



Amplify Oregon Accelerated Mortgage Program

HB 3235: Funding Request: \$10 million from the general fund in the 2025 Legislative session awarded through OHCS to Network for Oregon Affordable Housing to increase the size of the new Amplify Oregon Accelerated Mortgage Fund to expand funding availability to first time homebuyers, and especially minority homebuyers. Affordable homeownership projects currently under production using LIFT awards will be completed and buyers will seek mortgages throughout the 2025-2027 biennium. We expect a private matching funds requirement similar to that from HB 3395 (2023).

Current funding (including a \$7.5m general fund allocation with a 1:1 match of private capital) will support mortgage attainment for approximately 50 new low-income CLT homebuyers (as well as program start-up costs). However, need for this product vastly outpaces current availability. From 2022-2024, state funding was awarded to projects across Oregon to create over 750 new affordable homes for ownership. This product will be a critical piece in successful homeownership for these families as it is built to match the CLT model, understands the nuances of state financing in CLT development (both initial and long-term controls) and has eligibility to meet the diverse set of homebuyers who have put in the work to become mortgage-ready.

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.