



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

RESOLUTION NO. 120180

Introduced March 8, 2012

Councilmember Tasco

RESOLUTION

Authorizing the Council Committee on Public Health and Human Services to hold hearings regarding impact of the Homeowners' Emergency Mortgage Assistance Program on Philadelphia.

WHEREAS, In 1983, at the urging of faith-based organizations, civic leaders, and union workers, who were facing mass layoffs due to the collapse of the steel industry, Republican Governor Dick Thornburgh signed into law, Act 91, which authorized the Homeowners' Emergency Mortgage Assistance Program ("HEMAP"); and

WHEREAS, Over the years, HEMAP, which is run by the Pennsylvania Housing Finance Agency ("PHFA"), has enjoyed broad bipartisan support and offers homeowners, who have fallen behind on their mortgages, funds to bring their loans current and the program requires participants to demonstrate their ability to resume payments on existing mortgages as well as repay the financial assistance offered by the state; and

WHEREAS, In his July 2009 testimony before the Financial Services Committee of the U.S. House of Representatives, PHFA Executive Director Brian Hudson testified that HEMAP saved more than 42,700 families from foreclosure through loans totaling \$442 million and more than 20,000 of these loans have been repaid in full, leading to a return of principal and interest of more than \$246 million back to the Commonwealth; and

WHEREAS, Mr. Hudson also testified before the Appropriations Committee of the Senate of Pennsylvania and stated that since the inception of HEMAP, state appropriations totaling \$233 million along with \$15 million in unexpended funds from the Temporary Assistance for Needy Families block grant were used to finance HEMAP and annual appropriations, between 1983 and 1986 of approximately \$25 million per year, capitalized the HEMAP program and, between 2008 and 2010, the Commonwealth's appropriated amount was a combined \$33 million; and

City of Philadelphia

RESOLUTION NO. 120180 continued

WHEREAS, In the 2007 Economic Report to the President by the Joint Economic Committee of the United States Congress (“JEC”), the JEC reported, based on a variety of studies, that the total estimated financial impact per foreclosure is \$77,395, and of that amount, \$50,000 (64.6%) is borne by the lenders, \$19,227 (24.7%) by the local government where the collateral property is located, \$7,200 (9.2%) by the homeowner, and \$1,508 (1.9%) by neighbors in close proximity to the foreclosed property; and

WHEREAS, According to a recent study by The Reinvestment Fund entitled *What if Pennsylvania Had Not Had HEMAP?*, The Reinvestment Fund reported that PHFA accepted 1,255 HEMAP applications from Philadelphia residents between 2008 and 2010 and these applications represent over \$97 million in a negative financial impact to lenders, the City, and homeowners from possible foreclosures that were avoided due to HEMAP; and

WHEREAS, During the Fiscal Year 2011-2012 state budget, no funding was provided for HEMAP and, as result, PHFA had to close the HEMAP program due to a lack of funds and, in the Fiscal Year 2012-2013 state budget proposal, no funding was allocated for HEMAP; and

WHEREAS, In January 2011, Pennsylvania experienced a sharp jump in foreclosure filings and this rise is almost 24 percent higher than last year and this increase in foreclosures coincided with the end of HEMAP; now, therefore be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That we hereby authorize the Council Committee on Public Health and Human Services to hold hearings regarding the impact of the Homeowners’ Emergency Mortgage Assistance Program on Philadelphia.