

HOUSING

The
Portland
Observer

Mortgage Rates Fall, Buying Expands

Cheaper mortgage rates lured home buyers into the market this fall leading to a rebound in sales, the Commerce Department said.

Sales rose 3.3 percent in September to a seasonally adjusted annual rate of 727,000 units, following a revised 11.1 percent plunge in August to 704,000.

Housing is a key contributor to economic growth not only because it is big employer during construction but also because of its so-called "multiplier effect" from subsequent purchases of goods like furniture and appliances as well as services.

September was the fourth straight month in which sales of new homes exceeded 700,000 a year — a level of sales vitality not seen in nearly two years since the four months from September through December 1993.

In another indicator of resurgent economic activity, Chicago purchasing managers said their Chicago Business Barometer posted a solid rise in October with big gains in production and orders. The index measure rose to a seasonally adjusted 53.4 in October from 49.0 in September — the first monthly gain after four consecutive months of decline

with any measure over 50 pointing to an expanding manufacturing economy.

Wall Street cheered the reports, with stocks soaring during the day. The Dow Jones industrial average was up 35 points at 4,792 in afternoon trading. Bonds also posted moderate gains.

Analysts said the reports highlighted the vigor in a variety of sectors that currently are nourishing the nearly 5-year old recovery from the last recession in 1990-91.

"Housing, capital spending and exports, that's where the strength is coming from," said economist Eugene Sherman of M.A. Schapiro and Co. Inc. in New York.

Sherman forecast the nation's gross domestic product will expand at a 3.1 percent annual rate in the final three months of this year after exceptionally vigorous growth at a 4.2 percent rate in the third quarter.

Not only were new-home sales fairly buoyant in September, but so were sales of existing homes. Last week, the National Association of Realtors said sales of existing homes rose 0.7 percent in September — the fifth consecutive monthly increase — to an annual rate of 4.15 million

units from a 4.12 million-unit rate in August.

"Tumbling mortgage rates do wonders for the housing market and they certainly have done so during the third quarter," said economist David Lereah from the Mortgage Bankers Association.

New-home sales were running at an average 741,000 a year during the third quarter, an 11 percent increase from the second quarter's 666,000-a-year pace.

David Seiders, an economist for the National Association of Home Builders, said member surveys show prospects remained fairly strong for the next six months though not likely at the levels seen in the third quarter.

"We'd expect the sales pace to ease down moderately from this rate to a more sustainable range," Seiders said, which still would represent a healthy housing market, one likely to dissuade the Federal Reserve from lowering interest rates again this year.

Regionally in September, sales of new homes rose 12.7 percent in the Midwest to a rate of 151,000 a year and were up 6.9 percent in the West to 231,000.

Internet Links Customers To Real Estate

When Greg McDonald was considering a transfer to the Cleveland area from East Providence, R.I., he and his wife, Lisa, wanted information — about the city, the suburbs, the schools, the housing market.

So he did what comes naturally in this connected age. He sat down at his computer, logged on to Prodigy, entered the on-line service's Internet gateway and used a World Wide Web search utility to find Cleveland resources.

In the process he ran across the Web "home page" of Barb Izzi, a real estate agent with Smythe Cramer in Hudson. He contacted her through electronic mail, and she responded the same way. That introduction eventually led to the McDonalds' purchase this summer of a house in Strongsville.

In Northeast Ohio and around the country, real estate companies and their agents are turning to the Web as a promising way to reach potential customers.

Izzi had listed only four properties on her Web page, with a color picture and information about each. Though the house the McDonalds

bought wasn't one of them, the page "gave me an idea of the type of housing that was available in Cleveland," said Greg McDonald, a Chicago native who works as a performance contracting manager for Johnson Controls Inc. in Garfield Heights.

And communicating with an agent on the Internet, he found, "was a very convenient way" to begin house hunting.

"I saw (Izzi's) picture (on the Web page), I knew who I was talking to, but I never actually verbally spoke to her" until he had made a final decision to go after the promotion that would relocate his family to Northeast Ohio.

Izzi lays claim to being the first real estate agent in Northeast Ohio to have established a business presence on the Web. Since she hired someone to set up her home page in March, she said, thousands of people from all over the country have tapped into it with their computers and modems. Those "hits" have included about a dozen serious inquiries, including the McDonalds.

Another came from Ed and Jo Yuhas of Dublin, north of Colum-

bus. He works for Nestle in Columbus, and his division is being consolidated with operations in Solon.

As they planned their relocation to this area, the Yuhases checked out Izzi's Web offerings and other listings. They eventually decided to build a new house in Aurora — a deal Izzi brokered. But the Web was their introduction to the local housing market.

Now other local real estate offices and agents are getting in on the Web action.

The Web is a way of "listing individual homes for the entire world to see," said Mike Evans, a management consultant for RE/MAX International real estate agents in Cleveland.

"If you lived in Seattle and you knew you were going to be transferring to the Cleveland area, you would be able to dial into the Cleveland area and find the homes that were for sale in this marketplace."

Not all the homes, though. Most real estate offices in the area are just discovering the Web, and it will be a while before all the homes available in the Multiple Listing Service books are also listed on the Web.

Apartment Charged With Discrimination

A housing discrimination complaint based on sexual harassment has been filed against Tom and Kathy Weathers, operators of the Joyce Hotel and Kimberly Ray "Ken" Zipfel, manager of the housing downtown housing complex.

The complaint, announced by U.S. Attorney for Oregon Kristine Olson, alleges that the defendants violated provisions of the Fair Housing Act of the Civil Rights Act.

The case is a consolidation of eight complaints that were filed against the defendants by former tenants of the hotel, a single room occupancy residential hotel at 322 S.W. 11th Ave.

The defendants rented or attempted to rent rooms at the Joyce on a daily, weekly or monthly basis. At least two of the complainants were referred to the Joyce Hotel by outside agencies concerned with the homeless.

The eight women and one man were subjected to unwelcome sexual advances and requests for sexual favors, the suit charges. In addition, several of the women were allegedly subject to unwelcome physical conduct of a sexual nature by the resident manager, defendant Zipfel.

The complaint further alleges the Weathers, knew or should have known about the sexual comments

and conduct. The Weathers are charged with failing to take prompt remedial action to end the harassment.

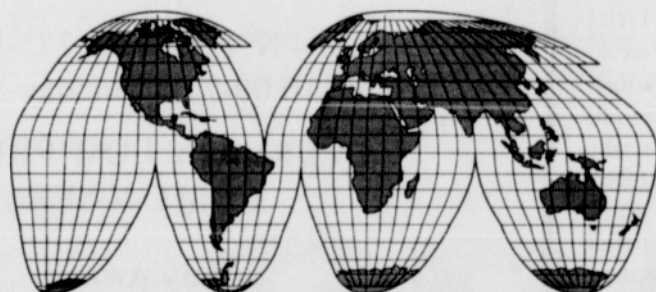
The complaints were investigated by the Housing and Urban Development agency which determined that reasonable cause existed to believe that housing discrimination had occurred.

HUD issued a charge of discrimination, but the complaints chose to resolve the matter in federal court.

The lawsuit seeks injunctive, compensatory and punitive damages on behalf of the complainants.

Homelessness Grows On A Global Scale

A half billion people in cities and towns worldwide are homeless or live in inferior housing, a burgeoning problem that threatens the economic and social fabric of many nations, a U.N. agency said in a recent report.



"Homelessness is on the increase everywhere, in the developed world as well as in the underdeveloped world," said Wally N'Dow, head of the United Nations Center for Human Settlements. "No one can afford the exploding urban blight, socially, economically and politically."

Housing shortages and poor housing conditions — the results of massive urbanization — are life-threatening, said the center, which provides technical support to governments.

Sub-standard housing, unsafe water and poor sanitation in densely populated cities are responsible for 10 million deaths worldwide every year, it added in a special report.

The problem is getting worse because housing cannot keep up with an exploding urban population, which will double from 2.4 billion in 1995 to five billion in the year 2025.

"We will witness at least a doubling of the homeless and shelterless people (unless we act)," N'Dow said. "That's a catastrophe. It's a clear and present danger."

The center said the cities with the worst housing problems include Addis Ababa, Ethiopia, with 79 percent of the people homeless or living in inferior housing; Jakarta, Indonesia, with 54 percent, and Bogota, Colombia, with 50 percent.

To cope with the urban population explosion, the U.N. agency called for a new partnership between governments and businesses, better use of scarce resources and the elimination of excessive building regulations.

"One of the most important factors is how we release the land, how we provide access to the land, who

controls the land," N'Dow added.

According to the center, by the year 2015 the 10 largest cities in the world will be in Asia, Latin America and Africa.

Only one of them — Tokyo, with 28.7 million inhabitants — will

be in an industrial country.

The others — Bombay, India, with 27.4 million residents; Lagos, Nigeria, 24.4 million; Shanghai, China, 23.4 million; Jakarta, Indonesia, 21.2 million; Sao Paulo, Brazil, 20.8 million; Karachi, Pakistan, 20.6 million; Beijing, China, 19.4 million; Dhaka, Bangladesh, 19 million and Mexico City, 18.8 million — will all be in the developing world.

New York and Los Angeles in the United States and Seoul, South Korea, will fall from the top 10 in the next 20 years.

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