



**Testimony on the Impact of the Homeowners' Emergency Mortgage  
Assistance Program (HEMAP) on Philadelphia**

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May 15, 2012

Good morning. I want to thank the Committee on Public Health & Human Services for calling this hearing and for the opportunity to testify regarding the impact of HEMAP on Philadelphia. My name is Rachel Blake. I am the Associate Director of Regional Housing Legal Services (RHLS).

**Regional Housing Legal Services**

RHLS 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. We are headquartered in Glenside, with offices across the Commonwealth.

A significant portion of RHLS's work is focused on homeownership and homeownership preservation. Through this work we are well versed in the impact of HEMAP – as a national best practice, an effective state program, and a critical element of Philadelphia's approach to foreclosure prevention.

**HEMAP is a National Best Practice and Model**

The Homeowners' Emergency Mortgage Assistance Program ("HEMAP") was created in the early 1980s to respond to sudden high unemployment in Pennsylvania. HEMAP targets homeowners who are facing trouble through no fault of their own and have a reasonable likelihood of getting back on their feet within two to three years. The program recognizes that unemployment, illness, and family changes can come out of the blue and knock the financial wind out of a household. HEMAP helps qualified homeowners avoid foreclosure by giving them time to catch their breath.

A report from the Federal Reserve Bank of New York stated that HEMAP "has helped most participants retain their homes while paying off their loans—at a potentially lower cost than that of other relief initiatives"—about \$1,600 per case compared to about \$13,600 for the federal HAMP program. In 2011, a US Congressman described HEMAP as "the single most effective anti-foreclosure program that has been put forward."

HEMAP served as a model for programs in other states – including programs created using Hardest Hit Fund dollars. It led the way toward eventual modifications to the HAMP program that enabled that program to better address the needs of the unemployed. It also served as guide for the implementation of the federal Emergency Homeowners' Loan Program (EHLP). In fact, EHLP had its greatest success in Pennsylvania, which despite a very tight timeframe for committing funds, was able to fully commit the \$105 million allocated to it – plus an additional \$3 million. Pennsylvania was responsible for more than a quarter of the funds committed under

EHLF nationally. The existence of HEMAP both helped guide the policies surrounding EHLF and also allowed Pennsylvania to fully access the available federal funding.

### **HEMAP Prevents Foreclosure**

Through March 2012, HEMAP has disbursed more than \$500 million and received repayments totaling more than \$268 million. More than 45,000 homeowners have received HEMAP; more than 21,000 have fully repaid their HEMAP loan. The average HEMAP loan is approximately \$11,000. Approximately 80% of those who receive HEMAP loans are ultimately able to keep their homes.

The Reinvestment Fund (“TRF”) recently released an issue brief titled, *What if Pennsylvania Had Not Had HEMAP*, which stated that between 2008 and 2010 HEMAP helped more than 6,100 homeowners avoid foreclosure and saved (local and state governments, banks, and homeowners) approximately \$480 million.

In Philadelphia, since its inception, HEMAP has saved 7,524 families from foreclosure and disbursed over \$67 million in loan assistance.

### **HEMAP is Part of Philadelphia’s Approach to Foreclosure Prevention**

In addition to the impressive statistics about HEMAP’s impact in Philadelphia and in our state, there are more subtle, but I think equally important, contributions that HEMAP makes to foreclosure prevention efforts in Philadelphia.

Last fall RHLS released a report titled, *No Place Like Home: Philadelphia’s Approach to Foreclosure Prevention* (the “Report”). The Report contained the first comprehensive qualitative look at the response to the foreclosure crisis in Philadelphia. We were able to document a variety of local, state, and federal programs that were coming together to help prevent foreclosures in Philadelphia. Housing counselors are at the center of it all.

Philadelphia has a network of approximately 30 housing counseling agencies, which help people understand their options, help them negotiate modifications (inside and out of Diversion Court), and apply for HEMAP. The fact that we have such a large, strong network of housing counseling agencies is a tribute to the leadership and commitment of the City of Philadelphia and the Office of Housing and Community Development, which has provided significant funding and support to these agencies. I firmly believe that the commitment that City leaders have made to housing counseling created an infrastructure in the City that has facilitated the success of two national best practices – the Diversion Court and HEMAP. The network of housing counseling agencies was able to quickly mobilize to work with homeowners in Diversion Court and also responded quickly when the call came to implement EHLF in a short period of time.

We believe that HEMAP is a vital tool to help prevent foreclosure in Philadelphia. In addition to the thousands of homeowners and millions of dollars saved in Philadelphia, HEMAP provides two additional key benefits: 1) a notice providing contact information for housing counseling agencies; and 2) a process by which the homeowner could get up to 120 days to try to resolve the delinquency before the lender could file a foreclosure action. Information about the availability of free, quality housing counseling services is vital. Many have seen the foreclosure crisis as an

opportunity to scam desperate homeowners – charging them up front for services never performed and which the homeowner could have received for free elsewhere. The additional time homeowners receive under HEMAP has no doubt given scores of owners the opportunity to find a way to self-cure.

**Conclusion**

While the details about the amount and length of funding remain unclear, we are currently hopeful that HEMAP will resume operations in July 2012. We urge homeowners to reach out to housing counseling agencies for help accessing HEMAP. We applaud the efforts of the City Council of Philadelphia to understand and publicize the significant impact that HEMAP makes to homeowners and to neighborhoods.