

# **THE RETURN OF SEGREGATED HOUSING TO CALIFORNIA**

Annual Report on African American  
Homeownership

Vina Nguyen Ha  
*Academy Fellow*

Robert Gnaizda  
*Policy Director*

December 2003

*a project of*



# Table of Contents

<b>Executive Summary</b> .....	Page 1
<b>Introduction: An Action Governor</b> .....	Page 2
• Chart A: San Francisco Lending Under \$69,000.....	Page 3
• Chart B: Los Angeles-Long Beach Lending Under \$30,000.....	Page 7
<b>Section I: African American Home Lending in California</b> .....	Page 8
• Chart C: California Lending, All Incomes.....	Page 9
<b>Section II: African American Home Lending by Income for California</b> .....	Page 10
• Chart D: CA Rankings, Under \$49,000.....	Page 10
• Chart E: CA Rankings, Under \$30,400.....	Page 11
<b>Section III: African American Home Lending in Los Angeles-Long Beach MSA</b> .....	Page 12
• Chart F: Loans in Los Angeles Long Beach MSA.....	Page 13
<b>Section IV: Loans Made to African Americans By Income and MSA</b> .....	Page 14
• Chart G: Loans by Income and MSA.....	Page 17
<b>Section V: Recommendations to Governor</b> .....	Page 18
<b>Section VI: 20 “Best Places to Live” Under \$250,000 in the US</b> .....	Page 19
<b>Appendix I</b> .....	Page 20



## Executive Summary

California's African American population continues to face a form of segregation that continues to make the dream of home ownership a remote prospect. California has the second lowest home ownership rate in the nation (56% versus 68.4% national average). In particular, 60% of African Americans in California are without homeownership as opposed to 28% for whites. This disparity is due to the extraordinarily high price of homes in California where the median home price is \$386,000—more than twice the national median of \$177,000. Further, the median price in the most heavily populated areas of California is far greater. In San Francisco, for example, the median price of \$556,000 is more than three times the national average. In Orange County, the median is \$440,000 or two-and-a-half times the national median.

The report contends that this housing crisis is not a result of discrimination but due to:

- Antiquated tax laws that create disincentives for local governments to encourage the development of affordable housing and penalizes average-income home buyers
- Environmental extremism that blocks the development of affordable housing units even near mass transit.
- Counterproductive governmental regulations that have created a net shortfall of 1.5 million housing units in California.

### Summary of Findings

Compounding the forces listed above, the abysmal rates of home lending, especially those with lower incomes, continue to deny the dream of homeownership to a majority of African Americans in California. The report includes the following findings:

- Despite being 7% of California's population, African Americans only received 3.6% of conventional home loans
- In eight major MSAs, African Americans did not receive an equal proportion of home loans.
- None of the six largest home lenders made even 1% of its loans to working class and poor African Americans making under \$49,000.
- In the Los Angeles-Long Beach MSA, only 778 out of 130,000 (1/2 of 1%) loans went to African Americans making \$44,000 or under. (Approximately one million African Americans reside in this MSA and half of families earn \$44,000 or less.)
- Statewide, only 264 conventional home loans were made to African Americans making under \$30,000.

### Recommendations

Governor Schwarzenegger can take immediate steps to confront this housing crisis. This report makes the following recommendation to Governor Schwarzenegger:

- *Develop an alternative tax system, such as advocated by Warren Buffet, that will be revenue-neutral, but create an inducement for homeownership rather than the creation of more retail malls.*
- *Create a one-stop expedited process for the development of all affordable housing located near mass transit.*
- *Create an Action Commission with a mandate to provide recommendations within ninety days on how California can, within a ten year period, meet at a minimum the national average of 68.4% homeownership, thereby producing a minimum of 1.5 million additional homes and creating a minimum of 2.2 million additional jobs.*

## **Introduction: An Action Governor**

“California needs an action governor who can break the environmental and tax logjam that blocks the creation of affordable housing.”

Nativo Lopez  
President,  
*Hermandad Mexicana Nacional*

This report coincides with the first week of action for Governor Arnold Schwarzenegger. For reasons set forth in this report, Governor Davis, due to his indecisive nature and dependency on powerful special interests, refused to address or even openly discuss the growing housing crisis in California that also affects jobs and economic growth. This housing crisis has left California with the second lowest home ownership rate in the nation (56% versus 68.4% national average).

The Greenlining Institute believes, as set forth in other parts of this report, that Governor Schwarzenegger has the potential, ability and the vision to once more make California a land where homeownership predominates.

Relying exclusively on verified data from major financial institutions and the Federal Reserve, this report documents that California, for a variety of reasons, has inadvertently produced a virulent new form of segregation. Specifically, 60% of African Americans in California are without homeownership as opposed to 28% for whites. (Less than 40% homeownership among African Americans and an estimated 72% for whites in California). For moderate income and first-time African American home buyers, the situation is far worse. In many of the high-cost areas of the state, such as Orange County, San Diego, San Francisco and the Silicon Valley, an estimated 90% or more of African Americans are consigned to high cost and often substandard rental units. For example, there were only 18 conventional home loans made to African Americans in the San Francisco/San Mateo MSA earning \$69,000 or less in 2002.

As Sections I to IV of this report document, even the most socially responsible banks fail to make loans to African Americans. For example, in the San Francisco metropolitan area, Bank of America and Countrywide made zero loans to African Americans earning \$69,000 per year or less and Washington Mutual made just one loan.

**Chart A**

**Conventional Home Loans Made to African Americans Earning Under \$69,000 in San Francisco MSA<sup>1</sup>, 2002**

<b>Financial Institution</b>	<b>Total # Loans Made</b>	<b># of Loans to African Americans, Income \$69,000 or Under</b>	<b>Percent of Totals</b>
World Savings	1,636	3	0.2%
Wells Fargo	2,984	3	0.1%
Washington Mutual	3,585	1	0.04%
Bank of America	2,963	0	0.0%
Chase Bank	622	0	0.0%
Countrywide	925	0	0.0%
Citigroup	Failed to Comply	Failed to Comply	Failed to Comply
<b>Total for All Institutions (Federal Reserve Bank Data)</b>	24,643	18	0.1%

Forty years ago in Mississippi, the cause of housing segregation was well known: deliberate legal and policy decisions by financial institutions and government to deny African Americans homeownership. Today, in California, the causes are far more complex. Why were only 18 African Americans earning under \$69,000 able to secure conventional home loans in San Francisco last year? The obvious culprits are the financial institutions, but this is not the case. Most of the major financial institutions, such as Bank of America, Wells Fargo, Washington Mutual and Countrywide, have made fundamental changes in their pricing, marketing and outreach to try to aggressively address this growing pattern of segregation between renters and homeowners.

---

<sup>1</sup> San Francisco MSA includes San Francisco, San Mateo and Marin.

The primary cause for the new segregation of African Americans and many other minorities is the extraordinarily high price of homes in California. The median home price in California is \$386,000, or more than twice the national median of \$177,000<sup>2</sup>. Further, the median price in the most heavily populated areas of California is far greater. In San Francisco, the median price is \$556,000 or three times the national average. In Silicon Valley, the median price is \$476,000 or almost three times the national median. In Orange County the median is \$440,000 or two-and-a-half times the national median. The median price in San Diego is \$409,000 and even in land abundant Los Angeles County, the median price of \$352,000 is twice the national average.

In contrast, the median price of \$132,000 in Omaha, Nebraska, where Warren Buffett resides, is one-third of the California average and less than a fourth of the median price in San Francisco. Similar disparities exist in most other major areas. Even in high cost metropolitan areas such as Washington DC and New York City, the median prices are lower than those of most California counties (The median price is \$296,000 in D.C. and \$329,000 in New York City).<sup>3</sup>

What is clear is that few employed African Americans would be without a home in California if the median price of a home in California was similar to the median price in Jackson, Mississippi, once the capital of the leading segregationist movements in the nation. The median price of a home in Jackson is \$115,000 or only 20 percent of the median in San Francisco or 30 percent of the median in California. Similarly, most African Americans earning \$60,000 would be able to afford to buy a home even in New Orleans, where the median price is \$137,000.

What are the underlying causes for the disparity between home ownership costs in California and the rest of the nation, since California has more than two million acres of land that is readily available for housing? These two million acres are sufficient land to produce between ten and twenty-five million additional units. No experts concur on what the causes are, but virtually all

---

<sup>2</sup> Sources for median home prices: DataQuick Information Systems, US Census, California Association of Realtors, and the National Association of Realtors.

believe the causes could be remedied if the Governor and legislature took a strong visionary leadership position that ignored special interests.

### **First Cause: Prop 13 and its Progeny Penalize New Homeownership**

As Warren Buffet articulately stated when he was appointed to Governor Schwarzenegger's team in August of this year, Prop 13 and other anti-homeownership tax laws need to be revised. Prop 13's tax rate is artificially high for new homeowners, particularly those earning the median family income in California of \$60,300<sup>4</sup>. Furthermore, our state's tax laws provide enormous incentives for every city to ignore home ownership opportunities and instead set aside scarce land for retail malls and more Walmarts. This is done to generate the tax revenue needed to provide essential services. Omaha, Nebraska does not have this problem as Mr. Buffet pointed out shortly after being appointed as an economic advisor to the Governor.

### **Second Cause: Environmental Extremism**

Environmental extremism has played a very strong role in virtually preventing the building of affordable housing and in substantially restricting even middle-class housing. This has occurred, in part, through anti-growth strategies, "nimbyism", and refusal to allow high density affordable units. As a result, as vividly demonstrated by the twenty-five year delay in the building of Playa Vista in Los Angeles, extreme environmental positions, even when repudiated by most of the environmental community, can stop even affordable housing that is environmentally sensitive.<sup>5</sup>

### **Third Cause: Counterproductive Governmental Regulations**

Partly as a result of the antiquated anti-housing tax provisions and elitist environmental anti-growth efforts, local government has introduced various regulations that substantially delay approval of any housing, even environmentally efficient affordable housing near mass transit.

---

<sup>3</sup> See Section VI for median prices in other sections of the nation.

<sup>4</sup> Source: HUD

<sup>5</sup> Originally envisioned to provide 13,500 housing units, a maximum of less than 6,000 units will be built 25 years later.

These artificially high costs of development almost by definition eliminate any affordable or middle-class housing that is dependent on certainty and predictable low costs.

As a result of the above, California, over the last decade, despite a demand for over 250,000 units per year, has built substantially less than 150,000 units per year. Today, due to a history begun during the Jerry Brown era, California now has a net shortfall of 1.5 million housing units. That is, if Californians owned homes at the same rate as the rest of the nation (68%), there would be approximately 1.5 million additional homes built.

### **Two Million New Jobs**

The consequences of building an additional 1.5 million homes over the next decade are far reaching and are in part the reasons that the Greenlining Institute is optimistic that Governor Schwarzenegger will take bold actions to address a problem that has inadvertently produced segregated housing and a land of renters. Such bold gubernatorial action could generate 2.2 million additional jobs, thereby lowering California's unemployment rate to one of the lowest in the nation and immediately move the state from a recession to a booming economy based on reality, not a technology bubble.

Further, the construction of these homes and the income generated by these workers would generate billions of dollars in additional revenue for the state. This would assist the governor in meeting his pledge of no tax increases, no cuts in education and no deficits.

Prior to Christmas, Greenlining will produce a comparable report on the plight of California's other major, grossly underserved community, this state's almost 13 million Latinos.

### **More Branches than Loans**

Sections I through IV set forth the number and percentage of home loans made by the major financial institutions<sup>6</sup> doing business in California to African Americans. It does so for the state, for

---

<sup>6</sup> This report includes only the largest home lenders in California defined as lenders that made 10,000 or more conventional home loans in 2002. This report does not include government assisted lending.

Los Angeles and for a number of other major counties. It also sets forth data based on race and income by county or metropolitan area. For example, in the Los Angeles/Long Beach Metropolitan Area where one-third of our state's African Americans reside, only 778 loans were made to African Americans earning under \$44,000, a sum almost three times the salary of a typical Walmart worker. World Savings, for example, made only seven such loans and BofA which had 253 branches in the area, made only 32 loans to African Americans earning \$44,000 or less (See Chart F). In other words, at least 221 of BofA's branches made no home loans to African Americans earning \$44,000 or less.

**Chart B**

**Home Loans in Los Angeles-Long Beach MSA to African Americans  
Earning \$44,000 or less, 2002**

<b>Major Lender</b>	<b>Loans to African Americans Earning Under \$44,000</b>	<b>Total Loans</b>	<b>Percent</b>
<b>1. Wells Fargo</b>	132	12,694	1.2%
<b>2. Bank of America</b>	32	7,043	0.5%
<b>2. Countrywide</b>	57	12,074	0.5%
<b>2. Chase Bank</b>	11	2,420	0.5%
<b>2. Washington Mutual</b>	57	12,981	0.5%
<b>6. World Savings</b>	7	3,643	0.2%
<b>7. Citigroup</b>	Failed to Comply	Failed to Comply	Failed to Comply
<b>State Average (Federal Reserve Bank Data)</b>	778	131,673	0.7%

Section V sets forth Greenlining's recommendations to Governor Schwarzenegger regarding how to address this crisis, and how to promote homeownership in California in order to move the state from the bottom to the top in homeownership rates. As section V suggests, it is more a matter of vision, will and leadership than any one single specific action. However, it will take a very substantial commitment by the Governor, his Secretary of Business and Transportation, a number of other Cabinet secretaries, and such should be put in place before the Legislature convenes in January of 2004. (See pg. 18)

## **Section I: African American Home Lending In California**

“Three generations ago Mississippi made it clear that Blacks should go north. Today, California’s home lending crisis could cause a reversal of this past migration”

Aubry Stone  
President  
*California Black Chamber of Commerce*

African Americans in California continue to be excluded from the dream of homeownership. After reviewing the home lending data for African Americans in California<sup>7</sup>, it is clear that African Americans continue to be denied access to their proportionate share of home loans. Despite being 7%<sup>8</sup> of the state’s population, only 3.6% of all conventional home loans went to African Americans at all income levels. Furthermore, all of the major lenders in the state failed to lend at even the state average of 3.6%.

Of all the major lenders, World Savings easily finished first with the highest percentage of its conventional home loans going to African Americans (3.5%). The second best record went to Wells Fargo with three percent (3.1%). Washington Mutual had the lowest such percentage of lending (1.7%).

Chart C on the next page shows how all the major banks did compared to the state average<sup>9</sup>.

---

<sup>7</sup> The largest lenders are those institutions that made more than 10,000 conventional home loans statewide in 2002. These lenders include Bank of America, Chase Bank, Countrywide, Washington Mutual, Wells Fargo, World Savings, and Citigroup. Citigroup however, refused to cooperate and failed to provide their 2002 HMDA data.

<sup>8</sup> There are approximately 2.4 million African Americans in California.

<sup>9</sup> State averages are based on data provided by the Federal Reserve Bank, San Francisco

### Chart C

#### Conventional Home Loans Made to African Americans, All Incomes in California 2002

Major Lenders	Loans to African Americans, All Incomes	Total Loans	Percent*
1. World Savings	822	23,584	3.5%
2. Wells Fargo	2,111	78,824	3.1%
3. Countrywide	1,342	47,870	3.0%
4. Chase Bank	269	11,439	2.8%
5. Bank of America	772	35,131	2.3%
6. Washington Mutual	701	53,111	1.7%
7. Citigroup	Failed to Comply	Failed to Comply	Failed to Comply
<b>Total For All Institutions (Federal Reserve Bank Data)</b>	18,830	610,318	3.6%

\* Percentages are calculated using only loans where racial and ethnicity information was available.

## **Section II: African American Home Lending by Income for California**

"Even a family of two teachers is unlikely to secure a home loan  
in most of California."

Fredrick E. Jordan  
Chairman of the Board  
*National Black Chamber of Commerce*

Working-class and poor African Americans in California fared far worse in access to home loans in 2002 than any other group in the state. For example, none of the six largest bank lenders made even 1% of its loans to African Americans earning under \$49,000.<sup>10</sup> And the average percentage for all institutions is less than half of one percent (0.4%).

Wells Fargo was the only major lender to exceed this embarrassingly low state-wide average. America's second largest bank, JP Morgan Chase, for example, made only 28 such loans and World Savings made only 60 loans statewide to African Americans earning under \$49,000.

### **Chart D**

#### **Rankings for Conventional Home Loans to African Americans Earning Under \$49,000 California 2002**

Major Lender	Loans to African Americans Earning Under \$49,000	Total Loans	Percent*
<b>1. Wells Fargo</b>	401	78,824	0.6%
<b>2. Bank of America</b>	132	35,131	0.4%
<b>3. Countrywide</b>	139	47,870	0.3%
<b>3. Washington Mutual</b>	138	53,111	0.3%
<b>3. World Savings</b>	60	23,584	0.3%
<b>3. Chase Bank</b>	28	11,439	0.3%
<b>4. Citigroup</b>	Failed to Comply	Failed to Comply	Failed to Comply
<b>Total for All Institutions (Federal Reserve Bank Data)</b>	2,246	526,437	0.4%

\* Percentages are calculated using only loans where racial and ethnicity information was available.

<sup>10</sup> \$49,000 is 80% of HUD's adjusted family median income for California in 2002, which was \$60,800. 80% of median income is used as a proxy for low and moderate income families.

Lending to African Americans earning under fifty percent of median income or earning under \$30,400<sup>11</sup> was close to zero. Statewide, of 600,000 conventional home loans, only 264 were made to African Americans earning \$30,000 or less or just a statistically invisible 1/20th of one percent. Of the six major lenders, only Wells Fargo significantly outperformed the state's abysmal average. JP Morgan Chase made only three such loans statewide while California's largest bank, BofA, with over 950 branches, made only twelve such loans or only one loan for every eighty branches.

To put this poor lending record in perspective, most African Americans in Nebraska or Mississippi who earned \$30,000 could easily afford a home.

### Chart E

#### **Rankings for Conventional Home Loans Statewide to African Americans Earning Under \$30,400 California 2002**

Major Lender	Loans to African Americans Earning Under \$30,400	Total Loans	Percent*
1. Wells Fargo	61	78,824	0.09%
2. Washington Mutual	23	53,111	0.06%
3. Countrywide	24	47,870	0.05%
3. World Savings	11	23,584	0.05%
5. Bank of America	12	35,131	0.04%
6. Chase Bank	3	11,439	0.03%
7. Citigroup	Failed to Comply	Failed to Comply	Failed to Comply
<b>Total for All Institutions (Federal Reserve Bank Data)</b>	264	610,318	0.05%

\* Percentages are calculated using only loans where racial and ethnicity information was available.

<sup>11</sup>50% of HUD's adjusted family median income for California in 2002.

### **Section III: African American Home Lending in Los Angeles-Long Beach County MSA**

Despite being 10%<sup>12</sup> of the Los Angeles-Long Beach population, African Americans received only 5.7% of all loans made in the area for 2002. African Americans earning less than \$44,000 received only 778 such loans.

Bank of America made only 32 conventional home loans to African Americans earning less than \$44,000 despite having 253 branches in the LA-Long Beach area. World Savings made only seven such loans.

The worst performance belongs to Washington Mutual, which made only 2.6% of its Los Angeles-Long Beach loans to African Americans at all income levels and World Savings had the worst record for African Americans earning under \$44,000; making only 7 of its 3,643 loans to this group.

The best record goes to Wells Fargo which had the highest percentage of loans made to African Americans at all income levels (5.6%). It also made the most loans to African Americans earning under \$44,000 (132 loans).

Chart F on the following page summarizes conventional home lending to African Americans by major lender and income.

---

<sup>12</sup> There are approximately 960,000 African Americans in the Los Angeles-Long Beach MSA.

Chart F

**Conventional Home Loans Made to African Americans in the  
Los Angeles-Long Beach Area**

<b>Lenders</b>	<b>Total # Loans Made</b>	<b># of Loans to African Americans, All Incomes</b>	<b>Percent of Total Loans</b>	<b># of Loans to African Americans, Income \$44,000 or Under</b>	<b>Percent of Total Loans</b>
Bank of America	7,043	236	3.6%	32	0.5%
Countrywide	12,074	568	5.1%	57	0.5%
Chase Bank	2,420	93	4.6%	11	0.5%
Washington Mutual	12,981	267	2.6%	57	0.5%
Wells Fargo	12,694	623	5.6%	132	1.2%
World Savings	3,643	137	3.8%	7	0.2%
Citigroup	Failed to Comply	Failed to Comply	Failed to Comply	Failed to Comply	Failed to Comply
<b>Total For All Institutions (Federal Reserve Bank Data)</b>	<b>131,673</b>	<b>6619</b>	<b>5.7%</b>	<b>778</b>	<b>0.7%</b>

## **Section IV: Loans Made to African Americans By Income and MSA**

Lending to poor and working class African Americans across California's major areas continues to be close to non-existent. For example, in the Oakland MSA, African Americans make up 13% of the population, but only 390 or 0.9%<sup>13</sup> of all conventional home loans made in the area were made to African Americans earning below \$59,600<sup>14</sup>. For African Americans earning below \$37,250<sup>15</sup>, only 44 loans were made or 0.1% of all loans made in the Oakland MSA.

This section summarizes the number of conventional home loans made to African Americans by income within seven major MSAs: Fresno, Oakland, Orange County, Sacramento, San Diego, San Francisco, and San Jose. Chart G summarizes lending by income for each MSA.

### **Fresno MSA *Only Nine Loans to African Americans Earning Under \$20,000***

For 2002, the median family income in Fresno was \$40,300 while the median home price was \$174,000. Although African Americans are 5.4%<sup>16</sup> of Fresno's population, those earning less than 80% of the median income (or \$32,240) received only 0.3% of total loans made in the Fresno MSA, or 35 out of 12,567 loans.

African Americans earning less than 50% of the median income (or \$20,150) received only 0.1% of loans made in Fresno, or 9 out of 12,567 loans.

### **Oakland MSA *Only Forty-Four Loans to African Americans Earning Under \$37,000***

For 2002, the median family income for Oakland was \$74,500 while the median home price was \$350,000. Although African Americans are 13%<sup>17</sup> of the Oakland MSA, those earning less

---

<sup>13</sup> Percentages are calculated using only loans where the race and or ethnicity of the applicant was reported.

<sup>14</sup> \$59,600 is 80% of Oakland's 2002 median family income of \$74,500

<sup>15</sup> 50% of Oakland's 2002 median family income

<sup>16</sup> There are approximately 60,000 African Americans in the Fresno MSA.

<sup>17</sup> There are approximately 315,000 African Americans in the Oakland MSA.

than 80% of the median income (or \$59,600) received only 0.9% of total loans made in Oakland, or 390 out of 51,461 loans.

African Americans earning less than 50% of the median income (or \$37,250) received only 0.1% of loans made in Oakland, or 44 out of 51,461 loans. Thus, those earning an average teacher's salary of \$45,000, were priced out of the market.

Orange County MSA *Only Eleven Loans to African Americans Earning Under \$38,000*

For 2002 the median family income in Orange County was \$75,600 while the median home price was \$412,000. Although African Americans are 2.2%<sup>18</sup> of Orange County, those earning less than 80% of the median income (or \$60,480) received only 0.2% of all loans made in Orange County or 77 out of 59,166 loans.

African Americans earning less than 50% of the median income (or \$37,800) received only 0.02% of loans made in Orange County or 11 out of 59,166 loans. Thus, those making a teacher's salary or even a family with three Walmart workers was priced out of the market.

Sacramento MSA *Only Forty-Five Loans to African Americans Earning Under \$48,000*

For 2002 the median family income in the Sacramento was \$57,300 while the median home price was \$210,000. While African Americans are 9%<sup>19</sup> of the Sacramento MSA, those earning less than 80% of the median income (or \$45,840) received only 0.7% of all loans made in Sacramento, or 282 out of 47,628 loans. Thus, a significant percentage of state workers (average annual salary of \$50,000) were priced out of the market.

African Americans earning less than 50% of the median income (or \$28,650) received only 0.1% of loans made in Sacramento, or 45 out of 47,628 loans.

---

<sup>18</sup> There are approximately 63,000 African Americans in Orange County

<sup>19</sup> There are approximately 150,000 African Americans in the Sacramento MSA

San Diego MSA *Only Eleven Loans Made to African Americans Earning Under \$30,000*

For 2002 the median family income in San Diego was \$60,100 while the median home price was \$364,000. Even though African Americans are 6%<sup>20</sup> of San Diego's population, those earning less than 80% of the median income (or \$48,080) received only 0.2% of all loans made in San Diego, or 92 out of 62,341 loans. Thus, the typical police officer or teacher would be priced out of the market.

African Americans earning less than 50% of the median income (or \$30,050) received only 0.02% of loans made in San Diego, or 11 out of 62,341 loans.

San Francisco MSA *Only Five Loans to African Americans Earning Under \$43,000*

For 2002 the median family income in the city of San Francisco was \$86,100, while the median home price was \$550,000. Although African Americans are 5.3%<sup>21</sup> of the San Francisco MSA, those earning less than 80% of the median income (or \$68,880) received only 0.1% of all loans made in San Francisco, or 18 out of 24,643 loans. Thus, even those earning in the upper salary range for a teacher or police officer were priced out of the market. Even a family with four Walmart workers would not be able to afford a home.

African Americans earning less than 50% of the median income (or \$43,050) received only 0.02% of loans made in San Francisco or 5 out of 24,643 loans.

San Jose MSA *Only Eight Loans Made to African Americans Earning Under \$48,000*

For 2002 the median family income in San Jose was \$96,000 while the median home price was \$450,000. Although African Americans constitute 3%<sup>22</sup> of the San Jose MSA, those earning

---

<sup>20</sup> There are approximately 174,000 African Americans in the San Diego MSA.

<sup>21</sup> There are approximately 88,000 African Americans in the San Francisco MSA.

<sup>22</sup> There are approximately 48,000 African Americans in the San Jose MSA.

less than 80% of the median income (or \$76,800) received only 0.2% of all loans made in San Jose, or 46 out of 28,551 loans.

African Americans earning less than 50% of the median income (or \$48,000) received only 0.03% of loans made in San Jose or 8 out of 28,551 loans. Thus, even a two teacher family with a combined income of \$90,000 would be priced out of the market and it would take the combined average salaries of eleven Walmart workers to afford a median priced house in San Jose.

### Chart G

**Comparison Among Seven MSAs**  
**Conventional Home Loans Made to African Americans**  
**Earning Less Than 80% and 50% MSA Median Income**

<b>MSA</b>	<b>Total # Loans Made in MSA</b>	<b>Loans Made to African Americans Below 80% Median Income</b>	<b>Percent of Total Loans to African Americans by MSA*</b>	<b>Loans Made to African Americans Below 50% Median Income</b>	<b>Percent of Total Loans to African Americans by MSA*</b>
Fresno	12,567	35	0.3%	9	0.1%
Oakland	51,461	390	0.9%	44	0.1%
Orange Co.	59,166	77	0.2%	11	0.02%
Sacramento	47,628	282	0.7%	45	0.1%
San Diego	62,341	92	0.2%	11	0.02%
San Francisco	24,643	18	0.1%	5	0.02%
San Jose	28,551	46	0.2%	8	0.03%

\*Percentages are calculated using only loans where racial and ethnicity information was available.

## **Section V: Recommendations**

“We have faith that our Action Governor will one day make it possible for average workers to become homeowners.”

Mark Whitlock  
Executive Director  
*First AME Church*

As set forth in the introduction, California will remain second to last in homeownership in the nation unless our new Governor asserts the leadership, vision and political skills that most Californians believe he has in abundance. In summary, our recommendations are as follows:

- 1) Governor Schwarzenegger accept the pending invitation of Greenlining Institute and many major financial institutions to meet directly with him before the end of the year to develop a visionary action plan that ignores special interests and makes homeownership and job creation high priorities;<sup>23</sup>
- 2) The Governor bring together key environmental groups, community housing advocates and legislative leaders to hammer out an environmentally-balanced future program that gives at least as high a priority to homeownership as it does to the habitats of red-legged frogs and other endangered insects and rodents.
- 3) The Governor bring together, under the leadership of Warren Buffet, key governmental and tax groups to develop an alternative tax system that will be revenue-neutral, but create an inducement for homeownership rather than the creation of more retail malls.
- 4) The Governor and his Secretary of Business, Transportation and Housing, Sunne Wright-McPeak, bring together a broad range of developers, financial institutions, local and state government officials to create a one-stop expedited process for the development of all affordable housing located near mass transit.
- 5) The Governor create an Action Commission with a mandate to provide recommendations within ninety days on how California can, within a ten year period, meet at a minimum the national average of 68.4% homeownership, thereby producing a minimum of 1.5 million additional homes and creating a minimum of 2.2 million additional jobs.

---

<sup>23</sup> A letter was sent by Greenlining Institute on October 10 requesting such a meeting and a follow up letter was sent on November 18 to his Secretary of Transportation, Business and Housing, Sunne Wright-McPeak.

## Section VI: “Best Places to Live” with Home Prices Under \$250,000

City	Median Home Price <sup>24</sup> (000's)
Albuquerque, NM	\$134
Atlanta, GA	\$150
Austin, TX	\$150
Baltimore, MD	\$190
Chicago, IL	\$220
Columbus, OH	\$140
Dallas, TX	\$150
Denver, CO	\$230
Detroit, MI	\$140
Kansas City, KS	\$140
Las Vegas, NV	\$170
Madison, WI	\$180
New Orleans, LA	\$137
Omaha, NE	\$132
Phoenix, AZ	\$147
Portland, OR	\$185
Richmond, VA	\$142
Santa Fe, NM	\$226
Springfield, IL	\$93

---

<sup>24</sup> Source: National Association of Realtors

## **Appendix I**

All of the major banks were invited to respond to Greenlining's report in advance of its publication. Two banks accepted this invitation. None of the statements were edited by Greenlining and similarly, none of the statements necessarily reflect Greenlining's position.

### Wells Fargo Home Mortgage in California

Wells Fargo Home Mortgage and its consumer finance affiliates in California have more than 370 locations with 13,500 employees and more than 748,000 mortgage customers in the **servicing portfolio totaling \$128 billion**.\* Additionally, Wells Fargo Home Mortgage's 2002 market share in California is 15.5% or 1 in every 6.5 households. Market data based on 2002 Home Mortgage Disclosure Act (HMDA) reports, which is the most recent data available, shows Wells Fargo's California loan production to include:

- 381,137 home mortgage loans
- \$95.3 billion in mortgage loan volume
- 354,940 conventional mortgage loans totaling \$91.3 billion
- 21,669 FHA mortgage loans totaling \$3.2 billion
- 4,518 VA mortgage loans totaling \$778 million

Wells Fargo holds leading positions in lending in several major categories. According to 2002 HMDA data, Wells Fargo in California is the No. 1 overall lender in the industry, as well as the No. 1 lender to low- and moderate-income homebuyers and minorities. Wells Fargo is also the leading government lender.

- No. 1 lender to low- and moderate-income homebuyers (47,788 loans totaling \$6.5 billion)
- No. 1 lender to ethnic minority homebuyers (111,960 loans totaling \$25.7 billion)
- No. 1 lender to Asian American homebuyers (46,100 loans totaling \$13.9 billion)
- No. 2 lender to Hispanic homebuyers (45,740 loans totaling \$7.5 billion)
- No. 2 lender to African American homebuyers (9,028 loans totaling 1.7 billion)
- No. 2 lender to Native American homebuyers (1,335 loans totaling \$289 million)
- No. 1 lender of government loans (26,197 loans totaling \$4 billion)

Because of our continuing focus to serve all communities, we are increasing our lending in California to ethnic minority and to low- to moderate-income homebuyers. According to 2000 through 2002 HMDA data, Wells Fargo increased lending to the state's ethnic minority homebuyers by **463 percent**. In addition, lending to low- to moderate-income homebuyers increased by **371 percent**.

Last year in California, Wells Fargo hired more than 300 home mortgage consultants who are ethnic minorities. In addition, more than 37 percent of the home mortgage consultants and their managers in California are ethnic minorities. Also, we opened several new branches in ethnic minority neighborhoods in Northern California and Southern California.

Wells Fargo participates in more than 300 down payment assistance and bond programs in California, and this year we reintroduced an innovative *Easy-to-Own<sup>SM</sup> No Money Down* loan program to help low-income consumers and those with a non-traditional credit history purchase homes.

*As of December 31, 2002\*.*

## Washington Mutual

“As Greenlining notes in its 2002 ‘Home Lending Report to African-Americans,’ the supply of affordable housing in California has become a real barrier to homeownership by African-Americans, Latinos, and Asians as well as for members of other ethnic minority groups and those of low-to-moderate incomes,” say Bob Flowers, Senior Vice President of Community Lending & Investment. “Washington Mutual works closely with Greenlining and affordable housing organizations, in addition to California elected officials, to provide capital in order to increase the supply of affordable housing and make affordable home loans to qualified borrowers who wish to realize the dream of homeownership.”

**The Greenlining Institute's Mission** is to empower communities of color and other disadvantaged groups through multi-ethnic economic and leadership development, civil rights, and anti-redlining activities

## ***The Greenlining Coalition***

Allen Temple Baptist Church  
American G.I. Forum  
Asian Business Association  
Asian Enterprise  
Black Business Association  
California Hispanic Chambers  
of Commerce  
California Journal  
California Rural Legal Assistance  
CHARO  
Chicano Federation, San Diego  
Council of Asian American  
Business Associations  
Filipino-American Chamber, L.A.  
Filipino-American Political Association  
First AME Church, Los Angeles  
Greater Phoenix Urban League  
Hermandad Mexicana Nacional  
Hispanic Chamber, Orange County  
Hmong-American Political Association  
Japan Pacific Resources Network  
La Maestra Family Clinic  
Latin Business Association  
Latino Issues Forum  
Mexican American Grocers Association  
Mexican American Political Association  
Minority Business Council  
Mission Language & Vocational School  
Mothers of East Los Angeles  
National Asian Pacific Publishers  
National Black Business Council, Inc.  
National Council of Asian American  
Business Associations  
National Federation of  
Filipino-American Associations  
OCCUR  
San Francisco Black Chamber  
Search to Involve Pilipino-Americans  
Southeast Asian Community Center  
TELACU  
The Unity Council  
Vietnamese Community of  
Orange County. Inc.  
West Angeles Church of God in Christ  
West Coast Black Publishers



785 Market Street, Third Floor  
San Francisco, CA 94103-2093  
phone 415.284.7220  
fax 415.284.7210