HOUSING

The Portland Observer

Portland Housing Auth,OR Rev Bonds Rated 'A' by S&P

Standard & Poor's CreditWire 8/11/98— Standard & Poor's today assigned its single-'A' rating to Portland Housing Authority, Ore.'s $38.29 million revenue refunding bonds series 1998 dated Aug. 1, 1998 due Sept. 1, 2028. The bonds are scheduled to sell the week of Aug. 24, 1998.

The rating reflects:

— The credit quality of the project pool (Rockwood Station Apartments, Fairview Apartments, and Willow Springs Apartments), the affordable rents, and the appeal of the projects within area markets;

— A growing local economy with strong demand for affordable apartment units in the market areas;

— Experienced ownership and oversight by a seasoned public housing authority with a proven track record of managing unsubsidized, affordable housing;

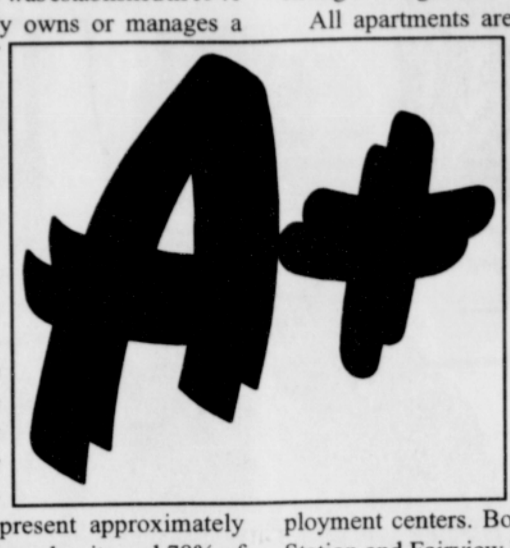
— Experienced on-site management provided by Pinnacle Realty Management Co. and Quantam Residential;

— Strong projected cash flows reflecting a coverage of maximum annual debt service for the series A bonds at 1.40 times (x) and an approximate overall loan-to-value (LTV) ratio under 100%;

— Legal provisions evidencing a senior-lien gross revenue pledge, investment obligations of single-'A' or higher, and replenishable reserves sized at maximum annual debt service.

Bond proceeds will be used to refund prior debt, fund reserves, and pay the costs of issuance. The properties are owned by the authority and will be managed by Pinnacle Realty Management Co. and Quantam Residential.

The Portland Housing Authority will oversee management and has the ability to terminate the management in accordance with its agreement. The authority was established in 1941 and currently owns or manages a total of 5,688 units, including low-rent public housing, existing Section 8 programs and housing vouchers. As these three projects are currently owned by the authority, they represent approximately 14% of their total units and 78% of their unsubsidized housing.



Standard & Poor's ranks all three projects in the good category based upon their good physical condition, competitiveness and affordability in the area, in conjunction with the strong oversight of the authority.

All apartments are garden-style complexes, characteristic of the Portland area. The apartments are in very good to excellent condition and are located in areas convenient to roads, major highways, shopping, and employment centers. Both Rockwood Station and Fairview have been experiencing higher-than-expected vacancies due to management problems. The Portland Housing Authority has stepped in and replaced the management company at both projects with Pinnacle Realty. Pinnacle has a proven track record with authority of helping projects meet their expected occupancy levels, and has developed a detailed plan to help these two developments reach their expected occupancy. The stabilized net operating income reflects a six-month time frame to achieve occupancy of 93% for both projects. Since taking over, Pinnacle has increased the weekly occupancy at the Fairview projects to 90% from 87% in March and occupancy at the Rockwood projects to 90% from 78% in April. Willow Springs continues to sustain occupancy above 97% during the last three years and is also being underwritten at 93% occupancy. In order to remain competitive as a slightly older project, financing for Willow Springs includes a day one deposit of approximately $136,000 for deferred maintenance. The items include repairs to balconies, asphalt, stairs, and the project's three swimming pools. The rents for the subject properties are generally at or below market rates and are currently affordable to individuals or families earning no more than 80% of the area's median income. This affordability of rents, as well as the amenities, good management, and good location provide a competitive edge for the projects.

Pinnacle's experience includes the management of low-income and tax credit properties. Pinnacle's accounting systems are centralized in Seattle, Wash. where they have the ability to monitor the accounts at individual properties on-line and produce customized reports.

Their Portland office will work directly with the asset managers assigned to the Rockwood and Fairview, which will be on-line with the Portland and Seattle officers.

Washington State Housing Finance Commission Completes $5.8 Million FinancingFor 58-Unit Addition at Retirement Community in Woodinville

A $5.8 million bond financing for the construction of a 58-unit addition to the Brittany Park Retirement Community was successfully completed yesterday, according to the Washington State Housing Finance Commission. The Brittany Park Retirement Community is an assisted living facility located in Woodinville, Wash.

"Obtaining financing through the Housing Finance Commission is an efficient way to build our retirement communities," said Stephen Hall, vice president of finance for Leisure Care Inc., the management company for Brittany Park.

The project was financed with a combination of tax-exempt bonds (in the amount of $3.48 million) and taxable bonds (in the amount of $2.32 million). The tax-exempt bonds comprise a portion of a total taxable/tax-exempt bond issue of $5.8 million issued through the Housing Finance Commission's Housing for the Elderly program. This program enables developers to use tax-exempt financing to develop the full range of living options for the elderly — from independent apartments to assisted living facilities and nursing homes. The projects must be, in whole or in part, available to low-income individuals. The blending of taxable and tax-exempt bonds is part of a strategy to stretch the state's bond volume cap.

The bonds were publicly sold and backed with a letter of credit by U.S. Bank of Washington.

The proceeds of the bonds will be used to construct 11 studio, 23 one- and 24 two-bedroom apartments for senior citizens aged 62 years and older. Independent living and assisted living units will be available. One meal per day, weekly housekeeping service, programmed activities, and scheduled transportation will be included in the basic rent. At least 20 percent of the units will be affordable to seniors earning 50 percent or less of the local area median income.

The Washington State Housing Finance Commission provides below-market financing to buy, build or preserve affordable housing and nonprofit capital facilities.

The Commission builds partnerships with the private sector to raise capital needed to further these social and economic objectives at no cost to the taxpayers of Washington state.

Safety Grant Awarded To Local Northeast Community Organization

Franciscan Enterprise of Oregon, a non-profit housing group serving inner North and Northeast Portland, has been awarded a grant for a Safe Neighborhood Action Plan (SNAP) in the amount of $250,000!! Together with Sabin CDC, Housing Our Families, and the Housing Authority of Portland, additional non-profit housing groups serving the same target area, all would like to encourage community members and businesses to get involved in a massive effort to fight crime through block/apartment watches and neighborhood foot patrols. SNAP will facilitate the coordination of the community though these efforts as well as provide classes on home safety and more. Let's work together to address and deter street crime and drug and gang-related activity in our northeast neighborhoods.

The SNAP grant has funded two officers,

Doris Paisley and Wayne Alderman, who will work solely on safety issues that help promote a healthier community within the SNAP target area. SNAP will also assist in community outreach and capital improvements as it pertains to safety.

For example: Additional lighting on high crime traveled corners and better walkway lighting for major commercial thoroughfares and apartment complexes with a history of problems. The SNAP initiative will also work to educate local businesses and the residential community on their potential roles in crime prevention measures and work to enhance access and strengthen resources towards programs which compliment the outcomes of increasing safety amongst community members.

We are extremely interested in getting community businesses and individuals educated and trained so you are able to make your home a safer more beautiful place to live.

If you are interested and would like to get involved in helping to fight crime in your neighborhood please contact Tanya Stagray, Community/Tenant Outreach Coordinator for more information, 284-8642.

Bryan Bickmore Helps Fuel Portland's Affordable Home Ownership Market

The opportunity for the Great American Dream of home ownership became more achievable for a low-to-moderate income family on August 10 when Bryan Bickmore Dodge contributed a $5,000 grant to HOST Development, Inc., according to Howard Nolte, Executive Director of HOST.

Bickmore's gift will allow HOST to reduce the sale price of at least one house in Peninsula Village, a new 20-unit subdivision of affordable two and three bedroom homes under construction at the site of the former Columbia Boys and Girls Club in North Portland's Kenton neighborhood.

"HOST is very grateful for the support," Nolte said. "Specifically, the grant will enable us to offer a brand new home for under $100,000.

Anyone following this city's escalating prices knows how remarkable that is."

Bickmore, a long time supporter of Portland area nonprofit organizations, has contributed over $23,000 to HOST since 1994.

"I've tried to focus on charities that primarily help the economically less fortunate," Bickmore said, praising HOST's enduring commitment to homeowners, youngsters and the community at large.

Adhering to the HOST mission of affordability, homes at Peninsula Village will be priced from $99,500-$133,995. The homes feature off-street parking, dishwashers, washer/dryer hookups and wall-to-wall carpets. The first phase of homes is scheduled for completion by late fall 1998.

HOST (Home Ownership a Street at a Time) Development, Inc. is a private, nonprofit corporation. Since its founding in 1989, HOST has built and delivered 84 homes to Portland's low and moderate-income families. Along with Peninsula Village, HOST has three additional homes under construction. For more information, contact Howard Nolte at 503-331-1752.