agreements of tax sale properties for development and/or rehabilitation of housing. ([Council Communication No. 24-160](#)) Moved by Coleman to adopt. Second by Gatto. Motion Carried 7-0.

Date: June 12, 2023

Roll Call Number: [23-0834](#)

Action: [Request](#) to Polk County Treasurer and agreements with nonprofit development partners for assignment of tax sale certificates for various properties for development and or rehabilitation of housing. ([Council Communication No. 23-289](#)) Moved by Gatto to adopt. Second by Mandelbaum. Motion Carried 6-1. Absent: Sheumaker.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

The City will continue to work with Invest DSM, Greater Des Moines Habitat for Humanity, and HOME, Inc. on the redevelopment process including setting the date of and holding public hearings on the sale of the properties.

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