

Foreclosure Recovery Impact in Brooklyn Park



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Resilient Communities Project

UNIVERSITY OF MINNESOTA

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RCP Project 9: Foreclosure Recovery Impact in Brooklyn Park

By Ghadeer Alkhenazi, Casey Lauderdale,
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PA 5261 – Housing Policy



RCP Project 9: Foreclosure Recovery Impact

Summary

The purpose of this study is to advise the City of Brooklyn Park on the efficacy of its foreclosure recovery efforts. Included is a synopsis of how the foreclosure crises affected Brooklyn Park and the City's efforts to lessen its impact, a selection of appropriate measurement criteria to determine the impact of its foreclosure recovery initiatives, and recommendations for the city's Housing and Economic Development teams. These measurement criteria and recommendations are drawn from two main sources: 1) case studies that reveal other cities' experiences with the foreclosure crisis and their approaches to building neighborhood resilience; and 2) analyses of home values and spatial crime data relating to foreclosed houses in Brooklyn Park.

The case studies comprise a few cities across Minnesota and the nation. In an effort to broaden our understanding of foreclosure-response methods, we present relevant information from informational interviews with housing administrators, city planners, and neighborhood engagement officers. These case studies are in no way comprehensive accumulations of real estate and housing techniques; they are meant to gain insight into realistic steps taken by municipalities and other community stakeholder groups.

One observation shared by two of the neighborhood engagement specialists was the importance of correcting false negative perceptions of a city. Housing that stands vacant signals disinvestment and can stoke suspicions of criminal activity as well as spread fear that home values within the neighborhood are declining. Beyond simply dealing with the physical housing stock, the City has an opportunity to raise the desirability of its neighborhoods by addressing these perceptions and correcting false notions when possible. This report shows that:

- The proportion of "Suspicious Activity" calls-for-service rose more quickly around foreclosed homes than the proportion of actual crimes around those homes, opposite the trend away from that area;
- 57% of foreclosed housing that has gone through the City's recovery program sells at a higher price than the median sale price in Brooklyn Park.

This report highlights the use of neighborhood engagement techniques that can be adapted to provide a focus on vacant housing with the goal of encouraging positive awareness of the houses and generate a feeling of common ownership among neighbors.

Following the case study descriptions and a presentation of housing value and crime data, this report will close with the authors' recommendations for a) measurement criteria to further study the impact of Brooklyn Park's recovery program and b) neighborhood engagement techniques that can be used in the City's continuing campaign to transform foreclosed and vacant housing into positive neighborhood assets.

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Outline

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 - b. Neighborhood Resilience
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 - b. Home Sales Performance
4. Moving Forward
 - a. Conclusion
 - b. Recommendations
 - i. Measurement Criteria for Further Analysis
 - ii. Neighborhood Resilience Tactics

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Impact of the Foreclosure Crisis & the City's Response

Brooklyn Park is located about 11 miles northwest of Downtown Minneapolis and has a population of more than 77,000, making it Minnesota's sixth largest city. The city is diverse with one-fifth of its population born outside of the United States and one-fourth speaking another language other than English in the home. Fifty percent of the population self-reports as a member of a minority group and the median age is 32, five years younger than the state and national averages.

Brooklyn Park's housing stock has been developing since the middle of the 20th century and there are empty, buildable lots remaining mostly along the northern edge of the community.

The city was hit hard by the 2008 recession and housing foreclosure crisis. Nearly 4,500 homes in Brooklyn Park went through foreclosure between 2008 and 2016. In 2009, over 1,000 Brooklyn Park Homes went through foreclosure and had transferred to bank ownership or city ownership resulting from tax forfeiture. Around 20% of homes went through foreclosure since the recession, a proportion higher than any other community in the Twin Cities Metro. The situation has improved: there were just 137 new foreclosures in 2016 compared to 964 in 2008. There are still 208 known vacant homes in Brooklyn Park as of February 2016. Vacant and distressed homes have been the focus of Brooklyn Park's housing recovery and rehabilitation program.

Beginning in 2009, The Brooklyn Park Economic Development Authority has worked with five developers to rehabilitate and sell formerly foreclosed, abandoned, and distressed properties within the city. The Foreclosure Recovery Program has pooled Community Development Block Grant, Neighborhood Stabilization Program, and local tax incremental financing funds together to renovate and rehabilitate distressed properties in Brooklyn Park. Over the life of the program 247 houses have reentered the Brooklyn Park market having been recovered from foreclosure or distress. There are income and monthly mortgage cost stipulations for potential owners that encourage these rehabilitated units to go to families and individuals seeking affordable options. Program participants also benefit from home-buying workshops and resources.

Brooklyn Park was affected by the housing and foreclosure crisis to a greater extent than its neighbors and peer communities in the Twin Cities Metro. The City and its economic development authority have taken unique steps to solve the issue of abandoned and distressed properties in a manner not seen in most local communities.

Case Studies – Foreclosure Crisis Response

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Case Studies – Foreclosure Crisis Response

Homeowners all over the country felt the financial squeeze from late 2007 to 2010 and beyond. Although the hardship was present throughout Minnesota and the rest of the United States, it was not felt with equal intensity from home to home or city to city, nor was it combatted with uniform measures. Herein are presented summaries of a few cities and their experiences with foreclosed and vacant housing. These cities were chosen because of either their similarity to Brooklyn Park in geography, population, or impact of the foreclosure crisis, or because of the authors' personal background with a city. These case studies are based on informational interviews and publicly available housing data.

The Cities that were interviewed are:

1. Coon Rapids, MN
2. Garland, TX
3. Milwaukee, WI
4. Bloomington, MN
5. Milaca, MN
6. Plymouth, MN

Limited Information:

Bloomington¹ and Plymouth² stated that the foreclosure crises did not greatly impact them, therefore they did not have a foreclosure response program.

Bloomington noted that while housing values did decline, it was not to the extent of other communities. Bryan Hartman, the Program Manager for Bloomington said that many of the houses that rode out the downturn were owned by original owners without large, underwater mortgages and that even "marginal" properties below \$150k are moving quickly off the market.

A representative from Milaca³, on the other hand, did say that their community experienced a hit during the crisis with a significant number of foreclosures which were felt disproportionately among new, younger homeowners. The City decided to adopt a "wait-and-see" approach.

¹ Mortenson, L. (2017, April 14). Phone interview with Bryan Hartman, Program Manager.

² Wade, M. (2017, March 15). Email correspondence with James Barnes, Housing Programs Manager

³ Alkhenaizi, G. (2017, April 06). Email correspondence with Bob Derus, Interim City Manager.

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Case Studies – Foreclosure Crisis Response

Coon Rapids, MN

How the crises affected Coon Rapids

Coon Rapids is located northwest of Brooklyn Park in neighboring Anoka County, separated by the Mississippi River. It has a 2013 population of 62,103 and like Brooklyn Park, Coon Rapids was also greatly affected by the foreclosure crisis. Coon Rapids⁴ saw a rise in the number of foreclosed homes from 181 occurring in 2006 (less than 1% of homes in the city) to a peak of 505 in 2010 (more than 2%). Unlike Brooklyn Park, the foreclosures occurring in Coon Rapids were more geographically widespread.

How Coon Rapids responded

The City developed a number of responses to keep negative secondary effects contained, which they monitored and adjusted over time. This included subtle actions such as monitoring vacant homes to altering ordinances to a remodel demonstration program.

Water Ordinance Modification (2008). One of the first actions Coon Rapids took was to amend their water ordinance to allow the City to shut off water to vacant properties. Prior to the ordinance the City saw water damage occurring in roughly 40 homes, with a downward trend since the ordinance to less than five per year in 2012.

Rental Licensing Ordinance Modification (2009). In order to address a growing number of “accidental landlords” (many people who were underwater on their homes but could not sell it often turned to renting), the city modified their rental licensing ordinance to require landlords or their agents to take a class before the license was issued. Background checks were performed on owners and there was also a requirement that landlords do background checks on their tenants.

Home for Generations Phase I (2009). In this program the City of Coon Rapids purchased foreclosed homes, remodeled them, and placed them back on the market. The City purposefully focused on homes that were common -and thus relatable- in order to show other homeowners how they could update their own homes on a budget. Over four years the City purchased and rehabbed five homes, orienting the remodels to focus on common complaints about the home style. They hosted open houses before, during, and after the remodeling. The open houses had before and after pictures with pricing as well as additional information about home improvement, rebates, prices, stores, etc.

Administrative Citation Program (2011). The citation program was created in reaction to a growing situation where homeowners were not maintaining their homes because of lost investments. With the program, when a citation was issued a resource brochure was included

⁴ Lauderdale, C. (2017, March 07). In-person interview with Kristin DeGrande, Neighborhood Coordinator

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that pertained to the specific issue being cited. For instance, if the citation was related to improper tire storage, an information pamphlet about how to dispose tires was included.

Home for Generations Phase II (2013). After Phase I was closed as home prices started to rise, the City initiated Phase II of Home for Generations. Phase II is a popular and successful program that offers financial incentives to homeowners directly to do a value-added rehab project. Each year homeowners who participate in the program host an open-house remodeling tour for the community to view the completed projects.

How the City measured success

Coon Rapids was able to measure their efforts through a spectrum of quantitative and qualitative feedback. For the water ordinance, it the City saw the reduction in water-damaged homes in hard numbers since the passage of the ordinance. For the rental ordinance there was a noticeable drop in complaint calls related to rental housing. Similarly, the administrative citation program resulted in a noticeably higher compliance rate. The Home for Generations program saw a combination of strong testimonial support, visual improvements within the neighborhoods of project homes, increased building permits, large attendance at open homes (more than 8,000 visitors which is 12-13% of the city's population), breaking even on project home sales, positive media coverage, and national awards, including Harvard's Government Innovation Award.

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Case Studies – Foreclosure Crisis Response

Garland, TX

How the crises affected Garland

A growing northeastern suburb of Dallas, Garland⁵ is nearing 240,000 residents as of 2015. The city's foreclosure rate began rising from .03% in 2000 to .08% in 2003, to its peak at 1.8% in 2008. The foreclosures were not geographically concentrated, and have since descended to their original .02% as of March 2017.

How Garland responded

The Dallas – Fort Worth area maintained a formidable housing market even during the foreclosure crisis. However, due to the early rise in foreclosures, Garland instated its preventative “HOME Infill” program in 2003 to aid potentially struggling homeowners.

HOME Infill Program. The chief element of this program is the city's action in buying mortgages and refinancing them at a split-term (two 15-year disbursements) fixed interest rate. From the residual income off these loans, Garland has been able to completely repay \$1.5 million it received from the State of Texas. Since the 2007-2008 crisis, Garland was allotted Neighborhood Stabilization Program (NSP) funds from HUD to continue its program.

In addition to this discretionary mortgage option, Garland offered other services to struggling homeowners and new homebuyers:

Small grants for first-time homebuyers. Garland offers grants of \$2,000 and \$5,000 for down-payment assistance.

Partnering with the State and non-profits. Garland directs eligible homebuyers and homeowners to the Texas Department of Housing and Community Affairs for help with paying rent and utilities, making repairs, emergency preparedness, purchasing a home, and education. Additionally, the City partners with the Garland Area Habitat for Humanity, leveraging the non-profit's unique funding structure with Community Block Development Grant funds to provide major and minor repairs for homeowners. The GAHFH partnership targets lower-income homeowners than the City's HOME Infill Program.

⁵ Wade, M. (2017, March 14). Phone interview with Mona Woodard, Housing and Community Services Manager
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Case Studies – Foreclosure Crisis Response

Milwaukee, WI

How the crises affected Milwaukee

Like Brooklyn Park, the City of Milwaukee was affected greatly by the 2008/2009 recession and subsequent housing foreclosure crisis. Within a few years the City had thousands of foreclosed and abandoned properties on its rolls and a response was needed. In partnership with the Department of Community Development, the Mayor's office, and the Neighborhood Improvement Development Corporation (NIDC), the Strong Neighborhoods Plan and its related Homebuyer Assistance Program were created. The program partners with local lenders to assist in the purchase and rehabilitation of City-owned foreclosed homes.

How Milwaukee responded

The city's role is to provide a fully forgivable second mortgage loan of up to \$20,000 to be used for home rehabilitation. Private lenders provide the first mortgage to eligible potential homeowners who have complied with the program's steps and requirements. The steps are as follows.

Counseling certificate. Prospective homeowners must complete eight hours of homebuyer counseling from a HUD-approved counseling agency. Previous homeowners are exempt.

Bank loan pre-approval. Private lender must pre-approve potential homeowner for first mortgage or funds must be documented if using cash.

Purchase offer. Property must be City-owned and no more than four housing units.

Homebuyers loan application. Submit HBA loan before city-owned property is purchased. Applicants must be approved for the loan before purchasing foreclosed property.

Technical assistance. City rehabilitation specialists will work with potential homeowner to finalize scope of work, obtain bids and select a contractor.

Close on home and begin rehab. Construction can begin post purchase. Rehab specialist will assist homeowner during entire process to ensure proper work and approve payments. Work must be completed within 90 days.

Move in. Homeowner must live in house for five years after project completion for HBA loan to be forgiven. Loan balance must be repaid if house is sold within initial five-year period.

This program differs from Brooklyn Park's NSP Remodeled Homes program in that the City of Milwaukee partners with the homeowner directly to purchase and rehabilitate the foreclosed home rather than working with a group of approved developers. The potential

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homeowner works with a rehabilitation specialist to determine scope of work and assists in hiring contractor instead of a private developer handling these steps. Milwaukee's program does not have an income limit for potential homeowners while Brooklyn Park's NSP remodeled homes do (BP TIF remodeled homes do not have an income limit).

The programs are similar in that the potential homeowner must complete HUD-approved homeownership counseling and must be approved for the first mortgage provided by a private lender.

Brooklyn Park may look into implementing a resident based program in addition to or in place of its current developer focused program. Brooklyn Park will need to determine if it prefers to work with approved developers or provide rehabilitation specialists to support potential homeowners. Brooklyn Park's housing stock is younger and potentially less distressed than Milwaukee's. If Brooklyn Park were to institute a similar program its 2nd mortgage allowance may not need to be \$20,000 allowing for funds to be spread out over a larger number of foreclosed or abandoned properties.

Case Studies – Neighborhood Resilience

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Case Studies – Neighborhood Resilience

Neighborhood resilience can be summed up as a neighborhood’s ability to survive and thrive following a disturbance. Housing stability and neighborhood vitality are interlinked as well-cared for homes positively impact the perception of the neighborhood, influencing continued shared investment among fellow residents. Vibrant neighborhoods, meanwhile, can increase the desirability of vacant homes, leading to shorter periods of vacancy and its associated ills. Three example cities and a Minneapolis community development corporation are presented in the next pages in order to foster discussion and better understanding of the links between housing stability and neighborhood resilience.

Included are:

1. Coon Rapids, MN
2. Garland, TX
3. Fresno, CA
4. Hope Community Development Corporation- Minneapolis, MN

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Case Studies – Neighborhood Resilience

Coon Rapids, MN

Outside of its foreclosure-related activities and regular code enforcement actions, Coon Rapids runs a number of programs intended to support community-building and neighborhood stability. These programs are intended to connect residents to City leadership to provide additional venues for feedback about neighborhood issues and to foster community connection. The spirit of community is vital to residents feeling like they have ownership and efficacy over issues that impact their neighborhoods.

Program and/or tactics the City uses to promote neighborhood resilience

Neighborhood Meetings in the Parks (2009). The City hosts meetings in the parks in each sub-jurisdiction as a way to connect with constituents in closer proximity to where they live.

“Summer in the City.” This is a 4-5 event series over the summer that covers 5 wards and is attended by council members, the mayor, and other City staff. Departments will have tables and boards set up to share what they are working on. These events are casual and intended to be fun in addition to informational. The police and fire departments will bring cars and trucks out for kids to play on.

Townhome Forums. These forums provide a space to discuss issues specifically related to townhomes and to share resources.

North Suburban Home Improvement Show. The City sponsors this mini-home show that furthers the spread of information and resources for home improvement projects.

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Case Studies – Neighborhood Resilience

Garland, TX

Garland’s Office of Neighborhood Vitality⁶ has undergone an overhaul in the last few years, receiving major financial and organizational support from the City Council and Mayor’s office. While they have a growing set of tools in addressing the entire fabric of the resilience, three goals have risen to the top in their impact on housing: aesthetic agency, accurate information gathering, and correction of negative misinformation.

Program and/or tactics the City uses to promote neighborhood resilience

Aesthetic Agency: Planners’ Projects and Neighborhood Vitality Grant. Garland’s residents have indicated in previous surveys that their identification with their street, block, or neighborhood hinges greatly on how much pride they take in its physical attractiveness. While code enforcement is a basic necessity in all neighborhoods, residents do not always grasp how creative they can be with their public environment. Garland has allotted money to its planners to begin creating projects that can showcase next-level physical improvements and amenities such as art installments and greenspace development. These projects act as examples and “models” for citizens, whom the City is actively inviting to make use of its Neighborhood Vitality Grant. These grant funds are also meant for physical improvements to public spaces; however, they are designed, constructed, and cared for by neighborhood organizations. In what creative ways could a single vacant house in Brooklyn Park be transformed from blight to a community asset?

Accurate Information Gathering. The Office of Neighborhood Vitality is in the process of revamping its community survey questions and process. Locating the most efficient problems to solve requires understanding the current and historical experiences of community members. In Garland – which is nearing “majority-minority” status – the new questionnaire will target quality-of-life metrics that are salient to multiple cultures and ethnicities. Awareness of hidden problems for various people groups empowers the City to work toward greater equity for its residents. What needs and challenges could vacant housing address in Brooklyn Park? What potential solutions are there for the problem of vacant housing itself?

Correction of Negative Misinformation. A valuable product of neighborhood surveys is the ability to separate resident perceptions of problems from actual problems. Safety being one of the fundamental ingredients of a livable street, the perception of high crime can make the difference between a growing or shrinking city. Garland is forming outreach fliers, phone scripts, and other methods of disseminating the facts about its crime rate to residents in order to efficiently harness the quality of life that Garland already offers. How many false perceptions about vacant housing and crime could Brooklyn Park clear up without even touching a paint brush or saw?

⁶ Wade, M. (2017, March 16). Phone interview with Scott Bollinger, Neighborhood Resource Manager

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Case Studies – Neighborhood Resilience

Fresno, CA

Fresno is a city of 520,000 (2016 estimated) located in the center of California, in the agricultural San Joaquin Valley. Although it was incorporated in 1885, the city experienced its greatest spatial growth from post-WW2 to present day jumping from roughly 16 square miles in 1945 to 112 square miles today. One of the effects of this outward expansion has been the reduction of investment in older neighborhoods closer to the city's core. One of the City's responses to this trend is the Neighborhood Revitalization Program.

Neighborhood Revitalization Program

Community Revitalization Manager and program lead Phil Skei describes the Neighborhood Revitalization Program⁷ as “a marriage between Code Enforcement and Community Engagement.” The idea of the program is to bring the information and resources necessary to enable and empower residents to achieve the vision they have for their own neighborhood by and for themselves. To reach this goal the program teaches residents how best to report issues in their neighborhood to the City and to encourage self-organizing within the neighborhood.

The program employs grassroots tactics through on-the-ground teams that work with residents directly. There is a pre-survey that team members use to gauge what the strongest perceived issues are within the neighborhood. There is a similar post-survey to measure what changes have occurred after the program has been implemented. In-between his timeframe, program team members are reaching out to residents, creating forums to share information about how the City and residents can partner to create change within the neighborhood.

Outreach occurs via few different methods. An introduction letter is sent to each residence. Neighborhood Revitalization Teams will walk door-to-door to connect with residents directly. Door hangers are left at each residence before the first neighborhood forum is held. The parents of children who attend the local school are called. The only downside of using these varied methods of information dispersal, Phil notes, is that not all information is conveyed through the same method, so it is difficult to compare the effectiveness of each one.

As the program defines its boundaries by elementary schools in older neighborhoods, it has fittingly partnered with Fresno Unified School District in a City-sponsored 6-week information module called Parent University. While Parent University provides leadership/organizing skills for, and academic information on local school matters, there is also a segment dedicated to sharing information about the Neighborhood Revitalization program and a Neighborhood Revitalization Team member staff is also assigned to the group.

⁷ Lauderdale, C. and M. Wade. (2017, March 08). Phone interview with Phil Skei, Community Revitalization Manager

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In canvassing the neighborhood, should team members encounter a vacant or neglected home in a neighborhood a few steps are taken. The first step is to ensure that no one is living in the home. The second step is to work to secure it so that no one can enter the property and cause damage. The third step, which can be a challenge, is to work with the owner to get it occupied once again. This last step can often prove difficult because they owner may not have the financial means to upkeep the property or may not be responsive.

When inquired if there was a role that the nongovernmental sector (i.e. local businesses, churches) could play in neighborhood revitalization, Phil noted some important limitations. First is that often neighborhood businesses don't have additional capacity to be involved in efforts beyond running a business, but that running a good operation can in and of itself be a great contribution. Second, with regards to churches and nonprofit organizations, there must be an alignment with mission, engagement, and funding.

One of the aspects of the program that is currently under-development is to standardize measures of success. The following questions will be used to guide measurement of program results:

1. Has resident engagement/participation increased?
2. Do residents feel they have agency/efficacy?
3. Have top priorities been addressed?
4. Have public nuisance violations decreased?
5. Are neighborhood-specific complaints changing? (indicates a changed perception)

Through the outreach of the program, understanding the issues, dedicating resources to address them, and empowering residents to be watchers of their community, the program is steadily improving the city's older neighborhoods. This improvement has been changing the perceptions of these areas, increasing both desirability and accountability of property owners.

FresGo App

Another resource that Fresno has recently employed is a constituent service mobile app, called FresGo, which is similar to many cities' 3-1-1 phone services. A user can find basic information for the City on the app, but the main use is for reporting non-emergency issues. The app can be used for problems ranging from poor signage to graffiti to potholes, and more.

The power of the app lies in two characteristics. The first is the ability for the user to quickly and easily identify the location of the problem, take a picture, and submit a short description of it. The second is the app's capability to provide updates regarding the status of the issue (including when it's been fixed) and the City's prioritization of issues submitted through the app that ensure fast turnaround, building confidence and efficacy for those who use it.

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Case Studies – Neighborhood Resilience

Hope Community Development Corporation- Minneapolis, MN

Hope Community⁸, operating in the Phillips neighborhood of Minneapolis, has addressed neighborhood stability in three major ways focusing on the integration and empowerment of immigrant communities.

First, they created a set of actions to remedy a disconnect between immigrant communities, stakeholder engagement, and local bureaucracy. These included the adoption of BMPs (Best Management Practices) that featured activities such as leadership training, youth engagement, etc. Scaling up and adapting these efforts could provide solutions to improve Brooklyn Park's implementation of revitalization strategies.

Citizen Mobilization. Conduct neighborhood clean-ups, mural painting competitions to create a buy-in for the existing families.

Cultivation of Leaders. Identify and empower influential community leaders to drive change.

Platform for Communication. Hold regular general meetings to facilitate a flow of dialogue between the local organizations and the residents.

Second, Hope Communities adopted an inclusive method to rehabilitate properties to make them attractive to immigrants. By defining the requirements of the community with housing stock aesthetic, Brooklyn Park could help create a neighborhood that is more inviting.

Conduct a Stakeholder Analysis. To assess how the interests of all parties (buyers, renters, existing neighbors) would impact the project's viability, it would help draw accurate plans for intervention. This will also help in identifying potential problems like alienation of certain communities etc.

Targeted buy-out programs. The empty homes that are used for illegal activities can be put up for a buy-out. If developers could buy these homes to develop them for mixed-income housing, it would help rehabilitate old properties increasing the subsequent livability in the neighborhood.

Community-led renovations. By involving the community in the renovation process, it would invite more insight as to the community's requirements as opposed to a patchwork of renovation strategies that would alienate the community from its own surroundings.

⁸ Berg, Nate. "How Community-led Renovation Is Helping a Rundown Pittsburgh Neighbourhood Fight Crime." The Guardian. Guardian News and Media, 08 July 2015. Web. 25 Apr. 2017.

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Lastly, Hope Communities has successfully created a platform for cultural exchange between different ethnic groups. While on a small scale, it is easier to provide an interactive platform for multiple ethnicities, it becomes more difficult to do so at a city-wide level of engagement. To help the overall society of Brooklyn Park create its own cultural identity we recommend:

Cultural Exchange Activities. Hold activities where residents can display their culture and reinforce intra-cultural bonds.

Incentivize Social Goals. By offering incentives to NGOs and local authorities, social goals will be more easily achieved. For example, keeping an economic benefit/excellence awards for holding successful mobilization events would help create a healthy competition between agencies to do better.

Impact Evaluation. To assess and support the communities that are doing well, an impact assessment report should be published. This will help identify communities that are not doing well and create specialized plans for them. This would also help point out the shortcomings of the agencies involved and increase accountability.

While there is no real one-glove-fits-all solution to neighborhood planning and revitalization, tweaking the tried and tested practices will serve as the most effective solution to Brooklyn Park's neighborhood problems. Additionally, it is important that the defaulters on the action plan, community or formal agencies, be held accountable in some way to make sure that the interventions are inclusive from both sides.

Data Analysis

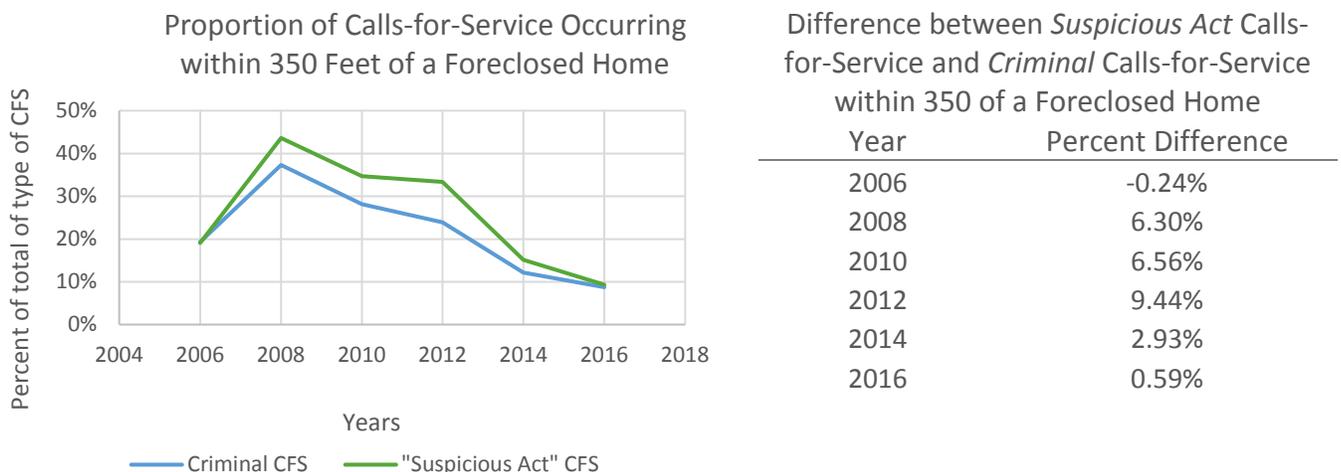
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Data Analysis

Crime and Perception

Comparison of perception of crime to actual crime near foreclosed homes

Crime carries a powerful stigma that repels prospective homebuyers, lowers neighboring property values, and engenders withdrawal of community members from their social and physical surroundings. “Suspicious Activity” calls for service (CFS) are useful as a measure of residents’ perception of safety when compared to “Criminal” CFS – those that end in legal action. From 2006 to 2016, Brooklyn Park saw Suspicious Activity CFS increase far more than Criminal CFS within 350 feet of foreclosed homes.⁹ Away from foreclosed homes, Criminal CFS increased more than Suspicious Activity CFS.¹⁰



Other realms of criminal behavior are related directly to vacant housing and neighborhood reputation. In one edition of the periodical *Evidence Matters*, HUD’s Office of Policy Development and Research writes:

Arson is a particular problem for vacant and abandoned properties. The U.S. Fire Administration estimates that there were 28,000 fires annually in vacant residences between 2006 and 2008. [The Administration also estimates] that 45 deaths, 225 injuries, and \$900 million in property damage result from these fires each year. Because vacancies are so closely associated with arson, vandalism, and other crimes, local ordinances routinely label vacant or abandoned properties as a threat to the health and welfare of the community.¹¹

⁹ 350 feet is roughly the distance from the back of a cul-de-sac to the front door of a house across the street, or about the distance of four houses from an observer. This number was chosen as a realistic distance from which a resident could observe behavior around his or her house.

¹⁰ Foreclosure and crime data supplied by Brooklyn Park.

¹¹ "Vacant and Abandoned Properties: Turning Liabilities into Assets." *Evidence Matters* Winter (2014): n. pag. *HUDUser.gov*. Office of Policy Development and Research U.S. Department of Housing and Urban Development. Web. 7 May 2017.

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Data Analysis

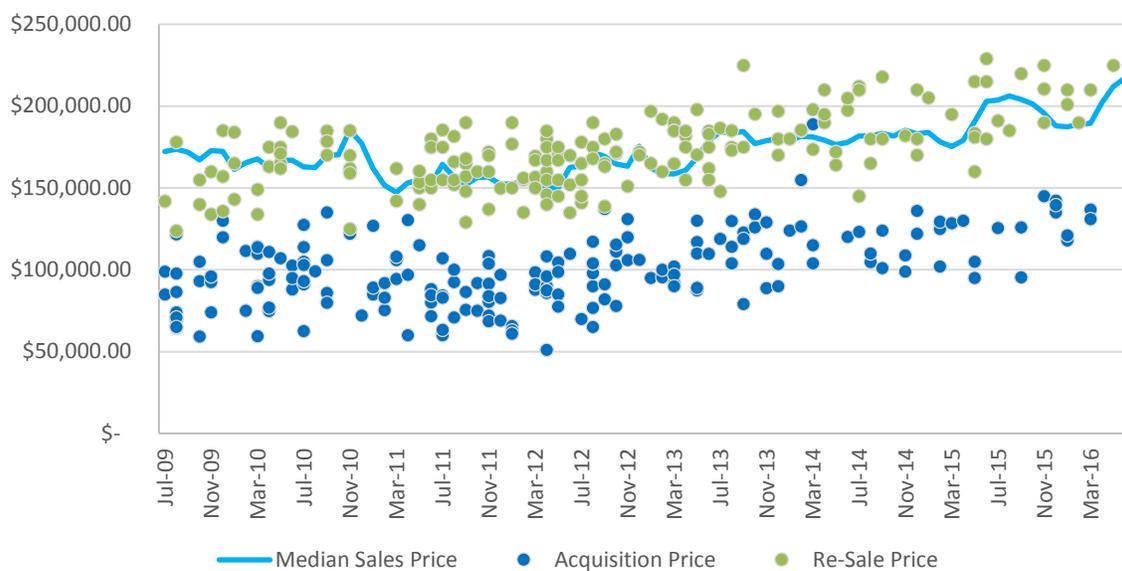
Home Sales

Comparison of sales prices for rehabilitated homes and median sales prices

One measurement of success for Brooklyn Park’s recovery program is to determine if homes that were rehabilitated through the program were able to sell for a profit. Of the 192 homes sold from July 2009 to December 2016 only one was sold at a loss while the average gain was \$75,137.

Another gauge of successful home sales is whether or not the homes were sold at a market price. From a total of 197 homes 183 were selected for comparison to match the available data for citywide median homes sales taken from Zillow.com¹². The comparison reveals that, from July 2009 to March 2016, 57% of the homes sold for more than the median citywide sales price.

Rehabilitated Homes Sales Prices Compared to Acquisition Prices and Brooklyn Park Median Home Sales



Number of Rehabilitated Homes Sold for Less or Greater Than the Median Price

| | | |
|--------------|-----|------|
| Less Than | 78 | 43% |
| Greater Than | 105 | 57% |
| Total | 183 | 100% |

¹² Zillow dataset. “City_MedianSoldPrice_AllHomes.” <<https://www.zillow.com/research/data/#other-metrics>>. Foreclosure data supplied by Brooklyn Park.

Moving Forward - Conclusion & Recommendations

RCP Project 9: Foreclosure Recovery Impact

Moving Forward – Conclusion & Recommendations

Conclusion

Given the improved value and rehabilitated homes and the increased perception of crime around vacant homes, the authors recommend continued support in some form for the transformation of vacant homes to occupied housing- even if the method to do so changes from direct rehabilitation. A few of the cities we interviewed assist financially in the purchase and rehabilitation of homes and this appears to be a successful mechanism to invest in areas where it is needed. It will be important, moving forward, to consider how to leverage the City's investment with neighborhood capacity building so that neighbors are able and motivated to invest as well.

Recommendations

The following recommendations provide a starting point for which to further evaluate the impact of Brooklyn Parks' Foreclosure Recovery Program as well as some suggestions for looking to the future with strategies to build neighborhood resilience.

Further Recommended Analysis / Measurement Criteria

- Perform geospatial analysis of correlation between vacant housing and crime within the immediate area that takes into account the period of time in which the home is vacant.
- Analysis of home sales or appraisals for homes adjacent to foreclosed homes that went through the program and those that did not.
- Analyze of home sales prices for foreclosed homes that did not go through the program
- Analyze of number of code enforcement calls near foreclosed homes compared to the citywide average.
- Analyze of overall vacancy rates in neighborhoods with foreclosed homes.
- Record perception of residents in neighborhoods where the program was implemented to see if they've felt a positive difference.
- Record perception of realtors to see if they've noticed a difference in quality and desirability of homes/neighborhoods where the program was used.

Neighborhood Outreach and Resilience Tactics

- Review and tailor community survey wording to emphasize measurements of neighborhood safety and crime, value, appearance, etc. (A brief discussion follows this section.)
- Utilize multiple outreach methods to collect and disperse information such as door-to-door canvassing and mailers to engage a broader audience.
 - Explore use of mobile 3-1-1 app to enable residents to easily report nonemergency issues.

RCP Project 9: Foreclosure Recovery Impact

- Employ art and tactical urbanism to increase neighborhood awareness and positive perception of vacant homes.
 - Invite the community to participate in visioning for rehabilitation and host open homes to share the progress of any work being done.
 - Consider a neighborhood service day to work together on improving a vacant home (painting, landscaping, etc.).
 - Incorporate vacant homes into neighborhood-wide events to emphasize their integration into the neighborhood rather than standing out as a detractor.
 - Ex: a neighborhood-wide Easter-Egg hunt that includes the home.
- Hold regular open-house and round-table events comprised of local corporate and non-profit entities that would benefit from improved quality-of-life measurements, in order to generate new ideas and cooperative projects involving vacant housing.
 - Increase awareness of the relationship between neighborhood stability and a positive business environment.
 - Leverage unique non-profit structures to transform vacant housing.
 - Partner with communities of faith to harness resident participation.

Discussion of Brooklyn Park's Neighborhood Survey

The 2015 Brooklyn Park Residential Study, a telephone survey conducted by the Morris Leatherman Company on behalf of the City, provides a general overview of residents' perspectives on their neighborhoods. One hundred thirty-five questions review responders' complaints, perceptions, demographic characteristics, and familiarity with city services and conduct. Though regular surveys accomplish a connection with residents, the City faces varying challenges over time. This survey could be an outstanding tool to elicit residents' opinions about current city-wide projects and challenges such as initiatives addressing vacant housing. (Question 54 concerning the Blue Line Light Rail is a good model.) While many responders may not have formed opinions about (or are even aware of) certain city-wide issues and will not be able to respond, the survey questioners can direct them to municipal information services.

Including a question directly regarding the amount of vacancy within the neighborhood could aid in measuring vacant housing's impact on residents' perception of their neighborhoods. The question could look like the following:

Example Question 1: *How much vacant housing does Brooklyn Park have?*

-- None -- Not much -- An average amount -- A large amount

Example Question 2: *What effect does vacant housing have on your street?*

-- No effect -- Little effect -- Great effect

Please explain: _____

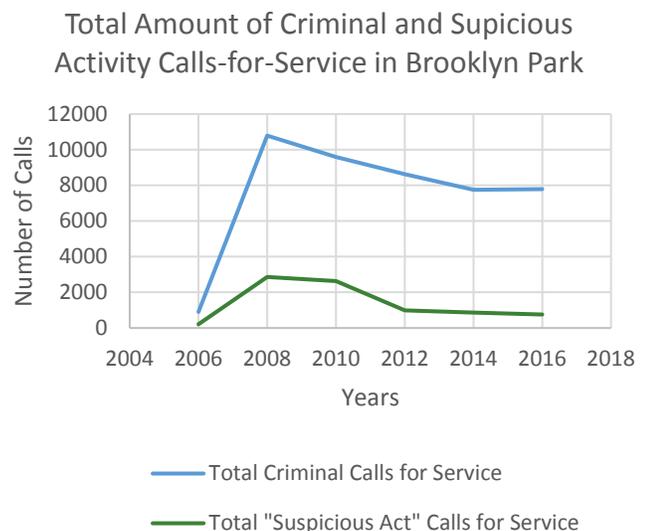
A question could also be crafted similar to numbers 101 and 102 (rating public safety concerns), but the list would be comprised of neighborhood issues such as physical blight, vacancies, inaccessibility to important destinations, noise from a nearby highway, isolation from neighbors, unpleasant/unsafe streetscape, etc. Responders could rate these issues as first and second most important neighborhood resilience goals for the city.

APPENDIX: Foreclosure Recovery Impact Partial Summary

Crime vs. Perception of Crime

(This is a partial summary of results from a group project report concerning the Foreclosure Recovery Program administered by Brooklyn Park's Housing and Economic Development team. Its authors were Ghadeer Alkhenazi, Casey Lauderdale, Lucas Mortensen, and Michael Wade. This portion of the report was authored by Michael Wade.)

Below is a comparison of two types of Calls-for-Service: "Criminal" (those with a MOC CODE attached) and "Suspicious Activity" in Brooklyn Park in 2006, 2008, 2010, 2012, 2014, and 2016. Suspicious Activity CFS were used as a metric by which to measure a city's possibly-unfounded perception or feelings of safety because the reported situation did not end up being considered criminal by law enforcement. Criminal CFS are those calls that ended up being coded as a crime, used to measure actual criminal situations.



In this study we compare:

the proportion of all Brooklyn Park Suspicious Activity CFS in a single year that occurred within 350 feet of a home foreclosed the same year,

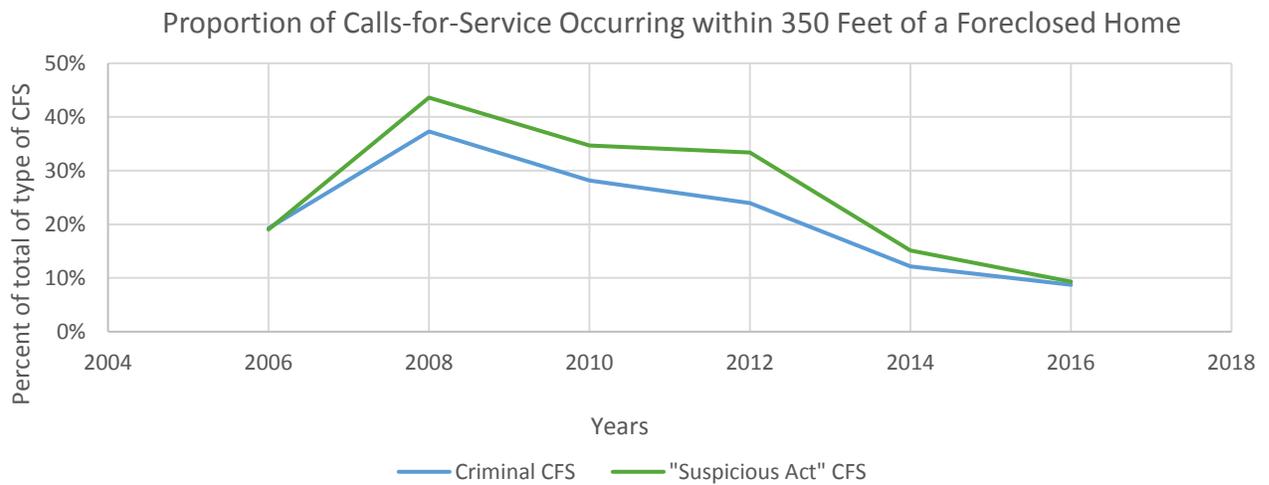
to

the proportion of all Brooklyn Park Criminal CFS in a single year that occurred within 350 feet of a home foreclosed the same year.

350 feet is roughly the distance from a house at the back of a cul-de-sac to the front door of a house across the street, or about the distance of four houses from an observer. This number was chosen as a realistic distance from which a resident could observe behavior around his or her house. (A study¹ by Lin Cui at the University of Pittsburgh compares crime within 250 feet of a vacant property to crime between 250 and 353 feet, showing 15% more crime within 250 feet once the property becomes vacant. Our study reported here could be reproduced using those distance markers.)

¹ Lin Cui. 2010. "Foreclosure, Vacancy and Crime," Department of Economics, University of Pittsburgh, 23.

Foreclosure Recovery Impact Partial Summary

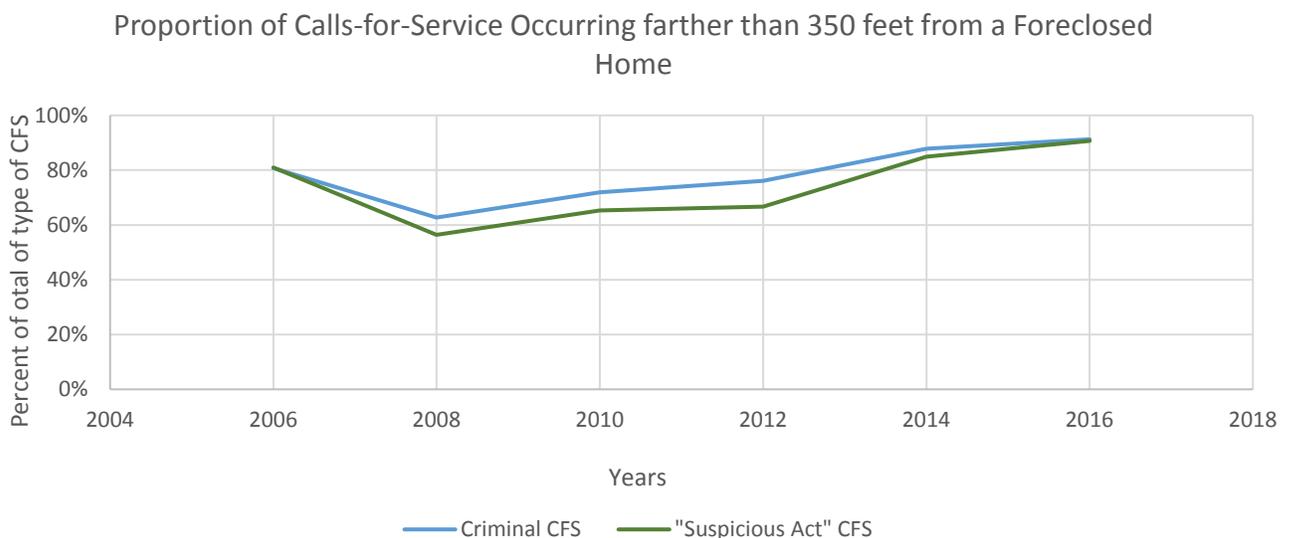


Our results show an increase in proportion of Suspicious Activity calls within 350 feet. In 2006 Suspicious Activity CFS was actually proportionally lower than Criminal CFS. By 2012 the proportion of Suspicious Activity CFS had risen to almost 9.5% more than that of Criminal CFS.

Difference between *Suspicious Act* Calls-for-Service and *Criminal* Calls-for-Service within 350 of a Foreclosed Home

| Year | Percent Difference |
|------|--------------------|
| 2006 | -0.24% |
| 2008 | 6.30% |
| 2010 | 6.56% |
| 2012 | 9.44% |
| 2014 | 2.93% |
| 2016 | 0.59% |

Below is a graph of the CFS outside of the 350 feet radius. It is the direct inverse of the above graph, because these represent a total of 100% Criminal and 100% Suspicious Activity CFS, out of which a certain proportion is within 350 feet (above) and the rest outside (below). This graph is useful in showing that outside of the 350 feet radius, crime was higher than perception of crime. This in combination with the 2006 difference – perception being lower than actual crime *within* 350 feet – suggests that this is the state without the presence of one or more foreclosed homes.



Foreclosure Recovery Impact Partial Summary

Further Analysis:

In order to gain a more accurate picture of crime vs. perception of crime:

- Constrict radius around foreclosed housing: use a 250 feet buffer rather than 350 feet.
- Add more years: show comparison for odd years as well as even, and years before 2006;
- Ensure foreclosed houses were foreclosed and vacated by the exact date of the CFS (rather than simply occurring within the same year);
- Connect with realtors operating in Brooklyn Park; record home-shoppers' perception of foreclosed homes: is there a stigma around these homes or areas? Exactly what effect does this stigma have on whether a shopper purchases or passes?
- Coordinate with neighborhood engagement and resilience projects, as well as neighborhood survey: does an increase in social ties, neighborhood foot traffic, community projects, etc. and the resulting first-hand awareness of blighted properties, have an effect on residents' perception of crime?

Further-Further Analysis:

Applying this strategy to more than just vacant homes

- Encode land uses: assign types of buildings and establishments with a uniform code indicating type of business, hours open, price-range of products or services, number of shoppers or users, etc. Measure types of CFS around these broader categories of land uses.