Foreclosures

THE MINNEAPOLIS FORECLOSURE RESPONSE

Three Point Plan

City of Minneapolis / CPED

City of Minneapolis
Department of Community Planning & Economic Development – CPED

PREVENTION

Counseling Assistance

Homeowners were two months behind on their mortgage payments, due to unforeseen medical expenses, when they attended a City-sponsored foreclosure workshop. At the workshop, they were able to speak directly with their lender. As a result, the family was able to work out a plan and prevent foreclosure.

What the City is Doing

The City is continuing aggressive prevention strategies as long as foreclosure rates remain high. The costs associated with a foreclosed property average $78,000. Foreclosure counseling and prevention costs, on average, $500 per person assisted. Minneapolis has invested $1.1 million in prevention since 2007. This annual investment assists 1000 households, and half of those receiving intensive support will avoid foreclosure.

Strategy

City of Minneapolis Mortgage Foreclosure Prevention Program funds will continue to assist the Minnesota Homeownership Center in homebuyer education, foreclosure counseling and the issuance of loans for reinstatement. Proposed funding for these programs will be $660,000 in 2009.

REINVESTMENT

Cluster Development

Make big changes in a small area. That's the idea behind the City's focus on six targeted geographic areas or "clusters" on the Northside. In partnership with the Northside Home Fund and neighborhood organizations, the City is focusing on the redevelopment of vacant and boarded homes, community outreach and organizing, foreclosure prevention and the establishment of a development partnership to identify and implement residential development opportunities within the clusters.

The Hawthorne neighborhood's EcoVillage Cluster, designed to become a green, stable and healthy neighborhood, is supported by a $500,000 grant from the Home Depot Foundation.

Courtesy, PPL

What the City is Doing

The City is working with partners to rebuild neighborhoods that have experienced large numbers of foreclosures. The City acts aggressively to acquire property and remove blighted structures as a top priority. A single, abandoned property on a block can reduce the value of nearby homes by 15 percent. The City works with partners to acquire properties that are in foreclosure, and then rehabs them to resell to eligible buyers.

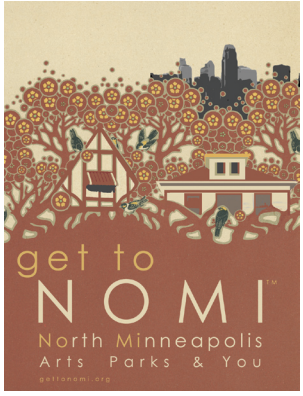
Strategy

The City is at work envisioning a healthy housing market, ensuring that development helps rebound the market. Housing and Economic Recovery Act funds will provide subsidies for rehabilitation of up to 100 properties. The National Community Stabilization Trust may make available hundreds of foreclosed properties for bulk purchase at a reduced rate and provide access to $30 million to assist in acquisition and rehabilitation.

REPOSITIONING

NOMI Marketing Strategy

"Get to NOMI" (short for North Minneapolis) is a grassroots marketing campaign geared to promote the Northside's arts, parks, businesses, affordable housing and other amenities. The NOMI branding strategy is led by neighborhood groups, residents and local real estate agents. The community has led various home tours throughout the Northside, showcasing the amenities of the neighborhoods and attracting new homebuyers.



Courtesy, NOMI

What the City is Doing

As properties are acquired, the City and its partners are working collaboratively to reposition neighborhoods for market recovery. To rebuild a healthy housing market in neighborhoods affected by foreclosures, the City works with neighborhood and community-based marketing efforts to bring new buyers to the neighborhoods. The City's goal is to engage the private market as much as possible in achieving a stable, healthy housing market in its communities.

Collaboration on other neighborhood-based initiatives to market and promote neighborhoods and city living includes University Alliance, Phillips Partnership, Northside Home Fund cluster developments, Northside Arts Collective and many others.

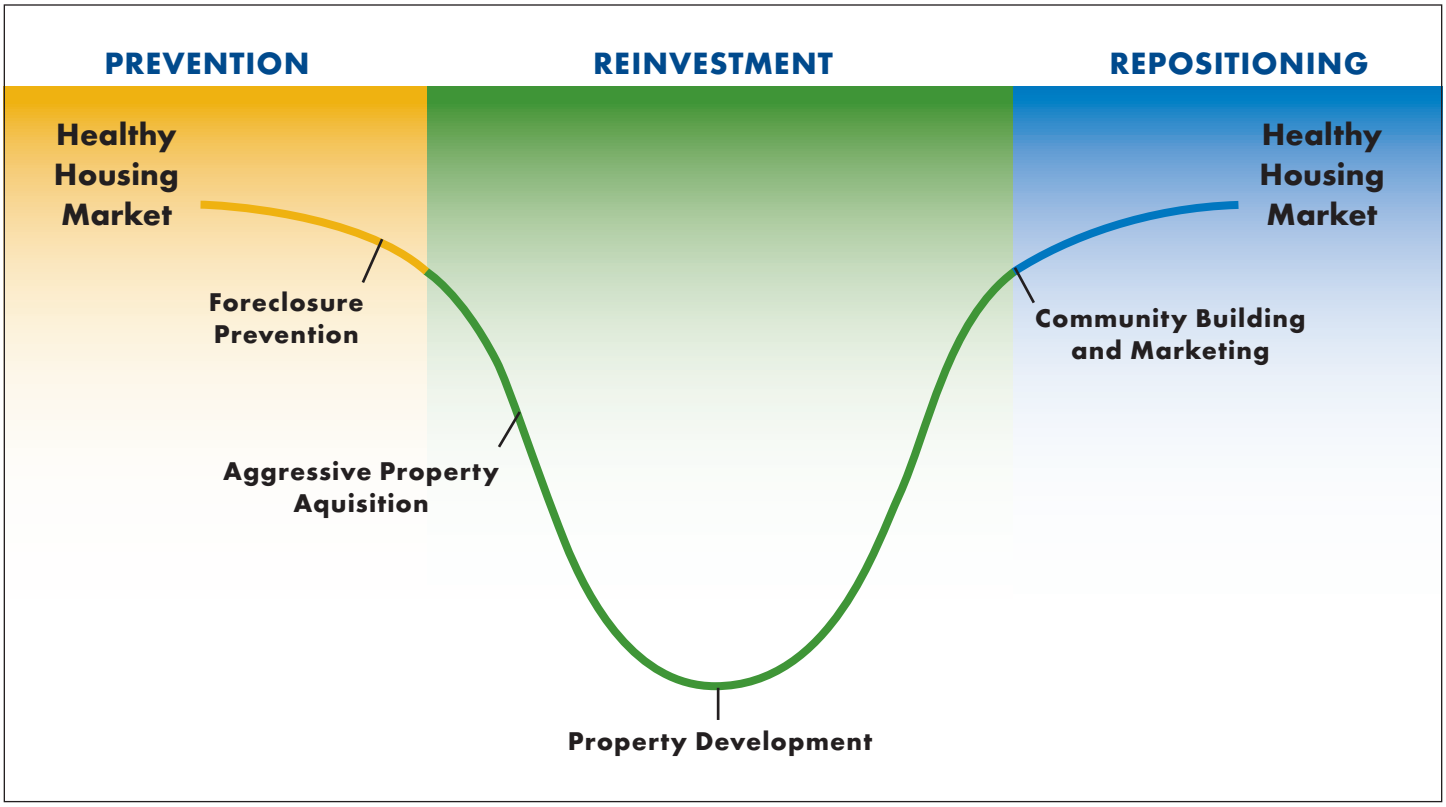
Strategy

The City will expand its homeownership incentives, like the Minneapolis Advantage program, which provided down payment and closing cost assistance to 50 homebuyers in areas highly impacted by foreclosure in 2008, and has proposed funding to assist an additional 50 homebuyers in 2009. Federal Home Loan Bank funds, if awarded, could expand the Minneapolis Advantage program, targeting down payment assistance to 150 low-income homebuyers of foreclosed properties.

Foreclosure Recovery Plan

CITY OF MINNEAPOLIS DEPARTMENT OF COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT (CPED)

In Minneapolis 3,077 properties were foreclosed in 2008 and another 3,000 are projected for foreclosure in 2009. About one-third of the foreclosed homes are condemned and boarded, or registered as vacant. The City of Minneapolis' focus on prevention, reinvestment and market reposition in 2009, and beyond, will lead to market recovery in its communities.



PREVENTION

Strategies to Recover a Healthy Housing Market

Employ **foreclosure prevention** outreach and counseling as foreclosures rise and as the housing market begins to decline. Continue aggressive prevention strategies as long as foreclosure rates remain high.

REINVESTMENT

Pursue **aggressive property acquisition** when the housing market is low and properties are inexpensive. Develop multiple strategies to compete with investors in order to prevent the turnover of single-family homes to rental.

Promote **property development** when the market is poised for recovery to drive the market back towards a healthy housing market. Clearly envision a healthy housing market prior to the development stage to ensure that development helps to drive the market to rebound. Some factors to consider include income mix, rental and homeownership mix, design and amenities.

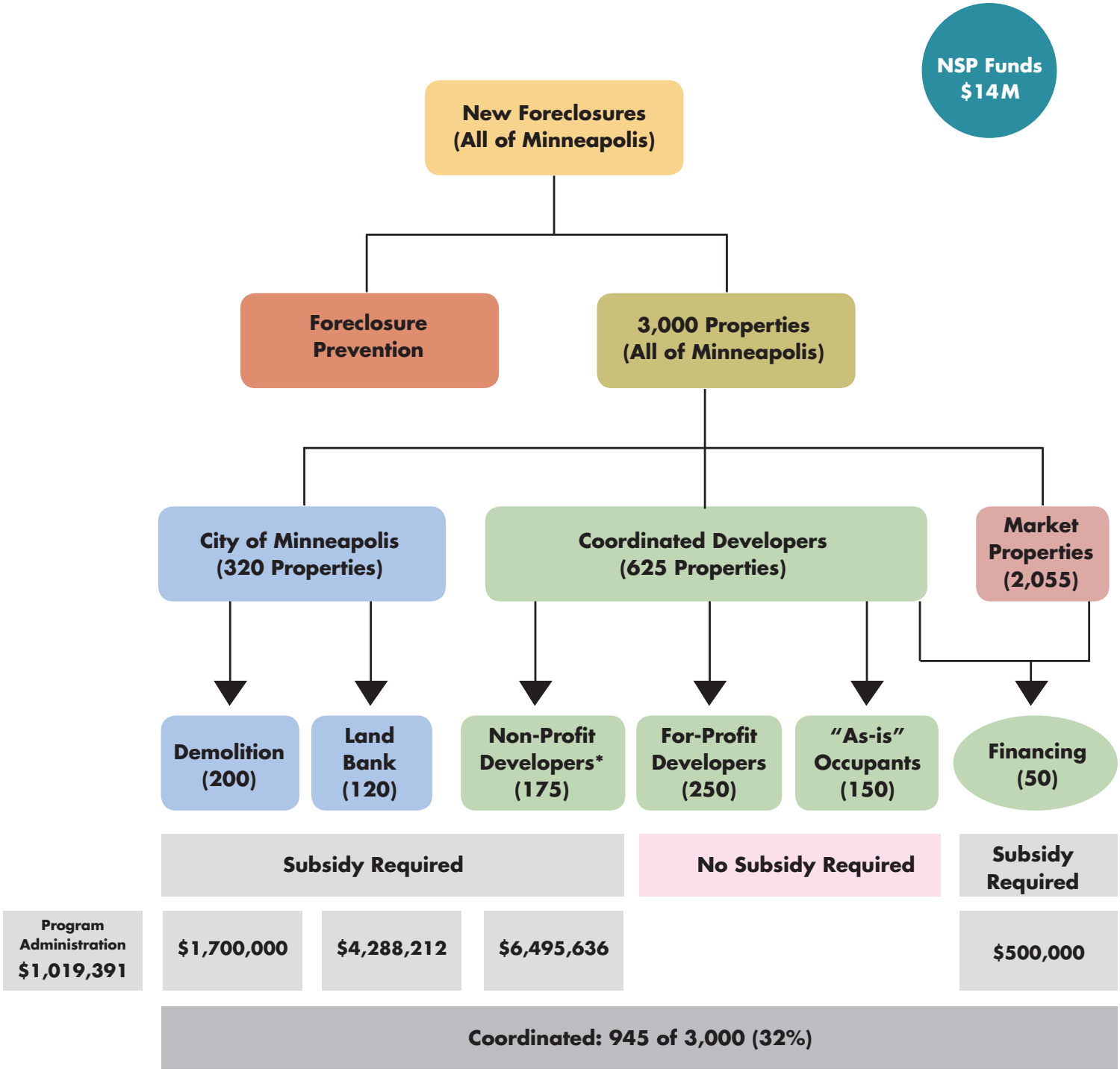
REPOSITIONING

Engage in **community building and marketing** efforts to prepare the market for a rebound. Expand homeownership incentives and engage in neighborhood-based initiatives to market neighborhoods and city living.

For more information on the City of Minneapolis' response to foreclosure, please visit our website www.ci.minneapolis.mn.us/foreclosure/

HERA Neighborhood Stabilization Program (NSP)

MINNEAPOLIS FORECLOSURE RECOVERY PLAN



** HERA's Neighborhood Stabilization Program requires that 25% of the funds received must be targeted to households at or below 50% of area median income (AMI), or $40,450 in Minneapolis. 175 properties will yield 236 units.*

Notes: There may be duplications in the numbers of coordinated properties. The number of properties may project the ability to recycle funds.