



# Fighting foreclosures

## BACKGROUND

We're in the midst of a foreclosure crisis in Minnesota and across the nation. Even residents who are at no risk of foreclosure are harmed by having vacant homes in their neighborhood and by seeing their own homes decrease in value.

In Minneapolis, "ground zero" of the state's foreclosure problems, the City is working to improve neighborhoods hit hard by high foreclosures. The Department of Community Planning and Economic Development (CPED) is initiating a three-point strategy which focuses on foreclosure prevention, community reinvestment and market repositioning.

## THE NUMBERS

There were 3,077 Minneapolis property foreclosure sales in 2008. That's about the same total recorded in the previous year. About one-third of the foreclosed homes are condemned and boarded, or registered as vacant.

Minneapolis foreclosure sales	
2006	1,607
2007	2,895
2008	3,077
2009 projected	3,000

Homeowners are not the only ones losing money on foreclosures. It's estimated that the average foreclosed property costs the City \$78,000 in maintenance, public safety and other expenses. Compare that to the price tag for foreclosure prevention, which is estimated to be around \$500 for each assisted homeowner.

## FIGHTING FORECLOSURES

The City Of Minneapolis' foreclosure-related investment of more than \$10 million from 2007-2009 has leveraged more than \$75 million in federal, state, philanthropic and private funding. Together the impact of the nationwide foreclosure crisis is lessened by preventing foreclosures on at-risk residences, reinvesting in neighborhoods affected by high numbers of foreclosures, and repositioning these neighborhoods to bring in new residents.

## PROGRAMS

**Minnesota Home Ownership Center** - This is the state's leading independent non-profit provider of information and resources aimed at helping Minnesotans begin and maintain home ownership. While services are open to everyone, the center places an emphasis on supporting low- and moderate-income Minnesotans who face barriers to homeownership and provides local foreclosure-prevention counseling services for Minneapolis residents.

**Minneapolis Advantage Program** - This program will provide \$10,000 in down payment and closing cost assistance as incentives to home buyers to purchase foreclosed homes and live in neighborhoods highly affected by foreclosures.

**Home repair loans** - The City offers amortizing loans of up to \$25,000 at 1 percent interest for home repairs. The maximum term is 20 years. To qualify, homeowners must have an income that's 80 percent or less of the metro-wide median income. This loan can only be used to complete code repairs.

**Acquisition fund** - The City contributes \$1 million to the \$11 million Strategic Acquisition Fund, which purchases homes in foreclosure to be sold later to financially stable residents.

**Vacant Housing Recycling Program** - This program brings CPED's expertise together with neighborhood-based partners in efforts to remove blight. It also provides matching funds for the acquisition and disposition of residential properties.

**Minneapolis Neighborhood Stabilization Program** - Minneapolis will receive more than \$14 million in 2008 stabilization funds. Eligible uses of the funds include: financing mechanisms, purchase and rehabilitation of abandoned and foreclosed homes, land banks, demolition of blighted structures, and redevelopment of demolished or vacant properties.

## MORE INFORMATION

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