

House Bill 4003

Sponsored by Representative MEEK, Senator MANNING JR, Representatives ZIKA, KENY-GUYER, SALINAS; Representatives ALONSO LEON, CLEM, GREENLICK, HELT, HOLVEY, MITCHELL, NERON, NOSSE, PILUSO, POWER, PRUSAK, REARDON, SANCHEZ, SCHOUTEN, SMITH DB, WILDE, WILLIAMS, WITT, Senators DEMBROW, FREDERICK (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes Housing and Community Services Department to provide grants and technical assistance to organizations increasing homeownership program access to persons of color. Authorizes expending Home Ownership Assistance Account funds for those purposes. Makes funds available to federally recognized Indian tribes.

Amends tax credit provisions for donations supporting individual development accounts. Makes effective for tax years beginning on or after January 1, 2021.

Requires Department of Consumer and Business Services to require implicit bias training for mortgage loan originators. Requires Real Estate Commissioner to require implicit bias component to real estate licensing exam and continuing education credits by January 1, 2021.

Establishes Joint Task Force on Addressing Racial Disparities in Home Ownership. Requires task force to report to interim committee of Legislative Assembly on or before December 1, 2020. Sunsets task force on February 1, 2021.

Appropriates moneys to Housing and Community Services Department and Legislative Policy and Research Committee to administer Act.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to addressing disparities; creating new provisions; amending ORS 86A.215, 86A.221, 315.271, 458.610, 458.655 and 458.690; and prescribing an effective date.

Whereas Oregon's communities of color do not have equal, fair or equitable access to homeownership; and

Whereas a comprehensive review of public, private and nongovernmental data sources show that communities of color own homes at lower rates than their white non-Hispanic counterparts; and

Whereas these disparities are the result of historical and current discriminatory housing policies and practices, disparate access to credit, generational poverty and racial biases, which are exacerbated by present-day barriers that disproportionately impact Oregon's communities of color; now, therefore,

Be It Enacted by the People of the State of Oregon:

HOME OWNERSHIP ASSISTANCE ACCOUNT

SECTION 1. Section 2 of this 2020 Act is added to and made a part of ORS 458.600 to 458.665.

SECTION 2. (1) The Housing and Community Services Department, in consultation with the Oregon Housing Stability Council, shall provide grants and technical assistance to organizations to increase access for persons of color to programs and services that assist with homeownership, including counseling, financial literacy, foreclosure prevention counseling, down payment assistance, down payment savings credits and individual development ac-

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **counts.**

2 (2) **Technical assistance and grants provided under this section should prioritize organ-**
3 **izations that have an identified commitment and capacity to:**

4 (a) **Provide services to persons of color through services that incorporate the cultural**
5 **values of the persons' communities;**

6 (b) **Support or expand culturally specific homeownership counseling and education pro-**
7 **grams for those with great disparities in homeownership;**

8 (c) **Leverage partnerships with the private sector, credit unions or other financial insti-**
9 **tutions;**

10 (d) **Leverage funding from other nonprofit sources; and**

11 (e) **Identify and use best practices in establishing course content guidelines and in ex-**
12 **ploring ways to systematically deliver certain services, including language access, program**
13 **materials and counseling, to both increase service availability and reduce costs to individual**
14 **providers, especially in rural areas.**

15 **SECTION 3.** ORS 458.610 is amended to read:

16 458.610. For purposes of ORS 458.600 to 458.665:

17 (1) "Area median income" means the median family income for the area, subject to adjustment
18 for areas with unusually high or low incomes or housing costs, all as determined by the Oregon
19 Housing Stability Council based on information from the United States Department of Housing and
20 Urban Development.

21 (2) "Council" means the Oregon Housing Stability Council established in ORS 456.567.

22 (3) "Department" means the Housing and Community Services Department established in ORS
23 456.555.

24 (4) "Low income" means income that is more than 50 percent and not more than 80 percent of
25 the area median income.

26 [(5) "Minority" means an individual:]

27 [(a) Who has origins in one of the black racial groups of Africa but who is not Hispanic;]

28 [(b) Who is of Hispanic culture or origin;]

29 [(c) Who has origins in any of the original peoples of the Far East, Southeast Asia, the Indian
30 subcontinent or the Pacific Islands; or]

31 [(d) Who is an American Indian or Alaskan Native having origins in one of the original peoples
32 of North America.]

33 [(6)] (5) "Moderate income" means income that is more than 80 percent and not more than 120
34 percent of the area median income.

35 [(7)] (6) "Organization" means a:

36 (a) Nonprofit corporation established under ORS chapter 65;

37 (b) Housing authority established under ORS 456.055 to 456.235; [or]

38 (c) Local government as defined in ORS 197.015[.]; or

39 (d) **Federally recognized Indian tribe that is located, to a significant degree, within the**
40 **boundaries of this state.**

41 (7) **"Persons of color" includes individuals:**

42 (a) **Who have origins in one of the black racial groups of Africa;**

43 (b) **Who are of Hispanic culture or origin;**

44 (c) **Who have origins in any of the original people of the Far East, Southeast Asia, the**
45 **Indian subcontinent or the Pacific Islands; and**

1 **(d) Who are an American Indian or Alaskan Native having origins in one of the original**
 2 **people of North America.**

3 (8) “Persons with disabilities” means persons with handicaps described in 42 U.S.C. 3602(h).

4 (9) “Very low income” means income that is 50 percent or less of the area median income.

5 (10) “Veteran” has the meaning given that term in ORS 408.225.

6 **SECTION 4.** ORS 458.655 is amended to read:

7 458.655. (1) The Home Ownership Assistance Account is administered by the Housing and Com-
 8 munity Services Department to expand this state’s supply of homeownership housing for families and
 9 individuals, including persons over 65 years of age, **persons of color**, persons with disabilities,
 10 [*minorities*,] veterans and farmworkers, with below area median income. An amount equal to 25
 11 percent of moneys deposited in the account pursuant to ORS 294.187 is dedicated for expenditure
 12 to expand this state’s supply of homeownership housing for veterans and families of veterans with
 13 below area median income. The Oregon Housing Stability Council shall have a policy of distributing
 14 funds statewide while concentrating funds in those areas of this state with the greatest need, as
 15 determined by the council, for households with below area median income. The council’s policy of
 16 distributing funds may differ from the distribution policy for the Housing Development and Guar-
 17 antee Account.

18 (2) Funds in the Home Ownership Assistance Account must be [*granted*] **used for:**

19 **(a) Grants** to organizations that both sponsor and manage homeownership programs for house-
 20 holds with below area median income, including:

21 [*a*] **(A)** Lease-to-own programs;

22 [*b*] **(B)** Construction of new housing; or

23 [*c*] **(C)** Acquisition or rehabilitation of existing structures[.]; **or**

24 **(b) Grants and technical assistance to organizations that assist persons of color in ob-**
 25 **taining homeownership under section 2 of this 2020 Act.**

26 (3) The council shall develop a policy for disbursing grants **under subsection (2)(a) of this**
 27 **section** for any or all of the following purposes:

28 (a) To aid homeownership programs for households with below area median income, including
 29 program administration, in purchasing land, providing assistance with down payment costs, or pro-
 30 viding homeownership training and qualification services or any combination thereof. Funds in the
 31 Home Ownership Assistance Account may not be used by an organization to pay for its general
 32 operations.

33 (b) To match public and private moneys available from other sources to provide homeownership
 34 housing for households with below area median income.

35 (c) To administer the Home Ownership Assistance Account as provided for in the legislatively
 36 approved budget, as that term is defined in ORS 291.002, for the Housing and Community Services
 37 Department.

38 (4) The council, in developing policy under subsection (3) of this section, shall give preference
 39 in making grants to those entities that propose to:

40 (a) Provide the greatest number of homeownership housing units constructed, acquired or reha-
 41 bilitated for households with below area median income for the amount of account money expended
 42 by matching account funds with other grant, loan or eligible in-kind contributions;

43 (b) Ensure the longest use for the units as homeownership housing units for households with
 44 below area median income, such as by including some form of equity recapture, land trust or shared
 45 equity provisions, as determined by the council;

1 (c) Include social services for occupants and proposed occupants of the proposed housing in-
 2 cluding programs that address home health care, mental health care, alcohol and drug treatment and
 3 post-treatment care, child care, homeownership training, mortgage qualification service, credit re-
 4 pair and case management; and

5 (d) Support a comprehensive strategy to reverse the decreasing rates of homeownership among
 6 *[minorities]* **persons of color**, giving priority to activities that support adopted comprehensive com-
 7 munity plans that incorporate recognized best practices, *[or]* demonstrate proven success in in-
 8 creasing homeownership for *[minorities]* **persons of color or receive grants or assistance under**
 9 **section 2 of this 2020 Act.**

10
 11 **INDIVIDUAL DEVELOPMENT ACCOUNTS**
 12

13 **SECTION 5.** ORS 458.690 is amended to read:

14 458.690. (1) Notwithstanding ORS 315.271, a fiduciary organization selected under ORS 458.695
 15 may qualify as the recipient of account contributions that qualify the contributor for a tax credit
 16 under ORS 315.271 only if the fiduciary organization structures the accounts to have the following
 17 features:

18 (a) The fiduciary organization matches amounts deposited by the account holder according to a
 19 formula established by the fiduciary organization. The fiduciary organization shall maintain on de-
 20 posit in the account not less than \$1 nor more than \$5 for each \$1 deposited by the account holder.

21 (b) The matching deposits by the fiduciary organization to the individual development account
 22 are placed in:

23 (A) A savings account jointly held by the account holder and the fiduciary organization and
 24 requiring the signatures of both for withdrawals;

25 (B) A savings account that is controlled by the fiduciary organization and is separate from the
 26 savings account of the account holder; or

27 (C) In the case of an account established for the purpose described in ORS 458.685 (1)(c), a
 28 savings network account for higher education under ORS 178.300 to 178.360, in which the fiduciary
 29 organization is the account owner as defined in ORS 178.300.

30 (2) Account holders may not accrue more than \$3,000 of matching funds under subsection (1) of
 31 this section from state-directed moneys in any *[12-month]* **six-month** period. A fiduciary organization
 32 may designate a lower amount as a limit on annual matching funds. A fiduciary organization shall
 33 maintain on deposit sufficient funds to cover the matching deposit agreements for all individual de-
 34 velopment accounts managed by the organization.

35 (3) The Housing and Community Services Department shall adopt rules to establish a maximum
 36 total amount of state-directed moneys that may be deposited as matching funds into an individual
 37 development account.

38 (4) The Housing and Community Services Department shall provide information to the Depart-
 39 ment of Revenue about all individual development account contributors that are qualified for a tax
 40 credit under ORS 315.271, if required by ORS 315.058.

41 **(5) The Housing and Community Services Department may provide grants to fiduciary**
 42 **organizations to administer the individual development accounts and to supplement matching**
 43 **funds to holders.**

44 **SECTION 6.** ORS 315.271 is amended to read:

45 315.271. (1) A credit against taxes otherwise due under ORS chapter 316, 317 or 318 shall be

1 allowed for donations to a fiduciary organization for distribution to individual development accounts
 2 established under ORS 458.685. The credit shall equal a percentage of the taxpayer's donation
 3 amount, as determined by the fiduciary organization, but not to exceed [90] **100** percent of any do-
 4 nation amount. To qualify for a credit under this section, donations to a fiduciary organization must
 5 be made prior to January 1, 2022.

6 (2) If a credit allowed under this section is claimed, the amount upon which the credit is based
 7 that is allowed or allowable as a deduction from federal taxable income under section 170 of the
 8 Internal Revenue Code shall be added to federal taxable income in determining Oregon taxable in-
 9 come. As used in this subsection, the amount upon which a credit is based is the allowed credit di-
 10 vided by the applicable percentage, as determined by the fiduciary organization.

11 (3) The allowable tax credit that may be used in any one tax year [shall] **may** not exceed the
 12 tax liability of the taxpayer.

13 (4) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
 14 particular year may be carried forward and offset against the taxpayer's tax liability for the next
 15 succeeding tax year. Any tax credit remaining unused in the next succeeding tax year may be car-
 16 ried forward and used in the second succeeding tax year. Any tax credit not used in the second
 17 succeeding tax year may be carried forward and used in the third succeeding tax year[,] but may
 18 not be carried forward for any tax year thereafter.

19 (5) The total credits allowed to all taxpayers in any [tax] **calendar** year under this section and
 20 ORS 458.690 may not exceed \$7.5 million. The total credit allowed to a taxpayer in any tax year
 21 under this section and ORS 458.690 may not exceed \$500,000.

22 **SECTION 7. If a taxpayer makes a donation eligible for a credit under ORS 315.271 prior**
 23 **to April 15 in any calendar year, the taxpayer may use the credit for the tax year ending in**
 24 **the previous calendar year.**

25 **SECTION 8. Section 7 of this 2020 Act and the amendments to ORS 315.271 by section 6**
 26 **of this 2020 Act apply to tax years beginning on or after January 1, 2021.**

27
 28 **EDUCATION OF REAL ESTATE PROFESSIONALS**

29
 30 **SECTION 9.** ORS 86A.215 is amended to read:

31 86A.215. (1) An applicant for a mortgage loan originator's license shall:

32 (a) Complete, at a minimum, 20 hours of an approved course of prelicensing education that, at
 33 a minimum, must include:

34 (A) Three hours devoted to federal laws and regulations;

35 (B) Three hours devoted to ethics, with instruction concerning fraud, consumer protection,
 36 [and] fair lending **and implicit bias, including racial bias;** [and]

37 (C) Two hours devoted to lending standards applicable to nontraditional mortgages; and

38 **(D) Additional requirements as the Director of the Department of Consumer and Busi-**
 39 **ness Services may establish by rule.**

40 (b) Pass a qualified written test with a score of 75 percent correct or better. The test must
 41 measure the applicant's knowledge of:

42 (A) Ethics; and

43 (B) Federal and state laws, regulations and rules that apply to residential mortgage loan origi-
 44 nation, including laws, regulations and rules that concern fraud, consumer protection, fair lending
 45 and nontraditional mortgages.

1 (2) For purposes of this section:

2 (a) An approved course of prelicensing education is a course that the Nationwide Mortgage Li-
 3 censing System and Registry has reviewed and for which the Nationwide Mortgage Licensing System
 4 and Registry has approved the contents, provider, instructional standards and means and methods
 5 of delivery, using reasonable standards.

6 (b) A qualified written test is a test that the Nationwide Mortgage Licensing System and Reg-
 7 istry develops and for which the Nationwide Mortgage Licensing System and Registry approves the
 8 test provider and method of test administration, using reasonable standards.

9 (3) The director shall accept for the purposes of the requirements set forth in subsection (1) of
 10 this section an approved course of prelicensing education that an applicant completed in another
 11 state.

12 (4) This section does not preclude:

13 (a) An applicant's employer or a subsidiary, agent or affiliate of the employer from providing
 14 an approved course of prelicensing education; or

15 (b) An approved test provider from administering a qualified test at the business location of the
 16 applicant's employer or an affiliate, subsidiary or agent of the employer or at the business location
 17 of a person with which the employer has an exclusive contractual arrangement related to mortgage
 18 loan origination.

19 (5) An applicant may take a qualified test four consecutive times, provided that each test ad-
 20 ministration occurs 30 days after a previous test administration. If the applicant fails the approved
 21 test four consecutive times, the applicant must wait at least six months before retaking the test.

22 **SECTION 10.** ORS 86A.221 is amended to read:

23 86A.221. (1) A licensed mortgage loan originator each year shall complete at least eight hours
 24 of an approved course of continuing education that, at a minimum, must include:

25 (a) Three hours devoted to federal laws and regulations;

26 (b) Two hours devoted to ethics, with instruction concerning fraud, consumer protection, [*and*]
 27 fair lending **and implicit bias, including racial bias;** [*and*]

28 (c) Two hours devoted to lending standards applicable to nontraditional mortgages[.]; **and**

29 **(d) Additional requirements as the Director of the Department of Consumer and Business**
 30 **Services may establish by rule.**

31 (2) For purposes of this section, an approved course of continuing education is a course that the
 32 Nationwide Mortgage Licensing System and Registry has reviewed and for which the Nationwide
 33 Mortgage Licensing System and Registry has approved the contents, provider, instructional stan-
 34 dards and means and methods of delivery, using reasonable standards.

35 (3) This section does not preclude a licensed mortgage loan originator's employer or a subsid-
 36 iary, agent or affiliate of the employer from providing an approved course of continuing education.

37 (4) [*The Director of the Department of Consumer and Business Services shall accept*] For the
 38 purposes of the requirement set forth in subsection (1) of this section, **the director shall accept**
 39 an approved course of continuing education that a licensed mortgage loan originator completed in
 40 another state.

41 (5) A licensed mortgage loan originator:

42 (a) May receive credit for a continuing education course only in the year in which the licensed
 43 mortgage loan originator takes the course, unless the director under ORS 86A.218 permits or re-
 44 quires the mortgage loan originator to make up a deficiency in continuing education; and

45 (b) May not for the purposes of meeting the requirement set forth in subsection (1) of this sec-

tion take the same approved course of continuing education in the same year or in any two successive years.

(6) A licensed mortgage loan originator who is also approved as an instructor for an approved course of continuing education may receive two hours of credit toward the licensed mortgage loan originator's own continuing education requirement for each hour of the approved course of continuing education that the licensed mortgage loan originator teaches.

SECTION 11. On or before January 1, 2021, the Real Estate Commissioner shall include information relating to implicit bias, including racial bias, and historical and current discriminatory housing policies and practices in Oregon disadvantaging communities of color within:

(1) The education and examination requirements for real estate licensees under ORS 696.022 (7); and

(2) Course topics available for continuing education for real estate licensees under ORS 696.182 (4).

TASK FORCE CONTINUATION

SECTION 12. (1) The Joint Task Force on Addressing Racial Disparities in Home Ownership is established.

(2) The task force consists of 16 members appointed as follows:

(a) The President of the Senate shall appoint two members from among members of the Senate;

(b) The Speaker of the House of Representatives shall appoint two members from among members of the House of Representatives;

(c) The President of the Senate and the Speaker of the House of Representatives shall jointly appoint 11 members who represent the following interests:

(A) One member who represents real estate licensees in this state;

(B) One member who represents entities that originate, fund or service mortgage loans;

(C) Two members who each represent an organization with a particular focus on serving persons of color that provides individuals and families counseling, education or the opportunity to purchase affordable housing;

(D) Two members who represent credit unions, banks or other financial institutions that make mortgage loans;

(E) One member who represents developers of affordable housing;

(F) One member who represents a fiduciary organization administering state moneys directed to individual development accounts as defined in ORS 458.670;

(G) One member who represents nonprofit organizations with experience in fair housing issues; and

(H) Two members who represent residents of this state who have suffered historic discrimination or who currently lack opportunities for homeownership because of discrimination or inadequate financial resources. The President and the Speaker shall give preferences to appointing members who represent diverse geographic regions of this state; and

(d) The Director of the Housing and Community Services Department shall appoint one nonvoting member to represent the department or the Oregon Housing Stability Council.

1 (3) The task force shall:

2 (a) Review the work and reports of the Task Force on Addressing Racial Disparities in
3 Home Ownership;

4 (b) Continue, as necessary, any of the investigation or reporting tasks initiated by the
5 Task Force on Addressing Racial Disparities in Home Ownership under section 1, chapter
6 110, Oregon Laws 2018; and

7 (c) Recommend solutions, including legislation, to eliminate discrimination and other
8 barriers identified by the Task Force on Addressing Racial Disparities in Home Ownership
9 under section 1, chapter 110, Oregon Laws 2018, in order to ameliorate conditions reducing
10 or preventing home ownership among people of color in this state.

11 (4) The task force may consult experts, form subcommittees or advisory committees,
12 conduct field investigations, hearings and other meetings, receive testimony in any form or
13 format, request or require production of documents and other evidence and otherwise take
14 any lawful action to carry out the purposes set forth in subsection (3) of this section.

15 (5) A majority of the members of the task force constitutes a quorum for the transaction
16 of business.

17 (6) Official action by the task force requires the approval of a majority of the members
18 of the task force.

19 (7) The task force shall elect a task force member to serve as chairperson.

20 (8) If there is a vacancy for any cause, the appointing authority shall make an appoint-
21 ment to become immediately effective.

22 (9) The task force shall meet at times and places specified by the call of the chairperson
23 or of a majority of the members of the task force.

24 (10) The task force may adopt rules necessary for the operation of the task force.

25 (11) The task force shall submit a report in the manner provided by ORS 192.245, and
26 may include recommendations for legislation, to an interim committee of the Legislative
27 Assembly related to housing no later than December 1, 2020.

28 (12) The Legislative Policy and Research Director shall provide staff support to the task
29 force.

30 (13) Members of the task force are entitled to compensation and may be compensated for
31 actual and necessary travel and other expenses incurred by the members in the performance
32 of official duties in the manner and amount as provided in ORS 292.495.

33 (14) All agencies of state government, as defined in ORS 174.111, are directed to assist
34 the task force in the performance of the task force's duties and, to the extent permitted by
35 laws relating to confidentiality, to furnish information and advice the members of the task
36 force consider necessary to perform their duties.

37 SECTION 13. Section 12 of this 2020 Act is repealed on February 1, 2021.

38
39 **APPROPRIATIONS**

40
41 SECTION 14. In addition to and not in lieu of any other appropriation, for the biennium
42 ending June 30, 2021, out of the General Fund, there is appropriated:

43 (1) \$1 to the Housing and Community Services Department for deposit into the Home
44 Ownership Assistance Account established under ORS 458.620 to fund technical assistance
45 and grants under section 2 of this 2020 Act;

