



CITY OF
PORTLAND, OREGON

PORTLAND HOUSING BUREAU

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N/NE Neighborhood Housing Strategy Homeownership Update

**N/NE Oversight Committee
September 15, 2015**

Objective: Create a continuum of affordable homeownership opportunities to stabilize households at risk of displacement from N/NE neighborhoods and provide opportunities for households that have been displaced to return to the neighborhood utilizing the capacity and experience of homeownership organizations that have historically provided these services in the N/NE community.

Recap of Current Assumptions:

- Maximum subsidy of \$80,000 per unit
- Households under 100% MFI for 3 bedroom, up to 80% MFI for smaller homes
- Acquisition of existing homes \$2.4 Million, 40 households)
- Construction of new units (\$2.6 Million, 32 households)
- Incorporation of minority contracting goals for new construction and rehab activities
- 30% of resources will be allocated to support permanently affordable homeownership opportunities
- Use of preference policy (when finalized) to prioritize households for homeownership assistance

Potential Subsidy Models

1. Down payment Assistance
 - Household MFI average is 70%
 - Average purchase price is \$206,000
2. Permanent Affordability
 - Average MFI assisted is 62%
 - Average purchase is \$151,000
3. Habitat for Humanity
 - Average MFI assisted is 43%
 - Average purchase price is \$135,000

Existing Homeownership Organizations in Portland

1. African American Alliance for Homeownership (AAAH)
2. Asian & Pacific Islander Community Improvement Association (APICIA)
3. Habitat for Humanity
4. Hacienda CDC
5. Native American Youth & Family Center (NAYA)
6. Portland Community Reinvestment Investment, Inc. (PCRI)
7. Portland Housing Center (PHC)
8. Proud Ground Community Land Trust
9. Sabin CDC

Current Ongoing Conversations

- Allocation of resources
- Expanding community partnerships
- Education and outreach, leverage and financing, land and unit acquisition, and policy change
- Preference policy implementation

N/NE Neighborhood Housing Strategy Homeownership Guidelines

**N/NE Oversight Committee
June 16, 2015**

Objective: Create a continuum of affordable homeownership opportunities to stabilize households at risk of displacement from N/NE neighborhoods and provide opportunities for households that have been displaced to return to the neighborhood utilizing the capacity and experience of homeownership organizations that have historically provided these services in the N/NE community.

Program Guidelines: All resources will be programmed in accordance with Council approved PHB Homeownership Assistance Program Guidelines.

Timeline: PHB will be able to fund projects beginning July 1, 2015. Ideally, all homeownership assistance will be expended by June 30, 2018.

Minority Contracting: All construction dollars will be structured in a way that maximizes minority contracting outcomes. Developers will be expected to work proactively with PHB staff to utilize a 3rd party MWESB technical assistance provider, utilize the City's Good Faith Effort process, and report performance through the City of Portland.

New Construction (\$2.6 Million, 32 households)

- PHB will coordinate a competitive solicitation for a project developer that scores based on minority contracting outcomes, proposed leverage, cost, and completion timeline
- Up to 100% MFI for 3 bedroom units, up to 80% for smaller units
- Land acquisition is acceptable use of funding if compliant with ORS 457:
 1. Contractual Agreement with PHB
 2. PHB approval for a specific development process
 3. Direct correlation between land acquisition and approved project
 4. 6 month timeline for starting development

Invest in Homeowners (\$2.4 Million, 40 households)

- Up to 100% MFI for 3 bedroom units, up to 80% for smaller units
- Maximum subsidy of \$80,000 per household

Homebuyer Identification: Households assisted with homeownership resources should be identified from one of the following sources. The utilization of a preference policy may be required as the City continues to work through the legal parameters for its use in homeownership programs:

1. Households referred from community organizations that serve longstanding residents of N/NE Portland (Urban League, SEI, Black Parent Initiative, churches, etc.)
2. Occupants of subsidized rental housing
3. Mortgage-ready homebuyers currently working with community homeownership organizations

Leverage: The majority of homeownership opportunities created with these resources should receive, and be able to report on additional sources of leverage invested in the unit. PHB LTE/SDC exemptions, IDA resources, SHOP funds, private donations, and OHCS dollars are examples of leveraged donations.

Affordability: Resources should reflect a balanced continuum of affordable home ownership options including down payment assistance loans and tools that provide permanent affordability for low-income households. PHB envisions that approximately 30% of the \$4 Million in N/NE resources will be used for permanently affordable homeownership opportunities.