

Mortgage Lending in the City of Richmond

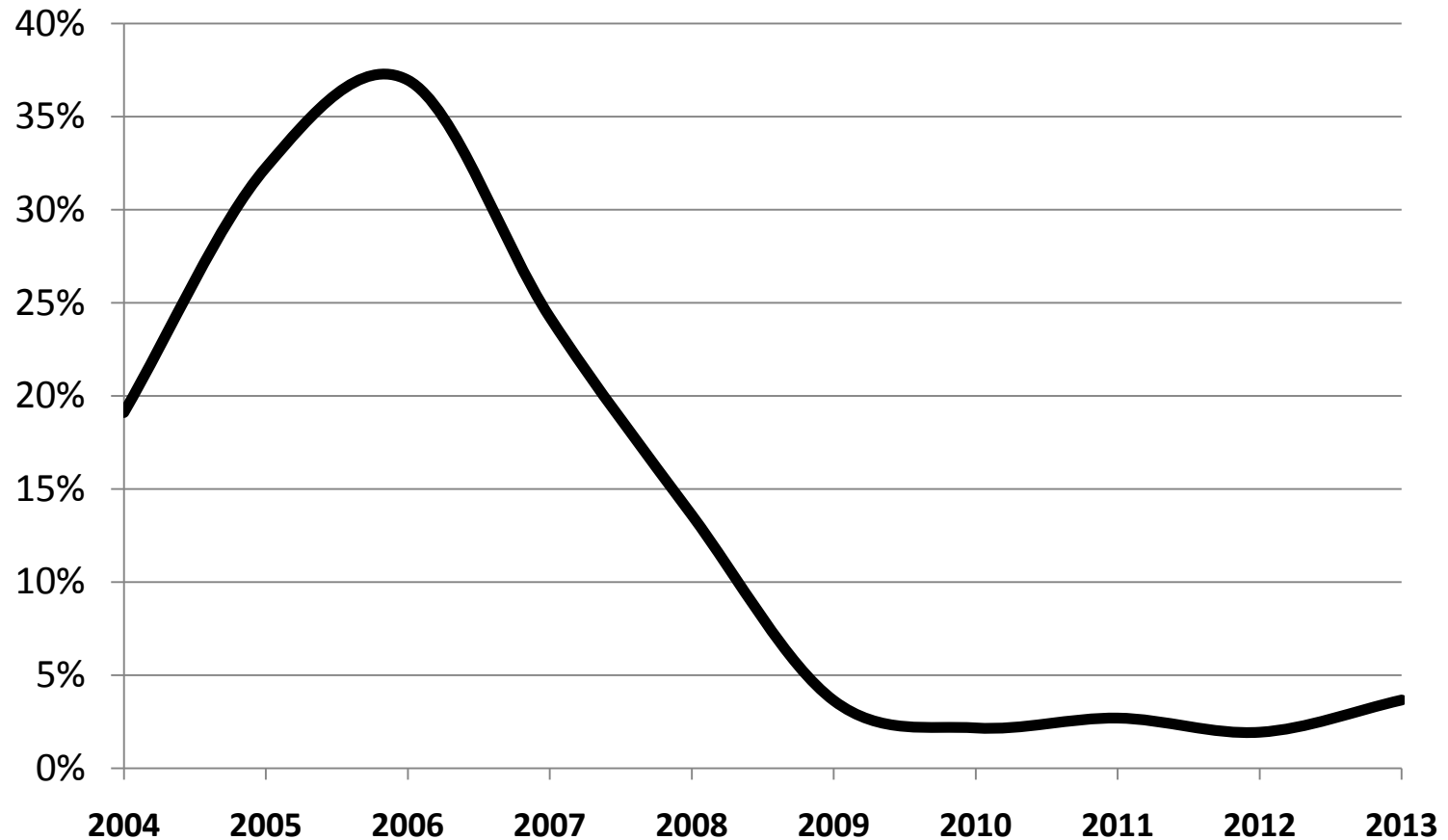
*Brian Koziol: Director of Research and HOME Consulting Services
October 19, 2015*



Purpose

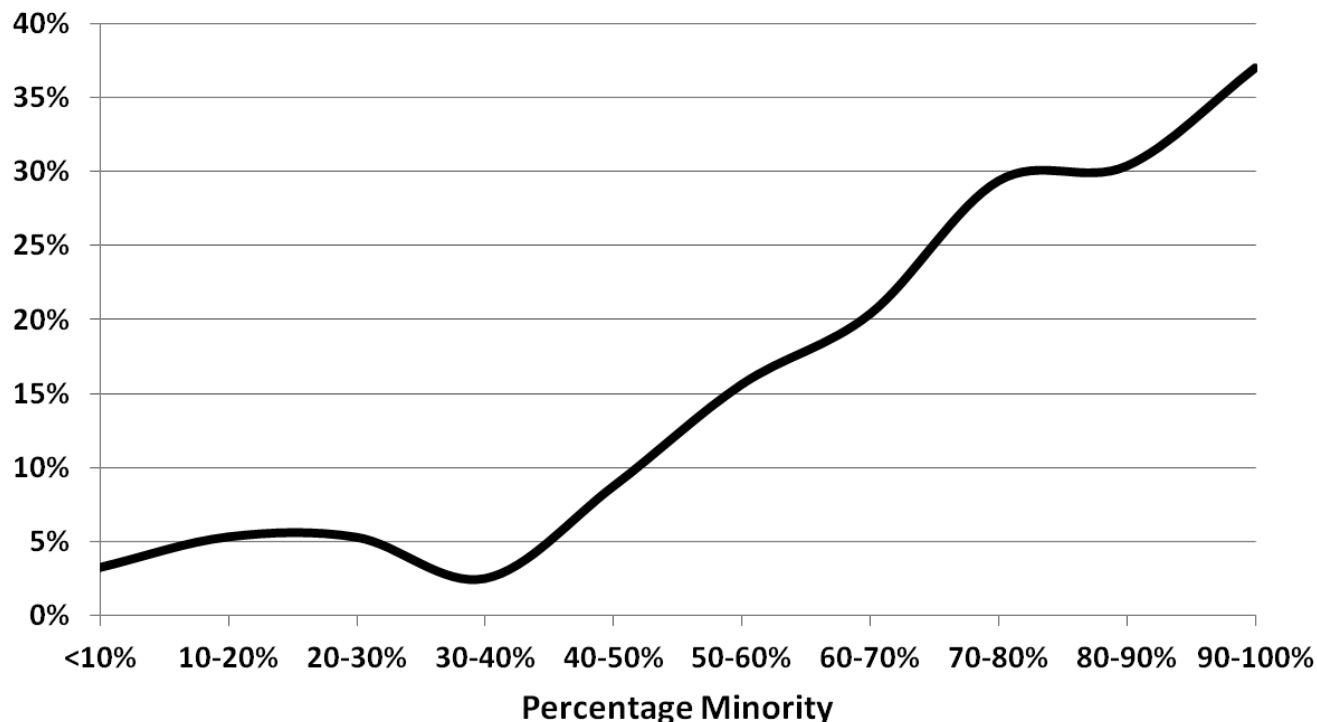
- HOME conducted research on the impact of Subprime lending and foreclosure crisis on City neighborhoods
 - Evidence of Reverse Redlining
- Examine mortgage lending within the City post-recession.
 - Evidence of Redlining

Subprime Lending 2004-2013

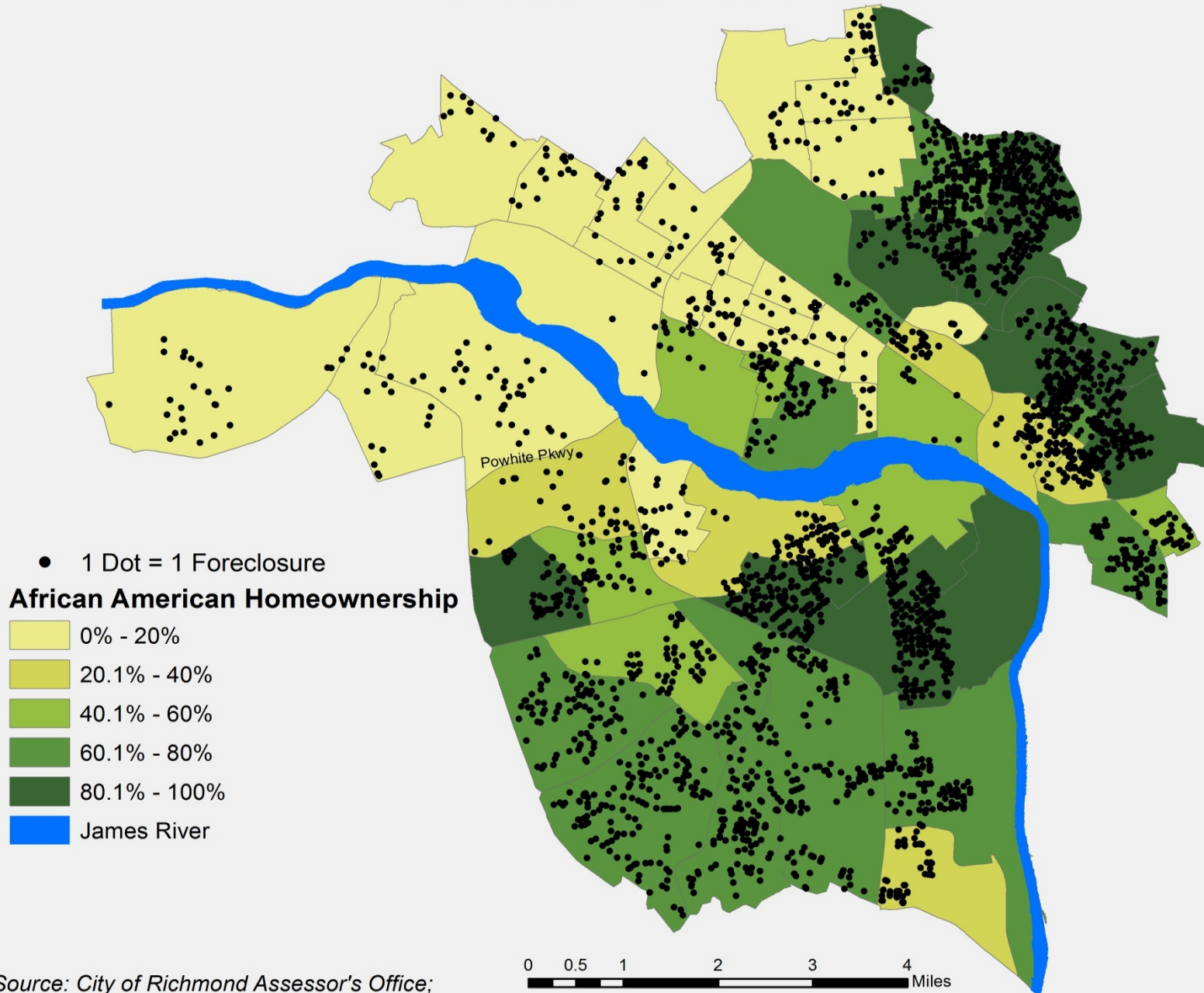


From 2004 to 2013, 7 percent of loans made to white borrowers were subprime compared to 40 percent of loans made to black borrowers

**Subprime Lending in Relation to
Neighborhood Composition**



Foreclosures 2009-2012



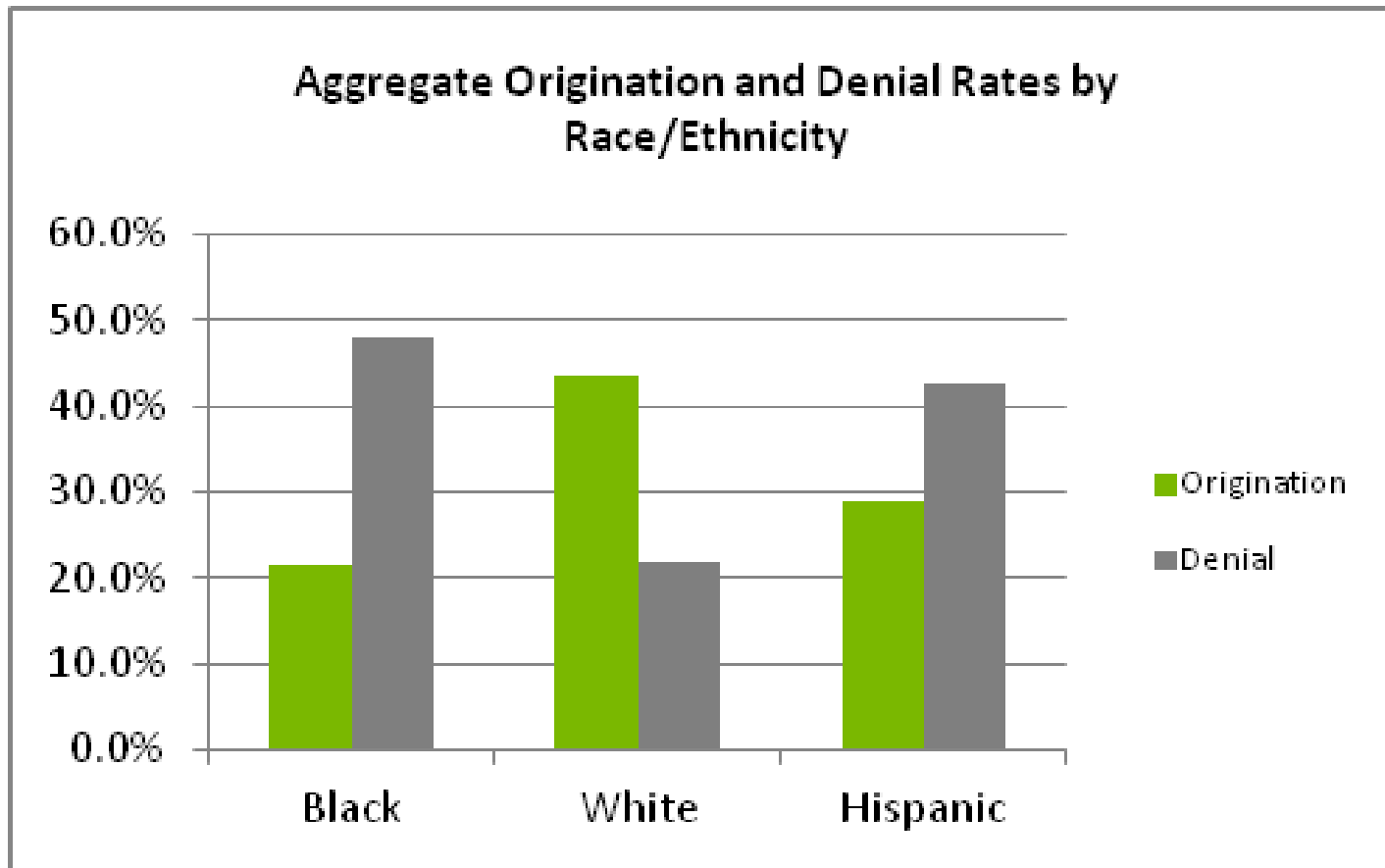
Data Source: City of Richmond Assessor's Office;
United States Census Bureau, American Community Survey, 5 year Estimates, 2006-2011.

- In 2005, census tracts with greater than 80 percent African American homeownership rates accounted for 42% of all foreclosures in the City
- By 2009, these same neighborhoods accounted for 48% of the total number of foreclosures in the City.

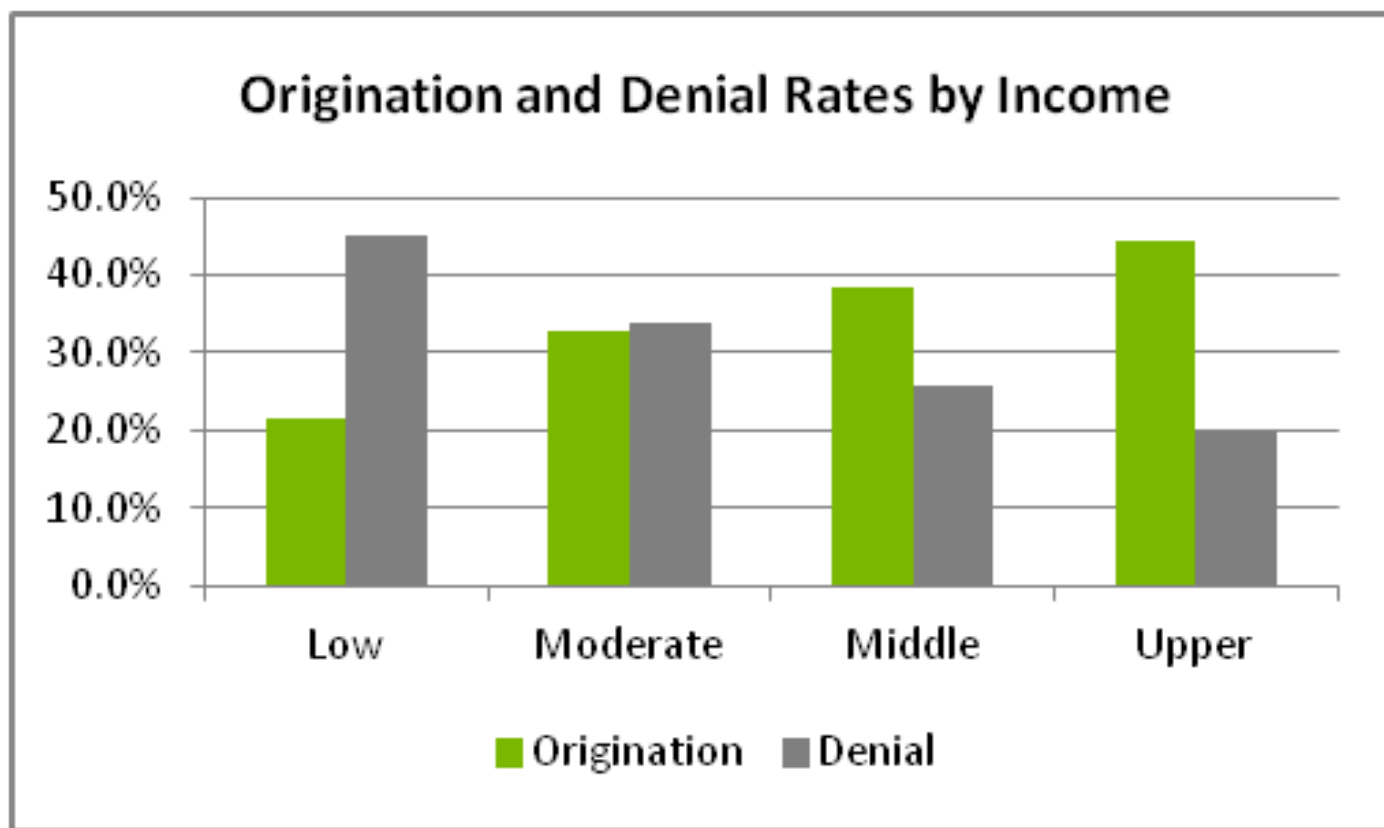
Home Mortgage Disclosure Act (HMDA)

- Enacted by Congress in 1975
 - Requires Financial Institutions to **maintain, report, and publicly disclose** specific mortgage information:
 - Loan type and amount
 - Property location
 - Action taken on the Loan
 - Applicant information

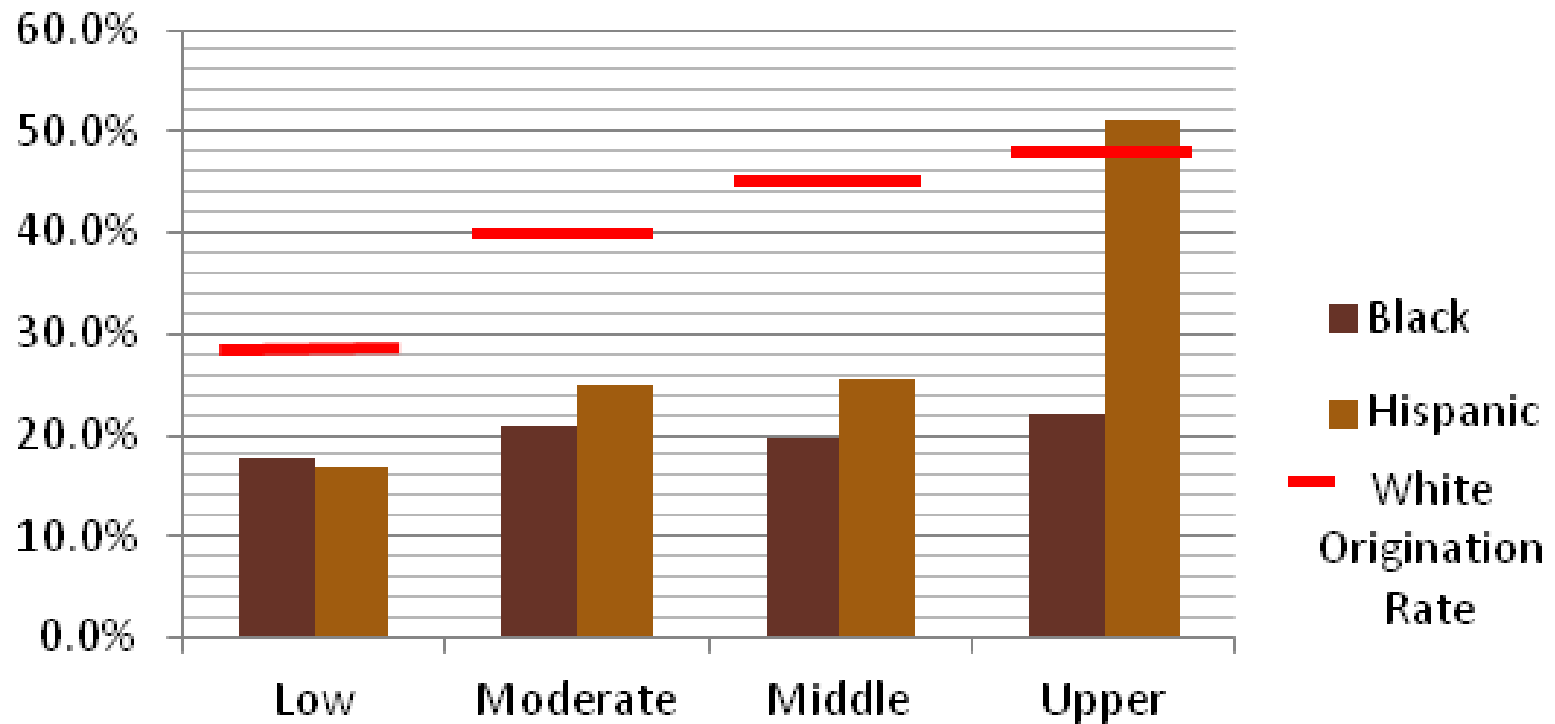
Significant disparities exist in the origination and denial rates of all loan types based on the race/ethnicity of the applicant.



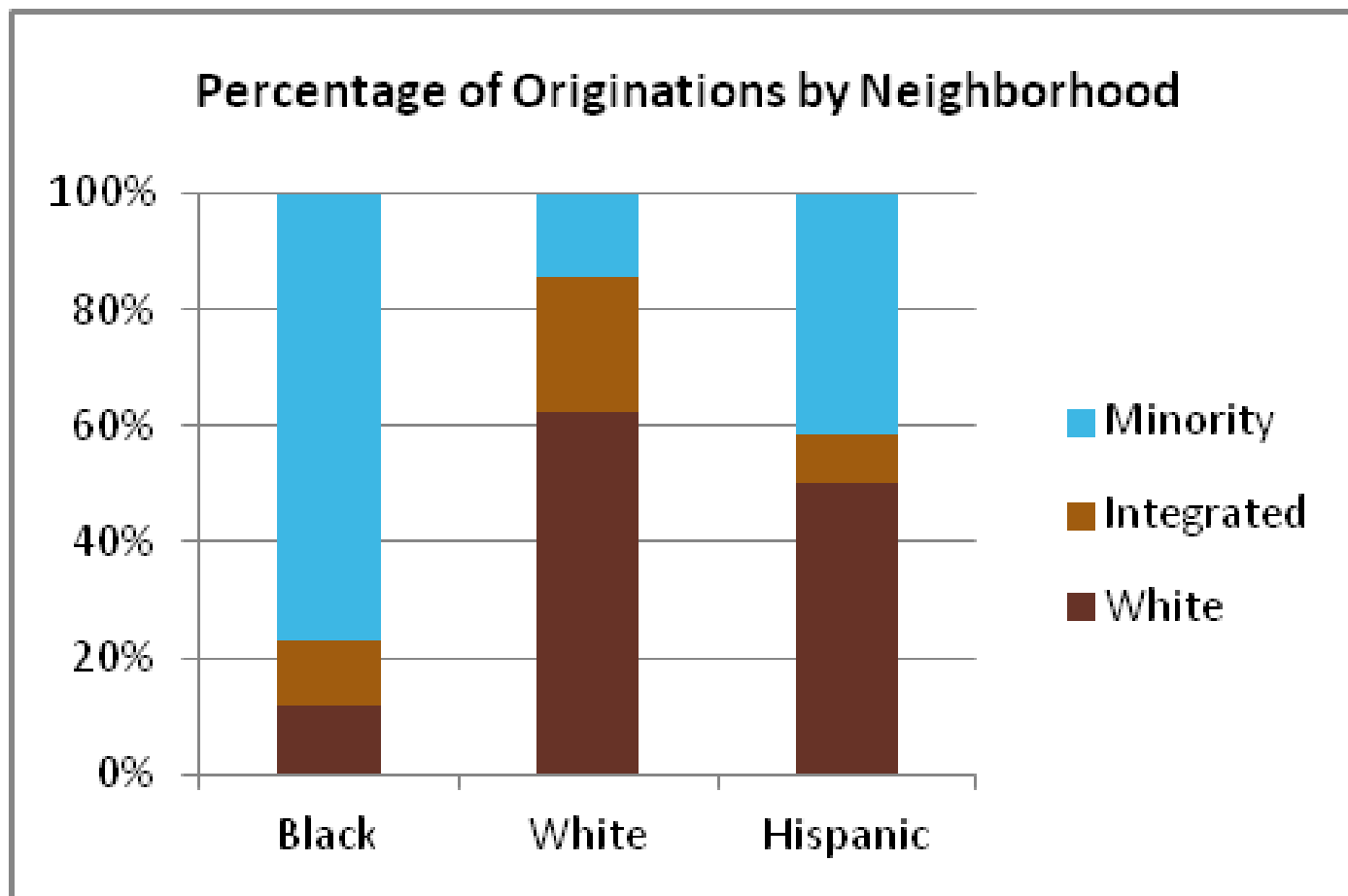
Borrower income does not account for the disparities in loan outcomes exhibited by applicant race/ethnicity.



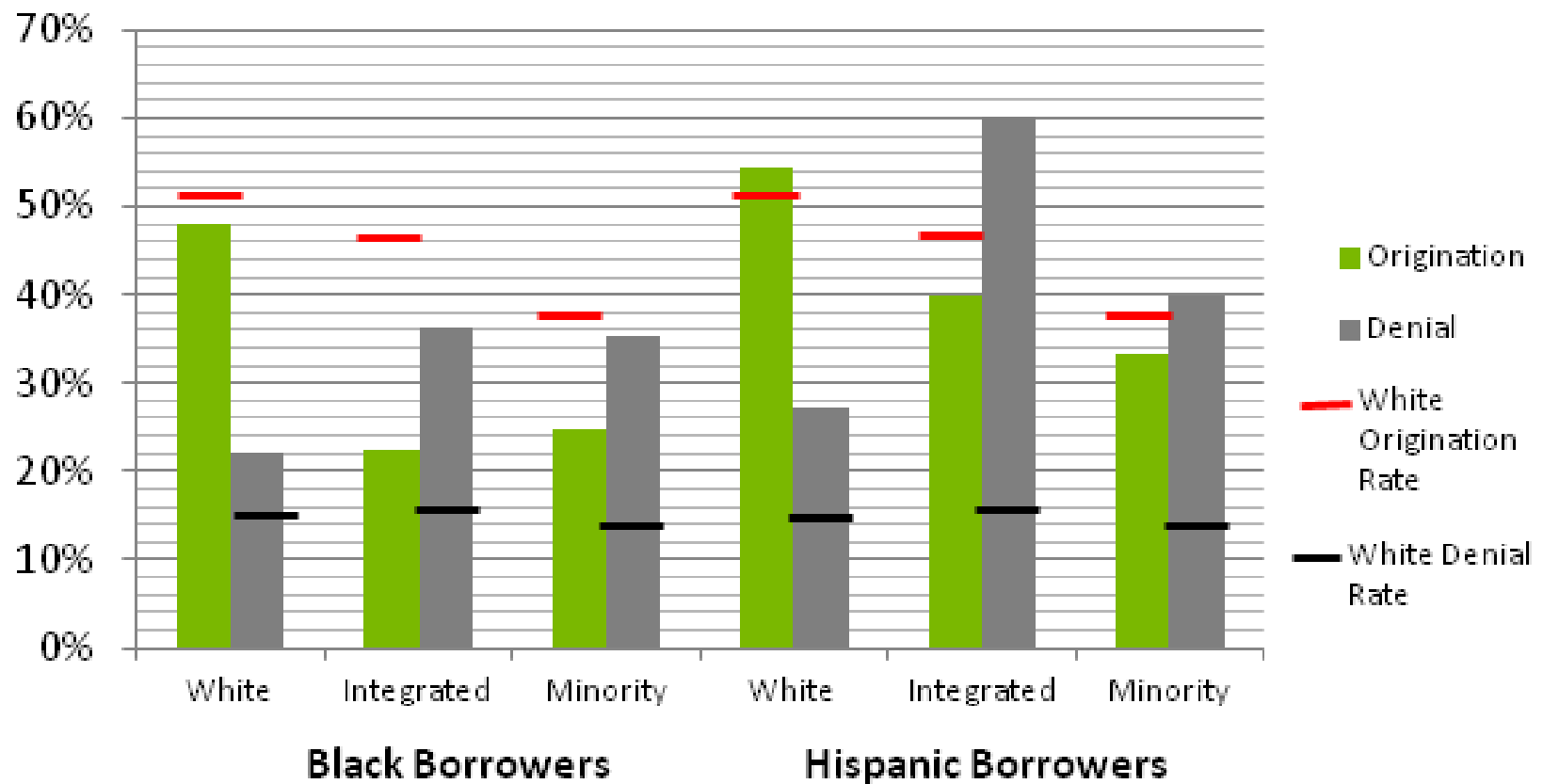
Origination Rates by Income



Lending patterns reflect the city's segregated residential patterns.



Origination and Denial Rates by Neighborhood for Borrowers by Race/Ethnicity



Solutions

1. Down Payment Assistance ☒
2. Financial Education and Credit Counseling ☒
3. Housing Trust Funds ☒
4. Individual Wealth Building and Preservation ☒
5. Inclusionary Zoning
6. Land Banks/Shared Equity Housing
7. Make Fair and Affordable Housing a City Priority