AmplifyOregon
ACCELERATED MORTGAGE

HB 3235: Amplify Oregon Accelerated Mortgage

<u>What it is:</u> Amplify Oregon is a creative new low cost mortgage program for first-time Oregon homebuyers. It began as a pilot with a $7.5 million investment from the Oregon Legislature in 2023 which has been matched by an equal $7.5 million loan from Oregon banks to result in a $15 million fund. The program results in a low-cost mortgage that allows homebuyers to pay off their loans in 20 years instead of the traditional 30. **HB 3235 would invest $10 million, matched 1:1 from Oregon banks, resulting in $20 million to continue mortgage access for first-time homebuyers throughout Oregon.**

<u>How it works:</u> Homes under this program must be subject to a “shared-equity” model, like a Community Land Trust. This makes the product ideally suited to pair with Oregon’s homeownership funding under the LIFT Homeownership program. The shared equity model preserves long-term affordability while offering access to affordable homeownership opportunities.

<u>Example:</u> In this example, a traditional market-rate mortgage would be at 6.89% for 30 years. By blending state funds with bank capital, the rate can drop to 4.90% for a 20 year loan for the same monthly payment. The homeowner benefit from faster equity accumulation and interest savings grow each year and peaks in year 20 at $315,487.

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	275,000	275,000
Net Accelerated Equity			**29,465**	**64,905**	**107,080**	**156,593**	**91,614**	**0**
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**
Total Homeowner Benefit:			**59,505**	**130,961**	**215,887**	**315,487**	**294,088**	**219,419**

<u>Who benefits?:</u> First-time homebuyers earning 80% or less of the Area Median Income (AMI). The shorter-term loan results in significantly faster accumulation of equity from principal reduction. The lower rate and shorter loan also result in large interest savings with the loan. As seen above, homeowners benefit tremendously from this program. The state also benefits from the long-term affordability of the home, which will be a pathway into homeownership for low-income Oregonians in perpetuity.

<u>Why is it important?:</u>

OHCS is investing heavily in homeownership developments using LIFT Homeownership funds, which require the long-term affordability structures of a land trust model. In the last 2 years, LIFT Homeownership funding is spurring the development of over 540 new homes for ownership-resulting in a pipeline of eligible, prospective mortgage-ready homebuyers. There are no other mortgage programs that help offset the restricted appreciation that land trust models require by accelerating equity attainment. This program is an important tool for owners to retain the promise of household wealth creation from homeownership.

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Program strengths:

- Accelerated accumulation of homeowner financial equity from the shorter loan term.
- Significant interest savings from the lower rate and loan term.
- Pairs well with Oregon LIFT funding for affordable homeownership funding.
- Program created and operated by three Oregon organizations: Network for Oregon Affordable Housing (NOAH); DevNW and its subsidiary Community Lending Works; and the Portland Housing Center.
- The program leverages **bank investment** into home mortgages that otherwise would not occur. Private bank capital **doubles the state investment**.
- The mortgages are held and serviced in Oregon by the program organizations.
- Expands an existing mortgage program with little cost to implement.
- **Revolving loan fund**s ensure state investment continues to make new loans.

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