

NORTH/NORTHEAST NEIGHBORHOOD HOUSING STRATEGY OVERSIGHT COMMITTEE

OCTOBER 12, 2017



PHB Portland Housing
Bureau

Mayor Ted Wheeler ▪ Director Kurt Creager



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N/NE Homeownership Subsidy Limits

N/NE Oversight Committee
October 12, 2017



N/NE Homeownership Assistance Subsidies

This presentation reflects the recommendation of the Portland Housing Bureau that the financial assistance subsidy for homeownership be increased to adequately address the market and financial barriers experienced by households prioritized through the PHB Preference Policy.



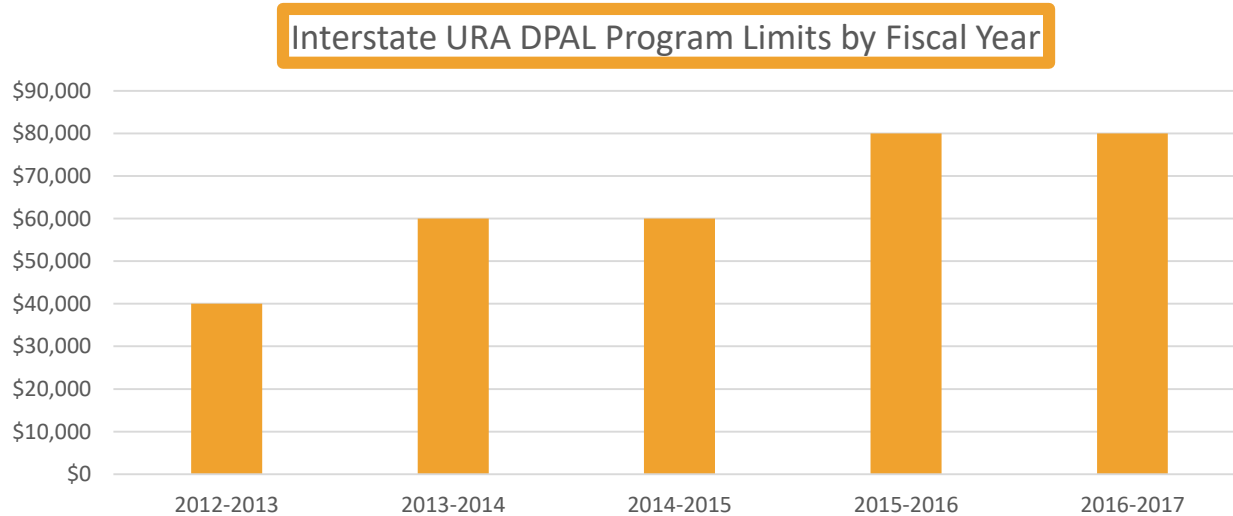
PHB Recommendation

- Increase homeownership subsidies for all *current* Preference Policy households and projects based on evaluation of financial need up to \$100,000 for down payment assistance and \$125,000 per unit for development of newly constructed units. This would confirm the PHB commitment to support 65 households access homeownership through the N/NE Housing Strategy.
- For *future* Preference Policy rounds, increase homeownership subsidies to the same level proposed above, reflecting the financial need of households at lower income levels. PHB should not resort to targeting homeownership opportunities only for households at the upper end of income eligibility, 65% AMI and above.
- PHB should increase citywide resources for homeownership in order to allow low-income households to purchase in less expensive neighborhoods.



History of PHB Homeownership Assistance

PHB Homeownership financial assistance has been provided primarily as down payment loans to income eligible homebuyers able to qualify for private mortgages for the purchase of existing homes on the market.





Restrictions of TIF for Homeownership

When used for down payment assistance, Tax Increment Financing (TIF) requires 20% of the total down payment assistance award to be used for home improvements to be completed within six months of purchasing the home. When used to construct new units, 100% of the subsidy can be used to “buy down” the purchase price.

Total Down Payment Award	Actual Down Payment Assistance	Required Home Improvement Grant	Partner Fee
\$80,000	\$61,000	\$16,000	\$3,000
\$100,000	\$77,000	\$20,000	\$3,000



N/E Housing Strategy for Homeownership

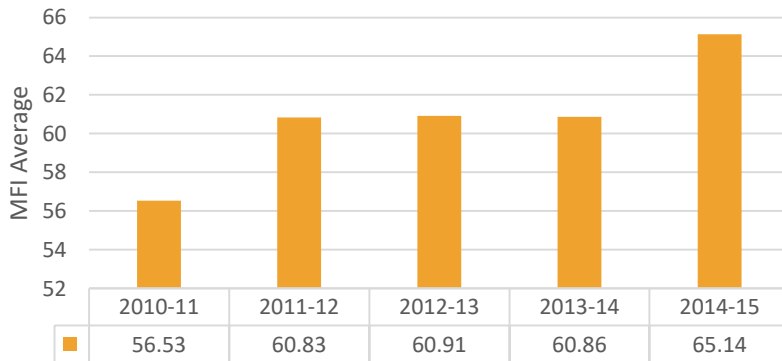
- \$5 million in homeownership resources allocated as part of the \$20 million N/NE Housing Strategy
- In January 2015, resources were projected to assist 65 households prioritized through the PHB Preference Policy through a combination of down payment assistance and development of newly constructed homeownership opportunities provided by PCRI and the AAAH Collaborative.



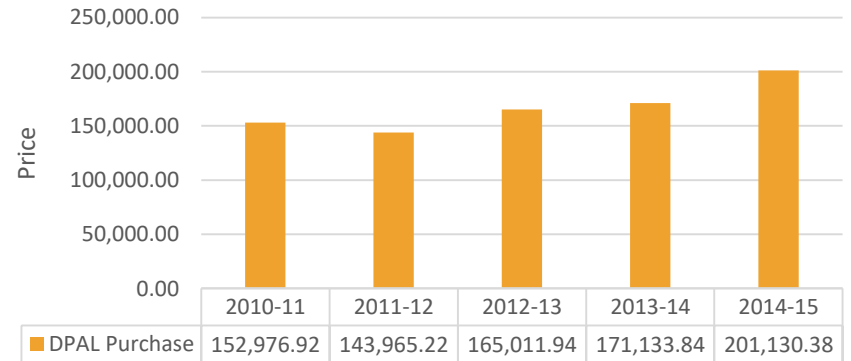
N/E Housing Strategy for Homeownership

N/NE homeownership outcome estimates were based on data from previous 5 years of down payment assistance loan program from 2010-2015.

**MFI Average per year
2010-2015**



**Average Purchase price per year
2010-2015**





Mortgage Affordability

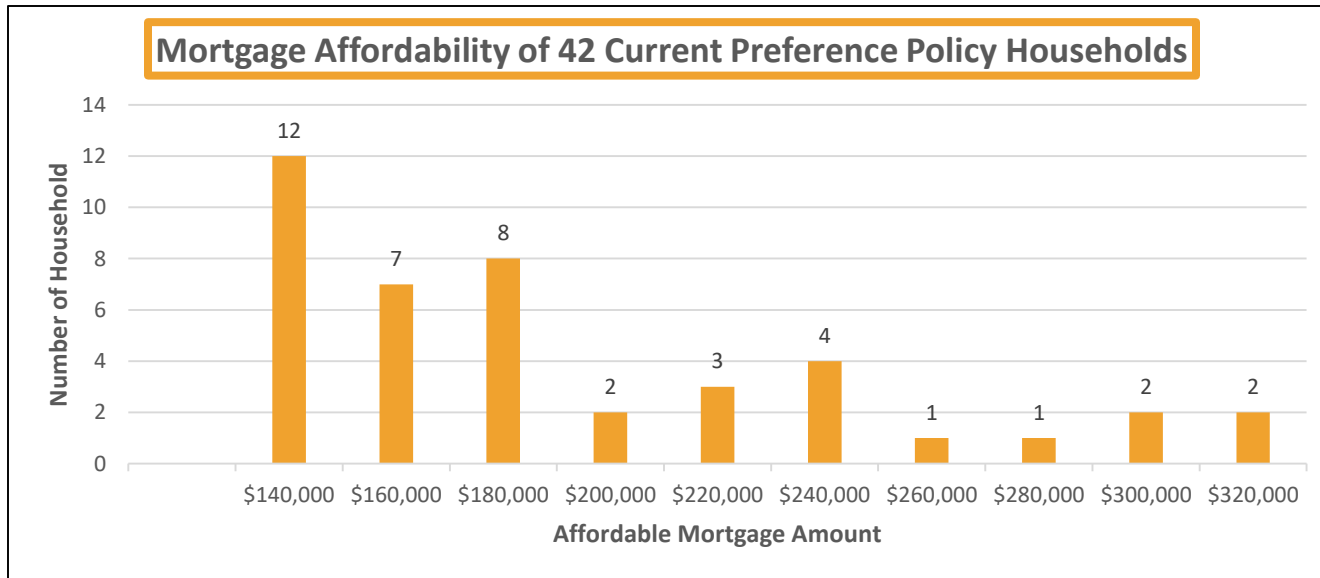
Income alone is not the sole determining factor of how much mortgage a household can afford—debt significantly impacts net household income and affordable monthly housing payment.

Household Income	Affordable Mortgage Amount (With no debt)	Affordability Gap (no debt, sales price of \$290,000)	Affordable Mortgage Amount (with Average Debt amount)	Affordability Gap (sales price of \$290,000)
\$40,000	\$168,000	\$122,000	\$77,000	\$213,000
\$45,000	\$198,000	\$92,000	\$96,000	\$194,000
\$50,000	\$229,000	\$61,000	\$115,000	\$175,000
\$60,000	\$290,000	0	\$154,000	\$136,000
\$65,000	\$320,000	0	\$173,000	\$117,000



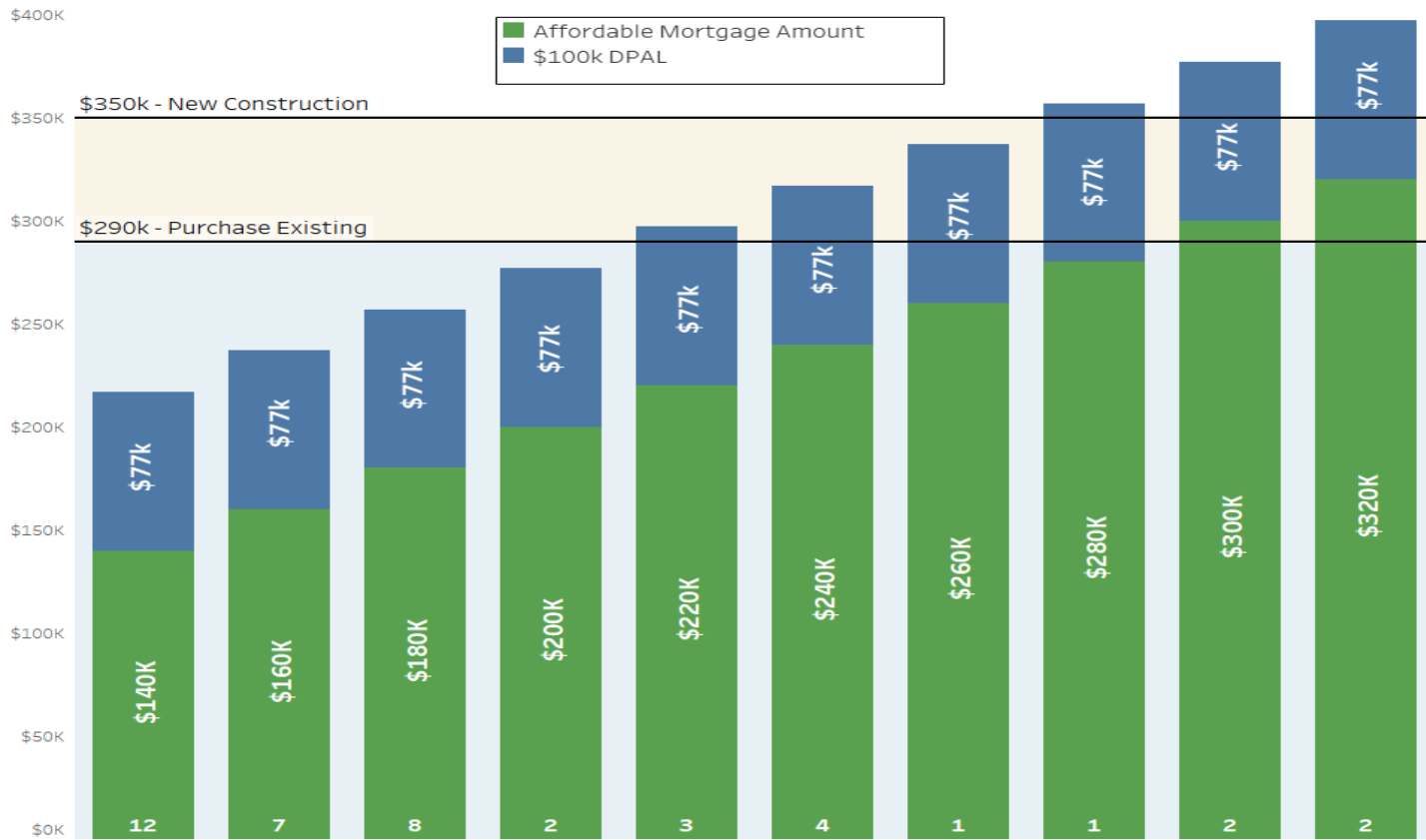
Current Preference Policy Households

Mortgage affordability criteria was not prescribed for the first round of the PHB Preference Policy. As a result, many participating households prioritized have low “mortgage affordability” levels.





Homeownership Affordability Gap





Implications of Increasing Subsidies

- Increasing subsidy levels will decrease the number of households able to be served with the original \$5 million of N/NE Housing strategy dollars unless additional resources are identified and provided.
- In 2016, Portland City Council approved \$7 million of additional “TIF LIFT” resources for homeownership which could be used for this purpose.
- PHB estimates increasing homeownership subsidies for the current *and* future rounds will result in 218 affordable homeownership opportunities, a decrease of 36 units if subsidies levels remain the same for all available Interstate TIF URA resources.



5 Year Homeownership Forecast

	Project	Units	Amount	Permanent Affordability	Unit Type	AMI	Source
N/NE Neighborhood Housing TIF	N/NE Allocation PCRI	21	2,100,000	0	Townhomes	Up to 80% AMI	N/NE Interstate TIF
	N/NE Allocation AAAH Collaborative	42	4,100,000	8	4 SF Homes 12 Townhomes 18 Rowhouses 8 DPALS	Up to 80% AMI	N/NE Interstate TIF
Base Interstate, Unallocated TIF LIFT, and Prosper Portland TIF	5020 N Interstate Proud Ground	48	5,000,000	40	Multi-family condos	35%-140% AMI	Interstate TIF LIFT
	7513 N Olin Habitat	12	1,500,000	12	Townhomes	35%-100% AMI	Interstate TIF LIFT
	6631 N Syracuse Land Acquisition	48	3,500,000	15	TBD	TBD	Base Interstate TIF
	Kilpatrick Habitat	18	1,800,000	12	Townhomes	Up to 80% AMI	Base Interstate TIF
	Base Interstate TIF Development	5	500,000	0	TBD	Up to 80% AMI	Base Interstate TIF
	Prosper Portland Down Payment	20	1,600,000	0	SF homes	80-120% AMI	P.P. Interstate TIF
	TOTAL		214	\$20,100,000	87		