

Foreclosures in Minneapolis - CLCLT working on numerous fronts.

In the spring of 2007, The City of Lakes Community Land Trust (CLCLT) utilized its Homebuyer Initiated Program to assist a mother with three children "re-finance" out of a predatory loan into a responsible 30-year, fixed-rate mortgage so that she could stay in her home of 13 years. The homeowner's financial wherewithal and home values made such a create response to a horrible situation possible. Since then, declining home values and trouble accessing mortgage financing make similar opportunities difficult. The CLCLT will continue to work on many fronts to re-establish and grow the wealth in neighborhoods across Minneapolis. At this point, the CLCLT is moving forward on three initiatives focus on addressing the hundreds of foreclosures in Minneapolis. They include the CLCLT Homebuyer Initiated Program (HIP), Project Reclaim with Urban Homeworks, and a building market initiative with the Greater Metropolitan Housing Corporation.

CLCLT Homebuyer Initiated Program

As mentioned above, the CLCLT Homebuyer Initiated Program (HIP) has already been an effective tool in assisting existing homeowners "refinance" out of bad loans and into the CLCLT. More recently, HIP has been used by CLCLT buyers to identify and purchase previously bank foreclosed homes through the program as well as used in the purchase of short sales (in lieu of a foreclosure situation). The CLCLT Homebuyer Initiated Program provides up to \$25k to \$65k in affordability gap and up to \$25k in rehab gap for buyers to purchase any single-family home in Minneapolis. To date CLCLT HIP, with funding support from numerous funders, has assisted close to 25 low-income households purchase homes in Minneapolis.

Urban Homeworks "Project Reclaim" collaboration - contract for deed/CLT initiative

The CLCLT is partnering with Urban Homeworks, a faith-based urban Community Development Corporation, in this unique collaboration. Urban Homeworks and the CLCLT will acquire bank foreclosed homes, rehab them, place them in the CLCLT, and contract for deed them to long-term buyer interested income-qualified buyers. Urban Homeworks would be the leaseholder with the CLCLT in the short term and facilitate a contract with a low-income household on track to be mortgage-able over the next 3-4 years. The CDC and CLCLT would work with the buyers (establish performance indicators/benchmarks such as re-establishing credit and paying off judgments) and local lenders to have the contract for deed households ready to finance into CLCLT homeownership within a 3-5 year period. The contract would be a 2.5% contract where 2% would be placed in escrow for closing costs and additional downpayment on behalf of the buyer. Urban Homeworks and the CLCLT don't anticipate needing to raise additional affordability gap funds, but are seeking subsidy to cover administrative and holding costs for the contract for the contract for deed period. Once funded, the CLCLT and Urban Homeworks would like to serve 15 to 20 households over the next 24 months.

Market Building Initiative with the Greater Metropolitan Housing Corp.

Last year, the Greater Metropolitan Housing Corporation (GMHC) was able to secure \$1 million in grant funds and \$10 million in loan funds to buy as many foreclosed homes as possible in North Minneapolis. To date, they've acquired over 50 homes. The CLCLT and GMHC are seeking additional affordability gap funds to place 15-20 of these previously foreclosed homes into the CLCLT. The homes will be completely rehabbed and affordable to households currently living in the communities.