



Prepared by
Legislative Policy and
Research Office

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

**Report on Addressing
Barriers to Home
Ownership for People of
Color in Oregon**

December 2019

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December 31, 2019

To Senate President Peter Courtney and House Speaker Tina Kotek:

Submitted herewith is the final report of the Task Force on Addressing Racial Disparities in Home Ownership. This Task Force was created in 2018 for the purpose of identifying the barriers to homeownership and developing recommended solutions, including legislation, to address conditions that reduce or prevent homeownership among people of color in this state.

The Task Force submitted a preliminary report in September 2019 containing an update on its progress and a set of initial recommendations (Phase I) for the 2020 session, including a recommendation to extend this work into 2020. This report addresses the requirements of House Bill 4010 (2018) and includes a second set of recommendations (Phase II) identifying the work for the Task Force in 2020.

Sincerely,

Senator James Manning Jr., Co-Chair

Representative Mark Meek, Co-Chair

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EXECUTIVE SUMMARY

The Task Force on Addressing Racial Disparities in Home Ownership was charged by [House Bill 4010](#) (2018) with identifying the barriers to homeownership that people of color face in Oregon and developing recommended solutions.

Process Summary

The Task Force met from September 2018 to January 2019 to focus on mortgage loan practices and procedures and identify the systemic barriers to homeownership for people of color. After a break for the 2019 legislative session, it met three times between June and August of 2019 to define a problem statement, discuss barriers, and identify policy solutions and potential recommendations. The Task Force adopted preliminary (Phase I) recommendations on September 19, 2019, and Phase II recommendations on November 21, 2019.

Problem Statement

The Task Force considered and adopted the following problem statement:

Oregon's communities of color do not have equal, fair, or equitable access to homeownership. A comprehensive review of public, private, and nongovernmental organization data sources show that communities of color own homes at lower rates than their white counterparts. These disparities are the result of historical and current discriminatory housing policies and practices, disparate access to credit, generational poverty, and racial biases, which are exacerbated by present-day barriers that disproportionately impact Oregon's communities of color.

Preliminary Recommendations (Phase I)

The Task Force recommends that its work be extended through September 2020 to allow it to continue developing recommended solutions to address the barriers that reduce or prevent homeownership among people of color in Oregon. In addition, it recommends the following be considered during the 2020 legislative session:

- 1. Increase Homeownership Outreach by Culturally Specific Organizations.**
Provide funding to culturally specific organizations for outreach to increase the visibility of and access to homeownership assistance programs by communities of color, including increasing access to culturally specific homebuyer education and counseling, down payment assistance, down payment savings credits, and individual development accounts (IDAs).
- 2. Education and Training for Mortgage and Real Estate Professionals.**
Improve education and training required of and provided to mortgage and real estate professionals to cover homebuyer assistance programs and incorporate racial bias training. Explore changing licensure requirements or specifying continuing education content requirements for real estate and mortgage lending

professionals in statute or administrative rule through the Oregon Real Estate Agency and Department of Consumer and Business Services.

3. **Financial Support and Technical Assistance for Culturally Specific Homeownership Assistance.** Have Oregon Housing and Community Services (OHCS) provide additional financial support and technical assistance to nonprofits and culturally specific organizations to conduct outreach, tailor programs, and deliver community-specific financial literacy courses and homebuyer assistance, education, and counseling programs.
4. **Down Payment Assistance.** Increase funding for down payment assistance and individual development accounts to support homeownership by people of color.
5. **State Program Goals and Standards.** Set goals, reporting requirements, and program standards for OHCS specific to homeownership by people of color.
6. **Tribal Homeownership Needs.** 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.

Phase II Recommendations

The Task Force recommends the following five areas of future work for 2020:

1. **Housing Lending and Finance Disparities.** Convene a work group to develop recommendations specific to identifying ways to reduce racial disparities in homeownership lending.
2. **Communities of Color Homeownership Pilot Program.** Convene a work group to identify options and develop recommendations for one or more pilot programs.
3. **State Compliance with Fair Housing and Lending Laws.** Convene a work group to consider ways for the state to enforce equal access to homeownership lending to improve outcomes.
4. **Homeownership Language Accessibility.** Convene a work group to recommend ways to improve language access in mortgage lending, homebuying, and homeownership assistance, including statutory requirements.
5. **Federal Housing Laws and Regulations.** Prepare a draft resolution or letter recommending actions to reduce homeownership disparities under federal purview.

The Task Force also adopted three recommendations for other legislative committees, work groups, boards, commissions, or task forces on policies related to education, workforce development, tax and wealth, and housing supply.

Access to Full Report

The full report can be found online at

<https://www.oregonlegislature.gov/committees/201911-JARDHO/>.

SECTION 1: TASK FORCE PROCESS

Charge and Background

[House Bill 4010](#) (2018) was signed into law on April 13, 2018 and requires the Task Force on Addressing Racial Disparities in Home Ownership to:

- Compile data concerning levels of homeownership among people of color in Oregon.
- Identify barriers to homeownership that people of color face in Oregon.
- Investigate practices and procedures for approving mortgage loans.
- Identify any discriminatory mortgage loan practices and procedures against people of color and any barriers, created or maintained, against approving mortgage loans for people of color in Oregon.
- Identify barriers other than access to mortgage loans or other credit that reduce or prevent homeownership among people of color in Oregon.
- Recommend solutions, including legislation, to modify practices or procedures for mortgage loan applications and approvals to eliminate discrimination or barriers, and to improve other conditions that reduce or prevent homeownership among people of color in Oregon.

Timeline and Meeting Materials

The 11 members of the Task Force were appointed by the President of the Senate and Speaker of the House on June 12, 2018. The Task Force first met on September 27, 2018 and then met almost monthly until November 2019 with a break for the 2019 legislative session. A timeline of meetings noting presenters, topics discussed, and Task Force decisions is shown in Table 1.

Table 1: Timeline of Task Force Meetings

Meeting Date	Topics Discussed
September 27, 2018	Member Introductions and Goals Overview and Background Presentations from: <ul style="list-style-type: none"> • Fair Housing Council of Oregon • Oregon Housing and Community Services • Department of Consumer and Business Services
October 22, 2018	Common Language Mortgage Loan Practices and Procedures Homeownership Programs
November 28, 2018	Common Language Presentations on Barriers to Homeownership from: <ul style="list-style-type: none"> • Community and Shelter Assistance Corporation (CASA of Oregon) • Proud Ground • Habitat for Humanity Oregon • NeighborWorks Umpqua • Portland Housing Bureau • Neighborhood Economic Development Corporation

Meeting Date	Topics Discussed
December 11, 2018	Adopted Common Language Credit Union Homeownership Programs Presentations on Barriers to Homeownership from: <ul style="list-style-type: none"> • Chair of the Oregon Commission on Black Affairs • Co-Chair of the Oregon Commission on Hispanic Affairs • Immigrant & Refugee Community Organization Africa House • Portland Community Reinvestment Initiatives Pathways 1000 Program
January 10, 2019	Tribal Lending Programs Culturally Specific Homeownership Programs Presentations on Barriers to Homeownership from: <ul style="list-style-type: none"> • NAYA Family Center • Oregon Commission on Asian and Pacific Islander Affairs • Asian Family Center • Moorish Science Temple of America
June 14, 2019	Barriers to Homeownership Problem Statement Adoption
July 29, 2019	Statewide Housing Plan Oregon Housing and Community Services Data and Resources Barriers and Policy Options
August 14, 2019	Homeownership Rate Data Barriers and Policy Options
September 19, 2019	Review, Prioritize, and Approve Phase I Recommendations
November 21, 2019	Phase I Recommendation Update Goal Setting Discuss and Approve Phase II Recommendations

A hyperlinked list of meeting presentations and materials is included in [Appendix A](#).

Common Language

A common language document was developed to create a shared vocabulary for the Task Force, avoid misunderstandings, and assist in Task Force communication. The adopted language is included in [Appendix B](#).

Task Force Problem Statement

On June 14, 2019, the Task Force considered and adopted a problem statement to help focus the selection of barriers and policy options that would be developed into recommendations. The Task Force adopted the following statement:

Oregon’s communities of color do not have equal, fair, or equitable access to homeownership. A comprehensive review of public, private, and nongovernmental organization data sources show that communities of color own homes at lower rates than their white counterparts. These disparities are the result of historical and current discriminatory housing policies and practices, disparate access to credit, generational poverty, and racial biases, which are

exacerbated by present-day barriers that disproportionately impact Oregon's communities of color.

Barrier Identification and Policy Options Research

A matrix of barrier categories and associated challenges or issues was created from meeting presentations, Task Force discussions, and additional research and is included in [Appendix C](#). The Task Force reviewed the matrix at the June 2019 meeting and completed a survey between the June and July meetings to help refine the barrier list. Staff then conducted research on the 13 barrier categories and provided background information, descriptions of current law or programs, and policy options for each barrier at the July and August meetings ([Preliminary Research](#) and [Preliminary Research Vol. 2](#)).

Developing Policy Recommendations

During the July and August 2019 meetings, the Task Force discussed the research and policy options identified to address each of the previously itemized barriers to homeownership. Similar or duplicate policy options were then consolidated and organized into four groups: (1) addressing racial disparities in homeownership; (2) addressing educational, occupational, or income disparity barriers; (3) addressing housing system, lending, land use, or supply barriers; and (4) addressing homeownership barriers controlled or regulated by the federal government.

The Task Force first considered recommendations from the “addressing racial disparities in homeownership” group at the September 2019 meeting. Members reviewed 13 recommendations, completed a prioritization exercise, voted to support the extension of the Task Force, and adopted six of the remaining 12 recommendations as preliminary ([Phase I](#)) recommendations. The Phase I recommendations were submitted in a [preliminary report](#) to the Legislative Assembly on September 30, 2019.

The Task Force staff and Co-Chairs then organized the remaining potential recommendations and policy options into two categories for consideration at the November 2019 meeting (Phase II recommendations). The first category identified future work for the Task Force if it is officially extended, including work groups and policy discussions on housing lending and finance disparities, pilot program development, state compliance with federal fair housing and lending laws, and language accessibility. The second category included policy options that were not specific to racial disparities in homeownership and should be addressed by other legislative committees, work groups, boards, commissions, or task forces. The [Phase II recommendations](#) were adopted and are described in the Recommendations section of this report.

SECTION 2: HOMEOWNERSHIP RATES

Data gathered by the American Community Survey (ACS) show that homeownership rates are lower for communities of color in Oregon than for whites (Table 2). Based on the same ACS data, an additional 63,842 households of color would need to become homeowners to eliminate the gap in homeownership rates.¹ Currently there are approximately 1.6 million households in Oregon.

Table 2. Oregon Homeownership Rates 2013-2017

Community	Rate
American Indian / Alaskan Native	44.8%
Asian	59.4%
Black or African American	32.2%
Hispanic or Latino	40.8%
Native Hawaiian or Another Pacific Islander	33.4%
Other Races	40.6%
Two or More Races	46.4%
White, Not Hispanic or Latino	65.1%
Overall Rate	61.1%

Source: Legislative Policy and Research Office

Data: 2013-2017 American Community Survey Five-Year Estimates

Oregon Housing and Community Services has an [online data dashboard](#) for homeownership rates that allows queries by county and by race and ethnicity.²

¹ U.S. Census Bureau, *2013-2017 American Community Survey Five-Year Estimates*, https://data.census.gov/cedsci/?intcmp=aff_cedsci_banner (last visited December 8, 2019).

² Oregon Housing and Community Services, Homeownership Rates by Race & Ethnicity, <https://public.tableau.com/profile/oregon.housing.and.community.services#!/vizhome/HomeownershipRatesbyRaceEthnicity/HomeownershipRatesbyRaceEthnicity> (last visited December 6, 2019).

SECTION 3: MORTGAGE LENDING PRACTICES AND PROCEDURES

The Task Force was charged with investigating the practices and procedures for approving mortgage loans, identifying any discriminatory practices and procedures, and identifying any barriers—created or maintained—against approving mortgage loans for people of color in Oregon. This section provides an overview of mortgage loan practices and procedures.

Overview

Mortgage lenders ensure borrowers can afford the home they are buying and are likely to repay the loan and verify the home a borrower wants to buy is worth the purchase price. This process of reviewing a borrower’s credit, capacity, capital, and collateral is called the “4 C’s” of mortgage lending (Table 3).³

Table 3. The 4 C’s of Mortgage Lending

Term	Definition
Credit	A borrower’s ability to repay is evaluated by reviewing previous payment trends, including payment history, total outstanding debt, and revolving credit.
Capacity	The evaluation of a borrower’s current income against their projected debt is called capacity. Lenders look at two calculations: Housing Ratio and Debt Ratio.
Capital (or Cash)	This aspect takes the borrower’s assets into consideration. Underwriters review assets to confirm there is money for a down payment, loan fees, closing costs, escrow impounds, and reserves for a rainy day and moving expenses.
Collateral	This is also known as home appraisal. Property location, size, condition of the home, rebuilding cost, and cost of other similar homes is taken into consideration. For lenders, the objective is to have something of value that can be used to safeguard the loan, should the buyer default on payments.

Source: Legislative Policy and Research Office

Data: Julie Nash October 2018 Presentation⁴

Documentation Requirements

In applying for a loan, borrowers must submit the following documentation:⁵

- name, birthdate, and social security number;
- two-year residence history;
- two-year employment history;
- two years of income documentation (W-2 or tax returns);

³ Julie Nash, *The 4 C’s of Mortgage Lending*,

<https://olis.leg.state.or.us/liz/201711/Downloads/CommitteeMeetingDocument/151027> (last visited November 26, 2019).

⁴ *Id.*

⁵ Julie Nash, *Mortgage 101*, <https://olis.leg.state.or.us/liz/201711/Downloads/CommitteeMeetingDocument/151016> (last visited November 26, 2019).

- pay stubs for last 30 days;
- asset statements covering the last 60 days; and
- source of all funds needed to close (assets, assistance, gifts, credits).

A loan officer assists the potential borrower and applies his or her knowledge and skills, working with the applicant(s) to make sure the application is complete and all relevant information and documentation has been gathered. If there are unique aspects to the application, a loan officer will typically work with an applicant to obtain any additional information needed to secure the loan.

Debt-To-Income Ratio

The documentation submitted is then used to determine a loan applicant's debt-to-income (DTI) ratio, which is the percentage of income paid to monthly debts. DTI is used by lenders to determine how much a borrower can afford in monthly mortgage payments. Most lenders prefer a borrower with a DTI of 36 percent or less. A DTI of 43 percent is the highest ratio a borrower can have and still get a Qualified Mortgage, which is a category of loans that do not have certain risky features that may contribute to the borrower's ability to repay the loan, such as interest-only periods, negative amortization, balloon payments, or terms longer than 30 years. Qualified Mortgages also provide lenders with certain legal protections if a borrower fails to repay the loan.⁶

Debt counted in the DTI may include:

- auto loans;
- student loans;
- minimum credit card payments;
- child support and alimony;⁷
- any other monthly debt obligations, including personal loans and medical bills with periodic or installment payments;
- rent or mortgage payments (other than the new mortgage); and
- rental property maintenance.

Debt does not include current rent or mortgage payments if those will be ended with the new mortgage, or monthly expenses for food, utilities, transportation, health insurance, taxes, or other personal costs.

Certain loan programs may count debts differently or have special rules for certain debts. For example, in counting student loan debt, Fannie Mae allows a borrower to

⁶Consumer Financial Protection Bureau, *What is a Qualified Mortgage*, <https://www.consumerfinance.gov/ask-cfpb/what-is-a-qualified-mortgage-en-1789/> (last visited November 30, 2018).

⁷ For Fannie Mae, alimony obligations may be used to reduce the qualifying income by the amount of the alimony obligation instead of including it as a debt in the calculation of the DTI ratio. Fannie Mae, *Selling Guide (October 2, 2018)*, <https://www.fanniemae.com/content/guide/selling/b3/6/05.html> (last visited November 30, 2018).

submit documentation to support the use of \$0 in the DTI if that is the borrower's monthly payment on an income-driven payment plan, while Freddie Mac requires either the use of the amount included on the credit report or 0.5 percent of the original loan balance or outstanding balance, whichever is greater, to account for income-driven payment plans.⁸

Underwriting

In underwriting, a loan application moves from the loan processor to the mortgage underwriter to evaluate the applicant's financial profile against the lender's guidelines and loan criteria, including any applicable federal requirements, and to make the final decision to approve or deny the loan. Mortgage underwriters evaluate the risk of the loan's terms and double-check the loan application and documentation. The underwriting process is similar regardless of the lender, but there are some variations, especially if the loan is a manually underwritten loan.

Automated loan underwriting relies on a software that makes underwriting decisions based on programmed algorithms from factors such as credit score, income, monthly debt payments, and property details. Automated underwriting doesn't completely replace the human evaluation of loan applications; loans that receive pre-approval from automated underwriting software are still reviewed by human underwriters for final approval before closing. There are also certain loan types or programs that require manual underwriting.⁹

Most lenders comply with the underwriting guidelines of Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae). Compliance with these guidelines allows lenders to sell their loans on the secondary mortgage market to Freddie Mac or Fannie Mae. They in turn resell the loans to investors such as insurance companies and pension funds. In contrast, portfolio lenders keep the loans they originate instead of selling them in the secondary mortgage market and may have more flexible underwriting standards. Some lenders have a combination of portfolio loans and loans they sell.

Under rules adopted by the Consumer Financial Protection Bureau in 2013, all new mortgages must comply with basic requirements to protect consumers from taking on loans they do not have the financial means to repay. Financial information must be provided and verified, a borrower must have sufficient assets or income to repay the

⁸ Fannie Mae, *Selling Guide (October 2, 2018)*, <https://www.fanniemae.com/content/guide/selling/b3/6/05.html> (last visited November 30, 2018). Freddie Mac, *Guide Bulletin October 18, 2017*, <http://www.freddie.mac.com/singlefamily/guide/bulletins/pdf/bl1723.pdf> (last visited November 30, 2018).

⁹ Brian Martucci Mortgage Lending, *Automated Underwriting Versus Human Underwriting*, <https://www.getloans.com/blog/automated-underwriting-versus-human-underwriting/> (last visited November 19, 2018).

loan, and lenders cannot use temporarily low rates to determine the consumer's ability to repay over the long term.¹⁰

Disclosures

The Truth in Lending Act (TILA), Title I of the Consumer Credit Protection Act, requires creditors who advertise and deal with consumers to make certain written disclosures concerning finance charges and related aspects of credit transactions (including disclosing an annual percentage rate).¹¹ The Real Estate Settlement Procedures Act of 1974 (RESPA) requires lenders, mortgage brokers, or servicers of home loans to provide borrowers with pertinent and timely disclosures regarding the nature and costs of the real estate settlement process.¹² These disclosures were integrated by the Consumer Financial Protection Bureau (CFPB) under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010 into two disclosures: the Loan Estimate and Closing Disclosure. The Loan Estimate is provided within three days of application and a Closing Disclosure is provided three days before signing loan documents.¹³

¹⁰ Consumer Financial Protection Bureau, *Consumer Financial Protection Bureau Issues Rule to Protect Consumers from Irresponsible Mortgage Lending*, <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-rule-to-protect-consumers-from-irresponsible-mortgage-lending/> (last visited November 19, 2018).

¹¹ Title 15 U.S.C. sect. 1601-1667f, as amended.

¹² Title 12 U.S.C. sect. 2601-17.

¹³ Julie Nash, *Regulations*, <https://olis.leg.state.or.us/liz/201711/Downloads/CommitteeMeetingDocument/151028> (last visited November 26, 2019).

SECTION 4: LENDING DISCRIMINATION

This section looks at the federal laws prohibiting discrimination in mortgage lending, how lending discrimination is identified under those laws, and summarizes fair lending violations and associated practices and procedures.

Federal Laws and Requirements

The Equal Credit Opportunity Act (ECOA) makes it unlawful for any creditor to discriminate against any applicant with respect to any aspect of a credit transaction based on the list of prohibited factors in Table 4.¹⁴ ECOA, which is implemented by the Consumer Financial Protection Bureau’s Regulation B, requires financial institutions and other institutions engaged in the extension of credit to make credit equally available to all creditworthy customers.

The Fair Housing Act (FHAct), which is implemented by federal Housing and Urban Development (HUD) regulations, also prohibits certain types of discrimination (Table 4) in any aspect of residential real estate-related transactions, including but not limited to:

- making loans to buy, build, repair or improve a dwelling;
- purchasing real estate loans;
- selling, brokering, or appraising residential real estate; and
- selling or renting a dwelling.¹⁵

Table 4: Federally Prohibited Discrimination Factors

Equal Credit Opportunity Act	Fair Housing Act
Color or Race	Color or Race
National Origin	National Origin
Religion	Religion
Sex	Sex
Marital Status	Familial status (defined as children under the age of 18 living with a parent or legal custodian, pregnant women, and people securing custody of children under 18)
Age (provided the applicant has the legal capacity to contract)	
Applicant’s income derives from any public assistance program	Handicap
Applicant has in good faith exercised any right under the Consumer Credit Protection Act	

Source: Legislative Policy and Research Office

Data: Federal Deposit Insurance Corporation

¹⁴ Title VII of the Consumer Credit Protection Act. Title 15 U.S.C. sect. 1691-1691f.

¹⁵ Title VIII of the Civil Rights Act of 1968. Title 42 U.S.C. sect. 3601-19.

Prohibited Discrimination

Because both the FHAct and the ECOA apply to mortgage lending, lenders may not discriminate in mortgage lending on the basis of the prohibited factors contained in Table 4. For residential real estate-related lending, under both laws, a lender may not:

- fail to provide information or services relating to, or provide different information or services relating to, any aspect of the lending process, including credit availability, application procedures, and lending standards;
- discourage or selectively encourage applicants with respect to inquiries about or applications for credit;
- refuse to extend credit or use different standards in determining whether to extend credit;
- vary the terms of credit offered, including the amount, interest rate, duration, and type of loan;
- use different standards to evaluate collateral;
- treat borrowers differently when servicing loans or invoking default remedies; or
- use different standards for pooling or packaging a loan in the secondary market based on a prohibited factor.¹⁶

A lender may not express, orally or in writing, a preference based on a prohibited factor or indicate that it will treat applicants differently on the basis of a prohibited factor. A lender also may not discriminate on a prohibited basis because of the characteristics of:

- an applicant, prospective applicant, or borrower;
- a person associated with an applicant, prospective applicant, or borrower (for example, a co-applicant, spouse, business partner, or live-in aide); or
- the present or prospective occupants of either the property to be financed or the neighborhood or other area in which the property to be financed is located.¹⁷

Fair Housing Examinations

Federal courts have recognized three methods to prove lending discrimination under the ECOA and the FHAct:

- Overt evidence of disparate treatment, which occurs when a lender treats an applicant differently based on any prohibited factor. It is more likely to occur in the treatment of applicants who are neither clearly well-qualified nor unqualified and in situations where either more lender discretion or assistance to the applicant results in the different treatment of applicants.
- Comparative evidence of disparate treatment, which includes different pricing or conditions. Disparate treatment that has no credible nondiscriminatory explanation is considered an act of intentional discrimination, even if the difference was not motivated by a conscious intent to discriminate.

¹⁶ Federal Deposit Insurance Corporation, *Consumer Compliance Examination Manual, Section IV. Fair Lending*, <https://www.fdic.gov/regulations/compliance/manual/4/iv-1.1.pdf> (last visited June 10, 2019).

¹⁷ *Id.*

- Evidence of disparate impact, which occurs when a lender applies a neutral, non-discriminatory policy equally to all applicants, but the policy still has an adverse impact on applicants of a prohibited basis group.¹⁸

Overt discrimination exists when a lender openly discriminates against an applicant on a prohibited factor. This includes instances where a lender expresses any type of prohibited discriminatory preference, even if the lender does not act on that preference.

Nationally, the Federal Deposit Insurance Corporation (FDIC) conducts examinations of banks and credit unions to determine whether a financial institution is complying with the requirements and proscriptions of federal consumer protection laws and regulations. Compliance examinations include analyzing Home Mortgage Disclosure Act (HMDA) data for disparities, examining policies and procedures, conducting transaction testing, and investigating consumer complaints.

In Oregon, under the Oregon Bank Act, the Director of the Department of Consumer and Business Services (DCBS) has the authority to conduct examinations of each banking institution, and any branch of non-Oregon institutions located in the state, to determine whether the banking institution is complying with the laws of this state.¹⁹ DCBS has the same examination authorities for state-chartered credit unions. Oregon also has fair housing protections in state law which allow the courts, or the Oregon Bureau of Labor and Industries, to determine any disparate impact to members of a protected class from a facially neutral housing policy.²⁰

Fair Housing Violations and Discriminatory Practices and Procedures

Fair lending violations include:

- underwriting and pricing (approvals or disapprovals);
- steering (marketing practices);
- redlining (unequal access to credit or unequal terms for credit based on where the applicant resides); and
- lenders failing to market their products to all communities.

Fifty years after the federal Fair Housing Act (1969) banned racial discrimination in lending, people of color continue to be denied conventional mortgage loans at rates higher than their white counterparts. Examination of HMDA data from 2018 for Oregon shows the loan denials for each U.S. Census Bureau Race and by ethnicity (see Figure 1). The group with the lowest denial rate is “White, not Hispanic or Latino” with a denial rate of 16 percent statewide. Across all categories except “Native Hawaiian or Other

¹⁸ *Id.*

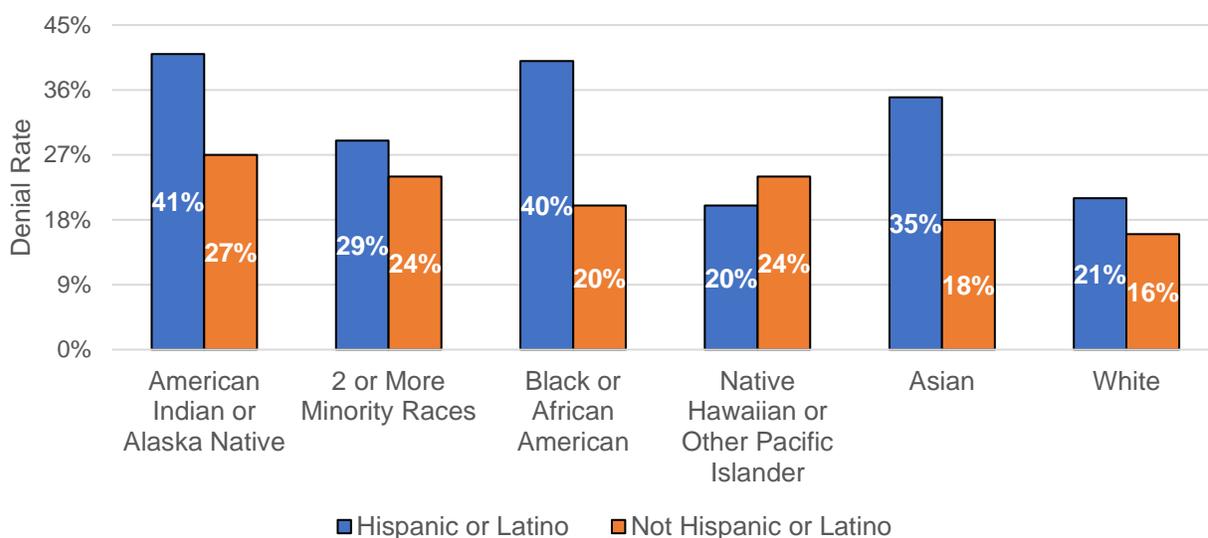
¹⁹ ORS 706.500

²⁰ ORS 659A.425

Pacific Islander,” people identifying as “Hispanic or Latino,” regardless of race, experience higher denial rates than their “not Hispanic or Latino” counterparts.

Redlining—the 1930s practice by the Home Owners Loan Corporation (HOLC) of outlining areas by housing age, quality, occupancy, prices, race, ethnicity, and immigration status—resulted in borrowers being denied credit based on the demographic composition of their neighborhood.²¹ Research shows that redlining led to neighborhood disinvestment and prevented households of color from gaining home equity or making home improvements.²² Modern-day redlining, or “reverse redlining,” targets these same areas and communities with predatory lending products, including subprime mortgages or more expensive loans.²³ Subprime loans are characterized by high fees and high interest rates and include restrictions such as pre-payment penalties, interest-only periods, negative amortization, balloon payments, or terms longer than 30 years.²⁴

Figure 1: Mortgage Loan Denial Rates by Race Category and Ethnicity



Source: Legislative Policy and Research Office
Data: HMDA 2018 Data

²¹ Daniel Aaronson, Daniel Hartley, and Bhashkar Mazumder, Federal Reserve Bank of Chicago, *The Effects of the 1930s HOLC “Redlining” Maps*, <https://www.chicagofed.org/publications/working-papers/2017/wp2017-12> (last visited December 8, 2019)

²² *Id.* Andre M. Perry and David Harshbarger, Brookings, *America’s formerly redlined neighborhoods have changed, and so must solutions to rectify them*, <https://www.brookings.edu/research/americas-formerly-redlines-areas-changed-so-must-solutions/> (last visited December 8, 2019).

²³ Robert G. Schwemm and Jeffrey L. Taren, *Discretionary Pricing, Mortgage Discrimination, and the Fair Housing Act*, 45 Harv. C.R.- C.L. L. Rev. 375 (2010).

²⁴ Daniel Lindsey, Diane E. Thompson, Alys Cohen and Odette Williamson, National Consumer Law Center, *Why Responsible Mortgage Lending is a Fair Housing Issue* (2012), available at https://www.nclc.org/images/pdf/credit_discrimination/fair-housing-brief.pdf (last visited December 2, 2019). Consumer Financial Protection Bureau, *What is a Qualified Mortgage*, <https://www.consumerfinance.gov/ask-cfpb/what-is-a-qualified-mortgage-en-1789/> (last visited November 30, 2018).

Research shows that households of color receive a disproportionate share of subprime loans or high-cost loans even after controlling for certain financial factors such as income and credit score.²⁵ Studies of mortgage lending in 2004 to 2007 have concluded that African Americans were 30 percent more likely than whites to get higher-priced subprime loans and African American and Hispanic borrowers are 103 percent and 78 percent more likely to receive high-cost mortgages.²⁶

There is evidence that the growing use of online lending and automated underwriting reduces disparities in loan approval rates.²⁷ Recent research, however, found that accepted Latino and African American borrowers paid 7.9 basis points more in interest for home-purchase mortgages, resulting in a total national cost of \$756 million annually, which suggests to the researchers that online financial technology companies may still be steering higher-priced loan products to minorities.²⁸

²⁵ Daniel Lindsey, Diane E. Thompson, Alys Cohen and Odette Williamson, National Consumer Law Center, *Why Responsible Mortgage Lending is a Fair Housing Issue* (2012), available at https://www.nclc.org/images/pdf/credit_discrimination/fair-housing-brief.pdf (last visited December 2, 2019). Bayer, P. et al. Oxford University Press, *What Drives Racial and Ethnic Differences in High-Cost Mortgages? The Role of High Risk Lenders*. <http://real.wharton.upenn.edu/~fferreir/documents/hhx035.pdf> (last visited December 8, 2019). Robert G. Schwemm and Jeffrey L. Taren, *Discretionary Pricing, Mortgage Discrimination, and the Fair Housing Act*, 45 Harv. C.R.- C.L. L. Rev. 375 (2010).

²⁶ Bayer, P. et al. Oxford University Press, *What Drives Racial and Ethnic Differences in High-Cost Mortgages? The Role of High Risk Lenders*, <http://real.wharton.upenn.edu/~fferreir/documents/hhx035.pdf> (last visited December 8, 2019). Center for Responsible Lending. "Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages." <https://www.responsiblelending.org/research-publication/unfair-lending-effect-race-and-ethnicity-price-subprime-mortgages> (last visited January 2, 2019).

²⁷ Susan Wharton Gates, Vanessa Gail Perry, and Peter M. Zorn, *Automated Underwriting in Mortgage Lending: Good News for the Underserved?* Housing Policy Debate. Volume 13, Issue 2. 2002. Robert Bartlett, Adair Morse, Richard Stanton, and Nancy Wallace, *Consumer-Lending Discrimination in the FinTech Era*, <https://faculty.haas.berkeley.edu/morse/research/papers/discrim.pdf> (last visited November 25, 2019).

²⁸ *Id.*

SECTION 5: BARRIERS TO HOMEOWNERSHIP

As required by [House Bill 4010](#) (2018), the Task Force 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.

This section describes each barrier, beginning with the historical barriers, and the associated challenges or issues shown in the barrier matrix contained in [Appendix C](#).³¹

Historical

The Task Force heard testimony and discussed the present-day barriers resulting from Oregon's history of race-based policies and long-standing racial inequalities, including the lack of generational benefits from homeownership for households of color.

Over the course of Oregon's history, minority groups have often faced systemic racism and limited economic opportunities that have led to the present-day gaps in homeownership rates and wealth accumulation. The 1857 Oregon Constitution prohibited African Americans and Chinese immigrants from owning real estate.²⁹ The 1923 Alien Land Law banned Japanese nationals from owning or leasing land in Oregon.³⁰ At the same time, the Donation Land Claim Act and Homestead Act provided land to white settlers.³¹

²⁹ Oregon State Archives, *Transcribed 1857 Oregon Constitution*, <https://sos.oregon.gov/archives/exhibits/constitution/Documents/transcribed-1857-oregon-constitution.pdf> (last visited December 9, 2019).

³⁰ Oregon Secretary of State, *Oregon History: Chronology – 1902 to 1950*, <https://sos.oregon.gov/blue-book/Pages/facts/history/chronology-1902-1950.aspx> (last visited December 9, 2019).

³¹ Oregon Secretary of State, *Land Records – Federal Government*, https://sos.oregon.gov/archives/Pages/records/aids-land_federal.aspx (last visited November 27, 2019). Bureau of Land Management, *Shaping American's History, The Homestead Act, Commemorating 150 Years (1862-2012)* https://www.blm.gov/or/landsrealty/homestead150/files/HomesteadingFactSheet_2012.pdf (last visited November 27, 2019).

Oregon later implemented homeownership restrictions, limiting where and how people of color could own homes. Racially restrictive covenants and single-family zoning in the 1920s contributed to the creation of neighborhoods that were racially and ethnically exclusive.³² Redlining in the 1930s, based on the HOLC maps, resulted in borrowers being denied credit based on the demographic composition of their neighborhood.³³ After the passage of Oregon's fair housing laws in the 1950s, the League of Women Voters continued to find that "gentlemen's agreements" existed to not show whites' property to black families.³⁴

The Task Force also learned that there are a number of barriers specific to American Indians and Alaska Natives on and off tribal trust land, and for those who self-identify as Native American but are not members of federally recognized Tribes in Oregon. American Indians in Oregon were removed from their traditional lands, lost land to forced treaties, and lost and regained tribal sovereignty.³⁵ While programs such as the HUD Section 184 Indian Home Loan Guarantee Program have increased mortgage lending to Native borrowers, challenges remain for tribal trust lands and homeownership opportunities.³⁶

A more complete historical timeline is presented in [Appendix D](#).

Building and Purchasing Costs, Supply, and Land Use

The Task Force learned about barriers related to the quality and quantity of available housing stock, cost of land, lack of new construction in rural areas, the high cost of developing a single-family parcel in rural communities, and land use policies such as zoning.

Oregon continues to see very low levels of new construction and is at near historic lows for new construction on a population-adjusted basis both at the state and regional

³² Oregon Public Radio, *Signs of Oregon's Racist Past Might be in the Documents of Your Home*, <https://www.opb.org/news/article/oregon-racist-history-deed-restrictive-covenant/> (last visited December 2, 2019).

Michael Anderson, *Maps: Portland's 1924 Rezone Legacy Is 'A Century of Exclusion'*, <https://www.sightline.org/2018/05/25/a-century-of-exclusion-portlands-1924-rezone-is-still-coded-on-its-streets/> (last visited December 9, 2019).

³³ Daniel Aaronson, Daniel Hartley, and Bhashkar Mazumder, Federal Reserve Bank of Chicago, *The Effects of the 1930s HOLC "Redlining" Maps*, <https://www.chicagofed.org/publications/working-papers/2017/wp2017-12> (last visited December 8, 2019).

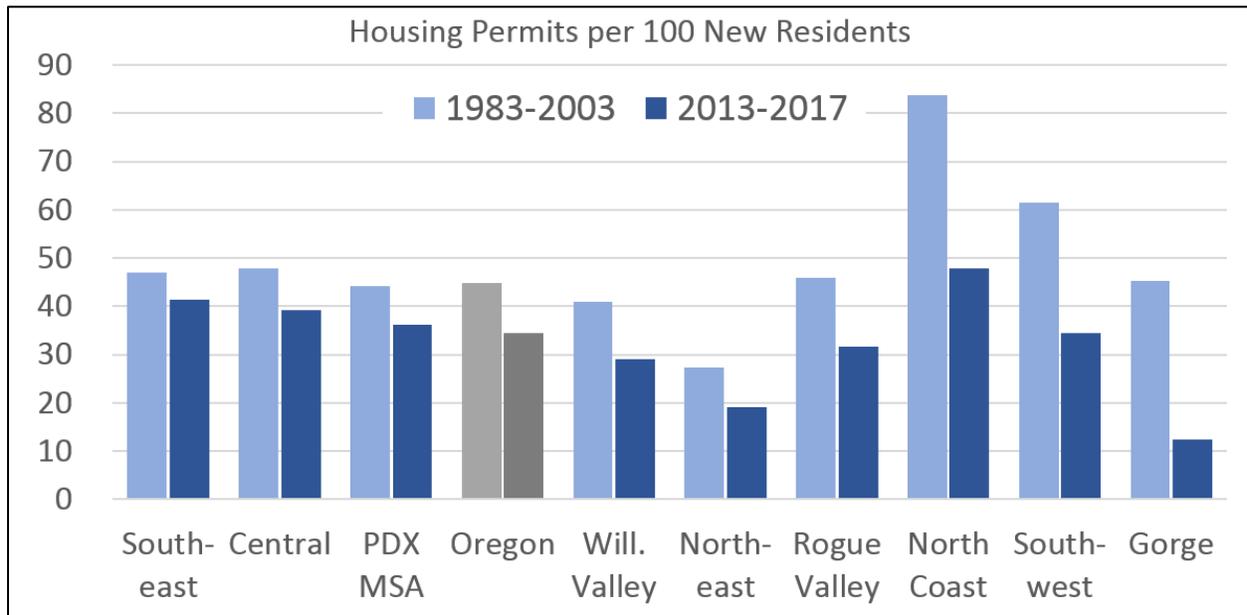
³⁴ Serbulo, Leanne. *Small Steps on the Long Journey to Equality: A Timeline of Post-Legislation Civil Rights Struggles in Portland*, QHQ, Vol. 119, No. 3. (376-399).

³⁵ Oregon Historical Society, *How the Donation Land Act Created the State of Oregon and Influenced its History*, <https://www.ohs.org/events/how-the-donation-land-act-created-the-state-of-oregon.cfm> (last visited December 2, 2019). Eric Cain and John Rosman, *Broken Treaties: An Oral History Tracing Oregon's Native Population*, <https://www.opb.org/artsandlife/series/brokentreaties/oregon-tribes-oral-history-broken-treaties/> (last visited November 30, 2019).

³⁶ Federal Reserve Bank of Minneapolis and Enterprise Community Partners, *Tribal Leaders Handbook on Homeownership*, <https://www.enterprisecommunity.org/resources/tribal-leaders-handbook-homeownership-7205> (last visited July 16, 2019).

levels.³⁷ Oregon is building as many units as in the 1980s but has a million more people today.³⁸ Figure 2 shows the number of housing permits per 100 new residents across the state.

Figure 2: Oregon New Construction by Region



Source: Oregon Office of Economic Analysis

Data: U.S. Census, U.S. Housing and Urban Development, and Oregon Office of Economic Analysis

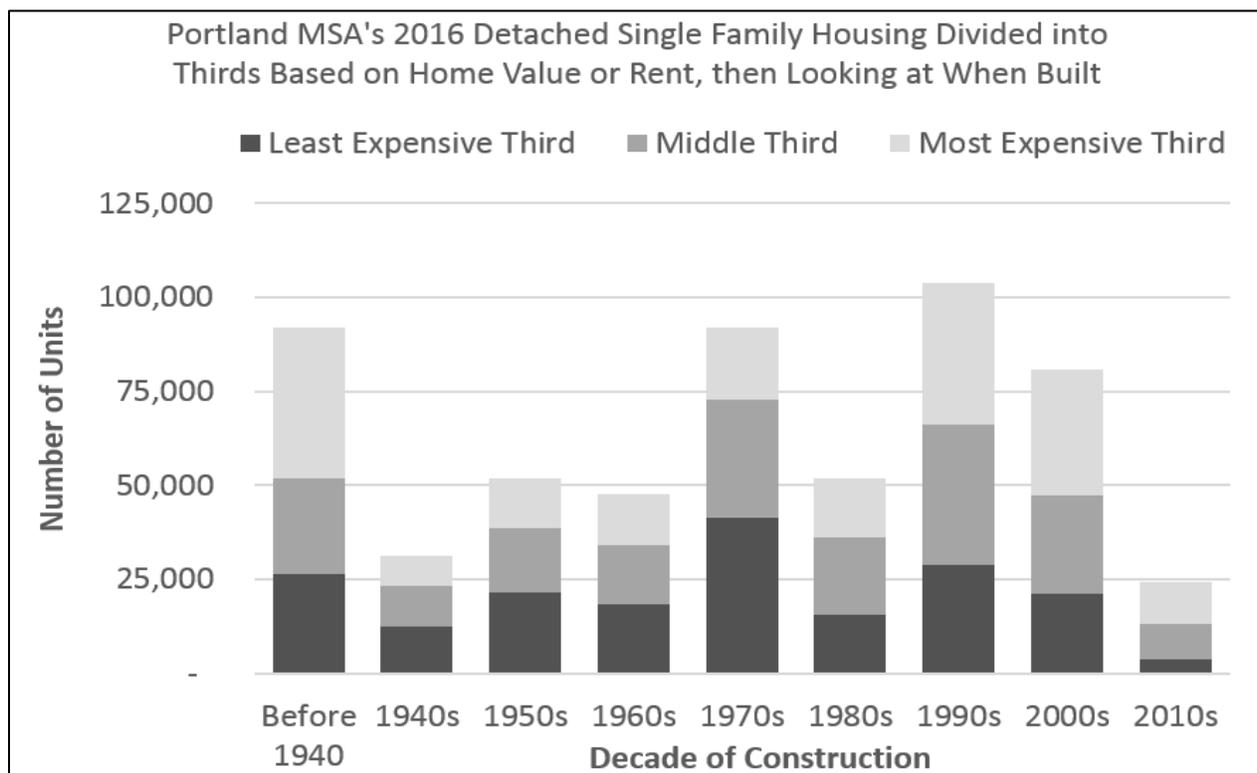
The Oregon Office of Economic Analysis (OEA) also looked at current housing stock in the Portland metropolitan area based on home values and when these units were built by decade (Figure 3, see pg. 19). OEA concluded that while the total number affordable units (valued below \$290,000) are generally distributed across the decades, the amount of Portland production in the 2010s has been significantly smaller and this lack of supply will have lasting impacts as fewer units will move from more expensive to less expensive in the 2030s.³⁹

³⁷ Josh Lehner, Oregon Office of Economic Analysis, *Oregon's Housing Supply*, <https://oregoneconomicanalysis.com/2019/01/29/oregons-housing-supply/> (last visited December 8, 2019).

³⁸ Josh Lehner, Oregon Office of Economic Analysis, *Causes of the Great Housing Shortage*, <https://oregoneconomicanalysis.com/2017/04/12/causes-of-the-great-housing-shortage/> (last visited December 8, 2019).

³⁹ *Id.*

Figure 3: Portland Single Family Housing by Value and Decade Built



Source: Oregon Office of Economic Analysis

Data: 2016 American Community Survey and Integrated Public Use Microdata Series - USA

Credit

The Task Force received information about barriers related to the lack of credit, poor credit scores, a lack of alternatives to the traditional credit check, and the impact to credit histories from defaults on predatory loans during the Great Recession. A 2017 national survey found that 36 percent of black households and 31.5 percent of Hispanic households did not have mainstream credit, compared with only 14.1 percent of white households.⁴⁰

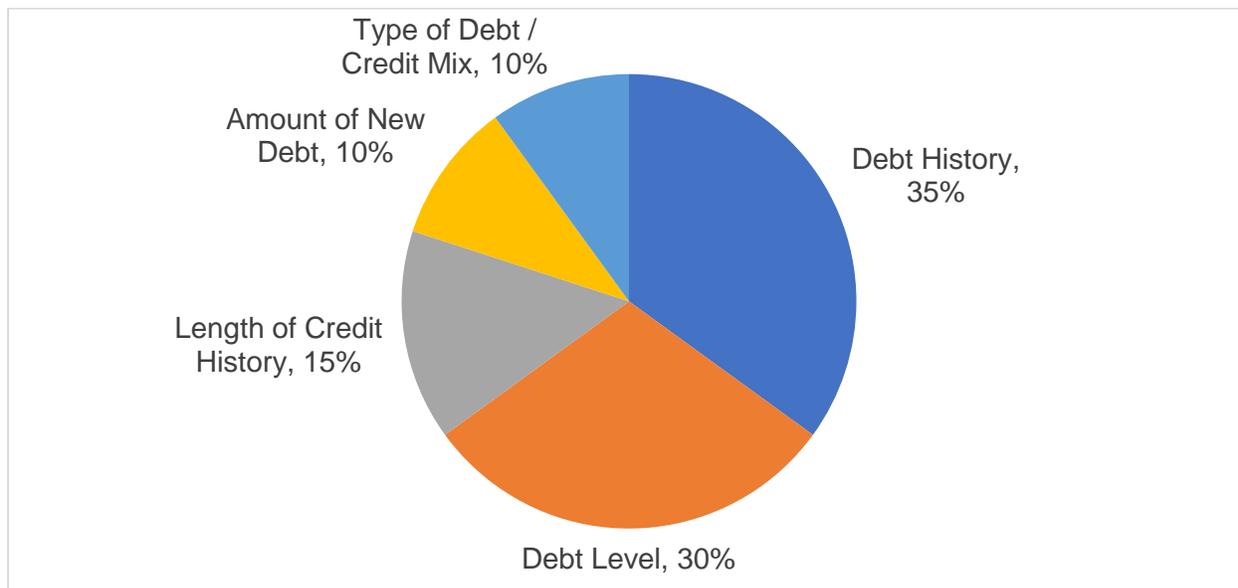
A good credit score is determinative in the home loan process, job applications, insurance rates, tenant screening, and to access various other products. A credit score is how most lenders calculate the likelihood the consumer will repay a debt pursuant to a contract. According to Fair Isaac Corporation (FICO), 90 percent of the largest banks utilize FICO scores when evaluating risk to make lending decisions.⁴¹ FICO scoring models are periodically updated to adapt to changing consumer practices and risk data.

⁴⁰ Federal Deposit Insurance Corporation, *2017 FDIC National Survey of Unbanked and Underbanked Households*, <https://www.fdic.gov/householdsurvey/> (last visited December 2, 2019).

⁴¹ myFICO, *Credit Education*, <https://www.myfico.com/credit-education> (last visited December 8, 2019).

A FICO score (between 300 and 850) is based on the five categories shown in Figure 4, and is created based on information from a person's credit report.⁴²

Figure 4: FICO Score Category Weight Distribution



Source: Legislative Policy and Research Office
Data: FICO

A credit score accounts for both positive and negative information. The most commonly used version of the FICO score includes paying a mortgage on time, but does not include paying rent on time.⁴³ This lack of including rental payments can have a greater impact on Black and Hispanic households, which are twice as likely to rent their homes.⁴⁴ Recent FICO scoring models include positive rent payments when calculating an individual's credit score. Reporting by landlords is voluntary, but in a pilot program that included Oregon, 79 percent of consumers increased their credit scores with an average score increase of 32 points when rental payments were counted.⁴⁵

Cultural Differences

The Task Force learned there are barriers to homeownership from cultural differences among Oregon's communities of color, including a lack of trust in financial institutions

⁴² myFICO, *What's in my FICO Score?*, <https://www.myfico.com/credit-education/whats-in-your-credit-score> (last visited December 2, 2019).

⁴³ myFICO, *Payment History*, <https://www.myfico.com/credit-education/credit-scores/payment-history> (last visited December 8, 2019).

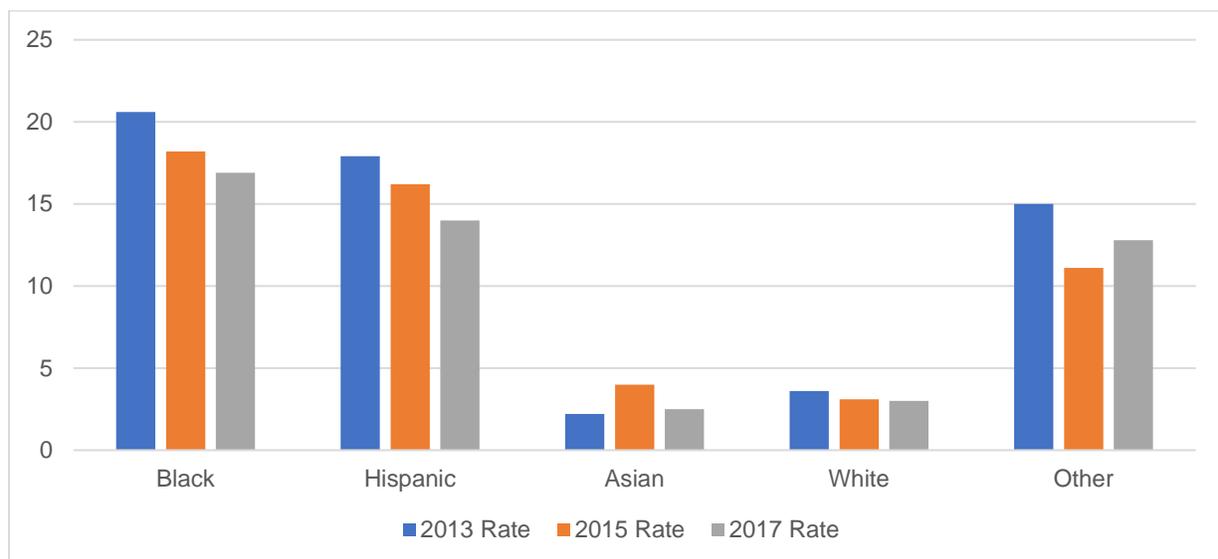
⁴⁴ Cillfuo, A., et al, Pew Research Center, <https://www.pewresearch.org/fact-tank/2017/07/19/more-u-s-households-are-renting-than-at-any-point-in-50-years/> (last visited December 2, 2019).

⁴⁵ Prosperity Now, *Rent Reporting for Credit Building*, <https://prosperitynow.org/events/credit-building-through-rent-reporting> (last visited December 2, 2019).

and a preference for certain types of housing. The need to tailor programs to the cultures and norms of specific communities was also identified as a barrier.

A Federal Deposit Insurance Corporation (FDIC) 2017 survey concluded that the overall rate of the unbanked (no account at an insured institution) and underbanked (have one account but also obtain alternative financial services) are higher for Black, Hispanic, and Other race and ethnicity categories as shown in Figure 5. This survey also looked at the reasons for not having an account. Almost one-third (30.2 percent) of the unbanked households responded that they “don’t trust banks” as a reason they do not have an account. Respondents who were less likely to open an account in the next 12 months had higher rates of citing trust as a reason (36.2 percent of “not at all likely” and 31.5 percent of “not very likely”). These findings are similar to those reported in previous years, so trust does not appear to be increasing or declining.⁴⁶

Figure 5. Unbanked Rate by Household Race and Ethnicity (2013-2017)



Source: Legislative Policy and Research Office

Data: FDIC National Survey of Unbanked and Underbanked Households

The Task Force received testimony that beliefs about banks or credit may discourage trusting lending institutions. Research has identified a distrust of financial, service, and governmental organizations among Asian American and Pacific Islanders “based on historical or homeland experiences” and concluded that they instead rely on their own trusted networks for financial services.⁴⁷

⁴⁶ Federal Deposit Insurance Corporation, *2017 FDIC National Survey of Unbanked and Underbanked Households*, <https://www.fdic.gov/householdsurvey/> (last visited December 17, 2019).

⁴⁷ Jessica Santos, Angela Vo, and Meg Lovejoy, Institute on Assets and Social Policy at Brandeis University, *Foundations for The Future. Empowerment Economics in The Native Hawaiian Context*, http://www.hawaiiancommunity.net/info/171009_FOUNDATIONS_FOR_THE_FUTURE.pdf (last visited August 1, 2019).

The Task Force also learned that there are cultural preferences for single-family homes, as homes can also be seen as a community asset or may provide a venue for religious functions. There is also a growing desire for multigenerational housing. Data analysis by the Pew Research Center of census data showed that in 2016, a record 64 million people in the United States, which is 20 percent of the population, lived with multiple generations under the same roof (up from 19 percent in 2014). Whites are less likely to live in multigenerational households (16 percent), while 29 percent of Asian, 27 percent of Hispanic, and 26 percent of Black households were part of multigenerational households.⁴⁸ Growing population diversity and the growth rates of Asian and Hispanic households are reasons cited for the recent increases in multigenerational households.⁴⁹

The Task Force also learned about efforts to tailor homeownership services for different communities based on cultural differences, and the statewide gaps in offering these types of programs. The Portland Housing Center offers two culturally specific pre-purchase programs: Getting Your House in Order, created by and for African Americans; and Decide Tu Futuro, created by and for Latinos.⁵⁰ The African American Alliance for Homeownership also offers pre-purchase counseling and homebuyer education classes; Hacienda Community Development Corporation offers the ABCs of Home Buying, Camino a Casa, and one-on-one counseling; and the Native American Youth and Family Center provides culturally specific homeownership coaching, education, and programming.⁵¹

An evaluation of a culturally responsive financial capability program in Hawaii showed that integrating best practices such as blending personal finance with cultural values; offering financial tools and education through shame-free dialogue; integrating multigenerational programming and intergenerational lending; and utilizing a community-embedded approach empowered communities to build wealth, including homeownership, in ways that also support cultural values and identities.⁵²

⁴⁸ D'Vera Cohn and Jeffrey Passel, Pew Research Center, *A record 64 million Americans live in multigenerational households?* <https://www.pewresearch.org/fact-tank/2018/04/05/a-record-64-million-americans-live-in-multigenerational-households/> (last visited December 2, 2019).

⁴⁹ *Id.*

⁵⁰ Portland Housing Center, *Financial Fitness Classes*, <https://portlandhousingcenter.org/learn-how/financial-fitness-classes/> (last visited December 8, 2019).

⁵¹ African American Alliance for Homeownership, *About AAAH*, <https://www.aaah.org/about-us>; Hacienda Community Development Corporation, *Economic Opportunity*, <https://haciendacdc.org/economic-opportunity/>; and Native American Youth and Family Center, *Homeownership*, <https://nayapdx.org/services/homeownership/> (last visited December 8, 2019).

⁵² Jessica Santos, Angela Vo, and Meg Lovejoy, Institute on Assets and Social Policy at Brandeis University, *Foundations for The Future. Empowerment Economics in The Native Hawaiian Context*. http://www.hawaiiancommunity.net/info/171009_FOUNDATIONS_FOR_THE_FUTURE.pdf (last visited December 8, 2019).

Education and Awareness

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

Research has shown that pre-purchase education and counseling may help individuals determine if they are ready for homeownership, connect homebuyers with safer and more affordable mortgage products, and support factors related to sustainable homeownership (improved mortgage literacy, greater appreciation for communication with lenders, and improved underwriting qualifications).⁵³

The Task Force learned that financial literacy is not commonly taught in Oregon high schools, and available homebuyer education or financial literacy courses are not culturally specific or responsive to all community needs or locations. This is relevant as individuals are often not mortgage-ready because of a lack of financial literacy or culturally specific homebuyer education programs, and 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 from Kindergarten through high school 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 that may not have been passed down by previous generations.

Existing financial capability curricula and homeownership education and counseling programs can be retooled to include cultural and socioeconomic components based on community needs and input. However, current homeownership organizations testified that using existing nonprofits to expand culturally specific homeownership services without additional support (funding) for staff, infrastructure, organization, and community development is unfair, as these organizations are also traditionally underfunded. As reported by researchers with the Institute on Assets and Social Policy at Brandeis University, “findings suggest a strong need for significant, multi-year funding to build the capacity of organizations to develop, implement, and evaluate effective and sustainable culturally relevant, intergenerational financial capability programs.”⁵⁴

⁵³ Marina L. Myhre, Ph.D. Nicole Elsasser Watson, U.S. Department of Housing and Urban Development, *Housing Counseling Works* (2017).

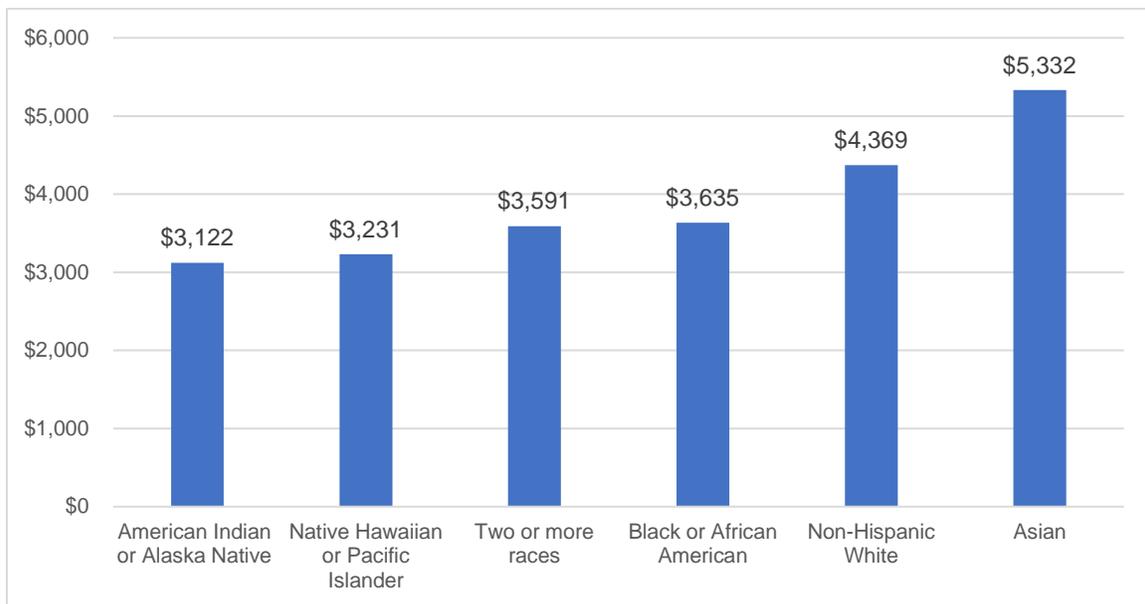
⁵⁴ Jessica Santos, Angela Vo, and Meg Lovejoy, Institute on Assets and Social Policy at Brandeis University, *Foundations for The Future. Empowerment Economics in The Native Hawaiian Context*, http://www.hawaiiancommunity.net/info/171009_FOUNDATIONS_FOR_THE_FUTURE.pdf (last visited August 1, 2019).

Finances

Finances have been identified as a barrier to homeownership for communities of color because of the disparities in income and wealth between communities of color and whites, the gap between wages and home costs, and the challenge of accumulating a down payment.

The average monthly earnings for Oregonians in 2017 was \$4,355 (per person). The average monthly earnings for most of Oregon's communities of color are lower than those of non-Hispanic Whites (Figure 6). Average monthly earnings data does not include the self-employed or jobs not covered by unemployment insurance.⁵⁵

Figure 6: Average Monthly Earnings in Oregon by Race and Ethnicity (2017)



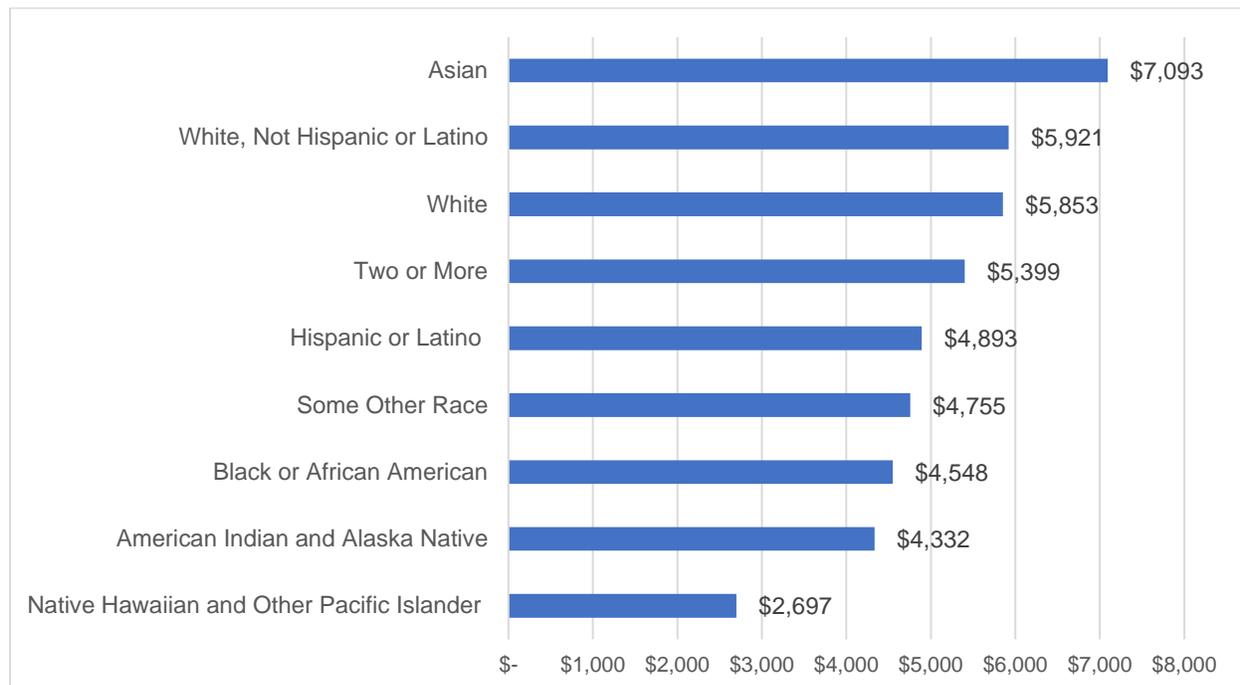
Source: Legislative Policy and Research Office

Data: Oregon Employment Department and U.S. Census Bureau Quarterly Workforce Indicators

Household income is the combined gross income of all household members, related or not, who are 15 years old and over. The estimated statewide average household income in Oregon for 2018 was \$60,655, or \$5,055 per month. The average monthly household income by race and ethnicity in Oregon is shown in Figure 7.

⁵⁵ Shawna Sykes, Oregon Employment Department, *African Americans in the Oregon Workforce*, <https://www.qualityinfo.org/-/african-americans-in-the-oregon-workforce> (last visited December 16, 2019).

Figure 7: Monthly Household Income by Race and Ethnicity in Oregon (2018)



Source: Legislative Policy and Research Office

Data: 2018 American Community Survey 1-Year Survey Tables B19001A – B19001I

The U.S. Department of Housing and Urban Development (HUD) defines households who pay more than 30 percent of their income for housing as “cost-burdened” and those who pay more than 50 percent of household income for housing as “severely cost-burdened.” In the city of Portland, 40 percent of homeowner households with a mortgage paid more than 30 percent of their income toward housing costs between 2010 and 2012.⁵⁶

According to the 2018 Harvard State of the Nation’s Housing report, the monthly payment for the median single-family home purchased in 2017 (\$247,200), assuming a 30-year loan with a 3.5 percent down payment at the average interest rate, would total \$1,620.⁵⁷ This is more than 30 percent of the average monthly earnings for all Oregonians. It is also more than 30 percent of the average monthly household income for all race and ethnicity categories, except White and Asian. The 2016 median-priced home in Oregon, however, was higher than the 2017 national figure at \$292,000.⁵⁸

⁵⁶ Governing, *Housing Affordability Burden For U.S. Cities*, <http://www.governing.com/gov-data/economy-finance/housing-affordability-by-city-income-rental-costs.html> (last visited December 8, 2019).

⁵⁷ Joint Center for Housing Studies Of Harvard University, *The State Of The Nation’s Housing 2018*, <https://www.jchs.harvard.edu/state-nations-housing-2018> (last visited July 18, 2019).

⁵⁸ Housing Finance Policy Center, Urban Institute. *Barriers to Accessing Homeownership: Down Payment, Credit, and Affordability*, https://www.urban.org/sites/default/files/publication/94801/barriers_to_accessing_homeownership_1.pdf (last visited December 2, 2019).

The gap between wages and housing costs has increased in Oregon as the value of homes has appreciated at a faster rate than wages. Using data on median housing values from Zillow and median income from the American Community Survey, researchers concluded that in 2018, the median home in Portland costs 5.6 years of income.⁵⁹ In 2013, the median Portland home was estimated to cost 4.7 years of income.⁶⁰ The conventional wisdom based on historical nationwide averages is that a purchaser can afford a house if its price is equivalent to roughly 2.6 years of household income.⁶¹

Saving for a down payment was a commonly identified barrier to homeownership. A down payment is the amount of cash a buyer uses to purchase a home and is often referenced as a percentage of the purchase price a buyer pays at closing. A down payment of 20 percent is often seen as optimal, but many programs and financial institutions allow down payments of as little as 0 to 3.5 percent. For the 2016 median-priced home in Oregon (\$292,000), a 3.5 percent down payment is \$10,220 while a 20 percent down payment is \$58,400.⁶²

There are three statewide programs that assist certain borrowers in saving for a down payment. The Oregon Housing and Community Service's (OHCS) Down Payment Assistance for First Time Homebuyers program, funded through the state's document recording fee, provides homebuyers who have completed a homeownership education program up to \$15,000 for down payment and/or closing costs.⁶³ Individual Development Accounts are matched savings accounts that can be used to accrue a down payment. Every dollar saved by a participant is matched by the program, typically three dollars for every one dollar saved in 12 months.⁶⁴ Oregon's first-time homebuyer down payment savings account program, created in 2018, allows individuals to create a first-time home buyer savings account at a financial institution to pay or reimburse eligible costs to purchase a single-family residence and to deduct up to \$5,000 in

⁵⁹ Richard Florida, CityLab, *Where the House-Price-to-Income Ratio Is Most Out of Whack*, <https://www.citylab.com/equity/2018/05/where-the-house-price-to-income-ratio-is-most-out-of-whack/561404/> (last visited December 8, 2019).

⁶⁰ Richard Florida, CityLab, *The U.S. Cities Where It Takes the Longest to Be Able to Afford to Buy a Home*, <https://www.citylab.com/equity/2015/03/the-us-cities-where-it-takes-the-longest-to-be-able-to-afford-to-buy-a-home/387766/> (last visited December 8, 2019).

⁶¹ *Id.*

⁶² Housing Finance Policy Center, Urban Institute. *Barriers to Accessing Homeownership: Down Payment, Credit, and Affordability*, https://www.urban.org/sites/default/files/publication/94801/barriers_to_accessing_homeownership_1.pdf (last visited December 2, 2019).

⁶³ Oregon Housing and Community Services. *Buy a Home – Residential Loan Program*. <https://www.oregon.gov/ohcs/Pages/oregon-bond-program-low-interest-home-loans.aspx> (last visited October 18, 2018).

⁶⁴ Oregon IDA Initiative. *About the Oregon IDA Initiative*. <https://oregonidainitiative.org/overview/> (last visited October 16, 2018).

contributions (\$10,000 for married couples filing joint tax returns) per year beginning in 2019.⁶⁵

The Task Force also heard that there are mortgage barriers related to the sources of personal or business income that may be more prevalent in communities of color. Most lenders want to see a two-year employment work history from borrowers in the same job and same field with a consistent income history.

Funding for Homeownership Programs

The Task Force heard from several organizational representatives that available capital was a barrier to serving more Oregonians, including communities of color, and that additional investments in current programs are required to meet previously unmet eligibility and needs. The Task Force also heard testimony that delivering homeownership programs to communities of color in rural parts of the state is more expensive than in areas with larger numbers or more concentrated populations, making the costs per person higher and programs less attractive to funders.

OHCS awarded approximately \$1.8 million to Homeownership Centers in the 2017-2019 biennium.⁶⁶ Overall housing investments at OHCS have increased from \$90 million in the 2015-2017 biennium to \$331.9 million in the 2019-2021 biennium.⁶⁷

Housing Programs and Policy Gap

The Task Force reviewed gaps in existing programs, including limitations to down payment assistance, a lack of goals for serving communities of color, limited program capacity in rural areas, and limited availability of certain programs.

Eligibility for Oregon's affordable housing programs is based on a household's income relative to adjusted median income (AMI) for their community and household size. With the growth in home prices and the stagnation of wages, the term middle-income housing has begun to be used to describe housing that is affordable to households making between 80 percent of AMI and 120 (or 150) percent of AMI. [House Bill 2812](#) (2019) now allows funds in the Home Ownership Assistance Account, which includes down payment assistance, to be used by OHCS to support households with below-area-median incomes (less than 100 percent AMI).⁶⁸ However, an assistance gap remains for households making between 100 and 120 percent AMI.

⁶⁵ Oregon Department of Revenue, *First-time Home Buyer Savings Accounts*, <https://www.oregon.gov/DOR/programs/individuals/Pages/first-homebuyers.aspx> (last visited December 5, 2019).

⁶⁶ Email from Nicole Stoenner, Legislative and Communications Coordinator, Oregon Housing and Community Services, to Melissa Leoni, Analyst, Legislative Policy and Research Office (August 9, 2019 3:41 PM) (on file with recipient).

⁶⁷ Email from Nicole Stoenner, Legislative and Communications Coordinator, Oregon Housing and Community Services, to Melissa Leoni, Analyst, Legislative Policy and Research Office (July 23, 2019 3:52 PM) (on file with recipient).

⁶⁸ Chapter 88, Oregon Laws 2019.

In 2018, OHCS adopted a five-year Statewide Housing Plan to outline how the agency will pave the way for more Oregonians to have access to the stable housing opportunities necessary for self-sufficiency.⁶⁹ The plan includes two priorities with measurable goals related to racial disparities in homeownership as shown in Table 5.

Table 5: OHCS Statewide Housing Plan Priorities and Goals Related to Task Force

Priorities	Goals
<i>Equity and Racial Justice:</i> Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.	Communities of color experience increased access to OHCS resources. Create a shared understanding of racial equity.
<i>Homeownership:</i> Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.	Assist 6,500 households in becoming successful homeowners. Double the number of homeowners of color in OHCS homeownership programs.

Source: Legislative Policy and Research Office

The Task Force also heard testimony that sustainable leadership and program capacity is a barrier to delivering homeownership programs in rural areas. In small communities, individuals involved in housing organizations are often involved in many other community organizations. Testimony suggested that capacity-building for community organizations should include improving volunteer recruitment and ensuring leadership succession, along with other organizational efforts to build the capacity of an organization to effectively deliver programs and services.

Legal Status

Legal or immigrant status was also identified as an obstacle to homeownership for immigrants and refugees. Nationally, immigrants own homes at about a 20 percent lower rate than native-born individuals. The homeownership rate for immigrants who become citizens is twice as high as noncitizen residents and there are also correlations between English language skills and homeownership.⁷⁰

⁶⁹ Oregon Housing and Community Services, *Breaking New Ground: Oregon’s Statewide Housing Plan Summary*, <https://www.oregon.gov/ohcs/DO/shp/SWHP-Executive-Summary.pdf> (last visited July 22, 2019).

⁷⁰ U.S. Dept. of Housing and Urban Development, *Homeownership Gaps Among Low-Income and Minority Borrowers and Neighborhood* (2005), available at <https://www.huduser.gov/Publications/pdf/HomeownershipGapsAmongLow-IncomeAndMinority.pdf> (last visited December 2, 2019).

The Task Force also learned that “brain waste,” which is the situation where “college graduates cannot fully utilize their skills and education in the workplace despite their high professional qualifications,” affects the ability of immigrants and refugees to save money and qualify to purchase a home.⁷¹ Oregon was home to 55,000 immigrants with at least a bachelor's degree from 2009 to 2013.⁷² Approximately one quarter of those individuals were unemployed or working in a low-skilled job, resulting in \$272.5 million in lost annual earnings and \$27.7 million in forgone annual state and local tax payments.⁷³

Location Based

Geographical barriers to homeownership also exist for Oregon’s communities of color, including service access in rural communities and access to affordable homes. Barriers for communities of color in rural areas include the ability to access services that are culturally specific or in the appropriate language. Similarly, population density and travel distances make it more difficult for local organizations to provide tailored services in rural areas.

Conversely, given trends in home costs, a growing barrier is the affordability of homes within a homebuyer’s community. For example, the Task Force learned that potential homebuyers in Oregon’s urban centers, even with significant down payment assistance, are not able to afford homes in their communities or within the geographic areas eligible for certain homeownership assistance programs.

Mortgage Lending

Mortgage lending barriers identified by the Task Force include illegal discrimination and lack of federal enforcement, Private Mortgage Insurance (PMI) requirements and costs, inconsistent debt-to-income ratio guidelines, and language barriers. Lending discrimination and debt-to-income ratio are discussed in [Section 4 Lending Discrimination](#).

PMI is a type of financial risk protection tool that helps guard mortgage lenders from losses should a borrower default on a loan, but it adds to the monthly costs for a homebuyer without a large enough down payment. In Oregon in 2016, 47.1 percent of home purchase loans had PMI.⁷⁴ The cost of the average PMI premium ranges from 0.55 to 2.25 percent of the original loan amount per year. The PMI premium for the median Oregon home valued at \$346,400 is \$3,118 a year, or \$260 a month, assuming

⁷¹ Ariel G. Ruiz Soto, Jeanne Batalova, and Michael Fix, *The Costs of Brain Waste Among Highly Skilled Immigrants in Oregon*, <https://www.migrationpolicy.org/research/costs-brain-waste-among-highly-skilled-immigrants-select-states> (last visited November 27, 2019).

⁷² *Id.*

⁷³ *Id.*

⁷⁴ Urban Institute, *Mortgage insurance data at a glance* (2017), https://www.urban.org/sites/default/files/publication/92681/mortgage-insurance-data-at-a-glance_chartbook_0.pdf (last visited December 2, 2019).

the buyer puts 10 percent down, pays closing costs upfront, and has a PMI premium of one percent.⁷⁵

Racial Wealth Gap

In addition to income disparities, the Task Force learned that the racial wealth gap is a barrier to homeownership for Oregon's households of color. Wealth is the net worth of a household and is often the longer-term or intergenerational accumulation of assets that allows households to purchase a home or contribute to a family member's down payment or closing costs.

While homeownership remains one of the greatest sources of Americans' wealth, and homeowners have more wealth than renters, the benefits of homeownership do not accrue equally. There is a 57 percent gap in the inflation-adjusted average housing wealth of black and white households at age 60 or 61 due to three factors: black homebuyers buy less expensive first homes with more debt, they buy homes later in life, and they are less likely to sustain homeownership.⁷⁶

White households have higher levels of equity in their homes with a mean net housing wealth (value minus any debts on the home) of \$215,800, compared to only \$94,400 for Black and \$129,800 for Hispanic households.⁷⁷ Similarly, housing accounts for only 32 percent of total assets for white homeowners, compared with 37 to 39 percent for Black and Hispanic homeowners.⁷⁸

An analysis of national data that has been collected every three years since 1983 shows that the median household wealth for white households increased by \$64,800 from 1983 to 2016. For the median Latino household, it increased by only \$2,200. For the median Black household, however, median wealth decreased by \$3,600 over the same period (Figure 8).⁷⁹

⁷⁵ Zillow, *Oregon Home Prices & Values*, <https://www.zillow.com/or/home-values/> (last visited December 2, 2019).

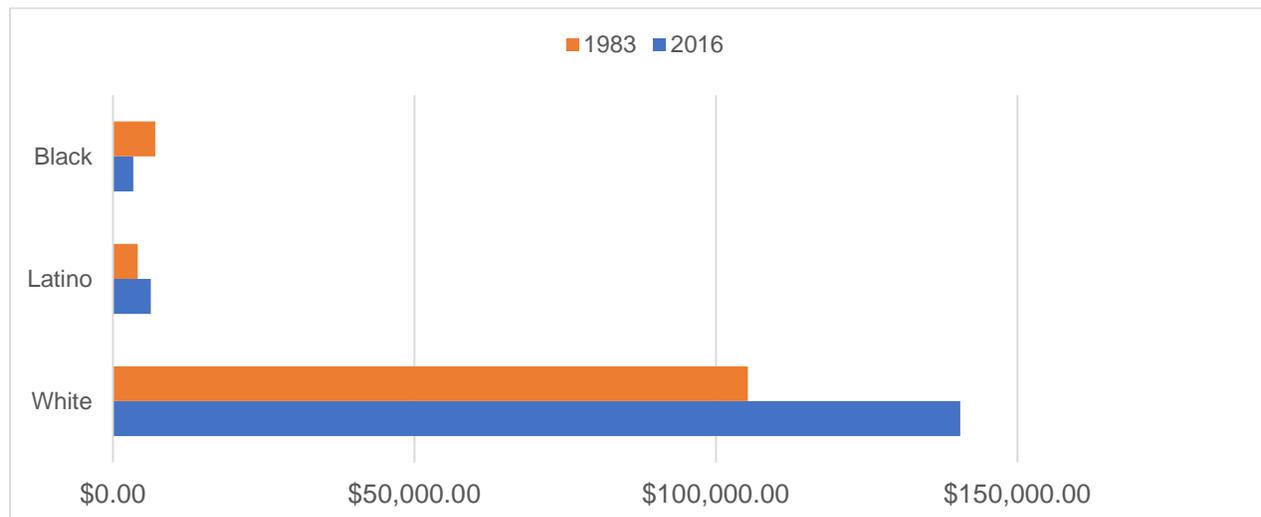
⁷⁶ Alanna McCargo, Vice President for Housing Finance Policy, Urban Institute, *A Review of the State of and Barriers to Minority Homeownership. Testimony before the United States House of Representatives Housing, Community Development, and Insurance Subcommittee*, May 8, 2019, https://www.urban.org/sites/default/files/publication/100210/mccargo_alanna_-_barriers_to_minority_homeownership_testimony_0.pdf (last visited June 21, 2019).

⁷⁷ Lisa J. Detting et al., FEDS Notes, *Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence from the Survey of Consumer Finances* (2017), <https://www.federalreserve.gov/econres/notes/feds-notes/recent-trends-in-wealth-holding-by-race-and-ethnicity-evidence-from-the-survey-of-consumer-finances-20170927.htm> (last visited December 2, 2019).

⁷⁸ *Id.*

⁷⁹ Prosperity Now, *Running in Place: Why the Racial Wealth Divide Keeps Black and Latino Families from Achieving Economic Security* (2018), https://prosperitynow.org/sites/default/files/resources/Running_in_Place_FINAL_3.2018.pdf (last visited December 2, 2019).

Figure 8: Racial Wealth Gap in the U.S. by Race and Ethnicity (2016)



Source: Legislative Policy and Research Office
Data: Federal Reserve 2016 Survey of Consumer Finances

Factors contributing to the wealth gap include residential segregation, educational segregation, housing equity, income, occupational segregation, and employment benefits. Research into the sources of the wealth gap that control for differences in education, jobs, income, or family structure only account for half of the wealth gap.⁸⁰ Analysis of the racial wealth gap by Prosperity Now, the Center for Global Policy Solutions, the Institute for Policy Studies, and the Institute on Assets and Social Policy all conclude that the racial wealth gap is the result of policy choices that boosted the ability of white Americans to build long-term wealth while blocking the same ability in communities of color.

Unfortunately, there is no Oregon racial wealth gap data. There is also no national disaggregated data on Asian Americans, Pacific Islanders, American Indians, and certain other populations. Research does indicate wealth inequality among Asian Americans, in part because of different community experiences with immigration, colonization, assimilation, and acculturation.⁸¹

Other Policies and Regulations

This category contains the barriers to homeownership that did not thematically fit into the other categories considered by the Task Force, including the mortgage interest

⁸⁰ Amy Traub, Dēmos, and Laura Sullivan et al., Institute on Assets and Social Policy (IASP), Brandeis University, *The Asset Value of Whiteness: Understanding the Racial Wealth Gap*, <https://heller.brandeis.edu/iasp/pdfs/racial-wealth-equity/racial-wealth-gap/asset-value-whiteness.pdf> (last visited December 2, 2019).

⁸¹ Christian E. Weller and Jeffrey P. Thompson. *Wealth Inequality Among Asian Americans Greater Than Among Whites*. December 2016, <https://cdn.americanprogress.org/content/uploads/2016/12/20111150/AsianWealthInequality-report-11.pdf> (last visited December 2, 2019).

deduction, the current bias for rental assistance over homeownership, and incentivizing brokers, real estate agents, and financial institutions to better serve communities of color.

The mortgage interest deduction (MID) is a federal and Oregon tax deduction that applies to the mortgage interest paid on the loan to secure a primary or second home. The MID is the state's largest housing subsidy at nearly \$1 billion per biennium and 60 percent of that amount is received by the top 20 percent income bracket (\$91,000 and above).⁸² The MID does not provide up-front assistance to first-time homebuyers like down payment assistance. The state MID provides a tax credit to existing homeowners who itemize.

The Task Force heard, and research suggests, that low-income housing assistance is biased against homeownership because: (1) the poorest homeowners are less likely than renters with similar incomes to obtain subsidies, and (2) homeownership rates are higher for unsubsidized households with the lowest incomes, while the bulk of homeownership subsidies are provided to middle- and upper-income households through homeownership tax provisions like the MID.⁸³

Over several meetings, the Task Force discussed ways to improve training on implicit bias and language barriers to help real estate and lending professionals be more aware of evolving forms of bias. The Task Force also identified the potential for experience ratings or other efforts to change the incentives for these professionals to provide exceptional service to all potential homebuyers. Lastly, the Task Force discussed how the current homeownership system does not financially reward these professionals for completing more complicated purchase transactions or specializing in certain homeownership assistance programs.

⁸² Oregon Department of Revenue Research Section, *State of Oregon Tax Expenditure Report: 2019-21 Biennium*, <https://www.oregon.gov/DOR/programs/gov-research/Pages/research-tax-expenditure.aspx> (last visited December 8, 2019).

⁸³ Edgar O. Olsen. The Urban Institute, *Promoting Homeownership among Low-Income Households*, <https://www.urban.org/sites/default/files/publication/46626/411523-Promoting-Homeownership-among-Low-Income-Households.PDF> (last visited June 20, 2019).

SECTION 6: TASK FORCE POLICY RECOMMENDATIONS

The Task Force adopted two sets of recommendations. In September 2019, it adopted preliminary recommendations (Phase I) intended for early actions to help close the disparities in homeownership rates. In November 2019, the Task Force adopted a set of additional recommendations (Phase II) identifying areas of future work for the Task Force and other groups. The barriers addressed, as described in the previous section, are noted for each recommendation.

Phase I Recommendations

The Task Force recommends that its work be extended through September 2020 to allow it to continue developing recommended solutions to address the barriers that reduce or prevent homeownership among people of color in Oregon. In addition, it adopted six recommendations to address racial disparities in the 2020 short legislative session:

- 1. Increase Homeownership Outreach by Culturally Specific Organizations.** Provide funding to culturally specific organizations for outreach to increase the visibility of and access to homeownership assistance programs by communities of color, including increasing access to culturally specific homebuyer education and counseling, down payment assistance, down payment savings credits, and individual development accounts. This recommendation addresses the Education and Awareness, Finances, and Mortgage Lending barriers.
- 2. Education and Training for Mortgage and Real Estate Professionals.** Improve education and training required of and provided to mortgage and real estate professionals to cover homebuyer assistance programs and incorporate racial bias training. Explore changing licensure requirements or specifying continuing education content requirements for real estate and mortgage lending professionals in statute or administrative rule through the Oregon Real Estate Agency and Department of Consumer and Business Services. This recommendation addresses the Education and Awareness, Mortgage Lending, and Other Policies and Regulations barriers.
- 3. Financial Support and Technical Assistance for Culturally Specific Homeownership Assistance.** Have Oregon Housing and Community Services (OHCS) provide additional financial support and technical assistance to nonprofits and culturally specific organizations to conduct outreach, tailor programs, and deliver community-specific financial literacy courses and homebuyer assistance, education, and counseling programs. This recommendation addresses the Credit, Education and Awareness, Finances, Funding for Homeownership Programs, Historical, Housing Programs and Policy Gap, Legal Status, Location Based, and Mortgage Lending barriers.

4. **Down Payment Assistance.** Increase funding for down payment assistance and individual development accounts to support homeownership by people of color. This recommendation addresses the Finances, Mortgage Lending, and Racial Wealth Gap barriers.
5. **State Program Goals and Standards.** Set goals, reporting requirements, and program standards for OHCS specific to homeownership by people of color. This recommendation addresses the Funding for Homeownership Programs, Historical, Housing Programs and Policy Gap, and Location Based barriers.
6. **Tribal Homeownership Needs.** 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. This recommendation addresses the Historical as well as Housing Programs and Policy Gap barriers.

Phase II Recommendations

On November 21, 2019, the Task Force met to consider and adopt Phase II recommendations for future work groups or policy conversations for the extended Joint Task Force on Addressing Racial Disparities in Home Ownership, and recommendations to other legislative committees, boards, commissions, task forces, or work groups.

The Task Force recommends the following five areas for additional work in 2020:

1. **Housing Lending and Finance Disparities.** The Task Force will convene a work group of Task Force 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. This work group is to discuss the following policy options:
 - offering a state option for private mortgage insurance with lower rates than currently available from private mortgage insurance;
 - ways to address lender and broker education and incentives;
 - ways to help communities of color build credit, including reporting of rental payments to the credit bureaus by landlords or tenants;
 - Ways to offer small zero-interest loans (between \$250 and \$2,500) or micro-mortgage lending products for housing repair or renovation through regulated and nonregulated financial institutions;
 - lender and broker standards, affirmative fiduciary requirements, or incentives to ensure loans are well-suited and advantageous for the borrower; and

- requiring banks and credit unions to make their general requirements available online in a centralized location managed by the state in order to improve the ability of a consumer searching for a loan to be matched with the best available loan.

This recommendation addresses the Credit, Education and Awareness, Mortgage Lending, and Other Policies and Regulations barriers.

2. **Communities of Color Homeownership Pilot Program.** The Task Force will convene a work group of Task Force members, homeownership organizations, Oregon Housing and Community Services (OHCS), and culturally specific organizations to identify options and develop recommended pilot programs to address racial disparities in homeownership. This recommendation addresses the Finances, Historical, and Racial Wealth Gap barriers.
3. **State Compliance with Fair Housing and Lending Laws.** The Task Force will convene a work group of Task Force members, OHCS, Department of Business and Consumer Services (DCBS), Bureau of Labor and Industries (BOLI), and housing program representatives or advocates to consider ways for the state to play a role in enforcing equal access to and outcomes associated with lending and homeownership, including:
 - additional support for legal advocates or housing counselors (legal services, foreclosure prevention counselors, fair housing programs) to ensure the existing laws are being enforced and used to hold lenders accountable;
 - wage reporting and employee compensation education; and
 - state regulations or consumer protections related to lending outcomes, fees, and costs.

This recommendation addresses the Cultural Differences and Mortgage Lending barriers.

4. **Homeownership Language Accessibility Work Group.** The Task Force will convene a work group of Task Force members, various agency representatives (OHCS, DCBS, BOLI, and others), Oregon Homeownership Centers, and housing and culturally specific organizations to explore ways to improve language accessibility, including:
 - reviewing language accessibility requirements for the financial sector and for state and community homeownership programs and identify ways to improve accessibility;
 - exploring ways to systematically deliver language services, especially in rural

- areas, including developing statewide resources or consumer tools;
- identifying ways to provide housing counselors who speak other languages where needed across the state; and
- exploring ways to have written translations or verbal interpretations of closing or servicing documents provided in the preferred language of the borrower, and have banks accept certain documents in languages other than English.

This recommendation addresses the Historical and Mortgage Lending barriers.

5. **Federal Housing Laws and Regulations.** The Task Force identified several policy options for addressing racial disparities in homeownership as being under federal purview and will prepare a draft resolution or letter to be discussed and adopted by the Task Force and conveyed to Oregon's Congressional Delegation or the appropriate federal entity. This recommendation addresses the Credit, Housing Programs and Policy Gap, and Mortgage Lending barriers.

The Task Force also recommends that certain policy options related to identified barriers to homeownership be addressed by other legislative committees, work groups, boards, commissions, or task forces. Specifically, the Task Force recommends:

1. Educational and occupational policy options that impact the ability of people of color to afford homeownership should be taken up by workforce development and educational boards and commissions, including the Oregon Workforce and Talent Development Board and Board of Education, including:
 - connecting workforce development boards, culturally specific community organizations, homeownership education programs, and mortgage readiness programs to address training and wage inequities;
 - requiring Oregon high school graduates be financially literate by adding a new diploma requirement, or adjusting an existing diploma requirement, to include financial literacy, including budgeting, credit scores, and mortgage lending;
 - reducing student debt through increased state investment in higher education, tuition assistance for Compact of Free Association citizens, or student loan forgiveness; and
 - allowing the acceptance of foreign credentials; requiring more transparent licensing requirements; and increasing access to courses in professional English.

2. A task force or legislative committee should be convened to consider tax and wealth policy options related to building personal or community wealth for communities of color, including:
 - how to 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 historically and currently disadvantaged communities;
 - implementation of a state savers tax credit;
 - modification of Oregon’s income tax structure so that the lowest income taxpayers are not paying a higher percentage of their incomes than the wealthiest taxpayers;
 - addressing property tax limitation and the disparate impacts to communities of color accessing government services; and
 - implementation of a state universal base income.

3. A task force should be formed to consider housing supply policy options related to the ability of all Oregonians to afford and have access to homeownership opportunities. The new task force should include the representation of local government, Department of Land Conservation and Development (DLCD), OHCS, land use groups, housing groups, developers, and homebuilders, and consider the following policy options:
 - incentivizing manufactured and modular housing;
 - expanding the urban growth boundary;
 - taxing vacant land and properties to encourage development and to place vacant properties on the market;
 - requiring all levels of government to take inventory of vacant land and encouraging land to be sold to developers for building homes for low- to middle-income level households;
 - subsidizing or changing system development charges to lower/limit costs;
 - reviewing fee structures and allowing 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;

- shortening lengthy building review and permitting processes that add cost and allow for delays. Utilizing updated technology to decrease costs and uncertainty;
- establishing 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;
- empowering the DLCDC to audit Oregon cities for adherence to statewide laws on housing approval standards and permitting timelines;
- incentivizing taller homes with smaller footprints by using a floor area ratio model;
- reviewing inclusionary zoning laws;
- establishing density bonuses to incentivize the building of a certain number of units;
- eliminating restrictions where some zones only allow for one kitchen per lot, which would make multi-generational homes or homes shared by extended families more feasible; and
- offering cash rebates on new home construction in desired locations.

SECTION 7: APPENDICES

Appendix A: Task Force Presentations and Materials

Appendix B: Adopted Common Language

Appendix C: Identified Barriers, Challenges, and Issues Matrix

Appendix D: History of Segregation and Discrimination in Oregon

Appendix E: Acronyms

Appendix A: Task Force Presentations and Materials

Meeting Date	Meeting Materials
September 27, 2018	House Bill 4010 (2017) Overview, History, and Current Conditions Fair Housing Council of Oregon presentation Oregon Housing and Community Services presentation
October 22, 2018	Common Language memorandum and attached example Mortgage Loan Overview, Practices, and Procedures The 4'Cs of Mortgage Lending presentation Regulations presentation Fannie Mae Form 1003 – Uniform Residential Loan Application Freddie Mac Form 65 – Universal Residential Loan Application Department of Consumer and Business Services presentation Homeownership Programs memo
November 28, 2018	Proposed Common Language Barriers to Home Ownership National Community Reinvestment Coalition - Oregon Lending Patterns 2018 presentation Neighborhood Economic Development Corporation handout Community Action Program of East Central Oregon testimony
December 11, 2018	Adopted Common Language Barriers to Home Ownership Northwest Credit Union Association testimony Oregon Commission on Black Affairs testimony Oregon Commission on Hispanic Affairs testimony Portland Community Reinvestment Initiative's Pathway 1000 Program presentation Moorish Science Temple of America – Federal Directive 15/ Form 181: Ethnicity and Race Identification
January 10, 2019	Barriers to Home Ownership Portland Housing Center presentation Oregon Commission on Asian and Pacific Islander Affairs testimony Moorish Science Temple of America position statement; presentation Draft Barrier Categories handout

Meeting Date	Meeting Materials
June 14, 2019	Task Force Review Staff presentation Staff background packet Staff meeting summary packet Problem Statement Discussion Staff presentation , page 19 Identified Barriers, Challenges, and Issues handout
July 29, 2019	Homeownership Update Statewide Housing Plan Executive Summary Oregon Housing and Community Services presentation Barriers and Policy Options preliminary research Updated Homeownership Program memo
August 14, 2019	Policy Alternatives Discussion Homeownership Data presentation Barriers and Policy Options – Preliminary Research Vol. 2
September 19, 2019	Preliminary Recommendations Phase II Recommendations List of Policy Options Discussed on July 29 and August 14
November 21, 2019	Preliminary Report (September 2019) Task Force Outcome Goal Recommendation Phase II Recommendation

Appendix B: Adopted Common Language

Note: This document may contain some internal inconsistencies. The purpose is to create a shared vocabulary to avoid misunderstandings and to assist in task force communication.

Term	Definition	Source
Adverse impact/ Disparate impact	Refers to practices or policies that appear neutral but have a discriminatory effect on a protected group.	City of Portland Office of Equity and Human Rights (OEHR)
Awareness	Knowledge and understanding that something is happening or exists. Aware of and actively attentive to important facts and issues, especially issues of racial and social justice (also known as woke).	Webster's
Civil Rights Title VI	Refers to Federal law. No person in the United States, on the grounds of Race, Color, or National Origin, shall be excluded from participation in, denied the benefits of, or be subjected to discrimination under any program, service, or activity of a public entity, that receives federal assistance.	
Communities of Color	Term used primarily in the United States to describe communities of people who are not identified as White, emphasizing common experiences of racism.	OEHR
Discrimination	Refers to practices or policies that may be considered discriminatory and illegal if they have a disproportionate "adverse impact" on persons in a protected class.	OEHR
Disparate Impacts	Refers to practices or policies that may be considered discriminatory and illegal if they have a disproportionate "adverse impact" on persons in a protected class.	OEHR
Diversity	Includes all the ways in which people differ; encompasses all the different characteristics that make one individual or group different from one another.	UC Berkeley Center for Equity, Inclusion and Diversity
Equity	When one's identity cannot predict the outcome.	OEHR
Equity Lens	A critical thinking approach to undoing institutional and structural racism, which evaluates burdens, benefits, and outcomes to underserved communities.	OEHR
Ethnicity	An entirely social-political construct, referring to the sharing of a common culture, including shared origin, shared psychological characteristics and attitudes, shared language, religion, and cultural traditions; a cultural identification, which is fluid and may change over time.	<i>Oxford English Dictionary</i> Ford & Kelly, <i>Conceptualizing and Categorizing Race and Ethnicity in Health Services Research</i> , 40 (5 Pt 2), Health Serv Res (2005)

Term	Definition	Source
Explicit Bias	The evaluation of one group and its members relative to one another, expressed directly, with full awareness.	OEHR
Implicit Bias	The evaluation of one group and its members relative to one another, expressed indirectly, usually without awareness. This operates in one's subconscious.	OEHR
Institutional Racism	Occurs within institutions and systems of power. It is the unfair policies and discriminatory practices of particular institutions (schools, workplaces, etc.)	Race Forward, <i>Moving the Race Conversation Forward</i>
Internalized Racism	Lies within individuals. These are our private beliefs, biases, and prejudices on race and ethnicity, influenced by identity, culture, and experience. Internalized racism has negative consequences for people of color as it supports the ideas, beliefs, actions, and behaviors that support racism.	Race Forward, <i>Moving the Race Conversation Forward</i> , and Potapchuk and Leiderman, <i>Flipping the Script: White Privilege and Community Building</i> .
Interpersonal Racism	Occurs between individuals. These are biases that occur when individuals interact with others and their private racial beliefs affect their public interactions.	Race Forward, <i>Moving the Race Conversation Forward</i>
Intersectionality	The complex and cumulative way that the effects of different forms of discrimination (such as racism, sexism, and classism) combine, overlap, and intersect—especially in the experiences of marginalized people or groups.	Webster's
Prejudice (Prejudgment)	A prejudgment or unjustifiable, and usually negative, attitude of one type of individual or group toward another group and its members. Such negative attitudes are typically based on unsupported generalizations (or stereotypes) that deny the right of individual members of certain groups to be recognized and treated as individuals with individual characteristics.	<i>Institute for Democratic Renewal and Project Change Anti-Racism Initiative. A Community Builder's Tool Kit. Claremont Graduate University.</i>
Privilege	Refers to the <i>unearned</i> set of advantages, entitlements, opportunities, and benefits bestowed by the formal and informal institutions of society to all members of a dominant group (e.g., White privilege, male privilege, etc.) at the expense of members of target groups. Privilege is invisible to those who have it and is often believed to be earned by those who have it. Privilege is different than the specific entitlements or advantages that can be earned by anyone regardless of affiliation, for example, by study or work or as a result of certain positions or achievements.	OEHR <i>Peggy McIntosh, "White Privilege and Male Privilege: A Personal Account of Coming to See Correspondences Through Work in Women Studies."</i>
Race	A nonscientific classification of human beings created by Europeans (Whites) which assigns human worth and social status for the purpose of establishing and maintaining privilege and power.	Adapted from Chisom and Washington, <i>Undoing Racism: A Philosophy of International Social Change</i> .

Term	Definition	Source
Race and Ethnicity Category Definitions	<p>American Indian or Alaska Native – any individual who is: (1) an enrolled member (as defined by the Indian tribe or band) of an Indian tribe or band, including those Indian tribes or bands terminated since 1940, and those recognized by the State in which the tribe or band reside; (2) a descendent in the first or second degree (parent or grandparent) as described in (1); (3) considered by the Secretary of the Interior to be an Indian for any purpose; (4) an Eskimo or Aleut or other Alaska Native; or (5) an enrolled citizen of an organized Indian group that received a grant under the Indian Education Act of 1988 as it was in effect October 19, 1994.</p> <p>Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.</p> <p>Black or African American – A person having origins in any of the Black racial groups of Africa.</p> <p>Hispanic or Latino – A person of Cuban, Mexican, Puerto Rican, South or Central American, or any Spanish culture or origin regardless of race.</p> <p>Native Hawaiian or Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or Micronesia, Polynesia and Melanesia.</p> <p>White – A person having origins in any of the original peoples of Europe, the Middle East, or North Africa.</p>	<p>U.S. Census Bureau Oregon Department of Education American Indian/Alaska Native Working Group</p>
Racial Disparity	A significant difference in conditions between a racial group and the White population that is avoidable and unjust.	OEHR
Racial Equity	Race cannot be used to predict life outcomes and the outcomes for all groups are improved.	OEHR
Racial Equity Framework	An understanding of the root causes of racial disparities, an analysis of the structures that perpetuate these disparities, and the ability to deploy critical strategies to undoing those structures (i.e., community self-determination, shifting power, etc.) to replace them with structures that produce equitable outcomes.	OEHR

Term	Definition	Source
Racial Equity Tool	A set of strategies, procedures, and resources designed to integrate explicit consideration of racial equity and that can be implemented and applied throughout organizational policy, procedures, and operations to ensure/drive equitable process, impacts, and outcomes.	OEHR
Racial Microaggression	Racial microaggressions are brief and commonplace daily verbal, behavioral, or environmental indignities, whether intentional or unintentional, that communicate hostile, derogatory, or negative racial slights and insults toward people of color.	Sue et al., <i>Racial Microaggressions in Everyday Life, Implications for Clinical Practice</i> , 62(4) Amer. Psych. 271 (2007)
Structural Racism	Racial bias among institutions and across society	Race Forward, <i>Moving the Race Conversation Forward</i>
Under-served	Refers to people and places that historically and currently have not had equitable resources or access to infrastructure, healthy environments, housing choice, etc. Disparities may be recognized in both services and in outcomes.	OEHR

Appendix C: Identified Barriers, Challenges, and Issues Matrix

Barrier Category	Challenge / Issue	Notes
Building costs / purchasing costs / supply / land	<p>Available housing stock (quantity / quality) across state is low</p> <p>Land costs are high</p> <p>Insufficient new construction in rural areas</p> <p>High cost of developing a single-family parcel in rural communities (materials, labor, willing investors)</p> <p>Land use policies (such as zoning)</p>	
Credit	<p>Poor credit score / lack of alternatives to traditional credit check</p> <p>Credit histories impacted by defaulting on predatory loans from the Great Recession</p> <p>Mortgage interest rates / rates can be biased based on existing models of credit</p>	
Education / awareness	<p>Teaching financial literacy in schools is not common (high school)</p> <p>Homebuyer education (pre and post purchase) is not culturally responsive</p> <p>Few individuals from communities of color are mortgage-ready</p> <p>Mortgage lender training / program knowledge can be limited</p> <p>Lack of culturally sensitive / knowledgeable programs</p> <p>Knowledge gaps for borrowers and lenders, including cultural sensitivity training / education</p> <p>Language barriers (such as availability of forms in various languages)</p>	

Barrier Category	Challenge / Issue	Notes
Finances	<p>Inability to accumulate a down payment</p> <p>Disconnect between incomes and market prices / the cost to build a home</p> <p>Inconsistent job history / employment gaps</p> <p>Mortgage readiness / prospective homebuyers need assistance early in the process</p> <p>Limited number of individual development accounts (IDAs)</p>	
Funding	<p>Source of down payment funding / unconventional funding layers add complexity to transactions and can create disadvantages for the borrower (potential homebuyer)</p> <p>Available capital / investments in programs that exist</p> <p>Attractiveness of certain loans or programs to funders (costs per person can be high)</p> <p>Language barriers between the potential homebuyer and lenders / brokers</p>	
Historical	<p>History of discrimination and segregation</p> <p>Intersectionality; barriers to homeownership include gender, race, income</p> <p>Indians may own land, but the ability to access capital to build on that land may not be there</p> <p>Partnerships with Tribes and serving American Indians and Alaska Natives</p> <p>Lack of generational benefits of homeownership</p> <p>Support for access and language services</p>	

Barrier Category	Challenge / Issue	Notes
Housing programs / policy gaps	<p>Down payment assistance limitations such as gaps in assistance for households who earn between 80-100 percent of the adjusted median income (AMI)</p> <p>Sellers with down payment assistance are being disadvantaged in competitive markets</p> <p>A need for goals for serving communities of color</p> <p>Lack of consistent, sustainable leadership and program capacity in rural areas.</p> <p>Federal 184 loan program (Indian Country and native Hawaiian loans, guaranteed by HUD) not widely available / issues with trust land / longer process</p>	
Location based	<p>Diverse communities in the rural areas / access to services</p> <p>Long distances or geographic barriers make it more difficult and less appealing to provide services to rural residences</p> <p>Access to affordable homes within a homebuyer's community</p>	
Mindset / cultural differences / traditions	<p>Cultural beliefs about banks or credit that may discourage trusting lending institutions</p> <p>Cultural preferences for single-family housing as opposed to multi-family units</p> <p>Utilization of lending circles / lending circles not part of traditional credit score</p> <p>Personal or business income sources (documentation)</p> <p>Low availability of multi-generational housing</p> <p>Lack of resources for financial literacy and learning</p> <p>Learning from cultural differences (tailoring programs to different communities)</p>	

Barrier Category	Challenge / Issue	Notes
Mortgage lending	<p>Illegal discrimination and lack of enforcement</p> <p>Lenders / brokers are not incentivized to serve populations with more complex transactions and to offer certain lending programs</p> <p>The requirement for Private Mortgage Insurance (PMI) can be cost prohibitive</p> <p>Tracking discrimination through Home Mortgage Disclosure Act of 1975 (HMDA) data / recent decline in self-reporting</p> <p>Closing timeline is longer for program participants</p> <p>Inconsistent debt-to-income ratio guidelines for different companies / affordability</p> <p>Lack of continuing education for lenders regarding available programs</p> <p>Language barriers / access</p>	
Status	<p>Legal status as an obstacle to homeownership</p> <p>Brain waste / credentialing for immigrant / refugee communities / lack of professional reciprocity [possibly addressed by SB 855 (2019)]</p>	
Wealth gap	<p>Community of color wealth gaps / lack of generational wealth</p> <p>Gap between incomes and the cost to buy or build a home is greater for communities of color</p>	
Other policies/ regulations	<p>Mortgage interest deduction (as a subsidy)</p> <p>Housing programs and systems favor rental assistance over homeownership</p> <p>Review professional licensure requirements for brokers, real estate agents, etc. (implicit bias awareness, language barriers, experience rating, designation for those that specialize in homeownership programs)</p>	

Appendix D: History of Segregation and Discrimination in Oregon

This section contains a brief timeline of significant racially discriminatory events and policies affecting homeownership for Oregonians of color.

- 1823 The Supreme Court of the United States finds that Native Americans are wanderers. As a result, their ownership is deemed subordinate to the “discovery rights” of the British. Indian Tribes were permitted to have occupancy rights, but not valid title to their land.
- 1830 Congress passes the Indian Removal Act, which was the first major federal legislation allowing the removal of Indians from desirable land.
- 1844 Oregon’s provisional government bans slavery while simultaneously requiring all African Americans to leave the territory. African Americans who try to settle in Oregon are forced to do public labor until they leave.⁸⁴
- 1849 Oregon’s provisional government passes a law to keep African Americans and Mulattoes from entering Oregon.
- 1850s Congress passes the Donation Land Claim Act allowing certain white settlers and mixed-race Indians to receive free land and accelerating settlement by European Americans in the Oregon territory.⁸⁵ The United States government sanctions wars of removal against the Indians and dispatches commissioners to force treaties upon the Tribes that strip them of their land.⁸⁶
- 1857 Oregon adopts its constitution, which contains a provision forbidding African Americans from entering the state, residing in the state, voting, owning property in the state, or utilizing the legal system. The constitution also forbids Chinese immigrants from owning property. Single white males are entitled to 650 acres of free property and married white males to 1,300 acres of property.⁸⁷
- 1859 Oregon becomes the 33rd state and is the only state in the union to forbid black people from working, living, or owning property within its borders.⁸⁸

⁸⁴ Oregon Secretary of State, *Black in Oregon, National and Oregon Chronology of Events*, <https://sos.oregon.gov/archives/exhibits/black-history/Pages/context/chronology.aspx> (last visited December 9, 2019).

⁸⁵ Oregon Secretary of State, *Land Records – Federal Government*, https://sos.oregon.gov/archives/Pages/records/aids-land_federal.aspx (last visited November 27, 2019).

⁸⁶ Oregon Historical Society, *How the Donation Land Act Created the State of Oregon and Influenced its History*, <https://www.ohs.org/events/how-the-donation-land-act-created-the-state-of-oregon.cfm> (last visited December 2, 2019).

⁸⁷ Oregon State Archives, *Transcribed 1857 Oregon Constitution*, <https://sos.oregon.gov/archives/exhibits/constitution/Documents/transcribed-1857-oregon-constitution.pdf> (last visited December 9, 2019).

⁸⁸ Oregon Secretary of State, *Black in Oregon, National and Oregon Chronology of Events*, <https://sos.oregon.gov/archives/exhibits/black-history/Pages/context/chronology.aspx> (last visited December 9, 2019).

1862 The Homestead Act of 1862 awards up to 160 acres of land to settlers who pay a filing fee and agree to live on and cultivate land in the west for five years. In Oregon, 17 percent of the state was homesteaded by 62,926 homesteads, comprising 10,513,945 acres.⁸⁹ Oregon's restrictions on land ownership largely prevented minorities from taking advantage of the program.⁹⁰

1920s Housing developers begin to use racially restrictive covenants to create neighborhoods that were ethnically and religiously exclusive.⁹¹

1923 Oregon passes the Alien Land Law banning Japanese nationals from owning or leasing land in Oregon.⁹²

1924 Portland approves the city's first zoning plan, which formally separated industrial and residential development and introduces single-family zoning, which requires minimum land area and bans attached homes.⁹³

The National Association of Real Estate Boards publishes its first ethics code. Article 34 states that a "Realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality, or any individuals whose presence will clearly be detrimental to property values in that neighborhood."⁹⁴

1938 The Home Owner's Loan Corporation (HOLC), a New Deal federal agency created to refinance home mortgages that were in default, begins the practice of identifying neighborhoods by housing age, quality, occupancy, prices, race, ethnicity, and immigration status, which resulted in minority borrowers being denied credit based on the demographic composition of their neighborhood.⁹⁵ Research shows that redlining led to neighborhood disinvestment and prevented households of color from gaining home equity or making home improvements at a time when homeownership was rapidly expanding in postwar America.⁹⁶

⁸⁹ Bureau of Land Management, *Shaping American's History, The Homestead Act, Commemorating 150 Years (1862-2012)* https://www.blm.gov/or/landsrealty/homestead150/files/HomesteadingFactSheet_2012.pdf (last visited November 27, 2019).

⁹⁰ Oregon Secretary of State, *Black in Oregon 1840-1870, Letitia Carson*, <https://sos.oregon.gov/archives/exhibits/black-history/Pages/families/carson-letitia.aspx> (last visited December 2, 2019).

⁹¹ Oregon Public Radio, *Signs of Oregon's Racist Past Might be in the Documents of Your Home*, <https://www.opb.org/news/article/oregon-racist-history-deed-restrictive-covenant/> (last visited December 2, 2019).

⁹² Oregon Secretary of State, *Oregon History: Chronology – 1902 to 1950*, <https://sos.oregon.gov/blue-book/Pages/facts/history/chronology-1902-1950.aspx> (last visited December 9, 2019). Densho Encyclopedia, *Alien Land Laws*, http://encyclopedia.densho.org/Alien_land_laws/ (last visited December 9, 2019).

⁹³ Michael Anderson, *Maps: Portland's 1924 Rezone Legacy Is 'A Century of Exclusion'*, <https://www.sightline.org/2018/05/25/a-century-of-exclusion-portlands-1924-rezone-is-still-coded-on-its-streets/> (last visited December 9, 2019).

⁹⁴ National Association of Real Estate Boards, *Code of Ethics (1924)*, <http://archive.realtor.org/sites/default/files/1924Ethics.pdf> (last visited December 16, 2019).

⁹⁵ Daniel Aaronson, Daniel Hartley, and Bhashkar Mazumder, Federal Reserve Bank of Chicago, *The Effects of the 1930s HOLC "Redlining" Maps*, <https://www.chicagofed.org/publications/working-papers/2017/wp2017-12> (last visited December 8, 2019).

⁹⁶ *Id.* Andre M. Perry and David Harshbarger, Brookings, *America's formerly redlined neighborhoods have changed, and so must solutions to rectify them*, <https://www.brookings.edu/research/americas-formerly-redlines-areas->

1939-1945

During World War II, Oregon's African American population grows from about 2,000 to 20,000. Most came to live in Vanport due to racial discrimination and segregation.⁹⁷

- 1942 Executive Order 9066 authorizes the removal of Japanese Americans to internment camps. Japanese Americans have only days to sell or give away businesses, homes, and other personal possessions.⁹⁸
- 1948 The City of Vanport is destroyed by flooding and displaces most of the majority black community.
- 1949 Oregon passes its first statewide anti-discrimination legislation, the Fair Employment Practices Act.⁹⁹
- 1952 The Supreme Court of the United States invalidates western alien land laws and concludes that forbidding aliens from owning land violates the 14th Amendment.¹⁰⁰
- 1953 Oregon adopts civil penalties for discrimination on the basis of race, color, national origin, or religion in the use of any public accommodation.¹⁰¹
- 1954 The U.S. Congress revokes tribal sovereignty for more than 60 Oregon Tribes through Public Laws 587 and 588.¹⁰²

[changed-so-must-solutions/](#) (last visited December 8, 2019). Emily Badger, *How Redlining's Racist Effects Lasted for Decades*, The New York Times, (August 24, 2017) <https://www.nytimes.com/2017/08/24/upshot/how-redlinings-racist-effects-lasting-for-decades.html> (last visited December 2, 2019).

⁹⁷ Oregon Secretary of State, *Life on the Home Front: A Matter of Color: African Americans Face Discrimination*, <https://sos.oregon.gov/archives/exhibits/ww2/Pages/life-race.aspx> (last visited December 9, 2019). Richard Rothstein, *The Color of Law: A Forgotten History of How Our Government Segregated America*, <https://www.epi.org/publication/the-color-of-law-a-forgotten-history-of-how-our-government-segregated-america/> (last visited December 2, 2019).

⁹⁸ Oregon Secretary of State, *Oregon History: Chronology – 1902 to 1950*, <https://sos.oregon.gov/blue-book/Pages/facts/history/chronology-1902-1950.aspx> (last visited December 9, 2019). Smithsonian, *The Roundup*, <https://americanhistory.si.edu/righting-wrong-japanese-americans-and-world-war-ii/roundup> (last visited December 9, 2019).

⁹⁹ Serbulo, Leanne. *Small Steps on the Long Journey to Equality: A Timeline of Post-Legislation Civil Rights Struggles in Portland*, QHQ, Vol. 119, No. 3. (376-399).

¹⁰⁰ Densho Encyclopedia, *Alien Land Laws*, http://encyclopedia.densho.org/Alien_land_laws/ (last visited December 9, 2019).

¹⁰¹ Serbulo, Leanne. *Small Steps on the Long Journey to Equality: A Timeline of Post-Legislation Civil Rights Struggles in Portland*, QHQ, Vol. 119, No. 3. (376-399).

¹⁰² Eric Cain and John Rosman, *Broken Treaties: An Oral History Tracing Oregon's Native Population*, <https://www.opb.org/artsandlife/series/brokentreaties/oregon-tribes-oral-history-broken-treaties/> (last visited November 30, 2019).

1956 The Federal Aid Highway Act of 1956 allows Oregon to build Interstate 5 and Highway 99, which affect the predominantly black Upper Albina neighborhood in Portland.¹⁰³

The National Association of Real Estate Boards responds to *Shelley v. Kraemer*, which found deed restrictions unenforceable, by modifying its code of ethics to state that a “Realtor should not be instrumental in introducing into a neighborhood a character of property or use which will clearly be detrimental to property values in that neighborhood.”¹⁰⁴

1957 Construction of The Dalles Dam destroys Celilo Falls, an important center for Native American trade, culture, and ceremony for at least 11,000 years.¹⁰⁵

1957 Oregon passes its first fair housing legislation, making it illegal for property owners or their agents who receive any public funding from discriminating on the basis of race, color, religion, or national origin in the sale, lease, or rental or any dwelling in a building containing five or more such units.¹⁰⁶

1959 Oregon amends its fair housing law to apply to any person who sells, leases or rents real property.¹⁰⁷

1962 The League of Women Voters finds, after interviewing real estate agents, that brokers make “gentlemen’s agreements” to not show whites’ properties to black families.¹⁰⁸

1973 Oregon re-ratifies the 14th Amendment of the United States Constitution, which grants citizenship and equal legal and civil rights to African Americans.¹⁰⁹

1975 The Home Mortgage Disclosure Act passes. It requires certain financial institutions to collect and report on mortgage loan information, which helps determine whether lenders are properly serving the lending needs of their communities and provides some of the data needed to track discriminatory lending patterns.¹¹⁰

¹⁰³ Givson, Karen. Bleeding Albina: A History of Community Disinvestment, 1940-2000. Transforming Anthropology, Vol. 15, Numbers 1 (3–25).

¹⁰⁴ Oregon History Project, *NAREB Code of Ethics*, <https://oregonhistoryproject.org/articles/historical-records/nareb-code-of-ethics/#.Xfgj8vx7kb8> (last visited December 16, 2019). *Shelley v. Kraemer* 334 U.S. 1 (1948).

¹⁰⁵ Oregon History Project, *Indians Fish at Celilo Falls*, <https://oregonhistoryproject.org/articles/historical-records/indians-fish-at-celilo-falls/#.XffvEWBYZpQ> (last visited December 16, 2019).

¹⁰⁶ Oregon Historical Society, *Fair Housing In Oregon Study*, <https://oregonhistoryproject.org/articles/historical-records/fair-housing-in-oregon-study/#.Xe6JomBYZpQ> (last visited December 9, 2019).

¹⁰⁷ *Id.*

¹⁰⁸ Serbulo, Leanne. *Small Steps on the Long Journey to Equality: A Timeline of Post-Legislation Civil Rights Struggles in Portland*, QHQ, Vol. 119, No 3. (376-399).

¹⁰⁹ Oregon Secretary of State, *Black in Oregon, Later Developments*, <https://sos.oregon.gov/archives/exhibits/black-history/Pages/context/late-developments.aspx> (last visited December 9, 2019).

¹¹⁰ Consumer Financial Protection Bureau, *Mortgage data (HMDA)*, <https://www.consumerfinance.gov/data-research/hmda/> (last visited December 2, 2019).

1970s - 1980s

Federal recognition occurs for the Burns Paiute Tribe; Confederated Tribes of Coos, Lower Umpqua, and Siuslaw Indians; Coquille Indian Tribe; Cow Creek Band of the Umpqua Tribe of Indians; Confederated Tribes of The Grand Ronde Community; Klamath Tribes; and Confederated Tribes of Siletz Indians.

- 1990 *The Oregonian* conducts a study of mortgage lending practices in Portland and finds that banks make loans in black neighborhoods at one-sixth the rate of other neighborhoods and that no federally insured mortgages for low-income and first-time home buyers have been issued in the four predominately black census tracts.¹¹¹
- 2007 The Great Recession begins. Families of color lose their homes at higher rates than white families during the Great Recession, partially due to predatory lending practices.¹¹²
- 2011 The 2010 audit by the Fair Housing Council for the City of Portland finds that landlords and leasing agents discriminated against African American and Latino “testers” 64 percent of the time in 50 tests across the city, citing higher rents or deposits and adding on fees.¹¹³
- 2018 Oregon passes a bill to simplify the process to remove personally discriminatory restrictions from titles of real property.¹¹⁴
- 2018 The annual City of Portland audit test shows that housing providers continue to provide adverse differential treatment to prospective renters based on a person’s race/color or national origin in 25 percent of the inquiries.¹¹⁵

¹¹¹ Serbulo, Leanne. *Small Steps on the Long Journey to Equality: A Timeline of Post-Legislation Civil Rights Struggles in Portland*, QHQ, Vol. 119, No 3. (376-399).

¹¹² Reuters, *Racial predatory loans fueled U.S. housing crisis: study*, <https://www.reuters.com/article/us-usa-foreclosures-race/racial-predatory-loans-fueled-u-s-housing-crisis-study-idUSTRE6930K520101004> (last visited December 17, 2019). Social Science Research Council, *Impact of the U.S. Housing Crisis on the Racial Wealth Gap Across Generations* (2015), available at https://www.aclu.org/sites/default/files/field_document/discrimlend_final.pdf#meowners.

¹¹³ The Oregonian, *Portland housing audit finds discrimination in 64 percent of tests; city has yet to act against landlords*, https://www.oregonlive.com/portland/2011/05/a_portland_housing_audit_finds.html (last visited December 9, 2019).

¹¹⁴ House Bill 4134, (2018) <https://olis.leg.state.or.us/liz/2018R1/Measures/Overview/HB4134>; Chapter 35, (2018 Laws).

¹¹⁵ Fair Housing Council of Oregon, *Race/Color and National Origin: Indicators of Disparate Treatment in Portland Rental Housing*, <https://www.portlandoregon.gov/phb/article/703893> (last visited December 9, 2019).

Appendix E: Acronyms

AAFCI	African American Financial Capability Initiative
AFI	Assets for Independence
AGI	Adjusted Gross Income
AMI	Area Median Income
BASS	Brokerage Administration and Sales Supervision
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CPFB	U.S. Consumer Protection Financial Bureau
CHDO	Community Housing Development Organizations
DCBS	Department of Consumer and Business Services
DLCD	Department of Land Conservation and Development
DTI	Debt-to-Income Ratio
ECOA	Equal Credit Opportunity Act
ETA	U.S. Department of Labor's Employment & Training Administration
FAR	Floor Area Ratio
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
FICO	Fair Isaac Corporation
FRCA	Fair Reporting Credit Act (1970)
GSE	Government Sponsored Enterprise
HCV	Housing Choice Voucher
HMDA	Home Mortgage Disclosure Act (1975)
HUD	U.S. Department of Housing and Urban Development
IDA	Individual Development Account
ITIN	Individual Taxpayer Identification Number
KKK	Ku Klux Klan
LEP	Limited English Proficient
LIFT	Local Innovation and Fast Track
LPRO	Legislative Policy and Research Office
LTV	Loan-to-Value Ratio
MAF	Mission Asset Fund
MID	Mortgage Interest Deduction
NGO	Nongovernmental Organization
OHCS	Oregon Department of Housing and Community Services
ORS	Oregon Revised Statutes
PHA	Public Housing Agency
PMAR	Portland Metropolitan Association of Realtors®
PMI	Private Mortgage Insurance
UGB	Urban Growth Boundary
USDA	United States Department of Agriculture
VA	U.S. Department of Veterans' Affairs