AmplifyOregon
ACCELERATED MORTGAGE

Amplify Oregon Accelerated Mortgage Program

HB 3236-1: Expand the OAHTC to reach homebuyers: The Oregon Affordable Housing Tax Credit (ORS 317.097) is a unique program that delivers powerful savings to renters through lower interest rates charged by banks. With slight statutory adjustments, this resource could lower the cost of home mortgages under this program by allowing banks to reduce their interest rate to the fund. Lower mortgage rates will allow the fund to reach a broader band of first-time homebuyers.

The statutory adjustments to ORS 317.097 should be targeted to:

a. Limit eligible programs for the homebuyer OAHTC to a fund approved by OHCS, targeting first-time homebuyers, and for affordable homes subject to an affordability restriction/shared appreciation model.
b. Allow the award to be made to the fund and not the specific mortgage.
c. The fund must limit eligible mortgages to households earning 80% or less than the AMI at the time of the loan.
d. Exempt the loan to the fund from the interest "pass-through" savings requirements that applies for rental properties.
e. Be continuously appropriated to the fund for ongoing mortgage origination.

History and Need

Public funding for the development of affordable homeownership units has grown significantly in Oregon. New public funding requires long term affordability, which has led to a rise in the development of homes utilizing a "shared equity" model, such as Community Land Trusts (CLTs). Shared equity housing ensures that homes which are affordable today (for example at 80% area median income), remain affordable for subsequent generations by placing restrictions on future appreciation and sale prices for that home, as well as income limitations for future buyers. Each homeowner builds equity through paid-down principal and modest appreciation, but they give up some of the equity that they might have gained through price appreciation on the open market; in turn, the community and future homebuyers gain a home that will be affordable for generations. In essence, the individual homeowner, the community, and future generations of buyers share the economic benefit of the home.

The public investment, HB 3395 (2023), for this program was a direct result of a legislative task force appointed to examine Oregon's racial disparities in homeownership. The Joint Task Force on Addressing Racial Disparities in Homeownership (JARDHO) identified several tools to address the gap and increase homeownership rates of communities of color throughout Oregon, this model being one. While this program cannot limit participation to historically marginalized homebuyers, outreach will be designed to intentionally reach those communities.

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Purpose

Shared appreciation models have many powerful benefits, but some communities are hesitant to give up the full equity-building potential of market-rate homeownership. The Amplify Oregon Accelerated Mortgage program seeks to address this concern by combining low interest rates and shorter-term primary mortgages (20 years, instead of 30) to accelerate the equity build-up for the owner. The owner also saves considerably on total interest paid for the loan. In the example below (rates will change with the market), the owner saves $219,000 compared to a traditional 30-year mortgage. This is an added and direct benefit to the homebuyer.

Loan Amt:	$275,000		5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
Mortgage Term	Rate	Mo. Pmt.	Equity from Principal Reductions					
30 Year-Standard	6.89%	$1,809	16,445	39,630	72,319	118,407	183,386	275,000
20 Year-Program	4.90%	$1,800	45,910	104,535	179,400	275,000		
Net Accelerated Equity			29,465	64,905	107,080	156,593		
Mortgage Term	Rate		Interest Paid to Date					
30 Year-Standard	6.89%	1,813	92,114	177,487	253,357	315,828	359,407	376,352
20 Year-Program	4.90%	1,800	62,074	111,431	144,550	156,933	156,933	156,933
Interest Savings from Program			30,040	66,056	108,807	158,895	202,474	219,419

The mortgage program was designed to provide accelerated equity build-up when using shared equity models while still preserving affordable homeownership opportunities for future generations of buyers.

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