THE SKANNER.com

"Challenging People to Shape a Better Future Now"

BERNIE FOSTER
Founder/Publisher

BOBBIE DORE FOSTER
Executive Editor

JERRY FOSTER
Advertising Manager

LISA LOVING
News Editor

HELEN SILVIS
Multimedia Editor

DAVID KIDD
Graphic Designer

MONICA J. FOSTER
Seattle Office Coordinator

JULIE KEEFE
SUSAN FRIED
Photographers

9 TIME WINNER 2006–2013 A. PHILIP RANDOLPH MESSENGER AWARDS

The Skanner Newspaper, established in October 1975, is a weekly publication, published each Wednesday by IMM Publications Inc.,

415 N. Killingsworth St.,
P.O. Box 5455, Portland, OR 97228.
Telephone (503) 285-5555.
E-mail: **info@theskanner.com**
World Wide Web site:
http://www.theskanner.com
Fax: **(503) 285-2900**

The Skanner is a member of the National Newspaper Publishers Association and West Coast Black Publishers Association.

All photos submitted become the property of *The Skanner*. We are not responsible for lost or damaged photos either solicited or unsolicited.

Obama Worse than George Bush

THE CURRY REPORT

George E. Curry

When I interviewed Marie Johns, then the outgoing deputy secretary of the Small Business Administration, a year ago, she said the SBA does not separate figures by race, though it hopes to do so at some point.

Technically, she was correct in saying the SBA does not separate agency-wide figures by race. But the SBA's 8 (a) program figures can be broken down by race and that's where she was being disingenuous. I specifically asked her twice about the status of Black businesses under Obama and twice she was less than forthcoming.

Now, I know why: The Obama administration's record of guaranteeing loans to Black businesses is worse than it was under George W. Bush.

Yes, that was documented recently by the Wall Street Journal in its analysis of data for the fiscal year that ended Sept. 30.

"Black borrowers received 1.7 percent of the $23.09 billion in total SBA loans. The percentage is down sharply from 8.2 percent of overall SBA loan volume in fiscal 2008. By number of loans, black-owned small businesses got 2.3 percent of the federal agency's roughly 54,000 loans last year, down from 11 percent in 2008," the newspaper reported.

Major banks are encouraged to make SBA loans to small businesses for up to $5 million, with the federal agency agreeing to cover as much as 85 percent of any loss.

Financial institutions share responsibility for the drop in loans to African Americans.

According to the Wall Street Journal, Bank of America made 1,400 SBA loans in fiscal 2007. For the latest fiscal year, however, that figure fell to just 247 borrowers. But the total loan amounts remain relatively unchanged, reaching $40.2 million in 2007 to $40.7 million for the last fiscal year.

'Black borrowers received 1.7 percent of the $23.09 billion in total SBA loans.'

That's part of a larger trend by banks coming out of a recession to favor larger deals over smaller ones. According to the SBA, their average loan is $426,796, more than double the average of $192,919 in 2005. That's problematic for African Americans because 80 percent of the loans to fund Black business are for $150,000 or less.

The housing market decline has also had an adverse impact on African Americans.

Of course, everyone acknowledges that the Great Recession was a drag on business, both big and small. Other ethnic groups had a hard time obtaining business loans in a depressed economy, but they are recovering at a faster rate than Blacks.

"This is the fallout from the recession and housing bust," J. Patrick Kelley, a deputy associate administrator of the SBA, told the Wall Street Journal. "The borrowers hardest hit…are the last to see a recovery come to them."

According to the SBA Office of Advocacy, Black business owners made up 49.9 percent of all minority owners in 2012. Asians made up 29.6 percent and Hispanics 10.3 percent. Overall, Blacks own 14.6 percent of U.S. businesses and women own 36 percent.

When it comes to Black businesses, there is good news and bad news.

A Census Bureau press release, dated Feb. 8, 2011 stated:

"From 2002 to 2007, the number of black-owned businesses increased by 60.5 percent to 1.9 million, more than triple the national rate of 18.0 percent, according to the U.S. Census Bureau's Survey of Business Owners. Over the same period, receipts generated by black-owned businesses increased 55.1 percent to $137.5 billion.

"'Black-owned businesses continued to be one of the fastest growing segments of our economy, showing rapid growth in both the number of businesses and total sales during this time period,' said Census Bureau Deputy Director Thomas Mesenbourg."

Now the bad news: Of the 1.9 million Black-owned businesses, 1.8 million had no paid employees in 2007.

Because 82 percent of business startups, both large and small, require capital beyond the owners' personal assets, access to capital remains a major concern.

"Minority small business owners are disproportionately denied credit when they apply for it even after controlling for other variables such as business credit scores, personal wealth, and revenues. These findings hold true particularly for black and Hispanic business owners," according to an issue brief by the SBA.

The variation of home ownership can also be a factor.

"Home ownership may provide an important catalyst to small business growth, but it may also serve as a barrier to entry for prospective entrepreneurs," the SBA said. "For instance, business growth can bridge the wealth gap between minorities and non-minorities across geneder. Among existing businesses, home ownership significantly decreases the probability of loan denials and can be critical to such growth."

According to Census data, 78.2 percent of business owners owned homes in 2012. Research shows that 72.6 percent of Whites own homes, 58.7 percent of Asians, 47.2 percent of Hispanics and 43.8 percent of Blacks.

Clearly, a number of factors contribute to whether Blacks own their own businesses. The SBA must play of stronger role in opening the doors for Blacks, not just "minorities."

Senate Bill Might Evict Affordable Housing

NNPA COLUMNIST

Charlene Crowell

In an unconventional move, legislation designed to reshape the nation's $10 trillion housing finance market was released on Sunday, March 16. Since then, reactions to proposed broad changes have ranged from strong support to 'wait-and-see, and outright opposition.

According to the bill's authors, Senators Tim Johnson, Chair of Senate Banking Committee and Mike Crapo, the committee's Ranking Member, the rare weekend release was the result of months of effort to accommodate varied input to secure bipartisan support and move the proposal forward in time for a full Senate vote by November.

In a news release, Johnson said, "This proposal includes an explicit guarantee in order to add stability to the economy, keep costs reasonable for borrowers and renters, and ensure fair access to the secondary market for all lenders."

Crapo said, "There is broad support to fix our flawed housing system, and today's actions are a strong step toward ending the status quo."

But just how much support there is for the 442-page legislation really depends on who is speaking.

"Housing finance reform was too important to rush a committee deal on, and in my view, it's also too important to rush a markup on," said Senator Elizabeth Warren, also a member of the Senate Banking Committee. "We should have a full, open discussion before we decide to set out on a new path, and that means members of the Banking Committee should have real time to dig in and consult with people before a markup."

'The new model could make it harder and more expensive for a lot of people to get mortgages.'

While the Senate Banking Committee deliberates on the proposed legislation, organizations that researched the housing crisis and others representing consumers affected by it are speaking up.

In a recent radio interview, Mike Calhoun, president of the Center for Responsible Lending (CRL) said, "It's a radical surgery proposal; it's somewhere between a complete tear-down and an extreme gut rehab. The question is does that get us to a better place? And middle and moderate income families might be less served with this approach. The new model could make it harder and more expensive for a lot of people to get mortgages."

CRL research shows that the average family would need 14 years to save enough money for a 5 percent down payment. For Black families, the number of required years would double to 28 for the same 5 percent and 17 years of saving for the average Latino family.

Further, home down payment savings do not take into account closing costs, which typically are an added 3 percent of the cost of the mortgage or mortgage insurance that is required for homes purchased with less than a 20 percent down payment. In CRL's view, there is no wisdom in requiring these homeownership delays when so many families have successfully paid mortgages made with low down payments such as FHA loans.

Despite these findings, the Johnson-Crapo legislation would still require mandatory down payments: 3.5 percent for first-time borrowers and 5.0 percent for all others. The legislation would also eliminate affordable housing goals for Fannie Mae and Freddie Mac, two government-sponsored enterprises (GSEs). The bill would phase out both GSEs and replace them with a new agency. Instead of affordable housing goals, market-based incentives would be developed to promote business in underserved areas for both homeownership and rental properties.

As CRL's Calhoun has said, "With a fragile housing market, it does raise questions about whether this is the time to shake the whole thing up."

Charlene Crowell is a communications manager with the Center for Responsible Lending.

Read the rest online at www.theskanner.com