

TwinCities.com (Pioneer Press)

## Foreclosure picture murky for 2009

By Christopher Snowbeck

The outlook for foreclosures in the Twin Cities is so uncertain that a Minneapolis group says it can't make a projection for how many might take place this year.

On the one hand, foreclosures could increase during 2009 along with rising unemployment, more mortgage delinquencies and the resetting of adjustable-rate mortgages for homeowners, according to a report released Friday by Minneapolis-based HousingLink.

But more active intervention and loss-mitigation activities on the part of lenders and mortgage counselors could help to reduce the number of foreclosures, the housing group said.

Many of the largest mortgage lenders in the country, including Wells Fargo, have announced in recent months temporary suspensions in foreclosures while the federal government develops a plan to deal with the growing number of homeowners missing mortgage payments.

"Due to greater uncertainty about future economic conditions, this supplement report does not include a projection," HousingLink said in its report.

Past reports based projections on the assumption that past patterns would continue into the future. But the group's initial and revised projections for the number of foreclosures in the Twin Cities during 2008 both turned out to be too high.

For all of last year, the Twin Cities metro area saw 17,268 foreclosures, according to the report released Friday. That was a 33 percent increase over the 12,974 foreclosures in the metro during 2007.

The annual rates of increase in the Twin Cities foreclosure tally were much more dramatic between 2005 and 2007, when they exceeded 80 percent, according to HousingLink.

As the number of foreclosed homes has grown dramatically in recent years, those properties have flooded the market and driven down median sale prices. But in the past two months, local Realtor groups have reported a decline in the number of foreclosed homes and properties subject to short sales coming onto the market.

In conjunction with the HousingLink report Friday, officials with the Minnesota Housing Finance Agency announced the final award of \$38.8 million in federal money to help stabilize neighborhoods hard hit by foreclosures.

St. Paul Mayor Chris Coleman and Minneapolis Mayor R.T. Rybak attended the announcement, which took place at a vacant home in St. Paul's Frogtown area that a neighborhood development group is repairing and plans to showcase in the Minneapolis/St. Paul Home Tour in April.

St. Paul is receiving \$6.3 million of that total, in addition to \$4.3 million the city expects to collect directly from the federal government as part of the Neighborhood Stabilization Program.

The federal money will support the rehabilitation and redevelopment of foreclosed homes. Overall, the federal program — which was passed as part of the Federal Housing and Economic Recovery Act of 2008 — is directing \$58 million in funds to Minnesota.

Christopher Snowbeck can be reached at 651-228-5479.