

# The Coordinated Plan to Address Foreclosures in Minnesota

A review of **Successes to Date** and **Calls to Action** as summarized  
by the Minnesota Foreclosure Partners Council

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## The Problem

The number of mortgage foreclosures in Minnesota and throughout the country is dramatically increasing. Minnesota experienced about 6,500 foreclosures in 2005. In 2008, that number increased to nearly 27,000 foreclosures. Unfortunately, foreclosures are expected to continue to impact all parts of Minnesota in 2009 and beyond. Foreclosures are overwhelming existing resources and displacing thousands of families and children, while vacant and boarded structures are devastating neighborhoods and surrounding property values and frustrating community reinvestment and recovery.

## The Solution

The Minnesota Foreclosure Partners Council was convened in January 2007 to facilitate a rapid, coordinated response to the mortgage foreclosure crisis affecting the Twin Cities metropolitan area and Greater Minnesota. The council, in collaboration with many other key private and public partners, has made great strides. However, given the enormity of the problem, much work remains to be done to help stabilize neighborhoods and help families succeed throughout the state. *The Coordinated Plan to Address Foreclosures in Minnesota* highlights the successes to date and presents next steps and calls to action in the areas of data collection, homebuyer and tenant counseling, targeted outreach, product development, neighborhood and community recovery, and legislative and legal strategies.



## 1. Data Collection

### Successes to Date

- Collected and analyzed statewide foreclosure data through the work of HousingLink, Family Housing Fund, Greater Minnesota Housing Fund, Minnesota Home Ownership Center, and the Federal Reserve Bank of Minneapolis.
- Expanded data sharing between cities and counties, including the expanded use of early warning systems.
- Diverse sectors partnered to pass new legislation to make more information readily available in the published information required for non-judicial foreclosures.
- Statewide legislative task force formed to make recommendations on the development of a platform to improve and expand predictive and analytical data collection.

### Call to Action

- Implement legislative recommendations on a statewide data collection platform.

## 2. Homeowner and Tenant Counseling

### Successes to Date

- Implemented a statewide foreclosure prevention capacity building initiative that more than tripled the number of mortgage support counselors serving at-risk homeowners throughout Minnesota with funding provided by National Foreclosure Mitigation Counseling, Minnesota Housing, Family Housing Fund, Greater Minnesota Housing Fund, and other public and private funders.
- Developed a statewide tenant assistance capacity building initiative adding additional capacity at HOMELine, Legal Aid, Southern Minnesota Regional Legal Services, and Centro Legal.
- Minnesota Housing has been awarded over \$8.5 million in National Foreclosure Mitigation Counseling funds to support the expansion of the statewide counseling network—the second largest amount awarded to any state housing agency in the country.
- Landmark legislation was passed that provides counseling agencies with contact information of distressed homeowners prior to the commencement of foreclosure proceedings so that every homeowner at risk is personally contacted and made aware of free, confidential counseling services.
- Mortgage servicers created dedicated call lines for use by mortgage support counselors and distressed homeowners.
- Mortgage support counselors keep regular office hours at community libraries, neighborhood offices, and recreation centers.

### Calls to Action

- Sustain statewide counseling capacity for at-risk homeowners and renters.
- Expand counseling capacity for non-English speaking homeowners and renters.
- Collaborate with lenders and servicers to promote timely and effective loss mitigation practices.

## 3. Targeted Outreach

### Successes to Date

- Minnesota Home Ownership Center and tenant advocacy agencies developed a comprehensive outreach and education campaign utilizing a range of materials, tools, and information for tenants, homeowners, professionals, and referral agencies with funding from National Foreclosure Mitigation Counseling, Minnesota Housing, Family Housing Fund, Greater Minnesota Housing Fund, and numerous other private and public funders.
- Minnesota Home Ownership Center provides workshops for homeowners and referral agency professionals in partnership with mortgage servicers, legal assistance providers, local governments, and nonprofits.
- Expanded outreach to and services for communities of color and non-English speaking households.



### Targeted Outreach *Continued*

- The Family Housing Fund, in partnership with the Minnesota Home Ownership Center, reoriented and reactivated Don't Borrow Trouble Minnesota™ messaging in English and Spanish around foreclosures.
- City of Saint Paul posted foreclosure prevention hotline information on more than 400 public works vehicles.
- City of Saint Paul staff were trained to recognize the signs of foreclosure and distribute materials to households in distress.

### **Calls to Action**

- Continue outreach and education initiatives directed to homeowners and renters, as well as through partnership and referral networks.
- Expand outreach and education to non-English speaking homeowners, renters, and referral networks.
- Develop video tool for broadcast on public television and other outlets encouraging homeowner action to avoid foreclosure.
- Partner with employers to connect with employees affected by layoffs.
- Enhance outreach messages to target changing at-risk populations, for example, more distressed homeowners in suburban communities and Greater Minnesota.

## 4. Product Development

### **Successes to Date**

- City of Minneapolis developed *Minneapolis Advantage*, a successful down payment and closing cost assistance pilot program to help rebuild the housing market in key neighborhoods that have experienced mortgage foreclosures.
- City of Saint Paul developed the *Make it Possible* program, administered through Dayton's Bluff Neighborhood Housing Services, to stabilize *Invest Saint Paul* neighborhoods by providing current homeowners with the option to refinance out of adjustable rate mortgages and an incentive for people to purchase vacant or foreclosed properties.
- Greater Metropolitan Housing Corporation (GMHC) developed the *Bridge to Success Contract for Deed* program, administered through GMHC and Dayton's Bluff Neighborhood Housing Services, to stabilize key neighborhoods in Minneapolis and Saint Paul.
- Collaborating with mortgage originators to refinance distressed homeowners on case-by-case basis.
- City of Brooklyn Park reallocated resources to provide down payment assistance for families purchasing foreclosed homes. In conjunction with this effort, the city held homebuyer fairs providing "one stop" shopping to match potential homeowners with lenders and appropriate mortgage products.
- Cities, community development corporations, and their partners are developing and employing innovative contract for deed and other models to enable working families to purchase homes.
- Cities will use Federal Neighborhood Stabilization Funds to assist new purchasers with products that create opportunities for successful homeownership.

### **Calls to Action**

- Support loan products that provide refinancing for distressed homeowners.
- Address outstanding challenges still facing renters and new potential buyers unable to purchase a home due to damaged credit from a foreclosure and the tightened credit market.
- Partner with originators, local governments, and associations to prepare new homeowners and new landlords for challenges of the marketplace and housing stock.
- Develop land trust and land bank models.
- Partner with local and national mortgage lenders to provide purchase loans.

## 5. Neighborhood and Community Recovery

- Successes to Date**
- The Family Housing Fund launched the Home Prosperity Fund in 2008 with initial investment loans of \$16 million from Wells Fargo, US Bank, TCF Bank, Thrivent Financial, and Minnesota Housing for strategic acquisition and rehabilitation and programs to assist affordable sustainable homeownership throughout the Twin Cities. New 2009 commitments from The McKnight Foundation and Wells Fargo put the total pool at \$24 million.
  - Minnesota Housing released \$9.2 million in federal HOME funds to provide down payment and entry cost assistance with the acquisition of foreclosed homes by new homeowners as a primary target.
  - Minnesota Housing implemented the *Homeownership Opportunity Program* to provide a bridge loan to enable homeowners to acquire and rehabilitate either foreclosed homes or homes in danger of foreclosure.
  - Several cities employ point of sale ordinances that require properties be brought to certain standards upon resale.
  - Minneapolis and Saint Paul are piloting the *First Look Program*, developed by the National Community Stabilization Trust, to help restore neighborhoods hardest hit by foreclosures by allowing the two cities to acquire foreclosed properties before they are put on the market. Partners are also considering opportunities to work with servicers in highly impacted communities in greater Minnesota.
  - Greater Metropolitan Housing Corporation, with the support of local partners and investments from the City of Minneapolis, the State of Minnesota, and the Home Prosperity Fund, has acquired more than 150 properties in Minneapolis for rehab and resale.
  - City of Saint Paul has acquired nearly 75 properties for rehab and resale in its *Invest Saint Paul* areas.
  - Cities will use Federal Neighborhood Stabilization Funds to acquire, rehabilitate, or demolish vacant and boarded buildings.
  - City of Duluth created a task force to holistically target market outreach and recovery efforts in heavily impacted older, established neighborhoods.
  - City of Brooklyn Park has established streamlined, real time communication systems internally and externally in an effort to monitor foreclosed properties. These efforts are identifying vacant homes and proactively preventing significant damage and loss of value from neglect, vandalism, and frozen water pipes.
- Calls to Action**
- Enhance partnerships between realtors, utilities, property management companies, landlords and tenants, mortgage servicers, local governments, and community development corporations to better respond to code enforcement and licensing requirements and purchase requests.
  - Push for enhanced financial literacy and education for the next generation of homeowners.
  - Develop and provide technical assistance to redevelopment partners.
  - Provide capacity building support for community development corporations.
  - Incent and coordinate the rehabilitation and redevelopment efforts of the private market.
  - Secure funds to acquire, rehabilitate, and resell properties.
  - Advocate for increased federal resources to stabilize neighborhoods throughout Minnesota.

## 6. Legislative and Legal Strategies

- Successes to Date**
- Coordinated implementation of landmark, model state legislation passed in 2007 and 2008 to address problems associated with foreclosure, tenant protections, utilities, and predatory lending practices.
  - Neighborhood organization successfully litigated the acquisition of a key property in North Minneapolis.
  - City of Minneapolis successfully settled a suit against a challenging property-owning company.
  - Saint Paul City Attorney's Office is co-convening a national working group to coordinate municipal legal interests affected by foreclosures.
- Calls to Action**
- Address the challenges associated with vacant and boarded buildings.
  - Support federal legislation that helps address foreclosures.
  - Require plain language disclosures in contract for deed transactions.



## About the Minnesota Foreclosure Partners Council

The goal of the Minnesota Foreclosure Partners Council in Minnesota is to identify, fund, and implement coordinated statewide policies and programs that effectively address the impact of the recent surge in mortgage foreclosures on families, neighborhoods, and communities. Members and other partners take specific, innovative, and collaborative actions including changes in policies and practices and the provision of resources.

### Partners Required for Success

#### Minnesota Foreclosure Partners Council

##### Chairs

Cecile Bedor, City of Saint Paul

Warren Hanson, Greater Minnesota Housing Fund

##### Members

- City of Brooklyn Park
- City of Cottage Grove
- City of Minneapolis
- City of Saint Paul
- Dakota County
- Dayton's Bluff Neighborhood Housing Services
- Duluth Local Initiatives Support Corporation
- Emerging Markets Homeownership Initiative
- Family Housing Fund
- Fannie Mae
- Greater Metropolitan Housing Corporation
- Greater Minnesota Housing Fund
- Hennepin County
- HousingLink
- League of Minnesota Cities
- Metropolitan Consortium of Community Developers
- Minnesota Home Ownership Center

- Minnesota Housing
- Ramsey County
- Saint Cloud Housing and Redevelopment Authority
- Three Rivers Community Action
- Twin Cities Local Initiatives Support Corporation

##### Other Key Partners

- Banks
- Community and neighborhood organizations
- Community development corporations
- Elected and public officials
- Federal and local housing agencies
- Federal Reserve Bank of Minneapolis
- Foundations and private donors
- Housing advocates and tenants organizations
- Legal assistance providers
- Local governments
- Mortgage brokers
- Mortgage lenders and servicers
- Realtors
- State of Minnesota
- Trustees of mortgage backed securities
- University of Minnesota

*For the most current version of the Coordinated Plan to Address Foreclosures in Minnesota and partners list, please visit [www.fhfund.org](http://www.fhfund.org).*

#### Contact Information

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