

---

The Unraveling of the American  
Dream: Foreclosures and  
Communities of Color in  
Minneapolis

---

Ryan Allen

Humphrey Institute of Public Affairs

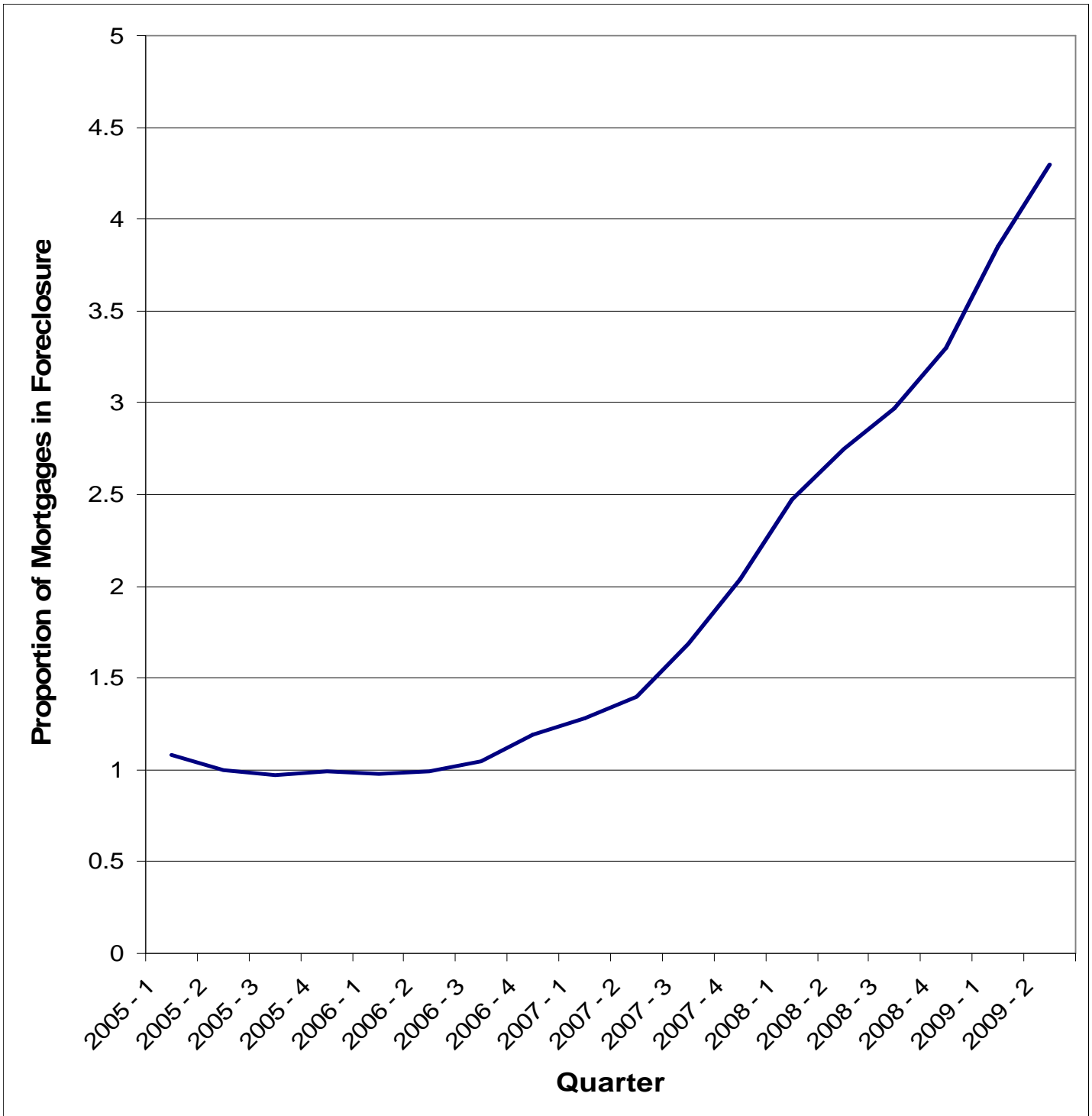
University of Minnesota

---

# Research Dilemma

- Minority households have increased their presence in the housing market
    - Minority homeownership rate 1994 = 43%
    - Minority homeownership rate 2007 = 51%
  
  - Foreclosure crisis!
  
  - To what extent have minority households experienced foreclosure?
-

# Foreclosed Mortgages in the US



Source: Mortgage Bankers Association, National Delinquency Survey

---

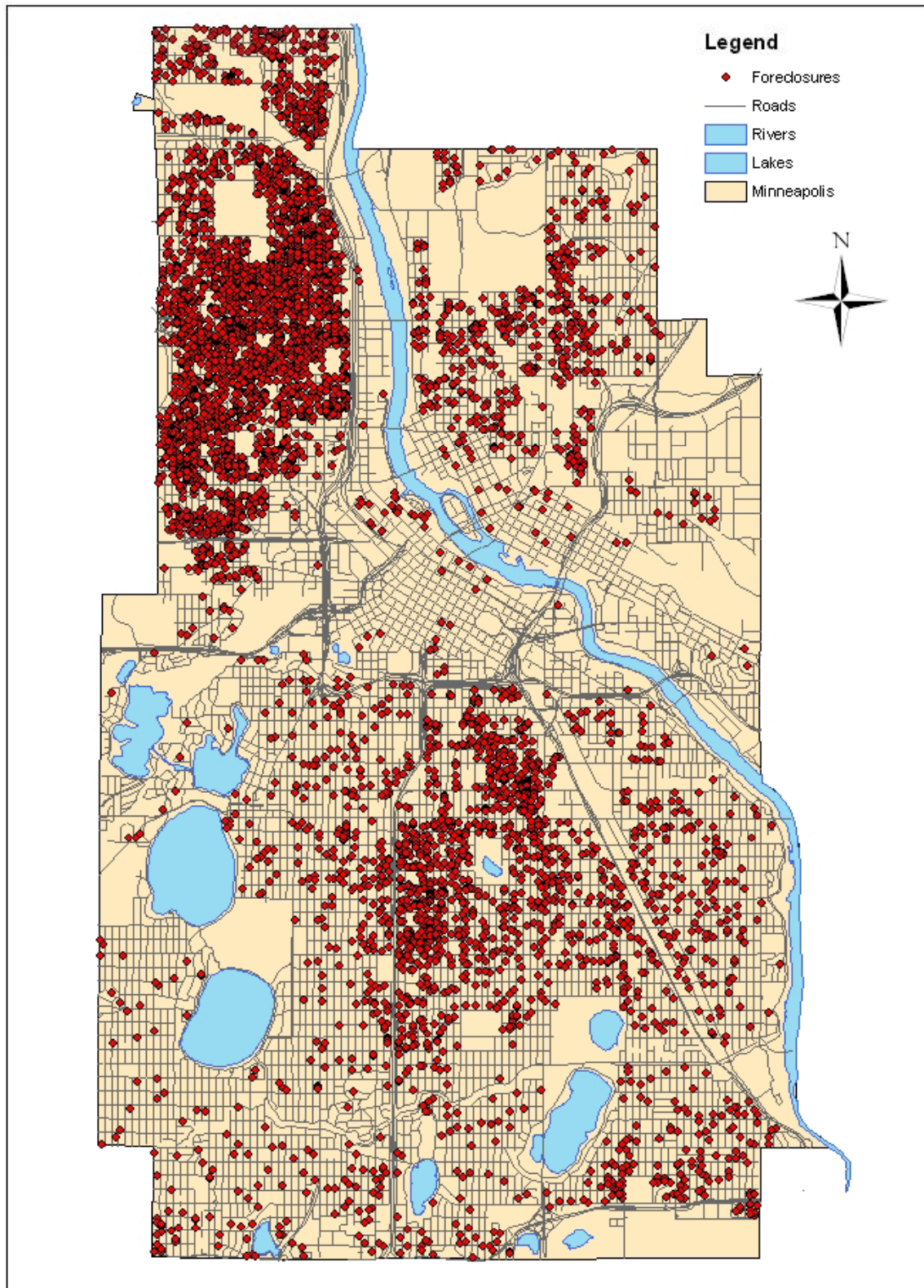
## Foreclosures in Minneapolis, 2005-2008

Year	Foreclosed Housing Units
2005	861
2006	1649
2007	3026
2008	3077*
<b>Total</b>	<b>8613</b>

---

Source: Hennepin County Sheriff Sales Data; \* designates foreclosed properties rather than units

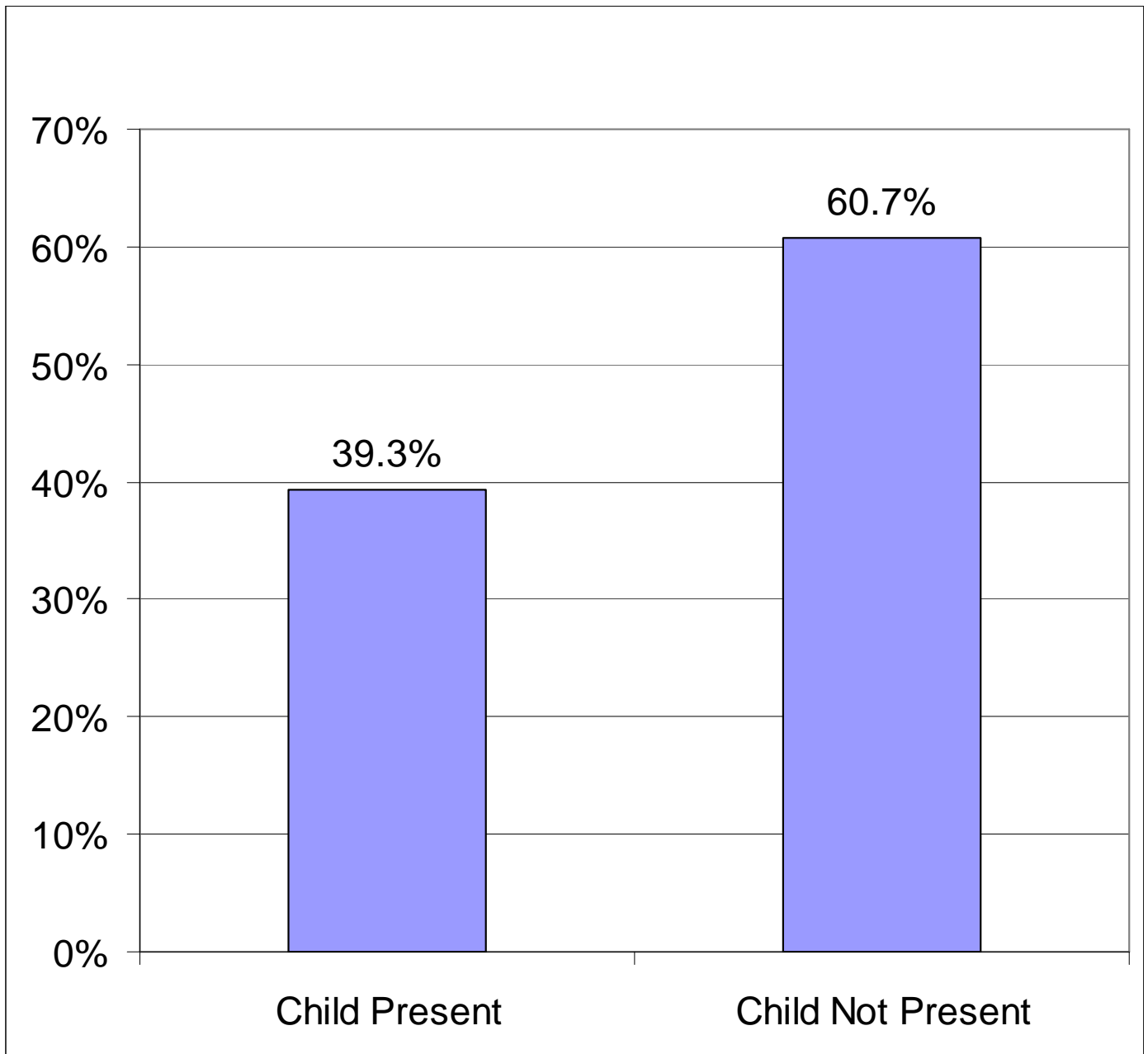
# Foreclosed Housing Units, Minneapolis, MN, FY06-FY07



Source: Hennepin County Sheriff Sales Data,  
Hennepin County Property Tax Data,  
Minneapolis Public Schools

---

# Foreclosed Housing Units in Minneapolis with a Child in Public School Present, FY06-07



---

Sources: Hennepin County Sheriff Sales Data, Minneapolis Public Schools

---

# Foreclosures and Homeowners

- Comparison of foreclosed and non-foreclosed, owner-occupied housing units
    - 617 foreclosed housing units
    - 474 non-foreclosed housing units
  
  - Similarities:
    - Geographic distribution
    - Substantial mortgage activity (3.8)
    - Similarly aged properties (1925)
-

---

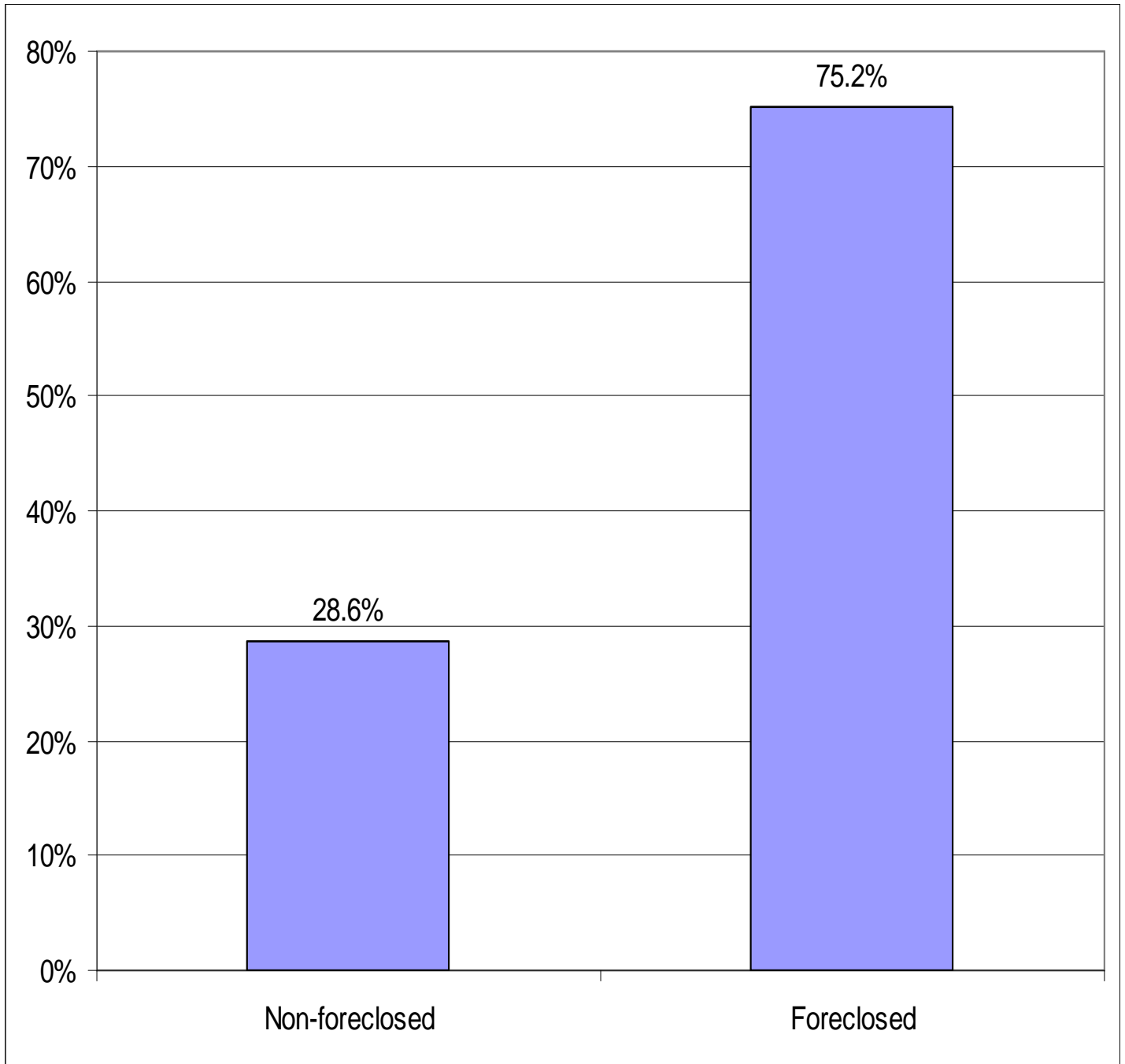
# Key Differences in the Sample

- Mortgage terms:
  - **Proportion of adjustable or “exotic” mortgages**



---

## Adjustable or “Exotic” Mortgages, by Foreclosure Status



---

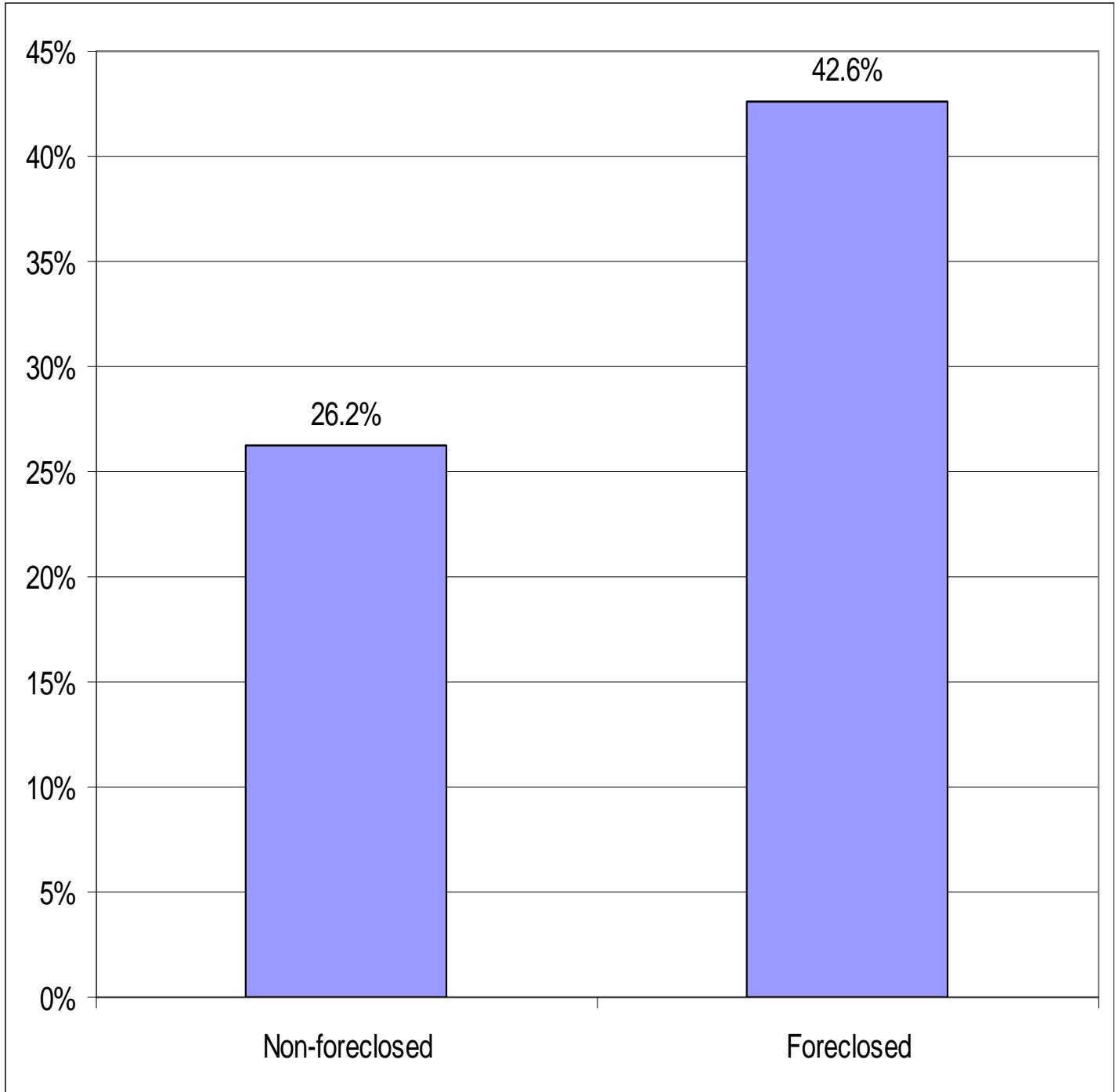
Source: Hennepin County Sheriff’s Office, Minneapolis Public Schools, Hennepin County Records

---

# Key Differences in the Sample

- Mortgage terms:
    - Proportion of adjustable or “exotic” mortgages
    - **Proportion of subprime mortgages**
-

# Subprime Mortgages, by Foreclosure Status



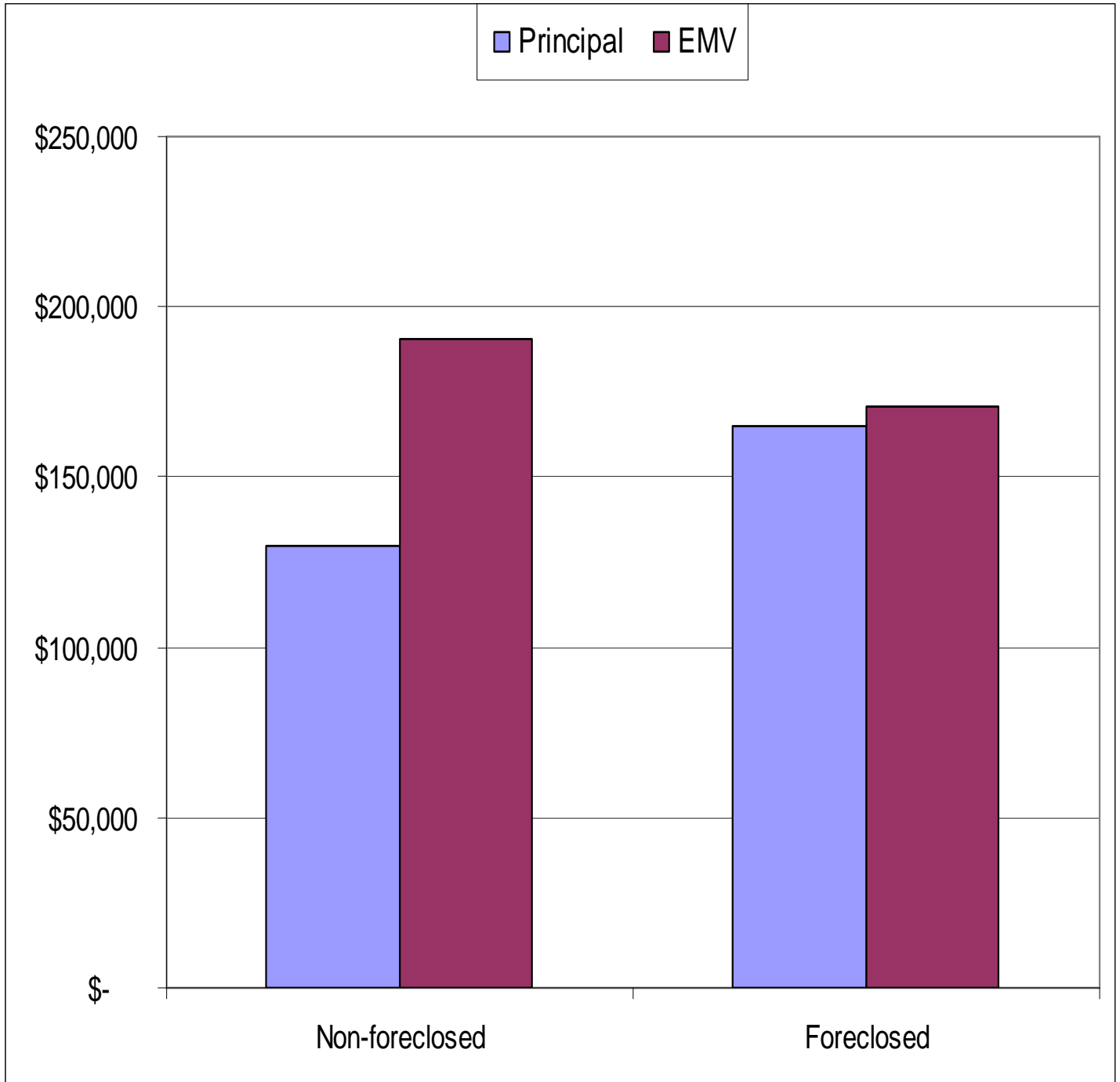
Source: Hennepin County Sheriff's Office, Minneapolis Public Schools, Hennepin County Records

---

# Key Differences in the Sample

- Mortgage terms:
    - Proportion of adjustable or “exotic” mortgages
    - Proportion of subprime mortgages
    - **Mortgage principal amount**
-

# Mortgage Principal and Property Estimated Market Value, by Foreclosure Status



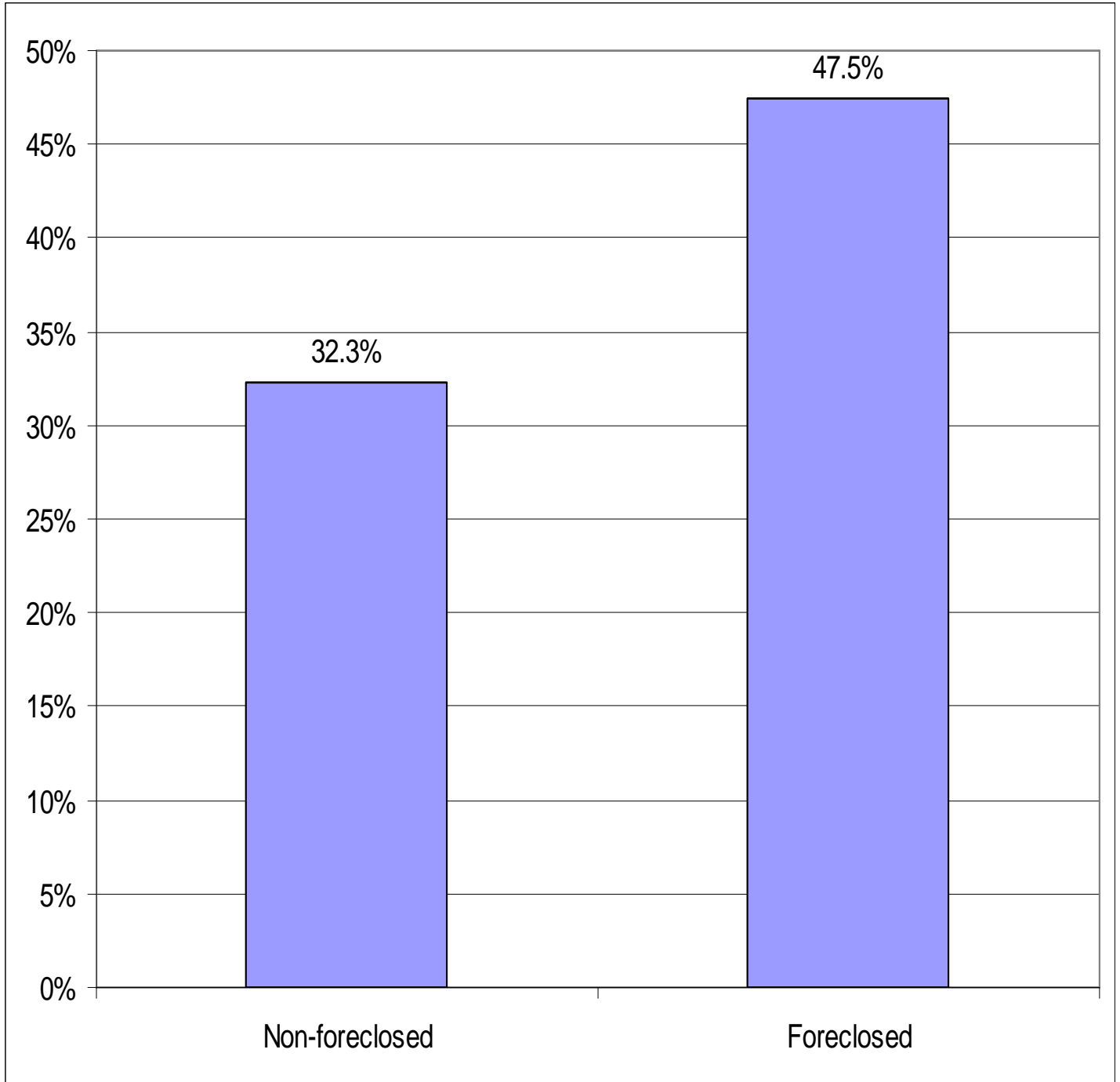
Source: Hennepin County Sheriff's Office, Minneapolis Public Schools, Hennepin County Records

---

# Key Differences in the Sample

- **Properties:**
    - Owner equity
    - Length of ownership
  
  - **Household characteristics:**
    - Race
-

# African-American Households, by Foreclosure Status



Source: Hennepin County Sheriff's Office, Minneapolis Public Schools, Hennepin County Records

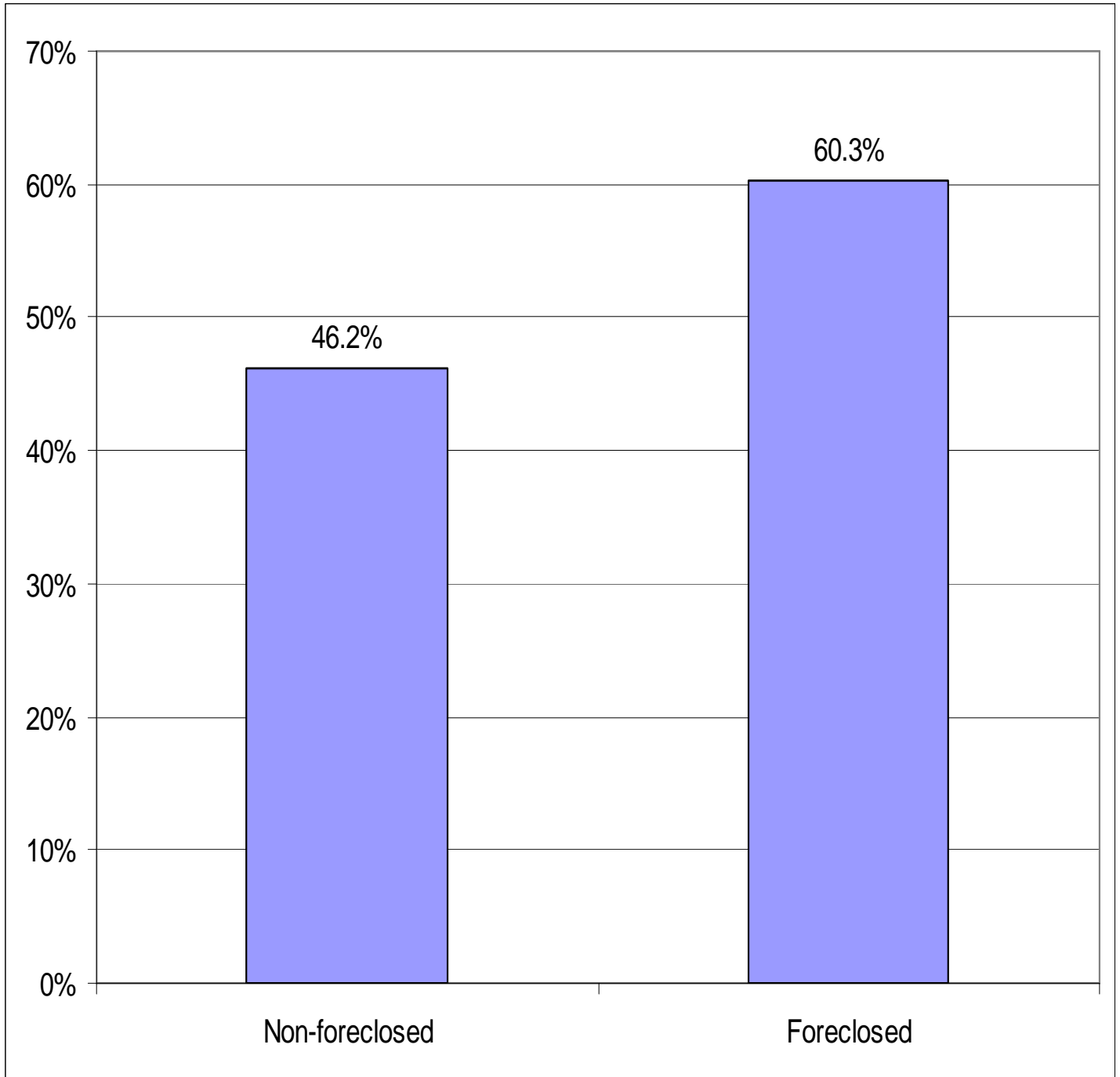
---

# Key Differences in the Sample

- **Properties:**
    - Owner equity
    - Length of ownership
  
  - **Household characteristics:**
    - Race
    - Income
-

---

# Households Qualifying for Free or Reduced Price Lunch, by Foreclosure Status



---

Source: Hennepin County Sheriff's Office, Minneapolis Public Schools, Hennepin County Records

---

# Research Summary

- Key differences between foreclosed and non-foreclosed owner-occupied housing
    - Terms of mortgage, properties, household characteristics
  
  - Implications
    - Uneven geographic impacts
      - Property values, crime
    - Uneven demographic impact
      - Design and delivery of mitigation programs
    - Municipal response
-