

# Fair Housing Newsletter

September 2008



The Bowling Green Human Rights Commission is a non-profit organization committed to serving the community through advocating for the rights of the protected classes which include: race, color, religion, national origin, age (over 40), sex and disability. Created by city ordinance in 1966, the commission also investigates allegations of discrimination in housing, employment, and public accommodations. Overall its efforts focus on education, assistance, and promoting positive human relations within the community.

***Homeownership and Income Gaps:** The Bush Administration considers increasing homeownership to be an important policy issue. In 2002, the President challenged the housing industry to create 5.5 million new minority homeowners by 2010; the nation has already seen a net gain of more than 3.19 million. As a part of this initiative, HUD's Office of Policy Development and Research (PD&R) undertook research to identify major causes of racial and income gaps in homeownership experience of low income minority families over time, and determine the barriers to homeownership that Hispanics face.*

## Fair Housing Act Celebrates 40 Years of Excellence

April 2008 marked the 40<sup>th</sup> anniversary of the passage of the Fair Housing Act; an event commemorated at the White House, on the steps of state capitols, and city halls across the country. Although the Fair Housing Act has been prevalent for four decades, we are still making strides in an effort to eradicate the existence of housing discrimination. The nature and number of housing discrimination complaints filed with HUD, or with Fair Housing Assistance Program agencies that monitor compliance with fair housing law, also confirm the persistence of unfair practices. The number of complaints peaked at more than 10,000 in 1993, dropped to 5,800 in 1997 and 1998, and rose again to more than 10,000 in both 2006 and 2007. Between 2004 and 2007, most of the formal complaints filed involved discrimination based on disability or race. The discriminatory behaviors cited most often in complaints were; discriminatory terms, conditions, privileges, services and facilities in the rental or sale of property, as when a landlord attempted to change the terms of a lease after learning that the renter's husband and children were African American. Landlords also were negligent in making reasonable accommodation, as when a property owner refused to allow a tenant with a disability to keep a service animal and then refused to renew the lease. \* **The Kentucky Fair Housing Act provides equal opportunity to all who buy, sell, rent, finance or insure housing. It expands the real estate market by making all housing and property available to all Kentuckians. It protects the individual's basic right to choose where to live.**

## Predatory Lending

Although lending discrimination prompts a small percentage of complaints, fair lending studies suggest that this issue deserves close attention, especially given the rise in sub prime foreclosures in minority neighborhoods

Over the last several years, our nation has made enormous progress in expanding access to capital for previously under served borrowers. Despite this progress, however, too many families are suffering today because of a growing incidence of abusive practices in a segment of the mortgage lending market. Predatory lending strips borrowers of home equity and threatens families with foreclosure, destabilizing the very communities that are beginning to enjoy the fruits of our nation's economic success. Often borrowers are tricked into accepting unfair loan terms, usually through aggressive sales tactics. Often they are taken advantage of because of their lack of understanding of terms and involvement in complicated transactions. Among the factors that contribute to predatory lending are the steering of minorities toward the sub prime market, even when they qualify for prime loans with better terms, an inadequate number of mainstream lending institutions in minority neighborhoods, and a general lack of information in minority communities about available mortgage products. Here are a few tactics predatory lenders may use;

- \* **Encourage borrowers to lie about their income, expenses or cash available for down payments in order to get a loan.**
- \* **Pressure borrowers to accept higher-risk loans such as balloon loans, interest-only payments and steep pre-payment penalties.**
- \* **Target vulnerable borrowers for cash-out refinance offers when they know borrowers are in need for cash due to medical, unemployment, or debt problems.**