



OFFICE OF GOVERNOR TIM PAWLENTY
130 State Capitol ♦ Saint Paul, MN 55155 ♦ (651) 296-0001

NEWS RELEASE

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Contact: Brian McClung
(651) 296-0001

MINNESOTA RECEIVES NEARLY \$58 MILLION IN FEDERAL FUNDS FOR AREAS HIT BY FORECLOSURES

~ Emergency assistance will help acquire and redevelop foreclosed properties ~

Saint Paul – The State of Minnesota, three counties, and the cities of Minneapolis and St. Paul are receiving nearly \$58 million in new federal funds to acquire and redevelop foreclosed properties, Governor Tim Pawlenty announced today.

The money is part of the new Neighborhood Stabilization Program run by U.S. Department of Housing and Urban Development (HUD). The funds are being allocated as follows:

- \$38.8 million to the State of Minnesota
- \$5.6 million to the City of Minneapolis and \$4.3 million to the City of St. Paul
- \$3.9 million to Hennepin County, \$2.76 million to Dakota County and \$2.37 million to Anoka County.

The Housing and Economic Recovery Act of 2008, which was passed by Congress and signed into law in July, included \$3.92 billion in funding for communities to purchase foreclosed homes at a discount and to rehabilitate or redevelop them in order to respond to rising foreclosures and falling home values. HUD is targeting the funds based upon the number and percent of foreclosures, subprime mortgages and mortgage defaults and delinquencies. The Minnesota Housing Finance Agency will administer the Minnesota grant.

“These federal funds will assist Minnesota’s effort to revitalize neighborhoods with high levels of foreclosures and abandoned homes,” Governor Pawlenty said. “The mortgage foreclosure crisis has affected communities across our state and we’re taking action to get these neighborhoods back on their feet.”

“In anticipation of these funds, we have worked with our partners to develop action plans that can put these resources to work immediately,” said Minnesota Housing Commissioner Tim Marx. “We are committed to deploy these funds quickly to help stabilize the housing market in communities most affected by the foreclosure crisis.”

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The grants may be used to acquire land and property for subsequent home ownership or rental opportunities; to demolish or rehabilitate abandoned properties; and/or to offer down payment and closing cost assistance to low- to moderate-income homebuyers (household incomes not exceed 120 percent of area median income).

In addition, funds can be used to create “land banks” to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. In addition, at least 25 percent of the funds must be used to house individuals or families with incomes below 50 percent of area median income.

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