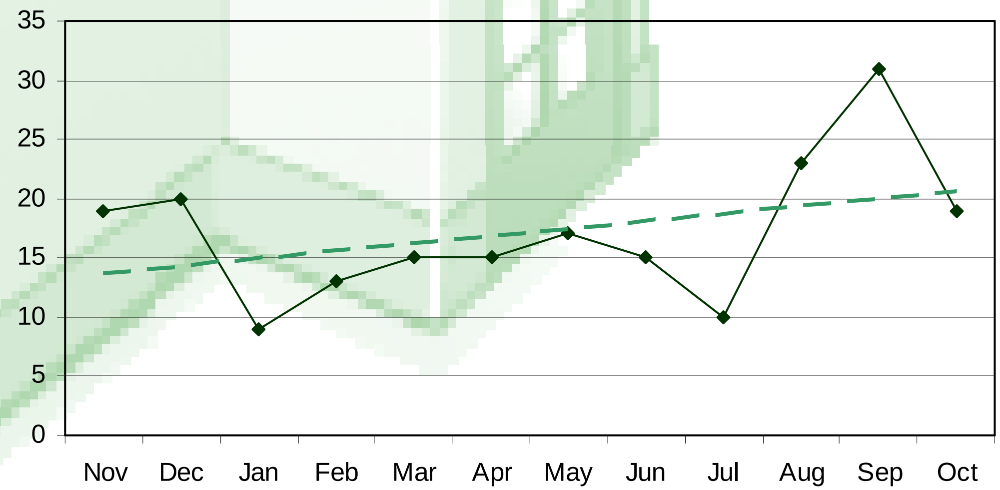
Mortgage Foreclosures in Bloomington

From November 1, 2006 to October 31, 2007 there were 206 mortgage foreclosures in Bloomington (almost 9% of the suburban Hennepin County foreclosures for the year)

- **About 32% of foreclosures are on “non-homesteaded” properties (i.e., they are most likely rental properties)**
- **There is a geographic concentration of foreclosed properties in the Eastern part of the city**
- **The number of monthly foreclosures increased 171% from October 2006 to October 2007**
- **Despite the considerable decrease in October, there is a generally rising trend in the number of monthly mortgage foreclosures over the past year**

Monthly Mortgage Foreclosures (with trendline)



Source: Hennepin County Sheriff’s Office

Hennepin South Services Collaborative

November 2007

MORTGAGE FORECLOSURES IN BLOOMINGTON

The "ripple effect" of increasing numbers of mortgage foreclosures

Impact on homeowners and renters:

- more foreclosures mean that there are more abandoned homes; abandoned homes invite "mischief and blight;" neighborhood blight leads to **lower property values**
- more foreclosures create a glut of homes for sale; a glut of homes on the market means that 1) homeowners must spend more time and money marketing their house, and 2) homeowners will face **longer selling times and lower sale prices**
- more foreclosures force lenders to tighten their standards for loans; tighter lending standards mean that some buyers who were previously able to get qualified now won't be able to OR they can **only qualify for smaller loans**
- foreclosures on rental properties force renters out of the property; more renters looking for housing means a **higher demand for rental properties**; higher demand for rental properties leads to **higher rents**

Impact on local governments and communities:

- increased neighborhood blight (illustrated above) means that **cities must spend more money** on policing, fire protection, social services, demolition, inspection, and legal action
- lower property values (illustrated above) mean **reduced property tax income** for cities, counties, and schools; reduced tax income leads to **cuts in programs and services**
- foreclosures create **neighborhood instability** and threaten community well being

Impact on businesses and investors:

- lower property values (illustrated above) dissuade homeowners from improving their houses; fewer home improvements mean **lower sales and profits for remodeling companies and home improvement stores**
- lower property values (illustrated above) mean that homeowners are less likely to borrow against home equity for cars, durable goods, or other consumer goods; lower equity borrowing leads to **lower sales and profits for many consumer sectors**
- fewer and smaller loans (illustrated above) mean **less fee income for lenders**
- foreclosures lead to losses in subprime business operations; business losses mean lower profits and potential instability; lower profits and instability lead to **lower returns for investors and staff layoffs** (or even business closures)

HENNEPIN SOUTH SERVICES COLLABORATIVE

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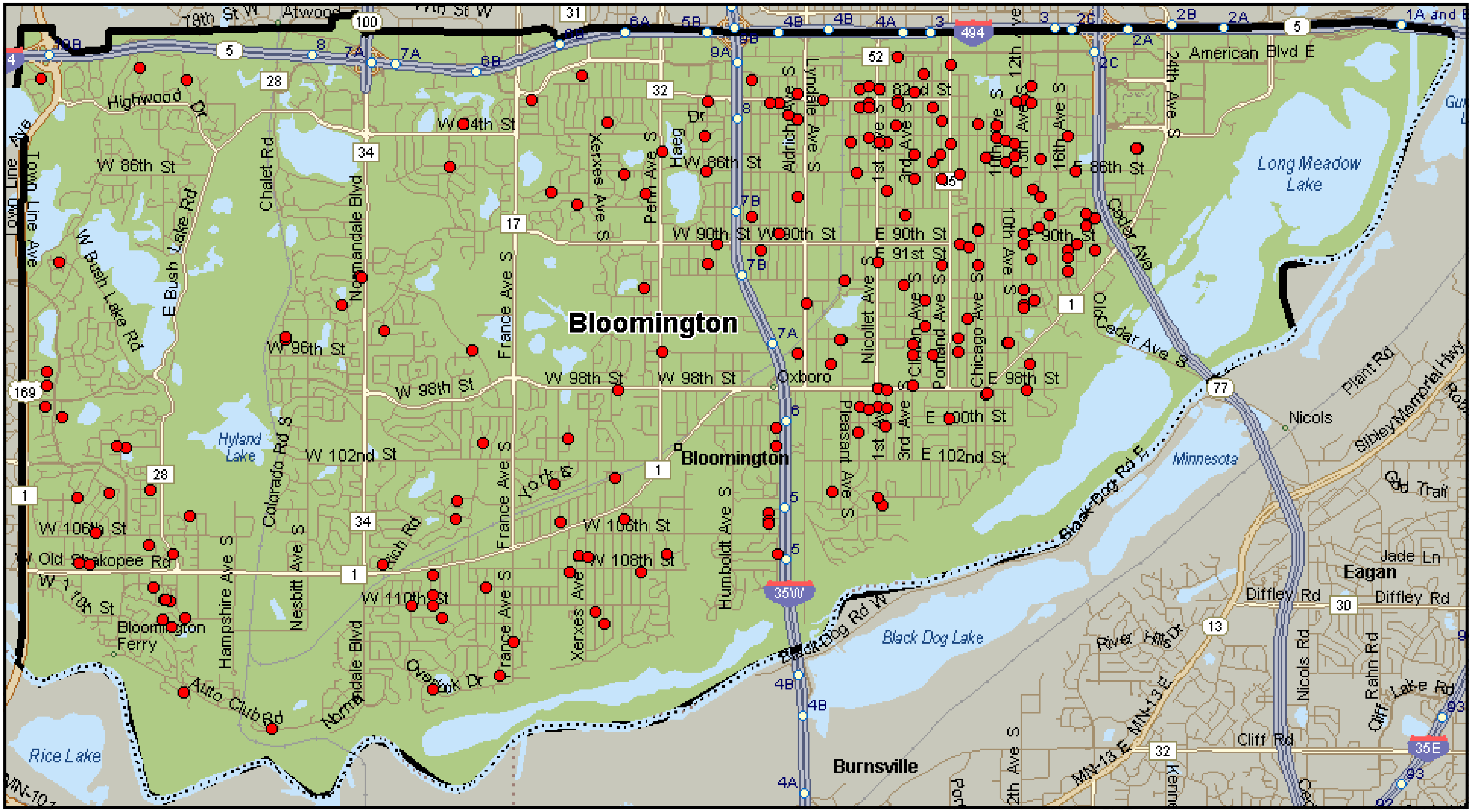
Mortgage Foreclosures in Bloomington
from November 1, 2006 to October 31, 2007



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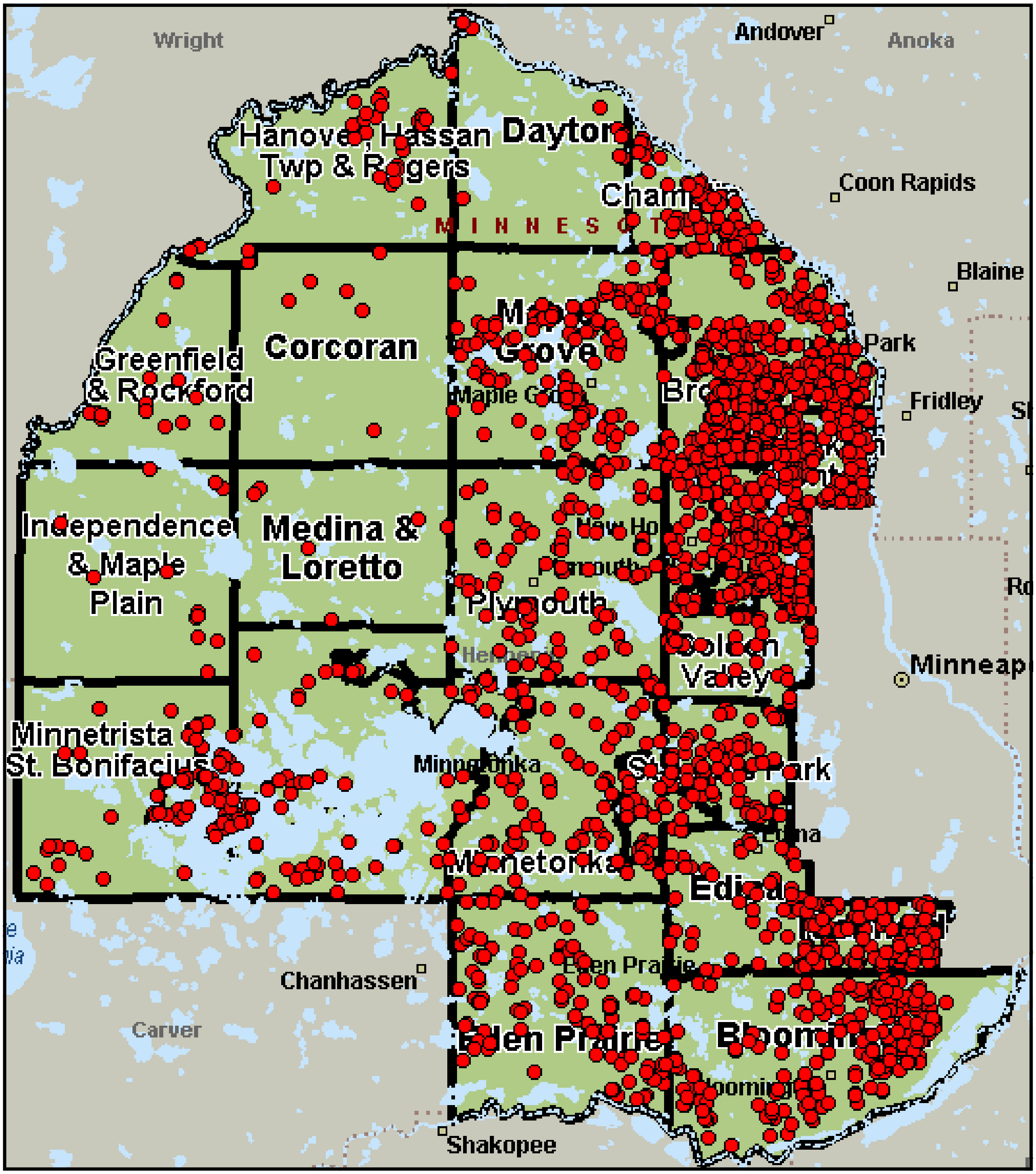
Mortgage Foreclosures in Suburban Hennepin County

from November 1, 2006 to October 31, 2007



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