



# 2018 – 2019 JOINT TASK FORCE ON ADDRESSING RACIAL DISPARITIES IN HOMEOWNERSHIP

Representative Meek and Senator Manning, Co-Chairs

Melissa Leoni, LPRO Analyst



HOUSE  
BILL 4010  
(2018)

## The call of the Task Force:

- **Compile data**
- **Identify barriers**
- **Investigate mortgage loan practices and procedures**
- **Identify those application and approval practices and procedures that discriminate or create barriers**
- **Identify barriers other than access to mortgage loans or credit**
- **Recommend solutions**

## MEMBER COMPOSITION AND MEETINGS

- 11 members
- Met nine times between September 2018 and November 2019

# TASK FORCE PROBLEM STATEMENT

Oregon's communities of color do not have equal, fair, or equitable access to homeownership. A comprehensive review of public, private, and NGO data sources show that communities of color own homes at lower rates than their white counterparts.

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.

PROCESS

# MEETING TOPICS

- 1) Overview, History and Current Conditions
- 2) Mortgage Loan Overview, Process and Procedures; Loans and Finance Programs
- 3) Common Language
- 4) Barriers to Home Ownership
- 5) Problem Statement; Barrier Identification and Prioritization
- 6) Homeownership Data
- 7) Policy Alternatives
- 8) Preliminary Task Force Recommendations (Phase I)
- 9) Phase II Recommendations

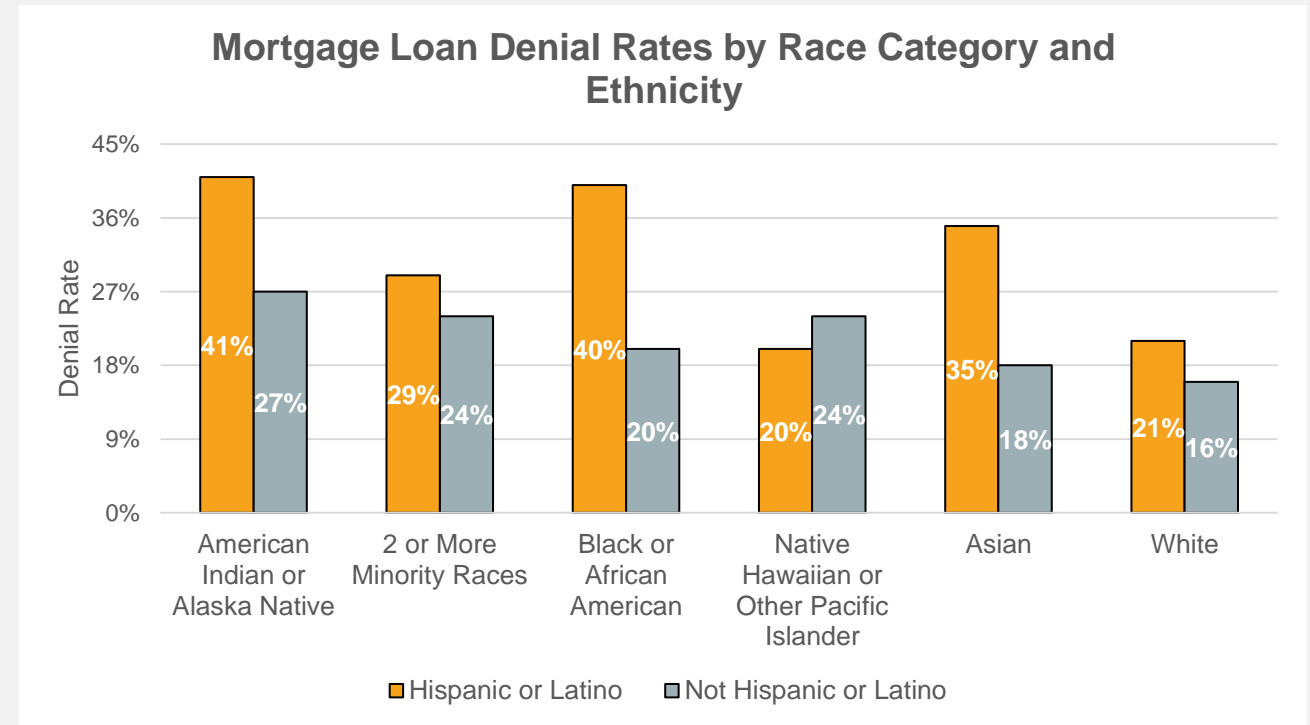
## OREGON HOME OWNERSHIP RATES

	2017 Rate
American Indian / Alaskan Native	44.8%
Asian	59.4%
Black or African American	32.2%
Hispanic or Latino	40.8%
Native Hawaiian or Another Pacific Islander	33.4%
Other Races	40.6%
Two or More Races	46.4%
White, Not Hispanic or Latino	65.1%
Overall State Rate	61.7%

Source: LPRO with data from the 2013-2017 American Community Survey five-year estimates.

# MORTGAGE LENDING AND DISCRIMINATION

- Practices and Procedures
- Existing Federal and State Laws
- Fair Housing Examinations



*Data Source: Home Mortgage Disclosure Act – 2018 data*

## IDENTIFYING BARRIERS

- Conversations with representatives from:
  - ✓ Housing Organizations
  - ✓ Community Organizations
  - ✓ Culturally-specific Organizations
- Task Force Member Experiences
- Research

Consolidation into 13 categories

# HISTORICAL

- Systemic racism and limited economic opportunities
- Homeownership restrictions
  - Racially and ethnically exclusive neighborhoods
  - Redlining
- Barriers for American Indians and Alaska Natives

## BUILDING AND PURCHASING COSTS, SUPPLY, AND LAND USE

- Quality and quantity of available housing stock
- Cost of land
- Lack of new construction in rural areas
- High cost of developing a single-family parcel in rural communities
- Land use policies such as zoning

# CREDIT

- Lack of credit
- Poor credit scores
- Lack of alternatives to the traditional credit check
- Impact from the Great Recession

# CULTURAL DIFFERENCES

- Lack of trust in financial institutions
- Housing type preferences
- Tailoring programs to community cultures and norms

## EDUCATION AND AWARENESS

- Homebuyer and financial literacy education
- Culturally specific offerings
- Institutional support

# FINANCES

- Disparities in income and wealth
- Gap between wages and home costs
- Down payment accumulation
- Sources of personal or business income

## FUNDING FOR HOMEOWNERSHIP PROGRAMS

- Need for additional investments
- Higher costs to deliver homeownership programs in rural communities

# HOUSING PROGRAMS AND POLICY GAP

- Eligibility limitations for down payment assistance
- Lack of specific goals
- Limited program capacity in rural areas

# LEGAL STATUS

- Legal or immigrant status
- “Brain waste”

## LOCATION BASED

- Geographical barriers
- Affordability within a homebuyer's community

# MORTGAGE LENDING

- Illegal discrimination
- Lack of federal enforcement
- Private Mortgage Insurance requirements and costs
- Inconsistent debt-to-income ratio guidelines
- Language barriers

## RACIAL WEALTH GAP

- Residential segregation, educational segregation, housing equity, income, occupational segregation, and employment benefits
- Benefits from homeownership are not equal

## OTHER BARRIERS

- mortgage interest deduction
- bias for rental assistance over homeownership
- incentivizing brokers, real estate agents, and financial institutions to better serve communities of color



POLICY  
OPTIONS

Research presented to Task Force organized by identified barrier and containing:

1. Background
2. Current law, policies, or programs
3. Policy options

# RECOMMENDATIONS

## PHASE I (PRELIMINARY) RECOMMENDATIONS

- Policy options consolidated and organized thematically
- Task Force focused on those directly addressing racial disparities in homeownership
- Agreed to extend the work of the Task Force into 2020
- Adopted six preliminary recommendations for the 2020 session

## PRELIMINARY RECOMMENDATION 1

**Increase Homeownership Outreach by Culturally Specific Organizations.** Provide funding to culturally specific organizations for outreach to increase the visibility of and access to homeownership assistance programs by communities of color, including increasing access to culturally specific homebuyer education and counseling, down payment assistance, down payment savings credits, and individual development accounts (IDAs).

***Barriers:*** Education and Awareness, Finances, and Mortgage Lending

## PRELIMINARY RECOMMENDATION 2

### **Education and Training for Mortgage and Real Estate Professionals.**

Improve education and training required of and provided to mortgage and real estate professionals to cover homebuyer assistance programs and incorporate racial bias training. Explore changing licensure requirements or specifying continuing education content requirements for real estate and mortgage lending professionals in statute or administrative rule through the Oregon Real Estate Agency and Department of Consumer and Business Services.

***Barriers:** Education and Awareness, Mortgage Lending, and Other Policies*

## PRELIMINARY RECOMMENDATION 3

**Financial Support and Technical Assistance for Culturally Specific Homeownership Assistance.** Have Oregon Housing and Community Services (OHCS) provide additional financial support and technical assistance to nonprofits and culturally specific organizations to conduct outreach, tailor programs, and deliver community-specific financial literacy courses and homebuyer assistance, education, and counseling programs.

***Barriers:** Credit, Education and Awareness, Finances, Funding for Homeownership Programs, Historical, Housing Programs and Policy Gap, Legal Status, Location Based, and Mortgage Lending*

## PRELIMINARY RECOMMENDATIONS 4 & 5

**Down Payment Assistance.** Increase funding for down payment assistance and individual development accounts to support homeownership by people of color.

*Barriers: Finances, Mortgage Lending, and Racial Wealth Gap*

**State Program Goals and Standards.** Set goals, reporting requirements, and program standards for OHCS specific to homeownership by people of color.

*Barriers: Funding for Homeownership Programs, Historical, Housing Programs and Policy Gap, and Location Based*

## PRELIMINARY RECOMMENDATION 6

**Tribal Homeownership Needs.** Convene a work group with Oregon's nine federally recognized Tribes to identify homeownership needs and develop recommendations for state programs and investments to increase homeownership rates for tribal members.

***Barriers:** Historical and Housing Programs and Policy Gap*

## PHASE II RECOMMENDATIONS

- Remaining policy options organized into two categories:
  - Future Task Force work
  - Policy options for other groups
- Five areas for additional work

## HOUSING LENDING AND FINANCE DISPARITIES

The Task Force will 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 lending access and outcomes for homeownership.

***Barriers:** Credit, Education and Awareness, Mortgage Lending, and Other Policies and Regulations*

## COMMUNITIES OF COLOR HOMEOWNERSHIP PILOT PROGRAM

The Task Force will convene a work group of Task Force members, homeownership organizations, Oregon Housing and Community Services (OHCS), and culturally specific organizations to identify options and develop recommended pilot programs to address racial disparities in homeownership.

***Barriers: Finances, Historical, and Racial Wealth Gap***

## STATE COMPLIANCE WITH FAIR HOUSING AND LENDING LAWS

The Task Force will convene a work group of Task Force members, OHCS, Department of Business and Consumer Services (DCBS), Bureau of Labor and Industries (BOLI), and housing program representatives or advocates to consider ways for the state to play a role in enforcing equal access to and outcomes associated with lending and homeownership.

***Barriers: Cultural Differences and Mortgage Lending***

## HOMEOWNERSHIP LANGUAGE ACCESSIBILITY WORK GROUP

The Task Force will convene a work group of Task Force members, various agency representatives (OHCS, DCBS, BOLI, and others), Oregon Homeownership Centers, and housing and culturally specific organizations to explore ways to improve language accessibility.

***Barriers:** Historical and Mortgage Lending*

## FEDERAL HOUSING LAWS AND REGULATIONS

The Task Force identified several policy options for addressing racial disparities in homeownership as being under federal purview and will 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.

***Barriers:*** *Credit, Housing Programs and Policy Gap, and Mortgage Lending*

## POLICY OPTIONS FOR OTHER GROUPS

- Educational and occupational disparities
- Tax and wealth policies
- Housing supply

# CURRENT STATUS

Claire Adamsick, LPRO Analyst

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2020 -2022  
SESSIONS

- 2020: legislation proposed to extend task force (not enacted)
- 2021:
  - Policy measures implement several preliminary recommendations
  - Budgetary investments in OHCS homeownership programs
- 2022: additional investments in OHCS homeownership programs

## 2021 POLICY MEASURES (ENACTED)

Recommendation #1:  
Homeownership  
Outreach

Recommendation #3:  
Financial  
support/assistance for  
culturally specific  
homeownership

**Senate Bill 79** Directs OHCS  
to prioritize homeownership  
**grants, outreach and  
technical assistance** for  
culturally-specific organizations

Recommendation #2:  
Education/Training for Mortgage  
and Real Estate Professionals

**House Bill 2703** Requires  
three-hour **course on  
federal/state fair housing  
laws** for real estate license  
approval

Recommendation #2:  
Education/Training for  
Mortgage and Real Estate  
Professionals

**House Bill 2007** Establishes  
Task Force; requires mortgage loan  
originators to complete **implicit  
and racial bias training**

Recommendation #4: Increase  
funding for IDA/down payment  
assistance

**House Bill 2433** Extends  
tax credit sunset for  
**Individual Development  
Account** contributions

# 2021-2023 BUDGET ALLOCATIONS OREGON HOUSING AND COMMUNITY SERVICES

Recommendation  
#1: Homeownership  
Outreach

**\$2M** for outreach and technical assistance to organizations specifically working to address racial disparities in homeownership

**\$569,445** for a permanent director and executive assistant position in the new Homeownership Programs division

Funding for **two staff positions** within OHCS to work with culturally-specific organizations and expand language access

Recommendation  
#3: Financial  
assistance for  
culturally specific  
homeownership

**\$14 M** for disbursement to organizations serving low-income homeowners, for operational support and capacity building

**\$90.9 M in Federal ARPA funds** to mortgage payment assistance to households at risk of foreclosure

Recommendation  
#4: Down  
payment assistance

**\$20M** in down payment assistance funds:

\$10M paired with existing lending products

\$10M distributed through culturally responsive organizations

**\$7M** in funding for Individual Development Accounts

Recommendation  
#5: State Program  
Goals/Standards

• **Key Performance Measure (2021-2023)** By 2022, 30 percent of people served by all OHCS homeownership programs identify as people of color

## OREGON HOME OWNERSHIP RATES

	2020 Rate
American Indian / Alaskan Native	47.7%
Asian	62.3%
Black or African American	33.4%
Hispanic or Latino	43.4%
Native Hawaiian or Another Pacific Islander	33.7%
Other Races	41.9%
Two or More Races	48.7%
White, Not Hispanic or Latino	66.3%
Overall State Rate	62.8%

Source: LPRO with data from the 2016-2020 American Community Survey five-year estimates.



QUESTIONS

## **Phase I Recommendations**

1. Homeownership Outreach by Culturally Specific Organizations
2. Education and Training for Mortgage and Real Estate Professionals
3. Financial Support and Technical Assistance for Culturally Specific Homeownership Assistance
4. Down Payment Assistance
5. State Program Goals and Standards
6. Tribal Homeownership Needs

## **Phase II Recommendations**

1. Housing Lending and Finance Disparities
2. Communities of Color Homeownership Pilot Program
3. State Compliance with Fair Housing and Lending Laws
4. Homeownership Language Accessibility
5. Federal Housing Laws and Regulations