Waiving City Liens for Privately Held Property

February 5, 2020
City Council Workshop
Liens on Private Properties

• Private Property
• Request to waive city liens to facilitate rehabilitation
• Typical delinquencies are
  - County back taxes and assessments
  - City special assessments
  - Des Moines Water Works assessments
• City is not the titleholder
Conditions of Release

1. Any release will be in the form of a forgivable loan.

2. The applicant must sign a “Consent to Lien” document and a document that would allow the City to obtain a personal judgment against the applicant, should they be unable to meet the conditions.

3. The property will be owner-occupied for the duration of and if availing tax abatement.

4. Conform with PlanDSM and the Zoning code, and any additional conditions agreed upon by the applicant and the City.

5. Completed projects must pass a Housing Quality Standard Inspection and all required permits must be finalized prior to any occupancy and the successful termination of the loan agreement.
Developer Requirements

1. Applicant must not have been the titleholder when the liens were placed on the property.

2. Applicant must not have any active Housing Appeals Board Cases (or none within the past year), been deemed a “Habitual Offender” by the Housing Appeals Board, be subject to notice or legal action on an active structure public nuisance case that is not under renovation with an approved plan, or been issued more than three junk and debris notices within the last 18 months on a property.
Property Requirements

1. Home has sat vacant for over 1 year or been deemed a public nuisance by the City.

2. If the Applicant plans to “moth-ball” the property for future redevelopment, the property must be located in a local or national designated historic district.

3. For a moth-balling project, staff or the Historic District Commission must determine that the demolition of the structure will have a significant negative impact on the character of the historic district and neighborhood.

4. The property will meet requirements based on established neighborhood typology.
Property Requirements – NH Typology

1. NH typology 1&2 – vacant lots or structures
   i. The property is ‘upside down’
   ii. Post-rehab value is at or above census tract median home value
   iii. Meets InvestDSM design and building standards

2. NH typology 3&4 – vacant lots or structures
   i. Median home value of census tract is between 80-120% of the city-wide median home value
   ii. Post rehab assessed value is at or above the higher of – census tract median or the city wide median home value
   iii. New infill construction meets InvestDSM design and building standards

3. NH typology 5&6 – hold vacant land for potential land bank when possible
   i. Post rehab value is at or above the citywide median home value
   ii. New infill construction is at or above the citywide median home value
   iii. New infill construction meets InvestDSM design and building standards
Property Requirements
NH Typology 3&4

Leverage undervalued strengths.
Applicable for vacant lots or structures

1. Median home value of census tract is between 80-120% of the city-wide median home value
2. Post rehab value is at or above the higher of – census tract median or the city wide median home value.
3. New infill construction meets InvestDSM design and building standards

2013-2017 Estimated Median Home Value, Census Tract (28) - $136,800
2013-2017 Estimated Median Home Value, City-wide - $123,300

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<th>Tax Authority</th>
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<tr>
<td>Polk County</td>
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<td>Des Moines Water Works</td>
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2019 Assessed Value - $20,600
Property Requirements
NH Typology 5&6

Stabilize market. Hold vacant land for potential land bank when possible

1. Post rehab value is at or above the citywide median home value
2. New infill construction is at or above the citywide median home value
3. New infill construction meets InvestDSM design and building standards

2013-2017 Estimated
City-wide Median Home Value - $123,300

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2019 Assessed Value - $17,100
Financial Requirements

1. The applicant must demonstrate that forgiving the liens is necessary to rehabilitate or redevelop the property

2. The applicant must submit a renovation plan and schedule for approval

3. The applicant must demonstrate that funds have been secured to begin work on the project within 60 days of project approval

4. Staff can demonstrate that the proposed project will show a positive return on investment over a 10-year time period
Next Steps

• City Council review
• Adoption of policy
• Outreach and publication
• Policy administered by staff review