

HOUSING

The Portland Observer

Northeast Community Development Corporation Organization Profile

Northeast Community Development Corporation (NECDC) is a non-profit tax exempt 501(c)(3) community-based organization founded in 1984 by four members of the African-American community of Northeast Portland. NECDC's mission is to improve the quality of life for the culturally diverse population of inner North/Northeast Portland through community development activities. Our original focus was job training, and our efforts centered on a pre-apprenticeship job program in carpentry. In September of 1988 we shifted our focus from job training to development of affordable housing.

In 1990 NECDC was chosen by HUD to administer a \$3.75 million Nehemiah Housing Opportunities Grant. The Nehemiah legislation, which had broad political support,

was based on the principle that homeowners, because they have a personal investment in their homes, have a greater commitment to the well-being of the community. The Nehemiah program seeks to benefit both the home buyer and the neighborhood. The home buyer gets an opportunity to purchase a home they could not otherwise afford. The neighborhood benefits from an increase in the percentage of owner-occupied homes and the supply of affordable housing, stabilized property values, and residents who are more involved in their community.

Qualified buyers have stable work histories and enough income to cover a monthly payment, but have not been able to accumulate the cash needed to buy a home. Under the Nehemiah program the federal gov-

ernment provides \$15,000 toward the purchase price of the home, secured by a second mortgage, with no interest and no monthly payments, repayable when the home sells. With this as leverage, NECDC, and our partners in the community, have added other elements to a package which enables a qualified buyer to purchase a home at an affordable price and with minimal cash. Those elements include: A first mortgage provided at below market rates by private lenders, underwritten by State of Oregon bond financing; tax-foreclosed lots contributed by Multnomah County at no cost; construction loans provided by a consortium of local banks, assisted by a revolving loan fund from the City of Portland; grants from the Federal Home Loan Bank of Seattle to reduce the required down

payment; and contributions by the City of Portland, private foundations and local businesses toward NECDC operating expenses.

NECDC is the central agency administering the Nehemiah program and developing the properties. Our efforts are targeted in four inner North and Northeast Portland neighborhoods: Boise, Humboldt, King and Vernon. The program has been a great success. By 1994 we were able to build 40 homes, a rate which we expect to continue through 1995. Our goal is to build 60 homes in 1996. As a result of our efforts:

- The percentage of lower income homeowners in NE Portland has increased.
- Local lenders have made a commitment to invest in neighborhoods they historically avoided, providing

a stimulus for the local economy.

- There has been \$15 million of new construction and renovation in depressed neighborhoods.

- Thirty-five local contractors have worked on NECDC projects, of whom 31 were owned or operated by minorities.

- Property values have risen, and community pride has grown.

- Local residents have been empowered through participation in NECDC activities, through public comment and discussion and as volunteers, employees and contractors.

NECDC's activities have been highly visible, and have encouraged individuals and other organizations to undertake additional projects, which have added to the continuing revitalization of the community.

The results of our work have been

frequently recognized locally, and we have also received national recognition. In 1993 the National Association of Home Builders named NECDC the winner of their Best Affordable First Time Home Buyer award. Our homes were featured in Better Homes and Gardens magazine. We received a meritorious Award from the Association of Local Housing Finance Agencies, and most recently, NECDC, with First Interstate Bank, was a finalist in the Social Compact Outstanding Community Investment competition.

Our success to date demonstrates the effectiveness of our approach, but much more remains to be done. Our targeted neighborhoods remain among the most depressed in Portland, and it is critically important that the good work we have started be continued.

MORTGAGE RATES THE LOWEST IN 23 MONTHS

For the past six months, Ed Ellsasser has watched mortgage interest rates like a nervous tiger waiting to pounce. When he bought his Tampa home a year ago, he took on a 9.375 percent mortgage to pay for it.

Ever since, he has been hoping to refinance to save money. Thursday, Ellsasser finally pounced. He agreed to refinance his home with a 7.25 percent, 30-year mortgage through Market Street Mortgage Corp. in Clearwater.

"It's going to get me down to where I'm saving 90 bucks a month," Ellsasser said.

For people like Ellsasser looking for new mortgages, the world is a pretty cool place right now.

Thirty-year mortgages dropped to an average 7.02 percent nationally last week, according to the Federal Home Loan Mortgage Corp. That figure, down from 7.11 percent the previous week, was the lowest level in 23 months.

In Tampa Bay, rates are even better. At least three mortgage brokerage companies were planning to offer 30-year fixed-rate mortgages for 7 percent today, according to National Financial News Services. And the mortgages come with no points—fees that some brokers charge that are equal to 1 percent of a loan's principal.

"Tampa Bay is probably one of the hottest areas in the country," said Patrick McWhirter, spokesman for National Financial News. "With so many brokers in that area, it's very competitive, and as a result rates are dropping faster there than almost any other place in the country."

National Financial News, based in West Chester, Pa., provides the Times with the best mortgage rates in Tampa Bay each day, based on information that some local mortgage brokers voluntarily supply.

St. Petersburg mortgage broker Richard Rahall is one of the people offering 7 percent mortgages today.

Rahall said he had his busiest December since 1993. His company originated 30 mortgages last month, about triple the number it usually does in

December, he said.

"It's amazing," Rahall said. "The whole industry is very excited about it."

Mortgage rates are so low right now because the bond market has been strong. Mortgage rates are tied to the yield on 30-year bonds, which slipped below 6 percent on Wednesday for the first time since 1993.

Mortgage rates are especially important in places like Tampa Bay, which is one of the biggest housing markets in a state that leads the nation in new home sales.

How low will rates go? That's a matter of predicting the future. And everybody has different opinions.

Bond yields inched up slightly Thursday after traders interpreted the stalled federal budget talks as bad news. That could mean mortgage rates might bump up a bit, too.

Rahall, for one, is thinking rates will go lower, however. "I'm suggesting for people to float," Rahall said. "I just think they'll be able to do even better."

Randy Johnson, chairman of Market Street Mortgage, disagrees. "We just don't think it's going to go a whole

lot lower than this," Johnson said.

Keith Gumbinger, spokesman for rate tracking company HSH Associ-

ates in Butler, N.J., said even if rates do go lower, he doubts they will go much lower.

"I think rates are really even lower now than they realistically ought to be," Gumbinger said. "If they do im-

prove, it's probably not going to improve by enough to warrant waiting around. "I wouldn't wait," he said.

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