


COUNCIL COMMUNICATION

	Number:	24-435	Meeting:	November 4, 2024
	Agenda Item:	35	Roll Call:	24-1524
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Hold hearing for conveyance of City-owned property at 1916 Washington Avenue to Greater Des Moines Habitat for Humanity (Habitat) for redevelopment of housing.

SYNOPSIS:

The City has requested and been issued the tax sale deed of 1916 Washington Avenue and has an agreement with Habitat to redevelop the parcel for housing. This action is to hold a hearing and consider sale of the property to Habitat.

FISCAL IMPACT:

Amount: Maximum revenue anticipated is \$23,000.

Funding Source: NS046000 / 521035

ADDITIONAL INFORMATION:

- In 2023 the City entered into a preliminary development agreement with Habitat as a condition of participation in the annual tax sale. In preparation for the disposition process, an additional development agreement has been drafted and will be provided with the hold hearing materials. Within the agreement is a balloon mortgage in which the total principal will be due at time of resale and after they have built homes on the lots.
- A \$23,000 Fair Market Value (FMV) was identified by the City Real Estate Department and utilized in the drafted agreement. The sale of this parcel includes a balloon mortgage for either the FMV or the FMV minus the development gap, whichever is lesser with a minimum of \$1. If there is no development gap at time of resale, the total FMV will be paid. The maximum revenue anticipated is \$23,000.
- Habitat has provided the Neighborhood Services Department with draft budgets for the redevelopment of the properties. In preparation for the resale of the properties, Habitat will provide the City with updated budgets showing income and expenses so the gap can be identified in comparison with the agreed upon FMV rates. Infill redevelopment is often complex and at times expenses rise as development in condensed locations can be more cost-effective for other builders.

- Habitat will be building a single-family home on the property. There is a restrictive covenant within the original development agreement that housing must be built; however, there is not a requirement of affordability or low-income housing.
- Habitat has agreed to meet the exterior cladding standards within the City's tax abatement schedule in the developer agreement.
- The property was part of the tax sale and had been a public nuisance structure demolished by the City. The taxes represented by the tax sale certificate were \$24,425.72 and the bills due from the public nuisance case were more than \$25,000. Redevelopment of this property offers a path forward for a property that has had issues for multiple years and would be difficult to redevelop without City intervention. In addition, redevelopment of this property supports infill of the neighborhood and an increase in housing stock. Until a home is built, Habitat will be the owner of and provide maintenance of the property.
- The sale of this property was previously scheduled earlier this year and cancelled at the request of Habitat. At that time, they requested that the City file a 120 Day Affidavit with the Recorders Office. The 120 Day Affidavit serves as a last call for interested parties to challenge the procedure used within the tax sale and tax deed. In the past, the City has not filed the 120 Day and left that duty to the party purchasing the property. While a reversal of a tax deed is rare, because of the balloon mortgage being used in this sale, Habitat requested that the 120 Day Affidavit be filed and associated waiting period be expired prior to the conveyance. That is all now complete.

PREVIOUS COUNCIL ACTION(S):

Date: October 21, 2024

Roll Call Number: [24-1442](#)

Action: [On](#) conveyance of City-owned property at 1916 Washington Avenue to Habitat for redevelopment of housing, (11-4-24). Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

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

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