

BUSINESS

Report: Blacks, Hispanics got fewer mortgages in 1997

By Leslie Miller

BOSTON (AP) — Despite a booming economy, the share of home mortgages that went to low- and moderate-income borrowers in the Greater Boston area dropped from 1996 to 1997, the Massachusetts Community and Banking Council reported.

The share of loans that went to borrowers with incomes less than 80 percent of the median family income in Greater Boston was 34.7 percent in 1998, down from 37.7 percent the year before.

Advocates for affordable housing are hoping a new law that gave tax breaks to

insurance companies in exchange for investment in low-income communities will reverse that trend.

"The insurance Community Reinvestment Act might pump some additional money into the home-buying sector but we always have to be very concerned about banks and mortgage companies doing their best," Marc Draisen, president and CEO of the Massachusetts Association of Community Development Corporations, said two weeks ago.

In July, the Legislature enacted the law to require Massachusetts-based life and

property and casualty insurance companies to reinvest a total of \$200 million in low-income neighborhoods over five years in exchange for a tax cut.

The study showed blacks and Hispanics as well as low-income people obtained a lower percentage of loans in 1997.

"The general pattern that emerges is one of substantial increases in lending to traditionally underserved borrowers through 1993 or 1994, followed (by) relative constancy through 1996, and a decline in lending to those borrowers last year," the

report said.

Housing advocates attributed the decline to the booming economy. "When the economy does well, a lot of folks have a fair amount of income, and it's harder for low-income people to compete in the housing market," said Thomas Callahan, executive director of the Massachusetts Affordable Housing Alliance.

The report also found mortgage companies, which have replaced banks as the lenders of choice in Boston, are less likely to make loans to low-income, black and Hispanic borrowers.

Mortgage companies made 54.2 percent of all home-purchase loans in Boston last year, but they made just 36.6 percent of the total loans to blacks, 31.1 percent to Hispanics and 26.7 percent to low-income borrowers.

"They are not as aggressive on the whole as banks are in trying to reach lower-income and minority neighborhoods," Callahan said.

"If they're getting more and more of the mortgage market, a greater portion of those loans are going to upper-income buyers."

Unlike banks, mortgage

lenders are not subject to federal regulations mandating they lend in low-income communities.

A third statistic in the report indicated higher-income black and Hispanic borrowers may face discrimination, Callahan said.

When compared with whites in the same income level, black applicants were denied mortgages at a higher rate. Hispanic denial rates were similar to those of whites for applicants with incomes up to \$70,000, but above that income, the denial rates rose to more than double that of whites.

Analysis: Blacks in Ohio rejected for loans more than whites

AKRON, Ohio (AP) — Blacks are rejected for loans on upscale homes at nearly five times the rate of whites, according to a five-county mortgage analysis by the Akron Beacon Journal.

The newspaper analyzed 1996-1997 mortgage information in Summit, Stark, Medina, Portage and Wayne counties. Banks are required to file this data under the

federal Home Mortgage Disclosure Act.

In loan applications for more than \$200,000, blacks were rejected 4.8 times as often as their white counterparts, the newspaper said.

"That does seem unusually high," said Andrew Burkle Jr., vice president and community affairs officer for the Federal Reserve Bank in

Cleveland.

"I'd say that sort of sticks out." But Burkle said information does not include critical factors like credit history and debt.

Mortgage information from the five-county Akron area shows that black applicants earning more than \$75,000 a year were turned away 3.88 times as often as whites in the same income

bracket.

Lynn Clark, executive director of the Fair Housing Contact Service in Akron, said the standard used for blacks is higher than the standard used for whites.

"I'll tell you right now," she said, "we have not resolved the problem of discrimination in the lending area — absolutely have not."

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