

Rehabilitation of Abandoned Real Property by Cities; SB 338

SB 338 revises provisions of law pertaining to the authority of cities and nonprofit organizations to petition the district court to possess abandoned property temporarily for rehabilitation purposes.

“Abandoned property” includes an alternative definition to the one currently in law for residential real estate: property that has been unoccupied continuously for 365 days and has a blighting influence on surrounding properties. So long as the property’s exterior is maintained, residential real estate is the subject of a probate action, a mortgage, an action to quiet title, or other ownership dispute, the residential real property will not be defined as abandoned property. The other residential definition for abandoned property, which the bill retains, means property with property taxes that have been delinquent for 2 years and that has been unoccupied for 90 days.

“Blighting influence” is redefined by removing a provision allowing properties to be determined to have a blighting influence as a consequence of the properties having an adverse impact on other properties in the area. The bill replaces a reference to morals with a reference to welfare and deletes some factors that contribute to the property having a blighting influence.

A city’s governing body, following the service of process requirements in existing law, may file a petition for temporary possession if the city has identified a nonprofit organization to rehabilitate the property for housing or related residential purposes and the governing body of the city has formally approved the filing of the petition. The nonprofit organization is required to have existed for at least three years and could take temporary possession of the property for related residential purposes such as infrastructure, parks, and parking facilities. Under previous law, a nonprofit organization could take temporary possession of abandoned property for the exclusive purpose of rehabilitating housing.

The petition filed by the city must contain the history of any municipal utility service for at least the preceding 365 days, the history of property tax payments for the preceding three years, the history of code violations for the preceding two years and efforts by the city to remedy the code violations, the history of attempts to notify the last known owner and any enforcement action, and the history of actions taken by other governmental entities regarding the property.

The bill also allows a court to extend the time a defendant to such a petition has to come into compliance with all applicable codes and prohibits the striking of any affirmative defense to the petition solely on the basis of delinquent property taxes.

Any organization taking temporary possession of a property may seek quiet title to the property once the organization has had possession of it for at least one year and not more than two years. Quiet title may be granted upon a finding by the court that the property has been rehabilitated. Previous law allowed an organization to seek a quit-claim judicial deed for the property.

The revisions contained in the bill sunset on July 1, 2020.