

HOUSING

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\$8.5 Million Awarded For Affordable Housing

The Oregon Housing and Community Services Department has awarded over \$8.5 million in grants and tax incentives to 37 affordable housing projects throughout Oregon. "Quality affordable housing is a critical need for many Oregonians, including children," Governor Barbara Roberts said, "These grants will help low income families, farmworkers, victims of domestic violence, the elderly and disabled to secure safe and affordable housing."

These awards are the result of the Fall 1994 Consolidated Funding Cycle through which the Department offers affordable housing developers one application to access multiple funding programs. This Funding Cycle included grants from the Oregon Housing Trust Fund of \$1,259,352, Oregon Lenders Tax Credits (OLTC) for \$3,552,171 in loans, Internal Revenue Service (IRS) Low Income Housing Tax Credits (LIHTC) of \$2,368,884, Housing and Urban Development (HUD) HOME

fund grants of \$2,588,609, and HUD HELP Program grants of \$170,000.

Total spending on affordable housing made possible by these grants is nearly \$93,000,000. Leverage from the Oregon Housing Trust Fund was over 27:1.

At its monthly meeting, the State Housing Council approved the larger grants and concurred with the Department's recommendation for awards for the balance of the projects. "There were many deserving projects which applied for funding," said Housing Council Chairman Russ Dale. "I wish we had the resources to fund them all. These projects have a great impact on the affordable housing need in Oregon."

As in the past, this funding cycle was heavily oversubscribed. Applications were reviewed by separate teams within the department for financial feasibility, sponsor capacity, services offered, community support, and need for the units. "I am proud of the Department for the work that

went into evaluating the applications," said Baruti Artharee, department Director. "The process was fair and objective, and the best possible projects were funded."

The money will be used for new construction, acquisition and rehabilitation by Community Development Corporations, for-profit developers, and housing authorities. The projects serve a variety of special needs groups, including low income working families, elderly and disabled persons, farmworkers, victims of domestic violence, and homeless persons.

The Department holds two Consolidated Funding Cycles each year, in the Spring and Fall. Oregon Housing and Community Services Department is the state housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for low income Oregonians. The Department also administers federal and state anti-poverty, homeless and energy assistance community service programs.

PDC Contracts With Business Alliance To Aid Business Districts

Seeking to bolster Portland's business districts, the Portland Development Commission has entered into a contract with the Alliance of Portland Neighborhood Business Associations (APNBA) to provide professional technical assistance to neighborhood business associations.

The \$30,000 contract will help Portland's business associations in many fields, including association organizing, management, strategic planning, resource development and business district revitalization planning.

"With this contract, neighborhood business groups will garner some of the sophisticated planning and management tools needed to thrive in today's competitive market place," said Roger Jones, the APNBA's President.

"Business districts are the backbone of our local economy," said Mark Clemons, PDC's Director of Economic Development. "The city will enjoy a stronger, job-creating economy if we have top quality business associations to serve small and large employers."

In specific, the contract calls for the APNBA to:

- publish a Resource Guide for business associations, providing a single-source reference for resources available for healthy and effective associations;
- publish newsletters that provide needed information about successful business district operations and relevant business news;
- help organize no fewer than three business districts in areas of Portland currently lacking a business association; and,
- prepare a Business District Revitalization Report to identify costs and benefits of solutions to at least five issues facing business districts citywide.

PDC is part of an "ad hoc" team of city agencies that worked with Portland's 40-plus business associations. Joining PDC on the city team

are the Bureau of Planning, the Bureau of Housing and Community Development and the Office of Neighborhood Associations. PDC is the city's agency for Economic Development.

Under the contract, local business associations may use APNBA assistance to apply for grants to finance district improvements such as organizing businesses into a new association, planning physical or marketing improvements for an area, or improving the marketing or physical qualities of the area.

Applications for grants are available through PDC and are due by December 1, 1994. The city team will award the grants by the last day of the year. The grant program was established by the ad hoc city team and is funded by \$20,000 from the city General Fund.

The APNBA is a coalition of most of Portland's business associations, formed last year to assist local business groups. Another aim of the contract is the APNBA is to help the young organization become an effective force for enhancing business district health in the city.

Broad-Based 97 Percent Mortgage, Lowering Down Payment

Fannie Mae (FNM/NYSE) announced it will greatly expand the availability of low down payment loans as well as help more low- and moderate-income people nationwide to qualify for a mortgage.

"We are introducing products and additional risk management tools to address the need for low down payment lending in a comprehensive and coordinated way," said Fannie Mae Chairman and Chief Executive Officer James A. Johnson. "Consistent with the principles of risk sharing, targeted lending, and expanding opportunities, today we further address the two major obstacles faced by first-time home buyers: a lack of savings and a modest income."

To address potential home buyers' lack of accumulated funds, Fannie Mae announced "Fannie 97," a mortgage offered through the company's Community Home Buyer's program (CHBP) that will allow low- and moderate-income borrowers to

make a 3 percent down payment. The company said its first-year goal for this product would be \$5 billion.

To address potential home buyers' modest incomes, the company also announced the "Start-Up Mortgage" -- a 30-year, fixed-rate mortgage offering consumers a first-year monthly payment that is lower than a standard fixed-rate loan -- that will increase the number of people able to qualify for this mortgage.

Johnson emphasized that Fannie Mae's expansion of low down payment loan products -- known in the industry as high LTV (loan-to-value) lending -- is targeted specifically at home buyers with household incomes of up to 100 percent of their area's median (with exceptions in designated higher cost areas), and who are otherwise economically qualified to own but lack enough savings for a larger down payment.

"Our 97 percent LTV mortgage addresses the single biggest problem first-time home buyers consistently identify: having enough money for the down payment. We will work with approved seller/servicers who offer Fannie Mae's Community Home Buyer's Program to make this important product widely available," Johnson said.

"We also know there are potential home buyers who are good credit risks, who have some funds accumulated for a down payment, but whose incomes keep them just out of reach

of homeownership. For these consumers, the Start-Up Mortgage, with its interest-only payment in the first year and 5 percent down payment, allows them to qualify with lower payments and still have the benefit of a fixed-rate mortgage," Johnson said.

As part of Fannie Mae's comprehensive strategy to expand the availability of low down payment loans, the company said it will require a modest amount of additional mortgage insurance on loans with down payments less than 15 percent. This additional mortgage insurance would match mortgage insurance levels previously announced by Freddie Mac. The estimated increase -- \$9 per month -- will not affect a consumer's ability to qualify for a mortgage, but will expand the company's ability to offer more consumers with lower incomes access to higher LTV loans.

For example, Fannie Mae esti-

mated that more than 50,000 families could take advantage of the Fannie 97 in its first year -- a significant expansion of its commitment to low down payment lending.

"Sharing the risk is the key both to maximizing homeownership opportunities and minimizing the risks for lenders and homeowners," Johnson said. "The net result for consumers is a wide-range of low down payment loans that otherwise would not be available. For many, the Fannie 97 will provide their only opportunity to buy a home."

"However, we intend to monitor carefully the performance of the Fannie 97. If over time, the performance of this product warrants changes to safeguard the company against increased credit risk, we will make them," Johnson said.

On October 11, in a speech at the Mortgage Bankers Association convention in Boston, Johnson outlined principles that would guide the company in its approach to expanded

high LTV lending. Today, Johnson said, "Our new initiatives are based on a sound analysis of how Fannie Mae and the mortgage industry can expand access to families that need help buying a home."

Fannie Mae will begin marketing the Fannie 97 and the Start-Up Mortgage immediately to its approved Com-

munity Home Buyer's Program lender and expects the loans to be widely available within 90 days. Consumers wishing more information on the Fannie 97 or Start-Up Mortgage may call Fannie Mae's Public Information Office toll-free at 1-800-7FANNIE (1-800-732-6643), Monday - Friday, 9:00 a.m. to 5:00 p.m. EST.

HAP Receives Funding Good News For Two Resident-Based Programs

With news of full funding for a fifth year, the Housing Authority of Portland (HAP) celebrates the success of its Drug Elimination Grant Program. The one-year grant totals over \$668,500, awarded from the Department of Housing and Urban Development (HUD). The funding amount is \$131,300 higher than the 1994 grant of \$537,200.

Augmenting the HUD monies will be matching funds of \$125,167 from the Housing Authority, Multnomah County Sheriff's Department and other local support agencies making the total program funding \$793,667.

"Over the past five years, HAP staff have made major efforts to provide support services to residents that will enable them to live safer, more productive lives," said Denny West, HAP Executive Director. "The Drug Elimination Program funds give us the chance to improve what we are already doing and the extra money allows us to remove even more of the barriers that hinder people in being self sufficient. The youth Sports program activities help young people to learn to live and grow as healthy, educated citizens, free of alcohol and other drug dependencies."



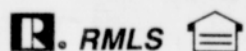
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