

PHB HOMEOWNERSHIP ASSISTANCE

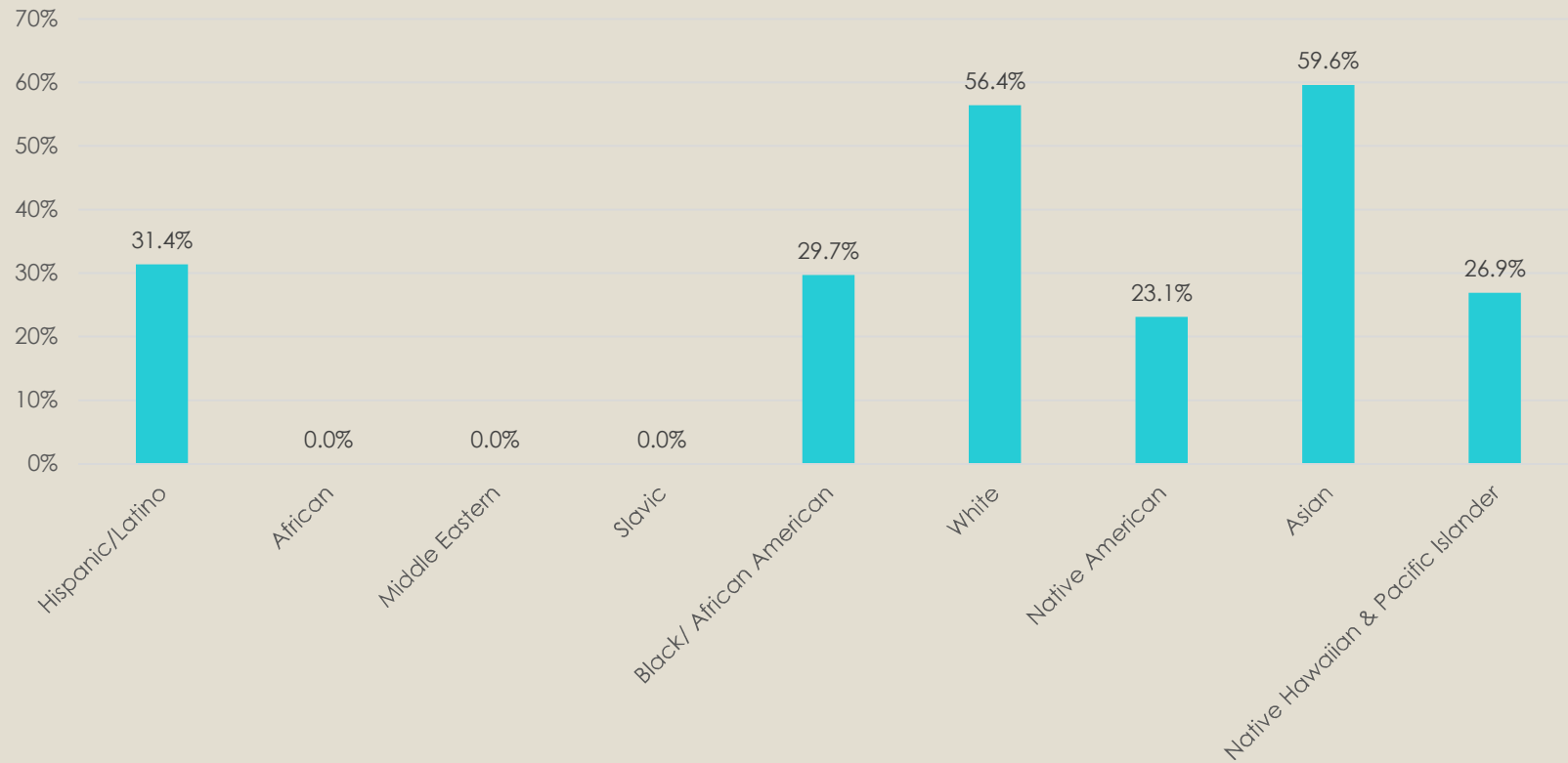
Portland Housing Advisory Committee: January 5, 2016

PHB Homeownership Goal

The goal of PHB homeownership programs is to create affordable homeownership opportunities for households along a spectrum of income ranges, with a focus on increasing homeownership for communities of color in Portland.

Portland Homeownership Rates

Homeownership Rates in Portland By Race and Ethnicity



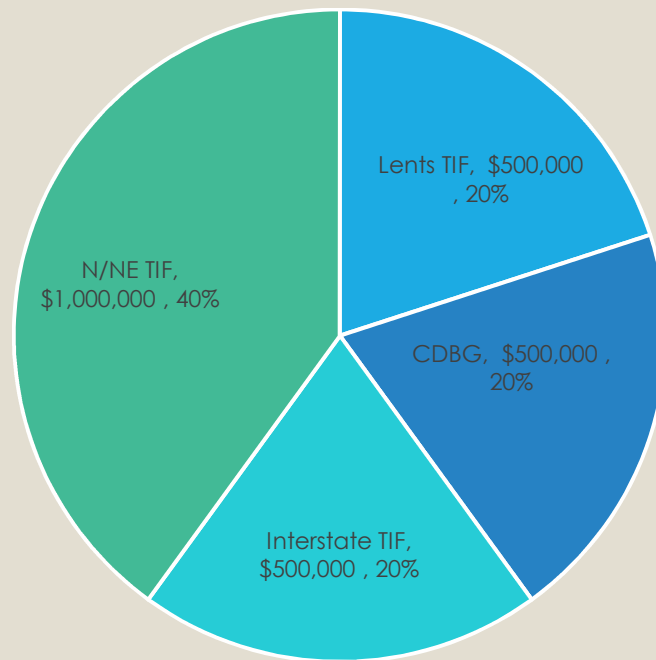
ACS data 2007-2012

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Benefits of Homeownership

- Creates greater stability for families and children, protecting against increases in rent, particularly in tight rental market
- Prevents involuntary displacement due to gentrification
- Helps families build assets and wealth which benefits future generations
- Homeownership subsidies can be structured to free up an affordable rental unit or a rental assistance voucher
- Homeownership development adds to the property tax base
- Homeownership, particularly when it includes homeowners from communities of color, is an integral part of creating complete neighborhoods and stable communities

15/16 Homeownership Assistance Resources: \$2.5 Million



■ Lents TIF ■ CDBG ■ Interstate TIF ■ N/NE TIF

Homeownership Affordability

Generally speaking, a family of 4 at 80% MFI (\$58,800 in 2015) without the benefit of a significant down payment can afford a mortgage of approximately \$200,000 without spending more than 30% of their income on housing-related expenses.

- Current median sales price in Portland for 2015 is \$340,800 and anticipated to increase 5% in 2016.
- Current median list price in N/NE Portland is \$445,000, compared to the actual median sales price which is \$474,000.
- Current median list price in the Lents neighborhood is \$240,000, compared to the actual median sales price which is \$225,000.

Current PHB Homeownership Programs

In addition to direct homeownership assistance, PHB also funds other programs and services intended to create mortgage ready homebuyers, create additional affordable homeownership opportunities, and help homeowners retain their homes.

- Homebuyer Education and Counseling (community partners)
- Indirect Homeownership Assistance (PHB)
 - Mortgage Credit Certificate Program (PHB)
 - Homebuyer Opportunity Limited Tax Exemption (PHB)
 - System Development Charge Exemptions (PHB)
- Home Retention Programs (foreclosure prevention & home repair)

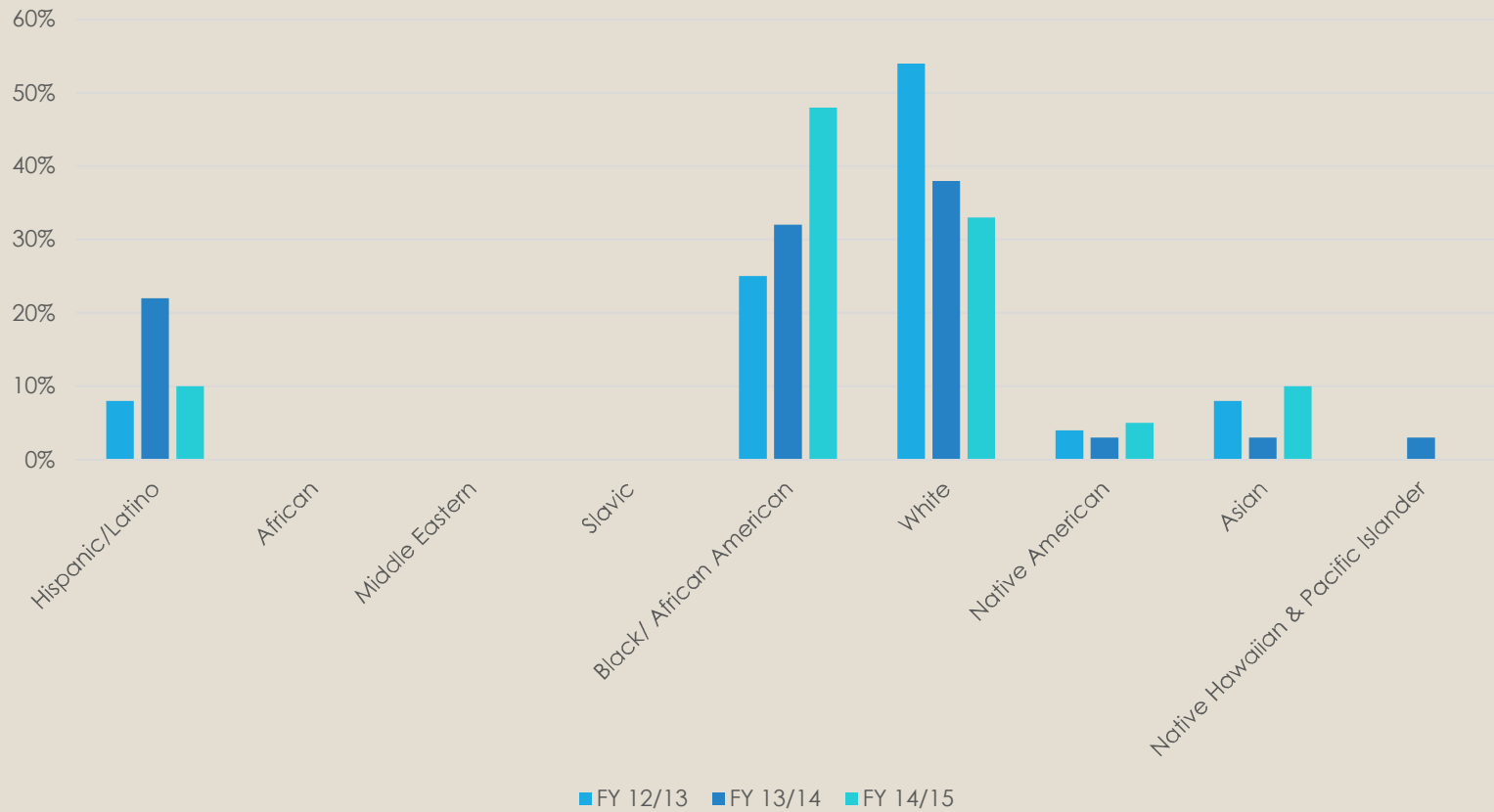
Current PHB Homeownership Partners

Historically, PHB has made reservations of homeownership funding to community partners that identify mortgage ready homebuyers for down payment assistance. Those partners include:

- African American Alliance for Homeownership (AAAH)
- Asian & Pacific Islander Community Improvement Association (APICIA)
- Habitat for Humanity
- Hacienda CDC
- Native American Youth & Family Center (NAYA)
- Portland Community Reinvestment Initiatives, Inc. (PCRI)
- Portland Housing Center
- Proud Ground Community Land Trust

PHB Homeownership Equity Data

PHB Down Payment Assistance Awards FY 12/13-14/15



14/15 Homeownership Assistance

In 14/15, PHB awarded \$783,000 in down payment assistance which helped 21 families become homeowners:

- Average income of assisted households was 65% median family income
- Average amount of down payment assistance was \$37,000
- Average sales price of home purchases was \$201,000
- 6 of the homes were located in Interstate, 15 were located in Lents
- Of the 21 families assisted, 12 were households of 2 or fewer people
- 6 homebuyers (30%) did not have children while 6 homebuyers (30%) were single parents.

Homeownership Challenges

- Geographic restrictions of current homeownership resources
- Availability and affordability of both homes and land is diminishing every day in all parts of the City, particularly in “opportunity areas”
- City homeownership subsidies have primarily been provided in the form of down payment assistance and not for homeownership development, which relied on the inventory available in the current real estate market
- High market rents make saving for homeownership difficult
- Generational poverty and lack of historical wealth creation in communities of color

Homeownership Opportunities

- Ensure homeownership subsidies are adequate and appropriately structured to support access to affordable homeownership, particularly within the Interstate URA.
- Continue to improve and standardize homeownership data analysis so that programs are designed to be responsive to the needs of the community and changes in the market.
- Identify resources that can be used citywide in neighborhoods that are currently more affordable than Interstate URA.
- Innovation: land banking, tax exemption programs for existing homes, employer assisted housing, lease to own programming, and mortgage guarantees
- Connect economic development resources to households pursuing the path to homeownership