HEMAP’s Enduring Impact in Pennsylvania

2019 Housing Forum
Come Together
May 9, 2019
About Reinvestment Fund

- We are a national mission-driven financial institution that creates opportunity for underserved people and places through partnerships. We marshal the capital, analytics, and expertise necessary to build strong, healthy, and more equitable communities.

- Since 1985, Reinvestment Fund has made $2.2 billion in cumulative investments and loans.

- We are supported by 880 investors that include individuals, foundations, religious institutions, financial institutions, civic organizations and government.

- How we work:
  
  - Lending and Investing
  - Policy Solutions
  - PolicyMap
Our Childcare Mission

Our experience:

25 years
$30+ million

Our scope:
- Philadelphia
- Newark
- Passaic County
- Atlanta
- Washington, DC
This analysis estimates the financial impact of PHFA’s Homeowners’ Emergency Mortgage Assistance Program (HEMAP) – for the Commonwealth’s homeowners, lenders, municipalities and neighbors – through saving homes from going to foreclosure.

In 2011 Reinvestment Fund analyzed data from 2008-2010 – a period during which the Commonwealth and nation struggled with the recession and housing/mortgage market meltdown.

For that three-year period, we estimated the aggregate savings to be $480 million.
Pennsylvania’s Housing, Mortgage and Labor Market Since Restarting HEMAP
Unemployment is significantly down from peak recession levels

Pennsylvania and US Unemployment Rate (NSA); 1976 - 2019

- HEMAP Launched
- HEMAP Closed
- HEMAP Restarted
The income of owner occupied households is now rising.
Owner occupancy has trended down with a minor recent uptick (nationally)
Conventional loan levels are down from pre-recession peaks.
Conventional loans dominate the market, but not evenly across the Commonwealth, 2014-2015
Conventional loans dominate the market, but not evenly across the Commonwealth, 2016-2017.
The Financial Impact of PHFA’s HEMAP
As the conventional delinquency rate declined, so too did HEMAP applications and originations.

Volume of HEMAP Applications and Approvals; 2013-2018

- Applications
- Originations
- Conv 90+ Days Delinq


HEMAP Volume

Pct Conventional Loans 90+ Days Delinquent

Volume: 7,539, 5,180, 3,969, 3,182, 3,097, 2,633, 1,064, 710, 487, 311, 370, 440
Foreclosures affect homeowners, lenders, government and neighbors of those in foreclosure.

Areas of Financial Impact of Mortgage Foreclosures, 2018

- **Homeowners**: $8,612.23 (9.2%)
- **Lenders**: $59,807.13 (64.2%)
- **Local Gov't**: $22,998.23 (24.7%)
- **Neighbors**: $1,803.78 (1.9%)

Homeowners $8,612.23
Lenders $59,807.13
Local Gov't $22,998.23
Neighbors $1,803.78

Legend:
- Homeowners
- Lenders
- Local Gov't
- Neighbors
Over six years, HEMAP saved the Commonwealth nearly $300 million.
Beyond the $300 million, the Commonwealth’s foreclosure rate would be higher without HEMAP.

Foreclosure Rate and Adjusted Foreclosure Rate Were it Not for HEMAP, 2013-2018

- **2013**: 3.00
- **2014**: 2.50
- **2015**: 2.00
- **2016**: 1.50
- **2017**: 1.00
- **2018**: 0.50

Legend:
- Blue: Foreclosure Rate
- Gray: Foreclosure Rate Without HEMAP