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Geographically Targeting Low-Income Earners, The Elderly

By Domnick Hadley

Payday lenders are highly concentrated in areas that house federally subsidized living complexes, according to recent data released by a Los Angeles researcher.

Steven Graves, a geography professor at California State University-Northridge, released a series of geographical maps tracking the proximity of payday lending institutions and census tracts with federally subsidized housing complexes.

According to Graves, data taken from HUD offers geographical proof that payday lenders set up shop in areas that house society's most "vulnerable."

In analyzing geographical data, Graves said one pattern continued to arise: very few payday lenders exist in Census tracts that didn't have Section 8 housing.

"I think there is no question that they target a variety of at-risk or vulnerable groups -- people who are at risk of serious financial crisis," Graves said. "There are none in my neighborhood. I'm a white male and highly educated."

In an effort to validate Graves' claim, THE CALL conducted research to test the proximity of payday lending institutions to local federal subsidized housing facilities.

THE CALL divided the facilities into two categories: senior/disability living facilities and complexes for low-income families.

After selecting qualified facilities, THE CALL cross-referenced those addresses with the addresses of payday lending institutions within a mile radius of the facilities.

The research proved results similar to Graves' study.

Living Facilities For Seniors, Disabled

Kensington Heights
 1600 Jackson Avenue

Kensington Heights was surrounded by four payday lending institutions within a mile radius (two of which were located within two blocks):

- PDQ Title And Payday Loans, 5800 E. Truman Road, 1.08 miles.
- Check N'Go, 4012 E. Truman Road, 0.17 miles
- King Of Cash, 2618 E. Truman Road, 0.95 miles
- Cash America Pawn (which offers payday loans), 4205 E. Truman Road, 0.09 miles.

Penn Place
 3915 Pennsylvania

Penn Place was surrounded by six payday lending institutions (three of which are housed in one block):

- King Of Cash, 3934 Main street, 0.59 miles
- Speedy Cash, 3947 Main street, 0.60 miles
- Advance America, 3907 Main street, 0.64 miles
- Cash America Pawn, 3636 Main street, 0.99 miles
- Loan N'Go, 3915 Broadway, 0.50 miles
- Money Express, 3800 Broadway, 0.63 miles

Victoria Arms Apartments
 6311 Woodland

Victoria Arms Apartments was surrounded by four payday lender:

- Cash America Pawn, 6234 Paseo, 0.50 miles
- Quik Cash, 63rd and Troost, 0.54 miles
- Speedy Cash, 1331 E. 63rd street, 0.38 miles
- Check Smart, 65th and Troost, 0.79 miles

In total, THE CALL examined 18 federally subsidized senior living facilities. All of the complexes were located near at least one payday lender.

Complexes For

Low-Income Families

Alcazar Apartment

101 W. 39th street

Alcazar Apartments, similar to Penn Place apartments, was located near six payday lenders (three of which are housed in one block):

- King Of Cash, 3934 Main street, 0.59 miles
- Speedy Cash, 3947 Main street, 0.60 miles
- Advance America, 3907 Main street, 0.64 miles
- Cash America Pawn, 3636 Main street, 0.99 miles
- Loan N'Go, 3915 Broadway, 0.50 miles
- Money Express, 3800 Broadway, 0.63 miles

Georgian Court

400 E. Armour Blvd.

Georgian Court was surrounded by seven payday lenders:

- Check Smart, 605 E. Linwood Blvd., 0.45 miles
- Money Express, 3800 Broadway, 0.92 miles
- Loan N. Go, 3915 Broadway, 1.05 miles
- Advance America, 3907 Main street, 0.76 miles
- Cash America Pawn, 3636 Main, 0.42 Miles
- King Of Cash, 3934 Main, 0.82 miles
- Speedy Cash, 3947 Main street, 0.85 miles

Parker Square

1051 Basie Street

Parker Square was located near three payday lenders:

- Quik Cash, 1129 Brooklyn, 0.47 miles
- King Of Cash, 2618 E. Truman Road, 0.60 miles
- Speedy Cash, 2600 Independence Blvd., 0.71 miles

In total, THE CALL examined 12 low income facilities, which were all located near at least one payday lender.

Unsubsidized Facilities

THE CALL also examined non-subsidized senior living facilities, as well as various unsubsidized apartment complexes in more affluent metro areas.

The number of payday lenders within a mile radius of these facilities pale in comparison to their subsidized counterparts.

Kingswood Health Center

10000 Wornall

Kingswood Health Center was located near one payday lender, excluding King Of Cash's corporate headquarters 2.03 miles away.

- Quik Cash, 10151 Wornall, 0.20 miles.

Four other senior living facilities had zero payday lending institutions within a mile radius:

Timberlake Care Center, 12110 Holmes Road; Carondolet Manor, 621 Carondolet Drive; Greens at the Creekside, 12942 Wornall Road; and Waterford South, 11515 Holmes Road.

Three unsubsidized apartment complexes pulled similar results:

Apple Creek Apartments

9905 Locust

- Quik Cash, 10151 Wornall, 0.86 miles
- Advance America, 606 E. 99th street, 0.16 miles

Three Fountains Townhomes

1001 W. 101st

Terrace

- Quick Cash, 10151 Wornall, 0.40 miles
- Cash Advance America, 606 E. 99th street, 1.01 miles

Sulgrave Apartments

121 W. 48th street

- Quick Cash, 47th and Troost, 1.01 miles

'So What'

For Steven Schlein, a spokesperson for Community Financial Services Association of America (CFSA), the data released in Graves' study and research by THE CALL proves nothing.

According to Schlein, payday lenders are concentrated in middle class areas.

Data cited on CFSA's website from a 2001 Georgetown university study shows:

- The majority of payday advance customers earn between \$25,000 and \$50,000 annually;
- Sixty-eight percent of customers are under 45 years old; only four percent are over 65, compared to 20 percent of the population.

"So what," Schlein said in response to the research. "The biggest issue is the accessibility, and seeking middle class neighborhoods. An overwhelming majority of the stores are in strip malls in middle class neighborhoods."

Income statistics gathered by the Financial Service Centers of America (FISCA), a professional trade organization representing an check cashing/payday lending institutions, and Missouri census data prove otherwise.

A 2007 customer survey commissioned by FISCA show that member store customers had a median household income of approximately \$27,000. Only 14 percent of customers earned at or above \$50,000.

Demographic profiles from the Missouri Census Data Center mirror the same images.

The zip codes of senior living/low income facilities show:

- 64130, which houses Kensington Heights -- 23.6 percent of the population earn less than \$10,000, while 11.7 percent earn between \$50,000-\$74,999. The median household income is \$21,868, while the average income is \$34,264; 6.7 percent also earn Social Security income.
- 64111, which houses Penn Place -- 20.6 percent earn between \$15,000-\$24,999, 12.7 percent earn between \$50,000-\$74,999. The median household income is \$27,905 and the average income is \$37,563.
- 64109, which houses Georgian Court apartments -- 26.5 percent of the population earn less than \$10,000, while 11.1 percent earn between \$50,000-\$74,999. The median household income is \$22,006 and the average income is \$36,546; 5.9 percent earn social security income.

"Most of this type of stuff is data driven," said Mark Parry, professor of Marketing at UMKC. "They have historical data of people who use their services. They are servicing people who can't qualify for (traditional loans). They (other financial service companies) build very sophisticated models. I'm 99.9 percent confident that those businesses are doing the same thing."