



Tax Sale as a Revitalization Tool

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APRIL 2023

Vacant, Abandoned and/or Blighted Properties

- ▶ Mapping the Issue
 - ▶ What?
 - ▶ Where?
 - ▶ Why?
 - ▶ What can we do about it?





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Vacant, Abandoned and/or Blighted Properties

- ▶ Impact
 - ▶ Financial – loss of tax revenue, enforcement expenses
 - ▶ Visual
 - ▶ Physical/Market – loss of housing stock, reduced property value
 - ▶ Crime and nuisance



In the spring of 2019 structures started to come down using Local Option Sales and Service Tax money.

This page will help you find out about houses that have been declared a public nuisance. Structures are determined to be a public nuisance when they are so bad that no one should be in them.

Clicking on the house icon will bring up information regarding the status of the public nuisance. The dates are approximate. The status may have changed since the last update so check with staff at (515) 283-4046 or nid@dmgov.org for the most current information.



Learn more at DSM.city/LocalOption



The demolition list and statistics below change with the selected year (above).

Demolitions

25

Approximate Demolition Cost

\$686,456

Demolition List

Click item for details



Demolition Complete
1319 12TH ST DES MOINES IA 50314



Demolition Complete
1155 ENOS AVE DES MOINES IA 50314



Demolition Complete
2409 E GRAND AVE DES MOINES IA 50317-6527



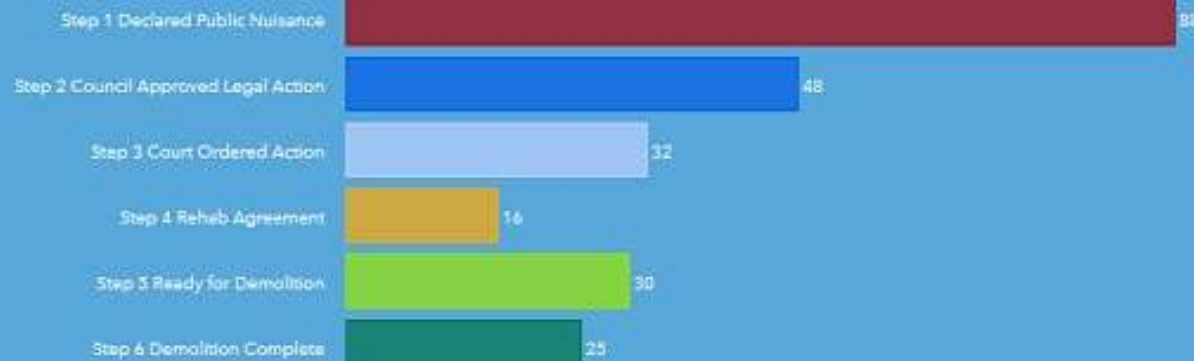
Demolition Complete
3190 6TH AVE DES MOINES IA 50313-4133



Demolition Complete
5708 SW 2ND ST DES MOINES IA 50315

The chart below shows the breakdown of the properties by their status in the Public Nuisance process. [Click here](#) for more information.

Click on a bar in the graph to filter the map. Click again on bar to remove filter.



Public Nuisances Addressed Through Blitz on Blight

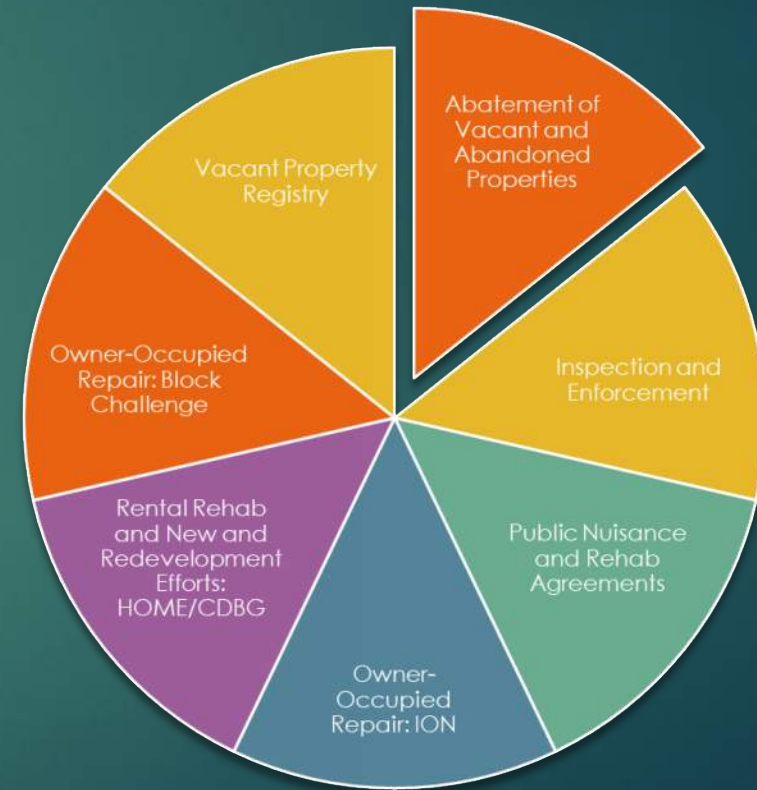


Vacant, Abandoned and/or Blighted Properties - Why

- ▶ Typical issues
 - ▶ Ownership status – title issues, unknown owner
 - ▶ Deferred maintenance
 - ▶ Back taxes and assessments
 - ▶ High cost
 - ▶ Other encumbrances

Vacant Abandoned and/or Blighted Properties – Available tools

- ▶ City resources
 - ▶ NH Revitalization Program
 - ▶ Code enforcement
 - ▶ Revitalization tools – acquisition and rehab
 - ▶ Rehab assistance
 - ▶ Repair assistance



Tax Sale Auction

- ▶ Polk County Annual Tax Sale - Held in June
 - ▶ Auction and sale of delinquent taxes and special assessments referred to as 'Tax Sale (TS) certificates'
 - ▶ A property owner with an outstanding tax sale can 'redeem' the tax sale certificate by paying the investor the taxes and fees owed plus a 2% monthly interest rate
 - ▶ An investor may begin the process to take tax sale deed after 2 years and must begin within 3 years of the date of the tax sale
- ▶ 99999 List – Certificates may be requested through the year

Tax Sale Acquisition and Disposition

- ▶ Iowa Code 446.19A – Allows cities and counties to acquire TS certificates for properties assessed as residential or multi-residential and for vacant lots
 - ▶ Structure must be vacant for more than six months
 - ▶ Planned rehab or new housing
- ▶ Expedited timeline – 3 months after tax sale



Tax Sale Acquisition and Disposition

- ▶ There are generally between 3500 and 2500 properties in an annual tax sale certificate auction
- ▶ City requests have ranged from 0 to 20 – Most often between 5 to 10
- ▶ Plans to scale up

Tax Sale Acquisition and Disposition Strategy

- ▶ Identify properties – NH and/or Council concern, vacancy, PN, no adjacent ownership
- ▶ Map out end game
- ▶ Tax deed vs Assignment of Certificate
 - ▶ Private developers and non-profit partners
- ▶ Deed acquisition
 - ▶ RFP process
 - ▶ Council action
 - ▶ Board of Supervisors action
 - ▶ Request release of back taxes and assessments
 - ▶ Agreement to rehab/new build

Deed acquisition vs Assignment

- ▶ The City may take tax sale deed to a property itself or assign the tax sale certificate to another entity to take deed.
- ▶ If the certificates are assigned, the entity taking the tax sale certificate must pay the amount due on the city's tax sale certificate.
- ▶ The City prefers to assign the tax sale certificates to another entity, but will take title to a property if the property is “upside down” in value. i.e. if the value of the delinquent special assessments and taxes due are more than the value of the property.

Example timeline on regular tax sale properties

- ▶ April/May - identify properties of interest that will likely have taxes sold at tax sale
- ▶ June – Tax Sale
- ▶ October – Title search and notification (3-month)
- ▶ Jan/Feb – Request deed and finalize agreements/RFP/sale
- ▶ March – Address encumbrances
- ▶ April/May - Convey property
- ▶ One-year agreement – Typical timeline for completion

Example: 445 E Dunham

▶ Fair Market Value:	\$20,050.00
▶ Unpaid taxes sold at tax sale:	\$14,876.40
▶ <u>Other taxes and special assessments:</u>	<u>\$13,373.00</u>
▶ Total encumbrances:	\$28,249.40



Example: 1012 SE 10th Street

▶ Fair Market Value:	\$19,600.00
▶ Unpaid taxes sold at tax sale:	\$2,629.84
▶ City demolition lien:	\$33,342.55
▶ City special assessments:	\$23,593.11
▶ Other taxes and special assessments:	\$8,835.45
▶ <u>Felony judgements:</u>	<u>\$15,135.00</u>
▶ Total encumbrances:	\$83,535.95



Example: 1509 E. 36th Court

- ▶ 2011—A fire on previous structure
- ▶ 2014 –Demolished through City public nuisance action
- ▶ 2017 – Tax sale certificate sold to City
- ▶ 2019 – City secured tax sale deed, removed liens and special assessments and conveyed to Habitat
- ▶ 2021 – Habitat completed the build and sold to new homeowner





Example: 1424 Cleveland



Example: 1332 41st Street



Example: 2727 Linden

TS Certificates and NH Revitalization

- ▶ Acquisition through tax sale auction is an important piece of the City's neighborhood revitalization strategy
- ▶ It allows the city to acquire or assign a property before it sits for years blighting a street and neighborhood
- ▶ Helps non-profit affordable housing providers obtain lots for a reasonable price and promotes affordable housing
- ▶ Brings nuisance properties to productive use and back on the tax roll
- ▶ Win-Win for all - Strengthens relationship with partner organizations like DMWW, Schools, County

