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PROMOTING RESPONSIBLE INVESTMENT IN TWIN CITIES' LOW-INCOME, HIGH-FORECLOSURE NEIGHBORHOODS

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For Immediate Release

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PROMOTING RESPONSIBLE INVESTMENT IN TWIN CITIES' LOW-INCOME, HIGH-FORECLOSURE NEIGHBORHOODS

New report provides strategies to encourage responsible investor ownership, Reclaim foreclosed properties and strengthen communities

May 5, 2010 – Minneapolis, Minn. – In response to the growing trend of investor ownership in neighborhoods with high foreclosure rates in the Twin Cities and across the country, PolicyLink, Northwest Area Foundation and Family Housing Fund today issued "When Investors Buy Up the Neighborhood: Strategies to Prevent Investor Ownership from Causing Neighborhood Decline" – a research report aimed at helping communities hit first and worst by the foreclosure crisis.

Based on dozens of interviews in the Twin Cities and secondary research, the report "When Investors Buy Up the Neighborhood: Strategies to Prevent Investor Ownership from Causing Neighborhood Decline" describes three dozen strategies communities can use to reclaim foreclosed properties, encourage positive reinvestment, and stabilize their neighborhoods. The study also details how many of these approaches are already at work in Minnesota and across the country.

The report recommends three major approaches:

- Encouraging homeowners and responsible investors to buy, rehab and maintain foreclosed properties;
- Strategically gaining control of foreclosed properties, and;
- Holding property owners accountable for property conditions.

Many homes in African-American and Latino communities previously targeted by predatory lenders, and now suffering from increased foreclosures due to the recession, are now being bought up by investors. While some investors contribute to local neighborhood stabilization efforts, others rent to unsuspecting tenants and become slumlords – or abandon the properties completely. Such scenarios result in the displacement of entire families and severely destabilize local neighborhoods.

"While the housing and mortgage crisis has been far-reaching, it has quickly become an urgent equity issue for low-income people and communities of color," said Kalima Rose, Director of the PolicyLink Center for Infrastructure Equity. "Through strengthened regulations and vital resources like the Twin Cities Community Land Bank and First Look program of the National Community Stabilization Trust, the Twin Cities has already taken swift action to drive out predatory investors and help residents reclaim their neighborhoods. We must continue to build upon these efforts and encourage positive investment in low-income, high-foreclosure communities."

The means by which cities can incentivize home buyers and responsible investors to purchase, rehab and maintain properties continue to expand. Arizona, for example, provides forgivable, zero-interest loans to homeowners buying foreclosed properties; Portland offers free landlord training; St. Louis charges vacant property owners a \$200 fee every six months; and Chicago requires vacant property owners to maintain liability insurance coverage of at least \$300,000.

Using the research study and these successful examples as a guide, other cities can develop their own action plans and successfully remove neighborhood blight, stabilize homes, and return economic prosperity to their communities.

PolicyLink in the News

- "Fred Blackwell Speaks On Blacks Being Left Out of Urban Development," The Loop 21
- "HUD Awards Grant to Oakland to Create Better Community," San Francisco Chronicle
- "Innovative Policies Are Essential to Save Men Who Are at Risk," The Sacramento Bee
- "On Jobs and Safety Net, Lawmakers Must Focus on Hard-Hit Minorities," CNN.com

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"The current foreclosure crisis has plunged hundreds of families into even deeper poverty," said Gary Cunningham, Northwest Area Foundation Chief Program Officer and vice president of programs. "This report does more than provide a stark picture of the financial and social hurt that results from irresponsible practices. It illustrates, through real-life examples, how public policy can help a neighborhood and a city halt the downward spiral," he said. "I have great hope that policymakers will use the data and practical strategies within this report to shape public policies that safeguard low-income families against predatory practices, and encourage other cities to do the same."

"All families, regardless of race or income, deserve equal access to quality, safe and affordable housing options," said Tom Fulton, President of Family Housing Fund. "By speaking out against predatory practices and advocating for positive investments in low-income areas, we are helping to create stable, healthy home environments for children and families to thrive."

For more information on the report, please visit www.policylink.org/BuyUp.

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PolicyLink (www.policylink.org) is a national research and advocacy institute advancing economic and social equity. Founded in 1999, PolicyLink helps create sustainable communities of opportunity that offer access to quality jobs, affordable housing, good schools, transportation, and the benefits of healthy food and physical activity. The organization is based in Oakland (Calif.), with offices in New York City, Los Angeles, New Orleans, and Washington DC.

The [Northwest Area Foundation](http://www.nwaf.org) (www.nwaf.org) is dedicated to supporting efforts by the people, organizations and communities in Minnesota, Iowa, North Dakota, South Dakota, Montana, Idaho, Oregon and Washington to reduce poverty and achieve sustainable prosperity. These states were served by the Great Northern Railway, founded by James J. Hill. In 1934, Hill's son, Louis W. Hill, established the Foundation.

The Family Housing Fund (www.fhfund.org) is a nonprofit organization whose mission is to provide safe, affordable, sustainable homes to families and children in the Twin Cities metropolitan area through ongoing partnerships with the public and private sector. The Fund supports the cities of Minneapolis and Saint Paul, the Metropolitan Council, and Minnesota Housing in their efforts to preserve and expand the region's supply of affordable housing.