

HF 2495 (Rep. Liz Lee)/SF 2504 (Senator Foug Hawj) ACCELERATED FORFEITURE FOR TARGETED NEIGHBORHOODS

Background:

By resolution adopted in 1987, St. Paul established policies and procedures for the allocation of Urban Revitalization Action Program (“URAP”) funds, including procedures to identify neighborhoods having higher unemployment, lower median household income, and a greater proportion of substandard housing than the City as a whole. To establish eligibility for financial assistance from the state of Minnesota, the City was required to designate “targeted communities” as meeting certain eligibility requirements. Pursuant to Minn. Stat. § 281.17(b), the statutory redemption period for all land not defined as “homesteaded” land located in these targeted communities could be accelerated from three (3) years to one (1) year and tax-forfeited to the state of Minnesota for nonpayment of property taxes.

At the time policies to aid neighborhood revitalization were initially adopted and thereafter, one of the City’s goals was to reduce the negative impact of tax delinquent and tax forfeited lands within targeted communities, through the utilization of the accelerated tax redemption period. The City now finds that concerns regarding properties having delinquent taxes or tax forfeited status shifted and has now been replaced by concerns that the active real estate market is now displacing the current residents of targeted communities. Based upon these new concerns, the City Council found the policy to accelerate the forfeiture and sale of tax delinquent properties within these communities pursuant is no longer in harmony with the current residents’ interests within these communities.

The problem:

St. Paul took action in 2022 to no longer participate in the Targeted Community Revitalization Program, this change will first apply to properties starting (taxes payable year) 2024. These properties will have three years, instead of one, to pay any back taxes owed.

This change does not apply to taxes that have already been included on a tax statement (payable year 2022) or where the assessment year has already commenced (payable year 2023). The redemption period was already determined for these years and statute does not allow it to be changed once determined. This means non-homestead properties in these once designated targeted communities will still be treated differently than other properties across Ramsey County – they will still only have one year to pay back property taxes.

What we want to do:

We would like to pursue special legislation allowing us to apply the three-year redemption period, instead of the 1-year redemption period, to properties located in targeted communities in (taxes payable year) 2023 and forward.

This special legislation will allow for all properties, across Ramsey County, to have the three-year redemption period uniformly applied, beginning in 2023, thereby eliminating the disparities caused by the statutory accelerated forfeiture provision.