

1-1-1989

Blacks Rejected More Often than Whites for Home Loans Because of Economic, Not Necessarily Racial Reasons, Preliminary UD Study Shows; No Relief in Sight for Deficit During 1989, Predicts UD Economics Professor

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Recommended Citation

"Blacks Rejected More Often than Whites for Home Loans Because of Economic, Not Necessarily Racial Reasons, Preliminary UD Study Shows; No Relief in Sight for Deficit During 1989, Predicts UD Economics Professor" (1989). *News Releases*. 5177. https://ecommons.udayton.edu/news_rls/5177

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BLACKS REJECTED MORE OFTEN THAN WHITES FOR HOME LOANS BECAUSE OF ECONOMIC, NOT NECESSARILY RACIAL REASONS, PRELIMINARY UD STUDY SHOWS

Banks, savings and loans, and mortgage companies grant few home mortgages in Dayton's predominantly black west side, but this may be a "purely economic" decision rather than redlining--refusal to lend in an area because of race.

This is just one preliminary result of a two-year University of Dayton study on redlining conducted by Richard Stock, an assistant professor of economics and finance. Stock has compiled statistics on all home sales in Montgomery County over a three-and-a-half year period from January 1984 to April 1987.

According to Stock's research, the average price of a home in southwest Dayton was approximately \$15,000, well below what is often considered the minimum amount an institution will lend for a mortgage. Homes here are either purchased without mortgages or financed through a land contract, seller- or third-party financing.

"Within the housing price range of \$20,000 to \$30,000, where the probability of a sale being done with a mortgage starts to rise, there's as great or greater a probability of that home being sold with a mortgage on the west side as on the east side," Stock said. "But there are far fewer of those homes on the west side in that price range in percentage terms."

Stock, who will complete his study within two months, is currently analyzing why home prices in black neighborhoods are lower and what role the racial and socio-economic character of a neighborhood plays in home loan rejections. "I'm trying to understand the conditions under which a sale will be done with a mortgage as opposed to without a mortgage looking at price and neighborhood characteristics--among which race would be prominent," he said.

A highly publicized study by the "Atlanta Journal-Constitution" indicates a nationwide 2:1 black-white disparity in home loan rejections from savings and loans.

For media interviews, contact Richard Stock at (513) 229-2353.

NO RELIEF IN SIGHT FOR DEFICIT DURING 1989, PREDICTS UD ECONOMICS PROFESSOR

The \$2.1 trillion national debt will continue to grow in fiscal year 1989 at an alarming rate of \$8,000 per second, predicts Anthony Chan, assistant professor of economics and finance at the University of Dayton. And although President George Bush has deemed the situation a priority, trying to battle the debt is akin to "boxing Mike Tyson with both hands tied behind his back," said Chan.

Chan also predicts that unemployment will stand at 5.8 percent at the end of the year, slightly rising from 5.2 percent after the first half. He foresees the U.S. economy growing at a rate of 2.5 percent during the first six months of 1989, a growth that will slow to 1.25 percent during the second half.

Chan's economic predictions are part of talk he will make at a luncheon meeting of the Dayton chapter of the National Association of Accountants on Jan. 25 at Stouffer's Hotel. For media interviews, contact Anthony Chan at (513) 229-2409.



The University of Dayton

For further information or assistance in scheduling interviews, contact Public Relations and University Communications, 229-3241.