


COUNCIL COMMUNICATION

	Number:	23-289	Meeting:	June 12, 2023
	Agenda Item:	34	Roll Call:	23-0834
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

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

SYNOPSIS:

Approval to request removal of nine (9) vacant properties and 28 vacant lots from the upcoming Polk County Treasurer's annual tax sale auction on June 21, 2023. Approval of removal of one (1) vacant property and one (1) vacant structure from the upcoming Polk County Treasurer's adjourned sale. Acquisition of properties through the tax sale is one of several tools that the City has successfully used to build and/or rehabilitate housing. The City may take tax deed itself or assign to another entity to take tax deed.

FISCAL IMPACT:

Amount: Approximately \$29,250 (\$750 per property for title certificate, notification, and publication)

Funding Source: Fiscal Year (FY) 2023 Operating Budget, Neighborhood Services, Special Revenue, Non-grant S060 NS046000, Page 141

ADDITIONAL INFORMATION:

- Tax sale certificates for properties in the 2023 tax sale 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 in this action are the tax sale certificates that will be assigned to the City of Des Moines. Through the deed process, the City will acquire certain properties, and then through a formal conveyance process, deeds will transfer to a partnering nonprofit to complete rehabilitation or redevelopment.
- The roll call also includes two (2) properties that are anticipated to be offered at the July adjourned tax sale.

- 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 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 property lists to the City on May 22, 2023.
- The properties included are all in the 2023 tax sale auction as of June 21, 2023, or will be offered at a subsequent adjourned sale. That means no property owner or previous tax sale certificate buyer has paid the taxes and special assessments due. 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 2023 tax auction on June 21, 2023, 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 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.
- 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.
- 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.
- The request includes the following properties from the annual sale:

Parcel Number	Tax Sale	Class	Address	Lot or structure
782306333017	Regular	Residential	No address	Vacant Lot
782401258019	Regular	Residential	2730 DEAN AVE	Vacant Lot
782402279019	Regular	Residential	2110 E WALNUT ST	Vacant Lot
782402279030	Regular	Residential	2158 E WALNUT ST	Vacant Lot
782415302033	Regular	Residential	124 E BROAD ST	Vacant Lot
792332357013	Regular	Residential	No address	Vacant Lot
792333378020	Regular	Residential	No address	Vacant Lot
792426155011	Regular	Residential	3005 2ND AVE	Vacant Lot
792433102041	Regular	Residential	2719 FRANKLIN AVE	Vacant Lot
792433277018	Regular	Residential	1714 JEFFERSON AVE	Vacant Lot
792433278004	Public	Residential	1916 WASHINGTON AVE	Vacant Lot
792434276038	Regular	Residential	1604 ARLINGTON AVE	Vacant Lot
792434377002	Regular	Residential	1339 12TH ST	Vacant Lot
792435478031	Regular	Residential	1318 E 14TH ST	Vacant Lot
792435478032	Regular	Residential	1316 E 14TH ST	Vacant Lot
782401233001	Regular	Residential	2901 MAPLE ST	Vacant Structure
782410258001	Regular	Residential	901 SE 7TH ST	Vacant Structure
792422358005	Regular	Residential	3829 13TH ST	Vacant Structure
792434178012	Regular	Residential	1822 10TH ST	Vacant Structure
792422378004	Regular	Residential	3933 11TH ST	Vacant Lot
792427129007	Regular	Residential	1112 OAK PARK AVE	Vacant Structure
782401477006	Regular	Residential	217 SE 28TH ST	Vacant Lot
782410279003	Regular	Residential	813 SE 11TH ST	Vacant Lot
782410328009	Regular	Residential	304 E JACKSON AVE	Vacant Lot
782411156003	Regular	Residential	1419 E RAILROAD AVE	Vacant Lot
782412276006	Regular	Residential	813 SE 28TH ST	Vacant Lot
782415326003	Regular	Residential	314 E CRESTON AVE	Vacant Lot
782423351020	Regular	Residential	4450 SE 15TH	Vacant Lot
792426478010	Regular	Residential	2345 E 11TH ST	Vacant Lot
792436381013	Regular	Residential	1205 SAMPSON ST	Vacant Lot
792436427001	Regular	Residential	1479 E 19TH ST	Vacant Lot
782410279009	Regular	Residential	919 SE 11TH ST	Vacant Lot
792436352024	Regular	Residential	1306 E 15TH ST	Vacant Lot
792434227017	Regular	Residential	517 FRANKLIN AVE	Vacant Structure
782421251003	Regular	Residential	3615 SW 9TH ST	Vacant Structure
782421251002	Regular	Residential	3609 SW 9TH ST	Vacant Structure
782421251001	Regular	Residential	3605 SW 9TH ST	Vacant Structure

- The request includes the following properties from the adjourned sale:

Parcel Number	Tax Sale	Class	Address	Lot or structure
792422383012	Adjourned	Residential	913 DOUGLAS AVE	Vacant Lot
792434251011	Adjourned	Residential	1814 8TH ST	Vacant Structure

- GDMHH, HOME, Inc., NFC Properties LLC, and Invest DSM will enter into an agreement with the City for the redemption process, which may include design and occupancy requirements.

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 to convey those properties.

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