

# PA IS FACING A FORECLOSURE CRISIS!



A world ravaged by pandemic is no time to leave people homeless. Reporting by Urban Institute shows that the delinquency rate has doubled since the beginning of the pandemic. Record numbers of families are unemployed or underemployed, and as mortgage and unemployment assistance ends, experts predict a wave of foreclosures as soon as January 2021 <sup>1</sup>

## The Issues

- Over 2 million Pennsylvanians have filed unemployment claims during the pandemic <sup>2</sup>
- State unemployment is still over 8%... Philadelphia's rate is almost 12% <sup>3</sup>
- 8.1% (over 1 million Pennsylvanians ) are delinquent on their mortgage payments <sup>4</sup>
- CARES Act funding for mortgage assistance ends November 30, 2020
- Statewide moratoriums on foreclosures have expired though the Pandemic continues - COVID-19 infection rates are at record highs
- Forced moving can trigger a series of emotional and physical setbacks from which older people may not recover. Multiple moves often <sup>5</sup> undermine the well-being of young children—with profound and lasting impacts

## HEMAP - A Solution

In 1983 Pennsylvania faced a severe recession. A coalition of people and organizations from across the political spectrum came together to establish a program to assist homeowners facing temporary hardships from overwhelming economic conditions. The Homeowners Emergency Mortgage Assistance Program (HEMAP) was created and PHFA was assigned to administer the program which has assisted over 50,000 homeowners since its inception.

HEMAP was initially funded with \$25 million. Over 50,000 PA families have been helped by the program and those families have paid the Commonwealth back over \$328 million which was reinvested in helping other families.

HEMAP needs urgent funding. Currently, the program has only \$10 million available. Based on historical average the \$10 million will assist less than 900 families. This is nowhere near enough funding for the number of homeowners who are at risk of losing their homes due to the pandemic and recession.

## HEMAP Benefits

- **Avoids Foreclosure Cost to Community** - One foreclosure can ring up as much as \$34,000 in local government agency bills. Trash removal, unpaid utilities, sheriff and police costs, inspections and potentially even demolition of the property all contribute to that cost. Property values also decrease near foreclosed properties.<sup>6</sup> Conversely, the cost to save a home is estimated at \$3,310<sup>7</sup>
- **Positive Financial Impact** - The Reinvestment Fund report in 2019 took a look at the financial impact of HEMAP. The average positive impact in each county was \$2.2 million<sup>8</sup>
- **Community Health** - Saving a home can prevent serious emotional damage, particularly to seniors and young children. Staying at home is also a primary preventative in the spread of the pandemic.
- **Successful Track Record** - since its inception, HEMAP has saved more than 50,000 families from losing their home, disbursing over \$569 million, much of which comes from repaid loans from earlier helped families<sup>9</sup>

## What Can Be Done?

***We can work together - fight for more funding for HEMAP***

Labor unions, housing agencies and advocates, municipal and county governments, state representatives, faith-based organizations, social justice advocates, grassroots organizations, need to be aware of this impending crisis and join the Save Our Homes Coalition and PHFA in pressing the PA legislature to provide additional funding for HEMAP.

**We have a potential solution to avoid this crisis;  
let's fund it and use it!**

  
**Save Our Homes Coalition**

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8. 2019 Reinvestment Fund: HEMAP's Enduring Impact in Pennsylvania
9. HEMAP Statistical Historical Data