

Minneapolis

Foreclosure Recovery

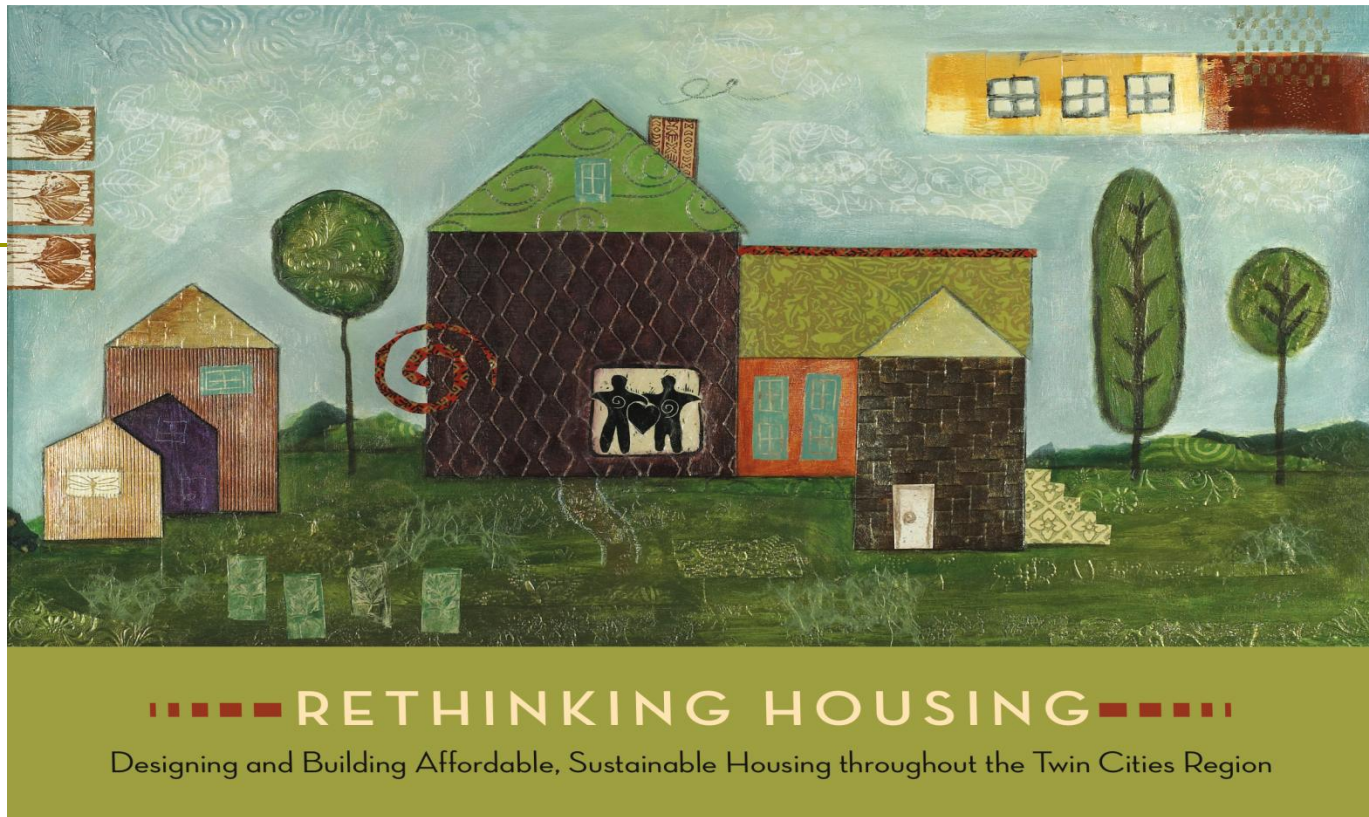
Neighborhood Stabilization Program Strategies



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Director of Housing Policy and Development
City of Minneapolis

National Association of Realtors
November 2010



THE FUTURE—IT'S NOT WHAT IT USED TO BE!!!!



QUESTIONS?

WHO WILL BE THE MARKET?

WHERE WILL THEY LIVE?

WHAT CAN THEY AFFORD?

HOW WILL THEY PAY FOR IT?

WHEN—JOBS AND INCOME?

DEMAND?



SUPPLY?

WHAT'S CHANGED??

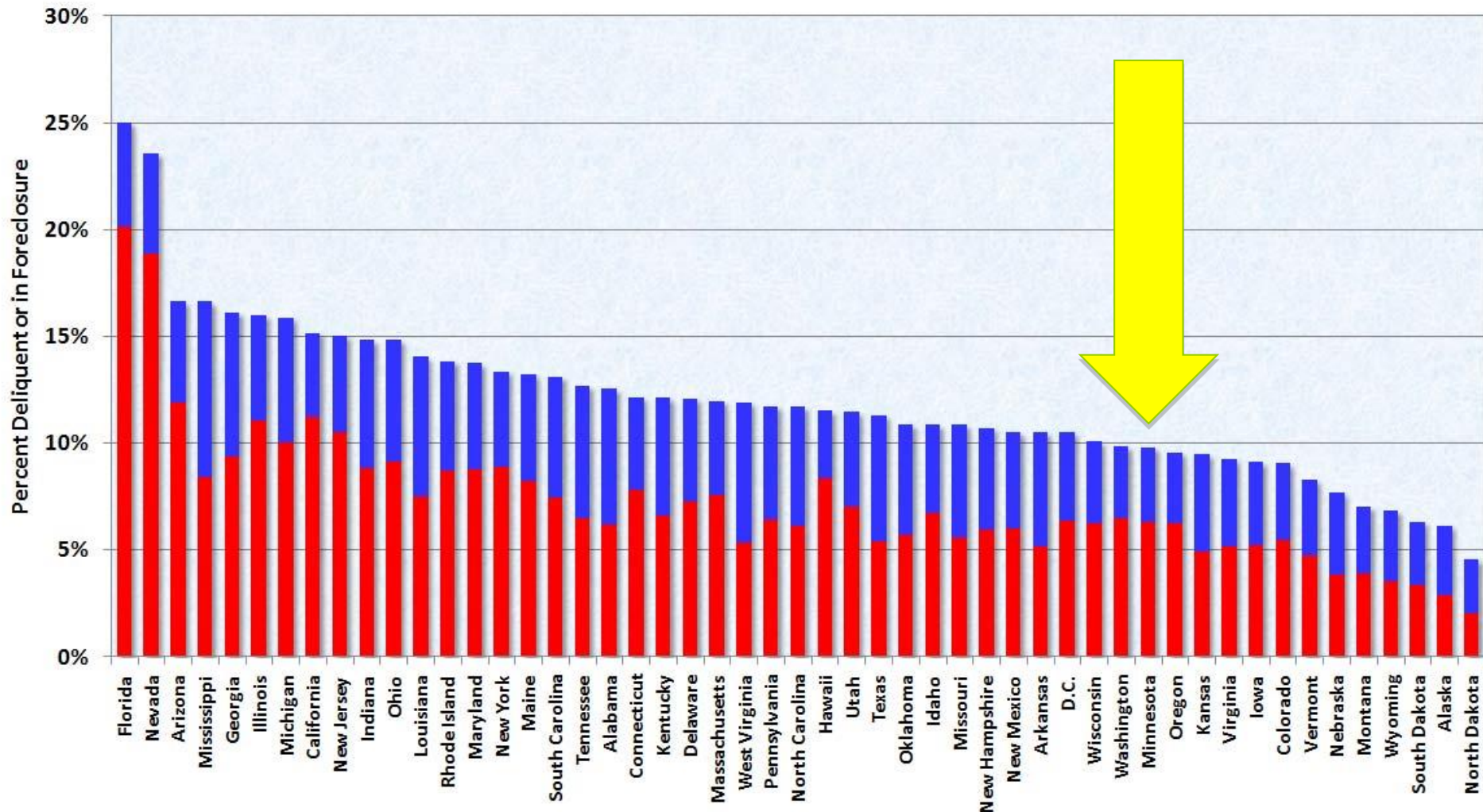
CURRENT MORTGAGE DELINQUENCY DATA

STATE DATA—36 STATES AT PLUS 10%

Delinquent Loans by State, MBA Q2 2010 Delinquency Survey

■ Seriously Delinquent (90 days plus in foreclosure)

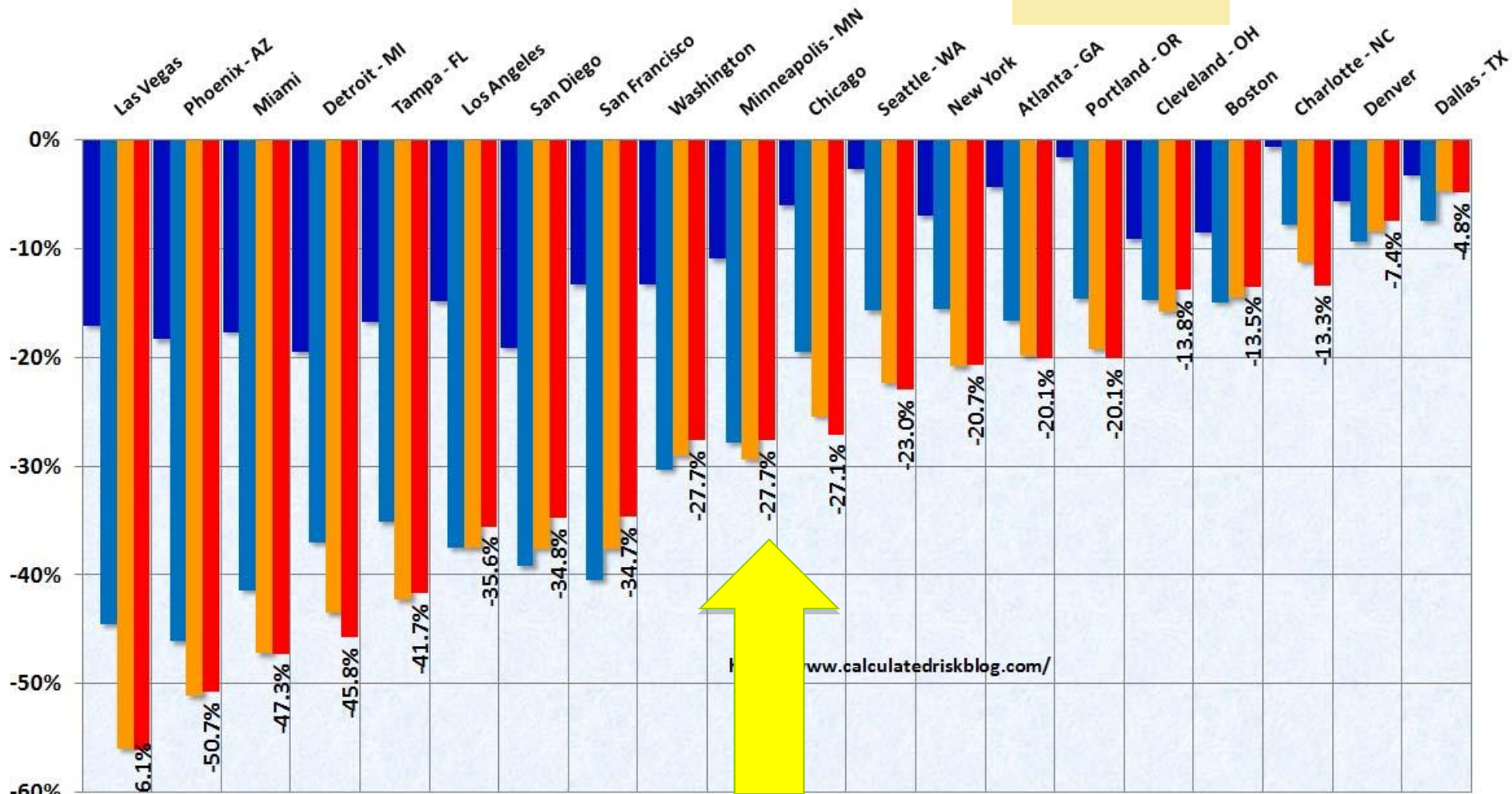
■ Less than 90 Days



HOUSE PRICE DECLINES!!

Case-Shiller Price Cumulative Declines from Peak (SA), Year and City

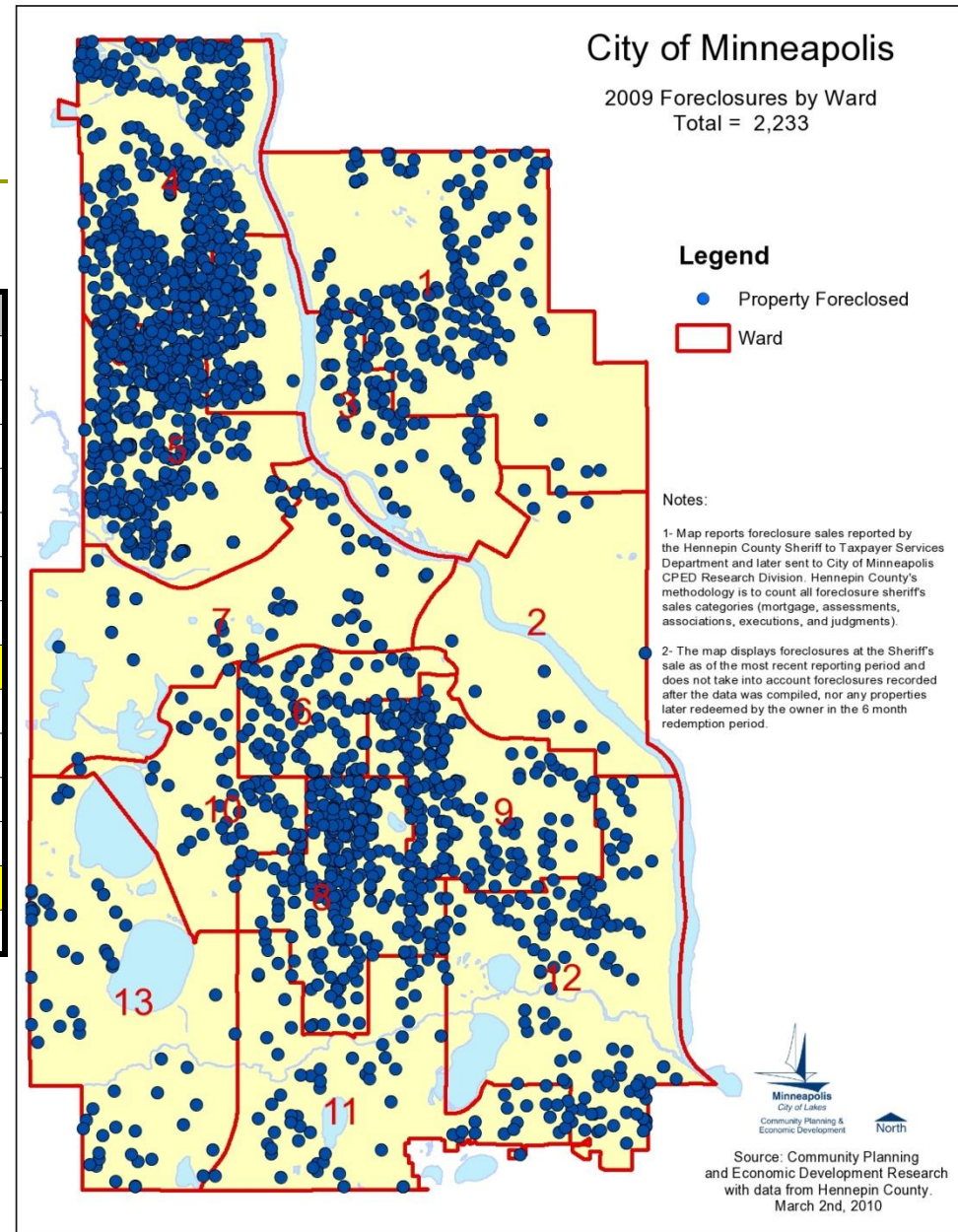
■ through Dec 2007 ■ through Dec 2008 ■ Through Dec 2009 ■ Through May 2010



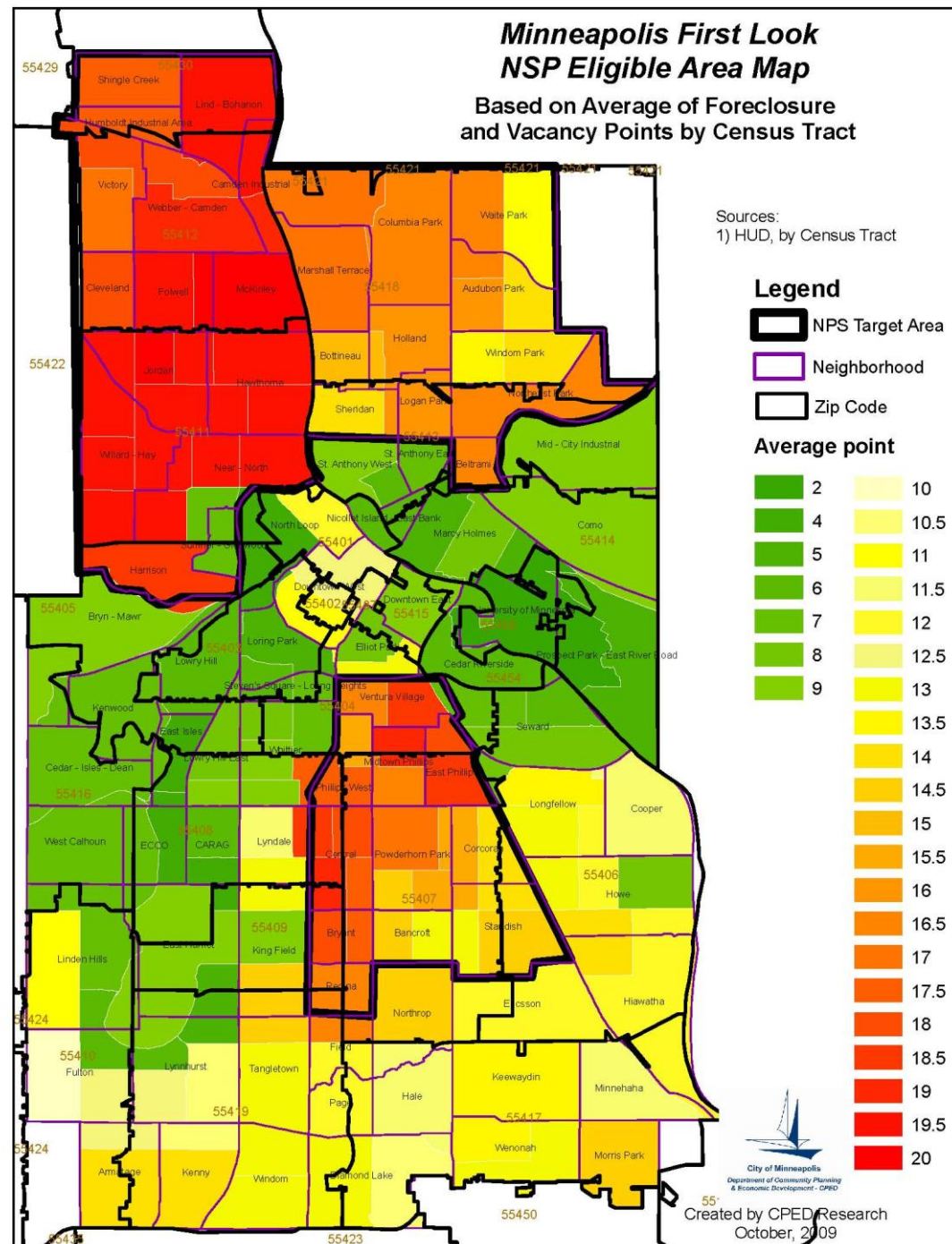
www.calculatedriskblog.com/

Foreclosures in Minneapolis

	2010	2009	2008	2007
January	214	223	329	264
February	169	216	226	206
March	193	115	253	208
April	179	136	294	174
May	182	199	317	284
June	185	196	259	185
July	236	209	290	250
August	286	184	263	290
September		200	230	291
October		216	268	263
November		178	196	241
December		161	152	239
Year to Date	1,644	1,478	2,231	1,861
Year Total	1,644	2,233	3,077	2,895



Areas of Critical Need



Minneapolis Three Point Foreclosure Recovery Plan

- I. Prevention** - Continue foreclosure prevention outreach and counseling
- II. Reinvestment** - Pursue aggressive property acquisition and promote property development
- III. Repositioning** - Engage in community building and marketing efforts

Minneapolis Foreclosure Recovery Plan

PREVENTION

**Healthy
Housing
Market**

Foreclosure Prevention

Aggressive Property Acquisition

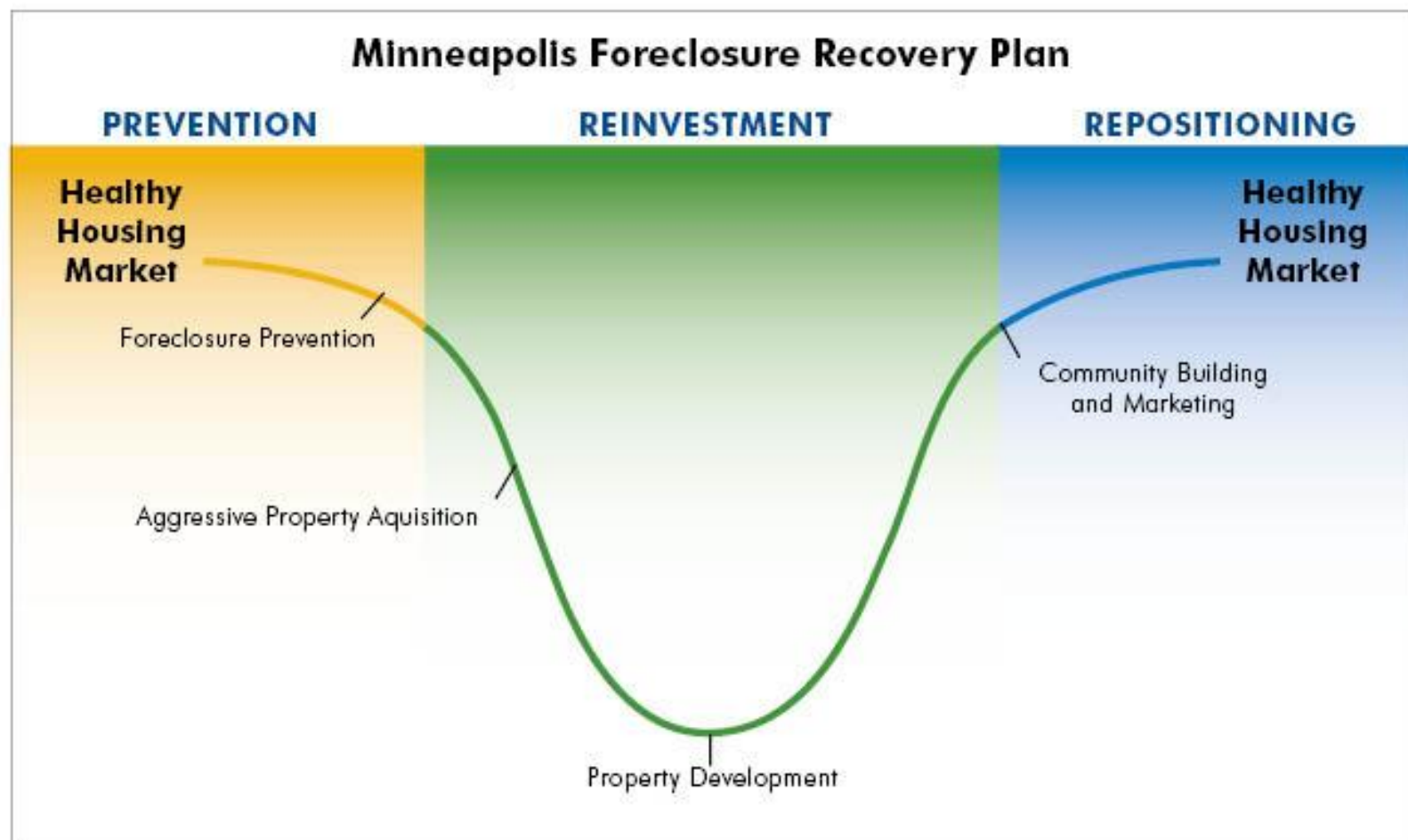
REINVESTMENT

Property Development

REPOSITIONING

**Healthy
Housing
Market**

Community Building
and Marketing



II. Reinvestment

Pursue aggressive property acquisition and promote property development

- ❑ **Neighborhood Stabilization Program**
 - **\$30 million** NSP1 and NSP2
 - **Over 500** vacant and foreclosed properties to be impacted
- ❑ **Twin Cities Community Land Bank First Look Program**
 - Leveraged approximately **\$30 million, \$3 million** in savings
 - **Nearly 250** foreclosed properties acquired from 2008 to date
- ❑ **Northside Cluster Developments**
 - Removed the blighting influence of more than **100 properties** previously boarded and vacant in the clusters
- ❑ **Strategic Acquisition Fund**
 - **\$11 million**
 - **198** foreclosed properties purchased, rehabilitated, and sold

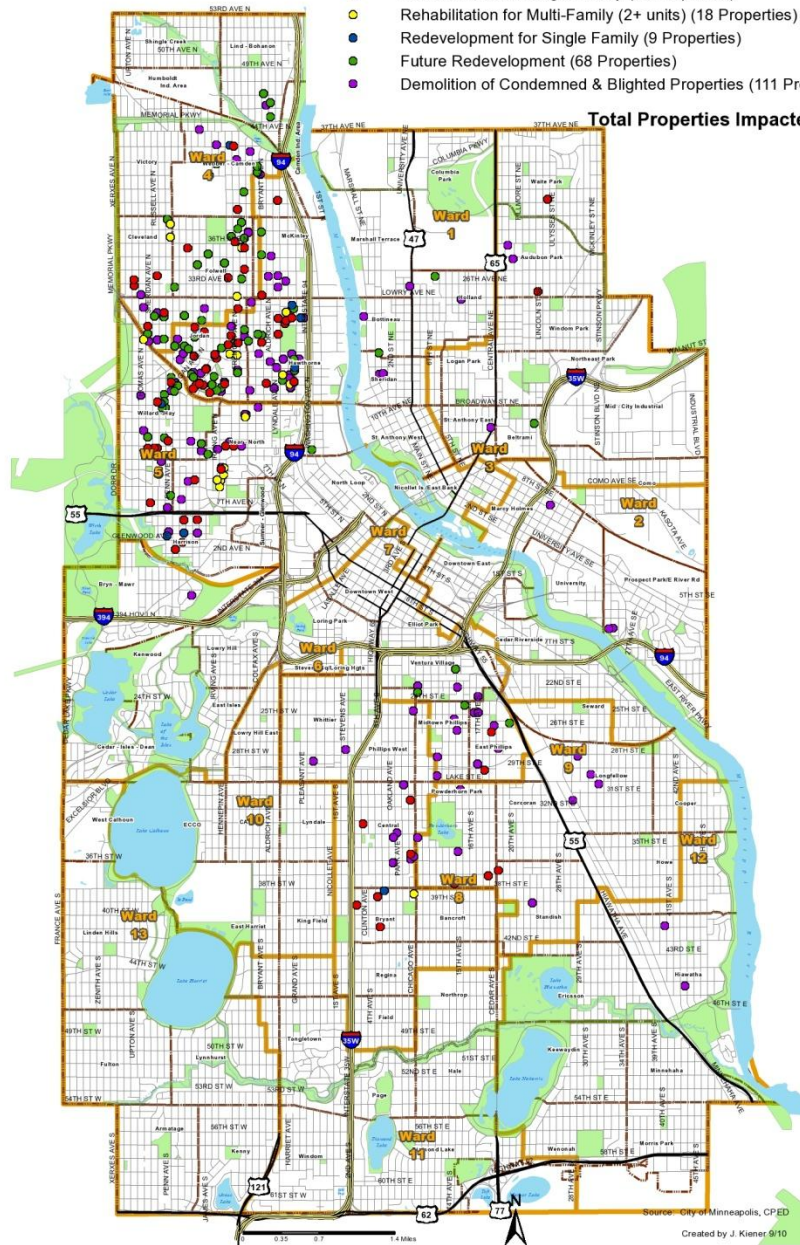
Neighborhood Stabilization Program

- **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 – Obligations begin in October, 2010**
 - 260 total properties to be impacted
 - 70 homeownership incentive financing
 - 134 properties purchased for rehabilitation and redevelopment
 - 56 properties acquired for future redevelopment
- **NSP3 \$2.7 million - (HUD allocation, State competition tbd)**

Minneapolis Foreclosure Recovery Neighborhood Stabilization Program 1

- Rehabilitation for Single Family (69 Properties)
- Rehabilitation for Multi-Family (2+ units) (18 Properties)
- Redevelopment for Single Family (9 Properties)
- Future Redevelopment (68 Properties)
- Demolition of Condemned & Blighted Properties (111 Properties)

Total Properties Impacted: 275

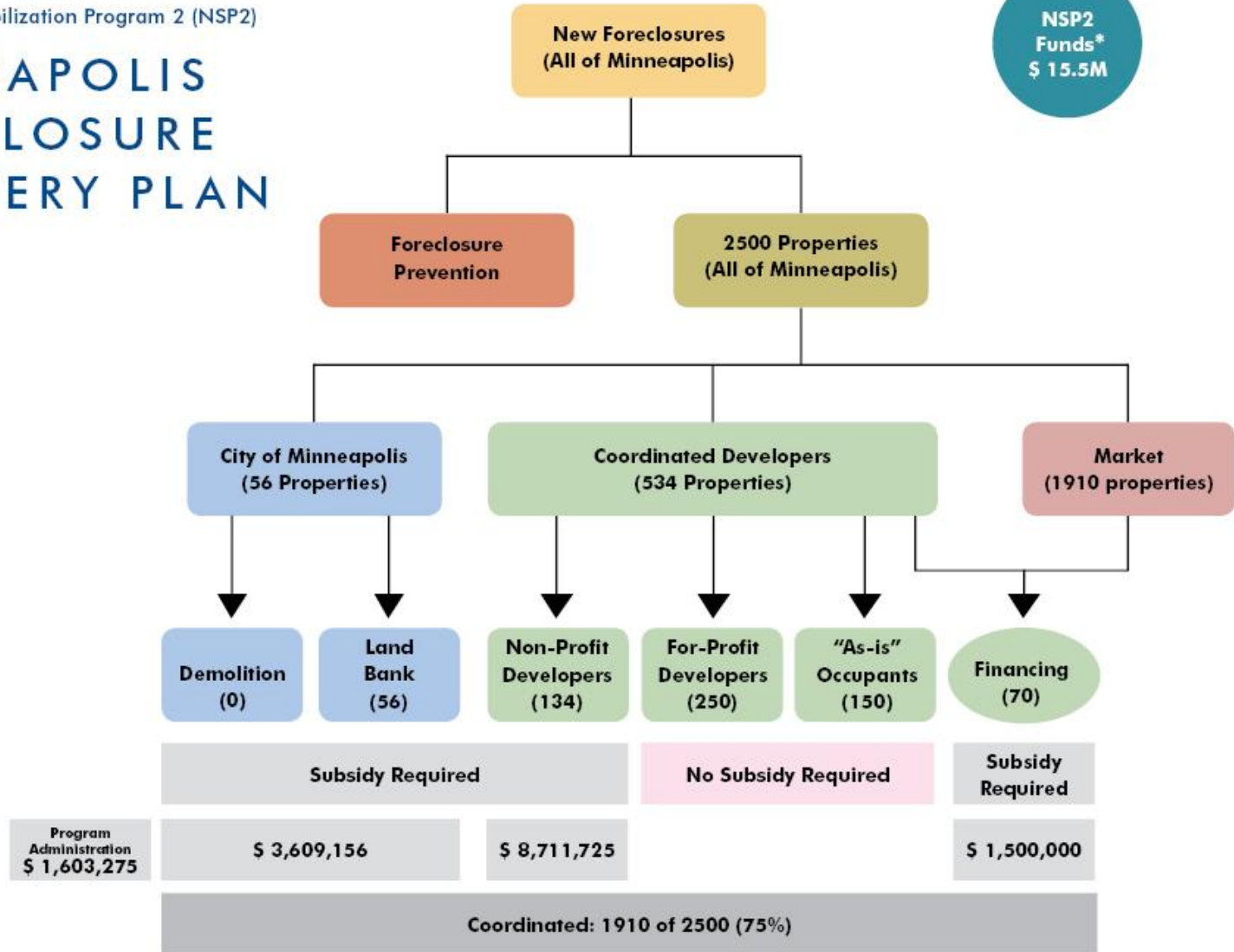


Source: City of Minneapolis, CPED.

Created by J. Kiener 9/10

MINNEAPOLIS FORECLOSURE RECOVERY PLAN

**NSP2
Funds*
\$ 15.5M**



* HUD's Neighborhood Stabilization Program 2 requires that 25% of the funds received (\$3,856,039) must be targeted to households at or below 50% of area median income (AMI), or \$41,950 in Minneapolis.

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

Twin Cities Community Land Bank

Twin Cities Community Land Bank coordinates the transfer of real estate owned properties pre-market and at a discount from financial institutions nationwide through the National Community Stabilization Trust to local housing organizations, in collaboration with state and local governments with the ultimate goal of supporting the creation of vibrant, sustainable homes, neighborhoods, and healthy communities throughout the Twin Cities metropolitan area.

- *The Land Bank has expanded its scope metro-wide with 130 cities and 7 counties participating.
- *Over 2,500 properties have come through the First Look program and nearly 250 properties have been purchased.
- *Savings of over \$3 million that is now available for further stabilization efforts.

Twin Cities Community Land Bank First Look Program

"What makes this partnership unique isn't just that we are working with new servicers and new buyers – but rather our belief that federal investments can be game-changing, market-oriented and cost-effective."

-HUD Secretary Donovan, Federal Reserve Board on September 1, 2010.

Twin Cities Community Land Bank

First Look Program

❑ **First Look Program**

- Minneapolis and St. Paul are the national pilot sites
- Over 1,000 properties have passed through First Look
- **Nearly 250 foreclosed properties** acquired from 2008
 - ❑ Properties purchased by for profit developers, nonprofit developers, and the City of Minneapolis
 - ❑ Of these, 63 properties will utilize Neighborhood Stabilization Program funds

❑ **Fannie Mae First Look Program**

- Launched October, 2010

❑ **Short Sale Pilot Program**

- Launched in September, 2010

Community Stabilization Trust First Look Pilot

Lender /
Servicer

MBS /
Servicer

NATIONAL COMMUNITY STABILIZATION TRUST

MINNEAPOLIS FIRST LOOK PROGRAM

TWIN CITIES COMMUNITY LAND BANK
Rebecca Rom
President



CITY OF MINNEAPOLIS
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Housing Policy & Development

Mikeya Griffin
Property Acquisition
Program Manager

Denise Takeshita
Finance Manager

Tracey Luby
Transaction Desk

Judy Jandro
Loan Program Manager

Elfric Porte
Manager, Single
Family Housing

Cherie Shoquist
Foreclosure Recovery
Coordinator

Edie Oliveto-Oates
Single
Family Housing

DEVELOPMENT PARTNERS

For-Profit
Developers

Twin Cities
Habitat For
Humanity

Project For
Pride In Living

Powderhorn
Residents Group

Neighborhood
Housing
Services of
Minneapolis

Urban
Homeworks

Alliance
Housing

ethnicHome

Greater
Metropolitan
Housing
Corporation

City Of Lakes
Community
Land Trust

Northside Home Fund Cluster Locations



Minneapolis Cluster Development

- The NHF partners have removed the blighting influence of more than 100 boarded and vacant properties in the clusters through property acquisition, demolition, and working with property owners to bring their buildings up to code
- Hawthorne Eco Village
- Green Marketing

III. Repositioning

Engage in community building and marketing efforts

Homeownership Incentives

- ▣ **Minneapolis Advantage**

- Down payment and closing cost assistance

- ▣ **City Living**

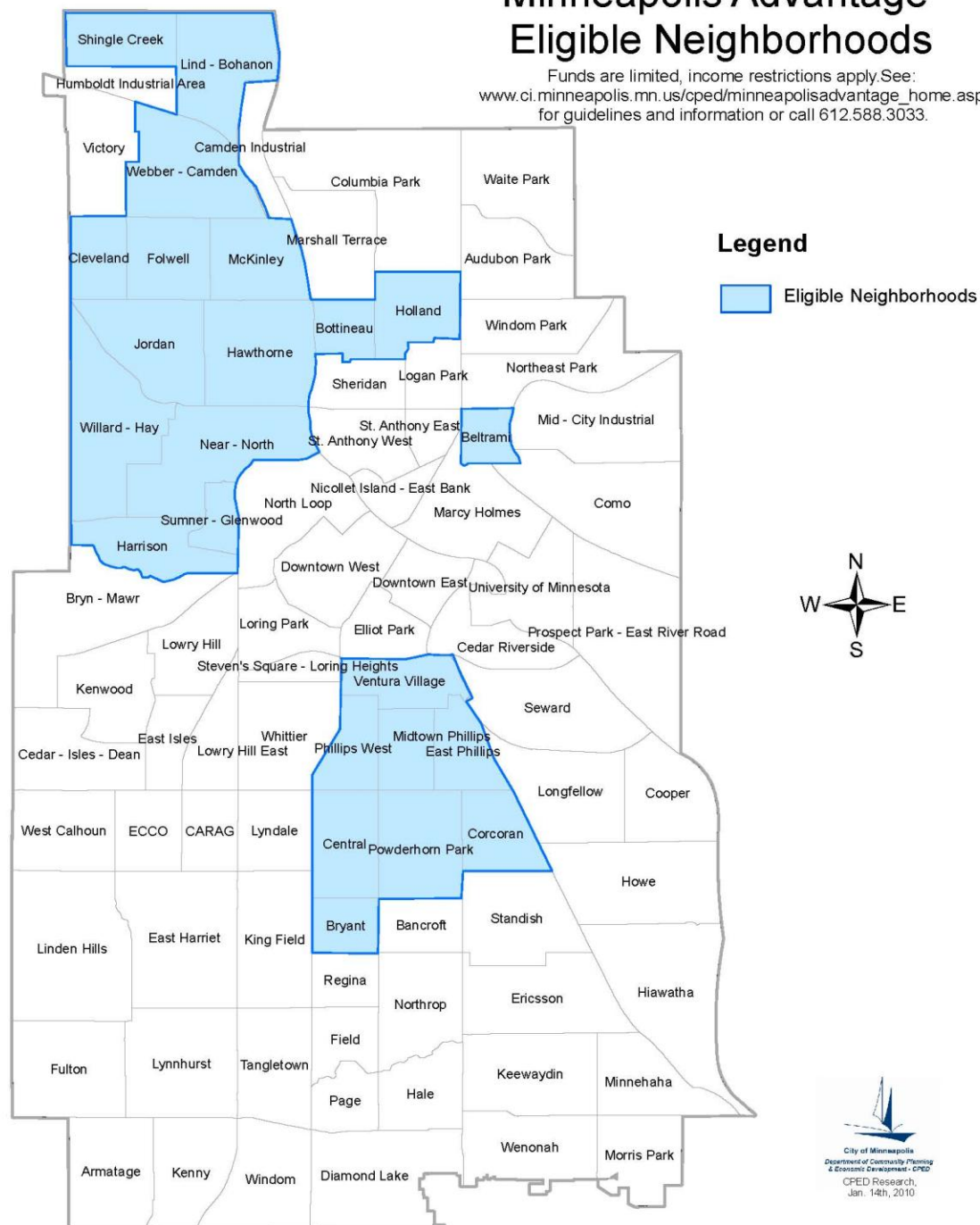
- Low interest rate mortgage financing with assistance for down payment and closing costs

Minneapolis Advantage

- \$10,000 in deferred loans to buyers of houses in neighborhoods heavily impacted by foreclosures
- \$2.5 million in committed funding
- 200 loans closed in 2009
- One third of purchasers came from outside the City
- 62% of the properties were previously registered as non-homestead prior to being purchased

Minneapolis Advantage Eligible Neighborhoods

Funds are limited, income restrictions apply. See: www.ci.minneapolis.mn.us/cped/minneapolisadvantage_home.asp for guidelines and information or call 612.588.3033.



III. Repositioning

Market Repositioning

- ❑ Connections to NorthstarMLS
 - Down Payment Resource
 - Exploring the development of a marketing icon to promote financial incentives, quality housing, green standards
- ❑ NoMi
 - Grassroots marketing campaign geared to promote the Northside's arts, parks, businesses, affordable housing and other amenities
- ❑ LiveMSP.org
 - An online resource for residents and others seeking to move to the Twin Cities

Live MSP

Live MSP's mission is to promote the neighborhoods of Minneapolis and Saint Paul as a premier housing choice. Live MSP's goal is to recruit new and retain current residents in all of the cities' neighborhoods.

Live MSP is an informational and marketing initiative that:

- Reduces residential vacancy rates in city neighborhoods
- Increase the cities' resource base
- Enhances overall city vitality
- Improves environmental outcomes by encouraging homeownership in existing, compact, walkable, and/or transit-rich city neighborhoods

www.livemsp.org

The screenshot shows the Live MSP website homepage. At the top is a navigation bar with links: HOME, CITY LIVING, NEIGHBORHOODS, INCENTIVES, RESOURCES, HOMEBUYING, ABOUT US, and a search bar. Below the navigation bar is a large banner image of a house with a porch, credited to the Marcy-Holmes Neighborhood Association. To the left of the banner is a 'LIVE MSP' logo with the tagline 'All this has to do with living Minneapolis - Saint Paul'. Below the banner is a 'Main Menu' section with links: Home, City Living, Neighborhoods, Incentives, Resources, Homebuying, and About Us. To the right of the menu is a 'City Living Spotlight' section featuring a link to 'OwnAHomeMSP.org' and a 'Federal First-Time Homebuyer Tax Credit' section. Below the spotlight is a 'VISIT OUR FRIENDS' section with logos for 'THE ALLIANCE' and 'Capital City Partnership'. To the right of the spotlight is a 'Make Your Move to Minneapolis-Saint Paul' section with a list of bullet points and a 'We've got a neighborhood that fits your style, taste, and budget. If you want to:' section. Below the move section is a 'A Message from the Mayors' section with photos of Minneapolis Mayor R.T. Rybak and Saint Paul Mayor Chris Coleman. To the right of the move section is a 'Mayors' Message' section with a video player and a 'Get Involved' section with links to 'Write a Testimonial', 'Subscribe to Newsletter', and 'Socialize'. Below the move section is a 'Find Tomorrow's Treasure in Today's Market' section with a list of bullet points. To the right of the move section is a 'Walkscore' section with a 'What's yours?' link. Below the move section is a 'Grow Your Roots in MSP' section with a list of bullet points. At the bottom of the page is a footer with the 'LIVE MSP' logo, a copyright notice, and a 'Top' link.

HOME CITY LIVING NEIGHBORHOODS INCENTIVES RESOURCES HOMEBUYING ABOUT US search... Go

LIVE MSP
All this has to do with living Minneapolis - Saint Paul

Main Menu
Home
City Living
Neighborhoods
Incentives
Resources
Homebuying
About Us

City Living Spotlight
[OwnAHomeMSP.org](#)
Find quality, affordable homes for sale by Twin Cities area community development organizations. Learn more about home ownership opportunities and resources. Created by the Metropolitan Consortium of Community Developers.
Federal First-Time Homebuyer Tax Credit
Purchase a home between now and Dec. 1, 2009, you could see up to \$8,000 back in your pocket! (Amount refunded depends on your income, tax liability, & home price)

VISIT OUR FRIENDS
Click on the logos to visit other groups that celebrate living, working, learning, and playing in MSP.

THE ALLIANCE
A COMMITMENT TO AFFORDABLE HOUSING

Capital City Partnership
metroMSP
MINNEAPOLIS SAINT PAUL
HOME TO LIVE™

Make Your Move to Minneapolis-Saint Paul
Whether you are:
• An active family or city slicker
• A bargain hunter or design diva, or
• Something else entirely
We've got a neighborhood that fits your style, taste, and budget. If you want to:
• Find vibrant, diverse, and unique neighborhoods
• Spend less time in traffic and
• Take advantage of new home buying incentives, then
Experience [city living - Minneapolis - Saint Paul style!](#)

A Message from the Mayors
We're proud to call Minneapolis and Saint Paul home. Here you'll find a thriving creative community, abundant career opportunities, an exceptional educational system, and nationally-recognized cultural venues and park systems. From lofts in renovated warehouse buildings to apartments, newly-built condos, and charming homes in tree-lined neighborhoods, Minneapolis and Saint Paul offer housing options as diverse as our residents and beautiful natural landscapes. Take a look at what MSP has to offer. Enjoy our high quality of life, without the high price. And join the growing ranks of people proud and happy to call Minneapolis and Saint Paul home!

Mayors' Message
Write a Testimonial
Subscribe to Newsletter
View Larger Video

Get Involved
Write a Testimonial
Subscribe to Newsletter

Socialize
Follow us on Twitter
Follow us on Facebook

Walkscore
My Walk Score: 78
What's yours?
Type an address
Go
Click on a map to see your score
Get widget

Find Tomorrow's Treasure in Today's Market
Despite the doom economic news, now is an excellent time for qualified homebuyers to take advantage of historically low interest rates and excellent values in the real estate market. With home prices more affordable than they have been in years, finding your dream home can be a reality. Explore [MSP's neighborhoods](#), check out [incentive](#) programs, and get started with [Homebuying 101](#).

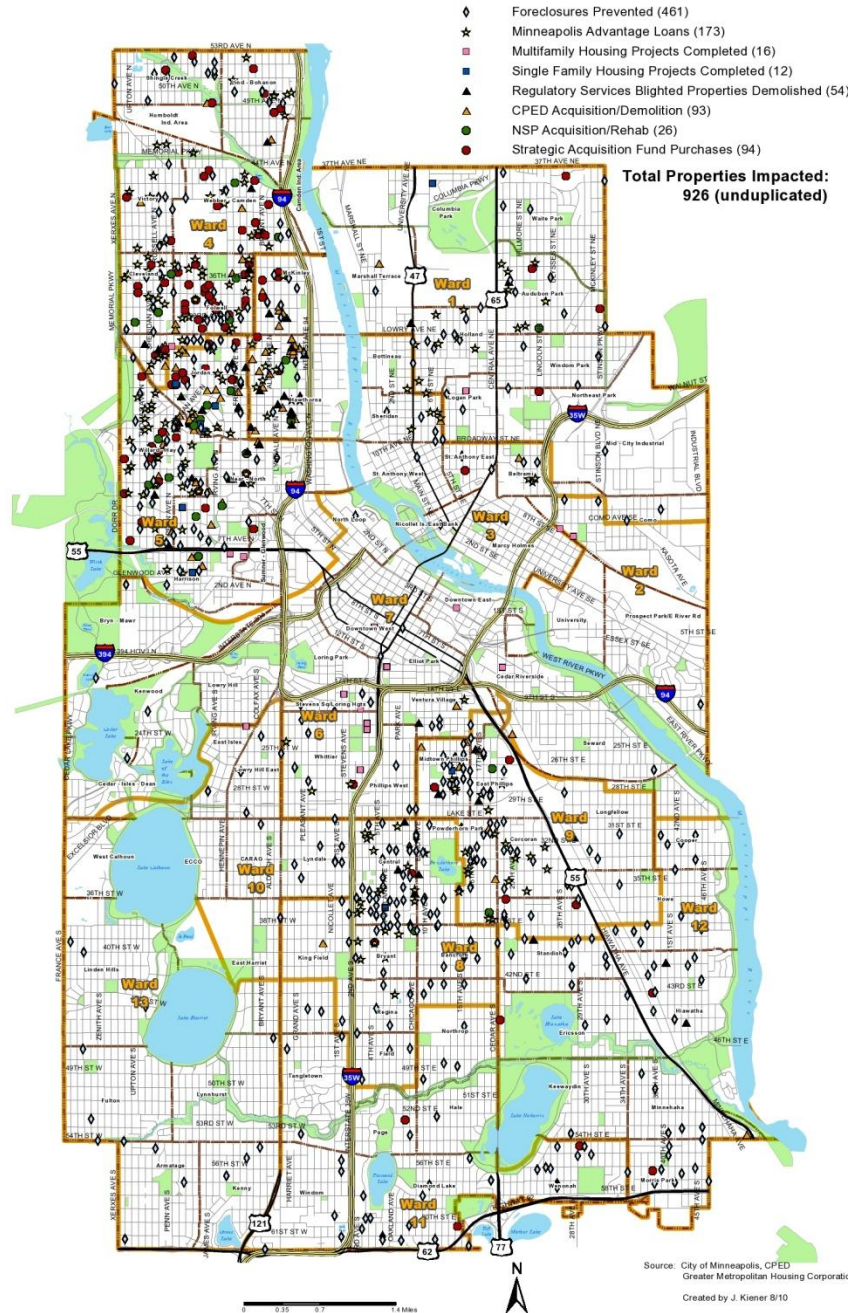
Grow Your Roots in MSP
Already here? Looking to learn more about your city and the opportunities that await you? Check out our directory of [home renovation](#) programs to learn about programs available in your neighborhood. Use our [city living resources](#) section to get hooked into the events and organizations that make living in MSP so rewarding. Love your neighborhood and city living? [Submit a Neighborhood Testimonial](#) today!

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Minneapolis Housing Investments 2009



Minneapolis Foreclosure Recovery Plan

PREVENTION

REINVESTMENT

REPOSITIONING

**Healthy
Housing
Market**

**Healthy
Housing
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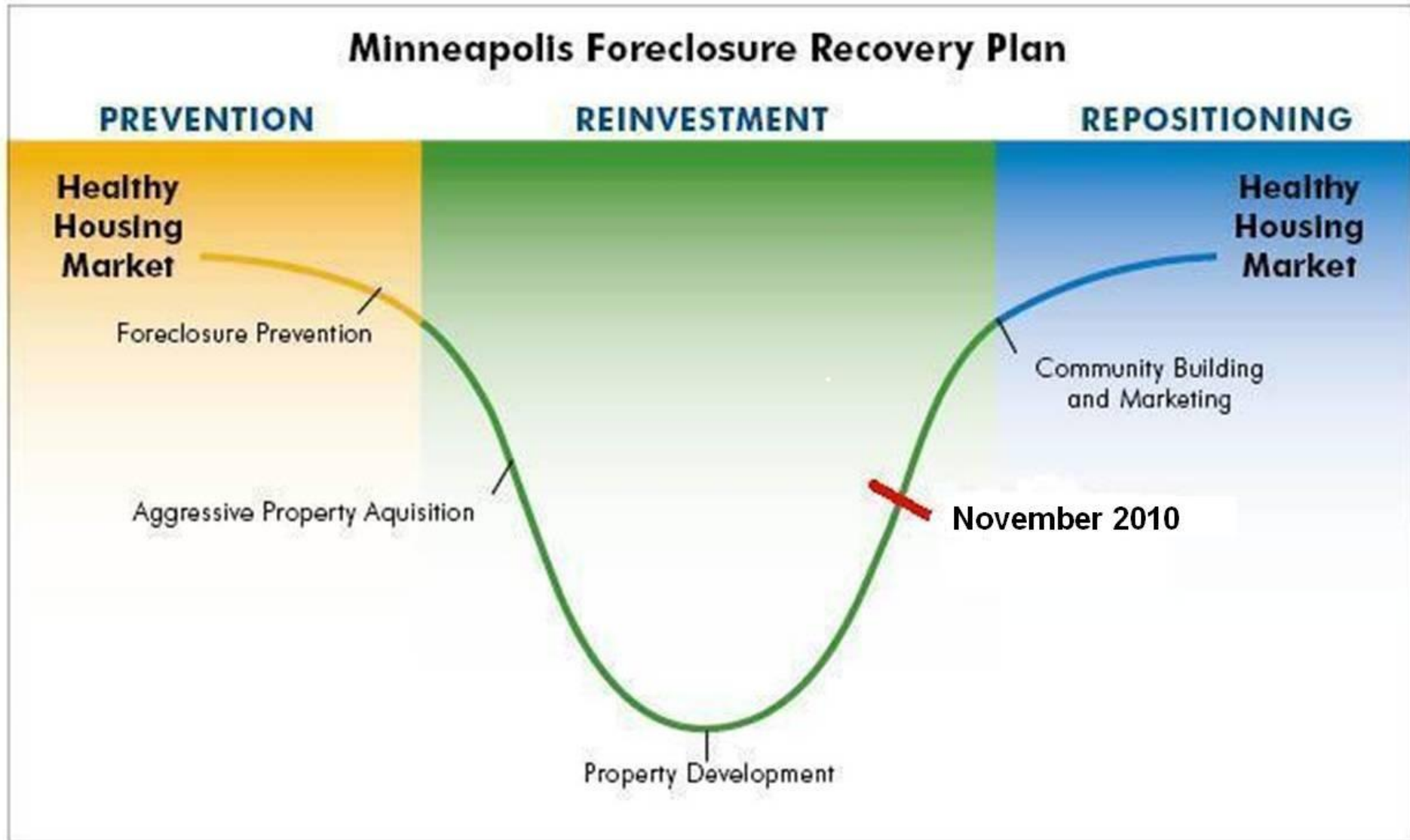
Foreclosure Prevention

Community Building
and Marketing

Aggressive Property Aquisition

November 2010

Property Development



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