

OPERATION HOME EMERGING PRIORITIES DRAFT OCTOBER 11, 2007

ACTION REQUESTED OF THE STEERING COMMITTEE:

Provide feedback and direction on the Operation HOME Emerging Priorities. Final adoption of the priorities will be requested at the next Steering Committee meeting once Affordability and Wealth Creation Content Committee recommendations have been fully incorporated.

INTRODUCTION

Operation HOME Steering Committee and Content Committees met multiple times over the past year to discuss strategies to eliminate the minority homeownership gap in Portland. Each of the content committees was charged with evaluating a specific barrier that was identified during the listening phase of the Operation HOME process, and developing strategies to impact that barrier. Those topic areas included:

- Outreach and Marketing
- Education and Credit Counseling
- Loan and Underwriting
- Affordability and Wealth Creation

The first three of these committees have presented their report and recommendations to the Steering Committee and the Affordability and Wealth Creation committee will present its report in November/December 2007.

During the content committee discussions, the groups often found it difficult to focus on just one barrier area because the issues are so intertwined. As a result, the conversations and resulting recommendations addressed multiple barriers. This Emerging Priorities report attempts to synthesize the common themes in the various content committee recommendations into one priority document.

The issue emerging from the final content committee are very briefly listed as "Priority ??" and are listed at the back of the report. When the Affordability and Wealth Creation Committee has completed its work, those issues and recommendations will be more fully incorporated into this document.

After synthesizing the previous reports, a joint meeting of the prior content committee members was held on September 27, 2007 to vet the resulting summary and to prioritize the strategy recommendations presented here. This document reflects the comments from the committee members and is listed in the group's order of implementation priority.

The joint content committee also wanted to reinforce that these strategies are not “one size fits all”. Each community of color must identify which strategies are most important to their community and adopt an implementation approach that is sensitive to the culture and needs of that community.

With input received from the Steering Committee at the October 11, 2007 meeting, staff will work with community groups that represent each community of color to vet the final strategy document and to tailor implementation to meet the unique needs of each community. These reports are also expected to be presented to the Steering Committee at the November/December 2007 meeting.

OVERVIEW

Goal

Close the minority home ownership gap in Portland by 2015 and add 13,000 new home owners within Portland's communities of color.

Objectives

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| <u>Consumer</u> | Build consumer confidence within each community of color and promote homeownership as a desirable and achievable opportunity. |
| <u>Industry</u> | Provide tools and resources to the homeownership industry and its workforce to help them better reach and serve communities of color. |
| <u>Employer</u> | Increase Portland business community's investments in helping their employees become homeowners. |
| <u>Legislative</u> | Establish Operation HOME as a credible voice to influence homeownership policy at the local, state and national levels. |

Emerging Priorities/Strategies to Achieve Objectives

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| <u>Priority 1</u> | Develop a multi-targeted outreach and education plan to increase financial literacy and provide quality, culturally specific homebuyer education that meets national standards. |
| <u>Priority 2</u> | Create a community awareness campaign to build consumer confidence within each community of color and promote homeownership as a desirable and achievable opportunity. |
| <u>Priority 3</u> | Create an organizational and professional Operation HOME certification program that leverages existing industry education systems and focuses on cultural competency, and affordable lending resources and techniques. |
| <u>Priority 4</u> | Expand the availability of, and increase funding for, first-time homebuyer financial tools. |
| <u>Priority 5</u> | Develop Operation HOME's capacity to influence homeownership policy legislation and resource allocation at the local, state and national levels. |
| <u>Priority 6</u> | Create an Operation HOME clearinghouse of homeownership information that consumers and industry professionals can access directly or through partner organizations. Include on-line tools to help people learn more about homeownership. |
| <u>Priority 7</u> | Diversify Portland's real estate and finance workforce at all levels and in all disciplines. |

- Priority 8 Create a comprehensive City of Portland **foreclosure prevention** program that is effectively linked with pre-purchase education systems, but also provides post-purchase assistance and tools.
- Priority 9 Advance the concept of **Employer Assisted Housing** (EAH) as being in the self-interest of business leaders in Portland.
- Priority 10 **Increase the stock** of affordable ownership housing in Portland - PENDING FINAL CONTENT COMMITTEE REPORT

EMERGING PRIORITIES

PRIORITY 1 - OUTREACH AND EDUCATION

Develop a multi-targeted outreach and education plan to increase financial literacy and provide quality, culturally specific homebuyer education that meets national standards.

PRIORITY 1 - APPROACH/TACTICS

For Youth

- Develop an awareness and education campaign targeted at youth (grow to own) that encourages homeownership in ways that are sensitive to the current cultural and socio-economic conditions of youth.
- Integrate the value of homeownership and the concepts and processes of homeownership into school curricula at all grade levels.
- Support the "Own Your Own" campaign.
- Include real estate and finance industry career planning in middle and high school.
- Support programs similar to Operation HOPE that bring basic financial literacy to kids in school. Coordinate with schools districts and develop connections to ensure consistency in financial education curricula.
- Create a dynamic financial education speakers/teachers bureau in Portland.
- Use curricula that teaches personal and community values of homeownership and uses images and languages representing minority communities.
- Create methods and tools for youth to share their learning at home.

For College Students

- Bring financial education into colleges through student groups and assemblies. Hold programs similar to those offered by banks and nonprofit financial educators where groups go through four, one hour sessions that cover the important aspects of managing your finances.
- Work with college financial aid officers to require financial education classes for all students applying for student loans.

For Adults Who Are Pre-Contemplative

- Make presentation at community venues such as union meetings, brown bag lunches at work, churches, and professional/social groups.

For Adults Ready to Pursue Homeownership

- Provide culturally specific homeownership education classes, counseling, coaching and credit counseling services that meet national standards to all who seek them at times and in locations that are supportive of the consumer's needs (e.g. weekend and evening

classes; at convenient and trusted locations; in languages other than English; delivered by trusted community educators; provide child care, transportation, meals, etc.)

- Leverage existing community and formal education systems to aid in getting more people into classes (such as Portland Community College, Mt. Hood Community College and Portland Parks and Recreations) and offer elective credit for completion of these courses.

For Adults with Complications That Prevent Homeownership

- Adopt long term support models such as peer counseling, financial fitness classes, low-cost credible credit counseling and access to Individual Development Account (IDA) programs.
- Expand the capacity of nonprofit education and counseling agencies currently providing services.
- Create incentive programs for applicants that go through certain types of education programs.
- Encourage consumers to obtain formal pre-approvals from Operation HOME lenders.

PRIORITY 2 – COMMUNITY AWARENESS CAMPAIGN

Create a community awareness campaign to build consumer confidence within each community of color and promote homeownership as a desirable and achievable opportunity.

PRIORITY 2 - APPROACH/TACTICS

Develop Relationships and Trust Among Consumers of Color

- Develop strong, supportive relationships with multiple organizations that support and provide services to each community of color. Identify opportunities for joint projects and collaborative cross-marketing of services.

Invest in Homebuyer Fairs

- Work with the homebuying organizations to develop a method to follow-up with fair participants and measure success in a culturally specific manner.
- Continue to support homebuyer fair organizations to enhance and expand their ability to attract participants and to increase the efficiency of fair production.

Communicate with Communities (Marketing)

- Employ nontraditional marketing methods to reach communities. Determine where each community regularly turns for trusted information and where each community gathers for relaxation/celebration. Take Operation HOMEs message to those venues.

- Create Operation HOME marketing materials that “look like and speak to” each community of color that target various affinity groups (language/generations/life stages) and include multiple options for definition of “home” (e.g. condos, town homes, alternate ownership models).
- Use joint marketing and sponsorships with credible organizations (e.g. nonprofits, faith based organizations, community centers, etc.) and articulate why you can trust the Operation HOME name.
- Develop an earned media strategy to creatively keep the issue of minority home ownership at the forefront. Create system to capture and share consumer experiences going through the home buying process (e.g. feedback area on website, periodic surveys)
- Utilize community media resources such as local cable access channels and programming.
- Publish a periodic Operation HOME homeownership newsletter with articles of specific interest to new homeowners including resources should consumers experience financial difficulties.
- Create a “speakers bureau” within Operation H.O.M.E partners and various affinity groups to promote homeownership. Create talking points that share the different cultural perspectives to homeownership; acknowledges the history of racial bias and homeownership in Portland yet focuses on moving forward.

PRIORITY 3 – COMMUNITY AWARENESS CAMPAIGN

Create an organizational and individual professional Operation HOME certification program that leverages existing industry education systems and focuses on cultural competency, and affordable lending resources and techniques.

PRIORITY 3 - APPROACH/TACTICS

Organizational/Industry Certification Requirements

- Encourage partner organizations to commit to working under an Operation HOME statement of shared values.
- Include dynamic diversity training as required training program and make it available to staff at all levels.
- Encourage/require their staff to become and remain Operation HOME certified professionals.
- Participate in Operation HOME network meetings and conferences, encourage staff to serve on various committees and work groups.
- Adopt a “second underwriting” standard that anonymously places denied application back in the underwriting process for a second independent evaluation versus a second look at denied files.
- Require that any loan application denied through an automated underwriting process be manually reviewed by a qualified manual underwriter.

- Refer denied loan applicants to Operation HOME for support in addressing denial issues. Include “steps to gain approval” material with all decline letters.

Network Development/Recognition

- Organize quarterly Operation HOME network meetings
- Produce an annual Operation HOME homeownership conference to share promising new ideas and to provide continuing education credit to Operation HOME professionals certified

Member Benefits

- Access to “Industry” section of the Operation HOME website including a marketing tool kit that includes tips and tools to effectively reach communities of color with your marketing messages (sample messages, marketing ideas/methods, contact information for minority media outlets and community based organizations.)
- Leverage of Operation HOME community awareness campaign to increase individual deal flow.
- Ability to use Operation HOME logo on business cards and other marketing materials.
- Listing on Operation HOME website as a “trusted advisor”.
- Quality member education, continuing education credit and participation in networking events.

Implementation

- Work with existing real estate trade associations, mortgage lending education board, regulators and licensors to create an Operation HOME curriculum and professional certification program. Work with trade associations to market Operation HOME certification.
- Create an Operation HOME certified instructor pool made up of industry professionals that have successful track records of creating homeownership within each community of color. Provide instructors with quality “train-the-trainer” education to help them effectively transfer their skills to others.

PRIORITY 4 – FIRST-TIME HOMEBUYER FINANCIAL TOOLS

Expand the availability of, and increase funding for, first-time homebuyer financial tools.

PRIORITY 4 - APPROACH/TACTICS

- Ensure that Operation HOME certified organizations and professionals have priority and equal access to City funded homebuyer assistance tools.
- Create a Mortgage Credit Certificate program for the City of Portland.

- Expand funding for, and awareness and usage of, Individual Development Accounts (IDA) among consumers of color.
- Work with the Oregon Bond program to create a 40-year amortized program (as are available though other lenders.)
- Negotiate with Anthem's Fair Isaac Company (FICO) to use Portland as a test market for their "Thin File" credit scoring system.
- Create a "keep the change" type of savings program where monthly payments can be automatically grossed-up to a certain number and the difference goes into a IDA account.
- Promote the use of "job loss protection" or "life change insurance" for home buyers to reduce the risk of foreclosure.
- Expand the availability and awareness of loan programs that help homeowners with unexpected repairs, including energy assistance and weatherization programs.

PRIORITY 5 – INFLUENCE HOMEOWNERSHIP POLICY

Develop Operation HOME's capacity to influence homeownership policy, legislation and resource allocation at the local, state and national levels.

PRIORITY 5 - APPROACH/TACTICS

- Work with the industry, state and local housing organizations to increase funding for homebuyer assistance programs.
- Annually, develop a comprehensive Operation HOME legislative position packet that can be used in conversations with congressional delegations and others who impact policy.

PRIORITY 6 – OPERATION HOME CLEARINGHOUSE

Create an Operation HOME clearinghouse of homeownership information that consumers and industry professionals can access directly or through partner organizations. Include on-line tools to help people learn more about homeownership.

PRIORITY 6 - APPROACH/TACTICS

General Information

- Develop criteria for posting to the clearinghouse.
- Develop materials and webpages in different languages.
- Create maintenance standards to ensure that information remains current and relevant to consumers and professionals.

- Taylor the site to support multiple audiences, with message and information specifically tailored to their needs and learning styles (e.g. youth, pre-contemplative, first-time buyer, existing homebuyer, workforce professionals, employers.)
- Include a feedback section where visitors can provide feedback and suggestions for improvement to the site and where consumers can provide feedback on their experiences with Operation HOME certified professionals.
- Include a complaint section that links to the appropriate state and federal regulatory agencies.

Consumer Section

- Create a road map on how to navigate the home buying process.
- Create a tool that helps people evaluate whether homeownership is right for them.
- Include financial literacy information, including steps to keep your credit strong, spending and savings habits, good loans vs. bad loans.
- Include contact information of all Operation HOME certified professionals.
- Include a document review service to provide borrowers with an independent evaluation of their loan products prior to closing.
- Create a “10 Things You Need to Know Before You Sign” tip sheet and require its distribution by Operation HOME certified professionals.
- Include a foreclosure prevention section to the website including a fact sheet on the factors that lead to foreclosure and the available resources and steps the consumers can take to reduce the risk of foreclosure.

Operation HOME Certified Professionals

- List of Portland area products, programs and tools to help professionals evaluate which products best meet their client’s needs (products/programs including mortgage products, homebuyer assistance tools, geographically targeted resources, employer assisted housing programs, developers that specialize in the first-time homebuyer market and products unique to certain professions.)
- Operation HOME webpage to include a jobs board to share information about employment opportunities.

PRIORITY 7 – DIVERSIFY PORTLAND REAL ESTATE AND FINANCE WORKFORCE

Diversify Portland’s real estate and finance workforce at all levels and in all disciplines.

PRIORITY 7 - APPROACH/TACTICS

- Establish Portland area workforce diversity goals that link to Portland area executive compensation packages.

- Operation HOME certified organizations to establish first-time minority homebuyer goals and report on progress annually.
- Expand the role of homebuyer fairs to include a career fairs component to recruit people of color into the workforce.
- Link Operation HOME to existing workforce development strategies.
- Create an Operation HOME scholarship fund to promote careers in the lending and real estate industry in communities of color.
- Work with trade associations, industry leaders, local colleges and high schools to create a paid minority internship program such as the DeLaSalle High School internship program.
- Provide increased professional development opportunities for people of color including fast tracking to critical positions.
- Create internal and cross-cultural mentoring opportunities for all employees.

PRIORITY 8 – FORECLOSURE PREVENTION

Create a comprehensive City of Portland foreclosure prevention program that is effectively linked with pre-purchase education systems, but also provides post-purchase assistance and tools.

PRIORITY 8 - APPROACH/TACTICS

- Work with Freddie Mac to adapt their “Don’t Borrow Trouble” anti-predatory lending campaign to Portland needs.
- Integrate foreclosure prevention education into other Operation HOME marketing and education programs.
- Create an early delinquency warning system that refers homeowners to foreclosure prevention resources and provides an alternative to predatory lenders in times of trouble.
- Work with existing education and counseling resources to expand pre-purchase education curriculum to include methods, strategies and resources to avoid foreclosure.
- Develop an Operation HOME approved foreclosure prevention curriculum that is translated into languages other than English.
- Develop a fact sheet on the various factors that can lead to foreclosure and the available resources and steps the consumers can take to reduce the risk of foreclosure.
- Create and cultivate after-purchase “homeowner clubs” that can provide peer support after purchase. Clubs could provide education about a variety of homeownership issues (home repair/maintenance, insurance, foreclosure prevention/delinquency counseling) in a non-threatening environment and before owners experience difficulties.
- Expand eligible uses of Individual Development Accounts (IDAs) to include home repairs or to avoid financial emergencies.

- Partner with the Fair Housing Council of Oregon to increase home loan test shopping program to curb sub-prime lenders from conducting abusive or deceptive lending practices.

PRIORITY 9 – EMPLOYER ASSISTED HOUSING

Advance the concept of Employer Assisted Housing (EAH) as being in the self-interest of business leaders in Portland.

PRIORITY 9 - APPROACH/TACTICS

- Link City investment dollars (economic development, housing development funds, other) to incent employer investments in EAH programs.
- Craft a hassle-free EAH model for program implementation, linking employers (large and small) to service providers to administer education and investment programs.
- Solicit executive level engagement to ensure implementation at HR level.
- Create an employers speakers bureau to share peer-to-peer the business value of supporting EAH programs.
- Use earned media and other tools to highlight employers that are investing in EAH programs.
- Create marketing tool kits to educate employers about the business value of supporting an EAH program (recruit, retention, retraining) and for employers to market to their employees (e.g. internal news letters, human resources presentations).
- Create work place educational opportunities that include a range of options starting with a brown bag session (45 min) and extending to release-time and onsite classes.

**PRIORITY ?? – INCREASE THE STOCK –
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Increase the stock of affordable ownership housing in Portland.

PRIORITY ?? – APPROACH/TACTICS

- New Development – Increase the efficiency of and reduce the time needed to gain City approval of a land division application and unit construction plans.
- Preservation – Preserve the existing housing stock to support affordable ownership opportunities.
- Land Costs – Reduce the land cost associated with new development.
- Culturally Sensitive, Family Friendly Design – Reduce the cost and increase market appeal of higher density family size, culturally sensitive housing in Portland.
- Sustainable Buildings – Increase use of green and energy saving programs in new and remodeled homes to reduce utility and operating cost, thus increasing affordability over time.

**PRIORITY ?? – CREATE WEALTH FOR HOMEOWNERS & COMMUNITIES
PENDING FINAL CONTENT COMMITTEE REPORT**

Maximize the ability of wealth creation and maintain housing affordability for people of color.

PRIORITY ?? – APPROACH/TACTICS

- Develop funding mechanism that pools public resources with private sector dollars to provide a dedicated source of funding.
- Employ a comprehensive approach to homeownership to facilitate wealth creation and homeownership goals.
- Support a variety of financing mechanisms and housing models that make it possible for people of color to achieve homeownership at all income levels.
- Support a change in state law to allow for inclusionary zoning law at the state level.
- Develop an anti-displacement strategy for people of color in Northeast Portland.
- Support intergenerational homeownership.