The Unraveling of the American Dream: Foreclosures in the Immigrant Community of Minneapolis

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Research Dilemma

- Foreign born households have increased their presence in the housing market
  - “Coming of age”
  - Looser mortgage underwriting and new mortgage products

- Foreclosure crisis!
  - Minorities disproportionately hold subprime mortgages

- What are the characteristics of households that have experienced foreclosure?
Presentation Outline

- Why study foreclosures and immigrants?
- Data sources and methodology
- Research findings
- Policy implications
Why Study Foreclosures and Immigrants?

- Increased presence of immigrants in housing markets
Percentage of Foreign Born Households in Minneapolis, 1980-2007

Change in Number of Households, Minneapolis 1980-2007

Change in Number of Renter Households, Minneapolis 1980-2007

Change in Number of Home Owner Households, Minneapolis 1980-2007

Why Study Foreclosures and Immigrants?

- Increased presence of immigrants in housing markets
- Foreclosures are increasingly common
Foreclosed Mortgages in the US

Source: Mortgage Bankers Association, National Delinquency Survey
## Foreclosures in Minneapolis, 2005-2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Foreclosed Housing Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>861</td>
</tr>
<tr>
<td>2006</td>
<td>1649</td>
</tr>
<tr>
<td>2007</td>
<td>3026</td>
</tr>
<tr>
<td>2008</td>
<td>3077*</td>
</tr>
<tr>
<td>Total</td>
<td>8613</td>
</tr>
</tbody>
</table>

Source: Hennepin County Sheriff Sales Data; * designates foreclosed properties rather than units
Why Study Foreclosures and Immigrants?

- Increased presence of immigrants in housing markets
- Foreclosures are increasingly common
- **Individual, household and community-level effects**
  - Loss of equity, credit score declines
  - Massive disruption to households
    - Churning in schools, employment
    - Weakened social networks
  - Reduced property values
    - Increased crime and disorder
    - Exacerbated by concentrated nature of foreclosures
Why Study Foreclosures and Immigrants?

- Increased presence of immigrants in housing markets
- Foreclosures increasingly common
- Individual, household and community-level effects
- State, regional and national effects
Building a Hypothesis

- Would we expect for foreign born households to be over or under-represented among foreclosed households?
  - Reasons to expect over-representation
  - Reasons to expect under-representation
Data Sources

- Sheriff’s Sale Data
  - Addresses of foreclosed properties
- Data from Minneapolis Public Schools
  - Primary language spoken in home of students
  - Ethnicity
- Data from Hennepin County Assessor’s Office
  - Homestead status
- American Community Survey (2007)
  - Demographic profiles
Homestead Status of Foreclosed Properties in Minneapolis, FY2006-FY2007

Sources: Hennepin County Sheriff Sales Data, Hennepin County Property Tax Data
Foreclosed Housing Units by Homestead Status,
Minneapolis, MN, FY06-FY07

Legend
- Homestead
- Non-Homestead
- Resole
- Rivers
- Lakes
- Minneapolis

Source: Hennepin County Sheriff Sales Data,
Hennepin County Property Tax Data,
Minneapolis Public Schools
Foreclosures in Minneapolis with a Child in Public School, FY06-07

Sources: Hennepin County Sheriff Sales Data, Minneapolis Public Schools, American Community Survey 2007
Foreclosed Housing Units with Children Enrolled in Minneapolis Public Schools, Minneapolis, MN, FY06-FY07

Legend
- Foreclosures
- Roads
- Rivers
- Lakes
- Minneapolis

Source: Hennepin County Sheriff Sales Data, Hennepin County Property Tax Data, Minneapolis Public Schools
Foreclosures in Minneapolis with a Child in Public School by Race or Ethnicity, FY06-07

Sources: Hennepin County Sheriff Sales Data, Minneapolis Public Schools, American Community Survey 2007
Foreclosed Housing Units with Hispanic Children Enrolled in Minneapolis Public Schools, FY06-FY07

Legend
- Foreclosures, Hispanic

Source: Hennepin County Sheriff Sales Data, Hennepin County Property Tax Data, Minneapolis Public Schools
Foreclosures in Minneapolis with a Child in Public School by Nativity, FY06-07

Sources: Hennepin County Sheriff Sales Data, Hennepin County Property Tax Data, Minneapolis Public Schools, American Community Survey 2007
Foreclosed Housing Units with Children Enrolled in Minneapolis Public Schools by Nativity, FY06-FY07

Legend
- Foreclosures, Foreign Born
- Foreclosures, Native Born

Source: Hennepin County Sheriff Sales Data, Hennepin County Property Tax Data, Minneapolis Public Schools
Foreign Households in MPLS with a Child in Public School that Experienced a Foreclosure by Language, FY06-07

Sources: Hennepin County Sheriff Sales Data, Minneapolis Public Schools
Foreclosures of Owner-Occupied Properties in Minneapolis with a Child in Public School by Nativity, FY06-07

Sources: Sheriff Sales Data (Hennepin County), Hennepin County Property Tax Data, Minneapolis Public Schools, American Community Survey 2007
Foreclosed Homestead Housing Units with Children Enrolled in Minneapolis Public Schools by Nativity, FY06-FY07

Source: Hennepin County Sheriff Sales Data, Hennepin County Property Tax Data, Minneapolis Public Schools
Foreclosures of Non-Homesteaded Properties in Minneapolis with a Child in Public School by Nativity, FY06-07

Sources: Hennepin County Sheriff Sales Data, Hennepin County Property Tax Data, Minneapolis Public Schools, American Community Survey 2007
Foreclosed Non-Homestead Housing Units with Children Enrolled in Minneapolis Public Schools by Nativity, FY06-FY07
Research Findings Summary

1. The majority of foreclosures in Minneapolis involved rental properties.

2. Minneapolis households with children in public school are overrepresented among households experiencing foreclosure.
   
   A. Foreign born households are under-represented.

   B. Foreign born households who own their homes are over-represented.
Policy Recommendations

- New neighborhood stabilization programs and legislation in MN are terrific
- Financial literacy and first-time homebuyer classes
  - Targeted and culturally appropriate
- Increase services for displaced renters