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**NEW RESEARCH SHOWS PA'S HOMEOWNERS' EMERGENCY MORTGAGE ASSISTANCE PROGRAM SAVED THOUSANDS OF HOMES AND MILLIONS OF DOLLARS BEFORE CLOSING**

PHILADELPHIA—(February 8, 2012)—From 2008 to 2010, Pennsylvania's recently closed Homeowner's Emergency Mortgage Assistance Program (HEMAP) saved more than 6,100 Pennsylvania homeowners from foreclosure and had a total estimated impact of \$480 million, according to a newly released report, The Reinvestment Fund's (TRF) *Research Brief: What if Pennsylvania Had Not Had HEMAP?*

Were it not for HEMAP, Pennsylvania's foreclosure rate would have been higher and its rank among states several rungs worse. Over this period, the number of homes saved from foreclosure by HEMAP amounted to between 4.6 percent and 5.1 percent of the total inventory of homes in foreclosure.

TRF also reports on estimated county-level savings. From 2008 – 2010, Southeastern Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia) saved over \$170 million. TRF, which uses estimates from the Joint Economic Committee of the United States Congress (JEC), shows the costs associated with foreclosure are split among lenders (64.6 percent), local government (24.7 percent), homeowners (9.2 percent), and neighbors (1.9 percent). Among the costs that HEMAP saved were: repair and marketing of the property for resale; local governments might incur costs associated

with local tax revenue, police and fire calls to vacant properties and the administrative processing of foreclosures. Homeowner costs may include legal fees, and, finally, neighbors of homeowners in foreclosure may experience a loss in the value of their homes. The report is available at: <http://www.trfund.com/resource/downloads/policypubs/HEMAPsummary.pdf>

Regional Housing Legal Services' calculations using the JEC's cost allocations and TRF's determination of savings from HEMAP over the last three years show that local governments in Southeastern Pennsylvania saved approximately \$42 million and neighboring homeowners saved \$3 million during the last three years of HEMAP.

Rick Sauer, Executive Director of the Philadelphia Association of Community Development Corporations (PACDC) described the importance of HEMAP: "HEMAP has been a vital tool in foreclosure prevention in Pennsylvania for decades. Many of our member CDCs and their constituents have relied on HEMAP to provide homeowners a second chance when they experience financial difficulty through no fault of their own. PACDC sees HEMAP as an integral part of keeping families in their homes and preserving neighborhoods."

What is HEMAP's impact? Zoe Holmes, 48, bought her two-bedroom row house in the Somerdale section of Philadelphia in 1998 and as a clinical supervisor at a drug and alcohol treatment facility, she was making her mortgage payments and living the homeownership dream. But then she had a heart attack and fell behind on her mortgage payment. The HEMAP program helped her catch up on her payments and allowed her to stay in her home. She later had a second heart attack and HEMAP was there to help her again. "I had to take in a roommate to meet the requirements of the program after the second heart attack, but I still own my home, a place where my family can visit, and I am very grateful for that," she says. "Saving my home was good for me but it was also a benefit for my neighborhood where we all keep up our homes very well."

Another Pennsylvania homeowner who may not be as lucky is 54-year-old Tom Edwards. A career bus and truck driver, Edwards suffered a stroke and needed mortgage help but after first being told he was approved he was then informed the HEMAP program had run out of money. Unless, HEMAP funds are restored, he may lose his small house in the Wynnefield section of Philadelphia. "I don't want to move. I like owning my home. Without the use of my left arm and leg I can no longer work and just need the help HEMAP can give to help me pay off my small mortgage loan."

HEMAP was started in 1983 by an Act of the Pennsylvania legislature to provide temporary assistance to homeowners facing the loss of their home due to circumstances beyond their control and who had a likelihood of being able to resume their payments in the future. Since its inception, HEMAP helped over 46,000 families, touching every county in the Commonwealth. Over the years, HEMAP has been praised by Harvard University's Kennedy School of Government, the Federal Reserve Bank of New York and Moody's Financial Services as an effective foreclosure prevention measure.

But now, when more homeowners than at any time since the Great Depression are facing foreclosure, HEMAP has closed its doors to new applicants due to lack of funding in the 2011-12 budget. The program has been closed since July 2011. Without HEMAP, more families will lose their homes and there will be more vacant homes in the housing market, further decreasing property values, increasing blight, and compounding the costs to families, lenders, local governments, and neighbors, which are estimated to be \$77,000 per loan.

Philadelphia Association of Community Development Corporations (PACDC) is dedicated to advocacy, policy development and technical assistance for community development corporations and other organizations in their efforts to rebuild communities and revitalize neighborhoods. <http://www.pacdc.org>

Philadelphia LISC is a local program of the Local Initiatives Support Corporation, (LISC), a national non-profit development organization dedicated to transforming distressed neighborhoods into healthy, sustainable communities of choice and opportunity. Philadelphia LISC works with Community Development Organizations, to provide the tools and programs needed to initiate positive change and transform neighborhoods into healthy, vibrant communities. <http://www.philadelphialisc.org>.

Regional Housing Legal Services is a nonprofit law firm with unique expertise in affordable, sustainable housing and its related components — community and economic development, utility matters and preservation of home ownership. RHLS provides innovative project and policy solutions that help create sustainable communities offering decent, safe and affordable housing for lower-income Pennsylvanians. [www.rhls.org](http://www.rhls.org).

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