



80TH OREGON LEGISLATIVE ASSEMBLY
 JOINT TASK FORCE ADDRESSING RACIAL DISPARITIES IN HOME OWNERSHIP

Phase II Preliminary Recommendations

Group 1: Addressing Educational, Occupational, or Income Disparities

#	Educational, Occupational, or Income Disparity Policy Options	Barriers Addressed
1	Enhance partnerships between local workforce development boards and culturally specific community organizations, homeownership education programs, and mortgage readiness programs to address wage inequities and identify ways to increase the availability of construction labor across the state.	Finances – Affordable Wages Land/Supply/Costs - Stock
2	Require that Oregon high school graduates be financially literate by adding a new diploma requirement or adjusting an existing diploma requirement to include financial literacy, including credit scores and mortgage lending.	Education/Awareness – HS Literacy Mortgage Lending
3	Reduce student debt through increased state investment in higher education or student loan forgiveness.	Mortgage Lending – Funding Sources Wealth Gap
4	Invest in community and neighborhood wealth-building to support individual wealth accumulation, maintenance, and protection, including increasing access to capital for small businesses, supporting community organizations, or making infrastructure investments (including high speed internet) in disadvantaged communities.	Land/Supply/Costs – Rural Construction Wealth Gap
5	Implement a state savers tax credit.	Wealth Gap
6	Modify Oregon’s income tax structure so that the lowest income taxpayers are not paying a higher percentage of their incomes than the wealthiest taxpayers.	Historical
7	Remove property tax limit restrictions (Measure 5, 1990) which arguably benefit higher income, white individuals and disproportionately affect people of color who pay higher fees for access to certain services because of the lack of sufficient property taxes to fund local governments. Despite Oregon being ranked eighth in the country in economic vitality, the lower and middle classes are paying more taxes compared to income.	Historical

#	Educational, Occupational, or Income Disparity Policy Options	Barriers Addressed
8	Provide education in K-12, teaching how to build inclusive movements, strengthen social groups, and instill social solidarity.	Historical - Intersectionality
9	Allow the acceptance of foreign credentials (likely to be addressed by SB 855). Require more transparent licensing requirements (some can be extremely complex). Increase access to courses for professional English and other educational gaps (to learn English/sit for exams).	Status – Immigrant/Refugee
10	Implement a universal base income	Wealth Gap

Group 2: Addressing the Housing System, Lending, Land Use, or Supply Issues

#	Housing System, Lending, Land Use, or Supply Policy Options	Barriers Addressed
11	Exempt non-profit organizations from regulatory and training requirements for small zero-interest loans (between \$250 and \$2,500) as California has done, to compete with “payday” style lending.	Credit
12	Form a special workgroup to review current laws, rules, and guidance, along with implementation of HB 2001, to ensure that there are options available to multigenerational homebuyers. (Review local zoning restrictions, etc.)	Cultural – Multigenerational
13	Create a refundable first-time homebuyer tax credit scaled to income. Define first-time homebuyer and eligible income levels related to average median income (AMI).	Finances – Income and Market Price Disconnect Wealth Gap
14	Hold lenders and brokers to similar standards as a securities broker. Create an affirmative fiduciary duty requiring the lender/broker to recommend loans that are well-suited and advantageous for the borrower.	Mortgage Lending – Illegal Discrimination
15	Create a healthy small-dollar/micro-mortgage market and/or a low-interest loan program where Oregon has homes available within certain price brackets. These loans would also assist with initial repair and renovation.	Mortgage Lending – Lender and Broker Incentives
16	Require banks and credit unions to make their general requirements available online in a centralized location. This would make researching various bank requirements more accessible and improve the ability of a consumer searching for a loan to be matched with the best available loan.	Mortgage Lending – DTI Requirements

#	Housing System, Lending, Land Use, or Supply Policy Options	Barriers Addressed
17	<p>Create a public state bank or encourage/allow municipal-level public banking institutions to invest savings in affordable housing. Most cities currently bank by collecting revenues and then placing the moneys in commercial banks. Those private banks then choose the projects or industries in which to invest the city's money. With a public bank, cities (and voters) could determine how to invest funds, which could include funding certain projects at a lower interest rate than a private bank would. The banks would be managed by city employees who have financial expertise, and the priorities could be decided by the voters, such as reinvesting in the community through financing affordable housing. Sometimes roughly half the total cost of building and infrastructure projects stems from lender fees and interest. The state constitution would need to be amended to allow for a state bank. See OR Const. Art. XI, § 1. Unclear on municipalities. Several studies have been conducted on municipal and state-level public banking, and there are municipal and state-level efforts across the country. North Dakota has a statewide public bank, which is the only of its kind in the country (not including the territories) and has been in operation for a century. The model being proposed in California would be different from North Dakota. An additional benefit could be that research supports that racial discrimination decreases as banking competition increases.</p>	<p>Mortgage Lending – Lender and Broker Incentives/PMI</p> <p>Program Funding – Available Capital and Investments</p>
18	<p>Incentivize manufactured and modular housing. (In financing, manufactured home loans are more similar to vehicles than homes, which can make financing difficult.)</p>	<p>Land/Supply/Costs - Stock</p>
19	<p>Consider expanding UGB. (research on costs, effectiveness, pros/ cons)</p>	<p>Land/Supply/Costs - Stock</p>
20	<p>Consider taxing vacant land and properties to both encourage development and to place vacant properties on the market. Florida, California, Illinois, and Michigan have similar disincentives.</p>	<p>Land/Supply/Costs - Stock</p>
21	<p>Take stock of surplus public lands. (Require all levels of government to take inventory. Encourage land to be sold to developers for building low/middle income level homes for purchase.)</p>	<p>Land/Supply/Costs - Costs</p>
22	<p>Consider discussing solutions with the Department of Land Conservation and Development (DLCD).</p>	<p>Land/Supply/Costs - Costs</p>
23	<p>Pay system development charges. Look into subsidizing or changing requirements to lower/limit costs. (Managed by various entities.)</p>	<p>Land/Supply/Costs – Rural Construction</p>
24	<p>Review fee structures and allow local governments to set impact and development fees on a per-acre, gross land, or square-foot basis rather than a per-unit basis to more accurately reflect true infrastructure costs for residential projects. This will enable higher-density projects to be financially feasible.</p>	<p>Land/Supply/Costs – Land Use Policies</p>
25	<p>Shorten lengthy building review and permitting processes that add cost and allow for delays. Utilize updated technology to decrease costs and uncertainty.</p>	<p>Land/Supply/Costs – Land Use Policies</p>

#	Housing System, Lending, Land Use, or Supply Policy Options	Barriers Addressed
26	Establish zoning that allows high-density residential development in a half-mile radius around high-capacity transit station areas and within a quarter-mile of frequent-service/rapid-service transit lines to build up to the allowed height without additional review or approvals. (See Edwards edition in Monmouth, mixed neighborhood model.)	Land/Supply/Costs – Land Use Policies
27	Empower the DLCD to audit Oregon cities for adherence to statewide laws requiring clear and objective standards in approving needed housing and meeting existing permitting timelines.	Land/Supply/Costs – Land Use Policies
28	Incentivize taller homes with smaller footprints by using a floor area ratio model similar to one outlined by the City of Portland.	Land/Supply/Costs – Land Use Policies
29	Review inclusionary zoning laws. (Concerns this is stifling development. Request research on whether zoning laws are a hindrance or a help, nationwide. Should the low-income units be subsidized? Focus on nonprofits?)	Land/Supply/Costs – Land Use Policies
30	Establish density bonuses to incentivize the building of a certain number of units.	Land/Supply/Costs – Land Use Policies
31	Eliminate restriction where some zones only allow for one kitchen per lot, which would make multi-generational homes or homes shared by extended families more feasible.	Land/Supply/Costs - Stock
32	Offer cash rebates on new home construction that is in desired locations. The DLCD may offer funding for these kinds of programs.	Land/Supply/Costs – Rural Construction
33	Create an experience rating program for real estate and mortgage lending professionals.	Other Policies or Regs – Professional Licensure
34	Encourage local housing agencies to use Housing Choice Vouchers (HCV) for homeownership.	Other Policies or Regs – Favoring Renting over Buying
35	Require a health/safety/ wellness check before sale of home. What is currently required in a home inspection? What types of chemicals do they test for? Provide a pamphlet for potential homebuyers regarding all the issues they should be aware of re: safety, health, before purchasing a home.	Sale requirements Education/ awareness
36	Continue the OHCS Federal Troubled Asset Relief Program (TARP) after funding expiration.	Sustaining homeownership

Group 3: Federal or National Recommendations to Address Disparities in Homeownership

#	National Policy Options	Barriers Addressed
37	Define “alternative data” and ensure it meets the regulatory standards for accuracy and fairness required by the Fair Credit Reporting Act and the Equal Credit Opportunity Act.	Credit
38	Require cell phone service providers, cable companies, and utility companies to report to a least one credit bureau quarterly (or require them to offer the option to customers). (There are federal regulatory barriers that deter utility and telecommunications companies from furnishing on-time payment data to credit bureaus. Congress was considering bipartisan legislation that would have amended the Fair Reporting Credit Act (FRCA) to clarify that utility and telecommunication companies can report certain data, such as on-time payments, to credit bureaus.)	Credit
39	Require lenders to use the updated version of FICO: FICO Score 9 (which includes rental payments, etc.).	Credit
40	Request that the GSEs redevelop and expand the credit scoring models they accept. (Fannie Mae and Freddie Mac are required to request applications to evaluate additional credit scoring models for their mortgage underwriting process. Outcome is to be determined.)	Credit
41	Use the gross amount of income for a qualifying income.	Cultural – Income Sources
42	Update the Community Reinvestment Act, federal-level efforts to improve enforcement, and demand that data collection be improved using updated technology to detect illegal discrimination. Consider passing a joint memorial to Congress.	Mortgage Lending – Illegal Discrimination
43	A joint memorial could be submitted to request a requirement that regulators annually report all fair lending examinations and include basic information, such as indicators of potential discriminatory activity, identification of the groups thought to be disadvantaged, and the outcome of the examination.	Mortgage Lending – HMDA
44	Other similar recommendations may also require federal-level intervention, such as curtailing steering by requiring objective pricing standards and requiring subprime lenders to disclose more detailed underwriting data.	Mortgage Lending – HMDA
45	Support homeownership programs and investments for tribal members on or off trust lands.	Housing Program Gaps – 184 Loans

This document has been prepared by the Legislative Policy and Research Office (LPRO) for the Task Force on Addressing Racial Disparities in Home Ownership. LPRO provides centralized, professional, and nonpartisan research, issue analysis, and committee management services for the Legislative Assembly.