

**Proposed Substitute  
Bill No. 1070**

LCO No. 6693

**AN ACT CONCERNING ABANDONED AND BLIGHTED PROPERTY  
STEWARDSHIP.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2020*) (a) As used in this  
2 section:

3 (1) "Abandoned property" means any building that meets the  
4 conditions described in subdivision (2) of subsection (c) of this section;

5 (2) "Actively marketed" means (A) a sign has been placed on a  
6 property advertising sale of such property, (B) the owner of such  
7 property has (i) hired a real estate broker or salesperson, licensed  
8 pursuant to section 20-312 of the general statutes, to include the  
9 property in the multiple listing service or to otherwise market the  
10 property, (ii) placed advertisements weekly, or more frequently, in  
11 print or electronic media, or (iii) distributed printed advertisements,  
12 and (C) such sign contains accurate contact information for such owner  
13 or real estate broker or salesperson;

14 (3) "Building" means a residential, commercial or industrial  
15 structure and the land appurtenant to such structure, including any  
16 vacant lot on which such structure was demolished;

17 (4) "Municipal code" means any building, housing, blight, property  
18 maintenance, fire, health or other public safety ordinance enacted by a  
19 municipality;

20 (5) "Competent entity" means a person or entity, including a

21 governmental unit, with experience in the rehabilitation of buildings  
22 and the ability to provide or obtain the necessary financing for such  
23 rehabilitation;

24 (6) "Costs of rehabilitation" means each expense for construction,  
25 stabilization, restoration, maintenance, operation or demolition of a  
26 building, or any action reasonably associated with the rehabilitation of  
27 a building, including, but not limited to, environmental remediation  
28 and architectural, engineering, legal, financing, permit and steward's  
29 or developer's fees;

30 (7) "Historic property" means a property listed on the National  
31 Register of Historic Places, a contributing property in a national  
32 register historic district or a property located in an historic district  
33 established pursuant to section 7-147c of the general statutes;

34 (8) "Immediate family" means a parent, spouse, child or sibling;

35 (9) "Lienholder of record" means a lienholder owning a valid  
36 interest in the abandoned property, which interest is recorded in the  
37 land records of the municipality in which such abandoned property is  
38 located;

39 (10) "Development organization" means a nonprofit corporation  
40 established, in part, to carry out the purposes of blight remediation,  
41 community development, economic development, historic  
42 preservation or promotion or enhancement of affordable housing  
43 opportunities;

44 (11) "Owner" means the holder or holders of title to, or of legal or  
45 equitable interest in, a building, and shall include, provided any such  
46 interest is a matter of public record, any heir, assignee, trustee,  
47 beneficiary or lessee of such building;

48 (12) "Party in interest" means any person or entity with a direct and  
49 immediate interest in a building, including (A) an owner of such  
50 building, (B) a lienholder or other secured creditor of such an owner,  
51 (C) a resident of or business owner in the municipality in which such

52 building is located, provided such resident's residence or such owner's  
53 business is located less than two thousand feet from such building, (D)  
54 a development organization (i) in the municipality in which such  
55 building is located, and (ii) that has participated in a project in line  
56 with such organization's purpose within a five-mile radius of such  
57 building, or (E) the municipality or school district in which such  
58 building is located; and

59 (13) "Substantial rehabilitation" means (A) the costs of any repair,  
60 replacement or improvement to a building exceed fifteen per cent of  
61 the value of such building after the completion of all such repairs,  
62 replacements or improvements, or (B) the replacement of two or more  
63 of the following: (i) Roof structures, (ii) ceilings, (iii) wall or floor  
64 structures, (iv) foundations, (v) plumbing systems, (vi) heating and air  
65 conditioning systems, or (vii) electrical systems.

66 (b) (1) A party in interest may file a petition for the appointment of a  
67 steward to take possession and undertake rehabilitation of a building,  
68 which petition shall be filed in the superior court for the judicial  
69 district in which such building is located. The proceeding in such court  
70 on such petition shall constitute an action in rem.

71 (2) (A) Any such petition shall include a sworn statement of the  
72 petitioner that, to the best of his or her knowledge, such building  
73 meets the conditions described in subdivision (2) of subsection (c) of  
74 this section. Such petition shall also include, to the extent available to  
75 such petitioner after his or her reasonable efforts to obtain the  
76 following information, (i) a copy of any citation or order charging the  
77 owner of such building with being in violation of municipal code  
78 requirements or determining such building to be a public nuisance,  
79 blighted or unfit for human occupancy or use, (ii) a recommendation  
80 for appointment as steward of such building, (iii) a preliminary plan  
81 detailing (I) initial cost estimates of rehabilitation of such building for  
82 purposes of compliance with the applicable municipal code and plan  
83 for the area adopted by the municipality in which such building is  
84 located, and (II) anticipated funding sources, and (iv) a schedule of

85 each mortgage, lien or other encumbrance on such building.

86 (B) Such petition may include any other property adjacent to such  
87 building, provided (i) such other property is owned by the same owner  
88 as such building, and (ii) such building and each such property are  
89 used for a single or interrelated purpose.

90 (3) Such petitioner shall file a notice of lis pendens with the clerk of  
91 such municipality.

92 (4) (A) Not less than fourteen, but not more than sixty, days prior to  
93 the filing of such petition, such petitioner shall send by first-class mail  
94 notification to the owner of such building and each lienholder of  
95 record, including such municipality unless such municipality is such  
96 petitioner, in accordance with section 52-57 of the general statutes  
97 regarding service of process, and shall include in such notification the  
98 original hearing date for adjudication of such petition and a statement  
99 that such owner or lienholder may seek permission from such court to  
100 intervene in such action.

101 (B) If such petitioner is unable to provide such notification, such  
102 petitioner shall submit a motion for order of publication of such  
103 petition, in accordance with section 52-52 of the general statutes, which  
104 publication shall state the original hearing date for adjudication of  
105 such petition.

106 (c) (1) Such court shall, not later than sixty days after receipt of such  
107 petition or of an officer's return of service by publication, whichever is  
108 later, hold a hearing on such petition and issue a decision not later  
109 than thirty days after completion of such hearing. Any other party in  
110 interest may seek permission of such court to intervene in such action  
111 and be heard with respect to such petition, the relief requested in such  
112 petition or any other matter that may come before such court in  
113 connection with such petition. At such hearing, the petitioner and any  
114 other party in interest may present evidence to support or oppose such  
115 petition, including the schedule of each mortgage, lien or other  
116 encumbrance on such building.

117 (2) Such court may appoint a steward for such building if, as of the  
118 filing of such petition, each of the following conditions apply:

119 (A) Such building has not been legally occupied for at least the  
120 twelve months immediately preceding such filing;

121 (B) Such owner fails to present compelling evidence, as determined  
122 by such court, that such owner has (i) actively marketed such building  
123 during the sixty days immediately preceding such filing, and (ii) made  
124 a good faith effort to sell such building at a price reflective of  
125 circumstances and market conditions;

126 (C) Such building is not subject to a pending foreclosure action by  
127 an individual or nongovernmental entity;

128 (D) Such owner fails to present compelling evidence, as determined  
129 by such court, that such owner acquired such building during the six  
130 months immediately preceding such filing. For the purposes of this  
131 subparagraph, "compelling evidence" does not include evidence that  
132 (i) the prior owner is a member of the immediate family of such owner,  
133 unless the change in ownership resulted from the death of the prior  
134 owner, and (ii) such owner or the prior owner is a corporation,  
135 partnership or other entity of which an interest in excess of five per  
136 cent is held by a principal, or a member of the immediate family of  
137 such principal, of such owner or the prior owner; and

138 (E) Such court finds at least three of the following:

139 (i) Such building is a public nuisance, blighted or unfit for human  
140 occupancy or use pursuant to the applicable municipal code;

141 (ii) Such building requires substantial rehabilitation, and no effort to  
142 rehabilitate such building has been taken during the twelve months  
143 immediately preceding such filing;

144 (iii) The condition and any vacancy of such building materially  
145 increase the risk of fire to such building and any adjacent property;

146 (iv) Such building is susceptible to unauthorized entry and resulting  
147 potential health and safety hazards, and (I) such owner has failed to  
148 take reasonable and necessary measures to secure such building, or (II)  
149 such municipality has secured such building as a result of such failure  
150 by such owner;

151 (v) Such building is an attractive nuisance to children as a result of  
152 the presence of abandoned wells, shafts, basements, excavations and  
153 other unsafe structures;

154 (vi) Such building is an attractive nuisance for illicit purposes,  
155 including, but not limited to, prostitution, drug use and vagrancy;

156 (vii) The presence of vermin or the accumulation of debris, uncut  
157 vegetation or physical deterioration of such building creates potential  
158 health and safety hazards, and such owner has failed to take  
159 reasonable and necessary measures to remove such hazards; or

160 (viii) The appearance or other condition of such building negatively  
161 impacts the economic well-being of residents or businesses in close  
162 proximity to such building, which impact may include decrease in  
163 property values or loss of business, and such owner has failed to take  
164 reasonable and necessary measures to remedy such appearance or  
165 other condition.

166 (3) (A) Except as provided in subdivision (4) of this subsection, if  
167 such court determines that such building is an abandoned property  
168 and appoints a steward pursuant to subdivision (2) of this subsection,  
169 such court shall certify the schedule of each mortgage, lien or other  
170 encumbrance on such abandoned property and may grant other relief  
171 as such court deems just and appropriate. Such certification shall be  
172 binding with respect to each mortgage, lien or other encumbrance,  
173 including any municipal lien, arising or attaching to such abandoned  
174 property prior to the date of such petition.

175 (B) Such court shall give the most senior nongovernmental  
176 lienholder of record on such abandoned property first consideration

177 for appointment as steward.

178 (C) If such lienholder is found not competent, declines such  
179 appointment or did not intervene in such action, such court may  
180 appoint a development organization or other competent entity as  
181 steward, which organization or entity agrees to serve as such. In  
182 appointing a steward pursuant to this subparagraph, such court shall  
183 (i) consider any recommendation contained in such petition or  
184 otherwise presented by such petitioner or other party in interest, and  
185 (ii) give preference to a development organization or governmental  
186 unit over an individual.

187 (4) If such court determines that such building is an abandoned  
188 property and such owner represents that the conditions described in  
189 subdivision (2) of this subsection will be remedied in a reasonable  
190 period, such court may permit such owner to remedy such conditions  
191 by issuing an order that if such conditions are not remedied by the  
192 date set forth in such order, or if other specified remedial efforts have  
193 not occurred by date or dates set forth in such order, the relief  
194 requested in such petition shall be granted. Such order shall further  
195 require such owner, in order to retain possession of such abandoned  
196 property, post a bond in the amount of the repair costs estimated in  
197 such petition.

198 (5) Upon a finding that such building is an abandoned property in  
199 accordance with subdivision (3) or (4) of this subsection, or that such  
200 owner is electing to sell such building, such owner shall reimburse  
201 such petitioner for (A) all costs incurred in the preparation and filing  
202 of such petition, and (B) a steward's or developer's fee, which fee shall  
203 be the greatest of (i) two thousand five hundred dollars, or such  
204 amount adjusted upward by two per cent for each year of stewardship,  
205 (ii) an amount equal to the costs of rehabilitation as described in such  
206 steward's or court-approved plan, adjusted upward by twenty per  
207 cent, or (iii) twenty per cent of the sale price of such building.

208 (6) Such steward (A) shall promptly take possession of the  
209 abandoned property and exercise the powers described in subsection

210 (d) of this section, and (B) may file a lien against such abandoned  
211 property in an amount based on the costs incurred during the  
212 stewardship, including, but not limited to, costs of rehabilitation,  
213 attorneys' fees and court costs, which amount may be adjusted as  
214 necessary.

215 (7) Such court may remove such steward at any time upon request  
216 of such steward or showing by such petitioner or any party in action  
217 that such steward is not carrying out the duties described in subsection  
218 (d) of this section.

219 (d) (1) A steward appointed pursuant to this section shall have all  
220 powers necessary and appropriate for the efficient operation,  
221 management and improvement of such abandoned property in order  
222 to bring the same into compliance with municipal code requirements  
223 and fulfill all duties described in this subsection. Such powers and  
224 duties shall include, but not be limited to:

225 (A) Taking possession and control of such abandoned property and  
226 any personal property of such owner used with respect to such  
227 abandoned property, including any bank or operating account for such  
228 building;

229 (B) Collecting outstanding accounts receivable;

230 (C) Pursuing all claims or causes of action on such owner with  
231 respect to the property described in subparagraph (A) of this  
232 subdivision;

233 (D) Contracting for the repair and maintenance of such abandoned  
234 property, provided such steward shall make a reasonable effort to  
235 solicit three bids for any contract valued at more than twenty-five  
236 thousand dollars unless such contractor or developer provides or  
237 obtains financing for the stewardship, and each of which contract shall  
238 be appropriately documented and included in the reports and  
239 accounting required to be submitted or filed by such steward pursuant  
240 to this section;



241 (E) Borrowing money and incurring credit in accordance with  
242 subsection (f) of this section;

243 (F) Contracting and paying for the maintenance and restoration of  
244 utilities to such abandoned property;

245 (G) Purchasing materials, goods and supplies to accomplish repairs  
246 and operate such abandoned property;

247 (H) Entering into rental contracts and leases for periods not to  
248 exceed twelve months, provided such court shall approve any such  
249 contract;

250 (I) Affirming, renewing or entering into contracts providing for  
251 insurance coverage on such abandoned property;

252 (J) Engaging and paying legal, accounting, appraisal and other  
253 professionals to assist such steward in such stewardship;

254 (K) If such building was designated an historic property prior to  
255 determination as an abandoned property, consulting with such  
256 municipality's historical commission or board of historical and  
257 architectural review, or a local historic preservation organization, for  
258 any recommendation on preserving the historic character of such  
259 abandoned property;

260 (L) Applying for and receiving public grants and loans;

261 (M) Selling the building in accordance with subsection (g) of this  
262 section; and

263 (N) Exercising any right a property owner would have to improve,  
264 maintain and otherwise manage such property, including to the extent  
265 necessary to carry out the purposes of this section.

266 (2) While in possession and control of such abandoned property,  
267 such steward shall:

268 (A) Maintain, safeguard and insure such property;

269 (B) Apply all revenue generated from such property consistent with  
270 the provisions of this section;

271 (C) Develop a final plan for abatement of the conditions described  
272 in subdivision (2) of subsection (c) of this section or, if no such plan can  
273 feasibly be developed, a final plan for alternatives such as the closing,  
274 sealing or demolition of all or part of such abandoned property,  
275 provided (i) if such building was designated an historic property prior  
276 to determination as an abandoned property, such final plan for  
277 abatement shall provide for the rehabilitation of architectural features  
278 that define the historic character of such property, and (ii) if  
279 demolition of an abandoned property located in an historic district is  
280 necessary, such final plan for alternatives shall provide for the design  
281 of any replacement construction on the site of such demolition to  
282 comply with law;

283 (D) Implement the final plan developed pursuant to subparagraph  
284 (C) of this subdivision, provided such court shall approve such plan;  
285 and

286 (E) Annually, or more frequently if such court deems appropriate,  
287 submit a status report to such court and each party to such action,  
288 which report shall include (i) a copy of any contract entered into by  
289 such steward regarding the rehabilitation of such abandoned property,  
290 (ii) an account of the disposition of all revenue generated from such  
291 property, (iii) an account of all expenses, repairs and improvements,  
292 (iv) the status of developing and implementing the final plan described  
293 in subparagraph (C) of this subdivision, and (v) a description of any  
294 proposed action to be taken in the next six months to rehabilitate such  
295 property.

296 (3) (A) At the time such court appoints a steward pursuant to  
297 subdivision (2) of subsection (c) of this section, such steward may  
298 present for such court's approval a final plan described in  
299 subparagraph (C) of subdivision (2) of this subsection. If no such plan  
300 is presented at such time, the hearing date on such plan shall be set not  
301 later than one hundred twenty days after such appointment and such

302 steward shall submit such plan to such court and each party to such  
303 action not later than thirty days prior to such hearing.

304 (B) Such plan shall (i) include a cost estimate, a financing plan and  
305 either (I) a description of the rehabilitation to be done for the  
306 abandoned property, or (II) if such rehabilitation is not feasible, a  
307 proposal for the closing, sealing or demolition of such property, and  
308 (ii) conform with the applicable municipal code, plan for the area  
309 adopted by the municipality in which such building is located and  
310 historic preservation requirements.

311 (C) At the time of such hearing, each party to such action may  
312 comment on such final plan and such court shall consider all such  
313 comments when assessing the feasibility of such plan and proposed  
314 financing. In making its determination for approving such plan, the  
315 costs of such stewardship or sale of such abandoned property, such  
316 court shall give reasonable regard to such steward's assessment of the  
317 scope and necessity of work to be done for rehabilitation or  
318 demolition, as applicable, of such property.

319 (D) Not later than fifteen days after such hearing, such court shall  
320 issue a decision approving such final plan or requiring that such plan  
321 be amended, in which case another hearing date shall be set not later  
322 than sixty days after such issuance.

323 (4) Upon complete implementation of such final plan approved by  
324 such court, such steward shall file with such court a full accounting of  
325 all income and expenditures during the time from approval of such  
326 plan to such complete implementation.

327 (e) (1) Such steward appointed pursuant to subdivision (2) of  
328 subsection (c) of this section shall be deemed to have an ownership  
329 interest in and legal control of such abandoned property for the  
330 purposes of filing plans with any public agency or board, seeking or  
331 obtaining construction permits or other approvals and submitting  
332 applications for financing or other assistance to public or private  
333 entities.

334 (2) Notwithstanding the provisions of subdivision (1) of this  
335 subsection, nothing in this section shall be construed to relieve the  
336 owner of a building that has been determined to be an abandoned  
337 property pursuant to subdivision (2) of subsection (c) of this section of  
338 any civil or criminal liability or of any obligation to pay any tax,  
339 municipal lien or charge, mortgage, private lien or other fee or charge  
340 incurred before or after the appointment of such steward, and no such  
341 liability shall transfer to such steward.

342 (3) Notwithstanding any provision of the general statutes, such  
343 steward shall not be liable for any environmental damage to a building  
344 that has been determined to be an abandoned property pursuant to  
345 subdivision (2) of subsection (c) of this section, which environmental  
346 damage existed prior to such determination and the appointment of  
347 such steward, and the owner of such building shall be held liable for  
348 such environmental damage.

349 (f) (1) Such steward may borrow money or incur indebtedness in  
350 order to cover the costs of rehabilitation or otherwise fulfill any duty  
351 described in subsection (d) of this section.

352 (2) For the purpose of facilitating the borrowing of moneys for the  
353 costs of rehabilitation, such court may grant priority status to a lien  
354 given to secure payment on a debt incurred for the purposes  
355 authorized under this section, provided (A) such steward sought to  
356 obtain the necessary financing from the most senior, nongovernmental  
357 lienholder and such lienholder declined to provide financing on  
358 reasonable terms for any reasonable improvement or other costs of  
359 rehabilitation, and (B) lien priority is necessary to induce another  
360 lender to provide financing on reasonable terms.

361 (3) If the most senior, nongovernmental lienholder agrees to provide  
362 financing for the costs of rehabilitation, any moneys lent to cover such  
363 costs shall be deemed added to such lienholder's preexisting first lien.

364 (4) Such court may approve financing for the costs of rehabilitation,  
365 the terms of which may include deferred repayment and use

366 restrictions. Such terms may remain with the rehabilitated property  
367 after the termination of the stewardship and be assumed by (A) the  
368 owner of the building that was determined to be an abandoned  
369 property pursuant to subdivision (2) of subsection (c) of this section, if  
370 such owner regains possession of such rehabilitated property, or (B) a  
371 purchaser of such rehabilitated property pursuant to subsection (g) of  
372 this section.

373 (g) (1) If an abandoned property is sold by such owner or foreclosed  
374 upon by any lienholder, or if any interest in such property is  
375 transferred, such sale, foreclosure or transfer shall be subject to such  
376 stewardship.

377 (2) Upon application of such steward, such court may order the sale  
378 of such abandoned property if such court finds that (A) notice and an  
379 opportunity to provide comment to such court was given to each  
380 record owner of such property and each lienholder of record, (B) such  
381 steward has been in control of such property for more than three  
382 months and such owner has not successfully petitioned to terminate  
383 such stewardship pursuant to subsection (h) of this section, and (C) the  
384 terms and conditions of such sale are acceptable to such court and the  
385 purchaser of such property is reasonably likely to maintain such  
386 property.

387 (3) Such court may authorize such steward to sell such abandoned  
388 property free and clear of any lien, claim and encumbrance, provided  
389 the proceeds of such sale are distributed at settlement pursuant to  
390 subdivision (4) of this subsection. If such proceeds are insufficient to  
391 pay each such lien, claim and encumbrance, such proceeds shall be  
392 distributed according to the priorities set forth in said subdivision and  
393 each unpaid lien, claim and encumbrance that has not been assumed  
394 pursuant to subdivision (4) of subsection (f) of this section shall be  
395 extinguished.

396 (4) The proceeds of any such sale shall be distributed as follows, in  
397 order of priority:

398 (A) Court costs;

399 (B) Except as provided in subparagraph (G) of this subdivision, liens  
400 of the state, liens for unpaid property taxes and properly recorded  
401 municipal liens, except as to any such lien that has been sold or  
402 transferred;

403 (C) Costs and expenses of sale;

404 (D) Principal and interest on any borrowing or incurrence of  
405 indebtedness that was granted priority over existing liens and security  
406 interests pursuant to subdivision (2) of subsection (f) of this section;

407 (E) Costs incurred by such petitioner in preparing and filing such  
408 petition in accordance with the requirements of subsection (b) of this  
409 section;

410 (F) Costs of rehabilitation and any fee or expense incurred by such  
411 steward in connection with such sale or the safeguarding of such  
412 abandoned property for which the lien authorized under  
413 subparagraph (B) of subdivision (6) of subsection (c) was filed;

414 (G) Liens of the state, liens for unpaid property taxes and properly  
415 recorded municipal liens that have been sold or transferred;

416 (H) Valid liens and security interests in accordance with the priority  
417 of such liens and interests;

418 (I) Unpaid obligations of such steward; and

419 (J) The owner of the building that was determined to be an  
420 abandoned property pursuant to subdivision (2) of subsection (c) of  
421 this section.

422 (5) If at the time of such distribution such owner cannot be located,  
423 the proceeds of such sale that belong to such owner shall be (A)  
424 presumed unclaimed and forfeited, (B) subject to the custody and  
425 control of the municipality in which such sold property is located, and  
426 (C) used for all associated costs to such municipality for the security

427 and remediation of blight and enforcement of any regulation enacted  
428 pursuant to subparagraph (H)(xv) of subdivision (7) of subsection (c)  
429 of section 7-148 of the general statutes.

430 (h) Upon request of such steward or any party in interest, such court  
431 may order the termination of a stewardship or an abandoned property  
432 if such court finds:

433 (1) The purposes of such stewardship have been fulfilled, such as  
434 the remediation or abatement of the conditions described in  
435 subdivision (2) of subsection (c) of this section and the payment of or  
436 provision for each obligation, expense and improvement of such  
437 stewardship, including any fee or expense incurred by such steward;

438 (2) Such owner, a mortgagee or a lienholder has requested such  
439 stewardship to be terminated and has provided adequate assurance to  
440 such court that the purposes of such stewardship will be fulfilled, such  
441 as the remediation or abatement of the conditions described in  
442 subdivision (2) of subsection (c) of this section and the payment of or  
443 provision for each obligation, expense and improvement of such  
444 stewardship, including any fee or expense incurred by such steward;

445 (3) The abandoned property has been sold by such steward and the  
446 proceeds of such sale have been distributed in accordance with  
447 subdivision (4) of subsection (g) of this section; or

448 (4) Such steward has been unable, after diligent effort, to (A)  
449 develop a final plan pursuant to subparagraph (C) of subdivision (2) of  
450 subsection (c) of this section that such court could approve, (B)  
451 implement any such court-approved plan, or (C) for any reason, fulfill  
452 the purposes of such stewardship.

453 (i) The provisions of this section shall not apply (1) to any  
454 commercial or residential building, structure or land owned by or held  
455 in trust for the United States government and regulated under the  
456 United States Housing Act of 1937, as amended from time to time, and  
457 regulations promulgated under such act, and (2) if the owner of a

458 building that would be determined to be an abandoned property  
459 pursuant to this section has vacated such building to perform military  
460 service in time of war or armed conflict or to assist relief efforts during  
461 a declared federal or state emergency as a member of the United States  
462 armed forces or any reserve component of such armed forces.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>January 1, 2020</i>	New section
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