

# Joint Task Force Addressing Racial Disparities in Home Ownership

## Down Payment Assistance Proposal August 18, 2022

### Proposal

- Recommend the Legislative Assembly allocate \$10 million in additional Down Payment Assistance (DPA) moneys to be distributed through culturally responsive and tribal organizations.
- Support the Oregon Housing and Community Services (OHCS) budget request of a one-time \$25 million allocation for the 2023 – 2025 biennium for additional 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 DPA programs, while maintaining compliance with federal laws, where required, and report findings to the Oregon Housing Stability Council by June 30, 2024.

### Background

Down Payment Assistance (DPA) is available to help first-time homebuyers cover some or all of the down payment or closing costs on a home. There are currently four different funding sources for DPA programs:

1. Homeownership Assistance Program (HOAP) DPA;
2. HOAP-Veteran DPA;
3. Construction Excise Tax (CET) DPA; and
4. Culturally Responsive Organization (CRO) DPA (one-time funding for the 2021 – 2023 biennium).

Ongoing funding comes from a state [document recording fee](#) and a Construction Excise Tax in certain jurisdictions. HOAP DPA does not exclude ITIN holders, though eligible applicants must be an income-qualifying Oregon resident as defined by the Department of Justice (DOJ), which requires status as a legal citizen of the U.S. and a resident of Oregon.

According to the [OHCS Homeownership Dashboard](#), 44 percent of homebuyers receiving DPA statewide are people of color. All homebuyers have received an average of \$14,745 in DPA, though the agency estimates that, on average, homebuyers need \$25,918 in addition to down payment assistance funds to purchase a home.

In response to previous Task Force recommendations, [Senate Bill 79](#) (2021) directed OHCS to focus grants and technical assistance efforts within its Home Ownership Assistance Program (HOAP) to specifically serve Black, Indigenous, and people of color

(BIPOC) communities. As part of OHCS' 2021 – 2023 biennial budget, the Legislative Assembly allocated \$20 million in General Fund down payment assistance funds. \$10 million of the funds will be paired with existing Flex Lending products and available to homeownership organizations as a mix of grants or five-year, forgivable loans. The Legislative Assembly directed \$10 million be allocated to culturally responsive organizations as grants. In 2022, those funds supplement \$18.5 million in DPA funds made available through the document recording fee.

OHCS has increased DPA limits for recipients, with maximum available assistance per homebuyer of up to \$120,000 or 20 percent of home purchase price for certain focus populations (first-generation homebuyer, first-time homebuyer, veteran, or veteran family) in instances where DPA funding sources are combined. The agency expects that the \$28.5 million DPA funds available outside of Flex Lending products will serve approximately 600 new homebuyers statewide.

### **Problem Statement**

Rising interest rates and home prices, alongside relatively stagnant wages, have highlighted, in some cases, inefficiencies of current DPA levels in lowering the financial hurdle for first-time homebuyers of color in purchasing a home. State-provided DPA is typically only effective when it is layered with local DPA or other funding sources. Additionally, ITIN borrowers face certain barriers to accessing state DPA programs, in part related to the DOJ interpretation of “income qualifying resident” status.