



*Prepared by  
Legislative Policy and  
Research Office*

**Joint Task Force on  
Addressing Racial  
Disparities in Home  
Ownership**

**Final Report and  
Recommendations**

October 2022

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Representative Ricki Ruiz, House District 50, Co-Chair  
Senator Tim Knopp, Senate District 27  
Representative Suzanne Weber, House District 32

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October 14, 2022

Senate President Peter Courtney and House Speaker Dan Rayfield:

Submitted herewith is the final report of the Joint Task Force on Addressing Racial Disparities in Home Ownership. This Task Force was created in 2021 by House Bill 2007 to review recommendations and build on the work of the previous iteration of the Task Force, which was created by House Bill 4010 (2018).

Similar to the 2018 Task Force, the current Task Force was charged with proposing solutions, including legislation, to eliminate discrimination and other barriers that prevent homeownership among people of color in Oregon. This report includes a set of 11 recommendations related to three primary issue areas: funding and organizational capacity for homeownership organizations; institutional accountability and regulatory measures; and innovative models for homeownership financing and development.

Sincerely,

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Senator James Manning Jr., Co-Chair

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Representative Ricki Ruiz, Co-Chair

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## EXECUTIVE SUMMARY

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[The Joint Task Force on Addressing Racial Disparities in Home Ownership](#) (Task Force) was created by [House Bill 2007](#) (2021) and is charged with assessing the work and reports of the 2018–2019 Task Force on Addressing Racial Disparities in Home Ownership (2018 Task Force), and proposing solutions, including legislation, to eliminate discrimination and address barriers identified by the 2018 Task Force that reduce or prevent homeownership among people of color in Oregon.

### Membership

The members of the Task Force were appointed by the Speaker of the House on January 19, 2022 and President of the Senate on March 29, 2022. The 16 members include two Senators, two Representatives, one ex-officio member from Oregon Housing and Community Services, and 15 community members representing homeownership support or development organizations, culturally specific organizations, financial institutions, and lived experience with barriers to homeownership.

### Process

The Task Force met twice in May (May 4, 2022 and May 27, 2022), and then met monthly from June through September 2022. Members self-selected to participate in [work groups](#) focused on three issue areas prioritized by the Task Force: 1) funding and organizational capacity; 2) institutional and regulatory considerations; and 3) models for asset building. Each work group met throughout the summer, drawing on subject matter experts and available research and data to develop and refine 12 policy proposals.

Those proposals were presented to the Task Force on August 12, 2022. The Task Force then solicited comments from the public from August 18 through September 2, 2022 through a survey to rate support for each proposal or by written comments. On September 9, 2022, the Task Force discussed and adopted 11 recommendations, and on October 14, 2022, adopted this final report.

### Recommendations

Each recommendation title is linked to a more detailed summary document.

[\*\*\*Recommendation #1: Agency Support and Biennial Report.\*\*\*](#) Support Oregon Housing and Community Services (OHCS) Homeownership Division budget request and direct OHCS and others to deliver biennial progress report to Legislative Assembly.

[\*\*\*Recommendation #2: Individual Development Accounts\(IDA\).\*\*\*](#) Support OHCS budget request of \$35 million for IDA program support and recommend permanent biennial funding, specifically through savings from eliminating the Mortgage Interest Deduction for second homes.

[\*\*\*Recommendation #3: Down Payment Assistance \(DPA\).\*\*\*](#) Allocate \$10 million in new DPA to be distributed through culturally responsive and tribal organizations. Support OHCS \$25 million DPA budget request for Flex Lending Program borrowers. Direct OHCS to identify and eliminate DPA barriers for Individual Tax Identification Number holders by June 30, 2024.

**Recommendation #4: Homeownership Organization Funding and Capacity.**

- Allocate \$4 million for tribal homeownership needs.
- Allocate \$4.8 million for homeownership centers and culturally responsive organizations to support operations costs for supporting homeownership services for communities of color.
- Allocate \$200,000 for OHCS training and technical assistance for housing counselors.
- Direct OHCS to investigate state reporting requirements and recommend strategies for streamlining grantee evaluation and reporting processes.

**Recommendation #5: Education and Financial Literacy.** Allocate funding to OHCS to inventory and develop pre-purchase counseling and educational materials and written financial literacy materials; translate materials into the five most commonly spoken languages in Oregon, other than English; and make materials available on its website.

**Recommendation #6: Appraiser Training and Education Requirements.** Amend [ORS 674.310\(2\)\(b\) \(2021\)](#) to incorporate the same fair housing and implicit bias language used for mortgage brokers and real estate agents in 2021 and apply it to real property appraisers.

**Recommendation #7: Fair Housing Law Statewide Regional Enforcement and Awareness.** Continue \$5 million investment in positions at the Fair Housing Council of Oregon, Bureau of Labor and Industries, and Department of Justice.

**Recommendation #8: Supply Incentive Tax Credit Study.** Direct the House Committee on Housing to convene a work group to address investor ownership and encourage the return of existing homes to the homeownership market.

**Recommendation #9: Special Purpose Credit Program.** Allocate \$30 million for a pilot program that provides 100 percent funding of the home purchase price within the Flex Lending Program and in partnership with financial institutions.

**Recommendation #10: Incentivizing Homeownership Development.**

- Allocate \$100 million each biennium to subsidize the development of 500 homes with a maximum subsidy of \$200,000 per home.
- Establish funding pool or allow portion of subsidy to be used for pre-development costs.
- Improve existing Land Acquisition Revolving Loan Program or create a new fund of \$30 million to purchase 200 parcels per biennium at zero percent interest.
- Allocate \$20 million to OHCS to invest in community-based, innovative models for increasing homeownership rates for communities of color.

**Recommendation #11: Building Assets Through Home Equity.** Subsidize the interest rates on certain 15-year or 20-year mortgages to fast track the equity gained for eligible borrowers.

## **Access to Full Report**

The full report can be found online at [\(hyperlink to October 14 meeting materials page\)](#)

## SECTION 1: GLOSSARY OF ACRONYMS AND TERMS

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AMI	Area Median Income
BIPOC	Black, Indigenous, and people of color
BOLI	(Oregon) Bureau of Labor and Industries
CROs	Culturally Responsive Organizations
DCBS	(Oregon) Department of Consumer and Business Services
DOJ	(Oregon) Department of Justice
DPA	Down Payment Assistance
ECOA	Equal Credit Opportunity Act
FHCO	Fair Housing Council of Oregon
FTE	Full Time Equivalent
HOAP	Homeownership Assistance Program
HUD	(U.S. Department of) Housing and Urban Development
IDA	Individual Development Account
ITIN	Individual Taxpayer Identification Number
LAP	(OHCS) Land Acquisition Program
LIFT	Local Innovation and Fast Track
MID	Mortgage Interest Deduction
OAHTC	Oregon Affordable Housing Tax Credit
OHCS	Oregon Housing and Community Services
SPCP	Special Purpose Credit Program
Task Force	Joint Task Force on Addressing Racial Disparities in Home Ownership (2021–2022)
2018 Task Force	Task Force on Addressing Racial Disparities in Home Ownership (2018–2019)

## SECTION 2: TASK FORCE PROCESS

### Charge and Background

[House Bill 2007](#) (2021) created the Joint Task Force on Addressing Racial Disparities in Home Ownership (Task Force) and charged it to:

- assess the work and reports of the 2018–2019 Task Force on Addressing Racial Disparities in Home Ownership (2018 Task Force), continuing as necessary any tasks initiated by that Task Force;
- propose solutions, including legislation, to eliminate discrimination and other barriers identified by the 2018 Task Force, in order to ameliorate conditions reducing or preventing homeownership among people of color in Oregon; and
- report to an interim housing committee of the Legislative Assembly no later than September 15, 2022.

### Timeline and Meeting Materials

The 16-member Task Force was appointed by the Speaker of the House on January 19, 2022 and President of the Senate on March 29, 2022. It met on May 4, 2022 and May 27, 2022 and then monthly from June through October of 2022. Table 1 shows the meeting timeline. See [Appendix A](#) for a hyperlinked list of meeting materials.

**Table 1: Timeline of Task Force Meetings**

Meeting Date	Topics Discussed
<a href="#">May 4, 2022</a>	<ul style="list-style-type: none"> <li>• Member Introductions, Adoption of Rules, and Election of Co-Chairs</li> <li>• Overviews of House Bill 2007, the 2018–2019 Task Force on Racial Disparities in Home Ownership, and Recent Legislation</li> <li>• Discussion of Previous Task Force Recommendations, Current Areas of Interest, and Related Information Needs</li> </ul>
<a href="#">May 27, 2022</a>	<ul style="list-style-type: none"> <li>• OHCS Presentations on Homeownership Data and Programs, and Implementation of the Prior Task Force’s Recommendations</li> <li>• Discussion of Proposed Work Plan</li> </ul>
<a href="#">June 17, 2022</a>	<ul style="list-style-type: none"> <li>• Work Plan</li> <li>• Funding: Individual Development Accounts and Down Payment Assistance</li> <li>• Organizational Capacity: Homeownership Centers</li> <li>• Homeownership Development</li> </ul>
<a href="#">July 15, 2022</a>	<ul style="list-style-type: none"> <li>• Work Plan and Work Group Updates</li> <li>• Fair Lending and Housing Regulation Overview</li> <li>• Special Purpose Lending Programs</li> <li>• Transparency, Accountability, and Outcomes</li> <li>• Individual Taxpayer Identification Number Lending</li> <li>• Discussion of Regulatory, Financial, and Institutional Considerations</li> </ul>
<a href="#">August 12, 2022</a>	<ul style="list-style-type: none"> <li>• Work Plan Update</li> <li>• Funding and Organizational Capacity Policy Options</li> <li>• Regulatory, Financial, and Institutional Policy Options</li> <li>• Models for Asset Building Examples and Policy Options</li> </ul>
<a href="#">September 9, 2022</a>	<ul style="list-style-type: none"> <li>• Task Force Work Plan Update</li> <li>• Public Comment Summary and Discussion of Policy Proposals</li> <li>• Adoption of Recommendations</li> </ul>
<a href="#">October 14, 2022</a>	<ul style="list-style-type: none"> <li>• Adoption of Task Force Report</li> </ul>

Source: Legislative Policy and Research Office

## 2018 Task Force Work and Report

The 2018 Task Force was charged by [House Bill 4010](#) (2018) with identifying the barriers to homeownership that people of color face in Oregon and developing recommended solutions. It identified 13 barriers to homeownership for people of color:

1. Building and Purchasing Costs, Supply, and Land Use;
2. Credit;
3. Cultural Differences;
4. Education and Awareness;
5. Finances;
6. Funding for Homeownership Programs;
7. Historical;
8. Housing Programs and Policy Gap;
9. Legal Status;
10. Location Based;
11. Mortgage Lending;
12. Racial Wealth Gap; and
13. Other Policies and Regulations.

The 2018 Task Force then identified policy options to address these barriers and adopted two sets of recommendations in September and November of 2019. The first set of recommendations (Phase I) included extending the 2018 Task Force and were intended for implementation in the 2020 session. The second set of recommendations (Phase II) identified future work for the extended Task Force.

### ***Phase I Recommendations (2019 Preliminary Recommendations).***<sup>1</sup>

1. Increase 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 (DPA)
5. State Program Goals and Standards
6. Tribal Homeownership Needs Work Group

### ***Phase II Recommendations.***<sup>2</sup>

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

Staff shared the 2018 Task Force [Report](#) and gave an overview of the identified barriers and adopted recommendations at the May 4, 2022 meeting. Staff also prepared and presented a [policy crosswalk](#) illustrating the legislative policy and budgetary actions—

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<sup>1</sup> Task Force on Addressing Racial Disparities in Home Ownership, *Report on Addressing Barriers to Home Ownership for People of Color in Oregon* (December 2019), available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/255283> (last visited September 14, 2022).

<sup>2</sup> *Id.*

either completed or in-progress—taken to implement specific recommendations of the 2018 Task Force. At the May 27, 2022 meeting, the OHCS Homeownership Division staff provided a [progress report on program changes and funding allocations](#) as directed by the 2018 Task Force recommendations and subsequent legislation.

## Focus Areas and Work Groups

Members self-selected to participate in [work groups](#) organized by the three issue areas prioritized by the Task Force: 1) funding and organizational capacity; 2) institutional and regulatory considerations; and 3) models for asset building. Each work group met from mid-June through early August to:

- define each focus area, investigate problems, and identify potential solutions;
- identify subject matter experts and available research and data;
- identify solution options, including how to ensure access, accountability, and implementation components; and
- plan Task Force meetings to define each focus area and related barriers and discuss possible solutions.

In June, following the first meetings of all three work groups, the focus areas were refined to reduce overlap. The final organization of each focus area and the policy issues addressed by each work group are shown in Table 2.

**Table 2: Revised Focus Areas – June 2022**

Work Group and Focus Area	Areas of Work
Funding and Organizational Capacity	<ul style="list-style-type: none"> <li>• Individual Development Accounts</li> <li>• Down Payment Assistance</li> <li>• Homeownership Organization Funding/Capacity</li> <li>• Education/Financial Literacy</li> </ul>
Institutional and Regulatory Considerations	<ul style="list-style-type: none"> <li>• Institutional Accountability</li> <li>• Regulatory Measures</li> <li>• Accountability for Outcomes</li> <li>• Financial Services or Mortgage Products</li> </ul>
Models for Asset Building	<ul style="list-style-type: none"> <li>• Incentivizing Homeownership Development</li> <li>• Home Purchase Models</li> </ul>

*Source: Legislative Policy and Research Office*

The June 17 meeting was focused on Funding and Organizational Capacity; the July 15 meeting on Institutional and Regulatory Considerations; and the August 12 meeting on Models for Asset Building.

**Funding and Organizational Capacity Work Group.** This work group met four times from June 7, 2022 to August 8, 2022 to develop a work plan and engage both existing and potential partners to identify policy solutions to address funding and capacity gaps in the provision of homeownership support services for communities of color. They developed four policy proposals to present at the August 12 meeting:

- Individual Development Account Proposal;
- Down Payment Assistance Proposal;
- Homeownership Organization Funding and Capacity Proposal; and

- Education and Financial Literacy Proposal.<sup>3</sup>

More information is provided in [Appendix B](#).

***Institutional and Regulatory Work Group.*** This work group met four times from June 16, 2022 to August 1, 2022 to draft a work plan, engage subject matter experts, and develop proposed solutions around institutional accountability, regulatory measures, outcome measures, and financial services or mortgage products. They developed four policy proposals to present at the August 12 meeting:

- Appraiser Training and Education Requirements Proposal;
- Fair Housing Law Statewide Regional Enforcement and Awareness Proposal;
- Supply Incentive Tax Credit Proposal; and
- Special Purpose Credit Program (SPCP) Proposal.<sup>4</sup>

More information is provided in [Appendix C](#).

***Models for Asset Building Work Group.*** This work group met four times from June 21, 2022 to August 2, 2022 to identify a work plan, engage subject matter experts, and develop proposed solutions around incentivizing homeownership development and home purchase models. They developed three policy proposals to present at the August 12 meeting:

- Incentivizing Homeownership Development Proposal;
- Homeownership Assistance Innovation Pilot Program Proposal; and
- Building Assets Through Home Equity Proposal.<sup>5</sup>

More information is provided in [Appendix D](#).

## Public Comment

The policy proposals presented to the Task Force on August 12, 2022 were released for public comment from August 18 through September 2, 2022. Notification was sent to the Task Force’s GovDelivery subscribers, Task Force members, and homeownership centers and other organizations who had previously interacted with one or more work groups. Respondents could either complete a survey to rate their support for each proposal or submit written comments directly to the Task Force.

The Task Force received 14 public comment survey responses and one letter. A [summary of the responses and comments](#) received was presented to the Task Force on September 9, 2022.

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<sup>3</sup> Legislative Policy and Research Office, *Funding and Organizational Capacity Work Group - Focus Area #1, Policy Option Proposals – August 10, 2022*, available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256505> (last visited September 26, 2022).

<sup>4</sup> Legislative Policy and Research Office, *Institutional and Regulatory Work Group - Focus Area #2, Policy Option Proposals – August 9, 2022*, available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256500> (last visited September 16, 2022).

<sup>5</sup> Legislative Policy and Research Office, *Models for Asset Building Work Group - Focus Area #3, Policy Option Proposals – August 9, 2022*, available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256501> (last visited September 26, 2022).

## **Adoption of Recommendations**

At the September 9, 2022 meeting, staff reviewed with the Task Force each proposal and the public comments received. The Task Force discussed each proposal and any potential revisions. It then voted to adopt the proposals as recommendations. The Task Force revised three proposals, including consolidating two proposals, and adopted a total of 11 recommendations, which are described in [Section 3](#).

## SECTION 3: TASK FORCE POLICY RECOMMENDATIONS

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The three work groups identified 11 policy proposals for presentation at the August 12, 2022 meeting. At that meeting, the Task Force agreed it would like staff to develop one additional proposal on continuing the OHCS Homeownership Division and requiring a biennial report to the Legislative Assembly. After the August 12 meeting, some proposals were revised and then all 12 proposals were submitted for public comment on August 18, 2022. Links to each policy proposal are in [Appendix A](#).

The Task Force adopted 11 recommendations on September 9, 2022. The following sections detail each recommendation, provide background information, and define a problem statement.

### **Recommendation #1: Agency Support and Biennial Report**

Support the OHCS 2023–2025 agency budget request for Homeownership Division staff and programs. Direct OHCS, BOLI, and DCBS, with assistance from FHCO and any other state agencies as necessary, to deliver a joint report to the Legislative Assembly committees related to housing and the Racial Justice Council by September 15 of every even-numbered year. The report shall include progress made on the proposals of the Task Force, and other measurable progress in reducing the disparities in homeownership by communities of color in Oregon.

**Background.** In the 2021–2023 biennium, based on recommendations from the 2018 Task Force, the Legislative Assembly provided the following funding to support the new OHCS Homeownership Division:

- \$569,445 for a permanent director and executive assistant position;
- funding for two new staff positions (2.0 FTE) providing technical assistance and outreach to culturally specific organizations and expanding language access through updated program materials; and
- \$2 million in General Fund moneys for outreach to potential homebuyers and technical assistance to organizations specifically working to address racial disparities in homeownership.

For the 2023–2025 biennium, OHCS is requesting a total of \$73 million in support of its Homeownership Division programs and staff. A number of Task Force recommendations allocate additional responsibilities to OHCS, including establishing new programs, providing new program oversight, and contracting for services. These responsibilities will require additional staffing and funding. For example, the IDA and Homeownership Organizational Funding and Capacity proposals would each require at least one additional staff person.

**Problem Statement.** The 2018 Task Force made recommendations in the fall of 2019, including to extend the Task Force to allow it to finish its work. The Joint Task Force was formed in 2021 and started meeting in May of 2022. While many of the 2018 Task Force’s preliminary recommendations were adopted in 2021 or 2022, barriers to homeownership by communities of color continue to exist and the Task Force has identified a need to continue the previous investments in homeownership supports and

make new investments in financial services and other support services to address the disparities in homeownership.

In discussing institutional accountability, Task Force members have identified a need for an entity to do long-term tracking and reporting on the progress being made, and to have a discussion about the ongoing funding that is needed to continue to address the racial disparities in homeownership.

## **Recommendation #2: 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.

Recommend the Legislative Assembly identify permanent biennial funding for the IDA Program that is responsive to evolving funding needs, specifically through savings from eliminating the MID for second homes. If the MID is not eliminated, recommend Legislative Assembly seek other IDA funding sources.

Consider an increase to the IDA tax credit during the 2027 legislative session (tax credit sunsets January 1, 2028).

**Background.** IDAs are matched savings accounts that can be used to accrue funds to invest toward an asset goal. IDA account holders may use their savings and match funds to help them purchase a home, fulfill an educational goal, develop and launch a small business, complete home repairs, or make a range of investments toward the financial stability that is necessary for building wealth, including assistive technology to increase independence, vehicle, rental, debt repayment, and emergency savings.

Every dollar saved by a participant is matched by IDA funds, typically five dollars for every one dollar saved. The average length of program participation is between 12 and 24 months. A tax credit serves as a funding mechanism and was last increased in 2009 to \$7.5 million in available credits per tax year. Current tax credits are sold at 90 percent on the dollar to yield approximately \$8.3 million per year in available revenue for the IDA initiative. [House Bill 2433](#) (2021) extended the tax credit sunset for individual development account contributions to January 1, 2028.

In the last two biennia, the Legislative Assembly has approved one-time funding to assist the program in supporting additional homeownership savers, including \$2 million in 2019 and \$7 million in 2021. For the 2023–2025 biennium, OHCS has requested \$35 million in General Fund dollars to support the IDA Initiative in bringing new fiduciary organizations online and addressing unmet demand for existing partner organizations, as well as specifically increasing the match available to homeownership savers from a maximum range of \$6,000–\$9,000 to a maximum range of \$12,000–\$18,000, based on a saver’s timeline.

Statewide, the IDA Initiative currently supports approximately 4,300 savers per year. Between July 2019 and June 2021, Black, Indigenous, Asian/Pacific Islander, and Latinx populations comprised 54.9 percent of enrollments and 43.8 percent of program completions.

**Problem Statement.** The IDA Initiative has been in a flat funding cycle with the tax credit capped at \$7.5 million since 2009, despite adding providers, assets, and program innovations to better reach underserved communities. In 2020 and 2021, the program received additional one-time, General Fund allocations from the Legislative Assembly, totaling \$9 million. The program needs a secure, ongoing funding stream to allow continuity for nonprofit partners and IDA account holders, and to address unmet demand among communities of color throughout the state. Based on February 2022 waitlist numbers for existing fiduciary organization partners, the IDA Initiative estimates a projected unmet demand of \$39.5 million for 3,200 savers across all asset areas statewide. This estimate does not account for staff capacity increases necessary to expand program reach to waitlisted savers.

### **Recommendation #3: Down Payment Assistance**

Allocate \$10 million in additional DPA to be distributed through 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 ITIN holders in accessing state-administered DPA programs and report findings to the Oregon Housing Stability Council by June 30, 2024.

**Background.** 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. CRO DPA (one-time funding for the 2021–2023 biennium).

Ongoing funding comes from a state [document recording fee](#) and a CET in certain jurisdictions. HOAP DPA does not exclude ITIN holders, though eligible applicants must be an income-qualifying Oregon resident as defined by the 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 DPA 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 HOAP to specifically serve Black, Indigenous, and people of color (BIPOC) communities. As part of the OHCS 2021–2023 biennial budget, the Legislative Assembly allocated \$20 million in General Fund DPA 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 CROs 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.

## **Recommendation #4: Homeownership Organization Funding and Capacity**

### **Funding for Tribal Homeownership**

- Direct OHCS to create dedicated, noncompetitive, and flexible funding set-aside that is responsive to unique tribal homeownership needs, including but not limited to DPA, homebuyer education, and home repair.
- Recommend the Legislative Assembly allocate \$4 million in one-time funding to be distributed among the nine federally recognized Oregon tribes, to support the expansion of homeownership operations and activities, with baseline funding of \$120,000 per tribal organization and additional funding based on tribal membership size and need.

### **Funding for Homeownership Centers and Culturally Responsive Organizations supporting homeownership**

- Allocate \$200,000 per biennium to up to 24 homeownership centers or CROs to the OHCS base budget to support operations costs for organizations supporting or expanding homeownership services for communities of color.

### **Training/Technical Assistance**

- Direct OHCS to partner with homeownership and CROs to co-facilitate regular, consistent peer learning and networking opportunities, specifically geared toward new and continuing housing counselors.
- Allocate \$200,000 to OHCS for the 2023–2025 biennium to convene virtual trainings to support homeownership center counselors in fulfilling annual training requirements, and to 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 for grantees/subgrantees to the Oregon Housing Stability Council by June 30, 2024.

**Background.** OHCS has formal funding relationships with 17 homeownership centers throughout the state to support homebuyers and potential homebuyers in various stages of the process. In addition to these formal funding partners, community-based, culturally specific organizations provide homeownership support, either utilizing nonstate funds or as subgrantees of homeownership centers.

The 2018 Task Force recommended that the legislature 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.

To more deeply explore organizational funding and capacity issues that limit or prevent organizations from supporting homeowners or potential homeowners of color, the Task Force determined it would directly reach out to organizations that support homeownership in Oregon. In July 2022, the Legislative Policy and Research Office, which staffs the Task Force, fielded a series of surveys over a two-week period. Three separate surveys were tailored to three recipient groups, which included homeownership centers (10 responses from 17 recipient organizations), tribal leadership or housing directors (six responses from nine tribal organizations), and culturally specific organizations (five responses from seven recipients) that do not have a formal funding relationship with OHCS related to homeownership support.

**Problem Statement.** Homeownership centers currently funded by OHCS face recruitment and retention challenges as they struggle to offer a competitive salary or consistent professional development opportunities for their staff. Many organizations have particular difficulties in hiring and retaining U.S. Department of Housing and Urban Development (HUD)-certified counselors, specifically those with experience working with BIPOC communities. Homeownership centers utilize training and technical assistance support provided by OHCS but note that available training dollars are insufficient to support staff participation in all required annual trainings.

Barriers that limit some homeownership centers in reaching BIPOC clients include limited funding for outreach and culturally specific programming, client access to technology, and complex documentation requirements. Homeownership centers report they are sometimes burdened by the extensive reporting and evaluation requirements attached to state funding due to a lack of integrated software and programs and a lack of in-house staff dedicated to reporting and evaluation.

Tribal organizations either have no current homeownership funding relationship or a limited funding relationship with OHCS. Most tribal organizations do not have dedicated homeownership or housing counselor staff. According to survey respondents, the top barriers to homeownership among tribal members include: high home prices; a lack of mortgage and home loan education and support; a lack of support for home repairs to preserve habitability; and limited or restricted water access on buildable lots. Tribal organizations say they are limited in their ability to support homeownership due to: current staff capacity issues; limited funding for outreach and advertising; client technology barriers; and lack of flexible homeownership funding to meet the unique needs of tribal community members.

A summary of the survey results describing organizational capacity challenges and opportunities is available in the [full policy proposal document](#).

## **Recommendation #5: Education and Financial Literacy**

### **Inventory and development of pre-purchase counseling and education materials**

- Distribute funding (amount to be determined), to 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 DPA, IDA, 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, DCBS, 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 navigate the 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).<sup>6</sup>

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.

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 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.”<sup>7</sup>

**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

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<sup>6</sup> Marina L. Myhre, Ph.D. Nicole Elsasser Watson, U.S. Department of Housing and Urban Development, [Housing Counseling Works](#) (2017).

<sup>7</sup> 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](http://www.hawaiiancommunity.net/info/171009_FOUNDATIONS_FOR_THE_FUTURE.pdf) (last visited August 1, 2019).

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.

## **Recommendation #6: Appraiser Training and Education Requirements**

Amend [ORS 674.310\(2\)\(b\) \(2021\)](#) to incorporate the fair housing and implicit bias language used for mortgage brokers and real estate agents in 2021. The proposed amendment is shown in bold below.

*(2) Rules adopted by the Appraiser Certification and Licensure Board to govern real estate appraiser certification and licensure shall conform with the requirements of the federal Act. The board shall adopt rules including but not limited to:*

*(b) 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.*

**Background.** The Oregon Appraiser Certification and Licensure Board was created in 1991 with the responsibility to protect the public and Oregon financial institutions through regulation and supervision of licensed and certified real estate appraisers and appraisal management companies in the state. In addition, the board ensures that real estate appraisals are issued in writing and conducted in compliance with Oregon statutes and administrative rules and the Uniform Standards of Professional Appraisal Practice. The board is a semi-independent agency with seven full-time staff members and eight board members appointed by the Governor.

[ORS 674.310](#) (2021) requires the Appraiser Certification and Licensure Board to adopt rules governing the certification and licensure of appraisers in Oregon. Information provided on the Board's website ([How to Become an Appraiser](#)) does not specify any requirements for training or education on racial bias or appraiser responsibilities under state or federal fair housing laws. The website does list the hours required for certain courses, which are set in rule.

The Board's administrative rules specifying Qualifying Education Course Content Guidelines ([OAR 161-020-0110](#)) also do not call out fair housing or valuation bias. Only the Continuing Education Course Content Guidelines ([OAR 161-020-0120](#)) specify

valuation bias, fair housing, and/or equal opportunity as acceptable topics for continuing education courses.

**Problem Statement.** National studies have identified differences in appraisals depending on whether the homeowner was white, a person of color, or a member of another protected class.<sup>8</sup> While much of the lending process is now completed online, appraisals continue to be done in person. Appraisers are covered by Oregon’s fair housing statutes.

The 2018 Task Force recommended improving the education and training required of, and provided to, mortgage and real estate professionals to cover homebuyer assistance programs and incorporate racial bias training. [House Bill 2703 \(2021\)](#) requires a three-hour course on federal and state fair housing laws prior to real estate license application or renewal every two years. [House Bill 2007 \(2021\)](#) allows DCBS to require implicit bias training for mortgage loan originators.

## **Recommendation #7: 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 for statewide and regional fair housing collaborations;
- 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
- Support of the DOJ budget, including \$225,000 annually to fund one Assistant Attorney General focused on housing enforcement.

**Background.** Violations of fair housing laws in the state of Oregon are enforced through a combination of administrative processes through the state’s BOLI and private rights of action, supported by FHCO, the state’s only private, nonprofit-qualified fair housing organization, and local civil rights attorneys.

In the 2021–2023 biennium, the Legislative Assembly provided General Fund funding to BOLI, DOJ, and FHCO to build a network of local collaborations in four priority regions throughout the state of Oregon. These collaborations bring together local resources to increase both knowledge about and access to fair housing resources and increase reporting of housing discrimination in local communities.

The statewide network consists of four priority regional locations centered in north coastal, southern, eastern, and central Oregon. Each regional collaboration consists of a regional BOLI civil rights investigator; a FHCO Regional Enforcement Liaison; a housing navigator embedded within a local organization; and a local landlord-tenant

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<sup>8</sup> Federal Home Loan Mortgage Corporation, *Racial and Ethnic Valuation Gaps In Home Purchase Appraisals*, <<https://www.freddiemac.com/research/insight/20210920-home-appraisals>> (last visited September 30, 2022.)

legal resource, such as Legal Aid Society of Oregon. These regional collaborative teams are further supported by a centralized BOLI Fair Housing Enforcement Program Manager; a FHCO Statewide Fair Housing Enforcement Collaborative Program Manager, Statewide Enforcement Intake Coordinator, and an Operations Manager; and a DOJ Assistant Attorney General focused on housing enforcement.

**Problem Statement.** There is limited capacity among BOLI and FHCO for educating and enforcing fair housing laws throughout the entirety of the state of Oregon, particularly in rural and frontier communities across the vast state. In addition, a lack of resources centered in local communities erodes the ability to build trust between those communities and fair housing enforcement entities working to address violations of housing discrimination. As a result, instances of housing discrimination are likely under-reported in these communities and those experiencing housing discrimination remain underserved. Reports from state agencies tasked with monitoring compliance with federal housing regulations have identified a distinct lack of knowledge among particularly rural residents about how and to whom they should report housing discrimination.

### **Recommendation #8: Supply Incentive Tax Credit Study**

Direct the House Committee on Housing to convene a work group to study opportunities to address investor ownership of existing homes and return existing homes to the homeownership market. The work group shall explore options to encourage owners to sell the home to current renters, nonprofit organizations, or purchasers who meet certain income eligibility requirements, including but not limited to a tax credit to incentivize returning investor-owned homes to local ownership. The work group shall also consider impacts of any proposals on rural and urban communities in Oregon.

**Background.** “Investors bought 24 percent of all single-family houses sold nationwide last year, up from 15 percent to 16 percent annually going back to 2012, according to a Stateline analysis of data provided by CoreLogic, a California-based data analytics firm. That share dipped only slightly in the first five months of 2022 to 22 percent.”<sup>9</sup> For Oregon, the investor share of home sales in 2021 was 20 percent with 16,781 total home sales. This represents a 67 percent change from 2020.<sup>10</sup>

Many affordable homeownership developers and brokers who work with BIPOC homebuyers have expressed concern about their ability to compete with investor buyers. Similarly, because of the number of past purchases, there is interest in finding a way to encourage the return of properties purchased by investors to the homeownership market.

**Problem Statement.** Investors have purchased a growing number of homes in Oregon. First-time or BIPOC homebuyers must compete with investors to purchase a home. Investor-owned homes should be returned to the market and made available to BIPOC homebuyers.

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<sup>9</sup> Governing, [Investors Bought a Quarter of Homes Sold Last Year, Driving Up Rents](#) (July 26, 2022)

<sup>10</sup> *Id*

The Task Force discussed whether it could address these concerns through the development of a tax credit to encourage owners, both personal and corporate taxpayers, of single-family homes to sell the home to the current renter; a nonprofit housing or homeownership organization; or a purchaser under 100 percent Area Median Income (AMI) of the state or county. The elements of a potential tax credit are outlined in the [August 18 policy proposal](#).

### **Recommendation #9: Special Purpose Credit Program**

Allocation of \$30 million for a pilot program at OHCS that provides 100 percent funding of the home purchase price through a SPCP loan product within the OHCS Flex Lending Program.

- Lenders develop a SPCP and identify their focused demographic, consistent with the purposes of addressing racial disparities in homeownership, to participate in the program.
- Lenders provide the first mortgage loan, of up to 90 percent, and agree to buy out or pay the mortgage insurance.
- Borrowers can then access a 10 percent second mortgage from OHCS, which will have an interest rate of one percent over the rate of the first mortgage and the same term as the first mortgage.
- The first mortgage is sold to OHCS unless it is an ITIN mortgage loan.
- Loan payments for the first and second mortgages are made to the OHCS Master Servicer under the Flex Lending Program. Payments on the first mortgage go to the investor who purchases the first mortgage. Payments on the second mortgage go back to the Program and are available for other mortgages.
- For ITIN loans, the lender will retain the first mortgage loan and the borrower will make payments on the second mortgage to the OHCS Master Servicer.
- Participating lenders would need to fund a maximum of 90 percent, but only the difference between that percentage and the total of any down payment funds. If the loan the lender provides is less than 85 percent (or less than 80 percent), it improves the interest rate because a lump sum mortgage insurance policy would cost less or not be needed.

To be eligible, lenders must meet the Flex Lending Program criteria and must develop a SPCP. Lenders must:

- identify and document the community need for their program;
- establish a SPCP for mortgage lending and legally attest that the program meets the requirements;
- commit to funding 90 percent for the first mortgage and to a buyout or payment of mortgage insurance;
- meet the Flex Lending Program criteria that require homebuyer education; and
- provide impact data showing that the program is reaching the intended population and meeting the identified community need.

**Background.** The 2018 Task Force recommended convening a Housing Lending and Finance Disparities work group of 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.

The Task Force learned about how the Equal Credit Opportunity Act (ECOA) and Regulation B permit creditors to create “special purpose credit programs” to extend credit to applicants who meet certain eligibility requirements. Under these programs, lenders may offer special underwriting or pricing for traditionally disadvantaged groups without violating ECOA and Regulation B. These programs include initiatives for:

- “credit assistance programs expressly authorized by federal or state law for the benefit of an economically disadvantaged class of persons”;
- “low-income minority borrowers”;
- government-sponsored housing credit subsidies for the “aged or the poor”;
- small business lending programs providing credit to minority- or disabled-owned businesses; and
- student loan programs based on the family’s financial needs.<sup>11</sup>

In February 2022, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, the Consumer Financial Protection Bureau, HUD, the U.S. Department of Justice, and the Federal Housing Finance Agency issued an interagency statement to remind creditors of the ability under ECOA and Regulation B to establish SPCPs to meet the credit needs of specified classes of persons.<sup>12</sup>

**Problem Statement.** There has been increased discussion by federal agencies and national organizations about SPCPs, but guidance is still being developed and financial institutions are unsure of how to establish such programs, consistent with ECOA and Regulation B requirements and required lending principles. There is also uncertainty around how such a program could be developed with funding allocated to OHCS, but administered by financial institutions, with the requirements to do more analysis of the disparities.

## **Recommendation #10: Incentivizing Homeownership Development**

This recommendation combines two policy proposals to [incentivize homeownership development](#) and support [innovative models for increasing homeownership rates](#) for communities of color in Oregon.

### **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. Identify dedicated funding sources, which could include other bonds, Oregon Lottery Funds, or other sources. Existing Local Innovation and Fast Track (LIFT) or other loan financing resources could be part of this total funding pool. The use of a percentage of the Oregon Affordable Housing Tax Credit (OAHTC) program for homeownership development should also be explored.

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<sup>11</sup> Lauren Winters, Department of Consumer and Business Services, *State and Federal Regulation Of Mortgage Lending* (July 15 presentation), available online at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256224> (last visited July 27, 2022).

<sup>12</sup> Board of Governors of the Federal Reserve System et al, *Interagency Statement on Special Purpose Credit Programs Under the Equal Credit Opportunity Act and Regulation B* (February 22, 2022), <https://www.fdic.gov/news/financial-institution-letters/2022/fil22008a.pdf> (last visited July 27, 2022).

Programmatic considerations include:

- set the homeownership subsidy at up to \$200,000 per home and allow OHCS to administer multiple funding sources to reach that subsidy level;
- administer funding through the infrastructure that OHCS is currently developing for homeownership development;
- give preference to nonprofit or mission-centered developers. Nonprofit and for-profit developers are both eligible;
- recommend selling homes subsidized by these resources, to the extent possible by state and federal law, to people of color; and
- make a larger subsidy available for projects intended for lower income households as determined by county AMI or state average AMI.

### **Pre-Development Funding Pool**

Support pre-development funding through one of the following options:

- Establish a separate pool of funding (amount to be determined) to be made available to nonprofit developers who are building homes for homeownership. The amount of funding available to nonprofit developers should depend on the project; or
- Allow a portion of the homeownership development subsidy, as proposed above, up to 15 percent of award, to be accessed up front for pre-development costs.

### **Land Availability**

Improve usability of the existing OHCS [Land Acquisition Revolving Loan Program](#) to make more funding available for land acquisition, or create a new land acquisition loan fund of \$30 million for the 2023–2025 biennium with zero-interest loans of three-to-five years for nonprofit homeownership development organizations. At current prices of \$150,000 for a lot, \$30 million would support the purchase of 200 parcels per biennium.

### **Innovation Fund**

Allocate \$20 million to OHCS to invest in community-based, innovative models for increasing homeownership rates for communities of color in Oregon.

**Background.** According to the Department of Land Conservation and Development’s February 2022 Regional Housing Needs Analysis report, Oregon has underbuilt housing by 140,000 units in recent decades.<sup>13</sup> Amidst a low supply of available land and buildable lots, the state provides limited support for land acquisition, development, and construction of affordable homes. Slow production, paired with the supply chain disruptions that were exacerbated by the COVID-19 pandemic, has boosted demand and constrained supply, especially for low-income Oregonians. The Oregon Office of Economic Analysis estimates that close to half of the state’s underproduced units (combined rental and for-sale units) are needed for Oregonians earning less than half the AMI, or \$40,000 per year.<sup>14</sup> Additionally, rapidly increasing mortgage rates in the

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<sup>13</sup> ECONorthwest, WMPA Strategies, and Communitas Planning. *Meeting Oregon’s Housing Needs: Next Steps for Equitable Housing Production*. (February 2022), available at [https://www.oregon.gov/lcd/UP/Documents/20220201\\_RHNA\\_Interim\\_Framework\\_Report.pdf](https://www.oregon.gov/lcd/UP/Documents/20220201_RHNA_Interim_Framework_Report.pdf) (last visited August 15, 2022).

<sup>14</sup> Josh Lehner, Oregon Office of Economic Analysis, Construction, Housing Supply, and Affordability, <https://oregoneconomicanalysis.com/2022/02/15/construction-housing-supply-and-affordability> (last visited August 15, 2022).

first half of 2022 have dramatically limited the number of qualified buyers who can afford a home in many Oregon regions. These affordability changes particularly impact credit-sensitive buyers, such as first-time homebuyers.<sup>15</sup>

To subsidize projects, many Oregon affordable homeownership developers utilize the LIFT Housing Program, which prioritizes new affordable housing for low- to moderate-income households, especially for families and communities of color.<sup>16</sup> In 2017, the Oregon Legislative Assembly committed the first general obligation Article XI-Q bonds to fund the LIFT program. Typically, 20 percent of total awarded LIFT funds are set aside for homeownership projects. Since 2017, \$22 million in LIFT Homeownership Funds have supported the construction of 269 homes through 22 community land trust projects. The OHCS budget request for the 2023–2025 biennium includes a \$200 million request for LIFT with up to 20 percent set-aside for LIFT Homeownership.

The OHCS Land Acquisition Program (LAP) was established in 2017 to help local governments and nonprofit organizations purchase land for affordable housing development.<sup>17</sup> Of these funds, 40 percent must be used to develop homeownership properties for low-income households earning 80 percent or less of AMI. In the 2021–2023 biennium, the Legislative Assembly allocated \$30 million to OHCS for loan funding for the acquisition of naturally occurring affordable housing stock; \$20 million is being utilized for LAP, with \$3 million set aside for culturally specific organizations serving historically underserved communities.<sup>18</sup>

Other programs supporting the development of affordable housing include the OAHTC and the Low-Income Housing Tax Credit, but those programs are focused on rental housing and are presently not utilized to support homeownership development.

**Problem Statement.** The approximate buying power of a family with \$50,000 in annual income and a maximum monthly payment of \$1,250 is \$220,000 at three percent interest, and \$170,000 at 5.7 percent interest, as shown in **Figure 1**, on the next page. Rising interest rates are eroding the purchase power of potential homebuyers, increasing the need for additional subsidies for developers to keep the home affordable to low- and moderate-income buyers from communities of color.

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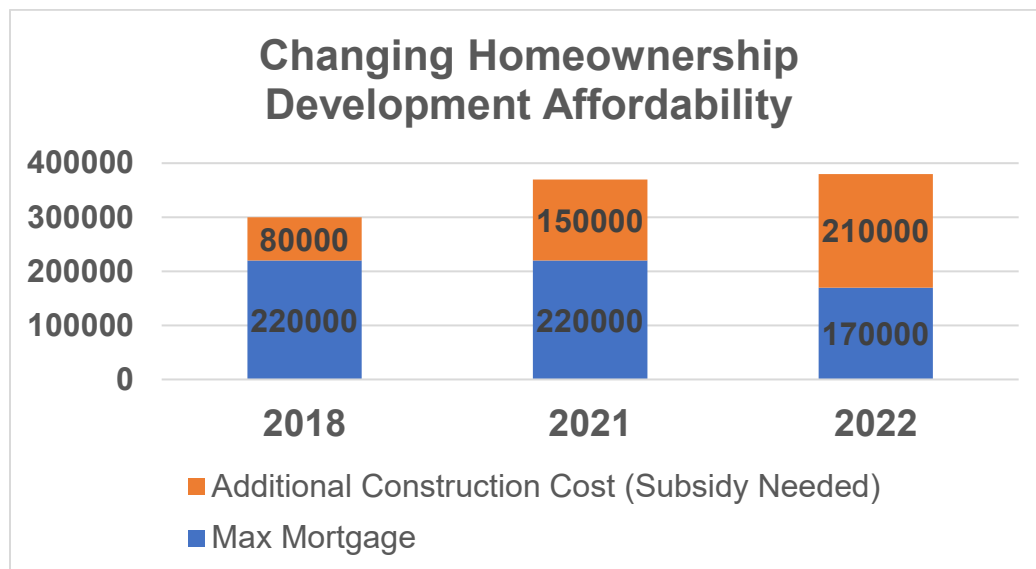
<sup>15</sup> Josh Lehner, Oregon Office of Economic Analysis, Priced Out Oregon Households, <<https://oregoneconomicanalysis.com/2022/02/15/construction-housing-supply-and-affordability>> (last visited August 15, 2022).

<sup>16</sup> Oregon Housing and Community Services, *Homeownership Development*, <<https://www.oregon.gov/ohcs/homeownership/Pages/homeownership-development.aspx>> (last visited August 16, 2022).

<sup>17</sup> Oregon Housing and Community Services, *Land Acquisition Revolving Loan Program*, <<https://www.oregon.gov/ohcs/development/Pages/land-acquisition-revolving-loan.aspx>> (last visited August 15, 2022).

<sup>18</sup> Oregon Housing and Community Services, *LAP Manual* (March 2022), available at <[https://www.oregon.gov/ohcs/development/Documents/LAP/LAP%20Manual%20Final%20\(3rd%20Edition%20-%20Final\).pdf](https://www.oregon.gov/ohcs/development/Documents/LAP/LAP%20Manual%20Final%20(3rd%20Edition%20-%20Final).pdf)> (last visited August 15, 2022).

**Figure 1: Changing Homeownership Development Affordability 2018–2022**



Source and Data: Emily Reiman, DevNW

Within the state’s current homeownership development financing offerings, nonprofit developers struggle to complete projects and maintain affordability for the homebuyer. Currently, OHCS LAP provides eligible nonprofit developers with a two percent interest, 10-year loan; yet due to the lack of cash on hand to pay off the loan on the land, it is difficult for most nonprofit developers to keep the selling price affordable to low-income homeowners without layering in additional subsidies.

There is a need for homeownership development funds that prioritize nonprofit developers with more limited access to capital. Pre-development financing and zero-interest loans are critical to helping smaller developers cover infrastructure and other costs to complete a project. Additionally, more specific funding targets are needed to ensure that new homeownership development projects serve homebuyers of color within certain income and household specifications.

### **Recommendation #11: 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. Eligible borrowers must earn 80 percent or less of AMI, with priority given to buyers of a community land trust or other shared equity property that provides permanent affordability.

The total amount of funding, amount of subsidy, funding source, and mortgage administrator have not been determined. Other programmatic considerations include:

- Borrowers would also be eligible for other homeownership assistance funds.
- Program outcomes could include: tracking the characteristics of borrowers, including demographics and income information; assessing the amount of equity accrued in comparison to appreciation; and calculating the average ownership period. Since the average ownership period is about eight years, this would require long-term tracking and reporting requirements to the Legislative Assembly.

- The proposal may also need to set a ceiling for how much interest rate buy-down is allowed.

**Background.** Shared equity programs allow income-eligible families to purchase homes at below-market rates with the program keeping a share of the home’s equity, so the home remains affordable to other low-to-moderate income homebuyers. Because these programs reduce the purchase price and total mortgage loan amount, monthly payments may be more affordable to low-to-moderate homebuyers. Shared equity programs include deed restrictions, community land trust models, or limited equity cooperatives. The [original proposal](#) focused on buyers of a shared equity property; the final recommendation changes eligibility to borrowers who earn 80 percent or less of AMI.

**Problem Statement.** The 2018 Task Force heard concerns about the use of shared equity programs for addressing racial disparities because it limits the ability of homeowners to accumulate wealth through homeownership and to close the racial wealth gap.

Using the example of a \$200,000 mortgage, **Table 3** shows the interest rate buy-down needed to have the same monthly payment (roughly \$1,385) at each mortgage length, and the resulting change in equity gained through principal payments. The increase in equity gained from the principal paid after ten years from a 30-year to a 20-year mortgage is \$48,712, which is almost the same as the full value of market-rate price appreciation at ten years. The best 30-year period for appreciation was from 1976 to 2005 with an average real price appreciation of 2.2 percent.

**Table 3: Interest Rate Buy-Down – Equity Gains Compared to Appreciation**

Mortgage Length	Interest Rate	Equity from Principal Paid Down At...			Equity from Average 2.2%* Annual Appreciation		
		5 Years	10 Years	15 Years	5 Years	10 Years	15 Years
30 Years	5.7	\$14,595	<b>\$33,989</b>	\$59,762	\$22,989	\$48,621	\$77,200
20 Years	3.5	\$37,062	<b>\$82,701</b>	\$136,239	\$22,989	\$48,621	\$77,200
15 Years	0.6	\$64,348	\$130,988	\$200,000	\$22,989	\$48,621	\$77,200

Source and Data: Emily Reiman, DevNW

## **SECTION 4: APPENDICES**

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Appendix A: Task Force Presentations and Materials

Appendix B: Funding and Organizational Capacity Work Group

Appendix C: Institutional and Regulatory Work Group

Appendix D: Models for Asset Building Work Group

## Appendix A: Task Force Presentations and Materials

Table 1 lists the meeting materials made available at Task Force meetings and provides links to those materials posted on the Oregon Legislative Information System (OLIS).

**Table 1: Task Force Presentations and Materials**

Meeting Date	Topics Discussed
<a href="#">May 4, 2022</a>	<a href="#">One-page summary</a> of Task Force charge and membership <a href="#">Task Force Rules</a> adopted by Task Force <a href="#">House Bill 2007</a> which created the Task Force <a href="#">2018 Task Force Report and Recommendations</a> (December 2019) <a href="#">Policy Crosswalk with 2021/2022 Legislation</a> <a href="#">Staff Overview Presentation</a>
<a href="#">May 27, 2022</a>	<a href="#">OHCS Presentation: Progress Toward Task Force Recommendations</a> <a href="#">Staff document</a> on draft Work Plan and proposed Focus Areas <a href="#">Staff presentation</a> on draft Work Plan and proposed Focus Areas <a href="#">Discussion</a> of proposed Work Plan
<a href="#">June 17, 2022</a>	<a href="#">Staff Focus Area/Work Plan Update</a> <a href="#">OHCS DPA presentation</a> <a href="#">DPA Presentation - Joel Madsen</a> <a href="#">IDA Presentation - Holly McGuire</a> <a href="#">Organizational Capacity - Cheryl Roberts and Daniel Lechuqa</a>
<a href="#">July 15, 2022</a>	<a href="#">Task Force Work Plan and Work Group Updates</a> <a href="#">Fair Lending and Housing Regulations Overview</a> <a href="#">Special Purpose Lending Programs presentation</a> <a href="#">Special Purpose Lending Programs interagency statement</a> <a href="#">Transparency, Accountability, and Outcomes</a> <a href="#">ITIN Lending Issue Brief</a> <a href="#">ITIN Lending information</a> <a href="#">ITIN Lending remarks</a>
<a href="#">August 12, 2022</a>	<a href="#">Focus Areas and Policy Options</a> work plan update and presentation <a href="#">Proposal: Funding and Organizational Capacity Policy Options</a> <a href="#">Proposal: Institutional and Regulatory Policy Options</a> <a href="#">Proposal: Models for Asset Building Policy Options</a> <a href="#">Survey results: Homeownership Centers</a> <a href="#">Survey results: Tribal Organizations</a> <a href="#">Survey results: Culturally Specific Organizations</a> <a href="#">Colorado Health Foundation Pueblo Example</a> <a href="#">indieDwell Company Overview</a>
<a href="#">September 9, 2022</a>	<a href="#">Work Plan and Policy Proposals Presentation</a> <a href="#">Public Comment Summary</a> <a href="#">Martin Campos-Davis (testimony)</a> Policy Proposals: <ol style="list-style-type: none"> <li><a href="#">1 - Agency Support and Biennial Report Proposal</a></li> <li><a href="#">2 - Individual Development Account Proposal</a></li> <li><a href="#">3 - Down Payment Assistance Proposal</a></li> <li><a href="#">4 - Homeownership Organization Funding and Capacity Proposal</a></li> <li><a href="#">5 - Education and Financial Literacy Proposal</a></li> <li><a href="#">6 - Appraiser Training and Education Requirements Proposal</a></li> <li><a href="#">7 - Fair Housing Law Statewide Regional Enforcement and Awareness Proposal</a></li> <li><a href="#">8 - Supply Incentive Tax Credit Proposal</a></li> <li><a href="#">8 - Supply Incentive Tax Credit Proposal (REVISED)</a></li> </ol>

Meeting Date	Topics Discussed
	<a href="#">9 - Special Purpose Credit Program Proposal</a> <a href="#">10 - Incentivizing Homeownership Development Proposal</a> <a href="#">10 - Incentivizing Homeownership Development Proposal (REVISED)</a> <a href="#">11 - Homeownership Assistance Innovation Pilot Program Proposal</a> <a href="#">12 - Building Assets Through Home Equity Proposal</a> <a href="#">12 - Building Assets Through Home Equity Proposal (REVISED)</a>
<a href="#">October 14, 2022</a>	Adoption of Task Force Report

## Appendix B: Funding and Organizational Capacity Work Group

The Funding and Organizational Capacity Work Group met four times from June 7, 2022 to August 8, 2022 to develop a work plan and engage both existing and potential partners to identify policy solutions to address funding and capacity gaps in the provision of homeownership support services for communities of color.

The work group identified four sub-focus areas and identified key components and outcomes for each, as described below.

- **Individual Development Accounts:** identify an ongoing funding source to allow the IDA program to address unmet demand and expand partnerships with culturally specific organizations.
- **Down Payment Assistance:** ensure existing funding allocations are in alignment with growing community need, in light of rising interest rates.
- **Homeownership Organization Funding and Capacity:** address challenges in hiring and retaining qualified homeownership counselors; reduce paperwork and reporting burdens for homeownership support providers; and identify opportunities to support tribal communities in accessing homeownership.
- **Education and Financial Literacy:** develop a training program or curriculum for potential low-income homebuyers that is culturally accessible and available in multiple languages; engage financial institutions to ensure participation in development/dissemination of culturally specific educational or program materials.<sup>19</sup>

**Work Group Participants.** Task Force members participating in this work group included Jerry Ambris, Miguel Arellano Sanchez, Itzel Hernandez Spehar, Loren Naldoza, and Danielle Wood. Talia Kahn-Kravis represented OHCS. Holly McGuire, Neighborhood Partnerships/Oregon IDA Initiative, participated in the work group to provide program data and information about the IDA Initiative.

**Work Group Meetings.** All work group meeting summaries and materials are available at: <<https://www.oregonlegislature.gov/committees/202111-JARDHO/Pages/default.aspx>>.

**June 7, 2022 (Meeting Summary).** The first meeting focused on identifying a work plan, defining and refining the focus area, and identifying people, data, and information needs. The work group requested more information on current funding and the reach of IDA and DPA programs and explored the possibility of a future listening session or survey to homeownership centers and culturally specific organizations to gather input on funding and capacity challenges. Members agreed to invite speakers on IDA, DPA, and several homeownership centers or development organizations to the June 17, 2022 full Task Force meeting dedicated to this focus area.

**June 30, 2022 (Meeting Summary).** Holly McGuire responded to questions raised during a presentation on IDA at the June 17 Task Force meeting, which also included presentations from:

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<sup>19</sup> Legislative Policy and Research Office, *Proposed Work Group & Focus Area Organization (July 1, 2022)*, available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256179> (last visited September 26, 2022).

- Cheryl Roberts and Daniel Lechuga, African American Alliance for Homeownership;
- Joel Madsen, Columbia Cascade Housing Corporation;
- Barb Higinbotham, Community in Action;
- Kymberly Horner, Portland Community Reinvestment Initiatives; and
- Jorge Alvarado, Farmworker Housing Development Corporation.

The work group discussed the need for flexibility of IDA funds to align with diverse family needs; ensuring eligibility and use of the program by ITIN borrowers; and whether a need exists for specific programmatic changes. The group also brainstormed options for sustained funding, including a tax credit increase or directing savings from the potential elimination of the state level MID for second homes.

OHCS staff responded to Task Force member questions on the agency’s DPA program, including program utilization by region and average home price for DPA users from the [OHCS Homeownership Dashboard](#). The work group discussed the various funding streams and concerns about limitations that exist for ITIN borrowers in accessing DPA funds based on the current DOJ definition of “resident” as a requirement of DPA eligibility.

Finally, work group members agreed to develop a survey for homeownership centers and culturally specific organizations to gather input on administrative, funding, or other barriers these organizations experience in supporting homeowners or potential homeowners of color.

**July 6, 2022 ([Meeting Summary](#))**. Work group members discussed a draft [IDA straw proposal](#) and whether to request additional funding beyond the OHCS one-time budget request of \$35 million for the 2021–2023 biennium. Participants agreed that savings from the elimination of the state MID for second homes, as described in a [March 2022 Secretary of State Audit](#), presented the strongest option for secure, ongoing funding for the IDA program.

Staff shared draft survey questions with the work group, based on prior work group discussions. The group refined the organizational survey questions, with specific attention to collecting qualitative information on hiring, training, recruitment, and retention barriers. Work group participants agreed to develop three distinct surveys focused on identifying needs among: homeownership center directors and staff; tribal governments and housing authorities; and culturally specific organizations who currently do not receive state funding for homeownership support.

**August 8, 2022 ([Meeting Summary](#))**. Work group members discussed the results of the three surveys made available July 12–29, 2022, to specific organizational groups. Emergent themes across all surveys included the need for flexible, ongoing funding to support staff and operations, and the constraints many organizations face in accessing funding due to limited capacity to meet intensive reporting requirements. The group reviewed the survey response summaries and their response rates:

- [Homeownership Center survey](#): 17 recipient orgs/10 responses (59 percent)
- [Tribal organization survey](#): 9 recipients/6 responses (67 percent)
- [Culturally specific organization survey](#): 7 recipients/5 responses (71 percent)

The remainder of the meeting was focused on discussing, reviewing, and revising the following straw proposals:

- **Individual Development Accounts.** The work group reviewed the [revised IDA straw proposal](#) and affirmed prioritizing funds obtained from the potential elimination of the MID for second homes to provide ongoing funding for the IDA program.
- **Down Payment Assistance.** In discussing the [DPA straw proposal](#), work group members agreed to ask for additional funding beyond the proposed \$35 million per the OHCS budget request. The group reaffirmed its interest in OHCS leading work to reduce barriers for ITIN borrowers in accessing state-funded DPA programs.
- **Homeownership Organization Funding and Capacity.** Based on survey responses emphasizing the need for funding that is both flexible and ongoing, the work group agreed on expanding the current [funding and capacity straw proposal](#) to include a request for flexible funding for tribal organizations and ongoing funding for homeownership centers and culturally specific organizations.
- **Education and Financial Literacy.** Work group members agreed on an [education and financial literacy straw proposal](#) recommending an inventory of existing financial education and literacy materials and best practices. OHCS would hire a contractor to conduct the inventory and coordinate with partner agencies to make the information available on the agency's website.

**Policy Proposals.** Following the August 8 meeting, the work group's four straw proposals were revised and sent to its members and stakeholders for further review and comment before staff finalized the written proposals and made them available to the Task Force.

Work group members presented the following four policy proposals at the August 12 meeting:

- Individual Development Account Proposal;
- Down Payment Assistance Proposal;
- Homeownership Organization Funding and Capacity Proposal; and
- Education and Financial Literacy Proposal.<sup>20</sup>

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<sup>20</sup> Legislative Policy and Research Office, *Funding and Organizational Capacity Work Group - Focus Area #1, Policy Option Proposals – August 10, 2022*, available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256505> (last visited September 26, 2022).

## Appendix C: Institutional and Regulatory Work Group.

The Institutional and Regulatory Work Group met four times from June 16, 2022 to August 1, 2022 to draft a work plan, engage subject matter experts, and develop proposed solutions around institutional accountability, regulatory measures, outcome measures, and financial services or mortgage products.

The work group identified key components and outcomes for each of the four sub-focus areas, as described below.

- **Institutional Accountability:** ways to track and measure available services, products, and outcomes at financial and other institutions to determine whether they are helping communities of color achieve and maintain homeownership; employment, recruitment, and training for BIPOC individuals; and accountability mechanisms for all parts of the home purchase process.
- **Regulatory Measures:** the awareness and enforcement of fair housing laws and identifying state regulatory changes to investor purchases or mortgage lending to have the broadest positive impact on BIPOC homeowners and communities.
- **Outcome Measures:** identifying ways to measure and share outcome information, including the use of Home Mortgage Disclosure Act and Community Reinvestment Act data and information.
- **Financial Services or Mortgage Products:** increasing or creating financial services or mortgage products to assist underserved and under-resourced communities, including for ITIN holders; prioritizing communities that have been denied access to opportunity; and identifying other nontraditional lending products.<sup>21</sup>

**Work Group Participants.** The Task Force members participating in this work group were Yesika Arévalo, Josephine Davis, Andrew Emerson, Allan Lazo, Rose Ojeda, and Mary Vasquez. Talia Kahn-Kravis and Kim Freeman represented OHCS.

Additional members or guest participants were:

- Travis Hoover, Change Home Mortgage
- Alex Cheng, DCBS
- Lauren Winters, DCBS
- Erin Seiler, BOLI
- Leila Wall, BOLI
- Scott Shaw, OHCS

**Work Group Meetings.** All work group meeting summaries and materials are available at: <<https://www.oregonlegislature.gov/committees/202111-JARDHO/Pages/default.aspx>>.

**June 16, 2022 ([Meeting Summary](#)).** The first meeting focused on identifying a work plan, defining and refining the focus area, and identifying people, data, and information needs. In addition to refining the focus area, the group wanted overviews of state fair

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<sup>21</sup> Legislative Policy and Research Office, *Proposed Work Group & Focus Area Organization (July 1, 2022)*, available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256179> (last visited September 26, 2022).

housing, homeownership regulation, or consumer protection roles and responsibilities, background on the Home Mortgage Disclosure Act (HMDA) and current data, and data on investor purchases of resale or foreclosure properties.

**June 29, 2022 ([Meeting Summary](#))**. Lauren Winters and Alex Cheng gave a presentation on state and federal regulation of mortgage lending, including the ECOA/SPCPs, Fair Housing Act, DCBS licensing and examination of the mortgage industry, [ORS Chapter 86A](#) (2021) fair lending education requirements, federal fair lending examinations, DCBS mortgage lender examinations, typical mortgage lending examination violations, consumer complaints, and DCBS mortgage lending enforcement.

Erin Seiler and Leila Wall explained that the BOLI Civil Rights Division investigates complaints of discrimination and enforces laws that prohibit discrimination based on protected classes, including the enforcement of fair housing laws. Alan Lazo described how the FHCO is working with BOLI and HUD, and the work group discussed the Legislative Assembly's investment in BOLI and FHCO in 2021 for outreach and enforcement of fair housing laws.

Lastly the group discussed potential agenda items for the July 15, Task Force meeting on this focus area, including:

- Fair Lending and Housing Regulation Overview
- ECOA Special Purpose Lending Programs
- Outcomes and Accountability through the Community Reinvestment Act, Home Mortgage Disclosure Act data, and OHCS measures
- ITIN Lending

**July 20, 2022 ([Meeting Summary](#))**. The work group discussed the July 15, Task Force meeting presentations and member feedback on SPCPs, ITIN lending, scorecards and accountability, connecting services, and lender certifications. They then reviewed a list of potential straw proposals and asked staff to develop proposals on:<sup>22</sup>

- appraiser training and education;
- continuation of the BOLI and FHCO investment in fair housing awareness and enforcement;
- ITIN lending products; and
- SPCPs at OHCS.

**August 1, 2022 ([Meeting Summary](#))**. This meeting was focused on discussing, reviewing, and revising the following straw proposals:

- **Special Purpose Credit Program**. The group discussed the [SPCP straw proposal](#) and refined the total amount of funding, purpose of the program and how lenders would participate, mechanics of the first and second loans, lender requirements, and how the proposal fits into the Flex Lending Program and OHCS requirements.

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<sup>22</sup> Legislative Policy and Research Office, Institutional and Regulatory Work Group - Focus Area #2, Discussion Ideas or Straw Proposals for July 20, 2022 Meeting, available at <<https://www.oregonlegislature.gov/committees/202111-JARDHO/WorkgroupDocuments/Discussion%20Ideas%20-%20July%202020,%202022.pdf>> (last visited September 16, 2022).

- **ITIN Lending.** The group discussed the [ITIN lending straw proposal document](#) and determined that with the proposed SPCP proposal, there was no need for a separate ITIN proposal.
- **Training and Education for Appraisers.** The group discussed the [appraiser training and education requirements straw proposal document](#) and did not make any changes to the proposal.
- **Fair Housing Law Statewide Regional Enforcement and Awareness.** The group discussed the [Fair Housing straw proposal document](#) and did not make any changes to the draft, although noted that the budget numbers may need to be updated.
- **Supply Incentives/Tax Credit (investor properties).** The group reviewed the [supply incentives straw proposal](#) and discussed the elements that needed to be defined, including purpose, tax credit criteria, and how to structure the tax credit.
- **Other Proposals.** The group discussed and decided not to develop proposals for long-term tracking or an alternative for private mortgage insurance.

**Policy Proposals.** Following the August 1 meeting, this work group’s four straw proposals were revised and sent to the work group members and stakeholders for further review and comment before staff finalized the written proposals and made them available to the Task Force.

Work group members presented the following four policy proposals at the August 12 meeting:

- Appraiser Training and Education Requirements Proposal;
- Fair Housing Law Statewide Regional Enforcement and Awareness Proposal;
- Supply Incentives/Tax Credit Proposal; and
- Special Purpose Credit Program Proposal.<sup>23</sup>

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<sup>23</sup> Legislative Policy and Research Office, *Institutional and Regulatory Work Group - Focus Area #2, Policy Option Proposals – August 9, 2022*, available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256500> (last visited September 16, 2022).

## Appendix D: Models for Asset Building Work Group

The Models for Asset Building Work Group met four times from June 21, 2022 to August 2, 2022 to identify a work plan, engage subject matter experts, and develop proposed solutions around incentivizing homeownership development and home purchase models.

The group considered ways to increase grant funding to subsidize land acquisition, infrastructure, and the development of affordable housing; how to support development of homeownership types that are responsive to diverse community needs; and ways to support homeownership as wealth building. The group discussed community ownership and other home purchase models, such as community land trusts, manufactured homes, shared-equity homeownership, and rent- or lease-to-own purchase models.<sup>24</sup>

**Work Group Participants.** The Task Force members participating in this work group were Jerry Ambris, Miguel Arellano, Yesika Arévalo, Itzel Hernandez Spehar, Allan Lazo, Loren Naldoza, Rose Ojeda, and Mary Vasquez. Talia Kahn-Kravis represented OHCS.

Additional members or guest participants were:

- Emily Reiman, Executive Director, DevNW
- Shannon Vilhauer, Executive Director, Habitat for Humanity
- Jackie Keough, Kôr (Community Land Trust in Bend)
- Tamara Holden, Guardian Real Estate
- Michelle DaRosa, Real Estate Development Attorney
- Erica Calderon, Bienestar Oregon
- Gina A Patterson, Boston Opportunity System Collaborative Director
- John Smith, Dudley Street Neighborhood Initiative
- Ben L. Bynum, The Colorado Health Foundation

**Work Group Meetings.** All work group meeting summaries and materials are available at: <<https://www.oregonlegislature.gov/committees/202111-JARDHO/Pages/default.aspx>>.

**June 21, 2022 ([Meeting Summary](#)).** The first meeting focused on identifying a work plan, refining the focus area, and identifying people, data, and information needs. The group originally discussed three areas of work:

1. Financial services or mortgage products, including products to assist underserved communities; services or pilot programs for ITIN holders; nontraditional lending products; and SPCPs.
2. Incentivizing homeownership development, including development of homeownership types that are responsive to diverse community needs and contribute to wealth building.
3. Home purchase models, including community ownership.

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<sup>24</sup> Legislative Policy and Research Office, *Proposed Work Group & Focus Area Organization (July 1, 2022)*, available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256179> (last visited September 26, 2022).

The group also identified needing additional information about financial institutions and current offerings; ITIN lending requirements; funding for and challenges of nonprofit development organizations; the public's role in assisting with long-term affordability and wealth-building; and information about successful rent-to-own models.

**July 13, 2022 ([Meeting Summary](#))**. The second work group meeting focused on a revised work plan and hearing from organizations with expertise in homeownership development and various home purchase models.

Emily Reiman shared a [chart](#) highlighting the increase in funding needed to subsidize housing while still keeping it within a certain maximum mortgage range and that in 2022, buyers' purchase power has eroded due to rising interest rates, increasing the subsidy needed. Shannon Vilhauer, Executive Director, Habitat for Humanity, described how Habitat is purchasing land today for development four years from now. The group discussed the number of homes needed to close the gap for BIPOC homeownership; the need to reduce the "siloed" nature of funding streams; the need for an apprenticeship pipeline to support nonprofit developers; and ensuring that funding focuses on a broad spectrum of community needs.

Jackie Keogh described Kôr's organization's model and how it serves BIPOC communities in Bend earning less than 80 percent of AMI and partners with major employers in the Bend region on solutions for workforce housing. Tamara Holden shared her current work on a rent-to-own model with OHCS for projects that are in early development. Work group members discussed exploring cross-sector collaboration opportunities and developer partnerships with credit unions to address barriers around lending.

**July 25, 2022 ([Meeting Summary](#))**. The third work group meeting focused on cross-sector housing models and the homeownership development straw proposal.

Gina Patterson and John Smith shared Boston's Innovative Stable Housing Initiative. They described the Initiative's partnership with the Dudley Street Neighborhood Initiative, a community land trust, to invest in housing, preservation, displacement efforts, and other community issues.

Dr. Ben Bynum described the Colorado Health Foundation and its work in communities around the state, specifically in Pueblo, Colorado, where the Foundation has worked for about seven years on jobs and housing, including homeownership development, with various partners. One partner has opened a factory to produce modular homes and has hired about 150 people, most at entry level with a career ladder and benefits. Another partner identified a mortgage lending product that would help with homeownership; the Foundation capitalized that product and supported homeownership preparation services. The community and its partners are nearing completion of a large-scale development of 80 acres with 620 homes that includes everything from income-restricted to market-rate homes.

The work group also reviewed an [Incentivizing Homeownership Development straw proposal](#) to invest \$100 million for homeownership development to build 500 homes in 2023–2025 biennium with a subsidy of \$200,000 per home. The group discussed

adding pre-development funding, land banking or government-owned properties available for nonprofit development, as well as addressing gaps in existing land acquisition funding programs.

**August 2, 2022 ([Meeting Summary](#))**. The final work group meeting focused on reviewing two straw proposals and deciding on presentations for the August 12 Task Force meeting.

The work group reviewed and discussed the revised [incentivizing homeownership development straw proposal document](#) that had been divided into three parts based on the July 25 discussion: homeownership development; pre-purchase funding; and land availability. The group revised programmatic considerations for homeownership development, decided to keep both options in the proposal for pre-development costs, and focused on addressing the land availability barrier through developing a loan fund that could provide zero-interest loans to nonprofit homeownership development organizations for land acquisition.

The work group decided to modify the community-defined homeownership assistance option to provide an alternative for a community that wants to do something different to remove the barriers to homeownership, and to make the building assets through home equity option a separate proposal.

Lastly, the group decided to ask Emily Reiman to present on the building assets through home equity proposal and the Pueblo, Colorado partners to present on their work at the August 12 Task Force meeting.

**Policy Proposals.** Following the August 2 meeting, this work group's three straw proposals were revised and sent to the work group members and stakeholders for further review and comment before staff finalized the written proposals and made them available to the Task Force.

Work group members presented three policy proposals at the August 12 meeting:

- Incentivizing Homeownership Development Proposal;
- Homeownership Assistance Innovation Pilot Program Proposal; and
- Building Assets Through Home Equity Proposal.<sup>25</sup>

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<sup>25</sup> Legislative Policy and Research Office, *Models for Asset Building Work Group - Focus Area #3, Policy Option Proposals – August 9, 2022*, available at <https://olis.oregonlegislature.gov/liz/202111/Downloads/CommitteeMeetingDocument/256501> (last visited September 26, 2022).