


# COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>24-159</b>	Meeting:	<b>April 15, 2024</b>
	Agenda Item:	<b>53</b>	Roll Call:	<b>24-0613</b>
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## 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 deeds 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.
- The sale of this parcel includes a balloon mortgage for either the Fair Market Value (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 property. In preparation for the resale of the property, Habitat will provide the City with an updated budget showing income and expenses so the gap can be identified in comparison with the agreed upon FMV rate. 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.
- 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 issuance of the tax sale deed released all but the new taxes for the property. A request for abatement of those taxes has been made to the Treasurer's office and Polk County Board of Supervisors and was reviewed and approved at their April 9, 2024 meeting.
- \$23,000 was the FMV identified by the City Real Estate Division and utilized in the drafted agreement.

**PREVIOUS COUNCIL ACTION(S):**

Date: April 1, 2024

Roll Call Number: [24-0490](#)

Action: [On](#) conveyance of City-owned property at 1916 Washington Avenue to Habitat for redevelopment of housing, (4-15-24). Moved by Coleman to adopt. Second by Gatto. Motion Carried 7-0.

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

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