

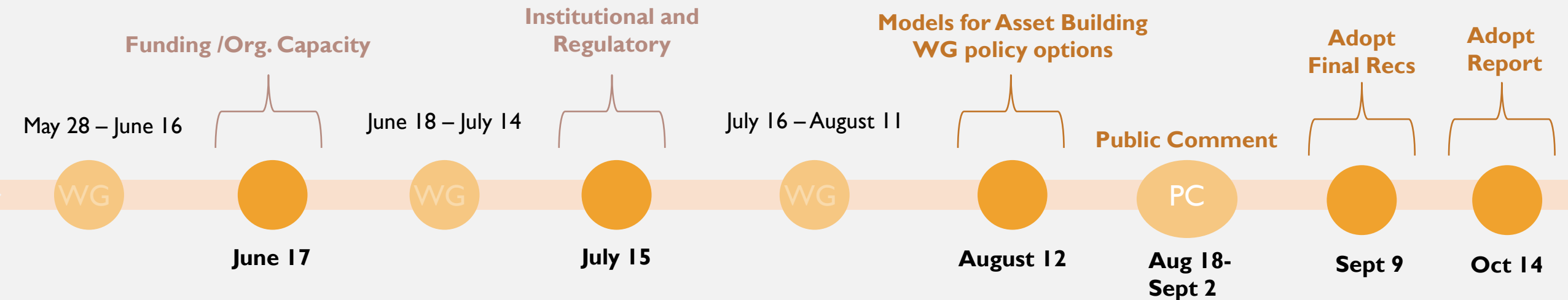
WORK PLAN UPDATE

Joint Task Force on Addressing Racial Disparities in Home Ownership

Representative Ruiz and Senator Manning, Co-Chairs
Melissa Leoni, Claire Adamsick, and Leslie Porter, Analysts

WORK PLAN TIMELINE

- Remaining meetings of the full Task Force
- Public comment period



FOCUS AREAS & PROPOSED POLICY OPTIONS

Joint Task Force on Addressing Racial Disparities in Home Ownership

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**FOCUS AREA #1:
FUNDING AND
ORGANIZATIONAL
CAPACITY**

- Individual Development Accounts
- Down Payment Assistance
- Homeownership Organization Funding/Capacity
- Education and Financial Literacy

INDIVIDUAL DEVELOPMENT ACCOUNTS

- Support OHCS budget request of \$35 million for 2023-2025 biennium to boost IDA program support for homeownership savers, particularly in regions where gaps exist for participants from Black, Latinx, or Native American communities.
- Identify permanent biennial funding for the IDA Program that is responsive to evolving funding needs, specifically through savings from eliminating the Mortgage Interest Deduction for second homes.
- If Mortgage Interest Deduction is not eliminated, recommend Legislative Assembly seek other IDA funding sources
- Consider an increase the IDA tax credit in the 2027 legislative session (tax credit sunsets January 1, 2028).

DOWN PAYMENT ASSISTANCE

- Allocate \$10 million in additional down payment assistance for culturally-responsive and tribal organizations.
- Support OHCS budget request of \$25 million for the 2023-2025 biennium for DPA to support borrowers utilizing the Flex Lending Program.
- Direct OHCS to promulgate rulemaking to identify and eliminate barriers for Individual Taxpayer Identification Number (ITIN) holders in accessing state-administered down payment assistance programs by December 1, 2023

HOMEOWNERSHIP ORGANIZATION FUNDING/CAPACITY (1)

- **Tribal homeownership program funds:** Direct OHCS to create dedicated, noncompetitive, and flexible funding set-aside that is responsive to unique tribal homeownership needs, including but not limited to down payment assistance, homebuyer education, and home repair.
- **Tribal homeownership counselors:** Allocate \$4 million in one-time funding to each of the nine federally recognized Oregon Tribes, to support the expansion of homeownership counselor staff positions, with baseline funding of \$120,000 per tribal organization and additional funding based on tribal membership size and need.
- **Ongoing funding for homeownership center staff:** Allocate [XX amount] to the OHCS base budget to support ongoing staffing for homeownership centers and culturally responsive organizations supporting homeownership services for communities of color.



FUNDING AND
ORGANIZATIONAL
CAPACITY

HOMEOWNERSHIP ORGANIZATION FUNDING/CAPACITY (2)

Training/Technical Assistance

- Direct OHCS to facilitate regular, consistent peer learning and networking opportunities for new and continuing housing counselors.
- Allocate \$200,000 to OHCS to convene virtual trainings for homeownership center counselors, and maintain an online calendar of those trainings on its website.

Reporting/Evaluation

- Direct OHCS to investigate various state program evaluation requirements, and any relevant evaluation platforms/software, and recommend strategies for streamlining evaluation and reporting processes by December 1, 2023



FUNDING AND
ORGANIZATIONAL
CAPACITY

EDUCATION AND FINANCIAL LITERACY

Inventory and development of pre-purchase counseling and education materials

- Distribute [\$ amount] to OHCS to hire outside contractor(s) to conduct inventory and develop model curriculum that is culturally accessible and geographically relevant
- Distribute [\$ amount], via contract with OHCS, to one or more organizations to translate curriculum materials into the five most commonly-spoken languages in Oregon, other than English.
- Direct OHCS to make curriculum available and easily accessible on its website.

Inventory and development of written financial literacy materials

- Distribute [\$ amount] to OHCS to hire outside contractor(s) to conduct inventory and develop culturally-accessible catalog of materials, in consultation with DCBS, BOLI, NW Bankers Association and NW Credit Union Association
- Contract to translate catalog of materials into five most commonly-spoken languages
- Direct OHCS, in partnership with DCBS and BOLI, to make financial literacy material available across all financial institutions offering mortgage lending products.



**FOCUS AREA #2:
INSTITUTIONAL
AND
REGULATORY**

- Institutional Accountability
- Regulatory Measures
- Accountability for Outcomes
- Financial Services or Mortgage Products

APPRAISER TRAINING AND EDUCATION REQUIREMENTS

Amend ORS 674.310(2)(b) to incorporate the same fair housing and implicit bias language used for mortgage brokers and real estate agents in 2021.

*Establishing educational requirements for certification or licensure of appraisers and for the registration of appraiser assistants that ensure protection of the public interest and comply with the requirements of the federal Act, **including on state and federal fair housing laws and topics of implicit bias, including racial bias.** Education requirements for state licensed appraisers and state certified appraisers must meet the minimum criteria established by the Appraiser Qualification Board of the Appraisal Foundation.*

FAIR HOUSING LAW STATEWIDE REGIONAL ENFORCEMENT AND AWARENESS

Continue \$5 million investment of state General Fund for fair housing enforcement and awareness through:

- Funding for FHCO of \$1.2 million annually to fund 12 FTEs statewide;
- Support of the BOLI budget, including \$1.15 million annually (\$2.3 million for the biennium) to support one Program Manager (1.00 FTE); six Civil Rights Investigators (6.00 FTE) to support housing discrimination investigation in four priority regions; and one Training and Development Specialist (1.00 FTE) to provide statewide fair housing education and outreach; and
- Funding for the Department of Justice (DOJ) of \$225,000 annually to fund 1 FTE statewide.

SUPPLY INCENTIVE TAX CREDIT

To address investor ownership of existing homes and increase the return of existing homes to the homeownership market, propose a tax credit to encourage owners, including both personal and corporate taxpayers, of single-family homes to sell the home to one of the following buyers:

1. current renter;
2. nonprofit housing or homeownership organization; or
3. purchaser under 100% AMI of the state/county.

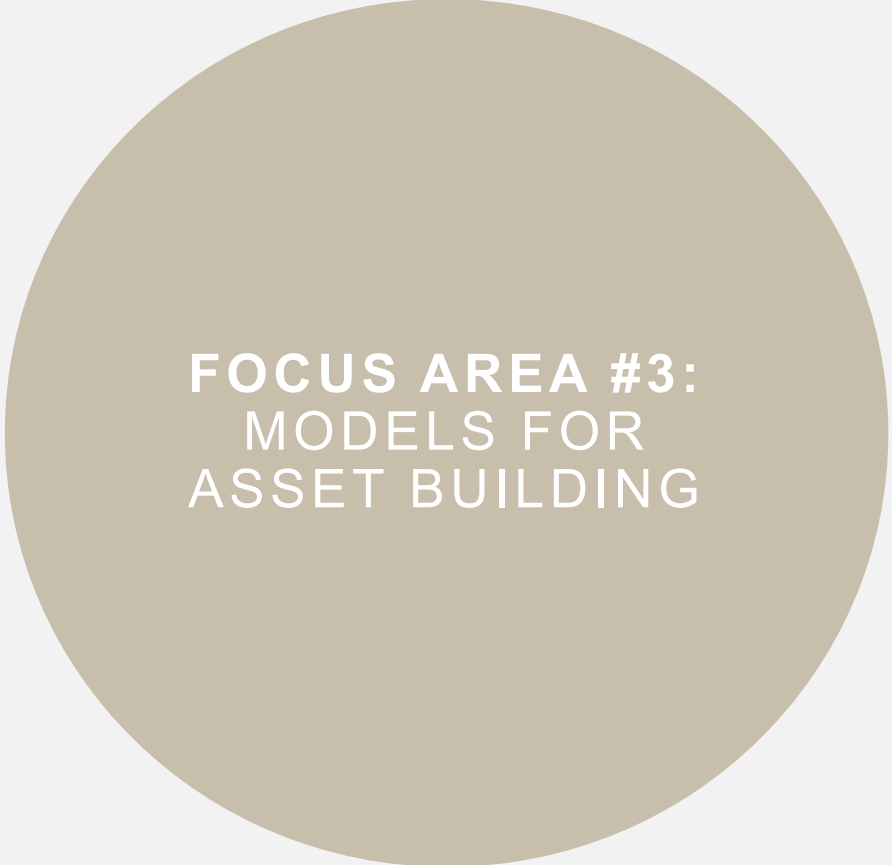
Issues to address:

- Credit as a percentage of sale price or capital gains earned on property; certification process; tax credit structure; restrictions on buyer; and reporting entity.

SPECIAL PURPOSE CREDIT PROGRAM

Allocation of \$30 million for a pilot program at Oregon Housing and Community Services (OHCS) that provides 100 percent funding of the home purchase price through a special purpose credit program (SPCP) loan product within the OHCS Flex Lending Program.

- Lenders develop SPCP; provide first mortgage (up to 90%); and buyout or pay any mortgage insurance
- Borrowers can access final 10% second mortgage from OHCS with same term and interest rate of 1% more than first mortgage
- Works for ITIN mortgages with certain modifications



**FOCUS AREA #3:
MODELS FOR
ASSET BUILDING**

- Incentivizing Homeownership Development
- Home Purchase Models

INCENTIVIZING HOMEOWNERSHIP DEVELOPMENT

1. Homeownership Development Subsidy:

Allocate \$100 million each biennium for homeownership development with the goal to build 500 homes in the 2023-2025 biennium with a maximum subsidy of up to \$200,000 per home.

2. Pre-Development Funding Pool (2 options)

- Establish a separate pool of funding
- Allow a portion of subsidy to be used up front

3. Land Availability

Improve existing OHCS Land Acquisition Revolving Loan Program, or create a new fund of \$30 million to purchase 200 parcels per biennium at zero percent interest



MODELS FOR
ASSET BUILDING

HOMEOWNERSHIP ASSISTANCE INNOVATION PILOT PROGRAM

Allocate funding to Oregon Housing and Community Services (OHCS) to invest in two to three community-based, innovative models for increasing homeownership rates for communities of color in Oregon.

- Funding is intended for projects and proposed solutions that address barriers to homeownership in ways not addressed by the other recommendations.
- Successful pilots are defined by community, involve cross-sector partnerships, and leverage other public or private funding

BUILDING ASSETS THROUGH HOME EQUITY

Develop option to boost or fast-track the equity gained through the mortgage principal a homebuyer pays down on the mortgage over time by subsidizing the interest rates on 15-year or 20-year mortgages.

Issues to address:

- How the mortgage product would be administered; who is eligible to receive subsidized interest rate loans; whether to set a ceiling for how much interest rate buy-down is allowed; how much funding is needed; and what are the measurable goals or outcomes of the program in five or 10 years?