

\$100 million bond sale sought for mortgage subsidies

By MICHAEL MATUSZEWSKI
and LYNN ORR

Oakland County Executive Daniel T. Murphy will present a \$100 million mortgage revenue bond proposal to the county board of commissioners this morning, this newspaper has learned.

The \$100 million, raised through the sale of the bonds, will be turned over to local lending institutions to finance mortgages for middle-income home buyers.

According to sources and Oakland County officials, local lending institutions will be able to give mortgages at lower interest rates under

this method of financing.

The interest rate on bonds is lower than that on bank or FHA mortgages. Bond buyers get tax breaks for lending government money at lower rates.

Proponents of the plan hope that the lower mortgage rates will ease the squeeze on middle-income families who, they say, are being priced out of the Oakland County housing market. Not only are housing prices climbing, Oakland officials say, mortgage pools at area banks are drying up.

By pumping \$100 million dollars into the system, the county hopes to replenish these pools.

Oakland officials contend that the mortgage revenue bond plan is risk-

'The housing industry bubble is close to bursting.'
— Oakland County official

free. The bonds, they say, will be paid off through the mortgage payments. "Failure to make a payment," one official said, "means that they'd lose the house. And if we get the house we might be better off, knowing the way the prices have been increasing."

"THE HOUSING industry bubble is

close to bursting," said one Oakland official.

"The fed (Federal Reserve Bank) just raised the interest rate to 8.5 per cent, the highest in history. Chase Manhattan in New York just increased their interest rates.

"We want to stimulate the housing industry and allow people to buy

houses," he said.

ACCORDING TO Oakland officials, all the components are in place. Only approval of the 27-member board of commissioners is required to kick things into gear.

Michael Nieman, the county's director of public information, said Murphy will not press for immediate action approving the bond sale this morning.

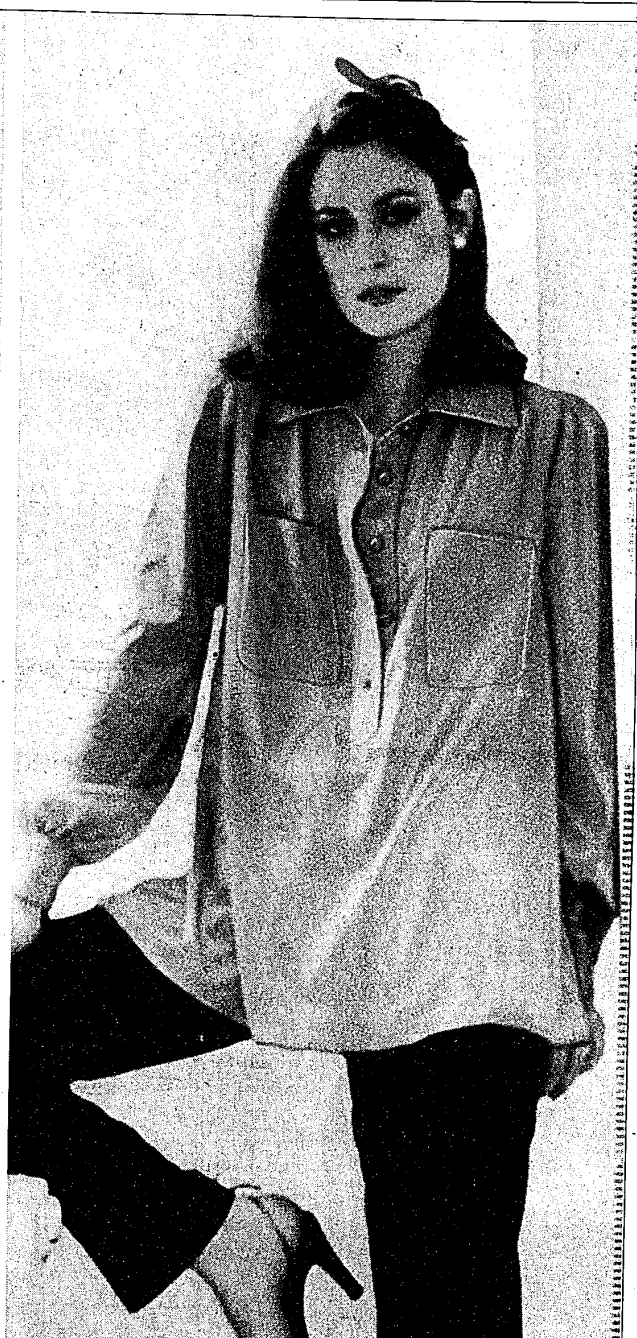
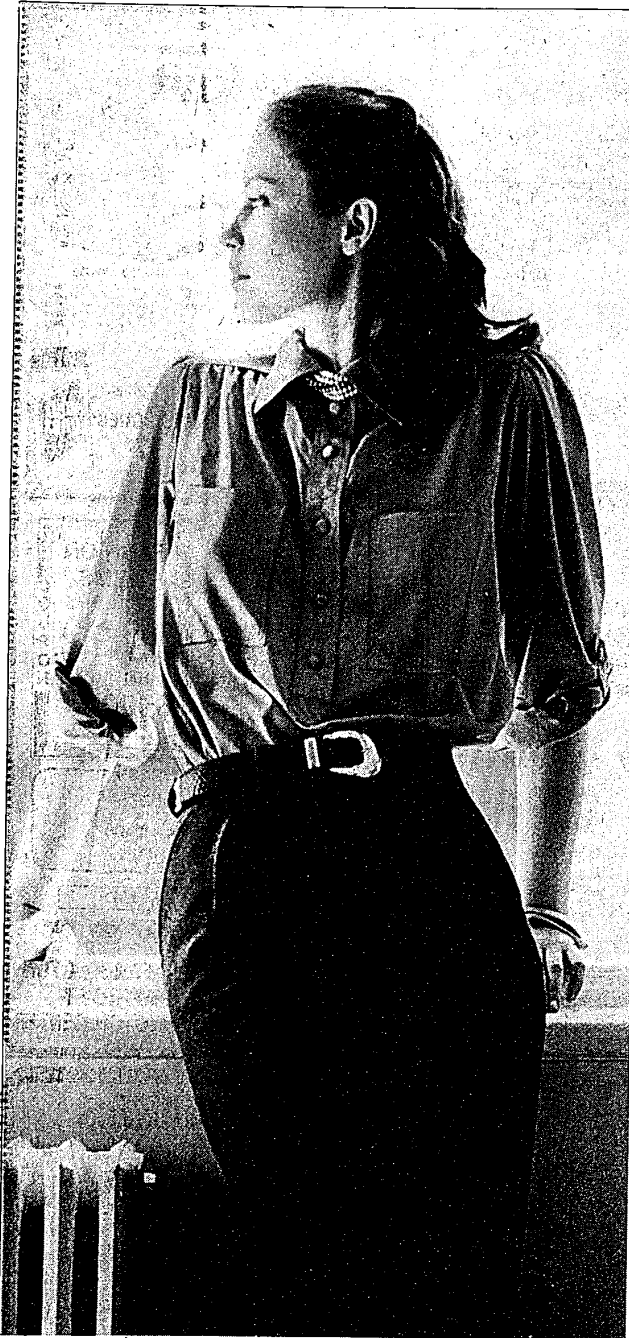
Instead, he said, proposal would go through the board's usual committees. He predicted, however, that official action could be taken in two weeks.

"Bonding Counsel (Dickenson, Wright, McKean, Cudlip & Moon) is ready to go," one Oakland official said.

"They guarantee we'll get them sold in a hurry. They said they'll (bond purchasers) will lap 'em up in a big hurry up in New York City," he said.

ACCORDING TO Oakland officials and finance experts at the University of Detroit and Wayne State University, mortgage revenue bonds are a relatively recent financing innovation.

If the board of commissioners goes along with the plan, Oakland County would be among the first governmental units in the state to try its hand in the mortgage revenue bond market. Oakland officials said the Genesee County Board of Commissioners was already considering a bonding plan.



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