

HOUSING

The Portland Observer

History Of The Nehemiah Program

Congressional funding for the federal Nehemiah Housing Opportunity Grants program was inspired by the success of a model program operated by an inter-denominational church group in Brooklyn, New York. The 55 New York churches that initiated the idea dubbed their program "Nehemiah," after the Old Testament prophet who rebuilt the city of Jerusalem.

The group raised some \$8 million and used the funds to construct hundreds of new brick row houses for low and moderate income people on 30 blocks of land donated by the City. The combination of free land and efficiencies of mass production substantially reduced the cost of the homes. The City also agreed to provide each homebuyer with a \$10,000 interest-free, non-amortizing second mortgage loan are repayable only when the owner-occupant sells or transfers the dwelling. Buyers were

required to make a \$5,000 down payment and obtain a regular first mortgage loan from conventional sources. Houses were priced in the \$45,000 range, which represents only half the cost of housing in neighboring districts.

With the purchase price thus reduced, even families with very modest incomes could demonstrate to banks and other lenders that they had the ability to reliably service first mortgage loans, and thereby obtain the financing they needed to buy a home. In the Brooklyn experiment, buyers also benefited from a state home loan guarantee program that enabled them to get first mortgages at below-market interest rates from banks.

By mid-1987, the New York group had built and sold almost 400 homes and had begun work on an additional 2,000. Consumer demand for the homes is overwhelming. Congress

was so impressed with this success that the legislators decided to authorize a program of federal grants to encourage private non-profit groups to replicate the effort elsewhere.

Congress authorized \$25 million in FY 1988 and \$100 million in FY 1989 for Nehemiah Housing Opportunity Grants. These are lesser amounts than originally contemplated by the bill's sponsors. Administration opposition to the new program forced Congress to reduce the Nehemiah authorization levels and "sunset" the program at the end of FY 1989.

One of the principal goals of the program is to rescue and upgrade declining urban areas and Nehemiah projects must be located in census tracts where the median income is 80% or less than the area median. The extent to which the project will rescue a severely blighted area is one of the criteria used in selecting projects for assistance.

Real Estate Remains A Strong Investment

BY STEVE CARTER

Opportunities to make big, quick profits in residential real estate tend to come and to go in cycles. When a local market is hot, families may find it possible to buy a house at an attractive price, and watch its value rise in just a few years.

Even in uncertain economic times, history shows that real estate is a sound investment. During the Great Depression of the 1930s when the stock market plummeted as much as 89 percent, housing prices dropped only 39 percent. According to most of the research on housing trends, prices continually stay at the same level as, and most often appreciate faster than, the rate of inflation. Housing prices actually rose an average of 10 percent during the recession of the mid-1970s and early 1980s.

CENTURY 21 statisticians re-

port that the rate of home appreciation since 1990 has been around five percent nationally, with inflation hovering around four percent. Homeowners, obviously, are still staying ahead by investing in real estate.

And, with mortgage interest rates the lowest they've been in two decades, real estate today is a more attractive investment than it's been in years. First-time buyers are the big winners in this environment and can realize appreciation in two or three years when they invest properly. This is also a good time to purchase a second or vacation home. A bargain cabin in the woods today might bring an excellent return when housing prices move upward.

But appreciation isn't the only advantage to buying a home. The federal government thinks home ownership is so important to the

future of our country that it allows mortgage interest to remain the last substantial tax shelter. And, the profit on the sale of your home remains tax free as long as you buy a house for a greater or equal price. Also, those 55 and over qualify for a one-time tax break up to \$125,000 of profit earned from the sale of their homes.

Re-examining the financial benefits of owning your own home or second home is a good idea in today's market. Real estate has proven, through time, to be a strong investment that can offer substantial rewards.

For more information contact Steve Carter, Director of Special Services, Century 21 Northwest Region at (206) 248-2100, 18000 International Blvd., Suite 1021, SeaTac, WA 98188.

Housing Affordability Index At Highest Level In Two Decades

Purchasing power of home buyers reached its highest level since the second quarter of 1973, according to the National Association of Realtors' Housing Affordability Index released today.

NAR's composite Housing Affordability Index, which measures affordability factors for all home buyers, was 140.5 in the fourth quarter of 1993, compared to 130.1 in 1992's fourth quarter. When the index measures 100, a family earning the median income has exactly the amount needed to purchase a median-priced

resale home, using conventional financing and a 20 percent down payment.

In comparison, NAR's first-time home buyer index, which shows the ability of renters who are prime potential first-time buyers to qualify for a mortgage on a starter home, was 91.9. When this index equals 100, the typical first-time buyer can afford the typical starter home under existing financial conditions with a 10 percent down payment. The first-time buyer median income represents the typical income of a renter family with wage

earners between the ages of 25 and 44 years.

Although the first-time buyer index continued to lag behind the composite index, it improved from 85.2 during the same period the previous year.

Community Service Grant Deadlines Approaching

Block Grant program's competitive categories-Community Facilities, Housing Rehabilitation, Handicapped Accessibility, and Technical Assistance-are due April 1. Copies of the applicant's handbook, which includes application forms, can be obtained by calling Community Development at the Oregon Economic Development Department. Grant applications are accepted year round for community development block grant public works and economic development projects.

Contact: Jane Jensen-Davis, 503-378-3732



GOOD NEWS FOR FIRST TIME HOME BUYERS

SCHEDULED FOR CONSTRUCTION AS OF FEBRUARY 1, 1994
(Availability subject to prior sale.)

All houses offered include full appliance package (choice from four manufacturers), security system, lighting fixtures, and basic landscaping. Purchasers may choose interior and exterior colors. Purchaser changes and requests for upgrades will be considered on an individual basis.

Prices listed are representative only. Actual prices for individual houses will be determined on a case by case basis. Prices will vary depending on timing, construction market conditions, and individual site conditions. Actual P&I will be determined by the bank at the time of closing.

Since designs are constantly being refined and adjusted, the presentations included in this listing may not represent the exact configuration details, features, specifications, and square footage of the houses as they will be constructed. Purchasers are advised to consult the specific documents related to their individual transactions.

| # | ADDRESS NBRHOOD | PROTOTYPE | CONFIGURATION | ESTIMATED FIRST PRICE | ESTIMATED MORTG. | P&I @ 5.9% |
|-----|----------------------------------|------------------|---|-----------------------------|---------------------|------------|
| 9A | 937 NE Webster (King) | Giulietti | 2BR, 1 Bath; 960 SF, Built-in expansion. | \$66,000 | \$50,000 | \$297 |
| | | Giulietti option | 4BR, 2 Bath; 1,560 SF. | \$81,000 | \$65,000 | \$385 |
| 9B | 939 NE Webster (King) | Giulietti | 2BR, 1 Bath; 960 SF, Built-in expansion. | \$66,000 | \$50,000 | \$297 |
| | | Giulietti option | 4BR, 2 Bath; 1,560 SF. | \$81,000 | \$65,000 | \$385 |
| 13 | 4848 NE 7th (King) | HDK | 3BR, 1 3/4 Bath; 1,350 SF. | \$78,500 | \$62,500 | \$371 |
| 25A | 3730 N Albina (Boise) | Giulietti | 2BR, 1 Bath; 960 SF, Built-in expansion. | \$66,000 | \$50,000 | \$297 |
| | | Giulietti option | 4BR, 2 Bath; 1,560 SF. | \$81,000 | \$65,000 | \$385 |
| 25B | 3724 N Albina (Boise) | Giulietti | 2BR, 1 Bath; 960 SF, Built-in expansion. | \$66,000 | \$50,000 | \$297 |
| | | Giulietti option | 4BR, 2 Bath; 1,560 SF. | \$81,000 | \$65,000 | \$385 |
| 31 | 126 NE Mason (Boise) | Renovation | 2BR, 1 Bath; 795 SF, Partial Basement. | \$57,000 | \$41,000 | \$243 |
| 55D | 5715 NE 9th (King) | Church | 3BR, 1 3/4 Bath; 1,300 SF. | \$77,000 | \$61,000 | \$362 |
| 55E | 5721 NE 9th (King) | Church | 3BR, 1 3/4 Bath; 1,300 SF. | \$77,000 | \$61,000 | \$362 |
| 59 | 4825 NE 16th (Vernon) | HDK | 3BR, 1 3/4 Bath; 1,350 SF. | \$78,500 | \$62,500 | \$371 |
| 60 | 4022 NE Grand (King) | Andrews | 3BR, 1 3/4 Bath; 1,286 SF. | \$78,500 | \$62,500 | \$371 |
| 70A | 4807 NE Grand (King) | Church | 3BR, 1 3/4 Bath; 1,300 SF. | \$77,000 | \$61,000 | \$362 |
| 70B | 4811 NE Grand (King) | Church | 3BR, 1 3/4 Bath; 1,300 SF. | \$77,000 | \$61,000 | \$362 |
| 74 | 5040 NE 14th (King) | Renovation | 2BR, 1 Bath; 795 SF, Partial Basement. | \$57,000 | \$41,000 | \$243 |
| 113 | 4324 NE Grand (King) | Renovation | 2BR, 1 Bath; 827 SF, Full Basement, & Garage | \$65,000 | \$49,000 | \$291 |
| 116 | N of 4005 N. Michigan (Boise) | HDK | 3BR, 1 3/4 Bath; 1,350 SF. | \$78,500 | \$62,500 | \$371 |
| 121 | 125 N. Blandena (Humboldt) | Renovation | 2BR, 1 Bath; 1026 SF, Full Basement | \$70,000 | \$54,000 | \$320 |

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