For Immediate Release:

Contacts:

Ernie Hogan: Executive Director
T: 412-391-6732, x204
E: ehogan@pcrg.org

Rachel Rue: Research Analyst
T: 412-391-6732, x202
E: rrue@pcrg.org

Annual mortgage lending study highlights chronic, persistent, and growing disparities between minorities and low-income communities, rest of the region.

PITTSBURGH, PA – Findings of the Pittsburgh Community Reinvestment Group's (PCRG) 21st Annual Mortgage Lending Study have validated what many community development leaders long suspected: Pittsburgh and Allegheny County have suffered the same as the rest of the nation. Lending practices, starting well before the Great Recession, disproportionately exposed low-income communities and minority individuals to the disasters of the housing crash and continue to be a barrier to responsible homeownership. The findings are also being used by the group and local lending institutions to identify viable solutions to this persistent economic problem.

"Our minority and low-income neighbors clearly continue to not benefit from the economic recovery as much as everyone else, particularly when it comes to building wealth through homeownership," stated Ernie Hogan, PCRG Executive Director. "While we knew this, what's even more troubling is that our data proves what many have thought for some time: where you live and your ethnic background, more than anything else, seems to have been an indicator of whether or not you could get a traditional or subprime loan." Mr. Hogan added that, with the exception of now-extinct National City Bank, practically none of the subprime lending came from banks with local bricks-and-mortar branches within the County.

The Study's other findings were also startling. For Allegheny County:

1) Only 1165 of over 33,000 loans originated in 2013 – 3.5% - went to African American borrowers. African Americans make up 13% of the County population and 6.7% of all County homeowners.
2) Credit history was the most common reason given, by lenders, for denial of loans. For African American applicants, however, it was disproportionately high compared to other races. All other reasons, including debt-to-income ratio, were similar to those for white and other minority applicants.
3) Subprime lending was more a function of race and location than income. Low-income and minority Census tracts, and African American applicants, received a higher percentage of subprime loans than any other group.
4) Credit unions have emerged as a major lending source for African Americans. In 2013, 10% of all loan originations to African Americans came from credit unions versus 3.6% to all borrowers.
5) Credit unions participated in subprime lending, but more credit union subprime loans were made to white and affluent individuals than minority or low-income individuals.

6) Lending to low-income individuals has been flat since the 2008 housing collapse, while moderate- and middle-income individuals have seen a marginal recovery. Upper-income individuals have recovered at a rate far greater than any other group.
7) Nearly all of the subprime lending that occurred in Allegheny County was by lending institutions without a local bricks-and-mortar presence, plus now-extinct National City Bank.

Mr. Hogan noted that efforts are already underway to work on the problem. “We are fortunate to have long-standing, productive partnerships with nearly every lending institution with a physical presence in the Pittsburgh market. Because of those partnerships, and data now proving what many have suspected, we can work together to not just increase loans to low-income and minority communities; we can do so in a way that stabilizes families and includes neighbors long left out of the economic recovery.”

Mr. Hogan added, “The ability to purchase and own a home is still the single largest chance many of us have to create wealth and stability for ourselves, our neighborhoods, and our children. We have not afforded that chance to our most vulnerable families and neighbors. Pittsburgh’s economic rebirth must include such opportunities for everyone if it is to be real and sustainable, and we are to grow as a region.”

PCRG’s Annual Mortgage Lending Study is a comprehensive report on residential mortgage lending in Allegheny County. Using Home Mortgage Disclosure Act (HMDA) data and other sources, PCRG assesses the performance of lending institutions in the availability of mortgage products to all prospective borrowers. The study includes a lending practice retrospective analysis from 2005 to 2013. As in its 2014 study, PCRG broadened its scope beyond traditional lending institutions – i.e., banks - to look at mortgage companies, credit unions, and banks without a retail branch presence within the County. The 2015 study, however, goes into far more detail to better understand the impact of local lending patterns on minority and low-income communities.

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Pittsburgh Community Reinvestment Group (PCRG) is a coalition of leaders working for economic justice and equitable resources to revitalize the Pittsburgh region. PCRG utilizes its strengths of engagement, advocacy and policy formulation to focus its efforts on ensuring equitable access to land, capital, and mobility choices to improve the health and wealth of communities.