

A Reprint from *Tierra Grande*, the Real Estate Center Journal

FAIR HOUSING LENDING FARES WELL THANKS TO HOME MORTGAGE DISCLOSURE ACT

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Low-income and minority residents traditionally have had the most difficulty obtaining a mortgage. One reason has been the hesitancy by lenders to issue loans in low-income and minority neighborhoods. But that apparently is changing.

For years, the federal government tried to legislate housing discrimination out of existence. One such law was the Home Mortgage Disclosure Act (HMDA) of 1975. It was not until 1989, however, that lenders were required to identify race, sex and income of loan applicants and borrowers.

In 1992, the federal government began filing lawsuits against mortgage lenders in an effort to enforce housing legislation. In all, some 15 cases against banking and insurance institutions have been settled.

A recently completed Real Estate Center analysis sought to determine if lending has increased in minority and lower-income areas as a result of enforcement of fair housing reporting requirements. Six Texas Metropolitan Statistical Areas (MSAs) were selected at random. Home mortgage

applications for single-family residences were analyzed for Amarillo, Bryan-College Station, Galveston-Texas City, Lubbock, Sherman-Denison and Texarkana.

The table shows that lending increased dramatically from 1990 to 1996. In every metropolitan area studied, the number

of mortgages per capita doubled. In half the areas, the number of mortgages almost tripled.

There are many reasons for the increased lending activity. The economy has improved significantly since 1990. Combined with low-interest rates, this has

MSA	Number of Mortgages Originated		Percent Increase in Mortgages	Mortgages per 1,000 Population		Percent Increase in Mortgages per 1,000 Population
	1990	1996		1990	1996	
Amarillo	1,109	3,084	178.1	6.6	15.1	128.8
Low-Income	88	282	220.5	3.2	8.1	153.1
High-Minority	141	1,381	879.4	3	14.3	376.7
Bryan-College Station	2,042	202.5	5.5	15.4	180.0	
Low-Income	108	278	157.4	3.4	6.7	97.1
High-Minority	110	956	769.1	3.9	17.0	335.9
Galveston-Texas City	1,034	3,731	260.8	5	15.7	214.0
Low-Income	97	265	173.2	2.4	7.4	208.3
High-Minority	295	1,592	439.7	3.8	14.5	281.6
Lubbock	1,315	2,883	119.2	6.3	12.5	98.4
Low-Income	67	294	338.8	1.8	6.4	255.6
High-Minority	267	423	58.4	4	5.4	35.0
Sherman-Denison	473	1,339	183.1	5	13.2	164.0
Low-Income	44	147	234.1	3.6	9.1	152.8
High-Minority	118	390	230.5	4.8	11.5	139.6
Texarkana	505	1,114	120.6	6.2	13.0	109.7
Low-Income	38	69	81.6	3.4	7.1	108.8
High-Minority	75	379	405.3	3.7	13.4	262.2
Average	852	2,349	175.7	5.8	14.1	143.1

fueled new residential construction and a corresponding increase in the number of homebuyers. This does not, however, explain the increase in lending in lower-income and minority areas at rates higher than the metropolitan areas.

The greatest increase in lending per 1,000 people occurred in census tracts with a high number of minorities. Four

of the six metropolitan areas had lending increases higher than the area-wide average. Census tracts with the lowest income in two metropolitan areas increased lending per 1,000 population at a rate faster than the area average.

Enforcement of the HMDA appears to have had a positive impact on the

number of people able to obtain a mortgage. Some areas have increased more than others, but in all cases, lending in minority and low-income areas increased. □

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Tierra Grande (ISSN 1070-0234), formerly *Real Estate Center Journal*, is published quarterly by the Real Estate Center at Texas A&M University, College Station, Texas 77843-2115.

Subscriptions are free to Texas real estate licensees. Other subscribers, \$30 per year, including 12 issues of *Trends*.

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