Barriers to
Building Generational Wealth:
MORTGAGE LENDING
Disparities
Across Greater Philadelphia

April 2021

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DELAWARE VALLEY
REGIONAL
PLANNING COMMISSION

The Delaware Valley Regional Planning Commission

is the federally designated Metropolitan Planning Organization for a diverse nine-county region in two states: Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania; and Burlington, Camden, Gloucester, and Mercer in New Jersey.

DELAWARE VALLEY
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REGIONAL PLANNING COMMISSION

DVRPC's vision for the Greater Philadelphia Region is a prosperous, innovative, equitable, resilient, and sustainable region that increases mobility choices by investing in a safe and modern transportation system; that protects and preserves our natural resources while creating healthy communities; and that fosters greater opportunities for all.

DVRPC's mission is to achieve this vision by convening the widest array of partners to inform and facilitate data-driven decision-making. We are engaged across the region, and strive to be leaders and innovators, exploring new ideas and creating best practices.

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Definitions of Key Terms

Applicant An individual applying for a mortgage.

Application Mortgage applications reported by mortgage lending institutions, includes all types and purposes.

Collateral Property owned by the applicant and used to secure a mortgage. This property is forfeited if the loan goes into default. Collateral is also one of ten possible reasons for an applicant to be denied, and one of the four most frequent reasons for denial within Greater Philadelphia. This type of denial would occur if the value of the collateral (the home) was assessed at a value lower than the value of the mortgage.

Core Cities The cities of Camden, Chester, Philadelphia, and Trenton.

Credit History Mortgage lending institutions may deny due to a poor or insufficient credit history. Thresholds for denial may vary between mortgage lending institutions as well as mortgage loan type and purpose. Credit History is one of ten possible reasons for an application to be denied, and one of the four most frequent reasons for denial within Greater Philadelphia.

Denial The explicit refusal by a mortgage lending institution to lend financing to an applicant.

Debt to Income Ratio The share of an applicant's income that goes towards paying for debt obligations each month. Acceptable Debt to Income Ratios may differ between lending institutions, and by mortgage loan type and purpose. Debt to Income Ratio is also one of ten possible reasons for an applicant to be denied, and one of the four reasons most often provided for denial within Greater Philadelphia.
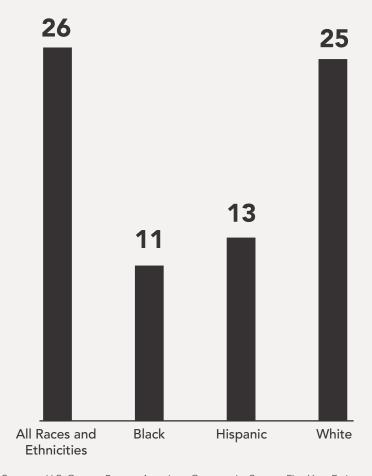
Denial Reason Following regulatory changes that went into effect in 2006, some mortgage lending institutions were required to provide a reason for why an applicant was denied. Although there are ten possible reasons for denial, this report focuses on the four most common reasons: Collateral, Credit History, Debt to Income Ratio, and Missing.

Fallout Refers to applications where the mortgage lender locks in a rate for the applicant, but for any number of reasons (some of which are outside the lenders' control) the application does not ultimately end in an origination nor a denial. This report does not focus on mortgage fallout given that there are unknown factors that may lead to a fallout, and that this outcome does not make up a significant share of all outcomes.

Generational Wealth	Wealth that is passed from generation to generation, including real estate assets.
Generational Wealth Gap	Disparities in wealth within the population that are passed from one generation to the next, or that exist between generations, which have the ability to impact subsequent generations' educational attainment, employment prospects, and even physical and mental health.
Housing Crisis of 2008	Used in this report to refer to the specific year in which unsustainable mortgage lending practices led to the collapse of the housing market and a prolonged economic recession known as the Great Recession.
Housing Mortgage Disclosure Act	Enacted in 1975, the Housing Mortgage Disclosure Act (HMDA) requires that information regarding mortgage lending practices be reported by financial institutions and made available to the public. This report presents findings from an analysis of HMDA data from 2004 through 2019.
Missing	Providing a reason for denial is optional for exempt mortgage lending institutions. These denials are then reported as missing a denial reason. The list of exempt institutions has been revised several times in recent years, the details of which are beyond the scope of this report, but the list was significantly shortened by regulations that went into effect on January 1, 2018.
Mortgage	In this report, the term refers to the specific agreement between an applicant and mortgage lender where the lender agrees to lend money to the applicant for the purchase, refinance, or improvement of a home.
Mortgage Lending Institution	A financial institution that lends mortgages.
Origination	The result is the execution of a mortgage between the mortgage lending institution and the applicant.
Racial Wealth Gap	Disparities in wealth within the population that exist because of race and/or ethnicity, with ramifications similar to that of the generational wealth gap.
The Region's Nine Counties	Greater Philadelphia is comprised of nine counties (Bucks, Burlington, Camden, Chester, Delaware, Gloucester, Mercer, Montgomery, and Philadelphia). The county data was aggregated for this report to allow for a regional focus. County-specific analyses will be provided in subsequent reports.

Table 01: Originations per 1,000 People (2019)

Bar chart values: All Races and Ethnicities: 26; Black: 11; Hispanic: 13; White: 25

Sources: U.S. Census Bureau American Community Survey, Five-Year Estimates 2015–2019; LendingPatterns, 2019; and DVRPC.

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Summary of Findings

Since peaking in 2005, mortgage applications have declined by 55.2 percent in Greater Philadelphia. However, that decline was nearly 65 percent for Black applicants, but only 51.8 percent, 43.4 percent, and 16.8 percent for White, Hispanic, and Asian applicants, respectively.

On average since 2004, 22.0 percent of applications were denied, compared to denial rates of 37.3 percent for Black applicants, 31.4 percent for Hispanic applicants, and 19.6 percent for Asian applicants. These numbers are significantly higher in the region's four Core Cities, where the average denial rates are 44.2 percent for Black applicants, 41.7 percent for Hispanic applicants, and 32.7 percent for Asian applicants. White applicants are denied at an average rate of 29.0 percent in the Core Cities, compared to a rate of 17.8 percent for the region as a whole.

Given that the greatest disparity exists between White applicants, and Black and Hispanic applicants, this report provides greater detail on these specific populations. However, snapshots on total applications and denial rates for Asian applicants are provided on pages 19 and 20.

As shown in Table 1, in Greater Philadelphia there were 26 originations per 1,000 people in 2019, compared to 11 within the Black population, 13 within the Hispanic population, and 25 within the White population.

The official practice of redlining is no longer legally permissible at any level of government, but racial, ethnic, and geographic disparities in mortgage lending persist unofficially throughout the region. Due to these disparities, the region's generational and racial wealth gaps continue to grow and further undermine the economic vitality and resiliency of Greater Philadelphia.

In Greater Philadelphia, Black and Hispanic applicants are denied at significantly higher rates than their Asian and White counterparts.

37.3%

of Black applicants in Greater Philadelphia were denied on average between 2004 and 2019, which accounted for 19.5 percent of all denials. However, Black applicants only accounted for 11.5 percent of all mortgage applications during this same period.

31.4%

of Hispanic applicants were denied on average during that same period of time. This represented 6.1 percent of all denials, while Hispanic applicants only represented 4.3 percent of all applications.
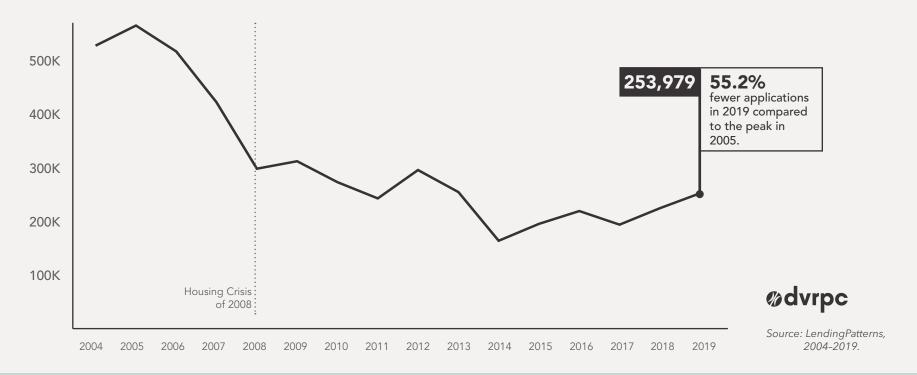
19.6%

of Asian applicants were denied on average since 2004. This represented 4.1 percent of all denials, while Asian applicants represented 4.7 percent of all applications.

17.8%

of White applicants were denied on average between 2004 and 2019. Although White applicants accounted for 61.6 percent of all applications, they only accounted for 49.9 percent of denials.

Table 02: Total Applications (All Races and Ethnicities, 2004–2019)

253,979 **55.2%** fewer applications in 2019 compared to the peak in 2005.

Housing Crisis of 2008

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500K
400K
300K
200K
100K

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

All Races and Ethnicities

Applications peaked in 2005, with 567,455 mortgage applications submitted that year. Heading into the Housing Crisis of 2008, applications fell significantly, before falling to an all-time low in 2014 at 164,888 applications.

As shown in Table 2, total applications increased to 253,979 in 2019, which equated to 44 applications per 1,000 people. This was 313,476 less than the peak in 2005, but 89,091 more than the application total of 164,888 at the lowest point in 2014.

Between the peak in 2005 and the all-time low in 2014, applications fell by 70.9 percent in Greater Philadelphia, compared to 66.9 percent for the entire United States. As of 2019, applications were down by 55.2 percent since 2005, as compared to 50.0 percent for the nation as a whole. Total applications by census tract in 2019 can be seen in Figure 1 on page 6.

Figure 01: Total Applications, by Census Tract (All Races and Ethnicities, 2019)

0
1 - 25
26 - 50
51 - 100
101 - 200
201 - 300
301 - 739

BUCKS

MERCER

MONTGOMERY

PHILADELPHIA

CHESTER

DELAWARE

BURLINGTON

CAMDEN

GLOUCESTER

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

N

0 2.5 5   10
Miles
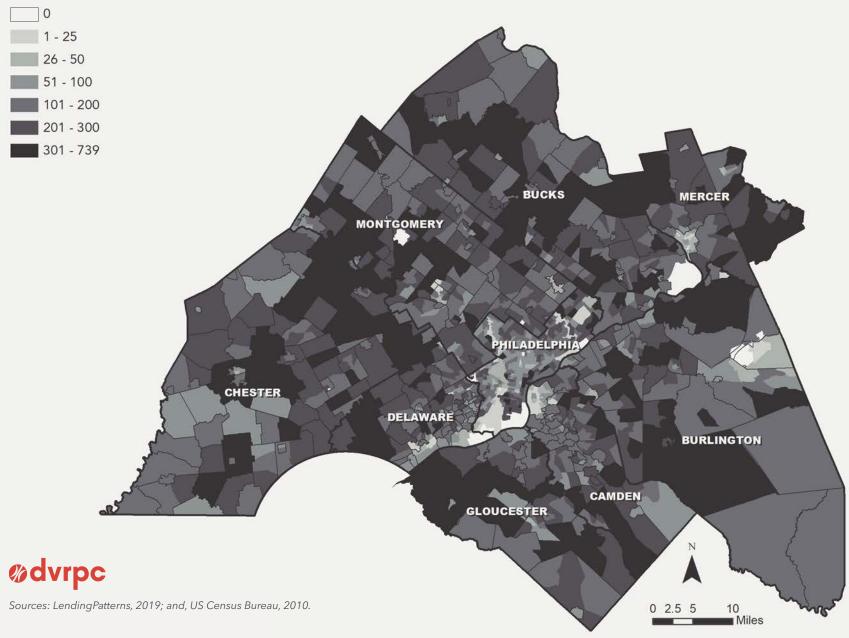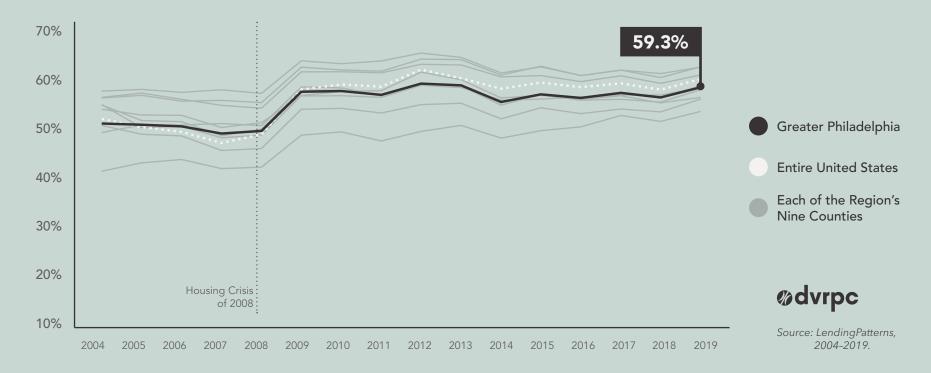
Table 03: Originations as Share of Total Applications (All Races and Ethnicities, 2004–2019)

59.3%

- ● Greater Philadelphia
- ○ Entire United States
- ● Each of the Region's Nine Counties

Housing Crisis of 2008

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Source: LendingPatterns, 2004-2019.
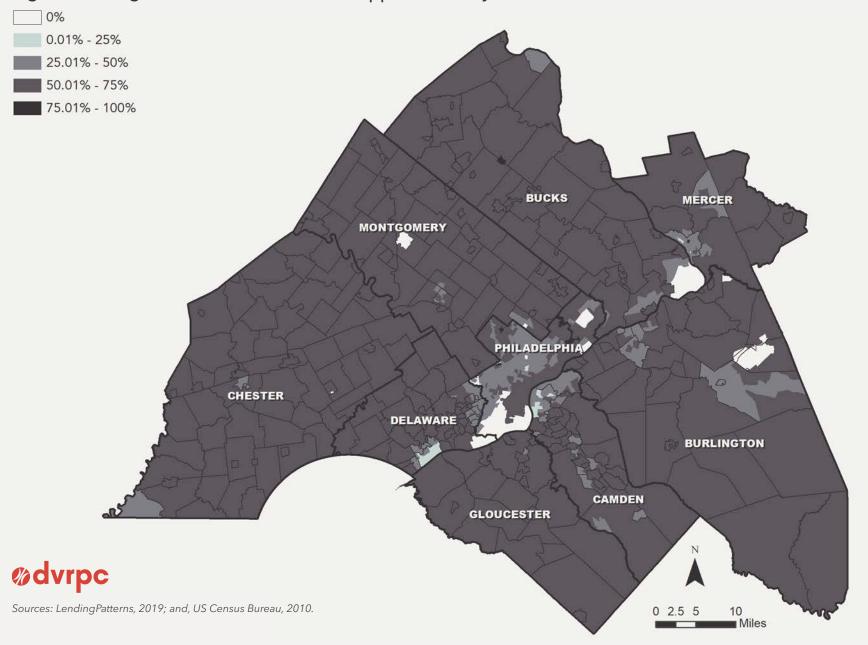
Mortgage Originations for All Races and Ethnicities

Although applications are significantly down since the Housing Crisis of 2008, originations as a share of total applications has remained relatively steady since reaching an all-time low in 2007, at which point just 49.8 percent of applications resulted in an origination. Following the low, the percentage of applications ending in an origination reached a peak in 2012, at 60.1 percent, before declining slightly to 59.3 percent in 2019, as shown in Table 3.

These trends are relatively consistent with the entire United States as well, with originations making up a slightly higher share in 2019 (61.0 percent) at the national level.

The share of applications resulting in an origination in 2019 can be seen at the census tract level in Figure 2 on the following page.

Figure 02: Originations as Share of Total Applications, by Census Tract (All Races and Ethnicities, 2019)

Legend:
- 0%
- 0.01% - 25%
- 25.01% - 50%
- 50.01% - 75%
- 75.01% - 100%

BUCKS

MERCER

MONTGOMERY

PHILADELPHIA

CHESTER

DELAWARE

BURLINGTON

CAMDEN

GLOUCESTER

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

dvrpc

N

0 2.5 5   10
Miles

Table 04: Total Originations and Total Denials (All Races and Ethnicities, 2004–2019)

292,844

150,708

127,037

49,557

Housing Crisis
of 2008

○ Denials

● Originations

50%
40%
30%
20%
10%

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

dvrpc

*Source: LendingPatterns,
2004–2019.*

Originations and Denials for All Races and Ethnicities

As shown in Table 4, the peak for both originations and denials was in 2005, at 292,844 and 127,037, respectively.

However, after falling through the Housing Crisis of 2008, mortgage originations entered into a period of relative instability before reaching an all-time low in 2014 at 92,855. Originations continued a steady increase into 2019, when a relative high of 150,708 was reached. Conversely, total denials continued a period of relatively steady decline before reaching an all-time low of 35,256 in 2017. There has a been a moderate increase in denials since that time, totaling 49,557 in 2019.

The geographic distribution of originations and denials in 2019 can be seen in Figures 3 and 4 on pages 10 and 11.

Figure 03: Total Originations, by Census Tract (All Races and Ethnicities, 2019)

Legend:
- 0
- 1 - 25
- 26 - 50
- 51 - 100
- 101 - 200
- 201 - 300
- 301 - 473

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

Figure 04: Total Denials, by Census Tract (All Races and Ethnicities, 2019)
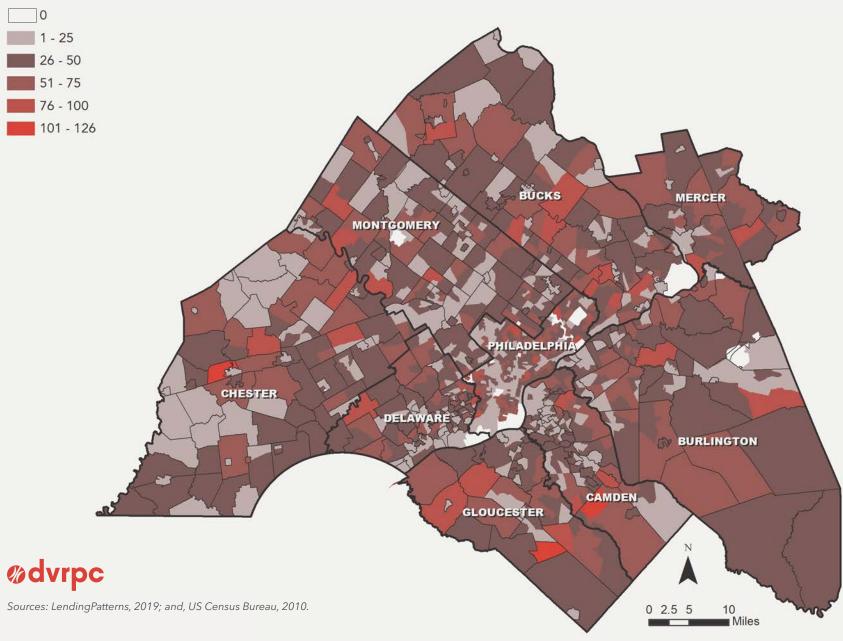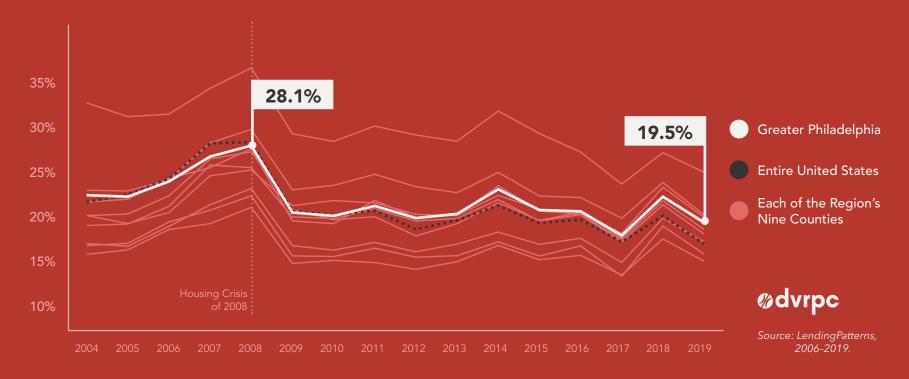
Legend:
- 0
- 1 - 25
- 26 - 50
- 51 - 75
- 76 - 100
- 101 - 126

BUCKS

MERCER

MONTGOMERY

PHILADELPHIA

CHESTER

DELAWARE

BURLINGTON

CAMDEN

GLOUCESTER

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

Table 05: Denials as Share of Total Applications (All Races and Ethnicities, 2004–2019)

28.1%

19.5%

- ○ Greater Philadelphia
- ● Entire United States
- ● Each of the Region's Nine Counties

Housing Crisis of 2008

35%
30%
25%
20%
15%
10%

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

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Source: LendingPatterns, 2006–2019.

Denials for All Races and Ethnicities

At 28.1 percent, denials as a share of applications reached an all-time high at the peak of the Housing Crisis in 2008, before declining to 20.6 percent in 2009 and remaining relatively steady for the decade that followed, as shown in Table 5. These trends were mirrored for the United States, until recently when the share at the national level began to decline.

In general, the share of applications that were denied in 2019 was highest in the region's four Core Cities. The share of applications that were denied in 2019 can be seen at the census tract level in Figure 5 on page 13.

Figure 05: Denials as Share of Total Applications, by Census Tract (All Races and Ethnicities, 2019)
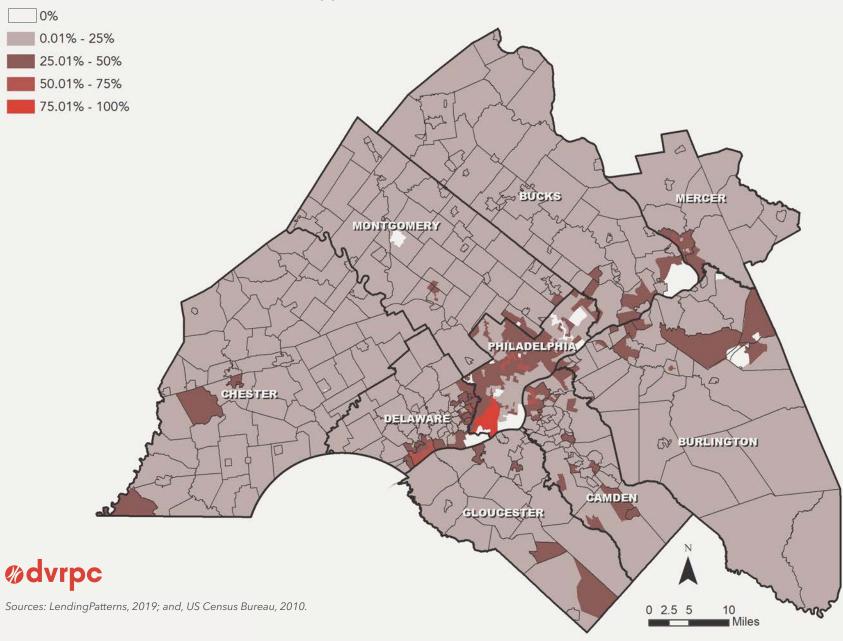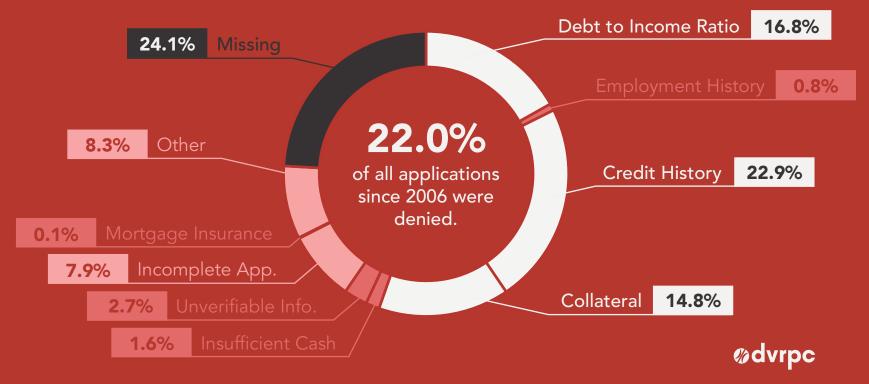
Legend:
- 0%
- 0.01% - 25%
- 25.01% - 50%
- 50.01% - 75%
- 75.01% - 100%

BUCKS
MERCER
MONTGOMERY
PHILADELPHIA
CHESTER
DELAWARE
BURLINGTON
CAMDEN
GLOUCESTER

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

0 2.5 5 10 Miles

24.1% Missing

Debt to Income Ratio **16.8%**

Employment History **0.8%**

8.3% Other

22.0%
of all applications since 2006 were denied.

Credit History **22.9%**

0.1% Mortgage Insurance

7.9% Incomplete App.

2.7% Unverifiable Info.

1.6% Insufficient Cash

Collateral **14.8%**

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Source: LendingPatterns, 2006-2019.
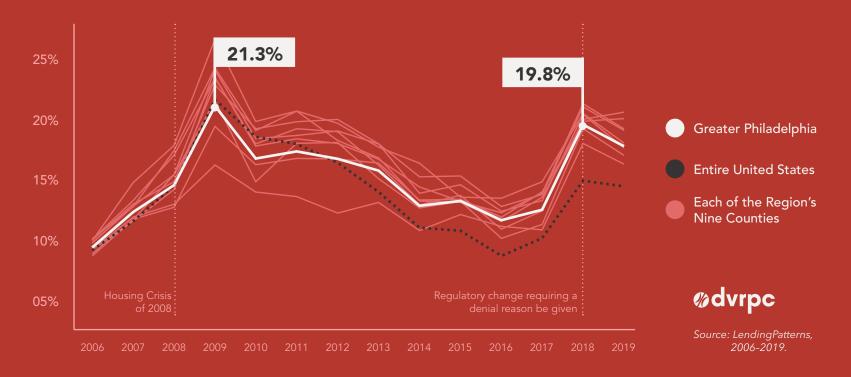
Denial Reasons for All Races and Ethnicities

Despite the regulatory changes that went into effect in 2018, which obligated most lenders to provide at least one reason for denial, between 2006 and 2019 nearly a quarter of all denied applications were missing a reason for denial across Greater Philadelphia. This is 3.2 percent and 6.5 percent less than the United States and Pennsylvania, respectively, and 3.4 percent more than in New Jersey.

The three reasons most often listed for denial across Greater Philadelphia were Credit History (22.9 percent), Debt to Income Ratio (16.8 percent), and Collateral (14.8 percent). Given that most lenders are now required to provide a reason for denial, these three reasons have increased in their share of all denials over the past couple of years as significantly fewer denials are missing a reason. A deeper analysis into the trends for each is provided on the following pages.

Table 07: Collateral as Share of All Denials (All Races and Ethnicities, 2006–2019)

Legend:
- ○ Greater Philadelphia
- ● Entire United States
- ● Each of the Region's Nine Counties

Annotations on chart: **21.3%** (2009 peak), **19.8%** (2018 peak)
Vertical markers: "Housing Crisis of 2008", "Regulatory change requiring a denial reason be given"
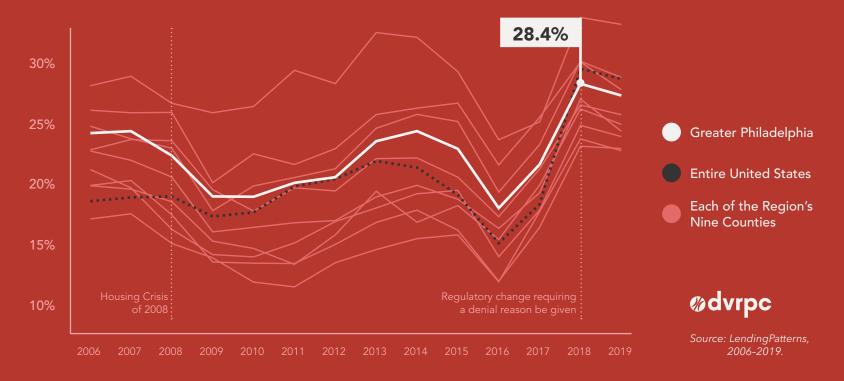
Collateral Denials for All Races and Ethnicities

Following the Housing Crisis of 2008, Collateral peaked as a denial reason in Greater Philadelphia and the United States in 2009, at 21.3 percent and 21.8 percent, respectively. After 2009, Collateral appeared to decline as a denial reason for both geographies, until cresting again in 2018 at 19.8 percent (5 percent higher than the average) for the region and 15.1 percent for the entire United States.

This suggests that nearly as many homeowners were underwater in 2019 as were in the year following the Housing Crisis of 2008.

The sudden increase between 2017 and 2018 follows the change in regulations prohibiting most mortgage lending institutions from leaving the denial reason blank. Conversely, the decline observed after 2009 was in some part due to an increase in mortgages being denied without a denial reason provided.

28.4%

Housing Crisis of 2008

Regulatory change requiring a denial reason be given

- ○ Greater Philadelphia
- ● Entire United States
- ● Each of the Region's Nine Counties

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Source: LendingPatterns, 2006–2019.
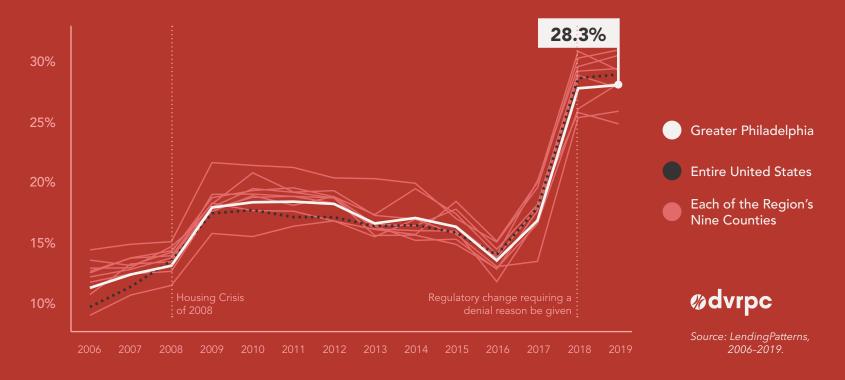
Credit History Denials for All Races and Ethnicities

Historically, applicants in Greater Philadelphia have been denied due to Credit History more frequently (22.9 percent) than the nation as a whole (20.2 percent). That disparity narrowed following the Housing Crisis of 2008. However, Credit History denials have been increasing on average since 2010, with significant variations observed between the region's counties.

Although Credit History denials peaked in 2018, at 28.4 percent for Greater Philadelphia, that year was also the first time that the United States had a greater share (30.3 percent) of mortgages denied due to the applicant's credit history.

Applicants in Greater Philadelphia were 5.2 percent more likely to be denied for Credit History than their counterparts in New Jersey, and 1.3 percent more likely than applicants in all of Pennsylvania.

Table 09: Debt to Income Ratio as Share of All Denials (All Races and Ethnicities, 2006–2019)

28.3%

30%

25%

20%

15%

10%

Housing Crisis
of 2008

Regulatory change requiring a
denial reason be given

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

○ Greater Philadelphia

● Entire United States

● Each of the Region's
Nine Counties

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*Source: LendingPatterns,
2006–2019.*

Debt to Income Ratio for All Races and Ethnicities

Prior to 2009, applicants were denied due to Debt to Income Ratio approximately 12.6 percent of the time. After the Housing Crisis of 2008, this climbed to 18.2 percent in 2009, followed by a gradual decline before reaching a relative low of 13.9 percent in 2016. However, Debt to Income Ratio rose significantly following regulatory changes in 2018, and hit an all-time high of 28.3 percent in 2019.

Greater Philadelphia mirrors the nation as whole with this regard.
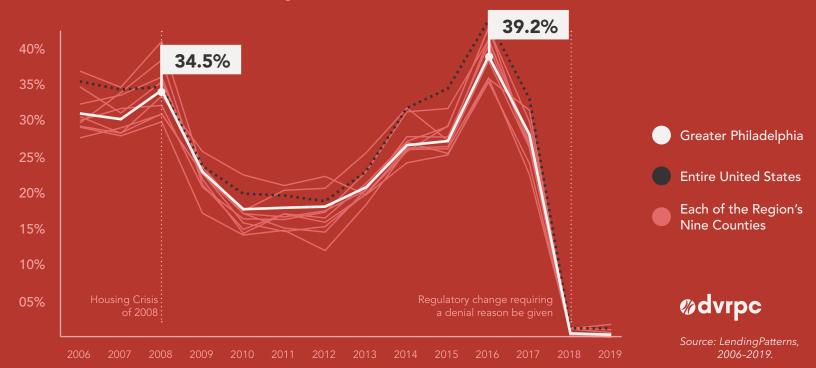
Table 10: Share of All Denials Missing a Denial Reason (All Races and Ethnicities, 2006–2019)

- ○ Greater Philadelphia
- ● Entire United States
- ● Each of the Region's Nine Counties

Source: LendingPatterns, 2006–2019.
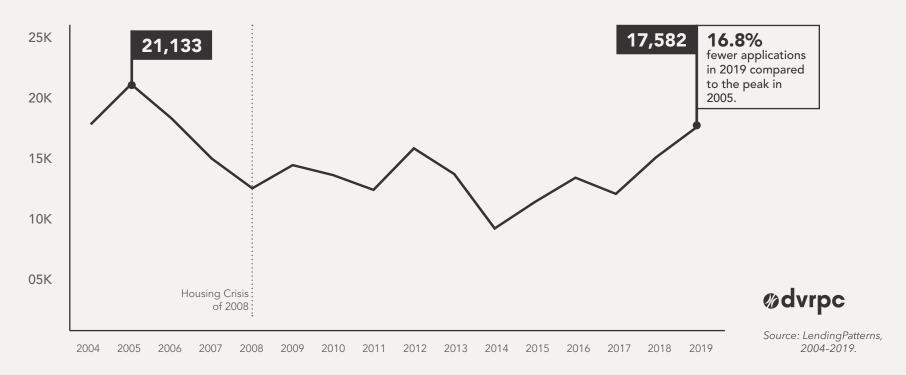
Denials for All Races and Ethnicities Missing a Denial Reason

Denials missing a denial reason reached a relative high of 34.5 percent at the peak of the Housing Crisis of 2008, but declined significantly before reaching a low of 18.0 percent in 2010. The percentage of denials missing a denial reason increased to an all-time high of 39.2 percent in 2016, before regulatory changes went into effect in 2018 that required a denial reason be given.

Although the peak in 2016 was substantial in Greater Philadelphia, it was even higher at the national level, with 44.2 percent of denied applications missing a denial reason.

As seen in Table 10, nearly all denied applications since 2018 have been denied with a reason provided. Smaller mortgage lending institutions are still exempt from reporting a denial reason, which is why there are still some denials that are missing a reason.

Table 11: Total Applications (Asian Applicants Only, 2004–2019)

21,133

17,582 **16.8%** fewer applications in 2019 compared to the peak in 2005.

25K

20K

15K

10K

05K

Housing Crisis of 2008

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

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Source: LendingPatterns, 2004-2019.
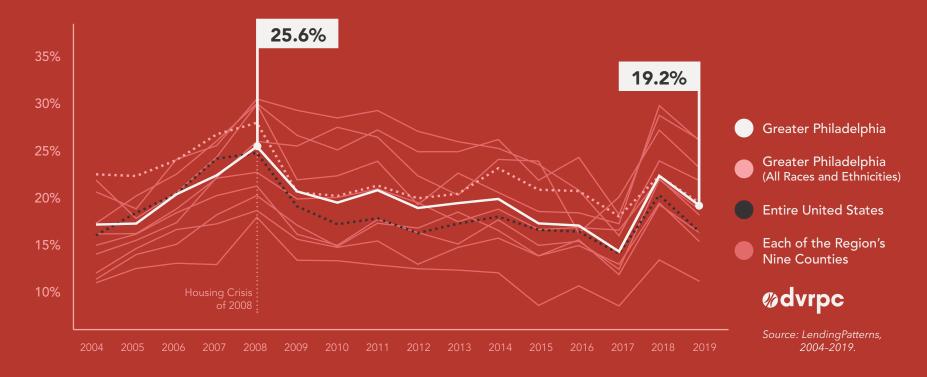
Asian Applicants

Applications from Asian applicants peaked in 2005, with 21,133 mortgage applications submitted that year. Due to the Housing Crisis of 2008, applications fell significantly, and reached a low of 12,404 in 2011. Over the next two years, applications rose slighlty before falling to an all-time low in 2014 at just 9,220 applications.

Applications per year have increased since 2014. In 2019, applications from Asian applicants reached a post-recession high of 17,582. This represented 6.9 percent of all applications in Greater Philadelphia, while the Asian population comprised 6.4 percent of the region's population that year. In 2019, there were 48 applications per 1,000 people in the Asian population.

Since the peak, applications are down by 16.8 percent, compared to a decline of 55.2 percent for all races and ethnicities.

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Table 12: Denials as Share of Total Applications (Asian Applicants Only, 2004–2019)

25.6%

19.2%

35%
30%
25%
20%
15%
10%

Housing Crisis
of 2008

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

○ Greater Philadelphia

○ Greater Philadelphia
(All Races and Ethnicities)

● Entire United States

○ Each of the Region's
Nine Counties

dvrpc

*Source: LendingPatterns,
2004–2019.*

Denials for Asian Applicants

Denials as a share of applications from Asian applicants reached an all-time high, 25.6 percent, at the peak of the Housing Crisis in 2008. This was also the peak for Greater Philadelphia as whole, but denials for all races and ethnicities peaked at 28.1 percent that year.

As shown in Table 12, the percentage of applications from Asian applicants that are denied has been declining over the past decade until peaking again in 2018 at 22.4 percent. This was equal to Greater Philadelphia as a whole that year as well (depicted in Table 12 by a dashed white line), and only slightly higher than the denial rate of 20.4 percent for Asian applicants throughout the United States in 2018. In 2019, 19.2 percent of applications from Asian applicants were denied, compared to 19.5 percent for all races and ethnicities across Greater Philadelphia.

Table 13: Total Applications (Black Applicants Only, 2004–2019)

80,297

28,190 **64.9%** fewer applications in 2019 compared to the peak in 2006.

Housing Crisis of 2008

dvrpc

Source: LendingPatterns, 2004-2019.

Black Applicants

Applications from Black applicants peaked in 2006, with 80,297 mortgage applications submitted that year. Due to the Housing Crisis of 2008, applications fell significantly, and reached a low of 21,312 in 2011. Over the next two years, applications rose slighlty before falling to an all-time low in 2014 at just 19,797 applications. Applications per year have increased since 2014. In 2018, applications from Black applicants represented 11.1 percent of all applications in Greater Philadelphia, despite the fact that the Black population comprised 20.9 percent of the region's population that year.

In 2019, applications reached a post-recession high of 28,190, or 24 applications per 1,000 people within the Black population. The geographic distribution can be seen in Figure 6 on page 22. Since the peak, applications are down by 64.9 percent, compared to a decline of 55.2 percent for all races and ethnicities.
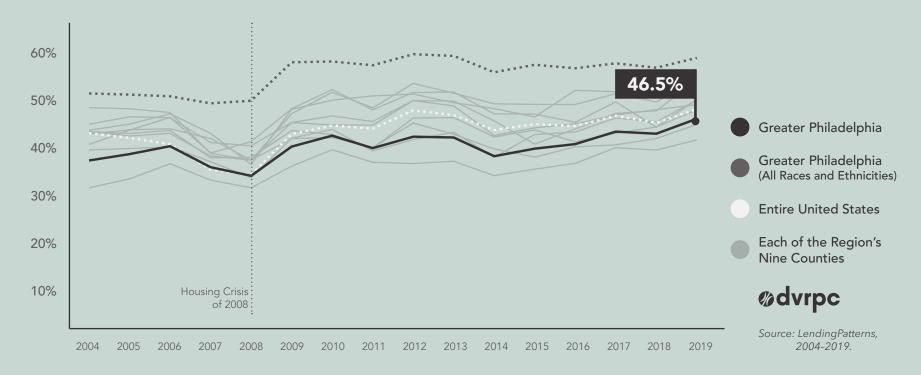
Figure 06: Total Mortgage Applications, by Census Tract (Black Applicants Only, 2019)

Legend:
- 0
- 1 - 5
- 6 - 10
- 11 - 25
- 26 - 50
- 51 - 100
- 101 - 252

MERCER
BUCKS
MONTGOMERY
PHILADELPHIA
CHESTER
DELAWARE
BURLINGTON
CAMDEN
GLOUCESTER

N

0 2.5 5 10 Miles

dvrpc

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

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Table 14: Originations as Share of Total Applications (Black Applicants Only, 2004–2019)

Legend:
- Greater Philadelphia
- Greater Philadelphia (All Races and Ethnicities)
- Entire United States
- Each of the Region's Nine Counties

46.5%

Housing Crisis of 2008

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Originations for Black Applicants

Although the trend for originations as a share of total applications from Black applicants mirrored that of all races and ethnicities in Greater Philadelphia (depicted in Table 14 as a dashed grey line) and that of Black applicants across the United States, the share of applications resulting in an origination was significantly lower for Black applicants at an average of 40.7 percent. This is well below the average of 56.0 percent for the region as a whole, and it is lower than the average of 44.0 percent for Black applicants at the national level as well.

The percentage of applications from Black applicants resulting in an origination in 2019 can be seen at the census tract level in Figure 7 on the following page.

Figure 07: Originations as Share of Total Applications, by Census Tract (Black Applicants Only, 2019)

Legend:
- 0%
- 0.01% - 25%
- 25.01% - 50%
- 50.01% - 75%
- 75.01% - 100%

BUCKS
MERCER
MONTGOMERY
PHILADELPHIA
CHESTER
DELAWARE
BURLINGTON
CAMDEN
GLOUCESTER

N

0 2.5 5 10 Miles

dvrpc

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

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Table 15: Total Originations and Total Denials (Black Applicants Only, 2004–2019)

Source: LendingPatterns, 2004–2019.

Originations and Denials for Black Applicants

For Black applicants, the peak for total originations and denials was in 2006, as shown in Table 15, whereas the peak for Greater Philadelphia as a whole was a year earlier in 2005. In 2006, applications from Black applicants accounted for 17.2 percent of all applications, 12.3 percent of originations, and 24.0 percent of all denials. Originations for Black applicants hit an all-time low of 7,654 in 2014. This equated to 6.5 originations per 1,000 people within the Black population, just 8.2 percent of the region's originations that year, and was also the first time since 2008 that the total denials for Black applicants (8,177) was greater than originations.

Originations continued to increase following the 2014 low, and reached a post-recession high of 13,110 in 2019. However, this only represented 8.7 percent of Greater Philadelphia's total originations that year, while denials for Black applicants in 2019 represented 17.4 percent of all denials. Originations and denials for Black applicants in 2019 are mapped in Figures 8 and 9 on pages 26 and 27.
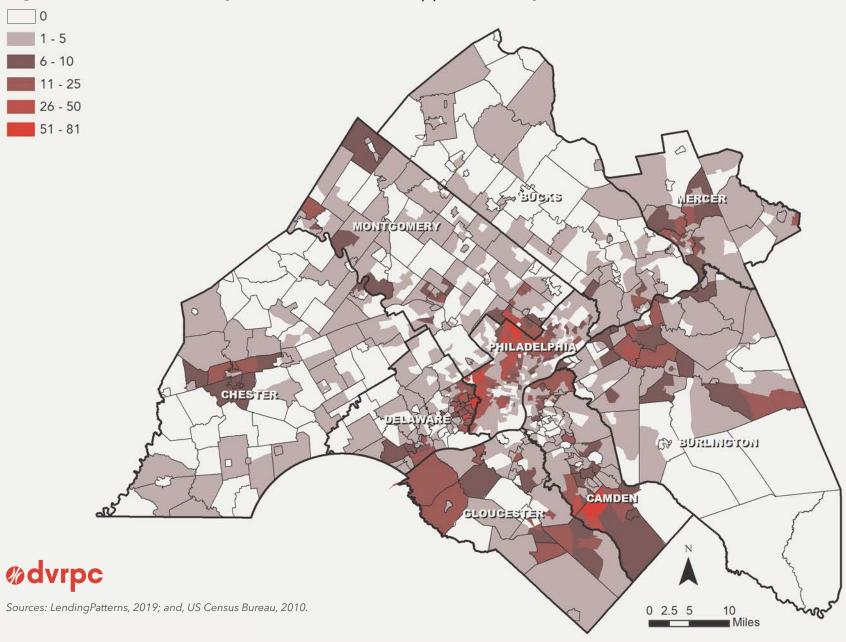
Figure 08: Total Originations, by Census Tract (Black Applicants Only, 2019)

Legend:
- 0
- 1 - 5
- 6 - 10
- 11 - 25
- 26 - 50
- 51 - 100
- 101 - 127

dvrpc

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

Map labels: BUCKS, MERCER, MONTGOMERY, PHILADELPHIA, CHESTER, DELAWARE, BURLINGTON, CAMDEN, GLOUCESTER

0 2.5 5   10 Miles

Figure 09: Total Denials, by Census Tract (Black Applicants Only, 2019)

Legend:
- 0
- 1 - 5
- 6 - 10
- 11 - 25
- 26 - 50
- 51 - 81

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

Table 16: Denials as Share of Total Applications (Black Applicants Only, 2004–2019)

Legend:
- Greater Philadelphia
- Greater Philadelphia (All Races and Ethnicities)
- Entire United States
- Each of the Region's Nine Counties

Source: LendingPatterns, 2004–2019.

Denials for Black Applicants

Denials as a share of applications from Black applicants reached an all-time high, 45.2 percent, at the peak of the Housing Crisis in 2008. This was also the peak for Greater Philadelphia as a whole, but denials for all races and ethnicities peaked at just 28.1 percent that year. As shown in Table 16, the percentage of applications from Black applicants that are denied has declined over the past decade to an all-time low of 30.5 percent in 2019. However, the decline at the national level was at a faster rate, and total denials in Greater Philadelphia (depicted in Table 16 by a dashed white line) were significantly lower in 2019, at just 19.5 percent.

Areas of extremely high rates of denial for Black applicants, greater than 75 percent, can be seen throughout Greater Philadelphia as shown in Figure 10 on page 29. Conversely, high rates of denial for all races and ethnicities were generally concentrated in the region's four Core Cities, as previously shown in Figure 5 on page 13.

Figure 10: Denials as Share of Total Applications, by Census Tract (Black Applicants Only, 2019)

Legend:
- 0%
- 0.01% - 25%
- 25.01% - 50%
- 50.01% - 75%
- 75.01% - 100%

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.
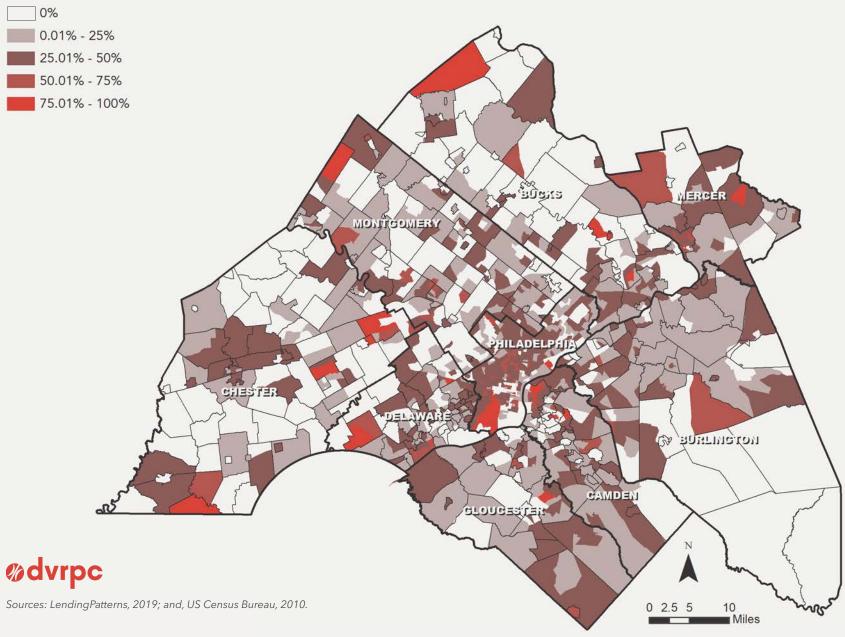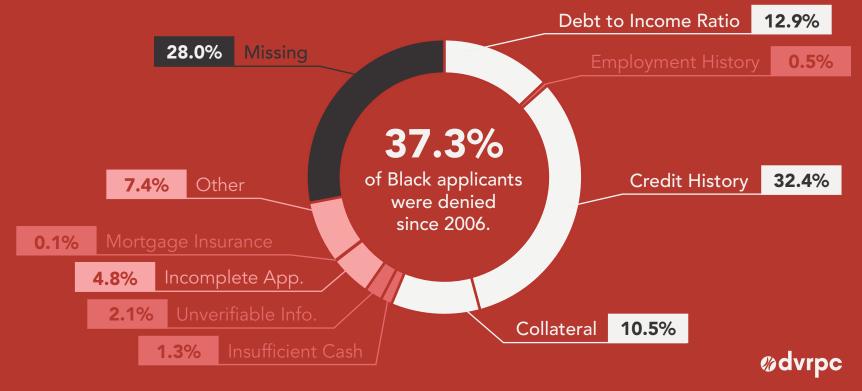
Table 17: Share of All Denials by Denial Reason (Black Applicants Only, 2006–2019)

Debt to Income Ratio `12.9%`

28.0% Missing

Employment History `0.5%`

37.3%
of Black applicants
were denied
since 2006.

7.4% Other

Credit History `32.4%`

0.1% Mortgage Insurance

4.8% Incomplete App.

2.1% Unverifiable Info.

1.3% Insufficient Cash

Collateral `10.5%`

dvrpc

Source: LendingPatterns, 2006-2019.
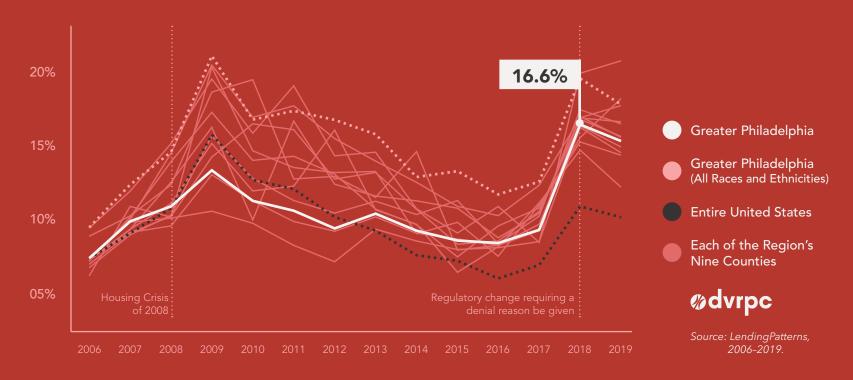
Denial Reasons for Black Applicants

Denials of applications from Black applicants in Greater Philadelphia were nearly 4.0 percent more likely to be missing a denial reason when compared to Greater Philadelphia as a whole. However, denials of Black applicants in Greater Philadelphia were missing a denial reason 3.7 percent less than at the national level (31.7 percent), 1.9 percent less than Pennsylvania (29.9 percent), and only 0.6 percent more than in all of New Jersey (27.4 percent). Most importantly, more than one-third of applications from Black applicants were denied in Greater Philadelphia, as shown in Table 17 above.

Black applicants were denied due to Credit History 9.5 percent more than all applications in Greater Philadelphia (22.9 percent); and, 6.1 percent, 8.6 percent, 0.4 percent more than their counterparts throughout the United States (26.3 percent), New Jersey (28.3 percent), and Pennsylvania (32.0 percent), respectively.

Table 18: Collateral as Share of All Denials (Black Applicants Only, 2006–2019)

16.6%

Housing Crisis of 2008

Regulatory change requiring a denial reason be given

● Greater Philadelphia

● Greater Philadelphia (All Races and Ethnicities)

● Entire United States

● Each of the Region's Nine Counties

dvrpc

Source: LendingPatterns, 2006-2019.

Collateral as Denial Reason for Black Applicants
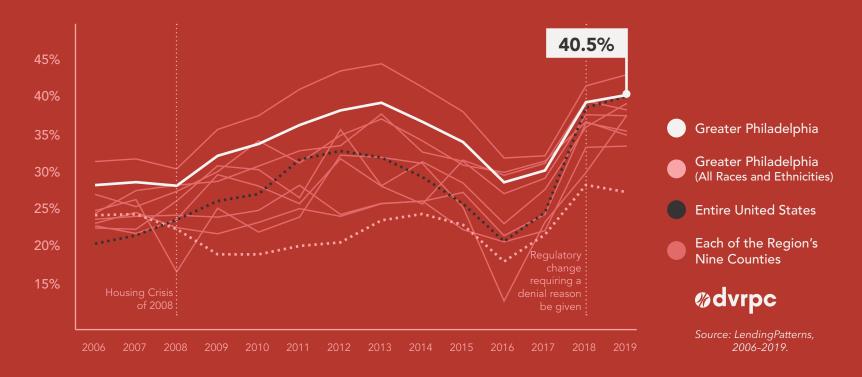
For Black applicants, Collateral increased steadily as a denial reason in Greater Philadelphia through 2009, when it reached a relative high of 13.5 percent (7.8 percent less than all applications, regardless of race or ethnicity). This trend was similar for Black applicants at the national level as well; although, Collateral hit an all-time high for Black applicants at the national level in 2009.

After 2009, Collateral-related denials remained relatively flat for Black applicants in Greater Philadelphia, fluctuating between 8.5 percent and 11.5 percent through 2017. However, following the regulatory change that went into effect in 2018, Collateral increased significantly to an all-time high of 16.6 percent in 2018. By 2019, Black applicants in Greater Philadelphia were denied due to Collateral 5.2 percent more than their counterparts throughout the United States, and accounted for a larger share of all collateral-related denials for the region as a whole.

Table 19: Credit History as Share of All Denials (Black Applicants Only, 2006–2019)

Legend:
- Greater Philadelphia
- Greater Philadelphia (All Races and Ethnicities)
- Entire United States
- Each of the Region's Nine Counties

40.5%

Housing Crisis of 2008

Regulatory change requiring a denial reason be given

dvrpc

Source: LendingPatterns, 2006–2019.

Credit History as Denial Reason for Black Applicants
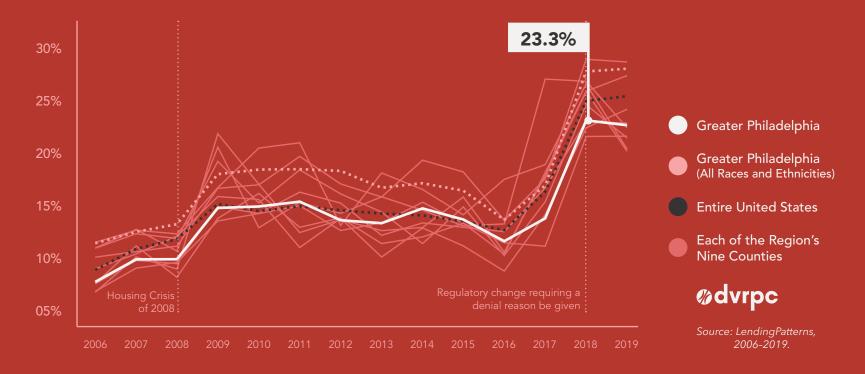
In Greater Philadelphia, Black applicants denied due to Credit History increased by 12.1 percent since an all-time low in 2008, when 28.3 percent of applications were denied for this reason.

Historically, Black applicants in Greater Philadelphia were on average 5.7 percent more likely than Black applicants throughout the United States to be denied due to Credit History. However, in 2018 and 2019, Greater Philadelphia mirrored the nation as a whole. This follows the regulatory changes that went into effect in 2018.

Credit History denials for Black applicants is trending upward, and reached a record high of 40.5 percent in 2019. This was 13 percent higher than in Greater Philadelphia (27.5 percent), regardless of race or ethnicity.

Table 20: Debt to Income Ratio as Share of All Denials (Black Applicants Only, 2006–2019)

23.3%

Housing Crisis
of 2008

Regulatory change requiring a
denial reason be given

● Greater Philadelphia

● Greater Philadelphia
(All Races and Ethnicities)

● Entire United States

● Each of the Region's
Nine Counties

◆dvrpc

*Source: LendingPatterns,
2006-2019.*

Debt to Income Ratio as Denial Reason for Black Applicants

Prior to 2009, Black applicants were denied due to Debt to Income Ratio approximately 9.4 percent of the time, compared to 12.6 for the region as a whole. Following the Housing Crisis of 2008, this climbed to 15.0 and 18.2 percent, respectively, followed by a gradual decline before reaching relative lows in 2016 of 11.4 percent for Black applicants and 13.9 percent for all of Greater Philadelphia.

However, Debt to Income Ratio rose significantly following the 2018 regulatory changes, and hit an all-time high of 22.9 percent for Black applicants in 2019. This was still lower than the averages for Black applicants throughout the United States (25.6 percent) and Greater Philadelphia as a whole (28.3 percent).

Table 21: Share of Denials Missing a Denial Reason (Black Applicants Only, 2006–2019)

39.8%

37.6%

Housing Crisis
of 2008

Regulatory change requiring
a denial reason be given

50%

40%

30%

20%

10%

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

- ○ Greater Philadelphia
- ● Greater Philadelphia (All Races and Ethnicities)
- ● Entire United States
- ● Each of the Region's Nine Counties

dvrpc

Source: LendingPatterns, 2006–2019.

Denials for Black Applicants Missing a Denial Reason

Prior to and immediately following the Housing Crisis of 2008, denied applications from Black applicants in Greater Philadelphia were more likely to be missing a denial reason when compared to the region as a whole. Black applicants denied and missing denial reason reached a peak of 39.8 percent in 2008.
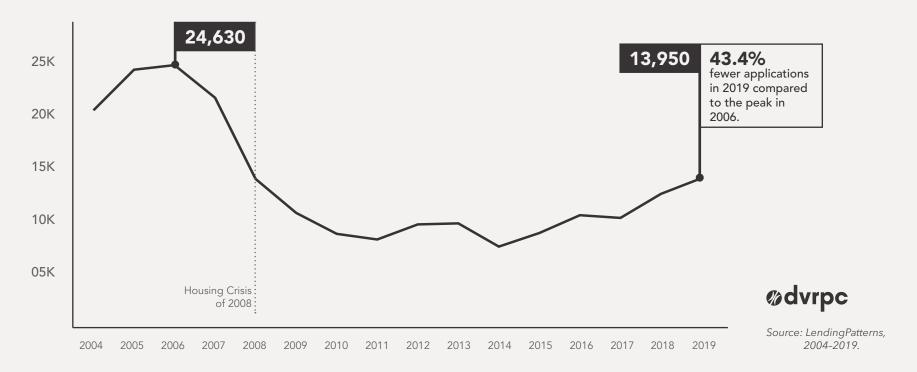
Prior to 2009, denials for Black applicants within Greater Philadelphia and the United States were missing a denial reason at similar frequencies. Following 2019, the share was much higher at the national level peaking in 2016 at 45.5 percent, which was 7.9 percent higher than Greater Philadelphia's relative high of 37.6 percent that year.

As of 2013, denied applications missing a denial reason has been similar for all races and ethnicities.

Table 22: Total Applications by Census Tract (Hispanic Applicants Only, 2004–2019)

24,630

13,950 | **43.4%** fewer applications in 2019 compared to the peak in 2006.

25K
20K
15K
10K
05K

Housing Crisis of 2008

dvrpc

Source: LendingPatterns, 2004-2019.

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

Hispanic Applicants

Applications from Hispanic applicants peaked in 2006, with 24,630 mortgage applications submitted that year. Heading into the Housing Crisis of 2008, applications fell significantly, and reached a low of 8,131 in 2011. Over the next two years, applications from Hispanic applicants rose slightly before falling to an all-time low in 2014 at just 7,464 applications. Applications per year have increased since 2014. In 2018, applications from Hispanic applicants represented 5.5 percent of all applications in Greater Philadelphia, and the Hispanic population comprised 6.3 percent of the region's population that year.

In 2019, 13,950 applications from Hispanic applicants were submitted, surpassing 13,000 for the first time since 2008. This equated to 24 applications per 1,000 people within the Hispanic population. The geographic distribution can be seen in Figure 11 on page 36. As of 2019, applications from Hispanic applicants were down by 43.4 percent from the peak, which is a smaller decline than the regional average of 55.2 percent for all races and ethnicities.
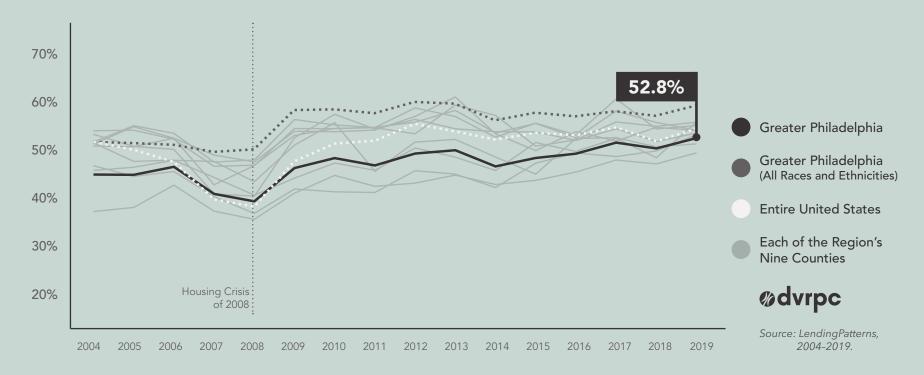
Figure 11: Total Applications, by Census Tract (Hispanic Applicants Only, 2019)

Legend:
- 0
- 1 - 5
- 6 - 10
- 11 - 25
- 26 - 50
- 51 - 100
- 101 - 151

BUCKS

MERCER

MONTGOMERY

PHILADELPHIA

CHESTER

DELAWARE

BURLINGTON

CAMDEN

GLOUCESTER

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

0 2.5 5 10 Miles

dvrpc

Table 23: Originations as Share of Total Applications (Hispanic Applicants Only, 2004–2019)

Legend:
- Greater Philadelphia
- Greater Philadelphia (All Races and Ethnicities)
- Entire United States
- Each of the Region's Nine Counties

Source: LendingPatterns, 2004–2019.

52.8%

Housing Crisis of 2008
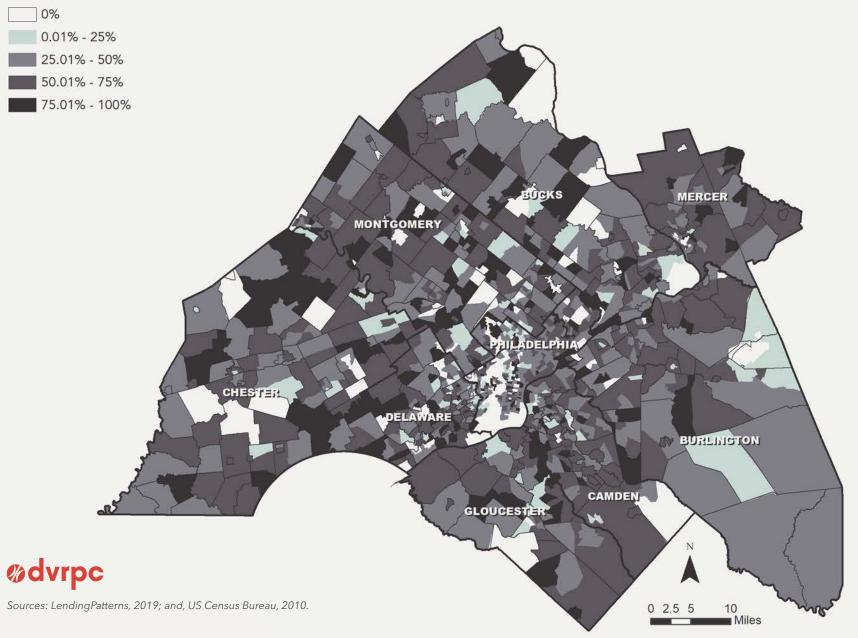
Originations for Hispanic Applicants

As shown in Table 23, originations as a share of applications from Hispanic applicants in Greater Philadelphia has been lower than that at the national level, as well as the region as a whole, since the Housing Crisis of 2008. However, the share of applications from Hispanic applicants that result in originations has increased relatively consistently from an all-time low of 39.6 percent in 2008 to an all-time high of 52.8 percent in 2019. The gap between Hispanic applicants in Greater Philadelphia and the United States has narrowed significantly over the past decade. The same is true for the gap between all races and ethnicities in Greater Philadelphia (depicted in Table 23 as a dashed grey line) and Hispanic applicants in Greater Philadelphia.

The share of applications from Hispanic applicants resulting in an origination in 2019 can be seen at the census tract level in Figure 12 on the following page.

Figure 12: Originations as Share of Total Applications, by Census Tract (Hispanic Applicants Only, 2019)

Legend:
- 0%
- 0.01% - 25%
- 25.01% - 50%
- 50.01% - 75%
- 75.01% - 100%

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

38
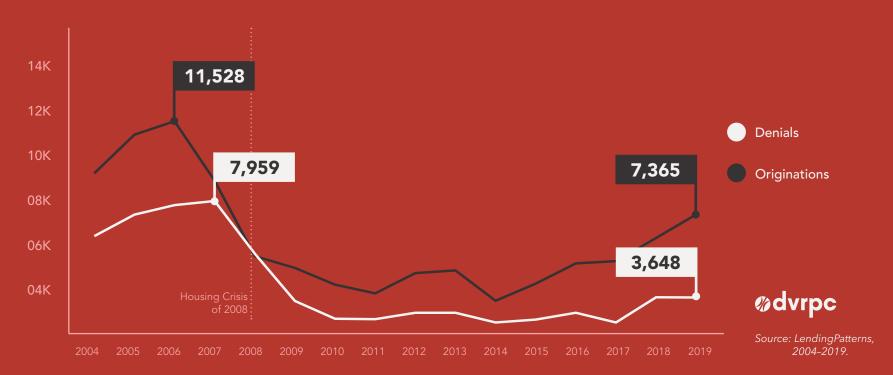
Table 24: Total Originations and Total Denials (Hispanic Applicants Only, 2004–2019)

Source: LendingPatterns, 2004–2019.

Originations and Denials for Hispanic Applicants

For Hispanic applicants, the peak for total originations was in 2006, while the peak for total denials was in 2007, as shown in Table 24. However, the percentage of applications that were denied peaked in 2008, at more than 40 percent. In that same year, Hispanic applicants accounted for 4.6 percent of all applications, 3.6 percent of originations, and 6.7 percent of all denials.

Originations for Hispanic applicants hit an all-time low of 3,500 in 2014, after increasing the two years prior. This represented 3.8 percent of the region's originations that year. Originations for Hispanic applicants continued a steady increase following the 2014 low, and reached a post-recession high of 7,365 in 2019.

Originations and denials for Hispanic applicants in 2019 are mapped in Figures 13 and 14 on pages 40 and 41.

Figure 13: Total Originations, by Census Tract (Hispanic Applicants Only, 2019)

Legend:
- 0
- 1 - 5
- 6 - 10
- 11 - 25
- 26 - 50
- 51 - 75

BUCKS

MERCER

MONTGOMERY

PHILADELPHIA

CHESTER

DELAWARE

BURLINGTON

CAMDEN

GLOUCESTER

N

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

0 2.5 5 10 Miles
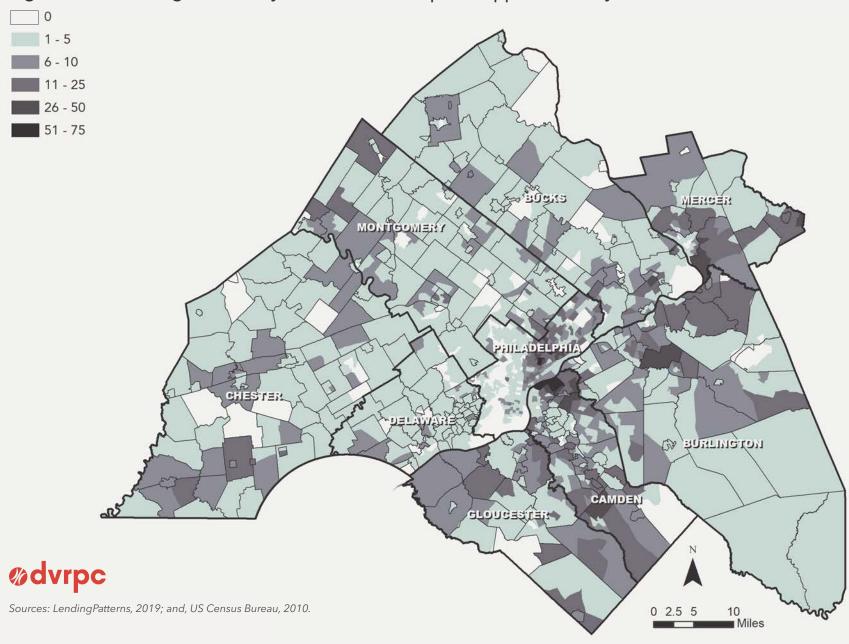
Figure 14: Total Denials, by Census Tract (Hispanic Applicants Only, 2019)

Legend:
- 0
- 1 - 5
- 6 - 10
- 11 - 25
- 26 - 41

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

0 2.5 5 10 Miles

dvrpc
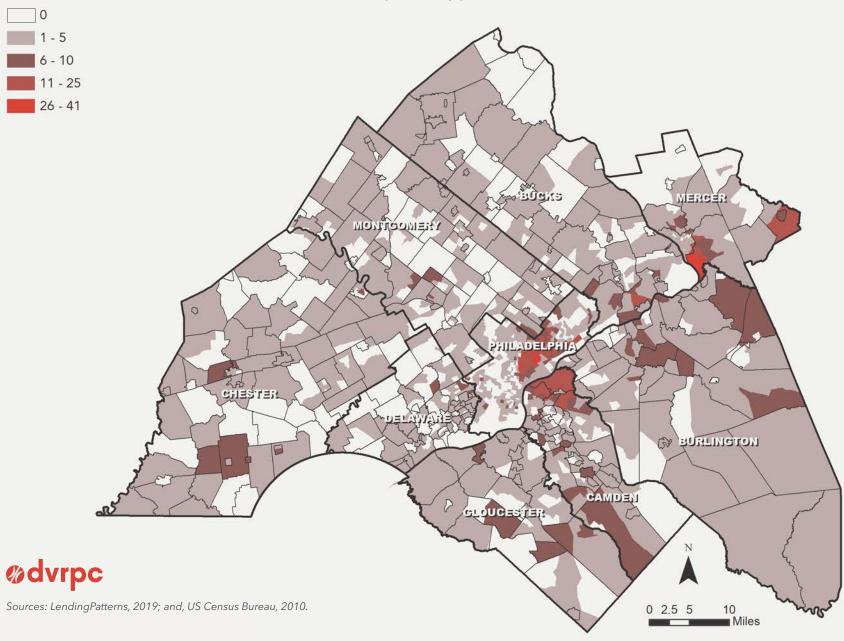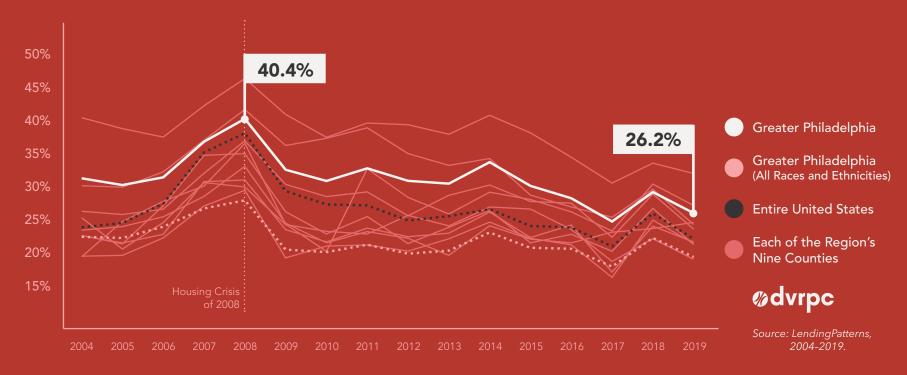
Table 25: Denials as Share of Total Applications (Hispanic Applicants Only, 2004–2019)

40.4%

26.2%

Housing Crisis
of 2008

- ⚪ Greater Philadelphia
- 🔴 Greater Philadelphia
  (All Races and Ethnicities)
- ⚫ Entire United States
- 🔴 Each of the Region's
  Nine Counties

dvrpc

*Source: LendingPatterns,
2004–2019.*

Denials for Hispanic Applicants

The share of applications from Hispanic applicants that were denied reached an all-time high, 40.4 percent, at the peak of the Housing Crisis in 2008. This was also the peak for Greater Philadelphia as a whole (depicted in Table 25 by a dashed white line), but denials for all races and ethnicities peaked at just 28.1 percent that year. As shown in Table 25, the percentage of Hispanic applicants that are denied has declined over the past decade to 26.2 percent in 2019. However, denials for Hispanic applicants at the national level has declined at a faster rate, and total denials in Greater Philadelphia were significantly lower in 2019, at just 19.5 percent.

Areas of extremely high rates of denials for Hispanic applicants, greater than 75 percent, can be seen throughout Greater Philadelphia as shown in Figure 15 on page 43.

Figure 15: Denials as Share of Total Applications, by Census Tract (Hispanic Applicants Only, 2019)
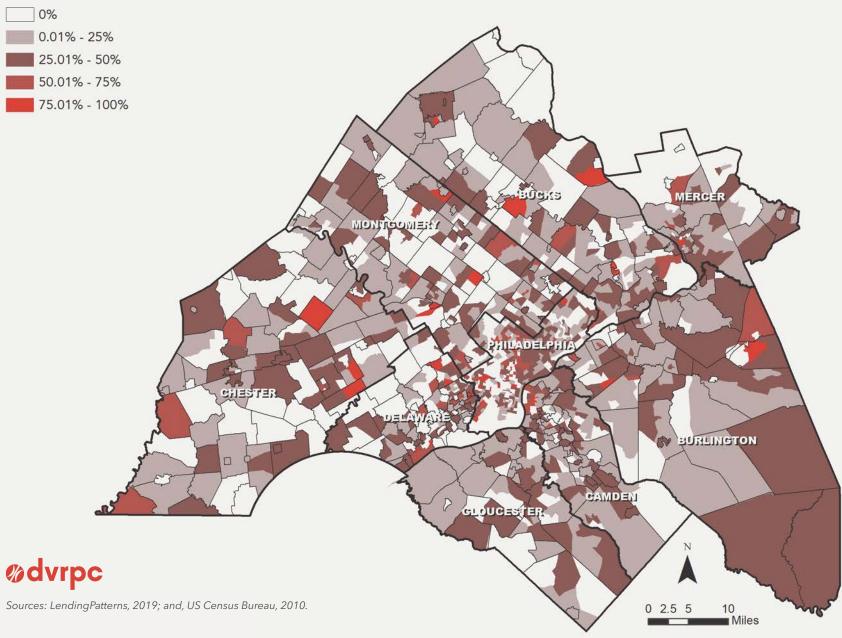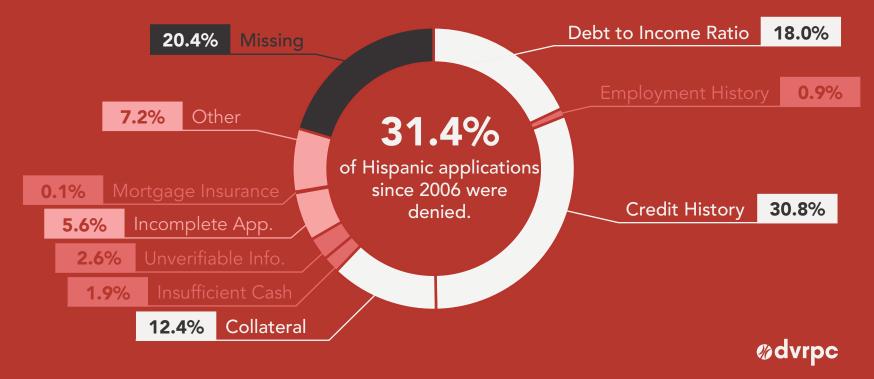
Legend:
- 0%
- 0.01% - 25%
- 25.01% - 50%
- 50.01% - 75%
- 75.01% - 100%

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

dvrpc

20.4% Missing

7.2% Other

0.1% Mortgage Insurance

5.6% Incomplete App.

2.6% Unverifiable Info.

1.9% Insufficient Cash

12.4% Collateral

Debt to Income Ratio 18.0%

Employment History 0.9%

Credit History 30.8%

31.4% of Hispanic applications since 2006 were denied.

◌dvrpc

Source: LendingPatterns, 2006-2019.
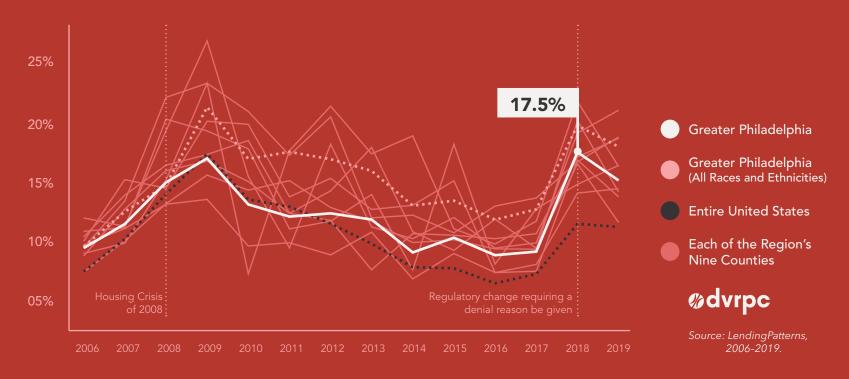
Denial Reasons for Hispanic Applicants

At 20.4 percent, Hispanic applicant denials in Greater Philadelphia were less likely to be missing a denial reason when compared to Greater Philadelphia as a whole. Hispanic applicants in Greater Philadelphia were also denied without being provided a reason 5.9 percent less than at the national level (26.3 percent), 2.1 percent less than Pennsylvania (22.5 percent), and 2.6 percent more than in New Jersey (17.8 percent).

Hispanic applicants denied due to Credit History was 7.9 percent more than all applications in Greater Philadelphia (22.9 percent), 9.0 percent more than Hispanic applicants throughout the United States, 11.0 percent more than Hispanic applicants in New Jersey, and 2.2 percent more than Hispanic applicants in Pennsylvania.

Table 27: Collateral as Share of All Denials (Hispanic Applicants Only, 2006–2019)

17.5%

○ Greater Philadelphia

● Greater Philadelphia
(All Races and Ethnicities)

● Entire United States

● Each of the Region's
Nine Counties

●dvrpc

Collateral as Denial Reason for Hispanic Applicants

For Hispanic applicants, Collateral increased steadily as a denial reason in Greater Philadelphia through 2009, when it reached a relative high of 17.0 percent (4.3 percent less than all applications, regardless of race or ethnicity). This trend was similar for Hispanic applicants at the national level as well; although, Collateral hit an all-time high for Hispanic applicants at the national level in 2009.

After 2009, Collateral-related denials declined for Hispanic applicants in Greater Philadelphia to an all-time low of 8.9 percent in 2016. However, following the 2018 regulatory changes, Collateral increased significantly to an all-time high of 17.5 percent in 2018. By 2019, Hispanic applicants in Greater Philadelphia were denied due to Collateral 3.9 percent more than their counterparts throughout the United States, and accounted for a larger share of all collateral-related denials for the region as a whole.

45

34.5%

Housing Crisis
of 2008

Regulatory change requiring
a denial reason be given

45%
40%
35%
30%
25%
20%
15%

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

○ Greater Philadelphia

○ Greater Philadelphia
(All Races and Ethnicities)

● Entire United States

○ Each of the Region's
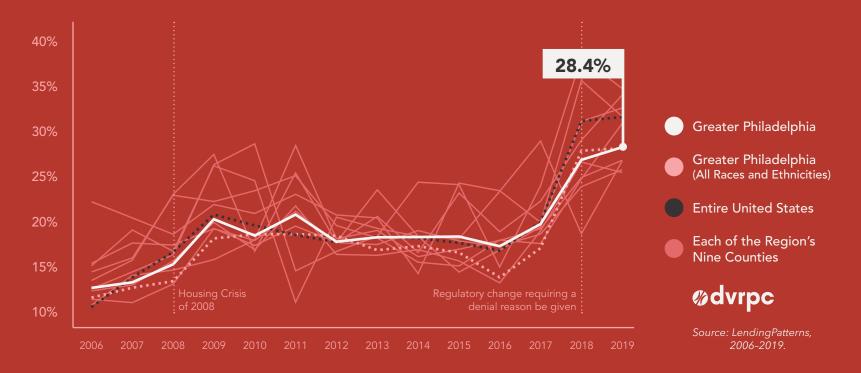Nine Counties

✸dvrpc

*Source: LendingPatterns,
2006–2019.*

Credit History as Denial Reason for Hispanic Applicants

Historically, Hispanic applicants in Greater Philadelphia have been denied due to Credit History more frequently than their counterparts at the national level, as well as Greater Philadelphia as a whole. Hispanic applicants denied due to Credit History increased steadily in the years following the Housing Crisis of 2008, before reaching an all-time high of 34.5 percent in 2014. This preceded a two-year decline to an all-time low of 25.3 percent in 2016. Since that time, Credit History has increased as a reason for denial, and in 2019, 32.1 percent of Hispanic applicants were denied for this reason.

As of 2018, Hispanic applicants denied due to Credit History in Greater Philadelphia is nearly equal to the United States as a whole, with denials rates of 32.1 percent and 31.7 percent, respectively in 2019. However, Credit History as a reason for denial remains lower for Greater Philadelphia as a whole, at 27.5 percent in 2019.

Table 29: Debt to Income Ratio as Share of All Denials (Hispanic Applicants Only, 2006–2019)

Legend:
- Greater Philadelphia
- Greater Philadelphia (All Races and Ethnicities)
- Entire United States
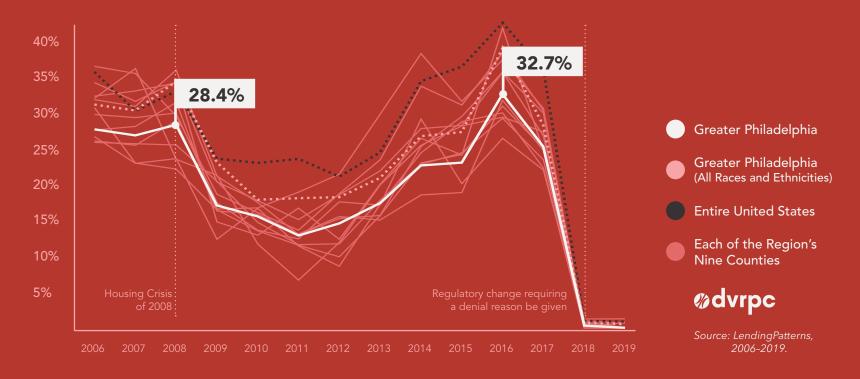- Each of the Region's Nine Counties

dvrpc

Debt to Income Ratio as Denial Reason for Hispanic Applicants

Prior to the Housing Crisis of 2008, Hispanic applicants in Greater Philadelphia were denied due to Debt to Income Ratio approximately 13.8 percent of the time, compared to 12.6 for the region as a whole. In 2008, 20.4 percent of Hispanic applicants were denied due to Debt to Income Ratio, and this remained relatively flat before declining to 17.3 percent in 2016.

Since that low, Debt to Income Ratio has increased as a denial reason for Hispanic applicants to an all-time high of 28.4 percent in 2019. This trend is mirrored at the national level for Hispanic appicants, as well as Greater Philadelphia as a whole.

Table 30: Share of Denials Missing a Denial Reason (Hispanic Applicants Only, 2006–2019)

Legend:
- **Greater Philadelphia**
- **Greater Philadelphia (All Races and Ethnicities)**
- **Entire United States**
- **Each of the Region's Nine Counties**

dvrpc

Source: LendingPatterns, 2006–2019.

Chart annotations: 28.4%, 32.7%, "Housing Crisis of 2008", "Regulatory change requiring a denial reason be given"
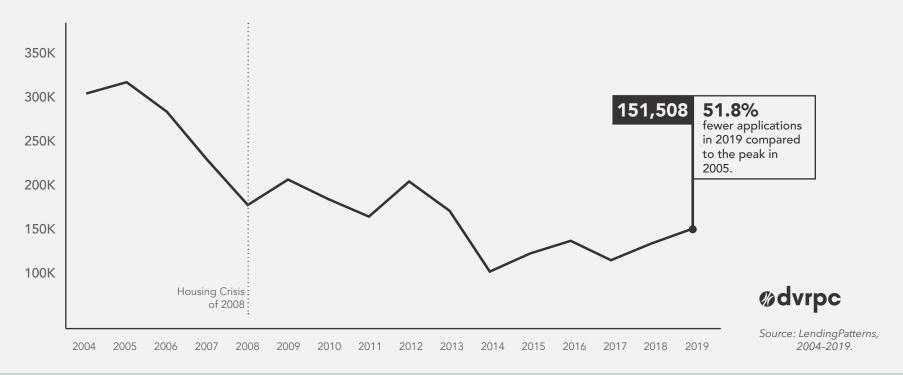
Denials for Hispanic Applicants Missing a Denial Reason

Hispanic applicants in Greater Philadelphia are less likely to be missing a denial reason than the region as a whole. However, the general trends are similar between the two. Denials for Hispanic applicants that were missing a denial reason reached a peak of 28.4 percent in 2008, falling to a low of 13.0 percent in 2011, and climbing to an all-time high of 32.7 percent in 2016.

Nationally, denials for Hispanic applicants that were missing a denial reason peaked in 2008 as well, but at a significantly higher rate of 33.1 percent, before falling to 21.2 percent in 2011, and then reaching an all-time high of 42.7 percent in 2016.

Table 31: Total Applications (White Applicants Only, 2004–2019)

151,508 **51.8%** fewer applications in 2019 compared to the peak in 2005.

Housing Crisis of 2008
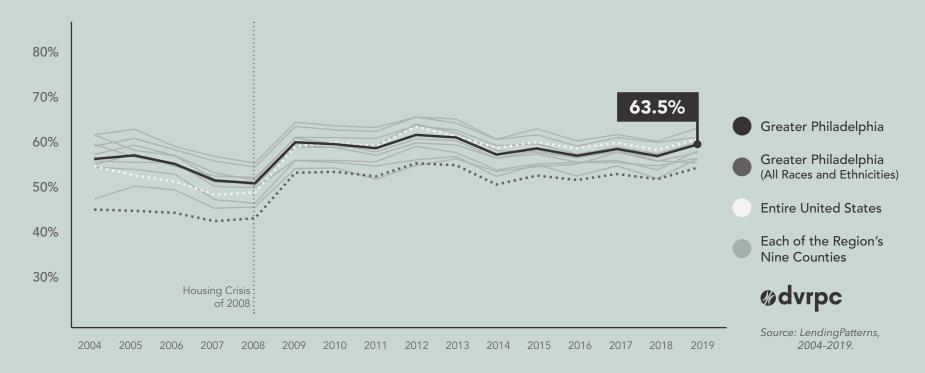
dvrpc

White Applicants

Applications from White applicants peaked in 2005, with 314,892 mortgage applications, which represented 55.5 percent of all applications submitted that year. Heading into the Housing Crisis of 2008, applications from White applicants fell significantly before reaching a low of 178,099 in 2008. This preceded a period of variability from year to year, until reaching an all-time low of 104,107 in 2014. In 2018, applications from White applicants represented 59.9 percent of all applications in Greater Philadelphia, while the White population comprised 66.5 percent of the region's population that year.

As shown in Table 31, there were 151,508 applications from White applicants in 2019, which equated to 40 applications per 1,000 people within the White population. The 2019 total was 51.8 percent less than the number submitted at the peak in 2005. The geographic distribution can be seen in Figure 16 on page 50.

Figure 16: Total Applications, by Census Tract (White Applicants Only, 2019)

Legend:
- 0
- 1 - 5
- 6 - 10
- 11 - 25
- 26 - 50
- 51 - 100
- 101 - 200
- 201 - 560

BUCKS
MERCER
MONTGOMERY
CHESTER
PHILADELPHIA
DELAWARE
BURLINGTON
CAMDEN
GLOUCESTER

dvrpc

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

Table 32: Originations as Share of Total Applications (White Applicants Only, 2004–2019)

Legend:
- Greater Philadelphia
- Greater Philadelphia (All Races and Ethnicities)
- Entire United States
- Each of the Region's Nine Counties

dvrpc

Originations for White Applicants

As shown in Table 32, while the trend for originations as a share of applications from White applicants mirrored that of all races and ethnicities in Greater Philadelphia (depicted as a grey dashed line in Table 32), the share of applications from White applicants that result in an origination (61.8 percent) has consistently been higher than the average for the region as a whole (56.0 percent).

Originations for White applicants in Greater Philadelphia and the United States as a whole were nearly equal every year for the past decade.

The share of applications from White applicants that resulted in an origination in 2019 can be seen at the census tract level in Figure 17 on the following page.

Figure 17: Originations as Share of Total Applications, by Census Tract (White Applicants Only, 2019)

Legend:
- 0%
- 0.01% - 25%
- 25.01% - 50%
- 50.01% - 75%
- 75.01% - 100%

BUCKS

MERCER

MONTGOMERY

PHILADELPHIA

CHESTER

DELAWARE

BURLINGTON

CAMDEN

GLOUCESTER

dvrpc

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.
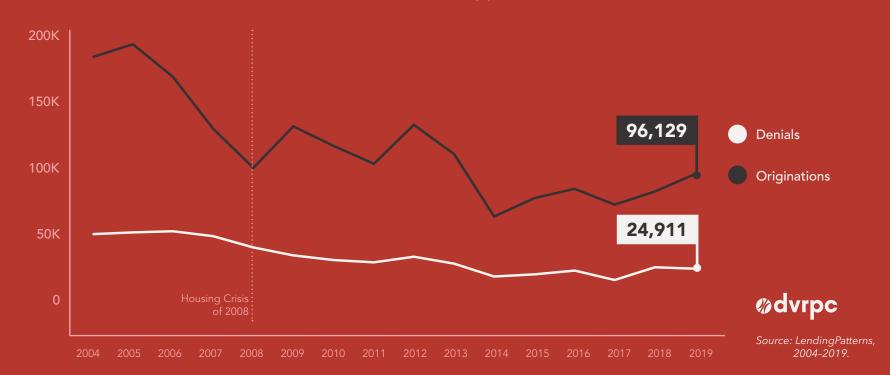
N

0 2.5 5 10 Miles

Table 33: Total Originations and Total Denials (White Applicants Only, 2004–2019)

96,129

24,911

Denials

Originations

Housing Crisis of 2008

dvrpc

Source: LendingPatterns, 2004-2019.

200K · 150K · 100K · 50K · 0

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

Originations and Denials for White Applicants

For White applicants, the peak for total originations was in 2005, at 193,686, while the peak for total denials was in 2006, at 53,150, as shown in Table 33. In 2005, applications from White applicants accounted for 55.5 percent of all applications, 66.1 percent of originations, and 41.1 percent of denials that year.

Following the Housing Crisis of 2008, originations for White applicants was variable from year to year before hitting an all-time low of 64,185 in 2014, which represented 69.1 percent of the region's originations that year. In 2019, there were 96,129 originations for White applicants, which was still 5.0 percent less than the lowest point during the Housing Crisis. In general, denials for White applicants have declined over the past decade, with a slight increase in recent years. Total originations and total denials for White applicants in 2019 are mapped in Figures 18 and 19 on pages 54 and 55.

Figure 18: Total Originations, by Census Tract (White Applicants Only, 2019)

Legend:
- 0
- 1 - 5
- 6 - 10
- 11 - 25
- 26 - 50
- 51 - 100
- 101 - 200
- 201 - 365

BUCKS

MERCER

MONTGOMERY

PHILADELPHIA

CHESTER

DELAWARE

BURLINGTON

CAMDEN

GLOUCESTER

N

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

0 2.5 5 10
Miles

Figure 19: Total Denials, by Census Tract (White Applicants Only, 2019)

Legend:
- 0
- 1 - 5
- 6 - 10
- 11 - 25
- 26 - 50
- 51 - 73

BUCKS

MERCER

MONTGOMERY

PHILADELPHIA

CHESTER

DELAWARE

BURLINGTON

CAMDEN

GLOUCESTER

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

N

0 2.5 5   10 Miles

Table 34: Denials as Share of Total Applications (White Applicants Only, 2004—2019)

Source: LendingPatterns, 2004-2019.

Denials for White Applicants

The share of applications from White applicants resulting in denial reached an all-time high (23.0 percent) at the peak of the Housing Crisis in 2008. This was also the peak for Greater Philadelphia as a whole (depicted in Table 34 by a dashed white line), but denials for all races and ethnicities peaked at 28.1 percent that year. As shown in Table 34, the percentage of White applicants that are denied remained relatively flat over the past decade until falling suddenly to 14.2 percent in 2017. This trend was similar for denials of White applicants at the national level as well, but the share of White applications that are denied in Greater Philadelphia has typically been lower than the national level. However, the inverse has been true for the past two years as denial rates in Greater Philadelphia have increased, and were slightly higher than the national rate.

The share of White applicants that were denied in 2019 by census tract can be seen in Figure 20 on page 57.

Figure 20: Denials as Share of Total Applications, by Census Tract (White Applicants Only, 2019)

Legend:
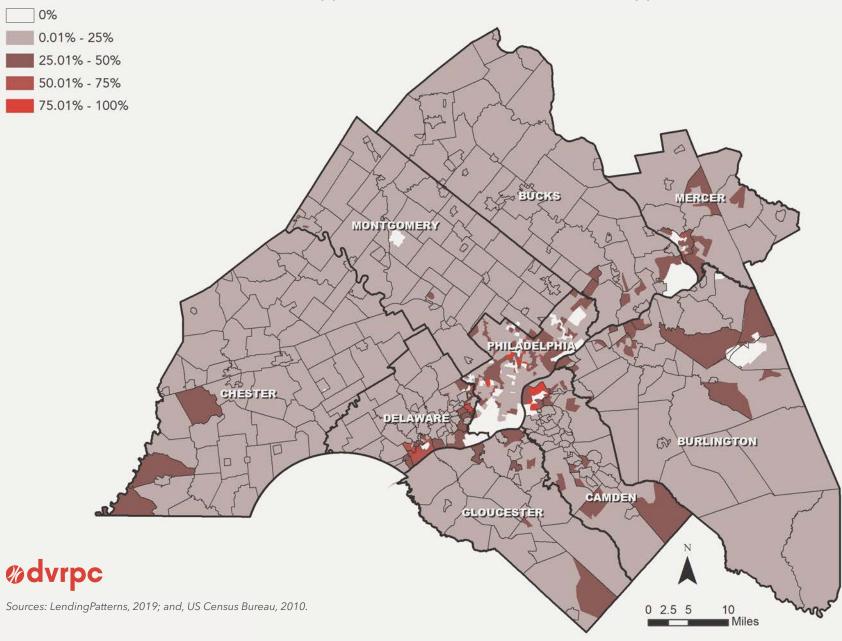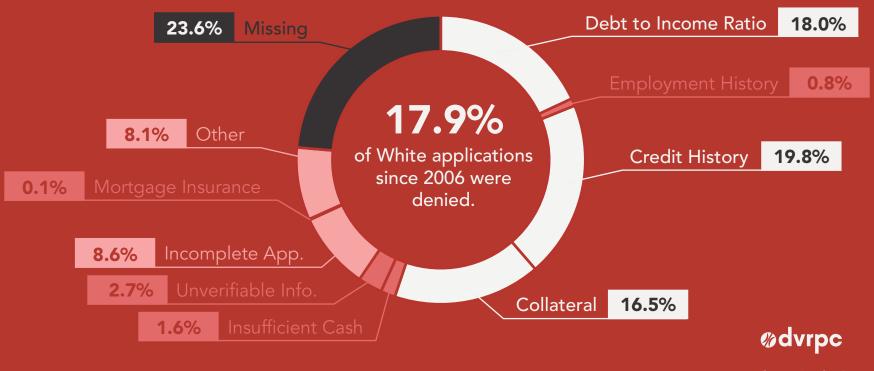- 0%
- 0.01% - 25%
- 25.01% - 50%
- 50.01% - 75%
- 75.01% - 100%

Sources: LendingPatterns, 2019; and, US Census Bureau, 2010.

23.6% Missing

8.1% Other

0.1% Mortgage Insurance

8.6% Incomplete App.

2.7% Unverifiable Info.

1.6% Insufficient Cash

17.9%
of White applications since 2006 were denied.

Debt to Income Ratio **18.0%**

Employment History **0.8%**

Credit History **19.8%**

Collateral **16.5%**

dvrpc

Source: LendingPatterns, 2006-2019.
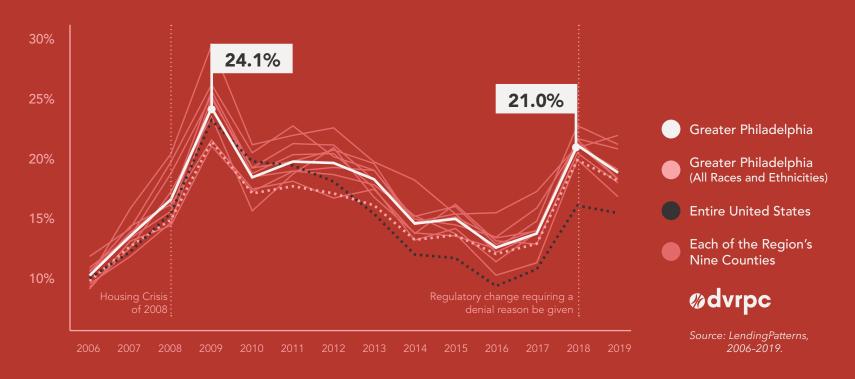
Denial Reasons for White Applicants

White applicants in Greater Philadelphia were more likely to be denied for Debt to Income Ratio, at 18.0 percent on average, and Collateral, at 16.5 percent on average, than the region as a whole at 16.8 percent and 14.8 percent, respectively. However, White applicants were less likely to be denied due to Credit History or to have a Missing denial reason when denied.

White applicants were 1.6 percent more likely to be denied due to Debt to Income Ratio than their counterparts throughout Pennsylvania (16.4 percent). However, White applicants denied due to Debt to Income Ratio are nearly equal at the national level (17.6 percent), and at 22.0 percent on average, more likely to be denied for this reason throughout New Jersey.

Table 36: Collateral as Share of Denials (White Applicants Only, 2006–2019)

Legend:
- ⚪ Greater Philadelphia
- 🔴 Greater Philadelphia (All Races and Ethnicities)
- ⚫ Entire United States
- 🔴 Each of the Region's Nine Counties
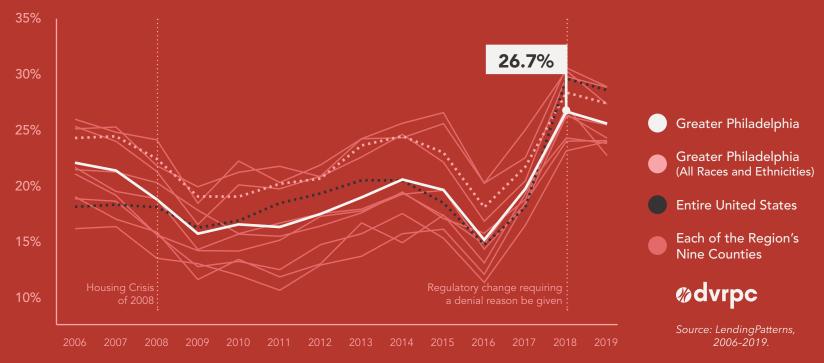
⊙dvrpc

Source: LendingPatterns, 2006–2019.

Collateral as Denial Reason for White Applicants

For White applicants, Collateral peaked as a denial reason in Greater Philadelphia in 2009, at an all-time high of 24.1 percent (2.8 percent more than all applications, regardless of race or ethnicity). Following the Housing Crisis of 2008, denials due to Collateral remained relatively steady through 2013, before declining to a post-recession low of 12.4 percent in 2016.

After the regulatory changes took effect in 2018, Collateral was a significantly higher share of denials for White applicants at 21.0 percent in 2018, and 18.7 percent in 2019. In 2019, White applicants in Greater Philadelphia were 3.4 percent more likely to be denied due to Collateral than their counterparts throughout the United States, and 1.0 percent more likely than White applicants throughout New Jersey. However, they were 1.9 percent less likely than in Pennsylvania.

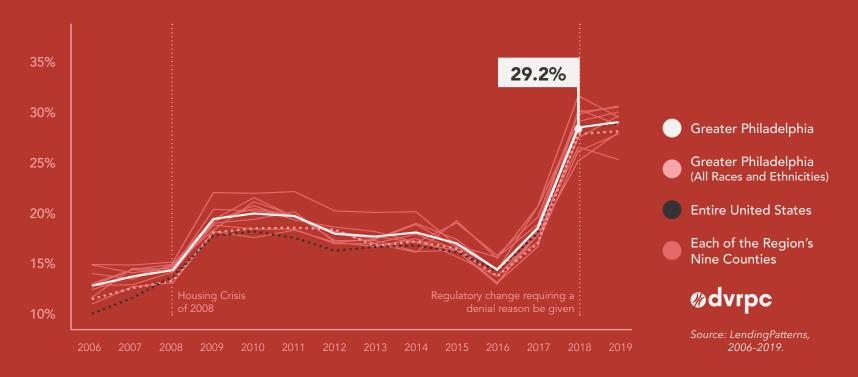## Table 37: Credit History as Share of Denials (White Applicants Only, 2006–2019)

26.7%

Housing Crisis of 2008

Regulatory change requiring a denial reason be given

- Greater Philadelphia
- Greater Philadelphia (All Races and Ethnicities)
- Entire United States
- Each of the Region's Nine Counties

Source: LendingPatterns, 2006-2019.

Credit History as Denial Reason for White Applicants

At an average of 21.8 percent, applications from White applicants in Greater Philadelphia were more likely to be denied due to Credit History before the Housing Crisis of 2008 than in most of the decade that followed. Between 2008 and 2017, the average was 18.0 percent, with an all-time low of 15.3 percent in 2016. However, the average in recent years has been 24.0 percent, with an all-time high of 26.7 percent in 2018.

Until 2017, White applicants in Greater Philadelphia were significantly less likely to be denied due to Credit History than the region as a whole. However, in recent years the gap between the two has narrowed; however, White applicants throughout the entire United States have been more likely to be denied for this reason in recent years, peaking in 2018 at 29.7 percent.

Table 38: Debt to Income Ratio as Share of Denials (White Applicants Only, 2006–2019)
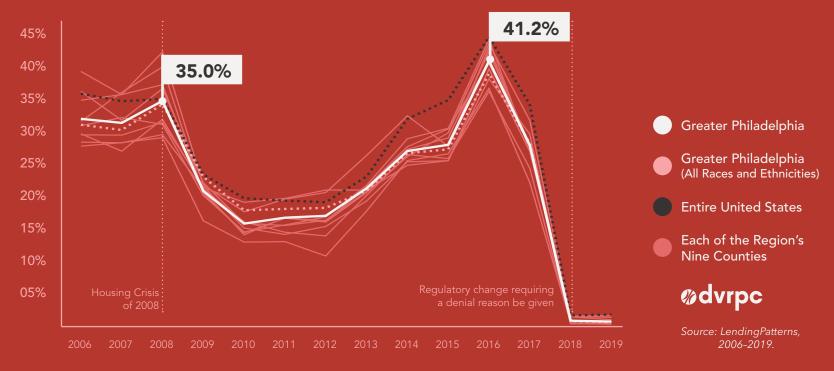

Debt to Income Ratio as Denial Reason for White Applicants

Prior to 2009, White applicants were denied due to Debt to Income Ratio on average 13.8 percent of the time, compared to 12.6 for the region as a whole. Following the Housing Crisis of 2008, this climbed to 19.8 and 18.2 percent, respectively. There was a gradual decline in the years that followed before reaching relative lows in 2016 of 14.5 percent for White applicants and 13.9 percent for all of Greater Philadelphia.

However, Debt to Income Ratio rose significantly following regulatory changes that went into effect in 2018, and hit an all-time high of 29.2 percent for White applicants in 2019. This high was nearly equal to White applicants throughout the United States (29.0 percent) and slightly more than Greater Philadelphia as a whole (28.3 percent).

Table 39: Share of Denials Missing a Denial Reason (White Applicants Only, 2006–2019)

Legend:
- ● Greater Philadelphia
- ● Greater Philadelphia (All Races and Ethnicities)
- ● Entire United States
- ● Each of the Region's Nine Counties
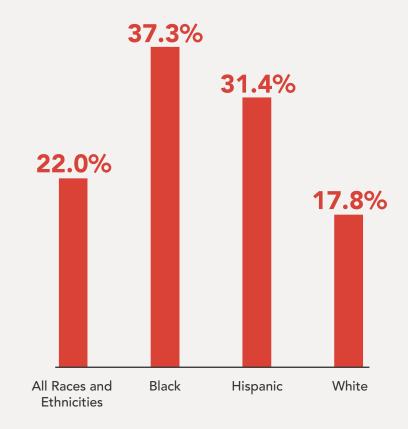
dvrpc

Source: LendingPatterns, 2006–2019.

Denials for White Applicants Missing a Denial Reason

The share of White applicant denials missing a denial reason is relatively consistent with the share of all denials in Greater Philadelphia, at averages of 23.6 percent and 22.7 percent respectively, and lower than the average of 25.8 percent for White applicants at the national level.

As shown in Table 39, White applicant denials missing a denial reason peaked in 2008 at 35.0 percent, and then fell to an all-time low of 15.9 percent in 2010. The share of denials missing a denial reason remained relatively flat before starting to climb again in 2013.

White applicant denials missing a denial reason reached an all-time high of 41.2 percent in 2016, before regulatory changes went into effect in 2018.

Table 40: Average Denial Rates by Race and Ethnicity (2004–2019)

Bar chart showing average denial rates:
- All Races and Ethnicities: 22.0%
- Black: 37.3%
- Hispanic: 31.4%
- White: 17.8%

Source: LendingPatterns, 2004-2019.

dvrpc

Conclusion

In 2019, there were 48.5 percent fewer mortgage originations in Greater Philadelphia than before the Housing Crisis of 2008. This suggests that homeownership, which has historically been considered a requisite for wealth-building in the United States, is also down throughout the region.

However, at a decline of 57.0 percent, the inability of Greater Philadelphia's Black population to access the necessary capital to purchase a home is even more profound; and while Hispanic applications resulting in an origination has only declined by 36.1 percent since the peak, Hispanic applicants are still denied at an above-average rate. In fact, Black and Hispanic applicants were denied 37.3 and 31.4 percent of the time, but only 17.8 percent of White applicants were denied since 2004.

Denial Reasons

Regionally, the reasons for a mortgage application denial differed depending on applicant race, ethnicity, and geography.

For example, the most common denial reason was Credit History, at 22.9 percent on average, but the share was 32.4 percent for Black applicants, 30.8 percent for Hispanic applicants, and just 19.7 percent for White applicants. However, in the Core Cities, Credit History as a denial reason ranged from 26.0 percent in Trenton to 38.1 percent in Camden, regardless of race or ethnicity.

Ramifications

There are countless social equity implications and concerns regarding the region's racial, ethnic, and geographic mortgage lending disparities that are identified in this report, but the generational and racial wealth gaps that these disparities have undoubtedly created and exacerbated has profound economic implications for the future resiliency of Greater Philadelphia as well.

As shown in this report, mortgage lending has yet to recover from the Housing Crisis of 2008, and it remains to be seen what impacts the current economic crisis associated with the Coronavirus Disease 2019 (COVID-19) pandemic will have on mortgage lending and homeownership. If left unresolved, however, the generational and racial wealth gaps will continue to grow and further inhibit any efforts aimed at ensuring that the region enjoys a truly equitable post-pandemic economic recovery.

Although the federal government has the greatest ability to address racial, ethnic, and geographic disparities that are systemic within the mortgage lending industry, there are ways in which state, county, and local governments can work to effect change.

Next Steps

In order to formulate appropriate policy recommendations aimed at correcting any problem, one must first understand and define the true scope of the problem.

This report identified disparities within mortgage lending outcomes throughout the region, but it also highlighted that those disparities are different depending on applicant race, ethnicity, and on geography. Therefore, a more detailed understanding of county-level disparities is needed to better tailor more specific and nuanced policy recommendations, and county-level reports will be published in the following months.

Sources

LendingPatterns by ComplianceTech. Housing Mortgage Disclosure Act data. 2004-2019.

U.S. Census Bureau. American Community Survey, Five-Year Estimates 2013–2017.

Sites Accessed

Financial Institutions Examination Council. Accessed February 2021. www.ffiec.gov/hmda/glossary.

ABSTRACT   This report provides an analysis of mortgage lending trends throughout Greater Philadelphia
                          from 2004-2019, and presents findings of racial, ethnic, and geographic mortgage lending
                          disparities that exist within the region.