COUNCIL COMMUNICATION

CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	**25-232**	Meeting:	**June 9, 2025**
	Agenda Item:	**37**	Roll Call:	**25-0840**
	Submitted by:	**Chris Johansen, Neighborhood Services Department Director**		

AGENDA HEADING:

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

SYNOPSIS:

Approval to request removal of three (3) 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 the City of Des Moines, retained through the deed process, and a partner for rehab and/or redevelopment will be determined through either a simple sale or Request for Proposals Process. If the tax deed is acquired and a path for disposition identified, the sale of the property will be brought to Council at a future meeting.

- Neighborhood Services have identified three (3) properties that connect with other existing redevelopment efforts. We will pursue the deeds for these properties for the City efforts. One (1) aspect of processing these will be checking for alignment with other plans as the City Council considers the Citywide Housing Strategy. 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.

Address	Parcel	Description
1315 7th Street	792434453012	Vacant Structure
1318 7th Street	792434452028	Vacant Structure
800 35th Street	782406182025	Vacant Structure

- 1315 7th Street has been vacant for a significant amount of time and had more than 10 code cases within the last year and more than 20 code cases in the last two (2) years. 1318 7th Street has been vacant for multiple years. Seeking the tax sale certificate and the tax deed on these properties aligns with the City's efforts to address vacant or nuisance properties within neighborhoods. 800 35th Street failed its rental license certification in November 2024 and has been vacant since that time.

- 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 pursuant to Iowa Code 446.31, 446.32, and 446.37.

- 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."

- 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 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.

- 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.

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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