



Agenda Item:

050

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 09/13/04

Communication

No.: 04-442

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Larry Hulse, Community Development Director

SUBJECT—

Resolution approving request to Polk County Treasurer for 2002 and 2003 tax certificate assignments to the City of Des Moines for 736 27th Street and 830 25th Street and approving subsequent assignment of tax sale certificate. (736 27th Street to S & G Real Estate Investments, Inc. and 830 25th Street to Conlin Properties, Inc.)

SYNOPSIS—

Authorization for the City Manager to send an affidavit to the Polk County Treasurer requesting assignment of tax certificates on 736 27th Street and 830 25th Street. Upon receipt of the tax certificates, the Manager is authorized to assign the tax certificate for 736 27th Street to S&G Real Estate Investments, Inc. (14274 Wildwood Drive, Clive, President, Paul Gengler) and the tax certificate for 830 25th Street to Conlin Properties, Inc. (319 7th St. Des Moines, President, James C. Conlin) for rehabilitation according to the plans submitted and resale to a low-income owner-occupant by deed sale.

FISCAL IMPACT—

CDBG (Community Development Block Grant) funds from the owner-occupied rehabilitation 2004 fund code will be used for any upfront acquisition costs. The company acquiring the tax certificate will reimburse those funds.

**RECOMMENDATION—
Approval**

BACKGROUND—

At its May 17, 2004 meeting, representatives of the Woodland Heights Neighborhood asked that Council request assignment of tax certificates from the Polk County 2004 tax certificate auction under State Code 446.19(A). Council directed staff to review the properties and report at its June 7, 2004 meeting. Staff reported the two properties located at 737 27th Street and 830 25th Street were in the Neighborhood Housing Services (NHS) bankruptcy and were not to be placed in the 2004 tax auction. Since that time, however, the bankruptcy trustee has filed abandonment papers for these two properties and a 2002 tax certificate is available for 736 27th Street and a 2003 tax certificate is available for 830 25th Street.

The City may request assignment of the tax certificates for these two properties under State Code 446.19(A) as it was written in 2002 and 2003. Section 446.19(A) allows counties and cities to request tax certificates for properties in order to rehabilitate the structures for low and moderate-income housing under the following conditions:

1. The property is residentially assessed.
2. The existing residential structure can and will be rehabilitated for housing. The City cannot tear down the property and rebuild for housing or another purpose or request vacant land.
3. The structure is considered abandoned and deteriorating, or the property is a public nuisance or is in danger of becoming a public nuisance.

To obtain the tax certificate pursuant to State Code 446.19(A), the City Council must send an affidavit to the Polk County Treasurer stating that the conditions are met. Both 736 27th Street and 830 25th Street are residentially assessed and are capable of being rehabilitated for housing. These properties have sat vacant in the Woodland Heights Neighborhood for approximately two years and the Bankruptcy Trustee for the NHS bankruptcy has filed abandonment papers on these properties. From a cursory external review, staff believes these properties would qualify as public nuisance properties.

Section 446.19(A) provides that a city may assign the tax sale certificate to another entity. On August 25, 2004, staff sent out a notice to nine companies and individuals that the City Council would consider an action to request and assign the outstanding tax certificates for the properties located at 830 25th Street and 736 27th Street. The notice stated the property had to be sold to a low or moderate-income owner occupant and should be renovated in accordance with the character of the surrounding neighborhood. The property at 736 27th Street is a contributing structure to the Woodland Place National Register District.

Proposals for 736 27th Street (852 sq. ft., three-bedroom house built in 1913)

Staff recommends that the assignment for 736 27th Street be made to S&G Real Estate Investments, Inc. because of the attention to historic detail provided in the rehabilitation

plan and the short time in which the work can be accomplished. S&G is currently in the process of restoring a house in Woodland Heights and redeeming a tax certificate in the neighborhood. They have met with the neighborhood association and are familiar with the design elements of an arts and crafts historic district. In addition, this property has a substantial mechanic's lien against it that can possibly force a Sheriff's sale on the property. Because S&G is currently working through the tax sale process on another property, staff believes the principals understand the tax redemption process and the legal difficulties and risks that can occur if a Sheriff's sale occurs.

	Conlin Properties, Inc.	S&G Real Estate Investments, Inc.	Jeff Pate
Low-Mod Sale	Yes	Yes	Yes
Time for Renovation	Four months	Sixty days - plus bad weather	12 months
Renovation Plan	Takes into account historic character of neighborhood and indicates will work closely with staff on renovation. Proposes new garage and replace broken fireplace with direct vent fireplace	Researched historic books on Arts and Crafts architecture and submitted an exterior drawing that involves rebuilding architecturally appropriate front porch. Proposal includes rebuilding fireplace and saving the garage.	Proposal appears realistic and involves repairing original siding and inserting porch footings. Proposal is aware of the historic architecture of the neighborhood.
Letter of Credit	Yes	Yes	Yes
Experience	Extensive, single family and multi-family units	Extensive, S & G is currently renovating a property in the Woodland Heights Neighborhood and the city has previously assigned a tax certificate to S & G.	Rehabilitated own house

Proposals for 830 25th Street (1304 sq. ft., three-bedroom home built in 1892)

Staff recommends that the assignment for 830 25th Street be made to Conlin Properties, Inc. because of the amenity of a new garage and the experience of Conlin Properties in rehabilitating structures and working with low-moderate income families. Conlin

Properties should work with staff on adding a small front porch to add architectural interest to the house.

	Conlin Properties, Inc.	S & G Real Estate Investments, Inc.
Low-Mod Sale	Yes	Yes
Time for Renovation	Four months	Sixty days, plus bad weather
Renovation Plan	Proposes building a new 24' x 24' garage that will add to the livability of the house and states will work with staff to ensure the exterior renovation is in conformance with the character of the neighborhood.	Researched historic books on Victorian architecture, examined the building, and submitted an exterior drawing that involves rebuilding an architecturally appropriate front porch and front door.
Letter of Credit	Yes	Yes
Experience	Extensive, single family and multi-family units	Extensive, S & G is currently renovating a property in the Woodland Heights Neighborhood and the city has previously assigned a tax certificate to S & G.