


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	24-160	Meeting:	April 15, 2024
	Agenda Item:	29	Roll Call:	24-0584
	Submitted by:	Chris Johansen, Neighborhood Services Department Director		

AGENDA HEADING:

Approving request to Polk County and approving agreement of tax sale certificates for development and/or rehabilitation of housing.

SYNOPSIS:

Approval to request assignment of two (2) vacant structures and one (1) vacant lot from the Polk County held tax sale certificates. Acquisition of properties through the tax sale is one 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 \$750 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 request for assignment of two (2) vacant structures and one (1) vacant lot from the Polk County held certificates.
- 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.
- 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.

- The properties included have been open tax sale certificates with Polk County for more than a decade. No property owner has paid the taxes and special assessments due. The property owner has the right to pay the subsequent taxes and if that happens the property is removed from the tax sale auction, or the certificate is redeemed.
- If the property owner redeems the tax sale certificate, the City is reimbursed its costs and its actions are moot.
- All identified properties have significant delinquent taxes or special assessments that make it unlikely for other intervention and not feasible for a nonprofit or a private developer to be assigned the certificate. The City of Des Moines will complete the deed process and then through a formal process deeds will be given to the partnering rehabilitation or redevelopment nonprofit.
- Two (2) of the properties currently have structures with significant repair needs. One (1) is identified as a public nuisance. Neighborhood Services staff will work with Legal Department and Neighborhood Inspections Division staff to map out the timing of further activities related to the nuisance case and the tax sale case.
- Invest DSM has identified 1168 22nd Street as a property to pursue through the tax sale process for rehabilitation or redevelopment of housing. The City will pursue securing the deed and then follow the process to release the deed to the identified nonprofit for redevelopment or rehabilitation.
- Greater Des Moines Habitat for Humanity (Habitat) has identified 1552 23rd Street and 1706 23rd Street as properties to pursue through the tax sale process for rehabilitation or redevelopment of housing. The City will pursue securing the deed and then follow the process to release the deed to the identified nonprofit for redevelopment or rehabilitation.
- Should the City acquire deeds, Neighborhood Services Federal Funds staff will work with Invest DSM, Habitat, Development Services and Neighborhood Inspections Division to identify rehabilitation or redevelopment plans and site plan requirements.
- It is anticipated that these properties will have special assessments against them, and that we will ask for Council action to waive these assessments prior to redevelopment and rehabilitation. The City and County will work together to release delinquent taxes and special assessments on the properties.
- 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.

PREVIOUS COUNCIL ACTION(S):

Date: June 12, 2023

Roll Call Number: [23-0834](#)

Action: [Request](#) to Polk County Treasurer and agreements with nonprofit development partners for assignment of tax sale certificates for various properties for development and or rehabilitation of housing. ([Council Communication No. 23-289](#)) Moved by Gatto to adopt. Second by Mandelbaum. Motion Carried 6-1. Absent: Sheumaker.

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 developer/non-profit on a redevelopment process including setting the date of and holding public hearings on each of the properties.

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