

Idahoans buying more homes, but minorities face challenges

By KIMBERLEE KRUESI, Associated Press

BOISE, Idaho (AP) — Home loan submissions in Idaho increased for the second year in a row as the state continues to recover from the Great Recession, according to housing data submitted by banks and mortgage companies.

More construction coupled with more confidence in the housing economy has economists and regulators pointing to more activity throughout the Gem State.

"The strength of any economy, whether it be local or national, depends on spending and how capable we are of spending," said Don Holley, economist professor at Boise State University. "People have been spooked to buy a home coming out of this recession, but my feeling has always been that's it just a matter of time to start seeing a turnaround."

Recovery has been helped with subprime lending taking a dramatic drop with tighter regulations in place as the country has come out the Great Recession, Holley said. Meanwhile, home construction is up, signaling that the excess of new homes that sat vacant during the economic downturn is waning.

In 2014, banks and mortgage companies received roughly 69,200 loan applications for Idaho. Many of those sought to buy a home, but others wanted to refinance while some sought more money for home repairs.

The top lenders in the state include US Bank, Wells Fargo Bank and Idaho Central Credit Union. Loan submissions were highest in the state's most populated regions in Ada, Canyon and Kootenai Counties. The average rejection rate out of the 431 lenders who handled loans in 2014 was 16 percent.

"Idaho has always rebounded," said Susan Semba, vice president of home ownership lending for the Idaho Housing and Finance Association — which administers Idaho's federal housing programs and offers loans for homebuyers at below-market rates. "It's been six or seven years for people who may have become delinquent. They've had time to rebuild."

Semba said her association is already seeing a tremendous boom in lending this year compared to 2014 and expects another record year for 2015.

Yet, as Idaho's housing economy continues to rebound, community activists are warning that minority applicants still face barriers while going through the lending process.

As a whole, minority applicants made up roughly 8 percent of home loan applications in 2014. Out of that small pool, the average rejection rate for minority applicants was about 20 percent — slightly higher than the combined total of applicants.

The median loan amount for applicants who marked non-white ethnicities or races was \$127,000. Meanwhile, the median for non-minority applicants was \$145,000. The median income for minority applicants was about \$54,000 a year, while non-minority applicants earned about \$64,000 a year.

Those numbers are based on people who checked either non-white ethnicities or races — or both — on their applications. This means the exact number of minority applicant may have been higher in Idaho but there's no way to know exactly how many. Federal reporting requirements do not require financial institutions to mark minority statuses while handling applications over the phone or when handling business transactions.

What is known is that minorities face a higher risk of facing discrimination while navigating through the home lending process, said Zoe Ann Olson, executive director of Idaho's Intermountain Fair Housing Council.

Flawed perceptions about a protected class — particularly for people of color, disabled person or females — are often the most common reasons minorities are directed into riskier, more expensive loans or denied, Olson said.

Olson's agency recently received a federal grant to study lending practices to determine if, and how much, discriminatory practices go on in Idaho. For example, in rural communities, minorities may not have access to local banking

branches and only have the option of going to a payday loan agency or predatory lending website to get a line of credit.

"Are they being steered away because of their FICO (credit) score or is actually just their perception of that person that results in not being treated fairly?" Olson said. "That's something we need to examine closely."

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