

For immediate release: August 8, 2006

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**“HOUSE RICH, POCKET POOR AND UNDER THREAT”
New Jersey Homeownership Preservation Needs Highlighted in New Report**

NEWARK— Many New Jersey homeowners face significant difficulty preserving and maintaining their most valuable asset – their home.

According to a recent report, “House-Rich, Pocket-Poor, and Under Threat,” nearly a quarter of a million New Jersey homeowners have potentially urgent and unmet home-repair needs. The report by the New Jersey Institute for Social Justice (NJISJ) in collaboration with Greater Newark Local Initiatives Support Corporation (LISC), and the New Jersey Public Policy Research Institute (NJPPRI), warns that current public resources and private financing are inadequate to meet the home repair needs of New Jersey homeowners.

Ken Zimmerman, Executive Director of NJISJ states, “We have not done enough to make sure that new homeowners keep their homes and benefit from the asset-building potential of homeownership. This report shows that we are at risk of losing many new homeowners, especially in the state’s minority and low income communities.”

Major findings of the report include:

- Approximately 247,000 or 12 percent of all homeowners in the state are estimated to have acute home repair needs. In some neighborhoods, such as in urban Essex County, up to 30 percent of homes need substantial repairs.
- The prevalence of abusive home repair loans and fraudulent repair work are also major problems. In 2004, problems with home repair contractors made up the highest source of complaints to the New Jersey Division of Consumer Affairs.
- Public funds available for affordable home repairs are not sufficient to meet the need. Some local programs have over 500 homeowners on waiting lists for assistance.

Phyllis Salowe-Kaye, Executive Director of New Jersey Citizen Action agreed: “Our members urgently need affordable and reliable home repair loans. Many have refinanced their homes or took out home repair loans for urgent repairs and ended up with loans they can’t afford to repay. ”

The issue of home repair is getting increasing attention statewide. According to Deborah DeSantis, co-chair of Homes for New Jersey, “Homeownership preservation is a major priority for the more than 200 organizations that are part of Homes for New Jersey. The strategy detailed in the paper for expanding affordable home repair financing and regulating abusive practices will contribute greatly to the governor’s promise to create or preserve 100,000 units of housing for low- and middle-income families.”

According to Mike Farley, Executive Director of the Unified Vailsburg Service Organization, “We’ve seen a steep rise in foreclosures in recent years among homeowners in the Vailsburg section of Newark largely due to high pressure tactics by home repair contractors and predatory lenders. What we need is grants and loans to homeowners so that we don’t lose what we have built over the past 25 years.”

Unfortunately, local home repair programs operated by municipal officials are often limited to serving a small portion of vulnerable homeowners. Programs in urban Essex County, where need is particularly high, serve only 10 percent of homeowners in need of assistance and report hundreds of eligible homeowners awaiting assistance.

Mayor Robert Bowser of East Orange said: “There’s simply not enough money to go around. We have a long list of eligible families waiting for home repair assistance. We desperately need greater resources to assist these homeowners who are critical to the stability of our community.”

Individual homeowners and programmatic efforts have also failed to fully leverage available private capital. According to Gerard Joab, Program Director of Greater Newark/Jersey City LISC, “Targeted public resources could help more homeowners take advantage of affordable loans from banks and other private sources.”

The report recommends that the state collaborate with local lenders and municipal officials to develop a strategy to better serve homeowners in need, including:

- Greater public funds for home repair and better use of available private capital.
- Expanded reliable home repair contracting services and continued regulation of abusive practices.
- Extensive marketing of quality financing and contracting products.
- Financial literacy and home repair counseling targeted at existing homeowners.

The report further recommends that the state launch a demonstration program in a high-need area to help model effective practices.

According to Tim Touhey, Director of the Fannie Mae New Jersey Community Business Center and Executive Committee member of Homes for New Jersey, “Fannie Mae is not just committed to creating homeowners, but also to ensuring that low-income homeowners can stay in their homes. This report highlights the challenges these homeowners face and shows how we can make sure that homeownership benefits them over the long-term.”

The report is available online at www.njisj.org. Additional copies may be obtained by calling (973) 624-9400. For questions call the above number or e-mail Yahnnes Cleary (yclary@njisj.org) or Ken Zimmerman (kzimmerman@njisj.org).

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