

HOUSE RESEARCH

Bill Summary

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Subject: Blighted housing rehabilitation program

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Overview

This bill establishes procedures that allow certain nonprofit corporations to obtain, by court order, possession of "nuisance" residential real estate for purposes of rehabilitating the real estate for use as low- and moderate-income housing. The bill also establishes procedures for owners of properties subject to this transfer to regain possession of the property. Finally, the bill establishes procedures for making the transfer permanent if, after six months, the owner has not taken action to regain possession.

Section

- 1** **Definitions.** Defines "last known address," "low- and moderate-income housing," "nonprofit housing organization," "nuisance," "parties in interest," "property," and "rehabilitation."
- 2** **Petition for temporary possession.** Provides that if a property has been unoccupied for one year and is a nuisance (as defined in section 1), a nonprofit housing organization may petition the district court for temporary possession of the property. The petitioner must notify all parties in interest by mail to their last known addresses as well as by posting at the property within specified timeframes. At a hearing on the petition, the petitioner must establish that it has, and is able to execute, a plan to rehabilitate the property for low- and moderate-income housing. If requested, the court must grant the property owner at least 120 days to bring the property into compliance with applicable codes.
- 3** **Rehabilitation order.** The court may approve the rehabilitation plan, grant temporary possession to the petitioner, and approve leases and other agreements with respect to the

Section

property. The petitioner must obtain necessary permits and bring the property into compliance with all applicable codes within six months.

- 4 Annual report.** Requires holder of a rehabilitation order under section 3 to report to the court on income and expenditures with respect to the property at least annually.
- 5 Rights of owner.** A property owner may petition the district court for return of property. The court must determine the amount of compensation that must be paid by the owner to the nonprofit for its expenses in rehabilitating the property. When that compensation is paid, the owner may resume possession, subject to any rental agreements entered into by the nonprofit.
- 6 Property redemption.** An organization with temporary possession of property under a rehabilitation order may redeem property sold for unpaid taxes.
- 7 Transfer of ownership.** If, after six months from the granting of temporary possession to a nonprofit, the owner has taken no action to regain possession, then the nonprofit may petition the court for a permanent transfer of ownership. An order of permanent transfer of ownership must include a requirement that the property be used for low- and moderate-income housing for at least ten years. The nonprofit may sell the property to low- and moderate-income buyers.