

**HB 3492 A STAFF MEASURE SUMMARY**

**House Committee On Housing and Homelessness**

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**Action Date:** 04/04/23

**Action:** Do pass with amendments and be referred to Ways and Means by prior reference.  
(Printed A-Eng.)

**Vote:** 8-2-1-0

**Yeas:** 8 - Dexter, Fahey, Gamba, Hartman, Helfrich, Helm, Javadi, Levy E

**Nays:** 2 - Cate, Wright

**Exc:** 1 - Boice

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Claire Adamsick, LPRO Analyst

**Meeting Dates:** 3/16, 4/4

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**WHAT THE MEASURE DOES:**

Directs Oregon Housing and Community Services (OHCS) to develop a pilot program in which OHCS cooperates with qualified lending institutions to provide 100 percent financing for residential property purchase to individuals who qualify for special purpose credit programs. Describes terms of OHCS agreement with qualified lending institutions regarding financing and servicing first and second mortgage loans, and in extending credit to participants on the basis of common characteristics of race, sex or national origin. Clarifies qualified lending institution is responsible for retaining and servicing all first mortgage loans that are individual taxpayer identification number loans. Describes eligibility requirements for qualified lending institution, including that lending institution be approved by OHCS in connection with the department's existing lending programs. Clarifies participating institution's responsibilities in administering and documenting special purpose credit program. Establishes Special Purpose Credit Program Loan Fund within the State Treasury; describes fund sources and allowed uses. Appropriates, for the biennium beginning July 1, 2023, \$30 million in General Fund moneys to OHCS to implement special purpose credit program pilot. Clarifies provisions of act are operative January 1, 2024. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Pilot program is only for fixed-rate mortgages
- Limitations of Special Purpose Credit Programs in current housing market
- State-supported incentive for mortgage lenders
- Market protections in place since 2008 mortgage crisis
- Regulations to protect homebuyers
- Loan product accessible to ITIN (Individual Taxpayer Identification Number) borrowers
- Potential impact on reducing homeownership barriers for individuals denied credit opportunities

**EFFECT OF AMENDMENT:**

Clarifies that qualified lending institution is responsible for retaining and servicing all first mortgage loans that are individual taxpayer identification number loans. Requires qualified lending institution to permit Oregon Housing and Community Services (OHCS) to offer participants a second position mortgage loan for the purchase of residential property in an appropriate amount determined by OHCS. Clarifies that qualified lending institutions must be approved by OHCS in connection with the agency's existing lending programs, and that homebuyer education provided by qualified lending institution is in accordance with OHCS criteria related to the agency's existing lending programs.

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### BACKGROUND:

According to the U.S. Census Bureau's American Community Survey (ACS) five-year estimates from 2016-2020, homeownership rates are significantly lower for communities of color in Oregon than for white people. Among Oregonians of color, the homeownership rate is 33 percent for Black or African American households, 48 percent for American Indian/Alaskan Native households, and 43 percent for Hispanic or Latino households, compared to the white household homeownership rate of 66 percent.

In 2018, the Legislative Assembly enacted House Bill 4010, which established the Joint Task Force on Addressing Racial Disparities in Home Ownership (Task Force). The Task Force was directed to compile data, identify barriers, investigate mortgage practices, and recommend solutions regarding homeownership among people of color in Oregon. In a report to the Legislative Assembly in September 2019, the Task Force provided policy recommendations, including a recommendation to convene future conversations among financial institutions, housing organizations and state agencies on improving lending access and outcomes for prospective homeowners of color.

House Bill 2007 (2021) reestablished the Task Force directing the body to assess the work and reports of the previous Task Force and propose solutions to ameliorate conditions reducing or preventing home ownership among people of color in Oregon. In its October 2022 report to the Legislative Assembly, the Task Force recommended the development of a special purpose credit program pilot within Oregon Housing and Community Services. The pilot recommendation was in response to federal guidance issued in February 2022 reminding creditors of their ability, under the Equal Credit Opportunity Act, to establish special purpose credit programs to meet the needs of specified classes, including "low-income minority borrowers."

House Bill 3492 A directs Oregon Housing and Community Services (OHCS) to develop a pilot program that provides 100 percent funding of a home purchase price through a special purpose credit program loan product. The measure establishes the Special Purpose Credit Program Loan Fund within the State Treasury, and allocates \$30 million in General Fund moneys to OHCS to implement the pilot program.