

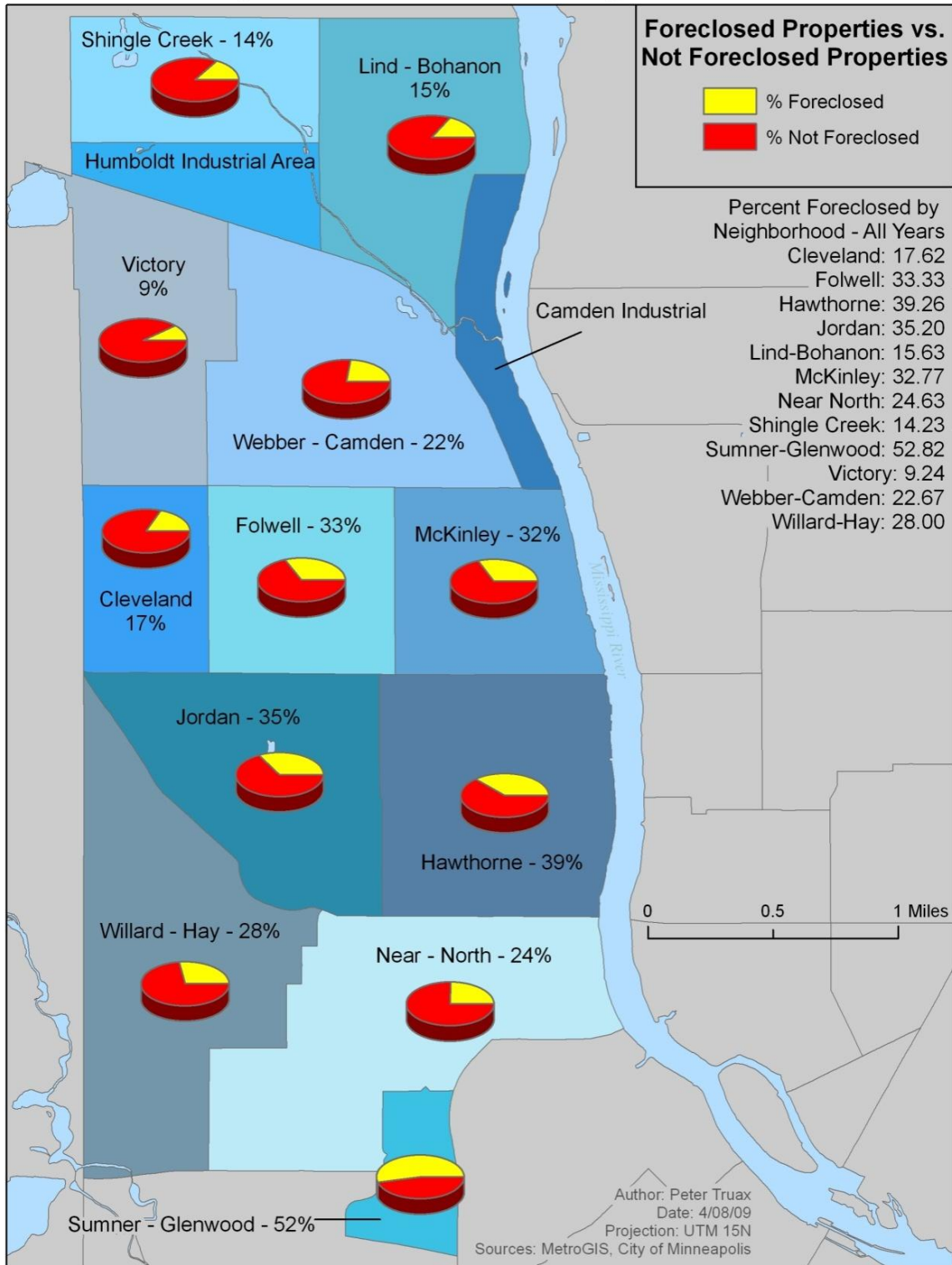
# 3) Foreclosure Trends

## Comparisons between Economic Factors and Foreclosures



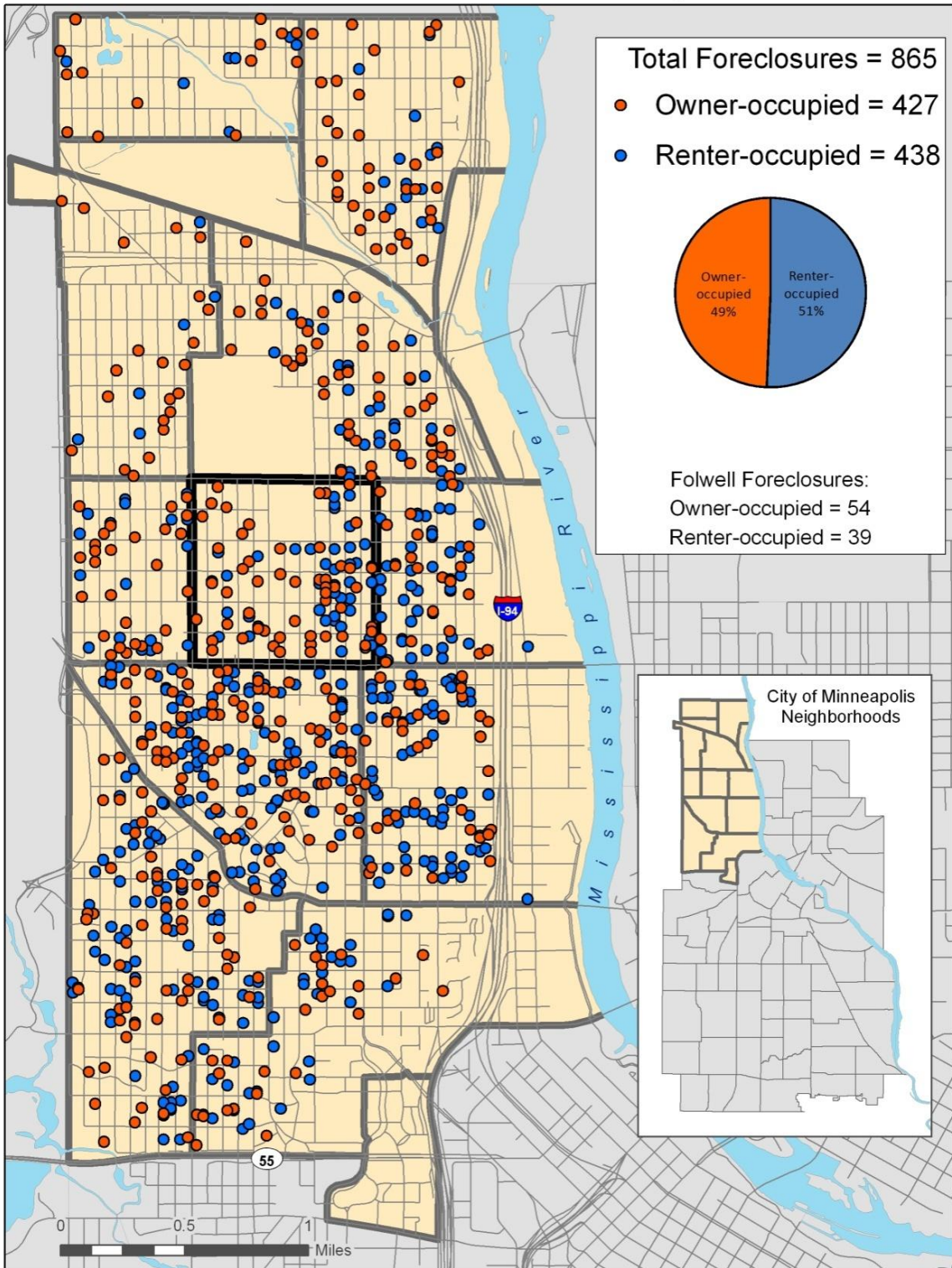
Photo by Chloe Mirzayi

# Foreclosed Properties in North Minneapolis 2002, 2005-2008



- The highest rates of foreclosures occur in the center of North Minneapolis with the lowest rates in the northernmost neighborhoods

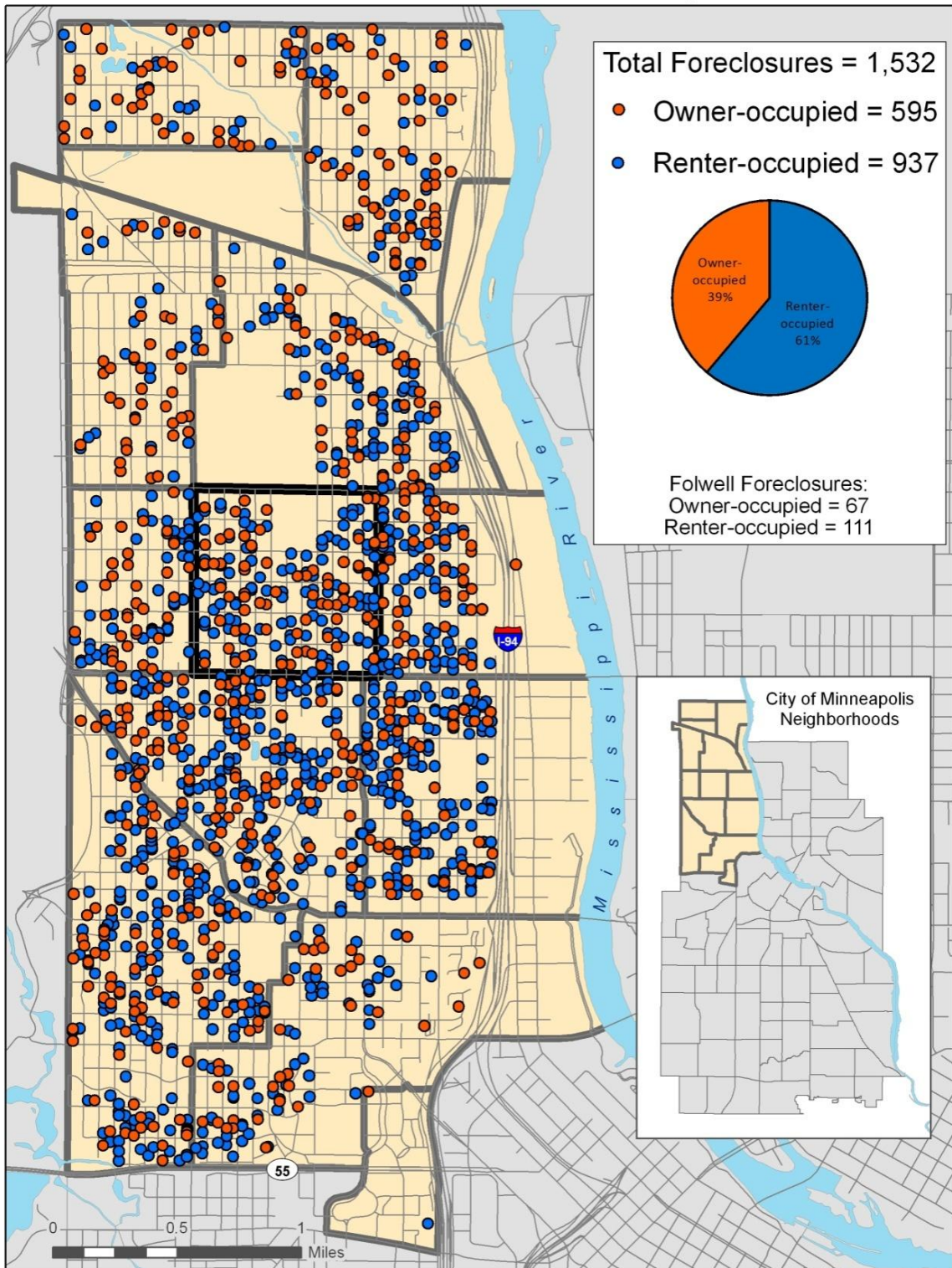
# Foreclosures in North Minneapolis, 2006



Charlie Edelman 16 April 2009 Data Sources: MetroGIS; Hennepin County Sheriff's Office Projection: NAD 1983 UTM Zone 15

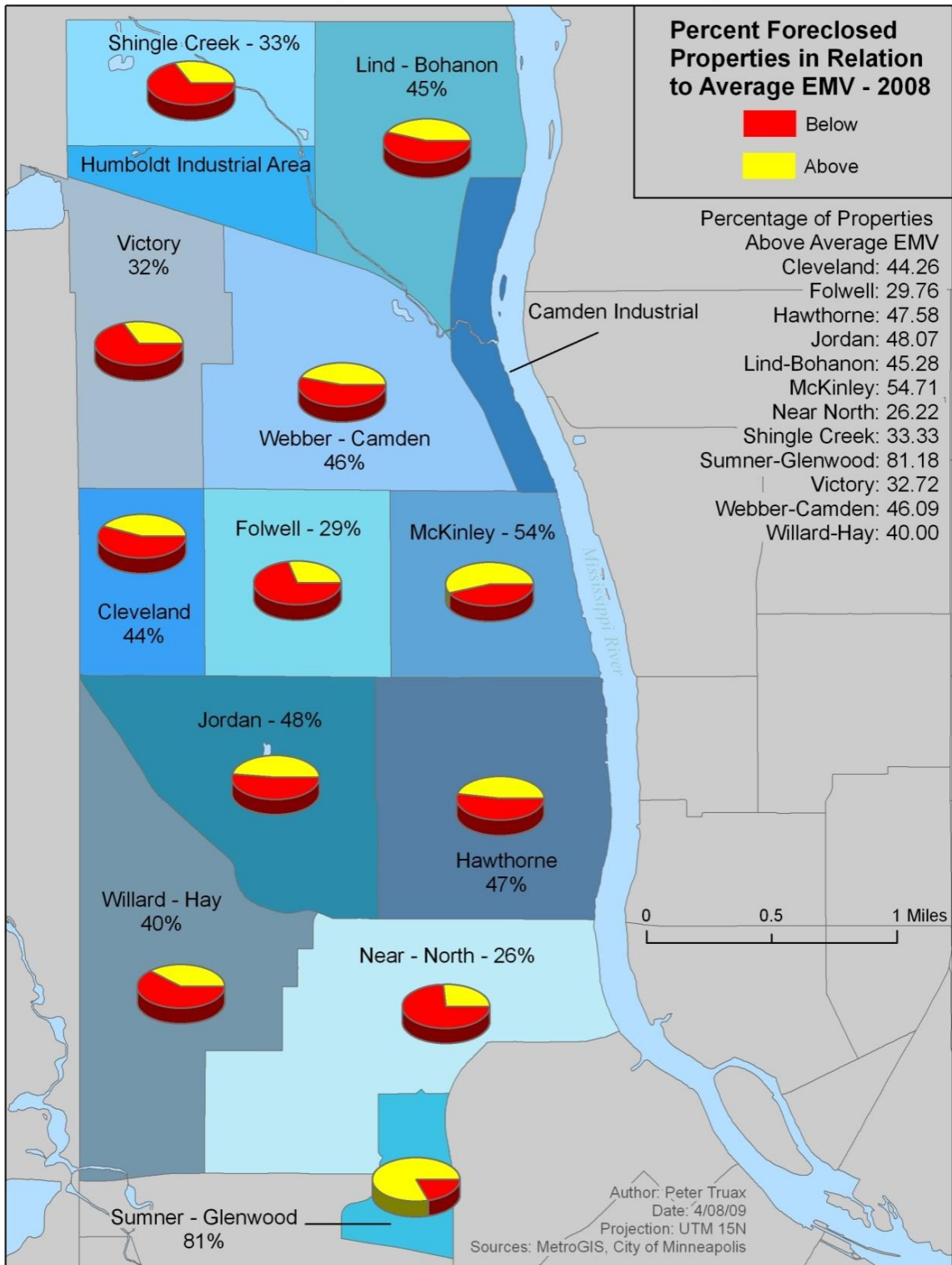
- The trend of owner-occupied versus renter-occupied foreclosures follows a 50/50 ratio through 2006

# Foreclosures in North Minneapolis, 2007



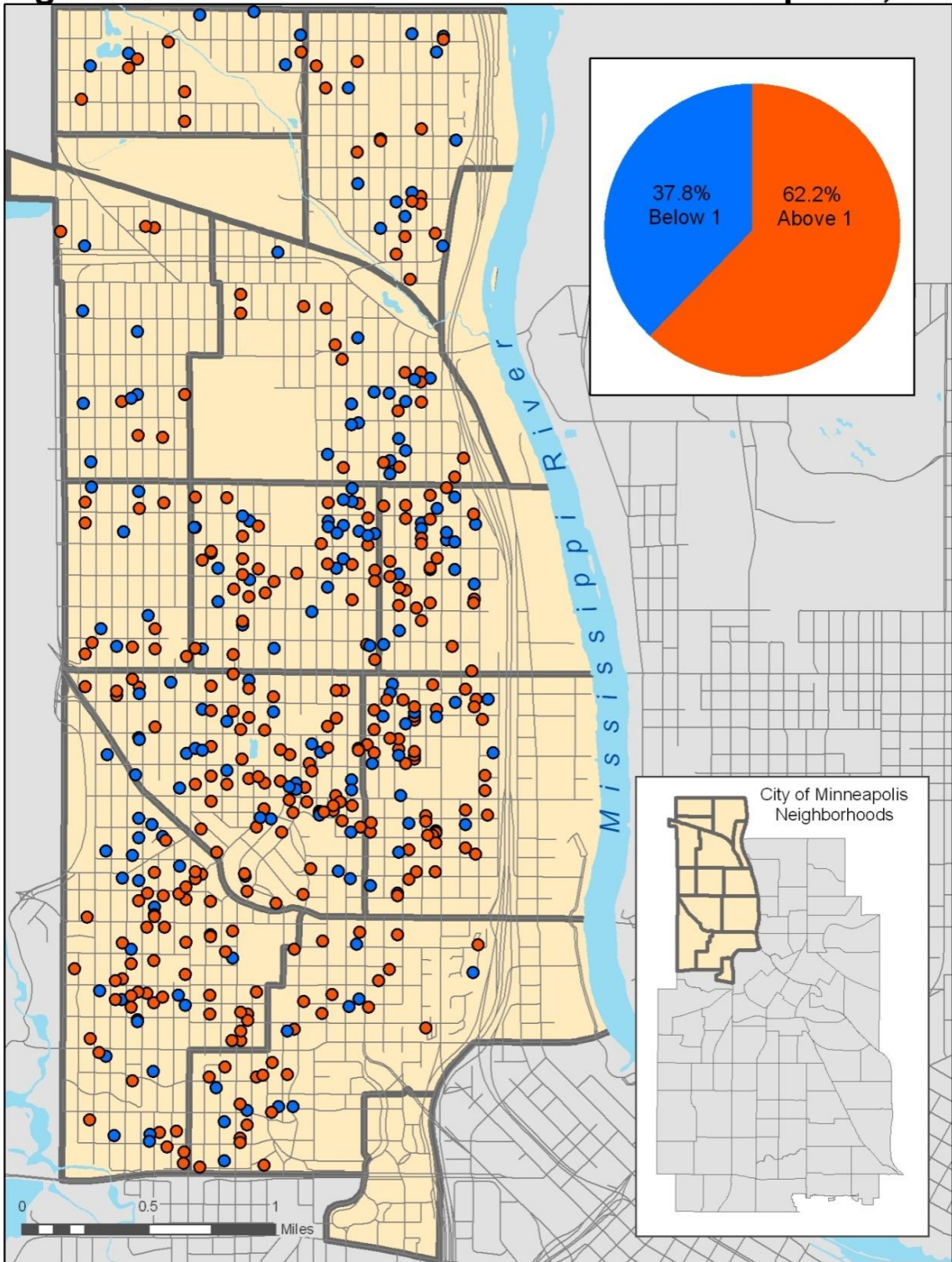
- In 2007, the trend changes as the percentage of renter-occupied foreclosures overtakes owner-occupied foreclosures in a 60/40 ratio

# Foreclosed Properties in North Minneapolis 2008



- In comparing foreclosed properties to the average neighborhood estimated market value, no trend appeared from 2005 to 2008

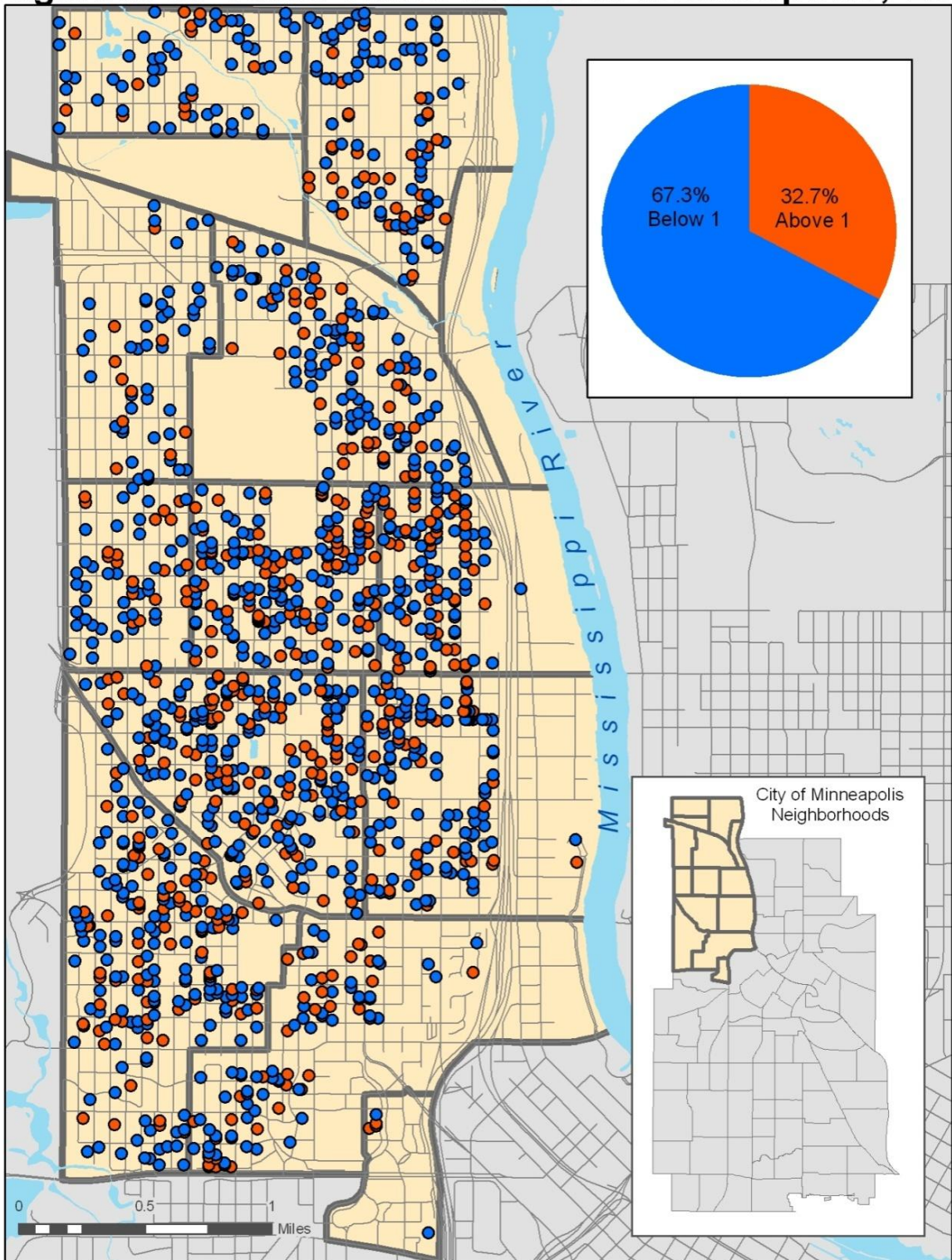
# Judgment to Value Ratio in North Minneapolis, 2005



Ben Glickstein 07 April 2009 Data Sources: MetroGIS and Hennepin County Sheriff's Office; Projection: NAD 1983, UTM Zone 15

- The ratio shown represents the bid on the property at foreclosure divided by the estimated market value

# Judgment to Value Ratio in North Minneapolis, 2008



Ben Glickstein 07 April 2009 Data Sources: MetroGIS and Hennepin County Sheriff's Office; Projection: NAD 1983, UTM Zone 15

- Between 2005 and 2008, the ratio consistently shifted towards properties where more money was owed than the value of the property

## Top Lender Foreclosure Rates in North Minneapolis 2004-2006

Lender	Foreclosures	Mortgages	Rate	Current Status
Long Beach Mortgage Co.	26	114	23%	Closed
BNC Mortgage	74	482	15%	Closed
Mila, Inc.	14	105	13%	Closed
Argent Mortgage Company LLC	101	806	13%	Purchased
Fremont Investment & Loan	61	676	9%	Purchased
Lehman Brothers Bank	34	388	9%	Bankrupt
Decision One Mortgage	22	261	8%	Closed
Accredited Home Lenders, Inc	10	122	8%	Purchased
Aames Funding Corporation	11	146	8%	Purchased
Option One Mortgage Corp	14	191	7%	Purchased
Town & Country Credit Corp	13	187	7%	Closed
Aegis Funding Corporation	12	176	7%	Bankrupt

Compiled by Chloe Mirzayi; 08 April 2009; Data Source: HMDA; Methodology: Total number of foreclosures by lender was divided by total number of mortgages by lender and converted into a percentage. Data were only available for lenders who had authorized more than 100 mortgages in the area. The top 12 rates were included in this chart.

- Lenders with the highest foreclosure rates were the most likely to close



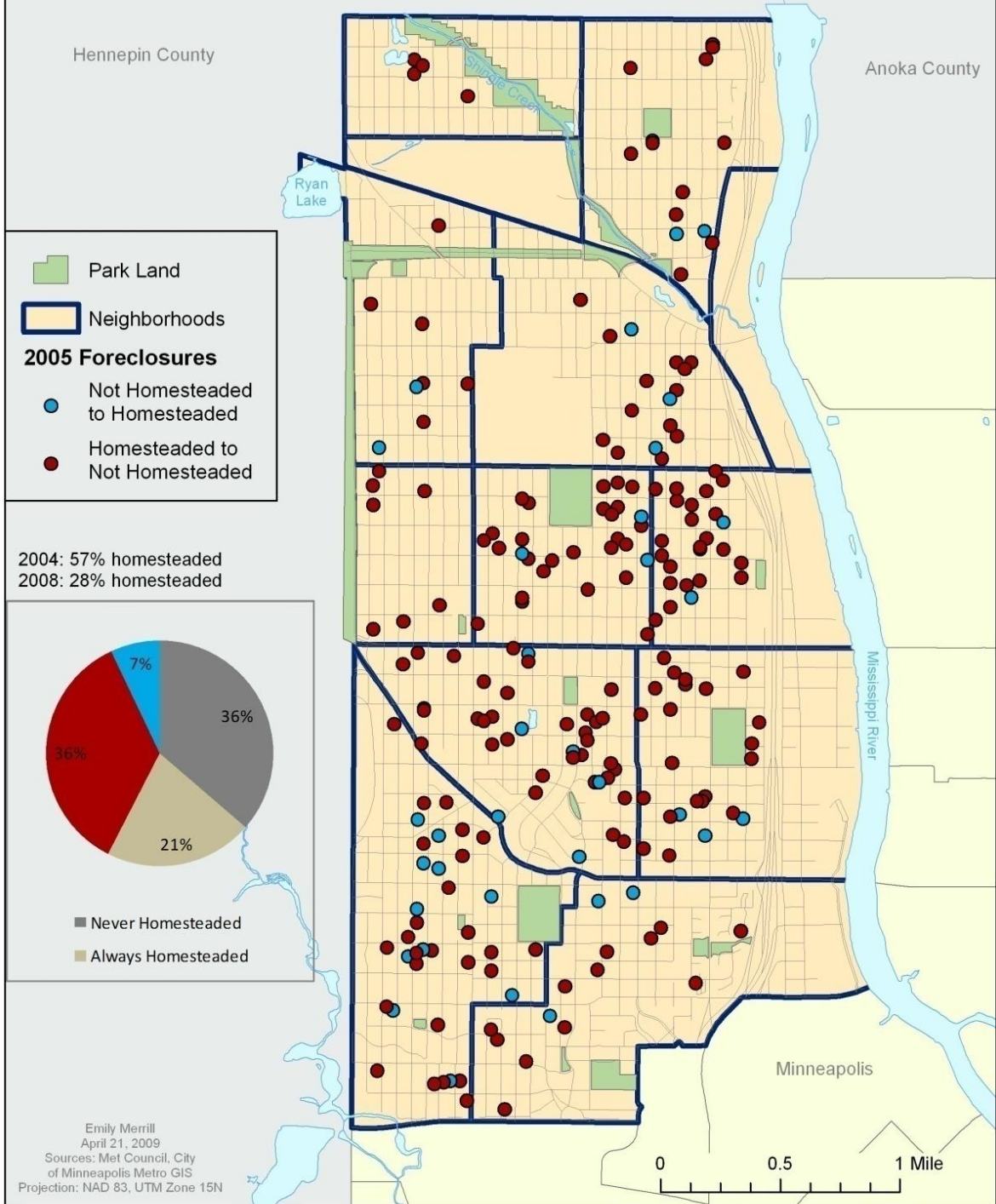
# 4) Post-Foreclosure and Vacancy Trends

How have Foreclosures  
Impacted the Landscape  
of North Minneapolis?



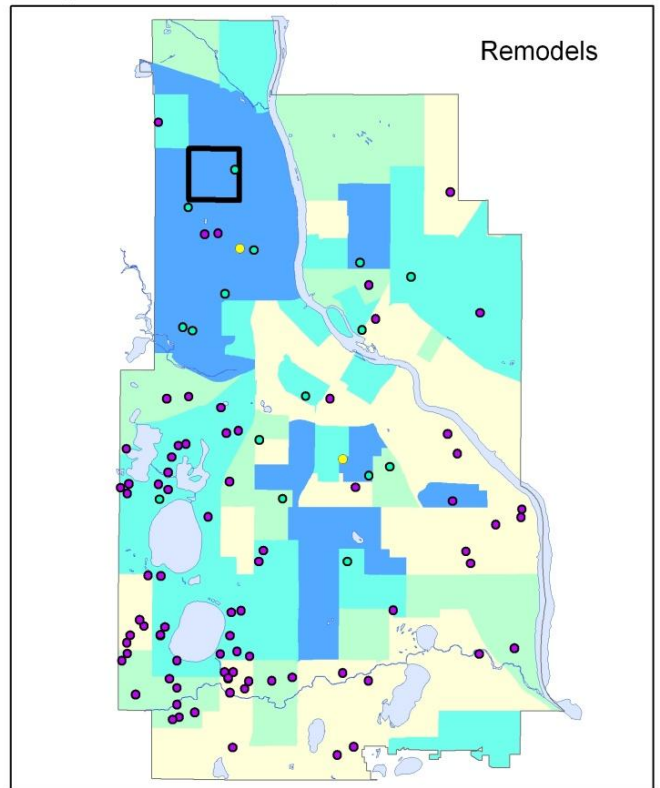
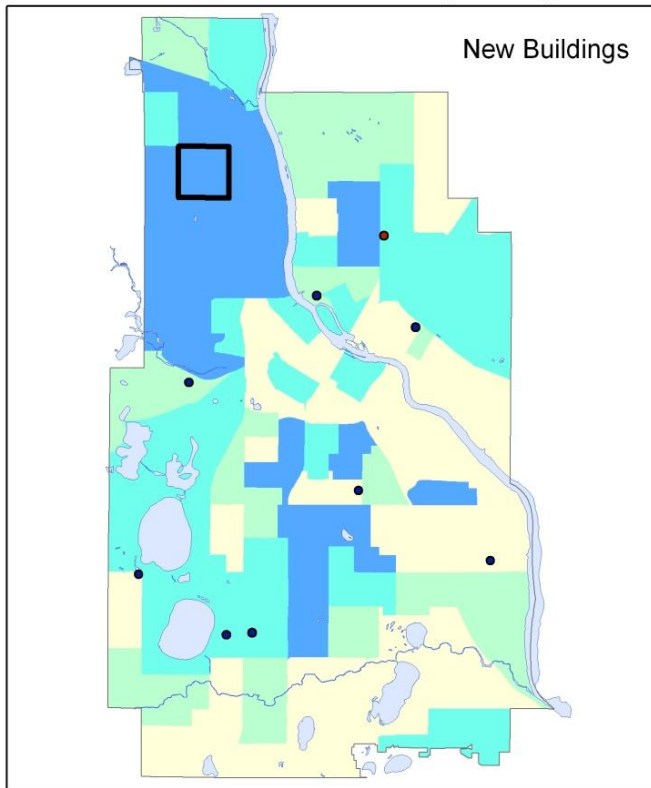
Photo by Chloe Mirzayi

# Change in Homestead Status of 2005 Foreclosures Between 2004 and 2008



- Three years post-foreclosure, homes are less likely to be owner-occupied

## Building Activity in Minneapolis (4th Quarter of 2008)



### Residential Vacancies: 6-12 months



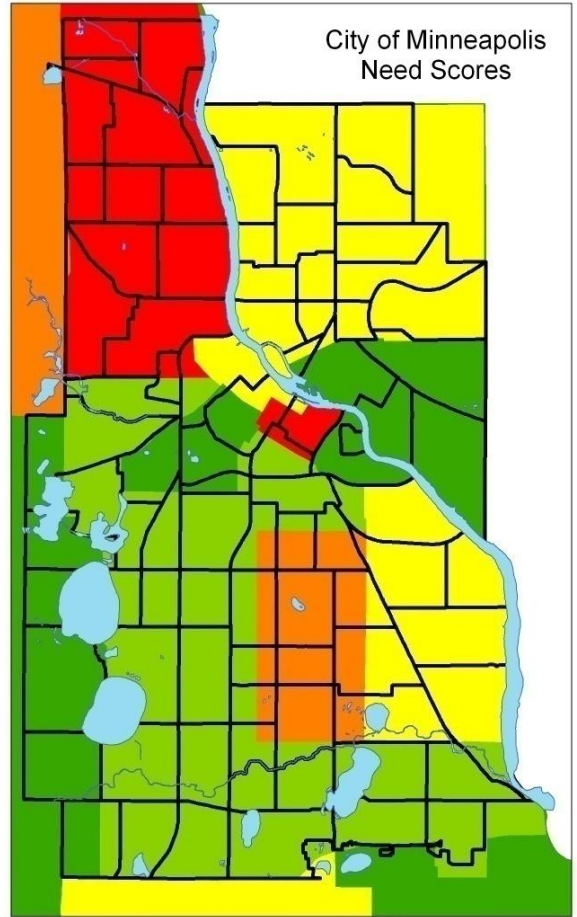
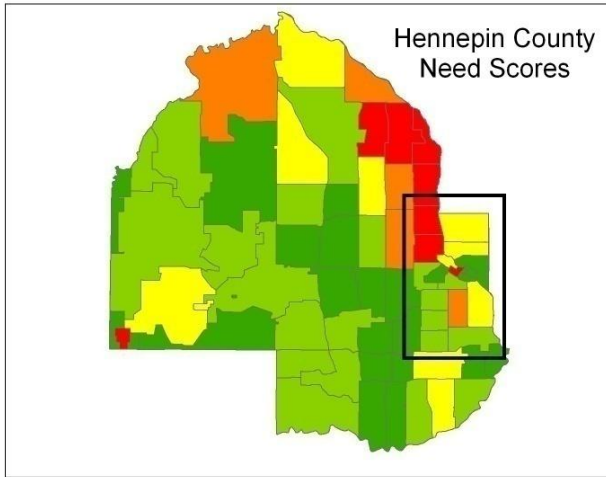
- Remodel: Multifamily Residential
- Remodel: Single Family Residential
- Remodel: Residential conversion to other use

- New Building: Multifamily Residential
- New Building: Single Family Residential

□ Folwell Neighborhood

- Very little construction activity is occurring in high vacancy areas

# MHFA\* Identified High-Need Zipcodes for NSP Funds



## Need Score



\*Minnesota Housing Finance Agency Need Scores for Federal Neighborhood Stabilization Funds are calculated through a formula using the following indicators of need:

- 1) Areas with the greatest percentage of home foreclosures;
- 2) Areas with the highest percentage of homes financed by a subprime mortgage related loan; and
- 3) Areas identified as likely to face a significant rise in the rate of home foreclosures.

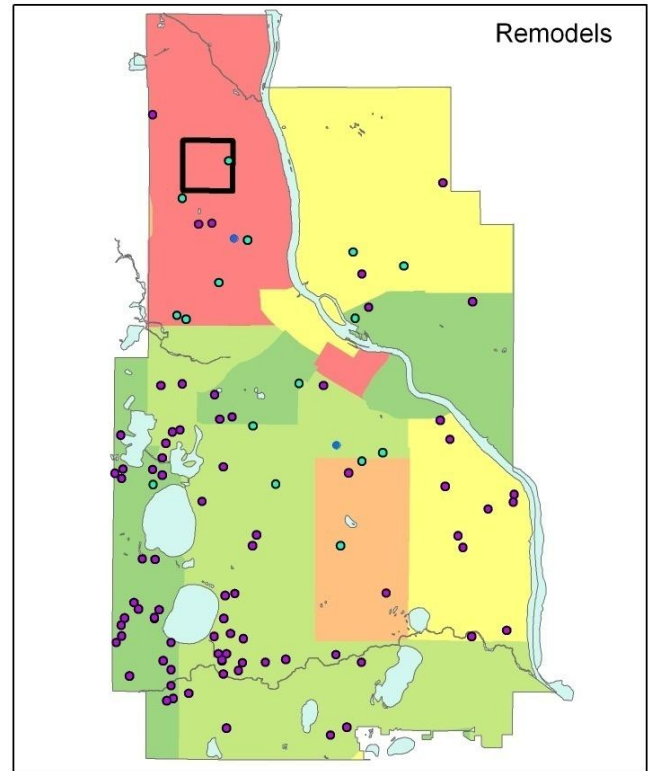
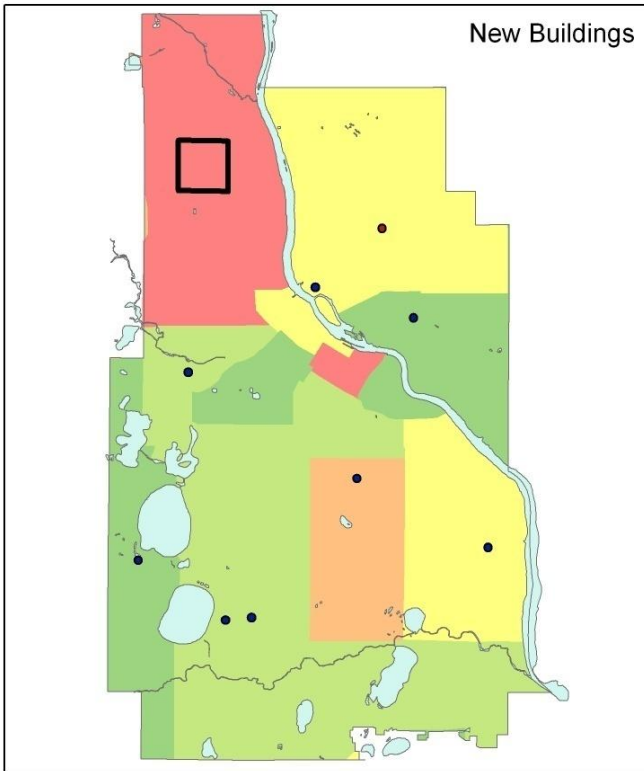
Neighborhood Boundary

A score of 100% means that zipcode has a rate of housing problems equal to the state average

Cartography by Megan Macpherson, April 2009.  
Data Sources: MN Housing, Metropolitan Council

- This map indicates where federal funds will be directed to encourage rehabilitation of foreclosed homes

## Building Activity in Minneapolis (4th Quarter of 2008)



### MHA High Need Zipcodes\*



- New Building: Single Family Residential
- New Building: Multifamily Residential
- Remodel: Multifamily Residential

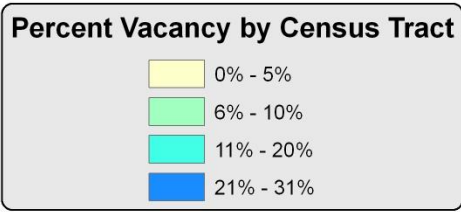
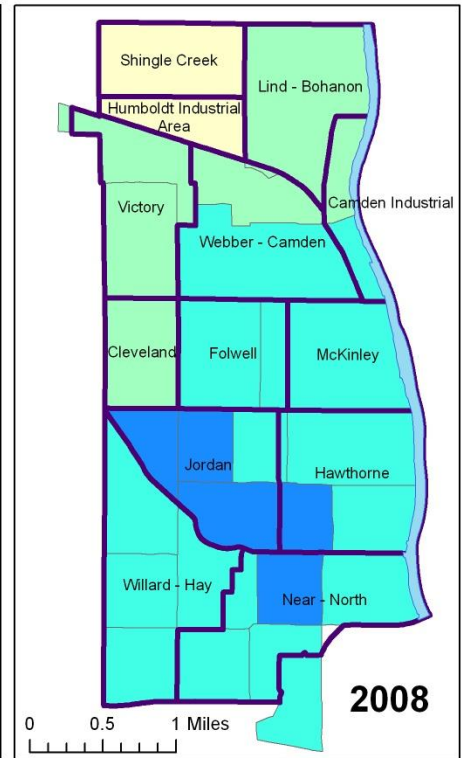
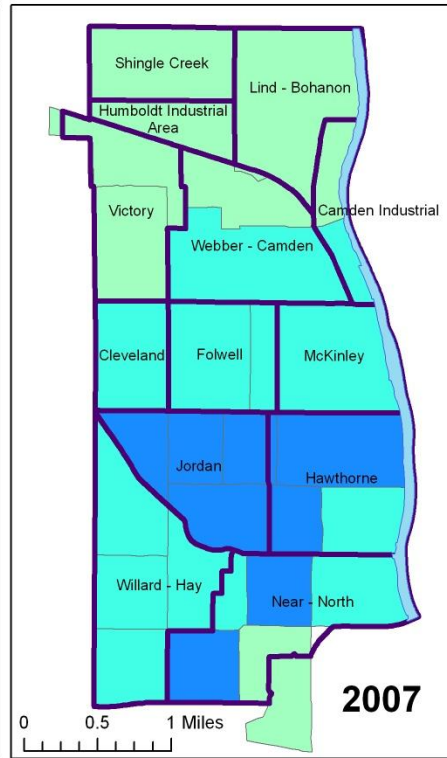
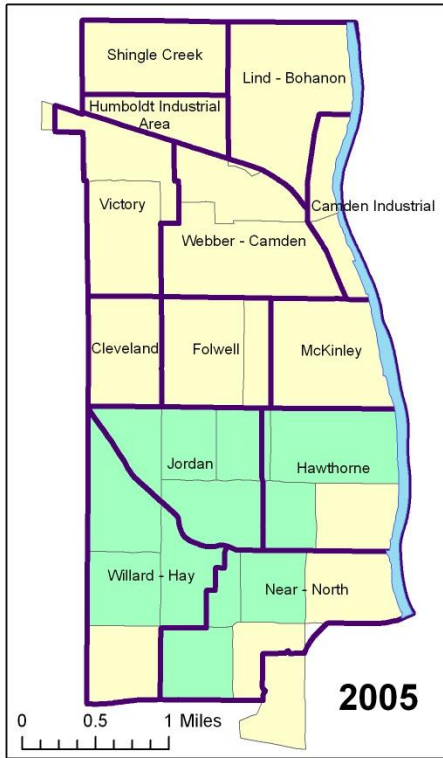
- Remodel: Single Family Residential
- Remodel: Residential conversion to other use

□ Folwell Neighborhood

\*As determined by the Minnesota Housing Finance Agency according to the number of high-risk loans, density of foreclosures and risk of future foreclosures. Cartography by Megan Macpherson, 2009. Data Sources: City of Minneapolis, MHFA

- Current patterns of construction are not in MHA high-need areas

# Residential Vacancies Over Time, 2005 - 2008

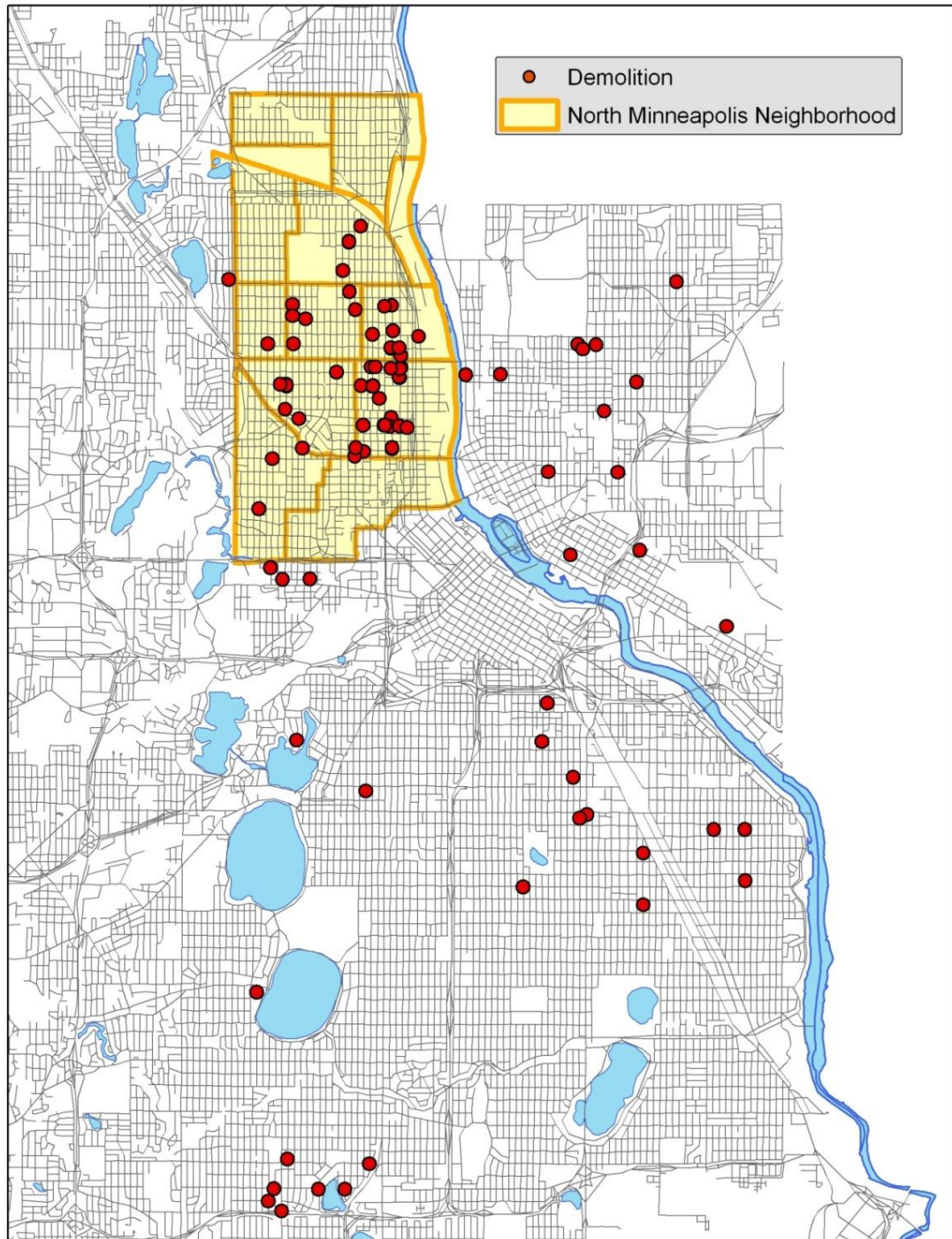


\*2006 HUD USPS data unavailable

Ainsley Judge  
 April 5, 2009  
 Source: US Department of Housing  
 and Urban Development  
 US Postal Service and MetCouncil

- Vacancies have increased from 2005 to 2008, particularly in the Jordan and Hawthorne neighborhoods

# Minneapolis Residential Demolitions, 4th Quarter 2008



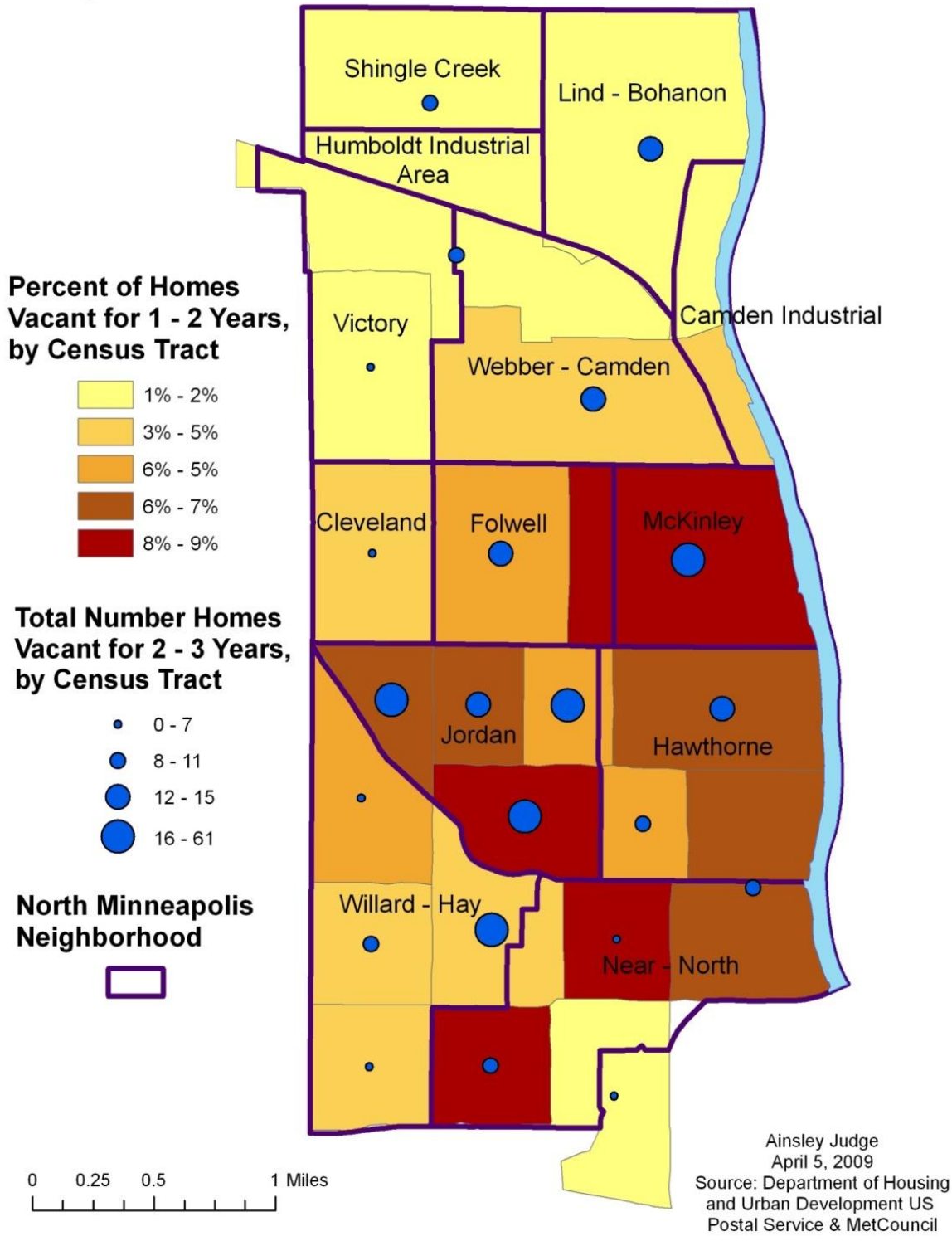
0 1 2 Miles

Ainsley Judge  
April 16, 2009

Sources: City of Minneapolis Data and ESRI 2008

- Residential demolitions are highly concentrated in North Minneapolis

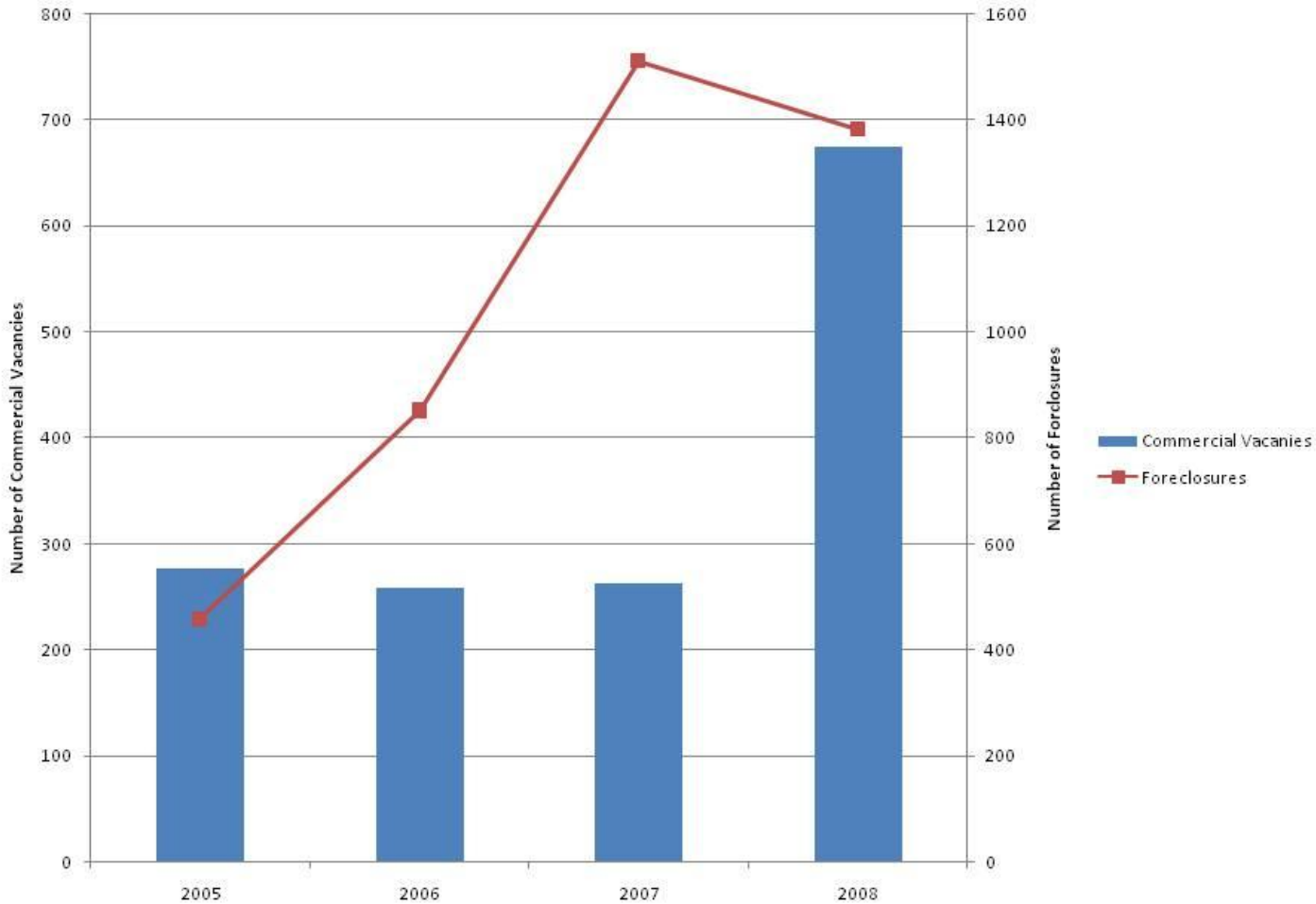
# Length of Vacancies at Residential Properties, 2008



- More residential properties have been vacant for 1 – 3 years in the McKinley, Jordan, and Hawthorne neighborhoods



## Commercial Vacancy and Foreclosure



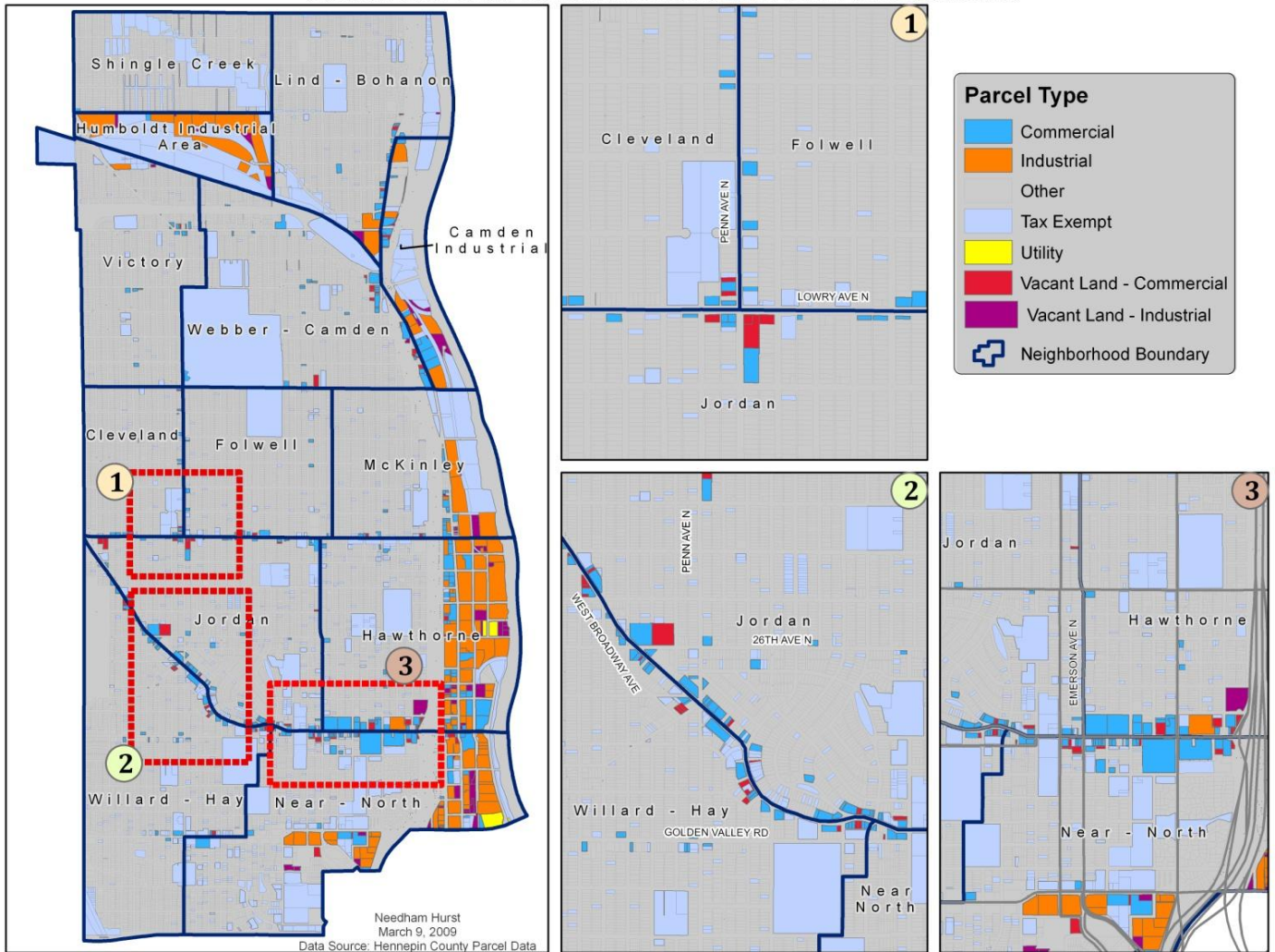
Data Sources: Hennepin Co. Parcel Data, Sheriff's Office

- Commercial vacancies have increased by over 250% from 2007 to 2008



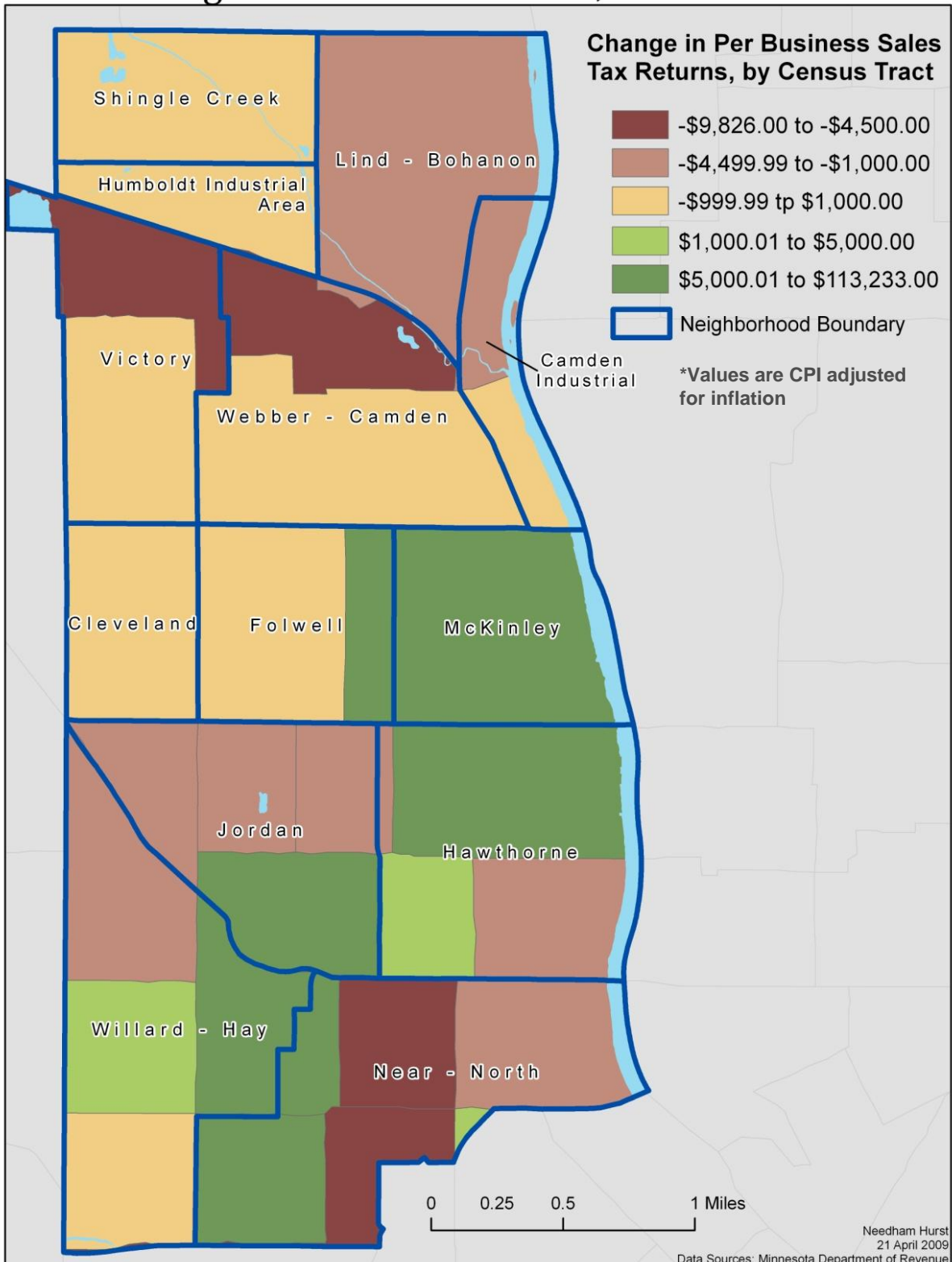
Photo by Chloe Mirzayi

# Commercial and Industrial Environment



- Commercial vacancies are concentrated along the main economic corridor, West Broadway

# Change in Sales Tax Returns, 2004 to 2006



- Sales tax returns show mixed growth in North Minneapolis businesses between 2004 and 2006

# Conclusions: Impact of Foreclosures

- Foreclosed homes are converting from homesteaded to renter-occupied
- North Minneapolis experienced a low rate of construction compared to evaluated need
- More demolitions have occurred in neighborhoods with high rates of residential vacancies
- Commercial vacancies increased dramatically from 2007 to 2008, most notably along West Broadway

# Conclusions: Changing Conditions

- Movement from owner-occupied to rental housing units
- Post-foreclosure conversions
- Increased proportion of foreclosures on rental units
- Non-local landlords
- Increasing residential and commercial vacancy rates

# Reflections and Recommendations

- Focus on sustaining neighborhood homeownership rates?
- Regulation of non-local landlords
- Expanded approaches to dealing with vacant properties
- Addressing relative geographic disadvantages
- Community data access and quality

- Special thanks to:

- Roberta Englund
- Bonnie Moore
- Vann Ek
- Chris Morris

- Report will be available at:

[http://www.macalester.edu/  
geography/faculty/smithl/courses  
/geog365/index.html](http://www.macalester.edu/geography/faculty/smithl/courses/geog365/index.html)