

Joint Task Force Addressing Racial Disparities in Home Ownership

Education and Financial Literacy Proposal

August 18, 2022

Proposal

Inventory and development of pre-purchase counseling and education materials

- Distribute funding (amount to be determined), to Oregon Housing and Community Services (OHCS), to hire staff and/or contractor(s) to conduct an inventory of existing offerings at the local, state, and national levels, where appropriate; to determine what can be elevated for broader use; and to identify where new materials and curriculum need to be developed to meet the needs of various culturally specific communities.
- Issues to consider in conducting the inventory should include, but are not limited to:
 - The availability of an array of financial literacy items directly related to purchasing a home, including how to establish good credit, the importance of savings, how to budget, and the basics of investment.
 - Curriculum models that are inclusive of Down Payment Assistance, Individual Development Accounts, and other mortgage-related topics.
 - The collection and assessment of materials that are accessible, culturally and geographically relevant, and easy to adapt and implement.
 - Exploring strategies for consistent translation of curriculum and materials, as appropriate, into the five most commonly spoken languages in Oregon, other than English.
- Based on findings, the employee or contractor(s) shall develop a model curriculum related to pre-purchase education and counseling.
- Distribute funding (amount to be determined) 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 consolidate and make the curriculum available and easily accessible on its website.

Inventory and development of written financial literacy materials

- Distribute funding (amount to be determined), to OHCS to hire staff and/or contractor(s) to conduct an inventory and an audit of written financial literacy materials produced and made available by state agencies, nonprofit organizations, and financial institutions for new homebuyers and homeowners, as well as those who need assistance retaining their home.
- The work shall be done in consultation with OHCS, the Department of Consumer and Business Services (DCBS), the Bureau of Labor and Industries (BOLI), the

Oregon Bankers Association, and the Northwest Credit Union Association, to examine existing offerings, develop a catalog of materials, determine what can be elevated for broader use, and identify language, cultural or other accessibility barriers.

- Distribute funding (amount to be determined) via contract with OHCS, to one or more organizations to translate written materials identified by the inventory for broader use into the five most commonly spoken languages in Oregon, other than English.
- Require OHCS, in partnership with DCBS and BOLI, to make financial literacy material available across all financial institutions offering mortgage lending products.

Background

Financial literacy (education to understand financial concepts and systems and manage money) enables individuals to make informed decisions about personal finances and helps them to navigate the current financial system. Homeownership education and counseling includes many types of training and support. Typically, counseling involves personalized services and focuses on identifying and addressing specific issues, but many programs include components of both education and counseling. Education and counseling programs can also help potential buyers navigate the homebuying process.

Research has shown that pre-purchase education and counseling may help individuals determine if they are ready for homeownership, connect homebuyers with safer and more affordable mortgage products, and support factors related to sustainable homeownership (improved mortgage literacy, greater appreciation for communication with lenders, and improved underwriting qualifications).¹

The Task Force learned that financial literacy is not commonly taught in Oregon high schools. Additionally, available homebuyer education or financial literacy courses are not culturally specific or responsive to all community needs or locations. Further, individuals are often not mortgage-ready because of the lack of financial literacy or culturally specific homebuyer education programs, and because mortgage lenders or realtors have limited knowledge about homebuyer assistance programs.

The Task Force frequently discussed the need for, and interest in, providing financial education to students in K – 12 settings to increase the understanding of credit scores and how they are calculated, maintained, and repaired; how to shop around and compare mortgage options; and to provide knowledge to which students may not necessarily be exposed in community or family settings.

¹ Marina L. Myhre, Ph.D. Nicole Elsasser Watson, U.S. Department of Housing and Urban Development, *Housing Counseling Works* (2017).

Existing financial capability curricula and homeownership education and counseling programs can be retooled to include cultural and socioeconomic components based on community needs and input. However, current homeownership organizations testified that using existing nonprofits to expand culturally specific homeownership services without additional support (funding) for staff, infrastructure, organization, and community development is unfair, as these organizations are also traditionally underfunded. As reported by researchers with the Institute on Assets and Social Policy at Brandeis University, “findings suggest a strong need for significant, multi-year funding to build the capacity of organizations to develop, implement, and evaluate effective and sustainable culturally relevant, intergenerational financial capability programs.”²

Problem Statement

Inconsistent, insufficient, and nonculturally responsive educational materials provided by financial institutions to potential mortgage product customers are a barrier to homeownership and home retention for communities of color. Nonprofit organizations often translate these materials, which are primarily provided in English, in an attempt to make them more accessible to customers who speak languages other than English. These organizations often have limited staff and capacity to adequately provide the breadth of translation services needed to make mortgage products, homeownership, and home retention accessible to communities of color.

Some homeownership centers or other nonprofit organizations offer culturally specific homebuyer education programming, but limited training and technical assistance staff and funding inhibits these organizations in reaching a broader client base. Limited resource sharing exists between organizations that could likely benefit from best practices and other materials.

² Jessica Santos, Angela Vo, and Meg Lovejoy, Institute on Assets and Social Policy at Brandeis University, *Foundations for The Future. Empowerment Economics in The Native Hawaiian Context*, http://www.hawaiiancommunity.net/info/171009_FOUNDATIONS_FOR_THE_FUTURE.pdf (last visited August 1, 2019).