



80<sup>th</sup> OREGON LEGISLATIVE ASSEMBLY  
TASK FORCE ADDRESSING RACIAL DISPARITIES IN HOME OWNERSHIP

## TASK FORCE PHASE II RECOMMENDATION

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In September 2019, the Task Force adopted Phase I recommendations. Six potential recommendations were not adopted. In addition, there are remaining policy options that need to be prioritized, including recommending whether certain policy options should be addressed by other specialized groups.

### SUMMARY

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Staff have divided the remaining recommendations and policy options into two categories for discussion by the Task Force at the November 21, 2019 meeting.

1. Future Work Groups or Policy Conversations for the Joint Task Force on Addressing Racial Disparities in Homeownership
  - 1.1. Housing Lending and Finance Disparities Work Group
  - 1.2. Communities of Color Homeownership Pilot Program Work Group
  - 1.3. State Compliance with Fair Housing and Lending Law Work Group
  - 1.4. Homeownership Language Accessibility Work Group
  - 1.5. Federal Housing Laws and Regulations
  
2. Policy Conversations for Other Groups
  - 2.1. Educational and Occupational Disparities
  - 2.2. Tax and Wealth Policies
  - 2.3. Housing Supply

### 1. FUTURE TASK FORCE WORK GROUPS OR POLICY CONVERSATIONS

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The following are five proposed areas for additional Task Force work if it is extended beyond 2019.

#### 1.1 Housing Lending and Finance Disparities Work Group

The Task Force could convene a work group of Task Force members, banking and credit union representatives, housing organizations, and relevant state agencies to develop recommendations related to reducing racial disparities in access and outcomes in lending for homeownership. This work group could discuss the following options:

1. Offering a state option for private mortgage insurance with lower rates than currently available private mortgage insurance.
2. Ways to address lender and broker education and compensation incentives.

3. Ways to help communities of color build credit, including reporting of rental payments to the credit bureaus by landlords or tenants.
4. Ways to offer small zero-interest loans (between \$250 and \$2,500) or micro-mortgage lending products for housing repair or renovation through regulated and non-regulated financial institutions.
5. Lender and broker standards, affirmative fiduciary requirements, or financial incentives to ensure loans are well-suited and advantageous for the borrower.
6. Requiring banks and credit unions to make their general requirements available online in a centralized location managed by the state in order to improve the ability of a consumer searching for a loan to be matched with the best available loan.

### **1.2 Communities of Color Homeownership Pilot Program Work Group**

The September 2019 Phase I potential recommendations included directing the Oregon Housing and Community Services Department (OHCS) to explore the development of pilot programs to address racial disparities in homeownership. The September meeting materials identified five examples of programs that could be considered. Since this recommendation wasn't selected for Phase I, the Task Force could instead convene a work group of Task Force members, homeownership organizations, OHCS, and culturally-specific organizations to identify options and develop recommended pilot programs.

### **1.3 State Compliance with Fair Housing and Lending Law Work Group**

This was also a potential Phase I recommendation. A Task Force work group including Task Force members, OHCS, Department of Business and Consumer Services (DCBS), Bureau of Labor and Industries (BOLI), and housing program representatives or advocates could consider ways for the state to play a role in enforcing equal access to and outcomes associated with lending and homeownership, including:

1. Additional support for legal advocates or housing counselors (legal services, foreclosure prevention counselors, fair housing programs) to ensure the existing laws are being enforced and used to hold lenders accountable.
2. State regulations or consumer protections related to lending outcomes, fees, and costs.

### **1.4 Homeownership Language Accessibility Work Group**

This was also a potential Phase I recommendation and would have convened a work group to explore ways to improve language accessibility. Task Force members, various agency representatives (OHCS, DCBS, BOLI, and others), Oregon Homeownership Centers, and housing and culturally-specific organizations should:

1. Review language accessibility requirements for the financial sector and for state and community homeownership programs, and identify ways to improve accessibility.
2. Explore ways to systematically deliver language services, especially in rural areas,

including developing statewide resources or consumer tools.

3. Identify ways to provide housing counselors who speak other languages where needed across the state.
4. Explore ways to have written translations or verbal interpretations of closing or servicing documents provided in the preferred language of the borrower, and have banks accept certain documents in languages other than English.

### **1.5 Federal Housing Laws and Regulations**

During the July and August meetings, the Task Force identified several policy options as being under federal purview. These were grouped together in the September Phase II document as “Group 3.” Rather than convene a work group, staff could prepare a draft resolution or letter to be discussed and adopted by the Task Force and conveyed to Oregon’s Congressional Delegation or the appropriate federal entity.

## **2. POLICY CONVERSATIONS FOR OTHER GROUPS**

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Given the membership of the Task Force and its specific charge to address the racial disparities in homeownership, several policy options discussed in the July and August meetings may be better addressed by other legislative committees, work groups, boards, commissions, or task forces. Those policy options have been grouped into three categories.

### **2.1 Educational and Occupational Disparities**

The following policy options should be taken up by workforce development and educational boards and commissions, including the Oregon Workforce and Talent Development Board and Board of Education. The Task Force could make recommendations to each of these boards to address the following areas of education or workforce policy that impact the ability of people of color to afford homeownership:

1. Connect workforce development boards, culturally specific community organizations, homeownership education programs, and mortgage readiness programs to address training and wage inequities.
2. Require Oregon high school graduates be financially literate by adding a new diploma requirement, or adjust an existing diploma requirement, to include financial literacy, including budgeting, credit scores, and mortgage lending.
3. Reduce student debt through increased state investment in higher education or student loan forgiveness.
4. Provide students with education about how to build inclusive movements, strengthen social groups, and instill social solidarity.
5. Allow the acceptance of foreign credentials; require more transparent licensing requirements; and increase access to courses in professional English.

## **2.2 Tax and Wealth Policies**

The Task Force also considered several policy options related to building personal or community wealth. While related to a person's ability to own a home, consideration of these policy options would require the engagement of different stakeholders and experts in tax and revenue policy. The Task Force could recommend to the Legislative Assembly that it create a task force, or identify a committee or another entity, to further discuss the following policy options:

1. How to invest in community and neighborhood wealth-building to support individual wealth accumulation, maintenance, and protection, including increasing access to capital for small businesses, supporting community organizations, or making infrastructure investments (including high speed internet) in historically and currently disadvantaged communities.
2. Implementation of a state savers tax credit.
3. Modification of Oregon's income tax structure so that the lowest income taxpayers are not paying a higher percentage of their incomes than the wealthiest taxpayers.
4. Addressing property tax limit restrictions and the disparate impacts to government services.
5. Implementation of a state universal base income.

## **2.3 Housing Supply**

The Task Force identified a number of housing supply policy options related to the ability of all Oregonians to afford and have access to homeownership opportunities. A separate task force with the representation of local government, Department of Land Conservation and Development, OHCS, land use groups, housing groups, developers, and homebuilders would be better suited to consider the following policy options:

1. Incentivizing manufactured and modular housing.
2. Urban growth boundary expansion.
3. Taxing vacant land and properties to encourage development and to place vacant properties on the market.
4. Requiring all levels of government to take inventory of vacant land and encouraging land to be sold to developers for building homes for low/middle income level.
5. Subsidizing or changing system development charges to lower/limit costs.
6. Reviewing fee structures and allowing local governments to set impact and development fees on a per-acre, gross land, or square-foot basis rather than a per-unit basis to more accurately reflect true infrastructure costs for residential projects.
7. Shortening lengthy building review and permitting processes that add cost and allow for delays. Utilizing updated technology to decrease costs and uncertainty.

8. Establishing zoning that allows high-density residential development in a half-mile radius around high-capacity transit station areas and within a quarter-mile of frequent-service/rapid-service transit lines to build up to the allowed height without additional review or approvals.
9. Empowering the DLCDC to audit Oregon cities for adherence to statewide laws on housing approval standards and permitting timelines.
10. Incentivizing taller homes with smaller footprints by using a floor area ratio model.
11. Reviewing inclusionary zoning laws.
12. Establishing density bonuses to incentivize the building of a certain number of units.
13. Eliminating restrictions where some zones only allow for one kitchen per lot, which would make multi-generational homes or homes shared by extended families more feasible.
14. Offering cash rebates on new home construction in desired locations.

*This document has been prepared by the Legislative Policy and Research Office (LPRO) for the Task Force on Addressing Racial Disparities in Home Ownership. LPRO provides centralized, professional, and nonpartisan research, issue analysis, and committee management services for the Legislative Assembly.*