

## Ellison holds public foreclosure hearing

Written by Lydia Schwartz

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On January 23, the US House Committee on Financial Services, Subcommittee on Housing and Community Opportunity, held a public hearing at the Minneapolis Central Library. It was headed by Subcommittee Chairwoman Rep. Maxine Waters (D-CA) and US Rep. Keith Ellison (D-MN). The Subcommittee hearing consisted of two panel discussions with politicians and community members and activists on low-income housing and the foreclosure crisis.

US Rep. Betty McCollum (MN-4) was also present at the hearing. “The needs of low- and middle-income Americans have been neglected for the last decade. The victims here are working families and those who want to work but have no job opportunities in this economy,” she said.

In 2008, the US Department of Housing and Urban Development (HUD) established the Neighborhood Stabilization Program (NSP), a grant program for nonprofit organizations to acquire foreclosed homes to specifically be used for low-income housing.

However, before a nonprofit organization can make a bid on a foreclosed property, they have to make sure the building meets certain environmental requirements, such as lead hazards.

While these regulations are meant to prevent placing low-income families in an unsafe environment, the outcome is usually the opposite. NSP regulations have created a competition between cash investment speculators and nonprofit organizations. One panelist, Hennepin County Commissioner Gail Dorfman, said, “It can take months [for a nonprofit] to acquire the property, go through an environmental assessment, and inspection. Someone else can just lay down the cash and not have to go through the regulations.”

Since the selling agent usually does not want to wait, they end up refusing buyers who actually want to invest in the neighborhood and live there. Cash investors will buy foreclosed property for pennies, not fix the house, and then rent it out anyway. Tom Steitz, the Director of Housing Policy and Development Division, Minneapolis Department of Community Planning and Economic Development, noted that “many of these cash investors live outside of the state or even outside of the country...and aren’t available to make repairs once a family is moved in.”

Ellison argued, however, that “rolling back these regulations would undermine what we’re trying to accomplish.”

Empty buildings pose a number of problems for neighborhoods and North Minneapolis has

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been ground zero. "There is more crime on blocks with vacant buildings...They are subject to being vandalized, being copper stripped, having trespassers and squatters, are at risk for fires starting, pipes freezing, and being condemned," said State Sen. Linda Higgins (DFL-58).

Providing short-term financial help to struggling homeowners, rather than let the property go into foreclosure, is the most important thing the government should be focusing on the ease the crisis. "Preventing homelessness is more cost-effective than getting them out. Plus, they become assimilated into that lifestyle. We need to teach people to take care of themselves so we can eliminate them homeless industry...We need short- and long-term aid for rent beyond Section 8. We should help people who get sick or their kids get sick and they can't work for a couple of days to pay their rent," said Richard Amos, the Director of Housing Services at St. Stephen's Human Services.

"We need to get lenders to the table to discuss mortgage restructure so both parties can win," Higgins said.

Section 8 is a government voucher for low-income people to receive financial aid to pay rent. One panelist at the hearing, Christina Lauden, who has two daughters, had waited over six years to receive her rent vouchers. "People have been on the waiting list for affordable housing since before the recession. The HUD budget needs to reflect the need that's out there," said Michael Dahl, the Public Policy Director of HOME Line. The waiting list to receive Sect. 8 vouchers is currently closed. In addition, landlords are not obligated to accept the vouchers.

Lauden was in a disabling car accident but is working on earning a B.A. degree online in hopes of getting a better job. "A low-paying job does not provide enough to meet a family's basic necessities...Having a home, their own bedroom, and having a routine is essential for children. Having to move is destabilizing and they act out," she said.

Section 8 vouchers should be seen as an investment in the community instead of a hand-out. "It is fiscally responsible to prevent homelessness and invest in education...We also need to get more money to city and county governments to create jobs for people," Ellison said.

For one panelist, Marion Anderson, the apartment building he is living went into foreclosure without the tenants knowing it. The landlord took appliances out of the building and manually shut off the furnace. The tenants received notices for utility shut off, abandonment and condemnation notices, and squatters living in the unsecured basement; all without the landlord ever telling them the building had been foreclosed.

Dahl also pointed out that "new landlords of foreclosed rental properties often don't honor a tenant's lease."

Anderson received help to stay in his apartment from The Legal Aid Society of Minneapolis. Legal Aid helps low-income people and seniors with civil cases by answering questions, giving advice to clients, going to court, or by working out an agreement.

To make a request for help from Legal Aid, call (612) 334-5970 or (651) 222-4731. Legal Aid is

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an affiliate of HOME Line, which provides free legal, organizing, education, and advocacy services so that tenants throughout Minnesota can solve their rental housing problems. HOME Line can be reached at (612) 728-5767 or 1-866-866-3546.