



Tax Forfeited Homes Project

The Issue: When homes fall into tax forfeiture and are not sold, the homes needing rehabilitation are demolished, and what is left is a vacant lot that largely goes unused.

The Ask: \$2,000,000 in one-time funding from the Minnesota Legislature. AEOA and St. Louis County have secured additional funds to cover the gap between the rehabilitation costs and what the completed home appraises for through IRRR and Greater Minnesota Housing for the first 5 homes.

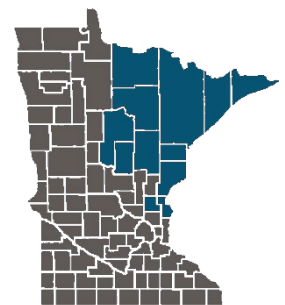
This one-time request would be for \$2,000,000 in base funding, which would continue to revolve, and the value gap funding would be sought on an as-needed basis to continue this process. The value gap between the total development cost and the sale price is estimated to be \$40,000 per home. This \$2,000,000 would potentially develop 13 homes per year, and the annual need for gap funding would be \$520,000.

Background: Arrowhead Economic Opportunity Agency (AEOA), in collaboration with St. Louis County, is exploring a program to rehabilitate and resell existing tax-forfeited homes. Selected by the county, potential homes would be assessed by Saint Louis County and AEOA staff, who would identify those with the greatest potential within the available funding. Subsequently, Saint Louis County would then convey the homes to AEOA, and rehabilitation would be carried out by local contractors in conjunction with AEOA staff.

AEOA has already assessed 11 potential homes, choosing 5 as viable projects. Estimates for rehabilitation costs indicate an average investment of \$196,000 per home. Upgrades include roofs, soffit, fascia, siding, doors, windows, entry steps, HVAC, electrical and plumbing enhancements, updated kitchens and bathrooms, new sheetrock, interior doors, trim, flooring, and insulation.

Post-rehabilitation, the homes would be appraised and sold to selected homeowners through an approved process using conventional mortgages from local lenders. The proceeds would replenish the program's funding pool. This initiative stands as a significant effort to rescue homes from demolition, returning 13 units to the tax rolls and ensuring safe, affordable housing while keeping the children of these homeowners in local schools.

About AEOA: For over 58 years, the Arrowhead Economic Opportunity Agency (AEOA) – a private, 501(c)3 nonprofit Community Action Agency – has served as a major provider of self-sufficiency services to low-income and disadvantaged persons. AEOA's service delivery area includes 12 primarily rural counties in Northeastern and Central Minnesota, including Aitkin, Carlton, Cass, Chisago, Cook, Crow Wing, Isanti, Itasca, Koochiching, Lake, Pine, and St. Louis. Over the past five decades, the Agency has grown in response to community needs and currently offers a range of services through six service departments, including Employment and Training, Head Start, Housing, Senior and Nutrition Services, and Transit. In 2023, AEOA touched the lives of over 38,000 people experiencing social and economic challenges.



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