

**Political Violence and (Mortgage) Market
Participation: Evidence from Minority
Disenfranchisement**

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Summary of Paper

Do agents respond to changes in voting rights through their financial decisions?

Shelby County v. Holder overturn Section 4(b) of the Voting Rights Act (VRA) of 1965

- Ruling on June 25, 2013
- Ruling made it easier for officials to impede ethnic minority voting
- Utilizes triple difference strategy to study the effect of the repeal of Section 4(b)

Main Outcome Variable for race r , in county c , in year t

$$\log(\text{NumberMtg.Orig}_{r,c,t}) = \log\left(\frac{\text{NumberMtgOrig}_{r,c,t}}{\text{TotalNumberMtgOrig}_{c,2010}}\right)$$

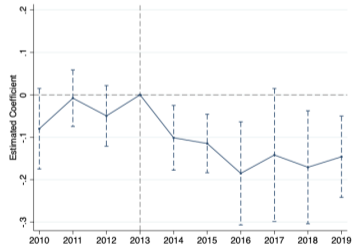
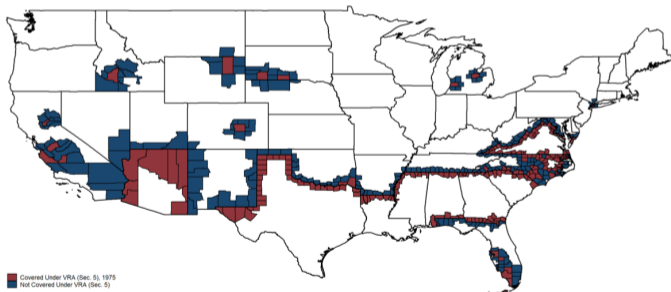
Main regression specification

$$y_{r,c,t} = \beta \text{Black}_r \times \text{Treat}_c \times \text{PostShelby}_t + \alpha_{r,c} + \alpha_{r,t} + \alpha_{c,t} + \epsilon_{r,c,t}$$

Main Findings

Post Shelby County v. Holder

- Value (number) of mortgages to Black borrowers fell by 14.3% (13.2%)



Main Points

1. Paper: role of agents' decision making separate from feedback effect of ↓ political voice
2. Negative effect begins in 2013 – could be driven by (2014 Dodd-Frank Mtg. Rules)
3. Denial Rates - paper finds no change in the denial rates in treated counties

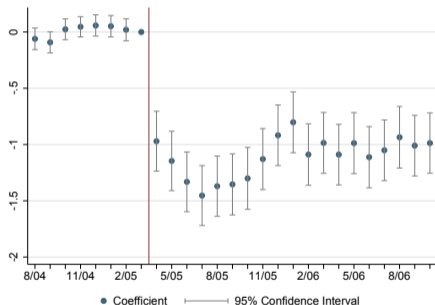
Main Points (Cont'd)

1. Paper: role of agents' decision making separate from feedback effect of ↓ political voice
 - Annual frequency long enough for under representative voting to feedback into decreased credit provision
 - Aneja, Avenancio-Leon (2019a) - "lack of minority power is already producing inequality"
 - Use higher frequency data (Zillow, CoreLogic, monthly HMDA) within narrow window to isolate agents decisions around the policy change

Main Points (Cont'd)

1. Paper: role of agents' decision making separate from feedback effect of ↓ political voice
2. Negative effect begins in 2013 – could be driven by **(2014 Dodd-Frank Mtg. Rules)**
 - Lewis, Miller (2021) – credit supply shock ⇒ lending to Black zip codes ↓

log(Originations) in ↑ % Black zip codes from Lewis, Miller (2021)



- High frequency results around June 25, 2013 to rule out confounding Dodd Frank implementation

- Biases in mortgage lending Bartlett, Morse, Stanton, Wallace (2021)

Main Points (Cont'd)

1. Paper: role of agents' decision making separate from feedback effect of ↓ political voice
2. Negative effect begins in 2013 – could be driven by (2014 Dodd-Frank Mtg. Rules)
3. Denial Rates - paper finds no change in the denial rates in treated counties
 - Fear of denial or wealth shocks (a la Aneja, Avenancio Leon (2019a, 2019b))
 - Less credit worthy part of distribution should self select out
 - If rejection criteria stayed the same, should see fewer rejections
 - Authors can squeeze more out of their data analyzing interest rates, CLTV, credit scores etc.

Additional Comments

Important paper with interesting results!

6 additional racial animus measures

- (Howell, Kuchler, Snitkof, Stroebel, Wong (2021))

Streamline analyses to support main specification

Appendix

Minor Comments

Focus on the tightest analysis – boarder counties, high frequency

Tighten writing

- Do not repeat statements
- Do not introduce results for example just jump into them