HOUSING STRATEGY

PORTLAND DEVELOPMENT COMMISSION

ADOPTED

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I. Introduction

This **Housing Strategy** document articulates — in one place — how various public policies, plans and projects that support housing goals and objectives of the **Lents Town Center Urban Renewal Plan** will be implemented in the Lents Town Center Urban Renewal Area. It also provides direction for future public projects and investments, and guidance to private and non-profit investors and developers.

The foundation of this strategy originates from previously completed community planning efforts and existing public policies that set the stage for implementation. There will be ongoing planning efforts by the Portland Development Commission that will further identify and define public projects and policies that will influence future development.

The **Housing Strategy** directs the Portland Development Commission to primarily focus resources of the Urban Renewal Project in three programmatic areas described further in **Section III: Implementation**.

1. Home Buyer Programs
2. Property Repair Programs
3. New Housing Development

In addition, PDC will carry out other activities related to:

**Section IV. Monitoring and Plan Review** — Monitor progress made in implementing the Strategy and update as necessary.

**Section V. Other Issues** — Review and develop strategies for addressing unique housing needs or issues existing in the area.

It is intended that this **Housing Strategy** will be a "living" document throughout the life of the Lents Town Center Urban Renewal Plan and will be monitored, updated, and modified as a reflection of ongoing community discussions and needs, and changing market and neighborhood conditions. Over the life of the Lents Town Center Urban Renewal Plan this **Housing Strategy** will guide the development of annual budgets and the delivery of ongoing projects and programs by the Portland Development Commission.
II. Background

This Housing Strategy is based on concepts, objectives and policies contained in a variety of community plans and policies.

- Metro’s Regional 2040 Growth Concept
- Consolidated Plan 2000-2005
- City of Portland Comprehensive Plan
- Outer Southeast Community Plan
- Lents Neighborhood Plan
- Lents Town Center Urban Renewal Plan

These plans and policies provide the framework for identifying, designing and implementing products and projects by the Portland Development Commission (PDC) to meet goals of the Lents Town Center Urban Renewal Plan.

There has been a history of public involvement to create the housing goals in the Lents Town Center Urban Renewal Project as well as in creating this Housing Strategy.

In March 2000, a study of existing Lents demographics and housing issues was undertaken which provided data and information used to understand and analyze the range of housing needs in the Urban Renewal Area. This background information is contained in the Lents Town Center Urban Renewal Project Housing Study, which can be obtained by calling 823-3200. It includes information on zoning and other land use issues, other relevant community plans, affordability definitions and guidelines, and other considerations important to determining the housing needs in the Lents Town Center Urban Renewal Area.

This Housing Strategy has been reviewed and approved by Lents Town Center Neighborhood Livability Committee, the Lents Town Center Urban Renewal Advisory Committee, and the Portland Development Commission.
III. IMPLEMENTATION

The **Lents Town Center Urban Renewal Plan** was adopted by the Portland City Council on September 9, 1998, and contains the following Housing Goal:

> Help provide new and rehabilitated housing units suitable for households with a range of incomes and housing needs, recognizing the value of the existing affordable housing stock. Create housing opportunities that allow Lents residents of all ages and income levels to remain in the community. Support housing development that conforms to zoning and other community objectives.

In order to realize this housing goal and its related objectives, this Housing Strategy outlines an array of products, programs and activities to be implemented by the Portland Development Commission through the life of the Lents Town Center Urban Renewal Plan.

In general, the recommendations contained in this Strategy call for utilizing existing and standard PDC products and programs, with modifications being proposed as appropriate to enhance the availability and benefit of available resources, and to address unique needs in the Lents Town Center Urban Renewal Area.

1. **HOME BUYER PROGRAMS**

Community input into the development of this Strategy has consistently made creating new homeownership opportunities a high priority. The stability of homeownership can have a positive effect on neighborhood livability, increase children’s school success rate, and promote family security and independence. Homeownership builds financial security, and is seen as a symbol of success.

A real asset in Lents is the existing housing stock — the quantity, and the price.

Seventy-five percent of the housing units in the Lents Town Center Urban Renewal area are single family homes (approximately 5,850). In the Urban Renewal Area, 54% of all households are homeowners and 46% are renters. This is similar to the City of Portland as a whole.

The opportunities for low and moderate-income families to buy homes are greater in Lents — at the moment — than in many other parts of Portland because of the relatively affordable home prices. Between April 1999-April 2000, 188 homes were sold at a median price of $123,000 (compared to over $154,000 for the city as a whole).
To put this into perspective, a family of three at 70% of median family income (MFI in 2000, $33,845) can generally afford a home priced at $86,836. A family of four at 80% of MFI ($42,950) can afford a home at $116,921. Currently, there are many homes available within the Lents area at these prices. With education and financial assistance programs, home ownership is a real possibility for many families who currently live in the urban renewal area. A table showing homebuyer affordability calculations is included as Appendix 5.

Current market conditions provide a unique window of opportunity for families to fulfill their dreams of becoming homeowners before market conditions put housing prices out of reach. PDC should be as aggressive as possible in the near-term with the following focused strategy and comprehensive array of resources to assist Lents residents in becoming homeowners.

A. Recommendations

1) Facilitate opportunities for area residents to receive education, training, and counseling on becoming prepared and qualified to purchase an affordable home utilizing a variety of resources.

2) Provide financial assistance in purchasing a home through the use of existing and new PDC products in conjunction with other state and regional programs and resources.

B. Action Plan

1) Create twelve month marketing/outreach plan to achieve the benchmark goals established in the Housing Strategy. Input for this marketing plan can come from PDC staff, from neighborhood partners, and from community members. This marketing plan should be targeted to but not limited to current residents. The plan should include strategies to distribute information about products that exist which are not financially supported by the Lents Town Center Urban Renewal Project including Project Down Payment, People’s Regional Investment Opportunity Program, and the State Residential Loan Program. Numerous new pieces of literature can be created and distributed by various means to increase program awareness.

2) Increase the number of potential first time homebuyers of all income levels attending homeownership education classes.

3) Offer loan products that assist families in purchasing existing homes.
a) Amend existing agreement with the Portland Housing Center to include underwriting of additional second mortgage loans in the Lents Town Center URA. Project Buy Down is a second mortgage product that buys down the principle of the first mortgage up to a maximum of $15,000. Eligible families can earn up to 80% of MFI. It has a recapture mechanism whereby when the home is sold or the loan is repaid, a portion of any appreciation in property values is paid to back to the Lents Town Center Urban Renewal Area and used to fund additional Project Buy Down loans.

b) Modify existing home purchase loan products to meet the unique needs of those in the Lents Town Center Urban Renewal Area. Some homes can not be conventionally financed without lender required repairs. Some families would be able to purchase if the interest rate could be reduced. The Fannie Mae HomeStyle Loan assists families in purchasing a home on the market and paying for home repairs needed at the time of purchase. Features of this loan product will be buying down the interest rate by around 1% and potentially covering some of the closing costs.

4) **Create permanently affordable homeownership opportunities.** Some families need deeper subsidy to purchase than others. The Portland Community Land Trust (PCLT) is a nonprofit community based organization that buys and permanently holds land for the community. Homebuyers purchase the house but lease the land from the land trust. When a buyer is ready to sell, the house is sold to another low or moderate-income buyer. This assures that the home stays permanently affordable. The program is attractive to families who otherwise would remain renters because of increasing housing costs. The subsidy remains with the property and is passed to subsequent homeowners through a resale price that remains affordable. The benefits for the buyer includes stable housing costs, tax benefits, pride of ownership, greater financial security, and a share of the home’s appreciation and equity (as determined by the resale formula).

C. **Benchmarks** [Note: Final benchmarks are dependent upon actual budget allocations]

1) **One year**

- 20-30 home purchase loans (Project Buy Down and Fannie Mae HomeStyle)
- 5 Community Land Trust Loans
• 80 families to complete home buying classes
• Complete twelve-month outreach/marketing plan

2) **Five year**

• 100-170 home purchase loans
• 30-50 Community Land Trust Loans
• 400-500 families to complete home buying classes
• Produce annual marketing plans

## 2 PROPERTY REPAIR PROGRAMS

The Lents Town Center Urban Renewal Area Housing goals include an objective to help rehabilitate existing housing in residential neighborhoods through financial assistance (e.g. loan and grant programs), technical assistance (e.g. explanation of zoning code interpretation or design assistance), and other methods. This will be accomplished through offering a variety of loan products for low and moderate-income families.

Results from a building condition survey done in 1998 as a part of a report on the proposed urban renewal plan shows that a majority of built structures could benefit from rehabilitation or improved maintenance. In the last five years PDC has made 73 loans for rehabilitation of owner-occupied homes within the Lents Town Center Urban Renewal Area. The usage and impact of these programs can be increased through community outreach and incentives.

PDC is currently assessing the results of a windshield survey of multiplexes to ascertain the number and extent of properties that could potentially benefit from a repair loan program. The properties are assessed as to deficiencies in paint, siding, roofing, gutters, foundations, parking, driveways and walkways, and general maintenance.

### A. Recommendations

1) Continue to provide marketing, outreach, application assistance, and funding of PDC single-family homeowner repair loans customized to the unique needs in the Lents Town Center Urban Renewal Area.

2) Provide marketing, outreach, application assistance, and funding for rehabilitation of rental properties.
B. Action Plan

1) Homeowner Programs

a) Create twelve month marketing/outreach plan

b) Promote and modify existing PDC home repair loan programs. Programs include:

(1) PDC Amortizing Repair Loans target families at 80% MFI with interest rates between 0% and 5%. Used to remedy major and minor code violations with additional funding for general repairs. Modifications could include raising the maximum dollar allowance for general repairs from $5,000 to $10,000.

(2) PDC Deferred Payment Loans target families at or below 50% MFI with 0% interest loans that are due on sale or transfer. This is beneficial to families that do not have enough monthly income to afford additional loan payments.

(3) Fannie Mae HomeStyle Loans combine both mortgage and rehabilitation funds. With a lower interest rate, some families would be able to finance repairs to their home. Some families desire to do more general repairs than are possible with a PDC Amortizing Repair Loan. Features of this loan product will be buying down the interest rate by around 1% and potentially covering some of the closing costs.

c) Continue to provide low-income seniors and disabled owner households with home repair assistance. REACH’s volunteer-based Community Builders Program is targeting low-income senior and disabled owner households. This year they are completing 60 repair jobs on 35 different projects (homes) at no charge to the owners. ROSE CDC is also a partner.

d) Develop additional tools to facilitate homeowner repair. Examples of additional tools include volunteer repair programs and incentives and/or vouchers for exterior painting and landscaping.

e) Encourage participation of local contractors in property repair programs.
2) Rental Unit Programs
   a) Create twelve month marketing/outreach plan
   b) Provide direct financial assistance for rehabilitation of smaller rental properties. PDC is exploring a Rental Rehabilitation Program for 1 to 4 units that would provide below market interest rate loans to property owners of rental housing to improve their properties while retaining rent affordability and mitigating involuntary displacement.
   c) Provide technical assistance and/or secondary financing to identify scope of work, predevelopment plan and financial packaging to rehabilitate rental properties having 5 units or more. PDC provides technical assistance as well as secondary financing for property acquisition, refinancing, and rehabilitation of rental housing projects with 5 or more units. In exchange for below market financing, the property owner agrees to make the units affordable to families at or below 60% of MFI for 60 years.

C. Benchmarks [Note: Final benchmarks are dependent upon actual budget allocations]

1) One year
   - 20-40 Homeowner Repair Loans
   - Assist 45 senior and disabled owner households with repairs
   - Rental Rehabilitation loans to upgrade 15 rental units
   - Complete twelve-month outreach/marketing plan.

2) Five year
   - 100-200 Homeowner Repair Loans
   - Assist 250 senior and disabled owner households with repairs
   - Rental Rehabilitation loans to upgrade 75-125 rental units
   - Produce annual marketing plans
3 NEW HOUSING DEVELOPMENT

Creating new housing fulfills a number of Lents Town Center Urban Renewal Area goals. They are:

- Help develop housing to support commercial revitalization.
- Help develop a range of housing types (e.g. single family detached, single family attached and multi family) and densities that are affordable to households with a range of incomes and which increase neighborhood livability.
- When providing loans, grants or other assistance for housing development preserve existing affordable housing and/or ensure no net loss of affordable housing.
- Help ensure permanent affordability for housing that has received urban renewal assistance.
- Identify and analyze the development potential of underutilized housing sites and assist in their redevelopment, emphasizing high quality development and environmental sensitivity.
- Require developers requesting financial assistance to review proposed project and design with impacted neighbors.

The location, type and density of housing being built in the Lents area will be influenced in a large extent to regional goals in growth management, density and livability. It is affected as well by the availability of vacant land or land suitable for redevelopment. New housing supported by the Lents Town Center Urban Renewal Project will incorporate a mix of housing types and will be available for a range of incomes.

In analyzing the housing unit projections from the Outer SE Plan and calculating the buildout for the Lents Town Center Urban Renewal area, it was estimated that roughly 2,300 new housing units will be built over the next twenty years (about 115 units annually). A review of the building permit activity for 1997 and 1998 shows an average of 125 units being issued permits.

Healthy communities contain families of various income levels and it is desirable to have new housing projects reflect this income mix. Not all units in supported projects may need Urban Renewal subsidy. Some of the units may be market rate and contain no subsidy and some will be subsidized to create new housing for area low-income families. Any unit that contains subsidy will remain affordable to the targeted population for at least 60 years. This will
help create an adequate supply of affordable housing so that families currently living in the area will be able to remain in the area.

To achieve maximum success in fulfilling these objectives, the housing efforts must respect the general and historic character of the neighborhood that is composed largely of single family homes crossed by local and commercial avenues.

**Housing to Support Commercial Revitalization**

Housing in and near commercial areas has historically been an important ingredient to neighborhood friendly business districts in Lents and throughout Portland. The reintroduction of housing in and near a business district attempting to undergo a revitalization, such as in the historic Downtown Lents Business District, can be a key catalyst to encourage and support necessary commercial development.

Housing in residential (R) zones adjacent to a commercial district will typically be of higher density. Other projects within commercial (C) zones will typically be mixed use in nature and will often have housing units above or behind the commercial and retail space. This type of housing has the advantage of being near commercial centers and near transit making it possible to commute to work and to shop without using a car.

Area data projections show us that family size is decreasing. Currently the average family size in Lents is 2.54. In 2015, it is projected to be 2.31 persons per household. The family profile for these units would include singles, young people just starting out on their own, single parents with one or two children, and seniors who do not want the responsibility of a single family home. It is likely that this type of housing would be one or two bedrooms and would be located near commercial areas.

**Housing for a Variety of Family Sizes**

In previous discussions on growth management in the Housing Study, it was stated that the opportunity exists to build family housing in Urban Renewal Area on sites with residential zoning (R10-R5, R3, R2.5 and R2). Family housing is defined as units with two plus bedrooms. These projects will most likely be between two and twenty units because of lot size. The units may be multiplexes, triplexes, duplexes, or single family detached or attached and may have accessory dwelling units. Providing amenities such as play equipment and washer/dryer hookups would increase project livability.

**Housing For A Range Of Incomes**

In addition to the Lents Town Center Urban Renewal Plan housing goals, one of the Outer SE Plan goals is to preserve and increase the supply of housing affordable to households below the median income. Part of Portland Housing
Policy is to ensure that an adequate supply of housing is available to meet the needs, preferences, and financial capabilities of Portland’s households now and in the future. To achieve balanced communities, it is a goal of Portland Housing Policy to strive for livable mixed-income neighborhoods throughout Portland that collectively reflect the diversity of housing types, tenures (rental and ownership) and income levels of the region.

There is clear policy direction to have enough housing to fit the needs of families who live in our community. When developing new housing, it is important to provide a mix of units for various income levels. Affordable units generally require some sort of additional funding, often in the form of public subsidies because the rents charged cannot pay for the debt service on the construction cost. Subsidies are used to either buy down the mortgage or the interest rate. Having a mix of units for various income levels balances the need for subsidy for affordable units with the ability to attract private financing as higher priced units can support more debt service. It also will allow developers to include quality design and materials in their projects.

**Tenure**

Some of the new housing developed will be rental units and some will be ownership units. Some projects may contain both.

**Design Review**

Since one of the Lents Town Center Urban Renewal Area objectives directs developers requesting financial assistance under this Plan to review proposed project and design with impacted neighbors. PDC should assist developers in scheduling with the applicable neighborhood association to present information about their proposed project at a regularly scheduled neighborhood association meeting.

Immediate project neighbors should also receive a brief overview of the project and be informed of the date and place of the neighborhood meeting presentation. Community members are often much more familiar with their immediate neighborhood than developers and have a perspective to offer that should be taken into consideration. They can offer feedback on possible impacts (i.e. design, density, building management, security and parking).

In reviewing the developer's design and determining whether or not to finance a project, PDC will assess both the quality of design and efforts of the developer to mitigate neighbors’ concerns.

**A. Recommendations**

1) Acquire property and facilitate development of new affordable owner and rental housing serving a range of incomes.
2) Provide financial assistance to developers of new affordable owner and rental housing.

3) Identify partners and developers who could build quality affordable housing.

4) Leverage resources for achievement of area revitalization goals and in support of other urban renewal projects.

5) Require developers receiving assistance from PDC to review proposed projects with impacted neighbors and obtain feedback on possible impacts (i.e. design, building management, security and parking) and make reasonable efforts, as determined by the PDC, to mitigate neighbors’ concerns.

B. Action Plan

1) Identify and acquire property with potential for development of new housing in accordance with Lents Town Center Urban Renewal Project goals and adopted strategies.

2) Develop acquired and developer-owned sites through administration of financial products available through the PDC Housing Development Finance Section. PDC provides financing for development, acquisition, rehabilitation, and preservation of rental housing and homeownership properties with multiple units. PDC seeks to maximize leverage of the Urban Renewal Area funds by utilizing other funding sources, including private equity, private contributions and state and federal funds. Tax exemption and tax abatement programs contribute to the affordability of projects.

3) Assist developers in reviewing proposed projects with impacted neighbors.

4) Facilitate design review of PDC supported projects.

C. Benchmarks [Note: Final benchmarks are dependent upon actual budget allocations]

1) One year
   • Acquire property and/or foster the development of 20-50 new housing units.

2) Five year
   • Foster the development of 150-250 new housing units.
IV. MONITORING AND REVIEW STRATEGIES

Progress on the Lents Town Center Urban Renewal Project Housing Strategy needs to be monitored and updated on a regular basis.

This plan was created using the best available data. The 2000 census data should be used in determining an update of demographic and market information. The housing strategy should be adjusted as the housing and demographic profile of the area change. Updates should reflect changes in market conditions and policy directives with targets adjusted accordingly.

A. Recommendations

1) Update the Strategy as soon as 2000 census data is available and on regular basis thereafter.

2) Refine the Strategy as the funding climate changes, as the demographics of the area change, as the physical conditions within the Lents Town Center Urban Renewal Area change, or as market conditions change.

3) Conduct an annual review of progress made in achieving goals to be included in an annual report or a newsletter.

V. OTHER ISSUES

Floodplain Considerations

Roughly one quarter of the Urban Renewal Area is within the Johnson Creek floodplain. This means that 16% of the total homes are in the floodplain. This issue is a crucial component as to where, and in what ways housing may be built or renovated.

A. Recommendations

1) Support public objectives to respect the natural environment to improve area livability.

2) Support the built environment in appropriate locations to improve area livability.

B. Action Plan

1) Encourage ecologically responsible development activities through community education and outreach.

2) Analyze and develop recommendations concerning the unique issues of housing in the floodway and floodplain. Support property owners through public information and/or public incentives and resources.
Manufactured Dwelling Units

Within the Lents Town Center Urban Renewal Area there are approximately 13 manufactured dwelling parks with a total of 343 units. There is little available data regarding the living conditions or housing costs for homeowners in these parks. Further study needs to be done concerning property conditions and affordability as well as researching issues around lending practices, evictions, and homeowner and park owner conflicts.

A. Recommendations
   1) Gather data and study the issues surrounding manufactured dwelling parks.

B. Action Plan
   1) Analyze and develop recommendations concerning the unique issues of housing in manufactured dwelling parks.

VI. COMMUNITY PARTNERSHIPS

Not all efforts and resources to meet the Lents Town Center URA Plan housing goals will be delivered by PDC. Community partnerships are an important component to assure that wide range of resident’s needs is being addressed. Many of the following partners already work with residents in Lents and are familiar with the community’s needs and the best ways to provide housing opportunities.

A. The Portland Housing Center (PHC) — The PHC is a community based nonprofit agency that provides education workshops, resources, and home counseling for prospective homebuyers. They also administer financial assistance programs including Project Down Payment and Project Buy Down. Homeowner Education Programs are a very effective way of increasing the pool of qualified low and moderate-income homebuyers. They have built a strong foundation of community partners including real estate agents, lenders, home inspectors, and home insurance agents. In addition, their services include the Mortgage Foreclosure Prevention Program that assists homeowners facing financial hardship in finding ways to keep their home. Unfortunately, many lenders use "predatory" tactics to lock homeowners into high interest, high fee loans that often cause homeowners to lose their home. These tactics can include misrepresenting the terms of the loan, making loans beyond the borrower’s ability to repay, charging interest and fees far exceeding any risk, and applying pressure to keep a borrower from backing out of the loan process.

B. Community Builders — Community Builders is a volunteer-based home repair program started by REACH Community Development Inc. In the Lents area ROSE Community Development Corporation jointly supports the program. Community Builders help low-income seniors (aged 55 or older) and disabled
homeowners. Services include painting, carpentry repairs, yard cleanup, and safety improvements. Income eligibility is set at 80% of median income or less.

C. ROSE Community Development Corporation (ROSE CDC) — Rose CDC has created over 160 housing units in outer SE Portland with a significant number of them inside the Lents Town Center Urban Renewal Area. They are currently developing housing and commercial spaces in the Lents 2000 project. They are also purchasing and rehabilitating the Country Squire Apartments. These will be permanently affordable to the residents and is an example of housing preservation. ROSE CDC also sponsors an annual paint-a-thon (with REACH CDI); the Time Traders community skills exchange; and a Homebuyers Club that facilitates peer support for people working to buy homes.

D. People’s Regional Individual Development Account Collaborative (PRIDA) — PRIDA supports Individual Development Accounts which are matched savings accounts that allow low income families to build financial assets and realize their goals in housing, education, and business.

E. The Portland Community Land Trust (PCLT) — The PCLT is a newly formed community based non-profit that will offer permanent affordability in home ownership and possibly in rental opportunities.

F. Private Housing Developers and Property Owners — These partners can access certain funding products with the stipulation that they will comply with affordability and financial terms in accordance with PDC and other applicable policies. Developers who access any PDC directed funds must comply with PDC’s asset management program to assure the property is being well managed and maintained and that terms of affordability are being met.

G. Area Realtors — Realtors are an important link in supplying potential homeowners with information about educational opportunities through the Portland Housing Center, about loan products offered through local lenders, and about the financial products offered by both the Portland Housing Center and the Portland Development Commission.

H. Local lenders — Local lenders make loans to area residents for the purchase or rehabilitation of their property. Many of these lenders are skilled in providing access to products designed for low and moderate-income families. Eight of these lenders partner with the Portland Housing Center in utilizing Project Down Payment and/or Project Buy Down.

I. Portland YouthBuilders — Portland YouthBuilders is a not-for-profit organization providing education, vocational training, job readiness training and leadership development for very low-income youth from Southeast and North/Northeast Portland who are 18-24 years old and have dropped out of high school. Young people acquire the education and skills to lead self-sufficient lives while they help to revitalize neighborhoods by building and repairing local housing.
Portland YouthBuilders has been working in North/Northeast Portland since 1995. A Southeast pilot project started in May 2000 with 30 youth participants making up two crews. The initial construction site is a ROSE CDC home on SE 89th that is being rehabilitated for sale to a family child care provider. Southeast Works and the Lents Boys and Girls Club recruited the youth participants. Based on the success of the pilot project, Portland YouthBuilders is interested in expanding their Southeast program with additional crews next fall.

VII. IMPLEMENTATION TOOLS

There are a number of financing tools available for implementing the Lents Town Center Urban Renewal Project Housing Strategy. Below is a summary of some of these tools. These are a mixture of public and private financial products and are administered by various organizations and institutions. Ongoing efforts will be made to effectively leverage funds and build strong partnerships.

1. **Project Buy Down** — This program provides assistance to buy down the principal of the first mortgage to an amount the homebuyer can afford. It can be combined with Project Down Payment. Eligible households must be at or below 80% of median income. Maximum assistance is $15,000. This is a no interest, no payment, second mortgage product that is subordinated to the first mortgage and is due and payable upon sale or transfer of the property. The term is for 30 years and is renewable. This is a recapture mechanism known as a shared appreciation mortgage. In addition to repayment of principal, the borrower must repay a percentage of net appreciation. The percentage owed is a percentage of the net appreciation in the property i.e. the difference between the amount paid for the property and the amount received when the property is sold, minus the seller paid closing costs. The percentage owed is related to the amount borrowed through this program. For example, if $1,000 is borrowed, 1% of the net appreciation is owed; if $2,000 is borrowed, 2% of the net appreciated is repaid. The most common amount is the maximum of $15,000 and 15% of the net appreciation would be owed.

2. **Fannie Mae HomeStyle Loan** — These loans are amortized loans that can be used in two ways. Homeowners can refinance existing liens against their property and pay for home repairs at the same time. It can also be used by a new homebuyer to purchase a home on the market and pay for home repairs needed at the time of purchase. The loan funds can be a combination of Urban Renewal funds and Fannie Mae funds. The Urban Renewal funds can buy down the interest rate by 1% and can help to cover closing costs.

3. **Portland Community Land Trust (CLT)** — A CLT is a community based nonprofit corporation that holds land for the benefit of the community in which it is located and primarily a homeownership model. There are over 100 CLT groups across the nation. A CLT acquires land and/or buildings and sells the improvements (home) on the land at a price that is below market value. The CLT retains ownership of the land and when the homeowner is ready to sell, the home is then sold to another household of low to moderate income. Homeowners enter a long-term lease
(99 years) for the land that grants them secure and exclusive use of the land under their homes. The lease fee is typically around $30.00 per month. This is a retention funding model and funders are willing to provide greater amounts of subsidy because affordability of the housing is retained over time. The mechanism for retention of subsidy is through restricting the price at which the home can be resold. When selling, the homeowner receives the amount that they have paid down on their mortgage, their down payment, and a share of the net appreciation. This share is often around 25%. This model is used very effectively to provide ownership opportunity for families who would otherwise be shut out of the market. Funding to purchase to land could come from Urban Renewal Funds.

4. **Project Down Payment** — This home purchase assistance program provides for down payment and closing cost assistance and can be combined with other programs such as Project Buy Down and the state Residential Loan Program (funds lower than market interest rate mortgage loans). Maximum assistance is $4,000. This is a five year second mortgage with an interest rate of 5%. It is designed for first time homebuyers and the borrower must contribute a minimum of 2% of the sales price from their own funds. Eligible households must be at 100% of median income or less. The homebuyer completes an educational program through the Portland Housing Center. This is a revolving loan fund funded in large part by local lenders.

5. **Limited Property Tax Abatement Program (ORS 308.450 & ORS 458.005)**
This is a ten-year tax abatement on the Improvement value for new homes that meet the following criteria. The property is located within a Designated Distressed Area (most of the Lents Town Center Urban Renewal Area has this designation). The property is less than 2-years old. The home must currently be a single-family unit. The sales price must be no greater than $152,250 (adjusted annually). The homeowner will not pay taxes on the assessed value of the new construction for 10 years. The homeowner will, however, continue to pay taxes on the assessed value of the land. There are currently no restrictions as to the income of the recipient.

6. **Paint Voucher/Incentive Program** — Paint incentive grants are made in combination with home repair loans to address exterior painting and related repairs. In the past, incentive grants have been offered when loan funds available (based on equity) are inadequate to address needs of the home for major, minor, and incipient repairs. A Paint Voucher program could be designed to provide free paint for low-income homeowners or used in conjunction with a paint-a-thon.

7. **People’s Regional Investment Opportunity Program (Individual Development Accounts)** — Individual Development Accounts are matched savings accounts that allow low-income families to build assets and move up and out of poverty. Participants save money for a specific goal and their savings are matched at a rate that varies from 1:1 to 2:1 up to a maximum savings limit. Adult participants may save towards a down payment of a home, permanent rental housing, education, or a small business. Youth participants may save for educational, artistic, or athletic goals. Participants attend financial education training. Eligible participants are households that meet Earned Income Tax Credit income guidelines. Maximum
annual savings vary from $300 to $750 per year depending upon the program. This program is run by the Human Solutions Family Financial Service Department.

8. **PDC Deferred Payment Home Repair Loans**— These are home repair loans offered at 0% interest, which are due upon the sale or transfer of the property. Deferred payment loan funds may be used to remedy major and minor code violations and incipient conditions. Eligible families may earn no more than 50% of median family income. Mortgage payments, property taxes, and insurance must be current.

9. **PDC Amortized Home Repair Loans**— These loans are home repair loans upon which a customer makes a monthly payment. Amortized loan funds may be used to remedy major and minor code violations and incipient conditions, and general property improvements. There is a maximum of $5,000 for the general property improvements. Eligible families may earn no more than 80% of median family income. Interest rate varies between 0% to 5% and is determined on a sliding scale based on median income. Mortgage payments, property taxes, and insurance must be current. These loans can be funded with a combination of PLPA and Urban Renewal funds.

10. **PDC Housing Development Loan Products**— Over the past 5 years, PDC has provided financing within urban renewal districts to private and non-profit developers for the construction and rehabilitation of over 1,400 rental housing units and 14 homeownership units. PDC’s loans provide low-interest loans for use in property acquisition, refinancing, rehabilitation and new construction of rental housing units. Loans may be used for gap financing and/or bridging the temporary financial need between acquisition, construction, permanent loans and equity to fund total development costs. These loans are often subordinated to private construction and permanent financing.

The PDC accepts applications for these financial assistance products in two ways. The PDC issues Request for Proposals (RFPs) to solicit proposals from developers of projects that will provide public benefits as defined by city policy and Lents Town Center Urban Renewal Area goals. Each RFP outlines the specific housing threshold criteria to be achieved and preference criteria that will guide in choosing between qualifying projects. The city may have site control or developers may select and demonstrate site control. PDC also accepts applications for direct financial assistance. Developers with site control and who are interested in developing a project that furthers the objectives outlined in city policy and for the Lents Town Center Urban Renewal Area should contact a member of the target area team to discuss potential funding availability and application process. Direct allocation of funding occurs when the maximum public benefit can be achieved most effectively outside of an RFP process. Funds from both the livability budget and redevelopment budget will be used to create housing units.

11. **Federal Low-Income Housing Tax Credit**— The Federal Low-Income Housing Tax Credit (LIHTC) provides a federal income tax credit for new construction
and rehabilitation of residential units for low-income individuals. The credits are purchased by corporations with anticipated tax liabilities and are claimed for ten consecutive years following the date that the qualified property is placed in service. Projects must meet rent restrictions that require that either 20% of the units be occupied by households with incomes below 50% of the area’s median income or 40% or more of the units be occupied by household whose incomes do not exceed 60% of median.

The program is best suited for projects with over 20 units. Residents in eligible units may not pay more than 30% or the applicable income limitation for rent and utilities. Generally, properties receiving tax credits must remain in compliance with the set-aside and rent restriction tests outline above for a period of at least 15 years, but commonly up to 50 years. The tax credit is either 9% or 4% of the eligible basis (i.e. qualified expenses) of the project. Using these credits is complex, but may be used to raise significant equity for a project. The complexity of the tool results in the use of consultants, attorneys, and accountants familiar with the process. The credits are awarded through an application process conducted by the Oregon Housing and Community Services Department. The process is a highly competitive one for most credits.

12. **Limited Property Tax Abatement Program for New Rental Housing (ORS 307.600. PCC 3.104)** — The City of Portland has a limited property tax abatement program for qualifying new construction of multi-family rental housing with ten or more units in the Central City and in urban renewal areas. Projects receiving the abatement are exempted for ad valorem taxes on the value of the improvement for a 10-year period. The value of the land on which the new multiple unit structure sits and the value of any improvements which do not provide a public benefit are taxable. In return for the tax abatement, the developer creates housing that otherwise would not be financially feasible to build, and that provides other public benefits such as open space, date care, etc.

13. **Charitable, Non-Profit Property Tax Abatement** — A low-income project under the ownership or control of a qualified non-profit agency, can receive property tax exemption on the value of land and improvements from the County Assessor, renewable annually, for the units occupied by households with incomes below 60% of the median family income for the area. Likewise, if ownership is held by the City of Portland (through the Housing Authority, for example) it will also be exempt from taxes.

14. **Other Public and Foundation Financing Programs for Low-Income Housing Projects** — A variety of other local, state, and federal programs are available for housing serving low-income families, for example, the Oregon Affordable Housing Tax Credit for Low-Income Housing and the Oregon Residential Loan Program. Many of these programs are only available to non-profit developers. They are administered by the Oregon Housing and Community Services Department, the Portland Development Commission, Multnomah County, and the Bureau of Housing and Community Development or HUD. There are also a number of federal
grant programs and charitable foundation opportunities for which non-profits may qualify. For example, local governments have reached agreements with the Enterprise Foundation to utilize the Foundation’s Smart Growth Fund. Because urban renewal funds are now available throughout the Lents Town Center Area it is not anticipated the Community Development Block Grant (CDBG) and HOME will be used to meet housing goals after the 2000-2001 Fiscal Year.

15. Private Financing — The private financing community will continue to finance market rate housing projects and these projects will help to meet growth management goals for the area and serve to generally improve the area.

Typically, with low-income projects, private financing is but one of many sources necessary to complete the funding package. Local lending institutions may also be more likely to participate in financing Lents Town Center projects to the extent doing so furthers their Community Reinvestment Act (CRA) goals.
APPENDIX 1

Lents Town Center URA Housing Goals

Help provide new and rehabilitated housing units suitable for households with a range of incomes and housing needs, recognizing the value of the existing affordable housing* stock. Create housing opportunities that allow Lents residents of all ages and income levels to remain in the community. Support housing development that conforms to zoning and other community objectives.

Objectives:

1. Research current and future housing needs in the area.
2. Help develop a range of housing types (e.g. single family detached, single family attached and multi family) and housing densities** that are affordable to households with a range of incomes and which increase neighborhood livability.
3. Help develop housing to support commercial revitalization.
4. Help rehabilitate existing housing in residential neighborhoods through financial assistance (e.g. loan and grant programs), technical assistance (e.g. explanation of zoning code interpretation or design assistance) and other methods.
5. When providing loans, grants or other assistance for housing development, preserve existing affordable housing and/or ensure no net loss of affordable housing units.
6. Require that at least a portion of the new housing developed with urban renewal assistance be affordable (per federal and local definitions) and targeted to area residents.
7. Help ensure permanent affordability for housing that has received urban renewal assistance.
8. Identify and analyze the development potential of underutilized housing sites and assist in their redevelopment, emphasizing high quality development and environmental sensitivity.
9. Require developers requesting financial assistance under this Plan to review proposed project and design with impacted neighbors, obtain feedback on possible impacts (i.e. design, building management, security and parking) and make reasonable efforts, as determined by the Commission, to mitigate neighbors’ concerns.

*Affordable Housing – housing that costs a household less than 30% of its income.

**Housing Densities – the number of units per acre.
APPENDIX 2

The Outer Southeast Community Plan

As taken from the adopted Outer Southeast Community Plan March 25, 1996), the specific housing policy states: Provide a variety of housing choices for outer southeast community residents of all income levels by maintaining the existing stock and promoting new housing development.

1. **Construct 14,000 new housing units in the Outer Southeast Community Plan area by 2015.**

2. **Stimulate production of new housing units by both private and nonprofit housing producers to accommodate expected population growth.**

3. **Increase opportunity for building more single-family housing in outer southeast neighborhoods.**

4. **Promote construction of attached housing designed to be owner-occupied to accommodate smaller households.**

5. **Increase opportunities for multifamily housing in areas convenient to shopping and transit.**

6. **Encourage property owners to maintain and improve their homes so that established neighborhoods remain stable and attractive.**

7. **Preserve and increase the supply of housing affordable to households below the median income.**

8. **Rehabilitate at least 100 housing units a year owned or rented by those with limited resources.**

9. **Support community development corporations and other nonprofit housing providers.**

10. **Preserve existing mobile home parks.**
APPENDIX 3

The City of Portland’s Comprehensive Plan

Goal 4, Housing

The City of Portland’s Comprehensive Plan, Goal 4, Housing, is presented (in abbreviated form) on the following pages. We hope it helps explain the goals and policies that will shape the future development and redevelopment of the City.

GOAL:

4 Enhance Portland’s vitality as a community at the center of the region’s housing market by providing housing of different types, tenures, density, sizes, costs, and locations that accommodate the needs, preferences, and financial capabilities of current and future households.

POLICIES & OBJECTIVES

4.1 Housing Availability — Ensure that an adequate supply of housing is available to meet the needs, preferences, and financial capabilities of Portland’s households now and in the future.

4.2 Maintain Housing Potential — Retain housing potential by requiring no net loss of land reserved for, or committed to, residential, or mixed-use. When considering requests for amendments to the Comprehensive Plan map, require that any loss of potential housing units be replaced.

4.3 Sustainable Housing — Encourage housing that supports sustainable development patterns by promoting the efficient use of land, conservation of natural resources, easy access to public transit and other efficient modes of transportation, easy access to services and parks, resource efficient design and construction, and the use of renewable energy resources.

SAFETY AND QUALITY POLICIES & OBJECTIVES

4.4 Housing Safety — Ensure a safe and healthy built environment and assist in the preservation of sound existing housing and the improvement of neighborhoods.

4.5 Housing Conservation — Restore, rehabilitate, and conserve existing sound housing as one method of maintaining housing as a physical asset that contributes to an area’s desired character.

4.6 Housing Quality — Encourage the development of housing that exceeds minimum construction standards.
HOUSING OPPORTUNITY POLICIES & OBJECTIVES

4.7 Balanced Communities — Strive for livable mixed-income neighborhoods throughout Portland that collectively reflect the diversity of housing types, tenures (rental and ownership) and income levels of the region.

4.8 Regional Housing Opportunities — Ensure opportunities for economic and racial integration throughout the region by advocating for the development of a range of housing options affordable to all income levels throughout the region.

4.9 Fair Housing — Ensure freedom of choice in housing type, tenure, and neighborhood for all, regardless of race, color, age, gender, familial status, sexual orientation, religion, national origin, source of income or disability.

4.10 Housing Diversity — Promote creation of a range of housing types, prices, and rents to 1) create culturally and economically diverse neighborhoods; and 2) allow those whose housing needs change to find housing that meets their needs within their existing community.

HOUSING AFFORDABILITY POLICIES & OBJECTIVES

4.11 Housing Affordability — Promote the development and preservation of quality housing that is affordable across the full spectrum of household incomes.

4.12 Housing Continuum — Ensure that a range of housing from temporary shelters, to transitional, and to permanent housing for renters and owners is available, with appropriate supportive services for those who need them.

4.13 Humble Housing — Ensure that there are opportunities for development of small homes with basic amenities to ensure housing opportunities for low-income households, members of protected classes, households with children, and households supportive of reduced resource consumption.

4.14 Neighborhood Stability — Stabilize neighborhoods by promoting:

a variety of homeownership and rental housing options; 2) security of housing tenure; and 3) opportunities for community interaction.

4.15 Regulatory Costs and Fees — Consider the impact of regulations and fees in the balance between housing affordability and other objectives such as environmental quality, urban design, maintenance of neighborhood character, and protection of public health, safety, and welfare.
APPENDIX 4

Income / Rent Guidelines

Throughout this document PDC Uses the Following Terms:

The Portland Development Commission utilizes the following categories of Median Family Income, as adjusted for household size, (HAMFI) to allocate resources for the development of housing that serves targeted populations in the City of Portland:

1. Extremely Low Income: Households with incomes from 0 to 30% HAMFI.

2. Very Low Income: Households with incomes from 31 to 50% HAMFI.

3. Low Income Households: Households with incomes from 51% to 60% HAMFI. (This term is also used generically to refer to all households at or below 60% HAMFI.)

4. Moderate Income: Households with incomes from 61 to 80% HAMFI.

5. Middle Income: Households with incomes from 81% to 150% HAMFI.

6. High Income: Households with incomes over 151% HAMFI.
APPENDIX 4.A

Income and Rent Guidelines

These guidelines are used to determine program eligibility. For example, if a program benefits families at or below 80% MFI, and the family household size is 4, then to be eligible, the family can earn no more than $42,950 annually.

For rent to be affordable, a family should spend no more than 30% of their gross monthly income on housing expenses (rent plus utilities). The rent guidelines represent the maximum monthly rent including utilities that is affordable to families by household size and median family income.

### HUD Median Family Income (4 persons) $53,700

| Housing Burden (A): 30% As Of 3/13/00
<table>
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<th>50%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
<th>120%</th>
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<td>21,250</td>
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<td>42,550</td>
<td>56,700</td>
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### Maximum Monthly Rent Including Utilities by % of Median Family Income (B)

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<td>353</td>
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<td>1</td>
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<td>470</td>
<td>564</td>
<td>751</td>
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<td>323</td>
<td>538</td>
<td>645</td>
<td>859</td>
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<td>1,289</td>
</tr>
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<td>3</td>
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<td>604</td>
<td>725</td>
<td>966</td>
<td>1,209</td>
<td>1,450</td>
</tr>
<tr>
<td>3</td>
<td>5</td>
<td>435</td>
<td>725</td>
<td>870</td>
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<td>1,450</td>
<td>1,740</td>
</tr>
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<td>6</td>
<td>468</td>
<td>779</td>
<td>935</td>
<td>1,246</td>
<td>1,558</td>
<td>1,869</td>
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<td>8</td>
<td>531</td>
<td>886</td>
<td>1,064</td>
<td>1,418</td>
<td>1,773</td>
<td>2,126</td>
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</table>

**NOTES:**

A  PDC computed affordability using the standard 30% housing burden threshold.

B  In properties where tenants pay some or all utilities, PDC calculated affordability using 1999 HUD utility allowances provided by the Housing Authority of Portland.
APPENDIX 5

Homebuyer Affordability Calculations

How to Use this Table -- This table shows the relationship between the purchase price of a home, the number of bedrooms in that home and the approximate median family income (MFI) that is needed to purchase the home. Listed under the table are the assumptions used in the MFI calculation. Also listed under the table is an example. This example shows the monthly housing costs based on the assumptions. It’s helpful to review the MFI Guidelines Table in Appendix 4A to see how household size affects MFI. Studios are assumed to house one person, while all other units are assumed to house 1.5 people per bedroom. In this table it is assumed that the family will not spend more than 30% of their gross monthly income for housing. These calculations do not take into account family debt obligations. Lending institutions have underwriting standards that vary as to allowable percentage of gross income for housing as well as in evaluation of debt obligations. These factors among others will result in actual purchasing power being either higher or lower than this table.

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>Studio</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
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<td>71%</td>
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<td>58%</td>
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<td>80,000</td>
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<td>189%</td>
<td>178%</td>
<td>150%</td>
<td>131%</td>
<td>119%</td>
<td>109%</td>
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</table>

Assumptions
- downpayment 3.00%
- interest rate 8.50%
- mortgage term 30 years
- mtg ins cutoff 20%
- mtg ins rate 0.78
- full tax millage rate 20.06
- abatement millage rate 1.00
- abatement price limit 161,844
- insurance millage rate 2
- housing burden 30%

Example
- purchase price 140,000
- bedrooms 1
- monthly payment 1.044
- monthly mortgage ins 88
- monthly taxes 12
- monthly insurance 23
- utility costs 101
- monthly housing costs 1.268
- affordable at 126%

Note: Utility costs are based on new construction single family residences, with all electric appliances and heat. Residents are also responsible for water, sewer, and garbage costs. Utility costs are adjusted for unit size, and they are derived from average utility costs as reported by the Housing Authority of Portland in 1999.
APPENDIX 5 (Continued)

Homebuyer Affordability Calculations

How to Use this Table -- This table shows the relationship between the median family income (MFI) of a family, the number of bedrooms in a home and the approximate home purchase price that the family can afford. Listed under the table are the assumptions used in the purchase price calculation. Also listed under the table is an example. This example shows the monthly housing costs based on the assumptions. It’s helpful to review the MFI Guidelines Table in Appendix 4A to see how household size affects MFI. Studios are assumed to house one person, while all other units are assumed to house 1.5 people per bedroom. In this table it is assumed that the family will not spend more than 30% of their gross monthly income for housing. These calculations do not take into account family debt obligations. Lending institutions have underwriting standards that vary in allowable percentage of gross income for housing as well as in evaluation of debt obligations. These factors among others will result in actual purchasing power being either higher or lower than this table.

<table>
<thead>
<tr>
<th>%MFI</th>
<th>Studio</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<td>83,434</td>
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</table>

Assumptions
- downpayment 3.00%
- interest rate 8.50%
- mortgage term 30 years
- mtg ins cutoff 20%
- mtg ins rate 0.78
- full tax millage rate 20.06
- abatement millage rate 1.00
- abatement price limit 161,844
- insurance millage rate 2
- housing burden 30%

Example
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- bedrooms 1
- monthly payment 1,044
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- utility costs 101
- monthly housing costs 1,268
- affordable at 126%

Note: Utility costs are based on new construction single family residences, with all electric appliances and heat. Residents are also responsible for water, sewer, and garbage costs. Utility costs are adjusted for unit size, and they are derived from average utility costs as reported by the Housing Authority of Portland in 1999.