

**HOUSING AND THE LAW: LESSON 3: HANDOUT 1 SCAFFOLDED**

**ARTICLE: "THE COLOR OF MONEY"<sup>1</sup>**

“Atlanta blacks losing in home loans scramble  
Banks favor white areas by 5-1 margin”

Published May 1, 1988, by Bill Dedman  
*The Atlanta Journal-Constitution*

**Primary Source Quote 1**

“Whites receive five times as many home loans from Atlanta's banks and savings and loans as blacks of the same income – and that gap has been widening each year, an Atlanta Journal-Constitution study of \$6.2 billion in lending shows.

Race – not home value or household income – consistently determines the lending patterns of metro Atlanta's largest financial institutions, according to the study, which examined six years of lender reports to the federal government.

Among stable neighborhoods of the same income, white neighborhoods always received the most bank loans per 1,000 single-family homes. Integrated neighborhoods always received fewer. Black neighborhoods – including the mayor's neighborhood – always received the fewest.”

**Secondary Description**

“The Color of Money” was a work of investigative journalism published in 1988 by *The Atlanta Journal-Constitution*. The series exposed how banks in Atlanta were rarely lending in African American neighborhoods.

**In My Words**

Dedman says...

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<sup>1</sup> Retrieved from <http://powerreporting.com/color/1a.html>.

**Primary Source Quote 2**

“Without equal access to credit, community leaders say they watch their neighborhoods slide. When people cannot borrow money to buy or fix up houses, property values decline. Real estate agents direct their best prospects elsewhere. Appraisers hedge their bets by undervaluing property. Businesses close. Homeowners sell to speculator.

Homeownership is the linchpin in the American Dream, the main way that families accumulate and hold wealth. Americans borrow against their homes for education, for vacations, for emergencies, for retirement. The family home often forms the bulk of parents' bequest to their children.

White families are more likely than blacks to build that wealth. They own homes more often, and their homes grow in value faster. The Census Bureau said in 1984 the income of a typical white family in America was twice the median income of a black family, but the median household net worth of whites was nearly 12 times that of blacks. That's \$39,135 versus \$3,397.”

**Secondary Description**

The author describes how homes and access to loans from banks lead to community and family investment. If people do not have the ability to build credit, then it makes it more difficult for them to save and build wealth they can pass on to their family.

**In My Words**

Dedman says...

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**Primary Source Quote 3**

"It takes money to make money. The problem we have in the black community is there is no base with which to make money," said the Rev. Craig Taylor, a white Methodist minister and Southside housing developer.

Redlining and disinvestment were hot issues in the nation's cities in the mid-1970s, when Congress approved disclosure laws and the Community Reinvestment Act.

A decade later, activists claim red lines are being redrawn, and Congress is considering legislation to enhance enforcement of the law.

"Let's face it: Redlining hasn't disappeared," said Sen. William Proxmire (D-Wis.), chairman of the Senate Banking, Housing and Urban Affairs Committee. "Neighborhoods are still starving for credit."

**Secondary Description**

The Community Reinvestment Act was passed to help reduce discriminatory lending and require banks provide services in all parts of a community. Changes have been made to the law over the years to help with enforcement and transparency.

**In My Words**

Dedman says...

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