

Minneapolis Three Point Plan: Quarterly Report For Foreclosure Recovery and Neighborhood Stability

1. **PREVENTION:** Continue foreclosure prevention outreach and counseling
2. **REINVESTMENT:** Pursue aggressive property acquisition and promote property development
3. **REPOSITIONING:** Engage in community building and marketing efforts



FORECLOSURES

- **914 foreclosures year to date.** Less than 2,500 foreclosures estimated for 2011. 2,308 foreclosures in 2010. The foreclosure rate was slightly higher in 2010, but close to 2009 rates with 2,233 foreclosures in 2009; significantly down from 3,077 in 2008 and 2,895 in 2007.

1. PREVENTION

- **330 foreclosures prevented in 2010. 892 households received services with 40% still pending.**
- Mortgage Foreclosure Prevention Counseling shows that it costs approximately \$400 to prevent a foreclosure, where the estimated cost is \$78,000 once a property is in foreclosure.
- **425 tenants received information on their rights in foreclosure** from Minneapolis Housing Services, providing these families the opportunity to find new housing before moving.

2. REINVESTMENT

- **Neighborhood Stabilization Program (NSP)** strategically targets federal resources to Minneapolis neighborhoods most impacted by foreclosures.
 - NSP1: \$14 MILLION - 100% Obligated - 275 total properties impacted**
 - 96 properties purchased for rehabilitation and redevelopment
 - 68 properties acquired for future redevelopment
 - 111 condemned and blighted properties demolished
 - NSP2 \$15.5 million – 260 total properties to be impacted**
 - 70 homeownership incentive financing
 - 134 properties purchased for rehabilitation and redevelopment
 - 56 properties acquired for future redevelopment

NSP3 \$3.4 million – 56 total properties to be impacted

- 12 homeownership incentive financing
- 34 properties purchased for rehabilitation and redevelopment
- 10 properties acquired for future redevelopment
- **NSP Contractors include:** 30% Minority-owned Business Enterprise, 13% Women-owned Business Enterprise, and 32% Section 3 low-income contractors through second quarter 2011 with a total of \$7,850,547 contracted. NSP provided over 65,270 hours of employment to these contractors.

- **First Look Program /Twin Cities Community Land Bank: \$30 million leveraged, \$3.5 million saved** through coordinated transfer of real estate-owned properties from financial institutions nationwide to local housing organizations in collaboration with state and local governments.
- **410 total foreclosed properties** purchased through the Minneapolis First Look and targeted bulk purchase pre-market discount program in from 2008 to date.
- **Minneapolis only: 200 properties**, 49 to for profit developers, 116 to nonprofit developers, and 38 to the City. Of these, 88 properties will utilize Neighborhood Stabilization Program funds.
- **Strategic Acquisition Fund: \$12 million - 236 total properties impacted** through the purchase, rehabilitation, and/or resale of properties to homeowners from 2007 to through 6/30/11.
- **4 purchases and 5 properties sold to an owner-occupant in the 2nd Quarter 2011.** 10 purchases and 6 properties sold to owner-occupants in 2011. 103 homes sold to owner-occupants since program inception.
- **TJ Waconia Lawsuit: \$11.7 million in restitution; 141 North Minneapolis properties transferred** to GMHC for rehabilitation and resale.
- **The Northside Home Fund Cluster Developments** removed the blighting influence of more than **100 properties** previously boarded and vacant in the clusters through property acquisition, demolition, and working with property owners to bring their buildings up to code for re-sale to stable owner-occupants.

- **Regulatory Services** promotes rental ownership investment.
- **Vacant Building Registration (VBR) Program** requires owner to register vacant properties and pay a fee of \$6,360 per year on each property for as long as it remains vacant unless the property is brought into code compliance within six months.
- **Conversion Fee** of \$1,000 and an inspection is required (cost is covered by the fee) when an owner-occupied home is converted to rental property.
- **Change in Ownership Fee** of \$450 and an inspection is required (cost is covered by the fee) when a rental property in a building with 1-4 rental units has a change of ownership.
- **Rental Finder** provides a fulltime inspector to identify rental properties that are operating without a license and ensure that properties are brought into compliance according to City regulations.

3. MARKET REPOSITIONING

- **Minneapolis Advantage NSP launched in 2011: \$1.5 million; 70 loans available; 15 closed** through June 2011, \$10,000 - \$20,000 incentive for down payment and closing cost assistance for purchase of a vacant or foreclosed home. Additionally, 5 Wells Fargo incentive loans closed.
- **Minneapolis Advantage: \$2 million; 250 loans closed** by 2010; \$5,000 - \$10,000 incentive for down payment and closing cost assistance (Nearly 200 loans closed in 2009; of those one third of purchasers came from outside the City and 62% of the properties were previously registered as non-homestead prior to being purchased).
- **CityLiving: 26 Loans and 6 Take Credit mortgage credit certificates closed** through March 2011. (37 new homeowners assisted in 2010 and 22 new homeowners assisted in 2009).
- **Minneapolis Realtor Advisory Board** – a partnership to continue to strengthen housing markets.
- **LiveMSP.org** - an online resource for residents and home buyers in Minneapolis and St .Paul currently providing photos of homes for sale, homebuyer assistance, and information on the LiveMSP housing tours showcasing redeveloped homes in Minneapolis neighborhoods.