

MASSACHUSETTS MONEY AND POLITICS PROJECT

A PROGRAM OF THE COMMONWEALTH EDUCATION PROJECT

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Predatory Lending - Money and Politics Issue Brief

Unfair, Misleading Mortgages Far More Common in Roxbury/Mattapan Does Color of Political Money Play a Role?

Housing experts agree that Massachusetts generally and Boston specifically faces one of the nation's worst affordable housing crises. While demand has risen dramatically, the number of loans made by sub prime lenders has exploded in recent years increasing over 1,000% since 1994.¹ (Housing advocates broadly agree that a substantial portion of sub prime loans are so-called "predatory loans" – mortgages that contain excessive fees, hidden costs, and unfair terms for borrowers).

Subprime lenders make a disproportionately higher number of loans in minority communities in Massachusetts and around the country. In Boston, neighborhoods with the highest percentages of Black and Latino residents also had the highest number of sub prime loans. In fact, sub prime loan shares in Mattapan (29.2%) and Roxbury (28.7%) were ten times greater than those in predominately White neighborhoods Back Bay/Beacon Hill and Charlestown (each 2.9%).

Yet, the legislature has failed to provide leadership on HB 1617, a modest bill that would provide protections for borrowers who receive high cost home mortgages in the Commonwealth. "Despite an explosion of sub prime lending in Boston, the legislature has failed to provide leadership to protect the interests of minority borrowers," said Nelson.

Mortgage lenders are significant donors to legislative leaders. Could it be that their generous contributions drown out the interests of low income and minority voters? The vast majority of campaign contributions to Massachusetts state legislators between 1999 and 2002 came from predominately white, wealthy neighborhoods. In fact, out of the 2,157 total precincts in the state, the most generous 1% (22 precincts) gave nearly 14% of contributions (\$3,169,872) to state legislators. Nearly 95% of the money raised by state legislators came from predominately White non-Hispanic precincts (those with minority voting age populations less than 50%).

¹ "Borrowing Trouble III" A report by the Massachusetts Affordable Housing Alliance

Total Individual donations to state legislative candidates (1999-2002)	\$23,449,706
Donations from Majority non-Hispanic White precincts	\$22,251,861
.....	94.9%
Donations from Majority Minority precincts	\$1,197,844
.....	5.1%

How do these giving patterns effect public policy? The 2004 budget passed by the legislature and signed into law by Governor Mitt Romney includes drastic reductions in K-12, higher education, public health, housing, and environmental protection among other essential services - programs upon which voters of color and lower and middle income citizens depend more heavily. Specifically, the Speaker’s budget cut funding for K-12 education by 6.6%, public health by 11.1%, and environmental affairs by 9.1%. These cuts come on top of significant reductions already made to these budget areas in the 2002 and 2003 fiscal years.

Publicly Financed Elections are Fair Elections

As the cost of running a competitive state legislative political campaign grows each year, fewer and fewer citizens of average means can afford to run competitive campaigns. The inflated campaign finance “market” disproportionately affects women and candidates of color who often cannot overcome the ‘wealth primary.’

Publicly financed campaigns level the playing field, increase legislative competition and offer voters a real choice. In Maine and Arizona publicly funded elections have helped elect more woman and minorities.

For more information about predatory lending and campaign finance reform or publicly financed elections, contact Galen Nelson at 617.422.0118 or gnelson@comcoal.org.

The MA Money and Politics Project is a project of the Commonwealth Education Project. MA Money and Politics conducts research and analysis of state wide and state legislative campaign finance trends. For more information, visit www.comcoal.org or contact Galen Nelson at 617.422.0118 or gnelson@comcoal.org.