


## COUNCIL COMMUNICATION

	Number:	<b>25-201</b>	Meeting:	<b>May 19, 2025</b>
	Agenda Item:	<b>22</b>	Roll Call:	<b>25-0739</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

### AGENDA HEADING:

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

### SYNOPSIS:

Approval to request removal of 67 vacant lots and 31 vacant structures from the upcoming Polk County Treasurer's tax sale auction on June 16, 2025. 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 \$500 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 2025 tax sale certificates that will be assigned to Greater Des Moines Habitat for Humanity (GDMHH), Home Opportunities Made Easy, Incorporated (HOME, Inc.), Neighborhood Finance Corporation (NFC Properties LLC), or Invest DSM. 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.
- Tax sale certificates can be processed to deed in as little as six (6) months from the June 16, 2025, tax sale, but the holder of the certificate has up to three (3) years.
- All the nonprofits will enter into an agreement with the City for the redemption process, which may include design and occupancy requirements. All the nonprofits have agreed to language in the agreements for assignment of tax sale certificates to build to exterior standards within City code at the time of the agreement execution (June 2025), even if the code requirements change in response to recent legislation. If the nonprofits secure tax sale deeds, they will file restrictive covenants on the properties that also articulate the higher standard.

- 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 Office 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 a preliminary tax sale list to the City on April 16, 2025.
- The properties included are all in the preliminary list. That means no property owner or previous tax sale certificate buyer had paid the taxes and special assessments due as of that date. 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.
- This list is larger than in past years because of the preliminary list pulled by the Treasurer’s Office and the timing of Council dates to the tax sale. The Treasurer’s Office has requested a couple of weeks to more easily process the City’s request. This required a May Council action to accommodate. In turn, this meant the Treasurer’s office had to populate a preliminary list two (2) weeks earlier than prior years. Earlier lists include many properties for which the property taxes will be paid. If the taxes are paid by the owner prior to the 2025 tax sale on June 16, 2025, they will be removed from the sale and no further action taken. While our overall request is longer, we anticipate it will become shorter as the tax sale gets closer.
- If the taxes are paid by a tax sale certificate holder prior to the 2025 tax sale on June 16, 2025, 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 for 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.
- **Tax Certificate Assignment:** GDMHH, HOME, Inc., NFC Properties LLC, and Invest DSM have identified the following properties that each organization would like to pursue through the tax sale process for rehabilitation or redevelopment of housing. GDMHH, HOME, Inc., NFC Properties LLC, and Invest DSM have requested the assignment of the 45 properties for tax sale certificates

for redemption. GDMHH, HOME, Inc., NFC Properties LLC, and Invest DSM will reimburse the County Treasurer at such time as the properties are assigned from the City.

<b><u>Address</u></b>	<b><u>Parcel</u></b>	<b><u>Description</u></b>	<b><u>Partner</u></b>
.	792328354020	Vacant Lot	GDMHH
.	792333129043	Vacant Lot	GDMHH
1220 DAVIS AVE	782416151004	Vacant Lot	GDMHH
2313 BEAVER AVE	792429380009	Vacant Lot	GDMHH
827 LYON ST	782403180008	Vacant Lot	GDMHH
.	782428404003	Vacant Lot	GDMHH
1125 11TH ST	782404107006	Vacant Structure	GDMHH
1227 E 36TH CT	792332478017	Vacant Structure	GDMHH
1227 RIVER VISTA DR	782416151009	Vacant Structure	GDMHH
1368 E 16TH ST	792436354015	Vacant Structure	GDMHH
1431 E 27TH ST	792331435008	Vacant Structure	GDMHH
1519 30TH ST	792433301008	Vacant Structure	GDMHH
1526 E PARK AVE	782414353035	Vacant Structure	GDMHH
1532 JEFFERSON AVE	792434152003	Vacant Structure	GDMHH
1806 8TH ST	792434251013	Vacant Structure	GDMHH
1836 EASTON BLVD	792436476035	Vacant Structure	GDMHH
1992 COURTLAND DR	782409483004	Vacant Structure	GDMHH
2514 DES MOINES ST	782401134017	Vacant Structure	GDMHH
3261 EASTON BLVD	792332178008	Vacant Structure	GDMHH
3836 53RD ST	792419376035	Vacant Structure	GDMHH
4016 E 16TH ST	792424301029	Vacant Structure	GDMHH
6014 SE 4TH ST	782427376015	Vacant Structure	GDMHH
708 WALL AVE	782428404001	Vacant Structure	GDMHH
828 PIONEER RD	782415203046	Vacant Structure	GDMHH
.	782422130012	Vacant Lot	HOME, Inc.
112 E TITUS AVE	782427101021	Vacant Structure	HOME, Inc.
19 SW 42ND ST	782407301004	Vacant Structure	HOME, Inc.
340 E THORNTON AVE	782422130013	Vacant Structure	HOME, Inc.
3911 LAY ST	792319377011	Vacant Structure	HOME, Inc.
1067 22ND ST	782405131005	Vacant Lot	Invest DSM
304 E JACKSON AVE	782410328009	Vacant Lot	Invest DSM
3933 11TH ST	792422378004	Vacant Lot	Invest DSM
619 36TH ST	782406379007	Vacant Lot	Invest DSM
911 25TH ST	782405157008	Vacant Lot	Invest DSM
1103 22ND ST	782405128013	Vacant Structure	Invest DSM

<u>Address</u>	<u>Parcel</u>	<u>Description</u>	<u>Partner</u>
1144 35TH ST	782406128015	Vacant Structure	Invest DSM
803 OAK PARK AVE	792427203020	Vacant Structure	Invest DSM
2900 1ST ST	792426301014	Vacant Lot	NFC Properties LLC
3416 4TH ST	792427231014	Vacant Lot	NFC Properties LLC
.	782410258010	Vacant Lot	NFC Properties LLC
.	782410258012	Vacant Lot	NFC Properties LLC
3519 BELMAR DR	792328103010	Vacant Structure	NFC Properties LLC
709 VALE ST	782410258002	Vacant Structure	NFC Properties LLC
714 VALE ST	782410258003	Vacant Structure	NFC Properties LLC
901 SE 7TH ST	782410258001	Vacant Structure	NFC Properties LLC

- **Tax Deed:** Neighborhood Services and Development Services have also identified 53 properties that connect with other existing redevelopment efforts. We will pursue the deeds for these properties for the City efforts. One aspect of processing these will be checking for alignment with other plans as the City Council considers the Citywide Housing Strategy. If some properties are identified as not needed for a City plan, we will reach out to the before listed nonprofit partners to identify the possibility of reassignment of tax sale certificates. Should that happen, agreements for the reassignments would be brought back to Council. 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.

<u>Address</u>	<u>Parcel</u>	<u>Description</u>
1716 FOREST AVE	792433478030	Vacant Lot
403 SE 8TH ST	782410203001	Vacant Lot
405 SE 8TH ST	782410203002	Vacant Lot
407 SE 8TH ST	782410203013	Vacant Lot
	782416278020	Vacant Lot
	792333378020	Vacant Lot
	792434434042	Vacant Lot
	792434434069	Vacant Lot
0 LINCOLN AVE	792433127015	Vacant Lot
101 E 15TH CT	782402314001	Vacant Lot
1050 17TH ST	782405208008	Vacant Lot
1078 14TH ST	782405233002	Vacant Lot
1211 15TH PL	792434355009	Vacant Lot
1213 15TH PL	792434355008	Vacant Lot
1215 15TH PL	792434355007	Vacant Lot
1218 MCCORMICK ST	792436379028	Vacant Lot
1221 FOREST AVE	792434330019	Vacant Lot
1301 10TH ST	792434379009	Vacant Lot

<b><u>Address</u></b>	<b><u>Parcel</u></b>	<b><u>Description</u></b>
1311 10TH ST	792434379008	Vacant Lot
1320 E 41ST ST	792333353009	Vacant Lot
1334 DE WOLF ST	792436454060	Vacant Lot
1401 E. 12TH ST	792435426020	Vacant Lot
1409 5TH AVE	792434433021	Vacant Lot
1415 5TH AVE	792434433003	Vacant Lot
1415 UNIVERSITY AVE	792434356034	Vacant Lot
1419 5TH AVE	792434433016	Vacant Lot
1422 22ND ST	792433406020	Vacant Lot
1441 4TH ST	792434432001	Vacant Lot
1503 10TH ST	792434329011	Vacant Lot
1507 10TH ST	792434329010	Vacant Lot
1519 UNIVERSITY AVE	792434355023	Vacant Lot
1520 13TH ST	792434305024	Vacant Lot
1603 E 28TH ST	792331283014	Vacant Lot
1611 FRANKLIN AVE	792433233021	Vacant Lot
1621 JEFFERSON AVE	792433276060	Vacant Lot
1635 DES MOINES ST	782402134013	Vacant Lot
1700 24TH ST	792433179024	Vacant Lot
1800 MARTIN LUTHER KING JR PKWY	792433253017	Vacant Lot
2022 MARTIN LUTHER KING JR PKWY	792433252032	Vacant Lot
2221 CHAUTAUQUA PKWY	792434102001	Vacant Lot
2940 WILLOWMERE DR	782418479001	Vacant Lot
3004 COLUMBIA ST	792426180025	Vacant Lot
3107 2ND AVE	792426155006	Vacant Lot
314 E SHERIDAN AVE	792426331023	Vacant Lot
600 SE 8TH ST	782410210006	Vacant Lot
6214 SW 3RD ST	782428481006	Vacant Lot
635 SE 28TH ST	782412226046	Vacant Lot
712 SE 10TH ST	782410234011	Vacant Lot
908 E 22ND ST	782402231011	Vacant Lot
1700 WASHINGTON AVE	792433278021	Vacant Lot
1402 CLARK ST	792434302013	Vacant Lot
200 EUCLID AVENUE	792427233020	Vacant Structure
4210 SW 9TH ST	782421331008	Vacant Structure

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.

**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.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).