

High Minority Population Increases the Odds of Mortgage Approval for Couples of Color

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Background

- The Fair Housing Act (1968) prohibits housing discrimination by race, but discrimination may persist.
- A type of housing discrimination is segregation, where people of color are prevented equal access to resources like housing (Cashin, 2004).
- As intermarriage increases (Pew, 2017), it is unclear if segregatory practices unequally effect the mortgage approval of same race vs. interracial couples of color.
- Using theories of prototypicality and homophily, we test if more prototypical (i.e., same race) couples of color are judged more favorably (i.e., ↑ mortgage approval) than less prototypical (i.e., interracial couples) when applying for a mortgage in high minority pop. areas.

H1: Couples of color have higher mortgage approval odds as minority population increases.
H2: Same race couples receive an increase in mortgage approval odds as minority pop. increases than interracial couples.

Materials & Procedure

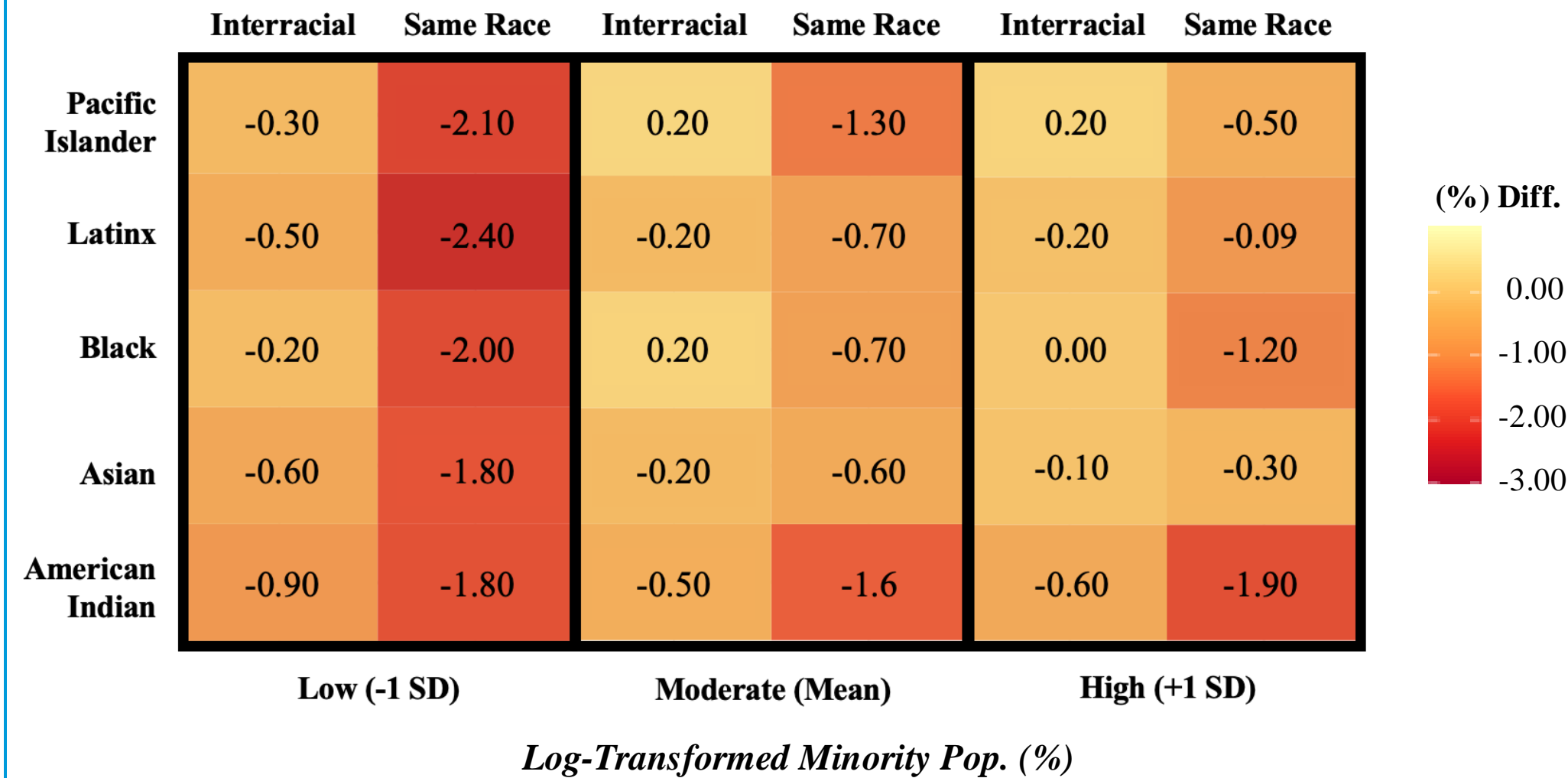
- Multi-year mortgage data from HMDA (2018-2020).
 - 10,689,999 applications.
 - 20+ variables.
 - Inclusion criteria: approved loans; couple consists of one woman and one man.
- Couples of color: same race & interracial.
- Same race: two same race POC applicants.
- Interracial: one POC and one White applicant.
- Logistic regression: continuous variables are log transformed to address heteroscedasticity concerns.
- Wald Chi-Squared Test: Comparing same race and interracial couples of color.

References

- Cashin, S. (2004). The failures of integration: How race and class are undermining the American dream (Vol. 3, No. 24, p. 04). New York: PublicAffairs.
- Tuner, M. A., & Green, S. (2022). Causes and consequences of separate and unequal neighborhoods. Urban Institute.
- Livingston, G., & Brown, A. (2017). Trends and patterns in intermarriage. Pew Research Center.

Evidence of Segregation Despite Fair Housing Policies

Estimated Avg. Difference in Mortgage Approval Odds (%) to White Couples by Minority Population



Odds Ratios of Couples of Color by Minority Population (%)

Controlling for 20+ demographic and financial variables

Term	Couple Type	Estimate	Odds Ratio	SE	LLCI	ULCI
American Indian	Same Race	-0.437	0.646	0.306	-1.035	0.162
	Interracial	-0.619	0.538	0.138	-0.890	-0.348
Asian	Same Race	-0.452	0.636	0.057	-0.563	-0.341
	Interracial	-0.079	0.924	0.066	-0.208	0.051
Black	Same Race	-0.556	0.574	0.085	-0.722	-0.389
	Interracial	-0.440	0.644	0.121	-0.677	-0.203
Latinx	Same Race	-0.472	0.624	0.055	-0.581	-0.364
	Interracial	-0.200	0.819	0.051	-0.299	-0.101
Pacific Islander	Same Race	-0.335	0.715	0.424	-1.167	0.496
	Interracial	-0.061	0.940	0.231	-0.513	0.390
Minority Pop.	—	-0.118	0.889	0.004	-0.126	-0.110
American Indian X Minority Pop.	Same Race	-0.022	0.979	0.090	-0.199	0.155
	Interracial	0.151	1.163	0.046	0.062	0.241
Asian X Minority Pop.	Same Race	0.138	1.148	0.015	0.108	0.168
	Interracial	0.001	1.001	0.020	-0.039	0.041
Black X Minority Pop.	Same Race	0.060	1.062	0.022	0.016	0.104
	Interracial	0.104	1.109	0.037	0.032	0.176
Latinx X Minority Pop.	Same Race	0.115	1.121	0.014	0.086	0.143
	Interracial	0.032	1.032	0.016	0.001	0.063
Pacific Islander X Minority Pop.	Same Race	-0.048	0.953	0.111	-0.266	0.170
	Interracial	-0.005	0.995	0.071	-0.144	0.134

Significance markers: } p = .08, } p < .001, } p = .305, } p < .001, } p = .745

Results

Logistic regression:

- Couples of color face lower odds of mortgage approval compared to White couples.
- Consistent with H1**, interracial American Indian, same race Asian, and same race and interracial Black and Latinx couples of color experience a boost in mortgage approval as minority pop. (%) increases.
- Inconsistent with H1**, same race American Indian, interracial Asian, and same race and interracial Pacific Islander couples of color experience no boost in mortgage approval.

Wald Chi-Squared Test:

- Consistent with H2**, Asian and Latinx same race couples have higher mortgage approval odds as minority pop. increases vs. interracial couples
- Inconsistent with H2**, American Indian, Black, and Pacific Islander same race couples do not have higher mortgage approval odds as minority pop. increases vs. interracial couples

Discussion

- Segregation may persist, impacting the mortgage approval of couples of color in low minority population areas.
- Broadly, Couples of color experience a boost in mortgage approval odds as minority population increases.
- Mortgage approval odds vary between same race and interracial couples of color as a function of minority population (%).
- Our research calls attention to persisting forms of structural discrimination in judgements of application worthiness that perpetuate segregatory practices.

Future research should explore:

- The psychological processes that go into application judgments (e.g., perceived risk).
- Examining the role of other social identities in the judgment of mortgages.
- Exploring the impact of median income by census tract on mortgage approval for couples of color.

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