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**Housing
Opportunities, Inc.**

Press Release

Housing Opportunities, Inc. presents position paper “An Entrepreneurial Approach to Funding Homeownership Programs”.

National Press Club, 529 – 14th Street, NW, Washington, DC – September 11, 2000 - Housing Opportunities, Inc. of McKeesport, PA has developed for public presentation its position paper “An Entrepreneurial Approach to Funding Homeownership Programs”. The paper illustrates how innovative methods can stretch limited social dollars to address the needs of often locked-out first-time potential consumers to participate in the “American Dream” of homeownership.

The first purpose of Housing Opportunities’ (HOI’s) position paper is to focus attention on the issue of funding for homeownership programs. The second purpose of HOI’s presentation of “An Entrepreneurial Approach to Funding Homeownership Programs” is to generate discussion and feedback from all sectors of society about traditional grant approaches contrasted with HOI’s asset-based and fee-income approaches.

Dr. Susan Williams McElroy, Assistant Professor of Economics and Education Policy at the H. John Heinz III School of Public Policy and Management at Carnegie Mellon University of Pittsburgh, PA, presented the paper as the culminating result of HOI’s forum “Creating Options for Self-Sufficiency and Sustainability in Housing” held on November 17, 1998, at Two Mellon Bank Center in Pittsburgh, PA.

As a primary comparison highlighting Housing Opportunities’ asset-based and fee-income approach to social services instead of typical grant giveaways, the paper contrasts the Federal Home Loan Bank of Pittsburgh’s Home Buyer Equity Fund in the Delaware, Pennsylvania, and West Virginia district with Housing Opportunities’ approach.

The Pittsburgh Home Loan Bank since HBEF’s inception on July 1, 1996 has lent \$3,439,905 for 856 units through June 30, 2000. This constitutes an average loan of \$4,018.58 per unit. The program does not generate the optimum social benefit that could be provided because once the money is lent, it has no regenerative feature and limits the number of families affected.

If the same dollars were used under HOI’s asset-based approach, the money would be utilized for over 200 years, leverage \$634,820,273 and generate \$16,294,276 in fee income for the funding of the counseling agency’s operation costs.

A graphic example of the traditional grant compared to Housing Opportunities' approach:

	<u>Traditional Grant</u>	<u>HOI Loans</u>
Years Operational	1	218
Loans Produced	154	2,946
Adults Housed	470	8,986
Children Housed	258	4,937
Amount Leveraged	\$7,000,000	\$190,000,000

As the above chart illustrates, Housing Opportunities affects more adults and more children for a longer life of the loan with the same initial capital.

After Dr. McElroy's presentation of the Position Paper, the following are a few summary comments of our respondents.

- **Frank L. Filippis – Chairman & CEO, Radian Guaranty Inc. – Philadelphia, PA**
 - The programs that HOI has produced and provided center on debt management and budgeting. These are the two keys that provide people the understanding of what it means to be a homeowner.
- **Robert L. Woodson – President, National Center for Neighborhood Enterprise – Washington, DC**
 - The principles that operate in our market economy should operate in our social economy as well.
- **John C. Weicher – Senior Fellow & Director of Urban Policy Studies, Hudson Institute – Washington, DC**
 - Very few groups in this area, to my knowledge, last 25 years. One reason for this is the nature of their program. Jim referred to the regenerative function of their Revolving Loan Fund. This is very important. This is one reason this program can go on from year to year.

We are requesting more information on the experiences of others on the asset and fee-based approach. Correspondence should be shared with:

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