

Home Ownership Assistance Account

Projected Amount Available

The Legislative Revenue Office projects that the new recording fee will generate \$15 million in the 2009-11 biennium. Of that, \$2.2 million will come to the Home Ownership Assistance Account.

Statutory Mandate

Key definition

“Minority” means an individual:

- Who has origins in one of the black racial groups of Africa, but who is not Hispanic;
- Who is of Hispanic culture or origin;
- Who has origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands; or
- Who is an American Indian or Alaskan Native having origins in one of the original peoples of North America.

The bill makes a number of small adjustments to the Home Ownership Assistance Program, and expresses the policy goal that the Housing Council will give priority to funding organizations that:

“Support a comprehensive strategy to reverse the decreasing rates of homeownership among minorities, giving priority to activities that support adopted comprehensive community plans that incorporate recognized best practices or demonstrate proven success in increasing homeownership for minorities.”

[458.655. (4) (d)]

Critical Needs – Problem Statement

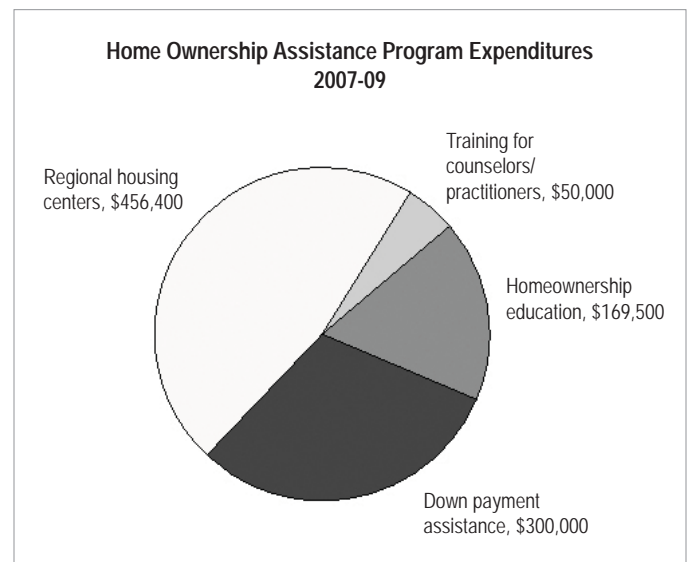
The percentage of Oregonians who own their own homes lags behind the national average. For minorities the gap is significantly greater. Compounding these issues is an increasing foreclosure rate for the state and more conservative credit markets for first-time homebuyers.

While 68 percent of White heads of households own their own homes, just 20 percent of African American heads of households do. African American households are more likely to be housing burdened than their White counterparts.

Current/Past Practices with Similar Resources

In the past, the state operated the Home Ownership Assistance Program (HOAP) with a General Fund appropriation. The Legislature eliminated General Fund support for the program for the 2009-11 budget. Under the General Fund HOAP program, OHCS supported delivery of homeownership education, training for counselors and practitioners, the operations of regional housing centers (financial literacy, homebuyer education, foreclosure counseling and linkage to other single family services), and down-payment assistance for first-time homebuyers.

The following chart illustrates the percentage distribution.



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Proposed Allocation Strategies

OHCS proposes to use the new Housing Opportunity Bill revenues to continue the past programs and operation support, and to also provide resources to increase homeownership among the state's minority population.

Homeownership education. OHCS proposes to sustain homebuyer education programs across the state. First, by directly funding homeownership education activities in the metropolitan area and in organizations that have an ongoing source of operational revenue.

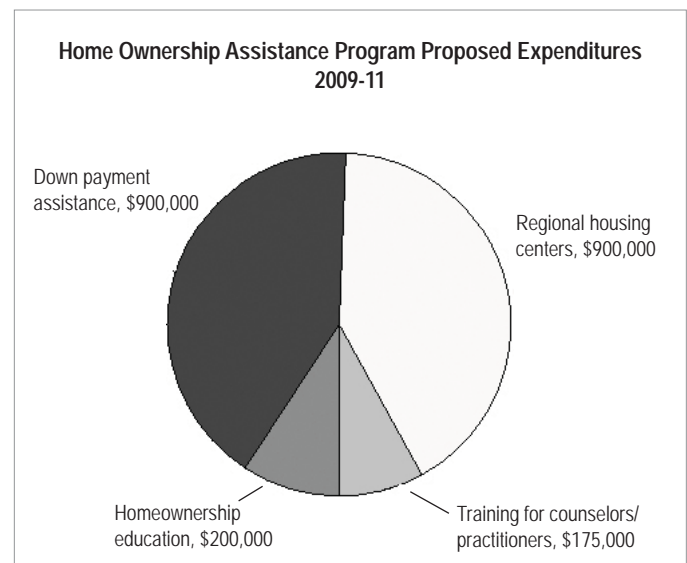
Support for Regional Housing Centers. Direct operational support to non-metro housing centers ensures people in every part of the state have access to affordable homeownership services. OHCS proposes to increase the minimum funding to non-metro regional housing centers from \$48,000 to \$75,000. Housing Centers have been on the same funding level for the past decade while taking on additional activities.

Training for practitioners. OHCS proposes to continue support for Oregon Homeownership Association training activities and to create a scholarship program so that counselors can attend national training sessions.

Down payment assistance. Down payment assistance eliminates a key barrier to home ownership for low-income families. OHCS, through its partners, has provided well-leveraged down payment assistance. When the homebuyer sells the property, OHCS is repaid. OHCS proposes expanding these programs through regional revolving down payment assistance programs.

Land purchases, by comparison to the above programs, benefit fewer households for each dollar invested, tend to require larger dollar amounts, and would be difficult to replicate statewide. At this time, OHCS is not proposing using the HOAP for this activity. In future years, when the HOAP revenues increase as anticipated, the department will re-visit the concept of land purchases.

The department proposes to distribute the home ownership resources as follows:



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Resource Allocation Methodologies

The department is considering three different resource allocation methods:

1. Competitive applications from local partners in 2010 and 2011.
2. Replacement of restrictive fund sources with flexible General Housing Account dollars. For example, OHCS now uses CDBG funds to fund some housing centers, limiting CDBG funding for home owner rehabilitation projects. In CDBG entitlement areas, housing centers cannot access these dollars.
3. Direct allocations. OHCS may contract with an organization to provide training on delivering homeownership counseling, foreclosure prevention, or the like.

Proposed Outcome Measures

- Increased homeownership rates among minority groups.

Please send your comments and questions to:

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