

Inequality in Housing, Financial Services and Retirement Security in the Chicago Region

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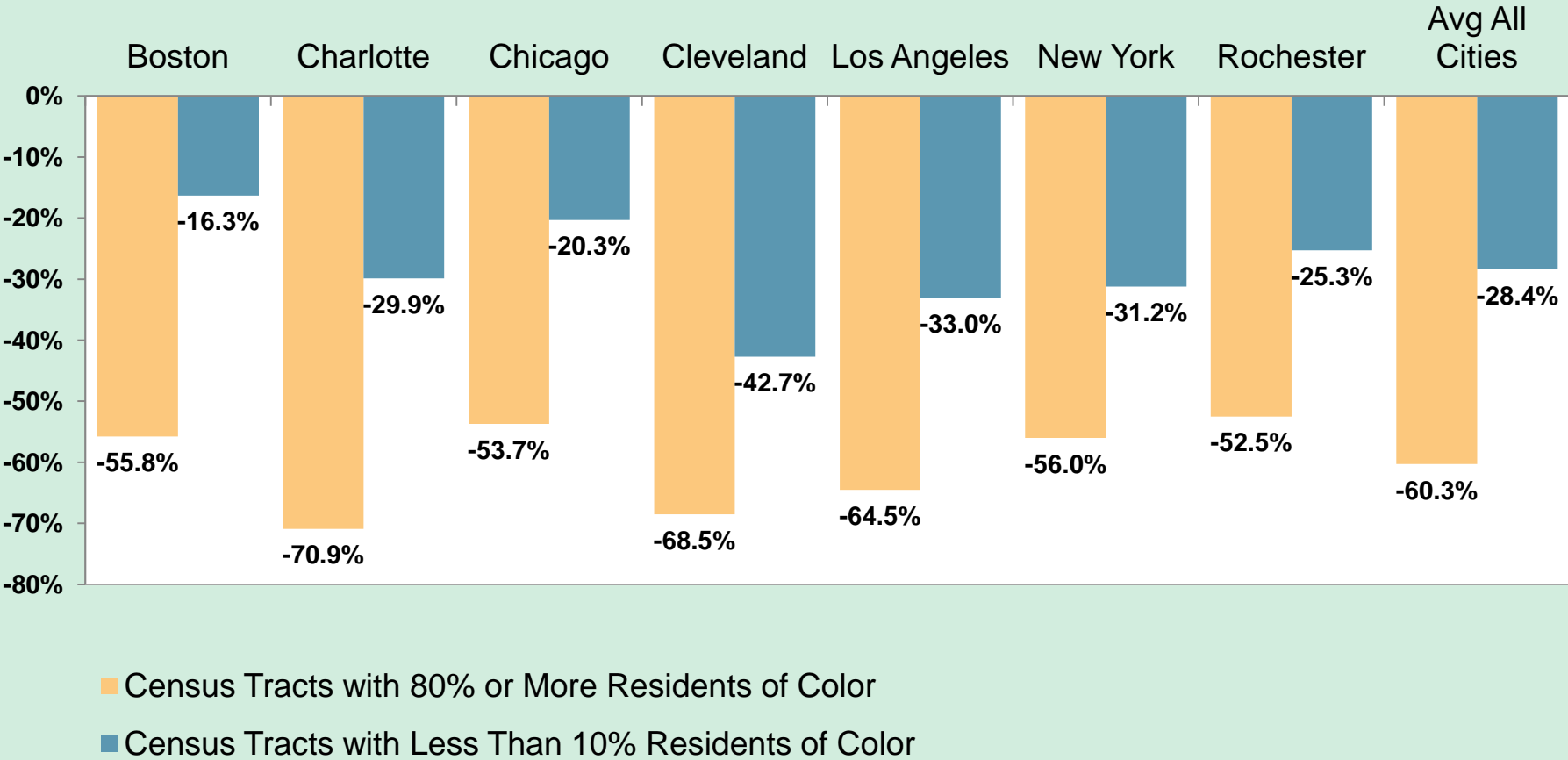
- **Mission:** Create a just financial system in which everyone can achieve economic security and community prosperity
- **Focus:** Fair lending, wealth creation & financial systems reform at local, state & national levels
- **Tools:** Research, policy, coalition building, and technical assistance



Some causes of inequality in housing, financial services, and retirement security

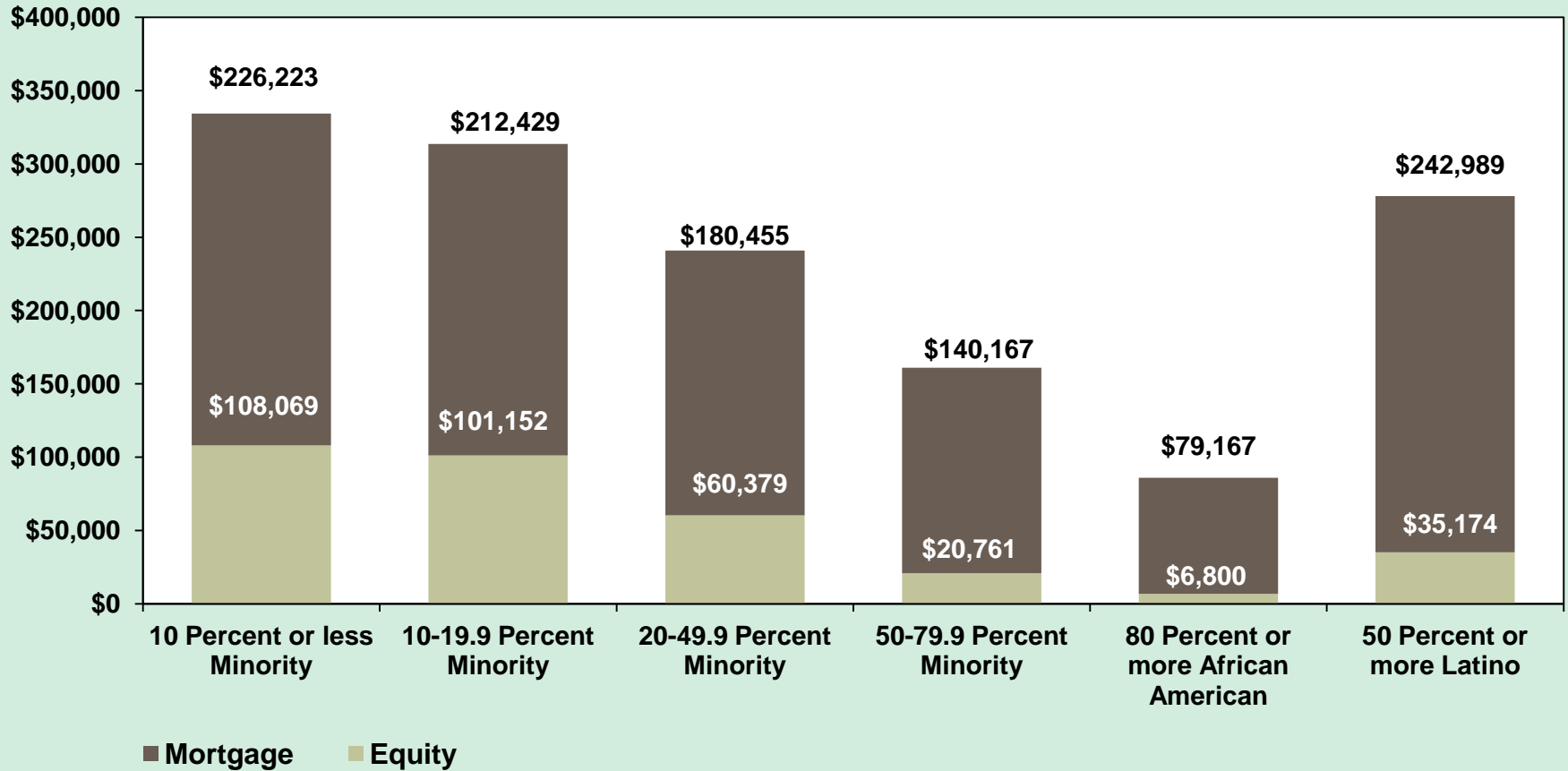
- Legacy of institutional racism (*Black Wealth/White Wealth*, Oliver and Shapiro) and sexism (*Shortchanged*, Mariko Chang)
- Targeting of high-cost/high-risk products to people of color
 - Toxic mortgage loans
 - Tax refund anticipation loans
 - Payday and deposit advance loans
- Poor/no regulation of high-cost/high-risk lenders and products
- Lack of access access to retirement savings plans at work
- Outdated rules, inadequate data collection

Change in prime home purchase and refinance lending in communities of color vs. white areas, 2006 to 2008



Source: Home Mortgage Disclosure Act; *Paying More for the American Dream VI: Racial Disparities in FHA/VA Lending* (2012)

Average home equity and outstanding mortgage debt per property in the Chicago six county region, 4Q11



Source: Proprietary data; 2010 Decennial Census; *Struggling to Stay Afloat: Negative Equity in Communities of Color* (2012)

Communities of color hardest hit by vacant properties

Vacant Properties and Foreclosure

Vacant Properties

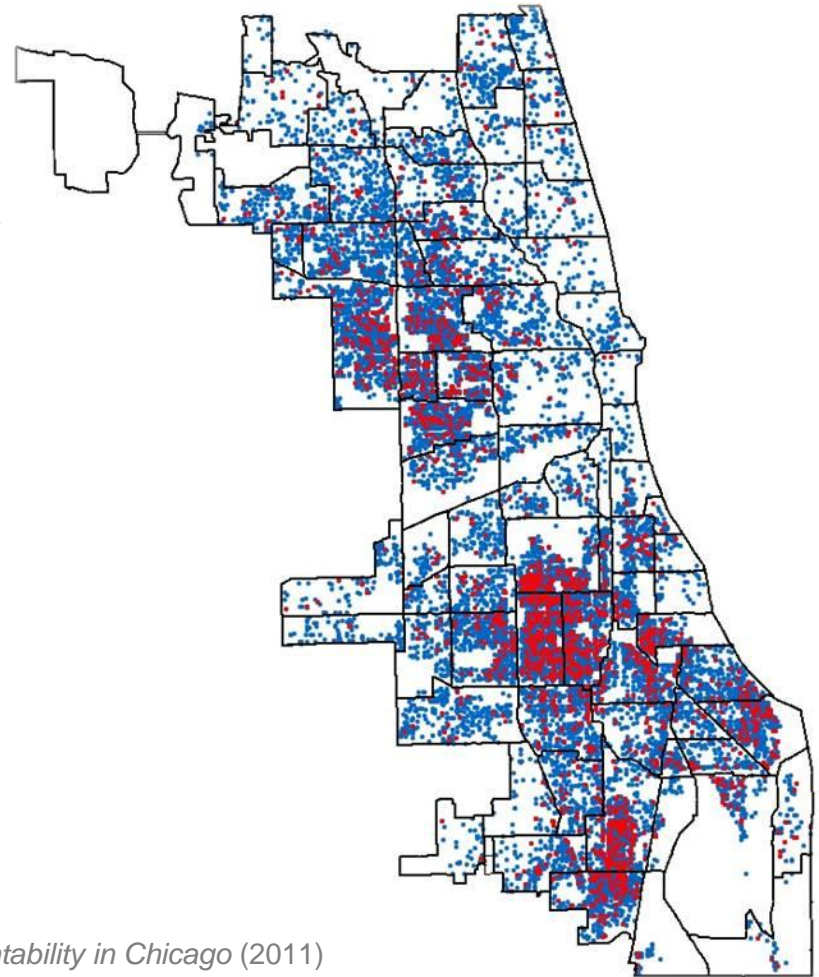
- 18,320 properties identified as vacant or potentially vacant by the City of Chicago
- Nearly 70% of all vacant properties on the Chicago Vacant Buildings Index are associated with a foreclosure

Red Flag Properties

- 1,896 properties on the Index are “red flag” properties, many of which may be lender walk-aways or “Zombie” properties
- 71% of red flag properties are located in highly African American communities, compared to only 6.5% in predominantly white communities

Impact

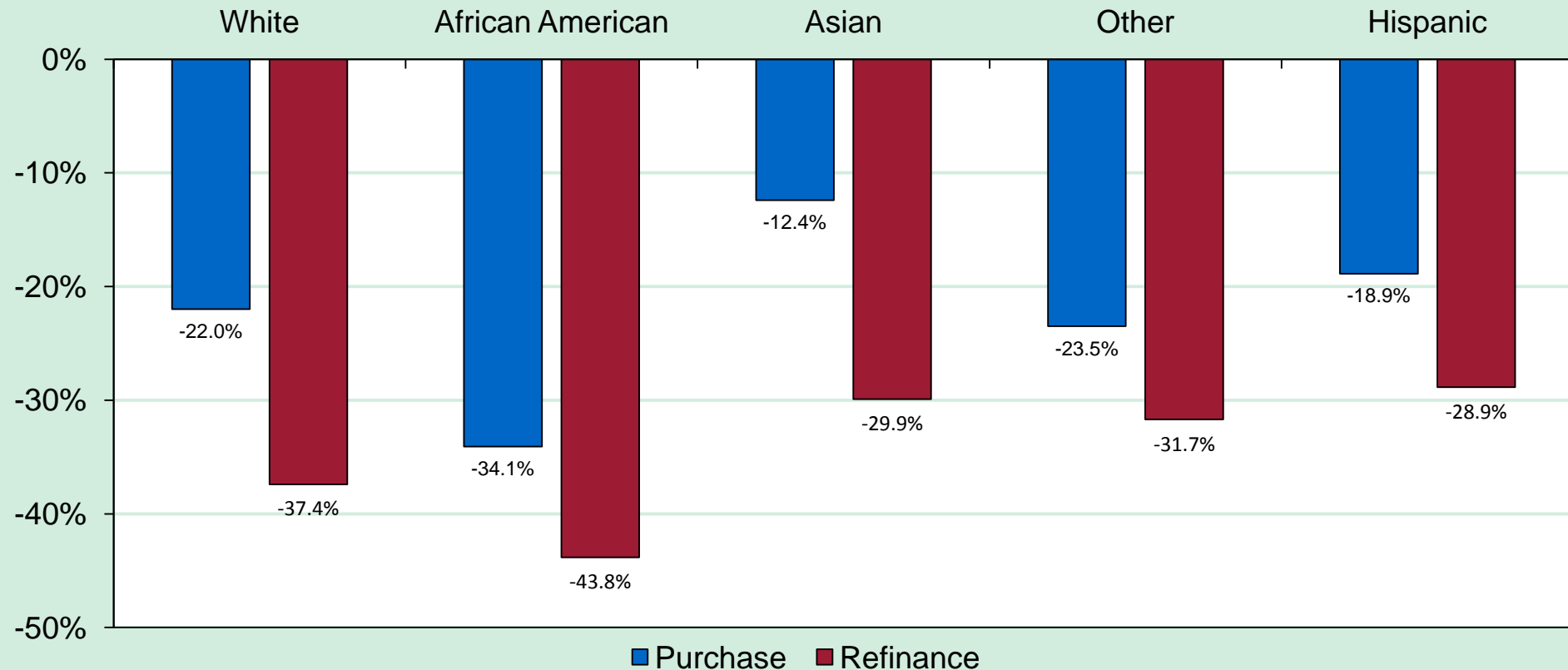
- Destabilize communities
- Burden to municipalities



Source: Left Behind: *Troubled Foreclosed Properties and Servicer Accountability in Chicago* (2011)

Access to mortgage loan purchase and refinance loans for women in the Chicago area

Differences in Origination, Female-headed Co-applicants vs. Male-headed Co-applicants



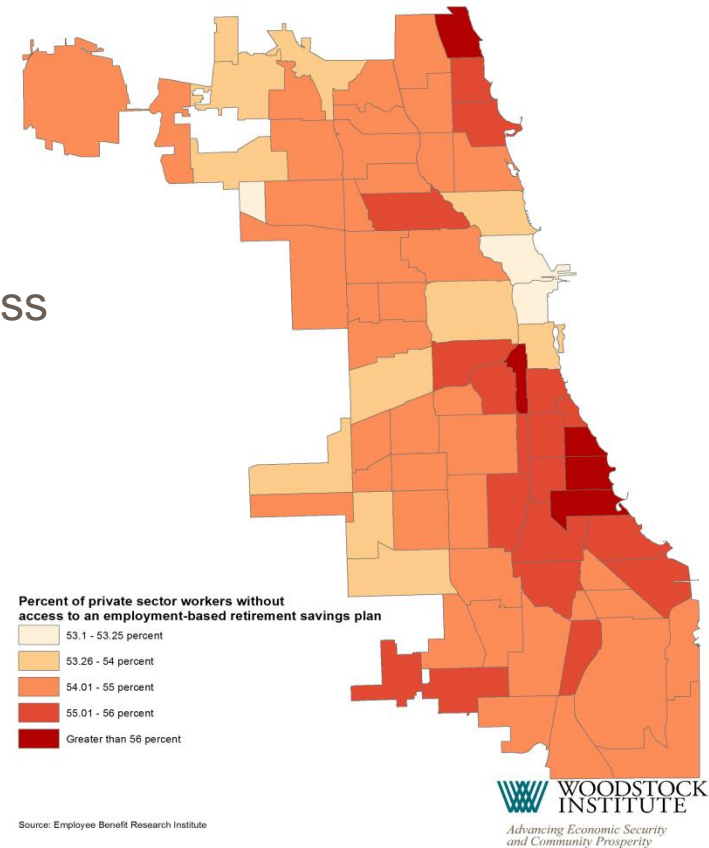
Source: Home Mortgage Disclosure Act 2010 data; *Unequal Opportunity: Disparate Mortgage origination Patterns for Women in the Chicago Area (2013)*

Retirement insecurity in Chicago

- Fewer workers have access to employment-based retirement plans now than in the past
- Over half of all private sector workers lack access to employment-based retirement plans
- Assets are a small and decreasing percentage of retirement income for most households
- Social Security benefits are replacing a smaller percentage of pre-retirement income

Source: *Coming Up Short: The Scope of Retirement Insecurity Among Illinois Workers* (2012)

Private Sector Workers without Access to Retirement Savings Plan



Forging Solutions



- Enforce fair housing/fair lending laws and regulations
- Adequately fund housing counseling, foreclosure prevention and legal services programs
- Adopt a Qualified Residential Mortgage (QRM) rule without a minimum down payment requirement
- Enforce vacant property ordinances

Some policies to reduce inequalities in housing, financial services, and retirement security

- Implement new Cook County Land Bank Authority consistent with local priorities
- Enact and enforce strong consumer protection laws and regulations (www.consumerfinance.gov)
- Revise tax policies, including the home mortgage deduction
- Expand opportunities for workers to save for retirement
- Protect students from excessive student loan debt, allow discharge in bankruptcy
- Modernize the Community Reinvestment Act (CRA)





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