

The Gap Persists

A Report on Racial and Ethnic Discrimination in the
Greater Boston Home Mortgage Lending Market.

Fair Housing Center of Greater Boston

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Introduction

During the four months from October 2005 to January 2006, the Fair Housing Center of Greater Boston (Fair Housing Center) conducted an investigation to determine the extent and nature of discrimination by mortgage lenders in Greater Boston against African American, Latino, Asian, and Caribbean homebuyers. The Fair Housing Center used trained volunteers to call and visit banks and mortgage offices and to report in detail on their experiences. Overall, the Fair Housing Center found differences in treatment which disadvantaged the homebuyer of color in nine of the twenty matched paired tests conducted, or 45 percent.

This report summarizes these findings and places them in the broader context of the otherwise well-documented segregated residential patterns and racial and ethnic disparities in mortgage lending in Greater Boston. The report is organized into the following seven sections:

Section I gives a brief description of the Fair Housing Center's mission and programs.

Sections II provides background on the need for a study of discrimination in the region's mortgage lending market.

Section III describes the laws and regulations relevant to the investigation.

Section IV presents a summary of the methods the Fair Housing Center used in conducting its investigation.

Section V reports the findings, with information on the occurrences of discrimination and examples of the types of discriminatory behavior encountered by testers.

Section VI discusses the findings and their implications.

Section VII provides a series of recommendations for further action.

I. About the Fair Housing Center of Greater Boston

Founded in 1998 by local civil rights and housing advocates and attorneys, the Fair Housing Center of Greater Boston (Fair Housing Center) works to eliminate housing discrimination and promote open communities throughout the region. We pursue this mission

through four main program areas: Education and Outreach, Enforcement, Public Policy Advocacy, and Research. The goals for each of these programs are as follows:

Education and Outreach: To inform the general public, home-seekers (both renters and buyers), and housing providers of their fair housing rights and responsibilities.

Enforcement: To assist home-seekers in pursuing individual complaints, to investigate and challenge systemic housing discrimination, and to enhance the region's enforcement capacity, through testing, technical assistance, and legal action.

Public Policy Advocacy: To advocate for strong local, state, and federal housing laws and policies and ensure their effective implementation, in collaboration with other fair housing, legal, civil rights, and community groups.

Research: To research and document the nature and extent of housing discrimination as well as the fair housing impacts of public policies in order to inform our education, enforcement, and policy activities.

The Fair Housing Center serves the communities of Norfolk, Suffolk, Essex, Middlesex, and Plymouth counties and seeks to promote fair housing for all protected classes under federal, state, and local laws. We partner with urban community organizations serving home seekers, suburban community organizations promoting diversity within their communities, and attorneys experienced in civil rights litigation. The Fair Housing Center works in close collaboration with other organizations to increase their fair housing expertise and enhance the capacity of organizations and communities to further the goal of making residential neighborhoods open, welcoming and accessible to all.

II. Summary of research on housing discrimination in greater Boston

Although the Boston metropolitan region, like many others in the nation, has undergone a degree of diversification in recent years, an analysis of the 2000 Census led the Harvard University Civil Rights Project to identify Boston as “the third ‘whitest’ of all large metropolitan areas – behind Pittsburgh and Minneapolis.” According the report, the immigrant and non-white population remains concentrated within a “multi-ethnic core” in Boston, as well as “satellite cities surrounded by overwhelmingly white outer suburbs.” (See 1, *Race, Place, and Opportunity*)

An earlier Harvard Civil Rights Project report, *Segregation in the Boston Metropolitan Area at the end of the 20th Century*, analyzed Home Mortgage Disclosure Act (HMDA) data

from 1993 to 1998 for the Boston metropolitan region and concluded: “The City of Boston is itself highly segregated and...this pattern of segregation is replicating itself across the cities and towns outside its boundaries.” (See 2, *Segregation in the Boston Metropolitan Area at the end of the 20th Century*) The study found that a significant proportion of African American (40 percent) and Latino (60 percent) homebuyers made purchases outside the city of Boston (compared with 90 percent of European Americans). Though these data appear to suggest that people of color are migrating to the suburbs, nearly half of the purchases by African American and Latino buyers (48 percent) were concentrated in seven of the 126 communities included in the study (Chelsea, Randolph, Everett, Lynn, Somerville, Milton, Malden). Using a standard measure of residential segregation, the authors reported, “to achieve racial and ethnic integration with European-American homebuyers, over 50 percent of African American and Hispanic homebuyers would have had to have bought a home in a different city or town in the 1993 to 1998 period.”

Some have tried to blame segregation on high housing costs. This trend is not new. In its 1998 *Analysis of Impediments to Fair Housing*, the state identified “the expense of housing” as a subtle but “most notable” condition impeding housing choice in both rental and sales markets (See 3, *Analysis of Impediments to Fair Housing*). “The high cost of housing limits housing choice and geographic mobility among lower income persons, including a disproportionate percentage of protected groups.” In 2003, Fair Housing Center Director David Harris co-authored a study with Nancy McArdle of the Harvard Civil Rights Project to test the common explanation that people of color simply cannot afford to buy homes in our suburbs. The paper, “More than Money,” analyzed census data on homeownership and HMDA data on recent mortgages to determine the extent to which the region’s ongoing segregation can be explained by a disparity in the values/prices of homes people of color own and those owned by whites. In 80 percent of cities and towns, the number of African American and Latino homebuyers was less than half what would be predicted based on affordability alone. (See 4, *More than Money*). The study found that this simple notion of “affordability” does not explain the ongoing and frequently documented patterns of racial concentration and segregation.

We also know that the region has been characterized by troubling patterns of discrimination in the mortgage market. Indeed, a study published by the Federal Reserve Bank in 1992 showed that the serious disparities between the loan denial rates of borrowers of color

and white borrowers reflected racial discrimination by lenders as well as other factors (See 5, *Mortgage Lending in Boston: Interpreting HMDA Data*). This report, whose implications echoed across the country, was particularly alarming for a region characterized by racial strife and persistent segregation. The alarm led to several important initiatives to address the disparities, including the Massachusetts Bankers Association Fair Lending Initiative. Since the mid-1990s, the Massachusetts Community and Banking Council (MCBC), a coalition of banks and community groups, has published annual reports documenting disparities in the lending market. Based on Home Mortgage Disclosure Act (HMDA) data, the reports document differences by race in the proportion of loans received, denial rates, and lending to neighborhoods with high proportions of residents of color.¹

The first series of MCBC reports, entitled *Changing Patterns (I-XII)*, has shown consistently lower rates of lending to borrowers of color both in the city of Boston and throughout Greater Boston. Although there have been improvements in some areas over the twelve years documented by *Changing Patterns*, lending to borrowers of color continues to lag behind lending to whites and in recent years there has been an increase in the ratio of loans denied to borrowers of color compared with white borrowers. Indeed, the most recent reports have shown the denial ratio for people of color actually increases as income rises (see 6, *Changing Patterns*). The second series of studies, *Borrowing Trouble (I-VI)*, looks specifically at the rapidly growing sub-prime lending market. Again, the studies document that a disproportionately large percentage of these high costs loans go to African Americans and Latinos, even to those with higher incomes. Moreover, the pattern spilled over into neighborhoods, with sub-prime lending rising in neighborhoods containing larger populations of color and the same trends occurring in suburban communities and satellite cities as in the city of Boston itself (see 7, *Borrowing Trouble*).

The recent trends in mortgage lending caused significant enough concern that in May 2004 MCBC sponsored a forum to address the issue. Bankers suggest that their “second look” programs and other practices successfully eliminate discrimination from the decision-making

¹ MCBC was founded by bankers and community groups “to increase the provision of credit and banking services to the low-income and minority communities within the city of Boston.” The impetus for its founding was the widely publicized 1989 Federal Reserve study that found large disparities in lending to people and communities of color. Fair Housing Center Director David Harris is Vice Chair of the board of MCBC and its mortgage lending reports are written by Fair Housing Center Board Chair Jim Campen.

process and point to problems with the credit histories of borrowers. Many community groups and housing advocates, however, suspect that lenders continue to use discriminatory practices and that practices such as credit scoring and desktop underwriting might have discriminatory effects. These lending issues are of particular concern in a region characterized by ongoing segregation, exorbitant housing prices and below national average homeownership rates for African American and Latino families.

As much as we know about the differences in housing outcomes between people of color and whites in the region, we have scant data on causes. Over the past five years this gap has been filled by testing audits conducted by the Fair Housing Center. In April 2001 the Fair Housing Center released *We don't want your kind living here*, its first study reporting testing for discrimination in the rental market based on race, family status (the presence of children), and source of income (receipt of Section 8 housing subsidy). The audit results revealed that 55 – 67 percent of the protected class testers experienced some form of discrimination. The following year the Fair Housing Center conducted an audit of discrimination against Latino home seekers in the area's rental market. The findings confirmed evidence of discrimination against Latino home seekers in 52 percent of the tests conducted. In some 40 percent of the cases, Latino home-seekers were less likely to have access to agents and access to view units than white testers. This audit was followed in 2004 by an audit by race and national origin of the rental market in greater Lowell and the Merrimack Valley which found that of 66 total tests, 47 percent showed evidence of discrimination, with Latinos experiencing the highest incidence.

The Fair Housing Center has also investigated the home purchase market. Between January 2004 and May 2005, the Fair Housing Center conducted two series of tests to determine the extent and nature of discrimination against African American and Latino homebuyers in greater Boston. The Fair Housing Center used trained volunteers to call and visit real estate offices of large chain realtors in fourteen cities and towns across the greater Boston region. Overall, the Fair Housing Center found a pattern of differences in treatment that disadvantaged homebuyers of color in 17 of the 36 matched paired tests (47 percent). White testers were given more information, were provided greater access to the realtors, and shown more homes in more towns. Realtors shared more information with white testers posing as homebuyers, noting when the sellers were motivated or had dropped the price. Realtors pursued white testers via phone

and e-mail to become their buyer's agent, but made no such pursuit of more qualified testers of color. Instead, testers of color were plied with more questions about their qualifications.

One of the most consistent aspects of all these tests was that there was not one single instance in which a tester of color was subjected to overt discrimination. This simple fact underscores the need for and benefit of testing as a means of gauging discrimination in general, but particularly in a lending industry characterized by such large differences in outcomes.

III. Applicable laws

Housing discrimination is defined largely by the Fair Housing Act of 1968 (Title VIII) and the Fair Housing Act Amendments of 1988 (42 USC § 3601 et seq.). According to the law, it is illegal to discriminate against someone because of his or her race or color, national origin, sex, religion, familial status (families with children) and disability. In Massachusetts, as in many other states, housing discrimination is also prohibited under state law. Chapter 151b of the Massachusetts General Laws largely mirrors the federal law, but adds marital status, sexual orientation, veteran status, age, and source of income (receiving public assistance and/or having a housing subsidy) to the list of protected classes.

According to the law, housing providers are prohibited from numerous actions because of a person's membership in a protected class, including denying or making different terms or conditions for a mortgage, home loan, homeowner's insurance or other real estate related transaction. In addition to the coverage provided by fair housing laws, mortgage lending is covered by the Equal Credit Opportunity Act, which prohibits discrimination in "any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, age or public assistance income."

IV. Methodology

This mortgage lending audit is a systematic investigation of the mortgage lending market for the purpose of gauging the prevalence and types of discrimination present. In order to address housing discrimination in the Greater Boston region, both in terms of education and enforcement, we need an accurate picture of how it occurs, and who it affects. The testing audit has been proven to be one of the most effective tools for providing hard numbers about discrimination and a basis for remedial action.

Testing

Testing is a controlled method of measuring and documenting variations in the quality, quantity and content of information and services offered or given to various home seekers by housing providers. Quite simply, a test is designed to reveal differences in treatment and to isolate the causes of these differences. A proven tool for discovering the presence of discrimination, testing has become a common and accepted practice in several arenas. Additionally, testing is used to determine whether or not there is evidence to support or deny an individual's claim of discrimination. The legitimacy of testing evidence in housing discrimination cases has long been upheld by the courts. In several cases, including *Strong V. Chatsford Manor Apartments*, *Havens Realty Corporation v. Coleman*, and *City of Chicago v. Matchmaker Real Estate*, courts all the way up to the Supreme Court have accepted testing evidence as useful and valid evidence in support of a plaintiff's claim of discrimination.

Fair Housing Center staff members provide all testers with standardized training that emphasizes the role of testers as objective fact finders. Volunteer testers are trained to provide an impartial record of the facts of their interactions with a housing provider. Testers for this audit had previous experience as rental testers and received additional training in mortgage lending testing. The Fair Housing Center's Test Coordinator pairs testers and assigns both members of the pair near-identical incomes, credit ratings, and housing search locations, so that the only major difference between the paired testers is the characteristic being tested.

In this investigation, the variable characteristic was the race or ethnicity of the loan seeker. To ensure the objectivity of the test results, testers are not told what form of discrimination they are testing. Each tester separately calls or visits a lender and records his or her experience. Testers complete detailed written narratives documenting their experiences and debrief orally with the Fair Housing Center's Test Coordinator. The Test Coordinator then compares the documented experiences of each tester in the pair to determine whether or not there were differences in the treatment, or in the information and/or service provided. In tests where the Test Coordinator finds differences, Fair Housing Center staff review and analyze these differences to determine whether or not the differences may violate of federal or state law.

Selection of Sites

Fair Housing Center staff met several times with staff of the Massachusetts Affordable Housing Alliance (MAHA) to discuss selection of sites and test methodology. MAHA provided the Fair Housing Center with the names of the 25 mortgage lenders who do the highest volume of lending in Boston. To this list, the Fair Housing Center added several companies who do a high volume of business in greater Boston and are reputed to have very low customer satisfaction rates. From this list, the Fair Housing Center tested ten banks and ten mortgage lending companies with offices located throughout Greater Boston.

Test Design

The Fair Housing Center conducted twenty matched pair site visit tests for discrimination against African-American, Latino, Asian, Caribbean loan seekers. The audit was designed for each tester to have similar experiences, with every effort to have testers contact the same person. During each test, the testers requested that the mortgage provider give them any information or quotes available but were instructed not to pursue the full application process.

In MAHA's experience, homebuyers of color with mediocre credit are often turned away by mortgage providers, while the companies attempt to work with white homebuyers with similar credit to find ways to provide the loans. The Fair Housing Center sought to gather evidence as to whether such differences are occurring and therefore decided to include two levels of credit ratings. Ten pairs of testers had good credit, with credit scores of approximately 750. Ten pairs of testers had mediocre credit, with credit scores of approximately 650. The tester of color was assigned a credit score 30 points higher, a higher income and somewhat less debt than the white tester. All testers inquired about a \$475,000 mortgage with \$25,000 down payment.

V. Findings

Overall, the Fair Housing Fair Housing Center found differences in treatment that disadvantaged homebuyers of color in nine of the twenty matched pair tests. In seven of these tests the differences in treatment were clearly large enough to form the basis for legal action, while the evidence in the remaining two tests may or may not have risen to that level. The chart below breaks down these test results by several different variables.

	Tests Conducted	Tests Showing Evidence of Discrimination	Percent of Tests that Show Evidence of Discrimination
All tests	20	9	45%
Good Credit	10	4	40%
Mediocre Credit	10	5	50%
African American/White pair	10	5	50%
Asian/White pair	4	2	50%
Latino/White pair	5	2	40%
Caribbean/White pair	1	0	0%

Four of the tests with differences in treatment were conducted by pairs of testers with good credit scores, and five were done by pairs with mediocre credit scores. Of the ten tests pairing white and African American testers, there were five test pairs where the African American tester received disadvantageous treatment. Of the four Asian tests pairing with white tester, two showed evidence of discrimination. There were five tests pairing Latino and white testers, and in two the lender advantaged the white tester over the Latino tester. The one test pairing a Caribbean and white tester did not show evidence of discrimination.

Summaries of the nine tests with differences are detailed here:

An African American tester with a good credit score of 670 visited a bank to inquire about a mortgage. She was told that the closing fee would be \$8,000 to \$9,000, although other tests in this investigation indicated that average closing fee was \$2,000-\$3,000. The bank representative also told her that her credit score of 670 was below average; other tests indicated that credit score of 670 was well above average. Finally, the bank representative told her that the bank usually dealt with commercial lending, and did not really provide residential mortgages. In contrast, the white tester with a credit score of 640 who visited the same bank was told by two different loan officers that the bank provided home mortgage loans, and was not told that her credit score was below average.

An Asian American tester with credit score of 770 and a white tester with credit score of 740 visited a mortgage lending company. The Asian American tester received a referral to a realtor to help her find a home. The white tester was told about two realtors who in could provide her with discounts on fees as well as help her find a home. The white tester also received a \$500 certificate towards closing fees; the Asian American tester received no certificate or offer of a discount.

A Latino tester with a credit score of 670 and a white tester with a credit score of 640 visited a mortgage lending company. The lender provided both with quotes on monthly payments, and the Latino loan seeker's quote was \$254 per month more than the white loan seeker was told for a 30 year fixed loan, and \$140 per month more for a blended loan². The lender also told the Latino loan seeker that she would need private mortgage insurance (PMI), which would cost \$309 per month. The lender did not bring up PMI to the white loan seeker. The lender did tell the white loan seeker about how to get a better loan product when your credit score is under 680, but did not discuss this with the Latino loan seeker, whose score was also below 680. Finally, the white loan seeker was given informational literature about different loan products and loan process, and received a follow up email from the lender. The Latino loan seeker did not receive any literature or follow up email.

An African American tester with a credit score of 770 and a white tester with a credit score of 740 inquired at a mortgage lending company. The lender gave the white homebuyer an explanation of six different types of mortgage loans, naming advantages and disadvantages of each. The white homebuyer asked about getting a blended loan to avoid PMI, and the lender replied that the second loan in the two-loan "blended loan" has high interest, so a blended loan is a bad idea. At the end of the meeting, the lender asked the white homebuyer for her address so that he could send a thank-you card. When the African American homebuyer visited, she was told about one loan product only: the blended loan. The lender did not mention the high interest on the second loan or any other loan products.

An African American tester with a credit score of 770 and a white tester with a credit score of 740 visited a bank. Their visits to the lender were comparable, but after the visit, only

² A blended loan is a mortgage product that consists of two parts, usually with different rates for different periods of time (with the second loan for a smaller amount at a higher rate). In this instance the blended loan was composed of a 30 year fixed for the first loan and 10 year fixed for the second loan.

the white tester received a follow up email with more information about different loan products and a \$500 certificate toward the closing fee. The African American tester did not receive follow up contact or the \$500 offer.

An Asian American tester with a credit score of 770 and a white tester with a credit score of 740 inquired at a bank. The lender recommended a 30 year fixed loan with 0.75 points to the Asian American, quoting a monthly payment of \$3,350, not including tax and insurance. To the white home seeker, the lender recommended five year ARM with no points, with a monthly payment of \$3,225, including tax and insurance. This means that the Asian American home seeker was quoted approximately \$3,600 more for the closing fee because of the point and \$125 plus tax and insurance per month more than her white counterpart. The lender told the white home seeker that an ARM was better choice than a 30 year fixed rate because most people who buy homes in the town she was considering refinance within five years. The Asian American home seeker was looking to buy a home in the same town. The lender gave the white home seeker numerous information sheets, including brochures about different types of loans, an ARM loan procedure worksheet, 2006 property tax information, and a pre-approval guidebook. The lender did not give any information sheets to the Asian American. While it is impossible to know exactly what product would have been better for either home seeker, the lender characterized the ARM a better choice by giving the white person an explanation and explanatory material while providing the person of color with neither to explain his recommendation for a fixed rate mortgage.

An African American tester with a credit score of 670 and a white tester with a credit score of 640 were sent to a bank without a prior appointment and inquired about mortgage products. The loan officer referred the African American tester to another loan specialist at a different branch without giving her any information about loan products. The African American tester had to make an appointment with the second officer and then meet with him to get information about loans. The white tester walked in to the same initial branch and the same lender met with the white tester on the spot and discussed loan products, rather than referring her to a different branch. The lender told the white tester that borrowers receive a \$2,000 credit toward the closing fee if the borrower has an account with the bank. While the loan officer encouraged the African American tester to open an account to receive a discount on closing, he

did not tell the tester how large the discount was. Lastly, the lender sent a follow up email to the white tester explaining all the loan products this bank offered and their rates and estimated monthly payments. The African American tester was not asked for her email address and received no follow up information.

An African American tester with a credit score of 670 and a white tester with a credit score of 640 visited a mortgage lending company. The lender provided informational pamphlets about mortgages to the white tester, but not the African American tester.

A Latino tester with a credit score of 670 and a white tester with a credit score of 640 inquired at a bank. Both were told about 30 year fixed and unspecified blended loans (that is, the lender did not tell either tester the specific terms of the blend), but the white home seeker was also told about an ARM loan. The white home seeker was encouraged to submit an application as soon as possible, while the lender did not talk about applying with the Latino home seeker. The white home seeker was given pamphlets about different mortgages, a guidebook about mortgages, a worksheet for the cost of mortgage, and an application; the Latino home seeker received none of these materials.

VI. Discussion and Commentary

The results of this investigation are disturbing and reveal inconsistencies in the treatment of and services provided to testers of color when compared directly to white loan seekers. These differences serve to disadvantage loan seekers of color and advantage white loan seekers. The testing process directly reflects reality insofar as neither testers of color nor white testers were aware of their relative (dis)advantages. As in previous Fair Housing Center audits, no individuals were targets of outright hostility or subjected to overt discrimination. Many of the incidents of possible discrimination involved discouraging statements, higher quotes, or worse treatment of the tester of color or encouraging statements, lower quotes, or better treatment for the white tester.

The most troubling finding of this investigation is that discriminatory behavior takes place from the very beginning of and can continue at many points throughout the lending process. All the tests were pre-application phase but loan seekers of color were still disadvantaged in 45 percent of the tests. This investigation suggests that many borrowers are

subjected to discrimination from the beginning of their lending process, but do not realize it. There is reason to believe, from other sources, that discrimination also happens at later stages of securing a mortgage loan. Common reports of “bait and switch” tactics suggest that borrowers who initially receive good treatment and attractive terms from the lenders will receive different terms at or near their closing. According to MAHA, many of their clients, most of whom are African American, experience just such treatment toward the end of the loan process.

Our investigation shows that lenders frequently give white loan seekers more information than loan seekers of color, creating a gap between white people’s financial literacy and that of people of color. In seven of the twenty tests conducted in this investigation, the white loan seeker received substantially more information from the lender about different types of loans, either verbally or in writing (and often both), than the loan seeker of color, and not once did the person of color receive more information than his or her white counterpart. When a lender takes the time to describe the advantages and disadvantages of different loans, the loan seeker becomes an educated consumer. That loan seeker is now equipped with knowledge that will allow him or her to choose the right loan type and negotiate with lenders in the future. In contrast, when a lender simply tells a loan seeker “this is the loan for you, and it costs this much,” the loan seeker has not gained any insight into how to choose the right loan or get a good interest rate. Our investigation shows that it is not just the lender’s style that determines how much information a home seeker receives, in too many cases it is the color of the loan seeker’s skin.

In four out of twenty tests, the lender contacted the white tester after their meeting to follow up, but did not contact the tester of color. Follow up comes in different forms, including additional information about loan products, a suggestion to pursue a loan with that lender, or a simple thank you card for the meeting. All of these sorts of contact send a message that the lender wants the loan seeker as a client. No lender in our study followed up with the tester of color and not with the white tester.

In five out of twenty tests, the white tester was offered a discount on closing costs which was not offered to the tester of color, or was quoted a substantially lower closing cost than the tester of color. The differences ranged from \$500 to \$3,600. We cannot assume that these preliminary numbers accurately reflect the final closing costs had our testers truly applied for a loan. However, at the first stages of shopping for a mortgage, quotes with high closing costs can

discourage home seekers of color from pursuing home ownership at all. And lenders know that closing costs are a big factor in consumers' choice of lenders; that is why they offer specials like certificates for money off closing fees. If such specials are made available to white loan seekers but not loan seekers of color, the lender is pursuing white customers while allowing non-white potential customers to walk away.

As detailed above, testers posing as loan seekers were frequently subjected to more than one difference in treatment. If a loan seeker cannot detect these differences and avoid a lender who disadvantages mortgage seekers of color, he or she may end up paying much more for a loan. When people of color must pay substantially more per month than a similarly situated white people, these costs perpetuate the wealth gap between white people and people of color, despite the rising incomes and rates of homeownership among people of color. Greater awareness and vigilance for signs of discrimination in the early stages of applying for a mortgage may even help the borrower avoid lenders who discriminate, so that the borrower is not stuck with a discriminatory change in loan terms right before closing, when it is impractical to change to a different lender.

VII. Recommendations

Over the past few years the Fair Housing Center of Greater Boston has conducted several sales and rental housing discrimination audits. In all of those encounters there has never been a single example of overt racial hostility. Even so, past audits have found discrimination to be the norm rather than the exception- home seekers of color can expect to experience discrimination in just over half of their attempts to rent or purchase housing in greater Boston. The results of this study of mortgage lending companies and banks sadly follows this pattern, with borrowers of color can facing discrimination in nearly half of their contacts with mortgage lending agents. We offer the following limited recommendations in the hope of working with the industry to eradicate discriminatory practices in the mortgage lending market.

1. The frequency and subtlety of the discriminatory practices revealed during the Fair Housing Center's mortgage lending audit underscore the need for ongoing systemic and complaint-based discrimination testing.

2. There is an obvious and glaring need for comprehensive fair lending policies to ensure that all members of the mortgage lending industry, including institutions and all individuals involved in the process, have clear cut guidelines and responsibilities consistent with fair housing laws and established best practices.
3. Lending institutions should review their internal training programs and make sure that the policies adopted and implemented are routinely reinforced for all agency personnel.
4. The subtlety of discriminatory practices revealed by the audit underscores the need for extensive outreach and education for home seekers about their rights under the fair housing laws and the resources available to secure those rights.
5. The various existing enforcement agencies - Federal, state and local -- must vigorously enforce the fair lending laws. They must complete investigations of valid complaints in a timely and efficient manner. These enforcement agencies must be allocated sufficient funds to carry out this work.

Endnotes

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6. Changing Patterns XII: Mortgage Lending to Traditionally Underserved Borrowers & Neighborhoods in Greater Boston, 1990-2004. Jim Campen, Massachusetts Community and Banking Council, January 2006.

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9. Acceso Negado/ Access Denied. Fair Housing Center of Greater Boston, June 2002.

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11. You Don't Know What You're Missing... A Report on Discrimination in the Greater Boston Home Sales Market. Fair Housing Center of Greater Boston, October 2005.