

Priority Lien for Court

Ordered Administrators



FAMILY HOUSING
FUND

THE PROBLEM

The vast majority of rental property owners make repairs in a timely fashion and respond when tenants identify repair needs. But occasionally, cities and the court system must intervene to compel repairs when an owner fails to respond. In the most egregious cases, we need a court-ordered mechanism to hold the owner financially accountable for the repairs.

TWO RECENT CASES IN MINNEAPOLIS HIGHLIGHT THE PROBLEM THAT EXISTS WITHOUT PRIORITY LIEN:

“Housing court referee orders repairs of Frenz properties, but opens the door to possible evictions”

Star Tribune, July 26, 2019

Without repairs, tenants face eviction from uninhabitable properties



Access to capital is key for administrators but lenders are unwilling to loan if there is high-risk of return

Repair needs ranged from \$40,000 to \$90,000

Rents are insufficient to cover court mandated repair costs



“Despite penalties, Khan’s tenants still waiting for repairs”

Star Tribune, March 19, 2019

THE SOLUTION

THE PROPOSED LEGISLATION AMENDS EXISTING STATUTE TO:

Allow for priority lien when court appointed administrators are ordered to fix extremely poor quality rental property conditions

Require notification to lien holders to allow mortgage holders to protect the property from further deterioration

Ensure that the State’s safety and habitability standard is not negotiable

Allow for reasonable tenant attorney’s fees in such habitability actions

Why We Need Priority Lien to Ensure Housing Habitability

PROPOSED LEGISLATION

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TYPICAL PRACTICE

NO INTERVENTION NEEDED



PROBLEMATIC PRACTICE

TOOLS EXIST AND SHOULD BE FULLY EXERCISED



EGREGIOUS PRACTICE

NEED PRIORITY LIEN TO ENSURE TIMELY REPAIRS

