



Disparities in Denial Rates of Conventional Home Purchase Loans by Applicant Race and Ethnicity

Racial disparities in denial rates continue as minority applicants for conventional loans are rejected significantly more often than whites.

- ◆ In 2003, African-Americans were 2.8 times more likely than whites to be denied a conventional home purchase loan while Latino applicants were 2.2 times more likely to be denied than whites.
- ◆ For African-American applicants, the disparity in denial rates is an increase from 2.5 in 1993 and an increase from 1998 when African-Americans were 2.1 times more likely to be denied than whites.
- ◆ Among Latinos, the disparity in denial rates is an increase from 1993 when they were 1.9 times more likely to be denied than whites and an increase from 1998 when Latinos were 1.5 times more likely to be denied.

Change in Denial Rates in Conventional Home Purchase Loan Applications						
	2003		1998		1993	
	Denial Rate	Ratio to White	Denial Rate	Ratio to White	Denial Rate	Ratio to White
African-American	21.9%	2.8	43.7%	2.1	25.3%	2.5
Latino	16.8%	2.2	32.5%	1.5	18.9%	1.9
White	7.7%		21.2%		10.1%	

Even when comparing borrowers of the same income level, minorities are rejected more often than whites for conventional purchase loans.

- ◆ Upper-income¹ African-Americans were 3.0 times more likely to be turned down than upper-income whites, middle-income African-Americans were 2.5 times more likely to be denied than middle-income whites, moderate-income African-Americans were 2.2 times more likely to be denied than moderate-income whites and low-income African-Americans were 1.6 times more likely to be turned down than low-income whites.
- ◆ Upper-income Latinos were 2.0 times more likely to be turned down than upper-income whites, middle-income Latinos were 2.9 times more likely to be turned down than middle-income whites, while low-income Latinos were 1.4 times more likely to be turned down than low-income whites.

¹ The median family income in metropolitan area was \$55,200 in 2003. Low-income families are those earning below 50% of the area median income which means below \$27,600 in 2003. Moderate-income families earned from 50% to 79% of the median or between \$27,600 and \$44,160. Middle-income families are those earning 80-119% of the area median income or between \$44,160 and \$66,240. Upper-income families earned 120% of the median or above or \$66,240.





- ◆ Upper-income African-Americans were also more likely to be denied than moderate-income whites.

Conventional Home Purchase Loan Denial Rate Disparities Among Applicants of Similar Income Levels 2003					
Applicant Income Level	Denial Rates			Likelihood to be Denied Compared to White Applicants*	
	White	African-American	Latino	African-American	Latino
Low-income Below 50% Median Below \$27,600	24.0%	37.2%	32.7%	1.6	1.4
Moderate-income 50-79% median \$27,600 - \$44,160	11.7%	25.4%	14.0%	2.2	1.2
Middle-income 80-119% median \$44,160-\$66,240	7.5%	19.1%	21.4%	2.5	2.9
Upper-income Above 120% median \$66,240 or above	4.9%	14.5%	10.0%	3.0	2.0

*The likelihood to be denied is calculated by dividing the denial rate of the comparison group by the denial rate of whites.

Changes in Conventional Home Purchase Loan Originations by Borrower Race and Ethnicity

The number of conventional purchase loans made to all borrowers increased dramatically from 1993 to 2003. Norfolk-Virginia Beach did not follow the national trend where the largest percentage increase for African-Americans was during the earlier 1993-1998 time period compared to the more recent five years. But because lending to minorities was at such a low level, the percentage increase in lending does not reflect the continuing lower volume of loans to minorities compared to whites and compared to their population.

- ◆ In 2003, African-Americans received 3,020 conventional home purchase loans, an increase of 484.1% which is 2,503 more loans than in 1993. Latinos received 374 conventional home purchase loans in 2003, a 769.8% increase which is 331 more loans than in 1993.
- ◆ Because lending to minorities started at such a low level in 1993, the smaller percentage increase in loans to whites does not reflect the increased number of loans to white applicants who received 17,235 loans in 2003 which is 10,980 more loans than in 1993, an increase of 175.5%.
- ◆ For African-Americans, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to African-Americans increased 140.0% from 1993 to 1998 but increased only 143.4% from 1998 to 2003.



- ◆ For Latinos, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to Latinos increased 120.9% from 1993 to 1998 and increased 293.7% from 1998 to 2003.

Change in Conventional Home Purchase Loan Originations by Borrower Race						
Borrower Race/Ethnicity	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
African-American	517	1,241	3,020	140.0%	143.4%	484.1%
Latino	43	95	374	120.9%	293.7%	769.8%
White	6,255	9,639	17,235	54.1%	78.8%	175.5%

Despite the increased number of loans made to minority homebuyers, they continue to receive a smaller portion of loans compared to their portion of the population in the metropolitan area.

- ◆ In 2003, African-Americans received only 12.2% of the conventional home purchase loans originated although they comprise 30.6% of the metropolitan area's population². Latinos are 3.1% of the population and received 1.5% of the loans. Whites received 69.8% of the conventional home purchase loans although they are 61.5% of the population.

Distribution of Conventional Home Loan Originations by Borrower Race/Ethnicity 2003			
Borrower Race/Ethnicity	Share of Population	Share of All Loans Originated	Disparity*
African-American	30.6%	12.2%	2.5
Latino	3.1%	1.5%	2.1
White	61.5%	69.8%	

*The disparity is the difference between the share of the population divided by the share of loan originations.

Lending to Low- and Moderate-income Families

Lending to low- and moderate-income applicants has increased significantly since 1993. When comparing the growth for the five-year periods before and after 1998, Norfolk-Virginia Beach had a greater increase in lending to low- and moderate-income homebuyers during the 1998 to 2003 time period, which did not follow the national trend of a greater increase during the earlier 1993 to 1998 time period.

However, since the number of loans made to low- and moderate-income borrowers was at a much lower level in 1993 compared to upper-income borrowers, the growth in the number of loans to upper-income borrowers was still greater than the increase in loans to low- or moderate-

² Population figures from the 2000 United States Census Bureau based on metropolitan area definitions published by the Federal Financial Institutions Examination Council at www.ffiec.gov



income borrowers. Despite these increases, low- and moderate-income borrowers continue to receive a small portion of all loans originated.

- ◆ In 2003, low- and moderate-income homebuyers received 5,468 conventional home purchase loans, a 348.6% increase from 1993 when they received 1,219 loans. This was a 116.0% increase from 1998 when they received 2,532 loans. Lending to low- and moderate-income homebuyers increased 107.7% from 1993-1998.
- ◆ Middle-income homebuyers received 5,788 conventional home purchase loans in 2003, an increase of 284.3% from 1993 when they received 1,506 loans and an increase of 125.8% from 1998 when they received 2,563 loans. From 1993 to 1998, lending to middle-income homebuyers increased by 70.2%.
- ◆ Upper-income homebuyers received 12,467 loans in 2003, an increase of 183.02% from 1993 when they received 4,405 loans and an increase of 76.0% from 1998 when they received 7,082 loans.
- ◆ In 2003, upper-income homebuyers received 50.5% of all conventional home purchase loans, while low-income homebuyers received only 5.1% of the home loans originated. Moderate-income homebuyers received 17.1% of home purchase loans, while middle-income homebuyers received 23.5%.

Conventional Home Purchase Lending by Homebuyer Income Level 1993-2003						
Borrower-Income	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
Low- and Moderate-Income Below 80% Median Income Below \$44,160	1,219	2,532	5,468	107.7%	116.0%	348.6%
Middle-income 80-119% median \$44,160-\$66,240	1,506	2,563	5,788	70.2%	125.8%	284.3%
Upper-Income Above 120% median \$66,240 or above	4,405	7,082	12,467	60.8%	76.0%	183.02%

Home Purchase Lending in Different Neighborhoods

Lending to low and moderate-income neighborhoods has increased significantly since 1993. The growth in the number of loans originated was greater in upper-income neighborhoods than in low- and moderate-income neighborhoods. Low- and moderate income communities continue to be underserved by conventional lenders.

- ◆ Low- and moderate-income census tracts³ account for 34.7% of the metropolitan area but received just 14.9% of the conventional loans in 2003. In contrast, upper-income

³ Census tract income levels are based on the tract median family income compared to the metropolitan area median family income. A low-income census tract has a median family income below 50% of the metropolitan area's median family income while moderate-income census tracts have a median family income 50-80% of the area median, middle-income census tracts have a median family income 80% - 119% of the metropolitan median and



neighborhoods make up 27.3% of the metropolitan area and received a greater 45.6% of the conventional home purchase loans.

- ◆ In 2003, there were 3,410 conventional home purchase loans made in low- and moderate-income neighborhoods, an increase of 566% from 1993 or 2,898 more loans. There were 10,457 conventional home purchase loans made in upper-income neighborhoods in 2003, a 174% increase from 1993 of 6,643 loans. Middle-income neighborhoods received 9,050 conventional home purchase loans in 2003 compared to 2,926 loans in 1993, an increase of 209%.
- ◆ Since 1998, conventional home purchase lending to low- and moderate-income neighborhoods increased 194.0%, increased by 91.4% to middle-income neighborhoods and increased 92.5% to upper-income neighborhoods.

Census Tract Income Level	% of Census Tracts in Metropolitan Area	Share of Conventional Home Purchase Loans	1993 # Loans	1998 # Loans	2003 # Loans	Change 1993-1998	Change 1998-2003	Change 1993-2003
Low- and Moderate-Income Below \$44,160	34.7%	14.9%	512	1,160	3,410	126.6%	194.0%	566%
Middle-Income \$44,160 to \$66,240	37.5%	39.5%	2,926	4,729	9,050	61.6%	91.4%	209%
Upper-Income Above \$66,240	27.3%	45.6%	3,814	5,431	10,457	42.4%	92.5%	174%

Applicants in minority neighborhoods are more likely to be denied than those living in mixed race or predominantly white neighborhoods.

- ◆ Conventional home loan applicants in neighborhoods where minorities are 50-100% of the population are 2.9 times more likely to be denied than applicants who live in neighborhoods with less than 20% minority population.
- ◆ This disparity has decreased since 1993 when applicants from minority neighborhoods were 2.9 times more likely to be denied than those in white neighborhoods.
- ◆ This disparity in denial rates decreased from 1998 when applicants from minority neighborhoods were 2.3 times more likely to be denied than those in white neighborhoods.

Neighborhood Characteristic	Denial Rate	Disparity to White Neighborhoods
Minority Neighborhoods 50-100% Minority Population	21.7%	2.9
Mixed Neighborhoods 20-50% Minority Population	10.6%	1.4
White Neighborhoods 0-20% Minority Population	7.5%	

upper-income census tracts have a median family income 120% or greater than the metropolitan area median.



Minority neighborhoods receive a smaller share of loans originated and at a disparate rate to their share of all neighborhoods in the metropolitan area.

- ◆ Minority neighborhoods (where minorities make up at least 50% of the population) comprise 30.3% of the census tracts in the metropolitan area, but received only 15.8% of the conventional home purchase loans originated in 2003.
- ◆ Neighborhoods with a majority white population (where at least 80% of the population is white) comprise 24.0% of the census tracts in the metropolitan area, but received 32.4% of the conventional home purchase loans originated.
- ◆ Neighborhoods with both minority and white populations (where minorities make up 20-49% of the population) comprise 45.7% of the census tracts in the metropolitan area and received 51.7% of the conventional home purchase loans.

Conventional Home Purchase Loan Originations by Neighborhood Minority Population 2003		
	Census Tracts in Metropolitan area	Loans Made in Census Tracts
Minority Neighborhood (50-100% Minority Population)	30.3%	15.8%
Mixed Race Neighborhood (20-49% Minority Population)	45.7%	51.7%
White Neighborhood (80-100% White Population)	24.0%	32.4%

Role of Government-backed Loans

The African-American and Latino share of government-backed loans is substantially larger than their share of conventional loans, and is more proportionate to their share of the population. Government-backed loans represent a larger share of the loans made to minority borrowers than conventional home purchase loans. However, since the total number of conventional loans originated is far greater than the number of government loans, so that minority borrowers' larger share of government-backed loans has only a limited impact on their share of all home purchase loans.

- ◆ African-Americans represent 30.6% of the population and received 19.5% of government-backed home purchase loans in 2003, one and a half times their 12.2% share of conventional loans.
- ◆ Latinos represent 3.1% of the population and received 3.2% of the government-backed loans in 2003, two times their 1.5% share of conventional loans.
- ◆ Whites represent 61.5% of the population and received 69.8% of the conventional home purchase loans compared to 65.5% of the government-backed home purchase loans.
- ◆ If we combine both government backed and conventional originations, African-Americans received 14.5% of all home purchase originations, still much less than their share of the



population and Latinos received 2.0% of all home purchase originations, still below their share of the population.

- ◆ Government-backed loans make up a greater portion of purchase loans to minority applicants compared to whites. Government-backed loans accounted for 41.7% or two out of every five home purchase loans received by African-Americans in 2003 and 48.5% or one out of every two of those received by Latinos, as compared to 29.6% or nearly one out of three of the home purchase loans to whites.

Borrower Race/Ethnicity	Share of Population	Share of Gov't-backed loans	Share of Conventional loans	Share of all Purchase loans
African-Americans	30.6%	19.5%	12.2%	14.5%
Latinos	3.1%	3.2%	1.5%	2.0%
Whites	61.5%	65.5%	69.8%	68.5%

African-Americans and Latinos were rejected more frequently than white applicants for government-backed loans.

- ◆ African-American applicants for government-backed mortgages were denied 2.4 times more often than white applicants. The denial rate disparity for African-Americans is lower for government-backed loans than for conventional home purchase loans where African-Americans were turned down 2.8 times more frequently than whites.
- ◆ Latino applicants for government-backed loans were 1.9 times more likely to be denied than whites in 2003. This denial rate disparity for government-backed loans is lower than the disparity for conventional home purchase loans where Latinos were turned down 2.2 times more frequently than whites.

Disparities continue in the distribution of government-backed loans although these loans continue to be a large source of credit in moderate-income communities.

- ◆ 18.1% of all government-backed home purchase loans are originated in communities with at least 80% white population while 22.5% were made in minority communities with over 50% minority population and 59.4% were made in communities where minorities comprise 20-50% of the population.
- ◆ 32.5% of all home purchase loans made in minority neighborhoods were government-backed compared to 20.7% in white neighborhoods and 35.0% in mixed race neighborhoods.
- ◆ Of all government-backed home purchase loans 53.1% were made in middle-income neighborhoods while only 1.0% were made in low-income neighborhoods and 17.8% were made in moderate-income neighborhoods. 28.1% were made in upper-income communities.
- ◆ Almost one out of three loans made in moderate-income neighborhoods were government-backed loans, 38.6% of all home purchase loans. In low-income neighborhoods 22.0% of home purchase loans were government-backed loans while in middle-income neighborhoods



38.6% were government-backed loans and 22.4% of home purchase loans in upper-income neighborhoods were government-backed loans.

Government-Backed Lending by Neighborhood Characteristics 2003		
Census Tract Characteristic	Share of Government-Backed Loans	Portion of All Purchase Loans that are Government-Backed
Low-Income Below 50% Area Median	1.0%	22.0%
Moderate-Income 50-80% Area Median	17.8%	38.6%
Middle-Income 80-120% Area Median	53.1%	38.6%
Upper-Income 120% and Above Area Median	28.1%	22.4%
Minority 50-100% minority population	22.5%	32.5%
Mixed 20-50% minority population	59.4%	35.0%
White 0-20% minority population	18.1%	20.7%

The Norfolk-Virginia Beach-Newport News metropolitan area consists of Chesapeake, Currituck, Gloucester, Hampton, Isles of Wight, James City, Mathews, Newport News, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg and York counties and Norfolk City.



Richmond-Petersburg Metropolitan Area

Disparities in Denial Rates of Conventional Home Purchase Loans by Applicant Race and Ethnicity

Racial disparities in denial rates continue as minority applicants for conventional loans are rejected significantly more often than whites.

- ◆ In 2003, African-Americans were 3.2 times more likely than whites to be denied a conventional home purchase loan while Latino applicants were 3.2 times more likely to be denied than whites.
- ◆ **Richmond had the seventh highest disparity in denial rates for African-American borrowers compared to white borrowers and the fifth highest disparity in denial rates for Latino borrowers compared to white borrowers.**
- ◆ For African-American applicants, the disparity in denial rates is a slight decrease from 3.3 in 1993 but an increase from 1998 when African-Americans were 2.5 times more likely to be denied than whites.
- ◆ Among Latinos, the disparity in denial rates is the same as 1993 but an increase from 1998 when Latinos were 1.3 times more likely to be denied.

Change in Denial Rates in Conventional Home Purchase Loan Applications						
	2003		1998		1993	
	Denial Rate	Ratio to White	Denial Rate	Ratio to White	Denial Rate	Ratio to White
African-American	20.5%	3.2	10.6%	2.5	22.2%	3.3
Latino	20.7%	3.2	5.5%	1.3	21.6%	3.2
White	6.4%		4.3%		6.7%	

Even when comparing borrowers of the same income level, minorities are rejected more often than whites for conventional purchase loans. Minorities with higher incomes are also denied more often than whites with lower incomes.

- ◆ **Richmond had the sixth highest disparity in denial rates for upper-income Latinos as compared to upper-income whites.**
- ◆ Upper-income⁴ African-Americans were 2.9 times more likely to be turned down than upper-income whites, middle-income African-Americans were 3.2 times more likely to be denied than middle-income whites, moderate-income African-Americans were 2.7 times more likely to be denied than moderate-income whites and low-income African-Americans were 2.1 times more likely to be turned down than low-income whites.

⁴ The median family income in metropolitan area was \$63,800 in 2003. Low-income families are those earning below 50% of the area median income which means below \$31,900 in 2003. Moderate-income families earned from 50% to 79% of the median or between \$31,900 and \$51,040. Middle-income families are those earning 80-119% of the area median income or between \$51,040 and \$76,560. Upper-income families earned 120% of the median or above or \$76,560.



- ◆ Upper-income Latinos were 3.7 times more likely to be turned down than upper-income whites, middle-income Latinos were 2.8 times more likely to be turned down than middle-income whites, moderate-income Latinos were 1.8 times more likely to be turned down than moderate-income whites, while low-income Latinos were 2.4 times more likely to be turned down than low-income whites.
- ◆ Upper-income Latinos are more likely to be denied than low-income whites.
- ◆ Upper-income African-Americans and Latinos were also more likely to be denied than moderate-income whites.

Conventional Home Purchase Loan Denial Rate Disparities Among Applicants of Similar Income Levels 2003					
Applicant Income Level	Denial Rates			Likelihood to be Denied Compared to White Applicants*	
	White	African-American	Latino	African-American	Latino
Low-income Below 50% Median Below \$31,900	15.3%	32.0%	36.3%	2.1	2.4
Moderate-income 50-79% median \$31,900 - \$51,040	8.6%	22.8%	15.6%	2.7	1.8
Middle-income 80-119% median \$51,040-\$76,560	5.2%	16.5%	14.7%	3.2	2.8
Upper-income Above 120% median \$76,560 or above	4.2%	12.3%	15.5%	2.9	3.7

*The likelihood to be denied is calculated by dividing the denial rate of the comparison group by the denial rate of whites.

Changes in Conventional Home Purchase Loan Originations by Borrower Race and Ethnicity

The number of conventional purchase loans made to all borrowers increased dramatically from 1993 to 2003. Richmond followed the national trend where the largest percentage increase for African-Americans was during the earlier 1993-1998 time period compared to the more recent five years. But because lending to minorities was at such a low level, the percentage increase in lending does not reflect the continuing lower volume of loans to minorities compared to whites and compared to their population.

- ◆ In 2003, African-Americans received 2,049 conventional home purchase loans, an increase of 221.7% which is 1,412 more loans than in 1993. Latinos received 259 conventional home purchase loans in 2003, an 825.0% increase which is 231 more loans than in 1993. Because lending to minorities started at such a low level in 1993, the smaller percentage increase in loans to whites does not reflect the increased number of loans to white applicants who received 13,514 loans in 2003 which is 6,224 more loans than in 1993, an increase of 85.4%.



- ◆ For African-Americans, the greatest percentage increase in lending occurred during the 1993 to 1998 time period. Conventional home purchase lending to African-Americans increased 228.6% from 1993 to 1998 but decreased 2.1% from 1998 to 2003.
- ◆ For Latinos, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to Latinos increased 200.0% from 1993 to 1998 and increased 208.3% from 1998 to 2003.

Change in Conventional Home Purchase Loan Originations by Borrower Race						
Borrower Race/Ethnicity	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
African-American	637	2,093	2,049	228.6%	-2.1%	221.7%
Latino	28	84	259	200.0%	208.3%	825.0%
White	7,290	4,654	13,514	-36.2%	190.4%	85.4%

Despite the increased number of loans made to minority homebuyers, they continue to receive a smaller portion of loans compared to their portion of the population in the metropolitan area.

- ◆ In 2003, African-Americans received only 10.4% of the conventional home purchase loans originated although they comprise 29.9% of the metropolitan area's population⁵. Latinos are 2.3% of the population and received 1.3% of the loans. Whites received 68.9% of the conventional home purchase loans although they are 64.8% of the population.

Distribution of Conventional Home Loan Originations by Borrower Race/Ethnicity 2003			
Borrower Race/Ethnicity	Share of Population	Share of All Loans Originated	Disparity*
African-American	29.9%	10.4%	2.9
Latino	2.3%	1.3%	1.8
White	64.8%	68.9%	

*The disparity is the difference between the share of the population divided by the share of loan originations.

Lending to Low- and Moderate-income Families

Lending to low- and moderate-income applicants has increased significantly since 1993. When comparing the growth for the five-year periods before and after 1998, Richmond had a greater increase in lending to low- and moderate-income homebuyers during the 1993 to 1998 time period, which followed the national

⁵ Population figures from the 2000 United States Census Bureau based on metropolitan area definitions published by the Federal Financial Institutions Examination Council at www.ffiec.gov



trend.

Despite these increases, low- and moderate-income borrowers continue to receive a small portion of all loans originated.

- ◆ In 2003, low- and moderate-income homebuyers received 5,824 conventional home purchase loans, a 213.6% increase from 1993 when they received 1,857 loans. This was a 48.3% increase from 1998 when they received 3,928 loans. Lending to low- and moderate-income homebuyers increased 111.5% from 1993-1998.
- ◆ Middle-income homebuyers received 5,180 conventional home purchase loans in 2003, an increase of 125.8% from 1993 when they received 2,294 loans and an increase of 122.1% from 1998 when they received 2,332 loans. From 1993 to 1998, lending to middle-income homebuyers increased by 1.7%.
- ◆ Upper-income homebuyers received 7,874 loans in 2003, an increase of 96.75% from 1993 when they received 4,002 loans and an increase of 743.0% from 1998 when they received 934 loans.
- ◆ In 2003, upper-income homebuyers received 40.1% of all conventional home purchase loans, while low-income homebuyers received only 7.6% of the home loans originated. Moderate-income homebuyers received 22.1% of home purchase loans, while middle-income homebuyers received 26.4%.

Conventional Home Purchase Lending by Homebuyer Income Level 1993-2003						
Borrower-Income	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
Low- and Moderate-Income Below 80% Median Income Below \$51,040	1,857	3,928	5,824	111.5%	48.3%	213.6%
Middle-income 80-119% median \$51,040-\$76,560	2,294	2,332	5,180	1.7%	122.1%	125.8%
Upper-Income Above 120% median \$76,560 or above	4,002	934	7,874	-76.7%	743.0%	96.75%

Home Purchase Lending in Different Neighborhoods

Lending to low and moderate-income neighborhoods has increased significantly since 1993. The growth in the number of loans originated was greater in upper-income neighborhoods than in low- and moderate-income neighborhoods. Low- and moderate income communities continue to be underserved by conventional lenders.

- ◆ Low- and moderate-income census tracts⁶ account for 31.9% of the metropolitan area but received just 10.9% of the conventional loans in 2003. In contrast, upper-income

⁶ Census tract income levels are based on the tract median family income compared to the metropolitan area median family income. A low-income census tract has a median family income below 50% of the metropolitan area's



neighborhoods make up 22.7% of the metropolitan area and received a greater 46.9% of the conventional home purchase loans.

- ◆ In 2003, there were 1,931 conventional home purchase loans made in low- and moderate-income neighborhoods, an increase of 291% from 1993 or 1,437 more loans. There were 8,271 conventional home purchase loans made in upper-income neighborhoods in 2003, a 88% increase from 1993 of 3,865 loans. Middle-income neighborhoods received 7,436 conventional home purchase loans in 2003 compared to 2,865 loans in 1993, an increase of 160%.
- ◆ Since 1998, conventional home purchase lending to low- and moderate-income neighborhoods increased 175.1%, increased by 104.7% to middle-income neighborhoods and increased 29.0% to upper-income neighborhoods.

Census Tract Income Level	% of Census Tracts in Metropolitan Area	Share of Conventional Home Purchase Loans	1993 # Loans	1998 # Loans	2003 # Loans	Change 1993-1998	Change 1998-2003	Change 1993-2003
Low- and Moderate-Income Below \$51,040	31.9%	10.9%	494	702	1,931	42.1%	175.1%	291%
Middle-Income \$51,040 to \$76,560	45.0%	42.2%	2,865	3,632	7,436	26.8%	104.7%	160%
Upper-Income Above \$76,560	22.7%	46.9%	4,406	6,413	8,271	45.6%	29.0%	88%

Applicants in minority neighborhoods are more likely to be denied than those living in mixed race or predominantly white neighborhoods.

- ◆ Conventional home loan applicants in neighborhoods where minorities are 50-100% of the population are 3.5 times more likely to be denied than applicants who live in neighborhoods with less than 20% minority population.
- ◆ This disparity has increased since 1993 when applicants from minority neighborhoods were 3.2 times more likely to be denied than those in white neighborhoods.
- ◆ This disparity in denial rates also increased from 1998 when applicants from minority neighborhoods were 3.4 times more likely to be denied than those in white neighborhoods.

Neighborhood Characteristic	Denial Rate	Disparity to White Neighborhoods
Minority Neighborhoods 50-100% Minority Population	21.2%	3.5
Mixed Neighborhoods 20-50% Minority Population	9.7%	1.6

median family income while moderate-income census tracts have a median family income 50-80% of the area median, middle-income census tracts have a median family income 80% - 119% of the metropolitan median and upper-income census tracts have a median family income 120% or greater than the metropolitan area median.



White Neighborhoods 0-20% Minority Population	6.1%	
---	------	--

Minority neighborhoods receive a smaller share of loans originated and at a disparate rate to their share of all neighborhoods in the metropolitan area.

- ◆ Minority neighborhoods (where minorities make up at least 50% of the population) comprise 31.5% of the census tracts in the metropolitan area, but received only 12.5% of the conventional home purchase loans originated in 2003.
- ◆ Neighborhoods with a majority white population (where at least 80% of the population is white) comprise 36.5% of the census tracts in the metropolitan area, but received 57.4% of the conventional home purchase loans originated.
- ◆ Neighborhoods with both minority and white populations (where minorities make up 20-49% of the population) comprise 31.9% of the census tracts in the metropolitan area and received 30.1% of the conventional home purchase loans.

	Census Tracts in Metropolitan area	Loans Made in Census Tracts
Minority Neighborhood (50-100% Minority Population)	31.5%	12.5%
Mixed Race Neighborhood (20-49% Minority Population)	31.9%	30.1%
White Neighborhood (80-100% White Population)	36.5%	57.4%

Role of Government-backed Loans

The African-American and Latino share of government-backed loans is substantially larger than their share of conventional loans, and is more proportionate to their share of the population. Government-backed loans represent a larger share of the loans made to minority borrowers than conventional home purchase loans. However, since the total number of conventional loans originated is far greater than the number of government loans, so that minority borrowers' larger share of government-backed loans has only a limited impact on their share of all home purchase loans.

- ◆ African-Americans represent 29.9% of the population and received 29.8% of government-backed home purchase loans in 2003, three times their 10.4% share of conventional loans.
- ◆ Latinos represent 2.3% of the population and received 3.5% of the government-backed loans in 2003, three times their 1.3% share of conventional loans.
- ◆ Whites represent 64.8% of the population and received 68.9% of the conventional home purchase loans compared to 55.3% of the government-backed home purchase loans.



- ◆ If we combine both government backed and conventional originations, African-Americans received 14.0% of all home purchase originations, still much less than their share of the population and Latinos received 1.7% of all home purchase originations, still below their share of the population.
- ◆ Government-backed loans make up a greater portion of purchase loans to minority applicants compared to whites. Government-backed loans accounted for 39.1% or one out of every three home purchase loans received by African-Americans in 2003 and 37.6% or one out of every three of those received by Latinos, as compared to 15.3% or one out of seven of the home purchase loans to whites.

Borrower Race/Ethnicity	Share of Population	Share of Gov't-backed loans	Share of Conventional loans	Share of all Purchase loans
African-Americans	29.9%	29.8%	10.4%	14.0%
Latinos	2.3%	3.5%	1.3%	1.7%
Whites	64.8%	55.3%	68.9%	66.4%

African-Americans and Latinos were rejected more frequently than white applicants for government-backed loans.

- ◆ African-American applicants for government-backed mortgages were denied 2.1 times more often than white applicants. The denial rate disparity for African-Americans is lower for government-backed loans than for conventional home purchase loans where African-Americans were turned down 3.2 times more frequently than whites.
- ◆ Latino applicants for government-backed loans were 2.7 times more likely to be denied than whites in 2003. This denial rate disparity for government-backed loans is lower than the disparity for conventional home purchase loans where Latinos were turned down 3.2 times more frequently than whites.

Disparities continue in the distribution of government-backed loans although these loans continue to be a large source of credit in moderate-income communities.

- ◆ 30.9% of all government-backed home purchase loans are originated in communities with at least 80% white population while 23.9% were made in minority communities with over 50% minority population and 45.2% were made in communities where minorities comprise 20-50% of the population.
- ◆ 27.3% of all home purchase loans made in minority neighborhoods were government-backed compared to 10.5% in white neighborhoods and 24.8% in mixed race neighborhoods.
- ◆ Of all government-backed home purchase loans 63.0% were made in middle-income neighborhoods while only 2.1% were made in low-income neighborhoods and 15.4% were made in moderate-income neighborhoods. 19.5% were made in upper-income communities.



- ◆ Almost one out of four loans made in moderate-income neighborhoods were government-backed loans, 27.7% of all home purchase loans. In low-income neighborhoods 17.5% of home purchase loans were government-backed loans while in middle-income neighborhoods 24.7% were government-backed loans and 8.4% of home purchase loans in upper-income neighborhoods were government-backed loans.

Government-Backed Lending by Neighborhood Characteristics 2003		
Census Tract Characteristic	Share of Government-Backed Loans	Portion of All Purchase Loans that are Government-Backed
Low-Income Below 50% Area Median	2.1%	17.5%
Moderate-Income 50-80% Area Median	15.4%	27.7%
Middle-Income 80-120% Area Median	63.0%	24.7%
Upper-Income 120% and Above Area Median	19.5%	8.4%
Minority 50-100% minority population	23.9%	27.3%
Mixed 20-50% minority population	45.2%	24.8%
White 0-20% minority population	30.9%	10.5%

The Richmond-Petersburg metropolitan area consists of Charles City, Chesterfield, Colonial Heights, Dinwiddie, Goochland, Hanover, Henrico, Hopewell, New Kent, Petersburg, Powhatan, Prince George and Richmond.