



FOR IMMEDIATE RELEASE
February 22, 2012

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New Report Highlights Foreclosures & Impact on Economic Recovery

Foreclosures, Subprime Mortgages and Increase in Vacant Properties are Hurting Economic Growth in the Commonwealth

RICHMOND – Housing Opportunities Made Equal of Virginia Inc (HOME) released a new report on Wednesday February 22nd entitled “The Impact of Foreclosures on Economic Recovery in Virginia.” The report analyzes statewide and regional foreclosure data in Virginia as well as how subprime mortgages, mortgage servicing errors and increases in vacant properties present significant obstacles to economic growth. The report is available on HOME’s website: www.phonehome.org.

Speaking about the report, author Brian Koziol, Housing Policy & Research Analyst at HOME said: *“Housing is a critical part of economic growth in Virginia. Although total foreclosures are declining, the percentage of subprime mortgages resulting in foreclosure continues to increase. The resulting vacant properties across the Commonwealth will be a challenge for years to come.”*

Highlights of the report are troubling:

- From 2010 to 2011, the total number of foreclosures declined 32% - from 64,975 to 43,637.
- However, foreclosures remain 1,000% greater than in 2006 before the recession.
- The percentage of subprime mortgages resulting in foreclosure continues to increase. Subprime mortgages dominate those that are 90 or more days delinquent.
- From 2000 to 2010, residential vacancies increased 30%.
- In the last two years alone, Virginia homeowners who lived in close proximity to a vacant property lost \$26 billion in home equity.

To address these problems, HOME Center for Housing Leadership Director Ali Faruk said: *“Investments in housing such as down-payment assistance and foreclosure prevention counseling will help rebuild homeownership in Virginia. Ensuring that foreclosure fraud victims can recoup damages from those responsible will strengthen property rights for Virginia’s families.”*

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